

## Message from the COO and CSuO

I dedicate myself to achieving our goals by closely supporting those on our frontlines and implementing highly effective activities through the management of both business operations and sustainability efforts

### Profile

#### Tetsuo Nakano

Director, Senior Executive Vice President,  
Chief Operating Officer, and  
Chief Sustainability Officer



## My Duty as COO and CSuO

I began working for Ushio Inc. in 1988. Several years later, I spent 12 years posted at Ushio Shanghai, Inc. and was involved in establishing sales and customer service bases throughout China before returning to Japan in 2019 to lead the Light Source business and serve as General Manager of the ESG Promotion Headquarters. The Chinese make decisions much more quickly than the Japanese: they will take on endeavors despite uncertainty if they have reason to believe that there is a chance of success, and will stop immediately if it proves fruitless. The mindset of judging quickly and acting quickly that I learned in China is something I still value today.

After serving as General Manager of the ESG Promotion Headquarters, I was appointed as COO and CSuO in fiscal 2024. This may be an unusual pairing, but business and sustainability are inextricably connected, and ultimately companies that create both economic and social value are the ones that are chosen. My duty is to carry out both of them together.

Our New Growth Strategy, Revive Vision 2030, which we announced in May 2024, was formulated with a strong resolve to put Ushio back on a growth trajectory through major reforms. In order to “Revive” Ushio as the name suggests, I am prepared to fulfill my duty to withstand opposition in the Company, explain this plan thoroughly until every employee accepts it, and steadily carry out our strategies.

On the business side, as COO, I want to clarify each department’s role so that we can carry out streamlined business activities.

When it comes to strategies and measures to achieve Phase I of Revive Vision 2030 (ROE of 8% or more), I will break them down and

translate them to make them easy for our employees to understand and internalize, enabling each individual to take ownership.

I also established a Business Expert Center in fiscal 2024, which reports directly to the COO.

This organization contains personnel from various departments and levels of command. Each member utilizes their own knowledge and experience to autonomously identify what is lacking in our business operations and take a central role in supporting divisions and subsidiaries. Particularly important KPIs of theirs at present are improving our marketing capabilities, developing talent, and building an effective company culture. I want to expand that job-based system throughout the whole Company in future.

Now, my other duty, the management of sustainability efforts. I often hear about companies pulling employees from existing CSR-related departments to create a new department dedicated to promoting sustainability. That department implements sustainability-related measures for the frontline employees who handle the company’s business operations, which are opposed by the employees, who are concerned with their immediate work, on the grounds that the department is not aware of the reality of that work and the measures are not possible. As a result, the measures are not implemented as smoothly as the department expected. For this reason, our Sustainability Promotion Division mainly comprises personnel who are experienced in business matters such as sales, marketing and development, with the aim of alleviating issues like that. I will employ the following policy to promote sustainability and carry out reforms with a team that is unique to Ushio.

## My Basic Policy for Revive Vision 2030 as CSuO

Our Sustainability Promotion Division (formerly ESG Promotion Headquarters), which reports directly to me, will implement our Five Management Focuses, carry out measures to enhance internal and external engagement, and clarify targets for non-financial KPIs, taking a two-pronged approach of business and sustainability to achieve Revive Vision 2030. Our KPIs for enhancing internal and external engagement were mostly achieved in fiscal 2023. From fiscal 2024, we will continue to focus on enhancing both of these, and we expect this to contribute to our business results. We will employ three specific policies to this end. The first is activities to increase awareness of sustainability from a global perspective, since more than half of our employees are overseas employees. The second is to understand our front lines well and explore Ushio’s unique raison d’être to increase our own unique value instead of imitating other companies. The third is to deliver real ESG value that is supported, shared and understood.

By “supported, shared and understood” in our third policy, I do not only mean that we should gain a good reputation by enhancing our disclosures in response to requests from outside parties, nor do I mean that we can simply make a booklet to raise awareness about ESG, distribute it, and consider our job done. We will use wording that frontline employees can relate to as we share management’s views and get employees invested in this work, in a framework that enables that series of activities to be carried out effectively. We will carry out global activities in which we will utilize quantitatively analyzed data to identify each department’s strengths and weaknesses and provide feedback based on clear evidence about what each department needs to do to incorporate ESG into its operations. The purpose of these activities is to get the whole Group moving in the same direction to improve our corporate value.

## Persistence Is the Key to Enhancing Internal Engagement

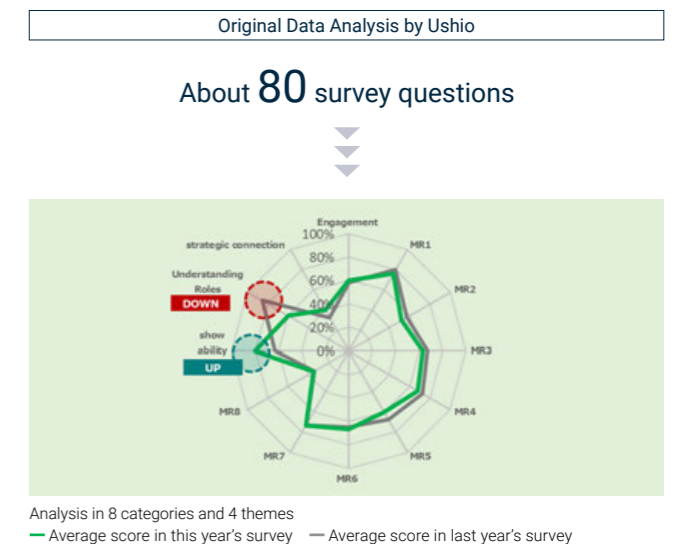
For internal engagement, we began successively conducting engagement surveys from 2021. This has been a series of trial and error. We conduct a proprietary analysis of about 80 questions, grouped into eight categories and four discrete themes. We also held 52 town hall meetings (fiscal 2023) to provide employees with an in-depth understanding of Ushio, including our management philosophy, management policies, and Medium-Term Management Plan, which were attended by around 1,400 employees. From the results of subsequent surveys, we saw a correlation between a site’s rate of attendance at the town hall meetings and its understanding of our management philosophy. We also hold workshops in each site and department to break down and explain our materiality. This fosters mutual understanding between department members and helps them to understand how our materiality is related to their work.

With that said, a major issue that we have noticed is that engagement tends to be low among employees in their late 20s to early 30s, who have worked for Ushio for several years and have come to understand the big picture of Ushio. These results make me ashamed as an executive, but I will take that feedback on the chin and continue with my trial and error in activities to make improvements. In fiscal 2024, we will conduct a survey for all of Ushio’s Group companies, including those overseas.

I always say that ESG is about persistence. When we provided e-learning for section managers and upward in the past to provide them with a more in-depth understanding of ESG management, we

sent follow-up notices to employees who had not completed the course, and if they still did not complete it, we eventually involved senior management. As a result, everyone completed the course. It takes time and perseverance to entrench ESG principles among all of a company’s employees. I will strive to continuously communicate the importance of ESG and get our employees to understand how serious I am on this matter.

### Image of data analyzed in the internal engagement survey



Message from the COO and CSuO

Working to Enhance External Engagement

When it comes to enhancing external engagement (external evaluation), as with internal engagement, we are not simply leaving the work up to our sites. We are carrying out various initiatives, assigning the priority order of the tasks that are required and deciding matters such as who needs to do them and who the leader should be. I will outline three specific initiatives we are carrying out.

The first is methodology analysis. We are using data to quantitatively assess Ushio's strengths and weaknesses with regard to sustainability, sharing this information with the relevant departments, and discussing measures that need to be taken. From fiscal 2022, we have focused on FTSE as this is a useful index from a global perspective. We have identified Ushio's current score and the position we are in when it comes to environmental, social and governance matters. We will continue to conduct this analysis to quantitatively and qualitatively improve our communication of non-financial information.

The second initiative is involving relevant parties. Collaboration with various departments within Ushio is essential in order to enhance external engagement. This requires more than simply asking relevant parties for their cooperation. We provide feedback to the relevant parties on the evaluation results about information disclosed to external parties, along with details such as changes in our external engagement results for ESG from 2014 and how Ushio compares with the top performers for ESG.

The third initiative is the redesign of our sustainability website. Our website is an important point of contact between Ushio and our

many stakeholders. We have made our website clearer, and to earn a suitable grade from external evaluation bodies, we have enhanced our non-financial information, including updating our GRI Standards Comparison Table and UN Global Compact Comparison Table.

Please refer to the following URL to visit Ushio's sustainability website.  
<https://www.ushio.co.jp/en/sustainability/>


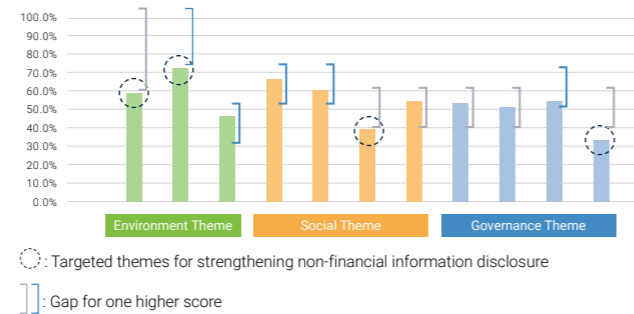


Image of data analyzed in the external engagement survey

ESG Management Unique to Ushio

Evaluate Strengths and Weaknesses of Ushio's Sustainability Performance  
 Enhance Quantity and Quality of relevant non-financial information disclosures

Gap Analysis of External Evaluation Result



Compliance with Regulations

The significance of our Sustainability Promotion Division's activities is the maximization of our corporate value. In order to accomplish this, we need to comply with new regulations requiring the

disclosure of non-financial information. We are constantly attuned to the latest trends and respond fully, quickly, and accurately.

Striving to Be a Company Our Employees Can Be Proud Of

Each time I returned to Japan during my time in China, I met with Mr. Jiro Ushio, who was Founder and Chairman at that time, and the first thing he always asked me was how my family was. It really impressed upon me that Ushio is a company that embodies the management philosophy of "Build both a prosperous Company and prosperous employees." President Asahi's message also espouses that management philosophy. In order to continue to create that value in future, we must continue to uphold that excellent

management philosophy and carry out reforms with firm conviction, with all of our employees working together toward a common goal.

My vision for Ushio mirrors my duties as COO and CSuO. Our young employees are the ones who will be running this company in five to ten years, so I want them to like this company and be proud of being part of it. For this reason, I will trust our employees and work closely with them, giving my best effort to increase Ushio's value internally and externally.

# Formulation of New Growth Strategy

## : For More Effective Strategies

Following various changes in our business environment, we reverified the Medium-Term Management Plan and formulated New Growth Strategy: Revive Vision 2030. On the next pages, we will explain the specifics of Ushio's New Growth Strategy.