

## Material Issues and Non-financial KPIs

Resonac's material issues consist of management issues that contribute to realizing its long-term vision in terms of both society's expectations and degree of importance to the Company, with the Purpose as a starting point. Material issues, the opportunities and risks associated with them, and non-financial KPIs, are determined by reflecting the intent of the frontlines in each CXO area (function) and feedback from the entire management team at the Sustainability Promotion Council. Material issues are reported to the Board of Directors and continually reviewed while exchanging opinions with internal and external stakeholders. We will work to maximize corporate value by developing an environment that fuels long-term growth while contributing to the sustainability of society and the environment.



## Strengthen co-creativity & competitiveness and create social value through innovation and business

| Constituent elements                            | Key items (KPIs)   | 2025 Targets   | 2023 Results   |
|---|--|--|--|
| Creation of social value through our businesses | Resonac Pride Products and Services (Achievement of our purpose = Accreditation of products and services that change society)  | ● Accreditation for major products by open process at each business unit   | ● Renewal of SDGs-contributing products as Resonac Pride Products and Services, and review of the concept and selection criteria/ conducted discussions with experts <span>P91</span>  |
|   | CFP*1-related initiatives  | ● Calculation of CFP of major products   | ● We established systems for each business unit and carried out calculations. About half of the calculations progressed as planned   |
| Marketing                                       | Create large-scale projects through the penetration of problem-solving marketing   | ● Enhancement of product pipeline that contributes to customer value   | ● Received demand prospects for multiple new projects  |
|   | Use of digital platforms   | ● Strengthening of overseas and regional information dissemination using digital marketing<br>● Centralized Companywide pipeline management<br>● Strengthening of customer strategies of businesses, utilizing customer database                                   | ● Started to automate digital marketing in cooperation with business units <span>P71</span><br>● Widespread adoption of CRM*2 tools (Salesforce) and start of operation  |
| Open innovation                                 | Co-creation with internal and external parties<br>● Promotion of open innovation and increase of the ratio of external cooperation themes<br>● Number of papers and external presentations<br>● Increase in the number of cross-organizational theme | ● Promotion of open innovation and increase of the ratio of external themes / year on year increase in the number of papers and external presentations, and the number of cross-organizational themes  | ● Promotion of open innovation / Cooperation outside the Company: 59<br>● Number of papers and external presentations: 192<br>● Number of cross-organizational themes: 317   |
|   | Strengthening of R&D and intellectual property strategies<br>● Increase of the ratio of introduction of LCA*3<br>● MC (market value)<br>● TR (technological value)   | ● Increase of the ratio of introduction of LCA (50% or more)<br>● Enhancement of intellectual property indicators, such as Market Coverage (MC), which indicates market value, and Technology Relevance (TR), which indicates technological value                  | ● LCA introduction 31%<br>● MC:0.75, TR:1.02 <span>P65</span>  |
| R&D and Intellectual Property Strategies        | Human resource development<br>● Assignment of leaders and professional-minded human resources at an appropriate ratio / Completion of a venue for co-creation  | ● Assignment of leaders and professional-minded human resources at an appropriate ratio / Completion of a venue for co-creation  | ● Completion of guidelines for appointing professional position<br>● Stage for Co-Creation / Activities to foster a culture of co-creation / Opening ceremony for the Stage of Co-creation, the launch of working group activities, and the creation of opportunities for in-house and external visitation and use |
| Digital transformation                          | Data-driven management   | ● Completion of preparations for level-one master data for financial KPIs that can be automatically accumulated<br>● Completion of creation of GHG visualization and data acquisition process  | ● Realization of Management Committee dashboard via BI tools<br>● Start of process design for the visualization and reduction of GHG (greenhouse gases)  |
|   | Promotion of digital transformation and development of professional-minded human resources   | ● Horizontal deployment of IT/DX business partners' activity knowledge and start of business units' self-led BPR project promotion activities<br>● Optimization of personnel allocation by utilizing the skills and competencies of talent in the CDO organization | ● Strengthening of the pool of human resources by hiring personnel who can work effectively to promote IT/digital transformation right away<br>● Assignment of IT/DX business partners at plants and business units <span>P73</span>   |
|   | Enhancement of IT and digital literacy   | ● Entrenched use of IT and digital tools in operations   | ● IT training program rolled out to and completed by Resonac Group employees in Japan and overseas   |

\*1 Carbon Footprint of Products (CFP): Calculated by converting the amount of GHG emissions emitted across the entire lifecycle of a product or the GHG emissions associated with it into the equivalent amount of CO<sub>2</sub>.  
 \*2 CRM: Customer Relationship Management  
 \*3 Life Cycle Assessment (LCA): a means of quantitative assessment of the environmental impacts of products and services throughout their entire life cycle, or within a specified portion of the life cycle.

Material Issues and Non-financial KPIs

Gain credibility through responsible business management

| Constituent elements | Key items (KPIs)   | 2025 Targets   | 2023 Results  |
|----------------------|--|--|---|
| Safety               | Fostering of a culture emphasizing safety                    | <ul style="list-style-type: none"> <li>Establishment of a culture emphasizing safety to eliminate occupational accidents</li> </ul>  | <ul style="list-style-type: none"> <li>Implementation of Safety Communication Program (SCP) at all domestic plants and locations in China as a program aimed at nurturing a safety culture of mutual enlightenment</li> <li>Incorporating safety activities into evaluation system</li> <li>Sharing of good practices and presenting awards at the Global Safety Activities Presentation</li> </ul> |
|                      | Number of occupational accidents                             | <ul style="list-style-type: none"> <li>Serious occupational accidents (consolidated, including partner companies): 0</li> </ul>  | <ul style="list-style-type: none"> <li>Serious occupational accident (consolidated, including partner companies): 1</li> </ul>  |
|                      | Lost time incident rate                                      | <ul style="list-style-type: none"> <li>0.1 or less (consolidated in Japan)</li> </ul>  | <ul style="list-style-type: none"> <li>0.36 (consolidated in Japan)</li> </ul>  |
|                      | Number of equipment-related accidents                        | <ul style="list-style-type: none"> <li>Serious equipment-related accidents: 0 (consolidated)</li> </ul>  | <ul style="list-style-type: none"> <li>Serious equipment-related accidents: 1 (consolidated)</li> </ul>   |
| Quality Assurance    | Number of product-related accidents*1                        | <ul style="list-style-type: none"> <li>Zero product-related accidents (consolidated)</li> </ul>  | <ul style="list-style-type: none"> <li>0 (consolidated)</li> </ul>  |
|                      | Number of quality compliance violations                      | <ul style="list-style-type: none"> <li>Zero quality compliance violations (consolidated)</li> </ul>  | <ul style="list-style-type: none"> <li>0 (consolidated)</li> </ul>  |
| Chemicals Management | Product stewardship  | <ul style="list-style-type: none"> <li>100% execution of risk assessment*2 of priority risk assessment substances (consolidated in Japan)</li> </ul>   | <ul style="list-style-type: none"> <li>100% execution of risk assessment of 21 priority risk assessment substances (non-consolidated)</li> </ul>  |
| Environment          | Reduction of greenhouse gas emissions                        | <ul style="list-style-type: none"> <li>30% reduction (Scope 1 + Scope 2) from fiscal 2013 (consolidated) (2030 target)</li> </ul>  | <ul style="list-style-type: none"> <li>8.8% reduction from the level of 2013 (consolidated)</li> </ul>  |
|                      | Reduction of waste sent to landfills                         | <ul style="list-style-type: none"> <li>Reduction of waste sent to landfills compared to 2024 (consolidated)</li> </ul>   | <ul style="list-style-type: none"> <li>0.1% of industrial waste generated (consolidated in Japan)</li> </ul>  |
|                      | Number of environmental accidents                            | <ul style="list-style-type: none"> <li>Zero environmental accidents (consolidated)</li> </ul>  | <ul style="list-style-type: none"> <li>1 (consolidated)</li> </ul>  |
| Human rights         | Respect for human rights                                     | <ul style="list-style-type: none"> <li>Establishment of a human rights due diligence process and operational structure</li> </ul>  | <ul style="list-style-type: none"> <li>Implementation of global awareness surveys and training for employees</li> <li>Conducted an investigation into overseas human rights risks, including within our supply chain</li> </ul>   |
| Procurement          | Improvement of quality of communication with suppliers       | <ul style="list-style-type: none"> <li>Maintain a response rate of at least 90% for CSR questionnaires</li> <li>Improvement of the ratio of suppliers above the satisfactory threshold 85% or more (2028 target: 90% or more)</li> </ul> | <ul style="list-style-type: none"> <li>Introduction of a new survey tool to promote communication with suppliers</li> <li>Questionnaire response rate: 91%</li> <li>Suppliers above the satisfactory threshold: 89%</li> </ul>  |
| Compliance           | Inculcation of "Our Code of Conduct"                         | <ul style="list-style-type: none"> <li>Increase the degree of inculcation (survey)</li> </ul>  | <ul style="list-style-type: none"> <li>Start of survey</li> </ul>   |
|                      | Thorough implementation of Group global compliance standards | <ul style="list-style-type: none"> <li>Reduction in number of serious legal breaches</li> </ul>  | <ul style="list-style-type: none"> <li>Zero serious legal breaches (consolidated)</li> </ul>  |
|                      | Increase in number of whistleblowing reports                 | <ul style="list-style-type: none"> <li>Increase in number of reports through the whistleblowing system</li> </ul>  | <ul style="list-style-type: none"> <li>Increase in the number of whistleblowing cases through raising awareness of the system (81 in 2022 → 97 in 2023)</li> </ul>  |
| Risk management      | Operation of comprehensive risk management systems           | <ul style="list-style-type: none"> <li>Development of a new comprehensive risk management system</li> </ul>  | <ul style="list-style-type: none"> <li>Development of policies for handling overall risks, including methods for assessing strategic risks</li> </ul>   |
|                      | Reinforcement of the second line of defense                  | <ul style="list-style-type: none"> <li>Expansion of the Group's internal control framework</li> <li>Launch of expansion outside Japan and centralization of risk data</li> </ul>   | <ul style="list-style-type: none"> <li>Establishment of Risk Control Standards, and performance of checks and assessments of the status of control implementation in the implementing departments</li> </ul>  |

\*1 Definitions are based on the Company's accident standards.  
 \*2 Assess substances stipulated by the Company by issuing safety summary reports

Develop autonomous, creative, and active human resources and culture

| Constituent elements                                      | Key items (KGI/KPI)  | 2025 Targets   | 2023 Results   |
|---|--|--|--|
| Hire & Develop talent for the business                    | Future talent portfolio formation  | <ul style="list-style-type: none"> <li>Portfolio formation for target divisions</li> </ul>   | <ul style="list-style-type: none"> <li>First target division formation</li> </ul>  |
|   | Succession planning readiness rate<br>*Calculated by (the number of people in succession pool/the number of general managers of business units/CX0-1 and higher positions) x 100 | <ul style="list-style-type: none"> <li>180%</li> </ul>   | <ul style="list-style-type: none"> <li>135%</li> </ul>   |
|   | Establish portfolio role models, positions, and development plans  | <ul style="list-style-type: none"> <li>Formulate role models for target divisions</li> </ul>   | <ul style="list-style-type: none"> <li>First target division formation</li> </ul>  |
| Become an Employer of choice                              | Employee engagement score  | <ul style="list-style-type: none"> <li>Improved year on year</li> </ul>  | <ul style="list-style-type: none"> <li>54%</li> </ul>  |
|   | Engagement survey response rate  | <ul style="list-style-type: none"> <li>Improved year on year</li> </ul>  | <ul style="list-style-type: none"> <li>83%</li> </ul>  |
| Develop self-driven professionals                         | Rate of male employees taking childcare leave and number of days taken   | <ul style="list-style-type: none"> <li>Acquisition rate: 100% (non-consolidated)</li> <li>Number of days: Target of 60 days or more by 2030, with no annual targets set</li> </ul> | <ul style="list-style-type: none"> <li>Acquisition rate: 100% (non-consolidated)</li> <li>Number of days: 29.9 days</li> </ul>             |
|   | Percentage of line managers who participated in co-creative leadership training  | <ul style="list-style-type: none"> <li>90%</li> </ul>  | <ul style="list-style-type: none"> <li>70%</li> </ul>  |
| Cultivation of corporate culture conducive to co-creation | Purpose and Values implementation survey score   | <ul style="list-style-type: none"> <li>Purpose implementation:55%</li> <li>Values implementation:60%</li> </ul>  | <ul style="list-style-type: none"> <li>Purpose implementation:48%</li> <li>Values implementation:51%</li> </ul>                            |
|   | Purpose and Values empathy survey score  | <ul style="list-style-type: none"> <li>Purpose empathy:70%</li> <li>Values empathy:75%</li> </ul>  | <ul style="list-style-type: none"> <li>Purpose empathy:63%</li> <li>Values empathy:64%</li> </ul>  |
|   | Positive evaluations from global award AHA! participants   | <ul style="list-style-type: none"> <li>Improved year on year</li> </ul>  | <ul style="list-style-type: none"> <li>70%</li> </ul>  |
|   | Psychological safety survey score  | <ul style="list-style-type: none"> <li>64% (up 2% year on year)</li> </ul>   | <ul style="list-style-type: none"> <li>59.5%</li> </ul>  |
|   | Inclusion safety survey score  | <ul style="list-style-type: none"> <li>63% (up 3% year on year)</li> </ul>   | <ul style="list-style-type: none"> <li>57.1%</li> </ul>  |
|   | Ratio of female managers   | <ul style="list-style-type: none"> <li>Consolidated in Japan: 7%</li> <li>Consolidated: 13%</li> </ul>   | <ul style="list-style-type: none"> <li>Non-consolidated: 6.5%</li> <li>Consolidated in Japan: 5.7%</li> <li>Consolidated: 12.4%</li> </ul> |
|   | Diversity at the decision-making level   | <ul style="list-style-type: none"> <li>Under consideration</li> </ul>  | <ul style="list-style-type: none"> <li>9.8%</li> </ul>   |
| Employment rate of persons with disabilities              | <ul style="list-style-type: none"> <li>2.70% (non-consolidated)</li> </ul>   | <ul style="list-style-type: none"> <li>2.50% (non-consolidated)</li> </ul>   |  |

\*KGI and KPI are excerpts (actual figures for other items are not disclosed externally and progress is managed internally)

Diversity Equity & Inclusion (DE&I) Initiatives

Resonac is implementing the following DE&I initiatives to create a working environment where a diverse human resources can demonstrate their abilities and individuality.

Establishment of KPI for ratio of female managers and development of female leaders

We use the percentage of female managers as a KPI and promote the hiring and promotion according to ability and without regard to gender. We also manage and develop female candidates for leadership positions through talent management, which is designed to develop future leaders.

Career development support project for female engineers

Since 2022 supporters transcending organizational boundaries have been working to support the career development of female managers in technical fields. In an effort to resolve career concerns and answer questions, we hold roundtable discussions among female engineers and support the use of external career consulting interviews.

Internal community activities

We promote internal community activities to "cultivate a corporate culture conducive to co-creation." This year, the department promoting DE&I has established new internal communities focusing on "career," "childcare," and "nursing care." The department also implements projects in collaboration with the internal community.



Photo taken at "Diversity Cafe," an employee networking event at our head office in Shiodome. We introduced the "Femtech Project" activities, an in-house community focusing on women's health issues