



NIPPON
SHOKUBAI

Nippon Shokubai Group Long-term vision "TechnoAmenity for the future"

April 26th 2021

President Yujiro Goto

Our concept for the transformation

Nippon Shokubai has been providing chemicals, such as ethylene oxide (EO), acrylic acid (AA), and superabsorbent polymers (SAP), since 1941. Accompanying global economic growth and population growth, our Group expanded our business in SAP and AA, the raw material for SAP, and achieved significant growth.

However, the business environment surrounding us has changed significantly, and while chemical products are becoming more global and commoditized, the functions required for them are also diversifying. Although our Group has been trying to strengthen the competitiveness of existing business and create new products and business, we have yet to achieve significant result.

As global competition intensifies, it is becoming increasingly necessary to be cost competitive and to flexibly respond to the needs that are required, making it difficult for us to survive with our current corporate character. In addition, it is essential to tackle climate change in order to realize a sustainable society.

Recently we have established our long-term vision "TechnoAmenity for the future." Under the new policy, our Group will accelerate the transformation to achieve our FY2030 goals. We will flexibly respond to dramatic global change and evolve to have a resilient structure. We would appreciate the further support of all stakeholders, including shareholders.



President
Yujiro Goto



Execution of **Three transformations**

Long-term vision "TechnoAmenity for the future"

〈FY2030 Goals〉

- Provide materials and solutions required by people and society
- Become a chemical company that keeps evolving by identifying social trends
- Develop with various stakeholders inside and outside the company

〈Three transformations toward FY2030 goals〉

1. Business transformation

- ◆ Transform portfolio from existing to growth fields
 - Expand the highly profitable Solutions Business
 - Radically restructure the materials business to strengthen the business foundation
 - Improve productivity and create new value by promoting a digital transformation

2. Strategic transformation for environmental initiatives

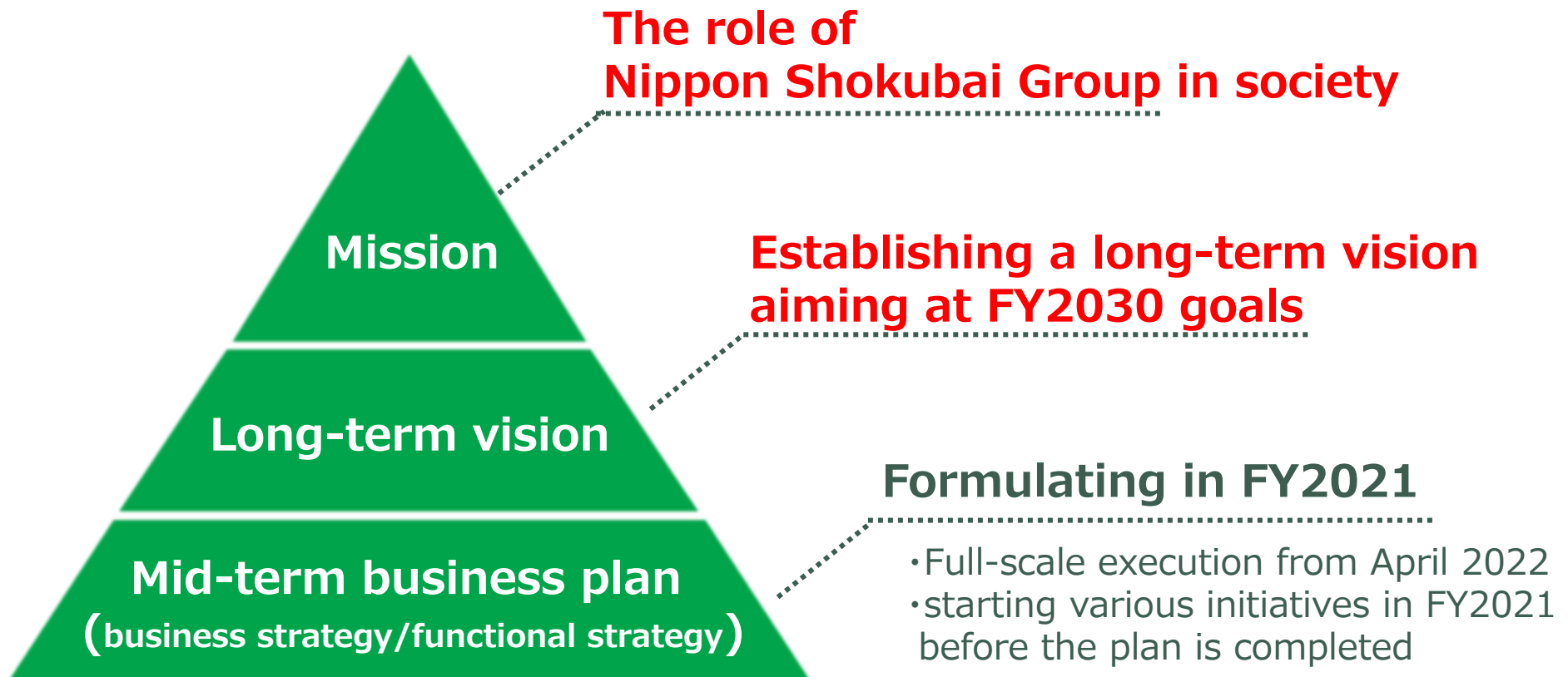
- ◆ Promoting sustainability to achieve carbon neutrality in 2050

3. Organizational transformation

- ◆ Transform into an organization with sustainable growth and a company where diverse human resources are motivated to work

1. Positioning of long-term vision
2. Nippon Shokubai Group Mission
3. FY2030 Goals
4. Business transformation:
 - Value proposition / Core competence
 - Business strategy
 - Direction of business
 - Target business portfolio
 - Expanding the Solutions business
 - Achieving resilient Materials business
5. Strategic transformation for environmental initiatives
6. Organizational transformation:
 - Strengthening the management foundation

1. Positioning of long-term vision



2. Nippon Shokubai Group Mission

Nippon Shokubai Group Mission

TechnoAmenity

**Providing affluence and comfort to people and society,
with our unique technology**



True affluence and comfort are not only economic and material, but also harmony with our global environment and social and spiritual affluence and comfort, such as diversity, fairness, and safety.

We will keep contributing to **the realization of a sustainable society** by practicing our corporate mission of TechnoAmenity in the future.

2. Nippon Shokubai Group Mission

**All employees reconfirm and practice
the concept of TechnoAmenity**

The explanation at the time of establishing TechnoAmenity in 1991

Nippon Shokubai...using technology for the improvement of society. With intellect and skill, people have used technology to improve the quality of life and make society prosperous. Technology exists to benefit mankind; it brings richness and comfort to our lives. However, when used without consideration for the world in which we live, it takes on a double-edged quality. **We, Nippon Shokubai, are dedicated to eliminating this risk, and have as our goal the development of technology which will coexist with and support the environment. Technology for the improvement of society and harmony with the environment;** this is what Nippon Shokubai is all about.

3. FY2030 Goals

Social trend

*Population growth * Aging society * Development of emerging countries *Diversified needs * Development of digital technology, etc.

Social issues

*Realization of safe, secure and healthy life *Response to the climate change issue *New materials to support technological development , etc.



SDGs

Nippon Shokubai Group Mission "TechnoAmenity"
Providing affluence and comfort to people and society,
with our unique technology



Long-term vision "TechnoAmenity for the future"

〈 FY2030 Goals 〉

- Provide materials and solutions required by people and society
- Become a chemical company that keeps evolving by identifying social trends
- Develop with various stakeholders inside and outside the company

3. FY2030 Goals: Three transformations

Transform portfolio from existing to growth fields

Business transformation

■ Expand the Solutions Business

- Developing activities by market and area
- Grasping needs and customer issues, enhancing solution proposals
- Production and supply system for timely response

■ Achieve the Materials Business Resilience

- Thorough cost reduction / Improving productivity / DX promotion
- Alliance with other companies / Business reorganization
- Promoting decarbonization and recycling

Strategic transformation for environmental initiatives

■ Initiatives for sustainability

- Promoting company-wide initiatives to contribute to realizing carbon neutrality in 2050

Organizational transformation

■ Strengthening management foundation

- Transform into an organization with sustainable growth and a company where diverse human resources are motivated to work.
- Further strengthening the management foundation that supports development

4. Business transformation : Value proposition / Core competence

Providing materials and solutions required by people and society

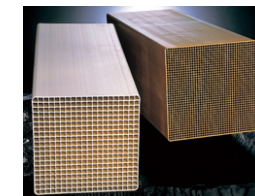
Core competencies of Nippon Shokubai:
Capability of developing key materials and
competitive product groups with them as a core



Affluence for people and society



**More comfortable life
with high functional materials**



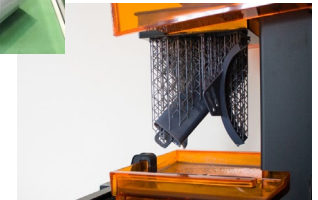
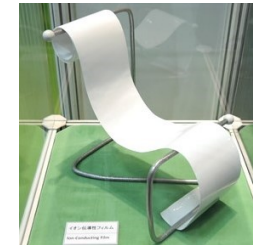
Realizing a sustainable society

4. Business transformation : Value proposition / Core competence

Providing materials and solutions required by people and society

Providing materials and solutions leveraging our capability of developing key materials

- High performance electrolytes essential for energy-saving and low-pollution electric vehicles
- Zinc battery separator and zinc anode with excellent safety and durability
- The separator for Alkaline Water Electrolysis used for hydrogen production assisting the spread of Green Hydrogen
- Highly functional materials that support cutting-edge technology fields such as semiconductors and 3D printers



Competitive existing product groups

- Integrated production from raw materials (Acrylic /EO production chain)
- Global manufacturing network
- Developing products (including SAP) to higher performance through identifying and responding to customer needs continuously

4. Business transformation: Business strategy

Chemical company that keeps evolving by identifying social changes

Leveraging the strengths of each business group to respond flexibly to changes in the business environment

Planning to change reportable segment from FY 2022 to clarify purposes and responsibilities

Materials

Providing high-quality materials through high production technology

- **Basic materials**
(EO, its derivatives, etc.)
- **Acrylics**
(AA, Acrylates and SAP)

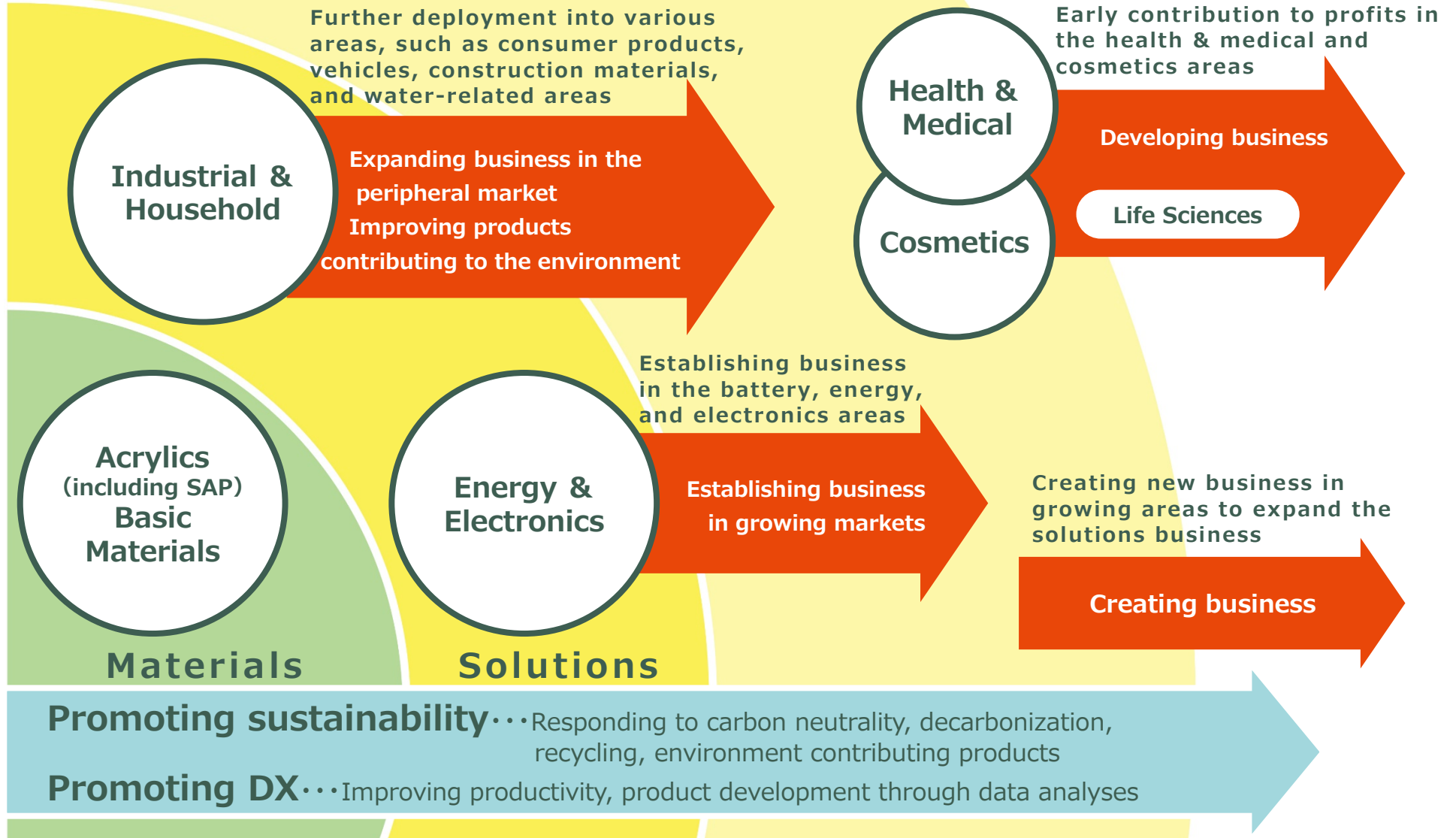
Solutions

To meet customer needs in various industries, we will leverage our advantage - the capability of developing key materials - and provide original functions that no other companies have

- **Industrial & Household**
(consumer products, vehicles, construction materials areas)
- **Energy & Electronics**
(the battery, electronics areas)
- **Lifesciences**
(health & medical, cosmetics areas)

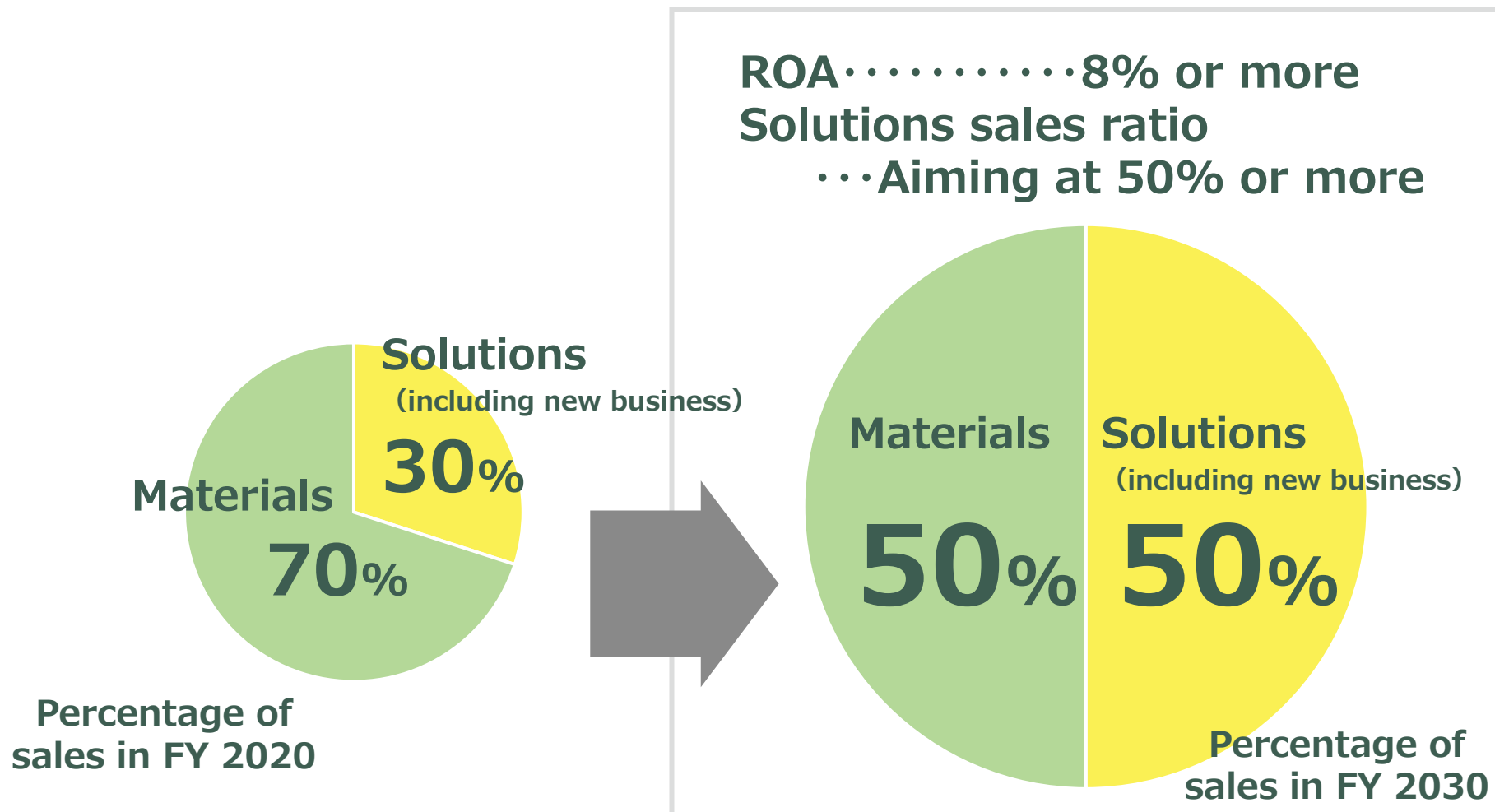
4. Business transformation : Direction of business

Focusing on the response to carbon neutrality and expansion of the solutions business



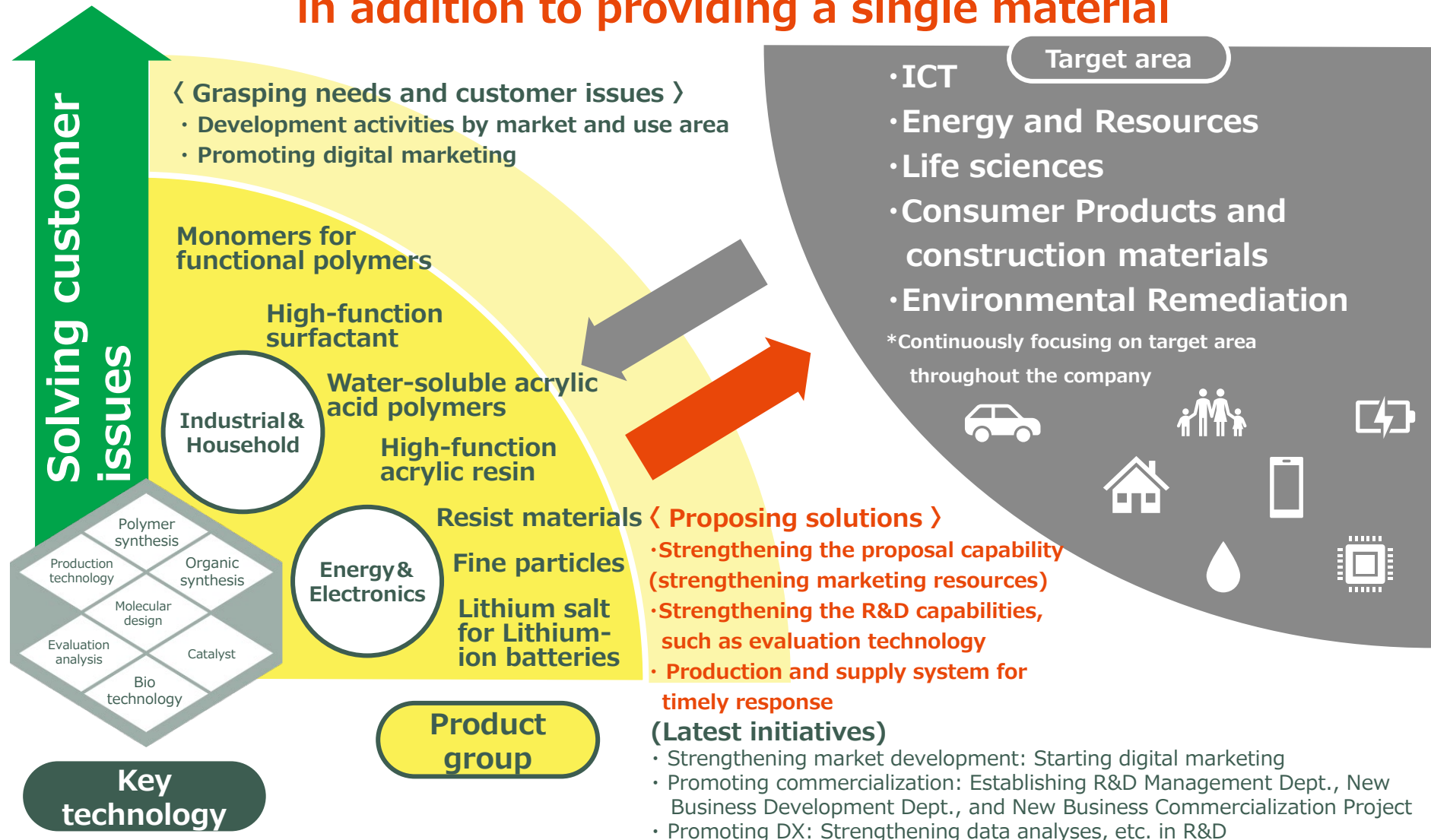
4. Business transformation : Target business portfolio

Devoting resources for the expansion of the Solutions business,
and aiming to change from the portfolio of depending on Materials business



4. Business transformation : Expanding the Solutions business

**Providing solutions to customer issues in a timely manner
by combining multiple products and technologies
in addition to providing a single material**



4. Business transformation : Achieving resilient Materials business

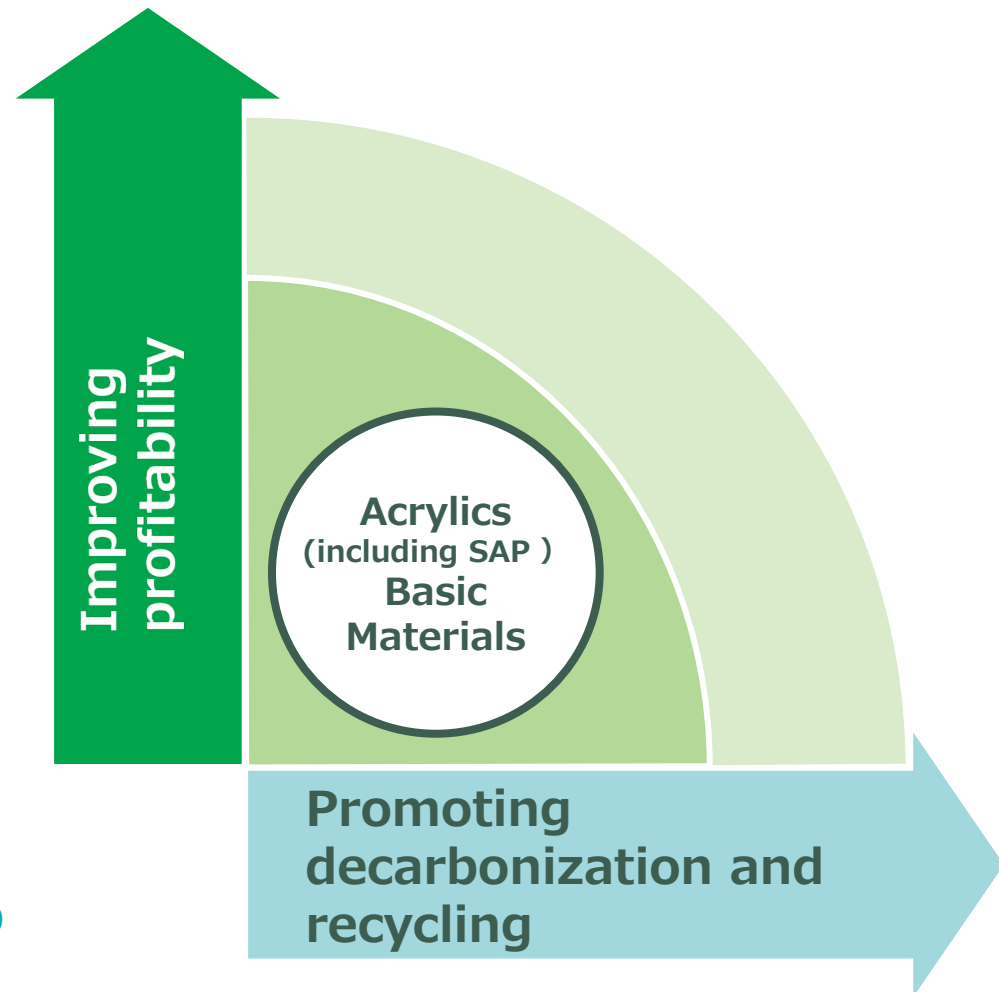
**Strengthening competitiveness through thorough
cost reductions and alliances with other companies
Positively working on bio-based chemicals/recycling**

〈 Improving profitability 〉

- ◆ **Cost reduction /
Improving productivity**
 - Continuing profitability improvement program of SAP business (SAP Survival project)
 - Integrating AA and SAP in one business department to improve efficiency
 - Starting profitability improvement program of EO business (EO Resilience project)
 - Improving productivity through DX promotion
- ◆ **Alliance /
business reorganization**
 - Alliance with material manufacturers/ manufacturers in the same industry

〈 Promoting decarbonization and recycling 〉

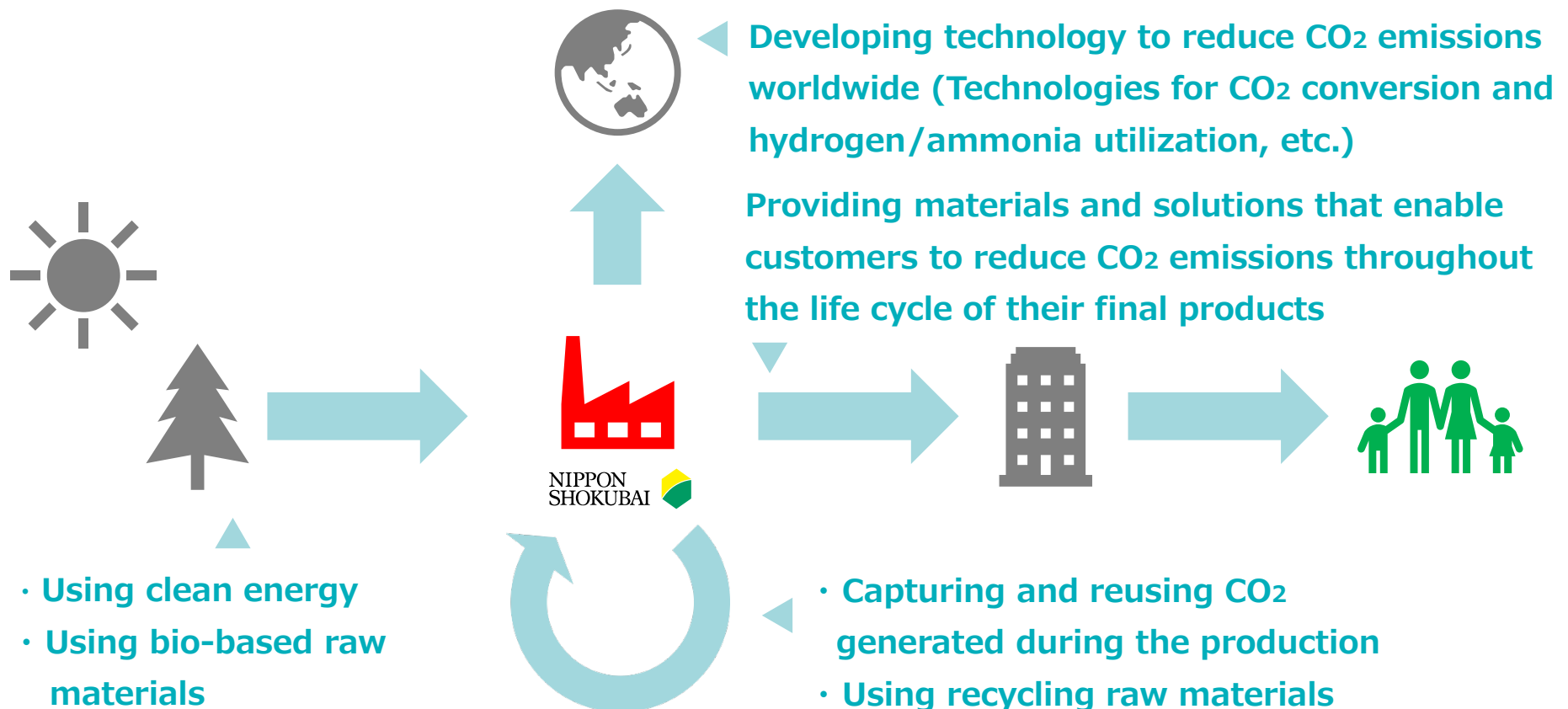
- ◆ **Supplying bio AA/SAP and bio EO**
- ◆ **Promoting the recycling of used disposal diapers**



5. Strategic transformation for environmental initiatives

Developing with various stakeholders inside and outside the company

Contributing to the achievement of carbon neutrality in 2050



5. Strategic transformation for environmental initiatives

〈 Our initiatives up to 2030 〉

- Utilizing proprietary technologies such as catalyst technology
- Reducing CO₂ emissions
- Using bio-based raw materials for major products
- Expanding the sales of environmental contributing products
- Promoting the development of technologies, such as CO₂ absorbent materials and CO₂ conversion catalysts
- Developing and demonstrating recycling technology for used disposal diapers containing SAP



6. Organizational transformation: Strengthening the management foundation

Early realization of the mechanism in which individuals and the organization can be developed

Developing autonomous **human resources**

- Strengthening the development of employees who think and take action through the introduction of a new personnel system
- Promoting diversity and inclusion (D&I)
- Improving the environment that supports various work styles

Further strengthening **corporate governance**

- Improving deliberation of mid- and long-term strategies and management issues, and securing the diversity of officers who support them
- Developing officers responsible for sustainable growth

Transforming to an **autonomous organization**

- Speedy operations by delegation of authority
- Developing human resources who can be leaders
- Improving internal communication

6. Organizational transformation: Strengthening the management foundation

Early realization of the mechanism in which individuals and the organization can be developed

〈Measures for initiatives〉



Human resource development
/ Promoting their performance

- ◆ Introducing a personnel system to appreciate human resources who take on a challenge (from FY 2022)
- ◆ Promoting the activities of various human resources (establishing the D&I Promotion Group)
- ◆ Introducing a system to support various work styles such as telecommuting and improving IT infrastructure

- ◆ Clarifying the division's vision through setting and disclosing Moon Shot (ambitious goals) of directors
- ◆ Speedy decision making in each department by advancing delegation of authority
- ◆ Strengthening dialogue between management and employees
 - Strengthening internal communication (establishing Corporate Communications Dept.)
 - Introducing a system for making proposals to the president



Development of the
organization



Strengthening
corporate governance

- ◆ Securing the diversity of external directors
- ◆ Improving the discussions of mid- and long-term strategies



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