

# Section 02

## Foundation for Sustainable Growth

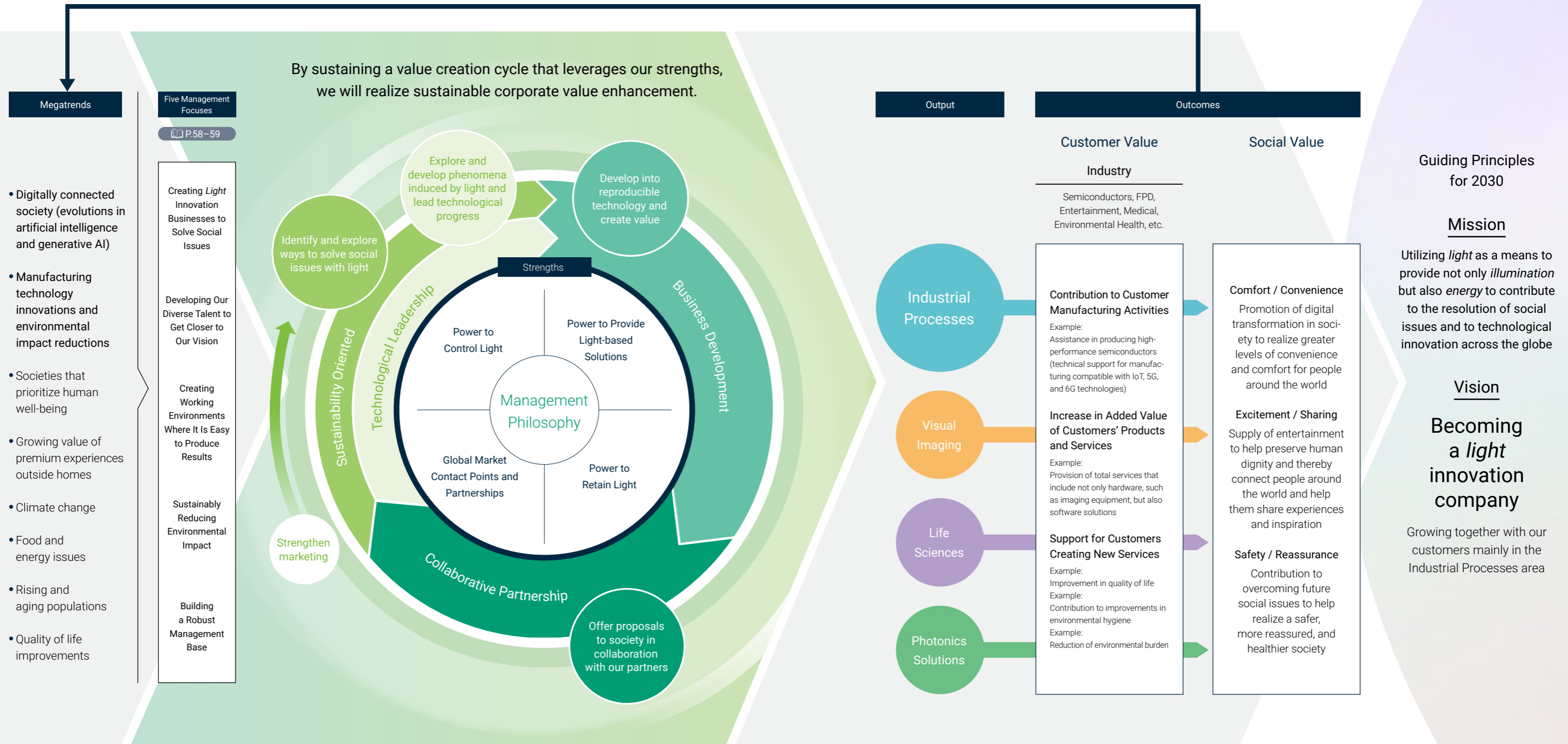
Since its founding, Ushio has contributed to societal growth by fully leveraging the power of light. Going forward, as we work to become a *light* innovation company, we will continue to pursue sustainable growth and improve corporate value by creating both social and economic value through the development of outstanding technology, building positive relationships with our stakeholders, and acting with consideration for the environment.



# Ushio's Value Creation Process

We aim to be a *light* innovation company that continues to create both social and economic value by resolving social issues through our unique light technologies.

Understanding of Issues That Serve as the Starting Point for Capital Circulation and Value Creation



**Guiding Principles for 2030**

Mission

Utilizing *light* as a means to provide not only *illumination* but also *energy* to contribute to the resolution of social issues and to technological innovation across the globe

Vision

**Becoming a *light* innovation company**

Growing together with our customers mainly in the Industrial Processes area

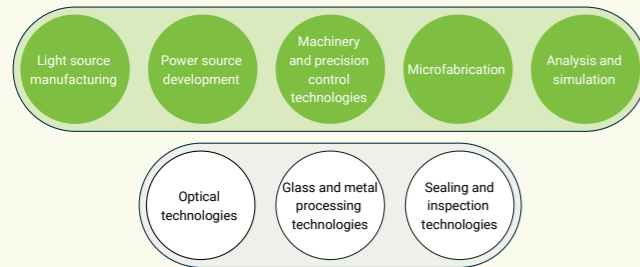
## Our Long-Cultivated Strengths

### Power to Control Light

At the time of Ushio's founding, light was primarily used only as a source of illumination. The Company made it its mission to create new markets by utilizing light not just in this way but also as a source of energy. Based on this mission, we have harnessed the power of light to develop products such as light sources and optical and imaging equipment, as well as peripheral services tailored to the needs of our customers at the time. These products and services enabled us to resolve various issues impeding the progress of technological innovation. By working to leverage our long-cultivated light technologies and continuously discovering new uses for them, we are further exploring the potential of light and creating new technologies and products.

Please refer to [P.6-7 Value Creation Through Implementation of Our Management Philosophy](#) for details on our initiatives.

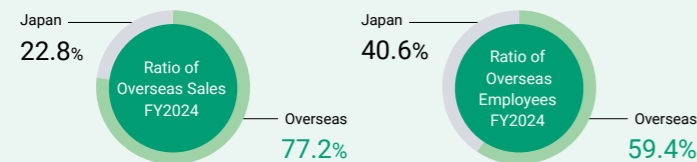
#### Core Technologies That Unlock the New Potential of Light



### Global Market Contact Points and Partnerships

With the aim of becoming a global medium-sized company, we have promoted global business development from a very early stage, especially for a company in the manufacturing industry. Our overseas net sales account for 70%-80% of total net sales, with overseas employees making up roughly 60% of our total employee base. By establishing this kind of global business foundation, we have been able to swiftly and accurately grasp the needs of customers and markets worldwide and, in turn, propose high-value-added solutions to meet these needs.

Our global foundation has also enabled us to maintain market contact points around the world and collaborate with various business partners. In doing so, we not only support the ongoing growth of Ushio's businesses but also mitigate the risk of supply chain disruptions.



As light professionals, we will continue to leverage the core strengths we have cultivated since our founding to enhance corporate value in a sustainable manner. By doing so, we will contribute to the growth of the society of the future.



### Power to Provide Light-based Solutions

In addition to the light sources themselves, we develop and manufacture equipment that incorporates them. Our ability to internally produce light sources, a key component of such equipment, serves as a significant differentiator. Additionally, engaging in the development, manufacture, and sale of equipment brings us closer to end users, enabling us to gather valuable insights into future trends. As a result, we can effectively resolve issues faced by our customers, as well as those impeding the progress of technological innovation.

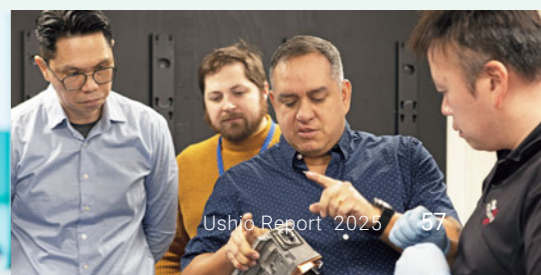
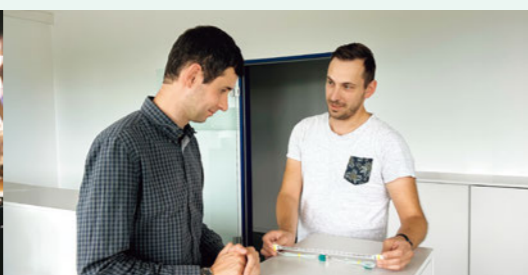
Furthermore, by focusing our efforts on core light-related technologies and securing and nurturing human capital with expertise across diverse academic fields, we are enhancing our ability to anticipate issues that may affect our customers in the future. Going forward, we will leverage this capability to comprehensively resolve social issues through the provision of both products and peripheral services.

Please refer to [P.60-63 Business Creation to Create Social Value Through Light](#) for details on our initiatives.

### Power to Retain Light

Through our unique light technologies, we have helped resolve issues impeding the progress of technological innovation. In addition, we have been providing not only light sources but also equipment and after-sales services on a global scale. This enables us to collaborate with a diverse range of customers across the value chain in each market while exploring solutions to various social issues through close customer engagement. We are also strengthening our after-sales support to ensure that the light we provide continues to operate optimally for our customers in a stable and sustainable manner. This approach allows us to deliver highly trusted products across our business domains over long periods of time, and this is one of our key strengths.

Supported by the trust-based relationships with our customers, we strive to identify customer issues more promptly and accurately, enabling us to develop new technologies and deepen our awareness of social issues.



# List of Five Management Focuses, Key Challenges, and Goals

Ushio has established Five Management Focuses. These represent important issues that the Company must address on a daily basis to improve its corporate value by working to resolve social issues over the long term. We have determined KPIs for each phase with the aim of achieving our New Growth Strategy, Revive Vision 2030, and are steadily promoting initiatives toward achieving it.

**Identification Process of Five Management Focuses**


**STEP 1 Identifying candidate themes for important issues**  
 Investigated media sources, publicly disclosed sustainability information, and expert reports. At the same time, examined the medium- to long-term direction of our management policy.






**STEP 2 Evaluating and mapping out level of importance (order of priority)**  
 Evaluated the importance of issues related to our business and mapped them based on both business and social relevance.

**STEP 3 Evaluating appropriateness**  
 Held meetings with external experts to verify our management direction and identified important issues aligned with the expectations of our external shareholders.

**STEP 4 Promoting internal approval procedures**  
 Executive Council and Board of Directors held discussions on the Five Management Focuses and relevant KPIs and approved them accordingly.

Please refer to our website for details on our validity assessment by external experts and implementation structure.  
<https://www.ushio.co.jp/en/sustainability/management/materiality/>



| Five Management Focuses  | Vision for FY2030  | Economic Value Connection   | Key Performance Indicators for FY2026   | Initiatives for FY2024 to FY2026   | FY2024 Progress  | FY2025 Plan  |
|--|--|---|---|--|--|--|
| <p><b>1</b><br/>Creating <i>Light</i> Innovation Businesses to Solve Social Issues</p>  <p>E S G</p>  | <ul style="list-style-type: none"> <li>● New businesses and markets are continuously created in foundational and new business areas through advances in Ushio's core technologies, incorporating them into our business model, etc.</li> <li>● Contribute to solving global social issues by creating new value and developing and providing competitive products leveraging our light source technology</li> </ul>  | <ul style="list-style-type: none"> <li>● Expand revenue and earnings by creating new businesses</li> </ul>  | <ul style="list-style-type: none"> <li>● Establishment of processes for R&amp;D and new business creation that sustainably generate new value and their subsequent implementation across the Group</li> <li>● Supporting miniaturization in the semiconductor industry through packaging, EUV, optical thermal technology, etc.</li> </ul>  | <ul style="list-style-type: none"> <li>● Development and implementation of business creation road map</li> <li>● Establishment of business creation process</li> <li>● Steady deployment of lithography equipment business strategies across the Group</li> <li>● Development of next-generation EUV light sources and performance improvement of optical thermal products for semiconductors</li> </ul>   | <ul style="list-style-type: none"> <li>● Completed evaluation of development themes, including business divisions, and improved evaluation criteria</li> <li>● Completed development of a tool for objective evaluation using generative AI</li> <li>● Consolidated technical resources Group-wide to advance development. On track to release a development model in FY2026.</li> <li>● Consolidated technical resources, and currently evaluating optical thermal products for semiconductors at customer sites</li> </ul> | <ul style="list-style-type: none"> <li>● Develop a Group-wide roadmap led by the Marketing Management Division and Corporate Technology Division, focusing on IP business</li> <li>● Conduct objective evaluation using generative AI to refine development themes</li> <li>● Promote development for FY2026 product releases, collaborate with strategic partners, and optimize and enhance resources</li> <li>● Follow up on customer evaluations and advance projects toward mass production</li> </ul> |
| <p><b>2</b><br/>Developing Our Diverse Talent to Get Closer to Our Vision</p>  <p>E S G</p>          | <ul style="list-style-type: none"> <li>● Practice Group management with diverse personnel who can contribute to achieving our vision for 2030, while providing systematic training opportunities for further development</li> <li>● Achieve vision by evolving our human capital management style to maximize employees' capabilities and skills, encouraging continuous growth, and ensuring that all employees, regardless of nationality, gender, and work style, can thrive</li> </ul> | <ul style="list-style-type: none"> <li>● Strengthen talent to create new value that drives profits and accelerates growth strategies</li> </ul>   | <ul style="list-style-type: none"> <li>● Human capital visualized through talent maps aligned with business needs, with rational management system</li> <li>● Employees who have undergone basic and specialized education in digital technology assigned to departments where their skills are most needed</li> </ul>  | <ul style="list-style-type: none"> <li>● Selective human capital development through the Global Human Capital Committee (GHCC) and Human Capital Development Committee</li> <li>● Promotion of personnel exchanges within the Group</li> <li>● Profiling of Group executives</li> <li>● Promotion of digital education and sharing of success stories</li> </ul>   | <ul style="list-style-type: none"> <li>● Operated the GHCC and Human Capital Development Committees, reviewed development policies, and implemented development accordingly</li> <li>● Commenced personnel collaboration within the Group</li> <li>● Employees who completed self-study in digital architecture began promoting DX in their departments</li> </ul>   | <ul style="list-style-type: none"> <li>● Continue operation of the GHCC and Human Capital Development Committees, select talent, and consider development measures</li> <li>● Improve personnel collaboration with domestic Group companies and build efficient recruitment activities</li> <li>● Consider and promote systems enabling digital transformation specialists (architects and business designers) to play more active roles</li> </ul>  |
| <p><b>3</b><br/>Creating Working Environments Where It Is Easy to Deliver Results</p>  <p>E S G</p> | <ul style="list-style-type: none"> <li>● Build a corporate culture of mutual respect that embraces diverse experiences, abilities, and values, so all employees are able to perform at their best</li> <li>● Ensure that every employee is physically and mentally healthy and can work with enthusiasm</li> <li>● Ensure that the Company and employees grow together and support each other, fostering a highly engaged workforce</li> </ul>   | <ul style="list-style-type: none"> <li>● Provide attractive workplaces and work practices that accommodate diverse personnel, boosting engagement and productivity</li> </ul>                   | <ul style="list-style-type: none"> <li>● Proportion of women in managerial positions: at least 15% and at least 10% on a consolidated and non-consolidated basis, respectively</li> <li>● Employee engagement score of at least 62%</li> </ul>  | <ul style="list-style-type: none"> <li>● More active participation by female employees and employees with disabilities</li> <li>● Continuous initiatives to improve the workplace environment comprehensively</li> <li>● Consideration and provision of attractive working conditions</li> <li>● Promotion of occupational health and safety activities to achieve zero work-related accidents</li> </ul>  | <ul style="list-style-type: none"> <li>● Increased the ratio of women in managerial positions (non-consolidated 5.4% → 6.8%, Group 17.1% → 17.3%) and employees with disabilities</li> <li>● Enhanced communication to encourage employees to take paid leave</li> <li>● Granted additional Ushio shares for FY2024 in line with the New Growth Strategy</li> <li>● Established a foundation for risk prediction activities tailored to diverse work environments (regular safety patrols and KTY activities)</li> </ul>     | <ul style="list-style-type: none"> <li>● Continue promoting the active participation of women and people with disabilities</li> <li>● Continue implementing various measures to improve the work environment</li> <li>● Continue the employee stock compensation system</li> <li>● Continue promoting occupational safety and health activities with the goal of zero work-related accidents</li> </ul>  |
| <p><b>4</b><br/>Sustainably Reducing Environmental Impact</p>  <p>E S G</p>                         | <ul style="list-style-type: none"> <li>● Building on our biodiversity initiatives, aim to tackle social challenges by reducing greenhouse gas (GHG) emissions throughout the value chain, building a resource circulation model and developing a model for coexistence with nature, while also providing products and services that solve these social issues</li> </ul>   | <ul style="list-style-type: none"> <li>● Create businesses through Green Products</li> <li>● Maintain and expand corporate value by fulfilling our corporate social responsibilities</li> </ul> | <ul style="list-style-type: none"> <li>● Reductions of in-house GHG (Scope 1 and 2) emissions: At least 38% from FY2017 levels</li> <li>● Reductions of GHG emissions (Scope 3 Category 11) from our products: At least 23% from FY2017 levels</li> <li>● Measurement and communication of the benefits of our products in helping customers reduce their environmental footprints</li> </ul> | <ul style="list-style-type: none"> <li>● Systematic introduction of renewable energy (Scope 1 and 2)</li> <li>● Effective utilization of water resources</li> <li>● Development of products that contribute to reducing environmental impact in society (reducing GHG emissions, reusing and recycling, efficient utilization of water resources, reducing use of chemical substances, etc.)</li> <li>● Promotion of efforts to extend lifespan, improve efficiency, and reduce power consumption of products</li> </ul> | <ul style="list-style-type: none"> <li>● Switched to CO<sub>2</sub>-free electricity and installed solar power generation facilities, contributing to achieving our FY2024 GHG emissions reduction targets</li> <li>● Implemented water consumption reduction measures with progress on track towards FY2030 targets</li> <li>● Continued certification of products as Green Products or Super Green Products (25 products)</li> </ul>   | <ul style="list-style-type: none"> <li>● Continue energy saving activities and research, and plan introduction of renewable energy to achieve FY2030 targets (Scope 1 and 2)</li> <li>● Further promote effective utilization of water resources and reduce consumption to meet FY2030 targets</li> <li>● Develop products that help reduce society's environmental impact</li> </ul>  |
| <p><b>5</b><br/>Building a Robust Management Base</p>  <p>E S G</p>                                 | <ul style="list-style-type: none"> <li>● Visualize and achieve management, business, and employee goals</li> <li>● Manage business portfolio by promptly identifying and allocating management resources</li> <li>● Clarify business risks and implement risk responses throughout the Group</li> <li>● Foster a corporate culture and establish a framework that respects human rights across the entire value chain</li> <li>● Strengthen and deepen governance practices</li> </ul>     | <ul style="list-style-type: none"> <li>● Establishment of a stable earnings base</li> <li>● Prevent damage to corporate value</li> </ul>  | <ul style="list-style-type: none"> <li>● Launch of Group-wide initiatives to meet social demands and earn recognition from external evaluation organizations and stakeholders through transparent information disclosure</li> </ul>   | <ul style="list-style-type: none"> <li>● Establishment of KPI management</li> <li>● Establishment of a global risk management system and strengthening of management</li> <li>● Enhancement of measures to prevent bribery and corruption</li> </ul>   | <ul style="list-style-type: none"> <li>● Implemented progress tracking toward KPI targets, resulting in clearer and more effective KPI establishment</li> <li>● Regularly shared risk information and analyses, discussed them at Board of Directors' meetings, etc., and established a management system</li> <li>● Implemented thorough anti-bribery and anti-corruption awareness initiatives, further strengthening Group-wide awareness</li> </ul>  | <ul style="list-style-type: none"> <li>● Continue establishing KPI management</li> <li>● Establish a global risk management system</li> <li>● Promote thorough dissemination and enhancement of adoption of the Anti-Corruption Policy at Ushio Inc. and Group companies</li> </ul>  |



# Creating Businesses That Offer Social Value Through Light

## Message from the Deputy General Manager of the Corporate Technology Division



**Yoshihiko Sato**

Executive Officer,  
Deputy General Manager,  
Corporate Technology Division;  
General Manager, Technology  
Strategy Division;  
EUV Project Leader

At Ushio, we strive to be a globally competitive company grounded in strong technological capabilities. As of fiscal 2025, we renamed our Business Creation Division, which was in place until fiscal 2024, to the Corporate Technology Division. The most important task of the Corporate Technology Division in fiscal 2025 is to formulate a technology strategy (roadmap). Our New Growth Strategy, Revive Vision 2030, outlines a new management policy. In fiscal 2024, we evaluated development themes aimed at revamping our business portfolio. In fiscal 2025, we will develop medium- to long-term business and technology strategies to shape Ushio's future. We believe that business and technology strategies should be developed hand-in-hand, rather than independently. In other words, a business strategy based on market information, such as global megatrends and direct customer communication, combined with a technology strategy that serves as the means to achieve it, constitutes a truly feasible business strategy.

Starting in fiscal 2025, we are also working to create new businesses by incorporating evaluation criteria for development themes. As is often said, the foundation of new business creation is a high birth and high death rate, so we must repeat a cycle of generating many themes and selecting the most promising ones. What is important in this process is examining whether a new theme aligns with our company policy and has technological superiority (reflecting Ushio's distinctive qualities), setting withdrawal conditions from the outset to avoid continuing development beyond our capacity, and building a system and structure that increase the likelihood of success through periodic evaluation of these conditions.

## The New System and Technology Strategy Division

The Corporate Technology Division is responsible for medium- to long-term technology development and the launch of new technology-driven businesses. In fiscal 2025, it adopted a two-division structure: the Technology Strategy Division, which formulates technology strategies linked to business and supports research and development, and the Research and Development Division, which conducts research and development for new technologies and businesses.

The Technology Strategy Division's mission is to collaborate with the Marketing Management Division of the business division to formulate a medium- to long-term company-wide roadmap, and, aligning technical feasibility, time constraints, and engineer capabilities, formulate a technology roadmap. We believe that skill management, training, and appropriate resource allocation for Ushio's engineers are all essential to achieving the goals of the technology roadmap, so initiatives in this area are implemented concurrently. The division also evaluates development themes for Ushio as a whole, including those within the Corporate Technology Division. Based on the evaluation results, it not only recommends discontinuing certain development themes, but also monitors the progress of each theme to identify shortcomings and high-risk areas for commercialization, and provides support and follow-up as necessary. Starting in fiscal 2025, we have adopted a stage-gate approach to clarify the ideal focus at each phase of development, reducing risks related to resource allocation.

The Research and Development Division will follow the medium- to long-term technology roadmap to solve technical challenges that are difficult for business divisions to handle. Starting in fiscal 2025, it will also work with the Technology Strategy Division to generate new ideas for business creation.

## Promoting a High Birth, High Death Process Focused on Evaluating Development Themes

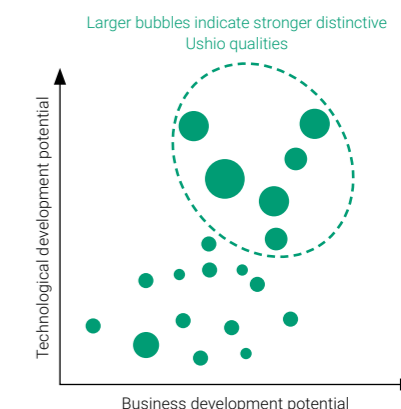
As we revamp our portfolio based on Revive Vision 2030, we are implementing a high birth, high death process focused on evaluating development themes. This approach allows us to concentrate resources on themes with distinctive Ushio qualities that can be sustainably developed by leveraging our technological strengths.

### Development Theme Evaluations

In fiscal 2024, we evaluated and selected development themes based on two axes, business development and technology development, taking into account Ushio's distinctive qualities. As a result, the Research and Development Division's development themes demonstrated a good balance of progress on both axes and tended to exhibit elements highly distinctive to Ushio, allowing us to narrow down our options accordingly. (Dotted line in image on the right.)

Conversely, we also assessed the expected risks involved in commercializing development themes from business divisions. For some of these business themes, however, we did not observe the same trends as described above. We reviewed those that met any of the following criteria: 1) Low level of Ushio's distinctive qualities, 2) No clear potential customers, or 3) Business development progressing, but with high commercialization risks.

In addition to the evaluation criteria used in fiscal 2024, in fiscal 2025, we also assess investment and return on each theme, with business efficiency (operating margin forecast) as an important indicator.



### Theme Evaluation and Support Utilizing Generative AI

We conduct monthly progress evaluations of ongoing themes in the Research and Development Division. Starting in fiscal 2025, we introduced evaluations utilizing generative AI to improve work efficiency and objectivity. Text-based progress reports and prompts containing evaluation items are input into our internal generative AI system for quick and objective evaluation. The results are then reviewed by employees who make final decisions. Compared to the previous method where evaluations were conducted solely by employees until fiscal 2024, this new method reduces the time required for review, etc., allowing more time for discussion.

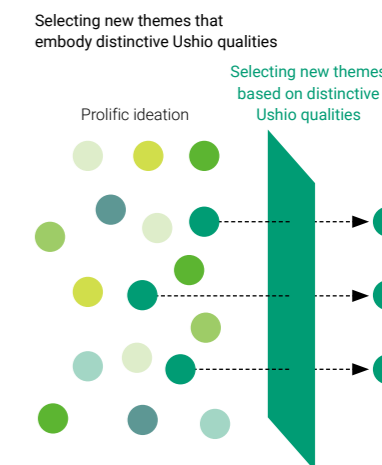
Conducting regular progress evaluations in this way enables us to visualize shortcomings and areas of future focus for each theme. By providing support as needed, we have enhanced support functions and increased the probability of success. For example, when researching technical information, in addition to our previous patent research (intellectual property landscape), we now also research academic content, which is published more rapidly and is often more advanced than the information contained in patents.

### Creating New Themes

Having narrowed down our development themes in fiscal 2024, we are focusing on new business creation activities in fiscal 2025.

Until now, such activities have been bottom-up and largely dependent on the abilities of individual engineers. However, believing a more organized approach is necessary to improve the success rate of new businesses, we established a department dedicated to planning and leading these activities in fiscal 2025. Members responsible for theme evaluation are also involved, enabling us to generate high-quality ideas by filtering them based on market needs and technological opportunities from the outset.

We also actively utilize generative AI in idea generation, aiming to create many highly profitable ideas by considering customer challenges, emerging technologies, and external trends that are often overlooked. We will also implement well-balanced, high birth, high death processes by repeatedly testing hypotheses for each theme over a short period of time and stopping early if feasibility is low.



Introducing Promising New Business Opportunities

Interference Lithography

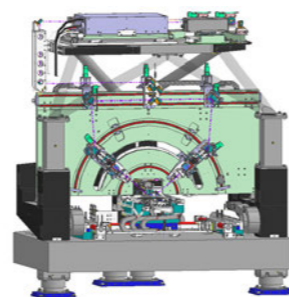
The Limits of Manufacturing in the Photoelectric Fusion Trend

As competition in generative AI intensifies, the enormous electricity consumption of data centers has become a significant issue. To address this, a global shift toward photoelectric fusion is emerging. In this approach, laser light sources, which are currently placed outside the printed circuit board (PCB), will eventually be mounted on an interposer, replacing electrical signals used for sending and receiving data with light signals. The closer the laser light source is to the chip, the greater the volume of data handled by light, so it is expected that more lasers will be required. The laser light source used in photoelectric fusion is called a distributed feedback laser diode (DFB-LD), which features a diffraction grating along its waveguide. Demand for these devices is currently so high that production cannot keep up. One reason for this is the extremely high precision required for diffraction gratings in DFB-LDs. The pitch accuracy must be less than 1 nm, a level unattainable with conventional manufacturing technologies.

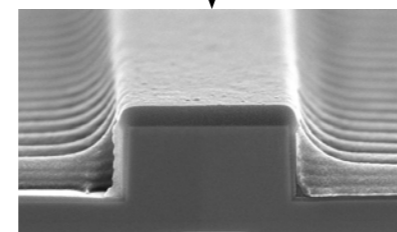
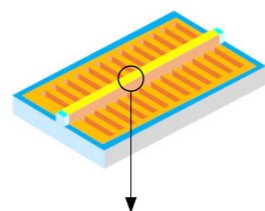
New Interference Lithography Equipment Achieving 0.01nm Pitch Accuracy for Photoelectronic Fusion DFB-LD Manufacturing

Ushio is developing entirely new interference lithography equipment to support the laser light source manufacturing technology required for photoelectronic fusion. Its key feature is the direct measurement of interference fringes with 0.01 nm accuracy, using adaptive optical metrology to correct any deviations from the target. This capability ensures the pitch accuracy required for DFB-LD diffraction gratings, contributing significantly to the advancement of photoelectric fusion technology.

New Interference Lithography Equipment  
Two movable rotating arms for automatic pitch and slant angle adjustment



DFB Laser Schematic



Diffraction grating formed by new interference lithography equipment (cross-section)

Using Interference Lithography to Achieve Previously Impossible Phase-shift Structures

One reason interference lithography has not been adopted for mass production of DFB-LDs is the inability to form a phase shift layer. The phase shift layer is known to improve the yield of the laser by introducing a discontinuous shape to part of the diffraction grating. Thirty years ago, a corrugation pitch modulated (CPM) structure with functions equivalent to a phase shift layer was proposed for interference lithography. However, at that time, interference lithography was not yet at a level suitable for mass production, and electron beam (EB) lithography equipment took the lead. By combining the CPM structure with a highly controlled diffractive optical element (DOE), we have successfully created a CPM structure equivalent to a phase shift layer.

Working to Create the World's First Mass-Production Compatible Interference Lithography Equipment

Conventional interference lithography technology is highly susceptible to environmental influences and has not reached a level suitable for mass production. By incorporating innovative lithography technologies developed through Ushio's expertise in lithography equipment for semiconductor manufacturing, we offer new interference lithography equipment that is highly automated and exhibits excellent stability against environmental conditions and vibrations, making it the world's first such equipment suitable for mass production.

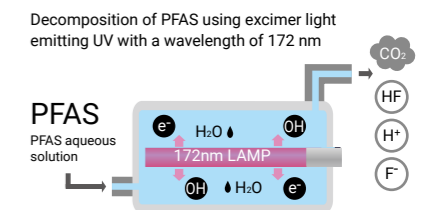
Decomposition of Per- and Polyfluoroalkyl Substances (PFAS)

PFAS: A Global Environmental Issue

Since reports emerged linking PFAS to human health issues, strict emission regulations have been established in regions such as Europe and the United States. However, the persistent nature of PFAS has made their removal and detoxification an urgent challenge. Current PFAS treatment methods involve high-temperature incineration after adsorption onto activated carbon. However, concerns remain regarding the fuel and energy consumption required for transporting and incinerating the activated carbon, as well as the CO<sub>2</sub> released into the atmosphere during its incineration.

Ushio's Per- and Polyfluoroalkyl Substances (PFAS) Decomposition and Detoxification Technology Utilizing Excimer Light

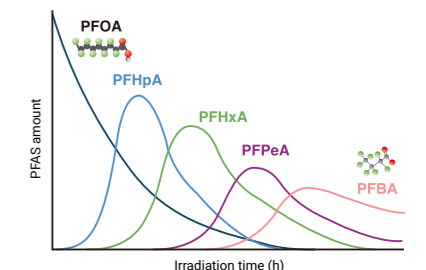
Leveraging vacuum ultraviolet technology (172 nm wavelength, xenon excimer lamp) developed since its founding, Ushio has created a technology that uses light to decompose and detoxify PFAS without the use of fossil fuels, catalysts, or additives. After decomposition, PFAS is fixed and stabilized as calcium fluoride. Ushio's technology enables on-site decomposition, eliminating combustion and minimizing CO<sub>2</sub> emissions, thereby contributing to a safe and secure fluorine recycling society while simultaneously helping to curb global warming.



Effective Against Short-Chain PFAS

As long-chain PFAS break down into shorter chains, their light absorption shifts to shorter wavelengths, preventing absorption of general light (visible light, UVA and UVB). Ushio's excimer lamp emits light at a short wavelength of 172 nm, which can be absorbed by short-chain PFAS. This, combined with radicals generated by the light, enables decomposition of even the most difficult short-chain PFAS.

PFOA decomposition with gradually shortening chain



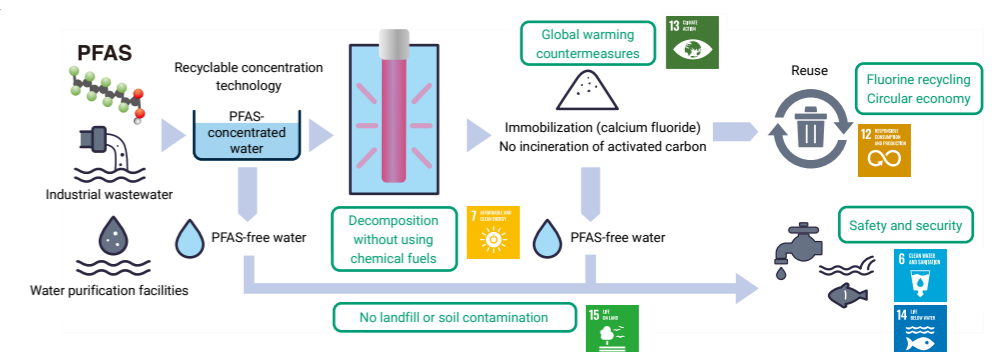
Increasing Decomposition Rate by Combining with Concentration Technology

PFAS in water are often highly diluted, so concentrating them would improve light utilization efficiency.

Research and development is currently underway to commercialize this technology, and a proposal combining Emulsion Flow Technologies Ltd.'s solvent extraction technology and Ushio's photodegradation technology was selected for the Ministry of the Environment's fiscal 2025 Demonstration Project on PFOS Reduction.

Moving forward, we aim to commercialize the project by 2027, targeting markets for industrial wastewater, tap water, seepage water, and groundwater.

Ushio's Social Contribution Through PFAS Decomposition Technology



# Human Capital Strategy Under Revive Vision 2030 and Initiatives to Create Working Environments Where It Is Easy to Deliver Results

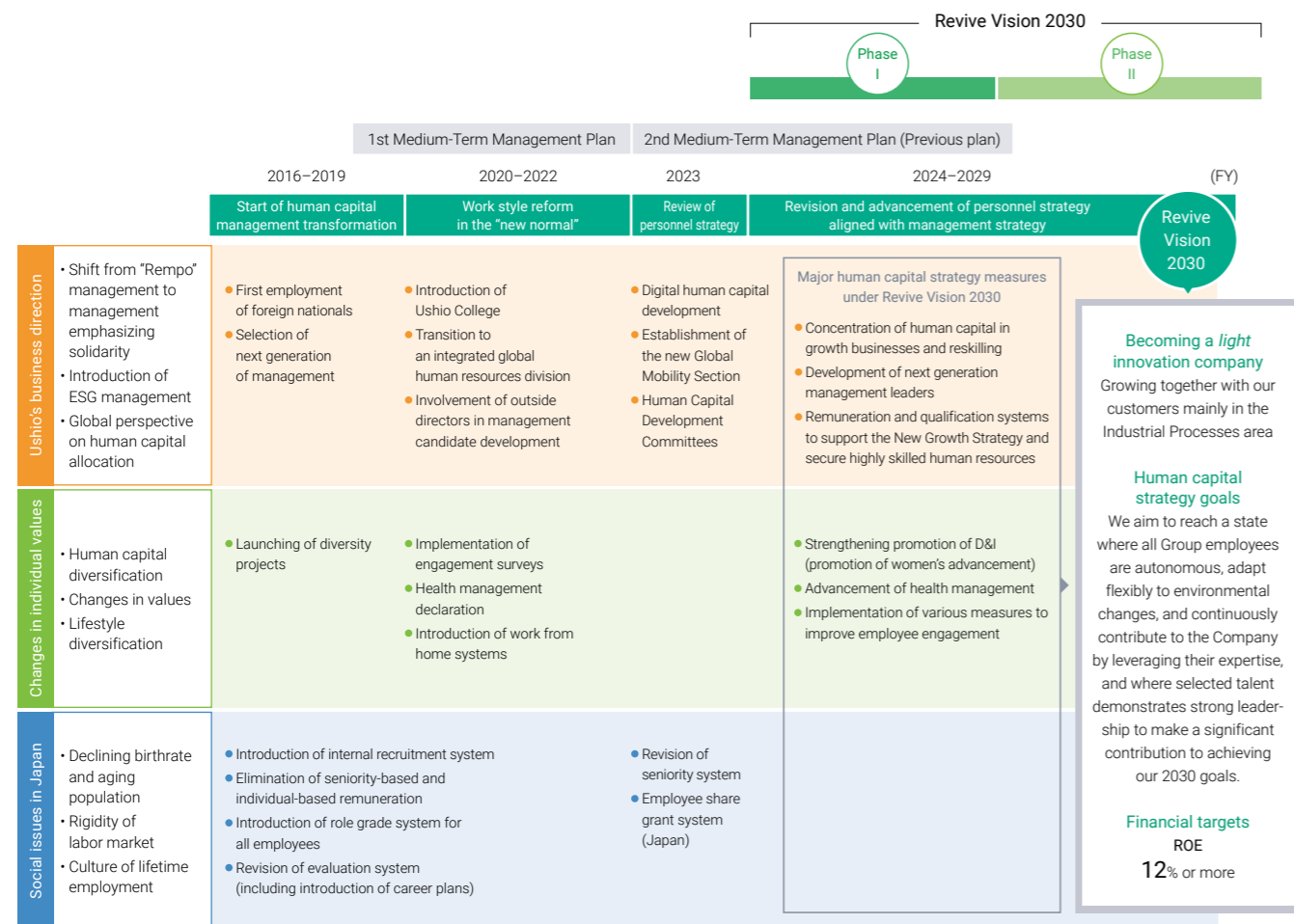
Management Focus



## Past Changes in Business Direction and Human Capital Strategy

Ushio is currently promoting a human capital strategy to achieve Revive Vision 2030. This strategy envisions all Group employees to be autonomous, adapt flexibly to environmental changes, and continuously contribute to the Company by leveraging their expertise, while selected talent demonstrate strong leadership to make significant contributions toward achieving our 2030 goals.

To realize this vision, we are strengthening our organization and supporting employee growth through various measures, including shifting human resources to growth businesses, nurturing next-generation leaders, reskilling, promoting diversity and inclusion, health management, and organizational improvement and development (enhancing engagement). These efforts lay the foundation for adapting to a rapidly changing business environment and achieving sustainable growth. In particular, securing and developing highly specialized talent in growth businesses is a key source of competitiveness, and we are also focusing on enhancing the capabilities of our employees through reskilling. Moving forward, we will also actively recruit highly specialized talent from both Japan and abroad to strengthen our technological capabilities and business competitiveness.



Furthermore, by developing the next generation of management, we aim to cultivate the strong leadership skills needed to drive change. Promoting diversity and inclusion is a key factor in enhancing organizational creativity and flexibility, so we are working to encourage the active participation of women and accommodate diverse working styles. Additionally, we promote health and productivity management to support the physical and mental health of our employees, balancing improved productivity with increased job satisfaction. We also continue to implement measures to improve engagement, aiming to create an environment where each employee takes pride in their work and can contribute proactively.

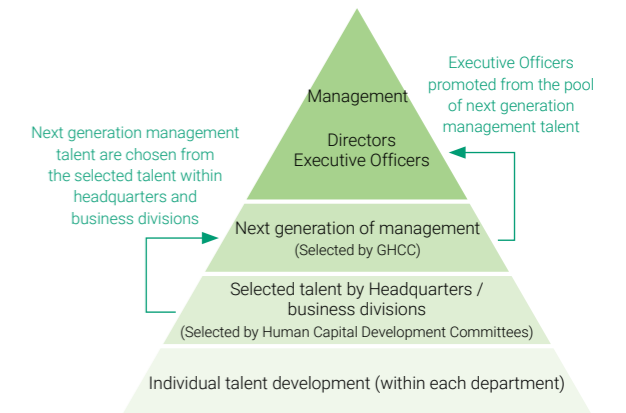
These initiatives are important pillars of our New Growth Strategy and are steadily producing results. Looking ahead to the medium and long term, we will continue preparing to meet new challenges by enhancing collaborative management, decentralizing our organization, promoting integrated ESG management, and optimizing allocation of global human resources. Through these efforts, we aim to respond flexibly and quickly to a rapidly changing social and business environment, achieving both sustainable growth and employee well-being. We will continue to steadily implement our current strategies while further strengthening our human capital foundation to prepare for future transformation.

## Developing the Next Generation of Management

Ushio is promoting selective human capital development as a key measure for sustainable growth. We have clearly defined the requirements for management and selected next-generation talent based on their presentations at important meetings and participation in development programs.

In addition to training, we emphasize professional growth and development. Since fiscal 2023, we have been advancing selective human capital development through two main channels: the Global Human Capital Committee (GHCC), which focuses on developing next-generation management (candidates for Executive Officer roles), and Human Capital Development Committees, which aim to cultivate talent capable of driving our global business.

In fiscal 2024, within these two frameworks, we reviewed the strengths, challenges, and development plans for selected talent, supporting their growth through challenging assignments and international transfers. The GHCC also collaborates with the Nomination and Remuneration Advisory Committee, which oversees the development of potential CEO successors. Overall, we take a comprehensive approach to human resource selection and development, and will continue to sustainably nurture management talent.



## Developing Autonomous Employees and Highly Specialized Human Resources –A Lean Organization and Talent Development

Ushio promotes a lean organization and talent development from both organizational and human capital perspectives to achieve sustainable long-term growth. Key initiatives include study abroad programs, rank-based training, and the Ushio Learning Place (ULP).

Amid globalization and technological innovation, our study abroad program not only broadens employees' horizons through overseas assignments, but also supports career development by offering a working doctorate program for those pursuing advanced expertise. In negotiations and presentations within the Industrial Processes (IP) business, interaction among doctoral engineers is emphasized, fostering advanced technical exchanges. We support the growth of our IP business by cultivating such highly specialized talent through the working doctorate program.

Additionally, our hierarchical training program, based on a role-based qualification system, clearly defines roles and expected behaviors upon promotion, encouraging a shift in mindset. This approach balances business needs with individual growth through role-based human capital development. Furthermore, ULP supports employees who are eager to learn by helping them acquire skills aligned with their personal career goals, fostering a culture of proactive learning.

Through these efforts, we are building a strong foundation of talent and an agile organization capable of flexibly responding to environmental changes through continuous evolution.

### ▶ Strengthening Promotion of D&I

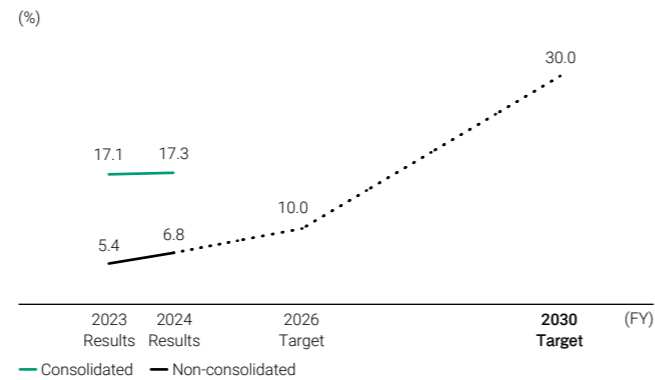
As part of our New Growth Strategy, we are actively promoting D&I activities, including increasing the ratio of women in managerial positions and ensuring employment opportunities for people with disabilities, to respond to and keep pace with rapid environmental changes. Our goal is to create greater value by improving decision-making quality and fostering innovation through diverse perspectives, while also securing talented human resources and strengthening our brand and social reputation. As such, D&I is no longer just a human capital initiative but a core part of our management strategy directly linked to sustainable growth and value creation.

#### Ratio of Women in Managerial Positions

Our targets for fiscal 2026 are 15% or higher on a consolidated basis and 10% or higher on a non-consolidated basis, aiming to reach 30% or higher on a non-consolidated basis by fiscal 2030. We are working to change employee mindsets and transform our organizational culture, focusing on development programs for selected talent in collaboration with each business division, as well as efforts to increase the ratio of men taking childcare leave (see right).

As shown in the figure, progress toward these targets varies, and some challenges we identified are the limited diversity in how women consider their career options and a lack of opportunities to explore those options. To address this, we held career design seminars for women at each business location, with 180 participants. These seminars provided women at Ushio with an opportunity to recognize their strengths and areas for growth, encouraging them to reflect on their career paths. We will continue to develop and implement such initiatives going forward.

Ratio of Women in Managerial Positions: Trends and Targets (%)



#### Employees with Disabilities

The ratio of employees with disabilities was 2.6%, exceeding the legal requirement of 2.5% through fiscal 2025. We will continue to strive to create an environment where diverse talent, including people with disabilities, can work comfortably.

#### Interview: Fostering Understanding and Communication to Create an Environment Where Everyone Can Fully Utilize Company Policies and Benefits

**Igarashi:** As a manager who has personally taken maternity leave, I make it a point to warmly send off employees using the system, congratulating them and their spouses on their new addition to the family and wishing them well. In our department, we ensure flexible scheduling and carefully assess the impact on work before employees go on leave, so that when they return, they can smoothly slip back into their roles. Our parental support system is easy to use and comprehensive, so I encourage everyone to give it a try, even in departments where, for example, few men take parental leave. I believe that by continuously addressing any issues, we can help everyone balance work and parenting.

**Shimizu:** When handing work over to colleagues, I share information in advance and create clear progress reports so that colleagues can easily catch up when they return. In the future, I hope to use this system without hesitation, but for that to happen, understanding from superiors and colleagues is essential. I stay updated on work progress and status through weekly meetings, fostering an open environment where we can talk freely. It's a simple approach, but daily communication is essential for building mutual understanding.



Aya Igarashi / Sadayuki Shimizu

Light Source Innovation Group,  
New Technology Developing Department,  
Research and Development Division,  
Corporate Technology Division

### ▶ Health and Productivity Management

Since announcing our Health and Productivity Management Declaration in 2021, we have been certified as a Health and Productivity Management Outstanding Organization (Large Enterprise Category) for four consecutive years. In fiscal 2024, we received special recognition for our efforts in areas such as supporting employees returning to work after leave, balancing work and medical treatment, optimizing working hours, promoting work-life balance, ensuring personal time, and advancing our health and productivity management strategy and information disclosure.

We have also focused on reducing the number of employees diagnosed with lifestyle-related diseases and improving the implementation rate of specific health guidance by strengthening internal communication, providing health education, and sharing monitoring data. To reduce the number of employees with lifestyle-related diseases, we conducted e-learning courses and held office events where employees could learn about their health by measuring factors such as vegetable intake and lung age, helping to build a foundation for better health. Additionally, we significantly improved the implementation rate of specific health guidance by encouraging each department to proactively contact and communicate with target individuals.

We have set three key targets and will continue promoting related activities to create a work environment where every employee can easily deliver results: 1. Improving employee productivity (occupational health), 2. Reducing the number of employees with mental health issues (mental health), 3. Reducing the number of employees diagnosed with lifestyle-related diseases (physical health).



Please refer to our website for details.  
[https://www.ushio.co.jp/en/sustainability/esg/social/health\\_and\\_productivity](https://www.ushio.co.jp/en/sustainability/esg/social/health_and_productivity)



### ▶ Employee Health and Safety Measures

At Ushio, we work as a team to promote occupational safety activities with the goal of zero workplace accidents, ensuring every employee is physically and mentally healthy and can work with enthusiasm.

Our safety and health management systems are tailored to each workplace. In addition to setting up the legally required safety and health committee and other such bodies, we proactively implement initiatives to address operational risks and respond to legal changes, collaborating closely across the company. To achieve our goal of zero workplace accidents by 2030, all employees are committed to preventing workplace accidents and creating a safe and secure work environment in line with our occupational safety and health policy.

### ▶ Organizational Development Initiatives

To enable our employees to demonstrate their abilities and skills, we implement initiatives to enhance psychological safety within the organization. Management and staff work together to create a shared vision of the ideal workplace, building mutual understanding as we work toward that goal.

One way to do this is encouraging management and employees to share their core values and engage in open dialogue to shape the organizational culture together. This approach strengthens relationships not only between management and staff but also among employees themselves, creating a mentally safe environment. It also motivates individuals to take ownership of their work and understand their role in achieving the organization's vision.

Additionally, management regularly reviews engagement survey results from their teams to identify areas for improvement and implement targeted initiatives, which helps boost overall engagement. We also held a trial online manager dialogue, where managers from various departments came together to discuss operational challenges within their own teams and share success stories. This exchange sparked new ideas that participants can apply in their own teams.

We will continue to promote organizational development through various initiatives.



# Realizing a Sustainable Society by Reducing Environmental Impact

Reduction of environmental impact is included as a key issue in our goals for 2030, as defined in our Five Management Focuses. As part of our business site-level activities, we are promoting the expansion of renewable energy use in a globally coordinated effort to reduce environmental impact.

Furthermore, with the theme of creating safe, secure, and environmentally friendly solutions, we have expanded our scope to all business areas, including products, development, and services. To promote environmentally conscious design and development that contributes to reduced energy consumption, we have established an internal assessment based on unique Ushio criteria for minimized energy use. We will continue to contribute to energy conservation in society by promoting the sale of these products.

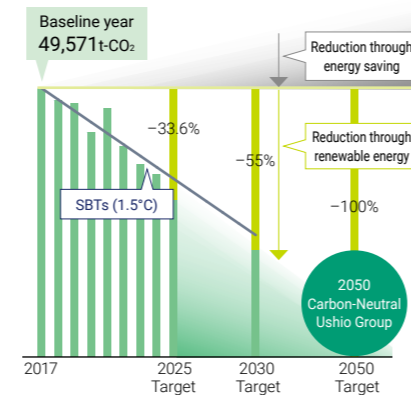
Please refer to our website for details on our environmental policy.  
<https://www.ushio.co.jp/en/sustainability/esg/environmental/management/>

## Introduction of Renewable Energy to Achieve a Carbon-Free Society

As part of our climate change countermeasures, we have set science-based targets (SBTs) for reducing CO<sub>2</sub> emissions (Scope 1 and 2), and last year we raised our targets to a 55% reduction by fiscal 2030 compared to fiscal 2017, with the aim of achieving carbon neutrality by fiscal 2050. To achieve these targets, we will implement measures to reduce GHG emissions across the entire Group.

We are also expanding the use of renewable energy in order to achieve carbon neutrality by fiscal 2050. Specifically, our Harima Division has adopted 100% renewable energy, and Gotemba Division and our Group companies, Ushio Lighting, Inc. and ADTEC Engineering Co., Ltd., are also installing solar power generation equipment and switching to renewable energy.

Roadmap for Scope 1 and 2 Reduction (t-CO<sub>2</sub>)



Please refer to our website for details on our initiatives to reduce GHG emissions.  
<https://www.ushio.co.jp/en/sustainability/esg/environmental/ghg/>

## Water Use and Waste Reduction Policy

We commit to resource conservation in our Environmental Policy, and are working to reduce water use and waste.

Please refer to our website for details on our efforts to reduce water use and resource conservation, including lamp collection and recycling.  
<https://www.ushio.co.jp/en/sustainability/esg/environmental/resource/>

## Independent Assurance of Greenhouse Gas (GHG) Emissions

Ushio has undergone independent assurance by Bureau Veritas Japan to increase the reliability of GHG emission figures published in the Ushio Report and on our website.

Please refer to our website for details on independent assurance reports.  
[https://www.ushio.co.jp/en/sustainability/data/esg\\_data/](https://www.ushio.co.jp/en/sustainability/data/esg_data/)

\* Assurance results posted on our website are for our GHG emissions in FY2023. We plan to continue to undergo independent assurance of GHG emissions in future.

## Plan for Reducing CO<sub>2</sub> Emissions and Actual Results

|                              | Plans   | Status of Achievement* | Actual Results  |
|------------------------------|---|------------------------|---|
| FY2024                       | Reduce Scope 1 and Scope 2 CO <sub>2</sub> emissions by 29.4% compared to FY2017  | ✓                      | Reduced Scope 1 and 2 CO <sub>2</sub> emissions by 35.5% compared to FY2017   |
|                              | Install renewable energy to ADTEC Engineering Co., Ltd.   | ✓                      | Completed switch from purchased electricity to CO <sub>2</sub> -free renewable energy at ADTEC Engineering Co., Ltd.'s Nagaoka Division (supply to all buildings from September 2024) |
| FY2025                       | Reduce Scope 1 and 2 CO <sub>2</sub> emissions by 33.6% compared to FY2017  |                        |   |
|                              | Promote LED lighting at domestic Ushio divisions (Harima, Gotemba, Kyoto, and Yokohama) (Complete the transition before the fluorescent lamp manufacture, import, and export ban at the end of FY2027)  |                        |   |
| Medium- to long-term targets | FY2050 target: Achieve carbon neutrality in terms of Scope 1 and Scope 2 emissions  |                        |   |
|                              | FY2030 target: Reduce Scope 1 and Scope 2 CO <sub>2</sub> emissions by 55% compared to FY2017<br>Reduce Scope 3 (Category 11) CO <sub>2</sub> emissions by 48.3% compared to FY2017<br>Install renewable energy at 100% of divisions in Japan |                        |   |
|                              | FY2026 target: Reduce Scope 1 and 2 CO <sub>2</sub> emissions by 37.9% compared to FY2017   |                        |   |

\* ✓: Achieved

## Topics: Results of Initiatives at Major Divisions and Plans for FY2025 Onward

### Ushio Harima Division

Harima Division maintains zero CO<sub>2</sub> emissions through electricity purchased in continuation of Renewable Energy ECO Plan and an on-site solar power purchase agreement. In addition, the division has been systematically upgrading city gas-powered air conditioning equipment and absorption-type cool and hot water generators (replacing them with energy-saving types) since fiscal 2023, resulting in a 10.8% reduction in CO<sub>2</sub> emissions from city gas use in the division in fiscal 2024 compared to fiscal 2023.

### Ushio Gotemba Division

The installation of an additional solar power generation facility (carport-type in the employee parking lot) was completed in fiscal 2023, and together with the power generation facility already installed, solar power accounted for approximately 14% of the electricity used in fiscal 2024. Going forward, the division aims to achieve zero CO<sub>2</sub> emissions from business operations by switching from purchased electricity to electricity derived from renewable energy sources.

### ADTEC Engineering Co., Ltd. Nagaoka Division

Starting in September 2024, the power supply for the entire division was switched to renewable energy derived from hydroelectric power, reducing CO<sub>2</sub> emissions from electricity, which accounts for more than 80% of the division's overall energy consumption, to zero.

Realizing a Sustainable Society by Reducing Environmental Impact

**New Growth Strategy Initiatives to Reduce GHG Emissions**

Reducing GHG emissions is essential to achieving "Focus 4: Sustainably Reducing Environmental Impact," in our New Growth Strategy, Revive Vision 2030, formulated in May 2024. We are working to introduce renewable energy, review capital investments, and raise employee awareness of energy conservation, particularly at production sites with high emissions.

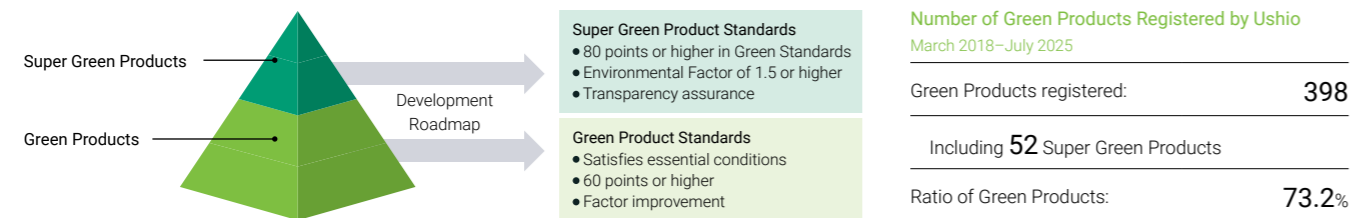
Furthermore, from fiscal 2023, the Ushio Group started to obtain independent assurance of its GHG emissions. In fiscal 2024, we were able to make progress on these initiatives, including expanding the scope of assurance compared to the previous year.



**Development of Green Products**

At Ushio, we incorporate our Green Product Assessment Manual into our design standards so we can pre-evaluate the environmental impact of our products starting in the design stage. When the environmental performance of a product has been improved based on this evaluation, it is certified as a Green Product. If the product is outstanding even among Green Products, and uses innovative environmental technology on a completely different level from existing products, it is certified as a Super Green Product.

**Ushio's System of Green Products**



Specifically, when designing products, we conduct a Green Product Assessment. Products that clear more than 60 points in this assessment and satisfy necessary benchmarks, including improvement of environmental factors, are certified as Green Products, and products that actively utilize environmentally friendly technology according to our proprietary certification standards are certified as Super Green Products.

Super Green Products are top products that have outstanding environmental performance in areas such as energy saving, long life, 3R\*1 design, material usage, and application, and meet the quantitative standards of Ushio Environmental Factor. 91 products have been certified as Super Green Products thus far.

\*1 Designs encompassing the principles of Reduce (reduction of resource use and waste), Reuse (using materials multiple times), and Recycle (effective use of waste materials, etc.)

**Information Disclosure in Accordance with the TCFD Recommendations**

Ushio declared its support for the aims of Task Force on Climate-related Financial Disclosure (TCFD) recommendations in 2021 and has disclosed details on our sustainability website regarding four key elements: governance, strategy, risk management, and metrics and goals.

Please refer to our website for details on disclosures in accordance with TCFD recommendations.  
[https://www.ushio.co.jp/en/sustainability/esg/environmental/management/#page\\_content03](https://www.ushio.co.jp/en/sustainability/esg/environmental/management/#page_content03)

**Results of Scenario Analysis**

We have selected the 1.5°C to 2°C scenarios and the 4°C scenario from among the climate change scenarios disclosed by the International Energy Agency (IEA) and other organizations. Based on these scenarios, we analyzed the impact of climate change on our business up to 2050. As a result of analyzing the financial impacts of risks and opportunities of high importance, we identified that flooding and other natural disasters would have a significant impact on our production bases, especially under the 4°C scenario. Meanwhile, we confirmed that we could mitigate the impact of climate change-related risks by making appropriate insurance arrangements at the applicable production bases.

**Main Risks in the Area of Climate Change**

| Type             | Time Frame*2   | Overview and Financial Impact                      | Measures              |   |  |
|------------------|--|--|-----------------------|---|--|
| Transition risks | Carbon pricing, carbon emission targets and policies in each country | Carbon tax   | Medium-term           | Enactment of a carbon tax on GHG emissions would increase operating costs by ¥200 million under the 1.5°C scenario and by ¥160 million under the 2°C scenario.*3  | Reduction of GHG emissions by adopting renewable energy, etc.                          |
|                  | Rise in cost of raw materials  | Copper price<br>Zinc price<br>Molybdenum price     | Long-term             | Supply and demand for minerals could become more pressing following the increased demand for low-carbon technologies (solar power, EV batteries, etc.). As a result, mineral prices and raw materials prices could rise.  | Enhancement of supply chain management   |
| Physical risks   | Water shortages  | Profit losses due to drought                       | Medium-term           | Product production could be delayed or suspended due to restrictions on water intake in the wake of water shortages, and profit losses could occur as a result.   | Adoption of recycled water at some bases where there is risk of water shortage         |
|                  | Intensification of abnormal weather                                  | Property damage and profit losses caused by floods | Short- to medium-term | Product production could be delayed or suspended due to damage to our production bases caused by floods. The related property damage costs and profit losses would total ¥6.68 billion under the 4°C scenario. However, ¥6.67 billion of this amount could be covered by insurance. | Strengthening resilience through the establishment of a business continuity plan (BCP) |
|                  |  | Increased insurance rates                          | Short- to medium-term | Insurance rates and costs could increase due to greater risk of damages at production bases resulting from the intensification of floods and typhoons.  | Review of insurance content according to status  |

**Main Opportunities in the Area of Climate Change**

| Type                            | Time Frame*2               | Overview and Financial Impact*4   | Measures   |  |
|---------------------------------|----------------------------|---|--|--|
| Products and services           | Business Creation Division | Short- to medium-term   | Growing interest and demand for improving the environmental performance of products and reducing their carbon footprint will lead to increased development of Green Products.  | Development of a system for decomposing N <sub>2</sub> O gas with high global warming potential                                    |
|                                 | Industrial Processes       | Short- to medium-term   | Financial impact: High<br>Sales of related products will expand in line with growing demand for semiconductors used in environmentally friendly vehicles (EVs, etc.), home appliances, and electronic devices, each of which helps reduce GHG emissions. | Development and supply of semiconductor-related products (lithography equipment for packaging, super high-pressure UV lamps, etc.) |
|                                 | Visual Imaging             | Short- to medium-term   | Financial impact: Medium<br>Rising demand for energy conservation will lead to an expansion in the transition to and new installation of more energy-efficient light sources.  | Initiatives and development to improve energy-efficient products   |
| Increase in resource efficiency | Short- to medium-term      | Reduction of energy costs through streamlining of manufacturing and distribution processes                        | <ul style="list-style-type: none"> <li>Achieving energy targets</li> <li>Transition to and new introduction of high-efficiency facilities and delivery methods</li> </ul>  |  |
| Energy sources                  | Short- to medium-term      | Decrease in costs of renewable energy and increase in opportunities for usage due to promotion of energy saving   | <ul style="list-style-type: none"> <li>Transition to renewable energy</li> <li>Installation of solar power equipment at Company factories</li> </ul>   |  |
| Other                           | Short- to medium-term      | Increase in investment opportunities due to growing approval from society as a company working on decarbonization | <ul style="list-style-type: none"> <li>Disclosure of GHG emission reductions</li> <li>Response to trends in regulations and related bodies</li> </ul>  |  |

\*2 Time frames: Short-term: within 1 year; Medium-term: within 1–3 years; Long-term: 3 years or more  
 \*3 Estimation based on forecasts for carbon pricing by the IEA and the amount of GHG emissions in each country  
 \*4 Financial impact: High: sales of ¥100 billion or more; Medium: sales of ¥10 to ¥100 billion; Low: sales of less than ¥10 billion



# Principles on Human Rights to Earn the Trust of the International Community

## Basic Approach and Policy

At Ushio, we believe respect for human rights is a fundamental underpinning of our efforts to build trust as a corporation that fulfills its responsibilities to the international community.

In this regard, Ushio respects international norms and guidelines, such as the Universal Declaration of Human Rights, the UN's Guiding Principles on Business and Human Rights, the 10 Principles of the UN Global Compact (Human Rights and Labor), the Declaration on Fundamental Principles and Rights at Work outlined by the International Labor Organization (ILO), and ISO 26000.

● We shall respect all the internationally recognized basic human rights relating to our business activities, and endeavor to create bright, safe, and pleasant working environments. (10 Action Guidelines as a Member of Society, Chapter 3)

We will engage in no unreasonable discrimination in the hiring or treatment of staff members on the basis of race, gender, religion, faith, nationality, place of origin, physical characteristics, sexual orientation, or any other factor not related to capabilities or the performance of duties and we will respect all diversity and free thinking.

● We shall work to earn the understanding and trust of society. (10 Action Guidelines as a Member of Society, Chapter 5)

We are aware of the roles and responsibility that we have as a member of society and are committed to the development of local economies and communities and to harmony and mutual prosperity with society through job creation and maintenance and through procurement and other activities.

● We shall contribute to the development of respective regions where we conduct business as a member of the international community. (10 Action Guidelines as a Member of Society, Chapter 10)

We understand that overseas companies must be run with respect for the religions, cultures, customs, languages, values, and other aspects particular to their respective countries and regions.

We believe the following descriptions exemplify the human rights that we must protect in our business activities and our relationship with society.

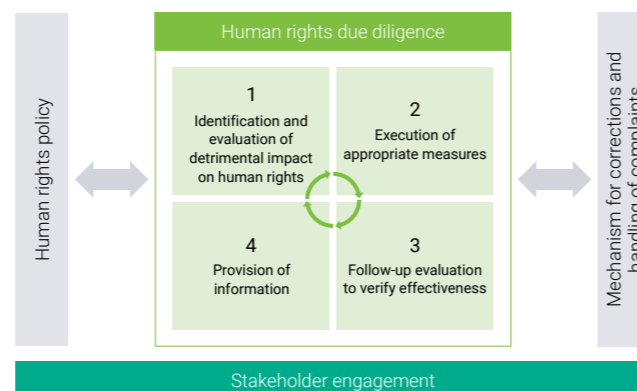
- Maintain working environments that facilitate work, prevent accidents at work, and prevent work-related injuries or diseases
- Prevent child labor, forced labor, slave labor, and discrimination
- Restrict excessive work hours
- Preserve equality and non-discriminatory practices, respect diversity, and eliminate harassment
- Respect freedom of association and the right to collective bargaining and ensure a minimum wage and a livable wage
- Respect fundamental human rights as defined by the Universal Declaration of Human Rights, such as the right to life and liberty
- Protect the rights of children as vulnerable members of society

## Human Rights Due Diligence

Ushio considers the abovementioned work important both within the Company and in its supply chain, and takes measures such as conducting investigations to ensure that there are no issues.

In addition to promoting diversity and inclusion within the Company, we support reforms in work practices throughout our supply chain under our Partnership Building Declaration, and conduct CSR investigations to verify the status of relevant initiatives, including human rights measures.

We have a dedicated internal reporting hotline for employees both in Japan and overseas, and an external reporting hotline that accepts reports by phone or email. Any matters related to human rights are reported to the Chair of Compliance Committee, who then works to resolve the issue such that the reporter is not negatively impacted.



## Human Rights Due Diligence Framework

As a point of contact for our business partners, we endeavor to have a framework in place to answer questions and provide training whenever our business partners need us to, as well as providing a venue for regular exchanges of opinion so that all matters can be resolved appropriately.

## Supply Chain Management

As stated in our Management Philosophy, Ushio has been implementing initiatives from an ESG management perspective. In addition to environmental measures, Ushio business partners are promoting CSR procurement throughout the supply chain in consideration of human rights, which has become increasingly important in recent years. In the past Environmental Action Plan, we established a system that enables us to conduct CSR procurement surveys on a regular basis. We have improved our CSR response capabilities through dialogue, including explanations to business partners, implementation of surveys, feedback on evaluation results, audits based on evaluations, and education and guidance. For suppliers who do not meet our standards, we engage in discussions to

verify their status and offer guidance; however, if improvements are not made, we may terminate the business relationship.

We are addressing the periodic implementation of CSR procurement surveys and dialogue as priority issues. We are reviewing the evaluation standards of the CSR Procurement Survey as necessary, establishing KPIs for recovery rates and risks, and expanding them to all of our Group companies. In addition, as an environmental initiative related to our procurement, we will focus on calculating Scope 3 Category 1 (CO<sub>2</sub> emissions from purchased products / services) and other topics to make CSR-oriented procurement efforts.

### Plan for CSR Procurement and Actual Results

|                              | Plans  | Status of Achievement* | Actual Results  |
|------------------------------|--|------------------------|---|
| FY2024                       | Maintain ratio of D and E ratings of less than 5% in CSR procurement survey at Ushio Inc.'s domestic production sites  | ✓                      | Continuing from the previous fiscal year, we visited D- and E-rated suppliers to learn about their CSR procurement status and provide guidance. As a result, all suppliers in the FY2024 survey achieved a C rating or higher |
|                              | Provide guidance to improve performance level of suppliers rated D and E in FY2020 survey  |                        | Confirmed with suppliers rated D and E in FY2020 survey, as well as new suppliers acquired after FY2023   |
|                              | Prepare for CSR procurement survey<br>Discussion of implementation methods for the next CSR Procurement Survey   |                        | The Global Compact Network Japan format continues to be used for the upcoming CSR procurement survey  |
| FY2025                       | Maintain ratio of D and E ratings of less than 5% in upcoming CSR procurement survey at Ushio Inc.'s domestic production sites   |                        |   |
|                              | Provide support for Ushio Inc.'s domestic production sites in raising standards through CSR procurement survey<br>Examine methods for improving performance level  |                        |   |
| Medium- to long-term targets | Achieve a supply chain with minimal environmental impacts<br>Reduce CO <sub>2</sub> emissions of parts and materials<br>Engage in CSR procurement with suppliers (including logistics) mindful of the SDGs |                        |   |

\* ✓ : achieved

Please refer to our website for details on our respect for human rights  
[https://www.ushio.co.jp/en/sustainability/esg/social/human\\_rights/](https://www.ushio.co.jp/en/sustainability/esg/social/human_rights/)



Please refer to our website for details on our supply chain management  
<https://www.ushio.co.jp/en/sustainability/esg/social/supplychain/>

