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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

The JM Group has a firm commitment to playing a role in achieving a sustainable society with activities guided by our corporate philosophy as a company that is closely linked with the lives of people all over the world and the social infrastructure.

In FY2024, we continued to collaborate with our stakeholders to promote effective measures in response to climate change problems. Regarding the new transportation system by using a combination of rail and truck transport, which commenced full-scale operation last year, we have continued this initiative while also exploring its expansion to other areas. We believe its expansion can contribute to reducing CO₂ emissions associated with long-distance transportation of semiconductor materials, as well as improving logistics efficiency and ensuring stable transportation.

We continue to work on and improve initiatives for the materiality identified based on our "Basic Policy for Sustainability," striving to achieve ESG (Environmental, Social, and Governance) management in an even better form. We aim to deepen collaboration with our stakeholders to further grow our group and strengthen our efforts toward materiality, thereby contributing to the sustainable development of society.

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*).

Connects People

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.

Connects through Techniques

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.

Connects 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.



Connects with the Environment

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.

Connects Local Communities

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.

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
(Health, Safety)

Initiatives to Create
Innovation

Governance

Dialogues with
Shareholders, Investors
and the Public

Corporate Governance

Compliance
and Risk Management
(Human Rights,
Business Ethics)

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.08-10					   
		Initiatives to Achieve Carbon Neutrality	P.11-18					  
		Disclosure Based on the TCFD Framework	P.19-29					  
		Environmental Protection	P.30-32					    
Social	Contributions to Communities and Society	Contributions to Communities and Society	P.34-39					   
	Human Resource Development and Pleasant Workplaces	Respect for Diversity, Pleasant Workplaces	P.40-46					  
		Industrial Safety and Health	P.47-53					  
	Initiatives to Create Innovation	Initiatives to Create Innovation	P.54-56					 
Governance	Governance	Dialogues with Shareholders, Investors and the Public	P.58-59					 
		Corporate Governance	P.60-61					  
		Compliance and Risk Management	P.62-64					 

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

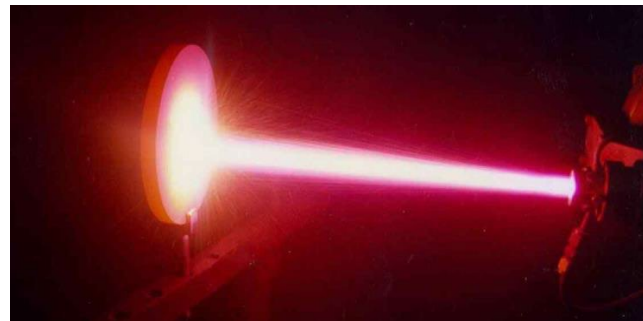
Activities/Major data

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 **51%**

Detoxification/reuse **49%**

- Percentage of pipes that were recycled or reused in FY2024 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 been cleaning pipes removed during maintenance procedures. Pipes that were previously discarded are now reused about three or four times.

Number of pipes reused

Approx. 50/year

- Average for pipes processed by JM TECH in FY2024.



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.
- The amount of electricity generated, CO₂ emissions reduced and other information are displayed at the main entrance of the JAPAN MATERIAL headquarters.



(Left) Solar panels at the headquarters since 2007
(Right) Main entrance of the JAPAN MATERIAL headquarters



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.

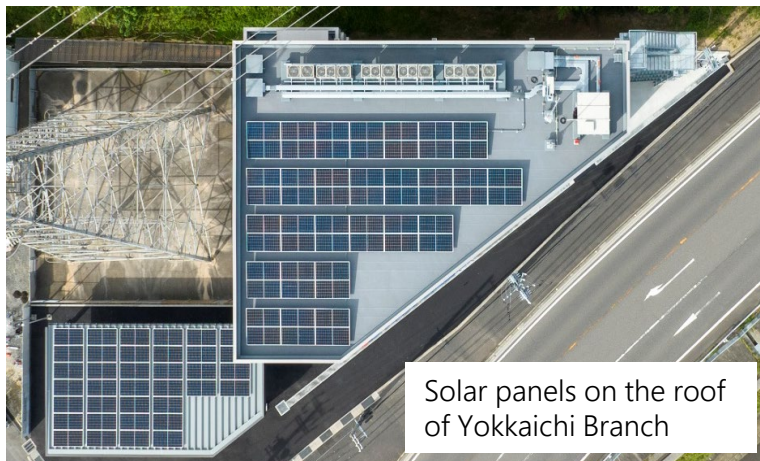
2. Initiatives to Achieve Carbon Neutrality



Activities/Major data

2-2. Net zero energy building (ZEB)

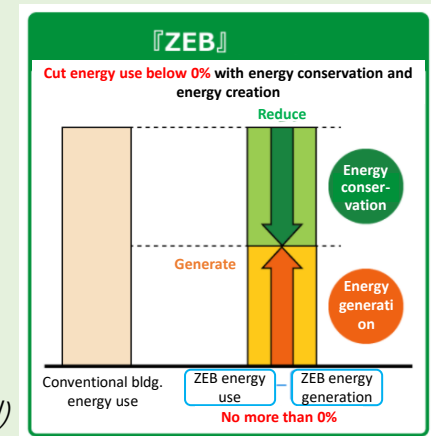
- In October 2023, we reconstructed Yokkaichi Branch with a ZEB (Net Zero Energy Building). Due to rebuilding prompted by aging facilities, we adopted ZEB construction to minimize the environmental impact of our business activities.
- In addition to daily energy conservation activities throughout the JM group, we have installed solar panels, a feature of ZEB, and have established a system that prioritizes the consumption of electricity generated in-house.
- 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.



What is a ZEB?

- Abbreviation of “net zero-energy buildings”.
- The goal of ZEB 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)





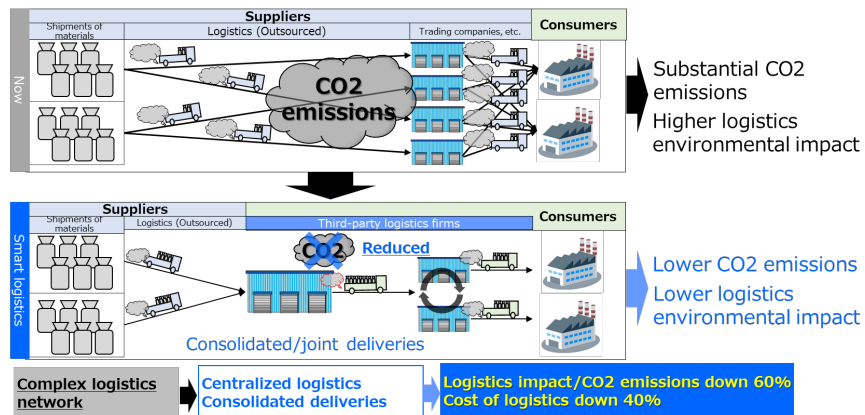
2. Initiatives to Achieve Carbon Neutrality

Activities/Major data

2-3. Smart logistics / truck-rail transport system to contribute to decarbonization

Smart logistics

- 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.
- We will continue to further reduce CO₂ emissions by promoting smart logistics and a combination of truck-rail transport system.



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	CO ₂ 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
Total		25ton	6,700km	2.66ton	95.7h

Shipper	Location	Volume	Distance to Iwate	CO ₂ 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				
Benefits			-4,900km Down about 73%	-1.5ton Down about 56%	-70h 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

2-3. Smart logistics / truck-rail transport system to contribute to decarbonization

Truck-rail Transport System

- In March 2024, we started a joint logistics program with Japan Transcity Corporation and Japan Freight Railway Company for the truck-rail transport* of gases used in semiconductor production processes.
*Some truck transportations from Mie prefecture to Iwate prefecture, approx. 970km, has been replaced.
- We are striving to establish a sustainable and stable transportation system, including the reduction of CO₂ emissions through truck transportation and measures to address the shortage of human resources in logistics.
- As semiconductor production in Japan continues to grow, we see the resilience of the supply chain for semiconductor material gases and other chemicals, including hazardous substances, used in manufacturing as an essential for the growth of Japan's semiconductor production. We will continue to build environmentally responsible and sustainable logistics systems while working with customers and affiliated companies etc. By strengthening the supply chain, we will promote stable operations for customers and green procurement activities in the semiconductor industry.

Reduction Effects

As per a round trip	Truck	Truck & Rail	Reduction	Reduction rate
CO ₂ emissions (t-CO ₂)	2.5	0.4	-2.1	-84.1%
Driving hours of truck	34.0	3.0	-31.0	-91.2%

Calculated its reduction effect per a round trip based on FY2024 loading capacity.



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

31

CO₂ emission reduction

2.1 tons/year

- Emission reduction is based on driving distance of all vehicles in FY2024. Driving distance differs depending on the type of work performed.



Using electric vehicles since 2012

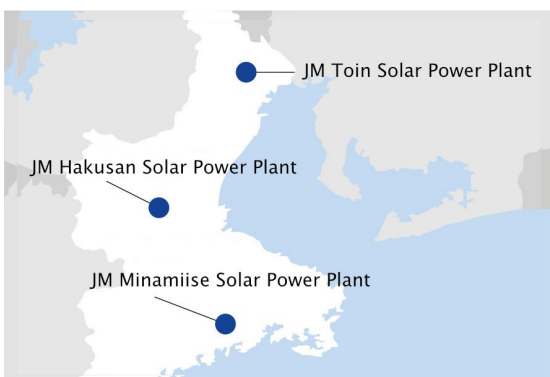
2. Initiatives to Achieve Carbon Neutrality



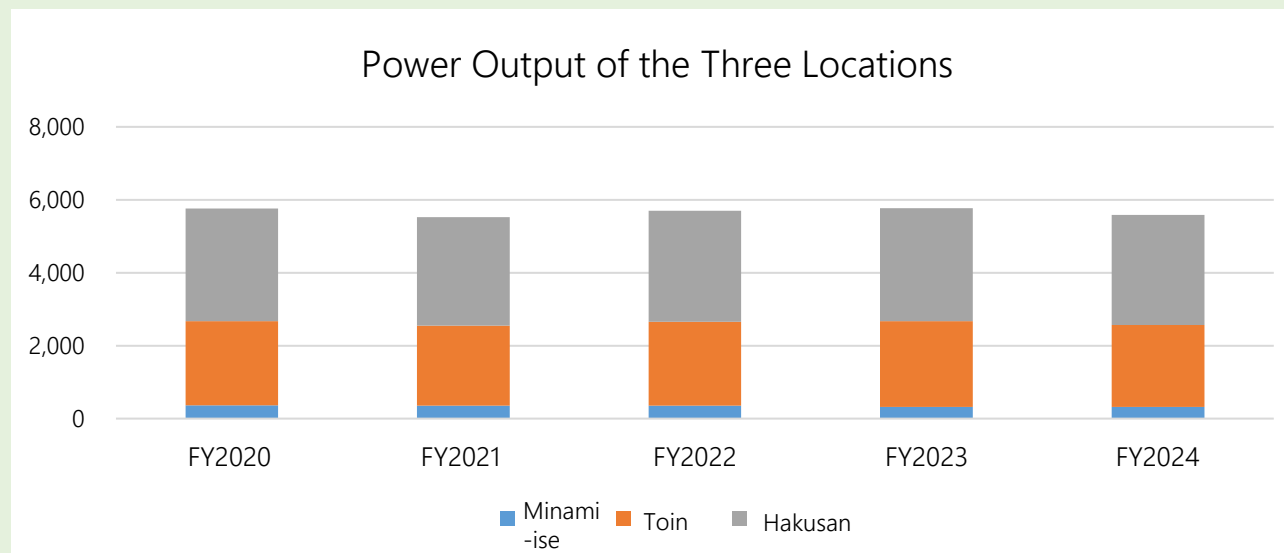
Activities/Major data

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



Total power generated

5,588 MWh

CO₂ emission reduction vs. thermal power electricity

2,419 tons

- Calculated by comparing total solar output through FY2024 with electricity from thermal power plants

2. Initiatives to Achieve Carbon Neutrality



Activities/Major data

2-6. Electronic distribution: notices of convocation of the annual shareholders' meeting and shareholder reports

- Distributing notices of convocation of the annual shareholders' meeting 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.
- The notices of convocation of the annual shareholders' meeting and the shareholder reports are posted on our website.

Kindly refer from URL below or QR code.

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



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

2-7. Replacement with energy conserving equipment

- In the renovation of the old building area of JAPAN MATERIAL's headquarters, energy-saving equipment was introduced to reduce environmental impact.
- By switching to LED lights, which have a long life and energy efficiency, we believe it will contribute to reducing the environmental impact associated with buying replacement fluorescent lights and lower CO₂ emissions.
- To make offices more comfortable and energy efficient, we replaced the air conditioning equipment with motion and floor temperature sensors to adjust the temperature of the floor automatically.

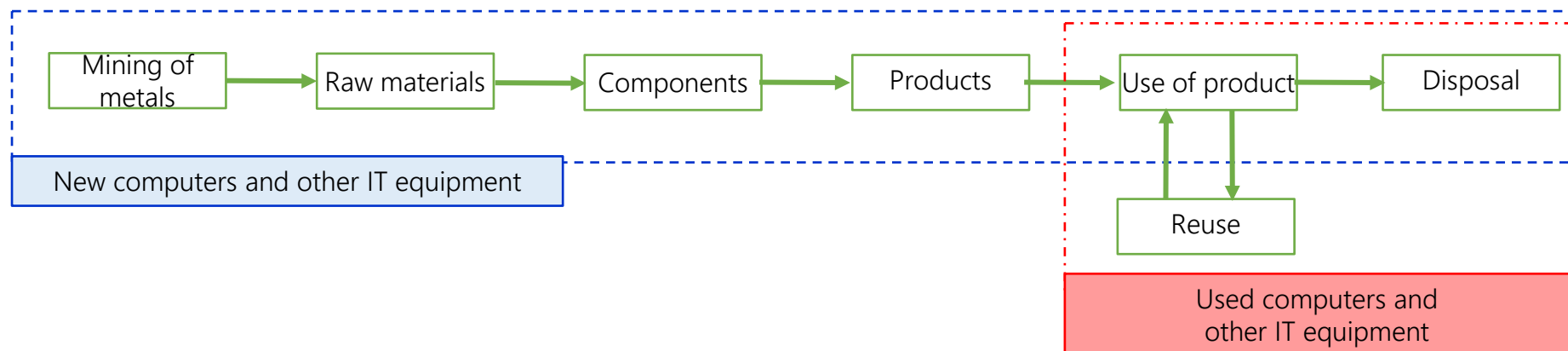
2. Initiatives to Achieve Carbon Neutrality



Activities/Major data

2-8. Offer used computers and other IT equipment for reuse

- The JM Group in Japan offers used computers, monitors and other IT equipment for reuse (resale) after deleting data and taking other actions performed by a specialized contractor, when discarding them.
- The reuse of used computers and other IT equipment requires fewer steps than the production and sale of new equipment does. Offering these used equipment has a low environmental impact compared with the production of new equipment, which require sourcing raw materials and generate CO₂ during production processes.



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.

Source: Guide to Business Strategic Planning Leveraging the TCFD Recommendations, Ministry of the Environment

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, water securities and biodiversity 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, water securities and biodiversity by using a team centered on the Corporate Planning Department and General Affairs and Human Resources Department, which are supervised by the Administrative Division Director, who is the group's sustainability officer. We will establish targets and closely monitor progress toward accomplishing the targets. Our monitoring system is described in following "Framework for assessments/management and monitoring, 3-3. Risk Management." Progress reports are submitted to the Board of Directors about two times every year and are subject to its proper oversight.

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 uses scenario analysis based on the TCFD (Task Force on Climate-related Financial Disclosures) framework to determine responses to future risks and opportunities that incorporate significant uncertainties. This analysis process encompasses JAPAN MATERIAL as well as consolidated subsidiaries in both Japan and overseas. Effects on the entire value chain are also taken into consideration. Furthermore, risks and opportunities involving climate change may influence our business operations for a long term. As a result, in accordance with the group's medium-term business plan, we examine risks and opportunities concerning the external environment by using short (one year from the reporting year), medium (two to three years) and long (four years and more) perspectives.

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

Temp. Rise	Adapted Scenario	Scenario Assumptions, Uncertainties, Restrictions	Basis for Scenario Selection
1.5°C	[Transition] IEA NZE 2050	- Using NZE 2050, which assumes the achievement of Net Zero at affluent countries before other countries as clean energy measures and investments increase rapidly. - NZE 2050 adjusts carbon prices by assuming average annual GDP growth of 3%, worldwide renewable energy use of about 90% by 2050, and worldwide net zero emission achievement by 2050. - When looking only at Japan, there may be changes due to actions to comply with Japanese regulations. Furthermore, there may be inconsistencies between the scenario and the Basic Energy Plan of the Japanese government.	- IEA WEO NZE 2050 (the 1.5°C scenario) was selected as the scenario with the most probable restrictions, as we believe that expenses of complying with restrictions on GHG emissions is likely to increase and these measures will become more important. - This was selected as the basis scenario for analysis of the effects on financial soundness and strategies of carbon taxes and other components of transition risk. This analysis takes into consideration the effects of restrictions on GHG emissions.
Above 4.0°C	[Physical] RCP8.5, SSP5	- Using IPCC RCP8.5, which does not implement policies to combat climate change and results in very high GHG emissions - RCP8.5 has a range of risk of damage caused by overflowing rivers and heavy rain. This scenario does not incorporate the effects of an increase in the magnitude of floods (for example, an increase in the depth of a flood).	This was selected as the basis scenario for analysis of the effects on financial soundness and strategies of the worst possible outcome. The scenario is based on IPCC RCP8.5 (the 4°C scenario), which assumes no actions to combat climate change.

Coverage of Scenarios	Analysis Time Frame
- JAPAN MATERIAL - Consolidated group companies - Supply chain	- Short-term: One year from the reporting year - Medium-term: Two to three years - Long-term: Four years and more

3. Disclosure Based on the TCFD Framework



Activities/Major data

3-2. Strategy

■ Risks and Opportunities

Category			Drivers	Impact on Businesses	Financial Effect	Time Frame			Scenario Used
						Short	Medium	Long	
Risks	Transition	Policy and Legal	New policies and tighter restrictions for limiting GHG emissions	- Higher cost of operations due to carbon pricing (carbon tax, domestic carbon emission's trading, crediting, etc.) - Higher cost of raw materials, electricity and other items	Increase in costs		■	■	1.5°C
			Disclosure of more information (ESG investments, mandatory information about climate change, new environmental accounting standards, and other changes)	Higher cost of compliance with laws and regulations	Increase in costs		■		1.5°C
			Need to reassess procurement risk (cost of raw materials, stable purchase, etc.) due to expansion of climate change risk disclosure requirements to encompass all suppliers	Higher expenses for examining climate change risk at individual raw material suppliers and monitoring their activities	Increase in costs		■	■	1.5°C
	Physical	Acute	Technology	Shift to energy conserving equipment	Increase in costs		■		1.5°C
			Market	Change in thinking of customers and stakeholders about climate change risk	Increase in costs		■		1.5°C
Opportunities	Resource Efficiency		Lower CO ₂ emissions by optimizing the process for transporting materials	Reduction of CO₂ emissions due to the use of centralized warehouses, consolidated shipments, the truck-rail transport and other measures for smart logistics	Increase in sales		■	■	1.5°C
			Increasing circular economy demand	- Increasing overhauls and maintenance of vacuum pumps - Increasing cleaning and reuse of all types of valves - Increasing orders received for recoating parts inside semiconductor/LCD manufacturing equipment - Detox and recycle of pipes and a higher pipe recycling rate	Increase in sales		■	■	1.5°C
	Products/ Services		Expansion of market of electric cars and other next-generation vehicles	Increasing demand for semiconductors used in automobiles	Increase in sales		■	■	1.5°C
			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	Increase in sales		■	■	1.5°C

3. Disclosure Based on the TCFD Framework



Activities/Major data

3-2. Strategy

■ Activities

Actions include extending the life of products by using a circular business model, the use of electric vehicles, more smart logistics infrastructure with centralized warehouses, consolidated deliveries and the truck-rail transport, the use of clean energy from solar power and other measures.

■ Risk assessments concerning water security

Water risk is assessed using WRI Aqueduct. Our business sites with an “Overall Water Risk” rating of “High” or above are considered high water risk sites. Furthermore, business sites with a “Baseline Water Stress” 40 or above or “Baseline Water Depletion” 50 or above are considered water stress areas.

Risk concerning floods is estimated by using the *TCFD Framework Physical Risk Assessment Handbook* of the Ministry of Land, Infrastructure, Transport and Tourism. The effects of flood risk and the depth of flooding are assessed by performing screening of individual JM Group business sites in Japan using the Flooding Navigation of the Geospatial Information Authority of Japan.

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 timeline 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's 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



- Decisions about climate change risk/opportunities and actions
- Supervision of monitoring of progress toward environmental targets and instructions for corrective measures

- Supervision of monitoring of progress toward environmental targets and instructions for corrective measures

Administrative Division

(Corporate Planning Department, General Affairs and Human Resources Department)

- Studies about climate change risk/opportunities and actions
- Monitoring of progress toward environmental targets and reports to the Board of Directors
- Corporation with risk management departments and group companies
- Development of business activities, implementation of regular follow-ups.

- Implementation of risk management measures and submission of progress reports
- Progress report concerning the achievement of environmental targets

3. Disclosure Based on the TCFD Framework



Activities/Major data

3-4. Metrics and targets

■ CO₂ emissions

- Table 1 on the following page shows Scope 1, 2 and 3 GHG emissions at the consolidated companies.
- Since FY2020, the first year of our Scope emissions calculation, we've been working to expand its coverage as same as our consolidated financial coverage. The current Scope are calculated by using the following coverage of the JM Group. emissions

< JM Group coverage for Scope emissions >

- Scope 1, 2: FY2020~ JAPAN MATERIAL and consolidated companies in Japan
FY2023~ JAPAN MATERIAL and consolidated companies in Japan and overseas*
- Scope 3 : ~FY2022 Only JAPAN MATERIAL (consolidated for category 3 and some others)
FY2023~ JAPAN MATERIAL and consolidated companies in Japan and overseas*

*Some parts of emissions from consolidated group companies are calculated by using estimates based on actual figures.

3. Disclosure Based on the TCFD Framework



Activities/Major data

3-4. Metrics and targets (Table 1)

Scope/Category		FY2020	FY2021	FY2022	FY2023 Base Year*2	(tons)	
						FY2024*3	YoY
Scope 1	Direct emissions	137	162	172	201	206	103%
Scope 2	Indirect emissions (market-based)	1,303	1,540	1,908	2,309	1,553	67%
Scope 2	Indirect emissions (location-based)	1,238	1,498	1,855	2,161	2,183	101%
Scope 3		95,768	112,274	131,269	191,458	196,071	102%
Category 1 *1	Purchased goods and services	61,476	73,516	99,283	149,098	158,287	106%
Category 2	Capital goods	395	7,396	4,194	11,589	13,750	119%
Category 3	Fuel- and energy-related activities	222	268	327	387	312	81%
Category 4	Upstream transportation and distribution *4	557	505	584	1,225	2,303	188%
Category 5	Waste generated in operations	368	213	134	329	496	151%
Category 6	Business travel	144	162	175	187	216	115%
Category 7	Employee commuting	458	482	623	2,293	2,669	116%
Category 8	Upstream leased assets	0	0	0	0	0	
Category 9	Downstream transportation and distribution	0	0	0	0	0	
Category 10	Processing of sold products	0	0	0	0	0	
Category 11 *1	Use of sold products	32,070	29,638	25,783	26,146	17,878	68%
Category 12	End-of-life treatment of sold products	26	41	76	85	83	98%
Category 13	Downstream leased assets	52	54	89	119	76	64%
Category 14	Franchises	0	0	0	0	0	
Category 15	Investments	0	0	0	0	0	
Scope 1, 2 and 3 total		97,209	113,976	133,348	193,967	197,830	102%

**FY2024 Scope1+2
CO₂ emissions
(market-based)**

1,759t-CO₂

**Reduction rate by the
introduction of
renewable energy**

29.9%

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

*2 FY2023 results were recalculated within the same scope in conjunction with the expansion of the calculation coverage to the entire consolidated group from FY2024.

*3 Actual result after the introduction of the renewable energy.

*4 FY2024: Changed emissions unit values.

3. Disclosure Based on the TCFD Framework



Activities/Major data

3-4. Metrics and targets

■ Base year

- The JM Group set the base year as FY2023, which covers all consolidated companies in Japan for Scope 1, 2 and 3.
- FY2023 results were recalculated within the same scope in conjunction with the expansion of the calculation coverage to the entire consolidated group from FY2024. Kindly refer Table 1 for the details.

■ Target

- To achieve net zero emissions by 2050, the JM Group believes that it is necessary to strengthen its medium and long-term strategic resilience regarding to both the 1.5°C scenario and the of 4°C scenario.
- In reducing Scope 1 and 2 emissions, we are promoting a 42% reduction by FY2030 compared with FY2023 (an average annual reduction of 6.0% or more, a reduction rate equivalent to SBT / not obtained SBT yet).
- Regarding the reduction, we began the introduction of renewable energy* from FY2024. We plan to increase its introduction ratio to achieve our target.

* Non-fossil certificates



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 6,600m² 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 habitat 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

4-3. Water Use

- We're monitoring our water usage at our group companies in Japan.
- The water usage of the JM Group primarily pertains to sanitation-related water supply and drainage at our business locations. The water used flows into the sewer system managed by a third party (water utility provider), and the treatment methods are monitored by them.
- In some part of our operations, water is also used in the overhaul maintenance of vacuum pumps and piping. The wastewater generated during overhaul maintenance is collected in a wastewater tank as industrial waste, and once it reaches a certain volume, it is entrusted to a third party specialized contractor for collection. The specialized contractor carries out proper treatment and disposal.
- Some of our overseas group companies use water for cleaning purposes; however, wastewater is treated on-site to comply with the discharge standards set by the respective country and is discharged appropriately.
- Based on the above circumstances, we have determined that the environmental impact of the JM group's direct water usage is low.



4. Environmental Protection (Biodiversity)

Activities/Major data

4-4. 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)
- Accreditation body: Japan Accreditation Board (JAB), United Kingdom Accreditation Service (UKAS)
- Certified locations: JAPAN MATERIAL Headquarters, Yokkaichi Branch



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 (Health, Safety)

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 Events for Expo 2025 Osaka, Kansai, Japan "Fukuoka Hakase's Reading Session in Kitakami" & "in Ota, Tokyo"

- We held "Fukuoka Hakase's Reading Session" in Kitakami, Iwate prefecture on July 27, 2024 and in Ota, Tokyo on March 2, 2025.
- These events were cohosted by Japan Association for the 2025 World Exposition and JAPAN MATERIAL. In the event, parents and children discussed "living in harmony with nature and creatures" through the picture book "Hotaru no Hikari wo Tsunagumono" written by Dr. Fukuoka, also called "Fukuoka Hakase."
- The events included a picture book reading by Fukuoka Hakase, a talk session in which Fukuoka Hakase answered children's questions about living creatures, and a quiz contest using projection mapping.
- At Kitakami, Iwate, Ms. Hanako Jimi, the former Minister of the World Expo, and local high school students participated in a reading picture books session. At Ota, Tokyo, "MYAKU-MYAKU", the official character of Expo 2025 Osaka, Kansai, Japan, made an appearance at the venue. Each venue was filled with a unique and lively atmosphere.
- The reading sessions were held nationwide, starting in October 2022 in Komono, Mie prefecture, aiming to build momentum for Expo 2025 Osaka, Kansai, Japan.



Supported by: Iwate Prefecture, Iwate Prefecture Board of Education, Kitakami City, Kitakami City Board of Education



Supported by: Kanto Regional Environmental Office of the Ministry of the Environment, Tokyo Metropolitan Government, Ota-ku, Ota-ku Board of Education



1. Contributions to Communities and Society

Activities

1-3. Participation in and support for community events / Support for the inheritance of folk performing arts

Support for the 53rd Sohei Festival at Yunoyama Onsen (October 6, 2024)

- JAPAN MATERIAL was a supporter of the Sohei Festival held at the Yunoyama hot spring in Komono, where its headquarters is located.
- Taking place every October, this event is the largest fire festival in Mie prefecture. The festival features a Flame Float, a big barrel portable shrine Mikoshi with around 100 torches, 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) of Sangaku temple who fought in this region when attacked by Oda Nobunaga during Japan's Warring States Period. At the venue, people can enjoy the stalls and fireworks.

Support for the Utsuwa no Tsukurite (Pottery) Market (November 2-3, 2024)

- The parking area of the JAPAN MATERIAL headquarters was used for a pottery market which was held by a variety of unique potteries and 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 and kilns to produce this pottery emerged around 1945. It is passed on to now as a well-known local product. Komono Banko is used as a brand for Banko ware and there are many activities to promote this pottery, including the Utsuwa no Tsukurite (Pottery) Market.
- This event serves as a venue for each pottery to bring together their uniquely shining creations as a culmination of a year's work and showcase the charm of the local pottery culture.



1. Contributions to Communities and Society

Activities

1-3. Participation in and support for community events / Support for the inheritance of folk performing arts

Support for the 63rd Kitakami Michinoku Art Festival (August 2-4, 2024)

- JAPAN MATERIAL was a supporter of the Kitakami Michinoku Art Festival, which took place in the of Kitakami in Iwate prefecture, where its Kitakami Branch is located.
- At this festival, more than 100 folk performing arts are performed, including the most popular “Onikenbai”, which is said to have been passed down in the Kitakami region for 1,300 years. The finale of the festival is the “Torokko Nagashi”, which began 70 years ago, and a fireworks event by the riverside of the Kitakami River.

Member of the Kitakami Folk Performing Art Association

- Kitakami, Iwate prefecture, is known as a treasure trove of folk performing arts and some of Japan’s most prominent folk performing art organizations that carry on the tradition to the next generation. As a company operating its business in the of Kitakami, JAPAN MATERIAL supports their activities.

Support for the Ozu Jizo Festival (August 23-24, 2024)

- JAPAN MATERIAL was a supporter of the Ozu Jizo Festival, which took place at the town of Ozu, Kumamoto prefecture, where its Kumamoto Branch is located.
- It is one of the three major events in the town. Over the course of two days, the Rokujizo floats, stage performances by more than 10 groups, and a mass dance were held. After the stage performances, approx. 800 fireworks were set off.



1. Contributions to Communities and Society

Activities

1-4. Akai Hane, Central Community Chest of Japan

- JAPAN MATERIAL is a participant in Community Chest donations as part of CSR programs in locations where the JM Group has business sites.

1-5. Support for the Japan Committee, Vaccines for the World's Children (JCV)

- During FY2024, JAPAN MATERIAL encouraged employees to participate in collection activities and collected 12kg of plastic bottle caps by placing collection boxes at offices. We handed over it to recycling company.
- The caps are converted into recycling materials by recycling company, and part of the proceeds from sales those materials are donated to JCV.
- As of the end of March 2025, the JM Group has collected approx. 378kg of caps since starting this program in 2010. These caps produced funds for polio vaccines for approx. 189 people and contributed to a CO₂ reduction of approx. 1.2 tons.

Caps collected in FY2024	12kg
since 2010	378kg
Vaccines since 2010	189 people
CO ₂ reduction since 2010	1.2 tons

1-6. Participation in the Komono-cho Cleaning Mission

- In the Nagai district of Komono-cho, where the JAPAN MATERIAL headquarters is located, employees participate in the Komono-cho Cleaning Mission with the local resident.
- This event is a community beautification program to protect Komono-cho, blessed with abundant greenery and nature, from illegal dumping and littering. The program began in 1998 and the 27th cleaning mission was held in March 2025.



1. Contributions to Communities and Society

Activities

1-7. Participation in a semiconductor sector industry-academic-government platforms/networks

- The Japanese government designated semiconductors as a specified critical product under the provisions of the Economic Security Promotion Act, and there are many measures in place to ensure a reliable supply of semiconductor devices. On the other hand, the decline in personnel involved in the semiconductor-related industry has become a significant issue. Therefore, there is an urgent need to train and secure the human resources that will lead the future for further development of the semiconductor industry.
- With these circumstances, JAPAN MATERIAL participates in platforms and networks consisting of semiconductor-related companies, universities and technical colleges, and the prefecture. We strive to help promote the industry by giving students a first-hand experience of semiconductor manufacturing and conveying the appeal of the semiconductor industry to the next generation.

- < Participation >**
- **Iwate prefecture (since Jun. 2020)** : Iwate Semiconductor and Electronics Industries Promotion Conference (I-SEP) (Established in Mar. 2008)
 - **Mie prefecture (since Mar. 2023)** : Mie Semiconductor Network (Established in Mar. 2023)
 - **Iwate Prefecture (since Aug. 2024)** : Tohoku Semiconductor Electronics Design Consortium (T-Seeds) (Established in Apr. 2024)

1-8. Support for the I-SPARK (Iwate semiconductor-related personnel training facility)

- JAPAN MATERIAL is supporting the I-SPARK, which opened Kitakami, Iwate on April 26, 2024.
- As a company operating in Kitakami, we actively support the development of semiconductor-related personnel training in the region, while also working on the cultivation and retention of our own highly skilled technical personnel.

2. Respect for Diversity, Pleasant Workplaces



Activities/Major data

2-1. JAPAN MATERIAL International Scholarship Foundation

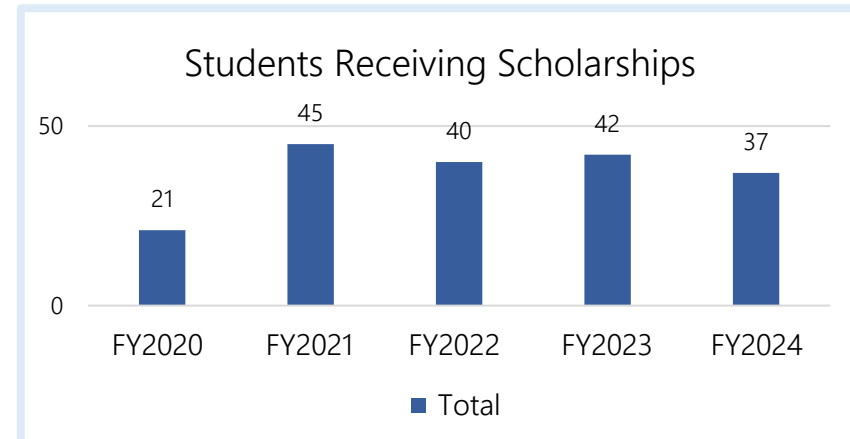
January 2019 Established the JAPAN MATERIAL International Scholarship Fund

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 FY2024.
- Osaka University / Kyoto University / Keio University / Kobe University / University of Tsukuba / Institute of Science Tokyo / 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. Recruitment and employment of diverse personnel

More job opportunities for seniors: 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

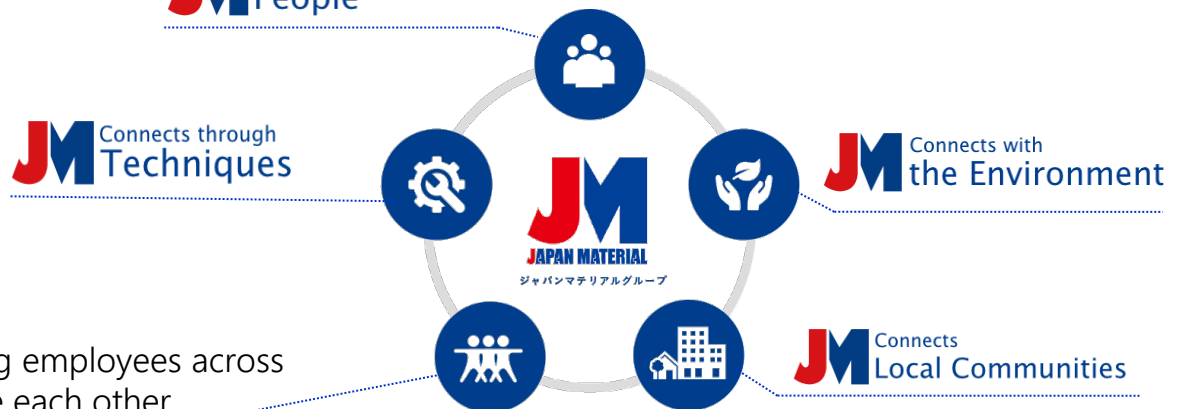


The JM Group seeks to continue encouraging employees across the generations to work together and inspire each other.

JM Connects People

JM Connects through Techniques

Five Visions



2. Respect for Diversity, Pleasant Workplaces



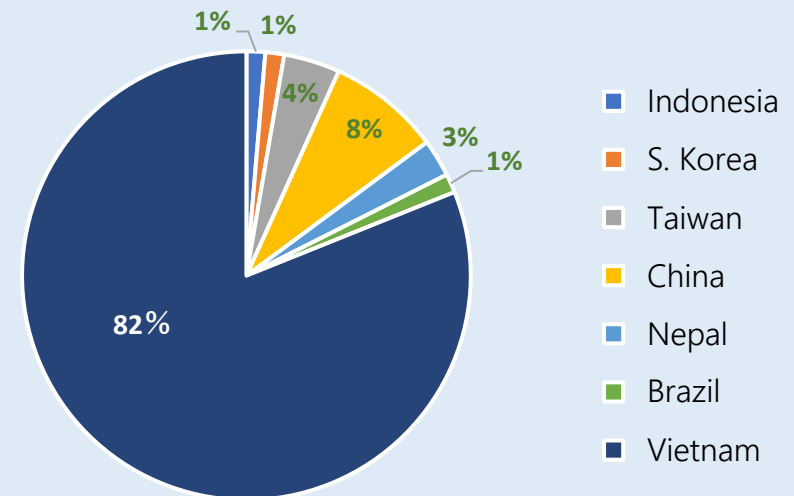
Activities/Major data

2-2. Recruitment and employment of diverse personnel

More job opportunities for foreign employees

- Our group companies in Japan has been strengthening recruitment activities for foreign personnel since 2018.
- As of the end of March 2025, 74 multinational employees (approximately 5.0% of the consolidated groups in Japan) are playing an active part in the workplace.
- We aim to create a corporate culture where employees with a global perspective can collaborate to generate new ideas and play an active role with their strengths.
- We have established a multifaceted support system to ensure that foreign employees working in Japan can live and work with peace of mind. The supports include providing company housing, preparing multilingual informational materials, and holding daily life skills lessons with the local police.

By Nationality: Ratio of Foreign Employees in the Consolidated Groups in Japan
(As of March 2025)



*Excl. temporary employees

2. Respect for Diversity, Pleasant Workplaces



Activities/Major data

2-2. Recruitment and employment of diverse personnel

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.

Hired (for full-time)

New graduates

46

Mid-careers

131

- Total of the JM Group at the end of March 2025

Female managers

12%

- Percentage for the JM Group at the end of March 2025

Use of the reduced working hours for child care program

Number of employees

18

Utilization rate

100%

- Percentage for the JM Group in FY2024

2. Respect for Diversity, Pleasant Workplaces



Activities/Major data

2-3. 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
- Child nursing leaves, nursing care leaves

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 paid leave **85.5%**

- Percentage taken by full-time employees for the FY2024 consolidated JM Group in Japan.

Use of child care leave **100%**

- Percentage taken by female employees for the FY2024 JM Group.

Use of paternity leave **56.6%**

- Percentage taken by male employees for the FY2024 consolidated JM Group in Japan.

2. Respect for Diversity, Pleasant Workplaces



Activities

2-4. Business Action Plan for Act on Promotion of Women's Participation and Advancement in the Workplace (June 1, 2020 to May 31, 2025)

- 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. (Japan Material Co., Ltd.)

Target 1: Aim for 20% of female employees in new hires

Actions

- April 2020- Assign female employees to the recruiting team to provide many opportunities for female applicants for conversation with female employees directly during the recruitment process
- April 2022- Actively introduce female employees in company introduction contents, recruitment website, brochures, etc.

<Progress (as of the end of March 2025)> Hiring rate: Approx. 14%

Target 2: Increase use of paid leave to more than 75%

Actions

- April 2020- Establish the planned use of vacation time. Encourage the use of vacation time for employees who use only a small percentage of available time off
- April 2022- Disclose of information on use of annual paid leave and other measures to increase the use of paid leave

<Progress (as of the end of March 2025)> Usage rate: Approx. 85.5%

Action plan listing date: July 7, 2020
Updated: June 9, 2023

2. Respect for Diversity, Pleasant Workplaces



Activities

2-5. Business Action Plan for Act on Advancement of Measures to Support Raising Next-generation Children (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. (Japan Material Co., Ltd.)

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

<Progress (as of the end of March 2025)> Usage Rate: Approx. 45.5%

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 (Health, Safety)

Activities/Major data

3-1. Safety and Health Activities

◆ Industrial Safety and Health Committee: Hold once every month

- We have an Industrial Safety and Health Committee to improve safety and hygiene for employees. The members of committee hear reports from each department about events that could have become an accident, overtime work reports, opinions from an industrial physician based on workplace patrols, and other items.

◆ Safety Reinforcement Week: Four times every year

- During every Safety Reinforcement Week, there are safety patrols of workplaces and risk prediction training.

◆ 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.

◆ 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.

Number of serious work-related accident* 0

- Percentage for the FY2024 JM Group in Japan

*A disaster in which three or more workers suffer work-related injury, illness, or death at the same time, including no lost-time accident.



3. Industrial Safety and Health (Health, Safety)

Activities

3-2. Industrial safety and health certifications and awards

JAPAN MATERIAL Co., Ltd.

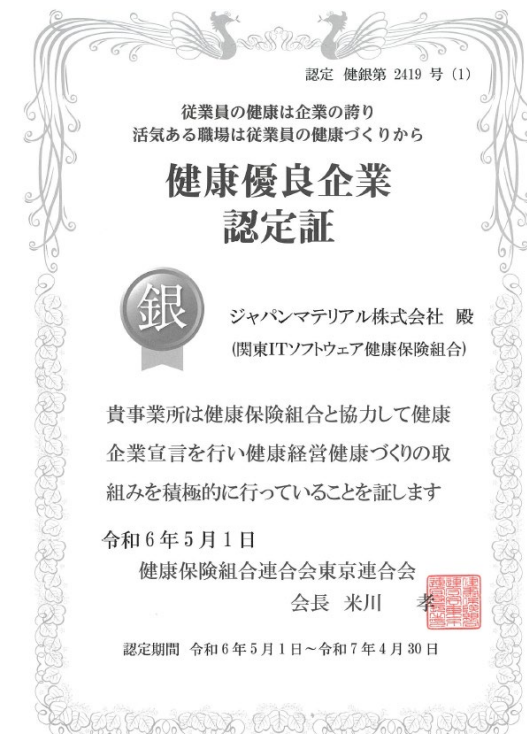
Certified as an Outstanding Health & Productivity Management Organization (Silver)

- JAPAN MATERIAL has received silver certification from the Tokyo Federation, the National Federation of Health Insurance Societies for outstanding health & productivity management.
- This certification follows an examination based on the evaluation standards and confirmation methods of the Healthy Company Declaration Tokyo Promotion Council.*
- Silver certification requires a framework for workplace activities for good health, regular health check-ups for all employees, a declaration concerning six items (as below), and the constant implementation of these activities for at least six months.

Six items: Utilization of health check-up results, environment for good health, dietary management, exercise, no smoking, mental well-being

- JAPAN MATERIAL continuously uses educational activities and other measures concerning healthy living to enable employees to enjoy even more healthy and fulfilling lives.

* Organization with 13 participants including the Tokyo metropolitan government and the Tokyo Federation, National Federation of Health Insurance Societies.





3. Industrial Safety and Health (Health, Safety)

Activities

3-2. Industrial safety and health certifications and awards

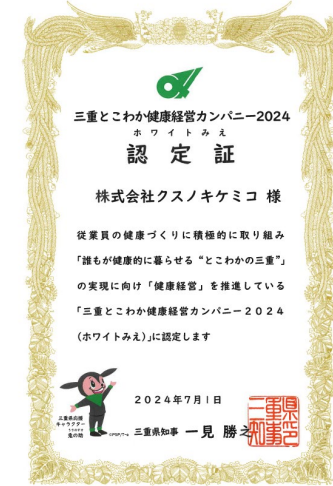
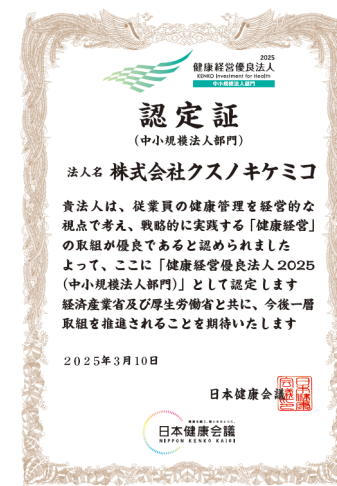
KUSUNOKI CHEMICO Co., Ltd.

Certified as a Health & Productivity Management Outstanding Organization (small- and medium-sized enterprise category)

- The company was certified as a Health & Productivity Management Outstanding Organization (small- and medium-sized enterprise category) under the Health & Productivity Management Outstanding Organizations Recognition Program sponsored by Japan's Ministry of Economy, Trade and Industry. The company will keep implementing initiatives linked to the Health Declaration that seeks to nurture workplaces in which employees can work in good health, both mentally and physically.

Certified as a Mie Tokowaka Health Management Company (White Mie)

- Mie prefecture has created a Mie Tokowaka Health Management Company (White Mie) accreditation system to encourage enterprises to engage in proactive health management. This initiative is based on the premise that it is important to promote health in the workplace where many Mie residents spend the majority of their day. As we edge ever closer toward an era when people will be expected to live for 100 years, we are keen to pursue initiatives that promote the health of employees working every day in the workplace and help fulfill the Tokowaka no Mie drive to ensure healthy living for all.





3. Industrial Safety and Health (Health, Safety)

Activities/Major data

3-3. Support for healthy life styles of employees

Thoroughly Conduct Annual Health Check-ups

- The JM Group conducts regular health check-ups for employees and thoroughly ensures that all eligible employees undergo them.

Thoroughly Conduct Special Health Check-ups

- The JM Group employees may handle organic solvents, designated chemical substances, and other materials when performing analysis and experiments. As well as devising exposure prevention measures, such as installation of onsite ventilation equipment and protective equipment, we conduct special health check-ups based on employees' substance usage records

Conduct Stress Checks

- We conduct stress checks without exception, even in companies less than 50 employees, where it is not mandated by law.
- We use the results of group analysis to improve the workplace environment. We also implement and manage follow-ups for highly stressed individuals.

(Unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024
Annual health check-ups	100	100	100	100	100
Special health check-ups	100	100	100	100	100
Stress checks	100	100	100	100	100

- Percentage for the FY2024 JM Group in Japan.



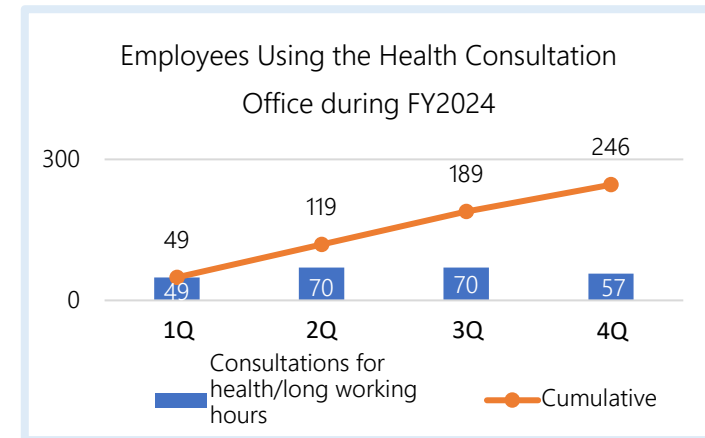
3. Industrial Safety and Health (Health, Safety)

Activities/Major data

3-3. 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.



Lecture by an industrial physician on infectious diseases

- In October 2024, an industrial physician gave a lecture about infectious diseases. The physician lectured on the routes of entry and preventive measures for the infectious diseases that have been prevalent in recent years. The lecture was recorded to share with employees at the JM Group to enhance their consciousness of infectious diseases.

Blood pressure monitors

- Blood pressure monitors are placed at branches to enable employees to check this important indicator of good health and raise awareness of the importance of healthy life styles.

3. Industrial Safety and Health (Health, Safety)



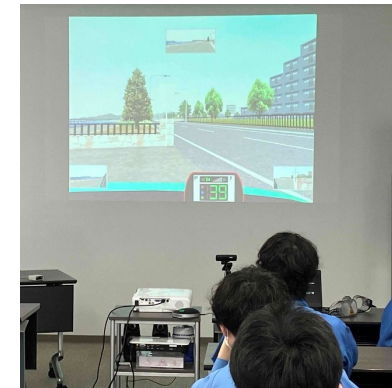
Activities

3-4. Evacuation drills and AED classes

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

3-5. Collaboration with local police (traffic safety classes etc)

- We collaborate with the local police station to conduct traffic safety classes and strive to raise awareness about traffic safety among the employees.
- A traffic safety class was held at the JAPAN MATERIAL headquarters in December 2024. The class was recorded to share with employees at the JM Group to increase awareness of traffic safety.
- A traffic safety class was held in Kitakami area in July 2024, where we learned about the revised Road Traffic Act and the situation regarding traffic accidents within the city. Furthermore, we conducted an alcohol simulation experience and KYT training using a simulator.



A traffic safety class
(Kitakami area)

3-6. 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.
- At the seminar, 17 participants practiced skids, strong and soft braking, and starting on an incline. The seminar also included a lecture on traffic safety.



A traffic safety seminar



3. Industrial Safety and Health (Health, Safety)

Activities/Major data

3-7. 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.

Four ISO Management System Certifications

EMS

Fulfillment of corporate responsibilities

QMS

Establishment of corporate infrastructure

OSHMS

Strengthening safety assurance system

ISMS

Rigorous information management

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)
- Certified locations: JAPAN MATERIAL Headquarters, Yokkaichi Branch, Yokkaichi TGM Branch
TOWA SHOKO Co., Ltd.,
PEK Co., Ltd. Headquarters, Sakai Branch, Yokkaichi Branch



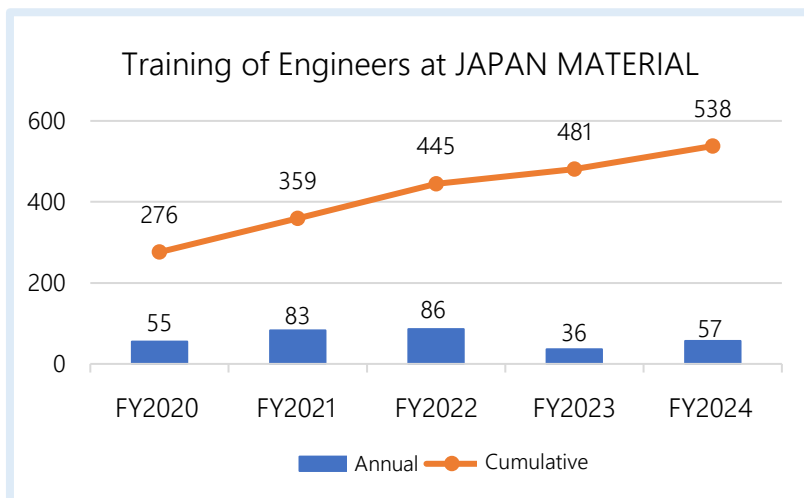


4. Initiatives to Create Innovation

Activities

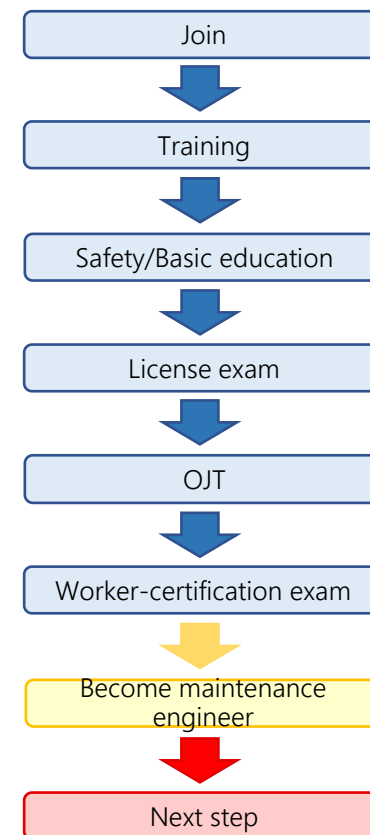
4-1. A training center to support semiconductor production

- 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. At the technical building with approx. 500m² clean room, not only strengthens the engineer trainings but also carries out the modifications to semiconductor production equipment. In the 3,400m² warehouse, we stock high-functional parts, specialty pipes and tubes, and other materials required by semiconductor factories, enabling prompt responses to customers' requests.



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

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 the 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.



The JAPAN MATERIAL bonded warehouse in Yokkaichi



4. Initiatives to Create Innovation

Activities

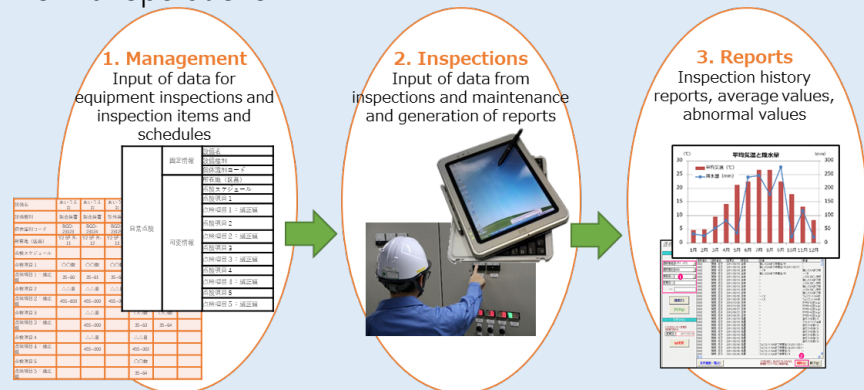
4-4. Development of a comprehensive clean room equipment management system

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

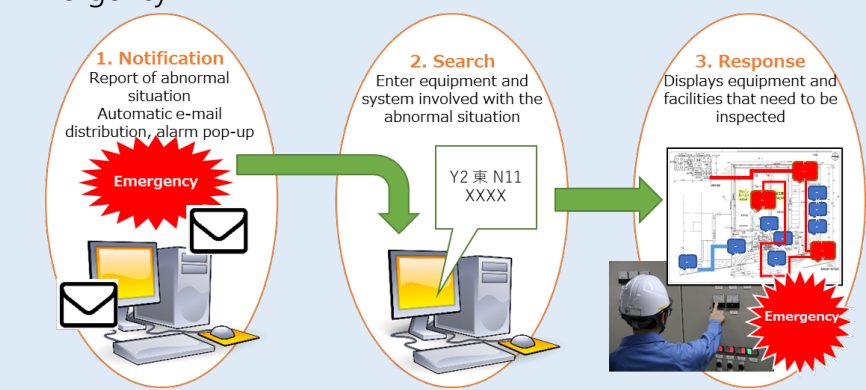
Advantages of the system

- 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.

Normal operations



Emergency



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

(Human Rights, Business Ethics)

We have established the JM Group Code of Conduct 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 Code of Conduct.

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 35 in 2023, 34 in 2024 and 35 in 2025.

1-2. Ownership by institutions: 26%

- Institutional investors held 26.0% of JAPAN MATERIAL stock as of March 31, 2025.

1-3. Foreign ownership: 23%

- Investors outside Japan held 23.4% of JAPAN MATERIAL stock as of March 31, 2025.

1-4. Dialogues with institutional investors: 234

- There were 234 meetings with institutional investors during FY2024.

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 November 26, 2024, JAPAN MATERIAL participated in the Stock Investment Winter Seminar 2024 of the Nagoya Stock Exchange.
- There were about 300 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 2024

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 March 31, 2025), 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 March 31, 2025). This composition of the committee ensures the independence of the activities of the committee.

2. Corporate Governance



Skill Matrix (as of June 2025)

Name	Nomination & Remuneration Advisory Committee	Corporate Management	Electronics	Graphics Solution & IT	Engineering & Operation Service	Sales & Marketing	Finance & Accounting	Legal Affairs & HR
Hisao Tanaka	☐	☐	☐	☐	☐	☐	☐	☐
Kosuke Tanaka		☐	☐		☐	☐	☐	☐
Tetsuo Kai		☐	☐		☐	☐	☐	☐
Keisuke Hase		☐	☐		☐		☐	☐
Yasushi Tamura		☐	☐		☐	☐	☐	☐
Tomokazu Tanaka		☐	☐		☐	☐	☐	☐
Yoshinori Sakaguchi		☐		☐		☐	☐	☐
Nobuharu Yanai		☐	☐		☐	☐	☐	☐
Jiro Oshima	☐	☐	☐		☐	☐	☐	☐
Kenichi Sugiyama	☐	☐					☐	☐
Sadahiro Numazawa	☐	☐	☐		☐	☐	☐	☐
Yukio Matsubara	☐	☐	☐		☐	☐		☐
Teruyuki Kita		☐			☐		☐	☐
Tsuyoshi Imaeda							☐	
Hiroko Takahashi								☐



3. Compliance and Risk Management (Human Rights, Business Ethics)

Activities

3-1. Code of Conduct / Internal Reporting System

- The JM Group Code of Conduct establishes standards to ensure that working conditions are safe, and that business is conducted responsibly, ethically, and with respect for human rights and the environment.

Kindly refer our company website to view the full text.

<https://www.j-materials.jp/en/csr/code-of-conduct/>



- The Code of Conduct is available on the corporate website and JM Group's groupware, and distributed in brochure to give everyone access to this important information.
- 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 Code of Conduct, and other compliance violations. This includes information from individuals who suspect they may have become involved with a type of improper behavior.

JM Group Code of Conduct

Established on January 1, 2024

Revised on April 23, 2025

1. Compliance with laws and regulations
2. Ethical standards
3. Respect for employee rights and human rights
4. Prevention of corruption
5. Fair trade
6. Safety and quality control
7. Initiatives for environmental conservation
8. Elimination of antisocial forces
9. Disclosure of information
10. Information security

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 (Human Rights, Business Ethics)

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, an 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.

3-4. Compliance Training

- The training is conducted for all employees of JM Group companies in Japan.

Taking compliance training program

96.5%

- Percentage for the FY2024 JM Group in Japan.



3. Compliance and Risk Management (Human Rights, Business Ethics)

Activities/Major data

3-5. 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, Yokkaichi TGM Branch

