

*WakuWaku Explosion** 2030

To be a company
completely committed to
a "WakuWaku 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 Chemical

Company
Mission

“Establish a better society through our corporate activities”

The society we want to achieve:

- An environment-friendly circular-oriented society
- A society where people can live healthy and safely
- A society where everyone can shine with their personality

Sanyo
Chemical's
Contribution

**Support the
Environment**

Contribution to Carbon Neutrality

**Support People
and Their Lives**

Improvement of QOL

**Support
Diversity**

Improvement of Job Satisfaction

Our Values:

- Inspire WakuWaku feeling from all the stakeholders
- Co-create environmental, social and economic values with the stakeholders
- Facilitate every employee's value creation

* Co-create : Create value with all the stakeholders

The Vision of Sanyo Chemical

Grow into a global, unique, and highly profitable company where every employee feels pride and satisfaction in his/ her work.



We create innovations beyond the boundaries of chemistry, by the inspirations of our diversified employees, the cooperation of our company and all our stakeholders, and the implementation of rapid and continuous challenges.

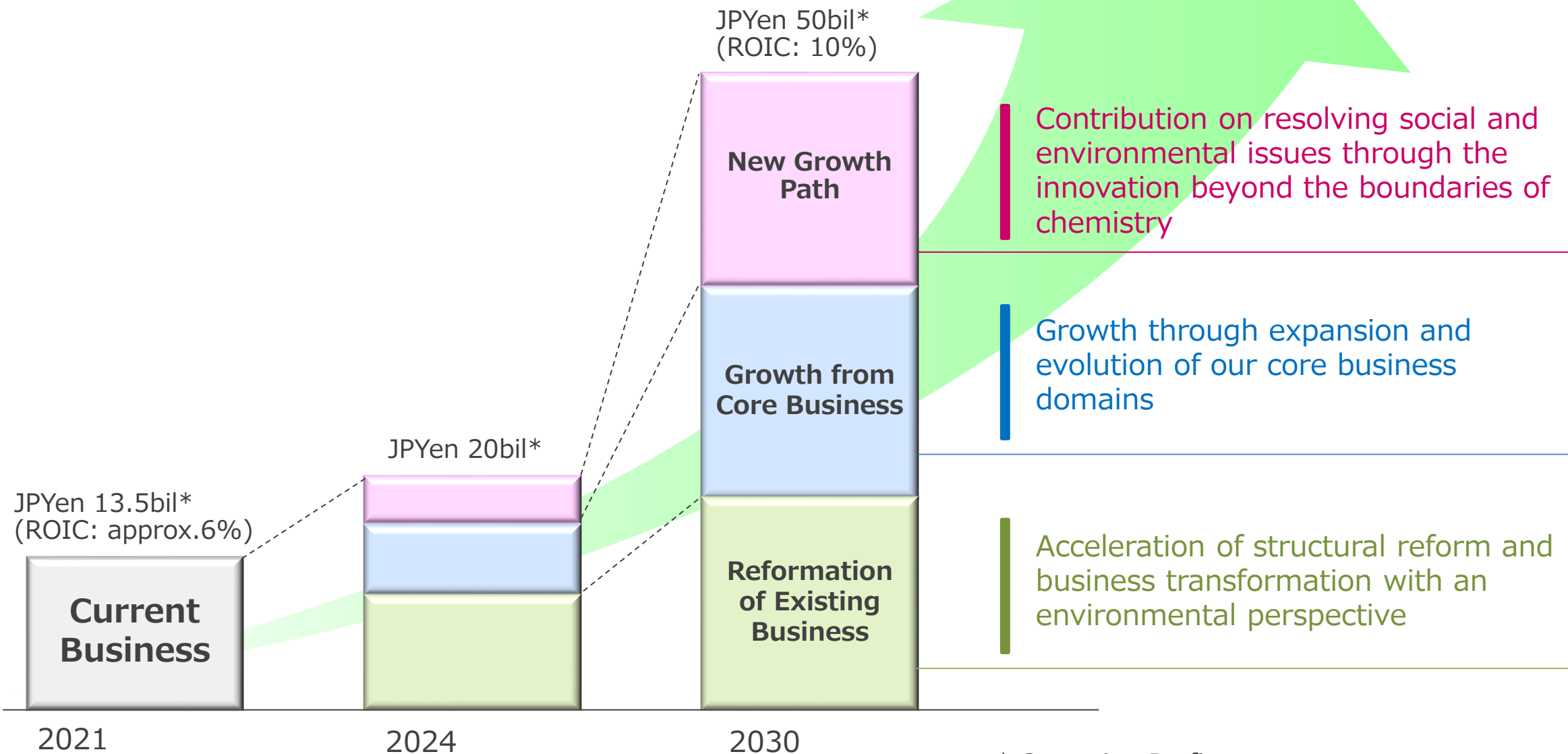
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Transformation Toward the Vision



New Growth Path

- Create values from the perspective of environmental and social issues
- Enter 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 Neutrality

1. CO₂ - Capture/Storage/Utilization

Our Strength

- Ionic liquid

Value Creation

- Chemical solution covering from CO₂ capture to utilization

Society Contribution

- Reduction of CO₂ emission



2. Energy management

Our Strength

- Coating technology for inorganic particles

Value Creation

- Next-generation devices



Society Contribution

- Promotion of renewable energy
- Energy conservation

Support People and Their Lives

Improvement of QOL

1. Electronic nose

Strength

- Identification of odor molecules using interface control technology

Value Creation

- Materials that can identify odors with high accuracy
- AI-based innovative devices

Society Contribution

- Visualization of smells
- Improvement of food, health, and quality of life



2. Peptide for agriculture

Our Strength

- Highly efficient peptide production system

Value Creation

- Effective use of peptides to enhance the intrinsic functions of plants
- Reduce the use of chemical fertilizers and pesticides

Society Contribution

- Creation of high value-added crops and functional health foods
- Support business diversification of farmers



Growth from Core Business

- Expand businesses from the perspective of environmental and social issues
- Expand our core businesses globally
- Strengthen competitiveness through alliances

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Support the Environment

Contribution to Carbon Neutrality



1. Contribution to the reduction of GHG emissions

- 1) Improvement on 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 People 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

- Review our business portfolio drastically from a social and environmental perspective
- Strengthen competitiveness from a **global perspective**
- Reform in the overall supply chain and build Smart Factories

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Support the Environment, People and Their Lives

Contribution to CN and Improvement of QOL



1. Restructure conventional businesses

- 1) Shift resources
 - Shift to growing markets where we can utilize our strengths and can contribute considerably to social and environmental issues
- 2) Strengthen profitability
 - Strengthen earning power through ROIC-based management



2. Reform or withdraw unprofitable and environmentally burdensome businesses

- Make the best decisions for all the 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
 - Establish production site in Asian (Thailand : GC Polyols)
 - Enhance productivity and improve profitability drastically
- 2) Lubricant Additives business
 - Establish a production base in Korea (Korea: Sanyo Chemical Manufacturing Korea, Ltd.)
- 3) Permanent antistatic agent business & surfactant business
 - Establish a new production facility in Thailand

4. Establish the sustainable supply chain

- 1) Centralize and share information across the entire supply chain
- 2) Add 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) Contribute to plastic recycling
- 5) Implement resource conservation and waste reduction measures



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Activities to Support the Transformation

“Every department is a profit center”

- Every employee of the Sanyo Chemical Group plays a leading role.
- Promoting WakuWaku works by spotlighting everyone.

Support Diversity

Improvement of Job Satisfaction

Business Division

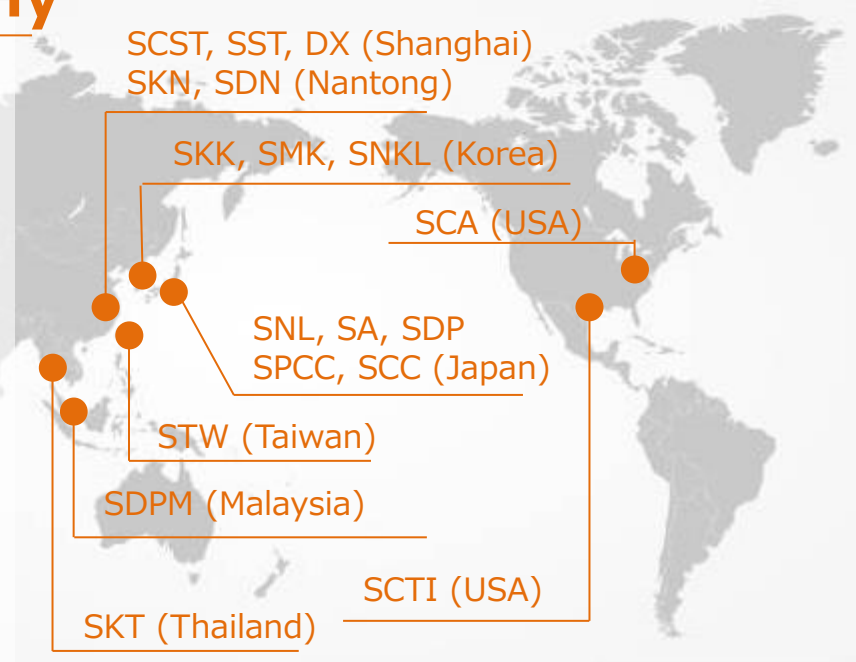
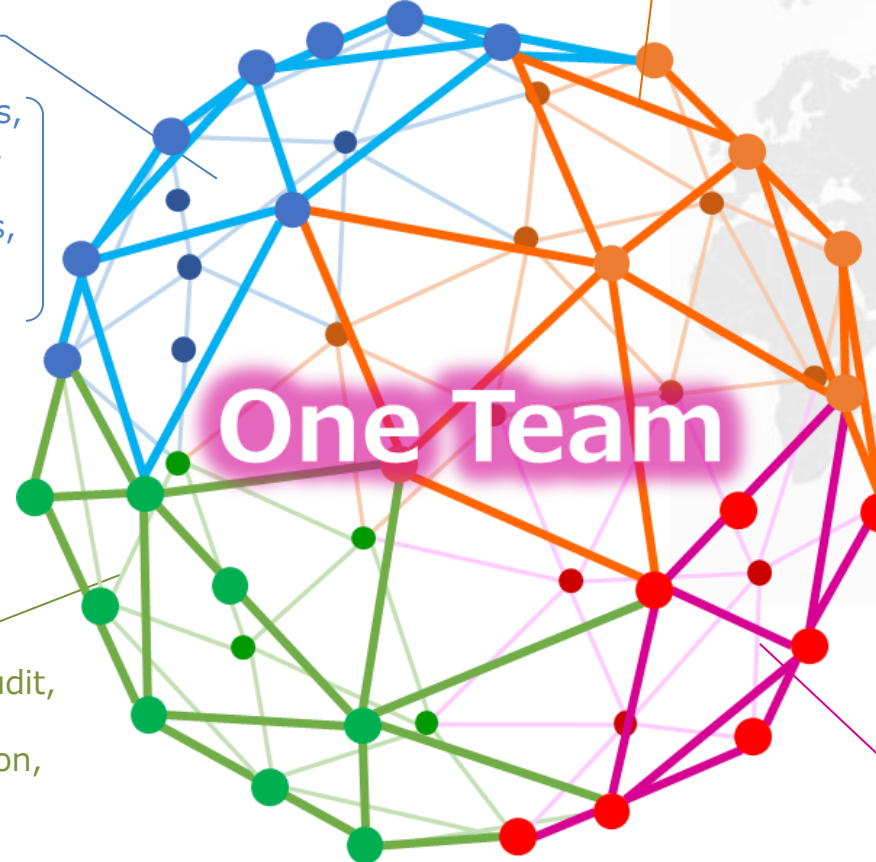
- Division
 (Lubricant Additives, Imaging Materials, Biotechnology & Medical, Surfactants, Performance Materials, Polyurethane, Industrial Chemicals, Energy business, Digital Olfaction Business, Beauty & Personal Care)

- Sales offices
 (Nagoya, Hiroshima, Fukuoka)

Headquarters

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

Affiliated Company



Production

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

“Every department is a profit center”

Support Diversity

Improvement of Job Satisfaction

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In order to create a company where everyone can shine and experience a sense of accomplishment, employees at production sites and headquarters also contribute to profit with their expertise.

More safety and more comfort

1. Build Smart Factory:

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

- Instrumentation and automation (highly automated plants, automated inspection systems, etc.)
- Improvement on the break-even operating rate and the strategic renewal of old facilities.
- Efficiency improvement of the ordering / logistics system, and inventory optimization

2. Ensure compliance and harmony with the environment

- Identify and improve the level of safety culture and strengthen the educational system
- Achieve Zero accident, Zero claim and Zero defective products



Corporate functions to generate profits

1. Respect diversity and collaboration

< Personnel Philosophy > “Respect diversity and collaboration”

- Each of us recognizes personalities of each other and creates new values 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. Utilize intellectual capital

- Establish competitive advantage:
 - Practice IP landscape (management strategy based on IP environment analysis)
- Accelerate consulting activities by chemical analysis team across business lines

3. Improve the quality of business operations

- Co-create values among business units and headquarter sectors from the perspective of management, accounting, finance, legal, general affairs, HR, IP, and chemical analysis.



“Every department is a profit center”

Support Diversity

Improvement of Job Satisfaction

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Work style reformation

1. DEI

“To be a company where every employee can play an active role without fear”



1) Promote Women's Participation and Advancement

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

2) Promote “fair” work styles

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

3) Promote the understanding of LGBTQ

- Endorse the “Business for Marriage Equality”
- Participate actively in local rainbow pride parades
- Collaborate with YouTuber Kazue-chan



2. Workplace reformation

1) Promotion of health management

- Establish a three-pronged system among the company, labor union, and health insurance union, and promote health management and health initiatives.
 - 1-1) Establish a "Health Promotion Council" that includes the management team
 - 1-2) Establish a “Health Promotion Team” of employees from each business site
 - 1-3) Carefully backup by regional general affairs and administration departments

2) Creative business promotion

- Promote work efficiency (Renewal of ERP system)
- Introduce internal multiple work system

3) ABW* in the office

- Renovate existing facilities and group addressing
- *ABW: Activity Based Working



Corporate Transformation by DX

“Toward a creative work style”

STEP-0 (as is)

- Operation Review Working Team
- Develop telecommuting and remote work environment

STEP-1

- Strengthen the digital organization
- Develop digital human resources.

STEP-2

- Improve operational value and efficiency

STEP-3

- Transform existing business model
- Creation of an innovation platform



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Sanyo Chemical's Contribution

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"Activities in the past"

E

- Reduction of CO₂ emissions
- Activity of "Sanyo's Forest"
- Creation of SDGs related themes
- Waste reduction and 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 local educational institutions]
- Provide classes at local schools and Accept company visit
- [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"

Be a CO₂ Net zero company in 2050

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

Be a company who makes "WakuWaku" of all the stakeholders

- Support the value creation in local industries (Preservation of traditional technologies in Kyoto, etc.)
- A work environment recognizes diverse values
- Promote diversity in the leaders (women and foreigners)
- Improve employee's engagement

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

Ensure transparent management

- Enhance disclosures of non-financial information
 - 1) Management philosophy, management strategies, and management plans
 - 2) Philosophy and policy on corporate governance
- Ensure diversity and improve the effectiveness of the Board of Directors
- Enhance dialogues with shareholders
 - 1) Conduct questionnaires (Comments on shareholder newsletters and the general meeting of shareholders, etc.)
 - 2) Feedback of the survey results to the Board of Directors

Environment Society & Life Governance



Sustainability Action Plan

E	Contribution to carbon neutrality	Direct Emissions (Scope1) + Indirect Emissions (Scope2) 2030 Target CO ₂ emissions reduction by 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	Support the creation of values in local industries	<ul style="list-style-type: none"> Address the community's challenges, contribute the expansion of local demand, and revitalize local industries through new value creations with manufacturing technologies 	
	A workplace that recognizes diverse values	<ul style="list-style-type: none"> Promote DEI, improve psychological safety, and introduce reforms for greater job satisfaction Support people's sustainable lifestyles and improve their QOL 	
G	Enhance disclosures 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 Establish basic policies on respect for human rights, health and working environment of employees, and fair and ethical business conduct Establish basic policy on business portfolio and quality assurance 	
	Ensure diversity and improve 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



Contribution to carbon neutrality

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

Reformation of Existing Business

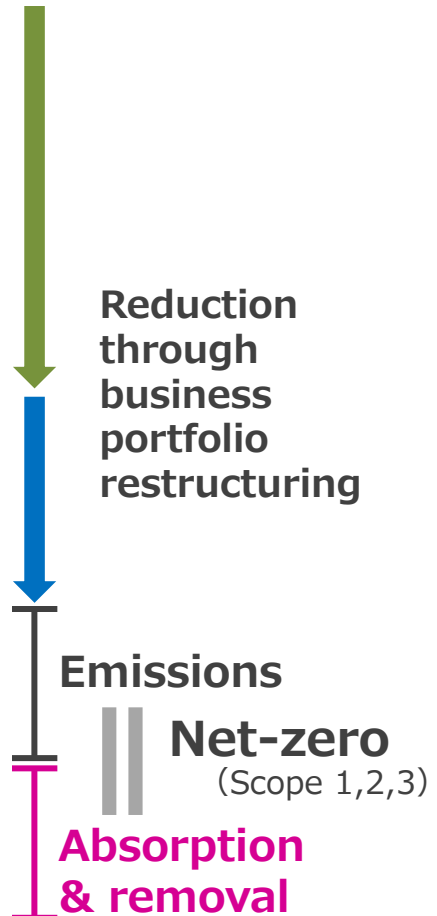
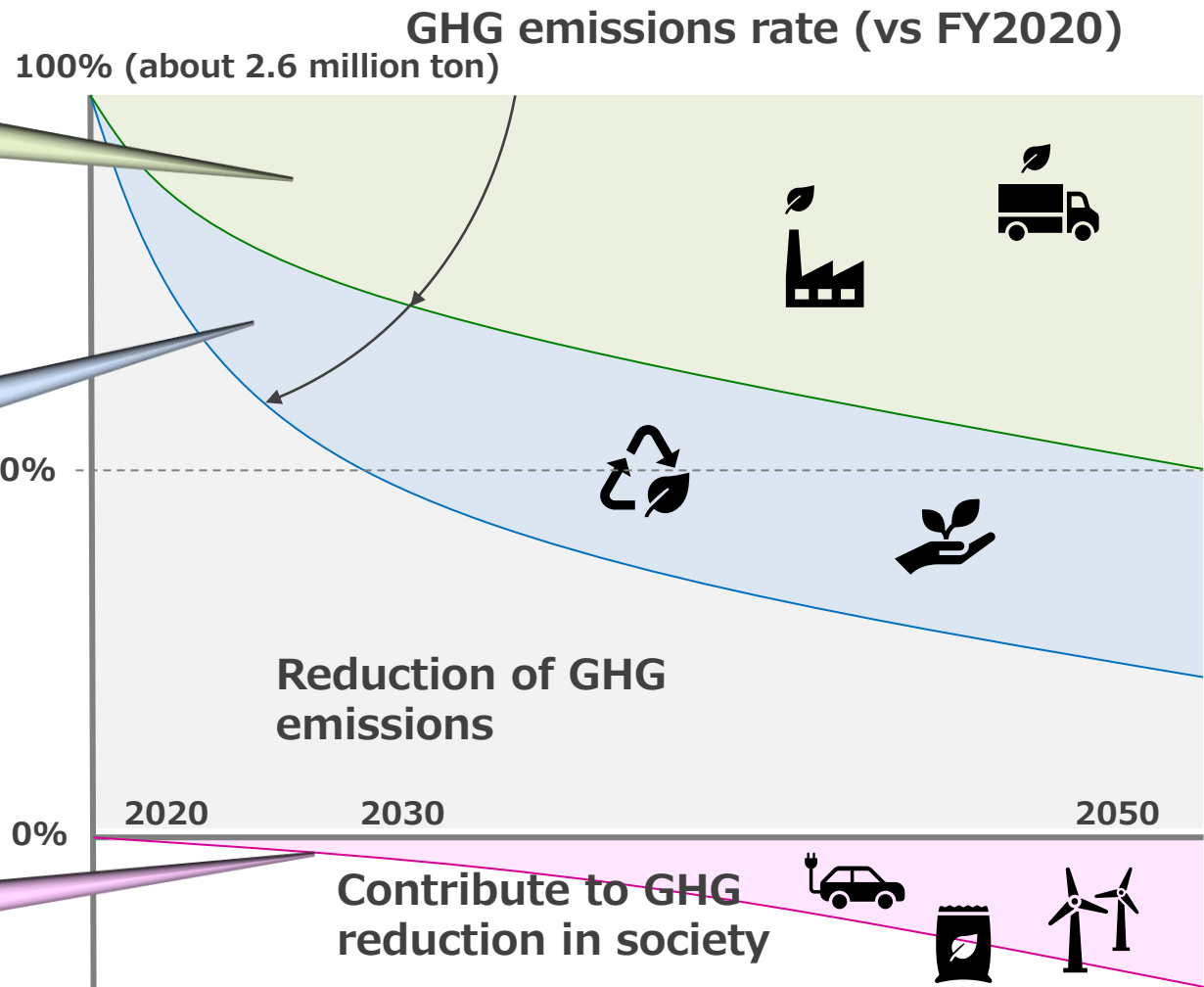
- Review business portfolio to reduce CO₂ emissions
- Build up Smart Factories
- Strengthen green procurement

Growth from Core Business

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

New Growth Path

- 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



E

Contribution to circular economy

Environmental Action Plan “S-TEC 21-24”

Environmental protection initiatives

- Analysis of government policy trends, and development & introduction of related technologies
- Consortium with neighboring and related companies
- Development of internal systems (introduction of internal carbon pricing)
- Fulfillment of 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: Expand 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

Support value creations in local industries

Preserve traditional technologies in Kyoto

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



G

Ensure diversity and improve 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 the “WakuWaku Future”

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

We will work together with all the stakeholders to realize the “WakuWaku future”, while always valuing the job satisfaction of every employee, including global staff.

