



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 regards Responsible Care activities as one of the most important pillars of management, engaging in initiatives that encompass environmental conservation, security and disaster prevention, workplace safety and health, chemical and product safety, quality assurance, logistics safety, and dialogue with society.

Furthermore, through the promotion of digital transformation (DX), the Group is working to streamline business processes and enhance data-driven decision-making, thereby improving safety and productivity while reducing environmental impact. In doing so, we aim to realize environmentally friendly manufacturing and build a new foundation to support value creation.

Fumio Wanme 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

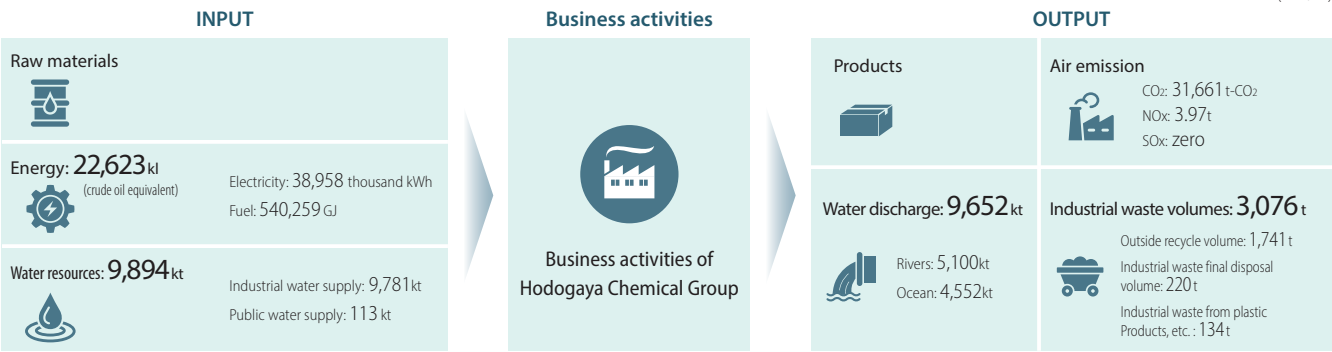
Date of acquisition 2001.12.25



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/



Hodogaya Chemical Group material flow



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. The GHG emissions for FY2024 are 31,661 t-CO₂*¹.

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*², 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 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

Hodogaya Chemical is committed to reducing emissions of SO_x (sulfur oxides), NO_x (nitrogen oxides), and dust associated with chemical production at its plants. Following the switch to city gas as fuel, which was completed in FY2011, the Company has maintained zero SO_x emissions since FY2012. In addition, the introduction of dust collectors, scrubbing towers, and the use of catalyzers has resulted in a significant reduction in the emissions of NO_x and dust.

● Protection of water resources and prevention of water pollution

In FY2024, Hodogaya Chemical used 9,894 kilotons of water at its plants, 99% of which was drawn from rivers. The use of potable tap water was minimal, and no water was drawn from other sources. According to an assessment of plant locations using AQUEDUCT, the World Resources Institute's water risk evaluation tool, none of the Company's water intake sites were located in areas classified as having high water risk.

Wastewater from manufacturing processes is treated at on-site facilities using advanced methods before being discharged into public water bodies, in compliance with regulatory standards for water pollutants. In FY2024, there were no violations related to water usage or water quality, and we will continue to maintain thorough management of our wastewater treatment facilities to reduce environmental risks to oceans and rivers.

● Environmental accounting initiatives

Of the major expenditures related to environmental conservation in FY2024, a large expense was resource circulation cost, which amounted to 150 million JPY.

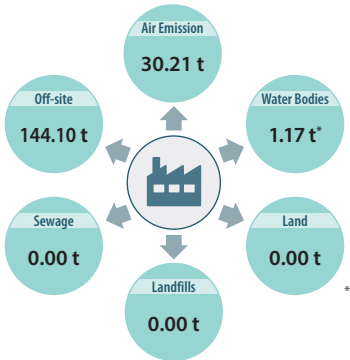
Environmental Accounting Data 2024→P. 61

● 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. A target has been set to reduce the volume of industrial waste to below that of the previous fiscal year. However, in FY2024, both total emissions and final disposal volume increased compared to FY2023. While this was partly due to differences in the production item composition, we take this outcome seriously and will strengthen our efforts to further reduce industrial waste.

● PRTR

Based on the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act), which is the legal regulation of chemical substances, Hodogaya Chemical manages the release and transfer of PRTR-listed substances that are manufactured or used and reports them to the national authorities. From the perspective of environmental conservation, we will ascertain the actual status of chemical substance emissions and transfers as waste, while continuing to strive to work to reduce the amounts of such substances released and transferred.



* Of which 1.17 tons have been sent to the adjacent wastewater treatment facility and released into the public water bodies after being treated.

VOICE



Manufacturing Department, Nanyo Plant
T.K.

Shift to CO₂-free electricity

At the Nanyo Plant, we began introducing CO₂-free electricity in April 2024 as part of our efforts to reduce the environmental impact of manufacturing processes. In parallel, we are actively promoting energy-saving measures, including the introduction of high-efficiency amorphous transformers to reduce power loss.

Furthermore, upgrading the air conditioning systems has improved energy efficiency, significantly reducing electricity consumption. Along with initiatives such as converting lighting to LED, we are promoting efficiency across the entire factory.

Going forward, we will work on advancing energy management by leveraging cutting-edge technologies such as AI and IoT, as well as further expanding the use of renewable energy, with the aim of establishing a more sustainable production system.



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

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 FY2024, 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

FY occurred	Hodogaya Chemical Group			Subcontracting companies		
	2022	2023	2024	2022	2023	2024
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.



「ホワイト物流」
推進運動

賛同企業



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/



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.

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.

To provide information on chemical substances, we have launched an SDS download page on our website starting April 2025.

VOICE



Tsukuba Research Laboratory, Research and Development Department

T.M.

"4S Time," an initiative of the Workplace Safety and Health Promotion Committee, launched a few years ago

My group handles various chemicals used to create new products. Since improper handling can lead to serious accidents, we conduct a risk assessment for all chemicals used during our monthly workplace safety and health meetings, sharing information on hazards and countermeasures. We also pay careful attention to the laboratory environment. As team members become more experienced, their workbenches and surrounding areas tend to become 'their own space,' but to someone else, it may appear as though they are falling behind in 4S practices (Sort, Set in Order, Shine, Standardize). For this reason, starting a few years ago, our group members have gathered every Friday to check that 4S practices are upheld. While gaining proficiency in our work is important, we aim to maintain awareness of potential risks and foster a safety-conscious culture to achieve zero accidents and incidents.



Responsible Care (RC)

Quality Assurance Basic approach

Based on its quality policy, the Hodogaya Chemical Group is committed to delivering “customer-oriented quality.” Through continuous improvement and efforts to enhance customer satisfaction, we strive to strengthen reliability and brand value, thereby increasing corporate value.

Initiatives for Quality Assurance

In accordance with the “RC Basic Philosophy” and the “RC Basic Policy,” the Hodogaya Chemical Group continues to practice quality assurance activities. We will further promote company-wide quality assurance activities and focus on preventing complaints and defective products.

To ensure that all employees involved in our products and services maintain a high awareness of quality, we foster an environment where both experienced and younger staff can learn from daily operations and drive improvement. This is achieved through sharing quality-related incidents that occurred at other sites, implementing near-miss/close call activities pertaining to quality, and exchanging information in the Quality Management Committee and QM representative meetings. At the same time, challenges remain in our efforts to eliminate customer complaints. By returning to the fundamentals, reinforcing feedback loops with each workplace,

and providing education to raise quality awareness, we aim to identify quality issues at an early stage and establish effective countermeasures. Guided by our commitment to “customer-oriented quality,” we will continue to provide high-performance, high-value-added products and services that earn our customers’ trust and satisfaction.

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

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. On Quality Day, all officers and employees of the Hodogaya Chemical Group gather together, with representatives from each site

reciting the Quality Pledge. This event provides an opportunity to share our commitment to maintaining and enhancing quality, as well as to reinforce the importance of compliance. It also serves to raise each employee’s awareness of preventing the occurrence of quality complaints, thereby contributing to greater customer trust and satisfaction.

Quality Management

The Hodogaya Chemical Group in Japan and HODOGAYA CHEMICAL KOREA have obtained integrated certification for ISO 9001, the international standard for quality management systems (QMS), while our group company, SFC in South Korea, has acquired certification independently. Under a unified group-wide quality management framework, we practice QMS-based quality control across all products and services to meet customer expectations, and we are committed to continuous improvement with a high level of expertise and responsibility. Furthermore, as part of our activities to effectively operate

the QMS, we are focusing on training ISO internal auditors and continuing to provide not only in-house training but also practical education by external lecturers.

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



VOICE



Manufacturing Department,
Yokohama Plant
S.T.

Participant feedback from the QC circle presentation

What I felt from participating in the QC circle presentation meeting was that the concept of valuing quality is deeply ingrained in each and every employee. Observing participants who identified workplace issues on their own, collaborated with colleagues to develop and implement improvement measures, I was able to sense a strong culture of pursuing quality enhancement in daily operations. I was also impressed by the fact that the results of these activities were clearly reflected in numerical results, and that they were directly linked to improving customer satisfaction and ensuring reliability. I strongly felt that such steady, continuous efforts ultimately strengthen the overall competitiveness of the Company and contribute directly to enhancing corporate value. Moving forward, I hope to continue spreading a high level of quality awareness throughout the Company through these activities, thereby contributing to further growth.

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/2024/09/Procurement-Guidelines_ENG_20241001.pdf

Declaration on Partnership Building

Hodogaya Chemical is committed to promoting collaboration and mutual prosperity with our supply chain partners and other stakeholders involved in value creation, as well as implementing initiatives focused on building new partnerships.

Aiming to establish a sustainable supply chain, we will advance business activities that consider environmental and

social aspects, based on constructive dialogue with our partners.

Details on the Declaration on Partnership Building can be found on our website. (Japanese only)
<https://www.hodogaya.co.jp/wp-content/uploads/2024/01/partnership2024.pdf>