

Denka Group Compliance

Basic Policy

The Denka Group broadly defines "compliance" as adherence to laws, contracts, internal regulations, and social norms. The Denka Group Ethics Committee, established by the Board of Directors and chaired by the President, oversees compliance efforts across the entire Group. Under the Committee, the Head Office management divisions promote the planning and implementation of various preventive measures to address compliance risks relating to corporate ethics, laws and regulations in general, the environment, quality, occupational safety and health, human rights, and other areas. These measures include collecting information on the latest laws and regulations, judicial precedents, and cases involving other companies; establishing and revising internal regulations, including Group-wide common rules and company-wide regulations; providing education and training; and conducting monitoring and audits. In addition to the activities of the Head Office management divisions, each business division, each business site, and each Group company works to reduce compliance risks in their respective areas on an ongoing basis, including through collaboration with outside experts. Based on the spirit of our Core Values of "Initiative," "Integrity," and "Empathy," the Denka Group will continue to work diligently to ensure thorough compliance, with all officers and employees throughout the Group treating compliance as their own responsibility.

Compliance Promotion System

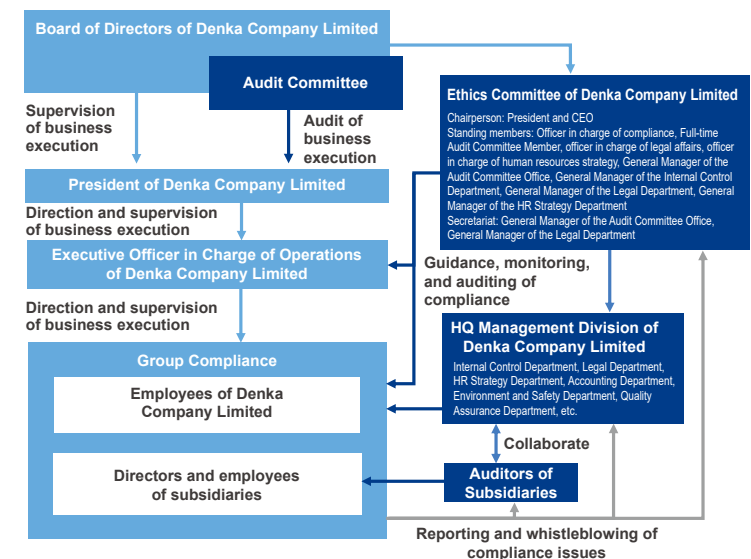
The Denka Group has established the "Denka Group Corporate Ethics Policy" through the Company's Board of Directors as its highest-level regulation governing compliance. This policy aims to ensure that all officers and employees of the Denka Group practice compliance, thereby maintaining and securing 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 to be observed by all officers and employees, the organizational structure, the responsibilities of relevant officers and employees, and the establishment of a whistleblowing system. Based on this Policy, the Company's Board of Directors established the Ethics Committee, chaired by the President. The Committee oversees the Group's overall compliance initiatives, including confirming the progress of compliance promotion activities and the status of responses to issues, and deliberating on activity plans for the following fiscal year. At the same time, the Company's Board of Directors appoints an Executive Officer responsible for promoting compliance (the Chief Compliance Officer (CCO)). The CCO assists the President, who chairs the Ethics Committee, and directs and supervises compliance promotion activities conducted by Head Office management divisions, including the Legal Department, which serves as the secretariat of the Ethics Committee, the Internal Control Department, and the HR Department. Through this Corporate Ethics Policy and the organizational structure and responsibilities stipulated therein, we are working to strengthen the compliance framework throughout the Denka Group in Japan and overseas.

Denka Group Standards of Business Conduct

The Denka Group has established the "Denka Group Ethics and Legal Compliance Guidelines: Denka Group Standards of Business Conduct," which further specifies the standards of conduct that all officers and employees are required to observe under the Denka Group Corporate Ethics Policy. The Guidelines set out global standards of conduct that all officers and employees of Denka Group companies are expected to follow in putting the Group's management philosophy and values into practice and serve as a guide to ethically and legally appropriate conduct. The Guidelines cover basic rules for conducting business appropriately, environmental conservation and safety, fair transactions, export regulations and economic sanctions, insider trading, personal information management, quality compliance, management of confidential information and intellectual property rights, exclusion of antisocial forces, prevention of corruption, and respect for human rights, including compliance with labor laws. They are distributed as booklets (in Japanese, English, and Chinese) for all officers and employees to use as a guide in their daily work.

Compliance Awareness and Education

To thoroughly establish a compliance-first system and corporate culture, the Denka Group designates every October as "Compliance Reinforcement Month," during which a message from the President is distributed, and the Ethics Committee conducts activities such as e-learning training, surveys, and obtaining compliance pledges from all officers and employees of the Group. More than 6,000 employees across all business sites completed the e-learning conducted in FY2025. In addition, the Legal Department, which serves as the secretariat of the Ethics Committee, identifies key compliance risks based on the results of the surveys, holds seminars on the relevant areas, and disseminates information via the intranet as needed.



Standards of Business Conduct Booklet (English version)



Various materials used for compliance training in FY2025

Compliance Initiatives

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 Whistle-blowing Policy." Based on these regulations, the Ethics Committee has established and operates the group-wide whistle-blowing 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, which serves as the Ethics Committee Secretariat, also works to maintain trust in and promote use of the reporting system by ensuring that these points are thoroughly communicated through various compliance training programs. These initiatives have encouraged active use of the Denka Group Helpline and contributed to enhancing the effectiveness of compliance across 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.

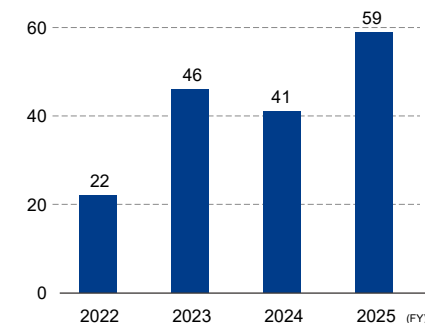
Response to Misconduct

Denka established a basic regulation for handling compliance violations in August 2022 to fairly and appropriately address compliance issues reported through the internal reporting system, management channels, and other routes. The regulation set forth specific provisions concerning internal reporting of compliance issues, investigation systems, procedures for reviewing cases in which an issue has been identified, and measures for internal communication regarding as corrective actions and measures to prevent recurrence. If a compliance issue arises in the Company, an internal investigation team investigates the issue in accordance with the regulations, and work to promptly resolve and correct the issue, including by taking disciplinary action where necessary.

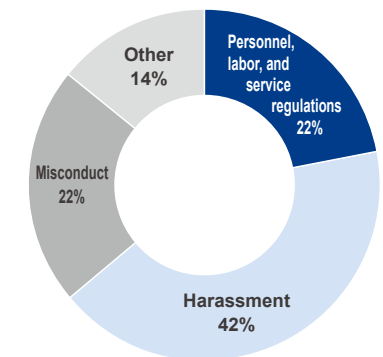
Handbook for employees on using the whistleblowing system



Trend in the Number of Reports (cases)

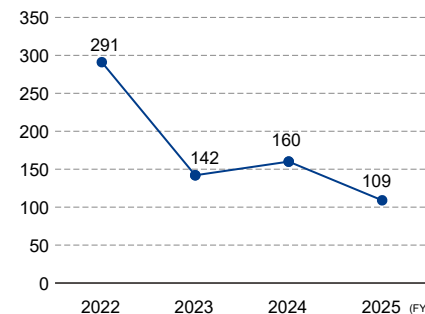


Breakdown of Internal Reports (Cumulative from FY2019–FY2025)



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

Trend in the Number of Consolidated Employees per Report (persons/reports)



Breakdown by Location in FY2025 (cases)

	Misconduct	Harassment	Personnel, labor, and service regulations	Other
Head Office	2	5	4	3
Research facilities and plants	7	12	3	
Group Companies	4	6	6	3
Unknown		2		2