Hodogaya Chemical Group's Sustainability

Basic approach

The Hodogaya Chemical Group takes its Management Philosophy, PURPOSE, and VISION as the foundation of its day-to-day activities and seeks to realize a sustainable planet and society. Based on the principle of balancing the pursuit of economic value with solutions to social issues and providing value to all stakeholders, the Group actively promotes sustainability initiatives.

Sustainability policy

The Hodogaya Chemical Group aims to address social issues within its business areas while ensuring economic rationality. By promoting sustainability management in a manner suited to its scale and advancing it in a sustainable way, the Group seeks to enhance corporate value over the medium- to long-term and achieve sustainable growth.

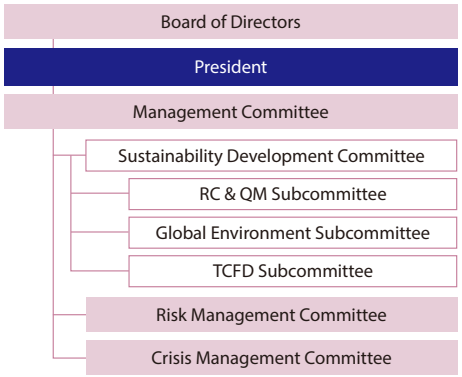
As a comprehensive policy, we have established our Sustainability Policy, which sets forth our basic approach and related policies for addressing sustainability-related challenges from five perspectives, guiding us in pursuing initiatives with clear intent.

To advance these efforts, we have established the Sustainability Development Committee, chaired by the Executive Officer overseeing the Corporate Planning Department. Matters discussed by the Committee are regularly submitted to or reported to the Board of Directors and Management Committee for deliberation or reporting.

Corporate Philosophy System



Sustainability Promotion Structure



Details on sustainability can be found on our website.
https://www.hodogaya.co.jp/english/csr/csr_management/

Disclosure of Information Related to Climate Change Based on TCFD

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Basic approach

Under the Mid-term Management Plan CODE/CHORD 2030, which began in FY2026, the Hodogaya Chemical Group aims to provide value by balancing the pursuit of economic value with solutions to social issues. As a chemical company, Hodogaya Chemical takes climate change seriously and, based on the TCFD recommendations, for which it declared its support in November 2022, will continue to advance its initiatives and proactively disclose information.

Governance and Risk Management

The Sustainability Development Committee is responsible for promoting initiatives toward the realization of a sustainable planet and society in accordance with the Management Philosophy. Under the Committee, we have established the Global Environment Subcommittee, which promotes activities related to the preservation of the global environment, and the TCFD Subcommittee, which addresses the TCFD recommendations, in addition to the RC/QM Subcommittee, which promotes Responsible Care activities. The Risk Management Committee, which discusses Companywide risk recognition and evaluation as well as risk mitigation measures, also discusses, as environmental risks, the climate-related risks and opportunities identified by the TCFD Subcommittee. The matters discussed by each committee and subcommittee are submitted to the Board of Directors and Management Committee for deliberation or reporting, with management working together to address them.

Strategies and Risk Analysis

As we advance the business strategies under the Mid-term Management Plan CODE/CHORD 2030, production volumes are expected to increase. We have classified the risks projected from a long-term perspective, looking ahead to 2030, into TCFD risk categories, are proceeding with climate scenario analysis, and from the results of our analysis, we are promoting new initiatives and opportunities for transition risks and physical risks.

Scenario Analysis

Risks and Opportunities			Risks	Opportunities	Measures	Impact on business
Transitional risk 1.5°C scenario	Policy/ Regulation	• Strengthening energy-related laws and regulations • CO_2 reduction	○		• Promoting energy saving • Use of renewable energy • Review of manufacturing process	Increase in energy costs and raw material procurement costs due to the introduction of a carbon tax, etc.
		Strengthening environment management	○		Strengthen the internal structure by leveraging the knowledge gained thus far	Increased cost burden for maintenance and improvement of management system
	Technology	Creation of new technologies for environmental friendliness	○	○	• Strengthen R&D to meet demands • Strengthen production technology capabilities by reviewing manufacturing processes, etc.	**[Risk]** Increase in R&D and manufacturing costs **[Opportunity]** Maintain and expand market share by providing products and services that meet demand
	Market	Eco-friendly market formation	○	○	• Revise and strengthen business strategies by deepening market and customer needs, and improve R&D and manufacturing technology capabilities corresponding to them	**[Risk]** Increase in R&D and manufacturing costs **[Opportunity]** Maintain and expand market share by providing products and services that meet demand
	Reputation	Stakeholders placing higher priority on environmental considerations	○	○	• Enhancing dialogue with local communities, officers and personnel and shareholders, and securing a system	—
Physical risk 4°C scenario	Chronic	Rise in average temperature	○	○	• Labor saving and automation of manufacturing equipment	**[Risks and Opportunities]** Response to market changes, especially in the agrochemicals business
	Acute	Increase in earthquakes, typhoons, and floods	○		• Promote multiple purchases, strengthen BCP	Shutting down of factories and inability to procure raw materials

Disclosure of Information Related to Climate Change Based on TCFD

Details on TCFD can be found on our website.
https://www.hodogaya.co.jp/english/csr/eco/tcfd/

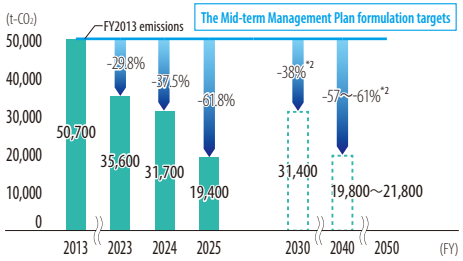
Targets and Indicators

The Hodogaya Chemical Group has set the following non-financial target (climate change-related) in its Mid-term Management Plan CODE/CHORD 2030: a 38% reduction in energy-related CO_2 emissions from the FY2013 level (non-consolidated). This target is reviewed by the Global Environment Subcommittee, discussed by the Sustainability Development Committee, and progress is confirmed by the Board of Directors and Management Committee.

Responding to Climate Change

Most of the greenhouse gases (GHG) emitted by Hodogaya Chemical are carbon dioxide. Energy-related GHG emissions for FY2025 were 19,400 t-CO_2*1. In anticipation of increased production volumes as our business expands, we will work to reduce energy-related CO_2 emissions with a view toward FY2030 and FY2040. We have also implemented Internal Carbon Pricing (ICP), which assigns a price to carbon emissions, since FY2022.

CO_2 emissions trend*1



*1 Non-energy-originated CO_2 emissions are not included.
FY2025 non-energy-related GHG emissions were 16,300 t-CO_2.
*2 Reduction targets for FY2030 and FY2040 are based on government-announced reduction targets by industry.

Roadmap for Reducing CO_2 Emissions

		2030 Toward achieving future goals	2050 Development of hydrogen society and challenge to carbon neutrality
Promotion of technological innovation Emissions from own production activities (Scope 1)	Process	• Efforts to save energy — Promotion of high efficiency through process improvement — Promotion of waste heat recovery (heat pump) • Study of hydrogen plant CO_2 recovery and use	• External procurement of green hydrogen
	Steam boiler	• Efforts to save energy — Active use of waste heat • Improvement of electrification rate of heat source	• External procurement of green hydrogen • Fuel conversion (LNG → hydrogen) — Hydrogen-fired boilers introduced at all plants • Introduction of cogeneration (hydrogen mixture → hydrogen-only combustion)
Expansion of use of renewable energy Externally purchased energy (Scope 2)	Electricity	• Efforts to create energy — Introduction of renewable energy • Efforts to save energy — Promotion of high efficiency • Gradual switch to carbon-free power sources using renewable energy	
Utilizing the ICP system Daily improvement through energy saving	–	• Promoting ICP system • Continue switching to LED lighting equipment • Continue to introduce top-runner equipment • Reduction of heat loss through appropriate management of heat insulating materials and traps • Efficient operation	

* 1 Scope 1: Direct emissions * 2 Scope 2: Indirect emissions

Responsible Care (RC)

Related Materiality
- Preserve the global environment

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 December 25, 1996



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 realizing an environmentally conscious society as set forth in our Management Philosophy.

Most of the GHG emitted by Hodogaya Chemical is CO_2. The energy-related GHG emissions for FY2025 are 19,400 t-CO_2*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, we are currently at the stage of gathering information on other companies' initiatives.

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

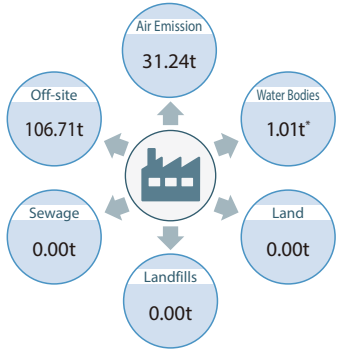
Responsible Care®

Responsible Care (RC)

Initiatives to Lower Environmental Impacts

- **Prevention of air pollution**: Hodogaya Chemical is committed to reducing emissions of SOx (sulfur oxides), NOx (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 SOx 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 NOx and dust.
- **Protection of water resources and prevention of water pollution**: In FY2025, Hodogaya Chemical used 9,992 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 FY2025, 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.
- **Industrial waste reduction**: The Hodogaya Chemical Group promotes the 3R+Renewable initiative (reduce, reuse, recycle, renewable). For FY2025, the industrial waste reduction target was set at no more than the volume generated in the previous fiscal year. In FY2025, both total emissions and final disposal volume decreased year on year. We will continue striving to 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 1.00 tons have been sent to the adjacent wastewater treatment facility and released into the public water bodies after being treated.

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

Workplace Safety and Health, Security and Disaster Prevention — Basic approach

The Hodogaya Chemical Group places the 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 requirements for safety and health management to prevent occupational accidents and health problems among all personnel. Through cooperation between labor and management, we seek to create a more comfortable work environment, facilitate smooth operations, and improve productivity.

Furthermore, the Group has designated February 3 as its annual Safety Day to ensure that the lessons learned from the fire at the Yokohama Plant on February 3, 2012 are never forgotten, to strengthen its safety culture, and to foster a shared commitment among all Group personnel to building a safe operational framework.



In FY2025, a lost-time injury occurred at a Group company for the first time since FY2020. We take this incident seriously and will continue to strengthen the implementation of each measure.

Initiatives for Disaster Prevention

The Group conducts its activities in accordance with its basic principle to deliver security and safety, including environmental conservation, to 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.

Through near-miss activities, KYT (Kiken Yochi Training, risk prediction training), PYT (process error prediction training), and various patrols at business sites, we strive to instill an awareness of safety and disaster prevention among all personnel and enhance their ability to sense danger.

The effectiveness of safety and environmental conservation initiatives at each business site is also verified based on the "5-Gen" (5-Actuals) principle (actual place, actual thing, actual situation, principles, and rules) during internal RC audits conducted by members of the RC/QM Subcommittee.

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/

Responsible Care (RC)

Related Materiality
- Ensure product and chemical safety
- Improve product value and reliability

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

Based on the Basic Philosophy of Responsible Care (RC), which calls for environmental conservation and the assurance of safety, health, and quality as a foundation of management, the Hodogaya Chemical Group has established internal rules for chemical substance management.

These rules are intended to voluntarily manage chemical substances that may affect human health or the global environment throughout all processes from development to disposal, thereby reducing associated risks.

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 at every stage, from development and raw material procurement to manufacturing, use, and disposal.

The chemical substances subject to management include those regulated under Japanese laws and regulations, as well as substances that customers require us to manage under the RoHS Directive, REACH, green procurement policies, and other requirements.

The substances are classified into three categories: prohibited substances, the manufacture, import, and use of which are prohibited in principle under Japanese law; release-restricted substances, for which limits on releases into the environment or reductions in environmental impact are required; and controlled substances in products, which customers require to be excluded from products or managed for content levels. Information on all products, raw materials, and chemical substances handled by the Hodogaya Chemical Group is centrally managed in a database.

We also promote confirmation of compliance with laws and regulations in Japan and overseas, automation of multilingual safety data sheets (SDSs) and product labels, and preparation of safety information on chemical substances contained in products. Through these initiatives, we provide customers with information promptly and reliably in standardized formats.

Compliance with Global Laws and Regulations

In recent years, in addition to TSCA in the United States and REACH in Europe, Asian countries and regions including South Korea, China, and Taiwan have been actively introducing and enforcing chemical substance regulations.

As the Hodogaya Chemical Group expands its business globally, it works closely with overseas subsidiaries and representative offices and actively participates in industry activities to quickly identify the latest regulatory developments in each country and region.

This enables us to respond to global regulations in a timely manner. We also ensure that regulatory information and response measures obtained from each country and region are shared throughout the Group, strengthening our global chemical substance management framework and ensuring rigorous compliance.

Risk Assessment of Chemicals

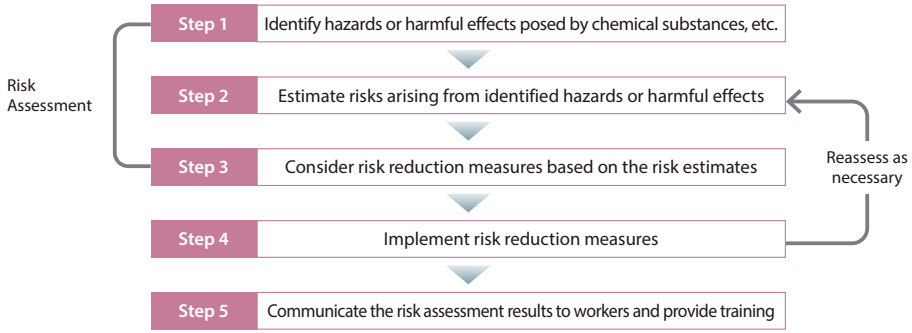
The Hodogaya Chemical Group has established Risk Assessment Procedures to prevent accidents and disasters and is implementing appropriate measures.

Assessment targets are divided into two categories: general operations and operations involving chemical substances, to clarify the risks involved.

In addition, in response to revisions to the Industrial Safety and Health Act, we are working to prevent occupational accidents by strengthening our autonomous chemical substance management framework, enhancing the communication of information, and thoroughly conducting risk assessments.

As part of our chemical risk assessment initiatives, we have opened an SDS download page on our website to strengthen the provision of information to customers.

We will continue to contribute to safe and reliable chemical substance management and to safety throughout the supply chain through appropriate information disclosure and risk reduction measures.



Hygiene Management Incorporating HACCP Principles for Certain Products

HACCP is an international standard for food hygiene management.

In addition to consistently implementing general hygiene management, a hygiene management plan must be prepared based on the raw materials used and manufacturing methods. The plan identifies hazards such as contamination by foodborne bacteria and foreign matter and eliminates or reduces them to levels that do not pose food hygiene concerns.

At the Koriyama Plant, hydrogen peroxide and peracetic acid for use as food additives are manufactured under a hygiene management system that complies with HACCP requirements. The plant obtained certification in FY2021.

We will further enhance the reliability of our hygiene management, increase the added value of our product lineup, and meet customer needs.

Responsible Care (RC)

Related Materiality

- Ensure product and chemical safety
- Improve product value and reliability

For more information on quality assurance, please visit our website
https://www.hodogaya.co.jp/english/csr/eco/quality_assurance/

Quality Assurance Basic approach

In accordance with the "RC Basic Philosophy" and the "RC Basic Policy," the Hodogaya Chemical Group practices quality assurance activities with a commitment to "customer-oriented quality."
Across all products and services, we practice quality control based on the quality management system (QMS) with a high level of expertise and responsibility to meet customer expectations. The Hodogaya Chemical Group in Japan and HODOGAYA CHEMICAL KOREA have obtained certification to ISO 9001, the international standard for quality management systems, while SFC has obtained certification independently.
We will continue to promote continuous improvement and enhance customer satisfaction, thereby strengthening reliability and brand value and increasing corporate value.

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



Initiatives for Quality Assurance

We will continue to promote company-wide quality assurance activities with a 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 lessons learned from quality-related incidents at other sites and conducting quality near-miss activities, 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 systems

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 Assurance Targets

Materiality	Indicator	Results		
		FY2023	FY2024	FY2025
Improving product value and reliability	Zero major quality complaints	1	0	0

Initiatives during Quality Month

The Hodogaya Chemical Group conducts initiatives to raise awareness of quality management in November, which is designated as Quality Month. Since 2020, we have designated the third Friday of November as Quality Day, when all officers and employees gather at each site and a representative from each site recites the Quality Pledge. In addition, through a company-wide QC circle presentation meeting, employees work with colleagues to develop and implement measures to resolve issues in their workplaces. These initiatives provide an opportunity to share our commitment to maintaining and enhancing quality, as well as to reinforce the importance of compliance. They also raise each employee's awareness of preventing quality complaints, thereby contributing to greater customer satisfaction.

Improving Supplier Quality

With the cooperation of our suppliers, the Hodogaya Chemical Group conducts regular surveys and audits, helping us provide high-performance, high-value-added products that earn our customers' trust and satisfaction.

When issues are identified through document reviews or on-site audits, we propose improvement measures tailored to actual operating conditions and provide technical follow-up as necessary. We believe that building relationships in which we work with suppliers as partners to improve quality together, rather than simply managing them, is essential to improving quality throughout the supply chain, including ensuring stable supply. In recent years, we have also established a shared understanding with suppliers of the need to meet social expectations, including reducing environmental impacts and respecting human rights, in addition to ensuring quality. Going forward, based on strong partnerships with our suppliers, we will continue to improve quality, ensure the stable delivery of safe and reliable products, and contribute to the development of a sustainable society.

Responsible Care (RC)

Related Materiality

- Improve product value and reliability
- Put the philosophy of respect for human rights into practice

Procurement Activities Basic approach

The Hodogaya Chemical Group implements the activities of procurement based on the Compliance Action Policy and the Procurement Policy. We conduct fair, equitable, and good-faith transactions with all partner companies when purchasing raw materials, 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 committing to fair and equitable transactions, 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 encouraging adherence to these guidelines, we collaborate with our partner companies to meet environmental, social, and governance (ESG) requirements 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 maintaining ongoing business relationships, including those that respect human rights and meet social expectations regarding environmental, social, and governance matters. In particular, amid uncertainty in the international environment and geopolitical risks, we are working to strengthen supply chain resilience by securing multiple suppliers for each raw material and diversifying 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 based on document reviews, 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.

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/wp-content/uploads/2024/01/partnership2024.pdf

Responsible Mineral Resource Procurement

The Hodogaya Chemical Group promotes responsible mineral resource procurement and has established provisions for addressing conflict minerals in its Procurement Guidelines. We do not procure conflict minerals such as tin, tantalum, gold, and tungsten from conflict-affected areas. If the use of conflict minerals is identified, we will request corrective action from the relevant business partner and suspend the use of the raw material concerned until the corrective action has been completed.

Respect for Human Rights

Related Materiality

- Put the philosophy of respect for human rights into practice

Details can be found on our website.
https://www.hodogaya.co.jp/english/csr/stakeholder/humanrights/

Basic approach

The Hodogaya Chemical Group believes that respect for human rights as stipulated in the Constitution of Japan is a fundamental matter in carrying out its business activities. Identifying respect for human rights in our Sustainability Policy, we comply with laws and regulations as well as highly ethical and sensible behavior, respect the diversity, personality, and individuality of everyone working at the Hodogaya Chemical Group, and ensure a sound and pleasant working environment free of discrimination and harassment, while also paying close attention to respect for human rights regarding partner companies in accordance with the Corporate Action Guidelines and the Compliance Action Policy, which include items described in the United Nations "Guiding Principles on Business and Human Rights.

Corporate Action Guidelines
https://www.hodogaya.co.jp/english/company/philosophy/#a7

Compliance Action Policy (Japanese only)
https://www.hodogaya.co.jp/company/governance/action/

Human Rights Policy

The Hodogaya Chemical Group formulated the Human Rights Policy as part of its Sustainability Policy.

The Hodogaya Chemical Group regards respect for human rights as the basis of its business activities and ensures the following listed items in accordance with the Corporate Action Guidelines, Compliance Action Policy, and Procurement Policy, while also paying close attention to respect for human rights regarding partner companies.

1. Compliance with laws and regulations, and execution of highly ethical and sensible behavior
2. Respect for diversity, personality, and individuality of everyone working at the Hodogaya Chemical Group
3. Creation of a sound and pleasant working environment free of discrimination and harassment

Procurement Policy
https://www.hodogaya.co.jp/english/company/philosophy/#a8

Initiatives to Tackle Human Rights Issues in the Supply Chain

The Hodogaya Chemical Group has formulated the Procurement Policy and the Procurement Guidelines and has included clauses on compliance with the Procurement Guidelines in basic contracts with partner companies. In addition to understanding the content of these clauses, we also ask partner companies to undertake initiatives to tackle human rights issues that are similar to those of the Group. The Procurement Guidelines spell out the prohibitions against forced labor, child labor, inhumane treatment, and discrimination, proper wages, and work hours as items to be complied with for the Human Rights and Labor Standards.

Through these initiatives, no instances of forced labor or child labor have been identified across our supply chain.

Procurement Guidelines
https://www.hodogaya.co.jp/english/wp/wp-content/uploads/2024/09/Procurement-Guidelines_ENG_20241001.pdf

Human Rights Due Diligence Initiatives

The Hodogaya Chemical Group identifies human rights risks that may arise through its operations.

We are conducting education and training, upgrading workplace environments and systems, and engaging in supply chain management to address human rights risks and as preventive measures against identified risks.

We also closely monitor these activities to ascertain the effectiveness of preventive measures and to promote improvements on a continuous basis. We regularly conduct surveys of partner companies using the Procurement Guidelines Implementation Status Survey Sheet as part of efforts to monitor the supply chain and to confirm whether compliance items are properly implemented. In addition, we work to improve activities to deepen mutual understanding while building mutual trust with our partner companies.

A grievance mechanism is in place to detect and address risks related to human rights.

Establishment of a System to Prevent All Forms of Harassment

The Hodogaya Chemical Group has established a system to comprehensively prevent all forms of harassment that could be considered as violations of human rights. This includes workplace bullying, sexual harassment, pregnancy-related harassment, or harassment related to leave taken for childcare or other long-term nursing care. After clearly stipulating in our business policies and Work Rules that harassment is prohibited, we have created harassment prevention regulations and a manual in order to implement a range of measures, including establishing a consultation desk and implementing internal human rights due diligence.

During Compliance Training, officers and personnel are regularly educated on the prevention of various types of harassment and about consultation desks, and by continuing to do so, we will ensure a work environment that respects human rights.

Inquiries from partner companies
https://www.hodogaya.co.jp/english/eng_cntct/othr_i/

Grievance System

The Hodogaya Chemical Group has established an Internal Reporting Contact Point within the Group based on its Internal Reporting System.

The Internal Reporting System is communicated to officers and personnel through compliance training conducted several times each fiscal year. In addition, the status of internal reporting and other related matters is reported to the Audit & Supervisory Committee.

Business partners and customers are requested to use the Other Inquiries form on our website.

	FY2023	FY2024	FY2025
Number of internal reports	0	1	0

Community and Society

Related materiality
- Contribute to communities

Details can be found on our website.
https://www.hodogaya.co.jp/english/csr/stakeholder/community

Basic Approach

The Hodogaya Chemical Group believes that, as a corporate citizen, contributing to the sustainable development of the community is an important activity in carrying out its business. We are engaged in various community contributions including the nurturing of children through chemistry, environmental conservation activities in the regions where the Group's plants are located, and the provision of value in both tangible and intangible forms that enrich people's lives. In addition, if a disaster affecting an area where one of our key bases is located is designated as a major disaster by the Cabinet Office, and the damage to the area around the base is severe, we donate a certain percentage of the previous fiscal year's earnings to the impacted prefecture.

Social Contribution Activities

In FY2025, total expenditures on social contribution activities amounted to 14.27 million yen. Of this amount, 10.17 million yen was spent on events and other activities in communities where our plants are located, while 4.10 million yen was spent on environmental improvement and other activities.

Community contribution initiatives

- Support for local infrastructure (e.g., vehicle evacuation drills for Fukushima Kotsu buses)
- Cleanup and weeding activities (e.g., the Clean Koriyama Campaign and weeding rice fields for a nearby sake brewery)
- Biodiversity initiatives (e.g., cleanup activities in surrounding bodies of water such as lakes and rivers, tree-planting activities, the Shunan City Blue Carbon Project, and Nagano Prefecture's Biodiversity Conservation Partnership Agreement)
- Educational support (e.g., the Summer Vacation Children's Chemistry Experiment Show, outreach classes, and internship programs)
- Dialogue with local communities (e.g., plant tours)
- Participation in local events (e.g., the Uneme Festival, Koriyama Industrial Expo, and Sun Festa Shinnanyo)
- Sign language classes
- Donations to children's cafeterias, food pantries, and other organizations
- Financial support for local high schools participating in national competitions

Social contribution expenditures

(million yen)

	FY2023	FY2024	FY2025
Social contribution expenditures	14.17	10.33	**14.27**
Community events, etc.	10.27	10.33	**10.17**
Environmental improvement, etc.	3.90	0	**4.10**

Support for Local Infrastructure and Disaster Response Cooperation

The Hodogaya Chemical Group works together with local governments and members of local communities as a responsible member of society, striving to contribute to safe and secure communities.

As part of these efforts, we provide portions of our plant grounds free of charge for public use. At the Koriyama Plant, the land is used for public infrastructure including an east-west passage at Koriyama Station, a municipal bicycle parking facility, and a taxi waiting area. At the Nanyo Plant, it is used for facilities including the Shin-Nanyo Baseball Stadium.

In the area of disaster preparedness, the Koriyama Plant, Koriyama City, and the Koriyama Branch of Fukushima Kotsu have entered into an agreement on the evacuation of bus vehicles in the event of a disaster. When Typhoon No. 19 struck in 2019, part of the plant grounds was promptly made available as an evacuation site, helping to reduce damage to public transportation vehicles. We will continue to actively cooperate in initiatives that help protect the safety of local communities.





Award at the Yamaguchi Prefecture Hazardous Materials Safety Convention



At the awards ceremony held during the Yamaguchi Prefecture Hazardous Materials Safety Convention on June 19, 2025, the Nanyo Branch of Hodogaya Logistics Co., Ltd. received an award in the Outstanding Business Establishment category, together with 13 other organizations in Yamaguchi Prefecture. The award was presented following a recommendation by the Shunan City Fire Department, which highly evaluated the branch's longstanding efforts to ensure the safe management of hazardous materials facilities and appropriately prevent accidents and disasters. Encouraged by this recognition, we will continue to ensure rigorous safety management of hazardous materials facilities and thorough accident and disaster prevention, while actively cooperating with and contributing to local safety activities, including those of the Shunan City Hazardous Materials Safety Association.

Community and Society

Educational Support Through Chemistry



The Hodogaya Chemical Group actively promotes educational support activities, including participation in hands-on experiment events and outreach classes at elementary schools. Through these activities, we aim to convey the fun and wonder of chemistry to children who will lead the next generation, while helping to advance science and technology and foster environmental awareness.
In August 2025, we participated in the Summer Vacation Children's Chemistry Experiment Show held at the Science Museum. In a hands-on experiment titled "Making an Ocean Bottle" using its natural dyes, children enjoyed hands-on learning about the properties that cause water and oil to separate. The event proved extremely popular, with all reservation slots quickly filling each day. We also conduct outreach classes at our business sites in cooperation with local communities. In October 2025, employees from the Nanyo Plant visited two nearby elementary schools, where they conducted experiments separating ink through capillary action and "creating flags with liquids" using differences in density. Through familiar phenomena, the activities encouraged children to take an interest in chemistry. In February 2026, the Koriyama Plant held a class on the theme of "water" for fourth-grade students at a nearby elementary school. The class included an experiment filtering muddy water using a filter made from a plastic bottle and a liquid nitrogen demonstration. Employees also introduced the Koriyama Plant's environmentally conscious initiative of treating water drawn from a nearby river before returning it to the environment, providing an opportunity for deeper learning linked to the SDGs and the science curriculum.





WFP Walk the World



The Hodogaya Chemical Group joined "WFP Walk the World for Africa 2025 Yokohama," a charity event organized by the United Nations World Food Programme (WFP), as part of its CSR activities. Supporting SDG 2, "Zero Hunger," the event donates a portion of entry fees to provide school meals for children in Africa. On May 11, 2025, a total of 10 officers and employees from the Head Office and Yokohama Plant took part in the 5 km course, with all participants completing the walk. The event attracted 4,741 walkers in total and raised enough funds to provide school meals for approximately 155,000 children.
The Hodogaya Chemical Group will continue to contribute to a sustainable society through the proactive actions of each of its officers and employees.

Biodiversity Conservation Initiative: Lake Inawashiro Clean Action



The Hodogaya Chemical Group actively works to conserve biodiversity.
On April 26, 2025, we participated in the "Lake Inawashiro Clean Action," a cleanup activity along the shores of Lake Inawashiro. Carrying out cleanup activities amid the area's rich and beautiful natural surroundings gave participants a firsthand appreciation of the importance of environmental conservation. It also provided a valuable opportunity to build connections through warm interactions with local residents and fellow officers and personnel. Every member, including new hires, takes an active role in social contribution activities. We will continue to promote community-based environmental conservation activities toward the realization of a sustainable planet and society.