

Message from the Chairman of the Board of Directors

To achieve our Vision and realize sustainable growth for the Sanyo Chemical Group, we will strive to improve the effectiveness of the Board of Directors.

I assumed the position of Chairman of the Board of Directors in June 2024. Since the demands on the board of directors of listed companies are greater than ever before, taking on the role of Chairman was a difficult decision. However, at the “Salon,” a place for a frank dialogue with employees, in which I have been involved since becoming a Director in 2018, I have said that “trying to do things without refusing when asked will expand possibilities.” I therefore accepted the offer with the intention of doing my best to help the Group move in a positive direction, even if only a little.

Towards free and open discussions at the Board Meetings

After assuming the position of Chairman, I first discussed what kind of Board of Directors we should have. One of the new initiatives we implemented was to make effective use of the limited time available at the meetings of the Board of Directors (Board Meetings) by having the heads of each execution department hold a briefing session during lunchtime after each meeting. The knowledge I gained through these sessions about the Group’s products and the industry surrounding the Group has been very useful in discussions at the Board Meetings.

As for agenda items for the Board Meetings, Outside Directors clarify in advance the points they have doubts about or feel are not explained properly, and attend the meetings with supplementary information and numerical evidence. They offer a wide range of advice and comments based on their extensive experience, broad perspectives, and multifaceted thinking. I believe that incorporating their awareness of issues into internal discussions leads to constructive debate.

We also place importance on how to explain our decisions to employees to ensure that they understand them. Even if the Board of Directors agrees, it is

employees on-site who put them into practice. We urge executive officers to create a system that ensures that each employee is mindful of the fact that all departments are profit centers.

Strengths and challenges of the Board of Directors

The greatest strength of the Board of Directors is that the President demonstrates leadership in the face of unprecedented fundamental reforms and that we can support business execution with the determination to see the reforms through to completion after appropriately discussing the risks. We are steadily implementing the strategies outlined in the MTP 2025, including withdrawing from the superabsorbent polymer business, promoting Monozukuri Transformation, and overhauling the quality control system. In addition, taking the 2022 fatal accident seriously, we are making thorough efforts to ensure that safety is our top priority. I feel that we are becoming a better company through discussions at the Board Meetings.

Meanwhile, through the annual evaluation of the effectiveness of the Board of Directors, we have recognized that diversity on the Board of Directors is a challenge to be addressed. With this strength and challenge in mind, the Board of Directors should engage in lively discussions to realize our Vision, “Grow into a global, unique, and highly profitable company where every employee feels pride and satisfaction from his/her work,” as stated in “WakuWaku Explosion 2030.”

Diversity is the source of energy for reforms

For the Group to survive in this era of rapid change, we cannot simply seek answers by extending what we have done up until now. Believing that the energy of diverse people is essential for the Group’s survival, we work to create a workplace and organization where people with

diverse values can thrive.

We also recognize that the lack of female director candidates is a major issue. Gender inequality is largely rooted in people’s subconscious and cannot be resolved simply through the theory of gender equality. Measures that comprehensively address the situation of women are necessary.

The Board of Directors must consider diversity beyond women. The Nomination and Compensation Committee, an advisory body to the Board of Directors, must begin to consider what challenges the Group faces in the future and what kind of personnel are suitable to serve on the Board of Directors.

Management with a focus on the stock price

The Group’s company mission is “Establish a better society through our corporate activities.” We believe in honest and sound management that resolves social issues through our business and achieves sustainable, profitable growth.

While it is said that “stock prices reflect expectations,” our stock price has been sluggish for a long time. We take seriously our failure to meet investor expectations and consider this issue as a major theme for future Board Meetings. Through various measures outlined in the MTP 2025, the Group is transforming into a leaner management structure through improved performance and asset efficiency. Over the medium to long term, our corporate value will increase in both social and economic value, so we ask for your continued support for the Group in the future.

The “Salon” mentioned at the beginning is a valuable place for me to rediscover internal issues, the organizational culture, and the Group’s strengths that are not often discussed at the Board Meetings, based on the honest feedback of employees. We welcome all stakeholders, both inside and outside the company, to share their honest views with us, regardless of gender or position.

September 2025

Chairperson of the Board of Directors

Aya Shirai

