Sustainability Report | 2025

MEC COMPANY LTD.

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Toward MEC's sustainable growth and contribution to society

With the rapid evolution of technology and the increasing digitization and sophistication in the industry, new business opportunities are spreading for MEC, a company handling chemicals for the manufacture of electronic substrates. On the other hand, as environmental and social issues such as climate change become more serious, it has become essential for companies to build co-creation relationships with various stakeholders by placing not only a financial perspective but also ESG (Environmental, Social and Governance) perspectives at the core of their management strategies, in order to achieve sustainable growth.

We will proactively work to solve social issues through our business activities based on transparency and integrity. By contributing to the sustainable development of industry through global business expansion and continuing to create value for future generations, we will strive to achieve both economic value and social value with the aim of continuously increasing corporate value.

Basic Policy on Sustainability

At the MEC Group, we will contribute to the realization of a sustainable society, by developing and operating management foundations that recognize our corporate responsibility from an ESG perspective, working to resolve social issues through fair and honest business activities, and continuously creating social value while growing ourselves as a company, based on the principles of "Visionary Technology", "Reliable Quality", and "Meticulous Service".

We will strive to create new business opportunities while addressing and resolving sustainability issues through our business activities

We will foster a mutually energizing working environment and culture where everyone respects each other and can make the most of their diverse range of abilities and expertise

We will strive to reduce our environmental impact in consideration of climate change and limited resources

Editorial Policy

Since publishing the Environmental Report in 2006, we have changed the format to a CSR Report (2021) and a Sustainability Report (2022), and have expanded the content of the report.
In this year's edition, we have further enhanced information on our various sustainability initiatives related to the sustainable development of society and the Company (sustainability), including the disclosure of all Scope 3 categories and the process of establishing our Basic Policy on Information Security.

Referenced guidelines

- The RBA Code of Conduct version 8.0
- ISO26000: 2012
- Environmental Reporting Guidelines 2018
- SASB (Chemicals_Standard_2023-12)
- Sustainability Disclosure Standards (SSBJ)

Reporting period

Period reported: Our activities from January to December 2024. Some reports include activities since January 2025.

Scope of this report

MEC Co., Ltd. Amagasaki HQ. (Concerning the Head Office / R&D Center / the Amagasaki Factory), Higashi-hatsushima HQ., Nagaoka Factory and Tokyo Sales Office. Contains some information about overseas subsidiaries.

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About MEC COMPANY

MEC Group's corporate vision: "Creating and Fostering Value at Various Interfaces" Machinery + Electronics + Chemistry

MEC was established in 1969 with a view to creating new goods, services and experiences with the integrated technology that fuses "Machinery", "Electronics", and "Chemistry" and taking on the electronic substrates industry. Since then, we have continued to manufacture high-quality, advanced products.

Basic Information

Company Motto
"Enjoy your work"

Capital
594 million yen

Equity Ratio
81.4%

Stock Exchange Listings
Tokyo Stock Exchange Prime Market
(Securities code: 4971)

Company Rules
- Let's always aim to achieve new targets without fear of failure. Repeatedly try new ideas and improvements with unyielding curiosity.
- Let's make improvements with an insatiable curiosity.
- Let's carry out work with our combined power and a feeling of gratitude and cooperation.
- Let's make a fun workplace where people pay attention to health and safety.
- Let's contribute to society

Kind of Business
R&D, production and sales of chemicals, equipment and related materials used in the production of PCB.

https://www.mec-co.com/en/product/

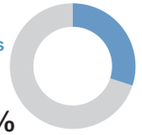
ISO Certification
All MEC Group bases have acquired **ISO9001 and ISO14001.**

PBR
2.44x

MEC's Strength
Our global organization is designed to solve our customers' issues with our **"Visionary technology of creating and fostering value at various interfaces" centered on our core metal surface treatment technology**, which we have cultivated over many years in the chemicals business for electronic substrates and components, as well as with our "reliable quality" and "meticulous services". By providing these comprehensive capabilities and promoting the evolution and advancement of digital technology, we support industrial development, such as the progress in communications infrastructure represented by 5G, PCs, smartphones, and self-driving cars, as well as the development of DX and GX, and **contribute to the creation of a sustainable society**.

R&D expenses
1,333 million yen
we invest about 10% of our consolidated sales

Percentage of Human Resources Involved in 1 Research
About 30%



Non-Financial Data

Employee
277 (non-consolidated)
480 (consolidated)

Years of Service
Male 12.5 | Female 12.8

Percentage of Female in Managerial Positions
26.3%

Number of Outside Directors
4 out of 7 Directors

Percentage of Female among Directors and Operating Officers
30.8%

Number of Patents Held
Japan 57 | Overseas 169

Amount of CO_2 Emissions
Scope1·2
2,746 t-CO_2 *1
Scope3
44,903 t-CO_2 *2

*1 MEC Group as a whole, including overseas operations
*2 Domestic information only

Average Age
Male 42.7 years old | Female 42.5 years old

Number of Employees Turn Over
(Within 3 years after joining the company)
Male 4.8% | Female 3.5%

Percentage of Employees Returning to Work after Taking a Child-rearing Leave
100%
Employees who have taken baby-care leave Male 90.0%

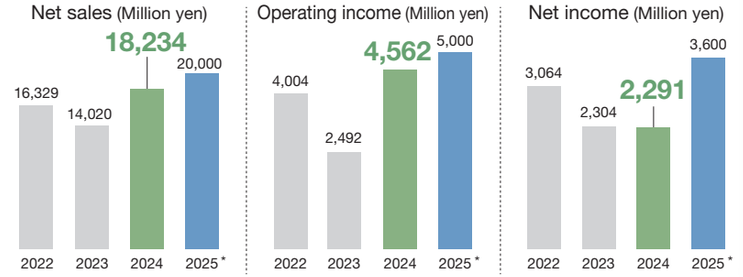
Industrial Accidents Involving Lost time injuries
0 case
Number of occupational accidents not involving lost time 0 case

Expression of Support for the TCFD Recommendations
February 2023
In February 2025, we increased the scope of information disclosed concerning the assumed impact, timing of occurrence, and other factors, and posted this information on our website
https://www.mec-co.com/en/ir/library/pdf/tekijikaiji/20250214_5604_tekijikaiji_1.pdf

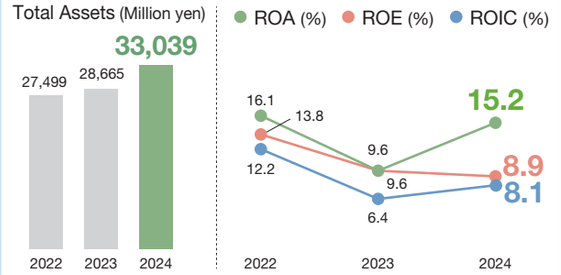
Obtained B Score in CDP "Climate Change"

Consolidated Financial Data

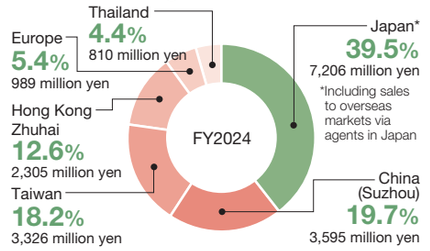
Net Sales/ Operating Income/ Net Income
*Performance forecasts (Published on May 12, 2025)



Total Assets/ ROA/ ROE/ ROIC



Sales by Region/ Amount of Sales



*Percentages are rounded to the first decimal place, so the total does not necessarily equal 100.

Financial data → https://www.mec-co.com/en/ir/financial-data/

Information as of Dec 31, 2024.

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TOP Message

Start of the Medium-term Management Plan "Vision for 2030 Phase 2". MEC will steadily pursue technological development so that we can be a forerunner in the electronics industry, which is undergoing remarkable technological innovation, such as the diversification of AI and next-generation communication networks.

Kazuo Maeda
CEO & President

Business Environment

Looking Back at FY2024

In FY2024, as the prolonged COVID-19 pandemic was brought under control and social activities returned to normal, the Japanese economy was on a gradual recovery, although it was showing some signs of being at a standstill. Overseas, while monetary tightening began to ease, the outlook remained uncertain due to rising geopolitical risks caused by the protracted situation between Russia and Ukraine, tensions in the Middle East and other factors. In addition, there are concerns about the uncertainties surrounding the Chinese economy going forward, as well as new uncertainties such as U.S. policy shifts and tariff actions.
Looking back at the business environment, in the electronics industry, there were active efforts toward technological innovation in AI, 5G, and other next-generation communication networks, and investment was strong in cutting-edge fields, especially those driven by generative AI-related products. In-vehicle related products, which are undergoing a technological shift to autonomous driving, also performed favorably in general, and PCs and smartphones, for which inventory adjustments appear to have run their course, showed a recovery trend, albeit with weak momentum. These factors led to an increase in sales trends for major products compared to the performance in the previous fiscal year, and MEC posted record-high net sales for the fiscal year ended December 2024.
Particularly in the electronics industry, which we are associated with, while generative AI-related products drove growth, MEC worked on the development and sales of products for high-density electronic substrates to respond to the increasing speed and performance of electrical signals, and also established technology that help lay the groundwork for growth.

Medium-term Management Plan

Prospects and Key Issues for Phase 2

In these circumstances, the MEC Group completed the "Vision for 2030 Phase 1 Medium-term Management Plan (2022-2024)" and launched "Phase 2 (2025-2027)" of the medium-term management plan in 2025. In order to increase corporate value over the medium to long term, we positioned Phase 1 as a period to reinforce our core businesses under the guiding principle of "Create and Transform" and worked on our business activities. In order to improve capital efficiency, we set the improvement of operating margin and ROE as quantitative targets, and while strengthening our business structure and checking our portfolio, we made efforts aimed at achieving an "operating margin of 20% or higher" and "ROE of 10% or higher" at a minimum.
As a result, both revenue and operating profit reached record highs, with an operating profit margin of 25.0%, for FY2024. On the other hand, ROE fell short of our target at 8.9% due to a decrease in net income resulting from group restructuring that took business rationality and management efficiency into consideration toward our corporate vision for 2030.

Phase1(2022-2024) Quantitative Goals and Results

Consolidated operating margin

2024 quantitative targets		2024 quantitative results
At least 20%	→	25.0%

ROE

2024 quantitative targets		2024 quantitative results
At least 10%	→	8.9%

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Setting Phase 2 as a period to "build the foundations for growth", we are developing new technological areas in the field of high-frequency communication technology, which is expected to grow at a high rate globally, in parallel with semiconductor package substrates. In this way, we believe that we must always be at the forefront of the market by developing our own unique technological areas and setting new products and services as the de facto standards.

For example, we have identified two key objectives in our business areas: "establish de facto standards in new technology areas" and "build business applying existing technologies". In our first objective of "establishing de facto standards in new technology areas", we will focus on "chemical adhesion (a non-roughening technology for making copper adhere to resin in a smooth state without physically roughening the copper surface)", which we have been working on since Phase 1. This is a technology that enables even faster processing of large amounts of data and reduced power consumption in digital high-speed networks such as AI servers and 5G, since non-roughening allows electric signals to flow efficiently.

MEC takes pride in holding a leading position in the upstream of this "chemical adhesion" process in the field of advanced package substrates. We are working to make this technology the de facto standard, and plan to deploy it in high-frequency and PCB substrates, which are becoming increasingly important, to capture the market. In our second key objective, we will strive to build businesses in areas where existing core technology is applied and developed. Through working on these key objectives and maintaining and strengthening profitability, MEC will aim to achieve the numerical targets set forth in Phase 2 of the medium-term management plan.

Growth Strategy

Environmental Initiatives and Human Resource Development

During Phase 1 when we strengthened our core business and expanded our growth business, we were able to generally achieve our quantitative targets, partly due to the impact of the yen's depreciation. It is from now on that the true worth of our 2030 Vision will be tested. We organized issues such as R&D to create new business areas, stable procurement and supply, and environmentally friendly products, and incorporated them into our growth strategy under Phase 2.

Our main business is the development, manufacture, and sale of chemicals for the manufacture of electronic substrates and components, which are strongly connected with the electronics market. As an R&D-oriented company, MEC provides the world with high value-added products that meet market needs based on the concept of "creating and fostering value at various interfaces". Therefore, it is no exaggeration to say that the key to our growth strategy lies in our R&D capabilities. To this end, we value active investment in R&D and make it our policy to invest approximately 10% of consolidated net sales. We will develop technology that only we can provide and commercialize it. We will strengthen our business domains so that customers will recognize the value of our products not only as goods but also as products that come with ancillary information and services. MEC develops products taking into consideration the environment, and our products' environmentally-friendly features can be useful in our customers' production. In Phase 2, we will steadily proceed with the development of technology that reduces environmental impact and provide added value in the form of safety, high quality, and enhanced technical services.

With the aim of contributing to the creation of a prosperous and affluent society and environment through its businesses, the MEC Group has been taking initiatives to solve social issues. Under 2030 Vision Phase 2, we will similarly work on initiatives to address climate change in connection with the TCFD Declaration and environmental conservation. We have established CO_2 reduction targets and are implementing energy conservation initiatives.

Specifically, we have set a goal to reduce domestic Scope 1 and 2 total emissions by substantially 50% by fiscal year 2030 (with fiscal year 2017 as the baseline), and we have also disclosed figures for domestic supply chain Scope 3 emissions.

The next important factor is human resource development. In Phase 2, we intend to place an even greater emphasis on investment in human capital as a pillar of strengthening the foundations of management. While training useful developers is essential for our visionary technology, we are also making comprehensive efforts to develop not only engineers but also human resources who will lead MEC in the next generation through management training and other programs within the framework of human capital management. One of our ideal images in developing human resources is to nurture "human resources who demonstrate self-reliance, self-discipline and solidarity". If we assume that people are on the vertical axis, then departments are on the horizontal axis, and in Phase 2, we also incorporated our concept of human resource development so as to break down departmental boundaries and create ways of working that suit the new era.

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Organizational Reform

Reorganization and Stakeholder Engagement

In FY2025, MEC will promote organizational reforms to achieve sustainable growth. This organizational change is implemented on two axes. The first is to improve operational efficiency by integrating production and logistics. Conventionally, our sales and logistics were placed under a single management system, but this time the production and logistics departments were integrated, and chemical substance management was also consolidated into the production division. Based on this reorganization we will work to improve human and organizational efficiency and create functional synergy between departments. We also believe that the entire supply chain will be optimized.

The second axis is the establishment of a new business division for the purpose of creating innovation. We will make businesses that are centered on new technology developed by the R&D division independent and promote divisionalization as new business areas. With this structure in place, we will continue to develop products that adapt to changing market needs and contribute to our customers' productivity improvements, such as higher yields, and higher performance and reliability of their equipment.

Through these organizational reforms, we will concurrently strengthen the competitiveness of our core business, expand markets and develop new business areas, and build a sustainable business foundation that can respond to the social transformation associated with the accelerating shift to more digital and green technology.

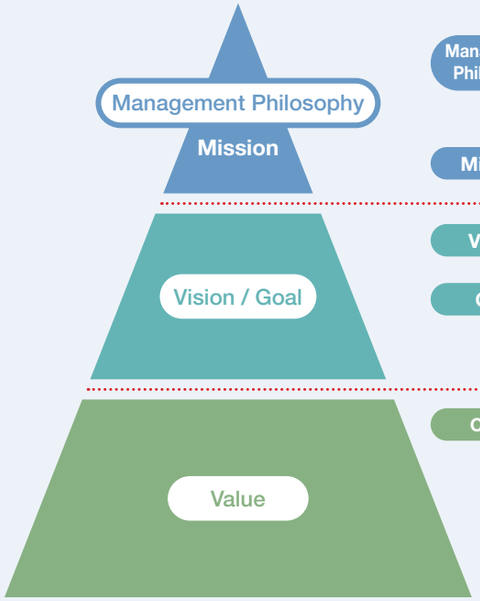
MEC hopes to be a company that continues to contribute to society through the application and deployment of the latest technology and organizational reforms. This is something we will build together with all our stakeholders, including employees, partner companies, shareholders, customers, and local communities that support our business. Our employees are valuable assets (human resources) of MEC, and it gives me the greatest pleasure to see them taking on challenges and being happy. MEC also values distributing returns to our shareholders. We will respond to our shareholders by maintaining and increasing the annual dividend per share with a view to achieving a consolidated dividend payout ratio of 30%.

MEC's goal is to have its technology and information be used effectively in the near future when cutting-edge technology is deployed in the market. We will continue to contribute as a behind-the-scenes force that supports a prosperous and sustainable society. We sincerely appreciate the continued support of our stakeholders.

Diagram of Our Company's Ideals

Since our founding, we have not only focused on chemicals for the manufacture of electronic substrates and components that have supported the development of the electronics industry, but we also aim to provide various values to the world.
In 2025, we organized and reviewed our company's philosophy system in conjunction with Phase 2 of our "2030 Vision" and newly established it.

Company Motto: Enjoy your work



Management Philosophy: The MEC Group will contribute to the creation of a prosperous and diverse society and sustainable environment, inspired by an innovative approach based on the principles of "Visionary Technology", "Reliable Quality" and "Meticulous Service", thereby creating and fostering value at various interfaces through our global activities.

Mission: Transforming the world through interfaces

Vision: Becoming the world's best creator of interfaces and connecting them to the world.

Goal: Achieving our ideal potential
- To become a truly global company
- To continue as an R&D-driven enterprise
- To establish ourselves as a uniquely innovative AI company

Creed
- Always take on new challenges without fear
- Continue innovating and improving with boundless curiosity
- Work together in a spirit of cooperation and gratitude
- Create a fun workplace focused on safety and health
- Strive to be useful in society at large

Create and Transform
Change the concept of "making"
Change the concept of "selling" and "gaining"

Valuing Connections Among People and Nurturing Unique, Irreplaceable Value
Build external networks and internal harmony; it is people who cultivate value.

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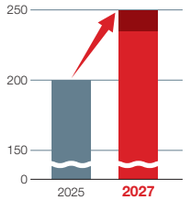
Medium-term Management Plan to Solidify the Foundation for Growth: 2030 Vision Phase 2

In Phase 1 (2022-2024), we worked to strengthen our core businesses under the guideline of "Creation and Transformation", and in the final year of 2024, although ROE was 8.9%, slightly below our target of 10%, we achieved results that exceeded our consolidated operating profit margin target. This was the result of efficiency improvements accompanied by the reorganization of our global operations.
We view Phase 2 (2025-2027) as a three-year period for "building the foundation for growth", during which we will pursue strategic investments, human resource development, and market expansion in core technologies and new technology domains to realize our vision for 2030.

Phase 2 Quantitative/Qualitative Targets

Quantitative Targets



Consolidated sales
FY2027 Consolidated sales
¥25 billion
Core business: **¥23.5 billion**
Application and Expansion: **¥1.5 billion**

Consolidated operating margin
At least **20%**

ROE
At least **10%**

Qualitative Targets

- Maintain and bolster profitability in existing markets
- Develop business in areas where existing technologies can be applied and expanded
- Create new business
- Build structures for stable global supply
- Advance and strengthen ESG management

Phase 1

2022-2024
Reinforce core business
- Deepen priority areas
- Secure profitability and invest in growth

Phase 2

2025-2027
Build the foundations for growth
- Establish a position using new technology
- Build business applying existing technologies

Phase 3

2028-2030
Work toward further growth
- Create new business

2030 Vision

Becoming the world's best creator of interfaces and connecting them to the world.

Growth Strategy and Basic Policy

Operating cash flows External procurement, etc

Investment in growth
- Investment in R&D **Approximately 10%** of consolidated sales every year
- M&A
- Reinforce global supply structures
- Reinforce technical support and marketing structures

Reinforce foundations
- Investment in human capital
- Capital investment **Approximately 8 billion yen** over three years
- Reinforce ESG management **Reduce actual** total Scope 1 and 2 emissions in Japan **by 50%** by FY2030 (base year: FY2017)

Shareholder returns
- Dividends
- Maintain and increase the annual dividend per share Consolidated payout ratio target: **30%**
- Flexibly implement share buybacks according to the circumstances

Indicators and Targets (2030)

Ratio of women in management positions	Percentage of men taking childcare leave	Gender wage gap
At least 30%	At least 85%	At least 90%

Moving to the revenue expansion stage through market development

Expansion of core business
(Semiconductor and electronic substrate markets)

×

Expanding demand in new technology fields
Adhesion enhancement using ultra-fine and non-roughening technologies
(Higher signal speeds, higher densities)

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Formulation of Phase 2 of the 2030 Vision Medium-term Management Plan

Focusing on new technology areas in our core business, we will aim to maximize corporate value enhancement with a product lineup that anticipates the megatrends of the times, from cutting-edge substrates to applied substrates.

Tetsuya Taniguchi

Director / Executive Operating Officer,
General Manager, Management Planning Unit

Formulation of "2030 Vision Phase 2" (2025-2027), the second term of the medium-term management plan

Director Taniguchi, could you please introduce yourself?

Over the past 35 years, I have been involved in and witnessed the course of development in the electronic materials business. I have long years of experience in sales and marketing and new business development, as well as overseas assignments. In my private life, I keep active, enjoying outdoor sports and international travel.

At MEC, I was engaged in implementing growth strategies, addressing management issues and developing markets, making use of my past experience and ability to take the initiative. Starting from fiscal year 2025, I have assumed the position of Director/Executive Operating Officer and General Manager of Management Planning Unit. I will be concentrating my efforts on strengthening our business based on the medium-term management plan, including management strategies, market growth strategies, and intermittent growth.

This year, we commenced "Vision 2030 Phase 2" Could you please share the review of the past three years and how Phase 2 was developed?

Our "2030 Vision Phase 1 (2022-2024)" was a three-year period that saw significant market fluctuations, including a year of strong demand for PCs and smartphones due to the COVID-19 pandemic followed by a year of inventory adjustments. In these circumstances, MEC proceeded to invest in long-term growth while minimizing the impact of the temporary slump in demand by making management efforts. Through conducting marketing analysis and new technology development, we have established our chemical adhesion technology as a next-generation product and formulated a deployment strategy, responded to a wide range of customer needs from cutting-edge package substrates to applied substrate areas, and provided our chemical adhesion process technology tailored to customer needs. In addition, we marked all-time high net sales and achieved our operating margin target in the final fiscal year, and also achieved almost all of the numerical targets set in Phase 1.

On the other hand, some issues also became apparent. I believe we did not do enough to examine our intermittent growth business while we strategically addressed the risks associated with market changes. By verifying whether we have a balanced allocation of next-generation human resources that will achieve the corporate vision for 2030, we recognized the urgent need for a personnel development program to make up for the shortage of human resources. We will also focus on investment in human capital.

In formulating Phase 2, we quantified data based on the issues identified in Phase 1 once again and shared the KPI settings with management. We identified strategically important markets such as AI, next-generation information and telecommunications, and new automotive technology, and have also begun to build a framework for "horizontal coordination and deployment of each function" as envisioned by the President.

Through pursuing the task of reorganizing the various departments, mainly sales, development, and logistics, to secure efficiency and incorporating them into a roadmap, we will aim to expand business areas in the market, nurture new business, and ensure the growth of our core business.

Growth Strategies for Megatrend Markets

What technological domains will you focus on strengthening for future growth?

MEC develops surface treatment agents for metals used in package substrates and boasts the world's top share in interface treatment technology. In terms of technology, we have both "physical adhesion" and "chemical adhesion" technology, as well as "selective etching" and "anisotropic etching" for related processes, which can be utilized in various solutions according to customer needs.

We are also enhancing optimal technical support for our customers' production processes through the operating sites in our global network. Our strength lies in the fact that we have established a style of providing advanced technology and being involved in the entire production process, rather than just selling chemicals. I hope we can advance our medium-term management plan using these strengths as our banner and continue to be at the forefront as a leading company in the world.

We are aiming to achieve, in the final fiscal year of Phase 2, net sales of 25 billion yen, 1.5 billion yen of which is expected to come from new business areas.

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MEC's Value Creation Model

INPUT → Business Activities → OUTPUT → OUTCOME

INPUT

Human Capital

Employee: consolidated **480**, non-consolidated **277**

R&D Staff: non-consolidated **83**

Intellectual Property

R&D investment (growth investment) **1.3 billion yen**
Metal surface treatment technologies

Number of Patents Held: Japan: **57**, Overseas: **169**

Production Capital

7 production sites in **5** countries

Manufacturing capabilities | Global supply system

Social Capital

Developed at **12** sites worldwide

Support customers in **40** countries

Trusting relationships with customers

Natural Capital

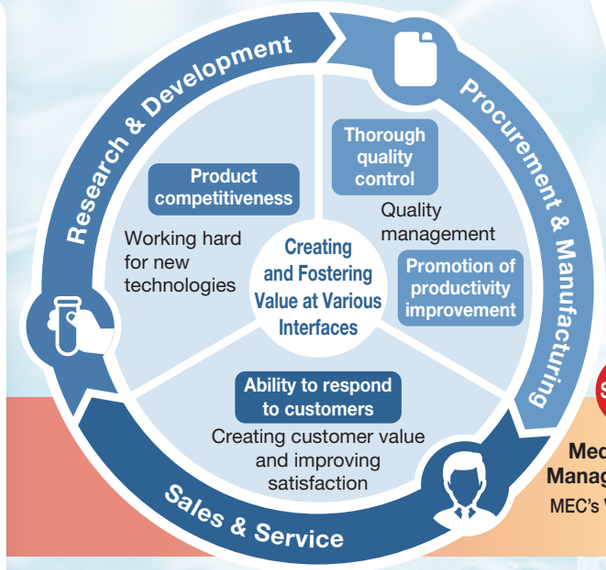
Solar power generation **178,340 kWh**

Equivalent to **6.8%** of the Amagasaki site

Financial Capital

Equity ratio **over 80%**

Business Activities



Strategy

Medium-term Management Plan
MEC's Vision for 2030

Human resource development and capacity development
Work style reform

Management Philosophy
Company Motto "Enjoy your work"

Promoting Sustainability Management
Governance and Management Foundation

OUTPUT

Finance

ROE **8.9%**

Operating margin **25.0%**

R&D expenses Invest **7.3%** of our consolidated sales

Sales **18.2 billion yen** | Operating Profit **4.5 billion yen** (FY2024)

Provision of Products & Services

Provision of metal surface treatment agents to **approximately 600 companies** worldwide

Non-financial

About 1/3 are researchers (non-consolidated)

Percentage of females among directors and operating officers **30.8%**

Engagement **Good**

OUTCOME

Solve social issues through our business

Industry

- High-speed communications development (5G/6G)
- Autonomous driving Utilization of AI
- Advancement of DX / GX
- Decarbonized society

With Customers

Contributing to the improvement of reliability of electronic equipment and large-capacity, high-speed communications through the manufacture of semiconductor package substrates

Improve yields | Maximize productivity | Improvement of functionality

Shareholders / Investors

Improvement of long-term corporate value

Suppliers

Growth by co-existence, co-prosperity and collaboration

Employees

Environment that allows self-realization and demonstration of one's abilities

Reinvest Profits and Know-how

Information as of Dec 31, 2024.

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MEC's Management Capital

Our management capital is invested in our businesses, thereby solving our customers' issues with "Visionary Technology" and creating shared value for customers and the Company.
The value created in this way then flows back to capital, leading to further value creation.

Importance of Each Type of Capital			Status of FY2024	Strengthening Measures	Published Page
Internal Capital	Human resources/ Human capital	These are the most important capital that supports the sustainable development of the MEC Group, and the driving force of value creation. We support human resource development and active participation through human resource strategies that enhance the ability of individuals to be "self-reliant and self-driven" and embody solidarity.	● Number of employees (consolidated) 480 ● Number of employees (non-consolidated) 277 ● Male to female ratio of employees 69 : 31 ● Male to female ratio managerial staff 74 : 26 ● Male to female ratio of newly hired employees 56 : 44	● Autonomous self-propulsion and solidarity ● Human resource strategy ● Promoting the active participation of women ● Implement systems that do not discriminate between men and women and promote take-up ● Engagement	P.02, 06, 08, 12, 22-26
	Intellectual property/ Business expertise	Through our business activities, the Company has accumulated various forms of business expertise. We make timely and appropriate investments in research and development, which is essential for our growth with a high level of competitiveness. We solve issues in accordance with the needs of our customers and seeds of ideas.	● Number of Patents Held Japan 57, Overseas 169 ● R&D investment 1.3 billion yen ● Metal surface treatment technologies	● Strengthen existing business areas and develop new businesses ● Development of products that reduce environmental impact and launch ● Trust from stakeholders	P.02, 06, 08, 11
	Production capital	Strengthen our manufacturing capabilities and establish a global production system to deliver quality products to customers around the world.	● 7 production sites in 5 countries ● Quality control technology and systems ● Total production volume (in Japan) 17,372t	● Improve production and supply capabilities at each site ● New BCP, including the new plant, is being created	P.06, 08, 11, 17
	Financial capital/ Base	Maintain a stable financial base and support business activities by appropriately allocating capital and strengthening profitability.	● Total assets 33.0 billion yen ● Shareholders' equity 26.8 billion yen ● ROE 8.9% ● Operating cash flow 4.2 billion yen ● Equity ratio 81.4%	● Appropriate risk management ● Timely disclosure ● Credibility cultivated through dialogue with stakeholders and capital markets	P.02, 06, 08, 11, 12, 19, 20, 28
External Capital	Social capital/ Network	We have built relationships of trust with many customers and business partners around the world. By collaborating with customers and business partners, we build win-win relationships, solve issues, and create value.	● Numerous customers and business partners around the world ● Relationships of trust with suppliers	● Strengthening our network ● Build relationships of trust with good partners ● Build a sustainable supply chain	P.08, 11, 19, 20
	Natural capital	Consideration for the environment and nature is also essential for business continuity. We strive to reduce our impact on the environment by effectively utilizing energy and resources without wasting them.	Conducting activities related to forests in Amagasaki City, Hyogo Prefecture and Nagaoka City, Niigata Prefecture ● Electricity consumption 3,809,442 kWh ● Water usage 35,620 m^3 ● Solar power generation 178,340 kWh	● Initiatives to respond to climate change ● Consideration of transition to renewable energy	P.02, 06, 08, 11, 13-17, 21

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Identifying Material Issues “Materiality”

MEC sets out its goal under the “Vision for 2030” to open up the future through collaboration and co-creation with stakeholders, create a virtuous cycle of social value and economic value, and contribute to the creation of an affluent society. In Phase 2 of the “Medium-term Management Plan 2025-2027”, we continue to promote this policy. To achieve this virtuous cycle, we have identified materiality issues (materiality) and are promoting initiatives in terms of both our product and service offerings and business processes.
Materiality is periodically reviewed in conjunction with the formulation of the three-year medium-term management plan.

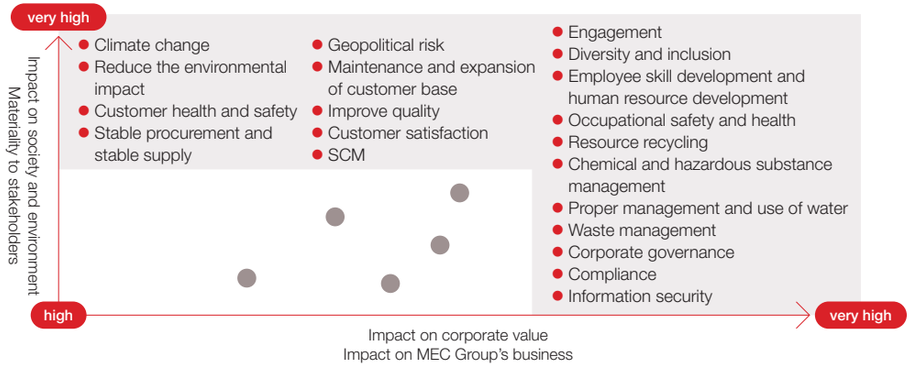
Process for Identifying Material Issues

Identification of material issues	Picked out social issues by referring to international frameworks and guidelines such as the GRI Standards and SDGs, and identified issues that are highly relevant to the MEC Group based on the management vision and business value chain.
Classification and evaluation of materiality	Identified from the issues listed the areas that are highly relevant to MEC’s business and mapped them by business and social axes.
In-house review	Considered these issues in conjunction with MEC’s Corporate Philosophy “Vision for 2030 (Medium-term Management Plan 2025–2027)”.
Exchange of views at the ESG Committee	Exchanged views on the draft material issues with ESG Committee members as internal and external experts.
Identification of materiality Approve by the Board of Directors	Recognized the relevance of the identified material issues and each element and approved them at the Board of Directors.

Evaluation of Initiatives with High Materiality

We have identified the most important themes regarding society and our business axes, and mapped the impact evaluation.

■ Evaluation to Identify Materiality



Materiality	Risks	Opportunities
1 Research and development to open up the future	● Loss of confidence and decline in business performance due to the lack of a capability to respond to increasingly diverse and sophisticated customer needs	● Identification of customer needs and enhancement of customer value ● Contribution to solving social issues ● Sustainable growth ● Continuing to be an R&D-oriented company
2 Proper procurement, production and logistics	● Loss of business opportunities and decline in business performance due to difficulties in procuring raw materials caused by natural disasters, infectious diseases, etc. ● Decline in trust due to the lack of a capability to meet customer demands	● Stabilization of business deployment through collaboration with procurement partners ● Supply chain stability ● Enhancement of the brand value and image ● Gaining the trust of customers
3 Environmental preservation	● Increase in costs due to tighter regulations related to recycling, waste disposal, and information disclosure ● Adverse impact on the operations of the Company and its customers due to the occurrence of water risks, including climate change ● Loss of market or decline in public trust in the event of an inadequate response	● Reduction in business costs due to lower raw material usage and waste disposal ● Improvement of expectations for safety and security through timely and appropriate information disclosure ● Expansion in business that contributes to addressing climate change-related matters
4 Quality and safety	● Labor losses due to a lack of safety, especially in laboratories, factories, etc. ● Decline in productivity ● Loss of brand value due to failures ● Loss of trust from customers and society	● Smooth implementation of business plans thanks to a secure, safe and stable work environment ● Improvement of employee literacy ● Expansion, development and growth of business by providing products and services that meet the needs of stakeholders
5 Utilization of diverse human resources	● Labor losses due to not being able to secure employee health and safety ● Disengagement and loss of excellent human resources who do not feel job satisfaction and growth ● Poor performance due to a decline in operational efficiency caused by deterioration in the work environment	● Acquisition and retention of excellent human resources ● Productivity improvement ● Creation of innovation ● Sustainable growth of the company ● Increased returns to customers
6 Reinforcement of management foundations	● Decline in stakeholder trust due to a governance structure that fails to ensure fair and transparent management ● Decrease in the effectiveness of the Board of Directors ● Occurrence of serious damage to our business due to the lack of a capability to respond to changes in the business environment and risks	● Securing and enhancing stakeholder trust and sustainable growth through conducting sincere business activities in accordance with various regulations and systems ● Higher employee motivation and performance resulting from establishing a sound workplace environment ● Acquisition and expansion of business opportunities ● Stable management and sustainable growth

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Material Issues and KPI, Related SDGs Actions

Six Material Issues	Efforts to Address Material Issues	KPIs for FY2024 [Indicators for achievement]	Achievement	Action Items and Measures Implemented [Achievement of KPIs in FY2024]	Goals for 2030	Related SDGs Actions
1 Research and Development to open up the future	Development of products that reduce environmental impact	Promotion of sustainable product development	○	As mid- to long-term activities for the next generation, we develop products that help improve social issues and disseminate solutions. In FY2024, we developed prototypes that reduce environmental impact as well as ensure performance. Performance evaluation is in progress.	● Establish chemical adhesion technology ● Reduce the burden of waste treatment	9 Industry, Innovation and Infrastructure; 17 Partnerships for the Goals
	Development of new business	Promotion of rechargeable battery-related business	○	Technology development and issue identification	Launch a new core business	
2 Proper Procurement, Production, and Logistics	SCM (Supply Chain Management)	Visit raw material manufacturers, hold technical review meetings, and conduct exchanges between presidents to deepen relationships	○	Visits to raw material manufacturers: 12 companies Technical exchange meetings: 2 companies Meetings for exchange between presidents: 1 company	Taking into consideration the natural environment and human rights, we will procure environmentally friendly raw materials and engage in recycling of raw materials and containers. We will also continue to strive for responsible resource procurement	9 Industry, Innovation and Infrastructure; 17 Partnerships for the Goals; 12 Responsible Consumption and Production
	CSR procurement	Promotion of the diversification of suppliers of main raw materials	○	Promoting diversification of suppliers of main raw materials is under way according to plan		
	Creation of global production and supply system	Improvements to production and supply capabilities at each production site	○	Execution of operations related to securing production capacity and improving efficiency	Establish global production system/Establish consolidated BCP system	
	BCP (Business Continuity Plan) responses	Establishment of a stable production system	○	Reinforcement of pilot factory functions at Amagasaki Factory, reinforcement of global production control functions, etc.		
3 Environmental Preservation	Appropriate chemical substance management	Promote non-use of prohibited substances	○	Properly handling various chemical substances in accordance with laws including the maintenance of a system that does not use prohibited substances and compliance with environmental laws and regulations.	Minimize the impact on the health of those who handle chemical substances by thorough management	12 Responsible Consumption and Production; 14 Life Below Water; 13 Climate Action
		Provide education and share information	○	As a chemical manufacturer, planning to provide education on domestic and international chemical substance laws and regulations for implementation starting in 2025. In addition, sharing of appropriate hazard information with employees who use and manage chemical substances.		
	Address climate change issues	Strengthening of information disclosure in line with TCFD recommendations	○	In February 2025, identification of opportunities associated with change through "transition", increase of contents for public disclosure and posting of information on the company website	Earnestly address global environmental issues for sustainable growth of society	
		Disclosure of information regarding Scope 3 emissions	○	For Scope 3, disclosure of information on all categories	Reduce energy use and work toward net zero	
4 Quality and Safety	Health and safety management	Zero accidents resulting in lost time	○	Maintained zero accidents resulting in lost time. (Zero accidents not accompanied by lost time)	Provide a safe and secure working environment (Maintain zero accidents resulting in lost time)	12 Responsible Consumption and Production; 15 Life on Land; 8 Decent Work and Economic Growth; 17 Partnerships for the Goals
	Quality assurance	Rebuilding and improving quality assurance systems	○	Continued efforts to rebuild the quality assurance system and completed measures as planned	Continue to provide customers with satisfactory goods and services globally	
	Improvement of corporate value through appropriate information disclosure	Implementation of appropriate information disclosure	○	Disclosure of information without delay and expansion of disclosure in English language, and communication with investors and shareholders	Strive to further enhance corporate value	

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Material Issues and KPI, Related SDGs Actions

Six Material Issues	Efforts to Address Material Issues	KPIs for FY2024 [Indicators for achievement]	Achievement	Action Items and Measures Implemented [Achievement of KPIs in FY2024]	Goals for 2030	Related SDGs Actions
5 Utilization of Diverse Human Resources	Health management	Maintain the rate of employees having a medical checkup	○	● Maintained 100% medical checkup rate ● Implementation of online health seminars	Maintain a high level of employee satisfaction by promoting health management and implementing various vacation programs [Increase the child-rearing leave take-up rate among male employees to at least 85% by 2030 (non-consolidated target for the Company)]	
	Work-life balance (WLB)	Increase male employees who take child-rearing leave	○	FY2023: 4 employees FY2024: 9 employees took leave (Average length of childcare leave taken is 83 days)		
	Improving the working environment	Improvement of the workplace environment	○	● Bicycle safety training for all relevant persons ● Lifesaving and first aid training at Amagasaki District Office ● Consideration of periodic training programs on money and health	Create a work environment that accommodates diverse work styles	
	Career development	Have all employees receive mandatory training	○	Attendance rate of mandatory training: Approximately 100% Establishment of programs to enable each employee to maximize his or her potential, and promoting diversification and enrichment of education	Aiming to develop human resources capable of self-reliance and self-discipline, and achievement of a fair and highly satisfying work environment	
	Diversity	Recruitment of diverse human resources	○	Hired 26 persons in 2024: 12 women, 1 foreign national, 1 disabled person		
	Engagement	Building a relationship where employees and the company are equals and can grow together	○	Implementation of measures to deepen employee understanding of the medium-term management plan to help employees understand and empathize with the company's vision and direction		
6 Reinforcement of Management foundations	Governance	Attendance at Board of Directors meetings: 85% or more (Outside Directors)	○	Attendance of Outside Directors: 100%	Carry out corporate management that is trusted by society by strengthening governance	—
	Information security	Zero serious security incidents	○	Zero serious security incidents In order to appropriately manage and utilize the information assets held, determined the basic matters to be strictly adhered to, and made efforts to realize uniform information security management through appropriate operation	Avoid losses associated with confidential information leaks	
		Have all employees perform self-check and achieve the pass rate of 100%	○	● Had all employees perform self-check and achieved a pass rate of 100% ● Number of IT literacy training sessions: 10 Conducted online education as planned on IT systems and information security that employees should understand		
	Risk management	Visualize management risks and implement countermeasures	○	Review management risks as appropriate and implement countermeasures Visualized various risks and countermeasures that impede the MEC Group's sustainable growth and reported and discussed them at the Risk Management Committee	Ensure thorough understanding of risks and opportunities in order for the MEC Group to grow sustainably	

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MEC's Measures to Address Climate Change

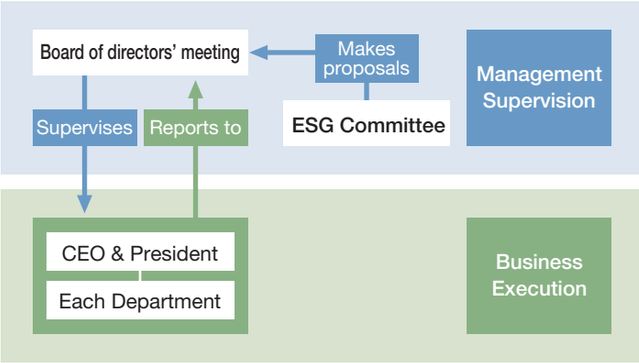
Disclosing Information in Line with TCFD Recommendations

Based on Vision for 2030, "Becoming the world's best creator of interfaces and connecting them to the world.", the MEC Group has identified six material issues that management will address in order to contribute to the creation of a prosperous and enriching society and environment by creating interfacial value through business activities. As a manufacturing company, we regard climate change as an important management issue and have identified "environmental conservation" as one of our material issues. In February 2023, we expressed our support for the TCFD recommendations, and we are promoting activities by disclosing information on the risks and opportunities that climate change poses to our business, as well as the countermeasures we plan to take, in accordance with the recommendations.

Governance

As an R&D-oriented company, we have positioned climate change as an important management issue and promote activities to curb its effects.
The ESG Committee(*), chaired by the CEO & President, deliberates and formulates the risks and opportunities of climate-related surrounding the Company as well as related proposals, which are then submitted to the Board of Directors at least once a year.
The Board of Directors, upon receiving recommendations from the ESG Committee, is responsible for policy decisions on climate change response, promoting initiatives for risks and opportunities, and achieving targets. It also oversees the effectiveness of the proposed measures.

Climate Change-Related Governance Structure



*ESG Committee
The purpose of the committee is to formulate and propose management strategies (ESG management strategies) to promote corporate governance reform, fulfill social responsibilities, and encourage environmental conservation activities in a unified (co-progressive) manner.
Based on the recommendations of the committee, the Company has realized a broadening and diversification of its management strategies, creating corporate value over the medium to long term through rich relationships with employees, customers, society, and the natural environment.
The committee is chaired by the CEO & President, and the majority of its members are Independent Outside Directors.
Committee meetings are held about four times a year, and the ESG Promotion Department is in charge of the secretariat.

Strategy

The TCFD requests that companies disclose how risks and opportunities related to climate will affect their finances.
In the TCFD recommendations, climate-related risks are classified into the categories of "transition" and "physical".
Based on the recommendations, the Company considered risks, with 2030 as the target year set out as the vision to aim for. In this process, we identified risks that are closely related to our business and pinpointed particularly significant risks. We also worked to ascertain the environmental issues and changes in the business environment associated with climate change as well as the opportunities that will arise from their impacts and identified the opportunities from changes due to "transition".

Impact Assessment Process

Scenario Analysis Based on Risks and Opportunities

The Paris Agreement calls for efforts to keep the global average temperature increase well below 2°C above pre-industrial levels, and to limit the increase to 1.5°C.
With reference to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, the World Energy Outlook by the International Energy Agency (IEA), and other sources, the Company envisioned the world in 2030 based on a 4°C scenario by CPS*1, a less than 2°C scenario by SDS*2, and a 1.5°C scenario by NZE*3 and began an examination of transition risks and physical risks in business management.
In the "Below 1.5/2°C scenarios", where climate change measures are progressing, policy regulations are strengthened to achieve carbon neutrality, and society as a whole proactively takes measures to combat climate change. In these scenarios, demand for environmentally friendly products is expected to increase, opportunities for new markets in the electronic circuit board and semiconductor industry are created, and production and raw material procurement costs are expected to rise due to the introduction of a carbon tax.
In the "4°C scenario", decarbonization measures are not sufficiently promoted, increasing the possibility of being impacted by more frequent and severe natural disasters such as floods.
In assessing risks and opportunities related to climate change, we considered their relative importance to our company and stakeholders.

*1 CPS: Current Policy Scenario
*2 SDS: Sustainable Development Scenario
*3 NZE: Net-Zero Emissions by 2050 Scenario

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List of Risks Regarding Climate Change

Transition	Policies/ Regulations	●Increased operating costs due to the introduction/expansion of carbon tax ●Difficulty in procuring raw materials and restrictions/prohibitions regarding production and sales of raw materials/products in accordance with laws and regulations in each country
	Technology	●Increased production costs ●Delayed development for environmentally friendly products ●Increased investment costs for development of environmentally friendly products
	Market	●Decreased demand for commodities that use large amounts of water
	Reputation	●Deterioration of corporate brand and reputation due to stricter evaluation standards and delays in responding to the expansion of disclosure requirements
Physical	Acute	●Increased frequency/severity of abnormal weather/natural disasters
	Chronic	●Instability regarding supply of water, electricity, raw materials, and natural resources

Risks considered to be particularly important from the above table and risk list are shown in the following table.

Risks Related to Climate (Below 1.5/2°C Scenarios): Changes to the "Transition" to a Low-Carbon Economy

Assumed Risks		Company Response	Degree of Impact			Timing of Occurrence		
			Small	Medium	Large	Short Term	Medium Term	Long Term
Policies/ Regulations	Decreased sales due to difficulty in procuring raw materials and restrictions/prohibitions regarding production and sales of raw materials/products in accordance with laws and regulations in each country	●Early collection of market needs ●Preemptive development of environmentally friendly products ●Enhance supply chain management	○	—	—	—	○	○
	Increased operating costs due to the introduction/expansion of carbon tax		○	—	—	—	○	○
Technology/ Market	Decreased sales due to customers changing their production processes to make them more environmentally friendly and our Company being unable to follow suit		—	○	○	—	○	○

Risks Related to Climate (Below 4°C Scenario): Changes to the "Physical"

Assumed Risks		Company Response	Degree of Impact			Timing of Occurrence		
			Small	Medium	Large	Short Term	Medium Term	Long Term
Acute	Decreased sales due to suspension of operations at business sites and factories as a result of increasingly severe and frequent abnormal weather and natural disasters, and suspension of purchases and shipments due to transportation network interruptions	●Maintain and strengthen alternative production systems ●Enhance supply chain management ●Develop/strengthen BCPs (Flexible work systems, etc.)	—	○	○	—	○	○

Opportunities arising from the environmental issues and changes in the business environment caused by climate change, as well as the impact of such changes, are shown in the table below.

Opportunities Related to Climate: Changes to the "Transition"

Assumed Opportunities		Company Response	Degree of Impact			Timing of Occurrence		
			Small	Medium	Large	Short Term	Medium Term	Long Term
Resource	Increased sales of environmentally friendly products due to progress in DX/GX	●Early collection of market needs ●Preemptive development of environmentally friendly products	—	○	○	—	○	○
Applications/ Products/ Services	Increased sales due to growth and development of the semiconductor and digital industries along with progress in DX/GX, and due to expansion of demand for electronic components related to the Company resulting from an expansion of areas applying AI technology **[Automotive-related]** An increase in sales opportunities for the Company's products due to higher demand for automotive semiconductors and substrates in conjunction with the progress of automated driving technologies and the proliferation of EVs **[High frequency-related]** An increase in sales opportunities for the Company's products due to an expansion of the data center market in conjunction with the proliferation of cloud services and rising demand for big data analysis **[Semiconductor-related]** An increase in sales opportunities for the Company's products due to an expansion in demand for semiconductor and package substrates to support advances in IoT and AI technologies and highcapacity, high-speed communication		—	○	○	○	○	○

■Scope
MEC Group as a whole

■Impact
Based on frequency of occurrence and monetary impact
Small: Almost no impact (less than 100 million yen)
Medium: Impact on some business (between 100 million and 1 billion yen)
Large: Impact is enough to halt or significantly reduce or expand business (1 billion yen or more)

■Timing for occurrence (manifestation)
Short term: Up to 2027, which is the final year of Phase 2 of the medium-term management plan aimed at achieving the MEC 2030 Vision
Medium term: Up to 2030, which is the final year of Phase 3 of the medium-term management plan aimed at achieving the MEC 2030 Vision
Long term: 2031 onward

Risk Management

The Company identifies, analyzes and assesses risks related to our business and the environment, including climate change, by continually implementing business risk management, information security, quality, environment, and occupational safety and health management systems as part of our risk management process. The secretariat of each committee reports on important matters at monthly quality meetings, semi-annual Risk Management Committee meetings and Compliance Committee meetings.
Each year, the committees work with related departments on climate change-related risks and opportunities to recognize and confirm the progress of such risks and opportunities. The secretariat of each committee reports significant risks and impacts identified through the assessment process to the ESG Committee for its discussion and decision making. The Board of Directors is also consulted as necessary.

Metrics and Targets

Our Group has set the following two qualitative objectives for 2030 as a response to climate change issues related to environmental conservation.

●Earnestly address global environmental issues for the sustainable growth of society
●Reduce energy use and work toward net zero emissions

More specifically, we set the following CO_2 reduction target.

●Reduce actual total Scope 1 and 2 emissions in Japan by **50%** by FY2030 (base year: FY2017)
●Aim for net **zero** CO_2 emissions by 2050

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Report on Environmental Conservation

The Company develops, manufactures, and sells chemicals, equipment and related materials used in the production of PCB. In conducting business activities, we consume energy and use resources. Recognizing this, we are working to reduce our environmental burden.
In addition to complying with environmental laws and regulations, etc., related to business activities, we provide products that take into consideration energy conservation measures, waste reduction, proper management of chemical substances, and product life cycle. The aim is to make effective use of resources, prevent pollution, and conserve the environment.

Relationship Between Business Activities and the Environment

We monitor the amount of energy and resources used in our business activities, as well as the amount of CO_2 emissions, wastewater, and industrial waste.

Offices in Japan

Office Name	INPUT						
	Electricity consumption	City gas usage	Gasoline usage (company owned car)	Kerosene usage (heating of manufacturing sites)	Light oil usage (snowplow)	Water usage	Volume of PRTR target
Amagasaki HQ. (Amagasaki Factory)	1,131 thousand kWh	—	45 L	—	—	9,306 m³	139 t
Nagaoka Factory	682 thousand kWh	1,133 m³	362 L	9.36 kL	0.23 kL	19,482 m³	158 t
Amagasaki HQ. (R&D Center)	947 thousand kWh	—	801 L	—	—	5,544 m³	2.5 t (including Higashi-hatsushima HQ (R&D center))
Higashi-hatsushima HQ. (Including some R&D centers and the head office)	478 thousand kWh	—	126 L	—	—	1,288 m³	Included in Amagasaki HQ. (R&D Center)
Amagasaki HQ. (Head Office)	553 thousand kWh	—	1,956 L	—	—	Included in Amagasaki HQ. (Amagasaki Factory, R&D Center)	—
Tokyo Sales Office	21.5 thousand kWh	—	6,939 L	—	—	—	—

Office Name	OUTPUT					
	Production volume	Amount of CO_2 emissions	Amount of wastewater	COD	Industrial waste emissions	Of which amount of final waste disposal
Amagasaki HQ. (Amagasaki Factory)	3,614 t	474 t - CO_2	6,128 m³	0.108 t	Included in Amagasaki HQ. (R&D Center)	Included in Amagasaki HQ. (R&D Center)
Nagaoka Factory	13,757 t	301 t - CO_2	9,560 m³	0.685 t	169 t	2.15 t
Amagasaki HQ. (R&D Center)	—	399 t - CO_2	4,027 m³	0.071 t	214 t*	44.5 t*
Higashi-hatsushima HQ. (Including some R&D centers and the head office)	—	200 t - CO_2	1,288 m³	0.003 t	19.1 t	4.41 t
Amagasaki HQ. (Head Office)	—	236 t - CO_2	Included in Amagasaki HQ. (Amagasaki Factory, R&D Center)	—	—	—
Tokyo Sales Office	—	30.9 t - CO_2	—	—	0.00 t	0.00 t

* Calculated for the entire Amagasaki HQ.

Global Base

MEC (HONG KONG) LTD.

INPUT	
Electricity consumption	3.59 thousand kWh
Water usage	540 m³

OUTPUT	
Amount of CO_2 emissions	1.40 t-CO_2

MEC FINE CHEMICAL (ZHUHAI) LTD.

INPUT	
Electricity consumption	303 thousand kWh
Gasoline usage	8,520 L
Water usage	12,144 m³

OUTPUT	
Production volume	6,336 t
Amount of CO_2 emissions	200 t-CO_2
Amount of wastewater	6,220 m³
Industrial waste emissions	161 t

MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD.

INPUT	
Electricity consumption	1,192 thousand kWh
Gasoline usage	24,762 L
Water usage	21,114 m³

OUTPUT	
Production volume	9,937 t
Amount of CO_2 emissions	396 t-CO_2
Amount of wastewater	21,114 m³
Industrial waste emissions	144 t

MEC TAIWAN COMPANY LTD.

INPUT	
Electricity consumption	426 thousand kWh
Gasoline usage	10,242 L
Water usage (Excluding groundwater)	2,872 m³

OUTPUT	
Production volume	6,935 t
Amount of CO_2 emissions	234 t-CO_2
Amount of wastewater	8,301 m³
Industrial waste emissions	42.0 t

MEC EUROPE NV.

INPUT	
Electricity consumption	83.4 thousand kWh
Gas usage	21,547 m³
Gasoline usage	8,787 L
Light oil usage	9,210 L
Water usage (For manufacturing)	2,492 m³

OUTPUT	
Production volume	2,010 t
Amount of CO_2 emissions	107 t-CO_2
Amount of wastewater	500 m³
Industrial waste emissions	23.2 t
Solar power generation	69.3 kWh

MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.

INPUT	
Electricity consumption	299 thousand kWh
Gasoline usage	8,120 L
Light oil usage	324 L
Water usage	5,787 m³

OUTPUT	
Production volume	1,494 t
Amount of CO_2 emissions	157 t-CO_2
Amount of wastewater	1,933 m³
Industrial waste emissions	38.3 t

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Electricity consumption, Water usage and discharge status in Japan

Electricity Consumption

Electricity consumption in FY2024 increased from FY2023. Since the manufacturing volume increased more than the electricity consumption did, the intensity has decreased. Electricity use is expected to continue to increase as it is mainly used to improve the working environment. In order to reduce our environmental impact as much as possible, we are generating electricity with solar power on the roof of the Amagasaki Headquarters.

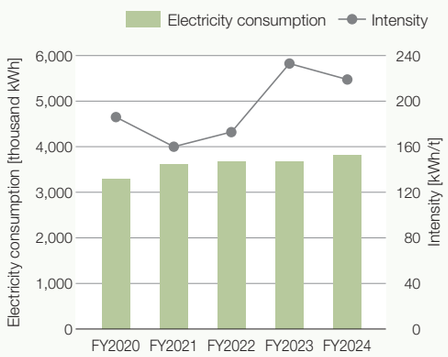
CO_2 Emission

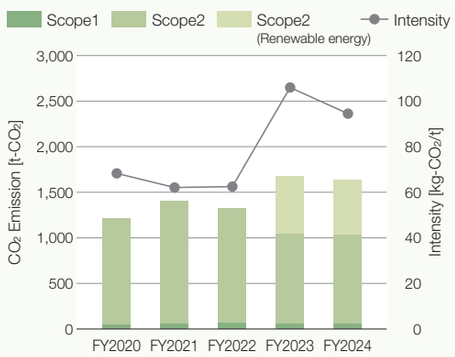
We have calculated the GHG protocol Scope 1 (fuel) and Scope 2 (electricity and heat) as CO_2 emissions. Scope 2 (electrical) accounts for 97%. CO_2 emissions in FY2024 were almost the same as in FY2023, but the intensity decreased because the manufacturing volume increased significantly.
For Scope 3, we calculated for all categories in FY2024.

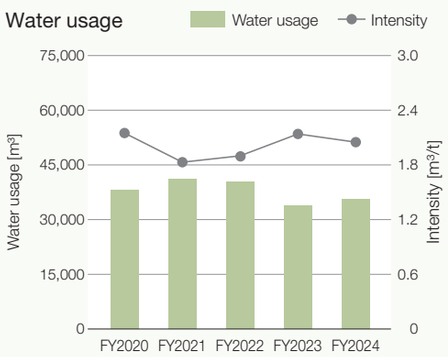
Emissions from the MEC's Supply Chain P.17

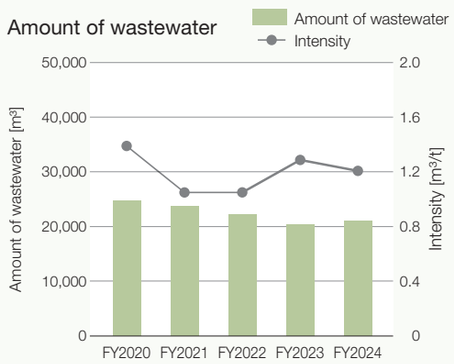
Water usage and Amount of wastewater

Because water is a key ingredient in MEC's products, the amount of water used changes according to changes in the volume of products manufactured.
We understand the amount of water used and are aware that we use a large amount not only in our raw materials but also in our manufacturing facilities, container cleaning, and substrate processing lines in our R&D activities. For this reason, we are working to reduce the number of times equipment is cleaned, to introduce automatic container-cleaning equipment, and to reduce wasteful use in substrate processing line work.
Water used in manufacturing and R&D operations is treated in wastewater treatment facilities in line with the regulated standards and discharged into the sewerage system as wastewater. We manage wastewater to ensure that we do not discharge wastewater that exceeds standards. In FY2024, there were no wastewater discharges that exceeded standards. We will continue to make efforts for appropriate management.









Electricity consumption

FY2023	FY2024	
3,681 thousand kWh	**3,809 thousand kWh**	128 thousand kWh ↑ 3.5 % ↑

Solar power generation (Amagasaki Headquarters)

FY2023	FY2024	
189 thousand kWh	**178 thousand kWh**	11 thousand kWh ↓

*We began purchasing renewable energy at the Amagasaki Headquarters in FY2023. As a result, approximately 35% of our domestic business sites were covered in FY2024. We will continue to purchase in FY2025.
Starting in FY2022, we have been purchasing the "Niigata Prefecture Pack" as a carbon offset, which includes a set of various projects such as forest improvement initiatives throughout Niigata Prefecture. In 2024, we purchased 35 tons and retired the credit. We will continue this effort moving forward.

Water usage

FY2023	FY2024	
33,804 m³	**35,620 m³**	1,816 m³ ↑ 5.4 % ↑

Amount of wastewater

FY2023	FY2024	
20,373 m³	**21,003 m³**	630 m³ ↑ 3.1% ↑

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Material Flow in Business Activities | Offices in Japan

INPUT

Energy

- Electricity consumption 3,809 thousand kWh
- City gas usage 1,133 m³
- Gasoline usage (company owned car) 13.36 kL
- Kerosene usage (heating of manufacturing sites) 9.36 kL
- Light oil usage (snowplow) 0.23 kL

Resource

- Water usage 35,620 m³
- Raw material input (estimated) 8,686 t

Number of containers purchased

- 20-liter plastic container 97.2 thousand units
- 200-liter poly drum 19.7 thousand units
- 1,000-liter plastic container 3.53 thousand units

Chemical substances

- Amount of PRTR substances handled 16 substances 300 t

Reuse (Collection of containers from customers)

- 20-liter plastic container 53.1 thousand units
- 200-liter poly drum 4.15 thousand units
- 1,000-liter plastic container 5.48 thousand units

2024

Design Research and Development

Raw Material Procurement

Production
Production volume: 17,372 t

Transport

Customers

OUTPUT

To air

Amount of CO_2 emitted
1,642 t-CO_2

Scope1 (of which)
57.0 t-CO_2

Scope2 (of which)
1,585 t-CO_2

To sewage

Amount of wastewater
21,003 m³

COD
0.87 t

Waste

Amount of industrial waste discharged
402 t

Of which amount of final waste disposal
51.4 t

Reuse of Plastic Containers

In order to make effective use of limited resources without waste, we collect used polyethylene containers of our products from our customers. We sort the containers to determine if they can be reused, and those that can be reused are cleaned and reused by the Company and contractors.

Proper Disposal of Wastes

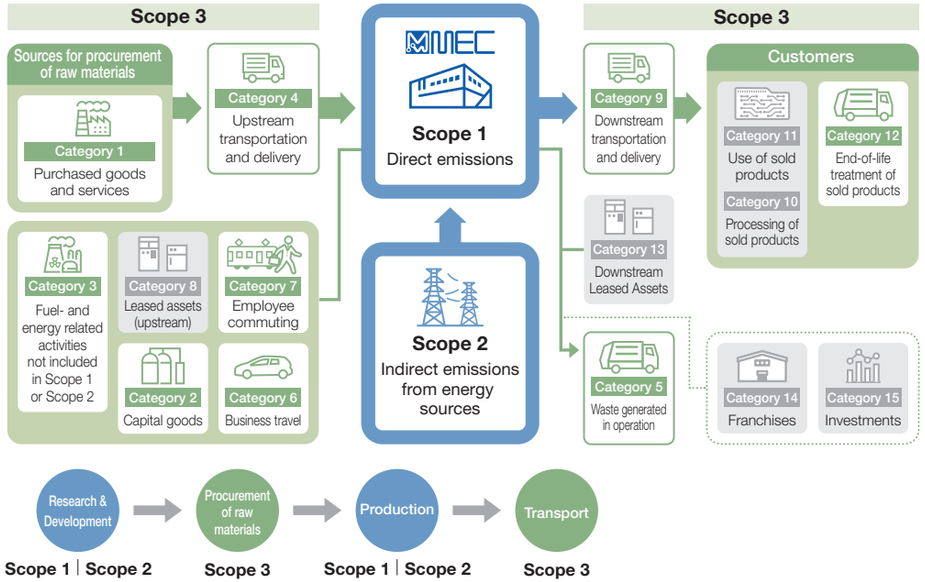
The amount of industrial waste discharge in FY2024 was 402 tons, almost unchanged from FY2023. The amount of specially controlled industrial waste was 152 tons, a decrease of 29 tons from FY2023 (down 16%). The final amount of disposed industrial waste was 51.4 tons.
We will continue our efforts to limit the amount of industrial waste generated, and endeavor to reduce the final disposal volume by thoroughly sorting industrial waste generated.

Environmental accounting data is available with our ESG data.

ESG data → https://www.mec-co.com/en/sustainability/esg-data/

Emissions from the MEC's Supply Chain

Image of Scope 1, Scope 2, and Scope 3 Emissions in the Supply Chain



Scope 1, Scope 2, and Scope 3 Emissions

Unit: t-CO_2

		FY2023	FY2024	Increase and Decrease
Scope 1	Direct emissions	55.5	57.0	1.5 ↑
Scope 2	Indirect emissions from energy sources	1,621	1,585	–36 ↓
Scope 3	Category 1	—	19,548	—
	Category 2	—	592	—
	Category 3	—	260	—
	Category 4	—	438	—
	Category 5	136	143	7 ↑
	Category 6	39.1	36.0	–3.1 ↓
	Category 7	117	109	–8 ↓
	Category 8	—	Since this item is included in scope2, it is deemed not applicable.	—
	Category 9	—	1,077	—
	Category 10	—	Not applicable as no discharge falls under this category	—
	Category 11	—	Not applicable as our products are intermediate products with little impact on the discharge	—
	Category 12	—	22,700	—
	Category 13	—	Since we are not engaged in the rental business, it is deemed not applicable.	—
	Category 14	—	Since we are not engaged in the franchise business, it is deemed not applicable.	—
	Category 15	—	Since we do not acquire shares for investment business, it is deemed not applicable.	—
	Total	—	44,903	—

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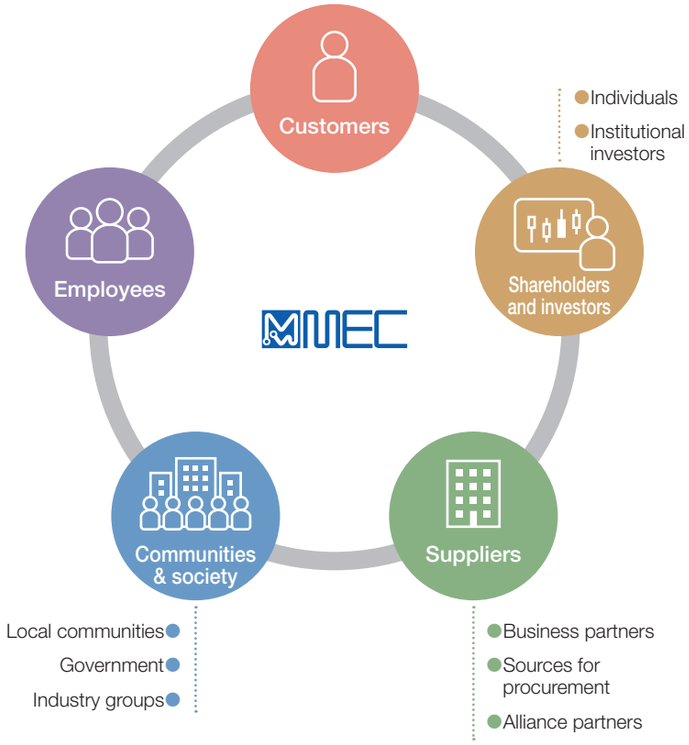
Stakeholder engagement



MEC values dialogue with its stakeholders, including customers, employees, shareholders, investors, business partners, and the members of local communities, and aims to co-create value with them by sincerely accepting the valuable comments received through communicating with all parties and reflecting such comments in management and business activities. By building relationships of trust through dialogue and creating new value together with all our stakeholders, we will put our corporate motto into practice and contribute to the achievement of a sustainable society.

Stakeholder	Communication methods	Objectives	Reference
Customers	●Customer service by sales and service departments (as needed) ●Information dissemination through websites, etc. (as needed) ●Exhibitions (multiple times a year) ●News releases through the media (as needed) ●Responses to various surveys (as needed) ●Responding to various audits and inspections (as needed) etc.	■Provision of high-quality, high-value-added products and services ■Provision of products and services suited to each customer ■Responding to comments, requests, and complaints ■Provision of proper product and service information ■Information exchange	P11. SCM; Improvement of corporate value through appropriate information disclosure P19. Management of Chemical Substances in Products; Safety Handling of Products; Initiatives for Improving Customer Satisfaction; Survey Measures for Chemical Substances Contained in Products; Adherence and Penetration of RBA Code of Conduct
Shareholders and investors	●General meeting of shareholders (once a year) ●Information dissemination through websites, etc. (as needed) ●Financial result briefings (4 times a year) ●Participation in domestic and international IR conferences (as needed) ●Holding investor events, small meetings, etc., and meeting with investors (as needed) etc.	■Deepening understanding of our businesses ■Timely and appropriate information disclosure ■Fair and highly transparent disclosure of corporate information ■Obtaining an appropriate evaluation and trust from the market ■Sustainable growth and enhancement of corporate value ■Appropriate return of profits	P11. Improvement of corporate value through appropriate information disclosure P19. Communication with Shareholders; Financial Results Briefing Session; Seminar for Investors and Analysts (Briefing Session)
Business partners	●Dialogue through daily business activities (as needed) ●Procurement surveys, audits, and requests (as needed) etc.	■Building fair business relationships ■Mutual understanding and development for providing products that contribute to society ■Smooth information sharing ■CSR procurement	P11. SCM; Improvement of corporate value through appropriate information disclosure P20. Basic Idea of Raw Material Procurement; Management and Response Regarding Chemical Substance Control Information in Each Country; Response to Conflict Minerals; Building Appropriate Relationships with Logistics Companies; Appropriate Response to Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors
Communities & society	●Participation in forest activities (twice a year) ●Participation in community events (as needed) ●Participation in economic and trade associations (as needed) ●Consultation with government agencies and research institutes (as needed) ●Publication of a Sustainability Report (once a year) etc.	■Responding to laws and regulations ■Participation in the community as a corporate citizen ■Contribution to technological development through support of research institutions ■Promoting a proper understanding of MEC	P11. Improvement of corporate value through appropriate information disclosure P13. MEC's Measures to Address Climate Change P17. Material Flow in Business Activities; Emissions from the MEC's Supply Chain P21. Temporary Shelter Use During Disasters; Community contribution activities (Nagaoka Factory, MEC SPECIALTY CHEMICAL (THAILAND)); MEC's Activities Related to Forests
Employees	●Dissemination of information through the internal network (as needed) ●Consultation with employee representatives (as needed) ●Employee awareness survey questionnaire (once a year) ●Sending out messages (as needed) etc.	■Establishment and provision of a favorable labor-management and work environment ■Utilization of diverse human resources ■Jobs that offer satisfaction ■Improvement of occupational safety and mental health	P11. Improvement of corporate value through appropriate information disclosure P22. Human Capital Management P23. Personnel Evaluation System; Employee Satisfaction Survey P25. Systems to Support Balancing work with Childcare and Family-care P28. Whistle-blowing system

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Together with Customers

Management of Chemical Substances in Products

We work hard so as to prevent unintentional contamination of products with substances that should not be included in them (prohibited substances) based on laws and regulations, industry standards, and requests from customers. We will continue to promote appropriate management of chemical substances contained in products with the cooperation of our suppliers as well as within the Company.

Policy on chemical substances contained in products

1. Prevent environmental pollution, reduce environmental load, reduce waste, and promote recycling
2. Promote the development and improvement of environmentally friendly (less harmful) products
3. Comply with environmental laws and regulations and other requirements
4. Collect and disclose the latest information, and thoroughly ensure safety management

Safety Handling of Products

We are developing products that take into account the need to eliminate highly toxic and dangerous substances from the design stage as much as possible. In order to ensure the safe use of our products, we provide necessary information in accordance with regulations, such as labeling and safety data sheets (SDS). We also provide detailed explanations in technical materials and others. Internally, we familiarize our employees with the dangers and hazards of our products and educate them about safe handling.

Initiatives for Improving Customer Satisfaction

We carry out a satisfaction survey once a year on major customers. This allows us to directly know their requests and dissatisfaction, utilize them for future product sharing, technical support, and in-house new product development, and strive to further satisfy them. We respond to requests and dissatisfaction in order from the ones that can be resolved.

Survey items

- Product / Technical support
- Delivery dates / Packing status
- Environmental support
- Order support / Counter support / After-sales service / Price

The average overall evaluation	FY2023		FY2024
	4.8 out of 5 points	→	4.8 out of 5 points

Survey Measures for Chemical Substances Contained in Products

Because our Company products are subject to chemical substance-related regulations, each year we receive 300 to 500 replies to chemical substance surveys we have conducted on our customers to ensure that the chemical substances contained in our products do not violate applicable regulations.
In fiscal 2024, we received approximately 350 surveys and responded appropriately.

Adherence and Penetration of RBA Code of Conduct

We strive to promote business activities in accordance with the Responsible Business Alliance (RBA) Code of Conduct in order to promote socially responsible activities and achieve continuous growth with all stakeholders involved in our Company.
In January 2024, the Code of Conduct was updated to Ver. 8.0. The results of our internal survey showed that we have been able to address all of the newly added items.

Together with Shareholders and Investors

Communication with Shareholders

In order to deepen understanding of the Company, we hold company briefing sessions after the General Meeting of Shareholders and issue a shareholder newsletter (twice a year). We will carry out a shareholder questionnaire in the shareholder newsletter, and utilize the feedback we receive when we disseminate information, create a magazine, and conduct business activities.
In 2024, as in the previous year, we held face-to-face company briefing sessions for shareholders in March and an office tour for shareholders (at the head office and Amagasaki Headquarters) in November. Officers of the Company also attended the briefing sessions and the tour. We will continue to have direct and indirect dialogue and exchange activities.

Shareholder communication

Company briefing sessions

Business site tour

Investor Relations → https://www.mec-co.com/en/ir/

Financial Results Briefing Session, Seminar for Investors and Analysts (Briefing Session)

We hold financial results briefing sessions for institutional investors and analysts, have technical seminars, and hold meetings with domestic and overseas institutional investors and analysts.
FY2024, the Company continued communication through briefings on financial results, meetings, etc., via web conferencing systems, telephone conferences, and face-to-face meetings, as appropriate.

Financial results briefing sessions	Meetings
4 times	About 270 times in total

IR Library → https://www.mec-co.com/en/ir/library/

We are working to enhance the environment for communicating with investors, such as by holding company briefing sessions and seminars for individual investors, analysts and institutional investors, as well as by participating in exhibitions. The opinions and questions obtained through these forms of communication are reported to the management as appropriate.
Based on a pillar of interactive communication, we value active communication with our shareholders and will disclose information sincerely and fairly so that all shareholders and investors can make investment decisions based on an appropriate understanding of our business.

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Together with Business partners

Basic Idea of Raw Material Procurement | -Promotion of CSR Procurement- |

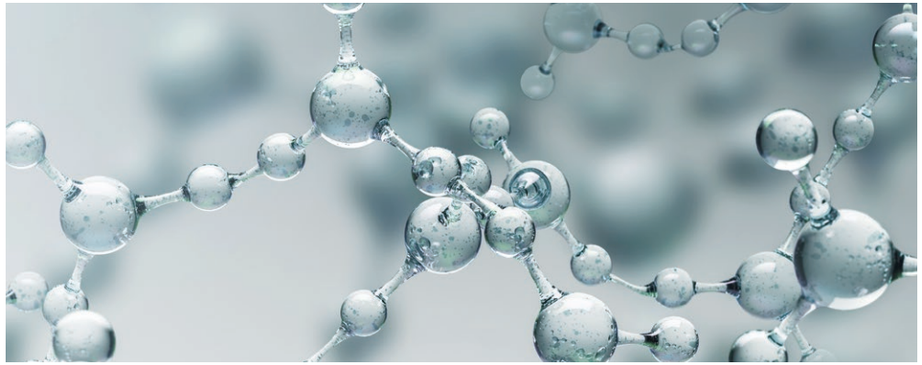
When purchasing raw materials, we select suppliers based on clear criteria such as quality, cost, delivery time, and technical capabilities. We also attach great importance to the environmental conservation efforts of our suppliers.
When purchasing raw materials, we confirm the dangers and hazards while also complying with laws and regulations and protecting the environment.
In consideration of the natural environment and human rights, we will procure environmentally friendly raw materials and engage in activities to recycle raw materials and containers. At the same time, we will continue to endeavor to engage in responsible resource procurement and build relationships of trust with business partners that are consistent with this approach.

Number of performance evaluations in FY2024
5 cases (FY 2023 : 11 cases)

Management and Response Regarding Chemical Substance Control Information in Each Country

Because our Company's products and raw materials are chemical substances, they are subject to various domestic and international regulations.
In Japan, there are various related regulations such as the Law Concerning the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., the Industrial Safety and Health Law, and the Fire Service Law. When exporting or importing, for example, if exporting to or from the EU, it is necessary to comply with REACH Regulation*1, and if exporting to or from the U.S., it is necessary to comply with TSCA*2. As the requirements of the regulations are revised according to the situation, we use the database of laws and regulations to collect and respond in a timely manner to prevent violations.

*1 Abbreviation for Registration, Evaluation, Authorization and Restriction of Chemicals and legislation on control of chemicals within the European Union
*2 Abbreviation for the Toxic Substances Control Act, which regulates the production and import of hazardous chemicals in the United States



Response to Conflict Minerals

In terms of our response to conflict minerals, for raw materials containing applicable minerals, we conduct surveys of manufacturers using the CMRT survey and endeavor to engage in responsible resource procurement. In addition, although we do not use raw materials containing cobalt or mica, we are gathering information by attending external training sessions on responsible mineral procurement, etc.

Responsible Minerals Sourcing Policy

MEC Group is committed to not being involved in human rights violations and to proactively and voluntarily addressing global environmental issues.

- We do not tolerate any human rights violations in the procurement of minerals used in our products.
- We do not engage in business relationships with parties that violate human rights or participate in activities that lead to the deterioration of social, economic, or environmental conditions.

Established: January 2025

Building Appropriate Relationships with Logistics Companies

Responding to the 2025 Problem in the logistics industry

With the Work Style Reform Act taking effect in April 2024, imposing a cap on overtime work hours for truck drivers in the logistics industry, there are concerns about a shortage of transportation capacity. We give support for improving the productivity of truck transportation and the efficiency of logistics, as well as the "White Logistics" movement (an initiative in Japan aimed at improving the productivity of truck transport and the working environment of people working in the logistics industry). We also hold discussions with logistics companies in advance, review contracts with mutual agreement, and work to secure legal and appropriate transport volumes.
In 2025, we will continue to strengthen cooperation with logistics companies to build an efficient logistics system and reduce environmental impact.

Appropriate Response to Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

We are subject to the so-called Subcontract Law, which requires stricter treatment of suppliers with capital below a certain level. In FY2024, we provided training related to the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors to personnel working in the Procurement Department, who serve as liaisons with suppliers.
We will continue our efforts in line with the spirit of the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors.

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Together with Local communities

Temporary Shelter Use During Disasters | Evacuation Drill for Nursery School

The Amagasaki Plant is designed to minimize damage from possible earthquakes, tsunamis, etc., based on hazard maps published by local governments. In addition, we provide more food, beverages, and other items to prepare for emergencies than necessary. For this reason, we provide guidance to neighboring municipalities so that they can be used as temporary evacuation centers in the event of a natural disaster.

In 2024, we again conducted an evacuation drill for a neighborhood nursery school by providing the headquarters as an evacuation site. Since Christmas was around the corner at that time, a person dressed as Santa Claus made the drill a fun event, such as by performing magic tricks and handing out candy as gifts.

Community contribution activities at the Nagaoka Factory

As an effort to contribute to the local community, our Nagaoka Factory, located in Nagaoka City, Niigata Prefecture, has long sponsored the Nagaoka Fireworks Festival, part of the Nagaoka Festival held to mourn the victims of the Nagaoka Air Raid. It also engages in various activities, such as joining cleanup efforts in the industrial park where it is located, managing the Nagaoka MEC Forest activities and calling for participation in them.

Exterior of Nagaoka Factory

Cleanup of Archaeological Sites by | MEC SPECIALTY CHEMICAL (THAILAND) |

The Ayutthaya district of Thailand is home to many valuable archaeological ruins that have been designated as World Heritage sites. In order to contribute as much as possible to the environmental improvement of these sites, we recruited volunteers to participate in cleanup activities in 2024, continuing from last year.

MEC's Activities Related to Forests

As a manufacturer of chemicals, equipment and related materials used in the production of PCB, we use large quantities of water in our business activities. In the belief that we could make a contribution to the local community and environment, we grow forests to create water sources which will help to prevent global warming. We are growing forests in Nagaoka City, Niigata Prefecture, where our Nagaoka Factory is located, and also in Amagasaki City, Hyogo Prefecture, where our headquarters is located. Employees and their families participate in these activities under the guidance of local governments.

In 2024, the Nagaoka MEC Forest was heavily affected by heavy snowfall from the previous year. We worked to ensure the healthy growth of the forests by thinning trees and developing waterways. We will continue helping to create biodiversity-friendly forests.

Amagasaki MEC Forest

Nagaoka MEC Forest

MEC's Forest Building → https://www.mec-co.com/en/special/forest/

Execution of ESG Investment

We continue to invest in and support Hyogo Prefecture's "SDGs Bonds (Green Bonds)" and Kitakyushu City's "Sustainability Bonds".

"SDGs Bonds (Green Bonds)" are bonds which are allocated to green projects that contribute to the achievement of the SDGs by taking advantage of local characteristics. "Sustainability Bonds" are bonds for which the funds raised will be used to improve the environment (a green aspect) and to contribute to solving social issues (a social aspect).

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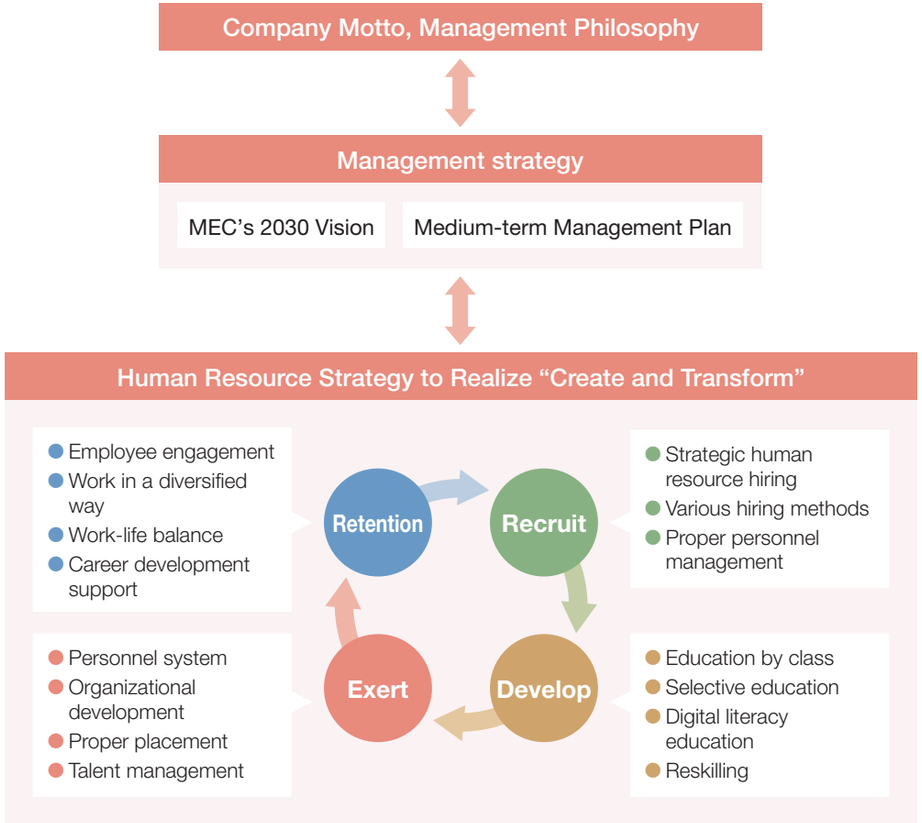
Human Capital Management

Based on our corporate motto and management principle, the MEC Group has formulated and implemented a human resource strategy based on human capital management that is linked to our management strategy to realize the corporate image set forth in the Vision for 2030 and medium-term management plan.



The MEC Group regards employees as the most important human capital that supports the sustainable development of the Group. In order to enable human resources with diverse personalities and values to embody the ideal image of human resources is "autonomous driving and solidarity", we are systematically developing human resources with the aim of creating human value from a short-, medium-, and long-term perspective.

Human Resource and Internal Environment Development Policy

As part of our efforts to develop human resources and improve the internal environment with the aim of creating human value from a short-, medium-, and long-term perspective, we have established the Human Resource and Internal Environment Development Policy as shown below.

Realizing a corporate culture that allows employees to take on challenges	We will foster a corporate culture in which human resources with diverse personalities and values can take on the challenge of "creation and transformation" through autonomous self-propulsion and solidarity.
Supporting career and skill development	We will provide the education and training opportunities necessary for the sustainable growth of each employee and support both career and skill development.
Promoting diversity	We will work to create a rewarding working environment by acquiring diverse human resources, building a personnel system that rewards individuals with fair evaluations, and enhancing our talent management system to realize effective human resource allocation.
Improving employee engagement	We will improve employee engagement by promoting the development of systems and changing attitudes to accommodate a diverse range of human resources, and by improving work-life balance.
Building a favorable internal environment	We will create a favorable internal environment in which all employees can maintain good physical and mental health and continue to work safely and energetically.

Indicators and Targets

These are non-consolidated targets for the Company.
No consolidated targets have been set.

Indicator	Target (2030)	Result (FY2023)	Result (FY2024)
Ratio of women in management positions	30% or more	30.0%	26.3%
Gender wage gap*	90% or more	87.0%	89.3%
Percentage of men taking childcare leave	85% or more	44.4%	90.0%

*At the MEC Group, the wage structure is set by position. There is no gender pay gap, and the wages of men and women in the same position is the same. The differences that exist are attributable to differences in the gender composition ratio for each position.

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Personnel Evaluation System

We use an absolute evaluation system for personnel evaluation to enhance transparency and persuasiveness of evaluation through feedback to evaluatees, while placing greater emphasis on the exchange of opinions between evaluators and evaluatees on the points of development.
In addition to the achievement of the final goal, the process toward the goal is also subject to evaluation, thereby improving the quality of day-to-day operations toward the goal.

Diversity and Inclusion

We are actively promoting diversity and inclusion to become a company where people of all ages, genders, races, nationalities and disabilities with a variety of personalities and values can play an active role in driving innovation and growth in the Company.

Acquisition of diverse human resources

- **Mid-career talented people**: Hiring of mid-career workers with useful knowledge and experience
- **Global human resources**: Hiring of global talented people including foreign nationals
- **Full-time employee system for senior members**: Introduction of a system that allows employees to work as regular employees in a broad sense even after the retirement age of 60
- **Challenged employees**: Active hiring of persons with disabilities (FY2024 average: 3.1%)

Women's Active Engagement

Since our foundation, we have focused on fostering an organizational culture in which women can continuously demonstrate their abilities and play an active role in various life stages. We have been selected as a Nadeshiko Brand* twice in the past, in FY2015 and FY2016.
Since our foundation, we have consistently promoted the recruitment of human resources free from gender distinction, and a single pay table is applied to all full-time employees as employees on the managerial career track. The gender pay gap is 89.3 for female employees if male employees are deemed to be 100. At the MEC Group, the wage structure is set by position. There is no gender pay gap, and the wages of men and women in the same position are the same. The differences that exist are attributable to differences in the gender composition ratio for each position. Female managers accounted for 26.3% of all managers in FY2024, and female supervisors are not uncommon.
We will continue to promote appointments regardless of gender based on ability and aptitude.

*Nadeshiko Brand: A listed company selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange that excels in promoting women's participation as an attractive stock for investors who place importance on improving corporate value over the medium and long term.

Percentage of females in all managerial positions

FY2020	FY2021	FY2022	FY2023	FY2024
20.4%	19.6%	25.5%	30.0%	26.3%

Work-life Balance

We have introduced various systems related to employment and are working to realize flexible work styles for employees.

Original system

- Flextime system (Core time is from 10:00 to 15:00)
- Telecommuting system
- Accumulated paid leave (Purpose of acquisition: Nursing care)
- Taking annual paid leave on a half-day basis
- Child-rearing leave (5 days per year (paid) for employees who have preschoolers)
- Reduced working hours for child-rearing of children up to the third grade
- Refresh leave (granted according to years of service)
- Nursing care support leave (5 days/year with pay for nursing care for a family member within the first degree of kinship)

Support for Expatriates and Overseas Business Travelers

Medical care and safety measures

As we expand our business globally, it is essential that we provide support to our employees on overseas business travel or assignment abroad.
We have contracted with International SOS Japan LTD, a medical and security assistance company, so that overseas business travelers and expatriates can feel free to ask any questions or discuss concerns they may have when being in an environment with a culture and customs different from those of Japan.

Infection control measures

Employees who are about to be posted overseas or travel to specific regions are given government-recommended vaccinations at the Company's expense.
Also, information on local health and safety issues, including medical care, is provided by International SOS Japan LTD and disseminated to the relevant employees.

Support to enhance daily life

As an effort to help improve the daily lives of expatriates, we have introduced a system in which the Company bears the cost of shipping items, up to a certain limit, when they purchase Japanese food, medicine, daily necessities, etc. from our approved retailer's website.

Employee Satisfaction Survey

We have been conducting awareness surveys for many years to measure satisfaction levels among employees (including temporary staff) and utilize the results in our labor policies and other measures. In the 2024 survey, we found that their high level of satisfaction remained stable. We will continue to conduct awareness surveys as appropriate to ascertain employee satisfaction.

Response rate
about 80%

(Goal / KPI)
Improvement of scores for "job satisfaction"

Satisfaction
FY2023 70.5% → FY2024 74.7%

"Corporate culture to be cherished"
by employees (Top three items)

1 Challenge (2023: Challenge)
2 Creativity (2023: International sense)
3 Flexibility (2023: Creativity)

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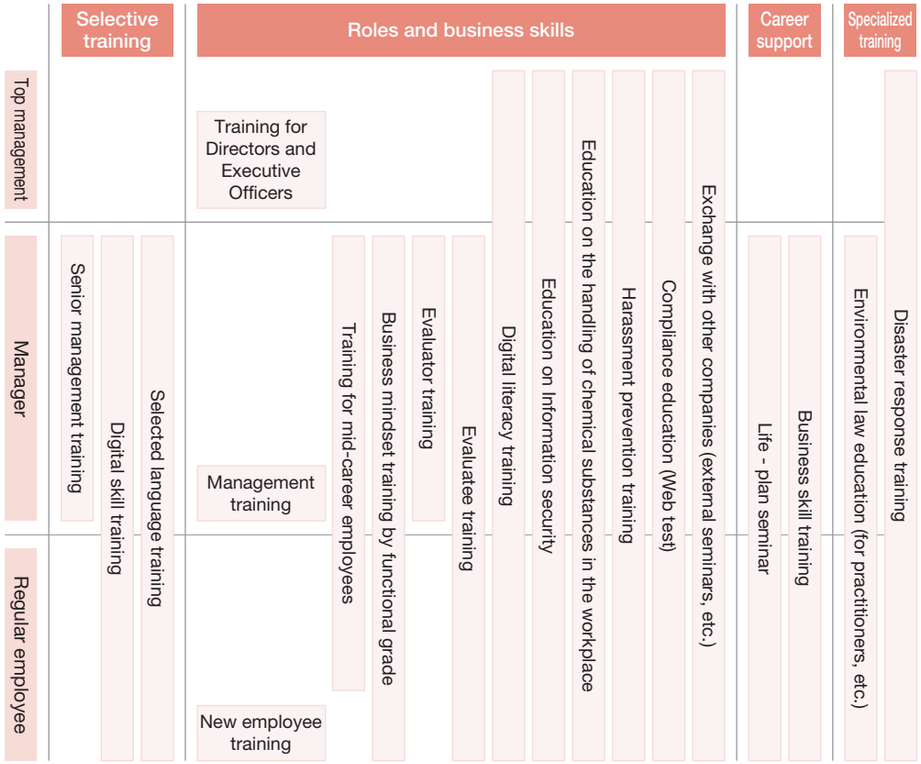
Education System

In order to realize the development of human resources “capable of self-reliance, self-discipline, and solidarity”, we are implementing various training programs and measures according to objectives and employee categories.
Specifically, we have established training systems suited to our objectives and are endeavoring to improve the skills of employees, including training by rank in accordance with position and role, training for selected personnel to develop and enhance their management perspectives, and language skill improvement programs to meet the needs of global business expansion.



In particular, with regard to the training to ensure that all employees have digital literacy, as stated in our medium-term management plan, we will formulate training content to close the gap between the current state and the goal, based on the results of periodic employee level surveys, and implement training as part of our rank-based education.

Promotion of DX Education

We will establish and promote a DX education system as a foundation for improvements to various business processes, with the aim of ensuring that all employees have digital literacy and providing new value through the utilization of IT and digital technology.

Seminar on Chemical Substance Related Laws and Regulations

As a chemical manufacturer, we hold in-house seminars related to chemical substance laws and regulations in Japan and overseas to improve our knowledge of related chemical substance laws and regulations so that we can properly manage chemical substances from design and development to procurement, manufacture, and disposal.

INTERVIEW

Personnel System, etc. at Overseas Locations

MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD.

President Shuichiro Ono

Exterior of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD.

● MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD.

In 2002, MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD. began operations as our first production site in China. Currently, the company has a total of 55 employees, including 5 Japanese, and is engaged in the manufacture and sale of chemicals for the production of electronic substrates and components.

● Hiring Employees

Japanese-affiliated companies give out an image of having high stability and not taking extreme management measures such as personnel reductions, and while there are applicants who find these traits attractive, the personnel system, including salary, is based on Japanese standards, making it difficult to have extreme differences in salary as in local companies. Therefore, only those who find the aforementioned image positive end up getting hired. We are exploring various initiatives to secure the necessary human resources.

● Treatment of Employees

Employees are evaluated based on personal goals set for the year at the beginning of the year, checking the status of achievement at the end of the year, and by qualitative evaluation (motivation, ability, etc.). Evaluation results lead to salary increases, etc., in accordance with the rules. For promotions, we have a structure in place where the general affairs and accounting department checks the reasons for the recommendation from the general manager of each department, and a decision on the promotion is made. Education is provided through on-the-job training and outside seminars, based on the judgment of department managers after observing the composition of each department’s staff and individual capabilities.
We review these measures from time to time, and most recently, we took steps such as the company covering the cost of foreign language study, raising the base salary, and revising the evaluation items for the sales staff (to better reward their efforts).

● Views on Human Resources

Even though geographically close, there are differences in the way of thinking, and we encounter situations where it is not possible to think based on the same standards as for Japanese when value is placed on human connections and saving face. However, although not limited to China, Japanese expatriates cannot perform their work without the cooperation of local staff at assigned sites. We believe it is more important to behave in the spirit of “when in Rome, do as the Romans do” than to make use of differences in views in human resource management.
We will promote our business activities through promoting harmony between expatriates and local staff.

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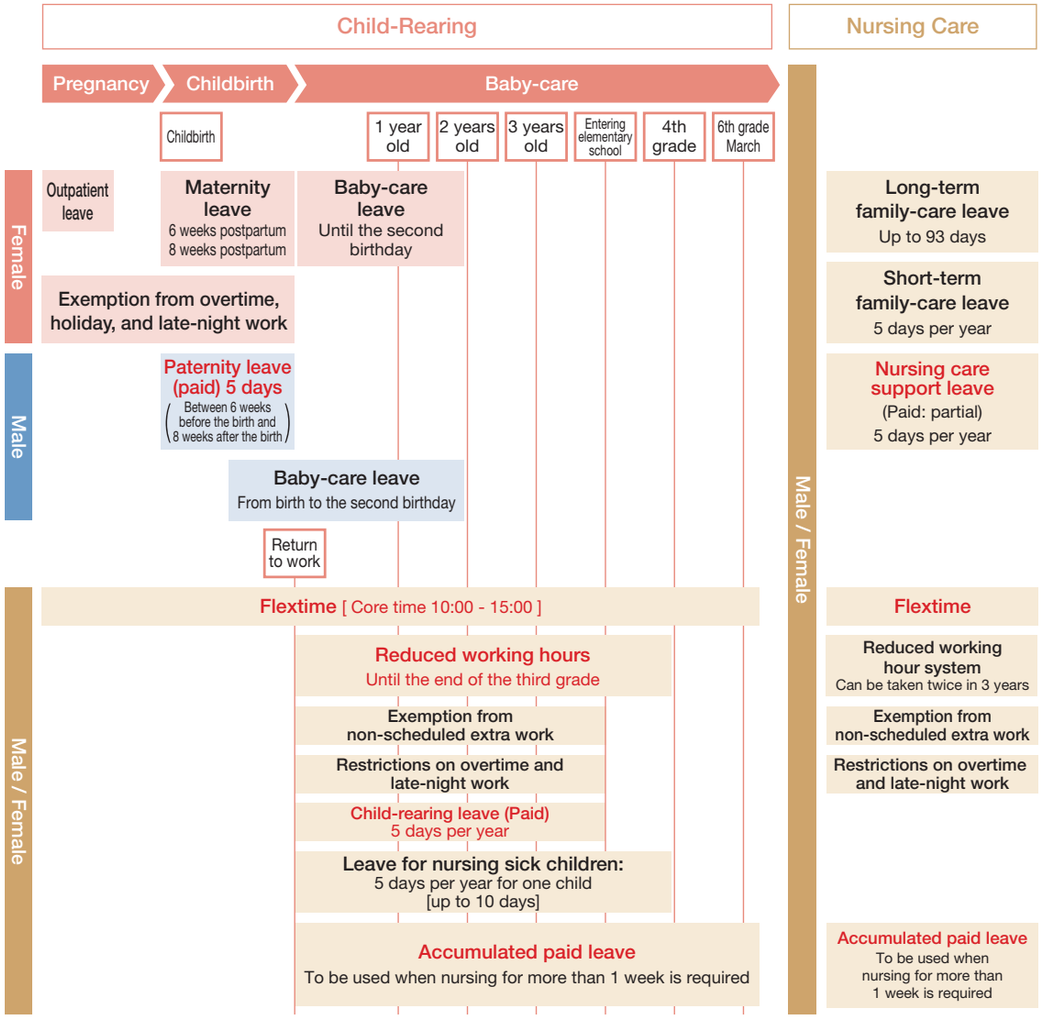
Systems to Support Balancing work with Childcare and Family-care



Red letters: Based on our regulations

ESG Data → https://www.mec-co.com/en/sustainability/esg-data/

Promotion of Male Employees taking Child-rearing leave

At MEC, we have continued to encourage men's proactive participation in child-rearing and promote an understanding of the need to balance work and childcare, resulting in a take-up rate of 90.0% in FY2024. We will build a more productive work environment by encouraging each employee to practice self-directed work styles.

Percentage of male employees who take child-rearing leave

FY2020	FY2021	FY2022	FY2023	FY2024
30.0%	25.0%	66.7%	44.4%	90.0%

Feedback from Employees (male) who took Child-rearing leave

The Company recommends that men take child-rearing leave, in order to ensure sharing of the burdens of childcare and housework, which tend to fall disproportionately on women, and to promote understanding of the balance between work and family life.
We gathered feedback from three employees who have taken child-rearing leave in FY2024.

Questions	30s research department	30s research department	40s management department
Was child-rearing leave easy to take?	I could comfortably apply for leave. My supervisor and co-workers were very understanding, and I was able to smoothly apply for leave. In addition, the HR staff explained the system in detail, which helped me clear up any questions I had in applying for leave.	I could comfortably take leave. I received a thorough explanation when applying for leave and was also adequately informed of the necessary application after returning to work. My colleagues kindly supported my work and were very understanding about my taking leave.	My supervisor and co-workers were understanding, and the work environment was such that I could comfortably apply for leave.
Do you have any requests for the system itself?	None in particular.	I would be happy if the same level of salary could be received regardless of the period of leave.	None in particular.
Other impressions, etc. (Family feedback, etc.)	I applied for childcare leave for my third child, which was helpful because of the heavy burden of housework and childcare. I am grateful for a company that willingly allows men to also take childcare leave.	My wife was also pleased. I would be happy to see a system in the future that would not place a burden on household income even when leave is taken on an annual basis.	I took childcare leave for the first time with my second child, and I am glad I did so because I had more to do than expected, including taking care of my first child.

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Safe Working Environment

We build and operate a management system, in order to create a safe and hygienic workplace environment through efforts to discover and tackle such problems as dangerous work and places and hygiene issues.

Industrial Accidents	Occupational accidents involving lost time ● 2024 target: 0 case	Result: **0 case**	Number of occupational accidents not involving lost time	Result: **0 case**
	We will continue to improve our working environment.			
Frequency rate, Severity rate, and Average number of working days lost per causality	The frequency rate was **0.0**	The severity rate was **0.0**	Average number of working days lost per causality was **0 day**	

*Calculated based on 277 employees (non-consolidated) as of the end of fiscal 2024, and occupational accidents involving lost time was 0 case

According to the situation of industrial accidents by industry (announced by the Ministry of Health, Labour and Welfare in 2024), the **frequency rate** in the manufacturing industry is **1.30**, the **severity rate** is **0.06**, and the **average number of work days lost per casualty** is **47.4**.
The working environment in our Company is highly controlled in terms of safety and health.

Measures to address New Chemical Substance Regulations

In order to prevent industrial accidents caused by chemical substances, the government has revised occupational health and safety regulations and other regulations, focusing on strengthening the control system for chemical substances. We performed risk assessment for chemical substances that were not covered by the regulations until now, and took measures to prevent exposure based on the results. We also take necessary training for the appointment of chemical substance managers. As more proactive initiatives are required, the Safety and Health Committees of the respective business office is taking the lead in implementing necessary measures.

Emergency First Aid Training Sessions for Employees

We conducted general first aid training sessions for employees of the head office and Amagasaki Headquarters as well as of the head office and Higashi-hatsushima Headquarters, with the cooperation of their nearest fire stations.
The training is for Basic Life Support, which includes cardiopulmonary resuscitation through chest compressions and artificial respiration, as well as the use of an automated external defibrillator (AED), on an injured or sick person whose breathing or heartbeat has stopped.
One hundred and sixty people from both headquarters (approximately 64% of the employees) actively participated in the program and learned life-saving measures in emergency situations.

At the classroom lecture prior to hands-on training. The fire station staff members shared their life-saving knowledge with us

Establishment of Health and Safety Policy

MEC Health and Safety Policy

Company-wide policy > Put health and safety first

Safety Declaration

Based on the spirit of respect for human life, we will conduct occupational safety and health activities with the full care and participation of all employees, as part of efforts to achieve our company rule, “Let’s make a fun workplace where people pay attention to health and safety”.
We position health and safety as one of the most important foundations of our corporate activities and allocate management resources appropriately.

MEC Action Guidelines

1. We will comply with occupational health and safety laws and regulations as well as internal rules and regulations, and endeavor to continuously improve the health and safety management system and enhance the level of management, recognizing the health and safety risks associated with the activities of the Company.
2. We will protect the safety and health of all workers
   1) Achieve zero accidents and zero injuries
   - Identify, assess, eliminate, and reduce hazardous areas
   - Structure countermeasures
   - Prevent chemical spray accidents
   - Foster a sound safety culture

   2) Ensure and promote physical and mental health
   - Prevent overwork
   - Maintain and manage mental health
   - Create an environment where it is easy to work
3. This Health and Safety Policy applies to all employees working together in the MEC Group, both in Japan and as subsidiaries overseas.

As a chemical manufacturer, we endeavor to provide our customers and other stakeholders with information regarding safety and security.

Respect for Human Rights: Prevention of Harassment and Discrimination

The premise of our Company is to respect human rights, and we clearly state that treatment that ignores human rights, such as child labor and harassment, is strictly prohibited. When hiring people, we check their age with official documents and make strict rules to ensure there is no dishonesty.
And we distribute the “Labor and Ethics Guidelines” prepared based on the RBA Code of Conduct to all officers and employees to raise awareness of the need for harassment prevention. At the same time, we are working to prevent harassment by posting the guidelines in our in-house database, disseminating specific cases of harassment, and providing training. The guidelines also state that we will not discriminate in terms of employment, promotion, or salary increases based on nationality, place of origin, gender, sexual minority (LGBTQ+), etc.

Labor and Ethics Guidelines Ver.7

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Basic Approach to Governance

The MEC Group believes that to maximize stakeholder return, continuous initiatives toward reinforcing corporate governance, thereby enhancing corporate value, are crucial. Specifically, we will promote initiatives for fair and transparent management, speedy and accurate information disclosure, and thorough accountability, and are acting in accordance with the concept of the Corporate Governance Code.
Under the policy of promoting diversity in management, we actively invite and appoint outside officers and women. We are also working on establishing rules to provide strict decision-making criteria in case management lacks independence. Moreover, aiming to gain value from diversity, the Group has a policy to encourage the activities of diverse competent personnel. We will continue to support promotion of diverse personnel to executive or management positions and enhance various systems to enable all those who take childcare leave to return to work.

The Corporate Governance structures

Board of Directors

The Company has given a structure to the Board of Directors while comprehensively taking into account factors such as the environment surrounding the Company and its business characteristics, so that the Board members can conduct proper and flexible decision-making and supervision. In addition, the Board of Directors is composed of members having a variety of knowledge and experience, regardless of their gender or whether they are from inside or outside the Company. Independent outside directors constitute a majority of the Board of Directors.
By holding the Board of Directors meeting every month, the Company makes decisions as the MEC Group, determines management policies and business executions, and oversees the carrying out of duties by Directors and Operating Officers.
The Company has also established an operating officer system to put in place a structure in which Operating Officers can focus on carrying out business. In these ways, we are working to accelerate the decision-making of the Board of Directors.

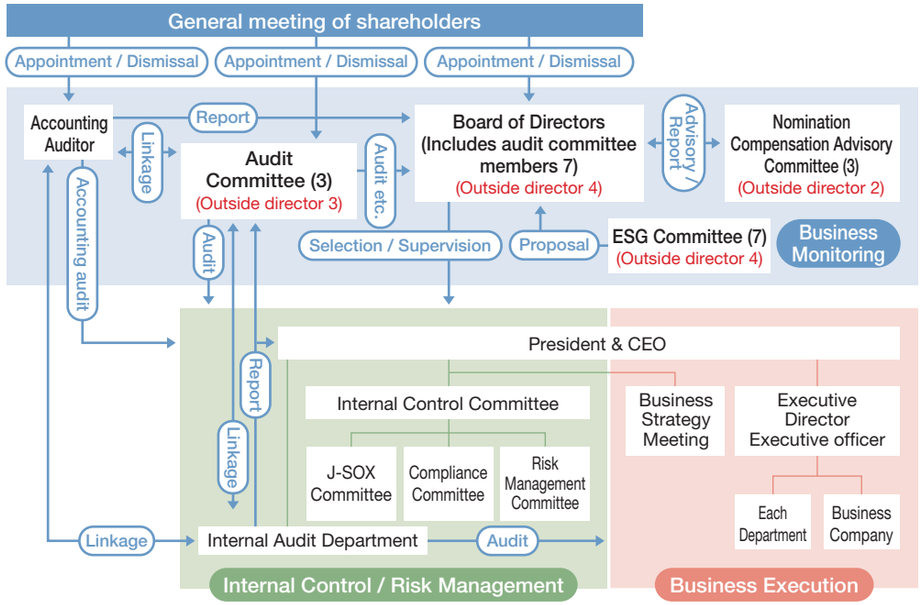
Nomination Compensation Advisory Committee

The Committee provides advice and recommendations to the Board of Directors and Audit & Supervisory Committee regarding the appointment, dismissal, and remuneration of Directors (excluding Directors who are Audit & Supervisory Committee members), Directors and Operating Officers who are Audit & Supervisory Committee members, etc. The purpose of the Committee is to ensure that Directors, Directors and Operating Officers who are Audit & Supervisory Committee members, etc. are appointed, dismissed, and remunerated appropriately.
The majority of the members are independent outside members.

The Audit and Supervisory Committee

The Audit & Supervisory Committee audits the carrying out of duties by Directors and prepares audit reports, determines the content of proposals regarding the appointment, dismissal, and non-reappointment of accounting auditors, determines the opinions of the Audit & Supervisory Committee regarding the appointment, dismissal, or resignation of Directors (excluding Directors who are Audit & Supervisory Committee members), and determines the opinion of the Audit & Supervisory Committee regarding the audits and supervision of the status of operation of corporate governance and the remuneration, etc., of Directors.

Conceptual Diagram of Corporate Governance | As of the end of March 2025



Composition of Members and Attributes of the Chairperson

	Total number of Committee members (persons)	Full-time Committee members (persons)	Inside Directors (persons)	Outside Directors (persons)	Head of Committee (Chairperson)
Audit and Supervisory Committee	3	1	0	4	Outside Director

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Committees Related to Governance

ESG Committee

The purpose of this committee is to formulate and propose management strategies (ESG management strategies) to promote corporate governance reform (G), the fulfillment of social responsibilities (S), and environmental conservation (E) in an integrated and coordinated manner. Based on these proposals, the Company will expand and diversify its management strategies, creating corporate value over the medium to long term through rich relationships with employees, customers, society, and the natural environment. The majority of the members are independent outside members.

J-SOX Committee

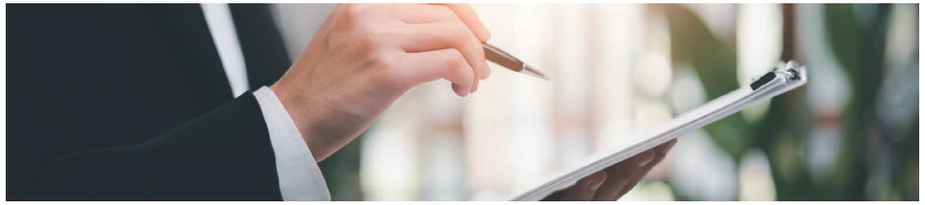
The purpose of this committee is to establish basic matters concerning the operation of J-SOX internal controls in the Group and contribute to ensuring appropriate information disclosure and transparency in financial reporting in accordance with the Financial Instruments and Exchange Act of Japan, where the exchange on which the Company lists its shares is located.

Compliance Committee

In accordance with the spirit of the MEC Group's Charter of Corporate Behavior and Corporate Code of Conduct, we have established a system for ensuring compliance within the Company and handling related matters, aiming to fulfill our social responsibility as a company by appropriately conducting business.

Risk Management Committee

The purpose of this committee is to appropriately implement risk management in the Group, establishing a basic policy regarding the development of a management system to prevent the occurrence of any risks that hinder the execution of business within the Group, and how to respond to any risks that do arise.



Internal Control System

An overview of the system to ensure Directors' performance of their duties is in compliance with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of the company's business is as follows.

System to ensure the performance of duties of Directors and employees of the MEC Group complies with laws and regulations and the Articles of Incorporation

Basic policy of internal control system (excerpt)

1. As the basis for the internal control and compliance systems of the MEC Group, the Company stipulates MEC Group's Charter of Corporate Behavior and Corporate Code of Conduct, as well as MEC Group's Internal Control, Internal Audit and J-SOX Regulations, and Compliance Regulations. The Company shall establish the Internal Control Committee and as its subordinate organization, the Compliance Committee, which are chaired by the President, and while promoting the building, maintenance and improvement of the internal control system, the Company shall also develop the relevant regulations and guidelines, and implement employee education as necessary.
2. The Company shall establish the Internal Audit Office, which is an internal audit department, with the aim of carrying out appropriate and efficient operations as well as auditing the development and operation of the internal control system so that it prevents fraud before it occurs.
3. The Internal Audit Department, which acts as the department for internal audits, shall be established for the purpose of auditing the status of the development and operation of internal control systems, to ensure that the execution of operations is appropriate and efficient, and that internal control systems prevent fraud in advance.

Compliance → https://www.mec-co.com/en/sustainability/esg/governance/compliance.php

Whistle-blowing system (for internal use)

We instruct employees to consult with their supervisors and to report using the whistleblowing system when violations of laws or regulations are being committed or are about to be committed. We have established contact points both inside and outside the Company for whistle-blowing of non-compliance, etc., and are building a system that makes it easy to report.
The number of reports issued in FY2024 was 0.

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The Evaluation of the Effectiveness of the Board of Directors

Each year, the Company conducts an evaluation questionnaire for all Directors to further ensure the effectiveness of the Board of Directors and improve its functionality, reports the results of the questionnaire to the Board of Directors, and addresses points for improvement for the next fiscal year.
In FY2024, the analysis and evaluation concluded that "in general, the Board of Directors is appropriately and effectively fulfilling its roles and responsibilities".
On the other hand, the Nomination and Compensation Advisory Committee's deliberations and the Board of Directors' involvement and oversight are insufficient with regard to the formulation and operation of succession plans for senior management, and we recognize that there is room for improvement with regard to training for newly appointed Directors and post-appointment training for Directors and in terms of the provision of opportunities and information to Outside Directors to have them understand the Company.
We will continue to make more improvements to further ensure the effectiveness of the Board of Directors and improve its functions.

Introduction of Directors (Internal) | As of the end of March 2025

Representative Director and President

Kazuo MAEDA

Career Summary, Position, Responsibility & Important Concurrent Positions

January	2000	Joined the Company
April	2000	General Manager of the President's Office
June	2000	Director and General Manager of the President's Office
April	2001	Managing Director
June	2002	Representative Director and President
April	2011	Representative Director and President, and Head of the Research and Development Division
June	2012	Representative Director and President (current)
July	2015	CEO (current)

[Important concurrent positions]
Representative Director of MEC TAIWAN COMPANY LTD.
Director of MEC EUROPE NV.
Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.

Reason for nomination for Director

- Since assuming the post of CEO and President in 2002, he has focused on revitalizing the proper operation of the Board of Directors as the chairperson and strengthening corporate governance
- As Chief Executive Officer, he has been at the helm of management for many years with strong leadership and execution skills, driving the development of the MEC Group

Director, Executive Operating Officer, Global Operations

Sadamitsu SUMITOMO

Career Summary, Position, Responsibility & Important Concurrent Positions

October	1988	Joined the Company
April	2000	Transferred to MEC EUROPE NV
October	2003	Deputy Manager of MEC International Business Center
January	2006	Head of Business Promotion Group in ME International Business Center
April	2008	Transferred to MEC FINE CHEMICAL (ZHUHAI) LTD. Director and Vice President of MEC FINE CHEMICAL (ZHUHAI) LTD.
April	2012	President of MEC (HONG KONG) LTD. President of MEC FINE CHEMICAL (ZHUHAI) LTD.
March	2019	Operating Officer
January	2021	Operating Officer and Head of Business Headquarters
March	2021	Director, Executive Operating Officer and Head of Business Headquarters
July	2024	Director, Executive Operating Officer, Global Operations (current)

[Important concurrent positions]
Director of MEC TAIWAN, COMPANY, LTD.
Representative Director of MEC (HONG KONG) LTD.
Representative Director of MEC FINE CHEMICAL (ZHUHAI) LTD.
Representative Director of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) CO., LTD.
Director of MEC EUROPE NV.
Representative Director of MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.

Reason for nomination for Director

- He contributes to stimulating discussions at the Board of Directors from a global perspective by leveraging the management experience of our overseas subsidiaries and extensive knowledge of overseas business
- He has supervised overseas subsidiaries' management, contributing to the Company's growth strategy

Director, Executive Operating Officer, Head of Management & Planning Unit

Tetsuya TANIGUCHI

Career Summary, Position, Responsibility & Important Concurrent Positions

April	1992	Joined Matsushita Electric Works, Ltd. (now Panasonic Corporation)
January	2012	Managing Director, Panasonic Electronics Material Europe
April	2017	General Manager, Marketing Dept., Electronic Materials Business Div., Panasonic Corporation
April	2021	Director, Planning Center, Electronic Materials Business Div., same company
December	2021	Joined the Company Strategic Planning Department, Management & Planning Unit
January	2022	Senior Councilor, Strategic Planning Department, Management & Planning Unit
January	2023	Senior Councilor, General Manager of the President's Office
March	2023	Operating Officer, General Manager of the President's Office
January	2024	Operating Officer, General Manager of Management & Planning Unit
July	2024	Executive Operating Officer, General Manager of Management & Planning Unit, Responsible Officer, Business Unit
January	2025	Executive Operating Officer, Head of Management & Planning Unit, and Responsible Officer, Sales Division
March	2025	Director, Executive Operating Officer, Head of Management & Planning Unit (current)

[Important concurrent positions]
There are no significant concurrent positions.

Reason for nomination for Director

- He has assumed positions in overseas subsidiary management, marketing, and corporate planning at another company in the same industry. He also has gained knowledge of trends and a network of connections in the electronics industry through experience in global business
- After joining the Company, he has significantly contributed to strengthening the structure of the Business Headquarters as Senior Councilor, and to formulating the Company's growth strategy as Executive Operating Officer and Head of the Management & Planning Unit, leading the business execution of the Company

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Introduction of Directors (Outside) | As of the end of March 2025

Director

Lucinda LOHMAN OOTA

Career Summary, Position, Responsibility & Important Concurrent Positions

October	1991	Ohara Law & Patent Office (now Ohara & Furukawa)
November	1993	Matsushita Electric Works, Ltd. (now Panasonic Corporation)
March	1996	WEIL,GOTSHAL & MANGES, LLP
January	1997	SONNENSCHEIN NATH & ROSENTHAL
June	1998	CHOATE, HALL & STEWART, LLP
June	1999	LEBOEUF, LAMB, GREENE & MACRAE LLP
September	2001	Senior Foreign Lawyer, Oh-Ebashi LPC & Partners
February	2010	Senior Foreign Legal Counsel, Dainippon Sumitomo Pharma Co., Ltd.
April	2014	Representative Director, InScribe Language Consulting (current position)
March	2016	Chuo Sogo LPC (current position) Part-time lecturer, Faculty of Law, Doshisha University
March	2025	Director of the Company (current)

[Important concurrent positions]
Representative Director of InScribe Language Consulting Chuo Sogo Law Offices

Reason for nomination for Director

- She has an attorney's license of the United States, and has experience of working closely with a wide variety of clients from small companies to large multinational corporations, as well as international arbitration and internal auditing, with knowledge of corporate governance and compliance. It is expected that she will utilize her experience and insight to provide advice about the overall management of the Company's Group from an independent standpoint

Director
Chairman, Audit & Supervisory Committee

Mitsutoshi TAKAO

Career Summary, Position, Responsibility & Important Concurrent Positions

April	1972	Joined Kawasaki Heavy Industries, Ltd.
June	2008	Representative Director and Manager of Finance & Accounting Dept.
April	2012	Executive Vice President and Representative Director Assistant to the President, in charge of Planning Headquarters, Finance Headquarters, CSR Promotion Headquarters, Personnel Affairs Headquarters, and General Affairs Headquarters
April	2014	Outside Corporate Auditor of TechnoPro Holdings, Inc.
March	2018	Director of the Company (Audit and Supervisory Committee Member) (current)
September	2022	Outside Director of TechnoPro Holdings, Inc. (Audit and Supervisory Committee Member)
September	2023	Outside Director of TechnoPro Holdings, Inc. (current)

[Important concurrent positions]
Outside Director of TechnoPro Holdings, Inc.

Reason for nomination for Director

- Based on his extensive experience as a corporate manager and his expertise in finance and accounting, he conducts audits and supervises the execution of duties at our Company from an objective perspective
- He leads the management of the Audit & Supervisory Committee as the chairperson
- Based on his extensive knowledge of corporate governance, he provides appropriate advice for the sustained improvement of governance of our Company

Director
Audit and Supervisory Committee Member

Kaoru HASHIMOTO

Career Summary, Position, Responsibility & Important Concurrent Positions

October	1997	Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC)
April	2001	Registered as a Certified Public Accountant
December	2011	Registered as an Attorney-at-law Joined Osaka Semba Law Office (now Osaka Semba Law Office Legal Professional Corporation)
June	2016	Outside Auditor of Oie Sangyo Co., Ltd. (current)
September	2016	Partner in Osaka Semba Law Office
March	2019	Director of the Company
March	2020	Director of the Company (Audit and Supervisory Committee Member) (current)
March	2021	Representative, Attorney-at-law, and Certified Public Accountant at Rui Law & Accounting Office (current)

[Important concurrent positions]
Outside Auditor of Oie Sangyo Co., Ltd.
Representative, Attorney-at-law, and Certified Public Accountant at Rui Law & Accounting Office

Reason for nomination for Director

- She gives appropriate advice, conducts audits and supervises the execution of duties at our Company from a legal and accounting perspective by leveraging her abundant experience and advanced expertise as a lawyer and certified public accountant

Director
Audit and Supervisory Committee Member

Eiji MIYASHITA

Career Summary, Position, Responsibility & Important Concurrent Positions

April	1980	Joined Matsushita Electric Works, Ltd. (now Panasonic Holdings Corp.)
April	2009	General Manager, Business Management Dept., Control Equipment Division Concurrently, General Manager, Procurement and Production Control Department
June	2009	Part-time Auditor, Honda Tsushin Kogyo Co., Ltd.
June	2010	Panasonic Industrial Devices SUNX Co., Ltd. Part-time Auditor
June	2013	Managing Director, in charge of Business Administration
June	2014	Managing Director, in charge of Business Administration, Personnel & General Affairs, and Legal Affairs
December	2017	Director (Audit and Supervisory Committee Member) (full-time), Nitto FC Co., Ltd.
September	2019	Auditor of the Company
March	2024	Director of the Company (Audit and Supervisory Committee Member) (current)

[Important concurrent positions]
There are no significant concurrent positions.

Reason for nomination for Director

- He has a wealth of corporate management experience at other companies, and deep knowledge related to finance and accounting
- He has served as a corporate auditor at several companies and has broad insight into corporate auditing

Board Skills Matrix

Directors		Corporate Management	R&D / Manufacturing / Technology	Financial Accounting	Legal / Compliance	Sales / Marketing	Global	Sustainability / ESG	Human Resources / Labor Management / Human Resource Development
Kazuo MAEDA	Inside	●				●	●		
Sadamitsu SUMITOMO	Inside	●	●			●	●		
Tetsuya TANIGUCHI	Inside	●			●	●	●		
Lucinda LOHMAN OOTA	Outside	●			●		●	●	
Mitsutoshi TAKAO	Outside	●		●				●	●
Kaoru HASHIMOTO	Outside			●	●				●
Eiji MIYASHITA	Outside	●		●	●		●		●

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About Information security

In order to properly manage and use the Company's information assets*, we have stipulated basic matters that executives and employees should comply with. And we are working to achieve uniform information security management by appropriately using them.

*All information that the Company legitimately obtains from itself or others and keeps; this covers all information including non-digitized information as well as human, physical, and environmental resources for using such information.

Basic Policy on Information Security

In order to appropriately manage and use its information assets and information systems, the Group has established a Basic Policy on Information Security, and will strive to ensure a stable management base by implementing and promoting this policy.

1 Compliance with laws and regulations
We will comply with laws, regulations, contractual requirements, and internal rules regarding information security.

2 System
We will establish an information security management system and work to ensure information security.

3 Measures
We will strive to prevent information security incidents by implementing appropriate information security measures for each information asset, as well as formulating a business continuity plan (BCP) and recovery plan to ensure prompt recovery and prevent recurrence in the unlikely event of an incident.

4 Education
We will continuously educate our employees on regulations, standards, etc., related to information security in order to improve their information security literacy.

5 Inspection and improvement
We will regularly evaluate the actual state of information security management and strive for continuous improvement.

Operation of Information Security Committee

We have established the Information Security Committee, headed by the executive in charge of information security management, and it has representatives from each business site as members.
It deliberates on and examines information security management within the Company.
At the most recent meeting, members deliberated and considered updating information security rules and strengthening technical security measures.

Implementation of Information Security Audit

We regularly audit the actual state of information security management and strive to optimize it.

Main audit items for FY2024
Surveyed the optimization of account and access authority management, status of antivirus software updates, status of management of information media, etc. The management situation was appropriate.

Handling of Confidential Information of Customers and Business Partners

Confidential information of customers and business partners is classified from our confidential information, and we have established an appropriate information management system according to customers and business partners and are implementing efforts to protect the information.

About Protection of Personal Data

We are working to protect personal information by stipulating a personal information protection policy, establishing a mechanism for protecting personal information, and making all employees fully aware of the importance of protecting personal information. Please see our Privacy Policy for more details.

Privacy Policy → https://www.mec-co.com/en/privacy/

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Message from Outside Directors

Outside Director,
Audit and Supervisory Committee Member

Eiji Miyashita

It has been a year since I became a member of the MEC Group.
Through attending various meetings including those of the Board of Directors, Business Strategy Committee, ESG Committee, and Risk Management Committee, as well as auditing departments and Group companies, I have felt that the MEC Group is a "very sound and hard-working company".
Although the MEC Group is not a large organization, its performance has grown steadily, maintaining a high profit margin. I believe this is backed by a solid governance structure and a small number of employees steadily carrying out the various activities described in the Sustainability Report.
The MEC Group is currently implementing Phase 2 of the medium-term management plan, aiming toward its vision for 2030 of "becoming the world's best creator of interfaces and connecting them to the world". Meanwhile, the global business environment is changing rapidly and drastically, as highlighted by various conflicts in different regions and various problems centering on U.S. tariff policies.
Under these circumstances, achieving the medium-term management plan requires us to speed up our actions more than ever before without fearing change, be sensitive to change, and make corrections in our direction, as necessary.
I will continue to join forces with the hard-working executives and employees of the MEC Group and strive to achieve our goals, though I may express my opinion bluntly at times.

Outside Director

Lucinda Lohman-Oota

Dear Stakeholders,
It is my great honor to have been appointed as an Independent Outside Director at MEC. I am an American lawyer (licensed in California) and have lived and worked in Japan in that capacity for 25+ years. In particular, I am excited to be at MEC with its staunch commitment to and focus on the environment (E), society (S), and governance (G)(ESG).
In recent years, the global business landscape has shifted decisively toward more responsible and resilient models of growth. Today, ESG plays a strategic role inleadership within organizations. This is consistent with MEC's Management Philosophy of contributing to the creation of a prosperous and diverse society and sustainable environment inspired by unconventional approach based on the principles of "Visionary Technology", "Reliable Quality" and "Meticulous Service".
As a member of the ESG Committee, among others, I will strive to engage with stakeholders to ensure openness and transparency. In particular, the issue of women's empowerment in the workplace is near and dear to my heart. I believe that people are the most important asset for a company's efforts for sustainability. Diversity in all its aspects is essential for this!
MEC has achieved much in this area, in particular with respect to the length of women's years of service, females in managerial positions, and females among the Directors and Operating Officers. As a woman who has worked in several major companies and law firms in Japan, I will use my best efforts to continue and increase this track record!
I hope that FY2025 will be a year of meaningful collaboration and shared success on the road toward a more sustainable world.
Thank you for your trust and support. I look forward to working with my fellow directors, our management team, and you—our stakeholders—as we continue to build a more sustainable and resilient future.

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This page summarizes and discloses ESG information in accordance with the SASB Standard_version 2023-12, a framework for ESG information disclosure published by the Sustainability Accounting Standards Board (SASB) in the U.S. We will continue to expand the content disclosed.

Environmental Conservation

TOPIC	METRIC	CODIFIED METRIC CODE	Response Status, Data, etc.
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	RT-CH-110a.1	Environment See page 16 <CO_2 Emission> Scope1: 57.0 t-CO_2 Scope2: 1,585 t-CO_2 Scope3: 44,903 t-CO_2
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2	Since Scope 1 accounts for a low proportion of our total emissions, at approximately 3%, we did not set an emissions reduction target for Scope 1 emissions, but rather a mid- to long-term reduction target for Scope 1+2 emissions. CO_2 reduction target: Net reduction in total domestic Scope 1 and 2 emissions of 50% by FY2030 (base year: FY2017)
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N_2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	RT-CH-120a.1	N/A No air pollutants are emitted during the manufacturing process.
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	RT-CH-130a.1	Environment See page 16 <Electricity Consumption> (1) 13,714GJ (2) 100% (3) 37.8% (4) None
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	RT-CH-140a.1	Environment See page 16 <Water usage and Amount of wastewater> (1) 35,620 m^3 (2) 14,617 m^3 (total consumption is calculated by [water consumption - water discharge]) Water stress: Amagasaki Plant and Nagaoka Plant, low to medium (10 - 20%) (Survey using the World Resources Institute's Aqueduct Water Risk Atlas)
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	RT-CH-140a.2	Number of violations of laws and regulations related to water quality: 0
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CH-140a.3	Water is used as one of the raw materials, and since water is used more in research and development activities and production activities, water usage is strictly controlled.
Hazardous Waste Management	(1) Amount of hazardous waste generated, (2) percentage recycled	RT-CH-150a.1	Hazardous waste (industrial waste specially controlled by the Waste Management and Public Cleansing Law) Total volume 152 tons, recycling rate 35.8%
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	Social See page 21 <Together with Local communities> We hold explanatory meetings in the neighborhood (plant tours) and cooperate with evacuation drills at neighborhood nurseries.

Occupational Safety / Management of Chemical Substances

TOPIC	METRIC	CODIFIED METRIC CODE	Response Status, Data, etc.
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	RT-CH-320a.1	Social See page 26 <Safe Working Environment> (1) (a) Directly hired employees: 0.0, (b) Indirectly hired employees: 0.0 *All industrial accidents occurred due to accidents not accompanied by lost time (2) In-service fatality rate: 0%
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	Regular medical examinations, special medical examinations, mental health checks, etc. Diagnosis rate: Approx.100% We conduct re-examination and consultation with a dietitian for those with findings after a health check-up.
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	RT-CH-410a.1	—
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	—
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human or environmental impact	RT-CH-410b.2	As a chemical manufacturer, we check relevant laws and regulations in Japan and overseas for chemical substances and acknowledge hazard information. We have specified banned substances and have established a system that does not contain them from the R&D stage. Many of our products fall under categories 1 and 2 of the GHS classification. We recognize that all products are hazardous as long as they use chemical substances, and communicate hazard information on the SDS and labels when they are supplied. We inform our customers so that they will handle the product based on the hazard information.
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	RT-CH-410c.1	N/A
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	We are subject to various laws and regulations in Japan and overseas, including those related to the handling, research, manufacture, storage, transportation, and sales of hazardous chemical substances such as poisonous and deleterious substances. Regulations on chemical substances are expected to become increasingly strict in the future, and we are making efforts to respond positively to these regulations and to minimize the impact on our business.
Operational Safety, Emergency Preparedness, and Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	RT-CH-540a.1	We regard health and safety as the first priority, and we are responsible as a corporation for our efforts to achieve zero accidents and zero disasters. In order to handle toxic and toxic chemicals such as poisonous and deleterious substances, we regard chemical leaks during transportation as important incidents and have established a system to prevent environmental pollution caused by chemical leaks caused by accidents. Number of leak incidents that fall under the category of serious incidents: 0
	Number of transport incidents	RT-CH-540a.2	7 transport accidents (4 cases of leakage and 3 cases of damage to containers)
ACTIVITY METRIC	Production by reportable segment	RT-CH-000.A	17,372 t

Created based on data from Domestic base (Japan)

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Created in July 2025

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