

# Highlighted contents

## RESONAC REPORT 2023



**RESONAC**

Chemistry for Change

RESONAC REPORT 2023

## Aims of this material

- ✓ Introducing the highlighted contents from total 138 pages at once
- ✓ To make those who have not yet read our integrated report want to read it.
- ✓ To make those who have already read it realize back stories, points etc. and have fun again.



RESONAC REPORT 2023

## Contents

### 01 What's Resonac?

Re-introducing Ourselves

- 7 Path to the Birth of Resonac
- 9 Overview of Resonac's Business
- 11 Value Creation Process
- 13 **Special Feature:** What is a Co-creative Chemical Company?
- 17 Financial and Nonfinancial Highlights

### 02 Where to Go Our Goals



#### 19 Letter from the CEO

A startup with 26,000 employees! Striving to transform into a company that will change society



#### 25 Letter from the CFO

Overcoming a number of challenges, Resonac takes a leap forward

#### 29 Letter from the CSO

Maximizing corporate value through strategic intelligence



#### 32 Letter from the CTO

Resonac launches—Creating an exciting future through dialogue and co-creation!



#### 35 Letter from the CHRO

Employees hold the key to business growth Focusing on developing co-creative talent



#### 37 Human Capital Management Dialogue

Collaboration between the CEO and CHRO accelerates the speed of management

#### 41 Team Takahashi: Aspirations for Human Resources Development

#### 44 "Team Takahashi" Works to Fulfill Its Potential at a Major Turning Point

### 03 How to Change

What We Will Focus on to Achieve Change



#### 62 CTO Roundtable with Young Researchers

Creating Innovation through Co-creation and Synergy while leading Resonac as It Competes on the Global Stage



#### 73 Semiconductor Materials Global Top Management Roundtable

The Semiconductor Materials Business, a Key to Resonac's Growth

- 47 Overview of the Long-Term Vision
- 49 Financial and Capital Strategies
- 55 Promoting Sustainability
- 57 Material Issues and Non-financial KPIs
- 59 **Special Feature:** Contributing to Society and Customers by Fulfilling Our Purpose through Resonac Pride Products & Services
- 65 R&D and Intellectual Property Strategies
- 69 Marketing Strategies
- 71 Digital Strategies
- Business Strategies**
- 77 Semiconductor and Electronic Materials
- 81 Mobility
- 83 Innovation Enabling Materials
- 85 Chemicals



#### 113 Roundtable Discussion

Outside Director, Representative Director and Chairman of the Board, CRO, CHRO Our Transformation of the Board of Directors

### 04 Why We Can

Organizational Capabilities to Help Change Society

- 89 Resonac's Human Capital Management
- 91 **Special Feature:** Human Resource Strategies
- 97 Measures to Combat Climate Change (Disclosure in Line with the TCFD Recommendations and Carbon Neutrality Initiatives)
- 100 Realization of Recycling-oriented Society
- 101 Environment Risk Measures
- 102 Efforts for Preservation of Biodiversity
- 103 Occupational Health and Safety
- 104 Quality Assurance
- 105 Chemicals Management
- 106 Sustainable Procurement
- 107 Respect for Human Rights
- 108 Strengthening Internal Communication within Our Group
- 109 Risk Management
- 111 Compliance
- 117 Directors
- 119 Audit & Supervisory Board Members/Corporate Officers
- 121 Skill Matrix
- 122 Messages from Outside Directors and Audit & Supervisory Board Members
- 123 Corporate Governance

#### Data

- 129 Consolidated 11-Year Summary
- 131 Consolidated Balance Sheets
- 135 Corporate Data/Stock Information
- 136 Editorial Policies



- ✓ The 2022 edition includes thoughts for the “future” and enthusiasm for “self-recognized issues and solutions”
- ✓ The 2023 edition continues to focus on the “future” and specifically shows the path and trial-and-error process of what and how far we are proceeding “currently” toward that goal.

## 2023 concept

**“Here We Go!”** RESONAC is at the starting line.

Change society through the power of chemistry is something only we can do.

### Point 1

By posting messages from the CEO, CFO, CSO, CTO, and CHRO, as well as human resource development messages from management, we explain **Team Takahashi's sense of unity, including the delegation of authority, and management that is functional and horizontally collaborative.**

### Point 2

Resonac's human resources strategy and human capital management, which were introduced in the 2022 edition, will be explained in **human capital management dialogue and the special feature on human resource strategies.**

### Point 3

**Introducing activities that pursue the long-term characteristics of Resonac,** such as the progress of business and functional strategies toward goals of the long-term vision and the roundtable discussion that shows the path to board transformation.

\*First **A4 landscape/interactive version!** We also post **related videos** to better communicate our efforts!

[Official Resonac YouTube Channel](#)

## What to Tell?

“What kind of value have we created from the **past** to the **present**?”

“Do we have the structure (business model) and capabilities to create **value** in the **future**?”

## To Whom?

Investors, including investors with a medium- to long-term perspective and other **stakeholders who are important to us** and with whom we would like to have a long-lasting relationship

## For What?

**A communication tool for fostering trust in Resonac's management and for dialogue.**

It also plays the role of **fostering an organizational culture** by unifying Resonac employees in the same direction through dialogue.

### \*What is an integrated report?

An integrated report is a report that reports both internally and externally on the company's past performance as well as its policies and strategies for creating value in the future. We believe that not only financial information, but also non-financial information forms the basis of corporate value creation, so we integrate and disclose it. (Non-financial information includes management philosophy, vision, business model, technology, human resources, governance, environmental and social initiatives, etc.) )

- ✓ In January 2023, Showa Denko and Hitachi Chemical merged to create Resonac as a functional chemical manufacturer!
- ✓ Resonac, which is in its second founding and has a scale of 26,000 employees, is transforming with the speed of a start-up company.
- ✓ CEO Takahashi talks about what he wants to achieve and what he is currently working on in order to achieve the purpose of "Change society through the power of chemistry" in his own words. No creation at all.
- ✓ The "Kiwi" on the T-shirt is inspired by the play button of Resonac, which is currently undergoing reforms - We have posted video links throughout the integrated report, so please take a look at them as well.

### Letter from the CEO

A startup with 26,000 employees!  
We are transforming ourselves  
——for Resonac to "change society"





- ✓ Resonac’s diverse management team “Team Takahashi”. Each CXO supporting the CEO explains their areas of responsibility at these perspectives: “How do I want to change society through the power of chemistry? Why can I lead it? And how do I lead it?”
- ✓ After the interview, the secretariat created the manuscript, but the CXOs were filled with passion and made substantial additions to it by themselves.



### 25 Letter from the **CFO**

Overcoming a number of challenges, Resonac takes a leap forward



### 19 Letter from the **CEO**

### 29 Letter from the **CSO**

Maximizing corporate value through strategic intelligence



### 32 Letter from the **CTO**

Resonac launches—Creating an exciting future through dialogue and co-creation!

# Highlight (3) The will of “Team Takahashi”: Thoughts on human resource development, FFS results → [PAGE 41-44](#)

- ✓ CXOs and BU (Business Unit) heads who are members of the management committee introduce their thoughts on human resource development within one's organization.
- ✓ As a new attempt, we disclose Team Takahashi's FFS\* results. It turns out that **this lineup is exactly suitable for times of change!**

\*The Five Factors & Stress (FFS) theory was developed in the study of stress and personality. It measures the patterns of how people think and act, either deliberately or unconsciously, in five factors, and analyzes whether they react positively or negatively in terms of stress values. As a result, an individual's latent strengths can be objectively understood.

## Team Takahashi Thoughts on Human Resource Development

—Toward a company that  
develops co-creative talent—

Here, the Team Takahashi management team of Resonac introduces what they keep in mind in human resource development and what is expected from employees.

What the management team holds in their hands are the values that each emphasizes the most in human resource development within one's organization. The Company's four values are "Passionate & Results-Driven," "Agile & Flexible," "Open Minds & Open Connections," and "Solid Vision & Solid Integrity." We strive to practice these values in various situations.

The most important value in human resource development within one's organization

Hidehito Takahashi  
Chief Executive Officer (CEO)

GP14 > P37

People who can execute strategy are what Resonac needs for development

What I want to create is a group of people who can act autonomously. Whether a company is good or not depends on how many people are able to execute strategies. This ability to execute means thinking about what should be done toward a goal, deciding what needs to be decided, and having the power to see it through. We will implement various personnel reforms so that employees can unleash their potential and work with vitality and enthusiasm.

Hideki Somemiya  
Chief Financial Officer (CFO)

GP25 > P40

I want to develop the best financial navigators who can demonstrate abilities beyond their roles

I hope that members of the CFO organization will aim to be the best navigators for Resonac as a whole and its operating companies. The more each individual can utilize their specialized skills beyond the confines of existing organizations and daily operations, the closer we get to enhancing corporate value and achieving "best navigator." As a CFO, I will ensure that everyone is conscious of this in their work.

Keiichi Kamiguchi  
Chief Risk Management Officer (CRO)

GP113

Supporting the Group's initiatives with a strong sense of ethics and becoming a trusted company

For Resonac to remain a trusted company, I expect the members of the CRO organization to refine their knowledge and skills while maintaining a strong sense of ethics and foresight for the future as governance professionals. By doing so, we believe we can firmly support the transformation of employee consciousness and efforts toward co-creation, and provide services that satisfy both internal and external stakeholders.

Tomomitsu Maoka  
Chief Strategy Officer (CSO)

GP21 > P35 > P73

Communication beyond boundaries is vital, not bound by preconceived notions or precedents

Because the CSO organization plays a role in guiding the entire Company's direction while constantly communicating with internal and external stakeholders, transcending boundaries is of utmost importance. In addition, as Resonac takes on many new challenges, there is no need to follow any preconceived notions or precedents. In other words, we demand members to transcend existing boundaries even in their ideas.

## Team Takahashi— Excelling in Times of Change

Resonac's current management team, Team Takahashi, is structured in a manner suitable for a period of transformation. CEO Hidehito Takahashi leverages the characteristics of LM (leadership personnel) to lead everyone, while TG (tugboat personnel) is responsible for pioneering, and ML (management personnel) is in charge of improvements. Going forward, Resonac will utilize the FFS theory in its organizational structuring to create teams where each individual can demonstrate his or her strengths.

### Five Factors & Stress (FFS) Theory

The following five items are quantified numerically, indicating whether the characteristic is strong or weak.

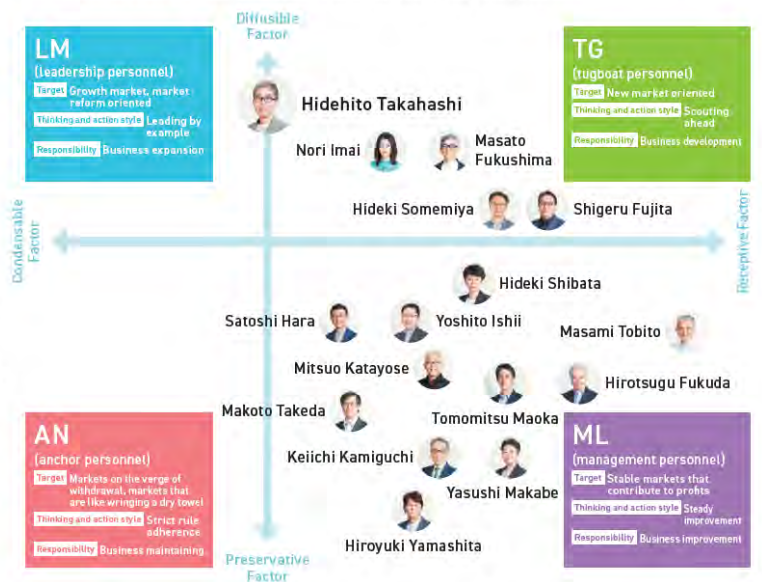
- Condensable Factor: Intensity of commitment
- Receptive Factor: Ability to accept unconditionally
- Discriminative Factor: Ability to distinguish between black and white
- Diffusible Factor: Ability to break out and move forward
- Preservative Factor: Ability to build up while maintaining

The following becomes possible with quantification.

- Understanding whether an individual's latent strengths are being positively or negatively expressed
- Enabling the optimal team configuration by objectively understanding and evaluating the relationships between people

Developer: Dr. Keichi Kobayashi

The Five Factors & Stress (FFS) theory was developed in the study of stress and personality. It measures the patterns of how people think and act, either deliberately or unconsciously, in five factors, and analyzes whether they react positively or negatively in terms of stress values. As a result, an individual's latent strengths can be objectively understood.





# Highlight (4) Plan to dig deeper into CXO letters

- ✓ We carried out round-table discussions and dialogues to **dig deeper into the issues and initiatives** explained in the CEO letter.
- ✓ We provide concrete explanations of the current situation, progress, and vision with comments from each person in charge and examples. The Business Strategy pages contain the same items.

[Financial and Capital Strategies → PAGE 49-54](#)

[Business Strategies → PAGE 77-88](#)



↔  
Link



## 25 Letter from the CFO

Overcoming a number of challenges, Resonac takes a leap forward



↔  
Link

## 29 Letter from the CSO

Maximizing corporate value through strategic intelligence



[Semiconductor Materials Global Top Management Roundtable → PAGE 73-76](#)

**Semiconductor Materials Business: Key to Resonac's Growth**

CSO x General Manager Yamashita x 3 local top executives from overseas group companies

[CTO Roundtable with Young Researchers → PAGE 62-64](#)

**Creating Innovation through Co-creation and Synergy while Leading Resonac as It Competes on the Global Stage**



↔  
Link



## 35 Letter from the CHRO

Employees hold the key to business growth  
Focusing on developing co-creative talent



↔  
Link



Hiroko Ozawa  
ESG/Responsible Investment  
Research Center Head, Japan  
Shareholder Services Ltd.  
Researcher at People Analytics &  
HR Technology

[Human capital management dialogue → PAGE 37-40](#)

**Collaboration between the CEO and CHRO Accelerates the Speed of Management**  
CEO x CHRO x Ms. Ozawa



- ✓ A thorough explanation of Resonac's value creation model, a "Co-creative Chemical Company"
- ✓ Starting with Why?, we explain our company's vision from the social background, and introduce the future we aim for and the voices of stakeholders who will co-create our current initiatives.

[Special Feature] What is a Co-creative Chemical Company?

## Resonac Aims to Become a "Co-creative Chemical Company"

**Why?** Chemistry is a building block of all industries, and the chemical industry should be able to help find solutions to society's issues through **co-creation with a range of stakeholders**

In today's global society, the industrial structure is changing at a dizzying pace, and this speed continues to accelerate. Not only that, the challenges faced by various industries are too complex and large to be solved by a single company alone. Since chemistry is a building block of all industries, the chemical industry should be able to solve society's issues through co-creation with a range of stakeholders. Our current strategy is to focus our investment on the Semiconductor and Electronic Materials segment as a core growth area. Not only is the pace of technological innovation for semiconductors extremely fast, the combination of various technologies is essential. Co-creation is thus indispensable both inside and outside the company in order to develop the required functions at a swift pace. As a "Co-creative Chemical Company," we will quickly create new functions together with diverse talent and change society with the power of chemistry.



### Future we seek to realize through the power of chemistry

#### Achieve carbon neutrality and create a recycling-based society

Reduce environmental impact during manufacturing  
Use of renewable energy  
Vehicle electrification  
Resource recycling

#### Happiness and prosperity of people

Responding to a data-driven society

Data centers  
Faster processing speeds  
Next-generation communications technologies  
AI

**Who?** In order to become a "Co-creative Chemical Company" that creates innovation, we need "co-creative talent" that embody our purpose and values

**How and Where?** We will establish a "place that fosters co-creation" with various stakeholders, and co-create cutting-edge technologies to help create a better society with a diverse range of people

**Now What?** Co-creation to solve various issues has been "started" and steadily advanced to realize the vision we want to be

#### Case 1 A long-term R&D theme undertaken at the Stage for Co-creation that contributes to the next generation

**Development of next-generation high-speed communications materials**  
In order to achieve next-generation high-speed communications (6G), a new semiconductor material that significantly reduces transmission loss is required to achieve a transmission speed 100 times that of 5G. With the aim of creating new materials for next-generation semiconductors used in 6G, Resonac is working with universities and venture companies to develop ceramics and interface control technologies for resins and filters from scratch through material synthesis. By utilizing the power of computational science from the molecular and material design stages, it is possible to verify as many as 90 types of combinations in the three months it previously required to verify a single combination.

#### Circular Economy; Plastic chemical recycling

In order to reduce the consumption of fossil resources, reduce CO<sub>2</sub> emissions, and eventually achieve carbon neutrality, we are taking on the challenge of establishing plastic chemical recycling, in which used plastics are decomposed, turned back into raw materials, and then used again to manufacture plastics. Since 2022, we have been jointly developing technology with Microwave Chemical Co., Ltd., and in experiments using model samples of used plastics, we have succeeded in extracting raw material components such as ethylene and propylene with a yield of about 80%, reaching a certain point in establishing the basic technology. We are leveraging AI and computational science to elucidate the decomposition mechanism of plastics and investigate catalysts, which enables us to swiftly move forward with development.

#### Message from Microwave Chemical

When we were approached by Resonac, which was ahead of the times in launching a chemical recycling business, we were convinced that if we could combine our technology with Resonac's know-how, we would surely be able to create a new, one-of-a-kind chemical plastic recycling business in the world. We believe that the way both companies are always on equal terms and can exchange opinions freely has led to the acceleration of technology development.

Left: Mr. Kikuchi, Senior Leader of Research and Development Department, Microwave Chemical Co., Ltd.  
Right: Mr. Yamada, Manager of Business Development Dept./Head of Chemical Recycling Business Div., Microwave Chemical Co., Ltd.

#### Case 2 Starting co-creation with customers in the evaluation of power module materials

The Power Module Integration Center (located at the Dymia Plant in Tochigi Prefecture) has started full-scale operations to strengthen the development of materials for power semiconductors, which are essential for vehicle electrification, and the power modules packaged with these semiconductors. As an organization that modularizes and evaluates a wide range of Resonac's power module-related materials, the center has utilized this technology to develop materials and speed up this process. Since 2023, we have been evaluating materials under conditions similar to those set by our customers, and sharing the verification details. In doing so, we provide technological innovation support as far back as customers' material development phases and help shorten the development time for power modules. In fact, there have already been cases where customers have successfully reduced the number of prototype evaluations by half. By 2025, we aim to establish a system for joint evaluations with customers and help shorten development times further.

We have also started carrying out value proposition activities for power module-related materials in the marketing process.



#### By 2025, we aim to shorten the time taken for power module material development in customer adoption





- ➔ PAGE 89-96



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- ✓ Contains financial and capital strategies from short-term, medium- and long-term perspectives as a company that can compete on the global stage. Digging deeper into the CFO letter
- ✓ Illustrated and explained examples of management KPIs and frontline KPIs related to portfolio strategy, management cycle, and ROIC improvement progress.

## Financial and Capital Strategies

### Scale and Profitability to be a Company that can Compete on the World Stage

#### Numerical Targets for 2025 under the Long-Term Vision

Resonac believes that management strength in both quantitative and qualitative terms is essential for competing on the world stage. In addition to qualitative evaluation of the company's ability to contribute to society, especially from the perspective of sustainability, we consider quantitative evaluation of the company's scale and profitability to be important.

Our numerical targets for the scale and profitability for 2025 under the long-term vision, namely, net sales of ¥1 trillion or more and an EBITDA margin of 20% or more, are "entry tickets" to be a company that can compete on the world stage. We aim to maximize corporate value by achieving the numerical targets in pursuit of a solid revenue base. Moreover, whereas we had been using ROE as a key performance indicator (KPI) for some time, we introduced return on invested capital (ROIC) to replace ROE at the time of revision of the long-term vision in fiscal 2022.

To more accurately highlight our strategic intent and our efforts to improve portfolio management, we changed disclosure segments in fiscal 2022. With the segment reclassifications, we will aim to show more clearly the effects of the strategic allocation of management resources and continuous revision and replacement of our business portfolio, of which the most obvious example is our focused investment on semiconductor materials.

#### Segments for disclosure in line with the new business portfolio strategy

New segments	Subsegments	EBITDA margin (2025 target)
Semiconductor and Electronic Materials	Semiconductor Materials (Innovative Sub-expressions) Device Solutions (HD) Device Solutions (SDC)	30% or more
Mobility	Automotive Products Lithium-ion Battery Materials	20% or more
Innovation Enabling Materials	Ceramics Functional Chemicals (resins, etc.) Aluminum Specialty Components Coating Materials	15% or more
Chemicals	Olefins and Derivatives Basic Chemicals and Industrial Gases Graphite Electrodes	15% or more
Others	Life Science	Achieve critical mass

Attribute of the business portfolio: Core Growth Fundamental Technologies/Materials Stable Earnings Next-Generation

Key financial KPI targets	2022 (fiscal)	2025 (targets under the long-term vision)
Net sales	¥1.4 trillion	Over ¥1 trillion
EBITDA margin	12.2%	20%
ROIC	3.3%	10% over the medium to long term
Net D/E ratio	1.07	Aim to achieve 1.0

#### To Achieve EBITDA Margin of 20%

Whereas our target of EBITDA margin for 2025 is 20%, the

#### Management Cycle for Achieving the Long-Term Vision

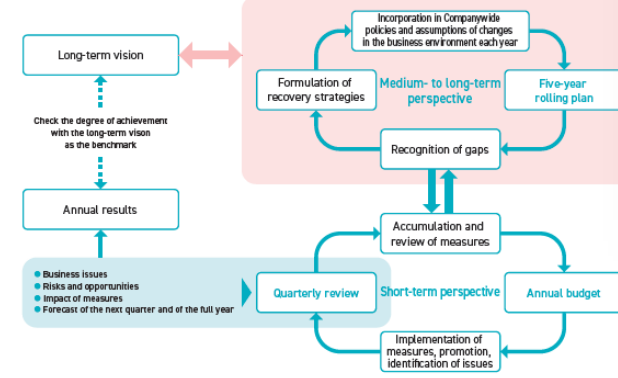
We currently operate a management cycle to achieve the long-term vision and KPIs from medium- to long-term and short-term perspectives. (See the figure below for details.)

From the medium- to long-term perspective, we annually review our business strategies, strategy implementation, and numerical targets for the next five years, in light of the latest market trends and are based on the 3Cs model (taking into account customers, competitors, and the Company). The plan format is referred to as a "five-year rolling plan." This plan articulates our strategic direction for sustainable growth and maintaining competitiveness, serving as the foundation for the realization of our long-term vision.

From the short-term perspective, we formulate an annual budget based on the first year of the five-year rolling plan. This annual budget allows the five-year rolling plan to be incorporated into a concrete action on which basis the progress of individual measures and achievement of KPIs are monitored quarterly, enabling early detection of problems and implementation of countermeasures.

By organically integrating the management cycle from both medium- to long term and short-term perspectives, while adhering to the long-term vision, we can flexibly respond to changing market conditions in order to achieve sustainable growth and maximize profits.

#### Management cycle



#### Instillation of ROIC-focused Management

We are working to raise and instill awareness of ROIC-focused management throughout Resonac from the management level to frontline employees.

In particular, in order to spread ROIC improvement to frontlines, we are promoting initiatives to link frontline KPIs to ROIC, which is a management KPI, and the ROIC target is set under the long-term vision.

Specifically, we set KGI, KPI, and KAI at each level from the management level to the frontlines. At the frontline level, we set indicators that can be managed by business and product lineup while serving as targets for improvement measures. Frontline personnel set and prioritize targets based on the degree of impact of each indicator on KGI, and manage milestones, such as who should do what and by when.

In the future, we will promote horizontal deployment of the best practices of businesses, in which ROIC improvement is steadily progressing, to other businesses, thus facilitating Companywide instillation of ROIC-focused management.

#### Sharing of ROIC ranking by business

ROIC components are measured for each business unit and businesses are ranked by ROIC. The semi-annual ranking results are communicated to the management of each business unit so that highly transparent management is achieved on Companywide. It also contributes to healthy competition among business units.

#### Incorporation of ROIC as a mandatory item of training for managers

As part of Companywide training for managers, a lecture is provided on the definition of ROIC and why ROIC is important, including actual examples of business profitability improvement by making use of ROIC.

#### ROIC-linked executive compensation and bonuses for managers

ROIC was introduced as an evaluation indicator for short-term incentives (bonuses) in executive compensation and bonuses for managers.

Management KPIs and frontline KPIs (examples)	Key Goal Indicators (KGIs)	Key Performance Indicators (KPIs)	Key Action Indicators (KAIs)
<b>Management KPIs</b> ROIC of the entire business ROIC of Product I ROIC of Product II ROIC of Product III Invested capital Operating income Working capital Material cost Labor cost Energy cost Overhead cost Selling prices Sales volume	Definition of Indicators Business unit heads, general managers of business units Department managers Section managers / group leaders	Most important indicators that must be achieved ROIC of the entire business Operating income ratio by product lineup Invested capital turnover by product lineup Net sales, marginal profit ratio, fixed cost to sales ratio, direct labor to sales ratio, working capital turnover Net sales, sales volumes, yield ratio, labor cost, inventory turnover by product, material cost, payment terms Selling prices, sales volumes, yield ratio, labor cost, inventory turnover by product, material cost, payment terms	Indicators of results of measures and processes for achieving KGIs Net sales, marginal profit ratio, fixed cost to sales ratio, direct labor to sales ratio, working capital turnover Net sales, sales volumes, yield ratio, labor cost, inventory turnover by product, material cost, payment terms Number of personnel, overtime hours, sales volume by product and customer, unit cost of materials, and material usage by process To be set by each frontline



# Highlight (8) Promoting sustainability

- ✓ Is sustainability truly at the root of our management? Posting important sustainability issues (materiality), goals, and achievements that correspond to the long-term vision → [PAGE 45-48](#)
- ✓ The status of consideration of evaluation items for inclusion in executive performance evaluation is also disclosed → [PAGE 55, 56](#)
- ✓ A list of social, environmental, and economic values, opportunities, risks, and target KPIs linked to materiality is listed. Details of KPIs are posted on each functional strategy page. In order to create value, we will continue to disclose the progress of non-financial KPIs and conduct reviews as appropriate through dialogue → [PAGE 57, 58](#)

### Promoting Sustainability

To change society through the power of chemistry with the belief that we must position the concept of sustainability at the core of our business activities, we have established Sustainability Vision 2030. We have implemented initiatives so as to achieve our long-term vision.

### P47

are strengthening our business execution system in accordance with the belief that we must position the concept of sustainability at the core of our business activities, we have established Sustainability Vision 2030. We have implemented initiatives so as to achieve our long-term vision.

### Roadmap for Achieving Sustainability Vision 2030

Having established Sustainability Vision 2030, we are promoting sustainability initiatives. In 2022, we established a promotion system, held active discussions on materiality, and defined non-financial KPIs in each CXO area (functional aspects). From 2023, the year of Resonac's inauguration, we began incorporating sustainability assessments into management's performance evaluations and delving deeper into each area, including the progress and appropriateness of initiatives aimed at achieving the KPIs. To enable our unique essence to blossom from approximately 2024 onward, we are stepping up engagement with various stakeholders.

### 2022 Preparation and Launch

- Identify material issues for sustainability (materiality) and establish KPIs
- Engage various types of stakeholders

### 2023 Trial and Error

- Integrate sustainability-oriented perspectives in business management and the development of business and management
- Improve stakeholder engagement

### Blossoming of Our Essence

- Business initiatives design to create value
- Further business and technologies that can change society through the power of chemistry
- Co-create Chemical Company

### Roadmap for realizing the long-term vision

Continuation of the current vision and establishment of KPIs, further discussion

Continuation of the current vision and establishment of KPIs, further discussion

### Material Issues and Non-financial KPIs

Our goals and the value we aim to create are classified below according to three issues of materiality identified with 2030 as the time horizon. In 2023 we began considering the opportunities and risks associated with each issue.

Materiality	Environmental	Social	Economic
<b>1. Strengthening innovation &amp; contribution to society</b>	<b>Materiality</b> The source of our growth lies in business activities utilizing our technological capabilities to design society through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.	<b>Materiality</b> We create social value through the identification of social issues and the development of solutions. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.	<b>Materiality</b> The source of our growth lies in business activities utilizing our technological capabilities to design society through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.
<b>2. Gain credibility through responsible business management</b>	<b>Materiality</b> We will conduct responsible business management from perspectives including safety, the environment, and quality to realize a sustainable society together with stakeholders, such as suppliers and customers. In addition, we will enhance and enhance our system for managing increasingly diverse and complex risks by thoroughly understanding soft-law-based compliance going beyond legal and regulatory compliance.	<b>Materiality</b> In addition to cultivating a safety culture and enhancing systems of every kind, we will turn the trust of stakeholders by minimizing and preventing risks, including strategic, operational, and reputational risks, to thereby address the changing management and business environments and contribute to a value that is unique to us.	<b>Materiality</b> We will conduct responsible business management from perspectives including safety, the environment, and quality to realize a sustainable society together with stakeholders, such as suppliers and customers. In addition, we will enhance and enhance our system for managing increasingly diverse and complex risks by thoroughly understanding soft-law-based compliance going beyond legal and regulatory compliance.
<b>3. Develop autonomous, creative, and active human resources and culture</b>	<b>Materiality</b> We are cultivating our creative human resources and nurturing a corporate culture to realize our vision through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.	<b>Materiality</b> Through the innovation of education and training, we will turn the trust of stakeholders by minimizing and preventing risks, including strategic, operational, and reputational risks, to thereby address the changing management and business environments and contribute to a value that is unique to us.	<b>Materiality</b> We are cultivating our creative human resources and nurturing a corporate culture to realize our vision through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.

### P57-58

Materiality	Environmental	Social	Economic
<b>1. Strengthening innovation &amp; contribution to society</b>	<b>Materiality</b> The source of our growth lies in business activities utilizing our technological capabilities to design society through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.	<b>Materiality</b> We create social value through the identification of social issues and the development of solutions. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.	<b>Materiality</b> The source of our growth lies in business activities utilizing our technological capabilities to design society through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.
<b>2. Gain credibility through responsible business management</b>	<b>Materiality</b> We will conduct responsible business management from perspectives including safety, the environment, and quality to realize a sustainable society together with stakeholders, such as suppliers and customers. In addition, we will enhance and enhance our system for managing increasingly diverse and complex risks by thoroughly understanding soft-law-based compliance going beyond legal and regulatory compliance.	<b>Materiality</b> In addition to cultivating a safety culture and enhancing systems of every kind, we will turn the trust of stakeholders by minimizing and preventing risks, including strategic, operational, and reputational risks, to thereby address the changing management and business environments and contribute to a value that is unique to us.	<b>Materiality</b> We will conduct responsible business management from perspectives including safety, the environment, and quality to realize a sustainable society together with stakeholders, such as suppliers and customers. In addition, we will enhance and enhance our system for managing increasingly diverse and complex risks by thoroughly understanding soft-law-based compliance going beyond legal and regulatory compliance.
<b>3. Develop autonomous, creative, and active human resources and culture</b>	<b>Materiality</b> We are cultivating our creative human resources and nurturing a corporate culture to realize our vision through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.	<b>Materiality</b> Through the innovation of education and training, we will turn the trust of stakeholders by minimizing and preventing risks, including strategic, operational, and reputational risks, to thereby address the changing management and business environments and contribute to a value that is unique to us.	<b>Materiality</b> We are cultivating our creative human resources and nurturing a corporate culture to realize our vision through the power of chemistry. We will strengthen our innovation capabilities and competitiveness through innovation and our business to create social value.



- Case 1: Iron recycling and greenhouse gas reduction for the realization of an advanced recycling-oriented society using graphite electrodes  
Case 2: Contribution to a digital society and reduction of environmental impact through copper clad laminates and solder resist

## Iron recycling and greenhouse gas reduction for the realization of an advanced recycling-oriented society using graphite electrodes

### Realization of our purpose

The process of manufacturing iron, which is an important material that supports social infrastructure, from iron ore (blast furnace method) is one of the largest sources of CO<sub>2</sub> emissions. However, the electric furnace method, which melts and recycles scrap iron, is capable of reducing CO<sub>2</sub> emissions to 1/4, and is therefore an important process for a sustainable society. Resonac is the number one global manufacturer of graphite electrode materials, which are essential for the electric furnace method, and supplies stable and high-quality graphite electrodes manufactured in six plants around the world to steel manufacturers in various countries through local production and consumption. Currently, we are working on the greening of electrodes at these six plants, and in order to avoid emitting GHG emissions in the graphite electrode manufacturing process, we are promoting 100% green power generation with hydroelectric and wind power generation at our European plants. In addition, we have started to install solar cells on the roof of the plant in Malaysia. Our graphite electrodes will continue to support people's lifestyles through the recycling of iron products.

PEI / Chemicals

### Demonstrating our values

### Co-creation with local communities

In Omachi City, where one of our domestic plants is located, agricultural production was being hampered by the low temperature of water from melted snow. Since 1956, we have been operating a 36 km-long water utilization system that includes three hydroelectric power stations, and by raising the temperature of water before using it for irrigation, we contribute to a stable water supply and improve yields for a wide range of local farmers. At our plant in Austria, waste heat after baking electrodes is supplied to the regional heating network in order to make effective use of it, contributing to the reduction of CO<sub>2</sub> emissions throughout the region, and in this way, Resonac is working on co-creation with local communities on a global scale.

### Details of global co-creation

**Suppliers**

**Our six global plants**

**End Users**

**Targets:**

- TARGET 5.0** Utilization of iron-based power generation such as hydroelectric power generation at the plant in Austria
- TARGET 5.1** Stable operation of the water system in Japan (Omachi Plant)
- TARGET 5.2** Utilization of solar power generation at the plant in Malaysia
- TARGET 5.3** Utilization of wind power generation at the plant in Spain
- TARGET 5.4** Stable operation of the water system in Japan (Omachi Plant)
- TARGET 5.5** Use of raw materials and greenhouse residue Green purchasing
- TARGET 5.6** Supplying heat to the region at the plant in Austria
- TARGET 10.1/10.2** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.3/10.4** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.5/10.6** Supplying heat to the region at the plant in Austria
- TARGET 10.7/10.8** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.9/10.10** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.11/10.12** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.13/10.14** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.15/10.16** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.17/10.18** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.19/10.20** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.21/10.22** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.23/10.24** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.25/10.26** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.27/10.28** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.29/10.30** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.31/10.32** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.33/10.34** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.35/10.36** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.37/10.38** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.39/10.40** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.41/10.42** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.43/10.44** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.45/10.46** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.47/10.48** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.49/10.50** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.51/10.52** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.53/10.54** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.55/10.56** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.57/10.58** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.59/10.60** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.61/10.62** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.63/10.64** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.65/10.66** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.67/10.68** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.69/10.70** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.71/10.72** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.73/10.74** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.75/10.76** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.77/10.78** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.79/10.80** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.81/10.82** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.83/10.84** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.85/10.86** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.87/10.88** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.89/10.90** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.91/10.92** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.93/10.94** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.95/10.96** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.97/10.98** Reduction of CO<sub>2</sub> through enhanced transportation efficiency
- TARGET 10.99/10.100** Reduction of CO<sub>2</sub> through enhanced transportation efficiency

Comments from stakeholders

Mr. Leopold Schilcher, Mayor of Bad Golsheim, Austria

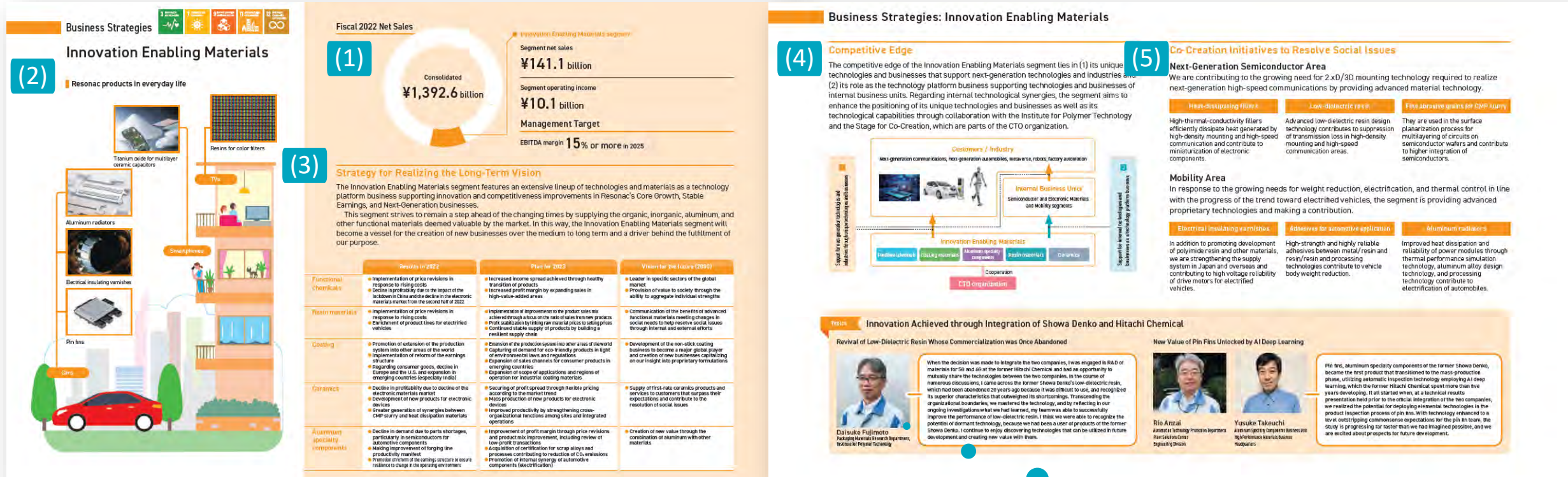
The plant in Austria makes effective use of waste heat from electrode baking to provide a stable supply of heat to the regional heating network. Especially in the current energy crisis, this supply of regional heating unites more than 300 partner companies and local residents. In light of these efforts, Mr. Leopold Schilcher, Mayor of Bad Golsheim, Austria, stated that he is proud to have such a reliable company as Resonac Graphite in the city of Bad Golsheim, and that he believes Resonac Graphite brings benefits to the community with its innovative concept.

Mr. Leopold Schilcher, Mayor of Bad Golsheim, Austria (center of photo)



# Highlight (10)-1 Progress of business strategies

- ✓ For each segment, we provide (1) financial information, (2) product introductions, as well as (3) strategies for realizing our long-term vision, (4) competitive edge, and (5) co-creation initiatives to resolve social issues. **Clarifying strengths, characteristics, and current location**



- Semiconductor and Electronic Materials
- Mobility
- Innovation Enabling Materials
- Chemicals

→ PAGE 77-80  
→ PAGE 81, 82  
→ PAGE 83, 84  
→ PAGE 85-88

Introducing examples of innovation through integration in the words of the person in charge



# Highlight (10)-2 Functional strategies

- ✓ For each function, we provide (1) mission of creating value, (2) policies and management, (3) strategy for realizing the long-term vision, (4) Co-creation initiatives to resolve social issues, or Initiatives in 2022, and (5) targets and results of KPIs on material issues.
- ✓ In (3) strategy for realizing the long-term vision, a roadmap towards 2030 is included.

## Marketing Strategies

### (1) Mission of Creating Value

To resolve social issues, through proposal activities that help customers resolve their technological issues, we create new business and contribute to Resonac's sustainable growth. Moreover, we promote Companywide standardization of activities to offer problem-solving value propositions to make them Resonac marketing processes. Furthermore, we will promote construction and operation of digital tools throughout the Company to improve the efficiency of marketing-related operations.

### (2) Policies and Management

Our marketing divisions (the CMO organization), comprising the Corporate Marketing Department, Regional Account Planning Department, and the Innovation Center, are executing marketing efforts in collaboration with business units, sales departments, and site oversight departments in Japan and overseas.

In addition to planning of Companywide marketing strategies, the Corporate Marketing Department formulates and implements market-specific or application-specific cross-divisional marketing plans and also constructs and operates the marketing platform common throughout the Company. The Regional Account Planning Department is planning and building a system to promote growth strategies based on regions and customers. The Innovation Center serves as a venue for triggering co-creation and relationship building with stakeholders. Hands-on exhibits enable visitors to experience some of our core technologies, thus facilitating achievement of our goal of engaging in co-creation with customers, business partners, and all of our other stakeholders.

### (3) Strategy for Realizing the Long-Term Vision

We have collectively defined our activities for offering problem-solving value propositions to customers as Resonac marketing processes, and utilize frameworks such as MGAP<sup>1</sup> and VP<sup>2</sup> when considering new businesses. We use MGAP to identify technological issues faced by customers, organize VPs in relation to the features of our products (Features), differentiation from competing technologies (Advantages), and benefits to be gained by customers (Benefits), and repeatedly verify product concepts in order to promote marketing. We are promoting Companywide standardization of marketing activities, using the common frameworks in cooperation with the R&D and intellectual property departments (the CTO organization) in the early phase of marketing, and with sales divisions in a later phase once customer evaluation has progressed.

<sup>1</sup> MGAP: Multi-Generation Application Planning  
<sup>2</sup> VP: Value Proposition  
<sup>3</sup> CRM: Customer Relationship Management

#### Roadmap for realizing the long-term vision

Results in 2022	Plan for 2022	Vision for the future (2030)
<ul style="list-style-type: none"> <li>Approached promising markets using Resonac marketing processes and began creation of specific new projects</li> <li>Promoted greater sophistication of the marketing platform utilizing digital technology</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate creation of new projects in specific markets (EV, power module) by promoting extracreation of Resonac marketing processes throughout the Company</li> <li>Strengthen digital marketing activities overseas and promote utilization of CRM<sup>3</sup> systems to visualize new projects throughout the Company</li> </ul>	<ul style="list-style-type: none"> <li>Resonac marketing processes are standardized and entrenched throughout the Company. Marketing divisions (the CMO organization), business units, and sales divisions including those overseas collaborate and create new projects attuned to market needs of the times.</li> <li>Digital marketing at overseas sales companies is systematized. CRM systems have become the standard infrastructure for visualization of sales and marketing activities.</li> </ul>

#### Resonac marketing processes

Resonac marketing processes are activities to identify customers' issues, transform Resonac's strengths into value, and offer value propositions.

Creation of ideas	Identification of customers' issues	Identification of Resonac's strengths (competitive advantages)	Conceptualization	Customer evaluation
<ul style="list-style-type: none"> <li>Marketing proposal for new business and applications</li> </ul>	<ul style="list-style-type: none"> <li>Process the customer's issues: identify customers' issues and applications to solve</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining data of the Company's evaluation of products and competitors' products</li> <li>Formulation of MGAP based on the above check items</li> </ul>	<ul style="list-style-type: none"> <li>Completion of AP scenarios</li> <li>Prioritization of customers' issues</li> <li>Assessment of specific mass production sites and prices</li> </ul>	<ul style="list-style-type: none"> <li>Sample evaluation by customers</li> <li>Completion of VP verification</li> <li>Completion of product pricing</li> </ul>

Materializing as individual projects      Creation of a project for sales expansion      Horizontal deployment

Promote marketing in cooperation with the CTO organization and business units, using the above processes

## Marketing Strategies

### (5) Targets and results of KPIs on material issues

KPIs and 2022 targets	Results in 2022
<ul style="list-style-type: none"> <li>Visualization of customer- and market-driven activities</li> <li>Enhancement of product pipelines that contribute to customer value</li> <li>Promotion of digitalization</li> <li>Strengthening of overseas and regional information dissemination using digital marketing</li> <li>Centralized Companywide pipeline management</li> <li>Enhancement of customer database</li> <li>Strengthening of customer strategies of businesses, utilizing customer database</li> </ul>	<ul style="list-style-type: none"> <li>Execution of marketing based on MGAP and VP</li> <li>Execution of digital marketing activities mainly by principal business headquarters</li> <li>Identification of business issues for Companywide application of CRM</li> <li>Identification of key customers and clarification of issues for establishment of a visualization system</li> </ul>

### (4) Co-Creation Initiatives to Resolve Social Issues

#### Promotion of Digital Marketing

The use of digital platforms is indispensable for efficiently and comprehensively promoting value propositions in the market. The Corporate Marketing Department, in cooperation with the CDO organization and the related parties in each business unit, is promoting digital marketing utilizing the Web, email magazines, webinars, etc., and promoting the use of CRM systems to visualize and share the results of marketing activities.

#### Overview of Activities of the Digital Marketing Team and the CRM Team

Supporting Companywide marketing activities based on the processes below

Marketing activities planning	Customer data management	Utilization of multiple marketing channels	Checking customer response	Creation of opportunities for new business tasks	Data-based review
<ul style="list-style-type: none"> <li>Agenda</li> <li>Product features</li> <li>Technical advantages</li> <li>Value to emphasize</li> <li>Target markets/customers</li> <li>KPIs &amp; KPIs</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion</li> <li>More than 200,000 digital business cards (shared within Sales)</li> </ul>	<ul style="list-style-type: none"> <li>Used: Facebook, web marketing</li> <li>Physical and digital marketing</li> <li>Use of media and webinars</li> </ul>	<ul style="list-style-type: none"> <li>Survey timing</li> </ul>	<ul style="list-style-type: none"> <li>Value propositions (shared with customers)</li> </ul>	<ul style="list-style-type: none"> <li>Plan</li> <li>Do</li> <li>Check</li> </ul>

Action: implement a PDCA cycle, utilizing digital tools and data

#### Overview of the power module cluster concept

Objective: Anticipate next-generation power module specifications and develop products ahead of competitors to strengthen the Company's competitiveness in power module-related products

KGI: Adoption of all products by key customers

KPI: Improvement of the evaluation status, sales from the project to exceed the investment required to realize the cluster concept

Collaborating organizations: Power Module Integration Center and other R&D organizations, Electronics Business Headquarters, Device Solutions Business Unit, High Performance Materials Business Headquarters, and other business units, and sales divisions including those overseas

Corporate Marketing Department: Overall process management, Measuring the effectiveness of the Power Module Cluster

Phase 1: Trend/needs surveys  
 Phase 2: Hypotheses of solutions  
 Phase 3: Proposal of solutions

Verification of VP  
 Identification of customers' technological issues

- R&D and Intellectual Property Strategies → [PAGE 65-68](#)
- Marketing Strategies → [PAGE 69-70](#)
- Digital Strategies → [PAGE 71-72](#)
- Occupational Health and Safety → [PAGE 103](#)
- Quality Assurance → [PAGE 104](#)
- Chemicals Management → [PAGE 105](#)
- Sustainable Procurement → [PAGE 106](#)
- Respect for Human Rights → [PAGE 107](#)
- Risk Management → [PAGE 109-110](#)
- Compliance → [PAGE 111-112](#)



# Highlight (10)-3 Functional strategies (Environment)

- ✓ Published under four themes: “climate change,” “recycling-oriented society,” “environmental risk measures,” and “preservation of biodiversity.”
- ✓ Regarding Measures to Combat Climate Change, based on the recommendations of the TCFD, we clarify the **governance system, risk management status, strategy, indicators and targets as Resonac**. As a concrete example of our initiatives in 2022, we disclose activities toward carbon neutrality and LCA (CFP) progress at our site in Thailand

### Measures to Combat Climate Change (Disclosure in Line with the TCFD Recommendations and Carbon Neutrality Initiatives)

**Mission of Creating Value**

Although it uses fossil raw materials and fuels in its product manufacturing processes and emits a considerable amount of greenhouse gases (GHG), the Group has many products that contribute to energy conservation and the carbon cycle. We regard measures to combat climate change as a management priority in terms of both risks and opportunities. In May 2019, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with these recommendations, we are promoting dialogue with our stakeholders while evaluating risks and opportunities related to climate change, conducting scenario analysis to inform initiatives that enhance our resilience, and disclosing information based on the TCFD framework.

**Governance**

**Role of board of directors and monitoring system**

Sustainability is a building block for our company management, and we define our Purpose as “change society through the power of chemistry.” To this end, we have established Sustainability Vision 2030, identified material issues for sustainability including climate change, and implemented the major strategies of our long-term vision, and raised awareness throughout the Company.

The Group CEO supervises the risks and business opportunities, targets, and specific initiatives associated with climate change, while the Group CSD takes responsibility for promoting actions. After being discussed at the Carbon Neutrality Project, those issues are deliberated at the Sustainability Promotion Council and the Management Committee. The progress of each initiative is regularly monitored, and remedial measures are discussed when needed.

The Board of Directors receives periodic reports of what the Sustainability Promotion Council and the Management Committee discussed, and on which points they made decisions and deliberates, and supervises them from the perspective of maximizing corporate value. From 2022, we have aligned the evaluation indexes for inside directors and executive officers with the initiatives in the long term vision and countermeasures against sustainability issues, including climate change, with the aim to strongly incentivize them to manage the Group from a long-term perspective and promote the sustainable growth of the Group.

**Positioning of carbon neutrality project (as of June 30, 2022)**

Board of Directors  
Managing Committee  
Sustainability Promotion Council  
Carbon Neutrality Project  
Human Rights Project

\*The members are composed of CEO and WFOs and business division heads.

- Measures to Combat Climate Change → [PAGE 97-99](#)
- Realization of Recycling-oriented Society → [PAGE 100](#)

### Realization of Recycling-oriented Society

**Basic chemicals and polymer parts promote a plastic chemical recycling and conversion toward large-scale hydropower**

Under the Kawasaki Plastic Chemical Recycling (KPCR) operations, the Kawasaki Plant implements various initiatives, such as growing hydrogen extracted through the decomposition of steel wastes to feed cells for hotels. Resonac is the only provider of ammonia in the world with a long history of synthesizing ammonia by utilizing low-carbon hydrogen derived from gas produced through the process of steel waste plastic chemical recycling, and as a result, the total volume of used plastic recycled reached one million tons in January 2022. Moreover, the Company aims to establish hydrogen fueling stations in the central area of Kawasaki City to create a virtuous cycle for expanding supply and demand for fuel hydrogen. Since March 2022, we have promoted this initiative by coordinating with other partners across various sectors.

As a collaborative network for hydrogen use to track medium-to-long-term hydrogen demand and supply network feasibility within the area.

**Carbon dioxide (CO<sub>2</sub>) released from chemical plants in FY2021**

CO<sub>2</sub> released from chemical plants in FY2021

**Alkac can, an eco-friendly product that also contributes to reducing food loss**

Alkac can enables the foods to keep their flavor and prevent their color from changing, thereby reducing food loss. KAWASAKI POLYMER CO., LTD. (KAWASAKI POLY) is its flagship product. KAWASAKI POLY is tested for preservation of its corned beef using Alkac can. The test showed that Alkac can helped extend its shelf life before date to three and a half years from three years when using the traditional method “marumikan” (plastic-shaped can). Alkac can is suitable for an emergency food stock as you can keep the foods at room temperature and eat without cooking. Alkac can also contributes to eco-friendly packaging. These days, plastic containers are used for many food products, but microplastics are regarded as a cause of extensive marine pollution. When TATEYAMA CO., LTD., a Japanese confectionery company, changed its packaging for Japan apart to Alkac can, the company successfully reduced plastic usage per unit from 38.2 g to 12.1 g, a whopping 68% reduction plastic. Assuming that the amount of energy required to develop aluminum base metal from recycled (based on 100), the amount of energy required to create recycled base metal from collected aluminum would be only about three times, meaning recycling aluminum contributes to decarbonization. Leveraging the strengths of Alkac can, we can also enter into the fields, such as nursing care beds, pet foods, and pharmaceuticals.

**Environment (Kawasaki Plant)**

KAWASAKI CO., LTD.

- Environment Risk Measures → [PAGE 101](#)

### Efforts for Preservation of Biodiversity

**Mission of Creating Value**

In order to pass down to the next generation the beautiful scenery provided by ecosystems and rich natural resources, the Resonac Group will work to conserve, restore, and improve biodiversity.

**Policies and Management**

While biodiversity, the gift of nature, supports human life and business activities, biodiversity is rapidly being eroded and faced by various environmental issues. The Group regards biodiversity conservation as essential to recovering the natural power that ecosystems generate. This is why we work to advance business activities' impact on ecosystems so that we can sustainably use natural resources including forests, soil, water, air, and biological resources. Not only assessing the impact of the business activities on ecosystems, but we also cooperate with various stakeholders, such as society, customers, business partners, central and local governments, international bodies, non-profit organizations (NPOs), and non-government organizations (NGOs) to protect biodiversity.

**Strategy for Realizing the Long-Term Vision**

To identify environmental risks and opportunities, and compliance obligations that we address, then appropriately, we will establish and implement management system, which covers an implementation structure, securing communication, monitoring and measurement, emergency preparedness, internal audits, whereby consistently improving our environmental management system.

**Targets and results of KPIs on material issues**

**Targets and results of KPIs on material issues**

**Targets and results of KPIs on material issues**

**Targets and results of KPIs on material issues**

- Efforts for Preservation of Biodiversity → [PAGE 102](#)

**Biodiversity conservation, restoration, and improvement activities at Kawasaki Plant in Fukuoka Prefecture**

We survey aquatic life in the stream flowing within the premises of Kawasaki Plant to protect endangered life and maintain biodiversity in the area. The survey confirmed the presence of many types of organisms, including fish such as amur minnow and Japanese dace, amphibians such as Japanese tree frogs and dendrobates frog, insects such as water stick insects and aphids japonicus, and shellfish.

We will make a new plan of preparing waterway while preserving the habitat of aquatic life and start biodiversity conservation activities as the plant-wide initiative.

**Biodiversity conservation in Kasumigaura area (Environmental Rehabilitation Activity around Kasumigaura)**

The Resonac Group obtains water for industrial use from Kasumigaura. From fiscal 2012, we are working with NPO "Kasumi Kyo" to undertake the environmental rehabilitation activity around Kasumigaura. Specifically, we have been carrying out activities to regenerate the Kasumigaura environment (undeveloped woodland near Kasumigaura) while also growing rice and improving the environment on distributed outside Kasumigaura. Kasumigaura, where we place our operation base.

In cooperation with the local, we improve the surrounding environment by cutting grass and mowing biotopes in forest with programs, such as rice planting, weeding and mowing and the organization living in the area under observation from certain points. According to the observation, the abundance of life such as planarians and stoneflies is increasing compared with those before the activity, and we aim to use more organisms in the future. We also confirm the existence of species such as giant water bug, whirling beetle, and Japanese eight-barbed loach, which are on the red lists released by "The Ministry of the Environment." We continue work on ecosystem conservation. Due to the spread of COVID-19, these on-site activities had been suspended since 2020, but we resumed our activities in 2022.



- ✓ The 2022 edition includes a dialogue between an outside director and the chairman of the board regarding the “Process for Selecting the New President and CEO”
- ✓ In the 2023 edition, we disclose the current progress (process) of the transformation of the Board of Directors, what we aim for, and the issues identified through a round-table discussion with newly appointed outside director Tsuneishi, the chairman of the board of directors (representative director and chairman), CRO, and CHRO.

## 2022 Why did we select Takahashi as president?

Regarding the second founding,  
“we were keenly aware of the need to select a leader  
capable of dealing with this critical period”



## 2023 Why are we working on the transformation of the Board of Directors?

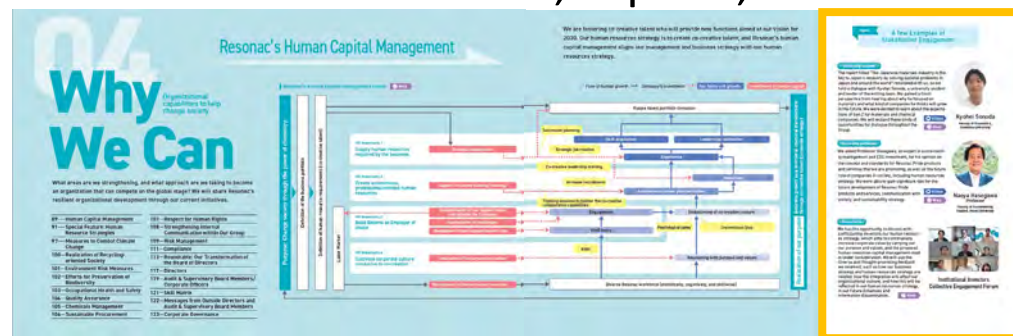


“If the execution side is trying to get us up to a level where we can compete worldwide, the Board of Directors, which monitors that, must also meet world-class level standards.”

“But if the theme is raising corporate value, the questions and discussions change.”

“Fostering a great corporate culture and employee motivation will be critical for the success of this  
“second inauguration.””

- ✓ Strengthening engagement efforts with internal and external stakeholders as a “Co-creative Chemical Company”
- ✓ As examples, we introduce conversations with students, experts, and investors. Please also watch the video!



## Future generation



**Kyohei Sonoda**  
Faculty of Economics,  
Doshisha University

The report entitled “The Japanese materials industry will resolve the social issues of Japan and the world and play a key role in Japan’s reconstruction” resonated with us, prompting us to hold a dialogue.

[About the expectations of Gen Z for materials and chemical companies | Sustainability | Resonac](#)

## Expert



**Naoya Hasegawa**  
Professor  
Faculty of Sustainability Studies,  
Hosei University

Dialogue about the concept and standards of our Resonac Pride products and services, as well as the role of companies in society in the future, including human resources strategies.

[About Resonac Pride Products and Services | Sustainability | Resonac](#)

## Investors with a long-term perspective (responsible investment)



**Institutional Investors  
Collective Engagement Forum**

Through dialogue, we received a variety of insightful opinions, including how business strategies and human resource strategies are related, how the integration will affect organizational culture, and how this will be reflected in human resource strategies. We use these as references for our efforts and information dissemination.

[About Resonac's Human Capital Management | Sustainability | Resonac](#)



We want you to see how we are first trying to change ourselves as a “startup with 26,000 employees” as we strive to change society for the better.

From here, please enjoy the full version of RESONAC REPORT.

- ◆ Please send us your opinions and impressions!

<https://forms.office.com/r/8k0SPJ0jY0>

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Kick-off of planning meeting

***|| RESONAC***