

## Improprieties Related to Third-Party Certification of Resin Products of Denka and an Equity-Method Affiliate, etc., and Establishment of an External Investigation Committee Consisting of Outside Experts

Denka Company Limited (headquarters: Chuo-ku, Tokyo; President: Toshio Imai; hereinafter “Denka”) has identified improprieties related to certain resin products manufactured and sold by Denka and Toyo Styrene Co., Ltd. (headquarters: Minato-ku, Tokyo; President: Kenjiro Ishizuka; hereinafter “Toyo Styrene”), an equity-method affiliate, and certified by Underwriters Laboratories Limited Liability Company (“UL”), an independent safety science organization based in the United States. Denka has also identified improprieties at Toyo Styrene in connection with the CMJ Registration System, a components and materials registration system, established under the Electrical Appliances and Materials Safety Act of Japan (these improprieties are hereinafter collectively the “Improprieties”).

Denka deeply regrets the situation, and at a meeting of the Board of Directors held on May 29, 2023, has decided to establish an external investigation committee consisting of outside experts and resolved to thoroughly investigate the Improprieties, determine their causes and formulate measures to prevent any recurrence.

Believing that compliance is the most important foundation for its management under the Denka Group ESG Basic Policies, Denka has worked to increase awareness of the importance of compliance. Denka deeply regrets the situation and offers its heartfelt apologies to its customers and other people involved for having caused a great deal of concern and trouble. Denka will strive to strengthen compliance and will commit to restoring trust and preventing any recurrence.

### 1. Overview of improprieties at Denka

#### (1) Confirmed facts

- In late March 2023, audits carried out by Denka found that Denka had not achieved the required UL certification regarding certain plants of subcontractors for ABS resins of certain grades, therefore the UL certification in these resins was not compliant.

#### (2) Products found not to be conformant

- Denka ABS resins of certain grades (glass fiber reinforced ABS resins)

List of non-conforming grades

GR0510G D68-S20, GR1020G D68-010, GR2010G D68-013,  
GR2010G NP, GR2020G D68-011, GR2020G NP

#### (3) Denka's response to the situation

- Denka has not received any reports about accidents, etc. related to final products using the non-conforming products above. Nevertheless, Denka will continue to examine the safety and

performance of the final products in cooperation with customers.

- Denka has reported the Improprieties to UL Japan, Inc. and has been discussing future measures regarding them.

## 2. Overview of improprieties at Toyo Styrene

The Improprieties at Toyo Styrene were reported to Denka in early May 2023. Denka immediately requested that Toyo Styrene launch an initial investigation and examined the results of the investigation. For an overview of the Improprieties at Toyo Styrene, please refer to the notice about them published by Toyo Styrene on May 29, 2023 (Attachment).

<http://www.toyo-st.co.jp/english/>

## 3. Establishment of an external investment committee following the series of improprieties

After identifying the Improprieties at Denka and at Toyo Styrene, in which Denka is the largest shareholder, holding 50% of the outstanding shares, Denka has decided to establish an external investigation committee consisting of the outside experts below, to thoroughly investigate the facts and objectively and effectively determine the causes and examine measures to prevent any recurrence.

Denka will commission the external investigation committee to investigate the Improprieties at Denka and Toyo Styrene, assess whether there are any similar improprieties, determine the causes based on the results of the investigation and recommend measures to prevent any recurrence. Toyo Styrene has expressed its willingness to fully cooperate in the external investigation committee's investigation, and Denka and Toyo Styrene have built a system to aid the external investigation committee in its investigation.

When Denka receives an investigation report from the external investigation committee, Denka will promptly disclose the report and take other necessary steps.

Members of the external investigation committee

Chairperson: Yusaku Kurahashi (attorney at law, Kurahashi Law Office)

Member: Haruka Matsuyama (attorney at law, Hibiya Park Law Offices)

Member: Hiroyuki Nishijima (certified public accountant, KPMG FAS Co., Ltd.)

## 4. Impact on business performance

The impact of the Improprieties on the consolidated results in the current fiscal year is uncertain. Denka will appropriately disclose any matters that should be disclosed.

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(Attachment)

May 29, 2023  
Toyo Styrene Co., Ltd.

## Improprieties Related to Toyo Styrene's Products

Toyo Styrene Co., Ltd. (headquarters: Minato-ku, Tokyo; President: Kenjiro Ishizuka; hereinafter “Toyo Styrene”) has identified improprieties related to certain resin products that it sells certified by Underwriters Laboratories Limited Liability Company (“UL”), a U.S.-based independent safety science organization (“Improprieties 1”). It has also identified improprieties related to the CMJ Registration System, a components and materials registration system established under the Electrical Appliances and Materials Safety Act of Japan (“Improprieties 2”). The details of these improprieties are described below.

Toyo Styrene deeply apologizes to customers and all those concerned for the considerable inconvenience this matter has caused.

Toyo Styrene has reported Improprieties 1 to UL Japan, Inc. and reported Improprieties 2 to Japan Electrical Safety & Environment Technology Laboratories (“JET”) and will explain the Improprieties to those concerned individually. In addition to this, Toyo Styrene will naturally correct the Improprieties and take determined steps to improve quality assurance for its products.

Responding to the identified Improprieties, Denka Company Limited, which is Toyo Styrene's largest shareholder, decided on May 29, 2023, to establish an external investigation committee consisting of outside experts. Toyo Styrene will fully cooperate with the external investigation committee's investigation and will thoroughly investigate the Improprieties, determine their causes, and formulate measures to prevent any recurrence.

Toyo Styrene has always believed in the importance of compliance. Having identified the Improprieties, the company will strengthen compliance and work to prevent any recurrence. Toyo Styrene is committed to restoring the trust of all concerned.

### 1. Overview of improprieties

#### (1) Improprieties 1

##### (i) Description

- Toyo Styrene changed the composition of certain products from the registered composition which affected the resin flammability grade according to the UL 94 standard. Toyo Styrene manufactured and sold these products without filing the changes with UL.
- Toyo Styrene created pieces of resin from materials including more flame retardants than the resin in the designated lot for follow-up flammability testing conducted by UL and provided them to UL.

##### (ii) Products found not to be compliant

All product types (15 types) of Toyo Styrene Flame Retardant PS, which is certified by UL

(Grades: LX20, NR120C, LH20, F2C, LH30, FX2C, LF21, FP120C, F2, J2, EJ2C, NBW1601, FS100S, ES150, J5)

An internal investigation of Toyo Styrene has revealed that J5 does not meet the flammability standard.

(iii) Date improprieties occurred

Similar improprieties were disclosed by another company last year, and Toyo Styrene conducted an internal investigation to see if it has any similar problems. Toyo Styrene identified the Improprieties 1 in October 2022.

(2) Improprieties 2

(i) Description

To check that electrical appliances (such as air conditioners and refrigerators) meet the technical standards set forth in the Electrical Appliances and Materials Safety Act, the components and materials that the appliances are composed of must be tested.

Manufacturers can streamline testing by using components and materials registered in a registration system for components and materials used in electrical products (CMJ Registration System).

Certain products of Toyo Styrene are registered in the CMJ Registration System. It was found in 2019 that Toyo Styrene provided samples that were not from the lots specified by JET, the registration authority, for the ball pressure testing (tests checking the heat resistance temperature of materials used for electrical appliances) conducted by JET.

(ii) Product found to be non-conforming

A Toyo Styrene Flame Retardant product (grade: NBW1601)

(iii) Date improprieties occurred

After the discovery of Improprieties 1, Toyo Styrene checked if it had any other problems. In mid-May 2023, Toyo Styrene identified Improprieties 2.

2. Impact on final products

Toyo Styrene has not received any reports about accidents, etc. related to final products using the Toyo Styrene products involved in the Improprieties. Nevertheless, Toyo Styrene will continue to examine the safety and performance of the final products in cooperation with customers.

[For Inquiries about This Press Release from Media]

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