

Distribution Safety

Fiscal 2016 Targets

- Aim for zero at-fault logistics accidents.
- Reduce logistics-related issues at partner companies by 30% from the previous fiscal year.
- Achieve at least 1% energy conservation in logistics annually.

Fiscal 2016 Results

- Maintained zero at-fault logistics accidents.
- Logistics issues at partner companies increased by 20% from the previous fiscal year.
- Did not achieve at least 1% energy conservation in logistics annually.

Fiscal 2017 Targets

- Aim for zero logistics accidents at Daicel Logistics Services and partner companies.
- Reduce logistics issues at partner companies by 30% from the previous fiscal year.
- Improve energy intensity by at least 1% (based on the calculation method in the Energy Conservation Act).

➤ We are working to improve transportation quality with the aim of securing the industry's highest level of logistics safety and quality.

Daicel Logistics Service Co., Ltd., which is responsible for the distribution function of the Daicel Group, has put in place a basic philosophy that emphasizes efforts to garner the trust and satisfaction of society by providing services that fulfill the needs of its customers anywhere and at any time. Guided by this philosophy, the company works diligently to enhance transportation quality and safety.

In fiscal 2016, Daicel Logistics Service maintained zero at-fault logistics accidents, but because logistics-related issues at partner companies increased, the company did not achieve its goal. In fiscal 2017, the company will maintain its persistent efforts to reduce logistics-related issues, centering on the Safety & Quality Partner Meeting, which is held regularly with partner transport companies. In addition, the company aims to prevent recurrences of similar issues through a variety of measures, including driver skill training and preventative case study classes that present lessons learned from case studies of past issues.

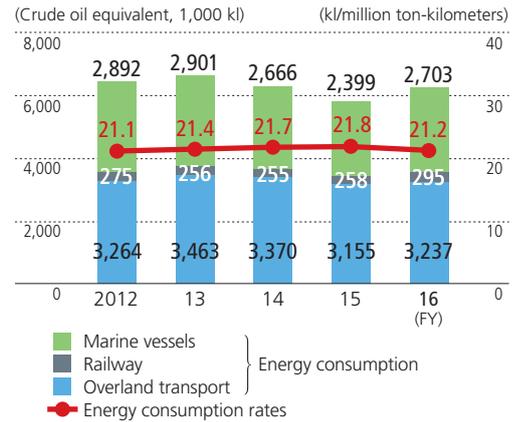
As for conserving energy in logistics, the company improved its energy intensity index¹⁾ around 3 percentage points year on year by reducing inland transport and increasing coastal sea transport. However, the company did not achieve an improvement in energy efficiency of at least 1% annually as stipulated in the Energy Conservation Act. The company is obliged to work towards achieving this target.

On the other hand, Daicel Logistics Services made progress in container round use.²⁾ The container round use ratio³⁾ had worsened from fiscal 2014 due to stricter quality demands on containers of imported goods. However, the company improved the container round use ratio in fiscal 2016 to around 68% as a result of joint efforts with the shippers of imported goods and shipping companies to improve the quality of containers of imported goods.

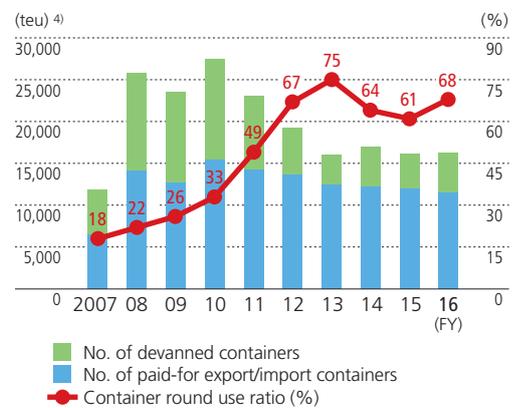
Daicel Logistics Services has conducted emergency reporting drills in conjunction with partner companies to prepare for potential logistics disasters caused by the leakage, explosion, or combustion of hazardous items. In fiscal 2016, four drills were conducted with the aim of strengthening response capabilities in the event of a disaster.

Going forward, Daicel Logistics Service will continue working diligently with its partner transport companies to reduce issues and conserve energy.

Daicel's Energy Consumption and Energy Consumption Rates in Logistics Operations



Trends in the Number of Paid-For and Devanned Containers and Container Round Use Ratio



What is...?

- 1) Energy intensity index:** Based on the total consumption of resources required for manufacturing a specified unit of product, the energy intensity index is obtained using the following formula: Energy intensity for that year/ Energy intensity in a standard year × 100
- 2) Container Round Use:** The practice of using devanned import containers for exports, without returning them to the shipping companies. By omitting the process of returning a devanned empty container and getting a new empty container for vaning, the practice both reduces CO₂ emissions and saves on transportation costs.
- 3) Container Round Use Ratio:** The ratio of containers that were used for imports and where efforts were made to re-use for exports against the number of export containers.
- 4) teu:** Twenty-foot equivalent unit. It is the equivalent of a 20-foot long container.