

Resonac Sustainability Meeting 2023 Here We Go!

RESONAC

Resonac Holdings Corporation

December 11, 2023

Agenda

RESONAC

Program 1

Human Capital Management in Resonac

Hidehito Takahashi, CEO & Nori Imai, CHRO



Program 2

Sustainability Strategy in Resonac

Nami Matsuko, CSuO (Chief Sustainability Officer '24~)

Progress of Non-Financial KPIs

Manager's in charge of Safety, Risk management and Environment



Program 3

Evolution of Governance in Resonac

Outside Director, Tetsuo Tsuneishi
Hideki Somemiya, CFO



Program 1 Human Capital Management in Resonac

Hidehito Takahashi, CEO
&
Nori Imai, CHRO



Hidehito Takahashi, CEO

Joined The Mitsubishi Bank, Ltd. After serving as General Manager of Business Development Department at GE Japan Holding Corporation and as executive of foreign-affiliated companies such as Momentive Performance Materials Japan and GKN Driveline Japan Ltd., he joined Showa Denko in 2015. As Chief Strategy Officer, he was engaged in the acquisition of Hitachi Chemical in 2020. President and CEO of Resonac since January 2022.



Nori Imai, CHRO

Joined former Hitachi Chemical Company, Ltd. She has experience in corporate planning, open innovation, representative in the U.S. (marketing), and planning/management of businesses, including storage batteries and mobility. On the occasion of integration with Showa Denko, she led the process representing former Hitachi Chemical. In tandem with Takahashi, she is working to foster a new corporate culture based on Purpose and Values, and to develop human resources consistent with our business strategy.

1	Diffuseness	<p>Power moving outward Willing to try, free-spirited, bold, ambitious: "tentatively" "flexibly" "interesting"</p>
2	Condensability	<p>Power to fix and strengthen (to establish values) Justice, authority, sense of responsibility, sense of duty: "we should do" "of course" "this is the way it should be"</p>
2	Acceptability	<p>Power to accept unconditionally Contribution, empathy, protective: "I see" "I'll do something" "Don't worry"</p>



Personality interpreted from various factors

- Willing to try a new thing in an unprecedented manner
- Pushing forward with definite sense of mission and values
- Accept things flexibly

Imai

- I will introduce Takahashi and myself using a method developed by a U.S. research firm. This method, called FFS, analyzes human behavior in terms of individual characters and reactions to stress.
- Takahashi has high levels of diffuseness, being ready to move outward and trying new things; condensability, having strong sense of social justice; and acceptability, taking in various values and managing things.

Takahashi

- FFS describes different personality types in quadrants. Almost half of Resonac's management team members are positioned in the right upper quadrant, with high levels of diffuseness and acceptability. This is unusual with many of Japanese companies.

1	Acceptability	<p>Power to accept unconditionally Contribution, empathy, protective: "I see" "I'll do something" "Don't worry"</p>
2	Diffusibility	<p>Power moving outward Willing to try, free-spirited, bold, ambitious: "tentatively" "flexibly" "interesting"</p>
2	Discriminability	<p>Power to make a black-and white decision Reasonable, realistic: "logically" "specifically" "What is the cause-and-effect relationship?"</p>



Personality interpreted from various factors

- **Accept things flexibly**
- **Willing to try a new thing in an unprecedented manner**
- **Clearly identify things and situations, and go forward in a rational way**

Imai

- Like Takahashi, I have high levels of diffuseness and acceptability. I also have high-level distinctiveness, which means power to make a black-and-white decision and being numerically specified.
- We are similar, and prepared to make a change.

Sources of Value in the *Age of VUCA*

Strategies are
commoditized

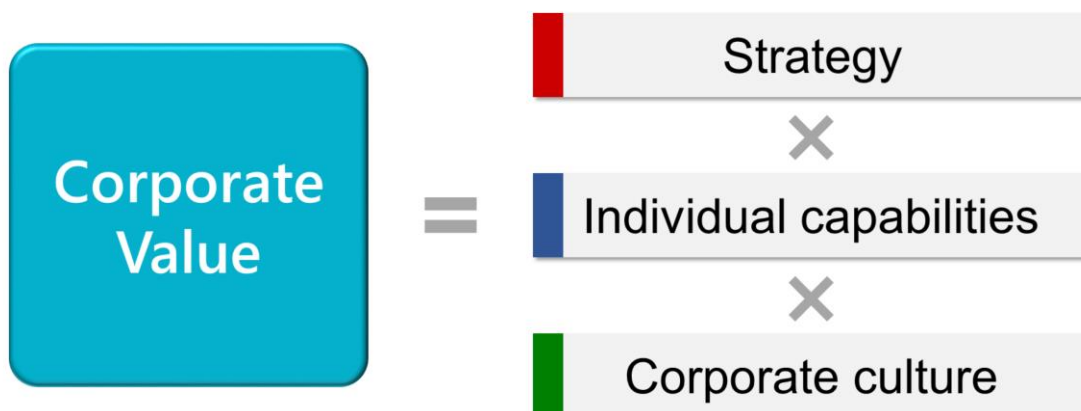


Differentiate by
people who can
accomplish

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Takahashi

- For me, the most surprising thing at GE was its way of HR management, rather than its portfolio strategy.
- Based on my experiences thereafter, I can say this. Strategy is now commoditized and everyone would arrive at the same conclusion. The key factor for differentiation is to have sufficient human resources to carry out the strategy. I will therefore make an all-out effort as CEO in developing human resources.



Takahashi

- I believe CEO's job is to maximize corporate value. In my view, corporate value is a multiplication of strategy/portfolio reforms, capacity building and organizational culture.
- The portfolio reform is clear and taken as given. All management team members are addressing the issue. Thus, as CEO, I will focus on development of individual capabilities and corporate culture.

To put Portfolio Strategy into practice

RESONAC

Individual
capabilities

To specialize in **“functional chemistry”**



We develop

“CO-CREATIVE PEOPLE”

To solve social issues, we **autonomously connect** across companies and departments with empathy and resonance. Driven by talents who can **lead creative change** and problem-solving through **co-creation**

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Takahashi

- Resonac’s portfolio reform means transformation from a comprehensive chemical manufacturer to a functional chemical manufacturer.
- A functional chemical manufacturer can fulfill its function only when the company has good alignment and communication concerning its product development meeting customer requirements and material procurement. Co-creation is therefore required.
- The basic element of human capital management is coincidence between management strategy and human resource strategy. At Resonac, we are consistent from beginning to end.

Our Purpose and Values

Corporate
culture

Purpose

Change society through the power of chemistry

Contribute to the sustainable development of global society by creating functions required as a partner in advanced material area.

Values



Passionate
& Results-Driven



Agile & Flexible



Open Minds
& Open Connections



Solid Vision
& Solid Integrity

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Imai

- We established our Purpose and Values to encourage each employee to judge and act as co-creative talent for a functional chemical manufacturer. The will of top management is also reflected.

Takahashi

- The four-item Values describe an image of a person whom everyone would want to work with. There is nothing difficult about that.
- I thought we would need a common language for talking about others on the occasion of integration of two companies. For example, one can say "He is very quick and flexible, but tends to set a boundary" to describe someone's personality by using terms included in Values. In this way, we can share our understanding, discuss topics more deeply, and work out countermeasures.
- "Passionate & Results-Driven" is the item that is most important from the viewpoint of management. I will continue to emphasize the importance of achieving results.

Toward establishing a Co-creative culture

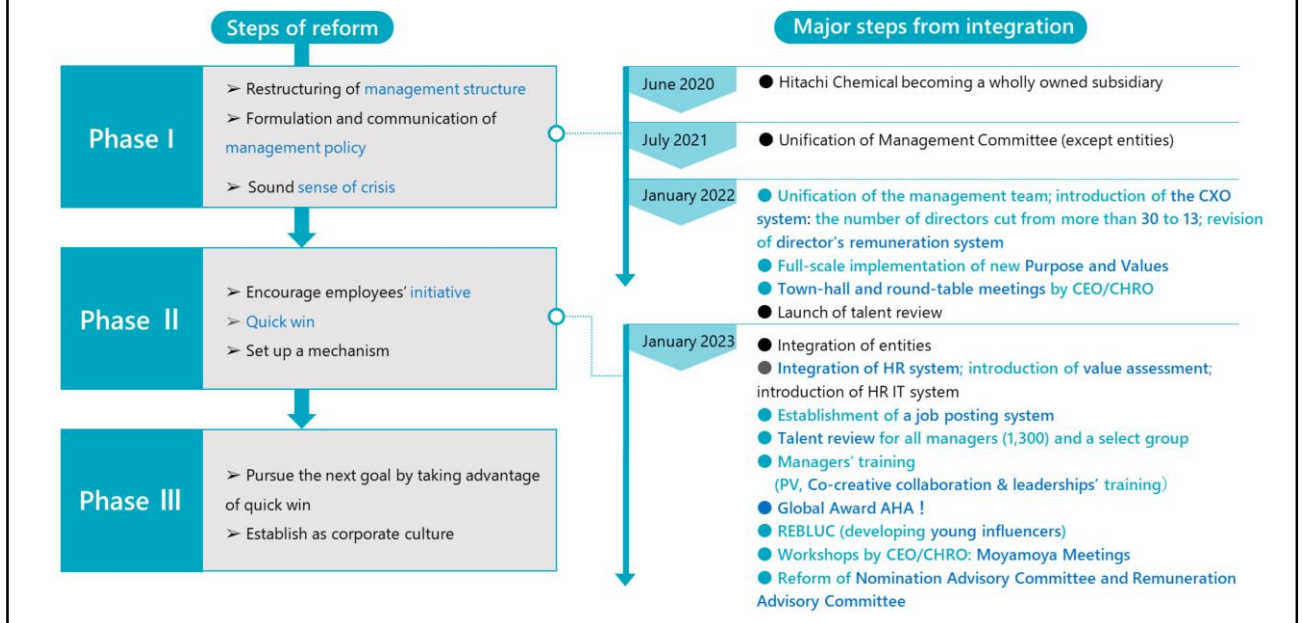
	2022	2023
Penetration of corporate philosophy (Purpose and Values)	<ul style="list-style-type: none"> ◆ Degree of empathy 49% (Feb.) ▶ 59% (July) ◆ Degree of practice 24% (Feb.) ▶ 34% (July) 	<ul style="list-style-type: none"> ◆ Degree of empathy 64% (+5%) ◆ Degree of practice 49% (+16%)
Co-creative collaboration training <ul style="list-style-type: none"> ■ Psychological safety ■ Unconscious bias ■ Constructive discussions 	<ul style="list-style-type: none"> ◆ Number of trainees, degree of satisfaction (including 16 CXO/BU heads) 114; 93% ◆ Change in behavior 23% (360° evaluation) 	<ul style="list-style-type: none"> ◆ Number of trainees, degree of satisfaction (managers) 1,302/1,424; 96% ◆ Change in behavior (360° evaluation; 1H results) Improved, 33%; good from the beginning, 50%
AHA! (Global award) Opportunities for empathy and Co-creation		<ul style="list-style-type: none"> ◆ Total number of participants 11,467/25,803 ^{*1} ◆ Positive evaluation (To be confirmed) <p>^{*1} Denominator: at end of December 2022</p>
REBLUC (Resonac Blue Creators) ^{*2}		<ul style="list-style-type: none"> ◆ Degree of satisfaction: approx. 90% ◆ Positive influence on people around: approx. 65%

^{*2} First term: A community of 36 employees exploring and implementing his/her own Purpose

Imai

- I will show you data on progress of co-creative culture development. Based on the results of engagement survey, the degree of implementation of Purpose and Values increased from 20-30% to 50% this year.
- There are five elements necessary for co-creation, including psychological safety and elimination of unconscious bias. We provided our unique co-creative collaboration trainings for all managers to encourage a change in behavior. By now, 1,300 managers completed the training, with satisfaction rate of more than 90%. While the most important point is a change in behavior before and after the training, more than 80% of participants got high marks in 360-degree evaluation.
- More than ten thousand employees participated in AHA! (global award) that praises implementation of Purpose and Values.
- REBLUC is a voluntary system where around 30 young employees talk about their own purposes, think of ways to improve Resonac, and implement their ideas. Out of respondents, 65% said they are exerting a good influence on people around them.

Process of promoting reform



Imai

- Looking back on the integration process, we integrated management committees for joint decision-making in 2021 prior to integration of corporate entities. In 2022, we introduced the CXO system. We carefully selected Management Committee members, and cut the number.
- In 2023, we integrated corporate entities and our personnel system. Our personnel platform (Success Factors) is deployed globally. We are quickly deploying talent review for managers in Japan that exceed 1,300. Furthermore, we are preparing succession plans and providing co-creative collaboration trainings.

Takahashi

- The two predecessor companies had a total of more than 30 corporate officers. I decided to stick to the idea of clarifying roles and getting the right people in the right seats. As a result, we started with a team of 13.
- I started with a hypothesis that the difference between so-called leading companies in Western countries and Japanese companies comes from "what is being done" and "who is doing it." I surveyed CXO systems at Western companies as the benchmark and decided on the introduction of the system.
- Personnel management of Japanese companies has focused on labor administration, response to labor unions, and elimination of inequality. The biggest difference was in the area of HR.

Imai

- Town-hall meetings started before Takahashi was appointed CEO. The theme of the meeting in 2022 was “communicating the background of acquisition and a sound sense of crisis concerning the environment surrounding our company.” In 2023, the theme is “Interactive Communication.”

Toward establishing Co-creative culture

Interactive communication: CEO/CHRO-sponsored workshops

Moyamoya Meetings

(held 33 times; 784 employees Participated)

- ◆ Degree of satisfaction: approx. 89%
- ◆ Changes in attitude/behavior: approx. 80%



Takahashi

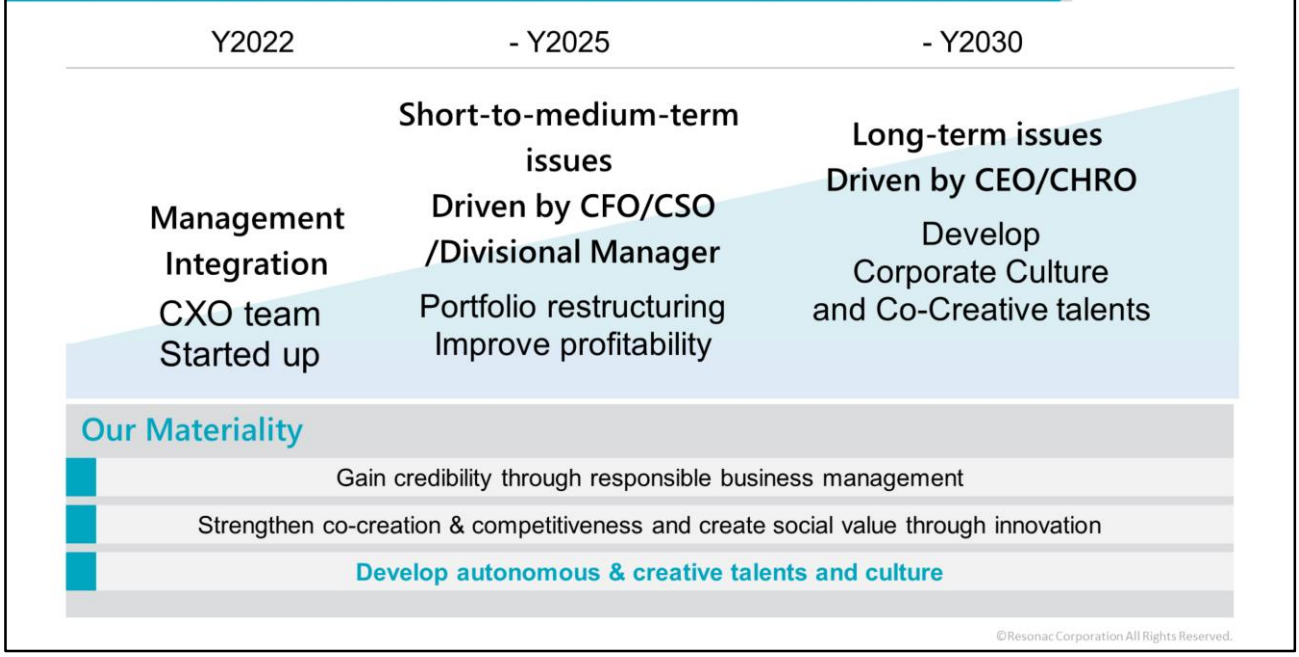
- We started Moyamoya Meetings this year. When I visit plants, I bring together 20 to 30 young employees, and divide them into teams of around five people. I ask them to write out their pent-up feelings on a post-it and put many post-its on the wall.
- They would point out many things, such as the distance of a parking lot, vending machine's refusal to accept cash, supervisor's reluctance to listen, and too many requests from the head office. First, we discuss whether we can solve the problems using the four-item Values. It is a good exercise to solve problems by implementing Values.
- Then we classify their matters of concern on a chart, putting the degree of influence on the vertical axis and the degree of difficulty or urgency on the horizontal axis. Their Plant Manager, present at the meeting from beginning to end, is asked to make specific proposals. There were many cases of immediate settlement of issues, such as an increase in the frequency of transfer bus services and total replacement of PCs slow in action. Thus, they get experience in being able to solve issues in this way.
- This meeting helps clarify the culture of a plant and personality of Plant Manager. I heard such complaints as "we are busy," while at plants with a good atmosphere, they say "we are supporting one another." I am truly aware that co-creation will lead to settlement of concerns.

Imai

- We emphasize dialogue with employees because we want to see people and see the atmosphere of plants, including the ways of conducting daily operations. On our way home, we talk about such topics and always fine-tune policies and work out countermeasures.

Imai

- In our survey results, many respondents said that they understood the personality of CEO Takahashi through dialogue with him and, for the first time, became willing to listen to the company policy. This makes me feel that people do not simply understand things in a rational way, but deepen their understanding mainly through personal relationships.



Imai

- I think CEO Takahashi can focus on human resources mainly because our team is managing the company.

Takahashi

- Although it was unusual with president of a Japanese company, I was able to form my own cabinet in the initial year. To improve communication among members, I hold overnight study sessions (off-site meetings) once in every three months. At the time of appointment as CEO, I held a session where I fully revealed myself to ensure psychological safety. Due to deepening friendship among members, discussions at ordinary Management Committee meetings are definitely being deepened.
- For example, in view of all members' full understanding of portfolio issues and their initiatives, I am thinking of spending almost all time as CEO with employees, to establish Resonac's culture by 2030.

Summary of employee engagement survey results

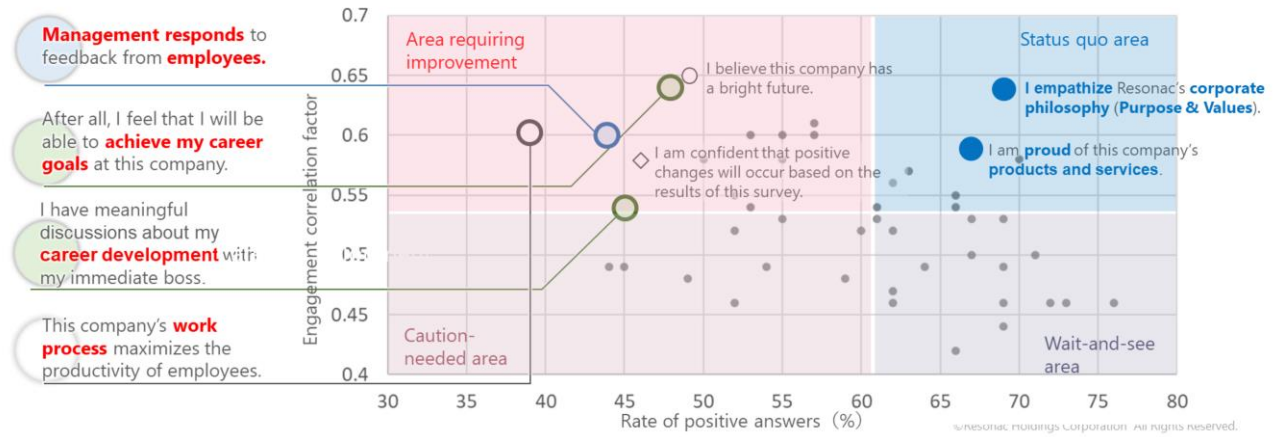
Psychological safety improved from previous survey (+9 pt.); problems for engagement improvement identified

Response rate
63% ▶ **83%**

Psychological safety
51% ▶ **60%**



Employee engagement
Former Showa Denko 52% ▶ **54%**
Former Hitachi Chemical 57%

2021 ▶ 2023
Psychological safety: Rate of positive answer to employee engagement survey



Imai

- The top-right area in blue shows improvement. In the first survey in 2022 at the time of virtual integration of the two companies, the score on Corporate Philosophy was worst. However, we made steady improvement on this point.
- Meanwhile, the top-left area in red requires improvement. We have three main tasks. First, management response to feedback from employees and countermeasures for that are not sufficient. Second, both change of mind and support are not sufficient concerning autonomous career development. Finally, reform of work process is not sufficient.

Program 1 Human Capital Management		Problems and countermeasures identified through engagement survey		RESONAC	
<ul style="list-style-type: none"> ➢ Respective units should take the lead in implementing action plans concerning their units and workplaces as the core of the improvement efforts. ➢ We should focus on company-wide action plans to further improve workplaces for a period of about three years. 					
Priority issues	Key countermeasures	Company-wide action plans for improvement	Unit in charge		
Feedback from employees is not reflected on management policies.	Ensure interactive communication with employees	<ul style="list-style-type: none"> • Disclose various survey results and decisions based on the results to respondents • Disclose the progress in engagement improvement and company-wide/unit action plans 	Units that conducted the survey	 Action plans at respective units	
Support for employees' career development is not sufficient.	Expand career-related information; create opportunities for dialogues for supporting self-growth	<ul style="list-style-type: none"> • Support improvement in dialogue skills as co-creative managers • Expand support systems for employees' autonomic career development 	CHRO organization		Action plans at respective workplaces
Unproductive work processes exist.	Promote work process reforms as company-wide activities	<ul style="list-style-type: none"> • Build up a corporate culture praising activities for co-creative reform and improvement • Streamline work processes beyond the boundaries of CXO/BU 	CXO/BU heads		
Basis for countermeasure	Build a relationship of trust and cooperation (priority for low-score workplaces)	<ul style="list-style-type: none"> • Develop an organizational culture that ensures psychological safety and respects individuals 	CEO/CHRO organizations		

Takahashi

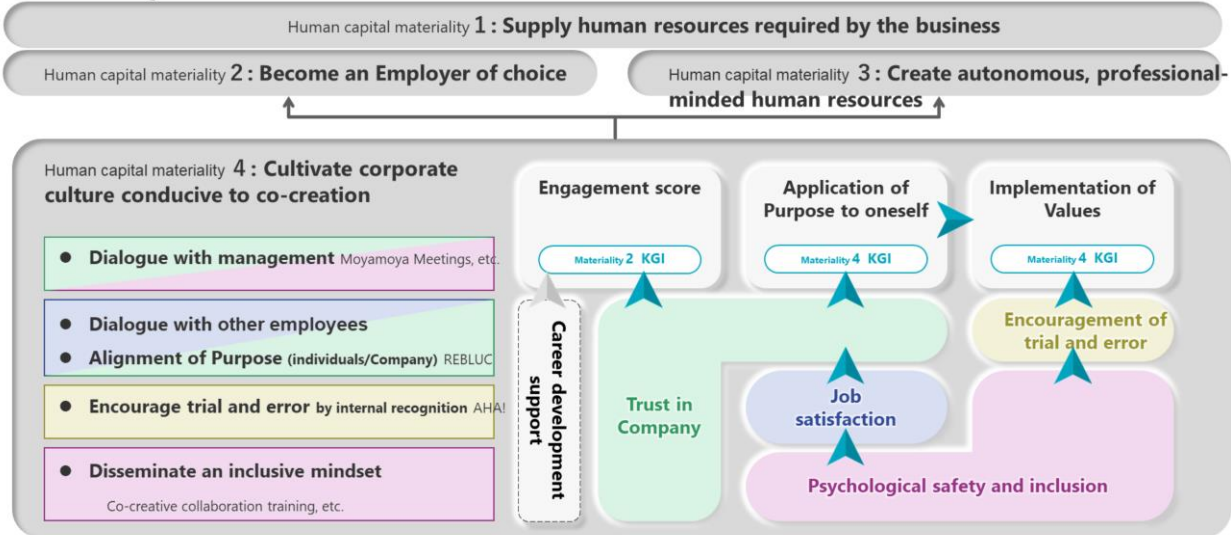
- With regard to work process reform, we are working hard to promote digitalization. In the initial stage, we worked to establish a framework for the integrated company. Standardization of work is under way. In the next phase, we will step up efforts to promote digitalization.
- I am thinking that simplification of work will be the theme for next year. As CEO, I terminated many things, including prior explanation for Management Committee meetings. I also appointed deputies concerning attendance at ceremonial functions and receipt of courtesy visits. Whenever possible, I want to use time only for efforts to maximize corporate value and refrain from work that can be conducted by deputies.
- In our IT system, we will not install add-ons in the name of reducing the load on workplace. We will install in accordance with "Fit to Standard."

Imai

- Japanese companies provide excessive services in the name of respecting employee's viewpoint. This causes a delay in promoting operational efficiency. Proper decision-making and execution in this regard is the key point for success of our future reform.

Efforts to establish a base for human capital management

Based on employee engagement survey results, we analyzed effectiveness of measures through causal inference



*Analyses were made based on replies in Japan out of the results of the employee engagement survey in July 2023.

▲ : Suggestions from causal inference in statistics (LINGAM)

▲ : Bayesian network was prepared through score-based structural learning

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Imai

- It has become possible to visualize effectiveness of various measures for human capital management through statistical analysis.
- It takes time to analyze effect on operating income and the issue is highly complicated. However, we will try to understand causal relationship between measures based on statistical data and implement the cycle of review.

Disclosure of KPIs related to talent management

Our Materiality

Gain credibility through responsible business management

Strengthen co-creation and competitiveness, creating social value through innovation

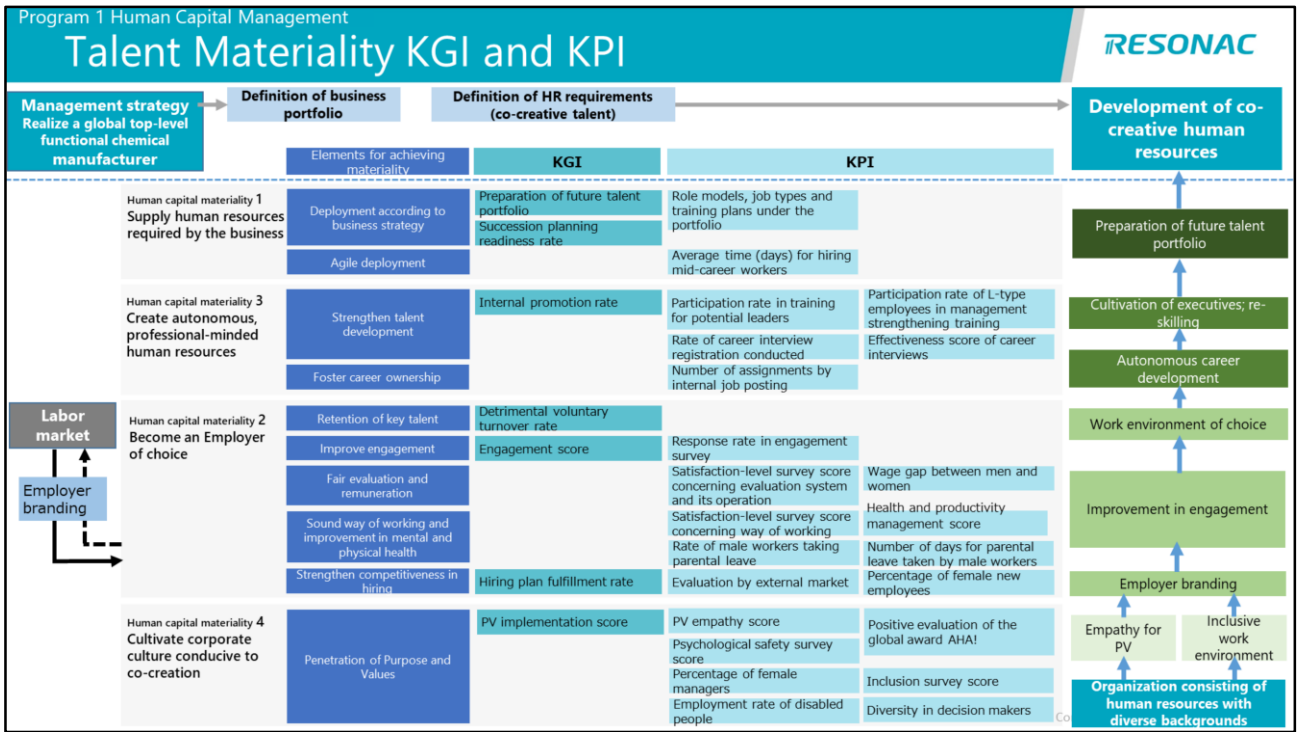
Develop autonomous and creative human resources, and culture

Talent Materiality	Supply human resources required by the business	Become an Employer of choice	Create autonomous, professional-minded human resources	Cultivate corporate culture conducive to co-creation
KGI	Preparation of future talent portfolio - Succession plan readiness rate	Hiring plan fulfillment rate; Detrimental voluntary turnover rate - Engagement-related scores	Internal promotion rate (strategic positions)	PV implementation survey scores - PV understanding scores

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Imai

- We believe our personnel strategy should contribute to business growth. Based on that concept, we have established four items of human capital materiality linked to Resonac materiality. We have also established KGIs and KPIs for respective items.



Imai

- We will establish process KPIs for respective goal KPIs for monitoring. Their owners are our leaders. The HR Operation Department will strengthen business-partner functions and support leaders in their efforts to achieve the goal.

Efforts on KGI/KPI for human capital materiality (examples)

	KGI/KPI	Countermeasures	2023 results	2024 goals	2025 goals
KGI	Preparation of future talent portfolio	Variance analysis of portfolio by job; preparation of action plans	Units covered* ¹ Prepared by one unit	Units covered* ¹ Portfolio preparation; Start partial operation	Units covered* ¹ Portfolio operation
	Succession planning readiness rate (strategic positions)	Preparation and implementation of succession plans	135%	150%	180%
	Degree of PV implementation	Town-hall meetings; stratified training; workshops; AHA!	P implementation: 48% V implementation: 51%	Higher than 2023 results	P implementation: 55% V implementation: 60%
KPI	Number of days for parental leave taken by male workers	Parental leave seminar for male workers; campaign for parental leave	14.6 days* ² (Rate of male workers taking parental leave: 93%* ²)	Recommend 60 days or more (2030) ※Create a safe environment for male workers to take leave for desired days; increase work efficiency	
	Psychological safety score in engagement survey	Implement and expand management strengthening training	59.5%	62.0%	64.0%
	Percentage of female managers	Set sectoral target rates; monitoring; follow up	5.5% in Japan; 12.0% on a consolidated basis* ³	(No target value because it is the middle of a three-year plan)	7.0% in Japan; 13.0% on a consolidated basis

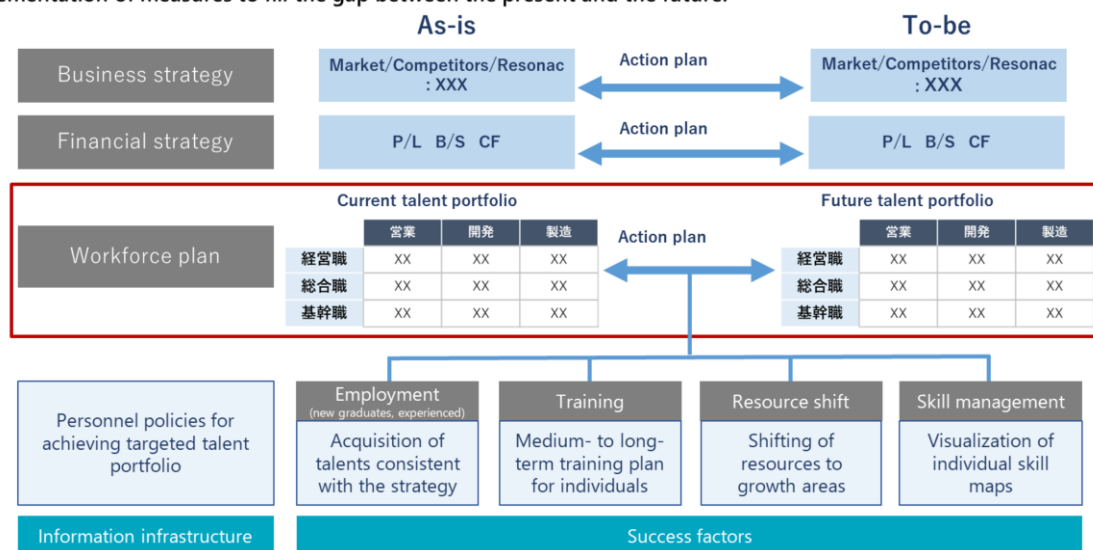
*¹ Electronics R&D Center, Electronics Business Headquarters; and CTO/CDO organizations are covered. *² The figure for 2022 is shown here, because 2023 results are being measured. *³ Results for 3Q 2023 (end of September)

Imai

- We will continue to explain specific cases of our initiatives through our integrated reports and on other occasions.

Preparation of talent portfolio linked to business strategy

Preparation of a workforce plan (talent portfolio) by a backcasting method based on ideal state of business.
Implementation of measures to fill the gap between the present and the future.



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Imai

- We should focus our efforts on preparation of future talent portfolio. In particular, we should secure human resources for R&D, which will have a great influence on our corporate value, and human resources for digital AI to support R&D. We need to discuss what kind of portfolio we should develop in three years and five years as well as ways of recruitment and human resource development. We already launched such initiative at Electronics R&D Center, Electronics Business Headquarters; CTO organization; and CDO organization.

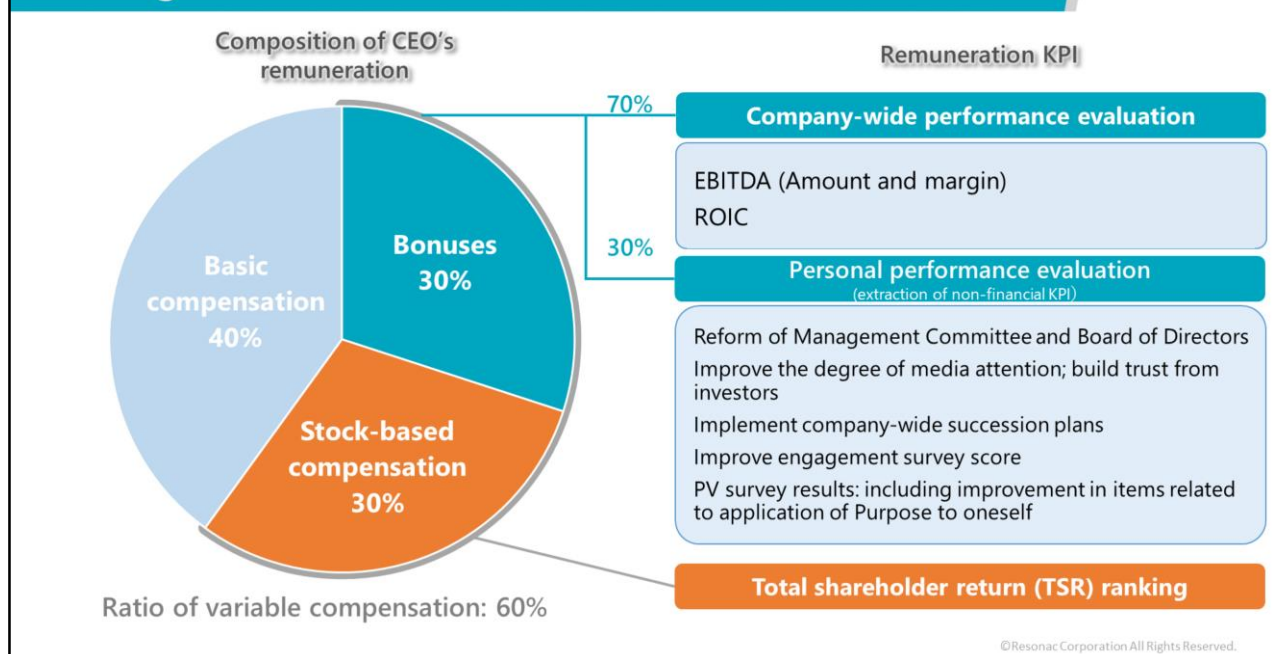
Takahashi

- When I attended a ceremony for prospective new employees before my appointment as CEO, I saw many brilliant students with gleaming eyes. I thought our company had social responsibility for national power of Japan since it continued hiring such students over many years. I also wondered why former Showa Denko was not profitable. The source of my motivation since joining former Showa Denko has been my wish to ensure that those young people remain hopeful of success after 10 to 20 years.

Imai

- Although it is said women in Japan have a hard time getting promoted to managers, when overtime hours are in the same range, there is no difference in the promotion rate between men and women. However, we should start evaluating results instead of working hours. Otherwise, it will become difficult for a company to improve its business performance by activities of human resources, including women.

Linkage of director's remuneration to KPI



Imai

- We drastically revised our director's remuneration system in 2022. The ratio of performance-linked compensation is now 60%. Non-financial KPIs are also incorporated.

Takahashi

- Last year, I received no stock-based compensation. At a meeting of the Board of Directors later, I commented that I wanted to see an increase in our share prices even by selling my soul. Evaluation of non-financial aspects will be finalized after data-based discussions at the Remuneration Advisory Committee concerning the validity of a director's self-assessment.
- As for evaluation of non-financial aspects, I would like to explain results and improvement effect in quantitative and specific manner.
- My own purpose is to "Make Resonac a company where I can enjoy my work." To that end, I need to work out various measures and work together.

Program 2 Sustainability Strategy in Resonac (Progress of Non-Financial KPIs)

Nami Matsuko, CSuO (Chief Sustainability Officer '24~),
Meiko Saihata (Safety),
Tomotaka Tsutsuzaki (Risk Management) &
Rumi Ueyama (Environment)

Program 2 Sustainability

Profiles of presenters



Nami Matsuko (to start serving as Chief Sustainability Officer in 2024)

After joining Nomura Research Institute, she worked for Nomura Securities Co., Ltd., doing consulting work in investor communication, corporate governance and organizational restructuring. Then, she took charge of promoting sustainability activities, preparing integrated reports, and internal/external engagement at Nomura Holdings, Inc., OMRON Corporation, and other companies. She joined Resonac in 2021 as General Manager of Sustainability Department.

Progress of non-financial KPIs; firsthand opinions of people in charge of fieldwork

Meiko Saihata
General Manager,
Environment and Safety
Department



Tomotaka Tsutsuzaki
General Manager, Risk
Management Department

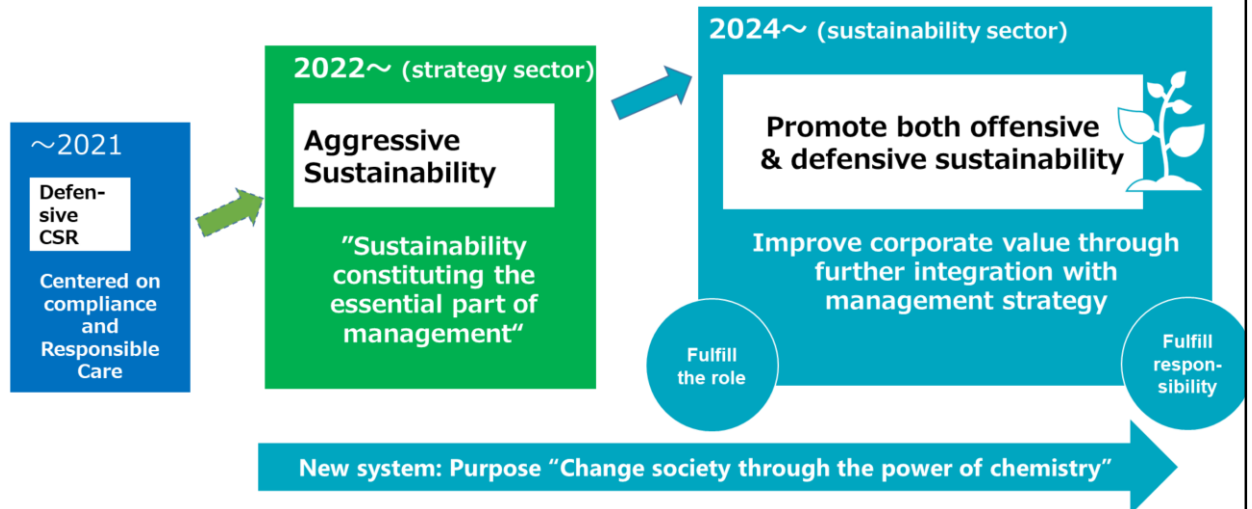


Rumi Ueyama
Group Leader, Planning and Promotion Group,
Sustainability Department



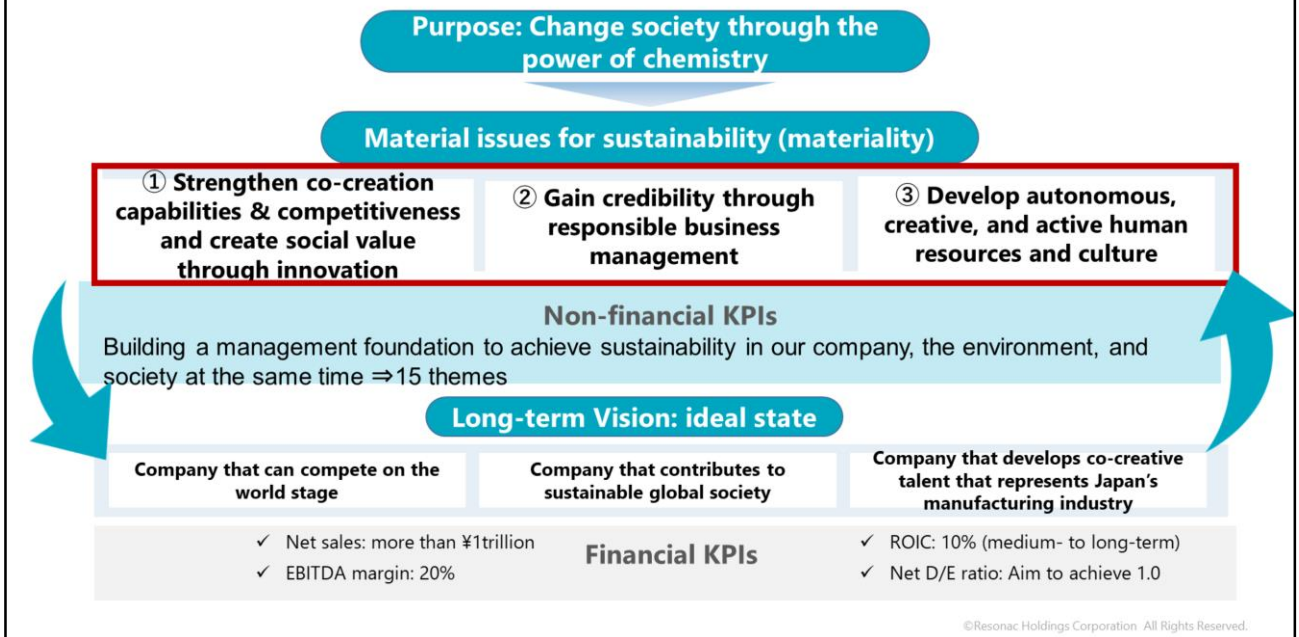
Position of Chief Sustainability Officer (CSuO) to be created

– Sustainability will be our top priority for management –



Matsuko

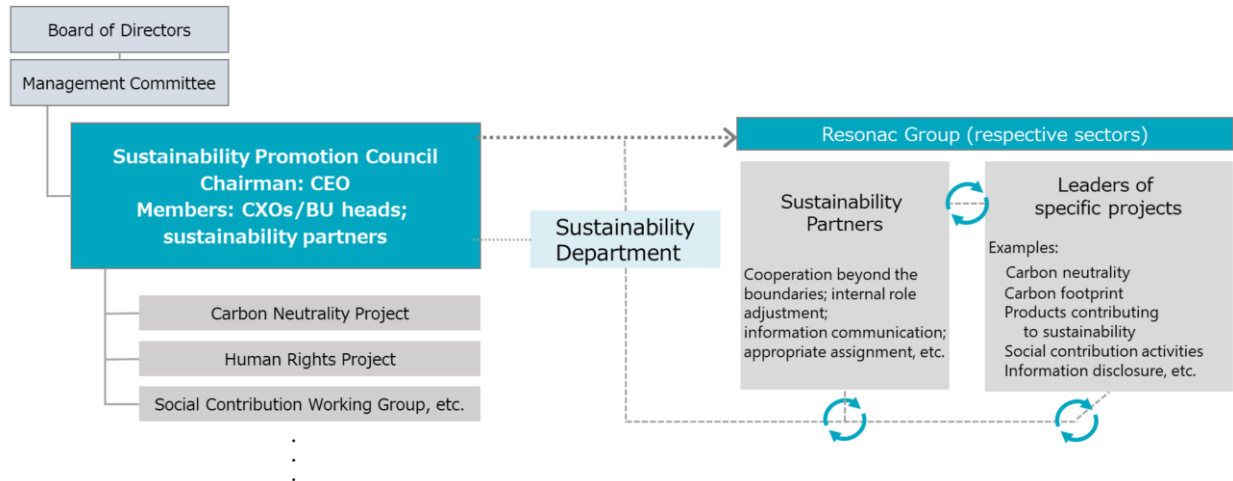
- In 2022, the Sustainability Department was newly established in the Strategic Division, and "Aggressive Sustainability" was launched. The slogan was "Sustainability constituting the essential part of management." Instead of focusing on "Compliance with Laws" and "Responsible Care," it was repositioned as "Growth Strategy" and restarted.
- Chief Sustainability Officer (CSuO) will be assigned directly under the CEO from 2024. In order to realize our purpose, we will accelerate integration with management strategies and improve corporate value by providing value to society.



Matsuko

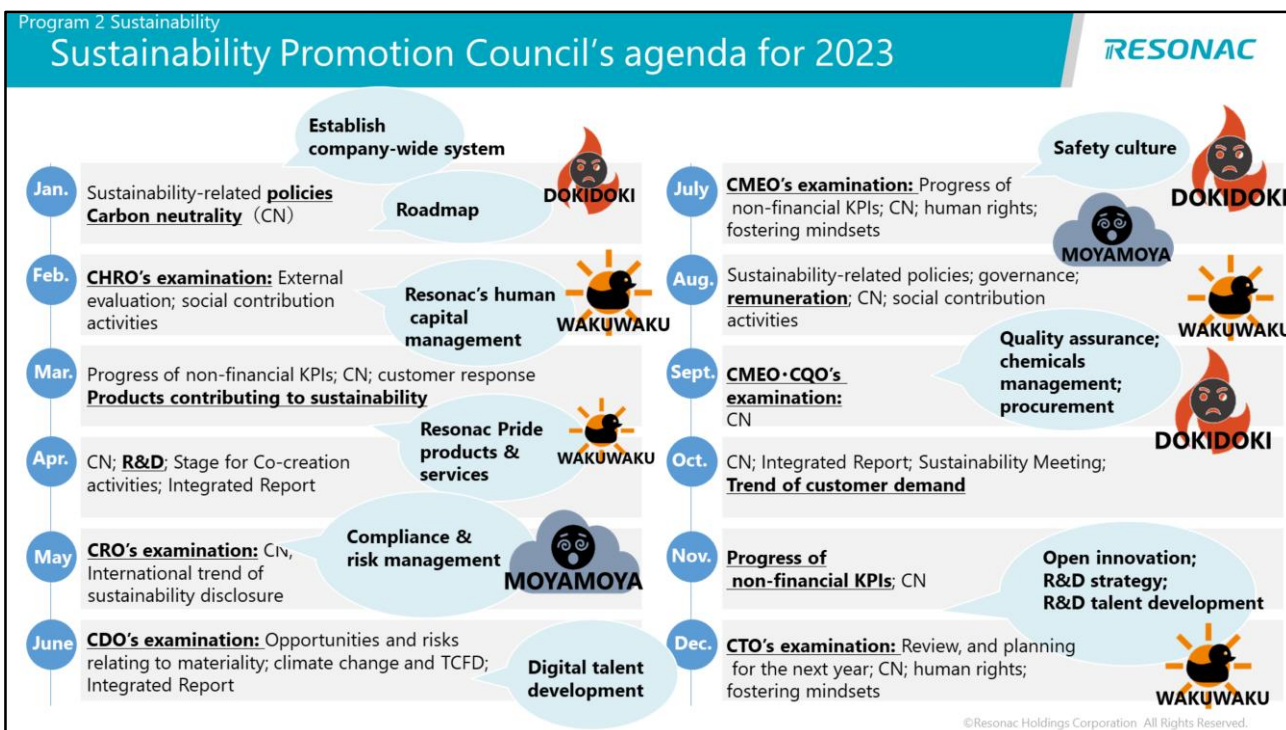
- The first thing we worked on over the last two years was setting up materialities and setting up non-financial KPIs.
- Our company's materiality is an important management issue from a long-term perspective in order to simultaneously achieve both environmental and social sustainability as well as Resonac's own sustainability. Therefore, it corresponds to our long-term vision.
- Based on this materiality, we have defined 15 non-financial KPIs. We understand the suggestion that we should narrow down the number of KPIs, but we need to build a foundation for creating social and corporate value so that we can become stronger. We will constantly review our efforts as we move forward.

The Sustainability Promotion Council meets every month, attended by CXOs and BU heads. Group-wide activities are being promoted for sustainability.



Matsuko

- We hold a sustainability promotion council chaired by the CEO once a month and exchange opinions on a wide range of topics within the company. A common language is created by discussing not only among the executives in charge of each topic but also among all executives.
- We believe it is also important to incorporate and disseminate the content discussed in each department, so we select sustainability partners who are in charge of disseminating the content in each organization and collaborating across organizations. We are looking for ways to build consensus by gaining empathy and resonance from employees.



Matsuko

- Each time, we put three different emotional marks, "DOKIDOKI", "WAKUWAKU", "MOYAMOYA", on the agenda and share thoughts on how they feel. Those that need to be worked on without waiting are marked "DOKIDOKI."
- For example, if a person in charge feels "MOYAMOYA" about priorities for allocating management resources on a subject that cannot be solved by the functions and resources of one department alone, management members will work together to solve the problem.

Materiality: Non-financial KPIs

Materiality

1

Strengthen co-creation capabilities & competitiveness and create social value through innovation

Creation of social value thru business

Marketing

Open innovation

R&D; Intellectual property strategy

Digital transformation

Examples of non-financial KPIs

Important themes	Aims	Goals for 2025	Results in 3Q 2023
Accreditation of Resonac Pride products and services	Visualize how we changed society (Purpose)	An increase in cases of accreditation by open process	Establishment of accreditation process
Initiative for Carbon Footprint (CFP) calculation	Calculate product CFP to visualize emission amount	Complete calculations for major products; integration into R&D process	Almost met 2023 goals

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Matsuko

- In Our Materiality1, "Create social value," a certification system called "Resonac Pride products and services" was launched to visualize the value that our company's products and services provide to society and the environment.
- Carbon footprint (CFP) calculations are ongoing and expected to be completed for major products in 2025, leading to a reduction in CFP for products.

Materiality: Non-financial KPIs

Materiality

2



Gain credibility through responsible business management

Safe and secure workplace
Environment & human rights
throughout the value chain

Compliance

Provide quality and safety in
product

Sustainable procurement

Risk management

Examples of non-financial KPIs

Important theme	Goals for 2025
Safe and secure workplace	Fostering of a culture emphasizing safety, Zero serious occupational & serious equipment-related & environmental accidents
Reinforcement of our system for managing risks	Development and operation of comprehensive risk management systems, Reinforcement of the second line of defense
Reduction of environment impact	2050 : Carbon Neutrality 、 2030 : 30% reduction from fiscal 2013

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Matsuko

- Our Materiality2, "Gain credibility" includes safety, risk management, and environmental measures.
- As for Our Materiality 3, "Develop human resources" Takahashi and Imai explained in Program 1.

RESONAC

Resonac Sustainability Meeting 2023

Program 2
Sustainability Strategy in Resonac
(Progress of Non-Financial KPIs)

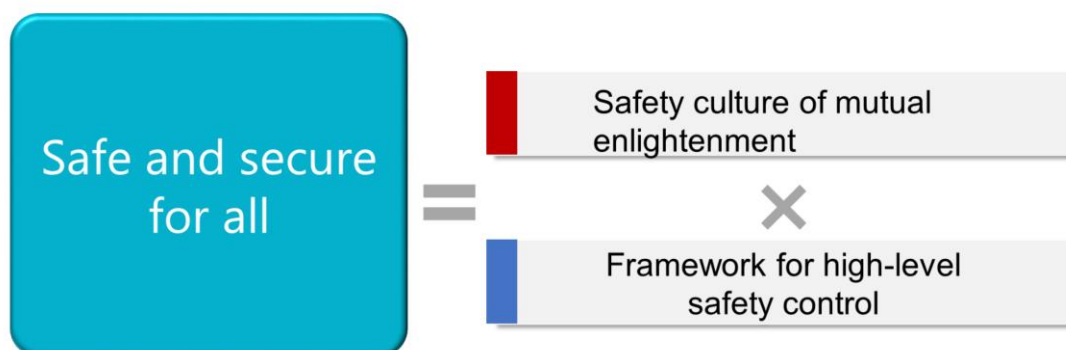


Safety



Nami Matsuko, CSuO (Chief Sustainability Officer '24~)
& Meiko Saihata (GM, Environment and Safety Department)

**Safety is our top-priority.
It is the base for creation of corporate value, and
qualification for being a manufacturer.**



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Saihata

- The chemical industry can contribute to people's lives and the global environment by creating new materials and technologies. On the other hand, the risks of accidents and environmental pollution are enormous, and chemicals can cause health problems. The safety of employees and communities is the qualification for business continuity and the foundation for creating corporate value.
- Having worked at a petrochemical complex in Oita for nearly 10 years, and having witnessed various accidents and the hardships experienced by employees, I believe that ensuring safety is of the utmost importance, and this is the basis for generating profits for our company.

Advanced safety control system & establishment of safety culture

Occupational accidents

◎ Zero serious occupational accident

Current state: One case (2023)

Equipment-related accidents

◎ Zero serious equipment-related accident

Current state: None (2023)

Environmental accidents

◎ Zero environmental accident

Current state: One case (2023)

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Saihata

- There were some differences in safety control system between the former Showa Denko and the former Hitachi Chemical, but through trial and error, we are combining the best points of both companies.
- As of this fiscal year, one industrial accident and one environmental accident occurred. This means that there are more than one person who experienced pain and suffering. To achieve our goals, we will enhance our safety culture, firmly establish a safety management system, and create a state where "safety is our top priority" permeates every corner of Resonac.

Major steps

Safety culture

Activities for establishing safety culture of mutual enlightenment

- ✓ Promote Safety Communication Program (SCP)
- ✓ Local gatherings

Increase resource allocation to safety

- ✓ Evaluation and commendation on safety activities
- ✓ Reform of personnel system

Framework for safety control

Prevent serious accidents

- ✓ Re-establish risk-based management system

Vitalize safety activities Speeding up improvement

- ✓ Visualize specific tasks for manufacturing sites
- ✓ Unify risk assessment systems

Saihata

- A safety awareness survey conducted by all groups in 2022 revealed weaknesses in the safety culture, and efforts are being made to improve them. It is important to create a culture where employees learn together and everyone believes that "accidents can be reduced to zero."
- Safety performance should be evaluated positively for activities rather than negatively. We are also planning to reform our personnel system, including making the safety management department a career path. Although it has been said that safety is the top priority, management resources, including human resources, have not been fully allocated to safety.

By patrolling production sites, we work to establish “Felt leadership” (supervisors setting an example) on safety and vitalize communication.



Supervisors recognize safe work, and praise employees.

Supervisors try to identify difficult or burdensome work, and consider improvement measures together.

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Saihata

- SCP (Safety Communication Program) was launched in 2023. In the field patrol, the senior officer not only points out safety issues and gives instructions for improvement, but also investigates the cause and solves problems with the field members. The patrol emphasizes communication.

Safety training for plant managers in Japan



What are requirements for a zero-accident plant?

We want to create a plant with psychological safety.

We are vitalizing safety activities in this manner.

This is a good initiative. We want to do it at our site. Let me talk with you personally.

It takes money, time and manpower to ensure safety.

Sharing tasks and discussing improvement measures

Local gatherings



The host plant will introduce examples of activities.

This is a good initiative. Furthermore, I would suggest another viewpoint.

Getting connected with new members; learning together and cooperating; realizing mutual enlightenment

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Saihata

- There are a lot of wisdom and ingenuity on the ground at the Resonac Group. To make this a strength for our company, we have created a face-to-face space to learn about the efforts of others globally.



We will establish safety culture of mutual enlightenment and continuously improve our risk-based management system so that everyone is aware that "Safety is our top priority" and takes action accordingly. Thus, we will establish **Resonac as a leading company in safety!**

Saihata

- Constantly improve the risk-based management system and foster a mutually enlightened safety culture. We aim to become a "leading safety company" by enabling each individual to act and become aware of "safety as a top priority."

RESONAC

Resonac Sustainability Meeting 2023

Program 2
Sustainability Strategy in Resonac
(Progress of Non-Financial KPIs)



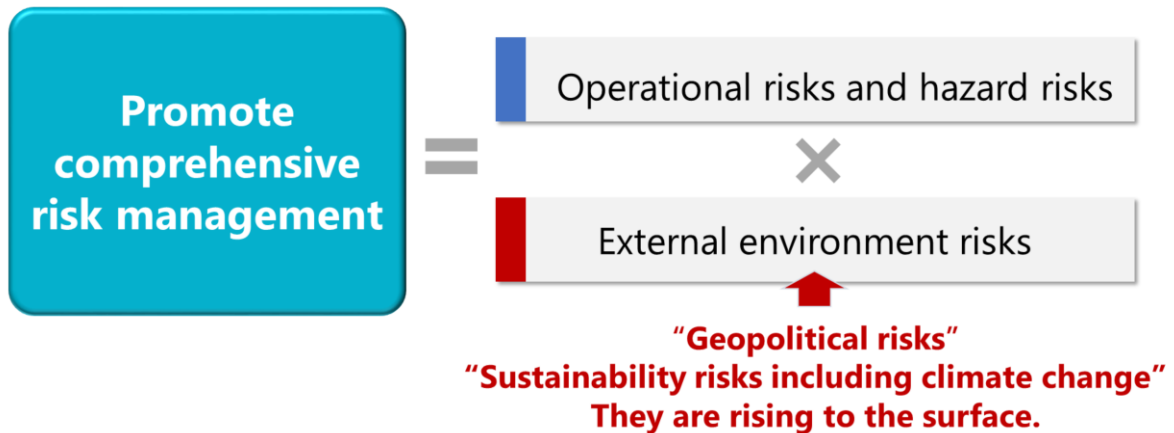
Risk Management



Nami Matsuko, CSuO (Chief Sustainability Officer '24~)
& Tomotaka Tsutsuzaki (GM, Risk Management Department)

What is risk management for Resonac

Clarify risks to, and their influence on, business management to support business judgment, thereby realizing appropriate resource allocation.

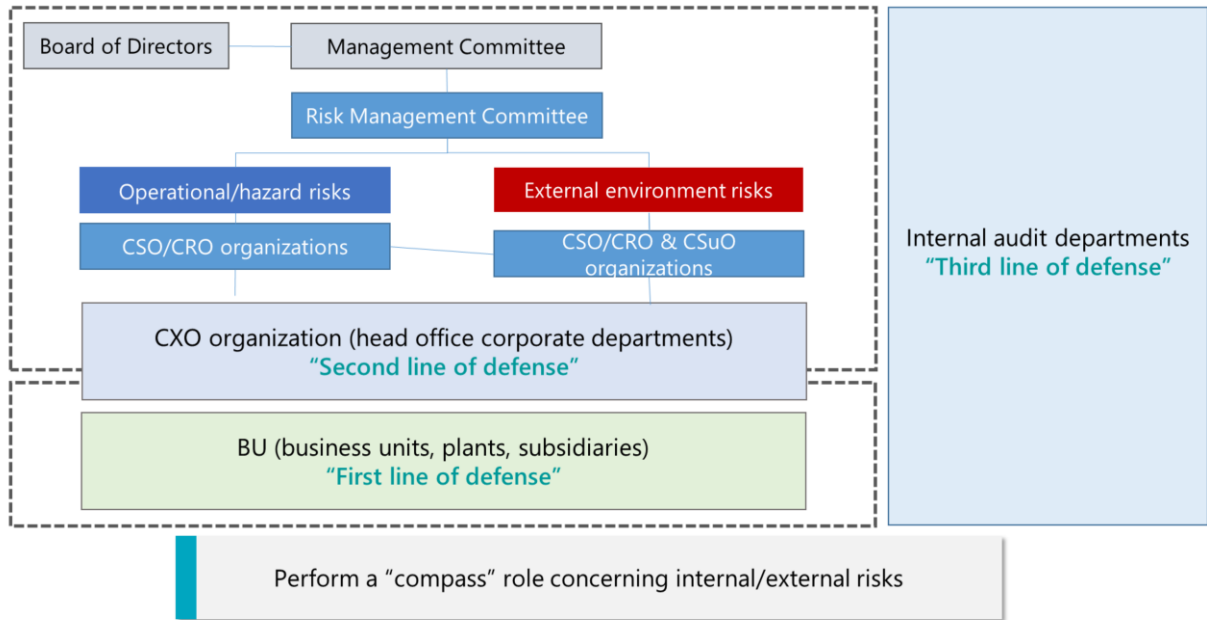


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Tsutsuzaki

- Despite the increasing size and complexity of external environmental risks, such as geopolitics and sustainability, there was a lack of specialized departments in charge of risk management and a lack of resources before the merger.
- Upon integration, the company reconsidered the issue in light of the scale of sales and requests from society and customers, and established the Risk Management Department. The department comprehensively oversees the risks surrounding our group.

Risk management organization '2024



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Tsutsuzaki

- The Risk Management Committee was established under the Management Committee. Previously, operational hazard risk was in the CRO (risk) area and external environmental risk was in the CSO (strategy) area, but from 2024, it will be comprehensively dealt with under CSO/CRO Maoka.
- BU as the 1st defensive line, CXO organization as the 2nd defensive line, and internal audit department as the 3rd defensive line as risk response. Each plays an important role in responding to internal and external risks.

- ① Maximize the value of organizations through risk management
- ② Raise awareness of risk by management and field workers

Our strategy for risk countermeasures

Enhance employees' risk sensitivity:
Strengthen education and training

Address issues linked to various risks:
Prepare strategies in view of operational/hazard risks and external environment risks

Establish effective control systems such as BCM/BCP:
Prepared to fulfill social responsibility in emergency



Current issues

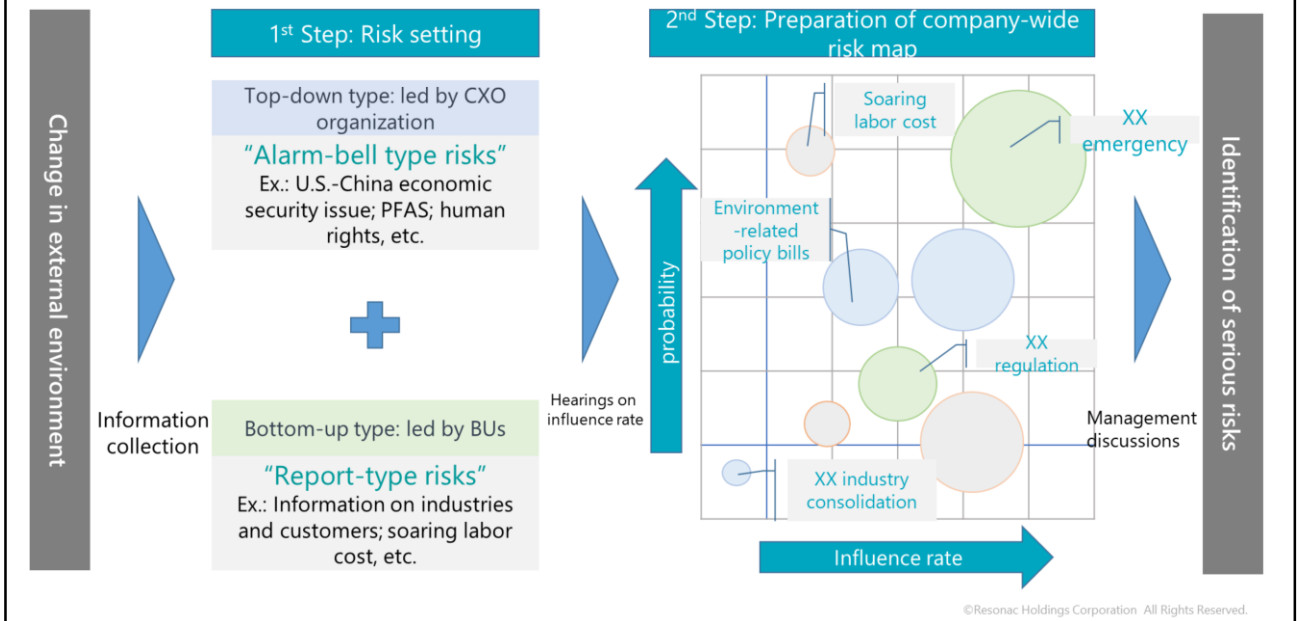
Identify risks associated with change in the external environment

Evaluate risks in highly uncertain situations; strengthen management system

Tsutsuzaki

- Improving employee sensitivity to risk is the most important. We focus on education and awareness activities on various levels.
- Amid the world's growing uncertainty, we believe it is important to build a solid system to quickly and correctly grasp the risks that change every day, and put it into the management cycle.

Strengthen external-environment risk management



Tsutsuzaki

- Information on changes in the external environment is collected and classified into two categories: Alarm-bell type risks, which is disseminated internally by the CXO organization, and Report-type risks, which is reported by BU to management. The Risk Management Department takes the lead in creating a risk map for the entire company in cooperation with each organization, conducting consultations with management, and identifying major risks.



We will establish a system for assessing risks, including external environment risks, and provide more sophisticated risk information to support business judgment. Thus, we will contribute toward increasing the value of the Resonac Group.

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Tsutsuzaki

- Through risk management, we will prevent risks that could damage Resonac's corporate value.
- In addition, in order to minimize the extent of damage in the event of an emergency, we would like to make efforts to provide appropriate information to management so that resources can be correctly allocated and, as a result, the corporate value of Resonac can be improved.

RESONAC

Resonac Sustainability Meeting 2023

Program 2
Sustainability Strategy in Resonac
(Progress of Non-Financial KPIs)

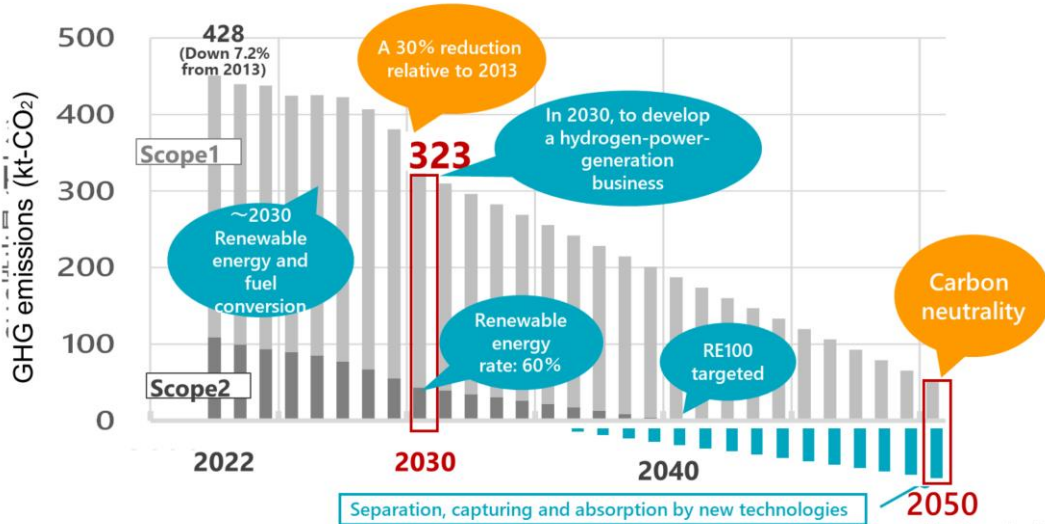
Environment



Nami Matsuko, CSuO (Chief Sustainability Officer '24~)
& Rumi Ueyama (Group Leader, Planning & Promotion Group,
Sustainability Department)

Indicators and targets: GHG emission reduction targets

Toward achieving carbon neutrality in 2050, we set the 2030 target of a 30% reduction relative to the 2013 level. In order to meet the 2030 target, we will steadily promote reductions, focusing on introduction of renewable energy and fuel conversion to biomass, etc. To develop a hydrogen-power-generation business



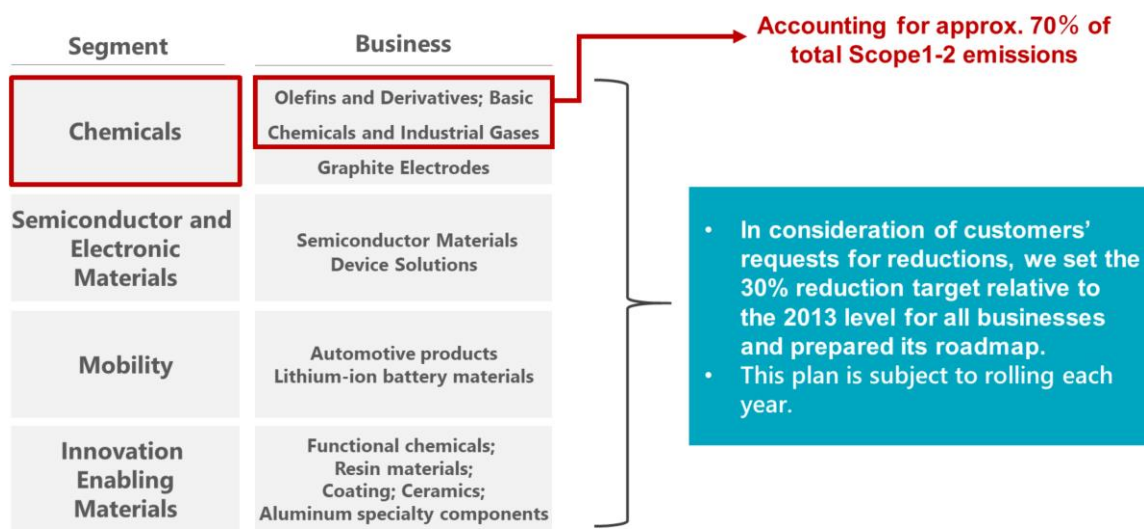
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Ueyama

- Toward carbon neutrality by 2050, we set a target of 30% reduction from the base year of 2013 in 2030. The current situation in 2022 is 7.3% reduction from 2013 levels due to a decrease in some production volumes and the start of renewable energy procurement.
- We will steadily reduce fuel consumption mainly through the introduction of renewable energy and the conversion of fuel to biomass, and will accelerate efforts to reduce fuel consumption in 2026 to achieve the 2030 target. The current rate of renewable energy use is less than 1%, but we will increase it to about 60% by 2030. A hydrogen power generation business in the basic chemicals business is also scheduled to start in 2030.

GHG emission reduction targets by sector and business

We set the 2030 target of a 30% reduction relative to the 2013 level not only for businesses with a large amount of emissions but also for all businesses. In 2023, we prepared a roadmap for reductions.



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Ueyama

- About 70% of our Scope1 and 2 emissions come from Petrochemicals and Basic Chemicals businesses. In light of customer requests for reductions, we have set a target of a 30% reduction in GHG emissions by 2030 (compared to the base year of 2013) for all businesses, and have formulated a roadmap for reductions.
- We will control emissions throughout the company by prioritizing areas where customers are highly requested to use renewable energy, and roll out a roadmap every year.

Basic Chemicals: To develop a hydrogen-power-generation business

Kawasaki Heavy Industries and Resonac signed an agreement on joint development of a hydrogen-power-generation business in Kawasaki area, aiming to start using hydrogen in or around 2030.

Generate electricity of more than 100 MW using hydrogen

Planning to start supplying clean energy to Kanto area from around 2030



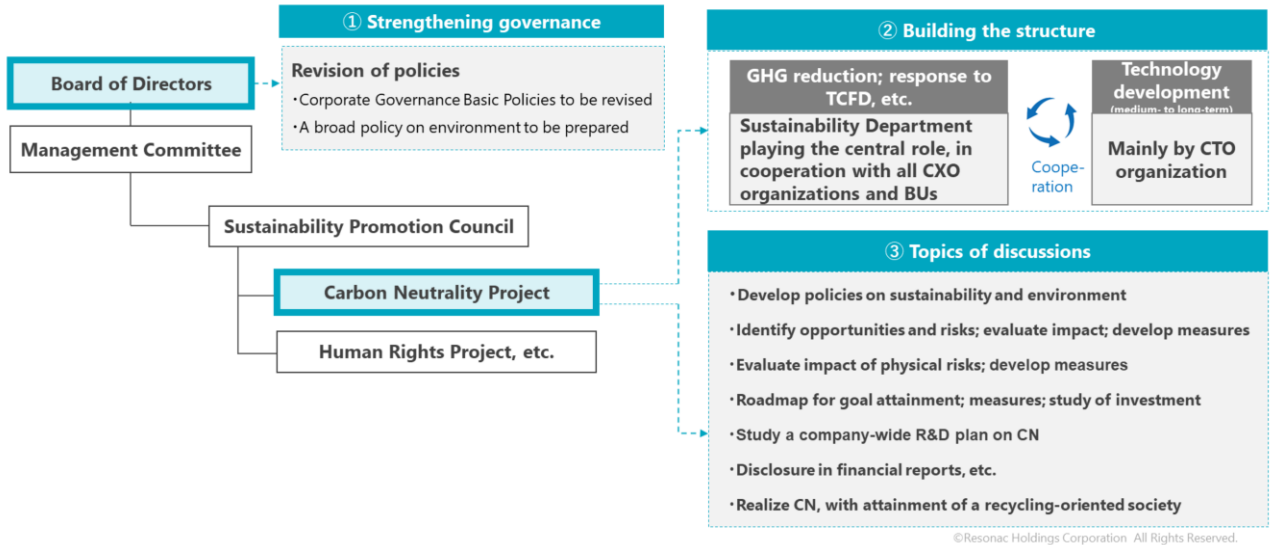
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Ueyama

- Through co-creation with outside companies such as Kawasaki Heavy Industries, Ltd., we are developing a hydrogen power generation business in the Kawasaki area.
- It is planned to supply clean electricity derived from hydrogen to the Kanto area of our company from 2030, and this will be one of the important measures to reduce Scope2.

Whole picture and governance structure

Launched a company-wide project for carbon neutrality; Discussions at monthly meetings of Sustainability Promotion Council; Strengthening governance structure through various measures, including reports to the Board of Directors and integration into director's remuneration

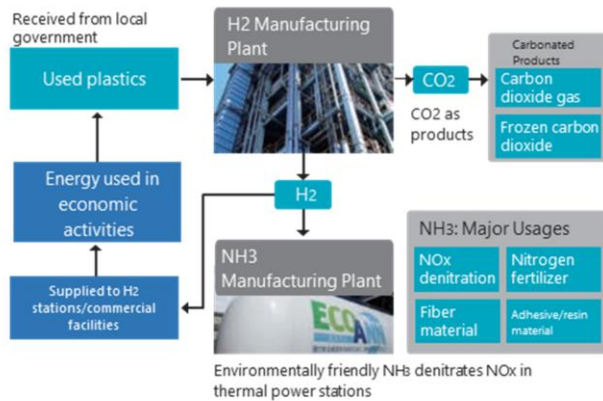


Ueyama

- A company-wide project for carbon neutrality has been launched, and the contents discussed at the Sustainability Promotion Council are reported to the Board of Directors when necessary.
- With regard to strengthening governance, the Basic Corporate Governance Basic Policies are being reviewed and the details of the revision will be disclosed next spring.
- The Sustainability Department takes the lead in reducing GHG emissions and responding to TCFD, and cooperates with all functional and business divisions, while the CTO takes the lead in developing technologies over the medium to long term.
- At the monthly sustainability Promotion Council, we discuss all aspects of TCFD: "governance," "strategy," "risk management," and "metrics and targets." We also believe that CN's initiatives, including the realization of a recycling-oriented society, are very important.

Basic Chemicals: Kawasaki Plastic Chemical Recycling (KPR)

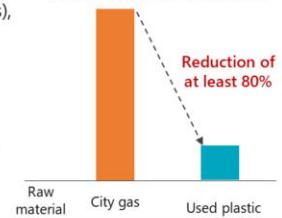
Since 2003, we have been conducting a “plastic chemical recycling” business, converting used plastic into raw materials for chemicals, including ammonia. For our ammonia product, in which recycled low-carbon hydrogen is partially used, we obtained EcoMark certification for our ammonia production process in 2015. This was the world’s first EcoMark certification for a production process.



Compared with conventional methods of using fossil fuel (city gas), ammonia production based on recycling of used plastic **reduces GHG emissions by at least 80%**.

* Calculated by deducting the environmental load reduction effect due to effective use of used plastic (a load deduction method adopted)

Comparison of GHG emissions for producing one ton of ammonia



Collaborating with a popular book in Japan. (Japanese only)

Introduction of our plastic recycling, communicating that waste can be turned into resources through appropriate waste separation.

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Ueyama

- We have been engaged in the "plastic chemical recycling business" for 20 years, which recycles used plastics into chemical raw materials such as ammonia. In addition to using used plastics as raw materials, low-carbon ammonia manufactured in our company also reduces CO2 emissions by more than 80% by not using fossil fuels or energy derived from fossil fuels during normal operation. (* In the calculation process of the reduction effect, certification was obtained from a third-party organization (Japan Life Cycle Assessment Facilitation Centre (LCAF)).
- In March 2023, we also announced a memorandum of understanding with ITOCHU for the development of the “ARChemia project”, a recycling-oriented project, in order to expand the use of raw materials for used textiles, including clothing, in addition to used plastics.
- KPR's efforts contribute to both the recycling of plastic resources and decarbonization, and we will continue to expand the creation of new value through co-creation with people outside the company.

Tasks and future plans

Tasks

Maintenance of data and improvement in accuracy following the integration

Brushing up on the roadmap for CN

Conversion of CN and other environmental initiatives into business/corporate values

Future plans

Establishing an internal system
Continuing Scope 3 calculations; considering targets

Rolling of emission reduction plans on a yearly basis for 2030/2050 targets

Reverification of target setup levels
(scientific basis for levels)

Continuing to prepare a technology roadmap

Continue to implement Materiality 1 (Creation of social value through business)
Studying a roadmap for biodiversity initiative

Ueyama

- The first point is the reduction since 2030. We believe that we can probably achieve a reduction in the SBT requirement level for Scope1 and 2. However, our company, which has a large number of Scope1 businesses in its business portfolio, is carefully considering whether we can continue to reduce the SBT requirement at an annual rate of 4.2% or more after 2030.
- The second point is Scope3 calculation. It takes time to calculate Scope3 due to the difficulties of not being able to complete data and system integration, operating various businesses, and being located upstream in the value chain of materials and materials. In addition, receiving SBT certification means committing to reducing Scope3. Therefore, we are hastening the calculation and considering changing targets in line with SBT by business.



As for carbon neutrality, we will finish establishing a framework for our initiatives by 2025. In 2026, we will start seeing **blossoming of the essence of our CN initiatives**. We will also **accelerate our comprehensive environmental initiatives** concerning realization of a recycling-oriented society, preservation of biodiversity, risk management and others.

Ueyama

- We are aware that our company's CN efforts are currently lagging behind due to the fact that there has been integration. However, by 2025, we will complete building the foundation of our CN efforts, and we hope to start blossoming our own CN efforts in 2026.
- We will also accelerate comprehensive environmental initiatives, including the realization of a recycling-oriented society, biodiversity conservation, and risk management.

Program 3 Evolution of Governance in Resonac

Outside Director, Tetsuo Tsuneishi
&
Hideki Somemiya, CFO



Tetsuo Tsuneishi, Outside Director

Joined Tokyo Electron Ltd. (then Tokyo Electron Laboratories, Inc.) After serving as General Manager of semiconductor production equipment division and General Manager of Overseas Marketing Headquarters, he was appointed Representative Director and Chairman of the Board. He is now Director and Chairman of the Board of Tokyo Electron Device Ltd., Vice Chairman of Japan Association of Corporate Directors, and Outside Director of Resonac.



Hideki Somemiya, Director, Managing Corporate Officer, and CFO

After a career in Nomura Research Institute and foreign securities, he served as CFO of the semiconductor business and executive officer in charge of semiconductor solutions at Sony. He then joined our company, where he currently leads structural reform, accounting and finance, and investor relations as our company Director, Managing Corporate Officer and CFO.

Reform of Resonac's Board of Directors

In a bid to further improve corporate value, Resonac is proceeding with its governance reform.

2022: Process of appointing new president

Appointed Takahashi as CEO, with keen awareness of the need for "a leader in times of emergency" on the occasion of the second founding



2023: Our efforts to reform the Board of Directors

As the management team is aiming to compete on the world stage, our Board of Directors should also be at a world level for monitoring.



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Somemiya:

- We have updated on the progress on governance reform via integrated report in a form of interview. Last year featured the process of appointing Takahashi as a CEO and this year featured efforts to reform the Board of Directors, along with Mr. Tsuneishi.

Mr. Tsuneishi:

- Board of Directors of Resonac was very different from what I have expected from its 100+ years of history. It was very open to honest discussions, vibrant like that of a startup. I feel comfortable with and close to CEO Takahashi, determined to do best to maximize corporate value through advisory committees.

Second founding! Birth of Resonac by "Team Takahashi"!



Strategy pro

I make my own cabinet.

Kamiguchi, Fukushima

Yamashita, Ishii, Katayose, Fujita, Imai

In 2024, a professional in the field of sustainability will join!

Semiconductor/finance pro	Semiconductor/strategy pro	Manufacturing pro	IT/digital pro
 Hideki Somemiya Background: Think tank; securities firm; semiconductor maker Chief Financial Officer (CFO)	 Tomomitsu Maoka Background: US consulting firm; semiconductor maker; PC maker Chief Strategy Officer (CSO)	 Masami Tobito Background: Car maker; EC site; auto parts maker Chief Operations, Manufacturing and Engineering Officer; Chief Quality Officer (CMEO/CQO)	 Hideki Shibata Background: Fine chemicals maker Chief Digital Officer (CDO)

Somemiya:

- There are 6 points in governance reform. First, a reform in the executive side. When Takahashi formed his own cabinet, out of 32 executive officers with 2 companies combined, 26 gave up their role as executive officers, which seldom happens in Japan. As it is Takahashi's own cabinet, decisions are made quicker with mutual trust and psychological safety. That said, they are by no means a group of yes-men.

Takahashi:

- No, I am the one who is being cornered to say yes! Management council is lively with frank discussions. Diversity including gender, background and FFS matters, because good ideas come from diverse mix of people.

Mr. Tsuneishi:

- Not being a group of yes-men is the key. Diversity in Director of Board is often mentioned and required, while diversity in executive department doesn't attract attention it deserves. Resonac is focused on enhancing corporate value and the passion and commitment to achieve it is worth noting. Conflicting opinions are the recipe for a better outcome. A great team indeed.

Board members and institutional design

Board members with diversity will lead discussion, using their experiences.

■ Outside Directors

Semiconductor pro



Tetsuo Tsuneishi

Production technology pro



Kiyoshi Nishioka

Finance pro



Kozo Isshiki

Globalization pro



Noriko Morikawa

In 2024, a professional in the field of enterprise integration will join!



Kenji Yasukawa

■ Outside Members of Audit & Supervisory Board

Professionals in the field of venture capital, compliance and project investment

In 2024, a professional in the field of diversity will join!



Kiyomi Saito

Masako Yajima

Yasuyuki Miyasaka

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Somemiya:

- Second, diverse board members. Both outside directors and outside audit & supervisory board members are selected based on skill matrix and diversity. Professionals in respective fields joined our board to lead discussions, making full use of their experiences.
- As we make a turn to semiconductor field, industry-wide knowledge and expertise of Mr. Tsuneishi, who also has an experience with global investors, are particularly helpful. From 2024, Mr. Yasukawa, a chairman of Astellas Pharma, who is a professional in corporate integration is to join our board, expected to further deepen the discussion. Furthermore, Ms. Toda, a professional in diversity promotion, will join us as an outside audit & supervisory board member.

Mr. Tsuneishi:

- Members are good. I would note that the goal of the Board of Director should be an enhanced corporate value, not diversity itself. We have built a better team with best people available.
- If Resonac aims to be a global leader in semiconductor material industry, given the industry ecosystem, we have to be among top 3 or 4. Profitability and ROIC, based on product strength, are essential. My perspective is that, while non-financial is important, it is necessary to make money and enhance both financial and non-financial indicators.

Somemiya:

- I'm grateful to hear Mr. Tsuneishi's opinion. Tokyo Electron's passion for profit sends strong message to the board and executive department.

Mr. Tsuneishi:

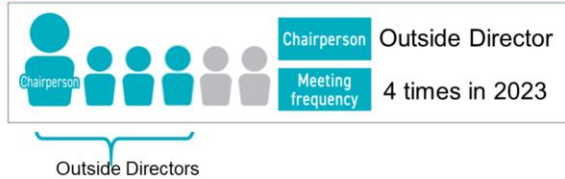
- Resonac executive department is very well focused on ROIC and EBITDA, working hard in team to improve them.

Sophistication of advisory committee operations

Active discussion at advisory committee meetings – Outside advisors are also invited –



Nomination Advisory Committee

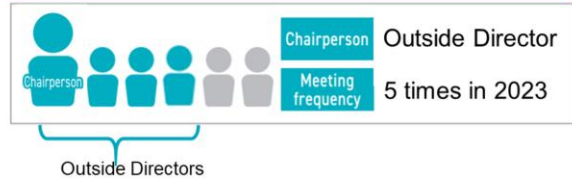


Achievements in 2022-2023

- Definition of the objective and role of Nomination Advisory Committee
- Discussion on director candidates based on talent requirements and roles; appointment



Remuneration Advisory Committee



Achievements in 2022-2023

- Revision of the director's remuneration system; strengthening the linkage to management indicators and initiatives
- Started discussion on linking non-financial KPI to remuneration

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Somemiya:

- Third point is advisory committees. While our institutional design is 'corporation with audit & supervisory board', we have Nomination/Remuneration Advisory Committee in place with majority of outside directors, thereby taking in the high-level monitoring function of 'corporation with nominating committee'. What to improve in governance is up for discussion every year. Mr. Tsuneishi is a chairman for the Nomination Committee.

Mr. Tsuneishi:

- Being named a chairman from the year 1 was a surprise for me. Succession plan needs to fit the growth stage of Resonac following the second founding. For the time being, there will be an alignment with executive department, while maintaining the independence from it.

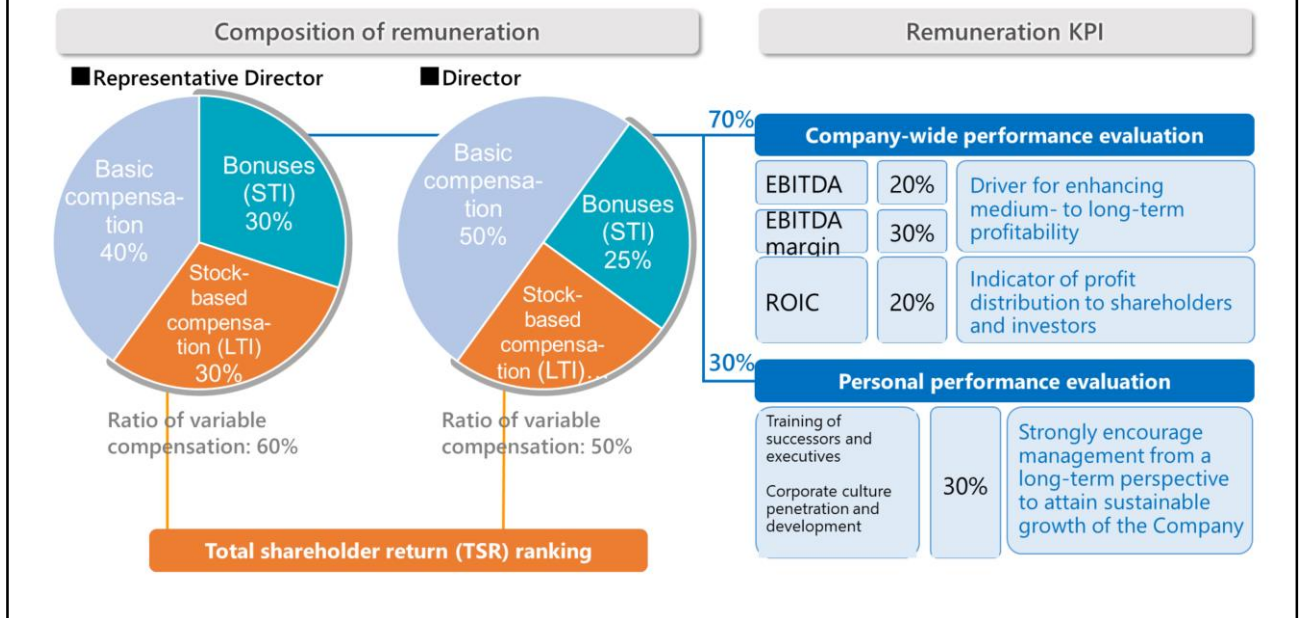
	Up to present	Ideal state (being reformed)
CEO Succession plan	<ul style="list-style-type: none"> Preparation of a succession plan (Confirmation of a long list) 	<ul style="list-style-type: none"> Selection and training of candidates (from a medium- to long-term perspective) Preparation of <u>an emergency plan</u>. Under debate
CEO Appointment and removal	<ul style="list-style-type: none"> Preparation of talent requirements and procedures for appointment/removal Discussion of a proposal related to appointment/removal of CEO 	<ul style="list-style-type: none"> <u>Review</u> of talent requirements and procedures for appointment/removal Major role of Nomination Advisory Committee should be evaluation and appointment/removal of CEO. <u>Take the initiative in discussion.</u> Under debate
Director Appointment and removal	<ul style="list-style-type: none"> Preparation of talent requirements and procedures for appointment/removal Discussion of a proposal related to appointment/removal of Director 	<ul style="list-style-type: none"> Discussion on appointment/removal of Director based on talent requirements and role. <u>Discussion on skill matrix and diversity.</u> Under debate
Corporate Officer and under Appointment and removal; succession plan	<ul style="list-style-type: none"> Discussion of a proposal related to appointment/removal of Corporate Officer, Executive Officer and Councilor Preparation of a succession plan (Confirmation of a long list) 	<div style="text-align: right; background-color: #0070C0; color: white; padding: 2px; width: fit-content; margin: 0 auto;">Completed</div> <ul style="list-style-type: none"> Confirmation of process for appointment/removal of Corporate Officer (Regular monitoring, etc. of talent review)

Somemiya:

- Discussions in Nomination Committee is not limited to procedural matters, but also how to build a system to select and develop candidates in mid to long term. Regarding the major role of nominating/dismissing and evaluating a CEO, we are mapping out conditions and roles in a form of skill matrix. For nominating/dismissing an executive officer, its process must be reviewed by Board of Directors. Recent CSuO nomination procedure set an example.

Mr. Tsuneishi:

- Nominating an executive officer is solely an executive matter. The most important thing Nomination Committee can do for corporate governance is for nominating/dismissing CEO, supervising the validity and process of succession planning.
- As directors are nominated every year by general meeting, Nomination Committee makes a fresh start accordingly, evaluating a CEO.



Somemiya:

- Fourth point is an executive remuneration linked to KPI. For directors and executive officers, variable remuneration accounts for 50%, divided into 1) short/long term results and 2) non-financial KPI, including sustainability.
- Remuneration linked to KPI saw a decent progress. From now onwards, discussion to apply long term remuneration and non-financial evaluation not only to executives but also to managers.

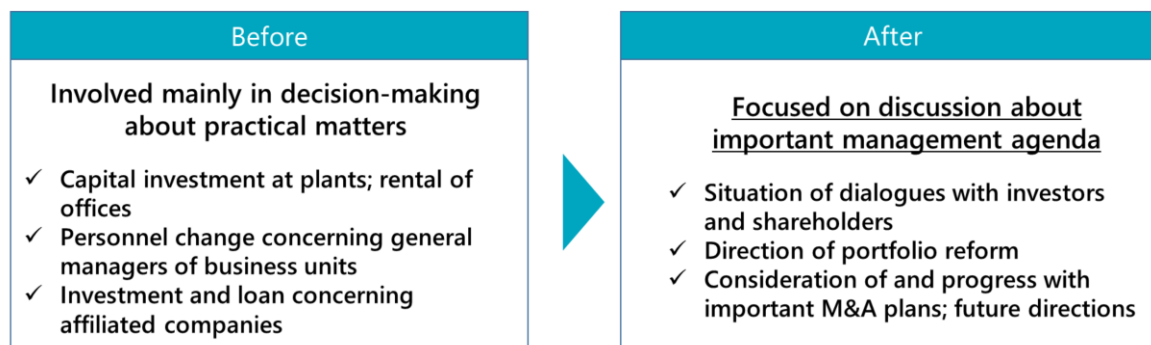
Mr. Tsuneishi:

- I reviewed the remuneration structure after joining Resonac, it seems just right for the current situation. What Resonac needs from now on is an enhancement of both financial and non-financial performances.

Review of standards for referral:

Agenda has been changed to ensure appropriate monitoring of execution process and provision of advice.

- **The Board of Directors now holds fundamental debate concerning medium- to long-term enhancement of corporate value. –**



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Somemiya:

- Fifth point is agenda of Board of Directors. This year we made a major revision in standards for referral, in order to change Board of Directors into the arena for mid to long term discussion regarding corporate value. In the past, minor practical matters would flood the agenda. By changing the standards drastically, time spent for the important discussion, including portfolio, investor relations and important M&A progress, went up by 30%. Quick decision to divest diagnostic medicine business was made possible by this change.

Mr. Tsuneishi:

- It is not exclusively about Resonac but Companies Act in Japan requires board referral for pretty minor matters. In my opinion it is time for Japan to revise the Act in order to strengthen monitoring function and focus on growth strategy.

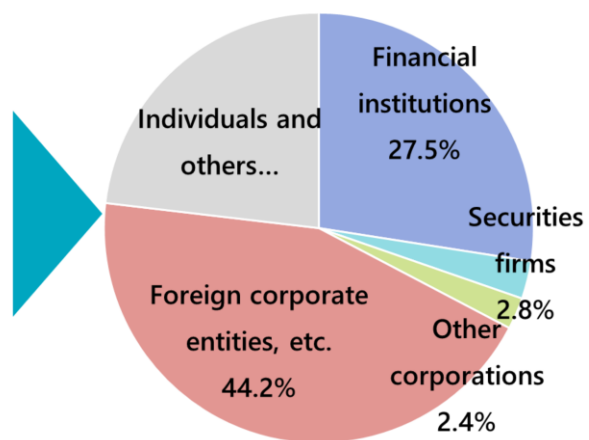
Changes in shareholder composition

An increase in foreign investors (mainly assuming long-term holding)

Holding ratio at end of December **2020**



Holding ratio at end of June **2023**



Source: Company research

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Somemiya:

- Lastly sixth point is the change in shareholder composition. The most recent data shows holding ratio of 44% by foreign entities, which was 20% in the end of 2020. This change was brought by changing IR organization and activities, including equity story-centered dialog, changes in disclosure segment and investor targeting. Half of Top 10 shareholders are long-term investors, valuing the prospect of our transformation and semiconductor material growth.
- Unfortunately, domestic investors have grown less in portion. What matters in governance is having dialog with investors.

Mr. Tsuneishi:

- Current shareholder composition is appropriate in this stage. If Resonac is determined to compete globally, focusing on foreign investors, having them understand our growth strategy and being invested is a good thing.



Somemiya:

- We went through what we have done for governance reform so far, but we still have a long way to go. Board of Directors and executive department needs to enhance corporate value- at first by materializing the Long-term Vision, KPI goal set in 2025.

Mr. Tsuneishi:

- As far as Board of Director is concerned, board members, skill matrix and committee management- all considered being high-level in Japan. As an outside director, I recognize that for more effective management, it is required not only to monitor it in a long-term basis but also check the business is currently on track.

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Note

Performance forecast and other statements pertaining to the future as contained in this presentation are based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to, the international situation, costs of naphtha and other raw materials, demand or market conditions for our products such as graphite electrodes and other commodities and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law.

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