

President-Employee Roundtable

Takeshi Tomita

New Business Development
New Business Creation Department

Benoit Tisserand

Life Innovation
Business Promoting Department

Mami Nishioka

Polymer Solutions
Styrene & Acetyl Chemicals Department

Sunao Honma

Electronics & Innovative Products
Section Manager, Electronic Products Department

Ikuo Ishida

Representative Director, President

Hiroki Shibata

Elastomer & Infrastructure Solutions
Water & Agri-Products Department

The Denka Group has identified “Strengthening of Human Resources Development System,” “Promotion of Diversity, Equity & Inclusion,” and “Health and Productivity Management and Work Style Reform” as key management issues (materiality). In this integrated report, five young employees and President Ishida engaged in discussion covering these issues. During the roundtable, participants shared their visions for “Denka’s future,” the roles they should play to achieve those visions, and their requests to the company.

During the roundtable discussion, Ms. Honma from the Electronics & Innovative Products first spoke about her vision for Denka’s future.

Honma: I want to make Denka a company that can achieve the FY2030 target of a 15% operating income ratio. Beyond that, I aim for making Denka a “profitable company” with an operating income ratio of over 20%.

President-Employee Roundtable

To achieve this, I will focus on “understanding market needs from a long-term perspective.” Simply continuing to sell the same products as in the past will not allow the Company to survive in these rapidly changing times. For continuous growth, timely and accurate understanding of needs is essential. Especially for the BtoB products I am in charge of, it is difficult to grasp future product needs using only general information. It is crucial to deeply understand the design philosophy of customers who actually use our products and propose better products that meet their requirements. Therefore, I have two requests for the Company.

The first is to address the shortage of personnel with specialized knowledge caused by job rotations and other personnel changes. While it is important to incorporate new ideas, I believe that personnel with past experience are equally necessary.

The second is to promote DX and develop a system within the company that enables the use of past experiences and related sales and technical information. While I think the Company is making efforts, such as developing Digital Pilots*, compared to other companies, we seem to be lagging behind. I am requesting a system to be established that further promotes DX to improve operational efficiency and allows us to allocate necessary personnel to important tasks such as understanding product needs.

Ishida: Ms. Honma’s opinions can be summed up as the need to “strengthen marketing” and “promote DX for timely information sharing and acquisition.” In fact, these are areas that management also wants to strengthen. The Digital Strategy & Innovation Department is taking the lead in building a data utilization platform based on past sales information. We are currently facing challenges in efficiently extracting the desired information from the data platform, and we are struggling to improve this, but we ask for your patience. On the other hand, cooperation from the sales side is essential for developing the data platform. Taking a look at past sales information, there are many records of price trends, but there is a lack of marketing information on what products are actually being sought. We hope you will also work on accumulating marketing information, such as long-term product demand, which will be

important for Denka in the future.

Honma: Within the department, we will thoroughly promote awareness of the importance of input and output of marketing information. I personally want to pass on the knowledge and expertise I

have acquired over the past 15 years to my juniors.

Shibata: Like Ms. Honma, I also want to promote DX to improve operational efficiency and enhance competitiveness, ultimately making our company one with operating income exceeding 20%. I am aware

that Denka has started developing Digital Pilots from FY2024 and is putting effort into promoting DX, but I still feel that we rely heavily on years of experience and intuition. For Denka to grow further, rational decision-making and process improvements are required, and I believe DX promotion will play a key role to achieve this. Therefore, I hope the company will continue to invest in DX. I also hope for more comprehensive training to close the literacy gap among employees when it comes to DX. What I can do myself is to utilize DX throughout my daily work. In the Water & Agri-Products Department that I belong to, we are working to streamline corrugated manufacturing planning using BI tools. On the other hand, as Mr. Ishida pointed out, to make use of DX, we need to increase the amount of input information, and I feel this is a challenge.

Ishida: DX does not simply mean using IT technologies or big data to improve business processes—it also refers to creating new business models and transforming corporate culture. At our Company, we are developing Digital Pilots to drive this forward. The Digital Pilot initiative is not about hiring people with DX knowledge from outside, but rather about equipping those who are already familiar with our operations with DX expertise. The strength of this approach is that people who know the business well can use DX knowledge to solve issues that only they would notice.

Benoit: I believe that promoting DX is truly an “initiative” for our Company. In that sense, I want Denka to continue being a company that keeps pursuing “initiatives” itself. “Initiative” is one of our core values, and I believe we are embodying it now, but I think it is important that we keep taking on challenges. I just transferred from the Corporate Communications Department to the Life Innovation Business Promoting Department in April, and I am taking on completely different tasks every day. To remain a company that keeps taking on challenges itself, I have two requests for the Company. First, I hope that management will maintain an attitude that accepts failure and ensure protection for those who take on challenges. Furthermore, I think it would be even better if there were rewards in



* Digital Pilot: Internal talent responsible for driving digital transformation

President-Employee Roundtable



place for those who achieve success with their challenges. Second, I want the Company to be a place where people can work with a smile. If work is not enjoyable, it is hard to achieve results. I hope consideration will be given to workplace relationships and work-life balance as well.

Ishida: Our Company's core values are "Initiative," "Integrity," and "Empathy," and out of these core values, the one I value most is "Initiative." I sincerely hope everyone will keep challenging themselves, and failure does not mean you are penalized. We value those who take on challenges. As you take on roles like general manager or section manager, the amount responsibility increases and it becomes harder to take on challenges yourself, so I encourage you to take on various challenges without fear of failure before becoming a section manager. I want you to give it your all, and I always say, "First, just step up to the base."

I often hear the term "work-life harmony" recently. This means that work is just one part of life, and as the term suggests, I personally do not think it is necessary to balance life and work.

Nishioka: I want to make Denka a company capable of rapidly growing. We are in an era where we cannot survive with just the businesses we have always had, and I believe Denka needs to transform toward sustainable businesses and those that contribute to a recycling-oriented society. I want Denka to be a company that is able to respond quickly to the needs of the times. Regarding what I can do to help make the Company like that, I want to cherish the attitude of "Initiative" as Mr. Benoit mentioned. I am in my



third year at the Company, and I have sometimes taken a reserved attitude and held back my opinions, even when I felt uncomfortable with established practices. But now I realize that small insights can be the first step to changing the Company. From now on, I want to take on challenges myself to change rather than settle with the status quo.

I hope the president will create many opportunities and environments where people are able to collaborate across positions and departments. At our Company, there is a lack of information being shared between departments, and even within departments, information often stops at certain levels and does not reach younger employees. Of course, since we have multiple businesses, I do not think all information should be shared due to considerations of information control and confidentiality. However, if employees can choose what information to access, they may encounter ideas they would not get from their usual work, which could also prompt them to think about their own careers. I also expect that if the invisible barriers between departments and levels are eliminated, the speed and flexibility of decision-making processes throughout the company will improve even further.

Ishida: So, should we walk around the company with a hammer? Just kidding—but I feel the same way about the sense of speed and taking on challenges. When it comes to taking on challenges, it is really important to start small and build up steadily.

For example, in sales activities, we often work with trading companies. When selecting a trading company, I want our salespeople to be able to clearly explain, "We are choosing this company because of these strengths and because they excel in these areas." Even if we have a long-standing relationship, if you cannot explain why you are choosing them, you should look for new partners. I also think commissions should vary depending on performance. However, this is only possible if Denka's sales team builds up solid relationships with trading companies and other partners. As a salesperson, I want you to visit the customer's manufacturing site and gather information, not just from the customer, but even further down the line. I believe that without this kind of drive and grit, we cannot achieve a sense of speed.

Regarding the barriers between departments, management will do what it can. But first, I want to ask everyone, "What are you doing yourself to break down those barriers?" For example, all of you at this roundtable discussion just happened to come together, right? I hope you will use this opportunity to deepen your relationships. Not only that, but I encourage you to chat during breaks or actively talk to people from other departments. Innovation may arise from such interactions. Development of SNECTON also came about from this kind of communication. This is true cross-departmental innovation.

President-Employee Roundtable

Benoit: Coffee breaks and casual conversations are the key to innovation, aren't they?

Ishida: Naturally it is no good if you spend all your time on coffee breaks and neglect your work, but I hope you will make a conscious effort to increase opportunities for casual conversations, both within and outside your own department. Also, it is important to interact not only with people inside the company but also with those outside. It was difficult for me when I was younger, but if you don't broaden your relationships outside the company, Denka will become your whole world. I hope you will always value new ideas.



Tomita: I belong to the New Business Development Department, and as Mr. Ishida just mentioned, I want to make our Company one that can continuously generate new businesses for future generations. To achieve this, I personally hope to nurture the many ideas currently being generated and develop them

into actual businesses. The New Business Development Department was established in April 2022 with the goal of creating next-generation businesses, and the idea pitch system has produced numerous ideas, but the challenge still lies ahead. I would like to improve the current idea pitch system and create a mechanism that allows proposed ideas to be cultivated with advice from both inside and outside the company. Furthermore, I think it would be beneficial to have a system like 3M's "15% Culture," where a certain percentage of working hours can be used by employees to research what they want. Such a system would help boost researchers' motivation and engagement, so I want to focus on this area. Starting this fiscal year, I would also like to further strengthen collaboration with the four business divisions. As Ms. Nishioka mentioned earlier, we need to break down the barriers between departments. Discussions are actually happening on an individual basis right now, during the coffee breaks we just talked about.

Ishida: The expectation for the New Business Development Department is precisely to continuously generate new businesses. For sales, I would like them to focus on reaping the results of upfront investments—in other words, "selling." However, simply selling what we currently have will not ensure Denka's long-term survival. Therefore, I hope the New Business Development Department will create about ten seeds during FY2025 for new businesses that will sprout after 2030.

Tomita: Before joining Denka, I worked at a pharmaceutical manufacturer, and my impression of Denka was that it was known for influenza vaccines. After joining, I learned that Denka not only produces vaccines but also POCT and a wide variety of diagnostic reagents, and has a strong presence in the market. There are many unresolved and complex issues in the healthcare field, but I believe that by leveraging the assets held by Life Innovation and collaborating with other business divisions, we can create new businesses.

Ishida: I heard many interesting opinions today on topics such as "Initiative," "DX," "work-life balance," and "interdepartmental collaboration," and the time flew by. I was also impressed by the level of enthusiasm and passion you all have.

Although it was not discussed today, I personally feel strongly about promoting diversity, equity and inclusion. Even with those of you here today, and we are working on creating role models of foreign nationals and women. In addition, we are actively holding training sessions for executives to deepen their understanding of diversity, equity and inclusion.

I also want to make Denka a flatter and more comfortable company to work for. While we welcome diverse opinions, I want to foster a corporate culture where once a decision is made through discussion, everyone pursues it wholeheartedly and single-mindedly. If there is anything you were unable to say today or feel you haven't said enough, please feel free to come to the President's Office anytime!

