

## Sustainable Management

### Sustainable Management and the Medium-term Business Plan

#### Mission in *KAYAKU Vision 2025 (KV25)*

The Nippon Kayaku Group aims to be a company with a strong presence that can consistently provide happiness and delight to the environment, society and all stakeholders under the **KAYAKU spirit**.

Our **KAYAKU Vision 2025** Medium-term Business Plan (**KV25**) lays in place the strategies we will deploy to put sustainable management into practice. Through the activities of our 3 business units and our [KV25 Materiality](#) initiative will we create both economic and social value that contributes to the realization of a sustainable society.

#### *KAYAKU Vision 2025* Basic Strategies

|   |   |
|---|---|
| Promotion of sustainable management   | By implementing a value creation process can we deliver economic, environmental and social value, and help resolve social issues.   |
| Prioritized distribution of management resources based on business portfolios | Our 3 business units of Mobility & Imaging, Fine Chemicals and Life Sciences will prioritize the distribution of management resources towards the most promising product lines  |
| A cross-cutting company-wide team to deal with important issues               | Our cross-cutting company-wide team (M-CFT) will engage with the issues of Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform, and pave the way for our sustainable growth |
| Strengthening our management base   | <ul style="list-style-type: none"> <li>Guaranteed safety</li> <li>Improved product and service quality</li> <li>A thorough approach to compliance</li> <li>Strengthened corporate governance</li> </ul>   |

➤ [Medium-term Business Plan: \*KAYAKU Vision 2025 \(KV25\)\*](#)

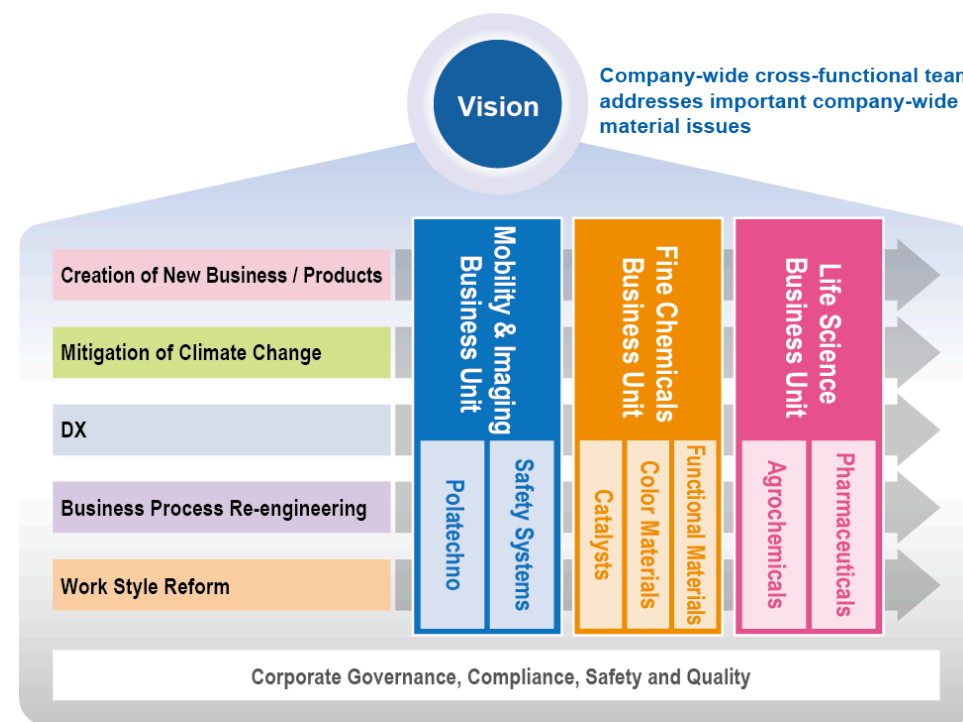
### Materiality

With a view to contributing towards a sustainable environment and society, our **KAYAKU Vision 2025** Medium-term Business Plan will also tackle important company-wide issues and key sustainability issues - to be collectively referred to as **KV25 Materiality**." So that we may help realize a sustainable environment and society with our basic policies on sustainable management, **KV25** will prioritize the tackling of important company-wide issues and complement this by addressing key sustainability issues in tandem.

➤ [Materiality](#)

### Realizing the Nippon Kayaku we Desire: Important Company-wide Issues

"Corporate governance, compliance, safety and product quality" form the base of Nippon Kayaku Group activities. **KV25**'s cross-cutting project will see us tackle the 5 important company-wide issues of Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform. The synergies we derive from the activities of our 3 business units and cross-cutting M-CFT efforts will help bring into being the Nippon Kayaku we want to see.



➤ [Important Groupwide Issue Initiatives](#)

## KV25 Vision for the Three Business Units

| Business Unit                    | Group                | Vision   |
|----------------------------------|----------------------|--|
| Mobility & Imaging Business Unit | Safety Systems       | Provide safety solutions to people around the world with products that support changing mobility technologies, and become a global brand that contributes to society   |
|                                  | Polatechno           | Contribute to the diversification of displays in the mobility field and to human health, safety and security by providing highly durable polarizers, retardation films and various other highly functional optical components and X-ray components       |
| Fine Chemicals Business Unit     | Functional Materials | Continue to supply the best products, technologies and services to make social contributions through the establishment of a super-smart "Society 5.0" and environmental protections  |
|                                  | Color Materials      | Contribute to resource conservation by supporting the digitalization of society through the provision of inkjet colorants and functional colorants   |
|                                  | Catalysts            | Contribute to the enrichment of people's lives and the reduction of CO <sub>2</sub> emissions by providing catalysts with higher yields in producing acrylic acid and methacrylic acid   |
| Life Science Business Unit       | Pharmaceuticals      | <ul style="list-style-type: none"> <li>Develop excellent pharmaceuticals and medical devices that provide new diagnostic and treatment opportunities</li> <li>Stable supply of Biosimilars and generic drugs, contributing to people's health</li> </ul> |
|                                  | Agrochemicals        | Support the food supply, and contribute to the development of sustainable agriculture by continuing to provide excellent eco-friendly agrochemicals and related technologies and services  |

## Mobility & Imaging Business Unit

### ◆ Contribution to the SDGs



| External environment  | Nippon Kayaku's strengths  | Materiality  |
|---|--|--|
| Safety Systems Business   |  |  |
| <ul style="list-style-type: none"><li>Recovery of worldwide automobile production from the impact of COVID-19, and mitigation of the semiconductor shortage</li><li>The installation rate of safety components is increasing, primarily in emerging countries</li><li>Growing new demand due to EVs, etc.</li><li>Expansion of applications such as drone transportation, etc., and demands for safety assurances</li></ul> | <ul style="list-style-type: none"><li>Technology and inherited expertise to handle explosives safely</li><li>Industry top-level market share in automotive safety components</li><li>Global expansion of locations</li></ul> | Inflators  |
|   |  | <ul style="list-style-type: none"><li>Expansion of production bases for cylinder-type inflators (Japan, China, Malaysia)</li><li>Expand of sales to customers in China and South Korea</li><li>Developing next-generation inflators</li></ul>  |
|   |  | Micro gas generators / squibs / pyrotechnic products   |
|   |  | <ul style="list-style-type: none"><li>Securing next-generation module projects from customers</li><li>Securing increased volume projects, such as for rear seats</li><li>Expansion of applications such as pedestrian protection and electric current shut-off</li><li>Consideration of new pyro device applications</li></ul>   |
|   |  | Drone safety components  |
| <ul style="list-style-type: none"><li>Expansion of sales of PARASAFE® for 25kg drones</li><li>Development and market launch of PARASAFE® for 15kg drones</li><li>Development of safety parts for flying cars and large drones</li></ul>   |  |  |
| Polatechno Business   |  |  |
| <ul style="list-style-type: none"><li>Evolution and expansion of automotive display functions</li><li>Growing demand for recycling rare metals</li></ul>  | <ul style="list-style-type: none"><li>Optical and electromagnetic wave control technologies and microfabrication technologies</li><li>Proprietary highdurability dye synthesis technologies for polarizers</li></ul>         | <p>Light-controlling products made from proprietary materials contributing to the realization of a Super Smart Society</p> <ul style="list-style-type: none"><li>Expansion of new applications for X-ray analysis device parts / materials and inorganic polarizers</li><li>Expansion of new in-car applications of highly durable polarizers such as parts / materials for HUDs</li></ul> |

## Fine Chemicals Business Unit

### ◆ Contribution to the SDGs



| External environment   | Nippon Kayaku's strengths   | Materiality  |
|--|---|--|
| <b>Functional Materials</b>  |   |  |
| Semiconductor market to grow to 100 trillion yen by 2030   | <ul style="list-style-type: none"> <li>Synergies in semiconductor-related products</li> <li>Design of functional molecules</li> </ul>   | <ul style="list-style-type: none"> <li>Providing important and unique materials</li> <li>Expansion in semiconductor-related business areas such as substrates, encapsulants, cleaners, and manufacturing equipment</li> <li>Development and launch of resins for use in next-generation communications equipment (low-dielectric materials)</li> <li>Expansion of epoxy resin production capacity</li> </ul> |
| <b>Color Materials</b>   |   |  |
| <ul style="list-style-type: none"> <li>Expansion of the digital printing market</li> <li>Expansion of the sensing market</li> <li>Expansion of the dimming glass market</li> </ul> | <ul style="list-style-type: none"> <li>Extensive colorant technologies covering a wide span of fields from traditional dyes to functional colorants</li> <li>Precision organic synthesis</li> </ul> | <ul style="list-style-type: none"> <li>Contribution to digitalization and resource conservation with our inkjet colorants and functional colorants</li> <li>Expansion of industrial inkjet inks, improvement of production systems</li> <li>Mass production and expansion of imaging sensor materials</li> <li>Mass production and expansion of dichroic colorants</li> </ul>                                |
| <b>Catalysts</b>   |   |  |
| <ul style="list-style-type: none"> <li>Acrylic acid and methacrylic acid markets continue to grow by 5 to 6%</li> <li>Expansion of the carbon neutrality-related market</li> </ul> | <ul style="list-style-type: none"> <li>Optimal customization of catalyst composition and technical services</li> </ul>  | <ul style="list-style-type: none"> <li>Providing catalysts with high-yield to contribute to CO<sub>2</sub> reduction and affluent lives</li> <li>Improvement of catalysts for higher yields of acrolein, acrylic acid, and methacrylic acid</li> <li>Secure repeat orders and development of new customers</li> <li>Development of catalysts contributing to a carbon-neutral society</li> </ul>             |

## Life Science Business Unit

### ◆ Contribution to the SDGs



| External environment   | Nippon Kayaku's strengths   | Materiality  |
|--|---|--|
| Pharmaceuticals Business   |   |  |
| <ul style="list-style-type: none"><li>Pharmaceutical industry vision (quality and stable supply, manufacturing and sales, bio-pharmaceuticals, domestic manufacturing and development, encouraging use)</li><li>Expansion of the CDMO market</li><li>Annual drug price revisions</li></ul>   | <ul style="list-style-type: none"><li>Consistent business operation from R&amp;D to manufacturing, sales, quality assurance, pharmacovigilance and post marketing surveillance</li><li>Top domestic anti-cancer drugs lineup and specialized MR</li><li>Manufacturing technology for highly pharmacologically active substances</li></ul>         | <b>New Drugs</b>   |
|  |   | <ul style="list-style-type: none"><li>Increasing share for ALAGLIO® in TURBT*</li><li>Maximizing value through drug fostering and evolution</li></ul> <p>* TURBT: Transurethral Resection of Bladder Tumor (surgery to remove bladder tumors using an endoscope and excision loop)</p>   |
|  |   | <b>Biosimilars (BS)</b>  |
|  |   | <ul style="list-style-type: none"><li>Market spread of bevacizumab BS</li><li>Measures to promote biosimilars through the revision of medical fees</li><li>Expansion of lineup through introduction of new biosimilars</li></ul>   |
|  |   | <b>Generic anti-cancer drugs</b>   |
|  |   | <ul style="list-style-type: none"><li>Enhancement of stable supply and quality assurance system</li><li>Development and launch of the new generic drugs</li></ul>  |
|  |   | <b>Working toward the vision for FY2030</b>  |
|  |   | <p>Enhancement of pipeline</p> <ul style="list-style-type: none"><li>Development of new drugs in collaboration with external organizations</li><li>Introduction of new drugs and medical devices</li></ul>   |
| Agrochemicals Business   |   |  |
| <ul style="list-style-type: none"><li>Domestic crop protection market remains at the current level, overseas crop protection market is growing due to increased demand for food</li><li>Introduction of an agrochemical re-evaluation system has raised the bar for obtaining and maintaining domestic agrochemical business registration</li><li>Strategy "MeaDRI" (Sustainable Food Systems) promotes innovation that enables the reduction of agrochemicals (risk conversion)</li></ul> | <ul style="list-style-type: none"><li>Insecticides and soil fumigants in the vegetable and fruit tree domain</li><li>Formulation knowhow (innovative formulations)</li><li>Operating activities combining technical services and information provision</li><li>Manufacturing technologies (from raw ingredients to product formulation)</li></ul> | <b>Japan</b>   |
|  |   | <ul style="list-style-type: none"><li>Flometoquin formulations (FINESAVE®), expansion of FUMON®</li><li>Expansion of sales by expanding the scope of agrochemical registration</li><li>Response to the agrochemical re-evaluation system for DIAZINON® and other agrochemicals</li></ul> |
|  |   | <b>Overseas</b>  |
|  |   | <ul style="list-style-type: none"><li>Rebuilding the EVISECT® business by restructuring the supply chain</li><li>Registering and expanding sales of Flometoquin preparations</li></ul>   |
|  |   | <b>Working toward the vision for FY2030</b>  |
| <ul style="list-style-type: none"><li>Development of new insecticides and new innovative formulations</li><li>Development and introduction of biostimulants</li></ul>  |   |  |