



Messages from Outside Directors



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.

Increase diversity and creativity in the workplace through employee-focused career development

Under the strong leadership of Yuto Matsumoto, President and CEO, Hodogaya Chemical is actively working to reform its business. With the establishment of the Organic & Optical Device Materials Division and steady efforts to grow the organic light-emitting diode (OLED) business, the Company has put into place a system to focus on the development of perovskite solar cell materials, which could be a key to solving energy issues. By merging its South Korean subsidiaries SFC and REXCEL, the Company has achieved integrated production of OLED materials and is seeking to enter the field of nucleic acid medicine, next-generation pharmaceuticals. Hodogaya Chemical has also upped shareholder returns by raising the dividend for five

consecutive years and it aim to be a company that continues to grow and is beloved by investors for the next 100 years.

The basis of this strategy is maintaining a workplace where everyone feels job satisfaction by proactively developing human resources and improving engagement, the first E of SPEED 25/30. With subsidiaries and bases in various countries, the Company requires global talent who can overcome cultural differences to build relationships of trust and push its business forward. To promote open innovation, Hodogaya Chemical also needs specialized talent who can proactively collaborate with its affiliates. Furthermore, as a manufacturing company, it is essential that plant employees, who are the Company's lifeline, can work safely and with motivation. In areas such as accounting and internal control, the Company also requires talent who can drive reforms through the use of AI and other technologies.

As a company with over a century of history, we have long

strived to create a collaborative and stable workplace. Our relationship with the labor union has also remained strong.

However, the workplace is evolving. It will increasingly be composed of diverse talent—including new graduates, mid-career hires from other companies, alumni rejoining the organization, and individuals with varying career paths, such as those who stay until retirement or those who transition to other companies after reaching a milestone. We also expect to see a continued increase in foreign talent.

To enhance the creativity of this increasingly diverse workforce, a company must stand alongside its employees and actively support them in realizing their desired career paths. I believe that steady, sincere efforts will lead to meaningful outcomes. With this belief, I will continue to engage in active discussions within the Board of Directors and the Nomination and Compensation Committee.



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.

Deepen discussions at Board of Directors' Meetings to promote shareholder returns and diversity

The Board of Directors' agenda covers a wide range of topics, including decisions on the allocation of revenue earned through business activities. Even in an uncertain business environment where the future is difficult to predict, the Company has continued to steadily increase dividends to shareholders. Hodogaya Chemical has also discussed expanding the scope of the J-ESOP to employees and encouraging increases in employee salaries. Following its recent investment in South Korea, the Company has also been proactive in domestic capital investment, primarily in the Functional Colorants segment, including strengthening the functions of

the Tsukuba Research Laboratory. I sense a growing commitment to returning profits to shareholders and employees and to investment activities.

The progress of SPEED 25/30 is also reported to the Board of Directors, and a target for the percentage of female managers has been set as part of the promotion of diversity. While numerical targets for managers are important, I believe that even before that, Hodogaya Chemical needs to become a company where each employee, including women, can gain confidence through work experience and take on new challenges. The only way to develop confidence in one's work is to experience success and failure at work. The Company's future challenge is how to create an environment where each individual can take on new work, regardless of attributes such as age, nationality, or gender.

Consultations received from employees at internal and

external reporting hotlines are also reported to the Board of Directors. While the malfunctioning of whistleblowing systems has been in the news as of late, the Company is discussing ways to ensure that whistleblowers are not disadvantaged and that the consultations received contribute to the greater health of the organization. I would like the Company to continue this approach without wavering.

SPEED 25/30 is also entering its next phase. Hodogaya Chemical offers a wide range of products, so at the Board of Directors' meetings we are not just tracking sales figures, but are also currently in discussions with executives to share more specific information about each product group and discuss the future direction of business together, taking into account changes in the global situation and economic trends.



Akira Matsunaga

**Outside Director
(Audit and Supervisory
Committee Member)**

As an administrative official of the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry), he has extensive knowledge and experience both domestically and internationally.

Utilize my experience in economic and industrial administration to analyze the business environment and contribute to sustainable growth

Japanese companies are currently facing severe changes in their business environment. While technologically, they must respond to carbon neutrality and DX, the future of trade is uncertain due to rising geopolitical risks and protectionist movements. Furthermore, corporate Japan is being forced to deal with unprecedented threats, such as cybersecurity and economic security. Throughout my time working in economic and industrial administration, I analyzed major changes in the business environment and continually considered what policies were needed. I hope to utilize this experience to offer a different perspective and approach than those in internal discussions to

major changes in trends, rather than individual risks, compared to internal discussions. As a 100-year-old company, Hodogaya Chemical has weathered many economic storms. I would like to use my experience to contribute through discussions at the Board of Directors' meeting, so that the Company can continue to grow sustainably for another 100 and 200 years.

I have learned that Hodogaya Chemical's products are used as "essential" components in a variety of familiar products, such as mobile phones, copiers, stationery, herbicides, clothing, and daily necessities. I have also learned that as a 100-year-old company, Hodogaya Chemical has a history of steadily growing by pioneering new fields one after another while still valuing its founding business and overcoming numerous crises. As mentioned above, I believe that the environment surrounding corporate Japan is currently undergoing a once-in-a-century period of sea change. In order to respond to this, the Company

must not only revive its existing businesses but also create new "essentials" (pillars of revenue). I believe that Hodogaya Chemical's strength lies in the ability of its employees to work together toward this goal. I hope to contribute to creating an environment that will make this possible.