

# Sustainability Management

Based on its Corporate Philosophy, N.E. CHEMCAT contributes to achieving a sustainable society through its business activities. We are implementing sustainability management to achieve sustainable growth as a company that is beneficial to society.

## Making the Most of Our Strengths to Help Solve Social Issues

Environmental challenges such as climate change, marine pollution, and deforestation have worsened in recent years. Meanwhile, society faces many other issues such as poverty and human rights violations. In order to make society more sustainable going forward, it is important for companies to help achieve the UN Sustainable Development Goals (SDGs). The underlying purpose of companies is being questioned, and the public is asking what they can do to help overcome these challenges.

Since N.E. CHEMCAT's founding in 1964, the company has been focused on catalysts as well as precious metal recovery

and refining. Through these efforts, our company has helped develop the chemical industry, while promoting the prosperity of society. We have also played a major role in reducing environmental impact, including through air pollution control.

With the technology and knowledge we have accumulated over the decades, we are well-positioned to address challenges such as climate change, sustainable energy, food preservation, and healthcare. With this considerable potential to help build a sustainable society, a key mission for N.E. CHEMCAT is to fully demonstrate its strengths by helping society overcome these challenges.

## Value Creation at N.E. CHEMCAT

In accordance with our purpose, which is set forth in our Corporate Philosophy, we are working to strengthen relationships of trust with our diverse stakeholders. In addition, we are striving to ensure sustainable operations and create

businesses and products based on ESG awareness, thereby helping to solve the social issues identified by the SDGs. In doing all this, we seek to improve corporate value and help to build a sustainable society.

### Value Creation Story



## Identification of Material Issues

As part of our mission to help build a sustainable society, we have identified important social issues that we can and must prioritize by leveraging our strengths, specifying these as our material issues.

### Material Issue Identification Process

To identify our material issues, we set up an ESG & SDGs Promotion Project team made up of employees and held discussions for about five months. Based on our past and present initiatives that are closely related to ESG and SDGs issues, and a discussion of the company's vision for the future, we identified the issues N.E. CHEMCAT should address.

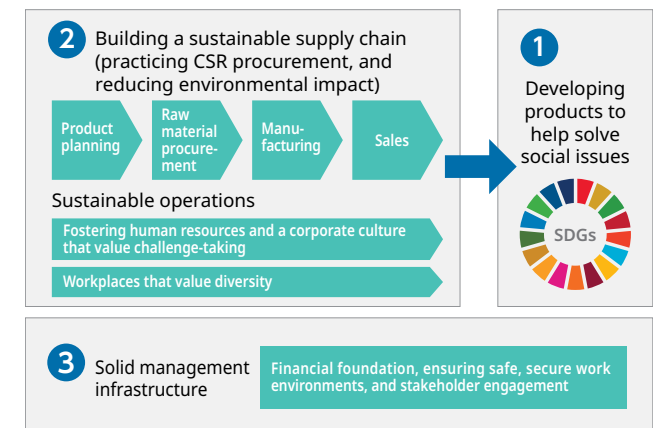
The issues were categorized into the two areas of economic value and social value, before being prioritized, and the results were mapped.

Through this mapping, initiatives with both high economic value and social value were identified as key candidate issues. After consulting external experts, eight material issues were chosen.

### Elements for Practicing Sustainability Management

To ensure the effective practice of sustainability management, we categorized the chosen material issues into three elements and identified the relationship with each one. The elements are: (1) developing products to help solve social issues; (2) building sustainable supply chains and operations; and (3) establishing solid management infrastructure.

Moreover, each material issue has been arranged from the perspective of important ESG issues and the SDGs. Specific individual issues are now incorporated into our Vision 2030, and we are pursuing various initiatives accordingly.



### Material Issues (Materiality)

Classification	Material issues	Important ESG issues	Details	SDG-based targets
E	Developing products to help solve social issues	Helping to solve environmental challenges and other social issues through business activities	<ul style="list-style-type: none"> <li>Developing eco-friendly products</li> <li>Developing products that enhance health and safety</li> <li>Developing resource-saving products</li> </ul>	
	Reducing environmental impact across the entire supply chain	Targeting carbon neutrality by 2050, reducing the environmental impact of all business operations Establishing systems to minimize the use of hazardous substances and prevent environmental accidents	<ul style="list-style-type: none"> <li>Continuing to reduce CO<sub>2</sub> emissions, water use and waste in all business activities</li> <li>Practicing high-efficiency energy management</li> <li>Implementing Responsible Care (RC) activities</li> </ul>	
S	Stakeholder engagement	Good communication with stakeholders Continued efforts to earn the trust of society as a fair company	<ul style="list-style-type: none"> <li>Deepening mutual understanding with customers, suppliers, employees, and shareholders</li> <li>Enhancing corporate branding</li> <li>Strengthening employees' sense of belonging</li> </ul>	
	CSR procurement	Building a sound value chain, including the avoidance of conflict minerals	<ul style="list-style-type: none"> <li>Establishing procurement policies to avoid conflict minerals and promote green procurement, etc.</li> <li>Examining supplier selection and implementing monitoring</li> </ul>	
G	Building of stable management infrastructure	Developing management systems and organizations for disclosure of management information in a timely and appropriate way Creating efficient business management systems based on numerical targets Promoting compliance and establishing a comprehensive risk management system	<ul style="list-style-type: none"> <li>Enhancing the compliance promotion system</li> <li>Developing crisis management and response systems (including PR activities and BCM)</li> <li>Improving business efficiency based on thorough ROIC management</li> <li>Setting and managing financial targets</li> </ul>	
	Realization of safe and secure workplaces	Constructing a system to comprehensively manage environmental protection, as well as health and safety Creating workplace environments where human rights are respected and employees can work with peace of mind	<ul style="list-style-type: none"> <li>Creating a comprehensive system to prevent workplace accidents (RC activities)</li> <li>Eliminating workplace harassment</li> </ul>	
	Fostering human resources and a corporate culture that value challenge-taking	Clarifying employee roles and targets, and creating of a system that appropriately evaluates their achievements Creating work environments where the individuality and diversity of employees is respected and where they are encouraged to take on challenges	<ul style="list-style-type: none"> <li>Clarifying employee roles and targets as well as required conduct</li> <li>Developing a fair, transparent personnel evaluation system</li> <li>Developing human resources who can take on challenges</li> <li>Fostering a corporate culture that welcomes diverse opinions and encourages open and frank discussions</li> </ul>	
	Workplaces that value diversity		<ul style="list-style-type: none"> <li>Increasing the recruitment and promotion of diverse human resources</li> <li>Diversifying work styles (remote work, etc.)</li> </ul>	