



2022

Corporate Social Responsibility Report

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#### Editing Policy

Our company started voluntary efforts to protect the environment in the 1990s and the Marugame Plant and the Tokushima Plant acquired ISO 14001 certification in 1998. We started publishing our environmental protection activities in 2004 and have actively disclosed information, including posting "Environmental Reports" on our website since 2017 and "Environmental and Social Reports" since 2019. Since 2021, we have been disclosing information based on the GRI in the "CSR Report" to enhance our ESG actions. In preparing this report, we tried to use easy-to-understand, easy-to-read expressions and structure for everyone to understand the contents, in response to inquiries from stakeholders. <Reference guidelines> Environmental Accounting Guidelines, GRI Sustainability Reporting Guidelines and Standards

Applicable Period

April 1, 2021 to March 31, 2022

Coverage

All offices and plant facilities of SHIKOKU CHEMICALS CORPORATION Subsidiaries subject to consolidated accounting of SHIKOKU CHEMICALS CORPORATION (13 domestic, 1 overseas)

## Greeting

SHIKOKU CHEMICALS CORPORATION Group formulated and launched its long-term vision “Challenge 1000” in April 2020 to make a leap forward to the new stage in 2030. Under our unwavering corporate philosophy of “Doku-sou-ryoku (creativity)”, we aspire to “Toward ‘one-step-ahead, proposal’ company with creativity” by 2030, striving to become a company that solves societal issues with original ideas. In March this year, we set up significant priority issues (materiality) for our company and society, which we aim to apply to our business activities in the future, and thereby achieve a balance between the continuous improvement of corporate value and solving of social issues through our core business.

In “Challenge 1000”, we have set an activity policy, “YONPO-YOSHI (favorable in all four directions)”, as a good corporate citizen committed to serving customers, employees, shareholders, and the society at large. The major topics of last year for our contributions to these four stakeholders will be reported.

First, for “Customers”, we created a new production plant for chlorinated isocyanurate. Organic Chemicals business has set forth “a business that protects environment and sanitation and delivers cleanliness to people around the world” as its “aspirational vision”. The COVID-19 pandemic has raised hygiene awareness in society at large, and in order to meet the expected increase in demand for sanitizing and cleaning, we will expand our business into high-value-added areas such as commercial and household sanitary products, in addition to conventional pools and septic tanks. In the Fine Chemicals business, the demand for high-performance semiconductors is increasing due to the emergence of the Internet of Things (IoT) and the spread of 5G (5th generation mobile communication system). We will utilize a new multi-plant TAP-4 (Tokushima Advanced Chemicals Plant-4), which was completed last year, and promptly provide new materials.

Furthermore, for “Employees”, we held information sessions on evaluation methods and feedback for respective staff members, aiming for fairer personnel evaluation. Simultaneously, seminars were held to create a work environment that encourages individual employees to improve their performance. In addition, with increasing interest in diverse and flexible ways of working, we conducted questionnaire-based surveys for all employees regarding their work and career values. Various measures will continue to be taken to improve the skills and motivation of employees who comprise our human capital.

For “Shareholders”, targeting 50% of total returns, the company acquired approximately 813,000 treasury shares and retired all those acquired in the last one year, in order to enhance shareholder returns and improve capital efficiency.

In the review of market classification by the Tokyo Stock Exchange, the company selected “Prime Market”.

Lastly, for “Society”, we have set the expenditure for contribution to society and communities to up to 1% of ordinary income each year. At the “Setouchi Triennale 2022” held this year in Kagawa Prefecture, where our head office is located, the “PARKLET”, which is being developed through open innovation with Kagawa University, was presented as a new business, and it was favorably received. In addition, executing the “Partnership Agreement on Development of Thriving Neighborhoods” with Marugame City, we are working toward revitalizing the community in cooperation with local residents.

The outlook for the business environment remains uncertain in the current fiscal year under the impact of COVID-19 and the situation in Ukraine. However, our group will continue to pursue “safe operations”, “environmental preservation”, and “stable quality” as the cornerstones of our business activities under any circumstances, and we will strive to establish an even more robust business foundation. Furthermore, promoting “YONPO-YOSHI”, we will work toward the realization of a corporate group that is trusted by all stakeholders.

Thanks to your support, our group celebrates the 75th anniversary of its founding this year. In order to continue its growth and earn the trust of our numerous stakeholders, we are determined to fulfill our corporate social responsibilities by ensuring that all officers and employees comply with ethics, laws, and regulations and always maintain a positive attitude toward our business.

To mark this milestone year, the company has decided to shift to a holding company structure in January 2023, centered on two operating companies, chemicals and building materials, to ensure sustainable growth toward a centennial company, and to make a great leap forward as a world-leading company. To achieve “Challenge 1000”, we will realize and practice flexible and robust business operations under the new structure.

Thank you for your continued understanding and support.

August 2022

President and C.E.O.

Naoto Tanaka



## Management Policy

SHIKOKU CHEMICALS CORPORATION Group formulated "Challenge 1000", our long-term vision to guide the company to a new level by 2030. As financial goals, we are collectively working toward sales of 100 billion yen, operating profit of 15 billion yen, and ROE (equity ratio) of 10% or higher.

We have also established "YONPO-YOSHI (favorable in all four directions)" as our corporate policy to contribute to customers, employees, shareholders, and society.

### Corporate Philosophy



#### "We always value creativity as a driving force for company development"

- ◎ "Doku-sou-ryoku (creativity)" is the eternal philosophy of SHIKOKU CHEMICALS CORPORATION Group.
- ◎ Since inventing an innovative manufacturing method for carbon disulfide, we have considered creativity as the cornerstone of growth and the power of development.
- ◎ We will bring together the wisdom of each and every person involved, and will always break new ground using out-of-the-box ideas.

### Long-Term Vision "Challenge 1000"

#### ~ Our Vision for 2030 ~

## Toward "one-step-ahead, proposal" company with creativity

Solve social issues with creative ideas,  
leading the world

#### YONPO-YOSHI

##### Customers

##### "One-step-ahead" values

To deliver new value through unique, state-of-the-art products and services

##### Employees

##### Challenges and growth

To create an environment that cultivates a sense of real growth through various work methods and challenges, always supporting a fulfilling life

##### Shareholders

##### Profit return

We aim for a 50% total return ratio based on our consolidated performance

##### Community

##### A better tomorrow

To contribute to the resolution of social issues and to realize a prosperous living environment

#### Financial Goals

Net Sales

**100** billions of yen

Operating Income

**15** billions of yen

ROE

**10**% or higher

#### Pillars for Strategy

Business Reform Policy

Companywide Reform Policy

Proactive Investment

Achievement of SDGs

## Sustainability in SHIKOKU CHEMICALS CORPORATION Group

### The Concept of Sustainability

Under our longstanding corporate philosophy of “Doku-sou-ryoku (creativity)”, SHIKOKU CHEMICALS CORPORATION Group considers addressing the global environment and social issues as one of the most important matters of management policy.

Our approach to the “vision for 2030”, set forth in our long-term vision of “Challenge 1000”, and “YONPO-YOSHI (favorable in all four directions)”, which is the action plan, defines our group’s sustainability.

Since environmental and social issues are diverse, we have identified important issues for prioritization (materiality) that will lead to sustainable company and social growth while solving issues. We will work efficiently and maximally to serve a business that contributes

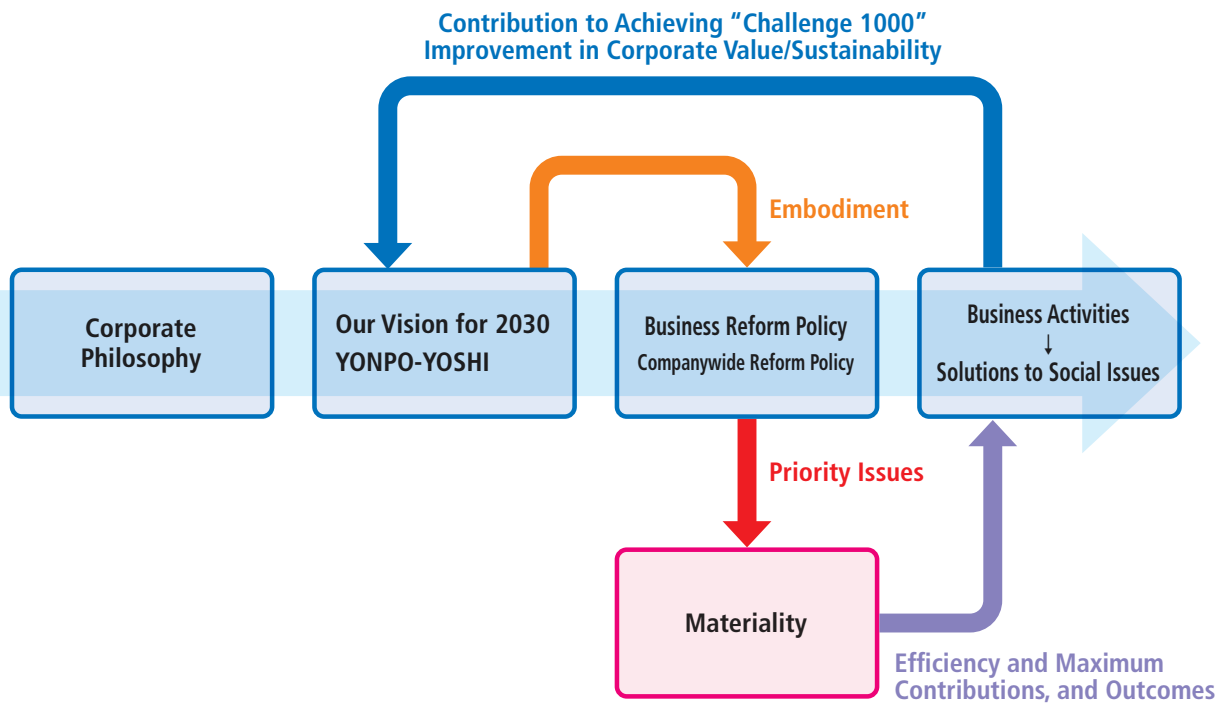
to resolving environmental and social issues and the realization of a sustainable society.

By reflecting materiality to our business activities, we will strive for both the continuous improvement of corporate value and the resolution of social issues through our main business activities.

Moreover, the achievement of the “Challenge 1000” financial goals will also lead to an increase in our management resources. This will enable material solutions that are developed from the current state in terms of both quality and quantity, and lead to greater investment. We believe this will eventually result in a higher level of contribution for each stakeholder listed in the “YONPO-YOSHI” policy and further improve our group’s sustainability.

### Continuous Sustainability Promotion

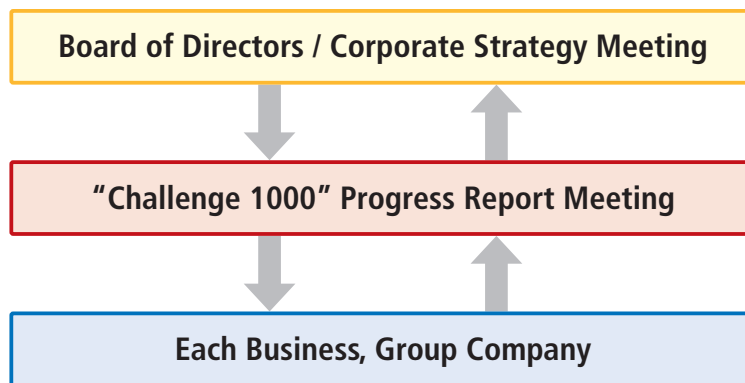
#### Corporate Activities = Sustainability Management



### System for Sustainability Promotion

Efforts toward achieving the long-term vision of “Challenge 1000”, which is the definition of sustainability for our group, have been made by each business and group in the company; this progress is reported and discussed at the “Challenge 1000” meeting progress report. The contents of this progress report on sustainability promotion are regularly related to the Board of Directors/Executive Committee, and

decisions are made also based on environmental and social impact. In addition, we established the “Sustainability Management Dept.” in April 2021 to further promote sustainability activities in our group, including the SDGs. Our group will continue to actively work on providing information to stakeholders and improving safety, health, and the environment.



### Identification of Priority Issues (Materiality)

We identified materiality to be addressed in order to achieve our aspiration to “Toward ‘one-step-ahead, proposal’ company with creativity” by 2030 set forth in the long-term vision, “Challenge 1000”.

#### Specific Processes

The materiality of our group was determined through four processes.

#### Step 1

We identified issues that were of high priority to our stakeholders and our group from among the social issues addressed in the 17 goals and 169 targets of the SDGs.

#### Step 2

The relevant divisions within the company held repeated discussions on the issues of high priority, and thereby identified and examined the initiatives and target items.

#### Step 3

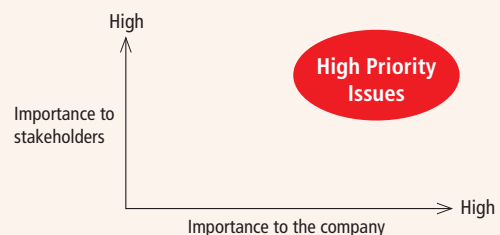
Dialogues were conducted with external experts on the draft content discussed internally, considering stakeholders’ perspectives.

#### Step 4













It was resolved at the Board of Directors.

#### Materiality

- Creating a workplace where employees can work with enthusiasm
- Pursue safe operations, environmental preservation, and stable quality
- Taking on challenges of new business opportunities



## Materiality and Action taken by SHIKOKU CHEMICALS CORPORATION Group

Materiality	Initiatives	Target value at the end of 2025
<p><b>Creating a workplace where employees can work with enthusiasm</b></p> 	<ul style="list-style-type: none"> <li>Promotion of work-life balance</li> <li>Action for flexible and diverse work styles</li> <li>Promotion of mental and physical health of employees</li> <li>Recruitment and performance of diverse human resources</li> <li>Effective measures to eliminate harassment</li> </ul>	<ul style="list-style-type: none"> <li>High engagement ratio from the employee survey: <b>Measurement and operation</b></li> <li>Percentage of persons with high stress by stress check: <b>8% or less</b></li> <li>Annual paid leave acquisition rate: <b>70%/person or higher</b></li> <li>Certified as a <b>Health and Productivity Management Outstanding Corporation</b></li> <li>Ratio of female managers: <b>5% or more</b></li> <li>Employment ratio of people with disabilities: <b>2.3% or more</b></li> </ul>
<p><b>Pursue safe operations, environmental preservation, and stable quality</b></p>      	<ul style="list-style-type: none"> <li>Foster a culture of safety</li> <li>Facilitate the transition to a decarbonized society</li> <li>Capital investments in safety/environment/quality</li> <li>Promote responsible care activities</li> <li>Strengthen compliance and risk management</li> <li>Establish a sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Lost time accident: <b>0 case/FY</b></li> <li>GHG emissions: <b>Decreased 30%, compared to FY2013</b></li> <li>Ratio of renewable energy use: <b>10% or more</b></li> <li>Incidence of critical environmental and quality problems: <b>0 cases</b></li> <li>Reduction in water consumption (chemical production volume unit at three chemical plants): <b>3% reduction compared to FY2020</b></li> <li>Requesting new business partners to comply with CSR: <b>100%</b></li> </ul>
<p><b>Taking on challenges of new business opportunities</b></p>     	<ul style="list-style-type: none"> <li>Creation of products and services to solve social issues</li> <li>Promotion of open innovation</li> <li>Create a culture, develop human resources, and design systems to address challenges</li> </ul>	<ul style="list-style-type: none"> <li>Sales from new sustainable products and services and the development of new businesses outside the framework of existing businesses: <b>JPY 2.5 billion</b></li> <li>Improvement of new business unit structure: <b>Establishment of a basic operation system</b></li> <li>Sales of existing businesses: <b>JPY 77 billion</b></li> </ul>

### Column

### Transition to Holding Company Structure

The speed of change in the business environment surrounding our group is accelerating every year, and it is imperative that all accumulating management issues be addressed. Under these circumstances, we have decided to shift to a holding company structure in January 2023, in view of the necessity to strengthen our Group companies' management structure and expedite decision-making in order to achieve our long-term vision "Challenge 1000".

#### Purpose

**(1) Reinforcement of the business operation system**

Expedite decision-making by boldly transferring authority to each operating company

**(2) Redefinition of governance structure and roles of head office divisions**

Specifying the holding company as a group management function

Eliminate and optimize overlapping operations by spinning off indirect divisions in the head office

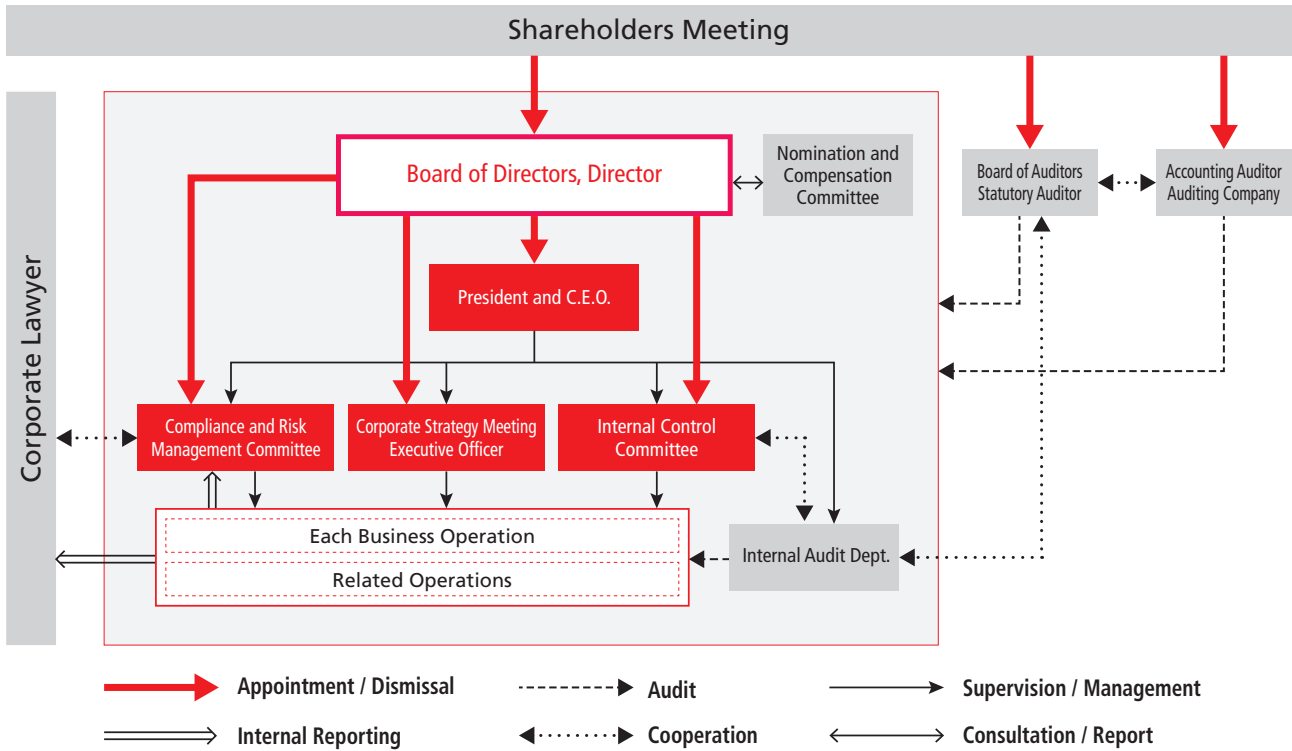
**(3) Strengthen the development of management human resources**

From the perspective of strengthening sustainable management capabilities, promoting the management of human resource development for the future management of operating companies with autonomy

## Corporate Governance

Our company recognizes that establishing both an organization where corporate governance is functioning effectively and a transparent management system that puts shareholders first is an important measure to continuously improve the corporate value. Specifically, we strive to establish a system to ensure its effectiveness, focusing on

securing shareholder rights and equality, appropriate collaboration with stakeholders other than shareholders, appropriate information disclosure and transparency, proper execution of the roles and responsibilities of the Board of Directors, and constructive dialogue with shareholders.



## Compliance

In the process of sharing and implementing management strategies by officers and employees, our company recognizes that preparing and properly operating the internal control system is the basis of establishing a compliance system to ensure that the execution of duties complies with the laws and articles of incorporation, striving to enhance and improve the system.

More specifically, according to the "Basic Policy for Establishment of Internal Control System" resolved by the Board of Directors, various compliance-related regulations, such as "Charter of Corporate Behavior", "Standard of Corporate Behavior", "Compliance Management Regulations", and "Whistle-blowing Protection Regulations" covering the entire group of the company, have been prepared. We repeatedly educate employees about the importance of compliance with the Charter of Corporate Behavior, etc. to make them thoroughly known. All officers and employees have also been given a Charter of Corporate Behavior card and Compliance Handbook

and provided written commitment to read regularly and comply with its content. We have also organized a "Compliance and Risk Management Committee" consisting of executive officers in charge of each department for effective management of compliance activities, striving to establish a system for proper checks. Furthermore, we have set up an internal and external compliance hotline as consultation/reporting services for employees of our company group, as well as our suppliers, regarding the overall corporate ethics, including our group's compliance, to detect and correct organizational and personal violations of laws, unjust acts, and improper acts at an early stage. As for internal control related to financial reporting, we have established the "Internal Control Committee" with the C.E.O. (Chief Executive Officer) as the chairperson and executive officers in charge of each department as members, making efforts to continuously maintain and control the internal control function based on the "Basic Policy on Internal Control for Financial Reporting".



## [ Charter of Corporate Behavior ]

In developing our business activities, SHIKOKU CHEMICALS CORPORATION Group respects human rights, complies with all applicable laws and regulations as well as international rules and their spirits, and acts according to the following eight principles based on high ethical standards at the local and international levels:

- |  |   |
|--|---|
| <p><b>1</b> We develop and provide socially useful products and services with due consideration of safety to earn customer satisfaction and trust.</p> <p><b>2</b> We conduct transactions on the basis of fair and free competition and maintain healthy and sound relationships with the government.</p> <p><b>3</b> We communicate with all members of society as well as shareholders and disclose company information in an appropriate and fair manner for maximum transparency in company activities.</p> <p><b>4</b> We secure a safe and pleasant working environment, develop employees' abilities and vigor, and respect their personalities and individuality.</p> | <p><b>5</b> To protect the global environment, we strive to perform as a corporate citizen who cherishes harmony with nature and contributes to society.</p> <p><b>6</b> We recognize the importance of intellectual property and personal information and the obligation to protect and handle them appropriately.</p> <p><b>7</b> In international business activities, we comply with the applicable laws and regulations of each country and region, respect their cultures and customs, and contribute to regional development.</p> <p><b>8</b> We refuse unfair and illegal demands and strongly oppose any antisocial forces and groups.</p> |
|--|---|

Top management and board members in each company of SHIKOKU CHEMICALS CORPORATION Group recognizes that it is its role to realize the spirit of this Charter and takes the lead in an exemplary manner to implement the Charter within each company of SHIKOKU CHEMICALS CORPORATION Group. They also constantly endeavor to understand diverse voices within and outside their companies and establish effective company structures.

When a situation that threatens to breach this Charter arises, as part of their responsibility, the heads of each company of the group act strongly to resolve the problem, investigate the cause, and prevent recurrences of similar problems. In such cases, they also immediately disclose accurate information and fulfill the group's accountability to society, clarify their authority and responsibilities, and then severely punish the personnel involved, including themselves.

## Risk Management

For risk management, the "Basic Risk Management Regulations", which are the highest standard for risk management, have been established, and each executive officer conducts the management within the scope of their control in accordance with the "Risk Management Manual". In addition, we have set up a system

for appropriate risk management where the aforementioned "Compliance and Risk Management Committee" oversees company-wide risk management with the C.E.O. (Chief Executive Officer) defined as the highest responsible person for risk management.

# Policy

## Basic Policy for Responsible Care

Chief Responsible Care Officer  
Naoto Tanaka President and C.E.O.

### Philosophy

We are committed to protecting the global environment, as a broad-minded corporate citizen that contributes to a society in which harmony with nature is a priority.

### Basic Policy

Our actions are based on the idea that it is the duty of each company to take steps to reduce greenhouse gas emissions, conserve resources and energy, and minimize the discharge of environmental pollutants and generation of industrial waste. These measures both protect the environment and ensure safety.

We make products that are friendly for both people and nature.

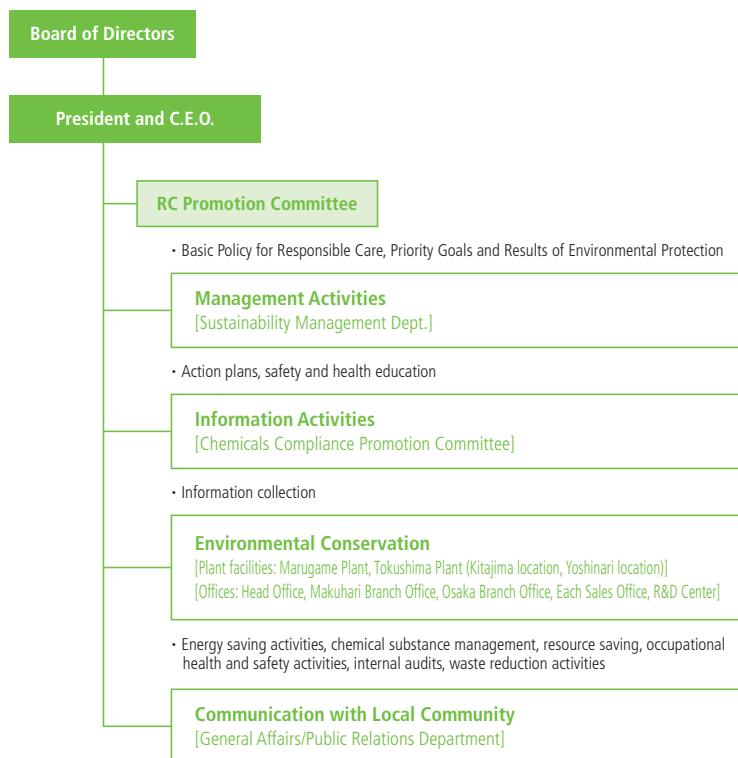
Strive to preserve the environment and ensure the safety and health of our employees and citizens, while also considering biodiversity and working in harmony with local communities.



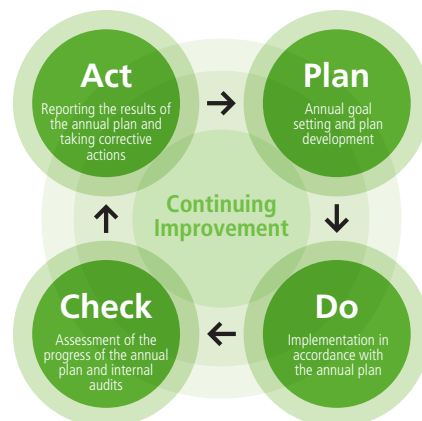
#### What is Responsible Care (RC)?

Responsible Care (RC) refers to voluntary activities conducted by the business operators manufacturing or handling chemical substances, for the purpose of protecting the safety, environment and health throughout the entire life cycle from development, manufacturing, distribution, use, final consumption, disposal to recycle of products.  
\*Our company promotes its activities as a member of the Responsible Care Committee.

## Environment Promotion System



With the initiative of the RC Promotion Committee, each plant facility and office has developed annual plans to achieve "Priority Goals of Environmental Protection", continuing improvement activities. The results of these activities are assessed by management, and necessary corrective actions are taken to incorporate the outcome into the plan for the coming year, resulting in improved environmental protection activities.



## Priority Goals and Results of Environmental Protection in FY2021

- As for the priority goals of environmental protection in FY2021, SHIKOKU CHEMICALS CORPORATION Group has worked to achieve the objectives.
- Regarding GHG emission reductions, GHG emissions increased from the previous year due to increased insoluble sulfur production and electricity emission factors.
- Regarding the reduction in energy use, activities were carried out with three goals in mind. The increase in insoluble sulfur production and more efficient production led to a decrease in the specific energy consumption, resulting in a reduction compared to the previous year. The 5-year average also improved from +0.5% in the previous fiscal year to 0.0% in the current year.
- The amount of industrial waste processed by external vendors was reduced due to an increase in production volume and the ability to control the waste volume to the same level as in the previous fiscal year.

Priority Goals	Scope	Target	Results in FY2021	Over View of Results	
1	Reduction in greenhouse gas (GHG) emissions (CO <sub>2</sub> equivalent)	SHIKOKU CHEMICALS CORPORATION Group (Scope 1,2)	·FY2030 : ▲26% from FY2013 ·FY2021 : ▲2.1% from FY2020 (Unit consumption of sales)	▲7.5% from FY2013 +19.6% from FY2020	Compared to the previous year, it increased owing to an increase in insoluble sulfur production and electric emission factors.
2	Reduction in energy consumption (Crude oil equivalent)	SHIKOKU CHEMICALS CORPORATION Group (Scope 1,2)	·▲1% from FY2020 (Unit consumption of energy)	▲0.3% from FY2020	Increased insoluble sulfur production improved specific energy consumption and enabled reduction compared to the previous fiscal year; however, the target was not achieved.
		SHIKOKU CHEMICALS CORPORATION (Scope 1,2)	·Reduction by 1% of the 5-year average (Unit consumption of energy)	0.0% of the 5-year average	
		SHIKOKU CHEMICALS CORPORATION (Transportation)	·▲1% from FY2020 (Unit consumption of energy)	▲0.4% from FY2020	Appropriate selection of routes and charter flights continued, resulting in a decrease compared to the previous year. However, the target was not achieved.
3	Management and reduction of environmental burdens on water and the atmosphere	Plant facilities	· Annual average value for drainage into the water area below the legal limit*1 · Atmospheric emissions lower than the emission standard specified by the Air Pollution Control Act*2	·Water : Below the discharge criteria ·Air : Below the discharge criteria	We were able to properly control in accordance with the criteria.
4	Reduction in industrial waste to be processed externally	Plant facilities	·Equal to the previous year or lower (Waste per unit of production)	▲10.4% from FY2020	Due to increased production volume, the consumption units decreased.
5	Participation and cooperation in safety and environmental conservation activities	SHIKOKU CHEMICALS CORPORATION Group	·Safe and stable operations ·Participation in local environmental conservation activities ·Promotion of environmental conservation activities in cooperation with business partners	·Implementation of general disaster prevention training in the Marugame and Tokushima Plants ·Participation in volunteer and community-cleaning activities ·Set supply chain procurement criteria	·Each production site made efforts for maintenance and management of facilities, security, and disaster prevention. ·Community activities decreased under the impact of COVID-19, but cleaning activities were conducted voluntarily. ·Procurement criteria were set, and operations were initiated.
6	Promotion of environmental management system	Plant facilities	·Proper management of substances subject to control under the PRTR system	No problem was found in the measurement and management of emissions and transfers.	Efficient management resulted in maintaining the emissions and transfers at approximately the same amount as that in the previous year.
		Marugame Plant, Tokushima Plant	·Actively utilize ISO14001 to control various burdens on the environment	Systematic implementation of an internal ISO14001 audit	We confirmed compliance with all laws and regulations as well as the effective operation of our management system through internal audit.

■ Scope

·SHIKOKU CHEMICALS CORPORATION Group : All of the SHIKOKU CHEMICALS CORPORATION Group companies

·SHIKOKU CHEMICALS CORPORATION : SHIKOKU CHEMICALS CORPORATION alone

·Plant facilities : Marugame Plant, Tokushima Plant, Tadotsu Plant, Naruto Plant, Ranzan Plant, Oita Plant, Takase Plant

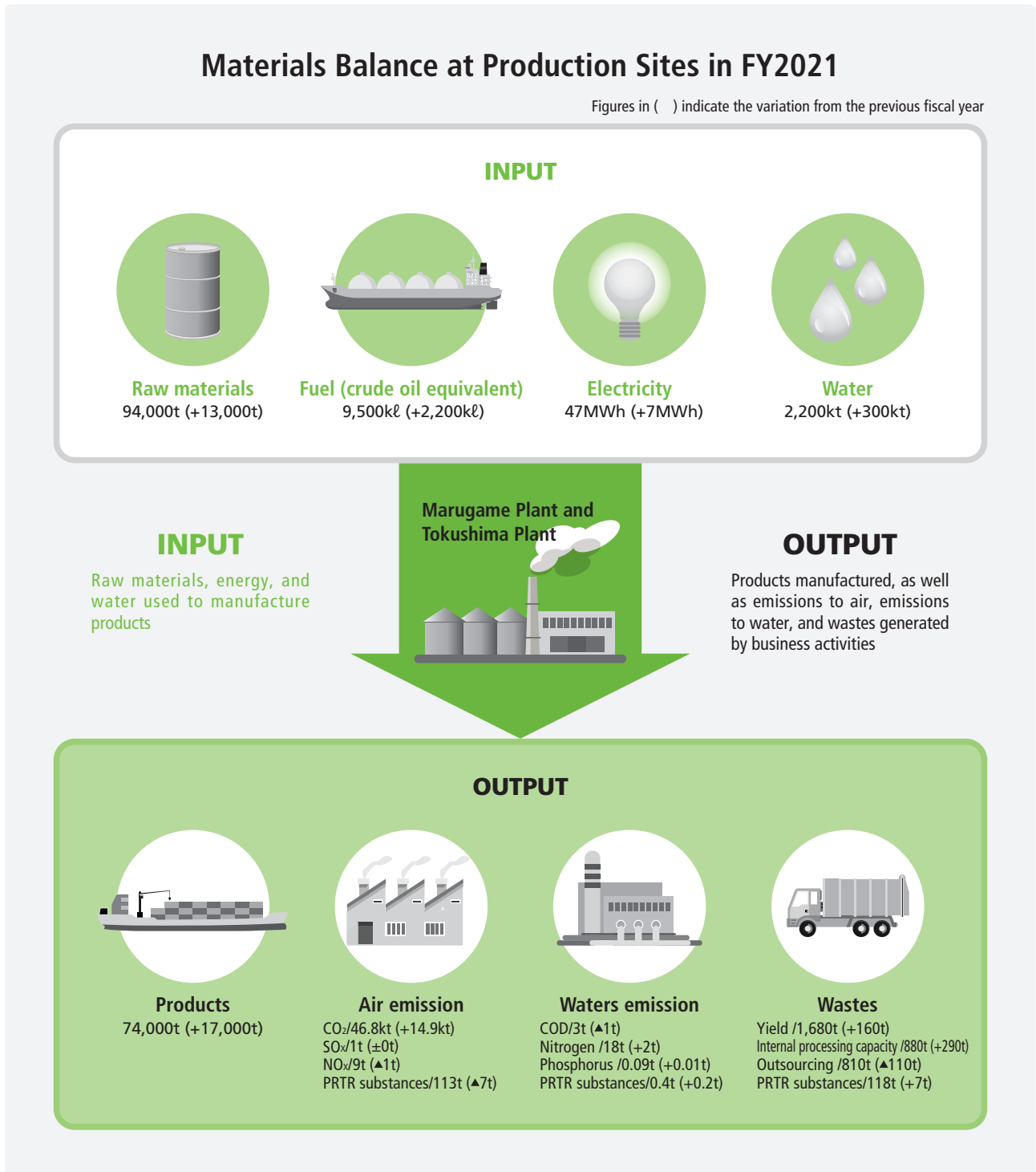
\*1 : "Discharge of wastewater into water areas below the discharge criteria of the Water Pollution Prevention Act and other laws"

\*2 : "Emissions into the atmosphere, etc. below the emission criteria of the Air Pollution Control Act and other laws"

## Environmental Conservation

We aim to contribute ensuring protection of the environment, safety and health of the community residents and our employees by continuously reducing environmental burdens caused by the greenhouse gas, chemical substances, and industrial wastes emitted from each of our plants and facilities.

### Overview of Environmental Burden (To understand the environmental burden of production activities)



\* We have confirmed that the risk to the production business associated with water is low according to the water risk map (AQUEDUCT).

## Chemical Substance Management

### Correspondence Situation of PRTR System

The PRTR system specifies requirements for the business operators to grasp and voluntarily control the volume of chemical substances, which can be hazardous to human health and the ecosystem, discharged to the environment and moved as contained in the wastes.

\*Top four substances (accounting for 90.4%) of emissions and movement : carbon disulfide, toluene, xylene and ethylbenzene.

Gas emission washing treatment facility (Tokushima Plant (Kitajima location))



This is the facility for gathering chlorine generated in the process manufacturing chlorinated isocyanuric acid and treating it by washing.

Equipment for recovery of carbon disulfide (Marugame Plant)



This is the equipment for recovering carbon sulfide used in the process manufacturing insoluble sulfur.

## Environmental Audit, Education

### Progress on Activities related to ISO 14001

Our Marugame Plant and Tokushima Plant (Kitajima location) acquired the certification of ISO 14001, the international standard for environmental conservation in 2002. We have been developing our environmental conservation activities with the participation of all employees. We conduct risk assessment, education, and self-audit in accordance with the activity plan established by ISO 14001.

Marugame Plant ISO 14001 certificate



Tokushima Plant (Kitajima location) ISO 14001 certificate



### Eco-Action 21 Certification

In May 2018, our group company Shikoku Environmental Business Company obtained certification under "Eco-Action 21". "Eco-Action 21" refers to an environmental management system for Environmental efforts small- to medium-sized businesses developed by the Ministry of the Environment to work on energy saving, water saving, waste reduction, and related issues. Shikoku Environmental Business Company worked on waste separation, electricity saving, and promotion of a paperless environment to facilitate environmental burden reduction activities and employee environmental awareness. As a certified business, it has received a request for an interview from the Ministry of the Environment and a request from the government of Kagawa Prefecture to present case examples of its efforts. We will continue to promote these activities further in the future.



## Environmentally and People-Friendly Product Lineup

SHIKOKU CHEMICALS CORPORATION Group continues to make efforts for environmental protection and manufactures products contributing the global environment and living environment, health and safety in the aspect of product development.

### NEO-CHLOR

Chlorinated isocyanurates mass produced by our company for the first time in Japan in 1964. With its excellent characteristics, the pool sanitizer NEO-CHLOR series contributes to a comfortable and safe swimming environment in school and leisure pools, along with an automatic chlorine feeder NAPIX.



### SPACLEAN

In bathing facilities such as hot spring and public bathhouses, it is important to always keep the water in the baths clean. In the hot water which looks clean at a glance, bacteria such as Legionella remain if it is cyclically used after only filth are removed.

SPACLEAN, a chlorinated isocyanurates-based chlorine agent dedicated for bathwater, always keeps bathwater hygienic because of the strong active chlorine. This allows people to bathe without worry when used in combination with an automatic chlorine management system. We also provide SPACLEAN BROM 60T for hot spring containing alkali and the Legio Hunter mini tablets for medium-scale and small-scale baths such as social welfare facilities.



### NEO-CHLOR MARINE

Ballast water, which is water loaded into a ship to maintain its balance, is injected at the port where cargo is unloaded and ejected at the port where cargo is loaded. To prevent damage to the environment caused by the discharge of organisms contained in ballast water, an international treaty came into effect in September 2017 to require ships to properly manage ballast water. "NEO-CHLOR MARINE" contributes to the protection of ecosystems as a disinfecting chemical agent for ballast water.



### Gliccoat-SMD (Organic Solderability Preservative for printed circuit boards)

High-density surface mounting of parts using lead-free solder is the dominant technique for the printed circuit boards used in the electronic appliances such as PCs and smartphones from the viewpoint of protecting the global environment. Gliccoat-SMD is a heat-resistant water-soluble preflux which is able to provide good solderability demanded by customers even for lead-free solder which cannot be easily soldered.

Gliccoat-SMD is water-soluble, and hence, also helps make the work environment friendly to people and the earth.



### Ohdelight (Agents for reduction of excess sludge)

Ohdelight is the system that reduces excess sludge generated in the wastewater treatment using the activated sludge method. This is the simple system consisting of a dissolver and a dedicated chemical agent, needs no expensive initial investment, and can be additionally installed in the wastewater treatment facilities such as rural community sewerages and food plants. The system was selected as the technology for the "Environmental Technology Verification Project" in 2011 which is the environment technology verification system established by the Ministry of the Environment. Ohdelight passed the objective verification test conducted by the third-party organization and the performance was approved.



## Green Shade

As one measure against the heat-island phenomenon, green roof has been increasingly introduced in buildings. Our mid-air greening system "Green Shade" is a planter containing rainwater storage tank, covered with a two-tier mesh panel, along which a creeper grows to make a shadow of green. Our greening system solves problems seen in the existing products for green roof because it needs no large-scale renovation work and can reduce labor of watering by using rainwater and then it can be made use of green wall, too. This product also helps reduce carbon dioxide.



## Keiso-kabe Series

The products are wall finishing materials containing diatomaceous earth as a major ingredient and have excellent humidity control feature, heat insulating effect, and sound absorbability. They are people-friendly interior finishing materials which adsorb hazardous formaldehyde and decompose it into harmless substances. The products which can be painted directly to plasterboards needs no intercoating process when blended with carbon fibers, contributing to resource saving.

We also have renovation materials which can be applied on vinyl cloth wallpaper without stripping the wallpaper are also available.

SATORI (our wall material brand in the U.S.) acquired the Indoor Advantage™ Gold.



–What is the Indoor Advantage™ Gold ?–

The Indoor Advantage™ Gold is the U.S. standard to certify product safety and the certification is given based on the third-party certification agency. For the buildings using the certified products, the points required for the "LEED certification" indicating are given as the indoor air quality of the buildings is good. The buildings are authorized as green buildings based on the total number of points.

–What is LEED (Leadership in Energy and Environmental Design) ?–

LEED is one of the programs established and promoted by the "U.S. Green Building Council" organized and operated by the private companies mainly from the construction industry in the U.S. It is the system to evaluate how a building contributes improvement of the environment from various perspectives such as design concept and materials used.

## Link Stone G (EcoMark-certified product: Certification No.08 131 008)

"Link Stone G" series are environmentally-friendly recycling paving materials made from waste glass materials such as used bottles. With high weather-resistance and excellent water permeability, the products avoid puddles being left over and are safe. This series are the EcoMark-certified products with appropriate asperities allowing people to walk comfortably on them.



## Art Wall

"Art Wall" is an exterior fence that combines an aluminum frame and decorative materials. With a main light-weight body structure, it delivers the feature of having approximately 1/20\* weight compared to a light-weight concrete block fence, while also presenting a sufficiently aesthetic appearance. The fence is designed to minimize the damage of accidents involving injuries in case of collapse. It is a product with excellent safety, designated as a "recommended superior part for school facilities" by the Research Institute of Educational Facilities and registered in the New Technology Information System (NETIS) of the Ministry of Land, Infrastructure, Transport and Tourism.

\* The weight of Art Wall with seed paint finish is 12kg/m<sup>2</sup>. Compared to this, the weight of a concrete block fence is 250kg/m<sup>2</sup> (15cm block), which is approximately 20 times larger.



## Priority Goals of Environmental Protection in FY2022

SHIKOKU CHEMICALS CORPORATION Group, which is mainly engaged in manufacturing, is committed to the maintenance and control of facilities, as well as disaster prevention to ensure stable and safe operations. We also aim to ensure environmental health and the health and safety of local residents and employees. We will achieve this through the reduction of greenhouse gas emissions generated at each site, reduction of the use of resources such as energy and water, and continuous reduction of the burden of chemical substances and industrial wastes on the environment.

Chief Responsible Care Officer  
President and C.E.O. Naoto Tanaka

Item	Scope	Target	Policy
1	Reduction in greenhouse gas(GHG) emissions (CO <sub>2</sub> equivalent)	SHIKOKU CHEMICALS CORPORATION Group (Scope 1,2) •FY2029 : ▲38% from FY2013 •FY2025 : ▲30% from FY2013 (Unit consumption of sales)	<p>*Priority goals are set based on the national policy seeking carbon neutrality, and periodic reviews are implemented to continuously improve these.</p> <p><b>[ Plant facilities ]</b></p> <ul style="list-style-type: none"> <li>•Promote improvement activities to increase production efficiency, reduce waste, and improve equipment performance</li> <li>•Optimization of operating conditions for facilities that use heating, air conditioning equipment, freezers, and refrigerators</li> <li>•Consideration of renewable energy use</li> </ul> <p><b>[ Office ]</b></p> <ul style="list-style-type: none"> <li>•Implementing Cool Biz and Warm Biz</li> <li>•Strictly obeying the rule to set the temperature at energy saving ranges</li> <li>•Updating to highly efficient equipment (LED luminaire)</li> </ul> <p><b>[ Transportation ]</b></p> <ul style="list-style-type: none"> <li>•Improving the efficiency in transportation of products (efficient use of transportation routes, rational transportation of freight, consolidated shipping, etc.)</li> <li>•Cooperation in the promotion of eco-drive</li> </ul>
2	Reduction in energy consumption (Crude oil equivalent)	SHIKOKU CHEMICALS CORPORATION Group (Scope 1,2) •Reduction by 1% compared to the previous year (Energy consumption rate)	
	SHIKOKU CHEMICALS CORPORATION (Scope 1,2)	•Reduction by 1% of the 5-year average (Energy consumption rate)	
	SHIKOKU CHEMICALS CORPORATION (Transportation)	•Reduction by 1% compared to the previous year (Energy consumption rate)	
3	Reduction in water consumption	The three chemical plants •FY2025 : ▲3% from FY2020 (Production volume unit)	
4	Expanding the ratio of renewable energy sources in electricity consumption	SHIKOKU CHEMICALS CORPORATION Group •FY2025 : 10% or more	
5	Management and reduction of environmental impact on water and air	Plant facilities •Discharge of wastewater into areas below the discharge criteria of the Water Pollution Prevention Act and other related laws •Emissions into the atmosphere below the emission criteria of the Air Pollution Control Act and other related laws	
6	Reduction in industrial waste to be processed externally	Plant facilities •Equal to the previous year or lower	
7	Participation and cooperation in safety and environmental conservation activities	SHIKOKU CHEMICALS CORPORATION Group •Safe and stable operations •Participation in local environmental conservation activities •Promotion of environmental conservation activities in cooperation with business partners	

■ Scope

- SHIKOKU CHEMICALS CORPORATION Group : All of the SHIKOKU CHEMICALS CORPORATION Group companies
- SHIKOKU CHEMICALS Corp. : SHIKOKU CHEMICALS CORPORATION alone
- The three chemical plants : Marugame Plant, Tokushima Plant, Oita Plant
- Plant facilities : Marugame Plant, Tokushima Plant, Tadotsu Plant, Naruto Plant, Ranzan Plant, Oita Plant, Takase Plant



## SHIKOKU CHEMICALS CORPORATION Group's Climate Change Action (Commitment to TCFD\* Recommendations)

SHIKOKU CHEMICALS CORPORATION Group recognizes that the permanent preservation of the global environment in which people can live in peace is a material issue common to all humankind. Moreover, the long-term impact (risks and opportunities) of climate change on our business activities is significant, making it a material management issue. The international frameworks, the Paris Agreement, and the Sustainable Development Goals (SDGs) also necessitate a stronger action on climate change. Our group aims to contribute to the realization of a sustainable society by working in harmony with the global environment in all aspects of business activities.

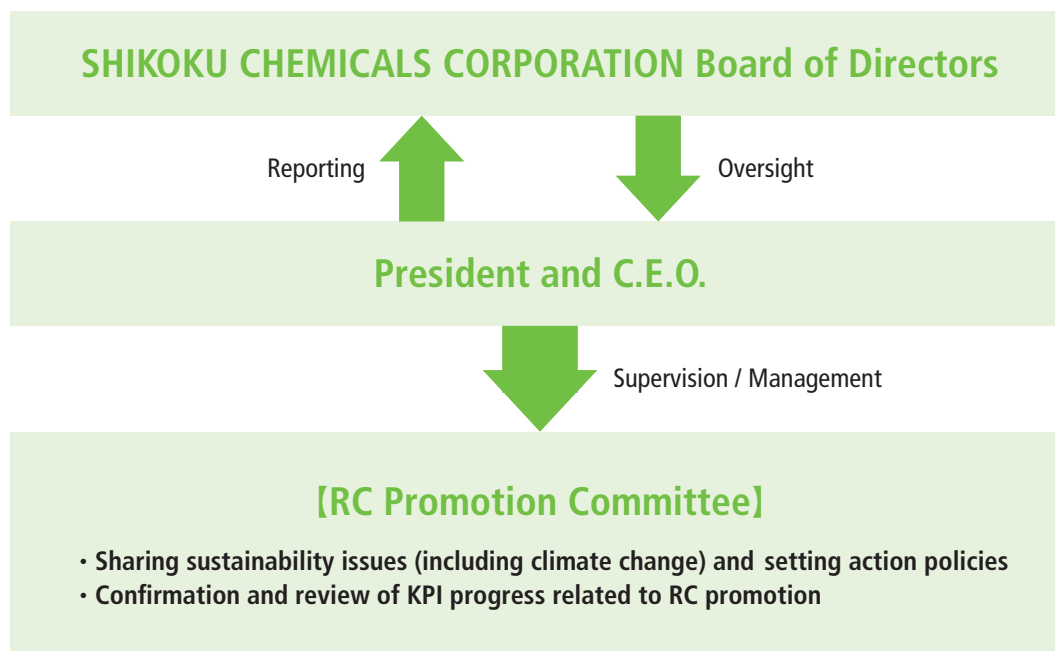
\* TCFD : Task Force on Climate-related Financial Disclosures. Individual companies are required to disclose the impact of climate change on their financial reporting.

### Governance

Our group's sustainability activities, including climate change, are overseen by the Board of Directors and reflected in management. To strengthen the group's overall sustainability activities, the president is positioned as the Chief Responsible Care\* Officer. Additionally, an RC Promotion Committee, consisting of executive officers, has been established under this position. RC Promotion Committee meetings (held twice a year) check the progress of targets and set agendas for continuous improvement under the leadership of the committee chair, who is responsible for promoting specific activities. The results were reported and supervised by the Board of Directors.

\* For more information on Responsible Care, see Page 9.

### Organizational Chart for Climate Change



## Strategy

The company has identified the following as material, physical and transition risks and opportunities related to climate change. Based on scenario analysis, we will continue efforts to increase resilience to climate change.

Type of Risks / Opportunities				
Transition Risk	Policy / Legal / Regulatory Risk	2°C		Strengthening legal regulations
		2°C		Expansion of information disclosure obligations
	Technology Risk	2°C		Delayed response to environment-friendly technologies
		2°C		Increased investment and R&D costs for environment-friendly technologies
	Market Risk	2°C	4°C	Decreased demand for products with high environmental impact
		2°C		Longer product life cycle
Reputation Risk	2°C		Decline in appreciation by stakeholders	
Physical Risk	Acute Risk	2°C	4°C	Incidence of abnormal weather
	Chronic Risk		4°C	Increased abnormal weather
Opportunities	Improvement of Resource Efficiency	2°C		Improved resource conservation and recycling
	Energy Sources	2°C		Shifting energy sources to create business opportunities
	Products and Services	2°C	4°C	Increased opportunities to capture markets through the development of environment-friendly products and goods
	Stock Market	2°C	4°C	Enhance corporate image by promoting environment-friendly products and information disclosure
	Resilience	2°C		Improved ability to adapt quickly to market changes associated with climate change

To identify and assess risks, we referred to the Guidebook for Promoting Decarbonization Management published by the Ministry of the Environment and other sources.

Most material risks and opportunities were identified by assessing the risks and opportunities faced by the company in relation to climate change using the criteria in the table below, based on the timing of manifestation and the degree of impact on the company's business.

Time of Risk Manifestation		Business Impact	
Likelihood of Incidence	Timing	Magnitude of Impact	Impact
10-30 years	Long term	Significant impact	Large
3-10 years	Medium term	Temporary impact	Medium
0-3 years	Short term	Minor impact	Small

## Risk Management

The RC Promotion Committee, in consultation with the risk management division, annually identifies company-wide risks. The policy for responding to the material risks identified through the above risk assessment process is reviewed annually upon consultation with the RC Promotion Committee and risk management divisions. The results of the above risk assessment are then reported by the RC Promotion Committee to the Board of Directors, which is responsible for corporate risks, and further climate change risks are incorporated into the corporate risks.

## Indicators and Targets

The GHG emissions were selected as indicators of climate change. In addition, we disclose the following indicators for Scope 1 and 2 as GHG emissions.

Item	Scope	Target	Policy	
1	Reduction in greenhouse gas (GHG) emissions (CO <sub>2</sub> equivalent)	SHIKOKU CHEMICALS CORPORATION Group (Scope 1,2)	<ul style="list-style-type: none"> <li>•FY2029 : ▲38% from FY2013</li> <li>•FY2025 : ▲30% from FY2013 (Unit consumption of sales)</li> </ul>	<p>*Priority goals are set based on the national policy seeking carbon neutrality, and periodic reviews are implemented to continuously improve these.</p> <p><b>[ Plant facilities ]</b></p> <ul style="list-style-type: none"> <li>•Promote improvement activities to increase production efficiency, reduce waste, and improve equipment performance</li> <li>•Optimization of operating conditions for facilities that use heating, air conditioning equipment, freezers, and refrigerators</li> <li>•Consideration of renewable energy use</li> </ul> <p><b>[ Office ]</b></p> <ul style="list-style-type: none"> <li>•Implementing Cool Biz and Warm Biz</li> <li>•Strictly obeying the rule to set the temperature at energy saving ranges</li> <li>•Updating to highly efficient equipment (LED luminaire)</li> </ul> <p><b>[ Transportation ]</b></p> <ul style="list-style-type: none"> <li>•Improving the efficiency in transportation of products (efficient use of transportation routes, rational transportation of freight, consolidated shipping, etc.)</li> <li>•Cooperation in the promotion of eco-drive</li> </ul>
	2	Reduction in energy consumption (Crude oil equivalent)	SHIKOKU CHEMICALS CORPORATION Group (Scope 1,2)	
		SHIKOKU CHEMICALS CORPORATION (Scope 1,2)	<ul style="list-style-type: none"> <li>•Reduction by 1% of the 5-year average (Energy consumption rate)</li> </ul>	
3	Management and reduction of environmental impact on water and air	SHIKOKU CHEMICALS CORPORATION (Transportation)	<ul style="list-style-type: none"> <li>•Reduction by 1% compared to the previous year (Energy consumption rate)</li> </ul>	
		Plant facilities	<ul style="list-style-type: none"> <li>•Discharge of wastewater into water areas below the discharge criteria of the Water Pollution Prevention Act and other laws</li> <li>•Emissions into the atmosphere below the emission criteria of the Air Pollution Control Act and other laws</li> </ul>	

•Scope 1 : Direct GHG emissions from the business itself (fuel combustion and industrial processes)  
•Scope 2 : Indirect emissions from electricity, heat, and steam supplied by other companies

(Excerpts from the Priority Goals of Environmental Protection in FY2022)

## Items to be considered for Disclosure in the Future

We will continue to consider ways to expand our disclosure of the scenario analysis and the financial impact of each risk and opportunity.

## Respect for Individuality and Human Rights

### Policy/Concept

#### 1. Respect for Human Rights

We respect the individuality and the rights of all people.

We do not discriminate on the basis of birth, nationality, ethnicity, belief, religion, gender, age, disability, educational background, etc.

#### 2. Non-Complicity in Human Rights Violations

We request that all employees refrain from infringing on human rights or discriminating against others, and that they not become involved in human rights violations, even indirectly.

#### 3. Employment and Labor Policies

##### <Prohibition of Forced Labor and Child Labor>

We prohibit the employment of children who have not reached the working age stipulated by national and local laws and regulations. In addition, we will not tolerate forced labor, slave labor, or labor from human trafficking. We require our business partners to do the same. We will not impose unreasonable restrictions on employees leaving their jobs or terminating employment at any time.

##### <Good Labor-Management Relations>

We guarantee the freedom of employees to form a union and approve the right to collective bargaining.

##### <Correct and Fair Compensation>

We pay our employees fair and correct compensation in accordance with all applicable wage laws, including minimum wage, overtime, and legally mandated benefits laws.

##### <Elimination of Discrimination>

We ensure equal opportunity in recruitment, assignment, promotion, and competence development.

#### 4. Remedial Action

If our business activities have resulted in a human rights violation, we will take appropriate measures to remedy and correct it.

In 1966, we concluded a labor agreement with our labor union. We are committed to respecting each other's positions and cooperating with each other in the spirit of mutual trust to ensure sound development of the company and improvement of the welfare of union members. We have promised to comply with the safe and peaceful labor-management relationship that we have established.

**[Reference]** The labor agreement was concluded with the UA-Zensen SHIKOKU CHEMICALS Labor Union.

##### **(Right to Collective Bargaining)**

Article 1 The Company shall acknowledge that the Union is a legitimate representative of union members and shall negotiate with the Union on labor conditions of union members.

##### **(Confirmation of Rights)**

Article 2 The Company shall acknowledge the Union's right to solidarity, right to collective bargaining, and other collective action rights, and the Union shall confirm the management rights of the Company.

##### **(Freedom of Union Activities)**

Article 9 The Company shall accept the freedom of union activities of union members, and shall not discriminate in treatment on the grounds of being a union member, or of conducting a legitimate union activity.

Our company aims to "create a bright workplace where the human rights of each employee are respected, and individual abilities and individuality can be fully demonstrated", and is engaged in human rights awareness for employees. To avoid forced labor, we provide harassment prevention education to managers. In addition, we adopt procedures to confirm that workers are at or older than the minimum age based on identification documents at the time of employment to avoid employment of child labor.

## Procurement

### Procurement Policy

SHIKOKU CHEMICALS CORPORATION Group, according to its corporate philosophy of “Doku-sou-ryoku (creativity)”, considers addressing global environmental and social issues as one of its most important management policies. It aims for sustainable development through the commitment to the “YONPO-YOSHI” activity policy of the long-term vision, “Challenge 1000”.

Regarding procurement, we have established a procurement policy to ensure fair and transparent trading with our business partners, and we aim to fulfill our social responsibility in cooperation with them.

Our group’s procurement policy also covers conflict minerals (tin, tungsten, tantalum, and gold)\* produced in the Democratic Republic of Congo and surrounding conflict areas.

#### 1. Compliance with Laws and Social Norms

We will comply with all domestic and foreign laws, social norms, and international rules.

#### 2. Fair, Just, and Transparent Trading

We will conduct our trading in a fair, just, and transparent manner.

#### 3. Consideration for Human Rights, Environment, and Other Social Responsibilities

To realize a sustainable society, we will strive to procure goods with due consideration of human rights and the preservation of global environment.

#### 4. Optimal Procurement

We will conduct optimal procurement for the company by comprehensively assessing quality, price, delivery time, service responsiveness, occupational health and safety, and the environment.

#### 5. Building Partnerships

All officers and employees of the SHIKOKU CHEMICALS CORPORATION Group shall comply with and live the Charter of Corporate Behavior and Code of Business Conduct and strive to build a relationship of mutual cooperation and trust with our business partners.

\*Conflict minerals : Some minerals produced in the Democratic Republic of Congo and neighboring countries are used to finance inhumane armed groups. Efforts to eliminate the use of such conflict minerals, including the Financial Regulatory Reform Act passed in the United States in 2010, are expanding worldwide.

The group takes the issue of conflict minerals seriously and will practice responsible mineral sourcing to ensure that it is not complicit in conflict and inhumane activities.

### Matters to be addressed with Business Partners

SHIKOKU CHEMICALS CORPORATION Group recognizes that, in order to earn the trust of society in the course of its business activities, it is necessary to address social responsibility not only within the group, but also throughout the entire supply chain, including the business partners.

We are committed to working with our business partners on the following topics to fulfill our corporate social responsibility and achieve mutual prosperity and survival.

**(1) Compliance with Laws and Regulations, Social Norms, and Ethics**

**(2) Respect for Human Rights and Trade**

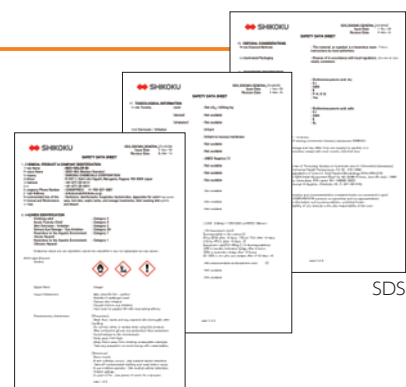
**(3) Focus on Occupational Safety, Health, Environmental Protection, and Quality**

\* We may check the status of actions on the above topics in our survey and audits, and we would appreciate the cooperation in this regard.

## Product Liability

### Product Safety

We comply with the regulations in each country based on the GHS\*<sup>1</sup> Guidelines recommended by the United Nations and prepare a safety data sheet (SDS) for every chemical product, which allows us to provide information on hazards and toxicity, first aid measures, measures to be taken in case of fire or leakage, handling and storage precautions, physical and chemical properties, information on environmental impacts, disposal and transport precautions, and applicable laws and regulations, etc. In this way, we show customers how to handle our chemical products safely in an easy-to-understand manner. We also implement surveys on the status of environmental management and regulated substances with our suppliers, from whom we purchase products on a regular basis, and provide information quickly to our customers.

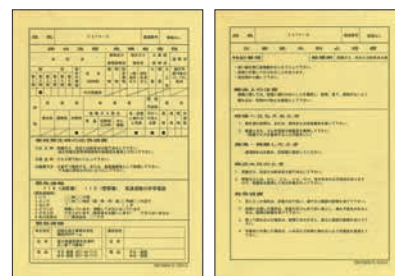


SDS

\*1 GHS : Globally Harmonized System of Classification and Labelling of Chemicals

### Safety in Logistics

In case of accidents during transportation, we issue the emergency contact card, "Yellow Card", containing the contents of safe measures to be taken by the carrier, police, fire fighters, and other people concerned in dealing with the accidents. We also annually provide contract carriers with training for unexpected accidents including things to be carried with them in transportation. These cards contain information such as names of the substances transported, their properties, first aid measures, and emergency contact.



Yellow Card

## Quality Initiatives

### 1 Policy

Our group has formulated "Challenge 1000", the long-term vision we aim to achieve by 2030, and "Toward 'one-step-ahead, proposal' company with creativity" as our desired state for 2030. Under this long-term vision, we will aim to achieve a state in which each and every one of us continues to provide products, services, and values that are one step ahead.

To achieve these goals, we have established the SHIKOKU QUALITY POLICY and will implement PDCA cycle activities based on this policy across the group. In addition to the quality of products, we will strive to continuously improve SHIKOKU QUALITY through efforts, for example, to improve the quality of services, take into consideration environment and safety, and increase the level of satisfaction at related departments within the company.

**SHIKOKU QUALITY POLICY**

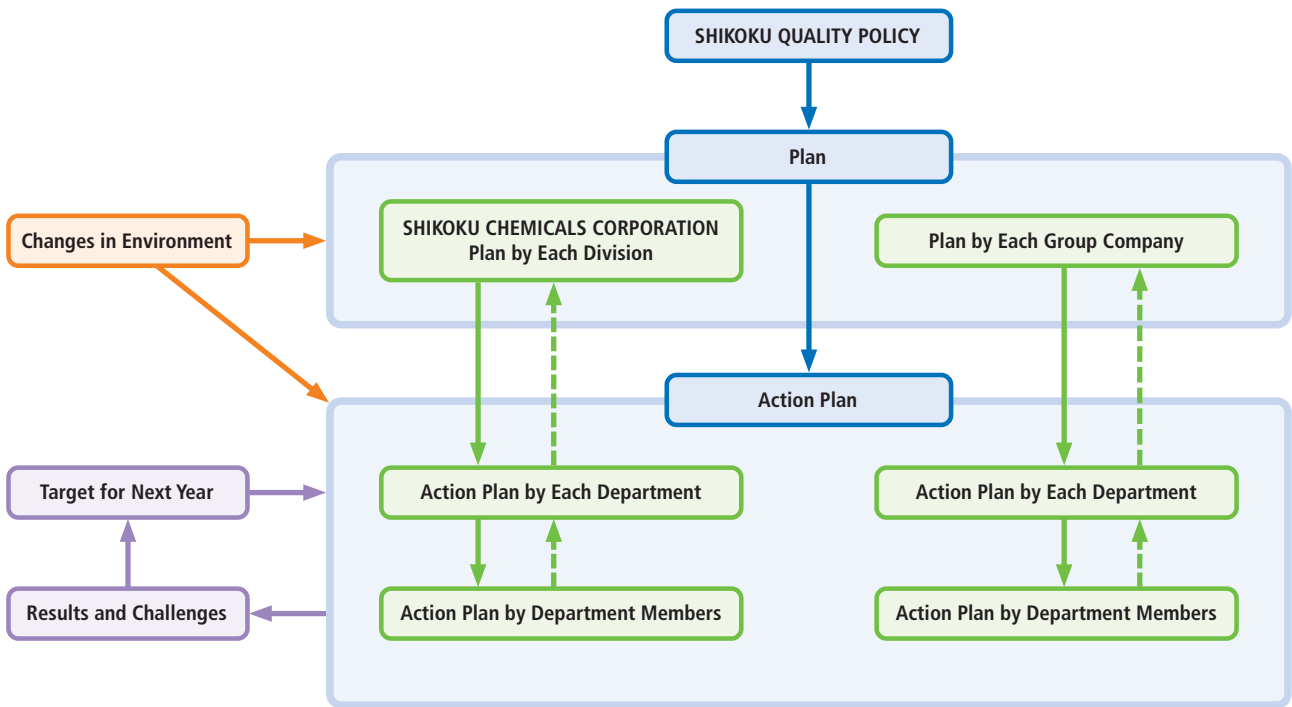
**"Improve not only products, but also the levels of all activities"**

### 2 Initiatives : Creation of Customer Value through Participation of all Employees (YONPO-YOSHI)

SHIKOKU QUALITY refers to the quality of all activities related to products, services, and values provided by SHIKOKU CHEMICALS CORPORATION Group to our customers.

We provide SHIKOKU QUALITY not only to the customers who use our products and services, but to all of our stakeholders, including employees, shareholders, and society.

### 3 System Diagram Based on the Policy



### 4 Progress on Activities related to ISO 9001

The quality assurance system for our company is based on ISO 9001. Marugame Plant, Tokushima Plant (Kitajima location, Yoshinari location), Tadotsu Plant (SHIKOKU KEIZAI CORPORATION), Takase Plant (NIHON KOHKI CORPORATION), and Shikoku Analytical Laboratories have obtained ISO 9001 certification and have received maintenance and updates by qualified certification organizations.

Marugame Plant ISO 9001 certificate



Tokushima Plant (Kitajima location) ISO 9001 certificate



## Support and Development of Employees

### 1 Work Support

With a declining birthrate and an aging population, we are offering employees various kinds of support programs that make it possible for them to achieve a balance between work and family, encouraging employees who need to provide childcare or nursing care to work with peace of mind.

#### ○Period of Childcare / Nursing Care Leave

Employees are able to take childcare leave until the child turns the age of 1 year and 6 months. They may also take up to one year of leave for each family member in need of nursing care, which may be divided into at most three times in a case.

#### ○Accumulated Annual Leave

For general employees, up to 40 days of expired, unused paid leave accumulated over a period extending up to three years may be used as sick leave.

#### ○Mutual Aid Association

In accordance with the spirit of mutual cooperation, we implement mutual relief and welfare enhancement for employees, including injury and disease benefits, congratulatory or condolence money, and solatium money.

#### ○Mutual Aid Society

In accordance with the spirit of mutual cooperation, we provide mutual relief to members as benefits such as child education pension to support the healthy development of the children of any member who dies or retires due to severe disability.

In the future, we will continue to foster a workplace environment and climate to realize an environment where all employees can work with peace of mind.

### 2 Management of Working Hours

In order to optimize the working hours and working hours management, we strengthened the function of the attendance management system in March 2019. We have used the cloud system and established a mechanism to effectively understand and manage the working hours, and allow employees and their superiors to check the working conditions at all times. To reduce overtime work, for example, we are working to optimize the working hours and improve the management of working hours with the introduction of a system which generates an alert when the monthly overtime work hours or the total working hours reach a certain number.

### 3 Human Resource Development

#### Ideal Candidate Profile

**Human resources with a strong sense of mission and ability of taking on challenges by themselves**

We are focusing on securing and developing excellent human resources, aiming at "Toward 'one-step-ahead, proposal' company with creativity", as stated in the long-term vision "Challenge 1000".

In particular, with regard to training employees who engage in business activities, we are working on the development and use of human resources that take advantage of each employee's strengths and abilities from a mid- and long-term perspective. The company provides employees with the tools and support they need to engage in the independent and ongoing development of their abilities. As a means of providing on-the-job training in daily operations, we have implemented a system of work targets. Every six months, employees meet with their superiors to complete a full management cycle of Plan, Do, Check, and Action, which means goal setting, implementation to achieve goals, confirmation of performance, and making use of their results next. Superiors hold periodic meetings with employees to set goals, check interim progress, and assess outcomes, through discussion and guidance, to steadily raise the business execution capabilities of each employee, with the aim of further boosting their department's performance.

Employees also have opportunities to attend various seminars, workshops, and social university courses held outside the company as necessary. As for off-the-job training, we conduct group training for new recruits, regular employees, and managers, apart from daily operations. In addition, for career enhancement through self-development, we encourage the acquisition of qualifications and attending correspondence education courses; we deliver rewards to an employee successfully acquires a new qualification and pay for all expenses if an employee successfully completes an education course with excellent grades.



## Occupational Safety and Health

In our company, the corporate safety and health meeting, chaired by the President and C.E.O., determines the basic policy on safety and health management and other important matters concerning the promotion of safety management. Based on the decisions made at this meeting, each site devises the "Safety and Health Activity Plan" every year to prevent accidents. Under the "Safety and Health Activity Plan" prepared at each site, we hold joint labor-management safety and health committees on a regular basis to promote improvements in the workplace environment. Furthermore, the Marugame and Tokushima Plants have established and actively operated the occupational safety and health management systems in accordance with ISO45001.



Marugame Plant



Tokushima Plant (Kitajima location)



Tokushima Plant (Yoshinari location)

### Holding the Convention for Safety and Health in Production & Technology Division

The Convention for Product/Technology Safety and Health is organized at the Marugame and Tokushima Plants, and aims to make both plants reliable for local communities by building culture fostered on the concept which shows that "Safety overrides everything else". Top management share their plans to ensure safety, employees communicate with each other through presentations on risk prediction activities, and excellent safety and health activities are recognized.



Commendation for Safety

### Education on Safety

Our safety activities focus on risk assessment, detection of near-miss incidents and concerns, and risk prediction to prevent the occurrence of serious industrial accidents. In addition, our education and training aim to prevent accidents by improving individual risk sensitivity, for example through safety education involving simulations in which participants can virtually experience an accident caught in a machine and a potential risk in a plant such as combustion and explosion, as well as risk prediction training to extract potential risks in operations.



Education Involving Simulations

### Education on Health

In activities for occupational health, we work for employees' health management through the implementation of mental health workshops, periodical health checkups, counseling, and stress checks for all employees because mental and physical fatigue or poor physical condition may cause occupational accidents.

We also provide education on harassment to improve our work environments, where fundamental human rights are respected.



Succession of Safety (Marugame Plant)

### Relationship with Labor Union

Labor and management work in collaboration in a relationship of mutual trust. We focus on specific collaborative themes such as revision of the personnel system, reduction of overwork, promotion of yearly paid vacations, and review of the personnel evaluation system. We hold monthly meetings of the labor-management expert committee to discuss workplace issues and improve the workplace environment.



Mental Health Workshop

## Security and Disaster Prevention

We proactively conduct regular education and training programs on disaster prevention and security, as well as comprehensive disaster drills, to be prepared for unexpected accidents.

In addition, we developed BCP\*<sup>2</sup> to secure the safety of employees and ensure early resumption of business activities in preparation for the “Major Nankai Trough Earthquake” that is expected to occur in the near future.

\*2 BCP (Business Continuity Plan) : A summary of countermeasures for business continuity in case of disasters and accidents

Manufacturing building reinforced for earthquakes in Marugame Plant



Comprehensive disaster drill in Tokushima Plant



Comprehensive disaster drill in Marugame Plant



## Communication and Collaboration with Stakeholders

In our long-term vision “Challenge 1000”, we specify “YONPO-YOSHI” as the company’s activity policy. “YONPO-YOSHI” means to contribute to customers, employees, shareholders, and society. We will deliver “one-step-ahead values” to our customers, “challenges and growth” to our employees, more “profit return” to our shareholders, and “a better tomorrow” to society, so that we can contribute to all of our stakeholders. Our group started business with the production of carbon disulfide, the raw material of rayon, and has been supported by the community residents and many other people. Even now, we continue to have opportunities to communicate with stakeholders in various situations to confirm their expectations and demands for our group companies. We believe that it is important to take expectations and demands obtained through such communication in our supply chain activities for the establishment of trust relationships with stakeholders and sustainable development.

### ■ List of communication with key stakeholders (as of March 2022)

Stakeholders		Communication
Customers	Contribute to our customers with chemicals and housing materials and their quality produced by our creativity.	Information provision to environment surveys and CSR-related surveys
Supplier	SHIKOKU CHEMICALS CORPORATION Group, which operates globally, purchases products from many suppliers.	Survey for supplier environmental management system, audit
Employees	A total of 1,210 employees of SHIKOKU CHEMICALS CORPORATION Group. Respect each individual’s personality, strive to ensure their safety and health.	Collective bargain, labor-management council, education training, evaluation interview, health and safety committee, compliance hotline
Shareholders / Investors	The total number of issued shares is approximately 54 million shares and the number of shareholders is 3,986.	General meeting of shareholders IR activities, including a financial results briefing for investors
Community	In line with the YONPO-YOSHI approach, the company spends up to 1% of its ordinary income on contributions to society and communities.	Community Information provision of business activities, participation in regional volunteer activities, guest lectures at high schools in local Kagawa Prefecture, industry-academia collaboration with Kagawa University, Donation to Mitoyo City, execution of a partnership agreement with Marugame City

### Topics

#### Executed “Partnership Agreement on Development of Thriving Neighborhoods” with Marugame City

As a new business, the company is working on the development of “PARKLET\*”, which takes advantage of the design and safety features that are the strength of company’s exterior products, aimed at developing “comfortable neighborhoods perfect for a stroll”, a concept promoted by the Ministry of Land, Infrastructure, Transport, and Tourism.

As part of this effort, from 2021, we began studying the development of thriving neighborhoods in Marugame in partnership with the Marugame City Urban Planning Division, the Department of Community Development Promotion of Kagawa University, and local residents through collaboration among industry, government, academia, and the private sector. To further promote these efforts and work together to create thriving neighborhoods and revitalize local communities, we have executed a “Partnership Agreement on Development of Thriving Neighborhoods in the City of Marugame”. The revitalization of neighborhoods centered on PARKLET will be a new challenge for the company, and we will continue to work with Marugame City to vitalize communities.

\*PARKLET is a temporary structure for rest and relaxation where pedestrians can casually rest, eat, etc., in a surplus space on the road, through which we aim to create new relaxation spaces and revitalize communities.

Guest lectures at high schools  
(Conducted as part of community contribution)



In-kind at PARKLET (Takamatsu Port Ferry Pier)



## ESG Performance Data

	Indicator	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021	
Environmental	CO <sub>2</sub> emission (Scope 1,2)	Emission	Thousand t	SHIKOKU CHEMICALS Corp.	42.6	44.0	42.2	32.9	47.9
		Unit consumption	tCO <sub>2</sub> /Thousand t	SHIKOKU CHEMICALS Corp.	0.6	0.6	0.7	0.6	0.6
		Emission	from 2013 * <sup>1</sup>	SHIKOKU CHEMICALS Corp.	101.9%	105.2%	100.7%	78.6%	114.5%
		Emission	Thousand t	Domestic consolidated subsidiary	59.9	61.7	59.0	49.2	64.2
		Unit consumption	tCO <sub>2</sub> /Thousand t	Domestic consolidated subsidiary	0.53	0.53	0.55	0.50	0.58
	Energy consumption (Crude oil equivalent) (Scope 1,2)	Consumptions	Thousand kℓ	SHIKOKU CHEMICALS Corp.	20.4	20.9	20.0	17.7	21.8
		Unit consumption	ℓ/Thousand t	SHIKOKU CHEMICALS Corp.	294.1	294.3	311.8	308.7	293.2
		Consumptions	Thousand kℓ	Domestic consolidated subsidiary	29.0	29.7	28.5	25.9	29.8
		Unit consumption	ℓ/Thousand t	Domestic consolidated subsidiary	256.8	256.0	267.7	265.7	268.7
	Energy basic unit for product transportation	Transport volume	million ton-kilometers	SHIKOKU CHEMICALS Corp.	38.2	37.8	36.8	32.3	33.0
		Unit consumption	kℓ /million ton-kilometers kt	SHIKOKU CHEMICALS Corp.	75.8	79.5	76.6	76.9	76.6
		CO <sub>2</sub> emissions	kt	SHIKOKU CHEMICALS Corp.	7.7	8.0	7.5	6.6	6.7
	SOx and NOx emissions	SOx	t	the three chemical plants	1.0	1.6	1.2	1.5	1.1
		NOx	t	the three chemical plants	9.9	12.3	12.2	10.2	9.4
	Soot and dust emissions	Soot and dust	t	the two chemical plants	0.1	0.3	0.1	0.8	0.0
	Water input and drainage	Input	Ten thousand m <sup>3</sup>	the three chemical plants	211.9	220.0	200.7	193.4	218.3
		Emission	Ten thousand m <sup>3</sup>	the three chemical plants	181.7	174.0	156.8	158.0	174.9
	Water pollutant emissions	COD	t	the three chemical plants	4.7	4.8	3.5	4.3	3.2
		Total nitrogen	t	the three chemical plants	14.0	12.3	12.6	16.2	17.8
		Total phosphorus	t	the three chemical plants	0.05	0.05	0.05	0.08	0.09
	Waste emissions	Emission	t	the three chemical plants	1,000.6	1,034.2	931.9	849.5	809.5
		Unit consumption	kg/t	the three chemical plants	14.5	14.6	14.5	14.8	10.9
	Emission and movement of substances specified in PRTR* <sup>2</sup>	Total	t	the three chemical plants	132.4	266.2	168.8	230.8	230.9
		Air	t	the three chemical plants	94.5	194.3	111.5	120.5	112.7
		Public waters	t	the three chemical plants	0.2	0.2	0.0	0.2	0.4
		Industrial waste	t	the three chemical plants	38.2	71.7	57.3	110.6	117.8
	Emission and movement of carbon disulfide	Air	t	the three chemical plants	94.0	194.1	111.0	120.2	112.7
		Public waters	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0
		Industrial waste	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0
	Emission and movement of toluene	Air	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0
		Public waters	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0
		Industrial waste	t	the three chemical plants	13.2	46.7	24.2	72.1	48.8
Emission and movement of xylene	Air	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0	
	Public waters	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0	
	Industrial waste	t	the three chemical plants	7.1	7.0	9.5	9.7	21.7	
Emission and movement of ethylbenzene	Air	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0	
	Public waters	t	the three chemical plants	0.0	0.0	0.0	0.0	0.0	
	Industrial waste	t	the three chemical plants	8.3	8.2	11.2	11.4	25.5	

The three chemical plants: Refer to Marugame Plant, Tokushima Plant (Kitajima location), and Tokushima Plant (Yoshinari location).

The two chemical plants: Dust is applied to Tokushima Plant (Kitajima, Yoshinari locations). Dust is eliminated at Marugame Plant due to the change to city gas.

\*1 CO<sub>2</sub> emissions in 2013 were 41,800 tons.

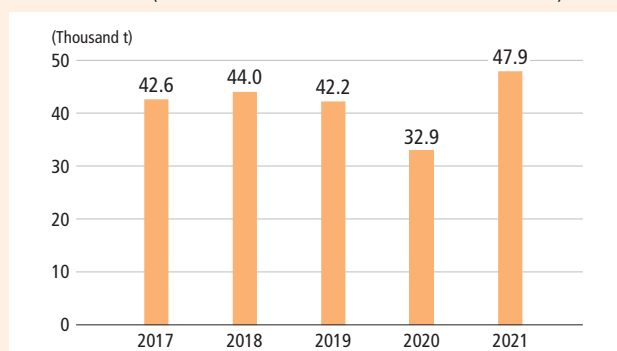
\*2 Top four substances (accounting for 90.4%) of emissions and movement : carbon disulfide, toluene, xylene and ethylbenzene.

# ESG Performance Data

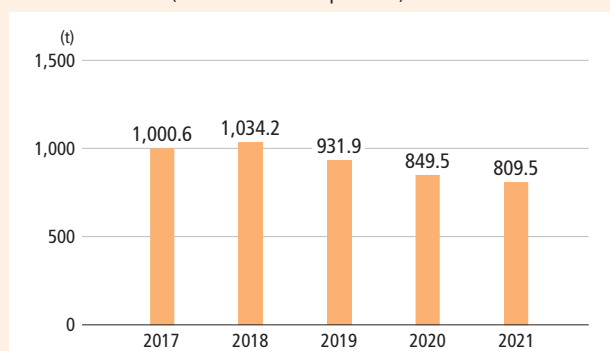
	Indicator	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Social	Work-related fatalities	Case	SHIKOKU CHEMICALS Corp.	0	0	0	0	0
	Rate of accidents resulting in absence from work	—	the three chemical plants	3.2	5.2	10.3	0.0	2.7
	Number of employees	People	SHIKOKU CHEMICALS CORPORATION Group	1,131	1,167	1,206	1,194	1,210
		People	SHIKOKU CHEMICALS Corp.	642	660	660	618	619
	Number of employees (men)	People	SHIKOKU CHEMICALS Corp.	528	543	538	495	492
	Number of employees (wemen)	People	SHIKOKU CHEMICALS Corp.	114	117	122	123	127
	Average age (men)	Age	SHIKOKU CHEMICALS Corp.	36.3	37.5	40.3	41.0	40.8
	Average age (wemen)	Age	SHIKOKU CHEMICALS Corp.	36.8	38.1	39.9	39.8	39.3
	Average length of service (men)	Years	SHIKOKU CHEMICALS Corp.	14.3	15.4	15.4	16.9	16.7
	Average length of service (wemen)	Years	SHIKOKU CHEMICALS Corp.	13.4	13.8	14.0	14.1	13.9
	Average monthly overtime hours	Hours	SHIKOKU CHEMICALS Corp.	14.7	17.2	17.3	16.2	17.7
	Number of new graduate hires	People	SHIKOKU CHEMICALS Corp.	14	14	18	18	21
	Number of new graduate hires (men)	People	SHIKOKU CHEMICALS Corp.	11	11	13	11	16
	Number of new graduate hires (wemen)	People	SHIKOKU CHEMICALS Corp.	3	3	5	7	5
	Number of mid-career hires	People	SHIKOKU CHEMICALS Corp.	22	20	17	9	15
	Hiring ratio (new graduate hires) <small>(Number of new graduate hires / Number of new hires)</small>	%	SHIKOKU CHEMICALS Corp.	38.9	41.2	51.4	66.7	58.3
	Hiring ratio (mid-career hires) <small>(Number of mid-career hires / Number of new hires)</small>	%	SHIKOKU CHEMICALS Corp.	61.1	58.8	48.6	33.3	41.7
	Female employment rate	%	SHIKOKU CHEMICALS Corp.	17.8	17.9	18.5	38.5	23.1
	Turnover rate	%	SHIKOKU CHEMICALS Corp.	2.8	4.2	4.0	9.6	5.2
	Rate of acquisition of childcare/family care leave; figures in ( ) indicate the number of male employees	People	SHIKOKU CHEMICALS Corp.	2(0)	2(1)	2(0)	6(3)	7(4)
	Rate of paid holiday use	%	SHIKOKU CHEMICALS Corp.	53.7	69.2	73.6	69.6	68.0
	Annual average salary	million yen	SHIKOKU CHEMICALS Corp.	6.98	6.95	6.90	6.71	6.78
	Donations to local communities	million yen	SHIKOKU CHEMICALS Corp.	—	2.7	53.6	8.4	51.5
Governance	Number of Internal Directors	People	SHIKOKU CHEMICALS Corp.	10	8	8	7	7
	Number of Outside Directors	People	SHIKOKU CHEMICALS Corp.	2	2	2	3	4
	Number of Internal Auditors	People	SHIKOKU CHEMICALS Corp.	2	2	2	2	2
	Number of Outside Auditors	People	SHIKOKU CHEMICALS Corp.	2	2	2	2	2
	Number of female executives	People	SHIKOKU CHEMICALS Corp.	0	0	0	0	0
	Number of managers	People	SHIKOKU CHEMICALS Corp.	125	124	126	129	134
	Number of female managers	People	SHIKOKU CHEMICALS Corp.	3	4	6	6	8
	Ratio of female managers	%	SHIKOKU CHEMICALS Corp.	2.4	3.2	4.8	4.7	6.0

The three chemical plants : Refer to Marugame Plant, Tokushima Plant (Kitajima location), and Tokushima Plant (Yoshinari location).  
SHIKOKU CHEMICALS CORPORATION Group : All SHIKOKU CHEMICALS CORPORATION Group companies are covered.

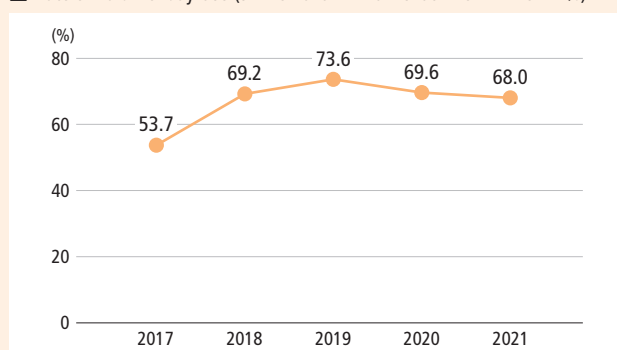
■ CO<sub>2</sub> Emissions (SHIKOKU CHEMICALS CORPORATION · Thousand t)



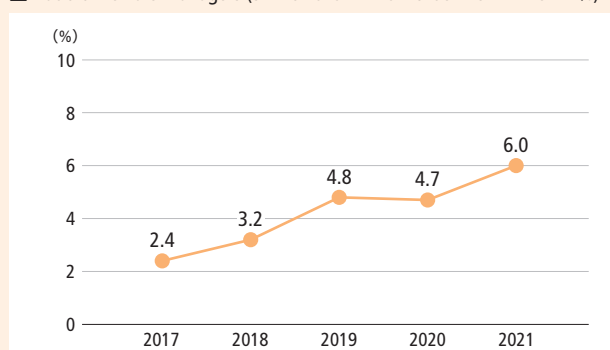
■ Waste Emissions (The three chemical plants · t)



■ Rate of Paid Holiday Use (SHIKOKU CHEMICALS CORPORATION · %)



■ Ratio of Female Managers (SHIKOKU CHEMICALS CORPORATION · %)



## GRI Content Index

GRI Content* Index	Contents	Location Published
102-1	Name of the organization	(P30) Corporate Profile
102-2	Activities, brands, products, and services	(P30) Description of Major Businesses and Products
102-3	Location of headquarters	(P30) Corporate Profile
102-4	Location of operations	(P30) Corporate Profile
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102-6	Markets served	(P30) Description of Major Businesses and Products
102-7	Scale of the organization	Asset securities report, (P30) Corporate Profile
102-8	Information on employees and other workers	Asset securities report
102-9	Supply chain	(P20) Procurement
102-10	Significant changes to the organization and its supply chain	—
102-11	Precautionary principle or approach	(P8) Risk Management
102-12	External initiatives	(P9) Responsible Care, (P12,22) ISO
102-13	Membership of associations	Japan Chemical Industry Association, Japan Electronics Packaging and Circuits Association, Japan Exterior Construction Association
102-14	Statement from senior decision-maker	(P2) Greeting
102-16	Values, principles, standards, and norms of behavior	(P3-8) About SHIKOKU CHEMICALS CORPORATION, Compliance
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102-53	Contact point for questions regarding the report	<a href="https://www.shikoku.co.jp/inquiry/index-corp.php">https://www.shikoku.co.jp/inquiry/index-corp.php</a>
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared with reference to the core options of the GRI Standards.
102-55	GRI content index	(P29) GRI Content Index
102-56	External assurance	—

\*Global Reporting Initiative (GRI) is an international and independent nonprofit organization that publishes GRI Standards. The GRI Standards provide a framework for reporting an organization's impact on the economy, environment, and society, and explain its contribution to sustainable development.

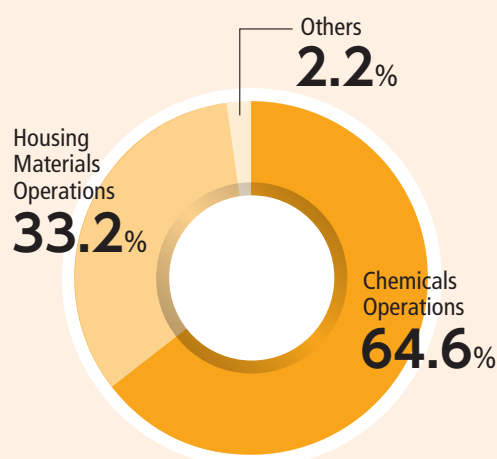
## ■ Corporate Profile (as of the end of March, 2022)

Trade Name	SHIKOKU CHEMICALS CORPORATION
Foundation	October 10, 1947
Capital	6,867 million yen
Representative	Naoto Tanaka President and C.E.O.
Number of Employees	619 (SHIKOKU CHEMICALS alone) , 1,210 (including employees in consolidated subsidiaries)
Sales	54,137 million yen (consolidated statement)
Establishments	
Head Office	8-537-1, Doki-cho Higashi, Marugame, Kagawa
Branch Offices	Makuhari, Osaka
Sales Offices	Nagoya, Fukuoka, Sendai, Hiroshima, Shikoku, Kitakanto, Shizuoka, Los Angeles (U.S.A.), Shanghai (China), Shenzhen (China), Taiwan, Singapore
R&D Center	Utazu (Kagawa)
Plants	Marugame, Tadotsu, Takase (all three in Kagawa Prefecture), Kitajima, Yoshinari, Naruto (all three in Tokushima Prefecture), Ranzan (Saitama), Oita (Oita)
Subsidiaries Subject to Consolidated Accounting	<ul style="list-style-type: none"> <li>· SHIKOKU KEIZAI CORPORATION</li> <li>· SHIKOKU KEIZAI KANTO CORPORATION</li> <li>· SHIKOKU KOSAN CORPORATION</li> <li>· SHIKOKU SYSTEM KOHBOH CORPORATION</li> <li>· Shikoku Foods &amp; Trading Company</li> <li>· Shikoku Foods &amp; Insurance Service Co., Ltd.</li> <li>· Shikoku Analytical Laboratories</li> <li>· Shikoku Environmental Business Company</li> <li>· Nippon Ryutan Kogyo Co., Ltd.</li> <li>· NIHON KOHKI CORPORATION</li> <li>· SHIKOKU INTERNATIONAL CORPORATION (U.S.A.)</li> <li>· SHIKOKU CHEMICALS CORPORATION CHEMICALS OPERATIONS SPLIT PREPARATION CORPORATION</li> <li>· SHIKOKU CHEMICALS CORPORATION HOUSING MATERIAL OPERATIONS SPLIT PREPARATION CORPORATION</li> <li>· SHIKOKU CHEMICALS CORPORATION SHARED SERVICES SPLIT PREPARATION CORPORATION</li> </ul>
	<ul style="list-style-type: none"> <li>· 13 domestic</li> <li>· 1 overseas</li> </ul>

## ■ Description of Major Businesses and Products

Chemical Products	
Inorganic Chemicals	: Carbon Disulfide, Insoluble Sulfur, Sodium Sulfate
Organic Chemicals	: Chlorinated Isocyanuric Acid (NEO-CHLOR), Wastewater Treatment Agent (HIPOLKA)
Fine Chemicals	: Chemical Agents for Printed Circuit Boards, Imidazole Derivatives
Housing Materials	
Interior	: Interior Finishing Materials (Keiso-kabe, walls made of natural materials), Exterior Finishing Materials, Paving Materials
Exterior	: Gate Doors, Fences, Garages, Shutters
Other Business	
IT Systems, Fast-food Sales and Other Service Operations	

## ■ Sales Amount Constituent Ratio





**SHIKOKU CHEMICALS CORPORATION**

8-537-1, Doki-cho Higashi, Marugame, Kagawa 763-8504  
Tel.0877-22-4111  
URL.<https://www.shikoku.co.jp>

