

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.

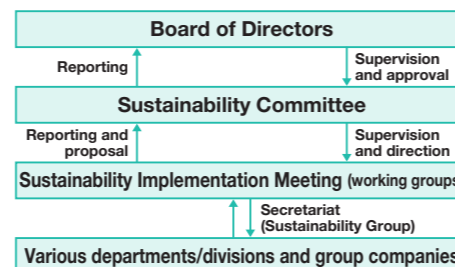
Sustainability Promotion System

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.

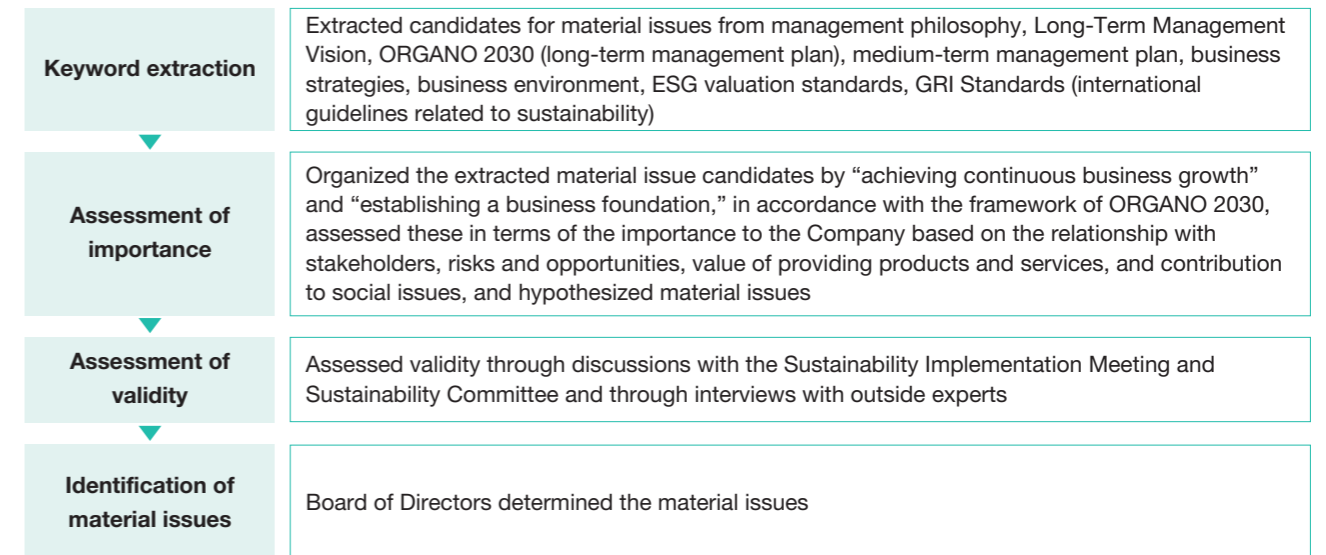
The Sustainability Committee is required to meet at least twice a year, and it may meet on an ad hoc basis when there are urgent matters to be considered. In FY2023, the committee met a total of five times.



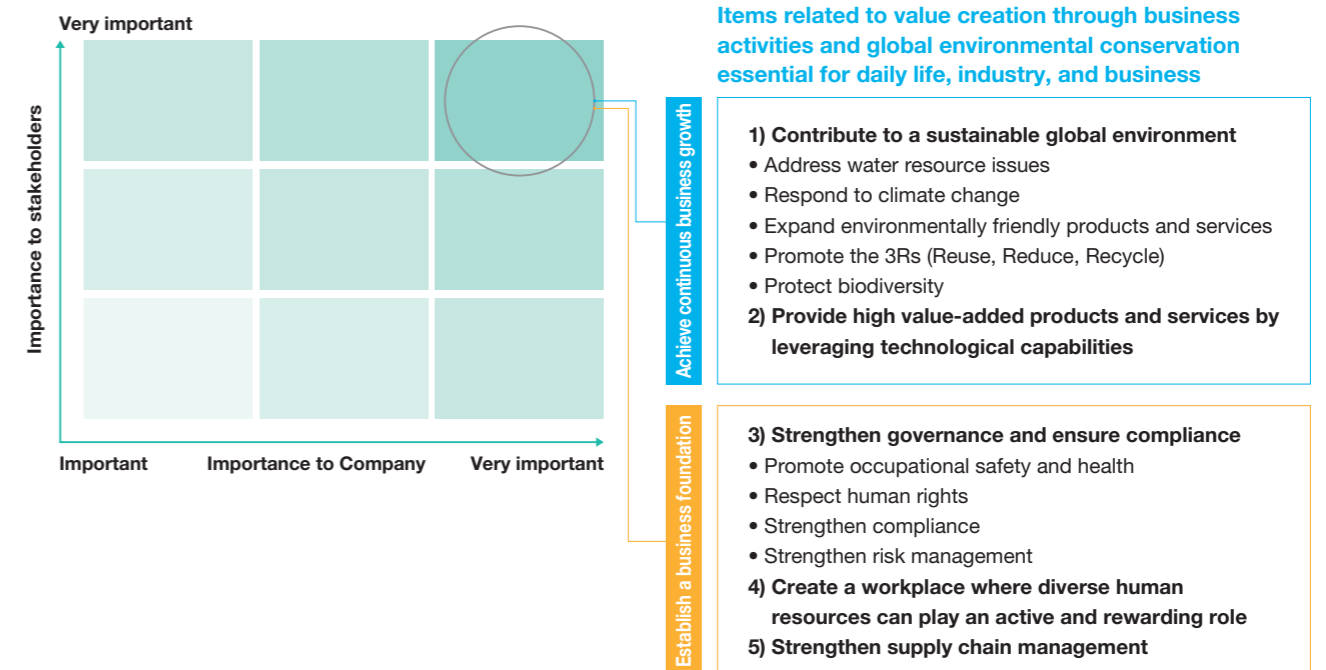
Material Issues

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



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
		Expansion of environmentally friendly products and services	<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

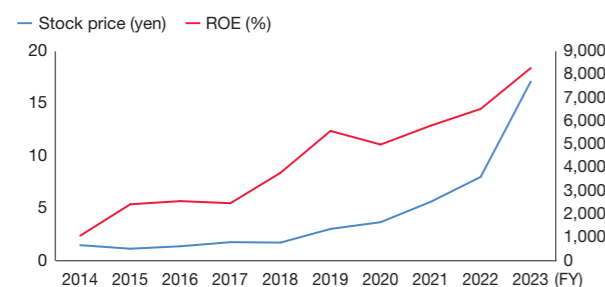
<https://www.organo.co.jp/english/company/governance/guidance/>



Transition toward Stronger Corporate Governance

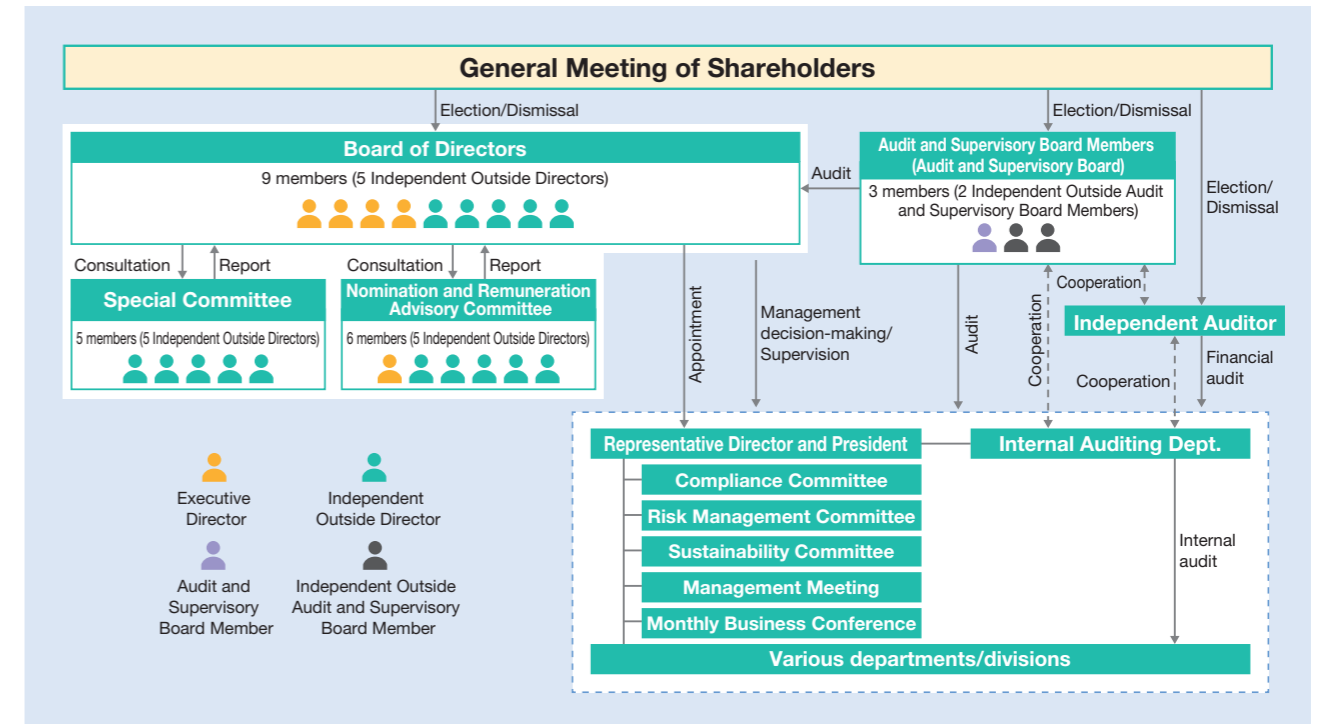
We, the Organo Group, believe that it is our major mission to contribute to the harmony of industry, the environment, and people's lives by leveraging the technologies and services we have cultivated in water treatment to provide advanced water treatment essential for industry, to preserve the natural 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



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.

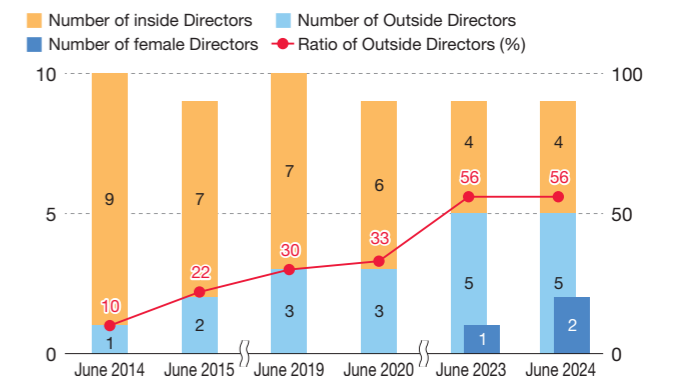
Special Committee

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. 2023 Outside Director of NIPPON STEEL KOWA REAL ESTATE CO., LTD. (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

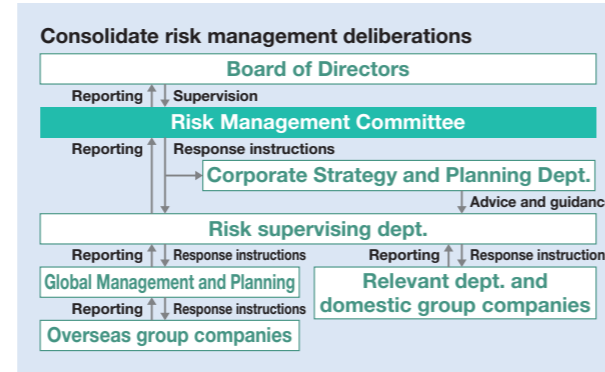
Risk Management

Risk Management Process

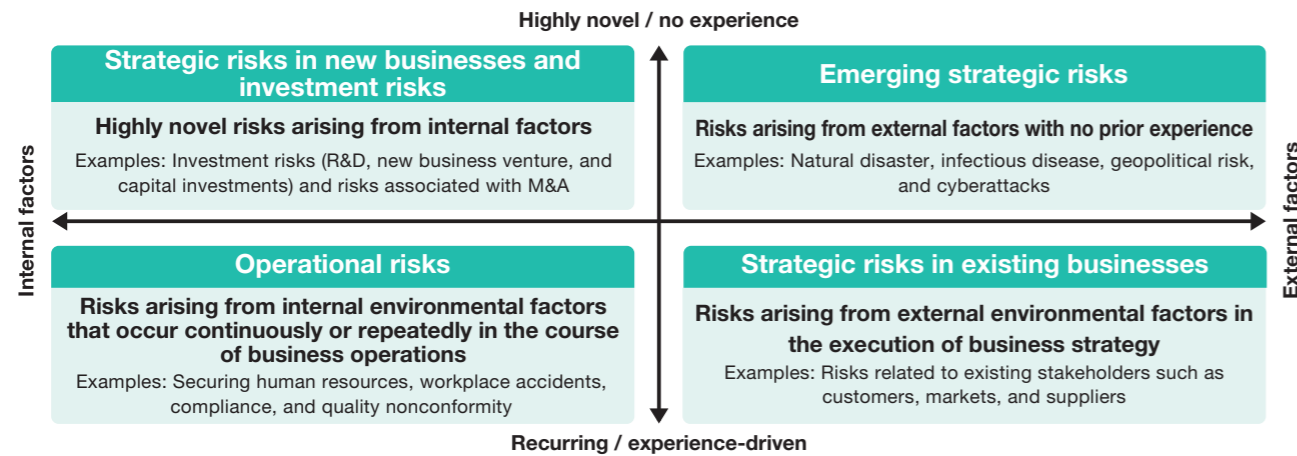
Previously, the Risk Management Division oversaw the Company's risk management, operating a company-wide PDCA cycle. To ensure more appropriate management of major risks, however, we introduced a system that promotes risk management led by the Risk Management Committee, which was established on April 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)

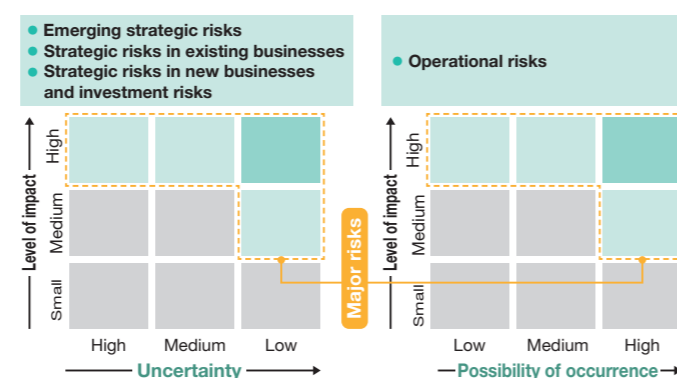


Four Risk Quadrants



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.

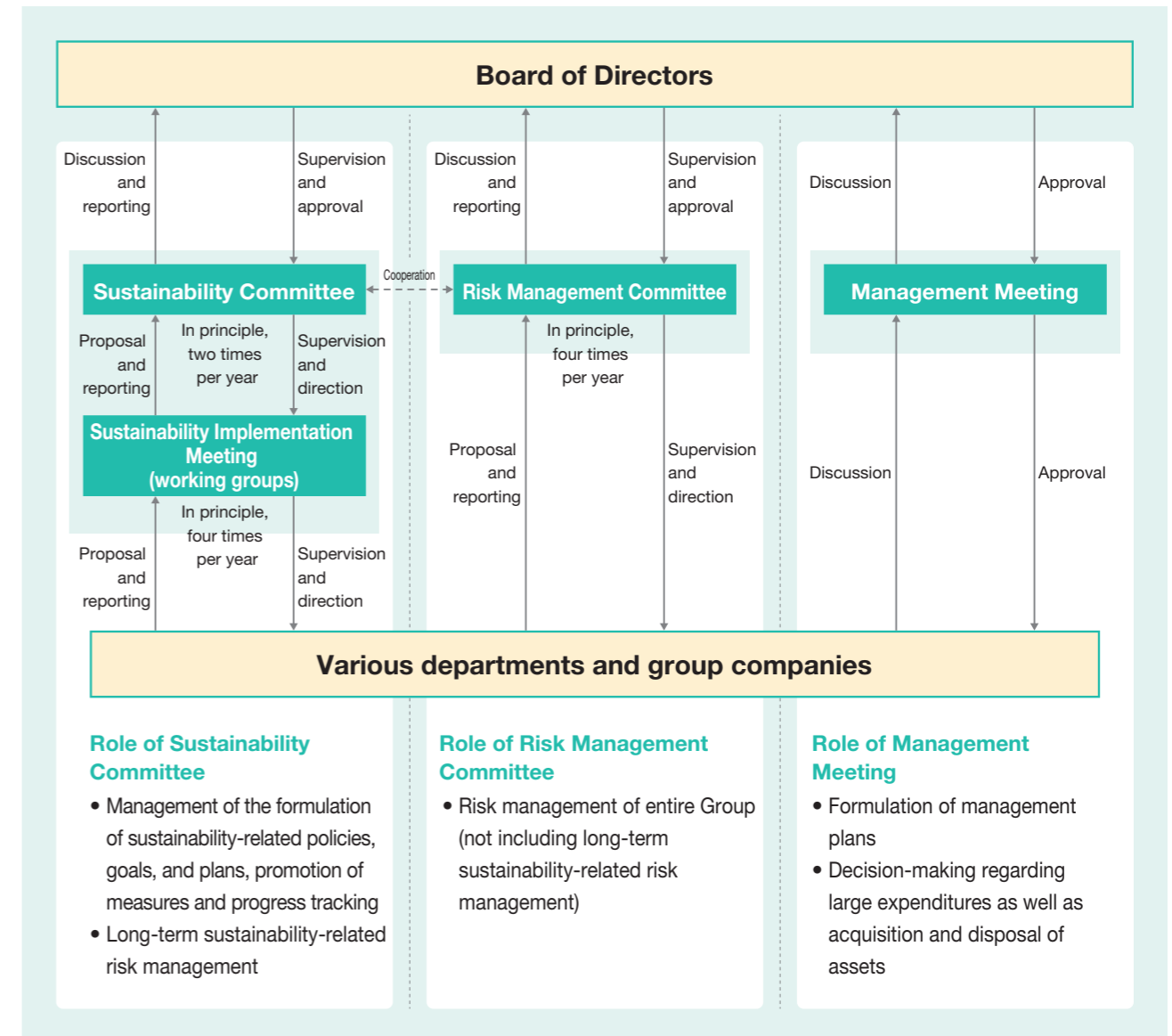
■ Sustainability Implementation Meeting

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
Technology		Expanded business scope due to increased demand for CO ₂ emission reduction and water recovery technology, such as by working with customers to improve the efficiency of water supply and facility operations	High	■	■	■	Promote development of low-carbon technology and products and expand service solutions lineup and water recovery technology	
4°C (status quo) scenario	Risks	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

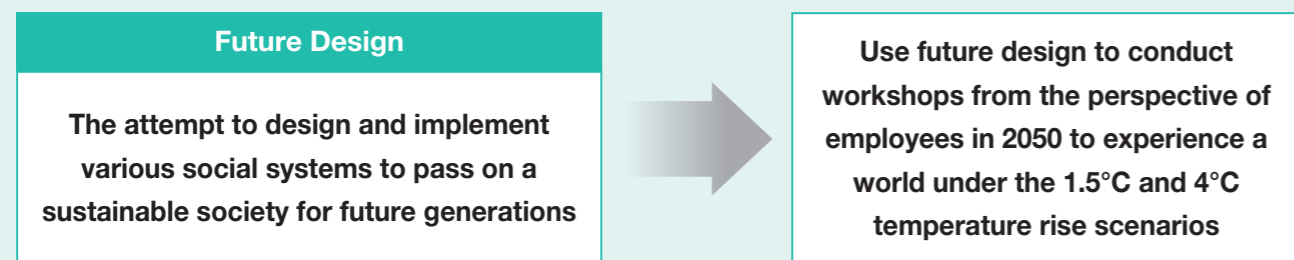
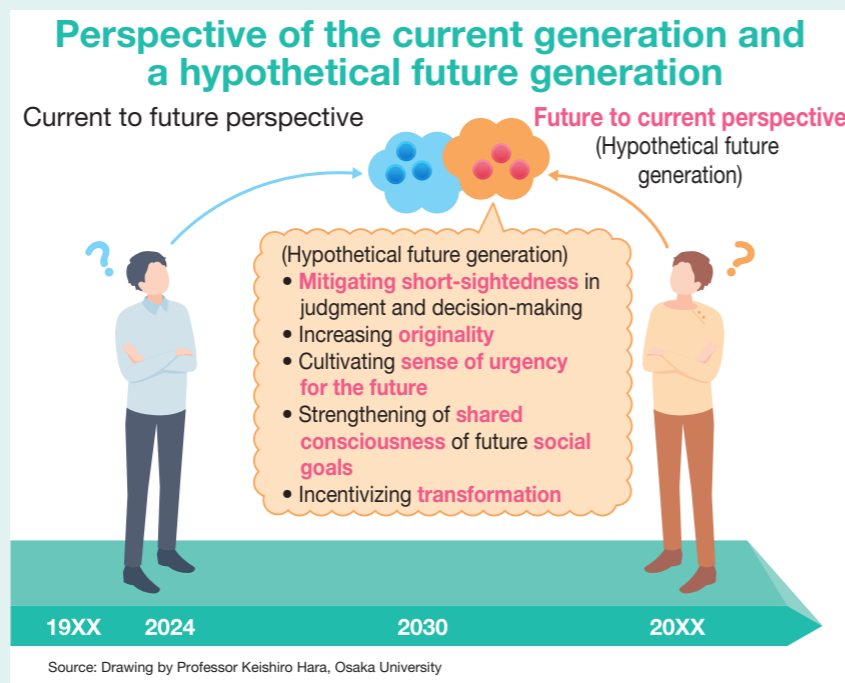
Introduction of future design

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.

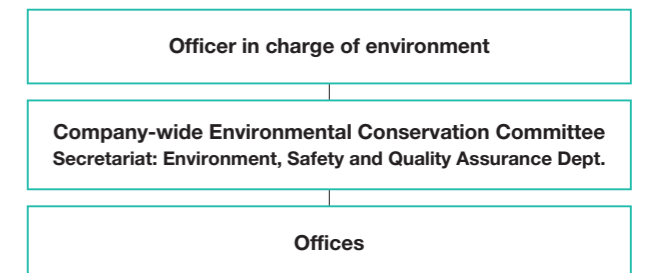
Basic Environmental Policy

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

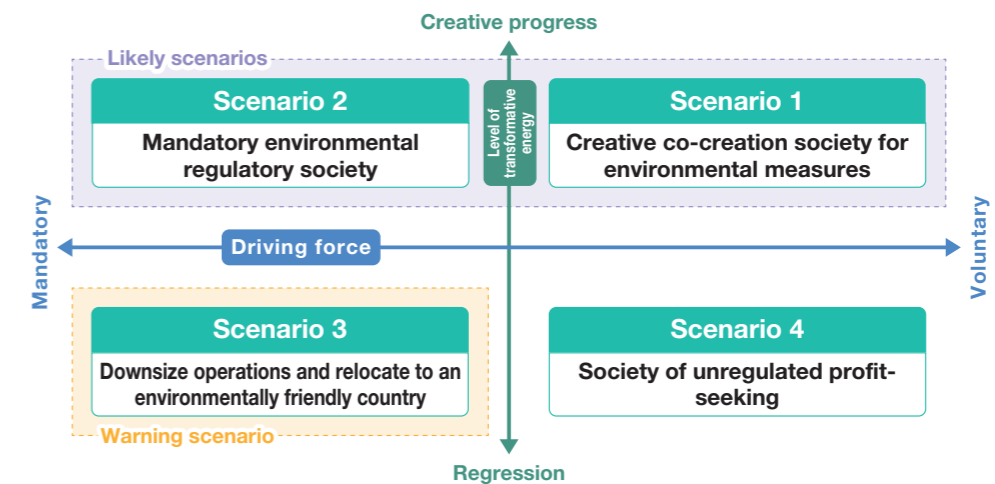
	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Total volume	t	1,285	1,165	1,171	2,776	3,102
Recycling volume	t	548	486	554	430	552
Volume of waste generated	t	737	679	617	2,346	2,550

* 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.

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



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.

<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.

