

# Materiality for Sakai Chemical

Management Mission

## Creating a sustainable future through chemistry

—Creating materials that support the comfort and security of society through compassion and technological innovation—

Organizational Vision



Social Issues



| Theme  | Issue of materiality  | Our major initiatives  | KPI   |  |
|--|---|--|---|--|
|  |   |  | Indicators  | Targets  |
| Make People Happy                                | (1) Foster human resources and create a corporate culture where employees can feel their growth                             | Building mechanisms to allow employees to take up new challenges and act on their own initiative<br>Promoting diversity  | Results of stress checks<br>Deviation value of the score for the evaluation item "Consideration for employees' career development"  | Exceed the deviation value of chemical companies' stress check scores and aim to rank higher<br>Reach a deviation value of 49 in the chemical industry for FY2021 (Sakai Chemical Industry's actual deviation value for FY2021: 46.9)  |
|  | (2) Create a comfortable working environment  | Introducing a new personnel system<br>Improving the working environment (in terms of both time and space)<br>Making each workplace livelier  | Frequency rate (number of occupational fatalities and injuries per one million actual working hours)<br>Severity rate (number of working days lost due to accidents per 1,000 actual working hours)<br>Promoting digital transformation (DX)  | Create a safety-first workplace environment<br>Eclipse a frequency rate of 0.93 in the chemical industry for FY2020 (Sakai Chemical Industry's actual frequency rate for FY2020: 0.70)<br>Eclipse a severity rate of 0.03 in the chemical industry for FY2020 (Sakai Chemical Industry's actual severity rate for FY2020: 0.00)<br>Promote DX to allow employees to work more easily |
|  | (3) Contribute to local communities   | Having close dialogue with local communities<br>Supporting or participating in local associations  | Having close dialogue with local communities through the Responsible Care® initiative<br>Engaging in social contribution activities conducted by the local associations that Sakai Chemical supports or participates in   | Hold more than one dialogue session a year<br>Participate in more than one social contribution activity a year   |
| Protect the Global Environment                   | (4) Manage chemical substances appropriately, reduce environmental impact, and implement measures to improve product safety | Making a fuel switch from crude oil to LNG; replacing motors and lights with highly efficient motors and LED lights respectively;<br>installing solar power panels; working to recover NH <sub>3</sub> , CO <sub>2</sub> , and H <sub>2</sub> ;<br>raising levels of pollution prevention and chemicals management | CO <sub>2</sub> emissions reduction rate (versus the FY2013 level)<br>Number of severe environmental accidents  | Achieve a 30% reduction by FY2030<br>Achieve zero accidents throughout the year  |
|  | (5) Reduce industrial waste emissions   | Promoting the 3Rs ("reduce," "reuse" and "recycle")<br>Reconsidering raw materials, fuels, and the manufacturing processes<br>Recycling industrial waste   | Waste reduction rate (versus the FY2021 level)  | Achieve a 25% reduction by FY2025  |
|  | (6) Give consideration to biodiversity  | Continuing to conduct monitoring activities near disposal plants<br>Contributing to biodiversity using voluntary credits for carbon neutral LNG (CNL)  | Survey on animals, plants and ecosystems as a post-assessment after an environmental impact assessment<br>Introduction of CNL   | Conduct a survey on the occasion of disposal plant construction work<br>Continue to use CNL  |
| Solve Social Issues through Manufacturing        | (7) Create products and services that help solve environmental and social issues  | Fuel cell materials, solid-state battery materials, synthetic ammonia catalysts, substitute products for microplastic beads, 5G-related (low-expansion, heat-radiating, low-dielectric-loss, and/or flame-retardant) materials, carbon recycling catalysts, antibacterial and antiviral materials                  | Number of developments certified as Smart Material®   | Launch five Smart Material® products by FY2030   |
|  | (8) Promote responsible procurement   | Providing information to suppliers and asking for their cooperation; auditing suppliers; etc.  | Percentage of suppliers whom we request to conduct a customer satisfaction survey   | 100%   |
| Build a Transparent and Strong Management System | (9) Increase the effectiveness of the Board of Directors  | Implementing an annual questionnaire to evaluate the effectiveness of the Board of Directors<br>Making improvements based on the questionnaire results<br>Formulating plans to develop management human resources<br>Operating the Nomination and Compensation Committee   | Following indicators based on the results of the questionnaire on the effectiveness of the Board of Directors<br>1) Number of challenges identified<br>2) Number and total hours of discussion sessions on each challenge<br>3) Number of countermeasures devised<br>4) Number of countermeasures implemented | Identify challenges based on the results of the questionnaire on the effectiveness of the Board, and make necessary improvements   |
|  | (10) Understand risks and take countermeasures  | Conducting risk and compliance education, training and awareness-raising activities<br>Operating committees and subcommittees effectively  | Number of serious compliance violations<br>Ability to maintain a Company-wide risk management system  | Achieve zero serious compliance violations throughout the year<br>Maintain the effectiveness of the system   |
|  | (11) Timely and appropriate information disclosure  | Stimulating IR and PR activities; enhancing PR for crisis management   | Compiling and providing an integrated report or information equivalent to the content of such a report  | Provide an integrated report or information equivalent to the content of such a report from FY2022   |