

## Sustainability Management

## Human Capital

P	D	C	A
Targets for 2024	Results in 2024	Achievement	Targets for 2025
Achieve employment rate of persons with disabilities of 2.5% or higher	Employment rate of persons with disabilities of 2.65% (as of December 31, 2024)	★★★	Maintain employment rate of persons with disabilities of 2.5% or higher
Promotion of women's participation and advancement (Period: Five years from April 1, 2021 to January 1, 2026)			Promotion of women's participation and advancement (Period: Five years between April 1, 2021 to January 1, 2026)
● Female hiring ratio: 30% or more among new career-track employees, 20% or more among regular service employees ● Ratio of female managers: 5% (13 as of January 1, 2026)	● Female hiring ratio: 35.1% among new career-track employees, 15.0% among regular service employees ● Ratio of female managers: 4.4% (as of January 1, 2025)	★★	● Female hiring ratio: 30% or more among new career-track employees, 20% or more among regular service employees ● Ratio of female managers: 5% (13 as of January 1, 2026)
Implementation of disease prevention measures and enhancement of health awareness			Implementation of disease prevention measures and enhancement of health awareness
● Rate of employees undergoing thorough health examinations: 100% ● Rate of employees maintaining desirable weight: 70% ● Smoking rate: 23% (achieve 15% by 2026) ● Ratio of employees with regular exercise habits: 40%	● Rate of employees undergoing thorough health examinations: 72.5% ● Rate of employees maintaining desirable weight: 60.6% ● Smoking rate: 23.7% ● Ratio of employees with regular exercise habits: 33.1%	★★	● Rate of employees undergoing thorough health examinations: 80% ● Rate of employees maintaining desirable weight: 70% ● Smoking rate: 20% (achieve 15% by 2026) ● Ratio of employees with regular exercise habits: 40%

## Approach to human capital

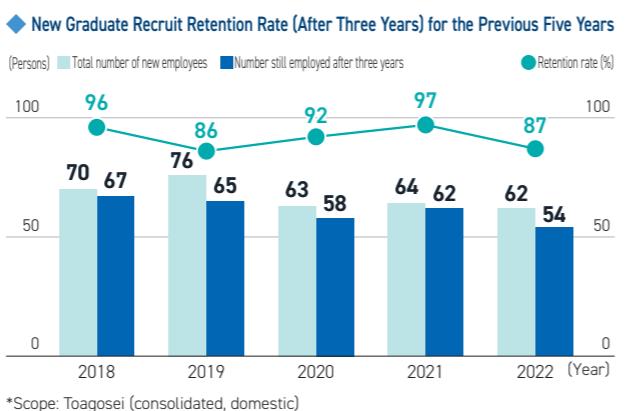
In today's rapidly changing business environment, with the swift advance of technological innovation, it is not easy for companies to continue creating new value to fulfill their social responsibilities. At the Toagosei Group, we believe that the source of value creation is human resources. We think it is essential to realize an organizational culture in which employees and the company grow together, and we are working to develop human resources, promote diversity, achieve work-life balance, and promote health management. We aim to create an environment where personnel with diverse backgrounds can make maximum use of their abilities and experience success and growth, by promoting human resources policies that increase employee motivation and actively investing in the development of human resources. Through these measures, we will increase employee engagement and labor productivity, eventually leading to a sustainable increase in corporate value.



## Securing and developing human resources

## Recruiting activities

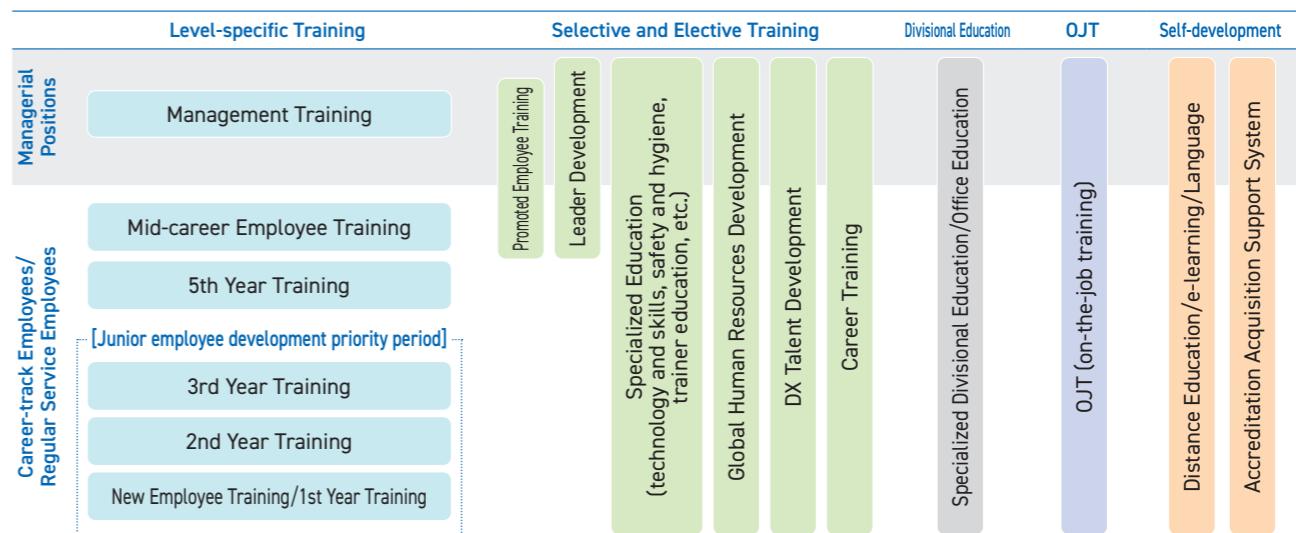
Recruiting activities are essential initiatives to secure the valuable human resources needed to achieve our growth strategy. At the Toagosei Group, we secure diverse human resources by actively hiring a wide range of both new graduates and experienced personnel. In addition, to prevent mismatches after joining the Group, we actively hold exchange events with current employees, plant and research lab tours, and provide information through our website to help candidates get a concrete image of their potential job duties and career paths. In the selection process, we conduct interviews with a focus on personal qualities, judging people on whether they can empathize with the Group's corporate philosophy, and enjoy and share the Group's growth.



## Human resources development policy

Our initial focus is on helping employees develop the ability to think independently and act autonomously. The 2025 Medium-Term Management Plan focuses on key measures such as expanding overseas operations and promoting digital transformation (DX). To achieve this, we are focusing on cultivating human resources with an international mindset and human resources capable of bringing about business reform through the use of digital skills. We also plan and operate development programs and promote human resources development to enable every employee to take responsibility for their own growth. At the same time, we endeavor to nurture people who can contribute not only to corporate management but also to the maintenance and development of society.

## ◆ Human resources development chart



## Development of young employees

Our Group has designated the first three years of employment as a priority period for cultivating junior employees. During this period, training focuses on developing human resources who can think and act independently, while also involving others to achieve targets. To achieve this, we implement level-specific training to provide opportunities to learn the fundamental skills of working adults, step-by-step, as well as conducting training to promote the experiential learning cycle through OJT (on-the-job training). Working closely with colleagues gives employees the opportunity to identify their own strengths, shortcomings and areas where they can better themselves, in addition to developing connections with their peer group.



Scene of new employee training

## Specialized education

The Company provides training in work-related technical skills throughout the entire company to ensure that employees are fully capable at the workplace as early as possible.

In technical skill training, we promote a wide range of education from basic to practical applications, including acquisition of fundamental knowledge with e-learning and classroom lectures, understanding of process principles with mock-ups using operating simulators, and hands-on training with instruments, equipment and mini-plants. These types of training help to strengthen a trainee's analytical ability and response capability, in addition to increasing their sensitivity, such as in detecting abnormal signs, responding to abnormal events and identifying their causes. Classroom lectures do not only involve passive lectures but are also designed to provide opportunities for actively engaging in communication and activities, such as many forums for discussions and exchanging views with other lecture participants. In this way, we aim to help employees themselves develop their attitude toward learning.

In safety and health training, we are enhancing the use of VR and simulation equipment to increase sensitivity through hands-on safety training, to cultivate human resources capable of maintaining safe and stable operations, and to transfer the required technologies and skills.



Scene of operating simulator training

## Career autonomous development support

Our Group provides Career Autonomous Development Support to enable each and every employee to plan out a vision for their own career, and take action toward fulfilling it. From 2018, we have run career training by rank, and we are expanding the scope of eligibility for training every year. In 2023, we also developed an environment where employees can have consultations about their career with nationally qualified career consultants. Starting from 2024, we actively engage with employees and endeavor to expand opportunities for career discussions.

Furthermore, we provide support for self-development so that employees are able to select and acquire the required skills themselves. In particular, we are expanding the range of e-learning courses to enhance learning opportunities. In addition to an assistance program under which the Company pays for the cost of distance education, English learning apps, and open seminars, we encourage employees to improve their capabilities by encouraging them to acquire official accreditations through our assistance program for qualification acquisition.

## VOICE

### Career Seminars

Since July 2024, we hold Career Seminars for employees in management positions and operational managers as part of the Group's support for autonomous career-building. Speakers from within the Group conduct face-to-face sessions at each location to help participants understand the concept of career and promote self-understanding, as well as to enable them to support their subordinates in self-understanding and self-growth. A total of 25 sessions have been held, with 338 participants. The workshop-style face-to-face format of these seminars enabled participants to gain a deeper understanding of careers.

In surveys concerning the seminars, participants responded that they would be useful in facilitating conversations with subordinates, and they are expected to contribute to smoother communication among employees.

### Diversity promotion

#### Global human resources

The development of global human resources is essential for the Toagosei Group to accelerate its overseas expansion. International communication has become increasingly important, given the rise in the number of overseas business trips and online meetings. To address this, we provide support for enhancing English language skills so as to build a firm foundation for business communication with overseas partners. In 2023, we introduced a new English training program aimed especially at improving speaking skills. A course was conducted with 22 participants based on recommendations from the operating departments, achieving results. In 2024, the format was changed to an application-based participation system. This resulted in a group of participants with greater motivation to learn and more autonomy, leading to higher achievements.

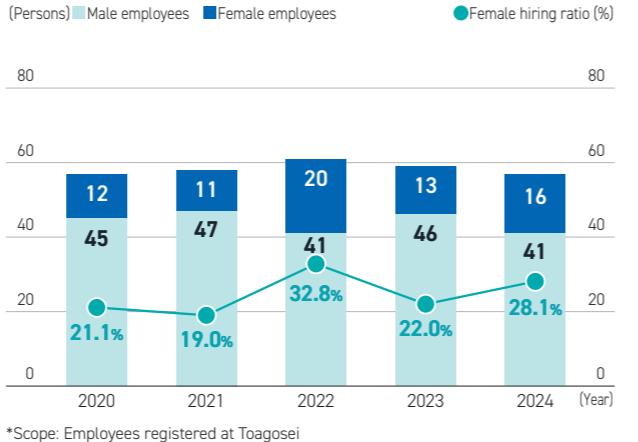
#### Action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Our general business owner action plan under the Act on Promotion of Women's Participation and Advancement in the Workplace extends for five years from 2021, and includes the following goals that we have set.

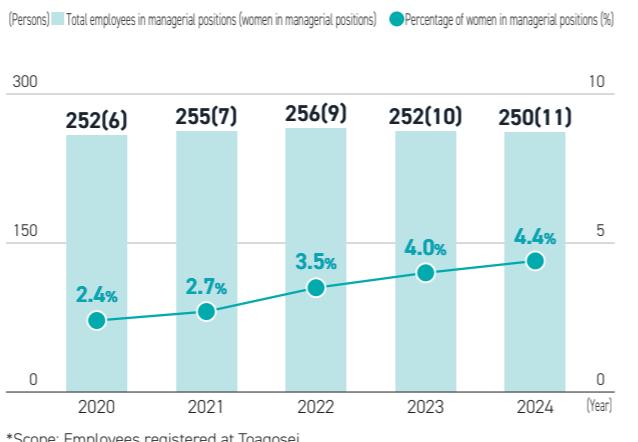
- Annual female hiring ratio of 30% or more among new career-track employees, 20% or more among general service employees
- Increase in the percentage of female managers to at least 5% by January 1, 2026
- Retention rate of at least 90% as of March 31, 2026 for new female hires in general service employment

In addition, to create an environment in which diverse human resources can play an active role regardless of gender, we will implement initiatives to raise awareness in the organization and provide forums for interaction between female employees across different departments.

#### Employment rate of women among new graduates in past five years



#### Percentage of women in managerial positions in past five years



## Greater choice of workplaces where women can display their capabilities

We are working to expand the job categories available to women so that career opportunities are never restricted due to gender. Believing that a workplace that is comfortable for women to work in is also friendly to all workers, we are engaged in ongoing efforts to reduce workloads at workplaces responsible for production activities and improve the workplace environment.

In 2024, we automated the control of production processes involving outdoor work and upgraded the ladders needed to reach different levels in plants to safer stairs. We are also expanding the relaxation spaces to respond to the increase in the number of female employees.

We will continue to implement measures aimed at creating a comfortable working environment, not only in terms of facilities but also when it comes to awareness, based on interviews with women assigned to manufacturing sites.

### Active senior employees

In 2013, the Group extended the mandatory retirement age from 60 to 65 by introducing a system for retirement at 65.

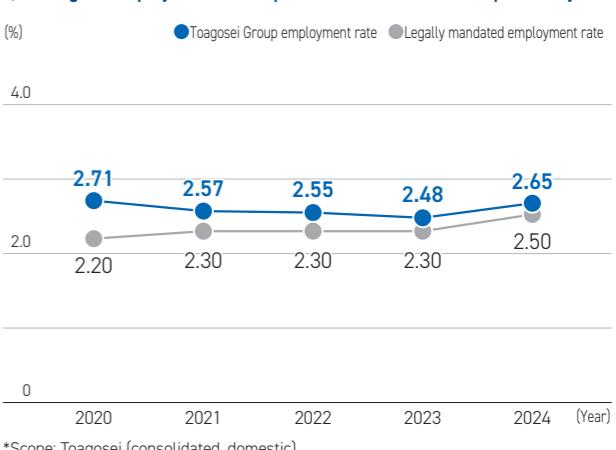
In order to promote autonomous career development and enable even more active participation among senior human resources, we provide multiple career training sessions for personnel in their 50s. During the training, participants look back over their past experiences, organize the knowledge and skills they have acquired, and reevaluate their own sense of values and their own priorities. Based on this, participants examine their approach to work and the ideal position they want to achieve in the future, clarify their career vision, and harness this as the first step toward their future.

## Employment of persons with disabilities

Our Group includes 53 people with disabilities, ranging broadly in age from their 20s to 60s, and working in a wide range of workplaces across the country.

In order to support the independence of people with disabilities, we are working to expand their employment through measures such as ensuring greater choice of workplaces, and as of the end of 2024, the employment rate of people with disabilities across the Group as a whole was 2.65%. In addition, we have partnered with employment support organizations, Hello Work and other groups to improve workplace environments so that people with disabilities can work with peace of mind. We will continue to create workplaces where diverse human resources, including people with disabilities, can make maximum use of their individual abilities and engage in rewarding work.

#### Change in employment rate of persons with disabilities in past five years



## Promotion of work-life balance

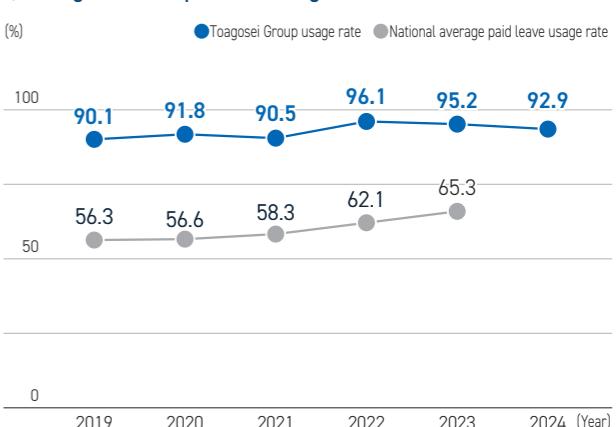
### Flexible work styles

Our Group strives to achieve work-life balance based on the belief that when employees spend their days feeling fulfilled in both their personal and professional lives, they can apply their abilities to the fullest, which leads to the growth and development of our business.

We encourage employees to actively take their annual paid leave, and the Group's annual paid leave usage has remained at a high level since 2016. In 2024, we are also introducing an "Inter-shift Interval System" that ensures at least 11 hours of rest between the end of one workday and the start of the next day's workday, as part of ongoing efforts to limit long working hours.

Furthermore, we have established various systems to promote flexible work styles among employees in the belief that doing so will help foster an autonomous corporate culture and improve productivity. We have created a "Teleworking System" that gives employees the option of working from home or other locations in one-hour increments for up to ten sessions per month, and an "Annual Leave by Hourly Increment System" that allows employees to take their annual paid leave in one-hour increments, thereby promoting workstyle flexibility and how employees can take time off.

#### Change in annual paid leave usage



## Support in balancing work with parenting/nursing care

To create a fulfilling working environment for a diverse workforce, we commit ourselves to supporting employees in balancing work with parenting and/or nursing care. Since 2021, we have conducted an annual employee awareness survey on job satisfaction and work environment congeniality (engagement survey), and expanded our support systems for balancing work and home life. As a result of these efforts, we were certified by the Minister of Health, Labour and Welfare as a "child-care supportive institution" (Kurumin certification) in 2023.

To help employees balance work and parenting, we changed our system to enable employees to extend their childcare leave until the end of March after their child reaches the age of three if they are unable to enroll their child in a daycare center. Additionally, starting in 2025, we have established the new "Childcare Balance Support Leave," which employees can take up to ten times per year, with the aim of supporting them to raise children while working.

Regarding support for balancing work and nursing care, the upper limit on the period for shortened working hours for nursing care has been abolished, and the number of days granted for nursing care leave has been increased to 20 days per year. In addition, we have established a financial support system under which the Company provides a certain percentage of remuneration for a portion of the nursing care leave period.

We have also developed a "Retained Annual Leave System" that allows employees to accumulate expired annual paid leave and use it for childcare, nursing care or other purposes. "Family Hospital Care Assistance" and "Infertility Treatment" have been added to the scope of this system from 2024, ensuring a system capable of catering to a wide range of employee life events in addition to childcare and nursing care.



## Leave system for spouse relocation and reentry system

Toagosei has introduced the Leave System for Spouse Relocation Overseas, which allows leave of up to three years for employees accompanying their spouses on overseas assignment—this had

## COLUMN Completion of the New Employee Dormitory Roofomi EGASAKI

In May 2024, construction was completed of Roofomi EGASAKI in Egasaki-cho, Tsurumi-ku, Yokohama. Roofomi EGASAKI is themed around "employee living environments for the future," and features common amenities such as a cafeteria, shared lounge, and working spaces. The dormitory is also equipped with disaster response and business continuity planning measures, such as small storage batteries linked to solar power generation units and flood prevention panels, with the aim of providing a comfortable environment for the future.

Roofomi EGASAKI has been awarded a Good Design Award for 2024 for embodying a new concept of dormitories incorporating the natural environment, community, disaster response, and life & work style.



GOOD DESIGN  
AWARD 2024

been used by two employees as of 2023. From 2024, the system has been expanded to include employees accompanying their spouses on domestic and international transfers, providing for greater flexibility in catering to the family circumstances of employees.

We also have a "Reentry System" that handles people wishing to reapply for employment with the company as candidates for reemployment after they have resigned. From 2023, this system has been available not only to cater to employees' family circumstances such as childcare or nursing care, but also for those who leave the company to advance their careers such as job changes or higher education, creating an environment where diverse human resources can continue with their careers.

## Introducing the transfer postponement program and enhancing transfer allowances

Amid increasingly diverse value perceptions and lifestyles, we have introduced a transfer postponement program and enhanced transfer allowances to create an environment where employees can work with peace of mind and perform at a higher level. Under the transfer postponement program, employees who meet the specified childcare and nursing care requirements may apply to postpone their transfer to other workplaces. In terms of enhancing transfer allowances, we have established a new transfer allowance, increased the separation allowance for employees assigned to workplaces away from their families, and made efforts to improve the environment for employees transferring to new workplaces.

## Results of the engagement survey and their utilization

Since 2019, we have been conducting regular engagement surveys to ascertain how employees feel about work environment congeniality, including work-life balance, as well as job satisfaction, including pride in their work and their sense of growth. As a result of our efforts to promote flexible work styles and our support for balancing work with childcare and nursing care, employee satisfaction regarding work environment congeniality is trending upward. Regarding job satisfaction, we aim to improve employee engagement by supporting the career development of each employee while enhancing our talent development programs.

\*2024 Employee happiness: Average 67.7 points (out of a maximum of 100 points) among all employees, up 1.5 points year on year

## Health management promotion

### Systems and initiatives relating to the promotion of health management

We are promoting efforts to maintain and improve the health of our employees because we believe that creating a vibrant and creative organization in which each and every employee can work in comfort and with vitality that will lead to the growth of the company. The Group holds the Board of Directors meetings to establish annual goals for promoting health management. We check our progress towards achieving final goals (KPI) and discuss improvements based on our health management strategy map. In line with this policy, occupational physicians, health staff, the Health Management Promotion Section, the Health Insurance Association, Health and Safety Committee, and others cooperate organically to promote health enhancement measures, working to reduce the disease risk for each individual employee.



## Promotion of disease prevention

We focus on the prevention of lifestyle-related diseases to help employees reduce the risk of disease and work with vigor and vitality.

The health management system is used to increase the sophistication of health management by promoting appropriate health guidance for each individual employee through the monitoring of employee health status and identification of issues by health staff. We have also introduced a web-based health consultation service, which allows employees to consult anonymously with their healthcare providers.

In addition, we are focusing on encouraging thorough health examinations aimed at accurately understanding health conditions and the early detection and treatment of diseases. In our efforts to promote smoking cessation, we have been working on a smoking ban during work hours since the beginning of this year, in addition to running a quit smoking campaign to support those trying to quit smoking. Starting this autumn, we will implement a smoking ban on company premises, accelerating our efforts to maintain and improve the health of our employees.

## Health maintenance and promotion

During 2024, we ran health seminars with a focus on improving eating habits, preventing metabolic syndrome, and addressing women's health problems as part of efforts to assist employees



Food and health seminar

in maintaining health. In addition, we are planning seminars tailored to the circumstances at each business site, and we are holding talks at business sites by occupational physicians and others.

To support health promotion, we conduct walking events, provide financial assistance for gym usage, and offer subsidies for club activities. We also engage in recreational activities to promote health and wellness in local communities.



Summary of the walking event

### Sports yell company certification

We were certified with "Sports Yell Company 2025" as a company actively engaged in promoting sports as a means of promoting the health of employees. This certification program is run by the Japan Sports Agency with the aim of promoting sports for the generation in the prime of life and fostering social momentum for sports. This program recognizes companies that are actively promoting sports activities to improve employee health.



### Excellent corporations for health management

We have been certified as an Excellent Corporation for Health Management under the Certified Health & Productivity Outstanding Management Organization Recognition Program since 2019. This program is implemented by the Ministry of Economy, Trade and Industry (METI) in collaboration with Nippon Kenko Kaigi (the Japan Health Council), which is comprised of leaders from the business community, medical-related organizations, and local governments, to recognize corporations that are implementing particularly excellent health management practices.

We will continue to strengthen our health management practices as we regard the physical and mental health of each employee to be an important asset.



### COLUMN Company-wide Walking Event

Since 2023, we hold an annual company-wide walking event utilizing a smartphone app. Many employees participate in these events, and awareness of exercise habits is increasing. In the photo contest held simultaneously with the event, participants submit a large number of photos of walking and landscapes from all over the country. This contributes to more active communication among participants through voting. We will continue to plan events that contribute to increasing exercise and promoting communication.



Winning photograph from the photo contest

## Other welfare programs and initiatives to improve engagement

### Base salary increase

On January 20, 2025, we established our Multi-stakeholder Policy and declared our intention to raise wages through appropriate methods based on our corporate situation, aiming to provide sustainable returns to employees. Under this policy, in January 2025, we implemented a base increase of 17,000 yen per month for union members (an increase of 6.4%, including the regular salary increase rate). We will continue to have sincere discussions between labor and management regarding wage increases and strive for appropriate returns on a continuing basis.

### Employee stock compensation plan

The "Employee Stock Compensation Plan" was introduced in 2023, in addition to enhancing the welfare and benefits plan. The Employee Stock Compensation Plan is an incentive plan whereby money contributed by the Company will be used to establish a trust, and Company Shares will be granted to employees through the trust based on points awarded to the employees who satisfy certain conditions.

By introducing this plan, employees will be able to benefit economically from increases in the price of company shares, which is expected to provide an incentive for employees to execute business operations mindful of share price and to increase their motivation for participating in management.

### Group employee stock ownership association

We raised the incentive ratio of the Group Employee Stock Ownership Association in October 2023 from the stance of providing greater welfare benefits, such as support for long-term and planned asset building, as well as to raise awareness of participating in management.

We hold information sessions about the Association on an ongoing basis as part of employees' asset building, and its membership ratio has reached 52.7% (as of the end of 2024).

#### ◆ Group employee stock ownership association membership ratio (%)

