Sustainability Book

2024

Possibility of chemistry

Denka

Possibility of chemistry

Denka

Denka
Sustainability Book
2024

Editorial Policy

The Sustainability Book provides comprehensive information on ESG activities and detailed data that are not included in the Denka Report (Integrated Report).

Coverage

This report covers FY2023 (Saturday, April 1, 2023 through Sunday, March 31, 2024) in principle, but also includes additional information on some initiatives undertaken subsequent to the FY2024 year-end. The report also presents data on performance indicators (numerical) from the past several fiscal years.

Date of publication

September 30, 2024

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Scope

Denka Company Limited shares its ESG (non-financial) information and sustainability management efforts through three main platforms: the Denka Report (Integrated Report), Sustainability Book, and Sustainability Website. These platforms primarily cover the ESG (non-financial) information for the Company and its consolidated subsidiaries.
However, for data with a different reporting scope from the above, the specific calculation range will be noted in the individual data annotations.
Regarding environmental data, the reporting focuses on main facilities and key production group companies to account for over 90% of the total estimated environmental impact. The aim is to capture the most significant environmental impact areas.

Scope of Environmental Data Calculation

The scope covers Denka's main facilities and key production Group companies with production and research facilities (6 domestic and 11 overseas sites).
However, for data with varying aggregation scopes, the specific reporting range will be noted individually.

Denka's Main Facilities and Group Companies with Production and Research Facilities (25 sites)

Non-consolidated sites of Denka (8 sites)

Omi, Omuta, Chiba, Shibukawa, Ofuna, Isesaki, Gosen, and Machida (Denka Innovation Center)
*Data from the following affiliated companies located within these sites are included in the reports.
Denal Silane (Omi), Denka Kojundo Gas (Omuta), Taiyo Vinyl Corporation (Chiba)

Group Companies (6 sites in Japan)

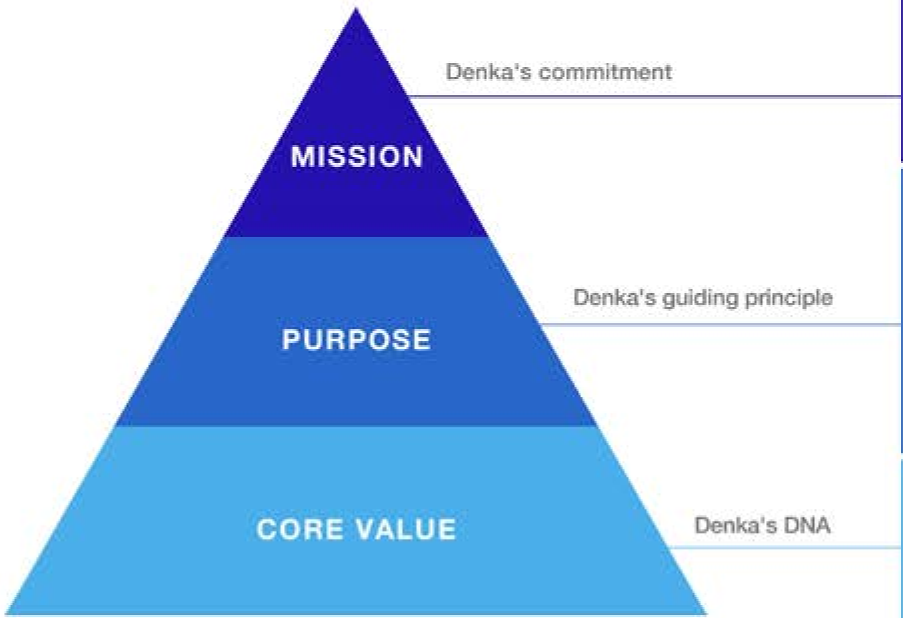
Denka Polymer, Denka Elastolation, Hinode Kagaku Kogyo, Denka Azumin, Kyushu Plastic Industry (non-consolidated), Denka Astec

Group Companies (11 sites overseas)

Denka Singapore (Merbau, Seraya), Denka Advantech (Tuas, South), Denka Advanced Materials Vietnam, Denka Advanced Development (Suzhou), Denka Chemicals Development Materials (Suzhou), Denka Electronic Materials (Dalian), Denka Inorganic Materials (Tianjin), Denka Construction Solutions Malaysia, and Denka Performance Elastomer (USA)

Our Vision

OUR VISION



MISSION

By 2030, we will increase the value of our human resources and management, and we will focus on creating business value that combines the three elements of specialty, megatrends, and sustainability.

PURPOSE

Make the world a better place as specialists in chemistry.

CORE VALUE

Initiative: We will continue to challenge the possibilities of chemistry.

Integrity: We will engage in our work with sincerity and dedication.

Empathy: We will respect diversity and create a safe and secure environment.

Denka Group ESG Basic Policy

Under the Denka Group Vision, consisting of Denka's Core Value, Purpose, and Mission, which forms the basis of all our employees' activities and represents the future of Denka, we have set out the Denka Group ESG Basic Policy governing our handling of Environmental, Social and Governance (ESG) issues in the course of the Group's business activities, and will strive to adhere to each of the underlying principles of this policy and increase corporate value by developing an effective corporate governance system underpinned by strong moral compass.

E	Pushing on with climate change countermeasures	We will run to the goal of curbing greenhouse gas (GHG) emissions from operations 60% by the end of fiscal 2030 compared with the fiscal 2013 level and achieving net zero, or carbon neutrality, by the end of fiscal 2050, to this end facilitating the use of clean energy, reviewing our business portfolio and pushing ahead with the development and introduction of innovative technologies.
E	Reduction of environmental burden and the preservation of biodiversity	We will work to reduce environmental impact of our business activities, including the air, water, and soil, with the aim of preserving and protecting biodiversity.
E/S	Sustainable economic growth and the resolution of social issues	Through the pursuit of innovation, we will deliver products, services and solutions capable of supporting sustainable economic growth and helping resolve issues society is now confronting. We will also take a spontaneous approach to the development of eco-friendly products and technologies as well as the creation of a circular economy to help reduce environmental burden arising from the entire value chain.
S	Respect for human rights	We will respect the human rights of all people who come into contact with our business operations, including elimination of forced labor, effective abolition of child labor, elimination of discrimination in employment and at workplaces and recognition of employees' freedom of association and collective bargaining rights. Moreover, we will help raise awareness of human rights in the workplace and take action to fulfill our corporate social responsibilities.
S/G	Diversity and Inclusion, human resource development and work style reforms	Based on an appreciation of diversity among all those working for the Denka Group, we will strive to ensure fair treatment for them and help them realize their full potential in a way that respects unique personalities of each. At the same time, we will promote human resource development aimed at enhancing employees' individual capabilities while passing down our unique technologies to future generations. Striving to assist each employee in their diverse practices of optimal work styles, we will also push ahead with work style reforms to help them harmonize and maintain a balance between their private lives and duties.
S	Prioritization of safety and the creation of an easy-to- work environment	We will tackle occupational safety, employee health, facility security and disaster prevention as one of the top priorities in all aspects of our business activities. In this way, we will create a workplace free of accidents, disasters and harassment and ensure that each employee can stay healthy while working comfortably.
S	Betterment of regional communities and relationships of trust	As a good corporate citizen, we will proactively play our part in the betterment of regional communities and contribute to their development. Furthermore, we will strive to foster relationships of trust with these communities.
S	Relationships of trust with customers	Regarding our products, services and solutions, we will strive to achieve superior quality and safety standards to ensure the satisfaction of customers around the world while providing sufficient information. We will also remain sincere in customer relations, thereby maintaining relationships of trust with customers.
G	Fair business conduct	In compliance with laws and regulations enforced by each country in relation to our business operations, we will engage in fair and free competition and appropriate dealings while giving consideration to the preservation of the global environment. Simultaneously, we will practice responsible procurement, keeping our supply chains free of child labor, forced labor and other forms of human rights violation. Moreover, we will maintain sound relationships with political bodies and administrative agencies
G	Information disclosure and stakeholder dialogue	We will disclose our financial and non-financial information in a proactive, effective and fair manner to ensure the trustworthiness of such information. We will also maintain constructive dialogue with a wide range of stakeholders in our pursuit of improvement in corporate value.
G	Risk Management	In addition to staying apprised of risks that may affect our corporate activities, we will practice strategic risk management via, for example, the strengthening of our capabilities to counter important risks, while implementing thoroughgoing and organized crisis management measures to secure resilience against natural disasters, terrorism, cyberattacks and other events that pose serious threats to our operations.
G	Protect and management of tangible and intangible corporate assets	As we recognize that the Denka Group's tangible assets and intangible assets, the latter of which include proprietary information and intellectual property, constitute a source of its competitiveness, we will strive to properly protect and utilize these assets while respecting intellectual property held rightly by third parties.
G	Role of top management and the thorough practice of this policy	With top management striving to ensure that this policy is understood by all Denka Group members, we will develop effective corporate governance systems for the Denka Group as part of our efforts to improve corporate value. Should an incident involving the violation of this policy emerge and result in the loss of public trust, top management will take the lead in addressing the problem, for example, by investigating its root causes and implementing measures aimed at preventing its recurrence.

Sustainability Site: The Denka Group ESG Basic Policy https://denka.disclosure.site/ja/themes/727

Our Material Issues (Materiality)

1. Materiality (14 items)

- We have classified materiality issues into two categories, "responsibility and contributing to a sustainable society", in which we contribute to society through our business activities, and "strengthening our business foundation", which is a requirement for corporate survival and sustainable growth.
- "Responsibility and contribution to a sustainable society" (five items) consists of items that the Denka Group should address in order to resolve social issues through its business operations, such as global warming countermeasures, healthcare, and sustainable cities and lifestyles.
- Strengthening our business foundation (9 items) is based on the Denka Group ESG Basic Policy, and issues related to human resources, a source of sustainable growth, and initiatives to fulfill social responsibilities through supply chain interaction.

Materiality (14 items)	
Responsibility and contribution to a sustainable society (5 items)	• Sustainable growth through the creation of new businesses • Increasing healthy life expectancy and correcting health disparity • Sustainable cities and fulfilling daily lives • Achievement of carbon neutrality • Environmental conservation and minimization of environmental footprint
Strengthening our business foundation (9 items)	• Strengthening of HR development systems • Promotion of Diversity, Equity and Inclusion • Increasing healthy life expectancy and correcting health disparity • Process reforms • Respect for human rights • Place the utmost priority on safety • Supply chain management • Improving product safety and quality • Enhancement of corporate governance

2. Incorporating into management (Setting management strategies and KPIs)

- 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.
- Under our new management plan, "Mission 2030," the entire Denka Group will work to resolve global issues, such as climate change and contribute to the realization of a sustainable society by establishing management strategies that are linked to materiality.
- The new materiality was reflected in each of the individual policies and measures in our management strategy, and KPIs were formulated with an awareness of visualizing progress management. We aim to achieve sustainable growth by resolving ESG issues and improving earnings, and accelerating this virtuous cycle.

Sustainability Site: Important Management Issues (Materiality) https://denka.disclosure.site/ja/themes/729

Environmental Policy

Basic Policy

In the context of growing awareness that global environmental issues, such as global warming, threaten the survival of humanity and ecosystems, the pursuit of sustainability is seen as both a fundamental requirement for companies to fulfill their social responsibilities and sustain their business, and as an opportunity to enhance product competitiveness and create new business opportunities. Based on this understanding, we aim to create sustainable business value as outlined in our management plan, "Mission 2030." Our efforts are focused on achieving carbon neutrality by 2050, promoting recycling of resources, and conserving the environment while minimizing environmental impact and on providing products and technologies that contribute to reducing environmental impact from the perspective of Life Cycle Assessment (LCA).

Fiscal 2024 Activity Policy

In line with the Management Plan "Mission 2030," the activity policy for FY2024 implements CO_2 reductions, waste reductions, conservation of natural resources, and contribution to a circular economy.

Sustainability Site: Initiatives Toward Carbon Neutrality https://denka.disclosure.site/ja/themes/746

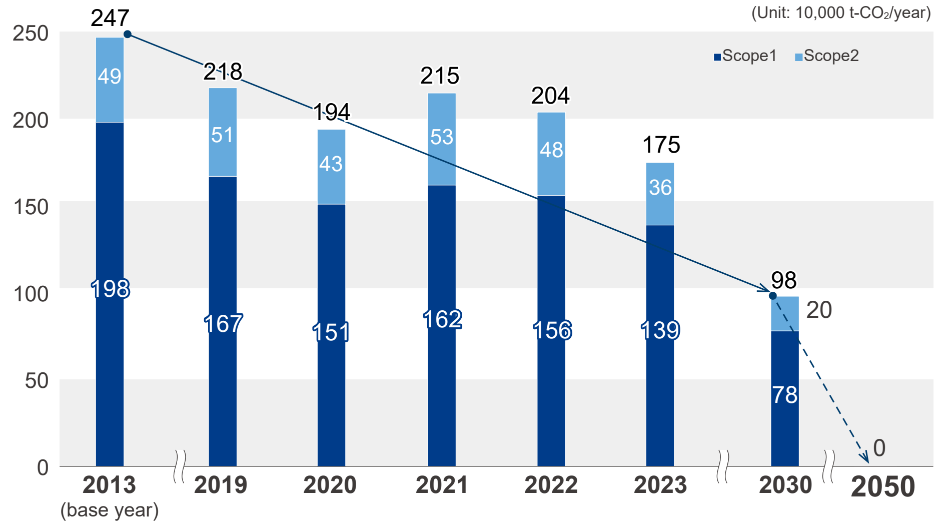
Greenhouse Gas Emissions

We aim to be carbon neutral by 2050 with respect to our own CO_2 emissions (Scope 1 and 2), which can be directly reduced through our own activities. We aim to reduce the environmental impact of raw materials and processes, as well as increase energy conservation and our use of renewable energy. Because there are limits to what individual companies can do to help contribute to carbon neutrality, in addition to our own efforts, we are actively seeking collaboration with other companies and local governments to develop social infrastructure.

Current status of greenhouse gas emissions (Scope 1, Scope 2)

	Units	2021	2022	2023
Scope 1	10,000 t-CO_2	162.0	155.9	139.3
Scope 2	10,000 t-CO_2	52.6	47.6	35.9

Medium- and long-term targets for reducing greenhouse gas emissions (Scope 1 + 2)

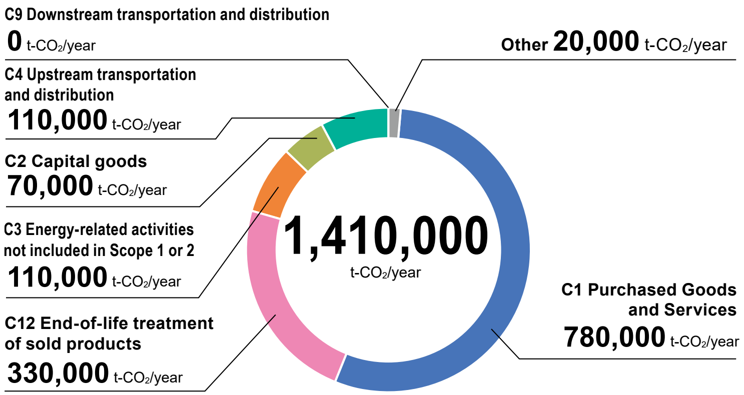


* Denka Group (consolidated)

Greenhouse Gas Emissions

In FY 2023, the total Scope 3 emissions for each category across the entire product value chain decreased due to reduced production at the Omi Plant. We will continue to work with upstream and downstream suppliers to reduce Scope 3 emissions through the development and provision of products and technologies that will further contribute to the environment that draw on our unique technologies.

Current status of greenhouse gas emissions across the value chain (Scope 3, Fiscal 2023)



Actual amount of Chlorofluorocarbon leakage from Denka business sites (seven sites + one reasearch institute)

Category		FY2022		FY2023	
		Emissions ($t\text{-}CO_2$/year)	Percentage (%)	Emissions ($t\text{-}CO_2$/year)	Percentage (%)
C1	Purchased Goods and Services	846,856	53.2	779,585	55.1
C2	Capital goods	116,783	7.3	66,623	4.7
C3	Energy-related activities not included in Scope 1 or 2	128,465	8.1	109,607	7.7
C4	Upstream transportation and distribution	131,555	8.3	110,136	7.8
C5	Waste generated through business activities	18,398	1.2	17,989	1.3
C6	Business trips	546	0.0	563	0
C7	Employee commuting	1,705	0.1	1,760	0.1
C8	Upstream lease assets		0.0		0
C9	Downstream transportation and distribution	0	0.0	0	0
C10	Processing of sold products		0.0		0
C11	Use of sold products		0.0	0	0
C12	End-of-life treatment of sold products	347,466	21.8	328,816	23.2
C13	Downstream lease assets		0.0		0
C14	Franchises		0.0		0
C15	Investments		0.0		0
Total		1,591,774	100	1,415,079	100

Initiatives to Reduce Fluorocarbon Emissions

Denka is striving to implementing the following initiatives to fulfill our responsibilities as an administrator who owns the target devices.

(1) From April 1, 2020, all equipment owned by non-consolidated seven sites containing fluorocarbons[*2] had been registered with the Refrigerant Management System (RaMS) developed by the Japan Refrigerants and Environment Conservation Organization (JRECO), we are appropriately managing equipment in general, from equipment installation to disposal, as stipulated in the Fluorocarbons Emissions Control Law.

(2) In the course of renewing aged air conditioners and freezers, we promote the switchover to refrigerants with less global warming potential. We will continue to implement appropriate inspections and early measures to prevent leaks, and take steps to prevent global warming as well as comply with laws and regulations.

JRECO annually assess organizations on their level of understanding/awareness, initiatives and the dissemination of information in relation to the Fluorocarbons Emissions Control Law, and Denka has received the highest rating of A for the third consecutive year.

Moving forward, we will continue to conduct proper inspections and ensure prompt leak prevention measures, while strictly complying with regulations and advancing our efforts to prevent global warming.

Actual amount of Chlorofluorocarbon leakage from Denka business sites (seven sites + one reasearch institute)

Year	Units	2018	2019	2020	2021	2022	2023
Estimated volume of leakage[*3]	$t\text{-}CO_2$	415	640	572	790	771	5,190

*1 Equipment scope: Class 1 specified products as defined in the Act on Rational Use and Proper Management of Fluorocarbons (commercial air conditioners, freezers, and refrigerators)
*2 Total machines: 6,163 (3,832 air conditioning machines / 2,331 refrigerators and freezers) As of March 2023
*3 Estimated volume of leakage: CO_2 equivalent

Renewable Energy

For over 109 years, Denka has been dedicated to the use of renewable energy. Denka has cultivated technology for producing renewable energy—primarily hydroelectric power generation and technology for fully exploiting that energy in chemical manufacturing. Toward the realization of a low-carbon society, we are increasing our focus on renewable energy-related initiatives, one of our areas of strength.

Future Outlook for Our Renewable Energy Generation Capacity (Maximum outputs MW)

	2005	2023	2030 Targets
Hydroelectric	111	140	141
Solar, etc.	3	6	13
Total	**114**	**146**	**154**

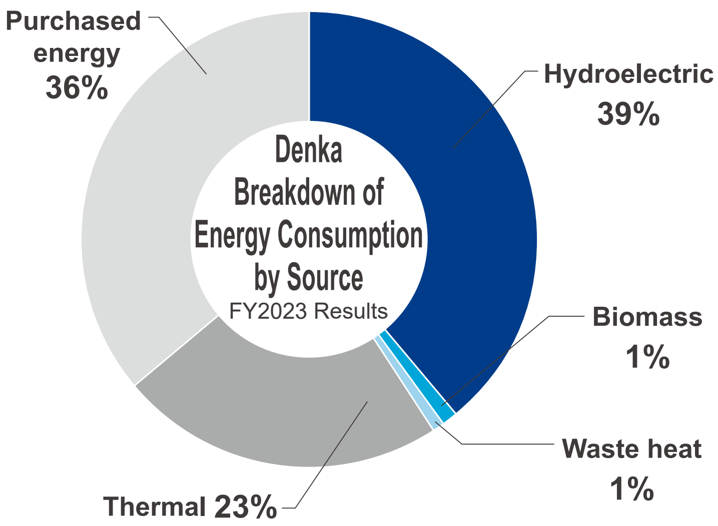
* The above figures include 50% of the power output from power plants run by Kurobegawa Electric Power Company (a joint venture co-owned by Denka and Hokuriku Electric Power Company).

Group-wide Renewable Energy Generation Capacity (MW)

	2019	2020	2021	2022	2023
Hydroelectric	118.24	126.34	126.34	140.29	140.29
Solar	2.99	2.99	2.99	2.99	2.99
Biomass･Waste Heat	3	3	3	3	3
Total	**124.23**	**132.33**	**132.33**	**146.28**	**146.28**

* The above figures include 50% of the power output from power plants run by Kurobegawa Electric Power Company (a joint venture co-owned by Denka and Hokuriku Electric Power Company).

Breakdown of Energy Consumption by Source (FY2023 Results)



Energy Consumption Performance (MWh)

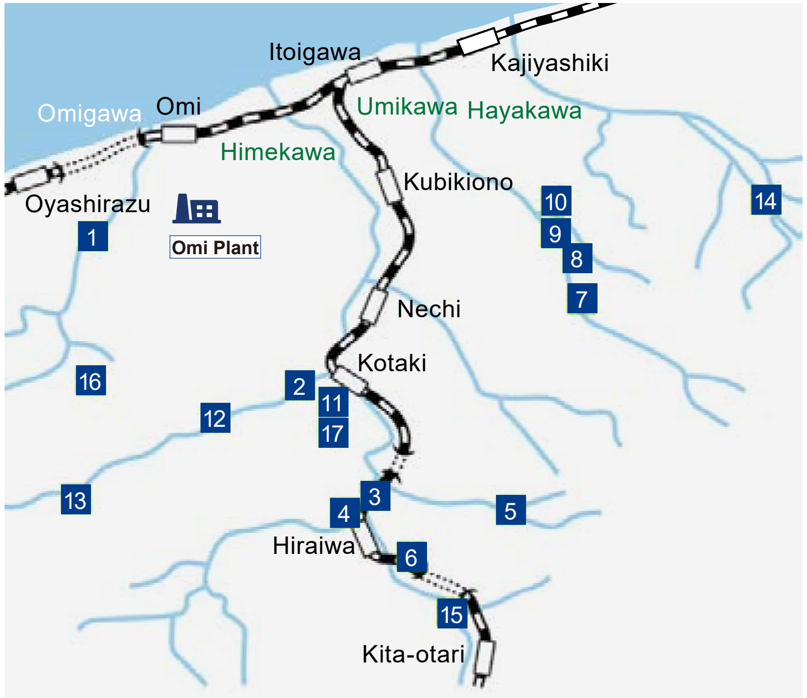
	2019	2020	2021	2022	2023
Renewable energy consumption	696,379	571,754	541,445	530,387	519,619
Non-renewable energy consumption	1,004,321	887,976	1,121,524	1,083,241	783,894
Total	**1,700,701**	**1,459,730**	**1,662,969**	**1,613,628**	**1,303,513**

Sustainability Site: Green Energy Initiatives https://denka.disclosure.site/ja/themes/678

In-house Power Generation Facilities and Maximum Output

Hydroelectric power plants (map)

*As of August 2024, including Denka's ownership of output from hydroelectric power plants owned by a joint venture



In-house Power Generation Facilities (as of March 2024)

Facility	Map		Maximum Output (kW)		The amount Denka is entitled to (kW)	
Hydroelectric	1	Omigawa	3,300		3,300	
	2	Kotakigawa	5,200		5,200	
	3	Oami	28,400		28,400	
	4	Otokorogawa	9,800		9,800	
	5	Yokokawa No.1	10,000		10,000	
	6	Yokokawa No.2	16,000		16,000	
	7	Umikawa No.1	3,800		3,800	
	8	Umikawa No.2	4,700		4,700	
	9	Umikawa No.3	2,600		2,600	
	10	Umikawa No.4	990		990	(FIT)
	11	Himekawa No.6	26,000	Kurobegawa Electric	13,000	
	12	Takigami	15,000	Kurobegawa Electric	7,500	
	13	Nagatoga	5,000	Kurobegawa Electric	2,500	
	14	Sasakura No.2	10,200	Kurobegawa Electric	5,100	
	15	Kita-otari	10,700	Kurobegawa Electric	5,350	
	16	New Omigawa	8,100		8,100	(FIT)
	17	New Himekawa No.6	27,900	Kurobegawa Electric	13,950	(FIT)
Hydroelectric Total Maximum Output			187,690		140,290	
Total In-house consumption (exc;uding output for FIT)			—		117,250	
Solar power		Shibukawa	1,990		1,990	(FIT)
		Isesaki	1,000		1,000	(FIT)
Solar Total Maximum Output			2,990		2,990	
Total waste heat power and biomass		Omi Cement	11,100		11,100	
Thermal (LNG)		Omi	14,000		14,000	
Gas turbine/Cogeneration		Omi (Tomi)	34,685		34,685	
		Chiba	16,620		16,620	
Thermal (Diesel)		Shibukawa	1,000		1,000	
Thermal Total Maximum Output			66,305		66,305	
Total power generation capacity (including FIT)					**220,685**	
Total maximum output for in-house consumption					**194,655**	

Sustainability Site: Green Energy Initiatives https://denka.disclosure.site/ja/themes/678

Government Subsidies Related to the Environment and Energy

Utilization of Government Subsidies Related to the Environment and Energy

Denka actively utilizes subsidy programs provided by the Ministry of Economy, Trade and Industry (METI) and the Ministry of the Environment to implement initiatives to conserve energy and reduce environmental impact. Since FY2018, we have successfully obtained nine subsidies, as shown in the following table.

Energy Saving Initiatives

By utilizing the Energy Conservation Business Operator Support Subsidy from the Ministry of Economy, Trade and Industry (METI), significant improvements have been achieved across various facilities. These include an electrolysis plant, high-performance lime kiln, and gas turbine generator at the Omi Plant, as well as installation of a high-efficiency boiler at the Shibukawa Plant. In FY2022, a high-efficiency gas turbine power generation facility was launched at the Chiba Plant, contributing to energy conservation efforts.

Environmental Load Reduction

As part of the Green Innovation Fund Projects by NEDO (New Energy and Industrial Technology Development Organization), Denka, as a part of a consortium together with Kajima Corporation and Takenaka Corporation, proposed and successfully secured participation in a CO_2-based concrete manufacturing technology development project. In this project, Denka will leverage its expertise with the the CO_2 fixing admixtures “LEAF” to develop materials using unused resources such as industrial waste that have not yet been effectively utilized, explore the mechanism of CO_2 fixation, and develop methods for quality control and evaluating CO_2 fixation levels.
Through this project, we aim to realize carbon-negative concrete and spread it in earnest both in Japan and overseas.
Similarly, under the NEDO Stable Supply Security Fund Project, Denka is engaged in the research and development of new processes for battery materials that generate no CO_2 emissions from raw materials.
In the Project for Promoting Installation of Advanced Resource Circulation Equipment by the Ministry of the Environment, Denka has initiated efforts toward the commercialization of chemical recycling for polystyrene resin. A chemical recycling plant began operation in the second half of FY2023.

List of Subsidized Projects

	Category	Project	Site	Subsidy title, relevant authority		Year
1	Energy Saving	Introduction of energy-saving equipment for electrolysis plants and thermal power facilities, and process improvement for carbide plants	Omi Plant	METI	Subsidy program for the rationalization of business operators’ energy use, etc.	FY2015 through FY2018
2	Energy Saving	Gas turbine power generation, cement grinder improvement, water pump optimization	Omi Plant	METI	Subsidy program for the rationalization of business operators’ energy use, etc.	FY2018 through FY2020
3	Energy Saving	Introduction of high performance boiler	Shibukawa Plant	METI	Subsidy program for the rationalization of business operators’ energy use, etc.	FY2018
4	Energy Saving	LED lighting	Omi Plant	METI	Subsidy program to support project costs of facility investments contributing to the reduction of electricity demand	FY2019
5	Energy Saving	Energy-saving business by renewing high-efficiency and large-sized gas turbines	Chiba Plant	METI	Subsidy program for the rationalization of business operators’ energy use, etc.	FY2020 through FY2022
6	Environment & Energy Saving	LED lighting	Chiba Plant	MOE	Subsidy program for the rationalization of business operators’ energy use, etc.	FY2019
7	Environment	Project for Development of Concrete and Other Manufacturing Technologies Using CO_2	Omi Plant	METI	NEDO Green Innovation Fund Project	FY2022 through FY2026
8	Environment	Project for the Introduction of Advanced CO_2-saving Plastic Recycling Facilities	Toyo Styrene Co.,Ltd	MOE	Project to Promote the Introduction of Advanced Equipment for Recycling Resources to Build a Decarbonized Society	FY2021 through FY2023
9	Environment	Construction of demonstration equipment for acetylene production technology at Omuta	Omuta Plant	METI	Project to Ensure Supply Based on the Economic Security Promotion Act	FY2023 through FY2026

Sustainability Website: Environmental and Energy-related Subsidies https://denka.disclosure.site/ja/themes/646

Environmental Conservation and Minimization of Environmental Impact

The Denka Group's Policies on the Prevention of Environmental Pollution

Denka strives to accurately gauge the volume of environmental load substances emitted from production facilities run by its Group companies while continuously working to reduce them. These substances include greenhouse gases, such as CO_2, SOx (sulfur oxides), NOx (nitrogen oxides), soot and dust, BOD (biochemical oxygen demand), COD (chemical oxygen demand), and other substances designated by the PRTR system (Pollutant Release and Transfer Register Law). With marine plastic waste becoming a social issue, we are also focusing our efforts on reducing and recycling plastic waste as stipulated in the Law for Promotion of Recycling of Plastic Resources, which came into force in April 2022. We will actively introduce equipment to remove substances that have a negative environmental impact, comply with voluntary management standards that are stricter than those set by relevant laws and regulations, and continue to strive to reduce the amount of environmental load substances.

Overview of Environmental Impacts (Total for All Denka Main Sites)

INPUT

	2021	2022	2023
Fuels (thousand kl)	339	310	467
Electricity (billion kWh)	1.33	1.24	1.30
Water (million tons) P.11	58.26	58.45	58.89
Raw Materials			
Total energy consumption (Electricity + Fuels) (GWh)	1,663	1,614	1,304

Business Activities

Denka Six Plants

OUTPUT

		2021	2022	2023
Products				
Air emissions	CO_2 (from energy resources) (tons) P.12	1,110,000	1,030,000	886,000
	CO_2 (from non-energy resources) (tons) P.12	850,000	820,000	696,000
	SOx (tons) P.12	46	33	42
	NOx (tons) P.13	3,393	3,797	3,579
	Soot and Dust (tons) P.13	109	68	97
	PRTR substances (tons) P.14	52	40	63
Water discharges	COD (tons) P.14	181	275	250
	PRTR substances (tons) P.14	31	21	15
Soil discharges	PRTR substances (tons) P.14	0	0	0
Waste generatiod	Waste generatiod (thousand tons) P.14	121	122	105
	Recycled in-house (thousand tons)	91	92	78
	Recycled externally (thousand tons)	21	21	20
	Waste Reduction (water removal, incineration) (thousand tons)	7	9	7
	Final disposal (as landfill) (tons)	63	50	48

Sustainability Site: Overview of Environmental Impacts https://denka.disclosure.site/ja/themes/651

Conservation of Water Resources

Denka Group’s Challenges

The Denka Group recognizes limited water resources as a global issue increasingly linked to climate change. Ensuring the maintenance and improvement of water quality in drain water discharged from our business sites into public water bodies, such as seas and rivers, is a key priority. Efficient use of water is also essential to ensure the continuity of production operations. We effectively utilize water resources for hydropower generation. However, since climate change may impact water availability, with risks such as droughts, heavy rainfall, and floods varying by location, we believe that evaluating and preparing for future risks is crucial.

Specific Initiatives

Since FY2021, Denka has been continuously conducting water risk assessments for its Group locations using the Aqueduct water risk map. For its domestic locations, Denka performs detailed evaluations of the current water withdrawal, discharge, and circulation levels to better understand potential risks. In FY2023, the Group’s water usage increased slightly compared to the previous year, due to factors such as an increase in factory cleaning cycles. To reduce water usage, the Denka Group plans to continue focusing on pipeline maintenance and recovery and reuse initiatives.

Denka receives an A- rating in “Climate Change” and a B rating in “Water Security” from CDP 2023

Denka announces that it was awarded an A- rating in Climate Change, and a B rating in Water Security from the CDP 2023 scores released on Febuary 6th, 2024.
CDP, an international non-profit organization headquartered in London, was founded in 2000 as a collaboration of institutional investors around the world, and provides an environmental information disclosure system. It conducts surveys based on responses to questionnaires regarding its climate change, water security and forest categories, and it announces the results of its assessments of the transparency of environmental information disclosure and management's participation in these disclosures on a company-by-company basis.
Over 24,000 organizations around the world disclosed data through CDP in 2023, with more than 23,000 companies - including listed companies worth two thirds global market capitalization - and over 1,100 cities, states and regions.
For “Climate Change”, Denka will establish a further detailed KPI in it’s management plan, “Mission2030”, and will plan a further pursuit of specific risks and opportunities for the company.
For “Water Security”, Denka will continuously engage on the disclosure of adequate environmental information, by attempting to make improvements such as developing Denka’s water management to higher levels, gauging the impact on water resources caused by our corporate activities with more precision, and contributing to minimalizing the effects caused by these corporate activities.

Total water withdrawal

	Units	2021	2022	2023
Total water withdrawal	Megaliter	58,257	58,451	58,889
fresh surface water	Megaliter	32,889	32,700	33,035
groundwater	Megaliter	24,832	25,204	25,456
water supply (third party water sources)	Megaliter	536	547	482
Water withdrawal from water-stressed areas*1	Megaliter	0	0	0

*1 Both FY2021 and FY2022 figures are based on the Aqueduct 3.0 water risk tool.

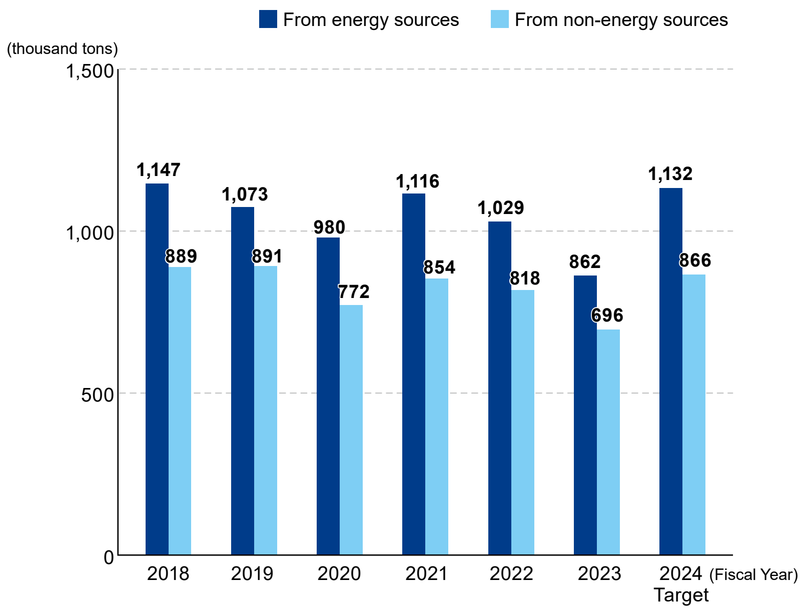
Water Used

<table>
<tr><th></th><th>Units</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>FY2024 Targets</th></tr>
<tr><td rowspan="2">Denka (non-consolidated basis)</td><td>Thousand m^3</td><td>56,852</td><td>54,369</td><td>58,257</td><td>58,451</td><td>58,889</td><td>74,012</td></tr>
<tr><td></td><td>7 bases</td><td colspan="5">8 bases</td></tr>
<tr><td rowspan="2">Domestic and Overseas Affiliates</td><td>Thousand m^3</td><td>2,568</td><td>56,067</td><td>50,464</td><td>47,166</td><td>64,952</td><td>65,204</td></tr>
<tr><td></td><td>16 bases</td><td colspan="5">17 bases</td></tr>
<tr><td rowspan="2">Group’s Total</td><td>Thousand m^3</td><td>59,420</td><td>110,436</td><td>108,721</td><td>105,617</td><td>123,841</td><td>139,215</td></tr>
<tr><td></td><td>23 bases</td><td colspan="5">25 bases</td></tr>
</table>

Environment performance data (Non-consolidated Sites and Key Production Group Companies : 25 Sites)

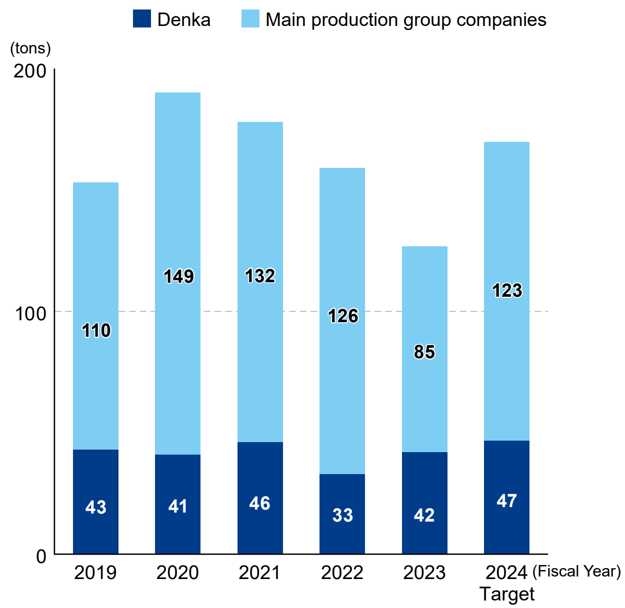
CO_2 Emissions

In FY2023, the Omi Plant, one of Denka's main production sites, reduced its production operations, resulting in a significant decrease in CO_2 emissions. In FY2024, Denka will continue focusing on reducing emissions by maintaining energy-saving measures at manufacturing plants and ensuring the high-efficiency operation of power plants.



SOx Emissions

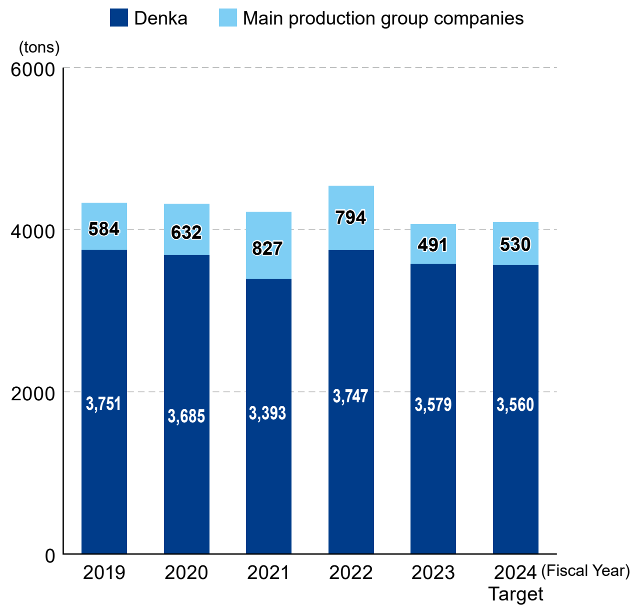
The decrease in emissions in FY2023 was also due to reduced operations at some affiliated companies. In FY2024, Denka will further optimize operations to continue reducing emissions.



Environment Performance Data (Non-consolidated Sites and Key Production Group Companies : 25 sites)

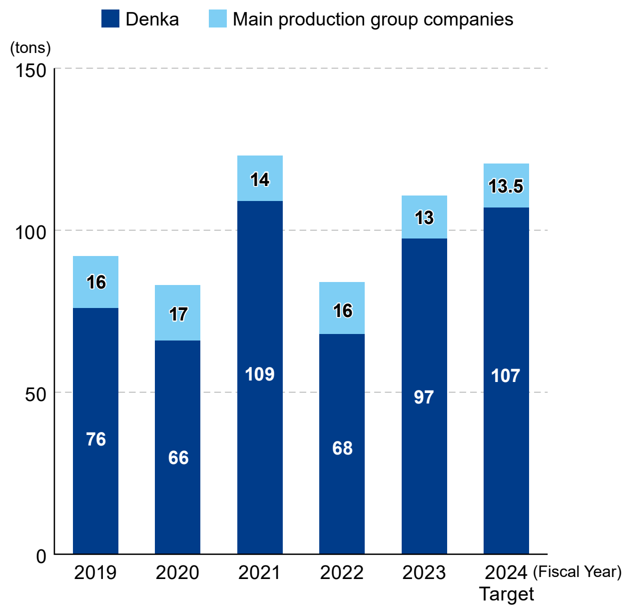
NOx emissions

In FY2023, there was a decrease in emissions due to reduced operations at some affiliated companies. Denka will further optimize operations to continue reducing emissions in FY2024.



Soot and Dust Emissions

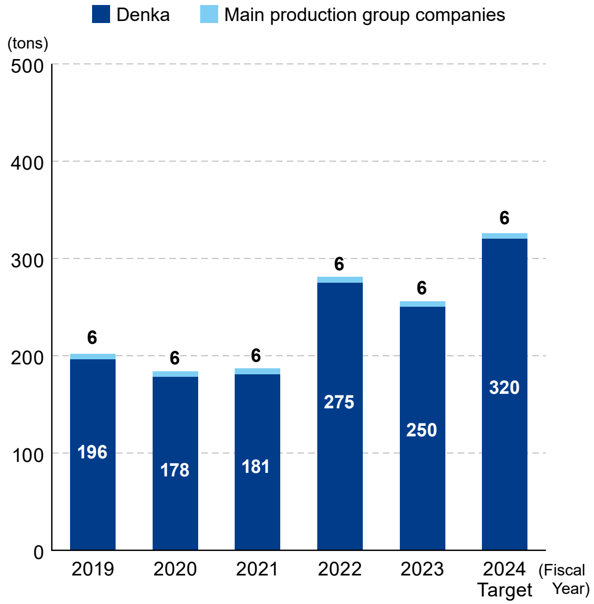
In FY2023, emissions increased due to the decline in the performance of the electric dust collector for the No. 3 kiln at the Omi Plant.



Environment Performance Data (Non-consolidated Sites and Key Production Group Companies : 25 Sites)

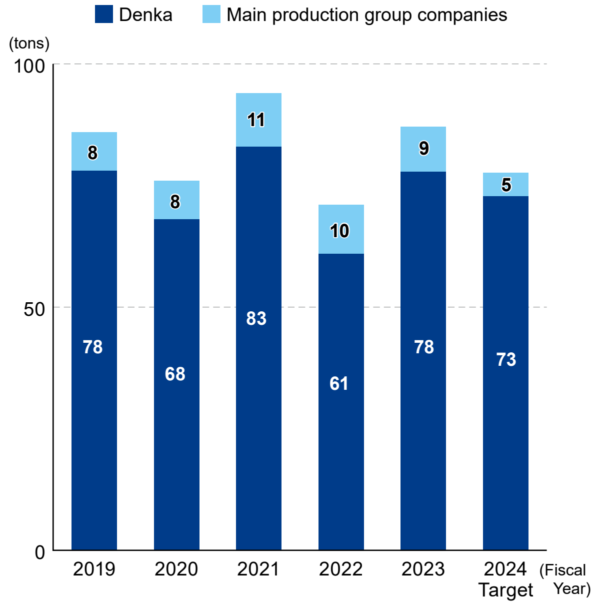
COD (BOD)

In FY2023, the operating rate increased to a level similar to the previous year, leading to a rising trend in COD (Chemical Oxygen Demand).
Although the operating rate is expected to further increase, Denka aims to maintain current COD levels through operational optimization.



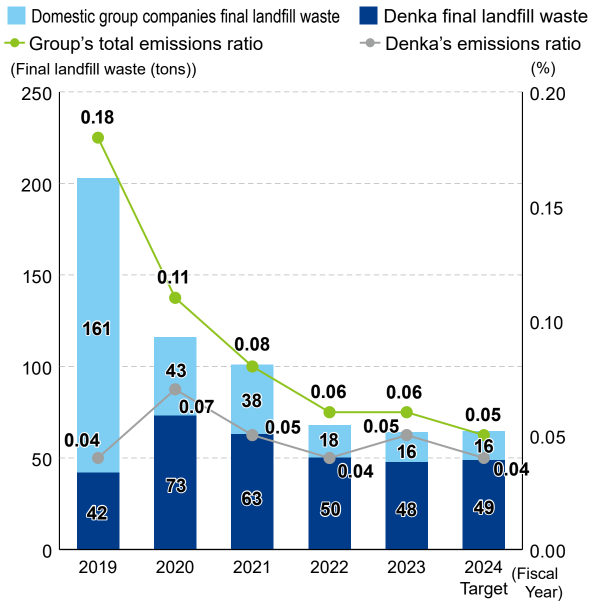
PRTR Substances Emissions

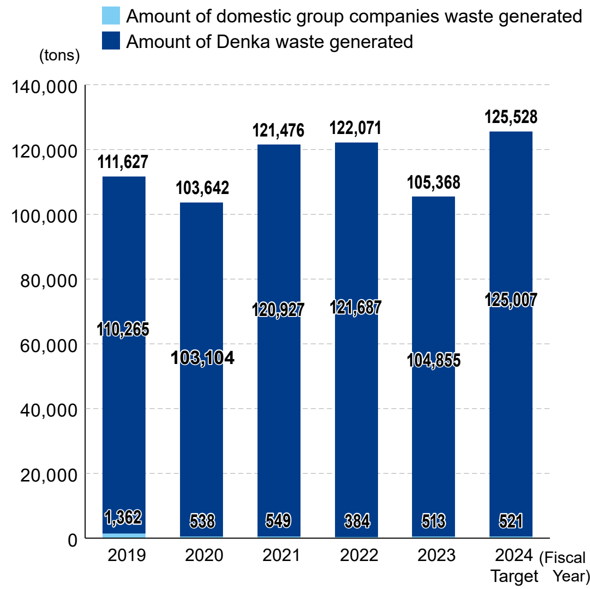
In FY2023, emissions increased due to the rise in target substances. Denka will continue to focus on reducing atmospheric emissions in a systematic manner.



Final waste disposal volume and emission rate of domestic group companies

The Group-wide emission rate has remained at a low level due to the processing of waste in the cement kilns at the Omi Plant.





Environment Performance Data (Non-Consolidated Sites and Key Production Group Companies : 25 Sites)

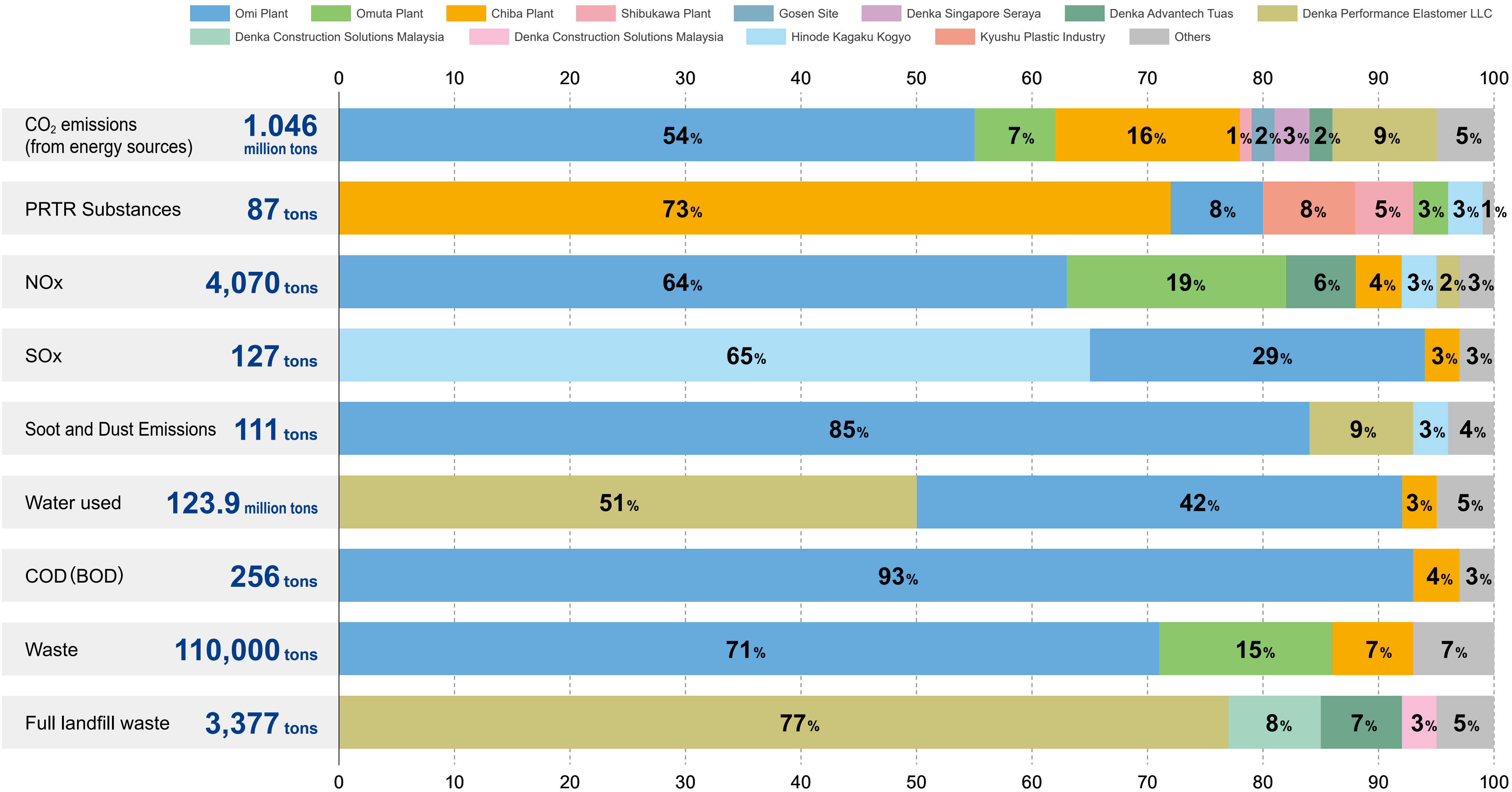
Breakdown of emissions and transfers in fiscal 2023

The following table shows PRTR substances emitted and transferred exceeding 1 ton.
* The total includes numerical values under 1 ton.

PRTR substances	No.	Emissions				Amount Transfered (Off-Site)
		Air	Water	Soil	Landfill	
n-butyl acrylate	1-009	0	0	0	0	1
Acrylonitrile	1-011	0	0	0	0	5
Acetaldehyde	1-017	0	2	0	0	0
Aniline	1-020	0	0	0	0	1
Ethyl benzene	1-073	2	0	0	0	18
Silver and its water-soluble compounds	1-105	0	0	0	0	0
N,N-Dimethylformamide	1-264	0	0	0	0	11
Styrene	1-275	15	0	0	0	59
Water soluble copper salt	1-314	0	2	0	0	0
Sodium dodecyl sulfate	1-318	0	0	0	0	0
Toluene	1-347	13	1	0	0	31
Carbon disulfide	1-361	1	0	0	0	0
Hydrogen fluoride and its water-soluble salt	1-414	1	1	0	0	28
n-Hexane	1-436	0	0	0	0	1
Boron and its compounds	1-458	0	9	0	0	8
Methyl methacrylate	1-469	2	0	0	0	6
Cyclohexane	1-176	23	0	0	0	30
Silicon carbide	1-280	0	0	0	0	10
Methyl isobutyl ketone	1-472	3	0	0	0	90
N-Methyl-2-pyrrolidone	1-489	0	0	0	0	0
Total (tons)		61	15	0	0	300
Dioxins (mg-TEQ)	1-278	156	8.4	0	0	5.9

Performance Data of Each Site (Non-Consolidated Sites and Key Production Group Companies : 25 Sites)

Fiscal 2023 Emissions of major substances and percentage of water usage



Sustainability Site: Environmental Performance Data by Business Location https://denka.disclosure.site/ja/themes/650

Performance Data of Each Site (Non-Consolidated Sites)

Head Office and sales offices

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	—	—	—	—	—	0.23	0.23
Water used*		—	—	—	—	—	0.03	—
Waste	tons	—	—	—	—	—	6.34	—
Final landfill waste*	tons	—	—	—	—	—	2.11	—

* Head Office only

Omi Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	77	71	60	72	71	56	75
(CO_2 emissions, fiscal 2013 base)		0.92	0.85	0.72	0.85	0.85	0.67	0.90
PRTR substance emissions	tons	10	9	7	14	10	7	8
NOx	tons	3,148	2,851	2,860	2,462	2,905	2,631	2,585
SOx	tons	40	38	35	37	26	37	42
Soot and Dust Emissions	tons	78	73	64	107	66	95	104
Water used	Thousand m^3	52,834	50,139	47,465	51,063	51,919	52,543	67,339
COD(BOD)	tons	216	181	166	166	264	237	306
Waste	tons	90,498	84,631	70,599	88,679	92,094	77,750	96,578
Final landfill waste	tons	0	0	0	0	0	0	0

Omuta Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	12	9	10	10	8	8	10
(Compared to FY2013 CO_2 emissions levels)		0.86	0.65	0.74	0.73	0.60	0.63	0.77
PRTR Substances	tons	4	5	4	4	3	3	3
NOx	tons	742	738	659	758	709	794	820
SOx	tons	1	1	1	0	0	0	0
Soot and Dust Emissions	tons	2	1	1	1	1	1	2
Water used	Thousand m^3	1,249	1,334	1,320	1,448	1,364	1,266	1,270
COD(BOD)	tons	1	1	1	1	1	1	1
Waste	tons	18,869	13,693	19,012	17,587	17,703	16,861	16,850
Final landfill waste	tons	8	11	13	47	26	22	25

Chiba Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	22	23	22	24	18	17	20
(Compared to FY2013 CO_2 emissions levels)		0.66	0.71	0.67	0.72	0.55	0.52	0.62
PRTR Substances	tons	57	60	52	60	44	64	57
NOx	tons	135	154	156	162	127	149	150
SOx	tons	4	4	5	7	6	4	4
Soot and Dust Emissions	tons	2	2	2	1	1	1	2
Water used	Thousand m^3	3,622	3,661	3,615	3,742	3,174	3,168	3,390
COD(BOD)	tons	15	13	10	14	10	11	12
Waste	tons	10,410	10,503	10,582	11,909	9,310	8,091	8,975
Final landfill waste	tons	23	14	7	4	2	2	2

Shibukawa Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.9	0.9	0.8	1.0	0.8	0.8	1.0
(Compared to FY2013 CO_2 emissions levels)		1.26	1.28	1.16	1.45	1.17	1.08	1.56
PRTR Substances	tons	5	4	5	5	3	4	4
NOx	tons	10	8	9	10	6	4	4
SOx	tons	3	1	1	1	1	1	1
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	1,275	1,298	1,302	1,302	1,305	1,310	1,310
COD(BOD)	tons	2	2	2	2	1	0.63	0.63
Waste	tons	721	576	676	686	559	453	407
Final landfill waste	tons	0	0	33	0	0	0	0

Sustainability Site: Performance Data of Each Site https://denka.disclosure.site/ja/themes/650

Performance Data of Each Site (Non-Consolidated Sites)

Ofuna Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.8	0.7	0.6	0.8	0.6	0.5	0.9
(Compared to FY2013 CO_2 emissions levels)		1.02	0.94	0.87	1.01	0.78	0.71	1.11
PRTR Substances	tons	1	1	1	1	0	1	1
NOx	tons	1	1	1	1	0	1	1
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	49	52	39	36	36	31	36
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	363	373	343	263	192	209	251
Final landfill waste	tons	1	3	1	1	1	1	1

Isesaki Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	1.8	1.6	1.5	1.9	1.4	1.3	3.3
(Compared to FY2013 CO_2 emissions levels)		1.06	0.95	0.85	1.1	0.79	0.73	1.89
PRTR Substances	tons	0	0	0	0	0	0	0
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	388	363	408	400	380	356	400
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	485	381	690	632	276	236	416
Final landfill waste	tons	0	0	0	0	0	0	0

Gosen Site

Fiscal Year	Unit	Denka Seiken		Gosen Site				
		2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	1.7	1.8	2.3	2.3	2.3	1.9	2.1
(Compared to FY2013 CO_2 emissions levels)		1.12	1.15	1.44	1.44	1.48	1.23	1.37
PRTR Substances	tons	0	0	0	0	0	0	0
NOx	tons	1	0	1	1	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	321	312	214	260	266	205	258
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	1,030	923	1,118	1,102	1,488	1,161	1,444
Final landfill waste	tons	158	121	18	10	20	19	20

Denka Inovation Center

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.2	0.1	0.1	0.2	0.2	0.2	0.1
(Compared to FY2013 CO_2 emissions levels)		—	—	—	—	—	—	—
PRTR Substances	tons	0	0	0	0	0	0	0
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	7	6	7	6	7	9	9
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	87	109	84	70	66	87	87
Final landfill waste	tons	17	14	0	0	1	1	1

Sustainability Site: Performance Data of Each Site https://denka.disclosure.site/ja/themes/650

Performance Data of Each Site (Overseas Key Production Group Companies)

Denka Singapore Merbau Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.4	0.4	0.4	0.3	0.4	0.4	0.4
NOx	tons	0.5	0.5	0.5	0.5	0.5	0.5	0.5
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	65	57	59	62	56	50	54
COD(BOD)	tons	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Waste	tons	453	299	194	130	279	249	230
Final landfill waste	tons	11	0	0	0	0	0	0

Denka Singapore Seraya Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	4.2	3.5	3.7	3.5	3.0	3.0	3.2
NOx	tons	4.6	4.6	4.7	4.7	3.9	4.3	4.5
SOx	tons	0.9	0.9	0.9	0.9	0.7	0.8	0.9
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	214	193	188	149	115	136	149
COD(BOD)	tons	3.5	2.9	2.8	2.7	2.4	2.41	2.32
Waste	tons	1,220	1,180	1,563	1,027	749	693	707
Final landfill waste	tons	19	8	36	27	17	19	20

Denka Advantech Tuas Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	1.7	1.4	1.4	1.4	1.7	1.6	1.6
NOx	tons	513	343	386	587	517	296	297
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	78	67	62	102	88	74	74
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	228	158	219	281	261	277	279
Final landfill waste	tons	211	140	200	263	243	261	262

Denka Advantech South Plant

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.3	0.2	0.1	0.3	0.2	0.1	0.2
NOx	tons	1.7	1.4	0.7	1.6	0.8	1.0	1.6
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0.1	0.1	0.0	0.1	0.0	0.0	0.1
Water used	Thousand m^3	15	7	5	8	6	6	9
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	253	205	154	189	139	146	236
Final landfill waste	tons	21	17	10	20	17	7	12

Denka Advanced Materials Vietnam

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.3	0.3	0.2	0.4	0.4	0.4	0.2
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	23	31	18	21	25	25	25
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	135	180	115	261	276	288	288
Final landfill waste	tons	23	43	38	85	76	102	102

Denka Construction Solutions Malaysia

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	–	0.03	0.02	0.02	0.02	0.02	—
NOx	tons	–	0	0	0	0	0	0
SOx	tons	–	0	0	0	0	0	0
Soot and Dust Emissions	tons	–	0	0	0	0	0	0
Water used	Thousand m^3	–	7	3	4	4	3	5
COD(BOD)	tons	–	0	0	0	0	0	0
Waste	tons	–	422	255	214	215	305	329
Final landfill waste	tons	–	422	255	211	210	300	324

Denka Performance Elastomer LLC

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	–	–	9.5	7.6	9.3	10.1	10.1
NOx	tons	–	–	84	90	104	95	95
SOx	tons	–	–	1	1	1	1	1
Soot and Dust Emissions	tons	–	–	9	9	10	9	9
Water used	Thousand m^3	–	–	53,621	47,892	44,909	62,815	63,000
COD(BOD)	tons	–	–	0	0	0	0	0
Waste	tons	–	–	1,099	1,216	1,826	2,204	2,204
Final landfill waste	tons	–	–	1,079	1,180	1,758	2,617	1,844

Sustainability Site: Performance Data of Each Site https://denka.disclosure.site/ja/themes/650

Performance Data of Each Site (Overseas Key Production Group Companies)

Denka Advanced Materials (Suzhou)

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Dust emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	2	1.5	1.7	1.5	1.3	1.3	1.8
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	0.6	0.5	0.5	0.5	0.4	0.9	0.9
Final landfill waste	tons	0.09	0.07	0.03	0.02	0.02	0.03	0.03

Denka Inorganic Materials (Tianjin)

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.1	0.0	0.0	0.0	0.0	0.0	—
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	1.1	1.0	1.0	0.7	0.7	0.6	0.7
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	18.0	4.0	0.6	0.6	0.5	0.5	20.5
Final landfill waste	tons	0.09	0.07	0.03	0.02	0.02	0.03	0.03

Denka Chemicals Development Suzhou

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.03	0.02	0.02	0.02	0.01	0.02	—
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	0.6	0.7	0.4	0.5	0.4	0.5	0.5
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	8	1	16	19	20	9	13
Final landfill waste	tons	0	0	2	0	7	7	7

Denka Electronics Materials Dalian

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.07	0.06	0.07	0.08	0.09	0.11	0.14
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	tons	0	0	0	0	0	0	0
Water used	Thousand m^3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	2.1	4.3	6.6	8.0	5.8	4.8	4.9
Final landfill waste	tons	0.1	0.1	0.2	0.2	0.2	0.1	0.1

Sustainability Site: Performance Data of Each Site https://denka.disclosure.site/ja/themes/650

Performance Data of Each Site (Domestic Key Production Group Companies)

Hinode Kagaku Kogyo

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	2.0	1.9	1.9	1.8	1.8	1.2	1.8
PRTR Substances	tons	2	2	2	4	3	2	2
NOx	tons	136	120	135	119	139	74	110
SOx	tons	104	109	147	129	123	83	120
Soot and Dust Emissions	Thousand m^3	12	7	7	5	6	4	4
Water used	tons	1,206	1,030	1,233	1,360	1,101	956	1,000
COD(BOD)	tons	2	2	2	2	1	1	1
Waste	tons	121	42	56	36	36	114	114
Final landfill waste	tons	4	3	4	3	3	4	4

Denka Polymer

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	1.1	1.01	0.8	1.0	0.8	0.8	0.9
PRTR Substances	tons	0	0	0	0	0	0	0
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	Thousand m^3	0	0	0	0	0	0	0
Water used	tons	29	27	28	30	32	36	37
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	184	184	261	293	172	219	250
Final landfill waste	tons	0	0	0	0	0	0	0

Denka Elastlution

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.06	0.06	0.05	0.06	0.06	0.05	0.05
PRTR Substances	tons	0	0	0	0	0	0	0
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	Thousand m^3	0	0	0	0	0	0	0
Water used	tons	74	72	73	73	74	74	72
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	57	58	61	66	57	66	63
Final landfill waste	tons	12	12	5	0	0	0	0

Sustainability Site: Performance Data of Each Site https://denka.disclosure.site/ja/themes/650

Denka Azumin

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.6	0.6	0.5	0.5	0.5	0.4	0.4
PRTR Substances	tons	0	0	0	0	0	0	0
NOx	tons	22	23	20	24	29	20	21
SOx	tons	1	1	1	1	1	1	1
Soot and Dust Emissions	Thousand m^3	4	0	2	0	0	0	0
Water used	tons	602	602	603	602	602	604	604
COD(BOD)	tons	2	1	1	1	2	2	2
Waste	tons	113	78	80	66	47	45	49
Final landfill waste	tons	3.3	0.4	0.2	0.3	0.2	0.3	0.4

Kyushu Plastic Industry

Fiscal Year	Unit	2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	0.2	0.2	0.2	0.2	0.2	0.2	0.2
PRTR Substances	tons	5	5	6	7	7	7	3
NOx	tons	0	0	0	0	0	0	0
SOx	tons	0	0	0	0	0	0	0
Soot and Dust Emissions	Thousand m^3	0	0	0	0	0	0	0
Water used	tons	149	160	171	159	151	169	170
COD(BOD)	tons	0	0	0	0	0	0	0
Waste	tons	78	77	76	71	68	64	41
Final landfill waste	tons	18	25	29	16	11	8	7

Denka Astec (formerly known as Nakagawa Co., Ltd.)

Fiscal Year	Unit	Nakagawa Techno			Denka Astec			
		2018	2019	2020	2021	2022	2023	FY2024 Targets
CO_2 emissions (from energy sources)	tons (×10,000)	—	0.007	0.006	0.005	0.005	0.006	0.006
PRTR Substances	tons	—	0.1	0.1	0.1	0.1	0.1	0.1
NOx	tons	—	0	0	0	0	0	0
SOx	tons	—	0	0	0	0	0	0
Soot and Dust Emissions	tons	—	0	0	0	0	0	0
Water used	Thousand m^3	—	0.5	0.4	0.3	0.3	0.3	0.3
COD(BOD)	tons	—	0	0	0	0	0	0
Waste	tons	—	4.3	4.5	17.5	4.3	4.3	4.3
Final landfill waste	tons	—	4.3	4.3	17.5	4.3	4.3	4.3

Acquisition Status by Certification

The Denka Group operates environmental and quality management systems to proceed with continuous improvements.

Status of ISO14001 (Environmental Management System) certification acquisition

Site name	Register Number
Omi Plant	4569325-2A
Omuta Plant	JP021970
Chiba Plant	JP023535
Shibukawa Plant	JP022052
Ofuna Plant	JP022976
Isesaki Plant	4608659
Gosen Site	4604419
Denka Innovation Center	JP022417
Denka Singapore Seraya Plant	10597162
Denka Singapore Merbau Plant	52469
Denka Advantech Tuas Plant	2003-0194
Denka Construction Solutions Malaysia	C536648
Denka Advanced Materials Vietnam	4410416940004
Denka Advanced Materials (Suzhou)	CN041503
Denka Electronics Materials Dalian	CN036860
Hinode Kagaku Kogyo*1	KES2-0622
Company-wide coverage ratio (%)	64%

*1 We have acquired Kyoto Environmental Standard (KES) Step 2 certification according to ISO standards and are working on continuous improvements.
*2 Company-wide coverage ratio = Number of ISO14001 certified sites / Number of key production group companies × 100

Status of ISO9001 (Quality Management System) certification acquisition

Site name	Register Number
Omi Plant	4267377
Omuta Plant	JP023219
Chiba Plant	JP022393
Shibukawa Plant	JP023240
Ofuna Plant	JP024116
Isesaki Plant	JP022573
Denka Innovation Center	JP024569
Denka Singapore Seraya Plant	10216321
Denka Singapore Merbau Plant	14002
Denka Advantech Tuas Plant	99-2-0984
Denka Advantech South Plant	2015-2-2293
Denka Construction Solutions Malaysia	10000448229-MSC-JAS-ANZ-MYS
Denka Advanced Materials Vietnam	4410018940004
Denka Advanced Materials (Suzhou)	CN041504
Denka Electronics Materials Dalian	CN036861
Denka Inorganic Materials (Tianjin)	N.CN23-22591A
Denka Performance Elastomer	10001143 QM15
Denka Polymer	JUSE-RA-1970
Denka Elastlution	JP021891
Kyushu Plastic Industry	JP022847
Denka Astec Co.,, Kasai Plant	JA0107-24Q-1
Company-wide coverage ratio (%)	84%

* Call individual sites for the certified products from each site.
* Company-wide coverage ratio (%) = Number of sites acquiring ISO9001 certification / Number of major manufacturing Group companies × 100

Sustainability Site: Outside Organizations https://denka.disclosure.site/ja/themes/653

Acquisition Status by Certification

Status of ISO13485 (Medical Devices and In-Vitro Diagnostic Medical Devices Quality Management System) certification acquisition

Site name	Register Number
Gosen Site	Q5 055720 0003

* Call individual sites for the certified products from each site.

Status of IATF16949 (Automotive Industry Quality Management System) certification acquisition

Site name	Register Number
Omuta Plant	0451115

* Call individual sites for the certified products from each site.

Status of Occupational Health and Safety Management System certification acquisition

Office name	Certification System	Certification Number
Chiba Plant	ISO45001	JP024552
Omi Plant	OSHMS	10-15-6
Denka Advantech Tuas Plant	ISO45001	SGOO4609

ISO14001 and ISO45001 integrated into one management system

Office name	Certification System	Certification Number
Denka Singapore Seraya Plant	ISO14001 & ISO45001	10348866

Status of ISO28000 certification acquisition

Office name	Certification System	Certification Number
Denka Singapore Seraya Plant	ISO28000	53602

ISO50001 (Energy Management) certification acquisition

Office name	Certification System	Certification Number
Denka Singapore Seraya Plant	ISO50001	10474031

ISCC-PLUS (International Sustainability and Carbon Certification)

Office name	Certification System	Certification Number
Denka Singapore Seraya Plant	ISCC-PLUS	ISCC-PLUS-Cer-DE100-13931123

Environmental Accounting

Environmental Conservation Costs

Conservation Cost Category		Details of Effects	Environmental Conservation Costs (million yen)	
			Investments	Expences
1) Costs around our business area		(Subtotal)	843	2,910
Details	①Pollution prevention	Environmental burden reduction	662	2,329
	②Global environmental preservation	Energy saving	95	296
	③Recycling Resources	Effective use of resources	86	286
2) Upstream and downstream costs		Change of raw materials, etc.	0	0
3) Administrative costs		ISO Maintenance Management, Educational activities	2	36
4) R&D costs		Development of energy saving products, etc.	250	1,085
5) Social activity costs		Community relations	0	4
6) Environmental damage costs		Natural Restoration, Imposition on Pollution Load	27	79
7) Others			0	0
Total			**1,122**	**4,113**

Conservation Effects

Environmental Burden	Units	FY2021 Results	FY2022 Results	FY2023 Results	Effects (million yen)
CO_2 emissions(from energy and non energy sources)	tons (×10,000)	197	185	158	26
SOx emissions	(tons)	46	33	42	-8
NOx emissions	(tons)	3,393	3,747	3,579	168
Soot and dust emissions	(tons)	109	68	97	-29
COD (BOD) emissions	(tons)	181	275	250	26
Water used	(thousand tons)	58,257	58,451	58,889	-438
PRTR substance emissions	(tons)	83	61	77	-16
Waste	(thousand tons)	121	122	105	17
Final landfill waste	(tons)	63	50	46	5
CO_2 emissions from transportation	(thousand tons)	34	132	110	21

* Denka (non-consolidated dasis)

Economic Effects

Category	Item	Details of Effects	Effects (million yen)
Profits	Business income through recycling waste generated from main business activities or recycling used products	Sales profits	620
Cost Reductions	Energy cost reduction through energy saving	Energy saving	256
	Reducing waste treatment costs by conserving or recycling resources	Effective use of resources	67.7
Total			**944**

Sustainability Site: Environmental Accounting https://denka.disclosure.site/ja/themes/648

Overview of our Employees

Human Resources Data

	Scope	Units	2019	2020	2021	2022	2023
Number of Employees	Consolidated	persons	6,316	6,351	6,358	6,406	6,514
Foreign nationals	Consolidated	persons	934	971	998	1,027	1,014
Number of employees by regions Japan	Consolidated	persons	5,308	5,380	5,334	5,346	5,461
Asia (Excluding Japan)	Consolidated	persons	704	701	747	760	758
Americas	Consolidated	persons	267	238	237	260	262
Europe	Consolidated	persons	37	32	40	40	33
Number of foreign nationals in managerial positions (Managers or above) *1	Consolidated	persons	151	146	143	145	167
Number of foreign nationals in managerial positions (General Managers) *2	Consolidated	persons	–	–	–	–	–
Number of foreign nationals in managerial positions (Officers)	Consolidated	persons	–	–	–	–	37
Number of experienced persons hired *3	Non-consolidated basis	persons	45	16	17	66	83
Number of experienced persons hired in managerial positions *4	Non-consolidated basis	persons	58	79	84	90	93
Percentage of employees covered by labor agreement (%) *5	Non-consolidated basis	%	–	–	–	–	81.9

*1 Other than Japanese nationals
*2 The definition of "General Manager" varies depending on organizations, including overseas affiliates.
*3 Only for G-category
*4 Excluding Senior GM /Senior PM
*5 Percentage of employees covered by labor agreement (%) = Number of employees covered by labor agreement / Number of Employees × 100

Number of Resignees

	Scope	Units	2019	2020	2021	2022	2023
Number of Resignees	Non-consolidated basis	persons	47	78	94	103	101
Number of people resigning within 3 years of recruitment	Non-consolidated basis	persons	6	13	13	18	10
Ratio of people resigning within 3 years of recruitment	Non-consolidated basis	%	–	–	–	–	8.7

* Ratio of people resigning within 3 years of recruitment (%) = Number of people who resigned within 3 years of recruitment / Number of the 3rd year employees × 100

Labor Unions

	Scope	Units	2019	2020	2021	2022	2023
Number of labor union members	Non-consolidated basis	persons	2,793	3,437	3,310	3,385	3,545
Percentage of labor union members	Non-consolidated basis	%	83.4	82.5	81.1	80.6	81.9

* Percentage of labor union members (%) = Number of labor union members / Number of employees (non-consolidated basis) × 100

Strengthening of Human Resources Development Systems

Cultivation of future executive managaer candidates, building of company-wide, integrated education framework, and fostering of a selfdirected learning culture

	Scope	Units	2019	2020	2021	2022	2023
Average training costs (Per person) *1	Non-consolidated basis	(ten thousand yen)	5.6	3.1	5.3	6.6	6.9
Level-Based Training attendance *2	Non-consolidated basis	Persons	410	750	1,077	1,093	866
Ratio of new recruit training attendance for new recruits *3	Non-consolidated basis	%	100	100	100	100	100
Number of persons who attended the 3rd year training	Non-consolidated basis	Persons	52	57	61	66	39
Ratio of the 3rd year training attendance *4	Non-consolidated basis	%	100	98.3	98.3	100	100
Number of persons who attended the 5th year training	Non-consolidated basis	Persons	31	41	52	43	42
Ratio of the 5th year training attendance *4	Non-consolidated basis	%	100	100	100	100	100
Number of Managers who attended manager training *5	Non-consolidated basis	Persons	267	298	305	302	87
Ratio of manager training attendance for Managers	Non-consolidated basis	%	11.6	82.5	81.3	78.6	23.0
Number of Department Heads who attended General Manager training *5	Non-consolidated basis	Persons	30	18	183	186	173
Ratio of General Manager training attendance for General Managers *6	Non-consolidated basis	%	17.4	11.2	103.4	106.9	98.3
Percentage of employees whose evaluation under MBO (management by objectives) relates to their remuneration (female) *7	Non-consolidated basis	%	–	–	–	–	1.3
Percentage of employees whose evaluation under MBO (management by objectives) relates to their remuneration (male) *7	Non-consolidated basis	%	–	–	–	–	29.8
Percentage of employees whose evaluation under MBO (management by objectives) relates to their remuneration (all employees) *7	Non-consolidated basis	%	–	–	–	–	31.1

*1 Average training costs = Education training costs / Number of employees (non-consolidated basis)
*2 Only for G-category graduates. Ratio of new recruit training attendance for new recruits = Number of new recruits who attended new recruit training / Number of G-category graduates
*3 Ratio of training attendance (%) = Number of persons who attended training / Number of employees in the fiscal year of recruitment × 100
*4 The number is calculated from the employee directory as of March 1 of each fiscal year.
*5 Some persons are transferred during the term, therefore the number of General Managers who attended department head training may exceed the number of General Managers.
*6 Percentage of employees whose evaluation under MBO (management by objectives) relates to their remuneration (%) = Number of employees whose evaluation under MBO (management by objectives) relates to their remuneration / Number of employees (non-consolidated basis) × 100
*7 G-category: Human resources taking charge of the management and business

Promotion of Diversity, Equity & Inclusion

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

Number of Employees by Gender and Average Age (non-consolidated basis)

	Units	2019	2020	2021	2022	2023
Number of Employees	Persons	3,349	4,166	4,081	4,198	4330
Male	Persons	2,866	3,420	3,336	3,419	3489
Female	Persons	483	746	745	779	841
Average Age	Age	40.7	40.5	40.8	40.7	40.7

Average years of service (non-consolidated basis)

	Units	2019	2020	2021	2022	2023
Average years of service	Year	17.1	16.5	16.8	16.4	16.1
Male	Year	18.6	18.0	18.2	17.9	17.6
Female	Year	8.2	9.5	10.2	10.2	10.0

Number of new recruits (non-consolidated basis)

	Units	2019	2020	2021	2022	2023
Number of new recruits	Persons	190	187	111	242	304
Male	Persons	150	129	85	198	216
Female	Persons	40	58	26	44	88
Foreign national employees	Persons	1	2	1	7	9
G-category graduates (male)	Persons	29	36	30	48	54
G-category graduates (female)	Persons	15	23	12	20	19
Foreign national employees	Persons	1	2	0	1	1

Number of women in manegerial positions (non-solidated basis)

	Units	2019	2020	2021	2022	2023
Number of women in managerial positions	Persons	6	8	9	19	26
Manageror above	Persons	6	8	6	19	25
General Manager	Persons	0	0	0	0	1
Number of women in Officers	Persons	1	1	1	1	1
Executive Officers	Persons	0	0	0	0	0
Directors	Persons	1	1	1	1	1
Percentage of women in managerial positions *1	%	1.7	2.4	2.0	4.2	5.0
Managers *2	%	2.5	3.6	2.7	5.7	7.0
Department Heads *2	%	0	0	0	0	0.6
Percentage of women in Officers *3	%	3.6	4.0	4.0	4.0	4.0
Executive Officers *4	%	0	0	0	0	0
Directors *4	%	8.3	11.1	11.1	11.1	11.1

*1 Percentage of women in managerial positions (%) = Number of women in managerial positions (non-consolidated basis) / Number of persons in managerial positions (non-consolidated basis) × 100
*2 Percentage of women in managerial positions (Managers, Department Heads) = Number of women in managerial positions (Managers, Department Heads) / Number of persons in managerial positions (non-consolidated basis)
*3 Percentage of women in Officers (%) = Number of female Officers / Number of Officers (non-consolidated basis) × 100
*4 Percentage of women in Officers (Executive Officers, Directors) (%) = Number of female Officers (Executive Officers, Directors) / Number of Officers (non-consolidated basis) × 100

Number of foreign nationals in managerial positions (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	0	3	3	3	3

Retiree Reemployement Rate (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	87	86	89	88	92

* Retiree Reemployment Rate (%) = Number of reemployed retirees / Number of retirees × 100

Percentage of employees with disabilities (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	2.24	2.19	2.16	2.08	2.07

Ratio of average annual wage for female employees to average annual wage for male employees (non-consolidated basis)

	Units	2019	2020	2021	2022	2023
All employees	%	—	—	—	—	61.4
Regular employees	%	—	—	—	—	69.1
Part-time employees / fixed-term employees	%	—	—	—	—	43.0
(Reference) Persons in managerial positions	%	—	—	—	—	85.8

* We calculated under the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

Work Style Reforms

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

Work Style Reforms Data (non-consolidated basis)

	Units	2019	2020	2021	2022	2023
Total Working Hours	hours	1,931	1,928	1,953	1,916	1,907
Total overtime hours	hours	135	133	172	160	147
Number of annual paid-leave days used	Days	12.7	13.1	14.1	15.7	16.1
Percentage of taking annual paid leave *1	%	67	69	75	80	80.5
Number of employees who used hourly annual paid leaves	Persons	–	–	–	–	1,779
Percentage of employees who used hourly annual paid leaves *2	%	–	–	–	–	41.1
Number of employees who took maternity leave	Persons	25	22	34	25	30

*1 Percentage of employees taking annual paid leave (%) = Number of annual leave days used / Number of annual leave days × 100
*2 Percentage of employees who used hourly annual paid leaves (%) = Number of employees who used hourly annual paid leaves / Number of employees (non-consolidated basis) × 100

Newly taken childcare leave (non-consolidated basis)

	Units	2019	2020	2021	2022	2023
Number of employees newly eligible to take childcare leave	Persons	90	81	147	130	143
Number of female employees eligible to newly take childcare leave	Persons	25	22	34	25	33
Number of female employees who took childcare leave for the first time	Persons	24	22	34	25	33
Percentage that took leave	%	96	100	100	100	100
Number of male employees eligible to newly take childcare leave	Persons	65	65	113	105	110
Number of male employees who took childcare leave for the first time	Persons	3	6	23	46	58
Percentage that took leave	%	5	9	20	44	53

Number of employees who used our short hour working system (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	53	60	79	71	72

Number of employees who accessed programs supporting extended careers (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	86	94	93	83	124

Number of employees who took nursing care leave (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	0	0	0	0	2

Number of employees who took half-day sick child care leave (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	33	81	214	–	–

* Half-day nursing leave was revised in April 2022 and has been changed to hourly nursing leave.

Number of employees who took volunteer activity leave (non-consolidated basis)

Units	2019	2020	2021	2022	2023
Persons	0	0	0	0	0

Health and Productivity Management

Encouraging our employees and their families to stay healthy is an important issue faced by Denka in its business management. We are committed to promoting health management with the aim of increasing corporate value by ensuring that our employees are both physically and mentally healthy as they engage in their work, perform at their full potential, and increase their productivity. In January 2021, we established Health Promoting Sec. as an organization for the implementation of health and productivity management promotion.

Denka Principles

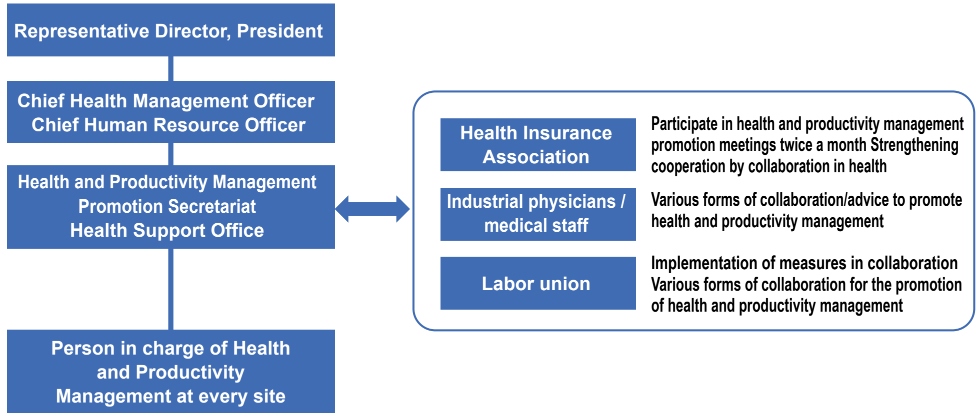
Denka Principles

To protect the well-being of our human resources and their families, the entire Denka Group comes together to implement activities for health and productivity management, including encour-aging employees and their families to stay healthy. These activities are based on our offices' ex-isting labor safety and health systems and also involve the cooperation of health insurance asso-ciations and labor unions, with the new Health Promoting Sec. playing a central role.

Denka will stay focused on the creation of an environment where each one of its employees shares its core value and is committed to the maintenance and enhancement of their health to enrich their own lives.

Promotion system

In order to promote health management that is integrated with corporate management, Chief Human Resource Officer (CHRO) serves as the Chief Health Management Officer and promotes health management in cooperation with health insurance unions, industrial physicians and other medical staff, and labor unions. The secretariat provides annual feedback on the status of health issues and measures implemented at each business site, including plants. The secretariat also provides a range of support to strengthen the promotion of health and productivity management at each business site.



Health and productivity management is also promoted in conjunction with initiatives related to worksite safety, and health,security and disaster prevention. Specific policy, framework, initiatives and indicators, etc. are disclosed below.

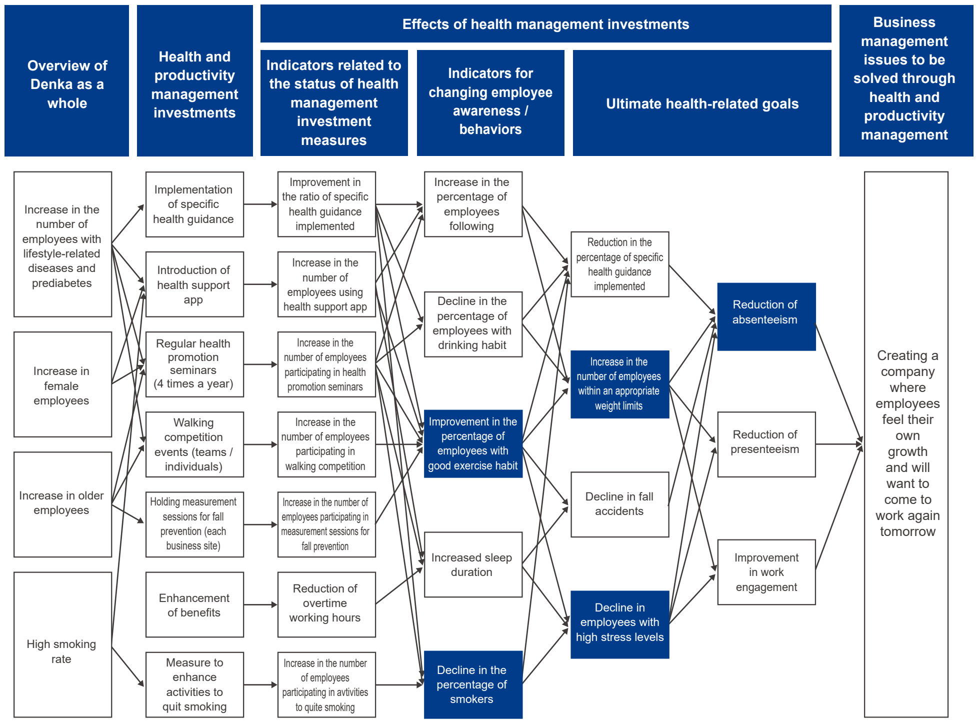
Sustainability Site: Health and Productivity Management https://denka.disclosure.site/ja/themes/772

Health and Productivity Management

Health Challenges and Goals

In order to achieve the goals of health and productivity management, namely “creating an environment where each individual employee is able to fully demonstrate their capabilities” and “enhancing the health and well-being of its employees and their families.” we have created a Health Management Strategy Map that illustrates the connections between goals and relationships of each policy through health management investments.
In order to create a workplace environment that supports the wellbeing of our employees to enable them to work to their full potential, both physically and mentally for the realization of a company, which enables each individual employee to feel their own growth andmake employees want to come to work again tomorrow, we have set the improvement goals. Specifically, the goal for mental health is to “reduce the number of highly stressed employees,” and to “increase the number of employees with ideal body weight” for physical health. We have positioned improvements in “exercise habits” and “anti-smoking” as priority challenges and will continue to deploy measures to achieve the aforementioned improvement goals.
Based on the results of an analysis of health issues, we have added “increased risk of lifestyle-related diseases” and “employee aging” as priority issues, and have established goals of “enhancing approaches for prediabetes” and “reducing fall accidents” in order to further enhance related measures.

1) Health Management Strategy Map



2) Actual Figures and Target Figures for Main Indicators

The main target figures fluctuated due to restrictions on leaving home and the increased use of remote work caused by COVID-19. While reinforcing measures related to the improvement of each indicator, we will also assess the impact of the measures on indicator improvements.

Indicators	Results						Targets	
	2018	2019	2020	2021	2022	2023	2025	2030
Absenteeism (%)	–	0.55	0.43	0.69	0.65	0.78	–	–
Employees with ideal body weight (%)	66.3	64.3	64.9	65.0	63.9	64.6	68.0 or more	80.0 or more
Employees with high stress levels (%)	13.1	12.8	12.7	13.4	14.8	14.7	Below 11.0	Below 10.0
Good exercise habits (%)	32.7	33.0	32.9	33.4	32.5	33.8	37.0 or more	40.0 or more
Smokers (%)	32.4	29.8	29.6	28.7	26.8	24.8	Below 21.0	Below 12.0
Treatment continuation rate for employees with high blood pressure (%)	60.1	59.7	64.9	68.5	67.1	65.2	–	–
Health literacy (%)	–	–	–	–	52.0	45.8	–	–

* Absenteeism is calculated by dividing the number of sick leave days for all employees by the number of prescribed working days for all employees × 100.
* The number of employees within an appropriate body weight limit is calculated based on the number of employees with a healthy BMI divided by the number of employees who have undergone medical exams.
* Employees with high stress levels are calculated based on the number of highly stressed employees divided by the number of employees who have received a stress test.
Employees with high stress levels: Highly stressed employees requiring guidance by a doctor based on the result of a stress test.
* Good exercise habits are calculated based on the number of employees who answered that they have good exercise habits during regular health checkups divided by the number of employees receiving the checkups.
* The treatment continuation rate for employees with high blood pressure is calculated based on employees with systolic blood pressure less than 140 mmHg and diastolic blood pressure less than 90 mmHg who take antihypertensive drugs.

3) Relevant indicators

Indicators	Results					
	2018	2019	2020	2021	2022	2023
Percentage of employees that had periodic health exams (%)	–	99.8	98.7	99.6	100.0	100.0
Percentage of employees that had a stress test (%)	98.0	98.1	98.3	97.9	94.6	96.0
Percentage of specific health guidance implemented (%)	43.8	63.5	35.4	41.1	29.7	–
Total working hours (hours)	1,943	1,931	1,928	1,953	1,916	1907
Total overtime hours (hours / person)	140	135	133	172	157	147
Number of paid vacation days used (days)	11.8	12.7	13.1	14.1	15.7	16.1
Percentage of paid annual vacation days used (%)	62	67	69	75	80	81
Number of employees leaving the company (persons)	53	47	78	94	103	101

Sustainability Site: Health and Productivity Management https://denka.disclosure.site/ja/themes/772

Health and Productivity Management

Measures to Achieve Health and Productivity Management

1) Mental Health Care

① Stress Check

Stress tests are conducted once a year to help each employee understand his/her own stress condition and to support self-care to prevent stress and reduce stressors.
In addition, we conduct interviews using industrial physicians for employees who have been diagnosed with high stress levels in close cooperation with industrial medical staff.
Furthermore, group analysis is conducted on an organizational basis to identify overall health risks, status of highly stressed employees, stress factors, etc., and then improvements are made in the workplace and work environment to reduce risks.

② Support from external specialized organization

We have established an external 24-hour health counseling service by doctors and other specialists for our employees and their families. In addition to mental health counseling, the service provides a wide range of health and medical consultation services to support employees in managing their mental and physical health.

③ Enhancement of benefits

We have established various benefit plans for employees and their families with the aim of enriching employees' personal lives and improving their health through refreshing both physically and mentally. Employees can freely access a wide range of benefits, including accommodation, gourmet meals, leisure, sports, etc., to help them achieve a better work-life balance.

2) Lifestyle-related Diseases

① Specified health checkups and specific health guidance

We include specified health checkups as part of regular health checkups for all ages at all of our business sites in Japan. We have established a system that ensures that employees are able to check their own risk of lifestyle-related diseases once a year.
We are also working to improve the implementation percentage for specific health guidance through cooperation between employer and health insurance association.

② Anti-Smoking Support

As an enhancement measure for anti-smoking activities, we introduced a remote smoking cessation counselling last fiscal year. We aim to further reduce the percentage of smokers by adding smoking cessation clinic support and assistance in purchasing tools such as smoking cessation aids (patches, gum) to help smokers choose measures that best suit their individual circumstances. In addition, we are gradually creating a smoke-free environment with a target of the removal of all smoking areas at every site by 2026.

③ Introduction of health support app

As part of our population approach, we are deploying a health support app for smartphones. The application supports employees for their active health improvement by tracking daily steps and physical condition, improving health literacy through health-related quizzes and columns, and establishing daily excise habits through individual and team competition events in which participants compete in the number of steps taken.

④ Labor and management jointly sponsored walking competition

In collaboration with the labor union, a walking competition was held for domestic business sites to compete for the average number of steps taken per team. In addition to the President's Award given to the overall top teams, Labor Union Award and Perfect-Match Award were given to top teams of each business site. The report on the award ceremony was posted at each business site, making it more exciting for everyone, including teams that ranked lower. The event contributed not only to improving physical fitness, but also to encouraging communication. In fiscal 2021, we started a walking held every year through co-hosting by labor and management. In May 2024, approximately 1,200 employees participated.

3) Fall Accident Prevention

① Holding Measurement sessions for fall prevention

As the average age of our employees increases, and is most likely to continue to do so, we held measurement sessions for fall prevention at all of our major business sites in an effort to further enhance company-wide measures to prevent fall accidents.
In addition to measurements, exercise guidance is provided based on the results to help employees raise self-awareness and strengthen awareness of the importance of exercise they will do. We are also going one step further, working to visualize the level of risk at each business site by tabulating the results and using these to promote future activities.

Sustainability Site: Health and Productivity Management https://denka.disclosure.site/ja/themes/772

Health and Productivity Management

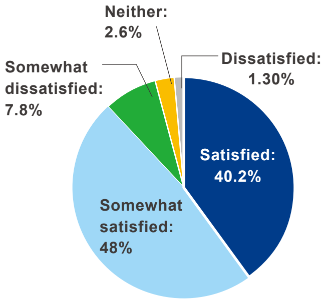
4) Disease Prevention

① Organizing health promotion seminars

Since 2023, the final week of May has been designated Denka Health Week. In FY2024, we held seminars on basic knowledge required to promote employees' health, such as improving sleep quality, health issues unique to females, stiff shoulders, back pain, and effective ways to cope with alcohol and tobacco. We also conduct other seminars several times a year.

* Denka's Health Week seminar participants: Approx. 500

● Materials on Health Promotion Seminar and results of the Satisfaction Survey



② Subsidies by the health insurance assosiation

As part of the healthcare program, the health insurance association provides complete medical checkups, cancer and gynecological screenings, and free flu vaccines for employees and vaccine cost subsidies for their families, as well as free periodontal examinations.

5) External Initiatives

We are also actively engaged in promoting health management among our business partners and contributing to the health of society as a whole.

① Development and provision of vaccines and other pharmaceutical products

② Organizing study sessions and health events with partner companies and other external parties

Declaration of Health KPI

We have begun centralized management of employees' health check data and using the said data to set KPIs and implement measures to prevent on-set and aggravation of lifestyle diseases and other diseases in cooperation with the health insurance association and the Health Promoting Section. Recently, we launched a remote smoking cessation clinic and are enhancing specific health guidance. Going forward, we support the well-being of employees so they can work lively and healthily, psychologically and physically.

Certification as Health & Productivity Management Outstanding Organization, White 500

This certification program is a system under which corporations that practice outstanding health and productivity management, particularly good health management based on initiatives that meet local health issues and health promotion initiatives promoted by the Nippon Kenko Kaigi. The top 500 organizations certified by the Health and Productivity Management Organization receive White 500 certification.
In January 2021, we established the "Health Support Office", as an organization for the implementation of this initiative. In April 2021, we formulated the Declaration of Health and Productivity Management, which articulates the philosophy and Denka Principles for our health and productivity management.
We have implemented a range of measures in collaboration with the health staff and insurance association. For example, we have started the centralized management of data from employee health checks, and based on the analysis of this data, we have established KPIs. Most recently, we have started providing employees with remote guidance on quitting smoking, deploying a health support app for smartphones, and holding health promotion seminars regularly.
We will continue our efforts to comply with certification standards, and moving forward, we will continue to support the wellbeing of our employees to enable them to work to their full potential, both physically and mentally and feel their own growth.


2024 健康経営優良法人 Health and productivity ホワイト500

認定証

（大規模法人部門（ホワイト500））

法人名　デンカ株式会社

貴法人は、従業員の健康管理を経営的な視点で考え、戦略的に実践する「健康経営」の取組が優良であると認められました
よって、ここに「健康経営優良法人 2024（大規模法人部門（ホワイト500））」として認定します
経済産業省及び厚生労働省と共に、今後一層取組を推進されることを期待いたします

２０２４年３月１１日

日本健康会議

日本健康会議 NIPPON KENKO KAIGI

24004061

Sustainability Site: Health and Productivity Management https://denka.disclosure.site/ja/themes/772

Human Rights Initiatives

Denka Group Human Rights Policy

Denka Group Human Rights Policy was approved by the Board of Directors and enacted on September 11, 2023. This human rights policy applies to all Group executives and employees, and its business partners and suppliers are urged to support and respect it.

Important Human Rights Risks of the Denka Group (10 items)

Category	Risk items
Occupational health and safety	Human rights in work environment (health and safety)
Power Harassment	Risks of Power Harassment occurring among employees
	Risks of Power Harassmenton employees of suppliers (including their business partners)
	Risks of Power Harassment on our employees by a customer
Long working hours	Risks of long working hours and overwork
Freedom to relocate residence	Risks of violating freedom of relocating residence by forced transfer of work location or job
Rights of indigenous people and local residents	Risks of negatively impacting the daily lives of local residents due to bronze in the products and exhaust towers
Consumer safety and the right to know	Risks of violating the right to know of purchasers and consumers due to misinformation related to products
Occupational health and safety	Human rights risks related to health and safety in supplier's work environment
Forced and child labor	Risks of serious incidents of forced and child labor occurring in the production sites of raw materials, etc., and purchasers (and plants)

Denka Group Human Rights Policy

The Denka Group (Denka) aims to contribute to society by offering innovations and solutions under the vision (core values, purpose, and mission), which is the basis of the actions of all employees. Denka understands the importance of human rights throughout all its business activities, and based on the Denka Group ESG Basic Policy and the Denka Group Ethics Policy, work to fulfill our human rights responsibilities. We will also strive to realize the following to contribute to human rights issues through business activities. This policy was approved by the Board of Directors meeting held on September 11, 2023.

1. Scope
This policy applies to all executives and employees (including temporary employees) of the Denka Group. Furthermore, Denka will make efforts to encourage all our business partners, including suppliers, to understand this policy.

2. Support for International Norms and Standards
Denka will respect international standards of human rights set forth in (i) the International Bill of Human Rights, consisting of Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, (ii) the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the fundamental principles established therein regarding "Freedom of Association and the Right to Collective Bargaining", "Elimination of all forms of Forced or Compulsory Labor", "Effective Abolition of Child Labor", "Elimination of Discrimination in Respect of Employment and Occupation", and "Safe and Healthy Working Environment," and (iii) the OECD's "Guidelines for Multinational Enterprises." Also, Denka will exert efforts to act in accordance with the United Nations Guiding Principles on Business and Human Rights and will support the Ten Principles of the United Nations Global Compact as a company that has signed the United Nations Global Compact. Denka will comply with the laws and regulations applicable in each country and region where we conduct business activities. However, should the laws and regulations of the country or region conflict with international human rights norms, Denka will exert efforts to pursue the methods that maximize respect for internationally recognized human rights principles.

3. Responsibility to Respect Human Rights
Denka will strive to avoid a situation where its corporate activities harm the human rights of any people related to our business activities, and if our business activities negatively impact their human rights, we will strive to take appropriate measures to remedy such negative impacts. Denka will not tolerate harassment and discrimination that hurt the dignity of individuals, and any form of child labor and forced labor. Denka will respect workers' freedom of association and the right to collective bargaining and strive to create a safe and healthy working environment where fair wages are guaranteed. In addition, Denka will strive to provide our customers with safe products and services and to disclose appropriate information.

4. Governance
We will clarify a person who is responsible for overseeing compliance with this policy and efforts based on this policy.

5. Human Rights Due Diligence
Denka will seek to conduct human rights due diligence to identify and assess potential or actual human rights impacts by its business activities, and to take measures to prevent or mitigate risks to human rights.

6. Remedial Measures
If it becomes clear that Denka has caused adverse human rights impact, we will make efforts to correct and remedy such impacts through appropriate measures. Regarding negative impacts on human rights that are directly linked to Denka's business through business relationships, Denka will also make efforts to find a solution to human rights issues in supply chain by encouraging our business partners to make efforts to correct and remedy such negative impacts.

7. Stakeholder Engagement
Regarding measures to address potential and actual adverse human rights impacts, Denka will exert efforts to take such measures through continuous consultation and engagement with relevant internal and external stakeholders.

8. Grievance Mechanism
Denka will strive to take measures to improve the effectiveness of the correction and remedy of any concerns about human rights by setting a system to report any concerns about human rights for all executives and employees of the Denka Group, all business partners including suppliers and other stakeholders.

9. Education and Training
For the effective implementation of this policy, Denka will offer training to all officers and employees of the Denka Group, including non-regular employees, to enhance their understandings as to respect for human rights.

September 11, 2023

Toshio Imai President and CEO Denka Company Limited

Human Rights Initiatives

The ratio of minimum salary of new employees recruited locally against the local minimum salary

Country	Company name		Currency	Amount (Minimum salary for new employees)	Local minimum salary	Ratio against the local minimum salary
North America	Denka Performance Elastomer LLC	Female	USD	97,228.65	15,080.00	644.8%
		Male		97,228.65	15,080.00	644.8%
		Average		97,228.65	15,080.00	644.8%
China	Denka Electronics Materials Dalian	Female	CNY	2,100	2,100	100.0%
		Male		2,100	2,100	100.0%
		Average		2,100	2,100	100.0%
	Denka Chemicals Development Suzhou	Female	CNY	2,490	2,490	100.0%
		Male		2,490	2,490	100.0%
		Average		2,490	2,490	100.0%
	Denka Advanced Materials Suzhou	Female	CNY	2,490	2,490	100.0%
		Male		2,490	2,490	100.0%
		Average		2,490	2,490	100.0%
	Denka Chemicals Shanghai Co., Ltd.	Female	CNY	10,000	2,690	371.7%
		Male		10,000	2,690	371.7%
		Average		10,000	2,690	371.7%
	Denka Chemicals Shanghai Co., Ltd. Shenzhen Branch	Female	CNY	9,000	2,360	381.4%
		Male		9,000	2,360	381.4%
		Average		9,000	2,360	381.4%
Vietnam	Denka Advanced Materials Vietnam Co., Ltd	Female	VND	5,500,000	4,160,000	132.2%
		Male		5,500,000	4,160,000	132.2%
		Average		5,500,000	4,160,000	132.2%

* Ratio against local minimum salary = Minimum salary of new employees / Local minimum salary × 100
* As of June 2024

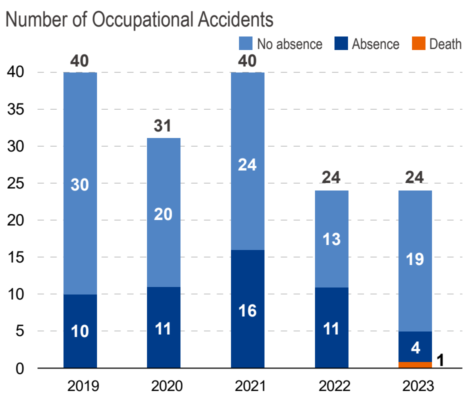
Prioritization of Safety

About the Fatal Accident at Omi Plant

Our deepest thoughts and prayers are with the worker from our partner company who lost their life in the accident that occurred at Denka's Omi Plant on June 14, 2023, and with the worker's bereaved family during this harrowing time. We also express our heartfelt sympathies to the workers who were injured. We deeply apologize to our many business partners and stakeholders, including local residents, for the inconvenience and worry this incident has caused. Following the accident, we established an Accident Investigative Committee consisting of invited external experts and specialists to look into the cause more exhaustively and formulate measures to prevent recurrence of the accident. The Committee proposed five measures to strengthen safety management in the company as a whole so that we do not cause any serious accidents. Based on this proposal, we will enhance the organization and system of safety management company wide, and we will advance measures in line with the proposal to implement our mission as a chemical manufacturer to safely handle chemical substances and provide stable supply.

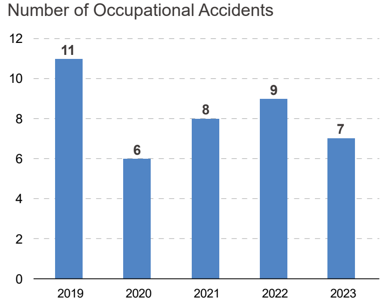
Production Process-Related Accidents and Occupational Accidents

The occupational accident frequency rate in FY2023 was 0.4, which was an improvement from 0.7 in the previous fiscal year, but the occupational accident severity rate, which is the standard for leave of absence, was 0.47 due to the fatal accident on June 14, 2023, which is a large decrease from 0.02 in the previous fiscal year. The number of total labor accidents was 24 incidents, the same as in FY2022. To prevent major labor accidents and process accidents, in FY2024, we are focusing on measures to address high energy hazards as well as promoting measures focusing on employees with limited experience and advanced age and employees of partner companies, which approximately one-third of the labor accidents involve. There were 20 process accidents in FY2023, an increase from 12 process accidents in the previous fiscal year. As 10 of those accidents were fires, which is half of the accidents, we analyzed the cause and conducted a comprehensive inspection of the state of measures taken based on the analysis at all sites.

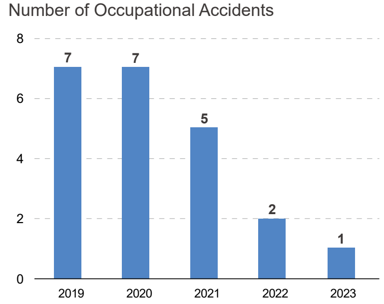


Safety Performance

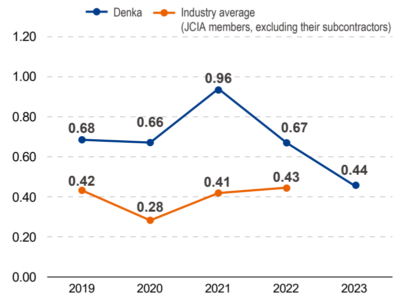
Trend in the number of accidents in which a worker is pinned down or caught by machinery



Trend in the number of accidents in which a worker falls

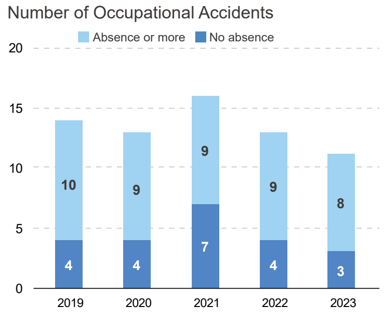


Accident Frequency Rates*



* Reported on a calendar year basis (January to December) based on regulations of the Labor Standard Inspection Offices and Japan Chemical Industry Association

Reference: Number of Occupational Accidents at Subcontractors



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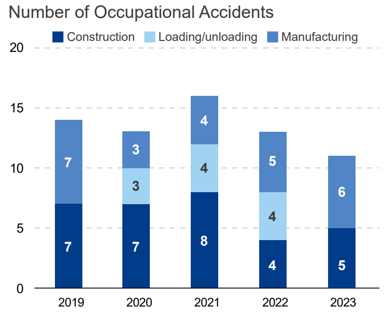


Biography of our Directors

Manabu Yamamoto

Chairman and Director

Career summary and significant concurrent positions, etc.

April 1981	Joined the Company
June 2004	General Manager of Functional Ceramics Div. of Electronics Materials Business Group of the Company
April 2009	Executive Officer, General Manager of Electronics Materials Div. of Electronics Materials Business Group of the Company
June 2011	Senior Executive Officer of the Company
April 2013	Managing Executive Officer, Head of Electronics & Innovative Products of the Company
June 2013	Director and Managing Executive Officer of the Company
June 2015	General Manager of Corporate Planning Dept. of the Company
April 2016	Director and Senior Managing Executive Officer of the Company
June 2016	Outside Audit & Supervisory Board Member of Koatsu Gas Kogyo Co., Ltd. (until June 2019)
April 2017	Representative Director, President and Chief Executive Officer of the Company
April 2021	Chairman and Representative Director of the Company
April 2023	Chairman and Director of the Company (present)

Toshio Imai

Representative Director, President & CEO

Career summary and significant concurrent positions, etc.

April 1982	Joined the Company
October 2006	General Manager, Styrene Div. of the Company
June 2011	General Manager, Corporate Planning Dept. of the Company
April 2013	Executive Officer, Assistant to General Manager, Elastomers & Performance Plastics of the Company
April 2015	General Manager, Elastomers & Performance Plastics of the Company
April 2017	Managing Executive Officer of the Company
April 2019	General Manager, Denka Value-Up Promotion Dept. of the Company
June 2019	Director and Managing Executive Officer of the Company
April 2020	Director and Senior Managing Executive Officer of the Company
April 2021	Representative Director, President and Chief Executive Officer of the Company (present)

Kazuo Takahashi

Representative Director

Career summary and significant concurrent positions, etc.

April 1983	Joined the Company
October 2013	Deputy General Manager, Chiba Plant of the Company
April 2015	General Manager, Ofuna Plant of the Company
April 2017	Executive Officer, General Manager, Omuta Plant of the Company
April 2019	President of Denka Performance Elastomer LLC
April 2021	Managing Executive Officer of the Company
June 2021	Director and Managing Executive Officer of the Company
April 2023	Director and Senior Managing Executive Officer of the Company (present)

Ikuo Ishida

Director

Career summary and significant concurrent positions, etc.

April 1985	Joined the Company
April 2009	General Manager, Functional Films Dept., Electronics Materials Div. of Electronics Materials Business Group of the Company
October 2011	General Manager, Advanced Fillers Dept., Electronics Materials Business Group of the Company
October 2013	General Manager, Advanced Specialty Materials Dept., Electronics & Innovative Products of the Company
April 2017	Assistant General Manager, Electronics & Innovative Products of the Company
April 2019	Executive Officer and General Manager, Electronics & Innovative Products of the Company
April 2023	Managing Executive Officer of the Company
June 2023	Director and Managing Executive Officer of the Company (present)

Rumiko Nakata

Outside Director

Career summary and significant concurrent positions, etc.

April 1979	Joined Esso Sekiyu K.K.
April 1996	Center for Socio-Economic Research K.K.
June 2000	Joined Pfizer K.K.
February 2007	Manager, Pharmaceutical Development and Human Resources (Public Relations) Dept., Pfizer K.K.
May 2010	General Manager, Human Resources Group, Business Partners, Pfizer K.K.
December 2011	Head of HR and Global Operations, Pfizer K.K.
January 2014	Corporate Officer, Pfizer K.K.
March 2018	Executive Officer, in charge of Diversity & Inclusion, Mitsubishi Chemical Corporation
April 2019	Managing Executive Officer, Supervising – Human Resources, Mitsubishi Chemical Corporation
April 2020	Director of the Board, Managing Executive Officer, Supervising – Administration, Public Relations, Human Resources, Mitsubishi Chemical Corporation
April 2021	Director of the Board, Managing Executive Officer Supervising – Resources, Mitsubishi Chemical Corporation
April 2022	Director of the Board, Mitsubishi Chemical Corporation
March 2023	Outside Director of the Board, Kyowa Kirin Co., Ltd.
June 2024	Outside Director of the Company (present)

Mizuhiro Uchida

Director (Full-time Audit Committee Member)

Career summary and significant concurrent positions, etc.

April 1984	Joined the Company
April 2008	General Manager, Business Planning Dept., Resin Process Div., Resin Process Business Group of the Company
April 2010	General Manager, Purchasing Dept. of the Company
April 2014	Deputy General Manager, Chiba Plant of the Company
July 2017	General Manager, Internal Auditing Dept. of the Company
April 2021	General Manager, Internal Control Dept. of the Company
April 2023	Assigned to the Audit Committee of the Company
June 2023	Director (Full-time Audit Committee Member) (present)

Toshio Kinoshita

Outside Director (Audit Committee Member)

Career summary and significant concurrent positions, etc.

July 1983	Registered as Certified Public Accountant
July 1989	Partner, U.S. Coopers & Lybrand L.L.P (current PricewaterhouseCoopers) (until June 1998)
June 1994	Representative employee of Chuo Audit Corporation (until July 2005)
July 1998	Senior Managing Partner for North America, New York Head Office, U.S. PricewaterhouseCoopers L.L.P. (until June 2005)
July 2005	Management Board Member for International Business of Tokyo Office of ChuoAoyama PricewaterhouseCoopers (until June 2007)
July 2007	Chief Executive of The Japanese Institute of Certified Public Accountants (JICPA) (until July 2013)
July 2013	Council Member of JICPA (until July 2016)
June 2014	Outside Audit & Supervisory Board Member of Panasonic Corporation (until June 2022)
July 2014	Representative Director of Global Professional Partners (present)
August 2014	Outside Corporate Auditor of Weathernews Inc. (until August 2018)
March 2015	Outside Director of Asatsu-DK Inc. (until December 2018)
June 2015	Outside Audit & Supervisory Board Member of the Company, Outside Director of TACHI-S CO., LTD. (present)
July 2015	Outside Director of Mizuho Bank, Ltd. (until September 2019)
January 2018	Outside Director of Three Pro Group Inc. (current GiG Works Inc.) (until January 2022)
June 2019	Outside Director (Audit Committee Member) of the Company (present)

Akio Yamamoto

Outside Director (Audit Committee Member)

Career summary and significant concurrent positions, etc.

April 1974	Joined Mitsui & Co., Ltd.
April 1999	President of Mitsui & Co., Benelux S.A./N.V.
April 2004	Vice President of Synthetic Resin & Inorganic Chemical Products Business Unit of Mitsui & Co., Ltd.
April 2007	Executive Officer of Mitsui & Co., Ltd. (until March 2010), President of Mitsui & Co. (Thailand) Ltd.
April 2009	Representative Director and President of Mitsui Bussan Plastic Trade Co., Ltd. (present Mitsui & Co. Plastics Ltd.) (until June 2014)
June 2014	Counselor of Mitsui & Co. Plastics Ltd. (until June 2015)
June 2015	Outside Director of the Company
June 2021	Outside Director (Audit Committee Member) of the Company (present)

Miyuki Matoba

Outside Director (Audit Committee Member)

Career summary and significant concurrent positions, etc.

April 2000	Registered as a lawyer (Tokyo Bar Association)
April 2013	Executive Governor of the Japan Federation of Bar Associations (until March 2014)
October 2015	Senior Leader, Management Support Division of MOS FOOD SERVICES, INC.
April 2018	Risk Management & Compliance Group Leader of MOS FOOD SERVICES, INC. (until March 2019)
April 2019	General Manager, Risk Management & Compliance Office of MOS FOOD SERVICES, INC. (until September 2020)
September 2020	Intellectual Property and Legal Div., General Affairs H.Q. of NITTO KOHKI CO., LTD.
April 2021	General Manager, Intellectual Property and Legal Div., General Affairs H.Q., and compliance supervisor of NITTO KOHKI CO., LTD. (present)
June 2021	Outside Director (Audit Committee Member) of the Company (present)

Enhancement of Corporate Governance

Composition of the Board of Directors and Audit Committee

		2019	2020	2021	2022	2023
Directors	Male (of which are Audit Committee Members)	11 (4)	11 (4)	8 (3)	8 (3)	8 (3)
	Female (persons) (of which Audit Committee Members)	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
	Percentage of females (%)	8	8	11	11	11
	Outside Director Ratio (%)	42	42	44	44	44
Number of meetings of the Board of Directors (times)		13	13	13	15	14
Number of meetings of the Audit Committee (times)		11 (5 meetings of the Audit & Supervisory Board)	15	14	14	14

Attendance of directors (FY2023)

Name of directors		Board of Directors	Audit Committee	Sustainability Committee	Nomination and Remuneration Advisory Committee
Manabu Yamamoto	Chairman and Director	100% (14/14)	-	100% (3/3)	100% (4/4)
Toshio Imai	Representative Director, President & CEO	100% (14/14)	-	100% (3/3)	100% (4/4)
Kazuo Takahashi	Representative Director	100% (14/14)	-	100% (3/3)	-
Ikuo Ishida *	Director	100% (10/10)	-	100% (3/3)	-
Yoshiyuki Fukuda	Outside Director	100% (14/14)	-	100% (3/3)	100% (4/4)
Mizuhiro Uchida *	Director	100% (10/10)	100% (10/10)	100% (3/3)	-
Toshio Kinoshita	Outside Director	100% (14/14)	100% (14/14)	100% (3/3)	100% (4/4)
Akio Yamamoto	Outside Director	100% (14/14)	100% (14/14)	100% (3/3)	100% (4/4)
Miyuki Matoba	Outside Director	100% (14/14)	100% (14/14)	100% (3/3)	100% (4/4)

*** Appointed in June 2023**

Composition of the management meeting structure that consists of directors (FY2023)

Name of directors		Board of Directors	Audit Committee	Sustainability Committee	Nomination and Remuneration Advisory Committee
Manabu Yamamoto	Chairman and Director	○	-	○	○
Toshio Imai	Representative Director, President & CEO	○	-	○	○
Kazuo Takahashi	Representative Director	○	-	○	-
Ikuo Ishida	Director	○	-	○	-
Yoshiyuki Fukuda	Outside Director	○	-	○	○
Mizuhiro Uchida	Director	○	○	○	-
Toshio Kinoshita	Outside Director	○	○	○	○
Akio Yamamoto	Outside Director	○	○	○	○
Miyuki Matoba	Outside Director	○	○	○	○

Composition of the management meeting structure (FY2023)

		Board of Directors	Audit Committee	Sustainability Committee	Nomination and Remuneration Advisory Committee
Consisting members		9	4	9	6
Inside and Outside	Outside Director	4	3	4	4
	Inside directors	5	1	5	2
Female, Male	Female	1	1	1	1
	Male	8	3	8	5

Enhancement of Corporate Governance

We consider compliance not only to comply with laws and regulations, the Articles of Incorporation, and internal rules, but also and continue to comply with corporate ethics and social norms.
Compliance is a major premise of business activities. It is the cornerstone of the trust of our stakeholders and is an important management issue. We have established a group compliance system on a global level as a management foundation for increasing the corporate value of the Denka Group into the future and continue to strive to strengthen our system.

Compliance Basic Policy

The Denka Group Ethics Policy codifies Groupwide standards of conduct. To ensure that this policy guides the actions of all, the Ethics Committee chaired by the President oversees the overall compliance structure and reports to management on compliance matters. Moreover, under the initiative of the Ethics Committee, such key business units as the Legal, Internal Auditing, HR Strategy, Intellectual Property, Environment and Safety, and Quality Assurance departments ensure thorough legal compliance in their respective areas of specialty. We also formulated the Standards of Business Conduct. Aiming to live up to the global standard, this move is intended to provide all Group officers and employees at home and abroad with clear and detailed guidelines on the actions they are expected to take in accordance with the provisions of the Denka Group Ethics Policy. Furthermore, we employ a “legal hazard map” to analyze the significance of compliance-related risks that may affect each Group company with the aim of enhancing the effectiveness and efficiency of compliance structures being developed and operated within the Denka Group.

Denka Group Ethics Policy

The “Denka Group Ethics Policy” establishes the code of conduct that officers and employees of each Denka Group company must comply with to maximize the corporate value of the Denka Group. Denka has established an Ethics Committee chaired by the president to ensure compliance with the Denka Group Ethics Policy within the Denka Group. The Ethics Committee comprehensively supervises and reports to management on the Denka Group's compliance. Under the Ethics Committee, in accordance with internal regulations, the Legal Department, which constitutes the Ethics Committee Secretariat, has established group rules, which are the common rules of the Denka Group. We are promoting the strengthening of the group compliance system on a global level, including the establishment of policies and common company-wide rules for Denka, and the implementation of various compliance trainings for the Denka Group. In addition, the Internal Control Department, Human Resources Strategy Department, Intellectual Property Department, Environment & Safety Department, Quality Assurance Department, and related departments are grouped together in each specialized area. We are responsible for ensuring compliance at all levels.

Global Common Business Conduct Standards -Standards of Business Conduct-

Established October 2019 / Revised July 2023

In order to enable all officers and employees of the Denka Group at home and abroad to act in accordance with the Denka Group Ethics Policy, Denka has established the “Denka Group Standards of Business Conduct” as an action guideline based on international standards that further clarifies and embodies the provisions of theDenka Group Ethics Policy. Provisions set forth in the Denka Group Ethics Policy include the following. Ethics Policy include the following. Ethics Policy include the following.

Section 1 Basic Rules of Compliance
Section 2 Protection of Environment and Health & Safety
Section 3 Compliance with Antitrust Laws
Section 4 Export Controls and Economic Sanctions
Section 5 Prohibition of Insider Trading
Section 6 Protection of Personal Data
Section 7 Maintaining and Improvement of Product Quality
Section 8 Confidential Information and Intellectual Property Rights
Section 9 Anti-Money Laundering
Section 10 Anti-Corruption and Gifts & Entertainment
Section 11 Political Activities and Political Contributions
Section 12 Respecting Local Society -International Operations Policy-
Section 13 Respecting Human rights in workplace and supply chain
Section 14 Speaking-up and reporting concerns

Japanese

English

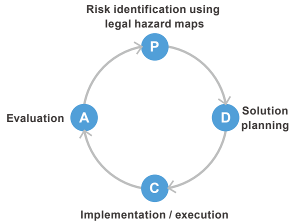
The basic rules set forth in Section 1 include not only the purpose for which the standards of conduct were established, but also the standards of conduct for matters that tend to be breeding grounds for misconduct by officers and employees, such as the purpose for which corporate assets are protected and used, accurate records, correct reporting, cooperation in audits and investigations, and the standards of conduct when the interests of the company conflict with those of individuals. The “Standards of Business Conduct” have been prepared in both Japanese, English and Chinese are not only distributed to executives and employees of Denka and its Group companies in the form of a booklet, but are also made available on the Intranet.

Corporate Governance Report
https://sustainability-cms-denka-s3.s3-ap-northeast-1.amazonaws.com/report_2023/pdf/cgreport_2024.pdf
Sustainability Site: Corporate governance/Maintaining Strict Compliance with Laws, Regulations and Corporate Ethics
https://denka.disclosure.site/ja/themes/675

Enhancement of Corporate Governance

Utilization of the Legal Hazard Map for the Strengthening of Compliance Structure

Having identified more than dozen legal fields closely associated with the Group business operations, Denka utilizes a legal hazard map designed to assess the magnitude of compliance risks affecting the Group. Employing this map, we formulate the Denka Global Compliance Program, a Groupwide plan for providing compliance education in an effective manner. Moreover, we continuously work to enhance our compliance structures via, for example, the development and review of Group Policies and other in-house rules applicable to all Group members as well as Denka's Company-wide rules.



Legal Fields in Which Denka Group Companies Must Maintain Acute Compliance Awareness and Examples of Typical Compliance-Related Misconduct Associated with These Fields

Labor Laws (e.g. Labor Standards Law, etc.)
- Overtime without supervisor approval
- Power harassment
- The lack of a safe and hygienic working environment

Unfair Competition Prevention Act
- Illicit acquisition and use of another company's trade secret
- Leakage of a Denka trade secret and illicit use by other company

Foreign Exchange and Foreign Trade Act (Exchange Law)
- Unlicensed export of goods named in the list of regulated items
- The provision to non-residents of technologies named in the list of regulated technologies

Denka Global Compliance Program


Situation of traning at Denka head office

Based on the "Legal Hazard Map," the Legal Department provides training on general compliance as stipulated in the "Standards of Business Conduct," and on labor laws, harassment prevention, information security, including the protection of personal and confidential information, compliance with competition law, and security export controls, etc. to officers and employees of Denka Group companies at home and abroad through group training programs, webinars, and E-learning systems. In FY2023, we set a compliance enhancement week to promote building a structure to prioritize compliance and corporate culture in the entire Denka Group and disseminate the President's message as well as conduct compliance surveys for employees based on the content of the group compliance training and e-learning.

The ratio of employees that received each compliance training

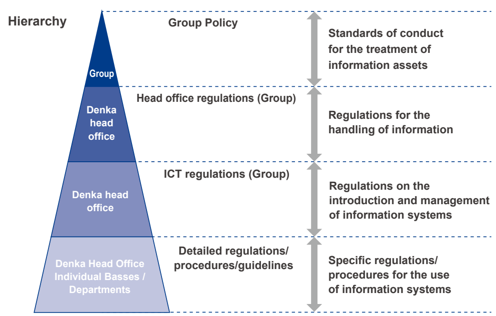
Name of training		Ratio of attendance (%)	Implemented offices
In-Person Compliance Group Training*1	Overall	94.7%	Denka head office, plants, research institutes, branches, sales offices, and part of the Group companies *2
Denka's Global Compliance Program (e-learning)*3		72.8%	Denka head office, plants, research institutes, branches, sales offices, and part of the Group companies

*1 Scope of group training covers employees that do not have company-provided PC or mail address. Plants include on-premises plants in Group companies.
*2 Implemented mainly in related companies that have manufacturing sites as well as DCG, Icon, DISB, Denka Astec, Denka Azumin, Denka Elastolution, Denka Polymer, Kyushu Plastic, and Hinode Kagaku Kogyo.
*3 Scope of e-learning do not cover employees that does not have company-provided PC or mail address.

Improvement of Group policy (Group-wide regulations) and company-wide regulations

Denka has formulated and revised its Basic Information Security Policy, the Denka Group ICT Governance Policy, the Denka Group Information Security Policy, the Denka Group ICT System Usage Policy, and the Denka Group Secrecy Policy as group policies related to information security and ICT governance in accordance with ISO 27001, the international standard for information security. These policies were implemented in April 2021. We will systematically conduct training for officers and employees of the Denka Group on each of our information security polices and strive to ensure full awareness of these policies.

Systematic diagram of our information management regulations



System to Review Contractual Legal Matters

In order for Denka Group to conduct fair and equitable transactions with customers, suppliers and other business partners, it is indispensable to review the content of contracts from a legal and business perspective. For this reason, we have established and are operating a system to complete the process from the review of contracts by the Legal Department before signing to the storage of the original copy of signed contracts on the in-house intranet using our own IT system (commonly known as the "Denka's Lexcalibur" —Legal Management workflow). On the basis of this system, we strive to find out and deal with risks that need to be addressed early and efficiently, while improving the convenience of contract review and storage of original contract documents.


Internal intranet providing legal information ("Legal4Denka")

Sustainability Site: Corporate governance/Maintaining Strict Compliance with Laws, Regulations and Corporate Ethics
https://denka.disclosure.site/ja/themes/675

Enhancement of Corporate Governance

Prevention of Insider Trading

In order to maintain the fairness of securities transactions and trust in the securities market, and to prevent the unauthorized use of the Company's information assets, the Denka Group Ethics Policy clearly stipulates that officers and employees of the Denka Group comply with laws and regulations concerning securities transactions and prohibits insider trading. Our company has established “Regulations on Internal Information Management and Insider Trading Prevention,” which do not only prohibit information leaks, but also require prior notification when buying and selling company shares and those of other companies including business partners and prohibit transactions indiscriminately two weeks before the scheduled date of financial results announcement. In addition, the Standards of Business Conduct stipulate to officers and employees of the Denka Group that insider trading is prohibited, explaining that insider trading is not only a misuse of the Company's information assets, but also undermines the fairness of securities trading.
Through the Denka Global Compliance Program, a group-level compliance training program, we require that all officers and employees of the Denka Group at home and abroad comply with the laws and regulations governing securities trading in their respective countries. In addition, the General Affairs Department posts notices on the intranet prohibiting trading in the Company's shares from two weeks prior to the announcement of financial results to the day of the results announcement, and regularly sends out e-mail reminders to all officers and employees regarding the prevention of insider trading prior to this announcement. In addition to the use of the intranet, etc., we will continue to systematically provide compliance training to officers and employees of Group companies at home and abroad to ensure that they are thoroughly familiar with laws and regulations and internal rules concerning information protection and securities trading, and strive to ensure the appropriate management of information and prevent insider trading.

Sustainability Site: Corporate governance/Maintaining Strict Compliance with Laws, Regulations and Corporate Ethics
https://denka.disclosure.site/ja/themes/642

Information Protection and Management

Strengthening Groupwide ICT Governance

We have been promoting operational process reforms encompassing all aspects of our corporate activities ranging from R&D and manufacturing to sales and administration, with the aim of enhancing both operational efficiency and corporate governance. These initiatives involve the utilization and upgrading of information & communication technology (ICT) on a Groupwide basis. At the same time, we have striven to protect the Denka Group’s informational assets from incidents arising from the use of ICT, including data leakage and falsification, and to safeguard such assets from cyberattacks, which have become increasingly sophisticated in recent years. To this end, we pursue the development of security infrastructure for the entire Group while conducting risk management-based enhancement of our preventive maintenance regimen. The above activities are guided by a robust set of in-house rules regarding information security. Going forward, we will help all Group companies at home and abroad strengthen ICT governance supporting their internal control systems as we endeavor to avoid loss and improve our corporate value.

Basic Information Security Policy

Article 1 (Compliance with Laws and Regulations)
The Denka Group complies with all relevant laws, regulations, orders and other social norms in relation to information security.
Article 2 (Establishment of Information Security Governance Systems)
In accordance with the Denka Group Ethics Policy, the Group shall strive to establish information security governance systems through the formulation of regulations to ensure the safe and appropriate management and use of information assets.
Article 3 (Management of Information Security Governance Systems)
The Group shall strive to ensure the appropriate management of its information security governance systems to prevent unauthorized access to company information systems, and the leakage, theft, falsification, destruction, or loss of information assets, through the use of ICT for internal business operations.
Article 4 (Information Security Training)
The Group shall continuously endeavor to ensure that all employees are fully aware of important rules and matters concerning the management of information assets and information security through e-learning and other forms of employee education.
Article 5 (Prevention and Response to Information Security Incidents)
The Group shall strive to prevent issues in relation to the security of its information assets. In the unlikely event that a problem does occur, we shall take prompt action to address the problem and prevent recurrence. In addition, if in case any issues occur, the Company will quickly respond to the issue and strive to prevent recurrences.
Article 6 (Continuous Improvement of Information Security Governance Systems)
The group shall continuously review its activities related to information security governance systems and strive to improve systems to ensure they meet the requirements of the times.
Article 7 (Enforcement)
This policy will take effect on April 1, 2021.

Online Information Management

Denka shall ensures transparency of management by disclosing company information through appropriate means and time in compliance with regulation on timely disclosure stipulated by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange. Denka will also proactively disclose information that it deems useful to stakeholders, even if such information is not required to be disclosed by law or regulation. We also strive to deepen communication through as many occasions with our stakeholders, such as Financial Results Presentations, briefings for individual investors, and General Meeting of Shareholders, and reflect their opinions in management and business activities. We will also create as many opportunities as possible, including financial results briefings, company briefings for individual investors, and our general meetings of shareholders, to further facilitate communication with our stakeholders and reflect their opinions in our management and business activities. Further, by disclosing information that is required to be disclosed under the regulations of the Tokyo Stock Exchange on our website only after it has been released by the TSE, we strive to prevent the unauthorized access to such information by third parties. In addition to limiting the number of website administrators and restricting access to work environments, we have established appropriate defense systems and contingency procedures. We will continue to strengthen ICT governance at home and abroad of our group companies in accordance with internal controls, and these measures will help avoid losses and further enhance corporate value.

Sustainability Site: Information Security Management https://denka.disclosure.site/ja/themes/643

Initiatives Related to Information Security

Denka is promoting the enhancement of measures related to information security that encompasses (1) system, (2) process, and (3) education. We are engaged in the defense against cyber attacks and prevention of information breaches to enhance the system for protecting information assets. In building the process, we aim to establish a crisis management system that can address major information security incidents. In building an education system, we strive to enable each employee to safely and securely use information assets during their work by deepening their understanding of information security. We strive to avoid risks from occurring and minimize the loss by continuously revising risk management regarding information security.

Enhancement of Corporate Governance

Compliance with export controls and economic sanctions

Regarding security export control that prohibits the export of products and technologies that lead to the development and manufacture of weapons of mass destruction, Denka requires its officers and employees to comply with export control laws and regulations through the “Denka Group Ethics Policy” and the “Security Trade Control Regulations,” which form part of our internal regulations. Based on these regulations, we have established an Export Control Committee chaired by the President, and maintain and manage a security trade control framework, overseen by the Legal Department, which determines the applicability of products and technologies and reviews customer transactions. In addition, we strive to comply with the Foreign Exchange and Foreign Trade Act and the Export Trade Control Order by conducting internal audits and attending seminars outside the company. Furthermore, the “Standards of Business Conduct” requires that officers and employees of the Denka Group comply with the export control laws and regulations of each country applicable to each export transaction, as well as laws and regulations related to economic sanctions. The Legal Department, which serves as the secretariat to the Export Control Committee, requires officers and employees of the Denka Group in Japan and overseas to comply with export control laws and regulations and economic sanctions in each country through the “Denka Global Compliance Program”. In addition, in order to realize a prompt internal approval process, working with relevant departments, the Legal Department has been implementing a workflow, known by officers and employees as the “Export Boss” workflow, to determine applicability and screen customer transactions and chemical substances using ICT tools in an effort to comply with security trade control regulations. The Legal Department also conducts checks and monitoring to prevent transactions with countries, regions and parties that are at risk of sanctions under economic sanction-related laws and regulations in an effort to comply with economic sanctions.

Sustainability Site: Security Export Control https://denka.disclosure.site/ja/themes/801

Promotion of BCP Measures Through Raw Material Risk Evaluation

At Denka, we regularly conduct objective risk evaluation of raw material procurement and collaborate with the relevant departments to discuss countermeasures so that our raw material supply chain does not stop during the occurrence of unforeseen situations such as large-scale natural disasters (including earthquakes and damage from storms and floods), sudden geopolitical events, and pandemics. We are promoting the reduction of procurement risk and the strengthening of our business foundation.

Sustainability Site: Promotion of BCP Measures Through Raw Material Risk Evaluation
https://denka.disclosure.site/ja/themes/801

Building a Sustainable Supply Chain

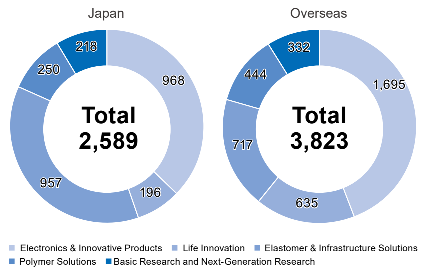
We would like to fulfill our social responsibilities together with the suppliers that form our supply chain. Therefore, we strive to establish good partnerships.The partnerships shouldn’t be one-way relationships where we enforce our ideas but should be relationships where we and the suppliers mutually understand each other’s situations, and then we ask them to agree on our intentions regarding ESG Basic Policy and take their own actions. Or we may ask the suppliers who are making excellent efforts on ESG for help to incorporate such efforts in our ESG activities. Aiming for such ideal relationships, we have been steadily strengthening our activities to physically visit the suppliers since fiscal 2017 with the goal of further improving partnerships.
In June 2023, we signed the United Nations global compact, the world's largest sustainability initiative. We use it to ensure stable procurement.
In addition, we have started continuous monitoring using screening tools to quickly obtain sanctions/exclusions and negative news reports and to prepare for supply concerns.
We would like to strengthen our supply chain by both strengthening our relationship with suppliers and grasping information, and build relationships with suppliers that are recognized and developed by society.

Sustainability Site: Strengthening of partnership with the supply chain https://denka.disclosure.site/ja/themes/631

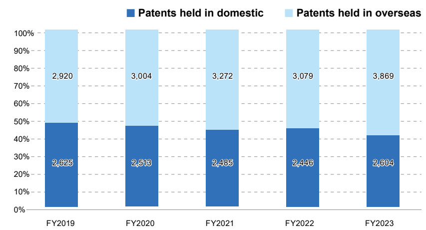
Intellectual Property Holdings

The graph shows the number and percentage of our domestic and overseas patents held. The percentage of our overseas patent holdings will be 59.8% by the end of 2023.

Number of domestic and overseas patents held by business divisions



Number/Share of domestic and overseas patents held by Denka



The following table shows the number of domestic and overseas patents held by each business segment. The Elastomers & Infrastructure Solutions division has a high percentage of domestic patent holdings in its infrastructure-related business, as it mainly focuses on the domestic market. On the other hand, the Electronics & Innovative Products Division (63% of overseas patents held) and the Life Innovation Division (76% of overseas patents held), which operate globally, have increased their share of overseas patent holdings. Additionally, the number of overseas patents we hold for research that is expected to yield results from a , long-term perspective, such as basic research next-generation research themes, is increasing in anticipation of future markets. Going forward, we will use our IP landscape initiatives to differentiate ourselves by utilizing intangible assets and actively seek partners who can take advantage of Denka’s strengths, with the aim of creating new markets and expanding existing ones.

Risk Management

Denka's Board of Directors recognizes that responding to the changing business environment and various social issues is an important management issue that leads to reductions of risks and to profit opportunities. The Board of Directors has established The Denka Group Basic ESG Policy as Denka's basic policy to proactively address these issues, and is working to improve the corporate value of the Denka Group over the medium to long term by appropriately responding to each risk, such as by strengthening compliance systems at the corporate group level and by transforming our business portfolio, challenging ourselves to create new businesses to solve social issues.

Sustainability Site: Risk Management https://denka.disclosure.site/ja/themes/676

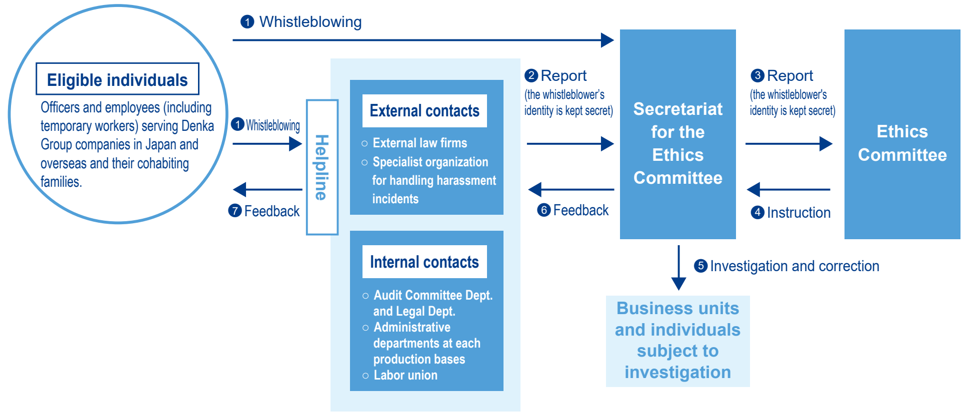
Compliance Hotline System

The Denka Group Helpline System - Global Compliance Hotline System Based on Consumer Affairs Agency Guidelines

In order to further ensure compliance-focused management across the entire Denka Group and to identify and correct compliance related issues as early as possible, in October 2018, based on the guidelines set forth by the Consumer Affairs Agency, the Denka Group formulated its Group Policy on whistleblowing (Compliance Hotline Regulations) for each of the major Denka Group companies in Japan and overseas, which are also covered by the Denka Group Ethics Policy. Based on this policy, the Ethics Committee has established and is currently managing the Denka Group Helpline, which serves as an improved version of the former compliance hotline system. The Legal Department and the Audit Committee Department serve as the Ethics Committee secretariat, accepting whistleblowing and providing advice in Japanese and other languages from officers and employees of Denka Group companies and their family members by telephone, e-mail, fax, letter, and other means. In addition, to ensure that officers and employees of the Denka Group in Japan and overseas feel comfortable using the helpline, we have established several external helpline, including outside attorneys, to accept whistleblowing and provide advice in both Japanese and other languages. Further, in compliance with the Law for the Prevention of Power Harassment (Revised Law for the Comprehensive Promotion of Labor Measures), we have also established a "help desk for workplace harassment" to receive whistleblowing and provide advice on harassment and to address acts of harassment.

Based on this policy, an investigation team consisting of the secretariat and related departments conducts fact-finding investigations while protecting the confidentiality of the identity of the caller. When a problem is identified, in accordance with internal regulations, the relevant department and related departments work together to address and correct the problem as soon as possible, including disciplinary action, and provide feedback on the results of the investigation and any corrective measures to whistleblower. The policy stipulates that (1) appropriate whistleblowing using the compliance hotline system is a legitimate work action that contributes to the early detection of risks and the enhancement of corporate value; (2) in the operation of the Helpline, Denka imposes confidentiality obligations on the secretariat, investigation team, people working in conjunction with the team, management, and other company personnel, to ensure the anonymity of whistleblowers; and (3) Denka Group officers and employees are strictly prohibited from disadvantageous treatment or retaliation against whistleblowers. The Ethics Committee encourages Denka Group officers and employees to proactively utilize this helpline by sending out messages from the President, distributing a handbook featuring instructions about how to use the helpline, posting posters in Japanese and other languages at each office and plant of the Denka Group in Japan and overseas, and making the information available through the intranet. Use of the helpline is also encouraged by distributing information about the compliance hotline system and contact points to all officers of the Denka Group in all compliance training in accordance with the Denka Global Compliance Program.

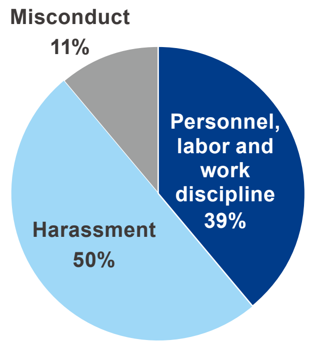
Compliance Hotline System Flow



Number of reports (cases)

2021	2022	2023
23	23	46

Breakdown of Compliance Hotline System
(Cumulative for FY2019 - FY2023)



(The above classifications are based on the content of the whistle blowing at the time of receipt and do not necessarily reflect identified facts.)

Sustainability Site: Compliance Hotline System https://denka.disclosure.site/ja/themes/674

Risk Management

Our Stance against Corruption and Money Laundering

Measures to Prevent Corruption

The Denka Group Ethics Policy prohibits officers and employees from engaging in bribery or other illegal activities as well as from providing or receiving entertainment or gifts of excessive value or the nature of which violates social norms, laws and regulations. In addition, the Standards of Denka Group Business Conduct stipulate that the officers and employees of the Denka Group must comply with the anti-corruption laws of the countries and regions in which the Denka Group operates, including the Foreign Corrupt Practices Act in the United States, the Bribery Act 2010 in the United Kingdom, and the Unfair Competition Prevention Act in Japan, and prohibit them from engaging in any form of bribery, including bribery through a third party. Further, the Standards of Denka Group Business Conduct require that officers and employees of the Denka Group limit entertainment and gifts to the extent that is legal and socially acceptable, and to select the best business partners for the company based on objective criteria rather than personal gain. Denka also alert ourselves about bribery when engaged in transaction overseas and entering a new field of business. Before entering into M&A proceedings, Denka conducts due diligence to ensure that there is no risk of corruption in the acquired company, and provides education at overseas subsidiaries. Our subsidiaries in Singapore have in place strict internal rules on providing or receiving gifts or entertainment in compliance with the laws and regulations of the country.

Response to anti-social forces, money laundering and other crimes

The Denka Group Ethics Policy strictly prohibits the provision of benefits to anti-social forces. In addition, the Standards of Denka Group Business Conduct stipulate that Denka Group officers and employees must not have any relationship with anti-social forces, must respond resolutely to unreasonable demands, including legal action, and must not engage in or cooperate with criminal activities such as drug trafficking, terrorism, arms smuggling, fraud, or money laundering. Through the Denka Global Compliance Program, Denka educates officers and employees of the Denka Group at home and abroad about cutting ties with antisocial and criminal forces, including the prevention of bribery and money laundering. In addition to these measures, the Legal Department is working to stipulate anti-social force exclusion clauses and anti-corruption clauses in various contracts. In Japan, the Administrative Department is working together with outside lawyers, police authorities, and professional organizations to lead efforts to ensure that the Denka Group has no relationship with anti-social forces.

Quality Assurance Management

Quality Irregularities

Denka Company Limited has identified improprieties related to certain resin products manufactured and sold by Denka and an equity-method affiliate. Denka made a public announcement on May 29,2023 and has decided to establish an external investigation Committee consisting of outside experts who have no conflict of interest.
We received an investigation report (*) from the same Committee on December 11 of the same year. The report included a thorough investigation of the inappropriate actions, a probe into the causes, and suggestions of measures to prevent recurrence. We published the report together with the recurrence prevention and other measures we had formulated ourselves.
In the investigation report, the Committee pointed out organizational issues such as an insufficient system for securing psychological safety regarding statements about inappropriate matters. We sincerely adopted the comments in the investigation report. We must permeate, throughout the entire group, the management posture of making compliance the highest priority, and we will do everything in our power to advance drastic measures.

* Announcement Concerning the Report of an External Investigation Committee Regarding Improprieties Related to Third-Party Certification of Resin Products of Denka and Toyo Styrene, an Equity-Method Affiliate

Policy (Quality Policy)

The Denka Group have established a quality policy that aligns with our management plan “Mission 2030,” and we are conducting quality assurance activities for our broad range of products. These products cover everything organic chemistry, such as synthetic resin manufacturing and resin processing, to inorganic chemistry using methods such as highly functional powder control technology, and bio-related fields such as bacteria/virus incubation and antibody/antigen production technology.

Quality Policy (Fiscal 2024)

The Denka Group will apply the lessons learned from the improper quality conduct and strive to prevent its recurrence by sincerely adhering to one of its three core values, “integrity”. By adhering to quality compliance and continuing product safety and quality improvement activities, the DENKA Group aims to achieve Mission 2030 by earning the trust and increasing the satisfaction of all stakeholders, including our customers.

Activities to Improve Customers’ Satisfaction

With the aim of accurately satisfying requests from customers and utilizing their feedback in quality assurance activities, annual customer satisfaction surveys are undertaken by the Electronics & Innovative Products Division.
Through these surveys, we analyze customer reviews and opinions from the aspects of product reliability, our quality response capabilities and partnerships with customers, thereby pushing ahead with systematic improvements. Negative feedback received from our customers through customer satisfaction surveys is used as a reference to examine and implement strategic responses to improve quality.
A large number of our customers have called for more communication, including the exchange of information and technologies and as a result, we are currently working to facilitate more detailed communication with our customers.

Our response and approach to responsible mineral procurement

Minerals from conflict areas such as the African continent can be a source of funds for those who promote conflicts, and therefore regulations have been established such as regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act in the U.S. and similar regulations in Europe. Although we are not directly obligated to comply with these regulations, we are investigating the use of conflict minerals in our products about which there have been requests for investigations from our customers driven by societal demands. We report the investigation results in the CMRT (Conflict Minerals Reporting Template) format, which is an international template for investigations.

Initiatives

Signatory to the UN Global Compact

The Denka Group signed a petition expressing its endorsement of the United Nations Global Compact (UNGC) and was registered as a participating company on June 8, 2023. UNGC is the world's largest sustainability initiative that aims to build a sound global society through the collaboration among the United Nations and companies and organizations. Companies and organizations that sign the UNGC are required to support the 10 principles of human rights, labor, environment, and anti-corruption advocated by the UNGC, and strive to realize them through their business activities. Denka has set forth the Denka Group ESG Basic Policy to address issues related to sustainability. In addition, the Company has promoted three growth strategies in its "Mission 2030" management plan: business value creation, human resources value creation, and management value creation. The Company is working to pursue sustainability in its business activities and strengthen its management foundation. By signing the UNGC, we will clarify our corporate stance toward the realization of a sustainable society and put the 10 principles advocated by the UNGC into practice in our business activities.

Our Support of the Task Force on Climate-Related Financial Disclosure (TCFD)

In September 2020, Denka announced its support of the TCFD and began participating in the TCFD Consortium. Going forward, we will carry out ongoing assessments focused on risk and opportunities arising from climate change and other relevant factors, including changes in government policies, regulations and market conditions as well as technological breakthroughs in the course of across-the-board initiatives aimed at realizing the low-carbon society and decarbonized economy envisioned by the Paris Agreement.

WIPO GREEN Approach to Environmental Issues

In July 2022, Denka participated as a partner in WIPO GREEN. WIPO GREEN is a global platform for environment-related technology operated by the World Intellectual Property Organization (WIPO). We have a number of environment-related technologies such as spherical silica and SiAlON phosphors for efficient use of energy, technologies for creating renewable energy such as hydroelectric power generation, and sustainable plastics such as ECOCLEAR and PLATIECO that reduce the use of resins and use renewable raw materials. We believe in the potential of chemistry and will continue to contribute to a sustainable future by collaborating with various partners through WIPO GREEN.

Participation in GX League

The GX League aims to promote discussion and practice for the creation of new markets in industry and government by a group of companies that will lead the transformation of the entire economic and social system, including stakeholders, to quickly transition to carbon neutrality. Denka has participated in this initiative since its full-scale launch in April 2023.

Participant in the Clean Ocean Material Alliance (CLOMA)

The Clean Ocean Materials Alliance (CLOMA), established in 2019, is an alliance of diverse companies to accelerate innovation in the prevention of marine pollution from plastic waste.
The Denka Group is actively developing and providing new solutions to reduce the global environmental impact and promote the efficient use of plastics, taking advantage of its strengths in integrated manufacturing facilities and product development capabilities ranging from synthetic resin materials to polymer processing and molding.

Policies

Denka Group Vision	https://www.denka.co.jp/vision/
Denka Group ESG Basic Policy	https://denka.disclosure.site/ja/themes/727
The Denka Group Human Rights Policy	https://denka.disclosure.site/ja/themes/796
CSR Procurement Policies and Guidelines	https://denka.disclosure.site/ja/themes/798
Research & development policy	https://www.denka.co.jp/rd/strategy/
Privacy Policy	https://www.denka.co.jp/privacypolicy/
Publications on the Protection of Personal Information	https://sustainability-cms-denka-s3.s3-ap-northeast-1.amazonaws.com/pdf/mynumber.pdf

Environment

Responsible Care (RC) Activity Policies (environment related)	https://denka.disclosure.site/ja/themes/745
Environmental Policy	https://denka.disclosure.site/ja/themes/745
Achieving carbon neutrality	https://denka.disclosure.site/ja/themes/715
The Denka Group's Policies on the Prevention of Environmental Pollution	https://denka.disclosure.site/ja/themes/717

Social

Declaration of Health and Productivity Management	https://denka.disclosure.site/ja/themes/772
Company-Wide Policy for Work Style Reforms	https://denka.disclosure.site/ja/themes/750
Declaration of Partnership Building	https://denka.disclosure.site/ja/themes/813
Denka Group Social Contribution Policy	https://denka.disclosure.site/ja/themes/719
Multi-Stakeholder Policy	https://www.denka.co.jp/news/detail/1123

G Corporate governance

Denka Corporate Governance Guideline	https://sustainability-cms-denka-s3.s3-ap-northeast-1.amazonaws.com/report_2023/pdf/cgguideline_2023.pdf
BCP (business continuity plan) policies	https://denka.disclosure.site/ja/themes/704
Basic policy on the development of internal control systems	https://denka.disclosure.site/ja/themes/637
Basic Strategy for Capital Policy	https://sustainability-cms-denka-s3.s3-ap-northeast-1.amazonaws.com/report_2023/pdf/cgguideline_2023.pdf

Compliance • Corporate ethics

Compliance Basic Policy	https://denka.disclosure.site/ja/themes/675
Basic Information Security Policy	https://denka.disclosure.site/ja/themes/643
Denka Group ICT Governance Policy	https://denka.disclosure.site/ja/themes/675
Denka Group Information Security Policy	https://denka.disclosure.site/ja/themes/675
Denka Group ICT System Usage Policy	https://denka.disclosure.site/ja/themes/675
Denka Group Secrecy Policy	https://denka.disclosure.site/ja/themes/675
Group Policy on Whistleblowing (Compliance Hotline Regulations)	https://denka.disclosure.site/ja/themes/674

Prioritization of Safety

Basic Policy for Workplace Safety, Health, Security and Disaster Prevention	https://denka.disclosure.site/ja/themes/797

Improving product safety and quality

The Denka Group's Quality Policy	https://denka.disclosure.site/ja/themes/806

Denka

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