



Moriroku Group

# Long-term Vision & Medium-term Management Plan

Moriroku Holdings Company, Ltd.

May 17, 2022

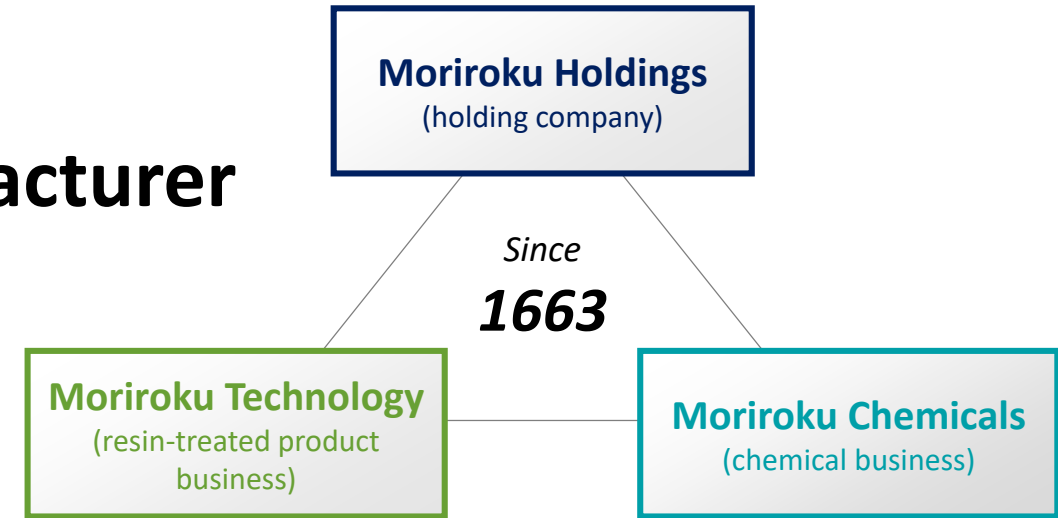


# Current Status of Morioku Group

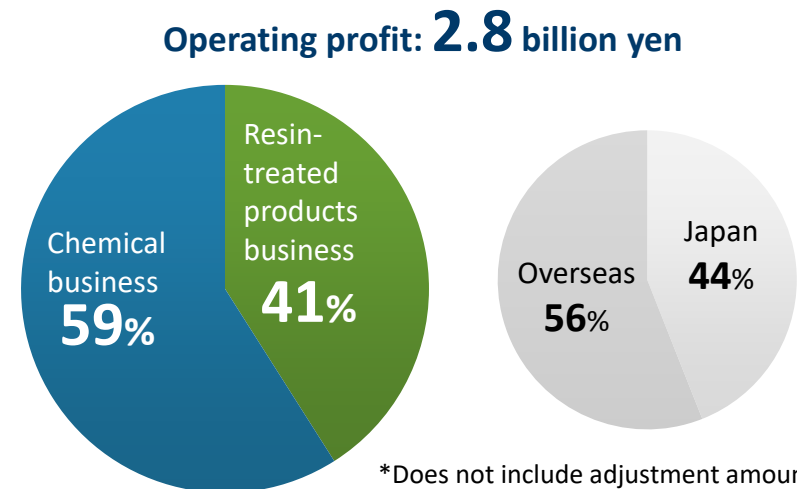
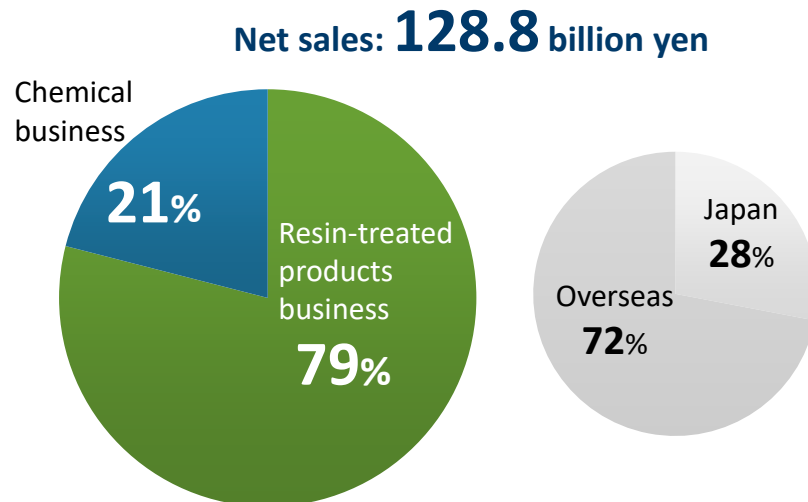
# What is the Moriroku Group?

## Operates two business: a chemical trading company and automotive parts manufacturer

- Exerts the synergy of a chemical trading company and manufacturer from product planning to materials procurement, manufacturing, and delivery
- Constructs an integrated system for responding to customers' needs in industries such as automotive and chemical
- Global expansion with 61 bases in 13 countries



FYE March 2023 Consolidated Performance

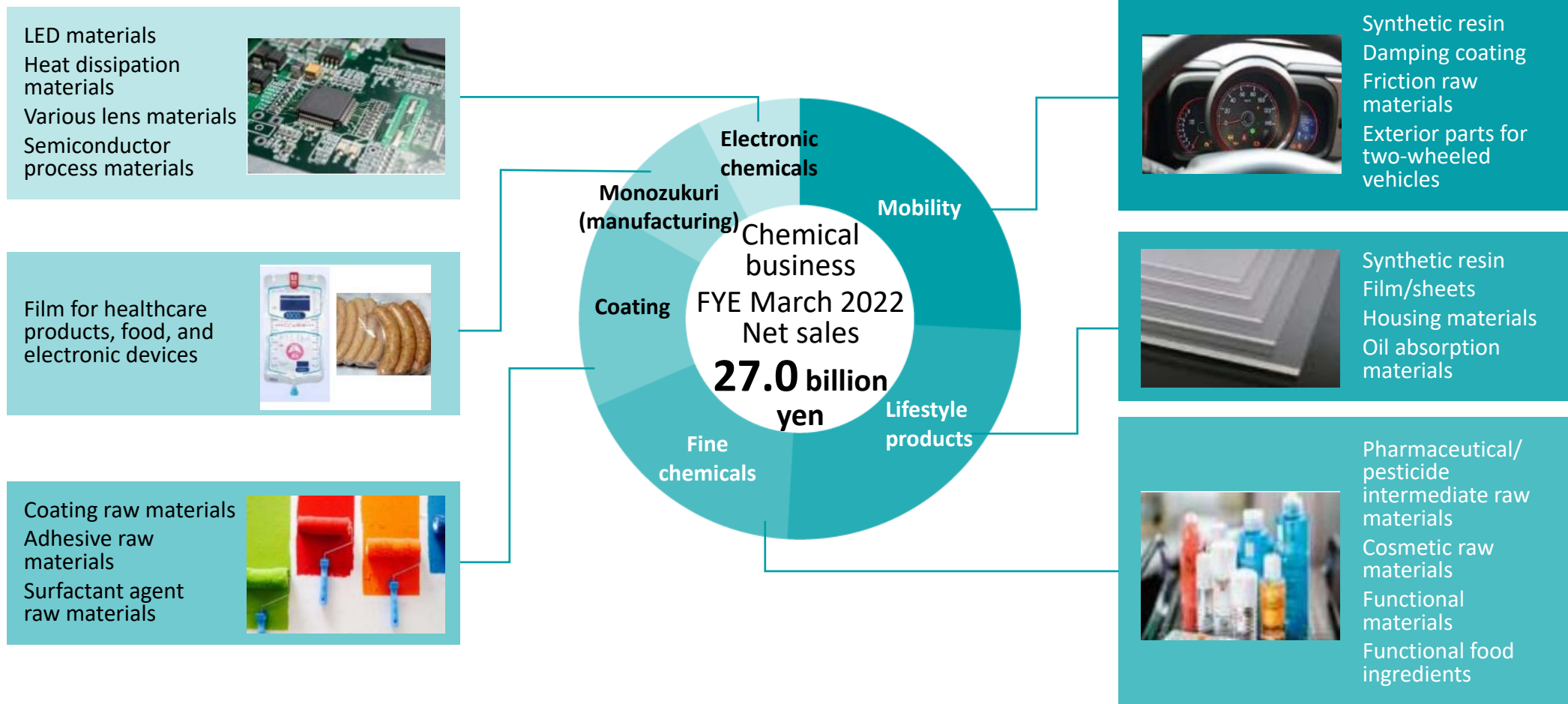


\*Does not include adjustment amounts such as elimination of transactions between segments

# Who is Morioku Chemicals?

**Morioku Chemicals**  
(chemical business)

Total support for customers in a wide range of fields  
in six business domains



# Who is Morioku Chemicals?

**Morioku Chemicals**  
(chemical business)

Connect, Create, and Solve—  
Solutions Provider that Responds to Customers' Needs

## Three strengths

1 **Knowledge as a trading company**

2 **Network of affiliated companies possessing unique technology**

3 **Global business expansions**

## Capital Strengths

### Human capital

Human resources who excel at identifying customer needs and cooperating with affiliated companies

### Social involvement capital

A relationship of trust cultivated through many years of transactions with a finely-tuned supply chain

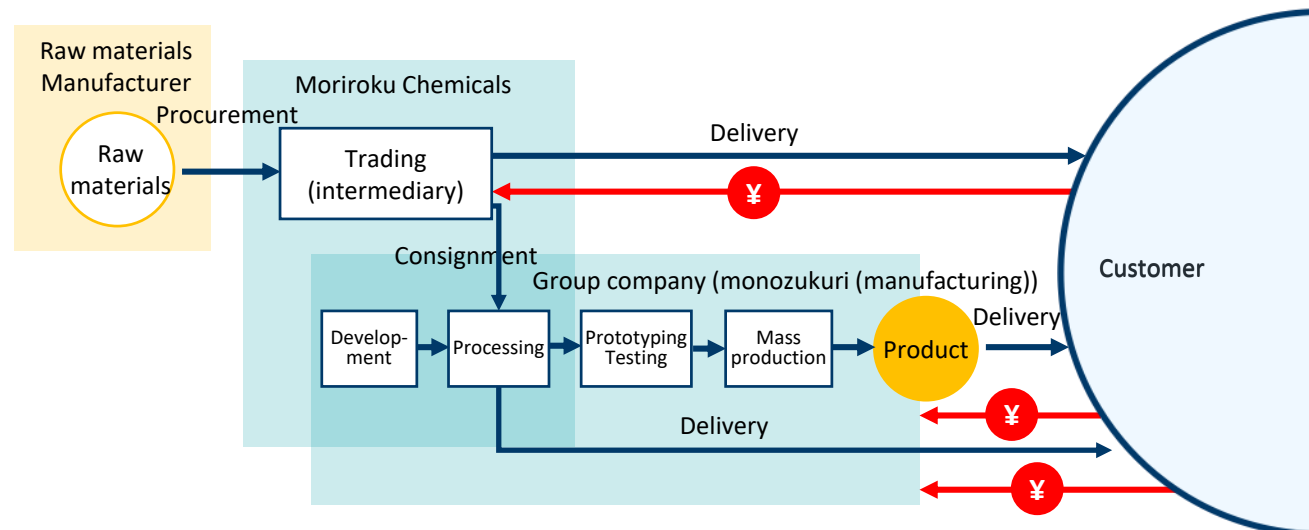
### Intellectual capital

Product procurement and monozukuri (manufacturing) know-how needed by customers

### Manufacturing capital

Product development, processing, and manufacturing functions in cooperation with group companies

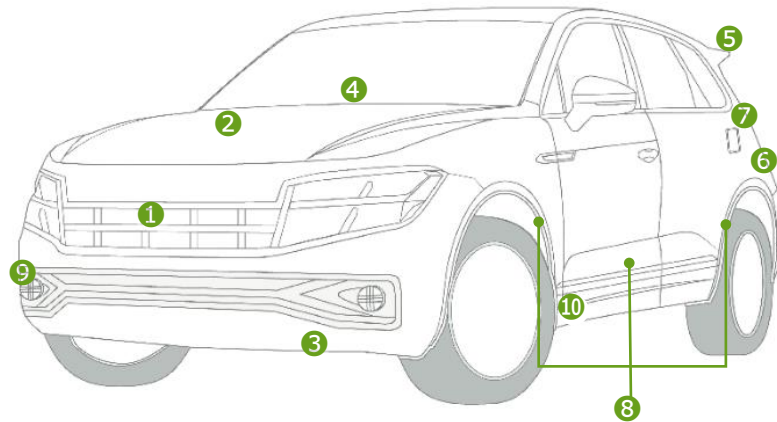
Covers from upstream to downstream in the chemical industry and coordinates commercial distribution according to customer needs



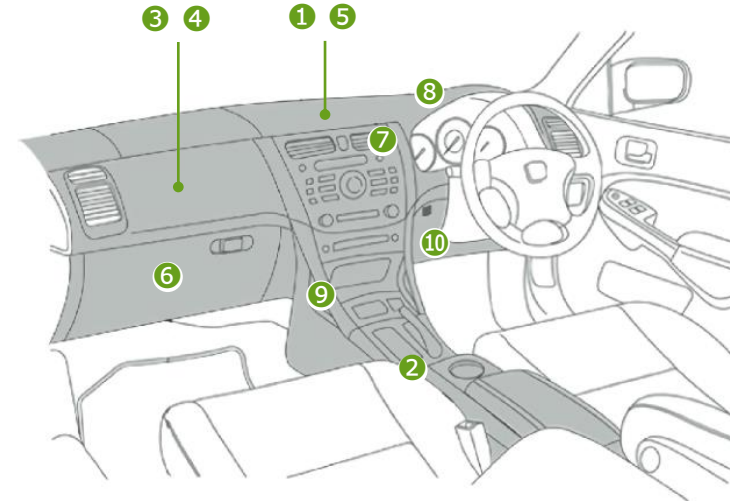
# Who is Morioku Technology?

**Morioku Technology**  
(resin-treated product  
business)

Responds to needs in the increasingly sophisticated automotive industry  
by manufacturing high-quality resin parts through diverse technology



Exterior parts for  
four-wheeled vehicles



Interior parts for  
four-wheeled vehicles



# Who is Morioku Technology?

**Morioku Technology**  
(resin-treated product  
business)

Provides solutions that surpass customers' expectations through an integrated system covering everything from planning to mass production

## Three strengths

1 **Proposal capability based on advanced development**

2 **Reliable quality assurance**

3 **Global production system**

## Capital Strengths

### Human capital

Human resources possessing diverse skills are acquired by having many bases in Japan and overseas

### Social involvement capital

Long-term transactions with automotive manufacturers such as the Honda Group, and a supply chain spanning the globe

### Intellectual capital

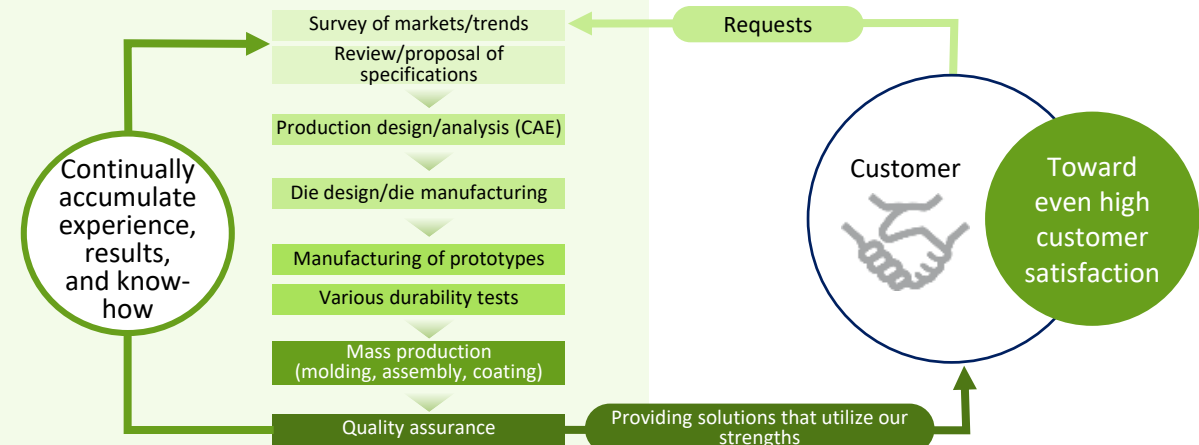
Technical know-how enabling everything from product planning to mass production

### Manufacturing capital

Manufacturing bases closely linked to the domestic and overseas markets of automobile manufacturers

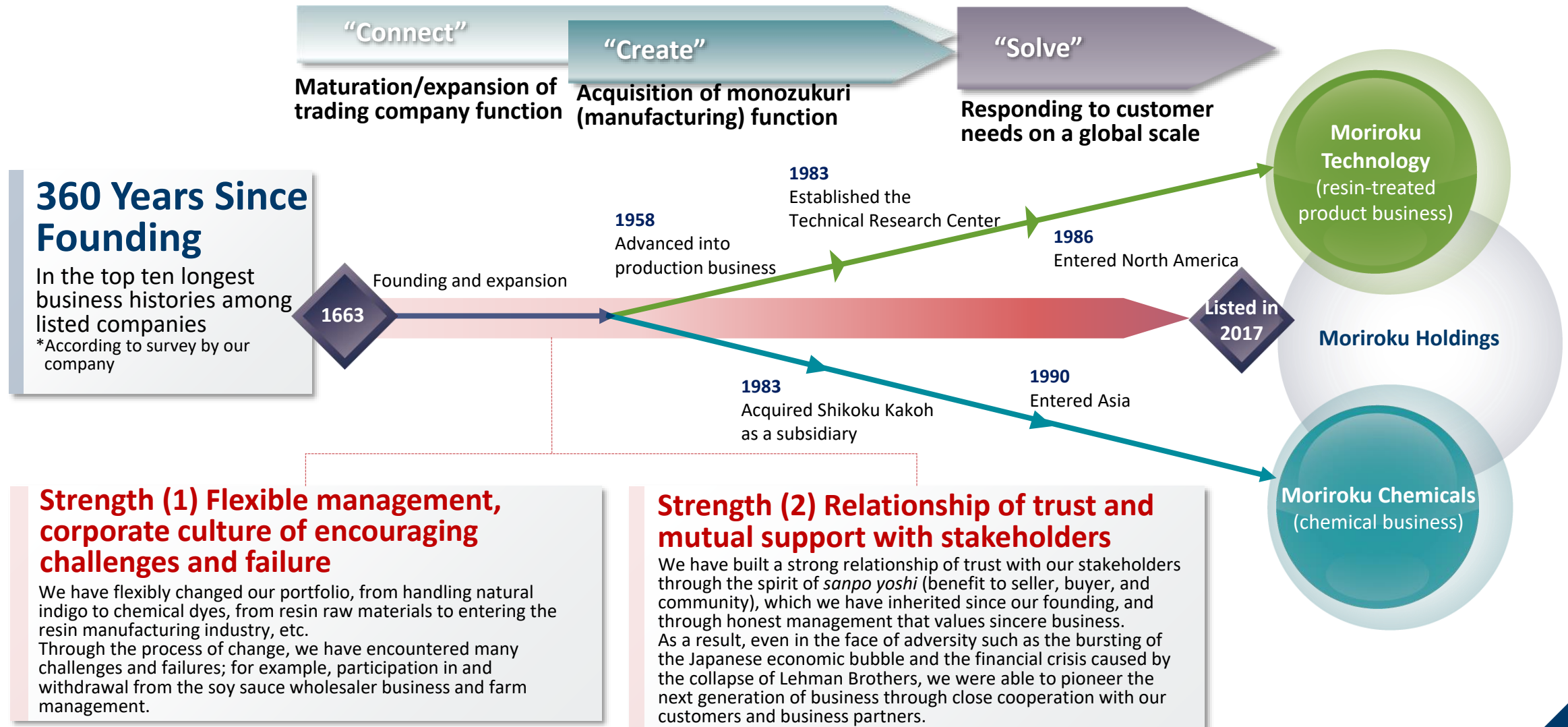
## Integrated system covering everything from planning to mass production

### Morioku Technology: Covers all processes



# Strengths of Morioku Group

Two strengths acquired through 360 years of business history





# Looking Back on the 12th Medium-term Management Plan

## Basic Policy

**Build a management base that can win in the global market by anticipating changes in the business environment and continuing to take on the challenge of new business creation and innovation**

### I Business Structural Reform

- **Expansion of glocalized business**

Expand sales and production globally through cooperation among Group divisions and overseas bases

- **Realization of a new business foundation**

Promote new business in each field by fusing production technology and trading company functions within the Group

### II Value Added Creation

- **Development of innovative technologies and products for next-generation mobility across the Group**

By developing new materials and pursuing unique technologies, provide appealing products that are lightweight and highly rigid as required by customers around the world

- **Pursuit of high added value by creating original products**

Promote the creation of products are impossible for competitors to imitate by refining our unique underlying technology, production technology, and services

### III Strengthening of the Management Base

- **Enhancement of corporate value as a listed company**

Enhance corporate value by responding to changes in the global environment, solving social issues in order to create enriched lifestyles, and creating added value through innovation

- **Strategic utilization of human resources**

Develop an environment and personnel system that allows diverse human resources to fulfill an active role globally and to perform for a long period of time, regardless of nationality or attributes

- **Enhancement of governance functions**

As the shared basis of our management philosophy, further promote internal controls, BCP, and risk management

- **Allocation of resources to cultivate new growth businesses**

Reallocate management resources and cultivate new businesses by optimizing portfolios, and selecting and concentrating businesses

# 12th Medium-term Management Plan: Performance Targets/Management Indicators

Failed to achieved performance targets due to the spread of COVID-19 and shortage of semiconductors

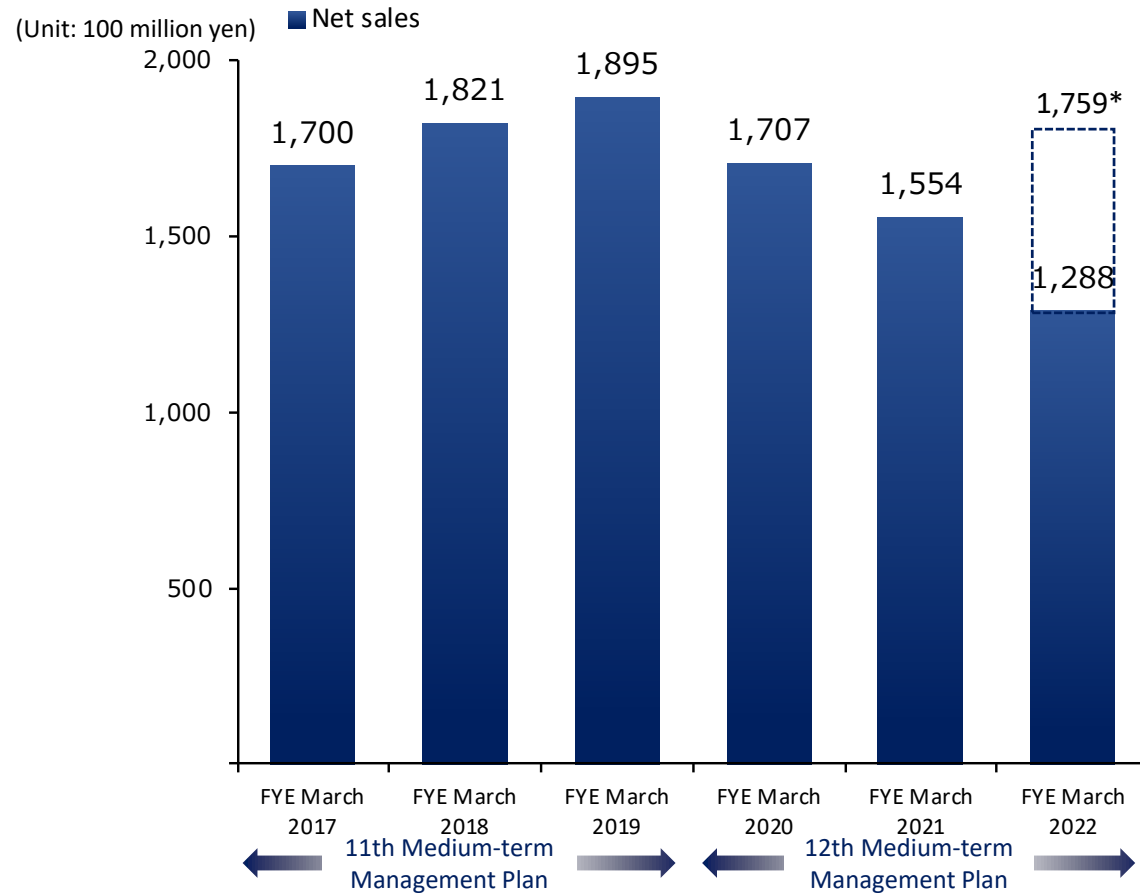
KGI (Key Goal Indicator)

		Target	Result
Financial Results (FYE March 2022) <small>*Exchange assuming 1 USD=110 yen</small>	Net sales (former accounting standards)	200 billion yen or higher	<b>175.9 billion yen</b>
	Operating profit ratio	5.0% or higher	<b>1.5%</b>
	ROE	9.0% or higher	<b>5.9%</b>
Business Investment (3 years of Medium-term Management Plan)	Investment amount	35 billion yen <small>*Including 10.0 billion yen in strategic businesses</small>	<b>27.6 billion yen</b>

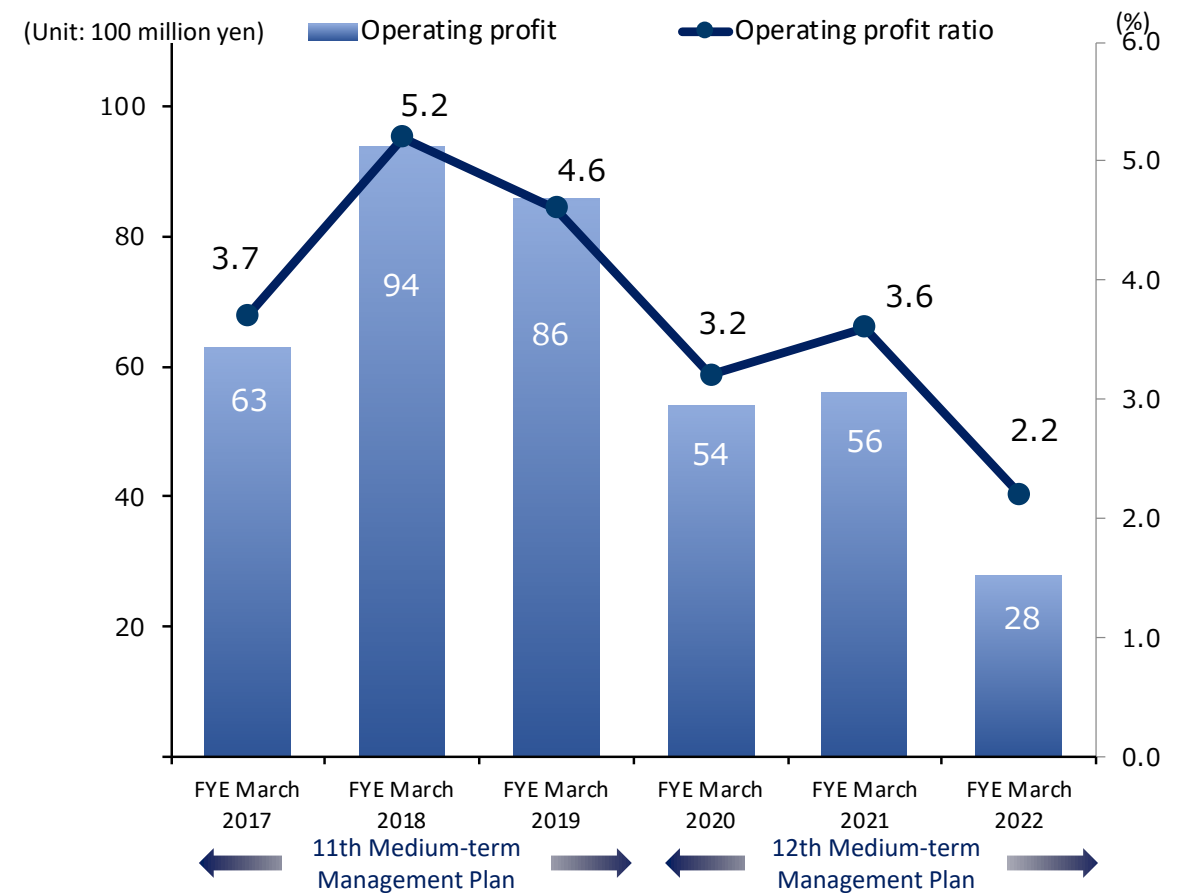
# 12th Medium-term Management Plan: Change in Performance

Impacted by the spread of COVID-19 and shortage of semiconductors

## Moriroku Group: Consolidated net sales



## Moriroku Group: Consolidated operating profit/operating profit margin

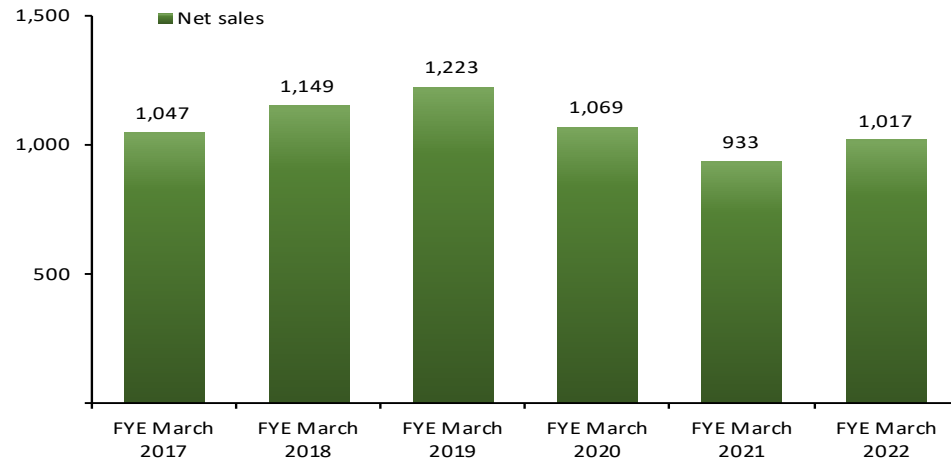


Numbers next to the asterisks (\*) show the net sales (reference) when the Accounting Standard for Revenue Recognition, etc., is not applied

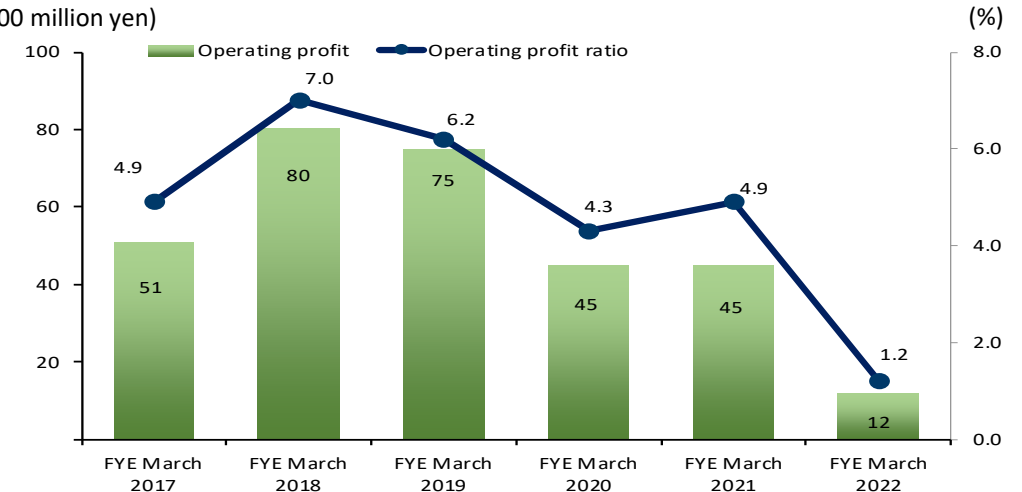
# 12th Medium-term Management Plan: Change in Performance

## Resin-treated business: Net sales, operating profit/operating profit margin

(Unit: 100 million yen)

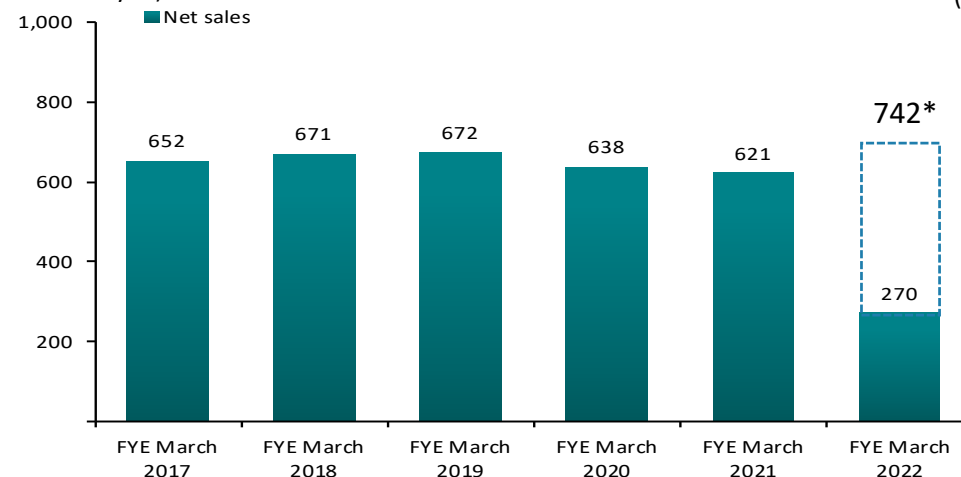


(Unit: 100 million yen)

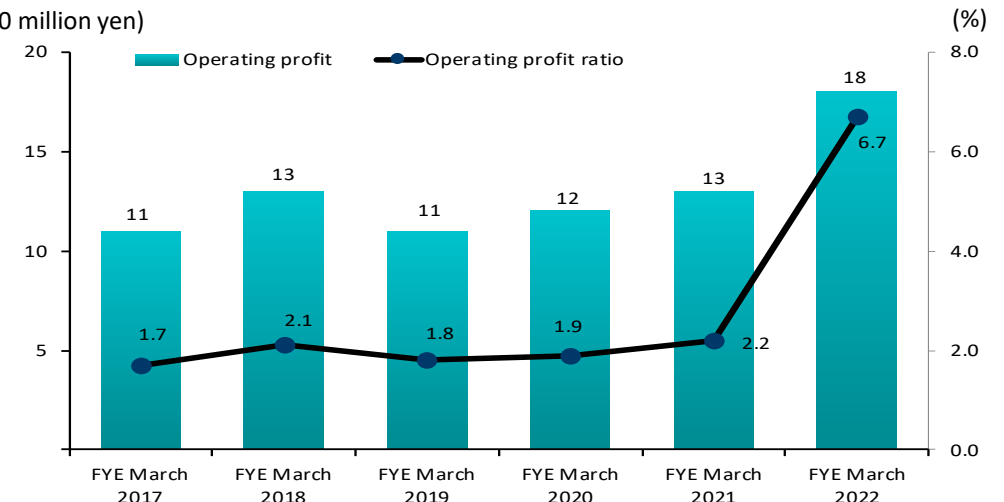


## Chemical business: Net sales, operating profit/operating profit margin

(Unit: 100 million yen)



(Unit: 100 million yen)



Numbers next to the asterisks (\*) show the net sales (reference) when the Accounting Standard for Revenue Recognition, etc., is not applied

# Perspective for Formulating the Next Medium-term Management Plan and Future Vision

Based on the remaining issues of the 12th Medium-term Management Plan, we will focus on the following three points in the next Medium-term Management Plan and Future Vision

Priority Items of 12th Medium-term Management Plan	Remaining Issues	Focal Points of Future Vision
<b>I Business Structural Reform</b>	<ul style="list-style-type: none"> <li>• Creation of a structure that will not be impacted by personnel expenses, fluctuation in production, etc. (resin-treated product business)</li> <li>• Optimization of business portfolio and reallocation of resources (chemical business)</li> </ul>	<b>Establish a stable financial foundation and enhance profitability</b>
<b>II Value Added Creation</b>	<ul style="list-style-type: none"> <li>• Develop technology and products required in the CASE era (resin-treated product business)</li> <li>• Diversify our sales destinations (resin-treated product business)</li> <li>• Enhance our analysis, R&amp;D, and manufacturing functions for chemical materials (chemical business)</li> <li>• Acquire new global growth customers (chemical business)</li> <li>• Strengthen our monozukuri (manufacturing) function and move toward total solutions with high added value (chemical business)</li> </ul>	<b>Create value and sow seeds for 2030 by strengthening R&amp;D</b>
<b>III Strengthening of the Management Base</b>	<ul style="list-style-type: none"> <li>• Management that incorporates “contribution to a sustainable society” in our management strategy (shared by Group)</li> <li>• Hire and cultivate diverse human resources (shared by Group)</li> <li>• Strengthen corporate governance functions (shared by Group)</li> <li>• Enhance disclosure of information (shared by Group)</li> </ul>	<b>Increase management resilience by promoting sustainable activities</b>



# Focus on 2030



# Formulation of the Morioku Group “Sustainability Policy”

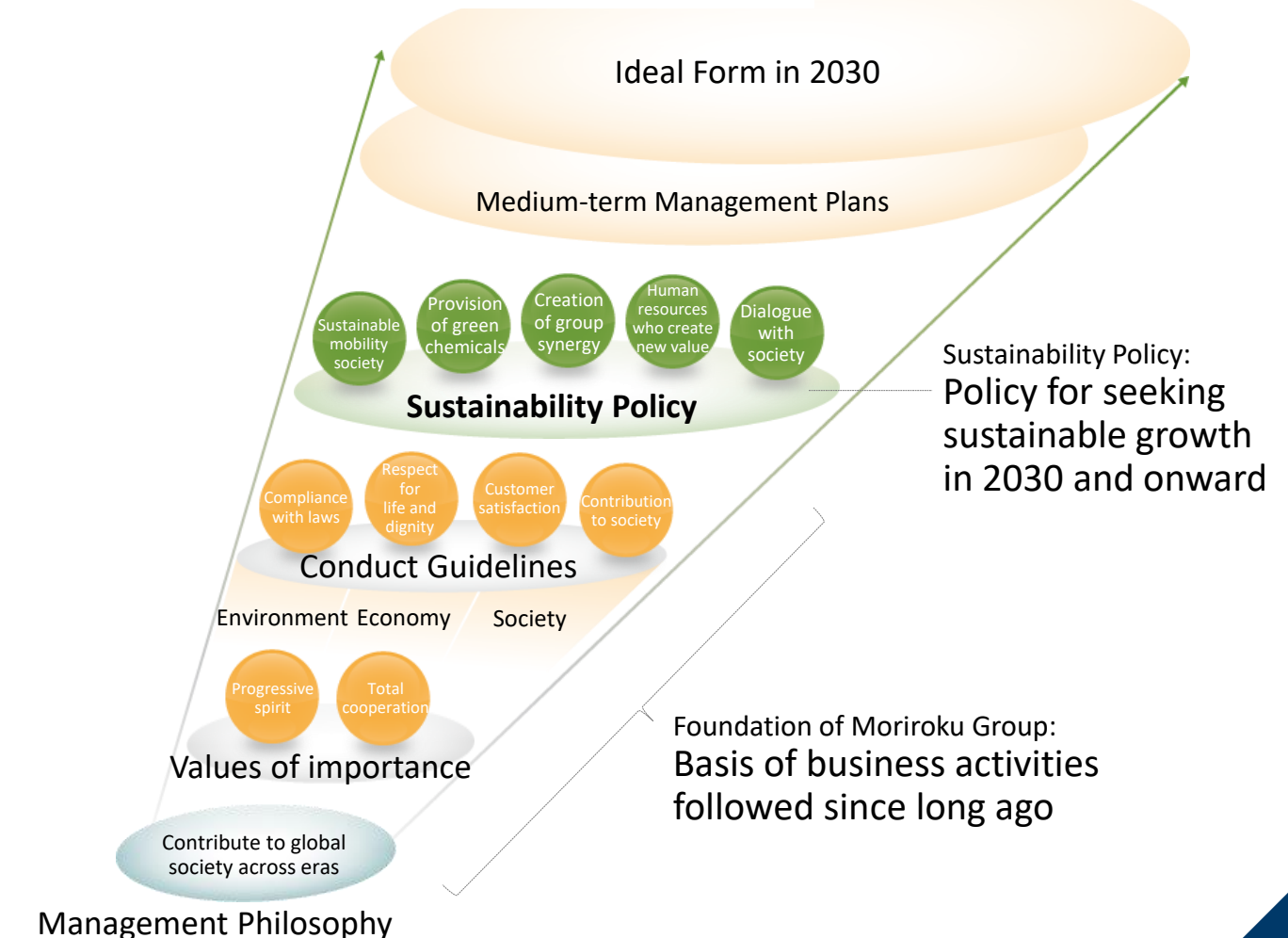
## Formulation of the Morioku Group “Sustainability Policy” in March 2022

### Morioku Group: Sustainability Policy

Based on our management philosophy, we will co-create the value needed for the new era with our stakeholders, and contribute to the sustainable growth of society.

1. Fully utilize the group’s functions and resources, and embrace the challenge of solving social issues beyond the conventional business domain
2. Aim for a sustainable mobility society through innovative manufacturing that contributes to carbon neutrality and resource recycling
3. Contribute to the realization of an ecological recycling-oriented society by providing green chemicals throughout the supply chain
4. Pursue the happiness of all employees based on respect for human rights, and continue to create new value from an organization in which diverse human resources fulfill an active role through meaningful work
5. Understand the expectations and demands of society through dialogue with stakeholders, and build mutual trust through highly transparent and sincere corporate activities

### Sustainability pursued by the Morioku Group



# Formulation of the Morioku Group “Sustainability Policy”

## Setting of sustainability KPI for FY2030

### Main sustainability KPI for FY2030

**Affirmative response for  
“employee engagement” and  
“environment that maximizes employees”**

**Rate of reduction  
in GHG emissions**

**Introduction ratio  
for renewable energy**

Compared to emissions amount in FY2019,  
achieve for the entire Morioku Group:

For the ratio of electricity consumption  
derived from renewable energy,  
achieve for the entire Morioku Group:

**60% or higher**

**50%**



**to 55%**

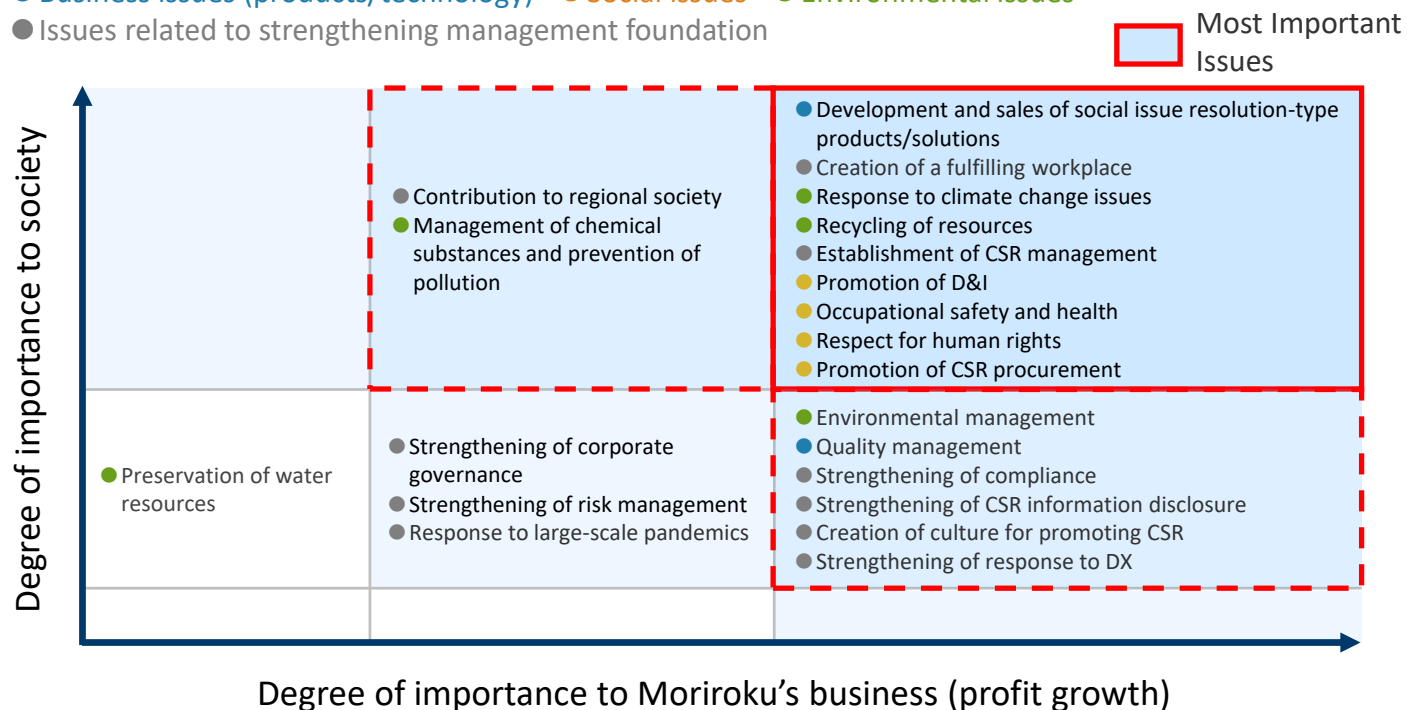
In order to increase the effectiveness of promoting sustainability activities,  
**the degree of achievement of major KPIs is reflected in a portion of executive compensation**  
(scheduled for introduction from FYE March 2023)

# Moriroku Group: Identification of Important Sustainability Issues

Used the materiality matrix to identify nine important issues

## Sustainability Priority Issues of Moriroku Group (materiality matrix)

- Business issues (products/technology)
- Social issues
- Environmental issues
- Issues related to strengthening management foundation



### Important Sustainability Issues

- (1) Development and sales of social issue resolution-type products/solutions
- (2) Creation of a fulfilling workplace
- (3) Response to climate change issues
- (4) Recycling of resources
- (5) Establishment of CSR management
- (6) Promotion of D&I
- (7) Occupational safety and health
- (8) Respect for human rights
- (9) Promotion of CSR procurement

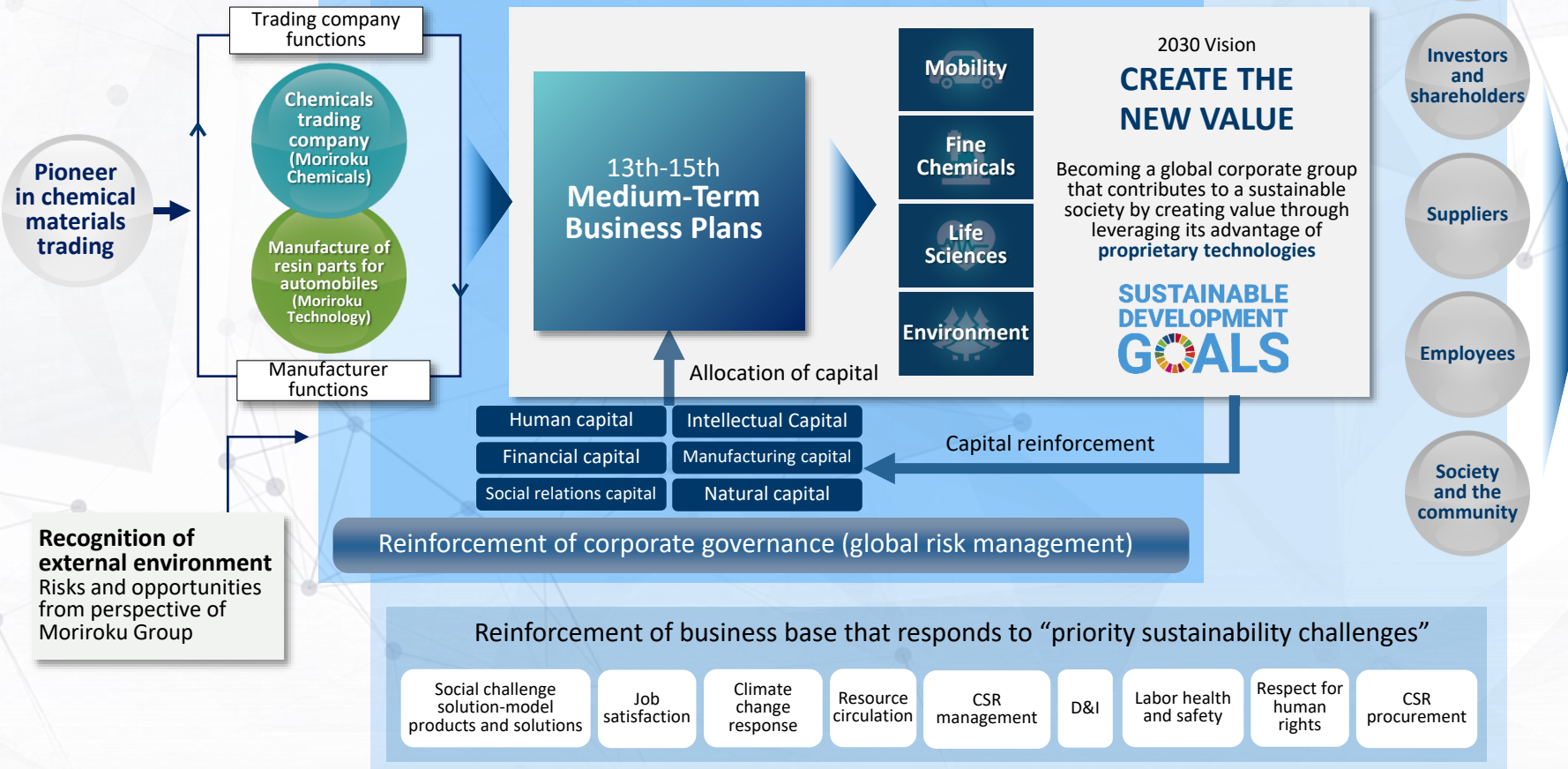
Seek to achieve our ideal form in 2030 and **accelerate fusion with business activities**

# The Value-Creation Model of the Moriroke Group

Demonstrating resilience cultivated over our 360-year history as we go on to create new value

Deepening of sustainability management

Reinforcement of existing businesses and creation of new pillars



Value we provide to society



Sustainable mobility society












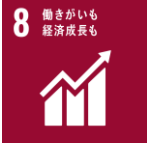

Ecological recycling-model society



Happy and enriched living

# PEST Analysis of Business Environment

External factors that will affect the group's growth over the next 10 years (also be aware of SDGs)

		Related SDGs
<b>P</b> Politics	<ul style="list-style-type: none"> <li>• Economic growth in developing nations</li> <li>• Elimination of gaps in medicine, education, and regional services with developed nations</li> </ul>	   
<b>E</b> Economy Environment	<ul style="list-style-type: none"> <li>• Realization of a sustainable society</li> <li>• Reduction of environmental load, response to strengthened environmental restrictions</li> <li>• Suppression of climate change</li> <li>• Promotion of efficient usage of resources</li> </ul>	  
<b>S</b> Society	<ul style="list-style-type: none"> <li>• Achievement of a healthy longevity society</li> <li>• Promotion of regenerative medicine/personalized treatment</li> <li>• Alleviation of insufficient resources due to increasing population, creation of employment opportunities</li> <li>• Promotion of diverse values and ways of working which are feasible in the "With COVID-19" era</li> </ul>	  
<b>T</b> Technology	<ul style="list-style-type: none"> <li>• Promotion of digital technology (IoT, AI, etc.)</li> <li>• Mobility revolution using CASE</li> <li>• Spread of mobile support systems</li> <li>• Significant changes in business model through DX promotion</li> </ul>	

# Risks and Opportunities for the Morioku Group

Acquire new business opportunities in the four fields of mobility, environment, fine chemicals, and life sciences

	Risks for Morioku Group	Opportunities for Morioku Group
<b>P</b>	<ul style="list-style-type: none"> <li>Economic destabilization and formation of blocs due to international conflict</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen environmental regulations in mobility field</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>Depletion of resources, rising prices</li> <li>Interruption of supply chain due to abnormal weather</li> <li>Sluggish growth rate in Japan due to stagnating domestic demand</li> </ul>	<ul style="list-style-type: none"> <li><b>Demand for improved environmental performance of products</b></li> <li><b>Heightened expectations for contributions of new materials to solving social issues</b></li> <li>Expansion of environmental business market in agriculture, forestry, and fishing</li> </ul>
<b>S</b>	<ul style="list-style-type: none"> <li>Insufficient labor force due to declining birthrate and aging population</li> </ul>	<ul style="list-style-type: none"> <li><b>Growth of markets related to health and medicine</b></li> </ul>
<b>T</b>	<ul style="list-style-type: none"> <li><b>Fierce competition and game changing due to entry of companies from other industries into mobility</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Innovative technology (AI, IoT, robotics)</b> Expanded trade area for shipping devices (automobiles, drones) and battery business</li> </ul>

## Main fields

Mobility

Fine chemicals

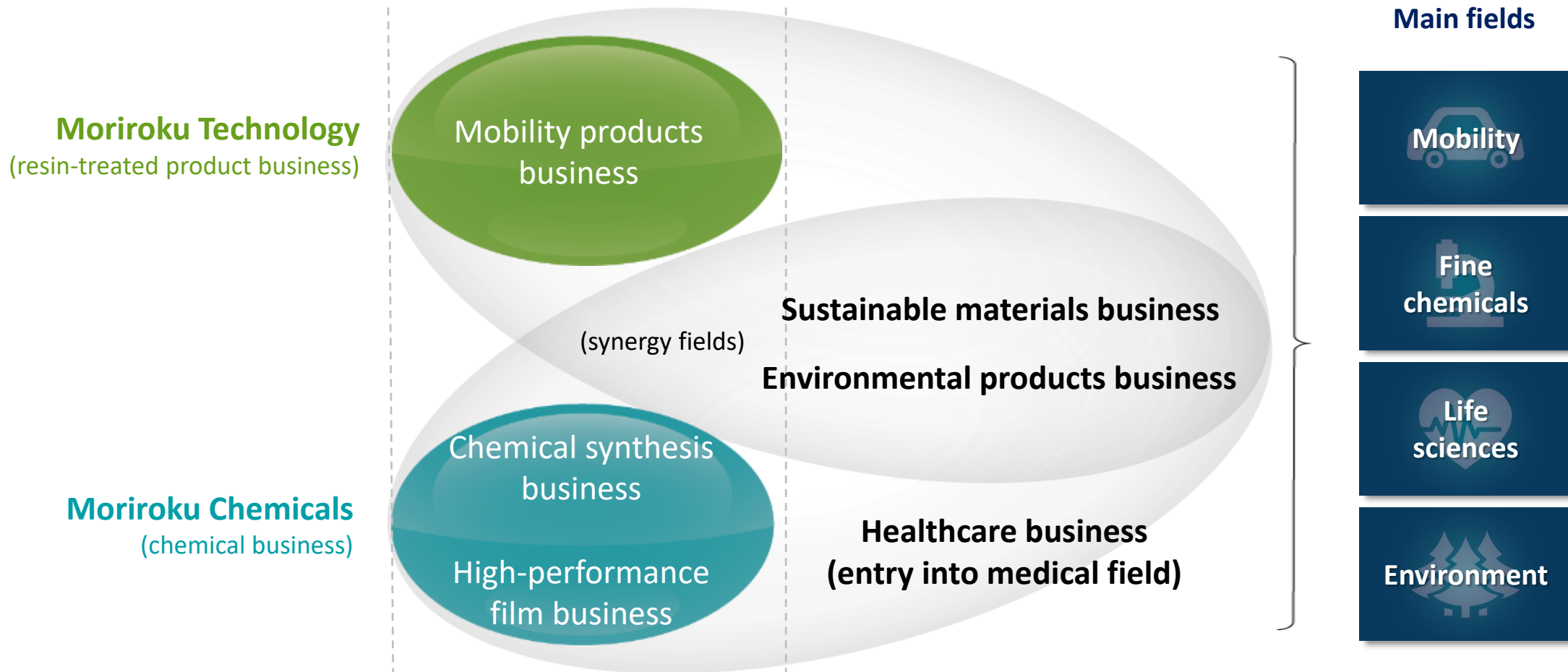
Life sciences

Environment

# Creation of New Business Pillars for 2030

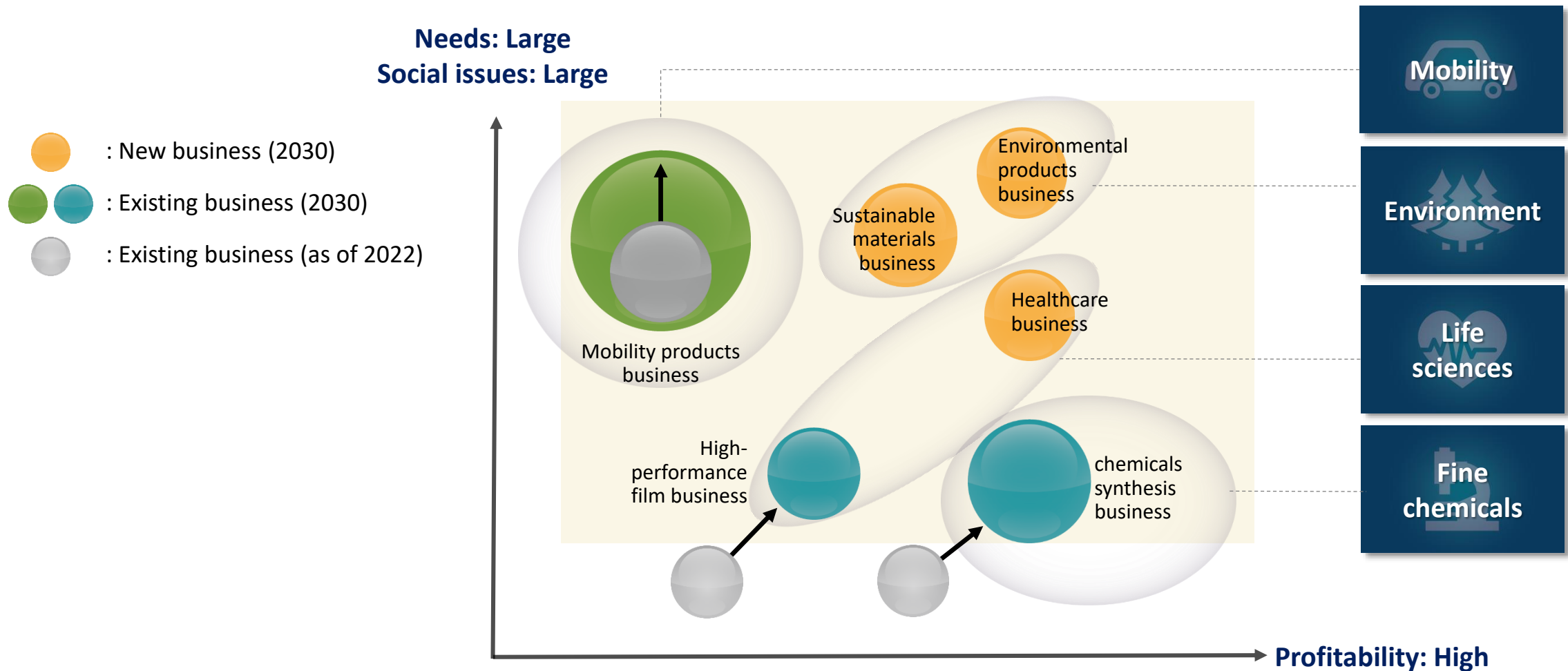
Create new business pillars in three business domains

Extension of existing business + Creation of "new pillars"



# Profit Portfolio Management for 2030 (Image)

Aim to strengthen profitability by increasing the added value of existing businesses and creating new pillars



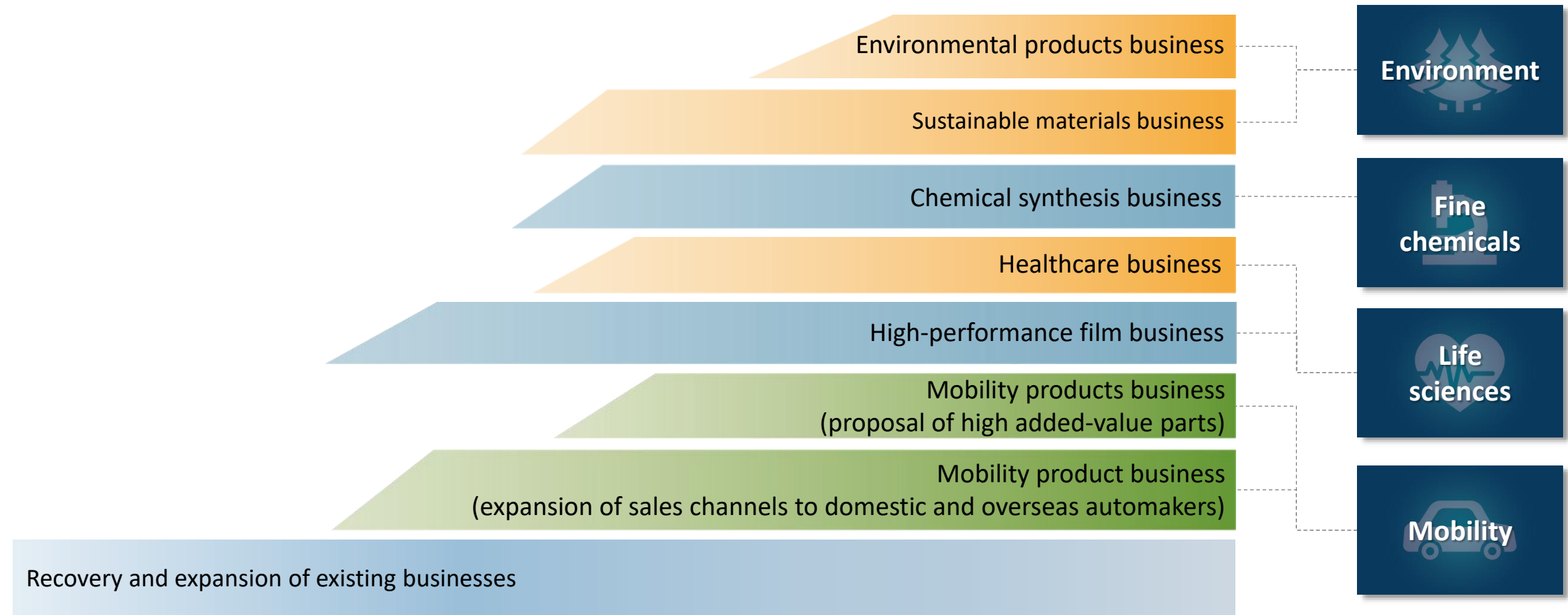
# Area Strategy for 2030

Mobility focuses on North America; others mainly focus on Japan, ASEAN, and Asia

			Japan	China	ASEAN/India	North America	Europe	South America/ Africa
Area Trends	Growth potential		△	◎	◎	◎	△	○
	Risk		○	×	△	○	○	×
Business domain	Mobility	Mobility products	○	○	○	◎	△	—
	Environment	Sustainable materials	◎	○	○	○	○	—
		Environmental energy	◎	○	△	△	◎	○
	Fine chemicals	Fine chemicals	◎	○	△	△	○	—
	Life sciences	High-performance film	○	△	◎	△	△	—
		Healthcare	◎	○	◎	○	○	○
Role of area			•Create new businesses •Develop unique technologies •Mother function in overseas expansion	•Business expansion that leverages growth fields and technology	•Business expansion that utilizes heightening of living standards as an opportunity	•Stable economy •Growth in the market •Acquisition of customers	•Business creation in environment and fine chemicals field	• Explore business in future growth markets
Measures by area			•Strengthen monozukuri (manufacturing) •Strategic allocation of management resources	•Expansion of Asia business based in China •Review of expanding bases	•Focus on materials and products in the healthcare field	•Reconstruction of strategy for automotive parts business •Increase profitability of new transactions	•Expand transactions with mid-sized customers	—

# Image of Business Expansion for 2030

In addition to recovery and expansion of existing businesses, steadily accumulate growth strategies



FYE Mar. 2020 to FYE Mar. 2022

**12th Medium-term  
Management Plan**

FYE Mar. 2023 to FYE Mar. 2025

**13th Medium-term  
Management Plan**

FYE Mar. 2026 to FYE Mar. 2028

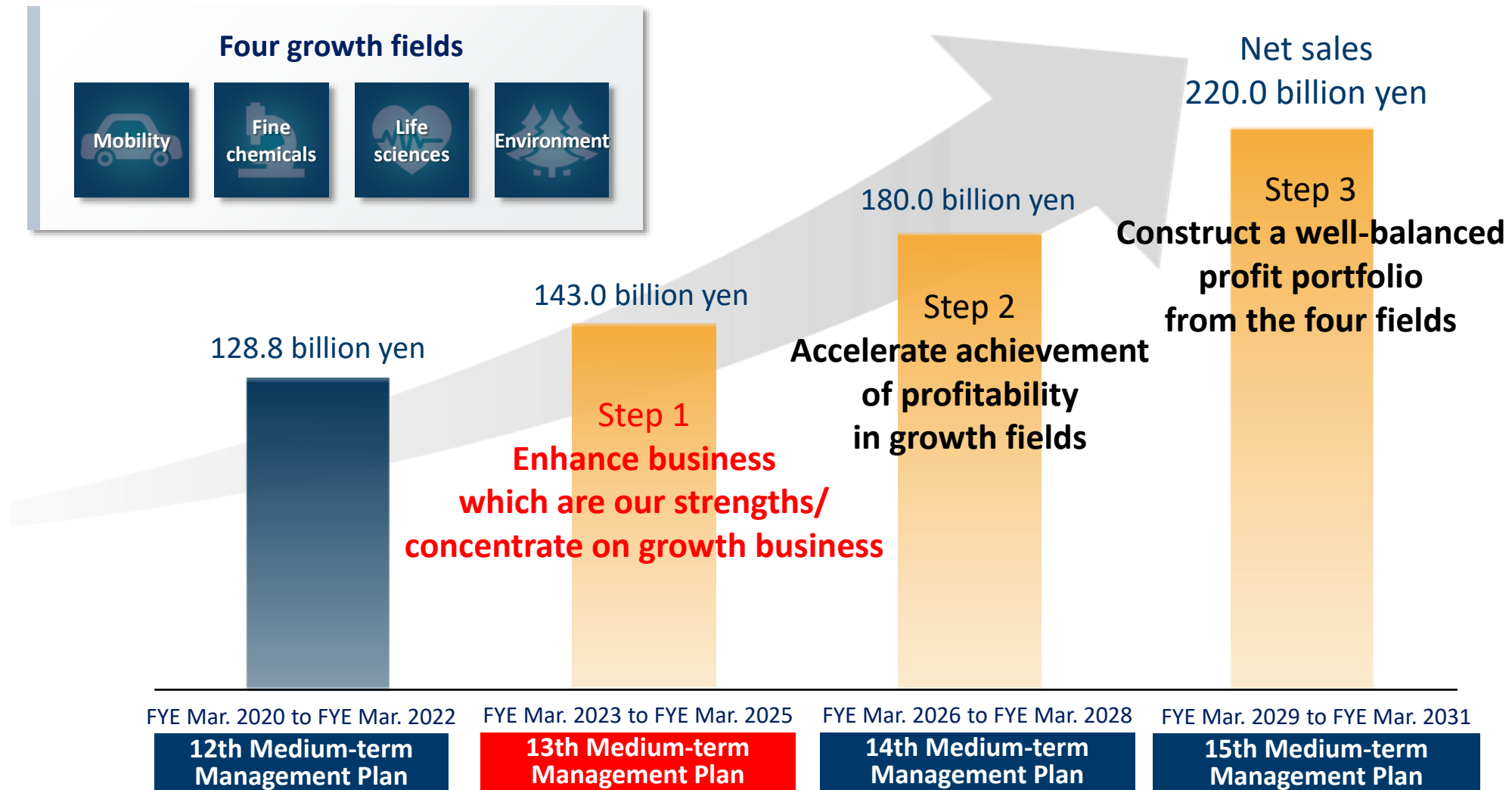
**14th Medium-term  
Management Plan**

FYE Mar. 2029 to FYE Mar. 2031

**15th Medium-term  
Management Plan**

# Growth Steps for 2030

The 13th Medium-term Management Plan is positioned as the first step for the 2030 Vision



Moriroku Group: 2030 Vision

# CREATE THE NEW VALUE

Become a global corporate group that contributes to a sustainable future society through value creation leveraging our **unique technology**

# What is the “Unique Technology” Acquired in the 2030 Vision?

Identify required technology through a market-in approach

Main fields

Mobility

Environment

Life  
sciences

Fine  
chemicals

Solutions

Creation of  
high added-value  
for mobility parts

Environmental response

Raw  
materials

Parts

Total chemical  
solutions from  
upstream to  
downstream

Unique technologies

Decorative  
technology

Electrical  
technology

Lightweight  
technology

Compound  
technology

Recycling  
technology

Film  
technology

Chemical  
synthesis  
technology

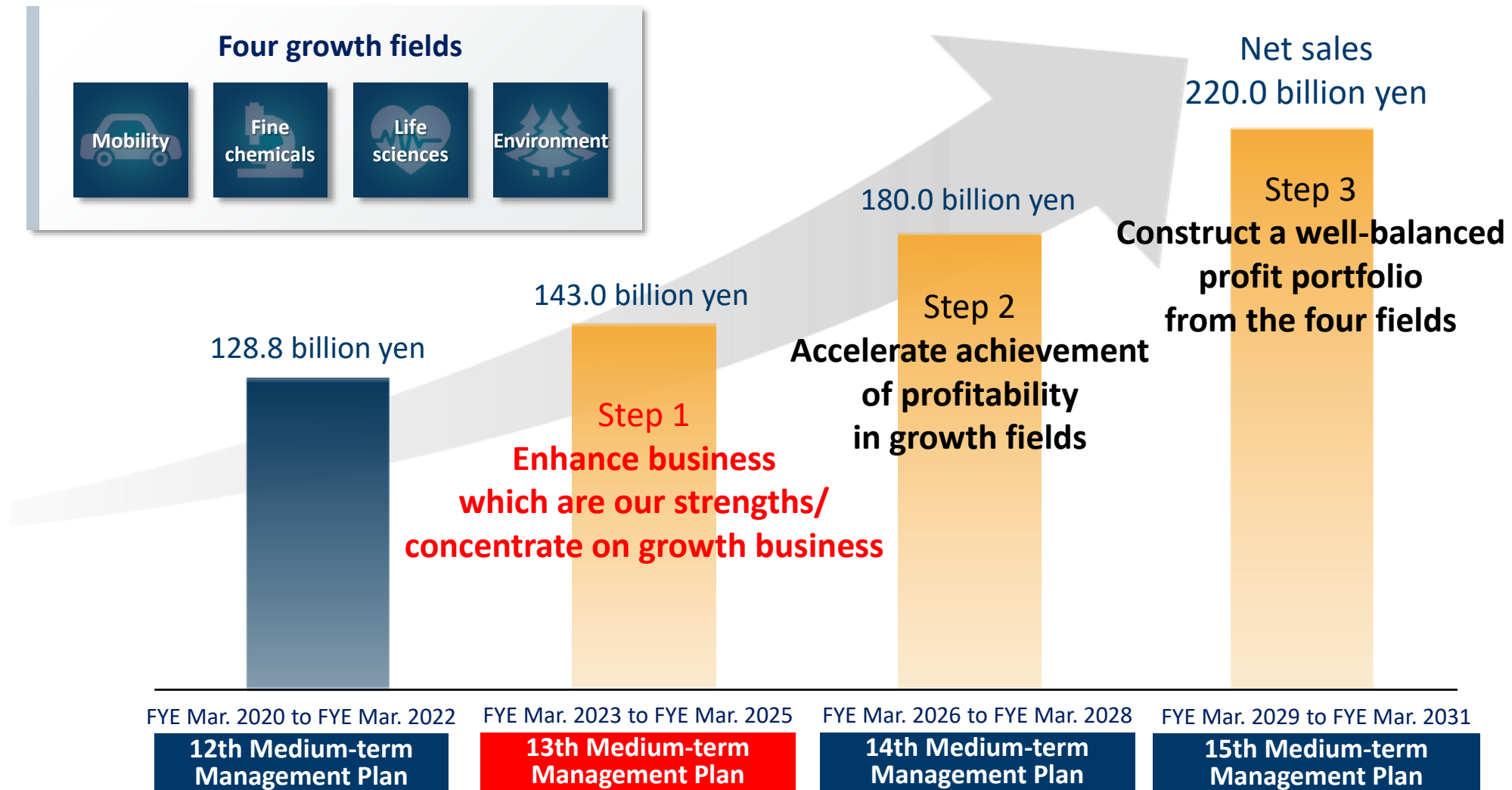
Strengthening and acquiring technology to realize high added-value solutions



# **Start of 13th Medium-term Management Plan**

# Growth Steps for 2030

The 13th Medium-term Management Plan is positioned as the first step for the 2030 Vision



12th Medium-term Management Plan: Basic Policy  
(FYE March 2023 to FYE March 2025)

## CREATE THE NEW VALUE

### Step 1

**Enhance business which are our strengths/concentrate on growth business**



#### Basic Strategies

**I Establish a stable financial foundation and enhance profitability**

- Advance a flexible production system
- Promote high-efficiency production

**II Create value and sow seeds for 2030 by strengthening R&D**

- Expansion of technological fields, possession of unique technology
- Create advantages through the supply chain

**III Increase management resilience by promoting sustainable activities**

- Increase corporate value
- Strengthen corporate governance functions
- Hire and cultivate diverse human resources

# 13th Medium-term Management Plan: Performance Targets

## Performance Targets

Indicators	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025
Net sales	128.8 billion yen	153.0 billion yen	140.0 billion yen	143.0 billion yen
Operating profit (Operating profit margin)	2.8 billion yen (2.2%)	9.0 billion yen (5.8%)	10.0 billion yen (7.1%)	11.0 billion yen (7.7%)
ROE	5.9%	6.9%	8.6%	9.1%

## Performance Targets and Investment Amount by Segment

	Indicators		FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025
By segment	Resin-treated products Business	Net sales	101.7 billion yen	125.0 billion yen	110.0 billion yen	112.0 billion yen
		Operating profit (Operating profit margin)	1.2 billion yen (1.2%)	7.3 billion yen (5.8%)	8.3 billion yen (7.5%)	9.0 billion yen (8.0%)
	Chemical business	Net sales	27.0 billion yen	28.0 billion yen	30.0 billion yen	31.0 billion yen
		Operating profit (Operating profit margin)	1.8 billion yen (6.7%)	1.9 billion yen (6.8%)	2.0 billion yen (6.7%)	2.3 billion yen (7.4%)
Investment amount	Business foundation maintenance		9.4 billion yen	11.0 billion yen	9.0 billion yen	7.0 billion yen
	Strategic business		-	1.0 billion yen	4.0 billion yen	5.0 billion yen

# Basic Strategy I Establish a stable financial foundation and enhance profitability

## Financial strategy

Financial strategy to adopt an offensive orientation while emphasizing safety and efficiency

## Priority management indicators

### (1) Safety

#### Acquire sufficient amount of required capital

- Flexible usage of capital in the group

Free cash flows

### (2) Efficiency

#### Pursue efficiency while being conscious of capital cost

- High efficiency consolidated management that prioritizes ROE
- Setting of KPI for individual business companies

ROE/  
net profit margin/  
total asset turnover  
ratio

### (3) Growth potential

#### Optimal allocation of invested capital

- Expansion of strategic investment framework
- Active business cooperation and M&As

Strategic investment  
amount

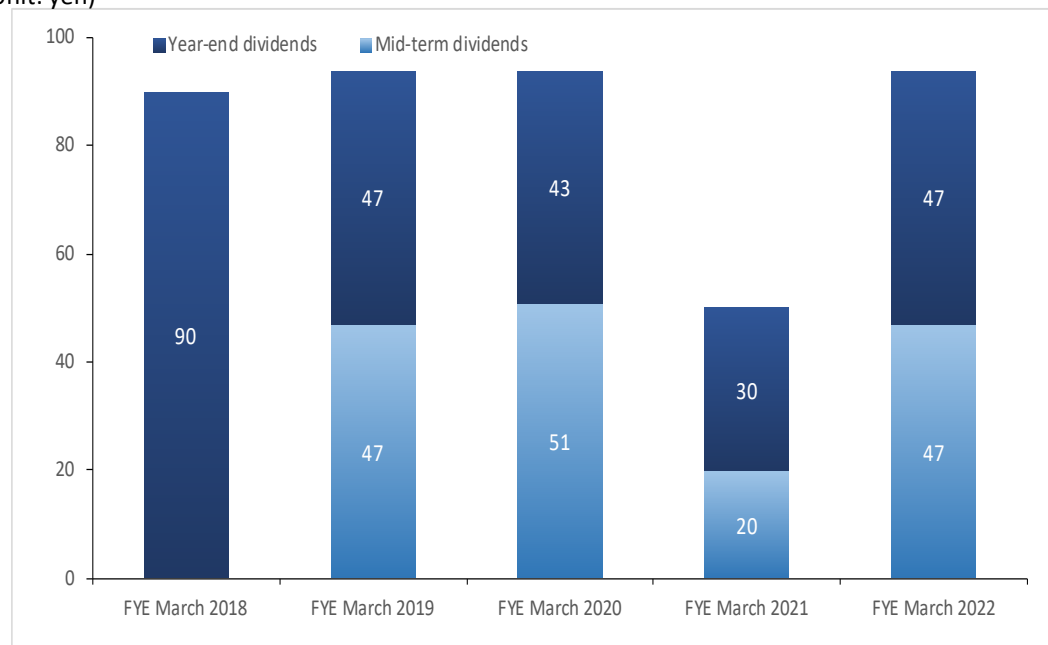
# Basic Strategy I Establish a stable financial foundation and enhance profitability

## Shareholder return policy

We position the return of profits to shareholders as one of the important measures for management. Our basic policy is to continue to pay stable dividends while considering striking the right balance between future investments and retained earnings.

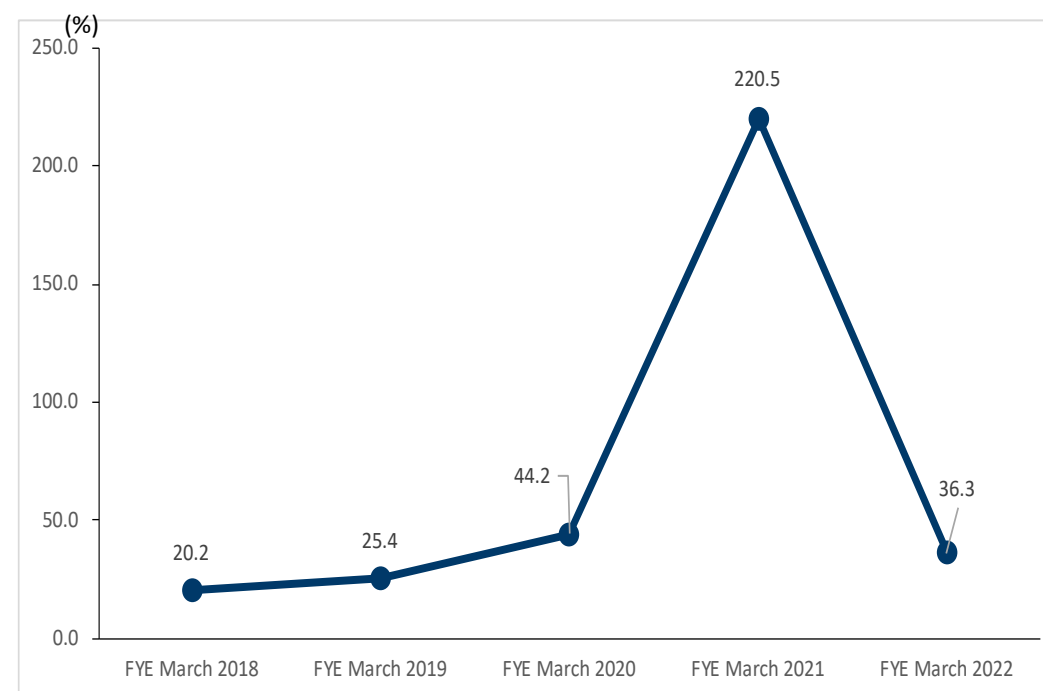
### Dividends per share

(Unit: yen)



Maintain a high standard at the level from the previous Mid-term Management Plan

### Dividend payout ratio



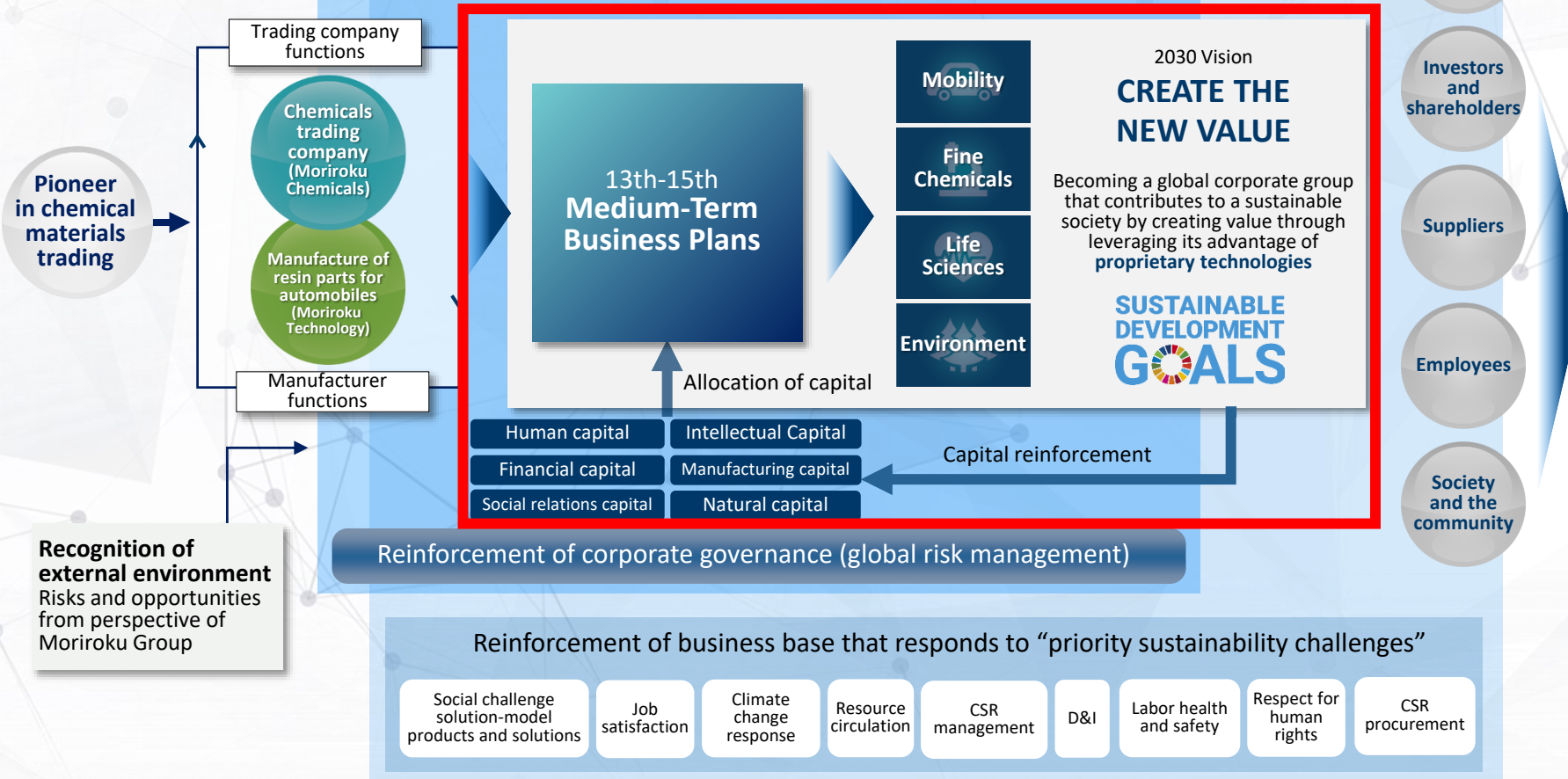
Focus on the stability and continuity of dividends

# The Value-Creation Model of the Morioku Group (Repeat)

By strengthening management resources, lay the foundation for our first step to the 2030 Vision

Deepening of sustainability management

Reinforcement of existing businesses and creation of new pillars



Value we provide to society



Sustainable mobility society



Ecological recycling-model society



Happy and enriched living

# Basic Strategy II: Sew Seeds for 2030

## Investment

Accelerate the creation of new businesses by setting a new strategic business investment limit of 10.0 billion yen

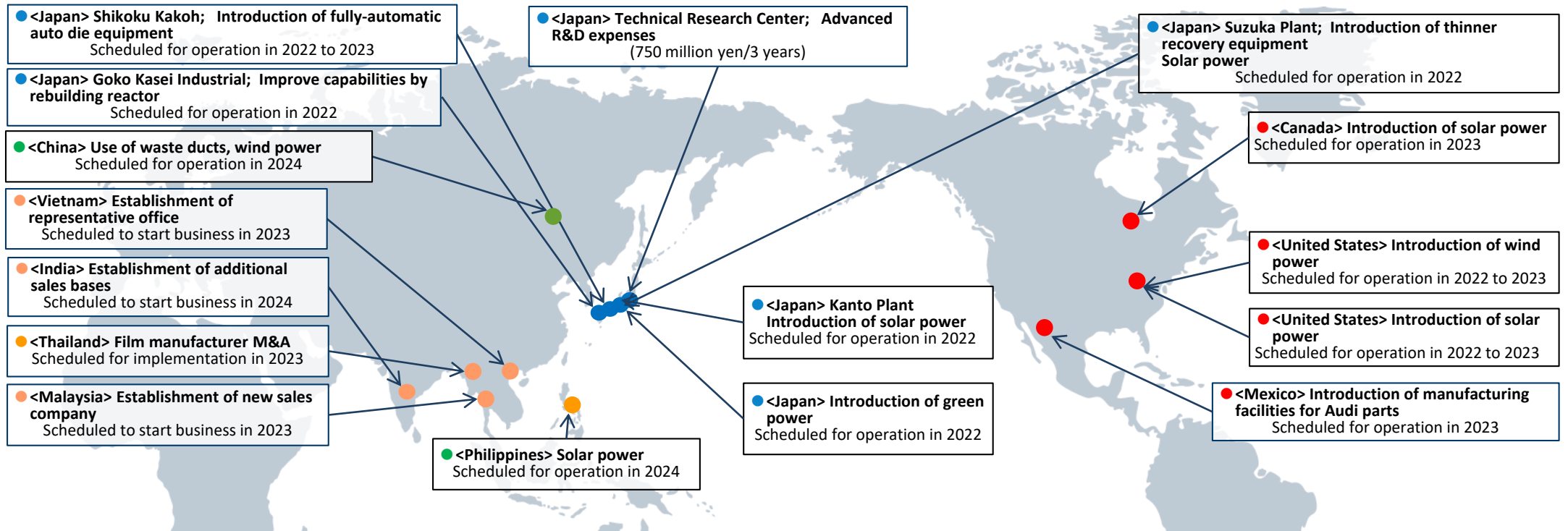
Investment for business foundation maintenance (numbers in parentheses are for environmental investment)	
12th Medium-term Management Plan	13th Medium-term Management Plan
27.6 billion yen (3.9 billion yen)	26.3 billion yen (6.1 billion yen)



Strategic business investment (Total amount of 13th Medium-term Management Plan)
<b>10.0 billion yen</b>

R&D expenses Compared to ratio of 12th Medium-term Management Plan
<b>2.6 billion yen increase</b>

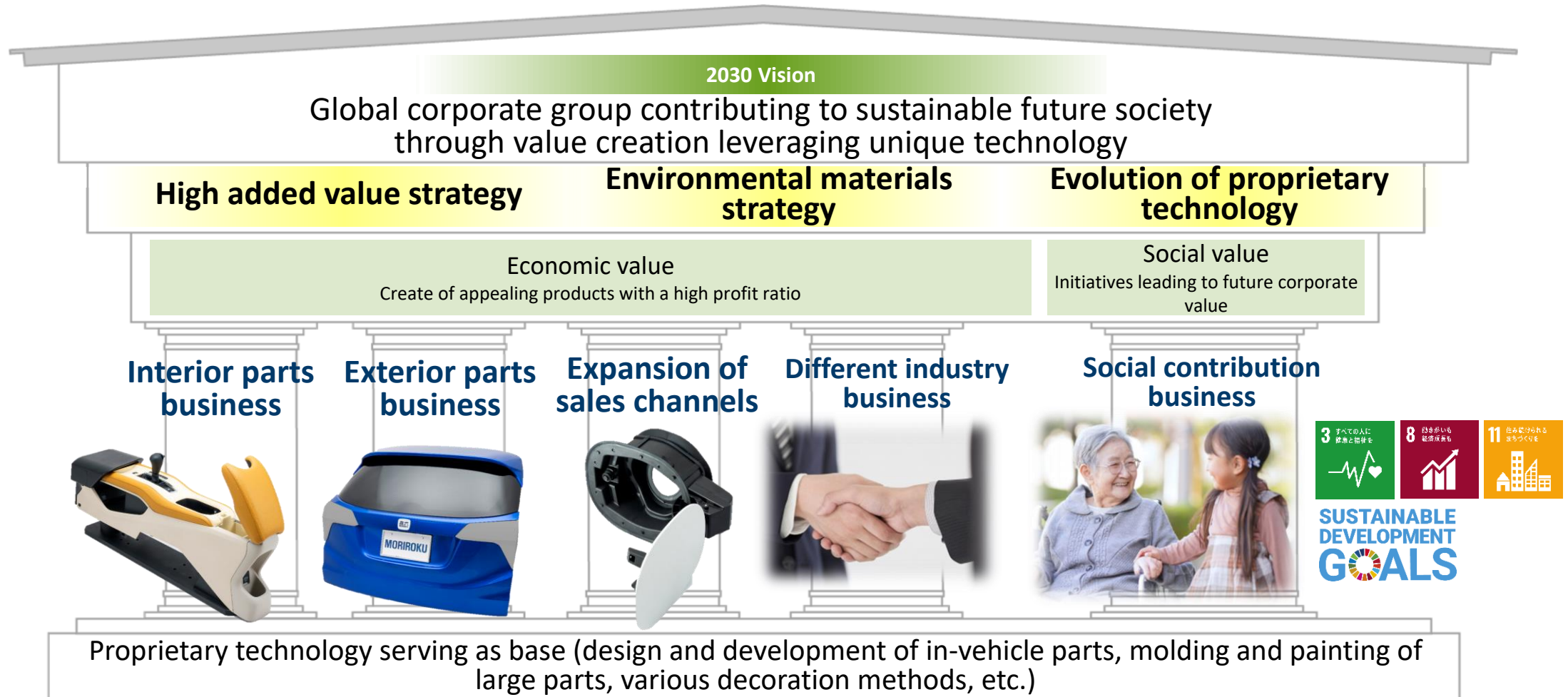
## Overview of Investment Plan by Region



## Basic Strategy II: Sew Seeds for 2030

Initiatives for resin-treated  
product business

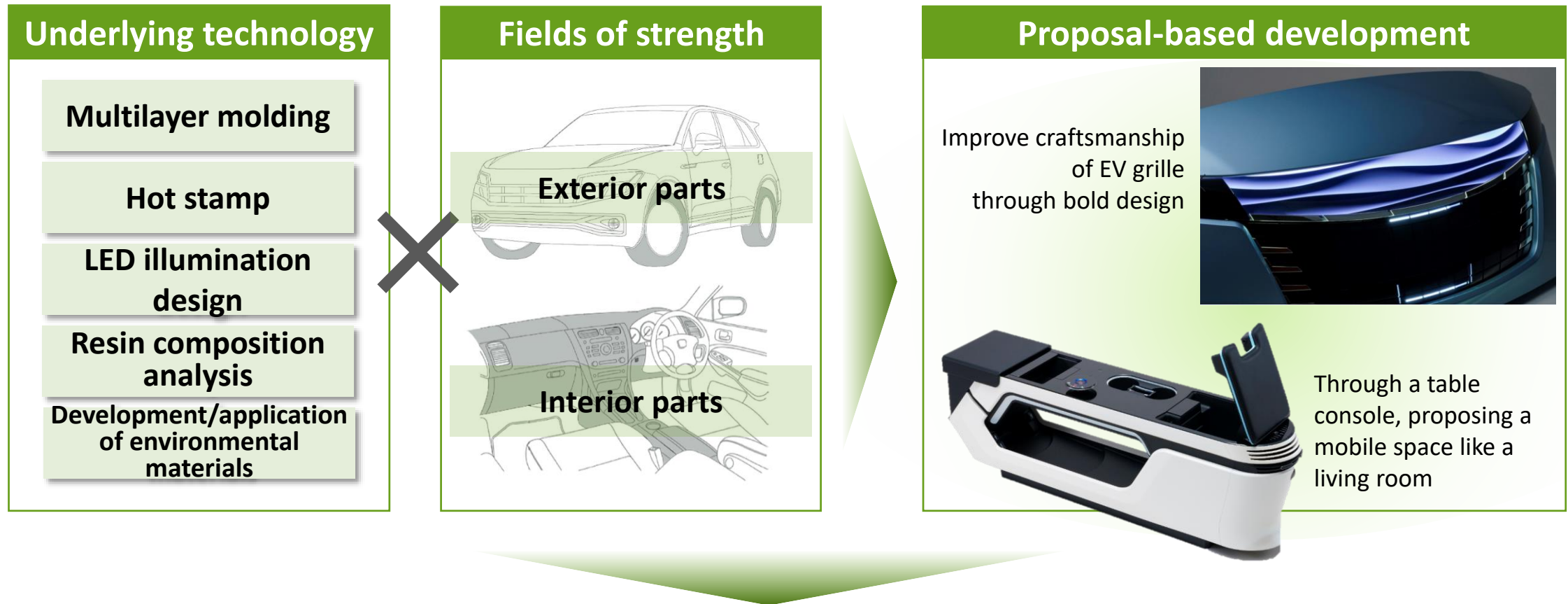
Improving profit ratio by providing high added value and aggressively  
expanding sales channels



## Basic Strategy II: Sew Seeds for 2030

Initiatives for resin-treated  
product business

Leverage advantages to focus on proposal-based development that  
anticipate needs



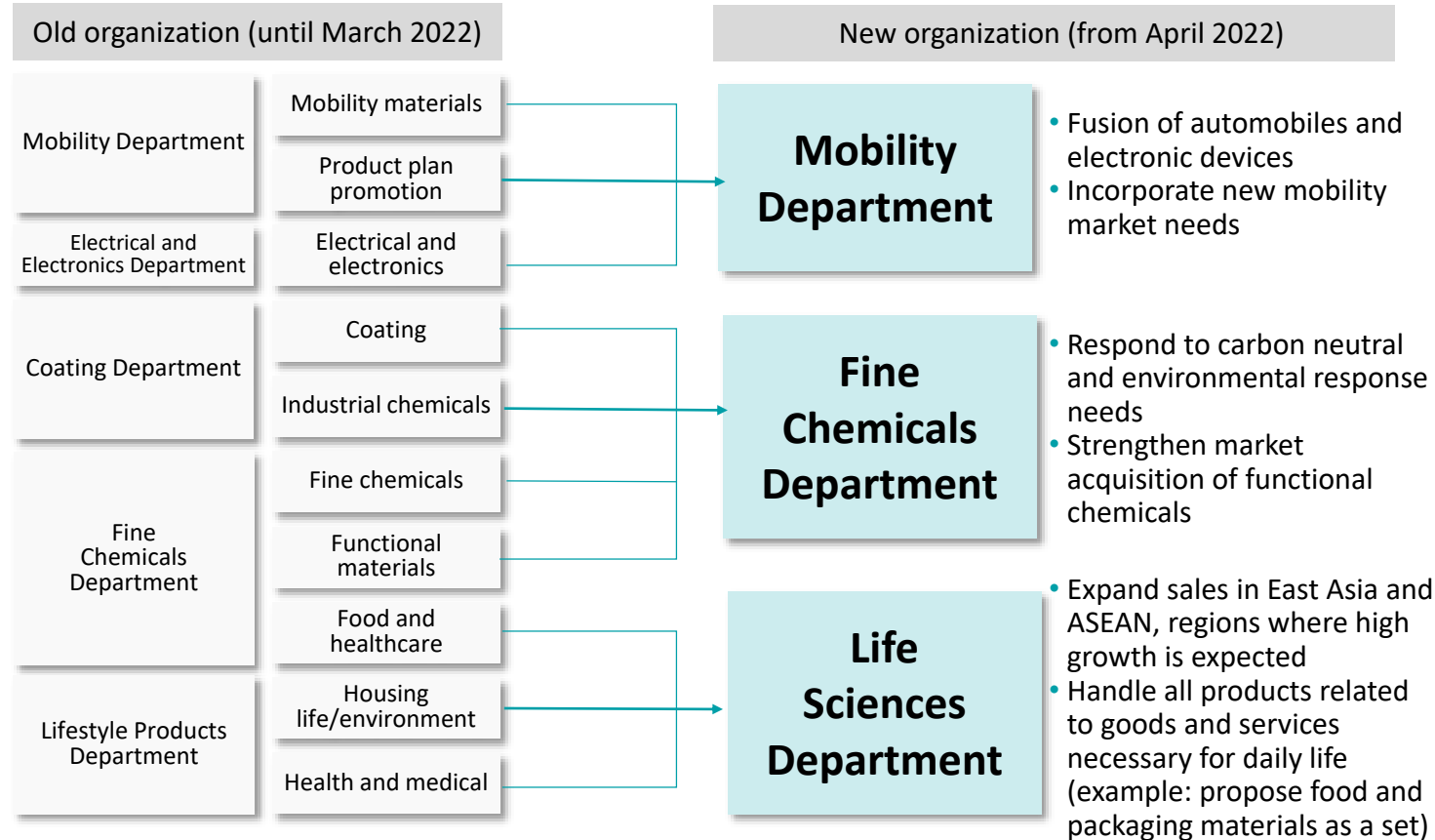
Actively expand sales and promotion; for example, displaying at expos

# Basic Strategy II: Sew Seeds for 2030

## Initiatives of chemical business

Through reorganization of structure, increase the speed of project creation in four target fields

### Strategic concentration on customer fields



### Strengthening of plan function

**Business Plan Department**  
(separated from former Sales Planning Department)

- Accelerate growth strategy
- Establish new businesses and bases, search for M&A

## Basic Strategy II: Sew Seeds for 2030

### Initiatives of chemical business

Strengthen our monozukuri (manufacturing) function and move toward total solutions with high added value

Moriroku Chemicals

#### Establishment of Monozukuri Business Promotion Office

- Integration of Chemical Business Promotion Office and Compound Business Promotion Office
- By placing it in the same line as the three sales departments, we shorten the distance with customers and accelerate the **development of technology that incorporates market needs**

Main themes

Environmental-friendly  
resin

Recycled  
carbon fiber

Ion liquid peripheral  
products

New chemical synthesis  
technology



#### Strengthened cooperation

Group companies (manufacturing subsidiaries)

##### Goko Kasei Industrial: Continue investment with total amount of 800 million yen

(contracted synthesis of chemicals, manufacturing of functional materials for automobiles)

- Develop original products by strengthening research and development
- Expand contract area by replacing reactors and drying/crushing buildings
- Seek to double sales in 5 years (2026)

##### Shikoku Kakoh: Continue investment with total amount of 3 billion yen

(molding of high-performance multi-layer film)

New factory for medical film manufacturing, which was established in the second half of 2020 by introducing state-of-the-art equipment, will start full-scale operation

**I.M. Material**  
(freezing crushing)

**Moriroku Precision**  
(manufacturing of automobile electrical components)

**M&C Tech (United States)**  
(manufacturing of extruded products)

# Basic Strategy II: Sew Seeds for 2030

Create new business

Exploring new businesses by leveraging the functions and strengths of group companies

## Morioku Technology

- Manufacturing and QCDD management that meets automobile manufacturer standards

## Morioku Holdings

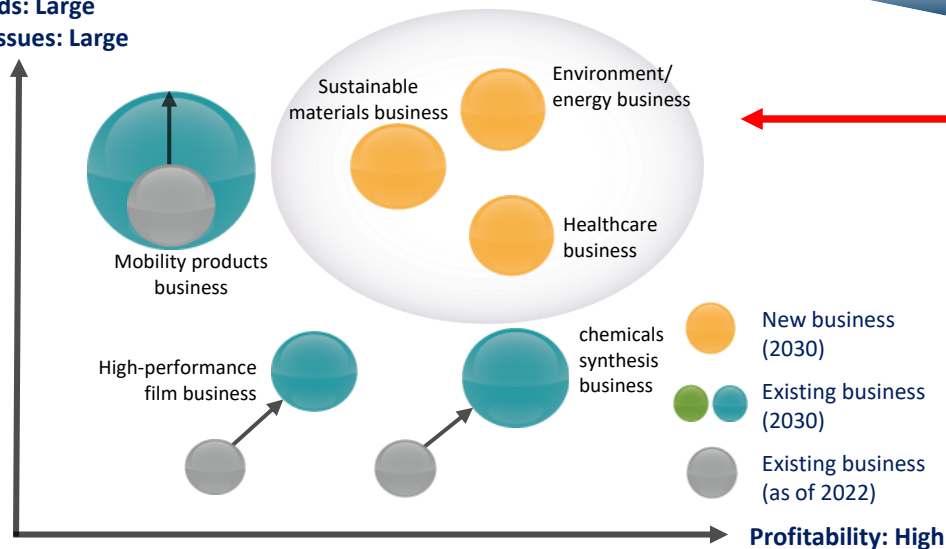
- Lead the creation of new business
- Arrangement and utilization of management resources (personnel, finance, technology, etc.)
- M&A support (support for each department and office)

## Morioku Chemicals

- Customer group (3,000 companies)
- Seeds information
- Global bases
- Manufacturing subsidiaries (film, chemical synthesis, crushing)

Also utilize external resources such as partner companies, industry-academia collaboration, M&A, etc.

Needs: Large  
Social issues: Large



Remarkable market growth

Creating new themes targeting the **environment and life science fields**

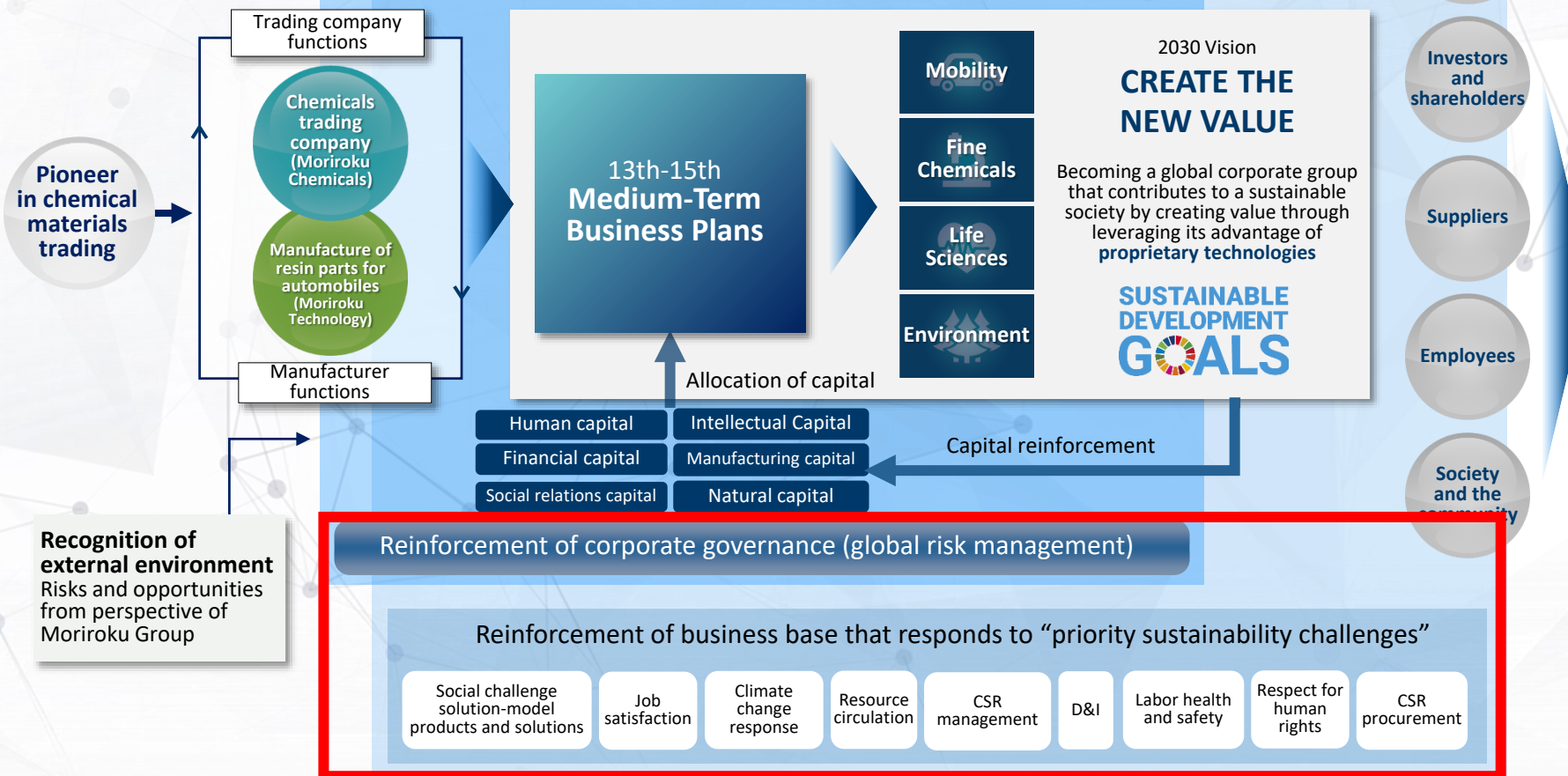
From normal times, concurrently implement multiple projects and create new business

# The Value-Creation Model of the Morioku Group (Repeat)

Achieve resilient management through initiatives for human resources and the environment

Deepening of sustainability management

Reinforcement of existing businesses and creation of new pillars



Value we provide to society



Sustainable mobility society



Ecological recycling-model society



Happy and enriched living

## Basic III Increase Management Resilience by Promoting Sustainable Activities

As a company listed on the Prime Market, focus on improving management functions and deepen sustainability management through group collaboration

### Environmentally-friendly business activities

### Hire and cultivate diverse human resources

#### 13Th Medium-term Management Plan: Main Sustainability KPIs (FY2022 to FY2024)

##### Rate of reduction in GHG emissions

Compared to emissions amount in FY2019, achieve for the entire Moriroku Group:

**30%**  reduction

##### Introduction ratio for renewable energy

For the ratio of renewable energy in overall energy consumption, achieve for the entire Moriroku Group:

to **35%**

Positive responses for the three priority categories of “respect for individuals,” “cooperation system,” and “leadership,” which are highly correlated with “employee engagement” and “environment for utilizing employees.”

From results of FY2021 employee awareness survey

**10 points**  UP

### Promotion of DX

### Sophistication of corporate governance

### Strengthening of intellectual property strategy

### Enhancement of Information disclosure

Toward further increase of corporate value

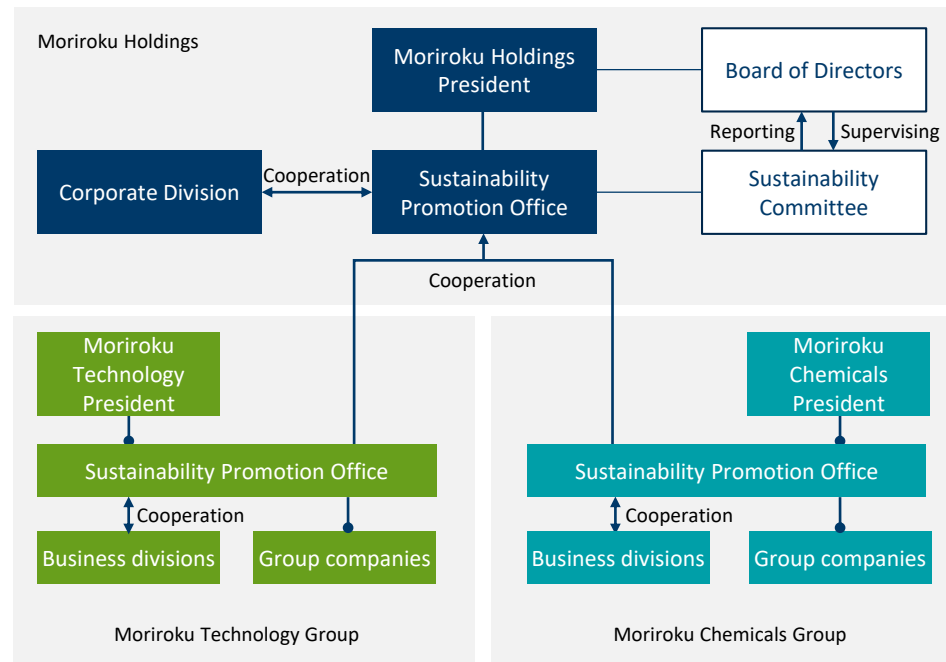
# Basic III Increase Management Resilience by Promoting Sustainable Activities

## Environmentally-friendly business activities

From April 2022, Sustainability Promotion Divisions were established at three major group companies and we are advancing the integration of business activities and sustainability promotion activities

### Moriroku Group: Features of the Sustainability Promotion System

- Close cooperation among three main group companies
- Strengthened cooperation with executives
- Supervision function by outside executives and Audit and Supervisory Board Members

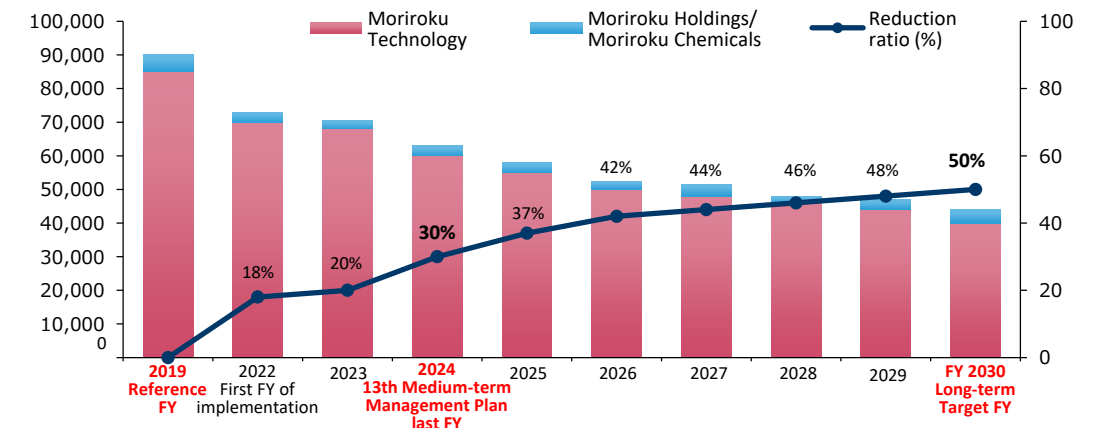


### Response to climate change

- Aim to reduce GHG emissions through efforts by domestic and overseas group companies
- First, for Scope 1 and 2, work to achieve reductions by combining renewable energy and energy saving
- Start Scope 3 within the period of the 13th Medium-term Management Plan
- Prepare for information disclosure through TCFD framework

#### Reduction of GHG (CO<sub>2</sub>)

#### Moriroku Group (consolidated): Total GHG emissions amount (Scope 1 + Scope 2)

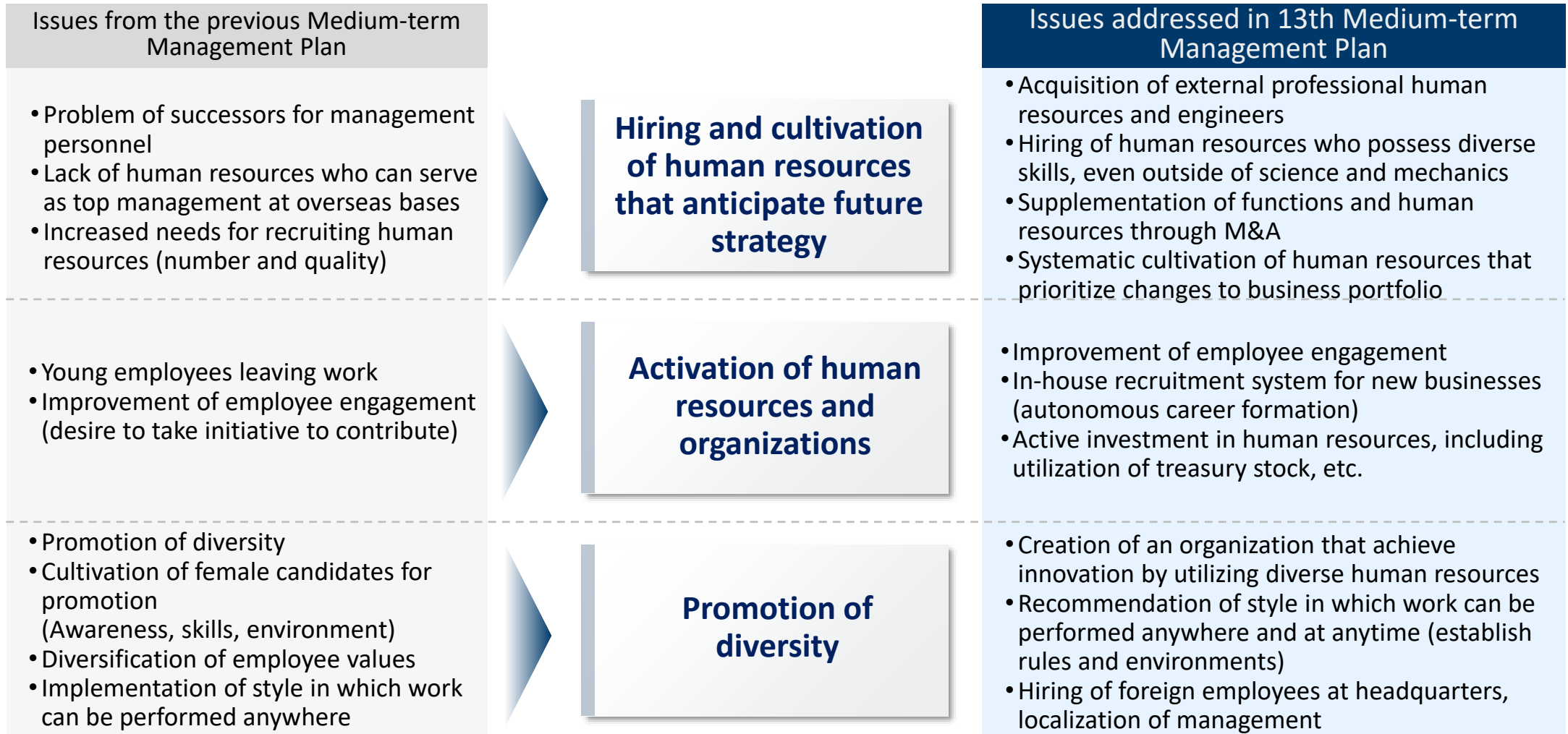


\*For Moriroku Chemicals overseas bases, the estimated value is calculated based on the number of employees stationed at bases

## Basic III Increase Management Resilience by Promoting Sustainable Activities

### Hire and cultivate diverse human resources

Hiring and cultivation of human resources to support business strategy



## Promotion of DX

### Innovate business by utilizing digital technology

- Review working style, improve productivity, create new businesses
- Achieve innovation in sales styles; for example, remote sales, online marketing, etc.
- Achieve automation and reduce manpower by introducing IT at manufacturing sites
- Create new business models

## Strengthening of intellectual property strategy

### Improve competitiveness through the trinity of business strategy, R&D strategy, and intellectual property strategy

- Analyze competitors, market trends, management strategies, individual patents, etc.
- Take a bird's-eye view of the company's position (implementation of IP landscape)
- Construct a group global intellectual property system, achieve bottom-up structure for intellectual property knowledge

## Sophistication of corporate governance

### Work to improve efficacy and transparency by achieving diversity in the Board of Directors

- Conduct effectiveness evaluations for the Board of Directors and grasp the situation both quantitatively and qualitatively
- Increase the ratio of female board members
- Supervise sustainability management by the Board of Directors

## Enhancement of information disclosure

### Work to improve transparency by prioritizing dialogue with stakeholders

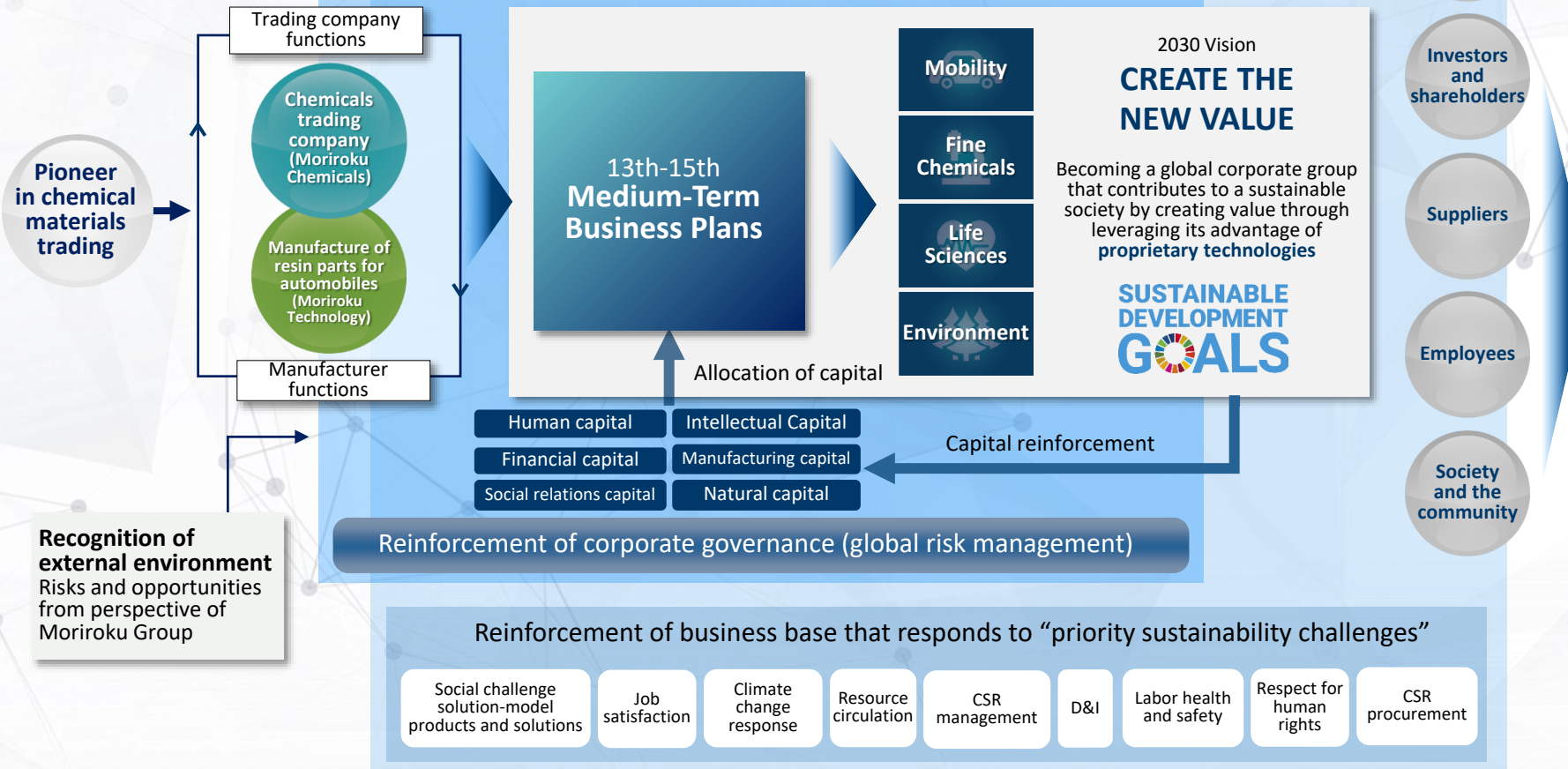
- Timely and appropriate disclosure
- Increase the number of IR interviews, hold investor briefings
- Develop easy-to-understand IR tools and easy-to-use IR sites
- Publish a Sustainability Activities Report

# The Value-Creation Model of the Morioku Group (Repeat)

Demonstrating resilience cultivated over our 360-year history as we go on to create new value

Deepening of sustainability management

Reinforcement of existing businesses and creation of new pillars



Value we provide to society



Sustainable mobility society



Ecological recycling-model society



Happy and enriched living