Environmental Accounting

Daicel has introduced an environmental accounting system with the goal of implementing efficient environmental preservation activities and increasing the transparency of the status of those activities.

Daicel continuously strives to tackle environmental problems such as global warming. In fiscal 2013, we invested ¥528 million in measures to preserve the global environment, such as exhaust heat recovery equipment and energy-saving equipment, out of a total investment of ¥798 million in the environment. We will continue implementing measures to preserve the environment.

The quantitative results (environmental preservation effects) are presented under "Environmental Preservation" and "The Daicel Group's Responsible Care Targets and Results" in detailed information on the Responsible Care Initiative (WEB http://www.daicel.com/csr/library.html), and under "Environmental Preservation" on pages 32-33 of CSR Report 2014.

Among the initiatives being called for with respect to environmental issues, the Company is also assessing its liabilities related to its measures for dealing with asbestos and PCBs.

Time period for reported totals: April 2013 to March 2014
Calculation method for reported totals: Calculated according to the Environmental Accounting Guidelines, Year 2005 Edition, published by the Ministry of the Environment of Japan and the Environmental Accounting Guidelines for the Chemical Industry, published by the Japan Chemical Industry Association (JCIA).
Amounts invested: Actual sums for capital investment in environmental preservation in fiscal 2013.
Cost amounts: The totals for actual expenses of equipment depreciation, maintenance, management and labor related to environmental preservation.
Economic effects resulting from environmental preservation activities: Indicated as monetary benefits only and do not include risk avoidance effects or de facto effects. Economic effects attributable to reductions in energy costs are presented by annualizing the effects of energy cost reductions realized through energy-saving initiatives actually implemented during fiscal 2012.

Environmental Preservation Costs

Classification		Major Initiatives	Amounts Invested (¥ million)	Cost (¥ million)
Environmental preservation costs of controlling the environmental impact of our production and service operations that occur within business areas (business area costs)			776	4,306
Breakdown	Pollution prevention costs	Prevention of air and water pollution, control of harmful substances, levies for pollution-related health damages	228	2,164
Breakdown	Global environmental preservation costs	Energy conservation, capital expenditures for fuel conversion, cost of thermal pinch analysis	528	755
Breakdown	Resource recycling costs	Appropriate treatment and disposal of industrial waste	20	1,387
Costs of controlling the environmental impact of production and service operations occurring upstream or downstream (upstream and downstream costs)		Costs of recycling containers and packing materials and green purchasing	10	102
Environmental preservation costs in management activities		Labor costs of environmental management, expenses for EMS operations and maintenance, costs of environmental education, costs of environmental impact alleviation	0	551
Environmental preservation costs in R&D activities (R&D costs)		R&D work for reducing the environmental impact of products and technologies	12	128
Environmental preservation costs in community activities (community activities costs)		Costs of environmental promotion activities and participation in community events	0	31
Costs of environmental damage (environmental damage costs)		Environmental remediation costs, compensation for damages related to environmental preservation, and insurance premiums and transfers to reserves for environmental damage	0	3
Total			798	5,121

Item	Amount (¥ million)	Environmental Rate (%)
Capital expenditures in the applicable period	11,560	6.9
R&D expenditures in the applicable period	8,503	1.5

Economic Effects (Monetary Benefits) Resulting from Environmental Preservation Activities

Item	Amount (Millions of yen)
Cost reduction through energy conservation	1,096
Cost reduction through energy conservation	386
Benefits obtained by recycling	307
Reduction of expenses for waste treatment or disposal	15
Total	1,804