Letter CHRO

Nori Imai Chief Human Resource Officer (CHRO)

People drive business growth

We focus on developing co-creative talent who can change society

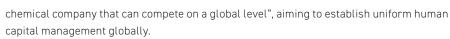


Our portfolio strategy is to become a functional chemical manufacturer that can compete and co-create globally. The value of a functional chemical manufacturer is not just selling chemical products but providing functions that customers and society demand (such as maintaining high adhesion even with ultra-thin films). A broad technology platform is necessary to create such functions, and by integrating the former Showa Denko and the former Hitachi Chemical, we have built a broad technology platform, both organic and inorganic. Using this platform as a starting point, we aim to combine technologies in unconventional ways through collaboration and co-creation with stakeholders, primarily customers, and provide new functions, which are achieved by "co-creative talent". Our human resource strategy is to create co-creative talent, and Resonac's human capital management aligns our management and business strategies with our human resource strategies.

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Key Issues and Initiatives in Human Resource Strategies

We aim to grow as a functional chemical manufacturer through co-creative talent, and we have identified four categories of human resources issues as key focus area in our strategies, and set as "HR Materiality". KGI/KPI targets for 2030 have been set for each material issue. In the two years from 2023, we will launch an initiative as "the start of co-creative talent development", and we aim to "deepen and establish a co-creation culture in the Group" by 2025. We have set the goal for 2030 as "making a leap forward to a co-creative



We are currently focusing on the following three key measures.

The first is the creation of a corporate culture. Creating an environment in which all Group employees can eliminate unconscious bias and maintain psychological safety is first of all an important foundation for each individual to achieve their own potential. We then aim to cultivate a culture that promotes the activities of co-creative talent who autonomously connect laterally based on purpose and values to drive projects with passion and ambition. For example, the global award AHA! is one of the leading initiatives to generate co-creation. While the demonstration of values has been incorporated into personnel evaluations, we also want to encourage and praise people who practice these values from a different perspective. By sharing each initiative with all global employees, we aim to foster co-creation beyond boundaries and create a culture of mutual growth and refinement. We have therefore carried over and restarted the global awards previously held by both the former Showa Denko and Hitachi Chemical.

The second measure is the provision of growth opportunities. We view Resonac as a "management training ground," with a diverse range of businesses in different industries and stages. Experiencing different phases of business through strategic rotations significantly broadens one's perspective and enhances one's adaptability. I always say that "If you're uncertain about your career, choose the harder path." This is because it increases the experience. In the age of VUCA, growth is less about acquiring knowledge and skills, but

^{*1} Co-creative talent: "People who embody 'Purpose and Values (see P.03)," as talent who can "autonomously connect with others beyond companies and departments with empathy and resonance, leading creative transformation and problem-solving through co-creation.

improve its corporate value.

more about first doing, gaining insights from such experiences, and then connecting it to the next action. Therefore, based on the idea that each and every employee is the owner of their career, we also have an internal recruitment system that contributes to autonomous career development.

The third measure is to provide learning opportunities to logically support growth obtained from experience. We have prepared unique training programs tailored to our human resource strategies, such as co-creative leadership training where one learns the leadership skills needed to develop subordinates, and training sessions to bolster the co-creative collaboration capabilities, which teaches methods required to lead co-creation beyond departments, without relying on organizational hierarchy. In addition, we are conscious of training that focuses on the individuality and strengths of each employee, and we have adopted the FFS theory ² and competency assessment training.

We will gradually expand these personnel measures starting from senior-level managers, including officers, and roll them out to all employees. Although the penetration of the Company's purpose and values among employees has started to show results, it may take about 10 years to fully take root, so a steady approach is necessary. It's important to drive transformation with the participation of all employees. Based on a recent comprehension survey performed globally, although nearly 100% recognize the purpose and values, 80% understand them, 60% empathize, and only 30% have implemented them. While each person may proceed in different ways and speeds, it is important to increase the percentage of employees who implement the purpose and values.

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Mission as CHRO

The key to the Company's growth is to focus on the individuality and strengths of each employee, unleash their hidden potential, and create teams where everyone can demonstrate their strengths. We all should know the joy and excitement of succeeding as a team. I believe that the feeling of contributing to something greater than oneself is essential for happiness. A company is a perfect community for achieving this. I believe that my mission as CHRO is to build a system that strengthens the three elements of individuals, teams, and corporate culture, as well as environment where diversity can be sublimated into collective knowledge, and where everyone can feel growth and happiness derived from their contributions.

The source of Resonac's strength is its wide-ranging technology platform linked to diverse businesses. However, as soon as each business unit begins to operate in isolation, this technolo-

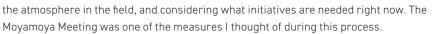
gy platform gets fragmented, and this strength disappears. Conversely, if we move in a direction that connects these pieces of the platform, endless possibilities emerge. Especially since we do not produce final products, there are countless opportunities to provide functions to any industry and create new growth businesses. It's the people who can connect these pieces of the technology platform, forming teams that mutually enhance each other's strengths.

Since the decision to integrate the former Showa Denko and former Hitachi Chemical, I led

the integration preparation as the person in charge of the integration at former Hitachi Chemical. In fact, when the former Hitachi Chemical was choosing a partner, I was the first to say, "Showa Denko would be a good choice!" There are many areas where the two companies can complement each other, and I sensed great potential. I am confident that the functional chemicals we aim for can become a great industry originating from Japan with a global presence. As CHRO, I want to put Resonac on a growth trajectory and continuously

There are two reasons why I think I can lead these efforts.

The first is my strong desire to thoroughly engage with the uniqueness of each and every employee and unleash their potential. My strong commitment to engage with each individual, regardless of their position, gender, or affiliation, serves as a driving force in leading our human resource strategies. I travel to various locations with the CEO, directly interacting with employees, getting a feel for



The second is the presence of encouraging team members from diverse backgrounds. My capabilities alone are limited, so I always propose what I want to do to team members and try to involve various departments in co-creation.

Since joining the former Hitachi Chemical, I have experienced different workplaces every two to three years, from setting up a joint venture with DuPont to PR and IR, sales in the U.S., and business planning. As a novice everywhere, the reason I managed in all these roles is that I gradually acquired the ability to form a team while addressing each individual's uniqueness. I believe in the endless possibilities of a team once it is formed.

The Company is now in a period of transformation, and the key to leading it to a global, top-level functional chemical manufacturer is co-creative talent. We will firmly establish the development of co-creative talent and achieve sustained growth in this age of VUCA. We hope for your continued support in this endeavor.