Risks/ Opportunities	Category	Details	Overall		Engineering Plastics (Polyplastics)						Pasnonsa
			4°C	1.5/2°C	4°C	1.5/2°C	4℃	1.5/2°C	4℃	1.5/2°C	- Repulse
Transition Risks	Policies and Regulations	Increased operating costs due to the introduction and strengthening of carbon pricing (taxes)	••	•••	••	•••	•	•••	•	••	Promote activities to achieve the GHG reduction target (50% reduction in total compared to FY2019/3)
		By introducing and strengthening carbon pricing (taxes), the increased costs to upstream business partners are passed on, resulting in higher procurement costs	••	•••	••	•••	•	••	•	••	Reduce the impact by promoting the reduction of GHG emission intensity in cooperation with suppliers Switch to Iow-GHG raw materials
		Strengthening of GHG emissions regulations based on carbon emission targets and policies of each country, including EU Carbon Border Adjustment Measure	•• •		••	•	-		•		Promole activities to achieve the GHG reduction target (50% reduction in total compared to FY2019/3) Switch to energy-saving, low-GHG raw materials, and change suppliers
	Market	Price fluctuations of petrochemical-derived raw materials to realize a low-carbon society	•••		••	•	•••		•		Optimize inventory management Promote multiple purchases, simplification of raw materials through formulations, and standardization of quality through improvement of manufacturing technology
	Technology	Increase in equipment investment costs for energy saving and productivity improvement	••		••		••		-		Resolve risks by accelerating the development of technology and know-how for formulation design and technical services
	Reputation	Identification of and response to risks and opportunities related to climate change, and increasing demand for disclosure of environmental management information	•		٠		-		-		Reinforce systems and structures related to environmental measures Continue disclosing information related to the environment in accordance with the changing needs of society
Physical Risks	Chronic Acute	Intensification of disasters due to abnormal weather conditions (heavy rain, floods, and typhoons), resulting in suspension of operations and damage to raw materials and products Supply chain disruptions	•		•		•		•		Strengthen BCP for climate change
	Chronic	Worsening working conditions and the spread of infectious diseases due to the rise in average temperature	-	_	_		_		_		Continue making work environment improvements
Transition Opportunities	Market	Expansion of new markets for environment-friendly products Biodegradable plastics, EVs, renewable energy, recycling, and water resource conservation	•••		••		•••		••		Develop recycling business (recompounding business) Develop low-GHS products (utilization of CJU technology, and development of bio-based products) Functionalize cellulose acetate, develop new fine cellulose, and commercialize BIC <sup>1</sup> projects Develop market for EV current interrupters
	Resource Efficiency	urce Reduction of operating costs through energy saving and productivity improvements		•••		•••		•••			Adopt DAICEL Production Innovation and the Autonomous Production System
		Other Reduction Activities <sup>*2</sup>	••	•••	••	•••	•	•••	•	••	

(Impact) ••• Over 10 billion yen, ••: Several billion yen, •: Less than 1 billion yen, -: Almost no impact

\*1 Biomass Innovation Center: The research division of our company aiming to convert biomass resources into raw materials.

\*2 Other reduction activities: Investment for a 50% reduction in GHG emissions, reducing the impact of carbon pricing due to GHG emission reductions, transitioning to low-GHG raw materials, overall reduction activities in the supply chain, etc.