

# Human Resource Strategy

Related Materiality	
● Improving job satisfaction ● Promoting diversity	● Promoting the health and productivity management and workplace safety and health

## Message from the Executive Officer in charge of the HR Department



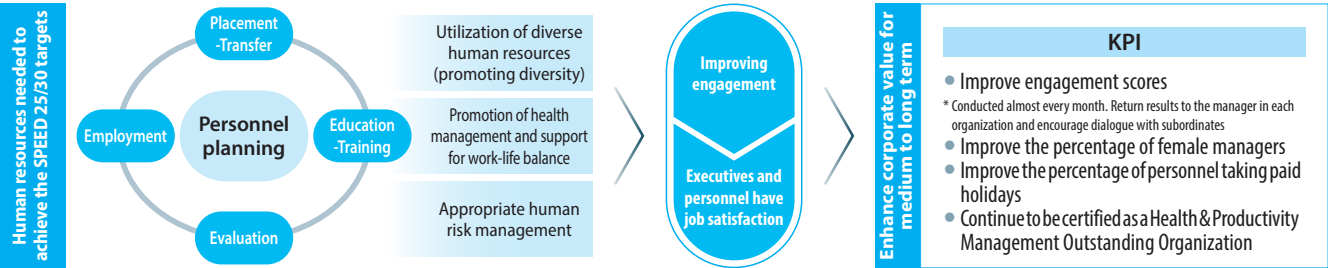
In June 2024, Japan's ranked 38th in world competitiveness according to IMD (International Institute for Management Development, Switzerland), down 3 places from the previous year. The Hodogaya Chemical Group believes that people are the drivers of value creation, and that demonstrating the power of human resources leads to improved competitiveness and mid- to long-term enhancement of corporate value. At the same time, we deeply recognize that demonstrating the power of human resources can solve social issues and contribute to the realization of a sustainable society. We will work to achieve the Mid-term Management Plan SPEED 25/30 by expanding human capital.

Shinichi Sato Director and Managing Executive Officer

## Mid-term Management Plan SPEED 25/30 HR Strategy

From the standpoint of maximizing the use of human resources, who are the driving forces behind value creation, we believe it is important to enhance human capital in order to increase corporate value over the medium to long term. Specifically, the Hodogaya Chemical Group is steadily implementing the personnel planning

linked to enhancement of corporate value as shown in the following diagram to promote the hiring and development of personnel who can learn, think and act on their own with a desire to grow, take on challenges, and innovate. We have set the goal of improving engagement, also shown in the diagram that follows. Our strategic goal in the SPEED 25/30 is to ensure that all officers and personnel can feel job satisfaction.




## Main Policies in the Mid-term Management Plan SPEED 25/30

To achieve "enhancement of engagement that: all executives and personnel can feel job satisfaction" as stated in SPEED 25/30, we are working on the following measures from the perspectives of feeling of motivation to work and ease of work.

### Improving feeling of motivation to work - Utilizing diverse human resources (promoting diversity)

The Hodogaya Chemical Group recognizes that the purpose of promoting diversity is to promote innovation in a challenging competitive environment, flexibly reorganize businesses, and strengthen adaptability to changes in order to enhance corporate value. In particular, to promote the active participation of women, we conduct training for female employees to help them develop their aptitudes and abilities and become aware of their role as leaders, and we also conduct training for male employees to reform their awareness, thereby working to create an organizational culture where both men and women can play active roles without distinction. Regarding mid-career hires, we make appointments based on a comprehensive assessment of experience, abilities, and skills without distinguishing them from new graduate hires. At the same time, we are working to create an environment in which personnel can maximize their individual talents and skills. The

election of a female Outside Director was approved at the Annual General Meeting of Shareholders in June 2023, and in June 2024, we promoted a female Executive Officer from within the company. In addition, promoting diversity will increase the number of personnel with diverse personalities and values to help expand the diversity of the organization; hence, it is important to unify the organization and personnel. We believe that the Hodogaya Chemical Group's PURPOSE (Management Philosophy) and VISION (Target Corporate Image) can fully unify the organization and personnel.



Details can be found on our website.  
<https://www.hodogaya.co.jp/english/csr/stakeholder/employee/#a41>

### Improving feeling of motivation to work - Initiatives for self-growth

The Hodogaya Chemical Group has established an education system to promote human resource development and support the self-growth of executives and personnel. Recently, as part of fostering a culture of continuous learning in the organization, enhancing intellectual capabilities of executives and personnel, and responding to human capital management, we have rolled out a "book summary service" for executives and personnel who are interested.

### Improving ease of work - Promoting health and productivity management, initiatives for work-life balance

The Hodogaya Chemical Group recognizes initiatives to improve the health of executives and personnel as a management issue. By strategically practicing health and productivity management, including guidance and education for health promotion, and collaboration with the Hodogaya Chemical Health Insurance Society and industrial physicians, we were certified as a "Health & Productivity Management Outstanding Organization 2024" in FY2023 (for the fourth consecutive year). We will continue to prioritize the physical and mental health of our executives and personnel.

In addition, we are actively working on work-life balance initiatives, such as increasing the percentage of personnel taking paid holidays and the percentage of male personnel taking childcare leave, a 5-day consecutive refreshment leave system separate from annual paid leave, establishing telework

regulations, and expanding the flex-time system. We will continue to strive to enable all executives and personnel to maximize their abilities and skills by balancing work and life.





Details on the system can be found on our website.  
<https://www.hodogaya.co.jp/english/csr/stakeholder/employee/#a9>

### Human Risk Management

To preserve the corporate value of the Hodogaya Chemical Group, we recognize that the occurrence of human risks (violation of labor laws, harassment, outflow of personnel, individual troubles, etc.) may lead to significant losses in the management of the Hodogaya Chemical Group, and we strive to adequately manage human risks to prevent, avoid, and mitigate future losses.

### Key Human Resources Investments and Initiatives through FY2023

• Revision of personnel evaluation system (restructuring of behavior and ability assessment)	• Introduction of a new personnel front system (utilization of HR technology)	• Introduction of training for next-generation management personnel
• Transition to performance-linked bonuses (introduction of a transparent reward method)	• Introduction of the Come-back entry System (Reemployment Applicants Registration)	• Introduction of a multi-assessment system (multifaceted evaluation system) (expanded target in FY2023)
• Establishment of a new education system for managers (improvement of management literacy)	• Measurement of engagement scores and implementation of training to improve engagement	• Introduction of employee stock benefit trust (J-ESOP)
• Revision of retirement benefit system (full transition to defined contribution (DC) pension plan)	• Formulation of telework regulations (compatible with diverse work styles)	• Decision to introduce a "book summary service" (to improve knowledge and skills)
		• Decision to trial expansion of the flex-time system

### Human capital investment and measures in FY2023

#### Implementation of a multi-assessment system (multifaceted evaluation system)

In FY2022, we introduced a multi-assessment system (multifaceted evaluation system) for department heads and above, and in FY2023, we expanded the target to include all managers and above. With the aim of providing new insights to individuals and opportunities for self-transformation, we conducted assessments based on 16 assessment criteria x 10-point scale, provided feedback to individuals on the assessment results and company-wide averages, etc., and then had dialogues between individuals and their immediate supervisors based on the assessment results, leading to insights and fair assessments.

### Future Challenges and Countermeasures

The Hodogaya Chemical Group has set enhancement of engagement that: all executives and personnel can feel job satisfaction as a strategic goal, and is planning measures to tackle it. Amid major global structural changes, however, it is possible that values regarding human resources will change. By keeping our antennas high to collect information, we can grasp changes in human resource management trends in a timely manner, and respond to changes based on the Hodogaya Chemical Group's PURPOSE (Management Philosophy) and VISION (Target Corporate Image).

### VOICE



#### Boldly taking 3 months of childcare leave

In July 2023, my second daughter was born, and I took 3 months of childcare leave. When my first daughter was born by emergency C-section, my wife struggled to even move for a while due to postoperative pain, and considering that we didn't have any relatives nearby to rely on, as well as taking care of our energetic first daughter, I decided to take 3 months off.

I am very grateful to my supervisor who readily agreed and to my colleagues who supported me. I feel that the understanding of men taking childcare leave has deepened to the point where it's already becoming the norm, which greatly contributed to my ability to take it without hesitation.

My wife thanked me, saying, "I'm really grateful that you took childcare leave." In the future, I will support those taking childcare leave as someone who can provide support.

(S.H., Manufacturing Department, Koriyama Plant)