

*WakuWaku Explosion** 2030

To be a company
completely committed to
a "Waku Waku Future"



* "WakuWaku" is the Japanese word which express positive, bright, up-lifting feeling inspired by inner motivations and/or own wills.

Sanyo
Chemical
Interface Innovator

1 The Vision

2 Transformation toward the Vision

3 Activities to support the Transformation

4 Sustainability Initiatives



The Mission, Values of Sanyo

Company
Motto

“Let us contribute to building a better society through our corporate activities”

Society we want to achieve

- A circular society in harmony with the environment
- A society where people can live in health and peace
- A society where each individual can shine

Sanyo's
Contribution

**Support the
Environment**

Contribution to Carbon Neutral

**Support people
and their lives**

Improvement of QOL

**Support the
Diversity**

Improvement of Job Satisfaction

What we think important (Values)

- Waku Waku feeling from all stakeholders
- Co-creation* of the environmental and social value and economical value together with stakeholders.
- Every employee contributes to value creation

* Co-creation : Creating value with all stakeholders

The Vision of Sanyo

All employees feel pride and satisfaction from their work.
Grow into a global, unique, and highly profitable company



With the creativity of a diverse group of individuals,
by combining the "power" of our company and all our stakeholders,
we continue implementing rapid improvement
and we will be an innovator beyond the boundaries of chemistry.

1 The Vision

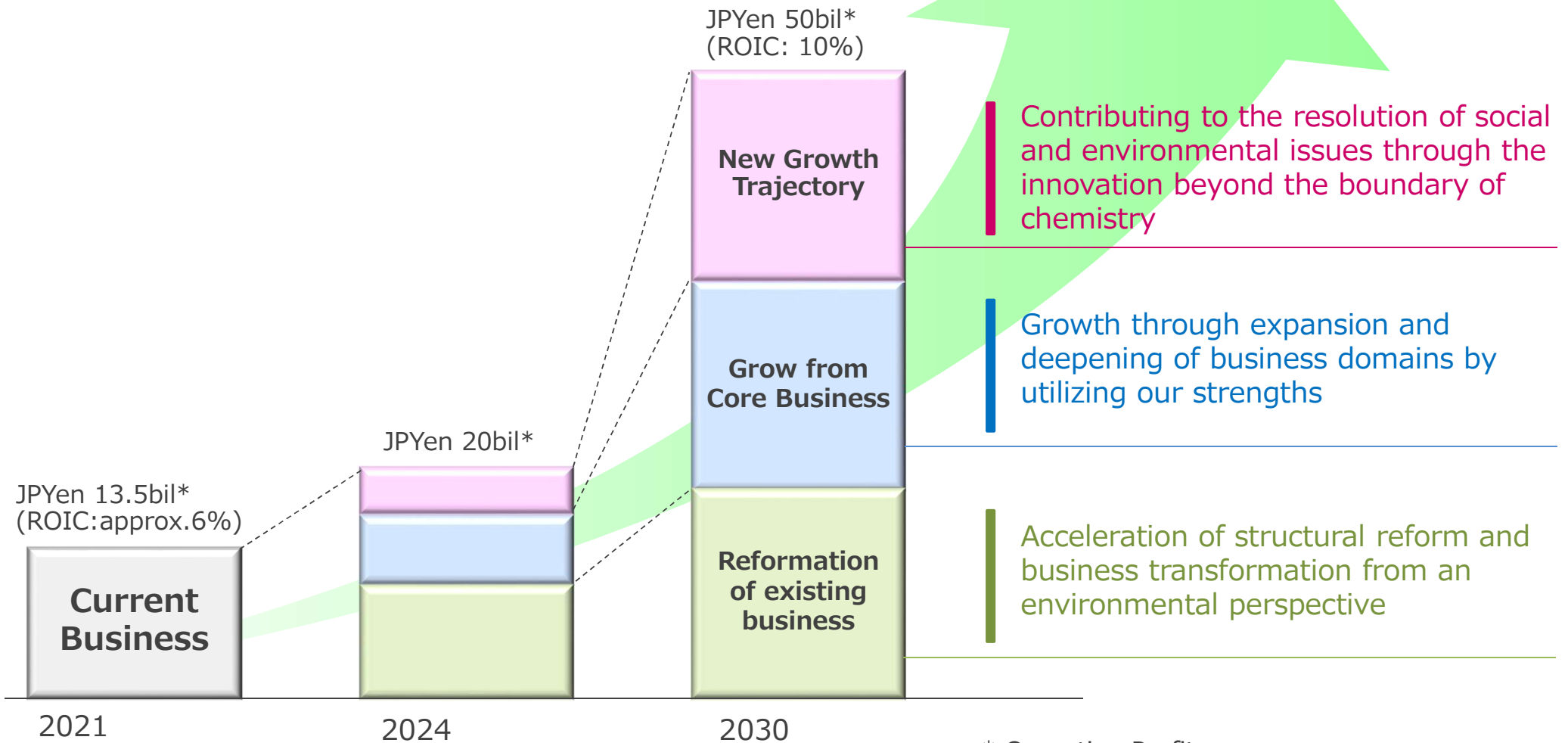
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Transformation toward the Vision



* Operating Profit

New Growth Trajectory

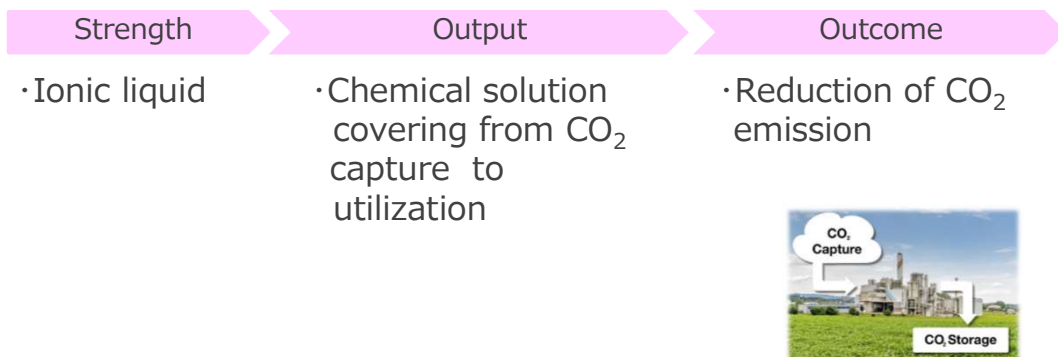
- **Create Value** from the perspective of environmental and social issues
- Entering new fields through strategic **alliances** and M&A
- Acquire world-leading technologies through joint research with universities

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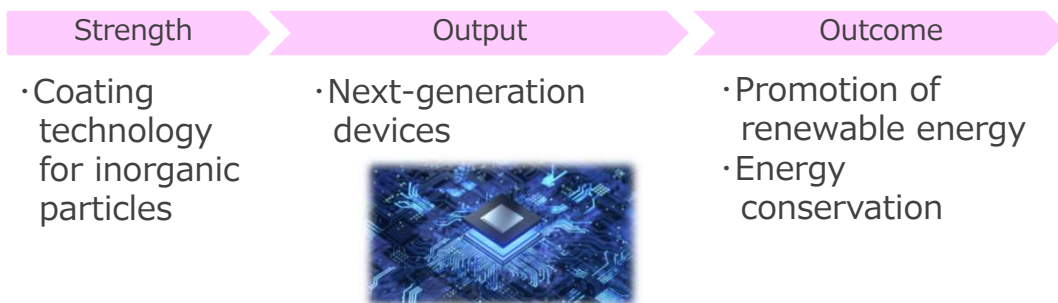
Support the Environment

Contribution to Carbon Neutral

1. CO₂ - Capture/Storage/Utilization



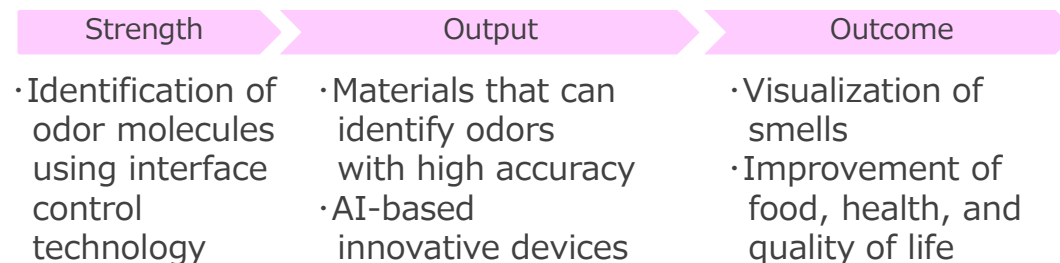
2. Energy Management



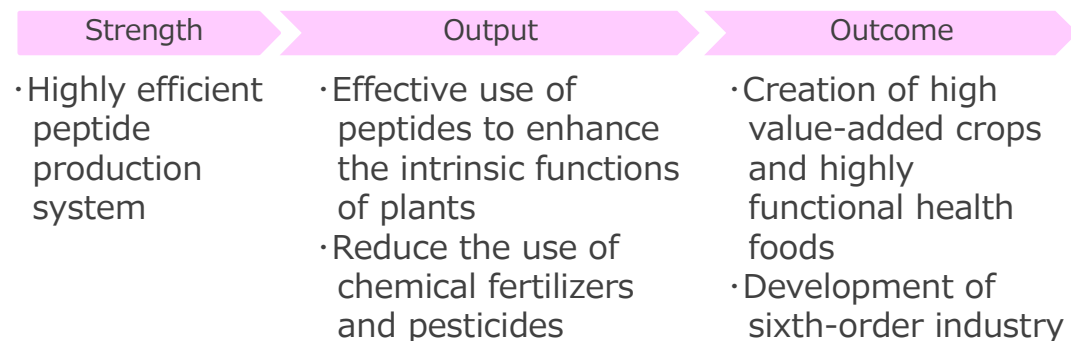
Support peoples and their lives

Improvement of QOL

1. Odor Sensor



2. Peptide for Agriculture



Growth from Core Business

- Business Development from the perspective of environmental and social issues
- Global expansion of business with competitive edge
- Strengthen competitiveness through alliances

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Support the Environment

Contribution to Carbon Neutral



1. Contribution to the reduction of GHG emissions

- 1) Improve fuel efficiency
 - Globalization of lubricant additive business
- 2) Promotion of clean energy
 - Global expansion of carbon fiber concentrators for wind power generation

2. Contribution to the circular society

- 1) Inorganic dispersion technology to protect water resources
- 2) Utilization of biomass resources
- 3) Global collaboration in the field of waterborne coatings
- 4) Global expansion of cleaning substrates to reduce water consumption
- 5) Contribution to material recycling (Imaging materials made from recycled PET, etc.)



Support peoples and their lives

Improvement of QOL



1. Medical/Healthcare

- 1) Specially controlled medical device: Non-biological surgical hemostatic material.
- 2) Genetically engineered medical devices: The first artificial protein in Japan
- 3) From Treatment Medical Care to Preventive Medical Care
 - Diagnostics business
- 4) Cosmetics and Pharmaceuticals: Capital and business alliances to expand business and strengthen competitiveness by utilizing mutual resources
 - Base materials for hair care and skin care
 - Materials for Regenerative Medicine



2. Lifecare

- 1) Removal of static electricity
 - Global expansion of permanent antistatic agent business
- 2) Comfort sleep
 - Raw Materials for Polyurethane foam



Reformation of Existing business

- Fundamental review of the business portfolio from a social and environmental perspective
- Strengthen competitiveness from a **global perspective**
- Reformation of the overall supply chain, Build Smart Factory

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Support the Environment x peoples & their lives

Contribution to CN x Improvement of QOL



1. Restructuring the Conventional business

1) Shift resources

- Shift to growing markets where the value of the company's contribution to social and environmental issues is large and where the strengths of the company can be leveraged.



2) Strengthen profitability

- Strengthening earning power through ROIC-based management



2. Organizational reformation or withdrawal of unprofitable and environmentally burdensome businesses

- Make the best decisions for all stakeholders based on contributions to social and environmental issues, the company's strengths, and market growth potential.



3. Strengthen competitiveness in all global sites

1) PPG business

- Established in Asian region (Thailand : GC Polyols)
- Production efficiency enhancement, Fundamental improvement in profitability

2) Lubricant Additives Business

- Establishing a base in Korea (Korea: Sanyo Chemical Manufacturing Korea, Ltd.)

3) Permanent antistatic agent business, surfactant business

- New production facility in Thailand

4. Establish the sustainable supply chain

1) Centralization and sharing of information across the entire supply chain

2) Adding the perspectives of the environment, labor conditions, and human rights to the raw material procurement policy.

3) Strengthen green procurement

(acquisition of RSPO* certification)

*) Roundtable on Sustainable Palm Oil

4) Contribution to plastic recycling

5) Implementation of resource conservation and waste reduction



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Activities to support the Transformation

“All departments are profit centers”

- Each and every employee of the Sanyo Group plays a leading role.
- Promoting WakuWaku works by spotlighting everyone.

Support the diversity

Improvement of job satisfaction

Business Division

- Division
Lubricant Additives, Imaging Materials, Biotechnology & Medical, Surfactants, Performance Materials, Polyurethane, Industrial Chemicals, Energy business, Digital Olfaction Business, Beauty & Personal Care

- Sales offices
(Nagoya, Hiroshima, Fukuoka)

Headquarters

- HR, General Affairs, Accounting, Audit, ERP, Planning, Financing, Administrative Affairs (administration, sales, research), Responsible Care

Affiliated company

One Team

SCST, SST, DX (Shanghai)
SKN, SDN (Nantong)

SKK, SMK, SNKL (Korea)

SANAM (USA)

SNL, SA, SDP
SPCC, SCC (Japan)

STW (Taiwan)

SDPM (Malaysia)

SKT (Thailand) SCTI (USA)

Production

- Production planning, procurement, plant engineering
- Factories (Kyoto, Nagoya, Kinuura, Kashima), logistics

“All departments are profit centers”

Support the diversity

Improvement of job satisfaction

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In order to create a company where each individual can shine and experience a sense of accomplishment, employees at production sites and headquarter sector also contribute to profits with their presence.

More safety, more comfort

1. Build Smart Factory :

Optimizing the entire factory by connecting people, products, and information

- Instrumentation and automation (fully automated plants, automated inspection systems, etc.)
- Improve the break-even point operating rate and the strategic renewal of old facilities.
- Improve the efficiency of the ordering / logistics system, optimize inventory

2. Ensuring compliance and the harmony with environment

- Identify and improve the level of safety culture and strengthen the educational system
- Achievement of zero accident/
Zero claim/Zero defective products



Corporate functions to generate profits

1. Respect for diversity and collaboration

< Personnel Philosophy > “Respect for diversity and collaboration”

- Each of us recognizes the individuality of each other and creates new value through the synergy of connections among individuals.

< HR Policy >

“Create an environment where employees can perform at their best.”

- By creating an environment in which individual abilities can be maximized and function effectively, employees will feel motivated and proud of their work. (A grading system that allows employees to make the most of their abilities, a compensation system based on abilities and roles, Fair and transparent evaluation system, HR development based on management skills and expertise)

2. Utilizing Intellectual Capital

- Establishing competitive advantage:
Practice of IP landscape (Strategic proposal based on IP environment analysis)
- Accelerating consulting activities by chemical analysis team across business lines

3. Improving the quality of business operations.

- Value co-creation with business units and headquarter sectors from perspective of accounting, finance, legal, general affairs, HR, IP, and chemical analysis.



“All departments are profit centers”

Work style reform

Support the diversity

Improvement of job satisfaction

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1. DEI

“To be a company where each and every employee can play an active role with peace of mind”



1) Promotion of Women's Participation and Advancement

- Endorsed the “Male Leaders Coalition for Empowerment of Women”
- Participate in “Empowerment for Women 21st Century School”

2) Promote “fair” work styles

- Support for reinstatement of parental leave and promotion of male parental leave
- Expand employment of foreign nationals, mid-career workers, and people with disabilities, and promote the activities of senior human resources

3) Activities to promote the understanding of LGBTQ

- Endorsed the “Business for Marriage Equality”
- Active participation in local rainbow pride parades
- Collaborating with YouTuber Kazue-chan



2. Workplace Reform

1) Promotion of Health and Productivity Management

- Establishment of a three-pronged system among the company, labor union, and health insurance union to promote health management and health initiatives.

1-1) Establishment of a “Health Promotion Council” that includes the management team

1-2) Establishment of a “health promotion team” of employees from each business site

1-3) Careful backup by regional general affairs and administration departments

2) Creative business promotion

- Promotion of work efficiency (Renewal of ERP system)
- Introduction of internal multiple work system

3) ABW* in the office

- Renovation of existing facilities, group addressing
- *ABW: Activity Based Working



Corporate Transformation by DX

“Toward a Creative Work Style”

STEP-0 (as is)

- Operation Review Working Team
- Telecommuting and remote work environment development

STEP-1

- Strengthening the digital organization
- Developing Digital Human Resources.

STEP-2

- Improve operational value and efficiency

STEP-3

- Transformation of existing business model
- Creation of an Innovation platform



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Sustainability Policy to Support Corporate Activities

Sanyo's contribution

Support the Environment

Contribution to Carbon Neutral

Support peoples and their lives

Improvement of QOL

Support the diversity

Improvement of job satisfaction

Environment Society & Life Governance

"Activities in the past"

E

- Reduce CO₂ emissions
- Activity of "Sanyo's Forest"
- Create SDGs related themes
- Waste reduction, water resource conservation
- Reduction of chemical substance emissions
- Green procurement

**S
&L**

- [Promotion of Work Style Reform]
- Empowerment of Women, LGBTQ in workplace
- "Fair" work style
- Elimination of 3M*
- [Cooperation with educational institutions nearby]
- Providing classes at local schools, Accepting educational trips
- [Safe and secure manufacturing site]

G

- [Management system]
- Independent outside Directors $\geq 1/3$
- Nomination and Compensation Committee
- Compliance Committee
- [Measures]
- Electronic exercise of resolutions of the shareholders' meeting
- Questionnaire on effectiveness of the Board of Directors

"Activities to be enhanced"

In year 2050 To be a CO₂ Net zero company

- Reduce CO₂ in entire supply chains
- Increase Eco-friendly products

To be a company make all stakeholders "Waku Waku"

- Supporting the creation of value in local industries (Preservation of traditional skills in Kyoto, etc.)
- A work environment recognizing diverse values
- Promote diversity in the leaders (women and foreigners)
- Improvement of employee engagement

* 3M muri (unreasonable), muda (wasteful), mura (uneven)

Ensuring transparent management

- Enhancement of disclosure of non-financial information
 - 1) Management philosophy, management strategies, and management plans
 - 2) Stance and policy on corporate governance
- Ensuring diversity and improving the effectiveness of the Board of Directors
- Enhancement of dialogue with shareholders
 - 1) Conducting questionnaires (Comments on shareholder newsletters and the general meeting of shareholders, etc.)
 - 2) Feedback of the survey results to the Board of Directors

Sustainability Action Plan

E	Contribution to Carbon Neutral	Direct Emissions (Scope1) + Indirect Emissions (Scope2)	
		2030 Target	CO ₂ emission reduction more than 50% (compared to 2020)
		2050 Target	Net Zero
	Contribution to Circular Economy	2024 Target	Eco-friendly Product ratio* more than 35%
		2030 Target	Eco-friendly Product ratio* more than 50%
			* by our own index (30% in 2020)
S & L	Supporting the creation of value in local industries	<ul style="list-style-type: none"> Address the community's challenges by contributing to the expansion of demand and revitalizing local industries through new value creation with manufacturing technologies 	
	A workplace that recognizes diverse values	<ul style="list-style-type: none"> Promotion of DEI, improvement of psychological safety, and reforms to ensure a more job satisfactory Supporting people's sustainable lifestyles and improving their QOL 	
G	Enhancement of disclosure of non-financial information	<ul style="list-style-type: none"> Investment in human capital and intellectual property, including climate change-related risks and profit opportunities Basic policies on respect for human rights, health and working environment of employees, and fair and ethical business conduct Basic policy on business portfolio, quality assurance management policy 	
	Ensuring diversity and improving the effectiveness of the Board of Directors	<ul style="list-style-type: none"> Disclosure of the directors' skills matrix Ratio of independent outside directors: Board of Directors $\geq 1/3$, majority votes in Nomination and Compensation Committee Ratio of women on the board of directors $\geq 30\%$ Separation of management and business execution 	

Examples of Sustainability Actions

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E

Contribution to carbon neutral

Contribute to the reduction of GHGs by vigorously promoting sustainable management through fundamental strategies, including the restructuring of the business portfolio.

Reformation of existing business

- Review of portfolio to reduce CO₂ emissions
- Building Smart Factories
- Strengthen green procurement

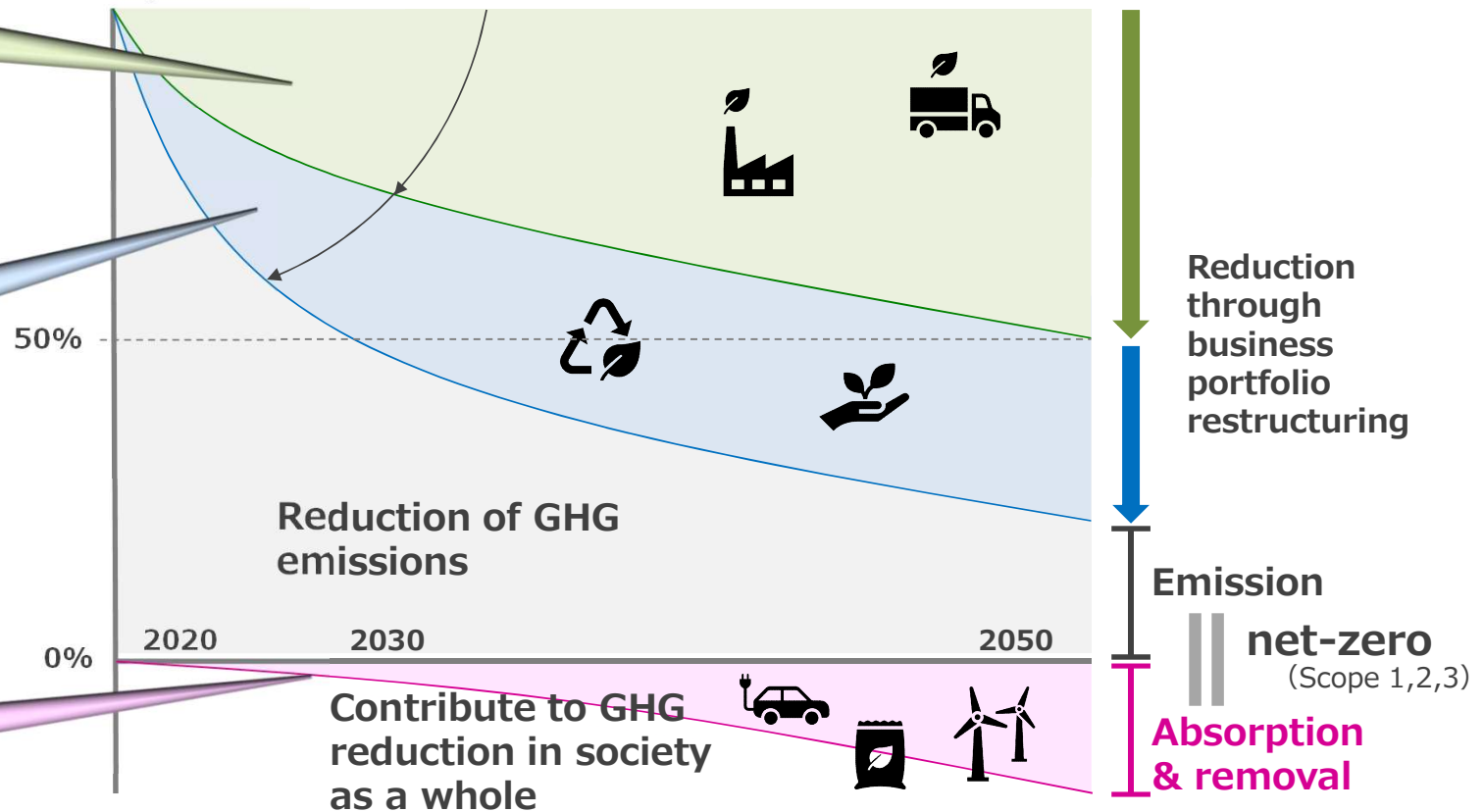
Grow from Core Business

- Strengthen alliances from a global perspective
- Utilization of biomass resources
- Contribution to material recycling
- Increase the ratio of eco-friendly products

New Growth Trajectory

- Strengthen broad alliances with a society-wide perspective
- 1) CO₂ capture, utilization, and storage
 - 2) Contribution to the spread of renewable energy
 - 3) N₂O Reduction through Peptide Agriculture

GHG emission rate (vs FY2020)
100% (about 2.6 million ton)



Examples of sustainability actions

E

Contribution to Circular Economy

Environmental Action Plan “S-TEC 21-24”

Environmental Protection Initiatives

- Analysis of government trends and development/introduction of related technologies
- Consortium with neighboring and related companies
- Development of internal systems (introduction of internal carbon pricing)
- Fulfill our responsibilities as a special excellent business operator under the “Emission Reduction Plan System based on the Global Warming Countermeasures Ordinance”
- Promotion of environmental load reduction
 - 1) Energy consumption: Aim for the highest S rank (-5%) in the activity evaluation index stipulated in the Energy Conservation Law
 - 2) Water consumption: Expanded the scope from basic unit to total volume.
 - 3) Reduction of chemical substance emissions: Expand the scope from domestic emissions only to global emissions

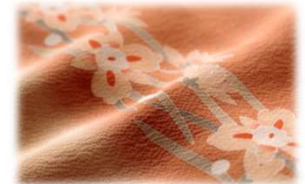


S & L

Supporting value creation in local industries

Preserve traditional technologies in Kyoto

- Contribute to the inheritance of Kyoto's traditional industries through the power of technology in cooperation with local governments and local businesses.



G

Ensuring diversity and improving the effectiveness of the Board of Directors

Effectiveness of the BoD

- Improve the effectiveness of the Board of Directors through an independent third-party's questionnaire for Board members.



Toward a “Waku Waku Future”

All Sanyo Chemical Group companies will work together to proactively resolve various issues in order to build a sustainable and better society.

In order to achieve this goal, we will work together with all of our stakeholders to realize an “Waku Waku future” while always striving to achieve new goals and valuing the job satisfaction of each and every employee, including global staff.

