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Daring to Challenge What Only Nitto Can

Taking Advantage of Changes to Build a Resilient Corporate Structure

In fiscal 2022, the Nitto Group achieved revenue of 929.0 billion yen and an operating income of 147.2 billion yen, both record highs, despite the difficult business environment. We could not hope to accomplish this without everyone in the Group forging ahead with their business.

This past year was highly unpredictable, with geopolitical risks including China's zero COVID policy and Russia's invasion of Ukraine, price surges, and rising interest rates. On the other hand, we benefited from the yen's depreciation against other currencies, so our operating environment was mixed, to say the least.

As much as it is hard to anticipate what to expect in the global economy, I believe it important that business managers keep abreast of management risks by running simulations within a certain margin. It is also important to respond to changes flexibly while building a resilient corporate structure immune to the external environment. I think it's safe to say that the brilliant showings in fiscal 2022 are attributable to the fact that both officers and employees united as one to address burning issues common throughout the Group.

To build a resilient corporate structure, it is vital that we transform our business portfolio. While the information and communication technology (ICT) business, which offers circuit materials, and the medical business, which includes oligonucleotide therapeutics, keep growing, the Nitto Group is trying to establish new mainstay businesses by aggressively investing in them. I am pleased to say that we are moving step by step toward building a robust business portfolio.

When I joined Nitto some 45 years ago, I remember the president of the company often saying, "From changes arise opportunities." This phrase is still entrenched in my mind nearly half a century later. At the risk of sounding too general, we become

restless when change arrives. His positive thinking that change comes hand in hand with opportunity left a lasting impression on me as a new recruit.

On its way to sustained growth, the Nitto Group has created a large number of Niche Top products as we constantly explore the ever-changing markets.

Achieving Sustained Growth by Simultaneously Pursuing Restructuring and Growth Strategies

Looking back on the past 10-plus years, the Nitto Group has encountered major changes, a.k.a. adverse situations, many times. Still fresh in my memory is the global recession triggered by the economic and financial crisis in 2008, which resulted in our business performance dropping significantly, albeit temporarily. Yet we took things positively, rather than being unnecessarily intimidated by the change, and navigated the company accordingly. Our solution was to "discontinue" or "downsize" some of our operations, which is not very easy to do during ordinary times, while investing a lavish amount of money in products that we believed would grow. It is this approach of pursuing both restructuring and growth strategies that underpins the Nitto Group's sustained growth.

And now, a clear and present change is happening to the global environment. It is never easy to reduce the negative impact that business activities may cause on the environment, by achieving carbon neutrality and other initiatives. To address this challenge, we are focusing on proposing products that help our customers reduce their environmental impact, while properly assessing risks and opportunities. Hence PlanetFlags/HumanFlags.

In the field of contributions to human life, we have launched numerous products already. We thus believe that we must add to the list of such products in the field of contributions to the environment going forward. As you can imagine, it is no easy task to ask users of our existing products to replace them

all at once. As every player in the supply chain is increasingly required to comply with regulations on carbon neutrality, and so on, it is not necessarily in the best interest of our customers in the long run to continue to use existing products. Rather, I firmly believe that, through close communication, encouraging them to use products that help to reduce environmental impact will eventually serve their interests best.

One of the challenges that will face the Nitto Group from now on, as we build a resilient corporate structure immune to the external environment, lies upstream of the supply chain, that is, stable procurement of raw materials. Also challenging is securing reliable access to raw materials in the face of rising geopolitical risks. Regulations on chemical substances are being tightened everywhere globally, and we must be more attentive to sustainable procurement than ever. More than a few of our Niche Top products use raw materials whose procurement can be affected by such risks. If the supply of such resources suddenly stops due to environmental regulations or geopolitical risks, we will be affected enormously. To prepare against this, we have established the Supply Chain Committee to invite key organizations, including the procurement division and development departments from each business division, to locate risks associated with procurement and conceive countermeasures.

The Nitto Group with an “Irreplaceable Position” in the World

The Nitto Group has drawn up a new mid-term management plan, Nitto for Everyone 2025, which will serve as a beacon to us during the first three years (from fiscal 2023 to fiscal 2025) as we seek to realize our “2030 Ideal State.” Now, we envision ourselves as an “irreplaceable top ESG company that continually brings amazement and inspiration as a Niche Top creator,” by 2030. Merely having people appreciate our existence is not enough; our goal is to be an “irreplaceable” piece as we pursue what makes Nitto stand out and be unique. In more concrete words, by combining ESG management and the Niche Top Strategy, we intend to deliver more “products and services that are irreplaceable” for customers, society,

and planet Earth than ever.

Meanwhile, to expedite ESG management, we are dedicated to ESG initiatives within the Group. At Nitto, we deliberately call information other than financial information “future-financial” information, not “non-financial” information. This is because we expect ESG investments to have financial value in the future. We classify future-financial indicators into human resource-related ones, which concern the revitalization of people and teams, product-related ones, including PlanetFlags/HumanFlags and Niche Top products, and environment-related ones, which concern decarbonization and resource recycling. In each category, we are adding more new indicators on top of existing ones and are working hard to achieve targets for each indicator.

Some of the leading examples of what we do for ESG management include: announcement of support to the Task Force on Climate-Related Financial Disclosures (TCFD), realization of carbon neutrality by 2050, development of PlanetFlags/HumanFlags into Niche Top products, formulation of the Basic Policy on Sustainability, implementation of the measures that aim at empowering female employees, and the establishment of an organization dedicated to ESG.

One ESG initiative that merits special mention here is the Nitto Group Carbon Neutral 2050, in which we commit ourselves to decreasing CO₂ emissions to 470,000 tons by fiscal 2030. To this end, we intend to spend 30.0 billion yen over the three-year period of the new mid-term management plan. Furthermore, we will increase the total amount of relevant investment up to fiscal 2030 from 60.0 billion yen to 80.0 billion yen in a bid to achieve the goal ahead of schedule. To drive our environmental initiatives beyond decarbonization, environment-related future-financial indicators of the new mid-term management plan include the waste plastics recycling ratio and the sustainable materials procurement ratio.

Making ESG Investment Consistent with Business Improvement Is the Essential Duty of Top Executives

Leading this company as I am, I wasn’t initially certain what to do with ESG management. How should we go about boosting performance while

making ESG investments?—It’s not easy to find an answer to this question. After careful consideration, however, we have decided to “pursue solutions to social issues and creation of economic value through our unique approaches, placing ESG at the core of our management.” Now, when you invest in your business, you have to recoup it by any means. Therefore, I take it as an essential duty of the top manager of this company to provide PlanetFlags/HumanFlags to customers, generate a fair amount of earnings, and reinvest part of them into future product development.

So far, we have recognized a total of ten products according to our unique standards. In fiscal 2022, I had the opportunity to commend our employees who were involved in PlanetFlags/HumanFlags on our Foundation Day, along with recipients of the President’s Award. We hope to recognize more going forward and have asked our development teams to have all of their projects meet the standards for PlanetFlags/HumanFlags. At the same time, we are planning to make a shift to PlanetFlags/HumanFlags for existing businesses as well, so that we can accelerate this initiative in a uniquely Nitto way.

Sometimes, people tell me that Nitto will soon become a one-trillion-yen company, but my bottom line is the business’s profitability. What’s more important for me is achieving a 17% ratio to revenue. I also feel that it’s essential to keep ROE in the double digits. Salespersons may even prefer to see sales numbers grow even at the sacrifice of some operating income, but that will rid us of our uniqueness. This being the case, we will never play in a volume zone in any business, because competing in a volume zone means a pricing war and a lower ratio to revenue. What we should be playing in is the high-end market. Although its volume may be somewhat limited, we can still achieve high profitability if we take the lead in niche market segments. The Nitto Group also covers up to the mid-end market, where we can expect high returns if we follow a business model that is different from those of the high-end market, such as a royalty business based on the patent strategy.

Outside of business, the Nitto Group organizes social contribution activities on a global scale. One of them is the sponsorship of the Nitto ATP Finals, the season-ending tournament of men’s professional

tennis. As part of this sponsorship, we offer a social contribution program. We will remain committed to such activities as a way to help realize a better society.

Breaking the Interdivisional Walls to Facilitate Mergers among Business Domains

Having redefined its three focus domains as digital interface, power & mobility, and human life, the Nitto Group is seeking business in a way to accommodate societal changes, such as decarbonization, digitization, and health and longevity. When we updated the focus domains, younger employees were invited to join a series of discussions on such topics as how we should perceive our markets in anticipation of 2030.

In the new focus domains, we believe that the Nitto Group’s strengths can be felt more where each domain intersects, not in any of the three individual domains. For instance, in a space where the digital interface and human life intersect, we have set up a digital health business utilizing devices that make the most of high-performance materials with little burden on patients. By facilitating the cross-domain business, we aim to create Niche Top products that have never existed before.

The Nitto Group has a business division system, but it would be difficult to create new value if each division functions individually at the time of change, giving rise to the need to overcome or break barriers among organizations. As a top manager, I will ensure that we create a workplace environment that encourages our employees to make a cross-sectoral attempt to transcend organizational barriers.

We are also implementing drastic personnel programs. One of them is to replace heads of each business division to accelerate the intersection among different business domains. It may seem a reckless attempt, but we have a group of human resources that we believe can prove themselves given the opportunity. We have already begun to see the interdivisional collaboration produce an effect.

Focusing on Initiatives for Human Capital Management to Ensure Sustainable Growth

What we believe to be most important for the Nitto Group to move ahead in attaining 2030 Ideal State is human resources. As artificial intelligence and other forms of technology advance, all sorts of operations will be automated, but it will continue to be people that hold creative jobs which give rise to new values. Being aware of this, the Nitto Group is committed to putting greater efforts into human capital management, aiming to be an organization where every employee works happily and enthusiastically. Through the recruitment and development of human resources, we encourage the growth of each employee and strengthen our efforts to develop managerial candidates.

Now that over 80% of our net sales are generated overseas and approximately 70% of the workforce is based outside of Japan, DE&I poses an important issue we need to address. As part of efforts in this regard, the Nitto Group is making dedicated strides to develop global leaders. Specifically, we organize our global leader development program, Nitto Global Business Academy (NGBA), outside of Japan, implement a succession plan, rotate candidates of executive managers internationally, and run an overseas trainee program. We also ensure that diversity of human resources is promoted by, for example, inviting international graduates of NGBA to Japan to get involved in marketing activities. We expect them to create new businesses across different regions.

We also believe that the empowerment of women employees is another imperative issue. To promote this cause, we have started the FLOWER Program, which aims to develop women who will lead organizations. This program offers a unique mix of positive activities, including opportunities for its participants to talk with senior executives and take management skill development seminars, to name but a few.

Striving to Achieve Zero Accidents and Injuries under the Policy of “Placing Safety Before Everything Else”

Also at the linchpin of ESG management for manufacturing businesses, along with the development of human resources, is occupational safety. Under the policy of “We place safety before everything else,” the Nitto Group identifies risks at each site and implements countermeasures according to the degree of their danger to reduce every kind of accident and injury to zero. Among such countermeasures are the installation of safety devices, as well as shields so human bodies don’t touch dangerous machines, or the introduction of fully-automated equipment that negates the need for operators to get directly involved.

In addition to doing something with the “tangibles,” including equipment on the shop floor, working on the “intangibles” is also important. Here we promote reform in employees’ safety awareness and action. In fiscal 2022, a major fire broke out at one of our Group companies. The number of occupational accidents has remained stagnant, making us more aware than ever of safety.

The word “safety” has another important meaning. It’s safety of management, that is, compliance. Even one single misconduct can shake a mega enterprise to its foundations. What is important here is that a top manager takes the lead in showing a model with speech and behavior, thus further elevating the entire Group’s awareness of compliance.

Together with my secretary and a few members of the corporate planning team, I have paid visits to various sites on the pretext of a “mobile President’s Office.” On such occasions, I tried to communicate with employees there as much as possible and solicit “bad news first.” As the pandemic is winding down, I’m hoping to do the rounds more frequently than ever. By sharing with them the awareness of safety and compliance through the candid exchange of opinions with people in the field, I will further the policy of “placing safety before everything else.”

A Niche Top Company Serving the Global Environment, Humankind, and Society

For the mid-term management plan, “Nitto Beyond 2023,” which guides us up to the end of fiscal 2023, we were able to achieve our self-set targets one year ahead of the original timeline. As we embark on the new mid-term management plan, “Nitto for Everyone 2025,” we will tighten the reins to achieve renewed targets.

As I mentioned at the outset, the Nitto Group is surrounded by tough, marked changes. If we can successfully carry out the Niche Top Strategy by creating a seamless flow of PlanetFlags/HumanFlags products, I believe we can sustain our business growth into the future.

My dream is to see countless PlanetFlags/HumanFlags fluttering at the end of fiscal 2025, the final year of the new mid-term management plan, having established themselves as Global Niche Top™ and Area Niche Top™ products. Under the belief that dreams will come true if you envision them, we will implement the mid-term management plan.

The Nitto Group will keep challenging itself in uncharted territories. One prime example is a brave attempt to develop oligonucleotide therapeutics. In the history of Nitto, which spans over a century, this is the first product that functions inside the human body. We may encounter various difficulties on the way, but beyond them, we see the joy of patients who have conquered their illnesses and our delight in having contributed to society through business.

We at the Nitto Group wish to be an “irreplaceable” entity creating Niche Top products in the focus domains where our strengths can be felt most, as in the case of PlanetFlags/HumanFlags. Our biggest wish is to see that the end products in which Nitto products are incorporated are appreciated by the general public, which in turn brings profit to our customers.

We sincerely appreciate the continued support from our stakeholders in this regard.



Mid-term Management Plan, "Nitto for Everyone 2025"

Before drawing up a new mid-term management plan, the Nitto Group set about determining the "2030 Ideal State" as a guidepost along the way. In other words, the new mid-term management plan dictates what we need to do for the coming three years if we wish to attain the "2030 Ideal State."

2030 Ideal State

We aim to be an "irreplaceable top ESG company that continually brings amazement and inspiration as a Niche Top creator" by 2030. This is our statement of intention to become an irreplaceable entity, something more than one that is merely appreciated, through the pursuit of Nitto's unique traits, placing ESG at the core of our management.



Nitto for Everyone 2025—The Concept

We drew up a new mid-term management plan, Nitto for Everyone 2025, as a three-year action plan that we hope will guide us to attain the 2030 Ideal State, i.e., an "irreplaceable top ESG company." "Nitto for Everyone 2025" takes a dual approach of exploring the Niche Top Strategy and ESG Strategy of the Nitto way. To succeed in this approach, we will focus on ESG and other future-financial tasks to make PlanetFlags/HumanFlags top products in niche markets, with the aim of solving social issues and creating economic value simultaneously.

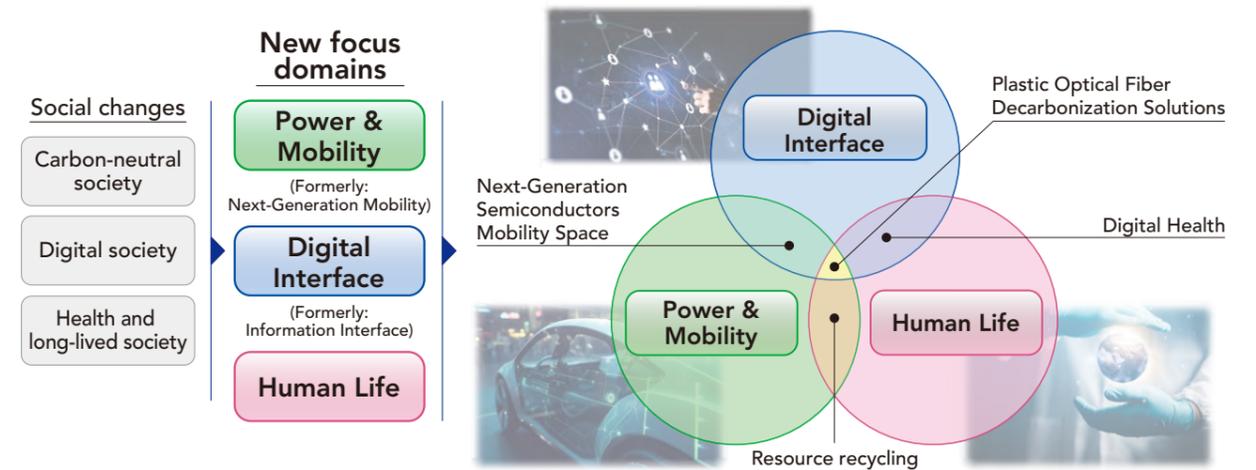
To attain the 2030 Ideal State, i.e., an "irreplaceable top ESG company" Implementing Our Niche Top Strategy and ESG Strategy



Focus Domains

Out of the need to flexibly respond to recent changes in society, including decarbonization, digitization, and health and longevity, the Nitto Group has redefined its three focus domains of information interface, next-generation mobility, and human life.

Our strategy is to leverage Nitto's technological prowess in spaces where the three intersect so that we can be an "irreplaceable" entity.



Management Targets

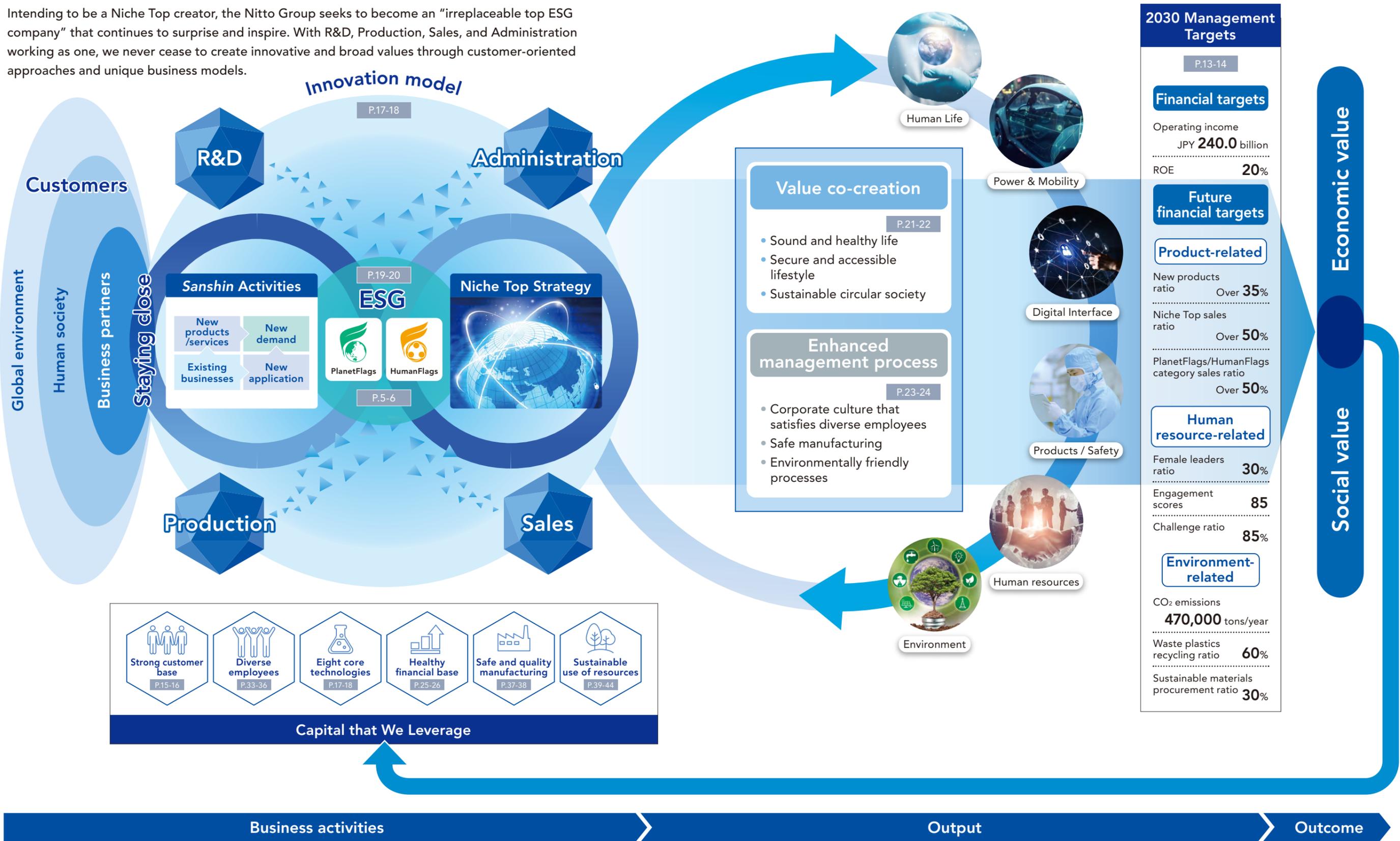
To attain the "2030 Ideal State," we have laid out numerical targets for 2030 and then set 2025 targets for the new mid-term management plan by backcasting from the 2030 targets. Placing top priority on profitability, we have set financial targets for fiscal 2025: operating income of 170.0 billion yen, 17% in the ratio to revenue, and ROE of 15%. We also newly set six future-financial targets that we need to reach if we are to be the 2030 Ideal State. These are vital indicators for accelerating ESG management, fulfillment of which should give us the status of an "irreplaceable top ESG company."

Financial Targets				Future-financial Targets (new)				
	2022	2025	2030		2022	2025	2030	
Operating income	147.2 billion yen	170.0 billion yen	240.0 billion yen	Products	Niche Top sales ratio	47%	50%	Over 50%
Operating margin	15.8%	17%	-		Percentage of products that drive Nitto's income			
ROE	12.7%	15%	20%		PlanetFlags/HumanFlags category sales ratio	17% (Flags certified products)	40%	Over 50%
				Environment	Level of contribution to the global environment, humanity, and society			
					Waste plastics recycling ratio	46%	50%	60%
				HR	An indicator showing how material-circulation initiatives have been enhanced			
					Sustainable materials procurement ratio	17% (In Japan)	20%	30%
				Future-financial Targets (continued)	Percentage of procured environmentally friendly materials			
New products ratio	41%	Over 35%	Over 35%		Engagement scores	74 (FY2021)	78	85
CO ₂ emissions	571 kton/*year	550 kton/year	470 kton/year		An indicator showing how rewarding employees find their work			
Female leaders ratio	19%	24%	30%	Challenge ratio	42%	70%	85%	
				Percentage of personnel taking on challenges of creating value				

* kton: kiloton (1,000 ton)

Value Creation Process

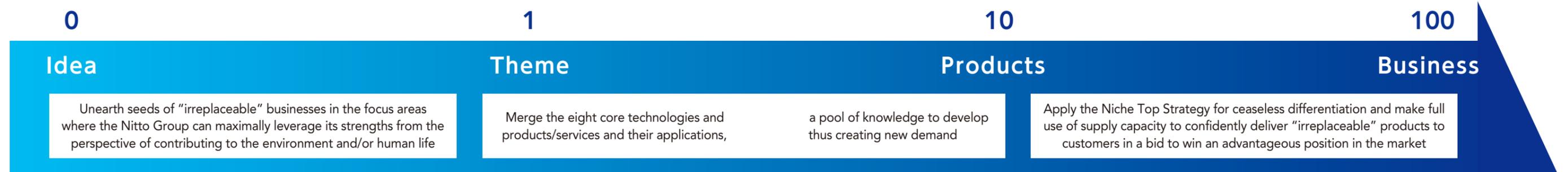
Intending to be a Niche Top creator, the Nitto Group seeks to become an “irreplaceable top ESG company” that continues to surprise and inspire. With R&D, Production, Sales, and Administration working as one, we never cease to create innovative and broad values through customer-oriented approaches and unique business models.



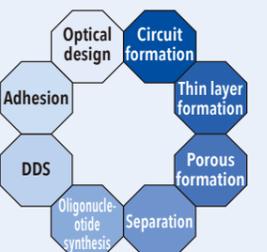
Innovation Model

The Nitto Group derives its strengths from multiple sources: the core technologies built over its many years in business, diverse business domains, competitive intellectual property rights, and a customer base that covers a broad range of industrial sectors. We have long stayed in close contact with customers and built a good relationship with them, allowing us to discover the needs of the global environment, humankind, and society ahead of the pack and keep creating new values. One could argue that this is Nitto Group's "DNA."

With these strengths working in tandem, Nitto's proprietary innovation model has been created. At every milestone in the development process, namely, "0 (idea)," "1 (theme)," "10 (products)," and "100 (business)," we verify hypotheses over and over until we are convinced of how we can come out victorious so that we can seamlessly create new businesses that contribute to earnings. We will remain committed to the creation of irreplaceable niche top solutions to keep serving the global environment, humankind, and society.



Nitto Group's Strengths

Core Technologies	Developing products that meet customer needs by combining the eight core technologies	
The Nitto Group has made constant efforts to combine and advance its founding technologies to develop core technologies, which are being applied to a broad range of businesses. In the domains of digital interface, power & mobility, and human life, where our technologies and strengths are felt most acutely, and spaces where they intersect, we hybridize our core technologies to develop "irreplaceable" products.		
PlanetFlags/HumanFlags - Products Contributing to the Environment and/or Human Life	Recognizing products that offer high contributions to the environment and human life	
The PlanetFlags/HumanFlags Recognition Scheme is an initiative for visualizing products that contribute to the process of co-creating value through innovation. Under the scheme, the Nitto Group's products are assessed according to our unique standards from the two perspectives of contributions to the environment and human life. Products that are recognized as making particularly significant contributions are certified as either a PlanetFlags product or a HumanFlags product.		
Sanshin Activities	Nitto Group's proprietary marketing approach that stimulates new demand	
Finding "new" applications for existing products and then adding new technologies to them or using new technologies to develop "new" products and then expanding their applications, thereby creating "new" demand - Literally translated as "three new activities," Sanshin Activities is the Nitto Group's proprietary marketing approach which we have diligently followed for more than 50 years by repeating the cycle of the three "news" for continued progress.		
Niche Top Strategy	Shooting for the leading share by leveraging proprietary technologies in niche markets where we have a competitive advantage	
The Niche Top Strategy is the Nitto Group's unique focus/differentiation strategy, under which we pour our management resources into niche market spaces where we can tap into our proprietary technologies and maximize our competitive advantage in the ever-growing (-changing) market. The Global Niche Top™ strategy directs our drive for a leading share in the global market, whereas the Area Niche Top™ strategy guides us to the leading position in national and regional markets as we offer products that meet the specific needs of each area.		

Nitto Group's ESG Management

Placing ESG at the core of our management, the Nitto Group bases all that we do on the Basic Policy on Sustainability.

Aiming to be an "irreplaceable top ESG company" by 2030, we will commit ourselves to simultaneously solving social issues and creating economic value for a sustainable future and the well-being of our "customers," namely, the global environment, humankind, and society.



Nitto's ESG Management

By "ESG management," we mean to solve social issues through the development and delivery of PlanetFlags/ HumanFlags and create economic value by evolving them into Niche Top solutions. This will be accomplished by way of agile Nitto Persons who dare to challenge themselves, eco-friendly manufacturing, and a sound and resilient business foundation that underpins them.

Through our unique approaches, we aim to become an "irreplaceable" entity that continues to amaze and inspire customers.



Turning Future-Financial Activities into Financial Value

The Nitto Group treats ESG initiatives as a business investment, not a cost. With this in mind, we are working to convert "future-financial" activities into "financial" value and then into corporate value.



Addressing Material Issues for Sustainability

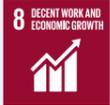
The Nitto Group pursues two approaches to tackle the 17 social issues it identified as material issues for sustainability. We set new management targets to coincide with the determination of the “2030 Ideal State” and the new mid-term management plan, Nitto for Everyone 2025.

Please see relevant pages for progress in previous management targets.

Co-Creating Value through Innovation

Material Issues for Sustainability	Risks	Opportunities	Our Initiatives	2030 Management Targets	Nitto Group’s Goals	Details
<ul style="list-style-type: none"> Support for health and longevity (lifestyle-related diseases, non-infectious diseases) Providing healthcare and long-term care services to all Control of infectious diseases on a global scale 	<ul style="list-style-type: none"> Increase in the company’s cost and risk in case of extended period and/or greater expenses of developing pharmaceutical products Lowering of the company’s competitive edge and growth potential in case of failure to meet unmet medical needs Increase in social responsibilities, such as prevention of harm to patients due to quality problems, adverse reactions, etc. 	<ul style="list-style-type: none"> Increase in demand for products and services that realize good health and longevity Increase in demand for pharmaceuticals, medical materials, and nursing care products Increase in business opportunities by providing products/services that improve QOL and prevent disease progression 			<p>Sound and healthy life</p> 	
<ul style="list-style-type: none"> Development of infrastructure for intelligent society Reduction in traffic jams/accidents Providing public transportation services for vulnerable road users 	<ul style="list-style-type: none"> Lowering of products’ competitive edge as alternative technologies emerge and the company’s technologies become commoditized Increase in responsibilities as a result of the company’s products, etc. playing key roles in ensuring safety of traffic systems 	<ul style="list-style-type: none"> Increase in demand for components, devices, and materials as IoT and digitalization advance Increase in demand for products that improve traffic flow and the safety level of automobiles Increase in business opportunities by providing products/services that facilitate self-driving 	<ul style="list-style-type: none"> R&D in line with the Basic Policy on R&D, “Solving social issues through innovation - We aim to enhance corporate value through technological development for the global environment, humanity, and society” Development and spread of PlanetFlags/HumanFlags that contribute to the environment and/or human life Strategic business approaches to the three focus domains of digital interface, power & mobility, and human life Promotion of <i>Sanshin</i> Activities and the Niche Top Strategy that meet customer needs 	<p>Product-related</p> <ul style="list-style-type: none"> New products ratio: Over 35% Niche Top sales ratio: Over 50% PlanetFlags/HumanFlags category sales ratio: Over 50% 	<p>Secure and accessible lifestyle</p> 	P.27-32 P.45-52
<ul style="list-style-type: none"> Promotion and spread of renewable energy and energy conservation Promotion of cyclic use of plastics, metals, water, carbon, and other materials Prevention of air, water, and soil pollution 	<ul style="list-style-type: none"> Increase in difficulty in sales of existing products as environmental regulations are tightened Decrease in order volume in case of falling behind in addressing environmental need Lowering of trust in the company over the long term due to failure to meet expectations of the market/customers concerning environmental measures 	<ul style="list-style-type: none"> Increase in business opportunities by providing products with a low carbon footprint Increase in business opportunities by providing products/services that facilitate energy conservation by EVs and low-powered-mobility Increase in demand for technologies/products for cyclic use of various resources/materials Increase in demand for technologies/products that contribute to separation, removal, purification or otherwise, of hazardous substances 			<p>Sustainable circular society</p>  	

Enhancing Management Process for Co-Creating Value

Material Issues for Sustainability	Risks	Opportunities	Our Initiatives	2030 Management Targets	Nitto Group's Goals	Details	
<ul style="list-style-type: none"> Recruitment/development of employees Diversity, equity & inclusion 	<ul style="list-style-type: none"> Increase in difficulty in maintaining stable business operations due to shortages of human resources Decrease in competitive edge due to inability to respond to rapid changes in the business environment 	<ul style="list-style-type: none"> Increase in productivity by way of workstyle reform and human resource development Organizational growth and creation of new values made possible by innovative human resources Hiring human resources that meet our needs by providing diverse people with an environment that empowers them 	<ul style="list-style-type: none"> Enhancement of job satisfaction and recruitment/retention of human resources Promotion of diverse work styles Development of global leaders and persons who can bring about reform Enhancement of engagement and motivation by organizational culture reform 	<p>Human resource-related</p> <ul style="list-style-type: none"> Female leaders ratio: 30% Engagement scores: 85 Challenge ratio: 85% <p>Environment-related</p> <ul style="list-style-type: none"> CO₂ emissions: 470,000 tons/year Waste plastics recycling ratio: 60% Sustainable materials procurement ratio: 30% 	<p>Corporate culture that satisfies diverse employees</p>  	P.33-36	
<ul style="list-style-type: none"> Enhancement of safety and quality of products Improvement of workplace environment Respect for human rights in supply chains 	<ul style="list-style-type: none"> Occurrence of recalls, lawsuits, etc. due to quality problems Personal damage and shut-downs due to work-related accidents Damage to the company's reputation as seen by customers, society at large, and shareholders due to occurrence of human rights issues and other scandals 	<ul style="list-style-type: none"> Acquisition of customer trust and support by providing them with safe and quality products Increase in productivity and acquisition of trust from customers by providing a safe and secure workplace environment Secure and stable product supply and acquisition of trust by respecting human rights throughout the supply chain 	<ul style="list-style-type: none"> Quality control in anticipation of social/market trends Reduction in risks of accidents/injuries and fostering of a safety culture Provision of a healthy and sound workplace environment Assessment and practice of CSR throughout the supply chain Increased efficiency in logistics through digitalization 			<p>Safe manufacturing</p> 	P.37-38
<ul style="list-style-type: none"> Reduction in CO₂ emissions Efficient use of energy, raw materials, water, and other resources Emissions-reduction of pollutants and hazardous substances 	<ul style="list-style-type: none"> Difficulty in continuing business activities due to delay in responding to the decarbonized society Shut-downs due to increased cost and difficulty in procurement Increase in the cost for compliance and difficulty in obtaining operational licenses due to delay in taking environmental measures 	<ul style="list-style-type: none"> Increase in productivity due to a shift to eco-friendly production lines that meet the demand for GHG reduction Expansion of a resource recycling business by establishing recycling technology Acquisition of trust from local communities and customers by properly managing pollutants and hazardous substances 	<ul style="list-style-type: none"> Non-use of solvents in manufacturing processes Promotion of energy conservation and use of renewable energy Efficient use of resources Development of waste plastic recycling technology Recovery/reuse of solvents Curb on release of hazardous substances into the environment 			<p>Environmentally friendly processes</p> 	P.39-44