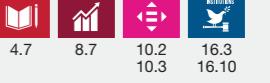


Progress of Materiality

Category	Materiality	Fiscal 2024 accomplishments	Progress of plan (○: on schedule, △: delayed)	Policies going forward	Current medium-term management plan KPIs	Reporting boundary			Fiscal 2024 results	Fiscal 2026 targets	Fiscal 2030 targets	Competent department	Relevant SDGs targets
						Non- consolidated	Domestic consolidated	Overseas consolidated					
CSV	Contribution to solving social issues through business	Named MGC Group eco-friendly products "Sharebeing" and established a logo mark	○	Promote the expansion of Sharebeing products	Sales of MGC Group eco-friendly products	●	●	●	¥214.3 billion	¥270.0 billion	¥500.0 billion	CSR & IR Division	 3.9 8.2 9.4 12.3 9.5
	Promotion of innovative R&D	<ul style="list-style-type: none"> Strengthened allocation of resources to growth target areas (ICT, mobility, medical/food) Strengthened exploration of themes aimed at promising new products and business creation Started a DX Promotion Working Group centered on a DX technology exchange among the MGC Group 	○	<ul style="list-style-type: none"> Revise strategic research areas as needed and continue strengthening resource allocation Create and utilize an exploration field map indicating promising areas Promote the utilization of DX by increasing the percentage of DX human resources among research personnel 	Percentage of R&D cost contributing to increased resilience of business portfolio* ¹ Percentage of research personnel contributing to solving climate change issues Percentage of DX human resources among research personnel* ²	●	●	●	69%	60% or higher	60% or higher	Research & Development Division	 8.2 9.4 9.5
E	Proactive response to environmental problems	<ul style="list-style-type: none"> Promoted businesses contributing to the reduction of GHG emissions (CCS, CarbopathTM, etc.) Improved percentage of implementation of renewable energy 	○	Promotion of reduction in GHG emissions according to MGC's Roadmap to Carbon Neutrality	Reduction in GHG emissions (compared to fiscal 2013)	●	●	●	31% reduction (estimated)	33% reduction	39% reduction	Production Technology Division	 3.9 6.3 7.2 11.6 12.5 13.3 14.1 14.3
	Highly energy- and resource-efficient production	<ul style="list-style-type: none"> Confirmed the importance of waste reduction, reuse, and recycling at MGC Group companies Promoted river and harbor cleanup activities and greening activities around locations in Japan Conducted water risk and stress assessments, water being an important resource for manufacturing chemicals 	○	<ul style="list-style-type: none"> Promote waste reduction, reuse, and recycling across the entire MGC Group, and strengthen support for Group companies Conduct risk management for sustainable use of water resources and promote water reuse*² 	Zero waste emission rate* ³	●	●	—	1.1%	1.2%	1.0%	Environment Safety & Quality Assurance Division	 12.5 13.3 14.1 14.3
	Cultivating a corporate culture of job satisfaction	<ul style="list-style-type: none"> Identified issues in each organization through a work satisfaction survey and considering future measures Considered introducing a new leave system "Life Support Leave System" as part of efforts to create working environment 	○	<ul style="list-style-type: none"> Cultivate and visualize a culture in which the Company values the human resources that it has developed Design systems suitable for an era of contributing to increased engagement by examining various personnel systems (including welfare) 	Percentage of employees that feel satisfied at work	●	—	—	82%* ⁵	70%	75%	Administrative & Personnel Division	 4.4 5.4 8.5
S	Promotion of diversity and inclusion	<ul style="list-style-type: none"> Implemented mid-career recruitment with expanded targets to attract diverse personnel Launched a network targeting mid-career retirees Implemented strategy training and internal exchanges utilizing MGC Commons 	○	<ul style="list-style-type: none"> Continue diversification of recruitment Create opportunities for interaction between different departments and offices through internal events, training, etc., and implement awareness-raising activities 	Number of female managerial personnel	●	—	—	44	60	90	Administrative & Personnel Division	 4.4 5.1 5.5 8.5
	Respect for human rights	<ul style="list-style-type: none"> Conducted human rights briefings and surveys for consolidated subsidiaries Provided education on business and human rights to employees of the Company and consolidated subsidiaries 	○	<ul style="list-style-type: none"> Promote awareness and understanding of our Human Rights Principle within and outside the Group Promote identification of human rights issues and implement impact assessment and response measures Handle reports to the Human Rights Hotline 	Respect for human rights	●	●	●	—* ⁶	Conduct 100% human rights due diligence	Establish human rights management and ensure support for our Human Rights Principle by all stakeholders	Administrative & Personnel Division, CSR & IR Division	 4.7 8.7 10.2 16.3 10.3 16.10
	Ensuring occupational safety and health/process safety and disaster prevention	<ul style="list-style-type: none"> Promoted risk extraction and identification of existing facilities using HAZOP for disaster prevention Continued companywide safety activities "LINK" and engaged in dialogue through exchanges of opinions with partner companies 	○	<ul style="list-style-type: none"> Confirm the implementation status of 2026 targets for RC activity plans for Group companies and promote support for their achievement Expand "LINK" activities, and promote the sharing of issues and consideration of countermeasures with partner companies 	Serious occupational accidents* ⁷ , serious accidents* ⁸	●	●	●	4	0	0	Environment Safety & Quality Assurance Division	 3.9 8.5 11.6 12.4 13.3
	Chemical/product quality and safety assurance	<ul style="list-style-type: none"> Provided education and support for domestic subsidiaries through Environment and Safety Council activities and various audits, and shared the Company's examples Promoted quality assurance activities (Q-MGC) conducted companywide and throughout the Group 	△	<ul style="list-style-type: none"> Continue to provide training and support to domestic subsidiaries, and promote the establishment and systemization of management systems Promote quality risk reduction through Q-MGC activities 	Product liability incidents, serious* ⁹ legal and regulatory violations, serious* ⁹ quality issues	●	●	●	1	0 (Non-consolidated + Domestic and overseas consolidated companies)	0 (Non-consolidated + Domestic and overseas consolidated companies)	Environment Safety & Quality Assurance Division	 3.9 12.4
	Promotion of socially responsible sourcing	<ul style="list-style-type: none"> Conducted surveys on CSR procurement for business partners and requested their agreement to CSR procurement guidelines Provided explanations on CSR procurement activities to consolidated subsidiaries 	○	<ul style="list-style-type: none"> Continue to engage in dialogue with business partners based on the results of surveys on CSR procurement and its CSR procurement guidelines Request consolidated subsidiaries to conduct CSR procurement activities 	Percentage of suppliers in agreement with the Company's basic approach to raw material procurement activities and its CSR procurement guidelines Percentage of consolidated subsidiaries required to conduct CSR procurement activities	●	—	—	81% (preliminary value)	80%	100%	Purchasing & Logistics Division	 12.2 16.2
	Strengthening governance and internal control/risk management/compliance	<ul style="list-style-type: none"> Held briefings on the general condition of the key subsidiaries for outside directors and Audit & Supervisory Board members Promoted more active discussion in the Board of Directors Strengthened the compliance education system 	○	<ul style="list-style-type: none"> Increase the effectiveness of the Board of Directors Strengthen compliance education 	Number of serious compliance violations	●	●	●	0	0	0	Administrative & Personnel Division	 8.7 10.2 16.2 10.3 16.3 16.5 16.10

*1 Percentage of total value of R&D expenditure in the U&P business and new/next-generation business categories

*2 Percentage of research personnel who have taken DX fundamental courses

*3 Amount of final disposal/total amount of waste generated

*4 Reduction in energy usage resulting from energy-saving improvements (based on 100% capacity utilization)/average annual energy usage for fiscal 2021 to fiscal 2023

*5 Number of positive respondents/number of positive respondents + number of negative respondents

*6 Make planned progress in accordance with the Human Rights Due Diligence Action Plan

*7 Accidents resulting in lost work days eligible for disability compensation, including death and permanent disability, or potential disability, and those with four or more lost work days

*8 Accidents that threaten third parties, including those resulting in environmental pollution involving the community or that cause damage to local residents, and other accidents involving serious damage

*9 Losses of ¥1.0 billion or more