



New Year's Message

Happy New Year! As we embark on the year 2016, I would like to extend my greetings to our stakeholders.

In conjunction with the centennial of its founding last year, DENKI KAGAKU KOGYO KABUSHIKI KAISHA changed its name to Denka Company Limited. This change was intended to express our commitment to decisively stepping forward toward further growth in Japan and overseas and becoming an even stronger corporate group. Looking back on our century-long operations, we must also appreciate the history of our predecessors. In an effort to lay Denka's foundation, they overcame a number of adversities with a spirit of embracing challenges while remaining earnest and sincere in all business dealings. Following in their footsteps, we will strive to live up to these characteristics and pass them on to young employees, who will lead our future operations, as core values that will guide them over the next 100 years.

In 2015, we have implemented various initiatives under the Denka100 new growth strategies as detailed below.

To create the most optimal production system, we took over chloroprene rubber-related operations from DuPont, establishing a more robust production structure supported by two manufacturing sites. We simultaneously scrutinized every cost element in all aspects of our operations, with each department achieving steady cost reduction. Moreover, we strove to focus our management resources on new growth drivers and to develop next-generation products. For example, we acquired Icon Genetics GmbH, a Germany-based biopharmaceutical R&D company, while stepping up joint research initiatives with the Denka Innovation Center as a core R&D facility. The goal of these efforts is to create next-generation businesses in tandem with partners from around the world.

In 2015 we announced the Basic Policy for Workplace Safety, Health, Security and Disaster Prevention, which puts the utmost priority on maintaining safety as a foundation for all business activities. In line with this policy, we will promote the complete modernization of our facilities while encouraging each business unit to engage in lively communication regardless of differences in positions and ages among their constituents and beyond organizational boundaries. Rallying our entire strength, we will create a safe workplace where everyone can work with confidence.

Denka

Amid growing calls for solid corporate governance, businesses are expected to ensure that their management approach is fair and transparent enough to fully meet their social responsibilities. Furthermore, maintaining global operations requires paying due respect to diverse value systems and human rights. With this in mind, we formulated the Denka Principles and the Corporate Governance Guidelines in 2015. These documents set out our fundamental stance on business conduct and should always serve as a cornerstone to everyone in the Company. In addition, since we are fully aware of the environmental impact of our operations, such as the large volume of CO₂ emitted from our facilities, we are implementing multi-faceted initiatives to counter global warming and reduce environmental burdens. Meanwhile, efforts are now under way to develop environment-friendly solutions by bringing together our knowledge and expertise.

Lastly, we are determined to take on the challenge of expanding the possibilities of chemistry and to create new value in line with our new corporate slogan: “Possibility of Chemistry.” Having embarked on the 101st year of our operations, we will draw on our Companywide strength to achieve the Denka100 management goals. At the same time, all Denka Group members, from new recruits to veterans, will renew their commitment to creating a resilient, vibrant and robust workforce that can maximize each worker’s individual strength. In these ways, Denka will remain a company capable of thriving over the next 100 years and beyond.

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Shinsuke Yoshitaka
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