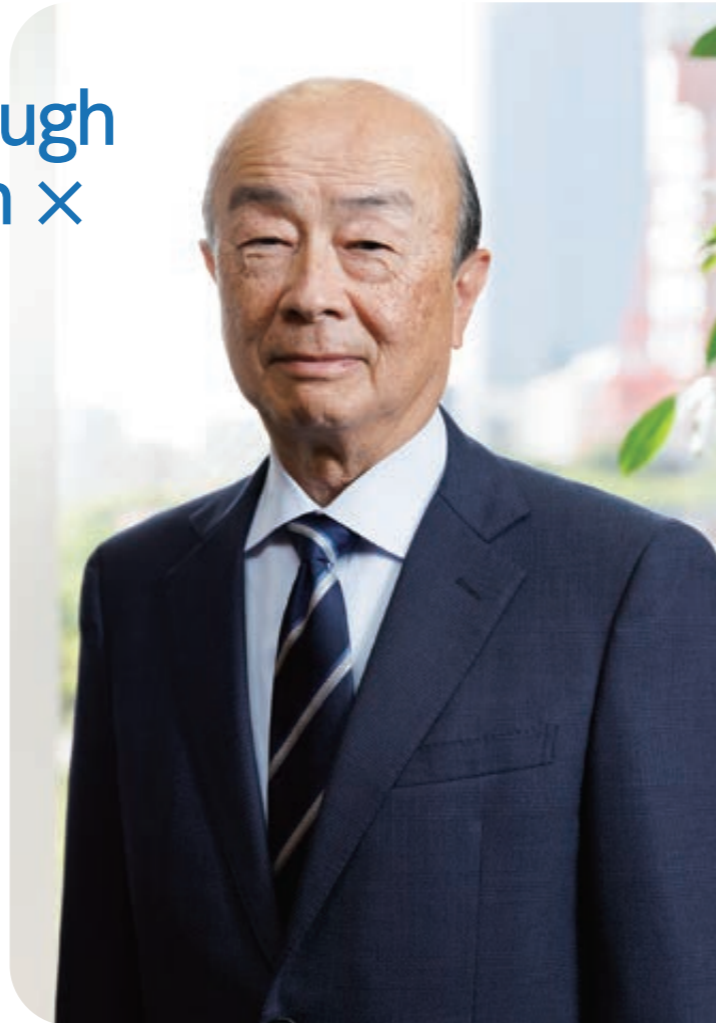


## 2030 Vision Provide new value through Co-creation × Evolution × Power of Chemistry

In April 2023, Fujikura Kasei launched its 11th mid-term management plan which charts the company's course of action over the next three years. Based on values created by its five business segments, Fujikura Kasei will contribute to the development of a sustainable society as it strives to realize its 2030 vision. Below, we interviewed President Kato about the strategies of the management plan and his thoughts on realizing its goal.



Fujikura Kasei Co., Ltd.  
President

**Daisuke Kato**

## Toward “Creating a New Vision for the Next Generation.” Launch of the 11th mid-term management plan

### Please reflect on the 10th mid-term management plan.

The 10th mid-term management plan largely fell short of its performance targets. I must acknowledge that this was a crushing failure.

The constraints which COVID-19 placed on our economic activities, the decrease in production of automobiles caused by the shortage of parts supplies, the disruption of the global supply chain, the drastic surge in prices of raw materials, and the deterioration of market conditions due to the invasion of Ukraine, all had a considerable impact on us.

We are involved in a wide range of industry areas with a

variety of products, and the pandemic has hit us hard in almost all areas. For example, we faced a drop in demand in the automotive market, decline in housing starts in the housing market, a decreasing demand in the renovation market, and a downturn in the electronics parts market, among others.

### “Change” was the keyword of the 10th mid-term management plan. How did this go?

Although we were unable to achieve the targets of the 10th mid-term management plan, we pushed forward with our

priority measures under the keyword of “change,” such as developing new products, cultivating new markets, and establishing a framework that would lead us to our next opportunity for change. The steady progress we have made despite COVID-19 has generated a certain sense of progress. By giving concrete shape to this momentum, I believe we can segue into the 11th mid-term management plan.

### What are the aims and characteristics of the 11th mid-term management plan?

The 11th mid-term management plan sets forth the basic policy of “creating a new vision for the next generation.” To promote this concept, it is necessary for all employees to share the image of our new vision over the long term. We have also specifically defined our 2030 vision as a company that “provide new value through co-creation × evolution × power of chemistry” as a new challenge in strengthening the backcasting approach.

The basic concept of the mid-term management plan was formulated by bringing together the backcasting approach, which required us to recognize the difference between our 2030 vision and the present and consider what needs to be done to achieve the vision, and the forecasting approach, which focused on the future as an extension of the present. Although the 11th mid-term management plan was initially slated to be launched in fiscal 2022, we spent the year as a period of preparation and took time holding discussions on formulating the plan with the participation of all employees. This year marks the 85th anniversary of our company's founding. While there are many aspects of our company that we must pass on as part of our long history, we must also change in response to the significant changes occurring in society.

### Among the business strategies outlined in the 11th mid-term management plan, what is the aim of the business portfolio strategy?

We organized our business portfolio along the two axes of profitability and growth and further divided the businesses of our five business segments into three areas: the “Sprouts” “Young leaves” and “Trees” areas.

Based on this business portfolio, we hope to achieve sustainable growth through a constant update of the business profile of each business segment.

### Hasn't this concept existed before?

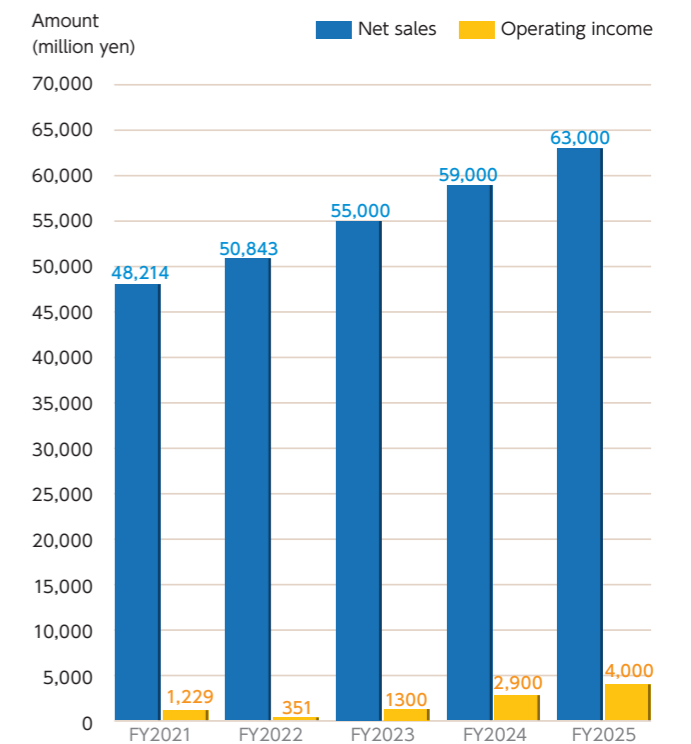
Up to now, the products of each business segment were managed by dividing them into strategic business units (SBU). However, as an enterprise framework, it was obscure in certain respects.

Under the 11th mid-term management plan, I believe the business portfolio model will allow us to use a common company-wide yardstick in pursuing operations from strategy formulation to progress management, in the three areas.

### Has a revitalization or change occurred within the company?

The 11th mid-term management has just begun, but it clearly defines the direction we ought to take. In formulating the plan, considerable discussions were held within each business segment as to which of the three areas of the business portfolio their fields and products fall under. They were extremely meaningful discussions that included considerations of the business environment and future prospects of each business segment. They also raised expectations that they would have a direct effect on specific actions under the mid-term management plan.

■ 11th mid-term management plan  
Consolidated net sales & operating income targets



# Toward realizing our sustainability strategy

## Please tell us why particular emphasis is being placed on sustainability at this time as a management strategy.

Within our long history, each of the departments within our company has individually engaged in sustainability initiatives since way before the word emerged. From around 2019, we began to identify issues we need to address as a company under the banner of CSR (corporate social responsibility). Thereafter, demands from society that required our attention became increasingly sophisticated and complex, such that we came to the realization that we must engage in sustainability in even greater depth. Thus, in April 2023, we brought sustainability to the fore and established a sustainability committee so we may make company-wide efforts to engage in sustainability as a management issue.

Sustainability initiatives will lead to sustainable growth of our company. Through the progress we have made, from individual efforts to CSR initiatives and on to sustainability initiatives, I hope to nurture greater awareness of sustainability among all our employees.

## How are Fujikura Kasei's businesses linked to social issues?

I am aware that a wide range of social issues exist in society. Some are issues too large and difficult for us to address alone when considering the size of our business. However, as a chemical manufacturer, contributing to addressing environmental issues with our products is a theme that is close to us. We, of course, will address social issues other than those related to the environment, but I believe climate change, in particular, is an urgent social issue shared by the entire world.

## Will decarbonization be an integral part of your initiatives?

As a chemical manufacturer, it is our mission to roll out products that contribute to a carbon neutral society through technological development. As a start, we are calculating and disclosing Scope 1, 2, and 3 CO<sub>2</sub> emissions from our supply chain to visualize the situation toward reducing CO<sub>2</sub> emissions.

We have also created a mechanism to calculate the carbon footprint of each product and have begun to disclose this information to our customers. Presently, we are considering visualizing our decarbonization initiatives on a global scale.

## Will efforts hereafter focus more on the development of new products and technologies to contribute to society through your businesses and products?

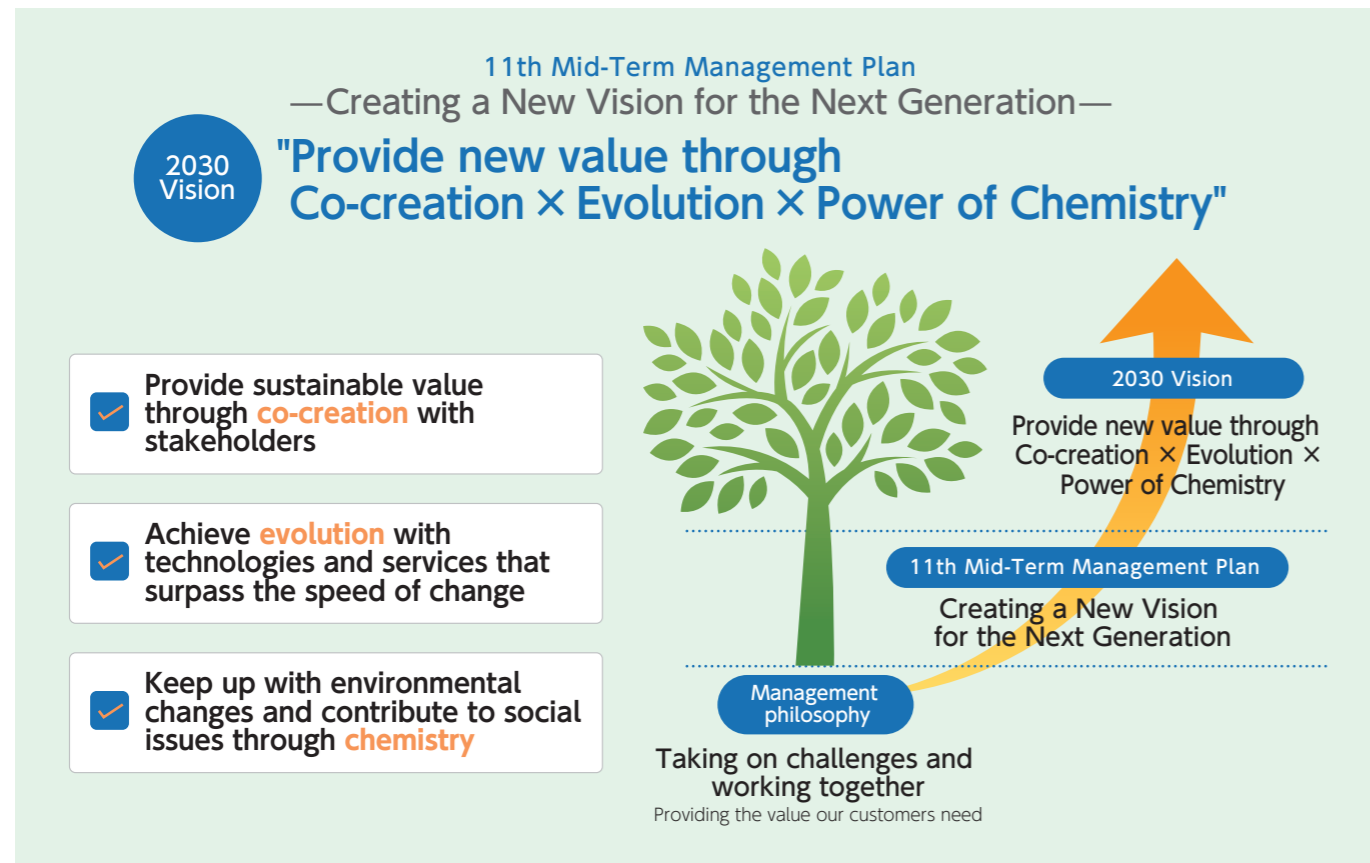
Under the 11th mid-term management plan, we will actively pursue businesses and the development of products that would play a role in solving social and environmental issues, as we have done up to now. For example, solvent-borne architectural coatings and resins, which have been the mainstream, will be gradually replaced by water-borne types, as an example of an apparent change.

Additionally, raw materials will also shift from petrochemical materials to materials derived from biomass, and this shift will likely accelerate along with market demand. Therefore, we will actively engage in product development while keeping a close eye on changes in the world.

## Please give a few words about this Sustainability Report to your employees and other stakeholders.

This Sustainability Report marks the first fiscal year of transition from the CSR Report. The CSR Report has played a role as a medium that presents our initiatives and vision, but

even more upgraded information will now be provided in the form of a Sustainability Report. Foremost, I hope it will be instrumental in promoting a shared awareness among all employees of our Group about "what kind of company we are and what we aim to achieve," not only by providing numerical figures such as sales and profit, but also by setting forth our Group's future direction. I also hope this report will provide an opportunity for our stakeholders to get to know even more about our Group.



### Stages to be achieved toward 2030

		FY2023-2025	Up to FY2029	FY2030
<b>Stage</b>		Period covered by the 11th mid-term management plan	Promote investment and maximize growth businesses	Provide new value through Co-creation x Evolution x Power of Chemistry
<b>Business portfolio</b>	<b>Sprouts</b>	<ul style="list-style-type: none"> <li>Develop new, high value-added products</li> <li>Initiatives of the Technology Strategy Office</li> </ul>	<ul style="list-style-type: none"> <li>Shift the businesses of the Sprouts area to the Young Leaves area</li> </ul>	<ul style="list-style-type: none"> <li>Increase profitability of the Sprouts area</li> </ul>
	<b>Young Leaves</b>	<ul style="list-style-type: none"> <li>Concentrate investment in the Young Leaves area</li> <li>Maximize the company's strengths</li> </ul>	<ul style="list-style-type: none"> <li>Maximize the Young Leaves area with the help of investments</li> </ul>	<ul style="list-style-type: none"> <li>Mature the Young Leaves area</li> </ul>
	<b>Trees</b>	<ul style="list-style-type: none"> <li>Thoroughly increase productivity and strengthen profitability</li> <li>Increase shares</li> </ul>	<ul style="list-style-type: none"> <li>Make business decisions in accordance with the business portfolio</li> </ul>	
<b>ROE</b>		8%	9%	10%
<b>Shareholder return</b>		More than 70% (total payout ratio)	40-50% (dividend payout ratio)	