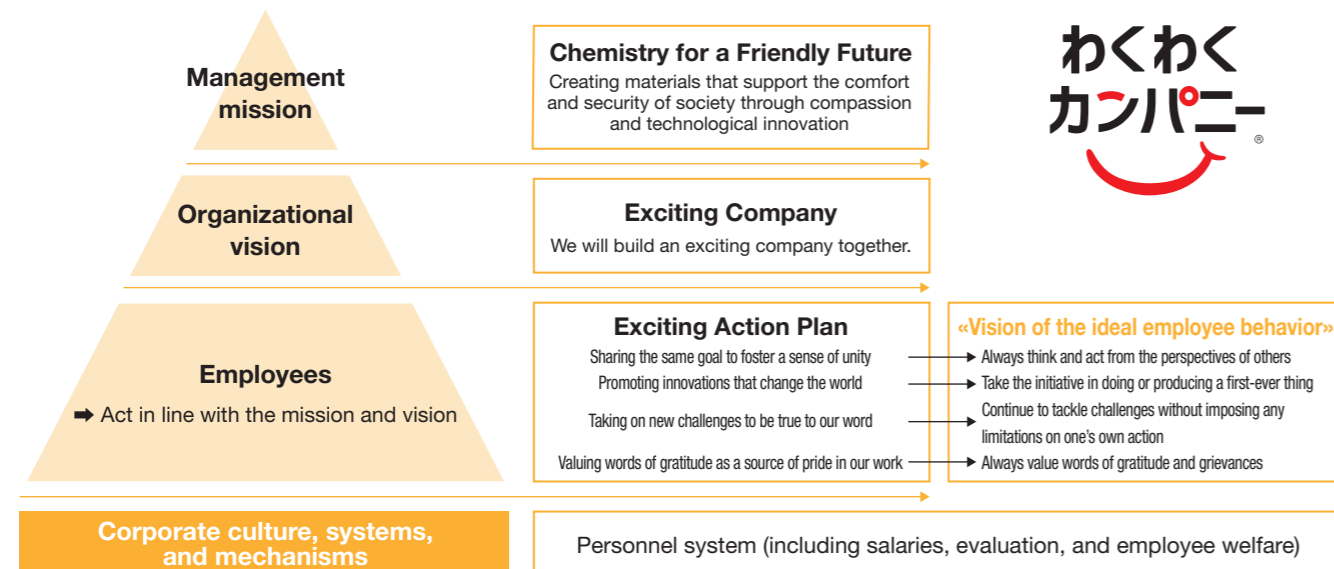


## Aiming to Become an “Exciting Company”



We are working to create a comfortable working environment through the measures described below so that our employees can feel proud of, confident in, and satisfied with their own work, which means that they can work with excitement.

## Foster Human Resources and Create a Corporate Culture Where Employees Can Feel Their Growth

### Basic Human Resources Development Policy

1. Enhance commercialization awareness through active work-related communication with internal and external parties
2. Develop a flexible environment where diverse personnel can work in good health
3. Systematically implement hiring and training to ensure diversity
4. Encourage self-development and the acquisition of official qualifications
5. Implement measures to support employees' understanding and action regarding the realization of a sustainable society

#### ● Career development support

Sakai Chemical Industry has all employees submit a self-assessment sheet every year. They review their own personal growth over the past year, set their own action goal to advance to the next step, and have a career interview with the manager of the organization to which they belong. Aside from the personnel evaluation results, they confirm their own achievements to date, based on which they set their goal for the next term.

Nevertheless, Sakai Chemical Industry's deviation value in the FY2022 engagement survey result was 47.5, while that in the entire chemical industry was 50.5. This figure suggests that the Company should solve the challenge of adopting measures to allow employees to readily accept the personnel evaluation results and feel their own growth, including creating such an environment. We will work on human resources development so that the growth of our employees will lead to the growth and development of the Company.

#### ● Development of management human resources

To develop the next generation of management talent, Sakai Chemical Industry provides education for candidates for next-generation executives selected from among a range of managerial staff, from newly appointed ones to department managers.

The executive officer in charge of each candidate formulates and implements an annual development plan, which includes external training for corporate executives, so that the candidate can have the kind of experience that allows him or her to outgrow his/herself through his/her work. The progress of the development plan for each candidate is reported to and deliberated and verified by the Council for the Development of Management Human Resources, which comprises the president and other executive officers, and the Nomination and Compensation Committee at the interim report meeting in November and the final report meeting in March. From now on, we will increase our pool of human resources by adopting such measures as improving system operations and broadening the scope of candidates.

## Creating a Comfortable Working Environment

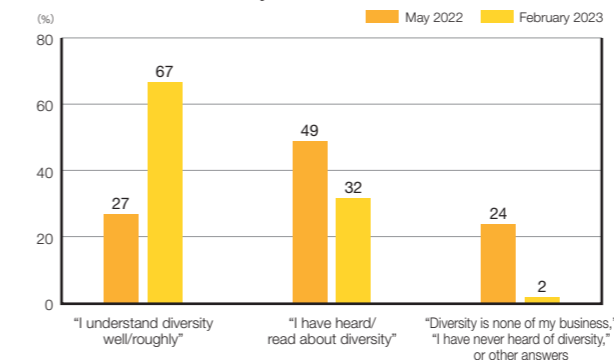
### Diversity initiatives

#### ● Promotion of diversity

Sakai Chemical Industry has established a Diversity Working Group to raise diversity awareness among employees. In FY2022, the Company had employees respond to a diversity-awareness questionnaire twice.

1st questionnaire survey conducted in May 2022: 350 respondents  
2nd questionnaire survey conducted in February 2023: 461 respondents  
The number of respondents who answered "I understand diversity well/roughly" has increased approximately 2.5-fold over the past year.

#### Permeation level of diversity awareness



In FY2022, we also held three events focusing on unconscious biases, including a seminar and workshop-style lectures ("Majikira-kai"). The email magazine Diversity Report, published once every three weeks, features interviews with employees about their unconscious biases that they are aware of. As a result, unconscious biases have become a hot topic in daily workplace conversations in such a form as "That's an unconscious bias, isn't it?"

#### ● Support for the career development of female employees

Sakai Chemical Industry devotes active efforts to promoting the career development of female employees and aims to achieve the target of raising the ratio of female managers to 10% or higher and that of female core human resources to 20% or higher by 2030. Currently, women account for 1.4% of all managers and for 7.9% of all core human resources. Creating diverse value urgently requires us to increase the proportion of women among core human resources so that more women can grasp opportunities that match their abilities. From now on, we will make further efforts for more proactive recruitment and human resource development.

### Work-life balance

#### ● Obtaining the right to carry the "Kurumin" certification logo

In September 2022, Sakai Chemical Industry obtained "Kurumin" certification, which the Japanese Ministry of Health, Labour and Welfare grants to companies that support employees' childcare. The Company has now adopted the following measures and systems to promote activities toward a good work-life balance.

#### (1) Improving the working environment to help parenting workers achieve a good balance between their work and family life

- a) Introducing a general childcare leave system and a paternity leave system for male employees with newborn babies and encouraging the use of these systems
- b) Broadening the scope of application of the system of reduced working hours and imposing limitations on or giving exemption from overtime work

We have extended the period during which the system of reduced working hours is available from the period until the child's enrollment in elementary school to the period until the end of the child's first academic year at elementary school. We also ensure that employees who want to avoid overtime work despite not needing to use the system of reduced working hours can use the system of limitations on or exemption from overtime work by prior application.

#### c) Measures to help employees on leave to return to work

The Company utilizes the employee welfare website "Future Concierge for Parenting Workers." We provide employees on maternity, paternity or childcare leave with useful information about childcare and short-term day care and promote the use of company-led childcare facilities in order to help employees on leave to return to work.

### (2) Creating working conditions that allow diverse work styles, thereby contributing to work style reforms

#### a) System for enabling employees to select from global and limited-area careers

During their entire career, workers may sometimes wish to concentrate on career development, and at other times, they may wish to focus on looking after their children or other family members. We have adopted a system whereby employees can select from work styles in geographical terms according to their current life stage, being ready to be transferred between different operational locations or limiting the location of their work to a particular area.

We are also implementing other measures for work style reforms, including adopting a telework system, defining No Overtime Days, and encouraging paid leave uptake.

#### ● Promoting paternity leave uptake

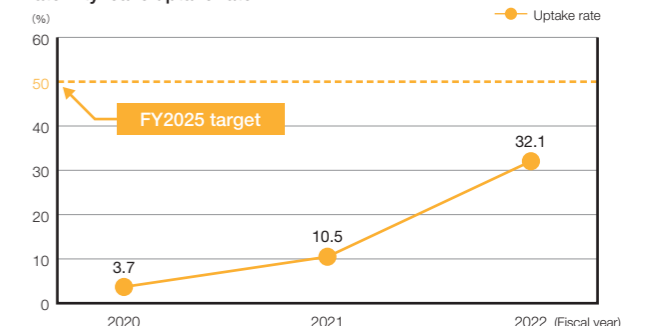
To make it easier for male employees to take childcare leave, in October 2022 Sakai Chemical Industry established a new paternity leave system for male employees with newborn babies. This system allows eligible male employees to take paternity leave for up to four weeks (28 days).

In FY2022, we held a Paternity Leave Roundtable, where employees of both genders who had childcare leave exchanged views with those who had not. The details of the discussions were later shared with all employees in the email magazine Diversity Report. These initiatives resulted in a paternity leave uptake rate of 32.1% for FY2022, an increase of more than 20 percentage points year on year.

We will continue our efforts to appropriately operate this system so that our employees can lead fulfilling lives both at work and at home. (We have set a target of raising the paternity leave uptake rate to 50% or higher by FY2025.)



#### Paternity leave uptake rate



# Together with Employees

## For the Health and Safety of Employees

### Basic Occupational Health and Safety Policy

Under the strong leadership of top management and supervisors, all of us will work together to achieve the goal of “zero accidents and zero illnesses.”

#### [Health and Safety Action Guidelines]

1. We will comply with health and safety laws and regulations and promote health and safety activities.
2. We will strive to create a safe workplace by conducting risk assessments.
3. We will prevent occupational accidents by implementing measures for handling near misses, danger prediction, and pointing and calling.
4. We will raise safety awareness through training and information sharing for safety and health.
5. We will work to promote mental and physical health by carrying out health maintenance and promotion activities.

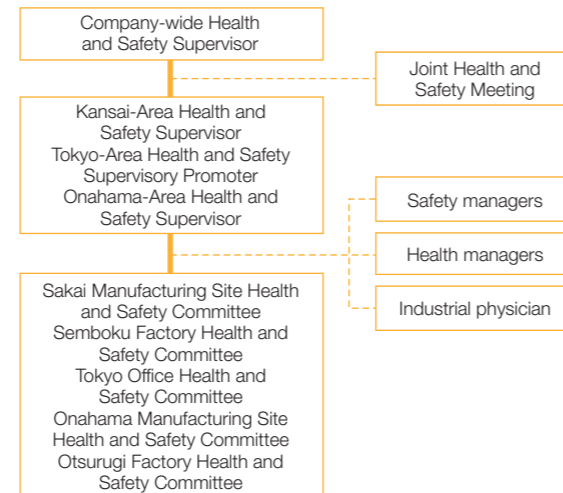
### Occupational health and safety initiatives

Sakai Chemical Industry has in place the Basic Occupational Health and Safety Policy and the Health and Safety Action Guidelines. Under the policy and guidelines, the Company holds joint health and safety meetings, where Company-wide health and safety activities are mainly discussed. At each business location, a health and safety plan is formulated based on the deliberations at the Company-wide meetings, and its progress is managed under the leadership of the Health and Safety Committee of the business location.

In our safety activities, focus is basically placed on steady efforts to address near misses, predict danger, and ensure the practice of pointing and calling. We also work to prevent occupational accidents through risk assessments conducted at each workplace. To prevent the Yumoto Factory explosion accident, which we must never forget, from fading into oblivion, we deliver a message from the president titled “Pledge to Ensure Safety” on May 11, the anniversary of the accident, every year. We also hold a Safety Session at each business site every July, where the relevant Health and Safety Supervisor gives a lecture on the accident.

Our occupational health activities include having the industrial health staff provide health information on food and other topics, offering follow-up support to employees under a high level of mental stress, and utilizing health-related services provided by external organizations. We therefore continue to work to help our employees enhance their mental and physical health.

#### Organizational structure for health and safety management (as of the end of March 2023)



### Removal of the Onahama Manufacturing Site's designation as a business site that needs special guidance on safety management

In FY2022, the Onahama Manufacturing Site was designated as a business site that needs special guidance on safety management. In response to this designation, we formulated a health and safety improvement plan, which includes conducting thorough risk assessments and providing employees with education focusing on fires and explosions. Based on this plan, we not only continuously engaged in the conventional kinds of health and safety activities but also implemented measures to raise employee awareness of health and safety activities, such as holding risk assessment training sessions, where occupational safety consultants gave instructions from external perspectives, and providing health and safety education for managers. The progress of the plan was officially confirmed through monthly reports submitted to the Iwaki Labor Standards Inspection Office and four on-site inspections conducted by the authorities (in May, September, November, and February). On the authorities' advice given during the inspections, we made several on-site improvements, including those to speed limit signs for forklifts, and shared the advice with our business locations in the Kansai area. On March 31, 2023, after one year of our serious improvement efforts, the Onahama Manufacturing Site's FY2022 designation as a business site that needs special guidance on safety management was removed. We will leverage this experience in our future health and safety activities with the aim of making our manufacturing sites and factories even safer.



Speed limit sign (at Plant F of the Otsurugi Factory) improved on advice given during the on-site inspection on September 9, 2022



Risk assessment training session held on July 22, 2022



Safety education session for safety managers held on March 28, 2023

### Occupational accident in FY2022

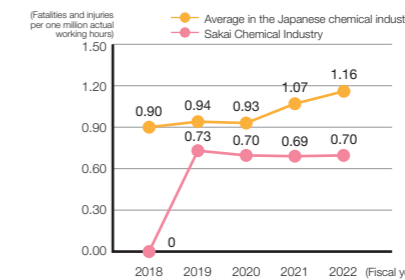
In FY2022, a lost-time accident occurred, with an employee falling and having to take leave. To prevent employees from falling, we have included fall prevention activities in our monthly priority activities. We are therefore actively committed to preventing the recurrence of similar accidents under the leadership of the Health and Safety Committees.

#### Number of lost-time accidents

Fiscal year	2018	2019	2020	2021	2022
Number of accidents	0	1	1	1	1

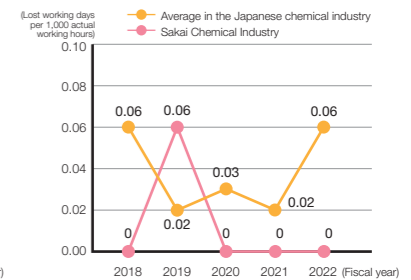
#### Frequency rate

Number of occupational fatalities and injuries involving leave of one day or more, per one million actual working hours. A higher value means greater frequency.



#### Severity rate

Number of working days lost due to accidents per 1,000 actual working hours. A higher value means greater severity.



### Safety promotion activities incorporating external perspectives

To have our workplace health and safety activities reviewed from external perspectives, in FY2022 we hired safety consultants to provide safety diagnoses to our business locations in the Kansai area. On the advice of the consultants, we are implementing improvement measures, including clearly zoning footpaths to completely separate them from roadways at our factory sites and adopting heatwave countermeasures. We are planning to receive a safety diagnosis for the Onahama Manufacturing Site in FY2023. We also hold safety education seminars and lectures from external perspectives with the aim of achieving zero accidents.

#### ● Chemical substance risk assessment seminars

We held seminars using the Ministry of Health, Labour and Welfare (MHLW)'s on-site support program for chemical substance risk assessment. The seminars were aimed at giving attendees an outline of the revised provisions for the autonomous management of chemical substances in the Ordinance on Industrial Safety and Health and other related laws and regulations, thereby raising employee awareness of the importance of chemical substance risk assessment.



Seminar held in the Kansai area on February 17, 2023 using the MHLW's on-site support program



Seminar held in the Onahama area on February 24, 2023 using the MHLW's on-site support program

#### ● Lecture on fires and explosions

To prevent the Yumoto Factory explosion accident on May 11, 2021 from fading into oblivion, on May 11, 2023, the second anniversary of the accident, we held a lecture on combustion phenomena in fires and explosions, with Professor Ritsu Dobashi at the University of Tokyo, who had served as a member of the investigation committee for the accident, invited as a guest speaker. This lecture was also open to attendees from Sakai Chemical Group companies as a Group-wide activity aimed at preventing fires or explosions.



Safety lecture held on May 11, 2023

### Encouraging Group companies to promote health and safety activities

Every quarter, Sakai Chemical Industry analyzes occupational accidents at each Sakai Chemical Group company and commuting accidents in which Group company employees are involved. Information about those accidents and analysis results are shared throughout the Group. The Company also holds Sakai Chemical Group Safety Meetings twice a year. At the FY2022 meetings, attendees exchanged opinions on chemical burns, the most frequent kind of occupational accident in the Group, and shared with each other information about the revised provisions for the autonomous management of chemical substances in the Ordinance on Industrial Safety and Health and other related laws and regulations.

Moreover, Sakai Chemical Industry sends staff to each Group company in Japan to conduct safety patrols. In FY2022, the staff confirmed the progress of measures to prevent the recurrence of occupational accidents of the kind that had occurred in the past, as well as the level of compliance with the Act on Comprehensively Advancing Labor Measures, Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives (the so-called “Power Harassment Prevention Act”) and the status of use of personal protective equipment. In addition, at Group companies handling substances that might cause dust explosions, the staff sent by the Company confirmed that necessary measures had been adopted, including having workers wear antistatic shoes. We will continue this initiative in the future in order to improve the Group-wide level of occupational health and safety.

### Various disaster drills

Sakai Chemical Industry conducts regular disaster drills at each manufacturing site so that all those involved will be prepared to take prompt responses in the event of an emergency.

At the Sakai Manufacturing Site, an evacuation drill is conducted on the occasion of the annual Osaka 8.8-million Drill. This evacuation drill includes travel to an evacuation site, the trial use of a personal safety confirmation system, and checks on whether emergency internet protocol (IP) radios are in working order.

At the Onahama Manufacturing Site as well, evacuation drills are conducted in a simulation of the issuance of a tsunami warning.

Each workplace also conducts an annual disaster drill according to schedule to enable employees to learn how to act on-site in the event of an accident or disaster and how to practice first-aid fire fighting using fire extinguishing equipment.



# Together with Employees

## Health checkups and related initiatives

### ● Enhancing optional items in health checkups and sharing the checkup results

Since FY2021, the Company has added tumor markers to its regular health checkup and has also introduced optional checkup items, such as ultrasonic diagnosis. In addition, since FY2023, we have enabled female employees to have a health checkup for women, allowing them to select optional items related to diseases specific to women. We therefore work to provide our employees with the opportunity to have further enhanced health checkups according to their needs. Furthermore, in accordance with the applicable laws and regulations, the Company gives a special health checkup to all employees who handle organic solvents or specified chemical substances at work to prevent and detect at an early stage health damage on the occasion of the health checkup.

We also operate a system for sharing the health checkup results across the Company and managing them in a unified manner so that employees can continue to receive consistent health guidance from the health staff of each area no matter where they are transferred. By doing so, we aim to visualize the health condition of the entire workforce of the Company or each area, identify challenges based on the visualized data, and make our health guidance more appropriate, thereby helping our employees enhance their health.

## Health activities utilizing external organizations

### ● Utilizing counseling services

Sakai Chemical Industry has established a system for its collaboration with external organizations in allowing its employees to receive advice from outside experts. Our use of external organization has enabled employees to consult not only about their work and workplace but also about their private lives and has allowed even their family members to seek consultation services, thereby contributing to the availability of both mental and physical health support.

### ● Cooperation with the Osaka Yakugyo Health Insurance Society

Sakai Chemical Industry has regular contact with the Osaka Yakugyo Health Insurance Society, to which it belongs, and cooperates with the society, through a clear allocation of roles, in specific health guidance and the "Data Health" (data-based healthcare) project in order to enhance employees' health. Through this cooperation, we perform comprehensive employee health management, including organizing health seminars taught by external guest instructors (FY2022 seminar topics: self-care training, training in "line care" [mental health care for workers on the same reporting or production line], and harassment prevention training), monitoring the health condition of the entire workforce of each business site based on data on hospital visits, and enhancing health guidance accordingly.

### ● Utilizing the results of the Survey on Health and Productivity Management

Sakai Chemical Industry is continuously responding to the Survey on Health and Productivity Management conducted by the Japanese Ministry of Economy, Trade and Industry (METI). We share with those involved the METI's feedback on the survey results and provide the relevant health information for Health and Safety Committee members as a reference source. We therefore utilize the survey results to formulate an employee health enhancement plan.

## Mental health care initiatives

### ● Mental health education for employees

Sakai Chemical Industry provides a wide variety of mental health education programs for its employees, including self-care education provided to new employees as part of induction education. In line with recent trends toward the diversification of society, the Company is seriously committed to raising itself into an organization where no one suffers mental health problems. The specific measures that the Company is implementing for that purpose include providing e-learning programs focusing on harassment prevention, online seminars taught by health staff, and "line care" training for managers.

### ● Support provided by industrial health staff and mental health specialists

Sakai Chemical Industry has full-time industrial health staff in addition to health managers and has in place a system whereby employees can consult those staff about their own mental and physical health without hesitation. The consulted industrial health staff cooperate with industrial physicians and supervisors in providing prompt support to employees suffering mental health problems, for example, by introducing to them medical institutions specializing in mental health as needed. We focus particularly on constantly interviewing employees at turning points in their careers, such as transfer to a business location in another area, rise in status, promotion, and employment (in the case of new-graduate and mid-career hires), with the aim of preventing mental health problems among them.

We also open a general mental health clinic on a regular basis to have mental health specialists provide consultation services at the request of employees. The clinic also provides consultation services online so that employees can have expert interviews no matter where they are working. This system also offers the opportunity to use consultation services to employees who have mental health concerns but are hesitant to visit the hospital.

### ● Workplace improvement initiatives based on stress check results

The results of annual stress checks are shared with department general managers and higher ranked management, including management team members. The results for each organization are analyzed, and each organization (department) utilizes the analysis results to devise and implement workplace improvement measures. Employees judged to be under high stress are interviewed individually by industrial health staff or mental health specialists with full consideration paid to their privacy.

In this way, we leverage the stress check results to encourage both individual employees and their organizations to make both work-related and life-related improvements with the aim of preventing mental health problems.

## Encouraging Group companies to promote health activities

To raise health awareness among employees throughout the Sakai Chemical Group and enhance their physical and mental health, we encourage Group companies to promote health activities. For example, since FY2023, we have upgraded health lectures, which were previously provided only to health and safety personnel, to health and safety seminars and broadened the scope of their audience to encompass all Group company employees.

## Voice Aiming to be a healthy "Exciting Company"

The ability to maintain good physical and mental health underpins the improvement of work performance. Sakai Chemical Industry has three industrial health staff members, including myself, in charge of providing health support for employees at each business site.

I am in charge of the Kansai area and plan and manage various seminars and health events to increase the health literacy of staff members. I help them maintain healthy lifestyles on their own by providing them with the opportunity to gain knowledge about health through seminars and encouraging them to continue health improvement activities through events.

I have recently focused particularly on health support for female employees. Last fiscal year, I began to hold seminars for female employees on health issues unique to women, such as menstrual abnormalities, menopause, breast cancer, and uterine cancer, to spread health knowledge and awareness among them. Last year, I also organized an event where participants had simulated experience of being a pregnant woman with the aim of making the Company more friendly to pregnant women.

I will continue to implement various initiatives so that many more employees can work healthily with excitement.



Akiko Hase  
Public health nurse  
Safety & Health Section  
Operation Management Department,  
Sakai Manufacturing Site

# Harmony with Local Communities

## Communication with Local Communities

### Support for local events

#### ● Head Office and Sakai Manufacturing Site

The Sakai Festival, one of the main events in Sakai, was held for the first time in three years. In addition to supporting the event, Sakai Chemical Industry also called for volunteers from among its employees, with a total of 23 volunteers helping collect waste and serving as guides during the festival. This initiative embodies our gratitude to local people, which we have few opportunities to express in our daily activities, and our hopes of helping further revitalize Sakai, the place of origin of Sakai Chemical.



#### ● Onahama Manufacturing Site

We supported the Izumi Furusato Festival Gotcha Market in Iwaki City, where the Onahama Manufacturing Site, our main manufacturing facility, is located. We also set up a booth at the festival. This event was also held for the first time in two years due to the COVID-19 pandemic.

In addition to the festival, Sakai Chemical employees also participated in the Iwaki Sunshine Marathon, which was held for the first time in five years due to bad weather and the pandemic, with the aim of revitalizing the event and interacting with local residents.



### Engagement with children

#### ● Support for career education for elementary school students

We supported the publication of a supplementary reader used in career education for third and fourth graders at all elementary schools in Sakai City, where our Head Office is located. The reader introduces local businesses in a variety of industries. It explains the roles of our material products in relation to smartphones, games, and cars to inspire children's imagination more effectively. The reader emphasizes that the entire material production process comprises various kinds of work, including procurement, manufacturing, analysis, and shipment.



#### ● Exhibition at Sakai Science Education Festa

Sakai Chemical Industry participated in this event with the aim of allowing visitors to enjoy using image generation technology, focusing on AI as a recently high-profile topic. Held for the first time in about two and a half years due to the pandemic, the event bustled with many children and their parents. We were able to interact with local children through AI-assisted image generation, for the first time in a long period. We hope to continue to share the joy of science with children through this kind of event.

