



## Message from Top Management

I would like to take advantage of the issuance of our Environmental and Social Report for FY2022 as an opportunity to give our stakeholders a message.

Sakai Chemical Industry originated from our predecessors' efforts to commercialize zinc oxide with the aim of saving women and infants from lead poisoning due to white powder. Since then, the Company has broadened the ranges of its products and their applications so widely that Sakai Chemical materials currently support all aspects of human life. We believe that we can fulfill our mission "Chemistry for a Friendly Future" by solving social issues through these various materials. As part of our efforts to achieve this, we have decided to certify materials that help solve social issues as "Smart Materials".

Meanwhile, the entire product supply process involves many steps, from procurement of raw materials and fuels, through manufacturing, to shipment and delivery. Needless to say, these business activities themselves must be conducted in an environmentally friendly manner in people-friendly workplace environments. The scope of such environmental and workplace measures has recently expanded to encompass the entire supply chain. In addition, there has been growing public demand for companies to operate their businesses with a view to achieving harmonious co-existence and co-prosperity with society while anticipating changes in their business environment and working to identify risks entailed by those changes and create new business opportunities.

Sakai Chemical has defined four themes for its business operations: "Make People Happy," "Protect the Global Environment," "Solve Social Issues through Manufacturing," and "Build a Transparent and Strong Management System." Under these themes, we have identified a total of 11 issues of materiality and key performance indicators (KPIs) relevant thereto. I will give you an overview of them below.

### [Environment]

We are implementing various measures to achieve carbon neutrality by 2050 in line with the public policy on response to climate change (based on the Task Force on Climate-Related Financial Disclosures [TCFD] Recommendations). As our first step, we have set a medium-term target of reducing CO<sub>2</sub> emissions by 30% (versus the FY2013 level) by FY2030. In addition to CO<sub>2</sub> emissions reduction, we are also working on waste reduction through the effective use of resources. Against a backdrop of growing public awareness of the impacts of CO<sub>2</sub> emissions and waste on a company itself and its entire supply chain, we will make steady forward steps from a medium- to long-term perspective.

### [Society]

In March this year, a fire occurred at a titanium dioxide factory at the Onahama Manufacturing Site. I apologize for the concern and inconvenience this accident caused to those involved and all other stakeholders. It is deeply regrettable that we allowed such an accident to occur while we were working to improve our risk management and occupational health and safety after the explosion at the Yumoto Factory. Fortunately, the fire did not injure anyone, but it has reminded us of the latent risk of accidents causing injuries to our employees. We will adopt thorough measures to create a safe and secure workplace. We will also provide our employees with greater occupational health care and support their health enhancement efforts.

Meanwhile, the ongoing diversification of work styles and work-related values has increased the importance of a company's commitment to enabling its employees to adopt flexible work styles, thereby increasing their motivation for work and maintaining a diverse workforce. Two years have passed since Sakai Chemical Industry introduced a new personnel system. Diverse employees' efforts to increase their own skills and raise their levels of

performance will benefit both themselves and their company. Therefore, we will devise and implement effective measures to unlock the potential of individual employees, focusing on fostering a corporate culture abundant in vitality and diversity.

### [Corporate governance]

In the current age of upheaval, we are facing two important governance challenges: reviewing our business portfolio and developing management human resources. To address the business-portfolio challenge, in FY2022 we divided our various businesses into three categories: growth businesses, stable businesses, and businesses requiring streamlining measures. From now on, we will have to achieve the desirable outcomes of our operation of these three categories of businesses. We also need to develop management human resources who can review the portfolio according to the times. We will make a serious commitment to solving these important challenges while having close dialogue with our stakeholders.

The ongoing war in Ukraine has reminded us of geopolitical risks, while rapid situational changes, including more frequent extreme weather events worldwide and the wider use of AI, have increased the uncertainty of the future. Even under such circumstances, we will remain committed to our consistent business activities as a "company with deep chemistry" that continues to provide value to society while changing flexibly with the aim of realizing "Chemistry for a Friendly Future."

We look forward to continued support and guidance from our stakeholders.

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