Materiality (Key Management Issues)

In order to promote the three growth strategies set out in the Management Plan "Mission 2030"—Business Value Creation, Human Resources Value Creation, and Management Value Creation—the Denka Group has established non-financial KPIs based on its materiality for each business division and corporate division, and has also set targets for FY2030. Through these initiatives, we are aiming to create sustainable corporate value by making full use of our capabilities, fulfilling our corporate responsibilities, and pursuing the ideal state of our businesses that contributes to resolving social issues.

Five Business Divisions

Materiality-based Non-financial KPIs and FY2030 Targets

Materiality	Organization	Growth Strategy	"Mission 2030" Non-financial KPIs (Key Performance Indicators)	FY2030 Targets	Ideal State of Businesses That Resolve Social Issues
Achievement of carbon neutrality	Elastomer & Infrastructure Solutions	Management Value Creation	Reduce CO_2 emissions from the calcium carbide chain at the Omi Plant	• Reduce CO_2 emissions by 23% (compared with adjusted FY2024 results, excluding cement and CSA, for which production has ceased) <Reduction Initiatives> • Use resources effectively by reusing surplus quicklime fines • Switch raw materials used in calcium carbide electric furnaces (including the introduction of biochar and purchased quicklime)	A specialist in reducing CO_2 emissions through concrete technology
		Business Value Creation	Develop manufacturing technologies for carbon-sequestering admixtures and promote their adoption	• Develop manufacturing technologies for carbon-sequestering admixtures for concrete with CO_2 reduction and sequestration totaling 310–350 kg/m³ (of which 120–200 kg/m³ is sequestered) • Achieve costs comparable to conventional concrete (reduce admixture prices by approximately 57% compared with 2021) * Green Innovation Fund Business Strategy Vision	
			Market rollout of environmentally friendly quick hardening admixture	• Introduce the environmentally friendly, high-early-strength admixture (FASTRONG) in Europe and other markets where carbon taxes are increasingly being adopted FY2030 sales targets: Europe (10,000 t/year*), Southeast Asia (2,400 t/year), China (2,000 t/year), and other markets * Equivalent to a CO_2 emissions reduction of approximately 65,000 t (when Portland cement usage is reduced by 50%)	
Sustainable cities and fulfilling daily lives			Number of countries where biostimulants are marketed worldwide	• Market biostimulants in at least 10 overseas countries (an increase of 6 countries compared with 2025)	A specialist in resolving global food shortages through soil improvement technologies using biostimulants
	Electronics and Innovative Products		Sales target of materials that contribute to technological innovation in next-generation communications and generative AI	• Low dielectric materials Annual sales of at least ¥20.0 billion (SNECTON, spherical silica, spherical alumina, boron nitride, etc.)	A specialist in "reducing energy loss" and "extending service life" in electronic products through technologies combining organic and inorganic chemistry
			Sales target for materials that contribute to improved battery performance and longer battery life	• Conductive materials and high-heat dissipation materials: Increase net sales fourfold (compared with FY2024) (acetylene black and spherical alumina)	
Environmental conservation and minimization of environmental impact	Elastomer & Infrastructure Solutions		Ratio of recycled raw materials used in fertilizer products	• Fused Silicate Phosphate fertilizer: Achieve a 100% replacement rate for phosphate rock (planned replacement rate for FY2025: 10%) • Progressively replace phosphate rock with sewage sludge incineration ash as a raw material for fertilizer products manufactured by consolidated subsidiary Hinode Kagaku Kogyo Co., Ltd.	A specialist in resource circulation through the increased use of recycled raw materials in fertilizer products
	Polymer Solutions		Establish a framework to move styrene chemical recycling from demonstration to implementation	• Volume of circular materials handled: 5,000 t/year • Recycling partners: 10 (companies and local governments)	A specialist in expanding circular resource use to preserve limited resources for the future
			Number of environment-related product varieties brought to market	• Number of D-NODE-related product varieties launched in the market: 30	
Increasing healthy life expectancy and correcting health disparity	Life Innovation		Number of POCT and IVD reagent products adopted by major global platforms	• Newly adopted test items At least 5	A specialist in supporting the health of people around the world and preventing infectious diseases and lifestyle-related diseases
			Increase in the number of sd-LDL tests performed	• At least 400% of the FY2024 level* *Aim for coverage under the national health insurance system in FY2026.	
			Enhance the ability to rapidly ramp up POCT production in the event of a pandemic	• Establish production capacity at 2.5 times the FY2024 level	
			Increase in the number of ferritin tests performed	• 150% of the FY2024 level	
			Increase in the supply volume of clinical diagnostic reagents (CRP)	• 150% of the FY2024 level	
Sustainable growth through new business creation	New Business Development		Number of business ideas that address social issues	• 10	A specialist in creating new businesses that improve future quality of life
			Number of new businesses created to address social issues	• 5	

Materiality (Key Management Issues)

Corporate Management Divisions

Materiality-based Non-financial KPIs and FY2030 Targets

Materiality	Organization	Growth Strategy	"Mission 2030" Non-financial KPIs (Key Performance Indicators)	FY2030 Targets
Achievement of carbon neutrality	Corporate Management Divisions	Business Value Creation	Reduction of greenhouse gas emissions	60% reduction from FY2013 (2.47 million t-CO_2), to 0.98 million t-CO_2
			Maximum output of renewable energy generation	150MW
			Renewable energy + electricity mix with non-fossil fuel certificates	76%
			Promotion of energy conservation initiatives	Continue 1% reduction from previous year in energy consumption per unit
Environmental conservation and minimization of environmental impact			Continuation of zero waste emissions	Continue achieving zero emissions of waste
			Addressing nature-related risks such as biodiversity and water in accordance with Task Force on Nature-related Financial Disclosures (TNFD)	Implement a TNFD-aligned biodiversity conservation plan and continue awareness-raising activities within the Group
Enhancement of corporate governance		Management Value Creation	Thorough management of compliance risks	Zero serious compliance violations
			Promotion of Group Policies and Internal Regulations Development	Systematic development based on priorities Disclose at least 8 policies (including summaries of policy statements)
			Implementation of compliance training	All group employees to participate
			Appropriate operation of the whistle-blowing system and disclosure of the status of responses to reports	Number of employees per whistle-blowing report: 100 or less
			Group-wide establishment of internal control framework	100%: Completion of group-wide establishment of internal control framework for all Group companies (31 sites)
			Advancement of Enterprise Risk Management (ERM)	Improve the quality of the management divisions' Group control functions and strengthen the foundation of Group management
Supply chain management			BCP measures based on raw material risk assessments (upstream)	Zero high-risk suppliers
			Procurement questionnaire rate (upstream)	Survey all business partners and engage with low-scoring suppliers to ensure improvements
			Achieving high ratings from ESG rating agencies (downstream)	Continuously improve EcoVadis scores Achieve and maintain inclusion in the FTSE index adopted by GPIF
Process reforms			Labor-saving headcount reduction	398 people (total for the eight years from FY2023 to FY2030)
			Development of digital talent	DP (Digital Pilot) personnel: 400 people
Place the utmost priority on safety			Occupational accident frequency rate	The Company and affiliates 0.2 or less
			Online training on occupational safety, and process safety/fire prevention	All group employees
Respect for human rights			Establishment of a human rights policy and thorough 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 Risk survey implementation rate: 100% (target divisions and business sites)
Improving product safety and quality			Integration of quality control systems and enhancement of management standards	Zero serious quality incidents
Promotion of de&i		Human Resources Value Creation	Percentage of women in managerial positions	15%
			Percentage of male employees taking childcare leave	85%
Health and productivity management			Reduction in the percentage of smokers	12% or less
			Employees with an ideal body weight	80%
			Employees with high stress levels	10% or less
			Employees with good exercise habits	40% or higher
Strengthening of human resources development system			Provide training that employees find valuable	Achieve a favorable level in training satisfaction surveys (Net Promoter Score) (100%)
Work style reform			Work engagement	Visualization and ongoing improvement of work engagement
			Overtime hours	120 hours/year
			Annual paid leave utilization rate	100%