

## New Year's Message

Happy New Year!

As we welcome in 2020, I would like to extend my greetings to my colleagues across the Denka Group.

Last year, while we welcomed the start of the new Reiwa era, we strongly pushed forward with our initiatives for the second year of “Denka Value-Up,” aiming to harvest the fruits of our labor during the first year of the initiative.

Meanwhile, the environment surrounding Denka became increasingly severe due to growing concern over the worldwide economic slowdown and the prolonged correction phase of semiconductors. In addition, uncertainty continued over the trade friction between the United States and China and other events.

However, the targets set in the Denka Value-Up management plan remain stable. The growth of xEV-related products and specialty business in the areas of healthcare and others with a view toward global mega trends, as well as the sophistication of key operations such as CR utilizing domestic and international technology resources are accelerating, combined with production process reforms.

Under Denka Value-Up, we have set the realization of ESG management as the top goal by achieving the plan's threefold growth vision of a “Specialty-Fusion Company,” “Sustained Growth” and “Sound Growth.”

We must strengthen risk management to realize these visions, and we will continue to implement three initiatives.

The first initiative is to prioritize safety.

Instead of continuing existing safety promotion activities, we will strive to instill in all Group business sites awareness of the need to prioritize safety, to accelerate fundamental, concrete safety and to increase the motivation of onsite workers.

The second initiative is to strengthen compliance.

To remain a trusted company, we will strengthen quality compliance on an ongoing basis, from two aspects: raising the awareness of individual employees on avoiding misconduct and using a mechanism to prevent them from committing misconduct. We also newly established the Compliance Hotline System last year by expanding the scope of eligibility to accept whistleblowing about compliance problems that may occur in the Group and deal with them properly. I have been encouraging employees to use it actively.

The third initiative is to prepare for natural disasters.

Last year, Japan was hit by natural disasters that caused enormous damage. We are living in an era when it is no longer possible to regard natural disasters as unexpected special phenomenon. We must protect our supply chains from natural disasters by promoting measures such as the purchase of raw materials from multiple channels, the disaster risk assessment of our facilities and equipment, and the training of human resources with multiple skills, not to mention prioritizing human life, as the duty of a company that has a range of unique products.

We will strongly push forward with initiatives against the three risks as a concerted effort of the Denka Group, aiming to become a better company that is able to fulfill its social responsibilities.

January 1, 2020

Manabu Yamamoto

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