

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



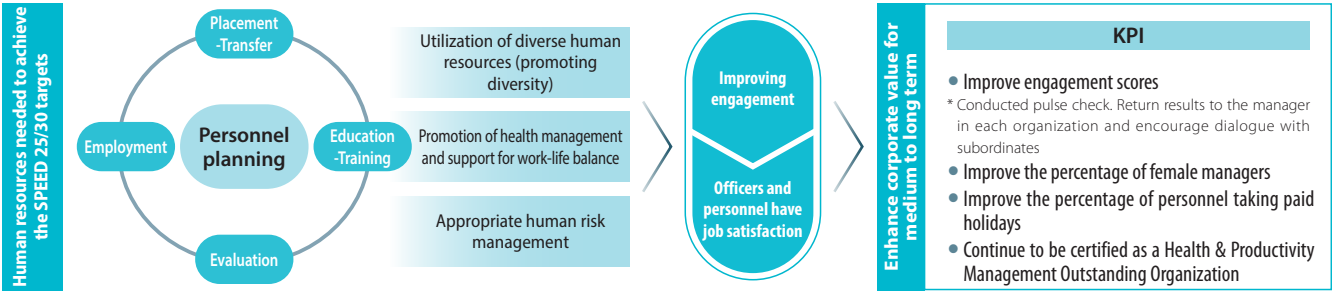
As the global order undergoes transformation, the ways of thinking among workers and the labor market are changing drastically. While human capital management is gaining traction as human resources are considered assets in creating corporate value, the Hodogaya Chemical Group has always regarded human resources as the driving force behind value creation. By promoting investments and initiatives for our people that foster a process of transforming individual awareness and behavior → enhancing interpersonal relationships → driving organizational growth,"we aim to achieve our medium-term management plan SPEED 25/30 and realize sustainable growth together with the enhancement of corporate value over the medium to long term.

Shinichi Sato Director and Managing Executive Officer

Mid-term Management Plan SPEED 25/30 HR Strategy

In order to enhance its medium to long term corporate value, it is essential for the Hodogaya Chemical Group to expand its human capital. To this end, in aiming to promote the recruitment and development of human resources capable of independent

learning, thinking and action, the Group has set forth the strategic goal of enabling all officers and personnel to feel job satisfaction through enhancement of engagement by implementing the following human resources cycle.



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

We are implementing the following initiatives to achieve "SPEED 25/30."

Improving motivation to work – Utilizing diverse human resources (promoting diversity)

The Hodogaya Chemical Group promotes diversity as a means of enhancing corporate value by fostering innovation in a highly competitive environment, enabling flexible business portfolio shifts, and strengthening its ability to adapt to change. In particular, in promoting the active participation of women in the workplace, we conduct training for all employees regardless of gender to promote mindset change while striving to develop an organizational culture where both genders can play active roles. In addition, we make no distinction between mid-career hires and new graduate hires when it comes to job assignment. Each person is appointed based on a comprehensive assessment of experience, abilities, and skills, as we strive 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 as Officers 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/>

Improving 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 officers and personnel in striving to foster a culture of continuous learning in the organization as well as enhance the intellectual capabilities of officers and personnel.

Human Resources Data 2024→P.61

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

The Hodogaya Chemical Group strategically practices 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 2025 (for the fifth consecutive year).

For more details on human resources data, please refer to our website.
<https://www.hodogaya.co.jp/english/csr/stakeholder/employee/>

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. We continue to strive for a balance between work and life with the mental and physical well-being of all officers and personnel as the top priority to ensure everyone can feel job satisfaction, comfort and fulfillment at work.



Key human resources investments and initiatives through FY2024

FY2024 <ul style="list-style-type: none">Trial expansion of the flex-time system (ease of work)Decision to introduce a "book summary service" (Human resource development) FY2023 <ul style="list-style-type: none">Introduction of employee stock benefit trust (J-ESOP) (expanded target in FY2024) (motivation to work) FY2022 <ul style="list-style-type: none">Formulation of telework regulations (ease of work)Introduction of training for next-generation management personnel (Human resource development)Introduction of a multi-assessment system (multifaceted evaluation system) (Human resource development, motivation to work)	FY2021 <ul style="list-style-type: none">Measurement of engagement scores and implementation of training to improve engagement (motivation to work, ease of work)Start of career education for female employees (human resources development and job satisfaction) Before FY2020 <ul style="list-style-type: none">Introduction of a new personnel front system (DX)Transition to performance-linked bonuses (motivation to work)Revision of retirement benefit system (full transition to defined contribution (DC) pension plan) (motivation to work)Establishment of a new education system for managers (Human resource development)Revision of personnel evaluation system (Human resource development (motivation to work)Introduction of the Come-back entry System (Reemployment Applicants Registration) (ease of work)
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Analyzing Engagement Scores and Making Improvements

The Hodogaya Chemical Group has set as a goal enhancement of engagement such that all officers and personnel can feel job satisfaction. In order to gauge employees' perception of job satisfaction, the Group is conducting assessment and analysis of engagement scores, as well as developing and implementing policies to address issues (including personnel dispatched overseas). The results revealed that there is a strong resonance with the Company's philosophy and strategies among employees, while there are still challenges in terms of getting help from one's surroundings and receiving acknowledgment for one's comments and opinions. It is our goal to create a psychologically safe workplace where everyone feels comfortable speaking up.

Target	Gradually raise engagement score
Result	Items showing improvement since assessment (rate of improvement from FY2021 to FY2024)

Key driver: item	Initial score	Recent score	Rate of improvement
Health: workload	53	59	11.3%
Organizational culture: embracing challenges	50	55	10.0%
Health: stress response	54	59	9.3%
Environment: work-life balance	59	64	8.5%

* We observe a trend toward improved work-life balance, contributing to lower workloads and stress levels, coupled with a cultural shift that praises taking on new challenges.

Future Challenges and Countermeasures

We have set the enhancement of employee engagement—enabling all officers and personnel to experience job satisfaction—as a strategic goal, and are implementing initiatives to achieve it. In addition, as a new initiative, we are considering the introduction of a hybrid job-based personnel system that combines the membership-based model with

position-based compensation. However, issues related to HR may be broad while values regarding this topic can also change. By constantly being on the lookout for information, we can grasp changes in HR management trends in a timely manner, and respond to changes based on our PURPOSE (Management Philosophy) and VISION (Target Corporate Image).

VOICE

HR Department
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Creating learning opportunities that integrate job satisfaction and growth, thereby enhancing employee engagement

Employee training not only serves to develop skills and support the growth of every employee, but it also plays a pivotal role in enhancing job satisfaction and performance across the whole organization. We believe that creating an environment where employees can continue to learn independently while feeling fulfillment is one of the important roles of the Human Resources Department in achieving SPEED 25/30.

Going forward, we will further focus on developing the next generation of leaders to ensure the organization's sustainable development while maintaining and enhancing its competitiveness. Simultaneously, the Human Resources Department aims to create an environment that balances job satisfaction with organizational growth and leads to improved engagement by focusing on motivating employees and establishing systems to encourage learning.