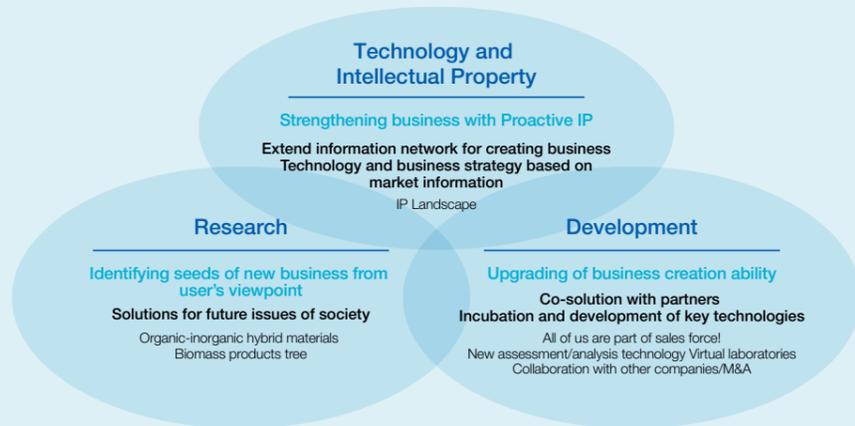


Innovation and Business Development

The Daicel Group will pursue the following strategies under its new Mid-Term Management Strategy, "Accelerate 2025."

- **Achieve Independence in R (research: identifying the seeds of new businesses from the user's viewpoint) and D (development: upgrading the ability to create businesses)**
- **Create businesses through the interaction of Proactive IP, which functions as an antenna for development and business creation, R (research), and D (development)**

With these strategies we will aggressively create new businesses through collaboration with the Intellectual Property Center, Research Center, Innovation and Business Development Headquarters, and individual Business Units (BUs).



Proactive IP (Aggressive Action on Intellectual Property)

The Intellectual Property Center does not limit itself to applying for and obtaining rights; we also take aggressive action in this area to bolster Daicel's business operations by utilizing intellectual property from a global perspective in order to secure a competitive market advantage, acquire core technologies, and contribute to business creation. In business creation, we conduct a holistic analysis to visualize a vast amount of information on intellectual property and markets to analyze and predict key processes and technologies. We accelerate innovation by conducting an IP landscape analysis that enables us to select new business themes for allocating management resources and establishing new business models.

Independence of R and D

R (Research)

The Research Center set up under the president in October 2019 plays a key role in R (research) for solving future social issues by identifying the seeds of new businesses from the user's viewpoint. The Center serves the functions of both think tank and research that link Daicel's products and technologies with social needs. It is responsible for the planning and research of new hybrid materials that combine the organic materials technology cultivated by Daicel and the inorganic materials technology of others. The center takes the lead in exploring and designing new functions and technologies through open innovation between industry, government, and academia. In view of worsening environmental problems, we are also seeking to form a biomass products tree based on our materials and technologies that contributes to a circular society.

D (Development)

We pursue D (development) to upgrade our business creation ability to turn seeds into solutions that meet actual needs. We are accelerating our drive to create new businesses under a value providing model through collaboration between the Business Development Headquarters and individual Strategic Business Units. The headquarters was set up in October 2019 as part of our organizational reform, with an integrated system for performing functions ranging from planning and developing new products to mass production and business creation. United under the slogan "All of us are part of the sales force!" every employee engages with the market and is involved in upgrading our business plans as we strive to meet customer needs while seeking to acquire and develop the necessary technology by working with outside players. Furthermore, we derive optimal solutions for issues that arise at each stage, from R&D through production, by utilizing virtual labs, simulation technology, and new evaluation and analytics technologies that help reduce development times and costs.

Sustainability Management

Sustainability Promotion

Basic Approach

The Daicel Group's daily activities are guided by its basic philosophy of making people's lives better by co-creating value. In a world where the values of people are changing significantly day by day toward the realization of a sustainable society, the Group has sought to clarify its management policy by laying out the Sustainable Management Policy. Under this, while we prioritize safety, quality, and compliance as the most important foundation, we seek to concurrently achieve a sustainable society and the Group's business expansion with integrity, tireless efforts, and self-transformation.

Sustainable Management Policy

We create and provide people with new values to achieve better quality of life.

We construct a circular process with all our stakeholders to make harmonious coexistence with the environment.

We promote "human-centered business management" that enables diverse employees to grow while establishing their own presence and achieving fulfillment.

Sustainable Management System

In April 2020, the Daicel Group set up a Sustainable Management Committee, which is chaired by the president, meets four times a year, and is part of a Group-wide effort to address sustainability issues. The committee promotes initiatives addressing key issues concerning the SDGs and sustainability through our business activities, manages the progress, and communicates the results to our stakeholders. Comprising members from a broad range of areas, including our business and R&D divisions in addition to the CSR department, the committee will bolster Daicel's CSR-related initiatives and accelerate its contribution to sustainability through business and innovation.

Joining the United Nations Global Compact

Daicel Corporation signed the United Nations Global Compact in April 2020 in support of this initiative and with the aim of helping to resolve global issues as a responsible corporate citizen. Furthermore, the Daicel Group promotes responsible corporate management as a means of contributing the creation of a sustainable society. Specifically, it upholds and practices the Ten Principles in the areas of human rights, labor, the environment, and anti-corruption, priority areas designated by the UN Global Compact.



Diagram of the Sustainable Management System



Cultivating a Sustainability Mindset

To accelerate sustainability in a concerted Group effort, we must nurture a mindset with which all employees develop a good understanding of the significance of sustainability, think about ways in which their work can accelerate sustainability, and take actions. To this end, we conduct briefings and use intranet sites to cultivate a shared sustainability mindset among employees across the Group.