Human Resource Strategies

Please visit our website for more details on our policies, promotion system, and activities.

Nori Imai
Chief Human Resource Officer (CHRO)

Amid the rise of AI, human happiness is now more important than ever. Resonac aims to create an environment where all employees can unleash their individuality while valuing their physical and mental health, and work hard and grow together with colleagues who share the same aspirations to achieve our Purpose. We pursue happiness through physical and mental health, connections with colleagues, and a sense of accomplishment, which ultimately leads to sustainable business growth and the enhancement of corporate value.

The basis for this is the implementation of the Purpose and Values we introduced in 2022. At Resonac, all employees come together to create a culture of co-creation unique to Resonac through the combination of quick wins and self-driven activities. This year's theme is the (further) implementation of value-based co-creation. In today's fast-changing world, we need to take swift action. We will continue to hone our mindset of "just give it a try!" and continue taking on new challenges.

Schedule for the implementation of personnel measures

2023

- Preparations for introducing new human resource system
- Consideration of framework for early selection of core management personnel
- Start the introduction of talent review
- Creation of CxO/BU leader succession plan (implemented outside the system)
- Start the introduction of co-creative leadership training
- Start the introduction of training sessions to bolster the co-creative collaboration capabilities

2024

Business Integration

- Integration of personnel systems (Japan)
- Introduction of new human resource system (mainly in Japan)
- Selection and development of candidates for core management personnel (Japan)
- Implementation of succession planning / talent review (Japan)
- Implementation of co-creative leadership training (Japan)
- Implementation of training sessions to bolster the co-creative collaboration capabilities (Japan)

2025

- Global development
  - Introduction of global grades
  - MBO unification
  - Selection and development of candidates for core management personnel
  - Succession planning / talent review
  - Implementation of co-creative leadership training

2030

2025 -

- Expansion and establishment of global measures
- Trials of new measures in Japan

Ideal state

- Global development
  - Ensuring the right person is in the right position on a global scale
    - Global internal recruitment system
    - Strategic rotation, etc.
  - Optimization of global personnel system
  - Acceleration of delegation of authority to managers

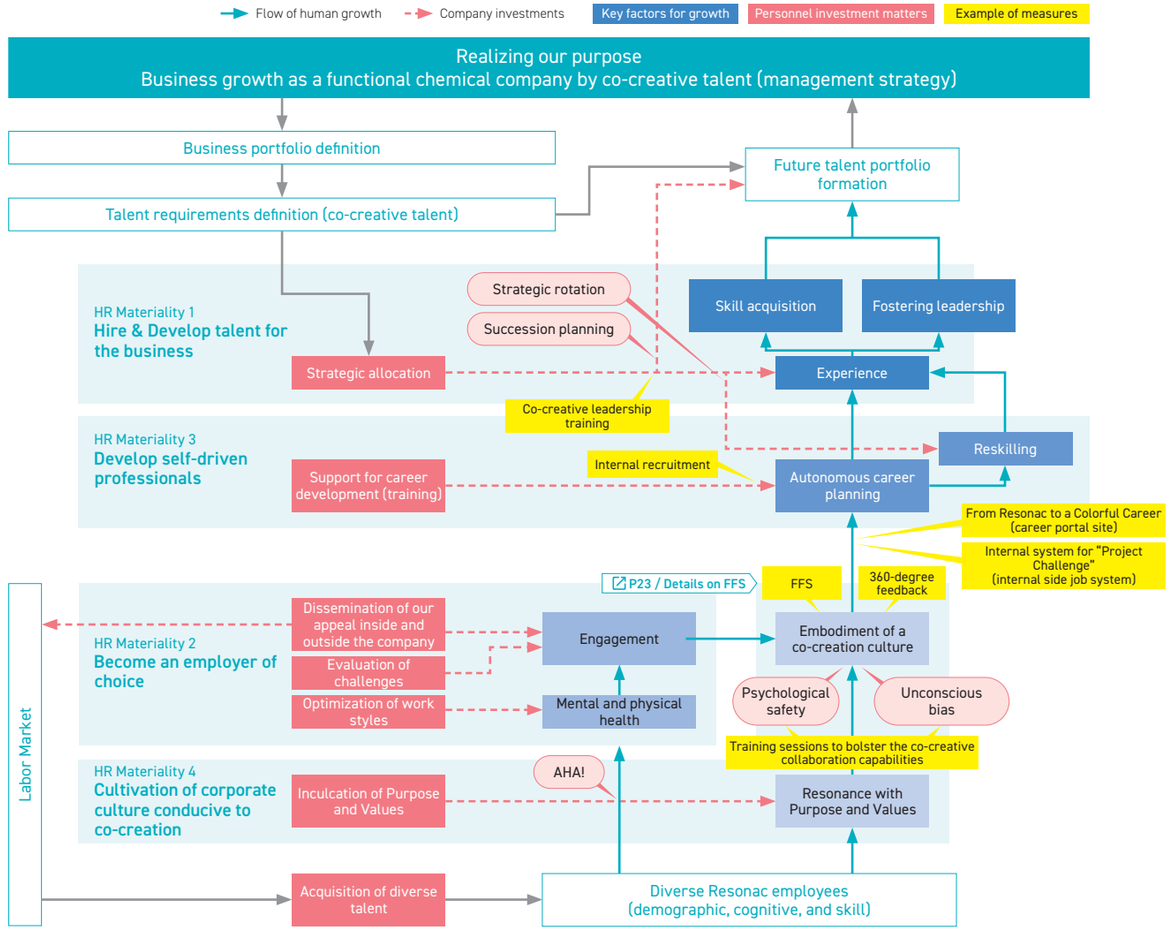
Key KGIs and KPIs that measure the progress with measures to address material issues for human resources (other items, 2025 targets, and 2024 results are provided on P126)

Composition	Key items (KGI/KPI)	2023	2024	2025 (targets)
Hire & Develop talent for the business	Future talents Portfolio formation	First target division formation	Formation for two target divisions	Portfolio formation for target divisions
	Succession planning readiness rate	135%	142.7%	150%
Become an employer of choice	Employee engagement score	54%	57%	Improved year on year
Develop self-driven professionals	Percentage of line managers who participated in co-creative leadership training	70%	87%	90%
Cultivate corporate culture conducive to co-creation	Purpose and Values implementation survey score	Purpose implementation: 48% Values implementation: 51%	Purpose implementation: 57% Values implementation: 67%	Purpose implementation: Year-on-year improvement Value implementation: Year-on-year improvement

Resonac's human capital management model

With the aim of growing our business as a functional chemical company, we are fostering co-creative talent that create and provide new functions. By formulating a human capital management model linked to our four material issues for human resources and implementing various measures to address them, we will develop co-creative talent to realize our Purpose.

Based on our four material issues for human resources and "fostering autonomous and creative human resources and cultivating the associated corporate culture," one of our material issues for sustainability, over the long term, we will create an organization that creates co-creation talent, and in the short to medium term, we will implement measures to foster co-creative talent to realize growth as a functional chemical company.



Human Resource Strategies

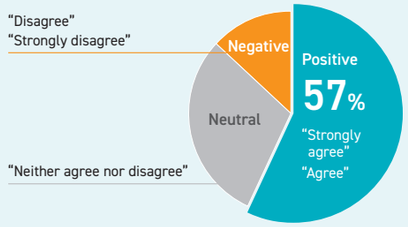
Utilizing employee feedback in management!

Engagement survey 2024

Every year, Resonac conducts engagement surveys focused on listening to employees' voices in a timely manner and utilizing them in management through various measures. In the survey conducted in 2023, positive response rate of the engagement score was 54%, but rose to 57% in the 2024 survey.

While there have been improvements in the figures for "career development support" and "workplace environment/psychological safety" (for reference: 51% in 2021), further efforts are needed for "management's response to employee feedback" and "work process," as there have been few improvements in these items and employees' actual feelings are not reflected in the figures.

Engagement score 2024



Number of respondents
21,735
Target
24,574
Response rate
Approx. 88%
(up 5 pts from the previous survey)

Response rate

2021 63% ▶ 2023 83% ▶ 2024 88%

Engagement score

2021 54% ▶ 2023 54% ▶ 2024 57%

Priority issues	Survey topics	Proposed actions for improvement in fiscal 2023	Specific measures	Positive response rate		
				Fiscal 2021*	Fiscal 2023	Fiscal 2024
Communication	Management's response to employee feedback	・Disclose the results of various surveys and the decisions based thereon to survey participants	Report the engagement survey results to employees and communicate the results via LINE	43%	44%	44%
	Expectations for positive change fueled by survey results	・Disclose progress with groupwide/departmental action plans to improve engagement	Consider implementation of actions for improvement at each workplace (1,129 cases across the Resonac Group)	23%	46%	45%
Career development	Meaningful discussions between employees and managers about one's own career development	・Provide support for improving communication skills as a co-creative manager	Start rolling out 360-degree feedback for managers and co-creative leadership training overseas, conduct one-on-one training	44%	45%	52%
	Receiving feedback that helps employees improve the quality of their work	・Build a corporate culture that praises co-creative change and improvement activities		48%	48%	51%
	Expectations toward achievement of overall career goals	・Expand career autonomy support system for employees	Launch a career portal site on the company Intranet, conduct rank- and age-based career training, external career consulting	54%	55%	57%
Work processes	Work processes that maximize employee productivity	・Build a corporate culture that praises co-creative change and improvement activities ・Streamline cross-CXO/BU work processes	Promote AHA! activities, publish tips for improving communication on the CEO blog, start operation of the Work Improvement Ideas Box, and review/reduce work issued by the CXO	32%	39%	40%
Workplace environment	Collaboration between people working together to get a job done	・Create an organizational culture where psychological safety is ensured and individuals are respected	Develop training on psychological safety through training sessions to bolster the co-creative collaboration capabilities	72%	76%	77%
	Psychological safety (composite index)			51%	60%	61%

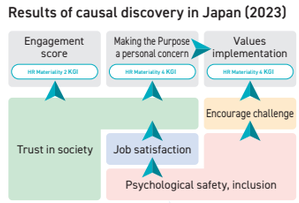
* As 2021 was before the merger of the former Showa Denko and the former Hitachi Chemical, survey items differ from those in 2023 and beyond. These numbers have thus been provided for reference only.

Analyzing causal relationships with engagement surveys and moving on to the next step

Causal discovery is a method of statistically inferring the relationship between factors that cause a certain phenomenon. At Resonac, we use Bayesian networks, one such method, to visually organize the probabilistic relationships between multiple elements, as shown in the figure below. We clarify the chain of causal relationships, such as "When A occurs, B is more likely to occur" or "When B increases, C also increases," and not just look at correlations, but also explore deeper connections, such as "What is the cause and what is the result?" which we then use to implement our initiatives.

Dialogue with superiors and career expectations emerged as factors resulting from career development support, one of our priority measures.

Results of causal discovery in Japan (2023)



*▲: Direction of causality (Bayesian network analysis using score-based structural learning)

Based on the causal discovery of the 2023 engagement survey results, we set four companywide priorities (listed on the left), incorporated them into concrete measures, and started implementing them. For "career development support," set as one of our actions for improvement, we focused on supporting the career development of team members through measures such as introducing 360-degree feedback for managers and implementing one-on-one training. These efforts led to an increase in the positive response rates for related items. As a result, the causal discovery of engagement scores for 2024 confirmed that dialogue with superiors and career expectations were causally linked to improved engagement scores.

Additionally, the causal discovery of organizational-level engagement surveys revealed that some workplaces need to take measures for improvement in terms of psychological safety and inclusion. We have subsequently implemented such initiatives as delivering messages from site managers and other members of the management team through videos and other means. From 2025 onwards, we will also focus on work engagement measures to ensure that our employees can feel job satisfaction.

Going forward, we will not only continue to verify the effectiveness of our measures, but also analyze the causal relationships obtained, grasp the current situation, and make predictions, so that we can plan and implement effective measures that are backed by data, rather than simply carrying out ad hoc measures.

Utilizing Generative AI to Improve Engagement

At Resonac, we are developing our own AI tool to help on-site managers interpret engagement survey results as they move to take concrete action.

This tool will realize the verbalization of the difference between managers' perception of their organization and the state of the organization as determined by the AI. By utilizing this tool, organizations will be able to take more effective action by approaching their issues using an objective AI perspective.

We have now created a prototype and are in the user testing stage. We are making preparations with an eye to implementation in fiscal 2026 onwards.

We are developing tools that use generative AI to support problem-solving within each organization. We will continue to carry out initiatives to further improve engagement!

Naoya Koda
Culture Communication Department

Human Resource Strategies

Our Current Priority Measures

FOCUS (1)
Understanding individuality and using it in management! Team building using FFS theory

More than 4,000 individuals have completed FFS (as of July 2025)

Resonac uses FFS (Five Factors & Stress) theory to promote the creation of teams in which each individual is aware of their unique personality and is able to leverage their strengths (See page 23 for more details on FFS theory). To date, we have conducted workshops at the organizational level that incorporate FFS theory during junior training, helping employees to understand diversity and apply it to their work. Therefore, we are utilizing the strengths of FFS theory, namely the quantification of individual behavioral characteristics (personality) and the design of relationships that takes individuality into account, to build a system that considers individuality in organizational management, which tends to rely on experience and intuition.

Case study **Use of FFS theory in the R&D field**

In May 2024, the CTO organization responsible for R&D conducted an FFS diagnosis for all employees within the organization. Employees then created self-understanding sheets based on the results, which they then shared with each other and held workshops where they could provide feedback to one another. We hope that by understanding that their own tendencies and unconscious communication can cause stress to others, our employees will be able to communicate in a way that respects and makes the most of each other's individuality.

We have also developed FFS trainers within the CTO organization, and have co-created and launched a program in collaboration with an external company in which the trainers taking the lead in using FFS theory as a tool to support organizational management.

Head of each organization will formulate training plans that take into account the individuality of their subordinates and implement communication with an awareness of FFS theory. It is a program designed to enable participants to share their realizations with other participants, thereby broadening and deepening their practical knowledge.

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Feedback from participants

Maki Yamada
Institute for Advanced Integrated Technology

At first, I couldn't imagine a specific use for FFS theory, and felt that it might be used to classify people. Taking this program helped me understand that it's an effective tool in team building to improve team performance. Understanding of FFS theory has deepened within the team, enabling members to respect each other's individuality and create synergies.

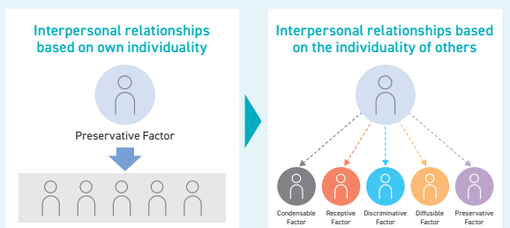
These are the effects we're aiming for!

What we expect from FFS theory is to scientifically examine the quality of relationships. While this initiative is still in its early stages, we are seeing an increase in people using FFS theory when introducing themselves. This makes me feel that people are showing interest, which is a positive sign.

Feedback from organizers

Satoshi Yamaoka
Research Institute Strategy Department

The accompanying support program provided by an external company was conducted for 14 participants, mainly head of organizations, with the aim of establishing reproducible management with a scientific perspective.



Program satisfaction **4.7** / 5.0 (5: 10 persons / 4: 4 persons)

Would you recommend the program to other managers? **4.5** / 5.0 (5: 9 persons / 4: 3 persons / 3: 2 persons)

Use FFS theory as a tool to identify individuality → Understand the individuality of subordinates → Formulate training plans for subordinates → Execution of training plans

FOCUS (2)
Understanding Resonac's values and reflecting them in our actions! Ramping up leadership training on a global scale

90% of all managers have completed training on a global scale

We are implementing common global training measures to ensure that our line managers around the world understand Resonac's Values and reflect them in their day-to-day conduct as management. The core programs are co-creative leadership training and training sessions to bolster the co-creative collaboration capabilities.

In co-creative leadership training, managers learn the knowledge and skills necessary to effectively set goals, hold one-on-one meetings, and provide feedback and coaching to support the growth of their subordinates. The training focuses on how to utilize management by objective (MBO), on-the-job training (OJT), and on strengthening communication with subordinates. We also implement train-the-trainer (TTT) programs for HR overseas. More than 90% of managers have already completed training.

In training sessions to bolster the co-creative collaboration capabilities, the aim is to acquire fundamental skills to enhance team collaboration, such as bolstering their ability to provide psychological safety, understanding unconscious bias, improving communication skills, active listening skills, and facilitation skills.

Furthermore, as a follow-up measure to complement these training programs, we have developed original workshops that enable managers to reaffirm the essence of our Values and their connections to behavior, and to incorporate them into behavioral growth targets. Behavioral growth targets are targets set with the aim of achieving behavioral growth based on values of a company, and are a mechanism for achieving both individual growth and the instilling of organizational values.

Through this series of initiatives, we aim to promote the implementation of value-based management to foster a co-creative organizational culture on a global scale.

By participating in the TTT program, I was able to not only improve my facilitation skills, but also gain experience in localizing the global training program to suit the circumstances of my country. I am proud to have been able to support growth rooted in on-site operations by linking Resonac's values with employees' daily work. I hope to continue contributing to local human resource development and sustainable development through learning opportunities.

Ms. Candy Tan
Resonac Asia Pacific

Dr. Napattaramon Phalaphon
Resonac Materials (Thailand)

FOCUS (3)
Mechanisms to further encourage autonomy: internal recruitment and project challenge

As a measure to foster an awareness of career ownership among employees and to provide opportunities for them to build their own careers independently, we have been operating an internal recruitment system since 2022, which allows employees to volunteer for transfers.

Furthermore, to encourage employees to take on new challenges, we have begun operating an internal side job system (project challenge system) that allows employees to participate in projects in other departments for a certain period of time while continuing their current work. This provides employees with an opportunity to demonstrate their hidden potential, while also encouraging them to pursue the growth opportunities and career autonomy they want.

	2023	2024
Number of successful internal job postings	80	108
Co-creative leadership training participants	1,448	1,754
Training sessions to bolster the co-creative collaboration capabilities	1,172 (In Japan only)	641 (Japan: 369; Overseas: 272)

"From Resonac to a Colorful Career" has reached 100,000 views in less than a year since its launch! We want everyone who works at Resonac to enjoy their own unique career journey...! To this end, we will continue to provide opportunities for employees to think about and discuss their careers, and take on challenges with an eye to the future!

Miki Mochizuki
Organization & Talent Development Group
Human Capital Management Department

Learn About the Various Careers at Resonac!

From Resonac to a Colorful Career

In 2024, we launched an internal career information website "From Resonac to a Colorful Career." We share various career-related information, mainly through interviews with employees who work enthusiastically based on their own principles and preferences. Introducing the career histories and values of various employees in this way provides an opportunity for viewers to think about their own careers.