

Denka Expresses Support for Recommendations of
the Task Force on Climate-related Financial Disclosures (TCFD)
Intensifying Commitment to a Sustainable Society and Information Disclosure

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Manabu Yamamoto; hereinafter “Denka”) has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter “TCFD”)¹ in pursuit of the improvement of its governance based on its ESG management policy. Denka will participate in the TCFD Consortium² and will aggressively disclose its financial and management information relating to climate change, via securities reports, integrated reports, the Denka website including its ESG information site³ and other means. This will not affect Denka’s consolidated performance for FY2020.

The TCFD recommendations encourage companies to disclose financial information regarding risks related to climate change. The Paris Agreement⁴ is the international framework that was adopted to establish the target of keeping the average rise in temperature to at or below 2 °C of the level before the Industrial Revolution. Beyond measures to reduce GHG emissions, financial and management disclosures relating to climate change have been called for in recent years.

Denka has set mid- and long-term targets for the reduction of greenhouse gas emissions⁵ and believes this to be a chemical manufacturer’s responsibility. To achieve its targets, Denka implements measures such as the addition of its own hydroelectric power plants, which generate clean energy, and the introduction of a high-efficiency gas turbine power generator. Furthermore, Denka offers solutions to climate change by providing specialty products that leverage basic technologies such as the high-purity conductive auxiliary agent for use in lithium-ion batteries which are indispensable in the production of xEV⁶, electronic and advanced materials for use in in-vehicle modules, irrigation systems that protect farms from natural disaster and eco-friendly concrete that emits zero CO₂. Denka is also considering the development of biostimulants that stimulate cultivated farm products which are susceptible to climate change, and the introduction of innovative technologies that facilitate the collection and efficient use of CO₂.

In line with its SDG compass, Denka will continue to implement a range of initiatives preserving and protecting the environment going forward, and contribute to the creation of a sustainable society by promoting environmentally-conscious corporate activities globally.

¹ TCFD recommendations

The TCFD, a task force established in 2015 by the international organization the Financial Stability Board (FSB) at the request of the G20, set out recommendations in its final report issued in June 2017. The TCFD recommendations encourage companies to disclose information in four thematic areas including (1) Governance, (2) Strategy, (3) Risk Management and (4) Metrics and Targets, with the goal of stabilizing markets through the shift to a low-carbon society and to encourage companies to efficiently disclose climate-related financial information. Worldwide, 1382 companies and organizations have expressed their support for the recommendations (as of August 26, 2020).

² TCFD Consortium

An organization independently run in Japan, the TCFD Consortium incorporates the combined efforts of the companies and financial institutions supporting the TCFD and discusses the efficient disclosure of corporate information and the efforts to ensure that the disclosed information leads to appropriate investment decisions by financial institutions and others.

³ ESG information site (https://denka_sustainability.disclosure.site/en)

The site was established as a CSR information site on September 2018 before being redesigned in April 2020, becoming DENKA's ESG information site to improve the dissemination of information and retrieval performance from an ESG's perspective.

⁴ Paris Agreement

A new international framework adopted at the 21st United Nations Framework Convention on Climate Change (COP21) held in Paris, France in December 2015, mainly to reduce greenhouse gas emissions in 2020 and beyond.

⁵ Denka's greenhouse gas emission reduction targets

- Mid-term target: Reduce greenhouse gas emissions in FY2030 by 26% from the level in FY2013.
- Long-term target: Reduce actual emissions* by 85% in or before FY2050 from the level in FY2013.

*Actual emissions are the amount of emissions subtracted by the amount absorbed

⁶ xEV

This term collectively refers to battery electric vehicles (BEV), hybrid electric vehicles (HEV), plug-in hybrid electric vehicles (PHEV/PEV) and hydrogen fuel-cell electric vehicles (FCEV/FCV).

References:

- "Denka Decides to Invest Approximately ¥3.7 billion Yen with an Eye toward the Achievement of Greenhouse Gas Emission Targets", August 31, 2020
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- "Notice regarding the Construction of a New Hydroelectric Power Plant to Be Operated by Kurobegawa Electric Power", November 15, 2017
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- "Denka to Streamline the Chiba Plant's Utilities to Boost Competitiveness", February 5,2016
https://www.denka.co.jp/eng/storage/news/pdf/122/20160205_chiba_en.pdf
- "Groundbreaking Ceremony Is Held for New Hydroelectric Power Plant in Itoigawa City",
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About Denka:

Denka is a chemical manufacturer headquartered in Chuo-ku, Tokyo. The company specializes in developing business activities on a global scale across a wide range of fields, from inorganic and organic chemicals, to electronic materials and pharmaceuticals. Founded in 1915, Denka has steadily continued to develop and manufacture products that contribute to the development of society by fully utilizing its unique concepts and technological capabilities. Upholding its corporate slogan, "Possibility of chemistry," the company and its president, Manabu Yamamoto, are committed to contributing to the sound development of society while sincerely tackling the challenges that society is now confronting.

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