

VALQUA Group

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VALQUA Group Sustainability Report 2023

Value & Quality

About the cover

The VALQUA Group used photographs of children on the cover of this Sustainability Report to reflect our wish to contribute to the “Creation of a Bright Future” through business that provides customers with safety, peace of mind, and prosperity, and through sustainability activities such as support for ballroom dance. We would like to see a future in which all children can be active and succeed in safety and peace of mind.

The cover of this report is graced by photographs contributed by VALQUA Group employees (photos of their children and grandchildren).

About Sustainability Report 2023

Starting in 2023, our new Sustainability Report will be an integrated report combining material that has traditionally been included in the sustainability report with that which has traditionally appeared in our company brochure.

Editorial Policy
This Sustainability Report is issued once a year to communicate our basic approach to the sustainability of the VALQUA Group and our Sustainability Materiality to all of our stakeholders. From 2023 onward, we will issue a publication that integrates the traditional sustainability report with our company brochure and provides more information, most of which is of a non-financial nature. Moreover, we are striving to reduce our use of paper resources by issuing a “digest” in brochure form and publishing the full version on our website. Some sustainability information will be disclosed solely on the website as a supplement to our Sustainability Report.

Month and Year of Issue
Issued in June 2023 (Previous Issue in June 2022)

Reporting Period
April 1, 2022 to March 31, 2023
Some of the reports include content from before or after the above period.
Information such as the organizational chart and policies is current as of April 2023.

Responsible Department and Contact Information
General Affairs Planning Section, General Affairs Division, General Affairs Group, VALQUA, LTD.
E-mail:csr@valqua.com

Scope of Reporting
VALQUA, LTD. and its 15 consolidated subsidiaries
(Hiring rates for persons with disabilities and percentage of women in management positions are figures for VALQUA, LTD. alone.)

Reference Guidelines, Etc.
GRI Standards, ISO26000, UN Global Compact,
Sustainable Development Goals (SDGs), Responsible Business Alliance (RBA) Code of Conduct

Reporting Media

PDF version	Summarizes high-priority sustainability-related efforts in an annual report. https://www.valqua.co.jp/social/report/
Web version	Exhaustive posting of latest information and additional information on our website. Updated frequently. https://www.valqua.co.jp/social/

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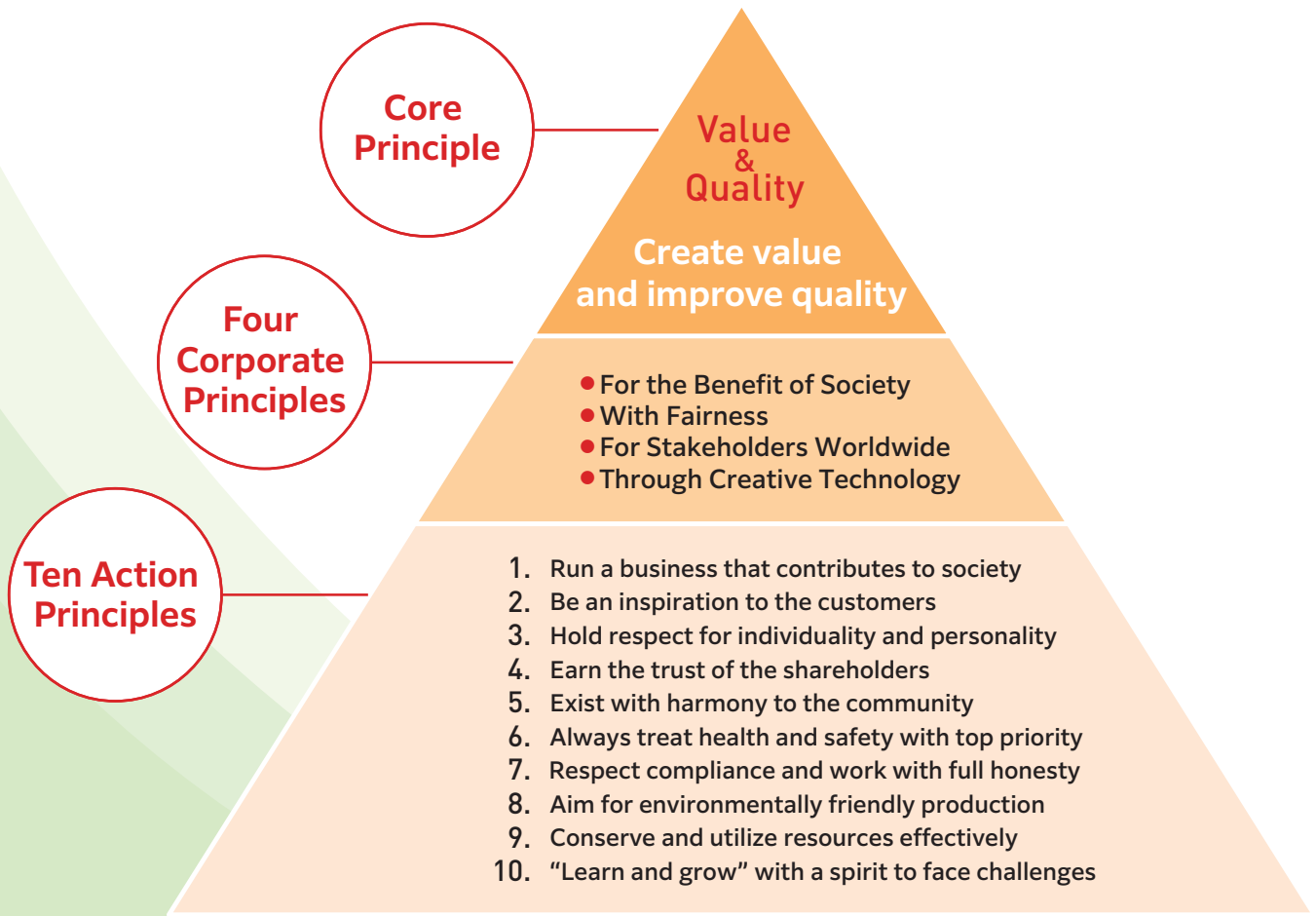
Corporate Philosophy

THE VALQUA WAY

The VALQUA Group’s Corporate Philosophy – “THE VALQUA WAY” – consists of the Core Principle of “Value & Quality” from which the company name is derived, together with the “Four Corporate Principles” and “Ten Action Principles” that aid employee understanding and facilitate implementation.

This deep understanding and implementation of THE VALQUA WAY forms the basis of the VALQUA Group’s sustainability.

The VALQUA Group will continue to create value and improve quality to contribute to the richness of the human race and global environment.



History of VALQUA

1927 January	Founded as NIPPON BRAKE LINING SEISAKUSHO in Osaka for the manufacture and sale of brake linings for automobiles and high-speed machinery.	2000 March	Established joint venture TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.
1932 April	Established NIPPON VALQUA INDUSTRIES, LTD. and started manufacturing of gaskets for industrial use.	2000 December	Established VALQUA SEAL PRODUCTS (SHANGHAI) CO., LTD.
1941 June	Began manufacturing synthetic rubber gaskets and joint sheets for airplanes.	2002 September	Established VALQUA (SHANGHAI) TRADING CO., LTD.
1952 February	Completed research work on the fabrication of fluorocarbon resin and was the first company to successfully commercialize the product in Japan. Began manufacturing and sales of such resin under the trade name “VALFLON”.	2004 March	Established VALQUA KOREA CO., LTD.
1969 July	Established joint venture TAIWAN VALQUA INDUSTRIES, LTD.	2006 January	Opened M·R·T CENTER in Machida, Tokyo
1975 September	Listed as a publicly quoted company in the First Section of the Tokyo Stock Exchange.	2008 April	Established VALQUA VIETNAM CO., LTD.
1988 July	Established joint venture VALQUA INDUSTRIES (THAILAND), LTD.	2010 September	Launched enhanced China operations through an operational and capital tie up with Daikin Industries, Ltd.
1993 November	Established Nara Works and started manufacturing of highly-functional rubber products.	2011 December	Acquired the present VALQUA FFT INC. and made it a consolidated subsidiary.
1995 August	Established SHANGHAI VALQUA FLUOROCARBON PRODUCTS CO., LTD.	2017 March	Acquired the present VALQUA NGC, INC. and made it a consolidated subsidiary.
1998 June	Established VALQUA AMERICA, INC. in USA.	2017 November	Established VALQUA INDUSTRIES SINGAPORE PTE. LTD.
		2018 October	Changed company name to VALQUA, LTD.
		2022 April	Moved from First Section of Tokyo Stock Exchange to Prime Market.

THE HISTORY OF VALQUA

Top Message

We will continue to implement reforms and take on challenges to contribute to “the richness of the human race and global environment”



Toshikazu Takisawa
Representative Director, Chairman & CEO

Yoshihiro Hombo
Representative Director, President & COO

Basic policy of mid-term business plan, New Frontier 2023 (NF2023)

In a rapidly changing global situation, we will uphold our customers' trust according to “THE VALQUA WAY,” aiming to become a company that continues to create new value through both Hardware and Services (H&S)

- 1. Adopt new materials and enter new markets and businesses by accelerating a bold strategy for M&As and business alliances
- 2. Decisively move forward with supply chain reforms in response to increasing geopolitical risks
- 3. Establish an AI/IT solutions business that can continuously create value for our customers
- 4. Accelerate R&D and human resource development in order to expand into new business areas
- 5. Further strengthen existing businesses by increasing capital investment and enhancing sales channels

The challenge of “Bold CX”

Earthquakes and natural disasters caused by abnormal weather are occurring all over the world, and rising geopolitical tensions are causing divisions between people. Together with the growing complexity of the market environment and destabilization of the economy, these factors are having a major global impact that is being felt in widespread anxiety.

In the business environment that surrounds the VALQUA Group, the established supply chains that we have relied on thus far have been greatly damaged by rising resource and energy costs and the difficulty of procuring raw materials.

Amidst this harsh business environment, the VALQUA Group has been promoting CX since 2021 (CX*1 Year One). The image that we wished to project in our centennial year, 2027, was “a challenging company that challenges the future and the unknown”. To achieve this ideal corporate image, we redoubled our efforts in environment, society, and corporate governance, and as a result, we have earned the highest profits in our 95-year history.

We sincerely feel that this is proof that the Corporate Philosophy of “THE VALQUA WAY” has permeated throughout our Group, and that our employees have maintained their focus on the future amidst this rapidly changing environment and are thinking for themselves as they rise to meet challenges.

For instance, in the area of environment, we have been proactive about providing environmentally friendly products through activities that are in harmony with the proposals of the Task Force on Climate-related Financial Disclosures (TCFD). We have also made efforts to reduce CO₂ emissions by using renewable energy in domestic and overseas manufacturing plants, by designing products oriented toward the practical application of hydrogen energy, and by promoting our silicon wafer reclaiming business.

In society and corporate governance, we are rethinking and streamlining our sales network in preparation for the further acceleration of the information society. In Taiwan, we have moved to a new plant and are strengthening our production system to accommodate increased production.

Moreover, we have completely overhauled our R&D*2 organization, and by adding M&D*3 functions to each business group, we have constructed a system for developing products rapidly and from the perspective of our customers.

Amidst the ongoing global inflationary trend, sharp increases in the cost of energy, foods, and all other commodities are unavoidable in Japan, as elsewhere, and we expect our Group's business environment to become even harsher as the sluggish market for consumer goods causes demand for semiconductors to decelerate.

Even in these difficult times, we aim to exhibit the true value of the Visionary Management that the VALQUA Group has forged over the years. In order to make fiscal year 2023 a fitting Final Year for the VALQUA Group's mid-term business plan “New Frontier 2023” (NF2023), we are promoting an awareness of the need to flexibly and speedily adapt to and address all changes and risks. At the same time, we are steadily implementing H&S*4-based initiatives, including M&A through “selection and concentration”, strengthening of our ability to cope with material risks, rebuilding of the supply chain, intensifying our utilization of AI/IT, and enhancing human resources development to support the next generation.

*1 CX: abbreviation for corporate transformation.
*2 R&D: abbreviation for research and development.
*3 M&D: abbreviation for marketing and development.
*4 H&S: VALQUA is providing solutions oriented toward the maximization of customer value by adding “S” (services) that take into account the perspective of the customer to “H” (hardware = products) with high added value.

Increased efforts to promote sustainability

In April 2022, when VALQUA moved into the “Prime Market” of the Tokyo Stock Exchange, it transformed its “CSR Promotion Committee” into a “Sustainability Committee” to accommodate the revision of the “Corporate Governance Code” through enhanced governance and sustainability activities. We also rethought our Sustainability Materiality to emphasize the relatedness of our NF2023 management strategy to our business plan, and we have strengthened our efforts in the area of human rights by adding compliance with “human rights due diligence”. The VALQUA Group established

the VALQUA Group Basic Policy on Human Rights because it has traditionally considered its “human resources” to be its most important asset. In the future, we intend to make even stronger efforts to create an environment in which diverse human resources can play an active part regardless of nationality, gender, or age.

For the present report, a “Sustainability Report Editorial Committee” was inaugurated in January 2023 with the aim of more exhaustive and appropriate disclosure of information, especially as regards our Group's sustainability.

With intellectual curiosity and the spirit of challenge, the VALQUA Group will continue to pursue innovation and take on new challenges under the banner of “THE VALQUA WAY”, For the Benefit of Society, With Fairness, For Stakeholders Worldwide, Through Creative Technology.

We continue to hope for your unwavering support and guidance of our Group in the future.

Representative Director, Chairman & CEO Toshikazu Takisawa
Representative Director, President & COO Yoshihiro Hombo

Special feature.1 Promotion of CX

Our continually evolving lined tank services business

– Proud pioneers in the manufacture of tank linings –

SDGs to which this contributes



Rising importance of domestic production – Strategic indispensability –

Semiconductors are the primary components of many industrial products such as smartphones, personal computers, and automotive equipment, and they are indispensable to our lives. As important infrastructure for the rapidly advancing information society, semiconductors are also a product area in which technological innovations and expansion of market scale are expected.

Heretofore, production of semiconductors has been focused in certain foreign countries, but in Japan there is now a growing movement to reconsider the importance of domestic production. Accordingly, the revitalization and pursuit of competitive advantage in the domestic semiconductor industry have been established as national strategy. Emblematic of this trend is the start of production at the world's largest semiconductor foundry in Japan's Kumamoto Prefecture (The VALQUA Group is now entering a phase in which its achievements overseas are recognized and orders for lined tanks that are received by VALQUA are fulfilled through production and product supply in Taiwan).

Thus, we are ushering in an unprecedented boom in investment in semiconductors in Japan. In the future, VALQUA is expected to distribute even greater quantities of lined tanks for supply of the liquid chemicals used in the semiconductor manufacturing process, as well as lined ISO containers for transporting high-purity liquid chemicals from sources in and outside of Japan. In light of these changes in industrial structure, the lined tanks that are the VALQUA Group's major products could be said to be indispensable to the expansion of production activity in Japan.



Exterior of ISO container

Strengthening the domestic supply chain through new technologies and services

In view of the movement toward reshoring semiconductor production and the potential for generating long-term demand, the VALQUA Group has positioned the strengthening of domestic production power for the lined tanks and lined ISO containers that are our major products as a challenge that should be prioritized in the mid-term business plan "New Frontier 2023" (NF2023), along with improving technology to prepare for the manufacture of next-generation semiconductors. To take on this challenge, we have decided to invest in a new manufacturing plant for lined tanks in Tahara City, Aichi Prefecture (tentatively name: Tahara Works). It has been 30 years since we built the former Nara Works (the present VALQUA SEAL SOLUTIONS CO., LTD.) as an investment in a domestic base with our own production functions. The site area is approximately 11,500 m², and total floor area is approximately 5,500 m². Completion of construction and the start of production are scheduled for January 2025.

The activities of the Tahara Works will not be limited to the manufacture of tanks by our existing lining methods. The plant will operate an advanced tank business that introduces new technologies and services. The role of the Tahara Works will be that of a global flagship manufacturing plant for lined tanks that goes further in pursuing high quality and advanced services to support leading-edge semiconductors. It will contribute to the miniaturization of semiconductors by providing the world's cleanest tanks ("pre-cleaning tanks") as well as "tank diagnosis". By adopting environmentally friendly manufacturing methods, it will reduce the environmental burden. Through the operation of the Tahara Works, it will also be possible to streamline production so that all processes up through the application of the lining are performed in Japan. This will reduce the risks associated with supply chain fragmentation and help to realize strategic supply chain management.

By increasing the production efficiency of our Group, we aim to achieve rapid and stable supply of products to the semiconductor plants that are experiencing growth in demand globally. In doing so, we will contribute to the solution of the semiconductor shortage that has recently become a social problem, as well as to the growing sophistication of semiconductors.

Exterior of lined tank

Image of new Tahara Works (Design drawing)

This investment has been adopted under the Ministry of Economy, Trade and Industry's program of "domestic investment promotion projects for supply chain countermeasures", and it is recognized by the government as a project that contributes to the strengthening of the domestic supply chain.

Toward becoming true specialists in lining manufacture

In the VALQUA Group, production of the first lined tanks in Japan began in 1972, and in 1977 we became the first in Japan to develop the present manufacturing method in which polyvinyl chloride welding technology is applied to weld PTFE sheets using PFA.

We then sprinted beyond our competitors in the expansion of our global network by establishing a subsidiary in Taiwan as early as 1997 (the present TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.), together with new lined tank manufacturing plants at VALQUA NGC (USA) and VALQUA SEAL PRODUCTS (SHANGHAI) CO., LTD. (China) in 2017.

Our Taiwanese subsidiary built additional plants in 2012 and 2015, and in 2021, operations began at a new plant in Kaohsiung, located in the "Southern Taiwan Science Park", with twice the area of the previous plant (site area of approximately 15,000 m², and total floor area is approximately 6,600 m²). Positioning special fluororesin tanks as strategic products, this subsidiary is promoting technology development oriented toward improving quality as a core base in the global supply chain. Last year the VALQUA Group proactively expanded the tank business that supports leading-

edge semiconductors by becoming the first to conduct full-scale introduction of the aforementioned "pre-cleaning tank". Twenty-six years have now passed since the establishment of our subsidiary in Taiwan. Today, in 2023, we have earned the deep trust of customers in and outside of Taiwan for the quality of our fluororesins, the meticulous inner surface processing and finishing of tanks, and the various tank-related services we provide, and our subsidiary in Taiwan has grown into one of the overseas production bases that represent the Group.

We now look ahead to January 2025, when the Tahara Works that will become our global flagship plant will come on stream. With ever stronger insistence on high quality, the VALQUA Group will strive to evolve into a true specialist in the manufacture of linings that can achieve stable procurement through a robust supply chain and handle everything from manufacture to repair, periodic inspections, and predictive maintenance.

Never ceasing to be the pioneer in the lined tank industry, we will continue to be the driving force in lining manufacture worldwide.



TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD. (aerial photograph)

Special feature.2 Human resources development

Taking on unprecedented challenges my way as a female manager

SDGs to which this contributes



(This section is based on an essay written by Ms. Fuku Tanaka in Japanese, with modifications)

Angst and experience as the first female new graduate in sales

I am from China. While studying in Japan, I found myself attracted to the wonderful approach the Japanese took to “making things”, so I began looking for a job in Japan. I hoped to serve as a bridge for spreading Japanese technology and products throughout the world. I took part in company information sessions at several companies I was interested in, but the one that made the most impression on me was VALQUA. VALQUA had leveraged a high level of technological ability developed over long years under the Corporate Philosophy of “THE VALQUA WAY” into a bold global expansion, and I thought it was “an attractive company that would offer me the chance to come into contact with diverse cultures and value systems, and to learn about international business”. More than anything else, I got a sense, from the company information session and the interview with executives, that men and women were treated equally when it came to promotions, so I decided to join the company.

Once on board, I was assigned to a position in the Sales Division as the first female new graduate in sales, and I was placed in charge of the major manufacturing plant industry, which includes the main customers for seal products. During my OJT, I received strict but sometimes very kindly guidance, and I steadily gained experience.



With CEO Takisawa. Photo taken in commemoration of being awarded the first place at the FY 2012 company-wide competition, “THE VALQUA WAY Understanding and Practice Activities”.

If there was no precedent for it, I established one myself. Met challenges “in my own way”, thinking outside the box.

When I first joined the company, there were no senior female employees in Sales who had managerial experience, and there were times when I struggled, having no one I could compare notes with. However, I thought, “The lack of a precedent means that I am free to establish one myself”, and while proceeding in consultation with my superiors and colleagues, I strove to do things “my way” with a consciousness of my own strengths. I was blessed with good



Vice President, TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.

Fuku Tanaka

Grown up in China. Attracted to Japanese approach to “making things” while studying in Japan. Joined VALQUA in 2009. Acquired Japanese nationality in the course of a career in the Sales Division in Japan that covered the first 12 years of her service. Ms. Tanaka then took up the position of Vice President of TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD. in 2021. She presently devotes most of her attention to performance management, compliance, the strengthening of governance through internal controls, and the education of local staff.

customers, superiors, and colleagues, and while receiving help from those around me, I busily strove to get results every day. I began to think, “It is meaningful and worthwhile for the very reason that there are no precedents”. I continued to take on the challenge of being the first, and VALQUA provided me with a stage to act upon. I was ultimately recognized for my efforts, and I was blessed in my private life as well with marriage and children.

But although I returned to my previous position in the Sales Division following maternity leave and childcare leave, I found juggling work and childcare to be a dilemma. I grew impatient and anxious, thinking, “It shouldn’t be like this.” Although I was confronting a change in life stage, I was able to get through the difficulties by utilizing systems like flex time to the greatest extent with the understanding and cooperation of my superiors, colleagues, and family. Looking back now, I think that at the time I felt lots of expectations and pressures. However, rather than try to be perfect to meet the expectations of everyone around me, I tried instead to accept every opportunity and turning point positively, and as a result of continuing to take on challenges in my own way based on my characteristics, strengths, and experience, my efforts led to my present position, where I think I have been able to set a precedent as a female manager.

I am filled with gratitude toward VALQUA for allowing me to try hard in my own way, and for valuing my efforts and recognizing the various challenges I have surmounted.

The challenge of connecting to the next generation, for a female leader

When I was appointed Sales Division Manager in April of 2020, my standpoint shifted from that of a player to a manager. All of my older former colleagues now became my subordinates, and we felt



At TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD. Takao HQ

awkward dealing with each other. However, I did not have time to worry about this, and I strove to provide guidance tailored to the individual and to foster good communication while respecting the values and characteristics of my subordinates. As a result, we gradually developed into an organization with a culture of openness. Just when my subordinates were beginning to adopt the posture of taking on challenges independently, I received an unofficial announcement from my superior stating that I would be transferred to a subsidiary, TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD., effective January 2021, and that I would assume the position of vice president. I still recall my mind going blank for a moment. I decided to consider it with an open mind. Yes, I could stay in an environment where my knowledge and experience would get me by and my career would be an extension of what had come before, but if I aimed to take my career to a higher level, I would need to take on “challenges in a new area I had never experienced before”. After receiving the unofficial announcement, I went home and talked it over with my family. I was surprised that my husband did not hesitate to offer his support, saying, “I will quit my present job, so let’s go (to Taiwan) together!”

It was my first expatriate assignment, but I decided to take on the challenge, thinking that if my family was with me, I could decisively take the course of action I wanted, whatever the environment. For a while after arriving at my new post in Taiwan, I often felt anxious. My work seemed to consist of nothing but things my experience in the Sales Division had not prepared me for. Suddenly I was responsible for managing people whose nationality, business practices, and values differed from my own, and not only did I need to manage performance, I also had to handle financial-related matters, internal controls, and the introduction of a core system – all areas in which I had little knowledge or experience. With the guidance and advice of the executives at the VALQUA head office and the president of TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD., I carefully addressed the issues one by one, searching for solutions myself through a thought process based on “THE VALQUA WAY”. It was very difficult sometimes, but in the process of working toward the same goal with the local staff, I became aware of the importance of intercultural understanding, and of working in harmony while respecting the other, and I was able to improve my skills and mentality as a manager. I am convinced that my valuable experience and self-growth in Taiwan were connected to the growth of the organization, and even the growth of the company.



Sitting in a circle with members of the Accounting Section

Continuing to strive toward the realization of a sustainable society with VALQUA

In April 2021, I was honored to be selected by CEO Takisawa as a member of the 2-year Overseas Management Training Course, along with 6 candidates for executive positions from the 3 bases of Taiwan, South Korea, and Vietnam.

All 7 participants in the course came from different backgrounds, but we all applied ourselves and completed the training with the common goal of “wanting to help VALQUA grow into a truly global corporation”. Through this training, we learned the importance of accepting diversity, the convictions we must have as managers, the things we must be prepared to do, the necessary skills, and many other points that would help us become suitable leaders for a tumultuous age. More than anything, this training gave me more opportunities to speak with CEO Takisawa directly, and I was able to gain a deeper understanding of VALQUA’s Visionary Management.

VALQUA holds it important for people of different backgrounds to raise each other up while respecting each other, in the expectation that the growth of each individual employee will lead to the continuous and sound growth of the company. VALQUA is striving to further strengthen the development of the management leaders that drive the organization through a training system that supports career formation irrespective of nationality, gender, or age; the creation of an environment that supports diverse and flexible ways of working; and radical changes in consciousness and behavior throughout the entire organization. I, too, would like to participate positively in these activities.

As a female manager, and as a mother in my private life, I will continue to take on challenges, whether in Japan or overseas, so that I can expand my own potential to the maximum degree under “THE VALQUA WAY”. I also hope that seeing me engaging in lively activity will raise the motivation of many employees, and that as a result, female employees will aim to become female managers.

In the future, I hope to play a role in managing the next generation to help VALQUA grow as a corporation that contributes to the realization of a sustainable society.



With the Management Division and CEO Takisawa at the Well-being Thanks Party hosted by CEO Takisawa in 2023.

Overview of VALQUA Group businesses

With 3 business areas – seal products business, high performance plastics products business, and silicon wafer reclaiming business – the VALQUA Group has a global reach.

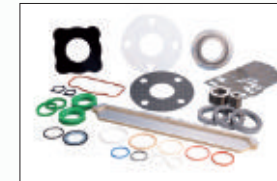
Global Network



Product Lists

Seal products business

Mainly, development, production, and sale of seal products for plants and equipment, elastomer products, and automotive part-related seals



The main business line of the VALQUA Group is providing seals for use in piping and equipment in various industries. We provide new customer value for the frontier industry, equipment, and plant markets through DX.

High performance plastics products business

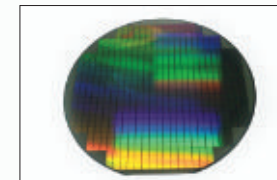
Mainly, the development, production, and sale of fluorocarbon resins and other high performance plastics products



These products, which take full advantage of the exceptional properties of functional resins, are used in many fields, including semiconductor devices and industrial machinery. With strategic products for frontier industries and the plant market as our main axis, we are improving our supply chain to provide value globally.

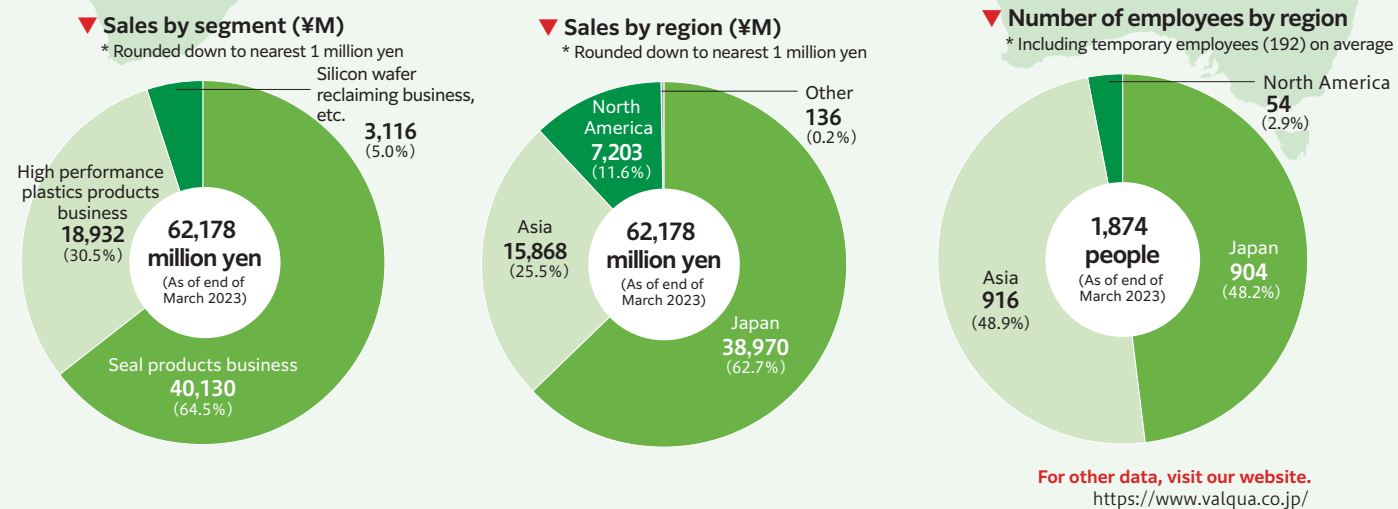
Silicon wafer reclaiming business, etc.

Mainly, silicon wafer reclaiming business and development, production, and sale of products centered on H&S



While helping to protect the global environment with our silicon wafer reclaiming business, we will go on contributing to a wide range of industries through the further development of our H&S business as an embodiment of new value creation.

VALQUA Group businesses



VALQUA with Society

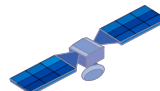
VALQUA's Relationship to Society

Our "products & services" play an active role in all sorts of places.

A Rockets and satellites

Metal hollow O-rings

These are high performance gaskets that can even prevent leakage in outer space. They are used not only in rockets and satellites, but also in equipment that requires high temperatures, high pressure, and high vacuum.



B Photovoltaic power generation

Photovoltaic power generation business


The Mega Solar power generation facility on the premises of KYUSHU VALQUA produces clean energy daily and contributes to the community and the preservation of the global environment.



C Transformer

Processed fluorocarbon resin products

The high electrical insulation performance of these products is used to good advantage in devices that eliminate the effect of lightning and control the amount of power transfers.



D Mobile phone base stations (5G)

Fluorocarbon resin material

Substrate material with the outstanding electrical characteristics and weather resistance of polytetrafluoroethylene (PTFE) contributes to safe, rapid, high-capacity data communication in antennas and self-driving vehicles.



E Construction machinery


O-ring

These are typical static and dynamic seal products. They accommodate a wide range of industrial needs thanks to the use of rubber material well suited to the application.



Thrust plate

When inserted into the gap in hinged moving parts of excavators, etc., thrust plates play roles such as adjusting the gap, preventing squeaking, and preventing galling.



F Automobiles

Gasket for automatic transmission (AT)

These are the gaskets used in the hydraulic control device (valve body) that controls the AT. By sealing the oil within the device, they make possible smooth, responsive gear changes.



G Chemical plants

Fluorocarbon resin lined ball valve

Adoption of highly chemical-resistant fluorocarbon resin in all parts that come into contact with fluids gives these valves broad applicability to fluid control.



Fluorocarbon-resin envelop gaskets

Made of highly chemical resistant material, these gaskets prevent liquid chemicals and gasses from leaking through the joints of piping and equipment.



Fluorocarbon resin lined product

These pipes use the characteristics of fluorocarbon resins – chemical resistance and surface smoothness – to ensure the purity of the fluids that pass through them.



H Portable media

Fluorocarbon resin tape

With high electrical insulation and outstanding processability, this tape contributes to miniaturization and the improvement of performance in telecommunications equipment.



I Seal engineering services

Seal Training Center (STC)

STC shares VALQUA's seal engineering technology with customers, connecting it to safe plant operation and reliable equipment operation. STC also provides a venue for human resources development, with classroom lectures on the selection of seal materials and appropriate methods of use, as well as experience-based training facilities for practical training using a simulation of pipe flanges in actual factory settings.



Seal Training Vehicle (STV)


Seal Training Vehicle is a mobile unit filled with training equipment for educating customers on gasket installation.



J Steel production plants


High performance sheet gasket

With far better performance than conventional products, these sheet gaskets are widely used, particularly in plants that require high temperature resistance.




Spiral wound gasket

These metal-reinforced products support safety operations in plants operated at high temperature and pressure.



Low friction seal (LFR SEAL®)

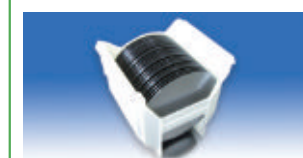
This seal material has outstanding slidability and was developed for use in the rotating and oscillating parts of various kinds of production equipment.



K Semiconductor plants


Reclaimed silicon wafer

VALQUA is contributing to the reduction of the environmental burden by using its proprietary knowhow to recycle the silicon wafers that have been used to check the operation of semiconductor manufacturing equipment by polishing and cleaning them so that they can be provided to customers like new products.




Fluorocarbon resin lined tank

Liquid chemical tanks with inner linings consisting of fluorocarbon resin sheets are indispensable in the storage and transport of the ultra-high purity chemicals used in semiconductor manufacture.




High-performance elastomer

Products surface-treated with a special low-impurity rubber maintain the clean environment that is indispensable to semiconductor manufacture.



Bonded gate seal

These are high performance elastomer and metal seals with a unitary structure. With high sealability, they are used in transfer gate valves for silicon wafers.



L Ships

Gland packing

These are products that prevent leakage from around the working axis, and they are used mainly in rotary pumps and valves that fulfill the function of conveying fluids or blocking their flow.



Fluorocarbon resin lined ISO container

These pipes use the characteristics of fluorocarbon resins – chemical resistance and surface smoothness – to ensure the purity of the fluids that pass through them until they reach their destination.



M Medical institutions

Fluorocarbon resin cut tape

Advanced technology is used to cut fluorocarbon resin tape to produce a product with superior air-tightness and slidability that is used in syringe plungers, etc.



Digital solutions in the maintenance field

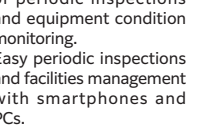
MONiPLAT™

Equipment inspection platform that enables integrated management of periodic inspections and equipment condition monitoring. Easy periodic inspections and facilities management with smartphones and PCs.



MONiPLAT™

Equipment inspection platform that enables integrated management of periodic inspections and equipment condition monitoring. Easy periodic inspections and facilities management with smartphones and PCs.



VALQUA SPM™

SDM工事管理システム

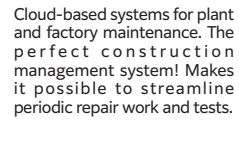
Cloud-based systems for plant and factory maintenance. The perfect construction management system! Makes it possible to streamline periodic repair work and tests.



VALQUA SPM™

SMART PLANT MANAGEMENT

Cloud-based systems for plant and factory maintenance. The perfect construction management system! Makes it possible to streamline periodic repair work and tests.



Philosophy and Policy on SDGs

Under the Corporate Philosophy of “THE VALQUA WAY”, the VALQUA Group is contributing to the realization of the SDGs and a sustainable society by making proactive efforts to address sustainability materialities through business activities.

Efforts to contribute to SDGs

As part of the “active engagement in ‘environment, society, and corporate governance’ in becoming a better global citizen” that the VALQUA Group established as its corporate image for the 100th anniversary of its founding (2027), the Group has

identified 6 SDGs among the total of 17 to which it thinks it can contribute through its corporate activities as a whole. “Activities that contribute to society” has now joined our offense strategy (“solving social issues through our main business (H&S)”) and our defense strategy (“strengthening our management foundation”) as the third axis for promoting these activities.

Offense

Solving social issues through our main business (H&S)

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

• Efforts to solve social issues through products and services

Defense

Strengthening management foundation

3 GOOD HEALTH AND WELL-BEING

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

• Efforts include strengthening governance, concern for environment in business, supply chain management, and human resources development

Activities that contribute to society

3 GOOD HEALTH AND WELL-BEING

• Support for ballroom dancing
• Activities that contribute to the local community

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as goals that should be achieved by 2030 in order to solve the problems of international society. They consist of 17 goals and 169 targets toward which not only governments but also citizens and private corporations are expected to contribute.



Sustainability Management

The VALQUA Group has positioned “sustainability” as an important business challenge, and in 2022, it changed the name of the “VALQUA Group CSR Promotion Committee” to the “VALQUA Group Sustainability Committee”. Under the Corporate Philosophy of “THE VALQUA WAY”, the Group is steadily executing “VALQUA Sustainable Action” to contribute to the richness of the human race and global environment.

Sustainability for VALQUA

The VALQUA Group considers sustainability to be “realizing sound and sustained growth and a sustainable society under the Corporate Philosophy of ‘THE VALQUA WAY’”.

The VALQUA Group will continue to promote sustainability activities through business activities and pursue the creation of value and improvement of quality in order “to contribute to the richness of the human race and global environment”.

“VALQUA Sustainable Action”.

- 1. Rethinking materiality that contributes to sustainability management
- 2. Setting concrete goals and managing progress for each materiality
- 3. Expanded disclosure of the status of sustainability activities that lead to management strategy through sustainability reports, etc.

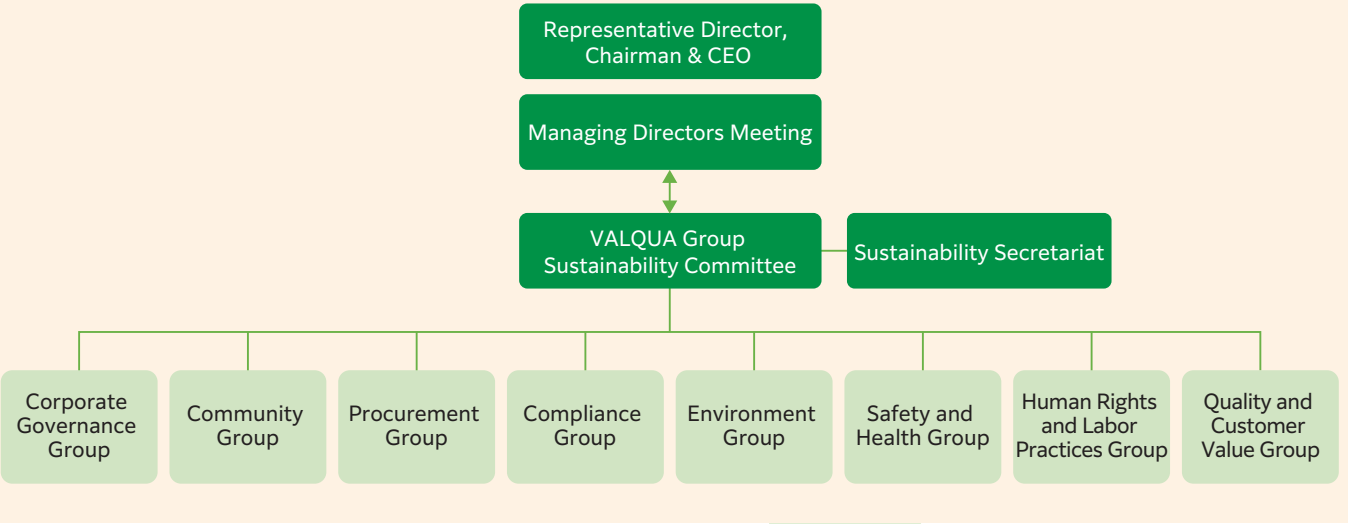
From “CSR” to “sustainability”

In April 2022, in order to accelerate its sustainability activities, VALQUA expanded its former “CSR” into “sustainability” and strengthened its system, changing the name of the system of promotion from the “VALQUA Group CSR Promotion Committee” to the “VALQUA Group Sustainability Committee”. Moreover, in the future it will pursue the following activities, promoting efforts to realize a sustainable society as

Organization for promoting sustainability

The “VALQUA Group Sustainability Committee” is positioned as an important body for discussing the sustainability activities of the entire Group, and it is composed of the executive officers of the VALQUA Group with the Managing Executive Officer as its chairperson. Regular meetings are held every half-year, as well as on an ad hoc basis, and the results are reported at the Managing Directors Meeting every half-year.

▼ Sustainability organization chart



Sustainability Materiality

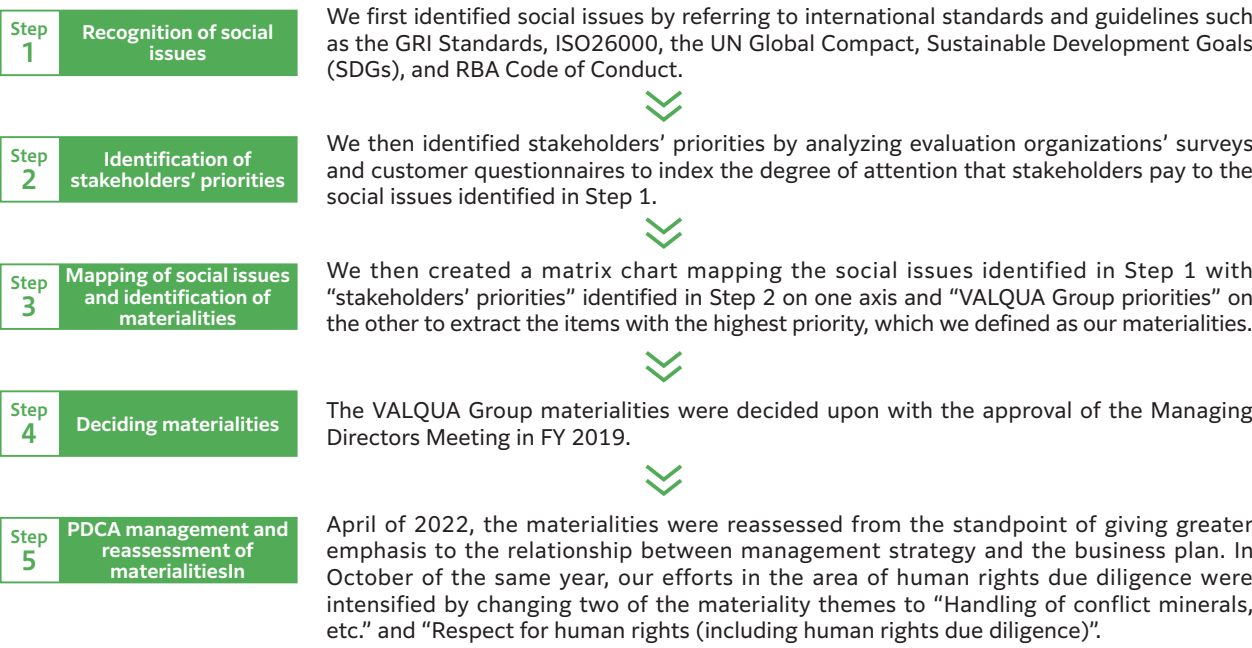
The VALQUA Group has established 16 items of materiality with the 8 priority areas of corporate governance, compliance, environment, safety and health, supply chain management, human resources and human rights, customer satisfaction, and community, and it is promoting concrete and proactive efforts along the lines of the materiality items. In October 2022, to reflect an awareness of human rights due diligence in our activities, we made changes in two materiality themes, specifically, “Handling of conflict minerals, etc.” and “Respect for human rights (including human rights due diligence)”.

Materiality		Why? For what purpose?	Basic policy	Main efforts	SDGs to which this contributes
Corporate governance	01. Spread of the Corporate Philosophy	To aim for sound and sustained growth through visionary management with the Corporate Philosophy at its center	Aim for sound and sustained growth through visionary management with the Corporate Philosophy of “THE VALQUA WAY” at its center	1) Activities to spread “THE VALQUA WAY” throughout the entire Group 2) Presentations on personal understanding and practice of “THE VALQUA WAY” at each level 3) Activities to recognize visionary management inside and outside of the company	
	02. Strengthening of corporate governance	Because it is important to have an effective decision-making mechanism for fulfilling our social responsibilities in corporate governance	Construct a management system based on “THE VALQUA WAY” and strive to perfect it	Make efforts to strengthen the system of global governance and expand information disclosure	
	03. Promotion of Group's global activities	To maintain solidarity in business activities throughout the Group as global expansion leads to increases in the number of employees with diverse backgrounds and values	Promote the realization of the Ten Action Principles of “THE VALQUA WAY” throughout the Group and strengthen business continuity to lead to the solution of global social issues	Efforts to promote sustainability activities and upgrade information throughout the entire Group	
	04. Dialog with stakeholders	To deepen mutual understanding through constructive dialog to increase our corporate value, or to promote the solution of common social issues	Realize the Ten Action Principles of “THE VALQUA WAY” through constructive dialog with various stakeholders, leading to increases in our corporate value, strengthening of business continuity, and solution of social issues	Constructive dialog with various stakeholders	
Compliance	05. Prevention of corruption and bribery	To prevent not only bribery but also actions that raise suspicions	Conduct business on the basis of the “Compliance Handbook” under the Action Principle of “Respect compliance and work with full honesty”	Strengthening of risk compliance, including prevention of corruption and bribery, and efforts to expand information disclosure	
	06. Legal compliance	To promote thorough compliance management in order to fulfill our social responsibility and meet expectations	Conduct business on the basis of the “Compliance Handbook” under the Action Principle of “Respect compliance and work with full honesty”	Efforts to increase the effectiveness of legal compliance and expand disclosure	
	07. Compliance with environment-related laws and ordinances, etc.	To avoid violation of increasingly strict pollution prevention laws, which could adversely impact our business activities	Conduct business on the basis of the “Compliance Handbook” under the Action Principle of “Respect compliance and work with full honesty”	Thoroughgoing environmental risk compliance	
Environment	08. Prevention and reduction of leakage of environmentally hazardous substances	To use advanced technology to contribute to the realization of a low-carbon society through products and services that lead to reduction of environmentally hazardous substances	Provide products and technology that contribute to the solution of social issues under the Action Principle of “Aim for environmentally friendly production”	Combating pollution and other social issues by developing and deploying products and services	
	09. Reduction of environmentally hazardous substances in business	To engage in business activities that minimize deleterious effects on the environment, in order to fulfill our social responsibilities as a manufacturing company	Give consideration to environmental assets in our activities under the Action Principle of “Conserve and utilize resources effectively”	Environmentally hazardous substance reduction	
Safety and health	10. Occupational health and safety	To lead to employee happiness and the development of business by creating an environment that considers health and safety and is easy to work in	Create an environment that is easy to work in under the Action Principle of “Always treat health and safety with top priority”	1) Promote occupational health and safety by training human resources to be safety conscious and making risk assessments more effective 2) Aim for health management. Promote health education for employees, along with healthy habits that improve mental and physical health	
Supply Chain Management	11. Handling of conflict minerals, etc.	To solve problems that have become more complex with the globalization of the supply chain	Conduct business on the basis of the “Basic Procurement Policy” under the Action Principle of “Aim for environmentally friendly production”	Education and promotion of procurement activities based on CRS Procurement Guidelines	
Human Resources and Human Rights	12. Ensuring of the diversity of human resources	To lead to sound and sustained growth by creating an environment that respects the individuality of diverse human resources and allows them to grow while increasing their own value	Create an environment that respects the diversity, personalities, and individuality of employees and makes it easy for them to demonstrate their abilities under the Action Principle of “Hold respect for individuality and personality”	Promotion of the activities of diverse human resources and promotion of flexible ways of working	
	13. Respect for human rights (including human rights due diligence)	To give full consideration to human rights through enlightenment activities based on the Action Principle of “Hold respect for individuality and personality”	Conduct business activities in line with the “VALQUA Group Basic Policy on Human Rights” under the Action Principle of “Hold respect for individuality and personality”	Enlightenment activities to promote understanding of various international norms for human rights	
	14. Human resources development	To cultivate human resources that can contribute to the expansion of our business	Cultivate human resources that can continue to meet new challenges by thinking for themselves under the Action Principle of “Learn and grow’ with a spirit to face challenges”	1) Cultivation of the VALQUA Person 2) Development of core Group managers 3) Development of core base managers 4) HR cultivation for each division and company	
Customer Satisfaction	15. Improvement of quality and customers’ safety and peace of mind	To provide peace of mind and satisfaction by solving safety-related problems for customers in Japan and overseas together	Contribute to safety and peace of mind not only for those within our own company but also for customers in Japan and overseas under the Action Principle of “Always treat health and safety with top priority”	1) Information provision and services for product quality management and safe use 2) Deployment of products and services that promote the safety and peace of mind of customers	
Community	16. Promotion of sports, culture, and the arts Exist with harmony to the community	To contribute to the creation of a safe, affluent society where people can have peace of mind through the promotion and support of sports and sustainability activities rooted in the community	Promote and support sports and make social contributions rooted in the community under the Action Principle of “Exist with harmony to the community”	1) Contributing to society through support for the growth of ballroom dancing 2) Contributing to society through greening of area around office buildings and through donations	

Defining the sustainability materiality matrix

The VALQUA Group identified materialities that were priorities for both the stakeholders and the VALQUA Group by extracting the social issues that have relevance to our Group. We then established targets for each materiality and are working toward them. Moreover, some of our materialities have been changed as a reflection of our 2022 business strategy “NF2023”.

Process of defining the sustainability materiality matrix



Mapping of social issues

◆ Solving social issues through our main business (H&S)		
● Strengthening our management foundation		■ Activities that contribute to society
● Creating good labor-management relations	● Reduction of environmentally hazardous substances in business	● Spread of the Corporate Philosophy ● Promotion of Group's global activities ● Compliance with environment-related laws and ordinances, etc. ● Legal compliance ◆ Prevention and reduction of leakage of environmentally hazardous substances ● Occupational health and safety
● Brand management ● Setting materialities and sustainability management	● Ensuring of the diversity of human resources ● Respect for human rights (including human rights due diligence) ● Handling of conflict minerals, etc.	● Strengthening of corporate governance ● Dialog with stakeholders ● Prevention of corruption and bribery ● Human resources development ◆ Improvement of quality and customers' safety and peace of mind ■ Promoting sports, culture, and the arts / Exist with harmony to the community
■ Conserving biodiversity ● Fair marketing and information provision ● Strengthening information security	● Improving disclosure and reliability of ESG information ● Risk management (BCM/BCP)	● Supply Chain Management ● Fair trade

VALQUA Group's priorities >>

* Level of priority does not differ within each quadrant

VALQUA Group's Sustainability Activities in 2022

Here we introduce our 16 materiality themes, grouped into 8 priority areas.

Corporate governance

- 01 Spread of the Corporate Philosophy
- 02 Strengthening of corporate governance
- 03 Promotion of Group's global activities
- 04 Dialog with stakeholders

Compliance

- 05 Prevention of corruption and bribery
- 06 Legal compliance
- 07 Compliance with environment-related laws and ordinances, etc.

Environment

- 08 Prevention and reduction of leakage of environmentally hazardous substances
- 09 Reduction of environmentally hazardous substances in business

Safety and health

- 10 Occupational health and safety

Supply Chain Management

- 11 Handling of conflict minerals, etc.

Human Resources and Human Rights

- 12 Ensuring of the diversity of human resources
- 13 Respect for human rights (including human rights due diligence)
- 14 Human resources development

Customer Satisfaction

- 15 Improvement of quality, and customers' safety and peace of mind

Community

- 16 Promotion of sports, culture, and the arts / Exist with harmony to the community



Corporate governance

SDGs to which this contributes

3

GOOD HEALTH AND WELL-BEING

7

AFFORDABLE AND CLEAN ENERGY

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

01 Spread of the Corporate Philosophy

Activities to promote understanding of "THE VALQUA WAY" and put it into practice

At the VALQUA Group, the Corporate Philosophy common to our Group, "THE VALQUA WAY", forms the foundation for our daily activity as our compass and code of conduct. Each employee of the VALQUA Group in the eight countries and regions where we have a presence determines how the mental outlook of the Group is relevant to their own work and brings a consciousness of problem identification and solution to their work in a way that leads to improvements and reforms in the work itself.

Moreover, in order to further spread "THE VALQUA WAY", we hold the Practice Presentation annually as a place for sharing our activities throughout the year. This Practice Presentation is a forum for making presentations on how each employee has translated "THE VALQUA WAY" down to the level of their own work.

After the preliminary presentations held within Japan at each level of the hierarchy, the company-wide competition of representatives who were selected at the preliminary presentations is held every January. The 15th competition was held in FY 2022. The Practice Presentation of core managers held each year in October has been divided into two parts, one for presidents of affiliated companies and the other for personnel at the level equivalent to general manager, so that the activities and the content of the presentation reflect the participants' work responsibilities. The Presentation was held remotely because of the COVID-19 pandemic in FY 2020 and 2021, but in FY 2022 we were able to hold it in person for the first time in three years.

In FY 2022, we newly established a promotion department known as the "Corporate Philosophy Division" under the new mid-term business plan "New Frontier 2023" (NF2023) to promote visionary management. CEO Takisawa, who considers deeply instilling "THE VALQUA WAY" in all Group employees to be indispensable to ensuring "sound and sustained growth", had been traveling to each geographical area since FY 2019 to hold "CEO Forum to Promote the Permeation of THE VALQUA WAY Throughout the Workforce" but was forced to stop because of the effects of the pandemic. The Forum held in the ASEAN region in August 2022, which was to have been the first face-to-face meeting, suddenly had to be switched to an online format because of the effects of the 7th wave of COVID-19, but in March 2023, it was finally possible to hold a face-to-face forum in Taiwan for the first time in three years.

In order to realize the "Value & Quality (Create value and improve quality)" that is the Core Principle represented by our corporate name, the VALQUA Group promotes mutual understanding through a company-wide competition known as "MY VALQUA WAY", which focuses on the strengths of each employee. The things that we have learned in the unprecedentedly harsh environment of the past few years, during which the human race has grappled with the COVID-19 pandemic and other never-before-experienced challenges, have also formed the basis for new efforts under the banner of "OUR VALQUA WAY" that evoke a consciousness of the team and aim to transform VALQUA into "a challenging company that challenges the future and the unknown" to further contribute to the richness of the human race and global environment.

The entire VALQUA Group will continue to promote visionary management resolutely.



Company-wide competition in January 2023 (scene of presentation)



Practice Presentation of core managers in October 2022 (award ceremony)



Scene of the conference room in Vietnam where the CEO "THE VALQUA WAY" Forum was held in ASEAN in August 2022 (Held online in Japan, Vietnam, Singapore, and Thailand)

02 Strengthening of corporate governance

Corporate governance

Basic philosophy

As a pioneer in seal engineering, the VALQUA Group has constructed a management system for transparent, fair, rapid, and bold decision-making in order to increase its corporate value through sustained growth of the corporation under the Corporate Philosophy of "THE VALQUA WAY", and it continually pursues optimal corporate governance and strives to perfect it.

Status of corporate governance

In order to respond rapidly and unerringly to sudden changes in the business environment, we have established an agile group management

organization that introduces an executive officer system and separates the roles of directors from those of executive officers. Moreover, by having auditors, including one attorney and one certified public accountant, audit the execution of business by the directors and executive officers, supervisory and auditing functions highly specialized to management are fulfilled.

Internal Audit Division

An Internal Audit Division independent of the operating divisions under the direct jurisdiction of the Board of Directors has been established to perform internal audits of all of the Group's business activities. Based on the annual auditing plan, the Internal Audit Division conducts audits from a broad range of perspectives, including internal control, compliance, and risk management, and performs evaluations and makes proposals.

Composition of Board of Directors and Board of Auditors (as of June 1, 2023)

Directors	7 directors (5 men, 2 women), including 3 outside directors (1 man, 2 women)
Auditors	3 auditors (3 men), including 2 outside auditors (2 men)

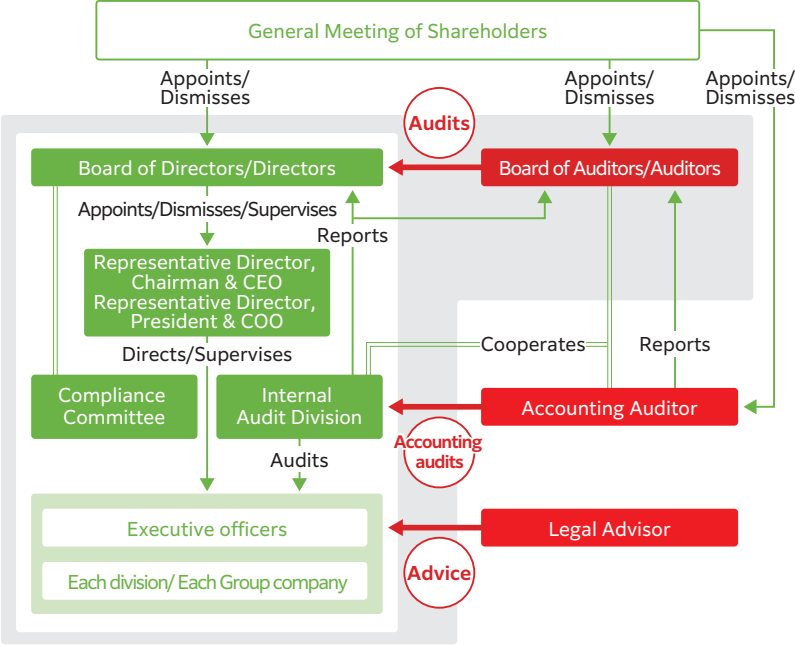
Internal control system

Ensuring the transparency and reliability of business

We are striving to improve and promote our internal control system by constructing highly transparent business processes and an appropriate risk management system. A "Basic Philosophy regarding the Internal Control System" based on the Companies Act, etc., was adopted by the Board of Directors, and the content is reviewed as necessary in order to respond to changes in the external environment and internal environment. Moreover, to comply with the internal control reporting system for making financial reports based on the Financial Instruments and Exchange Act, we have constructed an internal control system and maintain, evaluate, and improve internal rules and regulations and business processes.

As part of this, our financial reports are disclosed after receiving the unqualified opinion of an auditing corporation on the internal control system reports describing the validity of the financial reports, and we are continuing to make efforts to ensure the reliability of the financial reports.

Corporate governance organization chart



03 Promotion of Group’s global activities

Sustainability activities and SHE activities

Promotion of sustainability activities

The VALQUA Group has a history of concerted action on the part of Group companies in Japan and overseas to promote “activities revolving around the concept of an H&S business”, “support for sports”, “Local Community Thanksgiving Day”, and other activities based on the Corporate Philosophy of “THE VALQUA WAY”.

Since 2021, we have been strengthening our efforts to contribute to the SDGs by promoting activities with 3 axes, adding “activities that contribute to society” to our offense (“solving social problems through our main business (H&S)”) and our defense (“strengthening our management foundation”).

In April 2022, VALQUA upgraded its “CSR” to “Sustainability” and strengthened its system of promotion, renaming the “VALQUA Group CSR Promotion Committee” as the “VALQUA Group Sustainability Committee”. In October of

2022, it also changed some of its materialities to place more emphasis on the relationship with NF2023 and promote compliance with “human rights due diligence”.

In the future, we will come together as a Group to promote sustainability activities toward the solution of various social issues, and we are making efforts to disclose those activities.

Promotion of SHE activities

A Group SHE Committee has been organized in the VALQUA Group to centrally manage safety, health, and environment (SHE) related activities. The SHE Committee is composed of the Chief Executive Officer as Committee Chairperson, the Chief Operating Officer as Vice-Committee Chairperson, and the executive officers in charge of each Group company or business office. The SHE Committee meets at least once a year to decide upon the annual policy and activity plan for VALQUA Group SHE activities and to confirm the status of activities. The entire Group is involved in SHE activities, with deployment by SHE teams in each company or place of business.

Promotion system for safety, health, and environment (SHE) related activities

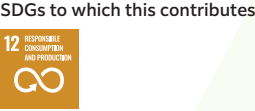
https://www.valqua.co.jp/social/safety_health_environment/

04 Dialog with stakeholders

To achieve sound and sustained growth, the VALQUA Group aims to build relationships of trust through communication with all of our stakeholders under “THE VALQUA WAY” while continuously enhancing our corporate value.

Stakeholders	Engagement with stakeholders	Main methods of communication
Customers	As an H&S company, the VALQUA Group aims to realize the maximization of customer value through true service solutions from the standpoint of the customer throughout the entire value chain, including development, procurement, production, and sales.	● Business activities in general: daily business activities / holding social gatherings for store personnel / holding exhibitions / handling inquiries / conducting CS questionnaire surveys / safety data sheets (SDS) / catalogues of various products / issuing customer support tools and technical data
Shareholders and stock market personnel	The VALQUA Group discloses information in a fair, appropriate, and timely manner and, on the basis of this information, proactively engages in a constructive dialog with shareholders and stock market personnel. The opinions obtained from the dialog are then utilized to make sustained improvements in corporate value.	● IR activities in general: dialog with securities analysts, investors, and stock market personnel / holding General Meeting of Shareholders and meetings to explain settlement of accounts / issuing IR tools and documents
Business partners (suppliers)	The VALQUA Group promotes fair and impartial CSR procurement based on legal compliance, concern for the environment, and mutual trust.	● Purchasing activities in general: meeting with customers / CSR Procurement Guidelines / conducting CSR procurement questionnaires
National governments and local governments	The VALQUA Group strives to obey laws and disclose information.	● Various notifications, various conferences
Employees	The VALQUA Group strives to create a work environment that enables employees to exhibit their capabilities to the greatest possible extent, based on the assurance of safety and health, respect for human rights, and promotion of diversity.	● Employees engagement activities in general: intranet / conducting employee engagement surveys / various types of training / support for self-development training / holding joint labor management conferences / handling notifications through internal whistle-blowing system / establishing Corporate Ethics Hotline
Local community	Aiming for a symbiosis with the global community and the local community, the VALQUA Group strives to reduce our environmental burden and contribute to society.	● Social contribution activities in general: contributing to society through support for sports / Local Community Thanksgiving Day / volunteer activities by employees / dialog with local community and NPOs, and donation activities

Compliance



05 Prevention of corruption and bribery

Risk management

Basic philosophy

In order to maintain relationships of trust with stakeholders and stably continue to do business, the VALQUA Group has constructed a management system that can accurately assess and control diversifying risk and its impact.

We have been aiming for the reconstruction of our business foundation by increasing profits in existing business areas through selection and concentration and acquiring new business areas. Moreover, we have been making efforts to enhance risk management and autonomous compliance at the level of organizational units by codifying them in an annual policy.

Even in the new mid-term business plan NF2023 that came into effect in April 2022, we are continuing to make efforts to implement risk management at the level of each organizational unit and to strengthen autonomous compliance.

Risk management system

The VALQUA Group has established the “Risk Management Committee” to strengthen risk management. The Committee centrally manages the risks that the Group incurs in the course of doing business, which are becoming more diverse with the rapid changes in the business environment in Japan and overseas and the expansion of the Group’s business area.

To enable us to swiftly gain control and respond as a Group to events that threaten the continuity of business, such as major natural disasters, we created a Business Continuity Plan (BCP) Manual and began implementing it in

Management of intellectual property rights

With “Through Creative Technology” as one of its Corporate Principles, the VALQUA Group aims to be a “true solution provider” that integrates this creative technology with service. The Intellectual Property Division properly protects the value created through corporate activities and supports the provision of products and services that lead to solutions of the customer’s problems. It also maintains internal rules and systems that respect the intellectual property rights of others, conducting exhaustive surveys at each stage of research and development to ensure that our company’s products and services do not infringe upon the intellectual property rights of third parties. Under a system of cooperation between the Intellectual Property Division and the Research & Development Division, these surveys are conducted globally to ensure that intellectual property rights are respected not only in Japan but overseas as well.

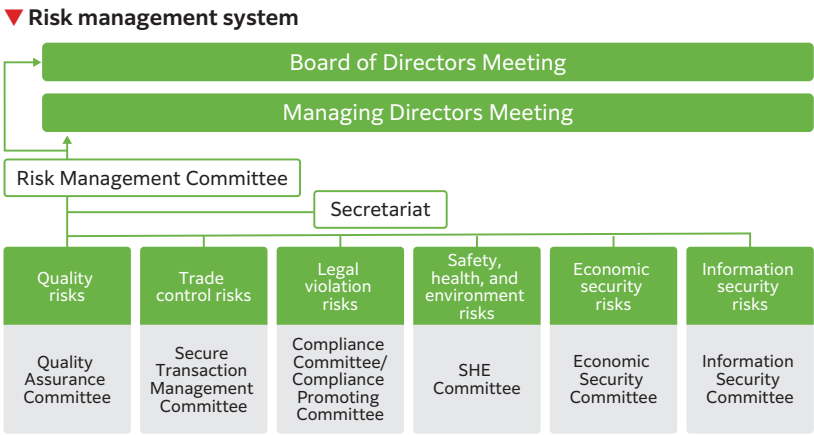
Legal compliance in Group companies in Japan and overseas

In order to ensure legal compliance throughout the entire Group, the VALQUA Group conducts surveys of related laws, not only within Japan, but also as they apply to our subsidiaries overseas, while receiving support from law offices, consultants, and services that provide legal information, so that its business practices will be in compliance with the law. The entire Group maintains complete readiness to comply with laws and ordinances that greatly differ in content in each country and region.

Prevention of corruption

Thorough prevention of bribery

In the VALQUA Group, we make sure that all employees are fully informed of the need to prevent bribery, and we review and revise our rules as necessary in order to appropriately accommodate regulations on bribery in Japan and overseas. Moreover, we take rigorous measures to prevent bribery by conducting audits of the entire Group, making no distinction between members in Japan and overseas.



06 Legal compliance

Compliance

Basic philosophy

In the VALQUA Group, “compliance” does not stop with legal compliance. We see compliance as striving to respond to the demands and trust of stakeholders and win the trust of society by proactively complying with business ethics that hold us to an even higher standard than laws and regulations and practicing corporate behavior that contributes to society and gives consideration to the environment, so as to set an example for other corporations. We firmly believe that understanding the importance of this kind of compliance and putting it into practice is something that promises constant growth and development for the VALQUA Group.

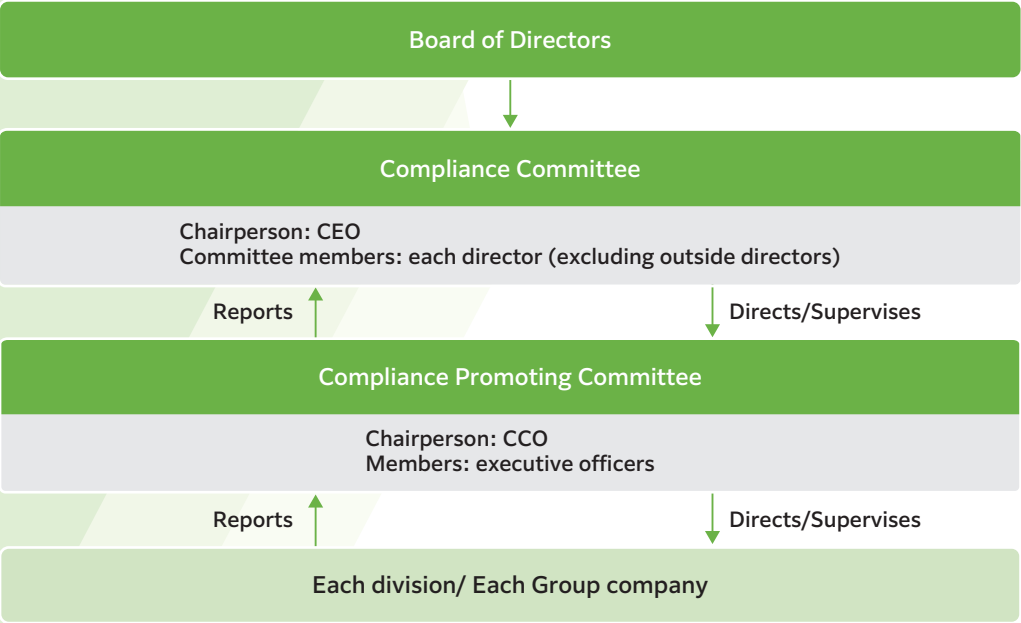
Compliance Handbook

The “Compliance Manual” was established in 2003 and translated into 6 languages (Japanese, English, simplified Chinese

characters, Korean, Thai, and Vietnamese). It has been used as the manual that sets forth guidelines for employee duties that all employees throughout the entire Group must understand and comply with. The content of the Compliance Manual was later greatly expanded as the “Compliance Handbook” to incorporate concrete examples and check sheets that reflect the social environment and changing demands. The revised Japanese Edition was issued in May 2020, and the various foreign language editions followed in February 2022. As the company expanded in Japan and overseas, we issued new publications for specific levels of the hierarchy. The guide for managers and leaders, “Action Handbook for the Prevention of Harassment”, was issued in May 2020, followed in November 2020 by a publication for directors and officers: “Corporate Management and Compliance – Management Responsibilities and Important Issues for Directors and Officers”.

These publications are used as guidelines for all employees throughout the Group to follow in compliance activities with a recognition of their own roles.

Compliance system



Compliance system

We have established a Compliance Committee with the CEO as chairperson and Compliance Promoting Committee under it, and we strive to maintain and improve the Group’s compliance system with the Chief Compliance Officer (CCO) appointed as the highest-ranking person responsible for the promotion of compliance at its center.

Reporting, consultation, and notification system

As a mechanism whereby all Group employees can engage in reporting, consultation, and notification related to laws and internal regulations, we have established several lines of communication: (1) opinion boxes, (2) internal consultation liaisons, (3) Direct Line to CEO, (4)

External Corporate Ethics Hotline (in 6 languages), and (5) external attorneys. By operating these independently of the usual chain of command, we ensure the anonymity of information and see to it that no employees are disadvantaged by engaging in reporting, consultation, or notification.

Whereas these systems were utilized ten or more times in each of FY 2018 and FY 2019, use has since tended to decrease, with only 4 such cases annually from FY 2020 to FY 2022. This is thought to reflect the fact that increased efforts are being made in each division and subsidiary to address various concerns and find solutions before they develop into problems. We think that concerns are being properly dealt with before they reach the stage of reporting, consultation, or notification. However, we will continue devoting efforts to improving the effectiveness of the various lines of communication.

07 Compliance with environment-related laws and ordinances, etc.

Environmental risk management

We intend to continue solid compliance with stricter regulations through such measures in the future.

Framework for activity

Although delayed in part by the effects of the COVID-19 pandemic, tightening of environmental regulations has continued globally in FY 2022. In spite of this, we have been able to maintain our record of zero violations of environmental laws for another year at our production-related companies in Japan and overseas. We think this reflects the fact that our production companies consistently practice proactive management to anticipate legal requirements, along with continuous follow-up activities. As a result, our ability to comply with environmental regulations has improved.

There is a global trend toward stricter regulation of the chemical substances involved in our products, but our efforts to anticipate regulations by proactively reducing the use of chemical substances in our manufacturing processes have gotten results.

Maintenance, operation, and auditing of legal compliance system for each production-related company

Production-related companies in Japan share a list of laws and ordinances specified by ISO 14001, and they continually engage in activity to prevent oversights and differences in interpretation between companies by verifying points of change monthly. Even with respect to laws specified by each of the overseas production companies, monthly points of change have been shared within the Group as a whole. Internal auditing systems for legal compliance were established in each production company and are in operation. They are promoting continued improvement by responding to noncompliance discovered in internal auditing.

Environment

SDGs to which this contributes

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08 Prevention and reduction of leakage of environmentally hazardous substances

Efforts to prevent and reduce leakage

■ Environmental burden accompanying business activities in FY 2022

In the VALQUA Group, we get an overall picture of the environmental burden of our business activities by grasping the INPUT such as the energy and water that goes into business activities and the OUTPUT, including CO₂ emissions from use of energy and the wastes that emerge from production process.

A sustainability information collection system has been introduced for swift and accurate collection and central control of information from Group companies, to enable calculation and disclosure with an appropriate greenhouse gas coefficient.

■ Efforts toward a hydrogen energy-based society

In 2020, the VALQUA Group launched an elastomer seal material called “BLISTANCE®”, targeting the market for hydrogen as a next-generation energy source. This is an epoch-making elastomer product in which the blister phenomenon* does not occur. If a blister forms and the seal ruptures, there is a danger that the hydrogen gas will leak out.

We envisioned a material that could be used in fuel cell vehicles (FCVs) that are used under

harsh conditions of extremely low temperature and rapid decompression, as well as in hydrogen storage tanks and pipes around engines. In 2022, when the existing specification was -40°C, we leapt ahead of other companies to develop a product that could withstand a low temperature of -60°C.

With the material formulation and seal design technologies that are the strengths of the VALQUA Group, we are solving social issues and contributing to a decarbonized society.

* Blister phenomenon: a phenomenon in which hydrogen permeates elastomer material in a high-temperature, high-pressure environment and expands and ruptures rubber material when rapid decompression occurs

■ Efforts to conserve water resources

Lined tanks for storing semiconductor chemicals are one of the main products that use VALQUA fluorocarbon resin technology, and they are highly regarded by many makers of semiconductors and makers of chemicals. Use of rotary washing, a technique whereby the tank is turned on its side and rotated while washing, has led to an approximately 40% reduction in the amount of cleaning solution used, compared to ordinary washing. Our customers have been extremely pleased to find that not only is less cleaning solution and water used in washing, but the number of work days and management man-hours have also been reduced compared to ordinary washing. In the future, we will contribute to the global environment by promoting the spread of our tank cleaning technology.

Sustainability data, beginning with environmental data

In recent years, corporations have increasingly been called upon to disclose information on their efforts to address climate change and resource issues with the goal of realizing a sustainable society. With continued emphasis on compliance, the VALQUA Group introduced a sustainability information collection system in 2019 to accurately and swiftly disclose environmental data and other sustainability data to stakeholders. Every year, various kinds of data are collected from a total of 25 bases (12 in Japan and 13 overseas) and summarized.

In this way, we are striving to improve performance through action plans that make environmental data and sustainability data visible through unified management, while also making efforts to expand information disclosure along the lines of the GRI Standards, TCFD, etc.

Sustainability data control items

- Environmental data (GHG, waste, chemical substances, etc.)
- Employee data (Number of regular employees, separated into men and women; number of temporary employees, etc.)
- Other (human rights, welfare)

Coping with climate change



* About the TCFD
<https://www.fsb-tcfd.org>
In response to the demands of G20, recommendations on the disclosure of financial information related to climate were publicly announced in June 2017 by the task force established in December 2015 by the Financial Stability Board (FSB), which comprises the finance-related ministries and central bank of each major country. At present, financial institutions, corporations, and governments all over the world have approved the recommendations of TCFD.

In May 2021, at the same time that it announced its approval of the recommendations of the “Task Force on Climate-related Financial Disclosures” (TCFD*), VALQUA, LTD. joined the “TCFD Consortium” established to promote the recommendations.

The company promotes visionary management based on the Corporate Philosophy of “THE VALQUA WAY”, and each employee practices corporate activities with a strong consciousness of the fact that “safety, health, and environment” is an important common theme for all humankind. Moreover, in the long-term management goals that conclude in the 100th anniversary of our founding (2027), VALQUA defined the corporate image it was aiming for as “a challenging company that challenges the future and the unknown—to contribute to the richness of the human race and global environment—”, and it is proactively making efforts in the areas of “environment, society, and corporate governance” as a better global citizen as it aims to become a corporation that can contribute to the realization of a sustainable society.

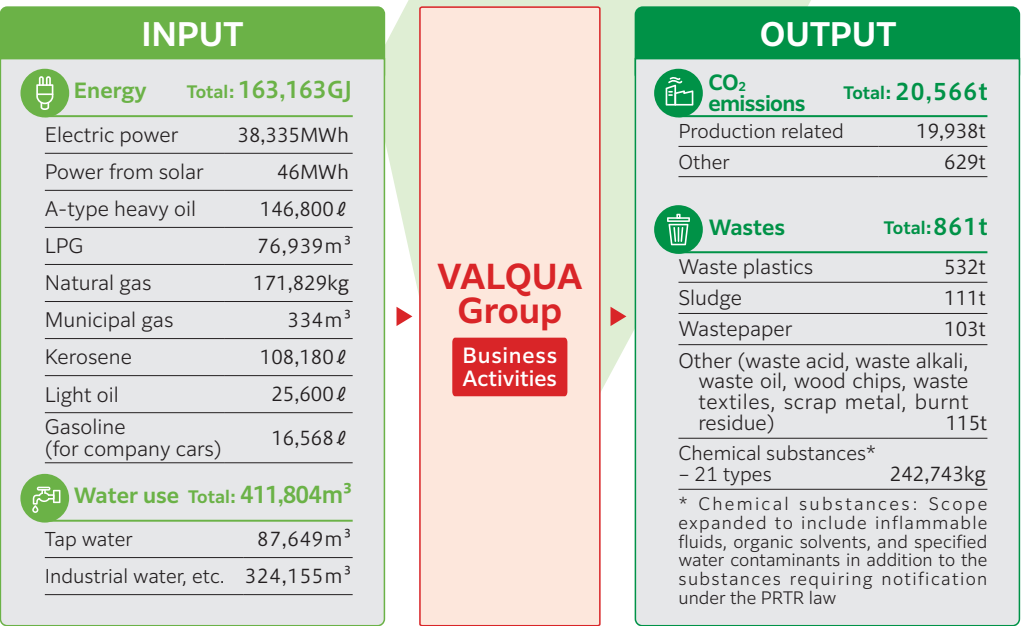
In FY 2022, we performed scenario analysis in line with the TCFD recommendations, and while identifying climate change related risks and opportunities, we qualitatively considered their impact on our company. On the basis of the results, we are disclosing the items recommended by TCFD whenever necessary.

Information disclosure based on TCFD recommendations

<https://www.valqua.co.jp/social/environment/>

09 Reduction of environmentally hazardous substances in business

▼ Material flow



Target: VALQUA Group businesses in Japan and overseas (with the partial exception of 16 small-scale bases, such as local sales offices, representatives' offices, and overseas sales companies)
Period of tabulation: April 2022 to March 2023

Change in main environmental load

Greenhouse gas emissions (Scope 1/2)

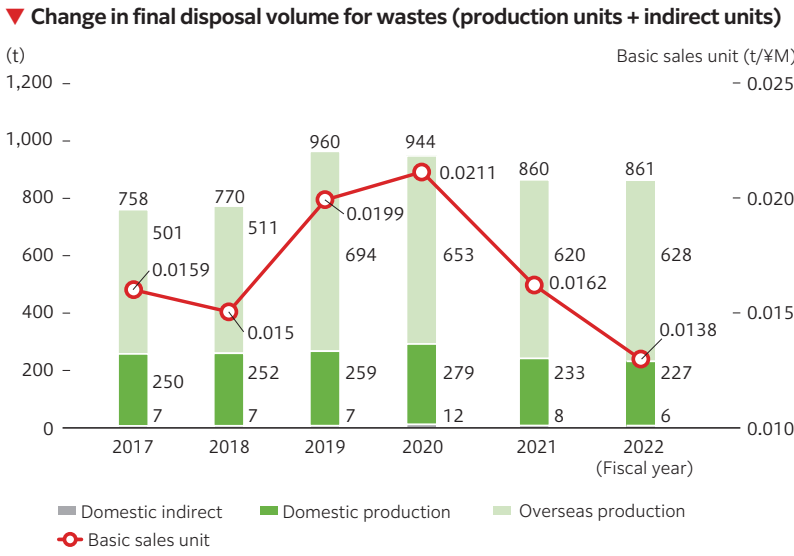
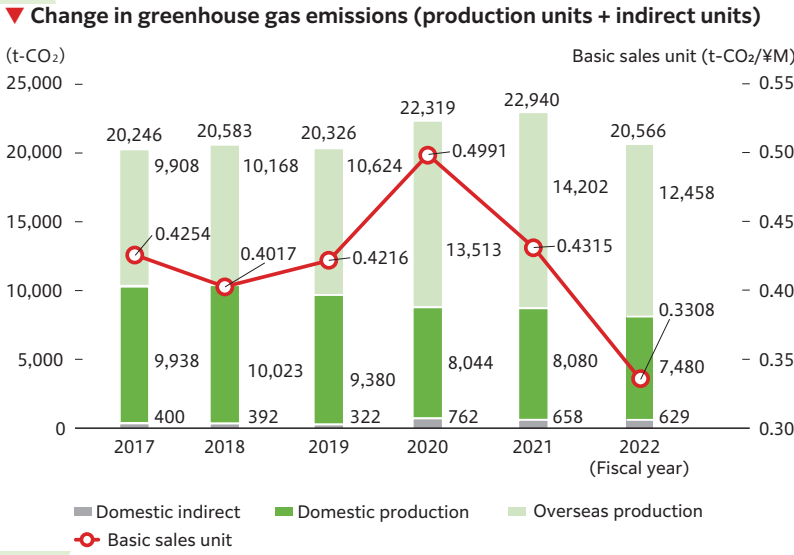
In FY 2022, the absolute amount of waste discharge decreased compared to FY 2021 by 2,374 ton. An increase of 3,860 ton was expected to accompany the increase in production volume, but rethinking of temperature control through rationalization and cost reduction activities and the updating of outdated facilities resulted in a reduction of 242 ton, and the effects of other increases in efficiency through production increases and changes in the electricity emission factors of each country, combined with the removal of one production-related company from consolidated subsidiaries, resulted in an additional decrease of 5,992 ton. As a result, there was a 23% reduction in terms of the basic sales unit.

Greenhouse gas emissions (Scope 3)

Starting in FY 2014, we began to calculate greenhouse gas emissions for the entire supply chain, and we have now been doing so for 9 years. For details of Scope 3 and other environment-related data, please see our website.

Final disposal volume for wastes

In FY 2022, the absolute amount of emissions increased compared to FY 2021 by 1 ton. The effects of the production increase were expected to result in an increase of 148 ton, but a decrease of 9 ton was achieved through the effect of improving defects and yield through rationalization and cost reduction activities, and an additional decrease of 138 ton was achieved through improvements in efficiency from increased production and the removal of one production-related company from consolidated subsidiaries. As a result, there was a 14% reduction in terms of the basic sales unit.

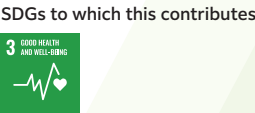


* Greenhouse gas emissions are calculated by annually reconfirming the emission factors for each fuel and electric power in the greenhouse gas emission calculation, reporting, and announcement system based on the "Act on Promotion of Global Warming Countermeasures" (Global Warming Act). Scope 1 refers to direct greenhouse gas emissions from the business itself, Scope 2 refers to indirect emissions accompanying the use of electricity, heat, and/or steam supplied by another company, and Scope 3 refers to indirect emissions occurring from the procurement of raw materials through production, sale, and disposal, excluding Scope 1 and Scope 2. Because the provision of information on electric power from each country has become more robust, we started surveying and calculating emission factors for each base in FY 2020.

Scope 3 (plan to post data in FY 2022)

<https://www.valqua.co.jp/social/environment/>

Safety and Health



10 Occupational health and safety

Management of mental and physical health

https://www.valqua.co.jp/social/safety_health/

Safe workplace, and mental and physical health

Development of proactive human resources

Our internal auditors and health promoters are actively promoting the realization of a safe and healthy workplace. Through experience-based learning, we are also striving to raise consciousness of safety and health and develop leaders who can accurately perceive risks.

Improving the organization and effectiveness of our system for promoting safety and health

To meet the expectations of our stakeholders, we are making our system conform to global standards for visualizing and eliminating risks. At the same time, we are striving to maintain and promote the mental and physical health of our employees through mental and physical care.

Safety and health promotion activities

VALQUA Group Safety and Health Day

The VALQUA Group has designated May 18 as "VALQUA Group Safety and Health Day" to raise awareness of safety. We have also established SHE (Safety, Health, and Environment) Week to coincide with National Safety Week in July, and events are held to strengthen SHE activities at all Group bases, including those overseas.

Activities that proactively promote safety and health

As the VALQUA Group's business becomes more globalized, risks accompanying the differences in legal regulations and customs in

each country and region have become manifest.

We are convinced that the Group's key principle of "Always treat health and safety with top priority" can be realized by meticulously taking action to accommodate the different legal regulations and customs in each country and region without delay.

In terms of hygiene, while devoting efforts to promoting employee health from the standpoint of health management, we are proactively promoting health guidance by industrial physicians and the creation of a happy, healthy workplace from the standpoint of both safety and hygiene. Moreover, we have issued guidelines on measures for preventing the spread of COVID-19, and thoroughgoing infection control measures are being taken in each office.

Events to strengthen SHE activities



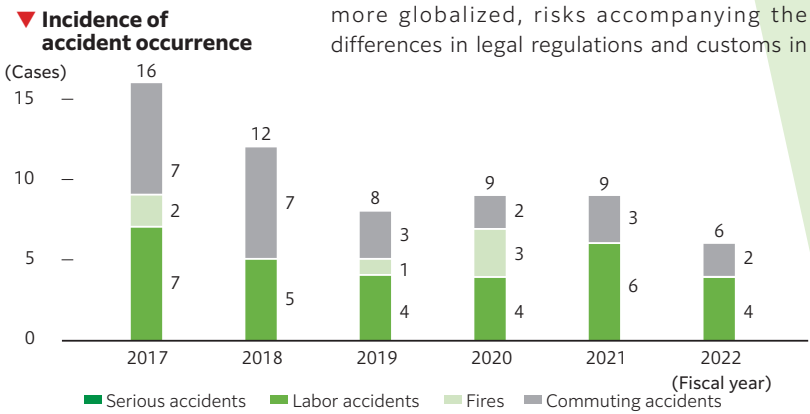
VALQUA FFT INC.
Safety and Health Festival held during SHE WEEK



VALQUA VIETNAM
Practical training on company grounds for a new employee with little driving experience



Simulated accident (getting caught in equipment) in external practical safety training



Supply Chain Management

SDGs to which this contributes



11 Handling of conflict minerals, etc.

Promotion of CSR procurement

CSR Procurement Guidelines

The VALQUA Group established the “CSR Procurement Guidelines” in 2016 to promote procurement activities that also give consideration to society, the environment, and human rights, etc. Based on the Corporate Philosophy of “THE VALQUA WAY” and the “CSR Concepts”, 5 items have been established as the “Basic Procurement Policy”. These guidelines minimize risk throughout the supply chain and promote sound procurement activities.

CSR procurement questionnaire

As one of the activities that promote CSR procurement throughout the entire supply chain, a self-evaluation questionnaire is conducted in order to confirm the status of CSR promotion at each supplier.

In a new effort to make evaluations of compliance stricter, the number of questions in the questionnaire was increased from 20 to 30 in FY 2020, including questions on corporate

governance, supply chain, and the environment. We also expanded the scope of the survey, including suppliers other than the main suppliers to which the questionnaire has been administered thus far.

In the future, we will continue to refine the content of the questionnaire in order to further promote CSR activities, and we will make continued efforts to collaborate with the suppliers and support them in order to realize CSR procurement through individualized support for suppliers.

Handling of conflict minerals*, etc.

The VALQUA Group considers addressing human rights risks, including the proper handling of conflict minerals, to be its corporate responsibility, and we have established a related policy in the CSR Procurement Guidelines and conduct investigations of procured items. Effective FY 2022, we have added cobalt and mica to conflict minerals to reflect an increased awareness of human rights due diligence in our activities. In cooperation with our suppliers, we will redouble our efforts to avoid involvement in human rights violations.

Basic Procurement Policy
VALQUA Group
CSR Procurement Guidelines
<https://www.valqua.co.jp/social/csrprocurement/>

* Conflict minerals: Minerals that provide a source of funding for armed groups that commit human rights violations and corrupt practices in conflict areas

Confirmation items in CSR procurement questionnaire (Added cobalt and mica under Conflict Minerals in FY 2022)

Section	Content of efforts
CSR	● Legal compliance, preventing violations ● CSR promotion ● Extending to business partners
Corporate governance	● Internal control ● Whistle-blowing ● Proper import/export
Fair trade	● Preventing corruption (political donations, bribes) ● Prevention of abuse of superior bargaining position ● Ban on offers/acceptance of improper advantage
Information/security	● Management of intellectual property ● Personal/confidential information management ● Prevention of attacks on computer networks
Supply chain	● Compliance with laws, regulations, social norms, industry norms and standards ● Use of conflict resources (tantalum, tin, tungsten, gold and its derivatives, cobalt, and mica produced in conflict areas)
Human rights	● Respect for human rights ● Prohibition of discrimination
Labor	● Prohibition of discrimination in hiring ● Providing equal opportunity for employees ● Compliance with prohibitions ● Fair application of work hours, breaks, paid leave
Environment	● Management of legally designated chemicals ● Management of wastewater, sludge and emissions ● Sustainable and efficient utilization of resources ● Reduction of greenhouse gas emissions ● Green procurement and waste reduction
Safety and health	● Environment in which employees can work safely and in good health ● Worker safety ● Disaster preparedness ● System for handling disasters and accidents
BCP	● Business continuity planning efforts

Human Resources and Human Rights

SDGs to which this contributes



12 Ensuring of the diversity of human resources

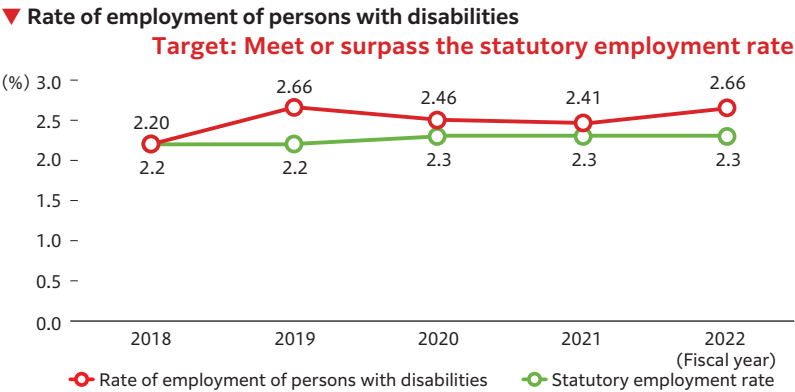
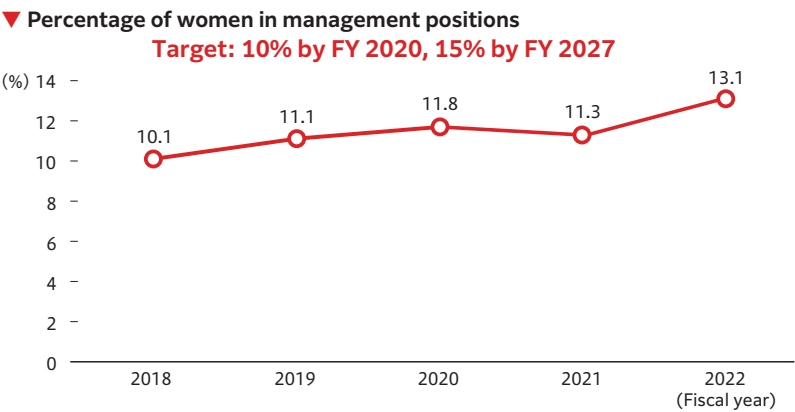
Creating a workplace environment and various systems

Supporting employees' life-work balance by providing flexible ways of working

VALQUA introduced the remote work system in 2020 with the aim of creating a flexible workplace environment that is easy to work in. Through the flextime system, hourly-unit and half-day-unit paid leave system, and short work week system for side jobs, we are proactively promoting the creation of a foundation that enables employees to tailor their work style to their needs. Our company supports the work-life balance of each employee, and we will continue striving to create an environment that enables each employee to continue meeting challenges while maintaining the sense that work is worthwhile.

Engagement

We have defined the goal for our 100th year



System that supports flexible ways of working

- 2nd job (short work week)
- Remote work system (including allowance)
- Family care leave (continuous for maximum of 3 years)
- System for obtaining paid leave in 1-hour units
- Day off on child's birthday
- Special paid leave for child care
- Shortened work hours for child care (until child reaches 3rd year of elementary school)
- Child-care leave (until child reaches age of 2 years and 6 months)
- Paternity leave system
- Flex time system (core time 1:00 pm – 3:00 pm)
- Shortened work hours for family care
- Career return system

(As of June 1, 2023)

in business as becoming “a challenging company that challenges the future and the unknown”, but in order to realize this ideal, we need to switch from a passive to an offensive constitution and meet challenges without fearing failure. Our company proactively promotes the improvement of employee engagement, and since August 2020, we have conducted annual engagement questionnaire surveys of all employees throughout the VALQUA Group. On the basis of the results of the survey, we are taking measures in each business unit to create an open workplace that respects the personality and individuality of each employee and emphasizes dialog.

Creating an environment in which employees can be active regardless of gender

We promote further innovation by incorporating diverse viewpoints irrespective of gender. In particular, we set targets for the percentage of women in management positions and proactively appoint women to these positions in the management of overseas group companies, etc. to support women's career development and growth.

Promoting employment of persons with disabilities

Aiming for harmonious coexistence with the community, the VALQUA Group proactively accepts interns with disabilities from special education schools in the community. While communicating the joy and significance of working to persons with disabilities, we support job retention and independence after joining the company.

13

Respect for human rights (including human rights due diligence)

Respect for human rights

The VALQUA Group established the "VALQUA Group Basic Policy on Human Rights" in March of 2017 on the basis of the United Nations Global Compact. On the basis of this policy, and with reference to the GRI Standards, we have prepared an assessment sheet, and a survey of Group companies is conducted once a year to spread knowledge of the human rights policy throughout the Group, confirm understanding, and check the status of human rights efforts.

The results are analyzed, and while providing support so that each Group company can autonomously grasp, prevent, and handle human

rights problems, we promote diversity and further awareness of human rights.

At the VALQUA Group, we are making voluntary efforts to maintain and improve consciousness of human rights by giving out our Compliance Handbook and participating in study groups and external training in each Group company.



VALQUA Group Compliance Handbook

VALQUA Group Basic Policy on Human Rights
https://www.valqua.co.jp/social/human_resources/

14

Human resources development

Human resources development

To realize the Core Principle of "Value & Quality (Create value and improve quality)", the VALQUA Group strives to implement human resources development with an awareness of the strengths of each employee.

In addition to job rotation, OJT, and annual goal management, we provide various training programs based on the "Declaration on Human Resource Development" and "Policy on Human Resource Development". In addition to training and self-enlightenment programs for all employees, we conduct special training for selected core personnel to cultivate human skills and the power to effect change. We are devoting much energy to producing human resources who can each exhibit their strengths to the maximum extent and contribute to "the richness of the human race and global environment".

Enhanced support for self-study (distance learning)

We support the self-sustaining growth of employees through a wealth of self-enlightenment programs. There are numerous options tailored to individual study goals, such

as fully subsidized distance learning, educational videos for learning general business skills, language learning with a focus on English, and support for public test taking.

Target management and HR evaluation mechanism

Initial targets for employees in the VALQUA Group are set through discussion between subordinates and superiors on the basis of annual company policy and the mission of the division. In HR evaluations, the superior clarifies issues in the subordinate's self-evaluation and identifies points to improve next time through ongoing communication. HR cultivation thus supports the sustained growth of the VALQUA Group.

Profile of the Ideal Human Resource

- A person who empathizes with our Corporate Philosophy, "THE VALQUA WAY"
- Acts & makes decisions from global perspective
- Strongly committed to learning and growth, and can continue to take on new challenges while thinking for him/herself
- Capable of speedy judgment and action. Can boldly meet challenges in anticipation of changing times and reforms

A wide variety of training programs

- HR cultivation for globalization
- Development of Group managers
- Level-specific training
- Occupation-specific training
- Self-study
- OJT

Quality Policy, Quality Management System
https://www.valqua.co.jp/social/safety_quality/

New Gaskets and Gasketing Technology
The industry's first "gasket manual", which provides easy-to-understand explanations of the technological basics of gaskets, bolting, and flange joints
<https://www.valqua.co.jp/technical/gasket-introduction/>

VALQUA technical journal "VALQUA Technology News"
<https://www.valqua.co.jp/tech/technical/>



*** To use the "Seal Quick Searcher", visit our website.**
<http://www.seal.valqua.co.jp/seal/>

Customer Satisfaction



15

Improvement of quality and customers' safety and peace of mind

Quality assurance system and policy

In the VALQUA Group, we have organized a "Group Quality Assurance Committee" to construct a global quality system integrating the entire Group. Although mainly drawn from the Quality Assurance Division, the Committee consists of responsible persons from each unit that is related to quality, such as the Production and Procurement Group and the business divisions that exercise control over the production-related companies and sales-related companies in Japan and overseas. The Committee increases the effectiveness of the entire Group by issuing instructions for the concrete deployment of its decisions at the same time that it takes responsibility for their daily execution.

Moreover, the organization, as well as each employee of the company, engages in quality improvement activities by establishing concrete goals on the basis of the "Quality Policy". This provides the basis for complying with related legal regulations and providing safe products and services with the assurance that quality will meet the demands of the customers.

Promoting the development and spread of services for the benefit of safety and peace of mind of customers

The VALQUA Group not only manufactures and sells seal products but also provides educational support for technicians. Seal training is constantly evolving to meet the demands of customers and reduce leaks from faulty seal installation, which is a cause of accidents at plants.

We are also promoting our seal engineering services, which combine the original technologies cultivated by VALQUA with smart technologies like IoT.

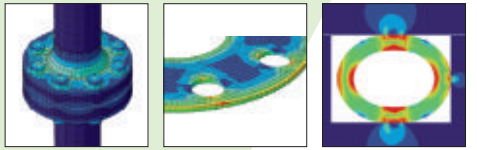
We are contributing to the safety and peace of mind of all our customers by accelerating the development and deployment of services that meet the need for sophisticated safety engineering in plants.

Evaluation technology

The use environments of seal products are diverse, and in actual practice, it is difficult to perform evaluation and verification for all customers. At the VALQUA Group, we are addressing this issue by using finite element analysis (FEA) to develop next-generation evaluation technology for reproducing and verifying use environments on computers.

Through these efforts, it has become possible to verify large-caliber apparatus under high-temperature and high-pressure conditions, which was previously difficult to evaluate, and prediction of service life has also become possible. In addition, FEA is used for the efficient evaluation of diverse combinations of configuration and materials in product design, and it is effective as design screening.

In the future, we will go on contributing to the safety and peace of mind of all customers by proactively engaging in such research and development.



Three-dimensional analysis

Search website for seal products 『Seal Quick Searcher』

In response to demand from customers who have difficulty selecting products, we have established a product search site with various portals to prevent trouble caused by faulty selection. With services that make product recommendations according to environment of use (fluid, temperature, pressure, etc.), keywords, and industrial field, or that automatically calculate the necessary tightening force for the application, we solve customers' individual problems in real time, enabling them to select the optimal product right away or prepare technical documentation using only the necessary data. We will continue to improve this site to meet customer expectations from a broad perspective.

Community

SDGs to which this contributes

3 GOOD HEALTH AND WELL-BEING

16 Promotion of sports, culture, and the arts Exist with harmony to the community

Promotion and support of sports

■ New efforts to promote “ballroom dancing”

For long years, the VALQUA Group has been involved in promoting and supporting sports to promote health and enrich people's lives. Since 2014, we have been supporting the spread and development of ballroom dancing, which is loved by everyone, regardless of age or physical ability.

With the gradual relaxing of COVID-19 control measures in FY 2022, the various ballroom dance competitions that were postponed or held remotely have begun to be held in person, one after another. To further support and encourage the athletes and organizers who surmounted the difficulties of the pandemic, we provided support for various national competitions for the visually impaired, including the Japan Blind Dance Championships and Asian Open Dance Championships.

As the VALQUA Group expands globally, we are seeking to promote dance sports along with our business. To this end we also provided support for the 2023 Asia Dance Tour Taipei Open and the 2023 Korea Open International Dance Championships. We would like to see the dance communities of neighboring countries assist each other by making efforts to promote dance sports for the sake of both the athletes and the audience, and we sincerely hope that this will lead to social contributions.

Moreover, the “VALQUA Cup” competition that has been held in Japan every November with special support of the VALQUA Group has been transformed into the “VALQUA Cup Japan Open Dance Championships”. This represents the highest level of dance competition in Japan, and it seeks to provide a space in which athletes, whether pro or amateur, can dance freely. At the same time, it draws attention to the major goals of promoting compliance and improving equity. The athletes set the dance floor afire in the latest hotly contested competition.



The prize money in the VALQUA Cup Japan Open Dance Championships (incentive for amateurs) is awarded in the expectation that it will support them as they make the leap into the world of athletics.



The “D Melody” TV program sponsored by the VALQUA Group presents a special VALQUA Cup show as an entertainment program for the fans.



Many pairs of a visually impaired person and sighted person took part in the Asian Open Blind Dance Championships.

For information on various donation programs and support for activities of organizations that contribute to society, please visit:
https://www.valqua.co.jp/social/action_program/

Exist with harmony to the community

We at the VALQUA Group are always thinking about what we can do to build a more prosperous future for the people of the world, based on the Action Principle of “Exist with harmony to the community”, which is part of the Corporate Philosophy of “THE VALQUA WAY”, and every year we hold a “Local Community Thanksgiving Day” to conduct volunteer activities rooted in the local community.

Employees and their families from 44 offices, sales bases, and factories at Group companies throughout the world participate.

In FY 2022, while reconciled to living with COVID-19, we thought up ways that each base could conduct cleaning activities and flower bed planting mainly through fund-raising and contributions (donations).

■ VALQUA Group

Together with the Japan Dance Council, our Group solicited donations, and in May of 2022, we donated 2.26 million yen to the All Ukrainian Council on Dance Sport (AUCDS). AUCDS is an organization that brings together over 350 dance clubs from all regions of Ukraine, and it devotes efforts to the nurturing of children. We received a letter of thanks from Igor Soronovych, Chairperson of the AUCDS, for this donation given in the spirit of aiding Ukrainian reconstruction and supporting the AUCDS's activities. Mr. Soronovych's letter stated that “All of the money will be used to rebuild Ukraine's social dance competitions.”

I would like to thank all of the members of your organization for so generously supporting us with this donation. We received 16,457.97 Euros. As chairperson of AUCDS, I will use all of this money to rebuild Ukraine's social dance competitions!

We are truly grateful to you for supporting us during this difficult time. We hope to continue to collaborate with you all in the future.

All Ukrainian Council on Dance Sport Igor Soronovych

▲ Excerpt from letter

■ Nara Office (VALQUA / VALQUA SEAL SOLUTIONS CO., LTD.)

As a member of the Techno Park / Nara Industrial Area Management Council, we are engaging in activities to watch over the community in collaboration with other corporations. Coordinating with the local elementary school's class dismissal schedule, we continue to provide crime prevention patrols along the routes that students travel to and from school every month.



■ Osaki Office

In February of 2022, as part of our sustainability activities, we participated in the Shinagawa Gakuen “Company Information Session Experience*”, providing an overview of our business and explanations of our company's products, etc. In the Q&A session, students showed great interest, asking many questions about our company and what it is like to work there.

* Company Information Session Experience: an annual school event that has been held at Shinagawa Gakuen for students in the 7th grade (in the first year of junior high school) to give them an opportunity to learn about the joys of production and the significance and dignity of labor. The goal of this program is to foster appropriate work values and forward-looking attitudes toward work.



▲ The students were filled with curiosity. They enjoyed actually handling the samples, and they showed a keen interest in the explanation of the seal materials that are used all around them in their daily lives.

■ VALQUA AMERICA, INC.

At VALQUA AMERICA, employees took part in volunteer activities in October 2022 at a food bank, where they sorted food.

The work of labeling and boxing canned goods and sorting and boxing pears involved a lot of physical exertion, but at the end, the volunteers said they had a great sense of accomplishment and fulfillment.



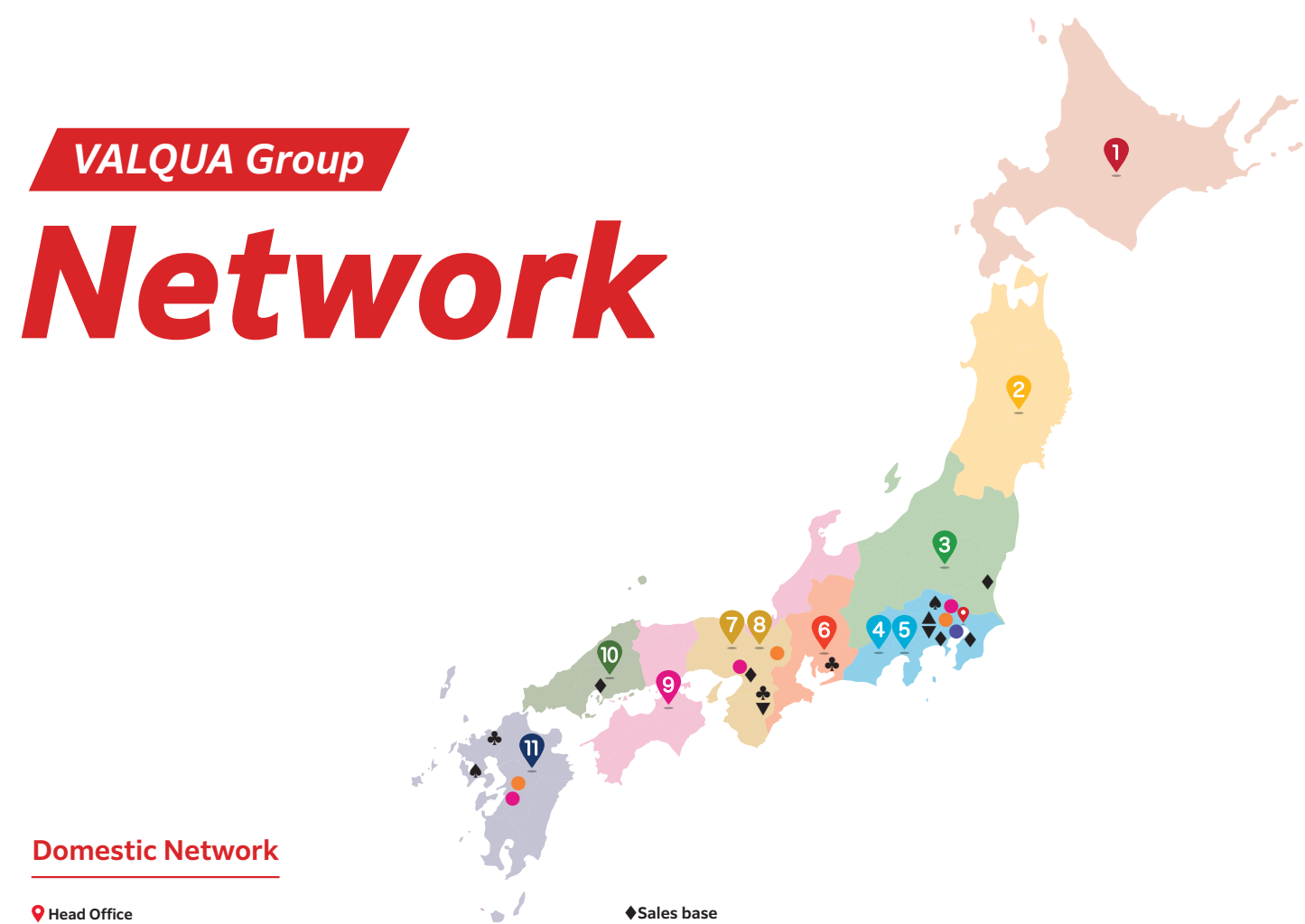
▲ Volunteers pack pears into boxes while checking them for mold and damage



▲ Volunteers finished sorting and boxing 6,200 pounds (2,812 kg) of canned goods



▲ Volunteers finished sorting and boxing 17,000 pounds (7,711 kg) of pears



Domestic Network

- Head Office**
ThinkPark Tower 24F, 2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6024 JAPAN
TEL(03)5434-7370 / FAX(03)5436-0560
- Sales Division**
- H&S Business Group**
 - Section 1 (Hokkaido)
 - Section 2 (Tohoku)
 - Section 3 (Kita-Kanto/Shinetsu)
 - Section 4 (Minami-Kanto)
 - Section 5 (East Japan Customer Service)
 - Section 6 (Chubu)
 - Section 7 (Kansai)
 - Section 8 (West Japan Customer Service)
 - Section 9 (Hokuriku/Chu-Shikoku)
 - Section 10 (Chugoku)
 - Section 11 (Kyushu)
 - High Performance Plastics and Products Group**
Material & Film Division, Machining Products Division, Lined Division, Procurement Division
Hikone Sales Office, Kumamoto Sales Office
 - High Performance Seals Group**
Tokyo Sales Division, Osaka Sales Division, Kumamoto Sales Division
 - Overseas Business Group**
Trading Section

- Manufacturing, R&D, and HR development base**
M·R·T Center
2-2-2 Oyamagaoka, Machida-shi, Tokyo 194-0215 JAPAN
TEL(042)798-6770 / FAX(042)798-1040
- Sales and manufacturing base**
VALQUA FFT INC. (Tokyo, Nagasaki)

Sales base VALQUA SES CO., LTD. (Ibaraki, Chiba) VALQUA TECHNO CO, LTD. (Tokyo, Osaka, Hiroshima)	Research and development base VALQUA, LTD. (Tokyo, Nara)
Manufacturing base VALQUA SEAL SOLUTIONS CO., LTD. (Nara), KYUSHU VALQUA CO., LTD. (Fukuoka) VALQUA METAL TECHNOLOGY CO., LTD. (Aichi)	
 Nara VALQUA SEAL SOLUTIONS CO., LTD. Manufacturing of high-performance products for the semiconductor market	 Tokyo VALQUA TECHNO CO, LTD. Sale of various seal products for the domestic market
 Aichi VALQUA METAL TECHNOLOGY CO., LTD. Manufacturing of various metal products, valves, and fluorocarbon resin products; manufacture and sale of bellows products	 Fukuoka KYUSHU VALQUA CO., LTD. Manufacture of synthetic rubber products and fluoro rubber products, solar power generation business
 Ibaraki VALQUA SES CO., LTD. Sale of various seal products for the domestic plant maintenance market	 Nagasaki VALQUA FFT INC. Processing and sale of silicon wafers

Company Overview

VALQUA, LTD. Head Office: ThinkPark Tower 24F, 2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6024 JAPAN

Founded: January 21, 1927 / Established: April 8, 1932 / Capital: 13,957 million yen

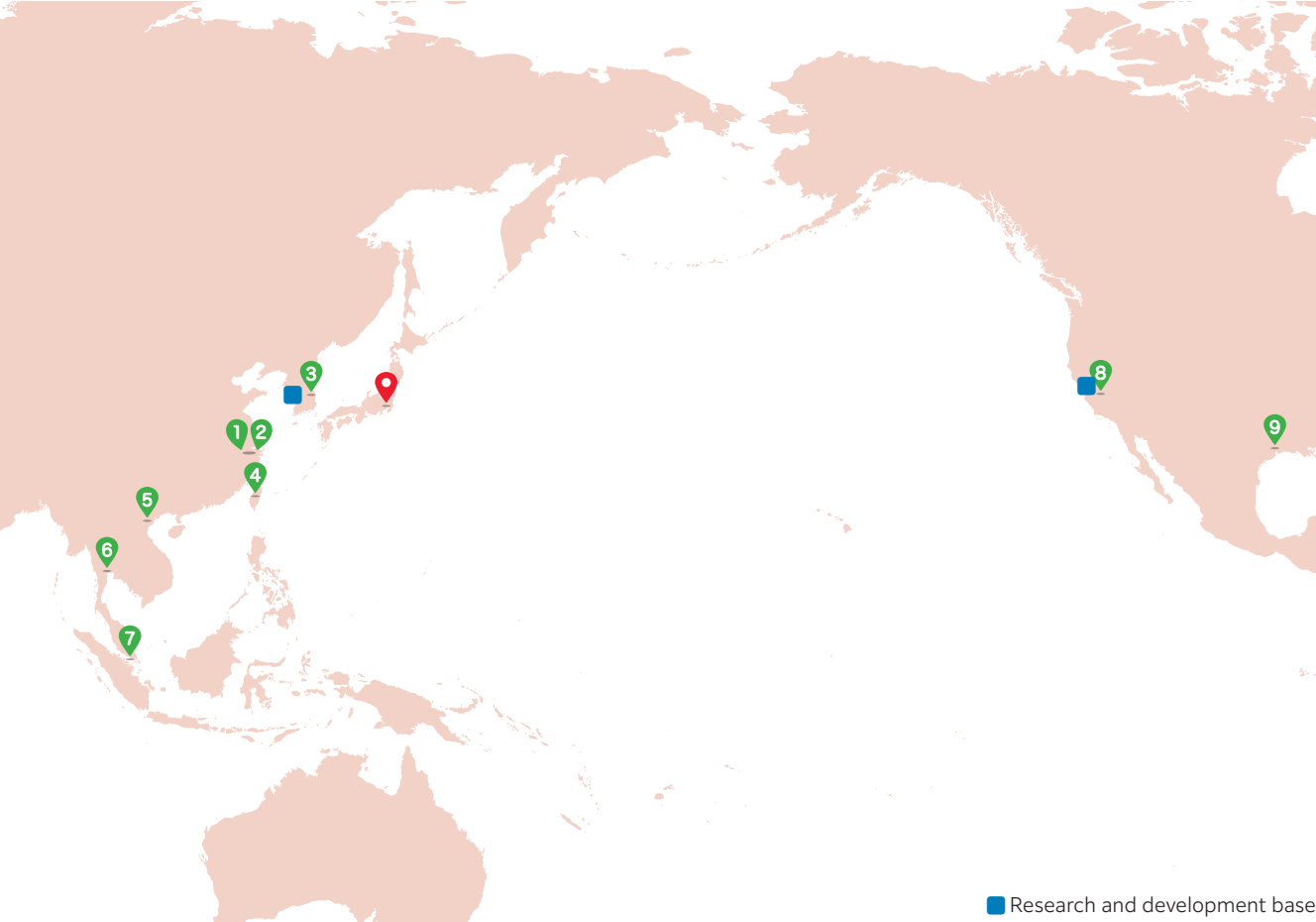
Listed: On the Prime Market of the Tokyo Stock Exchange / Number of employees: 417 (1,682 Groupwide, as of March 31, 2023)

Business: Design, manufacturing, processing, and sale of products made from fibers, fluorocarbon resin, high performance rubber, and other materials to meet the needs of all industries, including industrial equipment, chemicals, machinery, energy, communication equipment, semiconductors, automobiles, and aerospace , development and sale of software and information systems, related electronic commerce and other services using the Internet, consulting, engineering, and other businesses related to technology and know-how

Overseas Network

- East Asia**
- 1 VALQUA SEAL PRODUCTS (SHANGHAI)CO., LTD.**
2 VALQUA(SHANGHAI) TRADING CO., LTD.
Location: Shanghai
 - 3 VALQUA KOREA CO., LTD.**
Location: Seoul
• **ULSAN OFFICE**
Location: Ulsan
• **PYEONGTAEK FACTORY**
• **APPLIED R&D INSTITUTE**
Location: Gyeonggi-do
 - 4 TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.**
• **STSP Branch**
Location: Kaohsiung City
• **HSINCHU OFFICE**
Location: Hsinchu City
- North America**
- 8 VALQUA AMERICA, INC.**
• **ADVANCED SEAL TECHNOLOGY INSTITUTE**
Location: Sunnyvale, CA
 - 9 VALQUA NGC, INC.**
Location: Houston, TX
- ASEAN**
- 5 VALQUA VIETNAM CO., LTD.**
• **HAI DUONG FACTORY**
Location: Hai Duong Province
• **HANOI BRANCH**
Location: Hanoi
• **Ho Chi Minh Sales Office**
Location: Ho Chi Minh

 1 VALQUA SEAL PRODUCTS (SHANGHAI)CO., LTD. Manufacture of metal bellows products, etc.; manufacture of fluororesin lined tanks for the Chinese market	 2 VALQUA (SHANGHAI) TRADING CO., LTD. Sale of various seal products and high-performance products to the Chinese market	 3 VALQUA KOREA CO., LTD. Manufacture and sale of high-performance products for the semiconductor market, sale of various seal products to the ASEAN market	 6 VALQUA INDUSTRIES (THAILAND), LTD. Location: Samutprakarn • RAYONG BRANCH Location: Rayong	 7 VALQUA INDUSTRIES SINGAPORE PTE. LTD. Sale of various seal products and high-performance products to the ASEAN market
 8 VALQUA AMERICA, INC. Sale of high-performance products to the US semiconductor market	 9 VALQUA NGC, INC. Manufacture and sale of fluororesin lined tanks to the US market	 5 VALQUA VIETNAM CO., LTD. Manufacture of gaskets and various seal products. Sale of various seal products to the ASEAN market	 1 VALQUA SEAL PRODUCTS (SHANGHAI)CO., LTD. Manufacture of metal bellows products, etc.; manufacture of fluororesin lined tanks for the Chinese market	 2 VALQUA (SHANGHAI) TRADING CO., LTD. Sale of various seal products and high-performance products to the Chinese market



■ Research and development base