

02-3 Sustainability

- 79 — Message from Chief Sustainability Officer
- 81 — Promoting Sustainability
- 83 — Material Issues and Non-financial KPIs
- 87 — Cross-talk Between the CSuO and On-site Staff in Charge
- 89 — Toward the Future - Co-creation with Omachi City, Nagano Prefecture
- 91 — Resonac Pride Products & Services
- 93 — Environment
- 95 — Climate Change Strategies
- 99 — Biodiversity Strategies
- 100 — Toward Circular Economy
- 101 — Response to Environmental Risks
- 102 — Occupational Health and Safety
- 103 — Quality Assurance
- 104 — Chemicals Management
- 105 — Sustainable Procurement
- 106 — Respect for Human Rights
- 107 — Compliance
- 108 — Enhancement of the Group Management System
- 109 — Risk Management
- 111 — Identifying and Prioritizing "Companywide Key Risks Themes"



Nami Matsuko
Chief Sustainability Officer (CSuO)

How We Change Society

Aiming to make sustainability "everyone's business"

1 Why does Resonac work on sustainability?

Resonac changes society through the power of chemistry Sustainability is always at the core of our management

"Sustainability is what companies that are already generating good profits do, after they establish a system for doing so." Such view may be the majority in the world. However, Resonac is currently working on sustainability so that we can generate more profits. Resonac is a company that is committed to "changing society through the power of chemistry." In order to develop our power to generate profits in good faith and create the future we all hope to realize based on our stated Purpose, it is essential to place sustainability at the core of management.

While chemistry has a bright side that solves various social issues, it also has a dark side that burdens the environment and society. As such, Resonac cannot address sustainability with just high-sounding talk. We believe that generating profits and changing society for the better, and

the bright side and dark side of chemistry, are not counterparts that conflict with one another but rather factors that can be brought into agreement across time and space. When those factors align, both the improvement of corporate value and the state of the society and environment surrounding us are sure to follow as a result. With this belief, we engage in our sustainability activities on a daily basis.

On the topic of sustainability, I believe that what our valued stakeholders are currently keen to know most about is not the quantitative results, such as the absolute value of CO₂ emissions or the ratio of female managers, or proof which non-financial efforts have led to financial results, but rather the background of the issues, how we are trying to overcome them, and whether they can be linked to our earning power.

In the next section, together with our colleagues, we will convey our current situation in response to your questions and the path of our efforts with an eye to the future.

2 How to promote sustainability and the role of the Sustainability Promotion Council Creating a forum for trial and error in finding ways to overcome challenges

The first step we took in 2022, one year before the official launch of Resonac, was to identify materialities. From this, we set non-financial KPIs, aligned them with our long-term vision and linked sustainability with management.

Non-financial KPIs tend to be dry, top-down figures from management that must be achieved. We set aside the textbook model for the moment and discussed the vision for the future each department has for 2030. We then compiled qualitative and quantitative non-financial targets from the perspective of what needs to be achieved by 2025. We are monitoring our progress regularly and reflecting on whether the content is what employees can agree to and work on, whether the KPIs are in line with what we originally wanted to do, what initiatives will strengthen management and allow Resonac to generate profits, and whether we are responding to prevent sudden value impairment.

[P87 / Cross-talk: "How We Overcome Our Challenges"](#)

The Sustainability Promotion Council is a forum for discussing such themes that should be addressed on a Group-wide basis. In order to create a common language for sustainability, from 2022, the CEO, all CXOs, BU heads, and sustainability partners from each department discuss a wide range of themes every month. Starting in 2023, we began attaching "frustrating (MOYAMOYA)" or "exciting but nervous (DOKIDOKI)" marks to each theme. Our idea is to take the opportunities and risks that have not yet become apparent due to the barriers between department and make them "everyone's business" rather than feeling frustrated alone about them, by discussing them in an open forum about who should take the lead, how to set priorities among them and how far they should be addressed currently while looking to the future. "Exciting" marks a proposal to share the requests of advanced customers and leading international regulatory trends, in order to understand the current situation in which addressing sustainability is directly linked to business competitiveness, and move forward to the next step.

To begin with, sustainability is not about achieving a perfect score under some predetermined criteria. It is a moving target that should change according to society, the times, and our own company's circumstances. Working on this also means pursuing the "Resonac style," which has no correct answer. In order for Resonac to generate profits in good faith on a permanent basis and have the power to change society for the better, we will continue to work through trial and error to find better methods with our

management team, sustainability partners in each department, and all of our colleagues who aspire to work on sustainability.

As for organizations, in 2022 we established a Sustainability Department under the Strategy Division, and took an aggressive stance which includes communicating information. We started by changing what we do, who does it, and how we do it, from the traditional organization that merely complies with laws and regulations and responds to timely disclosure.

In 2024, we started the CSuO Division with the aim of further integrating sustainability with management and business strategies, rather than separating them. As the Chief Sustainability Officer (CSuO) and a member of the Management Committee, I believe that we must draw on the wisdom of our colleagues in each role in as we consider measures to change society and generate profits through sustainability, including proposing changes to the presuppositions of the question itself, in response to the tough challenge of "generating profits vs. sustainability."

3 The future we seek to realize together

Become Resonac of Choice

One of the two pillars of Sustainability Vision 2030 for Resonac is to be "a company with like-minded partners throughout the world."

We aspire to be a company that is chosen by like-minded people, customers, and business partners all over the world, and for Resonac itself to choose such like-minded partners. The integrated report and the first sustainability meeting held in December 2023 were intended to widely share this concept with our stakeholders.

We are also focusing on "fostering a sustainability mindset" within the company. We will connect and support the many colleagues who aspire to change society to be sustainability-oriented, and take action with them to make it a reality. I am certain that these efforts will eventually bear fruit in the form of products and services such as "Resonac Pride," thereby further strengthening Resonac's earning power.

[P89 / Roundtable Discussion: Toward the Future - Co-creation with Omachi City, Nagano Prefecture](#)

[P91 / Resonac Pride Products & Services](#)

Resonac's goal of sustainability is one that we promote as "everyone's business." We hope to increase the number of people who are able to see sustainability as their own issue, and together we can overcome organizational and revenue barriers that one person or department cannot overcome alone. I am sure that an uplifting and delightful society will await us beyond the frustration and excitement we currently face. Please join us in the journey as we strive to realize our aspirations.