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Reference

Sustainability Initiatives

ESPEC CORP.
February 21, 2025

About ESPEC's Sustainability

Guided by our corporate philosophy,
“THE ESPEC MIND,” ESPEC will help to solve social and environmental issues through businesses centered on environmental creation technology, with the aim of achieving sustainable growth.

Corporate Philosophy

Our important values that have been passed on since our inception
“THE ESPEC MIND” (Excerpt)

Origin

Aim for better value exchange as a public institution

Mission

Provide more certain Seikankyo (living environment) via environmental creation technology

Style

Progressive, Reliable, Open, Fair

Declaration

What ESPEC promises society

“compliance,” “culture,” “human rights,” “the environment,”
“education/enlightenment.”

Sustainability Policy and Materiality

Looking toward sustainable growth, we formulated a sustainability policy, and identified materiality (important issues) that must be addressed in order to produce social and economic value.

Sustainability Policy

- By putting our corporate philosophy (THE ESPEC MIND) into practice, we are working to create and improve both social value and economic value.
- By maintaining a good exchange of value with our stakeholders, we are aiming for continuing growth.
- Based on ESPEC Vision 2025, we will contribute to solutions for the global environment and social issues through our business activities, centering on environmental creation technology.
- We will engage in active disclosure of information related to sustainability.

Materiality

- Solve social challenges through global business
- Provide products and services with responsibility
- Be environmentally friendly
- Secure and cultivate diverse human resources
- Enhance group governance

Corporate Value Creation Process

ESPEC's Corporate Value Creation

Invested capital

Financial capital

Manufactured capital

Intellectual capital

Human capital

Social relationship capital

Natural capital

Corporate Philosophy
"THE ESPEC MIND"
"Progressive"

"ESPEC Vision 2025"

Materiality
(important issues)

Medium-term management plan
"Progressive Plan 2025"

E

Environment

S

Social

G

Governance

Business activities

Equipment Business

- Environmental Test Chambers
- Energy Device Equipment
- Semiconductor Equipment

Service Business

- After-Sales Service and Engineering
- Laboratory Testing Services and Facility Rentals

Other Business

- Environmental Conservation
- Plant Production Systems

Mission and significance of existence

- Provide more certain Seikankyo (living environment) via environmental creation technology
- Aim for better value exchange

Value to offer

Contribute to safety/ peace of mind in cutting-edge technology

Repay stakeholder trust

Provide employees with "diverse growth support" and "opportunities to shine"

Contribute to the global environment

ESPEC's Businesses

Equipment Business

Contribute to the development of advanced technologies through the supply of products and services leveraging environmental creation technology

- Supply products and services that contribute to the development of advanced technologies to solve social and environmental issues

● Environmental Test Chambers

Supply environmental test chambers that artificially replicate environmental factors such as temperature and humidity, thereby ensuring the reliability of products

● Energy Device Equipment

Supply evaluation systems for secondary batteries and fuel cells installed in electric vehicles (EV), etc.

● Semiconductor Equipment

Supply products such as burn-in chambers and systems for semiconductor inspection and measurement and evaluation systems



Temperature & Humidity Chamber
“Platinous J series”



Drive-In Chamber for Vehicle Testing



Burn-In chamber
for Semiconductor Inspection



Secondary Battery Charge-Discharge
Evaluation System

ESPEC's Businesses

Service Business

Contribute to the development of advanced technologies through the supply of products and services leveraging environmental creation technology

- Supply products and services that contribute to the development of advanced technologies to solve social and environmental issues

● After-Sales Service and Engineering

Conduct product maintenance and preventive maintenance so that customers can use systems with peace of mind

● Laboratory Testing Services

Provide laboratory testing services based on technologies and testing expertise developed through environmental tests



Technical support using IT



Capable of performing various safety tests for secondary batteries compliant with United Nations regulations and other standards

xEV Battery Safety Test & Certification Center

ESPEC's Businesses

Environmental Conservation Business

Contribute to biodiversity conservation

Environmental conservation business to restore the natural environment, including reforestation (tree planting) that contributes to biodiversity and CO2 fixation, waterfront biotope restoration to restore natural rivers, and grassland creation using native species



A forest restored along the approach to Rinno-ji Temple in Sendai



Waterfront biotope restoration on the Sumida River Terrace in Tokyo

Plant Production Systems Business

Contribute to a stable food supply to address global warming and extreme weather

Provide plant factories and research devices that can efficiently produce vegetables by controlling temperature, light, and other factors, as well as systems such as aquaponics that circulate water and nutrients to grow vegetables and fish together



Plant factory using deep sea water that produces and sells vegetables high in minerals



Experimental System for Analyzing Responses of Dryland Plants to Climate Change (Arid Land Research Center, Tottori University)

Products and Services that Contribute to Resolving Environmental and Energy Issues

- Product lineup to evaluate the performance and durability of secondary batteries, fuel cells, solar batteries and power devices



Secondary Battery Charge-Discharge Evaluation System



Fuel Cells Evaluation System



Temperature Cycle Test System for Solar Battery Modules



Power Cycle Test System for Power Device

- xEV Battery Safety Test & Certification Center compliant with United Nations regulations on the safety of automotive secondary batteries

- Entered into business alliance with TÜV SÜD Japan Ltd., a third-party certification agency in October 2014
- In September 2015, opened in Utsunomiya City, Tochigi Prefecture, and in February 2025, opened in Tokoname City, Aichi Prefecture



Tochigi xEV Battery Safety Test & Certification Center
Utsunomiya City, Tochigi Prefecture

- Laboratory testing services using 100% renewable energies (domestic)

Environment Targets / Mid-term Plan on the Environment

Environment Targets for FY2030

Reduce greenhouse gas emissions

by 60% for SCOPE 1+2, 30% for SCOPE 3 (compared with FY2019 levels)

In July 2023, received Science Based Targets (SBT) certification from the international SBT Initiative*

*SBT Initiative

An international initiative that encourages firms to set scientifically-grounded targets for reducing greenhouse gas emissions so that the goals of the Paris Agreement may be achieved. Jointly managed by CDP, which is an NGO involved in environmental information disclosure, UNGC (United Nations Global Compact), WRI (World Resources Institute), and WWF (World Wide Fund for Nature).



The 8th Mid-Term Plan on the Environment (FY2022-FY2025)

Basic Policy: “Contributing through business with customers involved with developing green technologies”

Strengthening efforts toward combating global warming and conserving biodiversity

■ Environment Targets for FY2025

- Reduce greenhouse gas emissions by 55% for SCOPE 1+2 and 10% for SCOPE 3 (compared with FY2019 levels)
- Contribution of 95t (total) of carbon fixation through 50,000 trees planted by ESPEC MIC Corp.
- Biodiversity conservation activities through the “ESPEC’s 50-Year Forest” in Sanda City, Hyogo Prefecture

Biodiversity Preservation Initiatives (1)

Kobe R&D Center, a hub for biodiversity preservation activities ESPEC Bambi-no-Sato Certified as a “Natural Symbiosis Site” by the Ministry of the Environment

The site has a forest of approximately 30,000 trees comprising native plant species, planted and grown by employees; rooftop green space using plant species native to the northern Rokko region on the roof of the technology development building; and a biotope made up of two ponds and a stream.

Certified as “Natural Symbiosis Site” an Other Effective area-based Conservation Measures (OECM) site by the Ministry of the Environment in October 2023.



Under the “National Award for Greenery Factory” program sponsored by the Ministry of Economy, Trade and Industry (METI), received the “METI Minister’s Award” in FY2024.



Acquired the FY2022 ABINC Certification of the Association for Business Innovation in harmony with Nature and Community (ABINC) .

Biodiversity Preservation Initiatives (2)

Biodiversity conservation activities “ESPEC’s 50-Year Forest”

- In November 2022, started the forest creation for “ESPEC’s 50-Year Forest” using the “corporate forests” system under the Ministry of Agriculture, Forestry and Fisheries in Sanda City, Hyogo Prefecture
- Held a total of three tree-planting festivals by April 2024
- Approximately 400 employees and others participated in planting a total of 12,000 trees over the past two years



The 3rd Tree-Planting Festival
Seeds were selected based on carbon fixation and biodiversity functions.

ESPEC Foundation for Earth Environment Research and Technologies

- Provides funding support every year for research, technology development on global environmental conservation
- Grants totaling ¥164.9 million have been provided to a total of 327 groups over the past 26 years since the Foundation was established in 1997



27th award ceremony

Initiatives to Maximize Human Resources

Improving the quality of corporate culture and organizational management

- Round-up Training, Direct Communication sessions, 1 on 1 meetings. Using “san” after a person’s name to promote flat communication.
- Engagement surveys, personnel assessments, and 360° surveys
- A performance evaluation system that fosters ambition and growth

Individual growth support

- Career training
- Support for language study
- Recurrent education
- Remote learning

Company

- Diverse growth support
- Providing opportunities to shine

Enhancing corporate value

Sharing the joy of growth
Employees and management
joining together in vigorous activity

Employees

- Independent growth
- Work satisfaction

Management strategy-linked human resources development

- Training of next-generation management
- Global human resources
- DX personnel and digital personnel

Diversity & inclusion Ensuring employee health and safety

- Promoting the utilization of women and senior citizen employees
- Health promotion, mental healthcare
- Increasing the rate of disability hires
- Implementation of human rights and harassment education

Contributions to Society

ESPEC Smile Club: a donation system featuring employee participation

- Donated to an organization that conducts CSR activities related to children and medical care utilizing the matching gift system in which the company matches donations made by employees
- Donated a total of 893,400 yen to “Gaza Strip, Palestinian Authority - Emergency Assistance” and “2024 Noto Peninsula Earthquake Emergency Child Support” in April 2024, which are operated by Save the Children Japan



Vegetables picked at the plantation staffed by workers with disabilities were donated to children's cafeterias

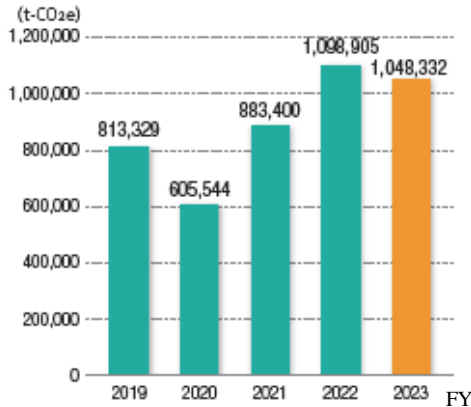
- The vegetables picked at the “ESPEC Smile Farm,”* plantation staffed by workers with disabilities were periodically donated to local children's cafeterias
- * Opened in November 2021 within a rented farm operated by a company that supports the hiring of people with disabilities. 4 individuals were hired, specifically 3 staff members with disabilities and 1 farm foreman



Employees picked vegetables as a team

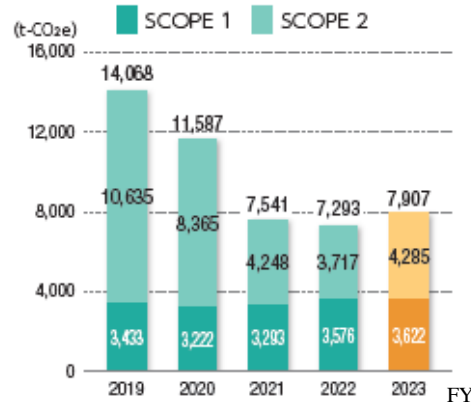
Non-Financial Data (1)

Greenhouse gas emissions
Total of SCOPE 1 + 2 + 3 (consolidated*)

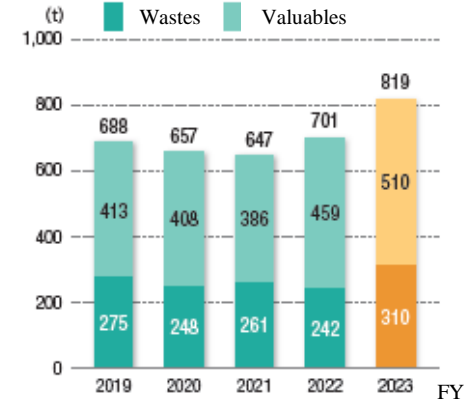


*Excludes the Cosmopia Hightech Corp., which was made a consolidated company in August 2023.

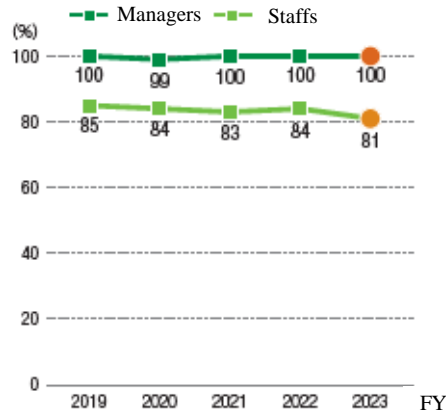
Greenhouse gas emissions
Total of SCOPE 1 + 2 (in-house emissions)
(consolidated*)



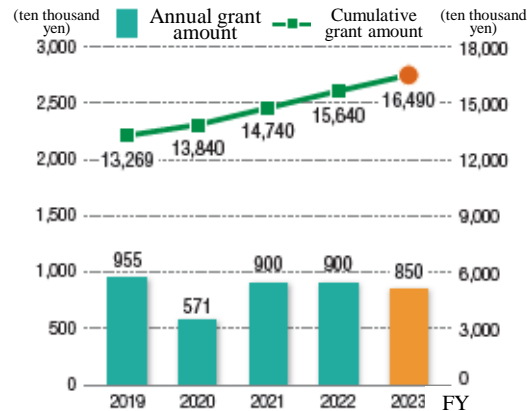
Total amount of discharge (non-consolidated)



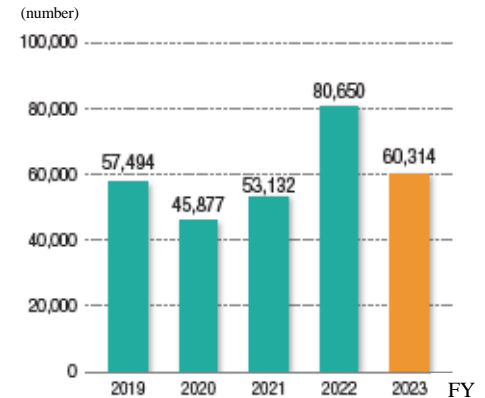
Certification acquisition rate for the
Certification Test for Environmental
Specialists (Eco Test) (non-consolidated)



Grants from the ESPEC Foundation for Earth
Environment Research and Technologies



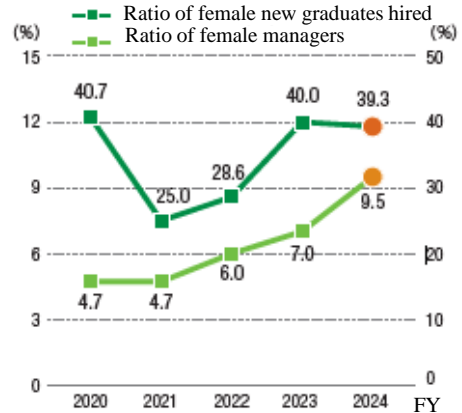
Number of trees planted through
environmental preservation business



*Actual results for ESPEC MIC CORP.

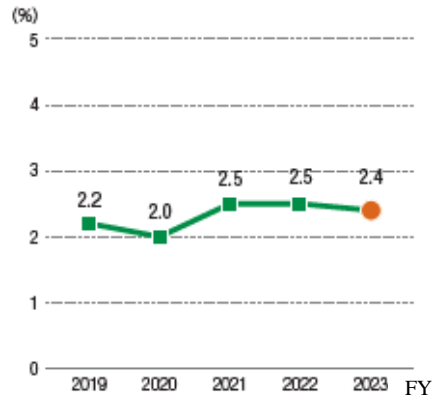
Non-Financial Data (2)

Ratio of female managers
Ratio of female new graduates hired
(non-consolidated)



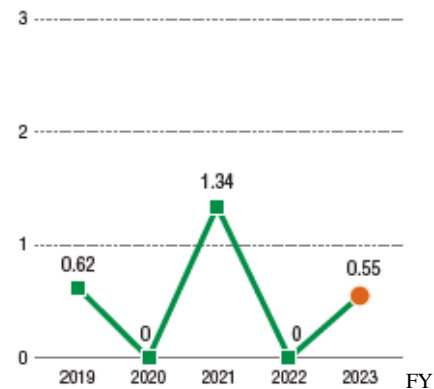
*As of beginning of each fiscal year

Percentage of employees with disabilities
(non-consolidated)



*As of the end of each fiscal year

Frequency rate* (non-consolidated)



*Number of accidents with sick leave
/total number of worked hours × million hours

Non-Financial Data (3)

		Unit	2019	2020	2021	2022	2023
Number of Employees*1	Consolidated total	Persons	1,512	1,526	1,628	1,691	1,775
	Non-consolidated total	Persons	786	780	770	778	790
Number of Employees*1	Male	Persons	673	658	643	636	633
	Female	Persons	113	122	127	142	157
Average years of service (non-consolidated)		Years	17.4	19.2	19.1	17.2	17.0
Average age (non-consolidated)		Years old	41.2	43.1	43.0	41.2	41.4
Turnover rate*2 (non-consolidated)		%	2.4	2.3	1.6	1.4	3.3
Average overtime hours (non-consolidated)		Hours	21.2	11.0	15.5	22.6	20.1
Average number of paid holidays taken (non-consolidated)		%	73.4	65.8	69.1	75.1	74.3
Average wage difference between male and female (non-consolidated)		%	-	-	-	70.3	72.5
Ratio of employees taking childcare leaves (non-consolidated)	Male	%	7.0	12.5	30.8	13.3	52.9
	Female	%	None	100	100	100	100
Occupational accident (excluding cases without lost workdays) (non-consolidated)		Cases	1	0	2	0	1
Percentage of health checkups (non-consolidated)		%	100	100	100	100	100
Composition of Board of Directors*3 (non-consolidated)	Ratio of independent outside directors*4	%	25	25	25	40	40
	Female ratio*4	%	0	0	0	20	20

*1 As of the end of each fiscal year

*2 Retirees are excluded

*3 The Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee in June 2022

*4 As of the end of June of each fiscal year

External Recognition

■ ESG-related Recognition

- Incorporation of ESG index “FTSE Blossom Japan Sector Relative Index”
- Rated “B” score for the fifth consecutive year in the CDP Climate Change 2024, “B-” score for Water Security
Selected as Supplier Engagement Leader for two consecutive years, the Top Rank in the Supplier Engagement Ratings
- Financial Times in the UK and German data provider Statista
Selected as an Asia-Pacific Climate Leader for the Second Year in a Row
- Rated 3.5 stars in the Nikkei General Sustainability Survey’s SDGs Management category
- Rated 3 stars in the Nikkei General Sustainability Survey’s Smart Work Management category

■ Recognition of Our IR Site

- Selected a Commendation Award of the Internet IR Award of Daiwa IR
- Selected as a “GRADE AAA” company website in the All-Japanese Listed Companies’ Website Ranking by Nikko Investor Relations Co., Ltd.
- Awarded a Bronze Prize in the Gomez IR Website Ranking 2024 (17th among companies of the same industry)
- First Awarded as an excellent company in the Gomez ESG Website Ranking



FTSE Blossom
Japan Sector
Relative Index



NIKKEI
Smart Work
★★★ 2025



WITH GRADE
AAA
Corporate Websites
2024
Nikko Investor Relations Co., Ltd
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