

Resonac's Human Capital Management

04 Why We Can

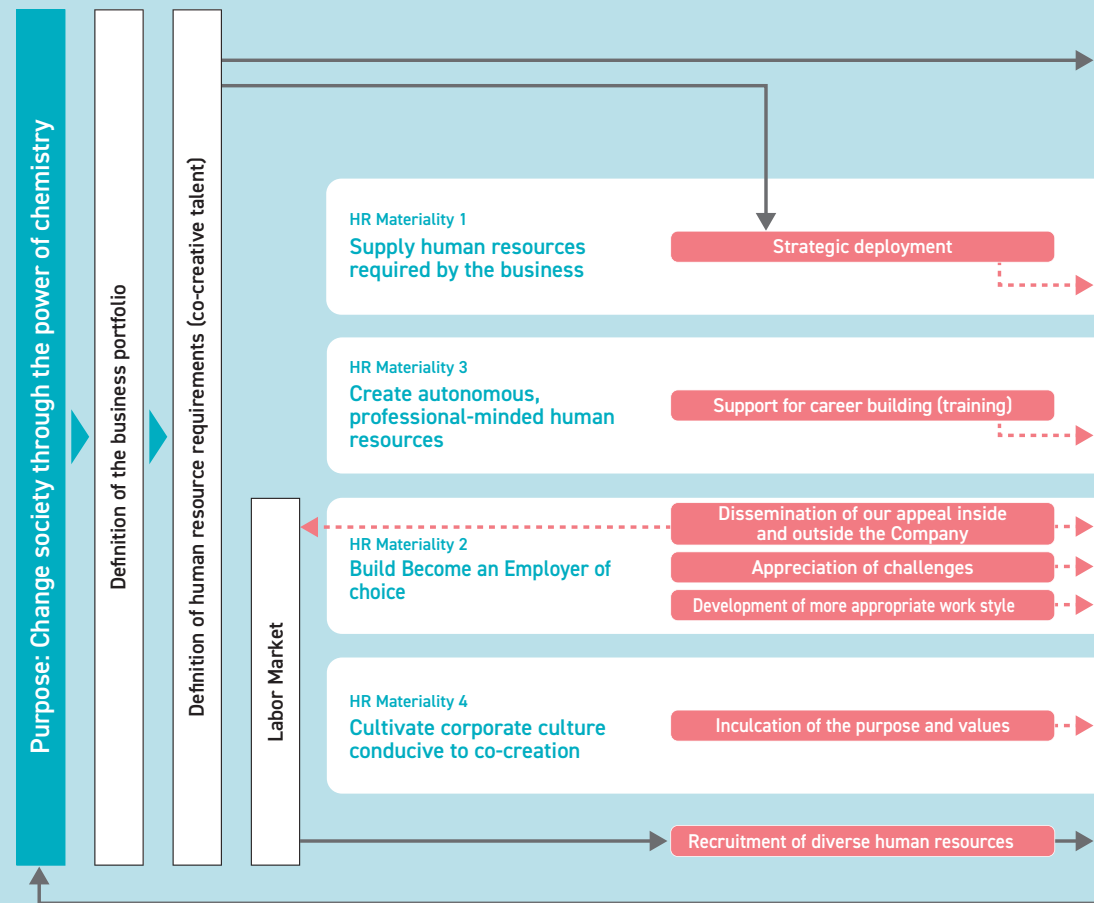
Organizational capabilities to help change society

What areas are we strengthening, and what approach are we taking to become an organization that can compete on the global stage? We will share Resonac's resilient organizational development through our current initiatives.

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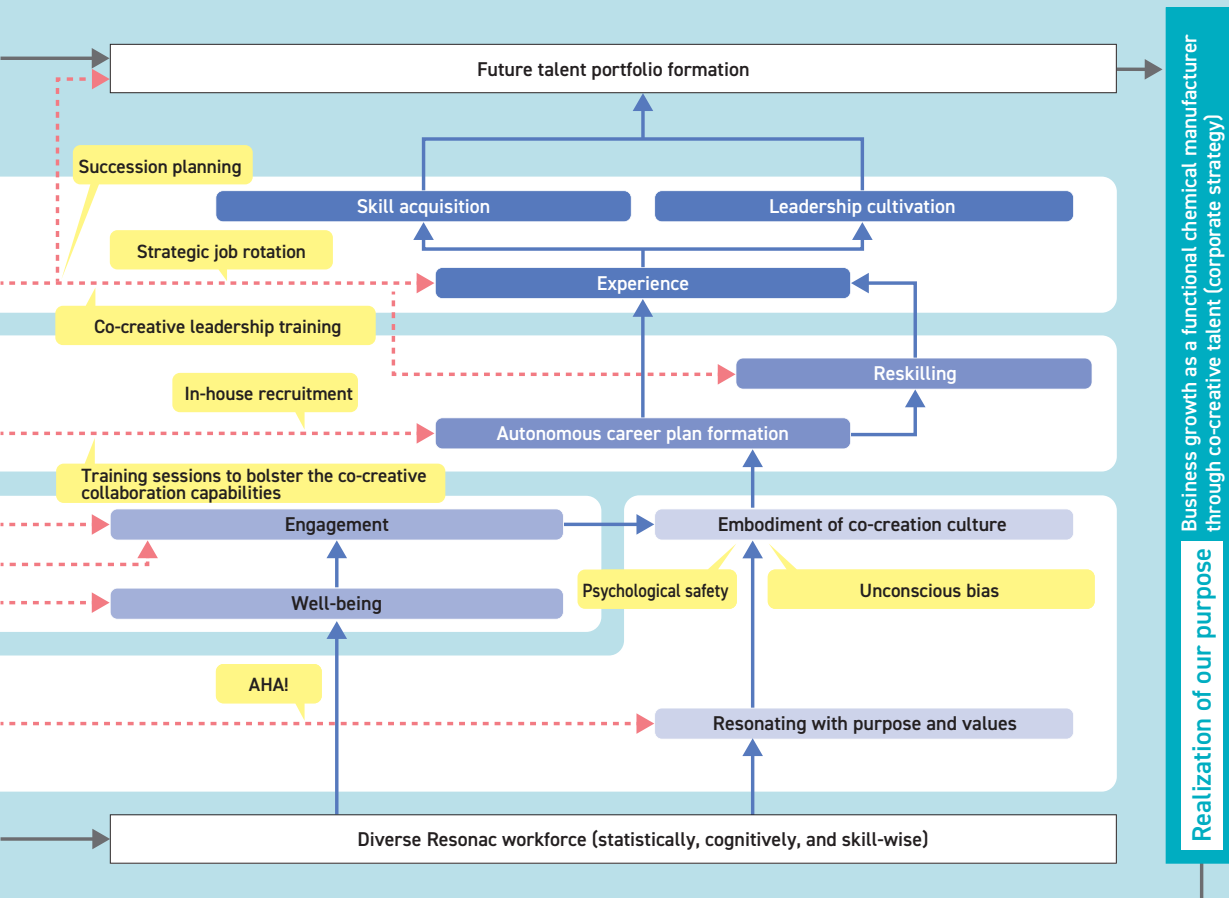
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Resonac's human capital management model [Web](#)



We are fostering co-creative talent who will provide new functions aimed at our vision for 2030. Our human resources strategy is to create co-creative talent, and Resonac's human capital management aligns our management and business strategy with our human resources strategy.

Flow of human growth → Company's investment → Key factors of growth → Investment in human capital



Topics **A few Examples of Stakeholder Engagement**

University student

The report titled "The Japanese materials industry is the key to Japan's recovery by solving societal problems in Japan and around the world" resonated with us, so we held a dialogue with Kyohei Sonoda, a university student and leader of the writing team. We gained a fresh perspective from hearing about why he focused on materials and what kind of companies he thinks will grow in the future. We were excited to learn about the expectations of Gen Z for materials and chemical companies. We will expand these kinds of opportunities for dialogue throughout the Group.



Kyohei Sonoda
Faculty of Economics, Doshisha University

Video
Web

University professor

We asked Professor Hasegawa, an expert in sustainability management and ESG investment, for his opinion on the concept and standards for Resonac Pride products and services that we are promoting, as well as the future role of companies in society, including human resources strategy. We were able to gain significant tips for the future development of Resonac Pride products and services, communication with society, and sustainability strategy.



Naoya Hasegawa
Professor
Faculty of Sustainability Studies, Hosei University

Video
Web

Investors

We had the opportunity to discuss with participating investors our human resources strategy, which aims to continuously increase corporate value by carrying out our purpose and values, and the proposed human resources capital management model under consideration. We will use the diverse and thought-provoking feedback we received, such as how our business strategy and human resources strategy are related, how the integration will affect our organizational culture, and how this will be reflected in our human resources strategy, in our future initiatives and information dissemination.

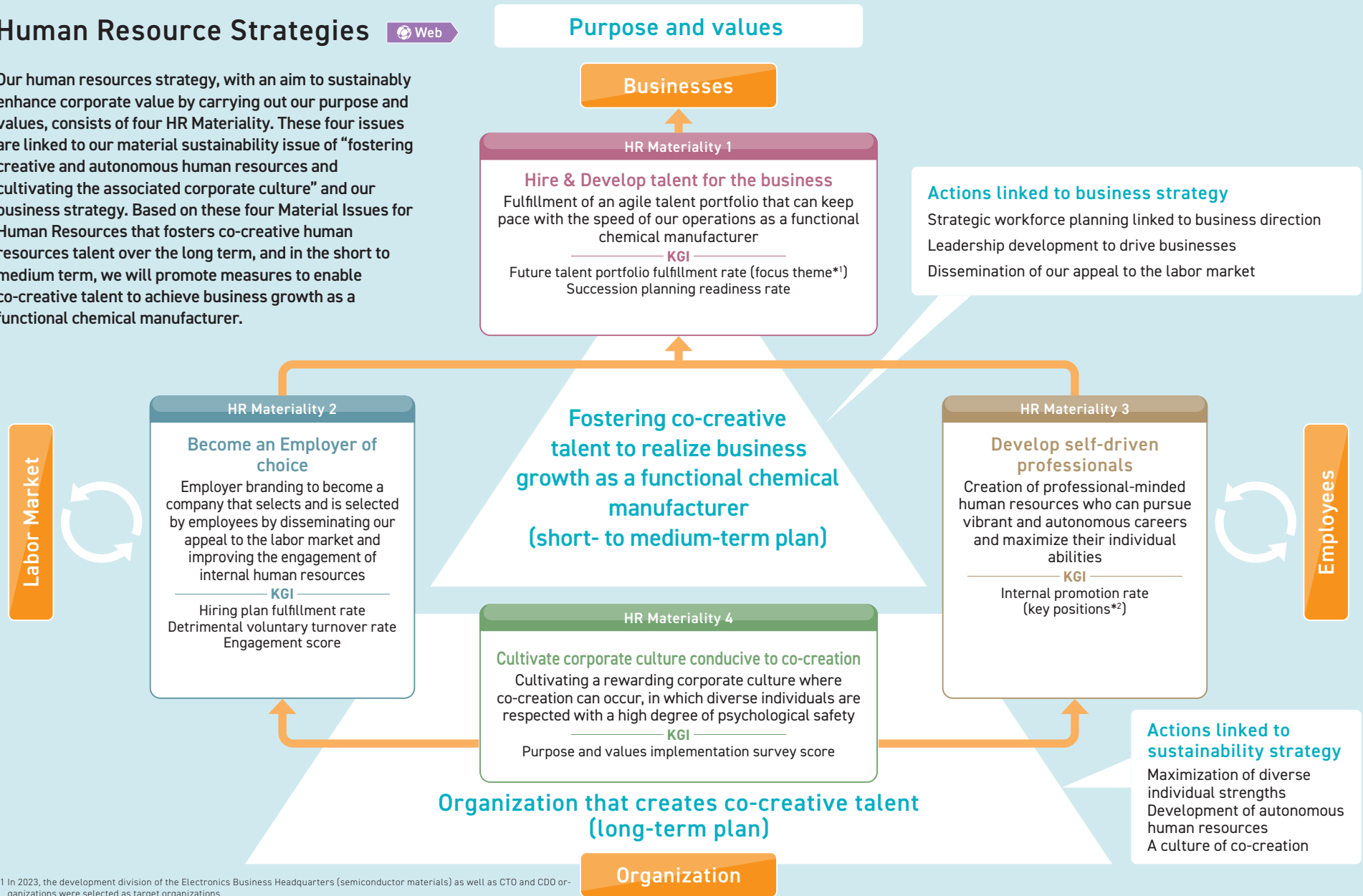


Institutional Investors Collective Engagement Forum

Web

Human Resource Strategies Web

Our human resources strategy, with an aim to sustainably enhance corporate value by carrying out our purpose and values, consists of four HR Materiality. These four issues are linked to our material sustainability issue of “fostering creative and autonomous human resources and cultivating the associated corporate culture” and our business strategy. Based on these four Material Issues for Human Resources that fosters co-creative human resources talent over the long term, and in the short to medium term, we will promote measures to enable co-creative talent to achieve business growth as a functional chemical manufacturer.



*1 In 2023, the development division of the Electronics Business Headquarters (semiconductor materials) as well as CTO and CDO organizations were selected as target organizations.
 *2 Key positions refer to CXOs and leaders of organizations reporting directly to the head of the business.

Human Resource Strategies

In order to make a leap forward to become a Co-creative Chemical Company that can complete on the world stage by fiscal 2030, we have divided the period from the present to 2030 into three phases and defined what we are aiming for in each phase. In addition, to make our goal more concrete and feasible, we will identify the factors necessary for effectively addressing material issues and monitor their progress by setting KPIs.

	KGI	Factors for Achievement	FY2023-2024 Start of Fostering Co-creative talent	FY2025 Deepening and Solidifying a Co-creation Culture in the Group	FY2030 Making the Leap to Become a Co-creative Chemical Company That Can Compete on the Global Stage
<p>HR Materiality 1</p> <p>Hire & Develop talent for the business</p>	<ul style="list-style-type: none"> ▶ Future talent portfolio fulfillment rate (focus theme) ▶ Succession planning readiness rate <p>(2022 achievements: Company-wide succession planning to select and train potential leaders became operational, etc.)</p>	<ul style="list-style-type: none"> Definition of human resource requirements Assessing the status of fulfillment of required human resources Continuous readiness and visualization of position successors Realization of the flexible deployment of required human resources 	<ul style="list-style-type: none"> ▶ Visualization of domestic talent ▶ Visualization of the skills required for strategy achievement and establishment of a talent portfolio management method, using the semiconductor materials development division as well as CTO and CDO organizations for the pilot test 	<ul style="list-style-type: none"> ▶ Visualization of talents on a global scale ▶ Visualization of the talent portfolios of Resonac and major group companies ▶ Establishment of HRBP system 	<ul style="list-style-type: none"> ▶ HR business partners accompany and are led by each CXO/BU to achieve a talent portfolio with the right people in the right places to match the speed of global business
<p>HR Materiality 2</p> <p>Become an Employer of choice</p>	<ul style="list-style-type: none"> ▶ Hiring plan fulfillment rate ▶ Detrimental voluntary turnover rate ▶ Engagement score <p>(2022 achievements: Design of post-merger engagement surveys, etc.)</p>	<ul style="list-style-type: none"> Enhancement of well-being Fair evaluation and remuneration Defining Resonac's unique appeal and communicating them internally Defining and communicating to the labor market the unique appeal of business partnerships 	<ul style="list-style-type: none"> ▶ Start of branding to increase Resonac's visibility in the labor market ▶ Firm establishment of Health and Productivity Management and start of disseminating internal and external health initiatives 	<ul style="list-style-type: none"> ▶ Increased recognition as the leading company that is selected among functional chemical manufacturers ▶ Building a well-being management structure 	<ul style="list-style-type: none"> ▶ Recognition as a company that produces leaders in the chemical industry ▶ Establishment of status as an advanced well-being company ▶ Realization of simple and flexible systems
<p>HR Materiality 3</p> <p>Develop self-driven professionals</p>	<ul style="list-style-type: none"> ▶ Internal promotion rate (key positions) <p>(2022 achievements: CEO announcement on fostering co-creative talent, direct dialogue held with over 1,100 employees, etc.)</p>	<ul style="list-style-type: none"> Provision of corporate systems to encourage career ownership Provision of autonomous learning opportunities Training of potential leaders 	<ul style="list-style-type: none"> ▶ Establishment of systems to envision and realize one's career ▶ Establishment of self-improvement systems for career actualization 	<ul style="list-style-type: none"> ▶ An organization in which Resonac career models are established and employees autonomously envision their aspirations and shape their careers ▶ Fostering of a culture in which the organizations (managers) support employees' careers 	<ul style="list-style-type: none"> ▶ An organization in which individuals can improve themselves and professionals who create new value are nurtured as the next generation of Resonac leaders
<p>HR Materiality 4</p> <p>Cultivate corporate culture conducive to co-creation</p>	<ul style="list-style-type: none"> ▶ Purpose and values implementation survey score <p>(2022 achievements: Degree of implementation of purpose and values by employees: 30%; P47 start of co-creative leadership training, and training sessions to bolster the co-creative collaboration capabilities, etc.)</p>	<ul style="list-style-type: none"> Inculcation of the purpose and values and cultivation of a co-creation culture Participation of diverse employees Harvesting output by embodying a co-creation culture 	<ul style="list-style-type: none"> ▶ Awareness raising and recognition of corporate culture in which our purpose and values and participation of diverse human resources create value ▶ Establishment of integrated operations 	<ul style="list-style-type: none"> ▶ An organization in which a co-creation culture is firmly established and new output is produced through collaboration ▶ Start of a dedicated team responsible for data utilization in an integrated infrastructure 	<ul style="list-style-type: none"> ▶ Establishment of an organization in which co-creation culture is the corporate identity and diverse human resources can thrive and generate innovation ▶ Integration of global operations

* See each page for KPIs

Human Resource Strategies

HR Materiality 1

Hire & Develop talent for the business

- ▶ Fulfillment of an agile talent portfolio that can keep pace with the speed of our operations as a functional chemical manufacturer

“As HR business partners, we are the advisor to organizational leaders in resolving issues related to human resources in order to achieve global business growth.”

Yutaka Suzuki

General Manager, HR Business Partner Department



Measures for Realizing the Long-Term Vision

Workforce planning with enhanced linkage with business strategy

Organization and definition of skills required for each position and visualization of staff headcount we wish to fulfill in the future

In order to realize our business vision for the future, we will organize and define the skills and competencies required in the future for each position, visualize the status of fulfillment of the required human resources, and create a plan to fill in any human resource deficiencies. In 2023, we began a pilot test following discussions with the semiconductor materials development division as well as CTO and CDO organizations.

Realization of the flexible deployment of required human resources

Strengthening our HRBP function to support the execution of business strategy and systematic hiring of experienced personnel, etc.

To satisfy future human resource needs, we will strengthen our HR business partner (HRBP) function, which supports the CXO organization and business divisions' strategy execution from a human resource perspective, and promote the systematic hiring of experienced personnel according to the skills and competencies required for each business and position to realize transfers and deployments that take advantage of individual experience and skills in focus businesses.

Continuously preparing position successors by training the next generation of potential leaders

Implementation of succession planning (talent review)

We regularly monitor the readiness of position successors in order to secure suitable candidates for next-generation leaders and key positions in our focus businesses and to achieve sustainable corporate growth. We are also strengthening our programs to train candidates for the next generation of leaders. In the first half of 2023, we offered a camp-style program in which professional assessors gave feedback on their actions during exercises. We also provided opportunities for friendly competition with personnel outside the Company by sending employees to external organizations, such as graduate schools and NPOs for cross-border experiences.

Employee Voice

Our customers are located around the world and the market environment is changing at an accelerating pace. That is why we, as HR business partners, pay attention to human resources in every corner of every business division and promote solutions to human resource-related issues with organizational leaders. On the other hand, in order to maintain a healthy relationship between business divisions and the personnel division, we always keep in mind a Company-wide, long-term perspective in our words and actions. In order to identify actions regarding organizational leaders and future human resources and act as a conduit to strengthen the relationship between business divisions and the personnel division, we are advancing the development of our HR business partnership system and take pleasure in incorporating HR activities into the next generation.

KGI

- ▶ Future talent portfolio fulfillment rate (focus theme)
- ▶ Succession planning readiness rate

In achieving a talent portfolio required by businesses, we believe it is important to refine and grasp the business-specific and position-specific skills required for executing strategies to realize our vision for the future, rather than simply managing the employee headcount.

In this way, we can formulate strategies for approaching the labor market and clarify the details of required training and reskilling, and we believe that we can support human resource problem-solving that can keep pace with the speed of our businesses. To fulfill our talent portfolio, we believe there is an urgent need to strengthen our HR business partners (HRBPs), who will serve as advisors to CXOs and business divisions heads, and we will train human resources to serve as HRBPs.

To visualize the implementation of the aforementioned initiatives, we will set the indicators of “future talent portfolio fulfillment rate (focus theme)” and “succession planning readiness rate” as KGIs to manage their progress.

Examples of Process KPI

- ▶ Indicators to measure progress of the talent portfolio (under consideration)
- ▶ Average number of days required for recruitment, etc.

Human Resource Strategies

HR Materiality 2

Become an Employer of choice

- ▶ Employer branding to become a company that selects and is selected by employees by disseminating our appeal to the labor market and improving the engagement of internal human resources

“As the General Manager of the Manufacturing Department, I am working with my colleagues to develop our vision for the future and create an exciting work environment while also pursuing safety and security.”

Yuka Asai

General Manager, Second Electronic Materials Manufacturing Department, Yamazaki Plant, Electronics Production Center, Electronics Business Headquarters



Measures for Realizing the Long-Term Vision

Human resources system integrated with the corporate philosophy

An evaluation system that encourages the fostering of co-creative talent, and a remuneration system based on the labor market

To create an evaluation system that encourages the fostering of co-creative talent who embody our corporate philosophy, in addition to the traditional evaluation indicator of performance, we have established two new indicators of action and growth based on the demonstration of the values we hold dear. We manage our goals by making our corporate philosophy a matter of personal significance for each employee. In addition, by setting levels of remuneration according to the importance of roles and responsibilities with reference to external remuneration benchmark data, the Company is working to administer a remuneration system that appropriately reflects its competitiveness relative to the labor market.

Enhancement of well-being

Health and Productivity Management measures

We consider the health management of employees and others from a managerial perspective and have established an operational system to support their work and physical and mental health in order to bring vitality to the organization through the improvement of productivity and other means. We are also advancing the formulation and implementation of Health and Productivity Management measures. In addition, we are enhancing health checkups and analyzing data in cooperation with the health insurance association, and through the expansion of measures, we are aiming for certification as a Health and Productivity Management Outstanding Organization and a White 500 company.

Strengthening of corporate branding

Defining Resonac's unique appeal and communicating it inside and outside the Company

In order to raise recognition of Resonac in the first year of its integration, we are actively communicating our corporate brand to the labor market through various media including TV commercials. We will further expand the scope of our communication to spread awareness both inside and outside the Company about the uniqueness Resonac aims for as a functional chemical manufacturer and the appeal of Resonac as a place to work.

Employee Voice

We are always conscious of maintaining a safe work environment where employees can work with peace of mind, and of providing stable quality and supply of products that our customers can use with peace of mind, and thereby contribute to society's recognition and trust of the Company. In addition, since last year, the manufacturing department has been discussing its vision for the future. With everyone working toward the same goal and a gaining a deeper individual understanding of how our current work will affect the future, we now take greater initiative to make our own proposals for a more comfortable work environment. While pursuing safety and security, we will continue to develop our vision for the future and strive to create an environment where people are excited to work.

KGI

- ▶ Hiring plan fulfillment rate
- ▶ Detrimental voluntary turnover rate
- ▶ Engagement score

While there are concerns that the launch of Resonac will diminish the brand and recognition we have cultivated thus far, we also see it as an excellent opportunity to actively communicate new value and appeal.

We will use this opportunity to continue to spread the word that each and every Resonac employee can experience satisfaction in their work through co-creation and respect for diverse personalities, and make the appeal of Resonac widely known in the labor market so that we can become a company that is selected more than ever before.

To visualize the progress of the aforementioned initiatives, we will set the following KGIs as indicators to monitor: "hiring plan fulfillment rate" regarding new hires, "detrimental voluntary turnover rate" regarding retirees, and "engagement score" regarding employees within the Company.

Examples of Process KPI

- ▶ Work style satisfaction survey score
- ▶ Feedback satisfaction survey score
- ▶ Recognition from the market (under consideration)

Human Resource Strategies

HR Materiality 3

Develop self-driven professionals

- ▶ Creation of professional-minded human resources who can pursue vibrant and autonomous careers and maximize their individual abilities

“When I raised my hand for in-house recruitment, I was thinking seriously about how to contribute to the Company and society. My motivation towards work has increased now that I have decided to build my own career for myself.”

Tetsuya Yokoyama

Systems Group Leader, Production
Technology Department, Hikone Plant, Resonac Packaging Corporation



Measures for Realizing the Long-Term Vision

Fostering a sense of self-development

Provision of opportunities for autonomous learning

In addition to rank-based and leadership training, approximately 500 employees use LinkedIn Learning as a learning opportunity to enhance self-development that contributes to employee career development. We are also expanding in-house learning content that employees can engage in if they wish, such as sharing knowledge and case studies across organizational boundaries and providing networking opportunities with outside experts.

Provision of opportunities to encourage career ownership

In-house recruitment system

As a measure to foster employees' awareness of career ownership and provide them with opportunities for autonomous career development, we operate an in-house recruitment system in which internal job openings are displayed through the talent management system and employees can raise their hand to apply for transfers. Taking advantage of opportunities for career development and co-creation that are not bound by conventional transfer and deployment practices, more than 70 in-house recruitments were approved in 2022.

Development guide deployment

We provide a development guide that systematically compiles resources on the kind of human resources that Resonac seeks, how to develop a vision for one's career, effective dialogue including one-on-one discussion, and goal management and evaluation. We encourage employees to use this guide as a hint for developing a vision for their own career and how to build a career at Resonac, as well as to organize specific actions to experience and learn what to do to achieve it.

Employee Voice

In July 2022, I took advantage of the in-house recruitment system and transferred to the Production Technology Department of the lithium-ion battery materials business with the desire to leverage my expertise in a business area with high growth potential to contribute to the organization. When I raised my hand for recruitment, I was thinking seriously about what kind of activities I could perform in an organization with a different business and work location and how I could contribute to the Company and society. I felt more excitement about the challenge than hesitation. By making this choice to build my own career for myself rather than being assigned to an organization and position, I feel I have fewer complaints about work and have a greater sense of responsibility.

KGI

▶ Internal promotion rate (key positions)

In order for co-creative talent to thrive and continue to create new value, we believe the organization must be one in which each individual can continue to grow as an autonomous professional. The first step toward creating such an organization is to put in place the Company's systems and structures. To ensure that these systems are beneficial to employees and that they are fully utilized, we believe that awareness and understanding of the measures are important, and we are strengthening communication from management and the deployment of tools such as the development guide.

To visualize the progress of the aforementioned initiatives, we will set the KGI of "internal promotion rate (key positions)" as an indicator to measure and monitor the extent to which we are developing human resources who can be appointed to key positions within the company through the implementation of each measure.

Examples of Process KPI

- ▶ Rate of career interview registrations conducted
- ▶ Leadership development (participation rate and amount invested in training for potential leaders), etc.

Human Resource Strategies

HR Materiality 4

Cultivate corporate culture conducive to co-creation

- ▶ Cultivating a rewarding corporate culture where co-creation can occur, in which diverse individuals are respected with a high degree of psychological safety

“We believe organizations and people grow after going through painful changes, and we are working to create corporate culture by first resolving to change ourselves.”

César Castiñeira

President and CEO, EMEA
COO, Graphite Business Unit



Measures for Realizing the Long-Term Vision

Inculcation of the purpose and values and cultivation of a co-creation culture – Educational policies and global award program that promote co-creation

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Through co-creative leadership training and other development support, we will work to create co-creative talent that enable each and every employee to carry out and embody our purpose and values. The global award program, which has been renewed as an opportunity to share activities that embody our values without fear of taking on challenges and for mutual empathy and resonance throughout the Group, had a total of approximately 11,500 Resonac employee participants in fiscal 2023, increasing the number of examples of co-creation.

Realization of workplace environment conducive to active involvement of diverse employees

Various DE&I measures

We accept the individuality of each diverse person as an important value. The co-creative collaboration enhancement training, which aims to maximize the value of individuality within the organization, thoroughly eliminate unconscious bias, and ensure psychological safety, is scheduled to be attended by more than 1,200 officers and employees by the end of 2023 with the goal of creating a corporate culture that can widely promote diversity as collective knowledge.

Creating output by embodying a co-creation culture

Collaboration measures in each department

As an example of putting our co-creation culture into practice, we have recruited an internal community called Resonac Blue Creators (REBLUC) to carry out and expand specific actions to change society through the power of chemistry, which is our purpose, and engage in collaboration to make new business proposals and conduct improvements across divisions. We also promote co-creation activities with external organizations outside the corporate framework, including industry-academia collaboration.

Employee Voice

Organizations in the EMEA (Europe, the Middle East, and Africa) region are strongly results-oriented, and our corporate philosophy is shared by our employees. What's important is that our direction is clear, and the CEO's intentions are understood by all. Change takes time and effort, but with the leadership of our top management, we feel we are moving in the right direction. Our activities that showcase examples of value to customers visiting our manufacturing sites have been well received, but we must further improve our practices based on our purpose and values in order to create a better future. We believe organizations and people grow after going through painful changes, and we are contributing to the creation of corporate culture by first resolving to change ourselves.

KGI

▶ Purpose and values implementation survey score

In this day and age, when issues are complex and large and it is difficult to predict the future, we believe a corporate culture that fosters co-creation is a source of competitiveness that generates new value. To date, we have implemented many measures to raise awareness and understanding of our purpose and values in order to make Resonac a stage for co-creation, and have achieved a certain level of success. Going forward, we are in the phase of each employee carrying out our purpose and values, and we believe that it is important to link specific co-creation to results so that we can directly feel that the corporate culture has taken root. To visualize the progress of the aforementioned initiatives, we will set the KGI of “purpose and values implementation survey score” as an indicator to monitor.

Examples of Process KPI

- ▶ Psychological safety survey score
- ▶ Ratio of female managers (9.5% on a consolidated basis in 2022)
- ▶ Total number of participants in the global award program, etc.