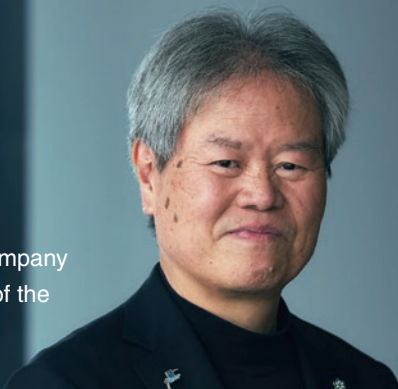


Message from the Chairman of the Board of Directors

Two years have passed since Takao Ando became concurrently Chairman of the Company and Chairman of the Board of Directors. Ando will talk about his policy of operation of the Board of Directors and his future vision as Chairman of the Board of Directors.



Corporate governance reform

As Chairman of the Board of Directors, I have promoted governance reforms for the past two years. I have come to think that keeping in mind the important of governance is the key to promoting reforms. Previously, the Board of Directors meetings were held to make resolutions and reports. I have increased the number of items on the agenda and matters to be discussed, turning these meetings into opportunities for discussions for the Board of Directors members. Sanyo Chemical is a company with an Audit & Supervisory Board, so Audit & Supervisory Board Members are expected to play important roles.

Enhancement of corporate value

The most important role that the Board of Directors must fulfill is to maximize the profit of stakeholders. Thus, the Board of Directors is also expected to check how much profit is generated from relevant businesses in return for investments in terms of human resources, goods, and money. While we attach importance to dividends for shareholders, it is also our priority to improve the treatment of employees and invest in R&D and growth. I believe that we can further reward shareholders by contributing to customers and society through high-value-added businesses, focusing on the operation of the Board of Directors to hold discussions and make judgments that contribute to the enhancement of corporate value, and thereby improving long-term performance.

However, long-term R&D and attempts to start new businesses are inevitably accompanied by failure. As Chairman of the Board of Directors, I encourage management to be unafraid of taking on challenges while maintaining management transparency for stakeholders toward the future.

Diversity

With the business environment drastically changing, including the shrinking domestic market due to a declining birthrate and an aging population, we focus on ensuring diversity. This is because we believe that diversity is important to change conventional internal rules and workstyles and create a strong, and resilient business organization. To this end, a fair organization must be created. Treatment should not differ depending on race, nationality, or gender. In April 2023, we introduced a new

HR system. We have started to operate a mechanism that enables employees to demonstrate their capabilities in an impartial manner and fully unleash their potential. For details, please refer to the article on the “New HR System” on p.34 of this report.

In the New Medium-Term Management Plan 2025, we set a female manager ratio of 15% or more and a female director ratio of 30% as targets for 2030 in “Toward the Future Beyond 2025: Initiatives to Support Growth.” Diversity entails various aspects, including gender, age, nationality, and employment of persons with disabilities. Monitoring and evaluation regarding attainment of these targets and the implementation of measures are also an integral part of the Board of Directors’ responsibilities.

Reform of the corporate culture

We live in an era in which we cannot survive without making changes. The question is what and how to change. It is essential to create an employee-friendly mechanism that increases efficiency. As part of such efforts, we introduced the flextime system without the core time and the telecommuting system. Recently, the Group has also focused on health management. These matters are also discussed by the Board of Directors.

Promotion of diversity also aims to ensure open communication so that everyone can express candid opinions and facilitate discussions regardless of their position. A few years ago, we started to address colleagues with “-san” (honorific suffix) rather than their position, and eliminated the dress code.

Aspirations for the future

I hope to help our stakeholders understand the Sanyo Chemical Group. Before that, we must have a clear vision of our operations. The first thing to do is to further promote information disclosure to all the stakeholders, including shareholders, investors, and employees.

As Chairman of the Board of Directors, I will focus on promoting fairness and transparency to make the organization resilient and ensure quick response to any irregularities to a certain extent.

A handwritten signature in black ink that reads "Takao Ando". The signature is fluid and cursive.

Chairman of the Company
Chairman of the Board of Directors