

# Sustainability Report 2022



(Translation)

Notes:

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# Basic Policy for Sustainability

Guided by its corporate philosophy and management principles, the JAPAN MATERIAL Group (the “JM Group”) is dedicated to contributing to the sustainable advancement of society and growth of corporate value while maintaining strong lines of communication with business partners, shareholders and other investors, employees, communities, and all other stakeholders.

## 1. Business Activities that Protect the Environment

All business activities incorporate measures for a circular business model, the reduction of CO2 emissions, and environmental protection, all contributing to society for the benefit of people and the Earth.

## 2. Contributions to Communities and Society

We will never forget our gratitude to the local community, and through our business, cultural, and other social contribution activities, we are dedicated to creating an environment that develops together to revitalize the community.

## 3. Human Resource Development and Pleasant Workplaces

We believe that human resources are an asset of to our society, and we aim to be a company where a diverse range of these assets can actively play their respective roles.

Based on the principle of “Always Safety First,” we have programs and workplaces that enable everyone to do their best and accomplish their goals.

## 4. Initiatives to Create Innovation

To support companies at the leading edge of their industries, we draw on the technological knowledge and skills of all employees and their creativity to create businesses that constantly contribute to ideas for the next generation.

## 5. Governance

We are dedicated to building relationships with stakeholders based on mutual trust as we conduct business activities in compliance with laws, regulations and other guidelines.

To support the growth of corporate value, we disclose corporate information in a suitable manner and have many other activities for sound communications with stakeholders.

## Top Message

### Corporate Philosophy

# Refine Technologies, Support Industries, and Open Up the Future



Hisao Tanaka, President and Representative Director

I am very grateful for the warm support of our group's employees and families, the communities where we operate, our customers and business partners, and our shareholders since our establishment in April 1997.

The operations of the JM Group are closely linked with the lives of people worldwide and the social infrastructure that is vital to their lives. Consequently, we are well aware of the importance of playing a role in the sustainable advancement of society by conducting business operations centered on our corporate philosophy. With this in mind, we have established the vision of being a corporate group that "connects people, connects with the environment, connects local communities, connects generations and connects through techniques."

Based on this vision, we have identified five materialities concerning sustainability: 1. Activities to Protect the Environment; 2. Contributions to Communities and Society; 3. Human Resource Development and Pleasant Workplaces; 4. Initiatives to Create Innovation; and 5. Governance. Furthermore, we place importance on ESG (environment, society, governance) management with the goal of both helping create a sustainable society and achieving the sustainable growth of the JM Group.

## Management Principles

- Always Safety First** . . . . . Anytime, anywhere, safety always comes first. We support industries with the pride of professionals.
- Win-Win-Win** . . . . . We contribute to clients' business with advanced technologies and sincere work. We work with suppliers and local communities to build relationships in which all stakeholders can prosper. We help each and every employee learn and grow to build up their strengths.
- Open Up the Future** . . . . . We nurture our people, protect the environment, and aim for abundant and fair society through our business.

## Vision

Guided by our corporate philosophy, we use CSR activities as one part of measures for maximizing corporate value. By focusing on the five components of our vision, our goals are "win-win-win" and "work by 3G (triple generation\*).

As a corporate group that boasts proactive diverse human capital, we seek to create mechanisms and work environments that enable each and every employee to feel a sense of satisfaction and fulfillment in their work and embrace a healthy work-life balance. As a group of professionals, we are also always seeking to make improvements from both compliance and service perspectives.

As a corporate group that supports cutting-edge technology, the JM Group provides services that display our commitment to safety and trust, and our pride as a squad of professionals. We continue to be a company that values the succession of engineering techniques, harnesses and further develops each and every employee's creativity, and creates business that contributes to the environment, society, and future generations.

The JM Group seeks to continue encouraging employees across the generations to work together and inspire each other.

\* "Work by 3G" means fostering a workplace environment where three generations can share the satisfaction of doing a job well: young people in their teens, mid-career professionals with a full of vitality and older people with many years of experience and advanced skills.



The JM Group appreciates nature's bounty, and protects and preserves our precious planet for the future generations. We continue as a leading company that instills a high level of environmental awareness in each of our employees. We are not content to simply reduce the environmental impact of our business activities but also to create new environmental value through business.

The JM Group remains grateful to local communities for their support and values any opportunity to interact and communicate with them. We aim to promote joint development together with local companies and municipalities to revitalize communities and continue to be a company that gains support from everyone.

# Initiatives for the Sustainable Development Goals

## SUSTAINABLE DEVELOPMENT GOALS



The SDGs, which were adopted by the United Nations in September 2015, consist of 17 goals concerning the environment and society for the purpose of achieving a sustainable society by 2030. Resources and activities of countries worldwide will be needed to accomplish these goals.

# Materialities for Sustainability

## Environment

Circular Business Model

Initiatives to Achieve  
Carbon Neutrality

Disclosure Based on the  
TCFD Framework

Environmental  
Protection (Biodiversity)

## Social

Contributions to  
Communities and Society

Respect for Diversity,  
Pleasant Workplaces

Industrial Safety and  
Health

Initiatives to Create  
Innovation

## Governance

Dialogues with  
Shareholders, Investors  
and the Public

Corporate Governance

Compliance and Risk  
Management

# Linkage of ESG and the SDGs

		Materiality	This Report	JM's 5 Visions					SDGs
Basic Policy for Sustainability		Sub Items	Listed Pages	Connects People	Connects with the Environment	Connects Local Communities	Connects Generations	Connects through Techniques	Applicable SDGs
Environment	Initiatives to Protect the Environment	Circular Business Model	P.9-11		○			○	   
		Initiatives to Achieve Carbon Neutrality	P.12-19		○				 
		Disclosure Based on the TCFD Framework	P.20-27		○				  
		Environmental Protection (Biodiversity)	P.28-29		○		○		    
Social	Contributions to Communities and Society	Contributions to Communities and Society	P.31-35	○	○	○			   
		Human Resource Development and Pleasant Workplaces	P.36-41	○		○	○		  
	Industrial Safety and Health	P.42-48	○		○			  	
Initiatives to Create Innovation	Initiatives to Create Innovation	P.49-52	○				○	 	
Governance	Governance	Dialogues with Shareholders, Investors and the Public	P.54-55	○	○				 
		Corporate Governance	P.56-58			○			  
		Compliance and Risk Management	P.59-61			○			 



# Environment

## Major initiatives and basic policies

### 1. Circular Business Model

To create a recycling-oriented society and achieve further progress, we will use business activities for extending the life of products, recycling more waste materials and other progress in order to help build a foundation for a society where resources are continuously recycled and reused.

### 2. Initiatives to Achieve Carbon Neutrality

We will remain a corporate group that appreciates nature's bounty and uses business activities for the measures to lower CO2 emissions in order to cut our environmental impact and pass on a better environment to the next generation.

### 3. Disclosure Based on the TCFD Framework

Combating climate change is one of our highest priorities. We will remain a corporate group that uses a variety of measures for helping transition to a carbon-free economy and disclose information concerning these measures.

### 4. Environmental Protection (Biodiversity)

We will remain a corporate group able to contribute to protection of the environment based on the awareness of everyone at the group of the linkage between our work and the environment with the goal of passing on a better environment to the next generation.

## SDGs



# 1. Circular Business Model



## Activities/Major data

### 1-1. Extending the useful life of products

#### Periodic maintenance (overhaul) of vacuum pumps: Extends life span from 2-3 years to more than 10 years

- Semiconductor production processes use various types of special gases to form circuit patterns on wafers. A large number of vacuum pumps are used because there are critical processes that must be performed within a vacuum inside production machinery. When the chemically reactive gases used inside production machinery pass through vacuum pumps, these gases create deposits of solids that build up in every part of the pumps over time and due to temperature changes and other reasons. A pump may suddenly stop operating or even break down if maintenance is not performed on a regular basis.

Receiving vacuum pumps from our customers and performing the periodic overhauls significantly extend the useful life of these pumps. Maintenance also contributes to reducing waste materials and recycling resources. Furthermore, a much longer useful life of pumps helps our customers reduce costs.

#### Valve cleaning service: Recycling / Extends life span from 2-3 years to more than 10 years

- Reactive gases build up on valves of all types used in semiconductor production equipment just as they do in pumps. After a certain time of use, the accumulation of these chemicals can cause a valve's performance to decline, eventually requiring a replacement. By overhauling these valves too, we can enable valves to continue to perform at the same level as new valves do. The result is a contribution to reduction of waste materials, recycling of resources and cost reductions for customers.



A technician overhauls a pump

# 1. Circular Business Model



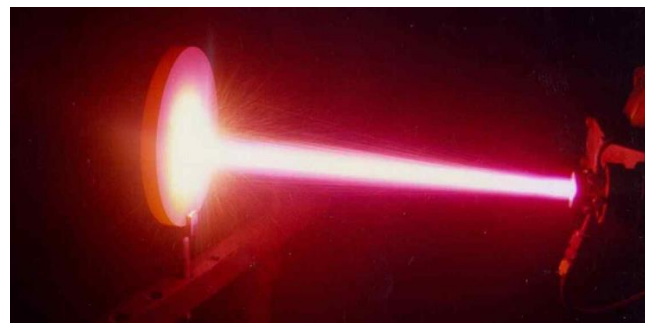
## Activities/Major data

### 1-2. A longer life of internal components of semiconductor/LCD manufacturing equipment Recoating internal components of semiconductor/LCD manufacturing equipment

- Machinery used to manufacture semiconductors and LCD requires many types of parts. During production processes, the surfaces of parts treated with alumite (anodic aluminum oxide) and ceramic coated parts wear down. If these parts are used too long after this degradation begins, manufacturing yields of semiconductors and LCD will decline and the parts will have to be discarded.
- At the JM Group, these parts are first cleansed and the worn down coating is removed. Recoating then returns the parts to the same condition as when they were new. A longer life means fewer parts need to be discarded. Another benefit is lower expenses for our customers.



Alumite processing equipment



A coating process



# 1. Circular Business Model



## Activities/Major data

### 1-3. Increasing the recycling and reuse of waste materials

#### Improving recycling rate of pipes

- The large number and variety of gases and chemicals used during semiconductor manufacturing processes require an enormous and complex network of pipes at fabs to supply these materials.
- When semiconductor manufacturing machinery is replaced, manufacturing processes are updated and other changes are made, work also includes the removal and detoxification of pipes and the recycling of pipes.
- Normally, used industrial pipes cannot be reused because there are toxic gases and other substances on the pipes. JM cleans the internal surfaces of pipes to remove toxic substances and allow the pipes to be used again, thereby raising the recycling rate.

**Detoxification/recycling 70%**

**Detoxification/reuse 30%**

- Percentage of pipes that were recycled or reused in FY2022 after cleaning and detoxification by JM

#### Improving reuse rate of pipes at LCD plants – Reused about 3 to 4 times instead of once

- Many LCD manufacturing processes require networks of pipes.
- Since February 2020, some of the facilities of the JM Group member, JM TECH Co., Ltd. have cleaning pipes removed during maintenance procedures. Pipes that were previously discarded are now reused about three or four times.

**Number of pipes reused**

**Approx. 100 every year**

- Average for pipes processed by JM TECH

## 2. Initiatives to Achieve Carbon Neutrality



### Activities/Major data

#### 2-1. Use of solar panels

##### Headquarters solar panels (since 2007) generate approx. 0.3MW/day

- To help combat global warming, solar panels were placed on the entire roof of the factory at headquarters in Komono-cho, Mie prefecture in 2007.
- Average daily output is approx. 0.3MW, which is enough electricity for about 20 households.

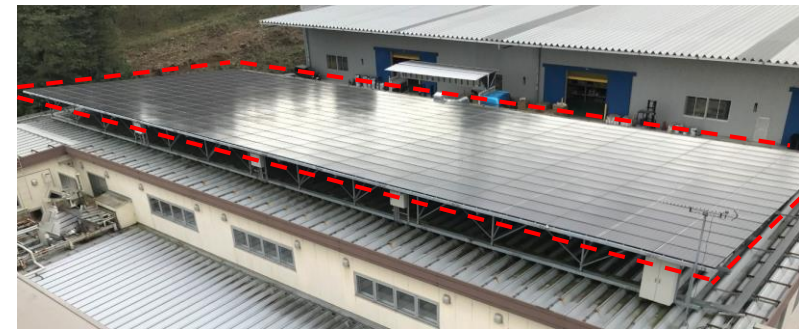
##### Solar panels at the new Technical Support Center warehouse (under consideration)

- Studies are under way for the possible installation of solar panels on the roof of the new warehouse along with equipment for enabling the use of this electricity internally.
- Solar power would support the business continuity planning of the JM Group because business activities at the building could continue even when a natural disaster or other event disrupts external power supply. We are studying ways to work with local governments to provide emergency power to the surrounding area during an emergency.

##### CO2 emission reduction vs. thermal power electricity

**45 tons/year** for the headquarters solar panels

- The headquarters solar panels generate approx. 0.3MW/day, although output differs depending on the amount of sunshine.



Solar panels at the headquarters since 2007

## 2. Initiatives to Achieve Carbon Neutrality



### Activities

#### 2-2. Net zero energy building (ZEB) for the Yokkaichi Branch

- In addition to daily energy conservation activities throughout the group, we are reconstructing the Yokkaichi Branch as a ZEB to further contribute to lowering energy consumption. The new building's energy consumption will be about half that of the current building, and will also use electricity from renewable sources.
- The renewable energy system of the ZEB would support the business continuity planning (BCP) of the JM Group as a source of electricity to the building during a natural disaster or other emergency. We are studying ways to work with local governments to use the building to supply electricity to surrounding areas during an emergency.
- The groundbreaking ceremony was held on December 2, 2022 and the Yokkaichi Branch building will be completed in the summer of 2023.



Groundbreaking ceremony



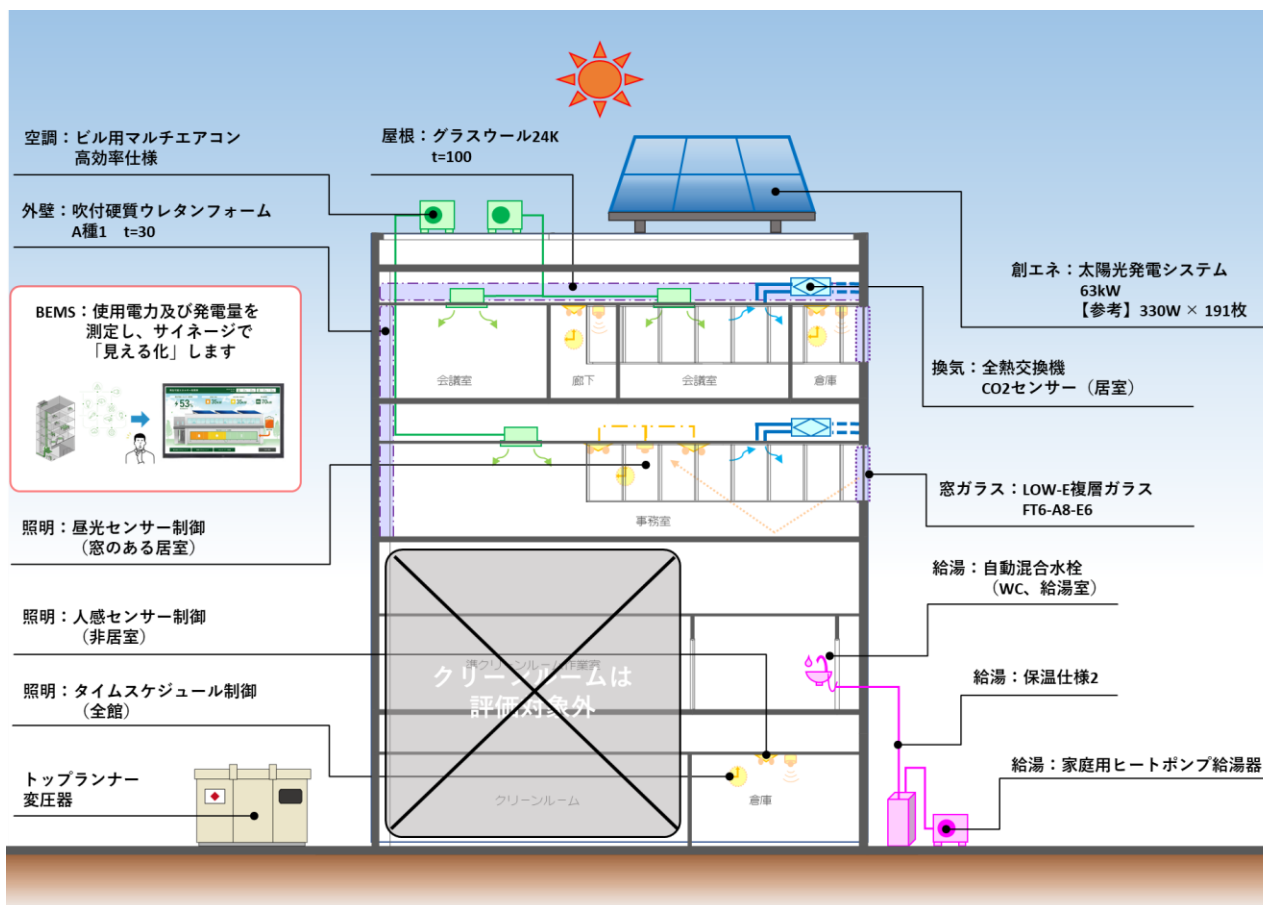
Yokkaichi Branch under reconstruction

## 2. Initiatives to Achieve Carbon Neutrality



### Activities/Major data

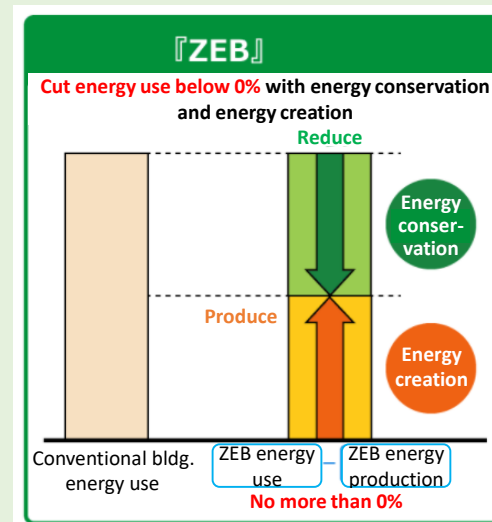
### 2-2. Net zero energy building facilities of the Yokkaichi Branch (under reconstruction)



#### What is a ZEB?

- The Japanese Ministry of Economy, Trade and Industry is playing a central role in promoting the construction of net zero-energy buildings.
- The goal of ZEBs is to design buildings that have no net consumption of primary energy throughout the year while maintaining a comfortable interior environment.

Source: Ministry of the Environment (ZEB Portal)



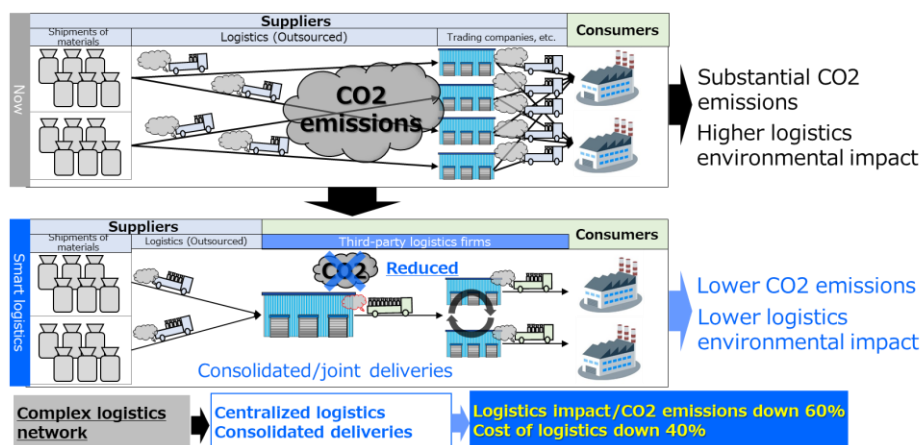


## 2. Initiatives to Achieve Carbon Neutrality

### Activities/Major data

#### 2-3. Smart logistics to contribute to decarbonization

- A warehouse to centralize logistics was constructed at Yokkaichi. The new facility handles logistics for all materials west of Yokkaichi and performs consolidated deliveries to the new centralized warehouse constructed in Kitakami. Reducing the number of shipments cuts CO2 emissions and helps customers in the semiconductor industry to eliminate carbon and create smart factories.
- A new business continuity planning scheme has been established that employs the joint utilization of all warehouses in the event of an emergency. The scheme is designed to prevent interruptions of the business activities of customers to support electronic device manufacturing, an important social infrastructure.
- Preparations are under way for a modal shift that will further lower CO2 emissions associated with logistics.



Smart Logistics Using Centralized Warehouses

**Measurement of Benefits** \*Reductions calculated by Japan Material based on the one-way distance of one delivery

Shipper	Location	Volume	Distance to Iwate	CO2 emissions	Driving time
Company A	Mie	1ton	900km	0.232ton	12.9h
Company B	Hyogo	12ton	1,050km	0.677ton	15.0h
Company C	Yamaguchi	2.5ton	1,430km	0.527ton	20.4h
Company D	Yamaguchi	2.5ton	1,430km	0.527ton	20.4h
Company E	Osaka	3.5ton	990km	0.365ton	14.1h
JAPAN MATERIAL	Mie	3.5ton	900km	0.332ton	12.9h
<b>Total</b>		<b>25ton</b>	<b>6,700km</b>	<b>2.66ton</b>	<b>95.7h</b>

Shipper	Location	Volume	Distance to Iwate	CO2 emissions	Driving time
Company A	Mie	25ton	1,800km (900km x 2 trucks)	1.16ton	25.7h
Company B	Hyogo				
Company C	Yamaguchi				
Company D	Yamaguchi				
Company E	Osaka				
JAPAN MATERIAL	Mie				
<b>Benefits</b>			<b>-4,900km</b> Down about 73%	<b>-1.5ton</b> Down about 56%	<b>-70h</b> Down about 73%

**Benefits**

- Lower environmental impact
- Reduction in driving time

CO2 emissions down about 56% (about 140 tons/year)  
 Driving time down about 73% (about 6,700 hours/year)  
 ⇒ Lower volume of work for drivers



## 2. Initiatives to Achieve Carbon Neutrality



### Activities/Major data

#### 2-4. Use of electric and hybrid cars at semiconductor factories

- In 2012, we started using electric cars with lithium-ion batteries (SCiB™) to transport industrial chemicals on the grounds of customers' semiconductor factories for the reduction of CO2 emissions.
- Part of the JAPAN MATERIAL fleet is hybrid vehicles for the reduction of CO2 emissions.

Electric vehicles

30

CO2 emission reduction

1 ton/year

- Emission reduction is based on driving distance of all vehicles in FY2021. Driving distance differs depending on the type of work performed.



Using electric vehicles since 2012

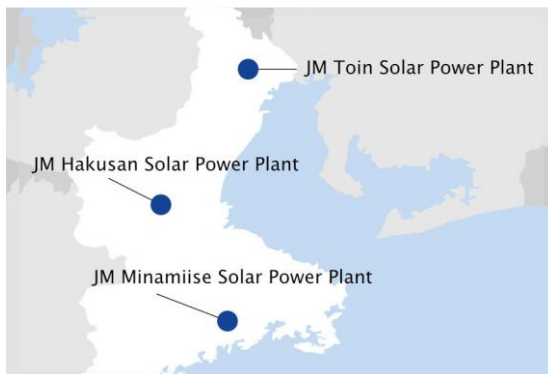
## 2. Initiatives to Achieve Carbon Neutrality



### Activities/Major data

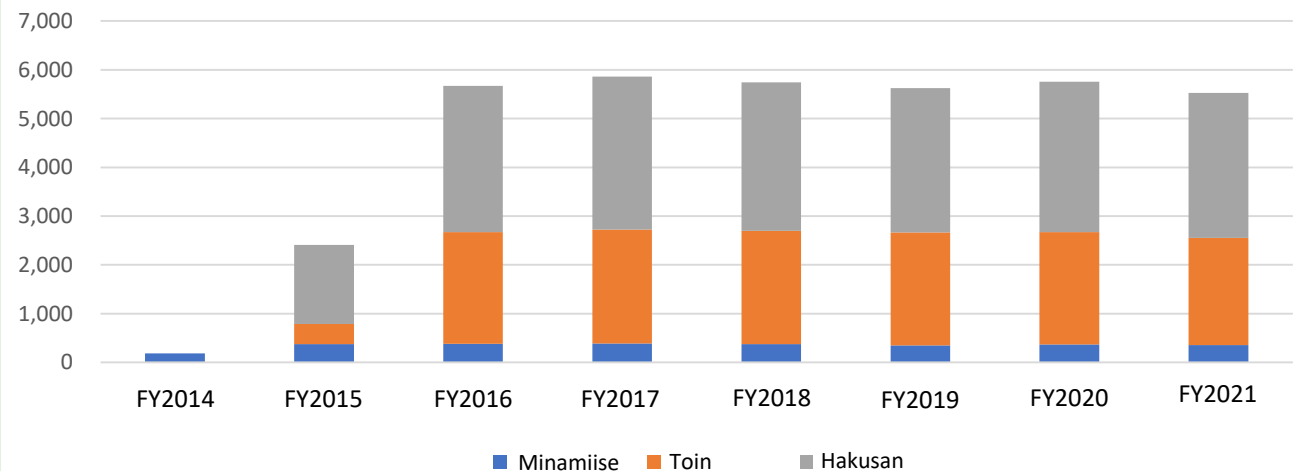
#### 2-5. Solar power business for increasing the use of clean energy

- Starting in 2014, we constructed solar power plants at three locations in Mie prefecture that have a combined output of approximately 4MW, contributing to more use of clean energy.



Minamiise-cho, Watarai-gun, Mie: Since Mar. 2014  
 Hakusan-cho, Tsu, Mie: Since Aug. 2015  
 Toin-cho, Inabe-gun, Mie: Since Feb. 2016

Power Output of the Three Locations



Total power generated

5,524 MWh

CO2 emission reduction vs. thermal power electricity

2,392 tons

- Calculated by comparing total solar output through FY2021 with electricity from thermal power plants

## 2. Initiatives to Achieve Carbon Neutrality



### Activities/Major data

#### 2-6. Electronic distribution of shareholders meeting notices and shareholder reports (Started June 2023)

- Distributing shareholders meeting notices and shareholder reports electronically is one way to reduce the environmental impact of business activities, such as by lowering the use of materials and CO2 emissions.

#### Electronic shareholders meeting notices

- At the shareholders meeting held on June 29, 2022, shareholders approved an amendment to the Articles of Incorporation concerning the electronic distribution of shareholders meeting materials. This amendment was made due to the September 1, 2022 enforcement of the revised provisions in the proviso to Article 1 of the supplementary provisions of "Act Partially Amending the Companies Act" (Act No. 70 of 2019).
- The electronic distribution of shareholders meeting materials started with materials for the shareholders meeting held in June 2023.

#### Electronic distribution of shareholder reports

- Starting with shareholder reports issued in June 2023, we will post reports on the corporate website and will not print and send reports by postal mail to shareholders.
- Use this URL or QR code to access these reports.

<https://www.j-materials.jp/ir/library/shareholder/>



#### CO2 emission reduction due to electronic shareholder reports **Approx. 965kg-CO2**

- Calculated based on the number of pages and print run for the FY2021 shareholder reports

## 2. Initiatives to Achieve Carbon Neutrality



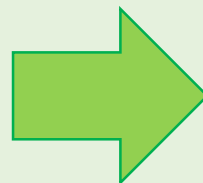
### Activities/Major data

#### 2-7. Cleaning of outdoor unit of air conditioner

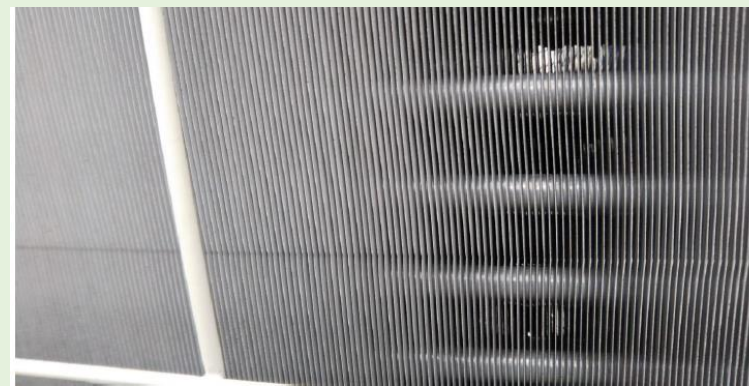
- All outdoor unit of air conditioner at the JAPAN MATERIAL headquarters were cleaned in September 2022. Fluids used for cleaning, which contain some toxic substances, were disposed of in an environmentally responsible manner, such as by checking the pH.
- The thorough cleaning of these units with fluids is expected to lower electricity consumption by approx. 10% and yield a reduction in CO2 emissions associated with electricity use. After confirming the benefits of cleaning these units, we will consider performing the same cleaning process at our other business sites.

Reduction in cost of electricity **Approx. 10%**

▼Before: Dirty fins



▼After: Fins are cleaned



### 3. Disclosure Based on the TCFD Framework



#### Activities/Major data

The JM Group is committed to contributing to the sustainable advancement of society through activities centered on the group's corporate philosophy. This commitment reflects the close links between our business activities and the lives of people worldwide and social infrastructures.

- For consistent contributions to sustainable development, we have established targets based on the Task Force on Climate-related Financial Disclosures (TCFD) framework. We are monitoring our CO2 emissions and taking actions to lower these emissions. We recognize in an appropriate manner risks and opportunities involving climate change. We understand that actions concerning these risks and opportunities will be essential for our ability to continue to grow. As a result, we are conducting risk management and creating strategies by using a structure based on the TCFD framework.

\*The TCFD was established in December 2015 by the Group of Twenty and the Financial Stability Board to help public companies and other organizations disclose information about their activities concerning climate change to investors.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

## 3. Disclosure Based on the TCFD Framework



### Activities/Major data

#### 3-1. Governance

The JM Group positions environmental activities, including measures to combat climate change, as a high priority that is an integral part of management. All group companies are dedicated to sustainable development backed by the group's basic policy for sustainability and an appropriate management framework.

The Board of Directors is responsible for overseeing risk management. As part of risk management, we are constantly examining risks, opportunities and actions to take involving climate change by using a team centered on the Corporate Planning Department and General Affairs and Human Resources Department, which are supervised by the manager of the Administration Headquarters, who is the group's sustainability officer. We will establish targets and closely monitor progress toward accomplishing the targets. Progress report will be submitted to the Board of Directors about two times every year to facilitate the suitable oversight of activities.

The Board of Directors makes management decisions that incorporate issues concerning climate change in order to achieve sustainable development that is an integral part of the management of business operations.

## 3. Disclosure Based on the TCFD Framework



### Activities/Major data

#### 3-2. Strategy

The JM Group is examining risks and opportunities concerning the external environment by using short-term (now to 2025), medium-term (to 2030) and long-term (to 2050) perspectives. This process uses the net zero emission scenario, which has the goal of net zero emissions by 2050 (1.5°C scenario), in the World Economy Outlook of the International Energy Agency. The business impact assessment uses risk probability rates based on this scenario to calculate the potential impact on sales and earnings. The significance of individual risks was then determined by the size of the monetary impact in relation to the group's total sales and earnings. In addition, we performed a comprehensive evaluation of the significance from the standpoint of society and our stakeholders. This process resulted in the following significant risks and opportunities for the JM Group, which will be incorporated in our strategies and the activities of group companies.

## 3. Disclosure Based on the TCFD Framework



### Activities/Major data

#### 3-2. Strategy

##### ■ Risk and Opportunities

Category		Drivers	Impact on businesses	Indicator	Time frame
Risks	Transition	Policy and Legal	New policies and tighter restrictions for limiting GHG emissions	Expenditures	Medium/long
		Policy and Legal	Disclosure of more information (ESG investments, mandatory information about climate change, new environmental accounting standards, and other changes)	Expenditures	Medium
		Policy and Legal	Need to reassess procurement risk (cost of raw materials, stable purchase etc.) due to expansion of climate change risk disclosure requirement to encompass all suppliers	Expenditures	Medium/long
	Technology	Shift to energy conserving equipment	Expenditures	Medium	
	Market	Change in thinking of customers and stakeholders about climate change risk	Expenditures	Medium	
Physical	Acute	Sudden occurrence of heavy rain/flooding due to a large typhoon, torrential downpour, etc.	Sales Expenditures	Medium/long	
Opportunities	Resource Efficiency	Lower CO2 emissions by optimizing the process for transporting materials	Reduction of CO2 emissions due to the use of centralized warehouses, consolidated shipments, the modal shift and other measures for smart logistics	Sales	Medium/long
		Increasing circular economy demand	<ul style="list-style-type: none"> <li>Increasing overhauls and maintenance of vacuum pumps</li> <li>Increasing cleaning and reuse of all types of valves</li> <li>Increasing orders received for recoating parts inside semiconductor/LCD manufacturing equipment</li> <li>Detox and recycle of pipes and a higher pipe recycling rate</li> </ul>	Sales	Medium/long
	Products/ Services	Expansion of market of electric cars and other next-generation vehicles	Increasing demand for semiconductors used in automobiles	Sales	Medium/long
Increasing demand for reduction, substitution, collection, and reuse of chemically breaking down substances, including detoxification, conversion to useful resources, and other measures for specialty gases, chemicals, and other high global warming potential solutions used in semiconductor manufacturing processes		New businesses relating exhausted gas treatment, collection and reuse of materials, and other services involving semiconductor manufacturing processes	Sales	Medium/long	



## 3. Disclosure Based on the TCFD Framework



### Activities/Major data

#### 3-2. Strategy

##### ■ Activities

CO2 emissions are expected to increase following the expansion of the new business site in Kumamoto prefecture, but we are working on raising the use of electricity from renewable sources to 100% of the target by 2030. In addition, our goal is to achieve carbon neutrality by 2050 by using a circular business model including a longer life for products, the use of electric vehicles, more smart logistics with centralized warehouses, consolidated deliveries and the modal shift, clean energy from solar power, and other measures.

## 3. Disclosure Based on the TCFD Framework



### Activities/Major data

#### 3-3. Risk management

We use scenario analysis to determine how climate change is likely to affect our business operations. This process yields climate change risk and opportunities for individual business units. To determine the significance of individual risk factors and opportunities, the Corporate Planning Department performs an examination of the potential effect of specific factors on business operations. This process uses a business impact index and time line for the effects on sales and earnings, expenditures and other items. The results are submitted to the Board of Directors for a final decision.

Climate change risk and opportunities that were identified are constantly monitored under the oversight of a sustainability framework. Risk factors are reassessed and new factors are identified and assessed with respect to effects on business operations, financial soundness and other items and to how important these risk factors are for society and stakeholders. Significant risk factors are then reexamined and identified. This assessment process is also the basis for prioritization of activities. In addition, risk factors that are reexamined are reported to the Board of Directors.

Actions concerning risk factors identified are submitted by the Corporate Planning Department to the Board of Directors for approval and included in the JM Group's strategies. In accordance with the Crisis Management Rules, risk is divided into the categories of strategy risk, natural disaster and accident risk, operational risk, and financial risk. A suitable framework is used for risk management activities with priority on risk factors that have a significant effect on the continuity of business operations. The Crisis Management Rules include provisions for crisis management in order to minimize damages and losses when a crisis occurs. When a crisis prescribed in the JAPAN MATERIAL rules happens, a crisis response headquarters is immediately established under the oversight of our president and representative director. For responses to the crisis, this unit places the highest priority on preventing deaths. The best possible decisions are made and actions are taken quickly while complying with laws and regulations and ethical guidelines and using a long-term perspective concerning the continuity of the JM Group's business operations.

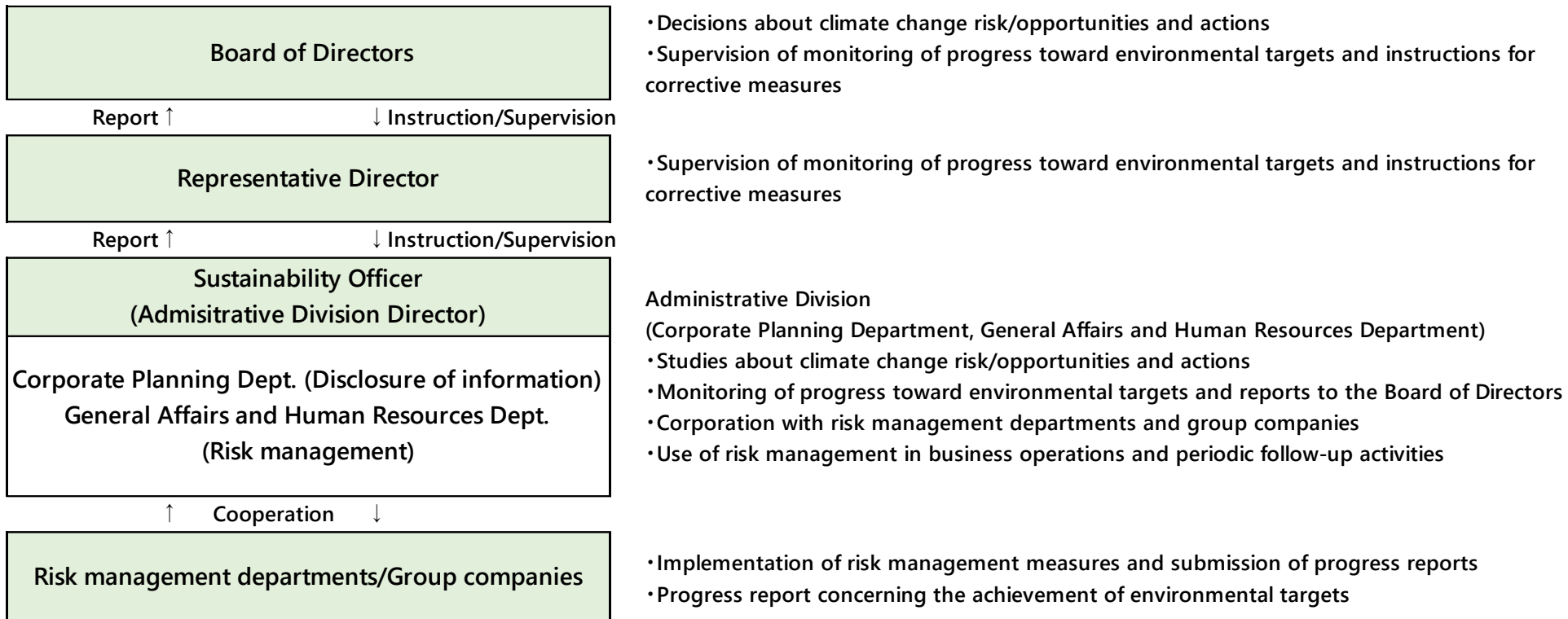
## 3. Disclosure Based on the TCFD Framework



### Activities/Major data

#### 3-3. Risk management

##### ■ Framework for assessments/management and monitoring



## 3. Disclosure Based on the TCFD Framework



### Activities/Major data

#### 3-4. Indexes and goals

- This table shows GHG emissions at the JM Group in Japan.
- We are performing studies to determine measures needed to use renewable energy sources for all of the group's electricity requirements by 2030. Studies are also under way about ways to accomplish carbon neutrality by 2050. We plan to do this by using a circular business model including a longer life for products, the use of electric vehicles, more smart logistics with centralized warehouses, consolidated deliveries and the modal shift, clean energy from solar power, and other measures.

Scope/Category		Results		
		FY2020 *3	FY2021	Change
Scope 1	Direct emissions	137	162	25
Scope 2 *1	Indirect emissions	1,303	1,540	237
Scope 3	Supply chain emissions	95,768	112,220	16,452
Category 1 *2	Purchased goods and services	61,476	73,516	12,040
Category 2	Capital goods	395	7,396	7,001
Category 3	Fuel-and energy-related activities	222	268	46
Category 4	Upstream transportation and distribution	557	505	(52)
Category 5	Waste generated in operations	368	213	(155)
Category 6	Business travel	144	162	18
Category 7	Employee commuting	458	482	24
Category 8	Upstream leased assets	0	0	0
Category 9	Downstream transportation and distribution	0	0	0
Category 10	Processing of sold products	0	0	0
Category 11 *2	Use of sold products	32,070	29,638	(2,432)
Category 12	End-of-life treatment of sold products	26	41	15
Category 13	Downstream leased assets	52	0	(52)
Category 14	Franchises	0	0	0
Category 15	Investments	0	0	0
Scope 1, 2 and 3 total		97,208	113,922	16,714

\*1 Market standards are used wherever possible and location standards are used when there are no market standards.

\*2 Buying and selling gases used for semiconductor/LCD manufacturing.

\*3 Recalculated using a revised scope for data used.

## 4. Environmental Protection (Biodiversity)



### Activities

#### 4-1. Protection of a local woodland

##### Parking lot to conserve satoyama

- To protect a wooded area (satoyama) in the district of Mie prefecture where the headquarters is located, JAPAN MATERIAL has a long-term lease for 6,600m<sup>2</sup> and using for a parking lot for employees partially.
- JAPAN MATERIAL maintains a pond with koi at the entrance to the satoyama. The wooded area is open to the public to enjoy the cherry blossom in the spring and the color changing leave in the autumn. The place is also the habitant of deer and other species.



#### 4-2. Protection of the environment

##### Donations for greenery

- JAPAN MATERIAL is a supporter of the Donations for Greenery program, which is operated by the National Land Afforestation Promotion Organization. Donations are used to support a variety of "forest creation, people creation" programs in Japan and other countries. The aim is to support activities that link people with people, people with forests and people with localities. The National Land Afforestation Promotion Organization supports the growing and harvesting of forests in Japan, aid for victims of earthquakes, forest environment education for children, international greening cooperation activities, and other programs.



Parking lot to conserve satoyama

## 4. Environmental Protection (Biodiversity)



### Activities/Major data

#### 4-3. ISO Certification – Environmental Management System (EMS)

- The JM Group places ISO standards, which are prominent international standards, as an effective business management tool. We have obtained public certification for four management systems and strive to operate those systems in accordance with the attained standards. Going forward, we will continue our efforts to ensure stable operational quality, enhance our quality of service, and help protect the global and regional environment, as part of our quest to develop as a company that prioritizes safety and earns the eternal trust of our customers.

#### Four ISO Management System Certifications

**EMS**  
Fulfillment of corporate responsibilities

**QMS**  
Establishment of corporate infrastructure

**OHSMS**  
Strengthening safety assurance system

**ISMS**  
Rigorous information management

#### Environmental Management System (EMS)

- Applicable standards: ISO 14001: 2015 / JIS Q 14001: 2015
- Certificate number: JQA-EM1736
- Registration date: August 24, 2001
- Certification body: Japan Quality Assurance Organization (JQA), IQNet
- Accreditation body: Japan Accreditation Board (JAB), United Kingdom Accreditation Service (UKAS)
- Certified locations: JAPAN MATERIAL Headquarters, Yokkaichi Branch, Nakano Office



# Social

## Major initiatives and basic policies

### 1. Contributions to Communities and Society

Always grateful for the support of the public, we will remain a corporate group that promotes joint development together with local companies and municipalities to revitalize communities and continue to be a company that gains support from everyone.

### 2. Respect for Diversity, Pleasant Workplaces

Recognizing that people are the most valuable element of a company, we are an organization where all types of people can achieve their potential. We provide our people with personnel systems and workplaces that enable all employees to do their jobs with a sense of satisfaction and fulfillment.

### 3. Industrial Safety and Health

We are constantly working on establishing and improving workplace environments that enable people to do their jobs in safety and comfort. Priority is placed on compliance with laws, regulations and the principle of "always safety first."

### 4. Initiatives to Create Innovation

As a corporate group that supports cutting-edge technology, we are dedicated to using operations based on safety and trust, valuing the succession of engineering techniques, and further developing each and every employee's creativity, in order to create business that contributes to the environment, society, and future generations.

## SDGs



# 1. Contributions to Communities and Society



## Activities

### 1-1. Gold Partner of the “Quest of Life” thematic project of Expo 2025 Osaka, Kansai, Japan

- Expo 2025 Osaka, Kansai, Japan (EXPO 2025) will have Signature Pavilions concerning the Expo’s theme of “Designing Future Society for Our Lives.” JAPAN MATERIAL is a Gold Partner of the pavilion produced by Shinichi Fukuoka for the theme “Quest of Life.”
- Based on our philosophy of opening up the future, we have the goal of playing a role in creating an abundant and fair society by nurturing our people and protecting the environment, themes at the center of “life.” Our support reflects our belief that our thinking closely matches the themes of Mr. Fukuoka at EXPO 2025 “Dynamic Equilibrium of Life” and “Quest of Life”.
- We plan to use at EXPO 2025 as an opportunity to make further progress while encouraging the public to help accomplish the goals of the Signature Pavilion themes.



GOLD PARTNER



# 1. Contributions to Communities and Society



## Activities

### 1-2. Held "Fukuoka Hakase's Reading Session in KOMONO," as EXPO 2025 event

On October 23, 2022, we held "Fukuoka Hakase's Reading Session in KOMONO." This event was co-hosted by Japan Association for the 2025 World Exposition and JAPAN MATERIAL. In the event, parents and children discussed about "living in harmony with nature and creatures" through the picture book "Hotaru no Hikari wo Tsunagumono" written by Dr. Fukuoka, also called "Fukuoka Hakase."

We invited anchor Ms. Takako Zenba as a special guest. Fukuoka Hakase and Ms. Zenba recited the picture book and had a working session based on the children's experience of interacting with "nature and creatures," and participated in a quiz competition on projection mapping. Programs are structured for adults as well as children, resulting in the enjoyment of this event by many people. Systems and projection mapping images were produced by BackStage Inc., a member of the JM Group.

Co-hosted by Japan Association for the 2025 World Exposition and JAPAN MATERIAL

Supported by Mie Prefecture, Komono Town, Yokkaichi City, Komono Town Board of Education, and Yokkaichi City Board of Education



#### \*Sections for Children\*

- 1) Sharing experience interact with "nature and creatures" such as plant, animals and insects  
A working session with Fukuoka Hakase and Ms. Zenba with children was held based on the children's experience interacting with "nature and creatures."
- 2) Drawing nature and creatures by tablets  
The illustrations drawn by children by the tablets were appeared in the projection mapping in the program!!
- 3) Experiencing hologram and special monitor
- 4) Experiencing AR of insects  
AR experience where insects appeared when they read the AR markers with their smartphone!

# 1. Contributions to Communities and Society



## Activities

### 1-3. Participation in and support for community events

#### Kamoshika Half Marathon (Volunteers and sponsoring)

- The 15th Suzuka Kamoshika Half Marathon took place on October 16, 2022. As the JAPAN MATERIAL headquarters is nearby (located in Komono Town), we sponsored this event and provided a number of volunteers.
- More than 4,000 runners participated in this event, which was held for the first time in three years. Runners and spectators enjoyed a variety of stores and booths selling famous local food and merchandise as well as music. Many people came and enjoyed the event.
- Volunteers from JAPAN MATERIAL assist with this event every year.



Runners in the 15th Suzuka Kamoshika Half Marathon

#### Support for KOMONology 2022 (October 29-30, 2022)

- JAPAN MATERIAL was a supporter of KOMONology 2022, an online and on-site event of Komono Town, where the JAPAN MATERIAL headquarters is located. This event includes workshops, factory tours and other activities involving Komono Town.
- This event was based on the theme of learning more about Komono Town for continuing to think about the town's future. Workshops and other educational events functioned as classrooms for the entire community and people had the opportunity to tour factories in the town.

# 1. Contributions to Communities and Society



## Activities

### 1-3. Participation in and support for community events

#### Support for the Komono Kamadashi (Pottery) Market (November 12-13, 2022)

- The parking area of the JAPAN MATERIAL headquarters was used for a pottery market, which is held every year, featuring a variety of unique objects produced by local artisans.
- “Komono Banko” is derived from Banko ware, a type of stoneware pottery produced primarily in the cities of Yokkaichi and Kuwana in Mie prefecture. Kilns to produce this pottery emerged around 1945, using the expansive land and large supplies of wood in Komono, and now Komono Banko is well known local product.

#### Support for the 51st Sohei Festival at Yunoyama Onsen (December 4, 2022)

- The Yunoyama hot spring in Komono, where the JAPAN MATERIAL headquarters is located, held the Sohei Festival in 2022 for the first time in two years.
- Taking place every October, this event is the largest fire festival in Mie prefecture. The festival features a Flame Float with around 100 torches and a weight of approx. 600kg. This event began as a way to tell the story of the bravery, perseverance and integrity of the hundreds of Buddhist warrior monks (sohei) who fought in this region when attacked and a temple was set afire during Japan’s Warring States Period. There was no Flame Float in 2022 for safety during the pandemic.
- People attending the festival enjoyed night merchandise and food booths, stage shows and fireworks.

# 1. Contributions to Communities and Society



## Activities

### 1-4. JM Group Family Event

- This family event takes place every year to provide a place for residents of Komono Town, where the headquarters is located, to interact with JM Group employees and their family members. Starting with attendance of about 100, the event now brings together more than 300 people.
- The predecessor of this event was a gathering to pound mochi and this is still a key part of the family event. People attending the family event can also enjoy performances by a local Yosakoi dance team and a Tsugaru shamisen group.
- The JM Group actively employs Vietnamese engineers as regular employees. Since 2019, the family event has included a Vietnam culture booth where visitors can enjoy Vietnamese food and learn about traditional Vietnamese clothing and other aspects of the culture of Vietnam.



Pounding mochi at the 2019 family event

\*Suspended in recent years since 2020 due to the pandemic.

### 1-5. Cooperation with local governments for COVID-19 vaccinations

- JAPAN MATERIAL cooperated with Mie prefecture and the Nagai district of Komono Town to provide the third round of COVID-19 vaccinations.
- In the Nagai district of Komono Town, where the JAPAN MATERIAL headquarters is located, JAPAN MATERIAL provided support to enable people unable to receive vaccinations during the designated period to be vaccinated at its workplace vaccination site.



Workplace vaccination site

## 2. Respect for Diversity, Pleasant Workplaces



### Activities/Major data

#### 2-1. JAPAN MATERIAL International Scholarship Foundation

January 2019      Established the JAPAN MATERIAL International Scholarship Fund

December 2020      Certification of the JAPAN MATERIAL International Scholarship Public Interest Fund

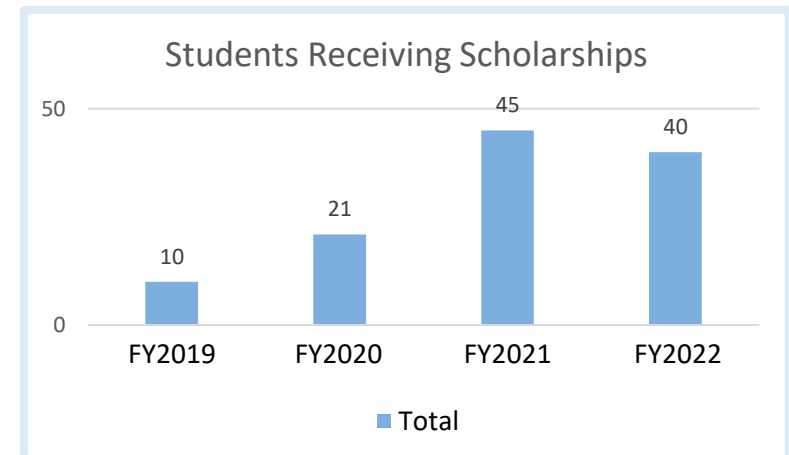
- This fund provides scholarships to students in Vietnam to study in Japan. Enabling these students to come to Japan strengthens the relationship between Japan and Vietnam, helps educate the next generation of leaders of Vietnam, and plays a role in supporting progress in Japan and Vietnam.
- On December 3, 2020, the fund was certified by the Prime Minister of Japan (Cabinet Office) as a public interest fund.

### Scholarships are used at **17 universities**

• Universities as of FY2022.

• Osaka University / Kyoto University / Keio University / Kobe University / University of Tsukuba / Tokyo Institute of Technology / The University of Tokyo / Toyohashi University of Technology / Nagoya Institute of Technology / Nagoya University / Hitotsubashi University / HOSEI University / Mie University / Meiji University / YOKOHAMA National University / Ritsumeikan University / Waseda University

(in Japanese alphabetical order)



## 2. Respect for Diversity, Pleasant Workplaces




### Activities


#### 2-2. More job opportunities for seniors and foreign employees

##### Work by 3G (Triple Generation)

- Work by 3G is one of the visions of JAPAN MATERIAL since its establishment.
- “Work by 3G” means fostering a workplace environment where three generations can share the satisfaction of doing a job well and realize their full potential: young people in their teens, mid-career professionals with a full of vitality and older people with many years of experience and advanced skills.
- The ability to pass on the knowledge of experienced people to younger people is a major benefit of using three generations in the same workplace.




**JM Connects Generations**




**JM Connects through Techniques**

**Five Visions**



**JM Connects with the Environment**

**JM Connects Local Communities**



The JM Group seeks to continue encouraging employees across the generations to work together and inspire each other.

## 2. Respect for Diversity, Pleasant Workplaces

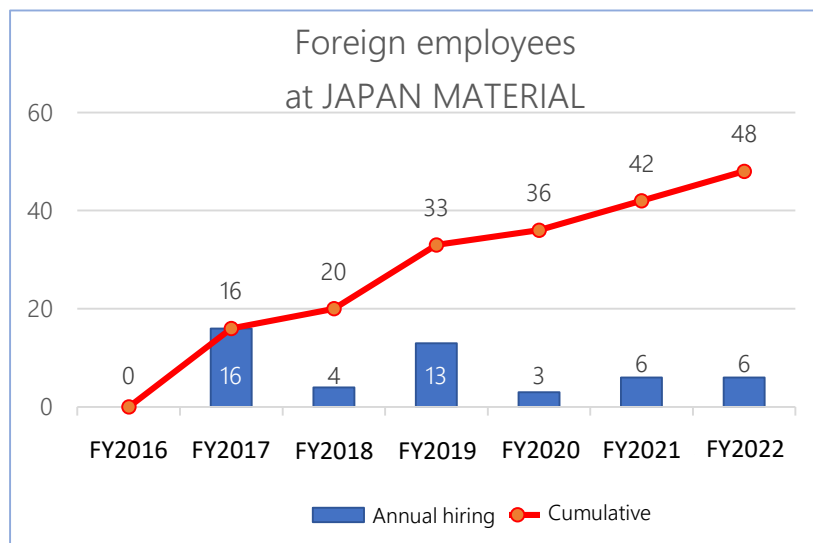


### Activities/Major data

#### 2-2. More job opportunities for seniors and foreign employees

##### Foreign regular employees

- Many people from other countries are working as regular employees of JAPAN MATERIAL.
- Foreign employees are building their carriers at semiconductor maintenance and administration etc. We maintain a pleasant and productive workplace environment for everyone, irrespective of nationality.
- Group company JM Engineering Service uses barbecue parties and other events to make employees from other countries comfortable with their lives in Japan. The company also provides a variety of support concerning life in Japan, including information from police officers.



▲ A presentation by a local police officer about traffic safety (Hybrid meeting due to the pandemic)

◀ A JM Engineering Service barbecue party (Suspended in recent years due to the pandemic)

## 2. Respect for Diversity, Pleasant Workplaces



### Activities/Major data

#### 2-3. Female managers and hiring of people with previous job experience

- Maintaining a workforce encompassing a broad spectrum of values is essential for the sustained growth of a company. We are committed to remaining an organization where people with different values and beliefs can realize their full potential irrespective of nationality, gender, disabilities and other characteristics.
- We support the advancement of women at the JM Group. In addition, we provide reduced working time for child care and other programs to enable employees to continue working while meeting responsibilities at home.
- Reduced working hours for child care can be used until a child has completed elementary school. This is much longer than the legally mandated period, which is up to age three, and the period used at most Japanese companies, which is up to the start of elementary school. The extended period for reduced working hours at the JM Group gives employees more flexibility for child care while continuing to do their jobs.

Female managers

**6.3%**

- Percentage for the JM Group in FY2022

Use of child care leave

**100%**

- Percentage for the JM Group in FY2022

Use of the reduced working time for child care program

Number of employees **9**

Utilization rate **100%**

- Percentage for the JM Group in FY2022



## 2. Respect for Diversity, Pleasant Workplaces



### Activities/Major data

#### 2-4. Internal programs

##### Improving work-life balance

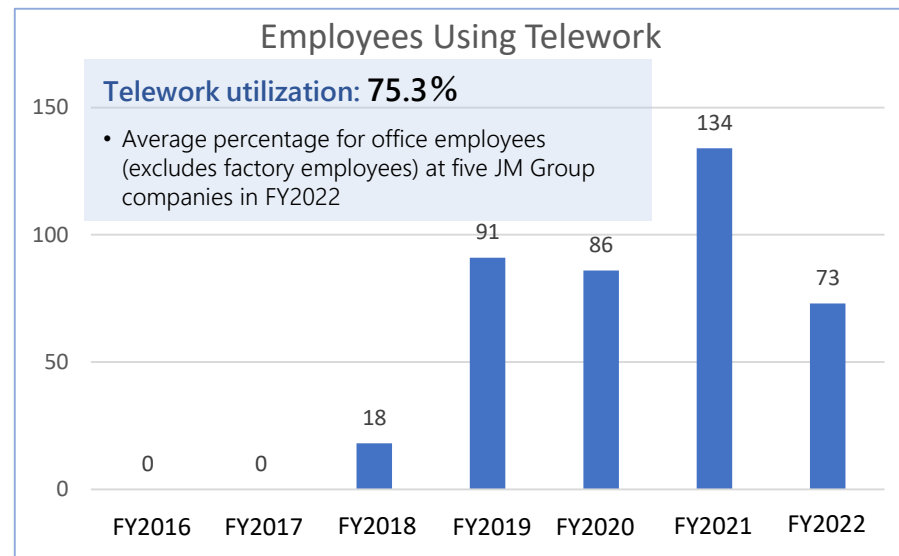
- Rigorous management of overtime work for a better work-life balance of employees
- Program for reduced working hours
- Telework and flex-time opportunities

##### Life events and diverse working styles

- System to encourage use of paid leave
- Support after returning to work after child care leave; reduced working time for child care until end of elementary school
- Able to divide child care leave into separate periods; start paternity leave

##### Education and career advancement

- Training programs for new employees
- Training programs for the next generation of managers
- Training programs to earn professional qualifications



- Use of telework increased because of the pandemic.
- During the pandemic, there were measures to facilitate telework, such as support for purchasing notebook PCs and the provision of wi-fi routers.

#### Use of paid leave time **80.8%**

- Average use of paid leave at five JM Group companies in FY2022
- Average use of paid leave during the past five years at four JM Group companies was more than 70%.

## 2. Respect for Diversity, Pleasant Workplaces



### Activities

#### 2-4. Business Action Plan (April 1, 2022 to March 31, 2029)

- The following action plan was established for the purpose of enabling all employees to fully utilize their skills. The plan enables people to continue working while caring for a child and provides a pleasant workplace environment for everyone.

#### Target 1: 30% use of child care leave by male employees by creating an environment supporting the use of this program

##### Actions

- April 2022- Studies of programs based on laws and of workplace environments
- April 2024- Establishment of environment making it easy to take child care leave and preparation of documents explaining this program
- April 2026- Individual information meetings to encourage eligible employees to use this program

#### Target 2: Start of paid time off for specific times of the day for ensuring proper work-life balance

##### Actions

- April 2022- Studies of programs based on laws and of workplace environments
- April 2024- Studies about structure of this program and measures to solve problems
- April 2026- Establishment of rules and programs to make people aware of this program

Action plan listing date: May 15, 2022



## 3. Industrial Safety and Health

### Activities/Major data

#### 3-1. Industrial Safety and Health Committee: Hold once every month

- The JM Group has a Industrial Safety and Health Committee.
- At monthly meetings, members hear reports from departments about events that could have become an accident, overtime work reports, opinions from an industrial physician based on workplace visits, and other items. The objective is to improve safety and hygiene for employees.

#### 3-2. Safety Reinforcement Week: Four times every year

- During every Safety Reinforcement Week, there are safety patrols of workplaces and risk prediction training.
- We have a Household Day to make employees refresh both physically and mentally.

#### 3-3. Group Safety First Campaign (led by Safety and Quality Assurance Dept.): Once every month

- With the participation of managers of JM Group departments and directors supervising these activities, an information sharing meeting takes place concerning workplace and traffic accidents and other problems involving workplace safety and hygiene.
- Information is shared horizontally with all departments in order to prevent accidents.

#### 3-4. Reexaminations of working environments and work manuals

- We are reexamining workplace environments and work manuals by using numerous activities involving production and other departments with the support of the Safety and Quality Assurance Department.



## 3. Industrial Safety and Health

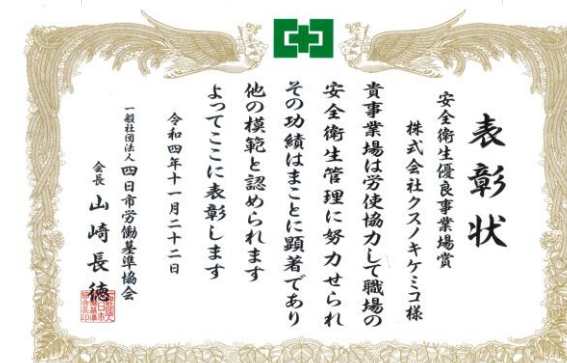
### Activities/Major data

#### 3-5. Industrial safety and health certifications and awards KUSUNOKI CHEMICO Co., Ltd.

On July 1, 2022, JM Group member KUSUNOKI CHEMICO received certification from the governor of Mie prefecture as a Mie Tokowaka Health Management Company 2022 (White Mie).

To accomplish the FY2022 health goals, activities at this company include measures to prevent lifestyle diseases and mental health programs. Certification reflects the company's strong commitment to measures for improving the health and vitality of its workforce.

On November 22, 2022, KUSUNOKI CHEMICO received recognition from the Yokkaichi City Labor Standards Association as a FY2022 Outstanding Industrial Safety and Health Company. This recognition reflects this company's numerous workplace safety and health programs and their excellent performance. Our many years of activities and accomplishments for the improvement of industrial safety and health are recognized as a model for other companies.



## 3. Industrial Safety and Health

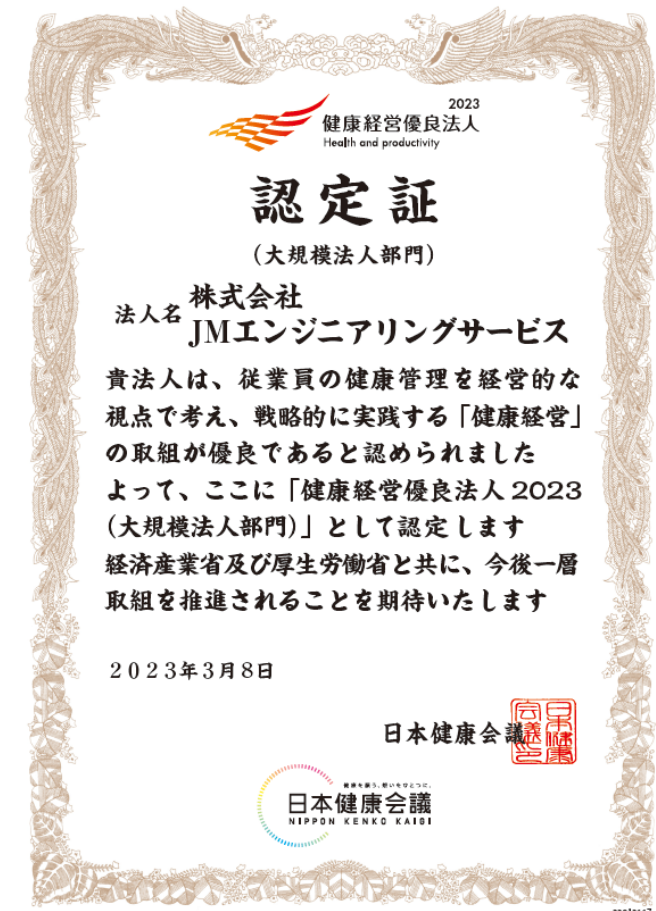


### Activities/Major data

## 3-5. Industrial safety and health certifications and awards JM Engineering Service Co., Ltd.

On March 8, 2023, JM Group member JM Engineering Service was certified by Nippon Kenko Kaigi as a 2023 Certified Health and Productivity Management Outstanding Organization in the large enterprise category.

In FY2022, JM Engineering Service designated the improvement of employee satisfaction as the goal. There was support for returning to work with no difficulties following a long break and for the treatment of a disease. The company provided places where employees could speak freely along with measures reflecting the status of a disease and the mental process involved. Overall, this certification recognizes the results of a large number of initiatives by the company.



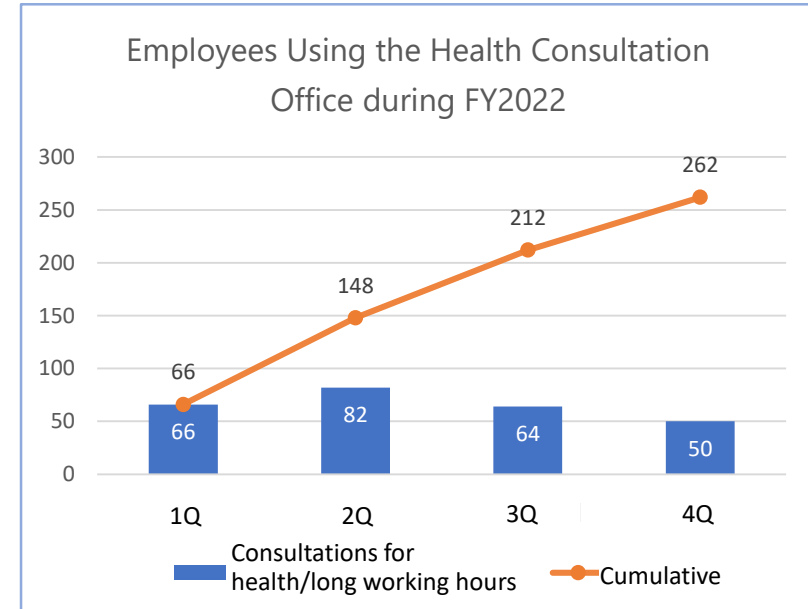
## 3. Industrial Safety and Health



### Activities/Major data

#### 3-6. Support for healthy life styles of employees Employee Health Consultation Office

- JAPAN MATERIAL operates an Employee Health Consultation Office every Wednesday that anyone at the JM Group in Japan can use for matters involving physical and mental health issues. Both on-site and internet consultations are available.
- Individuals can meet an industrial physician for about 40 minutes to discuss results of health check-ups, health issues involving family members, an elderly parent in need of care, and many other matters involving healthy living and health care.



#### Mental health presentation by an industrial physician

- On October 12, 2022, an industrial physician gave a presentation about mental health that included how to cope with stress, workplace depression, and how to check for one's level of stress. The event was held at the JAPAN MATERIAL headquarters and a recording of the presentation was made available to all group employees to give everyone a better understanding of mental health issues.

## 3. Industrial Safety and Health



### Activities

## 3-6. Support for healthy life styles

### Stretching and posture improvement class

- In July 2022, JAPAN MATERIAL began holding a monthly stretching and posture improvement class with information about using items at home to deal with shoulder and back pain and other problems. This class is one of events to support the health of JAPAN MATERIAL employees by an employee as a building instructor. Classes take place at a building next to company housing in Mie prefecture and can be viewed by employees anywhere in Japan using the internet.

### Participation in walking event

- JAPAN MATERIAL employees participated in a walking event held by the health insurance association in order to encourage people to make walking a regular part of their lives. Many participants have remarked that they now go on a walk frequently and that forming teams for walks has strengthened communications among people in the same departments.

### Issuance of "Health is wealth" letter

- We started issuing a health letter called "Health is wealth" in 2022. The publication contains information about staying healthy physically and mentally in order to support programs to improve and maintain the good health of everyone at the JM Group.

No.2

**JM健康だより** ★

**Health is wealth**

10月は健康保険組合連合会が定めている「健康増進月間」です！健康増進月間は、国民の健康意識を向上させて、健康を維持・増進することが目的とされ、1966年にスタートし半世紀以上において実施されています。皆さんもこれを機に健康を意識した活動をしてみましょう◎

生活習慣を見直そう！

生活習慣とは「食習慣」「運動習慣」「喫煙・飲酒」「睡眠習慣」などの、生活をしていく上での毎日行っている生活パターンのことです。生活習慣は人によって異なり、生活習慣が原因で起こる病気を「生活習慣病」といいます。生活習慣病は、育った環境や遺伝的要素も関係するものですが、名前のとおり日々の生活習慣が大きく関わっています。

主な生活習慣病には、「高血圧」「糖尿病」「脂質異常症」が挙げられます。JMの健康診断結果分析を確認したところ、健康平均と比較して「糖尿病リスク」がかなり高いという結果が出ています。

生活習慣病とされている2型糖尿病は、インスリンが出にくくなったり効きにくくなったりすることによって血糖値が高くなる病気です。血糖値が高い状態が続くと全身の血管にダメージを与え、脳梗塞や心筋梗塞、網膜症や腎臓病、神経障害等の可能性が高まります。原因は主に、食や過食、運動不足が原因と考えられ、日々の生活習慣が大きく関わっています。

糖尿病は自覚症状がなく、かかり進行してから症状が現れることもあります。糖尿病予防のためにも、規則正しい生活習慣を心がけることが大切です。忙しい日々だと、どうしても生活リズムが乱れがちになってしまいますが、病気の予防のためにも健康を意識しましょう！

糖尿病予防のための生活習慣改善ポイントは、「食事」と「運動」です！

ウォーキングイベントに参加しましょう！

関東ITS健康保険組合主催の「歩Fes. 2022秋」が開催されます！個人向け健康ポータルサイト「MY HEALTH WEB」のスマートフォンアプリを利用して行われます。歩Fes.は歩数にもよってランキングが確認でき、楽しみながらウォーキングを続けることができます。歩数によってポイントが貯まり、Amazonギフト券や電券などと交換が出来ます！チーム戦もありますので、同部署や課のメンバーでチームを作って参加するのもオススメです◎

昨年度の秋開催から総務人事部門メンバーで参加していますが、普段運動を全くしない人も歩く習慣が出来たり、チーム戦で協力しながら挑戦することで部門内の話、コミュニケーションも増えたように感じました。涼しくなってきた、運動するにはピッタリな季節です！生活習慣改善のために、皆さん是非一緒に参加しましょう◎

開催期間：2022年11月1日～11月30日  
参加方法：「MY HEALTH WEB」アプリをダウンロードして、2022年10月31日までに参加登録を完了してください。  
※関東ITS健康保険組合被保険者のみ参加可能。別紙案内有り。  
詳細はこちら：https://www.its-kenpo.or.jp/kant/mbw\_walk.html

やぐらの健康豆知識

◆空腹にはたくさんのお水が大切！

「お腹が空いたら」と、すぐ間食したりたくさん食べたりしていませんか？空腹状態の人の身体には沢山の害があります！

- \*脂肪がエネルギーとして使われる為、脂肪燃焼効果がある！
- \*白血球の働きが活性化するので、免疫力アップ
- \*腎や腸などの排泄器官を休ませることで内臓から健康に！
- \*身体の代謝が活発になり、アンチエイジング効果あり！

私は「毎日1時間何も食べない期間を作る」ようにしています。自分の生活スタイルに合わせて、試してみてください◎

【生活習慣の改善ポイント】

◆朝食をしない  
特にカーネンなどの甘いお菓子を、清涼飲料水は血糖値を急上昇させるので、控えた方が良いでしょう。

◆食べる順番を工夫する  
食事は最初に血糖値を上げやすいもの、そうでないものがあります。血糖値を上げにくい食べ物（低GI食品）から食べ始めると、血糖値の上昇が緩やかになる為、急激に血糖値が上がらぬのを防ぎます。  
主な低GI食品：芋、豆、海藻類、野菜、豆腐類

◆たんぱく質を摂る  
糖質の多い食べ物は、余分なブドウ糖をつくり糖質を急激に上昇させる原因となります。特に脂肪分の多い肉類を食べ過ぎは、カロリーの取りすぎに繋がりますので、量を少し控えめにし、毎日続けて食べるのも避けましょう。外食の場合は魚を中心とした和食の定食がオススメです◎

【運動習慣の改善】

◆糖質予防になる4つの効果

- ①血液の中のブドウ糖を消費することができます。
- ②インスリンの働きをよくする  
運動にはブドウ糖を直接細胞に取り込む効果があり、すい臓を休ませてインスリンの働きをよめます。
- ③脂肪燃焼を小さくし、インスリンの働きを助ける  
運動を続けると脂肪細胞が小さくなり、インスリンの働きをまきたる物質を減らすことができます。
- ④基礎代謝エネルギーを増やす  
運動によって筋肉が増えると、基礎代謝量が増え、基礎代謝量が増えれば、消費エネルギーが増えます。（筋トレがオススメです！）

運動は30分程度のウォーキングや軽いジョギング、ラジオ体操でもOK◎  
血糖値が上昇する食後30分～1時間後に合わせて始めるとより効果が高まります。

A stretching and posture improvement class

## 3. Industrial Safety and Health



### Activities

#### 3-7. Evacuation drills and AED classes

- To be prepared for emergencies, there are periodic evacuation drills and automated external defibrillator (AED) classes.

#### 3-8. Traffic safety and other programs with local police

- Employees can attend events, including events for families and local communities, led by police officers about traffic safety and other associated topics. These events give people a better understanding of safety for drivers and pedestrians.
- A traffic safety class was held at the JAPAN MATERIAL headquarters in December 2022.
- The December 2022 event was recorded to share with everyone at the JM Group to increase awareness toward traffic safety.

#### 3-9. Participation in traffic safety seminar (Kitakami area)

- JAPAN MATERIAL employees attended a traffic safety seminar at a driving school in the city of Kitakami in Iwate prefecture to be prepared for driving on snowy roads.
- The driving class was mainly for new employees and people recently transferred to Kitakami who are not accustomed to driving on snow and ice. Participants learned winter driving techniques and points to keep in mind for safety.



A police dog demonstration at the family event for traffic safety



A traffic safety seminar



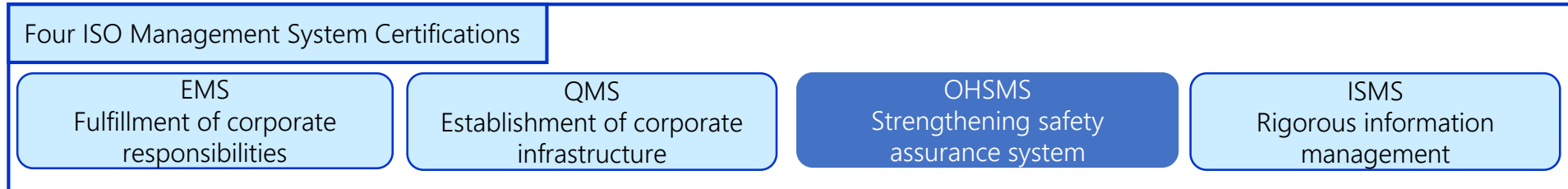
## 3. Industrial Safety and Health



### Activities/Major data

#### 3-10. ISO Certification – Occupational Safety and Health Management System (OSHMS)

- The JM Group places ISO standards, which are prominent international standards, as an effective business management tool. We have obtained public certification for four management systems and strive to operate those systems in accordance with the attained standards. Going forward, we will continue our efforts to ensure stable operational quality, enhance our quality of service, and help protect the global and regional environment, as part of our quest to develop as a company that prioritizes safety and earns the eternal trust of our customers.



#### Occupational Safety and Health Management System (OSHMS)

- Applicable standards: ISO 45001: 2018 / JIS Q 45001: 2018
- Certificate number: JQA-OH0071
- Registration date: August 27, 2004
- Certification body: Japan Quality Assurance Organization (JQA), IQNet
- Certified locations: JAPAN MATERIAL Headquarters, Yokkaichi Branch, Nakano office, Yokkaichi TGM Branch, TOWA SHOKO Co., Ltd., PEK Co., Ltd. Headquarters, Sakai Branch, Yokkaichi Branch



JQA-OH0071

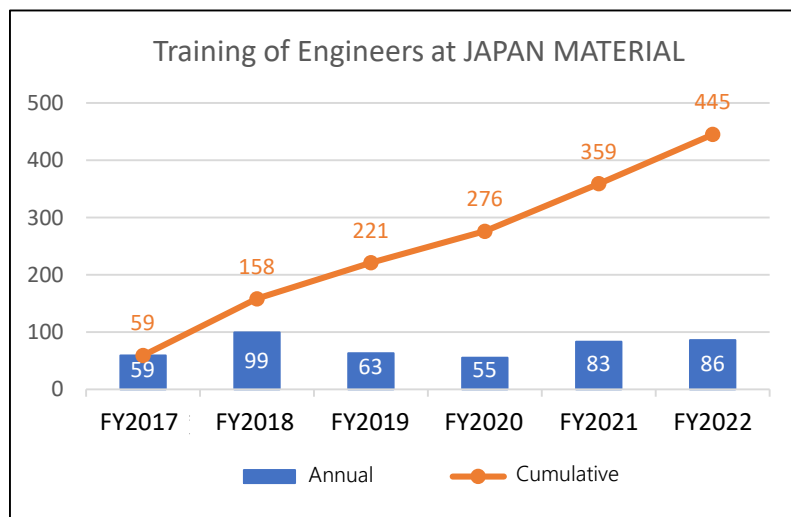
## 4. Initiatives to Create Innovation



### Activities

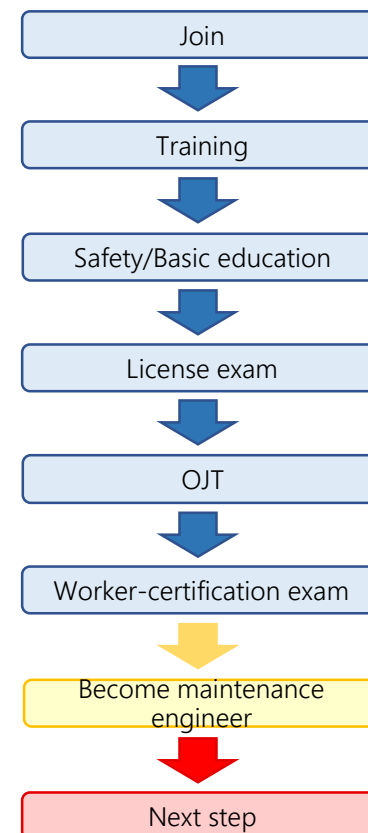
#### 4-1. A training center to support semiconductor production

- The training center started operating in April 2017 as one way to deal with the constant shortage of people qualified to work in the semiconductor industry. Training gives participants the skills needed to work as maintenance engineers.
- Trainees attend classes about safety and basic points of semiconductors and then use the same highly advanced semiconductor production equipment that is currently in the fabs. Participants acquire knowledge of assembly and maintenance procedures.
- The training center is also used by a major manufacturer of semiconductor production equipment for its own engineers training activities as the only facility in Japan.



A class held in a clean room

#### <Curriculum>



## 4. Initiatives to Create Innovation



### Activities

#### 4-2. Established Technical Support Center

- JAPAN MATERIAL established a Technical Support Center at its headquarters in December 2021 to meet a variety of needs of companies in the semiconductor industry. The center is used to provide technical services at an even higher level as a valuable partner for our customers.
- The Technical Support Center has a clean room with an area of approx. 500 m<sup>2</sup>. Activities include classes for engineers and modifications to semiconductor production equipment in order to support leading-edge semiconductor operations. The 3,400 m<sup>2</sup> warehouse has high-functional parts, specialty pipes and tubes, and other materials required by semiconductor factories. With the capabilities for timely and accurate services for customers, the Technology Support Center is expected to contribute to revival of the Japan's semiconductor industry.



Technical Support Center (left: warehouse building; right: technical building)



Technical building: Clean room

## 4. Initiatives to Create Innovation



### Activities/Major data

#### 4-3. Yokkaichi bonded warehouse

- JAPAN MATERIAL has established and started operating a bonded warehouse adjacent to the Yokkaichi semiconductor fab of KIOXIA Corporation. This warehouse is part of a deregulation project of the Ministry of Economy, Trade and Industry, Mie prefectural government and City of Yokkaichi. When operations started, this was the first bonded warehouse in Japan solely for pressurized gases.
- Before the establishment of this warehouse, imported special pressurized gases for semiconductor and liquid crystal production had to be inspected and complete customs procedures at a bonded warehouse at the ports of Yokohama and Kobe prior to shipment to Mie prefecture. The bonded warehouse beside the fab of KIOXIA makes it possible to transport imported special gas from the nearby Yokkaichi harbor to the warehouse for inspections and customs clearance. This change reduces the cost of transportation and CO2 emissions associated with transporting the gas.
- Shorter import procedures and transport times allow delivering special pressurized gases faster, contributing to efficient operation of semiconductor factories and production processes.

#### CO2 emission reduction **5 tons/year**

- Transport time and CO2 emissions are calculated based on gas transported during FY2021, assuming transportation from the ports of Kobe and Yokohama. Reductions in transportation time and CO2 emissions differ depending on the arrival port of the imported gas.



The JAPAN MATERIAL bonded warehouse in Yokkaichi

## 4. Initiatives to Create Innovation



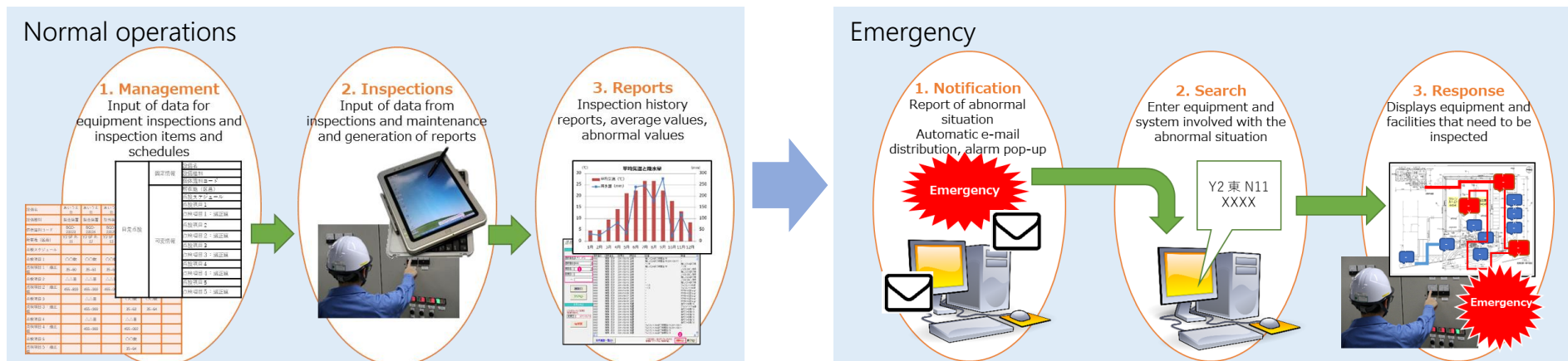
### Activities

#### 4-4. Development of a comprehensive clean room equipment management system

- JAPAN MATERIAL has developed a centralized management system for information concerning production equipment and associated equipment required for the production of electronic devices.

##### Advantages of the system

- Consolidation of information at a factory in a database makes it possible for people to monitor on a PC the real-time status of the factory.
- The system can be linked with a monitoring system of another company for quickly and accurately identifying problems in an abnormal situation and reducing any resulting downtime.
- Fewer people are needed for regular inspections due to the use of online inspection procedures.
- Linkage with the digital signage service of the Graphics Solutions Department generates warnings when an emergency occurs in order to ensure the safety of factory personnel.



# Governance

## Major initiatives and basic policies

### 1. Dialogues with Shareholders, Investors and the Public

We are committed to timely disclose based on fairness and accuracy. We also strive to disclose information that is not required to be disclosed but that we believe is useful to shareholders and other investors, to the extent possible, in a positive and fair manner.

### 2. Corporate Governance

We recognize that strengthening the corporate governance system is one of our most important management issue. Based on this recognition, we are building an organizational structure that enables fair, sound and transparent management through various measures. We also have a firm commitment to compliance, while fostering ethical behavior among everyone in the JM Group.

### 3. Compliance and Risk Management

We have established the JM Group Practice Guideline to establish corporate ethics and to ensure that directors and employees comply with laws, regulations, the Articles of Incorporation, and internal rules, as well as to conform with generally accepted standards of behavior and ethics. We work to ensure through awareness of and compliance with this Practice Guideline.

## SDGs



# 1. Dialogues with Shareholders, Investors and the Public



## Major data

### 1-1. Shareholders meeting attendance

- The annual shareholders meeting places emphasis on facilitating a dialogue with shareholders.
  - Attendance by ordinary shareholders was 0 in 2020, 1 in 2021 and 13 in 2022.
- \*At all three meetings, there were measures for preventing COVID-19 infections due to the pandemic.

### 1-2. Ownership by institutions: 26%

- Institutional investors held 25.5% of JAPAN MATERIAL stock as of March 31, 2023, down 0.9% year-on-year.

### 1-3. Foreign ownership: 24%

- Investors outside Japan held 24.3% of JAPAN MATERIAL stock as of March 31, 2023, up 2.4% year-on-year.

### 1-4. Dialogues with institutional investors: 162

- There were 162 meetings with institutional investors during FY2022.

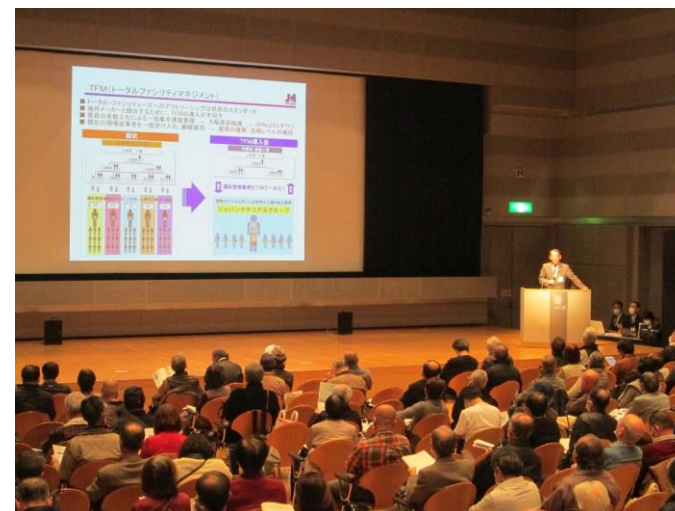
# 1. Dialogues with Shareholders, Investors and the Public



## Activities

### 1-5. Information meetings for individual investors

- An information meeting for individual investors is held every year in Nagoya.
- On December 13, 2022, JAPAN MATERIAL participated in the Stock Investment Winter Seminar of the Nagoya Stock Exchange for the first time in three years.
- There were 280 individual investors at this event, which consisted of presentations by listed companies and a seminar about investing in stocks.
- Hisao Tanaka, president and representative director of JAPAN MATERIAL, explained the company's activities and recent results of operations and answered many questions from individual investors.



The Stock Investment Winter Seminar



## 2. Corporate Governance



### Major data

#### 2-1. Shift to a Company with an Audit & Supervisory Committee

- At the annual shareholders meeting held on June 29, 2022, shareholders approved a resolution to change the company's governance structure from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee.

- Purpose:**

The new governance structure has an Audit & Supervisory Committee consisting of directors that is responsible for audits and other supervision of how the directors perform their duties. This structure is expected to make corporate governance even more effective by strengthening the auditing function of the Board of Directors as well as the framework for the oversight of management.

- Composition of the Audit & Supervisory Committee:**

All Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
3	1	1	2	Internal director

- Selection of director and committee member candidates:**

In accordance with the JAPAN MATERIAL management principles, these candidates are selected based on judgments concerning their ability to perform audits from a neutral and objective perspective and contribute to the soundness of the company's management. These candidates also require the skills and knowledge for auditing the performance of directors (other than Audit & Supervisory Committee members), preventing violations of laws, regulations and the Articles of Incorporation, and making improvements to the soundness of the JM Group's management and the group's reputation as a trustworthy organization.

- The Audit & Supervisory Committee meets once every month, as a rule. Committee members discuss decisions made by the Board of Directors and measures for ensuring that the directors (other than Audit and Supervisory Committee members) perform their duties in a suitable and proper manner.

## 2. Corporate Governance



### Activities/Major data

#### 2-2. Independent outside directors to strengthen the oversight function

- The Board of Directors includes five independent outside directors for the purpose of strengthening the auditing and oversight of the Board of Directors through the participation of these outside directors in management decisions.

#### Ratio of independent outside directors:

# 38.5%

The five independent outside directors are 38.5% of all directors (as of November 1, 2022), which is more than the percentage stipulated in the Corporate Governance Code.

#### 2-3. Basic Policy for Corporate Governance and constant studies and improvements (PDCA cycle)

- At meetings of the Board of Directors, all directors base activities on a thorough understanding of the Corporate Governance Report and there are measures for compliance with all principles of the Corporate Governance Code along with follow-up measures.
- JAPAN MATERIAL submits a Report Concerning Corporate Governance to the Tokyo Stock Exchange.

#### 2-4. Nomination & Remuneration Advisory Committee

- JAPAN MATERIAL has a Nomination & Remuneration Advisory Committee to provide advice to the Board of Directors.
- Discussions by this committee ensure the independence and objectivity of the procedure used to nominate directors and director remuneration, thereby further upgrading corporate governance.

#### Ratio of independent outside directors:

# 75.0%

Three independent outside directors are members of the Nomination & Remuneration Advisory Committee, which is 75.0% of all committee members (as of November 1, 2022). This composition of the committee ensures the independence of the activities of the committee.

## 2. Corporate Governance



### Skill Matrix

Name	Nomination & Remuneration Advisory Committee	Corporate Management	Electronics	Graphics Solution & IT	Engineering & Operation Service	Sales & Marketing	Finance & Accounting	Legal Affairs & HR
Hisao Tanaka	<input type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>		
Tetsuo Kai		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kosuke Tanaka		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Keisuke Hase		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
Yoshinori Sakaguchi		<input type="radio"/>		<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	
Nobuharu Yanai			<input type="radio"/>		<input type="radio"/>			
Tomokazu Tanaka		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jiro Oshima	<input type="checkbox"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>			<input type="radio"/>
Kenichi Sugiyama	<input type="checkbox"/>	<input type="radio"/>					<input type="radio"/>	<input type="radio"/>
Sadahiro Numazawa	<input type="checkbox"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>			<input type="radio"/>
Teruyuki Kita		<input type="radio"/>			<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
Yoko Haruma								<input type="radio"/>
Tsuyoshi Imaeda							<input type="radio"/>	



## 3. Compliance and Risk Management

### Activities

#### 3-1. Practice guidelines/Internal reporting system

- JAPAN MATERIAL operates an internal reporting system called the JM Hotline. Anyone can use this hotline to report violations of laws, regulations, the Articles of Incorporation, JM Group practice guidelines, and other compliance violations. This includes information from individuals who suspect they may have become involved with a type of improper behavior.
- Rules for the operation of this internal reporting system have been established. When a report is received, a team is established to examine the information, including examinations of all associated departments. If this process reveals improper behavior, corrective measures are taken along with measures to prevent this type of problem from happening again.
- The practice guidelines are posted in the JM Group's groupware and distributed in brochure to give everyone access to this important information.

#### JM Group Practice Guidelines

1. Respect for Human Rights
2. Protection of Confidential Information
3. Compliance with Company Rules and Performance of Job Duties in Good Faith
4. Compliance with Applicable Laws and Corporate Regulations
5. Prohibition on Acquisition of Personal Gains through Work
6. Standard for Providing/Receiving Gifts and Entertainment Service
7. Whistleblowing System and Protection of Whistleblowers
8. Against Violation of Regulations

#### Operation of the JM Hotline (Basic flow of whistleblowing)

##### Individual submitting report

- Information that cannot be reported to a supervisor
- A potential problem or other matter

Report

Response

##### Hotline (External party)

- Response to the information reported
- Advice to the company, other activities

Report

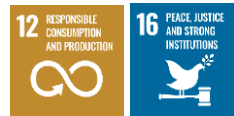
Response

##### JAPAN MATERIAL

- Determination of actions to take
- Confirmation of business activity, other measures

When reports and complaints are submitted for a sincere and proper purpose, the privacy of the individual submitting the report and of all individuals involved with the report is protected. Furthermore, individuals submitting reports are protected from any negative consequences due to the report and subsequent cooperation to confirm the events reported.

## 3. Compliance and Risk Management



### Activities

#### 3-2. Risk management

- In accordance with the Crisis Management Rules, risk is divided into the categories of strategy risk, natural disaster and accident risk, operational risk, and financial risk. A suitable framework is used for risk management activities with priority on risk factors that have a significant effect on the continuity of business operations.
- The Crisis Management Rules include provisions for crisis management in order to minimize damages and losses when a crisis occurs. When a crisis prescribed in JAPAN MATERIAL rules happens, a emergency taskforce is immediately established under the oversight of the company president.  
For responses to the crisis, this unit places the highest priority on preventing deaths. The best possible decisions are made and actions are taken quickly while complying with laws, regulations, ethical guidelines by using a long-term perspective concerning the continuity of the JM Group's business operations.
- The Safety and Quality Assurance Department monitors risk factors affecting quality and safety with the aim of preventing the occurrence of any problems.

#### 3-3. Employee and family member safety system

- In the event of an earthquake, flood, typhoon, pandemic, infrastructure failure or other crisis, JAPAN MATERIAL uses a safety management system that quickly confirms the safety of employees and their family members and damage at JM Group business sites.
- Safety system drills for all employees are conducted periodically to verify that the personal safety reporting app and e-mail systems are operating properly. Training activities for responses to reports and other measures ensure that everyone can quickly verify damage and other information when a crisis occurs.

## 3. Compliance and Risk Management



### Activities/Major data

#### 3-4. ISO Certification – Information Security Management System (ISMS)

- The JM Group places ISO standards, which are prominent international standards, as an effective business management tool. We have obtained public certification for four management systems and strive to operate those systems in accordance with the attained standards. Going forward, we will continue our efforts to ensure stable operational quality, enhance our quality of service, and help protect the global and regional environment, as part of our quest to develop as a company that prioritizes safety and earns the eternal trust of our customers.

##### Four ISO Management System Certifications

EMS  
Fulfillment of corporate responsibilities

QMS  
Establishment of corporate infrastructure

OHSMS  
Strengthening safety assurance system

ISMS  
Rigorous information management

#### Information Security Management System (ISMS)

- Applicable standards: ISO/IEC 27001: 2013/JIS Q 27001: 2014
- Certificate number: JQA-IM0592
- Registration date: August 22, 2008
- Certification body: Japan Quality Assurance Organization (JQA)
- Accreditation body: United Kingdom Accreditation Service (UKAS), ISMS Accreditation Center (ISMS-AC)
- Certified locations: JAPAN MATERIAL Headquarters, Tokyo Head Office, Yokkaichi Branch, Nakano office, Yokkaichi TGM Branch

