

Denka's Group Compliance

Basic Policy

The Group broadly defines “compliance” as compliance with laws, contracts, internal regulations, and social norms. The Denka Group Ethics Committee, established by the Board of Directors and chaired by the CEO, oversees compliance efforts across the entire Group. Under this committee and in response to each compliance risk, our Management Division in the Head Office devises and implements various preventive measures, gathers information on the latest laws and regulations, legal

precedents, and case examples from other companies, establishes and revises various rules, including the Group's common rules and common company-wide rules, and carrying out various compliance training, monitoring, auditing, and more, related to corporate ethics, general laws, environment, quality, occupational health and safety, and human rights.

Compliance Promotion System

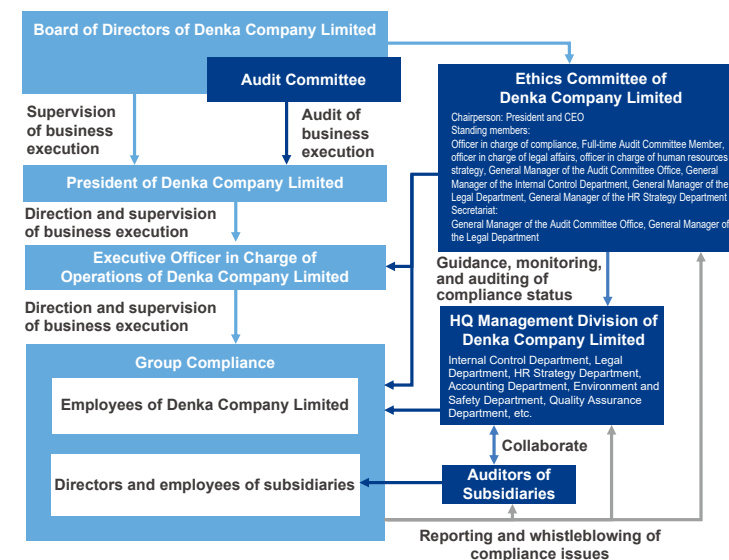
The Denka Group has established the “Denka Group Corporate Ethics Policy” as its highest-level compliance regulation, enacted by the Board of Directors. This policy aims to ensure that all officers and employees of the Denka Group practice compliance, thereby maintaining and securing the trust of society and ensuring the sustainable development and continuity of the entire Group. To achieve this, the policy stipulates the code of conduct, organizational structure, responsibilities of relevant officers and employees, and the establishment of a whistleblowing system that all officers and employees must observe. Based on this policy, the Board of Directors has established the “Ethics Committee,” chaired by the president, which oversees all compliance-related activities, including monitoring the progress of compliance promotion activities, addressing issues, and deliberating on activity plans for the following year. At the same time, the Board of Directors appoints an executive officer (Chief Compliance Officer (CCO)) responsible for promoting compliance. The CCO assists the president, who serves as the chair of the Ethics Committee, and directs and supervises compliance promotion activities carried out by the Legal Department, Internal Control Department, HR Strategy Department, and other HQ management divisions that serve as the Ethics Committee Secretariat. Through this corporate ethics policy and the organizational and responsibility structure it sets out, we are working to strengthen the compliance system for the Denka Group both domestically and internationally.

Denka Group Standards of Business Conduct

The Denka Group has formulated the “Denka Group Standards of Business Conduct,” which further specifies the code of conduct that all officers and employees must observe as set forth in the “Denka Group Corporate Ethics Policy.” These set forth global standards of ethical conduct, as guidelines for ethically and legally appropriate actions, including, which executives and employees of each Denka Group company should follow to realize the Group's vision. In terms of content, we distribute booklets (in Japanese, English, and Chinese languages) as a guide for each employee's daily work. It covers basic rules for appropriate work, environment, safety, fair transactions, export regulations, economic sanctions, insider trading, personal information management, quality compliance, intellectual property rights, corruption prevention, compliance with labor laws, respecting human rights, and other themes.

Compliance Awareness and Education

To establish a compliance-first system and corporate culture in a thorough manner, the Denka Group designates every October as “Compliance Reinforcement Month,” during which the president delivers a message and the Ethics Committee conducts activities such as e-learning training, surveys, and obtaining compliance pledges from all officers and employees of the group. In the e-learning conducted in FY2024, more than 6,000 participants took part at all locations. In addition, the Legal Department, which serves as the Ethics Committee Secretariat, extracts key compliance risks from the above survey results and holds seminars on those areas, as well as regularly disseminates information via the intranet.



Standards of Business Conduct Booklet (English version)



Training scenes for group companies

Whistle-Blowing System “Denka Group Helpline”

To ensure more reliable compliance management throughout the group and to promptly identify and correct compliance issues at group companies, the Denka Group has established the “Denka Group Corporate Ethics Policy” and the “Denka Group Whistleblowing Policy.” Based on these regulations, the Ethics Committee has established and operates the group-wide whistleblowing system, the “Denka Group Helpline.” Officers and employees of each Group company in Japan and overseas, regardless of the contract type, such as temporary employees, etc., their family members within the second degree of kinship living with them, and retirees as stipulated by the Whistleblower Protection Act of Japan, can report compliance issues to the Denka Group Ethics Committee at any time using the Denka Group Helpline anonymously or with identifying information, in Japanese, English, or Chinese language.

The Denka Group Ethics Committee not only has multiple contact points for receiving reports (the committee secretariat as the internal contact point; Nishimura & Asahi and specialized businesses serve as the external contact point), but also has stipulated the obligations in the group-wide whistle-blowing regulations for officers and employees to keep the identity of the whistleblower confidential and to prohibit retaliatory actions against whistleblowers, and the strict punishment for violations of these obligations. The Legal Department that the Ethics Committee Secretariat is in charge of is also working to maintain trust in and promote the use of the internal whistle-blowing system by emphasizing this information for officers and employees through various compliance training programs. With this initiative, the Denka Group Helpline is actively being used, contributing to improving the effectiveness of compliance efforts made by the Denka Group. From FY2025, a new reporting channel has also been established for supply chain-related business partners of Denka Group companies to report issues related to human rights.

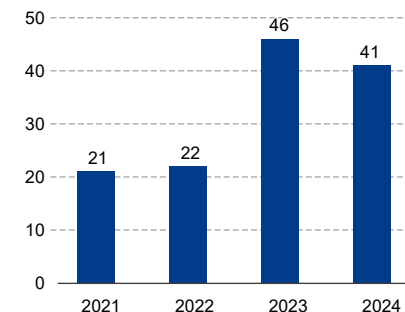
Response to Misconduct

Denka formulated a basic regulation on responding to compliance violation incidents in August 2022 to fairly and appropriately respond to compliance issues reported via internal reporting, office organization, and other routes. This regulation stipulates specifics on internal reporting related to compliance issues, investigation systems, process of proceedings when an issue is recognized, and measures for internal dissemination as corrective and preventative measures. If a compliance issue occurs in the Company, we strive for the early resolution and correction of the issue including implementing necessary disciplinary action by the internal investigation team investigating the issue under the regulation.

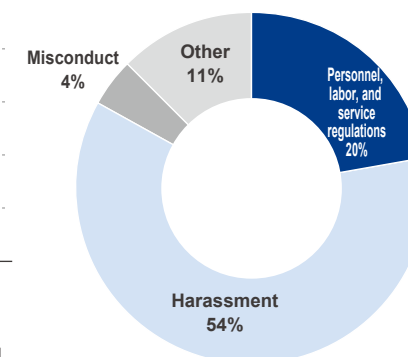
Handbook for employees on using the whistleblowing system



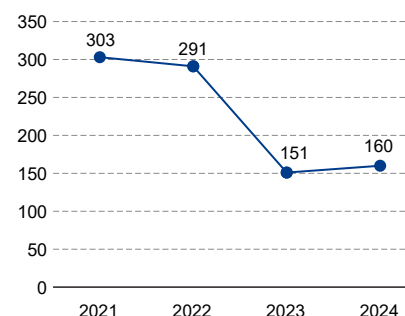
Trend in the Number of Reports



Breakdown of Internal Reports (cumulative from FY2019–FY2024)



Trend in the Number of Consolidated Employees Per Report (Persons/Reports)



* Classification is based on the content of the report at the time of receipt and does not necessarily reflect the recognized facts.

Breakdown of Offices in FY2024 (Cases)

	Misconduct	Harassment	Personnel, labor, and service regulations	Other
Head Office	1	6	2	1
Research facilities and plants	–	11	2	1
Group companies	1	8	3	2
Unknown	–	–	2	1