



ORGANO CORPORATION

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ORGANO GROUP REPORT

2024



Introduction

To Our Readers

Since 2020, the Organo Group has published the “Organo Group Report” annually to promote proactive dialogue with our valued stakeholders. This report presents the Group’s financial information supporting the business environment and management strategies to realize ORGANO 2030, our long-term management plan, as well as nonfinancial information, including environmental, social, and governance (ESG) issues as the base for supporting this growth.

Key Takeaways

- In his message, the President discusses aiming for a new stage by focusing on the strengthening of human capital and improvement in productivity.
- Centered on our value creation process, we disclose the management capital that is the source of value creation and promote our ability to execute our management strategies.
- Regarding sustainability, we are enhancing our human capital strategy as well as information based on TCFD recommendations.

We hope this report offers insight into Organo as a company that leverages its technology to resolve social issues and contributes to the realization of a sustainable society. The Company will continue to further enhance corporate value through timely and accurate information disclosure and dialogue with its stakeholders.

Reference guidelines

“International Integrated Reporting Framework” by the IFRS Foundation
 “Guidance for Collaborative Value Creation” by Japan’s Ministry of Economy, Trade and Industry
 “Environmental Reporting Guidelines” (2018 edition) by Japan’s Ministry of the Environment
 ISO 26000:2010 Guidance on Social Responsibility

Disclaimer regarding forward-looking statements

Forward-looking statements included in this report contain assumptions and expectations. They are based on information available at the time of publication, and involve risks and uncertainties. Please note that actual performance may vary materially from forecasts owing to changes in various factors impacting the Company’s business.

Information Disclosure System (Overview of communications)

	Information for shareholders and investors	Sustainability information
Reports	Organo Group Report	
	Annual securities report	
	Corporate governance report	Shareholder newsletters
Online information	IR webpage	Sustainability webpage
Dialogue	Financial results presentations	General Meeting of Shareholders
	Individual meetings	

IR information
<https://www.organo.co.jp/english/ir/>



Sustainability information
<https://www.organo.co.jp/english/company/sustainability/>



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Today
How we create value in society today

Tomorrow
How we will create value in the future

Sustainability

Corporate Data



Message from the President
 Now that our business performance is strong, it is crucial to aim for further growth, prepare for the near future, and make the changes necessary to transition to a new stage.



Human Resource Strategy
 We recognize that employing diverse talent and strengthening the structure for cultivating human resources are vital in further expanding domestic and overseas business, and we aim to improve employee engagement while maximizing business performance.



Environment: Information Disclosure Based on TCFD Recommendations
 Climate change is one of the key issues that affect the Group’s business activities. We disclose information in accordance with the TCFD’s climate-related disclosure framework.



Origin of the Company Name

Ion exchange resin, one of Organo’s core materials, is called organic zeolite, or “organolite” for short, as opposed to natural inorganic zeolite. The company name derives from the name of the resin.

EcoCrysta and PURIC, which appear in this document, are trademarks or registered trademarks of Organo Corporation.

Management Philosophy

Organo serves as a valuable partner company by leveraging its leading-edge technologies cultivated through long experience with water treatment, by contributing to the industries that create the future, and by playing a key role in the development of societal infrastructure.

Sustainability Policy

Together with its stakeholders, Organo aims to realize a sustainable society for the future and improve our corporate value

E

Leveraging its leading-edge technologies cultivated through long experience with water treatment, Organo provides environmentally-friendly products and services that contribute to water environment conservation and prevention of global warming.*

S

We promote a workplace where human rights, diverse values, and individuality are respected, and where every employee is given the opportunity to grow and play an active role.

G

We emphasize dialogue and cooperation with all stakeholders, and we conduct honest and fair corporate activities.

Long-Term Management Vision

At Organo, we seek to expand our business through high value-added separation and purification as well as analysis and manufacturing technologies, and by providing products and services that promote the creation of value and which resolve the challenges that confront industry and society.

We proactively contribute to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, as a company where all employees are energetic and passionate about their work.

* "Leveraging its leading-edge technologies cultivated through long experience with water treatment" refers to our pursuit of water treatment-related separation and purification, analysis, and engineering technologies, and our provision of optimal systems and services that meet the needs of society through a combination of these technologies.

Message from the President



Aiming for a new stage by improving productivity through the strengthening of human capital and operational reform

Masayuki Yamada

Representative Director and President
President and Executive Officer
ORGANO CORPORATION

❖ Key Points in Organo Group Report 2024

The Organo Group has been tackling a host of water and environmental issues, and leveraging its cutting-edge technologies to contribute to the development of industry and social infrastructure. The Group's performance continues to improve steadily, and earnings are on the rise. While we expect demand to remain favorable—especially in the electronics industry—we must aim for further growth and prepare for the next 10 to 20 years now while our business performance is strong. We are at a crucial point where we need to make changes to transition to a new stage for the Group. Under the Medium-Term Management Plan (2024–2026), we have committed ourselves to proactively implementing the investment and initiatives necessary for the Group's growth, including streamlining operations, strengthening human capital, enhancing our IT infrastructure, fostering a comfortable workplace environment, developing new Service Solutions business, and promoting business in newly developed regions. Moreover, our strengthened sustainability

activities align with the Group's water-related business, and we will continue to aggressively proceed with these efforts, focusing on how we as a Group can contribute and provide value to our customers and society. And we expect the increasingly complex global situation to impact the business environment in various ways, including geopolitical risks and supply chain disruptions. While preparing for risks, we will take those we deem necessary, and work together as a Group to address challenges and attempt to capitalize on business opportunities to further grow as a company that contributes to society.

This report provides expanded information on the Group's long-term vision and how it creates value. It offers expanded information regarding sustainability based on our human capital strategies and Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. We hope that this report provides all of our stakeholders with a better understanding of the Group.

❖ Looking Back on FY2023 and Ahead to the Medium-Term Management Plan (2024–2026)

In FY2023, despite a decrease of 16.7% in orders received year on year to ¥144.4 billion, we achieved record earnings, with net sales of ¥150.3 billion and operating profit of ¥22.5 billion. This was primarily attributable to continued robust demand for water treatment facilities for semiconductor manufacturing in Japan and overseas. The Group formulated its three-year medium-term management plan on a rolling basis based on Long-Term Management Plan ORGANO 2030. Under the Medium-Term Management Plan (2024–2026), we aim to achieve net sales of ¥175.0 billion and operating profit of ¥26.0 billion in FY2026. The global semiconductor market is forecast to reach US\$1 trillion by 2030, and from an economic security perspective, semiconductor manufacturing regions are expected to grow worldwide.

The Group is working to improve its water treatment plant delivery capacity and strengthen its business portfolio to achieve the goals of its medium-term management plan and ensure further growth. To

improve plant delivery capacity, we will enhance productivity by strengthening our workforce and streamlining engineering operations. To strengthen our business portfolio, we are working on new Service Solutions business initiatives and strengthening worldwide deployment.

With regard to reinforcing personnel, in addition to hiring new graduates and experienced workers, we also need to actively recruit overseas talent. We have already established the Global Engineering Center in Vietnam and are strengthening our workforce through personnel training. In addition, we will further strengthen our cooperative relationships with partner companies. In addition to promoting data usage by developing IT infrastructure, streamlining business systems will also play a major role in improving the efficiency of engineering operations. One such measure was the start of a strategic capital and business alliance with LIGHTz Inc., which provides AI for technology transfer, in June 2024. Through this business alliance, we will transform our engineering

Message from the President

operational structure and pass on our superior plant engineering technologies. To create new Service Solutions business, it is essential to expand the scope of business by extending our reach to new markets and technologies beyond our current business development. We are aware that becoming complacent with the status quo and neglecting to strengthen our business portfolio will halt the growth of the Company. We will leverage the technologies the Group has developed over the years, such as heat-free purification of organic solvents, to develop new products and services that also contribute to the environment. Another strength of the Group is our broad customer base. We aim to achieve further growth by providing new value to customers in a host of industries such as electronics; infrastructure industry, including electric power and water supply and

Achieving Long-Term Management Plan ORGANO 2030

In an era of rapid change and an uncertain future, it is important for the entire Group to be unified in its thinking and direction. In 2020, after having reflected on our management philosophy, we formulated Long-Term Management Plan ORGANO 2030 which sets out our vision for the company. Under ORGANO 2030, we aim to build a stable earnings structure with net sales of ¥200 billion or more, operating profit ratio of 15% or more, and ROE of 12% or more by FY2030. From there, we use backcasting to set our medium-term management plan each year on a rolling basis. In FY2023, we achieved our goals, recording operating profit ratio of 15% and ROE of 18%, and by steadily implementing planned measures, such as further streamlining our engineering operations, we believe we can reach net sales of ¥200 billion. Looking even beyond 2030, we will anticipate and prepare for risks, while aggressively implementing further investments and taking risks we deem necessary with

Human Resource Strategy

To further develop the Group's domestic and overseas businesses, we must hire diverse talent and strengthen our training structure. To increase the

sewage; general, encompassing pharmaceuticals, chemicals, and food products, as well as research institutions and convenience stores. One part of these efforts is leveraging water treatment technology to develop services to reuse wastewater and recover valuable materials, as well as labor-saving service solutions such as remote monitoring systems that utilize data. To expand business overseas, we are actively developing operations in China and Taiwan, which account for approximately 70% of our overseas sales, as well as in Malaysia, where the electronics industry has seen significant investment in recent years. We entered the U.S. market in 2021, and in line with the Medium-Term Management Plan (2024–2026), we are working to establish a business structure and preparing to construct a business portfolio there.

the aim of becoming a stronger company. Under ORGANO 2030, to achieve further long-term growth, we will strengthen our existing businesses and expand into new areas while incorporating inorganic business growth strategies such as M&A. With regard to our search for the seeds of new business, we have several projects underway, centered on younger employees. We want to encourage and support their enthusiasm to take on new challenges. In terms of overseas business, our top priorities are establishing a stable business structure and building a business portfolio in the U.S. We will also strengthen our presence in China, Taiwan, and Southeast Asia, while taking into consideration geopolitical risks such as friction between China and the U.S. In addition, we will examine further strengthening our geographic portfolio by promoting overseas business in newly developed regions such as India and Europe.

diversity of our human resources, we will increase the proportion of female managers and actively recruit local talent in overseas businesses. In an effort to

strengthen our training structure, we plan to increase investment in human resource education and introduce the latest training facilities for engineering operations. In addition, we will continue to implement measures toward creating a comfortable workplace environment and improving employee motivation and engagement, a focus of ours for some time. We value open communication among employees and believe it is important to have a corporate culture where opinions can be freely and openly exchanged. Last year, I held 10 open discussions with around 50 managers to exchange opinions on the future and current situation of the Company. It was inspiring to

Practicing Sustainability Management

The Organo Group's business itself plays a key role in the realization of sustainability in society. The basis of Organo's sustainability efforts is our contribution to environmental preservation and the mitigation of global warming, primarily by improving water quality, using our advanced technologies. One important facet of these efforts is the purification technology the Group provides which features the use of ion exchange resin for ultrapure water production which, unlike the conventional distillation method that uses heat, significantly contributes to reducing CO₂. We focus on R&D of environmentally-friendly products and services, including water purification and reuse and recovery of valuable materials from wastewater. On the environmental side, we are working to reduce Scope 1, 2, and 3 emissions as part of our alignment with TCFD recommendations. The Group delivers large-scale

To Our Stakeholders

While the Group continues to perform well, we refuse to rest on our laurels. To achieve even greater growth in 2030, 2040, and beyond, we will invest in strengthening human capital, the foundation of our business, and streamlining operations. At the same time, we will carefully monitor the direction of our business growth while investing in human capital, R&D, and digital technologies. We will take on challenging new business ventures and actively formulate organic

hear the thoughts and enthusiasm of employees from their perspectives as people in responsible positions. The Company's performance has improved over the past several years, and our employees have become more confident than ever before. During these discussions, while I felt there was enthusiasm to be able to do new things, it was also pointed out that it can be difficult to take on new challenges amongst the hustle and bustle of everyday work. Under the new Medium-Term Management Plan (2024–2026), we will work to strengthen our workforce and training, while working together as a group to streamline operations and improve productivity.

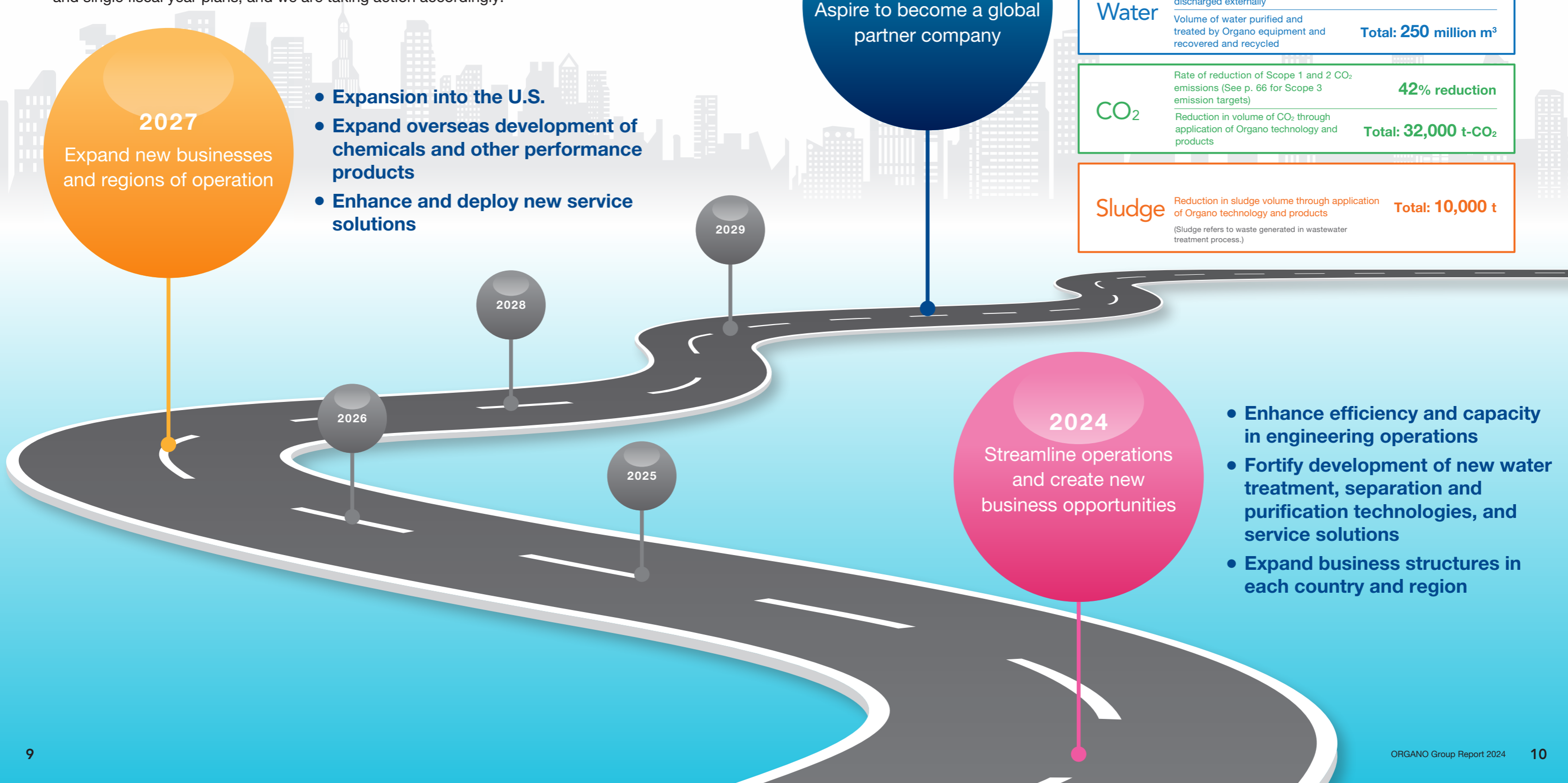
equipment, so visualizing and reducing Scope 3 emissions presents significant challenges, and an issue going forward will be deciding what metric to employ in managing them. We established a Risk Management Committee that identifies the Group's risks and uses a four-quadrant matrix to classify them into operational, investment, emergent, and business strategy execution risks. The Committee then evaluates the impact and likelihood of realization and uncertainty for each classification, and the Group proceeds with countermeasures as necessary. In addition to formulating a business continuity plan (BCP) to minimize damage and ensure business continuity in the event of a large-scale disaster such as a major earthquake, we are working to improve the effectiveness of our BCP by preparing for emergency situations and implementing education and training.

and inorganic growth strategies to achieve sustainable growth. We will also actively implement initiatives to provide solutions toward realizing a sustainable society. Going forward, the Group will continue to work together to become a company that meets the expectations of all its stakeholders. We thank you for your continued understanding and support.



Long-Term Management Plan ORGANO 2030

We have been discussing how to bring our management philosophy and Long-Term Management Vision to fruition and how we envision the role of the Group in the future social environment. Based on these discussions, we are incorporating our Long-Term Management Plan ORGANO 2030, which we formulated in FY2020, into our medium-term management plan and single fiscal year plans, and we are taking action accordingly.



2027
Expand new businesses and regions of operation

- Expansion into the U.S.
- Expand overseas development of chemicals and other performance products
- Enhance and deploy new service solutions

2030
Aspire to become a global partner company

- Aspire to be a partner of top companies in the advanced semiconductor field
- Aspire to be the company of choice for water treatment chemicals and functional materials in differentiated specified fields
- Achieve sustainability goals

○ Financial performance targets for FY2030

Net sales	¥200 billion
Operating profit	¥30 billion
Operating profit ratio	15%
ROE	stable at 12% or more

○ Sustainability goals (FY2030)

Water	Volume of wastewater purified and treated by Organo equipment and discharged externally	Total: 60 million m³
	Volume of water purified and treated by Organo equipment and recovered and recycled	Total: 250 million m³
CO₂	Rate of reduction of Scope 1 and 2 CO ₂ emissions (See p. 66 for Scope 3 emission targets)	42% reduction
	Reduction in volume of CO ₂ through application of Organo technology and products	Total: 32,000 t-CO₂
Sludge	Reduction in sludge volume through application of Organo technology and products <small>(Sludge refers to waste generated in wastewater treatment process.)</small>	Total: 10,000 t

2024
Streamline operations and create new business opportunities

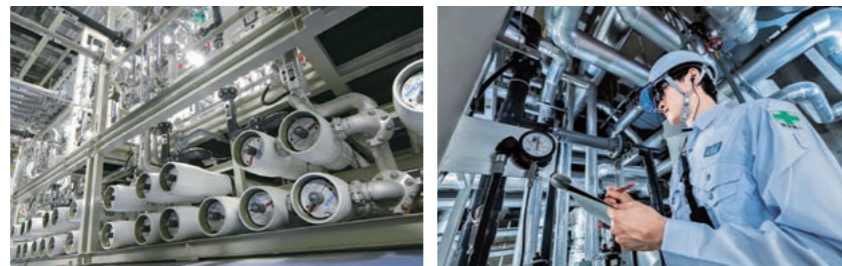
- Enhance efficiency and capacity in engineering operations
- Fortify development of new water treatment, separation and purification technologies, and service solutions
- Expand business structures in each country and region

Business of the Organo Group

Organo possesses a wide variety of water treatment technologies for ultrapure water, pure water, tap water, industrial wastewater, and sewage, and is developing its businesses globally to serve a diverse range of customers while also applying these technologies to non-water fields. In addition, the Company has built a structure that allows it to provide comprehensive solutions by integrating all functions in-house, including product development, design, construction, sales, post-delivery maintenance, and operational support.

Water Treatment Engineering Business Unit

This business unit provides water treatment systems used at various manufacturing plants, power plants, and water supply and sewage facilities. It undertakes business as a comprehensive water treatment engineering company providing solutions ranging from the supply of ultrapure water—which boasts the top level of purity in the world—to water recycling and various wastewater treatment facilities that detoxify harmful wastewater.



Plant Business

Service Solutions Business

Performance Products Business Unit

This business unit provides performance products such as water treatment chemicals, standard water treatment equipment, filters, and food processing materials to various manufacturing plants, retail facilities, and medical and research institutions. Although the business has focused primarily on Japan, the Company is also working to strengthen business development overseas with products such as compact pure water systems for medical institutions and water treatment chemicals for the electronics industry.

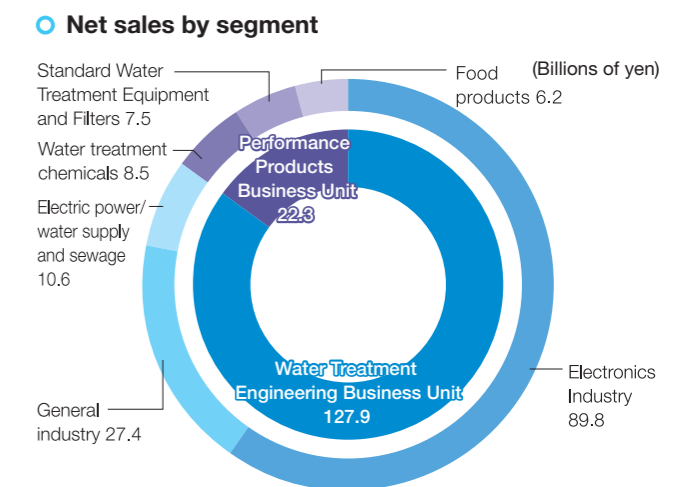
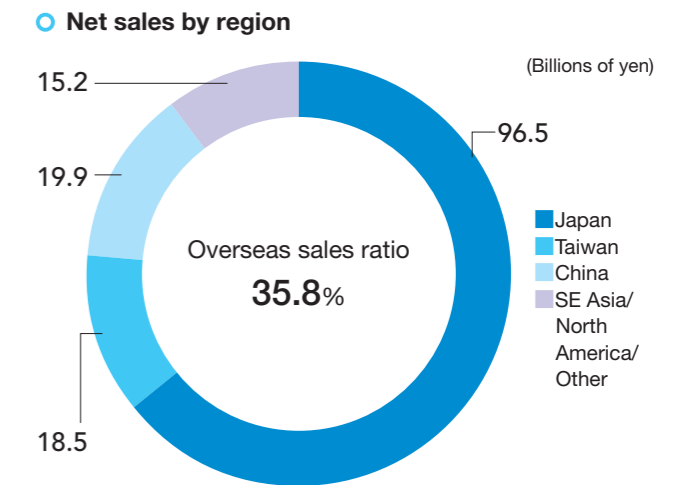
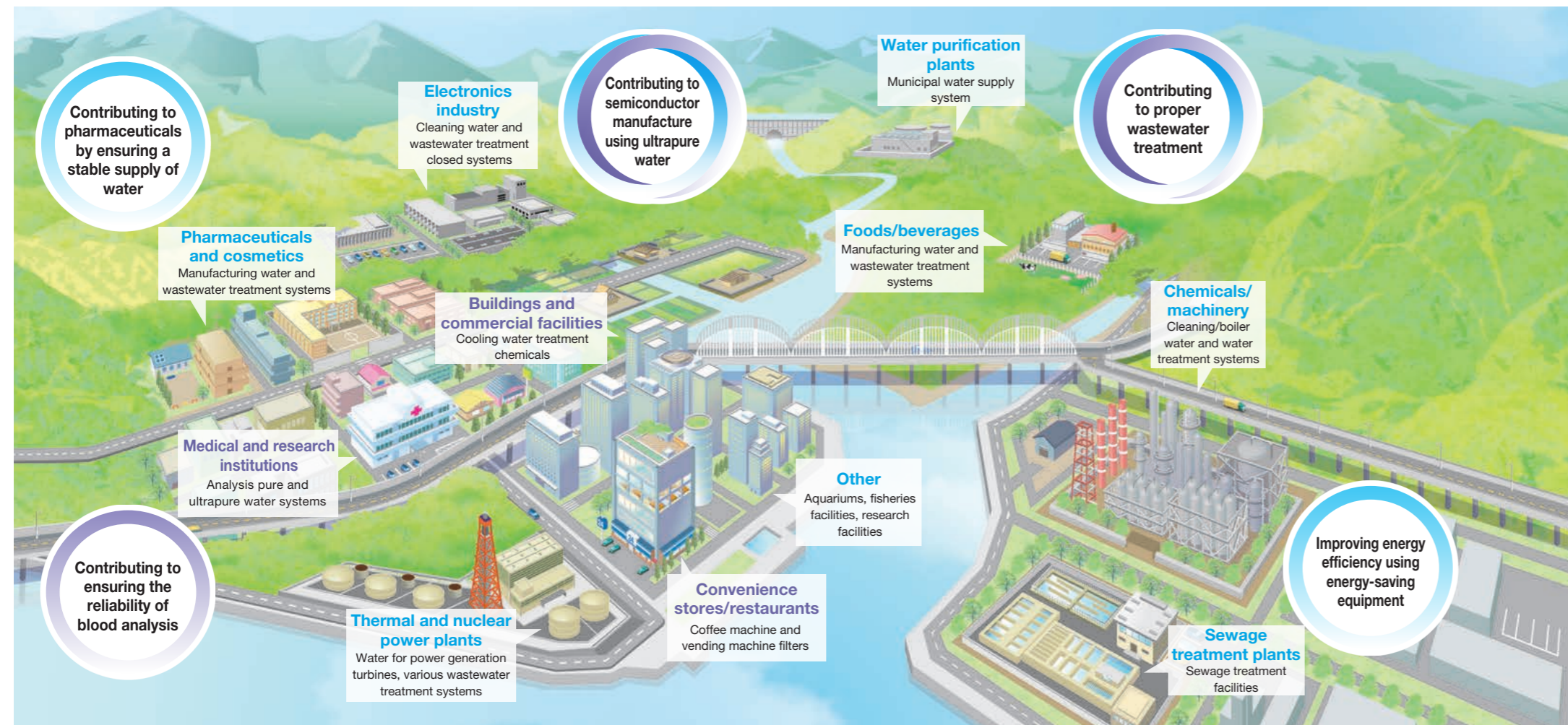


Water treatment chemicals

Standard water treatment equipment and filters

Food products

Organo water treatment technology supporting daily life



History of the Organo Group

Technology Cultivated Over 75-Plus Years

1946–

Social needs and challenges

Demand for boiler water and pure water increased with postwar economic recovery in Japan, and requests for the purification of customer products in various industries, from pharmaceuticals and chemicals to sugar and textiles, grew.

Organo used ion exchange resin to develop sugar liquid refining facilities and antibiotic extraction and refining facilities tailored to customer products.

1960s

Social needs and challenges

Demand for energy increased to meet rapid economic growth in Japan, and awareness to prevent pollution rose through measures such as the establishment of the Water Pollution Prevention Act.

Organo developed and delivered a water treatment system for Japan's first boiling-water nuclear power plant and delivered various wastewater treatment systems to oil refineries, food plants, and other locations tailored to the wastewater characteristics of the specific industry.

1980s

Social needs and challenges

The industrial structure shifted from high energy consumption to energy conservation, the semiconductor market saw rapid growth, and Japanese manufacturers expanded production overseas.

Organo delivered many ultrapure water systems to semiconductor plants and established an overseas subsidiary to provide support to overseas factory operations.

2000s

Social needs and challenges

Growing needs for lifecycle costs and sustainability

Organo developed comprehensive service solutions including operational support and entered the water recycling market and non-water purification areas.

Founded

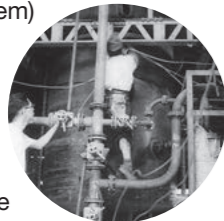
1946

Developed compact pure water system (heat-free water distillation system)



1951

Delivered Japan's first large-scale pure water system



1953

Expanded into special sugar liquid refining field



1954

Launched water treatment chemicals business



1957

Delivered Japan's first ultrapure water system for electronics industry

1959

Expanded into water supply and sewage field



1959

Launched food product business



1966

Completed large-scale water treatment facility for power plant



1984

Expanded into pharmaceutical manufacturing field



1986

Completed Central Research Laboratory (Toda)



1991

Expanded deliveries for semiconductors



2003

Expanded overseas business Enhanced service solutions

2005

Executed full-scale launch of comprehensive service solutions

2005

Established R&D Center (Sagamihara)



2014

Launched energy-saving service solutions using water heat utilization system

2018

Formulated new management philosophy and long-term management vision

2022

Formulated Sustainability Policy

Founding Spirit (Origin of the Company)

While serving in the army, Organo founder Masatake Maruyama researched ion exchange resins as a technology to supply drinking water. After the war, in the face of a severe energy shortage, Mr. Maruyama developed a water distillation system using ion exchange resin that did not require fuel or electricity. In addition, believing proof of its performance was necessary, he proceeded to develop a water quality meter. This was the starting point for the development of ultrapure water equipment and analysis technology for modern-day cutting-edge semiconductor plants.



1940 1950

1960

1970

1980

1990

2000

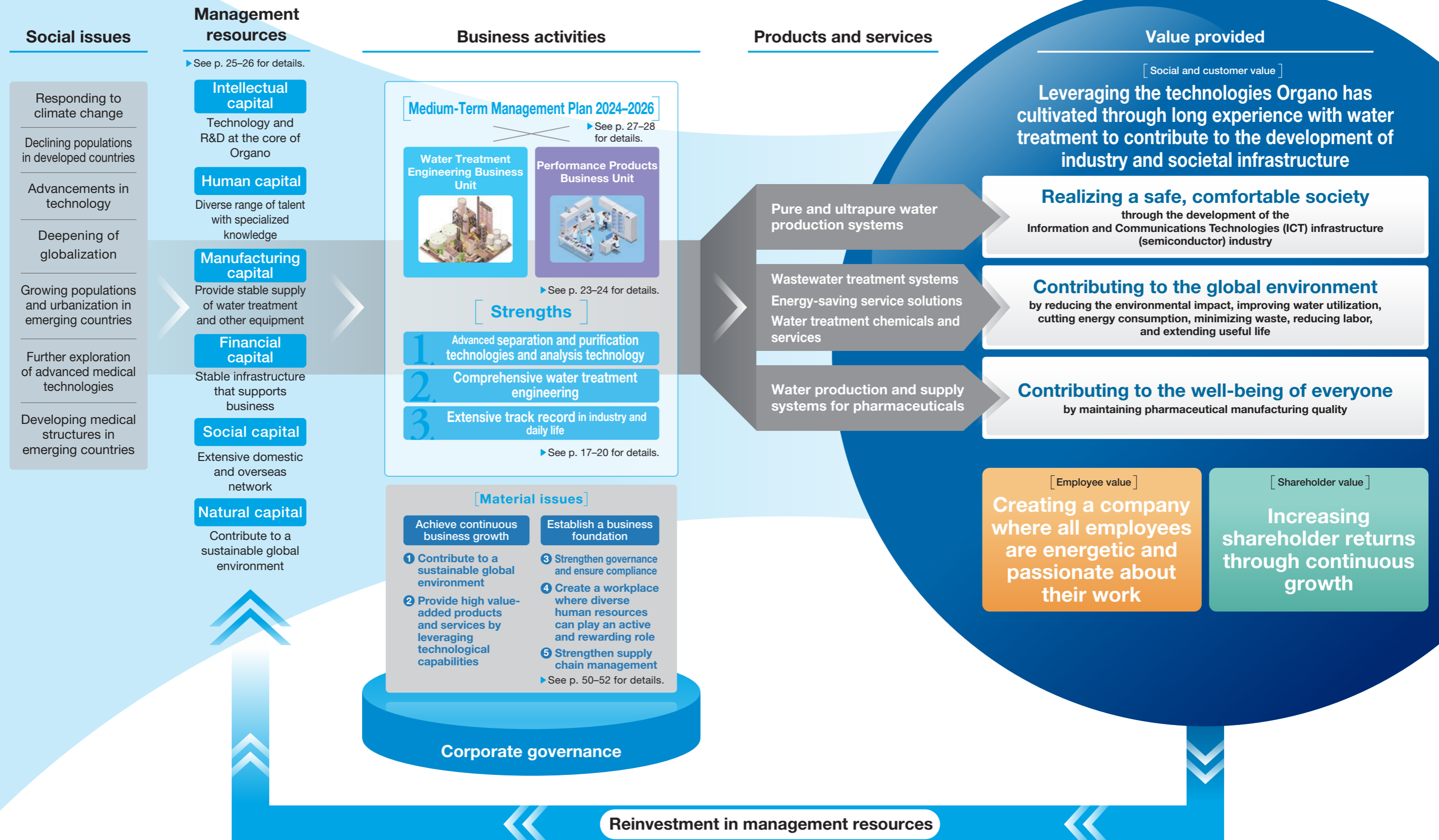
2010

2020

Note: The graph indicates the changes in net sales.

Value Creation Process

With the Water Treatment Engineering Business Unit remaining at the core, Organo will further expand its role by leveraging its separation and purification, analysis, and manufacturing technologies. The Company will also expand the scope and regions of its businesses—including those beyond water—and constantly provide products and services that promote the creation of value and resolve the challenges that confront industry and society.



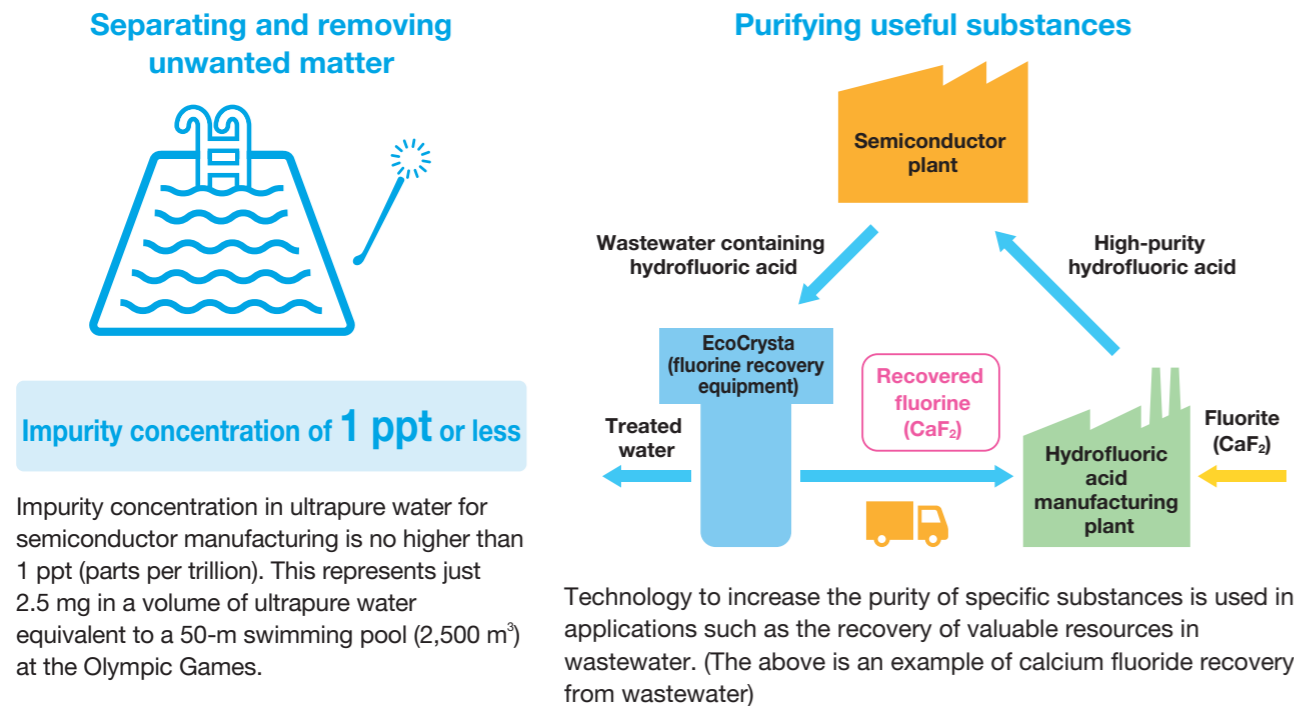
Organo's Three Strengths

Since its founding, Organo has developed technology to meet its customers' diverse needs through the use of ion exchange resins—unique materials possessing ion component exchange capability—and equipment that effectively utilizes these materials. The accumulation of these efforts has led to the development of unique practical technologies, and the cultivation of our strengths.

1. Advanced Separation and Purification Technologies and Analysis Technology

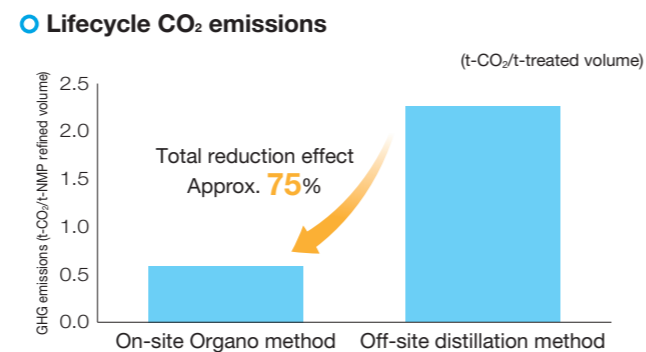
What Are Separation and Purification Technologies?

While Organo's separation and purification technologies can be found in a wide range of applications—from ultrapure water to wastewater and for various solvents and chemical solutions—the key is the ability to separate and remove unwanted matter and to purify useful substances.



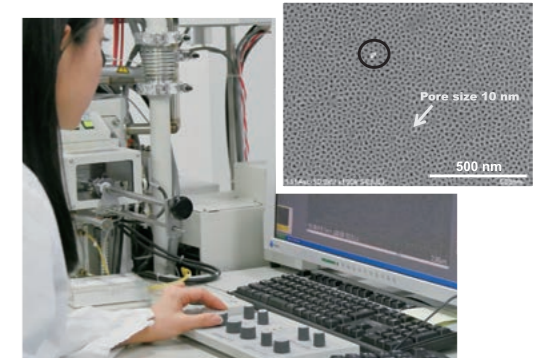
Non-Aqueous Separation and Purification

Organo entered the non-aqueous separation and purification field in 1953. We are conducting demonstration tests of technologies for the refinement and decolorization of sugar, the removal of substances from a distilled spirit that cause people to feel sick, and currently, to recover N-methylpyrrolidone (NMP) used in large quantities in the manufacture of cathode materials for rechargeable lithium-ion batteries found in electric vehicles (EVs). Whereas mainstream distillation methods are energy intensive, our membrane separation method reduces costs to one-seventh that of conventional methods and reduces lifecycle CO₂ emissions by nearly 75%, contributing to resource and energy savings.



Development of Analysis Technology

While our R&D Center utilizes state-of-the-art analytical equipment and a host of advanced analyses to confirm equipment performance and water quality, the impurities in ultrapure water used in advanced semiconductor manufacturing are at levels so low that they are undetectable by this analytical equipment. Therefore, we continued the development of our analysis technology and succeeded in using a proprietary membrane—the first in the world with the ability to measure fine particles as small as 10 nm (1.0E-8 -meters). (See photo on the right.) Using the newly developed membrane along with filtration and continuous automatic observation technologies, we have made possible the analysis of fine particles as small as 10 nm, contributing to the improvement of the semiconductor product quality and yield (non-defective rate).



How Separation and Purification Technologies Contribute to Society

● = Products and technologies ● = Contribution to resolving social issues (contribution to daily life and industry)



— Organo’s Three Strengths

2. Comprehensive Water Treatment Engineering

Organo continues to evolve the broad range of separation and purification technologies—including water treatment—developed over the years to meet our customers’ needs.

Wide Range of Supporting Technologies

The Organo Group supports a vast range of processing capacities, from ultrapure water production systems used at research institutions that require a single drop of water to ultrapure water production systems used in cleaning applications at large-scale semiconductor manufacturing plants that supply 1,000 tons of water per hour—more water than in an Olympic-size swimming pool. The scale of production determines the equipment technology required, even when producing the same ultrapure water. In addition, water before treatment—also known as raw water—varies depending on the location, such as seawater, river water, well water, industrial water, and wastewater, and there is also a variance in customer uses. As such, we provide water treatment facilities and services in line with the characteristics and uses of raw water.

Capacity

From a single drop to large-scale plants

Water quality

Support for everything from the purification of pure and ultrapure industrial process water to wastewater, recovery, and recycling

Applications

Support for fields ranging from societal infrastructure—such as power plants and water supply and sewage—to manufacturing and testing and research centers

Comprehensive Structure

We internally share customer needs and new insight gained at each phase to improve our technology and services.






Know-How and Support Capabilities

The source of the Organo Group’s customer support capabilities is the accumulation of know-how through accurately responding to customer needs based on individual experiences. This includes the development of technology and installation of equipment related to separation and purification for more than 75 years as well as the ability to respond to issues that arise during operation and maintenance.

3. Extensive Track Record in Industry and Daily Life

The breadth of our customer base accumulated from our wide-ranging delivery record is one of our most valuable assets for meeting our customers’ future needs.

Water Treatment Engineering Business Unit

	Main areas	Main equipment
 <p>Electronics industry</p>	Semiconductors, silicon wafers, panels, and electronic parts	Ultrapure water production systems, wastewater treatment systems, wastewater recovery systems, valuable resource recovery systems
 <p>General industry</p>	Pharmaceuticals and cosmetics, foods and beverages, mechanical and chemical uses	Ultrapure water production systems, wastewater treatment systems, wastewater recovery systems, refining facilities for sugar liquid, refining facilities for distilled spirits
 <p>Electric power/water supply and sewage</p>	Thermal and nuclear power plants, water supply and sewage	Pure water production systems, wastewater treatment systems, condensate treatment systems, water treatment facilities, sewage treatment facilities

Performance Products Business Unit

	Main areas	Main equipment
 <p>Water treatment chemicals</p>	Various manufacturing industries, building air conditioning, commercial facilities	Wastewater, cooling water, boiler water, and RO membrane treatment agents
 <p>Standard water treatment equipment and filters</p>	Medical and research institutions, convenience stores/restaurants, electronic materials purification	Compact pure water/ultrapure water systems, water purification filters, ion exchange resin, electrodeionization (EDI)
 <p>Food products</p>	Food/beverages, food products for nursing care patients/health food products	Food additives and processing agents, food ingredients

Value Provided through Organo Group Products and Technology

There is a Japanese proverb that says, “When the wind blows, the barrel maker gets rich.” The blowing wind creates dust, which gets in people’s eyes and causes them to lose their eyesight. People who lose their eyesight try to make a living playing the shamisen, leading to an increased demand for shamisen. Because the shamisen is covered in cat skin, the number of cats decreases. As the number of cats decreases, the number of mice increases, resulting in more barrels being gnawed by mice. Therefore, the barrel maker profits from selling more barrels.

While this is an extreme example, in the world in which we live, seemingly unrelated things can actually be connected.

Pure water purified using Organo’s state-of-the-art technology is used in pharmaceutical manufacturing, and these pharmaceuticals help people to regain their health. Our technology to purify industrial wastewater beyond legal requirements protects river and ocean ecosystems, thereby preserving marine resources. Ultrapure water with minimal impurities is essential for semiconductor manufacturing. These semiconductors support the core elements of societal infrastructure, including bank ATMs, train operations, and the Internet. Moreover, our technology to

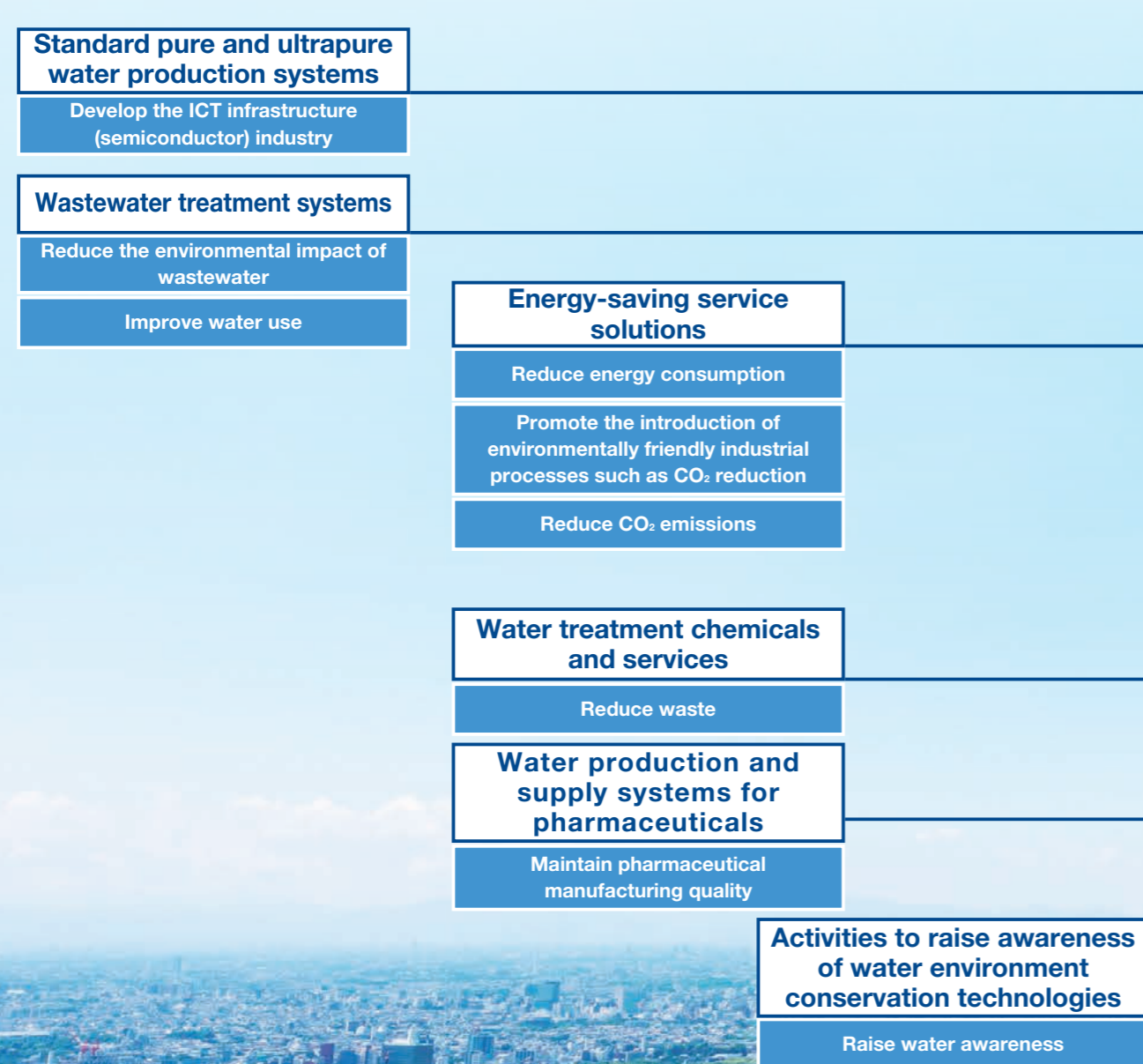
enhance air conditioning energy efficiency not only reduces energy consumption but also mitigates CO₂ emissions.

Organo products and technologies support industry and people’s daily lives behind the scenes through a process of intake, use, and discharge of water. Behind this are our strengths—our advanced technologies in separation and purification, analysis, and manufacturing.

Our technology contributes to both environmental conservation and economic development by building small water reclamation circulation loops used in daily life and industry within the larger global water cycle. This is the value that we proudly provide to society. By pursuing this value, we support semiconductor, pharmaceutical, and other cutting-edge technologies while realizing climate change measures and the Sustainable Development Goals (SDGs).

Taking full advantage of the cutting-edge technology we have cultivated through long experience with water treatment, Organo will continue to serve as a valuable partner company by contributing to the industries that create the future, and by playing a key role in the development of societal infrastructure.

— Our Businesses, Services, Initiatives, and Social Issues to be Solved —



— SDG contributions and targets for FY2030 —

<p>Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p> <p>We use our equipment to provide pure and ultrapure water, thereby contributing to the manufacture of semiconductors, a key element of ICT infrastructure.</p>	<p>Goal 6 Ensure availability and sustainable management of water and sanitation for all</p> <p>Goal 14 Conserve and sustainably use the oceans, seas, and marine resources for sustainable development</p> <p>We use our systems to reduce substances in customers’ industrial wastewater to below the legally mandated levels in each country, thereby contributing to appropriate, transparent industrial wastewater treatment.</p> <p>[Goals for FY2030] Total wastewater volume: 60 million m³ Total recovered and reused water volume: 250 million m³</p>
<p>Goal 7 Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <p>Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p> <p>Goal 13 Take urgent action to combat climate change and its impacts</p> <p>We use our services to improve customer energy efficiency, thereby contributing to the reduction of CO₂ emissions.</p> <p>[Goal for FY2030] Total CO₂ emissions reduction volume: 32,000 t-CO₂</p>	<p>Goal 12 Ensure sustainable consumption and production patterns</p> <p>We use our services to reduce the amount of sludge generated at customers’ wastewater facilities.</p> <p>[Goal for FY2030] Total sludge reduction volume: 10,000 t</p>
<p>Goal 3 To ensure healthy lives and promote well-being for all at all ages</p> <p>We use our systems to provide a stable supply of pharmaceutical water, thereby contributing to the stable supply of safe, quality pharmaceuticals to customers.</p>	<p>Goal 6 Ensure availability and sustainable management of water and sanitation for all</p> <p>Goal 12 Ensure sustainable consumption and production patterns</p> <p>We educate stakeholders on water environment conservation technologies.</p>

Business Model

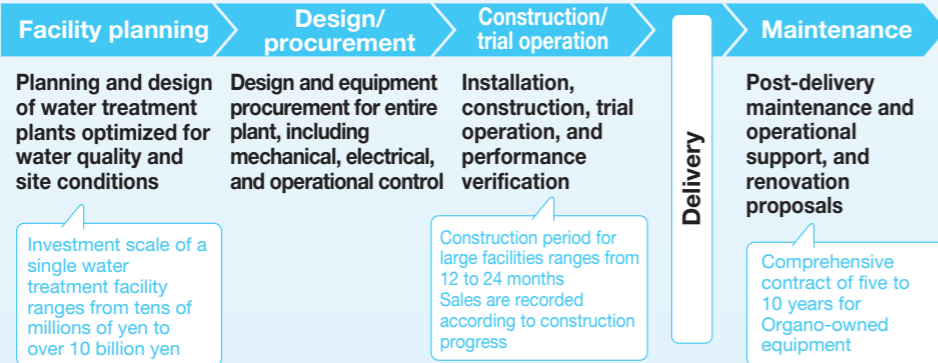
Large-scale water treatment systems, such as ultrapure water production systems, wastewater treatment systems, and wastewater recovery systems, are delivered to customers based on custom specifications, and become long-term transactions of over 20 years when maintenance and operational support are factored in. Meanwhile, the Performance Products Business Unit sells standardized products. The common denominator is our promise that our customers will get the quality and quantity of water they need for their business.

Water Treatment Engineering Business Unit



We are developing our Plant business, which constructs large-scale water treatment plants at factories, power stations, water purification plants, and other locations, and our Service Solutions business, which provides post-delivery maintenance, renovation, and operational support.

Supply chain



Customers/Target Markets

Electronics industry	General industry	Electric power/ water supply and sewage
Semiconductors	Pharmaceuticals/cosmetics	Power plants
Silicon wafers	Foods/beverages	Water purification plants
Panels	Machinery/chemicals	Sewage treatment plants

Strengthening synergy between the Plant and Performance Products Business Units

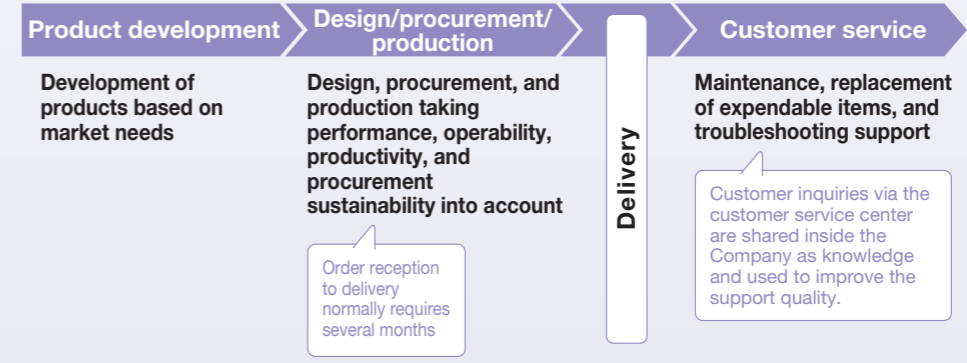
Regarding water treatment plant equipment deliveries, we incorporate various functional materials essential to performance, such as ion exchange resin, filters, and water treatment chemicals, to meet replacement demand after equipment has become operational. In recent years, we aim to enhance both equipment and functional materials to further improve added value and realize the SDGs. We will work to develop marketing-driven technologies and products to create a proactive synergy by integrating equipment and technology (hardware) with functional materials and products (applications). In addition, there are numerous cases where target markets and customers in the Water Treatment Engineering and Functional Products Business Units overlap. Given this, we will further enhance our comprehensive support for these same customers, from large-scale water treatment systems to compact equipment for laboratory use.

Performance Products Business Unit



We sell chemicals and filters used for water treatment, compact water treatment equipment, food processing agents, and other products, and we are developing functional materials for non-aqueous separation and purification.






Supply chain



Customers/Target Markets

Water treatment chemicals	Standard water treatment equipment and filters	Food products
Various manufacturing industries	Medical institutions, research institutions	Food factories, food processing industry
Buildings and commercial facilities	Various manufacturing industries	Beverage manufacturing industry
	Electronic materials purification	Manufacturing industry for food products for nursing care patients/ health food products

Management Resources

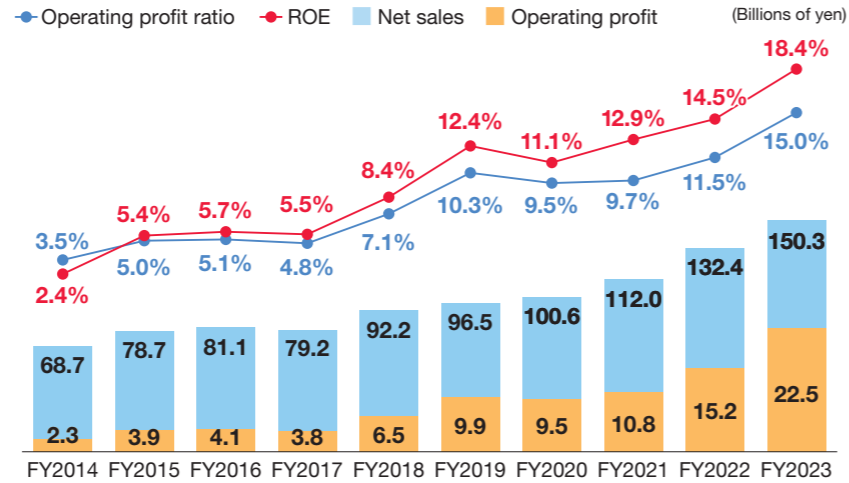
Capital	Features		Initiatives for strengthening capital
Intellectual capital 	Continuous refinement and application of accumulated separation and purification technologies and analysis technology Our core intellectual capital lies in the accumulation of technologies, from individual water treatment technologies, such as ion exchange resin, membranes, and functional materials, to entire water treatment systems encompassing mechanical, electrical, control, operations, and maintenance know-how, as well as technology for analyzing water quality after it has been treated. We advance R&D to meet customer needs for specific water and liquid quality, explore research topics from the perspective of market changes and future trends, and aim to grow our business by building our own intellectual property (IP) network while respecting the IP of other companies.	R&D expenses ————— ¥2.8 billion Target ————— 2.5% of consolidated net sales Number of patents and utility models (Japan) — 803 Established a research facility in Taiwan (2024)	<ul style="list-style-type: none"> • Further strengthen competitive advantage in cutting-edge semiconductor field In the semiconductor industry, where customer manufacturing technology is rapidly evolving, it is critical to quickly identify customer needs, develop solutions, and establish them as part of our IP. Therefore, we have created a specialized team to explore trends in the cutting-edge semiconductor field and collaborate with the department in charge of IP in promoting activities.
Human capital 	Fostering a culture of taking on challenges and the desire to learn while creating a workplace where employees are energetic and passionate about their work Diverse human resources with specialized knowledge is the source of the Company's competitiveness and growth. Organo actively supports talent who have skills gained through hands-on experience, independent thinking, a sense of teamwork, the drive to take on new challenges, and those committed to continuous skill improvement while striving for personal growth. We have also introduced a variety of systems that take into account a wide range of life events so that employees can perform to the best of their abilities within their own personal circumstances.	Total number of employees ————— 2,512 (consolidated) Number of overseas employees ————— 881	<ul style="list-style-type: none"> • Enhance talent management • Promote diversity By visualizing the skills of each employee, we aim to develop human resources, plan career paths, and assign talent from the perspectives of both the organization and the individual. It is essential to secure diverse talent in order to respond to rapidly changing markets and promote new businesses. Therefore, we are aiming to proactively hire foreign employees and increase the number of female managers to 50.
Manufacturing capital 	Supply of water treatment equipment We have a site for assembling equipment units that are the main components of equipment handled by the Water Treatment Engineering Business Unit and for purifying ion exchange resin, one of the functional materials that are key to water treatment performance. Group company Hostec Co., Ltd. assembles standard water treatment equipment, a component of the Performance Products Business Unit, and Group company Organo Food Tech Corporation manufactures food ingredients and food processing agents.	Water treatment system unit assembly plant (Iwaki Factory) Ion exchange resin refinery (Tsukuba Factory) Standard water treatment equipment manufacturing site (Hostec) Food ingredients and food processing agent manufacturing site (Organo Food Tech)	<ul style="list-style-type: none"> • Strengthen our ability to respond to demand in semiconductors and other markets • Increase manufacture of standard water treatment equipment To shorten delivery times for all water treatment equipment while maintaining quality, we are sharing project schedule information more closely with the Sales Division. We manage lead times for material procurement, assembly, and the like, and proceed with manufacturing and refinement. ▶ See p. 40 Manufacturing subsidiary Hostec moved to a new building in February 2024 to accommodate the expansion of manufacturing capacity based on the long-term management plan for the Performance Products Business Unit.
Financial capital 	Stable infrastructure that supports business To steadily generate cash through operating activities, we are working to improve profitability and strengthen our financial position by thoroughly managing project profitability and expanding our Service Solutions business and Performance Products Business Unit, which are stable sources of revenue. In addition, to improve corporate value over the medium to long term, we will promote management that is conscious of cost of capital and stock price, and strive to achieve a balance between and expansion of capital efficiency, investment in growth, and shareholder returns.	Equity ————— ¥101,928 million Total shareholder's equity ratio — 55.8% Operating profit ratio ————— 15.0% ROE ————— 18.4%	<ul style="list-style-type: none"> • Initiatives to enhance corporate value • Capital allocation and shareholder returns To achieve ROE that exceeds the cost of capital (7–9%), we are working to raise profitability, improve efficiency, and utilize financial leverage, with the aim of achieving an ROE of 12% or more. We will continue to make growth investments in human capital, R&D, digital investments, and owned-facility service projects. For shareholder returns, we will aim for continuous dividend increases with a dividend payout ratio of 30% or more.
Social capital 	Customer base and partner companies span a broad range of industries and layers Each industry has its own ecosystem of end users and their partner companies, and Organo has client companies across multiple layers in a number of industries. In recent years, some of our customers have invested globally in the electronics industry overseas. In these cases, along with our network in the country or region of investment, we often collaborate with domestic and third-country partner companies. We are leveraging this cultivated network as a major capital.	Domestic affiliates ————— 6 Domestic offices and sales offices — 42 Overseas sites ————— 7	<ul style="list-style-type: none"> • Expand overseas engineering locations and strengthen cooperation • Capital and business alliance with LIGHTz Inc. We are bolstering recruitment and training of local engineers at our engineering locations in Thailand and Vietnam, and they are playing an active role in projects outside those countries as well. In June 2024, we entered into a capital and business alliance with LIGHTz Inc., a provider of solutions for technology transfer and business optimization, centered on the manufacturing industry. This will help us build a more competitive engineering structure.
Natural capital 	Contributing to a sustainable global environment The use and conservation of water resources have been gaining attention as a global sustainability issue, and we view the impact on our corporate activities of water resource depletion, river flooding, and water pollution as a risk. The Organo Group is working to conserve water resources by effectively using water intake and maintaining and improving the quality of wastewater around its business sites to ensure the sustainable use of water resources. We will continue to contribute to environmental conservation through our business activities. We further recognize that climate change is a serious issue that must be addressed on a global scale, and that it is one of the most important matters affecting the Group's business activities. We will analyze the risks and opportunities that climate change poses to the Group's business and reflect this in our management strategies and risk management, and strive to achieve the common goal of carbon neutrality while also aiming for further growth.	Through product offerings Volume of wastewater treated ————— 20.72 million m³ Volume of water recovered and reused ————— 12.31 million m³ CO₂ emissions by Scope (FY2023/Consolidated) Scope 1 and 2 emissions — 6.6 thousand t-CO₂ Scope 3 emissions — 1,393 thousand t-CO₂ <small>Note: Does not include some Group companies.</small>	<ul style="list-style-type: none"> • Address water resource issues • Protect biodiversity • Reduce the Company's CO₂ emissions Contribute to the preservation of healthy water cycles and secure water resources through water use in industry and daily life by providing wastewater treatment and recovery technology. Contribute to the protection of biodiversity through corporate initiatives on material issues including wastewater treatment, products and services that save energy and resources, and waste reduction. Contribute to realizing a sustainable society by optimizing energy usage related to our business activities and by providing products and services that contribute to lessening the effects of climate change.

Medium-Term Management Plan (2024–2026)

Review of the Past 10 Years

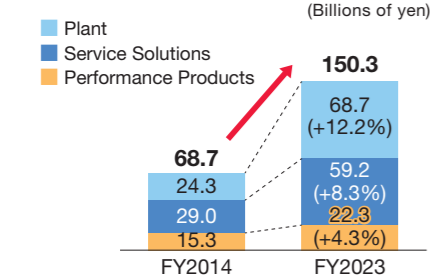
Compared to FY2014, performance in FY2023 recorded dramatic growth, with net sales more than doubling and operating profit growing tenfold, ushering in a new stage.

- Sales of Service Solutions and Performance Products grew in line with increased Plant Division sales.
- Both in Japan and overseas, sales grew primarily in the electronics industry. Overseas, there was growth particularly in countries such as Taiwan, China, and Malaysia.
- In addition to growing sales of Service Solutions and Performance Products, improved profitability of Plant Division projects was also a contributing factor.

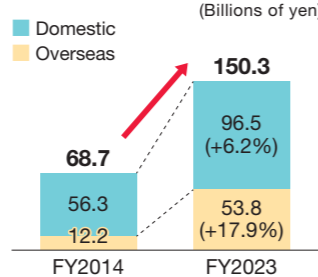


Sales Composition Comparison (figures in parentheses are CAGR)

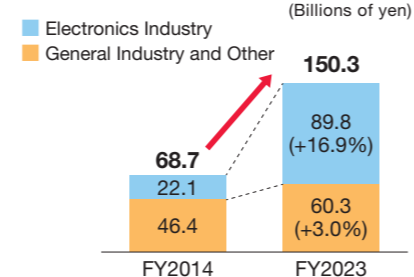
Business field comparison



Region Comparison



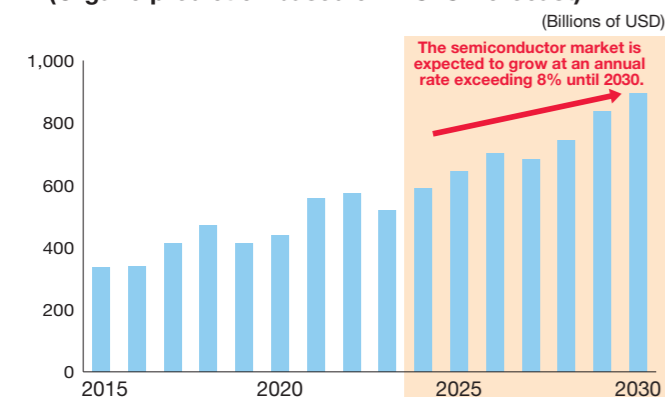
Market Comparison



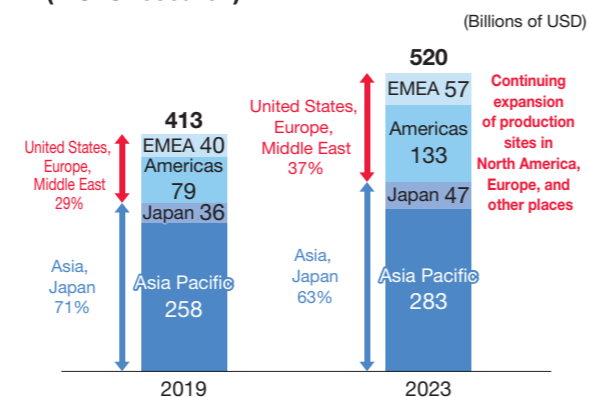
Market Forecast

- The expansion of AI and EVs is expected to generate growth in the semiconductor market through 2030 that exceeds the rate from 2015 to 2023. As a result, demand for products such as semiconductor materials and electronic components will also grow.
- Against the backdrop of geopolitical risks including tensions between the US and China and the Taiwan issue, a global reconstruction of semiconductor supply chains is underway. Companies are moving to shift production sites from Asia to places such as the United States and Europe.

Semiconductor Market Forecast (Organo prediction based on WSTS* forecast)



Semiconductor Market by Region (WSTS research)



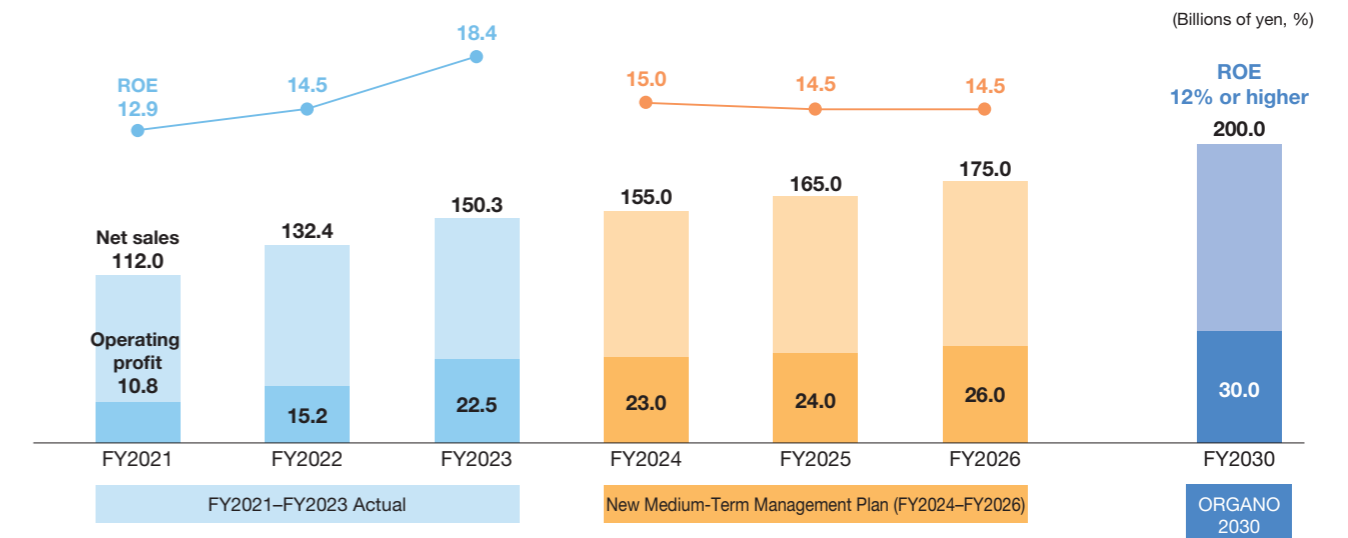
* WSTS: World Semiconductor Trade Statistics

Targets of the Medium- and Long-Term Management Plans

(Billions of yen)

	FY2023 results	New Medium-Term Management Plan		ORGANO 2030
		FY2024 initial plan	FY2026 plan	FY2030 plan
Net sales	150.3	155.0	175.0	200.0
Operating profit	22.5	23.0	26.0	30.0
ROE	18.4%	15.0%	14.5%	12% or higher

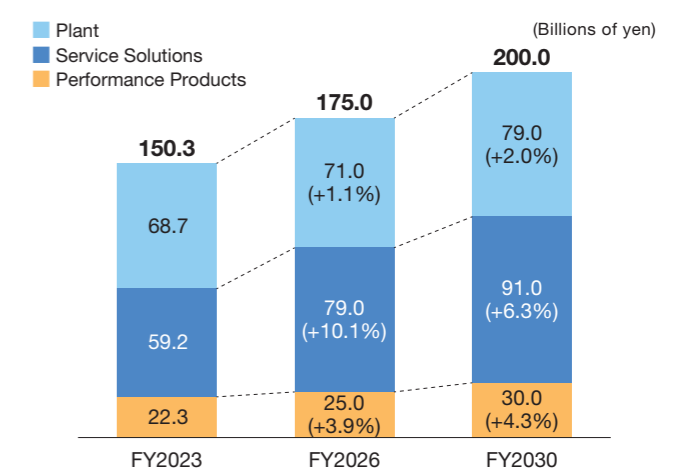
- Based on long-term management plan ORGANO 2030, we formulate a three-year plan on a rolling basis each year.
- The long-term plan aims for net sales of ¥200 billion, operating profit of ¥30 billion, profit margin of 15% or higher, and ROE of 12% or higher by FY2030.
- The three-year plan aims for net sales of ¥175 billion and operating profit of ¥26 billion by FY2026.



Measures to Achieve Targets

- We expect orders as plans for large semiconductor investment proceed in Japan and overseas. Therefore, we will augment global personnel investment aimed at expanding engineering capacity, strengthen M&A and partnerships, and expand digital investment.
- In addition to expanding owned-facility service contracts, maintenance of large-scale plants delivered in Japan and overseas, and sales of water treatment chemicals, we will strengthen sales of Service Solutions and Performance Products that contribute to sustainability issues such as energy conservation and decarbonization.
- We will strengthen business development of advanced separation and purification of non-aqueous solutions and solvent recovery in lithium-ion batteries, and expand our business in the U.S., where future semiconductor-related investment is expected.

Business Field Comparison



Financial Strategy



Tetsushi Honda

Director and Managing Executive Officer
President of Corporate Management and Planning

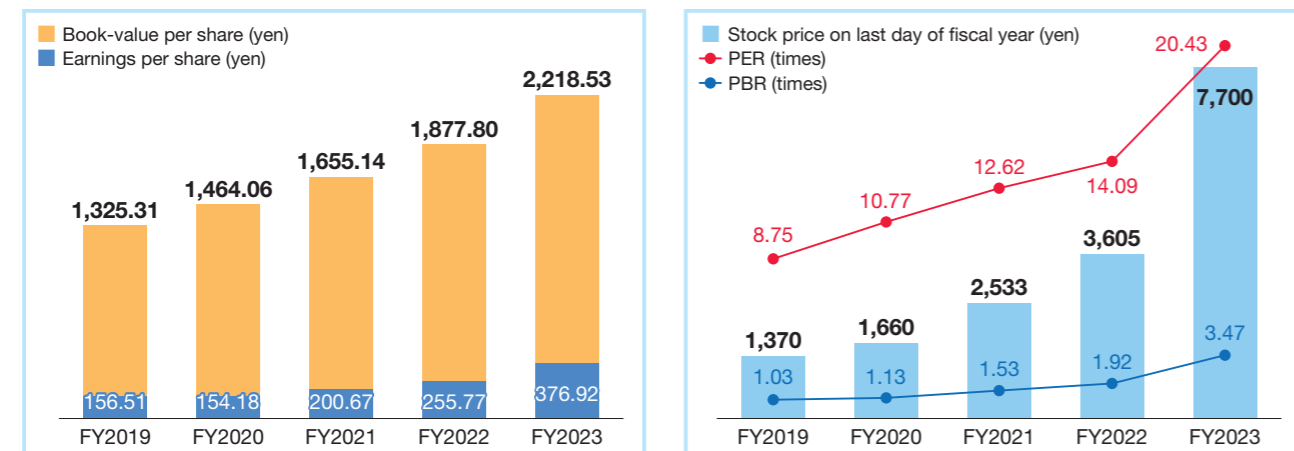
Review of Fiscal 2023

The Company's business performance continues to improve, supported by a favorable market environment with a high level of semiconductor-related capital investment in the electronics industry, our main market. Amid these circumstances, the Company has steadily generated cash through operating activities, while investing in various initiatives, including expanding production and delivery capacity to support receiving and delivering large-scale project orders, bolstering R&D activities, and securing and cultivating human resources. We have increased our investment in owned-facility services, utilizing borrowings in addition to cash on hand, and have also worked to boost shareholder returns. We recognize, however, that we need to strengthen and expand our cash-generating capacity, capital efficiency, and various investments and shareholder returns to achieve further growth.

Initiatives to Enhance Corporate Value

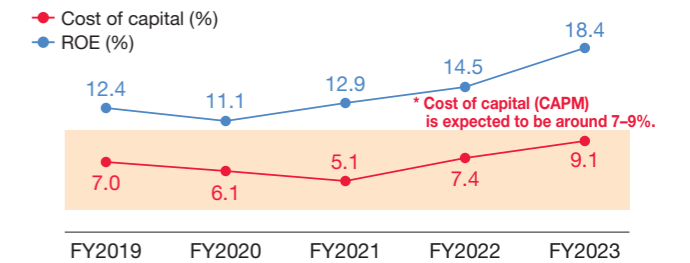
The Company is working to stabilize its earnings base by expanding the Service Solutions business and Performance Products Business Unit—steady sources of revenue—while carefully managing project earnings. Moreover, it is important to ensure a safe, sound financial foundation that can withstand unforeseen circumstances, such as a sudden decrease in orders or deterioration in project profitability, as well as fluctuations in cash flow, and to achieve the optimal balance between capital efficiency and shareholder returns. Therefore, it is important to improve profitability and efficiency and utilize financial leverage to improve ROE. In addition, we recognize that it is important to promote management that is conscious of cost of capital and stock price to ensure the sustainable growth of the Company and improve corporate value over the medium and long term. Therefore, we aim to accurately assess the cost of capital to achieve ROE that exceeds that cost. While the current cost of capital is presumed to be around 7 to 9%, in recent years, the ROE has greatly exceeded the cost of capital. In addition, we are focusing on measures to return profits to shareholders, such as continued dividend increases, and strengthening investor relations (IR) activities, and the stock price has trended upward, significantly improving PER and PBR. We recognize that this is the result of the market accurately assessing our efforts.

Per-share Indexes and Trends in Stock Price, PER, and PBR

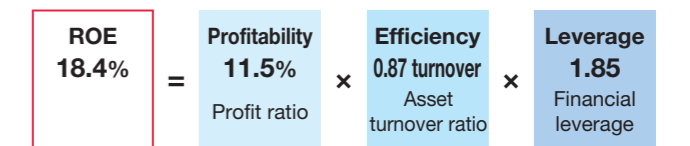


In our medium- and long-term management plans, we have set a target of achieving an ROE of 12% or more, exceeding the cost of capital, have established policies for profitability, efficiency, and financial leverage, and are aiming for further improvement. In terms of profitability, we have established a goal in Long-Term Management Plan ORGANO 2030 of building a profit structure that can consistently post a profit margin of at least 15% by FY2030, and we will work to improve the profit margin of plant projects through measures such as cost reductions while continuing to work on stabilizing earnings by expanding the Service Solutions business and Performance Products Business Unit, which have relatively high profit margins. In addition, we will strive to heighten efficiency by strengthening efforts to improve the cash conversion cycle (CCC), such as by reducing accounts receivable and inventories. Through these initiatives, we aim to improve our ability to generate cash, and while ensuring sufficient financial soundness, we will expand growth investments by utilizing financial leverage, such as borrowings.

Cost of Capital and ROE



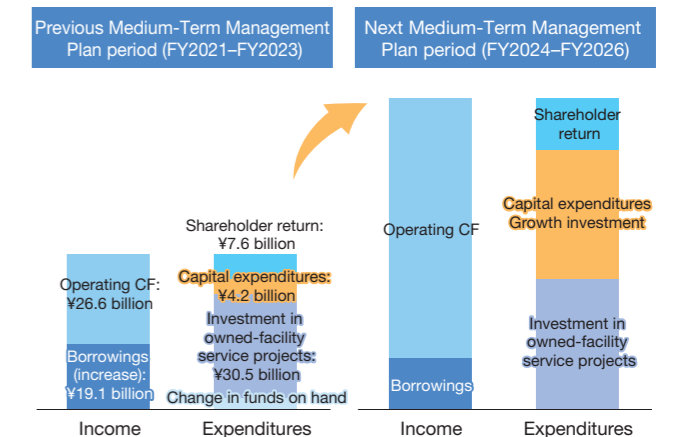
Breakdown of ROE (FY2023)



* Cost of capital is calculated based on CAPM (Rf + β(Rm - Rf)).
Rf (risk free rate): Yield on long-term government bonds (10-year): Around 0.8%
β (β value): Stock price volatility (3-year estimate): Around 1.6
Rm (market risk premium): Expected stock yield: Around 6%

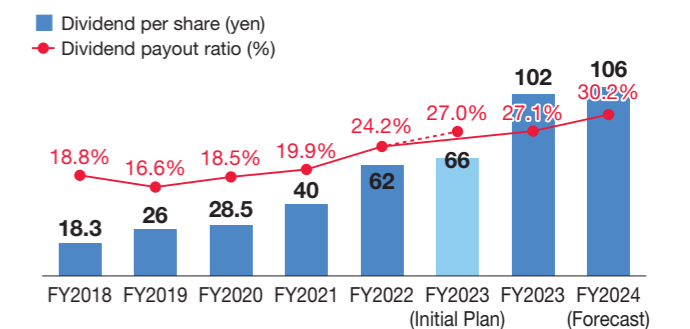
Capital Allocation

Under the medium-term management plan, which will end in FY2026, we will invest and return profits to shareholders by improving capital efficiency to generate operating cash flow and by utilizing borrowings. With regard to investment for growth, we will expand investment in areas such as human capital, R&D, and digital, as well as M&A and other investments for inorganic growth, in addition to ordinary capital investment. In terms of investment in owned-facility service projects, we anticipate numerous business opportunities, and will continue to invest, not only from the perspectives of profitability and stability, but also to maximize the effects of customer retention, the fact that it is our own equipment which facilitates optimization, and that it will lead to the expansion of new services such as remote monitoring and automatic operation.



Shareholder Return Measures

The Company regards the return of profits to shareholders as one of its most important management issues. The Company's basic policy is to provide stable, continuous dividends, and it strives to distribute profits while taking into account the status of earnings. For the fiscal year ended March 31, 2024, we paid a dividend far exceeding our initial plan due to an upward revision of our business performance. Under the medium-term management plan, which ends in FY2026, we aim to balance and expand shareholder returns and growth investment, with continued dividend increases and a dividend payout ratio of 30% or more. For the fiscal year ending March 31, 2025, we plan to pay dividends with a payout ratio in excess of 30%. In addition, we will examine shareholder returns other than dividends, taking into account trends in stock price and business performance.



* Dividends per share are listed on a post share-split basis, which went into effect as of October 1, 2022.

Water Treatment Engineering Business Unit



Yasutoshi Nakayama

Director and Managing Executive Officer
President of Industrial Plant Business

Promoting the Engineering Business Unit to Drive Growth for the Group

We operate in a wide range of fields, including the electronics industry and related sectors, particularly semiconductors, which are the main market for our group and are expected to grow in the medium to long term; the infrastructure areas of electric power and water supply and sewage—indispensable to daily life—and general industry including pharmaceuticals, chemicals, foods, and beverages. (See p. 11–12 and 20.) Globally, in Asia and the U.S., we support the stability of our customers' business operations by delivering ultrapure water production and wastewater treatment equipment and by providing maintenance, operational support, and other services as well as expendable items. Going forward, we will assess our current strengths and weaknesses in the value chain and drive transformation without being bound by the status quo, to strengthen the Group's growth and earnings base.

Responding to Risks and Opportunities

In the electronics industry, where geopolitical risk is one of the factors behind increased diversification of investment regions, the Group's portfolio of businesses and developing areas are key issues. While we continue business in Greater China, establishing a stable business structure in the U.S. will be our top priority in overseas business development. In addition, we are strengthening our marketing capabilities in the cutting-edge semiconductor market, where technological innovation is progressing, and are working to grasp customer needs in a timely manner, including not only technological trends but also sustainability goals. Based on this understanding of the market, we will consider technological development and business models to provide greater value. Although global price hikes and longer delivery times for materials have subsided from their peaks, we are continuing efforts to strengthen our supply chain as a key priority.

Review of Fiscal 2023

In the electronics industry, capital investment in cutting-edge semiconductors and other areas remained strong, and we received several large domestic project orders. Meanwhile, orders decreased overseas in reaction to a series of large semiconductor project orders in China, Taiwan, Malaysia, and other locations last fiscal year, leading to an overall decrease in orders year on year, including Japan. Sales exceeded the previous year's level due to steady progress in backlog projects and the strong performance of the Service Solutions business. Orders and sales in general industry increased year on year mainly due to plant projects in the pharmaceuticals and electronics-related fields as well as service solution projects for the restart of nuclear power plants in the social infrastructure field including electric power and water supply and sewage. We also implemented cost reduction initiatives, creating record highs for the Water Treatment Engineering Business Unit.

Outlook for Fiscal 2024

Although the international situation remains uncertain and the recovery of the semiconductor industry is still in progress, investment in semiconductor-related equipment remains at a high level. In light of this situation, we expect several large semiconductor-related projects both in Japan and overseas and plan to receive more orders than the previous fiscal year in general industry and social infrastructure. Looking at net sales, we expect construction of large projects carried over from the previous year to generally remain steady, and we plan to expand sales of owned-facility services, maintenance for delivered equipment, and water treatment chemicals. We expect operating profit to increase, as revenue growth from increased sales will offset the increase in expenses associated with strengthening the structure to expand capacity in areas such as the Engineering Business Unit and Service Solutions business.

Strategy to Achieve the Medium-Term Management Plan

We will continue to focus on receiving and delivering project orders in the electronics industry in Japan and overseas and grow the Plant business. We will advance our business in the U.S. while strengthening our global engineering structure, and we will reinforce our development structure in Taiwan. In addition to increased revenue from post-delivery maintenance and operational support, we will promote investment in owned-facility contracts, and in China, we will strengthen our structure by establishing bases near our customers to expand our Service Solutions business. We will also accelerate the development and provision of technologies, products, and services that offer both economic and social value, such as energy conservation and decarbonization, from the viewpoint of promoting sustainability in our customers' plant operations.

Opportunities

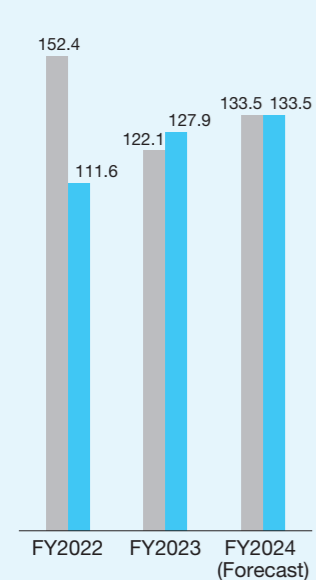
- Expansion in the scale of investment among customers in the electronics industry, and diversification in development areas outside of Greater China, including the U.S., Japan, Southeast Asia, Europe, and India
- Growing need for energy saving, labor-saving, and workforce reduction

Risks

- Growing geopolitical risks
- Declining labor force in Japan
- Rise in global prices and longer material delivery times

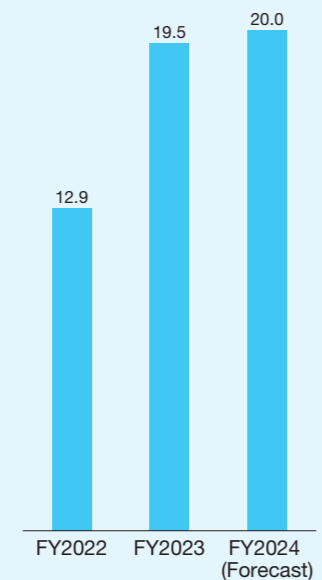
Orders/Net sales

Orders received (Billions of yen)
Net sales



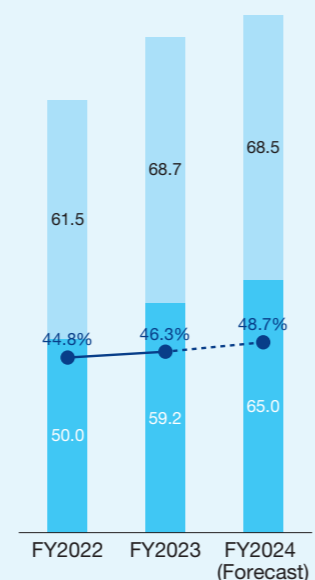
Operating profit

(Billions of yen)



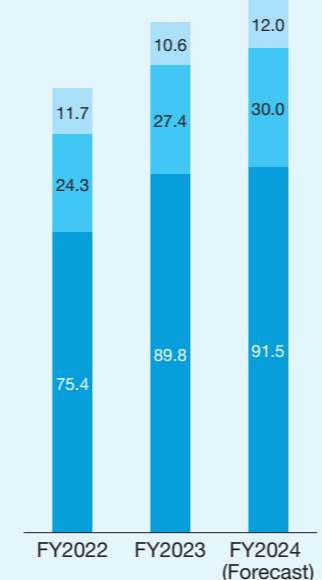
Net sales by segment

(Billions of yen)
Service Solutions ratio



Net sales by industry

(Billions of yen)
Electronics industry
General industry
Electric power/water supply and sewage



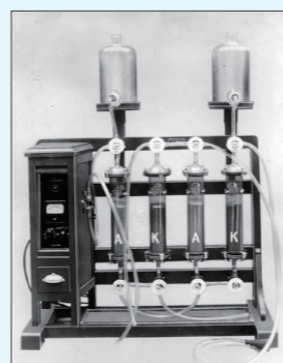
Water Treatment Engineering Business Unit

TOPICS

Pharmaceutical-related Business

1. Business overview

Since the development of the heat-free water distillation system in 1946, we have provided pharmaceutical-grade water to the pharmaceutical production process for over 75 years. We utilize our industry-leading track record and advanced technological capabilities cultivated through in-house design and development in Japan to provide pharmaceutical-grade water systems that meet the needs of various customers in the pharmaceutical, cosmetics, and medical devices fields domestically and overseas, and we also support the manufacturing process of our customers with our after-sales service system. Amid rapid changes in regulations, brought about by the Pharmaceutical Inspection Co-operation Scheme (PIC/S) and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) in recent years, there is a demand for advanced quality control and risk management. We not only introduce new equipment, but we also study equipment to ensure compliance with the latest regulations and inspections, and look at modifications and improvements using existing equipment.



Heat-free water distillation system

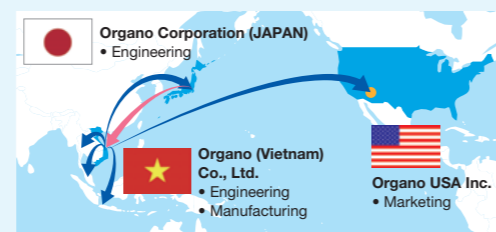
2. Recognizing opportunities and risks

As the global population ages, the pharmaceutical market is expected to grow over the long term due to increasing demand for chronic disease medications and the development of new drugs, including biopharmaceuticals, to treat cancer and rare diseases. In addition, the growing demand for vaccines and therapeutics to combat pandemics such as COVID-19 is also driving market growth. Accordingly, the pharmaceutical manufacturing sector is expected to see steady worldwide growth of capital investment. Meanwhile, in Japan, the population continues to decline, and there are other negative factors that could affect market expansion, creating lingering challenges for medium- to long-term growth. Therefore, the Group aims to expand earnings by focusing on growth areas in the pharmaceutical market and developing business globally. In addition, we are working to provide new services and value, such as the development of energy-saving systems, data utilization using sensors, and the provision of information on Good Manufacturing Practices (GMP) inspection and audit trends.

3. Main targets and areas for development including overseas

In Japan, large-scale investment is expected in the biopharmaceutical sector as a long-term growth area with growing market share, including new plant and building construction and line expansion. In the medium term, we are making progress on large-scale facility plans for vaccine-related subsidy projects, and by focusing on these areas, we aim to expand our business and improve profitability.

Overseas, in addition to our presence in the ASEAN market, we are exploring developing into the U.S. market. The U.S. is the world's largest pharmaceutical market, at nearly eight times that of Japan, and there is also great demand in the pharmaceutical-grade water market. We will conduct market research and run simulations of a supply chain centered on Organo (Vietnam), our engineering and manufacturing base outside Japan, in the pharmaceutical-related business, and aim for early business development.



4. Organo's strengths

Our major strengths lie in our engineering capabilities gained from our impressive delivery track record and our swift troubleshooting capacity and after-sales service utilizing a nationwide maintenance structure. Furthermore, in response to the persistent long delivery times of materials in the supply chain as of late and the shortage of human resources for assembly and construction, we are taking measures to minimize the impact of these issues through our established domestic and overseas production system, including our Iwaki Factory, Organo (Vietnam), and domestic partner companies.

Separation and Purification Business

1. Business overview

Our ultrapure water production systems that we have provided to the electronics industry for many years consist of separation and purification technologies that remove various impurities from water at a high level. With the increasing miniaturization of semiconductors in recent years, even the slightest impurities in electronic materials used for their manufacture can significantly affect the yield. The Group utilizes the ultrapure water production technology it has cultivated to develop the business of removing trace impurities from electronic materials.

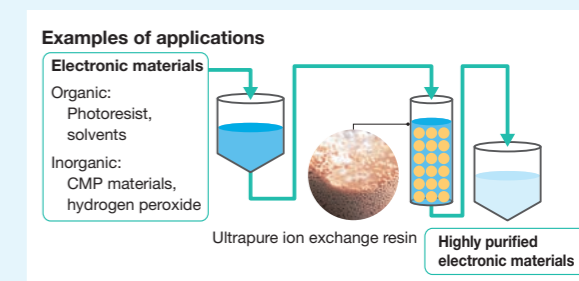


2. Business opportunities

While many electronic materials are used in the manufacture of semiconductors, the target of our separation and purification business is the liquid-based electronic materials used in the wet process. Specifically, these include photoresists, developing solutions, chemical mechanical polishing (CMP) slurries, post-CMP cleaners, hydrogen peroxide, and various other solvents, and they are all indispensable to semiconductor manufacturing. Semiconductor process nodes have progressed to 7 nm, 3 nm, and 2 nm, and there is now a demand to remove metallic impurities down to the parts per trillion (ppt) (1 ppt = 0.000000001%) level. At this level, impurities cannot be removed using conventional methods such as distillation and recrystallization, and there are growing possibilities to apply our separation and purification technologies as an alternative to conventional means.

3. Electronic materials purification technology

There are various types of the aforementioned electronic materials, and they each have different properties. Therefore, purification technology that can handle these diverse properties is required. In addition, as the metallic impurities in the electronic materials exist in various forms, it is necessary to have advanced technology that can remove them while leaving the active components of the electronic materials intact. Organo discovered that ion exchange resin could be used effectively in ultrapure water production and developed the ORLITE DS Series ultrapure ion exchange resins product specialized for the purification of electronic materials. As the ORLITE DS Series offers a rich lineup of structures and functional groups, it can handle the properties of all types of electronic material and impurity. In addition, we propose optimal combinations of ion exchange resins and methods of use based on the know-how we have accumulated through our experience in purifying a wide variety of electronic materials.



4. Areas for development

Japanese companies are very strong in electronic materials manufacturing, and cutting-edge electronic materials made in Japan are supplied to semiconductor plants domestically and around the world. Organo's ORLITE DS Series is used by many electronic material manufacturers in Japan. We will continue to respond to the increasing demand for higher purity electronic materials with our separation and purification technologies, including the ORLITE DS series. From the perspective of the instability of global logistics since the pandemic and economic security concerns since the pandemic, owing to policies such as the localization of semiconductor-related industries and the fostering of such industries in various countries, there is a growing trend toward local production of electronic materials overseas. In response to this trend, Japanese electronic materials manufacturers are also strengthening their overseas bases, where demand for high purity of electronic materials is increasing. We have achieved results with our electronic materials purification technology in the U.S., Taiwan, China, and Korea, and as needs are expected to grow in Europe, Southeast Asia, and other areas, we will expand our geographic reach going forward.

Performance Products Business Unit



Makoto Kukizaki
 Managing Executive Officer
 President of Performance Products Business

Aiming to be a sustainable business that adapts to the changing social environment and contributes to industry development

In addition to standard water treatment equipment and filters, water treatment chemicals, and functional food materials, the Performance Products Business Unit handles various functional materials including ion exchange resins, the cornerstone of our separation and purification technologies.

Alongside the equipment and functional materials we provide to ensure that water quantity and quality satisfy customer requirements, in recent years we have continued to launch various new, differentiated products and expanded our lineup of new functional materials with the aim of further improving added value and realizing the SDGs.

We will establish a sustainable business structure that can withstand changes in the external environment. The Performance Products Business Unit will become a stable earnings source for the entire Group, and in collaboration with our customers—who are responsible for the maintenance and development of society—we will provide new products and services that resolve various social issues as a partner company that supports society in terms of both industry and daily life.

Opportunities

- Return to domestic manufacturing represented by the electronics industry
- Declining birthrate and aging population driving increased need for labor efficiency
- Increased momentum for effective use of water resources

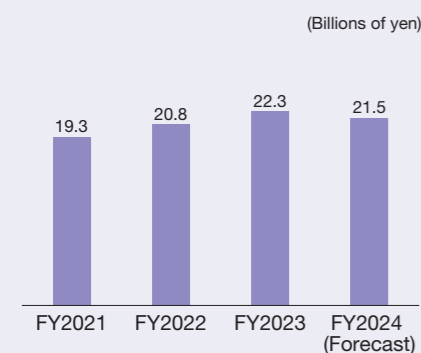
Risks

- Heightening and increasing complexity of various geopolitical risks
- Insufficient supply capacity due to rapidly increasing demand
- Prolonged supply chain disruption (price hikes and longer delivery times)

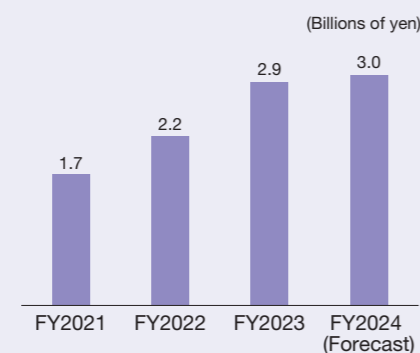
Responding to Risks and Opportunities

The robust domestic economy, the foundation of our business development, provides an opportunity for further growth of the Performance Products Business Unit, and we are making various preparations to accommodate a rapid increase in demand. In the booming electronics industry in particular, we are working with the Water Treatment Engineering Business Unit in advancing the development of next-generation products, services, and applications, and these new products are entering the launch phase. Furthermore, supply chain disruptions, longer delivery times, and initiatives to achieve the SDGs for society as a whole have provided strong momentum for DX promotion, leading to the strengthening of our global procurement network, streamlining of manufacturing and operations management, and the development of new services. Going forward, we will approach various risks by converting them into business opportunities for business and to enhance operational efficiency, and aim to further increase profits.

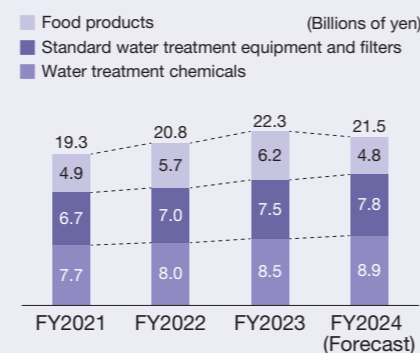
Net sales



Operating profit



Net sales by segment



Review of Fiscal 2023

The Water Treatment Chemicals Division saw growth in cooling water treatment agents for building air conditioning due to extreme heat, membrane treatment agents for the electronics industry where factory operating rates remain high, and wastewater treatment agents for general industry.

In the Standard Water Treatment Equipment and Filters Division, sales were strong for industrial-use compact water treatment systems and filters, including for the cutting-edge electronics industry, as well as for pure water systems for medical institutions and testing facilities. Sales of purification and softener filters, for which new applications have been developed, also increased.

In response to continued rising prices of various raw materials and long delivery times, the Functional Materials Division worked to enhance productivity and adjust inventory levels to support the Water Treatment Engineering Business Unit.

The Food Products Division worked to appropriately pass on the rising costs of raw materials and made steady progress in capturing new customers.

Outlook for Fiscal 2024

Despite growing uncertainty in the global economy, the core domestic market continues to thrive. We expect continued growth for water treatment chemicals, functional materials, and industrial filters for the electronics industry, where production and investment remain strong, as these products see steady demand in equipment supplied by the Water Treatment Engineering Business Unit. While demand remains strong for cooling water treatment agents due to extreme heat, we also began sales of new cooling water treatment agents that have reduced impact on the environment.

In standard water treatment equipment for laboratories, we launched high-end equipment for the cutting-edge semiconductor field, and we are expanding our range of compact pure water systems for various testing devices as well as embedded equipment tailored to customer needs, and these efforts are expected to contribute to our business performance. Sales of various purification and softener filters, which meet diverse customer needs, are also expected to remain strong.

In the Food Products Division, we are working to transform our earnings structure. On the strength of these initiatives, we expect profit to exceed that of the previous fiscal year.

Strategy to Achieve the Medium-Term Management Plan

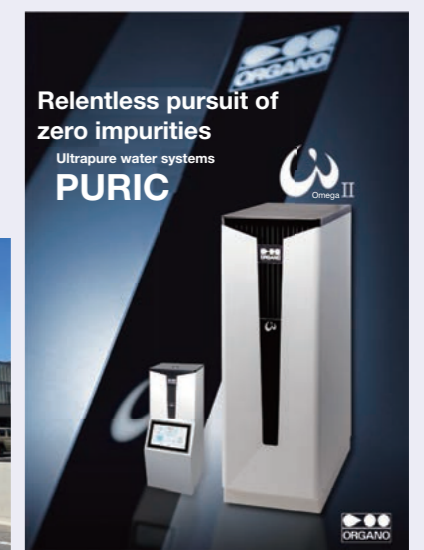
Amid the significant changes in the business environment surrounding the Group, further expansion of the Performance Products Business Unit, which continues to achieve stable business growth, is one of the keys for achieving the medium-term management plan. We will need to promote continuous change to achieve this, so going forward, we will continue to employ unconventional methods such as promoting digital marketing using our e-commerce site launched last year.

We will also continue to search for various partner companies and promote collaboration, conduct marketing activities at conferences and exhibitions, and deepen our synergies with the Water Treatment Engineering Business Unit.

For PURIC ω II, an ultrapure water system that was launched in December 2023 and provides the industry's highest water quality for laboratories, we will work to expand its use to customers in the cutting-edge electronics industry and the life science industry. In February 2024, the relocation and expansion of Hostec, an affiliate manufacturing base of the Equipment Products Division, was completed, strengthening the foundation for development and manufacturing. We will further examine automation of our production lines and expand our business by improving productivity.



Exterior view of Hostec factory



R&D and Engineering



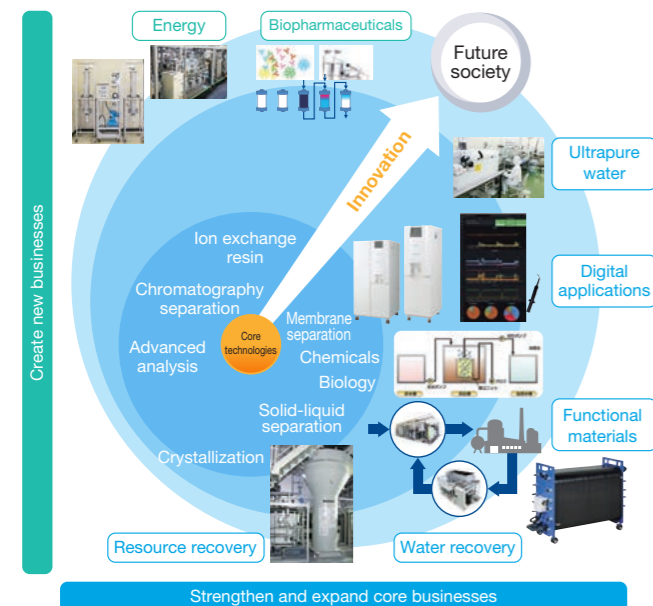
Nobuyoshi Suda

Managing Director and Executive Officer
President of R&D and Engineering

Strategy and Investment

To achieve our vision as a development division, we will integrate future social issues and new technologies, and we plan to invest aggressively to continue to create new value. In addition, we will strengthen our ability to create development themes not only from the business divisions but also through the R&D Center staff exploring markets independently.

With regard to the engineering structure, we will work to expand our delivery capacity by optimizing delivery operations through collaboration with outside partners and data utilization. To achieve this, we plan to aggressively invest in improving the skills of our

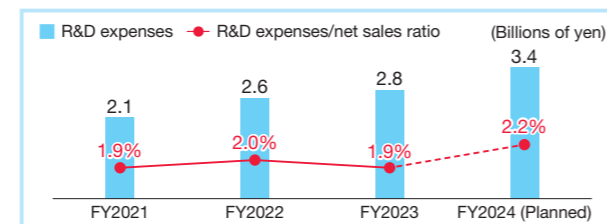


Organo's R&D and Engineering Mission

In recent years, we have seen increasing demand for efforts from companies to help build a sustainable society as the future social situation becomes increasingly unpredictable due to the impacts of abnormal weather patterns caused by global warming, as well as geopolitical risks. Under these conditions, we set the vision for the R&D Center as creating new value together with our partners by mastering separation, purification, and advanced analysis, and playing a role in connecting people, technology, and information and having each individual refine their own approach, organically interact with each other, and continue to take on challenges for the future with the power of the organization. The Engineering Center aims to build the optimal engineering system across the entire Group in line with its long-term management vision of "proactively contributing to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, as a company where all employees are energetic and passionate about their work."

engineers, simplifying and automating the delivery process, promoting DX, and reinforcing our production facilities.

Trends in R&D Expenses



Development of Technical Personnel

Human resources are the most important and indispensable foundation for implementing our management philosophy and Long-Term Management Vision. To proactively contribute to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, we constantly review how we have done business in the past and accelerate improvements. Recently, the development of human resources and the transfer of technology have become challenges for many companies. In developing our engineers, we visualize their skills, formulate optimal training plans to improve the skills they need as engineers of Organo, and train them. We also visualize the skills of veteran employees using Hanchika, developed by LIGHTZ, and formulate training plans that include a path to acquiring these skills. In addition to the R&D Center's various areas of expertise, we encourage cooperation with outside institutions and aim to create new value from a variety of viewpoints, including management and future-oriented thinking and from a higher perspective.

Engineering Center

Overview

The Engineering Center is a technical group with expertise in separation and purification technologies in a host of fields. The Center applies numerous Organo Group specialized optimization technologies and functional materials to all liquid separation and purification use scenarios, such as water, solvents, and chemicals, contributing to stabilization and yield improvement of our customers' products. We currently have two engineering locations in Southeast Asia (Thailand and Vietnam), and by incorporating new ideas and pushing forward with our technological innovation through the merging of diverse human resources, we continue to lead the industry by refining our optimization technology, and contribute to the development of industrial fields.



Shin Asano

Managing Executive Officer
General Manager of Engineering Center

Opportunities

- Robust capital investment in the electronics industry
- Need for purification and recovery of chemicals and solvents as customer products become increasingly sophisticated
- Need for reduction of environmental impact, reuse of resources, and recovery of valuable resources

Risks

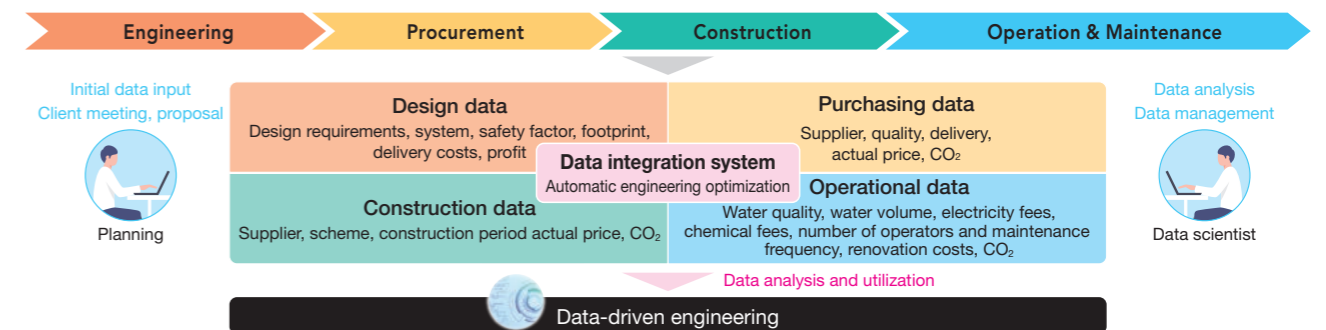
- Inability to meet demand for robust capital investment due to lack of resources

Strengths of Organo Engineering

The strengths of our engineering lie in our diverse application technologies and distinctive functional materials that support them, as well as our experience and expertise in separation and purification technologies for all types of liquids—including water, solvents, and chemicals. Recently, there has been an increasing need to reduce environmental impact and to reuse resources and recover valuable materials, and we will continue to develop and take on challenges in new fields to meet these needs. We are also Japan's lone manufacturer that develops, designs, and manufactures electrodeionization (EDI) systems, a key next-generation technology. We have further accumulated manufacturing know-how and introduced a new manufacturing line that makes full use of robotic technology, and we will apply this to manufacturing lines for larger models as well.

Initiatives toward Strengthening the Engineering Structure

This fiscal year, we significantly improved both the resource shortage and business efficiency by combining various automation tools for plant design, introducing construction robots, expanding engineering bases in Southeast Asia, and augmenting our partner companies. With regard to data-driven engineering initiatives, we accelerated the training of young engineers and the transfer of technology by visualizing the thought processes of veteran engineers and digitizing their know-how, thereby achieving dramatic improvements in plant design. We also delivered the first unit of our solvent recovery system used in lithium-ion batteries, a new technology, and are monitoring the performance difference in environmental impact, quality, recovery rate, and other production process improvement data compared to existing technologies, and utilizing this data to lead to the next stage of improvement. We will continue to take on challenges in new fields and technologies, such as further improving operational efficiency, reducing environmental impact, and reusing resources.



R&D and Engineering

R&D Center

Pursuing Future-Oriented Development by Strengthening Research Capabilities and External Co-Creation



Masahiro Eguchi
Executive Officer
Senior General Manager of R&D Center

Opportunities

- Increased demand for purification due to semiconductor miniaturization
- Expanded sustainability activities

Risks

- Changes in customer requirements that are difficult to satisfy with in-house technology alone
- Contraction in existing business due to market changes

Priority Development Measures

We will pursue the following three priority measures to help achieve ORGANO 2030.

1. Promotion of next-generation technological development linked to business strategies

We will further promote the development of purification technology for ultrapure water and organic solvents that can meet sophisticated customer demands in the manufacturing process of cutting-edge semiconductors, which are becoming increasingly miniaturized and layered. Our new research facility that began operation in 2022 will be the base to achieve this by proposing next-generation ultrapure water systems. In addition, we will actively work toward creating a sustainable smart factory by optimizing the entire plant through the development of technologies for optimal operation of water treatment plants, reduction of use of water resources, and resource recycling using digital and AI technologies.

2. Strengthening research function

We have established a research team to predict future social issues and changes in customer values, and to create medium- to long-term R&D themes. This fiscal year, we also establish a new research base in Taiwan, where there is a concentration of cutting-edge semiconductor-related companies, to accelerate the creation of new value in the electronics industry.

3. Strengthening external co-creation

We are actively promoting exchange with outside parties to deepen and expand our core technologies of separation, purification, and advanced analysis technologies. In addition to universities with which we have been promoting joint research, we will collaborate with cutting-edge research institutions both in Japan and overseas, as well as companies and startups in various fields from the theme creation phase, innovate new combinations, and promote the development of new technologies that transcends conventional boundaries.

Toward Further Growth

In an era of uncertainty and rapid technological innovation including the emergence of generative AI, strengthening our development foundation has become an increasingly important part of contributing to a sustainable society and ensuring future growth. By fostering a culture of taking on challenges and proactively investing in the development environment and human resource cultivation, we will become an organization that can continue to take on challenges for the future while creating new value through the evolution of our core technologies and promotion of external co-creation.



Inside the R&D Center

Manufacturing Sites

Iwaki Factory

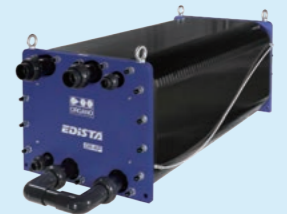
Water treatment system unit assembly plant

We standardize equipment units that comprise large-scale water treatment plants within transportable range and ship them as assembled products. Assembling these at the plant enables us to provide improved and stable product quality, and it simplifies assembly work on site. This allows us to shorten the on-site construction period and reduce costs. EDI, which has been researched for many years, is also manufactured at the Iwaki Factory.



TOPICS Introducing Robots to Streamline EDI Manufacture

We introduced a robot into the manufacturing process for EDI—traditionally assembled by hand—to increase production capacity. EDI continuously regenerates the built-in ion exchange resin using an electric current, eliminating the need for acid, alkali, or other chemicals, as well as the need to shut the equipment down for regeneration, offering multiple benefits to the customer.



Tsukuba Factory

World-leading ion exchange resin refinery

Ion exchange resin is one of our key technologies, and the level of quality required varies depending on its use, with semiconductor manufacturing plants and power plants using very high-quality resin. We condition our ion exchange resins in facilities with cutting-edge technology to meet and accommodate a wide range of quality requirements. We also recycle used ion exchange resins.



TOPICS Establishing a Production System in Anticipation of Growing Demand

As demand for semiconductors increases, demand is also expected to increase for ion exchange resins, which are used in part of the final-stage equipment of ultrapure water systems. We increased the purification capacity at Tsukuba Factory to meet the supply forecast through FY2030 of the ESP Series, ion exchange resin with the highest grade of purification, for which demand is expected to be particularly high.



Overseas Business Development



Makoto Tomizawa

Managing Executive Officer
President of Global Management and Planning

We can develop our business efficiently because these strengths and resources complement each other between Japan and the regions where our overseas bases operate. Going forward, we will continue to augment this power and improve our capabilities. The reason we are able to fully leverage this business network is that the Organo Group's social capital, which has been cultivated over many years, is significant, and we will continue to expand and optimize our domain as globalization progresses further. (Overseas subsidiaries: Taiwan, China, Malaysia, Vietnam, Thailand, Indonesia, U.S.)

Opportunities

- Continued investment in the electronics industry at key locations in China, Taiwan, Malaysia, and the U.S.
- Active global investment in semiconductor-related industries

Risks

- Trade and geopolitical risks
- Area-specific risks

Overseas Development and Sales Ratio

Since the 1980s, Organo has fully implemented an overseas base strategy, starting with our entry into Malaysia and developing our business mainly in Southeast Asia. In the early 2000s, we entered Greater China, where we expanded our business in the electronics industry and also grew our supply chain. Furthermore, in 2021, we established a base in the U.S. as a new development region, and we are aiming for broad and significant growth there.

Our overseas expansion is characterized by our ability to achieve growth and continued development in each area where we operate while flexibly adapting to economic and market changes. Our expanding business network and sophisticated in-house technologies in particular are powerful weapons to support future growth.

With the expansion and growth of overseas business, both overseas sales and the sales ratio continue to increase. We will continue to actively take on challenges while drawing up the next strategy for the development of our overseas operations.

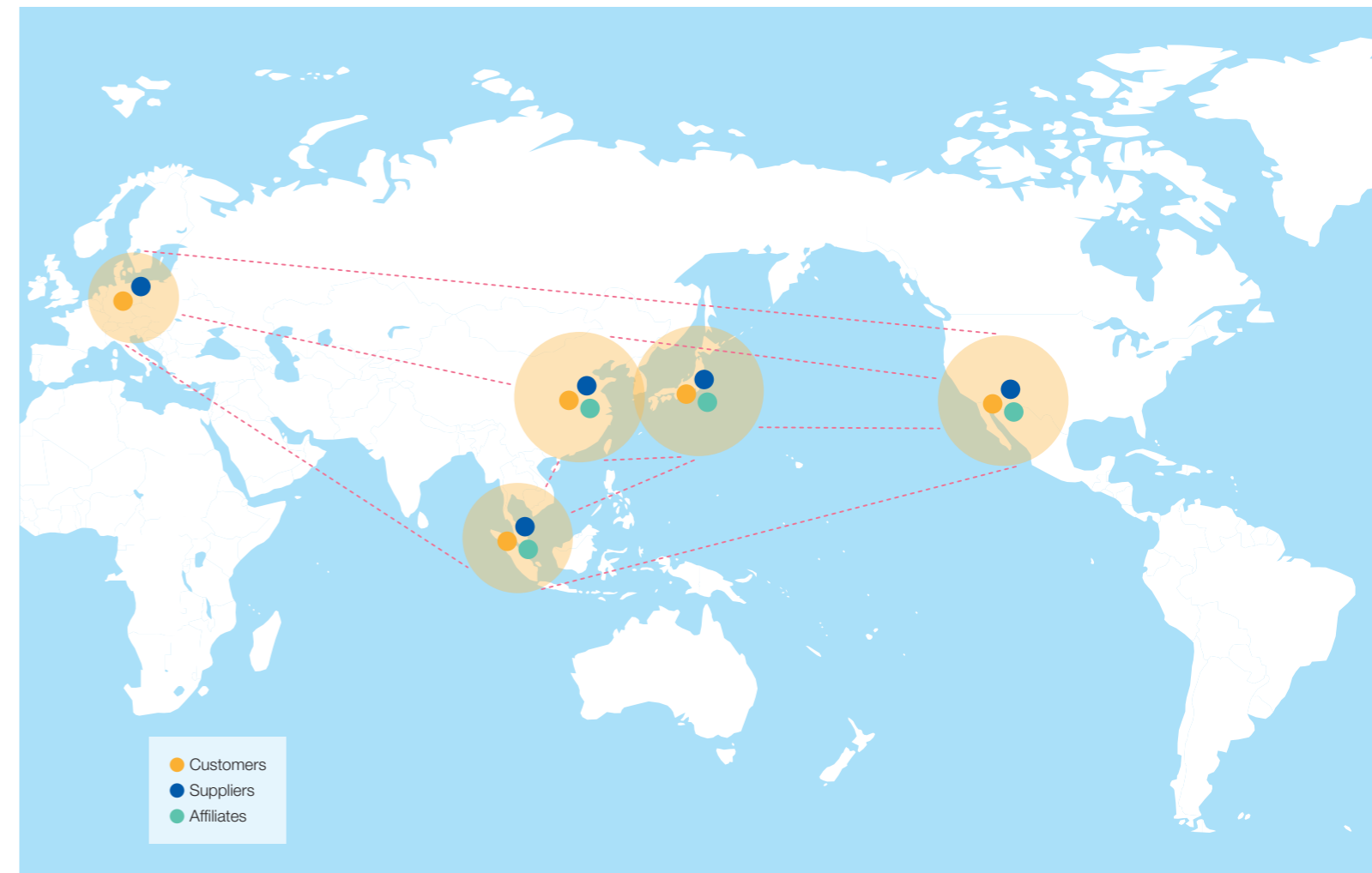
Overview of Overseas Businesses

As the Organo Group continues to expand its operations overseas, it aims for further growth underpinned by the following strengths.

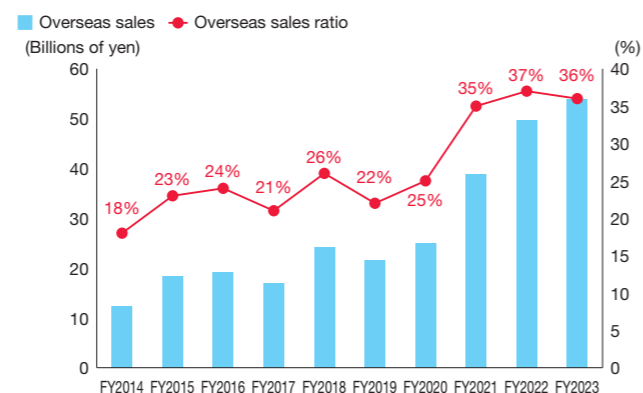
1. Community-based business foundation and broad customer base
2. Ability to deal with major semiconductor manufacturers
3. Diverse network including bases, suppliers, and employees
4. Exceptional design, procurement, manufacturing, and delivery capabilities
5. Comprehensive capabilities to support global business

Overseas Customer Network and Supply Chain

The contributions of the Plant and Service Solutions businesses developed in various regions over the years have not only driven sales and profits but also fostered diverse values based on talent and trust, creating numerous legacies while generating new potential. Our involvement with customers, suppliers, local affiliates, and other concerned parties has become increasingly global and multifaceted over time, and these organic connections play an important role as part of our social capital.



Trends in Overseas Sales



Responding to demand for more sophisticated purification in the electronics industry overseas (ultrapure water production systems, non-aqueous separation and purification)

The development of cutting-edge semiconductors has been remarkable. They are constantly evolving, becoming increasingly advanced and sophisticated. This would not be possible without advanced manufacturing processes. In addition to cutting-edge semiconductor manufacturing equipment, ultrapure water and high purity chemicals and materials play important roles in manufacturing processes. As semiconductor technology advances, the standards for purity of these substances also become more stringent. Organo delivers strictly quality-controlled ultrapure water production equipment that is essential for advanced semiconductor plants. We also supply manufacturers of high-purity chemicals and materials with separation and purification materials needed to achieve high purity in the manufacturing processes. We continue to take on challenges by leveraging our advanced engineering capabilities and highly advanced analysis technology to satisfy individual customer demands.

New Customer Value Creation Initiatives



Satoshi Kasahara

Executive Officer
General Manager of Data & Solution Promotion Dept.

Expanding and Developing New Service Solutions Using Data and Digital Technology

We will create service solutions that generate higher customer value by utilizing data and digital technology to gain insight into customer issues and our strengths.

Targets for utilization of data and digital technology

- Ability to gain insight into customer issues and enhancing of systems
- Enhancement and diversification of company strengths
- Enhancement and diversification of service solution models

Fostering the ability of employees to utilize digital applications to contribute to the above is also an important issue.

developing solutions to future customer issues in various scenarios thanks to the work of marketers in each business unit who utilize this scenario planning approach. We are in the fourth phase of our creation activities and are promoting the cultivation of employees who can utilize scenario planning.

Enhancing Service Solution Models

Stable operation of the manufacturing process is at the core of customer issues. To respond, we provide service solutions including water treatment facility functional maintenance and functional restoration of aging facilities. In response to recent societal issues such as SX promotion, we offer ion exchange resin recycling, switching from time-based to condition-based maintenance, and streamlining facility operations to reduce expendable items. Enhancing these services requires the visualization of facility operation status and highly accurate predictions of equipment and component condition.

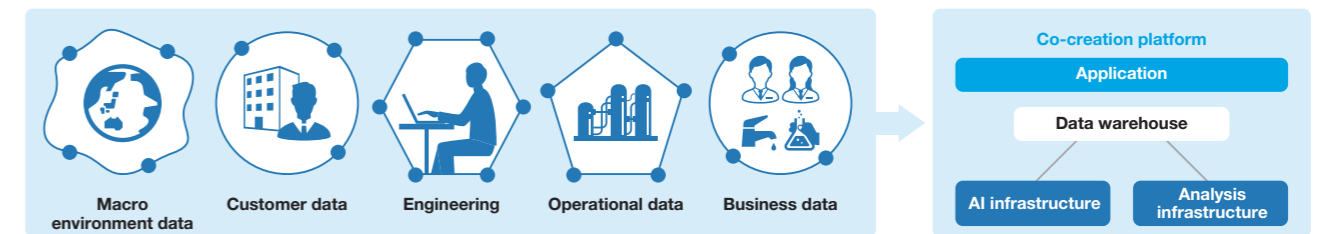
While we have already begun offering services including the use of AI to optimize chemical injection volumes and operational management of reverse osmosis (RO) membrane equipment, we are urgently building the data utilization infrastructure outlined below to enhance our service solutions in response to a vast range of SX issues.

Promoting Open Innovation

We have started trials of outbound open innovation with external companies. The concept of this initiative is to not be constrained by existing business models and ensure that our functions and busy periods do not create bottlenecks, and it is based on the premise of external companies performing detailed development, technical studies, and business operations. We completed several business concepts by the end of last fiscal year, and are currently refining the business model.

Building a Data Utilization and Digital Technology Environment

To maximize the effectiveness of data utilization and digital technology, we are building a company-wide co-creation platform. This co-creation platform comprises a data warehouse that allows centralized management of data across various departments and an AI and analysis infrastructure. As of August 2024, we completed construction of the data warehouse and linking of multiple business data centered on the data warehouse and mission-critical systems, and soon we will begin using the data in business operations through applications such as BI tools. In addition to making progress on the linkage and application of operational management data to condition prediction, we have also begun building statistical analysis functionality. These initiatives contribute to secure, centralized management of data in various departments and further data utilization across the Group.



Promoting Digital Measures and Improving Literacy

The Company is improving operations and creating new business opportunities through the use of digital technology. To accelerate these efforts, each employee must understand digital technology and the effects of its application and improve their ability to use it to solve problems and engage in creative activities.

By July 2023, all employees had completed training to obtain basic digital literacy, including security. We are currently defining the personnel requirements and number of personnel needed to promote various digital measures, and in the second half of FY2024, will start a rank-specific training program. Looking forward, we are aiming to have a virtuous cycle take root throughout the organization to raise digital literacy through digital measures and accelerate DX.

Creating Customer Value by Utilizing Digital Technology

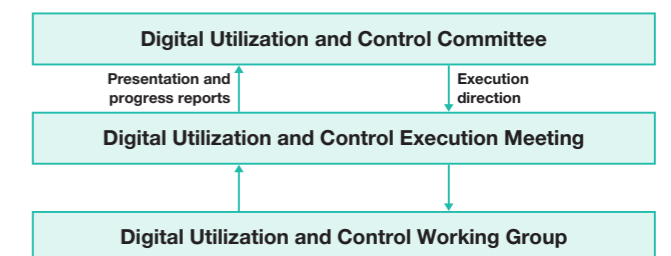


Understanding Our Customers and Identifying Issues

In today's business environment of high uncertainty, the ability to gain insight into the future of customer issues is vital. As part of our consultant-driven service solution creation activities since 2020, we have implemented a service solution creation method that utilizes scenario planning to gain insight into customer issues. Currently, we are

To address digital measures in each department where there are concerns about them becoming siloed and identifying digital technologies that should be implemented company-wide, we established a system in which the Digital Utilization and Control Working Group, created last fiscal year, formulates issues and measures for company-wide deployment and implements them after deliberation at high-level meetings and committees. Currently, the various working groups are discussing eight themes, and have identified issues and formulated measures, and concrete activities have begun.

Structure



Human Resource Strategy



Tetsushi Honda

Director and Managing Executive Officer
President of Corporate Management and Planning

Continue Growth by Solving Water and Environmental Issues with Diverse Talent and Organization with Specialized Skills

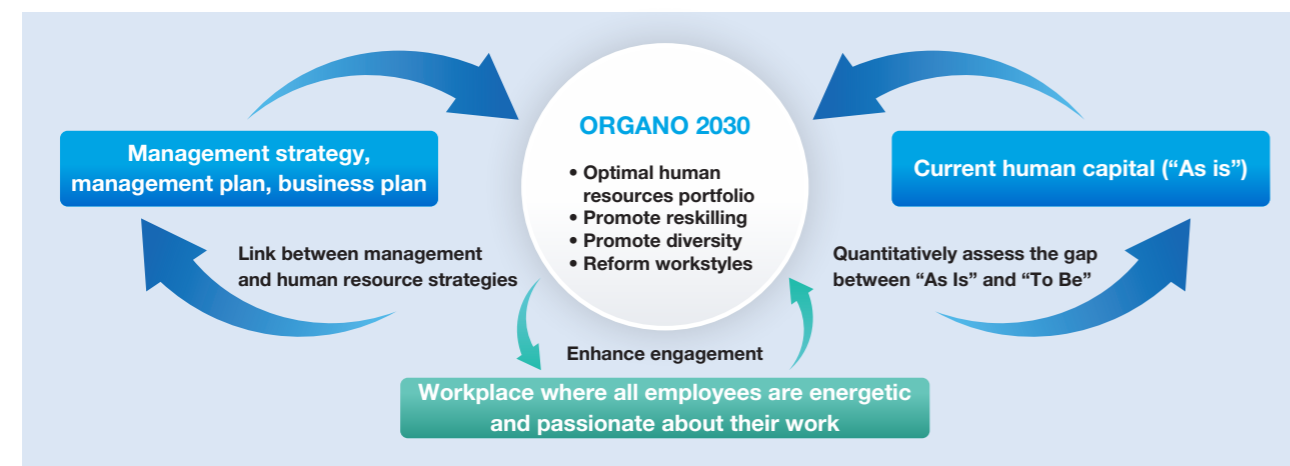
Basic Concept of Human Resource Strategy

To achieve ORGANO 2030 and continue to grow beyond that, we will focus on enhancing the value of our human resources, who are the source of our growth, and aligning them with our management strategy. Given this, while enhancing talent management that quantitatively ascertains the skills of each employee and leverages them in our business, we are fostering a culture that encourages the acceptance of challenges and growth and a system that creates a cycle in which higher performance leads to even greater engagement. Alongside these efforts, we are working on priority issues such as workstyle reforms, visualizing skills while realizing tangible growth, and promoting diversity.

Overall Vision of Human Resource Strategy

Our human resource strategy requires effectively leveraging human capital to recognize gaps from both forecast and backcast perspectives and overcome those to achieve our long-term management plan that embodies our corporate philosophy and our medium-term management plan with concrete goals toward achieving the long-term plan. The source of our competitiveness is our employees, who have acquired unique skills, including technology, knowledge, and experience, over the years in a wide range of industries and in businesses that support social infrastructure, as well as our organization, which enables them to effectively utilize their skills. Strengthening these employees is the key to our human resource strategy. Management will provide specific details on the skills needed for the Group to achieve growth and create a framework to utilize employee growth to grow the business and solve issues. At the same time, as our employees continue to challenge themselves to acquire more advanced skills, we continue to enhance our competitiveness as a company. Moreover, in today's world where business is conducted globally, it is essential to consider the essence of creating and providing value, communicate with stakeholders, and understand diverse values. Based on this approach, the Group will provide improved and flexible workstyles so that each employee can set specific goals for growth, challenge themselves, and experience personal growth, thereby increasing engagement.

Overall Vision for Achieving ORGANO 2030



Structure for Promoting Strategies

To achieve the goals of ORGANO 2030, we must formulate plans to recruit and train human resources based on a broader perspective and experience. In recent years, with the intensifying competition for superior talent, the framework for promoting human resources strategy needs to transform from the traditional structure which is based on Group knowledge. To that end, in addition to hiring new graduates, we are strengthening our organizational capabilities to promote a recruitment system targeting talent with specialized skills needed by the Company, and developing methods to recruit referrals by current employees and alumni who were previously employed by the Company. In addition, we are working with a sense of urgency, leveraging the advice of external consultants to make our talent management more effective in utilizing employees' skills for our business.

Link between management and human resource strategies

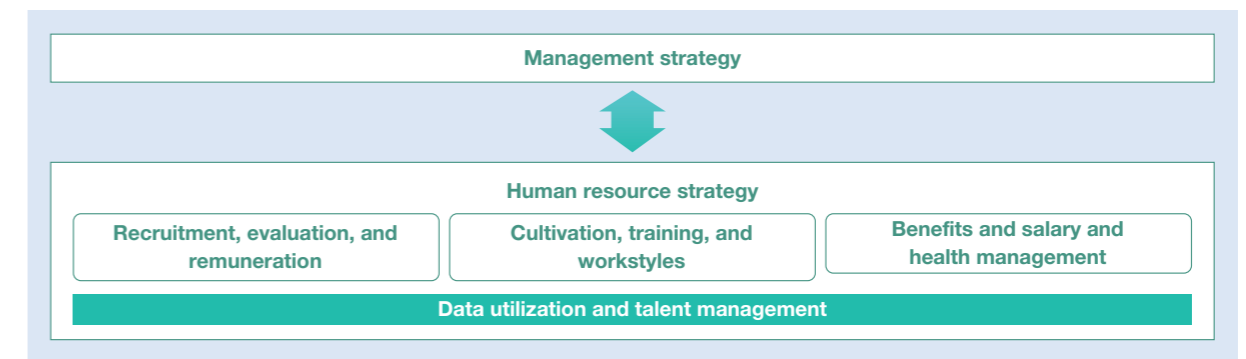


Image of the Ideal Candidate

It goes without saying that human resources are the source of our growth as we contribute to solving problems and developing industrial and social infrastructure with cutting-edge technologies cultivated through long experience in water treatment. For our Group, which values teamwork and working as an organization, observing social norms, recognizing diversity, and developing mutual understanding are fundamental requirements for our human resources. Furthermore, in their actual work, employees will often be required to think and make decisions for themselves in work situations even if still inexperienced. Therefore, we seek individuals who are eager to constantly acquire new knowledge and experiences to transform and grow into their best selves, who strive to understand the essence of situations from diverse perspectives, and who can think critically about how to optimize the organization as a whole. We will continue to cultivate this type of person.

Initiatives to Achieve Our Goals

To foster a culture of taking on challenges, we introduced a business improvement award system in FY2023 to recognize departments that have implemented business improvements. In addition, we expanded our qualification acquisition support system to provide greater support to skills development, the desire to learn, and taking on challenges, and in April 2024, we established a career consultation desk and introduced elective training. We also introduced one-on-one consultations between supervisors and subordinates to enhance relationships and strengthen collaboration and promotion. Through personnel rotations, we are promoting initiatives to realize on the acceptance of challenges and transformation by acquiring experience and knowledge.

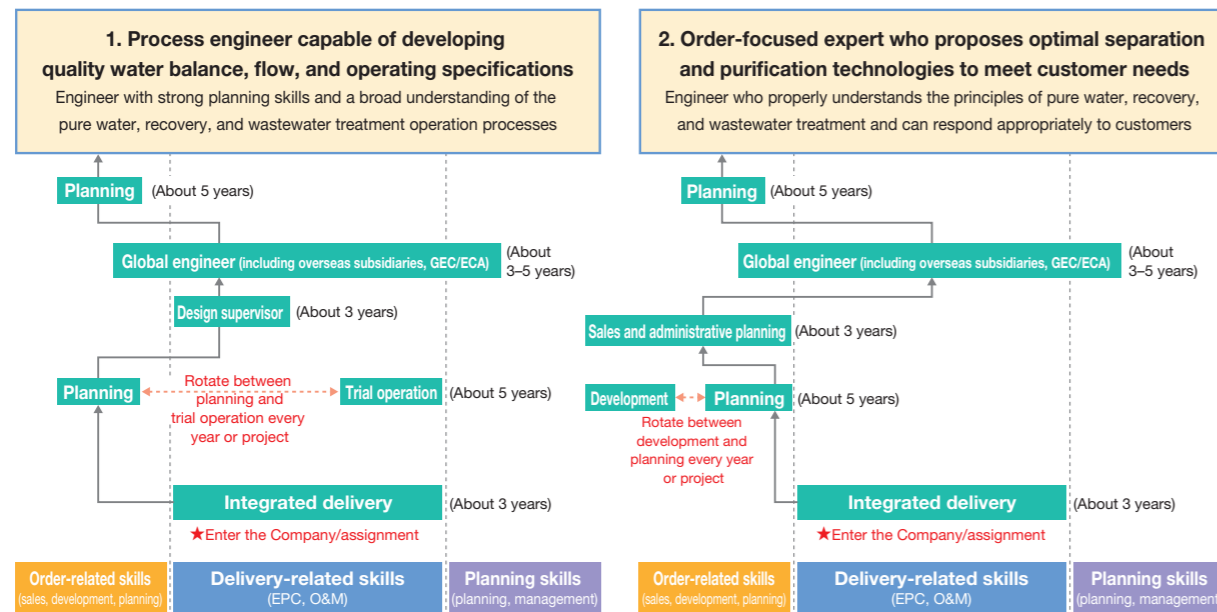


Human Resource Strategy

Career Paths for the Human Resources Who Will Support Our Company Tomorrow

Since FY2023, the Engineering Center has been promoting the development of human resources who will support the future of the Company by providing various career paths, including process engineers, project managers, operations managers, experts in construction, commissioning, and control, design specialists, and data engineers. Through goal-setting and evaluation interviews, the Center shares the ideal image of engineers with employees so as to implement effective rotation plans. Our career paths start by gaining an understanding of the overall picture of the project by experiencing end-to-end delivery, and then employees leverage their strengths while gaining global experience and acquiring new skills. In addition, the R&D Center traditionally transfers employees to different departments about once every three years so as to gain knowledge and experience from various perspectives on water treatment technology, enabling them to apply new ideas to development.

Engineer Career Case Studies



Human Resource Strategy KPIs

We aim to create a workplace where diverse human resources can play an active and rewarding role, and to that end, we have selected the following key issues (materiality). 1. To ensure diversity in terms of standpoint and approach in various decision-making processes, we aim to increase the number of female managers in domestic group companies to 50. 2. We believe that employees find it rewarding when they are able to improve and demonstrate their diverse range of capabilities, and we will work to cultivate human resources and enhance our systems to achieve this goal with training expenses per employee of ¥100,000. 3. We aim to provide a rewarding work environment where employees are mentally and physically healthy, and where no employees work more than 600 hours of overtime, the annual legal limit.

FY2025–FY2027	FY2028–FY2030
Expand new businesses and regions of operation	Expand new businesses and regions of operation
No employees working more than 660 hours of overtime	No employees working more than 600 hours of overtime
Mature fusion of membership-based and job-based human resources systems	Business development expansion driven by expertise through maturation of job-based employment
Establishment of a combined style of assessment and elective training	Achievement of training expenses per employee of ¥100,000
Completion of domestic group's expansion of talent management and reskilling	Implementation of talent development, evaluation, and promotion based on global standards
Achievement of 40 female managers at domestic group companies	Achievement of 50 female managers at domestic group companies

Diversity Initiatives

Basic Concept

The Organo Group prescribes “Ensuring a comfortable workplace where all employees can realize their full potential” in the Organo Group Company Code of Conduct and declares that it shall respect the human rights, diversity, and individual personalities of all employees and will not discriminate based on nationality, gender, creed, physical condition, or social status. Moreover, to ensure employee diversity based on the concept that only through a mixing of diverse ideas can we realize innovations to improve the Company’s corporate value, we are working on various measures including promoting the participation of women, employing people with disabilities, utilizing global human resources, employing senior citizens, providing childcare support, and promoting workstyle reform.

Initiatives

Promoting the participation of women	We are establishing maternity and childcare-related systems that exceed legal requirements so as to enable female employees of child-rearing age to balance childcare and careers, and we are promoting the creation of a system that supports flexible workstyles. We established a Group material issue to increase the number of women in managerial positions to 50 by 2030. (As of March 2024, there were 25.) In recognition of these efforts, the Minister of Health, Labour and Welfare awarded the Company with the Eruboshi certification, which is given to companies that promote an environment where women can demonstrate their abilities and have an active role in the workplace.
Employment of people with disabilities	Organo is working to expand its employment of people with disabilities who, as of March 2024, accounted for 2.49% of the Company’s workforce.
Utilizing global human resources	As Organo expands its operations overseas, it is promoting the employment and training of global human resources to take advantage of diverse values and experiences in different cultures.
Development of the internal environment to ensure diversity	Given that Organo’s workforce consists of a diverse range of employees possessing a variety of personalities and backgrounds, the Company is developing an environment where all employees are able to fulfill their potential and realize growth. Female employees have been assigned to the departments in charge of construction management, which previously was staffed mainly by male employees, and consideration is given to diverse backgrounds, such as by augmenting Japanese-language education for foreign national employees, providing a cafeteria, and establishing a prayer room.
Employing senior citizens	The Company has introduced a reemployment program whereby it is possible to rehire employees up to the age of 70 so they can continue to work by leveraging the skills and expertise they cultivated even after reaching the mandatory retirement age of 60.

Work-Life Balance

Organo has established various systems to support flexible workstyles and enhance the work-life balance of its employees. We promote activities to eliminate long working hours and are working to create a system to support the health of the employees. Reducing the number of employees exceeding the legal overtime limit is one of the Group’s material issues. To address the issue of long working hours, for instance, we are reviewing the work execution system through organizational reform and utilizing DX to improve work efficiency. As a result, the number of employees who worked more than 600 hours of overtime in FY2023—thereby exceeding the legal limit—dramatically decreased.

Moreover, we established a childbirth and childcare leave system that exceeds legal requirements. For example, employees are guaranteed full salary during maternity leave and leave for hospital visits during pregnancy as well as their terms of prenatal and postnatal leave (six weeks before and eight weeks after childbirth). The rate of childcare leave taken in FY2023 remained at 100% for female employees, and that for male employees dramatically increased from 28.1% in FY2019 to 76.4% in FY2023. We also take into consideration employees’ life events, such as by introducing a reduced working hour system for childcare that covers children up through the third grade of elementary school, and by establishing a system that enables employees to change career paths and work in limited geographical areas. Some of Organo’s female employees have even taken on managerial positions after returning from childcare leave, evidence of the fact that the Company offers a stable environment conducive to women building careers. In addition, Organo has introduced flextime options without core time, half-day paid leave systems, and telework systems to enable flexible and efficient work styles, and is promoting the streamlining of operations utilizing ICT. As part of the measures to improve the rate of use of paid leave, Organo has established paid leave incentive days and encourages employees to take extended vacations by combining paid leave with summer vacation and special paid leave offered after 15 and 25 years of service.

Sustainability Management

Sustainability Policy

Together with its stakeholders, Organo aims to realize a sustainable society for the future and improve our corporate value



E
Leveraging its leading-edge technologies cultivated through long experience with water treatment, Organo provides environmentally-friendly products and services that contribute to water environment conservation and prevention of global warming.*

S
We promote a workplace where human rights, diverse values, and individuality are respected, and where every employee is given the opportunity to grow and play an active role.

G
We emphasize dialogue and cooperation with all stakeholders, and we conduct honest and fair corporate activities.

* "Leveraging its leading-edge technologies cultivated through long experience with water treatment" refers to our pursuit of water treatment-related separation and purification, analysis, and engineering technologies, and our provision of optimal systems and services that meet the needs of society through a combination of these technologies.

To enhance the sustainability of the business activities of the Organo Group and contribute to achieving a sustainable society and global environment, we are integrating our medium- and long-term management plans with the Sustainability Policy established in 2022 to promote management that links business activities to ESG initiatives. We will provide products and services that contribute to our customers' sustainability, water environment conservation, and global warming prevention by solidifying the foundation of our business through comprehensive compliance and strengthened governance, and by sustainably developing cutting-edge technologies cultivated through long experience with water treatment.

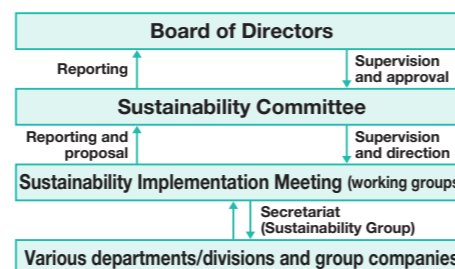
Sustainability Promotion System

The Group established the Sustainability Committee as an organization to plan, propose, and implement measures to promote sustainability management. We also established the Sustainability Implementation Meeting, which promotes specific measures as the implementation organization of the Committee.

The Sustainability Implementation Meeting creates working groups in response to prevailing sustainability issues, and working group members are assembled from relevant business units and group companies to work on resolving issues. As of October 2024, the Sustainability Implementation Meeting had five working groups, with each one focused on separate initiatives (measures to calculate and reduce GHG emissions, measures to achieve SDGs, promotion of CSR procurement, and response to TCFD recommendations).

The progress status of the measures implemented by the Sustainability Implementation Meeting are reported to the Sustainability Committee, which discusses and deliberates on issues and reports to the Board of Directors, the supervisory and approval authority.

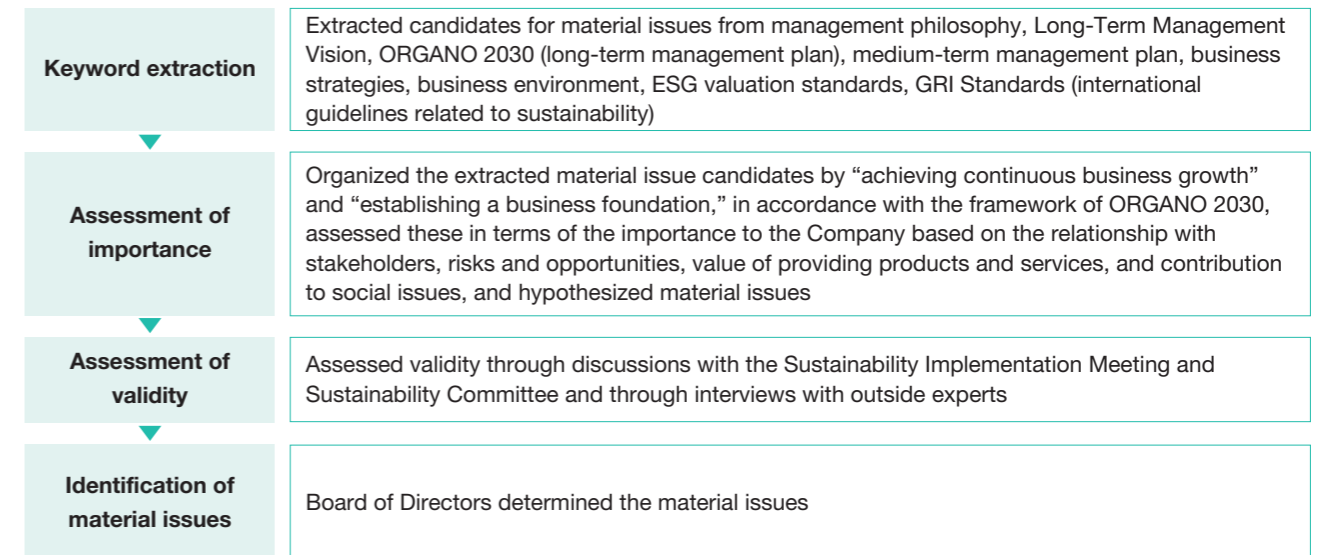
The Sustainability Committee is required to meet at least twice a year, and it may meet on an ad hoc basis when there are urgent matters to be considered. In FY2023, the committee met a total of five times.



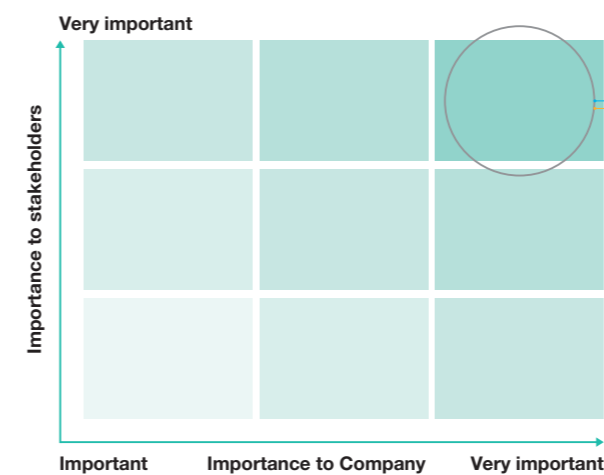
Material Issues

We evaluated trends in international society and social issues closely related to our business in terms of the importance to our stakeholders and to our Company, and extracted key issues. We discussed these issues in an internal meeting that included the Board of Directors, and identified material issues of high importance.

Identification Process



Identified Material Issues



Items related to value creation through business activities and global environmental conservation essential for daily life, industry, and business

- 1) Contribute to a sustainable global environment**
 - Address water resource issues
 - Respond to climate change
 - Expand environmentally friendly products and services
 - Promote the 3Rs (Reuse, Reduce, Recycle)
 - Protect biodiversity
- 2) Provide high value-added products and services by leveraging technological capabilities**
- 3) Strengthen governance and ensure compliance**
 - Promote occupational safety and health
 - Respect human rights
 - Strengthen compliance
 - Strengthen risk management
- 4) Create a workplace where diverse human resources can play an active and rewarding role**
- 5) Strengthen supply chain management**

The foundation enabling continued business operations while fulfilling social responsibilities

Sustainability Management

List of Material Issues

Material issue		Approach	Index (KPI)	Reference year (initiative start year)	Goals for FY2030	Results for FY2023	Reference page	
Achieve continuous business growth	1) Contribute to a sustainable global environment	<ul style="list-style-type: none"> Address water resource issues Protect biodiversity 	1)-1 Amount of wastewater treated by newly delivered Organo systems and discharged by plants	2023	Total 60 million m ³	20.72 million m ³	p. 69	
			1)-2 Amount of water collected and reused by newly delivered Organo systems	2023	Total 250 million m ³	12.31 million m ³	p. 69	
		Respond to climate change	Contribute to realizing a sustainable society by optimizing energy usage related to business activities and providing products and services that contribute to mitigating climate change.	1)-3 Rate of reduction of Scope 1 and 2 CO ₂ emissions according to science-based target (SBT) presentation method* ¹	2021 (reference year)	42% reduction	CO ₂ emissions: 6,692 t-CO ₂ (35% decrease from FY2021) Scope of data: Group companies in Japan and overseas (not including some group companies)	p. 66
				1)-4 Rate of reduction of Scope 3 CO ₂ emissions according to science-based target (SBT) presentation method* ¹	2021 (reference year)	We are working with stakeholders to reduce CO ₂ emissions and realize a carbon-free society	CO ₂ emissions: 1,393,427 t-CO ₂ (47% increase from FY2021) Scope of data: Group companies in Japan and overseas (not including some group companies)	p. 66
		<ul style="list-style-type: none"> Expansion of environmentally friendly products and services Promotion of the 3Rs 	<ul style="list-style-type: none"> Reduction of the environmental burden of corporate activities, including those of our customers, through the creation, commercialization, and provision of products and services that contribute to resource and energy conservation. Promotion of the 3Rs for waste generated by corporate activities, including those of our customers, through Organo's technology and services. 	1)-5 Volume of CO ₂ reduced by applying Organo technology and products	2023	Total 32,000 t-CO ₂	3,740 t-CO ₂	-
				1)-6 Volume of sludge reduced by applying Organo technology and products	2023	Total 10,000 t	2,587.1 t Target: Organo	p. 69
	2) Provide high value-added products and services by leveraging technological capabilities	Continually develop and provide new technology and services that solve customer's sustainability issues.	2) Number of developed environmentally-friendly products and services that add value by solving customer's sustainability issues	2023	Two per year	Five Target: Organo	p. 70	
Establish a business foundation	3) Strengthen governance and ensure compliance	Promote occupational safety and health	Improve in-house guidance and training to ensure safety and health in business activities with the aim of eliminating serious lost-time injuries.	3)-1 Number of serious lost-time injuries* ²	2022	Zero per year	Number of serious lost-time injuries: 6	p. 71
		Strengthen compliance	Maintain appropriate transactions based on fair and free competition, and promote the strengthening of compliance to continue to be useful to society at large.	3)-2 Completion rate of compliance-related training for participants enrolled at the end of the previous fiscal year	2022	100%	Of the 27 required courses, 20 courses had a 100% completion rate; 7 courses had less than a 100% completion rate Target: Organo	p. 61
		Respect human rights	Maintain and respect international standards for human rights, and promote initiatives on respect for human rights to fulfill our corporate social responsibility.	3)-3 Completion rate of human-rights-related training for participants enrolled at the end of the previous fiscal year	2022	100%	100% Target: Organo, domestic group companies	p. 72
		Strengthen risk management	In order to realize our management philosophy, we will enhance our risk management capabilities to recognize and appropriately address risks in our Long-Term Management Vision.	3)-4 PDCA implementation rate for key risks identified by the Company	2022	100%	100% implementation	p. 59
	4) Create a workplace where diverse human resources can play an active and rewarding role	Ensure diversity (in terms of standpoint and approach) in various decision-making.		4)-1 Number of females in managerial positions (domestic group companies)	2022	50	25	p. 48
		We consider the improvement and exercising of diverse abilities by our employees to be a source of job satisfaction, and we will work to cultivate human resources and enhance our systems to achieve this goal.		4)-2 Training expense per employee (all group employees including those overseas)	2022	¥100,000 per person	¥67,555 per person	p. 47
		Provide a rewarding work environment where employees are mentally and physically healthy.		4)-3 Number of employees exceeding the annual legal overtime limit * Domestic group companies only	2022	Employees with 600 hours per year: 0	Employees with 600 hours per year: 5	p. 48
	5) Strengthen supply chain management	Support the efforts of suppliers based on the Organo Group Supply Chain CSR Promotion Guidebook, and improve CSR awareness and compliance across the group supply chain.	5) Number of main suppliers in compliance with Organo Group Supply Chain CSR Promotion Guidebook	2022	Number of companies in compliance: 300 or more	Number of domestic companies surveyed: 100	p. 73	

*1: Criteria for calculating carbon dioxide emissions set forth by the Science Based Targets initiative (SBT), an initiative requiring companies to set science-based carbon emission reduction targets.

*2: Four or more days out of work

Scope of data: In principle, domestic and overseas group companies, but for exceptions, scope of data is listed for individual items.

Governance

Basic Views on Corporate Governance

The Company has been engaging in efforts to enhance corporate governance that conforms to the following basic approach in order to realize fair and trustworthy management and improve management efficiency.

- (1) The Company will respect the rights of shareholders and ensure equality.
- (2) The Company will take into account the benefits for a wide range of stakeholders including shareholders/investors, consumers/customers, business partners, employees, and local communities, and cooperate with these stakeholders appropriately.
- (3) The Company will disclose information in a timely and proper way, and ensure transparency.
- (4) The Directors, Audit and Supervisory Board Members, and Executive Officers will recognize their fiduciary responsibilities, and will effectively fulfill their expected roles and duties.
- (5) The Company will hold constructive dialogue with shareholders.

Organo Corporate Governance Guidelines

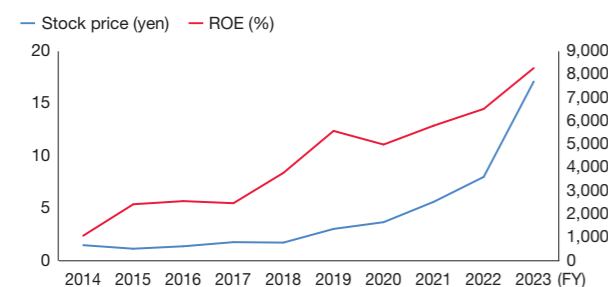
<https://www.organo.co.jp/english/company/governance/guidance/>



Transition toward Stronger Corporate Governance

We, the Organo Group, believe that it is our major mission to contribute to the harmony of industry, the environment, and people's lives by leveraging the technologies and services we have cultivated in water treatment to provide advanced water treatment essential for industry, to preserve the natural environment that is the foundation of society, and to create water necessary to ensure enriched lives. In addition, we are working to achieve long-term sustainable growth and enhanced corporate value based on our management philosophy and long-term management vision. In this context, we recognize that corporate governance plays an essential role as a foundation, and we have worked to strengthen and review corporate governance with the aim of ensuring transparent, fair, prompt, and decisive decision-making and enhancing our monitoring functions. Going forward, we will continue to pursue the optimal corporate governance as a foundation for supporting the enhancement of corporate value of the Group.

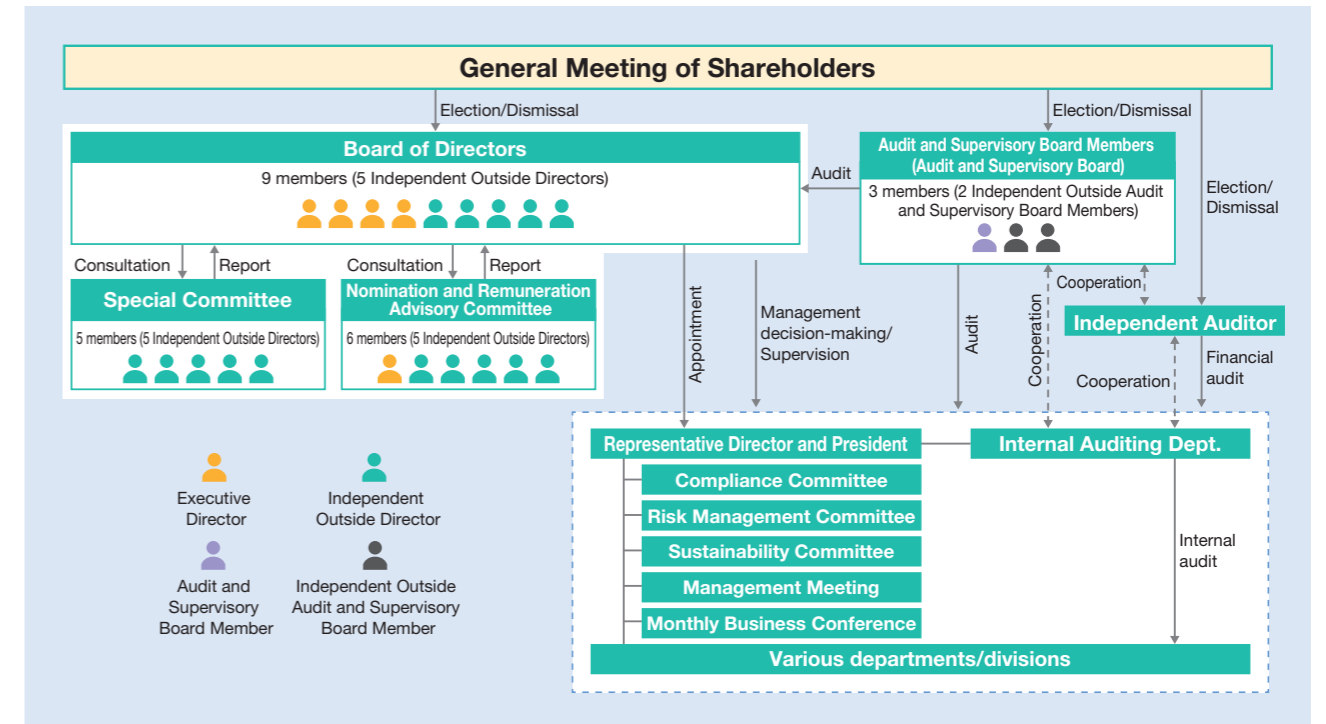
Trends in stock price and ROE



- Composition of officers
 - Remuneration for directors and other officers
 - Corporate governance structure
 - Other
- 2014 ● Elected one Outside Director
 - 2015 ● Elected two Outside Directors
 - Formulated Corporate Governance Guidelines
 - 2016 ● Established Remuneration Advisory Committee
 - Defined "Qualities and Abilities Required of Directors and Officers"
 - Significantly increased performance-linked remuneration ratio
 - Reduced term of office of Directors from two years to one year
 - 2018 ● Introduced medium- and long-term performance-linked remuneration (stock-based) system
 - Established criteria for considering dismissal of Directors
 - 2019 ● Elected three Outside Directors
 - Established Nomination and Remuneration Advisory Committee
 - Established the council between the Company's Nomination and Remuneration Advisory Committee and the parent company's Selection/Compensation Committee
 - 2020 ● Ratio of Outside Directors exceeded one-third
 - 2021 ● Defined Policy for determining remuneration to Directors
 - Established skills required for members of the Board of Directors
 - Established Sustainability Committee
 - 2022 ● Established Special Committee
 - 2023 ● Elected one female Director
 - Ratio of Outside Directors exceeded one-half
 - 2024 ● Elected two female Directors
 - Established Risk Management Committee
 - Formulated officer training plan

Corporate Governance Structure

Corporate Governance Structure



Nomination and Remuneration Advisory Committee

The Company established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors. The committee reviews matters relating to the selection of officers including the election and dismissal of Directors and Executive Officers as well as remuneration for executives, and reports the results to the Board of Directors.

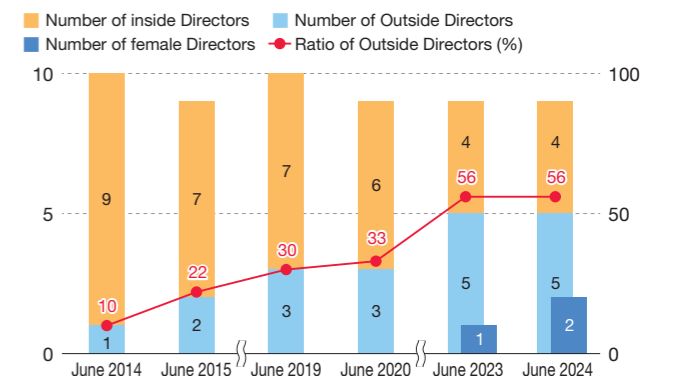
Special Committee

A special committee was established as a non-statutory advisory body to the Board of Directors, and when an important transaction is conducted between the Company and Tosoh Corporation, the controlling shareholder of the Company, or one of its subsidiaries, the Committee will deliberate on such transaction from the standpoint of protecting the interests of minority shareholders and report the resulting recommendation to the Board of Directors.

Size and Composition of the Board of Directors

The Board of Directors maintains an appropriate size and composition to ensure fairness and transparency of management by exercising its supervisory function over all aspects of management. In addition, we believe that ensuring diversity in the Board of Directors is useful for its deliberations to be multifaceted and effective, and we have identified the knowledge, experience, and skills needed to achieve sustainable growth and maximize long-term corporate value, and appointed a well-balanced group of Directors who possess these qualifications, creating a system that is complemented by the entire Board of Directors.

Trends in the size and composition of the Board of Directors



Governance

Officers (as of June 27, 2024)

Directors



Masayuki Yamada
President
Representative Director
President and Executive Officer

Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
Jun. 2019 Director and Executive Vice President, General Manager of Research and Development Planning, President of Specialty Group, and President of Engineering Group of Tosoh Corporation
Jun. 2021 Director of the Company
Senior Managing Director and Executive Officer
Jun. 2022 Director and President (Representative Director)
President and Executive Officer (current position)



Yasutoshi Nakayama
Managing Director and Executive Officer
President of Industrial Plant Business

Apr. 1984 Joined the Company
Jan. 2014 Managing Director of Organo (Asia) Sdn. Bhd.
Jun. 2016 Executive Officer of the Company
Jun. 2018 Director and Executive Officer, Deputy President of Industrial Plant Business, and Senior General Manager of Plant Division
Jun. 2021 Managing Director and Executive Officer, President of Industrial Plant Business, and Senior General Manager of Electronics Division
Jun. 2024 Managing Director and Executive Officer, President of Industrial Plant Business (current position)



Nobuyoshi Suda
Managing Director and Executive Officer
President of R&D and Engineering

Apr. 1984 Joined the Company
Jan. 2013 Representative Director and General Manager of Organo (Suzhou) Water Treatment Co., Ltd.
Jun. 2017 Executive Officer, General Manager of Corporate Strategy and Planning Dept., Corporate Management and Planning of the Company
Chairman of Organo (Vietnam) Co., Ltd.
Jun. 2019 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.
Jun. 2021 Managing Director and Executive Officer, President of R&D and Engineering, and Senior General Manager of R&D Center
Jun. 2023 Director and Managing Executive Officer, President of R&D and Engineering (current position)



Tetsushi Honda
Director and Managing Executive Officer
President of Corporate Management and Planning

Apr. 1986 Joined the Company
Apr. 2012 Managing Director of Organo (Asia) Sdn. Bhd.
Jun. 2018 Executive Officer, Senior General Manager of Power Plant Division, Industrial Plant Business of the Company
Jun. 2020 Executive Officer, Senior General Manager of R&D Center, R&D and Engineering
Jun. 2021 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.
Jun. 2023 Director and Managing Executive Officer, President of Corporate Management and Planning (current position)



Kenji Hirai
Outside Director

Apr. 1981 Joined Sagami Chemical Research Center (currently Sagami Chemical Research Institute)
Apr. 1990 Senior Research Fellow
Apr. 1998 Senior Fellow
Jan. 2002 Vice President
Apr. 2004 Vice Chairman of the Board, President
Dec. 2018 Vice Chairman of the Board (Representative Director), President
Apr. 2019 Vice Chairman of the Board (Representative Director), Research Advisor
Jun. 2019 Outside Director of the Company (current position)
Jun. 2021 Research Advisor of Sagami Chemical Research Institute




Morifumi Wada
Outside Director

Mar. 1978 Joined EIKEN CHEMICAL CO., LTD.
Jun. 2006 Executive Officer
Apr. 2011 Vice President and Executive Officer
Jun. 2011 Director, Vice President and Executive Officer
Jun. 2014 Director, President and CEO
Jun. 2021 Director, Chairman and CEO
Jun. 2022 Director, Chairman (current position)
Jun. 2023 Outside Director of the Company (current position)




Daisaku Abe
Outside Director

Apr. 1980 Joined The Industrial Bank of Japan, Limited
Jun. 2019 Deputy Chairman and Executive Officer, Head of Internal Audit Group and Officer in Charge of Specialty Assigned Matters of Mizuho Financial Group, Inc. Director (Audit and Supervisory Committee Member) of Mizuho Trust & Banking Co., Ltd. Director (Audit and Supervisory Committee Member) of Mizuho Securities Co., Ltd.
Apr. 2020 Outside Director of Mizuho Leasing Company, Limited
Jun. 2020 Administrative Officer, Mizuho Financial Group, Inc. Director and Chairman (Outside Director) of Mizuho Leasing Company, Limited
Jun. 2022 Executive Adviser
Jun. 2022 Outside Director of NIPPON STEEL KOWA REAL ESTATE CO., LTD. (current position)
Jun. 2023 Outside Director of the Company (current position)
Jun. 2024 Outside Director of Nissui Corporation (current position)



Nobuko Hanano
Outside Director

Apr. 1991 Joined Nomura Research Institute, Ltd.
Oct. 2000 Registered as Lawyer (Dai-ichi Tokyo Bar Association) (current position)
Joined KOHWA SOHGOH LAW OFFICES
Oct. 2004 Partner (current position)
Mar. 2019 Outside Audit and Supervisory Board Member, Kanro Inc. (current position)
Jun. 2021 Outside Audit and Supervisory Board Member of the Company
Jun. 2023 Outside Director of the Company (current position)



Naomi Kodama
Outside Director

Apr. 1993 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) (left in March 2018)
Apr. 2013 Assistant Professor, Institute of Economic Research, Hitotsubashi University (retired in March 2016)
Apr. 2016 Associate Professor, School of International and Public Policy, Hitotsubashi University (retired in March 2018)
Apr. 2018 Professor, Nihon University College of Economics (retired in March 2021)
Apr. 2021 Professor, Faculty of Economics, Meiji Gakuin University (current position)
Jun. 2024 Outside Director of the Company (current position)

Audit and Supervisory Board Members



Yoshihiro Tajitsu
Audit and Supervisory Board Member (Full-time)

Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
Apr. 1995 Corporate Control & Accounting
Dec. 2005 Corporate Control & Accounting and New System Project Team
Jan. 2008 Corporate Control & Accounting
Jun. 2010 Outside Corporate Auditor of PLAS-TECH CORPORATION
Jun. 2010 Outside Corporate Auditor of TOHO ACETYLENE Co., Ltd.
Feb. 2013 Corporate Strategy of Tosoh Corporation
General Manager of Audit & Supervisory Board Secretariat
Jun. 2019 General Manager of Auditing
May 2022 Vice President, General Manager of Auditing
Jun. 2022 Executive Officer, Deputy President of Corporate Management and Planning of the Company
Jun. 2023 Audit and Supervisory Board Member (Full-time) (current position)
Jun. 2024 Outside Auditor of Taihei Chemicals Limited. (current position)



Wataru Higuchi
Outside Audit and Supervisory Board Member
Lawyer
Certified Public Accountant

Oct. 1993 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)
Apr. 1997 Registered as Certified Public Accountant (excluding the period of legal training) (current position)
Oct. 2002 Registered as Lawyer (Dai-ichi Tokyo Bar Association) (current position)
Joined Seiwa Kyodo Law Office (Seiwa Meitetsu Law Office)
Oct. 2007 Partner
Jun. 2016 Outside Director (Serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd. (current position)
Oct. 2018 Representative Partner of Ootemon Law and Accounting (current position)
Jun. 2019 Outside Audit and Supervisory Board Member of the Company (current position)
Oct. 2019 Executive Officer of Advance Residence Investment Corporation (current position)
Mar. 2022 Inspector of The Professional Golfers' Association of Japan



Hirohito Kodama
Outside Audit and Supervisory Board Member

Apr. 1981 Joined Kagome Co., Ltd.
Jun. 2006 Executive Officer, General Manager, Corporate Planning Department
Jun. 2008 Director & Executive Officer, General Manager, Research & Development Division
Jun. 2011 Director & Managing Executive Officer, General Manager, Research & Development Division
Apr. 2013 Director & Managing Executive Officer, CEO, Asia Business Company
Oct. 2015 Director & Managing Executive Officer, General Manager, Shared Service Preparation Office
Apr. 2016 Director & Managing Executive Officer President & Representative Director of Kagome Axis Co., Ltd. (Representative Director)
Mar. 2018 Outside Audit & Supervisory Board Member of Dynapac Co., Ltd.
Director of Kagome Co., Ltd. (Full-time Audit and Supervisory Committee Member)
Mar. 2020 Outside Director of Dynapac Co., Ltd. (Audit and Supervisory Committee Member) (current position)
Jun. 2023 Outside Audit and Supervisory Board Member of the Company (current position)

Message from Outside Director

Pursuing new possibilities

I became an Outside Director in 2023. Over the past several years, the Company has actively pursued corporate governance reform and promoted reforms to achieve sustainable growth and enhance corporate value, and we believe that the next several years will mark a major turning point. As an Outside Director, I feel a strong sense of responsibility for the future as we take on challenges to unlock new possibilities, guided by our strengths in vertical and horizontal collaboration and our exceptional technologies. I have a renewed determination to meet the expectations placed on me as someone with experience in management. To that end, I will share and value the Company's management philosophy of "leveraging its technologies cultivated through long experience with water treatment, contributing to the industries that create the future, and playing a key role in the development of societal infrastructure" as well as the environmental philosophy of "contributing to human coexistence and symbiosis with Earth's beautiful environment in every facet of its business operations." In addition, I will be mindful of my duty of due care and diligence and strive to oversee operations from the viewpoints of various stakeholders. I will help channel the strengths of the Company, working globally and in harmony across the organization to embody the management philosophy, in our corporate culture to contribute to society.



Morifumi Wada
Outside Director

Governance

Directors' Skill Matrix

In order to achieve sustainable growth and maximize corporate value over the medium to long term, the Company's policy to nominate candidates for Directors is to identify skills such as knowledge, experience, and abilities that should be possessed by Directors and ensure that the entire Board of Directors has a well-balanced composition. Based on this policy, the Company has identified the following items as skills necessary to realize its medium- to long-term management plan. We believe that the skills of each Director are appropriately balanced.

Name	Corporate Management/ Management Strategy	Finance/ Accounting	Legal Affairs and Risk Management	Global	Sales and Marketing	Technology	Human Resource Strategy	Sustainability
Masayuki Yamada	◎		◎	◎		◎		◎
Yasutoshi Nakayama	◎			◎	◎		◎	◎
Nobuyoshi Suda	◎	◎		◎		◎		◎
Tetsushi Honda	◎			◎	◎	◎		◎
Kenji Hirai (Outside)	◎		◎			◎	◎	◎
Morifumi Wada (Outside)	◎	◎	◎				◎	◎
Daisaku Abe (Outside)	◎	◎	◎			◎		◎
Nobuko Hanano (Outside)			◎					◎
Naomi Kodama (Outside)			◎			◎	◎	◎

Note: Skills through which each director candidate is especially expected to demonstrate that candidate's expertise and experience are marked with a "◎."

Remuneration for Directors and Other Officers

Basic Policy

The remuneration system for Executive Directors, in addition to the fixed remuneration (cash), encourages business execution in line with management policies and management targets and establishes a remuneration framework and remuneration standards which provide strong incentive for the achievement of short-term as well as medium- to long-term management targets in order to achieve sustainable growth and improve the corporate value of the Group. The remuneration system for Non-Executive Directors, including Outside Directors, shall be fixed remuneration (cash) only, for the purpose of ensuring the effective functioning of their supervisory and monitoring roles. The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors, in order to ensure objectivity and transparency in the process of determining remuneration.

Remuneration composition ratio of Executive Directors



Overview of remuneration system of Executive Directors

Remuneration	Overview
1. Fixed remuneration	<ul style="list-style-type: none"> Determined according to position Monetary remuneration
2. Short-term incentives remuneration	<ul style="list-style-type: none"> From the perspective of clarifying the relationship between business performance and remuneration, the Company shall use consolidated operating profit, an important management index of the Group, in performance evaluation. Varies in the range of 0% to 130% depending on the amount of consolidated operating profit Monetary remuneration
3. Mid- and long-term incentives remuneration	<ul style="list-style-type: none"> From the perspective of improving corporate values over the medium to long term and aligning the interests with those of shareholders, the Company shall use consolidated return on equity (ROE), which is an important management indicator of the Group and indicates capital efficiency, as the performance evaluation indicator. Varies in the range of 0% to 200% depending on the consolidated ROE Stock-based remuneration plan using a trust

* Short-term incentives remuneration was revised on April 1, 2024.

Assessment of the Effectiveness of the Board of Directors

The Company conducts a survey for all Directors and Audit and Supervisory Board Members every year. Based on the results of the survey, the Board of Directors analyzes and assesses its overall effectiveness and discusses measures to maintain and improve the function of the Board.

Major Initiatives Implemented in FY2023

We implemented the following initiatives based on the evaluation results of FY2022.

- Held discussions on the eligibility of candidates for Director and President and the policy on their training**
 The Company has formulated an officer training plan with the aim of developing management personnel capable of achieving transformation by utilizing the qualities, experience, and knowledge appropriate for management in order to grow the Organo Group. Going forward, the Company will strengthen the development of officers in accordance with the plan.
- Strengthened the risk management system (strengthening Group governance)**
 The Company strove to raise the level of awareness of employees in the workplace by establishing the Compliance Office, sending out messages from top management, and conducting other awareness raising activities. We worked to reinforce the Organo Group's auditing system, including subsidiaries overseas, to strengthen the governance of the entire Organo Group. Furthermore, in preparation for the establishment of the Risk Management Committee, the Board of Directors had discussions on enhancement of the effectiveness of risk management, including risk assessment. Going forward, the Board of Directors will continue to monitor the effectiveness of these measures.
- Enhanced discussion of issues to be addressed, such as management plans with an awareness of profitability and capital efficiency, and investments in human capital**
 These issues were discussed primarily by the executive side of management as themes related to the Company's long-term and medium-term management plan. The contents of these discussions and the future direction were reported to the Board of Directors as appropriate, and responses provided to the comments of the Board of Directors.

FY2023 Evaluation Assessment and Future Initiatives

The following is an overview of the analysis and assessment of effectiveness conducted in FY2024.

Scope	A total of 12 people including nine Directors and three Audit and Supervisory Board Members	Implementation timing	March–May 2024
Period	FY2023 (April 2023 to March 2024)	Implementation method	Survey by third-party organization

The following are the assessment results and future initiatives, and the Board of Directors will implement these to further improve its function going forward.

- Toward realization of management conscious of cost of capital and stock prices**
 By inviting outside experts to provide training and incorporating the company's own unique issues into the training, we aim to raise the management literacy of the Board of Directors and general managers of related departments with an awareness of the cost of capital, and also to hold practical discussions on the issues facing the Company. Based on these initiatives, we will promote the sharing of information with the Board of Directors concerning appropriate dialogue with the market (investors) and reflection of the results of such dialogue in the medium- and long-term management plans.
- Enhanced effectiveness of deliberations by providing explanation in advance**
 For particularly important matters to be discussed at the Board of Directors meetings, we will share information with Outside Directors and Audit and Supervisory Board Members in advance and provide explanation as necessary, in order to clarify issues and enhance discussions at the Board of Directors meetings. We encourage Outside Directors and Audit and Supervisory Board Members, for instance, to participate in the Management Meeting and Risk Management Committee, which are bodies that deliberate on important matters.
- Held discussions on "value creation and provision through utilization of digital technology and data" and "investment in human capital and alignment with management strategy"**
 The Company recognizes that these themes have become issues of growing importance to the Company in recent years. Therefore, we will share the details and progress of the Company's initiatives with the Board of Directors to facilitate discussions.

Governance

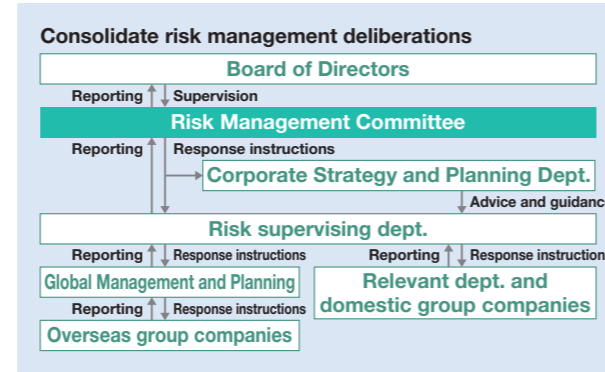
Risk Management

Risk Management Process

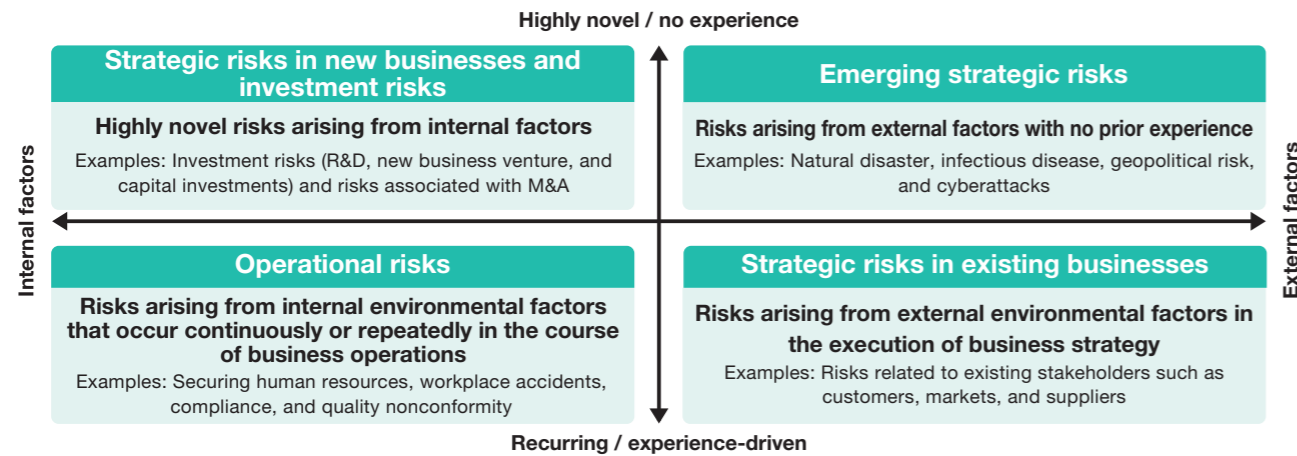
Previously, the Risk Management Division oversaw the Company's risk management, operating a company-wide PDCA cycle. To ensure more appropriate management of major risks, however, we introduced a system that promotes risk management led by the Risk Management Committee, which was established on April 1, 2024. This committee consists of Executive Directors, Executive Officers with titles, and other members who are selected from the general manager in charge of the primary major risk management department and from presidents of subsidiaries.

Within the Group, the direction for risk countermeasures varies greatly depending on the risk, and therefore, risks are divided into four quadrants based on risk origin (internal and external factors) and experience (highly novel and recurring). Every year, each department and group company identifies risks, and strategic risks are evaluated based on level of impact and uncertainty while operational risks are evaluated based on level of impact and possibility of occurrence. The Risk Management Committee extracts risks that have been evaluated above a certain level, integrates and evaluates them, and then extracts major risk candidates and selects a supervising department or division in charge of dealing with each major risk. Extracted major risks and their supervising department or division in charge are discussed and determined by the Board of Directors.

Established the Risk Management Committee (April 1, 2024)

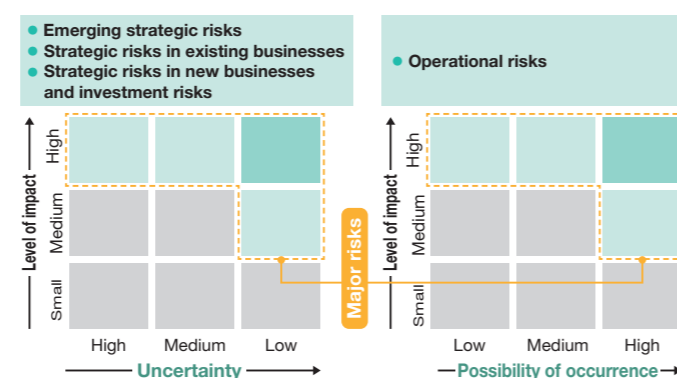


Four Risk Quadrants



The department in charge of handling risk response formulates a risk management plan, which is then approved by the Risk Management Committee. The management plan decided upon is then executed led by the supervising department, and the status is monitored by the Risk Management Committee. The Risk Management Committee reports the progress status of the risk management plan to the Board of Directors, who supervises the progress status of the risk response. Moreover, the Internal Auditing Office evaluates the operational status of the risk management process from an independent viewpoint to increase the effectiveness of risk management.

Risk assessment diagram



Major Risks of the Organo Group

Risk category	Item	Description	Responses	
(1) Emerging strategic risks	Overseas business	Country-specific risks such as political and economic turmoil and legal restrictions in countries and regions where we do business, including export and import restrictions due to U.S.-China conflict and restrictions on business activities due to the Taiwan contingency and rising tensions between China and Taiwan	<ul style="list-style-type: none"> Strengthen the supply chain by establishing differentiated technologies and securing and proposing alternative products Diversify concentration in specific regions by accelerating expansion into new regions and markets 	
	Infectious disease	Risk of restrictions and delays in business activities due to infectious diseases that are unforeseen or exceed expectations	<ul style="list-style-type: none"> Establish and implement strategies to ensure business continuity based on experiences with COVID-19 	
	Natural disasters	Risk of significant impact on business activities due to major natural disasters such as earthquakes and typhoons	<ul style="list-style-type: none"> Formulate business continuity plan (BCP) for major business, expand and broaden BCP, and strengthen management systems Group-wide 	
	Risks related to shareholders and stock	Risk that changes in the capital policy or management strategy of the parent company, Tosoh Corporation, may affect the Group's business development or stock price	<ul style="list-style-type: none"> Mitigate the impact of changes in the capital policy of Tosoh Corporation by continuing to communicate appropriately with the parent company 	
	Information security	Risk of malfunction of information system and leakage of confidential information due to cyberattacks and system failures	<ul style="list-style-type: none"> Strengthen IT infrastructure, introduce virus detection and countermeasure tools, and bolster security education 	
(2) Strategic risks in existing businesses	Concentration on specific markets and customers	Risk with increased impact from deterioration of business performance in the event of decline in market conditions or loss of important customers or impact from incurred losses such as compensation for damages, due to a concentration on specific markets and customers	<ul style="list-style-type: none"> Reduce the impact of fluctuations in plant-related orders by strengthening service solutions Automate and streamline operations and use outsourcing to create resources for delivery Accelerate technology development based on customer needs 	
	Material and construction procurement	Risk of price hikes, procurement difficulties, and longer key material delivery times dependent on specific suppliers	<ul style="list-style-type: none"> Maintain stable relationships with key suppliers, consider multiple procurement sources and alternative products, and invest in augmenting supply capacity 	
	Laws, regulations, and social responsibility	Risk of restrictions on business activities due to tightening of laws and regulations related to human rights and other sustainability issues	<ul style="list-style-type: none"> Promote sustainability initiatives such as establishing and operating the Organo Group Supply Chain CSR Promotion Guidebook and implementing green procurement explanatory sessions 	
(3) Strategic risks in new businesses and investment risks	Technology and R&D	Risk of difficulty in implementing growth strategies due to factors including delays in technological development required by the market and customers and delays in the introduction of ICT and AI technologies	<ul style="list-style-type: none"> Plan for R&D based on technology development roadmap of customers and promote open innovation 	
	Capital investment and M&A	<ul style="list-style-type: none"> Risk of increased impact from deterioration of customers' financial situation as capital investment in owned-facility services expands Risk of M&A failure 	<ul style="list-style-type: none"> Set investment limits for risk assets including owned-facility services and M&A 	
	Production and delivery capacity	Risk of insufficient production and delivery capacity leading to missed growth opportunities, loss of market share due to customers switching to competitors, and loss of trust from existing customers	<ul style="list-style-type: none"> Expand delivery system by increasing global workforce and improving efficiency through automated design work and outsourcing Strengthen the value chain with an eye on developing partner companies and M&A 	
(4) Operational risks	Securing human resources	Risk of long-term decline in competitiveness of the Group in the event of a failure to secure and train human resources	<ul style="list-style-type: none"> Promote education for digital human resource development in addition to rank- and function-specific training Promote the creation of a workplace where diverse human resources can play an active and rewarding role 	
	Product and service quality, product safety, non-compliance with contract terms	<ul style="list-style-type: none"> Risk of serious quality issues with products and services after receiving orders or changes in cost of materials and construction and risk of compensation for damages due to specifications or delivery date not being met 	<ul style="list-style-type: none"> Upgrade quality management system, strengthen supplier quality surveys, improve production processes, prevent recurrence through horizontal deployment of nonconformity information, and upgrade various types of insurance Conduct risk assessment specific to long-term contracts prior to receiving orders and strengthen budget performance management for projects after receiving orders 	
	Safety	Risk of serious occupational accidents and injuries during construction and production activities	<ul style="list-style-type: none"> Establish, operate, and upgrade an occupational safety and health management system Implement safety training and information sharing on the status of work-related accidents and improvement measures 	
	Compliance and internal control	Risk of detection of legal or compliance violations or significant deficiencies in internal controls related to financial reporting	<ul style="list-style-type: none"> Distribute messages from the Representative Director and President and enhance employee education Work to disseminate Organo Group Company Code of Conduct Direct the Compliance Committee to establish a compliance system and education plan Work to develop and disseminate a whistleblowing system in Japan and overseas 	
	Intellectual property rights	Risk of infringement of the Group's intellectual property rights or unintentional infringement of intellectual property rights of other companies by the Group	<ul style="list-style-type: none"> Protect intellectual property through proactive filing of patent applications in Japan and overseas, and regularly monitor the status of applications filed by other companies, including those overseas 	
	Environmental issues	Risk of increased costs due to tighter environmental regulations, risk of environmental pollution due to restrictions on business activities or unforeseen circumstances, risk of regulatory violations	<ul style="list-style-type: none"> Conduct risk assessment and enhance education Ensure proper equipment delivery and management and comprehensive monitoring 	

— Governance

Compliance

The Group conducts business activities based on the idea that safety and compliance are necessary for the survival of the business. In addition, the Company has established the Organo Group Company Code of Conduct as the basic action guidelines to be observed by the Group’s employees. In addition to Japanese and English versions, it has prepared local company versions in Malaysia, China, Taiwan, Thailand, and Vietnam and shared them with officers and employees of the Group in Japan and overseas. The Company also conducts a biennial survey for its officers and employees to confirm the degree of implementation and observance of the Company Code of Conduct. The results are reported to the Board of Directors and employees in an effort to foster compliance awareness.

A special committee established as an organization for promoting compliance is responsible for formulating and implementing a compliance education plan, investigating compliance issues, and considering corrective measures. Moreover, the Company established a whistleblowing system to ensure the effectiveness of compliance through the early detection and correction of improper acts. And, in addition to the Company’s internal contact point, it has established contact points with Audit and Supervisory Board Members and external lawyers to receive reports and requests for consultations. The Company is also promoting the development of local whistleblowing hotlines overseas, and it is launching operation of an internal whistleblowing system in Malaysia, China, Taiwan, Thailand, Vietnam, Indonesia, and the U.S.

As a material issue indicator (KPI), the completion rate for compliance-related training was 100%. In FY2023, however, 7 out of 27 required courses did not reach this target. Those who have not completed the courses are required to take them the following year, and a follow-up system has been established to prevent incompleteness.

Business Continuity Plan (BCP)

In addition to formulating a BCP to minimize damage and ensure business continuity in the event of a large-scale disaster such as a major earthquake, we are working to improve the effectiveness of our BCP by preparing for emergency situations and implementing education and training. Our basic policy for business continuity is as follows.

Basic Policy

Prioritizing the safety of human life

Human life comes first, and our top priority is to confirm the safety and well-being of officers, employees, and their families.

Ensuring the safety of the community

We prioritize safety at company facilities and the surrounding areas as well as the prevention of secondary disasters while coexisting with the community.

Rapid restoration of business

We will swiftly assess the damage to our facilities and offices as well as built properties or those under construction, and we will take prompt recovery action to minimize adverse effects on business and reputational risk associated with a suspension of operations. We will work to continue infrastructure-related businesses in particular whose suspension of operations would threaten human life, those that support societal infrastructure, and those that are considered important in each business unit. We will contribute to our customers’ business continuity by thinking and acting in accordance with our own business continuity.

Review of BCP

We regularly conduct training and education and continuously review and improve the BCP with the aim of becoming a company resilient to risks such as disasters.

Initiatives to Prepare for Large-scale Disasters

To quickly and efficiently confirm the safety of employees in the event of a disaster, we have introduced a safety confirmation system that sends safety confirmation emails to employees in affected areas according to disaster information. To ensure the effectiveness of the system, in September 2023, all employees were trained to respond to the safety confirmation system. We contributed to smoothly confirming the well-being of Group employees during the Noto Peninsula Earthquake, which struck in January 2024.

Emergency supplies such as rations, drinking water, blankets, medicine, and toilets are provided at major locations to ensure the health and safety of employees and office hygiene in the event of a disaster.

Connection with Stakeholders

The Organo Group fulfills its corporate social responsibility to the five types of stakeholders with whom it is closely connected in order to achieve sustainable growth.

Stakeholders	Organo’s role and mission	Engagement
Shareholders and investors	Appropriate disclosure, stable and appropriate dividends, and sustainable improvement of corporate value	IR activities (financial results presentations, IR meetings), general meeting of shareholders, shareholder explanatory sessions, Organo’s website, IR email news service
Customers	Provision of high-quality products that are useful for society at reasonable prices	Communication through sales activities
Suppliers	Fair and impartial transactions	Communication through purchasing activities
Employees	Stable employment, cultivation of human resources, appropriate compensation, sharing of information and issues	Employee meetings, labor-management consultations, various training programs, intranet, intra-group announcements, health consultation office
Community, society, and government	Appropriate payment of taxes, creation of stable and fair employment, dialogue with local communities	Organo’s website, Organo Group Report

TOPICS Multi-Stakeholder Policy

In May 2024, the Company disclosed its multi-stakeholder policy. We are committed to cooperating appropriately with our diverse range of stakeholders. Based on this, we will promote the initiatives shown at right while recognizing the importance of providing returns to our employees and showing consideration to business partners, with the understanding that the appropriate redistribution of profits and results generated through value co-creation and productivity improvements to multi-stakeholders will lead to maintaining momentum for wage increases and sustainable economic development.

1. Providing returns to our employees

2. Consideration to business partners

The Company will continue to comply with the content of the Declaration of Partnership Building registered in April 2024.

For more information on the Declaration of Partnership Building, see p. 73.

3. Other stakeholder-related initiatives

We will continue to make steady progress on these matters while confirming the status of our initiatives.

Multi-stakeholder policy

<https://www.organo.co.jp/company/multi-stakeholder/> (Japanese only)



Dialogue with Shareholders and Investors

To achieve sustainable growth and improve corporate value over the medium and long term, the Company promotes constructive dialogue with shareholders and investors. We place an emphasis on providing fair and accurate information, and we report opinions and requests obtained through dialogue at Board of Directors meetings to improve management.

○ Main IR activities of FY2023

Main activities	Track record
Financial results presentations for analysts and institutional investors	2 (Main speaker: President)
Small meetings	3 (Main speaker: President)
Individual IR meetings	290
Corporate briefings for individual investors	1 (Main speaker: President)
Issuance of shareholder newsletters	2

Environment

Information Disclosure Based on TCFD Recommendations

Responding to Climate Change Issues

Climate change is a serious issue that must be addressed on a global scale, and it is one of the most important issues affecting the business activities of the Group.

Based on the climate-related disclosure framework presented by the Task Force on Climate-Related Financial Disclosures (TCFD), the Organo Group has conducted an analysis of the risks and opportunities that climate change poses to the Group's business. This analysis utilized two distinct scenarios: one assuming intensified climate change and another assuming the realization of a decarbonized society. Using this analysis, we will incorporate the identified risks and opportunities into future management strategy and risk management. We will disclose our progress accordingly and work diligently toward the global goal of achieving carbon neutrality while aiming for further business growth.

1 Governance

■ Sustainability Committee

The Company established the Sustainability Committee as an executive organization for sustainability management with the Representative Director and President as the chair. The committee formulates basic policies, plans, and goals related to sustainability, including climate-related initiatives, and monitors the implementation status and progress of these measures.

In FY2023, the committee met five times to discuss the materiality and emission reduction targets including KPIs to be achieved, and to confirm the progress of sustainability measures and KPI performance.

The important basic policies, plans, and goals discussed by the committee are submitted to the Board of Directors for deliberation and final determination. In addition, the progress status of key sustainability-related measures and KPIs are reported to the Board of Directors accordingly. In FY2023, the committee reported to the Board of Directors on one occasion.

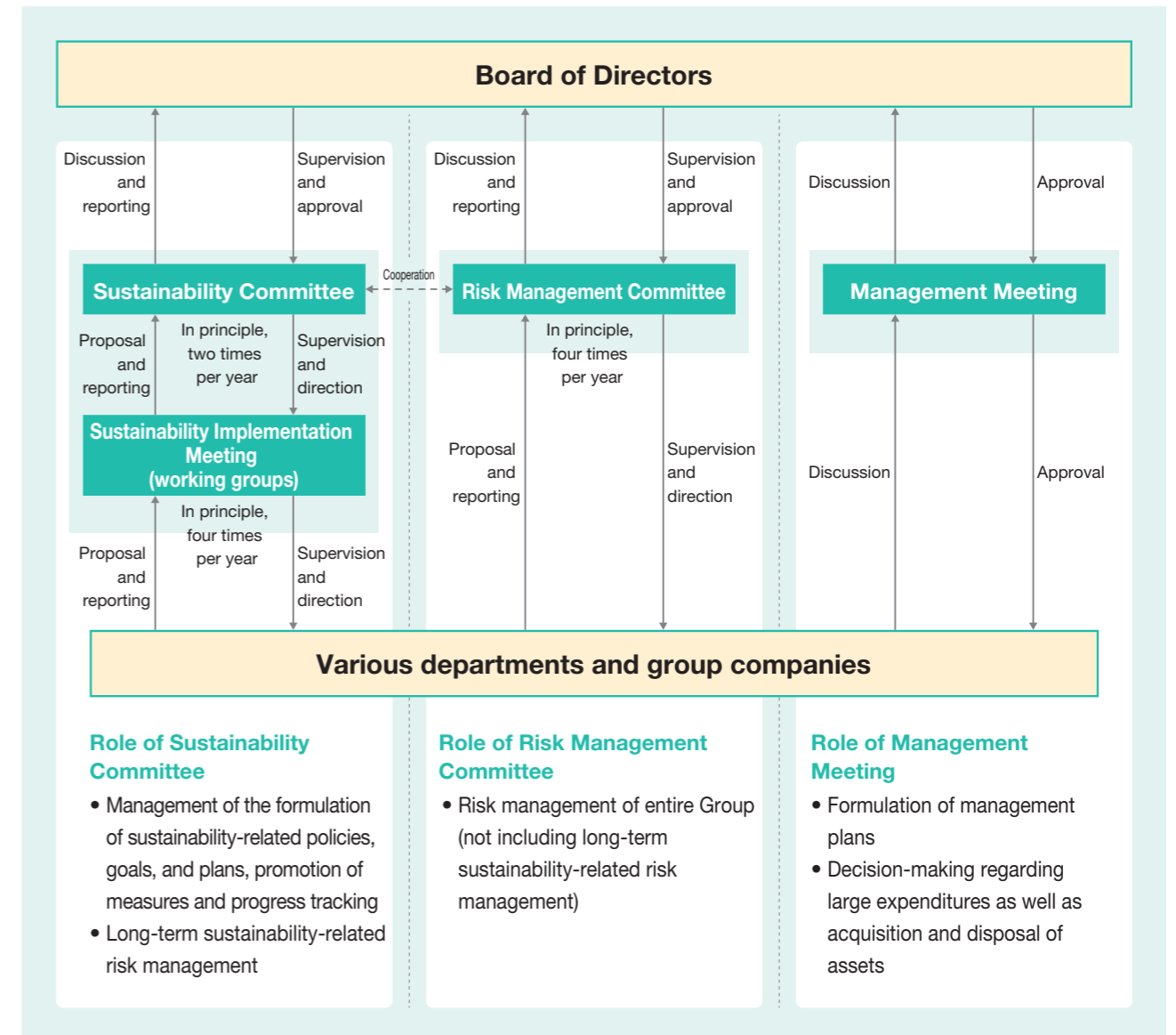
■ Sustainability Implementation Meeting

The Company established the Sustainability Implementation Meeting under the Sustainability Committee to promote specific measures based on the basic policies and plans. This meeting creates working groups for sustainability issues in a timely manner, and group members are assembled from relevant departments and group companies to promote initiatives toward resolving issues. Currently, the Sustainability Implementation Meeting has five working groups, with each one focused on separate initiatives including addressing climate change issues, such as measures to calculate and reduce GHG emissions, measures to achieve SDGs, promotion of CSR procurement, and response to TCFD recommendations. The progress status of measures implemented by the meeting are reported to the Sustainability Committee.

■ Risk Management Committee

Risk management related to sustainability is integrated into the overall risk management of the Group including sustainability. The Risk Management Committee serves as the central hub, analyzing and evaluating risks identified within the Group, identifying key risks for the Group, and determining the supervising department/division. Relevant departments/divisions take the lead in responding to identify key risks.

■ Sustainability-related Governance Structure



2 Strategy

The Organo Group conducted scenario analysis based on two scenarios. The first is the 1.5°C scenario, which refers to the World Energy Outlook (WEO) 2023 Net Zero Emissions by 2050 (NZE) Scenario from the International Energy Agency (IEA) and focuses on transitional risks and opportunities that are more likely to materialize. The second is the 4°C scenario, which refers to RCP8.5 from the Intergovernmental Panel on Climate Change (IPCC) and focuses on physical risks and opportunities that are more likely to materialize. For the two scenarios, the Group extracted risks and opportunities and evaluated them in terms of the level of impact, possibility of occurrence, timeframe of impact, and identified material risks and opportunities. In FY 2023, the first year in which the Group conducted scenario analysis, it covered the Water Treatment Engineering Business Unit and Performance Products Business Unit (excluding the food products business), which are the Group's main businesses in Japan.

The timeframes were defined as two to three years for short-term analysis, through approximately 2030 for medium-term analysis, and through approximately 2050 for long-term analysis. The financial impact (high, medium, or low) is analyzed quantitatively and qualitatively, indicating the relative level of impact.

Environment

Analysis of scenarios for domestic operations of the Water Treatment Engineering Business Unit and Performance Products Business Unit

Category	Description of risks and opportunities	Financial impact	Timeframe of impact			Measures		
			Short term (in 2 to 3 years)	Medium term (2030)	Long term (2050)			
1.5°C (carbon-free) scenario	Risks	Policy and regulations	Increased costs of procuring raw materials and in-house manufacturing facility expenses due to introduction of carbon pricing such as a carbon tax	High	-	■	■	Expand procurement of low-carbon materials and products
		Market	Decreased water usage at customer factories due to increased risk of securing water resources, leading to a significant decrease in needs for water treatment facilities and technology	High	-	-	■	Develop new technologies that contribute to next-generation manufacturing processes such as solvent purification and recovery technology
			Growing demand for products that do not use overseas parts in order to reduce CO ₂ emissions from the transportation of materials	Medium	-	-	■	Optimize the supply chain and transportation distance to ensure raw material procurement and product sales
		Technology	Delays in marketing and technological development leading to an inability to respond to growing demand for low-carbon products and services and a loss of market share	High	-	■	■	Expand development of low-carbon technology, products, and services based on marketing functions
	Opportunities	Market	Increased sales of water treatment facilities and chemicals due to significant growth of the semiconductor market as a result of the development of EV and AI technologies and energy-saving semiconductors	High	-	■	■	Expand delivery capacity by streamlining operations, improving productivity, and increasing resources
4°C (status quo) scenario	Risks	Market	Occurrence of abnormal weather such as heavy rains due to climate change, impacting the supply chain and company operations	Medium	-	■	■	Create flood prevention measures and develop new suppliers in anticipation of flood risks at bases and supply chain
	Opportunities	Market	Increased sales of water treatment facilities and chemicals due to greater demand for effective use of water resources, such as water recycling, in response to increased risk in securing water resources	High	-	■	■	Promote development of low-carbon technology and products and expand service solutions lineup and water recovery technology

3 Risk Management

Under the supervision of the Sustainability Committee, a climate-related scenario analysis working group established by the Sustainability Implementation Meeting conducted scenario analysis to examine risks and opportunities for future business brought about by climate change. Furthermore, the Sustainability Committee analyzed and evaluated the risks and opportunities examined by the working group from the perspective of level of impact, possibility of occurrence, timeframe of impact, and specified major risks and opportunities.

Risk management, including sustainability, at the Organo Group is promoted by the Risk Management Committee as the core hub, in cooperation with the Sustainability Committee. The Risk Management Committee takes the initiative in managing short- to medium-term major risks, while the Sustainability Committee continues to take the initiative in managing long-term major risks up to 2050.

The direction of responses to the identified medium- to long-term climate-related major risks is determined by the

Long-Term Management Plan Promotion Meeting. These responses are then reflected in the medium-term management plan and single-year profit plan. Subsequently, these plans are deliberated by the Management Meeting and decided by the Board of Directors. The Sustainability Implementation Meeting reports to the Sustainability Committee on the implementation status and progress of responses to climate-related medium- and long-term risks, and the Sustainability Committee reports to the Board of Directors accordingly. In the event that large expenditures are to be made, or assets are to be acquired or disposed of in response to these risks and opportunities, the matter is brought to the Management Meeting and the Board of Directors for deliberation, depending on the nature and the amount.

4 Metrics and Goals

The Organo Group recognizes that climate change is a serious issue that must be addressed on a global scale and has set the greenhouse gas (GHG) emissions reduction targets as described below and is working to reduce GHG emissions in order to realize a sustainable society. Moreover, from FY2023, the Group increased its overall Scope 1 and 2 GHG emissions reduction target by 2030 from 37.8% to 42% and has set a new carbon neutrality target for FY2050. Scope 1 and 2 emissions in FY2023 decreased 35% compared with FY2021 levels. The decrease was mainly due to the introduction of electricity derived from renewable energy sources at the R&D Center. Scope 3 emissions in FY2023 increased by 47% compared with FY2021 levels. The main reason is the increase in GHG emissions due to the strong business performance and an increase in purchasing and sales volumes. Going forward, the Group will continue to implement a series of initiatives to reduce emissions. In addition, we will promote the introduction of renewable energy at all bases and initiatives to reduce emissions while evaluating our progress on reaching our emission reduction targets.

Item	GHG emission reduction target		Results*		
	FY2030	FY2050	FY2021 (reference year)	FY2022	FY2023
Scope 1 and 2	42% reduction (compared with FY2021 levels)	Carbon neutral	10,324 t-CO ₂ -	11,566 t-CO ₂ 12% increase	6,692 t-CO ₂ 35% reduction
Scope 3	We are working with stakeholders to reduce CO ₂ emissions and realize a decarbonized society		945,510 t-CO ₂ -	1,307,742 t-CO ₂ 38% increase	1,393,427 t-CO ₂ 47% increase

* Scope of actual results is domestic and overseas group companies (not including some group companies).

Category	FY2021 (t-CO ₂)	FY2022 (t-CO ₂)	FY2023 (t-CO ₂)
Category 1: Purchased goods and services	332,803	361,913	342,603
Category 2: Capital goods	8,832	8,759	5,141
Category 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2	2,719	2,361	1,267
Category 4: Upstream transportation and distribution	11,035	11,974	11,504
Category 5: Waste generated through operations	2,824	2,635	3,134
Category 6: Business travel	298	299	308
Category 7: Employee commuting	574	576	595
Category 8: Upstream leased assets	53	58	63
Category 9: Downstream transportation and distribution	504	581	422
Category 10: Processing of sold products	0	0	0
Category 11: Use of sold products	536,563	877,386	973,398
Category 12: End-of-life treatment of sold products	4,234	3,729	3,895
Category 13: Downstream leased assets	45,071	37,471	51,097
Category 14: Franchises	0	0	0
Category 15: Investments	0	0	0

* Scope of actual results is domestic and overseas group companies (not including some group companies).

Environment

TOPICS

Thinking as if You Were a Person From 2050

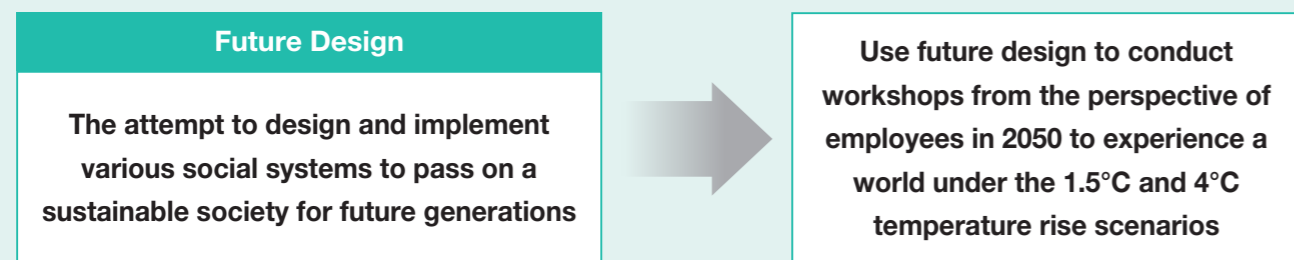
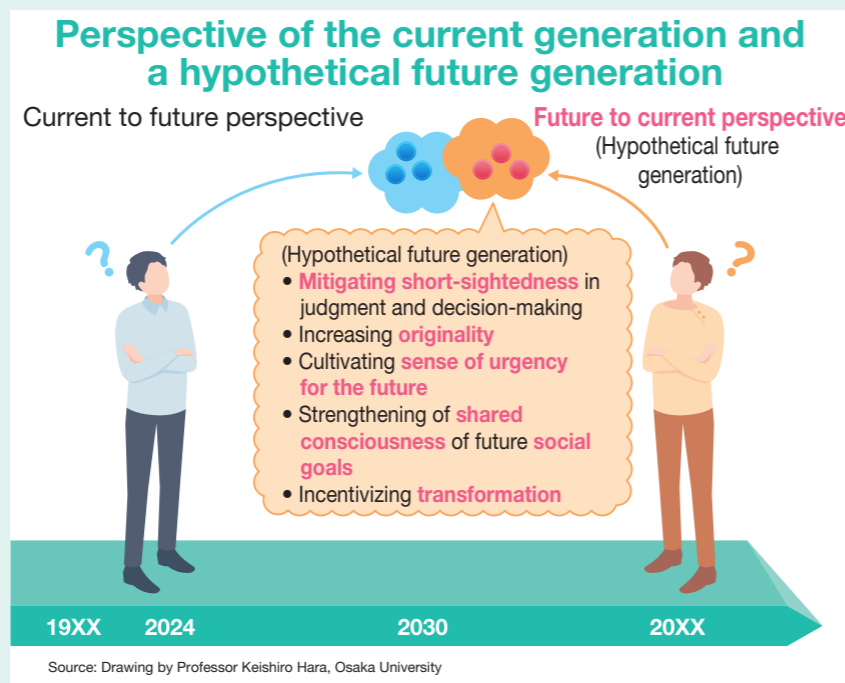
Introduction of future design

The Group identified risks and opportunities that climate change poses to our business based on scenario analysis procedures recommended by the TCFD. To extract risks and opportunities specific to Organo that more accurately reflect the actual situation, we held a workshop that incorporated the concept of future design promoted by Professor Keishiro Hara of Osaka University.

Future design is the attempt to design and implement various social systems to pass on a sustainable society for future generations. One particularly effective method is the hypothetical future generation method, which allows us to examine and evaluate contemporary decision-making from the perspective of future generations. No one can predict what Organo will actually be like in 2050. Therefore, we can freely speculate with creativity and without criticism. Workshop participants were separated into two groups. One group discussed a modern society in which decarbonization efforts have taken hold and climate change has been somewhat controlled, with a global temperature increase of 1.5°C. The other group focused on a modern society in which climate change intensifies, with a global temperature increase of 4°C.

Many ideas were put forth during the workshop that may seem unconventional to people living today such as relocating the head office to a safe location together with customers and turning the rooftop of the factory into a farm to sell vegetables. By adopting the perspective of someone in the future and reflecting back on the present, the participants were able to gain a fresh outlook on the risks and opportunities in scenarios involving a 1.5°C temperature rise and a 4°C temperature rise.

The Group has been conducting workshops using this method to create new development themes. By using future design to identify climate change-related risks and opportunities, and leveraging the various ideas gained in this exercise, we will continue to operate our business in a more resilient and flexible manner.



Environmental Philosophy and Basic Environmental Policy

Environmental Philosophy

Recognizing that the preservation of the earth's environment is of the greatest importance for every human being, Organo contributes to human coexistence and symbiosis with Earth's beautiful environment in every facet of its business operations.

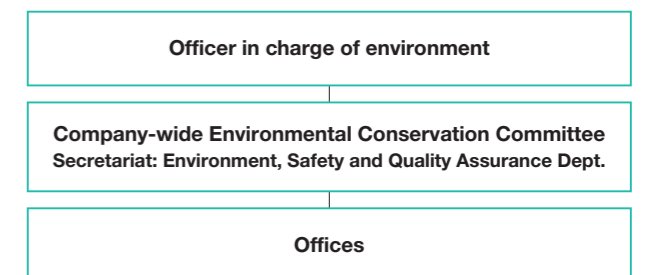
Basic Environmental Policy

Continuous improvement	We will be aware of the environment surrounding all industrial activities and continue to preserve and improve the environment through all technical and economic means possible.	Product environment	We will develop product manufacturing technologies that will reduce the burden on the environment.
Observance of laws and establishment of our own standards	We will observe laws, regulations, and agreements concerning the environment. We will also establish our own standards and do our best to preserve the environment in accordance with these standards.	Environmental monitoring	We will inspect the environment within our company and work to improve our environmental preservation activities.
Production environment	We will strive to conserve resources and energy, to minimize waste, and to recycle the waste produced in every aspect of our business activities.	Comprehensive involvement	We will educate our staff and encourage in-house publicity concerning environmental issues to promote understanding and awareness of the environment and of our own basic environmental policy.

Environmental Management

Environmental Conservation Structure

The Company's policies, targets, and measures for environmental preservation are discussed and decided by the company-wide Environmental Conservation Committee. Each business site in Japan appoints an Environmental Conservation Committee that establishes the policies, targets, and measures for its own office based on the Company's targets and measures, as well as specific issues, and performs environmental conservation activities accordingly.



Environmental Management System

Our environmental management system complies with national or public standards. We conduct environmental conservation operations and activities at our offices in accordance with the environmental management system, and we also inspect the environment within our company. Our Tsukuba Factory, where ion exchange resins are purified as one of our core materials, has acquired ISO 14001 certification, the international standard for environmental management systems.



Environmental Education

As part of the curriculum for new employee training and engineering technology training, the Company offers courses on pollution prevention laws and regulations. It also encourages employees to obtain national Pollution Control Manager certification, increasing the number of qualified individuals. In this way, the Company is putting its environmental philosophy into practice.

Number of Qualified Pollution Control Managers in FY2023*
Cumulative: 208

* Total of water quality-related Classes 1 to 4, air quality-related Classes 1 to 4, and dioxin-related

Environment

Addressing Water Resource Issues and Protecting Biodiversity

Basic Concept

Water is the source of life. It circulates around the Earth, nurturing a variety of plants and animals. Protecting our water is protecting life. At Organo, we have technology to protect water.

By managing the water used by the Group and providing our customers with technology to protect this precious resource, we are promoting the sustainable use of water resources and contributing to protecting biodiversity.

Initiative 1 Management of the water we use

Recently, the use and conservation of water resources have been gaining attention as a global sustainability issue, and we view the impact on our corporate activities of water resource depletion, river flooding, and water pollution as a risk. The Organo Group is working to conserve water resources by effectively using water intake and maintaining and improving the quality of wastewater around its business sites to ensure the sustainable use of water resources. We will continue to contribute to environmental conservation through our business activities while keeping a close eye on water-related risks.

Water Usage Volume and Wastewater Volume

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Water usage volume	m ³	542,256	539,185	624,755	618,948	834,483
Wastewater volume	m ³	434,603	461,591	538,819	587,049	711,542

* Targets for calculation: From FY2023–Organo and domestic group companies
Until 2022–Head Office, R&D Center, Tsukuba Factory, and Iwaki Factory of Organo Corporation, and Main Factory of Organo Food Tech Corporation

* The water balance does not include evaporation or sprinkling, or products brought out of or into facilities.

Initiative 2 Water treatment technology provided to customers

In 2022, the Group identified addressing water resource issues and protecting biodiversity as material issues, and in 2023, we established two KPIs as indicators for measuring the achievement of this initiative: 1)-1 the amount of wastewater treated by newly delivered Organo systems and discharged by plants, and 1)-2 the amount of water collected and reused by newly delivered Organo systems. This refers to the goal of supporting the sustainable use of water resources in industries and daily life in the communities surrounding our customers by providing technologies for wastewater treatment and recovery, thereby contributing to the reduction of global water risks.

In FY2023, we made steady progress toward KPI 1)-1, but there was some delay in the progress of 1)-2 due to postponed delivery dates of several transactions to FY2024. To make up for this delay, we will work to further promote our wastewater recovery technology.

The Group will preserve biodiversity by further promoting the use of wastewater treatment technologies used to purify industrial wastewater beyond legal requirements and wastewater recovery technologies used to reduce the amount of wastewater released into rivers, thereby protecting a rich water environment where diverse organisms thrive.

Promotion of the 3Rs

Initiatives

Together with its stakeholders, the Organo Group aims to realize a sustainable society. As part of these efforts, we identified promotion of the 3Rs as a material issue in 2022 and set the volume of sludge reduced through the application of Organo technology and products as a KPI in 2023. In FY2023, we achieved results that exceeded our

annual target. We will continue to contribute to sludge reduction.

In addition to recycling ion exchange resin into cement raw material, which we are already working on, we are actively developing technology to reuse used functional materials.

The Group will continue to use its technologies and services to promote the 3Rs for waste generated through our corporate activities as well as those of our customers and make more effective use of resources and reduce our environmental impact to realize a recycling-oriented society.

Recycling Volume and Volume of Waste Generated

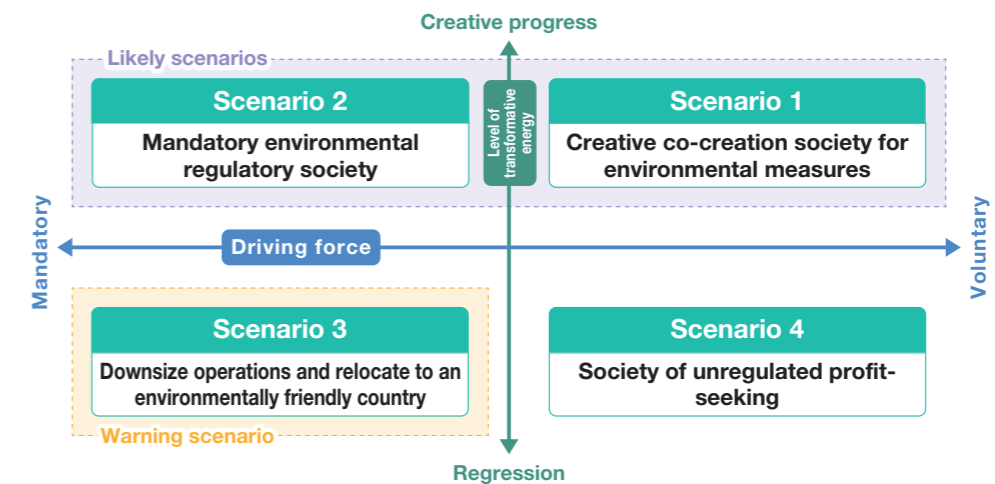
	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Total volume	t	1,285	1,165	1,171	2,776	3,102
Recycling volume	t	548	486	554	430	552
Volume of waste generated	t	737	679	617	2,346	2,550

* Targets for calculation: FY2019 to FY2021–Head Office, R&D Center, Tsukuba Factory, and Iwaki Factory of Organo Corporation, and Main Factory of Organo Food Tech Corporation
FY2022 and FY2023–Organo and domestic group companies

Expansion of Environmentally Friendly Products and Services

In FY2020, we adopted a program to set topics using scenario planning and create service solutions business in order to expand our environmentally friendly products and services that add value by addressing customer sustainability issues.

Business creation considerations using scenario planning



By using future scenarios to predict our customers' business environment over the long term and combining our strengths to address various challenges that arise in such an environment, we develop a variety of business models, some of which are commercialized.

Specifically, we are working on the following initiatives:

- Service to reduce CO₂ emissions including those generated during transportation related to business operations
- Service to recycle used materials and extend the lifecycle of products
- Service to optimize operations and reduce waste for entire industrial parks instead of individual customers

Society

Promotion of Occupational Safety and Health

Basic Concept

As a company with a large amount of field work, we recognize the risk of serious workplace accidents. Safety is a top-priority topic, and the Company established promotion of occupational safety and health as a material issue in 2022. It continuously promotes initiatives that enable employees of our group companies and business partners to work with peace of mind.

Creating Safe Workplaces

In order to ensure the safety and health of its employees and to promote the creation of a comfortable work environment, Organo has established a structure for safety and health management and the role of each member pursuant to company regulations on safety and health management. The Company is committed to properly maintaining safe workplace environments, preventing occupational accidents and taking appropriate emergency measures, and conducting relevant education and training.

For plant installation work and handling of chemicals, Organo performs risk assessment using checklists during work planning and establishes work procedures reflecting risk reduction measures. The Company also conducts scheduled safety patrols of construction sites, factories, and offices, and checks the implementation status of risk assessment, hazard prediction prior to performing tasks, and safety training. Corrective action is immediately taken when safety concerns are observed on patrols.

In addition to supervising and implementing the safety and health activities, the Safety and Health Promotion Department communicates related information at various meetings, conducts awareness activities through the in-house safety newsletter, disseminates information on workplace accidents to all employees to prevent recurrences, and provides various safety training. In addition, to heighten health and safety awareness and stimulate such activities, each year we present labor safety awards to business partners and internal business offices who contribute to these activities.

Workplace Accident Prevention Activities

The Organo Group established an occupational safety and health policy in which it places the safety and health of workers as the top priority in business activities and promotes the creation of a comfortable work environment. In particular, we implemented activities to prevent workplace accidents based on the President's message that safety is a higher priority than delivery dates, cost, and profit, but in FY2023, we had 12 workplace accidents. The types of workplace accidents include falls, slips, muscle strains, cuts and abrasions, and getting caught in machinery, among others. A common factor identified was insufficient consideration or awareness of work procedures. In response, this fiscal year we will improve the safety level of the entire Group by making the confirmation and implementation of work procedures a key policy, and aim to reduce the number of serious lost-time injuries to zero.

Employee Health Initiatives

The Group considers the health of its employees as one of the most valuable management resources in achieving sustainable growth. We provide lifestyle review counseling based on regular health checkups and offer annual stress level checkups for all employees as mental health measures. Organo employees have access to counseling provided by specialists and registered nurses through the Company's in-house consultation center for when they have concerns about themselves, their colleagues, or their subordinates.

Engagement with Labor Unions

The Company enters into collective bargaining agreements with Organo's labor union and maintains harmonious labor-management relations. Through regularly scheduled labor-management meetings with the participation of top management, Organo strives to disseminate its management policies to its employees and ensure that opinions of union members are reflected in the Company's management strategies and policies.

Number, frequency rate, and severity rate of workplace accidents

	FY2021	FY2022	FY2023
Number of workplace accidents ^{*1}	7	8	12
Frequency rate of workplace accidents (%)	0.68	0.68 ^{*2}	0.70
Severity rate of workplace accidents (%)	0.004	0.036	0.001

^{*1}: Figures changed to include domestic group companies.

^{*2}: Revised due to calculation error.

Number of serious lost-time injuries in material issues

	FY2022	FY2023
Number of serious lost-time injuries [*]	7	6

^{*} Four or more days out of work, scope of calculation: Domestic and overseas group companies, work-related and commuting accidents, including partner companies

Respect for Human Rights

Basic Concept

The Organo Group declares that it shall respect human rights and prohibit discrimination, and accordingly aims to act as a company that respects individuals and diversity, without discrimination based on nationality, gender, creed, physical condition, or social status. In addition, the respect for human rights and prohibition of discrimination and harassment are clearly outlined in the Organo Group Company Code of Conduct, and we are working to create a company where all employees are energetic and passionate about their work.

Human Rights Education

To promote the creation of a workplace where human rights are respected, employees need to have a correct understanding of human rights. To that end, all employees undergo human rights e-learning training including discrimination harassment prevention.

In 2022, we identified respect for human rights as a material issue. As the KPI, we established a 100% completion rate of human rights-related training, and we achieved this in FY2022 and FY2023.

Initiatives Aligned with Guiding Principles

The Group progressively promotes initiatives to respect human rights in accordance with the UN's Guiding Principles on Business and Human Rights. Specifically, we will (a) formulate a human rights policy clarifying our responsibility to respect human rights, (b) investigate and identify internal and external impacts on human rights and work to prevent or mitigate identified adverse impacts, and (c) provide appropriate remedies for adverse impacts on human rights.

As a first step, we are currently working to formulate a human rights policy. To achieve this, we conducted a workshop attended by employees selected from each department and division to extract human rights risks in the business activities of the Company. Based on the extracted human rights risks, we will formulate a human rights policy that reflects the actual situation of the Group.

Summary of the Company's Human Rights Initiatives



Organo will continue to maintain and respect international standards for human rights, and the Company hold in the highest regard human rights of all employees, as well as everyone involved in its corporate activities. Furthermore, Organo promotes initiatives on respect for human rights to fulfill its corporate social responsibility.

Organo Group Company Code of Conduct
<https://www.organo.co.jp/english/company/ecology/>



Policy on the Conflict Minerals Issue
<https://www.organo.co.jp/sustainability/social/mineral/> (Japanese only)



Society

Supply Chain Management

To build relationships of trust with our business partners and conduct fair and ethical business transactions, we have established a Basic Procurement Concept and are working to promote social responsibility throughout the supply chain.

Promoting Social Responsibility in the Supply Chain

Amid annual growing interest from stakeholders on the corporate social responsibility including the supply chain as it relates to the creation and provision of products and services, the Group is expected to go beyond its own borders to promote the CSR of the entire supply chain.

To meet these demands, we organized a working group to promote supply chain management. This working group is comprised of members from various departments related to procurement, human resources, occupational safety, compliance, production, and IT, and it conducts a variety of activities.

Supply Chain CSR Promotion Guidebook

The Group has released the Organo Group Supply Chain CSR Promotion Guidebook. This guidebook outlines the initiatives we expect our business partners to promote and conforms with the code of conduct of the Responsible Business Alliance (RBA), a non-profit that promotes social responsibility in the global supply chain.

The RBA was established as a business alliance for the electronics industry, and in 2024, the code of conduct was revised to make it applicable to a wide range of industries not limited to the electronics industry. In response to this revision, we revised the Organo Group Supply Chain CSR Promotion Guidebook in July 2024.

Scan here for the Basic Procurement Concept
<https://www.organo.co.jp/company/buying/>
 (Japanese only)



<https://www.organo.co.jp/sustainability/social/suppliers/>
 (Japanese only)



Supplier Surveys

Since 2022, the Group has been conducting surveys on the status of CSR initiatives of its business partners and promoting CSR throughout the supply chain.

1. Survey target

The survey targets major business partners with whom we conduct ongoing transactions. We will identify important business partners based on their importance to our business and procurement volume, divide them into three groups, and survey all major business partners over a three-year period. The survey is scheduled to target approximately 300 major business partners over three years, accounting for approximately 80% of the procurement volume.

2. Survey method

We ask responders to complete a self-check questionnaire.

3. Survey items

We conduct surveys on five topics from the Supply Chain CSR Promotion Guidebook, including occupational safety, safety and health, the environment, ethics, and the management system.

4. Valuation standards

We assign a score to survey responses and establish a certain level of compliance. For major business partners who do not reach the level of compliance based on the result of their survey, we hold training sessions on the promotion of corporate social responsibility.

Declaration of Partnership Building

To promote cooperation and mutual prosperity with our supply chain partners and build new partnerships, we announced the Declaration of Partnership Building in April 2024.

Going forward, we will continue to strive to build partnerships based on mutual trust by ensuring active communication with our business partners.

https://www.organo.co.jp/wp-content/uploads/2024/05/Declaration-of-Partnership-Building_240409.pdf
 (Japanese only)



Social Contribution Activities

The Organo Group actively engages in support activities related to water environment conservation technologies and education while also contributing to environmental conservation through its water treatment business. In addition, the Group places emphasis on cooperation, collaboration, and building trust with communities, and actively promotes social contribution activities in areas surrounding business locations.

Organo Awards to Support Young Researchers in China

Since FY2007, the Company has been conducting a scholarship program in China known as the Organo Awards for recognizing and supporting graduate students who have achieved outstanding research results in the field of water quality and water environment conservation in China. The Organo Awards are implemented in partnership with the Research Center for Eco-Environmental Science of the Chinese Academy of Sciences and the Suzhou Industrial Park Administrative Committee.



Support for Studies of Young Researchers in Water Environment Field (Japan Society on Water Environment (JSWE)-ORGANO Doctoral Research Awards)

The JSWE-ORGANO Doctoral Research Awards were established with the aim of widely introducing outstanding research results of graduate students in doctoral programs and other young researchers and supporting their development of further research in the field of water environment. The Company provides assistance in the form of contributions that support the objectives of the JSWE-ORGANO Doctoral Research Awards.

Supporting the Art Para Fukagawa Chatty Art Festival

This unique art festival is a nationwide public art exhibition with the aim of realizing a society in which people with disabilities and others live together, and it transforms the entire city of Fukagawa in Koto Ward, Tokyo, near our head office, into an art museum. Since its initial year in 2020, Organo has participated as a supporting partner, and the Company will continue to contribute to the development of local culture and art and to the promotion of social participation by people with disabilities.

Participation in and support of Toyo-Shinsuna District Canal Renaissance Council

The Toyo-Shinsuna District Canal Renaissance Council is an organization comprised of local town associations and businesses in the Toyo and Shinsuna districts of Koto Ward, Tokyo, where our head office is located. Its aim is to create a lively community by utilizing the waterfront of the local Shiohama Canal area. At the annual Waterfront Big Experiment event, we provided opportunities to learn about disaster prevention, biodiversity, and environmental issues. We will continue to drive engagement with the local community while contributing to the promotion of disaster prevention and biodiversity.



Financial Information

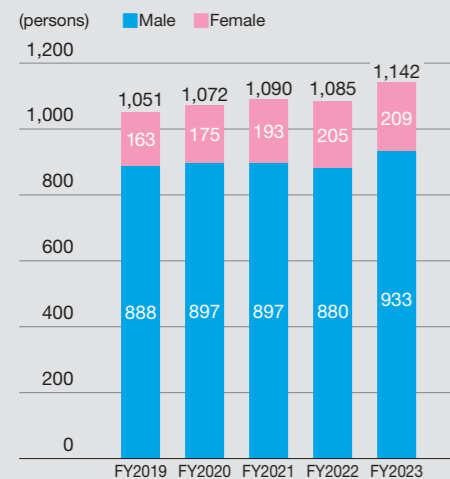
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Orders (millions of yen)	65,501	77,873	76,485	74,041	88,049	103,838	104,986	94,563	135,698	173,491	144,468
Net sales (millions of yen)	62,096	68,741	78,719	81,114	79,226	92,273	96,515	100,638	112,069	132,426	150,356
Operating profit (millions of yen)	833	2,398	3,947	4,114	3,821	6,558	9,908	9,579	10,850	15,212	22,544
Operating profit ratio (%)	1.3	3.5	5.0	5.1	4.8	7.1	10.3	9.5	9.7	11.5	15.0
Ordinary income (millions of yen)	1,170	2,465	3,871	4,162	3,933	6,538	9,929	9,900	11,545	16,020	23,425
Profit attributable to owners of parent (millions of yen)	664	1,085	2,485	2,731	2,780	4,452	7,162	7,074	9,210	11,730	17,310
Capital expenditures*1 (millions of yen)	358	334	603	903	644	635	965	1,015	3,387	1,466	1,855
R&D expenses (millions of yen)	1,490	1,392	1,407	1,495	1,776	1,823	2,178	2,300	2,146	2,615	2,829
Depreciation (millions of yen)	1,065	999	950	950	972	920	1,189	1,212	1,332	1,824	2,010
Net assets (millions of yen)	44,252	45,308	46,567	49,034	51,681	54,795	60,857	67,357	76,004	86,371	102,147
Total assets (millions of yen)	76,852	83,609	94,795	95,405	96,036	101,257	101,448	115,011	130,506	164,854	182,703
Liabilities with interest (millions of yen)	10,230	12,717	17,412	16,910	15,484	13,659	9,740	16,005	15,628	33,019	36,465
Annual dividend*2,3 (yen per share)	8	8	9	11	53	73	104	114	160	62	102
Book-value per share (BPS)*2,3 (yen)	768.24	786.72	806.89	849.45	4,477.64	4,784.81	5,301.26	5,856.25	6,620.54	1,877.80	2,218.53
Earnings per share (EPS)*2,3 (yen)	11.53	18.85	43.17	47.44	241.50	388.48	626.05	616.72	802.69	255.77	376.92
Equity ratio (%)	57.6	54.2	49.0	51.3	53.7	54.0	59.9	58.4	58.1	52.3	55.8
Return on equity (ROE) (%)	1.5	2.4	5.4	5.7	5.5	8.4	12.4	11.1	12.9	14.5	18.4
Return on assets (ROA) (%)	1.4	3.1	4.3	4.4	4.1	6.6	9.8	9.1	9.4	10.8	13.5
Consolidated payout ratio (%)	69.4	42.4	20.8	23.2	21.9	18.8	16.6	18.5	19.9	24.2	27.1

*1: Capital expenditures in FY2020 and beyond include investments in property, plant, and equipment, and intangible assets *2: The Company implemented a reverse stock split on October 1, 2017, consolidating five common shares into one.

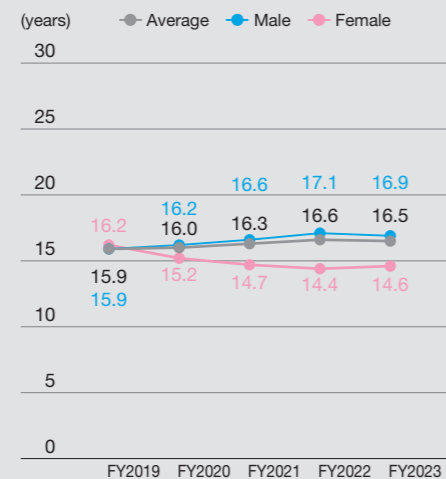
*3: The Company implemented a share split with an effective date of October 1, 2022, splitting one common share into four.

Nonfinancial Information (Non-consolidated)

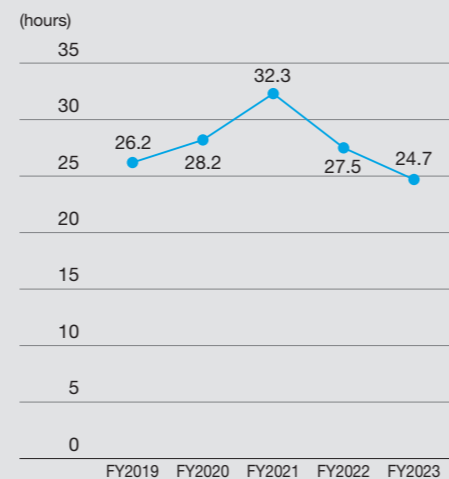
Number of employees



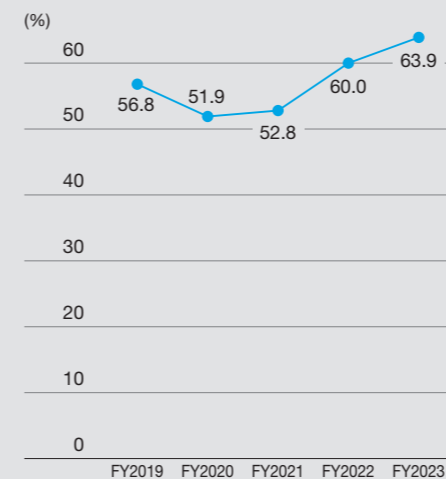
Average years of service



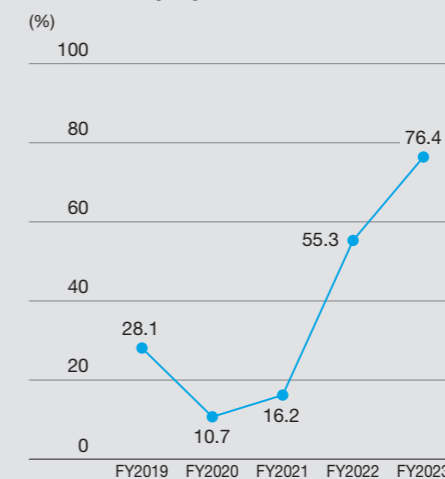
Average monthly hours of overtime



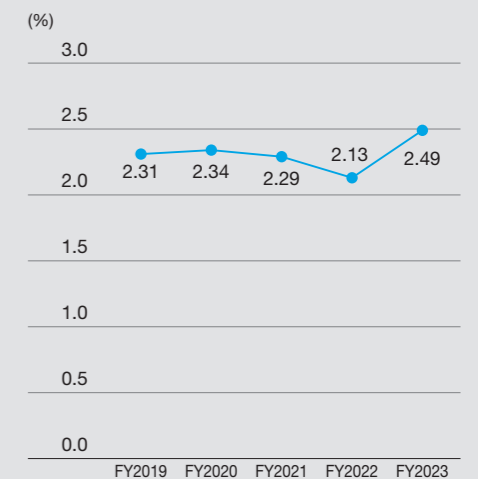
Rate of use of paid leave*



Rate of childcare leave taken by male employees



Employment rate of people with disabilities



* Aggregated values from January 1 of the previous fiscal year to December 31 of the current fiscal year.
Ex.: FY2023 → Period from January 1, 2023 to December 31, 2023

Consolidated Balance Sheet

(millions of yen)

	Previous fiscal year (March 31, 2023)	Fiscal year under review (March 31, 2024)		Previous fiscal year (March 31, 2023)	Fiscal year under review (March 31, 2024)
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	15,558	17,642	Trade notes and accounts payable	20,904	19,842
Notes receivable - trade	1,026	1,144	Electronically recorded obligations - operating	4,640	2,839
Accounts receivable - trade	39,470	42,977	Short-term borrowings	29,124	34,065
Electronically recorded monetary claims - operating	2,826	4,452	Income taxes payable	3,014	3,605
Contract assets	32,359	33,651	Contract liabilities	3,007	3,920
Lease investment assets	9,853	27,814	Provision for bonuses	1,594	1,890
Merchandise and finished goods	7,165	7,707	Provision for product warranties	548	1,686
Work in progress	21,886	9,221	Provision for loss on construction contracts	512	83
Raw materials and supplies	1,744	4,902	Provision for stock-based remuneration for directors (and other officers)	105	107
Other	4,891	3,978	Other	5,284	4,561
Allowance for doubtful accounts	(17)	(23)	Total current liabilities	68,738	72,602
Total current assets	136,765	153,469	Fixed liabilities		
Fixed assets			Long-term borrowings	3,895	2,400
Tangible fixed assets			Deferred tax liabilities	91	59
Buildings and structures	19,183	19,526	Retirement benefit liabilities	5,511	5,344
Accumulated depreciation	(13,104)	(13,550)	Other	245	149
Buildings and structures (net)	6,078	5,976	Total fixed liabilities	9,744	7,953
Machinery, equipment, and vehicles	6,582	6,706	Total liabilities	78,483	80,555
Accumulated depreciation	(5,452)	(5,828)	Net assets		
Machinery, equipment, and vehicles (net)	1,129	877	Shareholders' equity		
Land	12,296	12,304	Capital stock	8,225	8,225
Construction in progress	118	148	Capital surplus	7,508	7,508
Other	5,955	6,557	Retained earnings	69,002	82,907
Accumulated depreciation	(4,784)	(5,229)	Treasury stock	(613)	(518)
Other (net)	1,171	1,327	Total shareholders' equity	84,123	98,122
Total tangible fixed assets	20,795	20,634	Accumulated other comprehensive income		
Intangible fixed assets	949	986	Valuation difference on available-for-sale securities	539	774
Investments and other assets			Deferred gains or losses on hedges	(2)	-
Investment securities	2,430	2,835	Foreign exchange translation adjustment	1,191	1,923
Retirement benefit assets	815	1,955	Accumulated adjustment for retirement benefits	317	1,108
Deferred tax assets	2,673	2,404	Total accumulated other comprehensive income	2,047	3,805
Other	596	600	Minority interests	201	219
Allowance for doubtful accounts	(171)	(183)	Total net assets	86,371	102,147
Total investments and other assets	6,343	7,613	Total liabilities and net assets	164,854	182,703
Total fixed assets	28,088	29,233			
Total assets	164,854	182,703			

Consolidated Statement of Income

(millions of yen)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Fiscal year under review (from April 1, 2023 to March 31, 2024)
Net sales	132,426	150,356
Cost of sales	97,449	106,514
Gross income	34,976	43,841
Selling, general and administrative expenses	19,763	21,297
Operating profit	15,212	22,544
Non-operating profit		
Interest income	35	138
Dividend income	44	47
Exchange gains	559	546
Equity method investment income	208	203
Other	130	205
Total non-operating income	978	1,142
Non-operating expenses		
Interest expenses	159	240
Other	10	20
Total non-operating expenses	170	261
Ordinary income	16,020	23,425
Extraordinary income		
Income from sales of fixed assets	5	13
Income from sales of investment securities	40	191
Gain on liquidation of subsidiaries	-	57
Total extraordinary income	46	262
Extraordinary losses		
Loss on sales of fixed assets	0	-
Loss on abandonment of fixed assets	28	55
Loss on sales of investment securities	1	-
Total extraordinary losses	31	55
Income before income taxes	16,035	23,633
Corporate, inhabitant, and business taxes	4,628	6,503
Income taxes - deferred	(357)	(205)
Total income taxes	4,270	6,298
Profit	11,764	17,334
Profit attributable to minority interests	34	24
Profit attributable to owners of parent	11,730	17,310

Consolidated Statement of Comprehensive Income

(millions of yen)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Fiscal year under review (from April 1, 2023 to March 31, 2024)
Profit	11,764	17,334
Other comprehensive income		
Valuation difference on available-for-sale securities	104	232
Deferred gains or losses on hedges	(2)	2
Foreign exchange translation adjustment	625	748
Adjustment amount for defined benefit plans	110	792
Share of other comprehensive income of entities accounted for using equity method	0	2
Total other comprehensive income	837	1,777
Comprehensive income	12,602	19,112
Items		
Comprehensive income attributable to owners of parent	12,559	19,068
Comprehensive income attributable to minority interests	43	43

Consolidated Statement of Shareholders' Equity

(millions of yen)

Previous fiscal year (from April 1, 2022 to March 31, 2023)	Shareholders' equity					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance at beginning of current period	8,225	7,508	59,619	(734)	74,617		
Changes during current period							
Dividends of surplus			(2,347)		(2,347)		
Profit attributable to owners of parent			11,730		11,730		
Acquisition of treasury stock				(4)	(4)		
Disposal of treasury stock		0		125	125		
Changes in items other than shareholders' equity (net)							
Total changes during current period	–	0	9,383	121	9,505		
Balance at end of current period	8,225	7,508	69,002	(613)	84,123		
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign exchange translation adjustment	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of current period	434	(0)	575	208	1,218	168	76,004
Changes during current period							
Dividends of surplus							(2,347)
Profit attributable to owners of parent							11,730
Acquisition of treasury stock							(4)
Disposal of treasury stock							125
Changes in items other than shareholders' equity (net)	104	(2)	616	109	828	32	861
Total changes during current period	104	(2)	616	109	828	32	10,366
Balance at end of current period	539	(2)	1,191	317	2,047	201	86,371

(millions of yen)

Fiscal year under review (from April 1, 2023 to March 31, 2024)	Shareholders' equity					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance at beginning of current period	8,225	7,508	69,002	(613)	84,123		
Changes during current period							
Dividends of surplus			(3,405)		(3,405)		
Profit attributable to owners of parent			17,310		17,310		
Acquisition of treasury stock				(2)	(2)		
Disposal of treasury stock				97	97		
Changes in items other than shareholders' equity (net)							
Total changes during current period	–	–	13,904	95	13,999		
Balance at end of current period	8,225	7,508	82,907	(518)	98,122		
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign exchange translation adjustment	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of current period	539	(2)	1,191	317	2,047	201	86,371
Changes during current period							
Dividends of surplus							(3,405)
Profit attributable to owners of parent							17,310
Acquisition of treasury stock							(2)
Disposal of treasury stock							97
Changes in items other than shareholders' equity (net)	234	2	731	790	1,758	17	1,776
Total changes during current period	234	2	731	790	1,758	17	15,776
Balance at end of current period	774	–	1,923	1,108	3,805	219	102,147

Consolidated Statement of Cash Flows

(millions of yen)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Fiscal year under review (from April 1, 2023 to March 31, 2024)
Cash flow from operating activities		
Income before income taxes	16,035	23,633
Depreciation	1,824	2,010
Increase (decrease) in provisions	652	1,111
Increase (decrease) in retirement benefit liabilities	171	64
Decrease (increase) in retirement benefit assets	(211)	(239)
Interest and dividend income	(80)	(186)
Interest expenses	159	240
Foreign exchange losses (gains)	(233)	(43)
Loss (gain) on liquidation of subsidiaries	–	(57)
Share of loss (profit) of entities accounted for using equity method	(208)	(203)
Loss (gain) on sales of fixed assets	(4)	(13)
Loss on abandonment of fixed assets	28	55
Loss (gain) on sales of investment securities	(39)	(191)
Decrease (increase) in trade receivables and contract assets	(19,954)	(4,825)
Decrease (increase) in lease investments	1,439	(17,960)
Decrease (increase) in inventories	(17,295)	9,128
Increase (decrease) in trade payables	664	(3,721)
Other	1,666	814
Subtotal	(15,384)	9,614
Interest and dividends received	93	198
Interest paid	(168)	(238)
Insurance income received	71	114
Income taxes paid or refunded	(3,147)	(5,965)
Other	–	3
Cash flow from operating activities	(18,536)	3,726
Cash flow from investing activities		
Expenditures on acquisitions of tangible fixed assets	(1,205)	(1,191)
Income from sales of tangible fixed assets	5	14
Expenditures on acquisitions of intangible fixed assets	(247)	(456)
Expenditures on acquisitions of investment securities	(301)	(2)
Income from sales of investment securities	73	254
Loan expenditures	–	(30)
Income from loan collection	300	–
Other	64	(5)
Cash flow from investing activities	(1,309)	(1,415)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	19,138	4,676
Repayments of long-term borrowings	(1,900)	(1,700)
Acquisition of treasury stock	(4)	(2)
Dividends paid	(2,347)	(3,405)
Dividends paid to minority interests	(10)	(25)
Other	(170)	(184)
Cash flow from financing activities	14,706	(641)
Foreign exchange translation adjustments on cash and cash equivalents	500	415
Increase (decrease) in cash and cash equivalents	(4,639)	2,084
Cash and cash equivalents at beginning of current period	20,198	15,558
Cash and cash equivalents at end of current period	15,558	17,642

Company Information

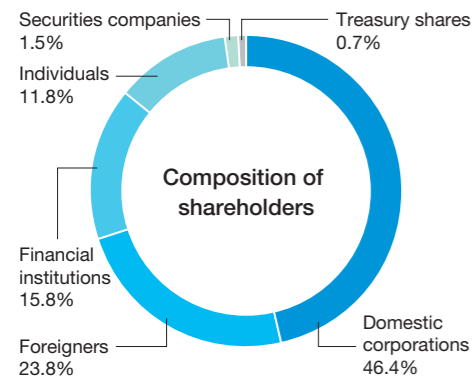
Company Profile (as of March 31, 2024)

Company name ORGANO CORPORATION
Foundation May 1, 1946
Capital 8,225,499,312 yen
Representative Masayuki Yamada, Representative Director and President

Number of employees 2,512 consolidated (1,142 single entity)
Major businesses As a comprehensive water treatment engineering company, the Company is mainly engaged in the manufacture, sale, and maintenance of various types of industrial process water and wastewater treatment systems using ion exchange resin, separation membranes, and activated charcoal, the provision of water treatment outsourcing services, and the sale of various chemicals and food processing materials.

Shares (as of March 31, 2024)

Total number of authorized shares: 101,568,000 shares
 Total number of issued shares: 46,359,700 shares (including 338,284 treasury shares)
 Number of shareholders: 11,499



Major Shareholders (top ten)

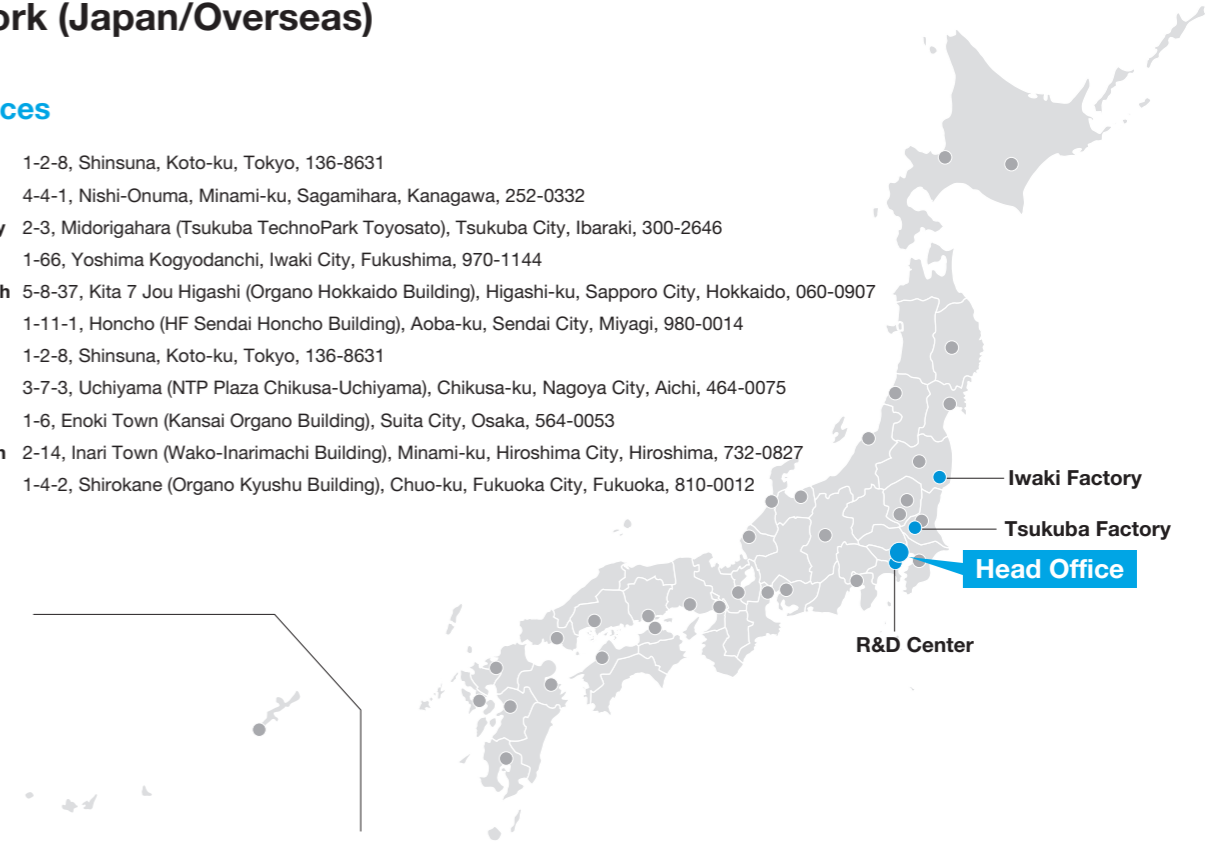
Name of shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Tosoh Corporation	20,379	44.28
The Master Trust Bank of Japan, Ltd. (Trust account)	3,528	7.67
Custody Bank of Japan, Ltd. (Trust account)	1,760	3.83
KBC BANK NV - UCITS CLIENTS NON TREATY	843	1.83
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	646	1.40
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	614	1.33
STATE STREET BANK AND TRUST COMPANY 505223	515	1.12
Mizuho Bank, Ltd.	464	1.01
STATE STREET BANK WEST CLIENT -TREATY 505234	398	0.87
JP MORGAN CHASE BANK 385781	361	0.79

Notes: 1. The treasury shares (338,284 shares) are excluded in the calculation of the holding ratio shown above.
 2. 77,240 shares of the Company held by Custody Bank of Japan, Ltd. (Trust account) (shares in the Officer Share Delivery Trust) are not included in treasury shares.

Network (Japan/Overseas)

Major Offices

Head Office 1-2-8, Shinsuna, Koto-ku, Tokyo, 136-8631
R&D Center 4-4-1, Nishi-Onuma, Minami-ku, Sagami-hara, Kanagawa, 252-0332
Tsukuba Factory 2-3, Midorigahara (Tsukuba TechnoPark Toyosato), Tsukuba City, Ibaraki, 300-2646
Iwaki Factory 1-66, Yoshima Kogyodanchi, Iwaki City, Fukushima, 970-1144
Hokkaido Branch 5-8-37, Kita 7 Jou Higashi (Organo Hokkaido Building), Higashi-ku, Sapporo City, Hokkaido, 060-0907
Tohoku Branch 1-11-1, Honcho (HF Sendai Honcho Building), Aoba-ku, Sendai City, Miyagi, 980-0014
Kanto Branch 1-2-8, Shinsuna, Koto-ku, Tokyo, 136-8631
Chubu Branch 3-7-3, Uchiyama (NTP Plaza Chikusa-Uchiyama), Chikusa-ku, Nagoya City, Aichi, 464-0075
Kansai Branch 1-6, Enoki Town (Kansai Organo Building), Suita City, Osaka, 564-0053
Chugoku Branch 2-14, Inari Town (Wako-Inarimachi Building), Minami-ku, Hiroshima City, Hiroshima, 732-0827
Kyushu Branch 1-4-2, Shirokane (Organo Kyushu Building), Chuo-ku, Fukuoka City, Fukuoka, 810-0012



Domestic Group Companies

Organo Plant Service Corporation	1-2-8, Shinsuna, Koto-ku, Tokyo, 136-0075
Organo Food Tech Corporation	2100-43, Kamiyoshihara, Saitama City, Saitama, 340-0121
Organo Eco Tech Corporation*	1-2-8, Shinsuna, Koto-ku, Tokyo, 136-0075
Organoacty Corporation	1-2-8, Shinsuna, Koto-ku, Tokyo, 136-0075
Hostec Co., Ltd.	4780-4 Nakasu, Suwa City, Nagano 392-0015
Tohoku Denki Tekko Co., Ltd.	1-4-57, Ohama, Sakata City, Yamagata, 998-0064

* The Company merged with Organo Eco Tech Corporation on April 1, 2024.

Overseas Group Companies

Organo (Asia) Sdn. Bhd.	No. 49, Jalan Bagan Terap 26/11, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia
Organo (Suzhou) Water Treatment Co., Ltd.	No. 28 Sheng gang Rd. Suzhou Industrial Park, Suzhou 215126, China
Organo Technology Co., Ltd.	10th Floor, No. 158, Sec. 2, Gongdao 5th Rd., Hsinchu City 300, Taiwan R.O.C.
Organo (Thailand) Co., Ltd.	89/1 Kasemsap Building, 6th Floor, Viphavadi Rangsit Rd., Chom Phon, Chatuchak, Bangkok 10900, Thailand
PT Lautan Organo Water	Graha Indramas 5th Floor, Jl. AIP II K.S. Tubun Raya, No.77, Jakarta 11410, Indonesia
Organo (Vietnam) Co., Ltd.	Thuy Loi 4 Office Building, 3rd Floor, 102 Nguyen Xi Street, Ward 26, Binh Thanh District, Ho Chi Minh City, Vietnam
Organo USA, Inc.	23040 N 11th Avenue, Suite 107 Phoenix, AZ 85027, United States

External Evaluation—Incorporated into Indexes



JPX-Nikkei Index 400

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI



S&P/JPX Carbon Efficient Index



CDP

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