



Kei Hara

Managing
Executive Officer
Chief Human Resource Officer

Message from CHRO

Fiscal year 2024 was a year of many challenges and transformations for Denka in a very tough business environment. Drawing on those experiences, we are taking new steps to put Denka back on a growth trajectory.

This year, our goal is to achieve the committed budget no matter what. To that end, we will strengthen our organization and support the development of a mindset at the individual level to ensure that everyone accomplishes their set goals. However, daily effort, persistence, and creativity are essential; simply repeating the same things without thinking is not enough.

We will also incorporate various ideas and opinions, and provide systems and infrastructure to facilitate the creation of new things and reskilling. Our goal is to build an organization that balances “strength and rigor” with “kindness and flexibility.” This means creating an environment where each employee can freely express their opinions, respect one another, and work together. Once a decision is made, we will unite and move forward with strong momentum. This will foster creativity and innovation while building a solid business foundation. With everyone’s cooperation and effort, we can achieve this goal. Let’s continue to work together to put Denka back on a growth trajectory and evolve into a strong and compassionate organization.



Human Resources Value Creation

Denka's Core Values of “Initiative”, “Integrity”, and “Empathy” Make It a Company Where Each Individual Can Realize Personal Growth

In our management plan “Mission 2030”, we established three policies—strengthening of human resources development system, promotion of diversity, equity and inclusion, and health and productivity management and work style reform—and set strategies and 2030 targets based on those policies. Regarding investment in human resources,

we aim to be a company where each individual can experience personal growth through Denka's core values of “Initiative,” “Integrity,” and “Empathy.” We are actively pursuing system reforms and regularly conducting employee awareness surveys to identify issues and implement improvement measures.

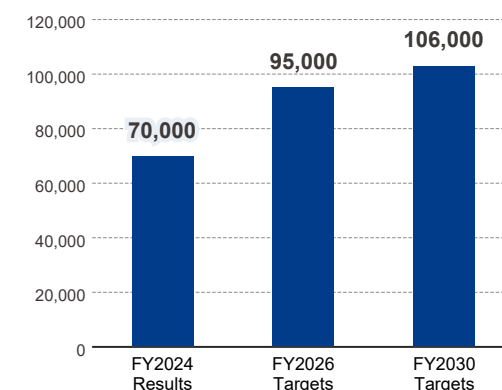
Challenges and initiatives for achieving the 2030 goals



A company where every person can aim to be the best they can be



Average training costs (unit: yen)



Previous Human Resources Initiatives and KPIs

In the creation of human resources value under the “Mission 2030” management plan, we have identified “strengthening of human resources development system”, “promotion of diversity, equity and inclusion”, and “health and productivity management and work style reform” as key policies (materialities), and set medium- to long-term KPIs linked to each of our policies.

Policy	Measures	2021	2022	2023	2024	2025
Strengthening of human resources development system	Improve personnel systems and evaluations			- Launched strategic personnel changes - Reviewed human resource development programs	Introduced system to support self-improvement	Introduced subscription-based e-learning (for managers only)
	Improve employee treatment		- Revised wages for M-category employees - Established conversion system from S-category to M-category employees			
	Improve management		Launched succession plan	Established Career Planning Committee		
Promotion of diversity, equity & inclusion (DEI)	Active employment and promotion of female managers	- Launched project for employment and promotion of female managers - Newly established investment framework for workplace environment improvement - Acquired Kurumin certification	Held seminars to provide support for balancing work and childcare commitments	Expanded recruitment portfolio	- Acquired Kurumin certification (2nd time) - Held a panel discussion event with outside directors × female managers - Held the Women's Career Journey (from March 2025, ongoing)	- Established company-wide policy for promoting DE&I - Held workshops for female managers - Work and Caregiving Balance Promotion Month - Held seminars to provide support for balancing work and childcare commitments
	Support for balancing work and childcare commitments					
Work style reform	System	Established investment framework for workplace environment improvement	- Relaxed requirements for employees to take childcare and nursing care leave - Introduced Shinkansen commuter passes - Hourly paid leave trials began at all production sites	- Systemized innovative working styles (working-from-home, etc.) - Expanded shift breakers - Started in-house recruiting system	- Established wellness leave (Leave for menstruation, infertility treatments, and donor activities) - Established system for hourly paid leave	
	Employee engagement			Conducted 3rd Employee Awareness Survey		Held town hall meetings and lunch gatherings by management
Promotion of health and productivity management	Systems and initiatives	- Newly established Health Promotion Office - Announced health management declaration	- Introduced Health Support App (&well) - Recognized as a Certified Health & Productivity Management Organization 2022 - The 1st labor and management jointly sponsored walking contest	- Recognized as a Certified Health & Productivity Management Organization 2023 and part of the White 500 - Held Denka's Health Week (seminars) - Held gait measurement sessions to prevent falls (all production sites) - Decided on future policies aimed at a workplace free of passive smoking - Began offering support to quit smoking - The 2nd labor and management jointly sponsored walking contest	- Held gait measurement sessions to prevent falls - Expanded no smoking period during working hours, aiming at a workplace free of passive smoking - Expanded and strengthened support to quit smoking - Held 3rd labor and management jointly sponsored walking contest - Held Denka Health Week (May), held seminars	- Recognized as a Certified Health & Productivity Management Organization 2025 and part of the White 500, for the three consecutive year - Completed smoking ban during working hours - Guidance to the health insurance smoking cessation program through the implementation of a smoking cessation campaign (free distribution of nicotine gum) - Held 4th labor and management jointly sponsored walking contest

Policy	KPI	FY2024 Results	FY2026 Targets	2030 Targets
Promotion of work style reform and health and productivity management	Overtime hours (hour/person/year)	147	120	90
	Percentage of employees taking annual paid leave	77%	85%	100%
Strengthening of human resources development system	Average training costs (ten thousand yen/person/year)	7	9	11
Promotion of Diversity, Equity & Inclusion	Ratio of total foreign nationals/ mid-career hires/women in managerial positions	21%	25%	50%
	Ratio of female employees in managerial positions	5%	7%	15%
	Percentage of males taking parental leave	73%	75%	85%
	Percentage of mid-career hires	17%	50%	50%



Strengthening of Human Resources Development System

Strategy

Cultivation of Future Executive Manager Candidates, Building of Company-Wide, Integrated Education Framework, and Fostering of a Self-Directed Learning Culture

● Cultivation of Future Executive Manager Candidates

As part of promoting our succession plan for strategically cultivating future executive managers, we have been operating a "Career Planning Committee" (CPC) chaired by the CHRO since FY2023. The CPC provides opportunities for development by giving "tough assignments" to human resources at or above the manager level who have been selected based on recommendations by executive officers.

● Building of Company-Wide, Integrated Education Framework, and Fostering of a Self-directed Learning Culture

To realize "human resources value creation", we will develop a consistent company-wide education system that enables people to "be the best they can be"—as stated by our human resources development policy—and we will strive for all employees to be "specialists." We have also put in place a self-improvement support system to provide support for each employee as they realize the career they aspire to, and tackle the challenges of building their own life.

FY2024 Initiatives

● Cultivation of Future Executive Manager Candidates

At the FY2024 CPC, a reassignment plan dated April 1, 2025 was decided for a total of 13 of the selected department and section managers. We will continue to work on expanding human capital by regularly reviewing the selected personnel.

● Building of Company-Wide, Integrated Education Framework, and Fostering of a Self-directed Learning Culture

Since FY2025, indirect department training has been incorporated into the human resource development program, which previously consisted only of hierarchical training organized by the Human Resources Department. In addition, with the introduction of a new LMS*, it has become possible to centrally manage the number of participants and training hours for each program.

Furthermore, since FY2025, subscription-based e-learning has been introduced exclusively for managers.

* Learning Management System

Promotion of Diversity, Equity & Inclusion

Strategy

Fostering of workplace environments, systems, and culture that empowers individuals with diverse ways of thinking to demonstrate their capabilities

Denka's slogan for promoting DE&I is "a company where everyone can aim to be the best they can be." We will create business value that makes the world a better place and become a company continually chosen by society.

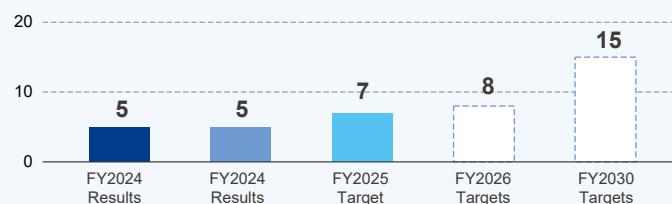
FY2024 Initiatives

In FY2024, from the perspective of promoting equity, we continued to implement various support measures for balancing work and personal responsibilities. For balancing work and caregiving, November was designated as a focused promotion month, and initiatives such as e-learning and public seminars were implemented to deepen understanding of caregiving. For balancing work and caregiving, November was designated as a focused promotion month, and initiatives such as e-learning and public seminars were implemented to deepen understanding of caregiving.

For balancing work and childcare, we developed initiatives tailored to each target group, such as seminars for managers, public seminars for the child-rearing generation, roundtable discussions for parents, and career training for returnees.

In addition, to promote women's empowerment, we presented diverse images of active women and worked to increase motivation for career advancement by introducing role models and holding panel discussions with female executives and female managers.

Ratio of female managers (%)



Work Style Reform and Health and Productivity Management

Strategy

Promotion of system reforms to create workplaces that employees will "want to come to work again tomorrow"

To realize a company where employees can feel their own growth and want to come to work again tomorrow, we aim to create a workplace environment where employees can work energetically in both mind and body. As improvement goals, we have set "reduction of high-stress employees" for mental health and "increase in employees with appropriate weight" for physical health. In particular, we have positioned improvement of "exercise habits" and "smoking" as priority issues and will advance related initiatives. In light of the results of our health issues analysis, we have added worsening lifestyle disease risks and aging employees as priority issues. We have adopted the goals of "enhancing approaches for Prediabetes" and "reducing fall accidents", and we have also strengthened related measures.

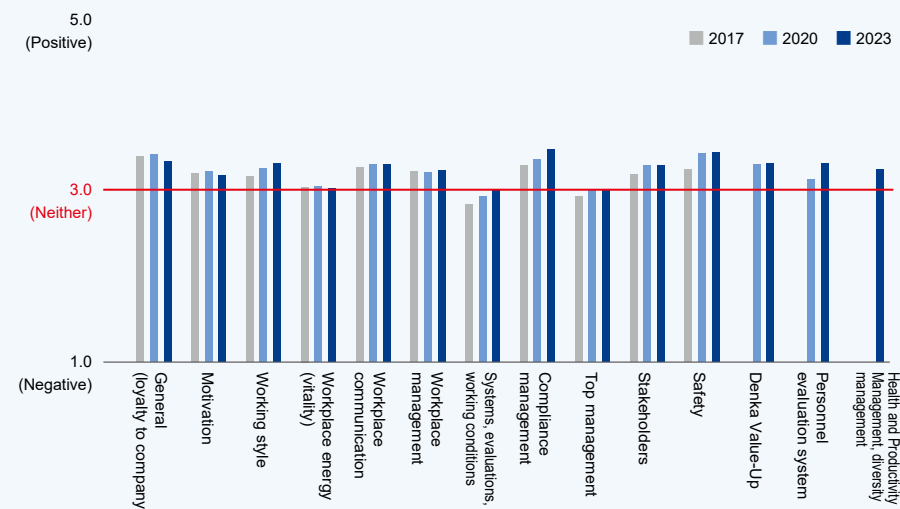
FY2024 Initiatives

To further enhance employees' understanding of health management, we established a health week called "Denka Health Week," during which daily health seminars were held. In addition, a labor-management co-hosted Denka Walking Competition was held to improve health literacy and promote the establishment of exercise habits. To achieve a smoke-free workplace, we launched a "Smoking Cessation Campaign" to raise awareness of the health insurance smoking cessation program in preparation for the company-wide smoking ban during working hours starting in FY2025. As a result, more than 60 people have newly started working on quitting smoking. For fall accident prevention, walking measurement events were held at each business site, and exercise guidance based on the measurement results was provided.

Conducted Employee Awareness Survey

At Denka, we introduced an Employee Awareness Survey in 2017 with the objective of understanding how employees think about the company and their jobs, and their awareness of problems, and creating workplace environments with greater job satisfaction. We measured the effectiveness of measures taken based on the results of the previous two times. We are considering steps to address new issues, and moving to implementation.

Transition of
Employee
Awareness
Survey Scores



Progress of Issues and Measures to be Addressed Going Forward

Issue (1) Working Style

Standardization and streamlining of operations

Issues

- Work gets concentrated on specific people due to person dependency of work
- Work load varies, and it is hard to even out
- Managers do not make time for necessary management work

Measures

- Make work visible and streamline work through process reform
- Improve the skill level of all employees by strengthening human resource development

Review Progress of Approved Measures

- Operational process reforms **▶P60**
- Develop LMS and implement effective educational measures, as well as provide optional e-learning and video sites for voluntary learning

Issue (2) Management

Review of responsibilities and authority, and realization of communication to improve sense of unity

Issues

- Approval process is too long
- Dissemination of information on management decisions to employees
- Communication between top management, middle management, and front line employees

Measures

- Promote delegation of authority
- Actively issue messages from top management
- Have the officer in charge explain important management decisions to employees
- Improve understanding and acceptance of decisions

Review Progress of Approved Measures

- Revise job standards sequentially and promote delegation of authority to speed up decision-making and improve operational efficiency
- Hold town hall meetings
- Formulate company-wide diversity policy

Issue (3) Workplace Climate and Culture

Creating a workplace with job satisfaction (satisfaction + ease of work)

Issues

- Have habits and constraints due to the past
- Hard to understand the situation and circumstances in other departments
- Pressed by day-to-day work, and do not have the leeway to tackle challenges

Measures

- Improve understanding of other departments through rotation between departments and job types
- Find extra time through work reform or outsourcing, and create a workplace where it is easier to tackle challenges

Review Progress of Approved Measures

- From April 2025, introduce a talent management system and promote company-wide and planned rotation based on objective information about each individual, revitalizing talent exchange
- In workplaces operating with shifts, assign personnel (shift breakers) to cover staff shortages caused by employees taking holidays and leave, thereby promoting leave acquisition and reducing long working hours
- Improve work-life balance through systems for hourly leave and establish new wellness leaves (for menstruation, infertility treatment, donor activities), etc.

Issue (4) Systems

Introduction and use of strategic personnel system

Issues

- Transfers between departments and job types are rare, and work tends to fall into a repetitive pattern
- It is hard for the younger generation to envision their career
- Desire for introduction of systems (flextime, incentives for younger workers, etc.)

Measures

- Introduce more active personnel transfers and in-house recruiting system to support career building
- Actively disseminate information on personnel systems and working condition improvements
- Identify issues and consider improvements through a company-wide reform project

Review Progress of Approved Measures

- Further brush up the internal recruitment system introduced in FY2023 and improve its operation to expand support for employees' autonomous career development
- From April 2026, change the current personnel system to a simpler and more rational form, and prepare for future revisions toward a job- and performance-oriented system