

# Environmental Management

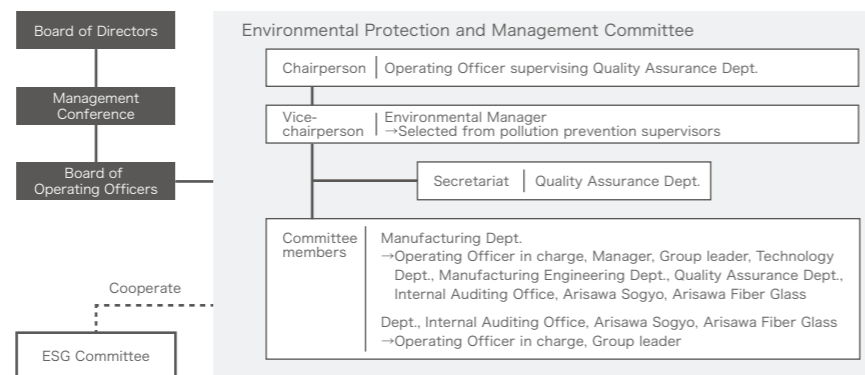
## Environmental policy

We strive to reduce environmental loads, promote environmental conservation, and help address social and environmental issues in our whole business activities, from development and design to manufacturing of electronic materials, industrial structural materials, electrical insulating materials, and display materials, to achieve sustainable growth.

- (1) To strive towards the prevention of environmental pollution by accurately determining the environmental impact of our business activities, products and services.
- (2) To comply with environmental laws, regulations, agreements and other requirements to which we have agreed.
- (3) To establish and carry out "Environmental Goals" and review them periodically in promoting environmental activities.
- (4) To develop the products and technologies contributing to reducing environmental loads.
- (5) To strengthen the management of hazardous chemical substances which might have an impact on the environment.
- (6) To strengthen the management of air, water, and soil pollution and strive to maintain biodiversity.
- (7) To work toward resource saving, energy saving, industrial waste reduction and recycling promotion.
- (8) To contribute to reducing greenhouse gas and creating a recycle-based society by introducing renewable energy and recyclable resources.
- (9) To raise awareness of all employees through environmental education and enlighten them so that they will take responsible actions for a sustainable society.
- (10) To continually improve the environmental management system by performing periodic internal environmental audits and management reviews.

## Promotion structure of environmental protection

Environmental protection activities are promoted as a whole by the factories and affiliates on the premises at three sites (Minami-honcho, Nakadahara, and Nakadahara-nishi) in Joetsu City. The Environmental Protection and Management Committee uses the PDCA cycle and is engaged in the protection activities in cooperation with the ESG Committee.



## Material balance

Our group strives to reduce environmental loads by understanding the balance between energy and resource inputs in business activities and CO<sub>2</sub> and waste emissions generated as a result.

| INPUT                  |                            | FY2023                 | FY2024                 |
|------------------------|----------------------------|------------------------|------------------------|
| <b>Energy inputs</b>   |                            |                        |                        |
| Fuel                   | Sum (crude oil equivalent) | 7,071 kL               | 7,039 kL               |
|                        | City gas                   | 6,091 kNm <sup>3</sup> | 6,062 kNm <sup>3</sup> |
|                        | LPG                        | 4.0 ton                | 4.0 ton                |
| Electricity            | (crude oil equivalent)     | 7,181 kL               | 7,598 kL               |
|                        | Electricity                | 32,213 MWh             | 34,086 MWh             |
| <b>Purchased items</b> |                            |                        |                        |
|                        | Sum                        | 8,737 ton              | 10,017 ton             |
|                        | Raw materials              | 7,896 ton              | 9,141 ton              |
|                        | Incl. organic solvent      | 572 ton                | 561 ton                |
|                        | Secondary materials        | 841 ton                | 976 ton                |
| <b>Water inputs</b>    |                            |                        |                        |
|                        | Total inputs               | 295.9 km <sup>3</sup>  | 290.5 km <sup>3</sup>  |
|                        | Surface water              | 94.8 km <sup>3</sup>   | 94.2 km <sup>3</sup>   |
|                        | Underground water          | 201.1 km <sup>3</sup>  | 196.3 km <sup>3</sup>  |

| OUTPUT                               |                                       | FY2023     | FY2024     |
|--------------------------------------|---------------------------------------|------------|------------|
| <b>CO<sub>2</sub> emissions</b>      |                                       |            |            |
|                                      | Sum                                   | 22,996 ton | 19,833 ton |
|                                      | Fuel                                  | 12,742 ton | 12,671 ton |
|                                      | Electricity                           | 10,254 ton | 7,162 ton  |
| <b>Organic solvent air emissions</b> |                                       |            |            |
|                                      | Substances subject to the PRTR system | 134 ton    | 107 ton    |
| <b>Industrial emissions</b>          |                                       |            |            |
|                                      | Sum                                   | 1,522 ton  | 1,468 ton  |
|                                      | Recycled (reused)                     | 1,432 ton  | 1,404 ton  |
|                                      | Landfill disposal                     | 90 ton     | 64 ton     |

Period covered: FY2024 (April 2024 to March 2025)  
 Business sites: Joetsu Head Office and Minami-honcho Factory (including Arisawa Fiber Glass Co., Ltd. and Arisawa Sogyo Co., Ltd. within the premises)  
 Nakadahara Factory (including Arisawa Sogyo Co., Ltd. within the premises)

## Environmental targets, results, and assessment for FY2024

We have established the environmental management system in accordance with ISO 14001, and we identify and evaluate important environmental risks and opportunities through its operation and determine how to address environmental issues.

| No. | Environmental Targets   | Target Values  | Results   | Evaluation   |
|-----|---|--|---|--------------|
| 1   | Develop the products and technologies contributing to vreducing environmental loads   | Continue development by each Technical Division group  | Confirmed all groups have continued development   | Achieved     |
| 2   | 1) Survey environmental hazardous materials of existing purchased specifications  | Obtain SDS and non-containment certificates of purchased materials (as required)   | 214   | Achieved     |
|     | 2) Make the CSR procurement policy known to suppliers and urge them to make improvements if no effective efforts have been made                 | Feedback provided to 91 companies on CSR survey results, including evaluation findings and improvement requests  | Feedback completed for 133 companies  | Achieved     |
| 3   | Neither cause new environmental pollution or health damage, vnor commit the material violations of laws and regulations to sustain biodiversity | Commit no material violation of laws and regulations   | 0   | Achieved     |
| 4   | 1) Save energy (reduce electricity and city gas)  | Save energy at Minami-honcho Factory<br>Reduce energy amount kL by 1% compared to the past results, or reduce energy amount kL/processing output by 1% compared to the previous year                           | Reduced by 4.6% compared to the past results<br>Decreased by 2.3% compared to the previous year   | Achieved     |
|     |   | Save energy at Nakadahara Factory and Nakadahara-nishi Factory<br>Reduce energy amount kL by 1% compared to the past results, or reduce energy amount kL/processing output by 1% compared to the previous year | Reduced by 20.7% compared to the past results<br>Decreased by 16.5% compared to the previous year | Achieved     |
|     | 2) Achieve zero emissions (development and manufacturing)   | Maintain a recycling rate of 95% or higher (recycling rate = amount of recycling / amount of industrial waste disposal)  | 94.8%   | Not achieved |
|     | 3) Reduce industrial waste  | Reduce industrial waste by 4% compared to FY2020   | Reduced by 14.4% compared to FY2020   | Achieved     |
| 5   | Reduce CO <sub>2</sub> emissions (achieve carbon neutrality by FY2030)  | Reduce CO <sub>2</sub> emissions by 54% compared to FY2020   | Reduced by 54.4% compared to FY2020   | Achieved     |
| 6   | 1) Conduct a general education and training   | Conduct once a year at each department   | Conducted   | Achieved     |
|     | 2) Conduct training for employees engaged in specified work   | Conduct once a year at a relevant department   | Conducted   | Achieved     |
|     | 3) Conduct training for hired and transferred employees   | Conduct at hiring or transferring  | Conducted as required   | Achieved     |
| 7   | 1) Conduct volunteer activities   | Conduct once a year or more  | Conducted twice   | Achieved     |
|     | 2) Issue an environmental report  | Publish on our website in October  | Issued in October   | Achieved     |

## Environmental compliance

During the construction of the Innovation Center at the Nakadahara Factory in FY2024, one complaint was received from a nearby resident regarding television signal interference.

After investigating the reception conditions, a new antenna was installed at a different location, which resolved the interference and obtained the resident's consent.

We will continue to respond promptly to complaints regarding environmental issues through communication with the concerned parties.

## Employee education on environment

We conduct general education every year aimed at increasing employees' environmental awareness, including compliance with environmental laws and regulations related to our business activities, sharing of information with stakeholders, and spread of our environmental targets.

In addition, we have established the procedures for preparing for and responding to emergency, including the prevention of environmental pollution due to disasters and accidents, and conduct education and training every year at the factories and research facilities at high environmental risks. No incidents occurred that could have a major impact on the surrounding environment in FY2024.

Furthermore, we are implementing measures to expand specialized knowledge, such as training ISO 14001 internal auditors and educating employees engaged in specific tasks.

TOPICS

### Arisawa eco walk rally held for the first time in five years!

The 9th Arisawa eco walk rally was held in November 2024, with a total of 274 employees, including staff, participating 54 teams, along with employees from group companies in Joetsu City. (The event was suspended from 2020 to 2023 due to the COVID-19 pandemic.) This annual event involves orienteering while picking up litter in the area around Takada Castle Site Park and Takada Station, starting from the Nakadahara Factory. In about an hour and a half, participants collected a total of 103 kg of trash and received words of thanks and encouragement from local residents.

A scene from the walk rally near the triple-tiered turret at Takada Castle Site Park

## Responding to Climate Change

We support the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and disclose information. We consistently improve our environmental protection activities by promoting the reduction of electricity and gas consumption, hazardous chemical substances, and industrial waste, etc., in accordance with our Environmental Policy. These activities are discussed by the Environmental Protection and Management Committee.

Under the philosophy that the solution of environmental issues leads to value creation for society as well as the reduction of business risks, we publicized "Carbon Neutral Initiatives" on our website in June 2021 because we especially recognize climate change as a pressing issue. While the government has set a goal of achieving carbon neutrality by 2050, we\* are striving to achieve it by 2030.

\*Minami-honcho Factory, Nakadahara Factory, and Nakadahara-nishi Factory (including affiliates within the premises)

|            |  |
|------------|--|
| ESG Policy | In all aspects of our business activities, we actively address a variety of issues related to environment, society and governance and aim to achieve sustainable growth. |
|------------|--|

### Governance (promotion structure)

We established the ESG Committee in December 2021 in order to take the lead in addressing climate change issues. At the committee, a director and senior managing operating officer serves as a chairperson, and other operating officers and general managers of each division serve as members, promoting the organized activities.

The ESG Committee deliberates four times a year on themes, such as responding to climate change, realizing a decarbonized society, respecting human rights, considering for work environ-

ment, and having fair and appropriate transactions with business partners, in addition to enlightening and promoting sustainability-conscious management. Important matters to be deliberated and the status of the activities, etc. are regularly reported to the Board of Operating Officers, the Management Conference and the Board of Directors, and the Board of Directors makes the final decision.

For details on the ESG promotion organization, see page 47.

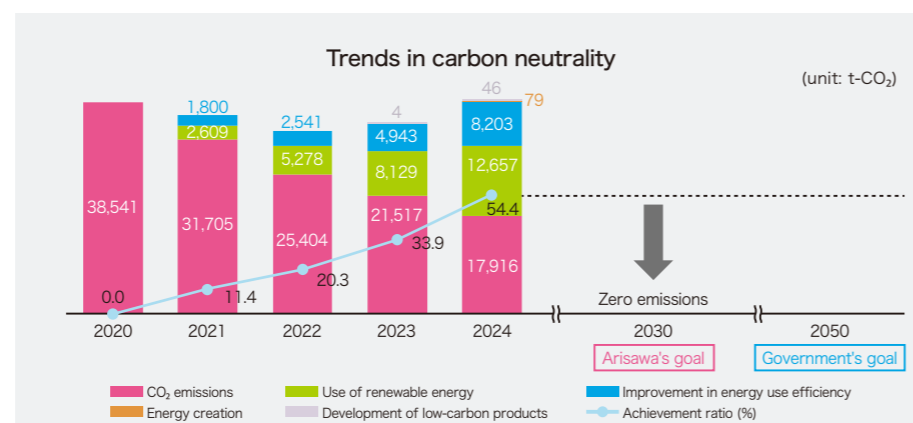
### Risk management

We recognize that climate change-related risks are important management issues. Therefore, the ESG Committee identifies and assesses the climate change-related risks, and reports to the Board of Operating Officers, the Management Conference and the Board of Directors, thereby defining key issues. We improve our risk management system by managing these risks.

As for assessing the climate change-related risks, upon identifying climate change factors in businesses, we assume the changes of future regulations, and societal, technological and climate conditions for each 1.5°C and 4°C scenarios. For details on the materiality and KGI, see page 28.

### Metrics and goals

We have implemented various measures to improve energy use efficiency. From now on, we will not only expand the deployment of the measures, but also aim to achieve carbon neutrality in FY2030 (compared to CO<sub>2</sub> emissions in FY2020) in terms of direct emissions (Scope1) and indirect emissions (Scope2) by using renewable energy (purchasing renewable energy electricity and carbon offset city gas) and promoting the development of low-carbon products.

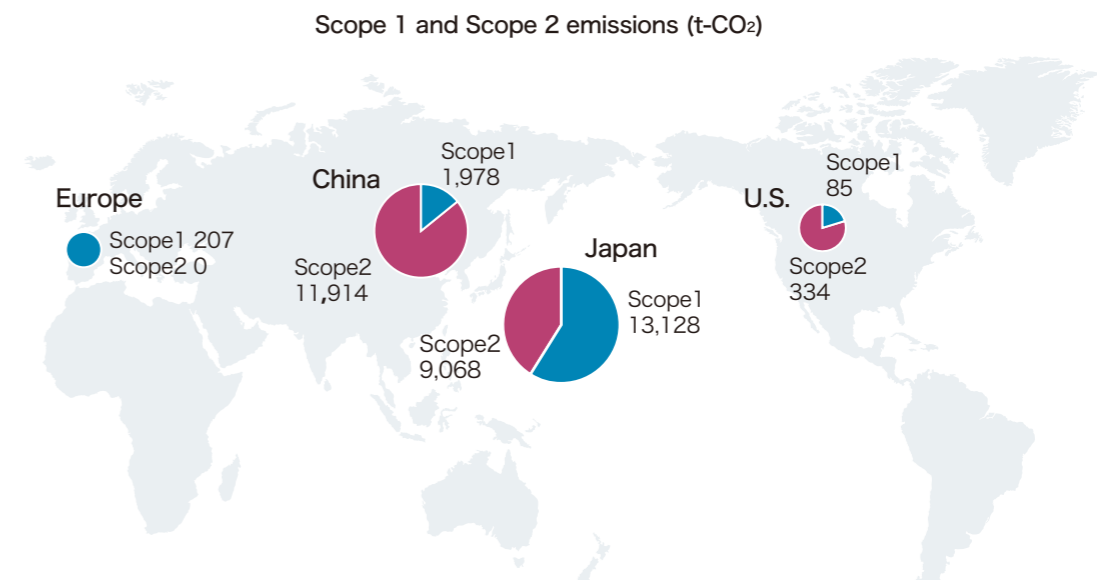


CN (carbon neutrality) achievement ratio = (Total of renewable energy, energy creation, low-carbon products, and energy use efficiency)/CO<sub>2</sub> emissions in FY2020  
Target sites: Minami-honcho Factory, Nakadahara Factory, and Nakadahara-nishi Factory (including affiliates within the premises)

| Use of renewable energy (including energy creation)   | Improvement in energy use efficiency  | Development of low-carbon products  |
|---|---|---|
| <b>Past initiatives</b><br>· Purchased renewable energy electricity and carbon offset city gas* (CO gas in the table below) since 2021<br>*First CO (natural) gas introduced in Niigata<br><br><b>Purchases in FY2024</b><br>Renewable energy electricity: 17.31 million kWh<br>CO gas: 2.05 million m <sup>3</sup><br><br>Purchase of J-Credits 500 t - CO <sub>2</sub><br>· Introduced onsite PPA (solar energy generation)<br>⇒ Launched in June 2024 (power generation 168,000 kWh) | <b>Past initiatives</b><br>· Upgraded the boiler at the Nakadahara Factory<br>· Installed a waste heat recovery system on the coating machine (progressively)<br>· Improved the efficiency of air-conditioners, air supply and exhaust fans, boilers, and compressors<br>· Consolidated freezers and refrigerators<br>· Consolidated production<br>· Changed the production conditions (at lower drying temperatures and higher machining speeds) | <b>Basic concept</b><br>(1) Realization of lower energy in our production (low-temperature and high-speed machining, process reduction, etc.)<br>(2) Realization of lower energy in clients' production (contribution to low-temperature and high-speed machining, process reduction, etc.)<br>(3) Less-waste product design (including recycling) (Example: A coating machine without a separator, etc.)<br>(4) Eco-friendly products (Example: EV, new energy, lightweight, etc.) |
| <b>Future issues for consideration</b><br>· Continuation and expansion of the above<br>· Offsite PPA<br>· Storage of electricity (energy)   | <b>Future issues for consideration</b><br>· Continuation and expansion of the above<br>· Completion of the Innovation Center (ZEB Ready*1) in 2025<br>· Eco-friendly factory (ZEF*2)  | <b>Achievements in 2024</b><br>· Mass production of new low-temperature and high-speed coating products made from electronic materials<br>· Continued the development of eco-friendly products (Example: LED, hydrogen power generation, EV components, etc.)   |

\*1 ZEB Ready (Net Zero Energy Building) Reduce energy required in conventional buildings by 50% or more through energy saving.  
\*2 ZEF (Net Zero Energy Factory) A factory aiming to achieve a net-zero primary energy balance for its manufacturing environment through energy saving and energy creation.

Looking forward, the entire Arisawa Group understands Scope 3 emissions (indirect emissions from other than Scope 1 and Scope 2.)



| Scope / Category | 2023   |               | 2024   |               |       |
|------------------|--|---------------|--|---------------|-------|
|                  | CO <sub>2</sub> emissions (t-CO <sub>2</sub> )                   | Ratio         | CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) | Ratio         |       |
| Scope 1          | 14,653.8   | 6.5%          | 15,398.5                                       | 5.5%          |       |
| Scope 2          | 22,819.2   | 10.2%         | 21,316.8                                       | 7.7%          |       |
| Scope 3          | 187,234.5  | 83.3%         | 240,993.5                                      | 86.8%         |       |
| Category 1       | Purchased goods and services                                     | 164,249.2     | 73.1%  | 222,153.3     | 80.0% |
| Category 2       | Capital goods  | 8,787.4       | 3.9%   | 5,758.5       | 2.1%  |
| Category 3       | Fuel- and energy-related activities not included in Scope 1 or 2 | 7,107.9       | 3.1%   | 7,557.3       | 2.7%  |
| Category 4       | Upstream transportation and distribution                         | 3,797.5       | 1.7%   | 2,790.9       | 1.0%  |
| Category 5       | Waste generated in operations                                    | 1,405.4       | 0.6%   | 1,355.9       | 0.5%  |
| Category 6       | Business travel  | 649.3         | 0.3%   | 195.3         | 0.1%  |
| Category 7       | Employee commuting   | 1,043.6       | 0.5%   | 797.1         | 0.3%  |
| Category 12      | End-of-life treatment of sold goods                              | 194.2         | 0.1%   | 385.2         | 0.1%  |
| <b>Total</b>     | <b>224,707.5</b>   | <b>100.0%</b> | <b>277,708.8</b>                               | <b>100.0%</b> |       |

# Responding to Climate Change

## Strategy

We analyzed the effects as of 2030 by using two scenarios, the 4°C scenario\* and the 1.5°C scenario\*, targeting at our whole supply chain from purchase, development, production to sales of products and services. Upon scenario analysis, the ESG

Committee identified significant risks and opportunities related to climate change and assessed financial impacts that those would have.

\*Source: The Ministry of the Environment "Practical Guide for Scenario Analysis in line with TCFD Recommendations 3rd edition"

| Risks  |  |   |                               |  |
|--|--|---|-------------------------------|--|
| Transition / Physical  | Factors                                      | Financial Impacts   | Assessment                    | Responses  |
| Transition<br>Impact of transition to a decarbonized society | Carbon price (carbon taxes)                  | ·Increase in operating costs due to the implementation of carbon taxes  | [1.5°C] Large                 | ·Set targets for energy saving and CO <sub>2</sub> emissions reduction in the company-wide environmental targets<br>·Set targets for achieving carbon neutrality by 2030   |
|  | Emissions trading                            | ·Additional costs incurred for credit purchases, etc.   | [1.5°C] Large                 | ·Save energy and purchase renewable energy<br>·Set targets for a recycling rate  |
|  | Response to GHG emissions regulations        | ·Increase in costs for renewing equipment fixtures with high efficiency<br>·Regulations on the use of chlorofluorocarbon  | [1.5°C] Large                 | ·Reduce energy consumption by productivity improvement<br>·Consider renewing with energy-saving equipment in compliance with regulations<br>·Promote capital expenditure by introducing ICP  |
|  | Plastic regulations                          | ·Increase in costs due to regulations on plastic packaging materials  | [1.5°C] Medium                | ·Reduce usage<br>·Consider replacements<br>·Recycle film winding shafts (plastic pipes)  |
|  | Renewable energy policy                      | ·Increase in energy costs due to higher renewable energy prices   | [1.5°C] Large                 | ·Promote investment in energy saving<br>·Reduce energy consumption by productivity improvement<br>·Set targets for achieving carbon neutrality by 2030   |
|  | Change in raw material costs                 | ·Increase in procurement costs due to carbon taxes and other regulations<br>·Increase in raw material costs due to soaring crude oil and copper prices  | [1.5°C] Large                 | ·Reduce the usage of raw materials by improving yield<br>·Select suppliers based on risk assessment  |
|  | Change in customer reputation                | ·Decrease in sales due to suspension in trading and market share loss when environmentally friendly corporate activities are not effectively carried out  | [1.5°C] Large                 | ·Transmit our efforts externally by making our environmental policy and reports available to the public<br>·Publicize initiatives for ESG, TCFD, and carbon neutrality   |
|  | Change in investor reputation                | ·Possible avoidance of investment and loan from financial institutions and investors when disclosing climate change-related information is delayed because environmental issues are not addressed | [1.5°C] Large                 | ·Issue integrated reports  |
| Physical<br>Impact of natural disasters                      | Increased severity of extreme weather events | ·Increase in costs to deal with the suspension of operations and logistics functions<br>·Delivery delay of procured materials<br>·Increase in procurement (transportation) costs                  | [1.5°C] Medium<br>[4°C] Large | ·Store inventory of four months' worth of raw materials whose replacements are not available in raw material procurement<br>·Require suppliers of BCP measures<br>·Dual vendor system<br>·Increase productive capacity with capital expenditure / Renew aged buildings |
|  | Rise in average temperature                  | ·Increase in energy costs with increase in the frequency of the use of air-conditioners   | [1.5°C] Small<br>[4°C] Medium | ·Set targets for energy saving and CO <sub>2</sub> emissions reduction in the company-wide environmental targets<br>·Promote investment in energy saving   |


| Opportunities  |  |   |                              |  |
|--|--|---|------------------------------|--|
| Transition / Physical  | Factors                                      | Financial Impacts   | Assessment                   | Responses  |
| Transition<br>Impact of transition to a decarbonized society | Emissions trading                            | ·Additional revenue when emission allowances are excess   | [1.5°C] Large                | ·Set targets for energy saving and CO <sub>2</sub> emissions reduction in the company-wide environmental targets<br>·Set targets for achieving carbon neutrality by 2030<br>·Save energy and purchase renewable energy<br>·Set targets for a recycling rate<br>·Reduce energy consumption by productivity improvement<br>·Consider renewing with energy-saving equipment in compliance with regulations<br>·Promote capital expenditure by introducing ICP |
|  | Progress of low-carbon technologies          | ·Increase in sales of materials for electronic parts due to the increased demand for EV<br>·Increase in sales of materials for fuel cell due to the increased demand for fuel-cell vehicles<br>·Increase in sales of materials for hydrogen generation devices due to the increased demand for hydrogen energy<br>·Increase in sales of carbon cloth prepregs and honeycomb materials due to the increased demand for the weight reduction of vehicles and aircraft | [1.5°C] Large                | ·Develop and promote sales of high heat-resistant FPC materials for EV and high heat-dissipation/insulation adhesive sheets<br>·Develop hydrogen generator-related materials and penetrate markets   |
|  | Change in customer reputation                | ·Increase in market share by receiving a high reputation in markets when some results are achieved through environmentally friendly corporate activities  | [1.5°C] Large                | ·Transmit our efforts externally by making our environmental policy and reports available to the public<br>·Publicize initiatives for ESG, TCFD, and carbon neutrality<br>·Issue integrated reports  |
|  | Change in investor reputation                | ·Facilitate investment and loan from financial institutions and investors by reporting initiatives and achievements on environmental issues earlier than other companies  | [1.5°C] Large                |  |
|  | Increased severity of extreme weather events | ·Increase in sales of desalination treatment systems due to water stress<br>·Increase in demand for electronic devices and higher sales due to reduced human mobility   | [1.5°C] Large<br>[4°C] Large | ·Promote sales in the electronic materials field and of filament winding products  |

Assessment (small, medium, large): Analyzing quantitatively and qualitatively, and assessing relative impacts.

### Lecture at the Niigata Gas Association

On June 26, 2024, the Public Utilities Division General Meeting of the Niigata Gas Association was held at the Joetsu City Gas and Water Bureau. In recognition of our achievement as the first organization in Niigata Prefecture to introduce carbon offset city gas, Takahito Tanabe, Senior Operating Officer, delivered a lecture on carbon neutrality. The meeting was attended not only by Joetsu City officials but also by participants from outside the city and the prefecture, and featured active discussions on the realization of a decarbonized society.

"We are exploring all possible options—not limited to the introduction of carbon offset city gas—to ensure that we remain at the forefront, regardless of which form of eco-energy becomes mainstream in the future. Toward the ambitious goal of achieving carbon neutrality by 2030, we will accelerate open innovation in our energy strategy by collaborating not only within our company, but also with local governments and other organizations." (Message from Tanabe)





Takahito Tanabe  
Senior Operating Officer and Deputy Division Chief,  
Manufacturing Division, giving the lecture

### Received the Director-General's Award of the Kanto Bureau of Economy, Trade and Industry!

The energy-saving initiatives at the Nakadahara Factory were recognized, and Arisawa received the Director-General's Award of the Kanto Bureau of Economy, Trade and Industry. This marks the first time in seven years that a company from Niigata Prefecture has received this award. The award was presented to our company as an outstanding business selected from among the recipients of the Chairman's Award from the Tohoku Seven Prefecture Electricity Effective Use Promotion Committee in the previous fiscal year.

"Energy saving initiatives are not simply about installing highly energy-efficient equipment. They must be implemented in a way that does not disrupt production, such as by minimizing factory downtime. This award has validated the efforts we have made over the years. However, there is no finish line when it comes to energy conservation. Toward achieving carbon neutrality by FY2030, we will continue to explore every possible option and take proactive measures." (Message from Akutagawa)

Toru Akutagawa  
Manufacturing Engineering Department

## Promotion of Circular Economy

### Emission policy

In order to realize a sustainable society, it is required to make an early transition to an economic system with less environmental impact; it is required to break away from an economic system (linear economy), which relies on the large-scale use of natural resources and fossil fuels, mass production and consumption of industrial products, and the disposal of large volumes of waste. Instead, a shift is required toward a circular economy that reduces waste and promotes resource circulation by re-evaluating post-use

industrial products—previously regarded as "waste"—as "resources," and by advancing the principles of Reduce, Reuse, and Recycle.

We have been working to reduce and reuse emissions and waste generated by our business activities through the business activities.

To strengthen this initiative, the Emission Subcommittee leads the activities.

#### Long-term targets for the Emission Subcommittee

- [1] Reduce industrial waste emissions by 30% compared to FY2020 by 2050.
- [2] Achieve the zero emissions of industrial waste related to development and manufacturing by 2050.

Toward these targets, we will continue to reduce waste and recycle industrial waste that is not currently recycled. This will curb global warming, natural resource depletion, and biodiversity loss, leading to a contribution to society.

### Outsourcing disposal of hazardous industrial waste

We outsource the disposal of industrial waste to disposal operators. In compliance with laws and regulations, such as the "Act on Waste Management and Public Cleansing," we properly issue an industrial waste control documentation (manifest) and check the process up to the final disposal destinations. We also conduct on-site inspections (including document examinations) of disposal operators as needed to confirm that our emissions are disposed of properly.

### Green purchasing

We promote green purchasing\* to achieve environmentally friendly economic activities. The green purchasing ratio for paper, stationery, and office appliances in FY2024 was 88.3% in value terms.

\*Products in compliance with the Act on Promoting Green Purchasing, labeled with the Eco Mark, Green Mark, or R Mark, or listed in the GPN database

### Activity results

Regarding the reduction of industrial waste emissions, we conduct monthly waste patrols in our factories to identify items that may be subject to reduction. Regarding zero emissions, we investigate whether any new materials are available for recycling, and work toward a goal of achieving a recycling rate of 95% or higher for a single year.

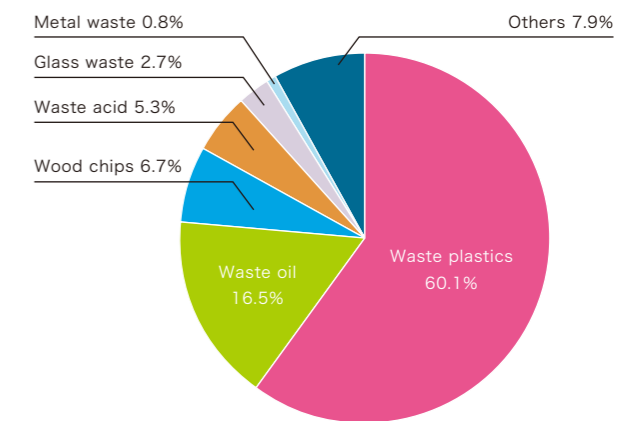
As a result, we started recycling glass plates (primarily scrap from display materials) in FY2024. In FY2025, we have worked on recycling of filament winding scrap through crushing as one of our priorities.

### Industrial waste and recycling rate

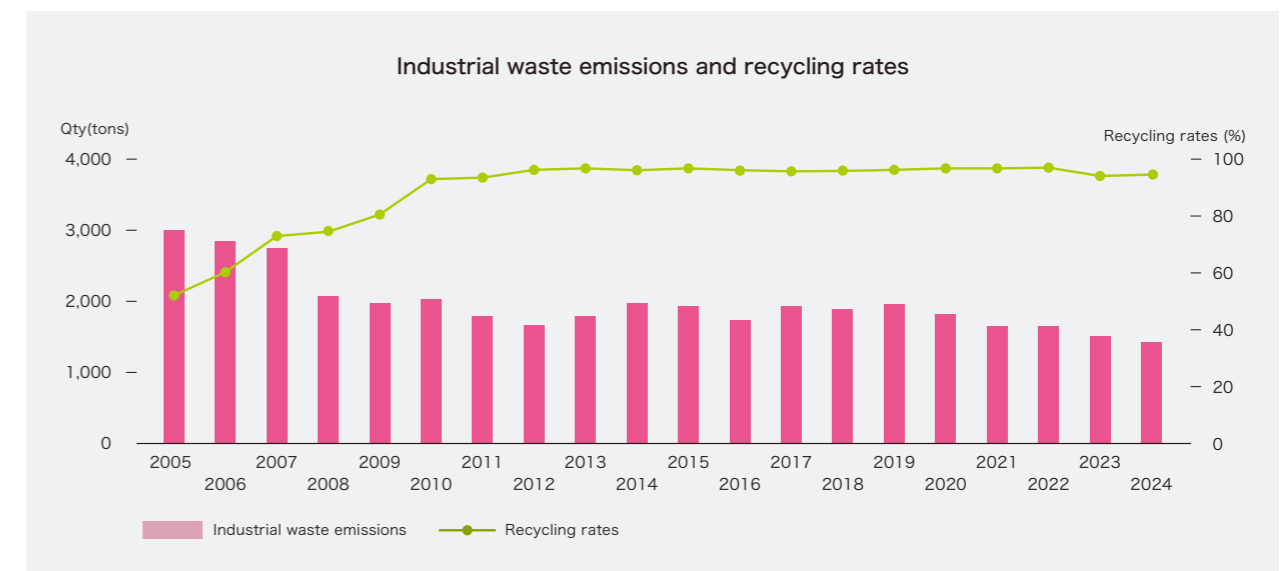
Industrial waste emissions were 1,467 tons. The breakdown of the emissions is 60.1% for waste plastic, 16.5% for waste oil, 6.7% for wood chips, 5.3% for waste acid, 2.7% for glass waste, 0.8% for metal waste, and 7.9% for others.

Waste plastic emissions were reduced by 5.5 % from the previous year.

In order to achieve the zero emissions of industrial waste related to development and manufacturing by 2050, we are continuing to promote active recycling (thermal recycling or material recycling), and the recycling rate in FY2024 was 94.8%.



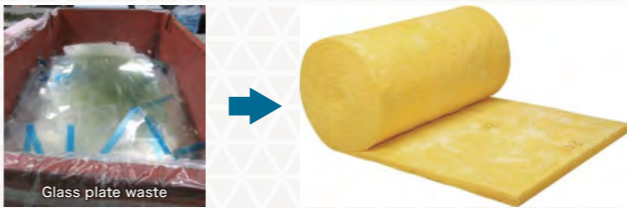
Types and ratio of industrial waste



TOPICS

#### Starting glass plate recycling!

By identifying appropriate recycling partners, we have enabled the recycling of glass plates that were previously landfilled as industrial waste. After being crushed, the glass plate waste is reused as raw material for glass wool, contributing to resource circulation and waste reduction.




#### Upcycling activities in FY2024

##### Used book donations to universities in Niigata prefecture

These donations are used to enhance education and research activities, as well as support students' learning.

##### Donation of unwanted appliances to a welfare facility

We donated obsolete electronic and electrical equipment to Social Welfare Corporation Sakura-en (Joetsu City), a social welfare organization that disassembles and sorts electronic devices donated from households and other sources and promotes their reuse as recyclable resources.



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# Human Resource Management

Human resources are the source of value creation and the driving force to achieve sustainable growth and development for our group. With growing attention to diversity, collaboration, and health management, we will continue to improve the working environment and update human resource development plans to create workplaces that we can be proud of and feel comfortable and rewarding. To further enhance our corporate value, we are focusing on attracting and developing diverse human resources, including creative and flexible leaders and human resources for DX.

## Link to management strategy

We established in the mid-term management plan the basic policy of "aiming to enhance our corporate value from both business and financial perspectives by leveraging human resources and addressing environmental and social issues." To promote our business and financial strategies, the talent that meets our needs is personnel who can practice CIC on their own. We have worked on nurturing human resources through discussions with the Human Capital Subcommittee and Recruitment, while promoting recruitment activities that respect diversity and enable job matching.

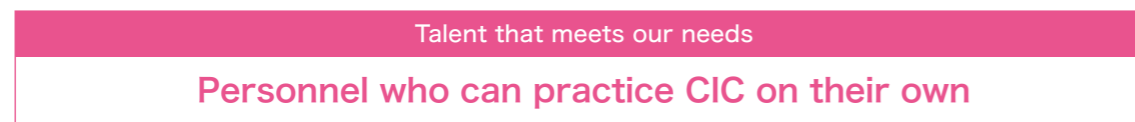
We hope this will achieve a virtuous cycle in which our corporate

value is increased, the obtained results are returned to each of our employees, and further value is created.

In March 2024, we conducted our first Employee Engagement Survey, which was outsourced to an external agency.

An overview of the results and our human resources strategy to address the identified challenges are outlined below.

We will continue to promote human resource development, including the establishment of a dynamic human resource portfolio, and further enhance the work environment.



| Employee Engagement Survey   |   |   |  |
|--|---|---|--|
| <b>Participants</b><br>Arisawa employees<br>(response rate: 93.5%) | <b>Overall satisfaction score</b><br>72.2points | <b>Highly satisfied areas</b><br><ul style="list-style-type: none"> <li>Interpersonal relationships and communication</li> <li>Compliance</li> <li>Working hours management and intention to remain with the company</li> </ul> | <b>Key challenges</b><br><ul style="list-style-type: none"> <li>Clarifying career paths</li> <li>Ensuring fairness in evaluation and compensation</li> <li>Promoting and maintaining mental and physical health</li> </ul> |

|  |   |
|--|---|
| <b>Direction for addressing challenges</b> | <ul style="list-style-type: none"> <li>Providing opportunities to learn about other departments to support career planning</li> <li>Enhancing training programs by job level and reviewing organizational systems and structures</li> <li>Fostering an open and inclusive workplace culture, and creating a clean, safe, and comfortable working environment</li> </ul> |
|--|---|

| Human resource strategy   |  |  |
|---|--|--|
| To promote our business strategy and financial strategies, we aim to enhance both individual autonomy and the sense of unity of the organization.   |  |  |
| <b>Developing human resource to lead business and management</b>  | <b>Attracting and developing diverse human resources</b>   | <b>Creating comfortable and rewarding workplaces</b>   |
| <ul style="list-style-type: none"> <li>Clarifying career paths and expanding business positions for professionals</li> <li>Enhancing career development support</li> <li>Enhancing training and providing diverse practical experience</li> </ul> | <ul style="list-style-type: none"> <li>Enhancing training and increasing opportunities for personnel exchange</li> <li>Activating job rotation</li> <li>Reviewing promotions to job positions (fair evaluation and treatment)</li> </ul> | <ul style="list-style-type: none"> <li>Respecting diversity</li> <li>Maintaining favorable workplace environment</li> <li>Saving personnel and improving efficiency through systemizations and DX</li> </ul> |

## Actions for clarifying issues and filling the gap to the talent that meets our needs

| Item   | Target  | Initiatives for FY2024   |
|--|---|--|
| Diversity and inclusion                          | <ul style="list-style-type: none"> <li>Percentage of women in managerial positions: 20% (FY2024 target) / 20.1% (FY2024 actual)</li> <li>Ratio of gender wage gaps between men and women: 85% (FY2024 target) / 92.5% (FY2024 actual)</li> <li>Reviewing promotions to job positions (fair evaluation and treatment)</li> </ul> | <ul style="list-style-type: none"> <li>Harassment training (managers and general employees)</li> <li>Promotion of women managers through organizational restructuring and job range expansion</li> <li>Mid-career recruitment</li> <li>Expansion of the range of roles played by people with disabilities and their employment support</li> </ul>  |
| Evaluation and compensation<br>Life-work balance | <ul style="list-style-type: none"> <li>Ratio of male employees taking childcare leave: 60% (FY2024 target) / 54.5% (FY2024 actual)</li> <li>Percentage of annual paid leave taken: 75% (FY2024 target) / 66.7% (FY2024 actual)</li> </ul>   | <ul style="list-style-type: none"> <li>Expanded support for employees through the introduction of a new dependent allowance</li> <li>Implemented wage increases in line with rising prices</li> <li>Give company logo aprons to employees who have had a newborn baby or are on childcare/caregiver leave</li> </ul>   |
| Career development                               | <ul style="list-style-type: none"> <li>Clarifying career paths and expanding business positions for professionals</li> <li>Enhancing career development support</li> <li>Enhancing training and providing diverse practical experience</li> </ul>   | <ul style="list-style-type: none"> <li>Level-based training by external instructors (communication, motivation enhancement, self-control, management thinking, communication sensitivity improvement)</li> <li>Foreign language training (online English and Chinese lessons) (English writing seminar by Outside Director Kazuo Abiko)</li> <li>Meeting among Outside Directors Hirotohi Takada and Makiko Horie, and female employees</li> </ul> |
| Human resource portfolio                         | <ul style="list-style-type: none"> <li>Establishment of a dynamic human resource portfolio</li> <li>Activating job rotation</li> </ul>  | <ul style="list-style-type: none"> <li>Identification of the desired future state and key issues to be addressed</li> <li>Future vision for each division and action plans to bridge identified gaps</li> <li>Implementation of an internal internship program</li> </ul>  |
| Engagement                                       | <ul style="list-style-type: none"> <li>Maintaining comfortable workplace environment</li> <li>Promoting mental and physical health</li> <li>Saving personnel and improving efficiency through systemizations and DX</li> </ul>  | <ul style="list-style-type: none"> <li>Analysis of Employee Engagement Survey results to support the formulation of the mid-term management plan</li> <li>Granting shares through an employee stock ownership plan (ESOP) trust</li> </ul>   |

## Initiatives on recruitment and respecting diversity

We believe that new ideas and solutions are created by people with different backgrounds and experiences getting together and thinking about things from each perspective, which will lead to an increased corporate value. For recruitment, we place great importance on respecting diversity and enabling job matching.

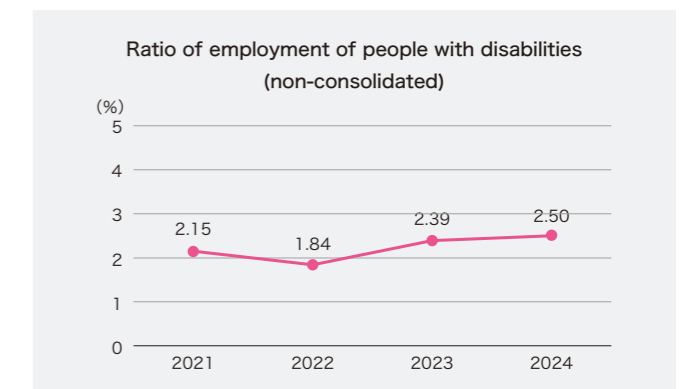
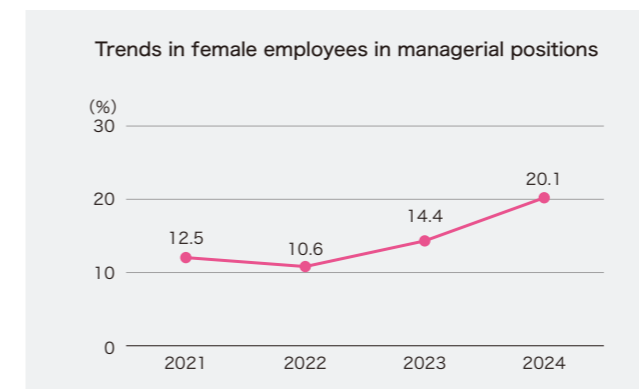
The percentage of women in managerial positions was 12.5% as of the end of March 2022. However, through the implementation of various development plans and efforts to promote the active participation of female employees, it reached 20.1% by the end of March 2025. The first female director (outside) was appointed in June 2021, and two of the directors are female as of June 2023. In addition, the first female operating officer was appointed in June 2022 through internal promotion. In June 2024 and June 2025, one female operating officer was added each time, bringing the

total to three.

Additionally, in order to respond to environmental changes and take on new business challenges speedily, we also place emphasis on the mid-career hiring of professionals with advanced knowledge and experience in specialized fields.

The number of mid-career hires is increasing every year, and they have breathed new life into their workplaces by leveraging their experiences and skills.

We provide people with disabilities opportunities to work by leveraging their abilities, ensuring their job security and financial independence. By utilizing a service to support the employment of people with disabilities, we will increase the employment ratio of people with disabilities.



# Human Resource Management

## Human resource development

We strive to provide a wide range of opportunities for skill development, including improvement of basic skills with position-based training, external trainings, and self-development with e-learning. We deliver employee development that enables a clear sense of self-realization to enhance engagement for each employee while strengthening our organizational capabilities. New employees receive one-on-one guidance from an individually assigned trainer and learn their tasks in accordance with a new employee development plan. We develop personnel who can practice CIC on their own and future leader candidates and assign the right people to the right positions through consultation by a career consultant or industrial counselor and conversations with executives and junior employees.

In FY2024, to cultivate successors for managers, we reviewed the division of responsibilities for positions with heavy workloads, delegated authority, and established new positions. This system enables employees to experience the engagement and results of their work while practically cultivating managers through job rotation.

Furthermore, to support career development, particularly for female employees, we are enhancing various training programs and continuing to hold discussion sessions between outside directors and female employees.



Level-based training by an external instructor

## Internal internship

We held a one-day work experience program before implementing a system that allows temporarily transfer to each employee's desired departments where they can experience different tasks for their autonomous career development.

A total of 12 employees participated in this program, gaining valuable experience in departments such as the Manufacturing Department, Administration Division, and Analysis Center.

The purpose of the internal internship is to help employees

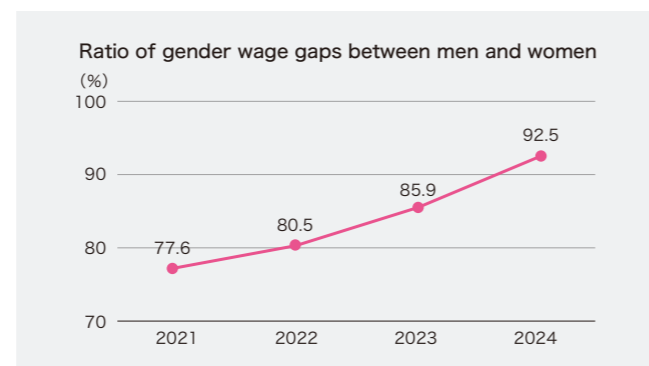
who are interested in the tasks of other departments deepen their understanding and expand their internal network for future career development. We also expect a synergistic effect; participants in this internship program can gain experience that is useful for their original tasks, while employees hosting the interns can gain new perspectives and insights. We are currently working on establishing a full-scale internship program.

## Fair evaluation and treatment

We employ an ability-based grade system for hiring, promotion, and assignment, regardless of age, gender, or career. We conduct multidimensional evaluations and provide feedback to encourage individual growth based on the management by objectives (MBO) system. To address fairness identified as an issue in the Employee Engagement Survey, we are reviewing our MBO system as well as our promotion and appointment system.

We also aim to build a strong organization through salary increases based on evaluations and an incentive system based on job responsibilities. Examples of the incentive system for employees include an employee stock ownership plan for employees in management positions, the allocation of bonuses based on performance evaluations, awards to employees for long service, excellent work efficiency, contributions to improving the company's performance, and a reward system for proposals that contribute to development

of new technologies or new products (including eco-friendly products), and proposals for improvement in productivity.



## Promotion of work-life balance

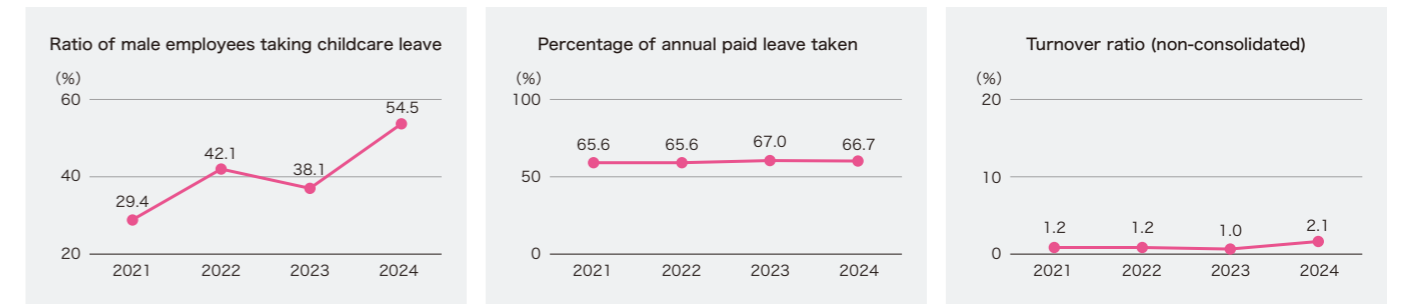
We have adopted various systems, such as flextime, teleworking, and staggered working hours. Through seminars and individual consultations, the number of male employees taking childcare leave and the percentage of annual paid leave taken are on the rise. We continue to create an atmosphere that makes it easy for employees to take days off to improve the percentage.

It is said that many people today feel stressed and anxious due to the abundance of information. We support the physical and mental health of our employees by establishing consultation services

both inside and outside the company, such as the Human Rights Consultation Office, industrial counselors, and consultations with industrial physicians.

We also support employee asset building through employee shareholding associations and selective defined contribution plans.

It is a company's obligation to provide a comfortable work environment for its employees, and this contributes to high employee retention rates by making it easier to maintain work-life balance and improving operational efficiency.



## Corporate culture

We encourage employees to address each other as "●● san" (san is a Japanese honorific added to a person's name) within the company, rather than using titles that imply a hierarchical relationship, such as "boss" and "subordinate." We believe that this will

protect the health of our employees, create a comfortable workplace, and ultimately improve productivity and foster innovation, which will in turn increase corporate value.

### TOPICS

#### Workplace tour for employees' children

During the summer vacation period, we held a workplace tour for employees' children. The event also served as an operational rehearsal following the completion of the Innovation Center and was open to participants ranging from elementary school students to high school students.

Through interactive quizzes, we introduced our company and products, and participants had the opportunity to experience our technologies firsthand through activities such as kaleidoscope making and water purification experiments.

#### Voices from participating students

·All I knew was that Arisawa makes components used in smartphones. I realized it is a company that makes products useful in many different areas. I really enjoyed the experiments using actual products. (6th-grade elementary school student)

·I didn't know much about my mother's job before, but I realized that she works pretty hard. (2nd-year junior high school student)

·I was impressed by the FRP vessel used in filtration equipment that can withstand such high pressure. (2nd-year senior high school student)



#### Speaking at the "dual-income, shared parenting" panel discussion!

An online study session hosted by the Tohoku/Niigata D&I Network was held on December 12, and two male managers from our company participated as panelists. The discussion featured male panelists who are actively practicing dual-income, shared parenting. They exchanged views on improving work efficiency, finding time-saving approaches to childcare, and the challenges they face in balancing work and family responsibilities, leading to a lively and insightful dialogue.

"Many dual-income households seem to share a common challenge: finding an effective balance in dividing responsibilities for housework, childcare, and work. This event made me realize that connecting with other parents creates opportunities to share concerns and find solutions together." (Message from Higuchi)



Fumiki Higuchi, Group Leader, Group2, Functional Films Development Department (left)  
Mikio Kuroda, Group Leader, Group1, Molding Materials Development Department (right)

※They are holding original company aprons, which are gifted to employees upon the birth of a child as part of our efforts to support their life planning.

## Occupational Safety and Health

Under the "Safety Declaration" and "Our Action Guideline," all of our employees and the employees of our subcontractors who work with us participate in promoting safety activities with the aim of achieving zero accidents.

|  |  |  |
|--|--|--|
| <p><b>Safety Declaration</b></p> <ol style="list-style-type: none"> <li>We will aim to be a good company that places safety first, live up to the trust of our customers, and fulfill social responsibilities.</li> <li>We will build a safe and comfortable workplace through a zero-accident campaign in which all employees participate, always keeping safety awareness in mind.</li> <li>We will not do or let anyone do risky behavior. We will build a disciplined workplace that follows standard work and rules.</li> </ol> | <p><b>Our Action Guideline</b></p> <p>We give the highest priority to safety, and fulfill our own roles and responsibilities for zero accidents.</p> | <p><b>Occupational Safety and Health Slogans for FY2024</b></p> <ol style="list-style-type: none"> <li>Your mindset and actions make the difference! Point, call, and act with safety in mind.</li> <li>Share near-miss (hiyari-hatto) experiences across the workplace to identify risks and prevent accidents.</li> <li>Safety greetings and pointing and calling are carried out by all.</li> </ol> |
|--|--|--|

### Promotion system of occupational health and safety

At each workplace, group leaders take the lead in carrying out decisions as a workplace safety and health promoter. A director and general manager act as a general occupational health and safety manager, who reports on important matters to and is monitored and supervised by the Board of Directors.

In addition, under the management policy of labor-management cooperation, we hold regular meetings with the union on occupational health and safety and outsourcing safety meetings to raise the safety awareness of all employees.

### Occupational health and safety initiatives

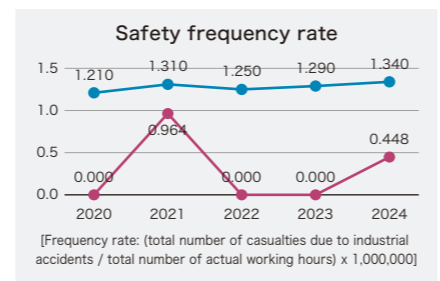
To achieve the goal of "no accidents," we engage in daily safety activities, such as safety patrols, safety education and training, and occupational health and safety risk assessments as well as report on near-miss (hiyari-hatto) incidents at each workplace, hazard prediction training, 4S activities (4S stands for Seiri, Seiton, Seisou, and Seiketsu, or Sorting, Setting-in-Order, Shining, and Standardizing), and rotational safety announcements.

similar accidents from happening again, besides confirming the effectiveness of countermeasures using past accident cases. Regarding consecutive days with zero accidents, departments and group companies (in Joetsu City) are awarded according to the number of days achieved.

As a response to emergencies, we have in place a disaster prevention system for self-protection at each business facility and conduct various disaster prevention drills in accordance with the annual plan in case an accident occurs. Specifically, we conduct company-wide fire drills, joint fire drills with a fire department, and company-wide earthquake drills (BCP activation drills). For details on various trainings, see page 64.

In order to prevent accidents and disasters, it is important to ensure the safety of manufacturing processes and the soundness of facilities and to continue safe and stable operations. At each factory, we make plans to inspect and renew facilities, prioritize them according to risk and importance, and carry out inspections, repairs, and renewals in sequence. In addition, we are proceeding with risk assessments when installing facilities as a measure to prevent

Since FY2024, we have also promoted exchanges among Arisawa and our domestic group companies to share information and applied safety and other measures to them.



— Arisawa Group (domestic)  
— Average of domestic manufacturing industry

## Supply Chain Management

We aim to procure environmentally friendly products and services and build a supply chain free of social issues related to human rights, health, ethics and so forth. In 2022, we established the Procurement Subcommittee and formulated and published the CSR Procurement Policy. We will actively promote CSR activities in order to fulfill social responsibilities through business activities. Through those activities, we will work to address a variety of issues and aim at sustainable growth in continuing our business activities.

### CSR Procurement Policy

- |   |   |
|---|---|
| 1. Establishing a Company Structure to Facilitate CSR (Corporate Social Responsibility) | 5. Environmental Consciousness                        |
| 2. Fair Trade   | 6. Information Management and Contribution to Society |
| 3. Human Rights, Ethics, and Legal Compliance   | 7. Business Continuity Plans (BCP)                    |
| 4. Ensuring Quality and Safety  | 8. Responsible Mineral Procurement                    |

For details on the "CSR Procurement Policy," visit the following URL.  
<https://www.arisawa.co.jp/en/csr/data/202209221EN.PDF>



### Procurement initiatives

Based on the CSR procurement policy, we conduct a supplier survey using a questionnaire. We ask our major existing suppliers to complete a survey once every five years, and new suppliers, in principle, to complete a survey before starting business.

Based on the survey results, we communicated required improvements to 133 suppliers (which account for about 80% of

the purchase amount in FY2024) out of our approximately 500 raw and secondary material suppliers, and then completed follow-up. There were no suppliers that needed to be improved promptly in matters such as human rights.

For FY2025, we are conducting a survey of 20 secondary material suppliers.

| Category                  | Number of questions | Question example   |
|---------------------------|---------------------|--|
| CSR promotion             | 7                   | Presence of a CSR policy, promotion system, employee education, whistleblower protection, request for suppliers to establish a CSR system, etc.  |
| Trading principles        | 10                  | Policy on fair and transparent trading, management, problem reporting, prohibition of trading by abusing a superior bargaining position, prohibition of inappropriate provision and receipt of benefits, etc.  |
| Law observance and ethics | 21                  | Understanding of and compliance with laws and regulations, export and import in compliance with legal regulations of each country, respect for and protection of intellectual property, presence of a policy on respect for fundamental human rights, prohibition of forced and child labor, working hours, holidays, prohibition of connection with antisocial forces, whistleblower system, etc. |
| Safety and health         | 15                  | Promotion system, persons in charge, employee education, periodic safety and health patrols, safety screening for introduced equipment, equipment and device maintenance, medical checkups, etc.   |
| Information management    | 7                   | Acquisition of JIS Q 27001 certification, information security rules, confidential information handling, employee education, problem recovery procedure and system, etc.   |
| BCP                       | 13                  | Presence of BCP, recovery manual, backup production site in times of emergency, information data backup, means of communication with clients and media in times of disaster, etc.  |
| Social contribution       | 1                   | Presence of activities that contribute to the development of society and regions and addressing environmental issues.  |
| <b>Total</b>              | <b>74</b>           |  |

### Human rights policy

Our group formulated an action guideline, a quality policy, and an ESG policy based on the management policy with the motto of "Create, Innovate, and Challenge." We also understand that our group's business may impact human rights in all business activity fields, from raw material procurement to product development, production, distribution, consumption, disposal, and recycling. To contribute to a sustainable society and improve the corporate value of our group, it is essential for us to prevent and mitigate negative impacts on human rights that could be brought about by business activities and promote business activities that respect human rights.

To understand the human rights of all people and fulfill our responsibility to respect human rights, we established the "Human Rights Policy of Arisawa Group" on May 23, 2024.

For details on the "Human Rights Policy of Arisawa Group," visit the following URL.  
<https://www.arisawa.co.jp/csr/sustainability.html#human-rights>



### Respect for human rights

The CSR questionnaire includes questions on the reporting system for violations of basic human rights and legal and ethical violations, the consultation service, and the disciplinary policy and procedure. In the FY2024 survey, there were no negative responses regarding human rights due diligence. Furthermore, we believe that conducting surveys and interviews with individual employees of the suppliers will be one of our future tasks.

Regarding the working environment of the suppliers, we conduct fact-finding surveys on the production environment at the time of quality audits.

**Award for consecutive accident-free days!**

The following divisions and group companies were honored for consecutive accident-free days for FY2024.

|   |   |   |   |
|---|---|---|---|
| <p><b>Coating Group</b><br/>Coating Group 2,400 days</p> <p>"I place the greatest importance on communication. Every time I meet someone, I make it a point to speak to them about safety. Our next milestone is 3,600 days. Connecting the next 1,200 days without a single accident is my foremost goal and my personal mission."<br/>(Message from Kojima)</p> <p>Tsutomu Kojima<br/>Group Leader, Coating Group, Manufacturing Department</p> | <p><b>Arisawa Fiber Glass</b><br/>1,000 days</p> <p>Takeshi Hojo<br/>Factory Manager, Arisawa Fiber Glass Co., Ltd.</p> | <p><b>Molding Group</b><br/>600日</p> <p>Masato Fuse<br/>Group Leader, Molding Group, Manufacturing Department</p> | <p><b>FPC Group</b><br/>450日</p> <p>Masato Ueki<br/>Group Leader, FPC Group, Manufacturing Department</p> |
|---|---|---|---|

# Quality Improvement Initiatives

## Quality policy

Under our quality policy "Arisawa pledges to supply the high-quality product that meets the reliability and needs of the customer by standing in the customer's viewpoint," we will implement the following activity guidelines. We believe that for a company to survive and develop sustainably, it is absolutely necessary to

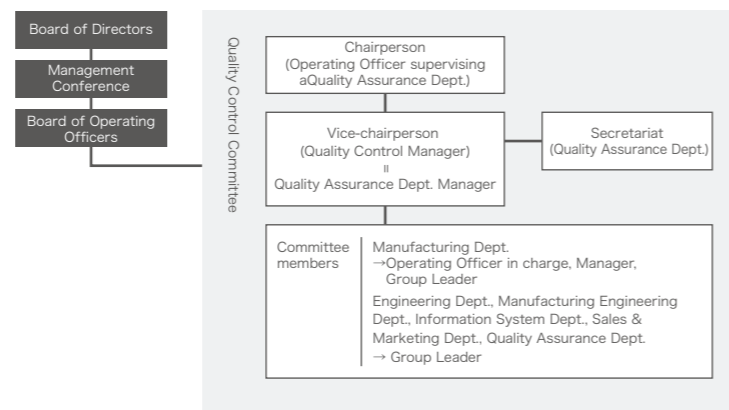
comply with laws and regulations and provide products of the quality that customers expect. In order to ensure thorough quality compliance, we will promote measures, such as enhancing education and strengthening quality fraud checking functions.

|                            |   |
|----------------------------|---|
| <b>Activity Guidelines</b> | <ol style="list-style-type: none"> <li>1. We will regularly review our quality management system and continually improve its effectiveness in order to meet the requirements of ISO 9001/JIS Q 9100.</li> <li>2. We will monitor our manufacturing processes and strengthen control through our quality management system to ensure that the products we provide meet the needs of our customers and society and increase customer satisfaction.</li> <li>3. We will set the following quality targets and do our best in order to achieve the quality policy.             <ol style="list-style-type: none"> <li>(1) Reduction of internal percent defective</li> <li>(2) Reduction of complaints that are caused by the company</li> <li>(3) Proper operation and management of measuring instruments</li> </ol> </li> <li>4. We will set quality targets on a yearly basis and review them as necessary.</li> <li>5. We will conduct internal audits to confirm the effectiveness of our quality management system, and strive to maintain and improve it.</li> <li>6. We will provide education and training to all employees to ensure that they are fully aware of our quality policy in order to effectively utilize our quality management system.</li> </ol> |
|----------------------------|---|

## Quality control system

We have acquired ISO 9001 (target sites: Arisawa Mfg. Co. and Arisawa Fiber Glass) and JIS Q 9100 (target products: aircraft materials). Based on the quality assurance system we have established; we work to improve the quality of our products and services.

In addition to the Company-wide Quality Control Committee (once a year), Factory Quality Control Committee (once a year), and Line Quality Control Committee (twice a year), which are held regularly, the Individual Quality Control Committee deliberates individual cases. The structure of the Company-wide Quality Control Committee is shown in the figure on the right.



## Quality control initiative

In the mass production of new products, the Quality Assurance Department and other related departments are involved from the design and development stages, conducting risk assessments and accompanying process risk patrols prior to the transfer of production. For existing products, the Quality Assurance Department and the Manufacturing Department jointly conduct the quality patrols of each process to identify potential risks and thereby prevent

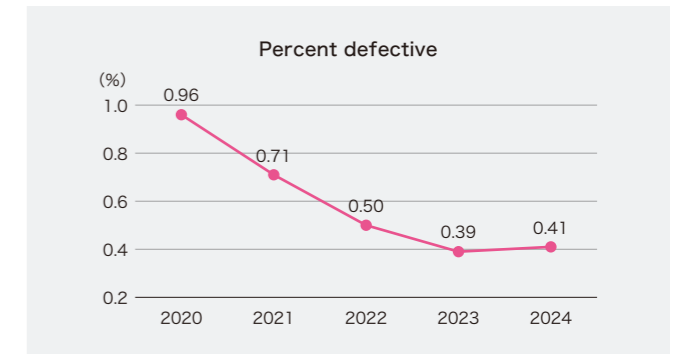
quality defects. In order to incorporate customer needs and improve customer satisfaction, we make improvements by reflecting evaluations and complaints from stakeholders in each process. This cycle enables us to improve our quality management system. Additionally, in order to maintain and improve the quality management system, we conduct internal audits twice a year to check the operational status.

## Targets and results of initiatives for FY2024

Our manufacturing division is committed to preventing the occurrence and release of defective products at each process.

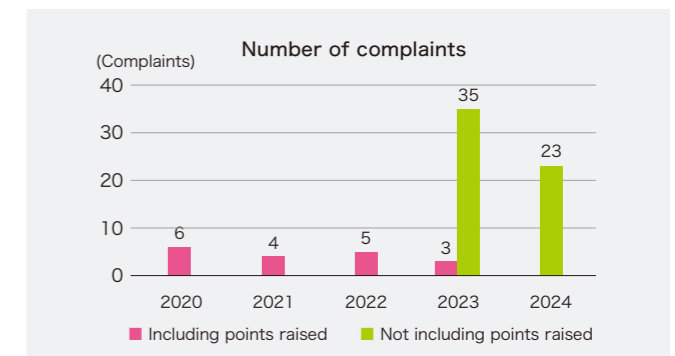
### (1) Reduction of Internal Percent Defective

Each manufacturing group set targets for major products and works to reduce percent defective. Specifically, through interviews during the process patrols, we identify quality risks that operators and inspectors perceived on a daily basis from the bottom up, and prevent defects from occurring.



### (2) Zero complaints that are caused by the company

By identifying potential risks and taking countermeasures with the use of FMEA\* and risk assessment, we not only reduce the risk of complaints, but also strive to raise the quality awareness of each and every employee and reduce human errors, such as careless mistakes, through quality education. In addition to complaints from customers, we also take seriously and examine carefully the points raised by our customers and work to correct them and prevent their recurrence in the same way as complaints.



\*Failure Mode and Effects Analysis

### (3) Collaboration with Suppliers

We regularly evaluate suppliers for quality-related nonconformities and their responses on a regular basis and conduct supplier audits as necessary. We also hold regular quality meetings with the suppliers of major raw materials and raw materials used in important products to share our customer requirements, and are promoting quality improvement initiatives.

### (6) Management and Promotion of Quality Plans

We achieved 100% of our company-wide quality target for FY2024. We meet high-quality requirements to further improve customer satisfaction starting in FY2025. Standards are kept up-to-date and can be viewed by each department through the document management system.

### (4) Customer Satisfaction Survey

We conduct customer satisfaction surveys twice a year to check requirements for us regarding technical support, delivery schedules and so forth, and are working to improve customer satisfaction from various aspects.

### (7) Quality Education

We conduct general education every year to disseminate company-wide and group-wide quality targets. Additionally, we conduct "education to provide products with higher quality" aimed at fostering quality awareness among all employees in the Manufacturing Department, as well as product safety and counterfeit product prevention training in departments subject to JIS Q 9100.

### (5) Proper Operation and Management of Measuring Instruments

We keep our measuring instruments in proper condition at all times by sounding an alarm at each calibration cycle through the operation of the instrument management system.

We strive to improve and strengthen our quality management system through close exchange of opinions with stakeholders, and by promoting employee education, we aim to instill in all employees an awareness of emphasizing quality from the perspective of stakeholders.

## Risk Management

We recognize that establishing and operating a management system for significant risks that may be encountered in conducting business are extremely important for contributing to society through sound corporate activities and for continuously enhancing corporate value.

## Compliance

### Policy and promotion system

Our company and its subsidiaries established the "Arisawa Group Corporate Action Guidelines" in 2006, covering the entire group. Based on the Guidelines, we have put in place a range of specific management regulations. Our group positions compliance as one of its most critical management priorities and actively works to foster a culture of compliance awareness within the company. We have established a Compliance Committee chaired by the

Director in charge of the General Affairs Department and composed of operating officers. We conduct activities such as raising individual awareness, identify compliance-related issues, deliberate on improvement measures, and report its proceedings to the CEO. The Compliance Committee Secretariat reports on the Committee's activities to the Board of Directors twice a year.

#### Arisawa Group Corporate Action Guidelines

- We act with sound judgment to contribute to societal development and gain the trust and empathy of society.
- Top executive recognizes that realizing the Guidelines is their own responsibility and takes the lead in thoroughly implementing the corporate ethics outlined below and establishing an effective system.
- When situations contrary to corporate ethics occur, we fulfill accountability to both internal and external stakeholders, strive to investigate the causes, and work to prevent recurrence.

#### Corporate ethics within our group

1. Gain the trust of consumers and customers by offering socially useful products and services.
2. Conduct fair, transparent, and free business activities.
3. Strive to communicate with society through appropriate information disclosure.
4. Comply with laws/regulations and address environmental issues.
5. Provide employees with a rewarding and safe work environment.
6. Conduct business activities that benefit society and contribute to society.

### Education and awareness activities

To promote understanding among all employees, rules are thoroughly communicated, we have created a "Compliance Manual" and distributed it to all employees of our company and domestic group companies. Through training sessions using the Compliance Manual at each workplace, including guided reviews, we ensure that all employees fully understand the Arisawa Group Corporate Action Guidelines and Code of Conduct. At each overseas location, we

have distributed the document compiling our own Code of Conduct.

In addition to new employee training, we conduct annual training for managers on legal compliance and approaches to problem-solving. We also hold biannual training sessions for all employees of domestic group companies on themes such as "harassment prevention" and "corporate ethics and compliance cases."

If a potential compliance violation is identified through consultations or reports, we objectively assess the situation through an investigation of the facts and determine appropriate countermeasures or disciplinary actions. Our group has established reporting and corrective action processes, as well as disciplinary measures, for incidents of discrimination or harassment, based on the "Harassment Prevention Policy" and the "Compensation and Disciplinary Committee Rules." Violations committed intentionally or through gross negligence will be strictly disciplined (including termination for cause, demotion, and suspension) in accordance with the work rules of each group company.

### Compliance consultation services

Our group has established the compliance consultation services (internal reporting channel) for all employees. We receive reports and consultations regarding legal violations; misconduct; corruption, including bribery, kickbacks, and embezzlement; violations of competition laws, including bid rigging and cartels; and bullying and harassment in the workplace. We strive to detect issues early, correct them, and prevent them from occurring. To ensure employees can use the services with confidence, we guarantee the protection of employees' privacy, including their identities, and that no disadvantage will arise from their consultations or reports. We also accept anonymous consultations.

## Information Security

### Information security policy

The Compliance Manual sets out a Code of Conduct for handling information for all executives and employees. We recognize that ensuring a high level of security is essential to effective information security management, as threats continue to diversify and grow more complex every year. We are committed to the appropriate handling, management, and protection of information.

We establish various regulations necessary for the construction and operation of information systems and information security to strengthen our internal control framework, including the management of anticipated risks such as information leaks and cyberattacks.

### Initiatives for information security risks

Threats to information security posed by cyberattacks against companies are increasing. Even with certain security measures in place, risks such as information system failures and the external leakage of confidential information cannot be eliminated. Furthermore, there is also the risk of temporary interruptions to business activities, including the supply chain. Should such a situation arise, it could adversely affect our group's financial condition and performance due to stagnation in business activities and a decline in social credibility. Therefore, when using networks and systems, we implement necessary defensive measures, monitor

for intrusions and unauthorized communications resulting from attacks, and maintain the system capable of responding to any unforeseen circumstances.

#### Primary risks

- External threats (targeted attacks, hacking, impersonation, DDoS attacks, phishing, etc.)
- Internal errors (loss/theft, use of personal PCs or external storage media, unauthorized access, system failures, etc.)
- Internal malicious acts (fraudulent operations, information theft, etc.)

#### (1) Enhanced information management

- Critical information is stored in a dedicated, highly secure system with restricted access, and usage is logged.
- We have established an environment enabling secure external access to our information assets while managing email attachments and the removal of PCs and recording media outside the company.

#### (2) Response to cyberattacks

- We have implemented multi-layered defenses, including network communication controls.
- We monitor and remove suspicious emails containing malware attachments, and monitor unauthorized communications from within the company to the Internet.
- We are strengthening our backup systems and implementing measures to ensure business continuity in preparation for ransomware attacks.
- For FY2025, we are considering introducing a 24/7 external monitoring service for our security systems.

#### (3) Prevention and response to information leaks

- We promptly investigate the cause in accordance with the "Guidelines on Response Measures Following Information Leakage"

#### (4) Information security education

- We ensure all officers and employees understand the necessity of information security and specific compliance requirements. To maintain and enhance our information management system, we regularly conduct information security education for all officers and employees.
  - Conduct training on information security and personal information protection as part of group education for new graduates and mid-career hires.
  - Beginning in FY2024, launched countermeasure training for all domestic group employees against "targeted phishing email attacks" by third parties. It will be continued from FY2025 onward.
  - Established the "Guidelines for the Use of Generative AI" in FY2024.

#### (5) Establishment of audit framework

- We strive to ensure information security by establishing an internal audit framework and inspecting and evaluating compliance with laws and internal policies.

### TOPICS

#### Various training exercises

In the event of an emergency (such as an earthquake, fire, or wind and flood damage), our policy is to ensure the safety of employees and their families while aiming for prompt recovery and resumption of operations. We are implementing BCP initiatives based on this policy. We verify the risk of business interruption, including supply chain disruptions; implement measures for critical business resources such as securing essential equipment, parts, raw materials, and alternative production methods; and advance Business Continuity Management (BCM) through repeated education and training.



Earthquake and disaster prevention drills



Joint fire drills with the Joetsu Minami Fire Station

# Corporate Governance

## Basic concept of corporate governance

We have a corporate governance system in place to increase corporate value through sustainable growth and to maintain social credibility and are also making efforts to secure efficient and equitable management and to enhance management transparency through proactive disclosure.

In terms of management efficiency, to ensure expeditious decision making, we aim at management by a selected few and restrict the number of directors to the requisite minimum. We also employ the operating officer system to ensure speedy execution of operations and collect highly accurate information under the

decisions of the Board of Directors, where outside directors and outside corporate auditors attend.

In terms of equitable management, in line with the basic policy concerning the improvement of the internal control system, we improve organizations and systems for the purpose of ensuring legal compliance.

In order to enhance transparency, we enhance communication with our shareholders and general investors through IR activities, etc., and conduct disclosure practices as actively and promptly as possible.

## Changes in enhancement of corporate governance system

Although we are a company with a board of company auditors, we have in place the Nomination and Compensation Advisory Committee, which is voluntary, that deliberates matters related to the appointment and dismissal of directors, appointment and removal of representative directors and directors responsible for business execution, succession plan and director remuneration,

and reports to the Board of Directors.

The company's Board of Directors currently consists of four internal directors and five outside directors (including two female directors) for a total of nine directors. The evaluation of the effectiveness of the Board of Directors is conducted by a third-party organization to ensure fairness.

| FY   | Items  | Board of Directors |         |        | Board of Corporate Auditors |         | Operating Officers |        |                     |
|------|--|--------------------|---------|--------|-----------------------------|---------|--------------------|--------|---------------------|
|      |  | Inside             | Outside |        | Inside                      | Outside | Inside             | Inside | Served as directors |
|      |  | Male               | Male    | Female | Male                        | Male    | Male               | Female |                     |
| 2016 | ·Self-assessment of the effectiveness of the Board of Directors  | 5                  | 2       |        | 1                           | 2       | 11                 |        | 5                   |
| 2017 |  | 5                  | 2       |        | 1                           | 2       | 11                 |        | 5                   |
| 2018 |  | 5                  | 2       |        | 1                           | 2       | 11                 |        | 5                   |
| 2019 | ·Non-renewal of the anti-takeover measures<br>·Establishment of the Nomination and Compensation Advisory Committee (voluntary advisory body)                       | 4                  | 2       |        | 1                           | 2       | 11                 |        | 4                   |
| 2020 | ·Assessment of the effectiveness of the Board of Directors by a third party organization<br>·Introduction of exercising voting rights by an electromagnetic method | 4                  | 3       |        | 1                           | 2       | 11                 |        | 4                   |
| 2021 | ·Change of stock-based compensation for directors from stock options to restricted stocks  | 4                  | 4       | 1      | 1                           | 2       | 11                 |        | 4                   |
| 2022 |  | 4                  | 4       | 1      | 1                           | 2       | 11                 | 1      | 4                   |
| 2023 | ·Change of the term of directors from two years to one year  | 4                  | 3       | 2      | 1                           | 2       | 10                 | 1      | 4                   |
| 2024 |  | 4                  | 3       | 2      | 1                           | 2       | 11                 | 2      | 4                   |
| 2025 | ·Granting stock-based compensation (restricted stock) to outside directors   | 4                  | 3       | 2      | 1                           | 2       | 12                 | 3      | 4                   |

## Outline of corporate governance system

As for execution of operations, to ensure speedy execution and control of the management policy and management plans determined at the regular meetings of the Board of Directors, the Board of Operating Officers (comprising one chief executive officer and 14 operating officers for a total of 15 members) is in place in pursuit of management proactively and appropriately.

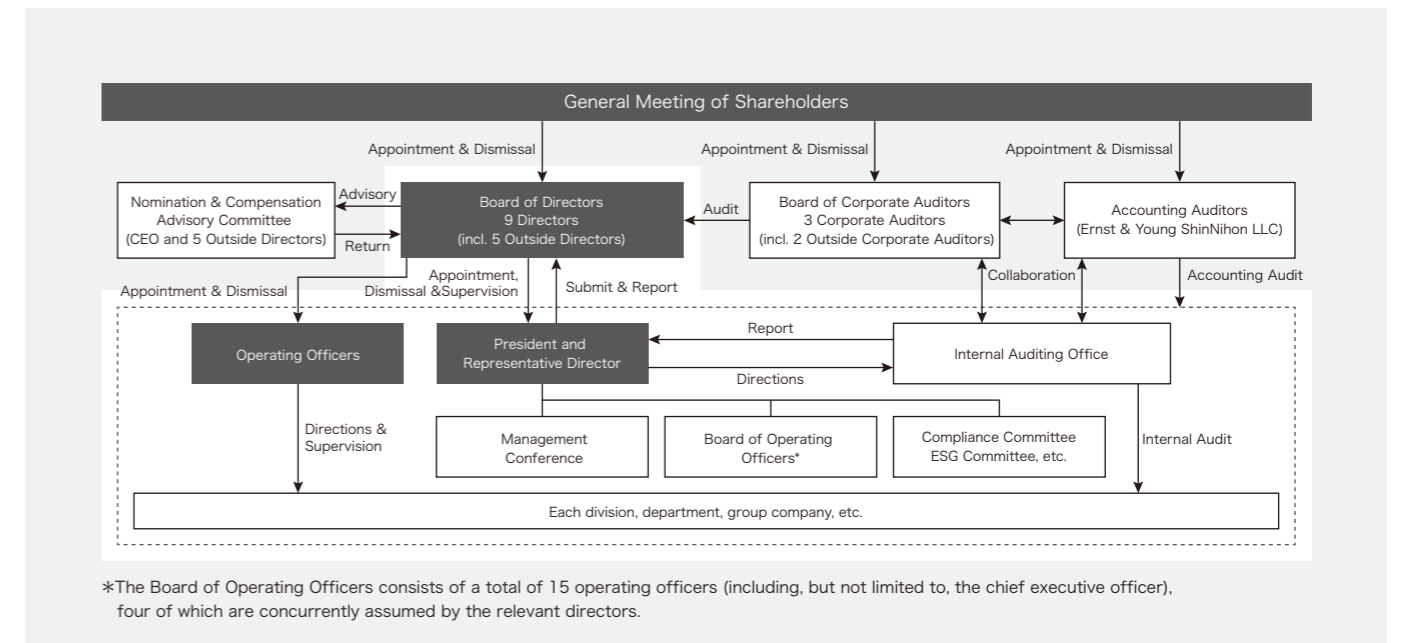
Each operating officer plans and promotes operations under his or her supervision upon approval at the Board of Directors as well as the regular meeting of Management Conference (a meeting to deliberate and coordinate basic management policies based on decisions of the Board of Directors, other important matters related to management, and to conduct preliminary deliberations on matters to be discussed at the Board of Directors meetings) or the Board of Operating Officers and strives for efficient and speedy execution of their duties pursuant to the Regulations for the Segregation of Duties and Official Authority, etc.

As an internal audit division, two full-time employees are assigned to the Internal Auditing Office, which is independent of

other organizations of the company and conducts scheduled audits and special audits as appropriate. As for the scheduled audits, an audit plan is made for each term pursuant to the relevant internal regulations, and audits are conducted after the final decision by the chief executive officer. Audit results are notified to the relevant departments along with specific advice and recommendations, while reporting to, and opinion exchanges with, the corporate auditors are also made.

The certified public accountants who conduct the accounting audit of the company are two members of Ernst & Young ShinNihon LLC, and the composition of assistants involved in the accounting audit work of the company is determined in accordance with the selection standards of the audit corporation and specifically includes nine certified public accountants and ten others.

The results of auditing by the internal audit division and the details of accounting audits by the accounting auditors are deliberated by the Board of Corporate Auditors, contributing to the proper performance of duties by the auditors.



## Number of meetings held and main agenda items in FY2024

|                    | Board of Directors  | Board of Operating Officers  | Nomination & Compensation Advisory Committee                            | Board of Corporate Auditors   |
|--------------------|---|--|---|---|
| Chairperson        | CEO   | CEO  | Outside Director  | Full-time Corporate Auditor   |
| Attendee           | Directors (including Outside Directors)<br>Corporate Auditors (including Outside Directors)   | Operating Officers,<br>Corporate Auditors (full-time only)   | CEO and Outside Director  | Outside Corporate Auditor   |
| Number of Meetings | 12 times  | 12 times   | Twice   | 10 times  |
| Deliberation Items | Quarterly financial results and performance forecasts, annual management strategy, mid-term management plan, governance, general meetings of shareholders, etc. | Quarterly financial results and performance forecasts, capital investments, annual management strategy, monthly business reports, etc. | Appointment and dismissal of directors, remuneration of directors, etc. | Advice to internal audits, validation of accounting audit results, etc. |

## Board of Directors

### Approach to the Board of Directors' diversity

The company's basic approach is to have the Board of Directors composed of individuals with a wealth of experience, deep insight, and a high level of expertise, within the limits of 15 directors and four corporate auditors set forth in the Articles of Incorporation, while taking into consideration their balance of knowledge, experi-

ence, and abilities related to each business and operation. Regarding diversity, we have appointed multiple directors who have extensive experience in international business and who have experience as managers at other companies. The composition also takes gender and age into consideration.

### Skill matrix

Our mid-term management plan aims to enhance our corporate value from both business and financial perspectives by leveraging human resources and addressing environmental and social issues.

The Board of Directors is comprised of individuals with the skills and insight necessary to achieve this goal.

| Name                                      | Years of service | Corporate management | Business strategy / marketing | R&D / technological strategies | Finance / accounting / financial market | HR / labor / HR development | Legal / risk management | International experience |
|---|------------------|----------------------|-------------------------------|--------------------------------|---|-----------------------------|-------------------------|--------------------------|
| Representative Director Yuta Arisawa      | 15years          | ○                    | ○                             | ○                              | ○                                       |                             |                         | ○                        |
| Director Takeshi Masuda                   | 4years           |                      |                               |                                | ○                                       | ○                           | ○                       |                          |
| Director Osamu Nakajima                   | 9years           |                      | ○                             | ○                              |   |                             |                         | ○                        |
| Director Makoto Tai                       | 2years           |                      | ○                             | ○                              |   |                             |                         |                          |
| Outside Director Koji Nakamura            | 5years           | ○                    | ○                             |                                |   |                             |                         | ○                        |
| Outside Director Kazuo Abiko              | 5years           | ○                    |                               |                                |   | ○                           |                         | ○                        |
| Outside Director Hirotohi Takada          | 4years           | ○                    | ○                             |                                |   |                             |                         | ○                        |
| Outside Director Miho Numata              | 4years           | ○                    |                               |                                |   | ○                           | ○                       |                          |
| Outside Director Makiko Horie             | 2years           |                      |                               |                                | ○                                       |                             |                         | ○                        |
| Corporate Auditor Hisashi Masumura        | 3years           |                      |                               |                                | ○                                       | ○                           | ○                       |                          |
| Outside Corporate Auditor Koichiro Tanaka | 5years           | ○                    |                               |                                | ○                                       |                             |                         | ○                        |
| Outside Corporate Auditor Koichi Yokota   | 5years           | ○                    |                               |                                | ○                                       |                             |                         |                          |

The skills necessary for the management of the Company were determined after deliberation by the Nomination and Compensation Advisory Committee. The Board of Directors makes decisions regarding the relevant individuals after deliberation by the Committee and carefully considers the balance of these skills when appointing officers.

| Skill requirements                      | Selection reasons   |
|---|---|
| Corporate management                    | To adapt to changes in the business environment and achieve sustainable growth over the mid- to long-term, knowledge, experience, and proven results in corporate management are required.  |
| Business strategy / marketing           | To enhance competitiveness in domestic and international markets and achieve sustainable revenue growth, expertise and experience in brand strategy and marketing are required.   |
| R&D / technological strategies          | To provide superior products and services, maintain high quality, and achieve sustainable growth and enhanced corporate value through the creation of new innovations, expertise and experience in research and development are required.   |
| Finance / accounting / financial market | To ensure accurate financial reporting, build a robust financial foundation, and strengthen sustainable growth investments and return to shareholders for enhanced corporate value, expertise and experience in finance and accounting are required.  |
| HR / labor / HR development             | To enhance human capital and strengthen the management foundation, knowledge and experience are required to formulate initiatives that enable employees to maximize their potential and to reform the organizational culture.   |
| Legal / risk management                 | To build a governance structure, strengthen compliance, and thoroughly implement risk management, thereby creating a foundation for sustainable corporate value enhancement, knowledge and experience in legal affairs and risk management are required.  |
| International experience                | To enhance corporate value going forward, formulating growth strategies as a global company and establishing group governance are important. Therefore, experience in managing overseas operations, knowledge and experience of international business environments, and an international perspective are required. |

### Policy on appointment and dismissal of directors

In nominating candidates for executive managers and directors and corporate auditors, we select those who have extensive experience, deep insight, and a high level of expertise, suitable for executive managers or directors or corporate auditors in the company. The Board of Directors determines the nomination of candidates for directors based on the report of the Nomination and Compensation Advisory Committee, and candidates for corporate auditors by getting consent of the Board of Corporate Auditors.

Dismissal will occur in the event that any of the following cases is applicable: (1) a relationship with antisocial forces is found, (2) laws, regulations, or articles of incorporation are violated, causing a significant loss to our group, (3) the execution of duties is significantly impeded, or (4) it becomes clear that the requirements of the appointment criteria are not met. In that case, after deliberation by the Board of Directors, a decision is made to dismiss a position or to submit a proposal for dismissal to the general meeting of shareholders.

### Outside directors

A majority of five members out of the nine directors is independent outside directors as defined by the Tokyo Stock Exchange and the Board of Directors is engaged in constructive discussions, including their objective opinions from an independent standpoint. The outside directors, who have a wealth of experience and a wide range of insight, provide advice and recommendations to ensure the appropriateness and legitimacy of the Board of Directors' decision-making. For the years of service of independent outside directors, we believe that approximately eight years is generally appropriate from the perspective of independence.

On the other hand, we support outside directors in the performance of their duties by collecting and providing them with information on economic conditions, industry trends, relevant laws and regulations, corporate governance, financial accounting, and

other matters necessary for them to fulfill their roles and responsibilities. Specifically, we arrange seminars for outside directors provided by external organizations, where our operating officers in charge regularly provide explanations on business plans and strategies, the status of various businesses, business environment, and management issues, while providing opportunities to participate in the Board of Operating Officers and business division report meeting, arranging inspection tours of product manufacturing processes, and supporting e-learning participation.

For more details, see the CORPORATE GOVERNANCE report on our website.  
<https://www.arisawa.co.jp/en/ir/news/data/202506271EN.pdf>



### Evaluation of the effectiveness of the Board of Directors

We annually self-evaluate and analyze the effectiveness of the Board of Directors with the aim of raising our corporate value by improving its functioning.

We conduct annual questionnaire surveys and individual interviews every few years for self-evaluation and analysis, with guidance from an external organization.

In February 2025, we conducted an anonymous questionnaire survey (a total of 32 questions, eight of which are comment-based answers) to all directors and corporate auditors, which are members of the Board of Directors. To ensure anonymity, questions were answered directly to an external organization. Based on the report by the external organization, we analyzed, discussed, and evaluated the survey results at the Board of Directors meeting held in May 2025. The summary of the results is as follows.

The questionnaire results (an average of 4.3 out of 5) show broadly positive reviews of our Board of Directors. Respondents

noted that discussions at the meetings were not formal but open and constructive, which leads us to recognize that the effectiveness of the entire Board of Directors is ensured.

The previous effectiveness evaluation identified areas for improvements in communication with key subsidiaries and in the process for sharing the deliberations of the Nomination and Compensation Advisory Committee with the Board of Directors. We made the improvements and received a certain level of recognition. However, it was noted that the timing of the provision of materials still requires improvement, and issues were shared to further enhance the effectiveness of the Board of Directors and promote more active discussions.

Based on this effectiveness evaluation, we will carefully consider the issues and address them promptly at the Board of Directors meeting in order to continue our initiatives to improve the functioning of the Board of Directors.

## Board of Directors

### Policy on determination of amount of remuneration for directors

We have in place the Nomination and Compensation Advisory Committee as an advisory body of the Board of Directors, chaired by an independent outside director and composed of a majority of independent outside directors in order to improve the independence, objectivity, and transparency of the procedures for

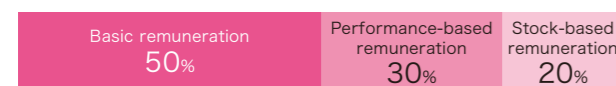
determining the appointment and remuneration of directors and to enhance corporate governance. The Board of Directors determines the individual remuneration policies for directors based on the deliberations and reports of the Nomination and Compensation Advisory Committee.

#### Basic guidelines for remuneration system for directors

- The system should encourage the executive directors to improve their performance through associating the performance with remuneration and to exercise their solid entrepreneurship for sustainable development of the company.
- The system should reflect not only financial performance but also appreciation for proactive challenges with the corporate philosophy "CIC Better today than yesterday better tomorrow than today."
- The system should attract excellent human resources for management who can contribute to sustainable development and enhancement of corporate value of the company.

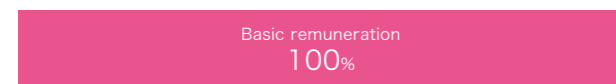
#### Remuneration structure

In the case of 100% achievement of KPI, the ratio of remuneration to executive directors is as follows.



Stock-based remuneration is provided in the form of restricted stock-based remuneration (programmed to lift restrictions of transfer upon retirement) for the purpose of sharing interests with shareholders.

During the coverage period in this report, outside directors are paid only basic remuneration, as in previous years.



However, starting in July 2025, we have decided to provide stock-based compensation (restricted stock) to outside directors as well in order to align their perspective with that of shareholders and encourage their contribution to enhancing the Company's corporate value. The breakdown of remuneration for outside directors is 83% basic remuneration and 17% stock compensation.

#### Details, selection reasons, and calculation method of the Key Performance Indicators (KPI) for performance-based remuneration and results

Consolidated operating profit for the previous single fiscal year is adopted as the Key Performance Indicators for performance-based remuneration, and such remuneration is paid according to the degree of achievement of target values. The reasons for selecting the Indicator are that i) it is a financial indicator which represents the results of the primary business activities of companies, ii) it is net operating profit less adjusted taxes (NOPLAT) to calculate ROIC which is a target figure to be achieved of the mid-term business

plan, and iii) it is a financial index used in the bonus system for employees. The results were 1.483 billion yen.

Out of amount of carbon dioxide emission reduction held up in our Carbon Neutral Project, the company added goal attainment levels with respect to reduced usage resulted from improving energy use efficiency to the Performance Indicators. The results were 2,271 t-CO<sub>2</sub> (target: 2,380 t-CO<sub>2</sub>, achievement ratio: 95.42%).

#### Matters concerning determination of individual remuneration for directors

The Nomination and Compensation Advisory Committee is consulted on individual remuneration for directors based on a consultation with the Board of Directors. The details of the consultation include basic remuneration amounts for each director and the evaluation allocation based on the performance of a division of which each director is in charge of the performance-based remuneration. Then, reports are submitted to the Board of Directors. The Board of Directors determines remuneration for each director pursuant to the report of the Nomination and Compensation Advisory Committee.

Stock compensation for each director, including the number of allotted shares, is also determined by the Board of Directors meeting based on the report of the Nomination and Compensation Advisory Committee.

#### Verification of reasonableness and validity of individual remuneration of directors

The Nomination and Compensation Advisory Committee confirms that the individual remuneration of directors is calculated in accordance with the above policy, verifies its validity, and submits reports to the Board of Directors. The Board of Directors verifies the reasonableness and validity of the reports and decides the remuneration.

The Nomination and Compensation Advisory Committee uses an objective and multifaceted benchmark analysis of remuneration based on the "Management Remuneration Database" run by an outside remuneration consultant, Willis Towers Watson (WTW).

#### Remuneration of corporate auditors

The company's basic policy is to pay an appropriate level of remuneration to each corporate auditor for the performance of his or her duties.

The remuneration for corporate auditors is determined through discussions among the corporate auditors, taking into consideration whether they work full-time or part-time and the division of audit work. The remuneration for corporate auditors is fixed remuneration only, which is paid on a monthly basis, with an emphasis on strengthening their independence from management.

The aggregate amount of remuneration, etc. of each category of directors and corporate auditors, the breakdown of such aggregate amount by the type of remuneration, etc., and the number of directors and corporate auditors covered

| Category of directors and corporate auditors              | Aggregate amount of remuneration, etc. | Breakdown by the type of remuneration, etc. |                                |                                 | Number of directors or corporate auditors covered |
|---|--|---|--------------------------------|---------------------------------|---|
|   |  | Fixed remuneration                          | Performance-based remuneration | Non-monetary remuneration, etc. |   |
| Directors (excluding outside directors)                   | 190.77 million yen                     | 107 million yen                             | 36.05 million yen              | 47.72 million yen               | 4   |
| Corporate auditors (excluding outside corporate auditors) | 13.31 million yen                      | 13.31 million yen                           | —                              | —                               | 1   |
| Outside directors and outside corporate auditors          | 31.00 million yen                      | 31.00 million yen                           | —                              | —                               | 7   |

### Cross-shareholdings

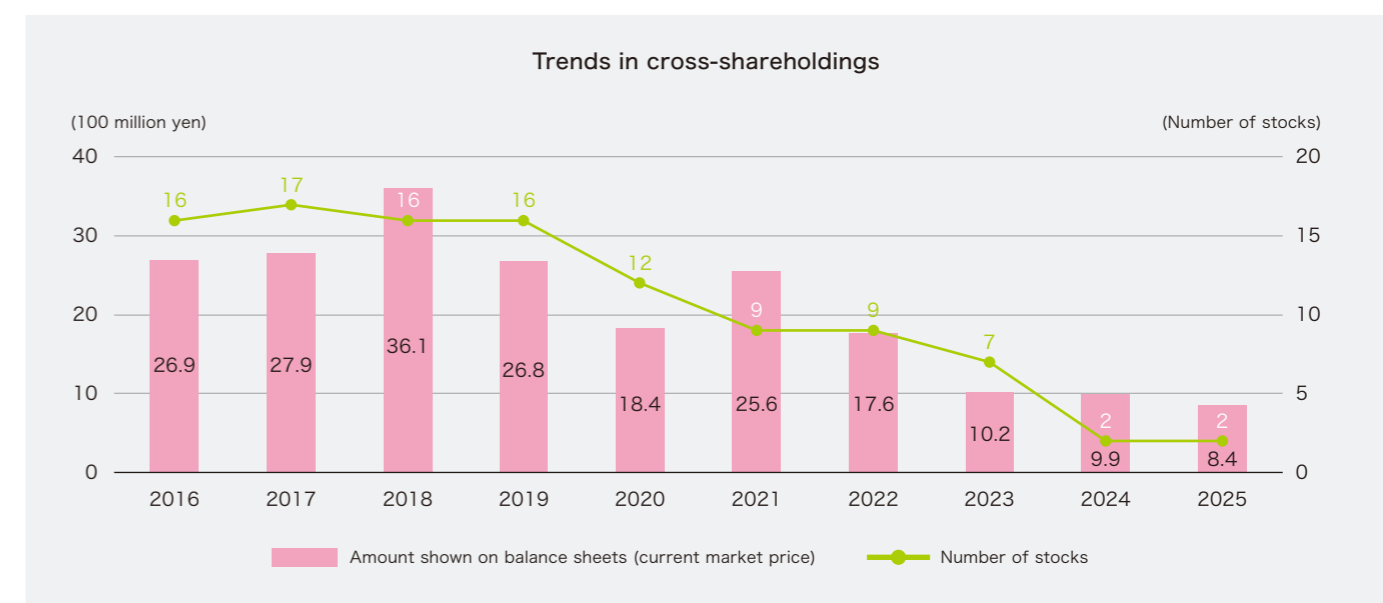
#### Method of verifying the reasonableness of shareholding

Regarding cross-shareholdings, the Board of Directors yearly gives comprehensive consideration to quantitative analysis of transaction performances and returns, etc., qualitative analysis of status of business, business strategies, background of acquisition, etc., as well as risk of shareholding, and then verifies and evaluates the propriety of such shareholdings. Following items are verified through the quantitative analysis:

- 1 Balance of dividend earning rate and capital cost
- 2 Annual amount of transaction and amount of profits
- 3 Profit or loss from valuation of stock

#### Reduction of cross-shareholdings

At the Board of Directors meeting held on May 9, 2024, we conducted a comprehensive evaluation of two listed stocks held as of the end of March 2024, based on quantitative and qualitative analysis, and decided to continue holding them. We will continue to scrutinize the rationale for holding the stocks and proceed with selling stocks that do not meet our criteria.



# Directors and Officers

## Directors



President and Representative Director  
Chief Executive Officer (CEO)  
**Yuta ARISAWA**

### CAREER HISTORY

Apr. 1992 Joined Mitsubishi Electric Corporation  
Feb. 2002 Joined JPMorgan Securities Japan Co., Ltd.  
Aug. 2003 Joined the Company  
Apr. 2007 Assistant General Manager, Manufacturing Dept.  
Apr. 2009 Operating Officer of the Company  
Jun. 2010 Director and Senior Operating Officer of the Company  
Jun. 2011 Director and Senior Managing Operating Officer of the Company  
Jun. 2014 President, Representative Director of the Company (current)  
Jun. 2015 Chief Operating Officer (COO) of the Company  
Jun. 2017 Chief Executive Officer (CEO) of the Company (current)



Director and Senior Managing Operating Officer supervising Administration Div.  
**Takeshi MASUDA**

### CAREER HISTORY

Apr. 1986 Joined Alps Electric Co., Ltd. (currently Alps Alpine Co., Ltd.)  
Oct. 1990 Joined the Company  
Nov. 2003 Group Leader, Administration Planning Group  
Jul. 2008 Assistant General Manager, Manufacturing Dept.  
Oct. 2010 General Manager, Corporate Planning Dept.  
Jun. 2011 Operating Officer of the Company supervising Corporate Planning Dept.  
Jun. 2015 Senior Operating Officer of the Company supervising Corporate Planning Dept. and Accounting Dept.  
Jun. 2016 Senior Operating Officer of the Company supervising Corporate Planning Dept., Accounting Dept., and Human Resources Dept.; Deputy Div. Chief, Administration Div.  
Jun. 2021 Director and Senior Operating Officer of the Company supervising Manufacturing Div. and Administration Div.  
Jun. 2023 Director and Senior Managing Operating Officer of the Company supervising Manufacturing Div. and Administration Div.  
Jun. 2025 Director and Senior Managing Operating Officer of the Company supervising Administration Div. (current)



Director and Senior Operating Officer Div. Chief, Business Promotion Div.; Deputy Div. Chief, Innovation Promotion Div.  
**Osamu NAKAJIMA**

### CAREER HISTORY

Apr. 1989 Joined Mitsui & Co., Ltd.  
May. 2011 Department Manager, Solar Business Div., Functional Chemicals Business Unit of Mitsui & Co., Ltd.  
Apr. 2013 Department Manager, Advanced Materials Div., Functional Chemicals Business Unit of Mitsui & Co., Ltd.  
Jul. 2014 Department Manager, Business Development Div., Basic Chemicals Business Unit of Mitsui & Co., Ltd.  
Oct. 2015 Joined the Company as Operating Officer of the Company supervising Electronic Materials Sales & Marketing Dept.; General Manager, Electronic Materials Sales & Marketing Dept.  
Jun. 2016 Director and Senior Operating Officer of the Company supervising Electronic Materials Sales & Marketing Dept.; Div. Chief, Electronic Materials Business Div.  
Jun. 2023 Director and Senior Operating Officer of the Company supervising Business Promotion Div.; Deputy Div. Chief, Innovation Promotion Div. (current)



Director and Senior Operating Officer supervising Development Support Dept. and Analysis Center; Div. Chief, Innovation Promotion Div.; Deputy Div. Chief, Business Promotion Div.  
**Makoto TAI**

### CAREER HISTORY

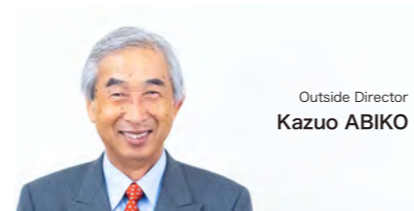
Apr. 1988 Joined Daichi Denko Co., Ltd. (currently Sumitomo Electric Wintec, Inc.)  
Mar. 2002 Joined the Company  
Jul. 2006 Group Leader, Electronic Materials Group, Research & Development Dept.  
Apr. 2010 Assistant General Manager, Electronic Materials Dept.  
Apr. 2012 General Manager, Research & Development Dept.  
Jun. 2015 Operating Officer of the Company supervising Electronic Materials Dept. Chief, Electrical Insulating & Composite Materials Business Dept.  
Jun. 2019 Senior Operating Officer of the Company supervising Electrical Insulating & Composite Materials Engineering Dept., Optical Materials Engineering Dept., and Electric Materials Engineering Dept. (sub); Deputy Division Chief, Electrical Insulating & Composite Materials Business Dept.  
Jun. 2023 Director and Senior Operating Officer of the Company supervising Innovation Promotion Div. and Analysis Center; Div. Chief, Business Promotion Div.; Deputy Div. Chief, Development Support Dept.; Div. Chief, Innovation Center Preparatory Office  
Jun. 2025 Director and Senior Operating Officer of the Company supervising Development Support Dept.; Div. Chief, Innovation Promotion Div.; Deputy Div. Chief, Business Promotion Div.; supervising Analysis Center (current)



Outside Director  
**Koji NAKAMURA**

### CAREER HISTORY

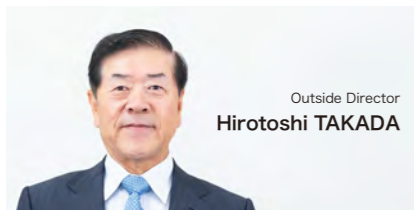
Apr. 1973 Joined Mitsui & Co., Ltd.  
Apr. 2004 Managing Officer; Chief Operating Officer of Synthetic Resins and Inorganic Chemicals Business Unit  
Apr. 2006 Executive Managing Officer; Chief Operating Officer of Chemicals Business Unit II  
Apr. 2009 Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit  
Mar. 2011 Retired as Senior Executive Managing Officer  
Aug. 2011 Corporate Auditor, SANKO Co., Ltd. (current)  
Aug. 2016 Outside Director, Sanko Gosei Ltd. (current)  
Jun. 2020 Director of the Company (current)



Outside Director  
**Kazuo ABIKO**

### CAREER HISTORY

Nov. 1978 Joined Associated Press  
May. 1985 Deputy General Manager of Tokyo Studio  
Jul. 2001 President, Foreign Correspondents' Club of Japan  
Apr. 2004 General Manager of Tokyo Bureau, Associated Press  
Jul. 2004 General Manager for Northeast Asia  
Feb. 2010 Advisor  
Sep. 2010 Part-time lecturer at Tokyo University of Foreign Studies  
Sep. 2011 Part-time lecturer at Sophia University  
Apr. 2015 Visiting Professor at Kanda University of International Studies  
Jul. 2018 Auditor, Foreign Correspondents' Club of Japan  
Jun. 2020 Director of the Company (current)



Outside Director  
**Hirotohi TAKADA**

### CAREER HISTORY

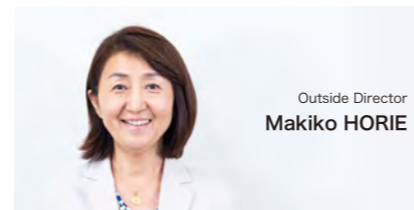
Mar. 1977 Joined NIPPON SEIKI CO., LTD.  
Apr. 2003 Director and President, UK-NSI Co., Ltd.  
Jun. 2005 Director, NIPPON SEIKI CO., LTD.  
Jun. 2008 Managing Director  
Apr. 2011 Representative Senior Managing Director General Manager, Sales Division  
Jun. 2011 Chairman, Wuhan Nissei Display System Co., Ltd.  
Mar. 2012 Chairman, Nissei Display Sales and Development Co., Ltd. (Shanghai)  
Jun. 2013 President and Representative Director, NIPPON SEIKI CO., LTD.  
Mar. 2014 Chairman, Dongguan Nissei Electronics Co., Ltd.  
Apr. 2014 Chairman, Hong Kong Nippon Seiki Co., Ltd.  
Jun. 2015 President and Representative Director, Executive Officer, NIPPON SEIKI CO., LTD.  
Jul. 2015 Chairman, Hong Kong Ek Chor Nissei Co., Ltd.  
Chairman, Shanghai Nissei Display System Co., Ltd.  
Mar. 2016 Chairman and Director, Thai Nippon Seiki Co., Ltd.  
Jun. 2017 Vice Chairman and Director, Executive Officer, NIPPON SEIKI CO., LTD.  
Jun. 2021 Director of the Company (current)



Outside Director  
**Miho NUMATA**

### CAREER HISTORY

Dec. 2009 Registered as an attorney at law and joined NUMATA LAW OFFICE  
Jan. 2016 Representative (current)  
Apr. 2018 Civil Conciliation Commissioner, Tokyo Summary Court (current)  
Jun. 2020 Outside Corporate Auditor, Tokyo Boeki Holdings Corporation (current)  
Jun. 2021 Director of the Company (current)  
Apr. 2025 Vice President of the Dai-ichi Tokyo Bar Association (current)



Outside Director  
**Makiko HORIE**

### CAREER HISTORY

Apr. 1990 Joined Nomura Securities Co., Ltd.  
May. 1995 Joined Merrill Lynch Investment Managers Ltd. (currently BlackRock Japan Company, Ltd.)  
May. 2016 Joined Value Create Inc.; Partner  
Oct. 2021 Joined SDG Impact Japan Inc.; Partner (current)  
Jun. 2023 Director of the Company (current)  
Jan. 2025 Advisory board member of SEINO HOLDINGS CO., LTD. (current)

## Corporate Auditors



Full-time Corporate Auditor  
**Hisashi MASUMURA**

### CAREER HISTORY

Apr. 1985 Joined Tanabe Engineering Corporation  
Nov. 1987 Joined the Company  
Jul. 2005 Group Leader, Human Resources Group, Human Resources Dept.  
Jul. 2008 Group Leader, Administration Planning Group, Corporate Planning Dept.  
Oct. 2010 Assistant General Manager, Manufacturing Dept.  
Apr. 2012 General Manager of Human Resources Dept.  
Apr. 2018 General Manager of Human Resources Dept. and General Affairs Dept.  
Oct. 2020 General Manager, General Affairs Dept.  
Jun. 2022 Full-time Corporate Auditor of the Company (current)



Outside Corporate Auditor  
**Koichiro TANAKA**

### CAREER HISTORY

Oct. 1987 Joined Tohmatsu Aoki & Sanwa (presently Deloitte Touche Tohmatsu LLC)  
Mar. 1991 Registered as Certified Public Accountant  
Aug. 1998 Resident Representative of Dalian Office, U.S. Deloitte Touche Tohmatsu (Office Head)  
Sep. 2002 Managing Director of the Japanese Operations Dept. in South China of Shenzhen Office in China, Deloitte Touche Tohmatsu Limited  
Jun. 2003 Partner  
Sep. 2003 Returned to Auditing Department of Tokyo Office, Deloitte Touche Tohmatsu LLC  
Dec. 2003 Director and Executive Officer; Partner supervising China Business and in charge of Public Communication, Corporate Finance Dept. of Deloitte Touche Tohmatsu (presently Deloitte Tohmatsu Financial Advisory LLC)  
May. 2005 Registered as Tax Accountant  
Jul. 2014 Established Tanaka Sogo Accountant Office, Representative Director (current)  
Mar. 2017 Outside Corporate Auditor, ODAWARA ENGINEERING CO., LTD. (current)  
Jun. 2018 Auditor, Japan Automobile Research Institute (current)  
Jun. 2020 Corporate Auditor of the Company (current)  
Jun. 2023 Outside Corporate Auditor, Ten Allied Co., Ltd. (current)



Outside Corporate Auditor  
**Koichi YOKOTA**

### CAREER HISTORY

Nov. 1996 Registered as Certified Public Tax Accountant  
Apr. 2003 Director, Takada Branch of Kanto-Shinetsu Certified Public Tax Accountant's Association  
Jan. 2004 Head, Yokota Accountant Office (current)  
Apr. 2019 General Manager, Takada Branch of Kanto-Shinetsu Certified Public Tax Accountant's Association  
Jun. 2020 Corporate Auditor of the Company (current)  
Apr. 2021 Managing Director, Niigata Prefecture Branch Federation of Kanto-Shinetsu Certified Public Tax Accountant's Association  
Apr. 2023 Vice President, Niigata Prefecture Branch Federation of Kanto-Shinetsu Certified Public Tax Accountant's Association (current)

## Operating Officer (excluding those serving concurrently as directors)

### Yoshifumi ARA

Senior Operating Officer supervising Sales & Marketing Department, Performance Material Business Div.; Deputy Div. Chief, Business Promotion Div.

### Shuichi FUJITA

Senior Operating Officer supervising Molding Materials Development Dept., Process Technology Dept., and Innovation Center; Deputy Div. Chief, Innovation Promotion Div.

### Takao MOCHIZUKI

Senior Operating Officer supervising Manufacturing Dept. (principal); Div. Chief, Manufacturing Div.

### Takeshi AIZAWA

Senior Operating Officer supervising Quality Assurance Dept.; Deputy Div. Chief, Administration Div.

### Takahito TANABE

Senior Operating Officer supervising Manufacturing Engineering Dept. and Manufacturing Dept. (sub); Deputy Div. Chief, Manufacturing Div.

### Shuichi KUBOTA

Operating Officer supervising Corporate Strategy Dept.

### Kazumi IKEDA

Operating Officer supervising General Affairs Dept.

### Kenji TADA

Operating Officer supervising Electronic Materials Sales & Marketing Dept.

### Kiyoko AKUTAGAWA

Operating Officer supervising Human Resources Dept.

### Takayuki MAYAMA

Operating Officer supervising Functional Films Development Dept. and Laminate Materials Development Dept.

### Kumiko WATANABE

Operating Officer supervising Procurement Dept.