

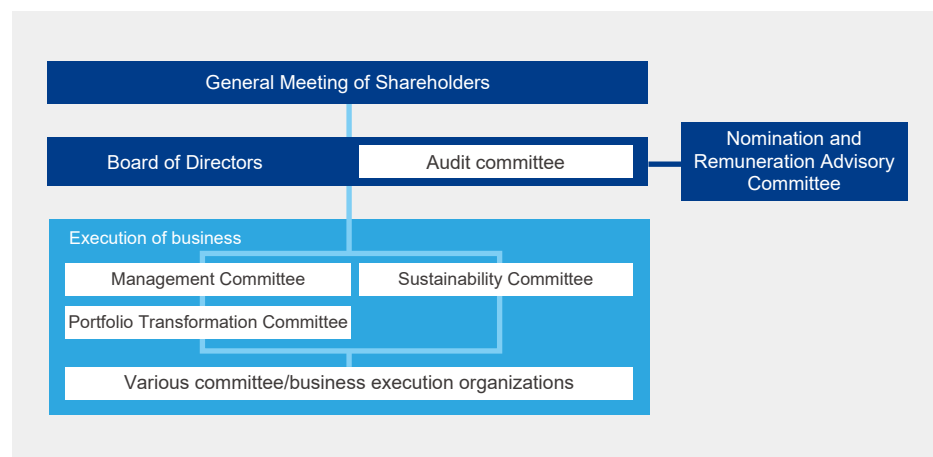
Sustainability Management Promotion Structure

The Denka Group has identified important management issues (materiality) related to sustainability and, within the Management Plan “Mission 2030,” has set KPIs and targets for the “three growth strategies (Business Value Creation, Human Resources Value Creation, Management Value Creation)” and is working to resolve these issues.

1 Sustainability Committee

In conjunction with the launch of the Management Plan “Mission 2030” in FY2023, we newly established the “Sustainability Committee” to address and manage progress on sustainability-related issues. This committee is an organization within the Executive Division, and receives reports on the status of activities toward achieving KPIs set for each materiality by the relevant divisions, and conducts deliberations and makes recommendations. The results of these deliberations are reported to the Board of Directors and regularly communicated to stakeholders as progress on the management plan.

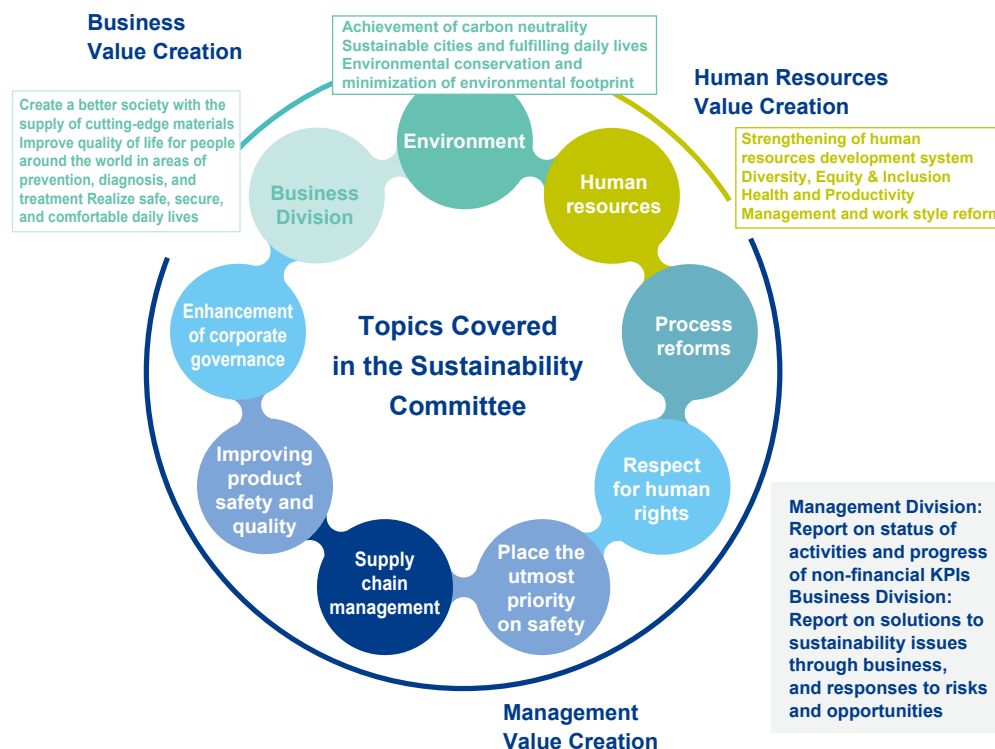
Sustainability Management Promotion Structure



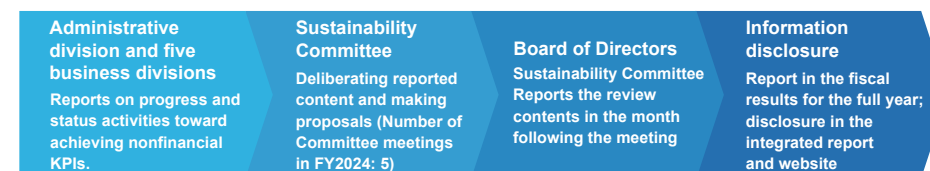
The Sustainability Committee Members

[Chairperson]	[Vice chairperson]	[Members]	[Observers]	[Secretariat]
President	Corporate Planning Dept. senior officer	HQ Management Division senior officer	Director	Corporate Planning Dept.

Discussion Themes The Executive Division deliberates on initiatives in line with the following themes and reports and makes recommendations to the Board of Directors on the results, etc.



Deliberation Process



2 Important Management Issues (Materiality)

The Denka Group, based on its vision (CORE VALUE, PURPOSE, MISSION) that forms the foundation of all employees' activities, has established the "Denka Group ESG Basic Policy" as the basic policy for ESG (Environment, Society, Governance) in all group business activities.

To comply with this policy, we have identified important management issues (materiality) and are promoting initiatives to resolve these issues in the growth strategy of our Management Plan "Mission 2030."

This table shows the relationships among these elements and clearly indicates the KPIs (Key Performance Indicators) for measuring the degree of implementation and targets for FY2030.

Important Management Issues (Materiality) for Implementing the Denka Group ESG Basic Policy, and KPIs and Targets for M30 Aimed at Resolving These Issues

Denka Group ESG Basic Policy	Important Management Issues (Materiality)	Mission 2030 KPI (Key Performance Indicators)	2030 Targets
(1) Pushing on with climate change countermeasures	• Achievement of carbon neutrality	(1) Reduction of greenhouse gas emissions across the Group (2) Maximizing renewable energy generation (3) Renewable energy + Electricity mix with non-fossil fuel certificates (4) Promotion of energy conservation initiatives across the Group	60% reduction compared to FY2013 (1 million tons) 150 MW 76% Continue 1% reduction from previous year in energy consumption per unit
(2) Reduction of environmental burden and the preservation of biodiversity	• Environmental conservation and minimization of environmental footprint	(1) Continuation of zero waste emissions (2) Response to nature-related risks, such as biodiversity and water resource conservation, based on the Task Force on Nature-related Financial Disclosures (TNFD)	Continuation of zero waste emissions Execution of biodiversity conservation plans in accordance with TNFD and continuation of awareness activities within the Group
(3) Sustainable economic growth and the resolution of social issues	• Sustainable growth through the creation of new business • Increasing healthy life expectancy and correcting health disparity • Sustainable cities and fulfilling daily lives	(1) Contributing to Decarbonization and a recycling oriented society through Chemical Recycling of Styrene-based Resins (2) Establishment of CO ₂ Concrete Sequestration Technology (3) Focusing on the "three-star businesses"	Establishment of a consortium for social implementation of PS chemical recycling Expansion of LEAF sales 100%
(4) Respect for human rights	• Respect for human rights	(1) Absolute respect for human rights based on the UN Guiding Principles on Business and Human Rights and the UN Global Compact	Identification of and response to human rights risks in the group supply chain
(5) Diversity, Equity & inclusion, human resource development and work style reforms	• Strengthening of human resources development system • Promotion of Diversity, Equity & Inclusion • Health and Productivity Management and work style reform	(1) Average training costs (per person) (2) Ratio of female/foreign/experienced hires in management positions (3) Ratio of women in managerial positions (4) Percentage of males taking parental leave (5) Percentage of mid-career hires (6) Improve employee engagement (7) Reducing overtime hours (8) Increasing the percentage of employees taking annual paid leave (9) Shift Breaker implementation (10) Working-from-home rate (11) Employees with ideal body weight (12) Employees with high stress levels (13) Employees with good exercise habits (14) Decline in percentage of smokers	Double amount compared to FY2021 50% 15% 85% 50% Visualization and ongoing improvement of engagement 30 hours or less/person/year 100% — 2 days a week 80% 10% or less 40% 12% or less
(6) Prioritization of safety and the creation of an easy-to-work environment	• Process Innovation • Place the Utmost Priority on Safety	(1) Labor-saving headcount reduction (2) Occupational accident frequency rate (3) Online training on occupational safety and fire protection	720 people (cumulative total for FY2023 - 2030) The Company and affiliates 0.2 or less All group employees
(7) Betterment of regional communities and relationships of trust	• Supply chain management	(1) BCP Measures through raw material risk assessment (upstream) (2) Procurement questionnaire implementation rate (upstream) (3) Achieving high ratings from ESG rating agencies (downstream)	Zero high-risk suppliers Conduct questionnaire for all suppliers Ecovadis Gold
(8) Relationships of trust with customers	• Improving product safety and quality	(1) Integration of quality control systems, raising of control standards	Zero serious quality incidents
(9) Fair business conduct (10) Information disclosure and stakeholders dialogue (11) Risk Management (12) Protection, management, and use of tangible and intangible corporate assets (13) Role of top management and the thorough practice of this basic policy	• Enhancement of corporate governance	(1) Thorough management of compliance risks (2) Promotion of Group Policies and Internal Regulations Development (3) Implementation of compliance training (4) Appropriate operation of the whistle-blowing system and disclosure of response status for reporting (5) Dissemination of Vision and Management Plan (6) Group-wide establishment of internal control framework (7) Advancement of Enterprise Risk Management (ERM)	Number of significant compliance violations: 0 Planned development based on priority All group employees to participate Disclosure on Sustainability Site Dissemination of Vision and Management Plan Completion of group-wide establishment of internal control framework for all Group companies Strengthening control of management divisions and management foundation

3 Positioning of Materiality (Key Management Issues) in the Management Plan “Mission 2030”

The “three growth strategies (Business Value Creation, Human Resources Value Creation, Management Value Creation)” in the management Plan “Mission 2030” are structured based on materiality (key management issues). For each issue, we set specific measures and KPIs to achieve our goals.

In “Business Value Creation,” each business division aims to create and expand business value by focusing on materialities such as new business creation, increasing healthy life expectancy and correcting health disparity, sustainable cities and fulfilling daily lives, achieving carbon neutrality, and environmental conservation and minimization environmental footprint.

For “Human Resource Value Creation,” we aim to be a company where each employee can experience self-fulfillment and growth, and we set KPIs for each materiality: “Strengthening of Human Resources Development System,” “Promotion of Diversity, Equity & Inclusion,” and “Health and Productivity Management and Work Style Reform.”

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.

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.

Management Plan “Mission 2030”

Business Value Creation



Human Resources Value Creation



Management Value Creation



Materiality

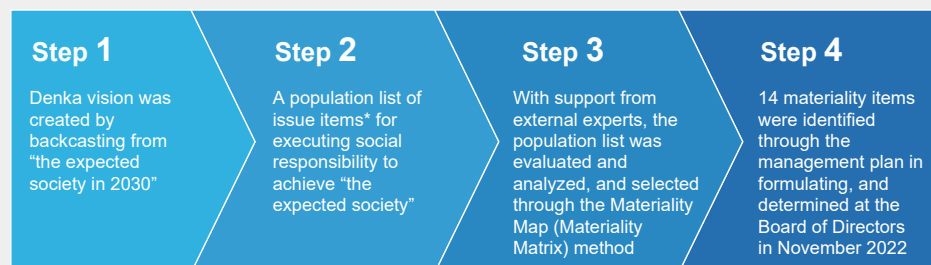
Sustainable growth through the creation of new business
Increasing healthy life expectancy and correcting health disparity
Sustainable cities and fulfilling daily lives
Achievement of carbon neutrality
Environmental conservation and minimization environmental footprint
Strengthening of human resources development system
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

4 Materiality Review

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

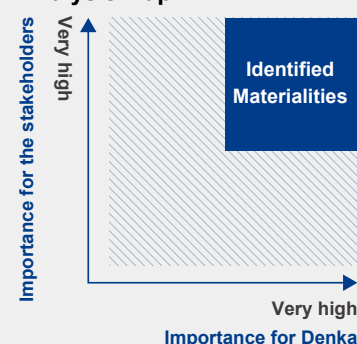
Materiality Review Process for FY2022

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.



* 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



Issue themes	Materiality (14 items)
- Climate change/ environmental pollution - Diversity - Human rights/gender - Medical/health/healthcare - Safety/labor/employment - Biodiversity - Water/public hygiene - Governance - Technological advancement - Quality/supply chain management - Human resource development/education - Energy/resources - Urbanization - Infrastructure - Marine pollution - Circular economy - Population - Poverty/hunger - National/society/ geopolitics - Aquatic resources - Forest resources - Diversification of lifestyles - Economic growth	- 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 environmental footprint - Strengthening of human resources development system - Promotion of Diversity, Equity & Inclusion - Health and Productivity Management and work style reform - Process Innovation - Respect for human rights - Place the Utmost Priority on Safety - Supply chain management - Improving product safety and quality - Enhancement of corporate governance