



Message From the President

We will contribute to the development of a sustainable society by achieving our corporate vision.

President, Atsuhiro Wakumoto



The Nippon Kayaku Group has a corporate vision, the KAYAKU spirit, "Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences."

Under the "combined forces of our consciences" that connect good mind of everyone for helping each other, the **KAYAKU spirit** is the Group's shared philosophy that provides the "best products" needed by society through our constant advances of "ceaseless progress".

Within this **KAYAKU spirit**, I especially value the words "combined forces of our consciences" as I personally want this Company to be one where all Group employees can feel well-being through their work. Of course, financial stability and a good working environment are very important for us all in our work, but I also think it is essential to have a sense of well-being with the feeling that you are growing and making a contribution. Employees who get this sense of well-being while thinking about each other work better together to achieve higher targets and goals. Under such circumstances, I believe we can continue to be a Company that is needed in a sustainable society by working together as one and earnestly thinking about what value each and every one of us can provide for a sustainable society.

In order to put the **KAYAKU spirit** into practice and earn the trust of all our stakeholders, we have identified the CSR Key Themes (Materiality), such as innovation through business, energy use and greenhouse gases, and compliance, for the sustainable growth of society and the Group. We have made various efforts to achieve this in our mid-term business plan that started in fiscal 2019 by formulating a mid-term CSR action plan linked to a business strategy for each materiality.

The world is seeing more and more of the issues brought up by the SDGs (United Nations Sustainable Development Goals) and the Paris Agreement on climate change, including increasing global warming, human rights issues such as child labor, and food and water shortages due to population growth. Japan has declared its ambitions to be a carbon-neutral, carbon-free society by 2050 which has accelerated efforts throughout industry in Japan toward the realization of a net-zero greenhouse gas society. In July 2020, we announced the formulation of our 2030 environmental targets to promote reductions in greenhouse gases emitted in the Group's business activities. With our aim to strengthen business continuity through countermeasures identified as Group risks on climate change and meeting the goals of the internationally agreed Paris Agreement, we have decided to reduce 2030 greenhouse gas emissions emitted in the Group's business activities (Scope 1 & 2) by 32.5% compared to fiscal 2019. In order to achieve this goal, we are working to actively convert energy used into energy which produces less greenhouse gas emissions, as well as strongly promoting more efficiency in our utilities, adopting MFCA* methods, and expanding our energy saving activities to date.

On the other hand, we in the chemicals industry must also operate while keeping long term risks to, and opportunities to make improvements for the environment as well. The market size of the automobile industry continues to expand around the world, making

improved vehicle safety an even more important issue. These are not easy tasks to realize. Following our corporate slogan, “Sukima ideas”, my aim is to maintain a flexible and diverse approach to find out how to achieve our goals, instead of focusing on why they cannot be done, in order to keep contributing necessary values to society through our business activities.

The coronavirus pandemic has had a major impact on the world from the end of fiscal 2019 through to fiscal 2020. The Nippon Kayaku Group is working hard to stay on top of global trends in order to ensure safety of our employees and minimizing impact to our company. However, we can use times such as these as an opportunity to reconsider what we need to prioritize for a sustainable society and environment. Management, business and corporate divisions have worked together to deepen discussions, announcing the Group’s Vision in May 2021. In times like these since the pandemic began, where it is difficult to foresee the future, this Vision has enabled us to think about whether it is possible to streamline the roles and functions of corporate divisions to demonstrate organizational strength, and to think about what fields in each Group business we should be prioritizing the allocation of management resources to enable growth. It has made us think again about the value we can provide to everyone through our business leading to a redrawing of our Company Blueprint (our future vision and roadmap for making it a reality). Based on this Vision and Company Blueprint, we will formulate a business plan and work with a sense of speed.

We will also continue to be thorough with corporate governance and compliance, and enhance our corporate value through the practice of CSR-centered management with a high degree of ethics in order to maintain a safe and secure work environment, and promote human resource development along with diversity in the work place.

To our stakeholders, I sincerely ask for your continued support as we continue on with our efforts.

* Material flow cost accounting (MFCA) is an environmental management accounting method that visualizes by quantity and cost the loss of raw materials and materials in the production process

President

