Progress of Materiality

*1 Percentage of total value of R&D expenditures in the U&P business and new / next-generation business categories
*2 Percentage of research personnel who have taken DX fundamentals courses
*3 Amount of final disposal ÷ Total amount of waste generated x 100
*4 Reduction in energy usage resulting from energy-saving improvements (based on 100% capacity utilization) ÷ Average annual energy usage for fiscal 2021 to fiscal 2023
*5 Percentage of all survey respondents who made clearly positive responses
*6 Make planned progress in accordance with the Human Rights Due Diligence Action Plan
*7 Accidents resulting in lost work days eligible for disability compensation, including death and permanent disability, or potential disability, and those with four or more lost work days
*8 Accidents that threaten third parties, including those resulting in environmental pollution involving the community or that cause damage to local residents, and other accidents involving serious damage
*9 Losses of ¥1.0 billion or more

	Materiality	Current medium-term management plan (MTMP 2026) KPIs	Reporting scope			FY 2025 targets	FY 2026 targets	FY 2030 targets	Main relevant initiatives in MTMP 2026	Main relevant contents in *MGC Report 2026*
			Non-consolidated	Domestic consolidated	Overseas consolidated					
CSV	Contribution to solving social issues through business	Sales of "Sharebeing" (MGC Group eco-friendly products)	●	●	●	**¥246.6 billion**	¥270.0 billion	¥500.0 billion	• Accelerate initiatives for realizing carbon neutrality • Focus on "Uniqueness & Presence" • Build new value through innovation • Enhance human capital management • Initiatives to strengthen the resilience of business portfolio	▸P23 Acceleration of Initiatives for Strengthening the Resilience of Our Business Portfolio ▸P25 Toward the Realization of Our Vision ▸P51 Environmental Initiatives ▸P57 Research and Development ▸P63 Human Resource Strategy
	Promotion of innovative R&D	Percentage of R&D cost contributing to increased resilience of business portfolio*1	●	●	●	**69%**	60% or higher	60% or higher		
		Percentage of research personnel contributing to solving climate change issues	●	●	●	**34%**	25% or higher	25% or higher		
		Percentage of DX human resources among research personnel*2	●	●	●	**82%**	75%	80%		
E	Proactive response to environmental problems	Reduction in GHG emissions (compared with fiscal 2013)	●	●	●	**33% reduction**	33% reduction	39% reduction	• Accelerate initiatives for realizing carbon neutrality	▸P25 Toward the Realization of Our Vision ▸P51 Environmental Initiatives
		Zero waste emission rate*3	●	●		**1.6%**	1.2%	1.0%		
	Highly energy- and resource-efficient production	Energy usage reduction rate*4 (compared with fiscal 2023)	●	●	●	**–4.2%**	–3.0%	–7.0%		
S	Cultivating a corporate culture of job satisfaction	Percentage of employees that feel satisfied at work	●			**59%*5**	70%	75%	• Enhance human capital management	▸P63 Human Resource Strategy
	Promotion of diversity and inclusion	Number of female managerial personnel	●			**43**	60	90		
	Respect for human rights	Respect for human rights	●	●	●	**—*6**	Conduct 100% human rights due diligence	Establish human rights management and ensure support for our Human Rights Principle by all stakeholders	• Enhance human capital management • Promote materiality management	▸P54 Social Initiatives
	Ensuring occupational safety and health/process safety and disaster prevention	Serious occupational accidents,*7 serious accidents*8	●	●	●	**9**	0	0		▸P69 Production Technology, Environmental Safety, and Quality Assurance
	Chemical/product quality and safety assurance	Product liability incidents, serious*9 legal and regulatory violations, serious*9 quality issues	●	●	●	**0**	0 (Non-consolidated + Domestic consolidated companies)	0 (Non-consolidated + Domestic and overseas consolidated companies)	• Promote materiality management	
	Promotion of socially responsible sourcing	Percentage of suppliers in agreement with the Company's basic approach to raw material procurement activities and its CSR procurement guidelines	●			**88%**	80%	100%		▸P54 Social Initiatives ▸P69 Production Technology, Environmental Safety, and Quality Assurance
		Percentage of consolidated subsidiaries required to conduct CSR procurement activities	●	●	●	**—**	60% (Domestic consolidated companies)	100% (Domestic and overseas consolidated companies)		
G	Strengthening governance and internal control /risk management / compliance	Number of serious compliance violations	●	●	●	**0**	0	0	• Promote materiality management • Initiatives to reduce cost of capital • Initiatives for proactive shareholder returns (during the period of MTMP 2026)	▸P41 Financial Strategy: Message from the CFO ▸P44 Dialogue with Stock Market ▸P79 Corporate Governance ▸P83 Risk Management ▸P84 Compliance