



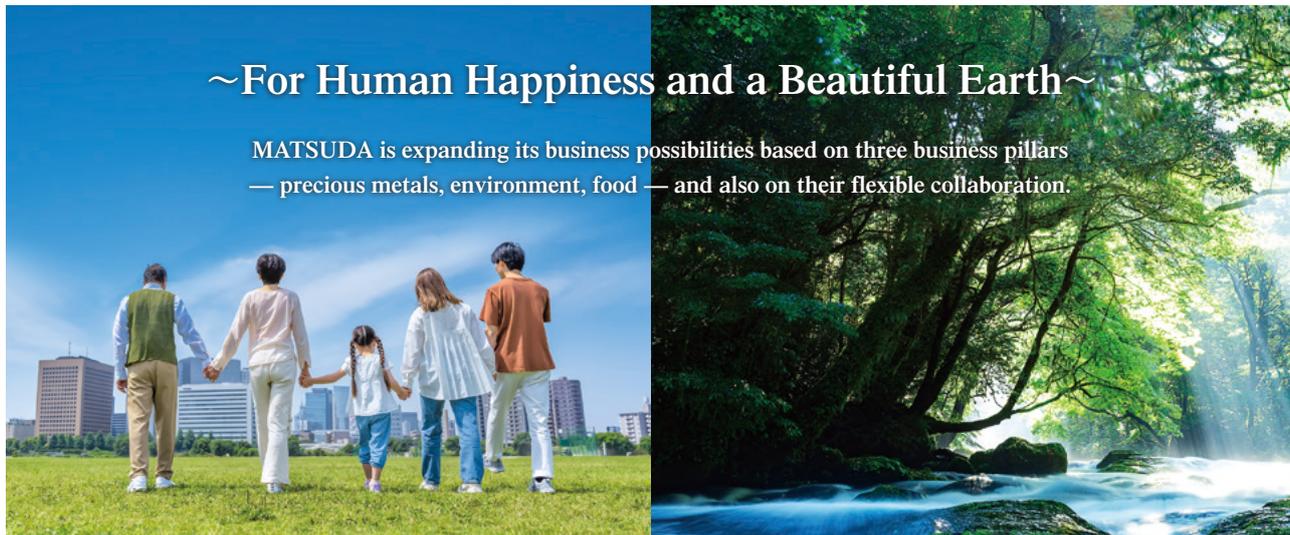
Integrated Report
Matsuda Sangyo Report 2022



~For Human Happiness and a Beautiful Earth~

~For Human Happiness and a Beautiful Earth~

MATSUDA is expanding its business possibilities based on three business pillars — precious metals, environment, food — and also on their flexible collaboration.



Corporate Philosophy

Making effective use of the limited earth resources and contributing to society through business

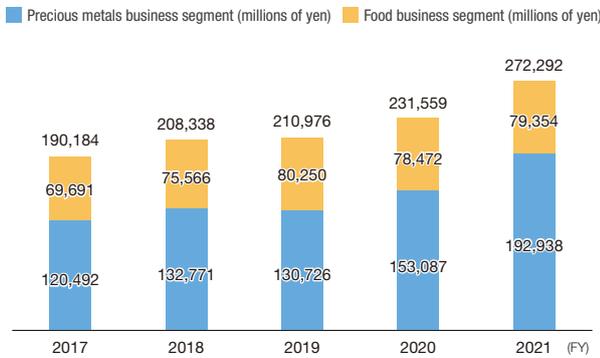
The Matsuda Sangyo Group will contribute to society through business by making effective use and offering stable supplies of the limited earth resources, and fulfill the expectations of all its stakeholders including customers, shareholders, suppliers, employees, and the local community.

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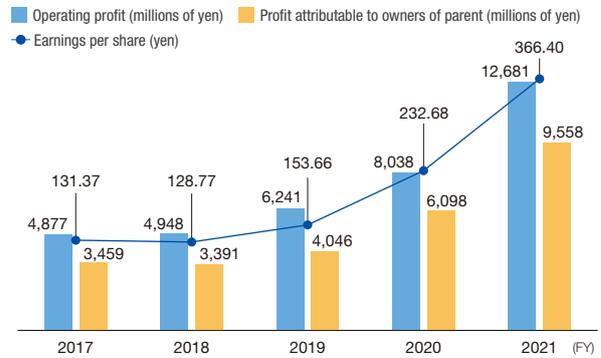
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Financial Highlights (Consolidated)

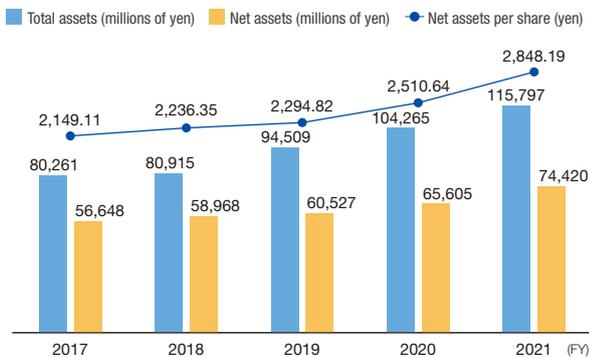
Revenue: Net sales (by segment)



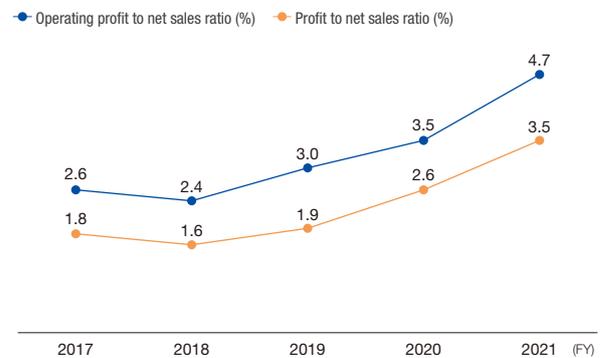
Revenue: Operating profit/Profit/Earnings per share



Assets: Total assets/Net assets/Net assets per share



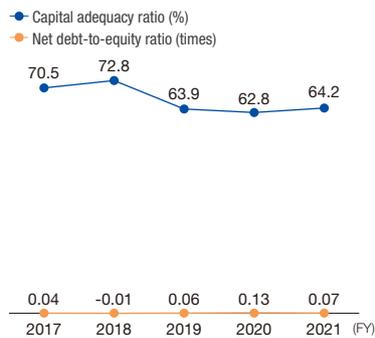
Profitability: Operating profit ratio/Profit ratio



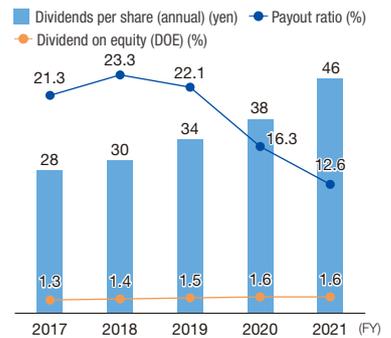
Capital efficiency: Return on assets (ROA) /Return on equity (ROE)



Financial stability: Capital adequacy ratio/Net debt-to-equity ratio



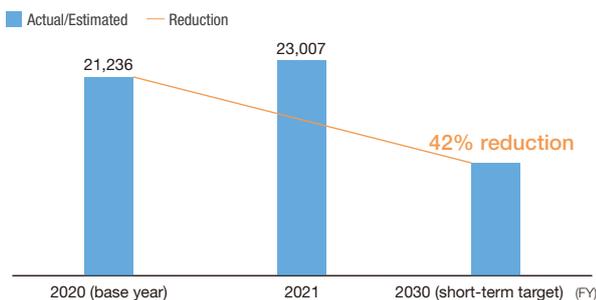
Return to shareholders: Dividends per share/ Payout ratio/Dividend on equity (DOE)



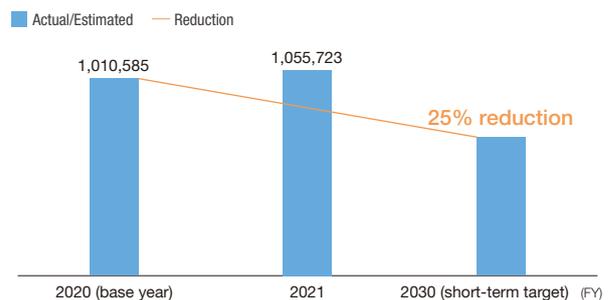
Non-financial highlights (consolidated)

Changes in greenhouse gas (GHG) emissions, and emissions reduction targets

GHG emissions and reduction targets (Scope 1, 2) (t-CO₂/year)



GHG emissions and reduction targets (Scope 3) (t-CO₂/year)



Keeping up creativity and challenges move toward the future, even more in



Toward sustainable growth and enhancing corporate value through the new Medium-term Management Plan (FY2022–2025)

The Matsuda Sangyo Group launched its new Medium-term Management Plan (announced in May 2022) for the four-year period from FY2022.

In the previous Medium-term Management Plan that concluded in FY2021, we focused on advancing our business strategies and strengthening our management foundation with the Precious Metals Business Segment and the Food Business Segment as the driving forces. As a result, we achieved all the consolidated performance targets set for the final fiscal year: net sales, operating profit, and return on equity (ROE).

One of the reasons behind this was the boost we received from the external environment in some aspects, such as the steady growth of volume handled by the precious metal recycling business through the expanded production of semiconductors and electronic components. On the other hand, our operating environment also became even more uncertain due to factors such as the spread of COVID-19,

heightened geopolitical risks, as well as soaring resource prices and growing concerns over global inflation.

In light of that, in the new Medium-term Management Plan (FY2022–2025), we set out the vision of becoming “a company that continuously evolves and adapts to social changes, and which customers and society always need.” By making effective use of resources and securing sustainable resources, we will differentiate ourselves by providing high added value that leads to the resolution of problems faced by our customers and society. In this way, we aim to achieve the following targets on a consolidated basis by FY2025: net sales of ¥300 billion, operating profit of ¥13 billion, operating margin of 4.3%, return on equity (ROE) of 9%, and return on assets (ROA) of 10%.

We aim to focus on the growth strategies of each business while continuing to position both the Precious Metals Business Segment and the Food Business Segment as the driving forces, based on the three basic policies set out The Medium-term Management Plan (FY2022–2025): Strengthen revenue base and create new revenue sources by continuing with proactive investments, strengthen management foundation to support and accelerate sustainable growth, and enhance corporate value by promoting ESG management.

To strengthen our revenue base and create new revenue sources, we have established the vision of becoming a “leading company that creates resource circulation (utilization)” for the Precious Metals Business Segment. Based on this, we aim to differentiate the business by continuously providing customers with “high environmental value” by enhancing our comprehensive capabilities through eco-friendly business and the development and sale of high-performance electronic materials, among others.

In the Food Business Segment, we have set out the vision of becoming the “best partner for customers in product development.” To realize this vision, we aim to strengthen the sale of ingredients by expanding the procurement network for the raw materials for food products as well as the product lineup, and at the same time, accelerate global roll-out and expand sales domains by building sales channels and developing safe, secure, and sustainable products that capture the needs of customers.

Furthermore, we aim to strengthen our management foundation by tackling the important issues of improving productivity, promoting DX, producing management talents, leveraging on diverse human resources, enhancing the workplace environment, and strengthening governance

and enhancing corporate value as we these uncertain times

and risk management. As a part of that, with respect to the sustainability issues that are becoming increasingly important in society, we have identified the important issues that our company should address (materiality). It is our policy to approach this proactively through the promotion of ESG management.

In these uncertain times described by the acronym “VUCA” (volatility, uncertainty, complexity, and ambiguity), we will strive to realize sustainable growth and enhance our corporate value by achieving this Medium-term Management Plan.

What is the purpose of the Matsuda Sangyo Group?

Matsuda Sangyo was founded in 1935, beginning with the recycling business of extracting silver from the liquid waste of chemicals used in photosensitive materials and photograph development. In 1948, we launched the business of selling egg whites that were unused by food manufacturing plants to the boiled fish paste product industry. This has developed to become a cross-industrial company comprising the Precious Metals Business Segment and Food Business Segment of the present day.

I think what the two business segments have in common is the creation of new value from things that are unused, and the commercialization of this activity. These businesses were born out of an awareness of “mottainai” (waste), and the creativity and challenge toward commercialization. This spirit of entrepreneurship has been passed on to the present day and is linked to our management philosophy.

Matsuda Sangyo has applied our creativity and spirit of challenge in various ways to date, including in the field of sophisticated technology such as the recycling of precious metals, development and production of precious metal products, and environmental conservation, as well as in the development of sales channels to tap new markets. These have been supported by the presence of our customers and society. Thanks to their expectations of our company and the various things they have taught us, our creativity and challenges have borne fruit, and we have learned the importance of gratitude and kindness. This is how we have learned the value of gratitude and kindness.

Since our founding, Matsuda Sangyo has continued to play a role in resolving environmental and social issues. Therefore, our purpose is to contribute to society through the Precious Metals Business Segment and Food Business Segment

based on the common mission of effectively utilizing Earth's resources, and I feel strongly that we will continue to be a company that is always needed by our customers and society.

Staying creative and tackling challenges even more proactively and boldly even more in these uncertain times

On reflection, I think that the world has always been changing and the future has always been uncertain. To fulfill our purpose while achieving sustainable growth and enhancing our corporate value against this backdrop, we recognize the need to continue tackling challenges proactively and boldly.

Matsuda Sangyo has previously experienced environmental changes that have had a major impact on the business, but I think our ability to take bold action without giving up on creativity and challenges is also linked to our strengths today. We have captured difficulties such as the hollowing out of domestic industries, digitalization of photography, and changes in various legal systems, as opportunities and continued to invest our management resources proactively.

Even in the midst of growing uncertainty and drastic changes to the external environment, such as shifts in macroeconomic policies accompanying heightened fears of a global inflation, growing geopolitical risks and climate change risks, and the widespread acceptance of SDGs initiatives as a means of resolving social issues, the Matsuda Sangyo Group will remain creative and tackle challenges proactively and boldly going forward, and take them into the future.

We will demonstrate further creativity and take up more creative challenges toward the realization of the vision in our new Medium-term Management Plan (FY2022–2025) of becoming “a company that continuously evolves and adapts to social changes, and which customers and society always need.”

We will work to further strengthen business growth of the Matsuda Sangyo Group as well as the relationship of trust with all stakeholders through dialogue at various opportunities, strike a balance between the realization of a sustainable environment, society and economy and our company's sustainable growth, and enhance our corporate value.

February 2023
Yoshiaki Matsuda
President and Representative Director,
MATSUDA SANGYO Co., Ltd.

Everything Began with the

Spirit of "Mottainai"



Spirit of challenge

Precious Metals Business Segment

1935

Started the business of refining silver bullion from waste liquid containing silver, which has been discarded after the use of chemicals in photosensitive materials such as photographic film or chemicals used in the development of photographs



1957

Establishment of Matsuda Shoten

Expanded recycling activities to include gold and platinum in addition to silver

1978

Establishment of Matsuda Precious Metal Industry (de facto surviving corporation)

Established for the purpose of expanding the precious metal recycling business targeting the semiconductor and electronic components industries

1965

Establishment of Matsuda Chemical Co., Ltd.

Establishment and full-scale operation of refining facilities for silver, etc. Systematization of the precious metal recycling business and industrial waste treatment business, and start of business site expansion

1987

Started production and sale of bonding wire (Establishment of NIPPON MICROMETAL CORPORATION)

Launched the full-scale sale of precious metal electronic materials by supplying recovered and refined gold and selling gold bonding wire, the lead material for semiconductors which are indispensable to the electronics industry



1992

Establishment of Singapore branch office

1992

Palladium registered on the Tokyo Industrial Products Exchange

1993

Gold, silver, and platinum bullion registered on the Tokyo Industrial Products Exchange



1995

Accredited by the London Platinum and Palladium Market (LPPM)

The quality of Matsuda's bullion is highly appraised, and its platinum and palladium bullion are accredited as a designated brand

Founding of Matsuda Sangyo

Developments around the world

Late 1950s-1970s
Pollution becomes a growing social problem

1980s-1990s
Overseas expansion by Japanese corporations (hollowing out of domestic industries)

1995
Release of Windows 95

1995
Over-the-counter share registration

1971
Opening of first McDonald's restaurant in Japan

1980s
Popularization of convenience stores

1986
Enforcement of the Act on Equal Opportunity and Treatment between Men and Women in Employment

1989
Introduction of consumption tax

1991
Liberalization of beef import
Start of new labeling method for food additives

1995
Staple Food Control Act abolished

Food Business Segment

1948

Proposed the utilization and supply of discarded egg whites from a mayonnaise factory near the location where the company was founded, as a binder for surimi fish paste products. This led to the launch of the wholesale business for food materials.



1964

Started dealing in surimi fish paste



1956

Establishment of Matsuda Shoten

Expansion of business selling egg whites

1976

Started dealing in frozen fish

1979

Started dealing in livestock products

1988

Establishment of Quality Assurance Dept.

Conducts various tests and provides guidance to local packers to ensure the quality, safety, and traceability of food materials

1990

Establishment of MATSUDA RYUTSU Co., Ltd.

Establishment of MATSUDA RYUTSU Co., Ltd. (now a consolidated subsidiary) to handle contract delivery for each group company



1973

Started dealing in frozen vegetables, dried vegetables, and plant-based protein

Matsuda Sangyo's two businesses have their beginnings in "mottainai," which is the sense that the disposal of things that are no longer needed is wasteful, and because we took up the challenge of realizing our desire to utilize such resources in some way.

Since our founding in 1935, we have continued to expand our business while responding to society's changes, basing the core of our business on extracting the intrinsic value of things and making effective use of Earth's resources. The Matsuda Sangyo Group is expanding its business on a global scale by exerting the values (strengths) created through its business expansion as the comprehensive strength of each business.

1996

Introduced waste liquid concentration/high-temperature oxidation treatment facility (MCR system) ahead of the rest of the country



1998

Establishment of Z.E.R.O. JAPAN

Commercialization of the treatment of polychlorinated biphenyl (PCB)
<Development and maintenance of VTR devices>

Establishment of overseas subsidiaries

- Subsidiary in Thailand: Established in 2000
- Subsidiary in Philippines: Established in 2004
- Subsidiary in Singapore: Established in 2005
- Subsidiary in Malaysia: Established in 2009
- Subsidiary in Vietnam: Established in 2014
- Subsidiary in Taiwan: Established in 2019
- Subsidiary in Republic of Korea: Established in 2021

2000

Accredited by the London Bullion Market Association (LBMA)

The quality of Matsuda's bullion is highly appraised, and its gold and silver bullion are accredited as deliverable grades



2017

Commenced operation of Seki Factory in Seki City, Gifu



2020

Launch of recycling business for large lithium-ion batteries

Contributing to the realization of a resource circulation society through the building and strengthening of a recycling chain for large lithium-ion batteries, in partnership with other companies

2014

Commenced operation of Musashi No. 3 Factory
Production facilities updated

1997
Release of first-generation Prius

1997 and after
Increasingly serious problem of declining birthrate and ageing society

2000s
Popularization of electronic money

2001

Listed on the First Section of the Tokyo Stock Exchange

2007
Release of iPhone

2011
Analog terrestrial broadcasting discontinued

2015
SDGs adopted by the United Nations
Paris Agreement adopted

2020
Imposition of charges for plastic bags

2022

Transition to Prime Market

1998

Entered the industrial and food service sectors

2000

Started the supply of food materials to the food service and ready-made meal sectors

Strengthened development of processed products



2011

Started acquiring MSC certification

2016

Acquired Gulf Foods Co., Ltd. as a subsidiary

2012-2013

Establishment of subsidiary in China (Qingdao)
Establishment of subsidiary in Thailand (Bangkok)

Strengthened food procurement functions

2017

Establishment of subsidiary in Vietnam

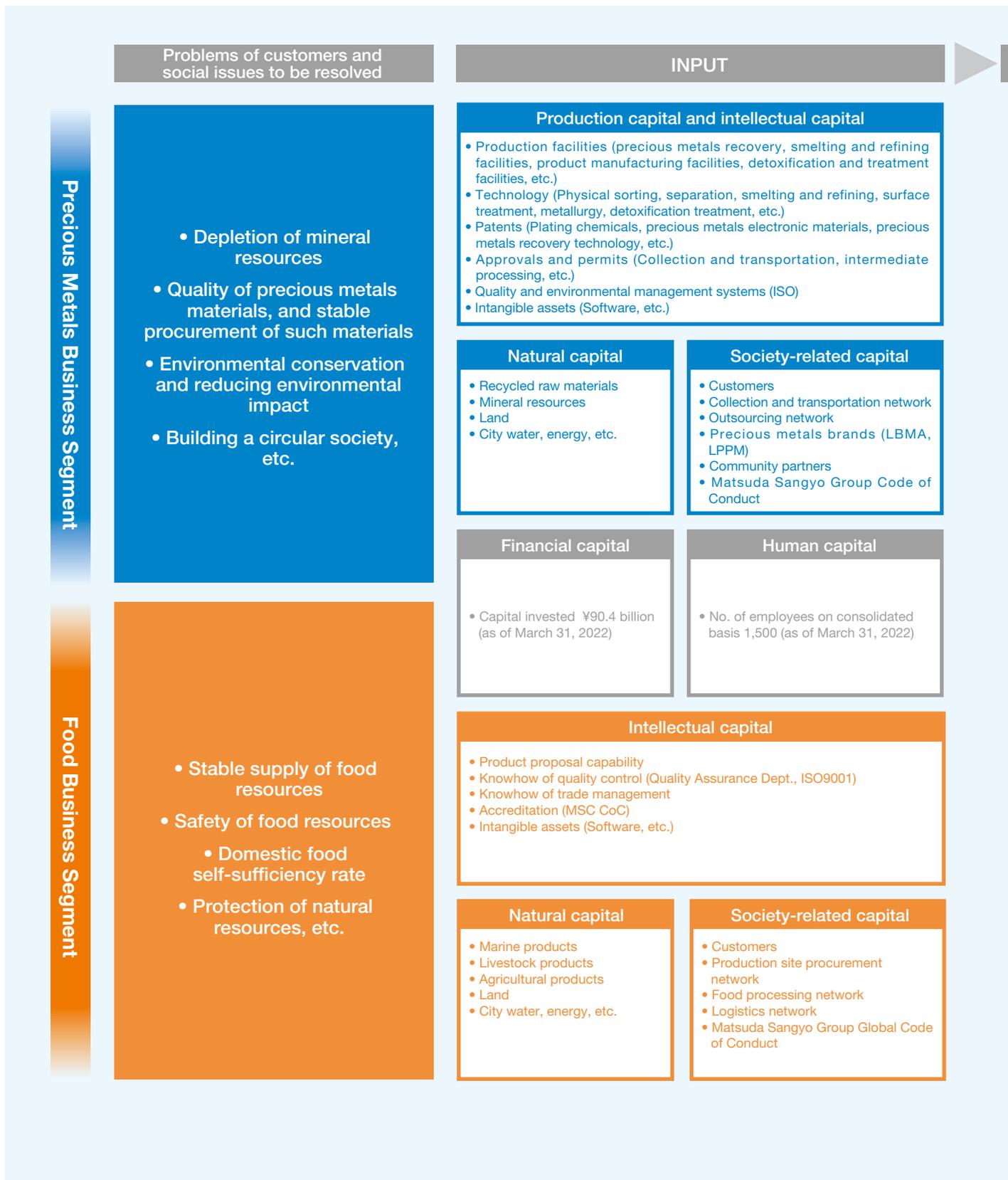


2022

Establishment of subsidiary in India

Value Creation Process

The Matsuda Sangyo Group aims to enhance corporate value by creating and providing value that contributes to resolving the problems of our customers and society, and to build a cycle of increasing new management capital and creating value toward realizing sustainable growth.

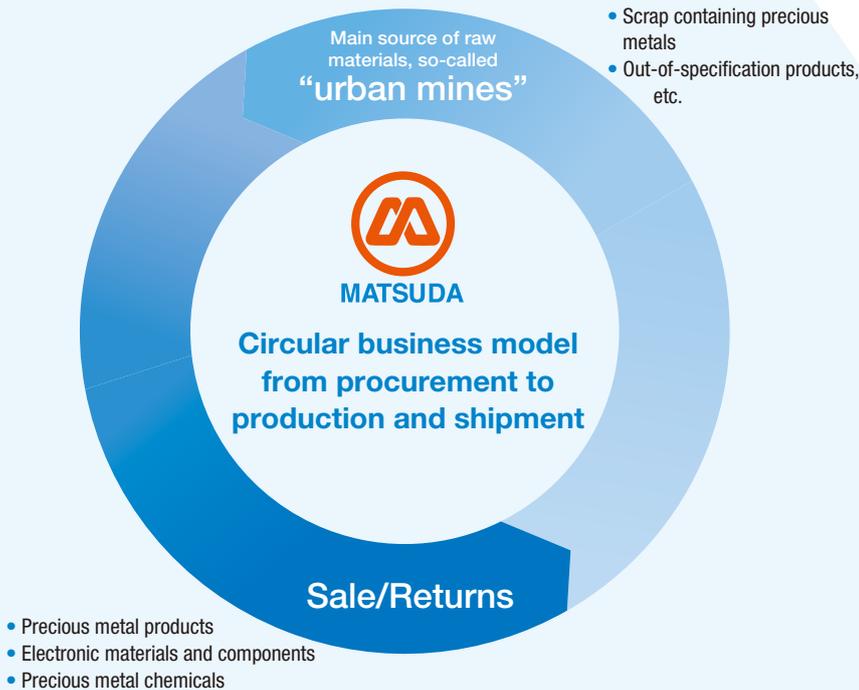


With the mission of making effective use of the Earth's resources and secure sustainable resources, we will leverage on management capital such as intellectual capital and human capital (human resources) with the aim of becoming a company that is always needed by our customers and society. Based on our corporate philosophy, we are building a business model comprising of the Precious Metals Business Segment and Food Business Segment.

Business models and their output

OUTCOME

Model for the Precious Metals Business Segment



[Vision]
 To become a leading company that creates resource circulation (utilization)
 To become a unique company that grows together with the industry

[Customers]

- Supply of high-quality precious metal products and materials
- Stable supply of mineral resources
- Proper disposal of waste

[Society]

- Securing reliable resources in a stable manner
- Reducing environmental impact
- Building a circular society

Practicing the effective use and stable supply of Earth's resources through two business segments

[Vision]
 To become the best partner for customers in product development

[Customers (Processing/Retail)]

- Provision of high value-added raw materials
- Stable supply of safe and reliable food materials
- Provision of value that demonstrates our product proposal capability



[Society]

- Food safety and hygiene management
- Conservation of ecosystems
- Effective use of food resources

Proposal-based business model of the Food Business Segment

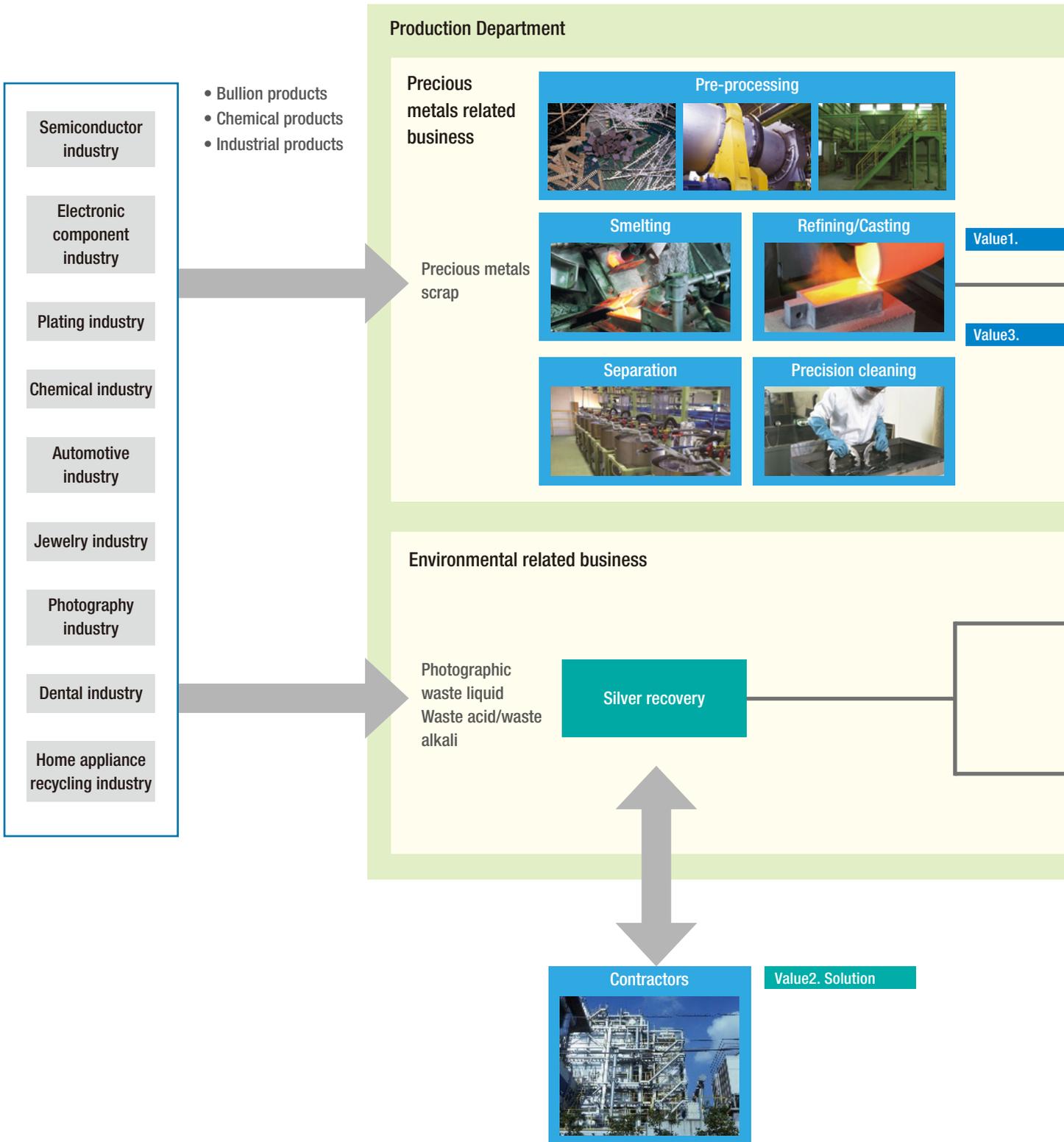
Increasing new management capital and a cycle of value creation

Source of Corporate Value: Precious Metals Business Segment (Business Activities)

The Precious Metals Business Segment integrates the precious metals related business, which recycles and makes effective use of precious metals, a limited resource of the Earth, and the environmental related business that aims to pass down a beautiful environment to future generations.

Overview of the precious metals related business

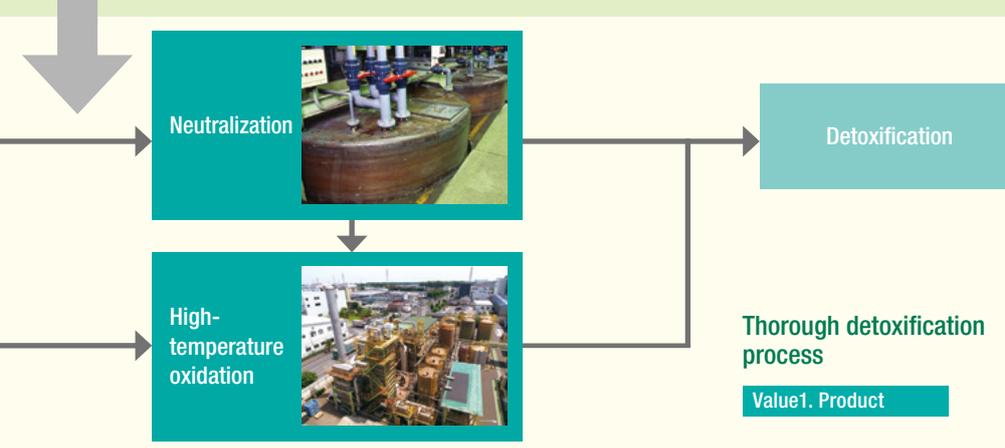
- Engages in precious metal recovery, smelting and refining, production and sale of precious metal materials and products, and cleaning of thin-film deposition system parts
- Main customers include the electronics, jewelry, catalytic, dental and home appliance recycling industries



Overview of the environmental related business

- Engages in the collection and transportation of industrial waste such as waste acid, waste alkali, waste oil, sludge, waste plastic, etc., detoxification processing, and resource recycling
- Main customers include the electronics, chemical/pharmaceutical, and automotive industries, and medical institutions

Strict confidentiality and security/Sophisticated precious metal refining technology



- Semiconductor industry
- Electronic component industry
- Plating industry
- Chemical industry
- Automotive industry
- Jewelry industry
- Photography industry
- Dental industry
- Home appliance recycling industry
- Material recycling
- Final disposal

Logistics Department Value3. Collect & Transport

Supporting the need for strict confidentiality through on-site crushing

Precious Metals Related Business

The Precious Metals Related Business of MATSUDA SANGYO Co., Ltd. contributes to the electronics industry as well as a wide range of other industries through its industrial precious metal products and its precious metal recovery, smelting and refining solutions.

In areas that are heavily reliant on the use of precious metals, such as semiconductors and electronic devices, it is necessary to build a recycling system in order to use precious metals, which are limited resources, in a sustainable manner across all the processes of research and development, procurement, production, and sales. Matsuda Sangyo has established a system that enables a single company to cope with all the processes from the production and sale of precious metal chemicals and processed products to the recovery, smelting and refining of used precious metals. Through this system, we provide innovative life-cycle solutions aimed at building a circular resource system for precious metals.

Value1. Refining

Provides a full range of services through a consistent precious metal recycling system

We make use of many electronic devices to make our everyday lives more convenient. Numerous semiconductors and electronic components are incorporated into these devices, and precious metals such as gold are used as conductive materials in their parts. The catalytic function of precious metals is applied to the processes of exhaust gas purification and the manufacturing of chemicals and pharmaceuticals. The jewelry that we wear are also precious metals that are directly visible to everyone. While precious metals have many applications, their resources are very limited, making it necessary to recycle and reuse them. Precious metals recovered, smelted and refined through precious metal recycling, such as recycling gold from recovered electronic devices and jewelry, reduces the burden that mine development places on the Earth's environment. As an urban mining-style company engaged in refining precious metals, Matsuda Sangyo manages the life cycle of precious metals and promotes the effective use of precious metal resources that drive a circular economy.

Matsuda Sangyo collects scrap containing precious metals and out-of-specification products from manufacturers and others within and outside Japan, recovers the precious metals from these materials, and uses sophisticated technology to purify them into high-purity precious metals. This technology can be traced back to about 90 years ago, when we launched the business of recovering silver from used photosensitive materials. We have developed the technology from our founding days to build the highly sophisticated purification technology of the present day.

From preprocessing such as crushing and firing, to the

smelting process for separation and concentration, and further, to the refining process to obtain highly purified bullion, all the precious metal recycling processes are carried out consistently to enable all-round recycling, including precious metal plating in the electronic component manufacturing process and precious metal thin-film deposition process. Matsuda Sangyo manufactures bullion, semiconductor/electronic materials and components, and chemicals from the gold, silver, platinum, palladium, and other precious metals that are obtained in the process, and provides a full range of products and services to customers who need them.

Our highly precise smelting and refining technology and systems and strict confidentiality system are highly appraised both within and outside Japan.

As the waste liquid and remaining materials generated through our smelting and refining processes are treated and detoxified, the environmental technology of our recycling system is also rated highly domestically and overseas.

Value2. Product

Accepts bulk orders of main materials used in semiconductor and electronic device manufacturing

We manufacture processed material and chemicals by using high purity precious metals obtained through our historic refining technology. These are used in a wide range of electronic devices and key devices for automotive parts.

We accept bulk orders of main materials that are used in semiconductor and electronic component manufacturing.

Value3. Service

Innovative cleaning that meets customers' needs for the restorative cleaning of components inside vacuum chamber

We offer precision cleaning services for components of vacuum film formation system to restore them to a clean state through advanced separation and cleaning technologies. Precious metals deposited on the jigs are recovered, smelted and refined, then recycled as raw material for precious metal vacuum film deposition material. In addition, the inside vacuum chamber is cleaned and tidied up through component cleaning, which helps to improve yield in the film formation process.

Value4. Quality

Trust in the Matsuda brand, born of our sophisticated recycling technology

The precious metals that are obtained through our sophisticated recycling technology are distributed throughout the world under the Matsuda brand. Matsuda bullions are registered as a brand with the London Bullion Market Association (LBMA) and the London



LBMA's certification of conformity with standards

Platinum and Palladium Market (LPPM), and have established a strong position globally. In Japan, our gold, silver, platinum, and palladium are designated as deliverable grades on the Osaka Exchange, and Matsuda Sangyo is accredited as a designated appraiser.

Value5. Global Network

Network for the collection of precious metal raw materials and the supply of precious metal materials and products, extending across East Asia

Matsuda Sangyo has built a network in Japan and across

East Asia for the collection of precious metal raw materials and the supply of precious metal materials and products. The electronics industry, which is our main customer, is aggressively expanding overseas and particularly into East Asia.

Since 1992, Matsuda Sangyo has expanded into Singapore, Thailand, Philippines, China (Suzhou), Malaysia, Taiwan, Vietnam, and the Republic of Korea. We aim to further expand our networks for collecting precious metals and supplying precious metal materials as products, and to support our customers in their business activities.

■ Network in East Asia

Branch in Thailand (Pinthong), established in 2017

(The sales office covers the areas east of Bangkok, and is able to respond even during disasters such as floods)



Branch in Thailand (Pinthong)

Subsidiary in Thailand (Ayutthaya) Established in 2000 Factory commenced operation in 2003



Subsidiary in Thailand (Ayutthaya)

Subsidiary in Singapore Established in 2005 (Branch office established in 1992)



Subsidiary in Singapore

Subsidiary in Malaysia Established in 2009 Factory commenced operation in 2012



Subsidiary in Malaysia

Subsidiary in Philippines Established in 2004 (Acquired new office in 2014)



Subsidiary in Philippines

Subsidiary in Taiwan Established in 2019 (New factory, the fourth overseas, commenced operation) (Branch office established in 2011)



Subsidiary in Taiwan

Subsidiary in Republic of Korea (Seoul), established in 2021



Subsidiary in Republic of Korea (Seoul)

Sale of chemicals, electronic materials and components, etc.

Iruma/Musashi Factories



Musashi Factory



Musashi No. 3 Factory



Iruma Factory

Seki Factory Commenced operation in 2017



Collection of precious metal raw materials

Subsidiary in Vietnam (Hung Yen Province), established in 2014 (New factory commenced operation in 2016)



Subsidiary in Vietnam (Hung Yen Province)

Environmental Related Business

From waste to recycled products - Proposing recycling solutions to a wide range of industries

As people living in the 21st century, it is our mission to protect the Earth's environment by further promoting the development of a circular society.

Since our founding, Matsuda Sangyo has developed a diverse range of businesses centered around the effective use of resources. By leveraging on the wealth of technologies and knowhow we have built up in that process, we propose various solutions to customers, such as "reduce, reuse, and recycle," and as their best partner, contribute to the protection of the Earth's environment and to business activities.

In addition to the detoxification of waste liquid containing heavy metals, Matsuda Sangyo also recovers metals contained in waste liquids through our proprietary technology, and meets a wide range of needs including resource circulation and reducing environmental impact. We have built an advanced circulation network that makes the shift from simple treatment to recycling, and receive high appraisal for our proposals to improve recycling rate through an experienced environmental solutions team, as well as our safe and reliable collection, transportation, and processing technologies.

Value1. Product

Detoxification technology that has developed over our 90-year history

Matsuda Sangyo has also developed detoxification technology for industrial waste and built a network for the collection, transportation, and recycling of industrial waste, which differentiates us from other companies. Through the experience accumulated from the business of recovering silver from photosensitive materials, which we began about 90 years ago, we have developed and established detoxification technology for industrial waste. Through the detoxification and effective use of industrial waste, we contribute to efficient recycling to help our customers achieve their zero-emissions goals.

To deal with a wide range of waste matter, we have acquired waste collection and transportation permit covering the whole of Japan, enabling us to make full use of our resource circulation network to address varying needs



Waste liquid concentrating/high temperature oxidation treatment facility (MCR system)



from cost reduction to the effective use of resources. We also provide proposals for the purchase of rare metals and precious metals from among the waste matter, and are able to support customers' needs regardless of the type or quantity of the waste.

Value2. Solution

Able to handle a wide range of waste matter, from specially controlled industrial waste to difficult-to-treat waste

We have acquired collection and transportation permit for specially controlled industrial waste and are able to support the collection and transportation of waste chemicals and mercury-containing waste, etc. across the whole of Japan. We are also able to deal with difficult-to-treat waste, which falls under the scope of various laws and regulations other than the Waste Management and Public Cleansing Act. We are also able to analyze unlabeled chemicals on the site by using portable fluorescent X-ray analysis devices.

Proper treatment and recycling based on the properties of waste matter

For example, waste generated from production sites can take various forms, such as the fragments of materials that make up a product, the accompanying chemical agents and solvents that have been used, and mixtures that are a combination of such matter. Even if they contain valuables, it is not easy to sort and separate them for recycling; even if disposed of, it is not easy to treat them properly so that they can be recycled or returned to nature. However, by harnessing the technologies and knowhow on the effective use of resources that we have accumulated for more than half a century, we contribute to our customers' efforts to protect the Earth's environment.

Total support from the removal and transportation of PCB waste to on-site detoxification and composition diagnosis

Polychlorinated biphenyls (PCBs), which have long been used in electrical products such as transformers, have become a social problem due to their toxicity, and the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes has made it mandatory to complete the treatment of such waste by 2027. We have obtained PCB collection and transportation permit covering all 34 prefectures in Japan, as well as the transportation and entrance permit (Permit No. 1) to JESCO Tokyo (Japan Environmental Storage & Safety Corporation, Tokyo PCB Waste Treatment Facility), making it possible for us to carry out on-site treatment of low-concentration PCB waste in the corporate premises of our customers.

Launch of rare metal recycling business from large lithium-ion batteries

Together with Taiheiyo Cement Corporation, we have developed technology to recover iron, copper, and rare metals from large lithium-ion batteries for high-capacity power storage used in next-generation cars and solar power systems. Full-scale operation of the business commenced in April 2020.

While lithium-ion batteries have become the mainstream form of power storage device, they are not easy to dispose of due to their high voltage, high capacity, and high energy density, as well as the fact that they are disposed of after electricity storage. Lithium-ion batteries also contain useful metals, so it is necessary to establish methods for recycling and using the resources. The mass disposal of lithium-ion batteries is predicted to begin in earnest from 2025, and the treatment and resource recovery and recycling of such batteries has become a major issue.

The characteristic of the large lithium-ion battery recycling business, which was launched at full scale in 2020, is that it is the world's first initiative that utilizes cement production

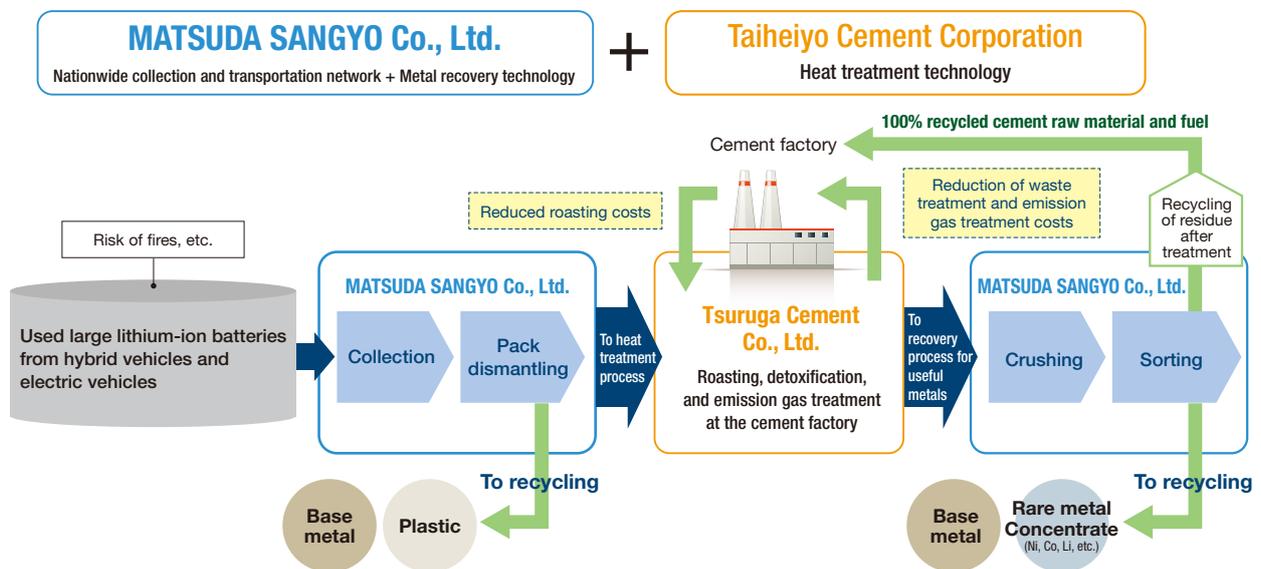
infrastructure. Its process is as follows:

First, Matsuda Sangyo safely transports and dismantles the lithium-ion batteries, which are subjected to heat treatment and detoxification in the roasting facility of Tsuruga Cement Co., Ltd., a subsidiary of Taiheiyo Cement Corporation. After that, the base metals are recovered using the crushing and sorting facilities in Matsuda Sangyo's factories, and the rare metals are concentrated. The residue is recycled as cement raw material and fuel.

Through this process, the largest possible volume of useful metals is recovered, while the residue is converted into cement raw material and fuel. This makes it possible to detoxify as well as recover and recycle resources (100% recycled) from large lithium-ion batteries, which are difficult to treat, in a safe and highly efficient manner.

Furthermore, we have partnered with automotive manufacturers to promote advanced recycling initiatives to recover and recycle resources from battery materials, and initiatives to reuse lithium-ion batteries that have been removed from scrapped vehicles.

■ Rare metal recycling from large lithium-ion batteries



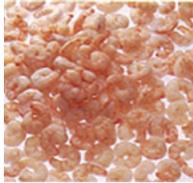
Value3. Collect & Transport

Adapting to the treatment of increasingly diverse waste through our nationwide network

We have acquired industrial waste and specially controlled industrial waste collection and transportation permits for almost all items in 47 prefectures, and own transshipment and storage facilities for industrial waste in four locations (Miyagi, Saitama, Gifu, Osaka), as well as intermediate

treatment facilities for industrial waste in two locations (Saitama, Gifu). We can propose the optimal solutions to the problem of increasingly diverse and complex waste by utilizing our nationwide resource circulation network of treatment operators. We also conduct periodic audits of our treatment contractors and select only proper subcontractors who meet our standards.

Product lineup



Marine products

We propose a wide range of seafood products from around the world, including our “surimi (the boiled fish paste)” with its industry-leading track record

Our marine product business took its first step by focusing on “sukeso surimi,” developed as a raw material in the 1960s, and introducing it to the boiled fish paste industry. Today, we rank among the top in the industry for domestic supply. We have expanded our lineup of products to include a wide range of seafood, and procure from production sites mainly in Asia as well as other parts of the world. These are then processed to suit our customers’ needs, and supplied to our customers.



Livestock products

Striving to ensure stable supplies of livestock meat and processed products including chicken eggs, which is the starting point of our Food Business Segment

In addition to egg whites, which we have been dealing in since our founding days, we have now expanded our lineup to cover a wide range of egg products, such as fresh eggs, frozen eggs, and dried eggs, and deliver them in the form and quantity requested by our customers every day. Our livestock meat products include not only generic processed products, but also proposals of the optimal specifications to suit the products manufactured by our customers. We provide the food materials required after processing them through our proprietary production site processing network.



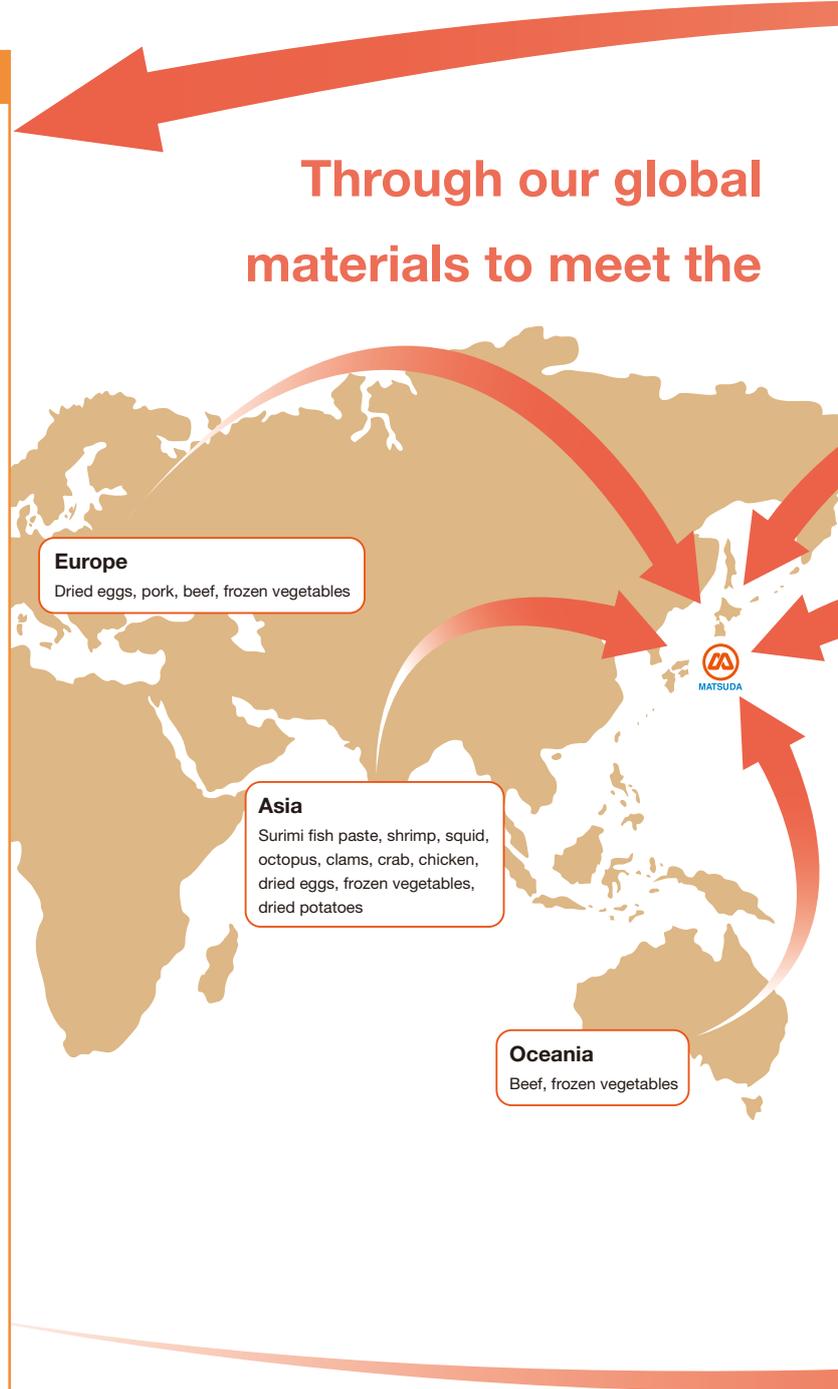
Agricultural products

Procuring vegetables and fruit from carefully selected production sites around the world

We offer a myriad range of vegetables and fruit in various specifications, from a wide range of production sites, in order to meet our customers’ needs. We work daily with our partner factories worldwide to create detailed specifications and stabilize product quality. As our customers’ best partner in product creation, we also carry food material and ingredients that are vital to the food production process, such as food additives, sugars, and salt.



Through our global materials to meet the



Europe

Dried eggs, pork, beef, frozen vegetables

Asia

Surimi fish paste, shrimp, squid, octopus, clams, crab, chicken, dried eggs, frozen vegetables, dried potatoes

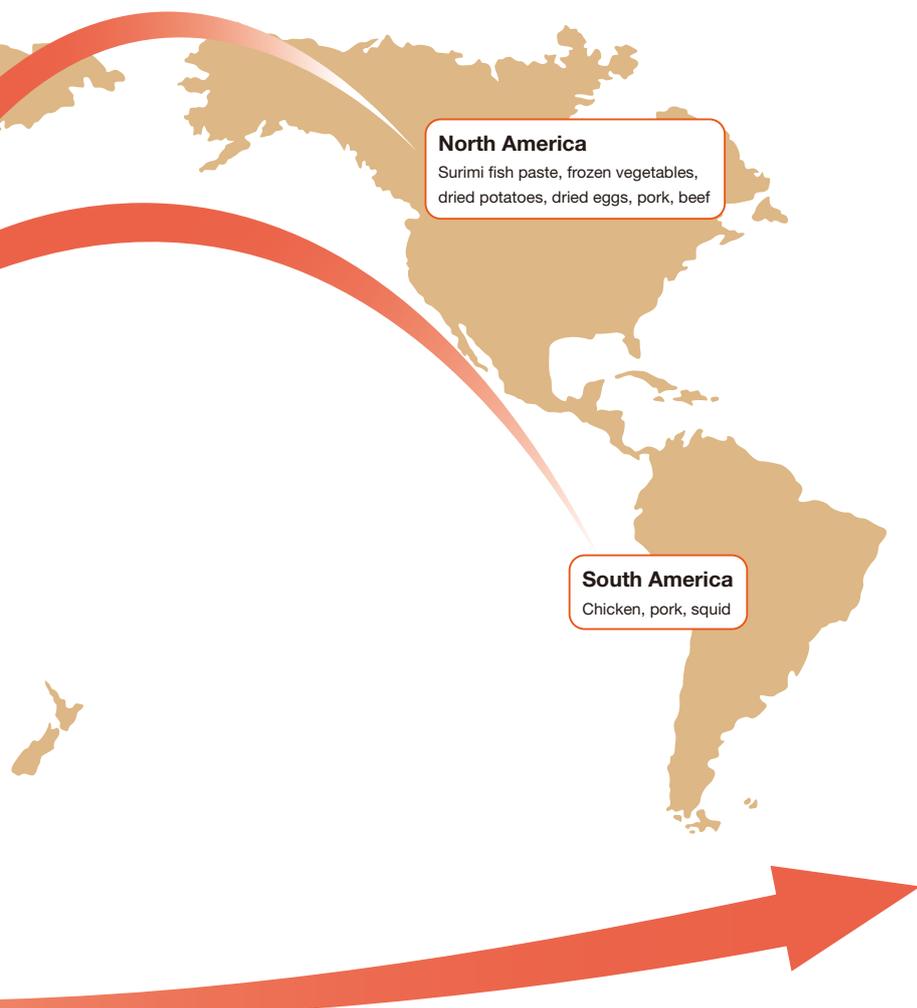
Oceania

Beef, frozen vegetables

Global procurement network

Matsuda Sangyo has built a global procurement network that enables us to handle an extensive range of products while providing safe and reliable food materials to our customers.

network, we procure food
changing needs of the industry.



Customers

Fish paste product manufacturers



Ham/sausage manufacturers



Frozen food manufacturers



Confectionery/bread manufacturers



Food service/ready-made meal sectors



Linking global production sites with our customers through our food product proposal functions

Matsuda Sangyo's great strength is our product proposal function, which began in 1948 with the sale of excess egg whites to the boiled fish paste industry as an auxiliary raw material for making boiled fish paste. Since then, we have demonstrated this product proposal function to offer a wide range of food materials.

As the best partner for food product development, we are enhancing our functions from trial production and proposal to customer specifications.

We are engaged in product development to meet diverse needs for "good taste" + "simple preparation," "fun-sized meals," and "no wastage." We also propose "Dish Kits" for the ready-made meal and food service markets, and come up with measures and proposals so that we can be the best development and manufacturing partner to the domestic and overseas manufacturers who are our clients.

Best partner for customers in product development

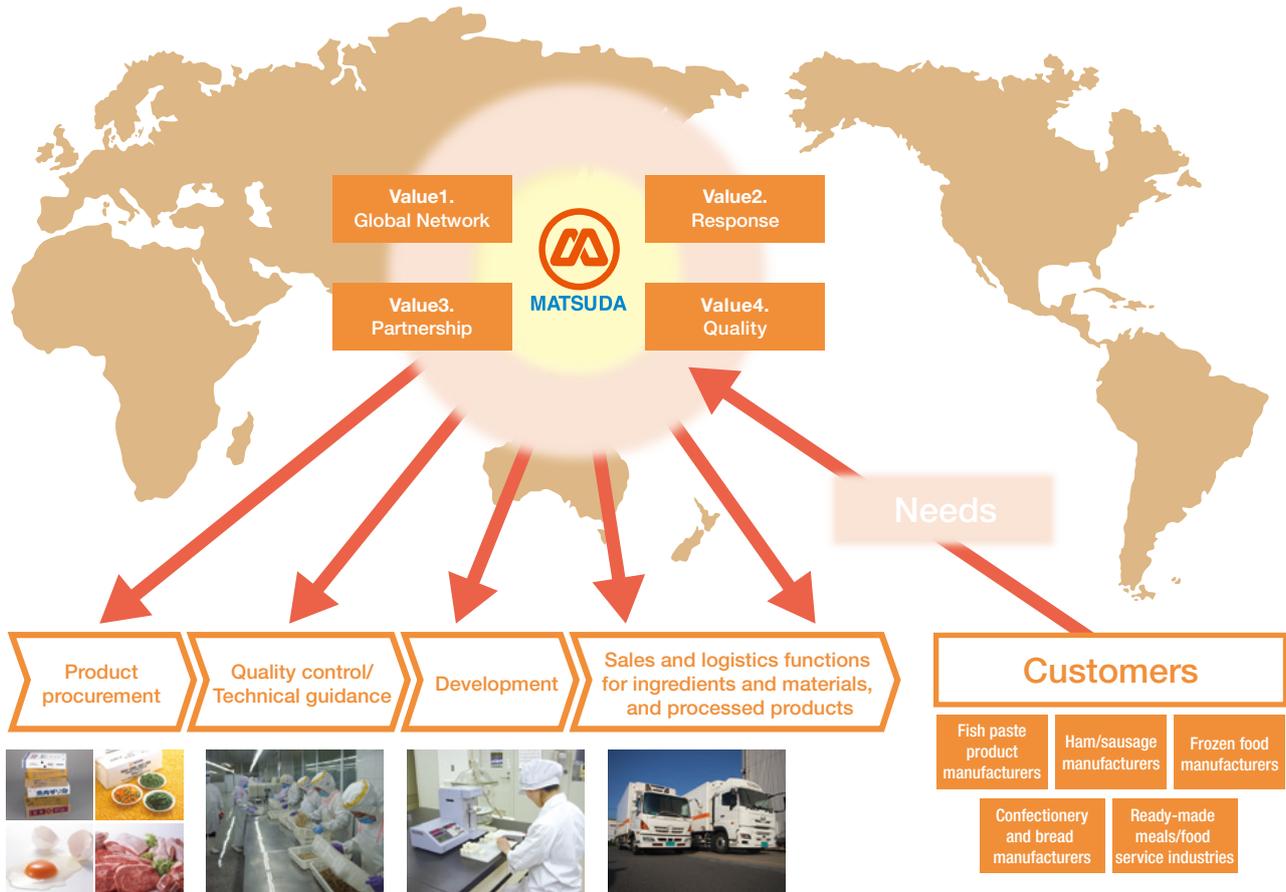
Value1. Global Network

Value2. Response

Value3. Partnership

Value4. Quality

We meet our customers' needs in processes ranging from global procurement to sales, and leverage on the corporate group's strengths to develop safe, reliable, and sustainable products.



Domestic and overseas networks

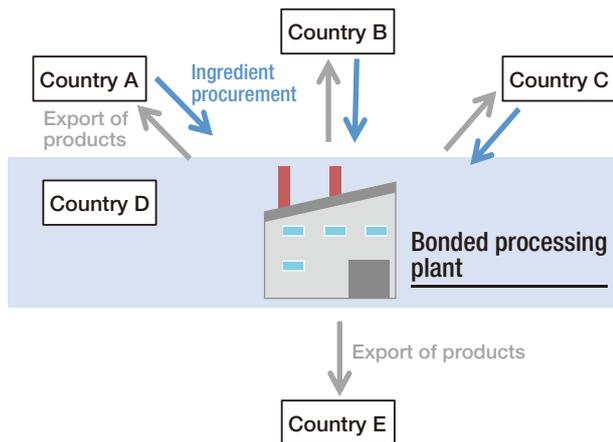
■ Staying close to our customers through customer-based sales

At our 10 domestic sales offices, we engage in proposal-based sales activities that stay close to our customers and respond precisely to our customers' needs.



■ Supporting trilateral trade

We also provide support for raw material procurement that makes use of our overseas production site network, and product exports to a third country (trilateral trade).



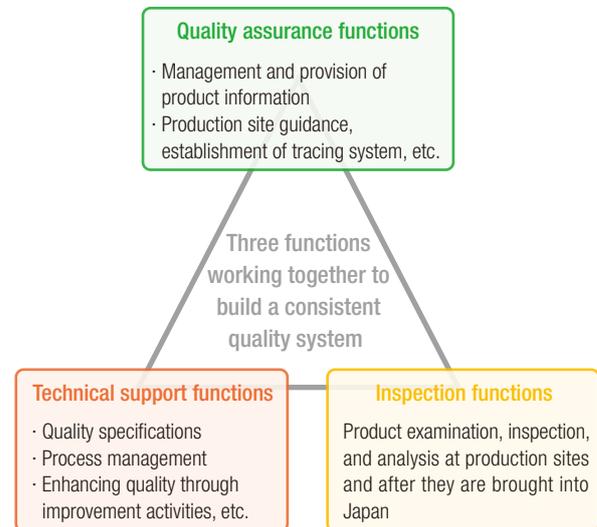
■ Prompt response and provision of reliable services

The Matsuda Sangyo Group has maintained strong relationships of trust with each production site. We can provide prompt on-site responses on behalf of our customers, in aspects such as production management, on-site observation of production, and dealing with complaints. We can also gather information on harvest status, catch status, market trends, etc. in a timely manner by leveraging on our strong ties with production sites and local companies.

For example, while quality complaints sometimes arise in sales to local fish paste product manufacturers, the Matsuda Sangyo Group is able to address the complaints promptly and attentively unlike local traders. This pleases our customers greatly. In addition to our complaint response, our courteous, Japanese-style sales and service in aspects such as quality control and delivery support, is another one of the reasons why Matsuda is the choice for local manufacturers.

We are also able to provide products and services to the food product manufacturers of each country at the same level as in Japan. Japanese companies operating factories overseas often find it difficult to procure food materials and ingredients that are on par with Japanese standards (stable quality, reasonable prices, aftersales service, etc.), but the Matsuda Sangyo Group can make sales proposals that are focused on communication with customers and providing the same product level as in Japan.

Global quality control system based on ISO 9001 standards



Even with the expansion of our suppliers worldwide, the Quality Assurance Dept. has acquired ISO 9001 certification and plays a central role in quality control to ensure food safety and reliability. The Quality Assurance Dept. is not only engaged in improving the quality of food ingredients and materials by conducting various inspections, but also provides continuous guidance to local partner packers.



Local guidance



Sampling inspection by the Quality Assurance Dept.

Source of Corporate Value: Food Business Segment (Strengths)

Value1. Global Network

Providing a wide range of food materials through our global procurement network

Matsuda Sangyo has built a global procurement network that enables us to handle an extensive range of products while providing safe and reliable food materials to our customers. The product lineup spans a wide range of marine products such as shrimp, crab, and surimi fish paste, agricultural products such as dried vegetables, frozen vegetables, and eggs, and livestock products such as chicken, pork, beef, and chicken eggs. We procure and provide carefully selected food materials with high cost-performance through our supplier network spread out across countries and regions such as Asia, North America, South America, Europe, and Oceania.

Active development of business toward East Asia

Strengthening the overseas business is the pillar of growth for the Food Business Segment. In addition to tapping suppliers for the Japanese market, we are also putting effort into the sale of food materials to local markets. Matsuda Sangyo Trading India Pvt. Ltd. was established in Mumbai, India in March 2022 and commenced operations in May the same year. India is a potential destination for the procurement of food materials and ingredients, such as marine and agricultural products. Moreover, as it has the second largest population in the world, there are also high expectations of future sales to the local market. The Matsuda Sangyo Group will strive to build and expand the supply chain for marine and agricultural products it has developed to date, and expand the sale of food materials and ingredients from India to Japan and other parts of the world.



Subsidiary in India



Aiming to be the “best partner for customers in product development” at the new Shizuoka sales satellite office

In April 2022, the Shizuoka sales satellite office was relocated with the aim of improving customer service, strengthening the customer support system, and enhancing work efficiency. Positioned between the Tokyo and Chukyo metropolitan areas, it is poised to strengthen customer-based sales

by leveraging on the geographical advantage of Shizuoka Prefecture, with its well-developed fishery and canned food processing industries.



Shizuoka sales satellite office

Value2. Response

Linking global production sites with customers through our food material product proposal function

Matsuda Sangyo's food material product proposal function is one of the major reasons why customers choose to work with our company. This began in 1948 with the sale of excess egg whites to the boiled fish paste industry as an auxiliary material for making “kamaboko” (fish cake). Triggered by our proposal to the boiled fish paste and ham/sausage industries to use egg whites, we began to build our product proposal function for food products. Today, in addition to being equipped with the functions of a specialized trading company that provides stable supplies of safe and reliable food materials from countries and regions around the world, we also give full play to our product proposal function to supply processed food manufacturers and ready-made meals/food service industries with a wide range of food materials.

We also put effort into reducing waste through local processing, thereby contributing to reducing food loss. Our origins in the sale of excess egg whites to the fish paste industry (spirit of “mottainai” or eliminating wastage) have been passed down to the present day, and we are effectively utilizing the Earth's limited resources to the best of our ability.

Meticulous local processing before delivery, and effective use of resources

Matsuda Sangyo has won the support of our customers by basing our activities on local processing at our procurement destinations in countries and regions around the world. Our meticulous service of processing locally to meet customers' specifications and standards is realized through thorough process guidance at the overseas production bases, and such local processing helps to make the manufacturing processes smoother and more efficient for our customers.

We also strive to reduce waste in re-processing.

Value3. Partnership

Discovering new needs with our customers

Matsuda Sangyo is involved from the stage of new product development for our customers. In order to offer food materials that match their product concepts and standards, we are working to develop production sites in countries and regions around the world. This helps us to stay close to our customers and discover new needs.

Value4. Quality

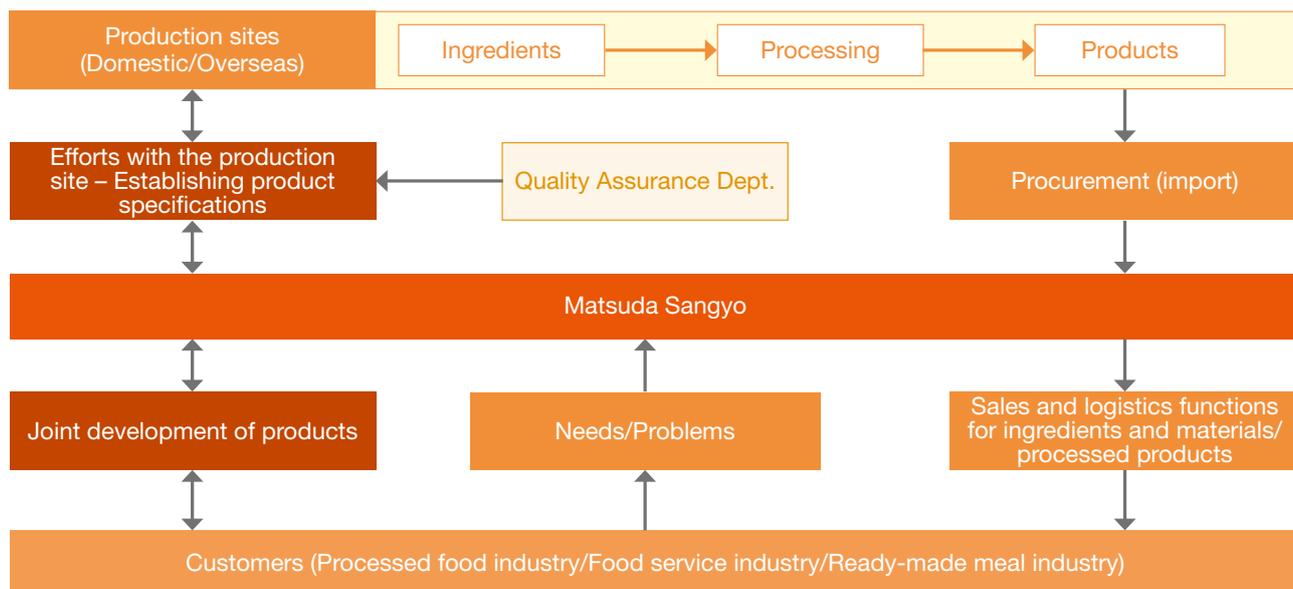
Quality control system deployed globally

Matsuda Sangyo strives to ensure the quality, safety, and traceability of our food products even as the range of our suppliers expands to countries and regions across the globe. We have established the quality policy of “providing our customers with health, good taste, and enjoyment through products with value.” Based on this, the Quality Assurance Dept., which is ISO 9001-certified, plays a central role in managing quality to secure the safety and reliability of food materials. The Quality Assurance Dept. not only works to improve the quality of ingredients by conducting various inspections, but also provides continuous guidance to local partner packers. Among these, in China where a wide range of items is procured from, the Qingdao subsidiary serves as the base in our efforts to further strengthen quality control by our suppliers. To investigate the causes of contamination and other problems, we have established a proprietary high-precision inspection system which, for example, utilizes the inspection

equipment used in our Precious Metals Business Segment.

Stable food supply and conservation of ecosystems through management of the whole supply chain

In addition to global procurement and quality control, we also enable stable food supply through management of the whole food material supply chain. We manage not only each of the processes from ingredient procurement to quality control, but also carry out total management of all the processes. We also contribute to the conservation of ecosystems through supply chain management. Some of our marine products have received the Marine Stewardship Council’s (MSC) blue eco-label for meeting its Fisheries Standard. This label certifies that the marine product has been caught, processed, and distributed through appropriate methods for the protection of marine life and conservation of ecosystems of the future. Since acquiring the certification in 2011, the number of offices acquiring the certification has increased, and our offices in Japan and overseas now handle MSC-certified products.



Tapping new production sites and working with suppliers to ensure consideration for environment and social issues

Among the livestock products that we handle, we had been procuring imported beef primarily from North America and Oceania. However, with the gradually lifting of restrictions on European beef imports from the 2010s, we quickly set our sights on Europe and began to work on building a local supplier platform. Since 2018, the quantity of European beef we handle has been increasing every year. Particularly for British beef, we launched a beef business for the Japanese market with Foyle Food Group, which is one of the pioneers in the industry working on resolving environmental and social issues. In addition to bringing about the stable procurement of ingredients, this partnership has also contributed to strengthening the SDGs efforts of Matsuda Sangyo’s Food Business Segment.

Alongside the growth in business dealings with the United Kingdom, we also sponsored the dining-out fair supported by the British Embassy and our beef products were used at the fair. Going forward, we aim to build a global network and provide high added value to an even broader customer base, while keeping in mind our corporate philosophy of “making effective use of the limited earth resources and contributing to society through business.”



A farm in Northern Ireland

Reflecting on the previous Medium-term Management Plan, and the new targets

During the period of the previous Medium-term Management Plan (FY2019–2021), both the Precious Metals Business Segment and Food Business Segment recorded steady growth in sales volume and achieved an increase in sales and profits for the third consecutive fiscal year from FY2018.

In the previous Medium-term Management Plan, we had set out the management targets of ¥220 billion in net sales and ¥5.5 billion in operating profit for FY2021, which was the final year of the plan. These targets were achieved ahead of schedule.

In FY2021, in addition to an expansion in sales volume, Matsuda Sangyo recorded its highest profits on record. This could be partly attributed to the rise in the market prices of precious metals in the Precious Metals Business Segment, and the increase in profit margin due to the upturn in some product markets in the Food Business Segment.

In the Medium-term Management Plan covering the four-year period from FY2022 to FY2025, we have established the following management targets for FY2025 as the final year of the plan: net sales of ¥300 billion, operating profit of ¥13 billion, operating margin of 4.3%, ROE of 9.0%, and ROA of 10%.

Despite the drastic changes in the operating environment and uncertain outlook, Matsuda Sangyo will continue to steadily implement our growth strategy, realize stable and sustainable growth, and work hard toward achieving our targets.

■ Growth-driving measures implemented in FY2021

Advanced business strategies

- Started operation of pre-processing facilities at Seki Factory (Seki City, Gifu Prefecture) (Precious Metals)
- Launched secondary cell recycling scheme business with Taiheiyo Cement Corporation (Precious Metals)
- Developed high-performance gold deposition material "MNS" and released it on the market (Precious Metals)
- Established subsidiary in the Republic of Korea (Precious Metals)
- Decided to acquire business site in Kitakyushu in preparation for further business expansion (Precious Metals)
- Acquired land/buildings in Iruma City, Saitama Prefecture, for the purpose of strengthening production and logistics functions (Precious Metals)
- Established branch in Taiwan and expanded business domains (Food)
- Developed highly functional plant-based meat (soy meat) and released it on the market (Food)
- Renewed business sites in the Tohoku region and strengthened service capabilities
- Carried out restructuring of domestic sales bases

Strengthened management foundation

- Enacted Global Code of Conduct and strengthened governance
- Reformed the HR system and strengthened the management foundation
- Updated groupware and enhanced productivity
- Selected for the Certified Health & Productivity Management Outstanding Organizations Recognition Program

Overview of the New Medium-term Management Plan

Through the Medium-term Management Plan (FY2022-2025) announced in May 2022, Matsuda Sangyo will advance its growth strategy based on the following basic policy, with both the Precious Metals Business Segment and Food Business Segment as the driving forces:

■ Basic policy

- Strengthen revenue base and create new revenue sources by continuing with proactive investments
- Strengthen management foundation to support and acceleration sustainable growth
- Enhance corporate value by promoting ESG management

(Unit: Hundred million yen)

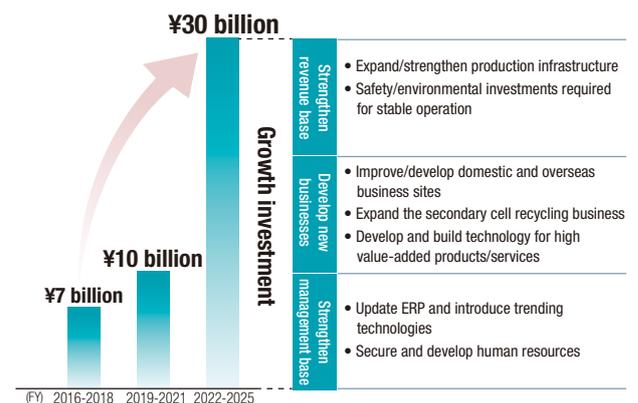
	FY16–18 results (Average)	FY19–21 results (Average)	FY21 results	FY25 targets
Net sales	1,871	2,382	2,722	3,000
Operating profit	42	90	126	130
Operating margin	2.2%	3.7%	4.7%	4.3%
ROE	5.6%	10.0%	13.7%	9.0%
ROA (Return on Assets)	6.0%	9.4%	12.5%	10.0%

Investment plan

We plan to invest ¥30 billion cumulatively over the four-year period from FY2022 to FY2025.

This investment is necessary for advancing the growth strategy of the Precious Metals Business Segment and Food Business Segment, and for strengthening our management foundation.

In addition to strengthening revenue base and developing new businesses for the creation of new revenue sources as set out in the basic policy, we will also continue to invest proactively toward strengthening our management foundation, such as IT investments toward improving productivity and investments in human resource development and securing human resources, with a view to realizing further growth.

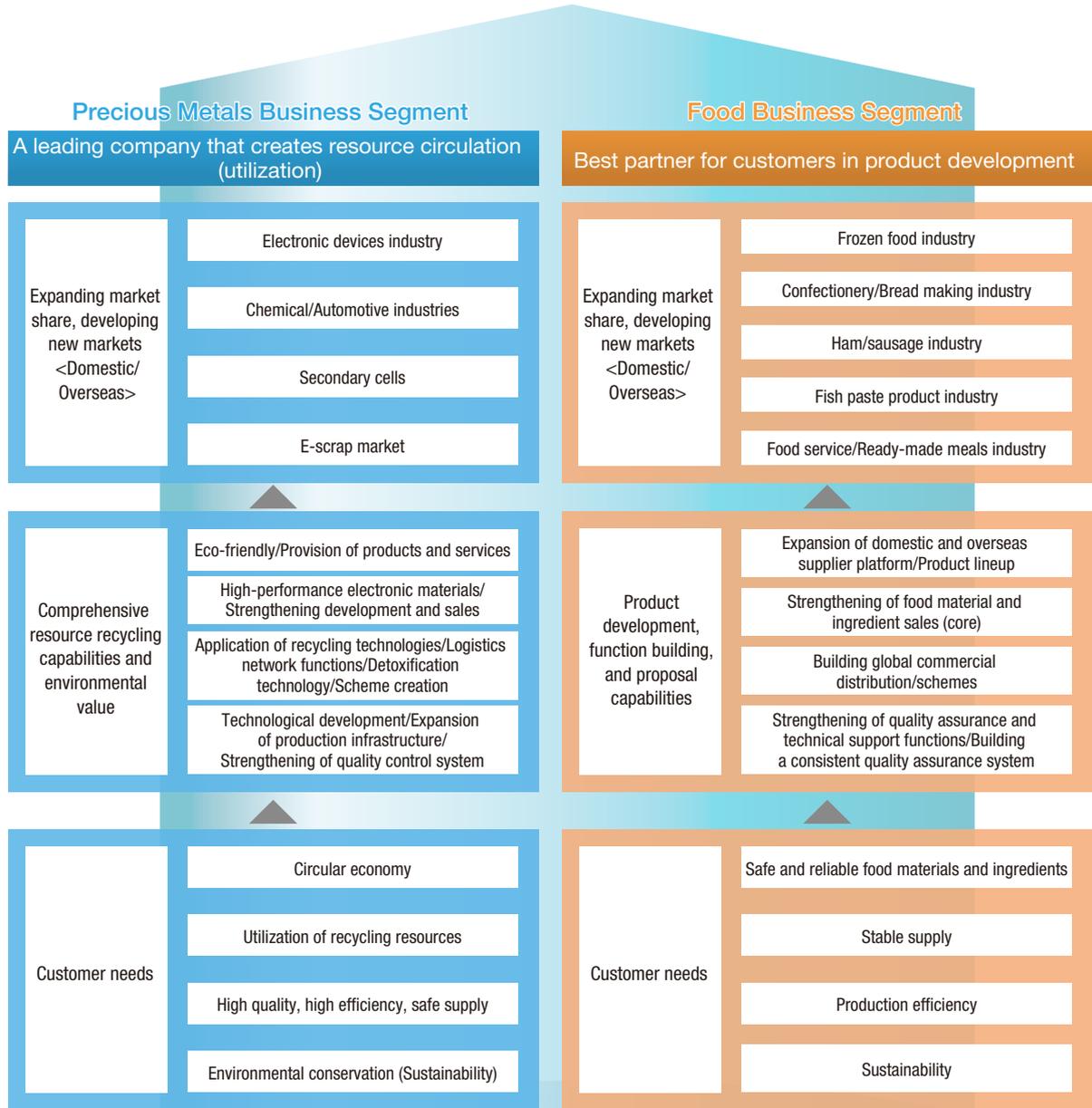


The Matsuda Sangyo Group's Vision

**To be a company that continuously evolves and adapts to social changes,
and which customers and society always need**

Making effective use of resources and securing resources sustainably

Providing high added value that contributes to resolving the problems and issues faced by customers and society



Management foundation

Corporate culture Human resources Customers Financial base IT Governance

Improve productivity Create management human resources Active participation of diverse human resources
 ESG management Create a work environment DX promotion Strengthen governance and risk management

As a stakeholder that creates new values (employees)

Human capital management

The Matsuda Sangyo Group has set out the message of becoming “a company that continuously evolves and adapts to social changes, and which customers and society always need” as its vision for the next generation. To realize this vision, we consider it necessary to reaffirm the current status of the corporate group (revenue structure, intrinsic organizational strengths), and to implement measures toward the future (human resource and organizational strengthening initiatives) based on that.

Matsuda Sangyo’s unique revenue structure

The Matsuda Sangyo Group, founded in 1935, has created a company characterized by “stability” and “growth” throughout its long history by advancing the Precious Metals Business Segment and Food Business Segment and using these business segments to complement each other as independent and heterogenous yet hybrid business formats. Despite the rapidly changes in the modern times, the Matsuda Sangyo Group has continued to generate profits. This is the result of always coming up with creative proposals, maintaining long-term and positive relationships with customers, and winning their trust, all of which are factors that have become the foundation of our business. For this reason, we are incorporating training that is aimed at honing our proposal

capabilities. As an example, employees engage in practical learning of problem-solving methods at training to strengthen sales capability and job grade-based training. After the training, they formulate implementation plans and develop a human resource development system throughout the year, such as by holding interviews with their supervisors after a certain period and receiving follow-up advice.

Going forward, we aim to increase proposal opportunities that lead to enhancing added value from among the relationships of trust that we have built while staying close to our customers, and to increase our wallet share by providing solutions that help to solve problems faced by the customers.

The intrinsic organizational strengths that are unique to Matsuda Sangyo

All employees working at the Matsuda Sangyo Group understand the corporate philosophy and code of conduct, and activities toward their penetration are promoted alongside conduct evaluation in the performance appraisal so as to ensure that employees put them into practice in their daily activities. The ability of all employees to amass their power and advance the business toward the same goal, is the intrinsic strength of Matsuda Sangyo.

We place emphasis on strengthening coordination between the four functions that make up the foundation of the Precious Metals Business Segment and Food Business Segment: sales, production/technology, logistics, and management/systems.

Interview



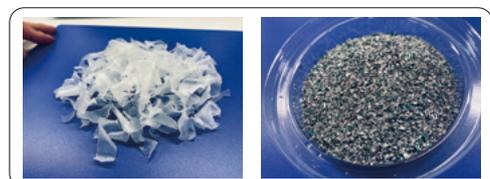
Tatsuya Murayama, Solution Business Dept. Environmental Solution Division
Joined Matsuda Sangyo in 2017

Honing our solution proposal capability to launch new businesses

I work in the Environmental Solution Division, whose mission is to resolve the problem of waste disposal that the world has not yet found a solution for, and my goal is to give concrete form to a new business that I have devised on my own. I wanted to utilize the knowledge and experience in the field of chemistry, which was my research discipline at graduate school, so for four years from 2018, I focused my work on the Press Through Pack (PTP) sheets that are used as tablet packaging, and which are still not recyclable today. By conducting market research at medical-related exhibitions, interviewing core users, and reading e-mail newsletters, I started to review specific solutions for separating plastic film and aluminum foil. As a result, we concluded a technical partnership with Daido Jushi Co., Ltd. in September 2022 as a new business for Matsuda Sangyo, and started working on a material recycling scheme for PTP sheets that are used for tablet packaging and other applications.

We were successful in establishing this new business because we had learnt problem-solving methods in the job grade-based training in FY2021, and through the training to strengthen sales capability from November 2020, familiarized ourselves with the regular tactics for proposing solutions and developed the habit of considering matters from a higher perspective. In both of the training programs, we repeatedly generated the output over a short period of time, while time was set aside after the training to allow us to put our learning into practice and reflect on our experiences periodically. These helped to strengthen our solution proposal capability.

In the future, I would like to introduce treatment facilities, establish this business, and expand our market share into the medical and pharmaceutical sectors.



Even as we pursue a high degree of expertise and strength, these functions are fused through our business, and all employees participate in the creation of values that lead to the resolution of problems faced by customers and society. In this respect, they are our intrinsic organizational strength. To reinforce our ability to propose solutions to customers, it is important to also link these to other functions such as production and technical functions, in addition

to sales functions. To that end, our policy is to increase the development opportunities more than ever before for management human resources who are able to advance the business in a cross-organizational manner.

Furthermore, we will also build and present concrete career paths to employees so that they can carry an image of growing to become “high value-added human resources.”

Human resources who can realize the overall vision, and initiatives to strengthen the organization

We are implementing initiatives to strengthen the organization from the following two aspects: human resource development policy, and improving our internal environment.

Human resource development policy

To realize our vision, we conduct off-JT training such as job grade-based training and training for selected employees aimed at nurturing managerial human resources. We have also established a system to evaluate and commend employees for improvement activities undertaken in their daily work, and call for employees to submit new business ideas in the Precious Metals Business Segment. In these ways, we strive to raise employee motivation and create opportunities for them to demonstrate their capabilities.

In line with the current social trends, the Matsuda Sangyo Group has also designated “diversity” as an important keyword in human resource development. Specifically, suitable employees participate in cross-organizational internal projects regardless of their nationality, gender, age, work responsibilities, and occupation, and demonstrate their capabilities in these projects.

In addition, we are also implementing the Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life from April 1, 2021 to March 31, 2026.

Targets

To increase the percentage of women among new hire to 20% or more (by employment management categories). To bring the difference in average length of continued service for women compared to men, to 70% or more.

To achieve our targets, we have introduced a female empowerment promotion program. In addition, we are also advancing initiatives to enable each individual employee to take on an even more active role. These initiatives include conducting training to help employees acquire a higher degree of knowledge and skills, providing spaces for them to think about their careers, and reviewing work systems that are dependent on individual ability.

Improving our internal environment

To sustainably nurture employees with the will and motivation to contribute to the company, the Matsuda Sangyo Group aims to create a workplace environment where employees can work dynamically, safely, and healthily for a long time.

We strive to maintain and improve employees' health through efforts that are rooted in our basic philosophy, “Respect humankind; the capacity of humankind is limitless.” We consider people to be the greatest asset a company can have. With that in mind, we are engaged in efforts to build a healthy and cheerful workplace where all employees can give full play to their individuality and capabilities, based on the principle of always maintaining harmony among people.

Specifically, to ensure that employees can work dynamically and healthily, we have established various relevant systems, encourage disease prevention among employees and follow up after disease onset, and promote work-life balance. We will continue to promote health management and fulfill our social responsibility as a healthy corporation.

In addition to the abovementioned, we also conduct harassment training, provide EAP service*, and provide full premium subsidies for enrolling in health insurance as a welfare benefit for employees, based on the stance that “the families who support employees are just as important as the employees.”

We are also actively engaged in work style reform. Specifically, we have established telecommuting and shift-work systems in consideration of the various family circumstances that employees face, such as childcare and nursing care demands. At the same time, we have also carried out infrastructural investments to promote greater work efficiency when telecommuting, such as boosting the internal network lines.

Improving work efficiency helps to reduce overtime hours, which in turn promotes work-life balance. Therefore, going forward, the Matsuda Sangyo Group will continue to review methods that enable the streamlining of work processes in all aspects, and to develop systems to support work-life balance, so that each individual employee can work under perfect conditions.

*EAP service: Employee Assistance Program, “Consultation Service for Physical and Mental Health”

Approach to sustainability

Our purpose is to put into practice our corporate philosophy of “making effective use of the limited earth resources and contributing to society through business,” and to continue being a company that customers and society always need.

Triggered by our founder’s realization of “mottainai” (wastage), our business began with giving value to things that were unused and things that customers had trouble disposing of. Through the business, we have fostered a corporate culture that cherishes gratitude and kindness, and we have continued to tackle new creative challenges and developed the business with the desire to be “even more needed by our customers.”

Based on our wish to bring about greater “For Human Happiness and a Beautiful Earth,” we believe that the creation of new values that are rooted in the effective use of Earth’s resources and which meet the needs of the times, contributes to the realization of a sustainable environment, society, and economy.

To contribute to society through our business, we will identify the materiality (important issues) that we should address, incorporate our desire “For Human Happiness and a Beautiful Earth” into our management plans aimed at the realization of a sustainable environment, society, and economy, bring about improvements in our value as a sustainable corporation, and fulfill our purpose.

Vision

The Matsuda Sangyo Group aims “to be a company that continuously evolves and adapts to social changes, and which customers and society always need,” and with the mission of making effective use of resources and securing sustainable resources, will strive to provide high added value that contributes to resolving the problems and issues faced by customers and society.

Communication with stakeholders

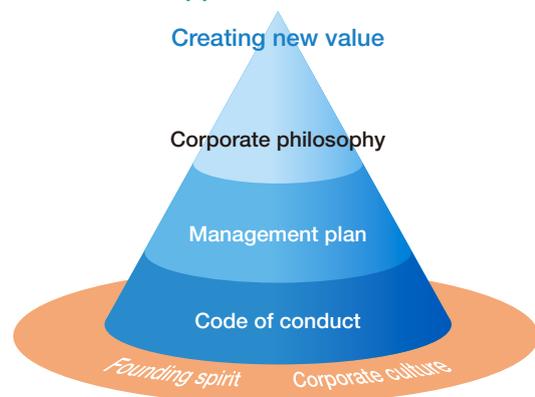
Stakeholder	Relationship with stakeholder	Communication methods	Department in charge
Customers	Our founding spirit was that we must never forget that we are what we are because of our customers, and that we should cherish our customers above all and dare to fight courageously and in harmony. Based on this spirit, the Matsuda Sangyo Group strives to conduct its business activities while constantly keeping in mind that our corporate group exists only because of our customers.	<ul style="list-style-type: none"> Regular sales activities Website 	Divisions in charge of sales Divisions in charge of each business
Employees	The Matsuda Sangyo Group regards employees as the driving forces behind the creation of new value. For this reason, we have positioned “respect humankind” as an important basic policy for management, and we undertake improvements to the organization and workplace environment, education, and capacity building based on the stance that “the capacity of humankind is limitless.” (▶ P25-26 Human Capital Management) (▶ P37-38 Human Rights/Labor)	<ul style="list-style-type: none"> Employee training Internal portal site Corporate newsletter Internal whistleblowing system/Consultation services 	Human Resources Dept. General Affairs Dept. Legal Dept. CSR Dept.
Shareholders Investors	To gain the understanding and support of all shareholders and investors, the Matsuda Sangyo Group engages in IR (investor relations) activities based on appropriate and timely disclosure of management information and two-way communication.	<ul style="list-style-type: none"> General Meeting of Shareholders Financial statements briefing Company briefing (for private investors) Publication of securities reports Publication of Matsuda Sangyo Report Website (IR/information for investors) 	CSR Dept. IR Dept. General Affairs Dept.
Local community	We recognize that the Group’s business is directly linked to the conservation of the Earth’s environment and the building of a circular society, and that the business itself contributes to society. By promoting communication and cooperation with local communities, we are promoting businesses with social meaning and working to expand our social contribution.	<ul style="list-style-type: none"> Volunteering activities by employees in local communities (Iruma district) Participation in/sponsorship of local events Factory tours Participation in Iruma City’s Zero-carbon Council 	Divisions in charge of production General Affairs Dept.

Basic Policy on Sustainability

The Matsuda Sangyo Group aims to work on the realization of a sustainable environment, society, and economy while enhancing its corporate value, by putting into practice its corporate philosophy of “making effective use of the limited earth resources and contributing to society through business,” based on strong relationships of trust with the customers (clients and business partners*), employees, and society (shareholders, investors, local communities) that are its important stakeholders.

*Business partners: Suppliers, subcontractors, financial institutions

For Human Happiness and a Beautiful Earth



Steps in identifying materiality

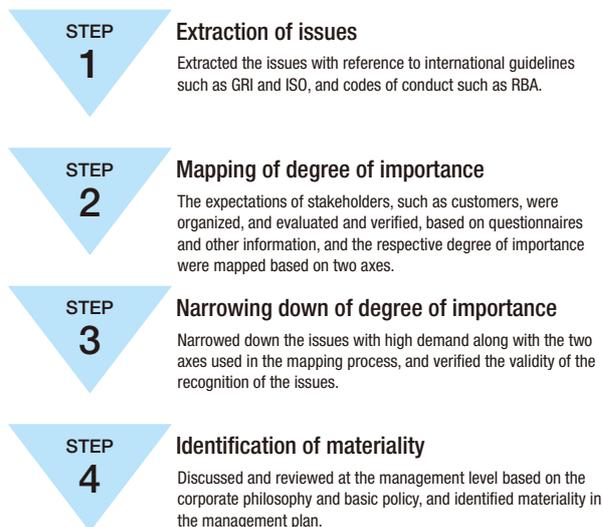
The Matsuda Sangyo Group is engaged in reviews in line with the following steps.

Firstly, we extracted the issues that should be reviewed with reference to the Group’s management plan, international frameworks such as the GRI Standards, ISO 26000, and IIRC, and international codes such as RBA.*

After that, the issues were organized, evaluated and verified along the two axes of “importance to society” and “importance to the Matsuda Sangyo Group,” and discussions were conducted repeatedly at the management level based on the corporate philosophy and basic policy, upon which the sustainability materiality were identified.

In the Medium-term Management Plan formulated in May 2022, the materiality was identified and resolved by the Board of Directors.

*RBA: A code of conduct for the supply chains of the electronics industry and industries related to electronic equipment.



The Matsuda Sangyo Group’s materiality

The Matsuda Sangyo Group has positioned “environment,” “human rights and labor,” and “quality and safety” as its materiality in line with the abovementioned process.

The varied social issues surrounding the world include many risks that threaten continued corporate management. However, by addressing these issues that we have established as our materiality and deriving solutions toward the realization of our corporate vision and mission, we believe that these risks will lead us to the creation of new opportunities.

We have established a Sustainability Committee within the Group to sort out the risks and opportunities in addressing the identified materiality, and to further accelerate ESG management going forward.

In deciding on the concrete targets and initiatives, the Sustainability Committee will roll out the medium-to-long term management strategy with the aim of enhancing social and corporate value.

E	Environment	Striking a balance between reducing environmental burden and business growth (1) Energy consumption and greenhouse gas emissions (2) Emissions into atmosphere (3) Hazardous substances (4) Solid waste (5) Pollution prevention and resource reduction (6) Water management (7) Biodiversity	
S	Human rights and labor	Acceleration of growth through the activities of diverse human resources	Enhancement of customer satisfaction and securing the trust of society
		(1) Right person for the right job (2) Diversity and innovation (3) Work-life balance	Quality and safety (1) Provision of accurate information on products and services (2) Securing product safety and reliability
G	Organization governance	Establishment of Sustainability Committee, and control of Group-wide initiatives (1) Management system (governance) (2) Information security (3) Partnership with suppliers	

Enhancing corporate value through dialogue with stakeholders

The Matsuda Sangyo Group will continue to strengthen mutual understanding with stakeholders and promote socially meaningful business (refer to p.27).

Important environmental issues

The Matsuda Sangyo Group has decided on its important environmental issues as set out below, and will strive to reduce environmental burden in its business activities going forward.

- (1) Energy consumption and greenhouse gas emissions
- (2) Emissions into atmosphere
- (3) Hazardous substances
- (4) Solid waste
- (5) Pollution prevention and resource reduction
- (6) Water management
- (7) Biodiversity

Promotion of decarbonization management

Abnormal weather conditions accompanying climate change are now intensifying around the world, and causing severe damage to nature and human society.

According to scientific studies led by the Intergovernmental Panel on Climate Change (IPCC), if the rise in average global temperature due to global warming is not kept under 1.5°C from pre-industrial levels (1850s and before) to 2050, global warming will become irreversible. In other words, they are reaching the shocking conclusion that the situation may be irretrievable.

Matsuda Sangyo considers it the mission of people and companies to resolve this situation based on the scientific grounds that climate change was caused by the activities of human society. In view of that, all of our Group companies, including domestic sites, domestic subsidiaries, and overseas subsidiaries, are engaged in efforts to achieve carbon neutrality by 2050.

Disclosure based on TCFD recommendations

Our Group positions climate change and decarbonization initiatives as one of our materiality issues, and is advancing efforts in this respect. As a part of these efforts, we have indicated our agreement to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in October 2022.

Under this item, we have disclosed important climate change-related information (governance, strategy, risk management, indicators, and targets) based on the TCFD recommendations.

Governance

With a view to striking a balance between the realization of a sustainable environment, society, and economy, and enhancing the corporate value of the Matsuda Sangyo Group, we established the Sustainability Committee in May 2022 under the direct supervision of the Board of Directors, for the purpose of facilitating the promotion of decisions and initiatives on important matters related to ESG and SDGs.

The Sustainability Committee is composed of the Directors (including Outside Directors) and members nominated by the

Board of Directors from among the Executive Officers. The President and Representative Director chairs the Committee, assisted by the Executive Vice President as the Vice-Chairperson of the Committee. The CSR IR Dept. serves as the secretariat overseeing the overall management and operation of initiatives related to ESG and SDGs.

The roles of the Sustainability Committee are as follows: (1) Formulation of overall policy; (2) Deciding on important matters that should be addressed; (3) Evaluation of risks and opportunities; (4) Setting of targets; (5) Formulation of action plans and development of systems; (6) Monitoring of initiatives. It convenes regular meetings four times a year in principle.

The Chair of the Sustainability Committee is responsible for ESG and SDGs initiatives, and reports on activity status and other matters to the Board of Directors and Audit & Supervisory Committee through the Secretariat.

The Board of Directors checks and supervises the important matters decided upon by the Sustainability Committee, including processes, while keeping in mind the need to strike a balance between social trends, particularly recommendations by international initiatives as well as domestic and overseas policies, with the business growth of the Matsuda Sangyo Group. The important matters related to climate change are resolved upon discussion by the Sustainability Committee and reported to the Board of Directors.

*Please refer to the Corporate Governance Structure (p.43) for details on the governance system.

Strategy

The Matsuda Sangyo Group has established “striking a balance between reducing environmental burden and business growth” as an important sustainability issue in the Medium-term Management Plan (FY2022–2025) announced in May 2022. With regard to reducing environmental burden, we view the reduction of greenhouse gas emissions as a particularly important theme, and have conducted reviews on initiatives toward setting and achieving targets in line with the science-based targets (SBT)* approach that is consistent with climate scenario analysis and science. These contents were discussed and decided upon by the Sustainability Committee in July 2022. Going forward, we will continue to review response measures to climate-related risks and opportunities, and to monitor the progress of initiatives toward the achievement of targets.

*Greenhouse gas emission reduction target based on scientific evidence

Analysis and evaluation of climate-related risks and opportunities

In climate scenario analysis, we set out two hypothetical scenarios: the 1.5°C scenario with increased risks for transitioning to a low-carbon/decarbonized society, and the 4°C scenario with increased physical risks accompanying climate change without achieving low-carbon/decarbonization goals. Based on these, we select the key drivers for our corporate Group and extract, evaluate, and identify the risks and opportunities.

With regard to the results of this analysis, the validity of the evaluation is checked and shared within the Sustainability Committee after an exchange of opinions with the relevant Executive Officers.

(Reference information for the scenarios)

- International Energy Agency (IEA), "World Energy Outlook," 2021
- IPCC, "Special Report on Global Warming of 1.5°C," 1998
- IPCC, "Special Report on Climate Change and Land," 1999
- Ministry of the Environment, "Report on the Market Size and Employment of the Environmental Industry," 2021
- World Resources Institute (WRI), "Aqueduct Water Risk Atlas 3.0," 2019

*Please refer to p.31-32 for details on the results of the climate change scenario analysis.

Risk management

The Matsuda Sangyo Group has established the Total Risk Management (TRM) Committee to identify the actualization of risks that have a serious impact on our business and corporate management (compliance, environment, disaster, quality, information security, credit management, commodity market prices, foreign exchange control, etc.), and to manage them as company-wide risks.

The TRM Committee, as an advisory body of the President and Representative Director, is an organization chaired by the Director and Senior Managing Executive Officer (see p.43, 45). It evaluates potential risks, carries out centralized management of company-wide risks, promotes response, and monitors the management status, among other activities, then reports the results of the activities to the Board of Directors and Audit and Supervisory Committee.

The standard for risk evaluation is based on references such as the relevant laws and regulations and international standards, IEA's "World Energy Outlook 2021," IPCC's "Special Report on Global Warming of 1.5°C" (1998), and the probability of occurrence and degree of impact of potential risks are evaluated for each business and region. Company-wide risks that should be addressed as priority are identified. Through this method, we comprehensively evaluate the business risks of the corporate Group, and formulate the response policy for risks of high priority.

With regard to climate-related risks, we have drawn up two hypothetical scenarios (1.5°C scenario, 4°C scenario), based on which we select the key drivers for our corporate group, and extract and evaluate risks and opportunities. The Sustainability Committee then verifies them and identify the risks.

The risks identified will be integrated into the risk management system of the TRM Committee in the future, and we plan to promote responses and monitor progress in an expert subcommittee established for the purpose of managing the risks recognized as important to the business and corporate management, and which require company-wide and medium- to long-term management from an expert viewpoint. The expert subcommittee under the TRM Committee formulates the response policy to the high-priority risks identified by the Sustainability Committee as well as the annual

plans, reports the progress monitoring results at the regular meeting held every month, and provides feedback on the contents of consultation, etc. to the executive departments.

*Matsuda Sangyo has established a corporate governance system in preparation for risk management.

*Refer to "Corporate Governance Initiatives: Organizational Chart of Corporate Governance, Organizational Chart of the TRM Committee."

Indicators and targets

The Matsuda Sangyo Group established its greenhouse gas emissions reduction targets for the whole corporate group in July 2022.

These targets are aligned with the SBT of 1.5°C, and we have also committed to the Science- Based Targets initiative (SBTi).

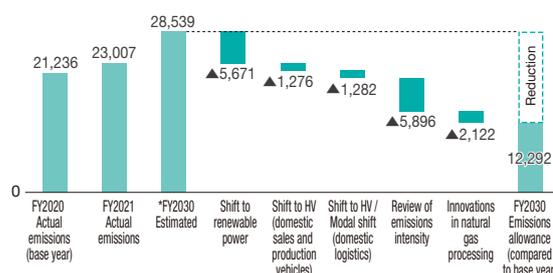
Going forward, in addition to acquiring SBT certification, we will also strive to reduce emissions (greenhouse gas emissions reduction target).

(Main measures toward reduction)

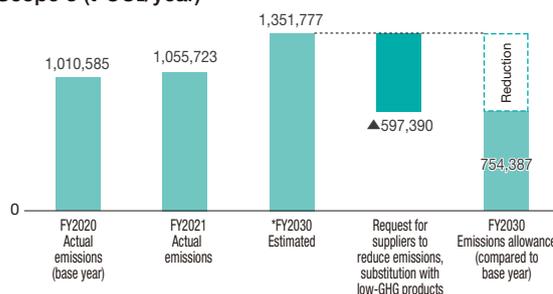
- Improve energy consumption efficiency
- Expand the adoption of renewable energy
- Review and improve manufacturing and treatment processes (including fuel conversion, CO₂ capture)
- Introduce and update high-efficiency facilities
- Enhance the efficiency of logistics, modal shift
- Provide eco-friendly products and services
- Cooperation through engagement with the supply chain

	FY2030 (short-term)	FY2050 (long-term)
Scope1+2	Compared to FY2020 42% reduction	Realization of carbon neutrality
Scope3	Compared to FY2020 25% reduction	

■ Scope 1+2 (t-CO₂/year)



■ Scope 3 (t-CO₂/year)



*Assumption that no measures are taken.

Sustainability Initiatives: Environment

■ Scenario analysis based on TCFD recommendations

Scenario	Classification	Key driver	Prerequisite	Implications for the Matsuda Sangyo Group	Impact	
1.5°C	Policy/ Legal regulatory	Carbon pricing (carbon tax, emissions trading system, etc.)	· Rise in prices in countries and regions	–Precious Metals Business Segment– · Increased procurement costs · Less sales competition	Risk	Large
				–Food Business Segment– · Increased procurement costs · Changes to/consolidation of suppliers	Risk	Medium
		Strengthening of CO2 emissions regulations (strengthening of regulations under the Act on Rationalizing Energy Use, etc.)	· Promotion of energy transition to electricity · Demand for rationalization of energy consumption	–Across all businesses– · Increased capital investment · Increased technological development costs · Increased procurement costs	Risk	Large
				–Food Business Segment– · Improved competitive edge · Increased opportunities to build new commercial distribution channels through local production and local consumption, enhanced productivity through quality improvements/development of new varieties, etc.	Opportunity	Large
		Strengthening of regulations on agricultural land development	· Restrictions on new development of primary industrial areas in many countries to suppress the emission of greenhouse gases through land use and conversion · Realization of appropriate distribution of forestry and agricultural products produced in optimal places through international trade, and improvements in production efficiency across the world · Export restrictions and embargoes on food products	–Food Business Segment– · Increased procurement costs · Changes to/consolidation of suppliers	Risk	Large
				– Precious Metals Business Segment – · Increased demand for resource recycling · Rise in precious metal prices · Development of substitute products/development of new sales channels	Opportunity	Large
		Strengthening of emissions regulations on the FLAG (forestry, land, and agriculture) sector	· Strengthening of compliance with social safeguards and environmental restrictions on the development of afforested areas and mining businesses, toward illegal metal mining that is one of the factors behind forest destruction	– Precious Metals Business Segment – · Uneven distribution of resources due to resource nationalism	Risk	Large
				– Food Business Segment – · Increased procurement costs	Risk	Medium
		Strengthening of regulations on waste generation	· Expansion of target waste recycling utilization rate based on the 4th Fundamental Plan for Establishing a Sound Material-Cycle Society (Government of Japan) · Technological development toward improving waste recycling utilization rate, and progress in investment · Through the strengthening of policies toward the realization of a circular economy, particularly in Europe, the closed loop of “reuse, recycling, and sharing” creates many industries	– Precious Metals Business Segment – · Increased demand for resource recycling	Opportunity	Large

■ Scenario analysis based on TCFD recommendations

Scenario	Classification	Key driver	Prerequisite	Implications for the Matsuda Sangyo Group	Impact	
1.5°C	Technology	Transition to low-carbon technologies (development of low-emission technology, and products and services)	<ul style="list-style-type: none"> · Products and materials reflect a circular business model that provides lasting value, such as recovery, reuse, and recycling after use · Development of technologies to promote non-ferrous metal recycling that uses energy resources which contribute to decarbonization, such as biomass, waste plastic, etc. toward carbon neutrality 	<ul style="list-style-type: none"> – Precious Metals Business Segment – · Increased demand for resource recycling · Increased sales opportunity 	Opportunity	Large
				<ul style="list-style-type: none"> – Food Business Segment – · Increased sales opportunity 	Opportunity	Medium
				<ul style="list-style-type: none"> – Food Business Segment– · Decline in sales opportunity for carbon-intensive products 	Risk	Medium
1.5°C	Market	Changes in social values	<ul style="list-style-type: none"> · Changes in values, from the possession of things, to the acquisition of information to pursue health and social responsibility · Expansion of the climate justice ideology, and acceptance of the suppression of temperature rise and values of respect for human rights as a series through the realization of a decarbonized society · Heightened interested in products that contribute to reducing food loss and decarbonization due to heightened environmental awareness among consumers 	<ul style="list-style-type: none"> –Across all businesses– · Increased sales opportunity if handling products with high environmental value 	Opportunity	Large
4°C	Physical changes (acute)	Rise in average temperature Changes in rainfall patterns	<ul style="list-style-type: none"> · Frequent occurrences of water shortage and flooding around the world; comparing the end of the 20th and 21st centuries, the flood incidence in Japan has quadrupled · Reduced total workforce due to decline in labor productivity (The average rate of total workforce reduction in the 3°C scenario is predicted to be 25% in Asia and 16.7% in the Americas.) 	<ul style="list-style-type: none"> – Precious Metals Business Segment – · Increased disaster readiness and reconstruction expenses 	Risk	Large
				<ul style="list-style-type: none"> – Food Business Segment – · Decreased yields for agricultural, livestock, and marine products 	Risk	Medium
				<ul style="list-style-type: none"> – Across all businesses – · Increased personnel expenses to cover the decline in labor productivity (need to increase personnel by 120% for 20% decline in productivity) · Increased utility costs accompanying temperature rise 	Risk	Large
		Rise in sea levels	<ul style="list-style-type: none"> · Tsunami hazard doubles with a 0.5m rise in sea level (Frequency of high waves will increase to 7–15 days by 2030, and to 25–75 days by 2050) · With regard to the food system, the risk of grain yield decreasing by more than 5% in a certain year, compared to current risk levels, will be 1.4 times in Asia and 1.9 times in the world by 2050 · In Asia, 40% of the land area is expected to undergo biome migration by 2050 (45% globally) 	<ul style="list-style-type: none"> – Across all businesses – · Increased disaster readiness and reconstruction expenses · Relocation of customer bases –Food Business Segment– · Less agricultural land, increased difficulty in securing habitats · Decreased agricultural yield, increased difficulty in securing food resources · Decline in sales 	Risk	Large

Environmental performance

Energy consumption and greenhouse gas emissions

■ Group-wide

			FY2020	FY2021	Unit
INPUT	Energy	Reclaimed oil	1,699	1,830	kl crude oil equivalent
		Heavy oil	172	119	kl crude oil equivalent
		Natural gas	2,038	2,258	kl crude oil equivalent
		Liquefied petroleum gas (LPG)	120	192	kl crude oil equivalent
		Kerosene	27	24	kl crude oil equivalent
		Diesel fuel	1,953	2,064	kl crude oil equivalent
		Gasoline	39	49	kl crude oil equivalent
		Electric power	4,925	5,009	kl crude oil equivalent
OUTPUT	Greenhouse gases	Scope1+2	21,236	23,007	t-CO ₂
		Scope3	1,010,585	1,055,723	t-CO ₂

■ Production

			FY2020	FY2021	Unit
INPUT*	Natural resources	City water	125,278	137,135	m ³
OUTPUT	Wastewater		120,624	135,237	m ³
	Waste		409	720	t

*INPUT includes natural resources, materials and chemicals.

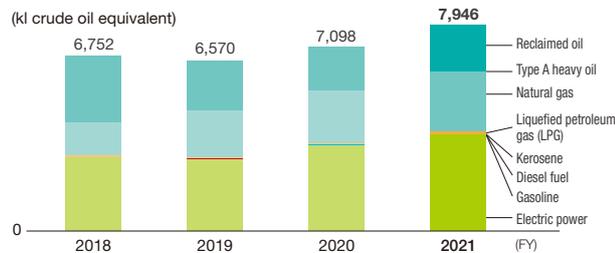
Energy consumption in the production departments

Total energy consumption in FY2021 for the five factories in the Iruma area (Iruma Factory, Iruma No. 2 Factory, Musashi Factory, Musashi No. 3 Factory, R&D Center) and the Seki Factory increased by 12% year-on-year.

This was due to an increase in processing volume with full-scale operation of newly launched processes at Seki Factory.

Going forward, we will continue to work on improving energy utilization efficiency by installing high efficiency motors and high efficiency air-conditioners for our equipment and facilities.

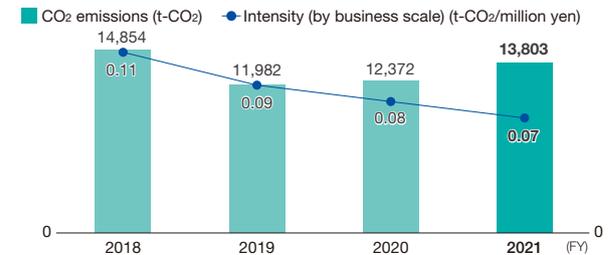
■ Changes in total energy consumption (5 factories in Iruma district +Seki)



Carbon dioxide emissions

We are striving to reduce carbon dioxide (CO₂) emissions by improving facilities and streamlining operations. While emissions volume increased in FY2021, basic unit had fallen due to the increase in the number of employees at the business sites in question.

■ Changes in CO₂ emissions and intensity (5 factories in Iruma district +Seki)



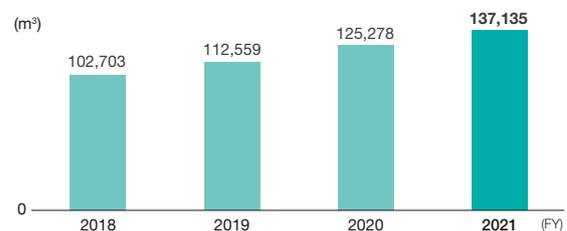
Water management

Utilization of city water

Matsuda Sangyo manages the basic unit of water consumption in its production processes, and strives to use an appropriate amount of water. At the same time, we also put effort into saving water by circulating and reusing water discharged from processes that use pure water, in other processes.

In FY2021, our water consumption increased by 9%. This

■ Changes in water consumption (city water) (5 factories in Iruma district +Seki)

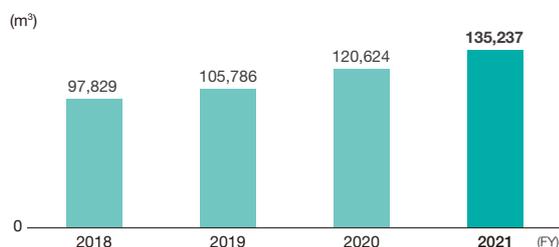


was due to an increase in water consumption at the Musashi Factory to comply with stricter regulations for boron under the Water Pollution Prevention Act and tighter voluntary standards for nitrate nitrogen, etc., as well as an increase at the Seki Factory due to the full-scale operation of new processes.

Wastewater volume

The volume of wastewater is usually linked to water consumption volume. Alongside the increase in water consumption in FY2021, wastewater volume also increased by 12% year-on-year.

■ Amount of water discharge (sewage effluent) (5 factories in Iruma district + Seki)



Solid waste

Waste

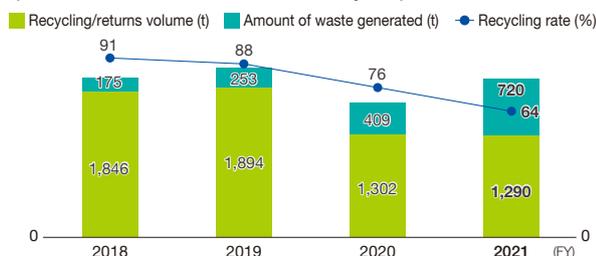
Matsuda Sangyo contributes to the effective use of Earth's resources and conservation of its environment through its precious metals recycling business. At the same time, we reduce the volume of waste generated in the production process and take it a step further by detoxifying and processing waste. In this way, we operate a consistent environmental conservation and recycling system.

Industrial waste

Each business site carries out stringent management of industrial waste.

Although the volume of industrial waste increased at Seki

■ Changes in amount of waste generated and recycling rate (5 factories in Iruma district + Seki + Sayama)



■ Volume of waste generated by each business site (FY2021)

	Requirements for businesses discharging a vast quantity of waste (excluding intermediate treatment)	Discharge (kg/year)							
		Musashi Factory	Iruma Factory	Iruma No. 2 Factory	R&D Center	Musashi No. 3 Factory	Seki Factory	Seki No. 2 Factory	Sayama Business Operation Center
Specially controlled industrial waste	Discharge of 50,000 kg/year Quantities shown in the brackets are for FY2020	446,699.0 (326,216.0)	0.0 (0.0)	1.5 (2,480.0)	0.0 (0.0)	0.0 (0.0)	14,580.0 (47,530.0)	0.0 (0.0)	246.0 (89.0)
Industrial waste	Discharge of 1,000,000 kg/year Quantities shown in the brackets are for FY2020	34,652.0 (38,494.0)	55,177.0 (33,815.0)	76,444.0 (135,078.0)	0.0 (0.0)	73,540.0 (0.0)	464,296.0 (214,170.0)	2,030.0 (860.0)	41,355.0 (39,578.0)

Factory in FY2021, this was because periodic analysis based on the law determined that scrubber wastewater, which had been treated as specially controlled industrial waste in FY2020, does not fall under specially controlled industrial waste. Accordingly, the volume of specially controlled industrial waste fell while the volume of industrial waste increased in FY2021.

Volume of waste generated and recycling rate

We take pride in our sophisticated recycling technology, and we achieve stable and high recycling rates every year.

In FY2021, as the final disposal method used for increased wastewater from new processes launched at Seki Factory was the landfill, the total volume of waste generated increased for the five factories in the Iruma area, combined with the Seki Factory and Sayama Business Operation Center, while recycling rate fell.

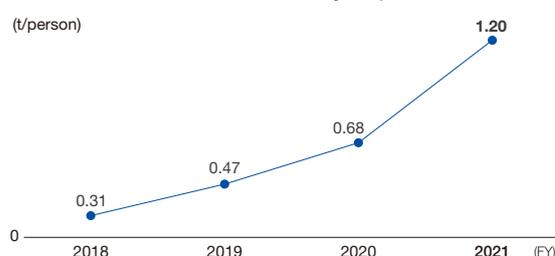
With regard to specially controlled industrial waste, the volume of waste acid and waste alkali increased accompanying the increase in production volume for some processes at Musashi Factory. At the Sayama Business Operation Center, the volume of specially controlled industrial waste increased as sludge was generated during the cleaning of waste acid and waste alkali storage tanks.

With regard to industrial waste, the quantity of valuables contained in recycled raw materials processed at Musashi No. 3 Factory was smaller than anticipated and had to be commissioned for processing as industrial waste, resulting in the increase.

Basic unit of waste generated

In FY2021, the volume of waste generated for the five Iruma factories, Seki Factory, and Sayama Business Operation Center combined increased more than the increase in the number of personnel, and the basic unit of waste generated also increased.

■ Changes in waste discharge intensity (amount of waste discharged to landfill) (5 factories in Iruma district + Seki + Sayama)



Sustainability Initiatives: Environment

Pollution prevention

Regulated substances, such as hazardous substances in wastewater

Matsuda Sangyo set voluntary standards that are more stringent than legal standards for the contained amount of regulated substances, such as hazardous substances in wastewater, and achieved all the standards.

■ Substances in wastewater (Musashi Factory: As of March 2022 Musashi No. 2 Factory: As of March 2022)

Analysis items	(Unit)	Legal regulation	Voluntary standards	Analysis results	
				Musashi Factory	Musashi No. 2 Factory
BOD	mg/l	600	540	Less than 1	Less than 1
COD	mgO/l	—	—	180	130.00
Cd (Cadmium)	mg/l	0.03	0.027	Less than 0.003	Less than 0.003
CN (Cyanide)	mg/l	1	0.9	Less than 0.1	Less than 0.1
Pb (Lead)	mg/l	0.1	0.09	Less than 0.05	Less than 0.05
Cr ⁶⁺ (Hexavalent chromium)	mg/l	0.5	0.45	Less than 0.05	Less than 0.05
As (Arsenic)	mg/l	0.1	0.09	Less than 0.01	Less than 0.01
Hg (Mercury)	mg/l	0.005	0.0045	Less than 0.0005	Less than 0.0005
Se (Selenium)	mg/l	0.1	0.09	Less than 0.01	Less than 0.01
F (Fluorine)	mg/l	8	8	Less than 1	Less than 1
B (Boron)	mg/l	10	10	2.15	Less than 1

BOD: Biochemical oxygen demand COD: Chemical oxygen demand

Regulated substances such as hazardous substances in emission gas

Matsuda Sangyo set voluntary standards that are more stringent than legal standards for the contained amount of regulated substances, such as hazardous substances in emission gas, and achieved all the standards.

■ Measurement in a high-temperature oxidation reactor (as of February 2022; as of October 2021 for dioxins)

Analysis items	(Unit)	Legal regulation	Voluntary standards	Analysis results
Dust	g/m ³ N	0.25	0.1	0.0054
SOx (Sulfur oxide)	m ³ N/h	11.342	11.342	0.0015
NOx (Nitrogen oxide)	ppm	250	180	14
CO (Carbon monoxide)	ppm	—	—	18
HCl (Hydrogen chloride)	mg/m ³ N	200	200	1.5
Dioxins	ng-TEQ/m ³ N	10	0.1	0
Ag (Silver)	mg/m ³ N	—	—	0.0058

Note: The scope of measurements covered Musashi Factory and Musashi No. 2 Factory.

■ Measurement in a waste incinerator (as of January 2022; as of July 2021 for dioxins)

Analysis items	(Unit)	Legal regulation	Voluntary standards	Analysis results
Dust	g/m ³ N	0.15	0.1	0.012
SOx (Sulfur oxide)	m ³ N/h	4.625	4.625	0.0026
NOx (Nitrogen oxide)	ppm	250	180	120
CO (Carbon monoxide)	ppm	100	100	10.0
HCl (Hydrogen chloride)	mg/m ³ N	500	200	1.2
Dioxins	ng-TEQ/m ³ N	5	0.1	0.022

Note: The scope of measurements covered Musashi Factory, Musashi No. 2 Factory, and Iruma Factory.

Hazardous substances

Management of chemical substances

Matsuda Sangyo handles various chemical substances in its precious metal refining and waste detoxification processes. In managing these chemical substances, Matsuda Sangyo

positions the occupational health and safety for workers as a matter of top priority, based on which it approaches the important matters of reducing the discharge of hazardous substances to the air, water, and soil, and eliminating hazardous substances from products.

■ Quantity of Class I Designated Chemical Substances discharged/moved (FY2021)

Chemical substance	(Unit)	Business site	Quantity discharged			Quantity moved	
			Air	Water	Soil	Sewage systems	Waste
Silver	kg	Musashi Factory	1.1	0.0	0.0	47	0.0
		Musashi No. 2 Factory	19	0.0	0.0	4.7	22
Cyanides	kg	R&D Center	0.6	0.0	0.0	0.0	0.0
		Iruma No. 2 Factory	27.9	0.0	0.0	0.0	0.0
		Seki Factory	22.7	0.0	0.0	0.9	3
Fluorides	kg	Iruma No. 2 Factory	6.4	0.0	0.0	3.0	764.5
		Seki Factory	56	0.0	0.0	8.8	6,621
Lead	kg	Musashi Factory	0.0	0.0	0.0	0.0	0.0
		Musashi Factory	0.000000	0.0	0.0	0.00203	0.0
Dioxins	mg-TEQ	Iruma Factory	1.00	0.0	0.0	0.0	0.0
		Musashi Factory	0.0	0.0	0.0	0.0	0.0
Ferric chloride	kg	Iruma No. 2 Factory	0.0	0.0	0.0	0.0	0.0
		R&D Center	0.0	0.0	0.0	0.0	0.0
Manganese compounds	kg	Musashi Factory	0.1	0.0	0.0	0.0	0.0
		R&D Center	0.0	0.0	0.0	0.0	0.0

Environmental management system

Matsuda Sangyo has established, and operates, an environmental management system that is linked to business promotion and quality control. We acquired the environmental management accreditation ISO 14001 in 1999, and the quality management accreditation ISO 9001 in 2006.

Since January 2017, we have been operating a management system that integrates environmental management based on ISO 14001 and quality management based on ISO 9001, under our Quality and Environmental Policy that is centered around the following four pillars: customer satisfaction first, compliance focus, contribution to reduce environmental burden and to establish a sound material-cycle society, and accomplishment of plan-do-check-act (PDCA) cycle.

This system was audited jointly for both the ISO 9001 and ISO 14001 certifications by the accreditation organization in August 2017.

Thorough compliance

Matsuda Sangyo always ensures thorough compliance with the latest environment-related laws and regulations. We have been recognized by 103 local governments across Japan as

an “Excellent Business.” To ensure full compliance with the law internally, the Environmental Management Promotion Group visits business sites across Japan every year to conduct evaluations on compliance with legal requirements, particularly based on the Waste Management and Public Cleansing Act, as well as to provide guidance.

Environmental education

Matsuda Sangyo conducts education and training for all employees based on ISO 14001. We provide the education and training needed for specific tasks, and ensure that employees meet the requirements in their work. Alongside the operation of the new integrated management system launched in January 2017, we are also striving to raise the level of education and training.

Environmental accounting

To support the promotion of environmental management, we have introduced environmental accounting since FY2009. The cost of initiatives to reduce and minimize environmental burden in FY2021 amounted to approximately 749 million yen, while the amount of investment was approximately 486 million yen.

■ Environmental conservation costs (Classified by business activities)

Target period: April 1, 2021–March 31, 2022 Scope: Production departments

Reference guidelines: Ministry of the Environment, “Environmental Accounting Guidelines (2005 Edition)”

(Unit: Thousands of yen)

	Classification	Main initiatives	Cost	Amount of investment
(1) Business area cost	1 Pollution prevention cost	Maintenance and management of emission gas processing facilities, wastewater processing facilities, etc.	347,694	452,065
	2 Global environmental conservation cost	Energy conservation activities (solar power generation, power saving, etc.)	9,698	0
	3 Resource circulation cost	Processing/disposal of industrial waste (in-house, contracted)	268,549	34,548
(2) Upstream/Downstream cost		—	0	0
(3) Administration cost		Management activities through the environmental management system	30,102	0
(4) R&D cost		Enhancing the efficiency of industrial waste processing	90,677	0
(5) Social activity cost		Local community cleaning activities	3,251	0
(6) Environmental remediation cost		—	0	0
Total			749,970	486,613

The Matsuda Sangyo Group Human Rights Policy

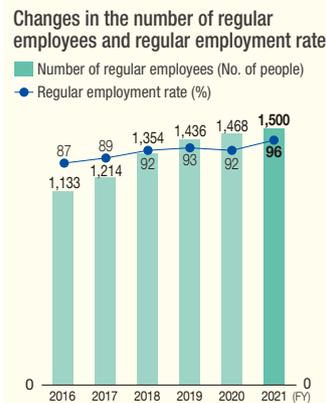
The Matsuda Sangyo Group Human Rights Policy was enacted on December 16, 2022, based on the Basic Policy on Sustainability, to serve as the basis for all our business activities Group-wide.

This Policy was resolved by the Board of Directors of Matsuda Sangyo Co., Ltd. The full text is available on the company's website.

Employment situation

Constant recruitment of fresh graduates and mid-career employees, and appointment as regular employees

As of the end of FY2021, the number of regular employees of the Matsuda Sangyo Group is 1,500, and regular employment rate out of all employees is 96%. While the focus is on the regular recruitment of fresh graduates, Matsuda Sangyo also proactively carries out mid-career recruitment. In addition, we also actively promote dispatch employees to contract employees, and contract employees to regular employees.



Re-employment system, employment of disabled persons

Currently, the percentage of employees who are working after the retirement age of 60 exceeds 90%, and most of these employees continue working until they are 65 years old. Even after 65 years old, employees can continue working if it is desired by the company and the employee.

Matsuda Sangyo promotes the employment of persons with disabilities, with a focus on the production departments. At the three Saitama offices to support continuous employment, whom we have contracted services to, several dozens of people are engaged in Matsuda Sangyo's work. We are also proactive in employing persons with mental disabilities.

Promoting female empowerment

We promote female empowerment based on the Act on the Promotion of Women's Active Engagement in Professional Life, such as by reducing the gender gap in the average number of years of continued service, and introducing reduced working hours systems for childcare and nursing or family care.

Labor unions

Matsuda Sangyo has a labor union, and we strive to maintain healthy labor-management relationships through regular labor-management consultations.

1. Scope of application

This Policy is applicable to officers and employees of the Matsuda Sangyo Group.

The Matsuda Sangyo Group requires everyone who is involved in our business activities to support this policy, and to adopt a similar policy.

2. Responsibility to respect human rights

The Matsuda Sangyo Group will fulfill its responsibility to respect human rights by putting in place the appropriate remedial measures to rectify the situation, as well as preventive and mitigation measures, in cases our business activities are found to have an adverse impact on human rights arise or contribute to such adverse impact. We also encourage everyone who is involved in the business activities of our corporate group to take the appropriate steps in situations that have an adverse impact on human rights.

3. Compliance with applicable laws

The Matsuda Sangyo Group complies with laws and regulations that are applicable in the respective countries and regions where we conduct our business activities. In situations where contradictions arise between internationally recognized human rights and the laws and regulations of the respective countries or regions, we take the approach of respecting the principles of human rights that are recognized internationally.

4. Commitment to human rights issues

The Matsuda Sangyo Group complies with the laws of countries and regions and fulfills its responsibility of respecting human rights across all its business activities.

We recognize that addressing the following human rights issues is an important element, and put thorough efforts into ensuring compliance by the officers and employees of our company, such as by incorporating respect for human rights into the Matsuda Sangyo Group Global Code of Conduct.

Childcare and nursing or family care leave systems, injury and sick leave system

Through the operation of the childcare and nursing or family care leave systems and the injury and sick leave system, we strive to create an employee-friendly environment that gives consideration for the individual circumstances of employees. Based on the amended Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, we revised our Childcare Leave Regulations and introduced a parental leave at birth system to ensure that both male and female employees are able to strike a balance between work and childcare demands.

We have also concluded a labor-management agreement that makes it possible for employees to work during their leave if they wish to do so.

Going forward, we will continue to work on developing an environment where the child-raising generation can work with motivation in.

Health management initiatives

The Matsuda Sangyo Group believes that strategic implementation of employee health management can contribute to the revitalization of the organization, such as by improving productivity and vitality among employees. This

- We will eradicate and abolish all forms of discrimination in recruitment and employment based on race, ethnicity, nationality, creed, religion, disability, descent, gender, sexual orientation, gender identity, age, health conditions, etc.
- We do not tolerate any form of harassment, nor any behavior that is hurtful to others both physically and mentally.
- We do not tolerate forced labor and child labor.
- We respect the freedom of association and right to collective bargaining in accordance with laws that are applicable in the countries and regions where we conduct our business activities.
- We will comply with laws pertaining to wages and the working hours that are applicable in the countries and regions where we conduct our business activities, and strive to reduce excessive hours, while at the same time securing wages above the minimum wage stipulated by law.

We identify human rights issues that are of particular importance to the Group through the human rights due diligence process and engagement with our stakeholders. The issues identified are reviewed regularly.

5. Human rights due diligence

The Matsuda Sangyo Group conducts human rights due diligence periodically and continuously, for the purpose of identifying, evaluating, preventing, and mitigating the adverse impact of business activities on human rights. In cases where our business activities are found to have an adverse impact to human rights, or to contribute to such adverse impact, remedial measures are taken through the appropriate means.

6. Dialogue and consultation (engagement with stakeholders)

The Matsuda Sangyo Group utilizes the expertise of external parties in the field of human rights in the implementation of this Policy, and at the same time, proactively engages in dialogue and discussions to identify issues and work toward improvements, with stakeholders who are actually or potentially impacted adversely by human rights.

in turn leads to improvements in business performance and raises our value as an organization. In view of this, we enacted the Health Declaration in FY2021 and are actively engaged in health management.

Selected for the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category)

Under the basic philosophy of “Respect humankind; the capacity of humankind is limitless,” we establish various relevant systems, promote disease prevention and follow-up after disease onset, and promote work-life balance, among other efforts aimed at helping employees work healthily and energetically. As a result, we were selected for the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category).

[Physical health]

In addition to regular medical examinations for all employees conducted in accordance with the law, employees who are 35 years and older are recommended to undergo multiphasic health screening with subsidies provided by the company. Subsidies are offered to female employees to undergo medical examinations for diseases and conditions specific to women, with the aim of enabling the early detection and treatment of various diseases.

7. Education and raising awareness

The Matsuda Sangyo Group conducts appropriate education and capacity building for officers and employees of the Group, and strives to implement activities to promote understanding among everyone who is involved in the Group’s business activities.

8. Reporting and information disclosure

The Matsuda Sangyo Group discloses information on its human rights initiatives based on this Policy, through its website, reports, and other means.

9. Governance and promotion system

With regard to the status of compliance with this Policy and the Group’s human rights initiatives, the Sustainability Committee reports periodically to the Executive Board and Board of Director of Matsuda Sangyo Co., Ltd., and promotes human rights initiatives under the supervision of the Board of Directors. The Group has appointed a person-in-charge of the implementation of this Policy, who will be responsible for overseeing compliance with this Policy in our business activities.

10. Whistleblowing and complaint processing

The Matsuda Sangyo Group advocates a free and open communication culture. Employees can consult with their supervisor about human rights concerns, or report through the internal whistleblowing system established based on our Reporting Management Regulations. We have also set up external reporting contact points on our website that stakeholders within and outside the company can use to report on any violation or concerns related to the Policy for Responsible Management of Precious Metals. We will work on building an effective whistleblowing and grievance mechanism to capture and address the human rights concerns of all our stakeholders in a timely manner.

[Mental health]

All employees undergo stress checks and group analysis is carried out to identify workplace problems that are difficult to spot, which in turn contributes to improvements in the workplace. In addition, the Employee Assistance Program (EAP) has been introduced to provide support to employees facing problems that are difficult to discuss with those around them (supervisors, colleagues, family members, etc.) through counselling with third-party counsellors. Employees are encouraged to make use of this service, and support is provided to help maintain the health of employees with serious anxieties as well as their families.

[Promoting communication]

Alongside upgrading the company’s internal infrastructure and launching the use of a chat tool for employees, we are also promoting internal communication by advancing internal publicity activities.

[Work systems]

To promote a balance between work and recuperation from illness and injury, childcare, providing long-term care for others, etc., we have established various systems including telecommuting system, hourly paid leave, childcare leave, and nursing or family care leave.

Sustainability Initiatives: Quality and Safety/Occupational Health and Safety

Supporting our corporate values through thorough quality management and safe operations
(To win the trust of our customers and ensure the safety of communities and employees)

Quality management and quality assurance system

The Matsuda Sangyo Group has established a quality management and quality assurance system over many years, and continues to put in place improvements even today. We acquired the environmental management accreditation ISO 14001 in 1999, and the quality management accreditation ISO 9001 in 2006.

In 2017, we integrated the separately adopted Quality Policy and Environmental Policy as the Quality and Environmental Policy, and we have been operating the integrated management system since November 2017 after a joint audit for both the ISO 9001 and ISO 14001 certifications by the accreditation body.

We also plan to launch operation of the system at our overseas business sites by 2020, and gradually expand operation at more sites. The Singapore, Thailand, Malaysia, and Taiwan sites have acquired ISO 9001 certification, while the Singapore, Thailand, Malaysia, Taiwan, and Vietnam sites have acquired ISO 14001 certification. Additionally, the Taiwan and Vietnam sites have acquired the ISO 45001 certification for occupational safety and health management.

Note: Please see below for information on the ISO operational status in the Precious Metals Business Segment. Details on quality management in the Food Business Segment are provided on p.19-22.

Confidentiality system

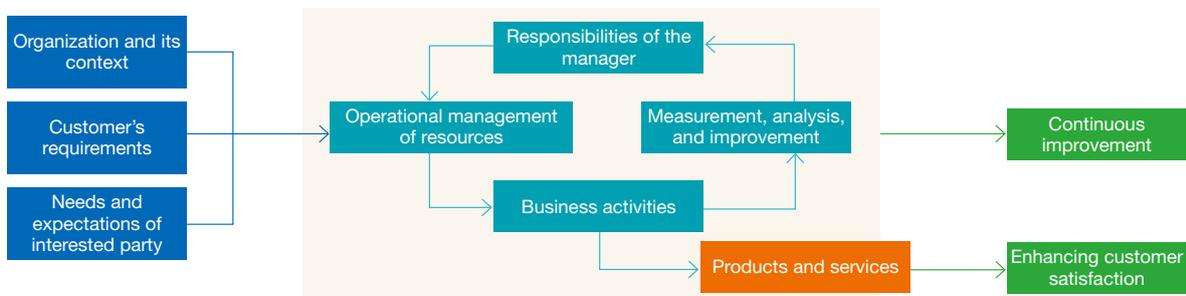
Matsuda Sangyo recovers out-of-specification components from electronic component factories as precious metal raw material. As the recovered materials contain customers' intellectual property information, we not only process the material to destroy confidential information at our Iruma Factory, but also provide a service of using our mobile crushing vehicle to crush the material at customers' premises where it is transported out from, before transporting it to our factories.

The Iruma Factory is recognized as a site that can destroy confidential materials in out-of-specification components that have acquired Evaluation Assurance Level (EAL) 6 of Common Criteria (ISO/IEC 15408), which is an evaluation standard for IT security, without the customer's presence.



Mobile crushing vehicle

Quality assurance system based on the PDCA cycle



ISO operational status at each business site in the Precious Metals Business Segment

	ISO integrated management system	ISO 9001	ISO 14001	ISO 45001
Precious Metals Recycling Division	○			
Environmental Solution Division	○			
Precious Metals Material Division	○			
Metals/Environment Sales Division	○			
Metals/Environment International Business Division	○			
Production Control Division	○			
Quality Assurance Dept.	○			
Technical Development Dept.	○			
Bullion and Commodity Operations Dept.	○			
Singapore		○	○	
Thailand		○	○	
Malaysia		○	○	
Taiwan (local subsidiary)		○	○	○
Vietnam			○	○

Providing products that reduce burden on the Earth's environment

Based on our mission as a metals recovery and refining corporation with a long history, Matsuda Sangyo sells EcoPGC-grade potassium gold cyanide that is produced from 100% recycled gold (Au) to reduce the burden on the Earth's environment. EcoPGC-grade potassium gold cyanide is certified to be made from 100% recycled gold through validation of Matsuda Sangyo's production processes by the evaluation body. Going forward, we will continue to expand our production of eco-series precious metal compounds.



Certificate indicating that the product is made from 100% recycled raw materials

Approach to safety management

As the business activities of our corporate group can involve danger, we take extreme care with safety. By ensuring safe operations, we strive to secure the safety and peace of mind our communities and employees, as well as maintain and improve the sustainability of our business and our corporate value.

Occupational safety and health initiatives

Regular disaster readiness drills and emergency response training

In addition to conducting company-wide safety and health management courses (irregular) implemented by the Japan Industrial Safety and Health Association, the production departments also formulate and implement safety and health plans every year. Additionally, we have established a Safety and Health Committee to work on maintaining and improving occupational safety and health. Each factory implements a wide range of educational and training courses regularly, such as “Disaster Readiness Morning Assembly,” “Disaster Readiness Training,” “Emergency Response Training,” and “Emergency Lifesaving Course” to learn about artificial respiration and cardiac massage.



Japan Industrial Safety and Health Association Risk assessment course



Traffic safety course organized by the police department

Self-defense Fire Brigade

Employees form a Self-Defense Fire Brigade at each factory, and it is customary to participate in the Self-Defense Fire Brigade Training Meet organized by the Saitamaseibu Fire Bureau. Disaster readiness training based on the theme of fires are conducted in a more practical manner with guidance from the Iruma Fire Station.



Self-Defense Fire Brigade Training Meet

Disaster readiness training

At the Sayama Business Operation Center, we conduct disaster readiness training and various other training programs once a year. In FY2021, the joint training with Sayama City Fire Station was cancelled as a precautionary measure during the COVID-19 pandemic. In February 2022, evacuation training was carried out mainly for the Self-Defense Fire Brigade at the Business Operation Center, in order to verify safe behavior in the event



Disaster readiness training in the premises

of an earthquake or fire. In addition, fire drills and workshops conducted with the cooperation of the fire department are also implemented basically every year.

Emergency response training based on the ISO integrated management system

Regular emergency response training is carried out at the Sayama Business Operation Center based on the ISO integrated management system. By conducting training based on hypothetical scenarios such as effluent leakage from drums or tanks on tankers, or gas reaction situations, we work to put in place preventive measures and prevent secondary disasters from happening.

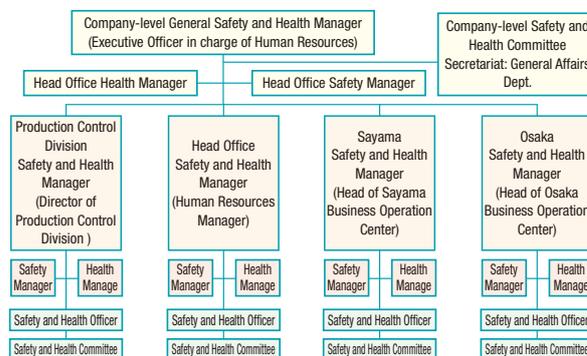


Emergency response training

Courses on handling high-pressured gas

Various high-pressured gases are used in regular work at each of our factories. To ensure safe handling and prevent accidents from occurring, we conduct courses on handling high-pressured gas with the cooperation of the High Pressure Gas Safety Institute of Japan.

■ Safety and health management organization structure for the whole company



Initiatives shared across safety management and environmental conservation: Transportation measures

To prevent the leakage of hazardous substances, we put in place precise environmental and safety measures for the transportation of waste.

Anti-leakage vehicles

For the transportation of liquid industrial waste, we have adopted the use of anti-leakage vehicles that can collect leakages without allowing any outflow of leaked effluent.



Anti-leakage vehicles

Installation of safety belt bars

Operation of the top hatch of tankers is work carried out at height. We have installed safety belt bars on all vehicles for safety, as a part of our efforts to prevent workers from falling.

Close Communication with Stakeholders (Involvement in Local Communities)

Promoting business and expanding social contribution through communication

Matsuda Sangyo's business is directly linked to conservation of the Earth's environment and the building of a circular society, and we recognize that our business itself is a form of social contribution. By promoting communication and cooperation with local communities, we are working on advancing a socially meaningful business and expanding our social contribution.

Conclusion of agreement on "Conservation of Living Environment" with Iruma City and Seki City

Based on the Agreement on the Conservation of Living Environment that we concluded with Iruma City, Saitama Prefecture, in May 2006, we have faithfully implemented "operations that minimize environmental burden," "operations that contribute to promoting recycling," and "operations based on cooperation with local residents" in our industrial waste disposal operations at our factories in Iruma City.

In addition, we have also concluded an environmental agreement with the local government of Seki City, Gifu Prefecture, and we are cooperating with the local community on conserving the local environment.

Cleaning Day in cooperation with Iruma City

Matsuda Sangyo supports the objectives of the Citizens' Cleaning Day held on the first Sunday of June every year by Iruma City. Accordingly, we also conduct cleaning activities on a weekday in June every year. On the day, we clean the areas around Musashi Factory, Musashi No. 3 Factory, Iruma Factory, Iruma No. 2 Factory, and the R&D Center, and transport the garbage collected to the Iruma City General Clean Center on garbage collection trucks, in cooperation with the liaison committee of the industrial park. We also clean the area outside the Sayama Business Operation Center in Sayama City, Saitama Prefecture, voluntarily every month.



Cleaning activities around Sayama Business Operation Center



Cleaning activities around Iruma Factory



Cleaning activities around Musashi No. 3 Factory

Cooperation with local communities: 30 years of cooperative relationship with offices that support continuous employment

Matsuda Sangyo's business activities are also supported by members of the local communities. We have built practical, cooperative relationships with two continuous employment support offices in Iruma City, and one continuous employment support office in Sayama City. We ask the NPO "Niji no Sato" Niji no Sato Welfare Workshop, located in Iruma City, to help extract X-ray films collected from hospitals across the country from their envelopes or bags, and to remove plastic packaging from semiconductor substrates for recycling. We have cooperated with this facility for about 30 years.

Staff from the NPO have given feedback such as, "Everyone feels that it is a rewarding job which contributes to the world." We have also been asking the "Oruri" Continuous Employment Support B Office of the Social Welfare Corporation Habataki-kai, also located in Iruma City, to carry out the same work for about 30 years, thus building a cooperative relationship.

In 2014, we started cooperating with the Oasis Workshop of NPO "Budo no Kai" in Sayama City, and have also asked two other offices to help with the same work. Promoting cooperation with the local communities through our business activities leads to the development of both our company and the local society.



社会貢献活動

日本の年号が令和から平成に変わろうとするころ、入間市役所から当社に打診がありました。それは、「入間市内の授産施設の自立を促すために、協力をしてほしい」というものでした。当社は、その主旨に賛同し長期にわたって安定的に委託できる業務を探した結果、創業以来行っている仕事をお願いすることとなり、現在では様々な仕事を提供しております。

当社とNPO法人「虹の郷」入間市虹の郷福祉作業所と、社会福祉法人羽博会（はばたきかい）「あおるり」就労継続支援B型事業所との関係はこうして始まり、すでに30年を超えている中、現在でも密着した連携を取り事業推進にあたっております。

各スタッフの方から「みんな、自分たちの仕事の中で社会に貢献している事にやりがいを感じています」と向っており、当社としても今後障害者労働施設の自立、並びに更なる関係強化にあたってまいります。

当社では、こうした委託作業を通じて地域社会との絆をより深めたいと考えています。

入間市内授産施設の皆様へ、いきがいと就業を提供しています。

入間市内養護施設への業務委託

NPO法人「虹の郷」

社会福祉法人羽博会「あおるり」

作業提供

作業提供

作業所内の取り組み

松田産業の貴金属製錬リサイクルフロア図が揭示され、作業所の位置付けが表現されています。

松田産業株式会社 武蔵・入間工場

Poster explaining our cooperation with the offices that support continuous employment in Iruma City

Cooperation with the local community on activities to raise awareness of the environment: Iruma Environment Fair

Matsuda Sangyo participates in the Iruma Ecology Fair, an environment event held in Iruma City. This is an event that citizens, businesses, and private organizations participate in to encourage more citizens to take an interest in the environment. While the event was cancelled in 2021 as it was in the year before, we will continue to participate actively going forward, and provide information to the public on how we are building a circular society through our business of recycling precious metals recovered from out-of-specification components.

Factory tours for elementary school students

Matsuda Sangyo operates a business that is directly linked to the building of a circular society. With a view to spreading awareness on the significance of this, we proactively welcome elementary school students from the local communities for factory tours. Iruma City conducts seminars for elementary school students in the city to help them learn about the mechanism of the economy through visits to companies in

the city, and Matsuda Sangyo cooperates with the city on this initiative. The participating children listen enthusiastically to explanations by the employees, while our company also gains a valuable opportunity to contribute to fostering awareness on the building of a circular society through direct explanations about our business to the children.



Participation in Iruma City's decarbonization activities

Iruma City, along with four neighboring cities, made the “Zero Carbon City” joint declaration in February 2021, and it is implementing initiatives toward achieving decarbonization. It was also selected as an SDGs Future City for FY2022 by the Government of Japan, and is promoting the development of a “well-being city” that strikes a balance between the three aspects of environment, society, and economy.

Iruma City is cooperating with diverse entities including citizens, corporations, and government bodies, toward the realization of a “Zero Carbon City.” To build a system for promoting decarbonization-oriented urban development, it established the Iruma City's Zero-carbon Council in June 2022. Concrete initiatives include making an early start on measures such as promoting the installation of solar panels in public and private facilities in the city. At the same time, it is also boosting efforts to attract and create new local power producer and suppliers with a view to enabling local production and local consumption of energy, which is the consumption of electricity produced in the local region by the local community. Matsuda Sangyo is participating in Iruma City's decarbonization initiatives through the Iruma Manufacturers Association.

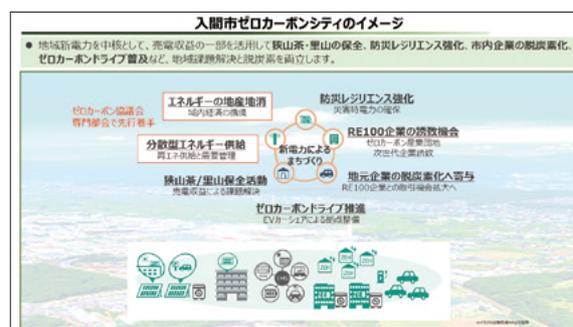


Image of Iruma City as a Zero Carbon City (provided by Iruma City)

Basic approach to corporate governance

Matsuda Sangyo has built a management system aimed at responding swiftly to changes in the management environment, and to realize fair and highly reliable management. We also put effort into complying with the laws, social norms, and ethics, and work to enhance our compliance system by providing timely education and training to all officers and employees, and take proactive steps to disclose information in order to enhance management transparency. In these ways, we strive to strengthen corporate management.

Corporate governance system

Matsuda Sangyo recognizes the importance of ensuring transparency and fairness in our decision-making. Based on this, we are strengthening our management oversight function from an independent and neutral position by adopting a company format with an Audit and Supervisory Committee and appointing four independent outside directors as members of this Committee.

We have also introduced an executive officer system to strengthen both our management and business execution functions, with a view to building a system that can respond swiftly and appropriately to changes in the market environment.

Board of Directors

Matsuda Sangyo's Board of Director is made up of 11 members, comprising seven internal directors and four independent outside directors. The independent outside directors make up more than one-third of the members of the Board.

The Board of Directors convenes a regular meeting once a month in principle, as well as extraordinary meetings where necessary. It deliberates and decides on important management matters including legal matters, and supervises the work execution status by each executive officer.

Audit and Supervisory Committee

Matsuda Sangyo's Audit and Supervisory Committee comprises four members (one full-time member, three part-time members), all of whom are independent outside directors. They supervise and conduct audits on the execution of duties by the directors, as well as the status of construction and operation of the internal control system, including compliance and risk management. We are also strengthening cooperation by facilitating the exchange of information between the Internal Audit Dept., which is an internal audit section, and the accounting auditors as necessary, and strengthening our audit and supervisory functions.

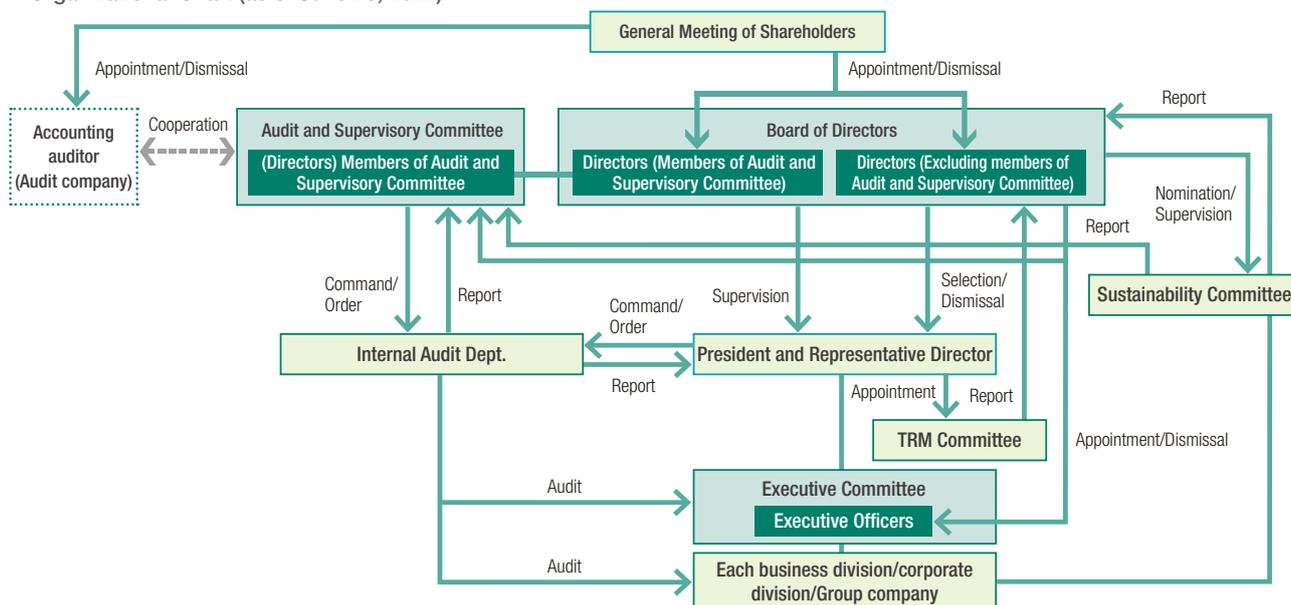
Sustainability Committee (newly established in May 2022)

The Sustainability Committee was established in May 2022 to advance initiatives related to sustainability issues, including climate change, under the supervision of the Board of Directors, with the aim of striking a balance between realizing a sustainable environment, society, and economy, and enhancing our corporate value.

Total Risk Management (TRM) Committee

Matsuda Sangyo has established a TRM Committee to manage risks based on hypothetical scenarios of wide-ranging risks, including compliance, environment, disaster, quality, information security, credit management, commodity market prices, and foreign exchange control.

■ Organizational Chart (as of June 28, 2022)



Toward enhancing the effectiveness of the Board of Directors

Matsuda Sangyo conducts evaluations on the effectiveness of the Board of Directors by carrying out an analysis based on a questionnaire survey conducted with the Board of Directors.

Evaluation items

(1) About the operation of the Board of Directors (2) About the agenda of the Board of Directors (3) About the system that supports the Board of Directors (4) Other items

Overview of the evaluation of the Board of Directors conducted in FY2021

According to the evaluation of the operation of the Board of Directors, arrangements for events held annually, pre-event notifications, and the securing of time for deliberations and discussions were adequate, agendas were selected based on the regulations, and sufficient time was secured for information-sharing and exchanges of opinions through prior explanations. Systems that support the Board of Directors were assessed to be sufficiently effective, such as reporting on work execution status every quarter by each Executive Officer.

Initiatives toward enhancing effectiveness

With the aim of achieving an even more effective Board of Directors, we promote the strengthening of the Board of Director's oversight and decision-making functions. For the next fiscal period, we will work on strengthening the Board's oversight function through the activities of the Sustainability Committee, in order to strike a balance between realizing a sustainable environment, society, and economy, and enhancing our corporate value.

Directors' qualifications, nomination procedures, and remuneration

1. Qualification of directors

Based on the stance of pursuing a composition and scale to realize an efficient and effective Board of Directors, Matsuda Sangyo identifies the knowledge, experience, and capabilities that each director should possess in consideration of the management strategy, and summarizes this information in the skill matrix. (Refer to the "List of Directors' Skills")

2. Policy and procedures for nominating directors

- Matsuda Sangyo has not established any independent advisory committees such as a voluntary nomination committee, but the Board of Directors receives advice from independent outside directors who are members of the Audit and Supervisory Committee, on matters related to the nomination and remuneration of directors.
- The appointment of candidate for directors outside of the Audit and Supervisory Committee is determined by the Board of Directors with recommendation by the Representative Director and based on the list of candidates presented by the Selection and Deliberation Committee of Candidates for Directors, in line with the policy of comprehensively assessing their experience, career history, personality, and work achievements.
- The appointment of candidates for directors who are members of the Audit and Supervisory Committee is determined by the Board of Directors with recommendation by the Representative Director and the consent of the Audit and Supervisory Committee, based on the policy of making a comprehensive assessment that includes their expertise in diverse fields, experience, and personality aspects as suitable candidates to fulfill the roles of giving advice that contributes to enhancing medium- to long-term corporate value, supervising management through the Board of Directors, supervising of conflict of interest by the company and the relevant persons-in-charge, and

List of Directors' Skills

Name	Director	Corporate management	Strategic business fields and business experience	Finance and accounting	Legal affairs and risk management	HR, labor relations, and HR development	Environment, society, and governance (ESG)
Yoshiaki Matsuda	President and Representative Director (President Executive Officer)	●	●				
Koji Tsushima	Executive Vice President (Executive Vice President Executive Officer)	●	●				
Yuji Katayama	Director (Senior Managing Executive Officer)	●	●		●	●	
Ryuichi Yamazaki	Director (Senior Executive Officer)	●	●				
Junichi Tsuzuki	Director (Senior Executive Officer)	●	●				
Kenji Isawa	Director (Executive Officer)	●	●			●	
Takehiro Ueda	Director (Executive Officer)	●	●	●			●
Shinichi Hatakeyama	Director (Outside/Independent) (Chairperson of the Audit and Supervisory Committee)			●	●		
Toshihiko Uchiyama	Director (Outside/Independent) (Audit and Supervisory Committee Member)			●	●		
Toshiyuki Kojima	Director (Outside/Independent) (Audit and Supervisory Committee Member)	●			●	●	
Kaoru Yokomise	Director (Outside/Independent) (Audit and Supervisory Committee Member)		●				●

reflecting intentions to the Board of Directors from an independent and neutral position, among others.

3. Policy and Procedures for Directors' Remuneration

- Matsuda Sangyo has not established any independent advisory committees such as a voluntary remuneration committee, but the Board of Directors receives advice from independent outside directors who are members of the Audit and Supervisory Committee, on matters related to the remuneration of directors.
- The remuneration of directors who are not members of the Audit and Supervisory Committee consists of a fixed remuneration component and a retirement allowance, which is paid out based on the Officer Retirement Allowance Regulations, subject to a resolution at the Ordinary General Meeting of Shareholders. The basic policy is to pay the full amount of remuneration in monetary basis.
- Individual directors who are not members of the Audit and Supervisory Committee receive a fixed monthly remuneration, and the range of the total amount of remuneration is resolved at the Ordinary General Meeting of Shareholders. A draft proposal on the amount of remuneration is prepared in consultation with the President and Representative Director, Executive Vice President, and the Director in charge of Human Resources, based on the standards established within the abovementioned range with consideration for the evaluation of the responsibilities each director should fulfill, their position, and their performance. The President and Representative Director, who has been entrusted by resolution of the Board of Directors, makes the decision based on the draft proposal.
- The amount of retirement allowance for individual directors who are not members of the Audit and Supervisory Committee is drafted and proposed in consultation with the President and Representative Director, Executive Vice President, and the Director in charge of Human Resources, based on the Officer Retirement Allowance Regulations. Based on resolution at the Ordinary General Meeting of Shareholders, the final decision is made based on the draft proposal, by the President and Representative Director who has been entrusted by resolution of the Board of Directors. Retirement allowances are paid out in a lump sum at the end of the month following the date of retirement.
- The remuneration of directors who are members of the Audit and Supervisory Committee is determined based on the policy for the remuneration of Audit and Supervisory Committee members, within the limits of the total remuneration resolved at the Ordinary General Meeting of Shareholders. Upon consultation with the President and Representative Director and comprehensive consideration of the evaluation of the responsibilities that members of the Committee should fulfill, their experience, expertise,

and other factors, the final decision is made with the unanimous agreement of all members of the Audit and Supervisory Committee.

Internal control

Matsuda Sangyo has established an internal control system based on the Companies Act and the Regulations for Enforcement of the Companies Act.

Audit status

Matsuda Sangyo's Audit and Supervisory Committee is made up of four Directors who are Audit and Supervisory Committee Members, all of whom fulfill the requirements for independent officers. Hence, all members are registered with the Tokyo Stock Exchange as independent officers. In addition, two Directors who are Audit and Supervisory Committee Members are qualified certified public accountants, and therefore have the financial and accounting expertise to gain a good understanding of the overall work and business of our company.

The audit activities of the Audit and Supervisory Committee are conducted in accordance with field-work standards that are based on the Audit and Supervisory Committee Regulations. The Audit and Supervisory Committee conducts audits based on the yearly audit plans, formulated in accordance with the risk analysis and evaluation.

Internal audit status

Matsuda Sangyo has established the Internal Audit Dept. as its internal audit section, and this audit office conducts internal audits based on the Internal Audit Regulations. Based on the yearly internal audit plan reported to the President and Representative Director, Board of Directors, and Audit and Supervisory Committee, an audit of business operations is carried out on the status of the development of internal controls across all the operations of Matsuda Sangyo and its subsidiaries, the effectiveness and efficiency of operations, and compliance status. It requests the audited department to take remedial actions on issues raised and verifies the implementation status of such actions.

The Audit and Supervisory Committee, accounting auditors, and Internal Audit Dept. report on audit plans and results, exchange opinions, and attend audits in person, etc. as necessary, built close relationships with each other, and put effort into strengthening the audit system.

Strengthening Group governance

With the aim of maximizing the value of the entire corporate Group, Matsuda Sangyo is working on strengthening Group governance, taking reference from the Practical Guidelines for Corporate Governance Systems (METI) and other guidance.

Matsuda Sangyo's internal control system is established for the entire corporate Group, including our subsidiaries. The Regulations for the Management of Affiliated Companies sets out a system for managing subsidiaries by classifying the business divisions and corporate divisions respectively as business management and administrative management. The TRM Committee, which serves as our risk management system, works to strengthen Group-wide risk management system by adding subsidiaries to the departmental subcommittees.

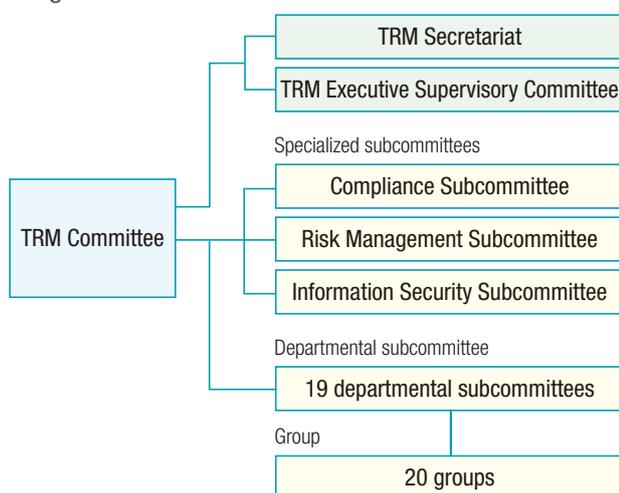
Risk management system

Matsuda Sangyo has established the Total Risk Management (TRM) Committee as an organization for managing and overseeing the various risks related to the business activities of the entire corporate Group, including the subsidiaries. In addition to preventing the emergence of various risks that have severe impact on corporate management, we take swift and precise response in the event of an emergency. We also build, operate, and evaluate the risk management system, and conduct education and training, and report on the results of these activities to the Board of Directors.

The TRM Committee has established departmental subcommittees and groups to create a risk management system by organizational units, and mainly carries out short-term risk management. It has also established specialized subcommittees as a management system for cross-organizational and medium-to-long-term risks. These specialized subcommittees work systematically to identify and evaluate risks, develop measures, carry out monitoring, and take remedial action, among others. There are also plans to establish a new specialized subcommittee for the management of sustainability-related risks.

With regard to risk awareness within the departmental subcommittees, we evaluate the respective elements—incidence of occurrence, degree of impact on economic loss,

■ Organizational Chart of the TRM Committee



and degree of detection—on a five-step scale, and quantify the multiplier of the result as the risk degree evaluation in order to identify significant risks.

The Chair of the TRM Committee, who is the person responsible for all risks across the company, conducts reviews of company-wide management of risks and reports the results to the Board of Directors and the Audit and Supervisory Committee.

Significant business risks (Excerpts)

(1) Price fluctuations for major products and commodities

The main raw materials used in the manufacturing of products handled by the Precious Metals Business Segment are recycled raw materials that contain precious metallic elements, primarily including gold, silver, platinum, and palladium. In principle, their purchase and sales prices are based on the market prices of precious metal bullion, and price fluctuations could have an impact on business results.

The products handled by the Food Business Segment are materials and ingredients used for food processing, such as marine products, livestock products, and agricultural products. The majority of these are produced overseas, and if sales prices were to fall as a result of the demand-supply balance of products, losses may occur due to the valuation loss of inventory assets. This could have an impact on business results.

(2) Legal regulations

In cases where legal regulations related to the Precious Metals Business Segment are strengthened, it may be necessary to take on additional capital investment burden to deal with such situations. As we are engaged in the businesses of collecting, transporting, and treating industrial waste, compliance with various laws is an important premise for business continuity. As a part of our efforts to ensure compliance across all our management activities, the Matsuda Sangyo Group has enacted the Matsuda Sangyo Group Global Code of Conduct as the highest internal standard for our business activities and other social activities, as well as the Compliance Regulations which sets out provisions on matters toward the realization of compliance.

(3) Natural disasters, climate change, and spread of infectious diseases, etc.

The occurrence of natural disasters such as earthquakes and floods could have an impact on business activities. The Matsuda Sangyo Group puts in place various measures to prepare for the occurrence of large-scale disasters, but it is impossible to avoid damage completely, and such disasters could have an impact on our business results and financial position. Abnormal weather conditions due to climate change and other factors could also have an impact on the manufacturing of products handled by the Food Business Segment, and thereby affect our business results and financial position. Additionally, the spread of unknown infectious

diseases could also have an impact on our business due to the suspension of production activities. The Matsuda Sangyo Group strives to prevent the spread of infections among employees should there be an outbreak of an infectious disease, such as by implementing teleworking from home, staggered working hours, and shift work. At the same time, while we have established a supply system for products, commodities, and services, procurement and business activities may be interrupted or come to a standstill due to the spread of infections within or outside the company. This could have an impact on our business results and financial position.

Management system for conflict minerals: Acquisition of international certification for global supply chain management

Matsuda Sangyo underwent an audit based on the Responsible Gold Guidance (RGG)*1 established by the London Bullion Market Association (LBMA), and acquired conflict-free*2 certification for gold in June 2014.

With the enforcement of the new Responsible Silver Guidance (RSG)*1 by LBMA, we also acquired the same certification for silver in November 2020.

Like LBMA, the London Platinum and Palladium Market (LPPM) enforced a new Responsible Platinum and Palladium Guidance (RPPG)*1, applicable to platinum and palladium registered with the organization, in January 2019. Matsuda Sangyo acquired this certification in January 2021.

In response to these, we amended our previous management policy in December 2020 and reflected the amendments as the updated “Policy for Responsible Management of Precious Metals.”

Matsuda Sangyo will continue to promote responsible precious metals trade.

*1 Documents that set out responsible actions related to the trading of gold, silver, platinum, and palladium respective.

*2 Not involved in fostering conflict (human rights violation, money laundering, financing of conflict and terrorism, etc.).



Conflict-free certification for gold



Conflict-free certification for silver



Conflict-free certification for platinum and palladium

Policy for Responsible Management of Precious Metals

In the transaction of precious metals (Gold, Silver, Platinum and Palladium), Matsuda Sangyo Co., Ltd. (hereinafter referred to as “The Company”) sets as basic policy to avoid transaction to a company located in high-risk area of human rights abuse, money laundering, etc., to prohibit provision of fund for conflict and terrorism, and to address a responsibility of sustainability, including ESG (environment, social and governance) factors.

In accordance with the responsible guidance established by LBMA and LPPM, The Company conducts due diligence of the supply chain for precious metals as follows.

Establishment of Management System

The Company shall set an executive officer for precious metals management. The Company shall conduct responsible management of precious metals in accordance with management system established by management representative who is appointed by the executive officer.

Identification and Assessment of Risks

The Company defines a company who has either the risks outlined in Annex II of the OECD Due Diligence Guidance or the risk of affecting an adverse impact on ESG factors as a high-risk counterparty. The Company shall conduct risk assessment to counterparties periodically. If an executive officer judges a counterparty as high-risk company, The Company devises a mitigation of that risk, otherwise The Company shall not deal with that counterparty.

Monitoring the Transactions and Retaining Records

The Company shall monitor that the documents received in advance and incoming materials are consistent with each other, and shall retain relevant records appropriately.

Employee Training

The Company shall provide necessary training for all employees who are involved in the responsible management of precious metals.

Third-party Audits

The Company shall periodically undergo audits conducted by independent third-party for the system of responsible precious metals management and its operational status.

Established: April 1, 2014
Revised: December 16, 2022

Company Overview

Corporate name	Matsuda Sangyo Co., Ltd.	Representative	President and Representative Director, Yoshiaki Matsuda
Established	June 18, 1951	Capital	¥3,559 million (as of March 31, 2022)
Head office	Shinjuku Nomura Bldg. 26-2, 1-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo Tel: +81-3-5381-0001 (Main line)	Number of employees (consolidated)	1,500 (as of March 31, 2022)

List of Offices and Factories (as of April 1, 2022)

Precious Metals Business Segment

Head Office / Sendai / Mito / Tokyo / Kanagawa / Shizuoka / Nagano / Nagoya / Nagoya 2 / Osaka / Kanazawa / Fukuyama / Fukuoka / Kagoshima

Food Business Segment

Head Office / Sapporo / Sendai / Kitakanto / Tokyo / Nagoya / Shizuoka / Osaka / Matsuyama / Fukuoka / Kagoshima / Quality Assurance Department (Tokyo)

Production Division

Musashi Factory / Musashi No. 3 Factory / Iruma Factory / Iruma No. 2 Factory / R&D Center / Seki Factory / Seki No. 2 Factory / Quality Assurance Department (Saitama)

Overseas Business Sites (subsidiaries)

Singapore / Ayutthaya, Thailand / Pinthong, Thailand (sales office) / Bangkok, Thailand / Philippines / Malaysia / Qingdao, China / Hung Yen Province, Vietnam / Ho Chi Minh, Vietnam / Taiwan / Taiwan (branch) / Republic of Korea / Mumbai, India

Overview of Group Companies (as of September 1, 2022)

Precious Metals Business Segment	MATSUDA ECOLOGY Co., Ltd.	Matsuda Sangyo (Thailand) Co., Ltd.
	JAPAN MEDICAL TECHNOLOGY Co., Ltd.	Matsuda Sangyo (Philippines) Corporation
	HOKKAIDO AOKI KAGAKU Co., Ltd.	Matsuda Sangyo (Malaysia) Sdn. Bhd.
	Z.E.R.O. JAPAN Co., Ltd.	Matsuda Sangyo (Vietnam) Co., Ltd.
	NIPPON MICROMETAL CORPORATION	Matsuda Sangyo (Taiwan) Co., Ltd.
Food Business Segment	Matsuda Sangyo (Singapore) Pte. Ltd.	Matsuda Sangyo (Korea) Co., Ltd.
	MATSUDA RYUTSU Co., Ltd.	Matsuda Sangyo Trading (Thailand) Co., Ltd.
	Gulf Foods Co., Ltd.	Matsuda Sangyo Trading (Vietnam) Co., Ltd.
	Matsuda Sangyo Trading (Qingdao) Co., Ltd.	Matsuda Sangyo Trading India Private Limited

Editorial Policy

This Report was previously published as the Environmental and Social Report from 2010 to report on Matsuda Sangyo's environmental and social activities. In 2015, it was upgraded to a comprehensive report on our corporate value. Since 2016, we have further enhanced this report and updated its title. Our aim is to provide a systematic report of our business model, strengths and growth strategy, and corporate value from the perspective of pursuing sustainability, and to promote further communication with all our stakeholders.

Period covered

FY2021 (April 1, 2021–March 31, 2022)

However, some information related to initiatives outside of the fiscal year covered is included.

Scope of data collection

Head Office, production departments, Precious Metals Business Segment business sites, Food Business Segment business sites (Information on the various environmental activities is mainly based on data from the production departments.)

The names of each division/department are correct as of April 1, 2022.

Reference guidelines

IFRS, "Integrated Reporting Framework"
United Nations, "Sustainable Development Goals (SDGs)"
METI, "Guidance for Collaborative Value Creation 2.0"

Publication date and next scheduled issue

Publication date: February 2023

Next scheduled issue: September 2023

Forward-looking Predictions/Projections/Plans

The forward-looking statements included in this Report are drawn up based on information available at the time of writing, and actual results and events may differ from predictions due to changes in the business environment or other factors. We ask for your understanding on this.

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