



## New Year's Message

Happy New Year! As we welcome in 2019, I would like to extend my greetings to all of our stakeholders.

Looking back at the past year, throughout 2018 uncertainties about the future grew as the emergence of protectionism cast a shadow on the global economy. In Japan, a series of natural disasters and abnormal weather events inflicted significant damage nationwide. Moreover, a string of incidents of corporate misconduct coming to light prompted the country's general public to question the reliability of the industrial sector.

Against this backdrop, Denka launched the Denka Value-Up management plan. This plan includes a threefold growth vision that identifies our ideals and determines how we will secure sustainable growth over the next 100 years. We are rallying the strengths of the entire Denka Group to realize the three components of this vision.

The first of these components is becoming a "Specialty-Fusion Company." To this end, we are focusing our management resources on three priority fields, namely, healthcare, the environment and energy, and high-value-added infrastructure. In these fields, we are undertaking timely investment aimed at securing our ability to accommodate future growth in demand while persistently engaging in market development abroad. The vision of becoming a Specialty-Fusion Company is clearly understood and steadily practiced by business units across the board as they implement these initiatives.

Second, we will endeavor to maintain "Sustained Growth" by introducing innovative processes that will improve productivity. At our production sites, efforts are under way to apply IoT, AI, big data analysis and other cutting-edge digital technologies that are expected to improve functionality, for example, in the detection of signs of facility failure at earlier stages. Simultaneously, we are promoting Robotic Process Automation (RPA) to realize labor-saving processes. Big data and RPA are also utilized to carry out R&D and operational process reforms.

# Denka

Third, we will strive to secure “Sound Growth” through work style reforms aimed at creating an even more inclusive workplace environment and promoting workforce diversity. To this end, while striving to ensure they find their jobs rewarding and fulfilling, we help all employees to strike a harmonious balance between work and home life. Moreover, we are developing a work environment that allows diverse human resources to realize their full potential by standardizing operational procedures, reducing physical burdens placed on workers and preparing documents in multiple languages.

As we push ahead with initiatives to achieve this threefold growth vision, we acknowledge that taking a stance of greater moral integrity is necessary for winning society’s trust. Accordingly, we have put in place a corporate philosophy supported by such fundamental components as “giving due consideration to environmental concerns,” “placing the utmost priority on safety,” “nurturing and better utilizing human resources” and “making social contributions.” These creeds underpin our commitment to the ESG-oriented management approach. As a chemical company, we prioritize safety in all aspects of our business activities. That is why we have been engaged in persistent and thoroughgoing initiatives to mitigate the intrinsic operational risk. At the same time, we ensure facility security by constantly improving risk assessment and management capabilities. In these ways, we will realize even safer manufacturing processes.

Looking ahead, I expect that drastic societal changes over the next several years will affect Japan and other countries all around the world. Denka aims to seize opportunities arising from these changes and thereby achieve further growth. Rallying the strengths of all Group members, we will ceaselessly move forward toward our goal of becoming a specialty chemical company with a strong global presence.

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