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Message from Chief Strategy Officer

Committed to comprehensive value creation for all our stakeholders



Joseph Rinaldi

Vice President
Chief Strategy Officer

Meeting our targets by keeping our sights on innovation, the environment, and creating value for the market

I'm delighted to provide an update on our transformative strategy, “Forging the future.” This strategy was developed in response to the dynamic shifts and challenges faced by the global chemical industry. From intensifying competition to evolving

customer needs and shifting regulatory landscapes, we recognize the need for bold decisions, accelerated transformation, and a commitment to strengthen our capabilities and sharpen our focus. In the final quarter of fiscal 2022, we presented our Midterm Plan, a multifaceted execution plan of the strategy that will unlock the potential to elevate our overall performance. We have built the core elements of our execution plan around a market/customer approach, operational and cost efficiency, workforce development, environmental responsibility, and disciplined capital allocation.

Emphasizing customer-centricity, we strive to understand market requirements, foster innovation, and deliver superior solutions. Committed to cultivating robust relationships with customers and partners, we prioritize sustainable growth and tailor our offerings to meet specific customer needs. This commitment extends to our strategic expansion into emerging markets and strengthening our presence in existing ones. By accelerating our geographical diversification and opening our portfolio, we move closer to our ambition of becoming a true global specialty materials company. With clear priorities and a systematic approach, we're reorganizing our product portfolio to focus on high-growth potential areas and engage with less volatile end-use industries.

We are dedicated to reducing our cost structure by approximately ¥135 billion by 2025, facilitated by a planned investment in DX. By establishing global processes leveraging data analytics and increasing

automation, we intend to streamline operations, enhance decision-making, generate cost savings, and redirect resources to more value-added activities. Another element of the strategy is our commitment to a resilient and cost-effective supply chain, improved working capital management, site rationalization, and optimal cost efficiency.

Our strategy for workforce development focuses on upskilling and cross-skilling, ensuring our employees grow and evolve as our business and the world change. We also foster a culture recognizing and rewarding innovation, risk-taking, and value creation. On the environmental front, we understand investment in sustainability is vital to our success. We're investing in renewable energy sources and cleaner technologies, embracing the principles of the circular economy, and developing products that enable our customers' sustainability efforts.

We are committed to boosting the ROIC. This means ensuring our capital is used efficiently across all areas of our diversified portfolio, focusing on opportunities that align with our strategy and promise high growth and strong returns. Every investment decision we make is scrutinized to the highest degree. We want to ensure we're putting money into areas that can help us deliver the best possible value to our shareholders. By keeping our sights on innovation, the environment, and creating value for the market, we're confident we will meet our financial and non-financial targets, fortifying our position as a global leader in the chemical industry.