VALQUA Corporate Report

Corporate Profile &
2023–2024 Sustainability Report

VALQUA Group

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Month and Year of Issue: July 2024

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Top Message

Representative Director, Chairman & CEO

Toshikazu Takisawa

The VALQUA Group's sustainability Contributions as a H&S company

1. Our Corporate Philosophy of "THE VALQUA WAY", and the Corporate Image we aim to become

We would like to express our sincere gratitude for your continued understanding and support of the VALQUA Group's business activities.

VALQUA was founded in 1927, so named from a combination of the words "Value" (create value) and "Quality" (improve quality), which also constitutes our Core Principle. In accordance with this principle, we seek to fulfill our social obligations by providing our customers with impressive seal products and seal engineering services, and striving to remain a company that enjoys the trust of our various stakeholders.

In anticipation of 2027 and the 100th anniversary of our founding, in 2020 the VALQUA Group asserted the following as the Corporate Image we aim to become in the coming 100th anniversary: "A Challenging Company that Challenges the Future and the Unknown".

This Corporate Image also clarified our assertive commitment to "environment, society, and corporate governance" as global citizens, realized through various sustainability initiatives.

In order to realize the Corporate Image we aim to become in the coming 100th anniversary and the years beyond, it is crucial that we pursue visionary management centered around our Group's core Corporate Philosophy of "THE VALQUA WAY", and furnish it with even more depth.

"THE VALQUA WAY" is a unique concept that combines the characteristics of "Value & Quality", our Core Principle, with more practical aspects such as employee guidelines, decision-making criteria, and communication tools. We believe that visionary management has been effective in helping us to achieve our business goals despite adverse circumstances within our business activities to date, and it will continue to serve as a crucial foundation that our Group and employees will continue to share in the future. In this fiscal year, we will add the concept of "well-being management", and indirectly strengthen our visionary management through support for our employees.

2. Expanding sustainability into H&S

Our Group positions sustainability as "realizing sound and sustained growth and a sustainable society under the Corporate Philosophy of 'THE VALQUA WAY.'"

It was in the interest of this sustainability perspective that we started our "evolution to an H&S company", 10 years ago in 2014, in order to contribute to the security and safety of our customers' plant operations. As our customers face increasing challenges in terms of how they secure safe plant operations in light of problems like aging plants and the conveyance of maintenance skills, our goal with this shift was to help contribute toward finding solutions to these problems not just through our products but through seal engineering services as well.

Key aspects of this effort are the opening of the Seal Training Center (STC), and the training of the personnel who can instruct at the STC. During this time, we believe that the establishment of STCs both in Japan and overseas as well as the expansion of the number of participants has greatly contributed to the security and safety of plant operations. At present, our intention is to realize new combinations of service businesses realized through digital AI, sensing technologies, and other similar advancements to expand the areas in which we as an H&S company may contribute.

The 100th anniversary since founding and the years beyond

Create value through the New Frontier 2026 (NF2026) Medium-term Business Plan

As social values become more complex and diverse, and are exposed to greater uncertainty, we have launched our new Medium-term Business Plan (NF2026) in FY 2024 as part of our effort to continue achieving the highest level of stakeholder satisfaction and sustainability.

To begin, we will always need to ask ourselves if we are in conformity with our Corporate Philosophy of "THE VALQUA WAY", and maintain a perspective that compels us to examine the ideal state and direction of the Group, and identify how best we can create value.

Furthermore, although we have been working to reconstruct a supply chain that is capable of addressing growing geopolitical risks, we will need to redouble our efforts this fiscal year to reform the supply chain and strengthen our presence in the Japanese market in order to respond to further changes in the environment.

DX initiatives are being seen as a critical element in resolving various social issues and realizing a sustainable society. Based on DX results that have already been realized both internally and externally, we will treat the current year as the baseline year for digital innovations and promptly and firmly establish a new business model.

In light of the auspicious status of this year as the starting year of NF2026 as well as the upcoming 100th anniversary of our founding, we have ushered in a new generation of executives to our management, starting with a new President & COO, in order to achieve sustainable growth and increased corporate value in the future.

At the same time, we have changed the name of our "Sustainability Report" to the "Corporate Report".

Last year, we integrated explainers on companies into the Sustainability Report, but starting this year, as part of our effort to help foster greater knowledge of the Group, we have begun operating a reporting structure that can be identified in the new subtitle for our Corporate Report, "Corporate Profile & 2023-2024 Sustainability Report", in which the Report is issued alongside a sustainability activities report that remains more clearly aware of corporate information. In this fiscal year's report, we discussed three separate themes: the new structures being implemented as initiatives for the Group, as well as DX and human capital, which will act as the twin wheels of value creation.

We expect that, thanks to the new structures and NF2026, the VALQUA Group's ideal state and activities will lead to the solution of social issues and to sustainability. We hope for your unwavering support and guidance of the VALQUA Group in the future.

END

Basic Policy of Medium-term Business Plan (NF2026)

(New Frontier 2026)

In an environment of rapid global fragmentation and drastic changes in business models due to digitalization, let's strive to create new value for the highest satisfaction of stakeholders from multiple perspectives under "THE VALQUA WAY"!

1. Establish a perspective to pursue the essential in a rapidly changing world and develop human resources in line with this.
2. Further reform and strengthen the supply chain in response to increasing geopolitical risks.
3. Monetize new AI/IT Solutions Business through accelerating digital innovation.
4. Thoroughly prevent technology leakage and identify new areas and technologies.
5. Thorough glocalization through "Think Globally, Act Locally".

Corporate Image we aim to become in the coming 100th anniversary (2027)
A Challenging Company that Challenges the Future and the Unknown
—To contribute to the richness of human race and global environment—

1. Endless pursuit and monitoring of growth strategy
2. Strengthening management foundation that will solidify company growth
3. Active engagement in "environment, society, and corporate governance" in becoming a better global citizen

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.

Corporate Profile & 2023 - 2024 Sustainability Report

CONTENTS

Top Message ····· 02
Corporate Philosophy ····· 04
Table of Contents ····· 05

Business Overview
Overview of VALQUA Group Businesses ····· 06
VALQUA's Relationship to Society ····· 08
VALQUA Group Network ····· 10

Topics
Special Feature 1
Introduction of the new organizational structure ····· 12

Special Feature 2 The Next Stage of Growth
Contributing toward the creation of a "safe, secure, and sustainable future". Reforming into an H&S company rooted in "THE VALQUA WAY" ····· 14

Special Feature 3 Human Resources Development
The current status and future vision for VALQUA's "human capital management" ····· 16

Sustainability Management Overall
Sustainability Management ····· 20
Sustainability Materiality Identification of (Materialities) ····· 21
Sustainability Materiality ····· 22

VALQUA Group's Sustainability Activities in FY 2023

Corporate governance
01. Spread of the Corporate Philosophy ····· 24
02. Corporate governance ····· 25
03. Promotion of Group's global activities ····· 26
04. Dialog with stakeholders ····· 26

Compliance
05. Prevention of corruption and bribery ····· 27
06. Legal compliance ····· 28
07. Compliance with environment-related laws and ordinances, etc. ····· 29

Environment
08. Prevention and reduction of leakage of environmentally hazardous substances ····· 30
09. Reduction of environmentally hazardous substances in business ····· 34

Safety and health
10. Occupational health and safety ····· 36

Supply chain management
11. Handling of conflict minerals, etc. ····· 37

Human resources and human rights
12. Ensuring of the diversity of human resources ····· 38
13. Respect for human rights (including human rights due diligence) ····· 39
14. Human resources development ····· 39

Customer satisfaction
15. Improvement of quality and customers' safety and peace of mind ····· 40

Community
16. Promotion of sports, culture, and the arts
Promoting mental and physical health among employees
Existing with harmony to the community ····· 41

Editorial Policy ····· 43

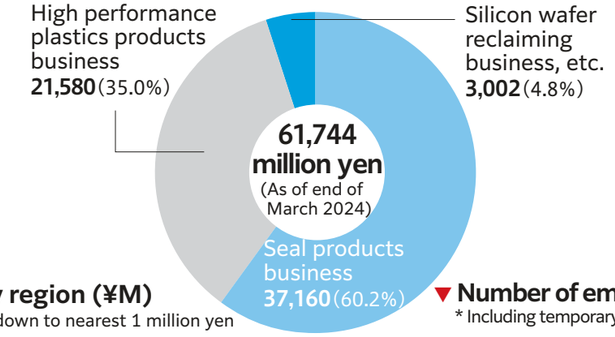
Overview of VALQUA Group Businesses

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

VALQUA Group businesses

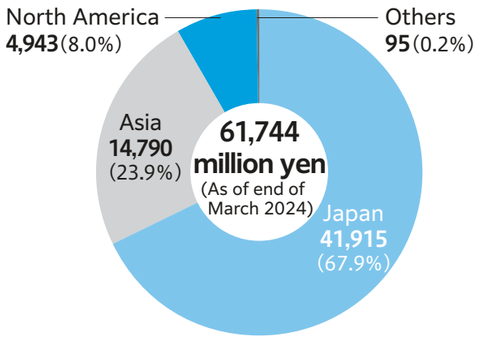
▼ Sales by segment (¥M)

* Rounded down to nearest 1 million yen



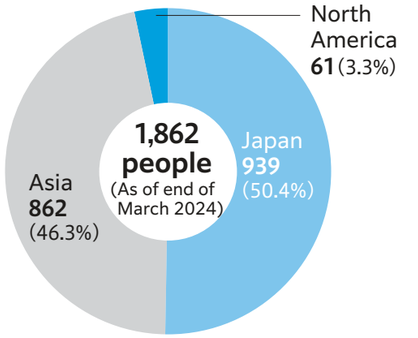
▼ Sales by region (¥M)

* Rounded down to nearest 1 million yen



▼ Number of employees by region

* Including temporary employees (192) on average

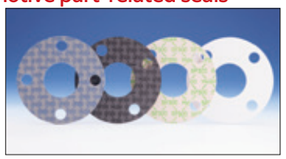


For other data, visit our website.
https://www.valqua.co.jp/

Product Lists

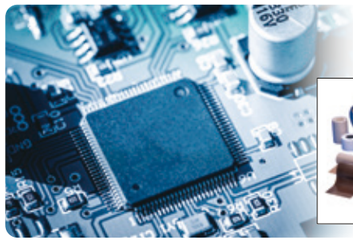
Seal products business

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

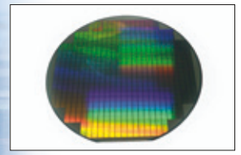


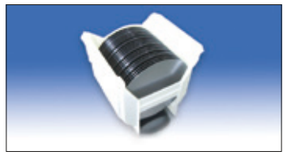
Mainly, the development, production, and sale of fluorocarbon resins and other high performance plastics products

These products, which take full advantage of the exceptional properties of high performance plastics, 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.

Business details 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.

The history of VALQUA

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.
1932 April	Established NIPPON VALQUA INDUSTRIES, LTD. Began producing industrial gaskets
1941 June	Began manufacturing synthetic rubber gaskets and joint sheets for airplanes.
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".
1969 July	Established joint venture TAIWAN VALQUA INDUSTRIES, LTD.
1975 September	Listed as a publicly quoted company in the First Section of the Tokyo Stock Exchange.
1988 July	Established joint venture VALQUA INDUSTRIES (THAILAND), LTD.
1993 November	Established Nara Works. Started manufacturing of highly-functional rubber products.
1995 August	Established SHANGHAI VALQUA FLUOROCARBON PRODUCTS CO., LTD.
1998 June	Established VALQUA AMERICA, INC.
2000 March	Established joint venture TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.
2000 December	Established VALQUA SEAL PRODUCTS (SHANGHAI) CO., LTD.
2002 September	Established VALQUA (SHANGHAI) TRADING CO., LTD.
2004 March	Established VALQUA KOREA CO., LTD.
2006 January	Opened M·R·T CENTER in Machida, Tokyo
2008 April	Established VALQUA VIETNAM CO., LTD.
2010 September	Launched enhanced China operations through an operational and capital tie up with Daikin Industries, Ltd.
2011 December	Acquired the present VALQUA FFT INC. and made it a consolidated subsidiary.
2017 March	Acquired the present VALQUA NGC, INC. and made it a consolidated subsidiary.
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.

VALQUA with Society

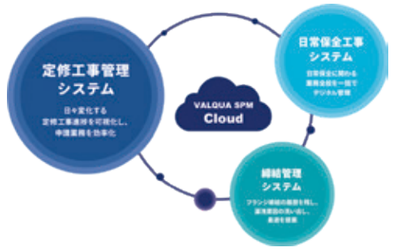
VALQUA's Relationship to Society

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

Digital solutions in the maintenance field

MONiPLAT™

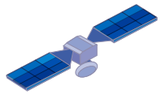
Equipment inspection platform that enables integrated management of periodic inspections and equipment condition monitoring. Easy periodic inspections and facilities management with smartphones and PCs.

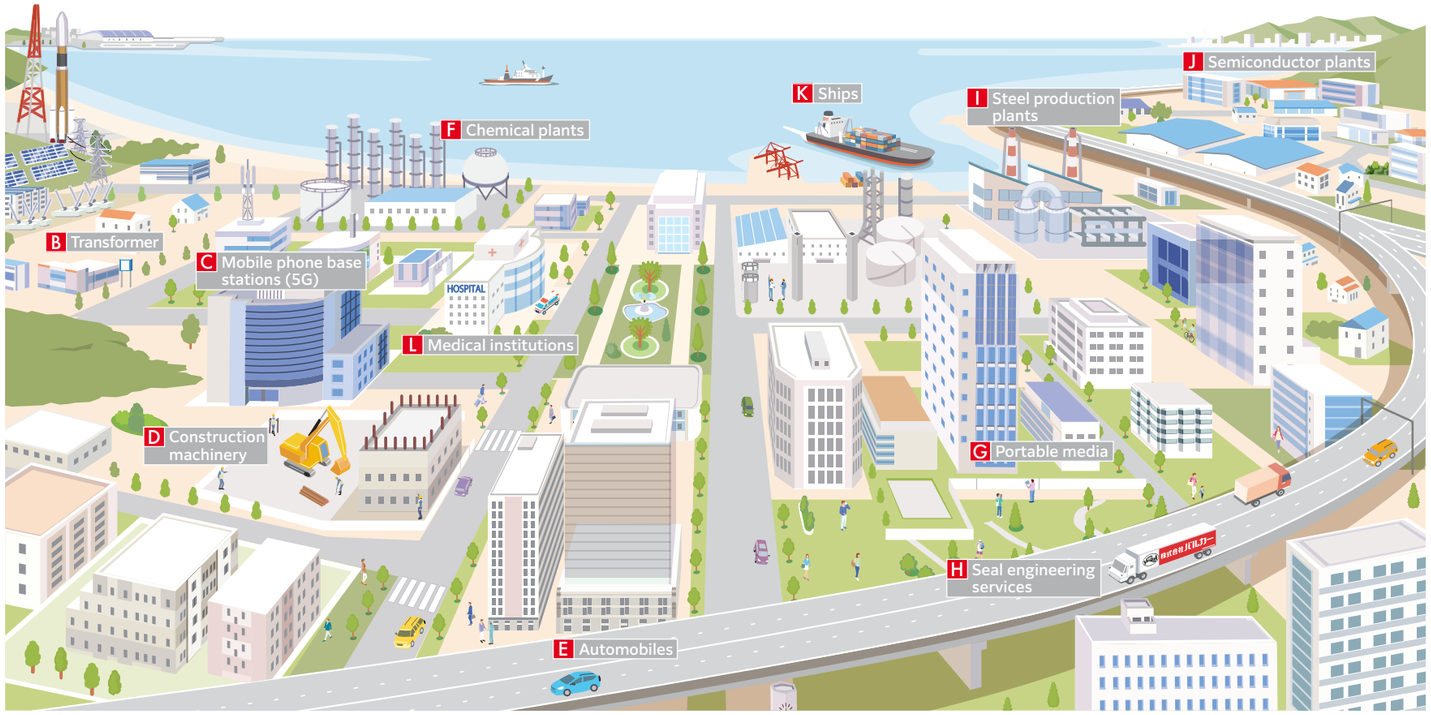


VALQUA SPM™ SMART PLANT MANAGEMENT

Centralized management of progress, from routine maintenance to scheduled repair work, of plant maintenance planning, construction, inspection, approval application, data storage, and comparison.

A Rockets and satellites





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 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.

C 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.

D 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.

E 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.

F 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.

G 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.

H 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.

I Steel production plants

High performance sheet gasket

Heat resistance has been greatly improved compared to previous products. This product is used in plants as a sealing material for piping flanges through which various fluids flow.

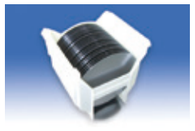
Spiral wound gasket

This high-strength sealing material, made from a combination of metallic materials, supports the safe operation of plants that operate under high temperatures and pressures.

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.

J 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 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.

K 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.

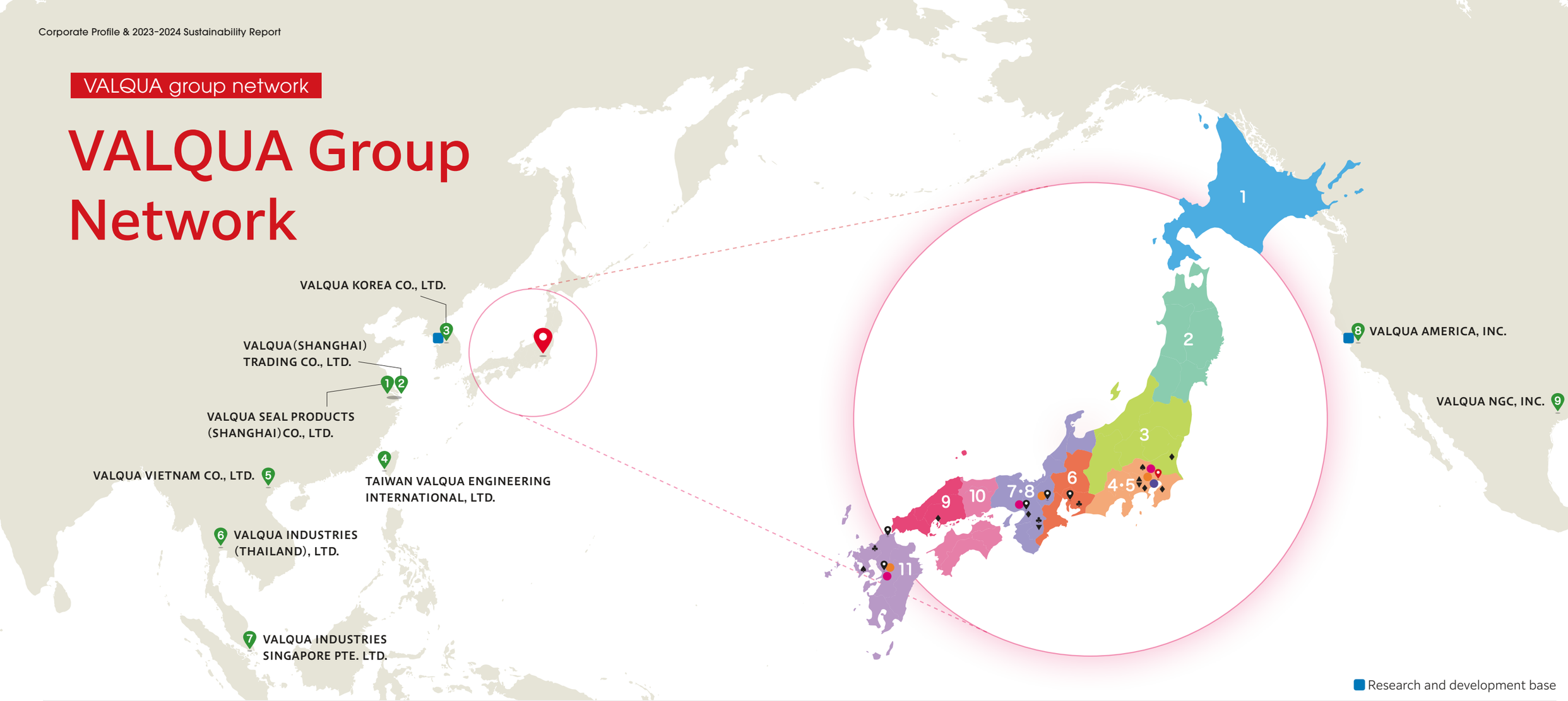
L Medical institutions

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.

VALQUA group network

VALQUA Group Network



Domestic Network

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Nagoya Sales Office	Sakura Building 24, 14-8 Terasaki, Minami-ku, Nagoya City, Aichi Prefecture 457-0013 TEL: (052) 811-6451 / FAX: (052) 811-6474
Hikone Sales Office	2-38 Daitocho, Hikone City, Shiga Prefecture 522-0074 TEL: (0749) 26-3191 / FAX: (0749) 26-7503
Osaka Sales Office	WAKITA Sakaisuji Honmachi Building 3F, 1-7-7 Honmachi, Chuo-ku, Osaka City, Osaka Prefecture 541-0053 TEL: (06) 6265-5031 / FAX: (06) 6265-5040
Kitakyushu Sales Office	Shin-Kokura Building, 2-2-1 Komemachi, Kokurakita-ku, Kitakyushu City, Fukuoka Prefecture 802-0003 TEL: (093) 521-4181 / FAX: (093) 531-4755
Kumamoto Sales Office	218-5 Motoyamamachi, Chuo-ku, Kumamoto City, Kumamoto Prefecture 860-0822 TEL: (096) 364-3511 / FAX: (096) 364-3570

Sales Division

■H&S Business Group

1. Section 1 (Hokkaido)
2. Section 2 (Tohoku)
3. Section 3 (Kita-Kanto/Shinetsu)
4. Section 4 (Minami-Kanto)
5. Section 5 (East Japan Customer Service)
6. Section 6 (Chubu)
7. Section 7 (Hokuriku/Kansai)
8. Section 8 (West Japan Customer Service)
9. Section 9 (Chugoku *Ube, Chugoku, Shunan, Hiroshima)
10. Section 10 (Chugoku + Shikoku *Okayama, Matsuyama)
11. Section 11 (Kyushu)

●Overseas Sales Division

●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

Sales Division (Tokyo)
Sales Division (Osaka)
Sales Division (Kumamoto)

▲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, 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)

Overseas Network

East Asia

❶ **VALQUA SEAL PRODUCTS(SHANGHAI)CO., LTD.**
❷ **VALQUA(SHANGHAI)TRADING CO., LTD.**
Location: Shanghai
❸ **VALQUA KOREA CO., LTD.**
Location: Seoul
・**ULSAN OFFICE**
Location: Ulsan
・**PYEONGTAEK FACTORY**
・**APPLIED R&D INSTITUTE**
Location: Gyeonggi-do
❹ **TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.**
・**STSP Branch**
Location: Kaohsiung City
・**HSINCHU OFFICE**
Location: Hsinchu City

ASEAN

❺ **VALQUA VIETNAM CO., LTD.**
・**HAI DUONG FACTORY**
Location: Hai Duong Provience
❻ **VALQUA INDUSTRIES(THAILAND), LTD.**
Location: Samutprakarn
・**RAYONG BRANCH**
Location: Rayong
❼ **VALQUA INDUSTRIES SINGAPORE PTE. LTD.**
Location: Singapore

North America

❽ **VALQUA AMERICA, INC.**
・**ADVANCED SEAL TECHNOLOGY INSTITUTE**
Location: Sunnyvale, CA
❾ **VALQUA NGC, INC.**
Location: Houston, TX

Special Feature 1: Introduction of the new organizational structure

Representative Director, Chairman & CEO
Toshikazu Takisawa

Director, Vice Chairman
Yoshihiro Hombo

Director, Executive Vice President
Gota Nakazawa

Representative Director, President & COO & CWO
Toshiharu Takisawa

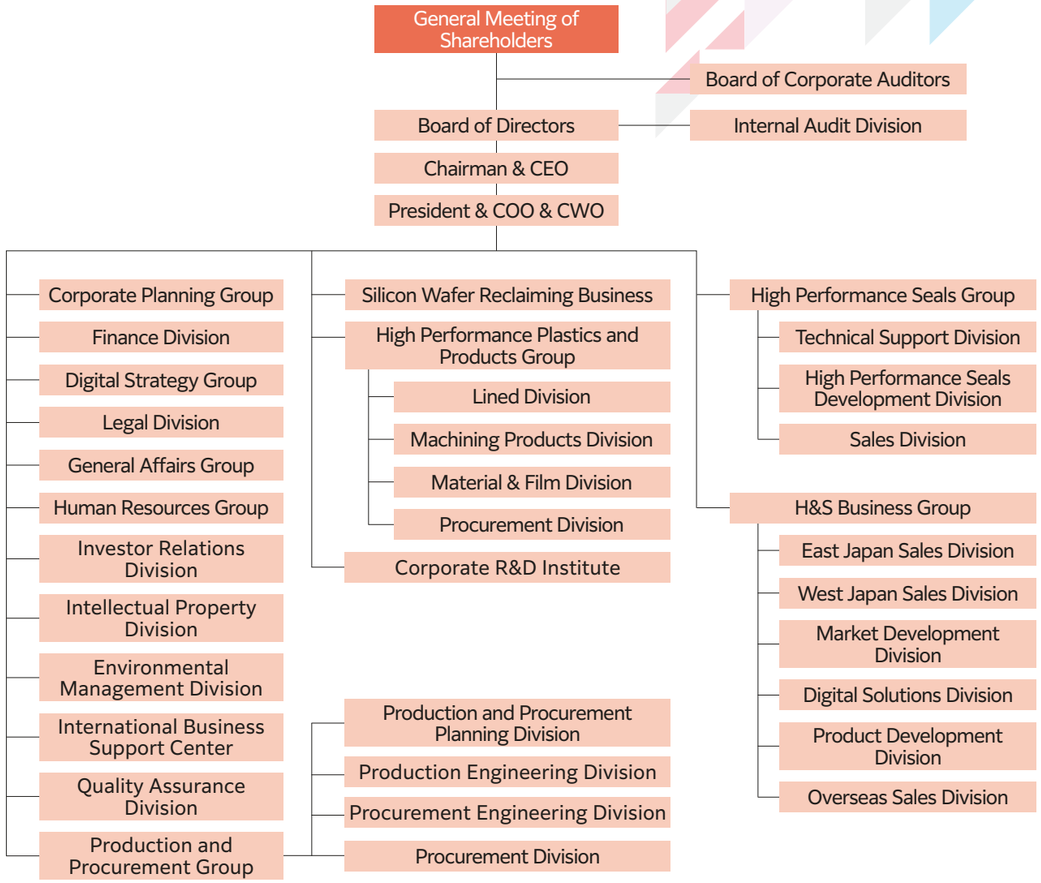
VALQUA has changed its organizational structure as of June 20, 2024 in order to advance its "New Frontier 2026" (NF2026) Medium-term Business Plan, and to ensure the achievement of long-term management goals set for the year ending March 2027, the 100th anniversary of our founding.
We will continue reforms to achieve the optimal organizations and structures required to realize "new value creation", and further differentiate ourselves at the global level and enhance our sustainable competitive capability.

List of officers (as of June 20, 2024)

*CEO: Chief Executive Officer
*COO: Chief Operating Officer
*CWO: Chief Well-being Officer
*CDO: Chief Digital Officer
*CCO: Chief Compliance Officer

Position	Name	Role
Representative Director, Chairman	Toshikazu Takisawa	CEO
Representative Director, President	Toshiharu Takisawa	COO & CWO
Director, Vice Chairman	Yoshihiro Hombo	
Director, Executive Vice President	Gota Nakazawa	CDO, Responsible for H&S Business and Silicon Wafer Reclaiming Business
Outside Director	Chikako Sekine	
Outside Director	Mikiko Saito	
Outside Director	Hiroya Kutsuzawa	
Standing Auditor	Akio Kou	
Outside Auditor	Hidenori Takahashi	
Outside Auditor	Iwao Toigawa	
Senior Managing Executive Officer	Shinya Sakurai	Director of High Performance Seals Group
Managing Executive Officer	Mutsuo Aoki	Responsible for Intellectual Property and Quality Assurance
Managing Executive Officer	Yoshiaki Tsubakiyama	General Manager of General Affairs Group
Managing Executive Officer	Daisuke Kanda	Director of High Performance Plastics and Products Group
Senior Executive Officer	Tadashi Ogawa	Chairman Secretary
Senior Executive Officer	Mamiko Yatabe	CCO, Responsible for Legal and Environmental Management
Senior Executive Officer	Satoshi Ueki	General Manager of Corporate Planning Group, Responsible for Investor Relations and International Business Support
Senior Executive Officer	Katsutoshi Fuseya	Director of Production and Procurement Group, General Manager of Production Procurement Planning Division, and Safety Officer
Senior Executive Officer	Mikihito Ono	Director of H&S Business Group
Executive Officer	Hiroshi Tatsuta	Deputy General Manager of General Affairs Group, Responsible for Corporate Philosophy
Executive Officer	Atsushi Nobe	Deputy Director of High Performance Plastics and Products Group
Executive Officer	Masahiro Imai	Deputy Director of H&S Business Group, General Manager of West Japan Sales Division
Executive Officer	Tomoko Goto	General Manager of Human Resources Group, Responsible for Human Resources Development
Executive Officer	Sadayuki Kadowaki	General Manager of Finance Division
Executive Officer	Ryota Murakami	Deputy Director of Production and Procurement Group, ASEAN Business Management, President of VALQUA VIETNAM CO., LTD.
Executive Officer	Masaaki Nose	General Manager of Corporate R&D Institute
Executive Officer	Takahiro Kawakami	Director of Digital Strategy Group, General Manager of Digital Development Division

Organizational Chart



President & COO & CWO Message

My name is Toshiharu Takisawa, and I was appointed President & COO & CWO in June of 2024.

Since our founding in 1927, our company has been the "unsung hero" supporting the development of various industries. The company name "VALQUA" is a portmanteau of the words "value" and "quality" meant to highlight our commitment to continuously create new "value" into the world through high "quality" work.

In addition to inheriting the tangible and intangible assets we have been building up since our founding, as well as our Corporate Philosophy of "THE VALQUA WAY", we will continue embracing challenges without fear of change so that we may continue to contribute toward innovations for the safety and security of society.

In anticipation of our 100th anniversary in 2027, and the years beyond, we will continue to hone our own unique pioneering spirit and strive to maximize the satisfaction of all of our stakeholders. We continue to hope for your unwavering guidance and encouragement of our Group in the future.

Special Feature 2: The Next Stage of Growth

Contributing toward the creation of a "safe, secure, and sustainable future". Reforming into an H&S company rooted in "THE VALQUA WAY"

In order to realize a safe, secure, and sustainable society, we at VALQUA have been working since 2014 to advance our reform into an "H&S company", which creates new customer value around the twin spokes of products (hard) and services (seal engineering services)*.

Based on our Corporate Philosophy, and original motivator, "THE VALQUA WAY", we will endeavor to forge a path that will lead to the next 100 years and the company's own future.

*The "H" stands for "hardware" (the company's existing products) and the "S" stands for "services" (seal engineering services), which also include various types of software.

Interviewees

H&S Business Group
Digital Solutions Division
Deputy General Manager Shigeo Sakai

Corporate R&D Institute
Assistant Manager Yasushi Aburatani

We are originally motivated by our desire to achieve "security and safety" Transitioning to an H&S company management

Since the company's founding in 1927, we at VALQUA have been working as pioneers in seal engineering to provide security and safety to our many customers in the form of our "seal products" intended to prevent leaks of gases and liquids in various fields, such as plants, semiconductors, and the industrial equipment market. VALQUA is currently working to transition our management towards that of an "H&S company", which integrates and provides products and services as "a company that continually creates new value".

"At our core is a strong desire to further contribute to the security and safety of worksites rooted in our Corporate Philosophy of 'THE VALQUA WAY.' There are certain services that only we, as a company that provides high quality products and services and enjoys the trust of many customers, can provide. Our intention is not just to merely sell something and have that be the end of it: we seek to support the security and safety society demands and create new customer value by providing services both domestically and globally that fully utilize the knowledge and know-how we have built up over many years. This is the future we seek to achieve as an H&S company". (Sakai)

From "things" to "events". When we changed our corporate name from "NIPPON VALQUA INDUSTRIES" to "VALQUA" in 2018, this announcement was also meant to indicate the intention and determination of our management that we intend to transform into an H&S company that is not merely focused on the manufacturing of hardware products.

Focusing on solutions that do not depend on individuals for "expertise"

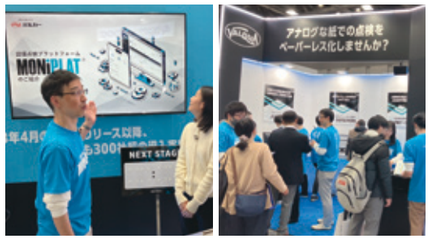
This transformation, which can be described as a major turning point for us, will also be accompanied by certain "labor pains".

"In discussing the advancement of our transformation into an H&S company, the topic of how we will manifest security and safety was brought up. We had a difficult time coming up with the concrete methodology for what 'services' VALQUA should provide. During these discussions, we noted that problems are likely to occur at the construction phase of a plant, such as the selection of gaskets and properly attaching them to ensure that fluids do not leak, but also wondered if there would be opportunities to properly convey this kind of knowledge. At the same time, in addition to the recent issue of diminishing personnel, there is also the problem of advanced construction techniques being lost due to skilled craftsmen aging out of the workforce. In past years, you could find veteran craftsmen capable of making all decisions based on the instincts and experience they had built up over many years at virtually any worksite, but as these experienced craftsmen are disappearing, we are seeing the spread of the concern that worksites may become more and more amateurish. This led us to think about providing our own venue for ensuring that advanced construction techniques can be carried on and taught, which then inspired us to create the experience-based learning facility, the 'Seal Training Center (STC).'" (Sakai)

The STC has enabled the "visualization" of the techniques that craftsmen have been teaching based on instinct and experience. The STC provides an extremely effective training program built through the combination of details gleaned from our customers as well as the know-how VALQUA has built up over many years, and is being used both domestically and internationally as a solution meant to ensure the security and safety of our customers.

We are also taking full advantage of sensing technologies and AI to focus on the development IoT-compatible tools like automated fastening tools and gap measuring devices meant to help reduce human error and enable any worker to accurately perform work.

"Through our training facilities we will develop personnel by helping them learn the techniques, and contribute to ensuring uniform construction quality through digital technology. Thanks to H&S, the mission we must accomplish and the direction we must take have become clear". (Aburatani)



MONiPLAT® presentation at the exhibition booth

Exterior of, and impression of practical training at, the experience-based training facility Seal Training Center (STC)
(Left: Impression of on-site simulated tightening training, Center: STC exterior, Right: Example of training device)

The barriers between employees that emerged due to the differences between hardware and software

As internal efforts grow more active, members of management are also beginning to further enhance the foundations for the H&S company.

In 2021, following the appointment of current Executizve Vice President Nakazawa to Chief Digital Officer (CDO), we began entering a full-scale software development phase which included capital alliances with companies in the digital field. It was at this point that we once again encountered a familiar barrier in the form of a need to reform in-house awareness.

"The hardest part was the differences between hardware products and software products. Hardware products are put out into the market as completed items, manufactured without failures or defects, but it is a matter of course for software to be continually improved upon and updated after it has been released. The processes underlying these two types of products are so different that you could even call them opposites. Of course, the advantages of software lie precisely within this flexibility and scalability, but for employees who had been striving for perfection in their products up to this point, many were left constantly confused and uncertain if what they had produced was good enough". (Aburatani)

The key to resolving these discrepancies in expectations and the driving force behind the change in our awareness was the reaction of our customers.

"We received feedback from customers about the software we developed who then became fans of ours when we gave form to their needs. Internal attitudes became much more optimistic as we began to feel this regular back-and-forth help deepen our relationships with our customers". (Sakai)

The future pioneered by the facilities inspection platform "MONiPLAT®"

"MONiPLAT®", released April of last year, is the software product that has come to represent this new version of VALQUA.

"MONiPLAT® is a cloud-based, facilities inspection and condition monitoring system that allows uniform management of various facilities using smartphones or tablets. By digitalizing the inspection work that was previously done analog at worksites using paper and pen, we can greatly reduce human error and optimize work operations". (Aburatani)

Three months following the release of the product, we received an unexpected piece of good news.

"Not only did we receive inquiries from our initial target audience in the manufacturing industry, we also saw increasing numbers of inquiries from industries we hadn't anticipated, such as food, transportation, construction, agriculture, medical, and nursing care, which was a big surprise for us as well". (Sakai)

Even though it has only been a year since the product was released, over 600 companies have implemented the product. The impact brought about by MONiPLAT® helped bring in new customers and greatly expand the possibilities of H&S.

We are also focusing on "VALQUA SPM®", a construction management system that supports regular maintenance and inspection at plants.

"This product has also already been implemented by many major plant companies. If MONiPLAT® is a product oriented toward the manufacturing industry, then the strength of SPM® is that it can provide order-made solutions optimized for the worksites in the petrochemical industry". (Sakai)

Realizing a sustainable society in accordance with "THE VALQUA WAY"

They say that there are more than 500 accidents each year involving leaks at oil refineries and petrochemical plants. Being able to contain such accidents will help us prevent soil contamination and damage to people in advance.

"These efforts will also be helpful in other manufacturing environments, like those for food and medical products. Being able to contribute toward the realization of a sustainable society through security and safety is both motivating and fulfilling". (Aburatani)

Continuing from our previous NF2023 Medium-term Business Plan, we at VALQUA will further advance our transformation into an H&S company through our next three-year Medium-term Business Plan, which began this April and will continue into 2027, the year of our 100th anniversary, and plan to further advance high quality product development and solution provision rooted in "THE VALQUA WAY", our Corporate Philosophy.

"It is thanks to the technological capabilities and know-how we have accumulated over many years as well as our intimate knowledge of worksites that we are able to create and provide 'services' that our customers truly need. We intend to continue contributing to security and safety by providing products and services that help solve societal challenges". (Sakai)

Contributing the creation of a sustainable future by acting as a company that is indispensable for the security and safety of various industries will ultimately help grow our business and enhance our revenues. We hope you will look forward to our next stage as an H&S company, and to VALQUA's future.

Special Feature 3: Human Resources Development

The current status and future vision for VALQUA's "human capital management"

"Human capital management" has gained particular focus in recent years as one of the indicators underlying sustainable corporate growth. Our company is also advancing many initiatives to accelerate human resource development, as detailed in our Medium-term Business Plan "New Frontier 2023" (NF2023). Here, we would like to share VALQUA's vision for human resource development, the latest topics on the subject, as well as the current status and our future vision for human capital management.

Tomoko Goto
Executive Officer
General Manager of Human Resources Group,
Responsible for Human Resources Development

Our unwavering commitment to value "people" since our founding

As a company that has used its strengths in technology to support various industries with its manufacturing efforts, and has continually provided new value at a global level, since our very founding, "people" have been VALQUA's most valuable asset. The basis of our corporate activities is our Corporate Philosophy of "THE VALQUA WAY (T.V.W.)", which is shared by all of our employees, and this philosophy is also deeply rooted in our human resource development. Our company's policy is to assertively hire individuals who have the requisite drive, skill, and capability, regardless of their nationality, age, gender, or work history. We provide an environment that enables each and every one of our employees retains pride in the work they do in accordance with T.V.W. and tries expanding their own personal possibilities. VALQUA values "people", and we will continue to enhance our human resource development under the strong commitment to our personnel advocated by CEO Takisawa.

Medium- and long-term efforts to train the next generation of "managerial resources"

VALQUA's human resource development is based on "T.V.W. understanding and practical activities", and consists of selective training, basic training, functional training, and OJT. Activities that promote further permeation of T.V.W. include CEO learning, which involves direct discussions between the CEO and employees, and other examples of top members of management being deeply involved in human resource development. For example, the "CEO cram school" program supervised directly by the CEO has been operating for over 10 years in order to train and identify executive candidates. Furthermore, in recent years we have been placing more emphasis on "managerial human resource development", which aims to produce the personnel who will help realize sustainable corporate growth and drive the company's social value forward through two types of selective training programs.

The "production company management development training" which we began in 2023 is a selective training program meant to help develop candidates for management who are well-versed in "production, sales, and technology", and is targeted at personnel who have the potential to lead the management of the production companies that lie at the core of VALQUA's manufacturing endeavors. Personnel are divided into two groups, the "immediate asset team" that can begin handling managerial tasks as soon as they are done with two years of training, as well as the "future investment team" that is carefully developed over three years; these teams are given opportunities to learn about both domestic and overseas worksites, and with the cooperation of officers responsible for production, we have also developed practical training programs that go beyond mere classroom learning. Operating under the philosophy of "learning through on-site experience", members of the immediate asset team are often appointed as president or executive vice president of production companies during training, and otherwise put through rigorous activities to help them build experience.

The second selective training program is the "overseas executive management development training", which seeks to develop candidates for the next generation of executive management positions at overseas subsidiaries.

We have been engaged in development of overseas managerial human resources at an early stage, and we are now in the 5th term of this training program. The candidates are all local staff selected from various regions throughout the world. During the 4th term, the program hosted a total of seven members from three countries: Vietnam, Taiwan, and South Korea; through the program they were all taught the mindsets and skills demanded of members of management, and are now fulfilling their roles as executives and managers in their respective countries.

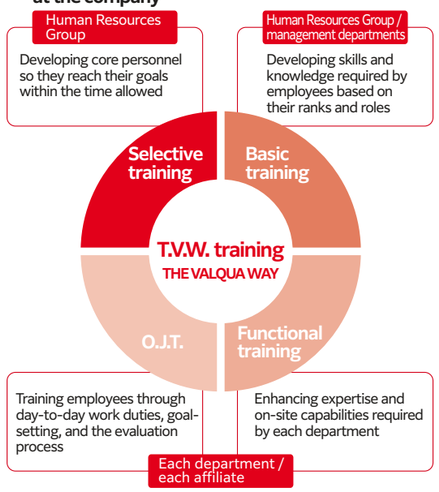
For this fiscal year's training program, we have once again invited six participants from three different countries.

Human resource development at VALQUA rooted in "THE VALQUA WAY"

At VALQUA, we identify promising personnel that will lead the next generation of VALQUA employees, and help them grow by experiencing multiple stretch work experiences. This is due to the fact that the most effective way to gain knowledge pertaining to management and business, and enhance leadership qualities, is to acquire actual on-site experience. Both training programs create opportunities for the trainees to speak directly with members of management, including the CEO, help them deepen their understanding of VALQUA's visionary management, and develop the resolve and conviction they need to work as members of management.

Furthermore, one of the global management challenges being faced by other companies is the concern that the vision and management policies formulated by their headquarters in Japan are not being implemented sufficiently at overseas subsidiaries, but no such gap exists for our company as T.V.W. lies at the core of our human resources training. For our employees, T.V.W. is common vocabulary, a compass, and a code of conduct. Each and every employee of the VALQUA Group, which spans eight different countries and regions, incorporates the T.V.W. mindset into their own duties, and uses it as a set of shared goals that they can use to foster their own personal growth; this makes T.V.W. a critical strength for the company's human resource development, and as a means of differentiating ourselves form the competition.

▼ **Human resource development and training at the company**



Promoting enhanced engagement Holding the "2024 Skills Grand Prix"

At VALQUA, we also conduct various in-house events where our global colleagues with diverse backgrounds can work together to hone their skills. Our goal as a manufacturing company is to create an environment where employees can make full use of their abilities, which will not only improve engagement but also foster motivation and strengthen collaboration among engineers. This was the sentiment that led to the creation of the "VALQUA Skills Grand Prix". Although there were previous initiatives within individual business groups and production departments, this is the first such event encompassing the entire company. Our hope is that this event will be more than just a competition: we hope that it will be an opportunity for local members from all over the world to get together and inspire one another, and for participants to take the knowledge and experience they gain to their own workplaces to foster new innovation and growth.

Companies are powered by "people". Value invested in human capital

Drawing out and enhancing the value of human resources in order to achieve sustainable corporate growth is the most crucial element to creating the future of VALQUA. The company provides various growth opportunities, which enable employees to fully utilize their potential, and contribute to the company while also achieving self-actualization: we believe that it is this virtuous cycle that helps draw out employees' latent capabilities, and serves as the driving force behind the expansion of an organization. To make this a reality, we will continue to acquire and train personnel that share our company's values, engage in human resource development that corresponds to each individual's personal career plans, and invest in people in a way that fosters their well-being.

Special Feature 3: Human Resources Development

Production company management development training

Training goal

The goal is to develop manufacturer management personnel that are comprehensively well-versed in production, sales, and technology, and to develop personnel equipped with the ideas and imagination required to envision a VALQUA that is not held back by preconceptions, and are able to manage production companies equipped with the human capabilities required to lead an organization (personnel that can be tasked with handling affiliates).

Target personnel:
Training of next managers [immediate asset team]: General manager equivalent positions (5 people)
Training of future managers [future investment team]: Manager equivalent positions (7 people)

Training period (1st term):
Training of next managers [immediate asset team]: July 2023 to June 2025 (2 years)
Training of future managers [future investment team]: July 2023 to June 2026 (3 years)

▲ A look at training

▲ CEO Takisawa and the members of the immediate asset course

Production company management development training
[Immediate asset team]
Yosuke Naito

I was the only person from a management department (Human Resources Group) selected for this training, and through it I realized my own dormant potential and was both delighted and surprised by this discovery.

For employees, training is essential not just in improving their work, but also for emotional fulfillment and maintaining motivation, and I believe that when an organization supports the growth of its employees, it helps develop strong bonds between them and promotes the creation of powerful desires to progress forward and achieve goals.

I intend to create an environment that will allow employees to continue working with vigor, and become a manager that can handle well-being management.

Production company management development training
[Future investment team]
Hayato Hashimoto

As Manager of the Manufacturing Section, I was given the opportunity to attend training while pursuing QCDS, where I learned about the skills, responsibilities, and determination required of a manager, as well as the fact that only leaders can change an organization.

Based around the permeation of our Corporate Philosophy of "T.V.W.", I am, while trying to remember to keep myself active and enjoy my work, working on human resource development that emphasizes dialogue between employees and the process of attempting to resolve major issues together, as well as creating an environment fosters worthwhile and exciting work that employees will want to keep doing.

My goal is to become a manager that is both personally appealing and can lead an organization, someone other employees will look to and want to work together with.

Overseas executive management development training

Training goal

The goal of this training is to develop personnel that can serve as the next generation of executives or management (or candidates for executives or management) at overseas subsidiaries, make judgments based on the company's management perspectives, and involve relevant parties in efforts to promptly and definitively mobilize organizations.

Target personnel:
Overseas (Taiwan, South Korea, Vietnam) executive management candidates (6 people)

Training period (5th term): May 2024 to April 2026 (2 years)

Overseas executive management development training
Chih Wei Shang

During the three and a half years I have been in my current position, the hard work I have put into training the members of my team has left me with a feeling of accomplishment. However, I realized that if TAIWAN VALQUA ENGINEERING INTERNATIONAL doesn't grow as a whole, I won't be able to fulfill my own personal mission of creating a happy work environment. To make this a reality, I need to personally grow as a leader.

Through my upcoming two-year training, I believe that I will gain a greater understanding of VALQUA's visionary management, and I intend to make every effort to grow into a person that can address matters from the perspective of a manager and positively affect the company as a whole, so that I may be able to help create a happier company.

CEO cram school

Training goal

In order to develop innovative and resourceful human resources, we will train personnel that can act as resourceful officers that can lead organizations and have the ideas and imagination required to envision a VALQUA that is not held back by preconceptions.

Target personnel: Executive management personnel (5 people)
Training period: December 2023 to November 2025 (2 years)

CEO cram school
Masashi Hatamoto

Students of the CEO cram school understand that are not just passive attendees of classes: rather, they are individuals who think thoroughly about the themes they are assigned over the two-year training period, and use the school as an opportunity to develop their own innovative capabilities and resourcefulness, and broaden their perspectives. It is up to us students to stimulate discussion, so each day we engage in rich debate so that we can work to stimulate each other.

As VALQUA enters its 100th year and the years beyond in a time of intense changes, I hope to realize more well-being-oriented management with respect to our stakeholders, and make the company even better. I believe that it is our generation that will be putting this form of management into practice, and I would like to find new ways to interpret T.V.W. and put these interpretations to action.

VALQUA Skills Grand Prix

Event objectives

The goal of this event is to enhance engagement, prevent technicians from departing the Group, and enhance coordination between related companies, among other matters.

This Grand Prix is the first such event held by the VALQUA Group.

Concept underlying the event

The concept is to have VALQUA personnel put their best foot forward into VALQUA's 100th year and the years beyond, and create a culture where personnel compete amongst themselves to develop the foundations for techniques that will be carried on into the future.

Skills Grand Prix results report

The first VALQUA Skills Grand Prix was held at TAIWAN VALQUA ENGINEERING INTERNATIONAL in May of 2024, bringing together 28 superior technicians selected from 9 production companies within the VALQUA Group around the world to compete against each other in terms of advanced skill, accuracy, and speed.

This Grand Prix was held as a part of the "well-being management" being practiced by VALQUA, and was expected to vitalize the organization and improve engagement. Overseen by CEO Takisawa and other officers, and cheered on remotely by supporters from each company, the contestants received heavy applause for their experienced techniques supporting VALQUA's manufacturing, as well as the hard work they put in to gaining these techniques.

High performance seal (HPS) products visual inspection

Participants in this category compete in terms of their ability to discover and detect defects in high performance seal products, which face rigorous inspection standards given their use in the semiconductor market.

Fluorocarbon resin (PFA) welding

Participants in this category compete in terms of their ability to PFA-weld sheets together while inside of a lining tank, which is one aspect of the lining tank manufacturing process.

Bolts tightening

Bolts, which are often used in joints in factory piping, will not function properly unless they are tightened correctly. Participants in this category compete against each other in terms of speed in tightening a specified number of bolts up to a prescribed pressure.

Forklift operation

Participants with the right skills and qualifications compete against each other to see who can most safely, accurately, and efficiently operate a forklift within a designated course.

▲ Opening greetings by CEO Takisawa

▲ Group photo

Sustainability Management

The VALQUA Group has positioned "sustainability" as a major management issue, and 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".

Sustainability promotion organization

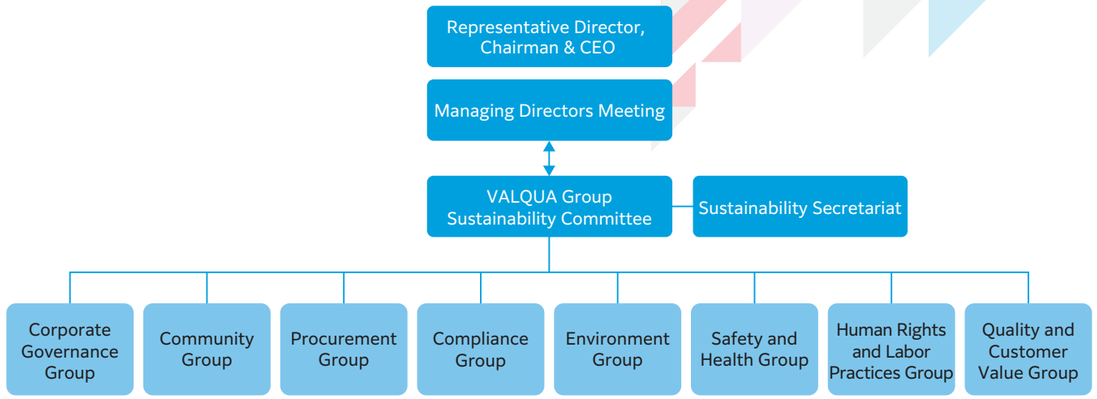
The "VALQUA Group Sustainability Committee" is positioned as an important body for discussing the sustainability activities of the entire Group, and is composed of the executive officers of the VALQUA Group. Regular meetings are held every half-year, as well as on an ad hoc basis, and the results are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

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 "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.

▼ Sustainability organization chart



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.

Process of defining the sustainability materiality matrix

Step 1 Recognition of social issues
We first identified social issues by referring to international standards and guidelines such as the GRI Standards, ISO26000, the UN Global Compact, Sustainable Development Goals (SDGs), and RBA Code of Conduct.

Step 2 Identification of stakeholders' priorities
We then identified stakeholders' priorities by analyzing evaluation organizations' surveys and customer questionnaires to index the degree of attention that stakeholders pay to the social issues identified in Step 1.

Step 3 Mapping of social issues and identification of materialities
We then created a matrix chart mapping the social issues identified in Step 1 with "stakeholders' priorities" identified in Step 2 on one axis and "VALQUA Group priorities" on the other to extract the items with the highest priority, which we defined as our materialities.

Step 4 Deciding materialities
The VALQUA Group materialities were decided upon with the approval of the Managing Directors Meeting in FY 2019.

Step 5 PDCA management and reassessment of materialities
In April of 2022, the materialities were reassessed from the standpoint of giving greater emphasis to the relationship between management strategy and the business plan. In October of the same year, our efforts in the area of human rights due diligence were intensified by changing two of the materiality themes to "Handling of conflict minerals, etc." and "Respect for human rights (including human rights due diligence)".

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

《 Stakeholders' priorities

VALQUA Group's priorities 》

* Level of priority does not differ within each quadrant

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)".

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.

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

- Efforts to solve social issues through products and services

Activities that contribute to society

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

Defense Strengthening management foundation

- Strengthening of governance, eco-friendly business, supply chain management, and HR cultivation, etc.

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	3, 7, 8, 9, 12
	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 increased corporate value, enhanced business continuity, and solutions for 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	12
	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"	Combatting pollution and other social issues by developing and deploying products and services	7, 8, 9
	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	12, 17
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	3
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	12
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	8, 9
	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	9, 12
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	3

Corporate governance

Corporate governance

SDGs to which this contributes

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 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 16th competition was held in FY 2023. For this year's event, all members of the hierarchy go together in one place for the first time in 13 years to hold the event.

In FY 2023, under our "New Frontier 2023" (NF2023) Medium-term Business Plan, we embarked on new promotional activities called "OUR VALQUA WAY", which aim to further advance visionary management, conduct activities that are based on trust, remain aware of and respect the idea that "our strengths are our power", and emphasize groups and teams.

CEO Takisawa, who considers deeply instilling "THE VALQUA WAY" in all Group employees to be indispensable to ensuring "sound and sustained growth", began traveling to each region in FY 2019 to hold the "CEO Forum to Promote the Permeation of THE VALQUA WAY Throughout the Workforce" for managers, and has resumed this effort in FY 2023 in Kyushu.

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 "THE VALQUA WAY" competition, which focuses on the strengths of each employee. Furthermore, we will take the things we have learned through the unprecedentedly harsh environment of the past few years to become "A Challenging Company that Challenges the Future and the Unknown" to further contribute to the richness of the human race and global environment, foster an endeavoring spirit that never stops pioneering into the future, and promote a positive attitude that always stands stalwart against adversity. We will also place emphasis on teamwork-oriented "OUR VALQUA WAY" activities so that we can create an organization that functions as the greatest team in the world, where the strengths of each individual are maximized, and each and every employee can perform their duties with confidence, all in the interest of supporting the happiness, health, and growth of everyone involved.

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

Company-wide "THE VALQUA WAY" competition: A look at the General Employee Category presentations
First place: Peng Shu Yi of TAIWAN VALQUA ENGINEERING INTERNATIONAL

FY 2024 Company-wide "THE VALQUA WAY" Competition Award Ceremony

A look at the CEO Forum to Promote the Permeation of THE VALQUA WAY Throughout the Workforce held in Fukuoka Prefecture in August of 2023

02 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.

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.

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.

Further, we have established a Nomination and Compensation Advisory Committee in order to enhance the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors, and to ensure thorough corporate governance. This Committee is comprised of directors who have been selected via resolution by the Board of Directors, and a majority of these directors are independent, outside directors. In addition, the Chairperson of the Committee is selected from within the Nomination and Compensation Advisory Committee.

▼ Composition of Board of Directors and Board of Auditors (as of June 30, 2024)

Directors	7 (5 men and 2 women) Including 3 outside directors (1 man and 2 women)
Auditors	3 (3 men) Including 2 outside auditors (2 men)

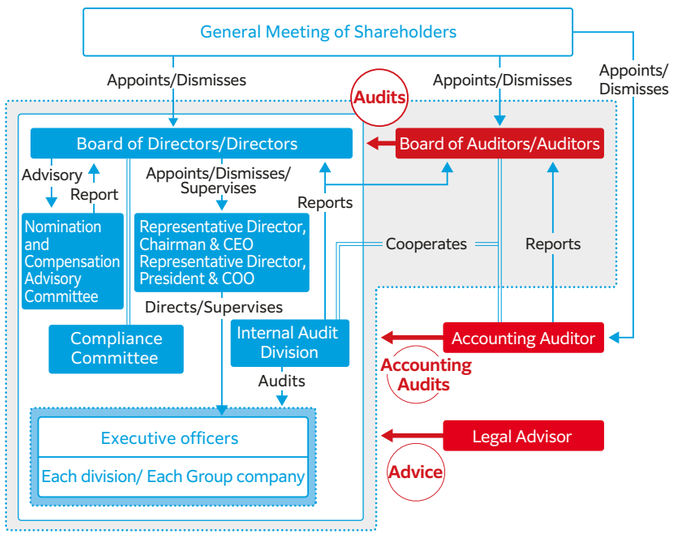
Internal control system

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



Corporate governance

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").

Furthermore, in response to social demands for efforts to address human rights issues, we have revised the VALQUA Group Basic Policy on Human Rights, and as part of our efforts to establish and conduct human rights due diligence, we have decided on the targets and methodologies for surveys of our suppliers, and are implementing such surveys.

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 responsible for 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

Compliance

SDGs to which this contributes

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.

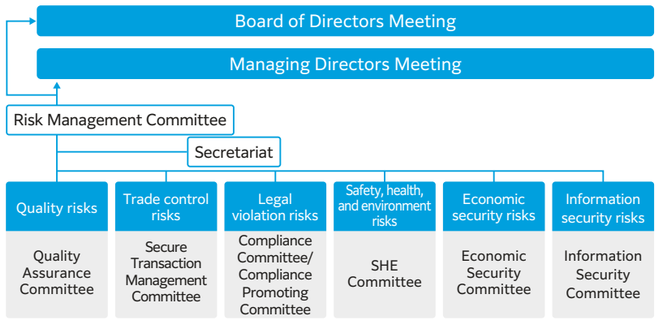
Risk management system

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 2020.

We will go on strengthening our risk management to prepare for ever diversifying risk.

▼ Risk management system



Management of intellectual property rights

In order to appropriately manage our intellectual property rights, 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 R&D 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

The VALQUA Group ensures that all employees are thoroughly aware of the importance of preventing bribery, and has established the matters described on the right in our "VALQUA Group Basic Policy and Bribery Prevention" in order to appropriately respond to domestic and international bribery regulations. All Group company employees are expected to adhere to the Basic Policy, as well as bribery prevention-related laws, regulations, guidelines, and other similar provisions applicable to each of the countries and regions in which we do business.

- General prohibition of bribery and facilitation payments to public officials, etc.
- Preliminary investigations when hiring agencies, etc.
- Preparation and maintenance of accounting records
- Notifications and reporting when faced with violations, etc.

06 Legal compliance

Compliance

Basic philosophy

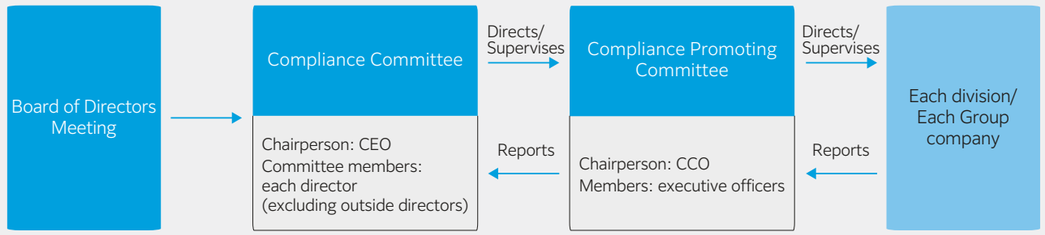
In the VALQUA Group, "compliance" does not stop with legal compliance. We see compliance as striving to respond to the demands and trust of stakeholders and win the trust of society by proactively complying with business ethics that hold us to an even higher standard than laws and regulations and practicing 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. In addition to spreading the handbook throughout Japan and overseas, we issued new publications for specific levels of the hierarchy: the guide for managers and leaders, the "Action Handbook for the Prevention of Harassment", as well as 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 and board members 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. Any cases that have been reported to, consulted on with, or notified to us through this system will be handled in accordance with the "Internal Reporting Regulations", and the results will be given as feedback to the reporting/consulting/notifying parties unless anonymity has been requested. Individual privacy will be respected throughout the operation of this system, and care will be taken to ensure that the reporting/consulting/notifying parties are not disadvantaged.

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

Environmental risk management

Framework for activity

The VALQUA Group centralizes the promotion of environment-related policies, activity plans, and activity advancement through the Group's Safety, Health, and Environment (SHE) Committee, of which the CEO is the chairperson.

As recent years have seen environmental regulations strengthened around the world, the Group is enhancing its measures to improve our ability to comply with these environmental regulations. In spite of this, we have been able to maintain our record of zero violations of environmental laws for another year at our production companies in Japan and overseas.

In response to the trend toward stricter regulation of the chemical substances involved in our products, we are proactively working to stay ahead of new regulations by reducing the amount of chemical substances used in our manufacturing processes and reducing the health risks to workers.

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

Domestic and overseas production companies in the Group manage environmental laws and regulations through the ISO14001 system.

Furthermore, to ensure compliance with ever-changing laws, we are working to keep up with legal reforms and improve our knowledge of laws with the support of legal information service companies.

Environment

Environment

SDGs to which this contributes

08 Prevention and reduction of leakage of environmentally hazardous substances

Efforts to prevent and reduce leakage

Environmental burden accompanying business activities in FY 2023

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 CO_2 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

The VALQUA Group launched an elastomer seal material called "BLISTANCE®", targeting the market for hydrogen, which is expected to become a next-generation energy source, and has been working to continually improve its functions since 2020. 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.

In 2023, we completed development of a product series with specifications that can cover a wide range of temperature environments, which we also expect will have future applicability in fuel cell vehicles (FCVs), which are expected to be used under harsh conditions such as extremely low temperatures and rapid pressure drops, as well as in hydrogen storage tanks and piping around engines.

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

Addressing climate change: "information disclosure based on TCFD recommendations"

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 VALQUA Group 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 aims to become 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. We are working to improve corporate value with this kind of understanding and thinking in mind.

* 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.

Information disclosure based on TCFD recommendations
https://www.valqua.co.jp/social/environment/

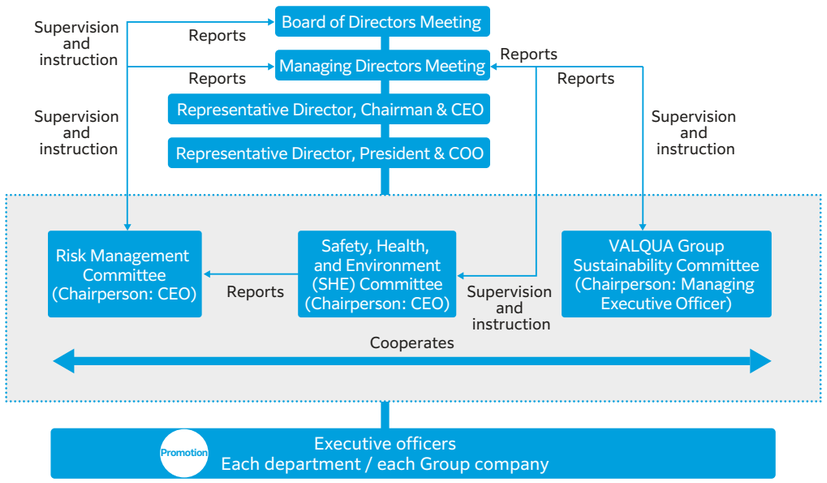
1. Governance

We at the VALQUA Group treat climate-related issues as serious managerial challenges, and are working to address them under the supervision of the Board of Directors. In addition, the Group's governance structure with respect to climate-related issues is as shown in the following diagram.

First, climate-related issues have been identified by the "VALQUA Group Sustainability Committee" as serious challenges (materialities) in terms of the Group's efforts toward sustainable management, and the basic policy to address these challenges as well as any related efforts are deliberated and decided on, and regularly reported at Managing Directors meetings.

Measures pertaining to climate change, in particular, that the Group must undertake as a whole are deliberated and decided upon by the Group's "Safety, Health, and Environment (SHE) Committee", and then reflected through the activities of the "SHE Promotion Teams" in each department and Group company, thereby resulting in a system that realizes cross-sectional and efficient initiatives which are periodically reported on at Managing Directors meetings. Furthermore, the "Risk Management Committee" periodically reports on various risks, including climate change-related risks, at Board of Directors meetings and Managing Directors meetings for supervision and instruction.

▼ Governance/Risk management system



2. Risk management

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.

In addition to the VALQUA Group Sustainability Commiattee and the Safety, Health, and Environment (SHE) Committee, corporate departments and business departments coordinate to identify and evaluate risks and opportunities pertaining to climate change, and consider responsive measures to such risks and opportunities, and any critical risks and opportunities identified during this process are shared with the Risk Management Committee as appropriate, and integrated into the risks facing all Group companies as necessary.

The status of overall risk management is periodically reported on at Board of Directors meetings and Managing Directors meetings by the Risk Management Committee, and then subjected to appropriate oversight.

Environment

3. Strategy

As part of our effort to identify the climate change-related risks and opportunities that will affect the VALQUA Group's finances, and based on the data of the IEA[*1] and the IPCC[*2], we conducted analyses based on two scenarios: the 4°C scenario (a scenario where warming continues unabated), and the 1.5°C scenario (a scenario where decarbonization efforts are deployed).

Definition of scenarios

Target period: Identification of risks and opportunities in anticipation of 2050 (however, financial impact will be evaluated with 2030 in mind)
Scope: VALQUA Group
Reference scenario:
IEA NZE, IPCC RCP 1.9, etc. for 1.5°C
IEA STEPS, IPCC RCP 8.5, etc. for 4°C

*1 IEA: International Energy Agency
*2 IPCC: Intergovernmental Panel on Climate Change

Based on our analysis of these scenarios, we identified the following principal climate change-related risks and opportunities, as well as the following future responsive measures with respect to such risks and opportunities.

[1.5°C scenario (scenario where decarbonization efforts are deployed)]

Global outlook of the scenario		Financial impact items	Degree	Timeline	Responsive measures
Major social changes are anticipated as society transitions toward decarbonization. For example, we anticipate the implementation of carbon pricing, the shift to decarbonized energy, and the expansion of recycling technologies, among other matters. We further anticipate that, at the same time that next-generation vehicles more rapidly permeate the automobile industry, the demand for technologies and products that contribute to GHG reductions and reduced energy consumption will further grow in various fields, thereby ensuring that the demand for semiconductors will also grow accordingly.	Risks	[Policies, laws, and regulations] Increased energy costs due to changes in power supply composition of electric power companies (increased proportion of electricity from renewable energy sources) as a result of strengthened GHG regulations	Medium	Short term	● Implementation of energy-saving facilities and renewable energy at all companies ● Increased yields from manufacturing processes, reduced electricity use through energy savings realized through improved productivity ● Implementation of energy-saving facilities in the manufacturing process
		[Disasters] The increasing severity of natural disasters may cause reduced sales due to suspension of operations at production bases and offices, incidence of restoration costs due to damage to facilities, and interruptions to material procurements from suppliers	Medium	Medium term	● Formulating and periodically revising BCPs internal to the Group and in the supply chain, as well as follow-ups on status of implementation ● Revising and enhancing disaster prevention measures in order to minimize damage caused by disasters ● Becoming insured against damages
	Opportunities	[Semiconductor market] Increased sale of products for semiconductor equipment, etc. due to an increase in demand for products that contribute to decarbonization, carbon reduction, and energy-savings	Large	Medium term	● Enhancement of research and development structures for products meant for cutting-edge markets ● Acquisition of new technologies through M&As and business partnerships (semiconductor market only) ● Investigations of customer needs and enhancement of selling power ● Expansion of supply capacities
		[EV-related, etc. market] Increased sales for seal products and other products used in EVs, FCVs, etc.	Medium		

[4°C scenario (scenario where warming continues unabated)]

Global outlook of the scenario		Financial impact items	Degree	Timeline	Responsive measures
For this scenario, we anticipate that there will be little progress in strengthening regulations toward reduced carbon use and decarbonization, and natural disasters will become more severe due to rising average temperatures and other climate-change-related consequences. Furthermore, in the automotive industry, the proliferation of next-generation vehicles will progress slowly and internal combustion engine vehicles will become the main focus of production and sales. However, the pursuit of technological innovations will not abate, and the demand for semiconductors is expected to expand.	Risks	[Disasters] The increasing severity of natural disasters may cause reduced sales due to suspension of operations at production bases and offices, incidence of restoration costs due to damage to facilities, and interruptions to material procurements from suppliers	Large	Short term	● Formulating and periodically revising BCPs internal to the Group and in the supply chain, as well as follow-ups on status of implementation ● Revising and enhancing disaster prevention measures in order to minimize damage caused by disasters ● Becoming insured against damages
	Opportunities	[Semiconductor market] Increased sale of products for semiconductor equipment, etc. due to an increase in demand for products that contribute to decarbonization, carbon reduction, and energy-savings	Large	Short term	● Enhancement of research and development structures for products meant for cutting-edge markets ● Acquisition of new technologies through M&As and business partnerships (semiconductor market only) ● Investigations of customer needs and enhancement of selling power ● Expansion of supply capacities
		[EV-related, etc. market] Increased sales for seal products and other products used in EVs, FCVs, etc.	Medium	Long term	

*Manifestation period: Short term: within 3 years, medium term: 4 to 6 years, long term: at least 10 years
*GHG: Greenhouse gas (carbon dioxide, etc.)
*BCP: Business continuity plan

As a result of our VALQUA Group climate change-related scenario analysis, we assessed that the VALQUA Group would exhibit high resilience in either of the scenarios we used for analysis. Going forward, the Group will further advance our initiatives to address the risks identified and realize the opportunities discovered.

Furthermore, in light of the fact that the Group intends to realize a sustainable society, when we hold resolutions on management budgets and business plans, we are sure to take the issue of climate change into account in accordance with our Corporate Philosophy of "THE VALQUA WAY" and "Corporate Image we aim to become in the coming 100th anniversary (2027)".

For example, the environmental investment budget is managed separately within the capital investment budget, and relevant resolutions are made at Managing Directors meetings.

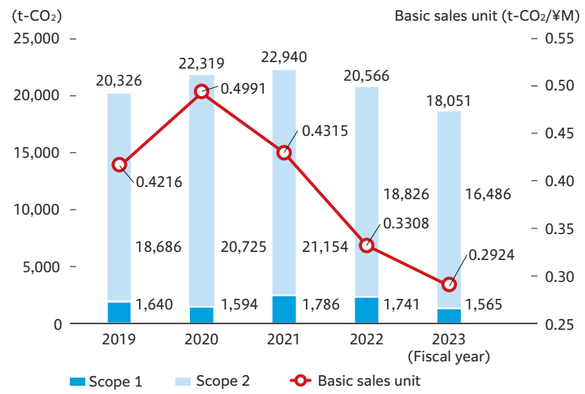
4. Indicators and targets

To mitigate the impact of climate change, the VALQUA Group is working to reduce greenhouse gas emissions (setting targets of a 1% reduction from the previous year in emissions per basic sales unit ($t\text{-}CO_2$/¥M)[*1]), through measures such as rationalization and cost-reduction activities, renewal of aging facilities, and solar-based in-house power generation, among other efforts. In addition, we are calculating greenhouse gas emissions (Scope 1[*2] and Scope 2[*3]) and monitoring the status of emissions in order to assess the results of our efforts.

We are also continuing our monitoring of Scope 3[*4] emissions, and are publishing our findings on our website.

https://www.valqua.co.jp/social/environment/
(FY 2023 data should be posted in July 2024 and onward.)

▼ Change in greenhouse gas emissions (Scope 1 + Scope 2)



*1 Basic sales unit ($t\text{-}CO_2$/¥M): Value obtained when greenhouse gas emissions calculated as Scope 1 + Scope 2 are divided by sales for the fiscal year
*2 Scope 1: Direct greenhouse gas emissions by the business itself
*3 Scope 2: Indirect emissions stemming from the use of electricity, heat, and steam supplied by other companies
*4 Scope 3: Indirect emissions arising from every stage spanning raw material procurement to production, sales, and disposal, excluding emissions falling under Scope 1 and Scope 2
* Greenhouse gas emissions: Calculated by annually reconfirming the emission factors for each type of fuel and electric power, as well as the emission factor of electric power used at overseas factories, in the greenhouse gas emission calculation, reporting, and announcement system based on the "Act on Promotion of Global Warming Countermeasures" (Global Warming Act)

09 Reduction of environmentally hazardous substances in business

▼ Material flow

Object: VALQUA Group business offices in Japan and overseas (excluding 16 bases with small scale, such as some regional sales offices, representative offices, and overseas sales companies)
Period of tabulation: March 2023 to March 2024

INPUT

Energy	Total: 143,348GJ
Electric power	32,746MWh
Power from solar	43MWh
A-type heavy oil	134,900ℓ
LPG	69,191m³
Natural gas	118,786kg
Municipal gas	492m³
Kerosene	102,220ℓ
Light oil	29,056ℓ
Gasoline	40,696ℓ

Water use	Total: 377,310m³
Tap water	66,512m³
Industrial water, etc.	310,798m³

▶ **VALQUA Group** Business activities ▶

OUTPUT

CO_2 emissions	Total: 18,051t
Production related	16,486t
Other	1,565t

Wastes	Total: 683t
Waste plastics	371t
Sludge	125t
Wastepaper	87t
Other (waste acid, waste alkali, waste oil, wood chips, waste textiles, scrap metal, burnt residue)	100t
Chemical substances * 21 types	157,600kg

* Chemical substances: Scope expanded to include inflammable fluids, organic solvents, and specified water contaminants in addition to the substances requiring notification under the PRTR law

Change in main environmental load

Greenhouse gas emissions (direct emissions)

In FY 2023, the absolute amount of waste discharge decreased compared to FY 2022 by 2,515 ton. The breakdown of this decrease is as follows: a 327-ton decrease was achieved as a result of reviewing temperature control management and updating aging equipment conducted through rationalization and cost reduction activities, and a 2,188-ton decrease resulted from a temporary slowdown in demand in the semiconductor market, among other factors. As a result, there was a 12% reduction in terms of the basic sales unit.

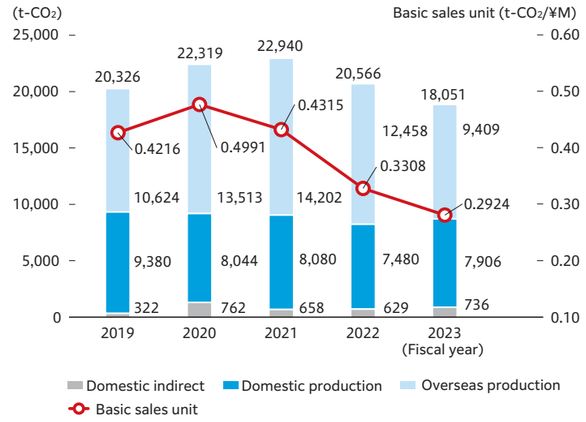
Greenhouse gas emissions (indirect emissions)

Starting in FY 2014, we began to calculate greenhouse gas emissions for the entire supply chain, and we have now been doing so for 10 years. For details of Scope 3 and other environment-related data, please see our website.

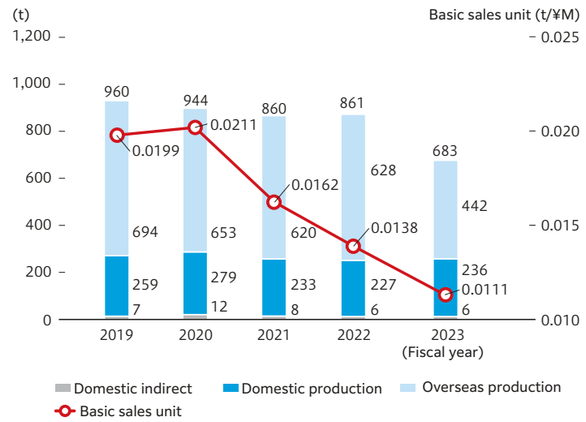
Final disposal volume for wastes

In FY 2023, the absolute amount of waste discharge decreased compared to FY 2022 by 178 ton. The breakdown of this decrease is as follows: a 9-ton reduction was achieved through improvements of defects and yield increases stemming from rationalization and cost reduction activities, and a 169-ton decrease was realized due to a temporary slowdown of demand in the semiconductor market, among other factors. As a result, there was a 14% reduction in terms of the basic sales unit.

▼ Change in greenhouse gas emissions (domestic + overseas)



▼ Change in final disposal volume for wastes (domestic + overseas)



* 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 2023) https://www.valqua.co.jp/social/environment/

Health and safety

Health and safety

SDGs to which this contributes

10 Occupational health and safety

Safe workplace, and mental and physical health

Development of proactive human resources

In order to realize safe and healthy workplaces, we are engaged in developing proactive internal auditors, health promoters, and leaders that foster thorough awareness of existing risks in workplaces and promote activities to eliminate them.

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, identifying hazards, and eliminating potential risks. We are also striving to maintain and promote the mental and physical health of our employees through mental and physical care intended to foster their well-being.

Management of mental and physical health
https://www.valqua.co.jp/social/safety_health/

Safety and health promotion activities

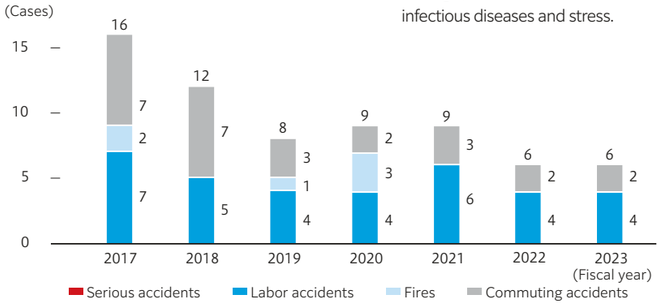
VALQUA Group Safety and Health Day

The VALQUA Group has designated May 18 as "VALQUA Group Safety and Health Day" to raise awareness of safety. We have also set the first week of July as Safety, Health, and Environment (SHE) Week, and are holding events 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 such changes to risk. Furthermore, while devoting efforts to promoting the mental and physical health of our employees from the standpoint of health management, we are proactively promoting the creation of a happy, healthy workplace from the standpoint of both safety and hygiene. We are also enhancing our crisis management to prepare for climate change, as well as health risks such as infectious diseases and stress.

▼ Incidence of accident occurrence



▼ Status of SHE Week activities at overseas bases of operation

VALQUA INDUSTRIES (THAILAND)
Safety and Health Prayer Festival

TAIWAN VALQUA
A VR simulation of danger

VALQUA INDUSTRIES (THAILAND)
Mangrove planting activities that combine training to walk safely in slippery forests with healthy walking activities

Supply Chain Management

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.

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. Furthermore, as of 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.

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.

Basic Procurement Guidelines, 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

SDGs to which this contributes

Human resources / Human rights

Human resources / Human rights

12 Ensuring of the diversity of human resources

Creating a workplace environment and various systems

Providing flexible working styles that allow employees in various situations to work vigorously

At VALQUA, we are pursuing a form of well-being management where employees are able to balance their duties with childcare/nursing care so that they may work worthwhile jobs and live fulfilling lives. In addition to reviewing maternity bonuses to celebrate such happy events in employees' lives and addressing employee feedback via self-reporting, we are actively promoting the establishment of a foundation for realizing work styles that suit the needs of each individual employee by, for example, establishing a new system specialized for digital development departments, flextime work systems, paid leave systems that enable taking time off in 1-hour or half-day increments, and systems that enable remote work and side jobs. We will continue to work on creating environments that enable each and every one of our employees to work to their fullest potentials.

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 family 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 30, 2024)

Engagement

In order to address rapid changes to the environment, and to realize the state of "A Challenging Company that Challenges the Future and the Unknown", defined as the Corporate Image we aim to become in the coming 100th anniversary, we at VALQUA believe that it is important for each of our employees to personally think about the best directions for the company to move toward, and challenge themselves in pursuit of those directions. To do this, we assertively promote increased engagement by employees. Since 2020, we have been conducting engagement surveys each year, and based on the results of these surveys we have each department implement measures for improvement, and are endeavoring to create comfortable work environments that respect the personality and individuality of each employee, and emphasize the importance of dialogue.

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

We work to promote further innovations by hiring personnel regardless of gender, age, or work history in order to incorporate more diverse perspectives. 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 address women's career development and growth as a crucial issue.

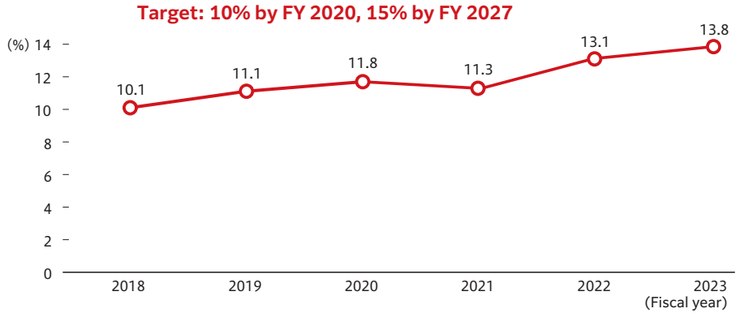
Furthermore, we have also implemented a new "grade-skipping exam" system starting in 2024 which will enable employees to become managers more quickly regardless of how many years they have been with the company or their age. At the same time, we are also promoting the active assignment of personnel that emphasizes placing the right people in the right positions, particularly for giving motivated, competent, and skilled employees over the age of 60 assignments of notable responsibility.

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.

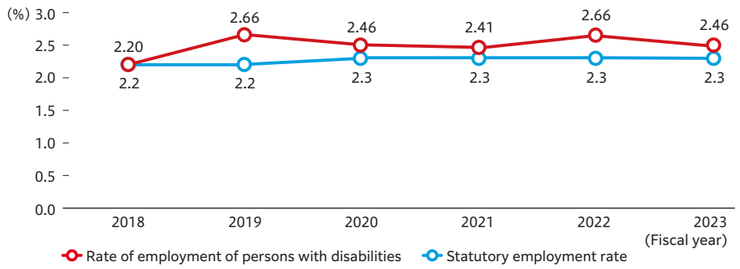
▼ Percentage of women in management positions

Target: 10% by FY 2020, 15% by FY 2027



▼ Rate of employment of persons with disabilities

Target: Meet or surpass the statutory employment rate



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. In response to increasing societal demands to respect human rights, such as the Ministry of Economy, Trade and Industry publishing the "Guidelines on Respecting Human Rights in Responsible Supply Chains" (the "GL") in September of 2022, we have revised this policy as of August 2023.

In accordance with this policy, each year we conduct human rights surveys at each Group company and at suppliers to check the degree to which the Basic Policy on Human Rights is known and understood throughout the Group, and to check the status of human rights-related initiatives. The results are analyzed, and while providing support so that each Group company can autonomously grasp, prevent, and handle human rights problems, we promote taking action to further improve awareness of human rights.

Furthermore, we at the VALQUA Group 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

In order to realize our Core Principle of "Value & Quality (create value and improve quality)", we at the VALQUA Group value the intangible (thoughts, words, and hopes), communicate and share these intangibles, believe in the possibilities they represent, and are working to realize an environment where everyone can embody their hopes, and create an organization where everyone can exercise leadership. Therefore, we have been engaging in personnel development that remains aware of each employee's individual strengths and, 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 the training and self-study programs available to all employees, we also provide various forms of selective training to help foster endeavoring mindsets and positive attitudes to endure hardship, even in the face of today's rapidly changing global conditions, while also supporting our employees in living happy and healthy lives, and committing ourselves to developing human resources that can fully capitalize on their own strengths, and contribute to the "richness of the human face and the global environment".

(Example of selective training) Production company management development training

We conduct selective training divided across two courses in order to foster comprehensively capable members of management at production companies that are well-versed in production, sales, and technology, are incredibly resourceful and innovative, can lead their organizations, and have the ideas and imagination required to envision a VALQUA that is not held back by preconceptions.

Target management and HR evaluation mechanism

Employees' own goals are set through discussions between subordinates and superiors based on the policies of the company and the mission of the department. During HR evaluations, superiors make decisions based on their discussions with the subordinate, with reference to the subordinate's own self-evaluations. Among other efforts to achieve human resource development that can help the VALQUA Group achieve sustainable growth, we held evaluator training for members of management in 2023 to help evaluators ensure that their evaluations help clarify employees' issues and areas for improvement, and lead to better results for the employees in the future.

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

1. HR cultivation for globalization
2. Development of Group managers
3. Level-specific training
4. Occupation-specific training
5. Self-study
6. OJT

Customer satisfaction

Customer satisfaction

SDGs to which this contributes

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

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.**

https://www.seal.valqua.co.jp/seal/

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.

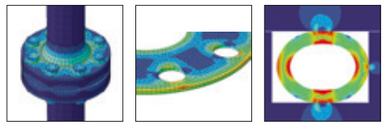
We are contributing to the safety and peace of mind of all our customers by accelerating the development and deployment of services that meet the need for sophisticated safety engineering in plants.

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

Community

SDGs to which this contributes

16 Promotion of sports, culture, and the arts Promoting mental and physical health among employees Existing with harmony to the community

Promotion and support of sports

Unmistakable results of efforts to promote "ballroom dancing", and new efforts

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.

The waning of the COVID-19 pandemic in 2023 brought with it renewed interactions between the various members of the international community. To further support and encourage each event, as well as the various athletes and organizers, we provided support for various national competitions for the visually impaired, including the Japan Blind Dance Championships and Asian Open Dance Championships. Furthermore, 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 2024 Korea Open International Dance Championships.

As a new initiative, in addition to hosting the "VALQUA Cup", a top competition in Japan held every November and is specially sponsored by our Group, we revamped the competition into the "VALQUA Cup Japan Open Show Dance Championships" which focuses on "show dance", a particularly artistic form of dance that is also popular with the audience. The massive crowd was enthralled by the fierce competition played out between the dancers.

2023 VALQUA Cup Japan Open Show Dance Championships

Promoting mental and physical health among employees

In order to promote interest in ballroom dancing as well as the mental and physical health of employees, we hold in-house ballroom dance classes during lunch once a week at our domestic and overseas bases of operation. At the head office, we are working to make the dance classes even easier to participate in by incorporating healthy exercises. Participants are also given opportunities to show off their dance skills during our annual Christmas events, and the participating employees practice very hard to demonstrate what they gained from class.

We also offer these ballroom classes at overseas bases of operation like those in Taiwan and Vietnam to help employees have fun while they try to refresh themselves mentally or get some much-needed exercise.

Dance performance by members of the head office dance class

Dance lessons at VALQUA VIETNAM

Community

Existing 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.

During FY 2023, each base of operation found ingenious ways to conduct volunteering activities that contribute to their local communities.

VALQUA INDUSTRIES (THAILAND) Orphanage support activities

We at VALQUA INDUSTRIES (THAILAND) interact with and donate day-to-day supplies to children in orphanages who are living apart from their parents for various reasons.

Surrounded by the children's lovely smiles, the volunteering employees found themselves highly energized by the event as well.

We had a fun time with the children

VALQUA M·R·T CENTER Backyard mountain revival preparation activities

"Oak wilt" is an infectious disease transmitted by fungi-riddled pests; the fungi on these pests infect trees like the white oak (mizunara) and jolcham oak (konara) trees, causing them to die. This disease has been spreading significantly in recent years, particularly in the Kanto region, and now the mountain behind the M·R·T CENTER has also been affected, requiring some of the trees to be cut down to prevent damage that might be caused by trees falling over.

In order to protect and rejuvenate the mountain's rich natural environment, members of our team are working to weed the base of the mountain, collect acorns, and cultivate seedlings.

Acorns sprouted from the seedling pots we planted together

KYUSHU VALQUA Community cleanup activities

The roads and sidewalks in and around the industrial park support the logistics and commute of the companies operating within the park, and serve as routes for local residents and students of nearby elementary and middle schools. Keeping these roads and sidewalks clean helps prevent pedestrians from being injured by pebbles, empty cans, and other objects kicked up by the tires of large vehicles.

In gratitude for the community environment that allows us to maintain stable production, we cleaned up the roads, gutters, and other areas surrounding the plant.

We cleaned up even the smallest bits of trash from the gutters

For more information on activities to support groups that contribute to society, and on the various activities through which we make contributions, please visit our website.

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

Corporate Report 2024

Starting in 2024, we have revised our "Sustainability Report" into the "Corporate Report —Corporate Profile & Sustainability Report—".

Editorial Policy

The Sustainability Report published in 2023 was the same Sustainability Report published up to 2022 but with added explainers on companies. This year, we have revised this into the Corporate Report, which describes the VALQUA Group's basic thought behind sustainability, initiatives pertaining to material sustainability issues, and descriptions on corporate information such as management information.

We hope to have all of our stakeholders gain a full understanding of the current VALQUA Group, and comprehension of our Group's intended business and sustainability activities.

This Report is available in printed form, and posted on our website at the same time.

Month and Year of Issue
Issued in July 2024 (Previous Issue in June 2023)

Reporting Period
April 1, 2023 to March 31, 2024
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 June 30, 2024.

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, the UN Global Compact, Sustainable Development Goals (SDGs), and RBA Code of Conduct

Reporting Media

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

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: 423 (1,670 Groupwide, as of March 31, 2024)