

Denka Establishes the Denka Group ESG Basic Policy

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Toshio Imai; hereinafter, "Denka") hereby announces the establishment of the Denka Group ESG Basic Policy, which serve as basic Group policies for environmental, social and governance (ESG) issues encountered in all business activities, based on a resolution Denka's Board of Directors adopted at a meeting held today.

Denka and its consolidated subsidiaries (hereinafter the "Denka Group") recognize that responding to the issues of sustainability (medium- and long-term sustainability) are essential management issues on which their survival depends. The Denka Group seeks to enhance the value of Group companies by striving to comply with these Basic Policies and building effective corporate governance based on a high standard of ethics.

Further, the Denka Group aims to transform itself into a group of companies indispensable for society, in addition to working on achieving sustainable development goals (SDGs) advocated by the United Nations in partnership with stakeholders.

These Basic Policies are a revised edition of the existing Denka Group CSR Basic Policy (established in 2018).

1. Name: Denka Group ESG Basic Policy
2. Date of establishment: November 8, 2021
3. Original: See the following page.

Denka Group ESG Basic Policy

August 27, 2018: Established as Denka Group CSR Basic Policy
November 8, 2021: Updated into Denka Group ESG Basic Policy

The Denka Group recognizes the issues related with sustainability, meaning the quality of being able to continue over a medium- to long-term period, to be important management matters affecting its corporate viability. The Denka Group will take a proactive and spontaneous approach to tackling the sustainability-related issues which range from consideration for global environmental problems such as climate change, respect for human rights, consideration for employee health and working environment, appropriate treatment of workers, maintenance of fair and appropriate transactions with business partners and to crisis management at times of natural disaster and other emergencies.

Moreover, in terms of increasing medium- to long-term corporate value, for the realization of a sustainable society and the solution of challenges shared by all humanity, the Denka Group will work in tandem with our business partners and supply chain to tackle the Sustainable Development Goals (SDGs) advocated by the United Nations and will strive to be a company capable of contributing to society by offering our innovation and solution as a chemical manufacturer.

Under “The Denka Value”, the Denka Group's corporate philosophy consisting of “the Denka Mission” and “the Denka Principles”, the Denka Group has established the Denka Group ESG Basic Policy, a set of underlying principles governing our handling of Environmental, Social and Governance (ESG) issues in the course of the Denka Group’s business activities, will exert effort to keep with these policies and will strive to increase corporate value by developing an effective corporate governance system underpinned by strong moral compass.

Note: The letters “E,” “S” and “G” in the left column of the following table refer to Environmental, Social and Governance issues, respectively.

E	Pushing on with climate change countermeasures	We will run to the goal of curbing greenhouse gas (GHG) emissions from operations 50% by the end of fiscal 2030 compared with the fiscal 2013 level and achieving net zero, or carbon neutrality, by the end of fiscal 2050, to this end facilitating the use of clean energy, reviewing our business portfolio and pushing ahead with the development and introduction of innovative technologies, including Carbon dioxide Capture, Utilization and Storage (CCUS).
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E	Reduction of environmental burden and the preservation of biodiversity	We will work to reduce environmental impact of our business activities, including the air, water, and soil, with the aim of preserving and protecting biodiversity.
E/S	Sustainable economic growth and the resolution of social issues	Through the pursuit of innovation, we will deliver products, services and solutions capable of supporting sustainable economic growth and helping resolve issues society is now confronting. We will also take a spontaneous approach to the development of eco-friendly products and technologies as well as the creation of a circular economy to help reduce environmental burden arising from the entire value chain.
S	Respect for human rights	We will respect the human rights of all people who come into contact with our business operations, including elimination of forced labor, effective abolition of child labor, elimination of discrimination in employment and at workplaces and recognition of employees' freedom of association and collective bargaining rights. Moreover, we will help raise awareness of human rights in the workplace and take action to fulfill our corporate social responsibilities.
S/G	Diversity & inclusion, human resource development and work style reforms	Based on an appreciation of diversity among all those working for the Denka Group, we will strive to ensure fair treatment for them and help them realize their full potential in a way that respects unique personalities of each. At the same time, we will promote human resource development aimed at enhancing employees' individual capabilities while passing down our unique technologies to future generations. Striving to assist each employee in their diverse practices of optimal work styles, we will also push ahead with work style reforms to help them harmonize and maintain a balance between their private lives and duties.

S	Prioritization of safety and the creation of an easy-to-work environment	We will tackle occupational safety, employee health, facility security and disaster prevention as one of the top priorities in all aspects of our business activities. In this way, we will create a workplace free of accidents, disasters and harassment and ensure that each employee can stay healthy while working comfortably.
S	Betterment of regional communities and relationships of trust	As a good corporate citizen, we will proactively play our part in the betterment of regional communities and contribute to their development. Furthermore, we will strive to foster relationships of trust with these communities.
S	Relationships of trust with customers	Regarding our products, services and solutions, we will strive to achieve superior quality and safety standards to ensure the satisfaction of customers around the world while providing sufficient information. We will also remain sincere in customer relations, thereby maintaining relationships of trust with customers.
G	Fair business conduct	In compliance with laws and regulations enforced by each country in relation to our business operations, we will engage in fair and free competition and appropriate dealings while giving consideration to the preservation of the global environment. Simultaneously, we will practice responsible procurement, keeping our supply chains free of child labor, forced labor and other forms of human rights violation. Moreover, we will maintain sound relationships with political bodies and administrative agencies
G	Information disclosure and stakeholder dialogue	We will disclose our financial and non-financial information in a proactive, effective and fair manner to ensure the trustworthiness of such information. We will also maintain constructive dialogue with a wide range of stakeholders in our pursuit of improvement in corporate value.

G	Risk Management	In addition to staying apprised of risks that may affect our corporate activities, we will practice strategic risk management via, for example, the strengthening of our capabilities to counter important risks, while implementing thoroughgoing and organized crisis management measures to secure resilience against natural disasters, terrorism, cyberattacks and other events that pose serious threats to our operations.
G	Protection and management of tangible and intangible corporate assets	As we recognize that the Denka Group's tangible assets and intangible assets, the latter of which include proprietary information and intellectual property, constitute a source of its competitiveness, we will strive to properly protect and utilize these assets while respecting intellectual property held rightly by third parties.
G	Role of top management and the thorough practice of this policy	With top management striving to ensure that this policy is understood by all Denka Group members, we will develop effective corporate governance systems for the Denka Group as part of our efforts to improve corporate value. Should an incident involving the violation of this policy emerge and result in the loss of public trust, top management will take the lead in addressing the problem, for example, by investigating its root causes and implementing measures aimed at preventing its recurrence.