

# TOKUYAMA REPORT 2024

Fiscal year ended  
March 31, 2024  
Integrated Report



# Our Value Creation Story

Tokuyama Value Creation Story

## Mission

To create a bright future in harmony with the environment, in collaboration with customers, based on chemistry

## Values

- Commitment to customer satisfaction as a profit source
- A broader, loftier perspective
- Employees who consistently surpass their predecessors
  - Integrity, perseverance, a playful spirit and boldness

FY2021

## Medium-Term Management Plan 2025

See p. 20  
for details

FY2025

## Vision

Be a value-creative company that places first priority on R&D and marketing

Increase the share of consolidated net sales from growth businesses to  
**60% or more**

Percentage of consolidated overseas net sales  
**50% or more**

GHG emissions (Scope 1 and 2)  
**30% reduction\***  
▼  
**Achievement of carbon neutrality by FY2050**

FY2030

Be a company that never stops challenging new domains while refining and exploiting its unique strengths

Be a company with healthy employees who have healthy families and take pride in their work at their company

Be a company that fosters bonds with people in communities and societies worldwide

## The Path to Realizing Our Vision

Through the steady transformation of our business portfolio, Tokuyama is contributing to mitigating global warming, and practicing socially responsible management as stated in Medium-Term Management Plan 2025, and we are making progress in realizing our Vision and toward becoming a value-creative company.

We will strive for sustainable business growth by leveraging human capital and sharing our Mission and Values.

### Transform Business Portfolio

Increase growth businesses' share of consolidated net sales to over 50%

### Contribute to Mitigating Global Warming

Expedite development/commercialization of next-gen energy technologies  
Reduce GHG emissions (Scope 1 and 2) 30%\* by FY2030

### Practice Socially Responsible Management

Step up high-priority CSR initiatives to lay the groundwork for further growth and to realize our Vision

### Materiality

See p. 40 for details

- Helping to fight global warming
- Conserving the environment
- Preventing accidents and preparing for disasters
- Developing products and technologies that address social issues
- Improved chemical management and product safety

- Engaging with local communities
- Promoting CSR procurement
- Developing human resources
- Promotion of diversity and career fulfillment
- Promotion of physical/mental health

\* Base year: FY2019 GHG emissions of approximately 7.26 million tonnes-CO<sub>2</sub>e



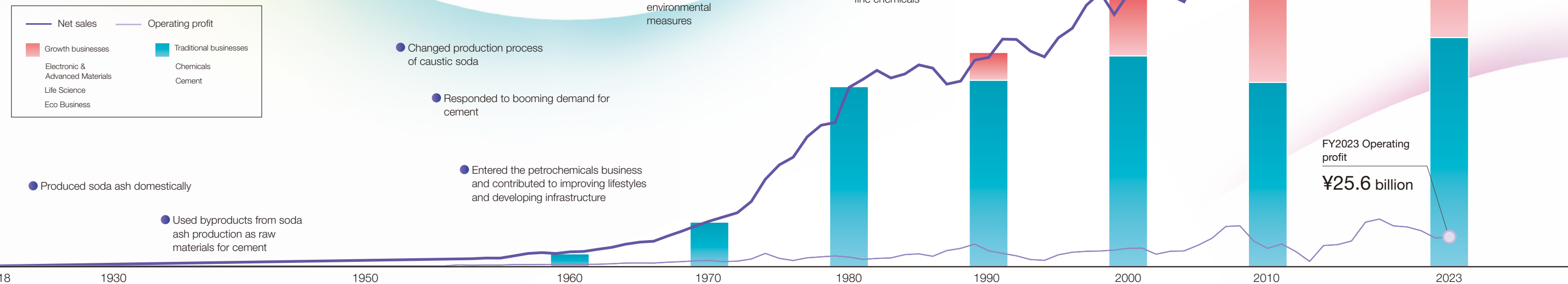
## The Path to Value Creation

### Historical Background and Social Issues

- World War I (1914 to 1918)
- The Great Depression (1929 to 1941)
- World War II (1939 to 1945)
- Environmental pollution problems
- Japanese economic miracle (1955 to 1973)
- Oil shocks (1973, 1979)
- Japanese asset price bubble (1986 to 1991)
- Declining birthrate and aging population in Japan
- Digital revolution (from 1995)
- Kyoto Protocol (1997)
- COVID-19 pandemic
- Bankruptcy of Lehman Brothers (2008)
- Adoption of the Sustainable Development Goals or SDGs (2015)

Since our founding in 1918, Tokuyama has worked to accumulate technologies and create new products by developing our inorganic chemicals business, while, from the 1970s, we began addressing social issues by expanding the scope of businesses, mainly in organic and polymer chemistry. We are continuing to refine the technologies that have become the cornerstone of our growth over more than a century, as we strive to create new value that meets the requirements of the coming age.

### Net Sales / Operating Profit



### Tokuyama Value Creation

Japanese industrial development backed by domestically produced soda ash  
Established the foundation for the soda business

Strengthened our facilities and converted our manufacturing methods in response to the needs of society  
Diversified businesses to evolve into a comprehensive chemical manufacturer

Expansion of new businesses such as specialty and processing types, and more overseas operations underpinning our growth as a global company

Providing new value in the fields of electronics, healthcare, and the environment  
Aiming to transform into a value creation company

### Tokuyama's Path

- 1918**  
Nihon Soda Kogyo Co., Ltd. (currently Tokuyama Corporation) was established  
Soda ash plant was constructed in Tokuyama-cho, Yamaguchi Prefecture (currently Shunan City)
- 1924**  
First shipment of caustic soda (ammonia-soda process)
- 1927**  
First shipment of soda ash
- 1938**  
Central power plant completed
- 1938**  
Cement plant completed and production started
- 1940**  
Began production of calcium chloride

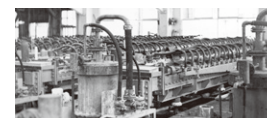


Panoramic view of the company around 1919



Cement Tokuyama Plant

- 1952**  
Began production of high-quality caustic soda using an electrolytic process
- 1960**  
Nanyo Plant was constructed  
Began cement production using a large kiln
- 1964**  
Entered the petrochemical business  
Entered the PVC business
- 1967**  
Opened the East Plant to enter the ion-exchange membrane business and to expand the petrochemical business



Electrolyzer



Nanyo No. 1 Kiln (Mammoth Kiln)



PVC plant

- 1972**  
Started production of isopropyl alcohol using direct hydration process
- 1975**  
Began production of caustic soda using a diaphragm process

- 1978** Entered the dental materials and equipment business
- 1982** Entered the fine chemicals business
- 1983** Entered the diagnostic systems business
- 1984** Entered the high-purity polycrystalline silicon business
- 1985** Entered the high-purity aluminum nitride business
- 1985**  
Opened Kashima Factory as a manufacturing base for fine chemicals
- 1989**  
Established the Tsukuba Research Laboratory as a base for the development of specialty businesses
- 1989**  
Established Tokuyama America, established Tokuyama Europe
- 1996** Established the current Tokuyama Singapore and Taiwan Tokuyama as manufacturing and sales bases for high-purity IPA, etc.



Kashima Factory



Tsukuba Research Laboratory

- 2001** Established Tokuyama Dental by spinning off of the dental materials and equipment business
- 2004** Spin off the ion-exchange membrane business to integrate with ASTOM
- 2005**  
Established Tokuyama Chemicals (Zhejiang) to meet the growing global demand for fumed silica
- 2011**  
Established Tokuyama Chiyoda Gypsum (waste gypsum board recycling business)
- 2020**  
Established Formosa Tokuyama Advanced Chemicals (FTAC) to respond to needs for high-purity IPA
- 2021** Established the Center for Commercialization of Advanced Technology in Yanai City, Yamaguchi Prefecture Made A&T (diagnostic systems company) a wholly owned subsidiary
- 2022** Established STAC (manufacturing and sales of high-purity IPA) in South Korea
- 2024** Opened the No. 2 Tsukuba Research Laboratory



Tokuyama Chemicals (Zhejiang)



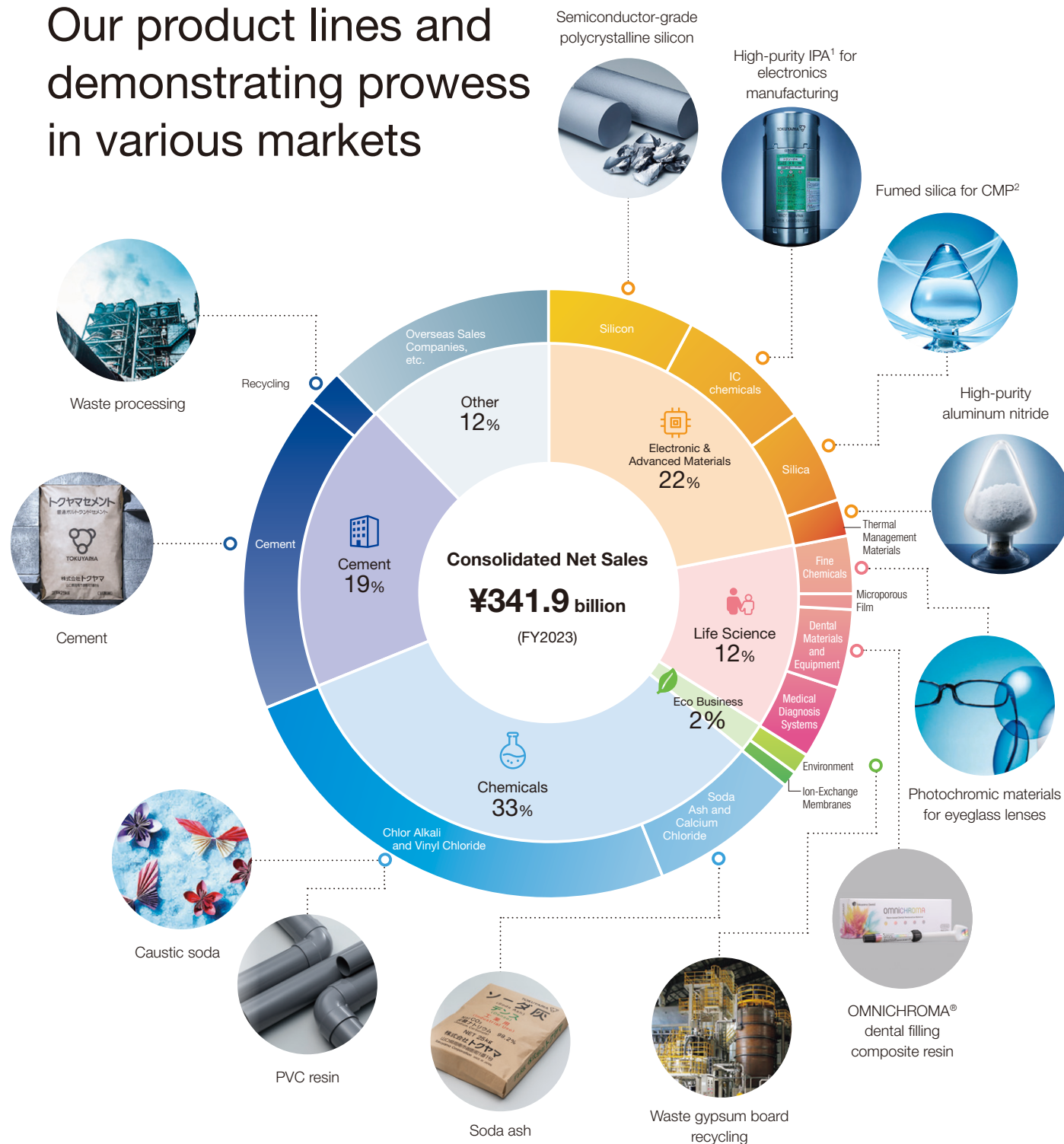
Formosa Tokuyama Advanced Chemicals (FTAC)

# Tokuyama Value Creation

Tokuyama Will Create New Value in Harmony with the Environment by Supplying Products That Address Social Issues.

## Tokuyama at a Glance

### Our product lines and demonstrating prowess in various markets



1. IPA: Isopropyl alcohol  
2. CMP: Chemical mechanical polishing

### Competitive products used in semiconductor manufacturing processes

Semiconductor-grade polycrystalline silicon

**20%**  
worldwide share

Typical products	Typical applications
High-purity polycrystalline silicon	Semiconductor-grade silicon wafers
High-purity IPA for electronics manufacturing	Precision cleaning of semiconductor wafers and electronic devices

High-purity IPA for electronics manufacturing

**Tier 1**  
manufacturer

Fumed silica for CMP

**No. 1**  
worldwide share

Typical products	Typical applications
Fumed silica	CMP slurry
High-purity aluminum nitride powder	Components for semiconductor manufacturing equipment

High-purity aluminum nitride powder

**No. 1**  
worldwide share

### Life Science

Photochromic materials for eyeglass lenses

**20%**  
No. 2 worldwide share

Typical products	Typical applications
Photochromic materials for eyeglass lenses	Photochromic lens
Dental filling composite resin	Dental treatment

Dental materials and equipment

**94**  
Countries and regions with sales

### Eco Business

The world's first waste gypsum board in a non-kiln resource cycle

**100%**  
Fully recycled

Typical products	Typical applications
Dihydrate gypsum (continuous large recrystallization technology)	Gypsum board



Contents



Our Value Creation Story .....	1
The Path to Value Creation .....	2
Tokuyama Value Creation .....	4
Contents/Editorial Policy .....	6



Message from the President .....	8
Value Creation Process .....	14
Tokuyama's Strengths Supporting Value Creation .....	16
Message from the CFO .....	18



Progress of Medium-Term Management Plan 2025 .....	20
Progress of Medium-Term Management Plan 2025 by Business Segment .....	22
Progress of Strategy by Business Segment .....	24
Growth Drivers .....	30
Dialog with Employees .....	36



Message from the Executive Officer in Charge of Sustainability .....	38
Vision and Materiality .....	40
Disclosures Based on TCFD Recommendations .....	44
Compliance .....	47
Stakeholder Engagement .....	47
Dialog with External Directors .....	48
Management Team .....	50
Corporate Governance .....	52
Risk Management .....	56



Financial and Non-Financial Highlights .....	58
Corporate Data .....	62







Editorial Policy

The *Tokuyama Report* is published to communicate the Company's management policy and medium- to long-term strategy to stakeholders in a way that is easily understood. When preparing this report, we conducted interviews with investors and a survey within the Company about the FY2023 report. The feedback we received is reflected in our planning. We hope that this report leads to better communication with our stakeholders as well as a deeper understanding of the Tokuyama Group.

This report briefly outlines information that is highly relevant to the value creation story. For more detailed IR and/ or CSR information, please visit the Company's website.

- Period Covered**  
FY2023 (April 1, 2023 to March 31, 2024)  
Some activities and information included relates to FY2022 or earlier or is scheduled for FY2024 or later.
- Report Scope**  
Tokuyama Corporation and consolidated subsidiaries (50 companies)  
• If the reported scope is different for some data in this report, the different scope will be cited.  
• In principle, entities listed as Tokuyama in this report generally refer to Tokuyama Corporation and the Tokuyama Group.
- Reference Guidelines**  
• The Ministry of Economy, Trade and Industry, *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogs for Collaborative Value Creation 2.0*  
• IFRS Foundation *Integrated Reporting Framework*  
• Global Reporting Initiative (GRI) *GRI Sustainability Reporting Standards*  
• Task Force on Climate-related Financial Disclosures (TCFD) *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*  
• *The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard REVISED EDITION*

Information Framework

	Financial	Non-Financial
Overview of Strategy	<div><p><b>Tokuyama Report (Integrated Report)</b> This report includes corporate activities for a wide range of stakeholders, covering both financial and non-financial aspects of Tokuyama at present and for the future that we aim to achieve.</p><p><a href="https://www.tokuyama.co.jp/eng/ir/report/annual_rep.html">https://www.tokuyama.co.jp/eng/ir/report/annual_rep.html</a></p></div> <div></div>	
Details and Latest Data	<div><p><b>Investors Website</b> Useful information for shareholders and investors, organized as an IR Library</p><ul style="list-style-type: none"><li>Financial documents (financial summaries, financial briefing materials, etc.)</li><li>Annual securities reports</li><li>Corporate governance reports</li><li>Business reports</li></ul><p>In addition, in FY2024, we introduced a chart generator as a tool to check, compare, and analyze performance, financial, and ESG-related information, so please do make use of it.</p><p><a href="https://www.tokuyama.co.jp/eng/ir/">https://www.tokuyama.co.jp/eng/ir/</a></p></div>	<div><p><b>CSR Website</b> Provides more detailed information on Tokuyama's CSR activities</p><p><a href="https://www.tokuyama.co.jp/eng/csr/">https://www.tokuyama.co.jp/eng/csr/</a></p></div>
		<div><p><b>Tokuyama TCFD Report</b> Outlines initiatives against climate change based on the TCFD's four recommendations: governance, strategy, risk management, and metrics and targets</p><p><a href="https://www.tokuyama.co.jp/eng/csr/pdf/2024_tokuyama_tcf_d_e.pdf">https://www.tokuyama.co.jp/eng/csr/pdf/2024_tokuyama_tcf_d_e.pdf</a></p></div>
		<div><p><b>Sustainability Data Book</b> Mainly includes data for understanding today's Tokuyama based on the perspective of responsible care (sustainability)</p><p><a href="https://www.tokuyama.co.jp/eng/csr/report/index.html">https://www.tokuyama.co.jp/eng/csr/report/index.html</a></p></div>

**Cautionary Note on Forward-Looking Statements**  
This report contains forward-looking statements on the Company's plans, strategies, operating performance and other matters. These forward-looking statements are the Company's assessments based on information available at the time of this report's preparation. Statements in this report are subject to various risks and uncertainties. Tokuyama's actual activities and performance may differ significantly from these projections. The Company's actual activities and/or operating performance can differ materially from these forward-looking statements as a result of many factors, including but not limited to changes in economic conditions, the operating environment, demand trends, and exchange rates.

**Disclaimer**  
This report is for information only and is not intended as a solicitation. The Company assumes no liability for any losses due to investment decisions made by relying on forward-looking statements, numerical targets, or other information contained here.



## Message from the President

**We will seek sustainable growth into the future through four transformations aimed at our Vision and the expansion of the three growth areas of electronics, healthcare and the environment.**

The business environment and people's values are constantly changing in modern society. Tokuyama aims to be a value-creating company that uses human capital and unique technologies to contribute to solving social issues by implementing four transformations to create a new business portfolio ahead of its time. As President and Executive Officer, I will introduce Tokuyama's Vision and medium- to long-term growth strategy.

*Hiroshi Yokota*

Representative Director, President  
and Executive Officer

## Management Approach

### Revitalization of a free and open corporate culture that allows cutting-edge human resources to thrive

Since I was appointed as the President and Executive Officer of the Company in 2015, I have always been mindful of improving corporate value. In Medium-Term Management Plan 2025, which started in FY2021, we are focusing on implementing effective growth strategies and transforming our business portfolio to ensure that we evolve from an energy-consuming company to a value-creating company that contributes to solving social issues using our unique technologies. Although we are only at the halfway point, it has been a major step forward for Tokuyama to achieve a remarkable expansion of the healthcare business among the three growth areas of electronics, healthcare and the environment.

The most important part of Tokuyama's management and business operations is to develop human resources, which are the driving force of business growth, to increase human capital through support of self-fulfillment, and to transform Tokuyama into a youthful corporate group that embraces the challenges presented by new businesses. Founded in 1918 in Tokuyama-cho, Yamaguchi Prefecture (currently Shunan City), the Company has a history spanning more than 100 years and is what could be called a traditional company. In the 1980s, the Company had a unique and free culture that could be described as "being among a select few" or a "group of wandering samurai." However, as time passes, we are seeing an epidemic of large corporations with highly homogenous human resources and at which it is difficult for cutting-edge human resources to exert their abilities. In order to achieve the next stage of growth while adapting to the rapidly changing environment of the times, it is essential to change the mindset of employees, who have a tendency to be stability-oriented,

to instill "Integrity, perseverance, a playful spirit and boldness," which Tokuyama holds as one of its values. In addition, it is necessary to establish a new system for recruiting human resources that will enable people who are striving to solve social issues to demonstrate leadership, and at the same time to foster a corporate culture that respects diversity, making it easier for junior employees, foreign employees and female employees to fulfill their potential.

For the past few years, Tokuyama has focused on strengthening its foundations in both management and business. On the management front, we worked to establish more transparent governance through the addition of external directors. In April 2024, we introduced a job-based personnel system for managers in order to realize the company's human resources strategy, and we have made efforts to further enhance human capital management. I would like to emphasize that our major achievements during this period have been our efforts to expand our management base by making a variety of strategic moves toward sustainable growth in the future. On the other hand, we have focused our efforts on what we want to be in the future, including expanding the growth areas that we expect to generate revenue for the future.

We are now in the process of building a foundation for transformation and stepping up to a new stage to reap the fruits of that. I use the on-site experience I have gained since joining the Company and the knowledge I have accumulated over the nine years as President and Executive Officer in execution of strategy and organizational management, and I will continue to manage the Group with unwavering resolve.

## Progress Status of Medium-Term Management Plan 2025

### Business portfolio transformation is progressing, and achieving targets are within range

We have continued to grow by being a product-focused company developing businesses based on research and development since Tokuyama was founded. During the era of a growing market, such as the high economic growth period in Japan, I believe this was certainly a business model that had a certain economic rationality. However, this is not necessarily appropriate in the current era as the market matures and technology advances in growth areas are quickly emerging. We

are strongly urged to conduct business based on a market-in approach, developing and marketing products and services with a focus on customers' needs and social issues.

Based on this understanding of the era, in 2021 we redefined our management philosophy of having a mission "To create a bright future in harmony with the environment, in collaboration with customers, based on chemistry."

At the same, we formulated and announced Medium-



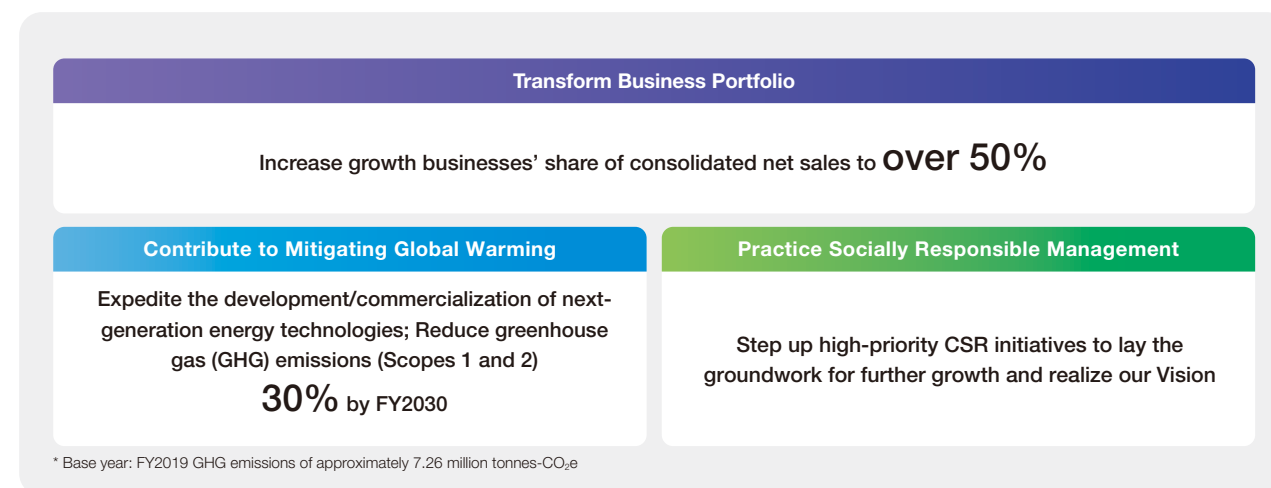
## Message from the President

Term Management Plan 2025, covering the five years through to FY2025. This plan discloses the vision Tokuyama is aiming for and the processes for achieving our goals.

In Medium-Term Management Plan 2025, Tokuyama set “Transform business portfolio,” “Contribute to mitigating global warming,” and “Practice socially responsible management” as three priority issues. In particular, transforming the business portfolio is the most important management issue that will determine the future of Tokuyama. While generating

sustainable cash flow in the traditional Chemicals and Cement business segments that have supported our development for many years, we will concentrate our management resources on the three growth segments: Electronic & Advanced Materials (electronics domain), Life Science (healthcare domain), and Eco Business (environment domain). We plan to increase the share of consolidated net sales of these growth business segments to more than 50% by FY2025 and more than 60% by FY2030.

## Priority Issues in Medium-Term Management Plan 2025



At the present time, we recognize that the progress of the business portfolio transformation has been largely in line with the plan for the final fiscal year, although it has been greatly affected by the stagnation in the semiconductor market that has continued since 2022. In the electronics domain, we have begun overseas production of high-purity IPA for electronics manufacturing, and are promoting advanced technology development in collaboration with users in the area of thermal management materials. In the healthcare domain, we are increasing production capacity in order to meet the strong domestic and overseas demand for dental materials and equipment in addition to medical diagnostic systems. The success of OMNICHROMA®, a dental filling composite resin, will also be a boost to growth as it has won three domestic technical awards, including the 56th Ichimura Prize in Industry for Distinguished Achievement. In the environment domain, a

new factory for the recycling of waste gypsum boards has started operating in Muroran City, Hokkaido, and we are also accelerating our efforts to commercialize solar panel recycling technology, which is also being tested in Hokkaido. In the future, we will continue to strengthen the foundation of our growth businesses, and build a next-generation business portfolio that can flexibly respond to changes in the environment while simultaneously improving the efficiency and maximizing the revenue of our traditional businesses.

In addition, the quantitative targets in Medium-Term Management Plan 2025 were reviewed in April 2023 and April 2024, due to factors such as changes in the depreciation method<sup>1,2</sup>. The revised figures for the final year of the plan (FY2025) have been set to net sales of ¥400 billion, operating profit of ¥45 billion, growth rate of CAGR of 10% or more in net sales of growth businesses, and ROE of 11% or more.

1. Due to changing the depreciation method, the targets for operating profit for FY2025 were updated from ¥40 billion to ¥45 billion and ROE was changed from 10% to 11% (announced April 28, 2023).  
 2. In consideration of business performance trends and the business environment, we have changed our net sales forecast for FY2025 from ¥320 billion to ¥400 billion (announced on April 26, 2024).



## Contribute to Mitigating Global Warming, Practice Socially Responsible Management

We will pursue the sustainability of the global environment, the economy and society, as well as Tokuyama

In Japanese corporate society, CSR activities have been understood for many years as a type of social contribution that has no direct relationship with the original business. However, it is my belief that it is our core business itself, working to providing unique value to a wide range of stakeholders, including the economy and industry, the global environment, and local communities, just as the Company delivers products and services to customers.

In formulating Medium-term Management Plan 2025, Tokuyama identified ten material issues that should be addressed as priority CSR issues. These include many initiatives related to the environment and society, including conserving the environment, preventing accidents, preparing for disasters, and developing products and technologies that address social issues. In particular, the contribution to mitigation of global warming, which is treated as an independent pillar in Medium-Term Management Plan 2025, is a necessary condition for a company to exist in perpetuity, and initiatives to address this are one of the major issues for increasing corporate value. In addition to reducing the environmental impact and energy used in the production process, we are also preparing to introduce biomass fuels and other materials to decarbonize our own power generation facilities. Through the development of technologies for various thermal management materials and energy-saving electrolyzers,

we are taking various measures to contribute to customer energy conservation and CO<sub>2</sub> reduction, thereby contributing to the conservation of the global environment and the achievement of carbon neutrality in FY2050. We have also established the Shunan Industrial Complex Decarbonization Promotion Council with Shunan City, Yamaguchi Prefecture, the Society for Chemical Engineers, Japan and the companies in the industrial complex, and have formulated and promoted the “Shunan Carbon Neutral Industrial Complex Vision,” a long-term vision set for 2050. This initiative, which is being implemented by the companies that make up the complex and the local community, is receiving much attention from all sectors as a model case that symbolizes the green strategy of the chemical industry.

The ten material issues also include themes on our sustainability, such as human resource development, diversity, and job satisfaction, as well as the promotion of mental and physical health. Innovative products and services are generated from a vibrant organizational culture that respects diverse values. We will further evolve our unique value creation process through Tokuyama's human capital and health and productivity management. We will also contribute to the development of global industry and the formation of a sustainable society by sincerely responding to the ten material issues that are visualizations of our Vision.

## Transforming the Company to Embody Our Vision

# Active injection of management resources into the “four transformations” of organizational culture, R&D, DX, and international expansion

Tokuyama is currently using the Group’s combined strength to take on the challenge of the “four transformations,” with a view to realizing our redefined mission and achieving the goals of Medium-Term Management Plan 2025.

The first is to reform our organizational culture. Looking back on Tokuyama’s history, from the early days of the Company when it supported Japan’s industrial development through to the 1980s, when the Japanese economy entered a period of stable growth, it seems that the frontier spirit on which the Company was founded was shared with employees as the DNA of the organization and passed on to the next generation. The open organizational culture and open discussion among employees led to numerous innovations that contributed to the development of industry and the realization of an enriched lifestyle.

However, our journey from there has not been a smooth one. Accumulated successes push employees’ awareness in an affirmative direction, and the values that favor precedent reduce the creativity of an organization. Middle managers, who will become the next generation of leaders, were also particularly aware of the trend. In order for Tokuyama to continue to take on the challenge of creating new value, I believe it is essential to change the mindset of middle management and to restore the former vitality within the organization. I have been focusing on reinvigorating our

organization and improving productivity by ensuring diversity of human resources through their appropriate allocation and support, as well as the active use of career recruiting, etc.

The culmination of these initiatives is the job-based personnel system for managers that was introduced in April 2024. In the design of the new system, the core mandate was that human resources with a high level of expertise and a challenging spirit lead organizational change as managers, and that they will drive the transformation of our business portfolio and the qualitative evolution of our business structure. We hope that the new system, carefully designed with expertise and challenging minds as its core, will be a key factor in strengthening our organizational capabilities.

The second transformation is to strengthen R&D. Advanced and original R&D is the lifeblood of Tokuyama and is the source of our competitive advantage in the market. Pioneer engineers, who have been driving the growth of our business through to the present, have succeeded in creating new technologies and products and commercializing them by being devoted to their own research themes with every fiber of their being. In order to develop this tradition and pass it on to the next generation, it is necessary to implement substantial R&D investment and to further enhance the R&D system. In 2023, we reviewed our current R&D themes and in April 2024 we redesigned our marketing functions. In view of the fact that

short- and medium-term marketing should be carried out at the location closest to customers, we have established marketing functions in our business divisions, and the R&D Division has a new system that focuses on planning strategies and research on long-term themes with a view to five or ten years later.

In the future, business divisions and corporate R&D teams will work to strengthen their respective foundations, and by combining the functions of both companies organically and seamlessly, they will select themes desired by the market, speed up the development of new products, and optimize the time to market. In addition, the New Business Center (currently the New Business Division), established in 2022, will be the core organization for the commercialization of our new technologies such as alkaline water electrolysis, and this commercialization will be implemented in parallel with technology development and business planning. Moreover, through collaboration with external research institutions, universities, and other companies, and through open innovation, we will actively work to create new value that is difficult for individual companies to handle alone.

The third theme is to promote DX (digital transformation). Using digital technology to improve operational efficiency is not the only thing that DX does. We will introduce the latest AI and

IoT in a wide range of target areas, including the enhancement of supply chains and the improvement of productivity at manufacturing sites, to innovate business and production processes, foster advanced human resources, effectively utilize human resources, and improve competitiveness across our business activities in general.

With regard to the acceleration of international expansion, which is the fourth transformation, we have adopted the policy of continuing to expand our overseas operating bases in order to enhance Tokuyama’s presence in the global market. Basically, we intend to work in areas that have growing regions and markets. However, going forward in the materials business, not only is it important to be able to achieve cost advantages, but also to be able to achieve sustainable production, such as through the use of green power. In Japan, we will develop high-value-added products that can be profitable, and we will promote the establishment of production bases and the improvement of supply chains overseas, where low-cost, clean environments are expected. This is Tokuyama’s global strategy, in which we aim to achieve a percentage of consolidated overseas net sales of 50% or more. In our global expansion, we believe it is essential to advance our efforts by monitoring medium- to long-term social trends.

## A Message for Our Stakeholders

# Aiming to be a value creation company that contributes to the realization of a sustainable society

Although I have conveyed a harsh perception of Tokuyama’s corporate culture and the current state of its business, I am by no means pessimistic about the future of the Tokuyama Group. We have many diligent employees, all of whom are sincere and genuinely committed to their daily work. With the appointment of talented internal personnel and the expansion of the invitation of external directors, the effectiveness of corporate governance and the transparency of management have been greatly enhanced. Furthermore, as mentioned earlier, the introduction of a new personnel system has given us a clear path to improving our human capital. I believe that Tokuyama has unlimited potential as an advanced value creation company. As President and Executive Officer, I believe it is my responsibility to ensure that Tokuyama’s potential is fully realized, and that this potential is translated into business results and favorable business performance.

The business environment surrounding the Japanese manufacturing industry will continue to be challenging, as

global geopolitical risks increase, resource and energy prices soar, and human resource difficulties and labor shortages are brought about by a decline in the domestic population. In this uncertain environment, we will use our unique technologies and solid human capital to break new ground in the chemical industry and to further ensure the development of Tokuyama. In addition, we will work to bring together the wisdom of our Group’s employees to promote Medium-Term Management Plan 2025 and to ensure that the four transformations allow us to make a leap forward in becoming a value creation company that contributes to the realization of a sustainable society through unique technologies.

We would like to thank all our stakeholders including shareholders, investors, customers, business partners, local communities and Group employees for their continued understanding and support.





## Value Creation Process

The Tokuyama Group is contributing to resolving social issues through business operations and to creating a sustainable future, in line with our Mission. These steps are highlighted in the Value Creation Process.

### Mission

To create a bright future in harmony with the environment,  
in collaboration with customers, based on chemistry

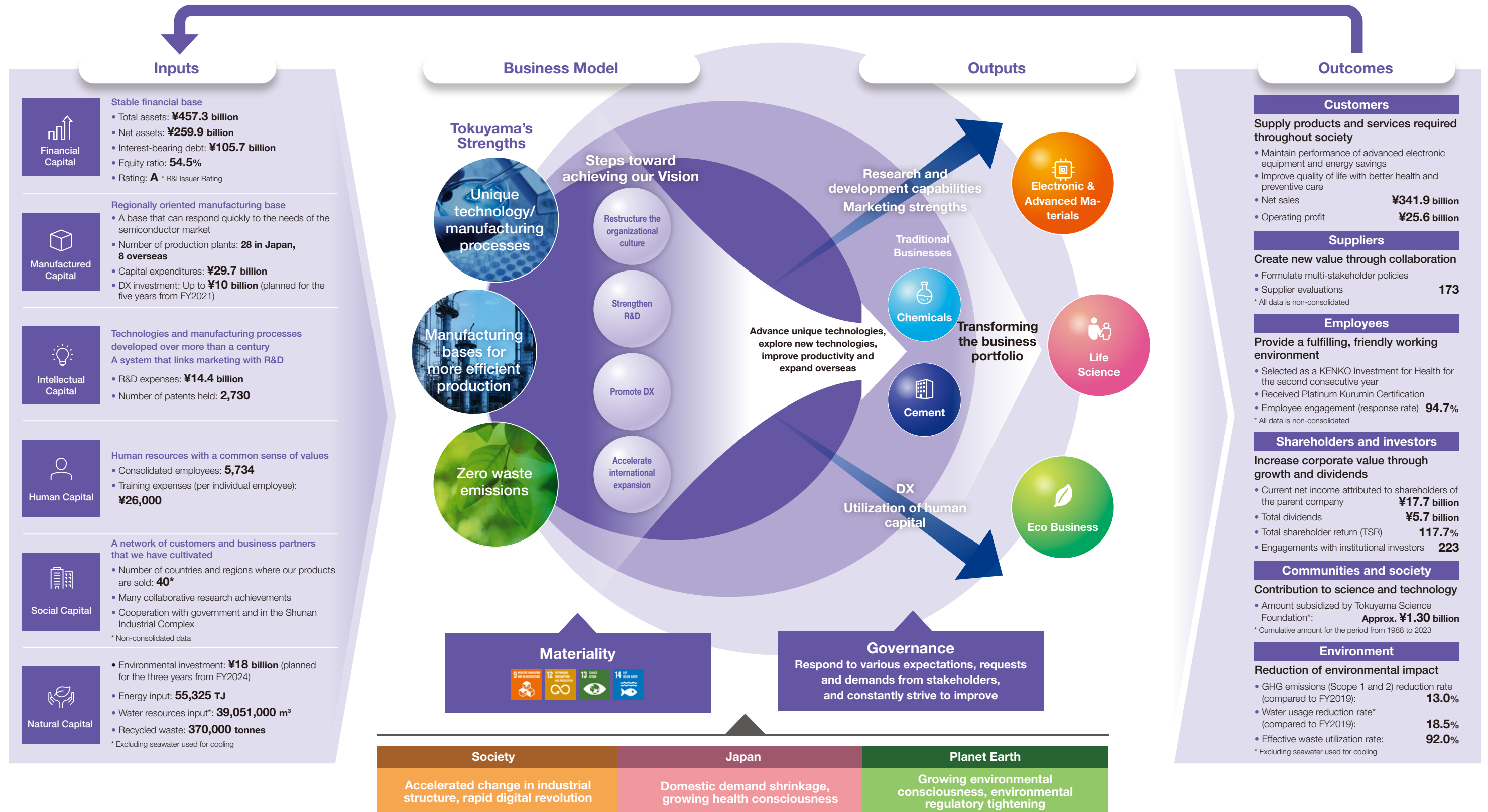
### Vision

- Be a value-creative company that places first priority on R&D and marketing
- Be a company that never stops challenging new domains while refining and exploiting its unique strengths
- Be a company with healthy employees who have healthy families and take pride in their work at their company
- Be a company that fosters bonds with people in communities and societies worldwide

### Values

- Commitment to customer satisfaction as a profit source
- A broader, loftier perspective
- Employees who consistently surpass their predecessors
- Integrity, perseverance, a playful spirit and boldness

## Toward Tokuyama's Sustainable Growth



## Tokuyama's Strengths Supporting Value Creation

Since Tokuyama was founded in 1918 with the purpose of the domestic production of soda ash, it has grown as a comprehensive chemical manufacturer through the in-house development of a variety of technologies. We are currently developing businesses based on our strength of having an efficient production system based on products created through unique technologies and the characteristics of our business, mainly in the Electronic & Advanced Materials business that support cutting-edge semiconductor manufacturing, as well as Life Science and Eco Business. In addition, the Tokuyama Factory, which is our main manufacturing site, is aiming for zero emissions of waste by ensuring the reuse of byproducts and waste.



### Transforming our business portfolio by leveraging and deploying unique technologies

Tokuyama has strengths not only in inorganic chemistry, the business on which it was founded, but also in analytical chemistry and organic chemistry. We utilize our unique technologies to differentiate our products and develop new products as shown in the figure below.

Ion-exchange membrane and electrode technology, which is primarily used in salt production, refining and producing food, and the recovery of certain valuable resources, is one of Tokuyama's unique technologies. Advanced functions such as selective permeability, which allows only the target substance to pass through, enable the separation of substances according to the application. By making full use of membranes with different properties, we have applied them in various fields, including the development of hydrogen production equipment, which is expected to become the next-generation

energy source, and anion conductive membrane for water electrolyzer and H<sub>2</sub> fuel cell.

Tokuyama has been involved in the development and manufacture of powders such as silica and aluminum nitride (AlN), and has strengths in powder control technologies such as particle shape control and surface treatment. In electronics, we provide products with unique features to the market in accordance with customer needs such as filling in resins and high-level functionality composite materials. We are developing boron nitride (BN), with its unique scale-like shape, for applications in life science in addition to electronics.

To transform our business portfolio from the traditional businesses of Chemicals and Cement to the growth businesses of Electronic & Advanced Materials, Life Science and Eco Business, we will further utilize and widely deploy the unique technologies that we have refined over many years.

### Utilization of Unique Technologies

	Chemicals	Cement	Electronic & Advanced Materials	Life Science	Eco Business
Ion-exchange Membranes and Electrodes	• Salt electrolysis/caustic soda, chlorine, hydrogen		• Photoresist developer for semiconductors	• Ion-selective electrode (A&T)	• Electrodialyzer (ASTOM) • Ion-exchange membrane (ASTOM) • Anion conductive membrane for water electrolysis • Alkaline water electrolyzer
High-Purity / High-Sensitivity Analysis Technology	• Pharmacopoeia and food additive products		• Polycrystalline silicon • High-purity IPA for electronics manufacturing • Fumed silica • High-purity boron • High-purity chlorosilane	• APIs and intermediates in pharma • Medical diagnosis systems (A&T)	• Photovoltaic panel recycling / silicon recycling
Powder Control Technology (Particle Shape Control/Surface Treatment)	• Layered sodium silicate	• Cement products • Construction materials	• Fumed silica • Sol-gel silica • Hollow silica • Aluminum nitride • High thermal conductivity filler/AlN, BN • Silicon nitride	• Dental materials and equipment (TD) • Spherical silica aerogel • Boron nitride / for cosmetics • Biomass silica	• Waste gypsum board recycling (TCG)
Ceramic Sintering Technology			• Aluminum nitride ceramics (TDPM) • Machinable ceramics • Silicon nitride ceramics		
Molecular Design / Synthesis Technology	• Vinyl chloride monomer • PVC resin • Propylene oxide • Chloromethane		• Chemicals for advanced semiconductors	• Photochromic materials for eyeglass lenses • APIs and intermediates in pharma • Dental materials and equipment (TD) • Polyrotaxane (ASM) • Radiation protection material	
Composite and Molding Processing Technology	• PVC compound (SAK) • Magnesium hydride		• Thermal management materials	• Photochromic materials for eyeglass lenses • Microporous film • Dental materials and equipment (TD)	• Ion-exchange membrane (ASTOM) • Plaster products (FLT) • Anion conductive membrane for water electrolysis

Note: The company names (partially abbreviated) are shown for technologies that are only implemented by subsidiaries.  
FLT: FL Tokuyama, SAK: Sun Arrow Kasei, TCG: Tokuyama Chiyoda Gypsum, TD: Tokuyama Dental, TDPM: TD Power Materials

### Efficient production sites based on business characteristics

Tokuyama has 28 manufacturing bases in Japan and 8 overseas.

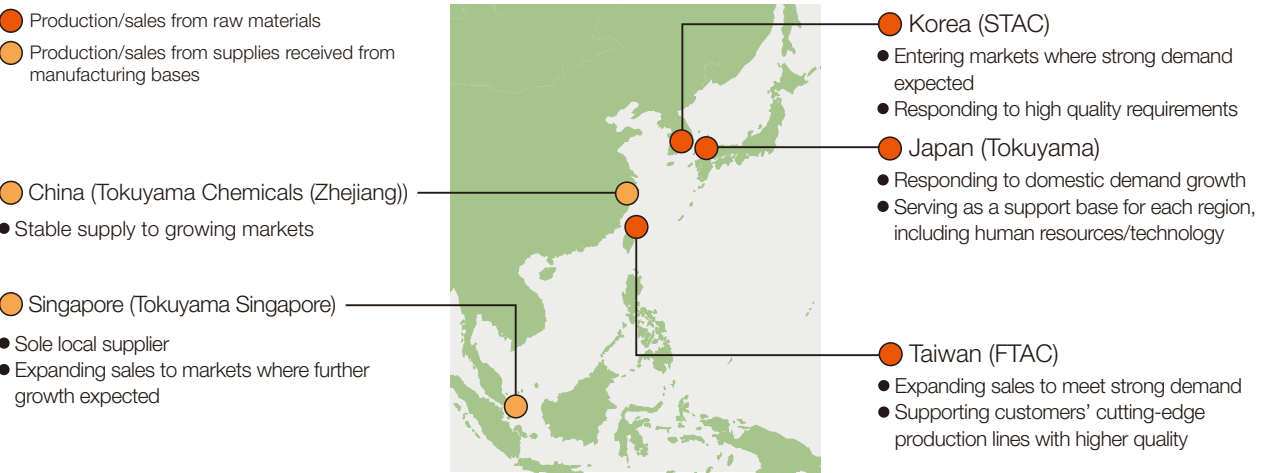
The largest site is our Tokuyama Factory (Shunan City, Yamaguchi Prefecture), which boasts a total area of 1.91 million square meters. Utilizing the adjacent public wharf and over 20 company berths, we receive raw materials such as raw salt and limestone, manufacture mainly so-called bulk products such as caustic soda and cement, and efficiently ship them within Japan.

The Tokuyama Factory is also our main manufacturing base for electronic & advanced materials such as polycrystalline silicon, but we are proceeding to establish overseas production bases with an eye on the expansion of the semiconductor market in Asia. As shown in the figure below, in addition to the Tokuyama Factory, we have built

factories capable of integrated production from raw materials to high-purity IPA for electronics manufacturing, which is used to clean semiconductors, in Taiwan and South Korea, where it is utilized. Full-scale operation has begun in Taiwan, and we aim to commence commercial operation in South Korea. In Singapore and China, we have established a system in which products supplied from the manufacturing sites are filled and shipped to each customer, providing detailed customer support.

Our main manufacturing site for Life Science is the Kashima Factory (Kamisu City, Ibaraki Prefecture). The factory, which has good access to Narita International Airport, ships high value-added products, such as dental materials and equipment, to more than 90 countries and regions worldwide.

### Production Sites for High-Purity IPA for Electronics Manufacturing



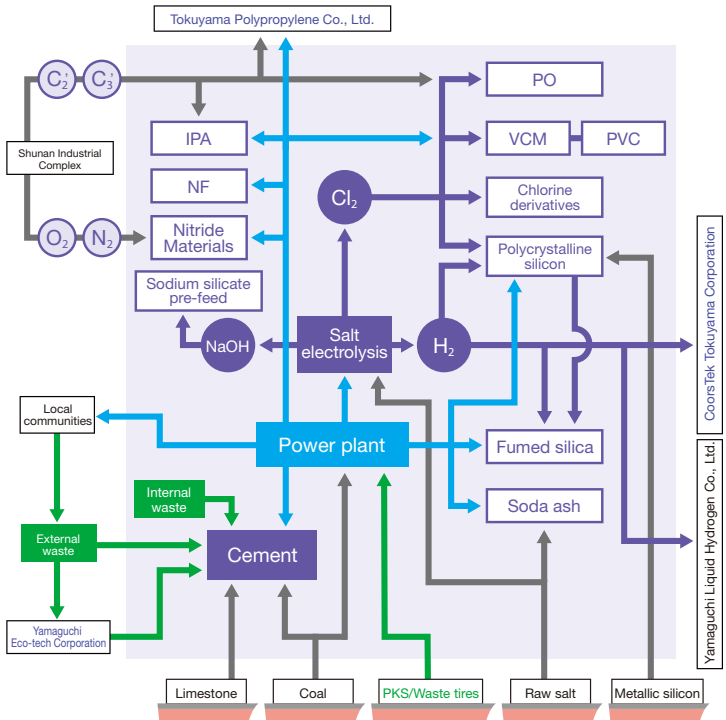
### Zero Waste Emissions Utilizing Cement Plants

Tokuyama Factory is a unique manufacturing site where utilities such as electricity and steam generated by in-house power generation facilities and materials such as chlorine and hydrogen derived from the salt electrolysis plant are supplied to other plants for effective utilization. Waste generated at each factory is recycled as raw materials for cement at the cement plant, and the effective utilization rate of waste in FY2023 was 94.2% for Tokuyama on a non-consolidated basis. The zero emission rate of waste related to landfill disposal was 99.8% on a non-consolidated basis in FY2023.

This highly integrated production system is the source of our competitiveness, but adjustments need to be made based on various factors, including the operating conditions of each plants. We are promoting operational reforms based on TDX\* in order to achieve the goals of Medium-Term Management Plan 2025, and are working to further improve productivity and efficiency at the Tokuyama Factory.

\* TDX: Tokuyama DX

### Open Integration





## Message from the CFO

While maintaining sound financial discipline, we will concentrate Tokuyama's management resources in the three growth areas of electronics, healthcare, and the environment to support our sustainable growth from a financial perspective.

### Hideo Sugimura

Representative Director,  
Senior Managing Executive Officer



## Towards Management That is Conscious of the Cost of Capital and Stock Price

In April of this year, Tokuyama announced its policy to focus on management that is conscious of the cost of capital and its stock price. Our basic policy is to steadily implement Medium-Term Management Plan 2025, which includes four specific measures: (1) Enhancement of shareholder returns, (2) Focused investment in growth businesses and review of existing businesses by actively utilizing ROIC (return on invested capital), (3) Reduction of strategic shareholdings, and (4) Dialog with shareholders. We will continue to pursue further improvement

of corporate value by maintaining a certain degree of financial discipline, achieving medium- to long-term growth through strategic investments for the future, and executing capital policies that take into account the interests of our stakeholders. In particular, we intend to evaluate and analyze the current status of our growth businesses and make decisions related to the sustainability of existing businesses by compiling three financial tables for each business unit and referring to ROIC.

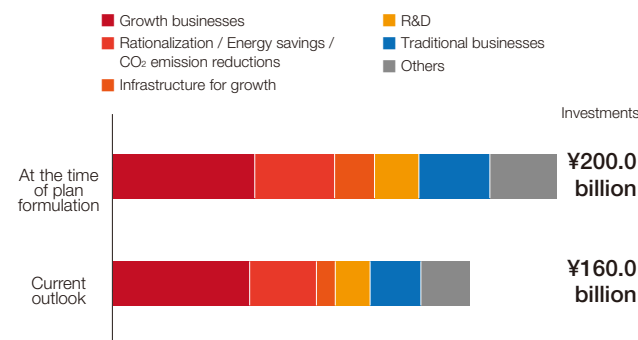
## Review of FY2023 and Outlook for FY2024

In FY2023 (ending March 31, 2024), we fell short of our original plan (formulated at the beginning of the year) due to the sluggish semiconductor market, but we were able to increase profits after five consecutive fiscal years of declining profits due to appropriate measures such as raising selling prices. In September 2023, we made an early repayment of a subordinated loan of ¥60 billion. This redemption eliminated the refinancing restriction clause and expanded the flexibility of the capital policy. In addition, we have been able to reduce short-term borrowings, and cash reserves are returning to an appropriate level.

In FY2024 (ending March 31, 2025), we expect semiconductor market conditions to recover, but we also see some concerns, such as high raw material prices. In this context, we expect to see growth in net sales, ordinary profit, and profit attributable to owners of the parent, as the benefits of the Group's efforts to strengthen profitability, appropriate sales price policies, and strategic investments centered on growth businesses, which we have been focusing on, are expected to materialize.

We will continue to pursue a flexible financial strategy and capital policy, keeping a close eye on ROE, which indicates management efficiency, and PBR, which is a measure of corporate value, in addition to our ability to generate cash.

### Capex Plan Breakdown (FY2021–2025)



Keywords are priority investment in growth fields, reduction of CO<sub>2</sub> emissions, and energy savings

### Major Capex Results

- Construction of the factory of joint venture company in Taiwan for high-purity IPA (FTAC)
- Construction of the factory of joint venture company in Korea for high-purity IPA (STAC)
- Production capacity expansion of dental materials
- Waste gypsum board recycling business Construction of a new plant in Muroran
- Establishment of the Center for Commercialization of Advanced Technology
- Investment related to biomass co-fired generation in power plants

## Financial and Capital Strategy to Lead to Successful Business Portfolio Transformation

Since experiencing an impairment loss related to Tokuyama Malaysia in FY2015, we have focused on establishing sound financial strength by carefully selecting capital expenditures and limiting the amount of investment to within the operating cash flow. As a result, our ability to generate cash as well as tolerance for interest-bearing debt have both been heightened, and we have succeeded in building a solid financial base, providing funds to support growth investments with a medium- to long-term view. Based on these results, in Medium-Term Management Plan 2025, which concludes in the fiscal year ending March 31, 2026, we established "Transform business portfolio," "Contribute to mitigating global warming," and "Practice socially responsible management" as our three priority issues. Among these issues, aggressive investment in growth businesses is essential to promote the transformation of the business portfolio. While maintaining a sound and stable financial base, we will pursue continued growth into the future

by concentrating management resources in the three growth areas of electronics, healthcare, and the environment.

We will inject adequate capital after thoroughly reviewing into DX to support our business model transformation, as well as human capital and R&D, our sources of corporate competitiveness. For large-scale projects such as M&A, we will thoroughly assess the timing of investment effects in advance and continue monitoring with ROIC as an indicator after the M&A is completed, aiming to create comprehensive synergies and contribute to the business performance of acquired businesses as soon as possible. In addition, with regard to R&D, which is the lifeline of a manufacturer, we will implement efficient development activities with an awareness of costs and exits (business divisions launching products) to further ensure our evolution into the "value-creative company," that we are aiming for.

## Toward Further Enhancing Shareholder Returns

Tokuyama's basic policy for returning profits to shareholders is to increase shareholder value through steady profit growth while maintaining stable dividends. In particular, we recognize that the next five to ten years will be a phase of upfront investment, and therefore, that it is vital to execute an effective investment strategy that utilizes retained earnings to increase EPS. We will carefully consider share buybacks, which are

often employed as a method to improve ROE, while maintaining awareness of PBR. In order to raise ROE above the cost of equity capital, we will deepen dialog with shareholders and investors, and aim to obtain an appropriate evaluation that reflects the reality of the Company by accurately communicating the Group's superiority and the value it provides, both in financial and non-financial terms.

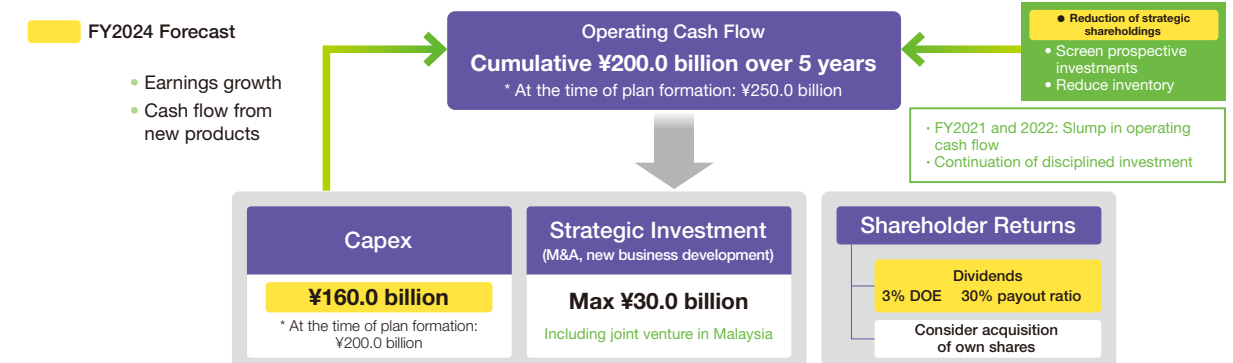
## A Few Words for Our Stakeholders

The Group has achieved sustained growth on the strength of its stable financial base. As CFO, I am proud that our sound financial position and balanced revenue structure have earned us the trust of our stakeholders. However, the business environment never ceases to change along with the times. In order for Tokuyama to continue to develop as a value-creative company, it is necessary to actively invest management resources into making traditional businesses highly profitable, fostering growth businesses, and expanding our management structure.

I have overseen Tokuyama's finance and accounting along with corporate management and more since I was appointed

General Manager of the Corporate Planning Division in 2019. I recognize that the responsibility of the CFO is to maintain and strengthen the financial base, which is the backbone of corporate management and the source of trust, and to support the sustainable growth of the Group from a financial perspective. We will continue to drive the Tokuyama Group's sustainable growth from a financial perspective and strive to create a corporate group that is trusted by all stakeholders. We ask for your continued understanding and support of Tokuyama's management vision and financial measures.

### Cash Flow Generation and Allocation



## Progress of Medium-Term Management Plan 2025

### Progress of Medium-Term Management Plan 2025

#### Transform Business Portfolio

### Increase growth businesses' share of consolidated net sales to over 50%

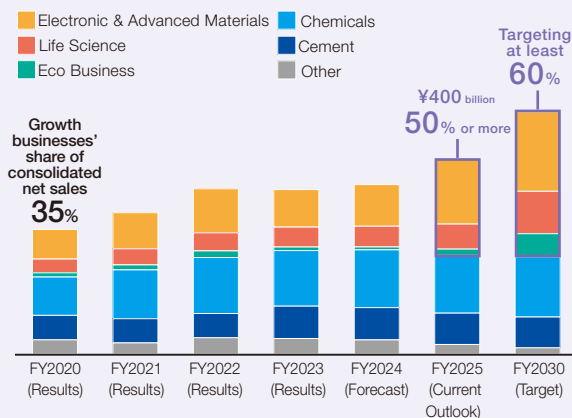
#### FY2021-25 Plans

- Redefine/reorganize growth businesses around the three themes of electronics, healthcare, and the environment, and proceed to move ahead with expanding them
- Chemicals and cement businesses to promote increased efficiency while generating sustainable cash flows

#### Progress in FY2023

While the sales price revisions that we have been working on since FY2022 to address soaring raw material and fuel prices triggered by Russia's invasion of Ukraine have taken hold and earnings from cement and chemical products recovered in FY2023, sales of semiconductor-related products were sluggish due to the slowdown in the semiconductor market, which began in FY2022, making it a year of treading water in the transformation of our business portfolio in terms of net sales. Even in this context, Life Science has steadily improved its performance and the expansion of our semiconductor-related products has steadily progressed overseas, ensuring stable execution of measures aimed at achieving the FY2025 plan.

#### Breakdown of Consolidated Net Sales by Business



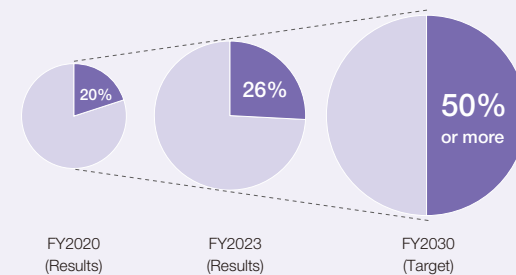
#### Priorities and Initiatives

- Technology** Pursue added value and promote technological differentiation by collaborating more with external partners
- Efficiency Gains** Pursue Company-wide operational efficiency, mainly through DX
- International Expansion** Expand operations in growing overseas markets

#### International Expansion

The overseas share of consolidated net sales in FY2023 decreased year on year due to the fall in overseas market conditions for chemicals and the decline in export volumes caused by the sluggish semiconductor market. Under such conditions, Formosa Tokuyama Advanced Chemicals (FTAC), a manufacturing and sales company for high-purity IPA established in Taiwan, has completed its factory startup and started the full-scale shipment of products. Similarly, STAC, established in South Korea, has completed its factory and is working towards the shipment of products to customers. In addition, we have decided to establish a manufacturing and sales company for polycrystalline silicon in Malaysia, and are proceeding with preparations for future expansion. In the healthcare field, the sales area for dental materials and equipment has traditionally been mainly in Europe and the United States, but it has also expanded to emerging countries, and overseas business growth is accelerating.

#### Overseas Share of Consolidated Net Sales



	Efforts in FY2023	Details Page
Technology	<ul style="list-style-type: none"><li>Opened the No. 2 Tsukuba Research Laboratory</li><li>Accelerated development through joint research with Taiwan's Industrial Technology Research Institute (ITRI), universities and national research institutes, and participation in NEDO* projects</li></ul>	p. 32
Efficiency Gains	<ul style="list-style-type: none"><li>Renewed certification as a "DX certified business operator" by the Ministry of Economy, Trade and Industry</li><li>Improved efficiency of the method for considering optimal factory operating policies by building the management simulation model "T-FORCE" for Tokuyama Factory</li><li>Improved operational efficiency through the use of AI</li></ul>	p. 30
International Expansion	<ul style="list-style-type: none"><li>Establishing an overseas production site of the high-purity IPA through subsidiaries in Taiwan and South Korea</li><li>Decided to establish a joint venture with OCI Company Ltd. in Malaysia for the semiconductor-grade polycrystalline silicon business</li></ul>	pp. 17, 31

\* NEDO: New Energy and Industrial Technology Development Organization

#### Contribute to Mitigating Global Warming

### Expedite development/ commercialization of next-gen energy technologies Reduce GHG emissions (Scope 1 and 2) 30% by FY2030\*

\* Base year: FY2019 GHG emissions of approximately 7.26 million tonnes-CO<sub>2</sub>e

➔ p. 38 Message from the Executive Officer in Charge of Sustainability

➔ p. 44 Disclosures Based on TCFD Recommendations

In FY2023, we set a new Scope 3 emissions reduction target to further promote efforts to achieve carbon neutrality and to take on the challenge of decarbonizing our supply chain. GHG emissions (Scope 1 and 2) were reduced by 13% compared to FY2019 through biomass co-fire generation and aggressive energy conservation activities.

Main Reduction Targets <sup>1</sup>	Initiative Policy	Efforts in FY2023
In-house power generation facilities	Reduce GHG emissions from in-house power generation by 50% by FY2030 <sup>2</sup>	Co-firing of biomass/ammonia Use of local energy
Cement	Reduce limestone use and coal use	Suspension of one cement kiln line
Carbon offsets	Consider implementing CCUS technology and offsets	Development of carbon negative concrete

1. Reduction targets: Reviewed by origin.  
2. Base year: FY2019

#### Practice Socially Responsible Management

### Step up high-priority CSR initiatives to lay the groundwork for further growth and realize our Vision

➔ p. 8 Message from the President

➔ p.40 Vision and Materiality

➔ p. 56 Risk Management

In order to promote sustainability, which has now become inseparable from management, we have formulated a Corporate Governance Policy that explicitly outlines our philosophy on governance and clarifies the roles and responsibilities of directors. We have developed policies for officers and employees, including the Tokuyama Group Sustainability Principles and the Tokuyama Group Code of Conduct. In addition, we have increased management transparency through the disclosure of information in the form of integrated reports, annual securities reports, and TCFD reports, etc.

### Progress toward Achieving Targets

KPI	FY2021 Results	FY2022 Results	FY2023 Results	FY2025 Targets <sup>1,2</sup>	Keys to Achieving Target
Net sales (billion)	293.8	351.7	341.9	400.0	Focus on business portfolio transformation Reflect cost increases
Operating profit (billion)	24.5	14.3	25.6	45.0	Growth toward FY2025 Revised due to change in depreciation method
Growth business net sales compound annual growth rate (CAGR <sup>3</sup> ) (%)	19.9	20.1	8.5	10.0 or higher	Strengthen R&D Accelerate international expansion
ROE (%)	13.2	4.1	7.4	11.0 or higher	Balance efficiency of shareholders' equity and financial base Revised due to change in depreciation method

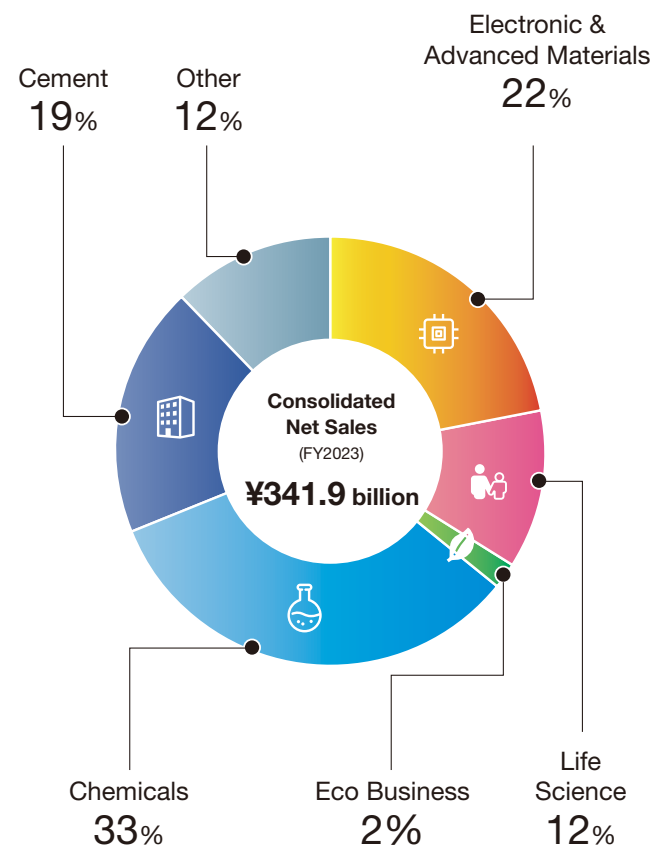
1. Due to the change in depreciation method, the targets for operating profit for FY2025 were updated from ¥40 billion to ¥45 billion and ROE was changed from 10% to 11% (announced April 28, 2023).  
2. In consideration of business performance trends and the business environment, we have changed our net sales forecast for FY2025 from ¥320 billion to ¥400 billion (announced on April 26, 2024).  
3. CAGR (compound annual growth rate): The annual geometric mean rate calculated from the growth rate over multiple years



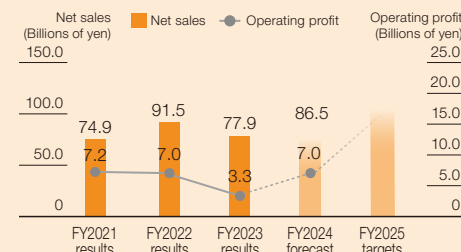
## Progress of Medium-Term Management Plan 2025

In FY2023, although we made progress in passing on the higher raw material and fuel costs to prices, as can be seen with cement returning to profitability, growth toward business portfolio transformation came to a standstill, as sales and profits of Electronic & Advanced Materials declined due to the sluggish semiconductor market.

Meanwhile, in FY2024 we anticipate that the semiconductor market will enter a recovery phase, and we expect increased profits and improved earnings in all business segments, based on factors such as the ongoing improvement in manufacturing costs.



### Quantitative Targets

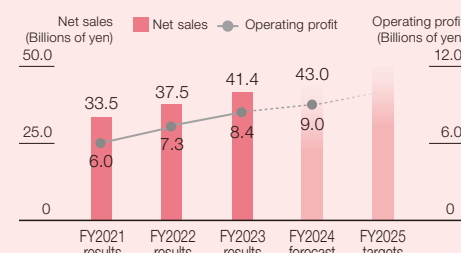


### Priority Measures

- Aggressive expansion into overseas markets
- Expansion of new applications and product lineup
- Pursuing high-grade production and analysis technologies

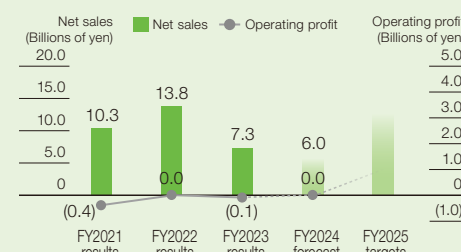
### Strategy Progress by Product Area

Product Area	FY2023 Results	Future Plans and Investments
Silicon	<ul style="list-style-type: none"><li>Decided to establish a joint venture in Malaysia and a subsidiary in Vietnam for the semiconductor-grade polycrystalline silicon business</li><li>Increased capacity of semiconductor-grade high-purity chlorosilane</li></ul>	<ul style="list-style-type: none"><li>Establishment of second location for semiconductor-grade polycrystalline silicon</li><li>Global expansion of high-purity chlorosilane at two locations in Japan and China</li></ul>
IC chemicals	<ul style="list-style-type: none"><li>Expansion of supply of high-purity IPA for electronics manufacturing by the Taiwan JV</li><li>Development of a system for supply of high-purity IPA for the electronics manufacturing by the South Korea JV</li></ul>	<ul style="list-style-type: none"><li>Start of supply of high-purity IPA for the electronics manufacturing by the South Korea JV</li><li>Expansion of global bases</li></ul>
Silica	<ul style="list-style-type: none"><li>Increased production capacity of hydrophobic silica</li></ul>	<ul style="list-style-type: none"><li>Expansion of case and personal care applications</li><li>Expansion of sales of hydrophobic silica</li><li>Entry into the field of organic silicone</li></ul>
Thermal management materials	<ul style="list-style-type: none"><li>Expanded lineup of aluminum nitride/boron nitride fillers</li></ul>	<ul style="list-style-type: none"><li>Launch of silicon nitride</li><li>Expansion of sales of boron nitride fillers</li><li>Application development and expansion into downstream fields</li></ul>



- Strengthen sales structure and accelerate increase in production capacity to further increase share of the overseas dental materials and equipment market
- Strengthen new product development and sales activities to further expand the photochromic market overseas
- Strengthen the medical diagnostic system business

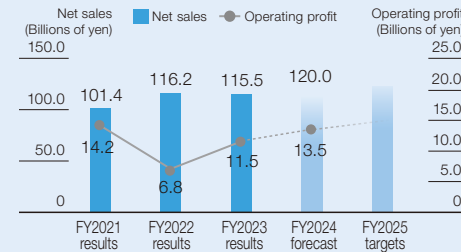
Product Area	FY2023 Results	Future Plans and Investments
Fine chemicals	<ul style="list-style-type: none"><li>Sales performed well due to recognition of the quality of generic APIs</li><li>Steady increase in global market share due to high photochromic performance for eyeglass lenses</li></ul>	<ul style="list-style-type: none"><li>Development of rare APIs and strengthened competitiveness</li><li>Make further performance improvement and obtain overseas market share through the introduction of next-generation photochromic materials</li></ul>
Dental materials and equipment	<ul style="list-style-type: none"><li>Tokuyama Dental built new production building</li><li>Globally expanded composite resins due to increased shipments to overseas markets, and increased sales to Europe, the United States, and emerging markets</li><li>Continued increase in sales of blocks for dental crowns</li></ul>	<ul style="list-style-type: none"><li>Strengthen sales structure and accelerate supply systems to further increase market share</li><li>Accelerate material development to expand the digital dental field</li></ul>
Medical Diagnosis Systems	<ul style="list-style-type: none"><li>Increased sales of laboratory information systems and laboratory automation systems in the domestic market, and had strong sales of electrolyte analyzers in the Chinese market</li></ul>	<ul style="list-style-type: none"><li>In conjunction with the expansion of the electrolyte business, start construction of a production building to meet the increasing demand for electrodes</li></ul>



- Respond to expanded demand for water treatment membranes due to strengthened environmental regulations
- Expansion of recycling business for waste gypsum boards and PV panels, etc.
- Commercialization of next-generation energy technologies that have been developed

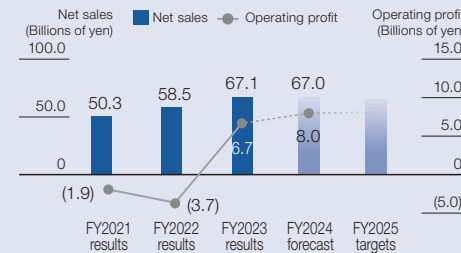
Product Area	FY2023 Results	Future Plans and Investments
Environment	<ul style="list-style-type: none"><li>Waste gypsum board recycling: Started operations at the third domestic site in Muroran City, Hokkaido</li><li>PV<sup>1</sup> panel recycling: AGC succeeded in testing the production of float glass using our recycled cover glass as a raw material</li></ul>	<ul style="list-style-type: none"><li>Waste gypsum board recycling: Secure stable operations and revenue at three domestic plants</li><li>PV panel recycling: Further improve recycling quality and build a business model</li></ul>
Ion-Exchange Membranes	<ul style="list-style-type: none"><li>Improved productivity in response to replacement demand for existing customers</li></ul>	<ul style="list-style-type: none"><li>Cultivate environmental-related demand such as for organics recovery and decarbonization</li></ul>

1. PV: photovoltaic panels for converting sunlight into electricity



- Strengthen business and increase efficiency to maximize revenue
- Reduce CO<sub>2</sub> emissions and waste by improving manufacturing processes
- Improve the supply chain through the promotion of DX

Product Area	FY2023 Results	Future Plans and Investments
Soda Ash and Calcium Chloride	<ul style="list-style-type: none"><li>Launched a business model transformation project for the soda ash business</li></ul>	<ul style="list-style-type: none"><li>Maintenance and renewal of equipment necessary for stable business continuity</li><li>Energy saving and rationalization in response to environmental issues</li></ul>
Chlor-alkali and vinyl chloride	<ul style="list-style-type: none"><li>Acquired Shin Dai-Ichi Vinyl and developed manufacturing technology package for general purpose PVC resin</li></ul>	



- Introduction of energy-saving facilities to reduce CO<sub>2</sub> emissions
- Reduction of coal consumption by increasing the acceptance of a thermal energy alternative such as waste plastic

Product Area	FY2023 Results	Future Plans and Investments
Cement	<ul style="list-style-type: none"><li>Revised sales prices</li><li>Improved energy efficiency through the introduction of high efficiency coolers</li><li>Considered the suspension of one kiln line</li></ul>	<ul style="list-style-type: none"><li>Suspension of one kiln line and the establishment of an optimal production system</li><li>Maintenance and renewal of the equipment required for stable business continuity</li><li>R&amp;D and introduction of technology aimed at environmental issues and carbon neutrality</li></ul>
Recycling	<ul style="list-style-type: none"><li>Enhanced collection of waste plastic</li><li>Prepared for the receipt of liquid fuel from waste and byproducts</li></ul>	<ul style="list-style-type: none"><li>Expansion of waste treatment that contributes to a closed-loop society</li></ul>

Growth businesses

Traditional businesses

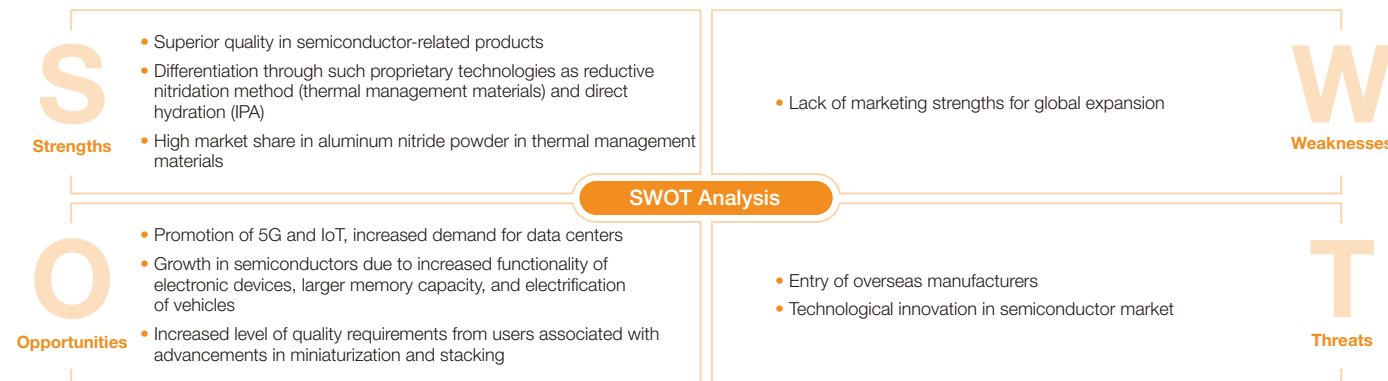


## Progress of Strategy by Business Segment

### Electronic & Advanced Materials Growth businesses

#### Business Goal

Push forward with globalization, and capture the top market share in the high-purity and thermal management materials fields supporting the miniaturization and stacking of semiconductors



#### Message from the Executive Officer in Charge

Improve our market presence through technological innovation and increase capacity to lead to the establishment of a timely supply system

#### Katsumi Nagase

Managing Executive Officer  
General Manager, Electronic &  
Advanced Materials Business  
Headquarter, Advanced Materials  
Business Division, and New  
Business Division



#### FY2023 Summary (Results and Issues)

The Advanced Materials Business Division consists of two segments: Silica and Thermal Management Materials. Shipments of silica for semiconductor chemical mechanical polishing (CMP) were sluggish due to the downturn in semiconductor market conditions, whilst shipments for silicone and other products were on a recovery trend from around the end of the fiscal year. However, shipments of silica decreased mainly due to the effects of the stagnation in the Chinese economy.

In order to expand the new applications set forth in Medium-Term Management Plan 2025, Tokuyama Chemicals (Zhejiang) Co., Ltd. has completed expansion of surface-treated silica production capacity to meet the wind power blade adhesives and paint ink markets, which are expected to grow in the future. We will be proceeding with customer evaluations after the trial operation of the expanded line. New grades for food products have also begun to be evaluated by leading North American companies, and we have started to expand sales of spherical silica as an alternative material for microplastic beads in the United States and Europe. Shipments of thermal management materials were sluggish due to the decrease in actual demand for aluminum nitride powder for semiconductor materials and excessive customer inventories. However, we have been working to expand sales of aluminum nitride and boron nitride fillers by providing differentiated quality. We recognize that the future challenge for thermal management materials will not only be to improve our presence but also to establish a timely supply system in response to the speed of growth and technological innovation in the semiconductor and mobility industries.

#### Progress on Medium-Term Management Plan 2025 Priority Measures and Future Business Implementation

At the Center for Commercialization of Advanced Technology, we are working to commercialize silicon nitride, which is expected to be an insulating substrate for power semiconductors in vehicles and other applications. We are brushing up quality levels to satisfy our customers and are developing mass-production technologies to stabilize quality and to ensure more stable production. Aluminum nitride and boron nitride fillers also have excellent fluidity in resin, which increases the filling amount and significantly increases the thermal conductivity of the resin when filling the resin, and we have received a high level of support from customers. By offering these products in the lineup, we will be able to provide a range of green energy sources, such as automotive, industrial machinery, railways, solar cells, and wind power. We will enhance our presence in thermal management materials for power semiconductors used in a wide range of fields such as power transmission, as well as in advanced semiconductor packages that support HPC (High Performance Computing) and AI. As electronic devices used in these fields become more compact and dense, the amount of heat generated by the devices continues to increase, and heat dissipation measures are becoming an urgent issue. As new social infrastructure is being built while advances are being made with electronic equipment, we will contribute to the development of the semiconductor and information communications industry by expanding our lineup of highly efficient thermal management materials to meet customer needs.

#### Message from the Executive Officer in Charge

Honing our technology and adding value to remain the company of choice among semiconductor industry leaders

#### Seiji Teranishi

Executive Officer  
General Manager, Electronic  
Materials Business



#### FY2023 Summary (Results and Issues)

The Electronic Materials Business Division includes two subsegments: Silicon and IC Chemicals. With regard to silicon, sales of polycrystalline silicon, a major product, were sluggish due to the strong inventory adjustments caused by the slow semiconductor market, but we have launched a new etching line to respond to the higher quality required by our customers. Customer feedback has also been good, and we will continue to improve quality to ensure that our products can be used in the latest silicon wafers with peace of mind.

For IC Chemicals, on the other hand, there has been major growth in demand for high-purity IPA used in cleaning processes due to increased miniaturization of semiconductor chips in recent years. In Taiwan, which is the largest demand area, we have established an integrated production plant for raw materials, and have received certification from our largest customer on all production lines. In the past, we exported high-purity IPA from Japan, but we are currently switching to mostly locally produced products for our largest customer.

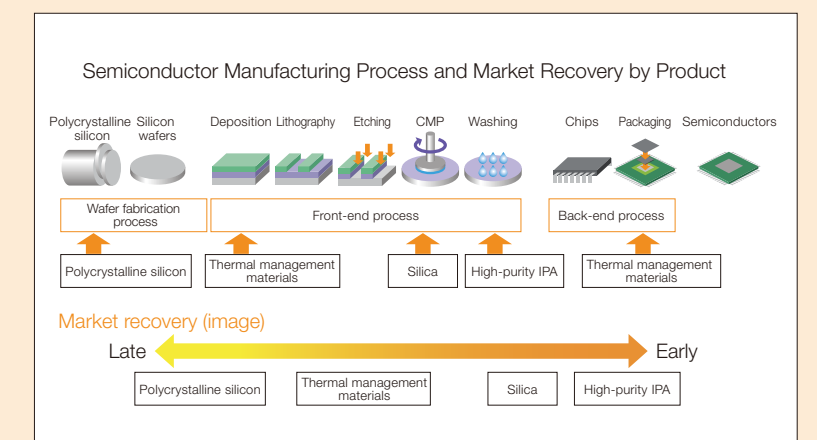
Both polycrystalline silicon and high-purity IPA are used in state-of-the-art semiconductor plants, so high purity must be maintained in every process until used by the customer. A future issue will be to ensure that we generate revenue as a growth business by making sure that customers recognize the value.

#### Progress on Medium-Term Management Plan 2025 Priority Measures and Future Business Implementation

Since the second half of 2022, the semiconductor market has been in the longest stage of inventory adjustment in its history, but looking from a medium- to long-term perspective, the semiconductor market will definitely continue to grow. Despite some planned delays, new factories are under construction in all areas, including silicon wafers, memory and foundries, and we have also been working to support our customers' growth strategies by proceeding with new plans for polycrystalline silicon and high-purity IPA. In particular, a new plant was constructed in South Korea for high-purity IPA, as in Taiwan, and samples began to be supplied to major customers this year. As we are making a somewhat late entry into the Korean market, we will carefully study the stable production technology, quality control technology and trace analysis technology cultivated in Japan, Taiwan and Singapore, and take action to enable mass production as soon as possible. In addition, our high-purity IPA will be mass-produced at our Taiwan plant to be used at a 2-nm plant for the first time in the world. Although the quality requirements of our customers are extremely demanding, we will work with them to pursue quality, create added value, differentiate ourselves from price competition, and continue to survive in this growing market.

#### TOPICS Semiconductor Market Conditions

The semiconductor industry, which had been in a prolonged slump, is expected to see a recovery and further expansion in demand, especially for memory and logic products, against the backdrop of investments related to AI and other areas from FY2024. In our Electronic & Advanced Materials business, we expect products used in the front-end processes of semiconductor manufacturing to recover first, followed by a recovery in upstream components and products used in back-end processes. Although the timing of recovery will depend on inventory conditions in the supply chain, we will secure an appropriate supply system to reliably meet demand.







Progress of Strategy by Business Segment

Life Science

Growth businesses

Business Goal

Use unique technology to capture top niche market share in areas where differentiation is possible: vision, dental, and diagnostics

S

Strengths

- Highly unique product and technology development capabilities based on chemical technology
- Close collaboration between sales, manufacturing and development to enable a rapid and detailed response to user requests

W

Weaknesses

- Lack of marketing strengths and weak sales system in overseas markets

O

Opportunities

- Growth of healthcare due to advent of super aging society and heightened health awareness
- Expansion of emerging markets in the Middle East, Asia, and South America

T

Threats

SWOT Analysis

- Rise of emerging manufacturers centered on South Korea and China
- Destabilization of supply chain such as in procuring raw materials, outsourcing production overseas, and exporting products due to global instability

Message from the Executive Officer in Charge

Strengthening production capacity in response to increased demand.  
Increasing the speed of new product development will lead to increased revenue

Fumiaki Iwasaki

Director, Senior Managing Executive Officer, General Manager, Research & Development Division and Life Science Business Division



FY2023 Summary (Results and Issues)

In FY2023, the Life Science Business Division recorded an increase in revenues and profits over the previous fiscal year. In the dental materials and equipment business, overseas sales of composite resin, including OMNICHROMA®, performed well, and the impact of the weaker yen also resulted in increased revenues and profits. In APIs and intermediates of the fine chemicals subsegment, APIs for generic drugs were strong, and the photochromic materials for eyeglass lenses in the same subsegment also performed well, resulting in increased revenues over the previous fiscal year. In addition, the development of next-generation products is progressing steadily toward the launch of new products in FY2025. For medical diagnosis systems, sales of laboratory Information systems and laboratory automation systems increased in the Japanese market, and sales of electrolyte analyzers were strong in the Chinese market, resulting in increased revenues and profits.

Progress on Medium-Term Management Plan 2025  
Priority Measures and Future Business Implementation

In a year where the semiconductor recession continued longer than expected, we felt the expectation for a Life Science business that is not susceptible to economic trends. In order to expand the Life Science business, we will continue to improve production efficiency through the promotion of DX at the Kashima Factory, strengthen overseas networks, and introduce new products and services into the market. In the dental materials and equipment business, the construction of the production building, which was started in FY2023, was completed in April 2024. Going forward, we will increase production capacity and meet customer demand by increasing production facilities and improving efficiency. In the area of APIs and intermediates, we will continue to embrace challenges in new areas such as the development of processes for highly active APIs while maintaining the current business scale. In photochromic materials for eyeglass lenses, we will continue to focus on sales activities that respond to customer needs and market changes, and will speed up the development of new products for FY2025. In the diagnosis systems business, A&T Corporation has begun construction of a new building at the Shonan Site to meet the increasing demand for electrodes, which are consumables for electrolyte analyzers. With operation planned to start in May 2025, A&T will supply high-performance, high-quality electrodes to medical facilities around the world. The company will also work with Tokuyama to develop medical diagnostic reagents.



Progress of Strategy by Business Segment

Eco Business

Growth businesses

Business Goal

Serve as a new business pillar for the future

S

Strengths

- Unique technologies such as continuous large recrystallization technology for gypsum
- Ion-exchange membrane water treatment
- Unique technologies, such as PV panel recycling using thermal decomposition treatments

W

Weaknesses

- Weak synergies among businesses
- Decreased competitiveness due to rising energy costs

O

Opportunities

- Increased wastewater treatment demand due to tougher environmental regulations in China and emerging countries
- Growing global environmental consciousness
- Global awareness for creating a recycling-oriented society

T

Threats

SWOT Analysis

- Rise of emerging manufacturers centered in China
- Rampant competition as end-of-life PV panels become a social issue

Message from the Executive Officer in Charge

Promote sales expansion and the commercialization of distinctive products and technologies against a backdrop of growth potential in environment-related markets

Naoki Tamura

Executive Officer General Manager, Eco Business Division



FY2023 Summary (Results and Issues)

Both revenue and profit in the Eco Business decreased over the previous fiscal year in FY2023, but this was due to a special factor of Excel Shanon Corporation, a plastic window sash manufacturer, being excluded from our consolidated subsidiaries as a result of an increase in the investment ratio of our partner (Panasonic Corporation). Across the division as a whole, we have developed PV panel recycling technology in Nanporo, Sorachi-gun, Hokkaido, and started operation of the third plant of Tokuyama Chiyoda Gypsum Co., Ltd., which has waste gypsum board recycling technology, in Muroran City, Hokkaido, to provide a solid foundation for future growth. In the development of PV panel recycling technology, our continuous operation verification testing to process and extract the materials that make up obsolete PV panels at a high level of quality was successful. In addition, the cover glass, which is approximately 60% of the total weight, is separated and processed to be supplied as a recycled material for float glass, and AGC Inc. was successful in conducting the first recycling test with the material in float glass in Japan. We will continue our joint research with NEDO in FY2024, and will promote the recycling of other materials, including silicon, which is our strength, and build a business model for realizing a circular economy for solar panels. Tokuyama Chiyoda Gypsum Co., Ltd., which possesses technology that enables the complete recycling of waste gypsum board into gypsum board raw materials, has launched operations at its third plant in Muroran City, Hokkaido, a region where the recovery of gypsum board had been undeveloped. In FY2024, the second year, we aim to make the Muroran Plant profitable. While this company is facing a harsh business climate, we will secure

earnings and stable operations at our three locations as we go ahead with several initiatives, including revising our prices. ASTOM Corporation achieved major improvements in both revenue and profit with continued demand from the use of specialized membranes with distinctive characteristics to recover a valuable resource, lithium (Li). There was also firm demand for ion-exchange membranes used in the production of salt, foods, and potable water. In addition to the extremely strong demand from both Japan and overseas, the demand for technological improvements is likely to remain strong. We will further promote development, and will establish and strengthen our supply system in order to respond to robust demand as much as possible.

Progress on Medium-Term Management Plan 2025  
Priority Measures and Future Business Implementation

Although certain progress has been observed in terms of technology development, it will take time for this to lead to sales and profits, and in terms of business, we have not yet met our expectations as a division that plays a part in the areas of electronics, healthcare and the environment that we have positioned as growth businesses. We are also showcasing technologies that contribute to the environment at exhibitions, and have received strong interest from both Japan and overseas, so we feel the potential for the growth of the market as well as the high expectations of our customers for our technologies. We will strive to further improve our business value by contributing to the formation of a sustainable society with a high awareness of the commercialization of technology that contributes to the environment.



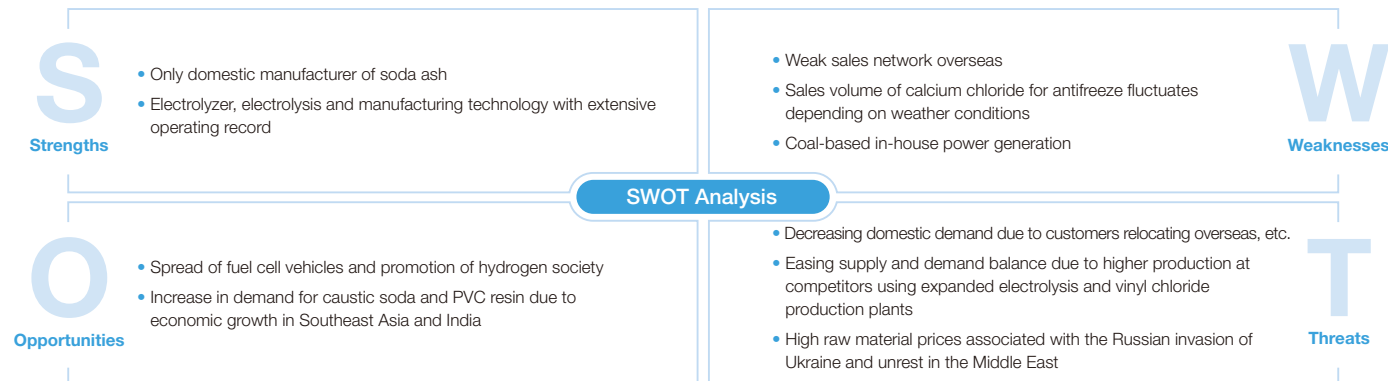
## Progress of Strategy by Business Segment

### Chemicals

Traditional businesses

#### Business Goal

Ensure stable earnings in the existing business



#### Message from the Executive Officer in Charge

Aiming to maximize profits by strengthening sales capabilities through a new sales structure

Hiroataka Nishihara  
Managing Executive Officer  
General Manager, Chemicals  
Business Division



#### FY2023 Summary (Results and Issues)

In order to achieve Medium-Term Management Plan 2025, we have worked to strengthen the chloro-alkali and PVC chloride chain with the aim of maximizing income in the electrolysis business. In FY2022, Shin Dai-Ichi Vinyl Corporation became a wholly owned subsidiary, and in order to further integrate the PVC business, we established a system for absorption into Tokuyama Corporation, which was realized in April 2024. This will allow us to maximize profits by making more flexible decisions about how chlorine generated from electrolysis process is distributed by looking at the market conditions for PVC resin. In addition, we intend to continue the PVC business into the future by creating technology packages based on our expertise in the production of PVC resin. In FY2023, the technology packaging of general-purpose PVC resin was almost finished, and we will proceed with the technology packaging of paste PVC resin in the future.

The Company was founded to provide soda ash in 1918 and is currently the only manufacturer in Japan. In order to maintain stable supply and production for the next 100 years, we launched a project in FY2023 to carry out fundamental modifications to the manufacturing process. In FY2024, we will proceed with preparations to implement more specific measures, as the improvement of this process is expected to have a significant effect on energy savings. In the sodium silicate and cullet business, like soda ash, as one of the largest manufacturers in Japan, we will carry out various studies including fuel conversion to improve and stabilize quality in order to continue to provide stable supply and production.

#### Progress on Medium-Term Management Plan 2025 Priority Measures and Future Business Implementation

Since FY2024, we have significantly changed our chemical sales organization to become a more customer-oriented organization. Except pharmaceutical-grade baking soda and hydrogen, which were previously excluded from soda and calcium chloride, sales of all products, including chloro-alkali products such as caustic soda and PO, have been transferred to Tokuyama Soda Trading Co., Ltd. (TST), a wholly owned subsidiary of Tokuyama. In addition, sales of Sun Arrow Kasei Co., Ltd., a PVC compound manufacturer, and sales of METACLENE, a chlorine-based solvent, have also been incorporated into TST's Chemical Sales Division, aiming for more functional sales. Also, the sales of the merged Shin Dai-Ichi Vinyl Corporation will be reorganized as the PVC Sales Department of the Company, and the Chemical Sales Control Division will be established as its upper level organization. The decision-making for chemicals sales as a whole, including TST, will be swiftly conducted at the Management Office, with the aim of maximizing profits in terms of sales toward achieving the Medium-Term Management Plan 2025.

Furthermore, as an environmentally friendly product, we have also started the pilot production of magnesium hydride using our hydrogen. Looking ahead, we will work with our technology partner Biocoal Lab. Co., Ltd. to develop applications with the aim of bringing them to market early.



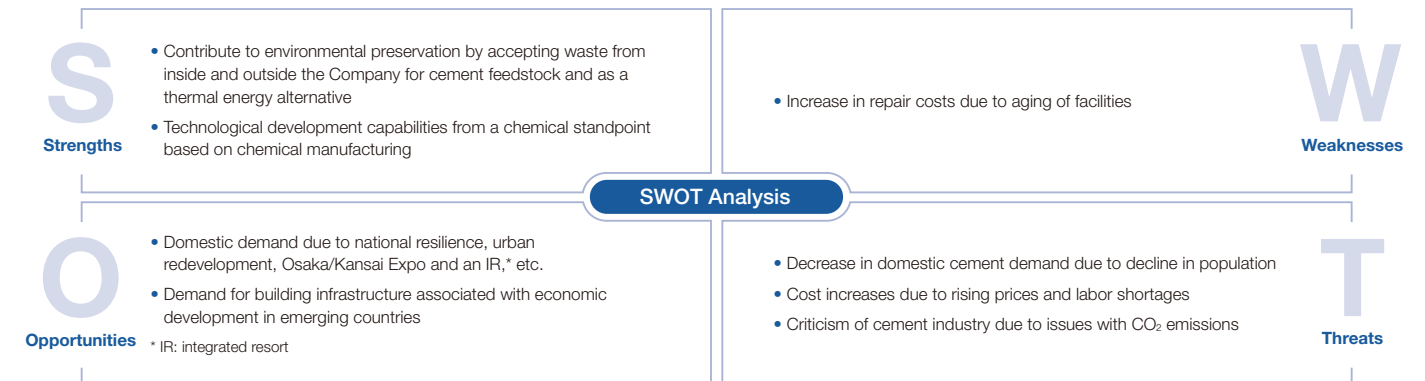
## Progress of Strategy by Business Segment

### Cement

Traditional businesses

#### Business Goal

Become the domestic industry leader in energy efficiency



#### Message from the Executive Officer in Charge

Become the domestic industry leader in energy efficiency in the two-kiln production system

Takahide Taniguchi  
Managing Executive Officer  
General Manager,  
Cement Business Division



#### FY2023 Summary (Results and Issues)

Due to a significant increase in coal prices since 2021, we have revised our sales prices on two occasions. However, we have not been able to absorb the significant cost increases and have experienced operating losses in the last two fiscal years. In addition to self-help efforts such as thermal energy cost reduction and constraining repair costs, we have continued to vigorously revise sales prices in order to secure profits, and this fiscal year we have been successful in achieving an operating profit.

However, prices for raw materials and supplies and logistics costs continue to rise. We are also increasingly required to respond to environmental issues, and to make efforts toward carbon neutrality. Under such circumstances, in FY2023 we installed the latest high-efficiency coolers and switched to bag filters for electrostatic precipitators in our manufacturing facilities. We are also expanding the process of replacing thermal energy, and we have begun to prepare for the acceptance of liquid fuels from waste and by-products, as well as for the acceptance of plastic fluff<sup>1</sup> from overseas. In addition, we are conducting joint research on CO<sub>2</sub>-fixing recycle beads to effectively utilize biomass combustion ash and realize CCS.<sup>2</sup> We have conducted test operations at our Tokuyama Factory.

1. Fluff: Film or sheet cut finely to about 30 mm.  
2. CCS: Carbon dioxide Capture and Storage

#### Progress on Medium-Term Management Plan 2025 Priority Measures and Future Business Implementation

As priority measures for our business target of being the domestic industry leader in energy efficiency, we will focus on introducing equipment that is energy efficient and that reduces CO<sub>2</sub> emissions as we cut coal consumption by using more thermal energy alternatives, such as waste plastic. The Company has introduced the latest high-efficiency coolers to reduce CO<sub>2</sub> emissions, and has increased the purchase of plastic fluff to reduce coal consumption. In addition, we have also started to accept new liquid fuels from waste and by-products in an effort to diversify and stabilize thermal energy alternatives.

On the other hand, domestic demand for cement has decreased more than had been expected at the time of the formulation of Medium-Term Management Plan 2025 due to longer construction periods and the shortage of personnel at contractors and logistics companies, etc. In this situation, we have been considering the establishment of an appropriate cement production system in order to strengthen the profitability of our cement business, and have decided that it would be best to suspend one kiln line and use a two-kiln production system. In the future, we will develop our business with the aim of becoming the leader in energy efficiency in Japan in the two-kiln production system.



Growth Drivers

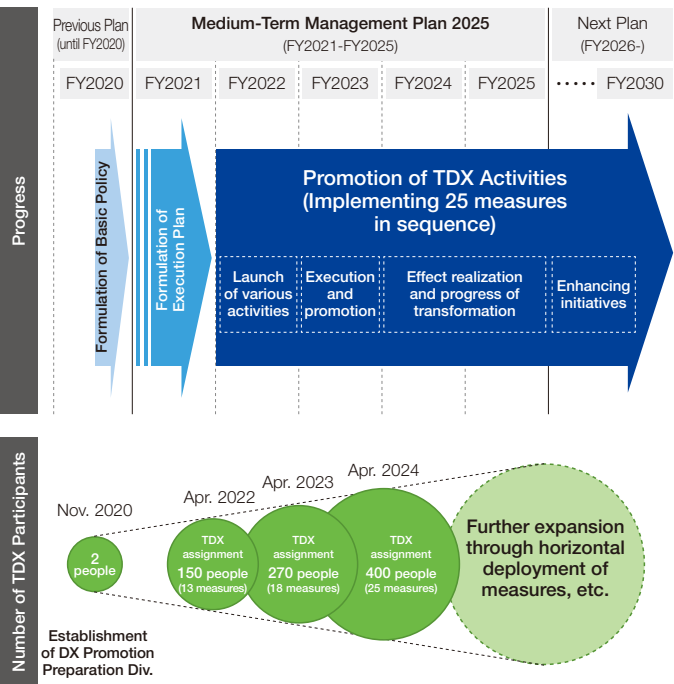
DX Strategy

Overview of DX Strategy

In Medium-Term Management Plan 2025, Tokuyama has stated that it will transform its business portfolio to the growth areas of electronics, healthcare, and the environment, and is actively promoting DX to achieve this goal. Tokuyama DX (TDX) is not simply the use of digital technology to improve operational efficiency, but rather structural and operational reforms to realize Tokuyama's Vision through the utilization of data and digital technology.

The TDX Basic Policy is "building a foundation" and "promoting transformation" in parallel. While aiming for "transformation" such as the advancement of supply chain management and development of new materials by applying Materials Informatics (MI), we are also focusing on "building a foundation," such as the development of a paperless and digital environment in order to overcome changes in the world environment and ensure transformation.

Another thing that we emphasize in promoting TDX is that the entire Tokuyama Group must be involved. In order to create a highly engaged organization that can adapt to environmental changes, each employee must think DX as a personal matter. To accomplish this, DX key persons are assigned to each department and company to raise the overall level of TDX activities while building a cross-company network.

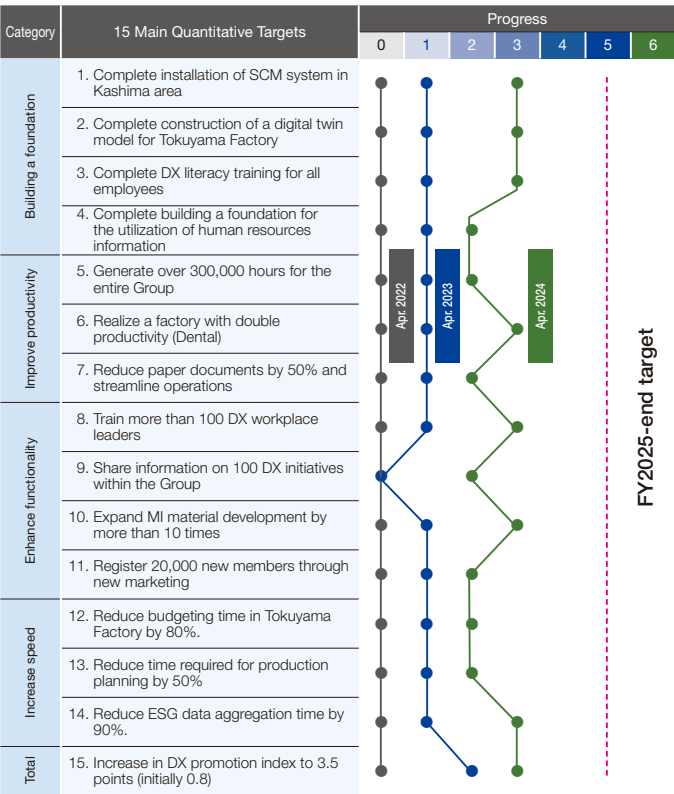


Progress with Major KPIs

With TDX, we have established eight categories, including manufacturing, workstyle, R&D, and business transformation, and are implementing a total of 25 measures. For these initiatives, we have set 15 quantitative targets and are working to achieve them. Our measures are making steady progress overall, and we are "building a foundation" for transformation. As one of the results, in manufacturing DX, we have built the Tokuyama Factory Optimizer with Rapid Calculation of Economic efficiency (T-FORCE) from the perspective of the overall optimization of the Tokuyama Factory. The model is expected to significantly improve the efficiency of the process of considering optimal factory operation policies, taking into account the balance between energy, materials, and waste circulation, and to serve as a basis for developing guidelines for GHG reduction and for the transformation of the business portfolio.

While Company-wide, cross-sectional measures are underway to "improve productivity," "enhance functionality," and "increase speed," our future challenge is to improve individual skills and expand voluntary DX efforts at the front line. While promoting skills development through DX training, which is currently being implemented as a Company-wide measure, we will also work together to achieve our targets for FY2025 by raising the level of autonomous activities at the workplace level through the use of generative AI, citizen development, and other measures.

In January 2024, our TDX initiatives were well received, with the renewal of our "DX certified business operator" certification from the Ministry of Economy, Trade and Industry.



Note: Evaluation criteria of 5 levels are set by each project and confirmed and assessed by the supervising PMO. The fifteen items are also disclosed outside the Company.

TOPICS

Promoting Operational Efficiency Improvement through the Use of AI

In TDX, we are actively promoting the use of AI in various business areas, including production activities. The introduction of the system into monitoring and quality control operations, which place a particularly heavy burden on workers, has been remarkably effective. We would like to show you some examples.

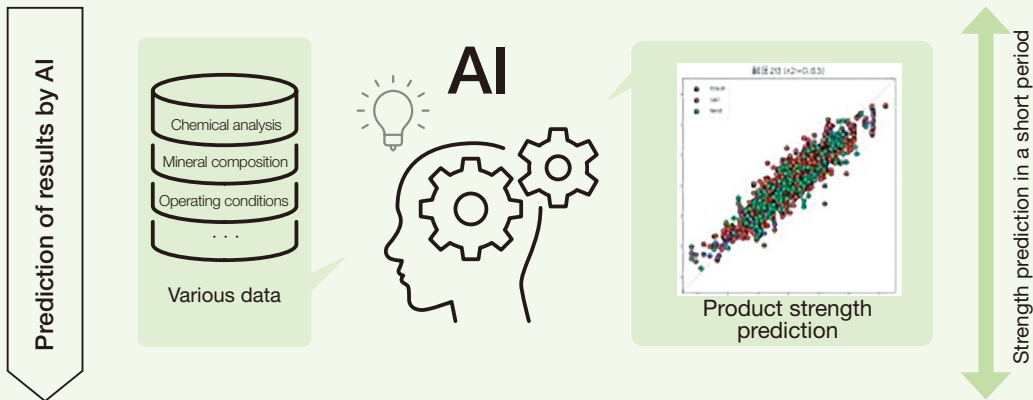
In terms of monitoring operations, we developed and introduced an application for detecting black smoke, using environmental monitoring cameras at Tokuyama Factory. In the past, our response was to have disaster prevention cameras monitored by people, but the development and introduction of a diagnostic imaging AI with high judgment accuracy has enabled constant monitoring, contributing to the early detection of black smoke and reducing the burden on monitoring staff.

In terms of quality control, AI can now predict the results of mortar compressive strength tests carried out in the Cement Production Department. For strength that develops over a long period of time, as many as 28 days are required for the test results to be revealed, but by using AI to predict long-term strength, this can be reflected in adjustments to manufacturing

conditions at an earlier stage, contributing to the further stabilization of quality.

In the area of medical diagnostic systems, we have developed an in-house AI-based automatic judgment system for quality inspections, which has dramatically improved inspection quality and productivity. Compared to conventional inspection systems, the number of visual image inspections has been reduced by 75%, and the training time for inspectors has also been reduced. Furthermore, roll-out to other products was also achieved within a short period of four months after introduction.

In order to strengthen and expand the use of AI, we are systematically implementing "promoting utilization," "sharing information," and "human resource development" throughout the Tokuyama Group. The first meeting of the Tokuyama Group AI Promotion Council was held in July 2024 for the purpose of "information sharing" and was attended by DX practitioners from each Group company. We aim to expand the use of AI technology, which tends to be department-specific, to the entire Group, and to take it to new heights through mutual cooperation.



Accelerate International Expansion

Decided to establish a joint venture with OCI of South Korea in Malaysia for the semiconductor-grade polycrystalline silicon business

At the meeting of the Board of Directors held on December 13, 2023, the Company resolved to enter into a joint venture agreement with OCI Company Ltd. (Seoul, South Korea) concerning the joint production of semi-finished polycrystalline silicon for semiconductor applications in Malaysia and to establish a joint venture company.

In anticipation of increased demand associated with the future expansion of the semiconductor market, we will promote business expansion in electronics while limiting increases in GHG emissions in order to establish a production and supply system for polycrystalline silicon for semiconductors that uses clean energy. The establishment of the company is subject to approval from the relevant authorities.

Overview of the Joint Venture (Equity Method Affiliate)

Name	Sarawak Advanced Materials Sdn. Bhd.
Location	Sarawak, Malaysia
Business	The manufacture and sale of semi-finished semiconductor-grade polycrystalline silicon
Capital	US\$168 million
Production capacity	8,000 tonnes * Plans to increase annual production to approximately 10,000 tonnes in the future
Investment amount	US\$300 million
Investment ratio	OCI Company Ltd. 50% Tokuyama Corporation 50%

## Growth Drivers

## Research and Development

## “One Tokuyama” to ensure the transformation of the business portfolio

Director, Senior Managing Executive Officer,  
General Manager, Research & Development Division and  
Life Science Business Division

Fumiaki Iwasaki



Medium-Term Management Plan 2025 is now in its fourth year. As stated in our Vision, we have made continuous efforts to refine and leverage our unique strengths and to take on challenges in new areas, but we recognize that we have now entered a period in which we must reap the fruits of our efforts.

In FY2023, we took stock of our R&D themes, taking into account changes in the market environment and Tokuyama's strengths, and reassigned our personnel. In addition, in January 2024 we opened the No. 2 Tsukuba Research Laboratory and transferred 50 researchers in the healthcare domain and environment domain from Tsukuba Research Laboratory, which had become too small, to improve the environment for research and development activities. Based on the above, we would like to raise the stage of research and development for two development themes going into the final year, FY2025, leading to monetization in the future.

One of these is membranes for AEM water electrolysis in the environmental domain, and roll-to-roll equipment has been installed at the No. 2 Tsukuba Research Laboratory, providing a system to enable the shipment of samples. Water electrolysis using anion conductive membrane is a technology that is anticipated to reduce the cost of hydrogen production because it is expected to reduce material costs due to the non-use of rare precious metals as catalysts. In recent years, active research and development has been conducted both in Japan and abroad, and Tokuyama will also contribute to activities aimed at social implementation.

The other is porous silica, which is being developed by Tokuyama Research Laboratory in collaboration with the Electronic & Advanced Materials Business Headquarter, and is being considered for use in the electronics field due to its uniqueness of being a powder control technology that enables the flexible control of particle hardness. We plan to scale up from the lab level in order to meet demand.

In FY2024, in addition to the aforementioned monetization efforts, we will select themes for the next Medium-Term Management Plan based on marketing information obtained from the front lines. In addition to strengthening the electronics domain, we would like to focus on expanding the healthcare domain, which is less susceptible to changes in the economic situation. In the medical diagnostics systems field, we are developing new diagnostic reagents by utilizing our chemical expertise, and A&T Corporation and Tokuyama will work as one to bring them to market.

The realization of commercialization from R&D requires a One Tokuyama response with seamless connections between the Research & Development Division, the business divisions and operating companies responsible for future exit, as well as the engineering personnel responsible for process development. Everyone involved will work diligently in order to ensure the transformation of our business portfolio.

## TOPICS

## Strengthening Research in Healthcare and the Environment, Opening No. 2 Tsukuba Research Laboratory

No. 2 Tsukuba Research Laboratory was opened in January 2024. No. 2 Tsukuba Research Laboratory, located about a 10 minutes away from the existing Tsukuba Research Laboratory, covers an area of approximately 45,000 m<sup>2</sup> and can house up to 100 employees. As part of the organization of the Tsukuba Research Laboratory, which is responsible for corporate research, this facility conducts technological and product development in the healthcare domain, mainly medical materials and diagnostic reagents, and in the environment domain, including ion exchange membranes for AEM water electrolysis for the production of hydrogen. With regard to the development of medical diagnostic reagents, we are developing POCT (Point of Care Testing), a reagent for immediate testing at clinical sites that can be used in situations such as home care, and we will actively promote R&D activities with an eye toward the next Medium-Term Management Plan.



## R&amp;D Structure Based on Future Predictions for Target Markets

Much of Tokuyama's research and development begins with a search on the theme of technologies needed in the market based on predictions of future social issues, targeting markets which are centered on the growth business areas of electronics, healthcare, and the environment. Then, from among a countless number of themes, we select themes in which the Tokuyama Group can demonstrate its strengths by combining marketing information obtained from existing customers and potential markets with the Tokuyama Group's proprietary technologies and knowledge that can be brought from outside the Company.

New themes are brought to market step-by-step through basic research, technology development, and product development within the corporate R&D of the Research & Development Division, while utilizing open innovation in order to speed up development and receiving support from various specialist departments within the Company. In particular, the support provided by the Analytical Science Department (Shunan City, Yamaguchi Prefecture), which possesses high-precision analysis technology, plays an important role in differentiating us from our competitors in electronics. Furthermore, as part of the TDX<sup>1</sup> initiative, we are also actively utilizing generative AI and MI<sup>2</sup> in our R&D activities in order to transform and streamline our development operations.

Meanwhile, it is also true that there is a major barrier, known as the “valley of death,” between the R&D phase and commercialization. In April 2022, we established the New Business Center (upgraded to a division in April 2023, now the

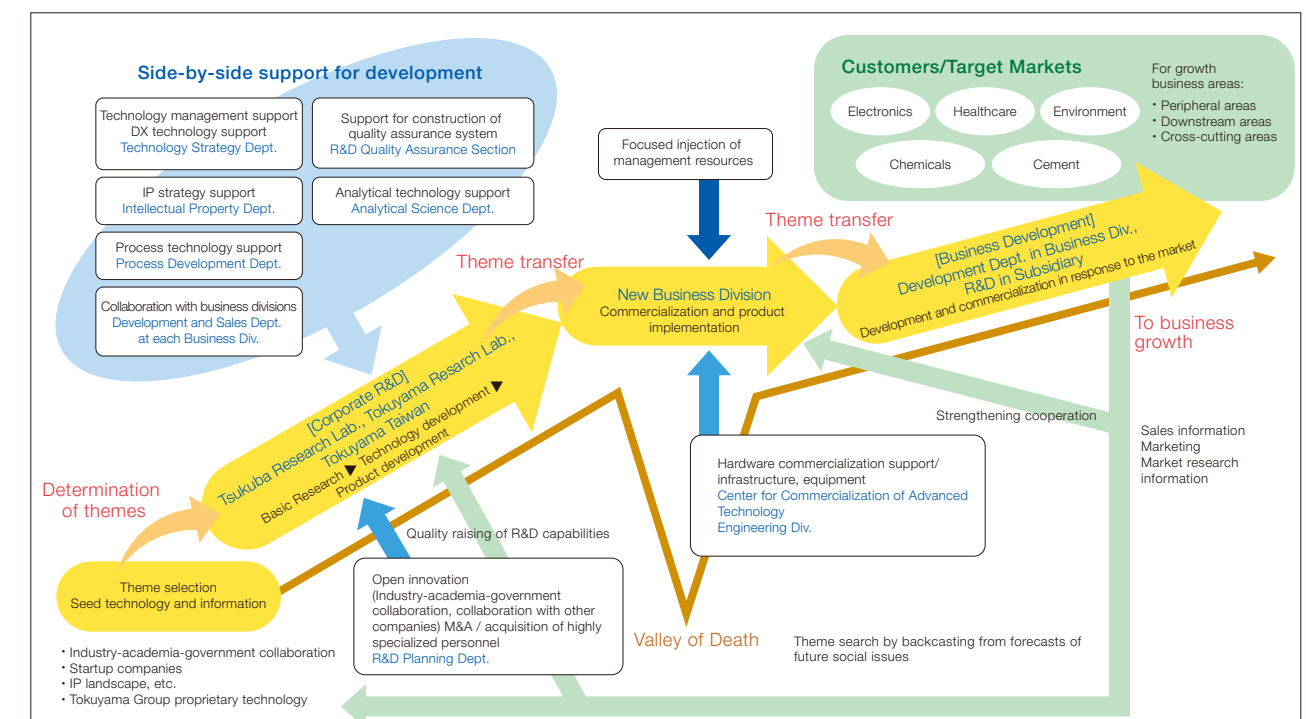
New Business Division) for the purpose of launching new businesses in growth business areas with a sense of speed. At present, we are concentrating various management resources on the construction of hardware at the Center for Commercialization of Advanced Technology (Yanai City, Yamaguchi Prefecture) in order to commercialize alkaline water electrolysis technology for the production of hydrogen and heat dissipation applications that will contribute to the improved performance of electronic devices.

The development groups in each business division are positioned on the front lines of marketing to ascertain market needs and the latest technological trends, including requests for improvements from existing customers. The organization can be considered the starting point for the aforementioned theme search, and in addition to promoting improvements to meet market needs, it also has the function of promoting new product development in cooperation with corporate research, etc. In our traditional business areas of Chemicals and Cement, we are also working to commercialize unique materials such as magnesium hydride, which is a hydrogen storage alloy, and roadbed materials utilizing biomass combustion ash.

Tokuyama's research and development is conducted in collaboration with corporate research, the New Business Division, and business division development, with the entire company working as one in order to achieve business growth.

1. TDX: Tokuyama DX  
2. MI: Material Informatics

## R&amp;D Concept



Note: This image shows the organizations involved in R&D, focusing on their functions, and may differ from actual activities.



## Growth Drivers

## Human Capital

Enhancement of human capital vital for achieving our Vision.

Execute a new human resources strategy in line with 8 strategic axes under the Human Resources Policy

Executive Officer, General Manager,  
General Affairs & Human Resources Division  
**Takashi Satou**

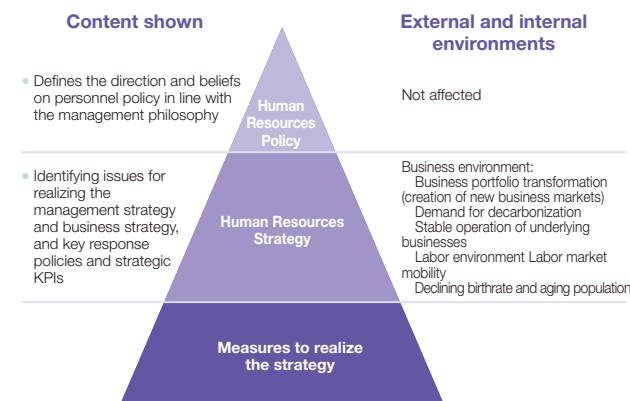


In order to respond to changes in the business environment, a new Human Resources Strategy to be implemented from FY2024 was resolved at the Board of Directors meeting held in April 2024. The aim of the new strategy is to create diverse and productive human capital that meets the needs of work styles, with the message of a "Human Resources Strategy to improve employee value while contributing to the realization of a management strategy" the objective is to explain specific stories that will lead to the realization of a management strategy and the enhancement of the company's corporate value.

The new Human Resources Strategy is positioned below the Human Resources Policy, which is our philosophy on human capital, and is flexible enough to change according to management strategy and the external environment. Considering our management strategy, our Human Resources Strategy requires us to recruit and develop personnel capable of demonstrating high performance to enable business portfolio transformation, while at the same time, we must aim to firmly improve the labor productivity of the traditional businesses that support our growth businesses and to ensure the generation of cash. In addition, to create a system and a culture that values the diversity where diverse talents can flourish in order to respond to the ever-changing business environment and the evolving management of the Group, the realization of human capital management with a view to the entire Group is also an important area targeted by this Human Resources Strategy. In order to resolve these issues, we will define eight strategic axes in our Human Resources Strategy and implement each of our measures in line with these strategic axes.

Going forward, the approach to human resources of companies must change in the name of human capital management in response to changes of the management environment. In order to respond to various changes, we will increase engagement through solid dialog with our employees, and each employee will grow in action that embodies the content of our strategy, thereby increasing corporate value and realizing human capital management that our stakeholders can appreciate.

## Positioning of the Human Resources Strategy



It is essential for our human resources strategy to be aligned with the overall business strategy, not only based on internal guidelines, and to be sustainable in terms of human resources management. Furthermore, it is crucial to communicate the human resource strategy to investors and the labor market in order to have the company's value accurately evaluated. We will proactively advance recruitment activities, emphasizing the potential for a diverse range of talent to thrive, including new graduates and experienced professionals.

## Eight Strategic Axes Bridging the Gap toward Our Vision



## Measures for Implementing Strategy

## Recruitment

Actively recruiting, retaining, and increasing the strength of strategic personnel

In terms of recruitment, securing personnel from a labor market in which the population is declining and aging, and the needs of working styles are diversifying, is a pressing issue. We determine the personnel to be hired that are necessary for our business based on the personnel plan established every year in accordance with our management plan. In this process, we not only establish the number of employees to recruit but also assess the necessary human resource requirements to be applied to our businesses, such as whether to recruit from the new graduate market, which is centered on personnel who are expected to grow over the medium to long term, or to recruit mid-career personnel who are expected to be ready for business; we secure personnel according to the characteristics of each business. In addition, in order to recruit the talented personnel required for business growth in the midst of a labor shortage, we redefine the characteristics and strong points of the Company and demonstrate the attractiveness of the Company to the labor market through effective media to develop a multilateral recruitment route that is appropriate for the region, technology, and work experience to ensure continuous talent retention.

## Development

Human resource management in collaboration with business divisions

Given the management environment of the Company, we need personnel who are active globally in growth businesses and have experience in projects in difficult environments and project management, as well as personnel who can manage M&As. We will develop executive candidates by identifying the experiences and skills needed for future sustainable growth and managing the careers of our employees.

In addition, in FY2024 a job-based personnel system was introduced in management roles, and in the future, we plan to formulate a medium-term succession plan for posts defined as important positions, and to develop human resources according to strategic staffing plans and the content thereof.

On the other hand, in terms of overall employee development, the Company conducts training before and after each level of promotion, as well as training and education to improve the level of knowledge of employees, and bears some or all of the costs to raise the overall level of knowledge and skills and to develop human resources that are capable of responding to changing business environments.

## Evaluation

In light of the recent significant diversification of work style needs, we will consider meeting the needs of employees by establishing multiple evaluation methods based on the type of job function and conducting evaluations based on each work style, rather than a standardized evaluation of work results. In addition, we plan to implement appropriate incentives based on productivity to increase employee motivation toward improving overall productivity.

Furthermore, in the evaluation of managerial positions, personnel evaluations will be conducted to assess the degree of achievement of the duties required in the management plan in conjunction with the introduction of the job-based system, and evaluations will be conducted in a scientific and fair manner by monitoring the management status of the organization through a 360 degree evaluation and the results of the organizational engagement survey.

## Work Styles

One of the visions of the Company is to "Be a company with healthy employees who have healthy families and take pride in their work at their company" and has been selected as a Health and Productivity Stock jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the second consecutive year. We will continue to promote management with an awareness of a work-life balance so that employees can work vibrantly in good health, both physically and mentally.

In addition, systems and operations for managing human resources with a variety of wisdom and experience, as well as women and mid-career hires, will be improved appropriately to

ensure that these people fulfill their potential, regardless of the conventional framework, to create a highly engaged human capital structure where employees and the Company work together. In FY2023, we adopted an open application system for some employee transfers, and we have started measures that are based on employees' preferences.



## Dialog with Employees



### Aiming to create a corporate culture brimming with freshness in which employees' challenges are the driving force for business growth

In April 2024, we designed and introduced a new job-based personnel system for managerial positions, accelerating our efforts to transform the organizational culture and to expand human capital. What are the thoughts and aims of junior managers at the forefront of business? Three new leaders, who were promoted to managerial positions during the period from 2023 to this year, were asked to discuss the future of Tokuyama as well as their own challenges.

Tokuyama Dental Corporation  
Tsukuba Research Laboratory  
**Hiroshi Morisaki**

Electronic & Advanced  
Materials Planning Dept.  
**Satoko Yoshimura**

Chemicals Planning Dept.  
**Hisashi So**

#### Department and Responsibilities

**Morisaki:** I am very pleased to have this opportunity for an exchange of opinions among junior managers. Since joining Tokuyama in 2011, I have continued to pursue development fields, and am now a leader in the Composite Materials Development Department at Tokuyama Dental Corporation's Tsukuba Research Laboratory. As a recent topic, OMNICHROMA®, a dental filling composite resin for which I was involved in development, has won three technical awards in Japan. Driven by OMNICHROMA®, the dental materials and equipment business has become a core part of the Life Science Business Division. I feel motivated and a sense of mission to play a role in transforming the business portfolio.

**Yoshimura:** I am a member of the Electronic & Advanced Materials Planning Department and work in the procurement of raw materials and supplies. The supply chain for electronic materials is becoming increasingly complex every year, and social interest in environmentally friendly green procurement has also risen. We cannot fulfill our mission by simply purchasing inexpensive raw materials according to the

requirements of the Manufacturing Department. In addition to developing new suppliers to ensure stable, high-quality products, we are committed to implementing our medium- to long-term procurement strategies, including establishing a global procurement network and building new channels through alliances.

**So:** After joining the Company in 2005, I worked on logistics operations, implementation of ERP systems, and operation of Tokuyama & Central Soda Co., Ltd. (as it was named at the time), and in April 2024, I was appointed manager of the Business Planning Team of the Chemicals Planning Department. In the past, we have worked on a wide range of activities, including sales strategies and business plans for a decarbonized society, with a global perspective of the market for various chemicals, including soda ash, the business on which the Company was founded. At present, we are working with our partner company to develop the market for magnesium hydride, which has started the pilot production at the Tokuyama Factory.

#### Our Challenge —As Leaders in a New Era

**Morisaki:** The important thing to do in R&D is not only to create innovative technologies that have never been possible before, but also to bring them to market as products. In addition to thinking and anticipating, engineers need to be able to execute the entire R&D process, from establishing hypotheses to bringing new products to market. What I'm

mindful of now is to develop the future researchers, and to improve the organizational capabilities of the Development Division. We will contribute to the development of the Life Science Business Division while respecting the "workplace intuition" of each researcher and engineer.

**Yoshimura:** I worked for a foreign silicon wafer manufacturer before joining Tokuyama in 2012. Moving from a foreign company to a long-established Japanese company with a history spanning more than 100 years, it took time for me to get used to the culture and customs. However, I am grateful that I am now entrusted with the important task of procurement at the Electronic & Advanced Materials Division. My challenge is to develop and implement an effective procurement strategy that incorporates a medium- to long-term market outlook and a sustainability perspective. We are striving to expand Tokuyama's profits while optimizing the entire supply chain, from procurement of materials and raw materials through to product logistics.

**So:** My challenge is to put the business of magnesium hydride on track, which I mentioned at the beginning. Magnesium hydride, a hydrogen-absorbing alloy, is receiving great attention both inside and outside the industry as a next-generation hydrogen carrier that can safely and easily store and transport hydrogen. I would like to promote the utility and potential of magnesium hydride for industry in a wide range of areas, and to enhance the market value of this product by establishing a stable production and supply system and strengthening cooperation with our partner.

#### Tokuyama's Corporate Culture

**Morisaki:** Compared to other companies in the industry in Japan and overseas, I think there may still be a relaxed atmosphere. However, in the past few years, I feel that more and more employees have experienced a sense of alarm concerning the Company's current situation. At Tsukuba Research Laboratory, mid-career recruits account for more than one-third of researchers, and the diversification of human resources has allowed the organization to become more vibrant. The main actors in research and development are "people," and I view this change as a great opportunity to further accelerate Tokuyama's value creation.

**Yoshimura:** Like Mr. Morisaki, I am one of the people who feel that the organization is revitalized by recruiting external personnel. I think the feeling varies considerably depending on the business that people are engaged in, but in the Planning Dept. I belong to, I think there is an environment in which employees can express their opinions without hesitation and freely discuss them with colleagues and supervisors. We have

recently launched a new job-based personnel system. I think that employees will become even more motivated by ensuring that job descriptions, which are a key part of system design, fully permeate the organization.

**So:** I am part of a traditional business, and I sometimes feel that I am more oriented toward being conservative and stable. On the other hand, there are also signs of change, such as the communication of messages by the General Manager of General Affairs and Human Resources via internal radio, the introduction of a new personnel system, and the more detailed recommendation to talk to each other by name rather than referring to people by their position. However, it is also true that the old conservative stance of duties and strict control systems are effective in the operation of the Chemicals business, where stable operation is a priority. I believe that changes to the corporate culture need to be handled in line with the characteristics of the business and the division.

#### Aspirations for the Future

**Morisaki:** Tokuyama is currently focusing on growth areas in order to transform its business portfolio. To develop products required by the market and evolve into a value creation company, it is essential to develop leaders who will take charge of the next generation. In addition, if leaders cannot clearly communicate the business vision and processes for realizing this, productivity will not increase across the organization as a whole. I aim to be a leader who can clearly communicate my vision and goals in my own words and to fully draw out the capabilities of my subordinates.

**Yoshimura:** I think the great joy of working is to feel the growth of myself and my team. For people to grow, it is essential that they are not afraid of failure and embrace the challenge of new issues and themes. I will not only embrace my own business challenges, but will also support the challenges of my subordinates and junior employees, and strive to create a dynamic corporate culture full of pioneering spirit.

**So:** For many years, Tokuyama has contributed to industrial development in Japan and overseas, and has received strong trust from local communities. In my involvement in the traditional business of chemicals, when I touch the Tokuyama logo on a tanker truck, for example, I get a feeling that I will continue to cherish the intimacy and pride of the community, employees and their families. We will promote magnesium hydride technology as soon as possible, create a world where hydrogen can be used safely and with peace of mind by everyone, and will expand the view around the world that Tokuyama is a positive force for society.



Message from the Executive Officer in Charge of Sustainability

Executive Officer  
General Manager, the Corporate Social Responsibility Division  
**Michiko Seki**



Tokuyama's Views and System on Sustainability

Tokuyama has established the Tokuyama Group Sustainability Principles in order to realize our Vision based on our mission “to create a bright future in harmony with the environment, in collaboration with its customers, based on chemistry,” and we will create new value in harmony with the environment by supplying products that contribute to the solving of social issues while minimizing the environmental burden caused by our business activities.

The figure below shows the overall picture of the sustainability-related meeting bodies, with the number of meetings held in FY2023 noted in parentheses. The CSR Promotion Council is chaired by the President and includes all executive officers, and each committee is chaired by the director in charge and consists of the heads of the relevant

departments. In promoting CSR management, decisions on important matters and matters for approval are supervised by the Board of Directors.

Regarding efforts to address climate change and human rights, a task force has been established under the Sustainability Committee to bring together a wide range of relevant divisions, consider the issues, and promote them as Company-wide activities. In addition, we have also started working on biodiversity by establishing a working group under the Environment Committee, and in June 2024 we endorsed the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD) and announced our participation in the TNFD Forum.

Promotion System on Sustainability



Expert Committees (Number of Meetings Held in FY2023)	Main Risks Managed
Financial Reporting Committee (8)	Financial and accounting risks
Fair Trade and Competition Committee (1)	Risk of violation of antitrust laws and unfair competition prevention laws
Security Trade Committee (1)	Trade control risks (inadequate security trade control)
Information Security Committee (2)	Information security risks (cyber attacks, information leaks, system failures, etc.)
Environment Committee (1)	Environmental risks (hazardous pollutant spills, noise, odor, illegal dumping and disposal of waste, etc.)
Safety Committee (1)	Accident risk (fire, explosion, chemical leak, etc.), industrial accident risk
Product Safety and Quality Assurance Committee (1)	Quality risk (management of chemical substances contained in products, unfair and deceptive representations, distribution accidents, etc.)
Sustainability Committee (2)	Climate change risks, human rights risks, etc.

Establishment of Sustainability Governance

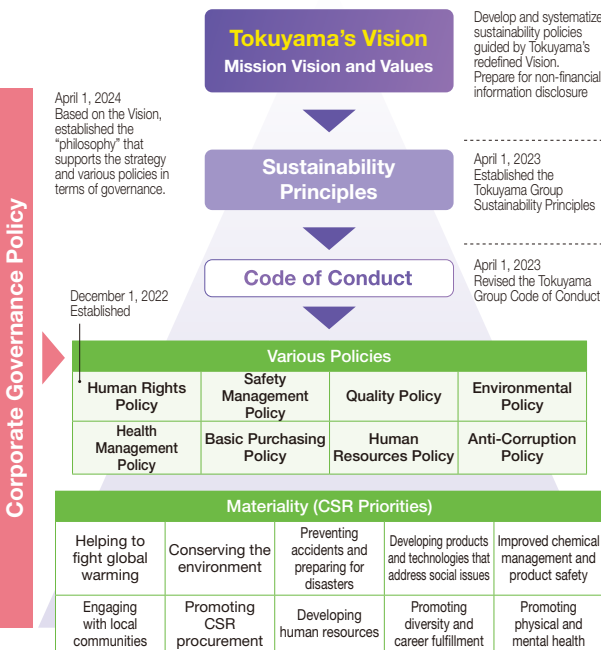
Practicing socially responsible management is one of the high-profile issues in Medium-Term Management Plan 2025, and we have clearly stated our attitude and approach to sustainability as the foundation of our policy, which is practiced throughout the Group. In addition, KPIs for materialities, which are priority CSR issues, are determined and monitored by the CSR Promotion Council in order to strengthen our initiatives. From FY2023, we will clarify the responsibilities of all executive officers for addressing materiality, and reflect the progress made in their remuneration for the following fiscal year.

In order to further clarify the roles and responsibilities of directors, we have established a Corporate Governance Policy, which promotes efforts to address management issues, including sustainability, from a governance perspective, and establishes a system to further increase the effectiveness of the execution of duties by Directors.

In response to the recent demands and expectations of stakeholders as well as sustainability-related initiatives and information disclosures, it is important to respond on a Group-wide basis. We will promote internal control, improvement of whistleblowing systems, risk management, non-financial information disclosure, response to climate change, human rights, and human capital initiatives, all of which are centered on Group management. Although the business domains of each Group company are different, I believe that they all share the same corporate slogan, “For

the People of Tomorrow,” and the desire to “be a company that lasts into the future.” To this end, we intend to enhance the evaluation by our stakeholders and corporate value through effective Group-wide initiatives and disclosure.

Policies on Sustainability

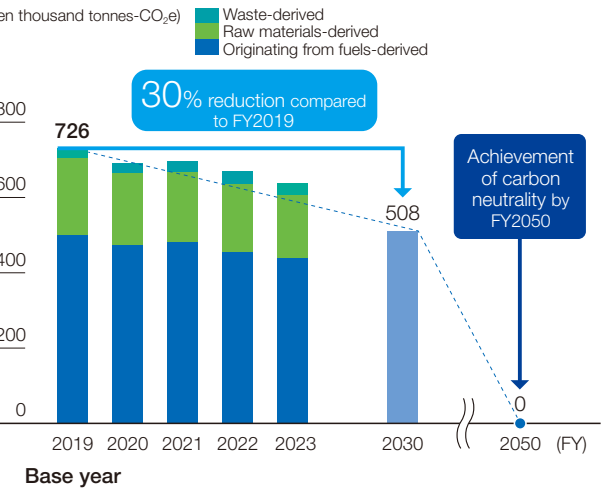


Progress of Sustainability Initiatives in FY2023

To make a “Contribute to Mitigating Global Warming,” one of the priority issues in Medium-Term Management Plan 2025, we have made progress in reducing GHG emissions (Scope 1 and 2) by 13% compared to our target of a 30% reduction by FY2030 (compared with FY2019). Furthermore, we are working toward the realization of carbon neutrality by addressing both the risks related to climate change and the potential new business opportunities in the environmental field. This includes the impact of making visible the carbon costs coming from the introduction of internal carbon pricing, addressing the impact of potential changes in customer procurement policies, and identifying the impact on financing from potential policy changes at financial and investment companies.

Targets were previously established for Scope 1 and 2, but we have also set a new emission reduction target for Scope 3. Since categories 1, 3, and 4 account for more than 90% of the Group's Scope 3 emissions, we aim to achieve a 10% reduction by FY2030 (compared to FY2022) relative to the total amount in these three categories. In terms of our

Medium- to Long-Term GHG Emissions Reduction Targets (Scope 1 and 2)



What Needs to Be Addressed from Now

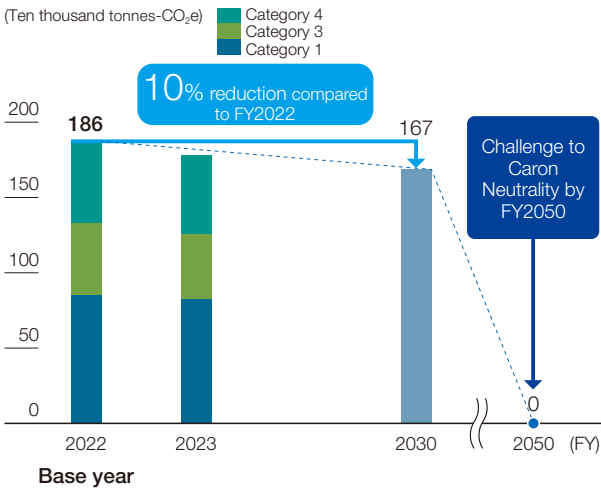
Toward the final year of Medium-Term Management Plan 2025, we will implement the PDCA cycle for each CSR issue we have set as a target. For Practice socially responsible management, I think the following three approaches are common for tackling any issue: (1) to address medium- and long-term goals (Vision), and to incorporate them into effective Group-wide initiatives, (2) to move forward while getting stakeholders widely involved, and (3) to disclose information externally and leverage feedback from stakeholders for the next step. In particular, the external disclosure of non-financial information will be essential for accountability in business activities and the transparency of our governance.

As was discussed in the evaluation of the effectiveness of the Board of Directors, the scope and content of

performance in FY2023, we were able to achieve a 5% reduction in Scope 3 emissions compared to the baseline year of FY2022. Going forward, we will embrace the challenge of making the entire supply chain carbon neutral and strengthen our supply chain engagement activities.

Also, we participated in the GX League promoted by the Ministry of Economy, Trade and Industry. To participate in the GX League, we are required to set GHG emission reduction targets in accordance with the standards set by the GX League, and we have set targets for Scope 1 and 2 on a non-consolidated basis and for our consolidated manufacturing subsidiaries in Japan, in addition to the GHG emission reduction targets we have set in accordance with the GHG Protocol. Although the GX League's data differs from that established in accordance with the GHG Protocol in terms of the baseline year and emissions calculation method, the original data is common and the reduction targets are consistent. In FY2023, we were able to achieve an 11% reduction compared to the baseline year of FY2021.

Medium- to Long-Term Supply Chain Emissions Reduction Targets (Scope 3) (Categories 1, 3 and 4)



sustainability-related considerations have expanded, and we feel there is a need to review the positioning of meeting bodies and committees, as well as the members who participate in them. We would also like to also rebuild the overall structure so that discussions by the members involved become more active.

For Tokuyama “to create a bright future” and be sustainable, we will consider the sustainability that is now required of a company in a timely manner, and disclose information externally that is used for determining corporate value, including the ESG, respond to stakeholders' trust, and contribute to more improvement of our corporate value.

Vision and Materiality

Achieving Our Vision through Socially Responsible (CSR) Management

To realize our mission “to create a bright future in harmony with the environment, in collaboration with customers, based on chemistry,” we must first correctly understand the expectations and requirements of society, and then make sure that every person in the Group has a “vision” of what needs to be done and a “sustainability perspective” in order to work every day from a long-term perspective and to have an awareness of potential social issues. This attitude and this behavior are also important for us as we move from the traditional business model and transform ourselves into a value creating company. In other words, Tokuyama’s CSR management covers the creation of new value for a sustainable society and it should be promoted by the concerted effort of all managers and all employees.

The Tokuyama Vision has been developed so that we can clearly visualize our future image in order to realize our Mission. Materialities (material issues) refer to priority CSR issues for CSR management that are used when formulating an action plan for realizing our Vision.

We work on our initiatives to realize our Vision, while connecting materiality with the objectives of the divisions and departments. Every year, these are reported to the CSR Promotion Council, and are shared with all executive officers. The relevant materialities are also taken into account as a factor in the calculation of executive officer compensation. We are working hard to continually raise the level of CSR management by following the Company-wide PDCA cycle that we use to check on progress and analyze current conditions.

The Sustainability Committee, established in FY2022, has begun to promote CSR procurement and information disclosure based on the TCFD recommendations. In addition, following the establishment of the Tokuyama Group Human Rights Policy in December 2022, we have developed policies such as establishing the Tokuyama Group Sustainability Principles and revising the Tokuyama Group Code of Conduct in April 2023.

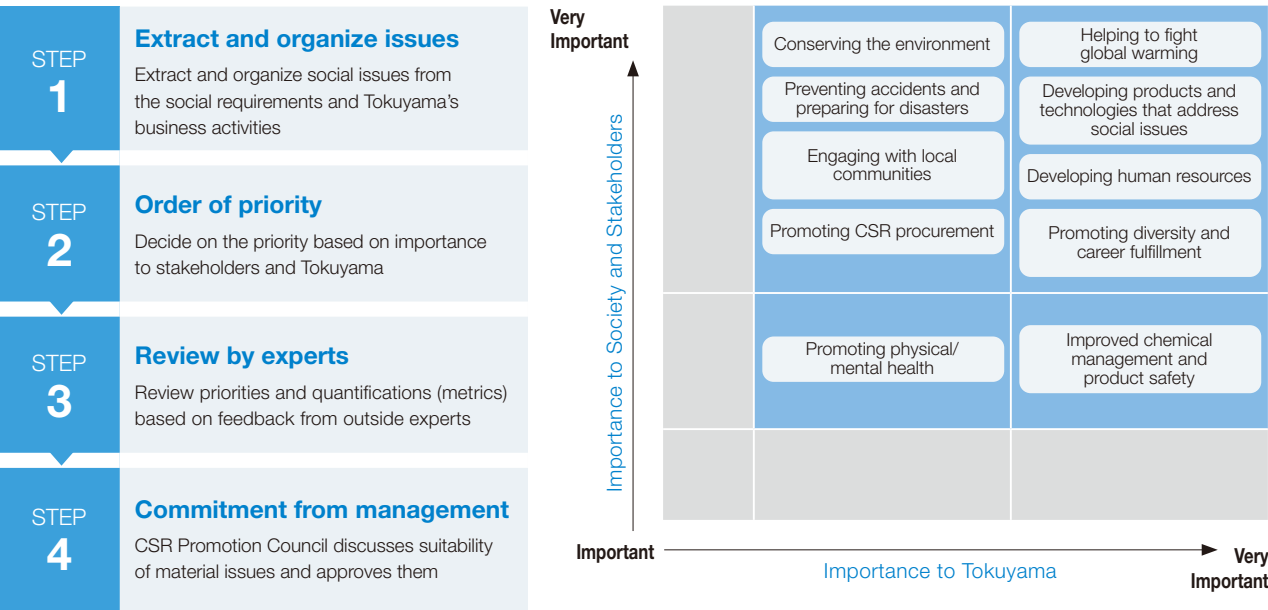
Tokuyama’s Materiality

Material issues are used as guidelines to devise action plans for realizing Tokuyama’s Vision. The table below shows the aspirations and KPIs for each material issue as well as results and the people and departments who are responsible. Our actions for addressing materialities also contribute to the realization of the UN’s SDGs. For reference, our material issues and their main SDGs are shown in the table below.

Process of Identifying Materiality

In 2019, the Company identified nine material issues based on important social factors, dialogs with stakeholders, and third-party opinions from external experts. In 2021, after reviewing these issues, in line with the new Medium-Term Management Plan 2025, we increased the number of materialities (material issues) to ten, then formulated targets and KPIs for FY2025.

We are determined to always take action for building a sustainable future with society, to contribute to resolving social issues, and increase trust from diverse stakeholders, as we aim to improve corporate value. Tokuyama will solidify relationships of trust with society by strengthening initiatives for dealing with material issues, while pursuing our own unique approach to CSR management.



Materiality KPIs and Results

Materiality Relationship to SDGs	Our Vision	KPI / Target	FY2023 Results	Achievement Level	Person Responsible* Department Responsible
<div>Helping to fight global warming</div> <div><div>7</div> AFFORDABLE AND CLEAN ENERGY</div> <div><div>13</div> CLIMATE ACTION</div>	<ul style="list-style-type: none"><li>Achieving carbon neutrality (CN) by FY2050</li></ul>	<ul style="list-style-type: none"><li>Reduction of Tokuyama's GHG emissions by FY2030:<ul style="list-style-type: none"><li>- 30% reduction in Scope 1 and 2 (compared to FY2019)</li><li>- 10% reduction in Scope 3 (categories 1, 3, and 4) (compared to FY2022)</li></ul></li><li>Active disclosure of climate-related information</li></ul>	<ul style="list-style-type: none"><li>FY2023 GHG emissions:<ul style="list-style-type: none"><li>- 13% reduction in Scope 1 and 2</li><li>- 5% reduction in Scope 3</li></ul></li><li>Promoted coordination with regions, local governments, and within the industrial complex, aiming for CN</li><li>Considered the introduction of alternative fuels, such as biomass and ammonia</li><li>Disclosures based on TCFD recommendations</li><li>Submission of GHG emissions data for GX League baseline year</li><li>CDP Climate Change Questionnaire score: A-</li></ul>	<div>○</div>	<div>Director (President and Executive Officer)</div> <div>Carbon Neutral Strategy Division</div> <div>Responsible Care Management Department</div> <div>Factory Planning and Administration Department</div>
<div>Conserving the environment</div> <div><div>6</div> CLEAN WATER AND SANITATION</div> <div><div>11</div> SUSTAINABLE CONSUMPTION AND PRODUCTION</div> <div><div>12</div> RESPONSIBLE CONSUMPTION AND PRODUCTION</div>	<ul style="list-style-type: none"><li>Promoting recycling and maintaining zero landfill waste</li><li>Maintaining low emissions of environmental impact substances</li><li>Complying with legal requirements and other regulations, achievement of zero environmental accidents</li><li>Contributing to biodiversity conservation</li></ul>	<ul style="list-style-type: none"><li>Complying with legal requirements and other regulations: achievement of zero violations</li><li>Continued achievement of zero environmental accidents: zero accidents</li><li>Reduced environmental impact:<ul style="list-style-type: none"><li>- Effective utilization rate for waste ≥94%</li><li>- Zero waste emission rate ≥99%</li></ul></li><li>Enhancing dialog with stakeholders and information disclosure</li><li>Contributing to biodiversity conservation: Responding to TNFD</li><li>Effective use of water resources: Reduction of water consumption (excluding seawater) (below FY2019 standard)</li></ul>	<ul style="list-style-type: none"><li>Achievement of zero violations of legal requirements, etc.</li><li>Zero environmental accidents</li><li>Reduced environmental impact: Not achieved<ul style="list-style-type: none"><li>- Effective utilization rate for waste: 92%</li><li>- Zero waste emission rate: 97%</li></ul></li><li>Raising awareness of biodiversity</li><li>Water usage reduction rate (compared to FY2019): -18.5%</li></ul>	<div>○</div>	<div>Director (Chairperson of Environment Committee)</div> <div>Responsible Care Management Department</div>
<div>Preventing accidents and preparing for disasters</div> <div><div>3</div> GOOD HEALTH AND WELL-BEING</div> <div><div>4</div> QUALITY EDUCATION</div> <div><div>8</div> DECENT WORK AND ECONOMIC GROWTH</div>	<ul style="list-style-type: none"><li>Accident prevention and disaster preparation</li><li>Improvements in process safety management level</li><li>Fostering and improving the safety culture</li></ul>	<ul style="list-style-type: none"><li>Zero accidents and zero lost time injuries</li><li>Deepened risk assessment</li><li>Promoting smart security</li></ul>	<ul style="list-style-type: none"><li>Zero serious accidents/disasters</li><li>Identified risks through risk assessment and began mitigation</li><li>Promoting smart security</li></ul>	<div>○</div>	<div>Director (Chairperson of Safety Committee)</div> <div>Responsible Care Management Department</div>

\* Person responsible: Someone who serves as a director and chairperson of the committee/meeting body that he/she is in charge of





















For detailed information on our activities, please refer to the CSR section of Tokuyama’s website.  
<https://www.tokuyama.co.jp/eng/csr/>



○: 95% or more    △: 60% or more    ×: less than 60%



○: 95% or more    △: 60% or more    ×: less than 60%

Materiality Relationship to SDGs	Our Vision	KPI / Target	FY2023 Results	Achievement Level	Person Responsible* Department Responsible
<b>Developing products and technologies that address social issues</b>   	<ul style="list-style-type: none"><li>Increased development of products and technologies that help to resolve social issues, focusing on SDGs</li><li>Transform business portfolio</li></ul>	<ul style="list-style-type: none"><li>Promoting the development of products and technologies that help to resolve social issues, focusing on SDGs</li></ul>	<ul style="list-style-type: none"><li>Electronics: Accelerate efforts to commercialize customer-driven products by strengthening marketing functions, with some themes moving into the commercialization phase</li><li>Healthcare: Accelerate development by narrowing down commercialization themes and concentrating resources</li><li>Environment: Move several themes into the commercialization phase. Promote new carbon neutral related themes.</li><li>Traditional business areas: Develop and launch products that address environmental issues, and develop process technologies</li><li>Other: Grants for academic and research purposes</li></ul>	○	Director (in charge of Research & Development) Research & Development Division
<b>Improving chemical management and product safety</b>   	<ul style="list-style-type: none"><li>Maintaining effective chemical management and promoting product safety within Tokuyama</li></ul>	<ul style="list-style-type: none"><li>Complying with chemical laws and regulations in each country: Zero infractions of chemical-related regulations</li><li>Risk management of chemical products, including the whole Group: Zero accidents due to product safety</li></ul>	<ul style="list-style-type: none"><li>Zero infractions of chemical-related regulations</li><li>61 product reviews (second and third rounds); 787 labeling reviews</li><li>Understood and responded to domestic and overseas regulatory trends</li><li>Promoted the management system for chemicals contained in products</li><li>Provided education to departments and Group companies involved in chemical product management and conducted regular inspections and interviews on their state of management</li></ul>	○	Director (Chairperson of Product Safety and Quality Assurance Committee) Responsible Care Management Department
<b>Engaging with local communities</b>   	<ul style="list-style-type: none"><li>Harmoniously co-existing and cooperating with communities</li><li>Contribution to communities</li></ul>	<ul style="list-style-type: none"><li>Harmoniously co-existing and cooperating with communities</li><li>Helping resolve community issues and contributing to sustainable development</li></ul>	<ul style="list-style-type: none"><li>Dialog with community: Community dialog, roundtable meetings, factory tours, etc.</li><li>Social contributions: Volunteer activities, educational support to neighboring schools, and donations to contribute to the local community</li><li>Contributions through business: Specified supply of power to Shunan City</li></ul>	○	Director (in charge of CSR, and General Affairs and Human Resource) General Affairs Department Environment & Safety Department Factory Planning and Administration Department
<b>Promoting CSR procurement</b>   	<ul style="list-style-type: none"><li>Management of supply chains based on CSR procurement guidelines</li><li>Creation of management processes</li></ul>	<ul style="list-style-type: none"><li>Improvement and execution of management and investigation of supply chains based on CSR procurement guidelines</li></ul>	<ul style="list-style-type: none"><li>Raised awareness of the CSR procurement guidelines that were revised in December 2022 Requested written consent from companies with a transaction value of ¥30 million or more Collected from 310 out of 323 companies<sup>1</sup></li><li>Implemented supplier assessments for companies with a transaction value of ¥100 million or more by using the SAQ published by GCNJ Collected from 173 out of 181 companies<sup>1</sup></li><li>Analyzed SAQ collection results and conducted engagement with 5 high risk companies<sup>1</sup></li></ul>	○	Director (Chairperson of Sustainability Committee) Procurement Department Logistics Department
<b>Developing human resources</b>   	<ul style="list-style-type: none"><li>Improve employee value while contributing to the realization of a management strategy</li><li>Increase operational productivity</li><li>Provision of human resources to growth areas and new projects</li><li>Recruitment and creation of human resources to drive the Company's growth</li></ul>	<ul style="list-style-type: none"><li>Establishment of an incentive system to support productivity improvements<sup>1</sup></li><li>Percentage of positions filled relative to human resource plan: 100% ± 10% every year</li><li>Percentage of successor candidate positions filled for key management positions: 100%</li><li>Number of NBL (Next Business Leader) training participants: A total of 100 by 2030<sup>1</sup></li><li>Global human resources development training: 15 participants each fiscal year until FY2025<sup>1</sup></li><li>Training highly skilled engineers to support business execution<sup>2</sup></li></ul>	<ul style="list-style-type: none"><li>Establishment of incentive system: Preparation of system design<sup>1</sup></li><li>Percentage of positions filled relative to the human resource plan: Implementation of target setting (no actual values as this is an indicator to be measured starting in FY2024)</li><li>Percentage of successor candidate positions filled for key management positions: Implementation of target setting (no actual values as this is an indicator to be measured starting in FY2024)</li><li>Implemented NBL training: Attended by 30 select employees (cumulative total of 67)<sup>1</sup></li><li>Implemented global human resource development: Attended by 16 employees<sup>1</sup></li><li>Training highly skilled engineers to support business execution<sup>2</sup></li><li>Implemented DX workplace leader training and data engineer training</li><li>Implemented DX literacy training (e-learning): Attended by 1,400 employees</li></ul>	○	Director (in charge of General Affairs and Human Resources) Human Resources Department
<b>Promoting diversity and career fulfillment</b>   	<ul style="list-style-type: none"><li>Responding to diversity of values and ensuring fairness</li><li>Increasing engagement</li><li>Respect for human rights</li></ul>	<ul style="list-style-type: none"><li>Promotion of diversity and inclusion</li><li>Percentage of women hired with a bachelor's degree or higher: 20% or higher every year<sup>2</sup></li><li>Percentage of managerial positions or higher held by women: 15% or higher in FY2030</li><li>Promotion of employment of persons with disabilities: Achievement of legally mandated level<sup>1</sup></li><li>Employee engagement: Ongoing improvement<sup>1</sup></li><li>Promotion of work-life balance</li><li>Acquisition rate of men taking childcare leave ≥100%<sup>2</sup></li><li>Percentage of annual paid leave taken: 75% every year<sup>2</sup></li><li>Promotion of respect for human rights</li></ul>	<ul style="list-style-type: none"><li>Promotion of diversity and inclusion</li><li>Percentage of women hired with a bachelor's degree or higher: 30.1%<sup>2</sup></li><li>Percentage of female managers: 8.2%</li><li>Percentage of people with disabilities: 2.29%<sup>1</sup></li><li>Conducted employee engagement survey: 94.7% response rate, visualized priority issues<sup>1</sup></li><li>Promotion of work-life balance</li><li>Acquisition rate of men taking childcare leave: 47.3%<sup>2</sup></li><li>Percentage of annual leave taken: 76.5%<sup>2</sup></li><li>Implementation of human rights due diligence, etc.</li></ul>	○	Director (in charge of General Affairs and Human Resources) Human Resources Department
<b>Promoting physical/ mental health</b>  	<ul style="list-style-type: none"><li>A state in which employees can work vigorously and play an active role through the cultivation of the physical and mental health of employees and their families, and the creation of a work-friendly environment</li></ul>	<ul style="list-style-type: none"><li>Enhanced individuals' awareness of health<sup>1</sup>: Smoking rate &lt;15%</li><li>Maintaining and lowering percentage of findings<sup>1</sup></li><li>Regular health consultation rate: 100%<sup>1</sup></li><li>Re-examination rate: ≥90%<sup>1</sup></li><li>Specific health guidance rate: ≥80%<sup>1</sup></li><li>Lowering the leave rate: &lt;0.5%<sup>1</sup></li><li>Stress check examination rate: ≥95%<sup>1</sup></li><li>Certification as a health and productivity enterprise: Obtain White 500 certification<sup>1</sup></li></ul>	<ul style="list-style-type: none"><li>Promotion of anti-smoking measures<sup>1</sup><ul style="list-style-type: none"><li>Smoking rate: 17.8%</li><li>Establishment of smoking-free zones</li><li>Implemented anti-smoking campaign</li></ul></li><li>Health guidance and measures after health diagnosis<sup>1</sup><ul style="list-style-type: none"><li>Regular health consultation rate: 100%</li><li>Re-examination rate: 87.4%</li><li>Specific health guidance rate: 93.0%</li></ul></li><li>Mental health care support<sup>1</sup><ul style="list-style-type: none"><li>Leave rate: 0.69%</li><li>Stress check examination rate: 97.7%</li><li>Implementation of mental health training and e-learning</li></ul></li><li>Selected as a Health and Productivity Stock and obtained certification as a health and productivity enterprise (White 500) in FY2024<sup>1</sup></li></ul>	○	Director (in charge of General Affairs and Human Resources) Health Care Center

1. Non-consolidated    2. Non-consolidated and domestic consolidated subsidiaries


\* Person responsible: Someone who serves as a director and chairperson of the committee/meeting body that he/she is in charge of

Disclosures Based on TCFD Recommendations

The Tokuyama Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has conducted repeated investigations into climate change risks and opportunities based on the TCFD recommendations. In FY2023, we further expanded disclosure information in accordance with the framework of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets,” recommended by TCFD and set and disclosed reduction targets for Scope 3 emissions in order to take on the challenge of reducing GHG emissions in our supply chain. See Disclosures Based on TCFD Recommendations (*Tokuyama TCFD Report*, or *TCFD Report*) for more details.

1

Governance



Disclosures Based on TCFD Recommendations (*TCFD Report*)  
[https://www.tokuyama.co.jp/eng/csr/global\\_warming.html#section2](https://www.tokuyama.co.jp/eng/csr/global_warming.html#section2)

The Tokuyama Group has identified climate change as one of the most significant management risks. Accordingly, contributing to mitigating and preventing global warming is one of the priority issues under Medium-Term Management Plan 2025. The Sustainability Committee, which is positioned under the CSR Promotion Council, has established a system to identify and evaluate important risks and opportunities related to sustainability across the organization. Items of special importance are discussed by the CSR Promotion Council, and reported to and overseen by the Board of Directors. Since April 2023, Tokuyama has been accelerating efforts by establishing the Carbon Neutral Strategy Division, which operates independently. The *TCFD Report* provides more details, including supervision by the Board of Directors and the role of the management team.

System to Promote Carbon Neutrality Achievement



2 Strategies and Risks

Medium-Term Management Plan 2025 incorporates both the risks and business opportunities that arise in society as it moves toward decarbonization. In addition, our aim is to monetize promising business opportunities while reducing climate change risks by shifting our business portfolio from energy-intensive to value-creating companies based on analysis using international risk scenarios. Tokuyama positions climate change risk as the most important risk. Given the accelerating global trend toward decarbonization, we have decided that we must shift away from our energy-intensive business structure, which has been our strength up to this point. “Contribute to Mitigation of Global Warming” has been set as one of the priority issues of Medium Term Management Plan 2025, and we are pursuing Group-wide initiatives to achieve this. The *TCFD report* provides a detailed report of these strategies and risks.

Risks Posed by Climate Change (Scenario Analysis)

Short term: by FY2025, medium term: by FY2030, long term: by FY2050

Scenario	Risk category	Target of risk assessment	Potential impact on the Group (Financial) (Identified risks)	Financial impact	Timing of risk materialization	Impact on business	Priority level	Response measures
1.5°C	Government policy and regulations	Carbon pricing and energy procurement costs	<ul style="list-style-type: none"><li>Increase in operating costs due to expanded carbon pricing</li><li>Increase in costs for mitigation initiatives due to tightening of the GHG emission regulations</li></ul>	Large	Medium to long term	Large	High	<ul style="list-style-type: none"><li>Initiatives to reduce GHG emissions through fuel conversion (biomass and ammonia)</li><li>Promoting GHG emission reduction measures by adopting internal carbon pricing</li><li>Enhancing initiatives to help promote green transformation by participating in the GX League</li></ul>
	Technology	Green process adoption measures	<ul style="list-style-type: none"><li>Increased green energy production and procurement costs</li><li>Increased costs for green material procurement and green process conversion due to lack of technology and market maturity</li></ul>	Large	Medium term	Large	High	<ul style="list-style-type: none"><li>Investigation of ammonia supply chain establishment at the Shunan petrochemical complex</li><li>Ensuring stable procurement of certified biomass fuel by building relationships with suppliers</li><li>Development of black pellets</li><li>Calculation of product carbon footprint (CFP)</li></ul>
	Evaluation	Evaluation by stakeholders	<ul style="list-style-type: none"><li>Decline in market value and increase in financing costs due to a poor evaluation of carbon neutrality initiatives</li><li>Risk of litigation by local residents demanding shutdown or decommissioning of coal-fired power plants</li><li>Sustainability risks for biomass fuel</li></ul>	Large	Medium to long term	Large	High	<ul style="list-style-type: none"><li>Improving information disclosure and steadily working to reduce GHG emissions</li><li>Dialogue with the local community</li><li>Business portfolio transformation</li><li>Procurement of certified biomass fuel</li></ul>
	Market	Penetration of green procurement by customers	<ul style="list-style-type: none"><li>Rejection of products by the market based on large carbon-footprint evaluation</li><li>Deterioration of profits due to an inability to recover green initiative costs by raising prices</li></ul>	Large	Medium to long term	Large	High	<ul style="list-style-type: none"><li>Steadily reducing GHG emissions through energy conservation and fuel conversion, etc.</li><li>Consideration of obtaining mass balance certification</li><li>Enhancing supply chain cooperation for green market formation</li><li>Construction of a carbon footprint evaluation system</li></ul>
4°C	Physical risks (Acute)	Lost opportunities due to a failure to keep up with green market expansion	<ul style="list-style-type: none"><li>Opportunity loss due to delays in building a green supply chain</li><li>Lost opportunities due to insufficient efforts for entering the circular economy and the carbon recycling field</li></ul>	Large	Medium to long term	Large	High	<ul style="list-style-type: none"><li>Prompt implementation of measures</li></ul>
	Physical risks (Chronic)	More frequent extreme weather events and rising sea levels	<ul style="list-style-type: none"><li>Wind and flood damage to production plants; production plan delays and increased costs due to supply chain disruptions, etc.</li><li>Decrease in production capacity due to insufficient factory cooling capacity caused by rising average temperatures</li><li>Production halts due to storm surges caused by rising sea levels</li></ul>	Moderate	Long term	Moderate	Moderate	<ul style="list-style-type: none"><li>Enhanced business continuity plan measures</li></ul>

Climate Change Opportunities (Scenario Analysis)

Short term: by FY2025, medium term: by FY2030, long term: by FY2050

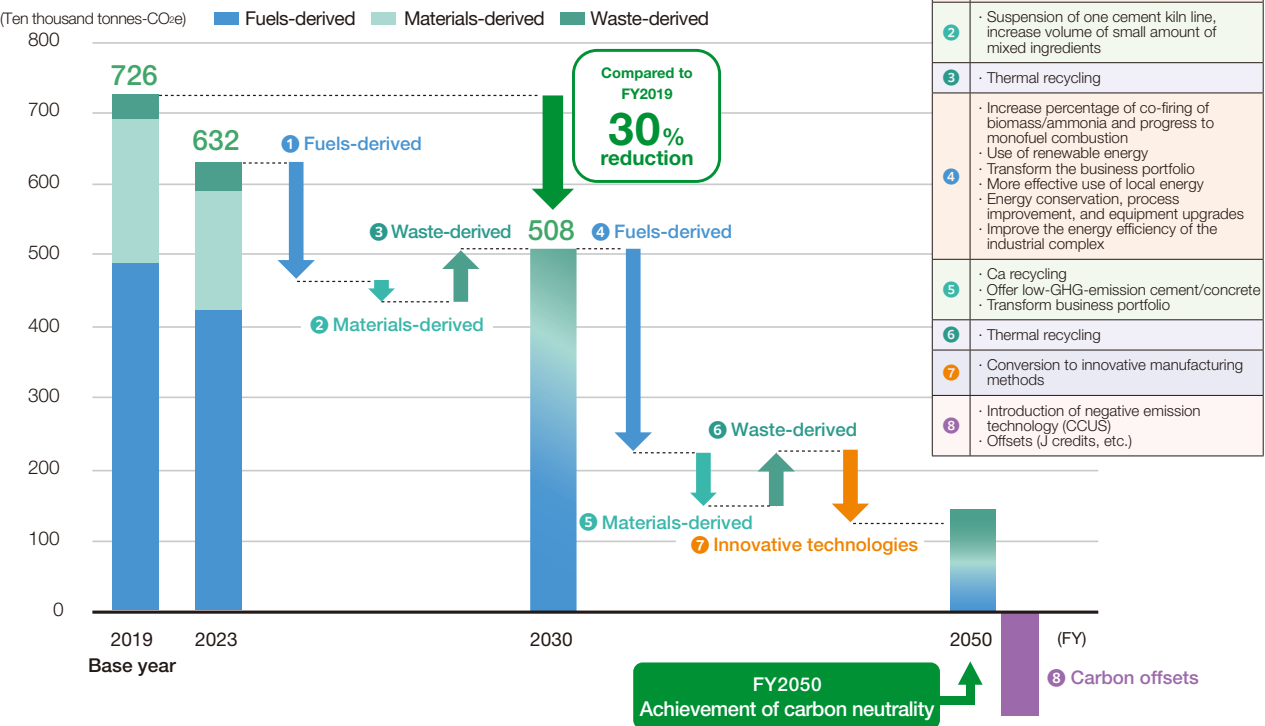
Scenario	Opportunity type	Opportunity assessment target	Impact on Tokuyama Group	Impact level	Term	Priority Level	Response measures
1.5°C	Market	Expanding demand in the environmental market	<ul style="list-style-type: none"><li>Expansion of businesses offering waste disposal, effective utilization of resources, and measures to combat global warming</li></ul>	Large	Medium to long term	High	<ul style="list-style-type: none"><li>Commercialization of renewable resources and energy</li></ul>
	Market	Shift to carbon neutrality by regions and industrial complexes	<ul style="list-style-type: none"><li>Enhancing site competitiveness by promoting large-scale green supply chains for energy and materials</li></ul>	Large	Medium to long term	High	<ul style="list-style-type: none"><li>Green supply chain construction conducted and promoting green technology development through the Shunan Industrial Complex Decarbonization Promotion Council</li></ul>
	Resource use efficiency	Requests for CCU-related products and services	<ul style="list-style-type: none"><li>Entering new business fields by establishing a carbon recycling system</li></ul>	Large	Medium term	High	<ul style="list-style-type: none"><li>Accelerating R&amp;D, demonstration projects, and actual green technology adoption in business operations</li></ul>

3 Metrics and Targets

We are aiming to reduce fuel-derived GHG emissions by promoting energy-saving measures and switching to non-fossil fuels, and to reduce raw materials-derived GHG emissions by reducing the use of limestone as a raw material. While the steady reduction of GHG emissions is our responsibility as a company, we also recognize that reducing GHG emissions caused by our products is important (see page 46). In FY2023, we promoted fuel conversion initiatives and initiatives with local governments and companies in the industrial complex. In addition, we have implemented initiatives towards opportunities, such as promoting the water electrolysis business. The *TCFD Report* provides details of climate-related metrics, Scope 1, Scope 2, and Scope 3 GHG emissions, as well as the targets and performance against the targets, and the specific approach aimed at a decarbonized society.



Initiatives to Achieve Carbon Neutrality by FY2050



4 Initiatives to Address Climate Change

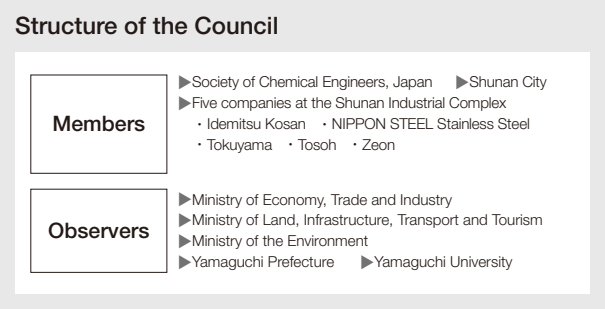
**Improve the energy efficiency of the industrial complex**  
**Introduction of negative emission technology (CCUS)**

**Reduction of emissions from fuels**

**Carbon offsets**

**- Shunan Industrial Complex Decarbonization Promotion Council -**

The Shunan Industrial Complex Decarbonization Promotion Council was established by Shunan City, the Society for Chemical Engineers, Japan, and companies in Shunan Industrial Complex (Idemitsu Kosan Co., Ltd, NIPPON STEEL Stainless Steel Corporation, Zeon Corporation, Tosoh Corporation and Tokuyama) in order to share the new challenge of maintaining and strengthening the competitiveness of Shunan Industrial Complex companies and to contribute to the realization of carbon neutrality by drawing up a future vision for decarbonization and promoting social implementation initiatives, including technology development, evaluation, demonstration, and policy recommendations. Discussions began in February 2022 and a grand design for the Shunan Industrial Complex in 2050 was announced in May 2023. In FY2023, subcommittees set up within the Council having been proceeding with the examination of each of these themes.



**Development of alkaline water electrolyzers**

Tokuyama and Nippon Shokubai Co., Ltd. are conducting the Project for Developing Large Alkaline Water Electrolyzers and Separators Suited for High-pressure Electrolysis as a project commissioned by NEDO under the framework of the Collaborative Industry-Academia-Government R&D Project for Solving Common Challenges Toward Dramatically Expanded Use of Fuel Cells and Related Equipment as Technology Development for Diversifying Fuel Cell Use.

A high-pressure alkaline water electrolyzer (high-pressure AWE) is a device that produces hydrogen and oxygen by supplying an alkaline solution to cells separated by separators and passing electricity through them. Hydrogen is attracting attention as a next-generation energy source, and there are high expectations worldwide for low-carbon hydrogen produced with electricity derived from renewable energy sources.

This project aims to develop a world-class competitive high-pressure AWE by combining the development of a large separator suitable for high-pressure systems by Nippon Shokubai and the development of the internal structure of the electrolyzer that maximizes the performance of the separator by Tokuyama. The separator developed by Nippon Shokubai is being incorporated into a pilot facility for a high-pressure AWE developed by Tokuyama to conduct research and development.

In addition to utilizing the original technology related to electrolyzers that we have developed over many years in the salt electrolysis business, we will work to develop and demonstrate a high-pressure AWE, which enables lower prices, and will make efforts to promote the spread of next-generation energy.

Compliance

Basic Stance and System

For Tokuyama, the word compliance has a broad meaning, including not only complying with laws and internal rules but also behaving sensibly in a way that conforms with corporate ethics to meet social expectations. To communicate and spread awareness of compliance throughout the Group, the Company distributes a leaflet that includes the Tokuyama

Group Code of Conduct to all Group officers and employees. In addition, we conduct regular educational activities on compliance through collective education, e-learning, and information distribution. Furthermore, we also conduct engagement through regular meetings with management and personnel in charge of compliance at Group companies.

Whistle-blowing System

A whistle-blowing helpline has been established to enable safe, anonymous reporting and consultations on compliance violations involving the Tokuyama Group (including potential violations) without fear of retaliation. Reporting and consultations can be carried out by postal mail, e-mail, or telephone. The helpline is operated in a way that protects whistle-blowers. Employees can use the helpline without disclosing to the Company their name or department, and a female attorney is available for consultations. In FY2023, we established a system that allows locally hired employees at overseas Group companies to file reports in their native language, and this entered into operation in April 2024. We are working to expand our whistle-blowing systems not only

in terms of compliance, but also in terms of the grievance mechanism for responding to human rights.

The number of reports has increased due to the establishment of these whistle-blowing systems and the penetration of ongoing harassment prevention activities since FY2021. Meanwhile, there were no occurrences of serious noncompliance in FY2023.

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of reports	29	24	34	29	44

Note: Including contact points for Harassment Desk  
Including contact points for whistle-blowing system for subsidiaries (including domestic only until FY2022, overseas as of FY2023)

Stakeholder Engagement

Stakeholder Engagement

Stakeholders	Key Engagement Methods
Customers	• Sales activities (as needed) • Factory tours (as needed) • Exhibitions (as needed)
Business Partners	• Business partner surveys (approximately 200 companies; once every 3 years) • Joint health and safety meetings (once per year)
Employees	• Employee surveys and harassment surveys (once per year each) • In-house newsletters (4 times per year) • Intranet (as needed) • Labor-Management Council meetings (once per month) • Health and Safety Committee meetings (once per month per site covered)
Shareholders and Investors	• Financial Results Briefing (Institutional: each time a financial statement is issued) • IR seminars for individual investors • Various reports (annual securities reports, consolidated reports, corporate governance reports)
Local Communities and Society	• Security and disaster prevention • Regional dialog and event sponsorship • Regional volunteers • Subsidies for next-generation training (accepting interns, donating books, traveling classrooms) • Subsidies for the promotion of science and technology (donations)
Environment	• Efforts to reduce GHG and save energy • Acceptance and appropriate processing of waste • Initiatives to address biodiversity

Evaluation by Society (Excerpt)

Category	Item
ESG Investment	• FTSE Blossom Japan Sector Relative Index • FTSE Blossom Japan Index
Health Management	• White 500 Health and Productivity Management Organization (Large Enterprise Category) • 2024 Health and Productivity Stock
DX	• DX certified business operator
Work-life Balance	• Platinum Kurumin Certification

Participation in Initiatives (Excerpt)

For more information on social recognition, please visit the Company's website.  
<https://www.tokuyama.co.jp/eng/csr/evaluation.html>

## Dialogue with External Directors

# Taking on the challenge of building transparent governance while fulfilling management checks and advisory functions

Naoki Kondo

External Director  
Audit & Supervisory Committee Member



Hiraku Ishizuka

External Director  
Audit & Supervisory Committee Member

## External Directors' Perspective and Evaluation of Tokuyama's Governance

**Ishizuka** I joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.) in 1984. After serving as an executive officer of Mitsubishi UFJ Financial Group, I went on to serve as vice president and president of Mitsubishi UFJ NICOS Co., Ltd., and am currently chairman of the board. I became an External Director (Audit & Supervisory Committee Member) of Tokuyama in June 2023. My advisory activities are focused on the adequacy of the decision-making process. All of Tokuyama's directors, both internal and external, think sincerely about the Company's current status and future, and express their opinions frankly, and I believe that the effectiveness of governance is fully ensured.

**Kondo** I registered as an attorney-at-law in 2000, I served as an Assistant Counselor in the Trade Policy Bureau of the Ministry of Economy, Trade and Industry, and I have been a partner at Oh-Ebashi LPC & Partners since 2016. I was appointed as an External Director (Audit & Supervisory Committee Member) of Tokuyama in June 2023, the same month as Director Ishizuka, and perform my duties while keeping in mind the perspective of shareholder interests. Tokuyama has passed on a corporate culture of integrity since its founding, and I feel that this is directly reflected in its current governance structure, which is transparent and fair.

## Strengths of Tokuyama's Governance

**Ishizuka** In the just over a year since I was appointed as a director of Tokuyama, I have been very impressed with the thorough prior explanation and information sharing of important matters to the external directors. Of course, discussions by the Board of Directors are important, but time is limited and there is



no room for rumination. Detailed explanations from President Yokota and the executive officers deepen my understanding of matters and issues, and allow me ample time to think about them, which makes discussions at meetings of the Board of Directors more fruitful. I believe it is worth mentioning that we are also given the authority to audit operations.

**Kondo** I also highly rate the sharing of management information and awareness of issues in Tokuyama's governance. For example, the Board of Directors regularly reports on the execution of business operations. Executive officers spend as much as one hour per area explaining the current status of business execution and issues, providing a valuable opportunity for external directors to gain a deeper understanding of the business.

## Roles and Functions to Be Fulfilled by External Directors (Audit Committee Members)

**Ishizuka** External directors have the dual functions of checking and advising management, but it is not easy to fulfill the checking function in a closed corporate culture. In this respect, Tokuyama has inherited a traditionally free and open corporate culture, and it is safe to say that there are no obstacles to the exercise of the checking and monitoring functions. Meanwhile, as for the advisory function, since I do not have the knowledge to provide expert advice on Tokuyama's technologies and businesses, my task is to examine whether top management's business decisions and executive officers' execution of strategies and measures are appropriate with regard to important themes that will determine Tokuyama's future, such as technology development, overseas expansion, new investments, and transforming the business portfolio. President Yokota and the other directors and executive officers take the opinions and recommendations of our external directors seriously, and I believe that the effectiveness of governance is fully ensured.



**Kondo** One of the characteristics of our Board of Directors that makes governance sufficiently effective may be the diversity of its human resources. Members of the Board of Directors include those who concurrently serve as both directors and executive officers, as well as the one who concurrently serves as both internal director and chair of the Audit & Supervisory Committee, and the external directors are also composed of unique individuals with different backgrounds. Of the nine directors, four are external directors and one is a woman, which we believe is in keeping with our diversity philosophy.

## Focusing on Achieving the Goals of Medium-Term Management Plan 2025

**Ishizuka** Tokuyama's Medium-Term Management Plan 2025 includes three themes, one of which is "Practice socially responsible management," which includes materialities related to human capital such as "Developing human resource" and "Promotion of diversity and career fulfillment." I believe that efforts to strengthen our human resources and organizational capabilities will be the key to Tokuyama's future. A new job-based personnel system for managers was launched in April of this year, but the issue is how to manage the new system and bring it to fruition in strengthening the human resource base. As someone who was present during Tokuyama's period of transformation, I will closely monitor the progress of Medium-Term Management Plan 2025 and materiality.

**Kondo** Director Ishizuka constantly stresses the importance of balancing risk and opportunity. I concur, and believe that in order to achieve the various goals of Medium-Term Management Plan 2025, it is important to determine how to face new business opportunities based on a thorough analysis of the potential risks. I feel that it is also an important duty as an external director and Audit & Supervisory Committee Member to make recommendations to the executive side on whether or not it is appropriate to take risks and how to control such risks.

## Future Outlook and Issues to Be Addressed

**Ishizuka** One of Tokuyama's strengths is its sincere and positive employees. Although the issues to be addressed are piling up, such as strengthening relationships with stakeholders and developing market-oriented technologies, I believe that Tokuyama will surely reach the next stage of growth if management and Group employees work together to promote the initiatives of Medium-Term Management Plan 2025. For this reason, it is important for the Board of Directors, each committee, and the Audit & Supervisory Committee, which has an advanced advisory function, to work together in an organic manner. We, the external directors, will also support Tokuyama's efforts aimed at sustainable growth by utilizing the knowledge and expertise that we have accumulated over the years.

**Kondo** Tokuyama is continuing to transform and take on challenges in order to realize its mission "To create a bright future in harmony with the environment, in collaboration with customers, based on chemistry." However, there are a number of issues that need to be addressed, such as the somewhat lack of discussion on the future vision at meetings of the Board of Directors. I look forward to working with other directors and executive officers to help Tokuyama grow under the strong leadership of President Yokota.

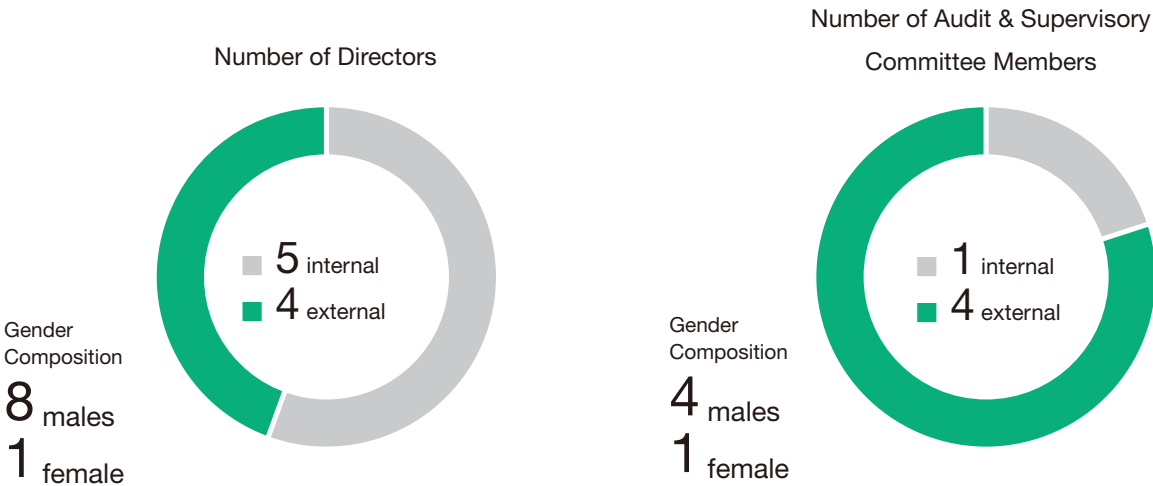




Management Team

(Back row from left) Nobuko Mizumoto, Naoki Kondo, Tomohiro Inoue, Fumiaki Iwasaki, Hiraku Ishizuka, Youji Miyamoto  
(Front row from left) Yuzo Kawamori, Hiroshi Yokota, Hideo Sugimura

Corporate Governance Structure



(As of June 26, 2024)

Name and Position		Number of Company Shares Owned, Tenure as Director			Reason for Appointment	Attendance	
						Board of Directors	Audit & Supervisory Committee
Hiroshi Yokota	Representative Director, President & Executive Officer In charge of Chemicals, Cement, Electronic & Advanced Materials, Auditing Office	37,300 shares / 9 years			Based on his extensive experience in personnel and labor issues, traditional businesses and advanced materials businesses, he is actively working to realize the current Medium-Term Management Plan, such as in terms of transforming the business portfolio, carbon neutrality, and implementing CSR management.	19/19 (100%)	—
Hideo Sugimura	Representative Director, Senior Managing Executive Officer, Assistant to the President In charge of General Affairs & Human Resources, Procurement & Logistics, Secretarial Department, Digital Administration & Planning	8,503 shares / 7 years			Based on his extensive business experience in the introduction of an information system, management of an overseas subsidiary, reconstruction of a domestic subsidiary, and serving as general manager of corporate planning departments, he is actively working on a wide range of business activities in general.	17/19 (89%)	—
Fumiaki Iwasaki	Director, Senior Managing Executive Officer, General Manager, Research & Development Division and Life Science Business Division In charge of Life Science, New Business, Research & Development, Environment & Safety of Kashima Factory, Center for Commercialization of Advanced Technology	2,942 shares / 4 years			Based on his extensive experience in the fields of R&D and manufacturing technology, he is actively engaged in promoting new research and development and creating new businesses.	19/19 (100%)	—
Tomohiro Inoue	Director, Managing Executive Officer, General Manager, Corporate Planning Division In charge of Corporate Planning, Corporate Social Responsibility, Eco Business, Tokuyama Factory, Carbon Neutral Strategy	1,900 shares / 1 year			Based on his extensive experience in overseas operations, the Recycling & Environment Promotion Department, the Cement Production Department, and the Eco Business Division, he is actively involved in planning and implementing growth strategies for the Group, such as carbon neutrality and strengthening the functions of the Tokuyama Factory.	15/15* (100%)	—
Youji Miyamoto	Director, Audit & Supervisory Committee Chair	2,600 shares / 7years			With a high degree of expertise in finance and accounting gained through many years of accounting operations, he has been supervising management as an Audit & Supervisory Board member since 2013, and as a director who is an Audit & Supervisory Committee member since 2017. * Principal concurrent positions: Auditor, ASTOM; Auditor, Tokuyama Dental; Auditor, A&T	19/19 (100%)	24/24 (100%)
Yuzo Kawamori	External Director, Audit & Supervisory Committee Member	2,500 shares / 5 years			Possessing extensive experience and broad insight as a corporate manager in the manufacturing industry, he has been supervising the management of the Company as an external director who is an Audit & Supervisory Committee member since 2019.	19/19 (100%)	24/24 (100%)
Nobuko Mizumoto	External Director, Audit & Supervisory Committee Member	800 shares / 3 years			She has extensive and rich experience in the manufacturing industry, first as a researcher and then as a corporate manager through key posts in headquarter divisions. She has been supervising management of the Company as an external director who has been an Audit & Supervisory Committee member since 2021. * Principal concurrent positions: Outside Director, Okamura Corporation	19/19 (100%)	24/24 (100%)
Hiraku Ishizuka	External Director, Audit & Supervisory Committee Member	0 shares / 1 year			Possessing extensive experience and broad insight as a corporate manager in financial institutions, he has been supervising management of the Company as an external director who has been an Audit & Supervisory Committee member since 2023. * Principal concurrent positions: Representative Director & Chairman, Mitsubishi UFJ NICOS Co., Ltd.	14/15* (93%)	18/18* (100%)
Naoki Kondo	External Director, Audit & Supervisory Committee Member	400 shares / 1 year			Based on his specialist perspective and rich experience as a lawyer, he has been supervising the management of the Company as an external director who is an Audit & Supervisory Committee member since 2023. * Principal concurrent positions: Partner, Oh-Ebashi LPC & Partners Outside Director (Audit & Supervisory Committee Member), ibis inc. Outside Auditor, A&D HOLON Holdings Company, Limited	15/15* (100%)	18/18* (100%)

\* Attendance after appointment and assumption of office at the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023.

Corporate Governance

Basic Stance

Amid the major transformations taking place throughout society, Tokuyama, in line with the business environment we face today, has defined the corporate Mission as “To create a bright future in harmony with the environment, in collaboration with customers, based on chemistry.” This definition incorporates the Company’s desire to contribute to a sustainable society by pursuing business in harmony with the environment and working to create the future together with customers. This is only possible with the trust and support of shareholders, customers, suppliers, employees, local communities, and all other stakeholders, which the Company believes will fuel sustainable growth and greater corporate value over the medium to long term.

Corporate governance is an important management issue in order to achieve this, and we recognize that it is

vital to improve and constantly enhance the function of governance itself by responding to the various expectations, requirements, and requests of our stakeholders.

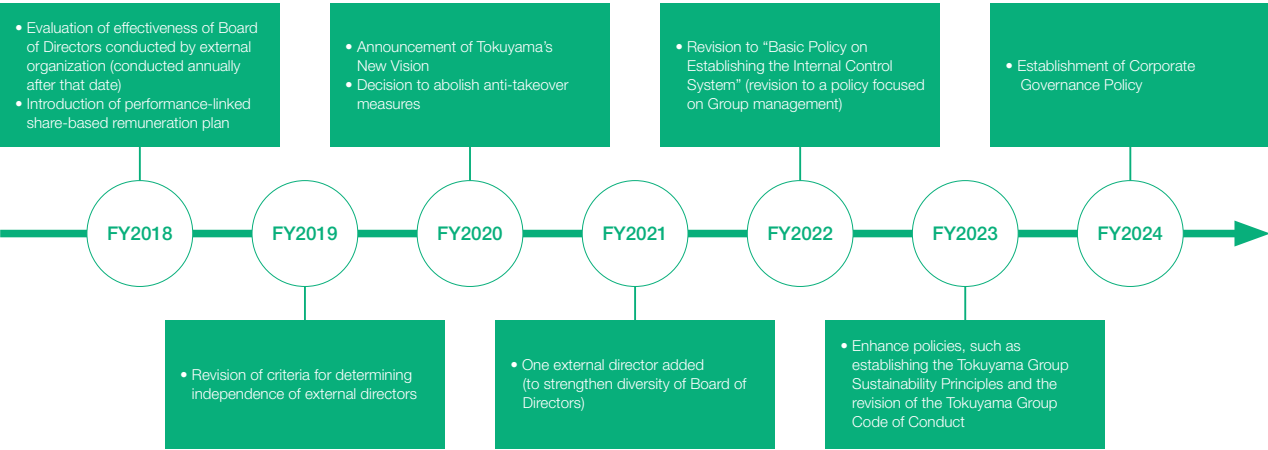
We newly established the Corporate Governance Policy in 2024, and have explicitly stated our philosophy on governance, such as that we will respect the rights and equality of shareholders, cooperate effectively with all stakeholders, achieve the disclosure of information and transparency, maintain the independence of the Board of Directors and improve the Board’s oversight, accelerate decision-making, clarify responsibility, and strive for constructive dialog with shareholders.



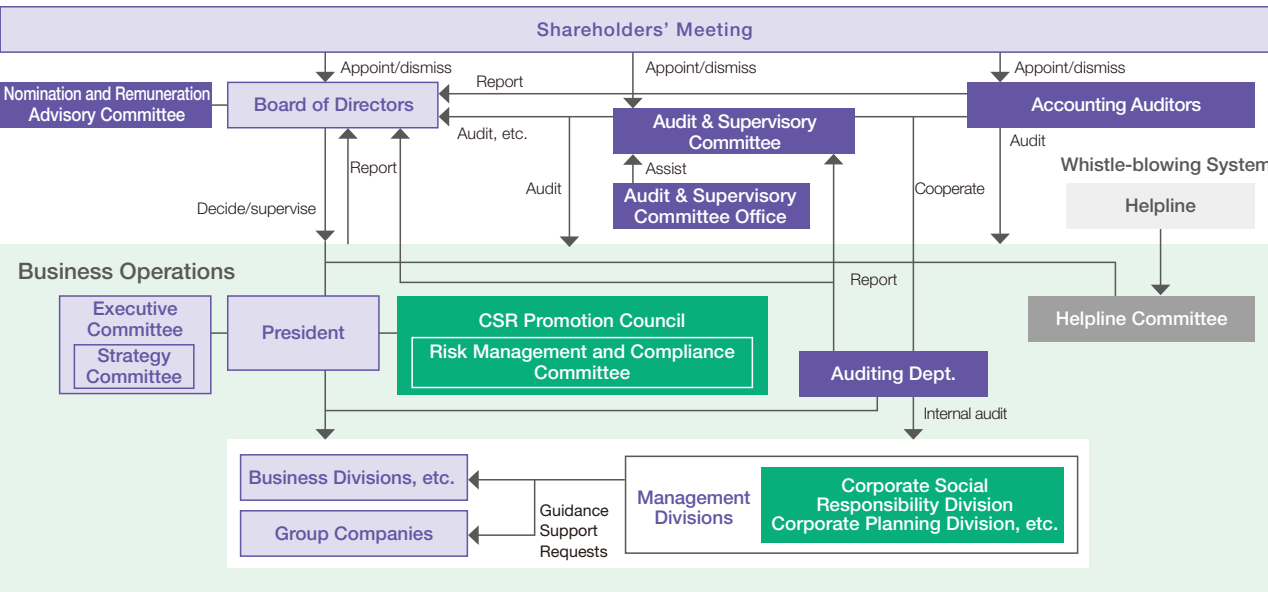
Corporate Governance Report  
[https://www.tokuyama.co.jp/eng/company/pdf/20240626\\_CGHoukokusyo\\_en.pdf](https://www.tokuyama.co.jp/eng/company/pdf/20240626_CGHoukokusyo_en.pdf)



Steps to Strengthen Our Governance Structure



Corporate Governance Structure



Meeting Bodies on Governance and Main Content of Deliberation

Overview	
Board of Directors	The Board of Directors deliberates and decides on statutory matters and important matters related to business execution, and supervises the status of business execution by directors and executive officers to whom the execution of business is delegated. The Company is oriented toward a hybrid Board of Directors that both makes decisions on business execution and supervises the execution of business by directors and executive officers. This function includes advising the executive management team on its resolute efforts to enhance corporate value over the medium to long term. In light of this, the Board of Directors is chaired by an executive director or a director with executive experience. At least one-third of the Board of Directors are independent external directors in order to enhance the effectiveness of decision-making from a broader perspective as well as the supervision of business execution. In principle, meetings are held regularly once a month, and extraordinary meetings are held as needed. The Board of Directors deliberated and decided on matters related to corporate accounting, such as financial statements, matters related to dividends, important personnel and organizational matters, and important matters related to business execution, and also actively exchanged opinions on management issues and other important topics. • Meetings of the Board of Directors held in FY2023: 19 Resolutions in writing: 5 times (pursuant to Article 370 of the Companies Act and Article 29 of the Company's Articles of Incorporation)
Audit & Supervisory Committee	The Company has chosen the format of a company with audit and supervisory committee as its institutional design under the Companies Act in order to strengthen the auditing and supervisory functions of the directors' execution of their duties and to facilitate prompt decision-making, with the aim of achieving open management with an emphasis on governance and customer-oriented management. The Audit & Supervisory Committee consists of non-executive directors, and Directors who are Audit & Supervisory Committee members (hereinafter referred to as "Audit & Supervisory Committee members"); members monitor the status of business execution through meetings of the Board of Directors and other important internal meetings, and audit the execution of business by executive directors. The committee conducts hearings on the status of business execution from the heads of business divisions and functional divisions, exchanges opinions with representative directors, examines the status of operations at plants and major business offices, and communicates and exchanges information with the auditors of subsidiaries. It also holds regular meetings with the Accounting Auditor to confirm reports on the status and results of audits and to exchange opinions on key audit matters (KAMs). • Number of meetings held in FY2023: 24
Nomination and Remuneration Advisory Committee	Based on the Company's basic philosophy on corporate governance, and in order to achieve more transparent and objective management, the Company has established the Nomination and Remuneration Advisory Committee, whose duty is to deliberate on personnel matters and remuneration for directors (excluding Audit & Supervisory Committee Members), executive officers, and other persons treated as executives, and to report or make proposals to the Board of Directors (In addition, the President Nomination Committee, which is separately established as a subordinate organization of the Nomination and Remuneration Advisory Committee, is responsible for deliberations on the succession plan for the President). The Nomination and Remuneration Advisory Committee shall consist of a majority of independent external directors, and the term of office of its members shall be one year. In the area of human resources, the main topics of discussion included the selection of candidates for directors, the selection of representative directors, the selection of executive officers, the determination of their responsibilities, and the skill matrix for directors. In the area of remuneration, the main topics of discussion included the introduction of a bonus system for directors, the calculation of monetary remuneration by the president, and strengthening the relationship between remuneration and materiality for the next and subsequent years. • Number of meetings held in FY2023 Nomination and Remuneration Advisory Committee: 9, President Nomination Committee: 1)
Executive Committee	The Executive Committee is a decision-making body whose members are selected by the president and executive officer (hereinafter referred to as "the president") from among the Company's other executive officers. In principle, the committee meets two times each month. Based on the approval-related rules determined by the Board of Directors, the Executive Committee deliberates on and makes decisions on strategies and other important matters.
Strategy Committee	The Strategy Committee is an advisory body to the president made up of members are selected by the president from among the Company's other executive officers. The committee meets once a month and serves , and in addition to deliberating on the direction of business execution, it works to confirm the allocation of management resources with the aim of evaluating conditions relating to business execution in respect to important matters requiring approval. It also sets the direction of policies related to business execution with regard to specific projects.
CSR Promotion Council	Chaired by the president, the CSR Promotion Council includes all executive officers. The committee sets CSR (sustainability) policies and goals, while also enabling initiatives to achieve those goals. In addition to sustainability issues, important internal control issues are also discussed by the committee.
Risk Management and Compliance Committee	Tokuyama's Risk Management and Compliance Committee, chaired by the director in charge of corporate social responsibility, has been established under the CSR Promotion Council to handle risk management and compliance.
Expert Committees	Separately from the Risk Management and Compliance Committee, under the CSR Promotion Council, Tokuyama operates various committees (Financial Reporting Committee, Fair Trade and Competition Committee, Security Trade Committee, Information Security Committee, Environment Committee, Safety Committee, and Product Safety and Quality Assurance Committee, and Sustainability Committee) focused on risk management and compliance in critical and specialized areas.
Helpline Committee	The Helpline Committee is responsible for the administration of Tokuyama's helpline (whistle-blowing) system for the internal reporting of legally questionable actions and behavior by Group executives and employees.

Analysis and Evaluation of Overall Effectiveness of the Board of Directors

We regard corporate governance as an important management issue, and as part of this, we conduct an evaluation of the effectiveness of the Board of Directors every year.

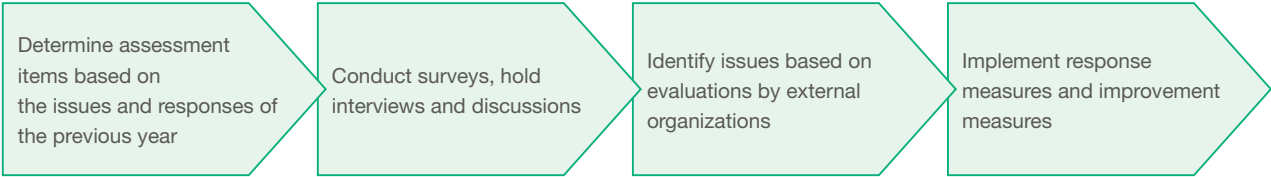
In the FY2023, the Company engaged an external organization to conduct a questionnaire survey and interviews of all the directors, and analyzed their responses. The results were submitted to the Board of Directors for review and discussion.

The results of the analysis and evaluation revealed that the effectiveness of the Board of Directors is generally being ensured. In particular, the culture of respecting free and vigorous discussion is fostered and maintained, and information is shared through various channels, among other strengths. In addition, it was confirmed that sufficient and effective efforts were made to substantiate the business

execution reports and to provide opportunities for focused discussion of management issues, which were issues identified in previous years. Meanwhile, issues emerged in terms of the ongoing improvement of the Board of Directors' operations and its contribution to the realization of the Vision set forth in Medium-Term Management Plan 2025.

The Company's Board of Directors will further strengthen its supervisory function by encouraging active involvement, especially by external directors, in the continuous improvement of operations. In relation to Medium-Term Management Plan 2025, the Board of Directors will also deepen discussions with the executive management team in order to function as a catalyst for the realization of our Vision.

Evaluation Process





### Skills Matrix in the Board of Directors

In order for the Board of Directors to hold effective discussions and properly perform the required supervisory functions over decision-making and business execution in consideration of the vision, management policies, and business development pursued by the Company, important skills identified from the

areas in which it is expected that directors will contribute are indicated below. By ensuring an overall balance of skills among the Board of Directors and ensuring the board is comprised of diverse members, the Company aims to further bolster the effectiveness of governance.

Skills	Definition of skill and reason for selection
Management planning and strategy	The Company considers that having one or more directors with extensive management experience and broad insights in this area is indispensable when determining management plans and strategic policies, including portfolio management, in order for the Company to achieve sustainable growth.
Sales and marketing	Based on the value of “Commitment to customer satisfaction as a profit source,” the Company considers that having one or more directors with extensive experience and broad insights in this area is necessary for marketing, building businesses and creating profits based on an accurate understanding of the business environment.
R&D, production technology and engineering	As a comprehensive chemical manufacturer, the Company considers that having a director with a track record of promoting various innovations and extensive experience and broad insights in R&D, production technology and engineering is necessary in order to create new business opportunities based on proprietary technologies.
Finance and accounting	The Company considers that, both for accurate financial reporting and the formulation of a financial strategy that facilitates both investment for sustainable growth and shareholder returns while building a strong financial foundation, having one or more directors with extensive experience and broad insights in this area is necessary.
Governance, Risk Management	The Company considers that the establishment of an appropriate governance system is the foundation for all corporate activities and that having one or more directors with extensive experience and broad insights in areas such as corporate governance, risk management, legal affairs and compliance is necessary in order to improve the effectiveness of management and supervision by the Board of Directors.
Sustainability	In order to contribute to solving various social issues through its business and to be a company that is both trusted and needed by society, and given that this requires expertise from a sustainability management perspective pertaining to the environment and society, the Company considers that having one or more directors with extensive experience and broad insights in this area is necessary.
Human Capital	The Company recognizes human resources as being the most critically important management capital for sustainable growth, and considers that having one or more directors with extensive experience and broad insights in this area is necessary in order to build a human resources strategy that is linked to our business strategy and to be a company where diverse human resources can harness their respective skills to the maximum extent.
DX	The Company considers that, since the promotion of fundamental business reforms through DX, rather than merely seeking to improve operational efficiency and productivity through IT, is indispensable for the Company's continued sustainable growth and medium- to long-term improvement of corporate value, having one or more directors with extensive experience and broad insights in this area is necessary.
Global Business	Given that the acceleration of overseas business is essential for transforming the business portfolio, which is part of the Company's medium- to long-term strategy, the Company considers that having a director with extensive experience and broad insights in global business, such as overseas management experience and business development, is necessary.

		Management Planning, Strategy	Sales, Marketing	R&D, Production Technology, Engineering	Finance, Accounting	Governance, Risk Management	Sustainability	Human Capital	DX	Global Business
Internal	Hiroshi Yokota (Representative Director, President and Executive Officer)	●	●			●	●	●		●
	Hideo Sugimura (Representative Director, Senior Managing Executive Officer)	●			●	●	●	●	●	
	Fumiaki Iwasaki (Director, Senior Managing Executive Officer)	●	●	●				●	●	●
	Tomohiro Inoue (Director, Managing Executive Officer)	●		●	●	●				●
	Youji Miyamoto (Director, Audit & Supervisory Committee Chair)	●			●	●	●			●
External	Yuzo Kawamori (External Director, Audit & Supervisory Committee Member)	●	●		●	●	●	●		●
	Nobuko Mizumoto (External Director, Audit & Supervisory Committee Member)	●		●		●	●	●	●	
	Hiraku Ishizuka (External Director, Audit & Supervisory Committee Member)	●			●	●			●	
	Naoki Kondo (External Director, Audit & Supervisory Committee Member)	●			●	●				●

Note: Skills, career, and expertise considered necessary for the Board of Directors are reviewed in accordance with changes in the business environment and management policies. The skill matrix indicates the fields that each respective Director is expected to contribute to in the supervision of management, but does not represent all skills, career, and expertise that each Director possesses.

### Response to Chief Executive Officer Succession Plan

The Company has established a President Nomination Committee within the Nomination and Remuneration Advisory Committee, which has the function of formulating and implementing a succession plan for the Chief Executive Officer (President and Executive Officer), deliberating on selection and dismissal, and making reports and recommendations to the Nomination and Remuneration Advisory Committee. The President Nomination Committee is chaired by an independent external director, with the President as the only internal director and a majority of the members being independent external directors.

The Board of Directors deliberates on and appropriately supervises the activities of the President Nomination Committee with respect to regular reports through the Nomination and Remuneration Advisory Committee to ensure that the Company's management philosophy (Vision) and management strategy are taken into account and that sufficient time and resources are being systematically allocated to the development of potential successors.

### Director Training

Newly appointed directors and newly appointed executive officers, who will be candidates for directors, are required to participate in external executive training. The content of the training program can be selected based on the experience and knowledge of the individual, but with corporate governance in mind, the required content includes legal affairs and corporate governance as well as accounting and finance. The Company also allows participants to attend external seminars related to their corporate responsibilities on their

### Director Remuneration

For details of the Company's policy for determining the content of remuneration, etc. of individual directors (excluding Audit & Supervisory Committee Members), please refer to the Corporate Governance Policy [Appendix 4] “Policy on Determining Director Remuneration on an Individual Basis (excluding those who serve on the Audit and Supervisory Committee).” The amount of remuneration is calculated in accordance with this policy and is determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee.

**Basic Policy**  
The remuneration plan for the Company's directors is based on the following perspectives:  
(a) Ensures that directors contribute to sustainable growth for corporate performance and corporate value based on the Tokuyama Vision  
(b) Provides a level of remuneration that secures and retains human resources that can support the Company's management  
(c) Considers the performance of the Company  
(d) Employs a highly transparent, objective remuneration decision making process

**Overview of the Remuneration System**  
The Company's remuneration for directors consists of basic remuneration and bonuses,<sup>1</sup> which are monetary remuneration, and performance-linked share-based remuneration,<sup>2</sup> which is non-monetary remuneration, and the method of determining each has been prescribed.

1. Recipients are executive directors
2. Recipients are directors excluding directors who are Audit & Supervisory Committee Members, non-executive directors, external directors and non-residents of Japan

### Policy on Holding Listed Shares for Purposes Other Than Pure Investment

The Company holds shares of publicly listed companies for strategic reasons in accordance with the requirements for business activities as part of the overall management strategy. This includes the need to maintain and bolster transactions, raise funds, and consistently procure raw materials. As far as the strategic holding of shares in publicly listed companies is concerned, the Company will limit holdings to the minimum level possible, taking into consideration the need to ensure efficient corporate management. In addition, the Board of Directors takes steps to verify the economic rationality of holding shares in


own. External directors are given the opportunity to visit factories and to learn about the Company when they take office, so that they can understand the current condition of the Company's businesses and operations. Finally, the Company also holds study sessions, when needed, in order for all directors to gain a better understanding of domestic and international economic conditions, legal revisions, and new systems.

**Method for Determining Remuneration**  
(1) The final annual amount of basic remuneration for each individual is calculated and determined by the Representative Director, President and Executive Officer, having received authorization to do so from the Board of Directors, based on a standard amount predetermined for each position.  
(2) Bonuses are determined by the Representative Director, President and Executive Officer, having received authorization to do so from the Board of Directors, based on performance for the target fiscal year after first determining the payment percentage in accordance with the standard bonus amounts for each position, the performance targets for the target fiscal year, and the achievement level against those targets.  
(3) For performance-linked share-based remuneration, the number of shares granted is calculated by multiplying the performance-linked coefficient (ranging from 0% to 150%) set according to the degree of target achievement.


#### Amount of Remuneration Paid to Directors and Audit & Supervisory Committee Members (FY2023)

Category	Number of People	Remuneration Amount
Directors (excluding directors who are Audit & Supervisory Committee members)	5	¥155 million
Audit & Supervisory Committee members (excluding external directors)	1	¥29 million
External Director	6	¥56 million

Note: 1. The above includes three directors who retired during the current fiscal year.  
2. The above includes ¥8 million of performance-linked share-based compensation expense recorded during the current fiscal year.  
3. The figures above do not include the employee salary portion for directors also serving in employee positions.



Corporate Governance Policy  
[https://www.tokuyama.co.jp/eng/csr/pdf/corporate\\_governance\\_policy\\_e.pdf](https://www.tokuyama.co.jp/eng/csr/pdf/corporate_governance_policy_e.pdf)



## Risk Management

### Strengthening Our Risk Management System

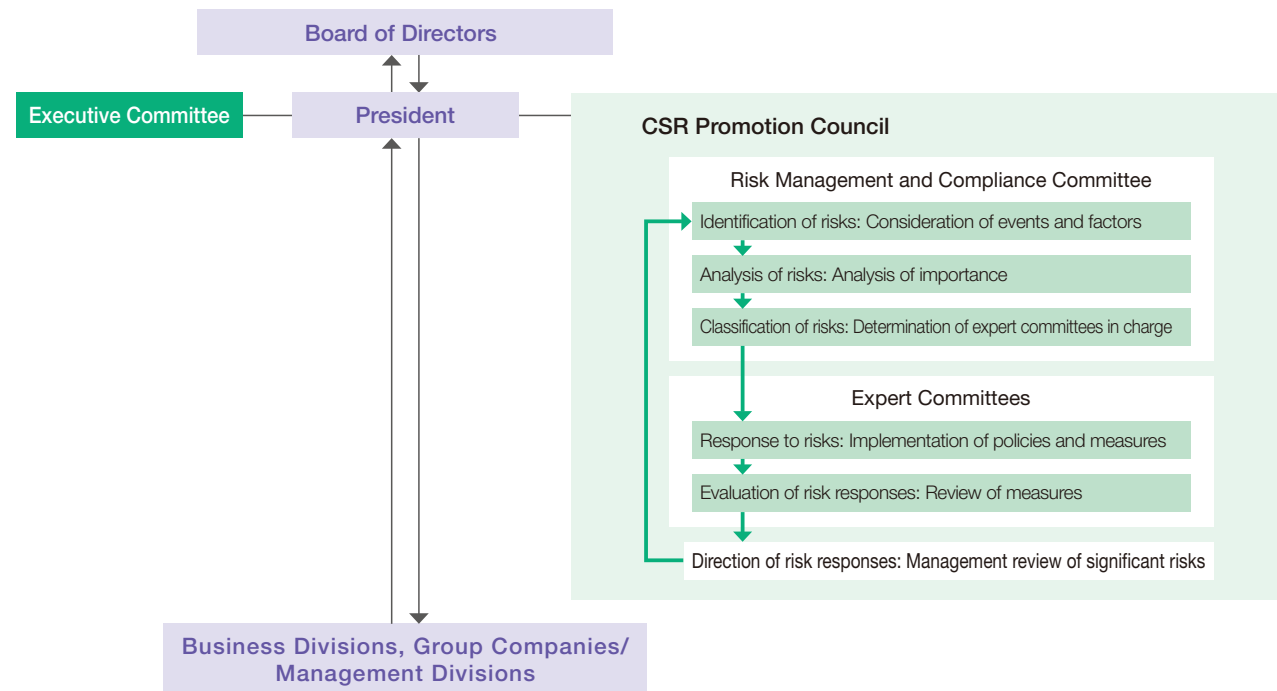
Tokuyama has established the Risk Management and Compliance Committee under the CSR Promotion Council as part of our Company-wide risk management system, as outlined on p. 38: Sustainability-related Meeting Bodies. The Risk Management and Compliance Committee considers events and issues that have recently emerged or that have undergone a change in the degree of impact, by monitoring social conditions and coordinating with other committees. This committee then assesses whether or not these are real risks and meets with expert committees to develop a response.

The Risk Management and Compliance Committee performs group-wide enterprise risk management by making visible and mapping risk levels both quantitatively and qualitatively from several perspectives: impact (monetary loss, decrease in market share, and scale of impact, etc.); occurrence frequency and probability; and Company's vulnerability.

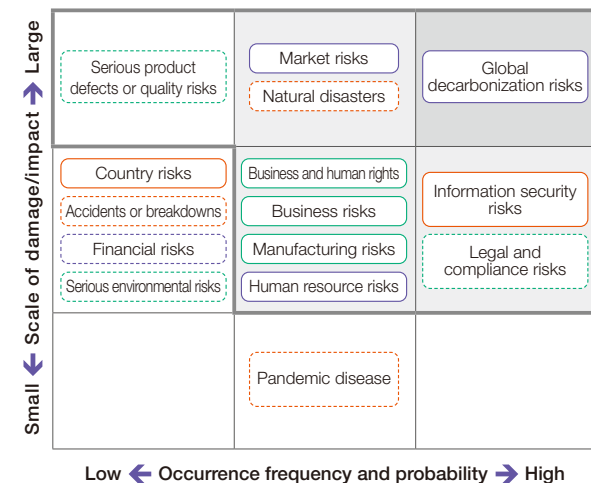
The expert committees examine and determine mitigation policies for the risks they are responsible for (including risk reduction, avoidance, transfer, and retention). Based on the policies that are developed, the Group plans and implement ways to manage risks and also conducts periodic reviews to check on the performance of the risk management system.

For instance, we are working to mitigate compliance risk by setting up management systems for understanding the laws and regulations that cover business execution. As well, we are tracking trends in amendments to those laws and regulations in Japan and overseas. The Risk Management and Compliance Committee also discusses the establishment of systems and business continuity plans in the event of a crisis involving business continuity, such as a catastrophe.

### Process of Identifying Significant Risks



### Mapping of Significant Enterprise Risks



### Definition of Scale of Damage and Impact

Large ↑	Damage that threatens the survival of the company, as well as substantial damage such as loss of assets
Moderate	Significant decrease of profits, or minor loss of assets
Minimal ↓	Little impact on corporate profits and assets

### Definition of Occurrence Frequency and Probability

High →	Occurs more than once a year; will almost certainly occur in the near future
Moderate	Occurs several times a decade
Low ←	Occurs once every decade or longer

### Definition of Vulnerability

High	Mitigation measures have not been implemented or are completely inadequate
Moderate	Some measures have been implemented, but they are still insufficient
Low	Effective measures have been implemented and a management cycle is in place

### List of Significant Risks (FY2024)

Hazard risk (external environment risk) Risks posed by the external environment and potential events		
Moderate category	Minimal category	Relevant committee
Natural disasters	Earthquake, tsunami, weather-related disaster, abnormal weather event (typhoon, storm surge, heavy rains, etc.)	Risk Management and Compliance Committee
Accidents or breakdowns	Fire, explosion, chemical leak, equipment or device damage or failure, utility supply interruption, accident with aircraft, ship or railway	Safety Committee
Pandemic disease	Widespread outbreak of COVID-19 or another endemic infectious disease	Risk Management and Compliance Committee
Country risks	War, conflict, terrorism incident, riot, unlawful political change, or economic crisis	Risk Management and Compliance Committee
Information security risks	Cyberattack, virus infection, information leaks, failure of system facilities/equipment, system failure	Information Security Committee

Business risk (strategic risk) Risks posed by the quality and accuracy of corporate strategies that affect performance and corporate value		
Moderate category	Minimal category	Relevant committee
Global decarbonization risks	Carbon pricing and energy costs, green process adoption measures, customer penetration of green procurement, stakeholder assessment, extreme weather, increasingly extreme weather in the long term, and lost opportunity of expansion into the green market	Sustainability Committee
Market risks	Changes in market needs, marketing failures or deficiencies, emergence of new competitors, product development failures or obsolescence, delays in responding to rapid technological innovations, and delays or barriers to overseas expansion	(Executive Committee)
Human resource risks	Mass turnover, difficulty in securing human resources, workforce aging, distorted human resource pyramid, human resource development and technology transfer (including workers from overseas), failure to adopt new work styles, and human resource mismatch due to business transitions	(Executive Committee)
Financial risks	Funding plan or financing failure, paid capital increase, suspension of financial support, interest rate or foreign exchange rate fluctuation risk, and stock price decline	(Executive Committee)

Operational risk (business process risk) Risks arising from deficiencies in internal processes related to business execution, or from inadequate functions		
Moderate category	Minimal category	Relevant committee
Manufacturing risks	Equipment or machine stoppages or accidents due to operating errors, industrial accidents, and aging equipment or machinery	Safety Committee
Business risks	Soaring raw material or fuel prices, failed pricing policies, declining price competitiveness, dependence on a small number of suppliers, and dependence on a small number of customers	(Executive Committee)
Serious product defects or quality risks	Quality defects, voluntary recalls, product liability accidents, deficiencies in chemical safety management when exported, management of chemical substances contained in products, and mislabeling or counterfeit labeling	Product Safety and Quality Assurance Committee
Serious environmental risks	Release of hazardous pollutants, contamination of soil and groundwater, complaints from local residents regarding noise and odors, illegal dumping and improper disposal of waste, water risks, and biodiversity	Environment Committee
Business and human rights	Human rights violations in supply chains, boycotts, and consumer movements	Sustainability Committee
Legal and compliance risks	Non-performing loans/bad debts, intellectual property rights infringement and violation, invention compensation disputes, antimonopoly law violation, Unfair Competition Prevention Act violation (bribery), improper contract signing, insider trading, inadequate management of licenses and permits, misconduct involving executives or employees, ties to antisocial forces, and intimidation	Fair Trade and Competition Committee Risk Management and Compliance Committee

Notes: 1. The chairperson of each committee is a director who is responsible for the relevant risks.

2. Not all risks in the Group are covered, and there may be risks that could affect business activities in addition to those listed.

### Information Security Initiatives

In order to preserve information assets such as customer information and to continue appropriate corporate operations, the Company has established an Information Security Committee, which deliberates on policies, plans, the identification of risks as well as the effectiveness and appropriateness of response plans and measures, and is proceeding with the necessary measures. We have established an Information Security Policy that covers the entire group, and have a security risk management system in place. The status of the system is regularly evaluated and security risk measures are implemented in a timely and appropriate manner. In order to maintain and improve risk levels, we regularly conduct information security self-inspection checks, internal audits, and e-learning programs to raise awareness.

As laws concerning the protection of personal information are being developed in countries (regions) around the world, and compliance with laws and regulations is required not only in Japan but also globally, we have established the Basic Privacy Policy as we regard the protection of the rights and interests of individuals throughout the Group with respect to the proper handling of personal information to be an important issue. In our Privacy Policy, we have also reviewed the contents

related to GDPR compliance and contacts for personal information inquiries.

In addition, we introduced a marketing automation tool to collect and analyze information on website visitors for the purpose of cultivating new customers, etc. With its introduction, we established a Cookie Policy as a statement to inform visitors about the use of cookie information, since cookie information can be linked to other information to identify individuals.

Cybersecurity is becoming increasingly important year by year. We recognize that protecting the Company's information assets from external attacks is necessary not only for our company's operations, but also to protect the stable operations of our customers. The entire Group is taking action in order to be fully equipped to serve as a part of the customer's supply chain. This year, we also received requests from important customers, and we checked each group company, including overseas, about the possibility of an incident occurring, and we are taking steps to identify and address the issues.

As a result of these activities, in FY2023, there were no significant incidents involving information security or personal information.



Financial and Non-Financial Highlights

Financial Analysis of FY2023

In FY2023, sales decreased from the previous year due to the sluggish semiconductor market and the exclusion of Excel Shanon Corporation from the scope of consolidation. Meanwhile, operating profit increased due to domestic sales price adjustments for cement and chemical products and improved manufacturing costs, and profit attributable to owners of parent increased accordingly, resulting in an improvement in ROE.

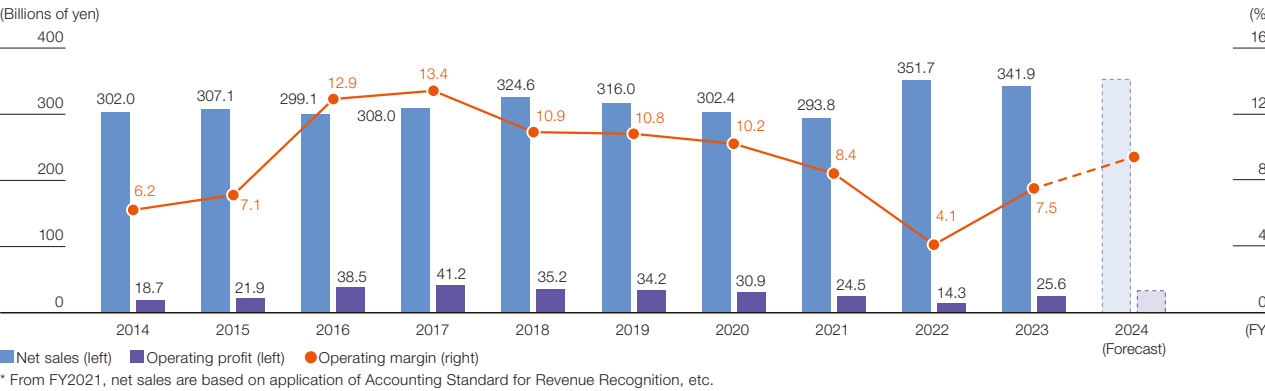
In FY2024, we anticipate that the semiconductor market will enter a recovery phase, and we expect increased revenue and improved earnings, based on factors such as

the ongoing improvement in manufacturing costs. In addition, we expect an increase in expenses associated with capital investment and research and development expenses in order to achieve the goals of Medium-Term Management Plan 2025.

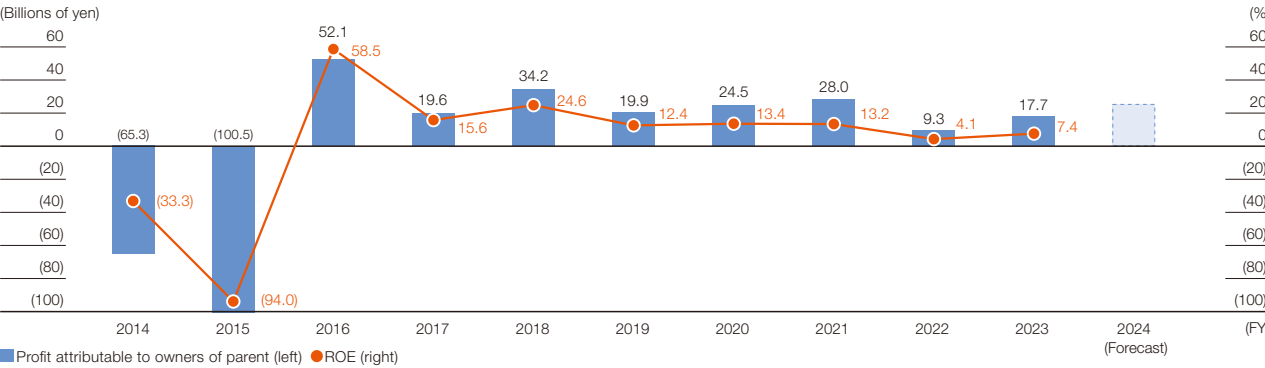
For dividends in FY2024 and beyond, we will target a dividend on equity (DOE) ratio of 3% and a payout ratio of 30% or more. In FY2023, we increased the annual dividend by ¥10 per share compared to the previous year. In FY2024 as well, we plan to increase the annual dividend by ¥20 per share compared to the previous year.

Financial Highlights

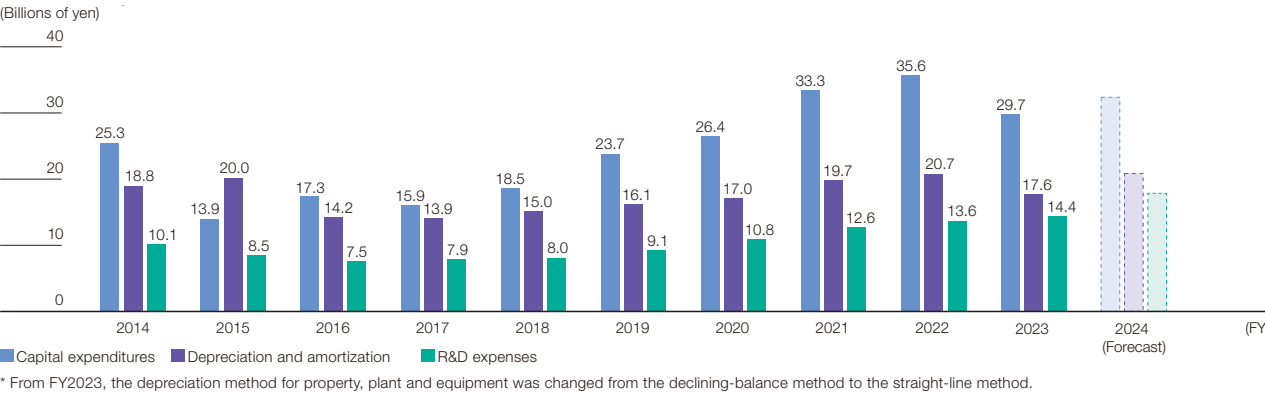
Net Sales / Operating Profit / Operating Margin



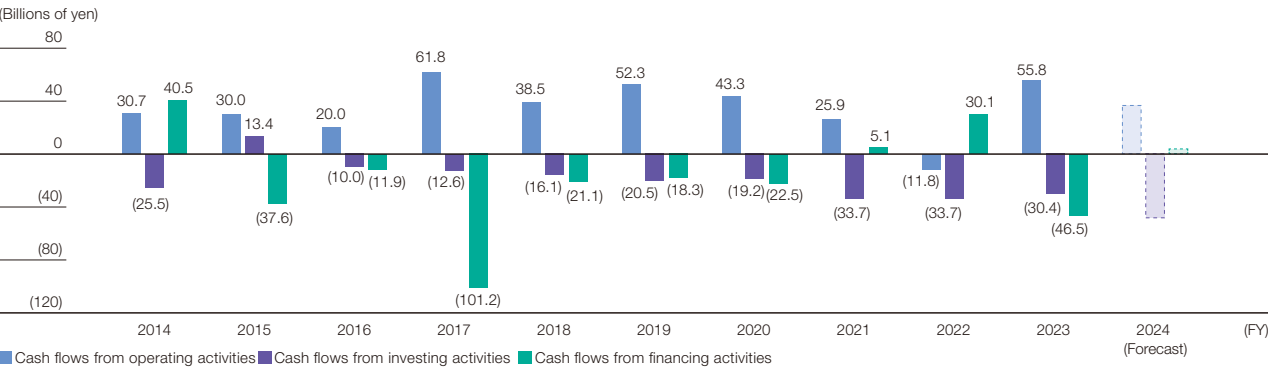
Profit Attributable to Owners of Parent / ROE



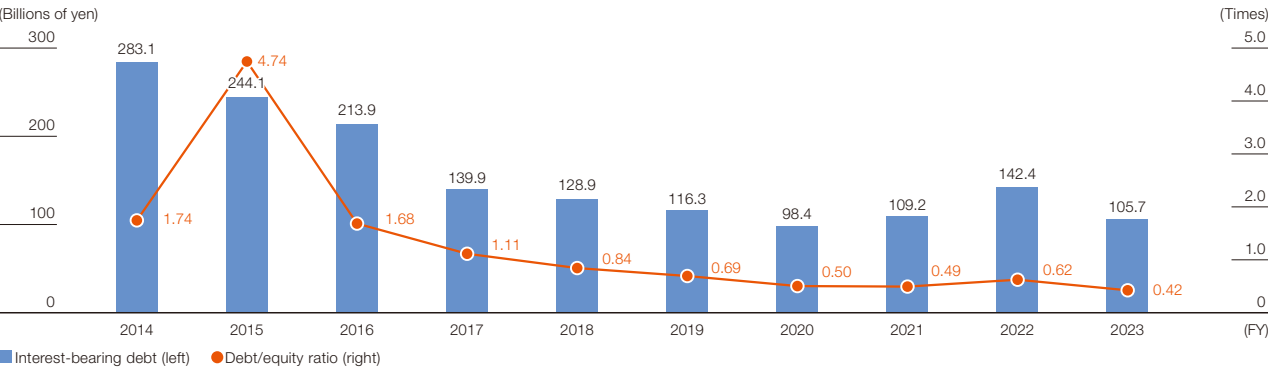
Capital Expenditures / Depreciation and Amortization / R&D Expenses



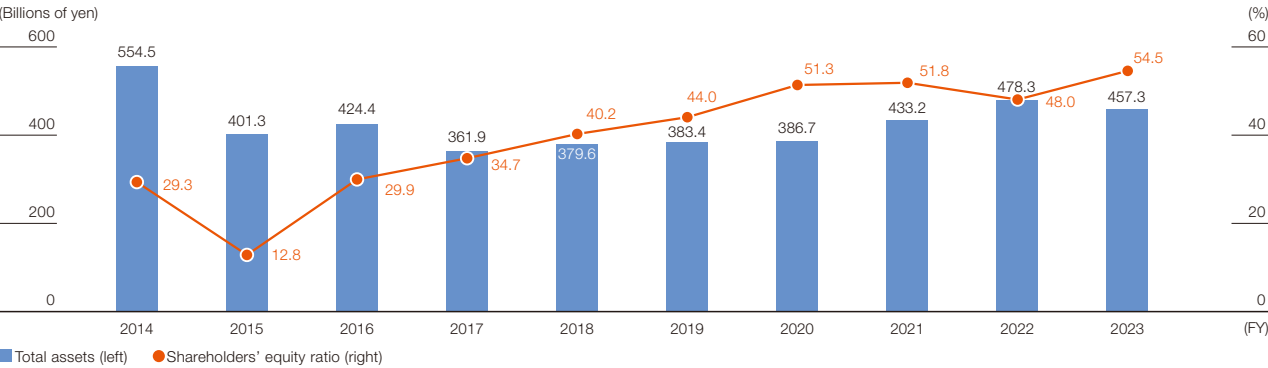
Cash Flows



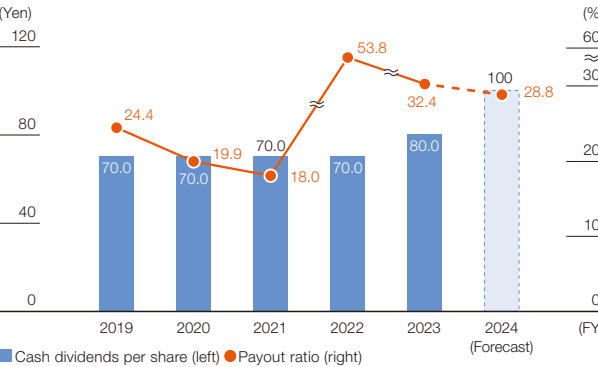
Interest-Bearing Debt and Debt/Equity Ratio



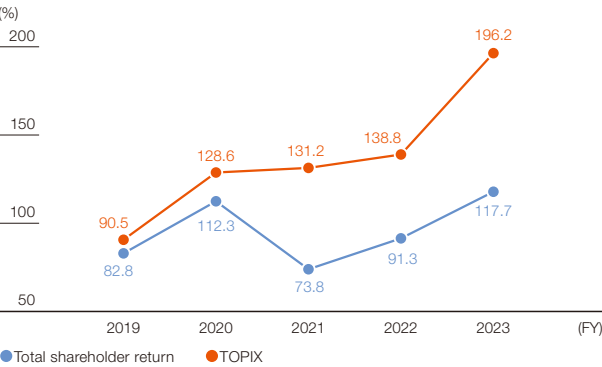
Total Assets / Shareholders' Equity Ratio



Cash Dividends per Share / Payout Ratio

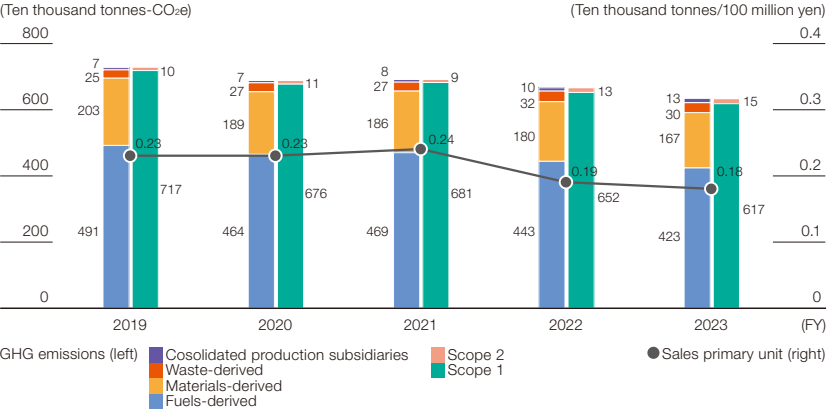


Total Shareholder Return (TSR)



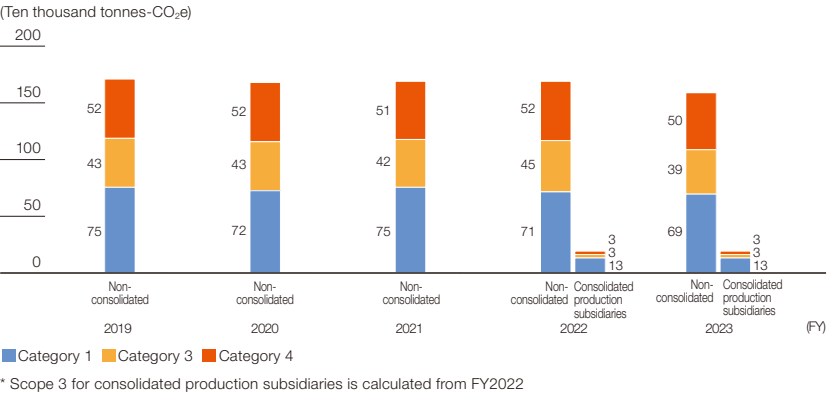
Non-Financial Highlights

GHG Emissions (Scope 1 and 2)



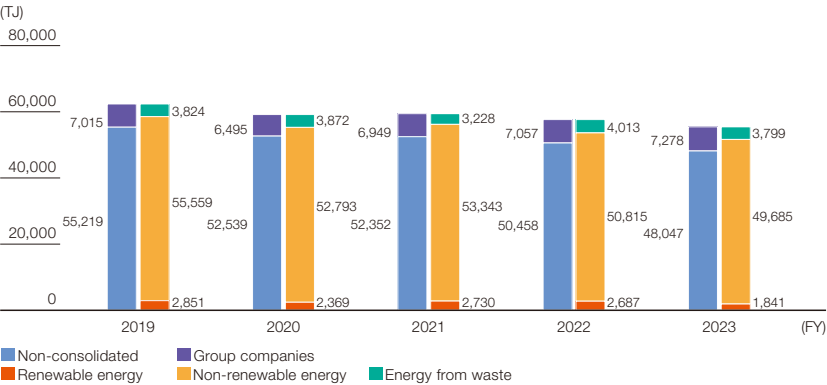
We recognize that the mitigation of global warming is one of the most critical issues today and are working hard to curb greenhouse gas (GHG) emissions. GHG emissions are the total emissions of gases such as CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O; of these, CO<sub>2</sub> emissions account for approximately 99.8% of the volume of emissions. GHGs are generated mainly by the combustion of fossil fuels in captive power plants, as well as by the decarboxylation of limestone (raw material) in the cement manufacturing process. GHG emissions in FY2023 were 6,320 thousand tonnes-CO<sub>2</sub>e.

Supply Chain Emissions (Scope 3)



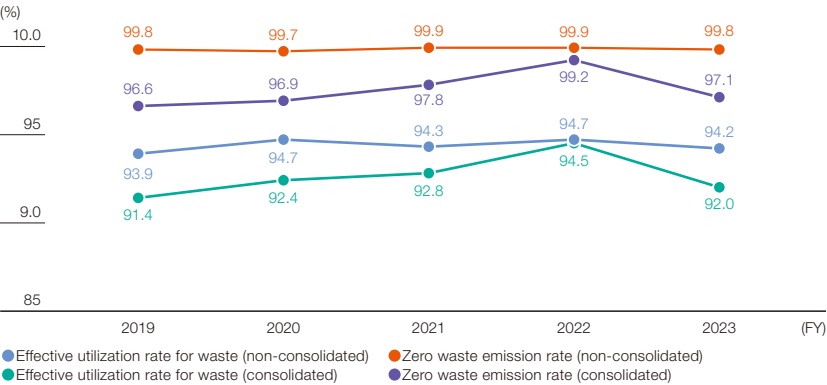
Tokuyama has set new emission reduction targets for Scope 3 this year in order to challenge the achievement of carbon neutrality across the entire supply chain. Since categories 1, 3, and 4 account for more than 90% of Tokuyama's Scope 3 emissions, we aim to achieve a 10% reduction by FY2030 (compared to FY2022) relative to the total amount of these categories. The total amount for categories 1, 3, and 4 of Scope 3 in FY2023 was 1.77 million tonnes-CO<sub>2</sub>e.

Energy Usage



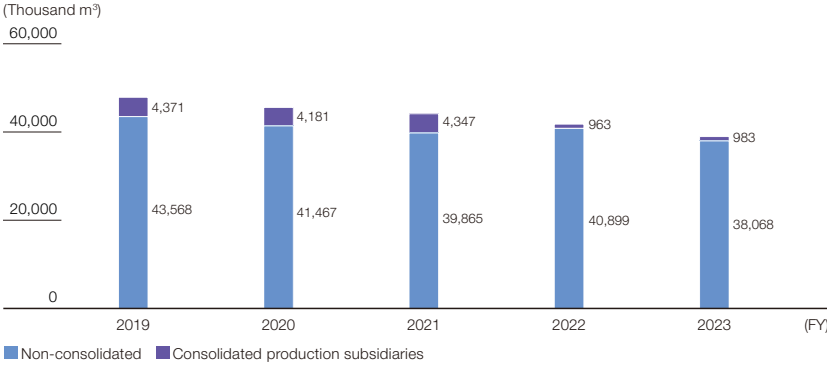
We encourage energy conservation as a way to mitigate global warming. Through process improvements and equipment upgrades, etc., we are promoting the use of less electric power and steam in production, and we are encouraging the further adoption of renewable energy. In FY2023, the percentage of renewable energy use throughout the entire Group was approximately 3.3%.

Effective Utilization Rate for Waste / Zero Waste Emission Rate



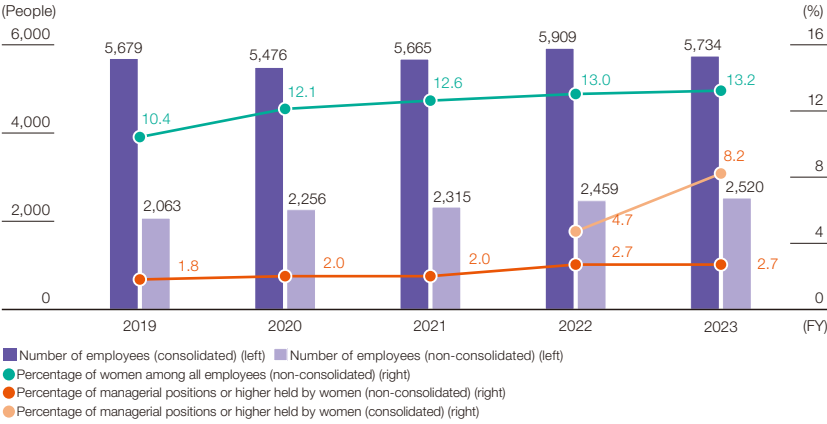
The effective utilization rate for waste and the zero waste emission rate remained high in FY2023 due to efforts to reduce the volume of waste and comprehensive recycling efforts. As a result of actively promoting the recycling of waste generated both internally and externally, with a focus on the reuse of waste as feedstock for cement and thermal energy alternatives at the Tokuyama Factory, the effective utilization rate for waste was 92.0% and the zero waste emission rate was 97.1%. The Tokuyama Group, including consolidated subsidiaries, will make further efforts to achieve the targets of an effective utilization rate for waste of 94% or higher and a zero waste emission rate of 99% or higher.

Water Consumption (Water Intake Excluding Seawater)



We are striving to conserve water consumption (water intake excluding seawater) with the goal of not exceeding the amount used in FY2019. For industrial water used for cooling water and process water, we check the water storage capacity of the dams we use every day, and set and manage the water conservation rate in accordance with the water storage rate. Water consumption in FY2023 was 39,051 m<sup>3</sup> thousand, an 18.5% decrease compared to FY2019.

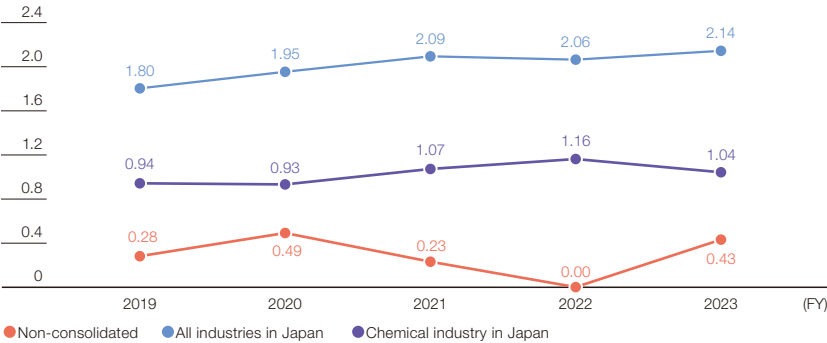
Number of Employees / Percentage of Women among All Employees / Percentage of Managerial Positions or Higher Held by Women



Tokuyama has “responding to diversity of values and ensuring fairness” as one of the strategic axes in its Human Resources Strategy, and for this reason promotes diversity by utilizing the varied values and perspectives of every employee in corporate activities. We have set a target of at least women with a bachelor's degree or higher accounting for 20% or more\* of new graduate hires every year, are promoting the hiring of female employees, and have also set a target of increasing the percentage of managerial positions or higher held by women to at least 15% by FY2030. The percentage of managerial positions or higher held by women gradually increased to 8.2% in FY2023, and we will continue our efforts to promote diversity in order to achieve our target.

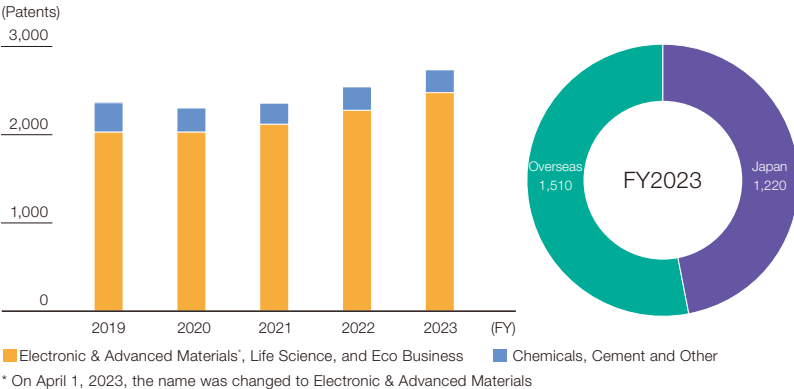
\* Non-consolidated and domestic consolidated subsidiaries

Accident Frequency Rates



One of our safety management goals is to achieve zero accidents and lost time injuries, and we are working to identify and eliminate risk factors, as well as to understand and recognize the behavioral characteristics of each individual in order to eliminate unsafe behavior. However, the accident frequency rate increased in FY2023 due to the occurrence of two employee lost time injuries. We will continue our efforts aimed at zero lost time injuries.

Number of Patents Held



Toward realizing the transformation of our business portfolio, we are concentrating R&D investment in the Electronic & Advanced Materials, Life Science and Eco Business, which we have positioned as growth businesses, and are acquiring and protecting intellectual property rights for the results of these activities in preparation for commercialization. As a result, the number of patents held in these three businesses has increased. At the same time, the number of patents held outside of Japan increased with a view to global business expansion.



Company Overview

Corporate name	Tokuyama Corporation
Established	February 16, 1918
Industry	Chemical manufacturing
Location	<b>Tokyo Head Office</b> Front Place Akihabara 7-5 Sotokanda 1-chome, Chiyoda-ku, Tokyo 101-8618, Japan TEL. +81-3-5207-2500 FAX. +81-3-5207-2580  <b>Tokuyama Factory (Registered Address)</b> 1-1 Mikage-cho, Shunan-shi, Yamaguchi, 745-8648, Japan TEL. +81-834-34-2000 FAX. +81-834-33-3790
Capital	¥10,000 million
Number of employees	5,734 (consolidated basis; 772 working overseas) 2,520 (non-consolidated)
Consolidated subsidiaries	50

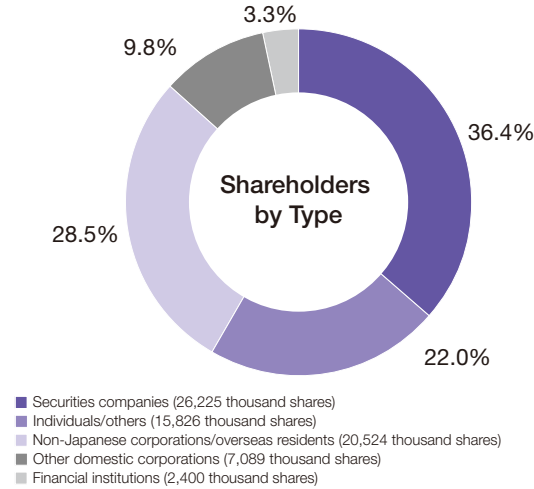
Stock Information

Total number of shares authorized to be issued	200,000,000 common shares
Number of shares issued	72,065,859 common shares (excluding 22,468 treasury shares)
Stock exchange listing	Tokyo Stock Exchange Prime Market
Securities code	4043
Number of shareholders	Common shares: 28,345 shareholders
Fiscal year	From April 1 to March 31

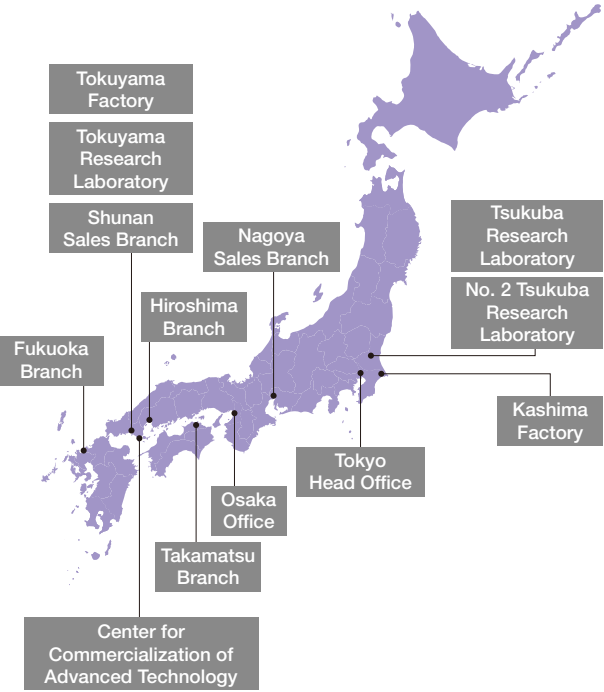
Dividend Policy

Dividends will be paid to the shareholders stated in the final version of the register of shareholders on March 31 and September 30. As far as the distribution of profits is concerned, Tokuyama's basic policy is to ensure the continuous and stable payment of dividends to shareholders. In carrying out this policy, we take into consideration performance trends, the dividend payout ratio, and the roadmap established under the medium- to long-term business plan.

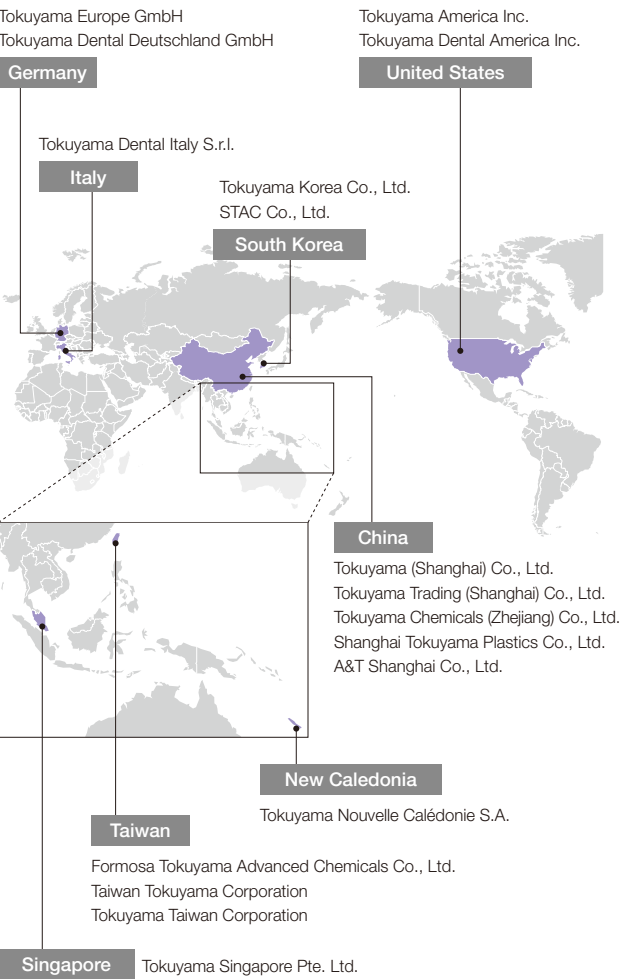
Shareholders by Type



Tokuyama Corporation Business Sites in Japan



Consolidated Subsidiaries Overseas



Consolidated Subsidiaries

Electronic & Advanced Materials	
<b>Tokuyama Chemicals (Zhejiang) Co., Ltd.<sup>1</sup></b> Manufacture and sale of fumed silica, high-purity chlorosilane, high-purity chemicals for electronics manufacturing  <b>Formosa Tokuyama Advanced Chemicals Co., Ltd.<sup>1</sup></b> Manufacture and sale of high-purity IPA for electronics manufacturing  <b>Taiwan Tokuyama Corporation</b> Manufacture and sale of high-purity chemicals for electronics manufacturing  <b>STAC Co., Ltd.</b> Manufacture and sale of high-purity IPA for electronics manufacturing  <b>Tokuyama-Dowa Power Materials Co., Ltd.</b> Manufacture and sale of aluminum nitride substrates  <th>Life Science</th>	Life Science
<b>Shanghai Tokuyama Plastics Co., Ltd.<sup>1</sup></b> Manufacture and sale of microporous film  <b>Tokuyama Dental Corporation</b> Manufacture and sale of dental materials and equipment  <b>Tokuyama Dental America Inc.</b> Sale of dental materials and equipment  <b>Tokuyama Dental Deutschland GmbH</b> Sale of dental materials and equipment  <b>Tokuyama Dental Italy S.r.l.</b> Sale of dental materials and equipment  <b>A&amp;T Corporation</b> Manufacture and sale of diagnostic reagents, analyzers and systems  <b>A&amp;T Shanghai Co., Ltd.</b> Sale of diagnostic reagents, analyzers and systems  <b>ASM Inc.</b> Development, manufacture and sale of polyrotaxane-related products  One other company	

Eco Business
<b>ASTOM Corporation</b> Manufacture, sale and maintenance of ion-exchange membranes and related equipment  <b>Tokuyama Chiyoda Gypsum Co., Ltd.</b> Collection of waste gypsum board, manufacture and sale of gypsum dihydrate, operation of waste gypsum board recycling business  <b>FL Tokuyama Corporation</b> Sale of plaster sheets and items made from plaster sheets

Chemicals	
<b>Shin Dai-ichi Vinyl Corporation<sup>1,2</sup></b> Manufacture and sale of PVC resin  <b>Tokuyama Soda Trading Co., Ltd.</b> Stocking and sale of soda ash and calcium chloride  <b>Sun Arrow Kasei Co., Ltd.</b> Manufacture and sale of PVC resin compounds  <th>Cement</th>	Cement
<b>Tokuyama Nouvelle Calédonie S.A.</b> Manufacture and sale of cement  <b>Tokuyama MTech Corporation</b> Manufacture and sale of building materials and chemical products  <b>Tokuyama Tsusho Trading Co., Ltd.</b> Stocking and sale of cement and ready-mixed concrete  <b>Tokuyama Art Block LABO Co., Ltd.</b> Manufacture and sale of interlocking blocks  <b>Tokyo Tokuyama Concrete Co., Ltd.</b> Manufacture and sale of ready-mixed concrete and concrete products  <b>Kawasaki Tokuyama Ready Mixed Concrete Co., Ltd.</b> Manufacture and sale of ready-mixed concrete  <b>Chugoku Ready Mixed Concrete Co., Ltd.</b> Manufacture and sale of ready-mixed concrete  <b>Hiroshima Tokuyama Ready Mixed Concrete Co., Ltd.</b> Manufacture and sale of ready-mixed concrete  <b>Seibu Tokuyama Ready Mixed Concrete Co., Ltd.</b> Manufacture and sale of ready-mixed concrete  <b>Shirokawa Co., Ltd.</b> Manufacture and sale of ready-mixed concrete  <b>Kagawa Tokuyama Co., Ltd.</b> Sale of cement and construction materials, manufacture and sale of ready-mixed concrete  <b>Kyushu Tokuyama Ready Mixed Concrete Co., Ltd.</b> Manufacture and sale of ready-mixed concrete  <b>Toyomi Co., Ltd.</b> Manufacture and sale of ready-mixed concrete  <b>Notsuharu Co., Ltd.</b> Manufacture and sale of ready-mixed concrete	

Other
<b>Tokuyama (Shanghai) Co., Ltd.</b> Management company to provide services for other group companies in China  <b>Tokuyama Trading (Shanghai) Co., Ltd.</b> Sale of Tokuyama Group products  <b>Tokuyama Taiwan Corporation</b> Marketing and R&D of growth businesses  <b>Tokuyama Korea Co., Ltd.</b> Sale of Tokuyama Group products  <b>Tokuyama Singapore Pte. Ltd.</b> Manufacture and sale of high-purity chemicals for electronics manufacturing Sale of Tokuyama Group products  <b>Tokuyama America Inc.</b> Sale of Tokuyama Group products  <b>Tokuyama Europe GmbH</b> Sale of Tokuyama Group products  <b>Shunan System Sangyo Co., Ltd.</b> Civil engineering, construction work and planning; on-site contracted factory work; stocking and sale of construction materials  <b>Shunan Swimming Club Co., Ltd.</b> Operation of health promotion facilities including swimming and fitness clubs  <b>Tokuyama Kairiku Unso K.K.</b> Shipping, transportation and warehousing  <b>Kyouseisekiyu Corporation</b> Petroleum-related business  <b>Yamaguchi Kisen Corporation</b> Marine transportation  <b>Shunan Bulk Terminal Co., Ltd.</b> Warehouse operations for bulk cargoes of coal, etc.  <b>Tomitec Co., Ltd.</b> Manufacture of household dehumidifiers and molding of synthetic resin products  <b>Super Nano Design Co., Ltd.</b> Design, manufacture and sale of nanomaterials  <b>Tokuyama You You Farm Co., Ltd.</b> Cultivation of leaf lettuce

1. Specified subsidiary  
2. Absorbed by Tokuyama Corporation on April 1, 2024  
Note: Excel Shanon Corporation became an equity-method affiliate on July 3, 2023.  
Shunan Kairiku Unso Limited was absorbed by Tokuyama Kairiku Unso K.K. on October 1, 2023  
Tokuyama METEL Corporation was excluded from the scope of consolidated subsidiaries on December 28, 2023.

For the People of Tomorrow



## Tokuyama Corporation

Front Place Akihabara

7-5 Sotokanda 1-chome, Chiyoda-ku, Tokyo 101-8618, Japan

Corporate Social Responsibility Division

<https://www.tokuyama.co.jp/eng/>