

Our SDG Focus and Initiatives

Setting safety, quality and compliance as management foundation, Daicel is implementing sustainable management by reforming itself to seek concurrent achievement of a sustainable society and the Group's business expansion. Tackling the SDGs is therefore a key medium- to long-term management task.

Here are the approaches we have been taking, led by the Corporate Sustainability department, newly established in June 2019, to weave our SDG priorities into our new long-term vision and medium-term strategy.



Determining Daicel's priority SDGs

We use the SDG Compass and its five steps to instill the understanding of our contribution to the SDGs across the company. In FY2020/3, we determined our priority SDGs and set specific goals.



STEP 1 Understanding the SDGs

We believe it is vitally important for every Daicel Group employee to understand the significance of the SDGs and to act voluntarily or take action accordingly. The Corporate Sustainability department has adopted the following strategies to promote a thorough understanding by every Group employees. In May 2020, a special 74-member team (as of June 2020) of so-called "SDGs Ambassadors" was set up to encourage self-motivated, grassroot SDG activities that cross the boundaries of worksites and job types or positions.

- Company-wide campaign for raising knowledge and awareness of the SDGs**
- Dissemination via the intranet and company newsletters**
- Distribution of SDG badges and seals**

STEP 2 Defining priorities based on our long-term vision and medium-term strategy

We defined our priority SDGs, out of the 17 goals and 169 targets, based on alignment with our business operations and sustainability initiatives already in place with due consideration for the following aspects.

STEP 3 Setting goals

Based on our SDG priorities, we set the following medium-term focus points, initiatives and KPIs. We pursue the KPIs through our CAPD cycle*1.

*1 Instead of the conventional PDCA cycle, we use a CAPD cycle for our improvement activities to prevent failing to notice an important fact in an activity starting with planning.

Our SDG focus and initiatives for FY2021/3

	SDGs	Focus	Initiatives	KPIs
Product	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER	Products that contribute to a prosperous society	Shift to value-delivery business**2 ▶ Health: healthcare and medical products ▶ Safety/Security: pyrotechnic devices in the mobility and industry sectors ▶ Convenience/Comfort displays, IC/semiconductor, and sensing ▶ Environment: energy-saving raw materials, biomass products, biodegradable resins, and water treatment membranes	▶ Increasing sales of value-delivery products
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND	Building a circular value chains	Establishing a biomass product trees ▶ Using plant-derived natural resources ▶ Making better use of unused natural resources ▶ Expanding the use of biotechnology	▶ Substantially enhancing target biomass products ▶ Constantly researching key topics related to the biomass product trees
	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION	Significantly reduced greenhouse gas (GHG) emissions	Study and implementation of measures to reduce GHG emissions across the entire value chain ▶ Constructing an energy offset processes ▶ Developing an energy-saving manufacturing processes ▶ Switching to renewable energy sources	▶ Planning a measure for a 30% reduction (FY2019/3 baseline) of GHG emissions for FY2031/3 (Scope 1, 2)
	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Human-centered business management	Creating a working environment in which everyone can develop their skills with a sense of ownership and accomplishment ▶ Diversified human resource and skill development ▶ Creating a workplace environment to support diversified human resources ▶ Bold empowerment and appointment ▶ Simple and flexible personnel system to encourage taking on challenges and recognizing significant performance ▶ Establishing regionally optimized company rules and regulations	▶ Establishing indices for measuring employee sense of ownership and accomplishment ▶ Establishing teleworking as a standard working style ▶ Health and Productivity Management: continue holding the White 500 certification
17 PARTNERSHIPS FOR THE GOALS	Co-creation of values with a wide variety of partners	▶ Collaboration with universities or other research institutions ▶ Vertical and horizontal collaboration with other companies	—	

**2 The domains of health, safety/security, convenience/comfort and the environment are defined in DAICEL VISION 4.0, our long-term vision, as the four triggers for happiness and also represent our focus markets.

STEP 4 STEP 5 Integrating SDGs into management, reporting and communicating

We integrate our priority SDGs into our management plans and practices so all employees can pursue them as part of their business activities. We encourage ourselves to attain all these goals by announcing progress on our website and engaging in dialogue with our stakeholders.