



We lead the world with specialty acrylates

**Osaka Organic Chemical Industry Ltd.**

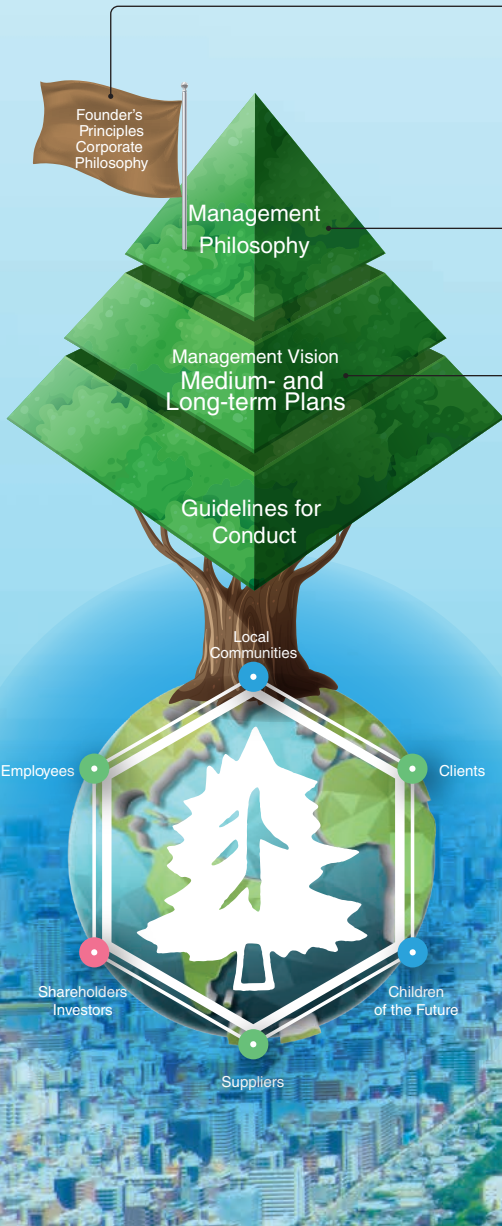
# CSR 2021 REPORT

Never seen but always near.





OOO Group's Management  
Philosophy System and  
Founder's Vision



Corporate Philosophy

The Company and its employees form a single entity that works together and shares a single destiny. The Company's prosperity rests on the efforts of the employees; the happiness of the employees flows from the prosperity of the Company.

The Company's basic policies will always reject the errors of bias and self-righteousness. They will improve individual character through the integrity and unflagging efforts of each individual along with their mutual trust, assistance and devotion. They will serve and benefit the community through superior production activities.

Management Philosophy

We will place the highest value on each person's individuality and will contribute to the development of society together with our clients by providing materials with unique functions.

Management Vision

Providing value to the global market as a corporate leader in specialty acrylic acid esters.

Founder's Vision

OOO has always been an R&D-focused organization. The evolution into our present form began in 1941, when founder Tatsuo Shizume succeeded in domestic production of Canada balsam adhesive used for optical lenses. His aim was to create a company that would be admired worldwide. It was an aim he pursued through a lifelong dedication to creating outstanding chemicals of benefit to consumers and the world at large. Passion was everything to him. He felt that outstanding results could arise from the pure application of effort. It was this conviction that drove him to work on bringing value to the world, as he pursued his vision and love of organic chemistry. We will continue to pursue the founder's vision while striving to create new value by looking ahead to the future.

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We will strive to be a company that can contribute to the social issues of the future by sincerely listening to the voices of our stakeholders.



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Chief Priest, Shokakuji  
Temple, Jodo sect

Masayuki Ando  
CEO of OOC

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Editorial stance and aim of this report

The OOC Group believes that putting our Management Philosophy into practice means nothing less than engaging in CSR-oriented management. Guided by this principle, we are aiming to help promote sustainability by using our business activities to solve issues of public concern. This report has been created to present the Group's CSR-oriented management and provide a tool for dialogue with stakeholders. It discloses information about the activities that we consider most important.

Organizations covered by this report

This report covers activities carried out by OOC and Shinko Organic Chemical Industry Ltd. (a domestic consolidated OOC subsidiary) and also provides information on the entire OOC Group.

Main reference guidelines





Environmental Reporting Guidelines 2018, Ministry of the Environment; ISO 26000:2010 (Guidance on social responsibility); SDG Compass; GRI Sustainability Reporting Standards

Release date: July 2021 \* Date of next scheduled release: July 2022

Periods covered by this report

The environmental protection data covers the period from April 2020 to March 2021. The activities data and financial data cover OOC's fiscal year from December 2019 to November 2020. The report information also includes some activities from before or after these periods.

Separating the Website from the Booklet

Business and Financial Information		Sustainability Information	
 <b>CSR Report 2021</b> This report summarizes the OOC Group's activities and communicates them to stakeholders in an easy-to-understand manner. * Only some financial information is included.			
 <b>Website</b> Shareholder and Investor Information	 Financial Results Annual Securities Report	 <b>Sustainability</b> This section introduces our sustainability activities from environmental, social, and governance perspectives. Comprehensive coverage of more detailed information.	



# History and Strengths of Value Creation

Osaka Organic Chemical Industry (OOC) was founded on a vision of using organic chemistry to benefit consumers and the world at large.  
Today, we continue to honor our founder's vision as we work to create new value.

1941  
Osaka Yuki Kagaku Kogyosho  
Establishment

1946  
Osaka Organic Chemical Industry Ltd.  
Establishment

Acrylic acids⇒  
Creating polymerization  
prevention technology

Acetic esters⇒  
Creating esterification  
technology

Canada balsam and cedar oil  
⇒Creating distillation/refining  
technology

Commercializing  
specialty acrylic acid  
esters

Specialty methacrylic esters  
⇒Releasing technology for  
esterified products

Raw materials for  
pharmaceutical  
intermediates

Full-scale release in LCD  
manufacturing sector

LCD photospacers

Net sales in fiscal 2020:  
28.6 billion yen

Industrialization using transesterification method  
(such as THFA; a world-first)

LSI resist products:  
Full-scale release in LSI  
manufacturing sector

Raw materials for products  
such as photo-curable paints  
and inks: Viscoat Series

LCD resist products

Strengths 1 Ability to respond

We possess a large number of products with high market share in the world



Wide variety/Small quantities

In order to respond to each and every detailed request from our customers, we have a flexible production system that can handle small amounts of a wide variety of products, and we have a large number of product groups that have the top share in the world in niche business areas.

Automotive paints and adhesives

4-HBA

No. 1 global market share

Raw materials for UV inkjet

IBXA

Acrylic acid resin for cosmetics

No. 1 share in Japan

Highly functionalized display materials

ArF resist monomer, a raw material for advanced semiconductors

No. 1 global market share

Strengths 2 Technological strength

Technology with unique competitive advantage



Top-level production technology in the industry

OOC is the industry leader in acrylic acid ester production technology (polymerization prevention and control technology). With bold ideas and a passion for manufacturing, we are constantly improving our technology and developing new technologies and products.

1953

Mass production of acrylic acid by creating polymerization prevention technology

First in Japan

1968

Commercializing specialty acrylic acid esters

Establishment of core technologies

1992

Business development through polymer design technology (LCD)

Development of technology applications

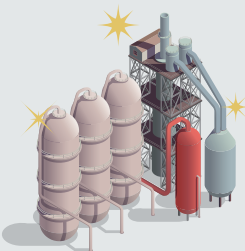
1995

Business development using ultra-high-purity technology (Semiconductor materials)

The world's most advanced technology

Strengths 3 Supporting infrastructure

Unique strengths of the OOC Group that no other company can imitate



The cleanest plant in Japan

All employees participate in 5S activities in small groups, and these activities have been established as business improvement activities. We aim to make our plant the cleanest in Japan, and we are working on safety, quality improvement, and environmental conservation as our priority issues every day.

Human resource development through OYPM activities (Improving problem-solving skills)

Continuity is power, and the OYPM activities that have been steadily continued for over 25 years are still evolving.

High quality control technology

We respond with sincerity to the need for continuation of business as usual and the increasing individualization, sophistication, and complexity of customer requirements.

Integrated support capability from R&D to industrialization

- Outstanding ability to make proposals and solve customer issues
- Provision of service solutions based on research and manufacturing technologies
- Functional representation of customer/client operations

## Top Message

In the wake of the COVID-19 pandemic, there is a greater need for sustainable management, and we will continue to listen sincerely to the voices of our stakeholders and aim to be a company that can contribute to the social issues of the future.

Hidenori Ukai  
Chief Priest, Shokakuji  
Temple, Jodo sect



Masayuki Ando  
CEO of OOC



Inheriting the spirit of the company's founding, we are committed to CSR management. During the past year, in the wake of the COVID-19 pandemic, we have been accelerating our activities to enhance our universal corporate value amidst the renewed global concern for sustainable corporate management. In order to deliver our Top Message, we invited Hidenori Ukai, Chief Priest of Shokakuji Temple of the Jodo sect of Buddhism, who has written extensively on Buddhism and corporate management, to talk with the CEO Masayuki Ando. Mr. Ukai gave us his frank opinion on the challenges we will face in providing timeless value in the future. (Titles omitted in the text)

### Timeless Universal Teachings and Similarities with Corporate Management Philosophy

**Ando:** Thank you very much for taking time out of your busy schedule to come from Kyoto today. I hope we can learn about the principles of business management from Chief Priest Ukai, who has a deep knowledge of both Buddhism and business management.

**Ukai:** I look forward to working with you. Please tell me how you first became interested in Buddhism.

**A:** Since I was appointed to the

Board of Directors in 2014, I have been thinking about what I should keep in mind as a member of the management team. During this time, as I read books by various managers, I found that many of them touched on Buddhism, and I became interested in Buddhism. In particular, I had read the writings of Chief Priest Ukai, and I was eager to meet you. Also, as part of our training for new recruits, we used to do ascetic training at a Zen temple. I myself experienced this immediately after joining OOC, and I think this experience also led me to this relationship.

**U:** Oh, that's interesting. In

addition to being a priest, I am also invited by companies to give trainings and lectures. I always feel that there are many similarities between corporate management and the pursuit of Buddhism.

**A:** Buddhism was born about 2,500 years ago and has been in Japan for about 1,500 years. There is a great deal of interest in values that have persisted over such a long period of time.

**U:** The oldest company in Japan, Kongo Gumi Co., Ltd. has been building temples and shrines for over 1,400 years. In this sense, it can be said that there is a relationship between Buddhism and the sustainability of management. In my opinion, both Buddhism and business have a common philosophy. For example, we want to make the world a better place. The desire to make many people happy is the same in both.

**A:** I agree. The OOC Corporate Philosophy is: "The Company and its employees form a single entity that works together and shares a single destiny. The Company's prosperity rides on the efforts of the employees; the happiness of the employees flows from the prosperity of the Company." I think this is a wonderful company motto, and I make every effort to see that our management embodies it.

### An Era in Which It Is Essential to Balance Economic Value with Social Value

**U:** I like the idea of working together and sharing a single destiny. Self-righteous thinking that only one person is good enough is unsustainable. The

perspective of coexistence and co-prosperity is indispensable in today's management. When I was a newspaper reporter, I once went around to interview companies that had gone bankrupt. The common denominator was selfish profit, short-term gains, and excessive growth. Even if a company makes a huge profit for a while, it is not sustainable if the management thinks only about what is good for itself.

**A:** As you pointed out, if we run on profit first, our management will be in jeopardy. Of course, improving profitability is important, but I feel that balancing economic and social values is especially essential for the future.

**U:** In fact, the same is true for running a temple. If you think that making a profit is all that matters, you will not be able to continue for long. It is important to have an outside perspective of how society, including our believers, views us.

**A:** An overly inward-looking perspective tends to lead to just a lot of internal guesswork and loss of sight of what management should be.

**U:** Especially for those who stand at the top of management, it is important to be aware that you are not only a manager but also a human being. While exercising leadership as a manager, you must not lose your kindness and compassion as a human being. As the Chief Priest of a temple, this is something I always keep in mind. At present, I am the 33rd generation of the temple, and the most important thing is to pass it on to the 34th generation. For this reason, I always try not to be too



### Hidenori Ukai's Career

After working for newspapers and magazines, he became the 33rd Chief Priest of Shokakuji Temple of the Jodo sect. In addition to his daily religious duties, he is active as a journalist and writer. He is also the chairman of the Yoi-Otera Research Institute, a part-time lecturer at Tokyo University of Agriculture, Bukkyo University, and a member of the Public Relations Committee of the Japan Buddhist Federation. He has written extensively on Buddhism and corporate management.

proud as the Chief Priest. We also have to be careful not to make too much money as a temple. Our temple is located in the tourist area of Arashiyama, and there are plenty of opportunities to do business, but we dare not try our hand at it.

**A:** That's a very telling story. It's the same with management. If you force your employees to work too hard, you may make a lot of money temporarily, at the expense of strain in the organization. In management, it is important to select and concentrate on business, but in addition to that,





we have to impose on ourselves to know our own greed (moderation in relation to greed). If we try to make too much money, there will be an unreasonable situation somewhere. This is something that a chemical manufacturer should not do.

### Better Quality Comes from a Clean Manufacturing Site

**U:** It is important to ensure that safety comes first in manufacturing. Also, I heard that your company aims to be the cleanest plant in Japan, and I imagine that you place a lot of importance on site cleanliness.

**A:** Our main product is a material called acrylic acid ester. In cooking, this material is like a raw food, and its finish can vary greatly depending on how it is heated. It is important to keep the manufacturing site as neat and tidy as the kitchen in order to produce products of high quality. For more than 25 years, we have been working on the 5S activities

of *seiri* (sorting), *seiton* (straightening up), *seiso* (sweeping away), *seiketsu* (sanitizing), and *shitsuke* (strictly training). This not only keeps the workplace clean, but also leads to self-discipline for each employee.  
**U:** That's wonderful. Almost 80% of temple work is cleaning. I clean almost all day every day (laughs). Isn't thorough cleaning of the work site linked to increased productivity?

**A:** It may be. In the field, we clean the same way every day. We believe that it is important to build on this.

**U:** That goes along with the teaching of sutra copying. Sutras are meant to be written correctly, as shown on the backing paper. It is not good to write messily. In the same way, we should repeat the same thing day after day, placing our hands on the Buddha. By doing this, you can review yourself and control your excessive greed and hesitation.

**A:** The simple act of cleaning has such a deep meaning. As a manager, we have to be aware of the importance of self-control.

**U:** Self-control is to discipline oneself. In other words, morality. Essentially, if this is firmly in place, there would be no need for rules to control corporate management in the extreme. In today's world, the lack of morality is the reason why we are required to have strict rules of compliance.

**A:** It is not always possible to solve problems with a set of rules. Both managers and employees need to be conscious of their morals once again.

### Contributing to the Resolution of Social Issues as a Chemical Manufacturer

**U:** It used to be, when Japanese people did something wrong, they used sayings like "*bachi ga ataru*" or "*otento-sama ga miteiru*," which mean to listen to the voice of heaven.

**A:** Ah yes, the voice of heaven. In management, this would be the voices of stakeholders. We need to listen more closely to the voices of our customers, employees, partner companies, and society. OOC strives to improve the management by sincerely listening to the voices of our stakeholders. It is not possible to solve all management issues at once, but we will set priorities and tackle them one by one.



**U:** I believe that tackling business issues is not an easy task. Some of them may need to be tackled right away. However, I believe that nothing should be done on the spur of the moment. A medium- to long-term, persistent approach is essential.

**A:** Yes, I need to take that to heart. Strengthening internal systems, ESG management, and SDGs are not instant answers. We must set goals and continue to work on them. In the future, there are many ways we can contribute as a chemical manufacturer to various social issues, including environmental issues such as carbon neutrality. We will make the necessary investments, and all of us will pool our wisdom and aim to solve these issues.

**U:** In order for your company to tackle various issues, it is important to develop and promote

human resources. I am in charge of lectures at universities, and I find that young students are pure and full of hope. I believe that it is the mission of companies to nurture these people well.

**A:** Thank you for pointing out this excellent point. We will be mindful of it while training our personnel.

**U:** Also, your company is doing well, but that doesn't mean you should forget to be humble and modest.

**A:** Yes, we will manage our business with the sense of crisis that even when things are going well, they can be dangerous. In particular, we will once again ensure that safety is thoroughly enforced at our work sites. Management and all employees must share the awareness that we will never cause an accident. As mentioned regarding copying sutras, we will be doing what needs to be done, in a thorough and appropriate manner.

**U:** Another important thing for a business owner is to take time to reflect on oneself. It is easy to lose the time to think about things calmly when you are busy with your daily work. Therefore, I recommend that you visit a temple and take a quiet moment to review yourself.

**A:** Thank you for your advice. It is indeed important to have time to think quietly and reflect. As expectations for OOC continue to rise, we will continue to fulfill our mission as a member of society. Thank you very much for your valuable opinion today.



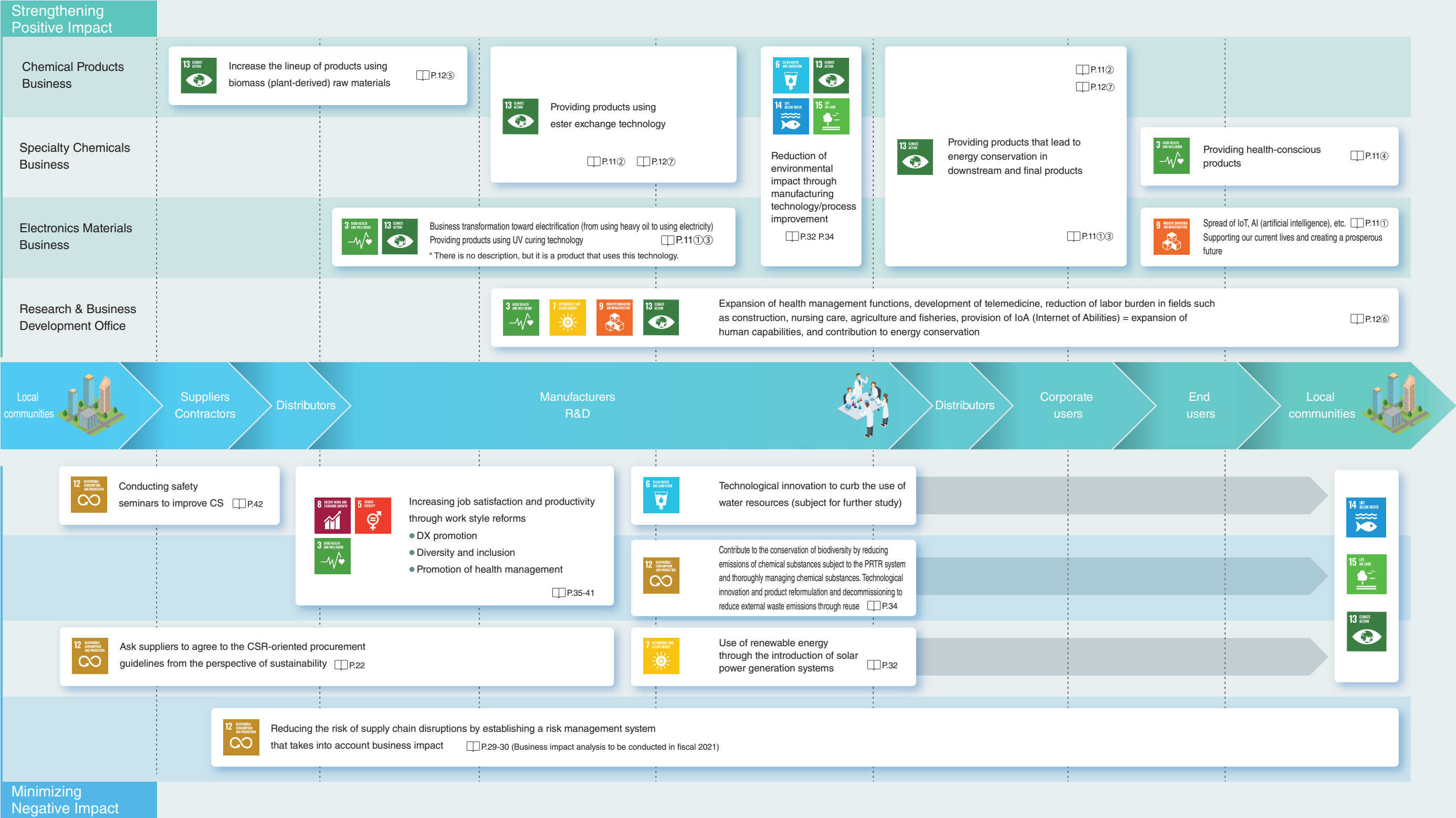




Contributing to the SDGs through Our Business

Mapping the SDGs in the Value Chain

Using SDG Compass value chain mapping, we are examining how OOC's main products contribute to the 17 goals of the SDGs, and are working to identify the SDGs that OOC should prioritize.

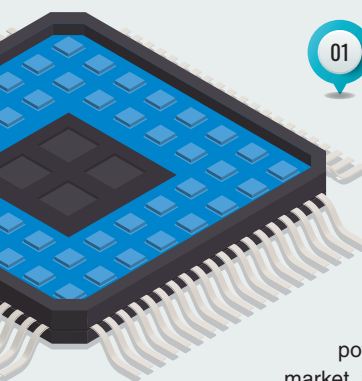






## Contributing to the SDGs through Our Business Challenges for the Future —Contributing to the SDGs

OOC Group aims to help build a sustainable society through its business and to achieve sustainable growth by leveraging its strengths and demonstrating its value throughout the entire supply chain.



### 01 Raw materials for semiconductors

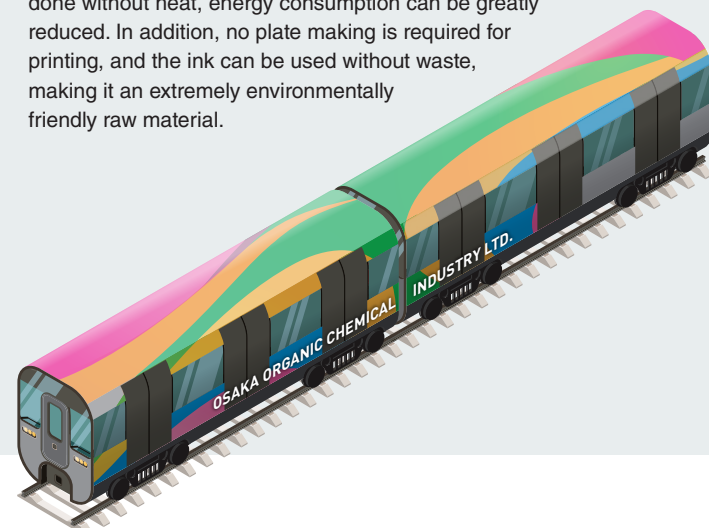


In the manufacturing process of semiconductor raw materials, more energy is consumed in the form of electricity than in the form of heavy oil, and considering the growth potential of the semiconductor market, its share of our business composition is expected to increase in the future, and electrification is expected to advance. As electrification progresses, the effects of CO<sub>2</sub> reduction measures will become easier to see. In addition, miniaturization will make it possible to process a large amount of data with small IC chips, which will significantly reduce the energy consumption of final products as well as downstream products.



### 02 Raw materials for UV inkjet

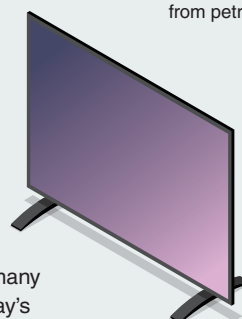
UV inkjet printing is one of the most popular printing methods in recent years. UV (ultraviolet) drying eliminates the evaporation of VOCs (organic solvents), which cause photochemical smog, and since drying is done without heat, energy consumption can be greatly reduced. In addition, no plate making is required for printing, and the ink can be used without waste, making it an extremely environmentally friendly raw material.



### 03 Indication materials



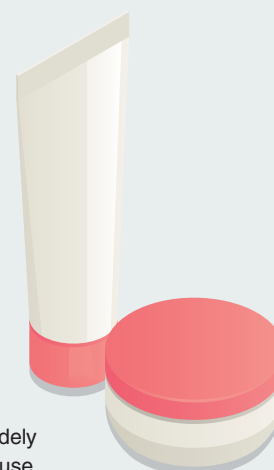
UV (ultraviolet) curing resins are used in many industries due to their characteristics. Today's growing demand for environmentally friendly coatings is creating interest in UV coatings that enable solvent-free application and so are viewed as a low-pollution option that saves resources and energy. OOC and OOC clients use UV curing technology in manufacturing processes for a wide range of products in sectors such as electronics materials (liquid crystals and semiconductors).



### 04 Cosmetics materials



In recent years, preservative ingredients widely used in cosmetics have been thought to cause allergies, and there is a worldwide movement to reduce their use in cosmetics. As an alternative, we offer functional materials that have moisturizing and antibacterial effects with less odor, and are paraben-free.



It is made from naturally occurring plants such as pine trees, corn cobs, and oil palm seeds.



The pine resin is collected and made into raw pine resin.



The pressed dregs of corn cobs undergo hydrolysis and other processes to become organic compounds that are not derived from petroleum.

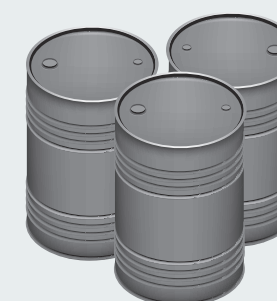


As an example, raw pine resin is distilled to extract the essential oil.

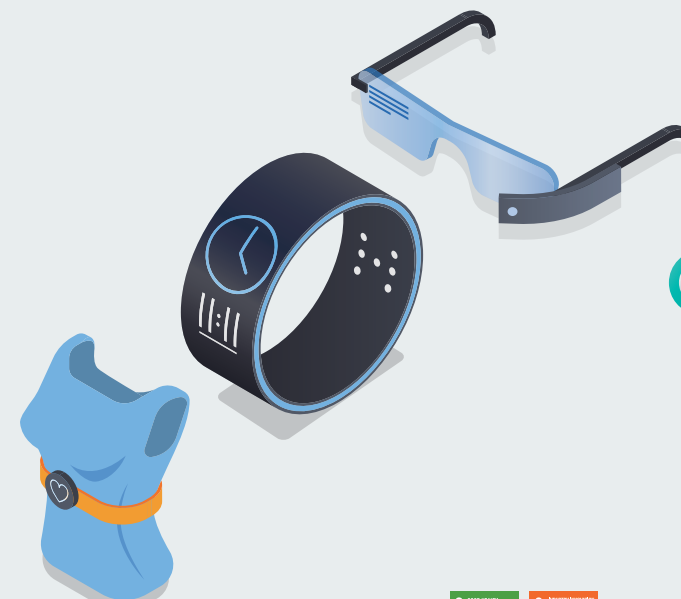
### 05 Biomass (plant-derived) acrylate



Biomass (plant-derived) raw materials are attracting attention as a means to build a decarbonized society. We have experience mass-producing and developing such products (5 products each). We will continue to contribute to building a decarbonized society by advancing research and development of products with a high biomass-derived carbon ratio and increasing our product lineup.



We use raw materials that contain a large amount of this essential oil and commercialize them using our proprietary technologies (esterification and polymerization prevention technologies).



### 06 Stretchable elastomer/ Stretchable conductive materials

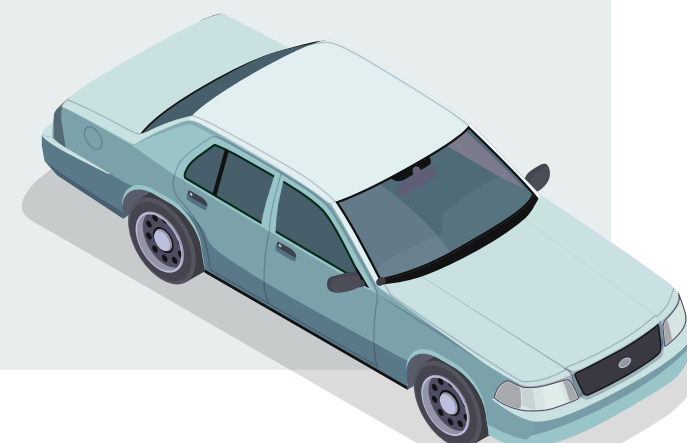


In the fields of sports and medical care, the development of technologies for constant sensing of biological information is progressing in response to the growing social need for health management in daily life. We are developing stretchable elastomers and conductive materials that will be useful for health management in the future. We hope to contribute to the practical application of biometric sensors, pressure sensitive sensors, and stretchable devices.

### 07 Raw materials for automotive paints



In general, painting automobiles involves drying and curing applied paint with heat applied by air conditioning large painting booths that can accommodate the entire body, which consumes large amounts of energy. When using urethane coating with our raw materials, it is possible to lower the temperature at which the paint is cured thanks to highly reactive materials, which helps reduce energy consumption and thus reduces CO<sub>2</sub>.





Promoting Sustainable Management

The Process of Building a Sustainable Society

We will incorporate social issues into our management and utilize our responsiveness to build both a company and society that are sustainable.

At the time of the review of the NS10 Second Five-year Medium-term Business Plan, the OOC Group established a philosophy system with an awareness of sustainability, and is working to link materiality and SDGs with our medium-term departmental goals.

Social issues envisioned by OOC



Climate change



Population decline in Japan



Stable supply of energy



Technological innovation



Efficient use of resources

Next Stage 10 (NS10) Long-term Business Plan  
(from the fiscal year ended November 30, 2015 to the fiscal year ending November 30, 2024)

Working to solve social issues

NS10 Second Five-year Medium-term Business Plan  
(from the fiscal year ended November 30, 2020 to the fiscal year ending November 30, 2024)

Business expansion and high profits relate our Action Policy to Materiality and SDGs

Business Domains of OOC



Chemical Products Business



Electronics Materials Business



Specialty Chemicals Business



Research & Business Development Office

CSR Domain

Materiality (priority initiatives)

Identifying issues based on international standards such as GRI Standards and ISO 26000 in order to conduct business while understanding and managing the impact of the OOC Group's activities on the environment and society from a long-term perspective.

E Environment

- Dealing with climate change through decarbonization
- Allocating water resources
- Managing waste and wastewater
- Ensuring environmental compliance
- Increasing sales of eco-friendly products

S Society

- Contributing to safe and comfortable lives
- Securing and developing human resources
- Respecting human rights
- Creating a safe and comfortable workplace
- Diversity of human resources
- CSR procurement
- Managing raw materials
- Giving back to the local area around each office
- Stakeholder engagement

G Governance

- Sustainability management
- Improving corporate governance
- Pursuing corporate ethics and integrity
- Business risk management

Perspectives on the SDGs



Building a Sustainable Society

Sustainable Value Creation Company

Achieve Next Stage 10 (NS10) Long-term Business Plan

Providing Value to the Global Market as a Leading Company in Specialty Acrylic Acid Esters

Management Philosophy of OOC

We will place the highest value on each person's individuality and will contribute to the development of society together with our clients by providing materials with unique functions.



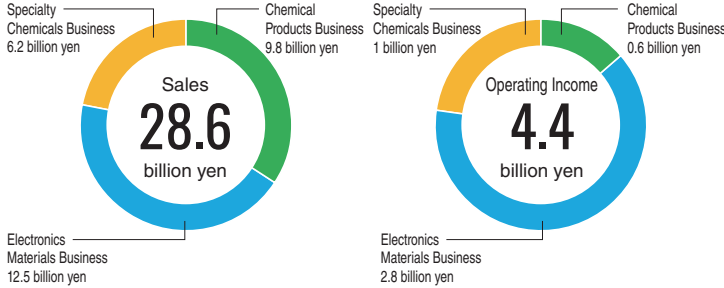
Promoting Sustainable Management

# Business Domains of OOC Group

Based on acrylic acid esters, we provide materials that can be used as raw materials for a variety of resins that support our daily lives.

### Business and Main Products

Our group is a B to B manufacturer specializing in high-mix low-volume production of specialty acrylic acid esters. We have a diverse range of products, and several product groups with the top share in the world.



### Chemical Products Business



Raw Materials for Paints



Raw Materials for Adhesives

Strategy	We will build an absolute position in the global market for specialty acrylic acid esters by concentrating our resources on high-purity products differentiated by our superior distillation/refining technologies, and by continuously launching new products by leveraging our organic synthesis technologies.
External Environment	(Opportunity) Increasing demand for plant-derived raw materials to build a decarbonized society (Risk) Stricter regulations on chemical substance management due to climate change and biodiversity risks
Company Status	(Strengths) Organic synthesis technology, polymerization prevention technology, distillation/refining technology, extensive product lineup and knowledge (Issues) Revision and abolition of unprofitable products
Products Raw Materials for Paints	These materials are used in automobiles, smartphones, and other applications, and can provide functions such as high reactivity and high adhesiveness that cannot be achieved with general-purpose products. Due to their high purity, they have advantages such as low coloring and low viscosity.
Raw Materials for Adhesives	These materials can be used as ordinary solvents as well as for UV-curable and anaerobic adhesives. Other advantages include low coloration, low viscosity, and low odor, as well as the same advantages offered by our paint materials.
Biomass Acrylate	As part of our activities pursuing the Sustainable Development Goals (SDGs), we are developing special acrylates made from biomass-derived (plant-derived) raw materials, which we call biomass acrylates.

### Electronics Materials Business



Indication Materials



Materials for Semiconductors

Strategy	We will continue to aggressively invest in facilities to meet increasingly stringent quality requirements while maintaining sufficient supply capacity for the expanding market. In addition, we will develop next-generation materials and expand into peripheral materials by utilizing the high quality control capabilities and synthesis technologies cultivated in our existing businesses.
External Environment	(Opportunity) Expansion of the electronics materials market, including peripheral fields (Risk) Supply chain disruptions, rise of alternative products and technologies
Company Status	(Strengths) Rapid capital investment, organic synthesis technology, integrated manufacturing from raw materials, high quality control technology (Issues) Diversification of customer needs, response to overseas markets
Products Indication Materials	We develop photo-curable resists and polymers for resists for displays, such as patterning materials and optical materials that can meet the needs for greater functionality in displays.
Materials for Semiconductors	We are developing new, high-quality acrylic monomers, including adamantyl monomers and lactone monomers, which are raw materials for resists used in the manufacture of semiconductor materials.

### OOC Group in Figures

Number of employees consolidated  
**435**  
(Non-consolidated: 391)



Capital investment  
**20** billion yen  
2020–2024



R&D expenses  
**1.20** billion yen



Operating income to net sales  
**15.5%**



ROE  
**9.9%**



Market capitalization  
**91.2** billion yen  
Using figures as of May 31, 2021  
Share price × number of shares issued



### Specialty Chemicals Business



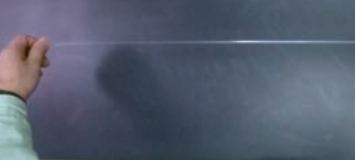
Cosmetics Materials



Functional Materials

Strategy	We will provide the global market with materials with special functions, made possible by having the technology to synthesize specialty acrylic acid esters and polymerize them.
External Environment	(Opportunity) Increasing demand for plant-derived raw materials to build a decarbonized society (Risk) Rise of alternative products and technologies, and loss of sales due to price competition
Company Status	(Strengths) Knowledge to propose functions from molecular structures, manufacturing technology to perform integrated manufacturing from raw materials (Issues) Development of new markets by expanding applications of existing products, development of new product groups
Products Cosmetics Materials	In addition to mousses, gels, and waxes, the acquisition of the business has allowed us to develop and supply shampoos, rinses, hair colorants, and other applications as cosmetics materials for hair care.
Functional Materials	As functional materials with special characteristics, we develop and provide inkjet materials, coating materials, and superhydrophilic coating materials.

### Research & Business Development Office



Functional Acrylic Elastomer Materials



Organic Piezoelectric Materials

Strategy	Through the clarification of target markets and the more deeply integrated joint development, we will create new value based on specialty acrylics and establish the pillars of our next generation businesses.
External Environment	(Opportunity) Increasing opportunities to create new businesses through efforts to achieve the SDGs, and accelerating growth of businesses related to remote and non-contact technologies in a post-COVID society (Risk) Difficulty in securing superiority of proprietary technologies due to integration of management resources as DX accelerates
Company Status	(Strengths) Accumulation of know-how related to acrylic materials, advanced technology and extensive knowledge of materials with unique characteristics (Issues) The company is entering a new business field and the distance to end users is long, so it will take time to create a new business. Establishment of product supply system
Products Newly Developed Products	Using our proprietary acrylic acid esterification, special polymerization, and compounding technologies, we have developed stretchable acrylic elastomer materials with high extensibility and flexibility, and stretchable conductive materials that add conductivity to acrylic elastomers. We have also developed flexible organic piezoelectric materials, which we expect to see effectively used in various fields such as wearables, sensors, actuators, materials for robotics, and automotive resin additives.



Promoting Sustainable Management

ESG-conscious Management to Achieve the Long-term Business Plan

The OOC Group has established five KPIs for E (environment), S (society), G (governance), productivity, and safety as long-term business goals, and will steadily implement the long-term business plan and contribute to the achievement of the SDGs by starting with materiality, which is a key CSR issue, and implementing medium-term policies, Guidelines for Conduct, and major initiatives.

	Materiality	Medium-term Policy	Guidelines for Conduct	Major Initiatives	Long-term Business Target 2024	Contributing to the Sustainable Development Goals (SDGs)
E Environment	<ul style="list-style-type: none"><li>■ Dealing with climate change through decarbonization</li><li>■ Allocating water resources</li><li>■ Managing waste and wastewater</li><li>■ Ensuring environmental compliance</li><li>■ Increasing sales of eco-friendly products</li></ul>	<ul style="list-style-type: none"><li>■ Use of renewable energy</li><li>■ Managing and reducing chemicals and waste throughout product lifecycles</li><li>■ Proactive use of resource recycling</li></ul>	<ul style="list-style-type: none"><li>■ Making the climate crisis personal</li><li>■ Reducing environmental impact</li><li>■ Product development that considers the balance between nature and society</li></ul>	<ul style="list-style-type: none"><li>■ Studying how to reduce CO<sub>2</sub> emissions throughout entire value chains</li><li>■ Looking into the use of renewable energy</li><li>■ Reducing water consumption</li><li>■ Complying with environmental laws and regulations of countries and regions around the world</li><li>■ Environmental compliance</li><li>■ Switching to more environmentally friendly modes of business</li><li>■ Proactive use of resource recycling</li></ul>	<ul style="list-style-type: none"><li>■ CO<sub>2</sub> emission (compared to fiscal 2013) <b>15% or greater reduction</b> Fiscal 2030 More than <b>30%</b> reduction Achieve carbon neutrality in fiscal 2050</li></ul>	<div>13 CLIMATE ACTION</div>
S Society	<ul style="list-style-type: none"><li>■ Improving consumer security and comfort</li><li>■ Workforce hiring and training</li><li>■ Respecting human rights</li><li>■ Creating safe and pleasant workplaces</li><li>■ Creating a diverse workforce</li><li>■ CSR-oriented procurement</li><li>■ Managing raw materials</li><li>■ Giving back to the local area around each office</li><li>■ Stakeholder engagement</li></ul>	<ul style="list-style-type: none"><li>■ Improving client satisfaction</li><li>■ Improving employee satisfaction (Creating engaging workplaces)</li><li>■ Proactive approach to diversity (values and variety)</li><li>■ Coexistence with the planet and the public</li></ul>	<ul style="list-style-type: none"><li>■ Ensuring product safety and quality</li><li>■ Providing unique functional materials</li><li>■ Respecting dignity and rights</li><li>■ Creating a safe and healthy environment</li><li>■ Maintaining fair and impartial business relationships that make the most of and complement each other's strengths</li><li>■ Proactively participating in society</li><li>■ Win-win relationships</li><li>■ Constructive dialogue</li></ul>	<ul style="list-style-type: none"><li>■ Raising awareness of how to benefit the community through business activities</li><li>■ Increasing OOC's recognition level</li><li>■ Improving workforce training</li><li>■ Combating harassment</li><li>■ Promoting health management</li><li>■ Promoting sound work-life balance</li><li>■ Initiatives for diversity</li><li>■ Dealing with diversifying information and values</li><li>■ Creating a CSR-oriented procurement system</li><li>■ Ensuring stable procurement of raw materials for key products</li><li>■ Ongoing interactions with local areas</li><li>■ Promoting dialogue based on sustainability</li></ul>	<ul style="list-style-type: none"><li>■ Job satisfaction index Vibrant organization grade B (top 10% to 30%)</li></ul>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>
G Governance	<ul style="list-style-type: none"><li>■ Sustainability management</li><li>■ Improving corporate governance</li><li>■ Pursuing corporate ethics and integrity</li><li>■ Business risk management</li></ul>	<ul style="list-style-type: none"><li>■ Building a global partnership for sustainable development</li><li>■ Optimizing safe operations and management efficiency</li></ul>	<ul style="list-style-type: none"><li>■ Contributing to the creation of a sustainable future</li><li>■ Ensuring transparency</li><li>■ Proactive, effective, and fair disclosure</li><li>■ Keeping our promises with sincerity and humility</li><li>■ Ensuring systematic crisis management</li><li>■ Placing safety as our top priority</li></ul>	<ul style="list-style-type: none"><li>■ Solving issues of public concern by creating value</li><li>■ Improving management transparency and making management systems more efficient</li><li>■ Spread of our Management Philosophy</li><li>■ Creating a risk management system</li></ul>	<ul style="list-style-type: none"><li>■ CGC compliance rate <b>100%</b> (with a higher level of governance)</li><li>■ Accidents resulting in absence from work <b>0 cases/year</b></li></ul>	<div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>3 GOOD HEALTH AND WELL-BEING</div> <div>5 GENDER EQUALITY</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div>

Promoting Sustainable Management

Initiatives for Materiality

Material issue (materiality)	ESG area	Stakeholders					Main stakeholders	Major initiatives	Fiscal 2024 targets (KPI)	Fiscal 2020		See page(s)	Applicable SDGs	
		Employees	Clients/Suppliers	Investors/Shareholders	Society	Children of the future				Achievements	Main activities			
Dealing with climate change through decarbonization	E	○	○	○	○	◎	Children of the future	Studying how to reduce CO <sub>2</sub> emissions throughout entire value chains Looking into the use of renewable energy	CO <sub>2</sub> emission reduction rate: 15% or more (compared to fiscal 2013)	11.3%	Implementation of investments that lead to energy conservation Consideration of installing solar power generation systems	P32	     	
Wastewater and waste management			○	○	◎	○	Society	Proactive use of resource recycling	Recycling rate: 25% or more (compared to fiscal 2015)	21.5%	Promoting conversion of waste oil from external processing to in-house fuel	P34		
Allocating water resources				○	○	○	◎	Children of the future	Reducing water consumption		Study and implementation of process improvements and changes in manufacturing methods	P31		
Increasing sales of eco-friendly products				○	○	○	◎	Children of the future	Switching to more environmentally friendly modes of business		Understanding sales of eco-products and examining content for disclosure	P9-12		
Ensuring environmental compliance				◎	○	○		Clients/Suppliers	Complying with environmental laws and regulations of countries and regions around the world	Ensure compliance with laws and regulations related to chemical substances		Expanding suppliers' management of chemical substances contained in products		P34
			○			◎		Society		PRTR emissions reduction rate: 60% or more (compared to fiscal 2019)	3.2%	Consideration of installing VOC combustion equipment		
Workforce recruiting and training	S	◎			○		Employees	Increasing the level of recognition of OOC	Entry population formation 10% increase (compared to fiscal 2018)	43.2%	Renewal of recruitment information on our website	P36	   	
		◎			○		Employees		100% retention rate after 3 years of employment	100%	Conducting interviews within 3 years of employment			
		◎					Employees	Improving workforce training	Education hours: At least 1% of annual working hours	0.67%	Introduction of a multi-line qualification grading system			
Respecting human rights		◎	○	○	○		Employees	Combating harassment Dealing with diversifying information and values	Compliance education participation rate 100% (conducted annually)	100%	Implementation of compliance training For all employees: once For all managers: once	P39		
Creating safe and pleasant workplaces		◎						Employees	Promoting health management Promoting sound work-life balance	Engagement survey results: Vibrant organization grade B (top 10% to 30%)	Grade C (top 30% to 45%)	Engagement survey implementation		P35
		◎						Employees		Productivity index (under consideration)		Productivity index study		
		◎						Employees		(Ease of working) More than 70% of employees receive paid holidays	58.3%	Setting goals and consideration of measures		P37
		◎						Employees		(Ease of working) Flexible working rate (to be considered)	55.6%	Promoting telecommuting and flexible work hours for the post-COVID world		
		◎			○			Employees		(Health) Obtained certification as an excellent health management corporation		Introduction of a collaborative system with health insurance associations		P41
		◎			○			Employees		(Safety) Zero lost time injuries/year	0	Thorough reporting of near-misses at monthly health and safety meetings		P42

◎ Key stakeholders  
○ Stakeholders involved



Initiatives for Materiality

Material issue (materiality)	ESG area	Stakeholders					Main stakeholders	Major initiatives	Fiscal 2024 targets (KPI)	Fiscal 2020		See page(s)	Applicable SDGs
		Employees	Clients/Suppliers	Investors/Shareholders	Society	Children of the future				Achievements	Main activities		
Creating a diverse workforce	S	◎		○	○		Employees	Initiatives for diversity	Increase ratio of mid-career hires 20% or more	16%	Strengthening mid-career recruitment and gathering information on headhunting, etc.	P37	 
		◎		○	○		Employees		Ratio of women in management positions: 10% or more (target in fiscal 2026)	3.1%	Setting goals and formulating action plans based on the Law for the Promotion of Women's Activities		
		◎		○	○		Employees		Increase in the percentage of employees taking childcare leave and leave for childcare purposes by 20% or more (male)	4%	Setting targets for childcare leave and leave for childcare purposes and increasing awareness of it		
CSR-oriented procurement			◎		○		Clients/Suppliers	Establishing CSR-oriented procurement	Endorsement rate of 80% or more for our CSR-oriented procurement guidelines (based on purchase amount)		Agreement to create CSR-oriented procurement guidelines based on purchasing policy	P9	 
Managing raw materials			◎		○		Clients/Suppliers	Ensuring stable procurement of raw materials for key products	Indicators of supply risk reduction (under consideration)		Selection of key raw materials and sample evaluation for multiple purchasing		
Giving back to the local area around each office		○		○	◎		Society	Ongoing interactions with local areas	Number of activities with local communities to solve social issues: 3 or more cases/month	2.3	Promoting interaction with the local community while taking care to prevent the spread of COVID-19	P44-46	
Stakeholder engagement		○	○	◎	○	○	Investors/Shareholders	Promoting dialogue around sustainability	Demonstrating existence value by addressing sustainability in society (qualitative goal)		Promoting dialogue with each stakeholder with an awareness of sustainability	P47	
Improving consumer security and comfort		○	○	○	◎	○	Society	Raising awareness of how to benefit the community through business activities	New net sales ratio 10% (from fiscal 2021)	1.4%	Developing applications in peripheral fields as well as developing new materials for existing businesses	P11-12	    
Sustainability management		○	○	○	○	◎	Children of the future	Solving issues of public concern by creating value			Fostering businesses and product groups to solve social issues		
Improving Corporate Governance	G	○	○	◎	○		Investors/Shareholders	Improving management transparency and making management systems more efficient	Number of serious violations of laws and regulations 0 cases/year	0	Thorough awareness of legal compliance	P23-28	
				◎			Investors/Shareholders		100% CGC compliance rate (with higher governance standards)		Improving Board of Directors effectiveness assessments Disclosing more information in English Reviewing the officer compensation system Reducing cross-shareholding		
Business risk management			◎	○	○		Clients/Suppliers	Creating a risk management system	Indicators for reducing the risk of supply chain disconnection (under consideration)		Establishment of priority risks and disclosure of proposed countermeasures (Annual Securities Report)	P29-30	
Pursuing corporate ethics and integrity		◎	○	○	○		Employees	Spread of our Management Philosophy	Penetration of Management Philosophy: 4.0 or higher	3.4	Linking engagement survey items to Management Philosophy and quantifying them	P47	

◎ Key stakeholders  
○ Stakeholders involved

# Corporate Governance

We are striving to improve the transparency and efficiency of our management in order to sustainably increase our corporate value over the medium to long term.

## Basic Approach

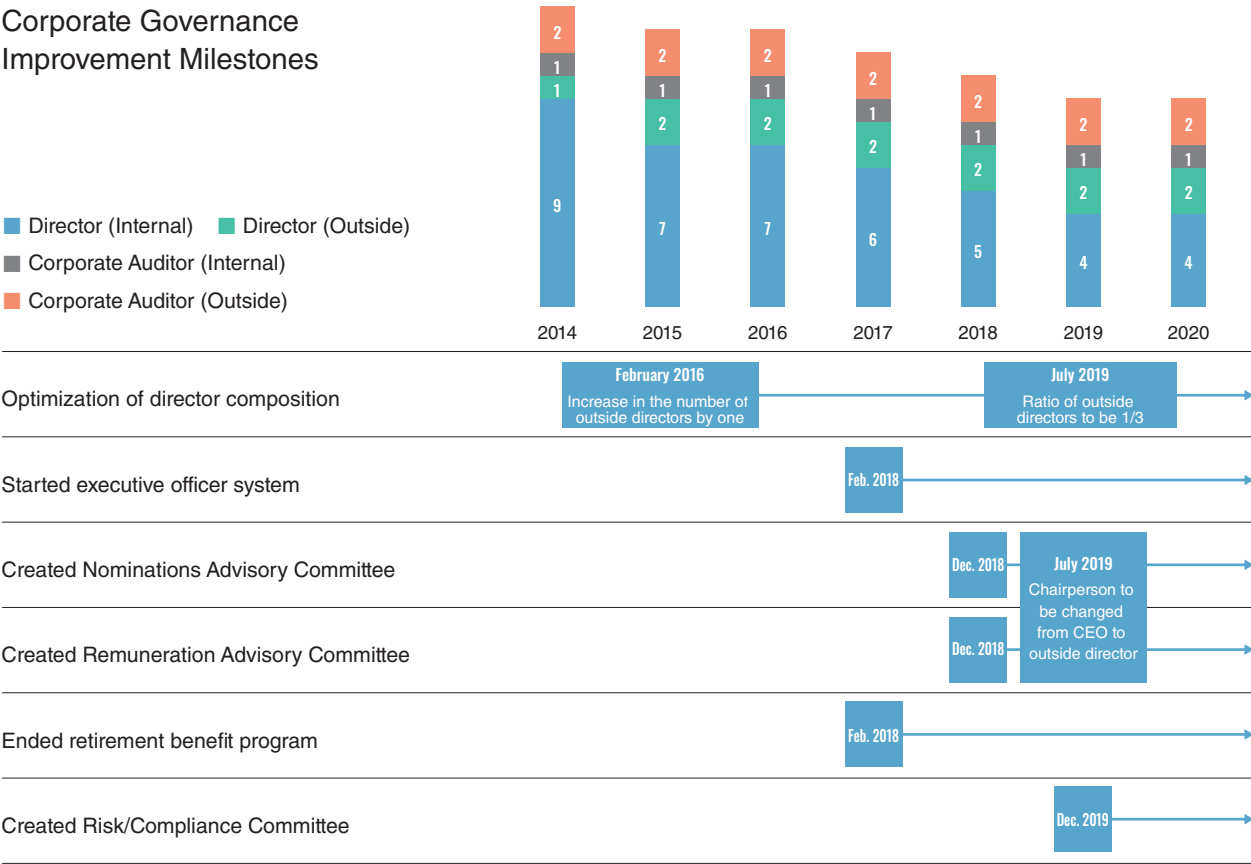
Corporate governance is an area that the OOC Group works actively to improve and augment. Our efforts in this area are designed to ensure that we act honestly and increase management transparency while improving the efficiency and speed of management systems. We view these efforts as a way to ensure sustainable company growth while improving our corporate value over the medium- to long-term. Corporate governance improvements are approached as a key management issue, as we work to foster shared going-concern (business continuity) assumptions with stakeholders both inside and outside the Company.



## Governance Highlights (as of November 30, 2020)



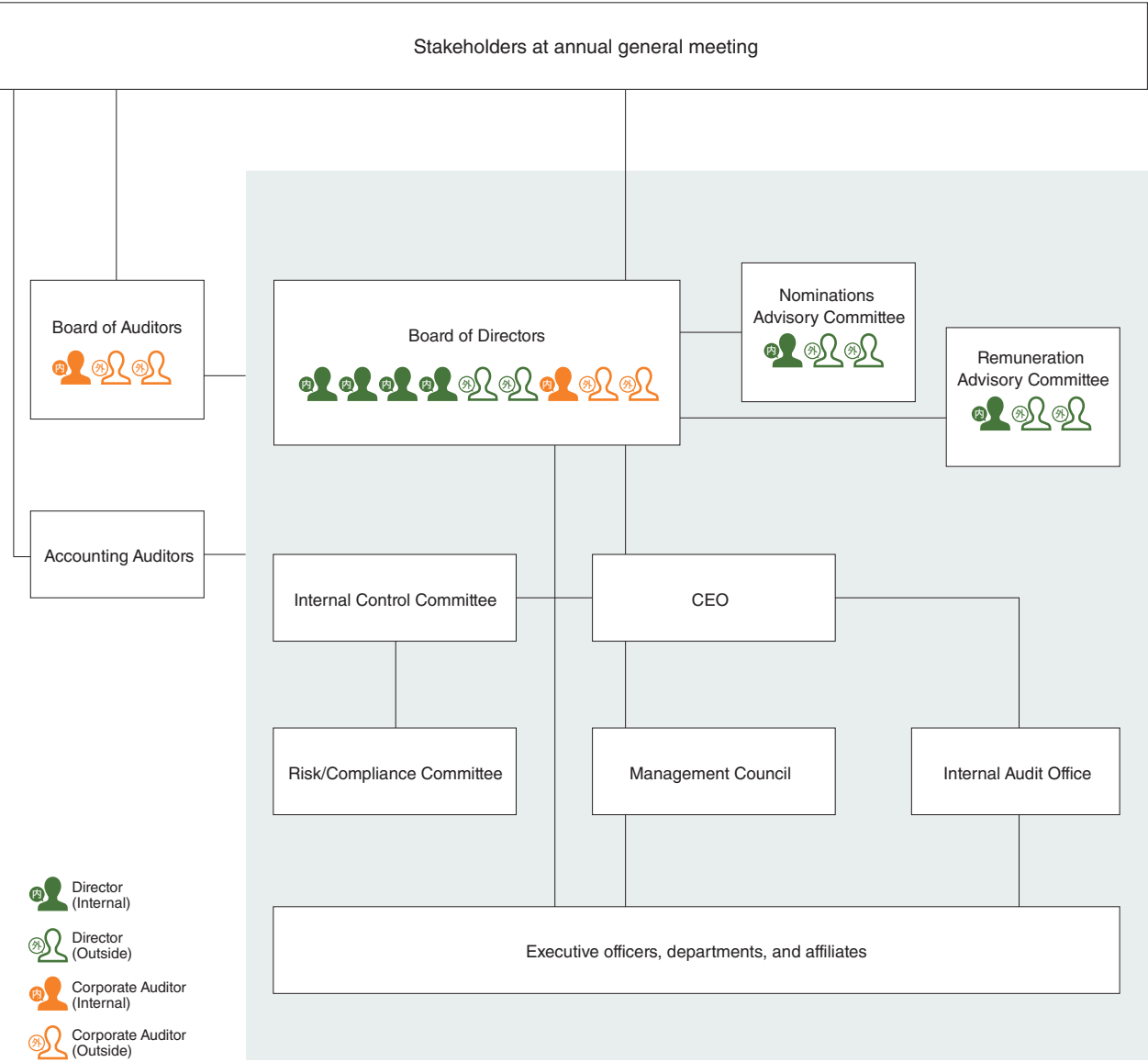
## Corporate Governance Improvement Milestones



## Material Issues: Improving Corporate Governance

Fiscal 2020 [Targets and issues]	Improving management transparency and making management systems more efficient <ul style="list-style-type: none"><li>Promoting active disclosure (disclosing more information in English)</li><li>Reviewing the officer compensation system</li><li>Improving Board of Directors effectiveness assessments</li><li>Reducing cross-shareholding</li></ul>
Fiscal 2021 [Targets and issues]	Improving management transparency and making management systems more efficient <ul style="list-style-type: none"><li>Addressing each issue to improve the effectiveness of the Board of Directors</li><li>Responding to the revised CG code</li><li>Enhance disclosure of ESG information and proactive dialogue</li></ul>

## OOC Group's Corporate Governance Organization





Officer Profiles (as of November 30, 2020)



Role and Authority of Independent Outside Directors and Advisory Committee

OOC continues to strengthen its corporate governance system, including the appointment of independent outside directors and the establishment of an Advisory Committee, in accordance with Use of Voluntary Mechanisms (Supplementary Principle 4-10 (1)) of the Corporate Governance Code.

At present, we have appointed two independent outside directors. Both of them express their opinions at the Board of Directors meetings and provide advice to each director as necessary, utilizing their highly specialized knowledge and abundant experience. We will continue to

examine the possibility of having independent outside directors as a majority of the Board of Directors.

In addition, two Advisory Committees, the Nominations Advisory Committee and the Remuneration Advisory Committee, established under the Board of Directors, are responsible for considering important matters such as the nomination and compensation of our directors. Both of these committees are composed of two independent outside directors and the CEO, and are chaired by an independent outside director who also provides appropriate involvement and advice.

Create and Implement a Succession Plan

From the perspective of sustainable growth of our business over the medium to long term, we recognize that the development of management personnel is one of the most important issues to be addressed. Therefore, in accordance with Roles and Responsibilities of the Board of Directors (Supplementary Principle 4-1 (3)) of the Corporate Governance Code, the Board of Directors is proactively responsible for the formulation and operation of the succession plan. Specifically, we believe that the incumbent himself/herself should be actively involved in the selection of a candidate to succeed the CEO, and that the incumbent should be responsible for the succession plan. The Nominations Advisory Committee may take a leading role in cases where the incumbent has difficulties in selecting a successor candidate. On the other hand, when the option of reappointing the incumbent is included, in order to ensure the fairness of deliberations, the necessity of reappointment shall be considered only by the chairperson and the members who are outside directors at the Nominations Advisory Committee. In addition, the Nominations Advisory Committee shall receive a full report from the CEO on the succession plan and the specific nomination of candidates to succeed him/her, exchange opinions, consider the evaluation of the CEO from an independent standpoint and the OOC’s management issues, and provide feedback. With respect to the specific evaluation of candidates for successors, the

Nominations Advisory Committee will make a judgment on the appropriateness of the proposed candidates selected by the incumbent from an independent and objective standpoint.

The following is the Succession Planning Policy and Development Plan Policy formulated on January 22, 2021.

- (1) Succession Planning Policy
- The formulation and implementation of the CEO’s succession plan is the CEO’s authority and duty.
- The Nominations Advisory Committee shall formulate the criteria for selecting candidates for CEO, the selection process, and the development plan, and also monitor the overall confirmation succession plan and report to the Board of Directors on the candidates.
- (2) Development Plan Policy
- In order to develop the next generation of human resources who will be responsible for the execution of management to support continuous growth, the CEO will constantly envision candidates for successors, mainly directors and executive officers, and strive to develop them.

Skill Matrix for Officers

● Chairperson, Committee Chairperson   ● Members   ● Jury   ● Expertise and experience

		Collegiate body							Expertise							
Job Title	Name	Board of Directors	Board of Auditors	Management Council	Internal Control Committee	Risk/ Compliance Committee	Nominations Advisory Committee	Remuneration Advisory Committee	Management	ESG	Sales	R&D	Overseas	Finance	Legal	Administration
Director, Chairman of the Board	Taiji Kanbayashi	<div></div>		<div></div>	<div></div>	<div></div>			<div></div>		<div></div>	<div></div>	<div></div>			
CEO	Masayuki Ando	<div></div>		<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		<div></div>	<div></div>				
Director	Soichi Honda	<div></div>		<div></div>	<div></div>	<div></div>				<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		
Director	Motomi Ogasawara	<div></div>		<div></div>	<div></div>						<div></div>	<div></div>	<div></div>			
Outside director	Takayuki Hamanaka	<div></div>		<div></div>	<div></div>		<div></div>	<div></div>	<div></div>	<div></div>			<div></div>		<div></div>	
Outside director	Naotaka Kawakami	<div></div>		<div></div>	<div></div>		<div></div>	<div></div>	<div></div>	<div></div>				<div></div>		<div></div>
Managing Auditor	Sobi Nagayanagi	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>						<div></div>				
Outside auditor	Yoko Hiyama	<div></div>	<div></div>	<div></div>	<div></div>				<div></div>	<div></div>			<div></div>		<div></div>	
Outside auditor	Yasuko Yoshida	<div></div>	<div></div>	<div></div>	<div></div>				<div></div>	<div></div>				<div></div>		



Efforts to Improve Management Transparency

Enhancement of Information Provision to Overseas Investors

We are promoting the provision of information in English for overseas investors. Currently, we provide information in English by disclosing the Notice of Convocation of the General Meeting of Shareholders, Financial Results, Financial Results Briefing Materials, and CSR Report on our website, etc. In addition, we disclose and provide information in English on the Tokyo Stock Exchange, Inc. website under Summary of Financial Results in the Listed Company Details (Basic Information) section of the TSE Listed Company Information Service, and are working to expand the provision of information in English to overseas investors.

Status of providing various types of information in English

	Financial Results	Notice of Convocation	Financial Results Briefing Materials	CSR Report
Fiscal 2019	×	×	×	×
Fiscal 2020	○	○	○	○

Officer Compensation System

OOC has determined the remuneration system and remuneration levels for directors and auditors in order to achieve medium- to long-term expansion of business performance and enhancement of corporate value in accordance with its Management Philosophy. Remuneration for directors consists of monthly remuneration as basic remuneration, annual bonuses as performance-linked remuneration, and remuneration in the form of restricted stock. From the perspective of their roles and independence, outside directors and auditors are paid only the basic monthly remuneration. We plan to introduce medium-term performance-linked compensation from the fiscal year ending November 30, 2021.

Efforts to Improve Management Efficiency

Improving the Effectiveness of the Board of Directors

With regard to the overall effectiveness of our Board of Directors, we conducted a questionnaire on the operation, deliberation, composition, implementation status of issues, support system, and overall evaluation of the Board of Directors meetings for directors and auditors. The results of

Reducing Cross-shareholding

(1) Policy for Reducing Cross-shareholding  
For cross-shareholding, the Board of Directors will annually review each individual case and make decisions to reduce the number of shares held by OOC.

(2) Criteria for Stock Ownership  
We will hold shares only when we believe it is reasonable to do so, for example, to maintain and strengthen stable and long-term business relationships with customers and business partners, or to enhance our corporate value over the medium to long term. We periodically report on our holdings to the Board of Directors, and considers the appropriateness of holding each stock by comprehensively taking into account the maintenance and strengthening of business relationships, the merits of holding the stock over the medium to long term, and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital.

(3) Exercise of Voting Rights Related to Cross-shareholding  
With regard to the exercise of voting rights for cross-shareholding, in order to ensure appropriate responses, we have established specific criteria for the exercise of voting rights that enable us to make a comprehensive judgment as to whether the exercise of voting rights will enhance the medium- to long-term corporate value of the client company, contribute to sustainable growth, and benefit OOC.

Fiscal 2020 Results

Number of stocks acquired	2	Number of shares acquired	1,310	Acquisition cost	0.006 billion yen
Number of stocks sold	2	Number of shares sold	53,000	Sale price	0.126 billion yen

We will continue to make efforts to reduce the amount held.

the questionnaire were compiled, analyzed, and evaluated by the Board of Directors.  
As a result, the effectiveness of our Board of Directors was evaluated as generally good, confirming that the effectiveness of the Board of Directors has been ensured.

Reasons for Confirming that the Effectiveness of the Board of Directors Is Generally Good

- With regard to the composition of the Board of Directors, which has independence and objectivity, two of the six directors are independent outside directors, making the ratio of outside directors 1/3, and the Nominations Advisory Committee and the Remuneration Advisory Committee, which are advisory bodies to the Board of Directors, have been established, and an independent outside director has been appointed as the chairperson of each to ensure the supervisory function of the Board of Directors by providing appropriate reports.
- In August 2020, we developed our philosophy system, and are working to disseminate our philosophy throughout the OOC Group, and to strengthen the disclosure of ESG-related information to our stakeholders through the publication of our CSR Report.
- In December 2019, the Risk/Compliance Committee was newly established under the Internal Control Committee, which is a subordinate organization of the Board of Directors, to strengthen the risk management system and develop a monitoring system for management risks and other risks by the Board of Directors. In addition, we have taken appropriate measures to deal with the COVID-19 pandemic, and are working to address risks to business continuity.
- At the end of February 2020, the Board of Directors resolved to abolish the anti-takeover measures after thorough discussions, and is striving to further enhance corporate value by taking measures to achieve the medium- to long-term business plan.
- We hold semi-annual company briefings and quarterly IR with institutional investors to strengthen communication with investors, and deliberate with stakeholders in mind through quarterly reports and deliberations to the Board of Directors, and discussions and implementation of improvements to employee working environments and strengthening community and social contributions.
- We discussed the succession plan and the performance-linked remuneration system, which were governance issues, and started to develop and operate the system.
- During its operations, the Board of Directors is working to improve the provision of information to members and discussing and deliberating at Board of Directors meetings. In this era of COVID-19 risks, important meeting bodies attended by directors and auditors, such as our Board of Directors, are held remotely, etc., and our management is handling these meetings without any problems.
- In addition to individual training for officers, we have held group training on common themes for officers to further strengthen our support system.

Deeper Involvement of Outside Directors in the Formulation of Medium- to Long-term Business Plans

In the formulation of the medium- to long-term management plan, we have provided sufficient explanation of the plan to outside directors. We recognize the importance of holding even deeper discussions on the formulation of medium- to long-term business plans with outside directors, and will continue to make this an ongoing issue.

Measures for Risk Management

Since December 2019, the Risk/Compliance Committee, a sub-organization of the Internal Control Committee, has been established to operate our risk management system. The Board of Directors has been monitoring the status of our risk management through reports from the Internal Control Committee. We will continue to deeply discuss risks to our business and other areas at the Board of Directors meetings based on the content of the monitoring.

Matters Related to the Board of Directors and the Management Council

All directors and auditors attend not only the Board of Directors meetings but also the Management Council and the Internal Control Committee meetings, which are held in advance of the Board of Directors meetings to discuss and deliberate on internal control items related to business execution and corporate management. In order to further improve discussions and deliberations at the Board of Directors meetings, the division of roles and improvement of functions between the Board of Directors and the Management Council are ongoing issues.

Further Enhancement of Handouts and Content

We have made improvements to the materials distributed and the content of the topics discussed at the Board of Directors meetings. In the future, we will continue to make efforts to improve the understanding of matters to be discussed among outside directors and auditors and to hold deeper discussions.

Discussion of Corporate Governance Measures

We have discussed and reviewed the introduction of medium-term performance-linked remuneration and succession planning, and have established and implemented a system. We will continue to monitor the implementation of these measures.  
On the other hand, as there has not been sufficient discussion on the gender of directors, we will continue to address this issue.

In order to resolve the aforementioned issues, we recognize that communication among officers (directors and auditors) will remain important, and we will continue to improve and strengthen the effectiveness of the Board of Directors.

An Outside Officer's Perspective

I will contribute to the Board of Directors meetings and other deliberations utilizing my knowledge as a person from a government ministry.



Naotaka Kawakami  
Outside director

I recognize that my role is to reflect the perspectives of all stakeholders in management in a balanced manner, and on the other hand, to collaborate with the internal management team as a single team to enhance corporate value. During the past year, through frank

discussions with the internal management team, I believe I have been able to play a reasonable role in making policy decisions on individual matters such as executive appointments and M&A projects, preparing the first CSR Report, and establishing various regulations to strengthen corporate governance. As I am from a government ministry, I would also like to keep abreast of the macroeconomic and social situation and governmental trends, and try to link this to sustainable enhancement of corporate value.

We will strive to make proposals that contribute to the maintenance of sound management from the perspective of stakeholders.



Yasuko Yoshida  
Outside auditor

The role of outside auditors is to attend Board of Directors meetings and audit whether business is being conducted properly. Each Board of Directors meeting and Management Council meeting features various reports and lively discussions, and I feel that the company is truly a

living organism. As a living organism, it is important to admit that one's health is not always perfect, so I strive to point out issues and give corrective advice while the symptoms are still mild.  
I think that the company's management is sincerely responding to comments made by the outside officers in order to improve corporate value, and I feel fulfilled when I can make some kind of contribution to the betterment of the company as an outside auditor.  
My specialty is accounting, but I would like to fulfill my role in maintaining sound management by striving to acquire insight from the perspective of stakeholders.

# Risk Management

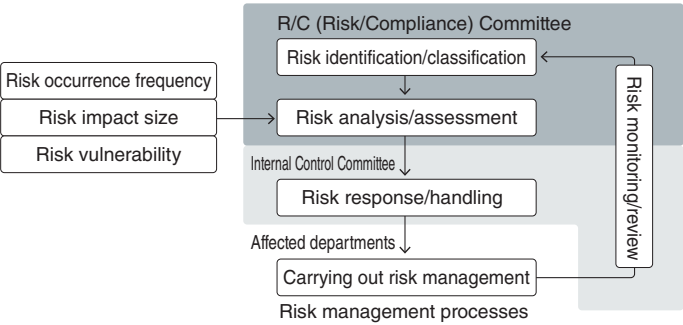
## Basic Risk Management Policy

The OOC Group will promote risk management to prevent the occurrence of risks and to protect the safety of officers, employees, and local residents in the event of an emergency, and to ensure the continuation of business operations.

1. The OOC Group's top priority is to ensure the safety of human life.
2. We position risk management as an important management issue, and work on activities from a company-wide perspective to prevent the occurrence of risks.
3. We promptly report risk-related information and share it throughout the company.
4. All officers and employees of the OOC Group shall improve their risk sensitivity and promote risk management with the participation of all employees.
5. We will respond quickly and appropriately when risks arise, and strive to minimize losses.

### Risk Management Process

1. Identify and assess risks.  
Identify the risks that affect the business plan for each fiscal year and evaluate them in terms of their impact on management, frequency of occurrence, and vulnerability.
2. Determine critical risks.  
Based on the results of the evaluation, select the OOC Group's priority risks, and consider and select the necessary countermeasures.
3. Monitor the implementation status of risk measures, etc.  
Monitor the key risks, including the implementation status of planned risk measures.



### Critical risks and their responses

Risk Items	Measures
Procurement of raw materials, oil prices and fluctuations in raw material prices	Multiple purchasing and stable procurement of important raw materials
Legal regulation	We conduct our business activities in compliance with laws, regulations, and social rules by gathering information in the regions in which we operate, both in Japan and overseas.
Information security	With regard to confidential information held by OOC and its subsidiaries, we strive to prevent such risks from materializing through strict management, establishment of an appropriate system management system, security measures, and employee training.
Internal control and compliance	OOC and its subsidiaries conduct various training and education programs to ensure thorough compliance, and strive to raise awareness of the importance of compliance. In addition, we have established a whistle-blowing system to prevent and quickly resolve compliance violations.

## Responding to COVID-19

### Company Policy on COVID-19

1. Protecting the health of our employees is our top priority.
2. Restricting movement between departments and with business partners to protect production sites.

Infection Status of OOC Group

As of the end of May 2021, we have confirmed one infected person in the OOC Group at one of our production plants. In terms of production activities, there has been no suspension of operations due to the spread of COVID-19.

COVID-19 Prevention Team

On May 22, 2020, a COVID-19 prevention team was established with the aim of preventing the OOC Group's executives and employees from infection with the COVID-19. The person in charge of BCP serves as the team leader, and one member is selected for each office. In cooperation with the health and safety organization, the team manages hygiene equipment such as masks and disinfectants on a daily basis, collects information on the relevant infectious diseases, and examines and submits reports on the OOC Group's countermeasures.

Main contents of discussion and report

- In response to a twindemic (a simultaneous outbreak of the COVID-19 and the seasonal flu), we paid for the cost of vaccinations for employees and their families.
- Stockpiling of PCR test kits at all offices

Major Infection Control Measures of OOC Group	
1. Work	<ul style="list-style-type: none"><li>• Working from home</li><li>• Staggered work hours are encouraged.</li></ul>
2. Business trips	<ul style="list-style-type: none"><li>• Restrictions on domestic business travel</li><li>• Business trips to plants prohibited from areas where the infection has spread.</li><li>• Overseas travel generally prohibited</li></ul>
3. Meetings and events	<ul style="list-style-type: none"><li>• Internal event training and meetings are basically conducted using video and web conferencing.</li><li>• As a general rule, in-house get-togethers involving food and drink are prohibited.</li><li>• External seminars, academic meetings, and exhibitions are joined by web conference.</li></ul>
4. Health and hygiene management	<ul style="list-style-type: none"><li>• Hand-washing and oral hygiene protocols enforced</li></ul>

### Infection Prevention at Each Office

Individual infection prevention measures are implemented based on the judgment of each office, taking into account local characteristics.

<div>Head Office</div> <div>Disinfection and temperature check at reception</div> <div>Partitions in conference rooms</div>	<div>Tokyo Office</div> <div>Disinfection and temperature check at reception</div> <div>Partitions in offices</div>	<div>Kanazawa Plant</div> <div>Disinfection and temperature check at reception</div> <div>Partitions in cafeteria</div>
<div>Sakata Plant</div> <div>Disinfection and temperature check at reception</div> <div>Partitions in conference rooms</div>	<div>Osaka Office</div> <div>Disinfection and temperature check at reception</div> <div>Silent meal sign in the cafeteria</div>	<div>Yachiyo Logistics Office</div> <div>Disinfection and temperature check at reception</div> <div>Disposable slippers for visitors</div>
<div>Shinko Organic Chemical Industry</div> <div>Partitions in conference rooms</div> <div>Installation of a flow-through sanitizing water generator for hand disinfection</div>		

## BCP Work

Basic Policies for BCPs

1. Respecting human life: Checking and ensuring the safety of employees and their families is our top priority.
2. Ensuring business continuity through early recovery: Ensure stable supply for early recovery to prevent interruptions in client business and retain client trust.
3. Assisting the local community: Act as a member of the local community to help as much as possible with evacuation and relief efforts for area residents.

Promotion System

The BCP Manager established in the Corporate Planning Division plays a central role in promoting company-wide activities. In addition, the formulation and review of the OOC Group's BCP is discussed by the Risk/Compliance Committee, which submits it to the Internal Control Committee and then to the Board of Directors for approval.

BCP Exercise

In December 2020, we conducted our first company-wide BCP (Business Continuity and Disaster Prevention) exercise, which had previously been limited to disaster drills at each office. The exercise was conducted to ensure that, in the event that the company suffers serious damage due to an unforeseen disaster or accident, employees will be able to quickly confirm the status of damage to facilities and confirm their safety without confusion when the BCP is activated. The content of the exercise focused on the initial response immediately after the BCP is activated and inter-site communication between the Task Force and the Kanazawa Plant Task Force.

Earthquake Response and Evacuation Drills

Implementation of an earthquake response drill (shakeout drill) was announced via on-premises broadcast or landline phone, and after taking protective actions, employees were evacuated to the temporary evacuation site on the premises, and the roll call was confirmed to be in place.

Safety Confirmation Training

Safety confirmation e-mails were sent out from the Head Office using the safety confirmation system, and each person was checked to see if they were able to properly respond regarding their safety.

Training to Confirm the State of Damage to Facilities

The Damage Status Sheet describing the state of damage was attached to the facilities and equipment of the Kanazawa Plant, and a team of two people checked whether the state of damage could be checked and reported promptly.

Training for Communication Between Bases

A video conference was held between the Task Force and the Kanazawa Plant Task Force to confirm whether the situation at the site could be accurately reported to the head of the Task Force (CEO). The head of the Task Force instructed the Task Force to implement the BCP and to continue business operations.



# Environmental Initiatives

## Basic Approach

Since production activities at chemical plants are the OOC Group's core business area, environmental protection work is one of our highest priorities. This work involves regulatory compliance to prevent environmental pollution, along with other activities designed to reduce environmental impact by analyzing our business conditions and predicting future changes.

## Medium-term Policy (2020–2024) Issues

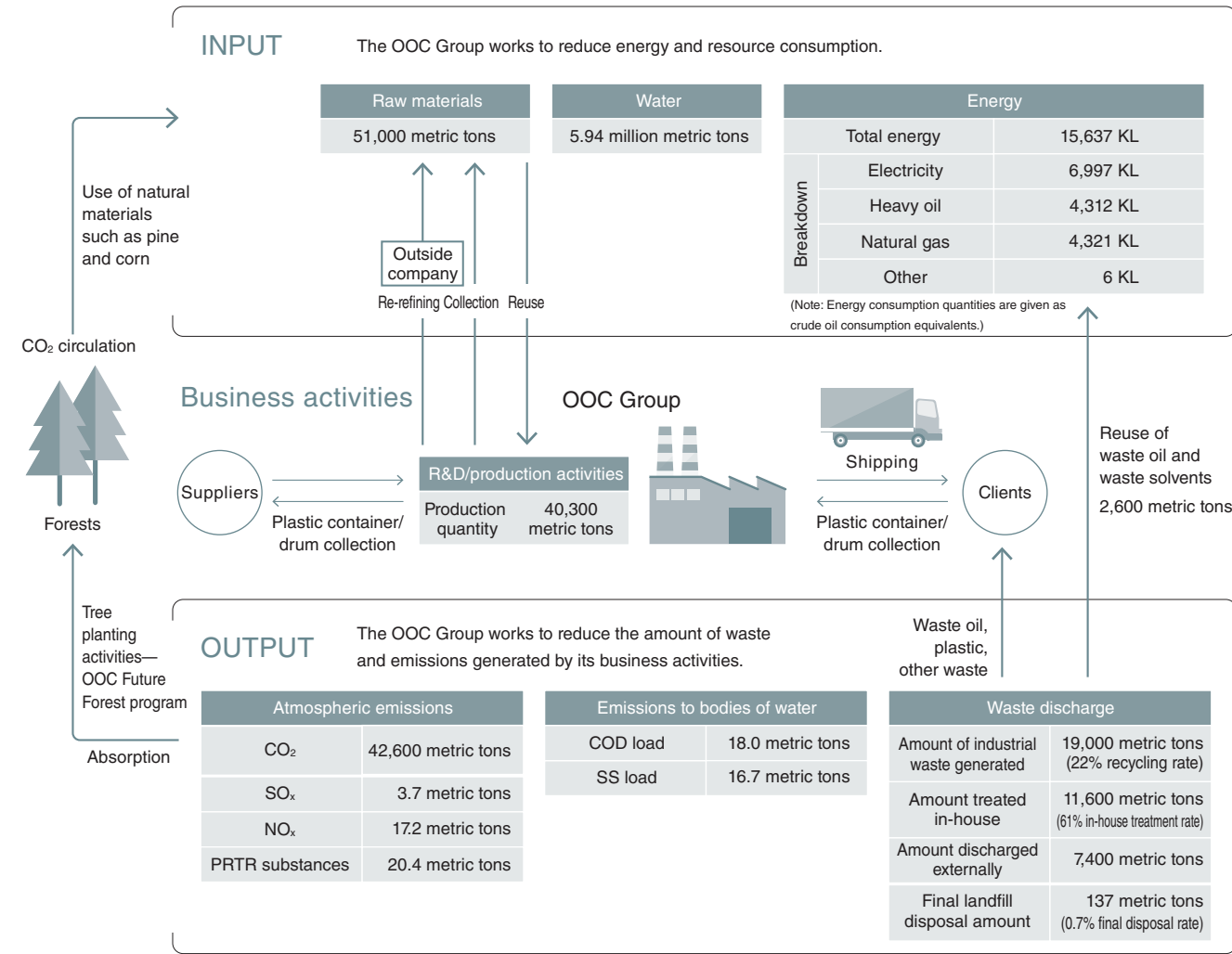
Company activities designed for coexistence with the planet and the public

- Building global partnerships to enable sustainable development
- Managing chemicals and reducing waste throughout product lifecycles
- Proactive use of resource recycling and use of renewable energy

## State of Environmental Impact

The OOC Group works to accurately identify how we affect the environment through our business activities, from raw material procurement to production, scrapping, and recycling. We work to reduce environmental impact by qualitatively and

quantitatively identifying how much we reduce or reuse the resources we consume and discharge. Various ESG data will be published on our website. (September 2021)



# Initiatives to Build a Decarbonized Society

Major typhoons, torrential rains, droughts, heat waves and other abnormal weather events have recently caused major damage around the world. The growing number of extreme weather phenomena caused by climate change have raised concerns over the risk of shutdowns in infrastructure and other functions, and over potential threats to food safety and security. On the other hand, in October 2020, the Japanese government declared that it aims to achieve a carbon-neutral, decarbonized society by 2050, and a series of regional and private companies have also declared their intentions, and the government and private companies are now promoting studies and activities. The OOC Group has recognized the long-term importance of dealing with climate change through decarbonization, and is working to help the world transform to a low-carbon economy over the medium term.

## Progress to Date Toward World Transformation to a Low-carbon Economy

Contributing to a low-carbon economy through business reforms

The Osaka Plant was shut down by fiscal 2014 as we worked on revising or discontinuing a number of products under a business reform project called Plan 14. The project helped us reduce CO<sub>2</sub> emissions and energy consumption by reviewing products with poor production efficiency or excessive environmental impact. Next Stage 10 is the name of our

Long-term Business Plan begun in fiscal 2015. It calls for a focus on electronics materials along with business reforms through measures such as reviewing unprofitable businesses. It has helped us curb rising CO<sub>2</sub> emissions while boosting net sales and profits.

## OOC Group's CO<sub>2</sub> reduction measures

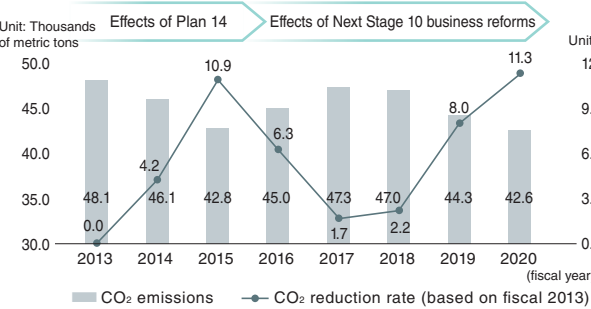
Osaka Office, Kanazawa Laboratory	● Development of products that contribute to resource and energy conservation
Kanazawa Plant, Sakata Plant	● Saving power by switching to inverter-driven facilities/equipment ● Saving power by reviewing equipment cleaning methods (speeding up processes) ● Saving power by updating air conditioners and refrigeration equipment and reviewing operation
Head Office Plant of Shinko Organic Chemical Industry	● Switching to power lifts
All offices	● Saving power by switching to indoor/outdoor LED lights



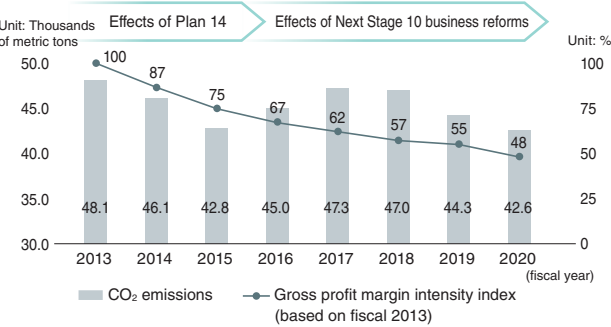
## Updating refrigeration equipment

In fiscal 2020, we invested in refrigeration equipment renewal, compressor replacement, and other investments with high energy-saving effects.

Changes in CO<sub>2</sub> emissions and CO<sub>2</sub> reduction rate (based on fiscal 2013)



CO<sub>2</sub> emissions and gross profit margin intensity index



Establishment of the Carbon Neutralization Study Committee

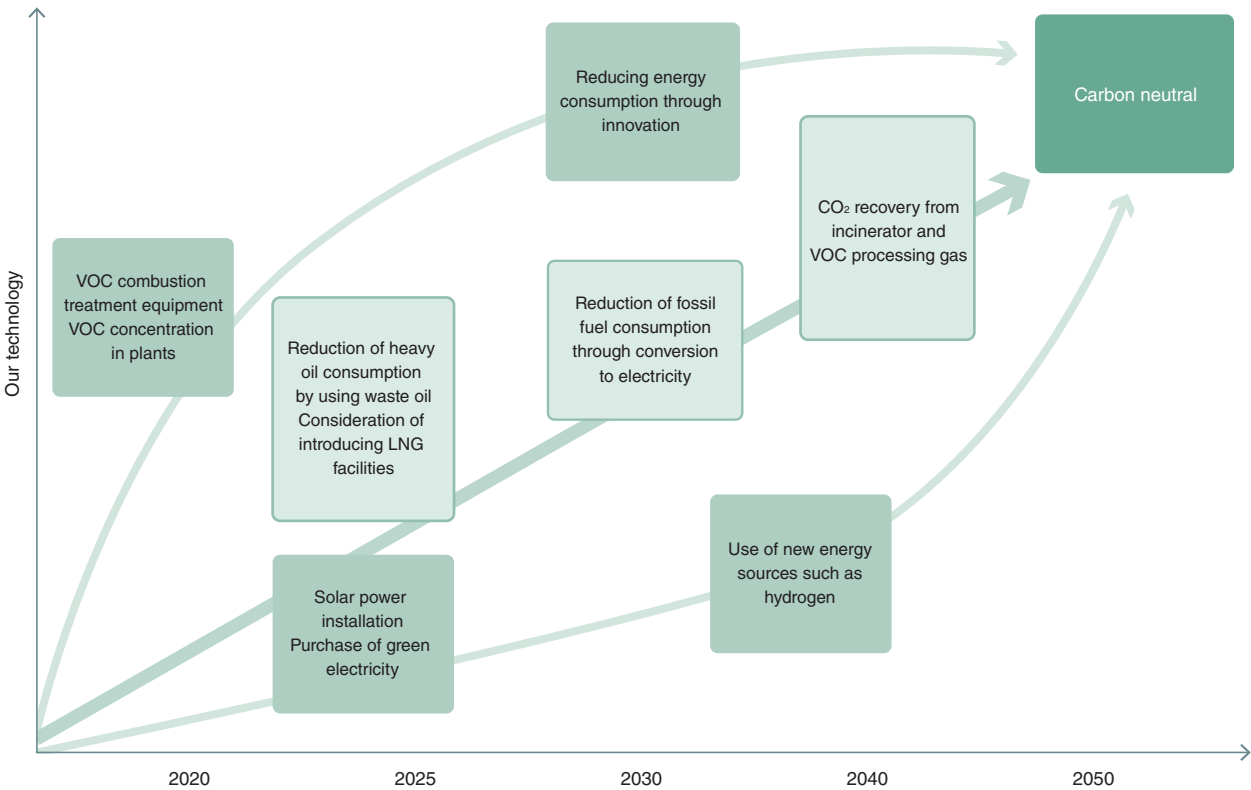
In March 2021, we launched the Carbon Neutralization Study Committee in order to increase the effectiveness of our goals for building a decarbonized society by 2050. With the Corporate Planning Division serving as the secretariat, the committee is composed mainly of energy-related managers from the Kanazawa Plant and Shinko Organic Chemical Industry.

Milestones were set for long-term targets, and targets and specific measures for fiscal 2021 were proposed at the Management Council. From now on, we will report the proposed scenario in accordance with TCFD and specific measures to achieve the target at the Management Council as needed, and the entire OOC group will work together to achieve carbon neutrality.

CO<sub>2</sub> reduction rate targets to build a decarbonized society

Fiscal 2020 Results	Fiscal 2021 Targets	Fiscal 2024 (mid-term target)	Fiscal 2030 (mid-term target)	Fiscal 2050 (long-term target)
11%	12%	15% or more	30% or more	Substantial zero

[Fiscal 2021 Scheduled Activities] Energy-saving activities, shift to high value-added products, start of solar power generation (Kanazawa Plant), review of electricity contracts



Initiatives to Reduce Environmental Impact

Basic Approach

The OOC Group makes efforts to reduce the environmental impact of its business activities, which affect the environment in various ways because they consume large amounts of energy, chemicals, water resources, and other inputs. With regard to environmental compliance, which is the foundation of our activities, we ensure compliance with environmental laws and regulations in each country and region. In addition, we instill in our employees the importance of legal compliance through ongoing education and audits. At the same time, we strive to be environmentally friendly to local residents by communicating with them on a regular basis. In fiscal 2020, we had no significant environmental compliance violations. We will continue to provide safety and security to local residents and continue our activities in consideration of the global environment.

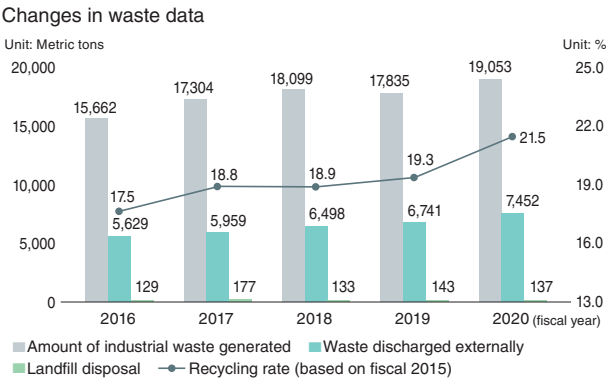
Reducing Industrial Waste

Recycling rate  
(compared to fiscal 2015)

Fiscal 2020 results: 21.5%

Fiscal 2024 target: 25% or more

The OOC Group works to further reduce environmental impact through activities that put the three Rs (reduce, reuse, recycle) into practice. These activities are designed to reduce the amount of industrial waste generated while making effective use of limited resources by consistently sorting generated waste and recycling more of it. We have always promoted in-house recycling by using byproduct oil treatment systems to turn waste oil into fuel and waste solvents into boiler fuel. In fiscal 2020, the recycling rate increased by 2.2 percentage points from the previous year to 21.5% due to the progress in converting waste oil from external processing to internal fuel. In the future, we will continue to study waste oil treatment methods and engage in activities with an awareness of resource recycling.



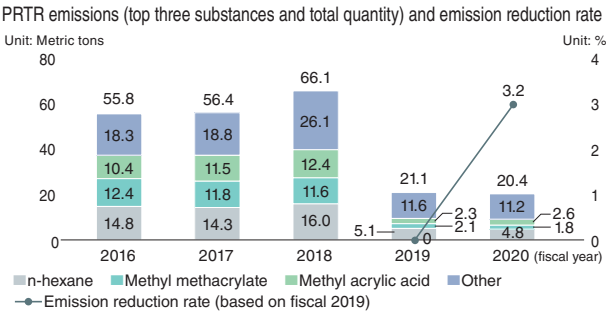
Reducing Emissions of PRTR-regulated Chemicals

Emission reduction rate  
(compared to fiscal 2019)

Fiscal 2020 results: 3.2%

Fiscal 2024 target: 60% or more

Our environmental impact reduction efforts include work on properly managing chemicals generated by our business activities while reducing their emissions. For example, we take part in the Japan Chemical Industry Association's voluntary PRTR surveys and work on reducing environmental chemical emissions. Previous emissions reduction measures includes upgrading deodorizing equipment for outdoor tanks and plant facilities. In fiscal 2020, the emission reduction rate was 3.2% compared to the previous year. In the future, we will consider the introduction of VOC combustion equipment to further reduce emissions.



Preventing Air Pollution

Preventing air pollution through measures such as rationalizing the operation of boilers and incinerators has always been an area of focus for the OOC Group. We are also working on further reducing atmospheric emissions of

hazardous substances. In the future, we will continue to monitor emissions on an ongoing basis and make efforts to reduce them.

Preventing Water Pollution

The OOC Group's wastewater treatment processes are continually monitored as we work to prevent water pollution by meeting regulatory values. As part of this work, we make ongoing efforts to reduce environmental impact on bodies of

water by rationalizing the operation of activated sludge treatment facilities and wastewater incinerators. The level is still well below the regulatory value, and we will continue to work on reducing it through steady monitoring.



# Relationship with Employees

We aim to be a company where employees can experience job satisfaction and growth through their work.

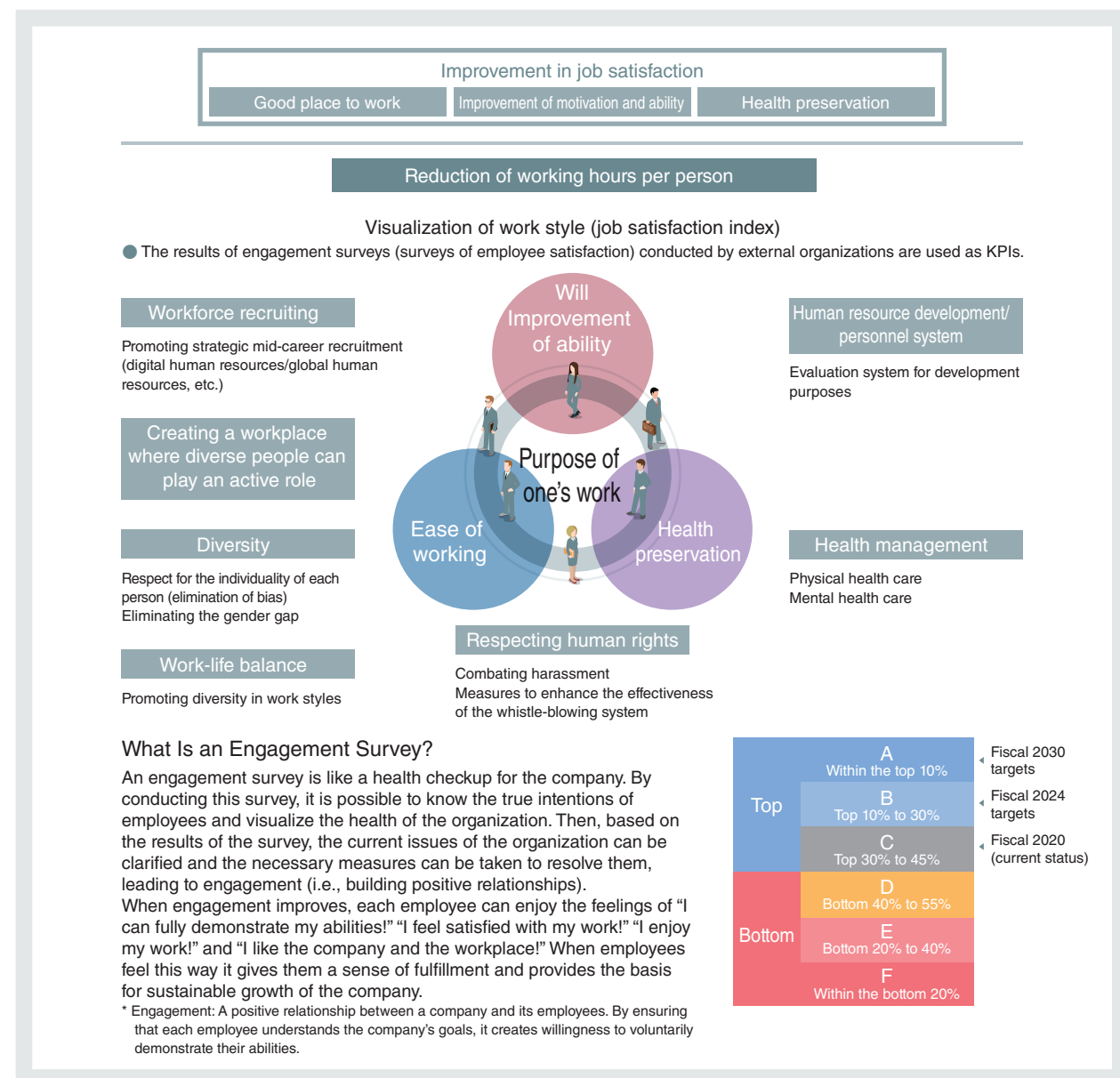
## Basic Approach

The reform of work styles in the OOC Group is not limited to merely reducing working hours, but aims to increase productivity as we work to improve the job satisfaction of each and every employee. To this end, we will create a corporate culture that fosters sincerity, enthusiasm, and creativity by drawing out employees' initiative and willingness to take on challenges, and achieve both individual happiness and sustainable growth for the company.

## Priority Strategies—Human Resource Development and Workplace Reform

### ► Continuous improvement of job satisfaction

- Visualization of job satisfaction and continuous efforts to improve it
- Development of an environment in which human resources can play an active role in anticipation of the 100-year life era and support for second life planning (promotion of diversification of work styles and lifestyles)
- Initiatives to establish diverse, flexible, and time-conscious work styles



# Workforce Recruiting and Training

With the aim of becoming a corporate group that can make a sustainable contribution to the development of society, the OOC Group is taking various measures for workforce recruiting and training to cultivate a corporate culture where employees can maximize their abilities and where each individual can play an active role.

## Workforce Recruiting

In December 2020, we renewed the recruitment information on our recruitment website. This led to an approximately 10-fold increase in the number of applications received from the entry box on the website. We received positive feedback from students, who said that it was easy to understand the benefits and company systems. We will continue to enhance our website by adding various content, such as introductions of our employees and plants.

Number of entries

2021 graduates → 2022 graduates  
**24** → **247**  
 About 10 times

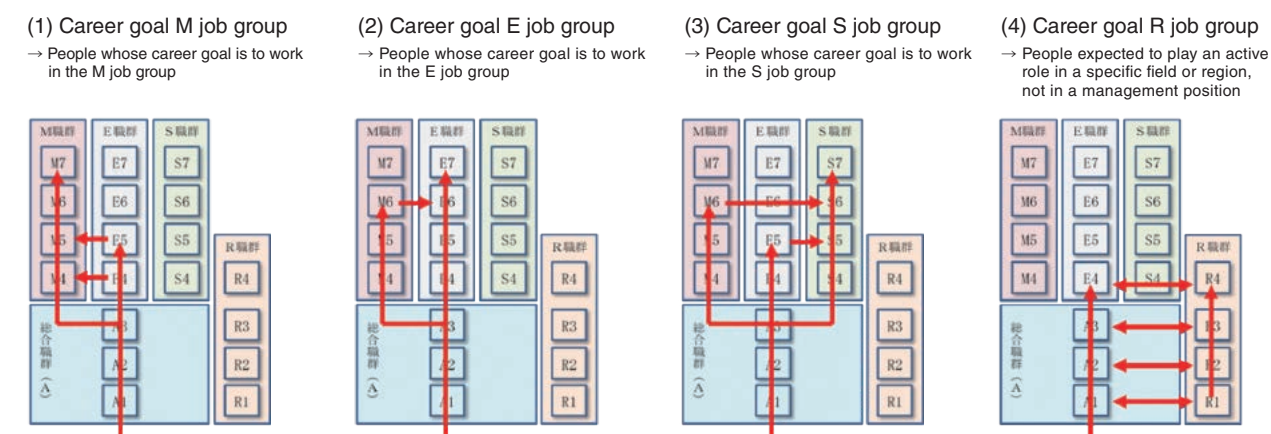


## Multiple-line Personnel Evaluation System Job Group

In order to provide an environment where each employee can maximize their individual strengths, we have established various career paths. Job groups are determined through interviews with the head of the department and through discussions based on the wishes of the employee.

By offering a variety of career paths to choose from, we will create an environment that allows each employee to express their individuality and promote diversity in the way they work.

- \* In the third year of employment, employees will be asked to select the job group they wish to work in (career-track group or general staff group).
- \* In the case of a change of job group, the employee's desired job group will be confirmed through an interview with the head of the department.
- \* There is a possibility that job groups will be changed due to reorganization.
- \* In the event of a change of job group to R, changes of job group will be restricted for three years in principle.



## Systems to Support and Encourage Employees

Currently, we offer incentives of up to 500,000 yen for acquiring 84 different qualifications. For example, we pay 60,000 yen to those who have obtained a Class A and 8,000 yen to those who have obtained a Class B-4 hazardous material handler's license, which is essential for chemical facility workers. In addition, we support the acquisition of a

wide range of qualifications for each job, such as 100,000 yen for those who have obtained the pre-first grade of the English Proficiency Test. We also have an internal award system to recognize employees who have worked hard during the year and to support their creativity and ingenuity.

# Creating a Workplace Where Diverse People Can Play an Active Role

The OOC Group is working toward diversity based on the idea that diverse human resources are essential for sustainable growth as a company. We are also focusing on initiatives to enhance work-life balance in order to meet the diverse life stages and career plans of our employees.

## Initiatives for Diversity/Work-Life Balance

### Act on Advancement of Measures to Support Raising Next-Generation Children—General Action Plan

Planning period: Four years from November 1, 2020 to

October 31, 2024

Target: Increase the rate of employees taking childcare leave and leave for childcare purposes.

- Male: 20% or more (Current: 4%, fiscal 2019 results)

### Act on Advancement of Women's Activities—General Action Plan

Planning period: Five years from April 1, 2021 to March 31, 2026

Target: Increase the ratio of (1) or (2) below in order to strengthen the development of female managers (or equivalent) with the aim of appointing them to managerial positions.

- (1) Ratio of women in management positions (equivalent): 10% or more (current ratio: 3.1%)
- (2) Equalize the ratio of stage promotions by gender.

## Achievements in Obtaining Certification Marks



Two-star certification as an Osaka City Leading Company for Women's Activities (certified on November 1, 2020)



Certification of Osaka Prefecture's Declaration of Vigor and Vitality for Men and Women (certified on December 10, 2020)



Certified as a company that declares its commitment to promoting gender equality in Ishikawa Prefecture, as a Class for Accelerating Women's Activities (certified on December 8, 2020)

### A Three-way Meeting at the Time of the Leave to Resolve Various Concerns

When I took my first childcare leave, I was worried about what my job would be like during my pregnancy and where I would be after I returned to work, as I was a researcher who handled pharmaceuticals. In addition, I had to go through many procedures for the first time. In this regard, through the three-way interview, I was able to confirm the schedule in detail by discussing it with my supervisor based on confirmation from the General Affairs Department and explanation of the system, which eased the anxiety I had been feeling about my work before my leave. At that time, my supervisor also asked me questions enthusiastically,

and I was glad to know that he was considering things together with me. It became easier to share the current situation above and beyond the handover of work, and I think it is a good opportunity for those who are not sure when to consult or report. I recently had an interview after six months of childcare leave, but by then I had accumulated a lot of detailed questions, so I think it would be even better if we could create an environment where people can easily ask questions before taking leave. The stories of senior employees who have actually taken childcare leave are really valuable information. I hope that those who taking part on this kind of interview will make good use of it.



Chikako Minami  
Section 3, Osaka Laboratory

Received the Excellence Award in the Large-Scale Enterprise Category of the Mayor's Award for the 2020 Osaka City Leading Company for Women's Activities Awards

We are pleased to announce that we have received the Excellence Award in the Large-Scale Enterprise Category of the Mayor's Awards for the 2020 Osaka City Leading Company for Women's Activities Awards. This award is presented by the Mayor of Osaka to companies with 301 or more employees that have received two-star certification and are engaged in outstanding activities. In order to support the balancing of work and child-rearing, for employees' shortened working hours and staggered working hours, we have expanded the age range of children to be taken care of from 3 to 9 years old, allowing for



the elimination of the feeling of unease when one's child starts elementary school (the so-called "1st-grade wall"). This received highly positive evaluations.

## Telecommuting System/Flextime System

In January 2021, we launched a telecommuting system for employees who use computers and telephones to perform their duties. By supporting employees who are pregnant, raising children, or caring for family members, we aim to enhance their work-life balance. In addition, OOC has

introduced a flextime system. We have introduced this system at 100% of the sales and administrative departments at the Head Office and Tokyo Office, and where approved by the heads of other departments, thus creating an environment that allows employees to choose from diverse work styles.

### First in the Company to Offer Partial Parental Leave

When my second child was born, I took a form of childcare leave called partial parental leave. This is a system that allows employees to balance work and childcare by taking childcare leave and working reduced hours. My superiors and co-workers readily accepted my request, and the handover of my work was smooth, so I had no worries when I took leave. During my leave, I spent my time rushing around playing with

my older children and taking care of their daily needs. It was a very meaningful time for me because I could see my children's growth every day, which I miss when I am working. This time, I was able to return to work without anxiety by choosing to take partial parental leave. This has helped me realize the importance of being sharp and efficient in my work.

\* This is a style of childcare leave in which the employee works reduced hours while taking childcare leave.



Tomoya Mizumori  
Laboratory Section, Advanced Technology Research Institute



# Respecting Human Rights

## Basic Approach

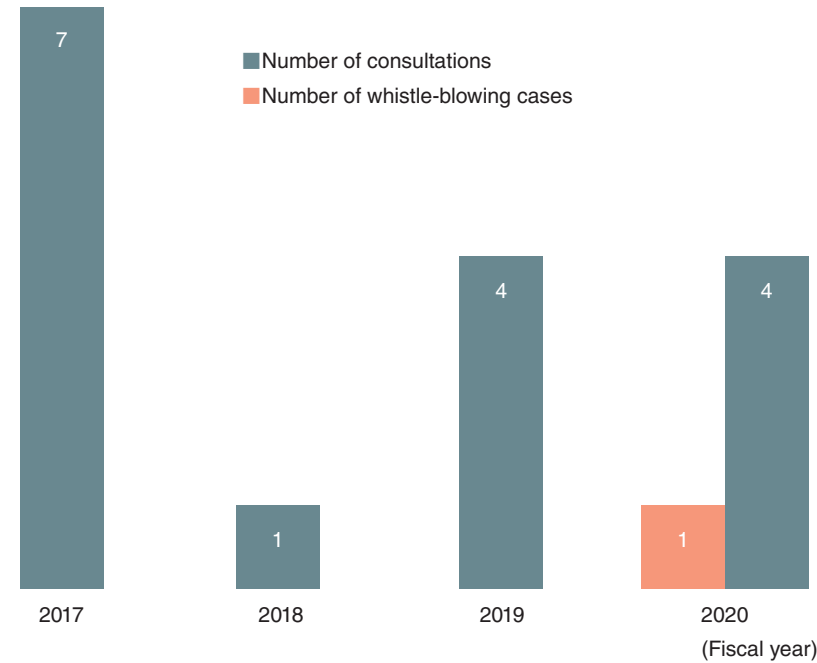
In addition to complying with respect for human rights in the conduct of its business, the OOC Group is strengthening its efforts to create an effective system. In the future, we intend to establish a basic policy on human rights based on the Universal Declaration of Human Rights and other international standards.

## Whistle-blowing Regulations: Number of Internal Consultations

The OOC Group has established regulations regarding whistle-blowing and has set up both internal and external consultation desks. The Group has established internal and external consultation services to receive consultations from

employees and others regarding organizational or personal misconduct, and is striving for early detection of inappropriate behavior, improvement of self correction, and securing of public trust.

Number of whistle-blowing cases and consultations



### Most recent initiatives

- Every February
- Compliance training for all employees of the OOC Group
- Fiscal 2018
- Explanation of initiatives to prevent harassment in the workplace (CEO, General Manager of Administration)
- Dissemination to all employees of the OOC Group
- Establishment of an external consultation service for harassment by Japan Institute for Women's Empowerment and Diversity Management
- Fiscal 2021
- Training on preventing power harassment by inviting outside lecturers (for all managers)

## Power Harassment Prevention Training (February Management Training)

In June 2020, the Revised Labor Measures Comprehensive Promotion Act (commonly known as the Power Harassment Prevention Act) came into effect. In accordance with this law, the OOC Group has been taking various measures to prevent harassment in the workplace. In February every year, we conduct compliance training for all employees of the Group.

Thorough prevention of power harassment by adding education for managers

In February 2021, we conducted training for all managers on the prevention of power harassment. To prevent the COVID-19, web-based training was also conducted for employees who work from home.

We invited Kazuaki Hama of Kyoei Law Office, our legal advisor, as a lecturer for training on the following two topics.

- (1) Legal Restrictions on Power Harassment
- He explained the newly implemented obligation to take measures to prevent power harassment under the Revised Labor Measures Comprehensive Promotion Act that came into effect June 2020, as well as measures to be taken by law, penalties for failing to take such measures, and civil liability claims for compensation. He also explained in detail the boundary line between power harassment and instruction/attention, which is difficult to judge, such as whether attention/guidance is a denial of the other party's personality or an attack on the other party's personality, based on judicial precedents where judgments were divided in the first and second instance.
- The training was very helpful for managers who are in a position to guide their subordinates, as it explained how to prevent power harassment and how organizations should be organized based on these precedents.
- (2) Power Harassment from the Perspective of Organizational Theory
- At the end of the training, Mr. Hama advised that, as an organizational constitution prone to power harassment, long-established corporate practices increase the dependence of individuals on the organization, creating an environment prone to power harassment. Based on this point, he recommended the differentiation from the organization to the individual and ways to break away from organizational structures prone to power harassment, which can be achieved through home and telework, clarification of the scope of work, authority, and responsibility, career and treatment, and visualization of contributions and results.

## Harassment Prevention/Childcare Leave Interviews

Disadvantageous treatment of pregnancy, childbirth, childcare leave, and nursing care leave by employers is prohibited by law, but in 2017, “harassment by superiors and coworkers in the workplace regarding pregnancy, childbirth, childcare leave, and nursing care leave” was prohibited as pregnancy discrimination. As with sexual harassment, employers are now required to take preventive measures. The OOC Group conducts interviews with employees, their supervisors, and

general affairs staff before and after the start of childcare leave and before and after their return to work, in order to alleviate the anxiety about returning to work of employees who have taken leave and to promote understanding by their supervisors. In this way, we are striving to promote understanding in the workplace of physical condition during pregnancy and working styles after returning to work, and to eliminate unconscious bias.

Interview period	Type	Contents
After pregnancy report	Three person interview (1)	Explanation of procedures and systems related to childcare leave
2 months before closure	Three person interview (2)	Physical condition and work load confirmation. Confirmation of schedule during childcare leave
6 months after childbirth	Two-way interview with General Affairs Department	Support during childcare leave. Status report
2 months before return	Three person interview (3) * Interview at the time of extension every six months	Support for recovery. Status report
2 months after return	Three person interview (4)	Physical condition and work load confirmation. Support after return to work

# Promoting Health Management

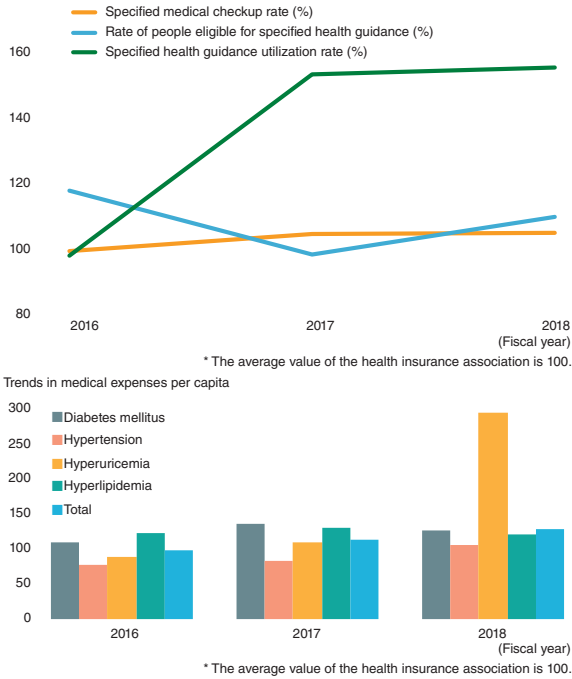
## Basic Approach

As part of its efforts to create a workplace where employees can work in good health, the OOC Group is promoting health management. By implementing various measures to maintain and improve the health of our employees, we are aiming to be certified as an excellent health management corporation in the future.

## Employees' Health Management

### (1) Initiatives in Cooperation with the Health Insurance Association

Specifically, we requested health insurance associations to analyze past data on specified medical checkups and specified health guidance to understand the changes in the data for three years starting from fiscal 2016. According to the results, the rate of receiving the specified medical checkups and the rate of using the specified health guidance have been increasing year by year, and have exceeded the average of the health insurance associations, while the rate of those subject to specified health guidance was higher than the average of the health insurance associations in fiscal 2016 and fiscal 2018. In addition, per capita medical expenses related to lifestyle-related diseases were lower than the average of the health insurance association in fiscal 2016, but have been on an upward trend since fiscal 2017 and are significantly higher than the average of the association. For this reason, we will strengthen our guidance on the use of specified health guidance for those who are eligible for it, and promote improvements in health awareness. We will enhance our support for exercise, sleep, diet, and stress management so that employees can maintain a healthy state that allows them to work with peace of mind.



### (2) Introduction of the System

With the introduction of the system, it has become possible to centrally manage the status of medical checkups and reexaminations for the entire company, enabling information sharing and preventing missed checkups. In addition, by linking with attendance management, it is possible to identify employees who work excessive overtime, conduct stress checks in real time, and share information with industrial physicians, making it easier to determine whether or not to conduct interviews. Furthermore, each employee can view the results of their medical checkup from their PC or smartphone, which we expect will help improve employee health awareness.

## Expanding the Number of People Eligible for Flu Vaccination Subsidies

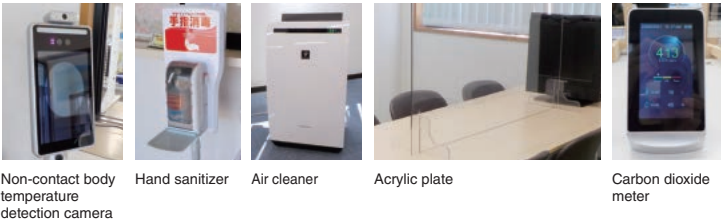
In preparation for the simultaneous spread of the COVID-19 and seasonal flu, the vaccination rate increased due to the expansion of the eligibility for our flu vaccination subsidy to include family members living together in addition to those insured by health insurance and their dependents.

	Employees (as of Oct. 1)	Dependents (as of Sept. 17)	Number of vaccinated people	Vaccination rate
Fiscal 2019	388	459	303	35.8%
Fiscal 2020	399	472	444*	51.0%

\* The number of vaccinated people, including those living together, is 440.

## Countermeasures Against the COVID-19

In order to thoroughly prevent the COVID-19, we have installed a non-contact body temperature detection camera at the entrance and acrylic plates at the reception desk. In addition, air cleaners, acrylic plates, and carbon dioxide meters have been installed in meeting rooms, conference rooms, and each office to prevent infection.



# Occupational Health and Safety

## Basic Approach

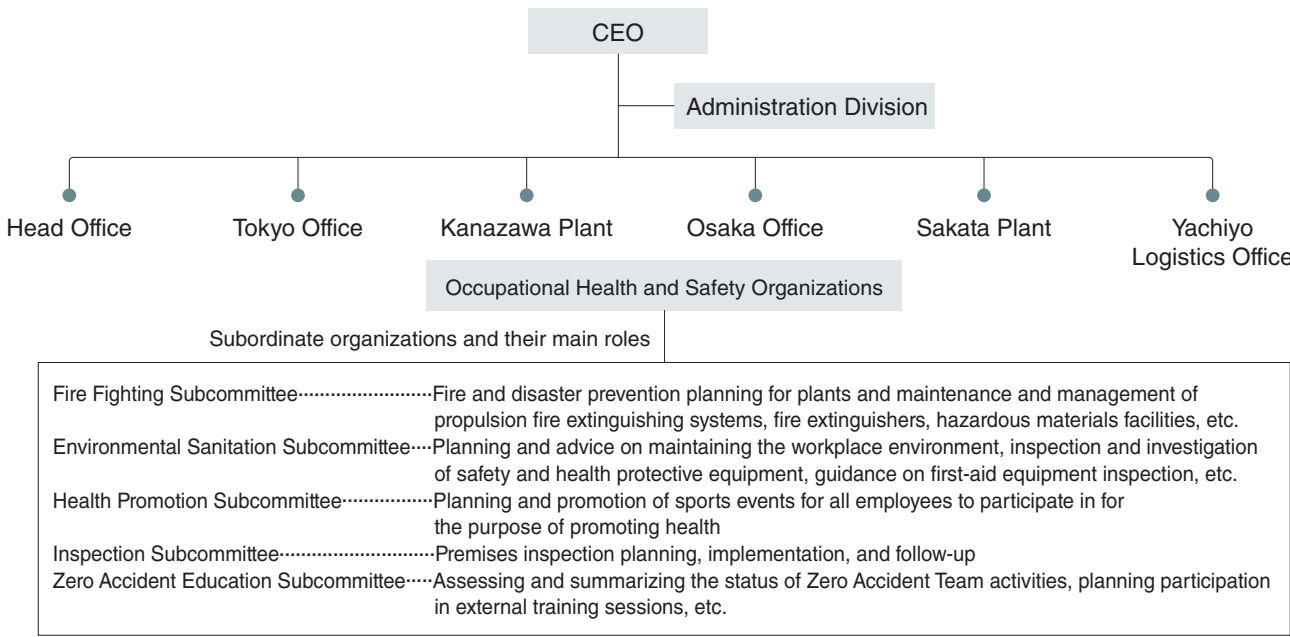
The main objectives of occupational safety and health are to maintain the safety and health of employees and to prevent disasters and accidents. In addition to complying with the Occupational Health and Safety Law and related laws and regulations, the OOC Group is committed to promoting the health of its employees. As a result, we are working to improve the health of our employees and our organizational culture, because healthy employees and a healthy organization lead to higher labor productivity.

Number of lost workday injuries in the OOC Group

**0** cases

(Dec. 2019 to Nov. 2020)

## Organizational Structure for Occupational Safety and Health (Osaka Organic)



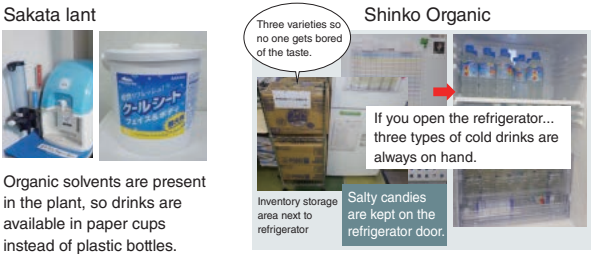
### [Sakata Plant] Zero Accident Initiatives: Zero Accidents Achieved 3498 Days

At the Sakata Plant, the Health and Safety Committee meets once a month, and during the committee meetings, each section reports near-misses and shares the information with the other sections so that they can be alerted. In addition, when important near-misses occur, they are included in the risk assessment and the entire plant works on the themes for improvement. In this way, we are working every day to ensure the safety of our employees and to provide peace of mind to the local community by focusing on near-misses that may lead to disasters.

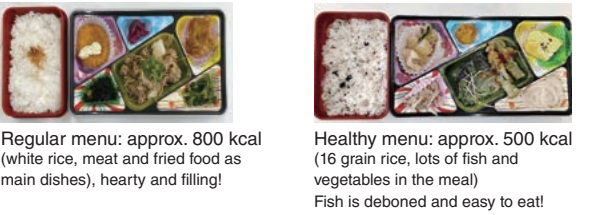


### Countermeasures Against Heat Stroke in the Summer

Distribution of anti-heat stroke goods, salty candies and tablets, free supply of bottled beverages for rehydration (Kanazawa Plant, Sakata Plant, Shinko Organic), dairy products added to meals on Mondays, Wednesdays and Fridays (Kanazawa Plant)



### Healthy Menu Added to Cafeteria Lunches (Shinko Organic)





# Relationship with the Community

## Results of Safety and Disaster Prevention Training in Fiscal 2020 (OOC Group)

Period covered: December 2019 to November 2020

	Kanazawa Plant	Sakata Plant	Osaka Office	Shinko Organic
Poisonous Materials Handling Education & Training	●	●		
Carrier Education & Training	●	●		
Static Electricity Education & Training	●	●	●	●
Evacuation Drills	●	●	●	●
Fire Drills	●	●	●	●
Emergency Response Test (Odors/Leakage)	●	●	●	
Fire Fighting Equipment Education & Training (Fire Hydrants, Automatic Fire Alarms, etc.)	●			●
High-Pressure Gas Education & Training	●			
Health & Hygiene Education & Training	●			●
Risk Assessment Education & Training	●			●
Emergency/First Aid/Protective Gear Education & Training	●			
Education on Carcinogenicity Guidelines	●	●		
Health Risks from Chemical Substances	●	●		●
Terminal Waterway Management and Other Education			●	
Prevention Regulations			●	

## Large-scale Fire and Initial Firefighting Activities (Kanazawa Plant)

In addition to the large chemical fire truck (right) with the water discharge capacity of an aerial fire truck that had been deployed previously, a multi-functional small chemical fire truck (left) was introduced. Chemical fire trucks are deployed as a first response measure to handle large-scale fires quickly in the initial stage. In November 2020, a training session was held for the new chemical fire truck.



## Acquisition of ISO 45001 Certification (Sakata Plant)

Applicable standards	Registration number	Acquisition date
JIS Q 45001:2018	JCQA-O-0101	November 6, 2007

With the abolition of OHSAS 1800, an international certification for occupational health and safety management systems, in March 2021, the Sakata Plant transitioned to ISO 45001 in December 2020 after undergoing a third-party review.

## Basic Approach

The OOC Group prioritizes practicing safe business operations and achieving harmonious and prosperous coexistence with local communities, while also accelerating initiatives to lessen the environmental impact of our activities. We are also aiming to make the OOC Group offices to become places that are trusted by the local community, by organizing various social action programs with residents and through other initiatives.

In fiscal 2020, in the midst of the spread of the COVID-19, we placed the highest priority on protecting the health of our employees, and we made every effort to reduce the risk of cluster outbreaks within our offices by thoroughly restricting movement between departments and with business partners to ultimately help protect the health of everyone in the community, and we gave consideration to preventing the spread of infection. We have been doing everything possible to prevent the spread of the disease. In addition, we donated a total of 10 million yen to the areas where our offices are located to aid in countermeasures against the spread of the COVID-19.

**Scholarship Program (S.C.B. Scholarship Foundation)**  
As a part of our social service, we have focused on the education and training business to develop human resources and established the Scholarship Society as a way to achieve this goal. The purpose of the foundation is to provide financial aid to the children of the general public who are of sound mind and body, have excellent academic records, and a strong desire to learn, but who are unable to study for financial reasons.

## Kanazawa Plant Reducing the environmental impact and improving the safety of our operations at this main plant

The Kanazawa Plant began operating in 1981 as the OOC Group's second plant, and since then it has developed to become our main plant. The Kanazawa Plant faces the holy mountain Mount Haku, and effectively uses the precious resource of groundwater from there in its production activities. We use the plant's state-of-the-art technology to carry out business activities that contribute to society. We are also actively moving forward with a range of initiatives for achieving sustainable manufacturing that is energy efficient and eco-friendly. These include improving production processes, installing energy-saving equipment, and using renewable energy sources. Additionally, through organizing and taking part in various social action programs in the community, Kanazawa Plant employees are establishing closer ties with local residents.



A coastal protection movement, Clean Beach Ishikawa in Hakusan, has been held every year in May, but this year it was postponed due to the COVID-19 pandemic and was held in October.



We received an offer from Hakusan City to plant trees, and have been implementing OOC Future Forest program activities since 2010 as part of our CSR activities. So far, we have planted about 1,000 Quercus crispula, beech, and Alnus hirsuta Turcz seedlings. They have grown to a height of about 2 m. In October, we fertilized the trees we planted.



**Ceremony to award subsidies to promote the location of businesses in Hakusan City**  
We will contribute to the local economy and job creation through aggressive capital investment.



The hot spring water gushing from the Kanazawa Plant is provided free of charge to local residents.



The five-story employee dormitory, built in the spring of 2013, is provided as an evacuation site for local residents in the event of a tsunami.

## Kanazawa Plant (including the Kanazawa Laboratory)

- Location : 1600-1 Matsumoto-machi, Hakusan-shi, Ishikawa
- Established : June 1981
- Employees : 233 (as of November 30, 2020)
- Main products : Semiconductors materials, coatings and adhesives materials, resin raw materials, etc.





# Relationship with the Community

## Sakata Plant

Production that also values precious natural capital

With an eye on its future business development, the OOC Group started operations at the Sakata Plant in 2000 as its third plant. The Sakata Plant is distinctive for being blessed with precious natural capital, such as an abundance of groundwater beneath the stable ground it is built on. We are also striving to make the plant's operations safe and eco-friendly by reducing the environmental impact of our production activities, which include handling chemicals, emitting CO<sub>2</sub>, and generating waste. Additionally, by taking part in activities to beautify the area and making other efforts to establish harmonious coexistence with the community, we are aiming to make the Sakata Plant a factory that is trusted by local residents.



Yuza Town Forest Maintenance Volunteer (2019.12)



Hattori Koya Coastal Cleanup (2020.7)



Corporate Research Seminar (2020.2)



In order to contribute to the enhancement of medical rescue activities in the surrounding areas in the event of a disaster, we are registered as an off-site take-off and landing site for air ambulances.

- Sakata Plant**
- Location : 157-23, Shigerimatsu, Fujisaki, Yuza-machi, Akumi-gun, Yamagata
  - Established : July 2000
  - Employees : 37 (as of November 30, 2020)
  - Main products : Patterning materials for liquid crystal displays, cosmetics materials, coating resin raw materials, etc.



## Osaka Office

A hybrid office functioning as a west Japan distribution center and information-intensive laboratory

Established in 1961, the Osaka Office is one of the OOC Group offices. It began operations as the Kashiwara Plant, and has built up the management base of our company. Boasting a site area of 27,000 m<sup>2</sup>, the Kashiwara Plant had as many as 140 employees, but as other plants were built, it transitioned from a production base to a distribution center. As part of manufacturing base reallocation Plan 14, completed in 2014, the Kashiwara Plant was renamed the Osaka Plant, and then subsequently the Osaka Office, which is the current name. This office had been a chemical production base, with reliable and comprehensive systems in place for safety and the environment. As per the reallocation plan, we have recently removed old equipment at the Osaka Office. This has dramatically decreased the amount of hazardous materials handled, and provided further assurance of its safe and eco-friendly operations. We will continue to develop and operate the Osaka Office as a hybrid office functioning both as a distribution center for western Japan, and as an information-intensive laboratory.



The new research building CREO was completed in the fall of 2020. With the concepts of light, nature, and creativity in mind, we aim to accelerate R&D and contribute to society through our business.



Fire hydrants that can respond to fires not only in the office but also in the neighborhood



- Osaka Office (includes Osaka Laboratory/Advanced Technology Laboratory)**
- Location : 18-8 Katayama-cho, Kashiwara-shi, Osaka
  - Established : July 1961
  - Employees : 50 (as of November 30, 2020)

## Head Office Plant of Shinko Organic Chemical Industry

Small sized plant but a safe and state-of-the-art chemical manufacturing plant

The Head Office Plant of Shinko Organic Chemical Industry began operating in 1969, as an acetic ester production company. It is distinctive for being conveniently located in a coastal industrial zone, which is useful for sea freight, and also for manufacturing cutting-edge chemicals used in semiconductors and other applications. Since experiencing the Great Hanshin-Awaji Earthquake in 1995, we have been developing and implementing disaster-preparedness measures at this plant. There has been increasing wind- and water-related damage caused by large and powerful typhoons in recent years, so the employees here are very aware of the risks that come with being located along the coastline. All employees earnestly take part in disaster-preparedness activities, both within and outside the plant. We will continue to ensure the steady supply of chemicals, and safe operations as a plant handling hazardous materials.



Commendation from the President of the Kobe City Hazardous Materials Safety Association (Excellent Hazardous Materials Handler)



Expansion of first aid equipment (thermal blankets, bandages, etc.) to meet the first aid needs of passersby

- Shinko Organic Chemical Industry Ltd.**
- Location : 18-26 Sumiyoshihama-machi, Higashinada-ku, Kobe-shi
  - Established : April 1969
  - Employees : 41 (as of November 30, 2020)
  - Main products : Solvents for electronics materials, cosmetics materials, solvents for coatings/adhesives, etc.





# Stakeholder Engagement

## Basic Approach

Through constructive dialogue with our stakeholders, the OOC Group will work together to create a sustainable society where the children of the future can live happily.

## Stakeholder Engagement Initiatives

Stakeholders	Main methods and opportunities for dialogue	Main contact
Clients	<ul style="list-style-type: none"><li>Daily sales activities</li><li>R&amp;D/quality meetings: 4 to 5/month</li><li>Quality audit: about 1/month</li></ul>	Business Operation Division Quality Assurance Office
Trading partners	<ul style="list-style-type: none"><li>Daily procurement activities</li><li>Supplier audit: about 1/month</li><li>Technical and quality meetings: 1 to 2/month</li><li>Safety seminar (for logistics companies) Kanazawa Plant/Sakata Plant: 1/year each</li></ul>	Purchasing Department Engineering Department Quality Assurance Office Logistics Department (Transportation)
Shareholders and investors	<ul style="list-style-type: none"><li>General meeting of shareholders</li><li>Briefings for individual investors in Tokyo/Osaka: 1/year each</li><li>Briefings for institutional investors in Tokyo: 2/year</li><li>ONE-on-ONE meetings: 30 to 40/quarter</li><li>Business Report/Annual Securities Report</li></ul>	IR & PR Group Corporate Planning Division
Employees	<ul style="list-style-type: none"><li>Employee Engagement Surveys: 1/year</li><li>Interviews with supervisors: 6/year</li><li>Interviews with employees who have been with the company for three years or less: 58 employees (100% conducted)</li><li>Internal newsletter: 2/year</li><li>Briefings on permeation of Management Philosophy for managers: 2/year</li></ul>	General Affairs Department Corporate Planning Division
Local communities	<ul style="list-style-type: none"><li>Participation in community groups and events: 2 to 3/month</li><li>Joint research with universities: 3 themes</li><li>Dialogue with students: 2/year</li></ul>	General Affairs Department Corporate Planning Division Production plants & offices R&D Division

## Lecture and Group Discussion at University (Doshisha University)

The theme of the lecture was “Thinking about a sustainable society through CSR Reports.” In the group discussion, the participants discussed the lecture based on the theme of “Future Vision and Role Expectations of Chemical Companies in a Decarbonized Society,” and finally made a presentation by group. Throughout the lecture and discussion, I received positive feedback from the students, which gave me courage.



### Comments and Suggestions from Participating Students

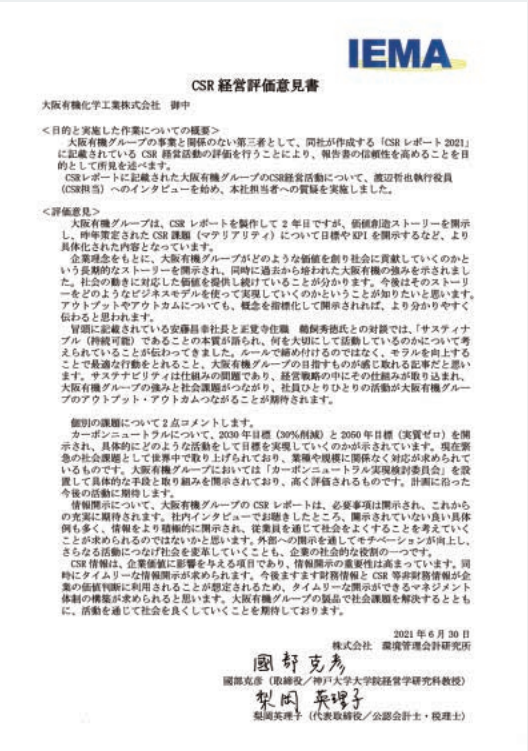
- I would like you to aim to improve the status of chemical companies, which support innovation in the entire industry, and convey their appeal to as many people as possible.
- I have learned that chemistry can be an ally in our quest for a sustainable society, depending on how we think about it.
- I used to have an image that chemical companies and the environment were incompatible, but when I learned that the company was working diligently on environmental issues, my negative image was swept away.

# Third-party Opinions

In preparing this fiscal year's CSR Report, the OOC Group requested the Institute for Environmental Management Accounting (IEMA) to evaluate its CSR management activities, and we subsequently received an independent opinion from the IEMA.

Katsuhiko Kokubu, professor at the Kobe University Graduate School of Business Administration, and Eriko Nashioka, a certified public accountant, interviewed Tetsuya Watanabe, General Manager of Corporate Planning Division of OOC, about the OOC Group's CSR activities listed in this report. Also, a Q&A session was held with the employees in charge of CSR at the OOC Group.

At that time, we explained the positioning of this year's CSR Report based on the future schedule with an eye to the integrated report, summarized last year's CSR activities and explained the self-evaluation. Then, there was a lively question-and-answer session on internal management and future issues regarding the value creation model, carbon neutrality, materiality, and KPIs. Using information obtained in the interview and Q&A session, we received a written independent opinion from the IEMA, containing a general evaluation of our CSR activities and relevant advice.



This written independent opinion and evaluation of the OOC Group's CSR management is posted on our corporate website. <https://www.ooc.co.jp/csr/report/>

## In Response to the Independent Opinion

Last year, we published the first CSR Report for the OOC Group. In this year's report, we set KPIs and targets based on points indicated in the previous report as well as various opinions from our stakeholders, and have made efforts to specify CSR issues. In the future, we will make the report easier to understand by converting the concepts of outputs and outcomes into indicators and disclosing them. This time, we have set specific numerical targets for carbon neutrality. Reducing greenhouse gas emissions while expanding our business is an extremely high hurdle for a chemical company like us. However, we recognize that this is something that we must achieve. In order to achieve this goal, we need to not only innovate internally but also adopt new technologies from outside the company. Fortunately, the OOC Group has a highly proactive and flexible corporate culture when it comes to the introduction of new technologies. We will disclose those points and others that we could not fully disclose at this time on our website and in future reports. As for the other targets, we fully understand the difficulty and responsibility of not only setting numerical values but also achieving them. As a matter of course, we will implement specific measures, but we will also raise the awareness of our employees and focus our collective wisdom so that we can set even more challenging goals.

Without providing new products that lead to solutions to social issues, the company will not be able to achieve sustainable prosperity. We will continue to strive for the development of new products that are useful to society, while seeking collaboration with other companies, including research institutes such as universities and venture companies, to augment the power of the OOC Group.



**Tetsuya Watanabe**  
General Manager of  
Corporate Planning Division  
Osaka Organic Chemical Industry Ltd.



We lead the world with specialty acrylates

**Osaka Organic Chemical Industry Ltd.**

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