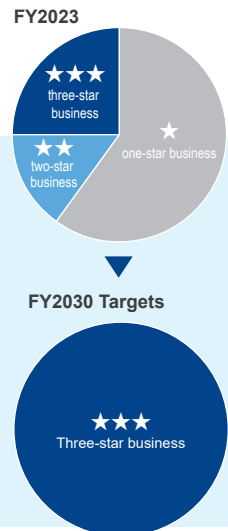


Portfolio Transformation Committee

The Portfolio Transformation Committee, chaired by the President, was launched in FY2023 in order to increase the number of three-star business to 100%. We are reviewing and confirming the policies of our one and two-star business. After deliberation, we plan to decide on a course of action by FY2024 for businesses that are rated as 1-Star and are currently unprofitable, including the chloroprene rubber business, and six of them are scheduled to implement final measures within a set time frame. Among them, the highest priority will be given to fundamental measures for the chloroprene rubber business. In addition to these six businesses, we will also capture the trends in future demand and optimize the sales and production systems for styrene resin products in line with the restructuring of the petrochemical business in the chemical industry as a whole.

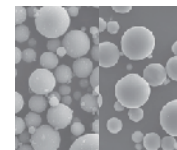


What is a three-star business

Businesses incorporating the three elements of specialty, megatrends, and sustainability. A star is given when each criterion is met.



Representative three-star ★★★ products



Spherical silica/
spherical alumina



QuickNavi™-Flu +
COVID19 Ag

The consideration process of the Portfolio Transformation Committee



Status of the initiative to achieve 100% three-star business

Decided the deadline in six businesses (total operating profit/loss of ¥15 billion)
Implemented the final measures

- (1) Consolidation of manufacturing bases in Toyokalon business
- (2) Withdrawal from Y Film and Caralyan business
- (3) Decision on the fundamental measures for the chloroprene rubber business

Scrutinize optimal chloroprene rubber production capacity at Omi Plant and DPE in the U.S. from various perspectives, including demand trends, exchange rate trends, raw material market conditions, and BCP measures.

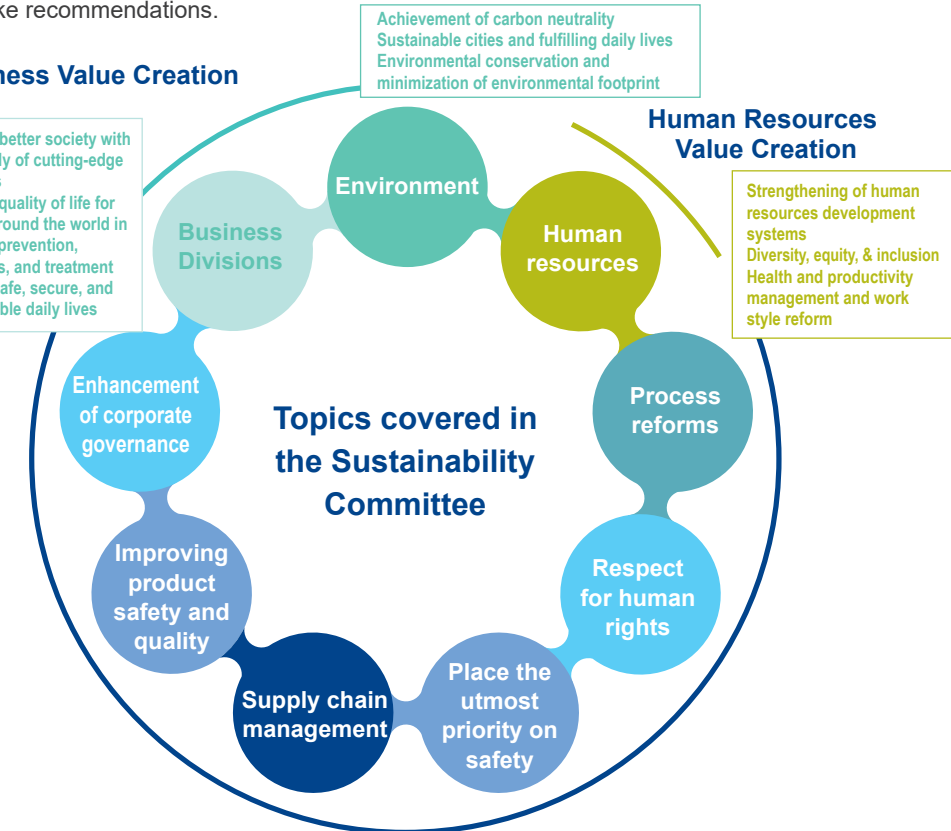
Sustainability Committee

▶P15 Sustainability promotion framework

The Sustainability Committee was established to manage the progress of the non-financial targets set forth in the management plan "Mission 2030". The committee was established as an organization within the Executive Division. It is chaired by the President, and the committee members are made up of the officers in charge of each management division. The Chairman, full-time audit committee members, and outside directors participate as observers. The committee meets five times per year to deliberate about the initiatives of executive divisions that are in line with the themes below and report the results to the Board of Directors and make recommendations.

Business Value Creation

Create a better society with the supply of cutting-edge materials
 Improve quality of life for people around the world in areas of prevention, diagnosis, and treatment
 Realize safe, secure, and comfortable daily lives



Management Value Creation

Management divisions: Report on the status of activities and progress of non-financial KPIs
Business divisions: Report on responses to risks and opportunities related to sustainability issues