

Showa Denko Group's CSR Policy (May 2019)

We at the Showa Denko Group will aim to make ourselves a social contribution company that satisfies all stakeholders by contributing to solving issues concerning SDGs through its business activities, and ensuring all employees' conduct conforming to "Our Code of Conduct."

Main Theme

Creation of economic and social value through deepening of risk management on the basis of safety and compliance, and through creation of business opportunities on the basis of CSR communication

Contribution to creation of society where affluence and sustainability are harmonized through effective use of technologies, products and services

Tackling environmental issues in order to realize sustainable society and as a mission of manufacturer

Development of human resources that contribute to sustainable growth of international society and the Showa Denko Group

Revision of the CSR Policy

The Showa Denko Group has been working to contribute to the creation of a society where wealth and sustainability are in harmony based on our long-standing belief that CSR is a fundamental to Group management. In line with this recognition, we deliver products and services that meet the needs of society. In May 2019, we revised the Showa Denko Group's CSR Policy to show to our stakeholders our long-term approach to contribute to the creation of a sustainable society and the priority issues we need to address in order to achieve this. In the new CSR Policy, we clearly state that we will contribute to the achievement of the Sustainable Development Goals (SDGs) through our business operations. We will sincerely face the issues that need to be overcome to ensure a sustainable future and proactively work to meet challenges by capitalizing on the Group's strengths.

Safety and Compliance – the Cornerstone of Business Activities

The Showa Denko Group regards safety and compliance as the foundation for our business activities and believes that these elements are indispensable to ensure that the Group can make a meaningful contribution to society, based on our CSR Policy.

Active Safety activities*, that we launched in 2007, have already taken root in the Group. We will further enhance the activities to prevent occupational accidents, equipment-related incidents and environmental problems. Also, to ensure compliance and sincerely develop business activities, we will further enhance our awareness-raising and educational activities regarding corporate ethics and update related in-house rules.

*Active Safety activities: The Showa Denko Group's unique program for analyzing past accidents and problems, and taking measures to prevent their recurrence.

CSR Promotion Framework

CSR activity-related policies, targets, and plans are deliberated on by the Management Committee comprising the president, corporate officers and Audit & Supervisory Board members. Such matters are then finalized by the Board of Directors, which also supervises risk management and compliance issues, the progress of contribution to the SDGs and measures for environmental problems, including climate change.

The Sustainability Promotion Council, the Responsible Care Promotion Council and the IR Promotion Council make plans and proposals about individual issues related to CSR. Priority issues are reflected in the CSR plan and discussed by the Management Committee. The results are then reported to the Board of Directors for their supervision.

Moreover, our divisions and plants make efforts regarding Responsible Care, risk management, human rights, corporate ethics and compliance activities with support from Responsible Care, CSR and General Affairs,

Human Resources and other departments. We conduct cross-functional (CF) activities concerning contribution to the SDGs, disclosure of climate change related information in response to the activities of the TCFD and other issues to be tackled across the organization.

Promoting Dialogue with Stakeholders

The Showa Denko Group conducts CSR activities to continue to be a sustainable company and make contribution to the sustainability of the international community. Specifically, we work on what needs to be done now from medium- to long-term viewpoints and share information about the activities both inside and outside the company. It is essential to foster dialogues with stakeholders to appropriately identify social needs and ensure that we do not take a dogmatic approach in our thinking. We will continue to give importance to communicating with stakeholders and increase opportunities to open dialogues with them. We will proactively conduct CSR activities, receiving input for improvements from stakeholders, thus boosting our corporate value.

CSR Topics

Endorsement of TCFD

Showa Denko has announced the endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), and will take part in the TCFD Consortium, which was established at the initial meeting held on May 27, 2019. Going forward, we will actively disclose the effects of climate change on our business based on, the recommendation of the TCFD.



Set 2030 GHG Reduction Target Conforming to Global Standard

Showa Denko has set a medium-term target figure to reduce emissions of greenhouse gases (GHGs) by 2030. In addition, recognizing the importance of information disclosure to the global community, SDK announced the Group's GHG emissions in conformity with GHG Protocol, the global standard, starting from FY2018 (April 2018 - March 2019).

Under the business philosophy that "we will satisfy all stakeholders," the Showa Denko Group has been working on various social issues, including environmental problems caused by our business activities. The Group has set a goal of an 11% reduction in GHG emissions from domestic bases for FY2030 compared with FY2013. In FY2018, the Showa Denko Group began disclosing total GHG emissions from bases in Japan and abroad as well as direct GHG emissions from the Group's own facilities (Scope 1), indirect GHG emissions from purchased or acquired electricity, steam and heat (Scope 2), and indirect GHG emissions from the company's value chain (Scope 3), in accordance with GHG Protocol. The data were released in our integrated report *SHOWA DENKO REPORT*, on our website and through other media.

Moreover, the Group will introduce an Internal Carbon Pricing mechanism and incorporate the reduction of GHG emissions into the decision-making process for investment in order to promote measures to mitigate global warming as a part of business strategy.

The Showa Denko Group will continue introducing environmentally friendly production equipment and technologies, promoting environmental protection measures, and providing products that support a recycling-oriented society, thereby contributing to the creation of a society where wealth and sustainability are in harmony.

Please visit the following pages on our website for more information

CSR	https://www.sdk.co.jp/english/csr.html
Integrated reports	https://www.sdk.co.jp/english/csr/report/csr_report.html