

Sustainable Procurement Web

Mission of Creating Value

As we endeavor to evolve into a "Co-creative Chemical Company," the mission of procurement departments is to work with suppliers and all other stakeholders to contribute to the realization of a sustainable society. To that end, it will be essential to build long-term relations of trust with suppliers, and we will therefore adhere to high ethical standards in our procurement activities and develop fair and impartial procurement frameworks to promote *sustainable procurement* as responsible procurement activities.

Policies and Management

To make our procurement sustainable, our basic policy comprises the following three activity components:

- **Corporate social responsibility (CSR):** Better fulfill our social responsibilities in all our business activities from development/manufacturing to final consumption
- **Fair procurement activities:** Select optimal suppliers and conduct fair procurement after comprehensively considering not only quality, safety, and economy, but also CSR
- **Partnerships:** Build equitable collaborative relationships with suppliers based on mutual understanding and trust

To further entrench these activities, our procurement departments will play the leading role in sustainable procurement, establishing specialist teams to perform internal monitoring of purchasing, contracting, and legal compliance; provide compliance-related education internally; and conduct CSR questionnaire surveys of suppliers and give them feedback.

Strategy for Realizing the Long-term Vision

We pursue sustainable business activities throughout our supply chain, from raw materials procurement to manufacturing, sale, and logistics, and have made available Sustainable Procurement Guidelines Web detailing the efforts that we want suppliers to make alongside us. By jointly adhering to these guidelines, both Resonac and its suppliers are taking action to enhance their value as enterprises. Procurement departments will be designing and implementing effective measures with the following objectives in mind:

- Ensure penetration of the Sustainable Procurement Guidelines by distributing them to suppliers and obtaining from the suppliers written confirmation that they have received them
- Build a foundation for high-quality communication by improving methodologies for CSR questionnaire surveys and CSR visits
- Help strengthen the businesses of both Resonac and its suppliers through open exchanges of opinions with suppliers
- Improve the skills and professionalism of purchasing managers by providing them with ongoing education and conducting awareness-raising activities

Roadmap for realizing the long-term vision

Results in 2022	Plan for 2023	Vision for the future (2030)
<ul style="list-style-type: none"> ● Published the Resonac Group Sustainable Procurement Guidelines ● Conducted a CSR questionnaire survey (response rate: 92%) ● Made CSR visits (47 companies*, former Showa Denko suppliers) 	<ul style="list-style-type: none"> ● Improve the functionality of CSR questionnaire tools and make sure they are used ● Gauge current levels of CSR efforts at suppliers, and set evaluation standards 	<ul style="list-style-type: none"> ● Work with suppliers to raise effort levels and realize a sustainable society

Targets and results of KPIs on material issues

[P58 / Material Issues and Non-financial KPIs](#)

KPIs and 2025 targets	Results in 2022
Improvement of quality of communication with suppliers: <ul style="list-style-type: none"> ● CSR questionnaire response rates improved, and a higher proportion of suppliers exceeded the satisfactory threshold 	<ul style="list-style-type: none"> ● Began formulating the Sustainability Procurement Guidelines for the newly integrated company

Initiatives in 2022

We conduct CSR questionnaire (self-assessment) surveys of important existing suppliers once every three years, and all new suppliers normally have to respond to the questionnaire when we start doing business with them. In 2022, we received responses from 339 companies (response rate: 92% of all those surveyed). The results were aggregated, and applicable suppliers were provided with feedback reports that clarified their standing relative to the average of all suppliers and of their own industry and gave advice on making improvements. We also made "CSR visits" to 47 companies, during which we exchanged various opinions with them on how to practice sustainable procurement.

Results of Supplier CSR Self-assessment (CSR questionnaire survey) in 2022

Number of suppliers responded: 339 companies Average total score: 63.0

Score	Number of suppliers (% of total)	Improvement efforts
50 or more	273 companies (81%)	Suppliers were urged to work on matters that needed improvement and to pursue higher-scoring initiatives
30 to below 50	52 companies (15%)	Suppliers were urged to work on matters that needed improvement, and offered Resonac's proposal on improvement measures Note: Visits made as needed, to exchange opinions on efforts made by both parties and check the status of improvement at the next self-assessment.
Below 30	14 companies (4%)	Suppliers were urged to work on matters that needed improvement, and offered Resonac's proposal on improvement measures Note: Visits made as needed, to discuss early improvement and check the status of improvement at the next self-assessment.