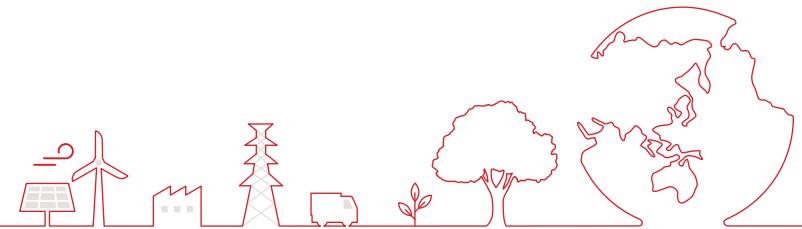


Identifying Material Issues “Materiality”



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

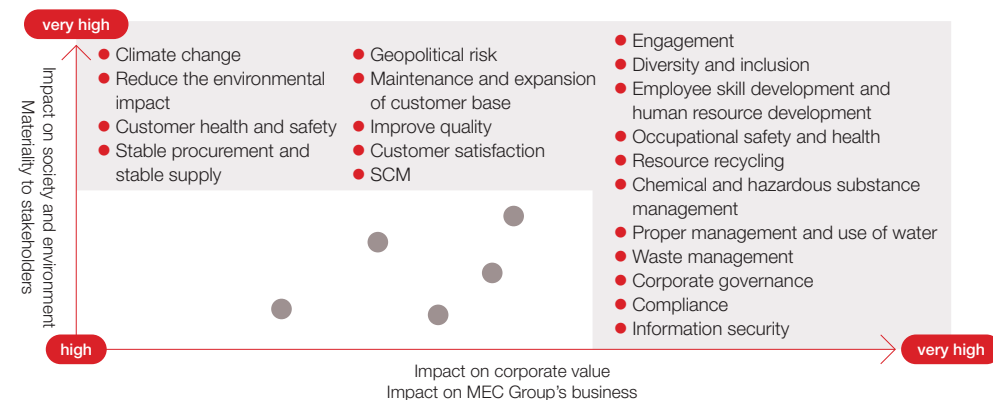
Process for Identifying Material Issues

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

Evaluation of Initiatives with High Materiality

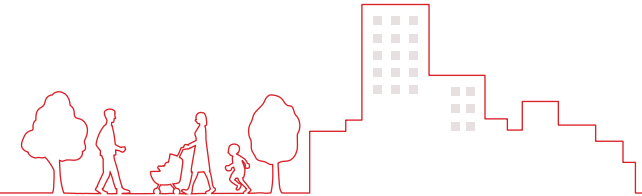
We have identified the most important themes regarding society and our business axes, and mapped the impact evaluation.













Evaluation to Identify Materiality



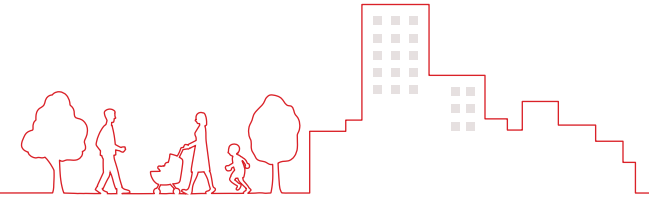
Materiality	Risks	Opportunities
1 Research and development to open up the future	<ul style="list-style-type: none"> Loss of confidence and decline in business performance due to the lack of a capability to respond to increasingly diverse and sophisticated customer needs 	<ul style="list-style-type: none"> Identification of customer needs and enhancement of customer value Contribution to solving social issues Sustainable growth Continuing to be an R&D-oriented company
2 Proper procurement, production and logistics	<ul style="list-style-type: none"> Loss of business opportunities and decline in business performance due to difficulties in procuring raw materials caused by natural disasters, infectious diseases, etc. Decline in trust due to the lack of a capability to meet customer demands 	<ul style="list-style-type: none"> Stabilization of business deployment through collaboration with procurement partners Supply chain stability Enhancement of the brand value and image Gaining the trust of customers
3 Environmental preservation	<ul style="list-style-type: none"> Increase in costs due to tighter regulations related to recycling, waste disposal, and information disclosure Adverse impact on the operations of the Company and its customers due to the occurrence of water risks, including climate change Loss of market or decline in public trust in the event of an inadequate response 	<ul style="list-style-type: none"> Reduction in business costs due to lower raw material usage and waste disposal Improvement of expectations for safety and security through timely and appropriate information disclosure Expansion in business that contributes to addressing climate change-related matters
4 Quality and safety	<ul style="list-style-type: none"> Labor losses due to a lack of safety, especially in laboratories, factories, etc. Decline in productivity Loss of brand value due to failures Loss of trust from customers and society 	<ul style="list-style-type: none"> Smooth implementation of business plans thanks to a secure, safe and stable work environment Improvement of employee literacy Expansion, development and growth of business by providing products and services that meet the needs of stakeholders
5 Utilization of diverse human resources	<ul style="list-style-type: none"> Labor losses due to not being able to secure employee health and safety Disengagement and loss of excellent human resources who do not feel job satisfaction and growth Poor performance due to a decline in operational efficiency caused by deterioration in the work environment 	<ul style="list-style-type: none"> Acquisition and retention of excellent human resources Productivity improvement Creation of innovation Sustainable growth of the company Increased returns to customers
6 Reinforcement of management foundations	<ul style="list-style-type: none"> Decline in stakeholder trust due to a governance structure that fails to ensure fair and transparent management Decrease in the effectiveness of the Board of Directors Occurrence of serious damage to our business due to the lack of a capability to respond to changes in the business environment and risks 	<ul style="list-style-type: none"> Securing and enhancing stakeholder trust and sustainable growth through conducting sincere business activities in accordance with various regulations and systems Higher employee motivation and performance resulting from establishing a sound workplace environment Acquisition and expansion of business opportunities Stable management and sustainable growth

Material Issues and KPI, Related SDGs Actions



Six Material Issues	Efforts to Address Material Issues	KPIs for FY2024 [Indicators for achievement]	Achievement	Action Items and Measures Implemented [Achievement of KPIs in FY2024]	Goals for 2030	Related SDGs Actions
1 Research and Development to open up the future	Development of products that reduce environmental impact	Promotion of sustainable product development	○	As mid- to long-term activities for the next generation, we develop products that help improve social issues and disseminate solutions. In FY2024, we developed prototypes that reduce environmental impact as well as ensure performance. Performance evaluation is in progress.	<ul style="list-style-type: none"> Establish chemical adhesion technology Reduce the burden of waste treatment 	 
	Development of new business	Promotion of rechargeable battery-related business	○	Technology development and issue identification	Launch a new core business	
2 Proper Procurement, Production, and Logistics	SCM (Supply Chain Management)	Visit raw material manufacturers, hold technical review meetings, and conduct exchanges between presidents to deepen relationships	○	Visits to raw material manufacturers: 12 companies Technical exchange meetings: 2 companies Meetings for exchange between presidents: 1 company	Taking into consideration the natural environment and human rights, we will procure environmentally friendly raw materials and engage in recycling of raw materials and containers. We will also continue to strive for responsible resource procurement	  
	CSR procurement	Promotion of the diversification of suppliers of main raw materials	○	Promoting diversification of suppliers of main raw materials is under way according to plan		
	Creation of global production and supply system	Improvements to production and supply capabilities at each production site	○	Execution of operations related to securing production capacity and improving efficiency	Establish global production system/Establish consolidated BCP system	
	BCP (Business Continuity Plan) responses	Establishment of a stable production system	○	Reinforcement of pilot factory functions at Amagasaki Factory, reinforcement of global production control functions, etc.		
3 Environmental Preservation	Appropriate chemical substance management	Promote non-use of prohibited substances	○	Properly handling various chemical substances in accordance with laws including the maintenance of a system that does not use prohibited substances and compliance with environmental laws and regulations.	Minimize the impact on the health of those who handle chemical substances by thorough management	  
		Provide education and share information	○	As a chemical manufacturer, planning to provide education on domestic and international chemical substance laws and regulations for implementation starting in 2025. In addition, sharing of appropriate hazard information with employees who use and manage chemical substances.		
	Address climate change issues	Strengthening of information disclosure in line with TCFD recommendations	○	In February 2025, identification of opportunities associated with change through "transition", increase of contents for public disclosure and posting of information on the company website	Earnestly address global environmental issues for sustainable growth of society	
		Disclosure of information regarding Scope 3 emissions	○	For Scope 3, disclosure of information on all categories	Reduce energy use and work toward net zero	
4 Quality and Safety	Health and safety management	Zero accidents resulting in lost time	○	Maintained zero accidents resulting in lost time. (Zero accidents not accompanied by lost time)	Provide a safe and secure working environment (Maintain zero accidents resulting in lost time)	   
	Quality assurance	Rebuilding and improving quality assurance systems	○	Continued efforts to rebuild the quality assurance system and completed measures as planned	Continue to provide customers with satisfactory goods and services globally	
	Improvement of corporate value through appropriate information disclosure	Implementation of appropriate information disclosure	○	Disclosure of information without delay and expansion of disclosure in English language, and communication with investors and shareholders	Strive to further enhance corporate value	

Material Issues and KPI, Related SDGs Actions



Six Material Issues	Efforts to Address Material Issues	KPIs for FY2024 [Indicators for achievement]	Achievement	Action Items and Measures Implemented [Achievement of KPIs in FY2024]	Goals for 2030	Related SDGs Actions
5 Utilization of Diverse Human Resources	Health management	Maintain the rate of employees having a medical checkup	<div></div>	<div><div></div>Maintained 100% medical checkup rate</div> <div><div></div>Implementation of online health seminars</div>	Maintain a high level of employee satisfaction by promoting health management and implementing various vacation programs [Increase the child-rearing leave take-up rate among male employees to at least 85% by 2030 (non-consolidated target for the Company)]	<div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>5GENDER EQUALITY</div><div>8DECENT WORK AND ECONOMIC GROWTH</div></div>
	Work-life balance (WLB)	Increase male employees who take child-rearing leave	<div></div>	FY2023: 4 employees FY2024: 9 employees took leave (Average length of childcare leave taken is 83 days)		
	Improving the working environment	Improvement of the workplace environment	<div></div>	<div><div></div>Bicycle safety training for all relevant persons</div> <div><div></div>Lifesaving and first aid training at Amagasaki District Office</div> <div><div></div>Consideration of periodic training programs on money and health</div>	Create a work environment that accommodates diverse work styles	
	Career development	Have all employees receive mandatory training	<div></div>	Attendance rate of mandatory training: Approximately 100% Establishment of programs to enable each employee to maximize his or her potential, and promoting diversification and enrichment of education	Aiming to develop human resources capable of self-reliance and self-discipline, and achievement of a fair and highly satisfying work environment	
	Diversity	Recruitment of diverse human resources	<div></div>	Hired 26 persons in 2024: 12 women, 1 foreign national, 1 disabled person		
	Engagement	Building a relationship where employees and the company are equals and can grow together	<div></div>	Implementation of measures to deepen employee understanding of the medium-term management plan to help employees understand and empathize with the company's vision and direction		
6 Reinforcement of Management foundations	Governance	Attendance at Board of Directors meetings: 85% or more (Outside Directors)	<div></div>	Attendance of Outside Directors: 100%	Carry out corporate management that is trusted by society by strengthening governance	<div></div>
	Information security	Zero serious security incidents	<div></div>	Zero serious security incidents In order to appropriately manage and utilize the information assets held, determined the basic matters to be strictly adhered to, and made efforts to realize uniform information security management through appropriate operation	Avoid losses associated with confidential information leaks	
		Have all employees perform self-check and achieve the pass rate of 100%	<div></div>	<div><div></div>Had all employees perform self-check and achieved a pass rate of 100%</div> <div><div></div>Number of IT literacy training sessions: 10</div> <div>Conducted online education as planned on IT systems and information security that employees should understand</div>		
	Risk management	Visualize management risks and implement countermeasures	<div></div>	Review management risks as appropriate and implement countermeasures Visualized various risks and countermeasures that impede the MEC Group's sustainable growth and reported and discussed them at the Risk Management Committee	Ensure thorough understanding of risks and opportunities in order for the MEC Group to grow sustainably	