

New Year's Message 2024

A very Happy New Year to everyone.

Last year normal life finally returned as the COVID-19 pandemic subsided. However, as with the year before last, 2023 was also a year of numerous changes, including worldwide inflation and increasing geopolitical risks. In addition, societal expectations for carbon neutrality and sustainability are intensifying.

Under these circumstances, we will not change the direction in our long-term vision and mid-term management plan, and will continue to carry out three transformations. However, we must flexibly adapt the strategies in response to changes, rather than continuing with the same approach as before.

In “Business Transformation,” we aim to transform our portfolio from existing sectors to growth areas.

In the Solutions Business, we should not pursue all products equally, but instead identify the areas to expand in the future as well as the areas to maintain or downsize, and modify strategies for each as appropriate. We will focus on our target business areas, by concentrating our resources and making proactive and swift investments.

In the Materials Business, the economic slowdown in China has led to a deterioration in the supply-demand balance for a variety of products. Due to shrinking domestic demand, the chemical industry in Japan is under reorganization and it is expected to accelerate in coming years. We view these movements as an opportunity to strengthen our business. We will adopt flexible responses unbound by conventional approaches and continue working together with related companies.

With regard to “Strategic Transformation for Environmental Initiatives,” we have reduced CO₂ emissions every year in our plant sites, acquired ISCC PLUS certification, procured green energy, and promoted various environmental contribution products. We also established the new GX Research & Development Division and the Water & Environment Solutions Business Department, which launched operations in April of last year. Going forward, in addition to expanding our lineup of environmental contribution products, we will work to procure biomass feedstock and develop biomass-derived products while strengthening our partnerships with other companies.

In “Organizational Transformation”, we aim to build an organization that can achieve sustainable growth and in which diverse talents can work with energy and vitality. From fiscal 2022, we have implemented a new personnel system that evaluates employees who take on challenges. However, simply changing the system is not sufficient—it needs to be utilized effectively. I suggest our managers to look beyond results alone and value employees who have taken on difficult challenges, even in the event of failure.

With respect to our workforce, the ratio of female employees and mid-career hired employees is increasing, and I feel that our company has become more energized. Going forward, we will continue to diversify our workforce, but to make the most of the diversity, communication will continue to be the key. In addition to greeting each other on a day-to-day basis, let's actively foster our communication and create a more comfortable and pleasant work environment.

Despite the challenging business environment, we will make proactive investments to drive our future growth. Together,

let's leverage our strength of unity and decisiveness in key moments to lead the Nippon Shokubai Group toward further growth.

【Contact】

Corporate Communications Dept.,

NIPPON SHOKUBAI CO., LTD.

TEL: +81-3-3506-7605 E-mail: shokubai@shokubai.co.jp