

List of Materiality KPIs and Results

KPIs and FY2023/3 results are listed for the identified materiality.

For the materiality identification process, please refer to Sustainable Management and Materiality on page 20.

Angles	Classification	Materiality	Content	KPIs	Target	FY2023/3 Results	Related Page
Materiality aimed at achieving growth of the Daicel Group and value co-creation	Sustainable Product	Contribute to beauty and health	<ul style="list-style-type: none"> Providing solutions for the pharmaceutical and medical markets Providing sustainable cosmetic raw materials and health food 	<ul style="list-style-type: none"> Our chiral columns used in pharmaceutical analysis methods^{*1} Total number of people provided with functional food ingredients per year 	<ul style="list-style-type: none"> FY2026/3: 95 cases (cumulative) FY2026/3: 2.23 million (twice the FY2021/3 figure) 	<ul style="list-style-type: none"> 88 cases (cumulative) 1.42 million 	P.38 Medical/Healthcare
		Contribute to the smart society	<ul style="list-style-type: none"> Providing solvents for semiconductor processing and polymers for resists Providing functional films that contribute to higher functionality of displays 	<ul style="list-style-type: none"> New product rate of safe, high-boiling point solvents essential for advanced semiconductor manufacturing processes^{*2} 	<ul style="list-style-type: none"> FY2026/3: 23.9% 	<ul style="list-style-type: none"> 3.2% 	P.40 Smart
		Provide safety and security for society	<ul style="list-style-type: none"> Providing products that ensure safety and security of mobility 	<ul style="list-style-type: none"> Average number of our safety devices installed per vehicle^{*3} Diversified small mobility devices^{*4} and new safety devices to prevent home accidents^{*5} put on the market 	<ul style="list-style-type: none"> FY2026/3: 3 units/vehicle FY2026/3: New stable device proposals FY2031/3: 2 cases 	<ul style="list-style-type: none"> 2 units/vehicle New business plans under consideration: 2 	P.42 Safety
		Provide environment-friendly materials and technology	<ul style="list-style-type: none"> Providing materials and technology that reduce environmental impact such as environment-friendly plastics 	<ul style="list-style-type: none"> Rate of recyclable raw materials^{*6} used in products Production of environment-friendly (highly biodegradable, etc.) cellulose acetate 	<ul style="list-style-type: none"> FY2031/3: 30% or more FY2026/3: 10,000-20,000 tonnes/year 	<ul style="list-style-type: none"> 15.9% 7,993 tonnes/year 	P.26 Sustainable Product
	Sustainable Process	Contribute to the development of a circular society	<ul style="list-style-type: none"> Building Biomass Value Chain Reuse of waste and CO₂ 	<ul style="list-style-type: none"> External proposals for resource recycling systems using natural materials 	<ul style="list-style-type: none"> FY2026/3: 3 cases 	<ul style="list-style-type: none"> Under research and development 	<ul style="list-style-type: none"> P.26 Sustainable Product P.28 Sustainable Process
		Respond to climate change	<ul style="list-style-type: none"> Reduction of GHG emissions through production innovation, energy innovation, and process innovation 	<ul style="list-style-type: none"> GHG emission reduction rate of our Group^{*7} 	<ul style="list-style-type: none"> Scope 1 and 2 FY2031/3: 50% reduction (compared to FY2019/3) 	<ul style="list-style-type: none"> 1% increase 	<ul style="list-style-type: none"> P.28 Sustainable Process Response to Climate Change https://www.daicel.com/en/sustainability/environment/climate-change.html
	Sustainable People	Promote diversity and inclusion	<ul style="list-style-type: none"> Work environment where everyone can work with vigor regardless of gender, age, nationality or disability 	<ul style="list-style-type: none"> Ratio of women in management position^{*8} Ratio of persons with disabilities that have been with the Company more than three years^{*9} (1 - persons with disabilities that left the Company in three years after joining / total number of employed persons with disabilities) × 100 	<ul style="list-style-type: none"> FY2026/3: 10% or more Sustain 95% or more 	<ul style="list-style-type: none"> 4.9% 96.0% 	<ul style="list-style-type: none"> P.34 Sustainable People Promoting Diversity and Inclusion https://www.daicel.com/en/sustainability/social/diversity.html
		Support personal growth	<ul style="list-style-type: none"> Personnel development for honing expertise Framework to support employees who take on challenges Building highly fair evaluation system 	<ul style="list-style-type: none"> Status of initiatives for personnel development, review of personnel system, introduction and review of career seminars or management training for division heads^{*9} 	<ul style="list-style-type: none"> Disclose results 	<ul style="list-style-type: none"> Strengthened system to support employee's career autonomy Expanded age-specific career training by adding career training for 40s in addition to career training for 50s Established a Career Support Center in the Human Resources Division to support employee's career development Added a business management course (a course to practice planning from data utilization issue setting and investment proposals to business application) to digital literacy education 	<ul style="list-style-type: none"> P.34 Sustainable People Support for Human Resource Development https://www.daicel.com/en/sustainability/social/hrd.html
Materiality related to the foundation for the Daicel Group's continuity and governance	Environment	Reduce environmental impact	<ul style="list-style-type: none"> Promotion of waste reduction and recycling 	<ul style="list-style-type: none"> Percentage of industrial waste recycled by our business sites and domestic Group companies 	<ul style="list-style-type: none"> FY2026/3: 99% or more 	<ul style="list-style-type: none"> 98.4% 	<ul style="list-style-type: none"> Reduction and Recycling of Industrial Waste https://www.daicel.com/en/sustainability/environment/industrial-waste.html
	Social	Ensure process safety and disaster prevention, occupational health and safety	<ul style="list-style-type: none"> Elimination of process incidents Minimization of damages based on crisis assessments 	<ul style="list-style-type: none"> Serious occupational accidents^{*9} Serious process safety incidents^{*9} Percentage of safety training held based on past incidents (occupational accidents and process safety incidents)^{*9} 	<ul style="list-style-type: none"> Continue zero cases Continue zero cases Continue to 100% 	<ul style="list-style-type: none"> Zero cases Zero cases 100% 	<ul style="list-style-type: none"> Process Safety and Disaster Prevention https://www.daicel.com/en/sustainability/social/safety-security.html Occupational Health and Safety https://www.daicel.com/en/sustainability/social/ohs.html
		Ensure chemical safety and enhance product quality	<ul style="list-style-type: none"> Reinforced quality management to prevent recurrence of quality defects Centralized management and sharing of chemical substance information 	<ul style="list-style-type: none"> RC-related regulation audit rate^{*9} Rate of initial response to customer complaints within 24 hours^{*9,9} 	<ul style="list-style-type: none"> FY2026/3: 100% FY2026/3: 100% 	<ul style="list-style-type: none"> 41% 88% 	<ul style="list-style-type: none"> Chemical and Product Safety https://www.daicel.com/en/sustainability/social/chemical-safety.html Enhancing Product Quality https://www.daicel.com/en/sustainability/social/quality.html
		Respect human rights	<ul style="list-style-type: none"> Establishment and implementation of human rights due diligence Development of a framework for corrective and remedial action against human rights abuses, and employee education 	<ul style="list-style-type: none"> Status of efforts to respect human rights for the Daicel Group and the supply chain as a whole (status of conducting due diligence) 	<ul style="list-style-type: none"> Disclose results 	<ul style="list-style-type: none"> Human rights due diligence on our Group companies implementation rate for FY2020/3-FY2023/3: 63.2% Implemented at 18 domestic Group companies out of 19 and 18 overseas Group companies out of 38^{*10} Planned and implemented human rights due diligence on suppliers 	<ul style="list-style-type: none"> Respect for Human Rights https://www.daicel.com/en/sustainability/social/human-rights.html
		Foster a corporate culture that meets employee needs	<ul style="list-style-type: none"> Shorter working hours and improvement in the annual paid leave acquisition ratio Employee health promotion Support for flexible work styles 	<ul style="list-style-type: none"> Annual continuous paid leave acquisition rate (a five-day holiday taken once per year) Status of efforts to promote employee health^{*9} 	<ul style="list-style-type: none"> FY2026/3: 100% Disclose results 	<ul style="list-style-type: none"> 56.3% (Percentage of employees who took 3 consecutive days of annual paid leave. Calculated as 5 consecutive days off, including Saturdays, Sundays, and holidays.) Expanded the babysitter assistance program to support employees raising children to work without worries Distributed "Childcare Leave Guidebook" to eligible employees and their supervisors, which explains childcare leave benefits and other information in an easy-to-understand manner Established the Group Health Support Center as an organization dedicated to health management to promote the physical and mental health of each and every employee at four levels: company-wide, by business unit, by workplace, and by individual Promoted health management aimed at the physical and mental health of each and every employee, as well as their families, business partners, and local residents, by holding sporting events, etc. 	<ul style="list-style-type: none"> Foster a Corporate Culture That Meets Employee Needs https://www.daicel.com/en/sustainability/social/wlb.html
	Promote sustainable procurement	<ul style="list-style-type: none"> Improved level of CSR across the supply chain 	<ul style="list-style-type: none"> Sustainable procurement rate (Percentage of raw fuel suppliers that meet our reference points as a result of SAQ) 	<ul style="list-style-type: none"> FY2024/3: 100% 	<ul style="list-style-type: none"> 79% 	<ul style="list-style-type: none"> Sustainable Procurement https://www.daicel.com/en/sustainability/social/supply-chain.html 	
Governance	Strengthen foundation for Group governance and compliance	<ul style="list-style-type: none"> Reinforce corporate governance Enforce thorough compliance Strengthen risk management 	<ul style="list-style-type: none"> Status of efforts to strengthen the supervisory function by the Board of Directors Rate at which legal checks are made and response measures taken for material matters requiring executive decision Issues reported to the Help Line Percentage of executives and employees who know how to use the Help Line system and can contact the Help Line when they discover compliance violations^{*11} (= percentage of employees who have taken Help Line reporting training) 	<ul style="list-style-type: none"> Disclose results Continue to 100% Disclose results FY2026/3: 100% 	<ul style="list-style-type: none"> Conducted an evaluation of the effectiveness of the Board of Directors based on discussions at the Board of Directors meeting, using a method involving a third-party organization Identified multiple issues and improvement areas from an objective perspective by observing board meetings, involving board members in the preparation of questionnaires, and participating in interviews 100% 76 cases 10.1% 	<ul style="list-style-type: none"> P.56 Corporate Governance https://www.daicel.com/en/sustainability/governance/ P.63 Corporate Compliance https://www.daicel.com/en/sustainability/governance/compliance.html Risk Management https://www.daicel.com/en/sustainability/governance/risk-management.html 	

*1 Targets: Pharmacopoeias in Japan, the U.S., and Europe *2 Highly safe high boiling point solvents: Solvents for electronic materials with high solubility and low toxicity such as MMPGAC *3 Targets: Products for Japanese automakers *4 Bicycles, mobility scooters, electric kick scooters, etc. *5 Drowning while bathing indoors, infant suffocation, falls, etc.

*6 Recyclable raw materials: biomass raw material, use of atmospheric CO₂, reuse and recycling of waste materials/Recycling targets: Main resin materials of Daicel, Polyplastics, and Daicel Miraizu *7 Realization of carbon neutrality in FY2051/3 (Scopes 1, 2, 3) *8 Scope: Daicel Corporation *9 Scope: Domestic manufacturing sites of Daicel Corporation *10 The number of target companies fluctuates because of M&A and business restructuring *11 Daicel and domestic Group companies



Hideo Makuta

Outside Audit & Supervisory Board Member
Attorney at Law, Ginza Chuo Law Office

Yuriya Komatsu

Outside Director
Member of the Nomination and Compensation Committee
Director of IA Partners, Inc.

Impact and Speed Necessary to Achieve Mid-Term Goals

Under our Long-Term Vision and Mid-Term Management Strategy, Daicel aims to both solve social issues and achieve corporate growth.

Outside Director and Outside Audit & Supervisory Board Member with different backgrounds discussed issues and the ideas necessary for the Daicel Group to increase corporate value.

■ Daicel from Each Standpoint

Komatsu: I have had experience with brokerage firms and institutional investors, and since that time I have had a favorable impression of Daicel. As I have gotten to know Daicel from the inside since assuming my position in June 2022, I have come to appreciate the Company's approach to value co-creation involving not only itself but also its partners, its steady linkage between contribution to the creation of a circular society and its own growth, and its efforts to incorporate this into its Mid-Term Management Strategy.

Makuta: I became an Outside Audit & Supervisory Board Member in June 2020, and I feel that Daicel's business has become more transparent since the reorganization in April of the same year, which transformed the Company from a product-out to a market-oriented business structure. Before assuming this position, I imagined an upstream materials manufacturer and a group of engineers who were steadily and diligently engaged in manufacturing. In reality, however, we also handle products close to consumers, such as functional food materials and LCD protective films for smartphones. Now, my impression has changed to that of a group of engineers who are trying to break out of their shells by taking on new business ventures outside the boundaries of materials.

Komatsu: In terms of the attitude of the management team, as evidenced by the phrase "value co-creation" in its Basic Philosophy, the Company is unique by the fact that it is not self-reliant, as is often the case, but rather open to partnerships and does not insist on leading. The management of Daicel is rational and flexible in their decisions, saying things like, "It is faster if we work together," or "Taking costs into account, an alliance promises more benefits than an acquisition," and I feel that they are not averse to adopting new things and changes.

■ Evaluation of and Expectations for the Long-Term Vision, and Daicel's "Human Resources" to Carry It Out

Komatsu: As mentioned above, the Company's Long-Term Vision and Mid-Term Management Strategy are excellent in linking the concept of sustainability with its own growth strategy, but I was particularly impressed by the biomass value chain concept. Since 70% of Japan's land area is forested, if this concept is realized and

circulation happens in a manner that guarantees profitability, Japan's topography itself will become an international competitive advantage. Furthermore, changes in forests can help solve some of Japan's major problems, such as revitalizing local economies. This competitive advantage will be sustained as the cycle repeats itself and the forests become more and more dynamic. I think this is a revolutionary concept in the sense that it is not a one-off town revitalization, but can continuously stimulate the local economy and can be an effective solution for regional development in Japan.

Makuta: Since the Long-Term Vision and Mid-Term Management Strategy are highly abstract, it is important to incorporate these into the business in a concrete manner, leveraging the strengths cultivated in the past. I believe that DAICEL Production Innovation is one of Daicel's strengths. We have a proven track record and have recently established the AI-powered Autonomous Production System. The ability to develop our business based on a system that we have created through our ongoing pursuit of manufacturing efficiency and standardization is a major asset. That is why we are very excited about the challenge of microfluidic devices, which will directly lead to a completely new way of production.

Komatsu: How to incorporate a seemingly esoteric strategy into a business depends on the extent to which the vision is instilled in employees and made a personal matter. Last year, the presentations made by employees at DAICON (Daicel Group Business Contest) included a variety of proposals ranging from socially beneficial to those directly related to the Daicel Group's business. Of course, there were some points raised by the directors regarding feasibility and contribution to profitability, but I was impressed by the initiative and ability of many employees to make proposals.

Makuta: At the Board of Directors, product representatives also explained marine biodegradable plastics made from cellulose acetate. It was clear that the people in charge are taking pride in their efforts to solve the problem of environmental destruction caused by microplastics.

Komatsu: When I visited the nanodiamond production facility, I remember that the person in charge was very enthusiastic and cheerful, eager to take on new challenges and contribute to society. It remains to be seen whether the new products under development at Daicel will be launched within an appropriate time frame and grow into a major business, but from the glimpses we can see of these seeds,



the vision has apparently spread among all employees.

■ Challenges in Realizing the Mid-Term Management Strategy

Komatsu: The updated Mid-Term Management Strategy covers the necessary elements of the strategy, such as improving profitability and revising the financial strategy. Even as a highlight, there are limits to raising the top line only by improving existing businesses, so the fact that new products are incorporated into the plan and the future is explained and easy to visualize is highly appreciated from an Investor Relations perspective.

Meanwhile, as we enter the middle of the Mid-Term Management Strategy period and the difficulty level of its execution menu increases, it is a critical issue whether we can get through the rough stage without delay and whether we can properly manage the risk of delay. If the Company implements what it has set forth even as the difficulty of successful measures increases markedly, and the achievement of management indicators and KPIs becomes apparent, the Company's reputation in the stock market will also improve. To this end, we would like to see more back-and-forth exchanges at Board meetings on what needs to be completed by when, whether it can be accomplished more quickly, and what bottlenecks exist if there is a risk of delay. In addition, we would like to monitor and push progress forward.

Makuta: In addition to explanations of individual products, if employees could report to the Board of Directors on the overall progress, including the time line to implementation, issues leading up to it, and countermeasures, we would be able to see the path to the realization of the Mid-Term Management Strategy. We value evidence because we are a group of serious engineers, and we strive to perfect our products and technologies, but we also need to proceed with speed so that we can showcase technological advances and promote the impact of our products and technologies. I hope that we can carry through with our Mid-Term Management Strategy through a cycle of implementing one or two new business seeds in the real world in order

to involve as many employees as possible, creating an impact, and then allowing the employees themselves to feel the progress.

Komatsu: With regard to management's commitment to the realization of the Mid-Term Management Strategy, I would first suggest that ROE should be included as an indicator for performance-based bonuses. Shareholders judge the management quality of a company based on two factors. One is performance, and the other is shareholder value, or in other words, it is whether the Company is committed to increasing corporate value. Since ROE is not only an indicator of asset efficiency, but also of long-term growth potential, the current system may be perceived to lack management's commitment to increasing corporate value. Employee commitment is also important. While improving ROE is important for shareholders and investors, we consider ROIC to be a key indicator. I suggest incorporating evaluation criteria that contribute to the realization of the Mid-Term Management Strategy, such as including KPIs that lead to ROIC improvement in employee evaluations.

■ Reviewing Large Investment Projects from a Governance Perspective

Komatsu: Regarding the acquisition of Polyplastics as a wholly owned subsidiary, I heard at the time that the stock market was very critical of the investment amount, but as a manufacturing company, I think it is most important to make an M&A transaction a success from a long-term perspective.

Makuta: I also believe that this was integral to the Daicel Group's growth strategy in the long run. We feel that the current business environment is becoming increasingly unstable geopolitically, with Russia's invasion of Ukraine and the U.S.-China conflict. If the Company had not decided to make it a wholly owned subsidiary, it is highly likely that it would not have been able to make the decision to invest in its overseas locations in a flexible manner. As a result, we believe that this investment decision was the right one in terms of expanding businesses that we positioned as growth drivers in our

portfolio management.

Komatsu: On the other hand, I feel that progress reporting at Board meetings is inadequate for large investment projects. For acquisitions and large investment projects, it is preferable to report regularly with a list. In general, business plans at the time of the investment or acquisition decision will deviate after three to six months, so individual measures should be considered. Also, if several projects differ from the plan, we would like to make a holistic decision on whether to continue after checking the overall situation and considering asset efficiency.

■ Management with Safety, Quality, and Compliance as the Priority Foundations

Makuta: The Daicel Group includes an extremely serious group of engineers, and they are very dedicated to avoiding anything that could cause accidents with their products or violate laws and regulations. At the same time, through the investigation of inappropriate actions related to third-party certification, I felt that there was a lack of sensitivity regarding matters outside the scope of the law. I also recommended at the Board of Directors that in order for the Company to continue its business, it should be more conscious of quality and compliance, keep its promises to consumers and customers in a broad sense, including contractual quality requirements, and be more sensitive to the expectations of society. To prevent recurrence in the future, it is important to create a system to remember the lessons learned from the past by conducting training programs so that not only executives but also employees share this awareness.

Komatsu: My concern was precisely this point: there seemed to be a gap between management's sense of crisis and preparedness and the employees' perception of the situation. Board members and employees reporting to the Board are aware of the crisis, but accidents and quality problems still occur repeatedly. We can eliminate compliance violations through the system, but there are limits, and ultimately it depends on the mindset of management and all employees. I believe that President and CEO, Ogawa, has taken this

into consideration and has renewed the Daicel Group Code of Conduct and Ethical Standards of Daicel Group, as well as updated the Mid-Term Management Strategy.

Makuta: Daicel has held safety, quality, and compliance as the priority foundations of its business since the days when ESG was not even mentioned, so the Company has an affinity for ESG. I believe this has its roots in the desire to keep past accidents and scandals from fading away. I believe that this issue has reminded us that, in addition to our responsibility to society, it is essential for us to be aware of safety, quality, and compliance in order for our own company to survive.

■ To Support Growth by Leveraging Our Experience and Expertise

Komatsu: For a long time, I have been on the receiving end of Investor Relations briefings in the capital markets to evaluate companies. I would like to actively make recommendations on what constitutes accountability and management quality for shareholders. I am also involved in M&As, JVs, and restructuring, and would like to support growth with appropriate comments and suggestions.

Another thing I want to actively promote is diversity. I would like to see more female managers and, more importantly, more female executive officers and directors. There is diversity among women; some want to focus on work-life balance, while others want to work tirelessly. I think the challenge is to establish a system and evaluation method that gives women the autonomy to choose either one, but I would like to start with a dialogue with our employees, drawing on my past experience.

Makuta: My mission as an Audit & Supervisory Board Member is to use my legal expertise to watch for legal violations and to assist the Board of Directors in taking necessary risks. Without appropriate risk-taking, challenging goals cannot be achieved. I would like to support the achievement of our goals through overseeing whether there was sufficient discussion, including the credibility of documents, to ensure that the Board of Directors did not over- or under-discuss the issues in order to reach a decision.



Directors, Audit & Supervisory Board Members, and Executive Officers (as of June 23, 2023)

Directors



Yoshimi Ogawa

Representative Director, President and CEO, Member of the Nomination and Compensation Committee, Responsible for Research Center, and Advanced Materials & Packaging Institute, Executive Consultant of Polyplastics Co., Ltd.

April 1983 Joined the Company
April 2002 Head of Business Process Innovation
June 2006 Executive Officer, Vice President of Aerospace & Defense Systems/Safety Systems Company
June 2009 Head of Production Technology
June 2011 Director
June 2013 Managing Executive Officer
June 2017 Senior Managing Executive Officer
June 2019 Representative Director, President and CEO (incumbent)



Yasuhiro Sakaki

Director, Senior Managing Executive Officer, General Manager of Corporate Planning & Strategy Headquarters, General Manager of SCM Headquarters, Responsible for Safety SBU, Healthcare SBU, and Material SBU

April 1984 Joined the Company
June 2012 Head of Organic Chemical Products Company
June 2014 Executive Officer
June 2016 President of Aerospace & Defense Systems/Safety Systems Company
June 2017 Managing Executive Officer
June 2019 Senior Managing Executive Officer (incumbent)
June 2020 Director (incumbent)



Teisuke Kitayama*

Outside Director, Member of the Nomination and Compensation Committee

June 2005 Director President (Representative Director) of Sumitomo Mitsui Financial Group, Inc., Chairperson of the Board (Representative Director) of Sumitomo Mitsui Banking Corporation
April 2017 Director of Sumitomo Mitsui Banking Corporation
June 2017 Advisor of Sumitomo Mitsui Banking Corporation
June 2018 Director of Daicel Corporation (incumbent)
October 2018 Honorary Advisor to Sumitomo Mitsui Banking Corporation (incumbent)



Yuriya Komatsu*

Outside Director, Member of the Nomination and Compensation Committee

April 1988 Assistant Portfolio Manager of Credit Suisse Trust and Banking Co., Ltd.
April 1990 Senior Analyst of SPARX Asset Management Co., Ltd. (currently SPARX Group Co., Ltd.)
May 1996 Senior Research Analyst of The Dreyfus Corporation
December 1999 Vice President of Fiduciary Trust Company International
September 2000 Partner of INTELLASSET, INC.
November 2004 Partner of Worldeye Capital Inc.
June 2006 Vice President of Olympus Capital Holdings Asia
July 2010 Managing Director of Daiwa Quantum Capital Limited
October 2014 Member of the Board of KADOKAWA DWANGO Corporation (currently KADOKAWA Corporation), Member of the Board of DWANGO Co., Ltd.
September 2021 Managing Director of IA Partners Inc.
June 2022 Director of Daicel Corporation (incumbent)
January 2023 Director of IA Partners Inc. (incumbent)



Kotaro Sugimoto

Representative Director, Senior Managing Executive Officer, Member of the Nomination and Compensation Committee, General Manager of Corporate Support Headquarters, Responsible for Corporate Compliance Program, Corporate Sustainability and Digital Strategy Division

April 1984 Joined the Company
June 2011 Head of Raw Material Purchasing Center
June 2014 Executive Officer, Representative Director and President of Daicel Logistics Services Co., Ltd.
June 2017 Managing Executive Officer
June 2019 Representative Director (incumbent)
June 2020 Senior Managing Executive Officer (incumbent)



Akihisa Takabe

Director, Senior Managing Executive Officer, General Manager of Assessment Headquarters, Responsible for Safety and Quality Assurance Headquarters, and Intellectual Property Center

April 1984 Joined the Company
June 2008 Representative Director and President of Daicel Safety Systems Inc.
April 2014 Head of Central Research Center
Head of Corporate Research Center of R&D Headquarters
February 2015 Deputy General Manager of R&D Headquarters
June 2015 Executive Officer
June 2019 Director (incumbent)
June 2020 Managing Executive Officer
April 2023 Senior Managing Executive Officer (incumbent)



Toshio Asano*

Outside Director, Chairperson of the Nomination and Compensation Committee

April 2010 President & Representative Director, Presidential Executive Officer of Asahi Kasei Pharma Corporation
April 2014 Presidential Executive Officer of Asahi Kasei Corporation
June 2014 President & Representative Director and Presidential Executive Officer of Asahi Kasei Corporation
April 2016 Director and Standing Advisor of Asahi Kasei Corporation
June 2016 Standing Advisor of Asahi Kasei Corporation
June 2019 Director of Daicel Corporation (incumbent)
June 2022 Advisor of Asahi Kasei Corporation (incumbent)



Mari Okajima*

Outside Director, Member of the Nomination and Compensation Committee

April 2012 Vice President of Cabin Safety Promotion Department of Japan Airlines Co., Ltd.
April 2013 Vice President of Cabin Attendants Department, Haneda of Japan Airlines Co., Ltd.
November 2014 Deputy General Manager of Cabin Division and Vice President of The 1st Cabin Attendants Department, Haneda of Japan Airlines Co., Ltd.
June 2015 Deputy General Manager of Cabin Attendants Division and Vice President of Cabin Attendants General Affairs of Japan Airlines Co., Ltd.
September 2021 Professor at J. F. Oberlin University (incumbent)
June 2023 Director of Daicel Corporation (incumbent)



Takeshi Furuichi*

Outside Director, Member of the Nomination and Compensation Committee

March 2010 Representative Director and Senior Managing Executive Officer of Nippon Life Insurance Company
March 2012 Representative Director and Executive Vice President of Nippon Life Insurance Company
July 2016 Representative Director and Vice Chairperson of Nippon Life Insurance Company
June 2020 Director of Daicel Corporation (incumbent)
July 2022 Advisor of Nippon Life Insurance Company (incumbent)



Keita Nishiyama*

Outside Director, Member of the Nomination and Compensation Committee

April 1985 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
June 2011 Director-General of the Task Force for Management and Financial Investigation of TEPCO, Cabinet Secretariat
June 2012 Senior Executive Managing Officer, Innovation Corporation of Japan (currently Innovation Network Corporation of Japan)
July 2012 Deputy Director-General (Economic and Social Policy), Minister's Secretariat, Ministry of Economy, Trade and Industry
June 2013 Deputy Director-General (Economic and Industrial Policy Bureau), Minister's Secretariat, Ministry of Economy, Trade and Industry
July 2014 Deputy General Manager of Liaison and Coordination Office, Nuclear Damage Liability Support Organization, Executive Officer of Tokyo Electric Power Company (Assistant to Chairman and in charge of Corporate Planning Division (joint))
June 2015 Director and Executive Officer of Tokyo Electric Power Company (Assistant to Chairman and in charge of Corporate Planning Division (joint))
July 2018 Director-General of Commerce and Information Policy Bureau of Ministry of Economy, Trade and Industry
July 2020 Retired from the Ministry of Economy, Trade and Industry
November 2020 Representative Director at Nishiyama Research Institute, Inc. (incumbent)
June 2023 Director of Daicel Corporation (incumbent)

Standing Audit & Supervisory Board Members

Hisanori Imanaka Mikio Yagi

Outside Audit & Supervisory Board Members

Junichi Mizuo*

Representative Director and Chairperson of the Japan Compliance & Governance Institute, Honorary Professor of Surugadai University

Hideo Makuta*

Attorney at Law, Ginza Chuo Law Office

Hisae Kitayama*

Certified Public Accountant, Representative of Kitayama Public Accounting Office

Senior Managing Executive Officers

Toshio Shiwaku

General Manager, Performance Materials Headquarters
Responsible for Innovation and Business Development Headquarters

Naotaka Kawaguchi

General Manager, Production Management Headquarters
Head of Biomass Innovation Center
Responsible for Engineering Center
Responsible for Monozukuri Production Innovation Center

Managing Executive Officers

Takashi Miyamoto

President and CEO of Polyplastics Co., Ltd.

Kei Yamane

Head of Research Center
Responsible for Smart SBU
Responsible for Life Sciences SBU

Executive Officers

Hitoshi Hayashi

Deputy General Manager of Assessment Headquarters
Division Manager of Assessment Promotion, Assessment Headquarters

Kazuya Kurosawa

Head of Material SBU
Division Manager of Business Strategy, Material SBU

Akio Kojima

Head of Smart SBU

Takaharu Takikawa

Head of Engineering Center

Haruyoshi Tashika

General Manager of Safety and Quality Assurance Headquarters

Yoichi Nemoto

Deputy General Manager of Corporate Support Headquarters

Seiji Yamakado

Representative Director and President of Daicel Miraizu Ltd.
Chairperson of Shanghai Daicel Polymers, Ltd.

Seiji Sakano

Head of Life Sciences SBU

Masahiko Hirokawa

Deputy General Manager of Corporate Support Headquarters
Division Manager of Investor Relations & Corporate Communications, Corporate Support Headquarters

Mitsuteru Mutsuda

General Manager of Innovation and Business Development Headquarters
Assistant Head of Biomass Innovation Center

Ryohei Yamada

Deputy Head of Life Sciences SBU
Division Manager of Medical Device Division, Life Sciences SBU

Hiroshi Iwase

Deputy Head of Smart SBU

* Independent Director or Independent Audit & Supervisory Board Member

Corporate Governance

Based on our Basic Philosophy of being a “company making lives better by co-creating value,” we see the reinforcement of corporate governance as a key management priority for improving corporate value and thereby contributing to the interests of our various stakeholders. Along with maintaining an efficient and dynamic organizational structure that enables us to quickly respond to changes in our business environment, we strive to preserve and reinforce the already highly effective corporate governance structure through which we consistently improve our corporate value by ensuring managerial transparency and legal compliance.

Changes in Corporate Governance Enhancement

	FY2001/3	FY2011/3	FY2021/3
Separation of supervisory from business execution functions	<ul style="list-style-type: none"> 2000/3 Introduced the Executive Officer System 2001/3 Appointed Outside Directors 		<ul style="list-style-type: none"> 2018/3 Increased the ratio of Outside Directors to 50% 2023/3 Increased the ratio of Outside Directors to 50%
Clarification of management responsibility and building a system that responds quickly to changes in the environment		<ul style="list-style-type: none"> 2004/3 Shortened the term of office for Directors from two years to one 	
Establishment of various committees	<ul style="list-style-type: none"> 2001/3 Established the Nomination and Compensation Committee 	<ul style="list-style-type: none"> 2007/3 Established the Information Disclosure Committee / the Risk Management Committee 2011/3 Established the Internal Control Council 	
Effectiveness evaluation of the Board of Directors		<ul style="list-style-type: none"> 2017/3 Started to evaluate the effectiveness of the Board of Directors 2021/3 Improved the method for evaluating the effectiveness of the Board of Directors 2023/3 Changed the method for evaluating the effectiveness of the Board of Directors (Evaluation by an external expert) 	
Development of internal control systems		<ul style="list-style-type: none"> 2007/3 Established the Basic Policy for structuring Internal Control Systems 	

Corporate Governance Framework

The Company has established a corporate framework under which its Board of Directors makes management decisions in an efficient manner and fulfills its supervisory functions, and its Audit & Supervisory Board accomplishes its auditing and supervisory functions. Such a framework has enabled us to keep reinforcing our corporate governance. Specifically, by welcoming Outside Directors and allowing them to provide opinions and advice based on their expertise, Daicel is working to ensure that the decisions made by its Board of Directors are appropriate and the execution of Director duties is effectively supervised. Moreover, we have adopted an Executive Officer System that has enabled us to clearly separate our decision-making, supervisory, and business execution functions. Such a clear division of roles has allowed us to bolster our business management structure and, consequently, corporate activities.

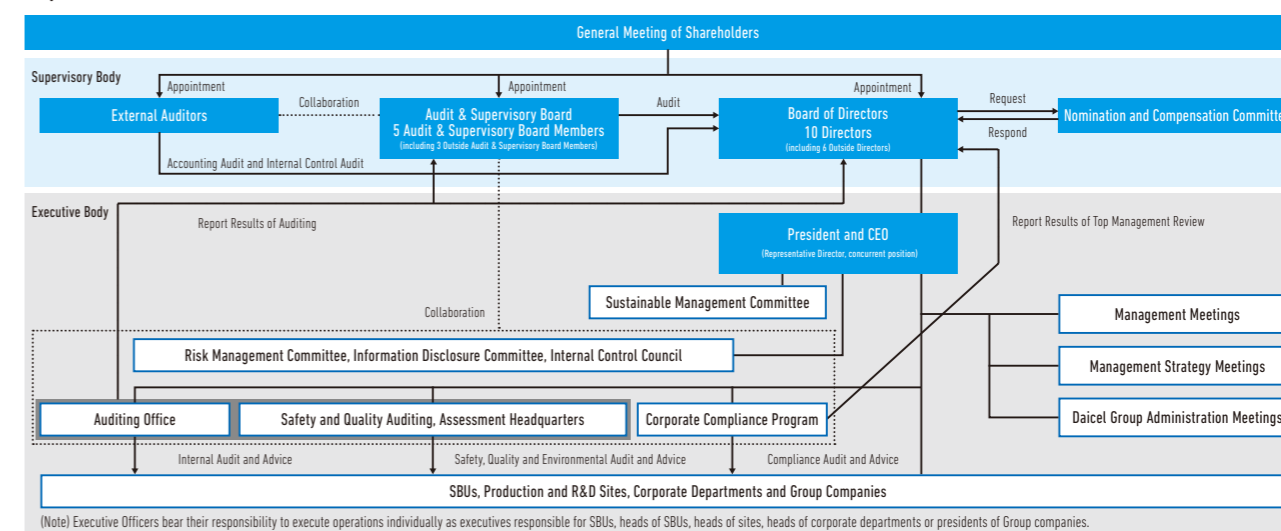
[Corporate Governance Report \(July 11, 2023\)](https://www.daicel.com/en/sustainability/pdf/governance/cg_report_20230711.pdf)
https://www.daicel.com/en/sustainability/pdf/governance/cg_report_20230711.pdf

[Standards for Independence of Outside Directors / Outside Audit & Supervisory Board Members](https://www.daicel.com/en/sustainability/pdf/governance/Standards_for_Independence.pdf)
https://www.daicel.com/en/sustainability/pdf/governance/Standards_for_Independence.pdf

Outline of Corporate Governance Framework (As of June 23, 2023)

Item	Content
Type of organizational structure	Company with Audit & Supervisory Board
Chairperson of the Board of Directors	President and CEO
Number of Directors	10 (including 2 female Directors)
Number of Outside Directors	6 (all 6 are independent Directors)
Number of Audit & Supervisory Board Members	5 (including 1 female Director)
Number of Outside Audit & Supervisory Board Members	3 (all 3 are independent Audit & Supervisory Board Members)
Number of Executive Officers	21 (including 4 officers concurrently serving as Directors)
Number of Board of Director meetings held in FY2023/3 (Average attendance rate of Outside Directors/Outside Audit & Supervisory Board Members)	15 (97.8%/98.3%)
Number of Audit & Supervisory Board meetings held in FY2023/3 (Average attendance rate of Outside Audit & Supervisory Board Members)	15 (98.3%)
Term of office for Directors	1 year
Term of office for Audit & Supervisory Board Members	4 years
Average term in office for Directors	3.6 years
Average term in office for Audit & Supervisory Board Members	2.4 years
External Auditor	Deloitte Touche Tohmatsu LLC

Corporate Governance Framework (as of June 23, 2023)



[Board of Directors]

The Company recognizes the role of the Board of Directors as being to establish a direction the Company should aim for, formulate specific strategies toward that end, and supervising efforts to achieve those goals from an objective standpoint. Consisting of four Internal Directors and six Outside Directors, the Board of Directors makes decisions about important matters regarding corporate management and supervises the execution of business and business operations.

Number of Resolutions, Discussions, and Reports by the Board of Directors (FY2023/3)

Resolution and Report Classification	Number of Topics under Discussion
Management strategy, sustainability, governance, IR, individual matters	49
Accounting and finance	40
HR and remuneration	30
Risk management, corporate compliance and corporate ethics	12
Audit & Supervisory Board Members, External auditors and internal audits	7
Total	138

[Audit & Supervisory Board]

The Audit & Supervisory Board comprises five members, and three members are Outside Audit & Supervisory Board Members. The Audit & Supervisory Board holds meetings to share information, deliberate on, and make decisions about important issues related to the Company's audits. Outside Audit & Supervisory Board Members have abundant experience and wide-ranging insight in areas such as financial accounting, finance, legal affairs, and management, and they perform audit functions from an independent third-party standpoint.

Major Activities of Audit & Supervisory Board Members

Dialogue with Executive Officers such as the President and CEO	The Audit & Supervisory Board Members are provided opportunities for dialogue with the President and CEO, senior managing executive officers, managing executive officers, etc. to ascertain the management situation and concerns, and when necessary, issues are raised and suggestions are made.
Attending important meetings	Besides the Board of Directors meeting, the standing Audit & Supervisory Board Members attend other important meetings such as management meetings, planning meetings, management strategy meetings, internal control council meetings, grasp a wide range of information and state their opinions as and when necessary.
Audit and site visit	The standing Audit & Supervisory Board Members take a lead in conducting site visits at offices, Group companies and other units in Japan and overseas. During the visits, they receive explanations of the status of business execution, ask questions, and state opinions based on their expert knowledge. In FY2023/3, we conducted audits of 28 internal departments, on-site audits at 7 business sites, and on-site audits at 32 Group companies.
Collaboration with internal audit departments and External Auditors	The Audit & Supervisory Board Members hold regular meetings with the Auditing office, Corporate Compliance Program, and Safety and Quality Auditing, which are internal audit departments, and receive reports on the implementation status of plans and activities. They hold meetings with the external auditors about ten times a year and receive timely reports on the status of execution of duties and the results of audits, and they also exchange necessary information and opinions through discussions on major audit matters.

[Nomination and Compensation Committee]

The Nomination and Compensation Committee reports in response to requests from the Chairperson of the Board of Directors or the Audit & Supervisory Board, with a focus on maintaining transparency, appropriateness, and objectivity with regard to decision-making processes for personnel affairs and compensation relating to personnel that include Directors, Audit & Supervisory Board Members and Executive Officers. The committee is chaired by an Outside Director and consists of six Outside Directors and two Representative Directors.

Composition of the Board of Directors and Audit & Supervisory Board

Position	Name	Responsibilities, Key Background, etc.	Sex	Term of Office	Independent Director or Independent Audit & Supervisory Board Member	Business Execution		Board of Directors (Attendance Rate)	Audit & Supervisory Board (Attendance Rate)	Nomination and Compensation Committee (Attendance Rate)	Primary Areas of Knowledge and Experience (Skill Matrix)*								
											Corporate Management	Global Management	Marketing and Business Planning	Technology and R&D	Finance and Accounting	Legal Affairs, Intellectual Property and Risk Management	DX	Sustainability	
																	Environment	Diversity & Inclusion	
Directors	Inside	Yoshimi Ogawa	Representative Director, President and CEO, Chairperson of Board of Directors, Member of the Nomination and Compensation Committee Responsible for Research Center, and Advanced Materials & Packaging Institute, Executive Consultant of Polyplastics Co., Ltd.	♂	12 years		●	● (100%)		● (100%)	●	●		●		●	●		
		Kotaro Sugimoto	Representative Director, Senior Managing Executive Officer Member of the Nomination and Compensation Committee General Manager of Corporate Support Headquarters, Responsible for Corporate Compliance Program, Corporate Sustainability, and Digital Strategy Division	♂	4 years		●	● (100%)		● (100%)	●	●		●				●	
		Yasuhiro Sakaki	Director, Senior Managing Executive Officer General Manager of Corporate Planning & Strategy Headquarters, General Manager of SCM Headquarters, Responsible for Safety SBU, Healthcare SBU, and Material SBU	♂	3 years		●	● (100%)			●	●	●					●	
		Akihisa Takabe	Director, Senior Managing Executive Officer, General Manager of Assessment Headquarters, Responsible for Safety and Quality Assurance Headquarters, and Intellectual Property Center	♂	4 years		●	● (93.3%)			●		●					●	
	Outside	Teisuke Kitayama	Outside Director Member of the Nomination and Compensation Committee Honorary Advisor of Sumitomo Mitsui Banking Corporation	♂	5 years	●		● (100%)		● (100%)	●	●		●	●			●	
		Toshio Asano	Outside Director Chairperson of the Nomination and Compensation Committee Advisor of Asahi Kasei Corporation	♂	4 years	●		● (100%)		● (100%)	●	●		●				●	
		Takeshi Furuichi	Outside Director Member of the Nomination and Compensation Committee Advisor of Nippon Life Insurance Company	♂	3 years	●		● (100%)		● (100%)	●	●		●					●
		Yuriya Komatsu	Outside Director Member of the Nomination and Compensation Committee Director of IA Partners Inc.	♀	1 year	●		● (100%)		● (100%)	●	●		●	●				●
		Mari Okajima	Outside Director Member of the Nomination and Compensation Committee Professor at J. F. Oberlin University Former Deputy General Manager of Cabin Attendants Division of Japan Airlines Co., Ltd.	♀	-	●						●		●					●
Keita Nishiyama	Outside Director Member of the Nomination and Compensation Committee Representative Director at Nishiyama Research Institute, Inc. Former Director-General of Commerce and Information Policy Bureau of Ministry of Economy, Trade and Industry	♂	-	●					●				●	●		●			
Audit & Supervisory Board Members	Inside	Hisanori Imanaka	Standing Audit & Supervisory Board Member, Chairperson of Audit & Supervisory Board	♂	3 years			● (100%)	● (100%)		●	●					●	●	
		Mikio Yagi	Standing Audit & Supervisory Board Member	♂	-						●	●	●						●
	Outside	Junichi Mizuo	Outside Audit & Supervisory Board Member Representative Director and Chairperson of the Japan Compliance & Governance Institute, Honorary Professor of Surugadai University	♂	5 years	●		● (100%)	● (100%)								●	●	
		Hideo Makuta	Outside Audit & Supervisory Board Member Attorney at Law, Ginza Chuo Law Office	♂	3 years	●		● (93.3%)	● (93.3%)					●	●				●
		Hisae Kitayama	Outside Audit & Supervisory Board Member Certified Public Accountant, Representative of Kitayama Public Accounting Office	♀	1 year	●		● (100%)	● (100%)					●	●				●

* In "Primary Areas of Knowledge and Experience (Skill Matrix)", up to five items that are particularly expected from each person are listed. It does not represent all the knowledge and experience that each person possesses.

Effectiveness Evaluation of the Board of Directors

Every year, the Company conducts and publicly releases a summary of an effectiveness evaluation of the Board of Directors, which aims to maintain and improve the Board's performance and find the most suitable approach to corporate governance.

FY2023/3 Initiatives Based on the FY2022/3 Effectiveness Evaluation

In view of the effectiveness evaluation of FY2022/3, in FY2023/3 we spent time improving reports with regard to the importance of subjects such as major investments in our business strategy, as well as progress and issues related to such subjects.

FY2023/3 Effectiveness Evaluation of the Board of Directors

Although our effectiveness evaluations of the Board of Directors to date have been done strictly by those affiliated with the administrative office of the Board of Directors, FY2023/3 saw us begin to enlist the support of a third-party organization (a law firm) with the goal of incorporating the knowledge of experts to further improve the effectiveness of the Board of Directors. We plan to make use of this third party once every three years.

Summary of the Evaluation Process and Results

Evaluation Process	<ul style="list-style-type: none"> •A questionnaire prepared by the office in cooperation with a third-party organization is distributed to all the Directors and Audit & Supervisory Board Members and the results are collected. •The responses of the above questionnaire are surveyed in more detail in individual interviews with the presence of a third-party organization. •Based on the responses of questionnaire and results of interviews, issues are identified through discussions between a third-party organization and the office. •These results (including proposals by a third-party organization on responses to issues) are reported and discussed at the Board of Directors.
Main Evaluation Item	<ol style="list-style-type: none"> (1) Composition of the Board of Directors (2) Status of discussions at the Board of Directors (3) Status of discussions on investor evaluations and disclosure (4) Status of discussions on matters of high public interest in recent years (SDGs, etc.) (5) Other Board operation issues
Overview of Evaluation Results	<p>The Board of Directors engaged in productive discussions with Outside Directors and actively offered their opinions, and we were able to confirm that the effectiveness of the Board is generally satisfactory.</p> <p>On the other hand, there were some issues that needed to be addressed to improve the Board's effectiveness. The main issues pointed out were:</p> <ol style="list-style-type: none"> (1) Board composition issues <ul style="list-style-type: none"> •Further discussions on the succession plans of a management team. (2) Board deliberation issues <ul style="list-style-type: none"> •Enhancement of monitoring structure of the status of execution of management strategies as well as the identification of risks of individual proposal. (3) Status of discussions on investor evaluations and disclosure <ul style="list-style-type: none"> •Further discussions on the ideal way, etc. to disclose information on changes, etc. of management strategies. (4) Status of discussions on matters of high public interest in recent years <ul style="list-style-type: none"> •Enhancement of monitoring structures for the initiatives related to sustainability and promotion of human capital management. (5) Other Board operation issues <ul style="list-style-type: none"> •Improvements on the timing of delivering reference materials for Board meetings and use of in-house jargon. •Discussions on the ideal way to serve as chairperson of the Board of Directors.
Actions to Be Taken	<p>It was confirmed that the Company will further enhance the effectiveness through the discussions on the above issues at the Board of Directors for FY2024/3 and ongoing initiatives going forward.</p>

Compensation for Directors and Audit & Supervisory Board Members

1. Basic Policy

- (1) Compensation of Directors and Audit & Supervisory Board Members shall be determined by Board of Directors' resolution for Directors, and Audit & Supervisory Board Members' discussion for Audit & Supervisory Board Members within the scope of the total amount of compensation, etc., approved by the General Meeting of Shareholders.
- (2) Compensation of Directors shall consist of monthly compensation, performance-based bonuses, and stock compensation, which will generally be paid according at a 55:30:15 ratio that is subject to change according to one's position. This rule does not apply to Outside Directors, who shall be paid only a monthly compensation. The compensation of Audit & Supervisory Board Members shall consist solely of monthly compensation.
- (3) To ensure objectivity, transparency, and validity regarding compensation, the Board of Directors makes its decision following deliberations based on recommendations made by the Nomination and Compensation Committee.

2. Basic Policy on Compensation

(1) Monthly Compensation

In principle, the monthly compensation of Directors and Audit & Supervisory Board Members is a fixed amount paid in accordance with internal rules that are determined by the Directors' duties and job titles in business execution and as to whether or not the Audit & Supervisory Board Members are full-time.

Regarding monthly compensation, the Company has revised the compensation to an appropriate and fair level reflective of its business performance, accomplishment of medium- and long-term business plans, and social situation, among other factors.

(2) Performance-Based Bonuses

Performance-based bonuses of Directors are paid in accordance with the accomplishment of performance indicators designated by the Board of Directors. Currently, net sales and operating income are used as the indicators to emphasize business growth, market expansion, and improvements in the earning power of our core business. These indicators are given a 50-50 weighting, and the basic amount of the performance-based bonus is calculated by multiplying the rank-based amount with a payment rate that fluctuates between 0% and 200% based on the level of accomplishment of the performance indicators. Further, the payment rate based on the level of accomplishment of the indicators is calculated based on the table below.

The Coefficients of Payment Rate for Calculating Performance-Based Bonuses

Indicator	Weight	Target Achievement Rate	Coefficient
Consolidated net sales	50%	120% or more	200%
		More than 100% and less than 120%	*1
		100%	100%
		More than 80% and less than 100%	*2
Consolidated operating income	50%	80% or less	0%
		120% or more	200%
		More than 100% and less than 120%	*1
		100%	100%
		More than 80% and less than 100%	*2
		80% or less	0%

*1 These bonuses are proportional to the percentage that the target figure was achieved, within a range of 101% to 199%. *2 These bonuses are proportional to the percentage that the target figure was achieved, within a range of 1% to 99%.

The final amount of performance-based bonuses are determined by assessing the status of each Director from the perspectives of practicing sustainable management policy and accomplishing Mid-Term Management Strategy, and adding or subtracting up to 20% to or from the basic amount of the performance-based bonus.

(3) Restricted Stock Compensation System

Daicel introduced Restricted Stock Compensation System to step up value-sharing with shareholders and motivate Directors to contribute more to medium- to long-term improvement in corporate value. The stocks cannot be transferred for a period of 30 years, and the Board of Directors decides on an amount for each eligible individual, which is then divided by the stock price at a certain point to calculate the number of shares to be awarded.

Total Compensation for Directors and Audit & Supervisory Board Members (FY2023/3)

Category	Number of recipients	Amount (Yearly)			
		Monetary compensation		Stock-based compensation	Total
		Monthly compensation	Performance-based bonuses		
Directors (including Outside Directors)	11 (6)	276 million yen (75 million yen)	75 million yen (-)	52 million yen (-)	404 million yen (75 million yen)
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	6 (4)	109 million yen (39 million yen)	-	-	109 million yen (39 million yen)
Total	17	386 million yen	75 million yen	52 million yen	514 million yen

* A resolution of the 153rd Annual General Meeting of Shareholders held on June 21, 2019, held the amount of compensation for Directors to a maximum of 500 million yen annually. Especially, a resolution of the 156th Annual General Meeting of Shareholders held on June 22, 2022, held the amount of compensation for Outside Directors to a maximum of 100 million yen annually.

* At the 152nd Annual General Meeting of Shareholders held on June 22, 2018, it was resolved that the amount of compensation for Audit & Supervisory Board Members should be within 120 million yen per year.

Quality Misconduct/Corporate Compliance

Inappropriate Actions Related to Third-Party Certification for the Products of Our Group Company

With regard to the certification by Underwriters Laboratories Limited Liability Company (hereinafter, UL), a third-party safety science organization in the United States, for some of the resin products sold by one of our subsidiaries, Daicel Miraizu Ltd., we announced on July 11, 2022, that in the tests conducted by UL, the test specimen submitted was not the one that should have been originally submitted, that the composition at the time of obtaining the certification was partially changed without applying to UL, and that this product was manufactured and sold as a certified product.

We established an investigative committee consisting of our independent Outside Audit & Supervisory Board Members and outside experts who have no stakes in our Company and entrusted them with the investigation of such acts. Then, on December 16, 2022, we received from this committee an investigation report with the investigation results including the facts about these acts and their causal analysis, and the results of the verification of the current quality compliance system, along with the following recommended measures for the prevention of recurrence of these acts.

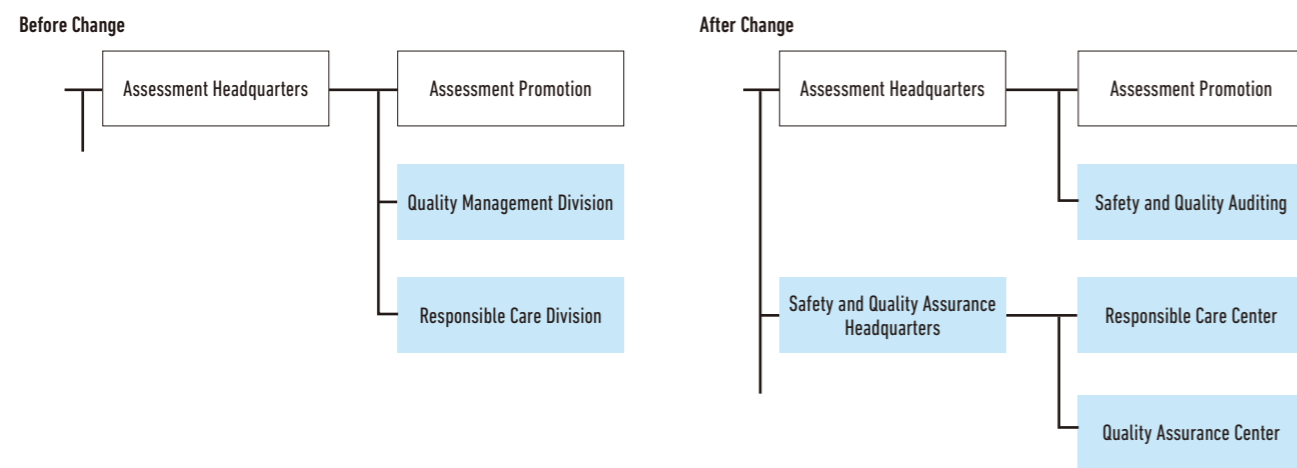
Recommended Measures for Preventing Recurrence

1. Thorough implementation of early design reviews during product development and composition changes
2. Improving the FUS (Follow Up Service) work environment and promoting personnel rotation
3. Strengthening the quality risk management system
4. Developing a quality assurance system
5. Establishment of internal rules and manuals regarding quality assurance, clarification of escalation flow
6. Further commitment by our officers to quality compliance activities
7. Strengthening the monitoring of quality compliance
8. Strengthening the education and training regarding quality compliance
9. Resolving the reluctance to use the Whistleblower System
10. Reflecting the status of quality compliance in personnel evaluations and making the disciplinary action stricter

The results of the investigation by the committee will be taken seriously by the entire Group, and we will steadily proceed with measures to prevent recurrence. We have once again positioned "Safety," "Quality" and "Compliance" as the foundations of our "manufacturing," and we newly established "Daicel Group Code of Conduct" and "Ethical Standards of Daicel Group" on April 1, 2023, and on the same day, restructured our organization to strengthen the management foundation, where top priority is placed on "Safety," "Quality" and "Compliance." All officers and employees of the Group will once again go back to the basics of "manufacturing" and do their utmost to restore trust and prevent recurrence.

Overview of Organizational Changes

Under the old structure, the "Assessment Headquarters" was responsible for auditing and promoting initiatives related respectively to safety and quality, but under the new system, the auditing function and the initiative promotion function are organizationally segregated. "Assessment Headquarters" was changed to an organization specializing in the auditing function, and "Safety and Quality Assurance Headquarters" was newly established as a function to oversee and promote initiatives related to safety and quality.



[Daicel Group Code of Conduct](https://www.daicel.com/en/sustainability/governance/compliance/policy.html)
<https://www.daicel.com/en/sustainability/governance/compliance/policy.html>

[Ethical Standards of Daicel Group](https://www.daicel.com/en/sustainability/governance/compliance/standard.html)
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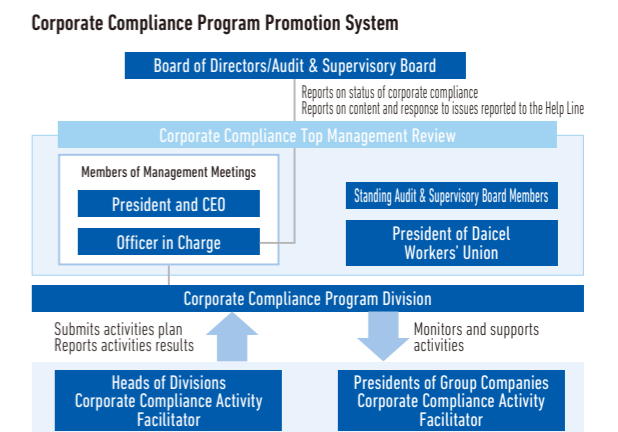
Corporate Compliance

One of the foundations for sustainable management is corporate compliance. Each department and Group company (hereinafter, each organization) of the Company formulates action plans based on the Daicel Group Code of Conduct and Ethical Standards of Daicel Group, and under the same sense of values, we are working on corporate compliance activities throughout the Group and instilling corporate compliance in each and every employee.

Daicel Group Code of Conduct	As a guideline for regulating the behavior of individuals, it shows the items that each officer and employee should always be aware of and put into practice with the first priority to self-control as a member of society.
Ethical Standards of Daicel Group	It is a necessary condition for survival in a diversifying global society as a model of business execution of the Company, and indicates universally applicable items in all areas of activity.

Promotion System

The Company has established a Corporate Compliance Program Division under the responsibility of Senior Managing Executive Officers to promote its corporate compliance activities across the entire Group. Each organization independently practices corporate compliance activities with a corporate compliance activity facilitator at their cores. At meetings of the corporate compliance Top Management Review which are held at least once a year, activities of and important issues concerning each organization are discussed. The details of these meetings are reported to the Board of Directors. The Corporate Compliance Program Division holds meetings with each organization that include an internal audit aspect, to promote better corporate compliance activities, and works to raise awareness of and support organizations' corporate compliance activities in addition to swiftly identifying and correcting business risks through dialogue.



Education and Training Programs

The Group systematically promotes training on corporate compliance through hierarchical training. In addition, we have established a Compliance Awareness Month and conduct e-learning and discussion-based training on compliance. In FY2023/3, we held a discussion-based training on the inappropriate actions related to third-party certification, and used it as an opportunity to reconfirm the importance of doing the right thing as a member of society, and worked to raise awareness of compliance throughout the Group.

Compliance Help Line System (Whistleblower System)

We have established a "Compliance Help Line System" based on the purpose of the whistleblower protection system. In addition to the internal contact points, we have also set up external points of contact hosting an external institution for receiving reports and consultations from within the Company. We have also set up a contact point on our website to respond to inquiries from outside the Company. The Board of Directors is regularly reported on the status and results of responses to all reports and consultations received by the Group's hotline. In response to the occurrence of the inappropriate actions related to third-party certification at Group company, we are strengthening awareness of the outline of this system and of how to use it. In addition to awareness-raising activities at each workplace, we are raising awareness through hierarchical training and e-learning during Compliance Awareness Month, and we also conduct reporting drills using simulated cases.

Overview of the Compliance Help Line System of Our Group

Target users	All officers and employees including overseas employees (including contract employee (directly employed) and temporary staff (indirectly employed via agency)), outside entities (customers, business partners, cooperating companies, retirees, general public, etc.)
Contents of report	Events that may violate the Ethical Standards of Daicel Group (fraud, anti-competitive conduct, corruption and bribery, human rights violation, harassment, pollution of employment environment and environment in general, other violations to compliance)
Features	Anyone can report anonymously. Matters concerning Group companies can be reported to the Daicel help line as well as to Group company help lines

Cases of Reporting and Consultation of the Entire Daicel Group as Reported to the Corporate Compliance Program Division

	FY2021/3	FY2022/3	FY2023/3
Identified problematic conduct	17	24	35
Harassment damage, etc.	13	19	20
Complaints to the Company	22	4	16
Others	2	3	5
Total	54	50	76