

Messages from Outside Directors



Shuji Kato

Outside Director
(Audit & Supervisory
Committee Member)

As an administrative official of the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry) and as a manager, he has extensive experience and broad knowledge in trade and industry administration, international affairs, and corporate management. He serves as the chairman of the Nominating & Compensation Committee at the Company.

I will deepen my involvement with next-generation management talent with an objective perspective

It has been over 10 years since I was appointed as the Company's first Outside Director in 2013. At the time of my appointment, the Company's performance was challenging, and businesses like SFC's OLED business in South Korea, which now supports the Company's development, were still in their infancy. It was also the final stage of formulating the previous Mid-term Management Plan "HONKI2020" for the 2015-2020 FY period. In the previous plan, I believe the discussions centered on how to nurture new business pillars while firmly protecting the foundation businesses that had already entered maturity.

The current Mid-term Management Plan SPEED 25/30 is

approaching its midpoint year. The shape and results of new businesses that were not clearly visible in the previous Mid-term Plan have come into view, and the need to further develop these while also creating pillars for next-generation businesses is being emphasized. Efforts toward sustainability have also been strengthened. From the perspective of improving Hodogaya Chemical's standalone performance, how to revitalize existing mature businesses is also an important issue.

The Company's governance structure has also made significant progress. In 2015, we transitioned to a company with an Audit and Supervisory Committee, and in 2018, we established the current structure of four full-time Directors and three Outside Directors. Diversity has also progressed, with an increase in female executives, including the appointment of Ms.

Shinobu Fujino as an Outside Director in 2023 and Ms. Miki Tsukui as an executive officer in 2024.

I am speaking slightly out of chronological order, but in 2019, the Nomination and Remuneration Committee was established, and I was selected as the first chairman. I feel an important responsibility to add an objective perspective from an outside standpoint to the selection and remuneration of Officers and department general managers. With the Company's cooperation, I, along with other Outside Directors, have opportunities to exchange opinions with executives, playing a part in selecting next-generation management talent. In the more than ten years since my appointment as an Outside Director, the Hodogaya Chemical Group has transformed significantly into a global, research and development-oriented company.

I expect this trend to continue developing in the future.



Masaki Sakai

Outside Director
(Audit and Supervisory
Committee Member)

With many years of experience as an administrative official in the Ministry of Agriculture, Forestry and Fisheries, he has extensive and broad knowledge of agricultural, forestry and fisheries administration and international affairs.

As diversity in human resources progresses, we aim to realize a creative workplace by building face-to-face relationships

According to a survey by the Ministry of Health, Labour and Welfare, more than 30% of new high school and university graduates leave their jobs within three years. The practice of hiring new graduates en masse is unique to Japan and not seen in Europe or America, and there was an inherent difficulty for students with no social experience to choose the company they would work for until retirement under the lifetime employment system. Around 1980 when I was job hunting, banks and non-life insurance companies were popular among law and economics students, most of whom were not able to determine their own interests and aptitudes, and attracted by

good salaries offered and opportunities provided to be involved in various industries.

It is inevitable that the irrational system of mass hiring of new graduates will collapse, and future workplaces will be composed of diverse human resources in various aspects, including new graduate hires, people from other companies, alumni hires who once left the Company and returned, and in terms of employment periods, those who work until retirement age and those who move to other companies after a certain period. To carry out highly creative work such as developing new customers, developing new products, and launching new businesses in a workplace with increased diversity, an environment where people can freely express their opinions and provide proposals and discuss them is necessary.

To approach this ideal workplace, it is important to promote face-to-face relationships by advancing direct interaction

between people, and exchanging opinions while seeing each other's faces at the same place. Although it takes efforts, subsequent communication via tools like email and chat should become more effective.

Our Company has established spaces for employee interactions following the relocation of our Head Office. Also, executives, including the President, frequently visit domestic and overseas subsidiaries, factories, and research facilities to exchange opinions with employees. I want to further advance these efforts and realize a workplace rich in creativity by building face-to-face relationships that transcend the barriers of age, position, and affiliated sections.



Shinobu Fujino

Outside Director
(Audit and Supervisory
Committee Member)

In addition to many years of business experience in operating companies, she has extensive knowledge and experience in human resource development, organizational development, and diversity promotion as a career counselor and Outside Director.

I will engage in mid- to long-term discussions to continue creating change toward 2030

The operation of the Board of Directors is very well-devised. Although the materials sent in advance are quite voluminous, some agenda items are explained in advance the day before, and on the day, explanations are focused on key points, allowing sufficient time for questions and answers. With a compact meeting body of only seven Directors in total, there is an atmosphere of close discussion, making it a place where questions and opinions can be freely expressed. Regular reports are also made on the progress of the Mid-term Management Plan SPEED 25/30, allowing for timely understanding of the current management situation and future outlook. While there were many short-term perspective

topics this year aimed at the FY2025 targets, I expect that mid- to long-term topics will increase in the future, such as the re-examination of goals toward 2030.

One of the themes of SPEED 25/30 is promoting diversity. I believe that the positive aspects brought by diversity in human resources are essential for future corporate management that constantly demands change. Within the Group, gaining diversity perspectives through exchanges with Korean companies is also a strength. Also, this year saw the emergence of a female executive officer from within the Company. Japanese universities have finally begun initiatives to increase female STEM talent, and I hope that Hodogaya Chemical will also actively work on recruiting women and promoting them to leadership positions, steadily creating organizational change.

In terms of change, strengthening the management foundation through DX promotion is also one of the themes of SPEED 25/30. At the Board of Directors meetings, we also receive regular reports on the progress of the core system SAP renewal project. The project is reportedly progressing according to the initial plan, suggesting that costs and risks have been sufficiently considered in advance before implementation. I expect that the new system will contribute to management with more accurate and rapid data collection and analysis.