

Important Management Issues (Materialities)

In formulating our Management Plan “Mission 2030,” the Denka Group analyzed and evaluated sustainability issues over the medium-to-long term leading up to 2030, and reviewed materiality. In “Three Growth Strategies,” Denka has defined the basic policy with important management issues (materiality) related to sustainability, and promoted various initiatives.

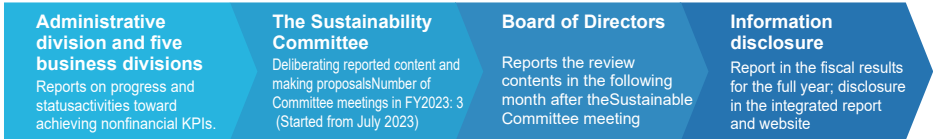
1 Sustainability Promotion Framework

Based on Management Plan “Mission 2030” started from 2023, Denka established the Sustainability Committee (with President as the chairperson) to promote sustainability (mid-/long-term sustainability) initiatives, and discuss and propose activities. As an organization within the Executive Division, the Sustainability Committee receives reports from relevant departments on a regular basis regarding activities related to sustainability in Management Plan “Mission 2030”, progress of non-financial targets and KPI, responses to risks and profit opportunities. The Committee, then, reviews the reports and makes appropriate recommendations, and reports to the results to the Board of Directors, and the stakeholders to communicate the progress of the management plan.

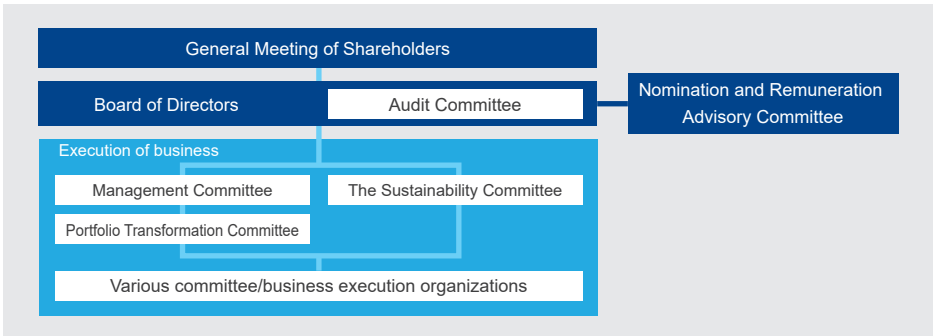
The Sustainability Committee Members

[Chairperson] President	[Vice chairperson] Corporate Planning Dept. senior officer	[Members] HQ Management D ivision senior officer	[Observers] Directors	[Secretariat] Corporate Planning Dept.
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Deliberation process



Sustainability management promotion structure

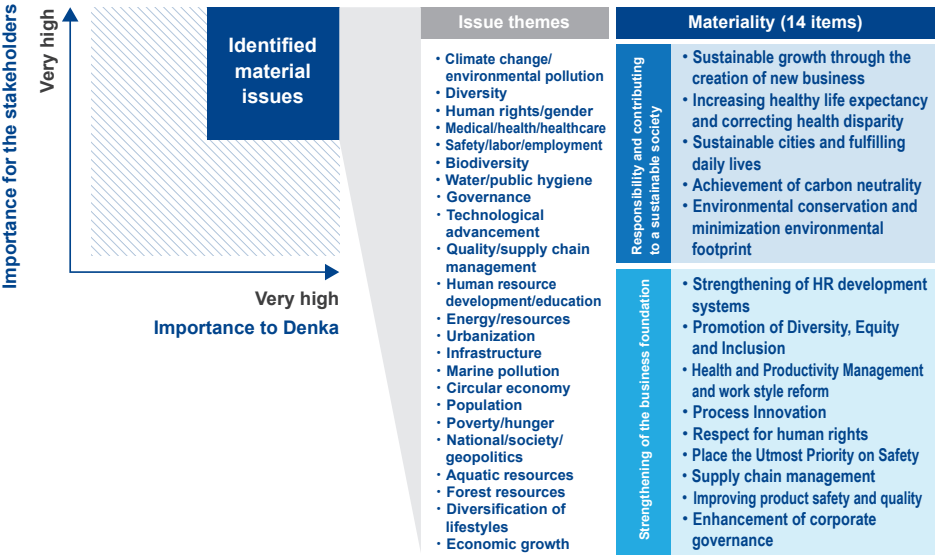


2 Materiality Review Process



\* Population of social issues: Survey items of ESG assessment organizations such as the World Economic Forum (WEF) Global Risk Report (2022 edition), Sustainable Development Goals (SDGs), the SASB Standard, and the CDP were analyzed and classified into 23 categories/333 items

Denka Group Materiality Analysis Map



### 3 Materiality (Important Management Issues)

We have classified materiality issues into two categories, “responsibility and contributing to a sustainable society”, in which we contribute to society through our business activities, and “strengthening our business foundation”, which is a requirement for corporate survival and sustainable growth. Responsibility and contribution to a sustainable society (5 items) consists of items that the Denka Group should address in order to resolve social issues through its business operations, such as global warming countermeasures, healthcare, and sustainable cities and lifestyles.

Strengthening our business foundation (9 items) is based on the Denka Group ESG Basic Policy, and issues related to human resources, a source of sustainable growth, and initiatives to fulfill social responsibilities through supply chain interaction.

#### The Denka Group ESG Basic Policy and direction of materiality and issue resolution

The Denka Group ESG Basic Policy		Materiality (14 items)	Issue resolution for each Materiality
<b>E</b> Promote climate change countermeasures <b>E</b> Reduce environmental impact and preserve/protect biodiversity <b>E/S</b> Sustainable economic growth and solving social issues <b>S</b> Respect for human rights <b>S/G</b> Promote diversity and inclusion, nurture human resource development, and reform working styles	<b>S</b> Develop inclusive workplace environments with the utmost priority on safety <b>S</b> Participate in, contribute to, and build trust toward creating better local communities <b>S</b> Build relationships of trust with customers <b>G</b> Fair corporate activities <b>G</b> Information disclosure and constructive dialogue with stakeholders <b>G</b> Risk management <b>G</b> Protect and manage our tangible and intangible assets <b>G</b> Ensure the role of top management and the implementation of this policy	<b>Responsibility and contributing to a sustainable society (5 items)</b> <ul style="list-style-type: none"> <li>• Sustainable growth through the creation of new business</li> <li>• Increasing healthy life expectancy and correcting health disparity</li> <li>• Sustainable cities and fulfilling daily lives</li> <li>• Achievement of carbon neutrality</li> <li>• Environmental conservation and minimization of environmental footprint</li> </ul>	Creating new businesses by enhancing our core technologies, strong product development and open innovation
			Accelerating decarbonization and achieving carbon neutrality, mitigating the intensification of natural disasters caused by climate change, preventing the spread of emerging and re-emerging infectious diseases, and improving QOL
			Address waste problems, conservation and restoring natural capital (biodiversity, etc.)
			Nurturing future management personnel, building a company-wide education system and fostering a culture of self-learning
			Fostering a workplace environment, framework, and culture in which people with diverse ideas can thrive
<b>S</b> Develop inclusive workplace environments with the utmost priority on safety <b>S</b> Participate in, contribute to, and build trust toward creating better local communities <b>S</b> Build relationships of trust with customers <b>G</b> Fair corporate activities <b>G</b> Information disclosure and constructive dialogue with stakeholders <b>G</b> Risk management <b>G</b> Protect and manage our tangible and intangible assets <b>G</b> Ensure the role of top management and the implementation of this policy	<b>Strengthening our business foundation (9 items)</b> <ul style="list-style-type: none"> <li>• Strengthening of HR development systems</li> <li>• Promotion of Diversity, Equity &amp; Inclusion</li> <li>• Health and Productivity Management and work style reform</li> <li>• Process reforms</li> <li>• Respect for human rights</li> <li>• Place the Utmost Priority on Safety</li> <li>• Supply chain management</li> <li>• Improving product safety and quality</li> <li>• Enhancement of corporate governance</li> </ul>	<b>Strengthening our business foundation (9 items)</b> <ul style="list-style-type: none"> <li>• Strengthening of HR development systems</li> <li>• Promotion of Diversity, Equity &amp; Inclusion</li> <li>• Health and Productivity Management and work style reform</li> <li>• Process reforms</li> <li>• Respect for human rights</li> <li>• Place the Utmost Priority on Safety</li> <li>• Supply chain management</li> <li>• Improving product safety and quality</li> <li>• Enhancement of corporate governance</li> </ul>	Promote institutional reforms to create workplaces that will make people want to come back tomorrow
			Transforming business models and organizations, improving productivity, and developing in-house digital talent
			Absolute respect for human rights based on the UN Guiding Principles on Business and Human Rights and the UN Global Compact
			Creating absolute safety, establishing rules and a safe work environment
			Working with business partners to increase sustainable value in the supply chain
			Provision of trustworthy products and services
			Ensuring transparency and fairness based on high ethical standards and building an advanced and effective corporate governance system

### 4 Incorporation of Sustainability Issue into Management

Materiality is an essential element to address the risks and opportunities connected to issues of sustainability in our management base from a medium- to long-term perspective and aiming to realize our vision. It should form the cornerstone of our business activities.

Under our new management plan, “Mission 2030,” the entire Denka Group will work to resolve global issues, such as climate change and contribute to the realization of a sustainable society by establishing management strategies that are linked to materiality.

For Business Value Creation, with the Denka Group's policies, “Achievement of carbon neutrality by 2050,” “Sustainable cities and fulfilling daily lives,” and “Environmental conservation and minimization environmental footprint,” we will proceed various initiatives, such as portfolio reform including establishment of low-carbon acetylene chain to reduce CO<sub>2</sub> and other greenhouse gases, expansion of renewable energy, development of products that contribute to achievement of SDGs, and promotion of a circular economy for styrene-based packaging materials to achieve a circular society.

For Human Resources Value Creation, we pursue a company where each employee can experience self-achievement and growth. With the policies, “Strengthening of HR development systems,” “Promotion of Diversity, Equity & Inclusion,” and “Health and Productivity Management and work style reform,” we will also develop future management team members, establish a company-wide education system, creation of self-learning culture, establish a system and foster a culture where people with diverse ideas can succeed, and promote a systematic reform to create a working environment where everyone wants to come every day.

For Management Value Creation, we set process reforms, respect for human rights, utmost priority on safety, supply chain management, product safety, and advanced corporate governance as the basic policies to enhance the management foundation, a prerequisite of our business continuity, from an ESG management perspective.

### 5 Future Materiality Reviews

In response to changes in sustainability issues, social needs, and stakeholder expectations, we will review materiality issues and non-financial indicators (KPI) as appropriate to reflect our business activities and their mutual impact on the economy, environment, and society in our management approach.

#### Management Plan “Mission 2030”

<b>Business Value Creation</b> 	<b>Three-star businesses 100%</b>
	<b>Pursuing Sustainability</b>
<b>Human Resources Value Creation</b> 	<b>Human Resources Value Creation</b>
	<b>Management Value Creation</b> 

#### Materiality

Sustainable growth through the creation of new business
Increasing healthy life expectancy and correcting health disparity
Sustainable cities and fulfilling daily lives
Achievement of carbon neutrality
Environmental conservation and minimization of environmental footprint
Strengthening of HR development systems
Promotion of diversity, equity & inclusion
Health and Productivity Management and work style reform
Process reforms
Respect for human rights
Place the Utmost Priority on Safety
Supply chain management
Improving product safety and quality
Enhancement of corporate governance