

Human Resource Strategies

Mission of Creating Value

Based on the purpose and values that constitute its corporate philosophy, Showa Denko believes that its human resource strategies should focus on fostering co-creative human resources and cultivating the associated corporate culture. This approach will be crucial to proposing creative resolutions to issues through co-creation founded on autonomous bonds with customers and other stakeholders, shaped by mutual understanding and a resonance of values. Such human resources are a wellspring of value for the Company. Based on this recognition, we aim to develop an organization in which all employees can feel tangible growth through the career paths that suit them.

Policies and Management

A substantive integration of the management teams of Showa Denko and Showa Denko Materials took place in 2022. To unite employees around the world and orient them toward a single shared goal, we also established a corporate philosophy, which defines our purpose and values, as the most important guideline for the newly integrated company. In addition, a new culture and communication division was established under the control of the CHRO with the goal of helping employees form an intimate and personal connection to our purpose and values. It is anticipated that such connections will help employees to maintain a sense of their purpose and aspirations, as well as those of the Company, even in times plagued with uncertainty.

At the same time, we recognize that acting in accordance with our corporate philosophy will require us to secure a diverse staff and to

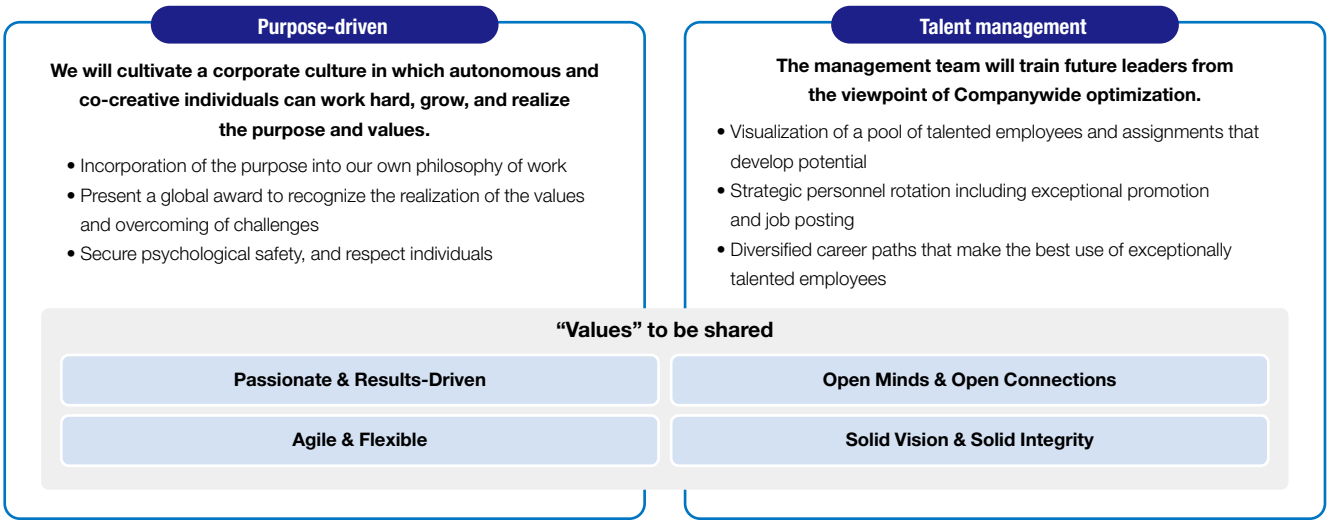
aggregate the insight of these diverse individuals into a greater body of collective knowledge. Based on this recognition, our diversity and inclusion promotion team will be integrated into the aforementioned culture and communication division to play a leading role in the development of our corporate culture.

There is also a need for management to foster leaders from the perspective of Companywide optimization. For this reason, we are strengthening systems to clearly identify candidates for future leadership roles and boost the competitiveness of our human resources through strategic job rotations. In addition, human resource business partnership systems are being reinforced to facilitate the growth and endeavors of businesses, from the perspectives of people and organizations, together with the General Managers of business divisions.

Strategies

A top priority in fostering a corporate culture based on a shared understanding of our purpose and values will be to create a platform that underpins this culture, by aggregating the insight of diverse individuals into a greater body of collective knowledge. Specifically, we will implement measures to promote the dissemination of and personal connection with our purpose and values, which should serve as the basis for the judgments of all officers and employees, eradicate unconscious biases, and promote diversity. We thereby aim to develop an organization in which

employees feel the psychological safety necessary to engage in constructive discussion, regardless of their rank, division, or affiliated company. Furthermore, a global award program to accelerate the embrace of our purpose and values is slated for launch in 2022. Conducted jointly by Showa Denko and Showa Denko Materials, this award program will offer an opportunity to recognize initiatives that embody our corporate philosophy and to provide stimulation and motivation to employees of all organizations and from all countries.



Progress toward the Long-Term Vision and Roadmap

The first phase of our initiatives to foster co-creative human resources and cultivate the associated corporate culture, in order to propose creative resolutions to issues through co-creation, will be to establish the necessary foundations for a newly integrated company. In this phase, we will arrange unique training sessions to bolster the co-creative collaboration capabilities of employees and officers as part of the aforementioned initiatives for disseminating our corporate philosophy, guaranteeing psychological safety, and eradicating unconscious biases.

Furthermore, the future leader candidates clearly identified through a joint effort by Showa Denko and Showa Denko Materials will be sent to selective leadership training programs in fiscal 2022. One element of these

programs will be coaching aimed at thoroughly instilling our corporate philosophy into these candidates. The second phase of these efforts will take place after the integration scheduled for January 2023. Initiatives in this phase will include streamlining operating processes through the global introduction of core systems and improving employee experiences through exhaustive analysis of employee engagement surveys and utilization of the results. The third phase will involve strengthening global governance and talent management. In this phase, we aim to have globally integrated organizations and human resource management system operating with human resource systems, development programs, and career paths that are codified on a Groupwide level.

Results in 2021	Plan for 2022	Vision for the future (2030)
<p>Cultivation of the corporate culture</p> <ul style="list-style-type: none">• Arrangement of workshops open to employee participation on a voluntary basis to discuss the values of the newly integrated company• Announcement of values to employees• Distribution of video messages by the presidents of Showa Denko and Showa Denko Materials, expressing sentiments encapsulated in the corporate philosophy	<p>Cultivation of the corporate culture</p> <ul style="list-style-type: none">• Communication of the meaning of integration through messages from the new president• New Year's greeting from the new president• Town-hall meetings at business sites• Online Café events to help employees form a personal connection with the corporate philosophy• Distribution of booklets to facilitate understanding of the corporate philosophy• Section and department manager training and workplace workshops to promote understanding of the corporate philosophy and set organizational targets <p>Talent management</p> <ul style="list-style-type: none">• Training sessions to bolster co-creative collaboration capabilities (dissemination of the corporate philosophy, securing of psychological safety, and eradication of unconscious biases)• Selective leadership training	<ul style="list-style-type: none">• Evolution into a leading company that develops human resources which other companies want, by cultivating the corporate culture and fostering creative and autonomous co-creative human resources

Measures and KPIs to Address Material Sustainability Issues

The material sustainability issues defined for 2030 include fostering creative and autonomous co-creative human resources and cultivating the associated corporate culture. The following four priority measures have been established with regard to this issue, and we are examining the possibility of linking these measures to medium-term nonfinancial KPIs. We look to codify these initiatives to form a Companywide management cycle of establishing KPIs, implementing measures, confirming progress, and monitoring and supervising initiatives through the Board of Directors.

Priority measures	Targets for 2025	Results in 2021
<p>1) Exercise of management philosophy</p> <p>2) Enhancement of talent management</p> <p>3) Ongoing growth of people and organizations</p> <p>4) Promotion of employee success and psychological safety through diversity, equity, and inclusion</p>	<p>1) Evolution and enhancement of co-creative initiatives through the global award program</p> <p>2) Increase in the number of applications through the internal open application system to contribute to autonomous career development</p> <p>3) Improvement of employee engagement-related scores</p> <p>4) Promotion of diversity in management and cultivation of an inclusive corporate culture through increases in the ratio of female managers (7% in Japan and 13% on a global basis [consolidated])</p>	<p>1) Development and launch of the global award program for the newly integrated company (acceleration of the embrace of our purpose and values)</p> <p>2) Preparation of the internal open application system for the newly integrated company</p> <p>3) Introduction of employee engagement surveys for the newly integrated company</p> <p>4) Ratio of female managers of 4.5% in Japan and 11.5% on a global basis (consolidated)</p>

: Dhemical Community for Voluntary, Co-creative Action

Established a step ahead of the integration of Showa Denko and Showa Denko Materials, Dhemical is a community for voluntary action by new employees. This community consists of 12 teams that explore topics such as new business creation, framework establishment, and corporate culture reforms.

Currently, more than 50 employees from more than 20 divisions across the two companies are participating in activities on a team that matches their interests. Through this community, new employees can broadcast their goals while teaming up with colleagues from different divisions and age groups to tackle the challenges they feel a need or desire to address at the moment. These voluntary activities provide employees with a sense of motivation and have thus been contributing to accelerated co-creation between the employees of both companies, while heightening employee engagement. Cultivating our desired corporate culture through reforms to the behavior of management will not be the only path through which we strive to become a “Co-creative Chemical Company”; we will also seek to build this culture through an autonomous virtuous cycle of recognizing the self-driven co-creation activities of employees, motivating them, and supporting such action through coworkers and supervisors.

