

Moriroku Holdings Company, Ltd.

# Integrated Report 2024





## Established in 1663. More than 360 years of “History of Taking on Challenges”

- Creating innovative products through synergies between manufacturers and trading companies -

When we introduced indigo to the world, when we started handling synthetic resin, and when we started as a manufacturer.

Even now, as we are aiming for 400 years.

We will continue to create new value and exceed customer expectations by inheriting our tradition of innovation that we have cultivated throughout our history.

Moriroku's challenge will continue.



**1663**  
Foundation

**1882**  
Started wholesaling of domestic and foreign fertilizers for cultivating indigo plants



**1878**  
Exhibited Awa indigo at Paris International Exposition



**1916**  
Reorganized as a joint-stock company



Trading company



**1909**  
Started synthetic dye business  
Import and sale of dyestuffs and industrial products in Japan and overseas

**1949**  
Started handling synthetic resins  
Advanced into resin business

1663 to 1915  
Early history

to 1964  
Laying solid foundations



**1958**

Successful use of resin for motorcycle exterior parts

Manufacturer



**1986**

Established Greenville Technology, Inc.  
Expanded into North America, then Asia and China  
Globalization of manufacturer functions



**1990**

Established Morioku Company (HK) Ltd.  
Globalization of trading company functions



Consolidated net sales

**200** billion yen

**150** billion yen

**2022**

Moved to the TSE Prime Market

**100** billion yen

**50** billion yen

**2017**

Listed on the First Section  
of the Tokyo Stock Exchange



**1963**

Sales of special  
resin-treated Netron



**1965**

Constructed new factory in Suzuka City, Mie Prefecture  
Started resin-treated automobile parts business



to 1985  
Transformation

to 2007  
Started Resin-treated Products Business for automobile parts

to 2030  
Reorganization



## Innovation to meet social needs

Since its founding in 1663, the Morioku Group has transformed its portfolio by developing businesses that anticipate the needs of society.

Here are some of the key innovations that have led to our current business.

### 1663



Fine chemicals

### Contributing to People's Clothing

Morioku was founded in the early Edo era in 1663, when Yasube Mori, a merchant in Awa Province (Tokushima), began selling easily transportable balls of dried, fermented indigo leaves for dyeing as well as a fertilizer for cultivating indigo plants. In the Edo period, with the start of mass production of cotton and cotton thread, indigo dyeing was used for everything from work clothes to high-class garments, shop curtains, and household goods, and indigo became established as a representative color of Japan. With the arrival of a U.S. navy fleet and the spread of inexpensive Indian cotton, Morioku foresaw the growing need for indigo dyeing. He expanded his business from Awa to Edo and then nationwide, supporting the spread of indigo, which was essential to people's lives. At the end of the Edo period, the Company was exporting Awa indigo and importing Indian indigo, expanding its field of business from Japan to the world. When the manufacturing method of artificial indigo was invented in Germany in the 20th century, we acquired the exclusive sales rights for artificial indigo and embarked on the path of a chemical trading company.



### 1958



Mobility

### Supporting People's Mobility

Morioku entered the synthetic resin business in 1949, starting with the sale of vinyl chloride products manufactured by Mitsui Chemicals. In 1958, Morioku became a special agent for the high-density, high-strength polyethylene HI-ZEX. Our history as a resin-treated product manufacturer began when Honda Motor took notice of the HI-ZEX advertisement and asked us to prototype parts for the Super Cub motorcycle. Morioku supplied resin parts for the front fairing, tool compartment, and battery compartment, and other parts of the Super Cub released in September 1958, which was a minor-change model that used resin for many of its metal parts. Since then, Morioku has supported the mobility of people by supplying resin parts for four-wheeled vehicles such as the sports car S360 and the compact pickup truck AK360, based on a strong relationship of trust with Honda.



▲Super Cub



AK360▲

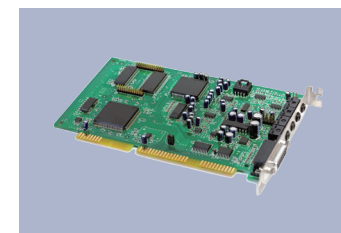
### 1983



Life sciences

### Supporting People's Lives

Since the establishment of Shikoku Kakoh, a manufacturing subsidiary, in Kagawa in 1983, we have been developing and manufacturing high-performance multilayer films using our "co-extrusion" technology, which allows us to manufacture multiple layers of different types of resins at the same time, and which we have cultivated over the past 40 years. By utilizing these co-extrusion multilayer films, we are developing a variety of solutions in the fields of foods, healthcare, and electronics, where safety and precision are critical. In the field of foods, it is used as a packaging film that can be used optimally in each process, mainly in meat processing. In the field of healthcare, it is used as a packaging material for safety-critical products, such as infusion fluids, peritoneal dialysis fluids, syringes filled with drugs, and disposable products. In the field of electronic industrial materials, the functional multilayer film that emphasizes cleanliness, antistatic performance, and environmental friendliness is used as a packaging material for semiconductors and electronic components.



Examples of packaging materials using co-extruded multilayer films▲



Under Morioku Holdings, the Morioku Group is comprised of a chemical trading company and an automotive parts manufacturer, which have a wide range of business areas. They are working together to develop businesses on a global scale to offer high-value-added solutions that meet the needs of customers around the world.

## Morioku Holdings Company, Ltd.

A holding company responsible for group management functions

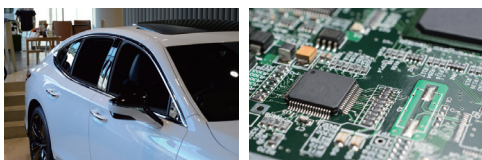
FY2023

### Morioku Chemicals Company, Ltd.

A trading company involved in everything from the sale of chemical products to manufacturing

#### Chemical Business

##### Mobility



##### Fine chemicals



##### Life sciences



##### Manufacturing

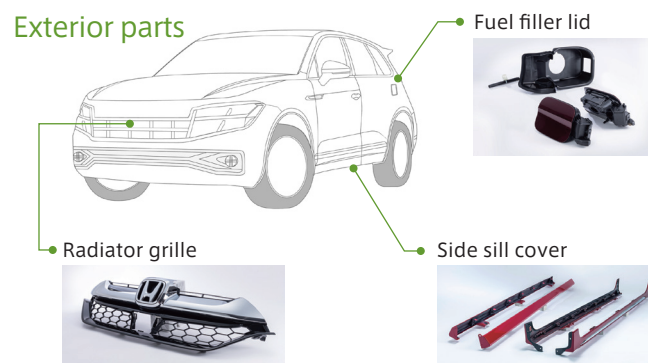


### Morioku Technology Company, Ltd.

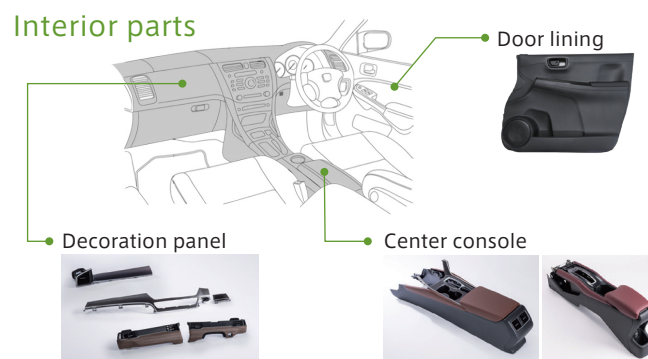
An automotive parts manufacturer with an integrated system from planning to mass production

#### Resin-treated Product Business

##### Exterior parts



##### Interior parts



Chemical Business

18%

Net sales  
ratio

Resin-treated  
Product Business

82%

Chemical Business

25%

Operating  
profit ratio

Resin-treated  
Product Business

75%



Morioku creates value that supports society in every aspect of people's lives. By providing products such as automotive parts, life sciences, and pharmaceutical raw materials that are necessary for present and future society, we will realize a "sustainable mobility society," an "ecological recycling-model society," and "happy and enriched living."

## Value we provide to society



Sustainable mobility society



Ecological recycling-model society



Happy and enriched living

## Resin-treated products for automobiles

Providing interior parts that pursue comfort and safety in automobiles and exterior parts that pursue beauty and durability in automobiles



## Lifestyle products

Contributing to the improvement of food safety and preservability by providing high-value-added functional films

## Electronic chemicals

Sales of resins and raw materials supporting electronic components to contribute to functional improvement





### Life sciences

Supporting healthy lifestyles  
by supplying medical  
films manufactured in  
a clean environment

### Agricultural materials and fertilizers

Supporting sustainable  
agriculture and a stable  
food supply through  
high-quality agricultural  
materials and fertilizers

### Pharmaceutical raw materials

Supporting people's health by  
supplying manufacturers  
with highly  
reliable pharmaceutical  
raw materials  
through thorough  
quality control

### Coating

Providing a wide range of  
basic chemicals and specialty  
function products to achieve  
harmony of industrial  
development and  
the environment



## Management Philosophy

Morioku Group will create high value with its future-oriented creativity and advanced technologies, while contributing to the global society.



## Code of Conduct

### 1. Compliance

We will comply with domestic and foreign laws and regulations, and aim to become a trusted industrial group through fair and equitable corporate activities.

### 2. Respect for life and dignity

Our corporate members will individually exercise their autonomy and creativity, and respect the personality and individuality of their colleagues.

### 3. Customer satisfaction

We will provide our customers with valuable ideas, high quality services, and fine products to maintain their satisfaction.

### 4. Contribution to society

As a good corporate citizen, we will contribute to society through environmental consciousness and community-oriented corporate activities.

## Values of Importance

### 1. Progressive spirit

We will make continued efforts to improve our corporate value, by anticipating future trends.

### 2. Total cooperation

We aim to become a corporate group that puts a premium on teamwork and the pursuit of ideals.



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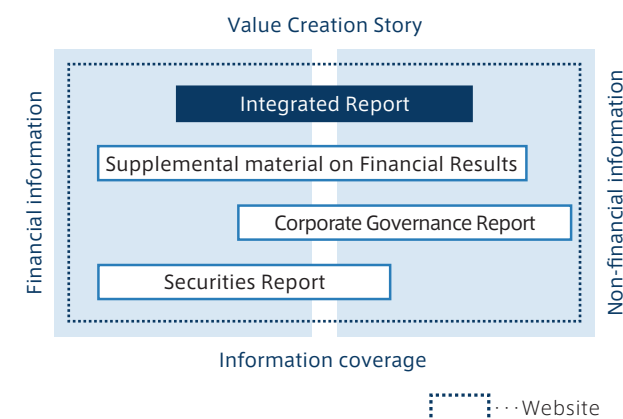
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## Editorial Policy

The objective of issuing the Integrated Report 2024 is to communicate the Morioku Group's short-, medium-, and long-term value creation story to stakeholders in an easy-to-understand manner. This report has been compiled with the aim of explaining the value creation process of the Morioku Group and strategies to realize its vision by integrating financial and non-financial information.

In preparing this report, we referred to the "International Integrated Reporting Framework" proposed by the IFRS Foundation and the "Guidance for Integrated Disclosure and Dialogue for Collaborative Value Creation" by the Ministry of Economy, Trade and Industry.

## Morioku Group Information Disclosure System



## Organizations covered by the report

Morioku Holdings Company, Ltd. and affiliated companies

## Period covered by the report

FY2023 (April 1, 2023, to March 31, 2024)

Note: Includes activities after April 2024.

## Notes on future forecast

This document has been prepared with care to ensure accuracy, but we do not guarantee its integrity. Our company is not liable for any damage or loss caused by the information in this document. The forward-looking statements in this document are based on the information available at the time of preparation and contain potential risks and uncertainties. Accordingly, the reader should be aware that the actual results might differ from those contained in the forward-looking statements due to changes in the business environment and other factors.

**A “Progressive spirit”  
drives our mission to create  
distinctive Morioku value,  
pursuing sustainable growth  
as we approach our 400th anniversary.**

Representative Director,  
President and CEO  
Morioku Holdings Co., Ltd.

**Naoki Kurose**





## A legacy of more than 360 years, adaptability to change

The Morioku Group, with a history spanning more than 360 years, is one of Japan's oldest corporate groups specializing in chemicals. Our actions are guided by our Management Philosophy: "Morioku Group will create high value with its future-oriented creativity and advanced technologies, while contributing to the global society."

I am frequently asked, "How has Morioku managed to thrive for 360 years?" I believe the answer is rooted in our Management Philosophy. By consistently creating value that meets the evolving demands of the times, guided by a "Progressive Spirit," along with a commitment to teamwork grounded in "Total Cooperation," we have achieved our current success without being constrained by our past successes or achievements.

The Morioku Group's journey began in 1663 in Tokushima with the distribution of natural raw materials such as indigo and fertilizers. The business expanded across Japan, and in 1909, we commenced importing and selling chemical products, thereby supporting the development of Japan's modern industry. However, we were not satisfied with merely being a chemical trading company; in 1958, we ventured into the Resin-treated Product Business.

We established a system to provide a complete range of services, from procuring resin to its mass production, including resin parts such as the front cover (mudguard) for Honda's Super Cub, which played a key role in the rise of lightweight and affordable motorcycles. This progression led us to manufacture automotive parts, and in the 1980s, we expanded our production bases internationally. As a result, we evolved into a corporate group that functions as both a global chemical trading company and a manufacturer.

The primary reason for our enduring development is our consistent ability to identify new business opportunities in response to the evolving needs of the times, and the entrepreneurial spirit to transform them into products and services that has been passed down through generations. Rather than using past successes as a benchmark, our management has made decisions and taken actions

based on contemporary values that align with current realities. In assuming leadership of Morioku, I am constantly considering how to drive change. In addition to our approximately 4,500 employees, I aim to refine and enhance the Company's contribution to society by uncovering new avenues for growth.

## Review of the 13th Mid-Term Management Plan and the outlook for FY2024

In FY2023, the second year of the 13th Mid-Term Management Plan (hereinafter, "13th Mid-Term Plan"), net sales increased 2.5% year on year to 145.6 billion yen and operating profit increased 4.3 billion yen year on year to 5.7 billion yen. This growth was primarily driven by the Resin-treated Product Business, where stabilization of production plans and effective cost-reduction initiatives in the automotive industry contributed to improved profitability, enabling a recovery from the challenging conditions in the previous fiscal year.

However, heightened geopolitical risks and rapid currency fluctuations continue to create an uncertain outlook. Initially, we established performance targets for FY2024, the final year of the 13th Mid-Term Plan, at 143.0 billion yen in net sales, 11.0 billion yen in operating profit, and a return on equity (ROE) of 9.1%. However, significant changes in our operating environment over the past few years, including supply chain disruptions stemming from semiconductor shortages and the still-recovering Chinese market, which has been particularly impactful for Morioku due to the reduced production numbers of Japanese automakers in China, have drastically altered the assumptions underlying these targets. In FY2024, we will strive collectively to achieve net sales of 150.0 billion yen and operating profit of 5.2 billion yen while revisiting our growth strategy for the 14th Mid-Term Plan, which will begin in FY2025.

A major focus when formulating the 14th Mid-Term Plan is improving capital efficiency. This requires not only achieving growth in sales but also ensuring a solid increase in operating profit and ROE to strengthen our profit structure. Since listing on the stock exchange, our ROE has consistently fallen

below the cost of equity capital and our price-to-book (P/B) ratio has not reached 1x. I recognize this as a critical management issue and believe it is essential to work on reducing capital costs from both financial and non-financial perspectives while urgently presenting measures to enhance the P/B ratio in the capital markets. We are currently developing estimates of optimal profit levels and plan to incorporate these into actual performance targets for the 14th Mid-Term Plan to share with all relevant parties.

In FY2022 and FY2023, we implemented rigorous cost-cutting measures at our production sites to maintain and recover profitability despite the sustained increase in raw material and fuel prices. In light of the expectation that market conditions will remain challenging, our objective is to reinforce our customer relationships while transparently conveying the necessity to pass on the effects of inflation through pricing adjustments, with a focus on securing profitability.

Given the importance of steadily improving profitability across our globally expanding affiliates, we are committed to enhancing management capabilities with a keen focus on capital efficiency at the affiliate level. One potential strategy is widening the spread between return on invested capital (ROIC) and the weighted average cost of capital (WACC). However, the key factor is to establish a unified purpose with the management teams of each affiliate. We will apply the “Three Reality Principle,” which emphasizes “going to the actual place (*Genba*),” “knowing the actual situation (*Genbutsu*),” and “being realistic (*Genjitsu*)” to collaboratively create a “target ROIC tree” with the site teams. Together, we will identify the necessary measures to achieve our goals and ensure alignment with our objectives. My objective is to engage in proactive dialogue with the management teams at our head office.

## Growth strategy for creating new value by 2030

Our operating environment is characterized by complex and intertwined geopolitical risks, rapidly evolving digital technologies, and a growing societal focus on sustainable global environmental issues. In this challenging business

landscape, ongoing changes are continually reshaping the situation, making it increasingly difficult to analyze business opportunities and risks solely in terms of short-term or medium- to long-term timeframes.

This is why we aim to create new value in four areas—mobility, fine chemicals, life sciences, and the environment—by 2030. As part of our core strategy, we established “sowing seeds for 2030” as one of our key initiatives. By leveraging the unique technologies and accumulated know-how of the Resin-treated Product Business and the Chemical Business, we will integrate resources from both sectors to generate added value through group synergy.

In the Resin-treated Product Business, we are advancing the development of new technologies and exploring new areas through collaboration with partner companies that possess excellent technologies, while also strengthening cooperation within the Group. The automotive industry is undergoing a transformative period, described as a once-in-a-century shift, with autonomous driving and connected cars beginning to penetrate the market. At the same time, there is a shift in consumer values regarding in-vehicle space. This landscape presents a significant opportunity for Morioku.

First and foremost, we will further enhance our core technologies. We are advancing the development of interior and exterior components that are unique to Morioku. We are utilizing intricate techniques and rich sensibilities, such as multilayer molding and hot stamp decoration, to expand into diverse applications. To accelerate the speed of these developments, we are actively exploring potential collaborations with partner companies that possess electronic components, actuators, and various sensing technologies. Furthermore, we will continue to develop interior and exterior components with reduced environmental impact while achieving advanced safety, quality, and design through the use of sustainable materials. These initiatives have already received high praise from customers, and we are preparing for practical application and mass production.

Moreover, the expansion of sales channels to new customers is a critical priority. We are currently working on increasing our parts supply to new clients in addition



to our existing customer base. By leveraging our unique technologies and value propositions, we will continue to pursue this expansion vigorously.

In addition, we will optimize our products and regional portfolios. We will concentrate on products that provide high added value while streamlining operations to accommodate market fluctuations, enabling us to pursue sales activities that prioritize profitability. Fulfilling our supply responsibilities as a Tier 1 automotive parts manufacturer remains a top priority. We are committed to honoring our customers' trust by presenting a transparent growth narrative that aligns with their expectations.

In the Chemical Business we offer a comprehensive range of products across the three key sectors: mobility, fine chemicals, and life sciences. Furthermore, we are focusing our efforts on the manufacturing business, where we develop and provide materials in-house. The key to leveraging our strengths lies in combining multiple product lines with our manufacturing capabilities to deliver high-value-added solutions.

With this perspective in mind, we are undertaking a more comprehensive examination of our core businesses operations. In the mobility sector, we have expanded sales of raw materials for automotive applications and products for next-generation batteries. In the fine chemicals sector, our objective is to develop and increase sales of new products that showcase our advanced technological capabilities and expertise. These include eco-friendly resins and carbon nanotube masterbatches developed with proprietary technology. In the life sciences sector, we are focusing our efforts on providing high-quality, comprehensive solutions that encompass the full range of our capabilities, from raw materials to processing and productization. We are particularly targeting areas such as healthcare, food, and packaging where there is a growing demand for safety and hygiene.

In the Chemical Business, I place a high priority on revenue efficiency. Rather than managing the portfolio with uniform criteria, it is essential to leverage the flexibility that our scale affords to examine it from multiple angles and optimize it for greater efficiency. Furthermore, we intend to maintain our commitment to investing in our manufacturing and R&D capabilities, which are vital for driving growth. By focusing on areas in which we have a competitive edge,



we will strategically streamline and refine our portfolio through careful selection and concentration.

We are also striving to combine the strengths and resources of these two businesses to create distinctive Morioku Group synergies. This objective is being pursued from two perspectives: "Human Synergy" and "Business Synergy." In terms of human synergy, we are facilitating cross-functional personnel exchanges with the aim of sharing the expertise developed in our Resin-treated Product Business with the manufacturing sites in the Chemical Business. In terms of business synergy, we are already addressing challenges faced by automotive-related clients in the Chemical Business by applying insights from the Resin-treated Product Business. Moving forward, our objective is to extend this framework on a global scale, thereby generating enhanced benefits on a larger scale.

In addition, led by the Business Planning Division established within the holding company in FY2023, we are actively pursuing initiatives to adapt to changes in the

business environment and establish new businesses. For instance, venture fund investments are enabling us to explore new business opportunities in the healthcare, environmental, and bio sectors. In FY2023, we made two investments in start-up companies: KINS Co., Ltd. which offers microbiome care services, and digzyme Inc., a company specializing in enzyme development as a core technology. We aim to further expand our presence in the bio and healthcare fields, with a particular focus on creating synergies with our Chemical Business.

## Pursuing sustainability for society and for Morioku

One of the core strategies in our 13th Mid-Term Plan is to “increase management resilience by promoting sustainable activities,” an effort to be tackled across the entire Group. To reduce environmental impact, we are implementing measures tailored to each region. These include energy conservation and the introduction of renewable energy, with the goal of cutting CO<sub>2</sub> emissions across the supply chain by 50% compared with FY2019 levels. With our Group’s factories operating worldwide and consuming a significant amount of power and water, contributing to environmental solutions is a mission we uphold as a locally rooted company. We are committed to steadily advancing these initiatives.

We are also consolidating the Group’s resources to address one of our key sustainability priorities: the development and sale of products and solutions that address social challenges. Initiatives such as promoting the recycling of scrap materials, using recycled content, and developing resins with a reduced proportion of petroleum-based raw materials are unique efforts that leverage the Group’s collective expertise in resin compounding and production know-how for mass production. We are advancing these solutions to provide new value to customers both domestically and internationally, thereby driving business growth.

Moreover, the most essential theme for me is to focus on “people.” Based on the results of our annual employee engagement survey, we are implementing a series of initiatives designed to enhance employee engagement, while also promoting women’s empowerment as well as diversity and inclusion. Another

key priority is the development of global talent. We plan to continue actively promoting local employees into leadership roles.

I began my career as a design engineer in Resin-treated Products and have since developed extensive experience with a strong focus on production sites. Throughout this journey, I have consistently applied the “Three Reality Principle,” as previously mentioned, to effectively address and resolve issues. It is crucial to observe these realities firsthand and discern the underlying essence before making decisions that are not only vital in manufacturing but also in roles within trading and corporate functions. I aspire to instill this proactive mind-set—one that transcends roles and backgrounds to make informed decisions and embrace challenges—among all employees.

To provide the best support to our employees and lead effectively as management, we are continuously enhancing our corporate governance. In June 2024, we transitioned to a company with an audit and supervisory committee to strengthen the Board of Directors’ oversight functions and accelerate management decision-making. Under this new structure, we facilitate more in-depth



An on-site inspection▲



discussions on our capital-efficient management strategy and further energize the Board. However, merely changing the institutional design does not directly lead to improved governance. I believe that it is crucial to engage in substantive discussions to create a decision-making framework that allows the culture we have inherited to thrive. I aim to engage in in-depth dialogue with the management team from diverse perspectives and evaluate the path to our sustainable growth.

## Sharing a “Progressive spirit” as we aim to become a 400-year company

In November 2023, we revised our shareholder return policy, introducing the dividend on equity (DOE) ratio as a new financial indicator. For FY2023, we implemented a stable dividend with a target DOE ratio of 2.2%, with plans to increase this to 3.0% in the future. We will utilize funds generated from the reduction of cross-shareholdings to enhance shareholder returns while maintaining a balance between growth investments.

The purpose of issuing this integrated report is to provide a comprehensive overview of the current and future state of the Morioku Group to a diverse range of stakeholders, facilitating constructive dialogue. We will continue to enhance our information disclosure and investor relations activities, as well as engage in ongoing communication with stakeholders through various opportunities.

The Morioku Group has woven a history of more than 360 years by growing alongside adaptation in response to the evolving needs of society. We can state with confidence that, beyond maintaining a stable corporate entity, we have demonstrated our resilience and agility in adapting and transforming ourselves to remain relevant in an evolving business landscape. We will again share the values we have cherished for many years—“Progressive spirit” and “Total cooperation”—among all members of the Morioku Group as we strive for continuous value enhancement and pursue our ideals as we head along the road to becoming a 400-year company. We are grateful for the continued support of our stakeholders as we pursue long-term growth.

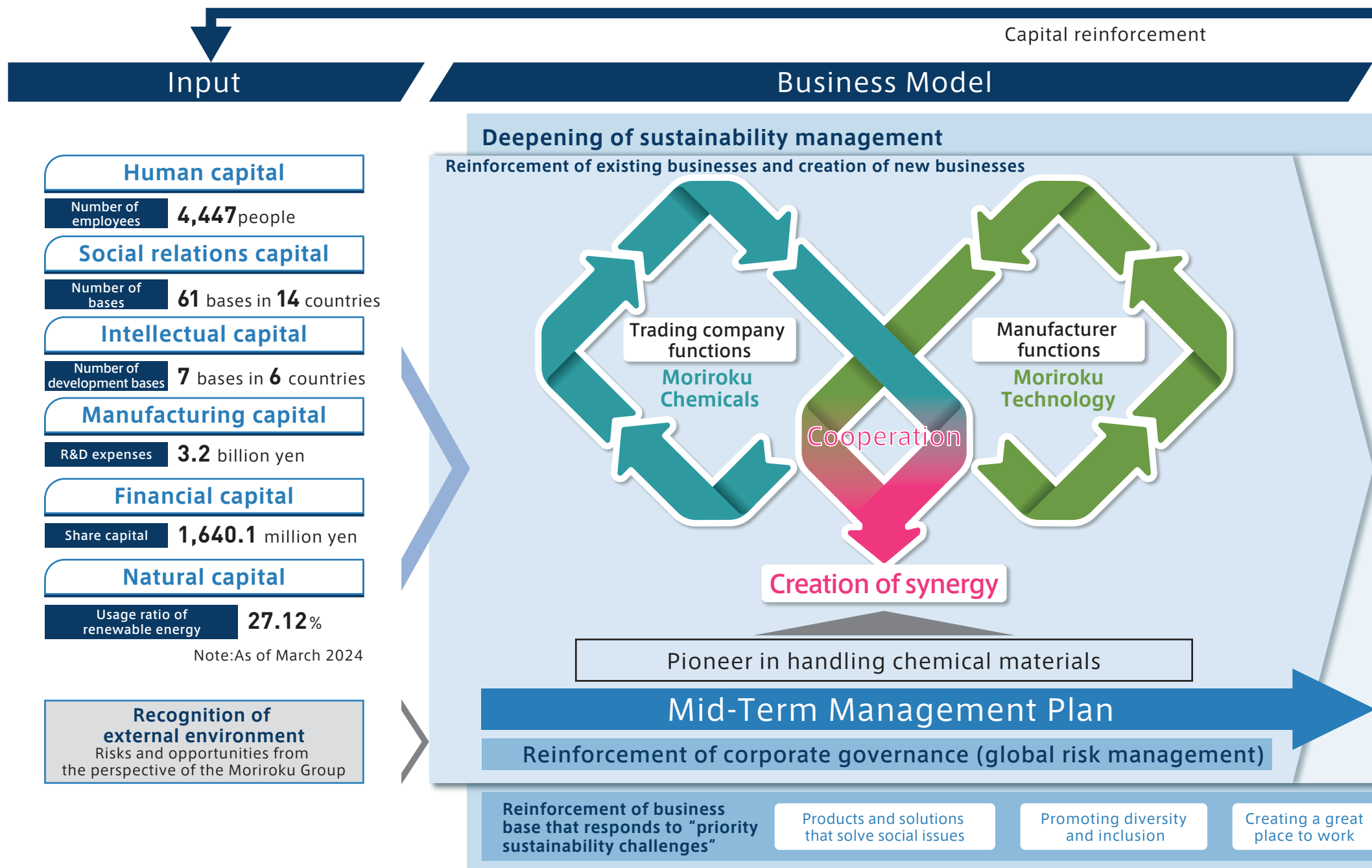


## Synergy creation through the integration of Morioku Technology and Morioku Chemicals

Morioku Holdings will integrate all the businesses of its two major subsidiaries, Morioku Technology and Morioku Chemicals, with the exception of foreign corporate management operations, effective April 1, 2025. Concurrently, the company will undergo a name change to Morioku Company, Ltd.

This integration will unify the business and corporate divisions within Morioku Company, creating a more streamlined and efficient operational structure. The objective is to promote a cohesive operation that combines trading company functions with manufacturing capabilities, thereby accelerating the creation of synergies across the various business segments.

We seek to strengthen our progress in implementing our growth strategy by building an organization that is capable of generating economic and social value on a consistent basis over the long term.





## Output

## Outcome

## 2030 Vision

# CREATE THE NEW VALUE

Becoming a global corporate group that contributes to a sustainable society by creating value through leveraging its advantage of proprietary technologies

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



Mobility



Fine chemicals



Life sciences



Environment

Occupational safety  
and healthAddressing climate  
change issuesResource  
recyclingEstablishment of  
CSR managementRespect for  
human rightsCSR procurement  
promotion

Customers

Investors and  
shareholders

Suppliers



Employees

Society and  
the community

## Value we provide to society

### Sustainable mobility society



### Ecological recycling-model society



### Happy and enriched living


















In the course of 360 years, the Morioku Group has witnessed major changes several times and has grown by anticipating the needs of society. Amid dramatic changes in the business environment surrounding companies, we see this as an opportunity for reform. Looking ahead to 2030, we aim to expand and strengthen the Group's existing businesses, centered on Morioku Technology and Morioku Chemicals, while creating new businesses in fields where we can leverage the assets and strengths we currently have. We have adopted "CREATE THE NEW VALUE" as our 2030 Vision, which serves as a guideline for achieving this. We will proceed with significant changes once again to become a global corporate group that contributes to a sustainable society by creating value through leveraging its advantage in proprietary technologies.

# CREATE THE NEW VALUE

Becoming a global corporate group that contributes to a sustainable society by creating value through leveraging its advantage of proprietary technologies

## Risks and Opportunities

We analyzed external factors affecting the future growth of the Morioku Group, including from the perspective of the SDGs, and identified "risks" that threaten corporate management and "opportunities" for further growth. Aiming for growth in 2030 and beyond, we will focus on four fields—mobility, fine chemicals, life sciences, and the environment—and aim to acquire new business opportunities.

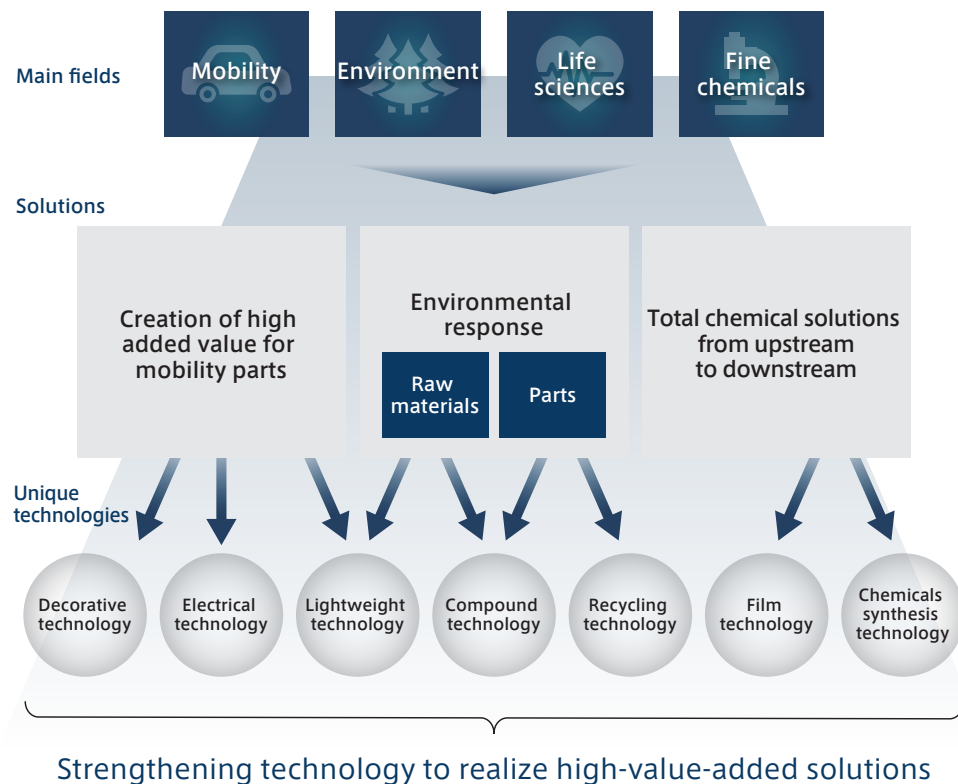
Analysis of the external environment		Related SDGs	Risks for the Morioku Group	Opportunities for the Morioku Group	Main fields
<b>P</b> Politics	<ul style="list-style-type: none"> <li>• Economic growth in developing nations</li> <li>• Elimination of gaps in medicine, education, and regional services with developed nations</li> </ul>	   	<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> 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>	  	<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>• Demand for improved environmental performance of products</li> <li>• Heightened expectations for contributions of new materials to solving social issues</li> <li>• Expansion of environmental business market in agriculture, forestry, and fishing</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 that are feasible in the "With COVID-19" era</li> </ul>	  	<ul style="list-style-type: none"> <li>• Insufficient labor force due to declining birth rate and aging population</li> </ul>	<ul style="list-style-type: none"> <li>• Growth of markets related to health and medicine</li> </ul>	
<b>T</b> Technology	<ul style="list-style-type: none"> <li>• Promotion of digital technology (e.g., IoT, AI)</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>		<ul style="list-style-type: none"> <li>• Fierce competition and game changing due to entry of companies from other industries into mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded trade area for innovative technology (AI, IoT, robotics), shipping devices (automobiles, drones), and battery business</li> </ul>	



## What Is the “Unique Technology”?

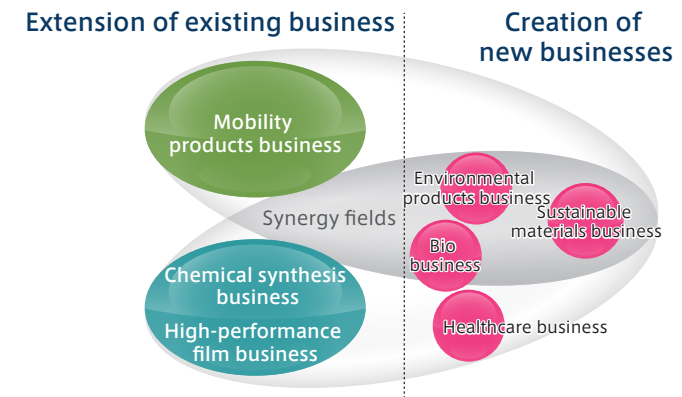
The Morioku Group uses the market-in approach to identify “required technology,” including the development and proposal of products that meet customer needs, and is working to strengthen technologies to realize high-value-added solutions. Specifically, we use unique technologies for total solutions in the fine chemicals field, such as increasing the added value of mobility parts through decorative technology, electrical technology, and lightweight technology; developing environmentally conscious products through compound\* technology and recycling technology; and developing high-performance materials for medical and food products.

\*Depending on the use of the plastic, the raw material resin and additives are mixed to give it new characteristics.



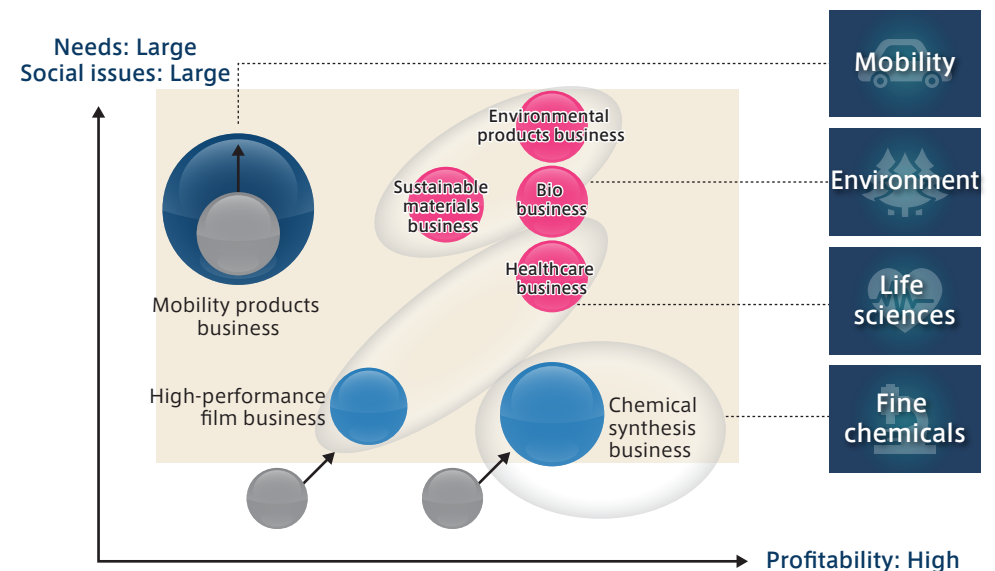
## Business Portfolio Reforms

We aim to enhance profitability by increasing the added value of existing businesses and creating new businesses. In the mobility field, we aim to expand the scale of our operations by increasing added value and expanding sales channels. In the environmental field, we aim to enter new businesses in the sustainable materials and environmental products domains. In the life sciences field, we aim to expand the existing high-performance film business and enter new businesses in the healthcare and bio sectors. In the fine chemicals field, we aim to strengthen the profitability of existing businesses and further expand the scale of our operations.



## Portfolio Management

▶ New Business Creation P.29



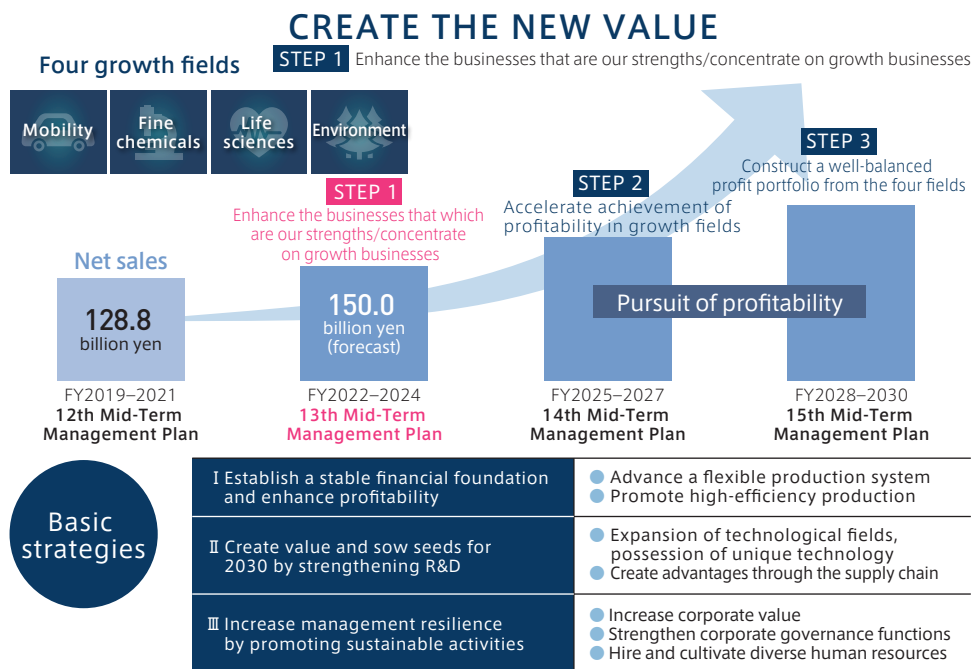
## Looking Back on the Mid-Term Management Plans

Mid-Term Management Plan	11th Mid-Term Management Plan (FY2016–2018)	12th Mid-Term Management Plan (FY2019–2021)	13th Mid-Term Management Plan (FY2022–2024)
Group's basic policy	Build a solid management base by taking on new challenges and implement reforms	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	<b>CREATE THE NEW VALUE</b> Enhance the businesses that are our strengths/ concentrate on growth businesses
Group's basic strategies	<b>I. Business structural reform</b> <ul style="list-style-type: none"> <li>Expansion of sales to other companies, development of new products, strengthening of overseas business, integration of manufacturer and trading company functions</li> </ul> <b>II. Value-added creation</b> <ul style="list-style-type: none"> <li>Enhancement of development functions and creation of new added value</li> <li>Creation of high-value-added businesses through in-house manufacturing</li> </ul> <b>III. Reform of management structure</b> <ul style="list-style-type: none"> <li>Enhancement of corporate governance functions through a fundamental review of the organizational structure</li> </ul>	<b>I. Business structural reform</b> <ul style="list-style-type: none"> <li>Expansion of glocalized business</li> <li>Realization of a new business foundation</li> </ul> <b>II. Value-added creation</b> <ul style="list-style-type: none"> <li>Development of innovative technologies and products for next-generation mobility across the Group</li> <li>Pursuit of high added value by creating original products</li> </ul> <b>III. Strengthening of the management base</b> <ul style="list-style-type: none"> <li>Enhancement of corporate value as a listed company</li> <li>Strategic utilization of human resources</li> <li>Enhancement of corporate governance functions</li> <li>Allocation of resources to cultivate new growth businesses</li> </ul>	<b>I. Establish a stable financial foundation and enhance profitability</b> <ul style="list-style-type: none"> <li>Advance a flexible production system</li> <li>Promote high-efficiency production</li> </ul> <b>II. Create value and sow seeds for 2030 by strengthening R&amp;D</b> <ul style="list-style-type: none"> <li>Expand technological fields, possession of unique technology</li> <li>Create advantages through the supply chain</li> </ul> <b>III. Increase management resilience by promoting sustainable activities</b> <ul style="list-style-type: none"> <li>Increase corporate value</li> <li>Strengthen corporate governance functions</li> <li>Hire and cultivate diverse human resources</li> </ul>
Results	<b>■ Resin-treated Product Business</b> <ul style="list-style-type: none"> <li>Start of mass production of outlet (of air conditioners) at Mexico Plant</li> <li>Start of full-scale operation of No. 2 plant in India to strengthen global business</li> </ul> <b>■ Chemical Business</b> <ul style="list-style-type: none"> <li>Established a subsidiary in Indonesia to expand sales in emerging markets in Asia</li> </ul> <b>■ Management base</b> <ul style="list-style-type: none"> <li>Listed on the First Section of the Tokyo Stock Exchange</li> </ul>	<b>■ Resin-treated Product Business</b> <ul style="list-style-type: none"> <li>Start of mass production of door linings for the first time in the Group</li> <li>First order received from Audi</li> </ul> <b>■ Chemical Business</b> <ul style="list-style-type: none"> <li>Commenced corporate sales in India, a promising market</li> <li>New plant of Shikoku Kakoh began operations to produce medical-use plastic films using new technology</li> </ul> <b>■ Management base</b> <ul style="list-style-type: none"> <li>New personnel system introduced and put into operation to support career development based on ability and aptitude</li> </ul>	<b>■ Resin-treated Product Business</b> <ul style="list-style-type: none"> <li>Won orders from new customers such as Toyota Motor Corporation and NISSAN SHATAI CO., LTD.</li> <li>Promoted active use of external resources through collaboration with Antolin and participation in large-scale exhibitions</li> </ul> <b>■ Chemical Business</b> <ul style="list-style-type: none"> <li>Development of high-performance, high-value-added, and high-dispersion carbon nanotube masterbatches</li> </ul> <b>■ New business</b> <ul style="list-style-type: none"> <li>Invested in KINS, which is engaged in microbiome research, and digzyme, which is engaged in enzyme development</li> </ul>



## 13th Mid-Term Management Plan

A plan entitled “‘CREATE THE NEW VALUE’ Step 1 Enhance business which are our strengths/concentrate on growth business” was formulated as the 13th Mid-Term Management Plan (FY2022–2024). Aiming to realize the 2030 Vision, we are promoting our businesses based on three basic strategies.



### Progress in FY2023

#### [Sowing seeds for 2030]

##### ■ Resin-treated Product Business

- Won orders from new customers such as Toyota Motor Corporation and NISSAN SHATAI CO., LTD.
- Promoted active use of external resources through collaboration with Antolin and participation in large-scale exhibitions
- Continued proposal-based development

##### ■ Chemical Business

- Development of high-performance, high-value-added, and high-dispersion carbon nanotube masterbatches

##### ■ New business

- Invested in KINS, which is engaged in microbiome research, and digzyme, which is engaged in enzyme development

#### [Promotion of sustainable activities]

- Strengthened efforts to reduce CO<sub>2</sub> emissions throughout the entire supply chain, including supplier engagement
- Conducted a simple survey on employee engagement, and confirmed improvements in major items
- Developed a road map for DX strategy

### Indicators and Targets

#### Performance Targets (Company-wide)

Indicators	FY2022 (Results)	FY2023 (Results)	FY2024 (Forecast)	FY2024 Targets (As of the formulation of the Mid-Term Management Plan)	FY2024 Targets (After revision)
Net sales	142.0 billion yen	145.6 billion yen	150.0 billion yen	143.0 billion yen	150.0 billion yen
Operating profit (Operating profit margin)	1.3 billion yen (0.9%)	5.7 billion yen (3.9%)	5.2 billion yen (3.5%)	11.0 billion yen (7.7%)	5.2 billion yen (3.5%)
ROE	6.1%	1.9%	4.2%	9.1%	4.5%

#### Performance Targets by Segment

By Segment	Indicators		FY2022 (Results)	FY2023 (Results)	FY2024 (Forecast)	FY2024 Targets (As of the formulation of the Mid-Term Management Plan)	FY2024 Targets (After revision)
	Resin-treated Product Business	Net sales	112.2 billion yen	118.7 billion yen	122.5 billion yen	112.0 billion yen	122.5 billion yen
		Operating profit (Operating profit margin)	0.1 billion yen (0.1%)	4.6 billion yen (3.9%)	4.3 billion yen (3.6%)	9.0 billion yen (8.0%)	4.3 billion yen (3.6%)
	Chemical Business	Net sales	29.7 billion yen	26.8 billion yen	27.5 billion yen	31.0 billion yen	27.5 billion yen
		Operating profit (Operating profit margin)	1.5 billion yen (5.3%)	1.5 billion yen (5.7%)	1.4 billion yen (5.3%)	2.3 billion yen (7.4%)	1.4 billion yen (5.3%)

#### Sustainability Targets

Indicators	FY2024 Targets
Rate of reduction in GHG emissions	30% reduction
Introduction ratio for renewable energy	35%
Engagement results	10 pt increase in positive response to priority items

## Toward the Formulation of the Next Mid-Term Management Plan

Under the long-term vision of “CREATE THE NEW VALUE,” we will promote agility management in the next Mid-Term Management Plan to respond quickly and strategically to changes in the market. All employees will work together to create an organizational structure that can respond flexibly, and strengthen production capabilities and competitiveness through the development and introduction of state-of-the-art technologies. We will also take on the challenge of cultivating new markets, developing high-value-added products, and creating business synergies. We will pursue business growth and profitability while working with our stakeholders to create a sustainable growth story.



**To achieve sustainable profit growth,  
we will optimize our R&D and production systems,  
build customer trust through our commitment  
to a sustainable environment, and leverage proprietary technology.**

Representative Director and President  
Morioku Technology Co., Ltd.

**Kazuyuki Morita**

## Market and Products | R&D and production of exterior and interior resin-molded components for automobiles

In the Resin-treated Product Business, we primarily develop and produce exterior and interior resin-molded components mainly for automobiles. Morioku has earned a high reputation for parts that are not only lightweight but also durable and of excellent quality, as well as for their design and ease of use through the use of our unique decorating technology. Examples for interior parts include key components such as instrument panels, which serve as the focal point of the interior, and consoles installed in the space between the driver and passenger seats. Exterior parts feature prominently designed components like large painted items such as front grilles and roof spoilers, as well as various types of garnishes that accentuate the vehicle's design.

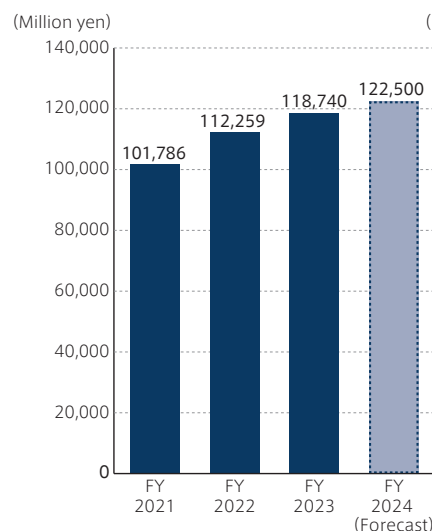
## Strengths and Challenges | Building an integrated production system from development to manufacturing in the global market

The rise of "CASE" (Connected, Autonomous, Shared, Electric) is driving significant transformation in the automotive industry.

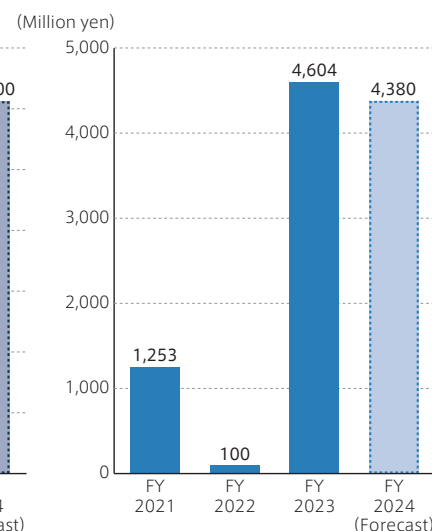
With the growing complexity of vehicle-related needs and the increasing involvement of adjacent industries, the fundamentals of business in this sector are undergoing a profound shift.

We have established production bases in Japan, North America, China, and Asia, advancing our business on a global scale with a one-stop system for development, production, and support. We maintain a fully integrated one-stop production process—from

### Net Sales



### Segment Profit



product planning to development, design, mold creation, mass production, and quality control—ensuring that we thoroughly address customer needs and provide products that meet quality, cost, and delivery (QCD) requirements performing all processes in-house.

In addition, to meet the expectations of our customers and society, we are constantly striving to enhance product value by

### Strengths of the Resin-treated Product Business



### Proposal Process

#### STEP 1 Research markets

- Attend exhibits around the globe, conduct local surveys
- Explore trends, analyze superior technologies and ideas

#### STEP 2 Identify and anticipate needs

- Organize user needs based on market surveys
- Project trends for near-term practical application

#### STEP 3 Design concepts

- Construct new concepts
- Realize detailed design and analysis

#### STEP 4 Propose models

- Create realistic concept models
- Conduct presentations to automakers



generating new value through suggestion-based development that anticipates market trends and needs, and by constantly seeking optimal solutions to trends such as “weight reduction” and “living room design.”

We are also committed to developing environmentally friendly technologies to meet the growing needs of society. From the perspective of environmental protection, we are committed to thorough recycling at the manufacturing level, as well as advancing the development and proposal of resins using sustainable materials derived from nature and products designed with recyclability in mind. One such technology is “hot stamp” (foil decoration using heat and pressure), which has gained attention as an environmentally friendly alternative to high-impact plating processes.

On the other hand, the challenges for further growth include the development of high-value-added, innovative products and increasing the efficiency of production processes. Many of the high-value-added components in which we excel are low-volume, high-mix products, making it challenging to achieve a high level of efficiency. However, we will continue to work to optimize our production processes by reducing development losses, investing in digital transformation (DX) for automation and labor saving, and other initiatives aimed at greater efficiency.

## Risks and opportunities in the Resin-treated Product Business

Looking back at the recent business environment, the automotive industry has faced significant difficulties on a global scale. The COVID-19 pandemic caused major fluctuations in automakers’ production activities, and the industry faced semiconductor shortages and rising labor costs. We recognize these as risks that could persist as we continue our global operations. In addition, automakers are increasingly moving toward the modularization of component assemblies to enhance production efficiency, leading to greater collaboration among auto parts suppliers while intensifying competition among companies.

Meanwhile, we view the aforementioned “CASE” trends

as new business opportunities. First, the evolution of autonomous driving is advancing the concept of “living space” within the vehicle, leading to demand for new value in interior components that are within the reach of passengers’ hands and eyes. This creates even more opportunities for our products, which are highly regarded for their unique decorative technologies. Moreover, reducing vehicle weight is a critical factor in extending driving range, which is essential for the widespread adoption of electric vehicles (EVs). While ensuring the rigidity of the vehicle body, we are striving to replace traditional metal components with lightweight resin parts. Our efforts include structural designs that maintain the durability and safety of metal, as well as initiatives to reduce the thickness of the resin components. We are also advancing sustainable practices for the resins themselves, continuing research into environmentally friendly material selection and construction methods tailored to these materials, with practical applications already on the horizon. Our goal is to effectively respond to and lead the changes in the automotive industry, creating value through our commitment to environmental stewardship and our unique technologies.

## Strengthening our profit structure through a differentiation strategy

To effectively seize these opportunities, we aim to further refine our proprietary technologies developed to date. We are also considering collaborations with partner companies in new areas such as electrical components and sensor-integrated parts, in an effort to provide value that exceeds customer expectations.

In addition, we will work to improve profitability through management based on selection and concentration while actively pursuing product differentiation. Handling a wide range of products, including low-volume and diverse offerings, with a global, integrated production system is a significant strength of Morioku. However, to minimize the impact of the rapidly changing business environment and to secure stable profits, it is essential to shift our development and production focus toward high-value-added products and narrow

our production lineup. This approach will help reduce development losses and enhance production efficiency. In the automotive industry, clients have a general understanding of how much of the estimated costs submitted to them are raw material costs and how much constitute gross profit. Therefore, it is crucial to clearly explain the value-added aspects of our products and to engage in approaches that make them appealing. Our goal is to not only achieve sales growth but also build a solid profit-generating structure. We will enhance product competitiveness with the mindset of increasing sales to boost profits.

## Aiming to realize our long-term vision

In FY2024, we will implement measures such as cultivating new customers, evolving core technologies, advancing the development of next-generation vehicles, and improving production efficiency to enhance our resilience to market fluctuations. We are committed to steadily translating these efforts into tangible results. Regionally, in response to the decline in production volumes in China and Thailand, which have historically been our key profit centers, we will shift our investment focus to India. In addition, we will expedite the passing on of raw material and operational cost increases in Mexico to ensure prompt revenue gains.

FY2024 will also serve as the foundation year for our 14th Mid-Term Management Plan. We will refine our ongoing initiatives, such as the development of high-value-added products that meet environmental needs and the concept of “living space,” as well as improving production efficiency. These efforts will help us establish a solid foundation for transitioning to a more proactive approach.



Interior components with hot stamp decoration▲



**Provide a wide range of essential materials for industrial growth, and create high-value-added solutions through a combination of trading and manufacturing.**

Representative Director and President  
Morioku Chemicals Co., Ltd.

**Hidehito Monji**

### Market and Products | Offering diverse products as a specialized chemical trading company

In the Chemical Business, we operate as a specialized chemical trading company, engaging in the sales and import/export of chemical products, synthetic resin products, and food, while developing our business in three areas: mobility, fine chemicals, and life sciences.

In the mobility sector, we handle sales of resin raw materials, functional materials, resin-molded products, and materials for semiconductors and LEDs for the automotive industry. We have established a four-pillar system across Japan, China, the United States, and ASEAN, developing a regionally focused business. Approximately half of our discussions are with overseas customers, and we deploy personnel with specialized skills and extensive knowledge to provide proposals that include logistics such as import/export from the development stage.

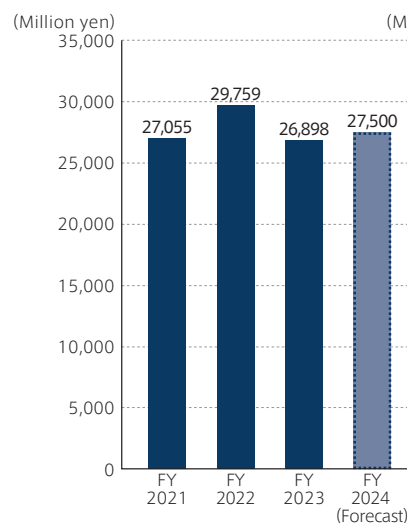
In the fine chemicals sector, we handle fine chemical products such as raw materials, intermediates, and catalysts for the chemical and pharmaceutical industries, as well as functional materials used in paints and adhesives. We are particularly committed to enhancing our manufacturing capabilities by working closely with customers through the upstream stages of product development, from the sourcing

of raw materials to commissioned synthesis of chemicals. We also produce environmentally friendly resins with functional properties for industrial and automotive applications.

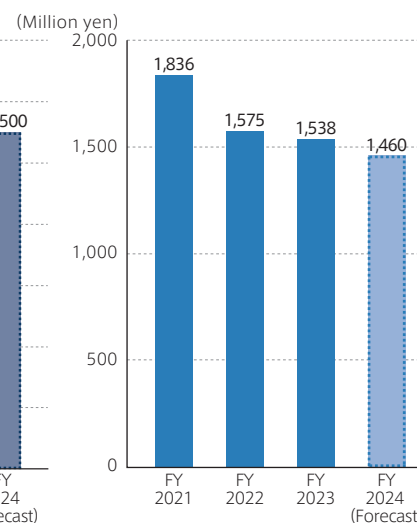
In the life sciences sector, we primarily handle resin raw materials and additives for customers in the food, housing, and

medical fields. In particular, we provide transparent resins, films, and packaging materials for the medical and food sectors. Our unique strength lies not only in sourcing and selling raw materials but also in leveraging the advanced film processing technologies held by the Morioku Group to offer high-value-added products.

**Net Sales**

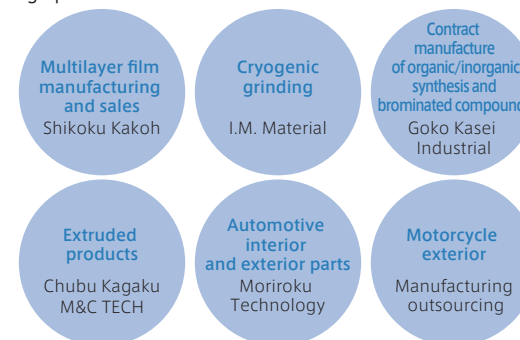


**Segment Profit**



### Strengths of the Chemical Business

Combining global network-supported information-gathering capabilities with high technical expertise to provide high-performance materials tailored to customer needs



### Six areas of operation

Fine Chemicals	Coating	Electrical and Electronics
Lifestyle Products	Automotive Materials	Resin-treated Products



## Strengths and Challenges | Aiming for high-value-added business through a combination of trading and manufacturing

The functions of information gathering and credit management, once handled by trading companies, are increasingly being replaced by DX and AI technologies. Under the traditional business model of coordinating the flow of materials and products, sustainable growth is no longer expected. In response to this challenge, we are taking a step beyond the framework of a trading company to enhance value through manufacturing, collaborating with our Group companies to develop new materials and products. One such example is Shikoku Kakoh, a specialized manufacturer of plastic films, which produces and sells films and packaging materials with high functionality. Furthermore, Goko Kasei Industrial engages in contract manufacturing of inorganic and organic chemical reactions. We have also established a lab within the factory of Morioku Technology, which manufactures resin-molded parts, to develop compounding technology that mixes renewable materials such as biomass with resin raw materials.

We are also actively collaborating with partner companies that possess outstanding technologies. In 2018, we invested in Carbon Fiber Recycle Industry Co., Ltd., which has developed technology to recycle carbon fiber from retired aircraft parts and scraps, and we have continued our efforts toward reuse. Carbon fiber, which consumes a large amount of energy during production, is mostly disposed of in landfills at the end of its life cycle, addressing the promotion of reuse as a social issue. With the anticipated rise in demand for environmentally friendly materials and technologies, we intend to actively seek and integrate external expertise to enhance our capabilities.

## Restructuring our business across three sectors

In FY2023, the second year of the 13th Mid-Term Management Plan, we focused on restructuring our business across three key sectors. We advanced initiatives such as selecting and concentrating businesses, accelerating global expansion, and strengthening manufacturing operations and enhanced capabilities through collaboration both within and outside the Group. However, these reforms are still ongoing, and as a result, our net sales have

declined while operating profit has remained flat.

The main external factor affecting our performance is the deterioration of market conditions in China. The rise of local EV manufacturers has been significant, and Japanese automakers continue to struggle with weak sales. As a company that conducts business with these companies, we are in a challenging situation. We anticipate that this trend will continue, and while we closely monitor developments in the Chinese market, we will also explore business opportunities and expand our market presence in other regions, such as Africa and other parts of Asia.

## Growth through swift global expansion

Morioku Chemicals has expanded its operations to 11 countries worldwide, building a global business presence. In 2021, we established a subsidiary in India, and in 2023, we opened a representative office in Vietnam, aiming to expand our network in Asia. We plan to extend our reach to neighboring countries such as Malaysia and Bangladesh. In addition, in FY2024, we plan to establish a new subsidiary in Germany as our second base in Europe. To proactively meet customer needs, we will continue to accelerate our expansion efforts while closely monitoring global economic trends.

Currently, the overseas sales ratio of our Chemical Business is approximately 20%, and we aim to increase this figure to 50% in the future. To achieve this, we must leverage our strengths in the manufacturing business by integrating various aspects of our operations and promoting trade with third countries. This approach will allow us to respond flexibly and swiftly to local needs.

Moreover, we recognize the importance of developing global talent as key players in our business. In addition to acquiring the language and management skills required for trading professionals, we are committed to developing and recruiting highly skilled employees with expertise in manufacturing. We aim to strengthen our talent pool through appropriate staff allocation that fosters global experience and by actively recruiting foreign nationals. At the same time, we will explore process reforms to outsource routine procurement and supply

operations, allowing our employees to concentrate on higher-value-added activities.

## Carbon nanotubes boasting strong advantage

We will continue to focus on creating solutions through the combination of trading and manufacturing.

In the mobility sector, we will expand our range of materials and components related for automotive applications by collaborating with the Resin-treated Product Business, while also working on materials for next-generation batteries.

In the life sciences sector, we will address market changes, including the increasing focus on environmental sustainability and safety and hygiene, by providing new materials, bundled offerings of raw materials and packaging solutions, and a diverse range of additives and auxiliaries that support our customers' technological advancements.

In the fine chemicals sector, we aim to enhance the value of our manufacturing solutions across multiple products by leveraging our in-house chemical contract synthesis capabilities and focusing on expanding sales of new products.

Among the highlights is the carbon nanotube (CNT) masterbatch in the fine chemicals sector, which has attracted considerable attention. This CNT masterbatch, developed through collaboration with partner companies, features a unique processing technology that allows CNTs—which are difficult to handle in powder form—to be added to resins, creating a masterbatch that is easier to store and process. CNTs are a highly advantageous new material, offering 1,000 times the electrical conductivity of copper, twice the thermal conductivity, and half the weight of aluminum. This makes them a promising alternative to existing materials in various fields, including the automotive industry. Going forward, we will strive to develop applications and expand sales channels while also considering cross-industry applications.



High-dispersion  
carbon nanotube  
masterbatch

► For details,  
please see  
page 36.



## Pursue high-efficiency management, emphasizing the cost of capital to enhance corporate value.

Director, Executive Vice President,  
Executive Officer, and CFO  
Morioku Holdings Co., Ltd.

**Koichi Kikuchi**

### FY2023 performance review

Looking back on the performance of FY2023, net sales increased 2.5% year on year to 145.6 billion yen. Significant improvements in profitability were achieved due to the recovery of automotive production, which

combined with cost improvements led to an operating profit of 5.7 billion yen (an increase of 327.2%). Ordinary profit amounted to 6.1 billion yen (an increase of 287.4%) due to foreign exchange gains. Although an impairment loss was recorded at a subsidiary in China, net

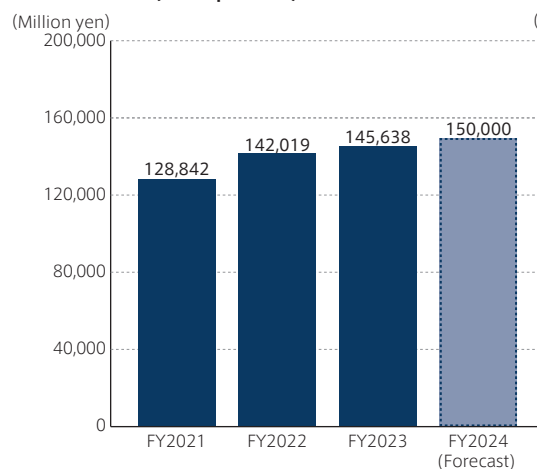
income for the period reached 3.0 billion yen (an increase of 124.5%) due to the recovery in operating profit.

Despite achieving increased sales and profit, we recognize that the pace of economic recovery has slowed due to rising prices, the accompanying monetary tightening policy and the deceleration of the Chinese economy. Consequently, we have not yet reached the targets set in the 13th Mid-Term Management Plan (hereinafter, "13th Mid-Term Plan").

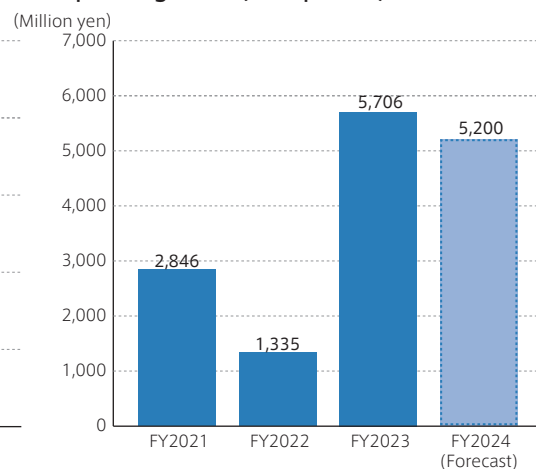
### Financial strategy based on safety, efficiency, and growth

In the 13th Mid-Term Plan, we are implementing a financial strategy aimed at shifting to an "offensive attitude" while emphasizing safety and efficiency. Amid a challenging business environment, we continue to reduce costs and compress idle assets, resulting in an improving trend in indicators such as total asset turnover. However, securing cash and profits through sales expansion and enhancing the added value of our operations remains a current challenge. We will focus on the developing core technologies in the Resin-treated

Net Sales (Group Total)



Operating Profit (Group Total)



### Financial Strategies in the 13th Mid-Term Plan

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

		Priority management indicators
(1) Safety	Acquire a 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 KPIs for individual business companies	ROE/ Net profit margin/ Total asset turnover ratio
(3) Growth potential	Optimally allocate invested capital · Expansion of strategic investment framework · Active business cooperation and M&As	Strategic investment amount



Product Business, acquiring new customers, and expanding the sales of new products in the Chemical Business.

To ensure continued growth, it is essential to allocate a certain percentage of generated free cash flow to growth investments. In the 13th Mid-Term Plan, we set aside 10.0 billion yen for strategic business investments, and in FY2023, we invested in two start-up companies in the bio-healthcare field. We will continue to explore promising projects and thoroughly evaluate whether these investments can create synergies with our existing businesses and strengths, as well as contribute to long-term growth.

Furthermore, continually strengthening our research and development capabilities is also crucial to enhancing the added value of our operations, and we are actively working to increase our R&D spending.

### Pursuing high-efficiency management with an emphasis on ROE

In terms of efficiency, as disclosed our policy in November 2023, we aim to achieve a price-to-book (P/B) ratio above 1x, while working to improve ROE and reduce the cost of capital. Morioku estimates the cost of equity capital to be around 6%. However, ROE in FY2023 was 4.2%, falling below the cost of capital. To improve this, we must increase the earning power of our existing businesses and urgently achieve profit growth that exceeds sales growth. We will continue to improve the accuracy of monitoring and refining the KPIs for each business unit.

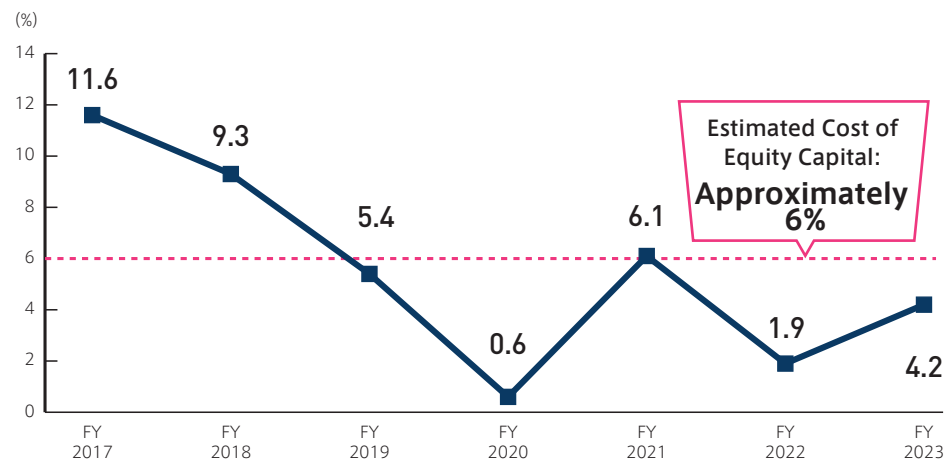
### Aiming for medium- to long-term growth with our shareholders

Profits generated from business growth will also be allocated to enhance returns to our shareholders. In

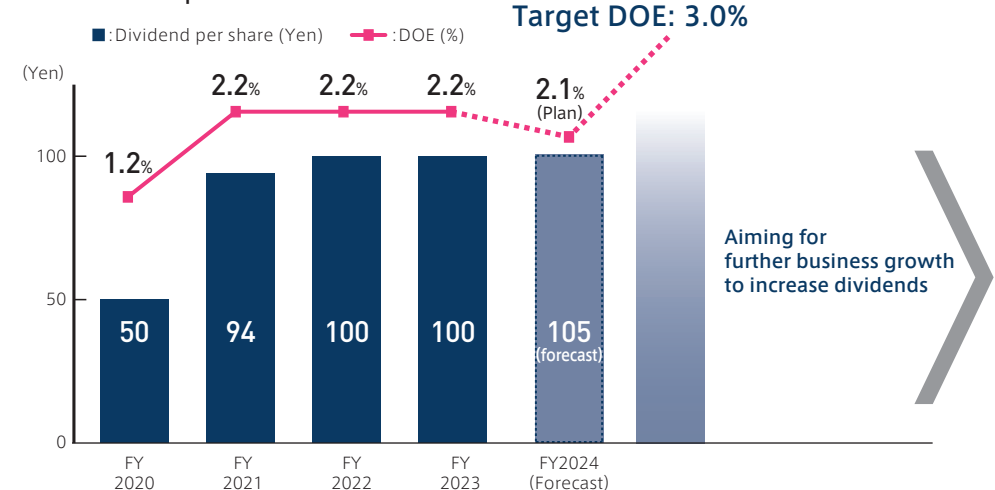
November 2023, we revised our shareholder return policy and introduced a new metric, the dividend on equity (DOE) ratio, to focus on stable dividends over the medium to long term. For FY2023, the DOE ratio was 2.2%, and we aim to increase this to 3.0%. In addition, we will implement measures such as share buybacks as necessary.

At the same time, we believe it is essential to communicate this growth story as concretely as possible to our stakeholders, as activities aimed at reducing the cost of capital are also important. To promote an understanding of the fundamentals of sustainability, we will pursue sustainability management and enhanced investor relations activities as two complementary initiatives.

ROE Trends



Dividend per Share and DOE





## Seize “CASE” progress as an opportunity to promote global development by leveraging our strength in R&D.

Executive Officer  
R&D and Sales  
Morioku Technology Co., Ltd.

**Kazuhiro Hashimoto**

### Creating new value propositions for interior and exterior design driven by automated driving technology

In the automotive industry, a primary market for the Morioku Group, the “CASE” (Connected, Automated, Shared, and Electric) concept is increasingly becoming a reality, with the advancement of automated driving technology being the most notable change. As automated driving technology continues to evolve, there will be an increase in the amount of time spent “hands-free,” driving without holding the steering wheel, creating situations where people are in their cars but not actively driving. This shift in driving patterns will have an impact on the value placed on driving and the way people spend their time inside their cars. Naturally, this evolution will also change the functions and value required of the interior and exterior plastic products we provide.

Historically, automotive parts were developed based on specifications that are largely determined when automakers design new models, making it challenging for us to propose new concepts or designs. However, it is precisely during such periods of significant transformation that we have the opportunity to engage with our customers and propose newly enhanced value, encouraging our customers to adopt our products. As the value of driving continues to evolve, so too does the value of interior and exterior design. By proactively capturing these emerging trends ahead of the market, we are able to leverage our accumulated technological and engineering expertise to conduct research and development, resulting in tangible prototypes that we present to automakers as potential solutions. This proactive approach will likely lead us to new orders, and it is an approach that Morioku has consistently excelled at over many years.

In recent years, we have proactively expanded our participation in various exhibitions and increased opportunities to present to automotive manufacturers. Our sales, along with the R&D and design departments,

work together to passionately showcase our commitment to manufacturing and the unique creativity that sets us apart.

### Fusion of decoration and lighting creates “new space”

Our competitive advantage lies in the development of products using a wide range of decorative technologies: not only deepening expressions using techniques such as embossing, foil stamping, and other decorative technologies, but also pioneering new decorative products that create “new spaces” that are highly compatible for next-generation vehicles.

One example is an approach using “decoration + lighting” to express the function of a product. The “New Value Air Vent (Outlet)” developed by our team features a transparent material panel with a wave-shaped indentation formed inside the resin, placed next to the air-conditioning components. LED lights are used to illuminate the shadows, changing the appearance of the air vent according to the strength of the airflow. The design is intended to be both convenient and functional, while also creating a “relaxing space” that reduces mental stress during driving and in the car through the pursuit of design and motion that stimulates the user’s senses and visual innovations.

In addition, it enables numerous avenues for expression, such as a warning function that alerts drivers to the presence of cars traveling on both sides of the road. This feature has been highly evaluated by automobile manufacturers. We will continue to pursue the expansion of our product line with a “Progressive spirit,” aligning our efforts with the development concepts of manufacturers.

### Three approaches to decarbonization

Another significant change is the shift toward decarbonization.

Our approach in the development process focuses on three key strategies: (1) material recycling, (2) product development using plant-derived materials and waste materials, and (3) reducing product weight.

First, in regard to material recycling, we believe it is crucial to take a comprehensive approach to the entire automobile life cycle and tackle this challenge through the supply chain. We are proactively addressing this issue by using computer-aided engineering (CAE) analysis and physical testing to investigate and verify the impact of recycled materials on both products and manufacturing processes. This allows us to maintain a competitive advantage in these efforts.

We are also continuing our research on the development of products using sustainable materials derived from plants, based on the concept of reducing petroleum usage and converting to sustainable materials wherever possible. Moreover, in addition to simply combining materials, we are exploring the potential of leveraging natural textures and appearances to develop products that embody the new value of sustainability.

Furthermore, with the progression of electric vehicle (EV) technology, demand for reducing component weight is accelerating in order to improve fuel efficiency (electric power consumption). In particular, it is predicted that the use of resin for exterior plastic products will continue to increase, replacing the traditionally dominant steel-based materials. Morioku has been conducting in-house development and verification of “resin tailgate” prototypes for several years, and has already completed its in-house evaluations regarding quality and safety. As automakers continue to lead the drive for modularization of components, the integration of metal, electrical, and resin parts will likely be required. We are dedicated to responding quickly and effectively to seize this opportunity and secure the competitive edge of resin materials.

### Reinforcing our global development structure

To ensure that our manufacturing meets the diverse requirements of each global region, Morioku has established R&D bases in Japan, the United States, China, and Thailand, as well as satellite design offices in Vietnam and the Philippines. Previously, our R&D structure was centered in Japan as the core, but as we aim to meet the diverse needs of both Japanese and overseas automobile manufacturers, it is becoming increasingly important to strengthen our development capabilities in each region. To achieve this, we are prioritizing the talent exchange across Japanese and overseas bases and the training and recruitment of engineers on a global scale.

The business environment surrounding the Morioku Group is constantly evolving, and I believe it is continuing to change even at this very moment. As we look toward the future, I am committed to strengthening our flexible development capabilities, enabling us to respond quickly and adaptively to unexpected changes while seizing new business opportunities as they arise.





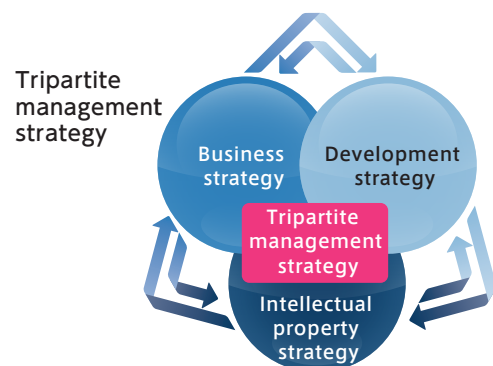
## We will advance a tripartite strategy that integrates intellectual property, business, and development seamlessly.

Executive Officer  
Legal, Intellectual Property, and Compliance  
General Manager, Legal & Intellectual Property Division  
Morioku Holdings Co., Ltd.

**Junko Saito**

### Tripartite management strategy integrating intellectual property, business, and development

The Morioku Group is promoting a tripartite management strategy that integrates intellectual property with business and development. To strengthen this approach, in April 2021, we reorganized the Legal Division, which was directly overseen by the president, into the Legal & Intellectual Property Division and established a dedicated team for intellectual property (IP) by consolidating IP personnel from various departments. In response to the 2021 revision of Japan's Corporate Governance Code, we



have also implemented regular reports on intellectual property investments at the Board of Directors' meetings. These initiatives are part of our efforts to bolster IP-related measures and raise awareness across the entire Group.

### Collaboration with the development and technology departments of Morioku Group companies

As the first step in our IP strategy, we are focused on initiatives aimed at embedding IP as part of our corporate culture. In collaboration with relevant departments such as development and technology in major Group companies, we are implementing various measures tailored to the current situation. One of these measures is the IP landscape, where we are working to create a system that incorporates IP information into our management strategy. Intellectual property is also important in the creation of new businesses, and we are considering strengthening functions such as analyzing and evaluating the intellectual property of target companies during M&A activities.

To enhance both the quality and quantity of our IP, we are categorizing patent and design applications into clear categories to help raise awareness. We are expanding our

focus to include patents related to unique technologies that could attract licensing interest from other companies, as well as patents that help uncover latent ideas. In addition, by analyzing the status of our competitors, we are working on visualizing our patent network to strategically build a robust portfolio of rights.

### Grassroots activities to embed IP as part of our corporate culture

To lay the groundwork for advancing our IP strategy, we are strengthening our Group-wide framework. In the main Group companies' development departments, we have appointed new IP liaison officers who collaborate closely with the Legal & IP Division to uncover inventions, increase the number of patent applications, and enhance our IP capabilities. Similar liaison roles are being appointed in our key overseas market, the United States, with further consideration for appointing counterparts in China, as we aim to expand this network globally.

Embedding intellectual property awareness among employees requires grassroots efforts. To support this, we have introduced a "Fundamentals of IP" curriculum into training programs for new employees, among other initiatives. At the same time, enhancing the skills of the Legal & IP Division members is equally vital, and we actively support their professional development through certification programs and participation in IP-related seminars.

We conduct research on other companies in the industry to objectively evaluate our efforts and learn from best practices. In comparison, I honestly feel that our Group's IP strategy is still evolving. However, this also means there is substantial room for growth, which I believe will make a significant impact in the future. Employees' awareness of IP is steadily transforming, and we are committed to accelerating our tripartite strategy that unites business, development, and intellectual property.



**In a rapidly changing business environment,  
we are committed to developing new ventures  
that will drive sustainable growth and lead the next generation.**

General Manager, Business Planning Division  
Morioku Holdings Co., Ltd.

**Hiromi Morimoto**

## Establishment of the Business Planning Division to drive new business creation

The Morioku Group, with a legacy spanning more than 360 years since its founding in 1663, is taking on the challenge of creating new businesses. This initiative is driven by our Management Philosophy of “creating high added value with future-oriented creativity and advanced technologies.” Building on the “Progressive spirit” inherited from our predecessors, we are committed to establishing a third core business alongside our Resin-treated Product Business and Chemical Business, transforming the Group to meet the evolving demands of a new era. Our two established businesses have fostered deep trust with customers through unique solutions and products, laying a robust business foundation. However, as we look to future shifts in the business environment and emerging social issues, we recognize the need to go beyond our current offerings.

The automotive industry, a core market for the Morioku Group, is entering a transformative period often described as a “once-in-a-century” shift. Beyond the traditional emphasis on safety and reliability, the industry now faces a growing need to address environmental protection and decarbonization, and to respond to the growing impact of rapid technological innovation. In addition, there are complex social challenges

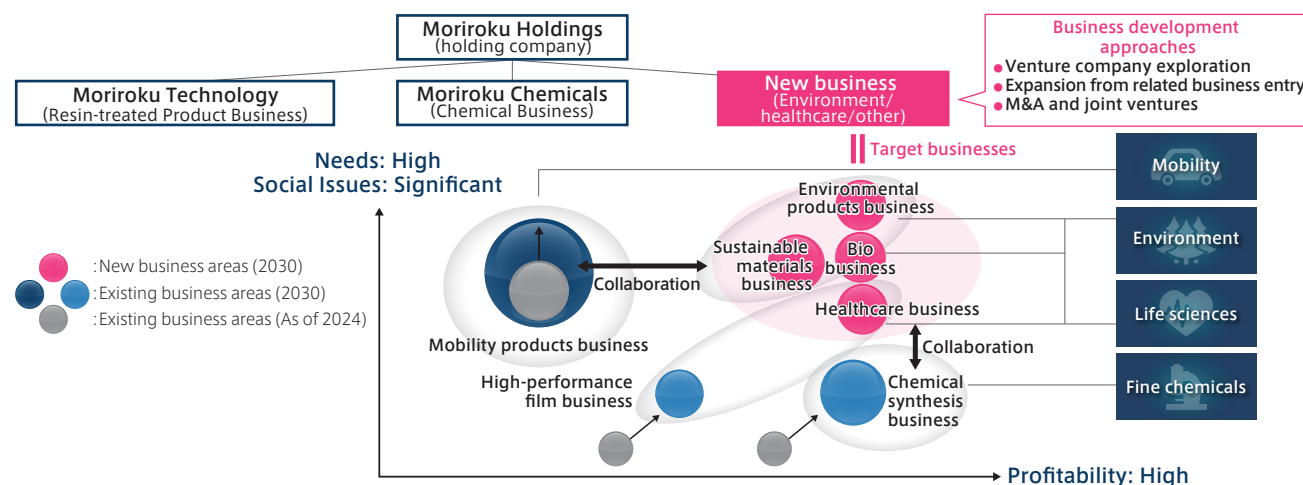
to tackle, such as population aging and labor shortages. Meeting these increasingly diverse, complex, and advanced needs is essential. We believe that establishing new businesses that create value to help solve these social issues will not only enhance our corporate value but also drive our sustainable growth.

The Business Planning Division, newly established in January 2024, plays a central role in driving the creation of new businesses. In addition to leveraging our unique ideas,

technologies, and strengths related to our two existing businesses, we aim to take a more elevated approach by developing products and services that meet market demands and customer needs through a market-driven approach.

## Grand design for new business creation with a focus on the 2030 Vision

In recent years, there has been growing awareness of climate





change and environmental conservation, with efforts toward carbon neutrality and issues related to marine plastic pollution gaining attention. These present both risks and new opportunities for our business. Considering societal trends and the characteristics of our business, we are focusing on three key areas for new business creation: sustainable materials, environmental products, and life sciences such as healthcare and biotechnology.

Moreover, based on our 2030 Vision, we have outlined a grand design with 2030 as the goal.

We are positioning the current period of the 13th Mid-Term Plan, as Phase 1, focused on sowing the seeds for new business, while the subsequent 14th Mid-Term Plan, starting in FY2025, will be Phase 2, where we will work on materializing business models. Furthermore, in Phase 3, during the 15th Mid-Term Plan, we aim to establish the new businesses. While this is a highly challenging goal, we believe that the creation of new businesses will serve as a trigger for transforming the Company's structure.

As means to lay the foundation for new businesses, we are

considering a variety of approaches, including identifying opportunities within existing businesses, collaborating with start-up companies, and reducing risks through M&A.

### ■ Sustainable materials domain

In the sustainable materials domain, we are exploring the commercialization of biodegradable plastics that can be broken down by microorganisms. This involves creating resins using components found in seaweed. We aim to advance this initiative effectively and efficiently through collaboration with start-up companies.

### ■ Environmental products domain

In the environmental products domain, we have begun working on establishing a circular economy business. One key initiative is the recycling of lithium-ion batteries (LiB). We are researching and verifying potential business opportunities from various perspectives, including the collection of waste batteries and recycling-related facilities, while closely monitoring market trends. Our goal is to explore and create

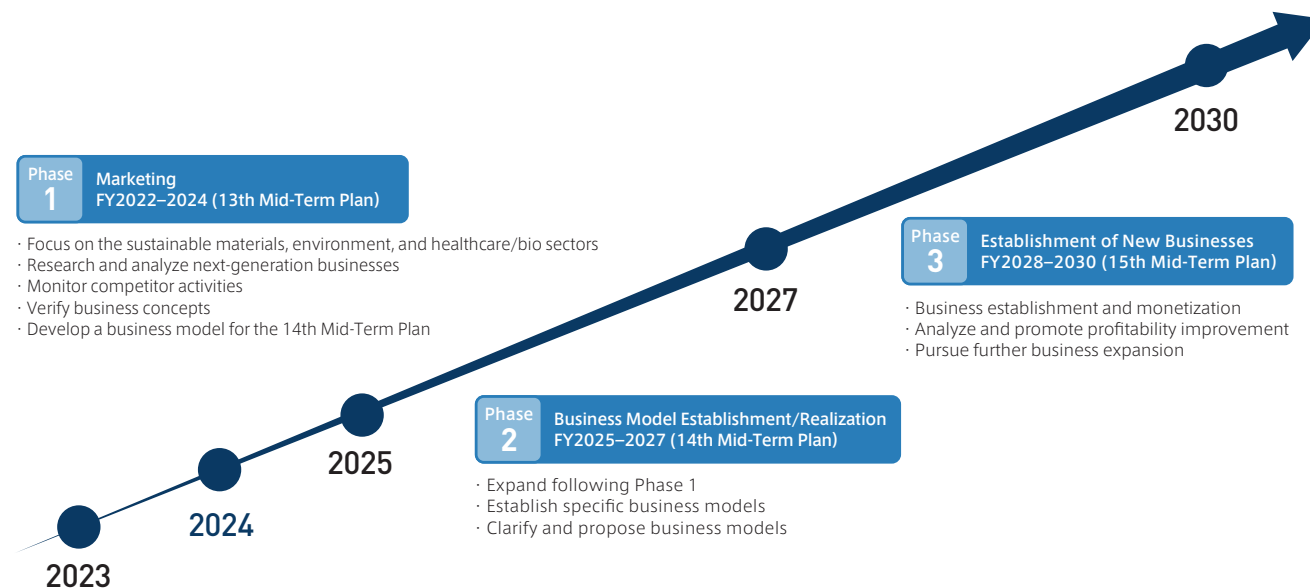
environmentally friendly businesses. We are also considering entering businesses related to renewable energy.

### ■ Life sciences (healthcare/bio) domain

In the life sciences domain, we are advancing collaborations with start-up companies. In October 2023, we invested in KINS Co., Ltd., a company focused on microbiome research and the development of microbiome care services. In April 2024, we also invested in digzyme Inc., a company specializing in enzyme development as its core technology. Going forward, we will strive to launch new businesses, including collaborations and synergistic creation with our Chemical Business.

We are also focusing on a business that provides proteins extracted from algae and other sources as ingredients for health foods and protein products.

To further drive the sustainable development of the Morioku Group, we are strategically and proactively advancing the establishment of new businesses.



# KINS

KINS offers skincare products and supplements that utilize human-derived microbes to support health and beauty. Through the power of fermentation and microbes, the company promotes a lifestyle called "microbe care," aimed at improving skin and gut health.



Founded as a start-up from the Institute of Science Tokyo, digzyme aims to develop technology that efficiently designs enzymes suited for industrial applications using bioinformatics (a fusion of life sciences and information engineering) and quickly scale up their mass production.



## Under the values of a “Progressive spirit” and “Total cooperation,” we will deepen the human resources strategy of the Morioku Group.

Executive Officer  
Human Resources and General Affairs  
General Manager, Human Resources Division  
Morioku Holdings Co., Ltd.

**Naoki Morikawa**

### Two core values in management

As a global company, the Morioku Group is committed to fostering business activities that are firmly rooted in various regions and societies worldwide. Our objective is to “create high added value with our future-oriented creativity and advanced technologies, while contributing to global society.” The human resources strategy that supports this vision is based on the practice of two core values that have been passed down from generation to generation within the Morioku Group: “Progressive spirit” and “Total cooperation.” The human resources initiatives are guided by these two values.

### Secure and nurture diverse human resources

Our objective is to “Bring diverse human resources together to foster growth through work,” and we are dedicated to the continuous development of human resources who will contribute to the Company’s growth and development. We aim to create an environment where each employee can demonstrate independence and creativity, while recognizing and leveraging the variety of values and ideas of their colleagues. A key theme of our human resources strategy is to recruit and nurture diverse human resources. To create new business opportunities as well as to strengthen existing ones, it is essential to

continually recruit and nurture diverse human resources and create a work environment in which each individual can exercise their independence and creativity.

In new graduate recruitment, we have set targets for gender and foreign nationality ratios. In some business divisions, there are fiscal years where the percentage of female or foreign employees in the new graduate intake has reached 50%.

In human resources development, in addition to rank-specific training, we provide e-learning and English-language learning programs as voluntary learning opportunities for all employees. We are expanding our training programs by developing our own e-learning content to address specific learning objectives for our employees.

Going forward, it will become increasingly important to systematically develop management personnel who are responsible for business operations and have the ability to create new businesses in a systematic manner. To address this, we have launched a new leadership development program for individuals who will lead the Company. In terms of career development, in addition to efforts within each business division, we have implemented an in-house open recruitment program as a Company-wide initiative to encourage employees’ to develop their careers autonomously. We would like to provide a variety of initiatives to support growth opportunities within

the Company and strive to create an environment in which a diverse range of human resources can play an active role.

### Promoting diversity and inclusion as a foundation for global expansion

The foundation of Morioku Group’s global business expansion is built on the promotion of diversity and inclusion. With regard to the globalization of our human resources, we are promoting the employment of foreign nationals at our head office and actively appointing local employees to management positions at overseas bases. At our subsidiaries in Canada, China, and South Korea, local employees are serving as presidents, leading the management of these entities. In terms of gender diversity, the increased ratio of female directors and executives has further energized initiatives to promote women’s participation within the Company. We are focusing on the creation of a supportive culture through the expansion of training programs. Originally aimed at female employees and their managers, these programs have now been expanded to include all employees with the objective of increasing the representation of female managers.

### Engagement survey for employee and organization growth

To advance our initiatives toward “Growth of Individuals and Organization,” it is essential to first accurately assess the current situation and clearly identify challenges. To this end, we conducted our first Employee Engagement Survey in 2019. In 2021, when the second survey was conducted, three evaluation categories closely related to “Employee Engagement” and “Maximizing Workplace Potential” were defined as priority categories and linked to executive compensation with targets set for the next three years. Locations actively engaged in such activities are introduced as best practices in the Company newsletter and shared throughout the Company. To realize our long-term vision and create new value, we view our human resources as the source of everything. By listening to the voices of our employees, we will continue to create an environment in which diverse talent can fully express their autonomy and creativity, while deepening our human resources strategy for the growth of both individuals and the organization.





## We aim to integrate business strategy with sustainability management, focusing on creating economic value.

Executive Officer  
Corporate Planning and Sustainability  
General Manager, Corporate Planning Division  
and Sustainability Promotion Division  
Morioku Holdings Co., Ltd.

**Hiromi Banno**

### Sustainability promotion in the Morioku Group

The Morioku Group has set “Increase management resilience by promoting sustainable activities” as a basic strategy of the 13th Mid-Term Management Plan (hereinafter, “13th Mid-Term Plan”) and is advancing sustainability management across the entire Group. By focusing on creating both social and economic value with a view toward a sustainable future, we are addressing environmental and social challenges while promoting improved capital efficiency and strengthening our business foundation.

Our sustainability management began in 2022 with the establishment of a promotion system. Under the direct supervision of the president, we set up sustainability promotion offices in each of our Group companies, creating a structure that enables Company-wide efforts to accelerate. Currently, the Sustainability Committee, in collaboration with the Board of Directors, leads the overall initiatives, addressing a wide range of issues, including the development of environmentally friendly products, CO<sub>2</sub> emission reduction, respect for human rights, and improving employee engagement.

Sustainability activities are often viewed as risk management, but they go beyond that. We aim to recognize social issues as new business opportunities and connect them

to the creation of new businesses and synergies. One of our materialities, “Development and sales of products and services that contribute to solving social issues,” presents a challenging opportunity to create new value. To tackle this, we are leveraging resources across our Group and advancing collaborative project structures. A specific example is our efforts in developing environmentally friendly materials and products, which is an initiative that we can undertake precisely because our Group combines expertise in both resin compounds and mass production.

We have been advancing sustainability efforts swiftly and proactively. However, for the Morioku Group’s employees to unite and effectively drive these initiatives, it is essential to build a shared understanding across the organization. This can be achieved by ensuring that each employee is aware of the key issues and by identifying the unique challenges and needs of each region to implement and sustain sustainable practices.

To achieve this, the sustainability team makes direct visits to each location and values face-to-face dialogue with employees and other stakeholders. When breaking down policies and initiatives, we focus on three key points: “Why is this initiative necessary?”, “What will we do to address specific challenges?”, and “How will we implement this in practice?”. Through these discussions, we deepen mutual understanding. By following

this process, we guide members at each location to take proactive actions and ensure that sustainability efforts are firmly integrated across all Morioku Group locations.

### ESG’s “S”: The importance of investment in human resources

The social (“S”) component of Environmental, Social, and Governance (ESG), which focuses on human resources, is a critical factor for Morioku’s growth. In the 13th Mid-Term Plan, we have highlighted “hiring and cultivating diverse human resources” as a key priority, and we are actively promoting initiatives related to diversity and inclusion as well as improving employee engagement. Respecting diverse values and skills, and creating an environment where these can be fully utilized, will serve as the driving force for our business growth. We believe that fostering and preserving a corporate culture where each employee values a “Progressive spirit” and a belief in “Total cooperation,” and can work together toward a common goal, along with investing in talent, will be the key to achieving sustainable growth.

### Sustainability activities that employees can actively engage in

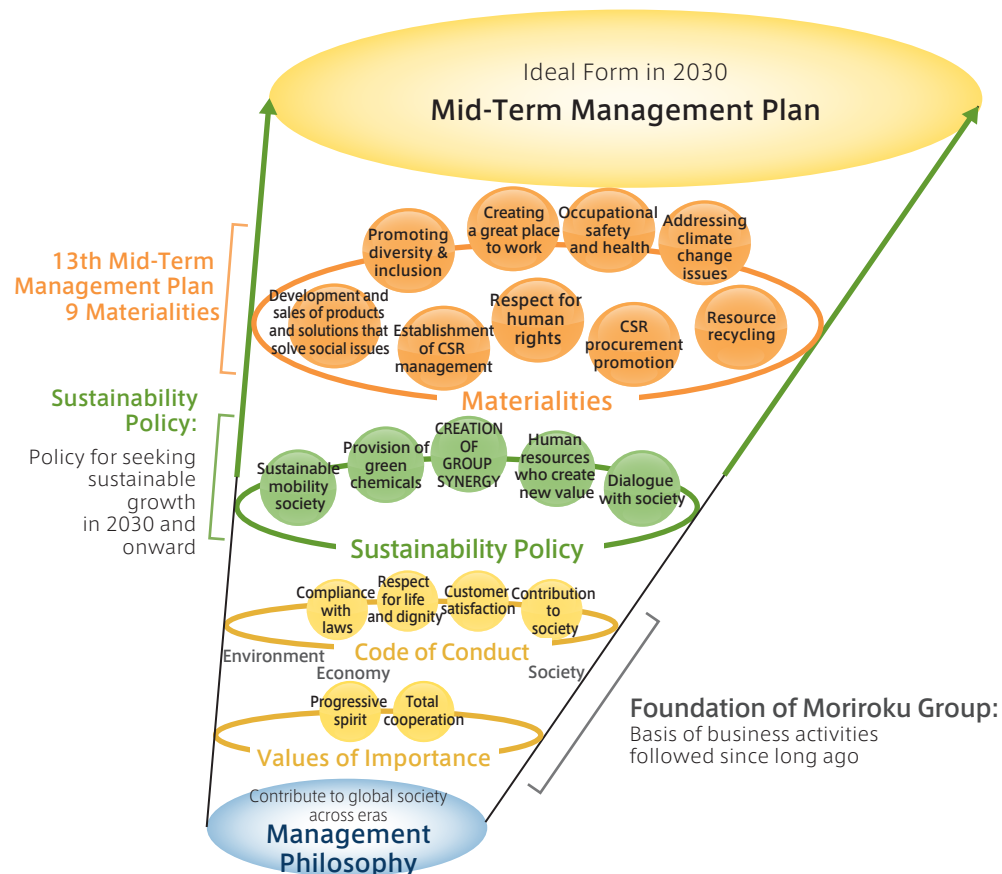
The Morioku Forest project in Tokushima, our place of origin, symbolizes our sustainability initiatives. While sustainability can often seem like a challenging concept, we prioritize creating an environment where employees feel connected to it and are motivated by the desire to contribute to solving social issues. Through our social contribution efforts in our Company’s birthplace, we aim for individuals to understand the significance of their actions, fostering a stronger sense of attachment to Morioku. We believe this collective effort will continue to guide Morioku toward becoming a 400-year company.

FY2024 marks the year for developing the 14th Mid-Term Management Plan. We will outline business and sustainability strategies that lead to the sustainable growth of Morioku, with the aim of creating economic value.

## Basic Concept

In March 2022, the Morioku Group formulated its Sustainability Policy. ▶ “The Morioku Group Sustainability Policy” (P.57) indicates the role that the Morioku Group should play in realizing a sustainable society. The Group aims to become a “400-year company” that contributes to the resolution of social issues through corporate activities that give consideration to all stakeholders and earns the further expectations and support of all stakeholders. In addition, we will strive to expand information disclosure from the three perspectives of “Environment,” “Social,” and “Governance,” in order to improve our corporate value.

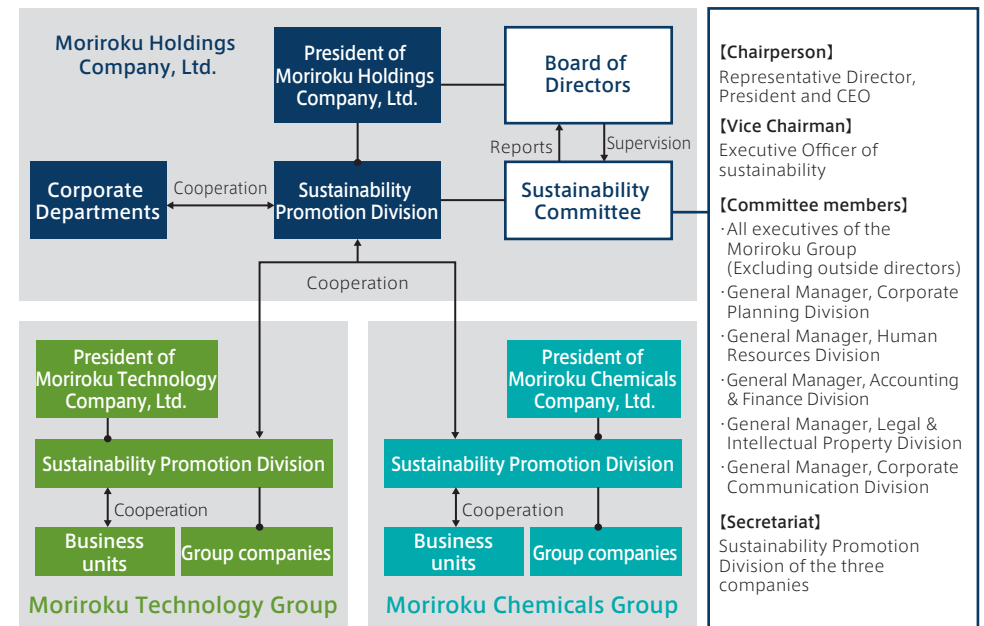
As shown in the diagram below, the Morioku Group has established materiality in line with its Sustainability Policy based on a system of principles originating in the Management Philosophy, and these have become the foundation of the Goals for 2030 and the Mid-Term Management Plan.



## Sustainability Promotion System

Morioku Holdings has established the Sustainability Promotion Division under the direct control of the president to lead the sustainability activities of the entire Morioku Group. In addition, two core operating companies (Morioku Technology Company, Ltd. and Morioku Chemicals Company, Ltd.) have established their own Sustainability Promotion Divisions under the direct control of the president to promote and disseminate activities in the Morioku Technology Group and the Morioku Chemicals Group.

Furthermore, Morioku Holdings has established the Sustainability Committee, with the Sustainability Promotion Division serving as its secretariat, to formulate and monitor policies and report to the Board of Directors as well. The committee is chaired by the president of Morioku Holdings. It convenes management and other members of the Group companies according to the agenda and holds discussions with outside directors and auditors.



### Key Themes for Discussion at the Sustainability Committee (FY2023)

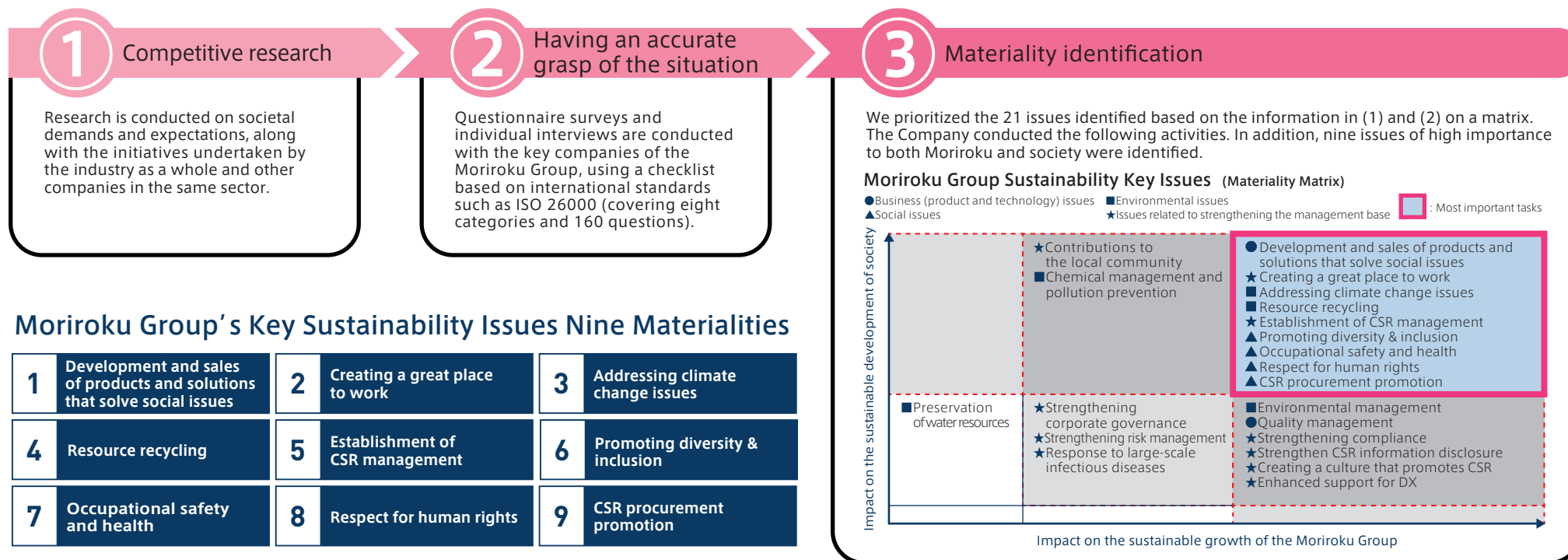
- Addressing climate change issues
- Supply chain management
- Respect for human rights
- Progress in management of other materiality issues

The committee deliberates on a wide range of topics and focuses on strengthening governance for sustainable business operations.



## Materiality Identification Process

Materiality issues were identified based on international guidelines and surveys of social and industry trends. The selected key issues are mapped on the two axes of “impact on the sustainable development of society” and “impact on the sustainable growth of the Morioku Group,” and are narrowed down to the nine most important issues to be prioritized.



## Morioku Group's Key Sustainability Issues Nine Materialities

1	Development and sales of products and solutions that solve social issues	2	Creating a great place to work	3	Addressing climate change issues
4	Resource recycling	5	Establishment of CSR management	6	Promoting diversity & inclusion
7	Occupational safety and health	8	Respect for human rights	9	CSR procurement promotion

## Most important KPIs

The Morioku Group is implementing a variety of Group-wide measures to resolve the nine key issues identified. In particular, we have positioned issues related to climate change and human capital as the most important and have set the most important KPIs to be achieved by 2030 as shown in the diagram on the right. We are accelerating our efforts to achieve these targets across the entire Group. We monitor the status of KPI implementation by reflecting that in each Mid-Term Management Plan and fiscal year. In addition, to increase the effectiveness of our sustainability promotion activities, we have linked our most important KPIs with officer compensation.

## Most Important Sustainability KPIs for FY2030

Positive responses to “employee engagement” and “an environment that empowers employees”

**To 60% or more**

Note: Morioku Holdings/Morioku Technology/Morioku Chemicals (including employees posted overseas and seconded to other companies)

GHG emission reduction rate

Compared with emissions in FY2019, the entire Morioku Group

**50%** reduction

## Important Sustainability Issues and Action Items

The Morioku Group is implementing the following specific actions to address the nine key sustainability issues identified.

<b>1</b> Development and sales of products and solutions that solve social issues <ul style="list-style-type: none"> <li>Development of environmentally friendly materials</li> <li>Development of low environmental impact parts</li> <li>Funding start-up companies</li> </ul>	<b>2</b> Creating a great place to work <ul style="list-style-type: none"> <li>Engagement improvement activities</li> <li>Pulse survey fixed point survey</li> <li>Skill transfer activities</li> </ul>	<b>3</b> Addressing climate change issues <ul style="list-style-type: none"> <li>Activities to reduce CO<sub>2</sub> emissions</li> <li>Introduction of renewable energy</li> <li>Start of environmental conservation (forestation) activities</li> </ul>	<b>4</b> Resource recycling <ul style="list-style-type: none"> <li>Material recycling</li> <li>Recycling of water resources</li> <li>Recycling of energy</li> </ul>	<b>5</b> Establishment of CSR management <ul style="list-style-type: none"> <li>Operation of the Sustainability Committee</li> <li>Publication of the integrated report</li> <li>Implementation of activities to promote sustainability</li> </ul>
<b>6</b> Promoting diversity & inclusion <ul style="list-style-type: none"> <li>Systematic development of female employees</li> <li>Encouraging male employees to take childcare leave</li> <li>Implementation of D&amp;I education</li> </ul>	<b>7</b> Occupational safety and health <ul style="list-style-type: none"> <li>Activities to prevent industrial accidents</li> <li>Enhancement of occupational safety and health education</li> </ul>	<b>8</b> Respect for human rights <ul style="list-style-type: none"> <li>Development of human rights policy</li> <li>Implementation of human rights education</li> <li>Commencement of human rights due diligence</li> </ul>	<b>9</b> CSR procurement promotion <ul style="list-style-type: none"> <li>Holding of Procurement Policy Explanatory Meeting</li> <li>Implementation of CSR procurement</li> <li>Strengthening supplier engagement</li> </ul>	

### Material recycling

#### 4 Resource recycling

#### Recycling and making effective use of limited resources in manufacturing

Morioku Technology is working on the recycling of waste plastic through “material recycling,” in which scraps and nonstandard products generated in the manufacturing process are returned to their original plastic raw materials.

To promote in-house recycling of waste plastics, Shikoku Kakoh introduced a pellet granulator and is working to expand the number of products that use recycled plastic pellets.



Recycling of waste plastics▲

### Expanding sales of environmentally friendly products

#### Develop and expand sales of environmentally friendly resins and fertilizers

In Morioku Chemicals, the Group as a whole, including overseas subsidiaries, is promoting the development and sales expansion of recycled, biomass, and biodegradable resins.

In Morioku Aguri, we are promoting sales expansion of environmentally friendly fertilizers such as biostimulant\*<sup>1</sup>, non-coated fertilizers\*<sup>2</sup>, and organic fertilizers\*<sup>3</sup>.

\*1 Biostimulant: A new technique for growing healthy plants that reduces damage to plants due to climate and soil conditions by controlling abiotic stresses on plants.

\*2 Non-coated fertilizers: A fertilizer that, unlike common chemical fertilizers, is not coated with plastic.

\*3 Organic fertilizers: Fertilizers made from plants, animals, and animal waste.



#### 1 Development and sales of products and solutions that solve social issues

### Suzuka Plant Skill Competition

#### 2 Creating a great place to work

#### Further training of engineers through unique skill competitions

In December 2023, Morioku Technology Suzuka Plant held the “Skill Competition” aimed at improving knowledge and skills and commended the MVP and instructors. In the future, we plan to use this system to train successors, including passing on technologies and skills.



Winners of the Skill Competition▲



## Basic Concept

As a corporate member of society, the Morioku Group recognizes that global environmental issues are the biggest challenge that will have a serious impact on the next generation and beyond. We have established objectives and targets in all of our business areas and are working to reduce our impact on the global environment. At the same time, we are raising the environmental awareness of all our employees through education and public relations activities and encouraging their active participation in local environmental activities. In this way, we are striving to earn the trust of society.

## Specific Initiatives

1 Development and sales of products and solutions that solve social issues

### Sustainable materials

Achieving both environmental impact reduction and user attractiveness



Developer

Morioku Technology  
Research &  
Development Department

**Takumi Aoki**

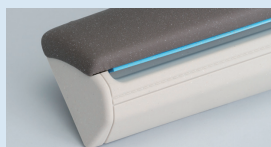
We consider it our duty to protect the future of the global environment and maintain a sustainable way of life, and we are actively engaged in the development of sustainable materials with the aim of reducing the use of petroleum-derived materials and using them in our products. The goal is to increase the use of sustainable materials to 30% by 2030.

In the area of materials development, we utilize the technical know-how accumulated by each Morioku Group company at every stage from procurement to processing and commercialization.

Our aim is to not only reduce environmental impact but also provide new value to end users through the appearance and texture of sustainable materials. We will open up new markets by differentiating ourselves from other companies through "environmental impact reduction" and "new attractiveness."

### Morioku Group's Strengths in Sustainable Materials

- **Use of non-edible waste and plant-based materials**  
Use as an additive in the manufacture of automotive resin-molded products reduces the amount of petroleum-derived materials used.
- **Quality maintenance of molded products**  
While reducing the use of petroleum-derived materials, we have accumulated our own know-how on optimal material composition and shape design so as not to degrade the quality of molded products.
- **Improving the quality of appearance and texture**  
By utilizing non-edible waste and plant-based materials as designs, we have improved the quality of appearance and texture compared to conventional materials, and improved end-user satisfaction.



Examples of sustainable materials▲

### Carbon nanotube masterbatch (CNT M/B)

Providing materials with outstanding characteristics utilizing proprietary technology without relying on petroleum



Dedicated person in charge

Morioku Chemicals  
Sales Promotion Division,  
Business Development  
Department

**Takahiro Ito**

Carbon nanotubes (CNTs) are composed entirely of carbon atoms, but because they are produced using greenhouse gases rather than being derived from petroleum, they are a material that can make a significant contribution to reducing our dependence on petroleum.

CNT has excellent properties such as 1,000 times the electrical conductivity of copper, half the weight of aluminum, and twice the thermal conductivity of copper. The strength of the Morioku Group is that it has the proprietary technology to draw out these characteristics to the maximum and apply them to its products. In addition, we will increase customer satisfaction by providing higher-quality solutions while paying attention to CNT processing performance and safety.

### Advantages of the Morioku Group's CNT M/B

- **Versatile applications**  
By adding it as a functional material, it can be used in a variety of applications depending on the ingenuity, such as allowing electricity to flow through non-conductive resin or making it function as a heating element by giving it electrical resistance.
- **Reducing environmental impact**  
The raw materials used are not derived from petroleum, but rather from a type of greenhouse gas, which contributes to reducing environmental impact.
- **Special manufacturing method to bring out performance**  
Morioku Chemicals' CNT masterbatch uses a special manufacturing method to solve the problem of CNT, which can sometimes be difficult to achieve in theoretical performance, and can provide CNT to customers as a product with original capabilities.



Examples of CNT M/B applications in automobiles



## Basic Concept

### 3 Addressing climate change issues



The Morioku Group has identified climate change issues as one of its materiality and announced its support for the TCFD Recommendations in October 2022. Based on these recommendations, we are working to expand information disclosure from four perspectives: governance, strategy, risk management, and indicators and targets. We will continue our proactive efforts to balance environmental impact reduction with corporate value improvement.

## Governance

### Governance System for Environmental Issues ▶ Corporate Governance System P.48

In the Board of Directors' meeting, the Morioku Group deliberates and makes decisions on basic policy, important issues, and important target setting related to sustainability management, including climate change issues. In addition, KPIs related to environmental issues are incorporated into the Mid-Term Management Plan and reflected in the target setting of each operating company.

### Addressing Climate Change and Linkage with Executive Compensation

Beginning in the fiscal year ended March 2023, the achievement of the most important KPIs has been reflected in part of executive compensation. In concrete terms, we have incorporated a 30% reduction in GHG emissions (target: by the end of FY2024) as an indicator in our addressing climate change issues and are working to resolve the social issues based on Director's commitments.

## Strategy

### Selection of Scenarios

The Morioku Group analyzed the impact on its business based on two scenarios: the "1.5°C to 2°C scenario" in which the decarbonization policy is implemented, and the "4°C scenario" in which the decarbonization policy is implemented in a limited manner.

## Risk Management

### Critical Risk Identification Process and Monitoring

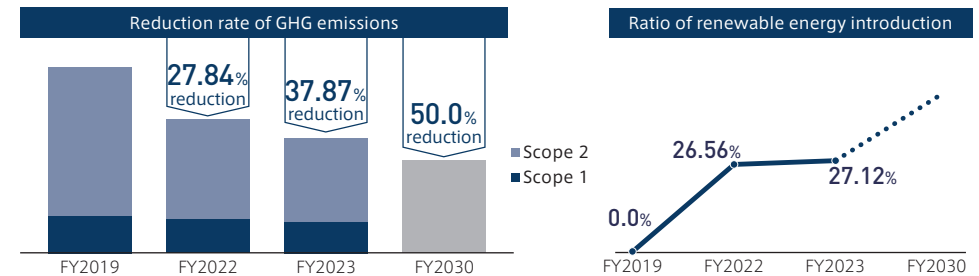
The Morioku Group assesses and analyzes the current status of each operating company, scrutinizes the risks common to the entire Group, and summarizes the materiality that the Group should address. In terms of materiality, we comprehensively evaluate the degree of impact and importance on the Morioku Group from a Company-wide management perspective and identify high-priority risks.

Climate change-related risks and the decision-making process are discussed and finalized in the Board of Directors. In addition, risks and opportunities are reviewed as needed according to changes in the business environment and progress in business strategies, and the results are discussed by the Sustainability Committee before being submitted to the Board of Directors.

## Indicators and Targets

### Long-Term Targets

The Morioku Group has set the target of "reducing GHG emissions by 50% in Scope 1 and Scope 2 by the end of FY2030" (base year: FY2019). In addition to reducing emissions under Scope 1 and Scope 2 through the introduction of renewable energy, we will work with suppliers to identify and reduce emissions under Scope 3, with the aim of achieving the KPIs.



## Results of Scenario Analysis (excerpt)

[Time base] Mid term: 4–10 years (2030) Long term: 11–25 years (2050)

### Risk of Transition to a Decarbonized Economy

Risk item	Business impact	Items implemented in FY2023	Measures to be taken in the future
Plastic regulation	<ul style="list-style-type: none"> <li>Reduced product demand and profits due to plastic regulations</li> <li>Cost increased due to switch to biomass plastic</li> </ul>	<ul style="list-style-type: none"> <li>Improved material recycling process</li> <li>Expanded sales of environmentally friendly products</li> <li>Material recycling of waste plastics (production of apton, curing films, and food films)</li> </ul>	<ul style="list-style-type: none"> <li>Expand product development using environmentally friendly plastics</li> <li>Set targets for plastic usage and amount of waste</li> <li>Promote material recycling</li> <li>Further expand sales of environmentally friendly products</li> </ul>

### Risks Associated with the Physical Impacts of Climate Change

Risk item	Business impact	Items implemented in FY2023	Measures to be taken in the future
Increase in severity of abnormal weather (e.g., typhoons, heavy rains, landslides)	<ul style="list-style-type: none"> <li>Production stoppage and supply chain interruption due to abnormal weather</li> </ul>	<ul style="list-style-type: none"> <li>Prepared for natural disasters by building a BCP</li> <li>Constructed a power supply system using solar power generation and storage batteries</li> </ul>	<ul style="list-style-type: none"> <li>Further strengthen measures against natural disasters</li> <li>Supply power to important facilities through the use of carport-type solar power generation and storage batteries</li> </ul>

### Opportunities Related to Climate Change

Risk item	Business impact	Items implemented in FY2023	Measures to be taken in the future
Development of low-carbon technologies	<ul style="list-style-type: none"> <li>Increased demand for environmentally friendly products and materials through collaboration between production and trading businesses</li> <li>Expanding business opportunities with the shift to EVs</li> <li>Improving energy efficiency and reducing costs by introducing low-carbon facilities</li> </ul>	<ul style="list-style-type: none"> <li>Developed environmentally friendly materials and produced prototypes</li> <li>Introduced carport-type solar power generation and storage batteries at own sites</li> <li>Utilized co-generation facilities and switched to low-carbon production facilities</li> <li>Developed bio-derived biostimulants</li> <li>Expanded sales and development of environmentally friendly products and carbon nanotubes</li> </ul>	<ul style="list-style-type: none"> <li>Mass-produce development parts</li> <li>Expand renewable energy introduction sites</li> <li>Increase investment in low-carbon technology development</li> <li>Further reduce product weight and promote resource recycling</li> <li>Further expand sales of environmentally friendly products</li> </ul>
Products and services	<ul style="list-style-type: none"> <li>Business expansion and diversification through development of new markets and customers</li> <li>Construction of a procurement network to reduce environmental impact throughout the entire supply chain</li> <li>Increase profits by responding to changes in consumer demand</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain visibility and evaluation (CSR procurement)</li> <li>Developed environmentally friendly products such as plastic parts that use 30% environmentally friendly materials</li> <li>Established guidelines based on the Plastic Resource Circulation Act</li> <li>Reduced the weight of parts through advances in decorative technologies</li> </ul>	<ul style="list-style-type: none"> <li>Safety and environmental impact assessment of chemical substances</li> <li>Increase investment in sustainable product development and innovation</li> <li>Develop lightweight technology and standardize specifications</li> <li>Establish a recycling-oriented business model by promoting the circular economy</li> <li>Provide new products that respond to climate change</li> </ul>



## Quality Safety

### Quality Assurance System

With offices around the world, we are able to quickly respond to customer needs and achieve “faster and better” product development and stable market quality. By using our extensive testing facilities to conduct quality evaluations and reliability tests, we aim to build a future-oriented quality assurance system and improve customer satisfaction.

In particular, in the area of quality stabilization, we are ensuring a high level of quality that is common worldwide by advancing technologies, strengthening quality assurance systems, and deploying these systems globally.

### TOPIC Automated inspection of hot stamped parts



Camera inspection machine▲

The Morioku Group is working to improve the quality of automotive parts by automating inspections after the plating process by hot stamp.

A recent success in automation is the inspection of decorative parts of the air conditioner outlet of a car. We used to inspect visually to check for the peeling and chipping of plating after processing. By replacing this with a camera inspection machine, we have been able to detect defects that are difficult to find visually, which makes a significant contribution to quality improvement.

### TOPIC Acquisition of the certifications of the international standards on quality management



Morioku Technology has acquired the ISO 9001 and IATF 16949 certifications, the international standards on quality management, at all of its global sites.

ISO 9001 demonstrates to our customers and other stakeholders that we have established a quality management system regardless of industry or business type, whereas IATF 16949 demonstrates that we have established a quality management system specifically for the automotive industry. The acquisition of these certifications is an initiative that will contribute to improving customer satisfaction and strengthening the competitiveness of the Morioku Group, and we will continue to pursue such initiatives.

## CSR Procurement

5 Establishment of  
CSR management

### Basic Concept

The Morioku Group is committed to fulfilling its social responsibility by promoting sustainable procurement throughout the entire supply chain toward the realization of a sustainable society. To promote this, we have formulated the ▶ “Morioku Group Purchasing Policies” (P.58) and established the “Morioku Group CSR Procurement Guidelines” for our business partners.

### TOPIC Purchasing policy briefing



Briefing session▲

In April 2024, Morioku Technology Purchasing Division hosted a briefing session on our purchasing policies, which was attended by 91 major business partners.

The director in charge and the plant manager of Morioku Technology explained this year’s production trends, quality targets, development initiatives, priority issues and measures in the 13th Mid-Term Management Plan, sustainability activities, and the skills competition at the Suzuka Plant, and gained an understanding of the efforts of the entire Morioku Group. We also asked our business partners for their cooperation in CSR and BCP (in response to disasters and cyberattacks) and awarded the companies for their outstanding efforts in the areas of quality, the environment, and logistics.

We will continue to strengthen our cooperation and build a sustainable supply chain.

### TOPIC Dialogue with stakeholders in the supply chain

To reduce CO<sub>2</sub> emissions throughout the entire supply chain, the Morioku Group actively engages in dialogue with its business partners and other stakeholders in the supply chain.

Specifically, we conduct questionnaires of our business partners on their environmental responses to ascertain their current status. In addition, Morioku Group representatives directly visit those who respond that they “do not know how to proceed with environmental responses” and provide advice on how to calculate CO<sub>2</sub> emission and reduction measures.

## Development of human resources

The Morioku Group has formulated the “Human Resources Policy” that clearly states what all employees should aim for and what they should be. Based on this policy, we are working to develop human resources who can demonstrate a variety of abilities and skills from a global perspective.

### Morioku Group Global Human Resources Policy

- We will support proactive initiatives for challenges and growth.
  - We will create an environment in which individual growth leads to company growth by providing highly capable, skilled, and passionate employees with stretching roles.
- We will evaluate actions, processes, and stance toward challenges fairly.
  - We will set high targets according to roles and evaluate achievements and actions that lead to results.
- We will create an environment in which individual abilities are brought together, and teamwork can be demonstrated.
  - We will improve team communication and create a corporate culture that embraces and leverages diverse values and new ideas.
- We will develop human resources who can demonstrate a variety of abilities and skills from a global perspective.
  - We will actively provide opportunities for employees to play active roles both in Japan and overseas, and systematically foster professional human resources capable of working around the world.

## Creating a work environment that supports diversity and growth Training system

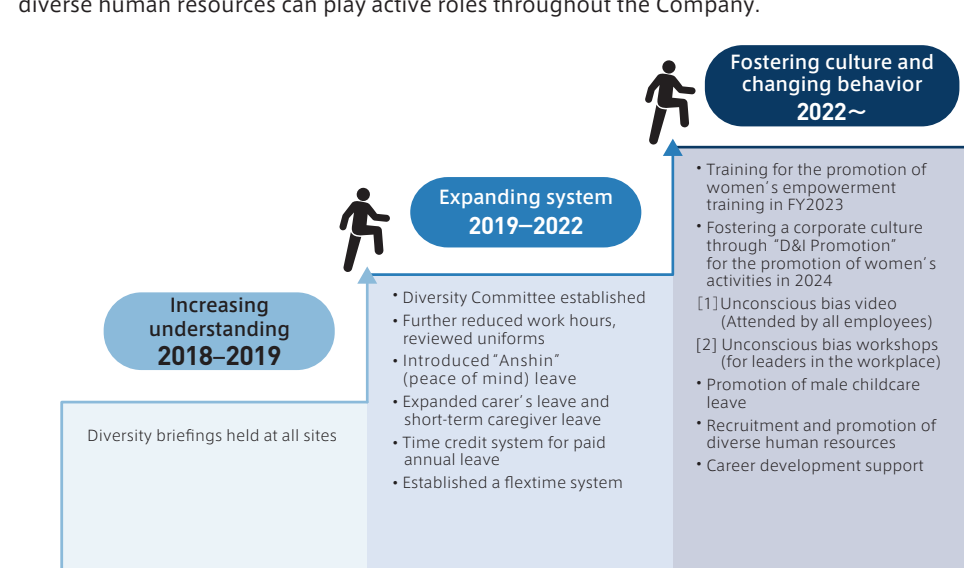
By expanding career education and introducing e-learning education in addition to the existing rank-based training and overseas human resources development, we are creating an environment in which employees can think about their own careers autonomously as well as independently and learn and grow proactively.

In recent years, the working environment for employees has changed significantly, including the introduction of a flextime system and telecommuting. Accordingly, we have created a training environment where employees can flexibly choose between face-to-face and online training.

	Personnel enhancement		Career education				
	Role, mindset, and skills	Global human resource development	Basic education	Diversity promotion	Work-life balance support	Career support	Others
Management	Management personnel training Directors' seminar for Group companies Training for new managers						
Non-management	Leadership training Pre-leadership training Mid-career general staff training Comprehensive young employee training Training after six months of employment New employee training	Global communication training	Pre-departure and post-departure training Language support	Human rights education	Individual explanation for those eligible for the nursing care and childcare system	Women's empowerment and career development training Unconscious bias education	Pre-retirement Life plan seminars e-learning

## Diversity & Inclusion

Based on our philosophy that “Morioku cannot grow without the growth of diverse human resources,” we are working to secure and develop human resources. We believe that the realization of the “Creativity to Stay ahead of the Future” as stated in our Management Philosophy of Diversity and Inclusion (D&I) is possible only when each and every employee recognizes and makes the most of various differences in age, gender, nationality, disability, and values, and demonstrates their team strength. D&I is one of the nine key sustainability issues in our Mid-term Management Plan, and we are working to create a workplace where diverse human resources can play active roles throughout the Company.



## Promotion of women's advancement in the workplace

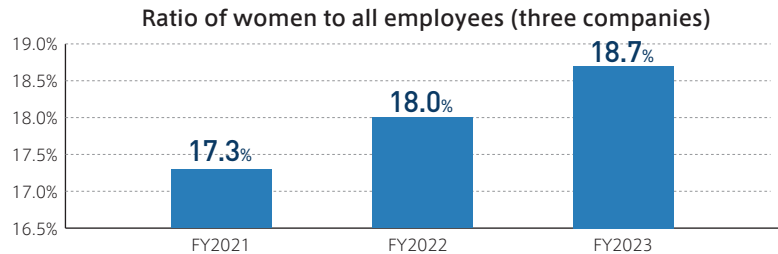
One of the D&I initiatives that we have been implementing since 2023 is the promotion of women's activities. To create an environment in which female employees can make the most of their individuality and demonstrate their abilities, we are working to improve the workplace culture through training for female employees and their supervisors and through e-learning education for all employees.



Training for female employees▲

## Ensuring diversity in the appointment of core human resources, etc.

The Morioku Group is focusing on ensuring the diversity of its core human resources. We are actively promoting the recruitment and promotion of non-Japanese employees, and the number of those who play an active role as a director at our overseas affiliates is increasing. Two of them are women. In addition, the ratio of female employees to the total number of employees has increased due to an increase in the number of female mid-career and new graduate hires.



## Development of a comfortable working environment

### Support Systems for Various Work Styles and Life Stages

As part of its efforts to create an environment in which diverse human resources can thrive, the Morioku Group has put in place systems that support diverse ways of working, such as reduced working hours and telecommuting. In addition, we are working to enhance systems that support work styles that respond to changes in life stages. These include systems that consider a work-life balance, such as the use of annual paid leave on an hourly basis, as well as maternity and childcare leave, nursing leave, short-term nursing care leave, and "Anshin Leave" (Leave for Peace of Mind) in case of illness or injury. More than 30% of the male employees in the Group have taken childcare leave.

### Health support measures

At the Morioku Group, to protect the health of our employees, employees aged 35 and older are required to undergo a complete medical checkup (for a gastric checkup, the cost of a gastroscopy is subsidized), and we are focusing on cancer screenings as well as lifestyle disease screenings. We also support the creation of workplaces free from passive smoking and help smokers quit. As part of these efforts, we have provided smoking cessation programs such as non-smoking clinic visits and implemented a total ban on smoking during working hours and on the premises of our offices since July 2023.

### Employee Shareholding Plan

In April 2023, the members of the Morioku Employee Shareholding Plan were granted a special financial incentive to foster a sense of participation in management and raise their motivation to contribute to shareholders value over the medium to long term in commemoration of the 360th anniversary of the Company's founding. As a result of this initiative, the percentage of employees participating in the Employee Shareholding Plan increased from 34% to 77%.

## Occupational Health and Safety

We are developing health and safety activities based on the following "Health and Safety Basic Policy."

"Based on the management philosophy of respect for life and dignity as well as total cooperation, the Morioku Group places the highest priority on protecting the lives and the mental and physical health of our employees, complies with laws and regulations, and works together to create a safe and comfortable workplace."

- **Risk assessment:**  
We assess various risks in the workplace and take measures to reduce them.
- **Health and safety education:**  
We provide education and training to employees so that they are aware of risks and can respond appropriately.
- **Equipment safety management:**  
We conduct regular inspections and maintenance of machinery and equipment to prevent accidents and fires.
- **Emergency Response Plan:**  
In preparation for emergencies such as fires and earthquakes, we conduct evacuation drills and have emergency response procedures in place.

To effectively promote these health and safety activities, we have established an organizational and voluntary system (Health and Safety Committee) in which labor and management work together to improve employee satisfaction and productivity and realize sustainable corporate growth.

## Employee engagement (MI400 Our Voice)

The Morioku Group conducted the employee attitude survey, "MI400 Our Voice," to understand the strengths and weaknesses of the current organization and clarify any issues. As the most important KPIs for sustainability for FY2030, the Group has set long-term targets of at least 60% positive responses to "employee engagement" and "an environment that empowers employees."

Based on the results of the 2021 survey, we focused on the priority categories of "respect for the individual," "collaboration," and "leadership," which are closely related to "employee engagement" and "creating an environment that utilizes employees," and set a target of a 10-point increase in positive responses to these categories for the 13th Mid-Term Management Plan. Until the next survey, a pulse survey (simple survey) is conducted every year, and each workplace that receives feedback on the results of the pulse survey is working on actions for improvement. Excellent initiatives are introduced as "best practices" in our in-house magazine, and examples are disseminated throughout the Company. In addition, by increasing the frequency of information provided by executives and making the content more open and candid, we aim to foster empathy for our vision and aspirations and a sense of unity, and further improve employee engagement.

### Most Important KPIs

Positive responses to  
"Respect for the individual,"  
"Collaboration," and  
"Leadership"

FY2024  
Target  
**10 points up**

Positive responses to  
"Employee engagement"  
and "an environment that  
empowers employees"

FY2030  
Target  
**More than 60%**



## Basic Philosophy

The Morioku Group aims to earn the trust of society by reducing its environmental impact, raising the environmental awareness of its employees, and actively engaging in activities that contribute to local communities as a “good corporate citizen.” We also fulfill our social responsibilities by engaging in prompt decision-making while emphasizing transparency and fairness, and by communicating with all our stakeholders.

Through our social contribution initiatives, we will support both the environment and people and connect them to the future.

## Specific Initiatives

### ■Contributing to the Environment | [Morioku Group’s Declaration on Forestation](#)

On March 7, 2024, the Morioku Group endorsed the “Tokushima Collaborative Reforestation Project,” which aims to realize a decarbonized society, and announced its participation by issuing the “SDGs Reforestation Declaration.” In the future, we will establish a network with our employees, local residents, schools, and forestry workers at large-scale forestry activity bases in Tokushima Prefecture, and engage in reforestation activities (e.g., planting of low-pollen Japanese cedar trees, measures against deer feeding damage) covering approximately 12 ha.

This activity is promoted with donations to Tokushima Prefecture (Tokushima Forestry Promotion Organization). While continuing this initiative, the Morioku Group will contribute to climate change measures and take a new step toward achieving the SDGs and becoming a “400-year company.”



Awarding of Reforestation Partner Certificate▲



Planned site for reforestation activities▲

### ■Contributing to the Environment | [Environmental Conservation Activities in China](#)

On March 12, 2024, Morioku Technology’s base in Wuhan called for volunteers, mainly the members of the Environmental Committee, to participate in a tree-planting activity led by the Chinese government. This day is China’s Tree-Planting Day, and we participate in this activity every year. We continue this activity as an important initiative for a sustainable future, aiming at regional safety and environmental conservation.



Tree planting activities▲

### ■Contribution to People | [Joint development of a carrier for rescue transportation with the University of Toyama](#)

Morioku Technology donated to a nonprofit organization in Izu City, Shizuoka Prefecture, “Shoyrier™,” a backpack type transport device developed jointly with the University of Toyama, to help carry and evacuate people in the event of a disaster.

Shoyrier was developed using the technology of Morioku Technology based on research results by the University of Toyama. It is designed to quickly evacuate people in need of rescue who have difficulty evacuating on their own to a safe place and to reduce the burden of carrying them on the backs of the rescuers. Given the high risk of flooding from earthquakes, tsunamis, and torrential rains in the recipient regions, and the declining birth rate and aging population, we decided to donate the product as a precautionary measure in case of an emergency.



Image of Shoyrier in use▲

### ■Contribution to People | [Provision of daily necessities and stationery to a childcare facility in Thailand](#)

In December 2023, the employees from the Thai subsidiary of Morioku Technology visited “Banglamung Home for Boys,” a childcare facility, and provided daily necessities such as shampoos and soaps, as well as stationery. They also replaced the fans and lights in the facility. In addition, they provided instruction on how to use fire extinguishers and do evacuation drills and held lunch and social events with the children.



Visiting the childcare facility▲



**As a company with an Audit and Supervisory Committee, we aim to drive sustainable growth through in-depth and active discussions at the Board of Directors' meetings.**

(From left)

Outside Director **Koichiro Shibata**  
Outside Director **Hitomi Yokote**  
Outside Director **Kenichi Hirai**

At Morioku Holdings, we are committed to enhancing corporate governance by ensuring transparency and sound management through the appointment of outside directors with diverse backgrounds. In June 2024, we transitioned from a company with a Board of Auditors to one with an Audit and Supervisory Committee structure. Amid this period of significant transformation, we invited three outside directors to openly discuss the current state of the Board of Directors.

### Business environment and management challenges **Leveraging Group synergy in a rapidly changing business environment**

—What are your thoughts on the business environment surrounding Morioku?

**Hirai** The biggest topic in the current automotive industry is electrification, which is having an impact on

companies across the entire sector. Morioku's Resin-treated Products primarily consist of interior and exterior parts, so at first glance, they might seem to have little connection to the electrification of drivetrains. However, it is essential to remain alert and continuously assess business opportunities and risks. In addition, the long-standing reliance on specific customers presents a critical management challenge that will significantly

influence future growth and sustainability. Moving forward, it will be necessary to step up and engage in new businesses and products.

**Yokote** As a Group where the Resin-treated Product Business accounts for 80% of sales, Morioku is significantly influenced by trends in the automotive industry, including electrification and recent compliance issues. Daily operations must constantly be reevaluated with the latest perspectives,



rather than relying on past practices. In this business environment, the Company is facing a challenge with the integration of two distinct business entities—Morioku Technology, an automotive parts manufacturer, and Morioku Chemicals, a chemical trading company—set to take place in April 2025. Successfully navigating this transition and ensuring that Morioku becomes a unified entity will be increasingly important in enhancing the Group's resilience and competitiveness.

**Shibata** The biggest challenge, I believe, is how to realize the synergistic effects of two businesses with differing characteristics. From a global perspective, it will be crucial to consistently generate profits while addressing region-specific issues, such as rising labor costs in North America and changes in the Chinese economy. Also, as Ms. Yokote mentioned, ensuring that the norms of "Compliance" and ethical standards, which the Company has consistently upheld, are not compromised is a critical responsibility. As outside directors, it is essential to implement stringent checks and establish effective systems with strong deterrence to protect these principles.

### Effectiveness of the Board of Directors The discussions are active, and we seek to deepen them further

—Could you provide an overview of the discussions during the Board meetings?

**Yokote** As the newest outside director, having just been appointed in June 2023, I find the discussions during the Board meetings to be very active. I feel comfortable expressing my opinions, and I believe that President Kurose, along with others, listens carefully and responds appropriately.

**Shibata** I agree. All outside directors contribute to the discussions, and we sometimes prompt reconsideration of proposals from the executive side in fulfilling our monitoring

role. A particularly memorable topic was the active debate on integration into a single entity. As the Company moves forward with this, it will be essential to establish a structure that can truly generate synergistic effects. I believe it is important to engage in detailed discussions and continue refining our approach through trial and error.

**Yokote** In a recent Board meeting, there was a discussion regarding fundraising for our North American subsidiaries. Given the current international situation, various perspectives were presented by outside directors on whether it would be more advantageous to secure funding locally or from the head office, and to what extent the head office should support local management. As a result of the diverse opinions expressed, the conclusion was deferred to the next meeting.

**Hirai** As both of you have mentioned, the Board meetings are lively, with many questions and opinions coming from the outside directors. However, there are times when I feel we would benefit from hearing more feedback from the executive side in response to our suggestions. While the Board as a whole is functioning well, as a next step, I believe we should explore ways to better allocate time for discussions and increase the opportunities for two-way communication.

**Shibata** To ensure that the discussion remains a continuous back-and-forth, it might be helpful to rethink how the agenda is presented. For example, when proposing a topic, if there are differing opinions within the executive side, it might be beneficial to include both viewpoints. This approach could help deepen the discussions.

**Yokote** Given the numerous agenda items, there are times when individual topics cannot be discussed in depth, so I believe the chair's management is crucial. We also need to be mindful of the focus and flow of our discussions in response to that.

**Hirai** One thing I would add is the importance of following up on projects that have been discussed and



approved by the Board. Although it might be difficult to follow up on everything, for major initiatives it is important for the Board to periodically check in with the executive side to review progress and results.

### Transition to a company with an Audit and Supervisory Committee Expectations for strengthening the Board's monitoring function and smoother company operations

—Could you tell us about the background and objectives of the transition to a company with an Audit and Supervisory Committee?

**Hirai** The transition to a company with an Audit and Supervisory Committee had been discussed for some





time, but with the larger social trends at play, it was actively advocated by outside directors, including the outside auditors, and this led to its realization. I believe it is the result of constructive discussions aimed at strengthening corporate governance and revitalizing the Board.

**Shibata** One of the objectives of the change in corporate structure is to strengthen the Board's monitoring function. Another goal is to delegate a certain level of authority for business execution to the executive side, which will help speed up decision-making. By revising the criteria for matters to be presented to the Board and focusing on more significant topics, I hope the Board will be able to concentrate on broader strategic discussions, such as management strategies.

**Yokote** I share Mr. Shibata's expectations regarding the strengthening of the monitoring function and the

deepening of discussions at the Board meetings. In addition, with the increase in the number of female directors, I believe we can expect a broader range of perspectives, which will contribute to the revitalization of discussions and the clarification of management challenges.

**Hirai** To add further, simply changing the structure without substance will not result in effective governance. So, how can we enhance its effectiveness? Morioku has a wonderful Management Philosophy and Code of Conduct, and it is crucial to instill these principles in every employee and ensure they are practiced by all. First, the management team, including us as outside directors, must reaffirm these principles and internalize them. It is important to engage in discussions with employees, share the management's thoughts via the intranet, and consistently build upon these efforts through steady, ongoing activities.

### The ideal composition of the Board Enhancing the diversity and expertise of the Board

—What are your thoughts on the diversity and skills required for the Board?

**Hirai** Although the number of female directors has increased, from a diversity perspective, I believe it would also be beneficial to have non-Japanese directors on the Board. As the Company is a global enterprise with a presence in many countries, especially in North America and China, I would like to see efforts made toward developing talent to the point where local members can be appointed as directors, rather than just outside directors. It might take time, but I believe it is an important goal.

**Yokote** Executives are being developed in each region, and we have already seen the emergence of foreign nationals as presidents of local subsidiaries. To further promote the development of local executives, it would be

beneficial to increase exchanges in human resources, as well as implement initiatives that encourage the respect for diversity and bilingualism. These efforts could help facilitate the emergence of non-Japanese directors.

**Hirai** Another point is that I believe it is necessary to increase the number of individuals with a deep understanding and awareness of business and the capital markets among the current Board members. By adding a macro perspective and sensitivity to the capital markets, the Board will be able to engage in even deeper discussions.

**Shibata** The current Board members each come from different backgrounds and bring a diverse range of expertise. Looking ahead, it would be constructive to increase the number of outside executives with experience in both technical fields and management. It would also be valuable to hear specialized opinions from a technical perspective as Morioku strives to enhance its manufacturing capabilities, which are key to the Company's growth.

### Commitment to sustainability management Incorporating sustainability metrics into the performance-based compensation system for directors

—What discussions took place regarding the integration of sustainability metrics into the performance-based compensation system?

**Shibata** Previously, the restricted stock compensation for directors was linked solely to financial indicators. However, in 2022, with the start of the 13th Mid-Term Management Plan, we introduced two sustainability metrics: "GHG emission reduction rate" related to environmental impact, and "Improved employee engagement" related to workforce satisfaction, with specific numerical targets for each. The inclusion of these metrics in the performance-based compensation system was a topic of extensive

discussion at the time within the Nomination & Remuneration Advisory Committee. We have been tracking progress annually, and we expect to see the first results by March 2025, when the final year of the plan concludes.

**Hirai** The initiative to integrate sustainability metrics into the performance-based compensation for directors was led by the Nomination and Compensation Committee. Incorporating “employee engagement” aligns with the Company’s core value of respecting people, which reflects the unique culture of Morioku. It could be a good opportunity for the Company to further promote both internally and externally that it is genuinely committed to enhancing employee satisfaction.

### Management executive development plan The importance of developing management executives with an eye on the next generation and beyond

—What kind of discussions are taking place regarding the succession plan for the future?

**Hirai** For the recent CEO transition, the Nomination & Remuneration Advisory Committee developed a succession plan after conducting interviews with potential candidates. While the transition has just taken place, it is important for the committee to begin preparations for the next CEO transition. It is crucial to focus not only on the CEO role but also on developing systems and concrete training plans to ensure that potential successors are identified and nurtured at both the senior executive level and the levels below. We hope to finalize and implement these plans within this fiscal year.

**Shibata** It is important to look ahead not just two or three years, but also 10 years or more, to ensure that we are preparing for the next generation of leaders. In addition, we need to ensure that we have potential successors who can step in immediately in the event of an unforeseen situation affecting the top leadership. These

are the key points being discussed by the Nomination & Remuneration Advisory Committee. For example, we plan to conduct annual interviews with executive officers to understand their activities and plans, which will help guide the development of potential successors. Furthermore, in Morioku’s case, as the leaders will be required to oversee both a manufacturing company and a trading company, it will be crucial to implement planned and early-stage development, including personnel exchanges.

**Yokote** Looking ahead, I believe it will be important to foster a broad talent pool, create an environment that enhances motivation, and encourage challenges from an early stage. In addition, while there are already three female executive officers at Morioku, to better reflect diverse perspectives in management and drive sustainable growth, I hope to continue promoting diversity through top-down efforts.

### Toward sustainable growth “One Morioku” for future sustainable growth

— Could you share your expectations for the future sustainable growth of the Company?

**Yokote** To generate significant synergies between the two businesses, creativity, a spirit of challenge, and the ability to read market trends will be required not only from the management team but also from every employee across the Company. In particular, overcoming boundaries to create new business opportunities will be essential. Effectively leveraging the assets the Company holds overseas will also be crucial. If Morioku can increase the number of individuals who combine free-thinking with the ability to execute, new opportunities for business growth should emerge.

**Hirai** While I have high expectations for Morioku’s efforts in developing new businesses, achieving true



growth will likely require strategies like M&A. The key challenge in the near term will be cultivating or acquiring talent capable of successfully executing these initiatives.

**Shibata** From the manufacturing side, it is essential to place greater emphasis on ideas and research and development. On the trading side, improving both talent and management efficiency is key. Although integrating these two very different aspects is challenging, it is a necessary focus as part of the Company’s mission. In addition, as Morioku unites and advances as a listed company, it is important for all employees, from top management to the workforce, to fully understand this, as it is expected to contribute to sustainable growth in the future.

## Basic Philosophy

The Morioku Group defines “risk” as any event or action that could hinder the achievement of business objectives or have an undesirable impact. To ensure our business continuity and stable growth, we have established a management system to accurately identify, evaluate, and respond to various business-related risks.

Please refer to the Securities Report for details of business risks.

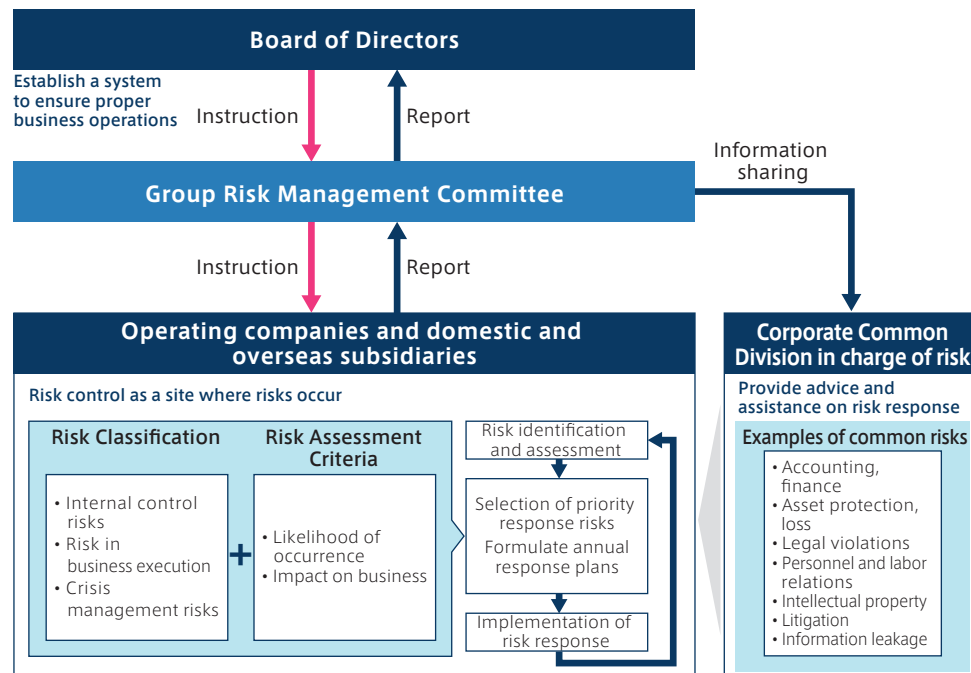
## Risk Management System and Initiatives

The Group has established the “Risk Management Basic Policy” and the “Basic Regulations for Risk Management” as its risk management system. We aim to minimize risks by anticipating potential risks at the operating companies and the overseas subsidiaries on a global scale and responding to them in advance.

The operating companies and the domestic and overseas subsidiaries evaluate, identify, and prioritize risks once a year based on the risk items common to the Group and the evaluation criteria (impact on our business and possibility of occurrence). Based on the results, an annual action plan is formulated and implemented.

The Corporate Risk Management Department provides advice and support to the operating companies and the subsidiaries in Japan and overseas.

### Organization Chart



In the event that a risk materializes and a crisis occurs, it is promptly reported to management and related departments in accordance with the “Basic Regulations for Risk Management” and a system is in place for a prompt response.

Once a year, the Board of Directors discusses the status of these Group risk management systems and initiatives, and the results are reflected in the action plan for the following fiscal year.

Through these activities, we aim to establish risk management activities at the operating companies and the overseas subsidiaries, reduce risks for the entire Group, and raise the risk awareness of each and every employee.

### Basic Approach to BCP

The Group has formulated a BCP basic policy that places the highest priority on the safety of employees. In normal times, the Group develops and strengthens disaster prevention systems, prepares stockpiles, and conducts evacuation drills and disaster prevention drills for all officers and employees. We have also formulated a Business Continuity Plan for early recovery after a disaster and have established a system to prevent it from becoming a mere formality by reviewing it every year.

### Basic Approach to Information Security

The Group places the highest priority on the protection of information assets and conducts thorough risk management to prevent unauthorized access, leakage, and unauthorized use.

In addition to implementing appropriate information management in Compliance and regulations, all employees are provided with continual education to promote the establishment of security knowledge and awareness.



## Basic Philosophy

Based on its Management Philosophy, the Morioku Group has placed legal compliance at the top of its Code of Conduct and has established a Legal & Intellectual Property Division in Morioku Holdings under the direct control of the President to lead compliance activities for the entire Morioku Group. The Code of Conduct are available in nine languages and are disseminated to all the Group companies.

## Morioku Group Code of Conduct (excerpt)

We will act as follows in order to contribute to the enhancement of the corporate value of each Morioku Group company and the creation of a sustainable society.

<b>1. Compliance</b>	(1) Compliance and Regulations (2) Proper Reporting and Disclosure (3) Information Management (4) Management of Company Assets (5) Prohibition of Conflicts of Interest	(6) Fair and Equitable Business Dealings (7) Sound Relationships with Business Partners, etc. (8) Respect for Intellectual Property Rights (9) Timely and Appropriate Disclosure (10) Prohibition of Driving Under the Influence
<b>2. Respect for Life and Dignity</b>	(1) Prohibition of Discrimination (2) Prohibition of Harassment (3) Respect for the Individual	(4) Prohibition of Forced Labor and Child Labor (5) Maintenance of a Safe and Sanitary Workplace
<b>3. Customer Satisfaction</b>	(1) Joint Creation of Customer Value (2) Improvement of Customer Satisfaction	(3) Guarantee of Product Quality and Safety
<b>4. Contribution to Society</b>	(1) Consideration for the Environment (2) Good Relationships with Local Communities	(3) Blocking Relationships with Anti-social Forces (4) Security trade

### Core Values

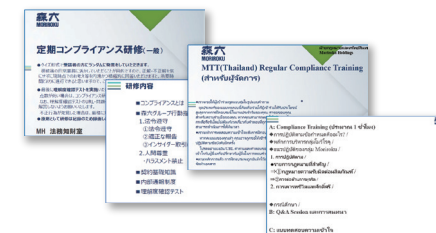
<b>1. Progressive Spirit</b>	We will make continued efforts to improve our corporate value, by anticipating future trends.
<b>2. Total Cooperation</b>	We aim to become a corporate group that puts a premium on teamwork and the pursuit of ideals.

## Compliance Training

Based on the legal affairs and compliance education system, we provide legal affairs and compliance education to the officers and the employees of the Group to ensure compliance from the top management to each and every employee.

In FY2023, regular training sessions were held at the overseas subsidiaries of Morioku Technology.

In FY2024, we aim to expand the content and frequency of training by considering a variety of methods including e-learning and face-to-face training.



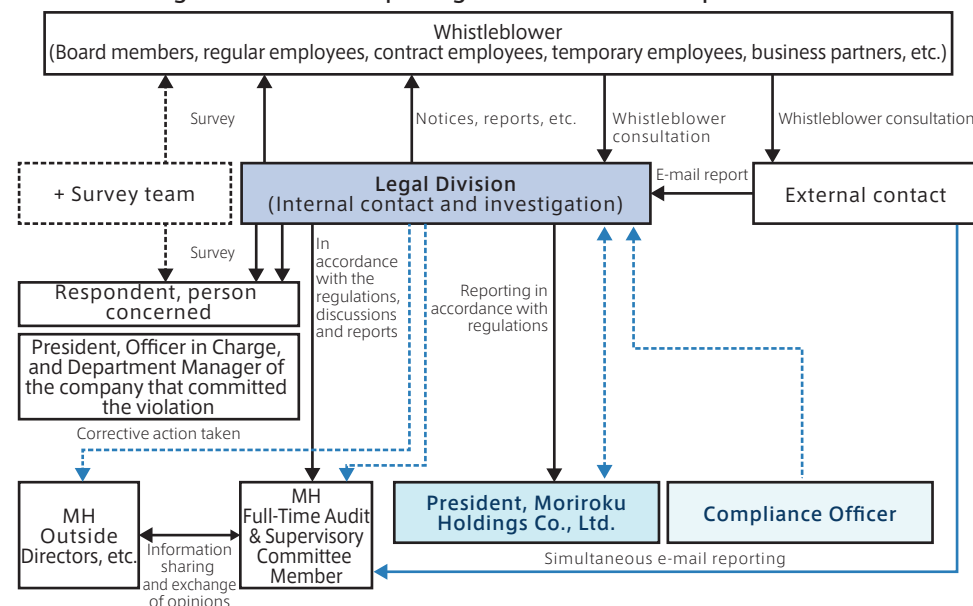
## Internal Whistleblower Hotlines

Internal whistleblower hotlines have been established both inside and outside the Company to enable employees to report and consult on actions that violate laws and internal rules. Retaliation and other forms of disadvantageous treatment are prohibited, and anonymous reports and consultations are allowed.

In June 2022, in conjunction with the enforcement of the revised Whistleblower Protection Act, we revised our internal regulations and made them known through internal training.

In 2023, the hotlines were used for nine cases (eight reports and one consultation).

### Schematic Diagram of Internal Reporting in the Morioku Group



## Basic Philosophy

To realize sustainable medium-to long-term increases in corporate value through the implementation of the Management Philosophy, the Group will make prompt decisions while maintaining transparency and fairness and fulfill its social responsibilities by building close relationships with all the stakeholders including its customers, business partners, employees, local communities, and shareholders in order to respond to their trust.

## Corporate Governance System

### Board of Directors

This committee deliberates and makes decisions on important matters related to the Morioku Group as stipulated in laws and regulations, the Articles of Incorporation, and the Board of Directors regulations.

Number of meetings held in FY2023: 20  
Director Attendance: 100%\*

\* Outside Director Hitomi Yokote, who was appointed in June 2023, attended 15 of 15 meetings.

### Audit & Supervisory Committee (June 2024~)

This committee discusses important matters related to auditing. It conducts audits in cooperation with the Internal Auditing Division and the accounting auditors.

### Board of Corporate Auditors\*

Number of meetings held in FY2023: 22  
Attendance of the committee members: 100%

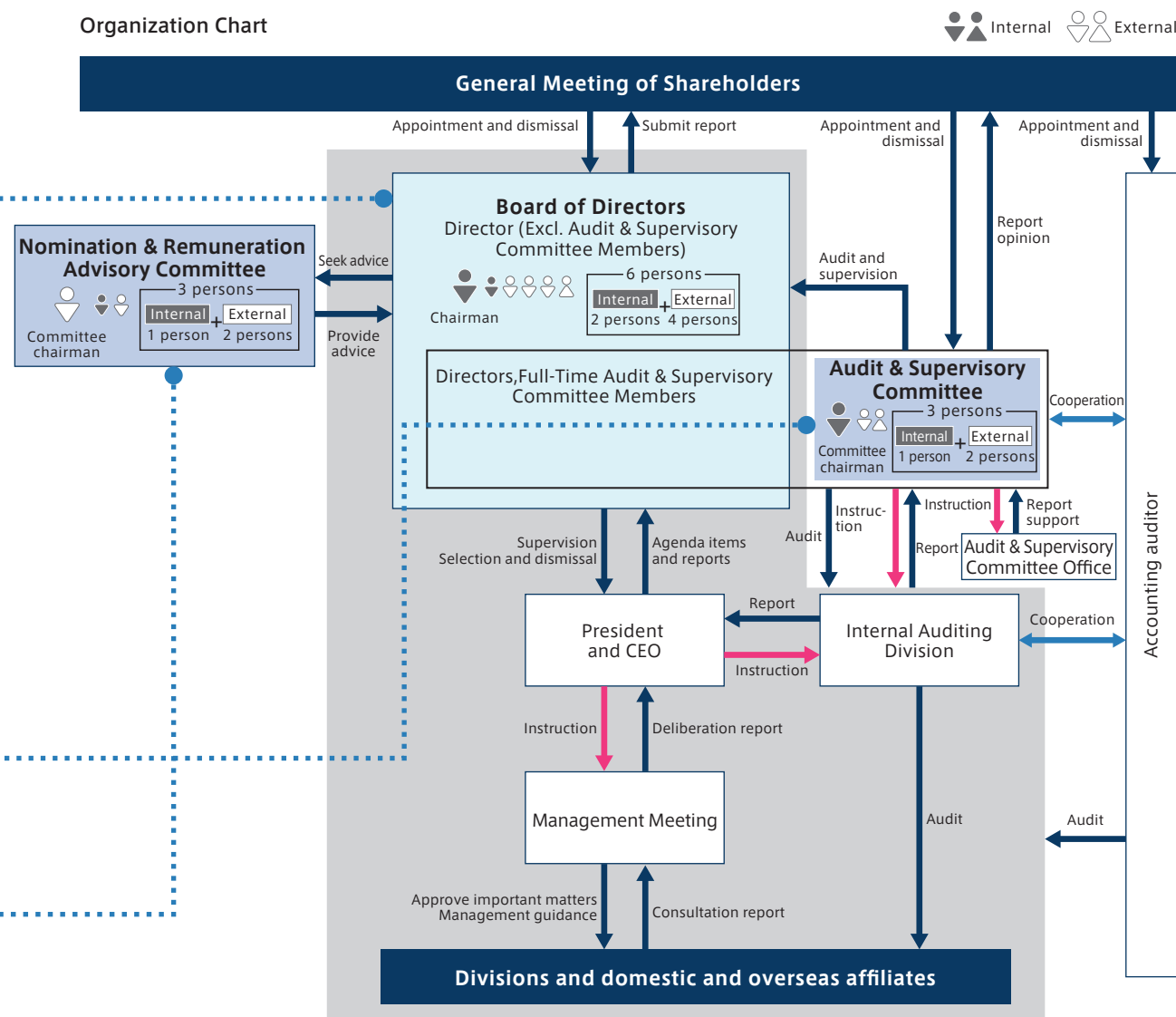
\* On June 18, 2024, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee.

### Nomination & Remuneration Advisory Committee

This committee deliberates on the nomination of director candidates, president succession planning, the director's remuneration system and levels, and the skill matrix, and reports to the Board of Directors. It also supervises Executive Officer's selection.

Number of meetings held in FY2023: 10  
Attendance of the members: 97%

### Organization Chart



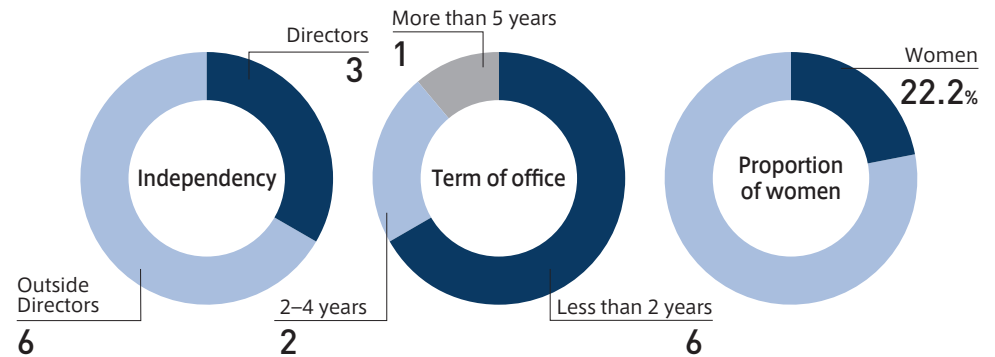
## Director Configuration and Skills

When appointing a Director, the Company selects personnel with high ethical standards and a law-abiding spirit who possess the knowledge, experience, expertise, etc. deemed necessary for the Company's Board of Directors in light of the skill matrix and in consideration of the balance and diversity of the Board of Directors as a whole. For Outside Director, the Company appoints persons who have extensive experience in management, a high level of expertise in areas such as finance, accounting, and legal affairs, and a wide range of knowledge and experience.

### Director Skill Matrix

	Full name	Attribute	Gender	Corporate management	Legal affairs and risk management	Finance and accounting	Global	Business strategy	Business and industry knowledge	Development of human resources Diversity	Sustainability
Directors(excluding Audit & Supervisory Committee Members)	Naoki Kurose		Male	●			●	●	●		●
	Koichi Kikuchi		Male	●		●	●	●			
	Koichiro Shibata	External/Independent	Male		●						●
	Kenichi Hirai	External/Independent	Male	●		●	●	●	●		
	Ryo Otsuka	External/Independent	Male	●			●		●		●
	Hitomi Yokote	External/Independent	Female	●			●			●	●
Directors who are Audit & Supervisory Committee Members	Koichi Tada		Male		●	●	●				
	Fujio Furukawa	External/Independent	Male		●	●					
	Chiaki Tsuji	External/Independent	Female		●		●				●

### Composition of Directors



### Reason for the Selection of Skills

Skill	Reason for the selection
Corporate management	A wealth of experience in corporate management is necessary to practice management that balances "contribution to a sustainable society and business expansion."
Legal affairs and risk management	It is the foundation for sustainable enhancement of corporate value, and to improve the effectiveness of management supervision by the Board of Directors, solid knowledge and experience are required in the legal and risk management fields.
Finance and accounting	To improve the efficiency of management resources (safety, efficiency, growth potential), solid knowledge and experience are necessary in the finance and accounting fields.
Global	To oversee the growth strategy and management of international businesses, it is necessary to have business experience overseas and practical experience in a global enterprise.
Business strategy	To create a new growth field and new business and achieve sustainable growth, it is necessary to have solid knowledge and experience in the business strategy field.
Business and industry knowledge	To fulfill the supervisory function of the Group, which has manufacturing and trading company functions, it is necessary to have broad and reliable knowledge of the businesses and the industries.
Development of human resources Diversity	To develop human resources and ensure diversity in the organization, it is necessary to have solid knowledge and experience in the area of human resources development, including the promotion of diversity.
Sustainability	Promoting contributions to a sustainable society requires solid knowledge and experience in the field of sustainability.



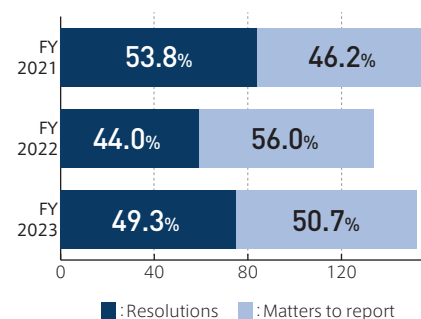
## Status of Board of Directors Operations

In accordance with laws and regulations, the Articles of Incorporation, and the “Board of Directors Rules,” the Board of Directors holds a regular meeting once a month and other meetings as necessary for the purpose of making decisions on important management matters and supervising business execution.

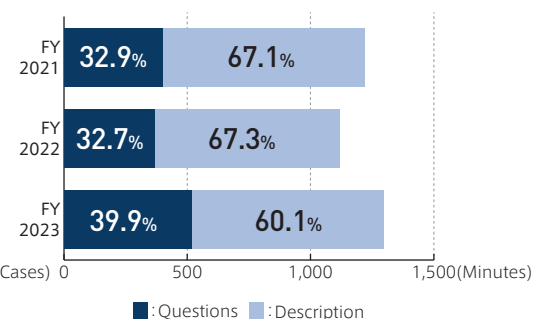
In FY2023, a total of 20 Board of Directors meetings were held. Specific matters discussed include various management issues such as management policies, corporate governance, and sustainability, important business issues, and matters related to business execution.

The chart below shows changes in the percentage of items resolved and reported, the percentage of question time, and the percentage of the proposals that were questioned at the Board of Directors meetings. We will continue our efforts to improve the effectiveness of the Board of Directors.

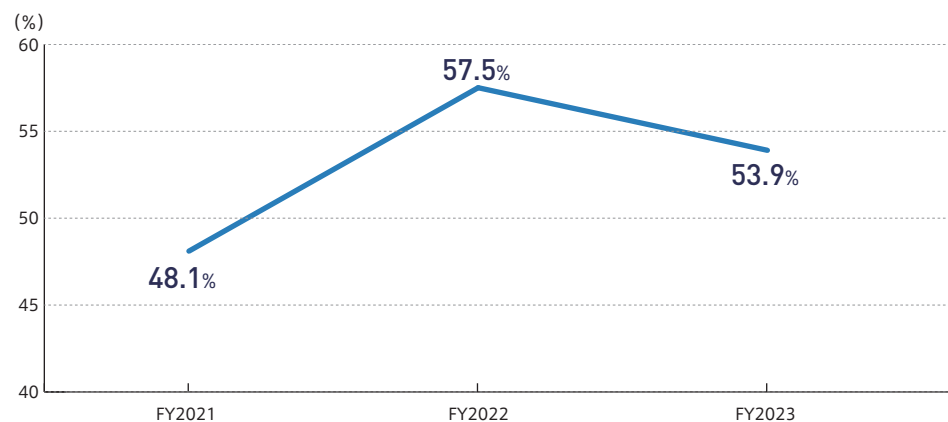
Percentage of Resolutions and Reports  
(Based on number of proposals)



Percentage of Question Time



Percentage of Proposals That Were Questioned (Based (based on number of cases)



## Evaluation of the Effectiveness of the Board of Directors

A questionnaire was administered in January 2024 to all the directors and the auditors who are members of the Board of Directors. We ensured its anonymity by having them respond directly to an external organization.

Based on the report of the aggregated results by the external organization, the results of the questionnaire were reported to the Board of Directors in March 2024, and it was confirmed that the effectiveness of the Company’s Board of Directors remains generally secured.

### Changes in the Board of Directors’ Effectiveness Evaluation and Improvement Measures

#### FY2021 Revision of the Corporate Governance Code

##### Initiatives

- Started discussions on skill matrix creation and succession planning
- Established the Nomination and Remuneration Advisory Committee
- Started of third-party evaluation of effectiveness

##### Issues extracted from the Board of Directors effectiveness evaluation

- Ensuring time for constructive discussions and exchanges of views

#### FY2022 Our first year of sustainability

##### Initiatives

- Decided the policy on selling cross-shareholdings
- Considered succession planning
- Set up opportunities to report on IP investments
- Established the Sustainability Committee and reported on the committee’s discussions

##### Issues extracted from the Board of Directors effectiveness evaluation

- Lack of diversity among the directors
- Insufficient discussions on management strategy, management resources, capital efficiency, etc.
- Follow-up on the progress of management plans

#### FY2023 Request from the Tokyo Stock Exchange to work toward PBR of 1.0 or higher

##### Initiatives

- Started discussions on initiatives that take capital costs into consideration
- Enhanced executive trainings
- Ensured Board of Directors diversity

##### Issues extracted from the Board of Directors effectiveness evaluation

- Further enhancement of discussions on management strategies, management resources, capital efficiency, etc.
- Strengthening supervision of the progress of management plans

## Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three directors who are Audit & Supervisory Committee members. One of them is a full-time Audit & Supervisory Committee member, and the others are independent outside directors. Also, all three are appointed Audit & Supervisory Committee members.

In principle, a regular Audit & Supervisory Committee meeting is held once a month and a special Audit & Supervisory Committee meeting is held as necessary. In addition, in cooperation with the Internal Audit Division and the accounting auditors, the full-time Audit & Supervisory Committee member conducts audits of the execution of duties by periodically exchanging opinions with the Representative Director, attending management meetings and other important meetings, and collecting information by inspecting important documents.

### Message from an Audit & Supervisory Committee Member Performing a monitoring function to protect the interests of stakeholders

Amendments to the Company's Articles of Incorporation were approved in the Shareholders Meeting in June, and the Company transitioned to a new corporate structure called "Company with an Audit and Supervisory Committee." The purpose of this change is to enhance corporate value and ensure transparency in its operations.

Unlike the Corporate Auditors, Audit & Supervisory Committee members have voting rights as a member of the Board of Directors and play a part in the Board of Directors' monitoring function. Aware of these roles, we will fulfill our responsibilities to further strengthen our governance functions and to enhance management resilience by promoting sustainable activities.

However, as we work together, we inevitably become attached to people in charge of execution and tend to support them. While admonishing myself and keeping in mind that I am independent and outside the Company, I try to keep a cool eye from the perspective of protecting the interests of all the stakeholders.

We appreciate your continued support.



**Chiaki Tsuji**  
Outside Director  
Audit & Supervisory  
Committee Member

## Nomination & Remuneration Advisory Committee

The voluntary Nomination & Remuneration Advisory Committee has been established as an advisory body to the Board of Directors. With this committee, we will enhance the independency and objectivity of the functions of the Board of Directors with respect to the nominations and remuneration of directors and fulfill our accountability to the outside world.

A total of 10 meetings were held in FY2023. The committee discussed important issues for the Board of Directors to fulfill its functions in a sustainable manner, including the nomination of director candidates, president succession planning, the directors' remuneration system and levels, and the directors' skill matrix.

### Message from the Chairman of the Nomination & Remuneration Advisory Committee

#### Focusing on fostering successors and preparing for the next Mid-Term Management Plan

In FY2023, in addition to the appropriateness and validity of personnel matters for executive officers and above, and officer remuneration, we deliberated with particular emphasis on the selection and training of successor candidates and matters related to the transition to a company with an Audit and Supervisory Committee from FY2024. In considering the policy for the selection and training of successor candidates, the committee members, who are the outside directors, conducted interviews with all the officers (directors and executive officers) of Morioku Holdings, Morioku Technology, and Morioku Chemicals, as well as their candidates, in order to directly and concretely confirm the qualities, achievements, and ambitions of each officer and candidate, and had a number of effective discussions. We intend to continue these activities in FY2024. At the same time, we will appropriately select and implement training programs for successor candidates.

In FY2024, the 14th Mid-Term Management Plan will be formulated over a three-year period from April 2025. Therefore, in addition to the above activities, the Committee will focus on deliberations on the need for a review of the KPIs, which serve as the criteria for determining the provision of incentive remuneration, that is, the stock-based remuneration for officers, and will work to strongly support the achievement of the Company's targets.



**Koichiro Shibata**  
Outside Director  
Chairman of the  
Nomination &  
Remuneration  
Advisory Committee

## Officer Remuneration

### Basic Philosophy

Morioku regards the remuneration system for directors as a mechanism for securing, retaining, and motivating human resources, which are indispensable for the sustainable improvement of corporate value.

The remuneration levels for officers are determined based on Morioku's businesses and management environment, as well as the remuneration levels at major companies of the same size as our company.

### Director Remuneration

Remuneration for directors (excluding outside directors and Audit & Supervisory Committee members) at Morioku consists of fixed basic remuneration, bonuses, and stock-based remuneration. The ratio of "fixed basic remuneration," "bonuses," and "stock-based remuneration" is set at approximately 65:25:10.

Fixed basic remuneration is a fixed monthly monetary remuneration for each position according to the size of responsibility.

Bonuses are performance-linked monetary remuneration that fluctuates based on the performance of each fiscal year (consolidated net sales and consolidated operating profit) as short-term incentive remuneration.

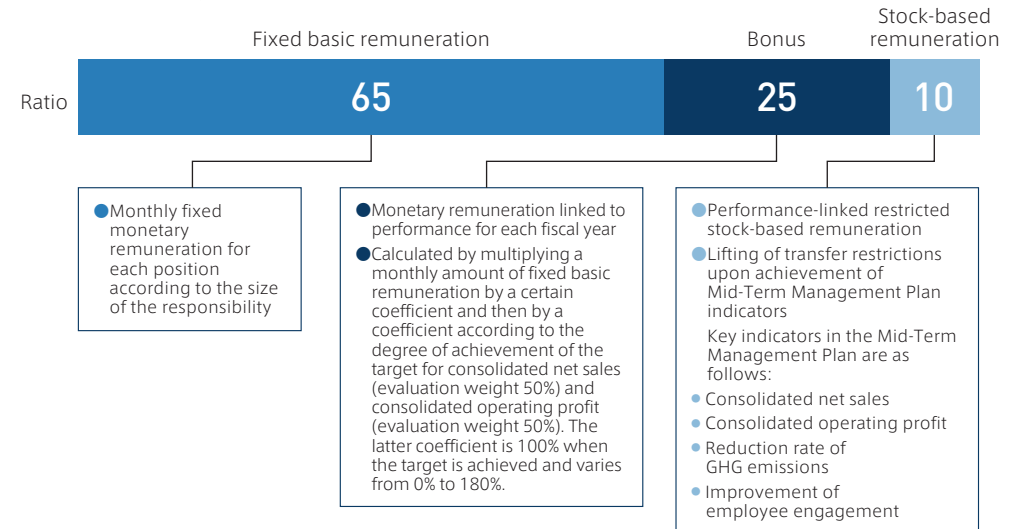
Stock-based remuneration is a performance-linked restricted stock-based remuneration that fluctuates based on performance, management indicators, and other factors as incentive remuneration for medium- to long-term performance and improvement of corporate value. In principle, it is granted in the first year of the Mid-Term Management Plan. The granting of shares during the term of office will further promote the sharing of value with shareholders. Lifting of the transfer restrictions is contingent upon the achievement of the key management indicators listed in the Mid-Term Management Plan. Management indicators for the Mid-Term Management Plan include financial indicators (consolidated net sales and consolidated operating profit in the final year of the Mid-Term Management Plan) and sustainability indicators (GHG emission reduction rate and employee engagement improvement). A distinctive feature of the remuneration system is that it incorporates not only financial but also non-financial indicators.

Remuneration for outside directors and directors who are Audit & Supervisory Committee members is limited to monthly fixed monetary remuneration from the perspective of ensuring independence from management.

### Return of Remuneration, etc. (MARS and Clawback Clauses)

To ensure the soundness of remuneration systems, if certain events occur, such as serious violations of internal regulations or other illegal acts, or accounting or other serious errors or irregularities that affect the indicators used as the basis for calculating remuneration, the Company might seek the confiscation of unpaid remuneration (MARS Clause) or the return of paid remuneration (Clawback Clause) for bonuses and stock-based remuneration based on the judgment of the Board of Directors after deliberation by the Nomination & Remuneration Advisory Committee.

### Remuneration System for Directors



### Total Amount of Remuneration, etc., for Each Officer Classification, Total Amount for Each Type of Remuneration, etc., and Number of Eligible Officers in FY2023

Officer classification	Total amount of remuneration (Million yen)	Total amount of remuneration, etc. by type (Million yen)					Number of eligible officers
		Basic remuneration	Bonus	Stock-based remuneration	Other	Non-monetary remuneration, etc. among the left listed	
Directors (excluding Outside Directors)	130	86	29	15	—	15	3
Outside Directors	29	29	—	—	—	—	4
Corporate Auditors (excluding Outside Corporate Auditors)	15	15	—	—	—	—	1
Outside Corporate Auditors	11	11	—	—	—	—	2



## Corporate Officers (As of September 2024)

### Directors



**Naoki Kurose**  
Representative Director,  
President and CEO

Member of  
the Nomination &  
Remuneration Advisory  
Committee

April 1988  
January 2015  
April 2018  
June 2022  
February 2023  
June 2024

Joined the Company  
Morioku Technology North  
America EVP  
Executive Officer and Head  
of North America  
Operations, Morioku  
Technology Company, Ltd.  
Executive Officer, in charge of  
Corporate Planning and DX  
Promotion, and General  
Manager of Corporate Planning  
Division of the Company  
Executive Managing Officer, in  
charge of Corporate Planning,  
DX Promotion, and Manager of  
Corporate Planning Division of  
the Company  
Director of Morioku Technology  
Company, Ltd. (current)  
Director of Morioku Chemicals  
Company, Ltd. (current)  
Representative Director,  
President and CEO of the  
Company (current)

[Significant Concurrent Positions]  
Director of Morioku Technology Company, Ltd.  
Director of Morioku Chemicals Company, Ltd.



**Koichi Kikuchi**  
Director, Executive Vice  
President CFO

April 1986  
October 2000  
June 2001  
October 2010  
February 2012  
June 2019  
April 2023  
April 2024  
June 2024

Joined The Mitsui Trust and  
Banking Company, Limited  
(currently Sumitomo Mitsui  
Trust Bank, Limited)  
Joined PricewaterhouseCoopers  
Financial Advisory Service Co., Ltd.  
Joined IBM Japan, Ltd.  
Director of Systems & Technology  
Group Business Management  
and CFO of IBM Japan, Ltd.  
Executive Officer and General  
Manager of Finance &  
Accounting Division, Calbee, Inc.  
Director, Senior Managing  
Executive Officer and CFO of  
Calbee, Inc.  
Director, Vice President Executive  
Officer and CRO of Calbee, Inc.  
Director of Calbee, Inc.  
Joined the Company, Executive  
Fellow of the Company  
Director, Executive Vice  
President and CFO of the  
Company (current)  
Director of Morioku Technology  
Company, Ltd. (current)  
Director of Morioku Chemicals  
Company, Ltd. (current)

[Significant Concurrent Positions]  
Director of Morioku Technology Company, Ltd.  
Director of Morioku Chemicals Company, Ltd.



**Koichiro Shibata**  
Outside Director

Chairperson of  
the Nomination &  
Remuneration Advisory  
Committee

April 1993  
February 1998  
June 2012  
October 2017  
April 2018  
June 2022

Registered as Lawyer (Daini  
Tokyo Bar Association)  
Nagano Mayama Law Firm  
Lawyer Shibata Koichiro Law  
Firm (current)  
Member of the Discipline  
Committee, Daini Tokyo Bar  
Association  
Outside Director of the  
Company (current)  
Member of the Ethics  
Committee, Daini Tokyo Bar  
Association (current)  
Outside Director of  
NAKABOHEC CORROSION  
PROTECTING CO., LTD.  
(current)

[Significant Concurrent Positions]  
Lawyer of Lawyer Shibata Koichiro Law Firm  
Outside Director of NAKABOHEC CORROSION  
PROTECTING CO., LTD.



**Kenichi Hirai**  
Outside Director

Member of  
the Nomination &  
Remuneration Advisory  
Committee

April 1978  
January 2008  
April 2012  
January 2016  
March 2018  
June 2020

Joined Nissan Diesel Motor  
Co., Ltd. (currently UD Trucks  
Corporation)  
Vice President of Nissan Diesel  
Motor Co., Ltd.  
CFO of Volvo Powertrain Japan  
Vice President of UD Trucks  
Corporation, Volvo Group  
Trucks Operations Japan  
Controlling Coordination  
Director and General Manager  
of Finance Division of KH  
Neochem Co., Ltd.  
Managing Director and General  
Manager of Finance Division of  
KH Neochem Co., Ltd.  
Outside Director of the  
Company (current)



**Ryo Otsuka**  
Outside Director

April 1990  
March 1994  
May 1995  
June 2001  
July 2010  
September 2012  
June 2020

Joined the Company  
Joined OHTSUKA POLY-TECH  
CO.,LTD.  
Director of OHTSUKA  
POLY-TECH CO.,LTD.  
Managing Director of  
OHTSUKA POLY-TECH  
CO.,LTD.  
Director and Vice President of  
OHTSUKA POLY-TECH  
CO.,LTD.  
President of OHTSUKA  
POLY-TECH CO.,LTD. (current)  
Outside Director of the  
Company (current)

[Significant Concurrent Positions]  
President of OHTSUKA POLY-TECH CO.,LTD.



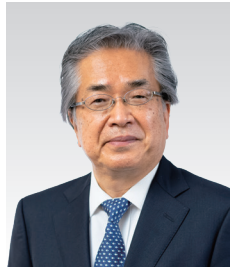
**Hitomi Yokote**  
Outside Director

Member of  
the Nomination &  
Remuneration Advisory  
Committee

April 1986  
April 2003  
April 2007  
March 2011  
September 2013  
July 2015  
August 2018  
December 2020  
February 2023  
June 2023  
July 2023  
March 2024

Consulate-General of Japan  
in Sydney  
Manager of External Relations  
Department, Sony Corporation  
Corporate Officer of  
Toys "R" Us-Japan, Ltd.  
Executive Officer of Japan  
Association for the World Food  
Programme  
General Manager of SMART  
INSIGHT, Corporation.  
General Manager of General  
Affairs Department, Mark-i Inc.  
ICU Service-Learning Center  
Coordinator and Lecturer  
Director of Centre for  
International Capacity Building  
(ICB) (current)  
Councilor of Asian Rural  
Institute (current)  
Outside Director of the  
Company (current)  
CEO of Second Harvest Japan  
(current)  
Director of Alliance of Japan  
Foodbanks (current)

[Significant Concurrent Positions]  
Director of Centre for International Capacity  
Building (ICB)  
Councilor of Asia Rural Institute  
CEO of Second Harvest Japan  
Director of Alliance of Japan Foodbanks



**Koichi Tada**  
Director, Audit &  
Supervisory Committee  
Member

April 1980 Joined Isuzu Motors Limited  
December 2002 Joined ARUZE CORP. (currently  
Universal Entertainment  
Corporation.)  
September 2004 Joined the Company  
February 2005 Block Leader of Accounting,  
Accounting & Finance Division  
of the Company  
June 2008 Head of Internal Auditing  
Division  
June 2016 Full-time Audit and  
Supervisory Board Member of  
the Company  
June 2019 Corporate Auditor of  
Morioku Technology  
Company, Ltd. (current)  
Corporate Auditor of  
Morioku Chemicals  
Company, Ltd. (current)  
Director, Full-time Audit &  
Supervisory Committee  
Member of the Company  
(current)

[Significant Concurrent Positions]  
Corporate Auditor of Morioku Technology  
Company, Ltd.  
Corporate Auditor of Morioku Chemicals  
Company, Ltd.



**Fujio Furukawa**  
Outside Director, Audit &  
Supervisory Committee  
Member

April 1976 Joined the Regional  
Taxation Bureau  
July 2014 Director of Personnel  
Evaluation Division,  
Management and Coordination  
Department, Tokyo Regional  
Taxation Bureau  
July 2015 Chief Internal Inspector of Tokyo  
Regional Taxation Bureau,  
Commissioner's Secretariat,  
National Tax Agency  
July 2017 Deputy Commissioner of Fourth  
Large Enterprise Examination  
Department, Tokyo Regional  
Taxation Bureau  
July 2018 Retired from the Taxation  
Bureau  
August 2018 Fujio Furukawa Tax  
Accountant Office (current)  
June 2020 External Audit and Supervisory  
Board Member of the Company  
June 2024 Outside Director, Audit &  
Supervisory Committee Member  
of the Company (current)

[Significant Concurrent Positions]  
Tax Accountant, Fujio Furukawa Tax  
Accountant Office



**Chiaki Tsuji**  
Outside Director, Audit &  
Supervisory Committee  
Member

April 1979 Registered as Lawyer (Tokyo  
Bar Association)  
October 1990 Yamamoto Eisoku Law Office  
Qualified as Lawyer in  
Germany (Japanese Law)  
July 2001 Partner Lawyer of Peter Beyer  
Law Firm (Germany)  
April 2004 Partner Lawyer of Yoshioka &  
Tsuji Law Office  
April 2011 Professor at Department of  
Law, Graduate School,  
Yamanashi Gakuin University  
June 2017 Member of Certified Evaluation  
and Accreditation for Law  
Schools, Japan University  
Accreditation Association  
Outside Director of Yorozu  
Corporation  
(Audit and Supervisory  
Committee Member) (current)  
April 2018 Visiting Professor at  
Department of Law, Yamanashi  
Gakuin University  
June 2019 Outside Director of Keihin  
Corporation (currently Hitachi  
Astemo, Ltd.)  
July 2019 Partner Lawyer of Kinorr  
Tokyo Law Office (current)  
June 2021 Outside Director of MIRARTH  
HOLDINGS, Inc. (formerly  
Takara Leben Co., Ltd.)  
June 2022 External Audit and Supervisory  
Board Member of the Company  
June 2024 Outside Director, Audit &  
Supervisory Committee Member  
of the Company (current)

[Significant Concurrent Positions]  
Partner Lawyer of Kinorr Tokyo Law Office  
Outside Director of Yorozu Corporation (Audit  
and Supervisory Committee Member)

## Executive Officers

**Naoki  
Morikawa**

Human Resources and General Affairs  
General Manager of  
Human Resources Division

**Muga  
Koiwai**

Accounting and IR  
General Manager of  
Accounting & Finance Division

**Junko  
Saito**

Legal Affairs, Intellectual Property, and Compliance  
Head of Legal & Intellectual Property Division

**Hiromi  
Banno**

Corporate Planning and Sustainability  
General Manager of Corporate Planning Division  
and Head of Sustainability Promotion Division

Item	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Net sales</b>	Million yen	161,170	172,224	170,005	182,177	189,554	170,773	155,460	128,842	142,019	145,638
Resin-treated Product Business	Million yen	93,000	104,881	104,761	114,998	122,331	106,929	93,304	101,786	112,259	118,740
Chemical Business	Million yen	68,170	67,343	65,243	67,178	67,222	63,844	62,155	27,055*	29,759*	26,898*
<b>Operating profit</b>	Million yen	6,037	6,303	6,323	9,417	8,686	5,497	5,672	2,846	1,335	5,706
<b>Segment profit</b>											
Resin-treated Product Business	Million yen	4,895	5,065	5,163	8,074	7,532	4,553	4,579	1,253	100	4,604
Chemical Business	Million yen	1,055	1,139	1,137	1,382	1,177	1,215	1,389	1,836	1,575	1,538
<b>Ordinary profit</b>	Million yen	6,263	6,076	5,985	9,256	8,827	5,668	5,595	2,965	1,596	6,183
<b>Net income attributable to the parent company</b>	Million yen	4,144	3,320	1,026	6,805	6,112	3,525	375	4,259	1,346	3,022
<b>Net income per share</b>	Yen	559.86	64.06	69.29	446	369.42	212.89	22.68	258.92	86.34	200.95
<b>Return on equity</b>	%	8.66	6.51	1.99	11.56	9.28	5.37	0.56	6.11	1.92	4.18
<b>Total assets</b>	Million yen	111,592	112,105	118,041	133,824	128,063	122,493	132,887	137,125	131,797	140,556
<b>Net assets</b>	Million yen	53,258	51,878	53,523	66,672	67,440	66,467	70,136	72,067	70,683	76,423
<b>Equity ratio</b>	%	46.82	45.31	44.33	49.06	51.77	53.25	51.78	51.55	52.60	53.44

\*The "Accounting Standard for Revenue Recognition" has been adopted, and figures are based on this standard.



## Human Resources

Item		FY2021	FY2022	FY2023
Employee composition	Number of employees (overall) [people]	900	898	903
	Ratio of women to total employees (consolidated) [%]	17.3	18.0	18.7
	Consolidated number of employees (overall)*1 [people]	4,521	4,342	4,447
Salary	Average salary of all employees [yen]	5,853,865	5,909,022	6,020,987
	Gender pay gap*2 [%]	73.6	75.4	74.5
Foreign human resources	Ratio of foreign employees [%]	1.8	2.1	2.1
Management	Number of managers [people]	181	179	184
	Ratio of female executive officers [%]	9.1	8.3	18.2
	Ratio of women in managerial positions [%]	2.2	2.2	2.7
	Ratio of women in leader class [%]	6.3	6.0	5.1
Recruitment	New graduates hired (overall) [people]	35	28	26
	Ratio of female new graduates [%]	31.4	14.3	42.3
	Mid-career recruitment (overall) [people]	26	23	23
	Ratio of mid-career female employees hired [%]	15.4	47.8	39.1
	Annual number of employees hired [people]	61	51	49
	Ratio of women hired [%]	24.6	29.4	40.8
Diverse ways of working	Number of employees who switch to career-track positions [people]	4	12	11
	Number of employees who switch to career-track positions (ratio of female employees) [%]	0	50.0	9.1
Turnover	Overall turnover rate [%]	6.3	5.3	4.4
Overtime hours	Average overtime hours [hours]	221	210	233
Paid vacation	Percentage of employees taking paid leave [%]	67.1	70.9	74.4
Employees who took childcare leave	Total number [people]	11	12	9
	Number of men [people]	6	6	4
	Ratio of men*3 [%]	25.0	30.0	30.8
	Ratio of men returning to work [%]	100	100	100
	Number of women [people]	5	6	5
	Ratio of women*3 [%]	62.5	120.0	125.0
Development of human resources	Ratio of women returning to work [%]	100	100	100
	Training hours per person [hours]	5.3	10.5	11.9

Scope: Morioku Holdings, Morioku Technology, Morioku Chemicals

\*1 The Morioku Group

\*2 The wage for women when the wage for men is set at 100

\*3 Employees who did not take the leave in the fiscal year in which the child was born but took it in the following fiscal year are included, so the value might exceed 100%.

## Environment

Item		FY2019 (base year)	FY2021	FY2022	FY2023
GHG emissions [t-CO <sub>2</sub> ]	Scope 1 + 2*4	111,724	—	80,615	69,418
	Scope 3	—	445,487	409,049	429,324
Waste emissions [t]		—	975	1,257	1,112
Power usage [MWh]		169,605	—	155,887	156,080
Water consumption*5 [1,000 m <sup>3</sup> ]		—	—	—	153

Scope: Morioku Holdings, Morioku Technology, Morioku Chemicals

\*4 The Morioku Group

\*5 Manufacturing sites in Japan (Morioku Technology Group: Mooka, Kanto Plant, Suzuka Plant, Yukou, Kumamoto Morioku Kasei; Morioku Chemicals Group: Shikoku Kakoh, Goko Kasei Industrial)

## Acquisition of environmental management system certification

### ■ISO 14001

Office		Date of acquisition	Certifying body
Morioku Chemicals company-wide*6		March 2005	TÜV Rheinland Japan Ltd.
Morioku Technology company-wide		April 2001	The High Pressure Gas Safety Institute of Japan
Affiliated companies in Japan	Kumamoto Morioku Kasei Co., Ltd.	March 2007	Global Compliance Certification PTY LTD
	Goko Kasei Industrial Co., Ltd.	January 2017	TÜV Rheinland Japan Ltd.
	Morioku Agri Co., Ltd.	March 2007	TÜV Rheinland Japan Ltd.
	Yukou Co., Ltd.	August 2018	ASR Co., Ltd.
	Shikoku Kakoh Co., Ltd.	March 2019	Perry Johnson Registrars Inc.
	I.M. Material Corporation	March 2008	Japan Chemical Quality Assurance Ltd.
Affiliated companies overseas	Greenville Technology, Inc. (U.S.A.)	October 2000	EAGLE Registrations Inc.
	Rainsville Technology, Inc. (U.S.A.)	July 2006	EAGLE Registrations Inc.
	Listowel Technology, Inc. (Canada)	September 2005	EAGLE Registrations Inc.
	Morioku Philippines, Inc. (The Philippines)	February 2004	ANGLO JAPANESE AMERICAN
	Morioku Technology India Pvt. Ltd. (India)	February 2005	TUV CERT CERTIFICATION BODY
	Guangzhou Morioku Technology Co., Ltd. (China)	April 2004	TUV CERT CERTIFICATION BODY
Wuhan Morioku Technology Co., Ltd. (China)		June 2007	TUV CERT CERTIFICATION BODY

\*6 Representative offices are outside the scope of certification.

## Quality

## Acquisition of quality management system certification

### ■ISO 9001

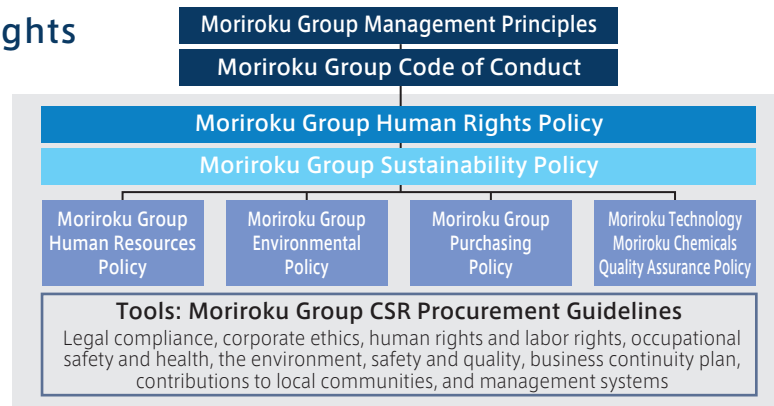
Office		Date of acquisition	Certifying body
Affiliated companies in Japan	Kumamoto Morioku Kasei Co., Ltd.	February 2010	Global Compliance Certification PTY LTD
	Yukou Co., Ltd.	August 2018	ASR Co., Ltd.
	Shikoku Kakoh Co., Ltd.	July 2008	Japan Quality Assurance Organization
	Goko Kasei Industrial Co., Ltd.	January 2015	TÜV Rheinland Japan Ltd.
Affiliated companies overseas	Morioku America, Inc. (U.S.A.)*7	July 2017	EAGLE Registrations Inc.
	Morioku Philippines, Inc. (The Philippines)	January 2003	AJA Registrars Ltd.
	Morioku Technology India Pvt. Ltd. (India)	August 2003	TUV NORD GROUP TUV INDIA PRIVATE LTD.

\*7 ISO 9001: 2015

### ■IATF 16949

Office		Date of acquisition	Certifying body
Morioku Technology	Development Center	March 2009	TÜV Rheinland Japan Ltd.
	Kanto Plant	March 2009	
	Suzuka Plant	March 2013	
Affiliated companies overseas	Greenville Technology, Inc. (U.S.A.)	December 2003	EAGLE Registrations Inc.
	Rainsville Technology, Inc. (U.S.A.)	April 2003	EAGLE Registrations Inc.
	Listowel Technology, Inc. (Canada)	January 2005	EAGLE Registrations Inc.
	Guangzhou Morioku Technology Co., Ltd. (China)	December 2008	TUV Rheinland Guangdong Ltd.
	Wuhan Morioku Technology Co., Ltd. (China)	April 2009	TUV Rheinland Guangdong Ltd.

## Human Rights Policy



### Establishing the Morioku Group Human Rights Policy

The Morioku Group advocates respect for life and dignity in our management principles and Code of Conduct and we are promoting the creation of a workplace where our corporate members will individually exercise their autonomy and creativity and respect the personality and individuality of their colleagues. The newly established Morioku Group Human Rights Policy is consistent with the Group's management principles and Code of Conduct and is positioned above all documents, codes, and policies related to respect for human rights in the Group's business activities.

#### Basic concept

The Group strives to respect human rights through our global business activities and create a workplace where diverse people respect each other's individuality and where everyone can work energetically.

The Group will apply this Policy to all executives and employees (including temporary workers) of each group company. We expect all business partners, including business affiliates, to understand the Policy and work to respect human rights.

#### Respect for internationally-recognized human rights and labor standards

The Group respects internationally-recognized human rights, including those set forth in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We will promote initiatives in accordance with the United Nations Guiding Principles on Business and Human Rights.

#### Respect for human rights in business activities

The Group will strive not to infringe on the human rights of people affected by its business activities. Furthermore, if our business activities cause or encourage a negative impact on human rights, we will take appropriate corrective and remedial actions. If negative impacts on human rights are directly related to our business, products, or services due to business relationships, we will appropriately exercise our influence and strive to reduce or prevent negative impact.

#### Responding to human rights issues in business activities

##### Discrimination

The Group does not discriminate on the basis of nationality, race, religion, beliefs, gender, age, sexual orientation/gender identity, or existence of any disabilities.

##### Harassment

The Group does not tolerate any form of harassment, including sexual harassment and power harassment. Moreover, we do not allow any behavior that harms the working environment through harassment or discriminatory behavior in the workplace.

#### Freedom of association and right to collective bargaining

The Group respects freedom of association and the right to collective bargaining, and engages in sincere discussions and dialogue with employees.

#### Forced labor

The Group eliminates and prevents all forms of forced labor. We do not allow any kind of slave labor, including human trafficking.

#### Child labor

The Group eliminates and prevents all forms of child labor.

#### Hiring

The Group conducts hiring based on ethical practices. We ensure equal opportunity in employment and work.

#### Occupational safety and health

The Group will establish a working environment where employees can work safely in good health.

#### Working hours and wages

The Group appropriately manages working hours, holidays, vacations, and wages.

#### ◆Human rights due diligence and relief

The Group identifies any negative impact on human rights related to its business activities, including potential ones. We construct mechanisms for preventing or mitigating that negative impact, evaluating the sustainability of our efforts, and explaining/disclosing our response, and we continually operate these mechanisms. Additionally, if it becomes clear that the Group has caused or contributed to a negative impact on human rights, we will take appropriate measures to provide relief.

#### ◆Education and training

The Group will disseminate this Policy within the Group and will continue to provide education and training necessary to comply with this Policy.

#### ◆Growth

The Group will create an environment in which employees who work for the Group can take pride in their work and recognize each other's abilities and enhance each other, thereby leading to self growth.

#### ◆Governance/management system

The Group has clarified the person responsible for implementing this Policy. In addition, our Board of Directors will oversee compliance with this Policy and related efforts.

## Sustainability Policy

### Morioku Group Sustainability Policy

Based on our management principles, we, the Morioku Group, and our stakeholders will co-create the value required by the new age and contribute to the sustainable growth of society.

1. We will work to solve social issues beyond conventional business areas by leveraging the Group's functions and resources to the fullest.
2. We will aim for a sustainable mobility society through innovative manufacturing that contributes to carbon neutrality and the cyclical use of resources.
3. We will contribute to the achievement of an ecological, recycling-based society by providing green chemicals throughout the entire supply chain.
4. Based on a foundation that respects human rights, we will continue to create new value through an organization that pursues employee wellbeing and in which diverse personnel participate actively and work with satisfaction.
5. We will nurture mutual trust via highly transparent and honest business activities, understanding the expectations and requests of society through dialogue with stakeholders.

## Human Resources Policy

### Morioku Group Human Resources Policy

1. Provide opportunities for employees to independently take on challenges and develop.  
Management shall provide highly skilled and dedicated personnel with challenging assignments, and maintain workplace environments in which individuals can develop together with their respective companies.
2. Fairly evaluate employees based on their targets, efforts and accomplishments.  
Employees shall individually set and pursue relatively high targets, and their targets, efforts to achieve them, and results shall be fairly evaluated.
3. Maintain workplace environments in which individuals can combine their skills and work together as a team.  
Each workplace shall strive to contribute to the Morioku Group as a team by facilitating dialogue among its members and maintaining openness to diverse beliefs and new ideas.
4. Provide human resources development programs for enabling employees to apply diverse capabilities and skills in international settings.  
Furthermore, in every country in which the Group operates, management shall provide opportunities for personnel to advance their careers and offer training programs for professional staff that work internationally.

## Environmental Policy

### Morioku Group Environmental Policy

As a responsible member of the society confronted with the important problem of the protection of the earth's environment, Morioku Group is committed to actively working, through all of its business activities, toward contributing to the protection of our global environment.

Under this Morioku Group environmental policy we shall pursue the following environmental preservation activities.

1. We shall obey the environment-specific laws and regulations and the other demands accepted by our company, and strive to promote the preservation of the environment in compliance with our own independently-set standards.
2. In order to realize our environmental policy, we evaluate the impact of our business activities on the environment, establish environmental targets, establish and implement an environmental management system, and prevent and continuously improve pollution.
3. We shall work toward promoting resource/energy saving and recycling and at the same time strive for reduction and appropriate disposal of wastes/contaminants in every area of our business activities.
4. We shall positively take part in local activities for environmental improvements to win high public confidence in our company.
5. The environmental policy will be disseminated to all employees of the Morioku Group and will be published to the public through our website.

## Purchasing Policy

### Morioku Group Purchasing Policy

We strive to strengthen partnerships with our business affiliates, who possess high-level products and technologies, by offering trading opportunities that are fair and open to all companies, and engage in socially responsible, sustainable procurement practices, in order to provide high-value products and services to our customers in a stable manner.

1. **Compliance, regulations, and social norms**  
· We comply with the laws, regulations and social norms of each country, and promote transparency in our procurement practices.
2. **Fairness and equity**  
· We offer fair trading opportunities that are open to all companies.  
· We select our business affiliates through fair and comprehensive evaluation of the following factors: quality, prices, delivery time, manufacturing capacity, supply stability, technological ability, environment performance, and soundness of management, as well as their social responsibility practices, such as human rights and environmental conservation.
3. **Implementation of advanced technologies**  
· We actively implement advanced, high-level technologies and materials, in order to realize the innovation of the coming era.

### 4. Strengthening of partnerships

- We strive to strengthen partnerships with our business affiliates in consideration of products and services, in order to develop and provide high-value products and services.

### 5. Promotion of CSR Procurement Practices

- We strive to drive co-creation with our business affiliates, and promote socially responsible procurement practices that consider factors such as global environment conservation, respect for human rights, and the safety and health of workers in order to contribute to the sustainable development of society.

## Basic Policy on Quality

### Morioku Technology basic policy on quality

In furthering the "enhancement of customer satisfaction levels," we at Morioku Technology will apply our close partnerships to stay continually ahead of the times, and will ensure that all of us are converging on the same vector in order to provide our customers with quality products inexpensively and in a timely manner.

1. We will fashion quality through our designs (concepts) and manufacturing processes.
2. We will conduct operations in line with our "rules" on quality.
3. We will share information.
4. We shall strive to ensure "zero" in-process and outflow failures as well as "zero" complaints.

### Morioku Chemicals basic policy on quality

With the goal of raising customer satisfaction, Morioku Chemicals shall work to provide forward-looking and globally competitive services by continuously enhancing the quality of its products and service-providing operations. To achieve this policy, the company shall pursue the following four objectives:

1. Share quality-related information internally and in close cooperation with customers
2. Ensure quality, cost, and delivery measures taken at the product development stage
3. Implement quality assurance measures in collaboration with business partners
4. Strive for zero customer complaints

## Morioku Group Basic Policy on Occupational Health and safety

### Basic policy

Based on the management principles of respect for life and dignity and total cooperation, the Morioku Group places the highest priority on protecting the lives, mental and physical health of workers. We will comply with laws and regulations, and all employees will work together to create a safe and comfortable workplace.

## Morioku Group Basic Policy for Risk Management

### Basic policy for risk management

The Morioku Group performs risk management in accordance with the policy below. The purpose is to ensure the continuity and stable growth of the businesses of the Group by taking actions, including accurately identifying, evaluating, and addressing various risks surrounding the businesses of the Group.

1. Promote risk management by establishing a group-wide and comprehensive risk management system.
2. Bring risks to light, evaluate them and develop and carry out countermeasures against them as well as monitor, rectify and improve the situation in a repeated and systematic manner, thereby aiming to sustainably enhance the capability to respond to risks.
3. In the case of the occurrence of a risk, respond swiftly and accurately to minimize the damage, and simultaneously, make efforts for prompt restoration and prevention of recurrence to retain trust from society.
4. In the event of the occurrence of an accident or disaster risk, give top priority to human lives to ensure the safety of officers and employees, and on top of that, aim for the continuity of business to the extent possible.
5. Heighten consciousness of risks through awareness-raising activities for officers and employees and the sharing of risk information with them, and make constant efforts to reduce the possibility of a risk, prevent the occurrence of loss and mitigate loss in normal times.
6. Review the risk management system, including this basic policy, periodically and make continuous improvements to ensure that risk management functions effectively at all times.



## Company Overview (As of March 31, 2024)

Incorporated March, 1916 Founded in 1663  
 Capital 1,640.1 million yen  
 Head office Shin Aoyama Building East (18th floor),  
 1-1, Minamiaoyama 1-chome, Minato-ku,  
 Tokyo 107-0062

## Affiliates of the Morioku Group

(Consolidated subsidiaries and equity method affiliates)

### Resin-treated Product Business

Morioku Technology Co., Ltd.  
 Yukou Co., Ltd.  
 Kumamoto Morioku Kasei Co., Ltd.  
 Morioku Technology North America Inc.  
 Listowel Technology, Inc.  
 Morioku Technology De Mexico S.A. De C.V.  
 Morioku Philippines, Inc.  
 Morioku Technology (Thailand) Co., Ltd.  
 Pt. Morioku Technology Indonesia  
 Morioku Technology India Pvt. Ltd.  
 Guangzhou Morioku Technology Co., Ltd.  
 Wuhan Morioku Technology Co., Ltd.

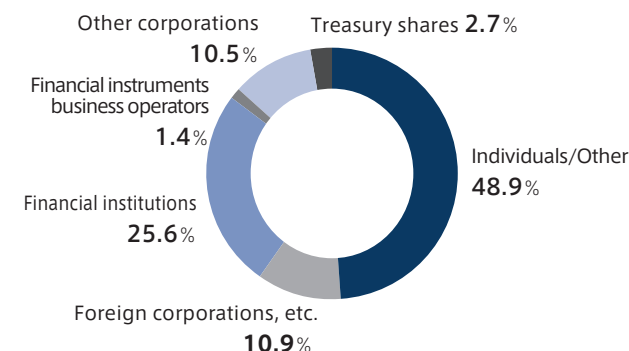
### Chemical Business

Morioku Chemicals Company Ltd.  
 Shikoku Kakoh Co., Ltd.  
 Shikoku Kakoh (Shanghai) Co., Ltd.  
 Goko Kasei Industrial Co., Ltd.  
 I.M. Material Corporation  
 Morioku Agri Co., Ltd.  
 Morioku Co., (HK), Ltd.  
 Morioku (Shanghai) Co., Ltd.  
 Morioku (Guangzhou) Trading Co., Ltd.  
 Morioku (Tianjin) Co., Ltd.  
 Morioku (Singapore) Pte., Ltd.  
 MORIROKU (THAILAND) CO., LTD.  
 Morioku Chemicals Korea Co., LTD  
 PT. Morioku Chemicals Indonesia  
 Morioku Austria GmbH  
 Morioku America, Inc.  
 M&C Tech Indiana Corporation

## Status of Shares (As of March 31, 2024)

(i) Total number of shares  
 authorized to be issued 60,000,000  
 (ii) Total number of outstanding shares 15,460,000  
 (including 421,719 treasury shares)  
 (iii) Number of shareholders 5,610

## Share Composition (As of March 31, 2024)



## Largest Shareholders (Top 10)

Name of shareholder	Number of shares held	Shareholding ratio (%)
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Re-trust Account, Mitsui Chemicals, Inc. Pension Trust Account)	1,416,000	9.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,243,300	8.27
Morioku Employee Shareholding Plan	1,149,038	7.64
Shigeru Mori	971,060	6.46
Honda Motor Co., Ltd.	792,000	5.27
The Awa Bank, Ltd.	526,000	3.50
CHARLES SCHWAB FBO CUSTOMER (Standing proxy: Citibank, N.A., Tokyo Branch)	461,100	3.07
Custody Bank of Japan, Ltd. (trust account)	389,300	2.59
Toyoko Mori	271,576	1.81
Toshiko Isome	270,476	1.80

Notes: 1. Although the Company has 421,719 shares of treasury stock [?] in its possession, it has excluded itself from the above principal shareholders.  
 2. Treasury stocks have been deducted in calculations of shareholding ratios.  
 3. The shares owned by Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Re-trust Account, Mitsui Chemicals, Inc. Pension Trust Account) are the Company's shares owned by Mitsui Chemicals, Inc. that were entrusted to Sumitomo Mitsui Trust Bank, Limited, which were then re-entrusted to Custody Bank of Japan, Ltd., and Mitsui Chemicals, Inc. retains the right to give instructions for the exercise of voting rights.

## Our website

Morioku Holdings Company, Ltd.  
<https://www.morioku.co.jp/english>



## For inquiries regarding the Integrated Report

Morioku Holdings Company, Ltd. Corporate Planning Division  
[m\\_kikaku@morioku.co.jp](mailto:m_kikaku@morioku.co.jp)

## Publication of the Integrated Report 2024

We have issued an integrated report for the first time to provide all stakeholders, including investors, with a deeper understanding of our efforts to sustainably increase our corporate value.

Based on our value creation process, the Integrated Report 2024 describes our business strategy for realizing our 2030 Long-Term Policy and the financial strategy that supports it, as well as our sustainability promotion activities, which have been attracting increasing attention in recent years. This report is designed to explain our past, present, and future strengths based on the concept of our innovative spirit that has been proven by the past, the superior business model and capital of the present, and the road map for providing value that will move us forward in the future. We are a company that solves social issues through creative human resources and superior

technology, with a consistent belief from the past to the present and into the future.

We will continue to disclose information to stakeholders in a timely and accurate manner and engage in active dialogue. We look forward to receiving your frank opinions and requests so that this report can serve as a useful communication tool for the co-creation of corporate value.

Finally, I would like to assert that the process used to prepare this report is sound and that its contents are accurate.

Executive Officer  
Corporate Planning and Sustainability  
General Manager of Corporate Planning Division and Head of Sustainability Promotion Division

**Hiromi Banno**

## We are supporting female professional golfer Akira Yamaji

Since September 20, 2019, we have been supporting female professional golfer Akira Yamaji. In recent years, we have seen the remarkable performance of Japanese female professional golfers overseas, and we feel it is something we have in common, as we are also aiming for global success. The Morioku Group believes in the potential of human beings and wants to offer support on a long-term basis. Based on this belief, the entire Group is supporting Ms. Yamaji, who has high expectations for the future. Please look forward to Akira Yamaji's performance.

2020	Hisako Higuchi Mitsubishi Electric Ladies 4T
2021	MEIJIYASUDA LADIES 8T
2021	NITORI LADIES 3T
2021	resorttrust ladies She achieved two holes-in-one in the same round and was recognized by the Guinness Book of World Records.
2022	HOKKAIDO meiji cup 14T
2023	resorttrust ladies 37T
2024	Panasonic OPEN 11T
2024	STANLEY LADIES HONDA GOLF TOURNAMENT 14T



### 【Profile】

- Date of Birth: September 10, 1998
- Hometown: Sendai City, Miyagi Prefecture
- Height: 166 cm
- Blood type: B
- Alma mater: Tohoku High School (Miyagi Prefecture)