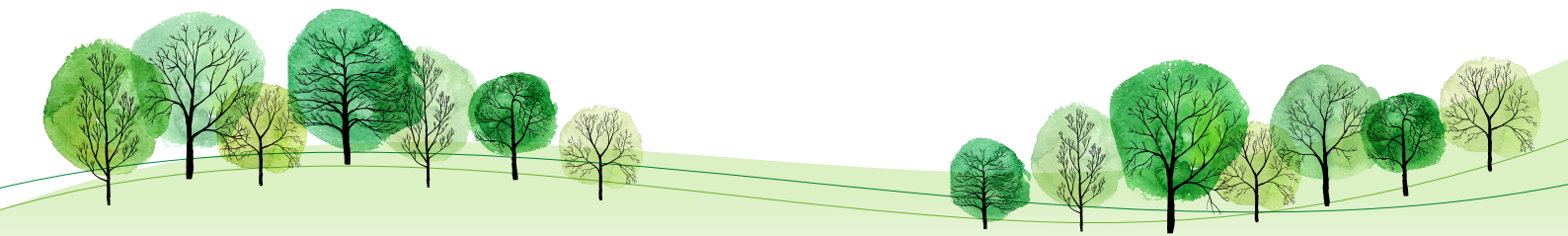


DAICEL GROUP SUSTAINABILITY REPORT 2024

Sustainable Value Together



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Sustainability

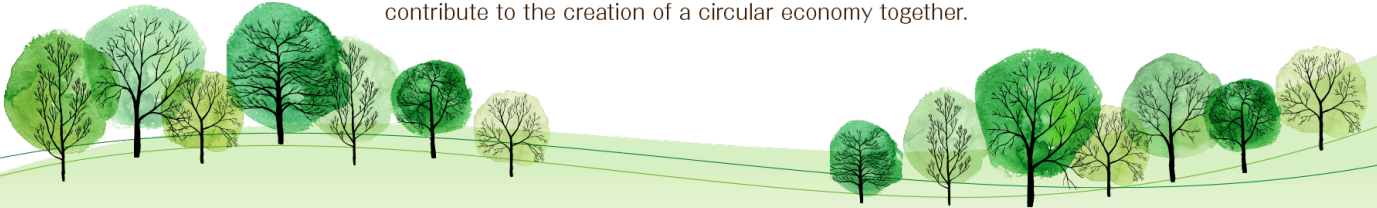
Aiming to Align Ecology and Economy, and Building Organically Connected Value Chains



President and CEO,
Daicel Corporation

Y. Ogawa

Just as a natural forest composed of diverse types of trees and plants achieves sustainable growth, the Daicel Group will realize sustainability in its products, manufacturing processes, and people by multiplying the diversity of each employee. We will also expand the circle of value co-creation with partners who share our aspirations and contribute to the creation of a circular economy together.



Daicel Group Sustainability





Sustainability Related Articles



Cellulose Acetate



Harima Plant Human Development Center



Native Forests for Life Initiative



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Message from the President and CEO



Aiming to Align Ecology and Economy,
and Building Organically Connected
Value Chains

President and CEO,
Daicel Corporation

Y. Ogawa

With an eye on the creation of a circular society and sustainable growth, we will expand the scope of value co-creation from the Daicel Group to our partners.

Turning Point for Bold Reforms

Daicel is currently implementing its Mid-Term Management Strategy “Accelerate 2025,” and FY2024/3 was the turning point for the reforms we have advanced up to now. Looking back on our business performance, we achieved increased sales and profits, posting record net sales and EBITDA, despite a longer-than-expected stagnation in electronic materials.

Under the current Mid-Term Management Strategy, we have made a major shift from conventional targets focusing on the growth of sales and profits to management with an emphasis on speed and flexibility in response to sudden changes in society, enhanced agility with a transformation to asset-light, and awareness on the profit ratio and capital efficiency. A succession of speedy and bold reforms thus far—including our response to the COVID-19 pandemic at the very beginning of the Mid-Term Management Strategy period, withdrawal from the defense industry, consolidation of production bases in the Safety Business, acquisition of Polyplastics Co., Ltd. (hereinafter “Polyplastics”) as a wholly owned subsidiary, narrowing down of research themes, and the first major human resource system reforms in two decades—has exerted pressure on a large number of employees, even causing strains in the organization. Nevertheless, we recognize that we cannot change the Company without going that far, so we have deliberately chosen a line that tests our limits. Our good business performance in FY2024/3, partly boosted by the tailwind of the weak yen, is the result of company-wide reforms, and I am grateful for the hard work of our employees.

On the other hand, when considering these measures and reforms as well as on-site efforts to tackle them, I, as a chief

executive officer, also believe they should result in better figures and that the Company's true strength is much greater. Hence, we must more steadily draw out those results throughout the second half of the Mid-Term Management Strategy period.

Prospects for the Second Half of the Mid-Term Management Strategy Period

Up to now, we have implemented corporate culture reforms, such as a transformation to market-oriented organizational and business structures, selection and concentration of the business through portfolio management, transformation to asset-light, and drastic review of existing joint ventures. In addition, as we have passed the halfway mark of the current Mid-Term Management Strategy, we started the operation of the raw material plant for acetic acid, a large-scale investment project, in FY2024/3, and also a plant for increased production in the Engineering Plastics Business, a growth investment, is scheduled to go online in FY2025/3.

With regard to our current financial position, we are approaching the targets set forth in the Mid-Term Management Strategy. Our projections suggest that net sales, operating income, and EBITDA will hit record highs in FY2025/3, and EBITDA is expected to exceed 100-billion-yen one year earlier than anticipated in the Mid-Term Management Strategy. However, most of this recent business growth stems from the growth of existing businesses. Our unique existing businesses and product lineup are some of our strengths; nevertheless, Daicel will become a more exciting manufacturer only by creating new businesses and products, and not just relying on existing businesses that serve as the base for its profitability. Although many of our products have long life cycles, mature businesses will eventually decline someday. In this environment, if new business ventures emerge, and our employees succeed in overcoming the birth pains and get those businesses on track, they will gain solid confidence.

The sense of fulfillment from finally creating or completing something despite any hardships will be engraved as the Company's new DNA, which in turn will serve as a catalyst for the next generation of new businesses—unless we become a company with such DNA, we will not be able to provide value in a sustainable manner. A major aim of ours is the creation of new businesses, which was also the case for the restructuring of our R&D organization in April 2024. By dividing our R&D themes into short-term and medium- to long-term ones and swiftly connecting the former to commercialization and profitability, we will nurture an environment where our employees can gain experience and confidence and more ambitiously tackle their next development projects.

Vertical Integration M&A

M&A is also an important strategy for sustainable growth. It provides opportunities to incorporate external knowledge and ideas we lack and to stimulate R&D activities. I believe that vertical integration M&A suits the current situation of the Company. For example, integration with companies upstream or downstream in the supply chain will definitely generate synergistic effects. In OP-II* of the current Mid-Term Management Strategy, we acquired all the shares held by our joint venture partner and made Polyplastics a wholly owned subsidiary in 2020. Some argued at the time that this was an overvalued acquisition, but I made my decision prioritizing speed. I believe that the acquisition has already sufficiently shown positive results. In this M&A, both Polyplastics and Daicel incorporate each other's differing corporate cultures and respective strong points, and the two companies are united to enhance the Group's strength. As both had previous contact with each other as Group companies for some time, in a way, it felt like we welcomed Polyplastics into a compatible organization. Going forward, we will endeavor to conduct M&As with impacts significant enough to provide greater impetus within the Company.

* Mid-Term Management Strategy is divided into three operations (OP) that expand the scope of co-creation from Daicel alone to the Daicel Group to partners.

Technological Innovations That Help Align Ecology and Economy

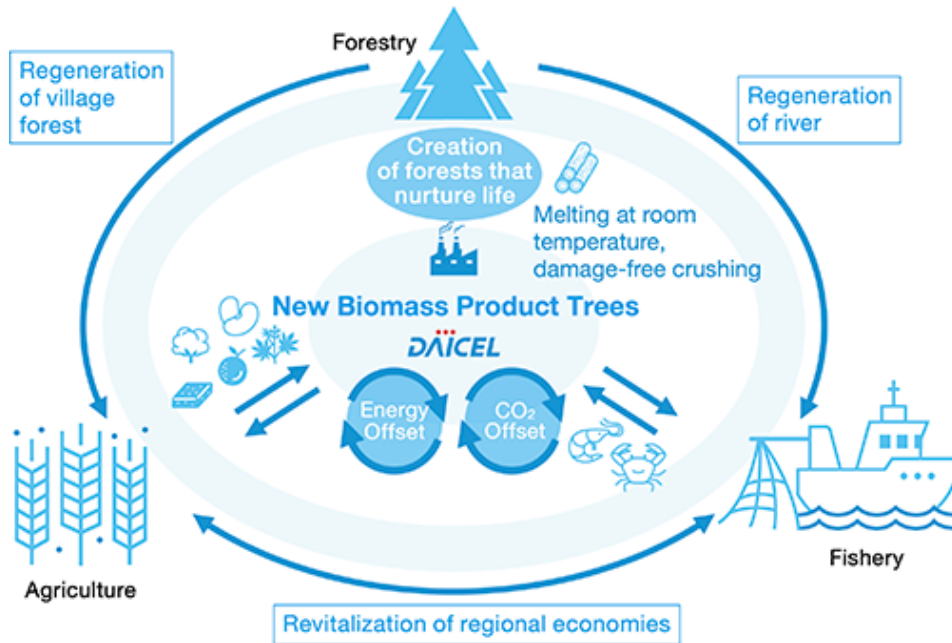
The direction of our research and technical development activities, which lead to the creation of new businesses, vividly illustrates the ideal company we are aiming for in the medium to long term.

We are oriented toward providing value while striking a balance between ecology and economy that is not only environment- or nature-friendly but also economically viable, and we are promoting technological innovation to this end. Examples of this include our "Biomass Value Chain Concept," "Ultra Solar-reduction with Nanodiamonds," and "microfluidic device plant." The Biomass Value Chain Concept aims to achieve the circulation of forests, which cover 70% of Japan's land area, as a renewable resource with New Biomass Product Trees at the core, using a technology jointly developed with universities for gently melting wood. We are advancing research toward real world implementation under industry-academia collaboration, centered on Kanazawa University's Biomass Green Innovation Center, which started full-scale operations in April 2023.

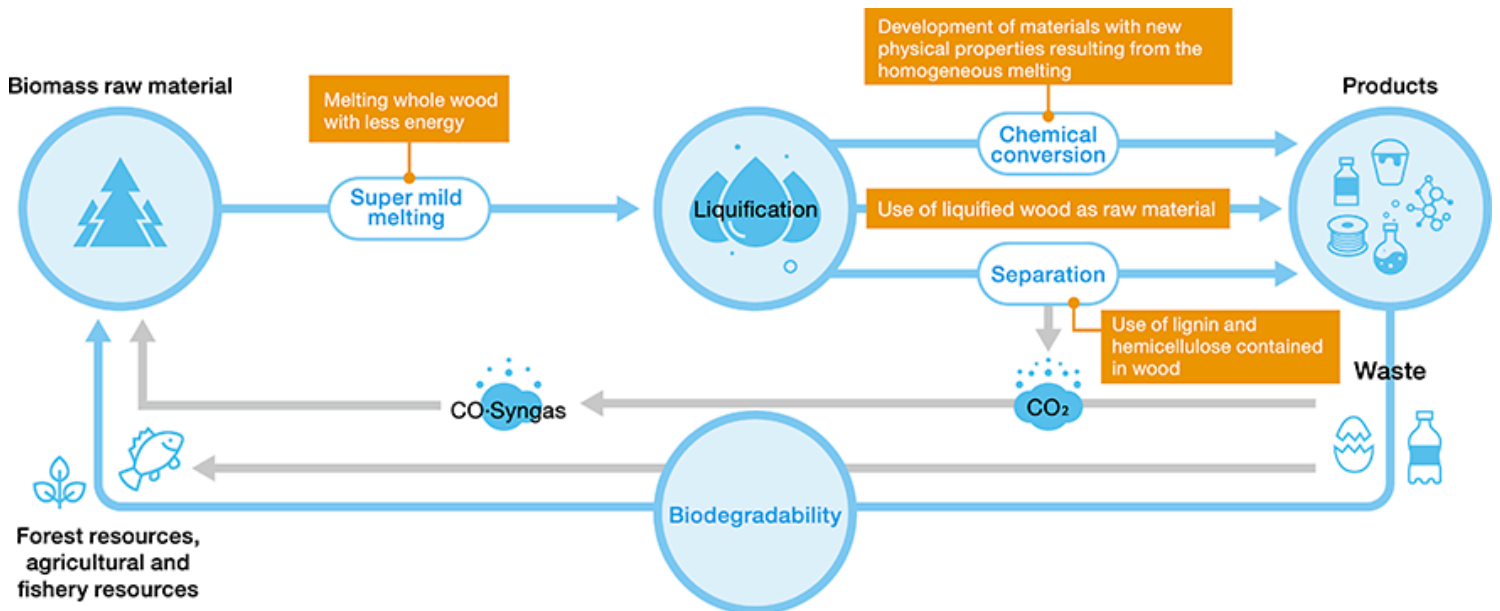
Ultra Solar-reduction with Nanodiamonds is a technology that reduces CO₂ into CO and recycles it using only sunlight, which contributes to carbon neutrality and carbon negativity. In collaboration with Kanazawa University, we are making strides toward implementing it at our Aboshi Plant. Microfluidic devices are a technology that produces the target substance under ideal chemical reaction conditions in channels on a glass substrate, the size of a business card. They will eliminate the need for refining processes, which consume approximately 80% of the energy in conventional plants. We aim to implement it in the resist polymer manufacturing plant at the Arai Plant from the end of FY2025/3 and throughout FY2026/3.

Technological innovations like this cannot be achieved with the efforts of the Company alone. In order to achieve our major goal of contributing to circular creation while aligning ecology and economy, value co-creation with like-minded partners is essential. As the alignment of ecology and economy is not limited to research and technical development, we will establish the Virtual Value Chain Control Center (VVCC) and aspire to realize the overall optimization of production across the supply chain.

Biomass Value Chain Concept



New Biomass Product Trees



Evolution of DAICEL Production Innovation

The Company established “DAICEL Production Innovation” in 2000, to which AI was subsequently incorporated, leading to its evolved version, the “Autonomous Production System,” in 2020. This manufacturing system is one of the Company’s major strengths. DAICEL Production Innovation is an ever-evolving system. As the next step, we will build on this and set up the VVCC as a measure to improve added value across the supply chain. The VVCC is an integrated management base that regards the supply chain, consisting of multiple manufacturers, as one virtual corporate entity. Linking the supply chain via DAICEL Production Innovation makes it possible to visualize information across companies and derive optimal solutions in the chain. Specifically, we have learned that it will lead to a reduction in energy consumption, excess inventory, and production and logistics costs, in addition to improved production efficiency and product quality. The Company has already linked together the production information at both the Aboshi Plant in Hyogo Prefecture and the Ohtake Plant in Hiroshima Prefecture in real time and realized a virtual factory that controls production plans according to the balance of energy as if they were a single virtual plant. We plan to expand the scope to the supply chain by establishing the VVCC and to equip the center with various functions.

We have been steadily making preparations for a shift to a new kind of manufacturing that harnesses DAICEL Production Innovation to improve added value across the supply chain in our OP-III. We already finished designing the content to be introduced in the VVCC, and we are checking for any effects through trials at each base. The VVCC will be established adjacent to the Integrated Production Center at the Aboshi Plant. What comes to mind first is the optimization of the acetyl chain, and we will incorporate the Aboshi Plant, Ohtake Plant, and production bases of other companies into a single virtual corporate entity. We will then monitor safety and quality in the entity and operate it such that it presents optimal solutions across a wide range of areas, such as production planning, logistics, regular maintenance and repairs, and labor.

Our Philosophy That Has Lasted Since Our Foundation

While the Mid-Term Management Strategy only covers five years, it does not exist in a vacuum. It builds on what our predecessors accumulated and left behind throughout our more than 100 years of history. Our employees are the ones who will pass down and develop the history of the Daicel Group. Whether we can create a future of promise falls on the shoulders of our current employees. While AI use and DX are important, we cannot create such a future without the power of people.

Daicel’s Basic Philosophy is “the company making lives better by co-creating value.” Based on this philosophy, the Company’s current Long-Term Vision describes our initiatives to realize earth- and people-friendly manufacturing. Without being confined to the limits of the company framework, we plan to become a new business group by pursuing value chains. Such ideas have been continuously fostered by the Company. Since our foundation, we have had the idea of co-existing with forests and of creating value through working collaboratively across the supply chain. Before the foundation of Dainippon Celluloid Co., Ltd. (the predecessor to today’s Daicel Corporation) in 1919, there were too many celluloid manufacturers and processing plants. This led to a shortage of camphor, a raw material used in plasticizers, and the excessive felling of camphor trees in Taiwan. Concerned by the situation, our first president, Mokichi Morita, preached nature conservation through the managed felling of trees and improved international competitiveness through quality stability, leading to the foundation of the Company through a merger of eight celluloid manufacturers. From early on after our foundation, we conducted management with an emphasis on creating value while striking a balance along the supply chain. In particular, the Company pays attention to nurturing and supporting sales agencies and processing companies and has conducted the “maintenance of orderly marketing” several times.

In light of our ideas since our foundation, the creation of a circular society through the Biomass Value Chain is a very Daicel-esque idea. Actually, even looking at the percentages of raw materials purchased, I believe that the Company would be positioned closest to biomass among the materials industries. Our main raw materials are methanol and wood-derived pulp, while raw materials derived from crude oil account just for around 20%. The fact that the Company has such an origin is the very reason why I would like to make Daicel more of a leader in the fields of sustainability and Sustainable Development Goals (SDGs). Our unwavering direction is to contribute to the creation of a circular society while striving to align ecology and economy, and our mission is to advance technological innovation to this end.

Return to Humanity

Since the 1990s, the Company has improved productivity by digitalizing (DX) production and office work using the IT available at the time. With the establishment of the VVCC in sight, it is now increasingly necessary to promote DX, including AI use. As such, we will create a corporate culture that actively incorporates AI. Nevertheless, the Company's pillar of "People-Centered Management" remains unchanged. I believe that we need a return to humanity to prevent DX efforts from weakening ties between people. DX and humanity are not intrinsically incompatible with each other. We have made designs in the systemization phase of DAICEL Production Innovation in a way that maintains humanity. Rather than digitalizing everything, leaving decision-making to humans will help both people and systems to function well.

No matter how much we promote AI use and DX, humans have creative capabilities that go beyond these tools. Forging ahead with DX and covering tasks traditionally done by humans will leave room for people to think about their next steps, allowing them to do more creative work.

Exciting Company That Creates a Future of Promise

Drawing on my past experience, I know that people do not change that easily. In that regard, if people change even a little, that change is significant. What managers can do to have employees change themselves on their own is raise awareness and give inspiration by changing the environment. Since assuming the post of President and CEO in 2019, I have implemented various reforms including organizational changes. In a way, these reforms are measures to have employees realize and think about "what they want to do and what they need to do." I am increasingly sensing that our employees have actually changed, and more and more people outside the Company tell me that Daicel is exciting and that Daicel has changed. For me, an exciting company is the best.

The driving force behind an exciting company lies in having each and every employee think about and act on "what they want to do." For instance, development themes and the creation of related systems are not things that should be bestowed by the Company; rather, employees should think about and act on "what they want to do." I believe that is the ideal approach. The reason we adopted broad task force structures for our R&D organization is that we wanted to encourage employees to think and act by themselves within those general frameworks. I hear that some projects have fairly intense discussions, but those involved keep them secret and tell me nothing about them. However, I find no problem with that. They should take approaches that they think are exciting.

I expect that in the near future, there will be a technological discontinuity; in other words, technologies will emerge that are not extensions of existing ones. Companies that spearhead the next generation of technologies at that time are sure to survive. There is nothing more exciting than promoting technological innovation and creating a future of promise. The Company is

working on a large number of revolutionary technologies with an eye on the future, while implementing the Long-Term Vision and Mid-Term Management Strategy. “Ultra Solar-reduction with Nanodiamonds” and the “microfluidic device plant” mentioned above are good examples. Regarding these R&D themes, we have already narrowed down our targets in terms of which processes will be implemented in which plants. By the end of FY2026/3, the final year of the Mid-Term Management Strategy, we will complete as many themes as possible and connect them to commercialization and profitability. There are also long-term themes, and a typical example is the “Biomass Value Chain Concept.” We will continue to tackle these long-term themes, too, as steppingstones to lead the next generation of technologies. Moreover, with the establishment of the VVCC, DAICEL Production Innovation, which is one of our strengths, will enter a stage of improving added value across the supply chain.

These technological innovations can already generate good results for a single company, but if we share them within the supply chain, we can expect even greater results. After all, our founding philosophy of co-existence and co-prosperity is important. While working in unison with many people to share knowledge, the Company is in the middle of creating a future of promise through value co-creation.

We place great importance on the Basic Philosophy concept, and in future will continue to hold this concept without being influenced by changing times.

The company making lives better by co-creating value

Sustainable Value Together

Co-creating value ●●●

Understanding and communicating together with various partners, to jointly create new value

Daicel Group Code of Conduct

Daicel Group has implemented a Sustainable Management Policy that is deeply rooted in one of our founding principles of co-creating value to achieve a better quality of life for all. Our objective is to contribute to the sustainable development of society. As part of the policy implementation, all Daicel group employees, including executives, have committed to follow the “Daicel Group Code of Conduct,” a set of guidelines highlighting acceptable and expected ethical behavior.

In order to survive in an increasingly diverse global society, we establish [group ethical norms](#) that universally apply to all areas of corporate activity.

By committing to these policies and applying them in our daily business practices, our employees consistently conduct business with strong morals, integrity, and the highest standards of ethics. These efforts demonstrate Daicel’s good corporate citizenship and integrity.

Daicel Group Code of Conduct

1. We conduct ourselves with strong moral and ethical standards.
2. We treat others with dignity and respect.
3. Though we have independent thoughts and actions, we collaborate to achieve optimal result as necessary.
4. We create a "future of promise" for all by embracing new perspectives, adopting a mindset of change, and embracing the spirit of challenge.
5. We proactively engage with individuals beyond our organization, fostering new benefits by promoting open partnerships with diverse companies and entities.
6. We recognize that safety, quality, and compliance are the pillars of the manufacturing industry. Therefore, we prioritize them in our daily operations, continually striving to meet the expectations and earn the trust of our customers and society.

Revised April 1, 2023

Ethical Standards of Daicel Group

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Ethical Standards of Daicel Group

The following Ethical Standards of Daicel Group applies to all employees of Daicel Group companies, including our supply chains.

1. Fair and transparent business activities

(i) Compliance with laws (legal rules, regulations, ordinances, etc.), company policies and procedures.

We are committed to domestic and international legal and regulatory compliance, as well as company policies and procedures.

(ii) Fair business practices

We practice fair business and competition. We do not participate in unfair or anti-competitive business practices, including collusion, cartels, and bid rigging.

(iii) Compliance with contract terms and customer requirements

We prioritize compliance with customers/suppliers terms and conditions set forth in an executed contract. If a new term or condition arises that is not explicitly defined in the contract, we will clearly communicate the new term to all contracting parties once it has been mutually agreed upon.

(iv) Fair accounting

We conduct fair accounting and tax practices based on accurate records.

(v) Responsible procurement

We strictly prohibit inappropriate transactions, including the abuse of a dominant bargaining position, in our commitment to upholding fair business practices. We exercise thorough due diligence in supplier selection to ensure that only those who align with our social and ethical standards, such as environmental conservation and human rights protection, become part of our supply chain.

(vi) Information management

We commit to the safeguarding of our company’s and third parties’ confidential information, including

personal data, by maintaining an effective information security system. We adhere to privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

(vii) Ban on insider trading

Insider trading is prohibited, and we handle crucial undisclosed information in the utmost responsible and appropriate manner.

(viii) Protection of intellectual property

We carefully safeguard the Group's intellectual property rights and prohibit any actions that would infringe upon the rights of others.

(ix) Disclosure of information

We disclose accurate corporate information, taking into consideration the interests of various stakeholders, including shareholders, in a timely, appropriate, and fair manner. In addition, we conduct suitable dialogues according to the needs of each stakeholder.

(x) Partnership with nonprofit and non-government organizations (NPOs/NGOs)

Our corporate-nonprofit partnerships have generated positive impacts on various social and environmental issues. We remain dedicated to seeking contribution opportunities to organizations that are committed to addressing pressing challenges faced by our communities today. We collaborate with NPOs and NGOs that offer innovative and comprehensive solutions to these issues, with the aim of making a meaningful and sustainable difference in society.

(xi) Proper relationships with politics

We maintain a suitable and transparent relationship with politics, based on legal regulations.

(xii) Prohibition of corruption and engagement with antisocial forces

We have no affiliation with any criminal syndicates or organized crime groups. Corrupt practices such as bribery, embezzlement, and money laundering are strictly prohibited.

(xiii) Sensible course of action

We clearly distinguish between public and private matters and do not misuse company assets or expenses for personal purposes.

Giving or receiving gifts or favors that exceed commonly accepted social norms is not allowed.

(xiv) Transparent and healthy work environment

We operate in an open work environment that is transparent and discourages secrecy, where common daily activities include communication and collaboration, consultation, and timely reporting of any potential issues.

Our principle of "Bad News First" also promotes transparency and discourages employees from committing fraud or participating in cover-ups.

(xv) Whistleblower protection and non-retaliation

We established internal and external channels for whistleblowers to securely report any violations of laws or the Code of Conduct. These channels are equipped to maintain the confidentiality, anonymity, and protection of whistleblowers, unless prohibited by law.

Any form of sanctions or retaliation against whistleblowers is strictly forbidden.

2. Respect for all individuals and maintaining a healthy and positive work environment.

(i) Respect for human rights

We believe all humans, regardless of race, sex, nationality, ethnicity, language, religion, or any other status, are entitled to all human rights outlined in the United Nations Universal Declaration of Human Rights, and we are committed to treat all workers with dignity and respect.

(ii) Respect for diversity and prohibition of discrimination and harassment

We are committed to providing a work environment that is free of harassment and unlawful discrimination, such as race, ethnicity or national origin, color, age, gender, sexual orientation, gender identity and expression, disability, pregnancy, and religion. This commitment extends to all aspects of employment, including hiring, wages, promotions, and access to training opportunities.

(iii) Prohibition of forced labor and child labor

We prohibit employment of any forced labor or child labor.

(iv) Freedom of association and collective bargaining rights

We respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly, in conformance with local law.

(v) Occupational safety and health management

We continuously identify, assess, and mitigate employees' potential exposure to health and safety hazards. Workers are to be provided with appropriate, well-maintained, personal protective equipment where necessary, as well as ongoing occupational health and safety training. We also strive to develop and improve the mental and physical well-being of all Daicel Group employees.

(vi) Human resources development initiatives

We believe that people are the driving force behind all business activities. Thus, our human resources development initiatives are aimed to enhance employee skills, knowledge, capabilities and promote professional growth in alignment with Daicel's values and goals.

(vii) Work-life balance

We recognize the importance of maintaining a healthy equilibrium between work responsibilities, personal well-being, and privacy of individuals. We encourage employees to set and maintain appropriate boundaries between work and personal life, which include respecting non-working hours and setting adequate time for rest, relaxation, and personal commitments.

3. Sustainability, environmental conservation, and social responsibility

(i) Product functionality, quality, and excellence

We manufacture and deliver high quality products that are functional and align with customer expectations. We consistently review and improve our production methods to meet quality standards with ongoing goals to exceed customer expectations and improve customer satisfaction.

(ii) Environmentally friendly and socially conscious production processes

We continuously identify the environmental impacts and strive to minimize adverse effects on the community, environment, and natural resources within our manufacturing operations, while safeguarding the health and safety of the public. We've developed technologies to drive innovation in new production processes that minimize environmental impact and reduce energy consumption. Furthermore, we actively contribute to the establishment of a circular economy, promoting the efficient use of resources and minimizing waste.

(iii) Safe handling of chemicals

We comply with relevant laws, regulations, and industry standards for the safe handling, storage, transportation, and disposal of chemicals. This ensures that employees are aware of and adhere to legal requirements to minimize risks to human health and the environment, including leakage.

(iv) Emergency preparedness and disaster prevention

As a chemical plant, we place great emphasis on establishing and maintaining a robust safety and disaster prevention system to prepare for natural disasters, such as earthquakes and typhoons. We continuously improve this prevention system through education and training programs, including emergency drills. By equipping our workforce with the necessary knowledge and skills, we strive to

always operate safely and minimize harm to life, the environment, and property in an emergency or event of natural disasters.

(v) Contribution to local communities

Engaging with local communities is essential to being responsible corporate citizens. Daicel builds relationships with various local communities to understand their needs and priorities, to collaborate with community members and organizations, to help align our contributions with the communities' specific needs, and to foster meaningful partnerships that drive positive change.

Established on April 1, 2023

Sustainability Management

The Daicel Group's business activities are guided on a day-to-day basis by our basic philosophy of making people's lives better by co-creating value. Today, as public values are changing significantly in terms of realizing a sustainable society, the Group has stipulated its basic approach to management by laying out the Sustainable Management Policy. Under this policy, we will prioritize safety, quality, and compliance as the most important foundation and seek to achieve a sustainable society and the Group's business expansion with integrity, tireless efforts, and self-transformation.

In addition, the Daicel Group signed the United Nations Global Compact in April 2020 to express its sincere corporate commitment to sustainability, agreeing with the aim of solving global issues as a responsible corporate citizen."

[> Ten Principles of the United Nations Global Compact and the Daicel Group's Initiatives \[PDF : 365KB\]](#) 

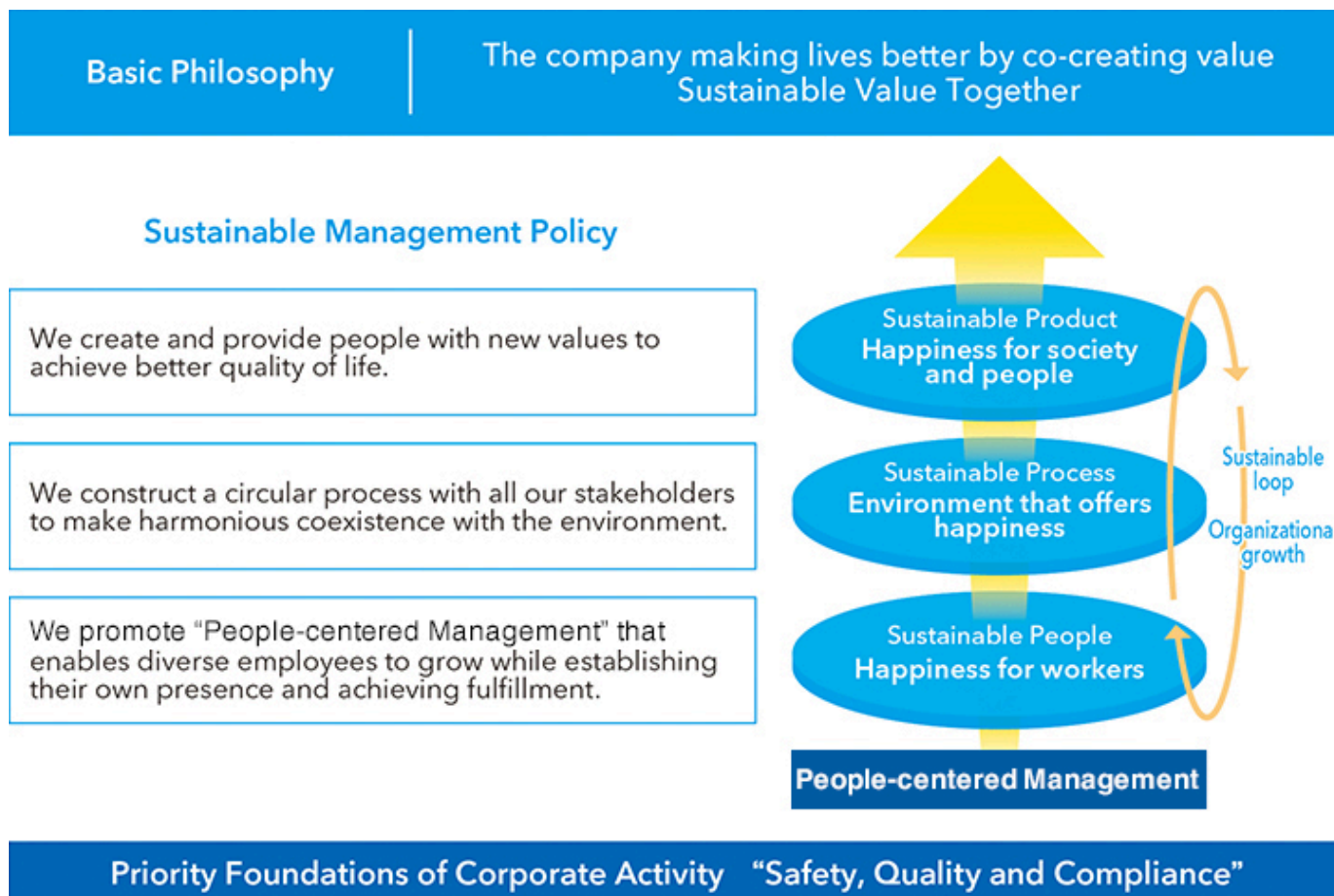
Sustainable Management Policy

Sustainable Management Policy

- We create and provide people with new values to achieve a better quality of life.
- We construct a circular process with all our stakeholders to make harmonious coexistence with the environment.
- We promote "People-centered Management" that enables diverse employees to grow while establishing their own presence and achieving fulfillment.

Enacted June 5, 2020

■ Conceptual Diagram of Sustainable Management Policy



Sustainable Management System

In formulating our Mid-Term Management Strategy, Accelerate 2025, the Daicel Group identified key issues, or "materiality," in sustainability that will promote the realization of the strategy, and set key performance indicators (KPIs) for each issue.

In FY2021/3, the Daicel Group established the Sustainable Management Committee (typically meets three times a year), chaired by the President and CEO, to discuss and manage key sustainability issues (materiality) at the management level. In addition, in each issue-specific subcommittee established for themes related to sustainability, such as LCA and supply chains, the responsible officer is involved as the responsible person, working to strengthen initiatives and further enhance information disclosure.

As for the KPIs, we regularly re-identify and modify the impact as necessary through stakeholder engagement. The regular progress evaluation of KPIs by the Sustainable Management Committee ensures implementation of the CAPD* cycle.

In addition, the Board of Directors will receive regular reports from the Sustainable Management Committee concerning the status of the KPIs related to materiality in order to supervise the promotion of sustainability at the Daicel Group.

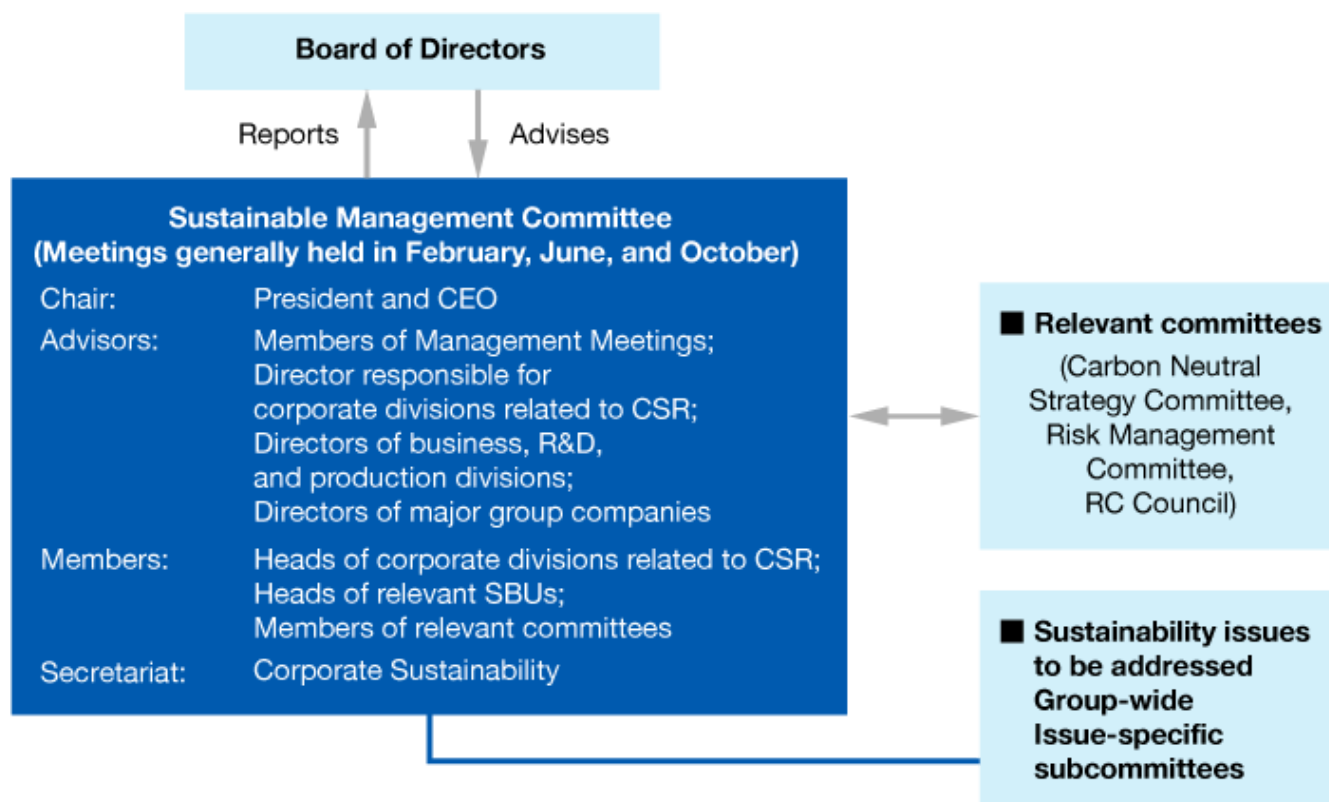
In FY2024/3, the Sustainable Management Committee met three times, mainly discussing the response to climate change, the certification system for contributions to build a circular society, initiatives to reduce GHG emissions, and the calculation of the Carbon Footprint of Products (CFP), with the details reported to the Board of Directors.

We will continue to make progress towards resolving issues related to sustainability and elevating our efforts to the next level.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel Group has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

> Key Issues (Materiality)

■ Diagram of the Sustainable Management System



Daicel Group Sustainability Promotion Conference

The Daicel Group holds the Daicel Group Sustainability Promotion Conference at the beginning of each fiscal year to promote the realization of a sustainable society and the growth of the Group while maintaining a high level of awareness under the Sustainable Management Policy. The promotion conference is attended by Daicel’s management, representatives of the Daicel Workers’ Union, representatives of SBUs and divisions, and the presidents of Group companies to reaffirm and share their thoughts.

In FY2024/3, the conference was held in two parts, a hybrid format of face-to-face and remote, with approximately 110 participants. In the first part, messages were delivered by the President and CEO, the chairperson and the vice chairperson of the RC Council, and the managers of the Safety and Quality Assurance Headquarters, the Corporate Compliance Program, and the Corporate Sustainability. In the second part, Hideo Makuta, an Outside Audit & Supervisory Board Member, gave a presentation on UL issues and sustainability.

In FY2025/3, approximately 80 attendees gathered at the Tokyo Head Office for the first time in five years, and the event was held in two parts as a “Conference for a Future of Promise” with the hope of realizing such a future. In the first part, messages were delivered by top management and representatives of the Daicel Workers’ Union, and recommendations were made by

the General Manager of the Corporate Sustainability and the Safety and Quality Assurance Headquarters on “safety, quality, and compliance,” which are the most important foundation for the Group to continue to be a “company making lives better by co-creating value,” Daicel’s Basic Philosophy. In the second part, efforts to ensure safety and quality were discussed and shared by the General Managers of each business site, the Environment and Safety Division, the Quality Assurance Division, and the Administration Division.



Initiatives for Realizing a Sustainable Society

Recognizing social issues, the Daicel Group considers it is our corporate mission to contribute to the realization of a sustainable society through our products and business processes, and to create new value for society.

Since FY2021/3, besides incorporating a sustainable management curriculum into position-based training, we are promoting various activities, including launching programs such as the SDGs Ambassador activities which support employee volunteering, to make them part of every employee’s mindset.

Initiatives Aimed at Promoting an Understanding of Sustainability

We believe it important that each and every employee understands the sustainable way of thinking, connects it to his or her own work, and acts with sustainability in mind in order to contribute to their achievement. In order to promote employee understanding, the Corporate Sustainability works in collaboration with related departments to promote the internal penetration of our concepts through various initiatives.

Implementation of Training on Sustainable Management in Position-based Training

A sustainable management-themed program was incorporated into the position-based training targeting advancing employees, including new recruits and newly appointed managers. We strive to promote the connection between the Daicel Group's policies and awareness of sustainability among employees through practical programs, including group discussions, on Basic Philosophy, Sustainable Management Policy, HR policy and materiality in collaboration with CSR-related divisions such as Corporate Compliance Program and Responsible Care, and Human Resources Division. In FY2024/3, a total of 800 employees across the Group participated in the training. In the future, we will systematically develop human resources who will be responsible for sustainable management from the time they join the company to when they are assigned to a managerial post.

Implementation of Sustainability Awareness Survey

Since FY2020/3, we have been conducting a sustainability awareness survey to verify the results of initiatives for promoting in-house awareness. The survey was held for the fifth time in February 2024, with approximately 5,500 employees from domestic Group companies surveyed (response rate of 84%). The survey showed that over 90% of employees feel the importance of connecting the Daicel Group's sustainability with their own work. Going forward, we will continue to promote in-house awareness in encouraging every employee to practice sustainability on a personal level.

Sustainability Week 2023 (Company-wide Event)

Since FY2021/3, the Daicel Group has been hosting the Daicel Group Sustainability Week, a company-wide event that also utilizes online, as an opportunity to think about sustainability. In 2024/3, Sustainability Week was held from November 20 to 30 under the theme of "Connecting the Dots and Making Sustainability a Personal Matter: A Future that Connects Us All." The event started with a message from the President and CEO on the first day. During the period, employees who are actually in charge of three themes, such as the carbon neutral strategy for reducing GHG emissions and our cutting-edge efforts in the development of new technologies, gave lectures, and participants were able to learn concrete approaches to the Daicel Group's contribution to a recycling-oriented society. Since each lecture was held at the main bases of each business, more than 850 employees participated in the event in real time, including online viewing, in addition to participants at venues. In addition, we held more than 10 events, such as the Group-wide donation drive "Mottainai Challenge 2023," which provided a good opportunity for employees to feel closer to sustainability. The recorded video was accessed by employees who could not participate in the event in real time over 3,500 times on the dedicated site on the intranet.



A lecture by the person in charge following an explanation by Senior Managing Executive Officer Kawaguchi on the carbon neutral strategy



iPark, our technology development base, is currently working on disseminating cutting-edge technologies for implementation

Activities by SDGs Ambassador

The SDGs Ambassador initiative was established by the Daicel Group in FY2021/3 as a community of self-motivated volunteers interested in sustainability and the SDGs regardless of their worksites, job types and positions in order to deepen their understanding and promote awareness throughout the Group. In FY2025/3, the fifth year of the program, a total of 158 employees (74 in FY2021/3), including those at Group companies and overseas, are actively involved in the program. Specifically, they conduct sustainable initiatives beyond workplaces through monthly lectures and networking events (nine times in FY2024/3), basic courses, and team activities. Nine of them who are particularly passionate about sustainability are working as Sustainability Key Persons to lead the penetration of the concept of sustainability within the company at business sites and divisions by linking it to their work.

Members interested in the 17 SDGs gather and form teams for each goal to carry out activities. In FY2024/3, a diverse group of members gathered across affiliations and locations to delve deeper into their goals through local experiences and discussions, and shared the results of their year-long efforts at an online SDGs Ambassador's Networking Event in March 2024.



TOPICS

SDGs Ambassador Activities

DM Novafoam Ltd.

One Novafoam, an initiative based on sustainability across business locations, is actively promoted by SDGs Ambassador. In FY2024/3, the company registered as one promoting the SDGs recommended by Nagano and Aomori prefectures, where their business sites are located, and communicated both internally and externally about their efforts toward sustainability.



Certificate of Nagano Prefectural Government Registered SDGs Partner



Certificate of Aomori Prefecture SDGs Initiative Declaration Registration

“Cheer up Place & Challenge Relationship” (team activities for SDGs, Goals 8 and 17) Initiative

“Cheer up Place & Challenge Relationship” encourages “challenges” in workplaces by discussing and disseminating information based on thinking about what kind of workplaces are easy for everyone to work, including those with disabilities. In FY2024/3, we conducted interviews at Daicel Ohtake Sangyo Co., Ltd. located in the Ohtake Plant, and shared them with the entire Group via the company intranet. Daicel Ohtake Sangyo Co., Ltd. has been creating systems to support people with disabilities, aiming to be a company where “people with disabilities can thrive.” It is continuing its efforts to increase the number of workplaces where people with disabilities can work comfortably by placing importance on communication, providing support tailored to each individual such as caring for their mental well-being, reforming workplaces, and adjusting the scope of work. In recognition of these efforts, the company was accredited by the Ministry of Health, Labour and Welfare on August 4, 2023 as a small and medium-sized enterprise excelling in the employment of persons with disabilities (Monisu Certification System).

[> Promoting Diversity, Equity and Inclusion](#)



SDGs Goal 14 Team Activities

A team, learning more about SDGs Goal 14 presented the results of their daily activities at DAICON 2023 (Daicel Group Business Contest) and received a special award.



Internal Dissemination through Events

During the Sustainability Week 2023, SDGs Ambassador played a central role in coordinating with the Administration Department to hold promotional events at the Tokyo Head Office and the Osaka Head Office for the bread and baked goods manufactured at a vocational support facility for people with disabilities. Inspired by similar initiatives already carried out at the Harima and Hirohata plants, this event was very well received and has since been held on a regular basis. By planning and hosting events like this, we enhance internal awareness of sustainability and SDGs Ambassador.



Selling bread and baked goods manufactured at a vocational support facility for people with disabilities, planned mainly by SDGs Ambassador

Stakeholder Engagement

The Daicel Group aspires to be an honest company by forging highly reliable, collaborative relationships with all stakeholders involved in our business, including customers, suppliers, shareholders and investors, local communities, employees, industry and academia. We will strive to accurately understand stakeholder demands and expectations for the Daicel Group and reflect them in our business activities.

Stakeholder	Details	Main Methods of Communication
Customers	Corporate customers and general consumers to whom we provide our products and solutions	Dissemination of information via the corporate website and other media contact points Organization of exhibitions and participation in exhibitions
Shareholders and Investors	Shareholders, individual and institutional investors	Annual General Meeting of Shareholders Financial Results Announcements Business briefings One-on-one interviews Participate in conferences for overseas investors Individual visits to overseas investors Small meetings Facility tours Dissemination and disclosure of information via the Daicel Report and corporate website contact points
Suppliers	Suppliers and subcontractors of raw materials, fuel, and parts, etc.	Daily business transactions Responsible care promotion activities Contact points CSR Procurement Assessment Sheet
Employees	All of the Daicel Group's employees	Various training seminars and educational training Central Healthcare Committee and Workplace Healthcare Committees Group newsletter and intranet Signing of the Labor-Management Charter with the labor union Compliance Help Line
Local Communities	Locations of the Daicel Group's offices and plants	Voluntary activities Friendship events with local residents Participation in local events
Industry and Academia	Partner companies, universities and research institutions with whom the Daicel Group conducts joint research and development	Joint research and development Participation in projects

Materiality

The Daicel Group identified its materiality in FY2021/3 as key sustainability issues toward achieving the Accelerate 2025 Mid-Term Management Strategy. We will carry out the CAPD cycle* according to this materiality and contribute to realizing a sustainable society in the Daicel way.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel Group has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

[> Sustainable Management Policy](#)

[> Mid-Term Management Strategy Accelerate 2025](#)

Background and Approach to Identifying Our Materiality

The Daicel Group's materiality consists of two main categories.

For "materiality aimed at achieving growth of the Daicel Group and value co-creation," our aim is to leverage the strengths of the Group to address the SDGs and other social issues and actively create value in line with the "Product, Process, and People" concept in our Sustainable Management Policy.

For "materiality related to the foundations of the Daicel Group's continuity and governance," we established respective considerations of prime importance for value creation, including safety, quality, and compliance, for E (environment), S (society), and G (governance).

Process of Identifying Materiality



STEP 1

Extract social issues

We referenced international guidelines, SDGs, the principles of the United Nations Global Compact and guidelines published by industry organizations to extract social issues that Daicel Group should address.

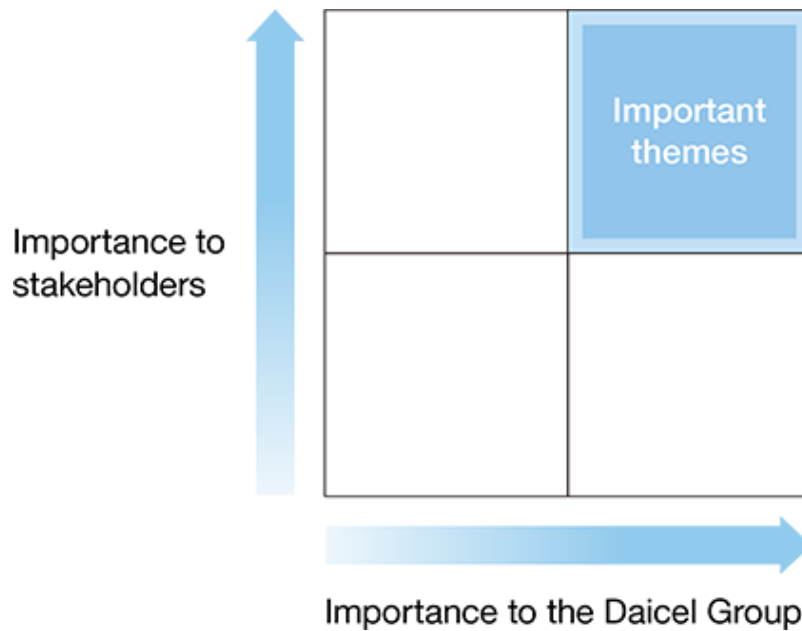
STEP 2

Prioritize

We assessed items extracted in Step 1 by giving consideration to the following aspects to identify key themes with high priority by plotting them on the materiality map according to “Importance to stakeholders” and “Importance to the Daicel Group.” We then sorted them into the two categories of “Growth of the Daicel Group and value co-creation” and “Foundations of the Daicel Group’s continuity and governance.”

- Consistency with the Long-Term Vision and Mid-Term Management Strategy
- Consistency with related policies such as the Sustainable Management Policy, the Daicel Group Code of Conduct, and the Ethical Standards of Daicel Group
- Consolidation of opinions from relevant departments

Materiality Map



STEP 3

Confirm validity

The Corporate Sustainability and other relevant divisions discussed the validity of important themes identified through Steps 1 and 2. The results were reported and approved at the Management Meetings and subsequently endorsed by the Board of Directors.



Formulate materiality and KPIs

By going through Steps 1 to 3, we identified 15 material issues. We designate a key performance indicator (KPI) and target for each. We will review our materiality, KPIs and targets in response to future changes in society and our business.

Monitoring Materiality

The progress toward identified materiality is regularly monitored by the Sustainable Management Committee via evaluation of the KPIs and targets set as well as with supervision from the Board of Directors.

Materiality and KPIs

[> List of Materiality KPIs and Results \[PDF:824KB\]](#) 

Environmental Management

Basic Approach

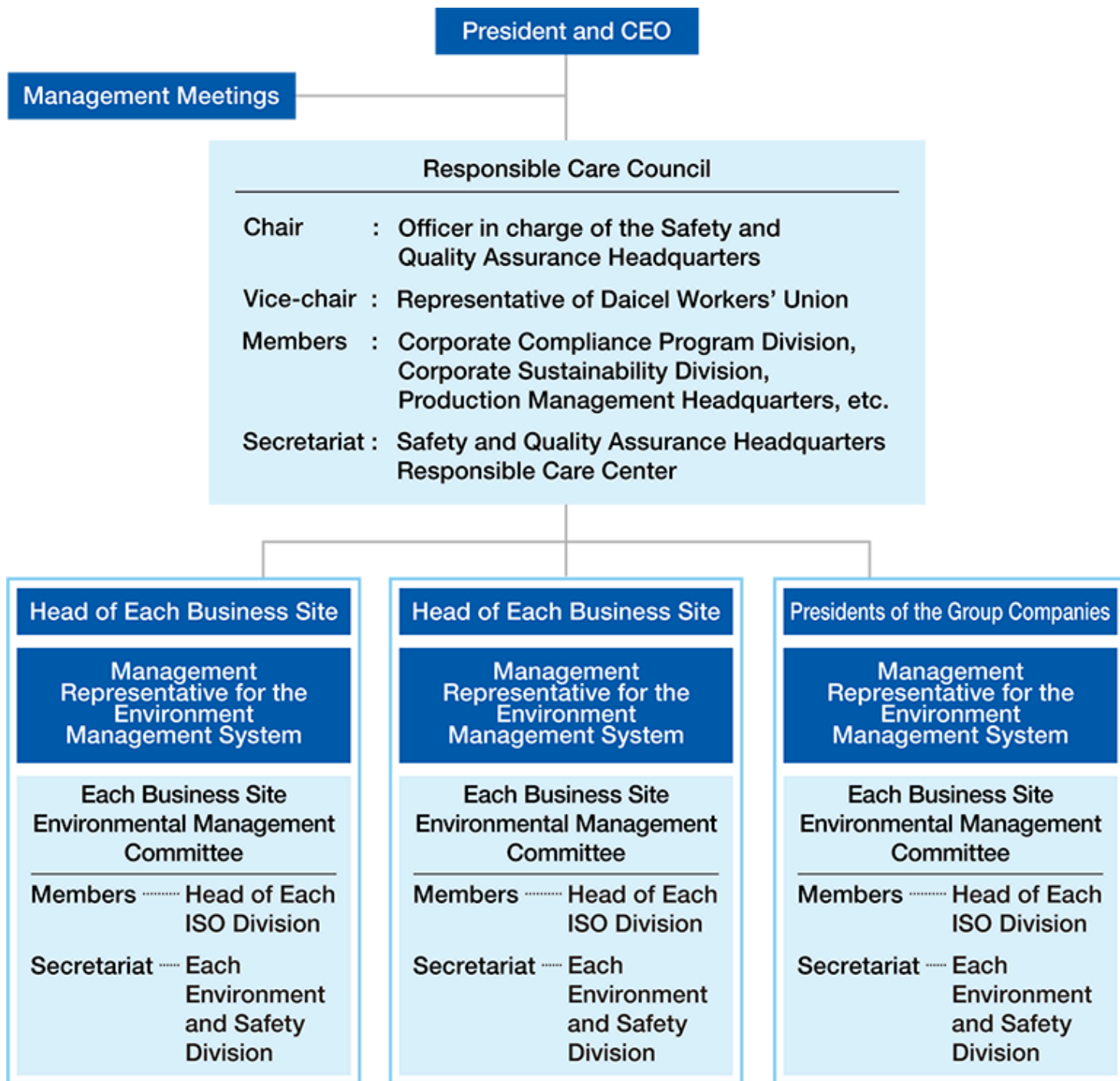
The Daicel Group seeks to fulfill its role in realizing a circular society by engaging in Group-wide activities that protect the environment by making effective use of the limited resources in its manufacturing process to minimize the Group's environmental impact. In accordance with [the Daicel Group Basic Policies for Responsible Care](#), we pursue initiatives under the specific themes of addressing climate change, reducing and recycling waste, reducing emissions of chemical substances, preserving water resources, preventing air pollution, and preserving biodiversity. Daicel's business sites and Group companies execute their environmental management systems such as ISO 14001 and regularly report their progress while engaging in continuous dialogue with our stakeholders.

Promotion System

The Daicel Group has established an environmental management system under the promotion system for responsible care to implement energy-saving measures, reduce greenhouse gas (GHG) emissions, waste and the environmental impact on air and water quality, and preserve water resources and biodiversity. In each of these initiatives, we strive to protect the environment through continuous improvements by applying a CAPD cycle* through which we revise our plans based on the results of the certification reviews for ISO 14001 and internal audits as well as audits by the Safety and Quality Auditing Office and formulate and execute new plans.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

■ Promotion System for Environmental Management

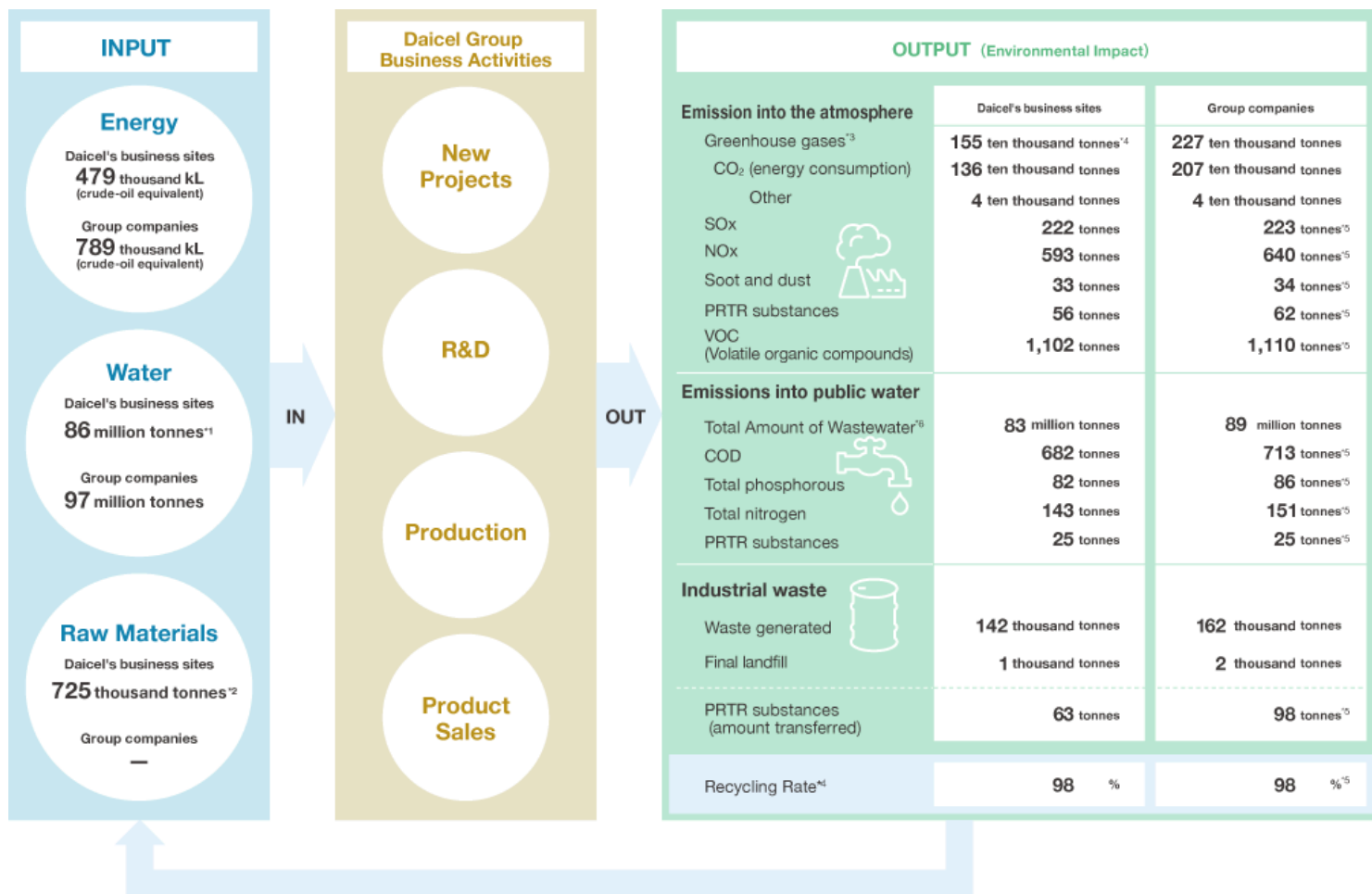


- > Promotion System for Responsible Care
- > Response to Climate Change
- > Reduction and Recycling of Industrial Waste
- > Emission Management of Chemical Substances
- > Water Resource Preservation
- > Environmental Management and Prevention of Air Pollution
- > Preserving Biodiversity

Environmental Impact of Business Activities

The environmental impact of the Daicel Group's business activities (material balance) in FY2024/3 is shown below.

Environmental Impact in FY2024/3 (Material Balance)



*1 Includes 35 million tonnes of seawater for cooling

*2 Renewable materials (pulp and biomass ethanol), 186 thousand tonnes; non-renewable materials, 539 thousand tonnes.

*3 Includes CH₄, N₂O, HFC, PFC, SF₆, and NF₃, aside from CO₂.

*4 Includes the headquarters, etc.

*5 Daicel's business sites and domestic Group companies

*6 Includes water as a byproduct from manufacturing

> ESG Data Refer to pages 1-3 "Environmental and Occupational Health and Safety Performance Data."

Internal Environmental Audits

In accordance with ISO 14001, each business site of the Daicel Group undergoes audits by a certification body and an annual internal audit. The internal audit is focused on auditing compliance with standards, follow-ups on matters that had been previously pointed out, and legal compliance with environmental regulations.

Education and Training on the Environment

The Daicel Group provides education to employees at each business site in accordance with ISO 14001 for operations that have an impact on environmental performance such as our initiatives on climate change, reduction and recycling of waste, management of chemical substance emissions, environmental management of air quality, etc. and with regard to compliance obligations. In particular, we seek to raise awareness of our climate change initiatives among employees at the head offices through the work of the Carbon Neutral Strategy Committee.

Status of Compliance with Environmental Regulations

In FY2024/3 and over the last three years, there were no serious violations of environmental regulations at Daicel nor was there any litigation involving fines for violations of the law, punitive measures, or compensation for environmental damages.

Environmental Management System Certification

Environmental management system certification has been obtained by 85% of Daicel Group's production sites (83% in Japan and 85% overseas) as of May 2024. Please refer to the following link on the current status of environmental management system certification.

[> Environmental Management System Certification](#)

Response to Climate Change

Basic Approach

The Daicel Group has set out its Medium- and Long-term Reduction Target for reducing GHG emissions under [the Daicel Group's Basic Policies for Responsible Care](#) with the goal of realizing a carbon neutral society. We will seek to reduce GHG emissions throughout the Group via a fundamental review of our production processes and the introduction of new technologies to significantly reduce energy consumption while also working to switch fuels, optimize energy consumption, and introduce renewal energy sources.

Medium- and Long-term Reduction Target for GHG Emissions

Medium- and Long-term Reduction Target for GHG Emissions

- FY2051/3: Achieve carbon neutrality*¹
- FY2031/3: 50% reduction in GHG emissions (compared to FY2019/3)*²

*1 Applicable to the Daicel Group's Scope 1, 2, and 3 emissions

*2 Applicable to the Daicel Group's Scope 1 and 2 emissions

To achieve carbon neutrality by FY2051/3, we designated a medium-term target of reducing GHG emissions by 50%, compared to FY2019/3 levels, by FY2031/3. This target references the level of reductions required to limit the global rise in temperature to the SBT* of 1.5°C above pre-industrial levels as laid out by the Paris Agreement. To meet our Medium- and Long-term Target, we will further develop our energy-saving initiatives and promote the reduction of GHG emissions and to adhere to the framework of Science Based Targets (SBTs). In May 2023, we participated in the METI-led [GX \(green transformation\) League](#) with the aim of realizing a carbon-neutral society through the collaboration between industry, government, and academia.

* Science-Based Targets: Medium- to long-term reduction targets for companies, consistent with the Paris Agreement to "hold the average global temperature to well below 2°C above pre-industrial levels" and make efforts to "limit the temperature increase to 1.5°C above pre-industrial levels."

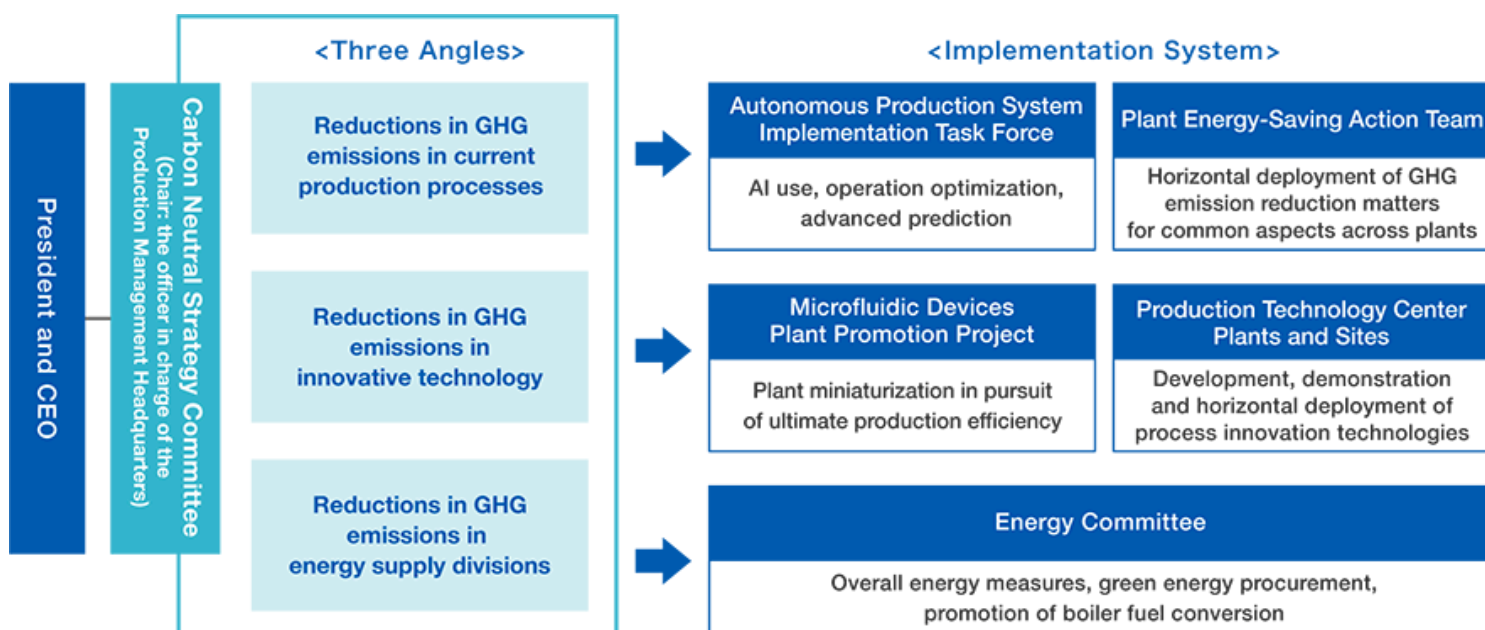
Promotion System for GHG Emission Reductions

In July 2023, we changed the name of the Energy Strategy Committee to the Carbon Neutral Strategy Committee in order to further accelerate carbon neutral initiatives.

The Energy Strategy Committee was developed out of the Energy Conservation Promotion Committee, which operated until July 2020 under the direct oversight of the President and CEO. The Energy Strategy Committee is chaired by the officer in charge of the Production Management Headquarters (General Manager of the Production Management Headquarters) and members include representatives from production, energy supply, and other corporate divisions in Japan. The committee will take the lead in promoting and managing energy conservation for the Group as a whole. At the same time, to achieve our GHG emission reduction targets, the entire Group will promote the building of a circular process that reduces emissions in current production processes and energy use, as well as through the use of innovative technologies.

With the aim of achieving our Medium- and Long-term Reduction Target and in order to propose and carry out appropriate investment plans, we are considering instituting internal carbon pricing.

■ Structure of the Carbon Neutral Strategy Committee



Initiatives for Reducing GHG Emissions

Reducing GHG Emissions

In FY2024/3, GHG emissions for the Daicel Group decreased by 7 ten thousand t-CO₂e from the previous fiscal year to 227 ten thousand t-CO₂e (down 3.4% year-on-year). This is broken down into 170 ten thousand t-CO₂e (down 3.9% year-on-year) in GHG emissions at Daicel's business sites and domestic Group companies, and 56 ten thousand t-CO₂e (down 1.8% year-on-year) in GHG emissions at overseas Group companies.

Energy consumption has a major impact on GHG emissions. In FY2024/3, energy consumption for the Daicel Group increased by 4.7% year-on-year, to 789 thousand kL in crude-oil equivalent. The increase is due to the impact of legal amendments, which has led to the inclusion of non-fossil energy in energy consumption.

In FY2024/3, energy-derived CO₂ emissions for Daicel's business sites (including the head offices) increased to 136 ten thousand t-CO₂e (up 21% year-on-year). The increase is due to legal revisions, whereby the use of non-fossil fuels, which were previously included in non-energy-derived CO₂, are now included in energy-derived CO₂.

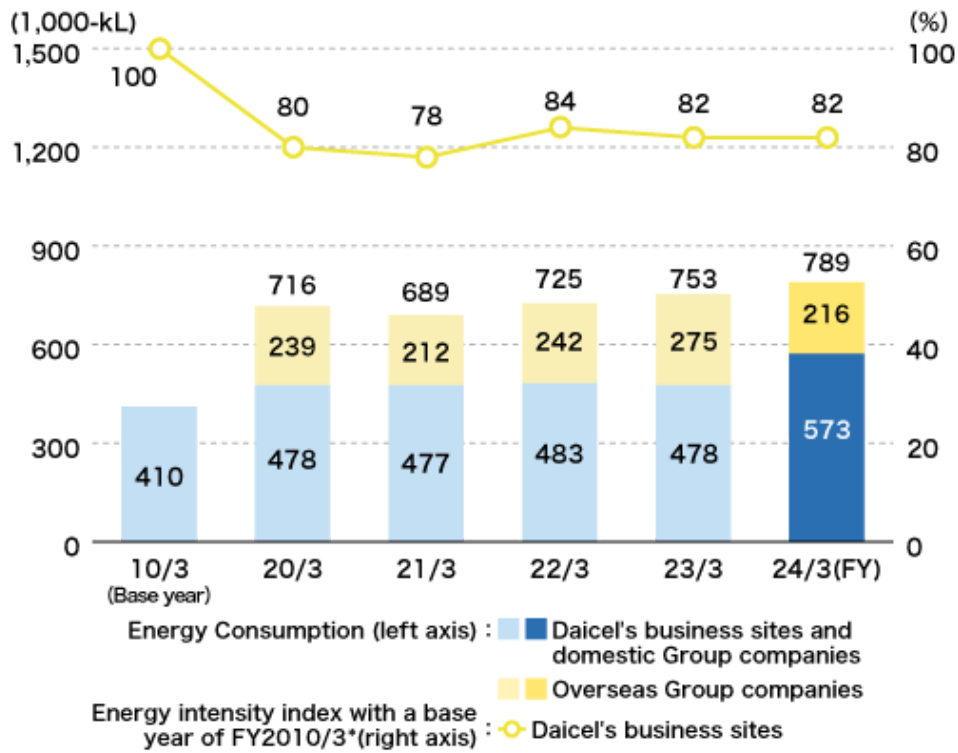
In order to ensure the reliability of the content of the report, a third party* regularly vouches for our calculations concerning GHG emissions.

In addition, in FY2024/3, we established an issue-specific subcommittee within the Sustainable Management Committee, the Life Cycle Assessment (LCA) Subcommittee, to utilize LCA methodology and started calculating the carbon footprint (CFP) of each product. Quantitatively visualizing environmental impact can help us reduce the environmental impact of existing products and develop new environmentally friendly materials and other products.

* Emissions of scope 1, 2 and 3 at Daicel's business site are calculated and verified by a third party.

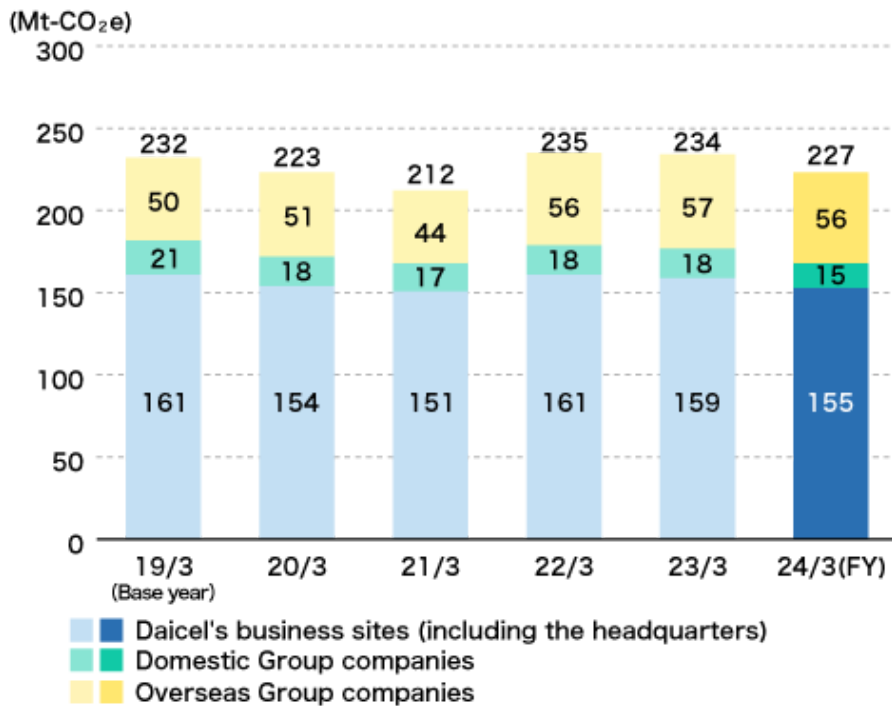
[> ESG Data](#) [Refer to page 1 "Response to Climate Change."](#)

Energy Consumption



* Energy intensity is measured by the quantity of energy required per unit of output or activity. In an index of energy intensity, the energy intensity is the quantity of energy required per unit output, and the energy intensity of a reference year is treated as 100. The power sold externally has been included in this calculation from FY2017/3, in accordance with the revised Electricity Business Act.

GHG Emissions (Scope1, 2)



Reducing GHG Emissions across Daicel's Supply Chain

We believe that GHG emissions must be reduced by both the Daicel Group and its supply chain, and we have been working to identify and reduce the volume of GHG emissions based on the GHG Protocol, the world's most widely used standards, since FY2021/3. In addition, domestic emissions of CO₂, CH₄, N₂O, SF₆, and NF₃ are calculated according to the emissions coefficients established in the Act on Promotion of Global Warming Countermeasures (Global Warming Law), plus N₂O emissions from scrap tires. In FY2024/3, we will expand both the categories covered by Scope 3 and the scope of calculation beyond Categories 1–7. In the future, we plan to expand the calculation to include overseas emissions.

■ GHG Emissions by Scope in FY2024/3

Categories		Emissions (thousand t-CO ₂)	
Scope 1* ¹	Direct GHG emissions	151	
Scope 2* ¹	Electricity indirect GHG emissions	4	
Sum of Scope 1,2* ¹		155	
Scope 3	Other indirect GHG emissions	144	
	Category 1* ²	Purchased goods and services	105
	Category 2* ³	Capital goods	22
	Category 3* ²	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	14
	Category 4* ²	Upstream transportation and distribution	1
	Category 5* ²	Waste generated in operations	1
	Category 6* ⁴	Business travel	1
	Category 7* ⁴	Employee commuting	0
Sum of Scope 1,2,3		299	

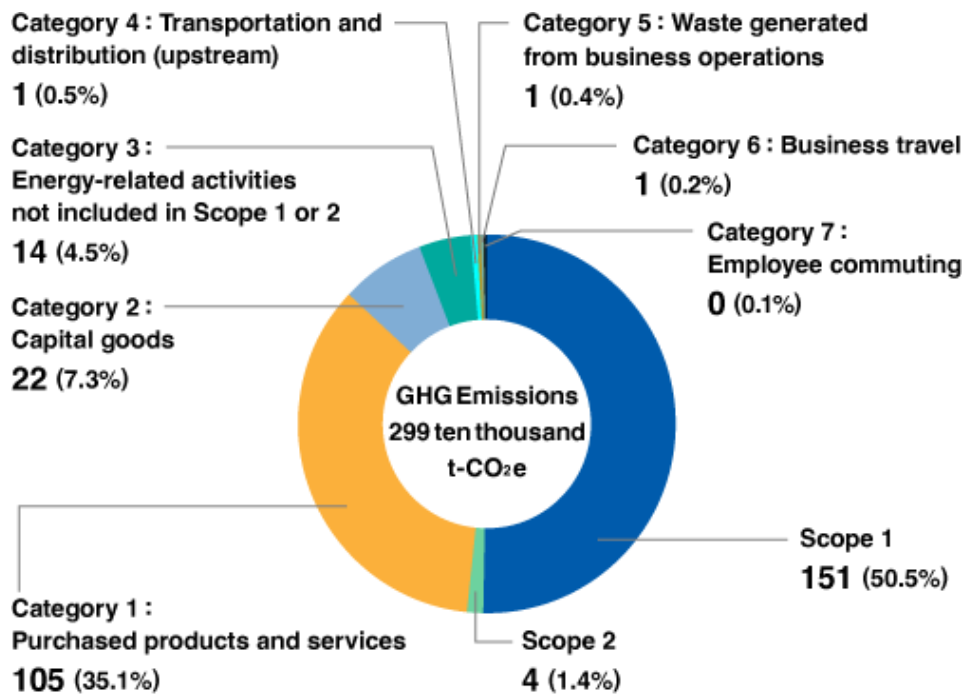
*1 Daicel's business sites (including the headquarters)

*2 Daicel's business sites

*3 Daicel Group

*4 Daicel's business sites and domestic Group companies

[> ESG Data](#) [Refer to page 1 "Response to Climate Change."](#)



■ Calculation Methods

Based on the Ministry of the Environment and METI's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4), we used the guideline's Emissions Unit Values Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4), IDEA (Inventory Database for Environmental Analysis) for life cycle analysis, and emission factors in the calculation, reporting, and publication system for the Law Concerning the Promotion of the Measures to Cope with Global Warming, etc.

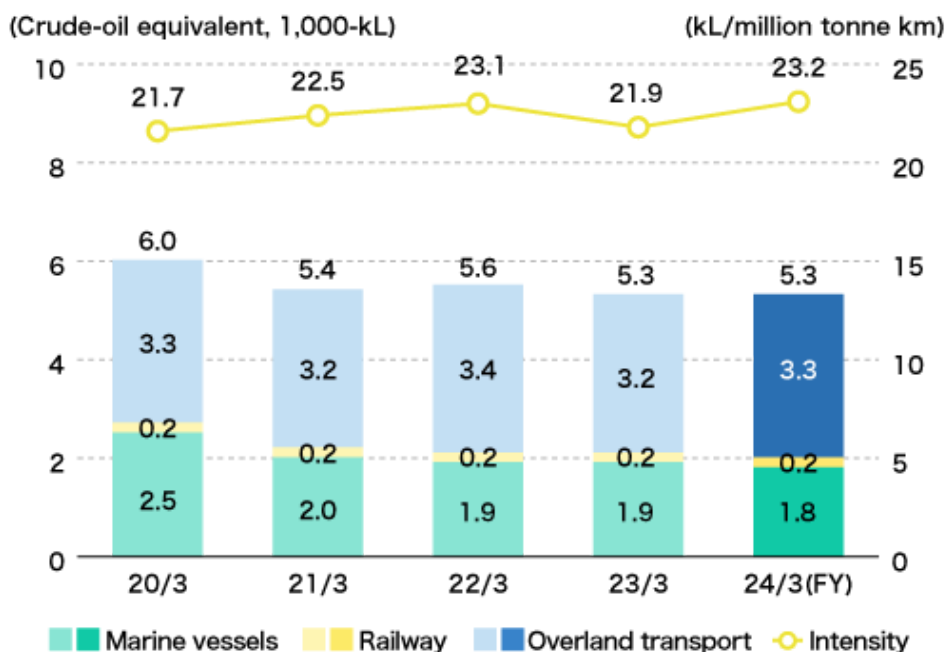
Initiatives to Reduce the Environmental Impact of Logistics Operations

The Daicel Group is striving to curb energy consumption associated with product transportation through initiatives that include promoting a modal shift*¹ and container round use.*² In FY2024/3, the amount of energy used for logistics was 5.3 thousand kl in crude-oil equivalent, the same as the previous fiscal year.

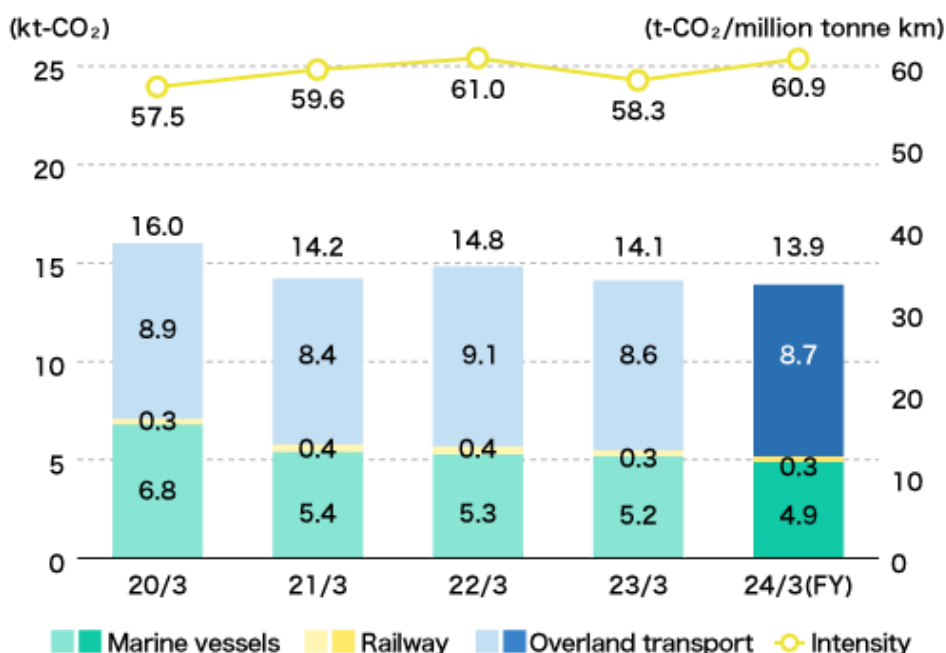
*1 Freight transport methods shifted from truck-based transportation to more environmentally friendly methods such as marine and railway transportation.

*2 The practice of reusing devanned import containers for exports.

Energy Consumption and Energy Consumption Rates in Logistics Operations (Daicel's business sites and domestic Group companies)



CO₂ Emissions/Intensity (Daicel's business sites and domestic Group companies)



Reduction in Transport CO₂ Emissions from the Modal Shift and Other Measures

In 2007, Daicel Logistics Service switched from road to sea transport between the main ports for imports and exports and Daicel's plants to reduce CO₂ emissions generated from logistics. In addition, we have reduced the transportation distance and CO₂ emissions by changing the port for exports to a port nearby plants. In FY2024/3, we reduced CO₂ emissions to 72% of those for land transportation through modal shifts, including the use of about 8,400 containers* per year for marine transportation.

* Calculated on the basis of 40-foot containers.

Promoting Container Round Use

Reusing imported goods containers for exporting products can reduce CO₂ emissions associated with the transport of empty containers. Daicel Logistics Service Co., Ltd. has adopted the round use method for containers for export and import operations to further reduce CO₂ emissions. This also saves energy by realizing smooth, efficient transport based on its proprietary system for facilitating the matching process for each shipping company. In addition, we strive to ensure safe and efficient transport by reviewing the standards for container use and implementing simple repairs as needed.

[> Daicel Logistics Service: Modal Shift and Round Use \(Japanese text only\)](#) 

Reducing GHG Emissions from Three Angles

The Daicel Group has responded to climate change through the building of a circular process, which will enable us to run our business in harmony with the global environment, from the three aspects of reductions in GHG emissions: reductions in GHG emissions in current production processes, innovative technology, and the energy supply division.

Reduction in GHG Emissions in Current Production Process

Energy consumption by the Himeji Production Sector and Ohtake Plant accounts for 80% of overall consumption at Daicel's business sites. We treat these as if they were a single factory in cyberspace (a virtual factory*) and centrally manage information related to their manufacturing processes. This enables us to formulate optimal manufacturing plans and achieve overall optimization and energy savings. We will also seek to reduce GHG emissions by installing and deploying an autonomous production system evolved AI logic, which we jointly developed with the University of Tokyo. This is part of our Intellectual and Integrated Production System constructed through DAICEL Production Innovation that will lead to further reductions in GHG emissions.

* A factory model virtually created in a computer as if it were the real thing.

[> Process Innovation with Virtual Reality](#) 

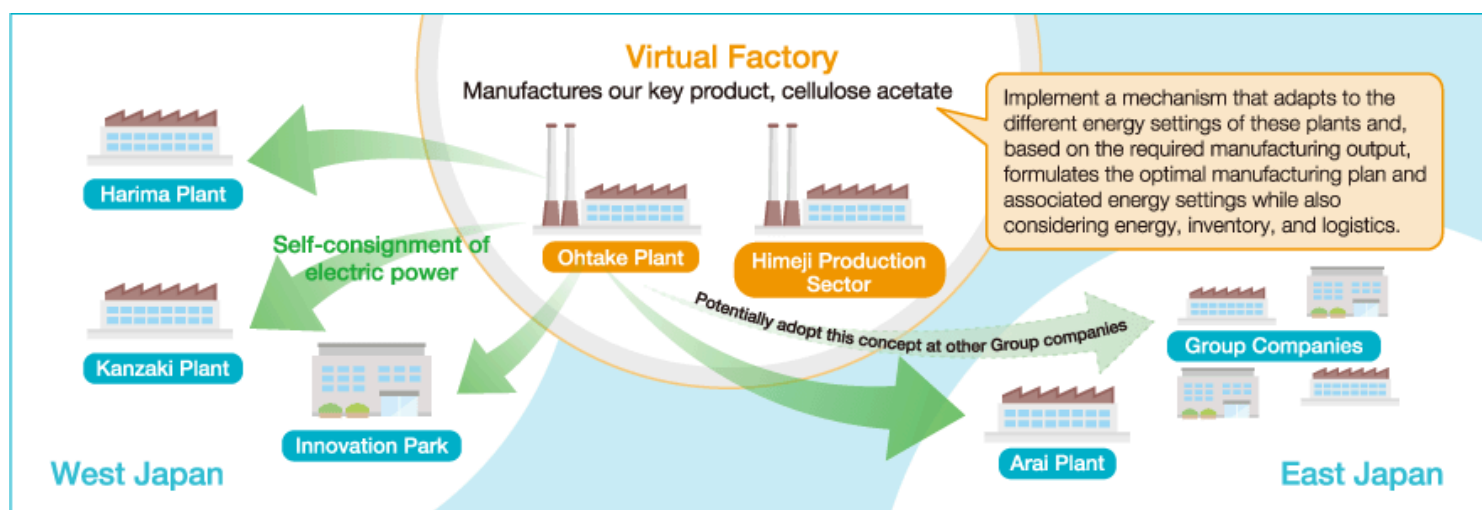
Introduction of the Energy Operation Optimization System

In order to manage our energy consumption in accordance with the optimal manufacturing plan, we have introduced the Energy Operation Optimization System, which provides online monitoring and controls for the most favorable operating conditions based on actual operating conditions and simulations. This system is used by the Himeji Production Sector and Ohtake Plant.

Leveraging the Self-Consignment System

As part of optimizing energy supply and demand, the Ohtake Plant started sending excess generated electricity to other worksites in West Japan using the self-consignment system. The plant began sending electricity to the Arai Plant in East Japan in May 2020 and to the Fuji Plant of Polyplastics Co., Ltd. in April 2021. Looking ahead, we expect to further extend the system to other Group companies toward achieving zero purchased electricity at the Group level.

■ The Self-Consignment System



Reduction in GHG Emissions by Innovative Technology

The Daicel Group looks well beyond efforts to improve and refine its technologies when putting in place energy-saving measures. It also works to comprehensively review its production processes and develop new technologies to reduce its GHG emissions. The R&D costs for environmental load reduction in FY2024/3 were ¥264 million.

In general, distillation processes tend to account for around 40% of general energy consumption in the chemicals industry. This is also true for Daicel's operations, so establishing energy-saving technologies in distillation processes is key to achieving significant energy savings. The distillation process utilizes high-temperature thermal energy but also generates large volumes of low-temperature exhaust heat energy that is released unused. With this in mind, it is essential to also develop technology that effectively recovers and reuses low-temperature exhaust heat energy in addition to reducing high-temperature thermal energy use.

The Daicel Group has launched an innovative energy-saving technology project and has been promoting cross-sectional activities throughout every level of the Company. As a result, these efforts have led to the creation of a modified Petlyuk process and vapor recompression (VRC) technology to reduce the energy consumption of distillation towers. Although these basic technologies have been used in industrial processes for a long time, they have not been scaled up for use in large chemical plants, with Daicel being the first in the world to do so.

Moreover, we are engaged in joint research with several universities to establish the technology for melting wood at normal temperature and pressure (which requires less energy) for constructing a new biomass product tree that holds the key to a carbon-neutral future. We are also developing a technology for recycling carbon dioxide by converting it into carbon monoxide through a reverse reaction. This is to further reduce the amount of CO₂ that escapes into the atmosphere even after taking measures to limit CO₂ emissions in the manufacturing process.

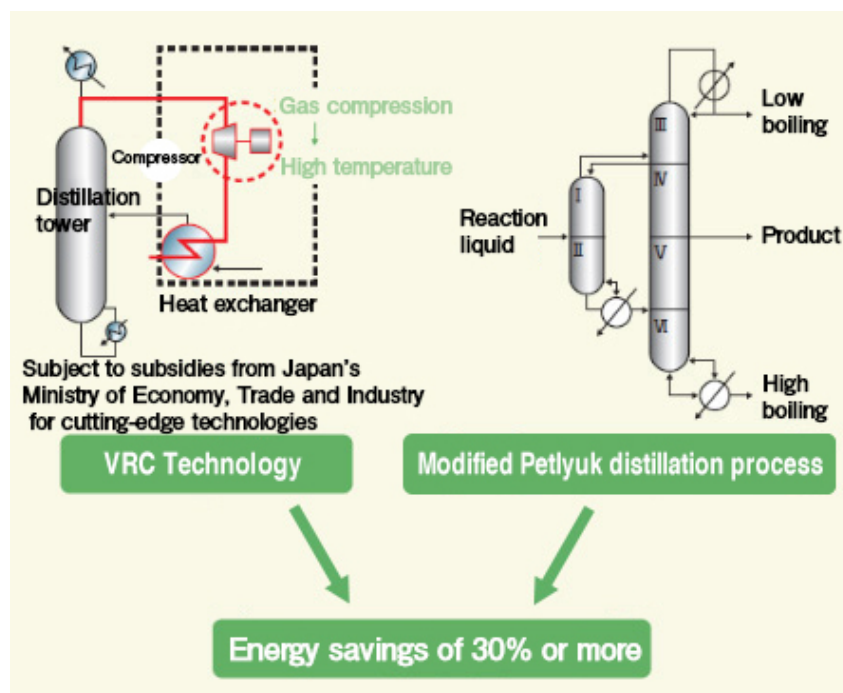
Enhancing Our Current Technologies

● Modified Petlyuk distillation process

Petlyuk distillation, and its practical application as a dividing-wall column (DWC), is widely recognized as an energy-saving technology. However, implementing a DWC requires the complete replacement of distillation towers since it cannot be retrofitted to existing facilities, resulting in massive amounts of initial expenditure for the installation. By refining Petlyuk technology, Daicel developed a new process technology that allows for its application through improvements to distillation towers. Since 2014, the technology has been applied at the Arai Plant and the Company's acetic anhydride manufacturing facilities. We are also considering introducing this technology to the production facilities at the Ohtake Plant.

● Vapor Recompression (VRC) Technology

Expectations are mounting that VRC technology will become ubiquitous to recover heat as high-temperature steam by compressing the exhaust heat inherent in low-temperature steam. While this technology has been widely used in aqueous-system simple distillation processes, there have been no examples of its application in organic solvent distillation processes. Aiming to do just this, Daicel has been working with a compressor manufacturer to develop a compressor that would enable the use of VRC technology in organic solvent distillation processes. We have completed verification using a prototype distillation process and we are currently continuing verification through long-term operations. We are also considering horizontal deployment to other facilities.



New Technologies that Adapt to Environmental Change

● Membrane Separation Technology

The evaporation process in distillation consumes massive amounts of energy. Dramatic energy savings, however, are possible if a membrane separation technology is used instead. And we have been evaluating the operating life of various candidate membranes since April 2016.

● New Reaction Technology

We developed an innovative process, which leverages a newly developed reaction technology with a new catalyst. It has been installed at the Aboshi Plant's 1,3-BG facility. We expect that energy consumption will be reduced by approximately 20% compared to that of conventional technologies.

● New Wastewater Treatment Technology (Anaerobic Wastewater Treatment Technology)

Anaerobic wastewater treatment does not require oxygen and therefore requires less energy. In addition, the methane gas generated in the decomposition process can be used for fuel. We have been experimenting and validating at our Aboshi Plant this new technology for use in production.

● Appropriate Production Technology with Microfluid Devices

Microfluid devices are devices that have several hundred micrometer channels on their base, so that chemical operations, such as blending, reacting, and distilling can be performed on a micro scale. Parallelizing 10,000 or more microfluid devices allows manufacturing methods that have been established through research to be expanded into mass production, and at the same time, one can adjust the amount produced to save space, conserve energy, and save resources, as well as to produce the amount required as needed. This technology will help make sustainable next-generation production plants a reality. Our intention is to have the industrial-academic alliance between Daicel, Taiwan's National Tsing Hua University, and the University of Tokyo result in the production of a working model soon.

*1 micrometer= 0.001 mm

Reduction in GHG Emissions in the Energy Supply Divisions

Each of the Daicel Group's plants generates its own steam and electricity for manufacturing, and we will also seek further energy conservation and reductions in GHG emissions by upgrading their facilities, promoting fuel conversion for boilers and procuring green energy such as renewables.

Energy-saving and GHG Reduction Measures at Each Plant

Aboshi Plant	In September 2012, the plant installed a cogeneration system with gas turbines. In June 2019, it started selling its excess electricity.
Ohtake Plant	In August 2007, the plant started selling its excess electricity. In July 2016, it installed an additional boiler. Two dual-fuel boilers are run in parallel using a mix of coal and scrap tires as fuel.
Arai Plant	In January 2017, the plant switched from a coal boiler to a cogeneration system with gas turbines.

Using Fuel Derived from Scrap Tires to Reduce Fossil Fuel Use

In Japan, roughly 100 million scrap tires, or about one million tonnes, are generated each year, placing a considerable load on the environment. On the other hand, about 30% of scrap tires consist of biomass, including natural rubber, making them a superb energy fuel.

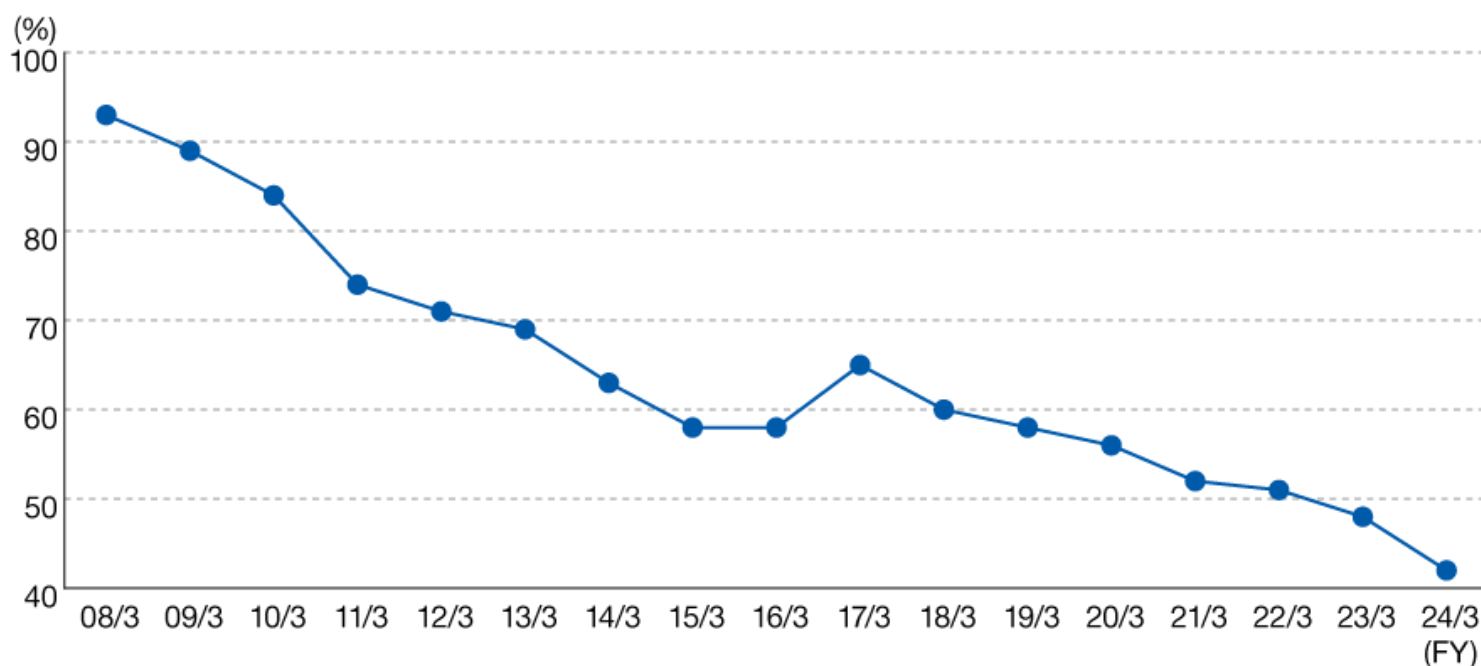
Having noticed this characteristic, we carry out thermal recycling at the Ohtake Plant with co-firing of coal and tire chips. The addition of tire chips can reduce the use of fossil fuels and CO₂ emissions, so we have been collaborating with manufacturers of power generation equipment, making progress in the improvement of the co-firing rate and developing technologies to generate the necessary level of power safely.

These efforts have yielded some success.

Moreover, we are promoting recycling through the use of particulates and cinders in cement and roadbed improvement agents, which account for about 55% of the total volume of generated industrial waste and the sorting and collection of plastic waste.

In FY2024/3, we sought to improve the quality control of scrap tires and achieved a co-firing rate of 58% (52% in FY2023/3), and a fossil fuel usage rate of 42% (48% in FY2023/3). Going forward, we will continue to reinforce our recycling efforts to bring about a sustainable society.

Changes in the Fossil Fuel (Coal) Usage Rate at Ohtake Plant



Information Disclosure in Line with TCFD Recommendations

Basic Approach

The Daicel Group endorsed the TCFD* recommendations in November 2021. In accordance with the recommendations, the Group disclosed information on each item related to climate change for governance, strategy, risk management, and metrics and targets, and conducted a scenario analysis in major business areas in FY2024/3.

* Task Force on Climate-related Financial Disclosures

[> Participating Initiatives and External Evaluations](#)

Governance

The response to climate change is discussed at the management level. At the Sustainable Management Committee held three times in FY2024/3, there were mainly discussions on the response to climate change, the certification system for the contribution to the development of a circular society, initiatives to reduce GHG emissions, and the calculation of our Carbon Footprint of Products (CFP), with the details reported to the Board of Directors.

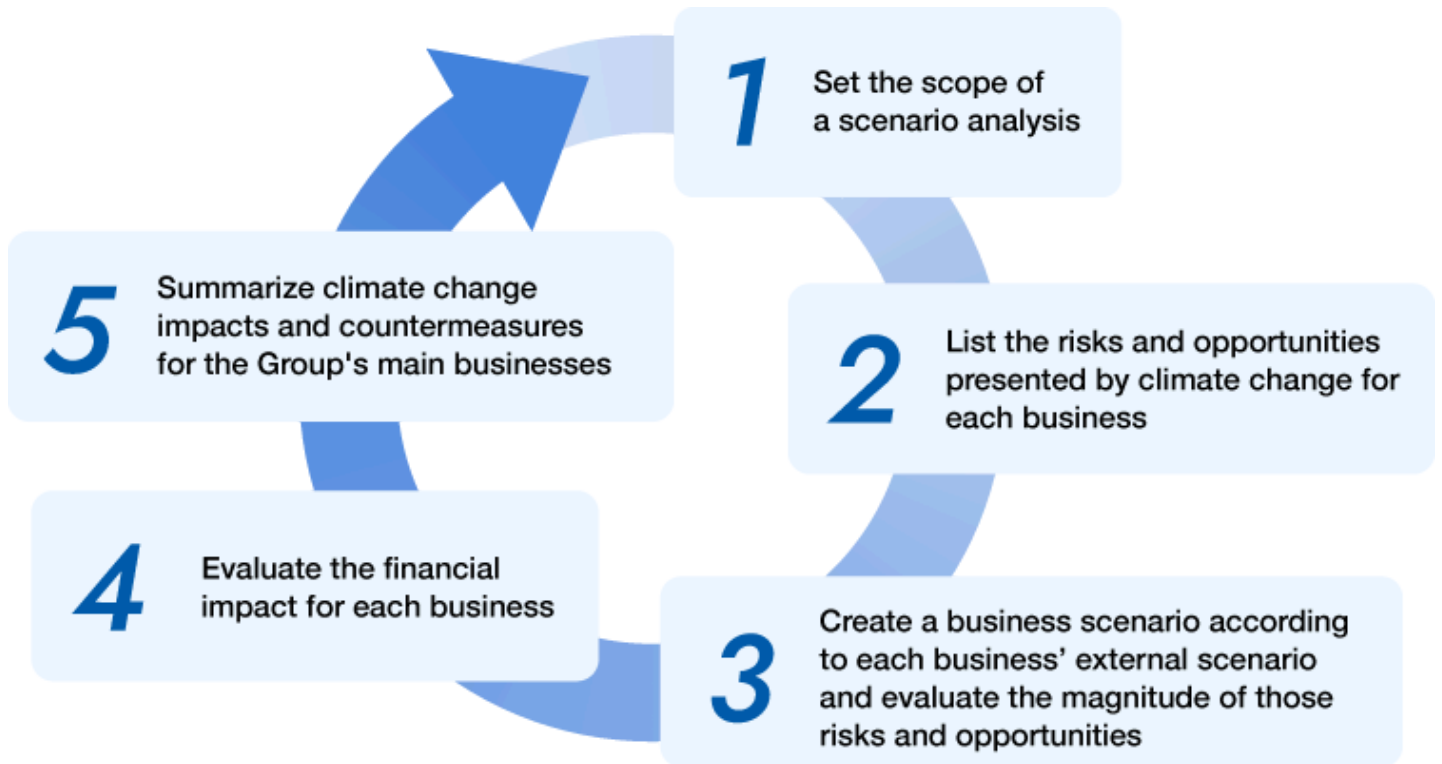
[> Sustainability Management](#)

Strategy

In order to examine strategies and organizational resilience in light of climate-related risks and opportunities, the Daicel Group conducted a scenario analysis using the following procedure with reference to climate change scenarios from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and considered the impact as of 2030.

● Implementation procedures for scenario analyses

Scenario analyses follow the procedures listed below.



● Scenario analysis conditions and overview

① Scenario analysis scope

The following businesses were evaluated as the Group's main business areas.

- Engineering Plastics Business (Polyplastics)
- Acetyl Business centered on cellulose acetate (Smart and Material SBUs)
- Safety Business (Safety SBU)

② Time frame

We examined transition risks, physical risks, and transition opportunities in 2030.

③ Assumed scenarios

Based on information from the IPCC, IEA, and other sources, we examined the risks and opportunities of two scenarios: one in which decarbonization progresses (1.5°C/2°C scenario) and the other in which decarbonization does not progress (4°C scenario).

As the temperature increase at 2030 in both the 4°C scenario and the 1.5°C/2°C scenario is around 1.5°C and not significantly different from one another, the physical risk in 2030 is assumed to be similar in both the 1.5°C scenario (in part, below 2°C scenario) and the 4°C scenario. Therefore, no distinction is made for each of the two scenarios in terms of physical risk, and the same situation is predicted for 2030.

■ Scenario overview

	1.5°C/2°C	4°C
Societal changes	<ul style="list-style-type: none"> ● In order to limit the increase in average temperature to less than 1.5/2°C by the end of this century, bold legislation and technological innovation will be promoted. ● Efforts are being made to realize a decarbonized society around the world, and environmental performance (low environmental impact) is a value provided to customers on a par with QCD. ● In the chemical industry, companies and businesses that cannot adapt to a decarbonized society will be weeded out, and procurement risks for raw materials and fuels will increase as consolidation progresses. ● Public scrutiny of non-compliance with environmental policies will increase (a condition for stopping transactions from customers). ● Increasing proportion of renewable energy will destabilize the power supply. 	<ul style="list-style-type: none"> ● There is a gap between regions where bold legislation is prompt, mainly in Europe, and where the emphasis is on economic growth and regions where the introduction of strict regulations is slow, especially in emerging countries. This gap results in a lack of progress in GHG reduction. ● Customers evaluating environmental performance (low environmental impact) are limited. ● In the fossil fuel and chemical industries, there is no active investment, and procurement risks for raw materials and fuels increases as consolidation of companies and businesses in such industries progresses due to the aging facilities. ● Public scrutiny of non-compliance with environmental policies will increase (a condition for stopping transaction from some customers). ● Increasing proportion of renewable energy will destabilize the power supply in some regions.
Technological innovation	<ul style="list-style-type: none"> ● Technologies related to CCU* and resource recycling (circular economy) have been actively developed and put into practical use in 2030. ● Investment in energy-saving and CO₂-saving technologies is becoming more active, and the acquisition of these technologies is directly linked to cost competitiveness. 	<ul style="list-style-type: none"> ● Rising energy prices will increase investment in energy-saving technologies, and the availability of technology acquisition is directly linked to cost competitiveness.
Climate change	<ul style="list-style-type: none"> ● The scale of disasters such as typhoons and floods will increase. ● Extreme weather, such as high temperatures, is progressing. 	<ul style="list-style-type: none"> ● The scale of disasters such as typhoons and floods will increase. ● Extreme weather, such as high temperatures, is progressing.

* Carbon dioxide Capture and Utilization

● Scenario Analysis Results -Risks and Opportunities-

The following table shows the risks and opportunities related to climate change in the analyzed businesses, their degree of impact, and proposed countermeasures.

Risks/ Opportunities	Category	Details	Overall		Engineering Plastics (Polyplastics)		Acetyl Chain		Safety		Response
			4°C	1.5/2°C	4°C	1.5/2°C	4°C	1.5/2°C	4°C	1.5/2°C	
Transition Risks	Policies and Regulations	Increased operating costs due to the introduction and strengthening of carbon pricing (taxes)	●●	●●●●	●●	●●●●	●	●●●●	●	●●	Promote activities to achieve the GHG reduction target (50% reduction in total compared to FY2019/3)
		By introducing and strengthening carbon pricing (taxes), the increased costs to upstream business partners are passed on, resulting in higher procurement costs	●●	●●●●	●●	●●●●	●	●●	●	●●	Reduce the impact by promoting the reduction of GHG emission intensity in cooperation with suppliers Switch to low-GHG raw materials
		Strengthening of GHG emissions regulations based on carbon emission targets and policies of each country, including EU Carbon Border Adjustment Measure	●●	●	●●	●	-		●		Promote activities to achieve the GHG reduction target (50% reduction in total compared to FY2019/3) Switch to energy-saving, low-GHG raw materials, and change suppliers
	Market	Price fluctuations of petrochemical-derived raw materials to realize a low-carbon society	●●●●		●●	●	●●●●		●		Optimize inventory management Promote multiple purchases, simplification of raw materials through formulations, and standardization of quality through improvement of manufacturing technology

Risks/ Opportunities	Category	Details	Overall		Engineering Plastics (Polyplastics)		Acetyl Chain		Safety		Response
			4°C	1.5/2°C	4°C	1.5/2°C	4°C	1.5/2°C	4°C	1.5/2°C	
Transition Risks	Technology	Increase in equipment investment costs for energy saving and productivity improvement	••		••		••		-		Resolve risks by accelerating the development of technology and know-how for formulation design and technical services
	Reputation	Identification of and response to risks and opportunities related to climate change, and increasing demand for disclosure of environmental management information	•		•		-		-		Reinforce systems and structures related to environmental measures Continue disclosing information related to the environment in accordance with the changing needs of society
Physical Risks	Chronic Acute	Intensification of disasters due to abnormal weather conditions (heavy rain, floods, and typhoons), resulting in suspension of operations and damage to raw materials and products Supply chain disruptions	•		•		•		•		Strengthen BCP
	Chronic	Worsening working conditions and the spread of infectious diseases due to the rise in average temperature	-		-		-		-		Continue making work environment improvements

Risks/ Opportunities	Category	Details	Overall		Engineering Plastics (Polyplastics)		Acetyl Chain		Safety		Response
			4°C	1.5/2°C	4°C	1.5/2°C	4°C	1.5/2°C	4°C	1.5/2°C	
Transition Opportunities	Market	Expansion of new markets for environment-friendly products Biodegradable plastics, EVs, renewable energy, recycling, and water resource conservation	● ● ●		● ●		● ● ● ●		● ●		Develop recycling business (re-compounding business) Develop low-GHG products (utilization of CCU technology, and development of bio-based products) Functionalize cellulose acetate, develop new fine cellulose, and commercialize BIC*1 projects Develop market for EV current interrupters
	Resource Efficiency	Reduction of operating costs through energy saving and productivity improvements	● ● ●		● ● ●		● ● ●		●		Adopt DAICEL Production Innovation and the Autonomous Production System
Other Reduction Activities*2			● ●	● ● ● ●	● ●	● ● ● ●	●	● ● ● ●	●	● ●	

(Impact) ● ● ●: Over 10 billion yen, ● ●: Several billion yen, ●: Less than 1 billion yen, -: Almost no impact

*1 Biomass Innovation Center: The research division of our company aiming to convert biomass resources into raw materials.

*2 Other reduction activities: Investment for a 50% reduction in GHG emissions, reducing the impact of carbon pricing due to GHG emission reductions, transitioning to low-GHG raw materials, overall reduction activities in the supply chain, etc.

[> Scenario Analysis Results \[PDF : 402KB\]](#) 

Risk Management

The Daicel Group regards climate change as a major risk in sustainable management, and we conduct risk assessment, formulate responses, and confirm implementation status as part of the Group's risk management system. The Sustainable Management Committee conducts detailed examinations for key issues.

[> Risk Management](#)

Metrics and Targets

The Group has listed “Respond to climate change,” “Provide environment-friendly materials and technology,” and “Contribute to the development of a circular society” as three of its 15 key sustainability issues (materiality), and has set KPIs for each. For “Respond to climate change” we will further develop energy-saving measures to achieve GHG emission reduction targets and carbon neutrality by 2050. In addition, we are promoting the introduction of an in-house certification system, the “Certification System for the Contribution to Build a Circular Society,” and we will build a structure to visualize the level of contributions.

> Risk Management

Materiality	Metric	Target	Note
Respond to climate change	GHG emission reduction rate of our Group ^{*1}	Scope 1 and 2 FY2031/3: 50% reduction (compared to FY2019/3) FY2024/3 result: 2.3%	*1 Achieve carbon neutrality by 2050 (Scope 1, 2, and 3)
Provide environment-friendly materials and technology	Rate of recyclable raw materials ^{*2} used in products	FY2031/3: 30% or more FY2024/3 result: 15.8%	*2 Biomass raw materials, use of atmospheric CO ₂ , reuse of waste, and recycling The targets are the main resin materials for Daicel, Polyplastics and Daicel Miraizu
Contribute to the development of a circular society	Number of external proposals for resource recycling systems using natural materials	FY2026/3: 3 cases FY2024/3 result: 1 case	

> Materiality

The Group's Sustainable Management Policy includes the development of circular processes that coexist with the global environment. We will continue to discuss products and services that contribute to a low carbon economy, and consider setting better metrics and targets.

Reduction and Recycling of Industrial Waste

Basic Approach

Our Group follows [the Daicel Group's Basic Policies for Responsible Care](#) to implement a variety of initiatives for reducing environmental impacts, including the preservation of water resources, environmental management of air pollution, reductions in emissions and the appropriate management of chemical substances at all of its business sites. With regard to waste reduction and recycling efforts in accordance with the Japan Business Federation's "Voluntary Action Plan for Establishing a Sound Material-Cycle Society," we are further promoting the 3Rs (reduce, reuse, and recycle) to reduce the amount of waste. This includes efforts to save resources, reuse, and recycle as we strive to realize a circular society.

Toward Achieving Our Medium-term Targets

In our medium-term target for the period ending FY2026/3, which was announced in 2020, we are focusing on raising the recycling rate at Daicel's business sites and domestic Group companies to 99% or higher and achieving zero emissions at Daicel's business sites and domestic Group companies. To improve our recycling rate, we will continue to apply the 3Rs to industrial waste by promoting the effective use of resources and reducing the amount of waste incinerated without energy recovery. In regard to achieving zero emissions, we will work on enhancing our recycling rate for plastic waste and organic sludge.

■ Medium-term Targets for Waste Disposal

Medium-term Targets through FY2026/3	Definition
Raise the recycling rate for Daicel's business sites and Domestic Group companies to 99% or higher	Recycling rate = $\frac{\text{Recycled materials}^* + \text{Thermally recycled materials}}{\text{Total amount of industrial waste}^*}$
Achieve zero emissions for Daicel's business sites and Domestic Group companies	Reduce landfill to less than 1% of the total amount of industrial waste [*]

* Includes valuables

Promotion System

[> Promotion System for Responsible Care](#)

Initiatives to Reduce Industrial Waste

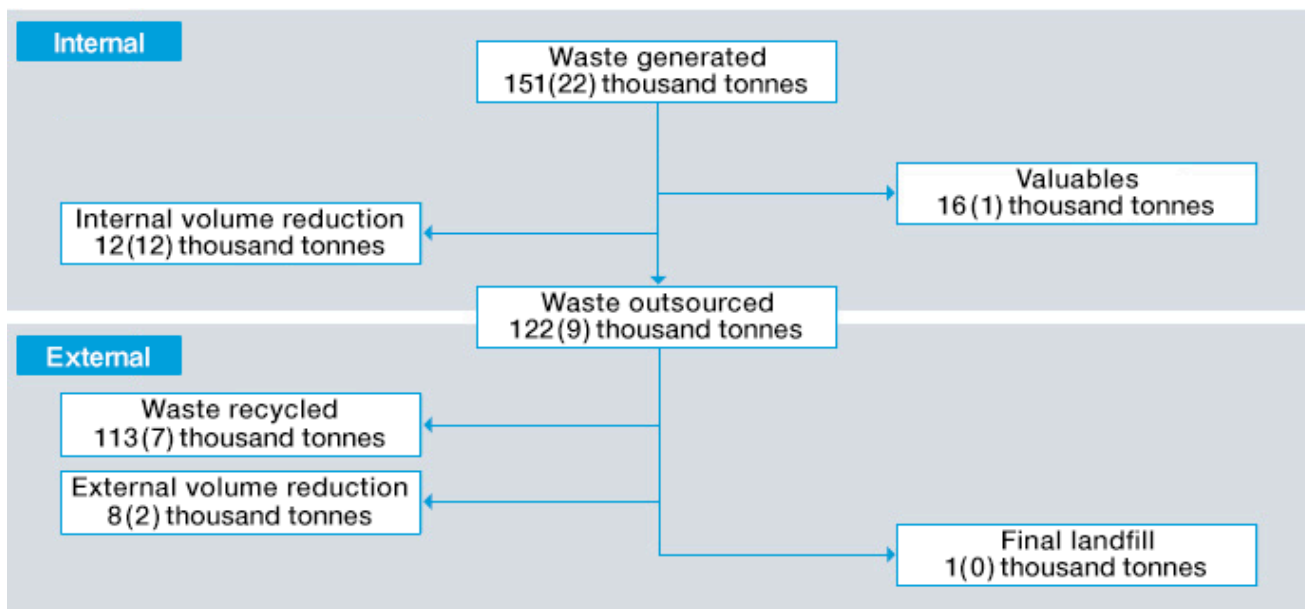
The Daicel Group manufactures a variety of chemical products, and waste is generated in the manufacturing processes. Examples include waste in the form of cinders and particulates from the burning of solid fuels for energy production, waste liquids, cleaning fluids, remnants, defective products, and decommissioned equipment. The Daicel Group strives to achieve zero emissions (with less than 1% of landfill disposal of industrial waste generated) by taking a proactive approach to recycling cinders and particulates that account for about half the waste produced in Japan.

In FY2024/3, the amount of industrial waste generated by Daicel's business sites and the domestic Group companies increased by 6% compared to the previous fiscal year to 151 thousand tonnes. The recycling rate was unchanged year-on-year at 98%. The amount of landfill waste fell 18% from the previous fiscal year to 0.9 thousand tonnes.

The landfill rate for Daicel's business sites and domestic Group companies was 0.6%, so that once again we achieved our target of zero emissions following on from the previous fiscal year.

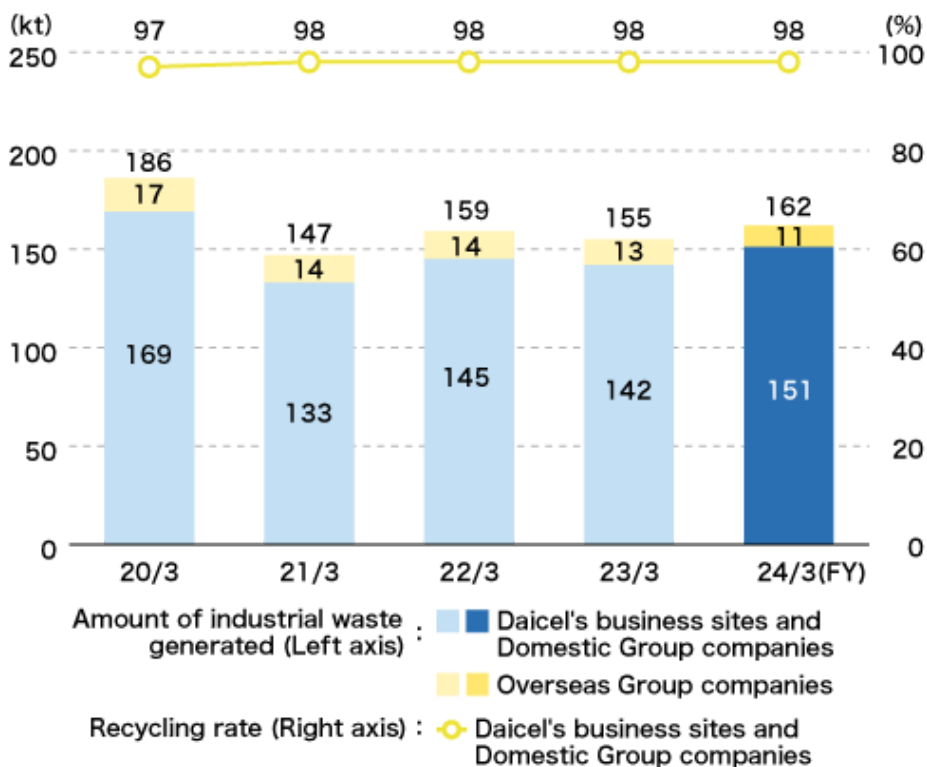
As a company involved in businesses that create industrial waste, we ensure that all our waste is properly disposed of by checking permits, disposal methods, and other details of the contracted industrial disposal companies at their sites. In the coming year, we will continue to work on waste recycling and reduction.

Industrial Waste Reduction and Recycling Flow in FY2024/3 (Daicel's Business Sites and Domestic Group Companies)

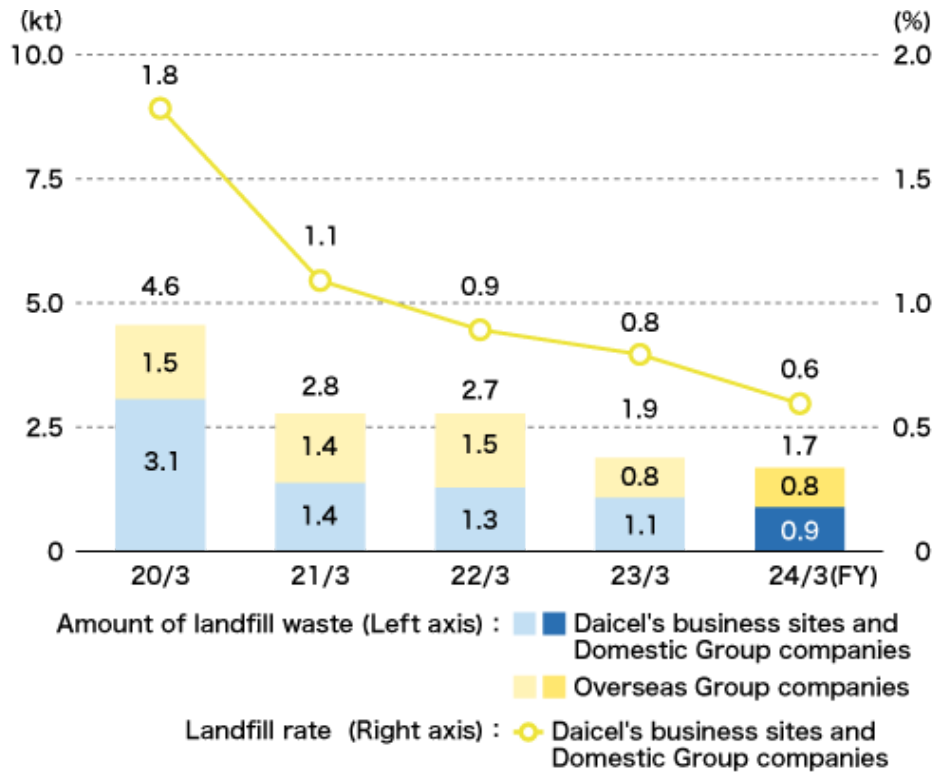


* Numbers in parentheses refer to the amount of hazardous waste in our business sites as compared to the overall waste
 Hazardous waste: waste oil, waste acid, and waste alkali

Amount of Industrial Waste Generated and Recycling Rate



■ Amount of Landfill Waste and Landfill Rate



> ESG Data Refer to page 1 "Reduction and Recycling of Industrial Waste."

Promoting the 3Rs

The Daicel Group pursues the 3R initiatives of reduce, reuse, and recycle, including the conservation of resources, under the Daicel Group's Basic Policies for Responsible Care.

■ Major 3R Initiatives

Reduce	Improve the manufacturing facility for inflators	We seek to reduce industrial waste by modifying the manufacturing facility to lower defect rates for welding and caulking.
	Engineering plastic	We seek to reduce industrial waste by introducing a drying process to reduce the volume of deposits with a strong odor, which occurs during wastewater treatment.
Reuse	Reuse palletes for shipping	We promote reuse by switching to palletes that are easier to reuse and by conducting bulk collection of palletes.
	Reuse containers	We promote reuse by cleansing containers to avoid single use.

Recycle	Recycle boiler slag into raw material for cement and other materials	We select multiple disposal companies to promptly implement recycling.
	Recycle metals	We recycle metals by sorting waste generated by plant closures.
	Recycle inflators	We implement the treatment of explosive waste from inflators of scrapped automobiles at our facilities, and we sort metals and plastics for recycling.

Initiatives Addressing Marine Plastic Waste

As part of Preserving Biodiversity activities, the Daicel Group strives to solve the marine plastic waste problem.

[> Initiatives Addressing Marine Plastic Waste](#)

Emission Management of Chemical Substances

Basic Approach

In accordance with [the Daicel Group Basic Policies for Responsible Care](#), the Daicel Group monitors the emissions and transfers of chemical substances, including those regulated under the Pollutant Release and Transfer Register (PRTR), and volatile organic compounds (VOCs), while promoting reductions in emissions and practicing appropriate management of chemical substances.

Promotion System

[> Promotion System for Responsible Care](#)

Reducing PRTR Substance Emissions

With regard to the chemical substances specified by Japan's Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management ("PRTR Act"), as a medium-term target to be achieved by the end of FY2026/3, the Daicel Group has set a reduction target of 80% or more from levels in FY2002/3 (from 189 to 38 tonnes or less) for all Daicel's business sites and domestic Group companies.

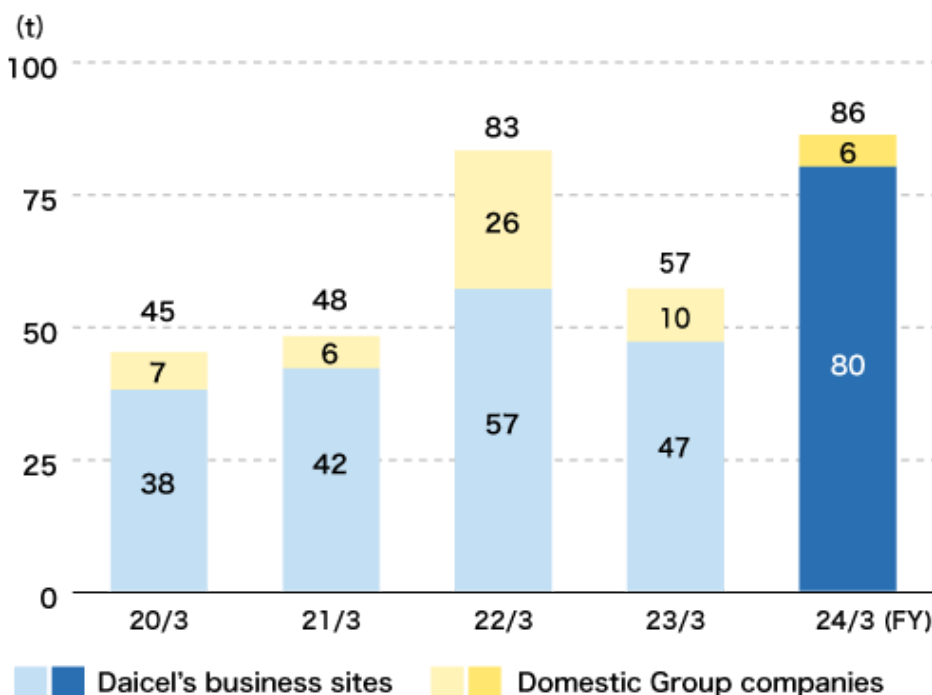
Total emissions from Daicel's business sites and domestic Group companies for FY2024/3 increased from 57 tonnes in FY2023/3 to 86 tonnes. Also, the number of substances subject to notification under the PRTR Law is revised from 462 to 515 based on the legal amendments. The number of substances subject to notification handled by Daicel rose from 70 substances in FY2023/3 to 91, with the applicable new substances adding 38 tonnes.

We intend to reinforce the monitoring of our emissions of PRTR-regulated substances and further reduce emissions through process and equipment modifications.

Medium-term Target and Results (Daicel's Business Sites and Domestic Group Companies)

Target for FY2026/3	Reduce emissions of PRTR-regulated substances by 80% from FY2002/3 levels (emissions of 38 tonnes or less)
FY2024/3 result	Achieved 54% reduction of PRTR-regulated substance emissions from FY2002/3 levels (86 tonnes in emissions)

Emission of PRTR Substances (Daicel's business sites and domestic Group companies)



> ESG Data Refer to page 2 "Substances Subject to the PRTR."

FY2024/3 Emission and Transfer of Major PRTR Substances (Daicel's Business Sites and Domestic Group Companies)

Ordinance-designated number	Substance	Total emissions	Emissions				Sewage	Off-site
			Emissions into atmosphere	Emissions into water	Emissions into land	Business site landfill disposal		
1-001	Zinc compounds (water-soluble)	2.2	0.0	2.2	0.0	0.0	0.0	
1-011	Acrylonitrile	0.2	0.2	0.0	0.0	0.0	0.0	
1-012	Acrolein	3.5	0.0	3.5	0.0	0.0	0.0	

(t/year)* 1

Ordinance-designated number	Substance	Total emissions	Emissions				Sewage	Off-site
			Emissions into atmosphere	Emissions into water	Emissions into land	Business site landfill disposal		
1-017	Acetaldehyde	2.0	0.6	1.4	0.0	0.0	0.0	0.0
1-028	Allyl alcohol	1.4	0.0	1.4	0.0	0.0	0.0	0.0
1-075	Ethylene oxide	3.6	0.0	3.5	0.0	0.0	0.0	0.0
1-098	Peracetic acid	7.4	0.0	7.3	0.0	0.0	0.0	0.0
1-187	Dichlorodifluoromethane	2.7	2.7	0.0	0.0	0.0	0.0	0.0
1-213	Dichloromethane	0.3	0.3	0.0	0.0	0.0	0.0	2.5
1-275	Styrene	3.2	3.2	0.0	0.0	0.0	0.0	0.0
1-278	Dioxins* ²	1.2	0.0	1.2	0.0	0.0	0.0	1.1
1-302	Tetrahydrofuran	28.8	28.8	0.0	0.0	0.0	6.1	25.0
1-321	Triethylamine	2.6	2.5	0.2	0.0	0.0	0.0	1.3
1-347	Toluene	20.4	20.4	0.0	0.0	0.0	0.9	38.9
1-354	Nickel	0.1	0.0	0.1	0.0	0.0	0.0	5.9
1-380	(1-Hydroxyethane-1,1-diyl) diphosphonic acid and its potassium and sodium salts	1.3	0.0	1.3	0.0	0.0	0.0	0.0
1-415	2-Butenal	0.5	0.0	0.5	0.0	0.0	0.0	0.0
1-436	Hexane	0.6	0.2	0.5	0.0	0.0	0.0	0.1
1-458	Boron compounds	1.4	0.0	1.4	0.0	0.0	0.0	0.0
1-464	Formaldehyde	2.5	2.5	0.0	0.0	0.0	0.0	0.0
	Others* ³	0.6	0.4	0.1	0.0	0.0	0.0	23.3
	Total	86.5	61.9	24.6	0.0	0.0	7.0	98.1

*1 The threshold for amounts handled at each workplace was 1 tonne/year.

*2 Unit for emissions and transfer of Dioxins is mg-TEQ/year.

*3 Substances with emissions below 0.1 tonnes per year are consolidated under Others.

Reducing Volatile Organic Compound (VOC) Emissions

The Daicel Group explores alternatives to chemical substances that pose a hazard to humans and the ecosystem, and strives to reduce the use of such substances.

As a medium-term target to be achieved by FY2026/3, we have set a volatile organic compound (VOC) emissions reduction target of 60% or more from levels in FY2001/3 (2,145 tonnes) at Daicel's business sites and domestic Group companies.

FY2024/3 VOC emissions decreased by 5% year-on-year to 1,110 tonnes.

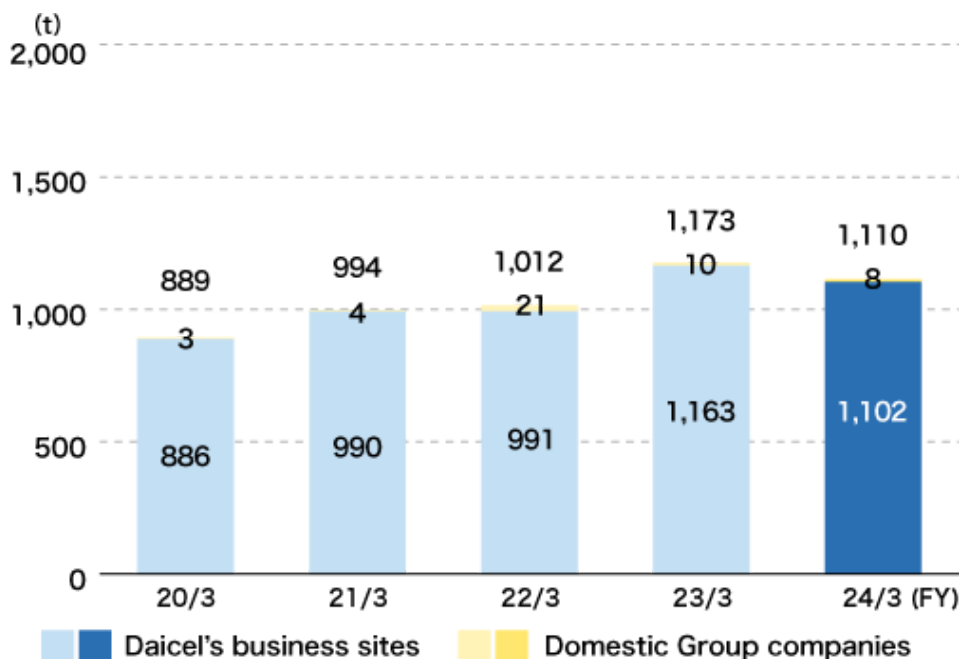
We seek to ensure safety in all our business activities, including production, consumption, and disposal, by conducting thorough risk assessments of chemical substance safety under our Total Environmental, Health and Safety Assessment System.

There were no serious leakages of VOCs in FY2024/3.

Medium-term Target and Results (Daicel's Business Sites and Domestic Group Companies)

Target for FY2026/3	Reduce VOC emissions by 60% from FY2001/3 levels (emissions of 858 tonnes or less)
FY2024/3 result	Achieved 48% VOC emissions reduction from FY2001/3 levels (1,110 tonnes in emissions)

VOC Emissions (Daicel's Business Sites and Domestic Group Companies)



> ESG Data Refer to page 2 "Environmental Management and Prevention of Air Pollution."

Appropriate Control of PCBs

In compliance with the Waste Management and Public Cleansing Act and the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Wastes, the Daicel Group in Japan conforms to appropriate processes for the storage and management of transformers, capacitors, stabilizers of lighting equipment, and other machinery waste containing polychlorinated biphenyls (PCBs).

In FY2022/3, we completed the processing of highly-concentrated PCB contaminants stored at Daicel Group sites in Japan. We are also processing low-concentration PCB contaminants as we planned for completion in FY2026/3.

Water Resource Preservation

Basic Approach

The risks associated with water, which is one of the irreplaceable natural resources on Earth, are on the rise across the globe. Along with natural disasters such as drought, torrential rain, flooding, and landslides, the water pollution and water shortages arising from people's daily lives and economic activities can also be viewed as water risks. The Daicel Group adheres to [Daicel Group's Basic Policies on Responsible Care](#) as it seeks to preserve water quality and reduce water use for both fresh and salt water by managing the use of this limited resource and implementing appropriate wastewater treatment.

Promotion System

[> Promotion System for Responsible Care](#)

Managing Water Quality

The Daicel Group manufactures a variety of chemical products, and water is essential to our production processes. For example, we use water in a variety of processes including heating, cooling, and washing, and water is used for equipment that removes and discharges the chemical substances we produce in our production process. We purify the water we use and discharge almost all of it into rivers and oceans.*

At each plant, wastewater is purified to a water quality that can be discharged into rivers and oceans through the stable operation of advanced wastewater treatment facilities, contributing to reducing environmental impact. In addition to regularly measuring wastewater in accordance with laws and regulations, we also set voluntary setting targets for wastewater standards and total discharge that are stricter than those required by laws and regulations, and strive to preserve water quality by keeping wastewater levels below these targets.

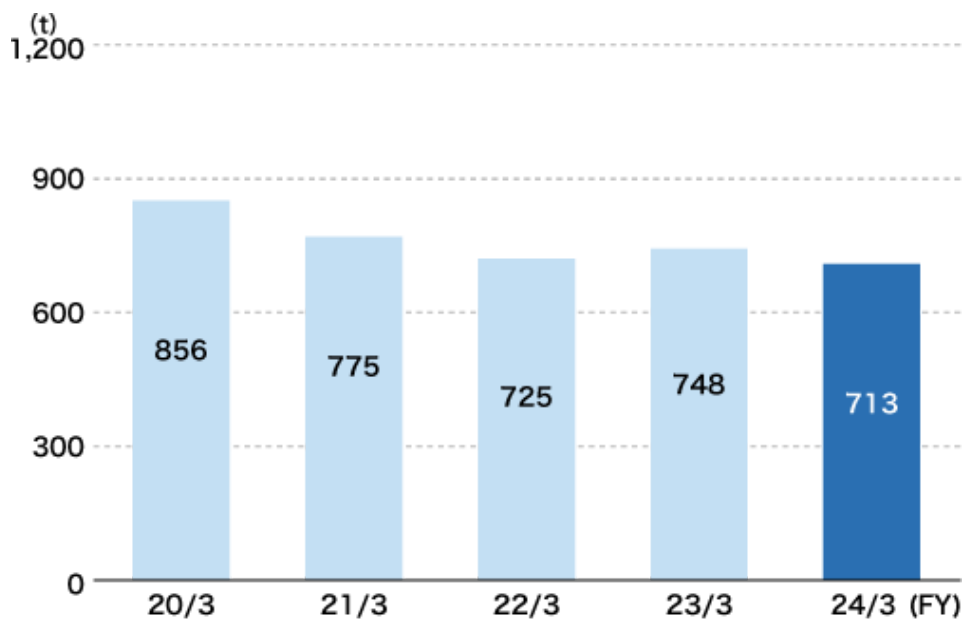
In FY2024/3, we continued proper management based on our voluntary setting targets, and there were no serious legal violations with regard to water resource conservation.

When formulating new business plans, we evaluate the effects of wastewater on water quality in advance by operating the Total Environmental, Health and Safety Assessment System. To fulfill our responsibilities as a manufacturer, we take measures to avoid the risks of water pollution from all causes. This includes improving wastewater treatment facilities in collaboration with facility manufacturers and developing wastewater simulation technology jointly with universities and other institutions.

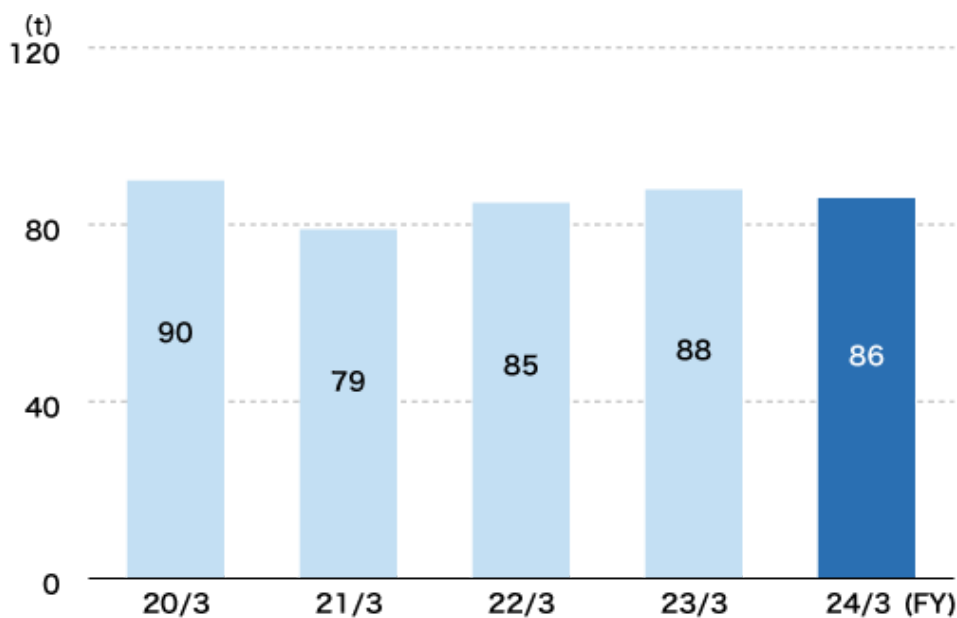
* No discharge into groundwater

> Total Environmental, Health and Safety Assessment System

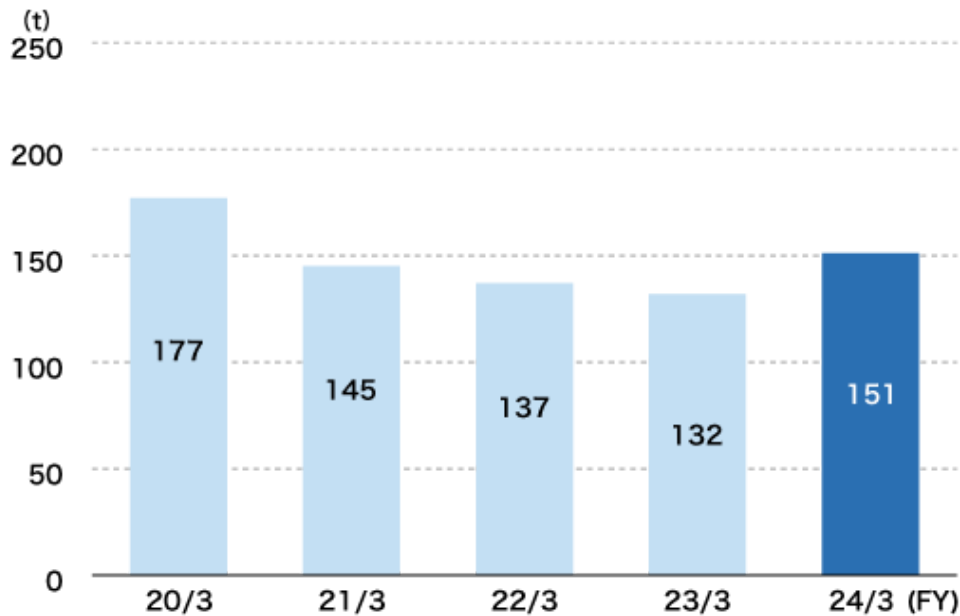
■ COD Emissions (Daicel's Business Sites and Domestic Group Companies)



■ Phosphorous Emissions (Daicel's Business Sites and Domestic Group Companies)



Nitrogen Emissions (Daicel's Business Sites and Domestic Group Companies)



> ESG Data Refer to page 2 "Water Resource Preservation."

Efficient Use of Water

The Daicel Group is striving to reduce water intake at all of its business sites. Each business site has set a medium-term target of 10% reduction compared to FY2019/3 levels by FY2026/3 as the final year, and is promoting efficient water use. At cooling towers and other facilities, we are working to recycle cooling water and reduce the amount of water used. Each business site is monitoring water intake, discharge, and water consumption to reduce water risk and to review the manufacturing process, etc., and we are considering expanding these initiatives to other plants.

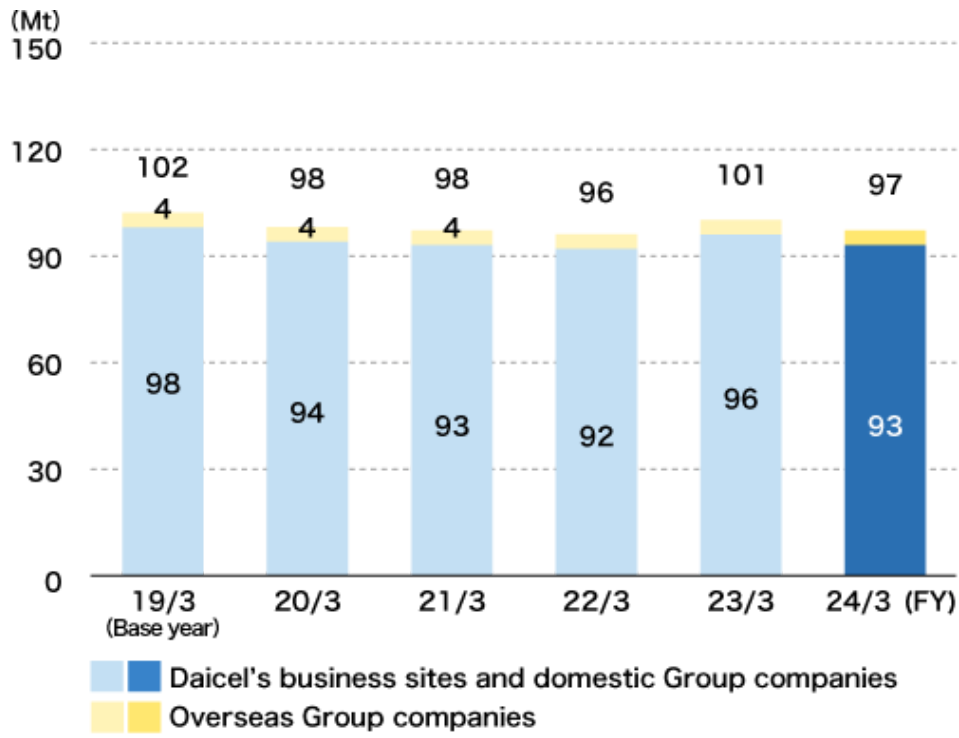
Since FY2017/3, we have responded to the CDP* water security questionnaire, a program for the global disclosure of information concerning water-related risks posed by companies. We received a "B-" rating as a result of our responses to the CDP water security questionnaire conducted in FY2024/3.

* A British NGO that discloses information on environmental measures taken by companies and local governments.

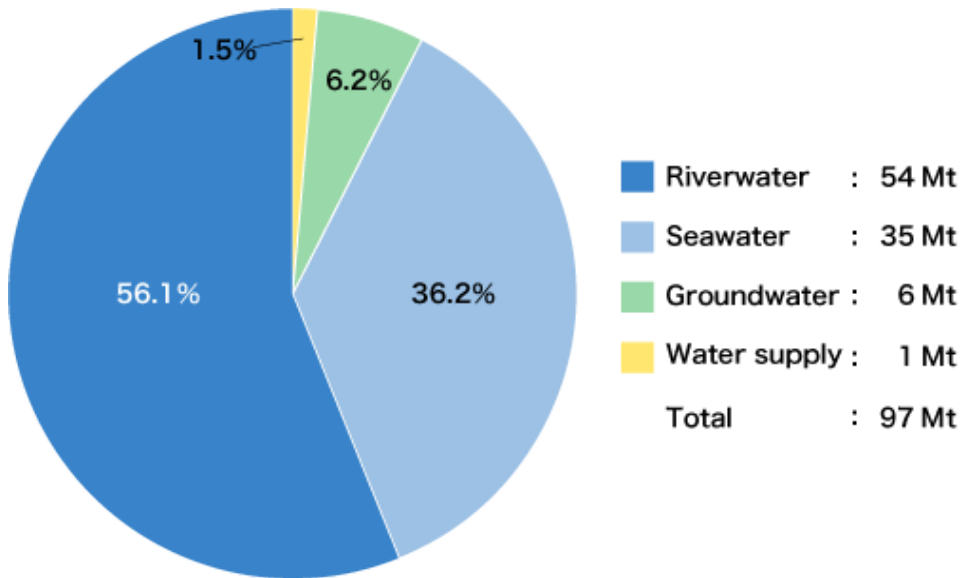
Medium-term Target (Daicel Group)

- Achieve 10% water intake reduction by FY2026/3 (compared to FY2019/3)

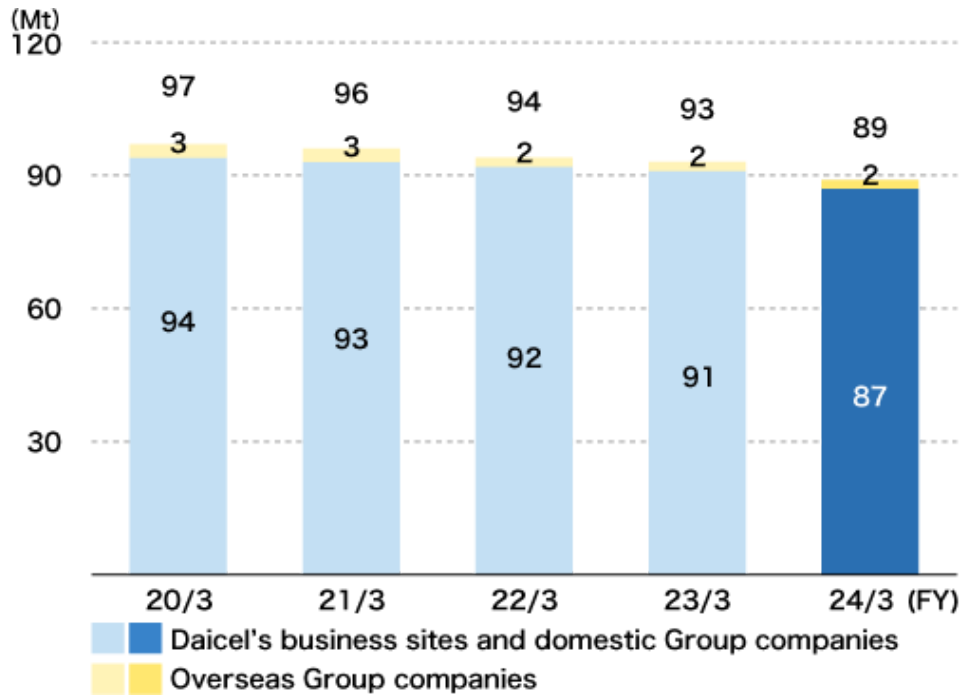
Water Intake (Daicel Group)



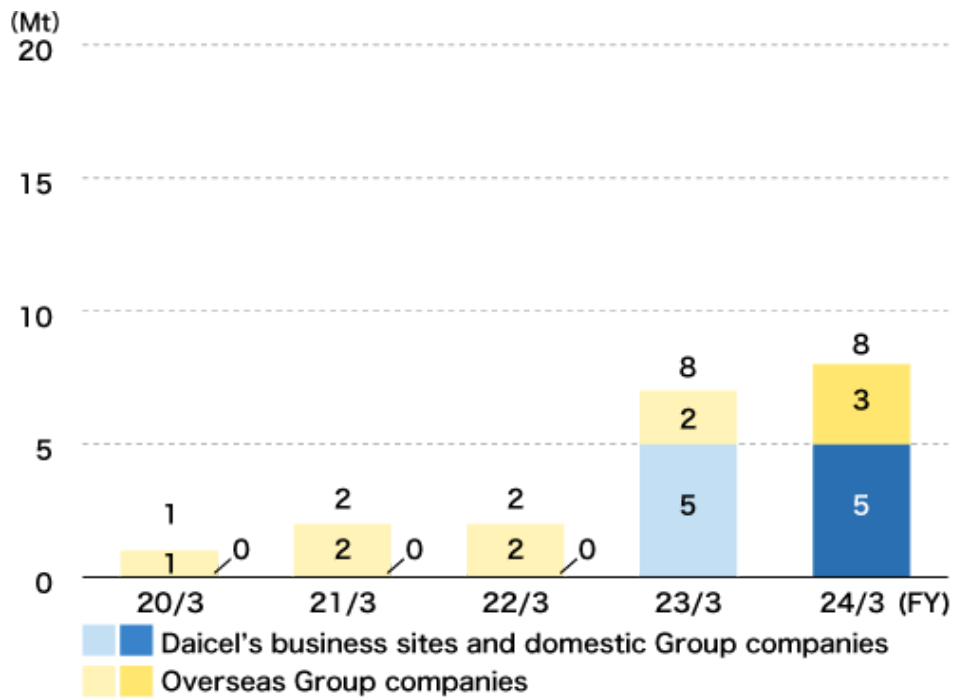
Breakdown of Water Intake (FY2024/3, Daicel Group)



Water Discharged (Daicel Group)



Water Consumption* (Daicel Group)



* Water consumption = water intake – water discharge

[> ESG Data](#) Refer to page 2 "Water Resource Preservation."

Assessment of Water-Related Risks

The Daicel Group conducts disaster risk assessments on floods and storm surges according to Japan's Fundamental Plan for Regional Resilience, which strengthen our preparedness for large-scale natural disasters at our production sites in Japan. Overseas, we conduct risk assessments through mapping surveys utilizing Aqueduct,* confirming the water stress areas (areas of water shortages where the freshwater resources per capita are below 1,700m³), and TCFD scenario analysis of major operations.

Based on these, we address water-related risks by taking preventive actions and measures for mitigating damage, and have determined that the water risk for each of our production sites is low, either in Japan or overseas. Furthermore, in relation to risks affecting business activities, led by the Risk Management Committee, the Daicel Group conducts regular risk assessments for proper identification and management of these risks.

* It is a global tool for water risk assessment developed by the World Resources Institute (WRI). It is possible to assess the water risk in the area where the site is located in terms of water quantity, quality, regulation, and reputation.

Environmental Management and Prevention of Air Pollution

Basic Approach

Guided by its [the Daicel Group's Basic Policies for Responsible Care](#), our Group's efforts extend beyond simply complying with regulatory requirements to further reduce its emissions of air pollutants (sulfur oxides [SOx], nitrogen oxides [NOx], soot and dust). It continually strives to reduce its environmental risk by improving the facilities at each of its plants and periodically monitoring their emissions.

Promotion System

[> Promotion System for Responsible Care](#)

Prevention of Air Pollution

Daicel's business sites and Group companies in Japan strictly comply with regulatory requirements as well as other requirements as determined through negotiations with local governments and municipalities in regard to total emission volume and the density of specific substances. The Daicel Group in Japan strives to limit its emissions of air pollutants by voluntarily setting targets that are more stringent than required. We are limiting atmospheric emissions of SOx, NOx, and soot and dust through means that include removing them from the air through the use of catalysts, dust collectors and scrubbers, as well as by choosing fuel that contains no nitrogen or sulfur.

Both SOx and NOx emissions in FY2024/3 decreased year-on-year to 223 tonnes and 640 tonnes, respectively. Soot and dust emissions increased year-on-year to 34 tonnes but remained below the voluntary setting targets.

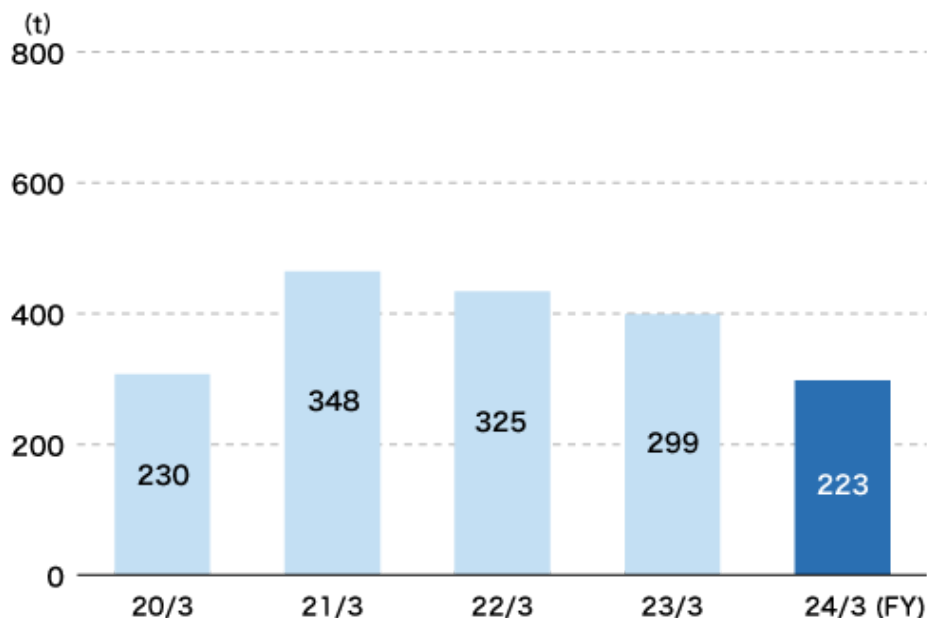
Initiatives

- Reduction of SOx through use of stack-gas desulfurization technology
- Reduction of NOx through use of catalysts
- Soot and dust removal using dust collectors for boilers and other combustion equipment

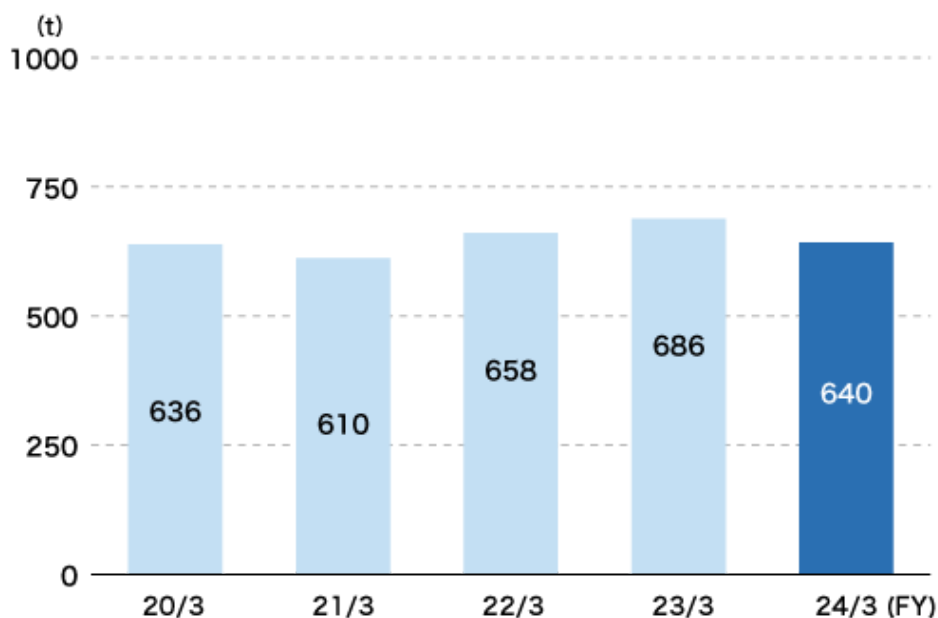
Before formulating a plan for the development of a new product or changing a manufacturing process, we carefully assess the potential impact it may have on air quality using our Total Environmental, Health and Safety Assessment System. We take the appropriate measures to fully address any possible issues before executing the plan. Please see our “[Emission Management of Chemical Substances](#)” page for information about our efforts to reduce emissions of volatile organic compounds (VOCs).

> [Total Environmental, Health and Safety Assessment System](#)

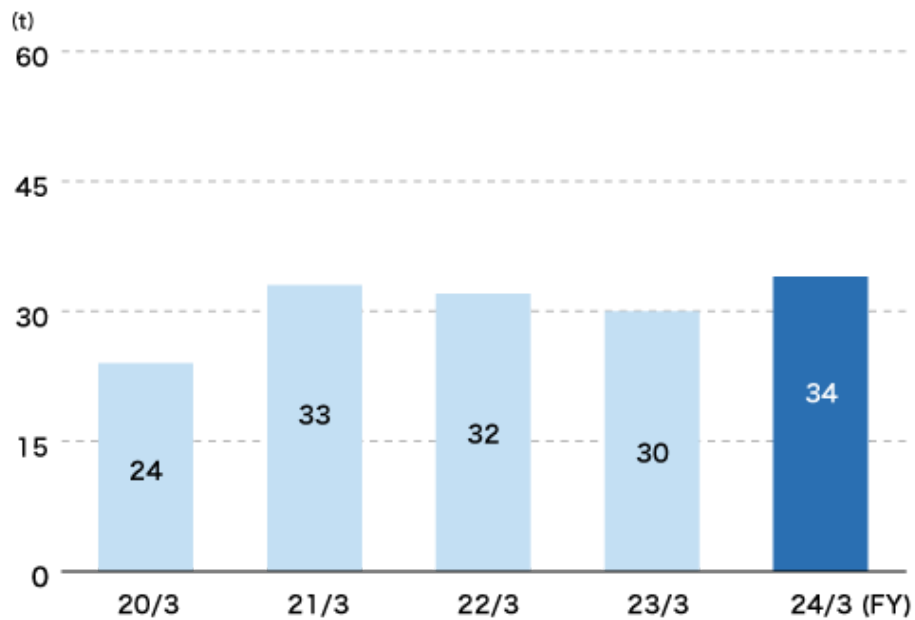
■ SOx Emissions (Daicel's Business Sites and Domestic Group Companies)



■ NOx Emissions (Daicel's Business Sites and Domestic Group Companies)



■ Soot and Dust Emissions (Daicel's Business Sites and Domestic Group Companies)



> ESG Data Refer to page 2 "Environmental Management and Prevention of Air Pollution."

> ESG Data Refer to page 4 "Environmental Load Data for Each Business Site."

Preserving Biodiversity

Basic Approach

Guided by the [Daicel Group's Basic Policies for Responsible Care](#), we operate our business with due consideration for the preservation of biodiversity to pass on to future generations the wonders nature has to offer.

Promotion System

To further clarify our commitment to biodiversity conservation, we incorporated our initiatives on preserving biodiversity into the Daicel Group's Basic Policies for Responsible Care in FY2012/3.

We implement each initiative appropriately through the Promotion System for Responsible Care, which directly reports to the president and CEO.

[> Promotion System for Responsible Care](#)

Initiatives Aimed at Preserving Biodiversity

Biodiversity provides numerous direct and indirect benefits every day, yet human activities are placing a significant stress on the Earth's ecosystems. This is causing a rapid increase in endangered species and threatening biodiversity. Given these circumstances, it is our responsibility to protect biodiversity and use biological resources in a sustainable manner for future generations.

To prevent the loss of biodiversity, Daicel is striving to address climate change, reduce and recycle waste, control emissions of chemical substances, and preserve water resources.

Moreover, our R&D divisions have established in-house rules to ensure that their research and development activities are undertaken in conformity with the "Law Concerning the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms" (Cartagena Protocol).

Initiatives Addressing Marine Plastic Waste

Marine plastic waste does not decompose and affects marine resources. In recent years, this problem has increased in severity, and the adverse effects of this waste on biodiversity are now being recognized as a serious issue. The Daicel Group is working toward solving this problem with specially designed products and unique technologies cultivated over many years.

Products that Help Solve the Problem of Marine Plastic Waste

Cellulose acetate, one of Daicel's major products, is biodegradable and an environmentally sound material that is made from plant-based cellulose and acetic acid, a naturally occurring chemical. After use, cellulose acetate ends up biodegrading into water and carbon dioxide, not only in the soil or among other waste materials but also in the oceans. Daicel has developed a biodegradable biomass plastic, "CAFBL®,"* that combines cellulose acetate with a plasticizer. It features higher transparency and moldability than other biodegradable plastics. It is applied in straws and cutlery, which are at an especially high risk of leaking into the ocean. Even if it accidentally ends up in the ocean, it biodegrades, and therefore contributes to solving the problem of marine plastic waste.

Furthermore, using the biodegradability of cellulose acetate, we introduce spherical cellulose acetate particles, "BELLOCEA®,"* as a texture-enhancing agent for cosmetics. One of the environmental problems is marine pollution with microplastic beads from cosmetics, which can be solved with the alternative material "BELLOCEA®."

We are developing a wide range of further uses for these materials and encouraging their greater use in our society as part of our efforts to combat the problem of marine plastic waste.

* CAFBL® and BELLOCEA® are registered trademarks of Daicel Corporation in Japan and other countries.

Collaboration with Industrial Organizations and Local Governments

Daicel participates in the Japan BioPlastics Association, which was founded with the objectives of promoting the widespread use of bioplastics and establishing a testing and evaluation system. The company also participates in the Clean Ocean Material Alliance (CLOMA), a platform for efforts to solve the problem of marine plastic waste through cooperation across industries.

Furthermore, it cooperates with the Osaka Blue Ocean Vision, which aims to reduce additional marine plastic waste to zero by 2050. This is also the goal of Green Sea Setouchi Hiroshima Platform, an organization with which Daicel cooperates. Through participation in these organizations, Daicel moves beyond maintaining alliances solely within the chemical industry and strives to accelerate the process of innovation and to solve the problem of marine plastic waste working together with other industries and the public and private sectors.



[> The GREEN SEA Setouchi Hiroshima Platform \(GSHIP\) \(Japanese text only\)](#)

Native Forests for Life

Native Forests for Life is an initiative aimed at restoring forests native to a region. It is based on the tree planting methodology (Miyawaki method) advocated by the late Dr. Akira Miyawaki. Daicel has organized a Native Forests for Life Committee, chaired by the president, to engage in a Group-wide effort for creating native forests for life and for preserving biological diversity. Daicel encourages local people to participate in tree planting programs, and these programs become a venue for interaction with the local community.

The Daicel Group also proposed a biomass value chain in our “Accelerate 2025” Mid-Term Management Strategy. We will realize a biomass product tree that effectively uses 100% of a tree to transform timber into a valuable resource to contribute to the forestry industry. By revitalizing forestry and turning neglected forests into forests for life, we can recover their water retention functions, reduce landslides, and enrich farmlands, which in turn will revitalize agriculture. As nutrient-rich groundwater flows into rivers, it will also revive fishery resources. The Daicel Group aims to build a sustainable society with a new model in which value circulates through a co-creative effort between primary industries such as forestry, agriculture and fisheries, and secondary industries including chemical manufacturers such as ourselves.

[> Native Forests for Life Initiative](#)

Respect for Human Rights

Daicel Group Human Rights Policy

At the Daicel Group, we recognize that, in order to progress and grow in tandem with society, it is imperative that we respect the human rights of anyone and everyone involved in or connected to us through our business activities. To fulfill this responsibility, the Daicel Group hereby establishes the Daicel Group Human Rights Policy (“the Policy”).

Basic Position

We at the Daicel Group value the happiness of our employees as well as the happiness of society and all people. Human rights are fundamental for happiness, and the Ethical Standards of Daicel Group declare our determination to respect the human rights of all individuals according to international standards.

Moreover, as a signatory of the United Nations Global Compact, we fully support international standards for human rights. We acknowledge the standards listed in the United Nations International Bill of Human Rights (Universal Declaration of Human Rights and both International Covenants), the core conventions set forth by the International Labour Organization (ILO) in their Declaration on Fundamental Principles and Rights at Work,* and the United Nations Guiding Principles on Business and Human Rights. Accordingly, we promise to continue and promote efforts to respect and address the human rights in line with the above standards.

Scope of Application

The Policy applies to all executives and employees of the Daicel Group. The Daicel Group will also encourage its business partners and suppliers to support the Policy, and in concert with them, will promote activities to fulfill its responsibilities relating to human rights.

Human Rights Due Diligence

The Daicel Group will establish a system of human rights due diligence which will be continuously implemented. Human rights due diligence is a series of processes that includes identifying any adverse human rights impact connected to the Daicel Group and preventing or mitigating potential risks to human rights.

Correction and Remedy

When the Daicel Group identifies that it has caused or contributed to an adverse impact on human rights contrary to the Policy, it will promptly take corrective and remedial actions through appropriate procedures.

Education and Training

The Daicel Group will provide appropriate education and training to ensure that the Policy is integrated into all business activities and that human rights due diligence is effectively implemented.

Applicable Laws and Regulations

The Daicel Group will observe laws and regulations of countries and regions where it conducts business. However, if a conflict occurs between internationally recognized standards of human rights and the standards stipulated by laws and regulations of an individual country or region, the Daicel Group will pursue a direction that respects international principles of human rights.

Dialogue and Consultation

In implementing the Policy, the Daicel Group will seek expert advice on human rights both from within the company and external independent experts and engage in dialogue and consultation with our Group stakeholders.

Information Disclosure

The Daicel Group will publicly disclose the progress and results of its human rights activities based on the Policy.

Enacted July 30, 2020
Last revised August 1, 2023

* Declaration on Fundamental Principles and Rights at Work includes ten conventions in five categories

Freedom of association and the effective recognition of the right to collective bargaining	Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
The elimination of all forms of forced or compulsory labour	Forced Labour Convention, 1930 (No. 29) Abolition of Forced Labour Convention, 1957 (No. 105)
The effective abolition of child labour	Minimum Age Convention, 1973 (No. 138) Worst Forms of Child Labour Convention, 1999 (No. 182)
The elimination of discrimination in respect of employment and occupation	Equal Remuneration Convention, 1951 (No. 100) Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
A safe and healthy working environment	Occupational Safety and Health Convention, 1981 (No. 155) Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)

Efforts to Instill Respect for Human Rights into Practices

Human Rights Due Diligence

Human rights due diligence is a series of processes that include identifying any adverse human rights impact associated with a company and preventing or mitigating potential risks to human rights. The Daicel Group has established a clear human rights policy in line with the UN Guiding Principles on Business and Human Rights and has been conducting human rights due diligence since FY2020/3 based on accepted procedures in these principles. The Daicel Group's human rights due diligence is conducted to address various human rights and labor issues and strive to reduce risks, with a focus on "the freedom of association and the effective recognition of the right to collective bargaining," "abolition of forced labor," "elimination of child labor," "elimination of discrimination in respect of employment and occupation," and "safe and healthy working environment," as set forth by the International Labour Organization (ILO) as core labor standards.

Initiatives for Group Companies

Our human rights due diligence process for Group companies consists of risk investigation and assessment; prevention, mitigation or corrective and remedial actions; monitoring; and information disclosure.

For the first step in the process, risk investigation and assessment, we have been sending questionnaires on human rights and labor practices to Group companies in Japan and overseas and have been conducting interviews based on their responses to the questionnaire.

In addition to the questionnaire, we request Group companies to submit substantiating documents as necessary. These documents correspond to the risk assessment checklist, and we implement a more detailed risk assessment through document checks and interviews.

In FY2024/3, risk assessments were conducted for 75.4% of all business sites within the Daicel Group, and there were cases where corrective actions were requested for Daicel Group companies (2.3% of the sites where risk assessments were conducted). We will strengthen monitoring of business sites that were requested to take corrective actions, and build a system to re-evaluate the effectiveness of the measures.

Implementation ratio of human rights due diligence (FY2020/3-FY2024/3)	75.4% Group companies in Japan: conducted at 19/19 companies* Group companies overseas: conducted at 32/38 companies*
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* Denominators indicate the number of Group companies subject to human rights due diligence (as of March 31, 2024)
The number of companies changed compared to the previous fiscal year due to M&A and organizational changes.

However, during the human rights due diligence, we found several issues of concern such as Group company responses to revisions in local laws and regulations in each country, and observance of the statutory employment rate of persons with disabilities. We will continue to address these issues with appropriate countermeasures.

Daicel plans to complete implementation of human rights due diligence for all major Group companies by FY2026/3.

Initiatives for the Supply Chain

The Daicel Group promotes initiatives that ensure respect for human rights across its supply chain by addressing human rights and labor practices in the Daicel Group Purchasing Guidelines, in addition to its Human Rights Policy.

By FY2023/3, the Daicel Group had distributed Certificates of Confirmation to 768 of Daicel's major suppliers (accounting for over 85% of total procurement) for the understanding and penetration of the Daicel Group Purchasing Guidelines (Established in June 2018, and revised to the Daicel Group Procurement Guidelines in February 2024), and we received signatures from 678 companies (response rate of 88%). In addition, since FY2021/3, we have instituted a rule that requires new suppliers to sign a Certificate of Confirmation and the response rate from new suppliers has been 100%.

In FY2025/3, we plan to distribute Certificates of Confirmation for the revised Daicel Group Procurement Guidelines and start requesting signatures.

We also ask major suppliers to complete a Self-Assessment-Questionnaire (SAQ) on CSR procurement, which includes assessment of human rights and labor practices, to identify any human rights risks in our supply chain.

In addition to these Certificate of Confirmation and requests to complete SAQ on CSR procurement, we have also launched an initiative focused on human rights. Following the philosophy of the UN Guiding Principles on Business and Human Rights, we once more prepared risk mapping and identified areas where we should prioritize actions. Taking this into account, we have conducted an assessment of 63 suppliers in Japan and overseas and identified 50 issues by FY2024/3. Specifically, we found many issues in occupational health and safety and employment, and we worked together with the relevant suppliers to improve all 50 issues by the end of FY2024/3. In FY2025/3, we will expand the scope of suppliers to conduct assessments and implement further improvement initiatives.

[> Sustainable Procurement](#)

Human Rights Education and Training

The Daicel Group provides employees with human rights education and training based on the Daicel Group Human Rights Policy to deepen understanding of human rights.

We incorporate human rights topics into training held annually during compliance awareness month, and this provides human rights training regularly through e-learning and other means. In FY2024/3, a total of 11,354 employees from Daicel and its Group companies inside and outside of Japan took part in this training (participation rate of 89.2%).*

We also provide an opportunity for people to learn about human rights through educational materials on corporate compliance, which we distribute to the entire Group companies every month. These education and trainings cover a wide range of human rights related content, such as maternity harassment, workplace bullying, and the prevention of unconscious biases.

In addition, we educate employees by focusing on harassment through training by mission or capability-based grading and preparatory training prior to overseas assignments.

* Covers a total of 12,732 employees including contract workers and temporary employees.

[> ESG Data](#) [Refer to page 6 "Respect for Human Rights."](#)

Reporting and Consultation

The Daicel Group operates the Compliance Help Line System (whistleblower system) to receive reports and provide consultation on issues that include human rights. Issues can be raised anonymously to protect the identity and privacy of whistleblowers. Rules are also in place to prohibit any adverse treatment of whistleblowers.

In addition, compliance consultation information is available on our website, which can be used by stakeholders outside the Daicel Group to report or consult on human rights issues as well as other issues.

[> Compliance Help Line System \(Whistleblower System\)](#)

Enhancing Product Quality

The Daicel Group, adhering to its Quality Policy, strives to deliver customer satisfaction and safety assurance through reliable manufacturing and active information disclosure.

Quality Policy for Daicel Group

Each member of the Daicel Group promises to deliver safe and quality products and services that can be used with confidence by customers. In order to realize this policy, we undertake the following actions.

- We listen to customer requirements and deliver trust and satisfaction.
- We clarify and seek to achieve the required quality.
- We obey laws and regulations.
- Each member looks at matters from the customer's perspective and undertakes actions on their own initiative.

Established April 6, 2016

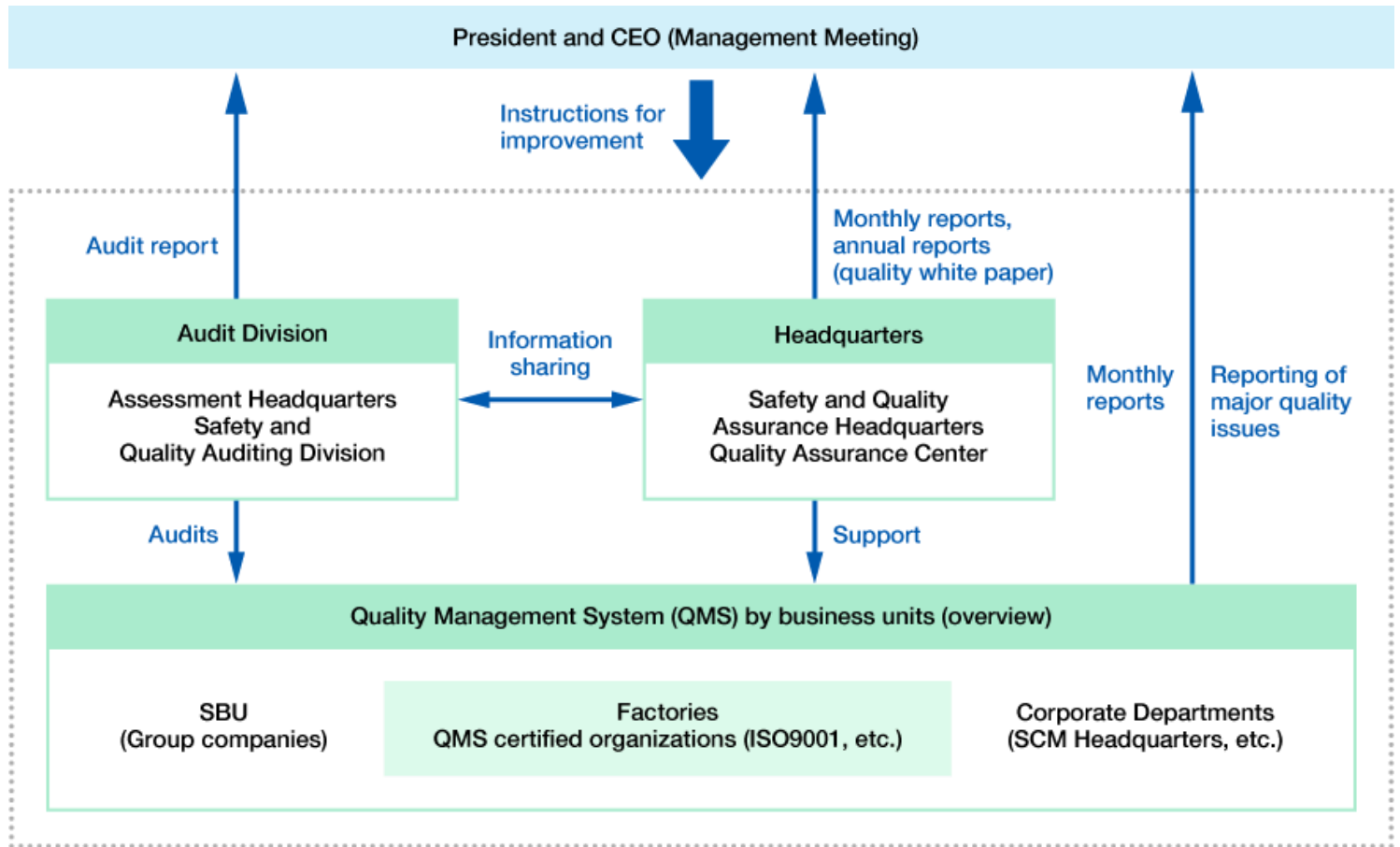
Quality Management System

Sales, marketing, and development are handled by SBUs in our company, while SCM Headquarters oversee raw material procurement, production planning, as well as shipping and distribution. Manufacturing is the responsibility of the six key factories and production subsidiaries. Together, they form our quality management system, which is followed by all group companies.

Apart from our annual management reviews, we also have monthly or bi-monthly review meetings (such as Quality Assurance Committees, etc.) to measure the progress made towards quality objectives and effectiveness of activities, with a view to achieving continuous improvement. Also, the corporate departments provide audit reports and quality white papers for decision making purposes by top management, in addition to the monthly reports.

Where necessary, we obtain certifications for quality management systems (QMS) standards such as ISO9001, notably in our manufacturing sites.

■ Our Structure for Quality Management



Certification Status

The Daicel Group has obtained Quality Management System (QMS) standards starting from the ISO9001 to meet the demands and expectations of our customers. Some of our notable QMS standards besides the ISO9001 include the following.

[Examples of certifications]

- IATF 16949 for the automotive sector
- ISO 13485 for the medical equipment sector
- ISO 22000 and FSSC 22000 for food safety management

> [Certification Status](#)

Initiatives for Improving Customer Satisfaction

The Daicel Group investigates the needs and expectations of our customers, as well as the market trends and other factors. We then work towards planning and delivering new products.

For design and development, we translate the functionality required by our customers into performance and work to bring it to market. We also undergo third-party certifications if required, such as DOT certification to evaluate the safety of hazardous material transportation, UL certification to evaluate flame retardancy of plastic materials, and CoC certification for proof of a sustainable use of forest resources.

In our production process, we follow a pre-determined procedures to keep the stability of our production and maintain traceability from raw material to finished products.

We diligently inspect our products and only ship those that meet our high standards, in order to prevent the release of defective items to the market. Should any defective products be discovered, we will take appropriate corrective measures to prevent a recurrence.

In product sales, we disclose data of the safety of our products and precautions required for their safe handling. For chemical products, we provide an SDS.* When there is a change in equipment, material, method, or specification that involves products on the market, we look for the impact of the change upon quality. Besides, depending on the details of the contract, we will contact our customers in advance to explain changes and offer an initial production sample for evaluation at their request.

In July 2022, we discovered inappropriate behaviors concerning UL certification for some resin products sold by Daicel Miraizu Ltd., one of our group companies. The certification was revoked, and we notified the public about the incident. We established an investigation commission with our independent Outside Audit & Supervisory Board Member as the chair. The committee is made up of outside experts with no stake in our company. In December of the same year, we received a report with recommendations of measures for recurrence prevention. We published the report in January of the following year. We take this incident sincerely and solemnly, and we take all measures to prevent its recurrence.

Also, there was no case of UL certification revocation in FY2024/3.

* SDS: Short for Safety Data Sheet, this document provides information on the properties, safety, and handling of chemical substances.

[> Chemical and Product Safety](#)

[> Investigative Report \(Summary\) \(Only in Japanese\) \[PDF : 350KB\]](#) 

Responding to Customer Feedback

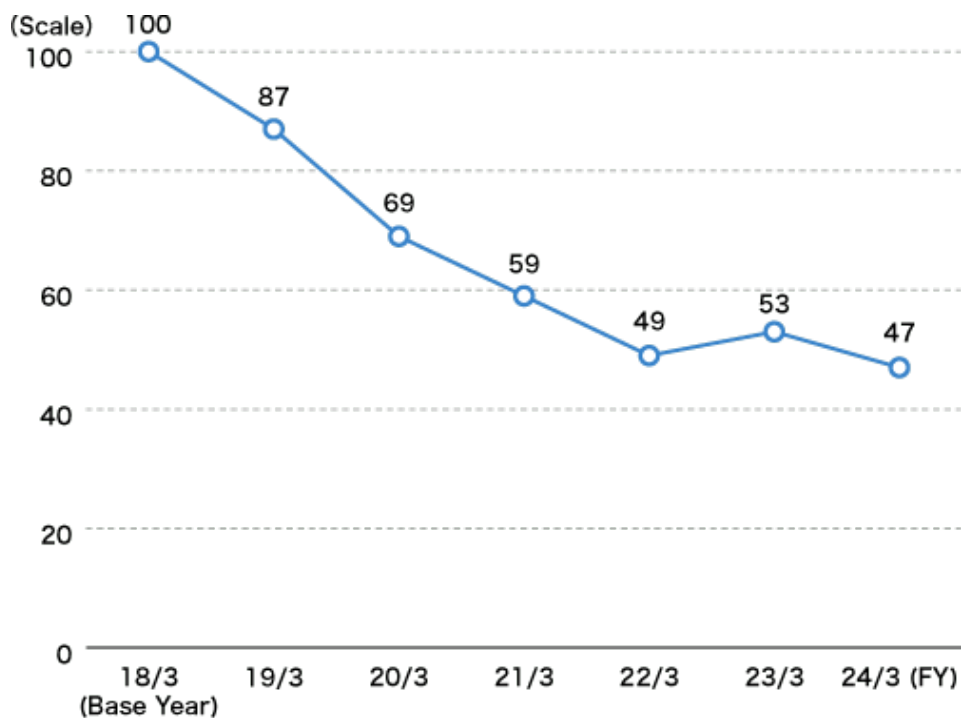
We run a company-wide database of customer complaints and inquiries within our group. We share their details with relevant parties in the company in real time. Along with information collection, this helps us to prevent any recurrence.

We take care to provide rapid feedback in response to complaints and inquiries. We look immediately for possibility of defective products being released. Once this is done, we will report and explain our findings to customers.

We identify the root causes of the complaints, make sure to take corrective actions to prevent recurrence. When necessary, we roll out the information across the organization to prevent similar case from occurring again.

Discrepancies and corrective actions, including customer complaints, are subject to the management reviews of each organization for effective decision-making.

Customer Complaints about the Daicel Group*



* Shows the change in the number of customer complaints on a scale where data for FY2018/3 is 100.

* Scope: Daicel Corporation, Dainichi Chemical Co., Ltd., Daicel Pyrotechnics Ltd., Daicen Membrane-Systems Ltd., Daicel Miraizu Ltd., Daicel Pack Systems Ltd., Daicel-Allnex Ltd., Daicel Aboshi Sangyo Co., Ltd., DM Novafoam Ltd., and Polyplastics Co., Ltd. (includes overseas companies), Polyplastics-Evonik Corporation, Daicel Nanning Food Ingredients Co., Ltd., Shanghai Daicel Polymers, Ltd., Daicel Safety Systems Europe Sp.z o.o., Daicel Safety Systems Americas, Inc., Daicel Safety Systems (Jiangsu) Co., Ltd., Daicel Safety Technologies (Jiangsu) Co., Ltd., Daicel Safety Systems Korea, Inc., Daicel Safety Systems (Thailand) Co., Ltd., Daicel Safety Technologies (Thailand) Co., Ltd.

* Applicable companies added in September 2021: Chiral Technologies Europe S.A.S., Chiral Technologies, Inc., Daicel Chiral Technologies (China) Co., Ltd., Daicel Chiral Technologies (India) Pvt. Ltd., Daicel Arbor Biosciences

* Applicable companies added in April 2022: Xi'an Huida Chemical Industries Co., Ltd., Xi'an Da-an Chemical Industries Co., Ltd., and Ningbo Da-an Chemical Industries Co., Ltd.

* Applicable companies added in or after October 2022: Daicel Beyond Ltd.

* Applicable companies added in April 2023: Daicel Safety Systems India Pvt Ltd, Polyplastics (Nantong) Ltd.

* Daicel Pyrotechnics Ltd. data is included up to the end of February 2024.

Rate of Initial Response to Customer Complaints within 24 Hours

FY	2022/3	2023/3	2024/3
Rate of initial response within 24 hours (%)	63	88	89
Average number of days to initial response at production sites	2.2	0.7	0.7

* Applicable sites: Daicel production sites in Japan

* The target rate of initial response within 24 hours is 100% by FY2026/3

Internal Education and Training

In our common quality education, we provide grade-level training on quality control and quality management according to position, role, and title to new employees and promoted employees. Moreover, to improve the quality literacy level of our group, we also organize open-call training on quality control targeting various types of jobs, and cultivation of internal auditor. The graph below shows training sessions held in FY2024/3.

■ Common Training Sessions Conducted in FY2024/3

Names	Target audience (including our group companies)	Contents	Number of Participants (persons)
Grade-level training	New employees	Quality control, quality management, etc.	590
	Union members in technical and administrative fields		
	Promoted personnel (union members)		
	Newly appointed leaders (managers)		
Open-call training	All employees	Quality control (by job function, including research and development, sales, procurement, and inspection; includes corrective actions) internal auditor cultivation, etc.	242

Moreover, we conduct required trainings at each business site with quality management systems in place, such as the Quality Dojo of the Harima Plant.

[> Support for Human Resource Development](#)

[> Quality Dojo](#)

Risk Management for Product Safety

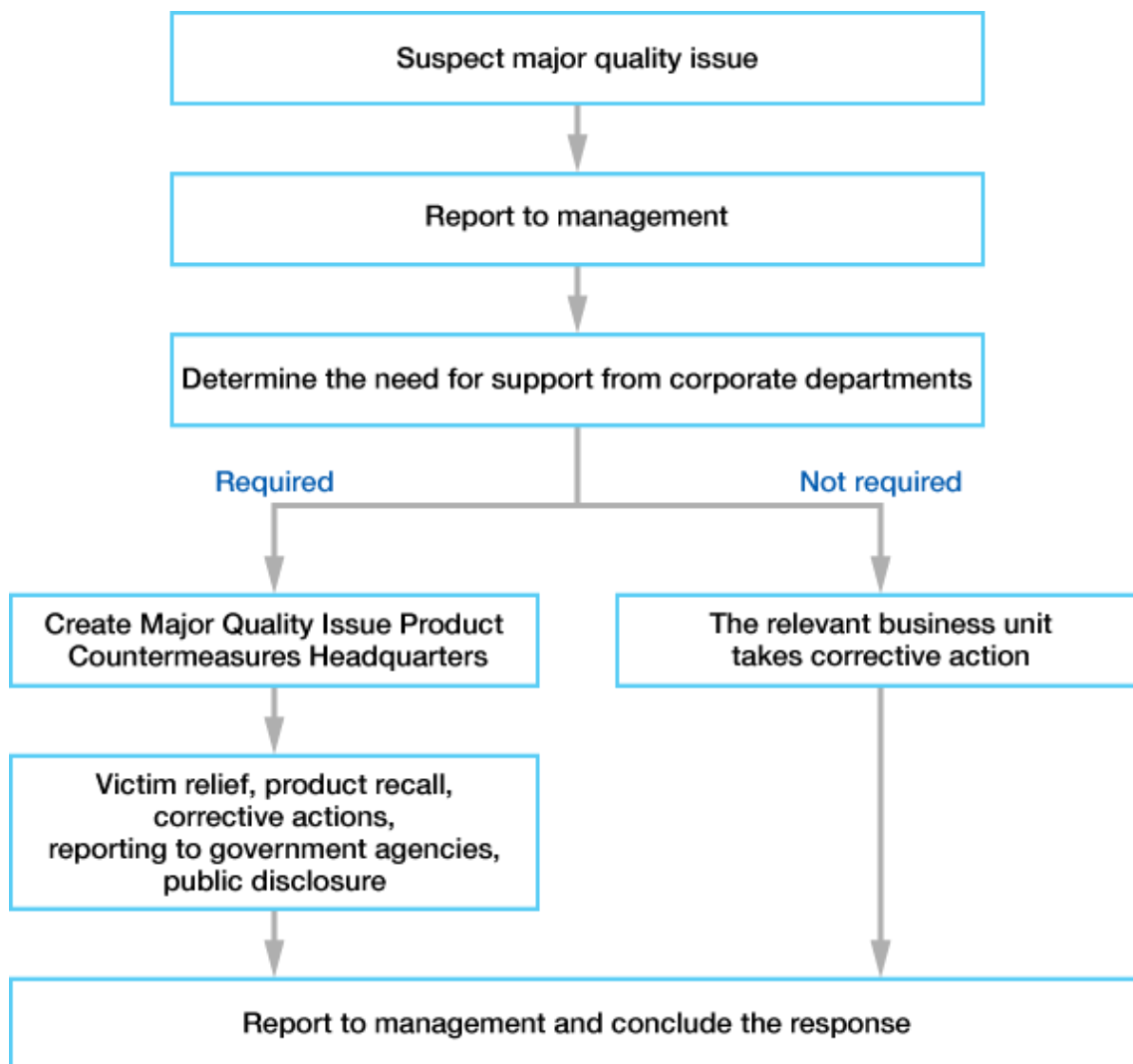
The Daicel Group, operating in sectors like pharmaceuticals, cosmetics, food, and automobile safety equipment, carries out risk assessments to deliver customer satisfaction and safety assurance.

From the planning stage through to mass production, we hold Product Safety Advisory Committee as necessary, while also incorporating the opinions of external experts, to extract the problems by identifying and evaluating the risks. Furthermore, on all the above products, we conduct a Product Crisis Assessment before their launch on the market to identify and assess the product safety risks by presetting and deciding responses (crisis response measures) in preparation for when an incident happens.

If we suspect a huge quality problem (improper quality practices, product liability incident or product accidents, customer product recalls, etc.) after starting the manufacturing or selling, we make an immediate report to the management. If company-wide support is required, we will set up the Emergency Response Team for Major Quality Issues and prioritize victim relief.

In FY2024/3, there were no product safety accidents that negatively affected customers' physical wellbeing, life, or property.

■ Process Flowchart for Responding to Serious Product Deficiencies



> Total Environmental, Health and Safety Assessment System

Chemical and Product Safety

Basic Approach

In line with the [Daicel Group Basic Policies for Responsible Care](#), we strive to ensure the safety of its products and promote continuous improvement in product stewardship* across its entire supply chain. At the same time, we practice chemicals management with consideration for risks that arise throughout the product life cycle, from development, manufacturing, distribution, and use to disposal, and recycling. We are committed to disclosing the information required for properly handling chemical substances both inside and outside the Group.

* Product stewardship is an initiative for minimizing the impact of chemical substances on human health, safety, and the environment throughout the entire value chain related to the life cycle of a chemical product, encompassing its development, manufacture, distribution, use, disposal, and recycling.

Promotion System

Under the Responsible Care (“RC”) Promotion System, spearheaded by the RC Council, the Daicel Group strives to ensure chemical and product safety throughout the process of development, manufacturing, distribution, use, disposal, and recycling of chemical products. We practice proper chemical substance management by implementing the Total Environmental, Health and Safety (EHS) Assessment System as a means for evaluating risks associated with chemical substances regarding health, safety, and the environment. Chemical substances subject to risk assessment include existing products that have undergone production process or production equipment changes, as well as new products.

[> Promotion System for Responsible Care](#)

[> Total Environmental, Health and Safety Assessment System](#)

Chemical Substance Management

Initiatives to Maintain Compliance with International Chemical Substance Regulations

The Daicel Group not only complies with domestic regulations pertaining to the management of chemical substances but also maintains compliance with the chemical regulations enforced in each country in Europe, the U.S., Asia-Pacific, and other regions by utilizing search databases for domestic and international laws to obtain the latest information on revisions to laws and regulatory trends in each country.

In May 2018, Daicel completed all registrations of its chemical substances designated under the European Union's REACH* as planned, in compliance with regulatory timelines specified by the regulations based on the volume of substances being manufactured or imported.

Even after registration, the European Chemicals Agency (ECHA) examines all registration-related documents based on the compliance check procedures of the REACH regulation and provides improvement recommendations to registrants to ensure compliance with changes in information requests under the regulation. The Daicel Group is also responding as necessary for the products in question. Furthermore, based on the CLP Regulation, notifications have been submitted to the poison centers of respective member states for the relevant products.

* REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a regulation that mandates that producers and importers must register their chemical products with the European Union, conduct safety assessments, control permits for their use, and restrict their use.

Consolidated Management of Chemical Information

The Daicel Group creates SDS* and labels to ensure that all of its products are handled safely and securely, provides timely information to customers, and conducts risk assessments of the chemical substances in its products.

Using its unique chemical information management data bank called D-CLik, the company has unified information on raw materials, intermediates, and finished products regarding their toxicity, hazardous properties, and relevant regulations. As for the data on D-CLik, we not only register new chemical substances but also provide occasional updates by collecting monthly safety test reports and other relevant documents from the entire company and submitting them to the administration departments.

* The Safety Data Sheet is a document providing information on the properties and safety of chemical substances, and instructions about their handling.

Provision of Chemical Information

The Daicel Group provides the following information on chemical substances to ensure that customers can use its products with a sense of safety and security.

Information disclosed via the Safety Data Sheet (SDS)	<ul style="list-style-type: none">● Daicel creates a SDS for all of its products in accordance with GHS*¹ and the Industrial Safety and Health Act of Japan and provides this information to customers.● Daicel publishes a SDS for its major products on its website.
Information disclosed via GPS/JIPS*² activities	<ul style="list-style-type: none">● Daicel participates in the GPS/JIPS (Global Product Strategy/Japan Initiative of Product Stewardship), a voluntary initiative promoted by the Japan Chemical Industry Association (JCIA) for reinforcing controls of chemical products.● Daicel publishes its 12 Safety Summaries, based on risk assessment results, on the GPS Chemicals Portal Site run by the JCIA.
Information disclosed via chemSHERPA*³	<ul style="list-style-type: none">● Daicel has declared its support for promoting the use of chemSHERPA, a scheme developed by the Ministry of Economy, Trade and Industry of Japan for communicating information on the ingredients of chemical products.

*1 GHS stands for Globally Harmonized System of Classification and Labelling of Chemicals, which provides a globally standardized set of rules regarding chemical categories and the presentation of SDS information for hazardous properties of chemical substances, as well as precautions for their handling.

*2 GPS/JIPS stands for Global Product Strategy/Japan Initiative of Product Stewardship, and it concerns the voluntary actions of the chemical industry promoted by Japan Chemical Industry Association (JCIA) and is based on the chemical management strategy of the International Council of Chemical Associations (ICCA). Through these actions, the industry conducts risk assessments of chemical products, creates safety summaries to easily explain results to people outside the industry, and makes these summaries publicly available on JCIA's "Portal Site for Chemical Substance Risk Assessment Support."

*3 chemSHERPA is a scheme that aims to ensure the appropriate management of the content of chemical products while communicating information regarding their ingredients throughout supply chains based on a unified list.

A partial revision of the enforcement ordinance of the Industrial Safety and Health Act (ISHA) was promulgated in May 2022, and substances subject to required labeling, indication using SDS, etc. and notification are added every year since FY2024/3. The Daicel Group's SDS is updated to include substances that are candidates until enforcement.

[> Chemical risk assessment support portal](#)

In-House Training and Education

To ensure appropriate management of chemical substances, the Daicel Group regularly provides all workers who handle chemical substances with educational programs about the hazardous properties of chemical substances and appropriate methods for handling them as well as the domestic and overseas laws and regulations governing them.

Particularly with respect to domestic and overseas laws and regulations, we have assigned chemical product management supervisors and workers in each business division and Group company who gather four times a year to exchange information, which is undertaken in two parts. In the first part, participants share information and discuss topics such as chemical product regulations in Japan and overseas along with the latest information and trends related to industry groups, and in the second part, topics such as regulatory trends and internal management systems that are focused on conveying information about chemicals are discussed. In FY2024/3, the meetings were attended by a total of 330 division heads and relevant staff.

In addition, we provide risk assessment education for all workers who handle chemical substances. This risk assessment is an extremely important element for chemical substance management, and it is essential that evaluators have a solid background to properly understand the assessment results and conduct risk management. The Daicel Group provides opportunities for practical training courses to cultivate professionals who can assess the risks of chemical substances, promoting the acquisition of extensive knowledge and continuous technical skills necessary for risk assessment.

Voluntary Efforts Concerning Chemical Substances

When developing new plans* under the Total EHS Assessment System, the Daicel Group conducts advance assessments of all chemical substances handled through its business with regard to the risks and toxicity they may pose in order to prevent people, equipment, and the environment from being affected by its chemical substances.

■ Prohibited substances

Chemical substances whose manufacture and use are prohibited or severely restricted by law due to their hazardous or harmful properties. The Daicel Group has implemented a ban on the manufacture and use of these substances.

■ Substances prohibited in principle

Chemical substances whose manufacture and use are strictly regulated (requiring permission, notification, implementation of safety measures, etc.). In principle, the Daicel Group prohibits the manufacture and use of these substances and is considering replacing them with alternative substances at the research and development stage. If it is unavoidable to manufacture or use these substances, we conduct a preliminary review at Corporate Total EHS Assessment Committee based on information such as their hazards, harmfulness, production volume, usage volume, purpose, exposure situation, and risk measures for people's health and the environment, and make a judgment on whether or not it is permissible. As mentioned above, we systematically manage substances of concern for their hazards and harmfulness based on the Total EHS Assessment System.

In addition, we conduct risk assessments for all chemical substances handled in all operations, including the manufacture, development, and testing of not only existing products but also new and developmental products.

* This includes expanded applications for existing products as well as changes to product standards, manufacturing methods, and raw materials.

Our Philosophy on Animal Experimentation in Toxicity Testing

Laws and regulations require hazard assessments be conducted as part of product development and appropriate product management control. As a general rule, the Daicel Group conducts toxicity testing without the use of animals.

When animal experimentation cannot be avoided, we outsource to testing organizations that are in compliance with the 3Rs* (a set of international principles for conducting animal experiments properly in accordance with animal welfare principles) and that have policies and certifications regarding the careful treatment of animals.

* A set of internationally established principles that seeks to ensure animal experimentation is conducted properly and that includes guidelines for the feeding and storage of animals used in experiments. The 3Rs refer to the principles of (1) alleviating animal suffering (Refinement), (2) reducing the number of animals used (Reduction), and (3) using alternative means of experimentation that do not involve the use of animals (Replacement).

Process Safety and Disaster Prevention

Basic Approach

The Daicel Group regards safety as one of its most important foundations. Adhering to [the Daicel Group Basic Policies for Responsible Care](#), it identifies risks associated with processes related to safety and disaster prevention through various assessments.

The Group then takes preventive actions that include eliminating and mitigating those risks. Moreover, in the event of a safety incident during any process, necessary measures are taken, based on the BCP Guidelines, to minimize damage.

Promotion System

[> Promotion System for Responsible Care](#)

Initiatives on Process Safety and Disaster Prevention

To achieve its goal of zero accidents involving fires, explosions, and leaks, the Daicel Group engages in voluntary initiatives to ensure process safety by conducting risk assessments to identify and address hazards. The causes of problems that occur at Daicel Group sites, and the appropriateness of countermeasures to address them, are discussed at regular meetings of supervisors of environmental and safety divisions, and efforts are made to prevent similar incidents.

Status of Accidents in FY2024/3 (business sites of Daicel and domestic Group companies)

- Small fires: four cases (down two from FY2023/3)
- Leakages: five cases (unchanged from FY2023/3)
- Property damage: zero cases (unchanged from FY2023/3)

All of the above incidents were contained at the business sites and did not affect operations. The causes of these incidents have been investigated, and preventive measures were implemented to address both physical and human errors. Along with using the Occupational Accidents and Process Safety Incidents Database to keep all business sites apprised of the details

and causes of incidents and measures to prevent their recurrence, we investigate whether similar incidents have occurred and have taken measures to prevent potential incidents from occurring.

Risk Assessment

The Daicel Group seeks to ensure safety as a foundational principle of its operations by identifying, assessing, analyzing, and addressing process safety risks with regard to hazards that include explosions, fires, and the leakage of hazardous or toxic materials through equipment safety assessments as part of its Total Environmental, Health, and Safety Assessment System.

【Initiatives for FY2024/3】

Regarding self-reactive substances involving the risk of runaway reactions associated with thermal decomposition and polymerization, as a continuation of efforts in FY2023/3, a Working Group comprising production divisions, equipment management divisions, safety environment divisions, and internal experts conducted analyses that included simulations based on the latest data and information. In addition, we systematically introduced remote monitoring cameras to reinforce the monitoring of plants deemed to be at risk, and installed remote fire prevention and extinguisher systems to minimize any possible risks and damages in the event of an accident.

[> Total Environmental, Health and Safety Assessment System](#)

Equipment Safety

To keep its production equipment in good condition, the Daicel Group works to prevent equipment malfunctions and ensures safe and stable plant operations by following established maintenance cycles for all operating equipment that requires maintenance and performing this maintenance at all business sites without delay. We also have a working team comprising members of production, equipment management, development, and other divisions that conducts routine inspections to identify equipment problems and abnormalities, which we refer to as “TH.” We then use these findings to examine causes of incidents and countermeasures in order to make improvements and also use these to review our maintenance standards.

Maintenance Dojo

Ensuring the good condition of production equipment requires maintaining and improving upon the technical capabilities of our equipment management divisions. The Daicel Group has taken a variety of countermeasures to strengthen the maintenance of its chemical plants. However, with the passing of the torch from one generation to the next in and around 2007, accidents began to occur that appear to have been caused by declining capabilities regarding maintenance, construction management and supervision, acceptance inspections, and problem analysis. In response, we opened the Maintenance Dojo and began offering a more practical curriculum with the goal of passing on maintenance skills and techniques while improving work quality. Dojos were opened for mechanical work in FY2016/3 and for electrical and instrumentation work in FY2018/3.

Initiatives of the Maintenance Dojo

To assure safety and quality in chemical plants, properly maintaining and managing equipment on a daily basis is essential. It is therefore also vital to accurately identify and evaluate the condition of equipment and take the proper measures at a stage when defects are small, and it is people who take these important actions.

The Daicel Group believed that traditional knowledge and experience-based human resource development was inadequate for developing the human resources that would support safety and quality, so it opened the Maintenance Dojo as a place for practical training in specialized techniques and skills. Through the dojo, we nurture our human resources into people who can take ownership of the maintenance and management of Daicel equipment and perform these tasks with confidence and pride.

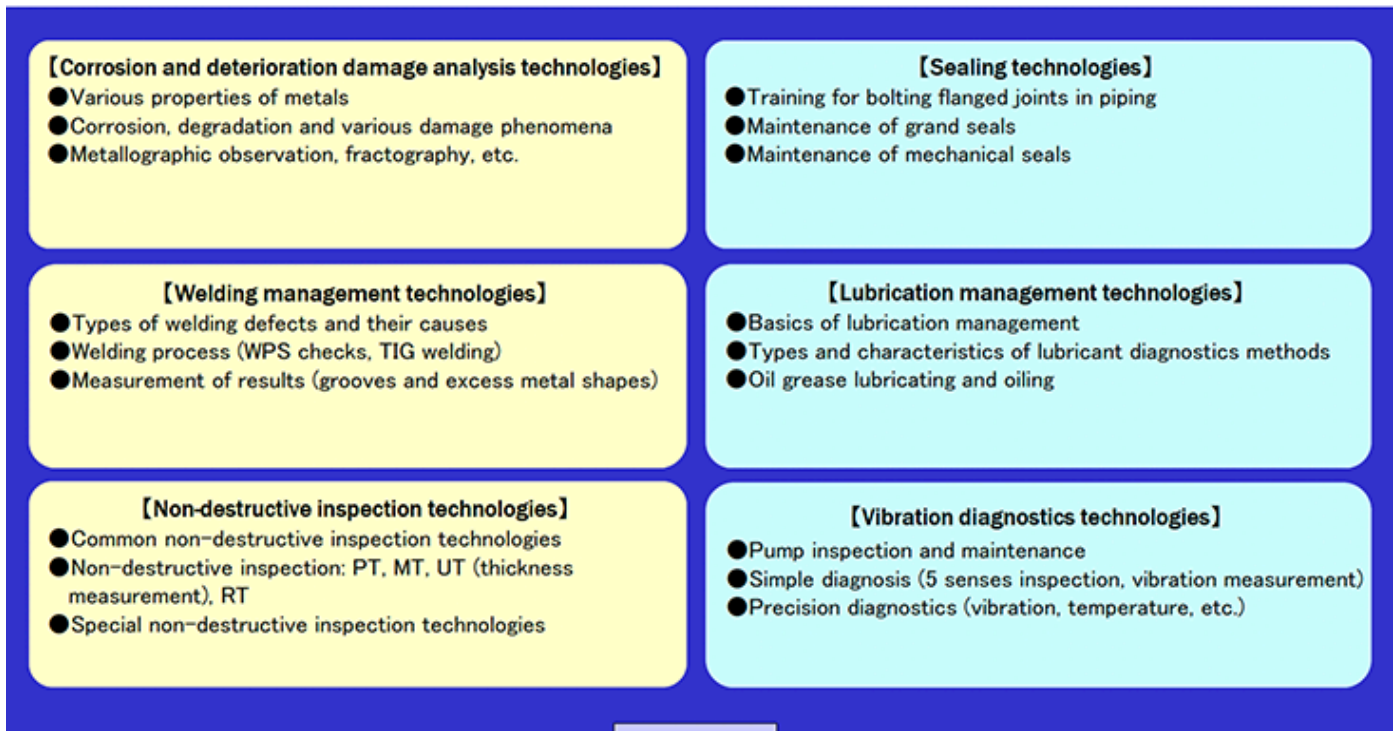
Equipment diagnostic engineering core members serve as supervisors (instructors) at the Maintenance Dojo, where maintenance technology required for the Daicel Group is organized into the following categories.

1. Specialized maintenance education for maintenance engineers
2. Voluntary maintenance education for operators
3. Technical training for the staff of partner companies

The curriculum for mechanical work consists of the following six core technologies: corrosion and deterioration damage analysis, welding management, nondestructive inspections, sealing technologies, lubrication management, and vibration diagnostics. The curriculum for electrical and instrumentation work consists of the following four core areas: practical training on construction and production, acceptance inspections and checks, cause investigations, and operational training on disassembly and maintenance, cause investigation. Through these curricula, we offer practical training that is not limited to imparting knowledge through classroom lectures. In addition, technical skills acquired at the Maintenance Dojo are put to practical use through OJT involving periodic repair and construction work (SDM construction), thereby establishing and improving trainees' skills.

The targets for this training are not only Daicel Group employees but also staff of partner companies engaged in maintenance work.

Educational Curriculum for Mechanical Work (Six Core Areas)



Practice (on-the-job training) during shut down maintenance (SDM) work

Electrical and Instrumentation Work

Curriculum (Four Core Areas)

	Electrical and instrumentation	Control Systems
Hands on training Construction and fabrication	<ul style="list-style-type: none"> ◇ Learning how to use tools and measuring instruments for electrical and instrumentation work, basic operations and training ◇ Practical training for cable termination, tubing and crimping 	<ul style="list-style-type: none"> ◇ Software and its function Preparation of specification documents, practical training of coding and debugging
Practical training on acceptance inspections and checks	<ul style="list-style-type: none"> ◇ Education using actual equipment and specific examples of checklists for acceptance inspections of electrical and instrumentation work ◇ Practical training and lectures with actual equipment used to resolve issues during construction acceptance inspections and software checks 	<ul style="list-style-type: none"> ◇ Practical training for checking software (confirmation of operation)
Operational training on Disassembly and maintenance	<ul style="list-style-type: none"> ◇ Learning how to use tools and measuring instruments for the disassembly and maintenance of equipment and instruments, basic operations and training ◇ Disassembly and maintenance of equipment and instruments 	<ul style="list-style-type: none"> ◇ Training for maintenance operations and program analysis using the software build manuals
Practical training on cause investigation	<ul style="list-style-type: none"> ◇ Practical training and lectures for investigating, considering and determining the causes of problems by simulating situations at the Maintenance Dojo 	

Case Study Training for Tightening Pipe Flanges

Since 2009, using a system developed in-house, our Aboshi Plant has provided training to improve our employees' pipe flange tightening skills. The system visualizes trainee skills by displaying in real time on a computer screen the axial force of a bolt and the surface force of a tightened gasket at the time of flange tightening (Photo 1). Due in part to the introduction of a skill certification system, these efforts have had a remarkable impact on preventing leakage from pipe flanges. The training was incorporated into the Maintenance Dojo in 2015 and has since been fully rolled out at each plant of the Group and our partner companies (Photo 2).



(Photo 1) Flanged bolting simulator (D-BOLVIS: Daicel Bolting Visualization)

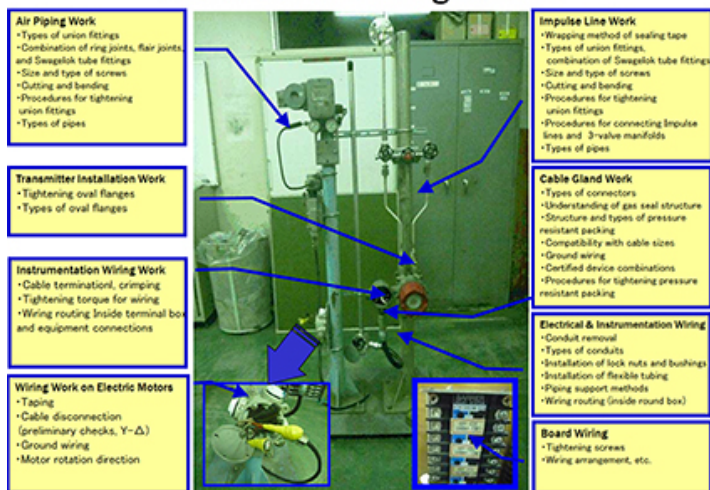


(Photo 2) Simulator-based scientific training for flange tightening

Case Study Training Programs for Electrical and Instrumentation, System Construction, Production and Acceptance Inspections, and Checks

- Instructions on using tools and measuring instruments for electrical and instrumentation work, as well as basic operations and training
- Practical training for cable terminal processing, tubing, and crimping terminal processing
- Practical training for checking software and replacing the converter card

Construction training devices



(Photo 3) Device used in practical training for construction and production



(Photo 4) Passing on techniques and skills vital to the Daicel Group

Emergency Responses

In the event of a major disaster such as a huge fire, explosion, or natural disaster, including an earthquake and tsunami, the Groupwide Disaster Response Headquarters will respond in accordance with its Disaster Response Rules.

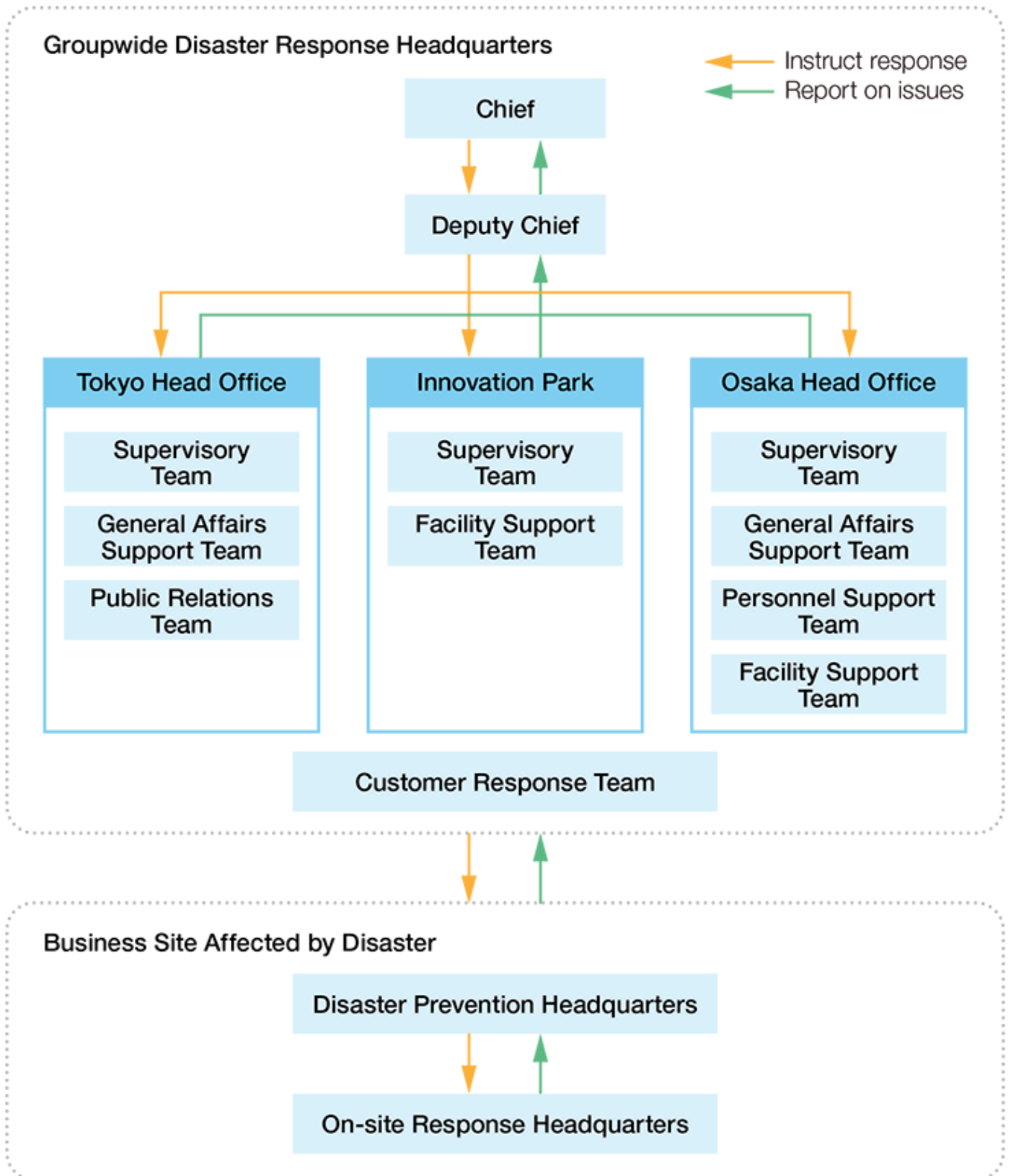
These headquarters have been established at the Innovation Park and the Osaka and Tokyo head offices, with overall operations managed by the President and CEO serving as the General Manager and the Director in charge of Responsible Care serving as the Deputy General Manager.

Along with installing antennas for satellite cell phone communications, we also deployed an information sharing system that can be accessed from all business sites as well as off-site in FY2022/3 as part of measures to strengthen the information infrastructure between business sites during a widespread disaster. We also introduced systems for Safety Confirmation and Emergency Call Systems at all Group business sites in Japan. In emergencies, personnel can quickly confirm the safety of other employees and family members and get information about the situation using the Safety Confirmation System. The Emergency Call System is used to stay informed about disaster situations and convene response headquarters personnel, and its early deployment at the Groupwide Disaster Response Headquarters and business sites' response headquarters has helped strengthen our emergency response capabilities. In addition, the Groupwide Disaster Response Headquarters promptly disseminates information about damage to people or property, as well as the impact on local communities, through the Daicel Group's website.

As part of our commitment to staying in close communication at all times with local communities, every one of our business sites has established procedures for disseminating information to local residents and other people outside the company. We are also actively reporting on subjects such as the Group's environmental conservation and safety promotion efforts through participation in things like community association meetings organized by the Japan Chemical Industry Association and community dialogue sessions,* in which relevant government bodies and company representatives participate.

* This initiative aims to further strengthen trust-based relationships through dialogue about the questions, concerns, and expectations that local communities have about certain companies and through responsible care activities that better satisfy the expectations of these local communities.

■ Our Organization for Emergency Responses



Earthquake, Tsunami, and Liquefaction Countermeasures

Taking a systematic approach, the Daicel Group has been pushing ahead with assessments of risks associated with earthquakes, tsunamis, and liquefaction as well as analyses of seismic conditions at its facilities and their structural reinforcement. In FY2016/3, we completed structural reinforcement work in line with the Act for Promotion of Renovation for Earthquake-Resistant Structures. Currently, efforts are underway to equip the facilities with greater earthquake resilience in accordance with Daicel's in-house standards.

Disaster Prevention Drills

The Daicel Group regularly conducts emergency safety drills for all business site personnel and Group company employees at each business site. The drills are designed to prepare employees through repeated practice so that, in the event of an emergency, they are well versed in lifesaving and first-aid procedures, capable of preventing spillover effects from a disaster, and are able to efficiently collaborate with other members of communities around our business sites.

Complementing these efforts, Daicel conducts Group-wide disaster countermeasure exercises each year for Groupwide Disaster Response Headquarters personnel that address the possibility of a widespread disaster. We conduct initial response drills and BCP training without providing participants with any advance information on the disaster location or scenario, with the situation developing and changing as soon as training begins.



Emergency drill at a petroleum complex in Hyogo Prefecture (conducted in FY2020/3)



Aboshi Plant: Joint emergency drill with the local fire department and neighboring companies (conducted in FY2020/3)



Ohtake Plant: Joint emergency drill with the local fire department (conducted in FY2023/3)



Aboshi Plant: Joint emergency drill with the local fire department (conducted in FY2023/3)

TOPICS

FY2024/3 Commendation for outstanding hazardous materials engineers



A hazardous materials engineer at Daicel's Ohtake Plant has received an award for outstanding hazardous materials engineers. This award is presented to those who have long committed themselves to, and have achieved noteworthy successes, in the handling of hazardous materials.

Distribution Safety

Basic Approach

Daicel Group works with one of its Group companies, Daicel Logistics Service Co., Ltd., to ensure safe distribution and quality management.

As for distribution safety, we aim to achieve zero logistics accidents, occupational accidents and at-fault traffic accidents by adhering to [the Daicel Group Basic Policies for Responsible Care](#). In assuring quality, we are guided by [the Quality Policy for the Daicel Group](#) and strive to achieve our target of “taking responsibility as a logistics contracting company by quickly and sincerely responding to complaints and accidents related to logistics to earn the customer satisfaction (CS) of distributors.”

Promotion System

We promote initiatives for ensuring distribution safety and quality with a focus on Daicel Logistics Service, given that the company handles most of the distribution operations of the Daicel Group.

Daicel Logistics Service implements and operates its quality management system in accordance with ISO 9001 using a CAPD^{*1} cycle. As a distributor, Daicel Group checks on the status of the initiatives of Daicel Logistics Service and engages in resolving any issues as part of its responsible care activities together with Daicel Logistics Service.

In addition, we are working to improve logistics efficiency and energy conservation to address logistics problems in 2024^{*2} and achieve carbon neutrality by 2050.

*1 Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage

*2 Starting from April 1, 2024, the overtime exemption regulations for automobile driving operations have been abolished, and with the application of the annual limit of 960 hours, further concerns about a shortage of drivers in the transportation industry are arising

[> Daicel Logistics Service Co., Ltd. Quality Policy \(Japanese text only\)](#) 

Safe Product Transport and Logistics Quality Management

Ensuring Safe Product Transport

Daicel Logistics Service promotes safe transport by upholding the targets of zero logistics accidents,^{*1} zero occupational accidents and zero at-fault traffic accidents. Annual distribution safety targets are set by each distribution center, which serve as logistic hubs. Progress on achieving the targets is reviewed each month by the Safety and Quality Committee, which comprises the heads of each center and department, and improvements are made, including revising the targets according to the circumstances.

In FY2024/3, while there were zero logistics accidents, there was one occupational accident. We investigated the causes of the accident and took preventive measures to address both physical and human errors.

Basic Initiatives

1. Corrective measures for work system and work procedure flaws
2. Sharing case studies and countermeasures at Safety and Quality Committee meetings
3. Expand the educational curriculum taught by experienced staff (at the Safety and Quality Training Center)
 - Training to prevent workplace accident recurrence based on past incidents, and loading and unloading training
 - Drills simulating leakages
 - Education on the causes of at fault traffic accidents and on dangers when driving based on past incidents
4. Installation of drive recorders to analyze accidents, and use of video footage to pass on skills of veteran workers for training
5. Education on the hazards of chemical substances noted on SDS^{*2} and GHS^{*3} labels

*1 Accidents such as fires, explosions, leakages, discharges and losses associated with hazardous products (hazardous materials, poisonous and deleterious substances, high-pressure gas, environmental pollutants, and combustibles)

*2 Safety Data Sheet, a document that provides information about the characteristics, safety, and handling of chemical substances

*3 Globally Harmonized System of Classification and Labelling of Chemicals, an internationally standardized set of rules that provides standards for classifying chemicals based on hazards and content to note on labels and safety data sheets

Daicel Logistics Service Safety Targets:

Zero logistics accidents, zero occupational accidents, and zero at-fault traffic accidents

FY2024/3 Results:

- Achieved zero logistics accident (no change from FY2023/3)
- One occupational accident (down two from FY2023/3)
- Zero at-fault traffic accidents (down three from FY2023/3)

For Achieving a Mindset and Behavior Focused on Safety

We seek to prevent logistics accidents, occupational accidents and at-fault traffic accidents by consistently implementing initiatives designed to firmly establish safety awareness and behavior among workers.

■ Major Initiatives

<p>Prevention of logistics accidents</p>	<p>Safety education based on Transport Safety Management conducted at each distribution center (once a month)</p> <ol style="list-style-type: none"> (1) Appropriate frame of mind for driving vehicles used in the business (2) Basic rules for ensuring safe operation of vehicles used in the business (3) Structural properties of vehicles used in the business (4) Proper method for loading cargo (5) Dangers of overloading (6) Matters that require attention when transporting hazardous materials (7) Appropriate transportation routes and status of roads and traffic on those routes (8) Predicting and avoiding dangers and responding to emergencies (9) Safe driving according to the driver's aptitude (10) Biological and psychological factors affecting drivers with regard to traffic accidents, and methods for addressing these factors (11) Importance of managing health (12) Appropriate driving methods for vehicles used in the business with equipment designed to enhance safety
<p>Prevention of occupational accidents</p>	<p>Health management for safe transport (daily)</p> <ol style="list-style-type: none"> (1) Measurement of blood pressure and body temperature before driving (2) Roll call (3) Daicel Logistics Service's measures against COVID-19
<p>Prevention of at-fault traffic accidents</p>	<p>Operation managers at each distribution center provide education on safe driving to drivers using dashcam video of their actual transport operations (as needed)</p>

Initiatives for Ensuring Safety during Transport and Storage of Hazardous Materials

In addition to transporting hazardous materials, Daicel Logistics Service handles storage of ordinary goods (designated combustibles and poisonous substances), ambient temperature hazardous material storage (Type 4 hazardous substances, Type 5 hazardous substances, and poisonous substances), and fixed temperature storage (cold) storage (Type 4 hazardous materials and poisonous substances). Hazardous materials are transported and stored in accordance with Japan's Fire Service Act and the United Nations Recommendations on the Transport of Dangerous Goods (Orange Book)*¹. Daicel Logistics Service also implements its own safety measures in an effort to prevent accidents.

Major Initiatives

- Formulate and make effective use of operation manuals and check lists on the transport, loading and unloading of dangerous goods.
- When filling dangerous materials, comply with instructions on labels (displayed on the product and at the storage location) and standard operating procedures for storage and handling.
- When transporting dangerous materials, carry Yellow Cards*² as an obligation.
- Provide education on the physical properties of dangerous materials during safety meetings (around once a month).
- Provide training for skilled experts and drivers at the Safety and Quality Training Center (around 15 times a year).
- Provide logistics safety training for the transport, loading, and unloading of hazardous materials for 20 business partners*³ (once a year for each company)
- Logistics safety audits for business partners
- In addition to legally-mandated inspections for transport equipment, create a planned upkeep program for Daicel Logistics' own inspections and maintenance

*1 Recommendations compiled by the United Nations and revised every two years with the aim of harmonizing national regulations and international rules on the transport of dangerous materials such as gunpowder, gases, liquids and solids.

*2 Listing emergency responses to be taken by drivers, firefighters and police officers in the event of an accident.

*3 Companies outside the Daicel Group to which Daicel Logistics outsources various logistics-related operations

Response to Distribution Accidents

Daicel Logistics Service has established its emergency response and contact lists based on its Emergency Response Regulations. The company also conducts internal emergency reporting drills at least three times a year to remain prepared for emergencies.

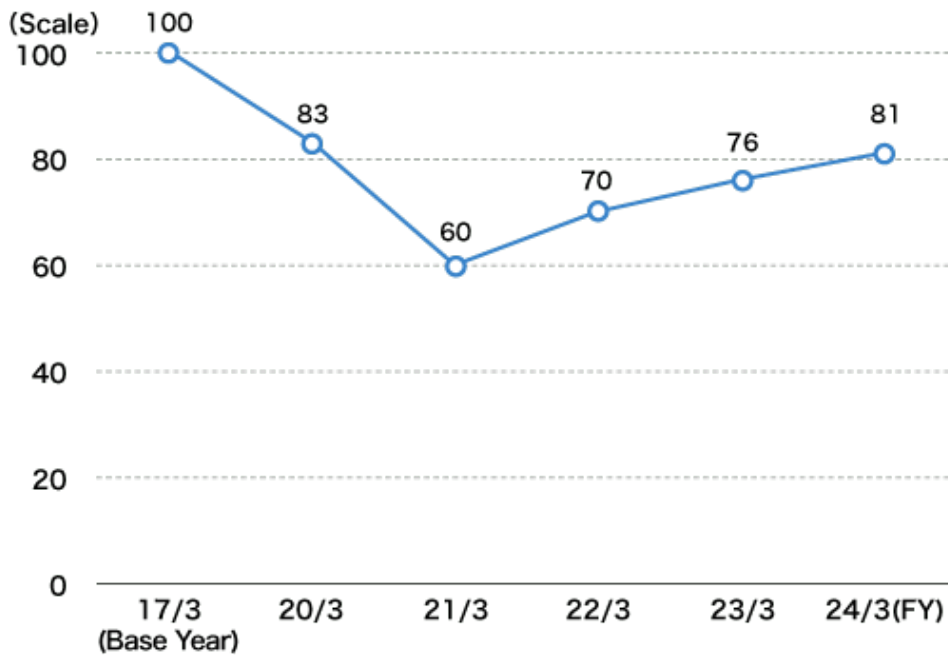
Managing Logistics Quality

Daicel Logistics Service promotes stringent management of logistics quality by following its policy of “taking responsibility as a logistics contracting company by quickly and sincerely responding to complaints and accidents relating to logistics to earn the customer satisfaction of the distributors.” At its monthly meetings, the Safety and Quality Committee reviews incidents involving logistics*, analyzes causes, and examines the effectiveness of response measures as a means to eliminate logistics issues.

The number of incidents related to logistics in FY2024/3 dropped by around 20% compared to the reference year of FY2017/3, increasing approximately 6% from FY2023/3.

As almost all incidents had a precedent, recurrence prevention measures were reviewed, and personnel were trained and made aware of the measures.

■ Number of Logistics Issues



* Overall term for logistics accidents, complaints, shipping and delivery errors, contamination, occupational accidents, traffic accidents and on-site accidents.

Promotion of the White Logistics Movement

Agreeing to the White Logistics Movement, launched by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Ministry of Economy, Trade and Industry (METI) and Ministry of Agriculture, Forestry and Fisheries (MAFF), Daicel submitted a declaration of its voluntary activities to the secretariat of the movement together with Daicel Logistics Service.

Daicel's Code of Conduct

1. Suggestions for and efforts to make logistics improvements: We will faithfully discuss and respond to requests for proposals and cooperation concerning improvements from suppliers and distributors.
2. Usage of pallets, etc.: We will work to reduce loading and unloading time by using pallets, cage carts, reusable shipping cartons, etc.
3. Separation of highway transport operations and cargo collection and shipping operations: We will faithfully discuss and respond to requests for advice from distributors concerning the separation of highway transport operations and cargo collection and shipping operations.
4. Making improvements to shippers' facilities: We will shorten cargo wait time and loading and unloading time by making improvements to distribution facilities that include consolidating warehouses.
5. Usage of expressways: We will faithfully discuss and respond to requests for advice from distributors concerning the use of expressways and associated toll payment responsibility.
6. Modal shift to marine and rail transport: For long-distance transport, we will use ferries or rail transport instead of trucks.
7. Consideration of legal compliance when selecting contractual partners: We will select distributors in compliance with related laws and regulations.

8. Safety measures when loading and unloading: We will clearly indicate safe job procedures, ensure safe pathways, take measures that include erecting scaffolding, and work to eliminate workplace accidents.
9. Suspension/discontinuation of operations due to unusual weather, etc.: We will not make unreasonable transport requests amid typhoons or other unusual weather.

The White Logistics Movement is a key initiative of the National Action Plan for Realizing the Work-style Reform in the Motor Carrier Business that is being promoted mainly by the MLIT, METI, and MAFF. Shipping line and logistics service providers work together to contribute to economic growth by addressing the growing shortage of truck drivers and ensuring stable logistics necessary for people's lives and industrial activities.

The key objective of the movement is to improve productivity of truck transportation and logistics efficiency while also striving to realize a labor environment that makes work easier for female drivers and those over the age of 60. We expect a number of good results from this initiative, including reducing our CO₂ emissions, and are particularly focused on creating good working environments for our workers.

Initiatives to Reduce the Environmental Impact of Logistics Operations

Along with conducting a modal shift*¹ Daicel Logistics is working to reduce its energy usage and environmental footprint. Along with a modal shift from land to marine transport for imports and exports shipped between major ports and factories since FY2008/3, the company has worked hard to reuse containers.*²

For these efforts, in 2014 the company received the Logistics Grand Prize / Environmental Contribution Prize from the Japan Institute of Logistics Systems.

*1 The shift from truck-based goods transportation to more environmentally friendly marine and railway transportation.

*2 The practice of re-using devanned import containers for exports without returning them to the shipping companies.

[> Response to Climate Change](#)

Technical Training at the Safety and Quality Training Center

In 2011, Daicel Logistics Service opened the Safety and Quality Training Center on the premises of its Kansai Logistics Center Amagasaki Sales Office. This move was intended to step up its efforts to maintain distribution safety and quality, both essential to earning customer trust. Using its own curriculum, the Center conducts skill training for tanker truck drivers and on-site loading and unloading operators.

In FY2024/3, we conducted new training on transportation businesses for new drivers wherein participants learned about preventing the recurrence of past incidents and took practical tests in loading, unloading, and transporting. We also conducted online classroom learning and practical training in small groups to train the forklift operation skills of personnel in charge of loading and unloading cargo. These training programs were taught by experienced personnel and served as opportunities to pass on technical skills to younger workers.

In FY2024/3, we conducted 21 skill training sessions, and as of March 31, 2024, 1,517 workers had completed training.



Technical Training

> Training at the Safety and Quality Training Center of Daicel Logistics Service Co., Ltd. (Japanese text only)

Occupational Health and Safety

Basic Approach

To ensure the safety of its workplaces, the Daicel Group promotes various measures such as conducting risk assessments of all its activities, including R&D, manufacturing, and logistics, in accordance with [the Daicel Group Basic Policies for Responsible Care](#). We have also established medium and long-term goals and carry out the CAPD*¹ cycle as part of a continual effort to improve the occupational health and safety of our employees.

Placing the highest priority on safety in manufacturing, all workers and management at our business sites and partner companies (contractors)*² work to improve the foundation of our production sites.

*1 Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

*2 Partner companies (contractors) are companies outside the Daicel Group that engage in various operations primarily at our business sites.

Promotion System

Through our responsible care system, which is supervised mainly by the Responsible Care (“RC”) Committee, health and safety management supervisors from each business site leads our efforts to improve the quality of health and safety management at our business sites. We implement DAICEL Production Innovation for process-based production at our domestic business sites. For assembly-based manufacturing done at Group companies in Japan and overseas, we utilize the approach of the Toyota Production System based on DAICEL Production Innovation, and operate a labor health and safety management system tailored to each business site. Furthermore, some of our domestic and overseas Group companies are ISO45001 certified.

DAICEL Production Innovation

This production system goes back to the basics and focuses on human-oriented manufacturing. By systemizing the skills and know-how of experienced staff and enabling everyone to put them to practical use, it endeavors to achieve a broad range of results that include:

- (1) Occupational health and safety/process safety and disaster prevention, and stable operations
- (2) Dramatically higher productivity
- (3) Substantially lower manufacturing costs
- (4) Smoother, more finely-tuned operations and quality stabilization

(5) The passing on of skills and techniques and human resource development

(6) Energy conservation

Also, we regularly conduct meetings of environmental and safety division supervisors, which are attended by safety management supervisors from each business site and members of the Responsible Care Center (“RC Center”) of the Safety and Quality Assurance Headquarters. In these meetings, members share information and discuss RC-related problems such as occupational health and safety, process safety and disaster prevention, and environmental conservation, as well as the content of revisions to laws and regulations such as the Industrial Safety and Health Act. In addition, during considerations of major issues, members confirm and discuss progress and issues concerning the RC Yearly Activity Plan, including occupational health and safety, which each business site formulates.

Various councils led by partner companies (contractors) and the Environment and Safety Division have also been established at each business site to confirm and discuss all manner of policies to ensure safety.

[> Promotion System for Responsible Care \(Responsible Care Audit System and Consideration of Major Issues\)](#)

Initiatives toward Zero Occupational Accidents

The Daicel Group has set zero major occupational accidents as a KPI in its materiality, and carries out the CAPD cycle and takes a variety of measures, including those below, to eliminate all serious workplace accidents.

■Practicing 3S, HH, and KY

In Japan, all business sites, including those of our partner companies (contractors), practice the 3S methodology of —Seiri (Sorting), Seiton (Setting-in-Order), and Seisou (Shining)—as well as HH (near-miss reporting)*¹ and KY (work injury prediction) as basic practices in order to improve the foundation of our business sites and prevent the occurrence of problems.

■Before/After (BA) approach

We use a BA (Before/After) approach: Cases identified through this process as needing improvement are noted as “before” situations, and “after” situations are after improvements have been made. These workplace improvement initiatives involve employees consulting with their supervisors using BA sheets and then carrying out human and physical countermeasures. Progress with improvements is visualized as an after-improvement rate, and details are shared at health and safety meetings attended by employees and management at each business site. Workplace improvements help prevent problems, prevent quality defects, and improve productivity.

■Looking to the future while respecting the past

We believe in “looking to the future while respecting the past,” aiming to foster a safety culture while preventing the recurrence of workplace accidents. We look back on workplace accidents and process-related accidents arising from unsafe behavior and the neglect of the basics, work to prevent recurrence, and raise employees' safety awareness.

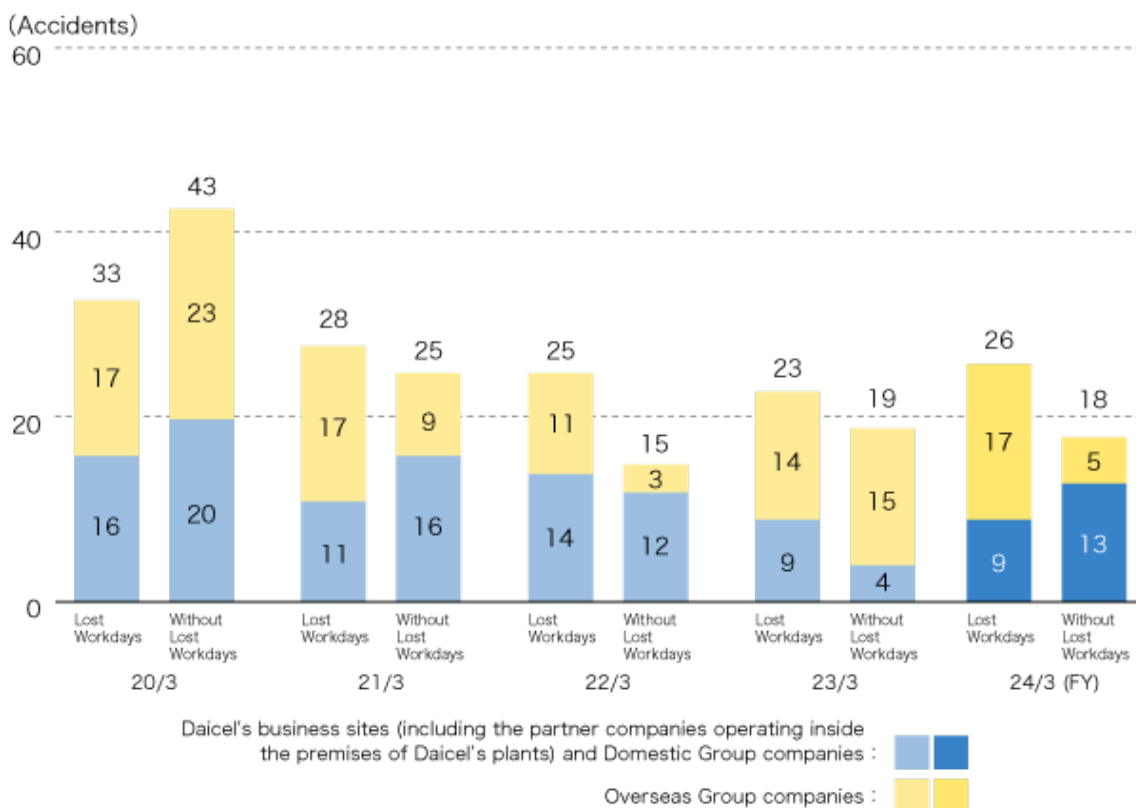
Every month, the RC Center shares information about workplace accidents and process safety incidents that occurred the previous fiscal year with the workplace where those incidents occurred. This information helps employees at these workplaces review and make themselves aware of the incidents to avoid complacency in preventing their recurrence. In this way, both employees and managers work to prevent similar accidents from happening.

In FY2024/3, we and our partner companies (contractors) continued our efforts of FY2023/3 and worked toward our goal of eliminating serious workplace accidents, including chemical injuries, caught in, on or between, falls, and heat stroke. As a measure to eliminate chemical injuries, caught in, on or between accidents, and falls, we have continued promoting initiatives for pre-work safety assessments through the Whiteboard KY Sessions*², a system shared by all business sites. For heat stroke, we have made sure employees can readily replenish drinking water and mineral supplies, set up rest areas, enforced mask usage rules, and encouraged the use of equipment to prevent and treat heat stroke. In order to prevent health problems and chemical injuries caused by chemical substances, we are working to reduce the risk of hazards and dangers in work by conducting chemical substance risk assessments and complying with the revised Industrial Safety and Health Act (new chemical substance regulations).

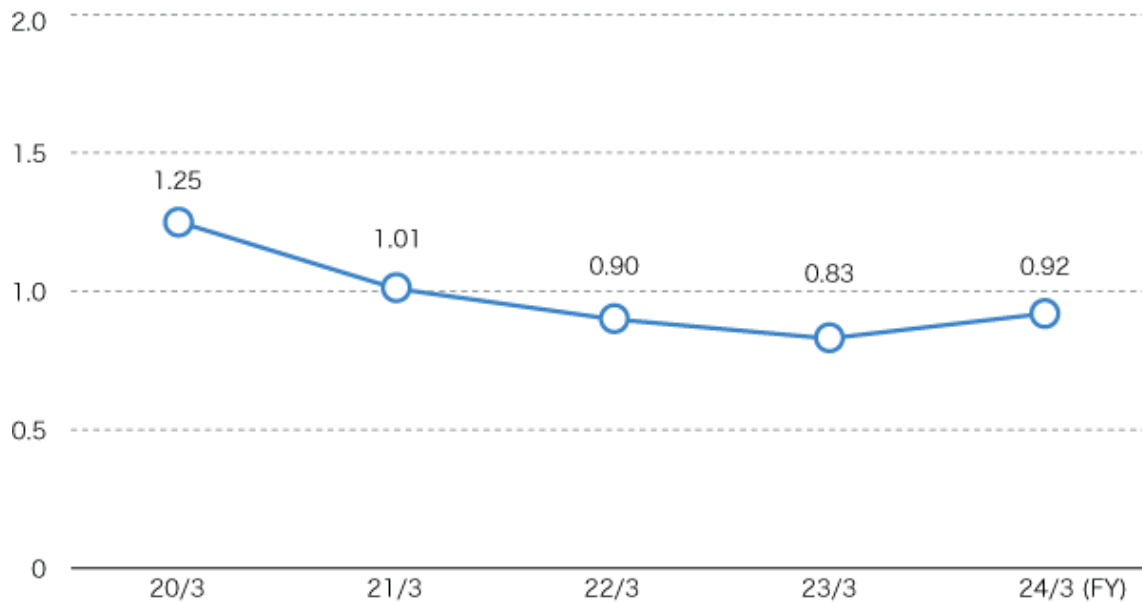
In FY2024/3, there were 44 occupational accidents for the entire Group, consisting of 26 resulting in lost workdays and 18 that did not. There were no fatal accidents, and 1 serious accident resulting in permanent disability. In the event of an occupational accident, an overview of the accident is shared with the RC Center through the "Incidents Database" promptly after they occur in accordance with internal rules. When investigating the cause and examining temporary and permanent recurrence prevention measures, a problem review sheet*³ is used, and the relevant parties proceed with the examination, and recurrence prevention measures are determined. This information is also shared horizontally with other business sites through the database and used to prevent similar accidents.

- *1 Near misses: Activities that are recorded as events that nearly became accidents or incidents, and whose causes are investigated by all involved. Eliminating the causes of near misses makes for safer workplace environments.
- *2 Aiming to ensure that work risks have been exhaustively identified, these sessions involve workers, supervisors, and experts using a shared format board to discuss and predict work-associated risks in advance, and confirm measures to mitigate them.
- *3 This is a proprietary tool where technical experts from the relevant department as well as other departments jointly investigate and confirm the objective and detailed facts of the problem events that occurred on-site, such as malfunctions and problems, repeatedly verify the hypotheses with technical evidence and facts, identify the root cause, and determine countermeasures to prevent recurrence.

■ Number of Occupational Accidents (Daicel Group)

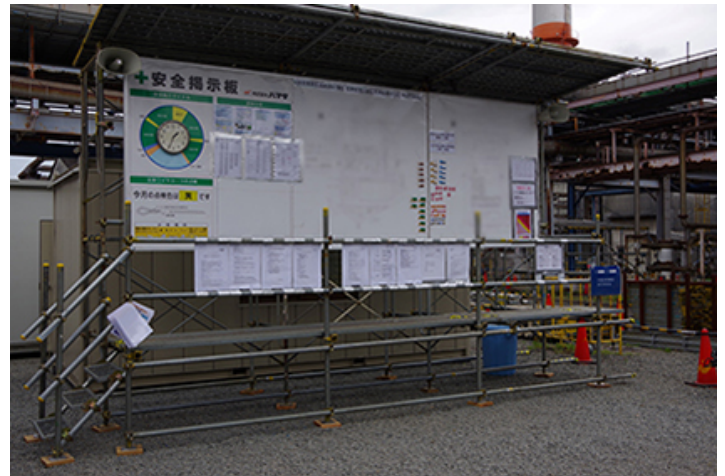


■ Lost Workday Accident Frequency Rate* (Daicel Group)



* Lost Workday Accident Frequency Rate = number of people involved in an accident resulting in lost workdays / total actual working hours × 1 million hours

> ESG Data Refer to page 3 "Occupational Health and Safety."



Patrols to ensure against heatstroke and injuries from hazardous substances

Initiatives to Improve Occupational Health and Safety

Safety Education for Employees and Partner Companies (contractors)

The Daicel Group formulates its own training programs and provides necessary technologies and skills for employees, as well as regular safety education.

■ Initiatives at the Operation Training Center (TRC)

In order to provide training on technology and knowledge related to chemical plants, the Group set up the Operation Training Center (TRC) where all staff learn about the background and goals of the mechanisms and rules created in light of past

incidents. Employees also use special equipment to engage in hands-on risk training that includes experiencing crush accidents, static electricity, solvent and dust explosions, pressure, and exposure to caustic liquids. In FY2024/3, 495 people took training at the TRC, and a total of 9,090 people have taken training since the Center was founded in 2002.

■Initiatives at each business site

Each business site receives training in using manufacturing technologies particular to their work processes, as well as training in occupational health and safety, environmental conservation, and chemicals management. Through TRC branch offices at each site, employees also take part in information sharing and simulation training for incidents that happened at business sites in the past. We review the curriculum for education and training every year, taking into account education using VR and newly arising issues, and continuously implement education and training in accordance with the annual plan. More than 21,000 people in total took training through TRC branch offices at each business site in FY2024/3.

Furthermore, for all cooperating companies and construction-related personnel who enter business sites, we provide education on the safety policy, safety measures, and other relevant information, and we also conduct site-specific safety training along with confirming business site safety rules and their level of understanding.

Furthermore, business partners and construction workers receive safety training specific to that site to confirm that they understand all safety rules. In addition, at workplaces where incidents occurred in the past, notices containing information about the events are posted to prevent complacency and raise awareness. Also, through the Occupational Accidents and Process Safety Incidents Database, TRC branch offices share information about incidents, as well as their causes and prevention measures, with top management and business sites where those types of incidents have not occurred.

Furthermore, in career development training for newly promoted employees, conducted as part of our human resource development program, we educate employees on our approach to disaster and risk management by citing the history of the explosion and fire that occurred at the Sakai Plant in 1982, using newspaper articles from that time and video footage to reinforce the importance of placing safety first in manufacturing. In the human resource development program for engineers to exercise their specialized skills, we organize seminars on assessment methods, including HAZOP,* and total and technical assessments, as well as the environmental management system.

* Hazard and operability (HAZOP) is a qualitative analysis method for providing feedback on potential hazards and operability issues in the design process.

> [Operation Training Center \(TRC\)](#)

> [Maintenance Dojo](#)

> [Harima Plant Human Development Center](#)

Creation and Distribution of “The Essence of Safe Operations” and the “Basic Internal Rulebook on Construction Work”

The Daicel Group has numerous in-house rules on manufacturing safety, including the "Essence of Safe Operations" and "Basic Internal Rulebook on Construction Work," established in FY2014/3 to enable all front-line operators of the Group involved in manufacturing to be aware of, think about, and act to ensure safety on the same basis.

■Essence of Safe Operations

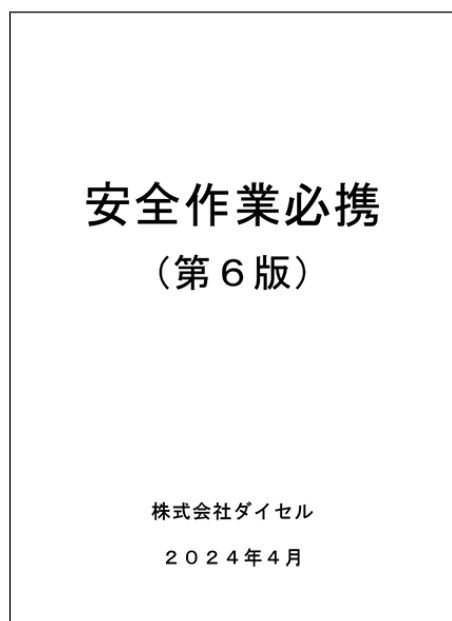
We created pocket-sized versions of these documents to allow workers to check, anywhere and at any time, the key points of safety rules that apply in the field, including information about the types of protective gear, how to use it, and how to use tools. In 2018, we issued the third edition, which includes more diagrams and photos so as to facilitate reading and understanding, and in 2020, the fourth edition which includes rules for preventing electrostatic accidents and the appropriate wearing of new uniforms was issued. In April 2022, we published the fifth edition of the leaflet, making changes necessitated by revisions to the Static Electricity Accident Prevention Rules (Powders and Liquids) and adding in content about safety when working at

heights and other matters.

In April 2024, in accordance with the revision of the Industrial Safety and Health Act, we reviewed and added items related to the strengthening of voluntary management of chemical safety and published the sixth edition.

■Basic Internal Rulebook on Construction Work

There are two versions of the Basic Internal Rulebook on Construction Work, the Safety Version and the Quality Version. The Safety Version is a compilation of Daicel's unified basic rules related to construction work, formulated based on feedback from field personnel. We created the rulebook based on our belief that complying with these rules is essential, not only to ensure one's own safety but also to ensure the safety of colleagues working at the same site. The Quality Version focuses exclusively on rules aimed at preventing a recurrence of serious incidents resulting from defects in construction quality. It was created with the intention of encouraging employees to gain a deep understanding of the key points for ensuring construction quality and to comply with the rules. In April 2024, we issued a revised edition of the leaflet containing updated information.



The Essence of Safe Operations



Basic Internal Rulebook on Construction Work (Safety Version)



Basic Internal Rulebook on Construction Work (Quality Version)

Safety Programs for Partner Companies (contractors) and Business Partners

We strive to ensure the safety of each business site by educating not only Daicel Group employees but all workers of partner companies (contractors) who are involved in manufacturing and construction work. To raise safety awareness, we continuously provide education on safety rules related to occupational health and safety process safety, and disaster prevention on a regular basis, such as when workers enter the worksite for the first time or before undertaking periodic repair work.

Policy and Guidelines on Human Resources

Daicel Group Human Resource Policy

Our Group has set forth our “Sustainable Management Policy” under our basic philosophy. With regard to people, our policy states that we will promote “People-centered Management,” which enables all of our diverse employees to grow while establishing their own presence and achieving fulfillment. This is our approach to people in our Group, namely our Human Resource Policy.

“People-centered Management,” which values each individual, has long been a key concept of our company. Daicel has a history of more than 100 years, and our approach to people can be traced back to our founding. Throughout our subsequent history, this concept has been nurtured as one of the core management policies, and since the end of the 1970s, Daicel has advocated “People-centered Management.”

With our Long-term Vision starting in 2020, we renewed our Human Resource Policy, which moves our commitment towards diversity and happiness to the forefront, and announced this new policy to Daicel Group employees. Based on this Human Resource Policy, we are taking various initiatives, such as supporting human resource development, promoting diversity, equity and inclusion, and fostering a corporate culture that meets employee needs, under the supervision of the Executive Officer responsible for human resources.

Daicel Group Human Resource Policy

Sustainable People

We promote “People-centered Management” that enables all our diverse employees to grow while establishing their own presence and achieving fulfillment.

I will hone my skills and mind, achieve self-actualization by taking advantage of the opportunities at the company, and increase my happiness.

I will work creatively together with my teammates and increase our happiness.

I will also create and provide value, contribute to a more prosperous society, and increase the happiness of all.

Human Resource Guidelines

The Daicel Group has established unified guidelines for all Group members. Since 2013, we have been building a solid foundation for our human resource management systems based on these guidelines. Unlike the Human Resource Policy, which expresses our unchanging belief, we consider the Human Resource Guidelines as guidance that can be updated with the changing times. We revised some of the guidelines in 2019 to place more emphasis on human rights and labor while also making these items more understandable for staff working around the world. In 2024, we included elements related to the promotion of diversity, equity and inclusion.

The guidelines describe matters to be observed by all Daicel Group companies with respect to human resource practices. They specify objectives, basic concepts, compliance rules and recommendations ranging from human rights and labor, recruitment, compensation, the human resources development system and the appraisal system. For example, the basic concepts of the guidelines stipulate the need to “respect human rights and reject complicity in human rights violations” and “develop a culture where the employer, superiors and subordinates think of each individual's career and put ideas into practice.” Recommendations include the need to “utilize the in-house training programs actively.” These Human Resource Guidelines have been translated into three languages (Japanese, English, and Chinese) to ensure that employees around the world can understand them.

When we exchange views with Group companies or conduct human rights due diligence, we verify whether each company is implementing human resource practices in line with the guidelines.

Applying the guidelines, we will continue to improve our human resource practices that will help employees enhance their capabilities and raise their motivation to perform their duties.

■ Objectives and Basic Concepts of the Human Resource Guidelines

Practices	Objectives	Basic Concepts
Human rights and labor	Improve productivity by respecting human nature and realizing a workplace environment whereby each employee can demonstrate his/her full potential	<ul style="list-style-type: none"> ● Respect human rights and reject complicity in human rights violations ● Provide equal opportunities, such as for promotion and training, without undermining fairness on the grounds of race, nationality, gender, etc. ● Acknowledge diversity and inclusion to achieve a favorable workplace environment through promoting mutual communication and compromise ● Contribute to the lives of people and society through work, and create a company which is trusted by society ● For resolution of issues, the company and employees understand each others' viewpoints, and promote solutions through negotiation and discussion ● Create a healthy mental and physical working environment which values communication with employees ● Improve productivity throughout the workplace with a good environment, and retain an appropriate number of employees
Recruitment	Recruit talent who empathize with Daicel Group Basic Philosophy and Human Resource Policy	<ul style="list-style-type: none"> ● Recruit talent who have pride and passion as professionals, and who can accept diverse values beyond their own areas of expertise ● Recruit talent who can take steady action to achieve self-fulfillment (the ideal state of each individual) ● Conduct fair and equitable recruitment activities based on aptitude and ability, regardless of race, ethnicity, nationality, religion, creed, disability, gender, age, gender identity, sexual orientation, etc. (DE&I)
Compensation	Create a corporate culture in which efforts as well as results will be rewarded	<ul style="list-style-type: none"> ● Design a human resources system that reflects both company performance and individual performance ● Create a system that can reflect fair treatment, based on approach to HR Policy and contribution to the company of each employee ● Ensure fairness, rationality and transparency in determination of compensation ● Continuously verify the validity of the company's reward standards

Practices	Objectives	Basic Concepts
Human resources development system	Implement effective and systematic human resources development system based on HR Policy	<ul style="list-style-type: none"> ● Develop employees who can work properly while protecting safety and quality standards based on rules established in each country and region ● For strong-willed and decisive employees working at their own initiative, provide opportunities to take on more challenging roles and broader duties for their growth ● Broaden employee field of vision by providing a stimulating environment that allows discussion encompassing a variety of interests and values ● Enhance employees' value by developing their awareness of self-development and providing maximum support for them to improve their abilities ● Develop a culture where the employer, superiors, and subordinates think of each individual's career and put ideas into practice
Appraisal system	Through an appraisal system, create the foundations of company success by disseminating HR Policy and Corporate Values, developing human resources, and realizing proper compensation	<ul style="list-style-type: none"> ● Design an appraisal system that appropriately evaluates the performance of each employee ● Establish an appraisal system which takes into account employee efforts to achieve HR Policy targets as well processes that have lead to good results. ● Promote communication between superiors and subordinates through an appraisal system and use this system for human resource development ● Establish a fair and transparent appraisal system ● Realize appraisals based on objective facts by cultivating understanding of the system

> [Sustainable Management Policy](#)

> [Daicel Group Human Rights Policy](#)

Initiatives to Help Employees Maintain Mental and Physical Health

Basic Approach

The Daicel Group's human resource measures are aligned with its Human Resources Policy and Human Resource Guidelines.

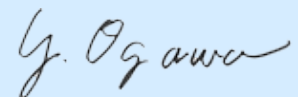
The Daicel Declaration on Health Management was established in FY2019/3 based on our belief that maintaining the health and vigor of our employees will create a favorable balance between the quality of life of individual employees and the sustainable development of the Company. Daicel Group healthcare committees play a central role in helping employees manage their health by organizing health checkups, providing health guidance, monitoring the stress level of employees by conducting stress checks, and alleviating stress. In line with this Human Resources Policy, the President and CEO released the following message to all Daicel Group employees, and everyone shared their thoughts on the policy.

Daicel Declaration on Health Management

The Company will strive to offer a safe and comfortable workplace based on the conviction that its business foundation relies upon the mental and physical health of each employee.

The Company will act in collaboration with the Daicel Health Insurance Association to help employees and their families engage in autonomous and proactive efforts to maintain and improve their health conditions.

President and CEO Yoshimi Ogawa



Structure of Healthcare Promotion

In 2003, the Company established the Healthcare Committee, consisting of representatives from labor unions, management, and the Daicel Health Insurance Association, to create workplaces where individual employees can demonstrate their individuality and capabilities while ensuring their mental and physical well-being.

To further enhance the Groupwide healthcare support system, we set up a Central Healthcare Committee along with Local Healthcare Committees at each business site.

In FY2023/3, we raised the level of the entire Group's health maintenance and improvement programs and accelerated their implementation. In order to do so, we established the Employee Wellness Promotion Center as a specialized health management department at the Corporate Support Headquarters.

Employee Wellness Promotion Center

We established the Employee Wellness Promotion Center as a health management organization at the Corporate Support Headquarters. Our objective in doing so is to maintain and increase the health of employees throughout the Daicel Group.

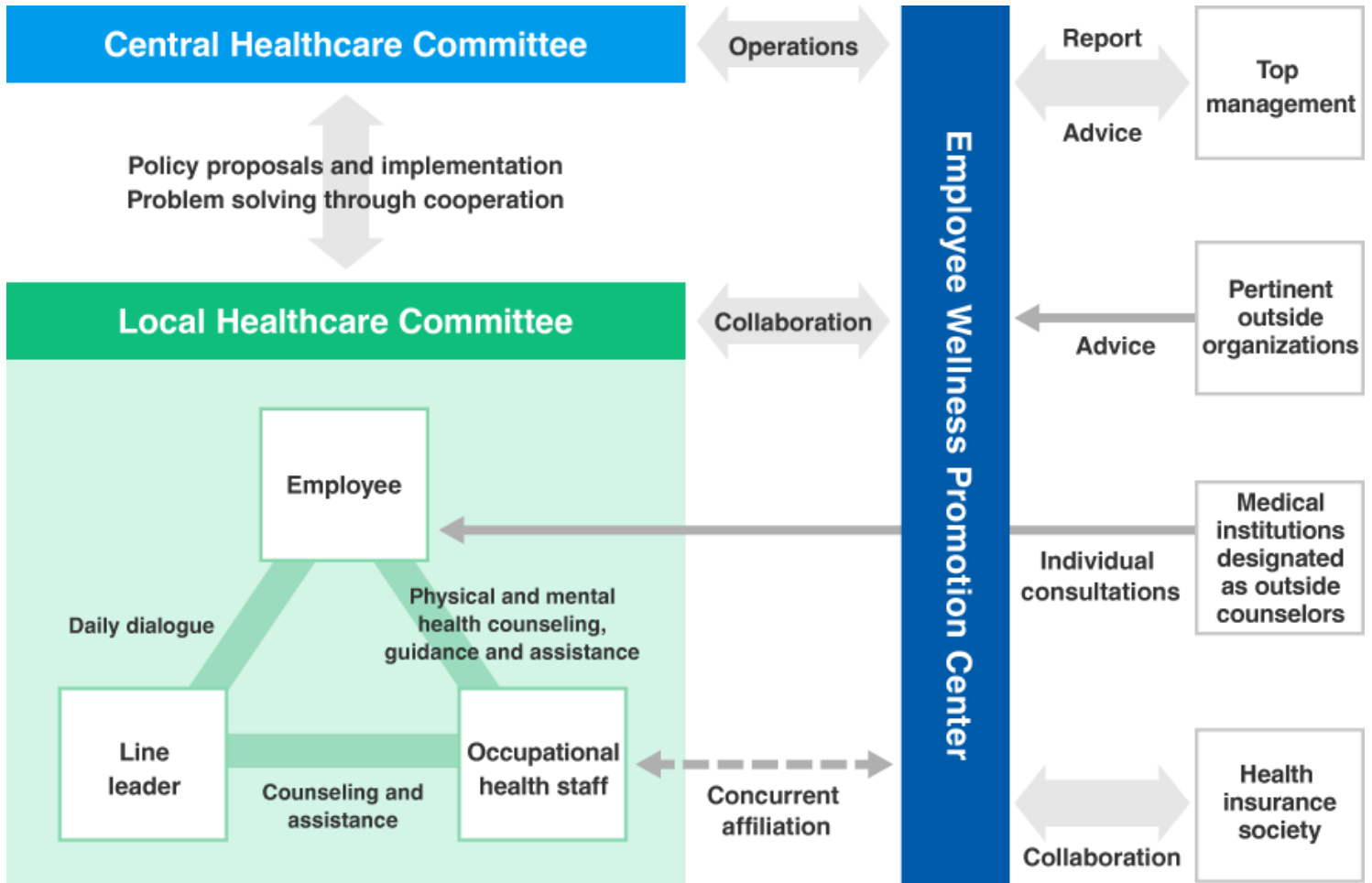
Central Healthcare Committee

In addition to formulating plans and measures and developing the framework for healthcare activities for the entire Daicel Group, the Central Healthcare Committee checks on the progress of initiatives by the Local Healthcare Committees at each business site and provides assistance. In planning measures for healthcare activities, the Central Healthcare Committee seeks advice from pertinent outside organizations as needed.

Local Healthcare Committees at Each Business Site

The Local Healthcare Committees plan and execute healthcare activities for each business site, including various health education programs and health-related events, and an improvement plan for the working environment based on group analysis of stress check results. The improvements of the working environment are implemented in collaboration with the individual worksite managers.

■ Structure for Health Management Promotion



Health Management Strategy Map

We have created a health management strategy map to identify the links between management issues that we want to solve through health management and various measures for maintaining and promoting health. We set indicators to measure the effectiveness of each measure as well as medium-term targets, and implement a CAPD cycle*. The status of these initiatives is posted on our website on a regular basis.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

[> Health Management Strategy Map \[PDF : 62KB\]](#) 

[> Medium-term targets and results for employee health \(until FY2026/3\) \[PDF : 49KB\]](#) 

Strengthening Our Structure for Health Promotion

To strengthen our healthcare promotion structure, the Daicel Group has designated a team of industrial healthcare staff comprising full-time corporate health nurses and contract psychiatrists. The team provides employees with daily health guidance and assists employees with mental disorders and supports their reinstatement at work. It also conducts preventive education to provide early detection and a timely response to mental issues while making it easier for employees to seek consultation.

In addition, even employees assigned overseas are given online annual health consultations with corporate health nurses, as well as timely consultations when they have to work for long periods of time.

Initiatives Undertaken by the Health Nurse Team

The Daicel Group has 13 full-time corporate health nurses (as of April 30, 2024), who work together as a team across business sites to build a cooperative framework and promote information sharing. The team participates in formulating and executing action plans to improve the workplace environment for each business site based on the results of mandatory stress checks. Moreover, it is involved in educational sessions focused on preventing physical and mental health issues. Team members share their insights as lecturers during position-specific training and orientation training for new graduates and mid-career hires. These activities help prevent any health issues from arising and support corporate health nurses in improving their planning and teaching skills.

Furthermore, these nurses provide information on managing physical and mental health by regularly publishing a health newsletter to raise employee awareness on how to maintain well-being and take preventive health measures.



Corporate health nurse lecture in position-specific training



Attendees take turns giving presentations

Health Guidance and Consultations for Employees Posted Overseas

In FY2016/3, the Daicel Group began closely assessing the working status of employees posted overseas. Since FY2018/3, we have been conducting follow-ups for long-time workers such as counseling with corporate health nurses in accordance with domestic standards with the aim of robust health management. In addition, we continue to provide health guidance, consultation, and support to employees assigned overseas through visits to overseas sites and online consultations by corporate health nurses. The Daicel Group will continue to maintain and improve the health of these employees, who play an important role in the operations of overseas affiliates.

Utilizing Psychiatrists

Currently, Daicel utilizes four psychiatrists (as of April 30, 2024) to bolster its follow-up care system for employees who have developed mental health issues. Every psychiatrist is assigned a geographical segment for his/her oversight, thereby ensuring that employees in need receive meticulous care.

Maintaining and Promoting Good Health

Regular Health Checkups

We implement regular health checkups, mandated by law, for employees of Daicel Corporation, thus the employee medical examination rate in FY2024/3 was 100%. In addition, to improve the re-examination rate, corporate health nurses encourage those employees who are subject to a secondary examination, to take it during a follow-up consultation.

> ESG Data Refer to page 7 "Physical and Mental Health."

Specific Health Checkups and Specific Health Guidance

Daicel cooperates with the Daicel Health Insurance Association to implement specific health checkups and specific health guidance mandated by laws governing health insurance associations. This is to ascertain the status of employee health by analyzing the results and responses from medical interviews. We are working to prevent lifestyle diseases by seeking to achieve the national targets of 90% or higher for specific health checkups and 55% or higher for specific health guidance. In FY2024/3, the specific health checkup rate was 85.3% for 5,779 eligible employees, and the specific health guidance rate was 55.0% for 878 eligible employees. We have attained the target for specific health guidance since FY2020/3 and intend to further improve this rate.

■ Specific Health Checkups and Specific Health Guidance Rates

	Target value	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Specific health checkup rate	90% or more	80.9%	84.6%	84.0%	81.3%	82.2%	85.3%
Specific health guidance rate	55% or more	50.6%	55.6%	58.6%	58.2%	56.9%	55.0%

Prevention of Secondhand Smoke Exposure

In view of the risk of damaging health from exposure to second-hand cigarette smoke, Daicel is working to reduce the risk by limiting smoking areas inside the business sites. Since October 2020, the Daicel Health Insurance Association has been providing free online programs to support employees seeking to quit smoking by bolstering health management in cooperation with the Company.

Mandatory Stress Checks

Aiming to develop a vibrant workplace, Daicel has been actively assisting each business site in efforts to better manage their working environments by, for example, utilizing the results of stress checks. In FY2024/3, the stress checks carried out by Daicel Group achieved 99% coverage of the entire Daicel Group. The Group provides employees with consultations with a doctor if they suffer excessive stress and are in need of counseling. Furthermore, nurses provide follow up for employees who suffer from excessive stress but do not want to have counseling with a physician. In addition, the Local Healthcare Committees at each business site conduct comprehensive analyses of stress check results and then formulate and execute plans to tackle any issues that are identified in order to maintain and promote good employee health.

Training Related to Mental Health

Daicel conducts training for managers on mental health support for their subordinates and self-care. The training is designed to enhance communication skills through hands-on experience workshops in addition to acquiring basic knowledge of line care and stress management, and learning how to improve mental health through lectures by outside speakers. We have introduced online mental health training by corporate health nurses during position-specific training for new recruits, mid-career recruits and newly appointed managers.

Health Consultation Desk

The Daicel Health Insurance Association operates a free health consultation desk. Experienced health counselors including full-time physicians at external institutions are available to provide advice on health issues over the phone all day and year-round. Employees are encouraged to freely consult on physical disorders caused by prolonged periods of telework or concerns related to their everyday lives. To protect the caller's privacy, personal information and what is discussed during the consultation are not made available to the employer or the Health Insurance Association.







The Consultation Desk covers:

- (1) 24-hour telephone health consultation service
- (2) Mental health counseling service
- (3) Second opinion service
- (4) Secondary medical examination arrangement service
- (5) Support for medical examination for lifestyle diseases
- (6) Arrangement and introduction service for medical examinations
- (7) Support for balancing cancer treatment and work

Promotion of “Health Accelerator 6”

The Daicel Group has named the six health behaviors we want to promote “Health Accelerator 6,” and call on Group employees to put them into practice.

Daicel Group
“Health Accelerator 6”

 Exercise	 Diet	 Sleep
 Drinking	 Snacking	 Smoking

Exercise: Light exercise for at least 30 minutes twice a week!

Diet: Finish meals at least 2 hours before bedtime!

Sleep: Get a good night's sleep!

Drinking: Refrain from consuming more than 2 alcoholic drinks per day!

Snacking: Appropriate after dinner snacks!

Smoking: Refrain from smoking!

Based on the themes of exercise, diet, sleep, drinking, snacking, and smoking, we use internal social media to disseminate the health maintenance and promotion initiatives of top management and conduct online training with corporate health nurses. We will continue to improve employee health literacy and promote behavioral change through providing information.

TOPICS

“Working Women and Health Issues Seminar”

As one of the initiatives aimed at creating a workplace where working women can play an active role, and in which both men and women can support each other, the Daicel Group conducted e-learning sessions in September, October, and November 2023. The sessions focused on health issues specific to women, such as hormones and menstruation, pregnancy and childbirth while working, and menopause health management for all employees, including male employees. A total of 4,654 Daicel Group employees of all ages and both genders participated. Going forward, we will continue to provide information and training on health issues specific to women for all employees, including male employees, so that female employees can continue to work more energetically.

TOPICS

Recognized for the Fifth Consecutive Year as a “WHITE 500” Organization under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program

In April 2024, Daicel Corporation was recognized together with Polyplastics Co., Ltd. , Daicel Safety Systems Inc., Daicel Ohtake Sangyo Co., Ltd., and Daicel Arai Chemical Ltd. as a “WHITE 500” organization under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program. This marks the fifth consecutive year that Daicel has been recognized as a “WHITE 500” organization, the second consecutive year for Polyplastics, and the first year for Daicel Safety Systems, Daicel Ohtake Sangyo, and Daicel Arai Chemical. With this program, co-sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, companies are selected for their excellent health management initiatives such as those tailored to the needs of local communities and initiatives that are in line with the goals of Nippon Kenko Kaigi. In this certification, Daicel was evaluated for its efforts to support the health development of employees and their families throughout the organization, including the fact that, among all four aspects of health management (1. Management Philosophy and Policy, 2. Organizational Structure, 3. Implementation of Systems and Measures, and 4. Evaluation and Improvement), Daicel ranked in the top of all responding companies for the third consecutive year in the evaluation deviation of “Employee Engagement” in “2. Organizational Structure.” In addition, the evaluation deviation for “Disclosure of information and dissemination to other companies” in “1. Management Philosophy and Policy” has improved significantly through initiatives such as holding football classes with J-League players and blind football experience sessions, which are open to all business partners and local residents.



TOPICS

Polyplastics Obtains Top-Tier Rating from DBJ for Employee Health Management

In 2020, Polyplastics Co., Ltd. was recognized for outstanding health management of its employees, and it received the top-tier rating under the Employees' Health Management Loan Program of the Development Bank of Japan Inc. (DBJ).

Polyplastics received high recognition for the following points.

- Led by its healthcare team, the Company addresses the health issues identified by analyzing various data and making a thorough effort to prevent any deterioration in health and raising awareness among employees.
- Adhering to its work style (the Shi-A-Wa-Se happiness framework), Polyplastics is creating a workplace environment that caters to the diverse needs of employees and their work styles.
- Aiming to enhance engagement, Polyplastics shares its mission, vision and values with employees. It also holds workshops at each division on issues mentioned during employee awareness surveys to prepare for the formulation of future measures.



TOPICS

Certified as a Sports Yell Company 2024

The “Sports Yell Company” is a certification by the Japan Sports Agency for companies that are actively engaged in the implementation of sport to improve the health of their employees. Daicel was certified in February 2024.



> [Certified as a Sports Yell Company 2024 \(Only in Japanese\)](#)

> [Sports Yell Company \(Japan Sports Agency\)](#) 

“Workshop for Mental and Physical Health” Workplace Manager Seminar

In response to workplace health issues, Daicel held an online mental and physical health promotion workshop so that workplace managers can proactively work on their health. In the workshop, group discussions were held among workplace managers using stress check and health check group analysis reports as inputs, and the participants were encouraged to incorporate this information into improvement plans for their own workplaces and put them into practice. In FY2024/3, the seminar was held 19 times in total, with participation from 360 workplace managers.

ココロとカラダの健康づくりワークショップとは

本ワークショップでは、ココロ、カラダの両面について、自職場でどのような取り組みを行っていくと良いのか、グループワークでの意見交換を通して、職場リーダーの皆様と考えていただきます。

『心身の健康と安全を確保する職場』

ココロ

- 情報の共有化
- ワーク・ライフ・マネジメント
- 仕事のやりやすさ
- 職場環境の整備
- 職場内の相互支援
- 安心できる職場の仕組み

カラダ

- 運動
- 食事
- 睡眠
- 飲酒
- 防食
- 喫煙

ワークショップの企画・運営

グループ討議の進め方

20分

チェックイン → A.ココロに関する討議 → B.カラダに関する討議

自己紹介と、最近悩んでいる健康づくりについて共有しましょう。

事前課題で取り組んだワークシートを基に、以下を共有しましょう。
①自職場の良い点・課題
②今までの振り返り
③これからの方針

3分/人

他の職場リーダーからの共有を踏まえて、自分と自職場について詳細に学び多き機会にしましょう。

残り

ココロと同様の流れで進行しましょう。

グループ討議

Gamba Osaka Soccer Class

In FY2024/3, we held a soccer class with players and coaches from Gamba Osaka, with whom we are an official partner, to help employees, their families, business partners, and local residents maintain and improve their health. A total of 167 people (76 adults and 91 children) participated in the event. In addition, we set up a health check booth to measure vascular age, bone health, exercise function, and the amount of vegetable intake, and health advice was given by a corporate health nurse. The Daicel Group will continue to work on health and productivity management with the aim of ensuring that everyone is both physically and mentally healthy.



Support for Human Resource Development

Basic Approach

Based on the “Daicel Group Human Resource Policy,” our Group supports its diverse employees to grow with a sense of presence and fulfillment. Behind the promotion of investment in people is the wish for each and every employee to hone his or her skills and mind, and to achieve self-actualization by taking advantage of the opportunities at the company. As we strive to achieve self-actualization, we take pride in our work and contribute to the happiness of all by providing good things to society.

The following basic concepts have been established for human resource development.

- Develop employees who can protect safety, quality and compliance standards as a top priority based on rules established in each country and region.
- Provide equitable opportunities for individualized human resource development and implement appropriate appointments tailored to each employee to enable our diverse employees to grow.
- Develop talented individuals focused on teamwork to contribute to the further progress of Daicel Group as a unified team.
- Develop talented individuals who can enhance their expertise and shine in their area of specialty.
- Strive to enhance employee motivation for self-development and provide maximum support for employee skill development.
- Cultivate a culture in which each employee’s career is considered and nurtured by the employer, superiors and subordinates.

Management Structure

At the Daicel Group, under the Executive Officer in charge of human resources, the HR Division promotes various training programs in collaboration with each business site and domestic Group companies.

Operation Training Centers (TRC) have been established at manufacturing sites throughout the Company for the operators and engineers on the production floor. To facilitate the education of operators and engineers in the essential qualities of knowledge, experience and behavior, hands-on training is carried out in mockup plants.

The rotation schedule for training is submitted for deliberation by the Appropriate Placement Committee, comprising the HR Division, top management and executives in charge of each SBU.

In addition, we established the Career Support Center, effective April 1, 2023. At Daicel, employees choose their own careers

through dialogue with their supervisors rather than through company mandate. Some employees, however, may have difficulty making decisions about their own careers due to such reasons as a lack of experience at the company. The Career Support Center was created to help such individuals map out their careers.


> [Safety Education for Employees and Partner Companies \(Contractor\)](#)

Human Resource Development System

Various systems and structures are in place to support Daicel's human resource development. The effectiveness of this development is further enhanced by skillfully combining the following methods according to the position and ability of each employee.

■ Human Resource Development System and Personnel System

Method	Content
On-the-Job Training (OJT)	<ul style="list-style-type: none"> • Fundamental component of Daicel's human resource development • Systematically conduct training at workplaces through work
Offsite Job Training (Off-JT), e.g., Group seminars	<ul style="list-style-type: none"> • Programs implemented outside workplaces • Opportunities to gain experience that cannot be acquired via OJT • Active discussions between persons with different ideas help enhance their individuality
Self-directed development	<ul style="list-style-type: none"> • A fundamental practice that must be embraced by those seeking to achieve personal growth • Continuously achieve self-innovation through individual volition
Rotation (change of roles or functions)	<ul style="list-style-type: none"> • Help employees gain a broader range of skills and experience and nurture the capabilities of those serving as leaders • Encourage employees to realize their full potential by changing workplaces and duties
Assessment (reviewing the skills of each individual)	<ul style="list-style-type: none"> • Help employees objectively review their skillsets against the standards of the division and the Company • Facilitate self-directed development by helping individuals assess their own strengths and weaknesses

Method	Content
Self-Development System (Human Resource Development Notebook)	<ul style="list-style-type: none"> • A system is in place that enables employees to convey their own career vision to the Company. Once a year, employees submit a report to their superior about their views on job type, job location and career. • Through dialogue with employees, the superior determines job roles and duties and development methods that will lead to further growth and success for employees based on their preference, aptitude and ability.
Human Resource Development Plan	<ul style="list-style-type: none"> • An annual human resource development plan is formulated every year to encourage the mid- to long-term growth of each employee and link their career objectives to the Company's goals. • Successor plans are created to secure capable resources who can potentially take on key management positions as leaders in the years to come (some of Daicel's overseas Group companies have also adopted this successor planning process).
The Career Challenge System	<ul style="list-style-type: none"> • The Career Challenge System encourages career autonomy for Daicel employees. They are not limited to a typical employee rotation system, since the Career Challenge System allows them to challenge themselves in new ways to follow a career plan of their own devising.
Engineer Training System / Administrative Training System	<ul style="list-style-type: none"> • An engineer training system was established for training young engineers to support individual growth. • An administrative staff training system was established to support individual growth for development of young administrative staff.
Fellow Career Track* System <small>* Fellow positions are equivalent to Professional positions under the old system.</small>	<ul style="list-style-type: none"> • A system focused on developing human resources specialized in very specific fields and who possess promising skills and knowledge for tackling challenges, and enables fellows to choose their own career path and hone their expert skills. Desirable Traits: <ol style="list-style-type: none"> (1) Those capable of taking key roles as leading authorities in specific areas (2) Those determined to stay committed to acquiring specialist skills and knowledge at the early stage of their careers (as of March 31, 2024, 8 employees are on this career track, each playing key roles in their areas of specialty)
 In-house Certification System for Skilled Experts (TAKUMI Daicel Meister)	<ul style="list-style-type: none"> • A key system for nurturing engineers aimed at fostering a culture that respects manufacturing techniques and encourages individuals' efforts to develop their skills. <small>* As of the end of March 2024, 61 employees have been certified as a "TAKUMI Daicel Meister"</small> <ul style="list-style-type: none"> • At the same time, we systematically nurture successors to ensure manufacturing safety and quality.

> ESG Data Refer to page 6 "Support for Human Resource Development."

Human Resources System That Allows Employees to Choose Their Own Career

Daicel's human resources system encourages employees to set new challenges and sufficiently rewards their work processes and results.

Daicel revised its human resources system for managers in April 2021, and switched its focus from a preference for generalists to a system of multiple career paths for professionals and managers, so that individuals can now select a career path based on their aptitude. Furthermore, the seniority system for promotion was eliminated and changed to a framework in which employees can earn early promotion by demonstrating their ability.

The human resources system for non-managers was also revised in April 2022 and changed to a framework in which employees can choose their career at Daicel independently. We streamlined a Creator Course and an Expert Course, each of which has clearly stated roles and expectations. Evaluation methods were simplified as well, incorporating dialogue with superiors as a means of gaining a sense of employees' growth and efforts to reward their performance.

Performance Appraisal to Support Human Resource Development

Daicel uses Management by Objectives (MBO) as a performance appraisal method to support human resource development. The objectives of each division are broken down to the individual level, and we evaluate employees once a year based on achievements corresponding to their individual objectives.

Daicel practices MBO by upholding the keywords "Dialogue, Growth and Achievement" and emphasizes extensive dialogue between the superior and subordinate. This is based on our underlying belief that mutual understanding and trust fostered through dialogue will encourage employees to take on the challenge of achieving higher goals on their own initiative, which in turn will lead to personal growth for each individual. In MBO, we conduct detailed objective management through quarterly dialogue between evaluators and evaluatees. In addition to annual evaluations, we have established a quarterly commendation system to recognize employees who have made outstanding contributions in a timely manner.

In addition to evaluating employees on their job performance, we appraise their conduct and attitudes according to their job and rank. We provide employees with feedback on the results of these evaluation, which are ultimately reflected in their compensation.

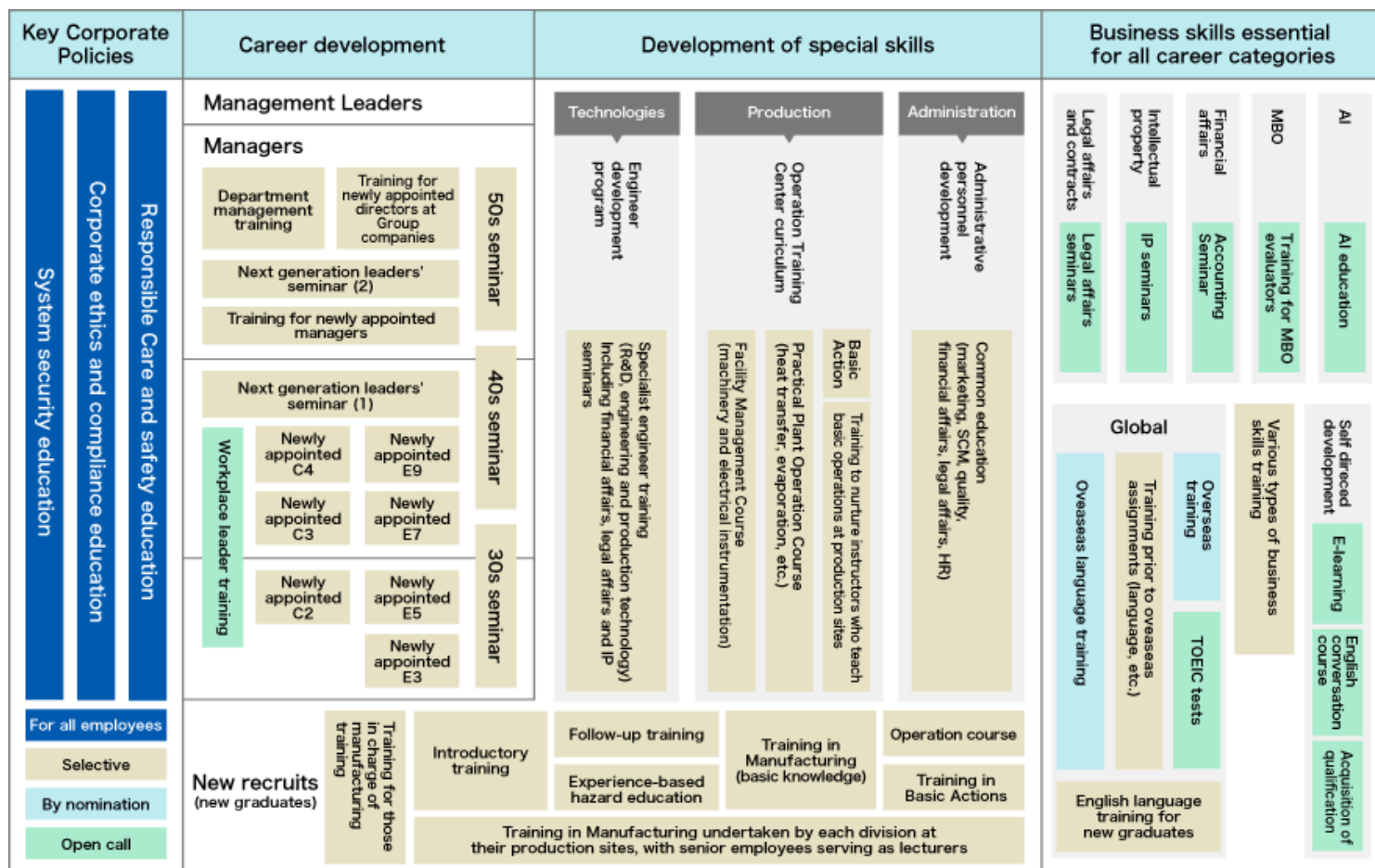
We are committed to maintaining a fair and equitable evaluation system by disclosing it to all employees and providing assessment training to enable more appropriate evaluations, leading to enhanced human resource development.

Furthermore, for managers positions, we conduct a multi-faceted evaluation once a year (Peer Assessment), providing an opportunity to enhance self-understanding by receiving various opinions from colleagues and subordinates.

Human Resource Development and Training Programs

The Company has various human resource development programs for enhancing the skills of employees.

Overview of Training Programs in Place



* The human resources system for non-managers has been divided into two career paths, the Creator Course and the Expert Course. The steps along each course are based on the individual's abilities. The Creator Course comprises levels C1 through C4. The Expert Course comprises levels E1 through E9.

Training Programs for New Employees

To quickly equip new employees with the skills expected of industry-ready personnel, Daicel provides a training program that covers areas ranging from basic knowledge required of corporate employees to practical skills for operations at production sites.

The program is conducted at the H.R. Training Center, and new employees initially learn about social and workplace conduct, Company policies, and other basic knowledge and skills. This is followed by training at the Operation Training Center and production sites including three-shift work. Through these activities, new staff acquire the essential knowledge they need to perform their duties in a manufacturing workplace.

Our career training is for mid-career recruits as well as the newly promoted. It puts an emphasis on teaching how trainees can put the knowledge and skills they learned to use on the job, and it aims to motivate people after they are promoted or recruited while promoting individual skill improvement and behavioral changes.

In FY2023/3, the training sessions were attended by a total of 289 employees.

Career Challenge System (In-house Recruitment System)

In addition to regular rotations (personnel transfers), we have a Career Challenge System (in-house recruitment system) that allows employees to take on new challenges twice a year toward the careers they envision for themselves.

■ Number of Successful Cases

FY2022/3*	FY2023/3	FY2024/3
3	4	8

* Conducted only once in FY2022/3

Next-Generation Leaders Training (Non-managers and Managers)

Daicel provides a “Next-Generation Leaders Training” (1) (for non-managers), targeting employees who are expected to soon become section managers in the hope of placing competent young personnel in optimal positions where they can demonstrate leadership and grow into leaders of their divisions at an early stage. We also conduct a “Next-Generation Leaders Training” (2) (for managers) with the aim of identifying promising young managers at an early stage. In these training programs, the participants experience action learning for a year that is aimed at resolving issues faced by their divisions. As of FY2024/3, 9 employees were selected for the Next-Generation Leaders Training (1) (for non-managers), and 10 were selected for the Next-Generation Leaders Training (2) (for managers).

Age-Specific Career Training (The Thirty Seminar / The Fifty Seminar / The Forty Seminar)

Since FY2022/3, Daicel has held The Fifty Seminar, an age-specific career training program for employees in their early 50s. In FY2023/3, we expanded the scope of our age-specific career training program to begin offering the "Forty Seminar," available to employees in their 40s, and the “Thirty Seminar,” available to employees in their 30s. During this training program, participants engage in group work with people of the same age to reconfirm their strengths and expertise. In addition, they work out how they can contribute to their organization in the future. They also receive information about preparing for a fulfilling future life, as well as deepening their understanding of the Company’s internal systems (pensions and the post-retirement re-employment system).

We anticipate that this training program will help employees in their 30s, 40s, and 50s map out their future career paths independently and enable them to excel in their careers and create a fulfilling life for themselves. In FY2024/3, 100 employees took part in the Fifty Seminar, 66 attended the Forty Seminar, and 73 attended the Thirty Seminar.

Establishment of the Career Support Center

Along with creating a career development system (Self-Career Dock) for Daicel employees to choose their own career path, we launched the Career Support Center in April 2023 to provide career consultation services. In the future, we will begin offering these services to all employees rather than only to graduates and mid-career recruits. Career-related information is provided through our company intranet in addition to our career training sessions.

* Self-Career Dock: A comprehensive initiative to promote and support the proactive career development of employees by systematically and regularly implementing a combination of career consultations and various career training programs based on the company's human resources development vision and policies, as well as the internal systems within the company for this purpose (according to the Ministry of Health, Labour and Welfare).

Support for Autonomous Career Development

In order to support each employee's motivation to learn, improve their skills, and develop their careers, we provide uniform support for a portion of the expenses incurred for each employee.

This career support subsidy is set at a uniform maximum of 30,000 yen per person per year, and can be used not only for training and qualification acquisition aimed at improving the skills of current work, but also for reskilling for the future.

Development of Specialized Skills

As a manufacturing company, the training of engineers who support the foundations of manufacturing is an important issue. We have developed an educational curriculum that incorporates manufacturing training in the first year of joining Daicel, and training to acquire the various specialized skills and practical methods required to become a manager.

The Engineer Development Program

The Company's Human Resource Development Promotion Committee meets quarterly to report on progress and review the content of the human resource development program, which includes financial literacy as well as technical skills. Completing the program is considered one of the prerequisites for engineers to be promoted to a leadership position. Engineers will not only acquire fundamental knowledge and required skills, but also develop their expertise by dedicating several years to mastering specialized techniques and knowledge, thereby enhancing their capabilities. In FY2024/3, approximately 230 people participated in the program.

Administrative Development Program

The Human Resources Development Promotion Committee holds quarterly meetings to provide basic education (training) necessary for administrative employees from entry to manager positions, enabling them to acquire the necessary knowledge through training.

Engineer Development at Our Global Sites

The Safety Strategic Business Unit operates manufacturing sites in five countries (the U.S., China, Thailand, Poland, and India). While each location develops its own training and development programs, the Human Development Center trains and certifies trainers specialized in critical processes and develops special skills to ensure that the same level of safety and quality are being incorporated into manufacturing practices worldwide. Currently, there are 21 certified trainers across the globe, and each one trains and certifies new trainers locally at the various business sites.

To provide training, we established four dojos, for safety, quality, maintenance, and assembly, at Daicel Safety Systems (Jiangsu) Co., Ltd. (DSSC) in China and Daicel Safety Systems (Thailand) Co., Ltd. (DSST), and one dojo, for quality, at Daicel Safety Systems Americas, Inc. (DSSA) in November 2023, and two dojos, for safety and quality, at Daicel Safety Systems India Pvt. Ltd. (DSSI) in February 2024.

We conduct training and development programs tailored to local cultures and the scale of each business site based on Daicel's relentless pursuit of safety and quality and monozukuri spirit.

[> Harima Plant Human Development Center](#)



Scenes from the training program (DSST, DSSI)

Overseas Language Training

We have also established programs for dispatching employees for overseas language training, ranging from English for new employees, to sending employees recommended by department managers to study overseas, and to various universities (English and Chinese). We aim to foster a global mindset among new employees by creating opportunities to promote not only language learning but also cross-cultural understanding.

Basic Training and Education for All Employees

The assurance of safety and quality is the basis of monozukuri activities and, at the same time, a matter of the utmost importance for our ongoing business. Thus, we need to develop human resources who are capable of achieving these essential criteria. We should not be satisfied with simply acquiring more sophisticated technologies and knowledge. It is also important to remain focused on the basics and diligently execute basic manufacturing activities such as performing greetings; 3S activities, namely Seiri (Sorting), Seiton (Setting-in-Order), and Seisou (Shining), and risk-prediction activities. At our Operations Training Centers (TRC), we maintain our management principle of “start with basics, and back to basics,” which was adopted at the time of our foundation, and we continue to develop the right people who support Daicel’s monozukuri activities with the focus on “assurance of safety and quality.”

Operation Training Center (TRC)

The Operation Training Center (TRC) provides training programs to foster operators and engineers, who are indispensable at each manufacturing site.

The center was set up in 2002 as a facility responsible for the Group-wide education and training programs for all employees, with the goal of instilling and maintaining “DAICEL Production Innovation”. DAICEL Production Innovation goes back to the basics and focuses on human-oriented manufacturing. By systemizing the skills and know-how of experienced staff and enabling everyone to put them to practical use, it endeavors to achieve a broad range of results including: (1) safe and stable operations, (2) dramatically higher productivity, (3) substantially lower manufacturing costs, (4) smoother, more uniform operations and quality stabilization, (5) the passing on of skills and techniques and human resource development, and (6) energy conservation. The TRC is a place where operators and engineers acquire the knowledge, experience and skills needed in their jobs, through experience-based training using both real equipment and simulators. It enables trainees to learn appropriate ways to operate and control equipment that is used in actual worksites and gain a understanding of the equipment structure.



Operation Training Center (TRC) and Small-Scale Plant

[> Daicel’s Commitment to Monozukuri Manufacturing \(DAICEL Production Innovation\)](#)

Education and Training Programs

Target: New employees, operators at all levels, engineers, and workplace leaders (foremen, managers, and general managers).

Content of training programs: We implement 25 different training courses. These include basic manufacturing activities such as performing greetings, 3S methodology, namely Seiri (Sorting), Seiton (Setting-in-Order), and Seisou (Shining), and risk-prediction activities to hands-on experience and work on small-scale chemical plants and training devices, which involves training for operating hierarchically distributed control systems (DCS). Employees can raise their awareness of safety by learning about the objectives and background of the safety measures and rules introduced on the basis of lessons learned from past incidents. In addition, we provide experience-based hazard education using specialized equipment that simulates entanglements with equipment, static electricity, solvent and dust explosion, pressure, and exposure to chemicals.

We have been using a curriculum and an annual CAPD cycle* to actively improve the TRC's training textbooks according to needs. We have also kept class sizes small (interactive education with about six students) to maximize educational outcomes.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

Pressure Experience

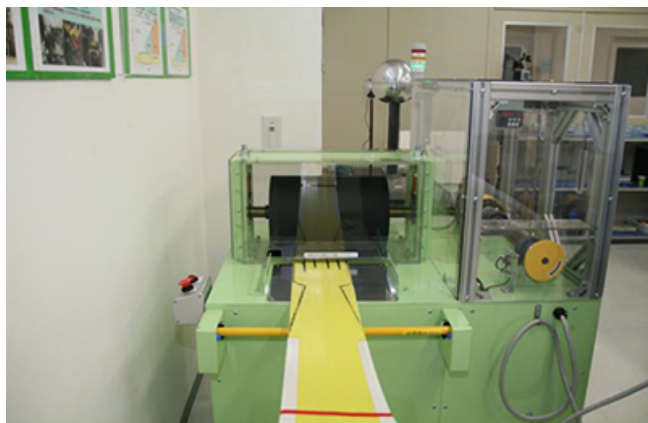
This equipment runs pressurized water through pipes of varying diameters and simulates different pressures depending on diameter. Trainees can develop a better understanding of issues relating to pressure, which they rarely come across in their daily lives.



Pressure simulator

Entanglement Experience

This equipment simulates a person's hand getting entangled in a roller. By demonstrating the shock of getting entangled, we teach about the danger of roller devices.



Entanglement simulator

On an annual basis, the TRC has offered experience-based training with a focus on chemical plants, not only to Company employees but also to university and technical college students.

From the time the TRC opened in 2002 to the end of FY2024/3, a total of 9,090 people has completed their training (FY2024/3: 495). The number includes 3,414 operators (excluding new employees) (FY2024/3: 152), 2,295 engineers (FY2024/3: 181), 2,115 new employees (FY2024/3: 98), 831 workplace managers (FY2024/3: 20), and 435 students and other staff (FY2024/3: 44).

Moreover, the TRC was awarded "the Responsible Care Award (RC Award)" at the 9th Japan Chemical Industry Association (JCIA) Responsible Care Awards in 2015, in recognition of its activities toward "Skill Transfer, Education and Training in Process Industry," which have been conducted since FY2003/3.



RC Award Certificate

Promoting Diversity, Equity and Inclusion

Basic Approach

In addition to its human resources policy and guidelines, the Group has enacted the Diversity, Equity and Inclusion (DE&I) Declaration and, based on these directives, is developing various human resources measures.

The Group's Sustainable Management Policy also clearly states that the promotion of "People-centered Management," in which diverse employees acknowledge each other and grow while enjoying a sense of presence and achieving fulfillment, will lead to the realization of a sustainable society and the expansion of the Group's business.

In line with this approach, the Group is working to create an environment in which each and every employee can maximize their individual abilities and play an active role with a sense of fulfillment.

The Daicel Group DE&I (Diversity, Equity & Inclusion) Declaration

The Daicel Group, which was founded as a celluloid manufacturing company, has now grown into an entity that produces a wide variety of products and has a network in every country and region. At the heart of this growth is "People-centered Management", and the concept that "People" are the source of the Daicel Group's activities.

However, 'People-centered management' was not firmly established from the outset. It is no exaggeration to say that the history of the Daicel Group is the history of the pursuit of what 'People-centered Management' means. Going forward, we will continue to consider what it means to "follow the right path" and, based on the respect for human rights set out in the Daicel Group Code of Ethics, we hereby define the "DE&I (Diversity, Equity and Inclusion)" of the Daicel Group.

DE&I (Diversity Equity & Inclusion) in the Daicel Group

- **Diversity**

Diversity is the utilization of all human strengths, including strengths and weaknesses, while respecting the individuality and differences of each person in order to realize common ideals and objectives.

People are irreplaceable entities with unknown potential, and by working together to contribute to society through co-creation of value, we provide opportunities for them to achieve greater potential.

- **Equity**

Equity means creating an appropriate environment for people who are passionate about taking on challenges, providing a framework for nurturing their abilities, and properly evaluating the results of their efforts.

The Daicel Group provides equitable opportunities for those who take on challenges with a sense of mission to realize the company's vision, and fairly evaluates their challenges and contributions. Even if a challenge ends in failure, we learn from our mistakes and can try again.

- **Inclusion (Respect and Recognition)**

Inclusion is about people recognizing each other's existence, engaging in dialogue and accepting each other.

In the Daicel Group, each and every one of us proudly takes on the challenge of achieving the company's goals and self-fulfillment.

In the process, we proactively set goals and are not afraid to discuss each other's arguments thoroughly. By essentially raising and stimulating each other, we expand each other's horizons and may find new ways to evolve and grow together with the company.

The Daicel Group declares the realization of the three sustainability principles of PRODUCT, PROCESS and PEOPLE by working together with its employees and all others to put DE&I into practice in its corporate activities.

Yoshimi Ogawa
President and Representative Director
Daicel Corporation
Date of Enactment: 16 January 2024

This declaration was approved and published by the Management Committee on 16 January 2024 as a declaration based on the "[Daicel Group Code of Ethics \(2.ii\)](#)" .

Our Structure for Promoting Diversity

The Human Resources Division, supervised by the Executive Officer responsible for this area, leads the Company's human asset management, in which a CAPD cycle* is applied for planning and implementing specific measures. The important measures from a management perspective are submitted for deliberation in major meetings such as the Management Meetings and Planning Meetings.

In addition, based on "sustainable people," one of our sustainable management policies, we have set "Diversity, Equity and Inclusion" as one of our key management issues. We are promoting measures according to the situation of each Daicel Group company.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

Initiatives for Promoting Diversity

Daicel promotes diversity, starting with the empowerment of female employees. In order to support the career development of motivated women and create workplaces that cater to everyone's needs, we promote initiatives such as remote work and raising the annual paid leave usage ratio. As a result, these efforts are leading to the creation of workplaces and systems not only for women but also for all our employees in the Daicel Group so that they can fully demonstrate their talents. In its recruitment activities, the Group places emphasis on securing talented individuals regardless of gender or nationality, with "human resources who value communication between people from the standpoint and perspective of others" and "human resources who have passion and attachment to issues and take responsibility until the end." Daicel is also working to achieve a target diversity ratio* of 30%.

In addition, we are actively recruiting mid-career employees to ensure diversity not only due to attributes such as gender and nationality but also experience, different cultures, and areas of expertise. We aim to create an organization where each and every one of our diverse employees can make the most of their individual abilities and individuality so that all can achieve self-fulfillment.

* The diversity ratio is a measure of the proportion of female or foreign national employees in Daicel.

Promoting Diversity and Reforming Work Styles

	Introductory Period (2015 - 2017)	Learning New Ways (2018 - 2019)	Reforms Implemented (from 2020)
System and Awareness Reform	<p>Five days paid childcare leave (FY2017/3)</p> <p>Inducement to take leave (FY2017/3)</p> <p>Training for female leaders (Nadeshiko sessions) (FY2018/3)</p> <p>Work-from-home system (Childcare or nursing care only) (FY2018/3)</p>	<p>Promotion of childcare leave for male employees (FY2019/3)</p> <p>Working hours shortened (30 minutes per day) (FY2019/3)</p> <p>Work-at-home system extended to all employees (FY2019/3)</p> <p>Introduction of satellite offices (FY2019/3)</p>	<p>Work-at-home allowance (FY2021/3)</p> <p>Reduction in transfers away from family members (FY2021/3)</p> <p>Introduction of babysitter subsidy (FY2021/3)</p> <p>Executive mentor system instituted (target: selected female managers) (FY2022/3)</p> <p>Introduction of Work × Work Challenge System for side jobs (FY2022/3)</p> <p>Introduction of Same-sex Partnership System (FY2024/3)</p> <p>Introduction of young mentor system (FY2024/3)</p>
Infrastructure and Environment Development	<p>Free addresses (non-assigned desks) (FY2016/3)</p> <p>Management of working hours using PC-log attendance (gate entry/exit times are used for employees at plants) (FY2018/3)</p> <p>Strengthening the security of the backbone system (accessible from outside the company) (FY2018/3)</p>	<p>Introduction of internal extension calling function to company-provided smartphones (Can make or receive calls to or from phone extensions even outside the company) (FY2019/3)</p> <p>“Office Casual” dress code (FY2020/3)</p>	<p>Electronic contract system (FY2021/3)</p> <p>Introduction of fax remote reception function (FY2021/3)</p> <p>Establishment of LGBTQ consultation desk (FY2021/3)</p> <p>Online health seminars (FY2022/3)</p> <p>Female health seminars (FY2022/3)</p> <p>LGBTQ seminars (FY2023/3)</p> <p>Establishment of Career Support Center and DE&I Promotion OfficeOffice (FY2024/3)</p>

> Initiatives for Raising the Annual Paid Leave Usage Ratio (Foster a Corporate Culture That Meets Employee Needs)

Empowering Women

Since we formulated an action plan based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace in April 2016, we have been actively recruiting female employees and developing female leadership. In addition, we have established a system that allows employees to choose their own work style according to their life stage.



Received Certification of a "Leading Company for Women's Advancement" from Osaka City in FY2020/3



Received Eruboshi Certification (3 stars) in FY2021/3

> ESG Data Refer to page 7 "Promoting Diversity, Equity and Inclusion."

Action Plan Based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace

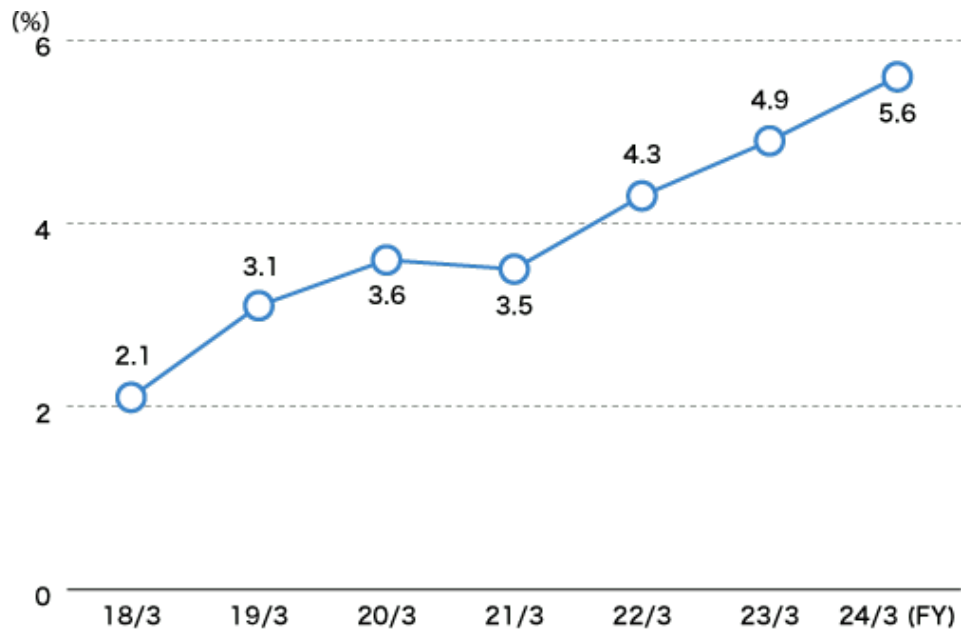
Period: April 1, 2021 to March 31, 2026

Target:

- Target 1 Maintain at least two female officers, including executive officers.
- Target 2 Increase the ratio of women in management positions to at least 10%.
- Target 3 Raise the ratio of women in positions immediately under section managers to 15% or higher.
- Target 4 Ensure that all employees take a five-day vacation once a year using paid leave and scheduled holidays.

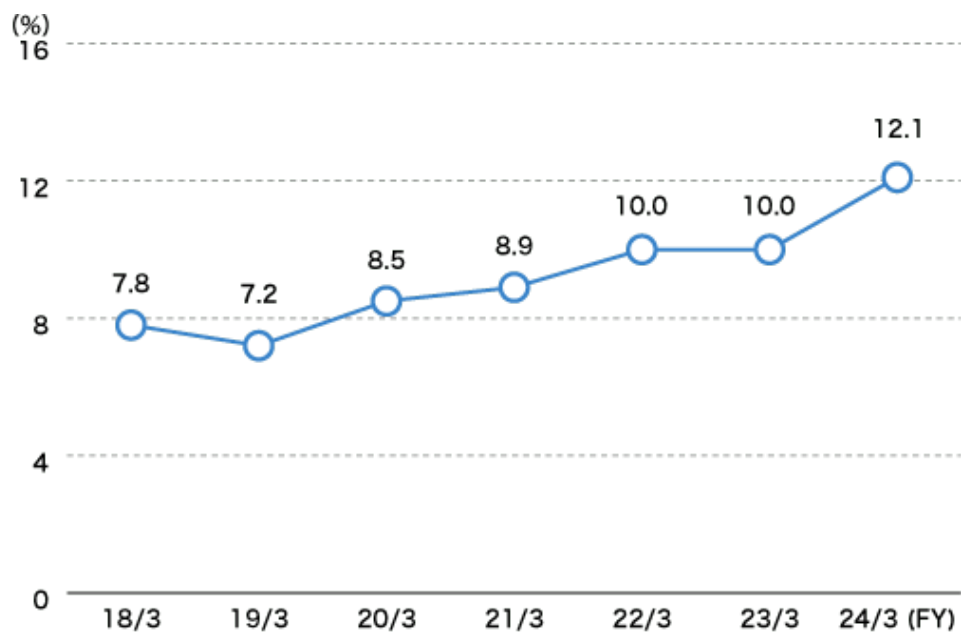
■ Trend in Number and Ratio of Female Managers

FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
16	25	29	28	34	38	44
2.1%	3.1%	3.6%	3.5%	4.3%	4.9%	5.6%



■ Trend in Number and Ratio of Women in Positions Immediately under Section Managers

FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
36	35	42	47	52	56	70
7.8%	7.2%	8.5%	8.9%	10.0%	10.0%	12.1%



TOPICS

Networking Events for Female Managers in Daicel Group Companies

In FY2023/3, Daicel and Daicel Group company Polyplastics Co. Ltd. held a networking event for female managers, in which highly experienced women with different skills were invited to a venue where they could share opinions, information, and current conditions with one another, in order to further improve their sense of solidarity.

On that day, 37 female managers participated in the event, which became an occasion for creating cross-organizational ties among the participants. Some of the comments from women present include: "I was able to exchange diverse opinions with a wide variety of people" and "I got to know employees whom I have never encountered before."



TOPICS

A Networking Event for Female Managers (Happy Career) Held Jointly by 15 Companies

Ten Daicel employees participated in an online networking event held in FY2023/3 for female employees in their late 20s to early 30s, co-hosted by 15 companies participating in the Diversity Western-Japan Study Group.

About 10 female employees from each company participated in the event and exchanged opinions about balancing work and child-rearing, and their future careers. Participants commented, "I was able to resolve some of my concerns," and "it was stimulating to exchange opinions with other employees of the same generation."

Executive Mentor System

As the number of men and women in every job grade and occupation increases, one of our principal objectives is to build an organization that can make management decisions based on more diverse viewpoints. In order to achieve this, we targeted increasing the number of female directors and internally promoting female executive officers.

One of the initiatives for achieving these goals is our Executive Mentor System, which was instituted in FY2022/3, and is targeted at female managers. Under this system, female managers meet with executive officers regularly and, through discussions, broaden their outlook and learn to adopt managerial attitudes.



Roundtable discussion with female outside directors

Daicel regularly holds roundtable discussions with female outside directors to promote the career development of female managers.



Young mentor system

As part of our efforts to support the career development of female employees, we have introduced a young mentor system and hold regular dialogues with senior employees (mentors).

Support for female employees to balance between their careers and motherhood

Daicel has introduced PeerCross, a career development support service for working mothers, to support the mid- to long-term career development of female employees.

Declaration of Support for KEIDANREN's “#Here We Go 203030 Challenge Initiatives for 30% of Executives to be Women by 2030”

“The NEW Growth Strategy” announced by KEIDANREN (Japan Business Federation) in November 2020 focuses on “Diversity, Equity and Inclusion (DE&I)” as the key drivers for achieving sustainable growth. It upholds the goal of raising the ratio of female executives to 30% or more by 2030. Daicel declared its support for this goal on April 5, 2021.

<About KEIDANREN’s “Challenge Initiatives for 30% of Executives to be Women by 2030”>

This is a goal based on the “. The NEW Growth Strategy” announced by KEIDANREN in November 2020, and it is guided by the following four points.

- (1) Positioning diversity and inclusion as key corporate strategies, we will carry out initiatives that lead to business impact.
- (2) By focusing on boards of directors, the decision-making bodies of companies, we will accelerate initiatives to apply the perspectives of a diverse range of people, including women, to the execution of operations and governance.
- (3) We will provide support in line with each career stage, from hiring to leadership development including identifying candidates, in order to strengthen the talent pipeline.
- (4) We will pursue the creation of organizations and environments that can maximize the performance of all employees by breaking away from conventional employment practices and reforming the organizational culture.



> Keidanren “Challenge Initiatives for 30% of Executives to be Women by 2030”

Advancing the Careers of Non-Japanese Employees

Daicel provides the following assistance when hiring non-Japanese employees.

- Assistance with visa application
- Explanation on company systems (policies, personnel system and other issues)
- Information required for working in Japan

As of March 31, 2024, there are 26 non-Japanese employees working at Daicel Group companies in Japan.

Promoting Employment of Persons with Disabilities

Daicel systematically hires persons with disabilities and creates workplace environments that enable them to fully demonstrate their individual abilities. This is done to fulfill our social responsibility of maintaining the ratio of persons with disabilities in the total workforce above the statutory employment rate and also to provide support so that persons with disabilities can contribute as members of society.

As of June 1, 2024, the rate of persons with disabilities in the total workforce was 3.11% (non-consolidated), which is above the statutory requirement. We aim to ensure that each individual can contribute in the best possible way at each worksite.

Ratio of Persons with Disabilities in the Total Workforce (non-consolidated)

	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Ratio of persons with disabilities in the total workforce	2.17%	2.43%	2.88%	3.29%	3.11%

* The most recent statutory employment rate in Japan is set at 2.5%.

Daicel Ohtake Sangyo Co., Ltd., a Daicel Group company, is proactively working to create workplaces that are comfortable for people with disabilities, and on August 4, 2023, was certified under the Ministry of Health, Labour and Welfare's MONISU Certification System. The MONISU Certification System is a system in which the Minister of Health, Labour and Welfare certifies excellent small and medium-sized business operators that have implemented measures to promote employment of people with disabilities and stabilize employment.

> Initiatives for Realizing a Sustainable Society > “Yell Hiroba Challenge Net” initiative

TOPICS

Collaboration with the NPO Japan Blind Football Association

In FY2024/3, Daicel concluded a partnership agreement with the NPO Japan Blind Football Association (JBFA). We are promoting cross-sectional initiatives in cooperation with the JBFA and local communities to deepen understanding of visual impairments and realize a society where everyone naturally mingles together.



Group photo of Daicel executives and employees with Japan Blind Football Association

Encouraging Senior Employees to Remain Active in the Workforce

Daicel has a continuous employment system in place that allows employees who have reached the retirement age of 60 to continue working for the Company and use their extensive knowledge and experience in the workforce. In accordance with the revised Law Concerning Stabilization of Employment of Older Persons, the system applies to employees seeking to continue to work to the age of 65.

In FY2024/3, 74 out of 79 employees who reached the retirement age were re-employed under the system, and 318 senior employees are currently working at the Company after passing their retirement age as of March 31, 2024. Daicel will continue to maintain working environments where veteran employees can make use of their careers, knowledge, and experience.

> ESG Data Refer to page 7 "Total Number of Rehired Post-retirement Employees."

TOPICS

Life Planning Seminars

Daicel has held Life Planning Seminars for employees between the ages of 55 and 59, covering topics related to their post-retirement life, such as health and receiving pensions. They consist of a Health Care Seminar from a corporate health nurse, explanations about the severance pay system and continuous employment system from the Human Resources Group, and a Second Life Seminar and a Defined Contribution Pension Seminar by Nippon Life Insurance Company. We are engaged in proactive efforts to ensure that our retirees have the information they need to lead active and fulfilling lives.

Consideration of Employees Identifying as LGBTQ

The Daicel Group aims to create attractive workplaces in which every employee, including those identifying as LGBTQ, can fully demonstrate their abilities. We set up an LGBTQ consultation desk in April 2020 toward creating an attractive workplace for all employees. The Daicel Group is promoting conversations with their LGBTQ employees. For example, as a result of such discussions, the changing room policy was adjusted to accommodate transgender needs.



TOPICS

A Human Rights Seminar Focused on LGBTQ Issues for managers and non-managers of the Daicel Group

In FY2023/3, 357 of our managers participated in training to learn about the environment surrounding sexual minorities and the inherent risks to human rights, and to think about creating workplaces where those involved can play an active role and creating a society that is easy to work in. Through discussions on how to respond to coming out, we discussed specific ways to create an organization where everyone can work with peace of mind. In FY2024/3, we expanded the scope of participation to non-managers, deepening their understanding of LGBTQ-related social issues.

Introduction of Same-sex Partnership System

In order to further create an environment where everyone can work in their own way, the Daicel Group introduced a same-sex partnership system on April 1 2023, which stipulates that the Daicel Group regards the same-sex partners of employees as equivalent to legally married spouses, and made it possible to apply for various allowances and benefits under relevant rules.

[> Respect for Human Rights](#)

Foster a Corporate Culture That Meets Employee Needs

Basic Approach

The Daicel Group aims to be “a company where employees can feel fulfilled through their work,” and implements human resource practices based on Daicel Group’s Human Resource Policy, Diversity, Equity and Inclusion (DE&I) Declaration, and Human Resource Guidelines. We believe that the happiness of each employee and his/her family is the prerequisite for the overall happiness of society.

We make efforts to enable employees to achieve personal fulfillment by adhering to “human-centered business management” that values each and every employee, so that all Group employees will contribute to the realization of a sustainable society.

My Action Declaration

Each employee contains within himself or herself the driving force to bring about Daicel’s future as laid out in the company’s Long-Term Vision and Mid-Term Management Strategy.

Based on the principle of People-Centered Management, labor and management are working together on a variety of policies in order to enable diverse employees to grow while enjoying a sense of their own presence and accomplishment. They also intend to devise a corporate culture that creates an employee-friendly working environment. Diverse work styles and values exist among our employees, and each employee’s idea of happiness is different. The decision to create an environment in which employees can exercise their individuality and have both labor and management support employees in exercising their individuality was announced in “My Action Declaration.” This declaration states that it will be the common basis for action of both workers and managers and identifies what individual employees want to do in various situations in their lives and how to achieve their goals. The task set out for each employee is to state what he or she wants to do in the four fields of work style, life, wellness, and society and to make a declaration to that effect.

My Action Declaration

We will fully support the aspirations of each individual.

The message expressed by labor and management in the declaration

It is important for each Daicel employee to not only focus on their working life but also to place value on their private life and time with family and friends, to think about the kind of life they want and how they should work while having a sense of fulfillment and accomplishment, and also to reap rewards in the context of the life they envisage.

We will fully support the aspirations of each individual so they are driven with the mindset that, "My life is mine alone, so I will strive to make it better." Let's take the first step in that direction.

Work Style

Using individual means to achieve a sense of accomplishment and self-fulfillment

- (1) I want to create a safe, comfortable workplace where colleagues help one another
- (2) I want to work in a flexible and efficient manner
- (3) I want to challenge myself to become the person I aspire to be
- (4) I want to enjoy a sense of purpose and accomplishment

Life

A fulfilling everyday life and preparation for the future

- (9) I want to consider my own way of life and how to plan my life
- (10) I want to build assets for the future
- (11) I want to value time spent with my friends and family
- (12) I want to spend my time off in a fulfilling manner

Wellness

I want to improve my health now in order to remain healthy all my life

- (5) I want to eat nutritionally balanced meals
- (6) I want to sleep enough to allow my body to rest properly
- (7) I want to make exercise a part of my everyday life
- (8) I want to maintain a cheerful mood

Society

I want to contribute to society as I am able

- (13) I want to help people through volunteer work
- (14) I want to create an abundant and healthy environment
- (15) I want to raise the next generation of children
- (16) I want to promote the welfare of the region

Management System

The Human Resources Division supervised by the director responsible for this area leads the Company's human resources management, in which a CAPD* cycle is applied for planning and implementing specific measures. The measures important from a management perspective are submitted for deliberation in major meetings such as the Management Meeting and the Strategy Meeting.

The Company engages in continuous dialogue with the labor union, primarily through various committees as outlined in the section titled "Sound Labor-Management Relations," as we seek to foster a worker-friendly corporate culture in a united effort of labor and management. We will strive to change mindsets and reform our systems toward becoming a company that meets the needs of its diverse workforce.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

Enhancing Work-Life Balance

In order to improve the work-life balance of all our employees and create work environments that meet their individual needs, Daicel is seeking to shorten the prescribed working hours.

■ Measures to Shorten Working Hours

Timing	Description
April 2017	Reached an agreement with the labor union in regard to shortening mandatory working hours and increasing the number of holidays.
April 2018	Mandatory working hours for full-time employees, other than shift workers, was reduced from 8 to 7.5 hours per business day. Achieved a decrease of approximately 120 hours, or about 6.2%, in mandatory annual working hours.
April 2020	Increased the annual holidays for shift workers by 10 days.
April 2022	Annual days off was increased to 122 days.

Visualizing Working Hours

Daicel visualizes actual working hours by including the log-on and log-off times of workers' computers in the attendance reports. By creating this system, we seek to maintain and manage our employees' health amid the ongoing expansion of remote work.

Reducing Extended Working Hours

Daicel endeavors to reduce extended working hours and prohibits overtime work exceeding 75 hours a month through an agreement with the labor union. In addition to operating a system for visualizing actual working hours, the Higher Productivity Promotion Committee, which comprises labor and management, seeks to reduce extended working hours by monitoring the status of applications for overtime by each department, determining the causes of overtime work, conducting interviews in the relevant department, and discussing concrete measures for improvement. Moreover, to follow up on employees who could not avoid extended work, we hold consultations with industrial doctors and corporate health nurses for employees whose monthly overtime exceeds 60 hours and for those whose monthly overtime exceeds 45 hours for three consecutive months.

Initiatives for Realizing Flexible Work Styles

Helping Employees Manage Their Work-Life Balance

At Daicel, we are focused on implementing measures that offer diverse and flexible working arrangements to our employees to help them better manage their work-life balance.

“Work × Work Challenge System” for Side Jobs

Daicel has introduced a system that enables employees to undertake side jobs to foster independence, consider one’s own career, and encourage further growth. As of March 31, 2024, 29 employees are taking advantage of this system.

Daicel’s Human Resources Programs

■ Daicel’s Human Resources Programs

Program/Policy		Full-Time Employee	Contract Employee	
			Post-Retirement Employee	Contract Employee
Support for Child-Rearing and Nursing Care	Prenatal leave 6 weeks prior to childbirth 14 weeks in case of a multiples pregnancy	○	○	○
	Postpartum leave 8 weeks following childbirth Employees can return to work after 6 weeks from childbirth based on their own wishes and their doctor’s approval	○	○	○

Program/Policy		Full-Time Employee	Contract Employee	
			Post-Retirement Employee	Contract Employee
Support for Child-Rearing and Nursing Care	<p>Child-rearing leave</p> <p>Until the day before the child has reached the age of one In certain cases, until the day before the child has reached the age of two</p> <p>This program also covers employees with fixed terms of service (contract employees), and there are no restrictions based on length of service.</p>	○	○	○
	<p>Nursing care leave</p> <p>Up to 5 days per year</p> <p>In cases where employees need to engage in the nursing care of two or more family members whose conditions meet such criteria, up to 10 days per year</p> <p>This program also covers employees with fixed terms of service (contract employees), and there are no restrictions based on length of service.</p>	○	○	○
	<p>Extended nursing-care leave*</p> <p>Up to 365 calendar days</p>	○	○	○
	<p>Family care leave</p> <p>In cases where employees need to care for their preschool-age children, they are entitled to special leave of up to 5 days per year aside from their annual paid leave (if raising more than two preschool-age children, up to 10 days per year)</p>	○	○	○
	<p>Special leave due to non-work accidents or illness*</p> <p>Employees are entitled to take special leave of up to 20 days per year aside from their annual paid leave, in the event they have a non-work accident or are sick and must be absent from work for over 3 consecutive working days.</p>	○	○	○
	<p>Special paid leave for employees whose spouse has given birth*</p> <p>Male employees are entitled to special paid leave of up to 3 days when their wife gives birth.</p>	○	○	○

Program/Policy		Full-Time Employee	Contract Employee	
			Post-Retirement Employee	Contract Employee
Mental and Physical Health	<p>Annual paid leave*</p> <p>Employees are entitled to a fixed number of annual paid leave days based on years of service from the first day of their employment.</p>	○	○	○
	<p>Promotion of annual paid leave usage*</p> <p>In conjunction with the formulation of annual operational schedules, each worksite designates multiple dates on which employees are encouraged to take annual paid leave.</p>	○	○	○
	<p>Health Day*</p> <p>Employees are entitled to special paid leave for the purpose of health management during the month of their birthday or the previous or following month.</p>	○	○	○
Work-Life Balance	<p>Reduced work hour system*</p> <p>Employees who meet the criteria (pregnant, childbirth, child rearing, nursing care) are allowed to reduce their working hours by up to 135 minutes per day. They can also use flextime in combination with this program.</p>	○	○	○
	<p>Flextime*</p> <p>Employees are allowed to work under a flexible work schedule that meets a set of criteria without defining the core hours.</p>	○	○	○
	<p>Remote work program (work from home or from a satellite office)*</p> <p>All employees are entitled to work from home on an as-needed basis.</p> <p>Employees can also work at locations that are not their designated business sites for the purpose of work efficiency and productivity (no limitations on frequency per month).</p>	○	○	○

Program/Policy		Full-Time Employee	Contract Employee	
			Post-Retirement Employee	Contract Employee
Work-Life Balance	Work × Work Challenge System for side jobs* Employees are entitled to engage in work other than Daicel operations for the purpose of enhancing their knowledge and skills.	○	○	○

* A program or policy adopted by Daicel that is beyond its statutory obligations.

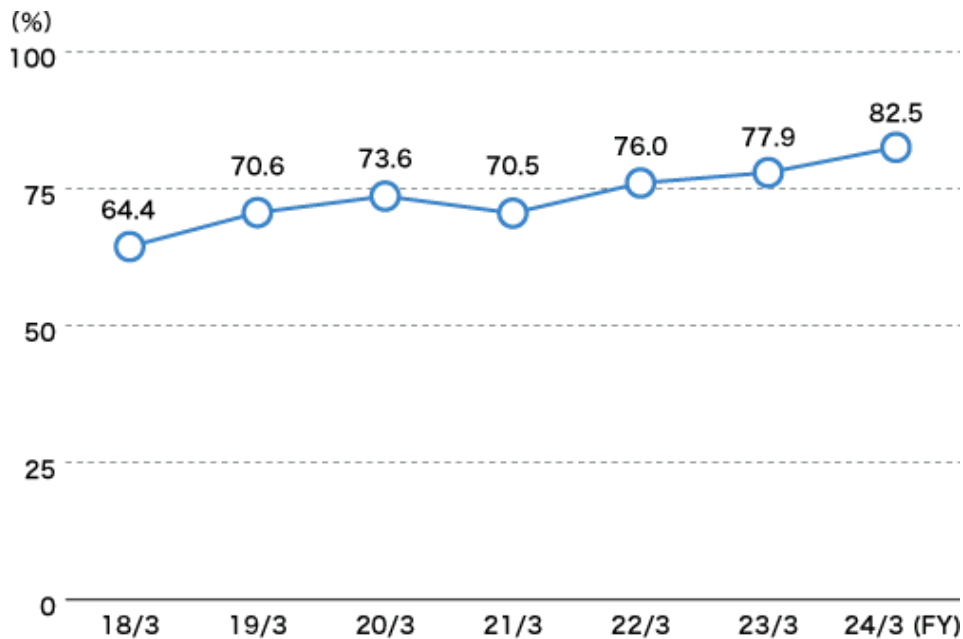
> ESG Data Refer to page 7 "Foster a Corporate Culture that Meets Employee Needs."

Improvement in the Annual Paid Leave Usage Rate

Since FY2020/3, the Daicel Group has designated the number of days that employees are recommended to take annual paid leave as five days for each business site. In FY2024/3, we achieved an annual paid leave usage rate of 82.5%.

■ Rate of Employees Taking Annual Paid Leave

FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
64.4%	70.6%	73.6%	70.5%	76.0%	77.9%	82.5%



Promoting Usage of Annual Paid Leave (“Thanks Holidays”)

One of the goals in Daicel’s action plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace is “Ensure that all employees take a five-day vacation once a year using paid leave and designated national holidays.” We are promoting paid leave usage under the name “Thanks Holidays.”

In our action plan based on the Act for the Advancement of Measures to Support Raising the Next Generation’s Children, we formulated a goal of raising our paid leave usage rate to 80% or more. We have undertaken a program to both help all employees achieve a full work-life balance and set up a system in which team members support one another’s work in the usage of long-term leave. For FY2024/3, the paid leave usage rate was 72.2%.

[> ESG Data](#) [Refer to page 7 "Ratio of the Used Portion of Employees' Annual Paid Leave."](#)

Promoting Remote Work (Work from Home or a Satellite Office)

Daicel is promoting remote work to encourage efficient work styles not restricted by time or location.

The Company has concluded a contract with a satellite office operator to provide a convenient work environment for employees in transit or on business trips, allowing them to do their jobs without having to return to their offices. We have also deployed the necessary devices and networking for remote work.

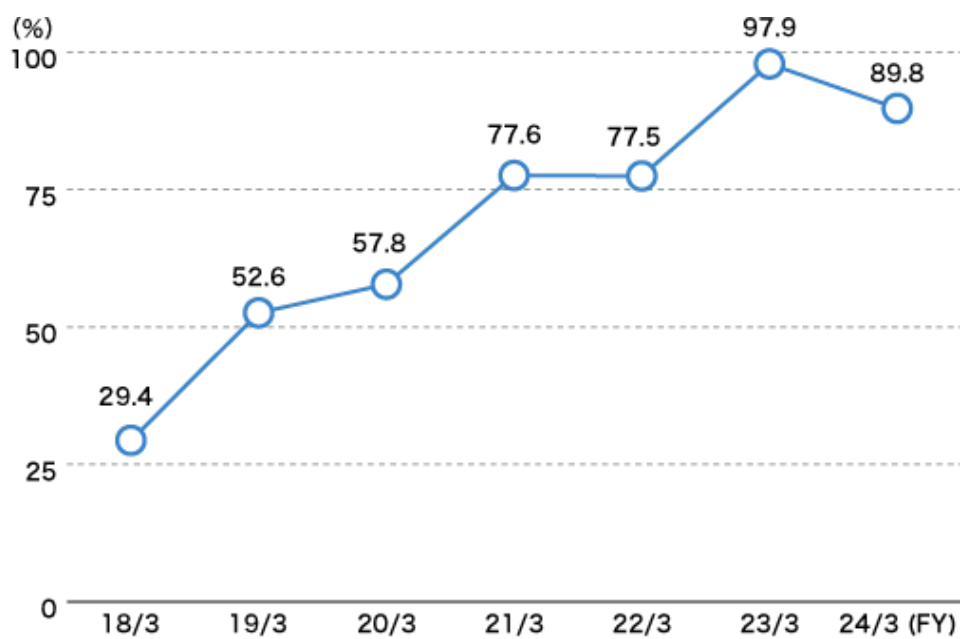
So that as many employees as possible can spend more time with their families, we eliminate unaccompanied transfers when the situation allows and allow the employee to do all their work remotely from home or other locations.

Encouraging Childcare Leave for Male Employees

From the perspective of improving the work-life balance and creating a workplace that encourages male employees to take childcare leave, the Company introduced a paid portion (five days) to this type of leave in FY2018/3. The percentage of eligible male employees taking the leave in FY2024/3 was 89.8%.

■ Percentage of Male Employees Taking Childcare Leave

FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
29.4%	52.6%	57.8%	77.6%	77.5%	97.9%	89.8%



Employee's Voice: Childcare Leave Was a Good Opportunity for Changing My Mindset



(Comments from an employee who took childcare leave)

I spent about a week with my eldest son because my wife gave birth to my second child. I had no problem taking care of them and was confident, but I realized the inconvenience of only being able to move at times that suited my child. I used to take him with me to the bathroom because he would cry when I left him alone for a bit. I have learned that focusing solely on spending time with my child, even if it means giving up on cleaning and other tasks, can be a valuable experience. The time when an infant is very young passes in an instant, so each day was very precious. I still wish that I had taken more time off.

Working Environments that Provide Flexibility for Employees

Daicel is focusing on creating working environments that enable employees to perform to the best of their capabilities, thus contributing to higher productivity.

Post-COVID Work Styles

The prevalence of remote work and the use of the online environment over the past three years during the COVID-19 pandemic has been a learning experience in matters such as how to communicate both in-person and online. We have renovated the office at our Tokyo headquarters so that we can apply what we have learned to our own work styles and further enhance job satisfaction for a unified Daicel Group.

Remodeling concept

- The office/workplace is the most important place for employees to interact and create value
- The office/workplace is a place where teams share their enthusiasm and practice a more results- and productivity-oriented work style while flexibly incorporating remote work as a work option.



Guidance on Reward Standards and Transparent Decision-Making on Compensation

The Daicel Group believes that providing secure rewards is an important element of an employee-friendly corporate culture. As part of our process of human rights due diligence, we check whether Daicel Group companies are paying salaries in compliance with the laws and regulations of each country or region, including paying salaries above the statutory minimum wage and providing extra payment for overtime work. As a result, all the Daicel Group companies are in compliance with the law, and there have been no cases requiring corrective and remedial actions. While such legal compliance is a given, the Daicel Group's Human Resource Guidelines also request each Group company to "conduct verification of company

compensation levels and payslip details against external benchmarks regularly” to maintain the competitive level of reward standards based on the labor market.

Decisions on compensation are left to the discretion of each Group company, but we also pay due consideration to ensuring a transparent decision-making process for compensation. The Human Resource Guidelines state that we must “establish rules for wage structure and salary details, and disclose them to employees.” For example, Daicel Corporation discloses its salary scale to applicable employees in addition to its salary-related rules.

Employee Benefits and Welfare

Yu Ai Kai Mutual Aid Association

The Daicel Group established the Yu Ai Kai Mutual Aid Association to enhance the welfare of our members through mutual support, and to provide training and support to nurture the spirit of self-satisfaction and fraternity.

This association was created in accordance with the welfare policies defined by Daicel’s labor union and management in order to leverage the mutual aid of members for their improved well-being and nurture self-motivation and the spirit of friendship. Its members are employees of Daicel and Daicel Group companies.

The association benefits are also applicable to Daicel’s same-sex partnership system.

■ Benefits and Welfare of Yu Ai Kai Mutual Aid Association

Item	Description
Congratulatory stipend for weddings	The stipend is paid when a member gets married.
Congratulatory stipend for childbirth	The stipend is paid when a member or their spouse gives birth.
Congratulatory gifts when a member’s child enters school	A gift is presented when a member’s child has entered elementary, junior high, or high school (Recipients choose a gift from a catalogue).
Stipend for members at the passing of a family member	The stipend is paid when a family member of a member has passed away. The amount depends on the degree of kinship.
Consolatory stipend for injuries and illness	The stipend is paid when a member takes a leave of absence due to a work-related injury or illness. The amount depends on the number of days of leave required.
Consolatory stipend for damage attributable to disasters	The stipend is paid when a member’s dwelling is damaged by a fire, storm, flood, earthquake, or other disaster. The amount depends on the degree of damage.

Item	Description
Stipend for members on leave of absence	The stipend is paid when a member takes a leave of absence due to a non-work accident or illness, provided that the reasons for such leave meet the in-house criteria stipulated by the entities for which they work. The amount depends on the number of days of leave required.
Stipend for subsidizing hospitalization expenses	The stipend is paid when a member applies for the nursing care leave program in place at their respective entity. The amount depends on the length of nursing care leave applied for.
Stipend for nursing care support	The stipend is paid when a member applies for the nursing care leave program in place at their respective entity. The amount depends on the length of nursing care leave applied for.
Orphan education annuity	Following a death, an annuity is paid to a member's dependent child(ren). The annuity is paid monthly for each child attending elementary, junior high, or high school.
Refund upon withdrawal from membership	A refund is paid to members withdrawing from the association, with the sliding amount determined by the period of membership.
Survivor's benefits	Benefits are paid to the survivor when either the member or registered spouse passes away.
Social contribution activity awards	A cash award is given to commend individual (or a group of) members deemed to have made a significant contribution to society.
GLTD insurance	Group Long-Term Disability insurance is in place to provide coverage for members who are unable to work for an extended period of time due to disabilities resulting from an injury or illness and who are not fully insured by the public insurance system or conventional disability income insurance.

Employee Benefits and Welfare Program for Diverse Lifestyles

In addition to the employee benefits and welfare program provided by the Yu Ai Kai Mutual Aid Association, Daicel has adopted a benefits and welfare program that can be used by employees according to their lifestyles as part of its efforts to improve work-life balance.

Cafeteria Plan

Daicel provides employees with the Cafeteria Plan, an optional benefits and welfare program that allows employees to choose from menus that meet their personal needs, such as career development, healthy living, childcare and nursing care, and travel.

Use of Company-Sponsored Babysitter Dispatch Services

Daicel subsidizes part of the cost when an employee hires a babysitter through the Company-sponsored babysitter dispatch service launched by Japan's Cabinet Office in November 2020. We will continue to consider various programs and measures to help employees balance work and life with a sense of security. In FY2024/3, a total of 99 employees used these services.

Daicel Group Employee Stock Ownership Association

To help employees build their wealth by holding shares acquired from contributions, which enhance their sense of unity with the Company, Daicel Group established the Daicel Group Employee Stock Ownership Association. As of March 31, 2024, 2,832 members of the Daicel Group Employee Stock Ownership Association hold 6.179 million company shares.

The Daicel Group Employee Stock Ownership Association ranks among the top seven Daicel shareholders (as of March 31, 2024).

■ Daicel Group Employee Stock Ownership Association (as of March 31 of each fiscal year)

	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Number of members	1,986	2,223	2,279	2,503	2,572	2,832
Number of shares owned	4.08 million	4.647 million	5.048 million	5.245 million	5.972 million	6.179 million

Communication with Employees

Sound Labor-Management Relations

Summary of the Labor and Management Charter

- The Company and the labor union shall understand each other's position and make decisions through negotiations and discussions based on respect for human dignity.
- The Company shall give latitude to labor union activities and will not discriminate against its employees due to such activities.
- The Company and the labor union shall eliminate excessive control and respect the humanity of employees. Employees shall, at their own volition, contribute to the Company's business through their efforts to enhance productivity.
- The Company shall treat employees in a fair and appropriate manner with the aim of making the maximum use of the capabilities of each employee.

Daicel considers its employees to be important stakeholders. Accordingly, it has established the Labor and Management Charter, which has been signed by representatives of the labor unions and management. Both parties respect each other's standpoints and discuss issues in good faith in order to best develop the Company's business. Through these efforts, we are maintaining and reinforcing a healthy relationship between labor and management. In addition, labor and management committees are set up at each workplace. The Daicel Group undertakes various measures covering a wide range of areas. These include discussions between labor and management regarding such issues as working conditions, productivity improvement, personnel systems, working hours, and health management.

■ Major Labor-Management Committees

Name	Purpose
Central Management Council	<ul style="list-style-type: none"> • Issues requiring negotiation • Issues requiring consultation • Issues requiring reports or briefing (All of the above are important.)
Central Healthcare Committee	Support the mental and physical well-being of employees to raise individual productivity and create vibrant and healthy work environments.
Central Productivity Promotion Committee	<ul style="list-style-type: none"> • Promote work-life balance, and formulate policies on work style reform • Monitor initiatives and activities aimed at reducing total working hours • Share good practices related to reducing total working hours • Monitor applications for overtime exemptions by each business site
Liaison Meeting on Labor-Management Issues	Discuss issues related to corporate management

> ESG Data Refer to page 7 "Number and Ratio of Labor Union Members."

Employee Engagement Survey

The Daicel Group conducts an Employee Engagement Survey of all employees once every two years. Through this survey, we quantitatively ascertain employee engagement, employee satisfaction with the workplace environment, and job satisfaction through work, and utilize it for personnel measures and improvement initiatives at each workplace. In FY2024/3, we conducted a survey of 10,857 employees and received responses from 9,504 employees (88% response rate). According to the survey results, the positive response rate for employee engagement has improved compared to the previous survey (conducted in FY2022/3), and we believe that various HR initiatives such as the personnel system reform implemented since FY2022/3 are starting to show results. We will continue to promote initiatives to improve employee engagement. The next Employee Engagement Survey is scheduled for FY2026/3.

■ Summary of the Engagement Survey

(Daicel Group)

Employee Engagement (Job Satisfaction) Responses

	FY2022/3	FY2024/3
Percentage of employees who gave positive responses	56%	59%

Efforts related to stress checks for mental and physical health are described under mental and physical health.

[> Mental and Physical Health](#)

Fostering a Sense of Unity Across the Daicel Group

Disseminating the Daicel Group's Long-Term Vision and Mid-Term Management Strategy

We provide opportunities for Daicel Group employees to gather and discuss the Group's Long-Term Vision and Mid-Term Management Strategy so that they can feel a personal connection to these ideas and how they are connected to their individual duties, and take steps toward realizing those visions.

In FY2023/3, workshops utilizing Lego were held at each business site. Participants built Lego items to understand each other's work and gain mutual understanding of what others are trying to accomplish.



Holding of Daicel Family Day

In August 2023, the Daicel Group held a Family Day where employees' families visited workplaces.

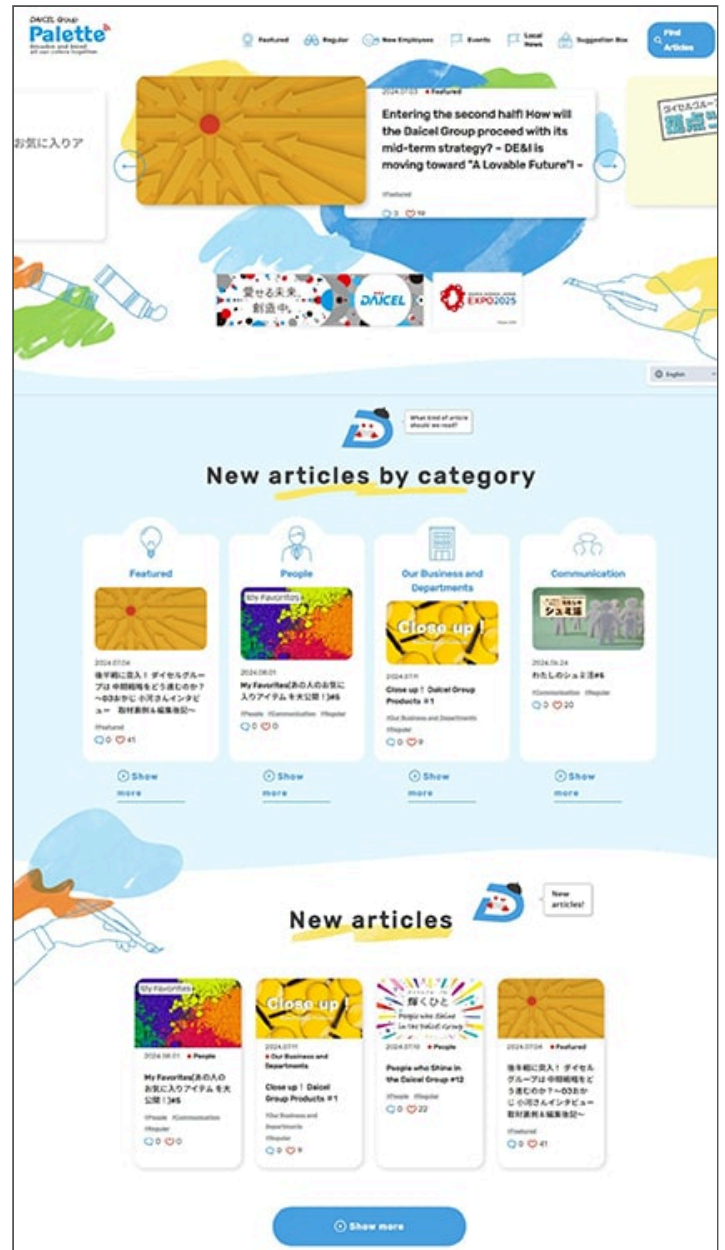
The participating families deepened their understanding of Daicel's work activities through workplace tours and quizzes. We believe it was an opportunity for employees to feel proud by showing their families their everyday work.

The Harima Plant also holds a Cherry Blossom Festival every spring and invites employees' families as well.

Internal Communication

Recognizing employees as important stakeholders, we are constantly developing systems to meet their expectations and needs while also maintaining dialogue and other forms of communications through the labor union.

We also utilize various internal communication tools to regularly share information with all Group employees in multiple languages. This is done to foster a sense of unity across the Daicel Group by stimulating internal exchanges.



TOPICS

Awarded the “Silver Prize” in the Special Category of In-house Newsletter Awards in 2024

The “In-house newsletter awards” are a Japanese nationwide contest of in-house company newsletters organized by wis works, Inc., which awards companies for excellence in in-house newsletters and also holds exchanges among participating companies.

Daicel Corporation was awarded the silver prize for in-house newsletter “Palette Special New Year Issue 2024” published in January 2024 in the “Special” category of the in-house newsletter awards in 2024.



Prize winning work “Palette Special New Year Issue 2024”

[> In-house Newsletter Awards \(Only in Japanese\)](#)

Sustainable Procurement

Daicel Group Basic Purchasing Policy

To conduct its purchasing activities responsibly, the Daicel Group carefully evaluates quality, pricing, and delivery dates, while also considering social impact in such areas as human rights and the labor force, and environmental impact such as renewable energy promotion and biodiversity conservation. In addition, we have established our views on purchasing in the Daicel Group Basic Purchasing Policy and the Daicel Group Procurement Guidelines, and we seek compliance from our suppliers as we work together toward realizing a sustainable society in an effort that extends across the entire supply chain.

The Daicel Group's Basic Purchasing Policy, and the Procurement Guidelines that we ask our suppliers to comply with, are as outlined below.

Daicel Group Basic Purchasing Policy

To achieve the goals of its basic philosophy in its purchasing activities, the Daicel Group adheres to the following basic purchasing policies and practices in conformity with its Sustainable Management Policy, Code of Conduct, and Ethical Standards.

1. Fairness and Rationality of Transactions

- We shall be fair in providing prospective suppliers with opportunities for participating in business transactions. Also, we shall conduct our purchasing activities in an open manner with no regard for previous dealings and with no preference for companies domiciled in Japan.
- Our overall considerations shall be limited to matters of quality, price, stability of supply, state of technological development, environmental considerations, and the assurance of safety. We shall consider these aspects in a comprehensive manner.

2. Legal Compliance and Confidentiality

- We shall comply with laws and corporate ethics in our business operations.
- We shall strictly protect confidential information obtained through business activities and shall never infringe on the intellectual property rights of third parties.

3. Establishing Relationships of Trust

- We shall strive to establish better partnerships with our suppliers in consideration of mutual benefit, trust, and good faith.

4. Adherence to CSR Initiatives

- We shall promote sustainable development with our suppliers through our activities for corporate social responsibility and value improvement.

Revised February 29, 2024

Daicel Group Procurement Guidelines

The Daicel Group established the Daicel Group CSR Procurement Guidelines in FY2019/3 based on its Basic Purchasing Policy. We have worked to realize a sustainable society by gaining the understanding and sympathy of our suppliers and promoting these guidelines throughout the supply chain.

In February 2024, these guidelines were updated to form the Daicel Group Procurement Guidelines in line with revisions to the Daicel Group Code of Conduct and Ethical Standards. The content was reviewed and revised in order to proactively respond to the demands of a changing society. The new guidelines will be reflected in the Daicel Group's sustainable procurement initiatives, and we will continue to work to achieve a sustainable society throughout the supply chain.

By FY2023/3, the Daicel Group had distributed Certificates of Confirmation to 768 of Daicel's major suppliers (accounting for over 85% of total procurement) for the understanding and penetration of the Daicel Group CSR Procurement Guidelines (Established in June 2018, and revised to the Daicel Group Procurement Guidelines in February 2024), and we received signatures from 678 companies (response rate of 88%).

Since FY2021/3, when we create a contract with new suppliers, we make it a rule to ask that they sign the Certificate of Confirmation as well, and 100% of them have done so.

In FY2025/3, we plan to distribute Certificates of Confirmation for the revised Daicel Group Procurement Guidelines and start requesting signatures.

Daicel Group Procurement Guidelines

1. Compliance with laws, regulations, and social norms

- In the course of business activities, we shall comply with laws, regulations, and social norms with regard to such matters as business transactions, labor management, environmental preservation, safe operations, and intellectual property, thereby living up to higher standards of corporate ethics and fair business conduct.
- In addition to complying with the laws and regulations of the countries and regions in which we operate, we shall also respect the local culture and customs.
- We shall not provide or receive entertainment or gifts that could be deemed to exceed the scope of sound commercial practice and social norms.
- We shall comply with the competition laws of each country and region in which we operate and shall not in any way impede fair, transparent, and free competition.

- In order to prevent fraudulent activities and detect them at an early stage, we shall institute effective internal and external whistleblowing systems.

2. Respect for human rights and the working environment

- We shall comply with the standards of the International Labour Organization, hire employees who apply of their own free will, and never engage in forced labor, child labor, or other inhumane labor practices, such as payment of wages that do not meet statutory minimums and unfair wage reductions.
- We shall comply with the standards of the International Labour Organization and all applicable laws and regulations in the countries in which we operate, manage working hours as required, and never subject employees to excessively long working hours.
- We shall respect the diversity of all employees in recruitment and employment, eliminate discrimination, and strive to provide equal opportunity and fair treatment.
- We shall eliminate all harassment and violence in the workplace.
- In accordance with the laws and regulations of the countries and regions in which we operate, we shall support and respect freedom of association, the right to collective bargaining, and all other employee rights.
- We shall practice appropriate human rights due diligence throughout the supply chain in consideration of the risk of adverse human rights impact.
- When using raw materials containing conflict minerals (tin, tantalum, tungsten, gold), cobalt, mica, etc., which may cause social issues such as human rights and environmental problems, we investigate and confirm that there is no child labor or dangerous working conditions at the mining site and endeavor not to use them as raw materials for products.

3. Occupational health and safety and health management

- We shall assess workplace risks and promote safety through appropriate design, technology, and management measures.
- We shall identify work that places an undue physical burden on employees, manage work in a manner that avoids accidents and illnesses, and continue to introduce improvements intended to reduce employee workloads.
- We shall adopt safety measures to prevent accidents and health problems that could occur as a result of work with the machinery and equipment adopted by our company.
- We shall identify work situations involving risks to workers from potentially harmful organisms and chemical substances as well as noise and foul odors in the workplace and implement the necessary countermeasures.
- We shall take steps to improve or maintain the physical and mental health of all employees working in our Group while instituting all necessary health and safety measures for the dormitories, cafeterias, toilets and other facilities provided for the daily use of our employees. We shall respect the privacy of all individual employees and encourage their pursuit of an appropriate balance between their personal and professional lives.
- We shall monitor the occurrence of occupational accidents and illnesses and institute necessary countermeasures when indicated.
- In anticipation of earthquakes, typhoons, fires, accidents and other disasters, we shall establish and maintain a disaster response system that includes emergency evacuation; we shall also strengthen the system through regular training and education.

- We shall provide employees with training and education with respect to workplace health, safety, and maintenance in a language they can understand.

4. Environmental considerations

- In addition to complying with the pollution control laws and regulations of each country and region in which we operate with respect to the air, water, and soil, we shall conserve resources in manufacturing, packaging, and logistics; promote energy efficiency and the use of renewable energy; reduce waste and GHG emissions; conserve water resources by using water efficiently, reducing water consumption, and preventing water pollution; and manage rainwater by preventing contaminated runoff from entering storm sewers and public water supplies. We shall take steps to reduce our environmental impact by controlling emissions of pollutants and practicing environment-friendly green procurement.
- In order to protect the environment and conserve biodiversity, which encompasses the management of forests and water resources, we shall focus on production innovations offering the benefits of energy efficiency and lower environmental impact while contributing to the emergence of a circular economy.
- In compliance with the laws and regulations of the countries and regions in which we operate, we shall seek government approval when necessary and shall submit management reports to the government as required.
- We shall identify all industrial waste that is harmful to human health and the environment and shall classify, label, store, manage, move, and dispose of this waste in compliance with the laws and regulations of the countries and regions in which we operate.

5. Sound business management

- We shall strive to engage in sound and transparent business management and appropriately disclose corporate information to stakeholders with the aim of establishing sincere relationships based on a spirit of mutual interest, respect, and trust.
- We shall not engage in behavior that benefits anti-social forces, engage in insider trading, abuse a position of power, or engage in behavior that disadvantages our stakeholders. Moreover, we shall continuously and fairly disclose information to our stakeholders.
- We shall maintain appropriate and transparent relationships with political entities in compliance with the laws and regulations of the countries and regions in which we operate and shall not engage in bribery or illegal political donations.

6. Product quality, product safety, and value co-creation

- We shall strive to meet customer requirements with regard to product quality and safety in addition to disclosing accurate information about our products and services.
- Regarding product safety, we shall ensure product safety from the design stage to meet the safety standards stipulated by the laws and regulations of the countries and regions in which we operate.
- Regarding prohibitions and restrictions on the use of chemical substances in our products, we shall comply with the laws and regulations of the countries and regions in which we operate and shall meet the delivery requirements of our customers. In addition, we shall disclose all required information about the raw materials, parts, and substances contained in the products produced by our manufacturing processes.
- We shall work to improve quality, promote the development of innovative products and technologies, and focus on creating value.
- We shall ensure traceability of raw materials and parts from their arrival to the shipment of the products incorporating them, which provides useful data for rapid problem-solving.

7. Maintaining stable supplies and the flexibility to remain responsive to changes
 - We shall deliver our products on time and strive to maintain stable supplies.
 - In anticipation of events such as natural disasters and operational accidents, we shall establish a business continuity plan (BCP) that supports purchasing from multiple sources and strives to maintain stability of supplies.
8. Information security
 - We shall put in place security measures to combat network threats with the aim of ensuring that none of our systems or those of others are damaged by such threats.
 - We shall safeguard all personal information we handle whether it pertains to our customers, employees, or other third parties.
 - We shall safeguard all confidential information we receive from our customers or other third parties and shall strive to prevent the unauthorized release of such information.
9. Contribution to communities and society
 - We shall respect local cultures and customs, maintain good relationships with local residents through dialogue and appropriate information disclosure, and contribute to the development of communities and society.
10. Promotion of CSR initiatives in which all supply chain constituents play their roles
 - We shall proactively push ahead with CSR initiatives while also disclosing the status of such initiatives.
 - In order to promote CSR initiatives throughout the supply chain, we shall encourage our suppliers to adhere to our guidelines in their procurement activities.

Revised February 29, 2024

> [Procurement of raw materials, fuels, and components](#)

> [Equipment procurement](#)

Our Structure for Promoting Sustainable Procurement

In FY2021/3, the Daicel Group launched a Procurement Subcommittee under the Sustainable Management Committee chaired by the President and CEO, and is promoting sustainable procurement within the Group under the responsibility of the subcommittee's executive officer. The subcommittee comprises individuals charged with supervising procurement from the Raw Materials Purchasing Division and major Group companies, Corporate Sustainability, Investor Relations and Corporate Communications, each SBU and quality assurance department, and it meets periodically to engage in discussions encompassing the entire Group with regard to procurement operations that have been conducted by each business site or Group company in the past. The subcommittee met 17 times from FY2021/3 to FY2024/3.

During these meetings, the discussions are reported to the Sustainable Management Committee, which provides feedback on its own deliberations and debates and then reflects the results of the activities of the subcommittee.

- Setting targets related to sustainable procurement to be addressed by the Group as a whole, in addition to verifying progress on issues and exchanging information
- Discussing action on conflict minerals, palm oil, and human rights issues, and establishing targets and implementation plans, etc.

[> Sustainable Management System](#)

Initiatives for Sustainable Procurement

Selection Process for New Suppliers

The Group has been conducting CSR procurement assessments since FY2021/3 when adopting new suppliers for the purchase of major raw materials and fuels.

In conducting the CSR assessment, we make use of a CSR assessment sheet which is a self-assessment questionnaire (SAQ) that we have created with reference to the questionnaire produced by the United Nations Global Compact Network, Japan. The questions include items concerned with supplier's activities across a wide range of areas related to quality assurance and stable supply, corporate governance, human rights, health and safety, environmental measures, information security, and so on. We evaluate suppliers' results comprehensively in line with the Group's standards and make decisions about the possibility of doing business with them.

Communication with Current Suppliers

When purchasing raw materials, fuel, parts, and equipment, the Daicel Group conducts quality audits of our current suppliers according to the content of the transaction. We work to make improvements for any supplier that falls short of our standards or that is deemed to be a high risk.

Addition of CSR Clauses to Basic Purchasing and Sales Contracts for Raw Materials, Fuel, Parts, and Equipment

Beginning in FY2023/3, the organization within the Daicel Group that procures raw materials, fuel, parts, and equipment produced a CSR clause for basic purchasing and sales contracts. It asks suppliers to abide by the Daicel Group Procurement Guidelines. This CSR clause includes a wide range of items, including adherence to laws and social norms. The Raw Materials Purchasing Division is working to incorporate the CSR clause into all newly concluded purchasing and sales contracts and all such contracts that come up for renewal.

Self-Assessment-Questionnaire (SAQ) on CSR Procurement

To assess the sustainability initiatives of suppliers, the Daicel Group periodically conducts assessment using SAQ (CSR procurement assessment sheet). By providing assessments and offering feedback on their responses, we seek to raise awareness among suppliers and reduce environmental and social risks.

As for items concerning environmental measures, we check and evaluate suppliers' progress on developing targets for reducing greenhouse gases.

Also, we conduct interviews with suppliers who did not meet the Daicel Group's standards as a result of assessment, and we share the issues and work on initiatives for improvements. If there is no improvement over a certain period or if there are significant deficiencies, we consider reviewing transactions with those suppliers.

Self-Assessment Questionnaire on CSR Procurement: Main Assessment Items

■ Self-Assessment Questionnaire on CSR Procurement: Main Assessment Items

Assessment Item	Details
(1) Compliance with laws, regulations and social norms	Establishment of management policies, legal compliance, establishment of whistleblowing system, and restrictions on offering gifts and entertainment
(2) Respect for human rights and the working environment	Prohibitions of discrimination, forced labor, child labor and inhumane treatment, while ensuring adequate pay and appropriate management of working hours
(3) Occupational health and safety	Occupational health and safety and management of workplace hygiene and responses to occupational injuries, illnesses and emergencies
(4) Environmental considerations	Prevention of environmental pollution, effective use of energy, reduction of greenhouse gases, reduction of waste, and initiatives on preserving biodiversity
(5) Sound business management	Information disclosure, elimination of inappropriate profit-taking, respect for intellectual property, and elimination of antisocial forces
(6) The pursuit of product quality and safety as well as improvements in technologies	Provision of information on products and services, quality assurance for products and services, and management of chemical substances
(7) Stable supplies and the flexibility to remain responsive to changes	Stable supplies, and BCP management

Assessment Item	Details
(8) Information security	Defensive measures against network threats and measures for preventing leakage of personal information and confidential information we receive from customers and third parties
(9) Contributions to the community and society	Contributing to the global community and local communities
(10) Promotion of CSR initiatives in which all supply chain constituents play their roles	Sustainable procurement of minerals and promotion of CSR initiatives

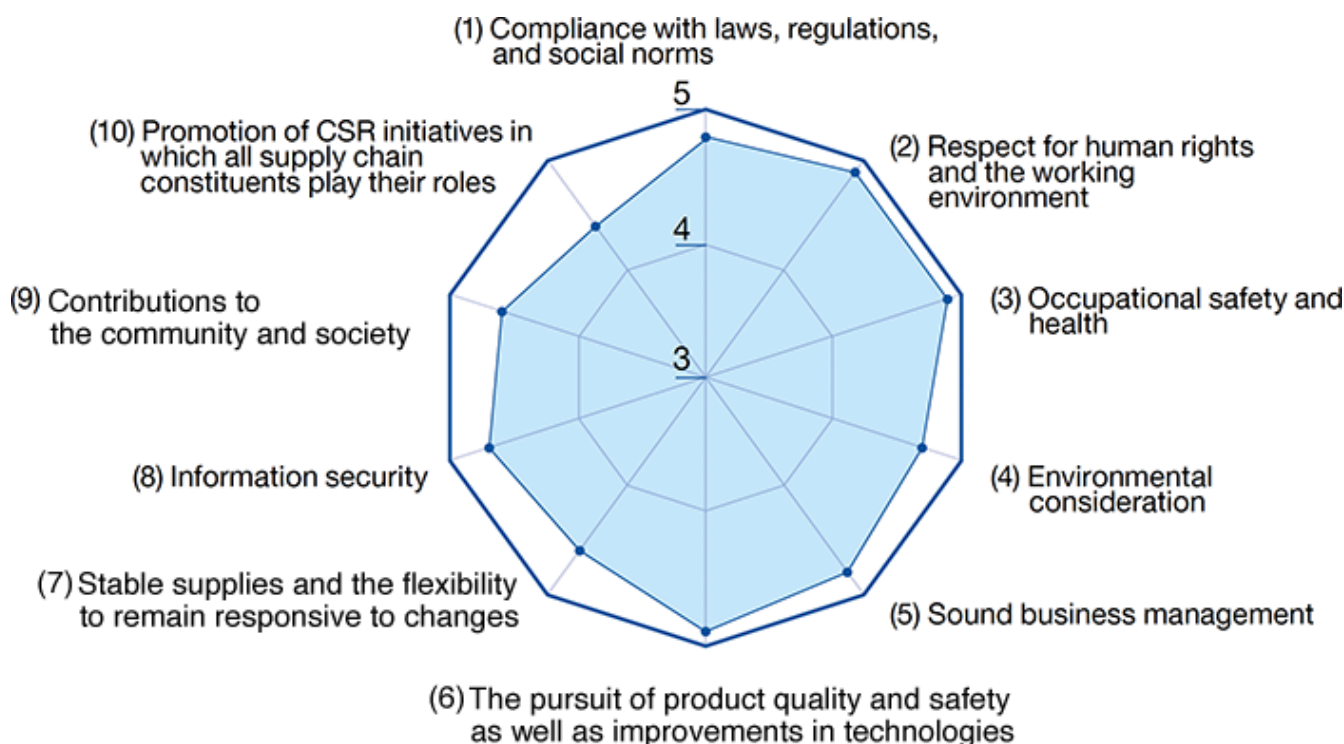
Survey Results and Initiatives for Improvement

In the end of FY2023/3, we conducted an SAQ targeting 768 major suppliers of the Daicel Group, accounting for over 85% of total procurement, and received responses from 678 companies, a response rate of 88%.

Based on the SAQ results, we conducted interviews with 73 of the 189 companies that we deemed to be in need of improvement and identified 161 issues. We identified a relatively large number of issues in the areas of stable supply and promotion of CSR initiatives, and worked with the relevant suppliers in FY2023/3 to make improvements in 82 cases, and in FY2024/3 in 79 cases, resolving all issues.

In FY2025/3, we will ask suppliers to respond to the new CSR Procurement Assessment Sheet SAQ (which adds freedom of association, conservation of water resources, etc.) and implement further improvement initiatives.

■ Survey Issues of Major Raw Materials and Fuel, Parts, and Equipment Suppliers



* It shows the average scores for each issue.

Human Rights Due Diligence

Based on the “human rights due diligence” concept, we prepared a risk map and identified the priority areas to be addressed. Taking this into account, we have conducted an assessment of 63 suppliers in Japan and overseas and we identified 50 issues by FY2024/3. Specifically, we found many issues in occupational health and safety and employment, and we worked together with the relevant suppliers to improve all 50 issues by the end of FY2024/3.

In FY2025/3, we will expand the scope of suppliers to conduct assessments and implement further improvement initiatives.

[> Efforts to Instill Respect for Human Rights into Practices](#)

Responsible Sourcing of Minerals

Under Section 1502 of the Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) enacted in January 2013, companies listed on U.S. stock exchanges are required to investigate and report on procurement status, particularly for tin, tantalum, tungsten, and gold (commonly known as 3TG), which are known as conflict minerals that can cause social problems such as human rights and environmental problems. The Daicel Group is not listed on the U.S. stock exchange and is not required to report its activities, but throughout its supply chain, the Daicel Group will not, by any means, tolerate the procurement of the minerals which results in human rights violations or environmental destruction.

The Daicel Group considers such minerals to be an important issue, and in addition to the SAQ, we have conducted a conflict minerals reporting template (CMRT) survey that focuses on these minerals.

Daicel will investigate the residual status of conflict minerals (tin, tantalum, tungsten, and gold) as defined in the Dodd-Frank Act, or cobalt and mica, which are also of concern for human rights violations, if they are used in the manufacturing process itself or in the course of the manufacturing process. Additionally, we will regularly request conflict mineral surveys from raw material suppliers, confirm the obtained survey results, and make efforts not to use them as raw materials for products. In addition, based on the results of surveys regularly obtained from raw material suppliers, we update and provide our CMRT^{*1} and EMRT^{*2} information.

*1 Conflict Minerals Reporting Template. An international format for smooth collection of information on conflict minerals used throughout the supply chain.

*2 Extended Minerals Reporting Template. A format that extends the target minerals from the CMRT. Includes cobalt and natural mica.

Sustainable Procurement of Palm Oil Products

Progressive development of large-scale plantations of oil palms from which palm oil is extracted in Southeast Asia has led to the destruction of rain forests with a serious impact on the ecosystem and has therefore raised public concern. Recognizing the responsibility of a company that uses chemical products derived from palm oil as a raw material, the Daicel Group joined the RSPO* in August 2018 and is seeking to switch to palm oil-derived raw materials certified by the RSPO. In 2019, we

began selling RSPO-certified products as raw materials for use in cosmetics, and we are gradually expanding this product line. As of the end of FY2024/3, about 12% of our chemical products derived from palm oil are RSPO certified. We will continue to play our role in realizing a sustainable society through our supply chain.

* Roundtable on Sustainable Palm Oil: An international certification system aimed at the sustainable production and use of palm oil.

Efforts to Regulate Chemicals

The Daicel Group uses domestic and overseas searchable databases of laws and regulations concerning chemicals not only in Japan but also Europe, the U.S., and the Asia-Pacific region, to acquire information about regulatory trends and revisions and to act in an appropriate and legal manner.

In particular, Europe is the world leader in the area of laws and regulations, and our response to their REACH regulations* includes not only appropriate legal registration of our products but also appropriate management of our supply chain.

* Registration, Evaluation, Authorization and Restriction of Chemicals: Regulations established by the European Union and required for producers and importers of chemicals, regarding the registration, safety evaluation, limits on use, and permissions for use of these products.

[> Chemical and Product Safety](#)

BCP Procurement

In view of the procurement risks and impact on the supply chain, the Daicel Group implements measures with regard to BCP for our main raw materials and fuel by gradually adopting multi-sourcing and accumulating safety stock, on a priority basis. As of the end of FY2024/3, measures were complete for 70% of our main raw materials, and we will continue to implement measures for the remaining 30% of our main raw materials.

Procurement Help Line

To promote fair transactions in line with our Basic Purchasing Policy, the Daicel Group has set up a help line to receive reports from suppliers. We ask our suppliers to report on legal violations and deviations from the Basic Purchasing Policy that occur within the Daicel Group during the course of business with the Group so that we can resolve any issues. This help line is operated in accordance with the Corporate Compliance Help Line Operation Regulations, and these regulations prohibit retaliation for having reported or sought consultation.

[> Compliance Help Line System \(Whistleblower System\)](#)

[> Inquiries about our business \(including procurement\)](#)

Internal Education and Training

In FY2024/3, we held study groups for purchasing staff handling raw materials, fuel, parts, and equipment ten times on topics such as the long-term outlook for global energy supply and demand, inappropriate cases such as falsification and Subcontract Act violations, management of greenhouse gas emissions, and responding to external evaluation agencies. A total of 95 staff participated in the study groups. We also held study groups during meetings of the Procurement Subcommittee, comprising staff from each SBU as well as divisions handling the purchasing of raw materials, fuel, and materials at Group companies. Study group topics included the TCFD, the CDP, and initiatives to reduce Scope 3 GHG emissions. A total of 138 staff participated in these study groups. We have also incorporated personal goals for sustainable procurement initiatives in the evaluation of all purchasing staff to encourage everyone to exercise initiative.

Participation in Initiatives

Participation in Global Compact Network Japan's Supply Chain Subcommittee

In support of the United Nations Global Compact (UNGC), the Company joined Global Compact Network Japan (GCNJ), an UNGC local network in Japan, in FY2022/3 and has participated in several GCNJ subcommittees. In the Supply Chain subcommittee, we promote initiatives to improve sustainable procurement in the supply chain in cooperation with other participating companies.

Declaration of Partnership Building

We endorse the structure of the Declaration of Partnership Building, which was established by the Partnership Building Promotion Council for the Future, comprising the Chairman of Keidanren, the Chairman of the Japan Chamber of Commerce and Industry (JCCI), the President of the Japanese Trade Union Confederation (Rengo), and related ministers, and have posted our declaration on the Declaration of Partnership Building portal site. In the Declaration of Partnership Building, we declare the co-existence and co-prosperity of the entire supply chain, new cooperation beyond scale and affiliation, and compliance with desirable business practices with subcontractors.

[> Declaration of Partnership Building \(Only in Japanese\) \[PDF:162KB\]](#) 

Contribution to Local Communities and Society

Basic Approach

The Daicel Group respects the customs and cultures of the local communities connected to the Group through its business activities, and it maintains and enhances its good relationships with those local communities by providing relevant information, carrying out appropriate dialogues, and contributing to local community developments.

These efforts are in keeping with the Ethical Standards of Daicel Group (3) Sustainability, environmental conservation, and social responsibility, (v) Contribution to local communities: Engaging with local communities is essential to being responsible corporate citizens. Daicel builds relationships with various local communities to understand their needs and priorities, to collaborate with community members and organizations, to help align our contributions with the communities' specific needs, and to foster meaningful partnerships that drive positive change. Based on this code, we communicate with the local communities where we are located, as well as engage in a wide range of activities such as fostering the next generation and volunteering, in order to symbiotically contribute to the development of the community.

Supporting Future Generations

Taiwanese High School Students Visit Daicel Group Company's Plant and Research Center

In May 2023, a total of 35 teachers and students from Kaohsiung Municipal Linyuan Senior High School in Taiwan visited the Fuji Plant and Technical Solution Center of Polyplastics Co., Ltd. The purpose of the visit was to provide career education by deepening knowledge and understanding of the chemical industry.

They were shown the plant control room and product showroom, told that Polyplastics aims to realize environmentally friendly, safe and stable production, and that engineering plastics support all the latest technologies in society. The students were attentive throughout and actively asked questions.



Daicel Family Day Held at the Osaka Head Office

In August 2023, Daicel held Daicel Family Day at its Osaka Head Office, which included a company tour, a chemistry experiment corner for children, and games for employees' families. Twenty-five families of employees participated in the event, and children enjoyed working as a Daicel employee, making colorful beads in chemical experiments, and winning game prizes. This was the first time that the event was held at the Osaka Head Office and served as an opportunity for employees' families to get to know about the company.



Local High School Students Were Invited to Innovation Park for Science Camp

In December 2023, we invited 16 first-year students from Hyogo Prefectural Tatsuno Senior High School to our Innovation Park and held a science camp.

The participants were divided into four groups and conducted research activities on different themes, such as the current state of microplastics, and social contributions using membrane separation technology. After the two-days training course, participating students commented that it was a meaningful experience.



Daicel Held a Workshop with Next-Generation Researchers

In January 2024, we invited five junior and senior high school students who are taking on the challenge of research and development to the Osaka Head Office, and held a workshop with our employees on research that keeps people in step with nature.

We participated as a project partner in the Science Castle 2023 Kansai Conference, an academic conference held for junior and senior high school students in December 2023, and at the workshop, we invited students who presented their research results at that conference, as well as students who submitted ideas for “technology for melting wood” that were solicited at the Daicel booth.

The participating students had a variety of research themes, from sociology to natural sciences and engineering, and on the day of the event, they thought about “the world in 2050” and “actions to keep people in step with nature,” which is also the mission of our Biomass Innovation Center, before giving presentations.

After that, we divided the participants into teams and held a workshop with our employees to discuss “research themes for realizing a world where people are in step with nature by 2050” and create research plans.

Some students commented that it was a valuable experience to freely exchange ideas and opinions regardless of age, affiliation, or title, and that they felt a sense of increased motivation and confidence in research.



Interaction with the Local Community

Communication with Local Residents at Fuji Plant in Japan

In June 2023, an environmental monitoring meeting was held at the Fuji Plant of Polyplastics Co., Ltd. Sixteen representatives from six neighboring districts participated in the meeting and the plant tour focused on environment-related equipment. On the day, the Fuji Plant's environmental initiatives were explained, and a lively exchange of opinions took place. Participants gave positive feedback, such as feeling relieved and having their concerns eliminated after hearing about the initiatives.

For 48 years since 1974, the Fuji Plant has regularly invited local residents to exchange opinions on the environment, health, and safety. Polyplastics will continue to communicate with local residents to deepen mutual understanding and build a relationship of trust.



Daicel Held Daicel Sports Park in Harima 2023

In November 2023, Daicel held a sports experience class at the Daicel Harima Koto Soccer Stadium, and about 350 local residents, including Daicel Group employees and their families, participated.

On the day, a soccer, baseball and blind soccer experience class was held, and the children who participated all enjoyed playing sports with former Gamba Osaka players Ryuji Bando and Akira Kaji, former Hanshin Tigers player Ryota Imanari, the YouTubers Taka-san and Shige-san (LISEM CHANNEL), Makoto Kamiya of the Japan Blind Football Association, and Kazuyuki Tsuji of the Japanese Partially-sighted Football team. In addition, we set up a health check booth and conducted a stamp rally to raise awareness of health.

We will continue to promote employee exchanges, benefits, and community contributions through such events.



Voluntary Activities

Daicel Held Run for Love! Health and Public Welfare Running Event

In June 2023, 13 Daicel Group companies in China held the “Run for Love! Health and Public Welfare Running Event” to strengthen the Group's solidarity through sports and to raise funds for children in Shengli Village (see below). More than 60 people participated in the event.

Shengli Village is located in a remote mountainous area in the northern part of Guangxi Zhuang Autonomous Region, China, and is supported by the government because it is difficult to cultivate crops and has limited resources. There is only one teacher in the village school, and we donated school supplies and scholarships to help the children in the village get a better education. The Daicel Group will continue to support the children of Shengli Village in a variety of ways.



Daicel Conducts Charity Lunch Box Activity

In June 2023, the Guangzhou Branch of Polyplastics (Shanghai) Ltd. held a charity lunch box activity as part of its social contribution activities.

Participating employees prepared lunch boxes for 80 people and distributed them free of charge to homeless people and local residents in need of assistance. Employees who participated in the activity commented that they were very happy to see people enjoying the lunches, and that it was a good opportunity to carry out such activities through the company.



Local Community Exchange Through Food Aid Activity “Food Donation”

In November 2023, Daicel (Asia) Pte. Ltd. (“Daicel Asia”) conducted a food aid activity “Food Donation” in conjunction with [Daicel Group Sustainable Week 2023](#). Following last year, this is the second time that this activity has been held to purchase food from a non-profit organization and donate to elderly residents of welfare facilities and their families. Employees who participated in this project not only donated food, but also played games and listened to stories, and through interacting with elderly residents in welfare facilities, raised awareness of food insecurity and food loss in addition to realizing the importance of listening to and understanding the problems faced by the elderly.

Daicel Asia will continue this activity next year and beyond.



Corporate Governance

Basic Approach

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.

> [Corporate Governance Report \(July 1, 2024\) \[PDF : 609KB\]](#) 

History of Strengthening Corporate Governance

Date	Initiative	Purpose
June 1999	Introduced the Executive Officer System	To separate supervisory and business execution functions clearly
June 2000	Appointed Outside Directors	To strengthen decision-making and supervisory functions and ensure transparency in management
	Established the Nomination and Compensation Committee	To improve objectivity and transparency in the nomination and compensation assessment process
June 2003	Shortened the term of office for Directors from two years to one	To clarify management responsibilities of Directors to shareholders and build a system that responds quickly to changes
March 2006	Established the Information Disclosure Committee	To ensure the reliability of the information to be disclosed

Date	Initiative	Purpose
April 2006	Established the Risk Management Committee	To accurately understand and appropriately manage risks
May 2006	Established the Basic Policy on Building an Internal Control System	To develop an internal control structure
August 2010	Established the Internal Control Council	To build an internal control system and ensure the adequateness of its operation
January 2016	Started to evaluate the effectiveness of the Board of Directors	To maintain and improve the effectiveness of the Board of Directors
June 2017	Increased the ratio of Outside Directors to 50%	To ensure further transparency of decision-making and supervisory functions and management
January 2020	Improved the method for evaluating the effectiveness of the Board of Directors	To introduce individual interviews in addition to surveys
June 2022	Increased the ratio of Outside Directors to 60%	To ensure further transparency of decision-making and supervisory functions and management
January 2023	Changed the method for evaluating the effectiveness of the Board of Directors	To use external experts as part of the evaluation process

* The Basic Policy for Structuring the Internal Control System, established in March 2006, is revised as necessary, such as when organizational changes occur.

Corporate Governance Framework

■ Outline of the Corporate Governance Framework (as of June 21, 2024)

Electing multiple Outside Directors is a basic policy of the Daicel Group. By electing Outside Directors, who now comprise a majority of the Board of Directors, and considering their opinions and advice as informed by their diverse expertise, Daicel is working to bolster the oversight functions and appropriateness of management decisions made by the Board of Directors. Moreover, our Executive Officer system has enabled us to clearly separate our decision-making/supervisory functions from our business execution functions, allowing for a dynamic business execution structure that allows us to quickly respond to changes in the management environment.

Through this governance structure, we strive to consistently improve corporate value with all reasonable considerations made for our stakeholders.

Item	Content
Type of organizational structure	Company with Audit & Supervisory Board
Chairperson of Board of Directors	Director, Chairperson of Board of Directors
Number of Directors	11 (including 2 female Directors)
Number of Outside Directors	6 (all 6 are independent Directors)
Number of Audit & Supervisory Board Members	5 (including 1 female Audit & Supervisory Board Member)
Number of Outside Audit & Supervisory Board Members	3 (all 3 are independent Audit & Supervisory Board Members)
Number of Executive Officers	20 (including 5 officers concurrently serving as Directors)
Number of Board of Director meetings held in FY2024/3 (average attendance rate of outside Directors/outside Audit & Supervisory Board Members)	15 (100%/97.8%)
Number of Audit & Supervisory Board meetings held in FY2024/3 (average attendance rate of Outside Audit & Supervisory Board Members)	15 (100%)
Term of office for Directors	1 year
Term of office for Audit & Supervisory Board Members	4 years

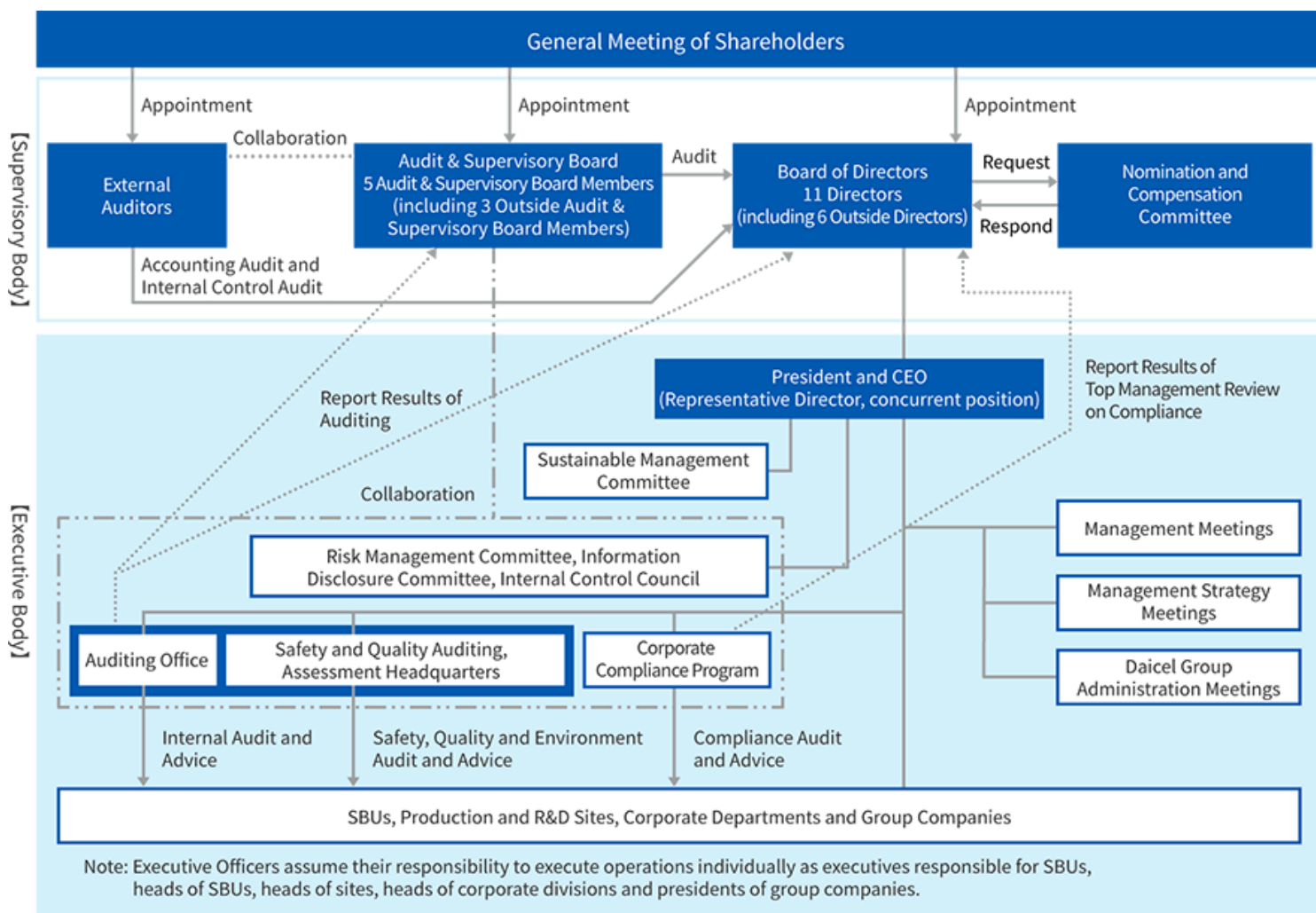
Item	Content
Average term in office for Directors	4.6 years
Average term in office for Audit & Supervisory Board Members	3.4 years
Voluntary advisory body to the Board of Directors	Nomination and Compensation Committee is composed of 8 Directors (including 6 Outside Directors) and chaired by an Outside Director. Meetings held in FY2024/3: 9
Compensation system for Directors and Audit & Supervisory Board Members*	<ol style="list-style-type: none"> 1. Monthly compensation 2. Performance-linked remuneration (excluding Outside Directors and Audit & Supervisory Board Members) 3. Restricted Stock Compensation (excluding Outside Directors and Audit & Supervisory Board Members)
External Auditor	Deloitte Touche Tohmatsu LLC

* The compensation system is also used for executive officers and others.

The ratio of (1), (2), and (3) above is generally 55:30:15, with the ratio changing based on the individual's position.

[> ESG Data](#) **Refer to page 8 "Corporate Governance."**

Corporate Governance Framework (as of June 21, 2024)



Board of Directors

The Company recognizes a role of Board of Directors as following: setting the direction we should aim for and creating a concrete business strategy toward the target and supervising the execution of business and business operations from an objective point of view. Ensuring this effectiveness of the role of Board of Directors, it is constituted of five Inside Directors and six Outside Directors: the former have a profound insight about our businesses, the latter have a wealth of experience in the business management and diverse expertise (including nine men and two women in the Board as a whole). Also, all of Outside Directors are independent. The details about them are indicated in the part titled “Information about Directors and Audit & Supervisory Board Members” in the Securities Report. The Outside Directors satisfy the “Standards for Independence of Outside Directors/Outside Audit & Supervisory Board Members” as defined by the Company. Therefore, we organize the Board of Directors in a way that allows the Outside Directors, who are in a majority on the Board of Directors, to state their opinions to the Company’s management from the objective and independent Directors’ point of view.

The President and CEO serves as the Chairperson of the Board of Directors, but in the unlikely event that proceedings are not conducted fairly and impartially, the Board of Directors confirms that the Outside Directors, who make up the majority of the Directors, will act as a deterrent and take measures such as correcting the Chairperson’s conduct of the proceedings or appointing another person as the Chairperson.

The Board of Directors has a meeting once a month as a general rule. The Board of Directors meets to make decisions concerning important management issues and supervise the execution of duties and operations. In addition, five Audit & Supervisory Board Members, three of whom are the Outside Audit & Supervisory Board Members, also attend the Board of Directors meetings, where they express their opinions appropriately in case of necessity.

The term of office for Daicel’s Directors is one year. This short term of office enables Daicel shareholders to increase their

involvement in the appointment of Directors. At the same time, it allows the Company to better clarify the management responsibilities of its Directors and thereby strengthen its corporate governance.

It is necessary for each Director to develop his/her knowledge of our business to ensure effective supervision of the execution of business. Therefore, we provide opportunities for mainly Outside Directors and Outside Audit & Supervisory Board Members to tour our manufacturing sites and provide an explanation of Daicel's departments, products and technologies as well as the Board of Directors' meetings.

The activities of the Board of Directors are as follows.

Number of meetings of the Board of Directors held in FY2024/3 was 15

Number of Board of Directors resolutions, discussions, and reports are as follows

Resolution Report Category	Number
IR	5
Governance	26
Compliance, Corporate Ethics	6
Sustainability	2
Audit & Supervisory Board Members, External Auditors	4
Management Strategies	13
Accounting, Finance	40
Individual Cases	7
HR, Remuneration	27
Internal Audits	2
Total	132

Summary of Major Resolutions, Discussions, and Reports Related to Governance and Compliance

Date	Agenda Category	Agenda	Summary of Resolutions, Discussions, and Reports
April 26, 2023	Governance	Basic Policy for the Internal Control System	Partial revision of the Basic Policy for Structuring the Internal Control System
March 28, 2024			Enforcement status of the Basic Policy for Structuring the Internal Control System
April 26, 2023		Director and Audit & Supervisory Board Member training track record	Information provision and status of training for Directors and Audit & Supervisory Board Members
April 26, 2023		Effectiveness evaluation of the Board of Directors	Reporting and discussion of the results of the effectiveness evaluation of the Board of Directors
June 23, 2023		Corporate Governance Code	Status of response to the Corporate Governance Code
July 5, 2023		Cross-shareholdings	Consideration of the holding status of Daicel's cross-held shares
March 28, 2024		Risk management	FY2024/3 risk management activity status
April 26, 2023	Compliance and corporate ethics	Establishment of Code of Conduct and Ethical Standards	Review and establishment of Daicel Group Code of Conduct and Ethical Standards
May 11, 2023		Psychological safety	Lecture on "Psychological Safety" for ensuring organizational health by Audit & Supervisory Board Member Junichi Mizuo
August 3, 2023		Status of Group whistleblower system	Report on the contents and response status, etc. of whistleblowing within the Daicel Group
November 2, 2023			
February 6, 2024			
March 28, 2024		Corporate ethics activities	FY2024/3 Daicel Group Corporate Compliance Activity Status Report

Date	Agenda Category	Agenda	Summary of Resolutions, Discussions, and Reports
May 11, 2023	Audit & Supervisory Board Members / External Auditors	Audit by Audit & Supervisory Board Members	Reporting on resolutions of the Audit & Supervisory Board, audit plans, audit reports, etc.
June 23, 2023			
July 5, 2023			
March 28, 2024	Audit & Supervisory Board Members / External Auditors	Confirmation of execution of business	Explanation and discussion related to confirmation of execution of business
April 26, 2023	Internal audits	Internal audits plans	Report on FY2024/3 internal audit plan
June 23, 2023		Internal control over financial reporting	Reporting and discussion of internal control reports related to financial reporting

Audit & Supervisory Board

The Audit & Supervisory Board comprises five members (four men and one woman), and a majority of three members are independent Outside Audit & Supervisory Board Members that meet the standards for independence of Outside Directors and Outside Audit & Supervisory Board Members. Outside Audit & Supervisory Board Members possess extensive experience in accounting, finance, legal affairs, and other disciplines, as well as broad insight into fields such as CSR, corporate governance, and business ethics, and fulfill auditing functions from a third-party, independent standpoint.

The Audit & Supervisory Board holds meetings to share information, deliberate on, and make decisions about important issues related to the Company's audits. It also regularly attends Board of Directors meetings and important internal meetings held by Standing Audit & Supervisory Board Members, and regularly meets with the Representative Director, Outside Directors, and External Auditors. In addition, it works to improve auditing effectiveness through such means as communicating with the Internal Audit Department's Auditing Division when needed.

The activities of the Audit & Supervisory Board Members are as follows.

Category	Activity	Relevance	
		Full-time	Outside
(1) Director	Attendance at Board of Directors meetings	○	○
	Regular meetings with the Representative Director (exchange of opinions, etc.: held semiannually)	○	○
	Regular meetings with Outside Directors (exchange of opinions, etc.: held semiannually)	○	○
(2) Business execution	Interviews and hearings with the President and CEO, Senior Managing Executive Officer, and Managing Executive Officers (implemented for 8 of 8 planned people)	○	—
	Attendance at important meetings, such as Management Meetings, Planning Meetings, Management Strategy Meetings and the Internal Control Council	○	—
	Perusal and confirmation of important documents (Board of Directors meetings minutes, approval requests, approval documents, etc.)	○	●
	Audits of each Company department (implemented for 22 of 23 planned departments)	○	●
	Visits to each business site (implemented for 7 of 7 planned sites)	○	●
(3) Subsidiaries	Visits to domestic and overseas Group companies (27 planned companies, and implemented for 28 companies)	○	●
	Regular meetings with Audit & Supervisory Board members of Group companies (reports on the status of each company's audits, exchanges of opinions, etc.: held annually)	○	●
(4) Internal audits	<p>Regular meetings with the Internal Audit Department (explanation of the plan, report on the implementation status, exchange of opinions, etc.)</p> <ul style="list-style-type: none"> ● Auditing Office (held quarterly) ● Corporate Compliance Program (held quarterly) ● Safety and Quality Auditing (held annually) 	○	●

Category	Activity	Relevance	
		Full-time	Outside
(5) Accounting audits	Regular meetings with the External Auditor (explanation of audit plan, quarterly review reports, audit results reports: held quarterly)	○	○
	Meetings with the External Auditor (in addition to the above, exchanges of opinions, consultations, etc.: held as necessary)	○	—
	External Auditor evaluation (held annually)	○	○

* Relevance [○: Responsible ●: Optional / Partially responsible]

With respect to Key Audit Matters (KAM), along with attending regular meetings and gatherings with External Auditors to confirm brainstorming progress, the Audit & Supervisory Board communicate important information to the executive team as needed.

Nomination and Compensation Committee

The Nomination and Compensation Committee, which is chaired by an Outside Director and consists of Outside Directors, who are in the majority of the Board of Directors, and Representative Directors, reports on the personnel and remuneration of Directors, Executive Officers and other officers in response to requests from the Chairperson of the Board of Directors or Chairperson of the Audit & Supervisory Board, from the point of view of ensuring objectivity, transparency, and validity in the process of decision.

The Nomination and Compensation Committee is administered in line with the regulations for the Nomination and Compensation Committee. This committee has the authority to state the opinions in response to requests from the chairperson of the Board of Directors regarding the decision of the candidates for the Directors and the Audit & Supervisory Board Members, the appointment of executive officers, etc. and the compensation assessment process of Directors and Audit & Supervisory Board Members. The chairperson of the Board of Directors must report the response of the Nomination and Compensation Committee in the Board of Directors meetings regarding the decision of the candidates for Directors and Audit & Supervisory Board Members and the decision on compensation for Directors and Audit & Supervisory Board Members. The Board of Directors meets to make decisions concerning these topics in consideration of responses from the Nomination and Compensation Committee.

The activities of the Nomination and Compensation Committee are as follows.

Number of meetings of the Nomination and Compensation Committee in FY2024/3 was 9

Number of Committee agenda items are as follows

Agenda Category	Number
Appointment of Executive Officers, etc.	14
Compensation for Executive Officers, etc.	2
Appointment of Directors and Audit & Supervisory Board Members	4
Compensation for Directors and Audit & Supervisory Board Members	5
Total	25

Executive Officers

The Company has an Executive Officer System in order to clearly delineate decision-making and supervisory functions from business execution functions and further energize corporate management through swift decision-making.

The Company's 20 Executive Officers (five of whom are also Directors) execute operations as heads of SBUs, sites, or corporate divisions or as presidents of Group companies.

In accordance with the Rules Concerning Circulars (rules relating to job functions) these Executive Officers are given a certain measure of decision-making authority that they exercise to make swift decisions after accurately assessing business opportunities. Certain committees have an Executive Officer nominated by the President and CEO to serve as Chairperson in overseeing efforts to develop driven, responsible managers that will achieve the aims of the medium-term strategy and long-term vision of the Company.

These Executive Officers report important matters concerning business execution at monthly Board of Directors meetings and take advice from Directors and Audit & Supervisory Board Members to serve in supervising the Board of Directors.

Management Meetings

In the course of the President and CEO carrying out basic policies on corporate management as determined by the Board of Directors, the Management Meetings holds discussions and makes decisions about important business plans and business execution plans, as well as individual business operation execution.

Generally meeting twice a month, the committee consists of the President and CEO as well as Directors (excluding Outside Directors) and Executive Officers nominated by the President and CEO. The committee also has two Standing Audit & Supervisory Board Members that give their views on matters when needed.

The committee reports on the progress and results of its proceedings at monthly Board of Directors meetings and takes advice from Directors and Audit & Supervisory Board Members to serve in supervising the Board of Directors.

■ Composition of Each Body and Status of Director Activities (as of June 21, 2024)

Name	Position	Term in Office	Independent Director	Execution of Operations	Board of Directors (FY2024/3 Attendance)	Audit & Supervisory Board (FY2024/3 Attendance)	Nomination and Compensation Committee (FY2024/3 Attendance)	Remarks
Yoshimi Ogawa	Representative Director President and CEO	13 years		●	● (93%)		● (88%)	Chairperson of Board of Directors
Kotaro Sugimoto	Representative Director	5 years		●	● (100%)		● (100%)	
Yasuhiro Sakaki	Director	4 years		●	● (100%)			
Toshio Shiwaku (New appointment)	Director	-		●	● (-)			
Naotaka Kawaguchi (New appointment)	Director	-		●	● (-)			
Teisuke Kitayama	Outside Director	6 years	●		● (100%)		● (100%)	
Toshio Asano	Outside Director	5 years	●		● (100%)		● (100%)	Chairperson of the Nomination and Compensation Committee
Takeshi Furuichi	Outside Director	4 years	●		● (100%)		● (100%)	
Yuriya Komatsu	Outside Director	2 years	●		● (100%)		● (100%)	
Mari Okajima	Outside Director	1 year	●		● (100%)		● (100%)	
Keita Nishiyama	Outside Director	1 year	●		● (100%)		● (100%)	
Mikio Yagi	Standing Audit & Supervisory Board Member	1 year			● (100%)	● (100%)		Chairperson of the Audit & Supervisory Board
Kenichi Yamada (New appointment)	Standing Audit & Supervisory Board Member	-			● (-)	● (-)		

Name	Position	Term in Office	Independent Director	Execution of Operations	Board of Directors (FY2024/3 Attendance)	Audit & Supervisory Board (FY2024/3 Attendance)	Nomination and Compensation Committee (FY2024/3 Attendance)	Remarks
Junichi Mizuo	Outside Audit & Supervisory Board Member	6 years	●		● (100%)	● (100%)		
Hideo Makuta	Outside Audit & Supervisory Board Member	4 years	●		● (93%)	● (100%)		
Hisae Kitayama	Outside Audit & Supervisory Board Member	2 years	●		● (100%)	● (100%)		

* Attendance rate is for FY2024/3.

[> Directors and Senior Management](#)

[> Standards for Independence of Outside Directors / Outside Audit & Supervisory Board Members \[PDF:22KB\]](#) 

Effectiveness Evaluation of the Board of Directors

Every year, Daicel 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.

FY2024/3 Initiatives Based on the FY2023/3 Effectiveness Evaluation

In view of the Effectiveness Evaluation of FY2023/3, in FY2024/3 we spent more time reporting on the status of execution of management strategies, matters related to return on capital and stock prices, and the status of initiatives related to sustainability and human capital in order to further enhance discussions at the Board of Directors.

■ Summary of the Evaluation Process and Results

Evaluation process	Questionnaires were distributed to all Directors and Audit & Supervisory Board Members, the results were further deepened through individual interviews, and the results were summarized and analyzed by the secretariat and reported to the Board of Directors for discussion.
Main evaluation item	<ul style="list-style-type: none"> ● Composition of the Board of Directors ● Details of deliberations, resolutions, reports, etc. ● Method of operation of the Board of Directors

Overview of evaluation results	<p>Members of the Board of Directors engaged in productive discussions with Outside Directors and Outside Audit & Supervisory Board Members who 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, it was confirmed that there are issues to be discussed for further improvement of effectiveness. The main issues raised are as follows:</p> <p>(1) Board composition issues</p> <ul style="list-style-type: none"> ● Discussions to further enhance diversity from a long-term perspective ● Further discussions on the process of appointing senior management <p>(2) Board deliberation issues</p> <ul style="list-style-type: none"> ● Further enhancement of reports on sustainability initiatives and human capital management promotion ● Explanation of individual proposals linked to portfolio management <p>(3) Board operation issues</p> <ul style="list-style-type: none"> ● Further consideration to the provision of information that contributes to appropriate judgment (technical terms, in-house terminology, etc.) ● Discussions on the role of the Chairperson of the Board of Directors
Actions to be taken	<p>We will discuss the above issues at the Board of Directors meeting for FY2025/3 and confirm our commitment to continue addressing them in order to further enhance effectiveness.</p>

Internal Audit

Daicel has established an Auditing Division, Corporate Compliance Program, and Safety and Quality Auditing Division as internal audit units, and works to enhance the effectiveness of audits while communicating with Audit & Supervisory Board Members as appropriate.

Auditing Division	<p>The Auditing Division, in cooperation with the internal audit organization of the Daicel Group, conducts annual audits of each site, including Group companies. In addition, based on the results of audits, it supports the appropriate business activities of the audited organization by proposing improvements to problems. It regularly reports audit results to the Board of Directors and the Audit & Supervisory Board.</p>
Corporate Compliance Program	<p>> Corporate Compliance</p>

Safety and Quality Auditing Division, Assessment Headquarters

The Safety and Quality Auditing Division conducts annual audits on safety,* quality, and the environment at each site, including Group companies. The results of audits are not only fed back to the audited organizations, but are also shared across the entire Group to promote improvements. It regularly reports audit results to the Management Strategy Meetings and the Audit & Supervisory Board.

* “Safety” includes occupational health and safety.

Appointment and Compensation of Directors and Audit & Supervisory Board Members

Appointment and Nomination Procedures for Directors and Senior Management

In nominating and appointing Directors, Audit & Supervisory Board Members, and management executives such as Executive Officers, Daicel seeks individuals with the right personality, knowledge, motivation, ethical stance and management perspectives for leading the Company and who meet the basic criteria of supporting and upholding the Daicel Group’s Basic Philosophy, Sustainable Management Policies, Daicel Group Code of Conduct, and Ethical Standards of Daicel Group, and possess the necessary credentials and experience for enhancing Daicel’s medium- and long-term corporate value. The Board of Directors decides on nominations and appointments based on the advice of the Nomination and Compensation Committee.

Daicel has declared its support for the Challenge Initiatives for 30% of executives* to be women by 2030 (#Here We Go 203030), sponsored by Keidanren. Daicel has positioned Diversity & Inclusion (D&I) as a key materiality. The Company will seek to further enhance our corporate value by combining the power of diverse human resources, including women.

* Executives include senior managers, such as Directors, Audit & Supervisory Board Members, and Executive Officers.

Reasons for Appointment and Status of Activities of Outside Directors and Outside Audit & Supervisory Board Members

Daicel appoints its Outside Directors in accordance with its own Standards for Independence of Outside Directors/Outside Audit & Supervisory Board Members, which require that Outside Directors be sufficiently independent and present no risk of conflicts of interest with general shareholders. Daicel also designates all Outside Directors who satisfy the independence criteria as independent Directors.

Reasons for Appointment of Directors and Audit & Supervisory Board Members (as of June 21, 2024)

Directors	Position	Reason for Appointment
Yoshimi Ogawa	Representative Director	Mr. Ogawa has demonstrated strong leadership in guiding the entire Group toward achieving higher corporate value as the President and CEO of the Company since June 2019. We determined that he is qualified to manage the Daicel Group and its global business given his track record and wealth of experience, achievements and insights related to the overall management of Daicel.
Kotaro Sugimoto	President and CEO	Mr. Sugimoto possesses a wealth of experience, achievements and insights related to the overall management of Daicel, fostered as the head of administrative departments, including finance and accounting, as well as compliance. We determined that he is qualified to manage the Daicel Group and its global businesses.
Yasuhiro Sakaki	Director	Mr. Sakaki possesses a wealth of experience, achievements and insights related to the overall management of Daicel, fostered as president of an overseas subsidiary and head of the Safety segment and departments involved in promoting corporate strategy. We determined that he is qualified to manage the Daicel Group and its global businesses.
Toshio Shiwaku	Director	Mr. Shiwaku possesses a wealth of experience, achievements and insights related to the corporate management of the Daicel Group and overseas business, fostered by being responsible for areas such as research and development, management strategy, and new business development at Polyplastics Co., Ltd., a major subsidiary of the Daicel Corporation Group, and also serving as its Representative Director and President. We determined that he is qualified to manage the Daicel Group and its global business.
Naotaka Kawaguchi	Director	Mr. Kawaguchi possesses a wealth of experience, achievements, and insights related to Daicel's management and production technologies, such as serving as a manager of Daicel's Safety Business, the president of overseas subsidiaries, a manager of the division involved in the planning and implementation of measures for improving Daicel's production technology capabilities and solving issues. We determined that he is qualified to manage the Daicel Group and its global business.
Teisuke Kitayama	Outside Director	Mr. Kitayama possesses a wealth of insights and experience, fostered as a manager of financial institutions, and applies these in the management of Daicel.
Toshio Asano	Outside Director	Mr. Asano possesses a wealth of insights and experience, fostered as a manager of companies that manufacture and sell chemical goods, and applies these in the management of Daicel.

Directors	Position	Reason for Appointment
Takeshi Furuichi	Outside Director	Mr. Furuichi possesses a wealth of insights and experience fostered as a manager of a financial institution, and applies these in the management of Daicel.
Yuriya Komatsu	Outside Director	Ms. Komatsu possesses a wealth of insights and experience, fostered as a manager of investment companies in Japan and overseas and communications companies, and applies these in the management of Daicel.
Mari Okajima	Outside Director	Ms. Okajima possesses highly specialized knowledge and experience as an academic expert who has conducted various research related to customer satisfaction and social issues with a focus on the SDGs, and applies these insights and experience in the management of Daicel.
Keita Nishiyama	Outside Director	Mr. Nishiyama possesses in-depth knowledge of economic, industrial, and IT policy that he has cultivated during his duties at the Ministry of Economy, Trade and Industry, and a wealth of knowledge as a manager that he has cultivated at an electric power company and investment company, and applies these insights and experience in the management of Daicel.

Audit & Supervisory Board Members	Position	Reason for Appointment
Mikio Yagi	Standing Audit & Supervisory Board Member	Mr. Yagi has served as the President and CEO of a Group company as well as the responsible person for the Safety segment, etc. Given his insights from by his extensive experience and special expertise in the fields related to production, sales, product quality, etc. of Daicel, we determined that he is qualified to serve as an Audit & Supervisory Member responsible for implementing audits based on a neutral and objective perspective to ensure sound management at Daicel.
Kenichi Yamada	Standing Audit & Supervisory Board Member	Mr. Yamada has served as the president of a Group company, as well as the head of Daicel's business support division, and the division responsible for planning sustainable management. Given his insights from his extensive experience in corporate governance and sustainability within the Group, we determined that he is qualified to serve as an Audit & Supervisory Board Member responsible for implementing audits based on a neutral and objective perspective to ensure sound management at Daicel.

Audit & Supervisory Board Members	Position	Reason for Appointment
Junichi Mizuo	Outside Audit & Supervisory Board Member	Mr. Mizuo possesses highly specialized knowledge and experience as a scholar of CSR, corporate governance, and business ethics. He has also served as an Outside Director and is experienced in practical business operations. For these and other reasons, we have determined that he is qualified for the post of Outside Audit & Supervisory Board Member.
Hideo Makuta	Outside Audit & Supervisory Board Member	Mr. Makuta possesses highly specialized knowledge and extensive insights as an attorney at law and has served as a prosecutor at the Supreme Prosecutors Office, a member of the Fair-Trade Commission, and an outside officer of companies. Given this track record, we have determined that he is qualified for the post of Outside Audit & Supervisory Board Member.
Hisae Kitayama	Outside Audit & Supervisory Board Member	Ms. Kitayama possesses highly specialized knowledge and extensive insights as a certified public accountant and has served as a partner at a major auditing firm and an executive for an association of certified public accountants. She also has experience with corporate affairs as an Outside Director. For these and other reasons, we have determined that she is qualified for the post of Outside Audit & Supervisory Board Member.

* The Directors and Kenichi Yamada and Hideo Makuta, Audit & Supervisory Board Members, were appointed on June 21, 2024. Other Audit & Supervisory Board Members were appointed on the day of the Ordinary General Meeting of Shareholders held in previous fiscal years.

■ Directors' and Auditors' Primary Areas of Knowledge and Experience (Skill Matrix)

	Name	Corporate management	Global management	Marketing /Business planning	Technology /R&D	Finance and accounting	Legal affairs, intellectual property, risk management	DX	Sustainability	
									Environment	Diversity, Equity & Inclusion
Directors	Yoshimi Ogawa	•	•		•			•	•	
	Kotaro Sugimoto	•	•			•	•			•
	Yasuhiro Sakaki	•	•	•			•		•	
	Toshio Shiwaku	•	•	•	•		•			
	Naotaka Kawaguchi	•	•		•			•	•	
	Teisuke Kitayama	Outside	•	•			•	•		•

	Name		Corporate management	Global management	Marketing /Business planning	Technology /R&D	Finance and accounting	Legal affairs, intellectual property, risk management	DX	Sustainability	
										Environment	Diversity, Equity & Inclusion
Directors	Toshio Asano	Outside	•	•		•				•	
	Takeshi Furuichi	Outside	•	•			•				•
	Yuriya Komatsu	Outside	•	•			•	•			•
	Mari Okajima	Outside			•		•				•
	Keita Nishiyama	Outside	•					•	•	•	
Audit & Supervisory Board Members	Mikio Yagi		•	•	•			•			•
	Kenichi Yamada		•		•		•			•	•
	Junichi Mizuo	Outside						•		•	•
	Hideo Makuta	Outside					•	•			•
	Hisae Kitayama	Outside					•	•			•

* Up to five items that are particularly expected of each person are listed. The above matrix does not represent all the knowledge and experience of each person.

Compensation for Directors and Audit & Supervisory Board Members

1. Basic Policy

- (1) The Compensation of Directors and Audit & Supervisory Board Members shall be determined by Board of Directors' resolutions for Directors and Audit & Supervisory Board Members' discussions for Audit & Supervisory Board Members, within the scope of the total amount of compensation, etc. approved at the General Meeting of Shareholders.
- (2) The 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 the position. This rule does not apply to Outside Directors, who shall be paid only 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 decisions 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 fulltime.

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 situations, among other factors.

(2) Performance-linked remuneration

Performance-linked remuneration of Directors is 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 evaluate things such as 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%, depending on the level of accomplishment of the performance indicators. The payout rates linked to the indicators are calculated as shown in the table below.

Indicator	Weight	Target achievement rate	Coefficient
Consolidated net sales	50%	120% or more	200%
		More than 100% but less than 120%	*1
		100%	100%
		More than 80% but less than 100%	*2
		80% or less	0%
Consolidated operating income	50%	120% or more	200%
		More than 100% but less than 120%	*1
		100%	100%
		More than 80% but 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 amounts 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 amounts of the performance-based bonuses.

(3) Restricted Stock Compensation System

Daicel introduced the 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.

* The executive compensation system is current as of April 1, 2024. Daicel does not have a system for paying retirement benefits to officers.

■ FY2024/3 Total Compensation

Category	Number of Recipients	Amount (Annual)			
		Cash Compensation		Stock-based Compensation	Total
		Monthly Compensation	Performance-based Bonus		
Directors	12	271 million yen	120 million yen	55 million yen	447 million yen
(Outside Directors)	(8)	(79 million yen)	(–)	(–)	(79 million yen)
Audit & Supervisory Board Members	6	111 million yen	–	–	111 million yen
(Outside Members)	(3)	(39 million yen)	(–)	(–)	(39 million yen)
Total	18	383 million yen	120 million yen	55 million yen	559 million yen

* A resolution of the 158th Ordinary General Meeting of Shareholders held on June 21, 2024, held the amount of compensation for Directors to a maximum of 640 million yen annually (including compensation for Outside Directors to a maximum of 140 million yen annually).

* A resolution of the 158th Ordinary General Meeting of Shareholders held on June 21, 2024, held the amount of compensation for Audit & Supervisory Board Members to a maximum of 130 million yen annually.

Return of Stock Compensation

For the purpose of ensuring the soundness of the stock compensation system for Directors, the Board of Directors has established a provision to confiscate all or part of the stock-compensation before or after the lifting of the transfer restriction at the discretion of the Board of Directors in the event of a certain reason such as an unlawful act.

Training for Directors, Audit & Supervisory Board Members and Executive Officers

Directors and Audit & Supervisory Board Members attend external seminars and training sessions in order to accomplish such things as acquiring the knowledge necessary for the performance of their duties and work tasks, as well as to update their skills. The Company bears the costs of these activities.

It also provides annual compliance training for Directors, Audit & Supervisory Board Members, Executive Officers, and other employees such as senior employees (excluding Outside Directors).

In addition, we provide opportunities for Outside Directors to tour our manufacturing sites and receive an explanation of Daicel's business activities so they can better understand our business and utilize their knowledge in discussions within Board of Directors meetings.

In FY2024/3, we conducted executive training on corporate ethics, explained the business of Polyplastics Co., Ltd., a major subsidiary of the Daicel Group, explained the business of the Material SBU, Safety SBU, and Smart SBU, and reported on our sustainability activities.

[> Education and Training Programs](#)

Establishment of the Internal Control System

Daicel develops and manages a system of internal controls under its Basic Policy for Structuring the Internal Control System to ensure the appropriateness of its business operations as stipulated under Japan's Companies Act.

Furthermore, Daicel has established the Internal Control Council chaired by a senior managing executive officer, who concurrently serves as the general manager of the Corporate Support Headquarters and comprising general managers of corporate departments as members, to accurately grasp the status of the establishment and management of these systems and to discuss related measures toward ultimately ensuring the effectiveness of internal controls throughout the Group.

Standing Audit & Supervisory Board Members also attend meetings held by the council as observers. The council provides a report on its activities to the Audit & Supervisory Board and Board of Directors, and the Board of Directors has confirmed that the Basic Policy is being implemented appropriately.

[> Basic Policy for Structuring Internal Control Systems \[PDF : 107KB\]](#) 

Policy Regarding Cross-Holding of Shares

Policy on Cross-Holding of Shares

Daicel only adheres to a shareholding policy insofar as it is judged to contribute to the improvement of the medium- and long-term corporate value of Daicel Group from the perspectives of, for example, strengthening business relationships, maintaining the stability of transactions with financial institutions, and maintaining or strengthening cooperative business relationships.

When any stocks do not meet the purpose of our possession or are not recognized as being economically rational due to changes in the business environment or other factors, we will reduce them accordingly.

We regularly review the purpose and appropriateness of all stocks we hold, as well as the quantitative and qualitative benefits of our business transactions and the economic practicality of the risk of such transactions. The results of these reviews are reported to the Board of Directors, which examines their content.

Cross Shareholdings of the Company (investment shares held for purposes other than to be net assets)

In line with the above-mentioned policy, in FY2024/3 the Company sold all shares of two securities and some shares of four securities out of 22 listed securities held by the Company. We also newly acquired shares of one unlisted security. As of the end of FY2024/3, the Company held 47 stocks for a balance sheet amount of ¥71.2 billion. Although the Company proceeded with the sale of strategic shareholdings as planned, the rise in share prices has increased the market value of shares. This resulted in an increase in the amount recorded on the balance sheet.

		FY2021/3	FY2022/3	FY2023/3	FY2024/3
Number of brands of stocks (brands)	Unlisted stocks	28	27	26	27
	Listed stocks	26	25	22	20
	Total	54	52	48	47
Amount reported in the balance sheet (billions of yen)	Unlisted stocks	13	13	13	19
	Listed stocks	645	653	576	692
	Total	659	666	589	712
Ratio of consolidated net assets (%)		26.9	23.7	19.0	19.0

■ Cross Shareholdings (top 10 securities) (as of March 31, 2024)

Stock	No. of Shares	Amount Reported in Balance Sheet at Fiscal Year-end (Millions of yen)	Purpose of Shareholding
FUJIFILM Holdings Corporation	4,531,249	45,810	Given our business transactions involving cellulose acetate and other products, we have continuously held these shares to maintain and strengthen our favorable relationship with the company.
Japan Tobacco Inc.	1,500,000	6,081	Given our business transactions involving acetate tow and other products, we have continuously held these shares to maintain and strengthen our favorable relationship with the company.
Tokyo Ohka Kogyo Co., Ltd.	813,300	3,724	Given our business transactions involving organic chemicals, we have continuously held these shares to maintain and strengthen our favorable relationship with the company.
DAIKIN INDUSTRIES, LTD.	156,000	3,213	We have continuously held the shares to maintain and strengthen our favorable relationship with the company in pursuing joint development of products and other activities.
NAGASE & CO., LTD.	1,197,000	3,057	Given our business transactions involving organic chemicals, we have continuously held these shares to maintain and strengthen our favorable relationship with the company.
Mitsubishi UFJ Financial Group, Inc.	981,790	1,528	We have continuously held these shares to maintain and strengthen our favorable relationship with the company to ensure stable financial and settlement operations for the Daicel Group.
Sumitomo Mitsui Financial Group, Inc.	145,520	1,296	We have continuously held these shares to maintain and strengthen our favorable relationship with the company to ensure stable financial and settlement operations for the Daicel Group.

Stock	No. of Shares	Amount Reported in Balance Sheet at Fiscal Year-end (Millions of yen)	Purpose of Shareholding
Toyoda Gosei Co., Ltd.	369,700	1,199	Given our business transactions involving automobile airbag inflators and other products, we have continuously held these shares to maintain and strengthen our favorable relationship with the company.
Osaka Soda Co., Ltd.	64,800	625	Given our business transactions involving organic chemicals and other products, we have continuously held these shares to maintain and strengthen our favorable relationship with the company.
Nihon Plast Co., Ltd.	1,000,000	559	Given our business transactions involving inflators for automobile airbags and other products, we have continuously held these shares to maintain and strengthen our favorable relationship with the company.

Cross Shareholdings of the Company (total investment securities and deemed holdings of shares for purposes other than to be net assets)

	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Total amount of cross-shareholdings (billions of yen)	856	891	730	925
Ratio of consolidated net assets (%)	34.9	31.9	23.5	24.7

Plan for Future Stockholding Reductions

In light of various circumstances that include the impact on the market and the financial strategies of the issuing entity, the Company plans to sell any stock that fails to satisfy our purpose for shareholding or that is deemed to be no longer economically practical due to factors that include changes in the business environment.

The balance of cross shareholdings not including deemed holdings of shares and cross shareholdings including deemed holdings of shares as a proportion of consolidated net assets from FY2025/3 to FY2026/3 is expected to be as shown below. Although the reduction plan has not been revised, the ratio of strategic shareholdings to consolidated net assets is expected to increase due to the rise in stock prices compared to May 11 2023's external announcement.

	FY2025/3	FY2026/3
Total amount of cross-shareholdings (excluding deemed holdings of shares) (billions of yen)	549	370
Ratio of consolidated net assets (%)	13.7	9.5
Total amount of cross-shareholdings (including deemed holdings of shares) (billions of yen)	761	582
Ratio of consolidated net assets (%)	19.1	14.9

* The Company's reduction plan is based on information obtained by the Company as of May 26, 2023 and on certain assumptions deemed to be reasonable. Actual figures may diverge from the plan due to various factors.

Communication with Shareholders and Investors

Appropriate Information Disclosure and Constructive Dialogue

Daicel encourages fair evaluation of its corporate value by following its Disclosure Policy to foster accurate understanding of the Company among its stakeholders, including shareholders and investors. With the aim of building relationships of trust with all its stakeholders, Daicel has disclosed corporate information in a timely, impartial, accurate, and proactive manner on an ongoing basis. We also carry out IR activities to engage in dialogue with our shareholders and investors to further enhance our corporate value.

[> Our Disclosure Policy, including our basic policy on information disclosure](#)

General Meeting of Shareholder

We have considered the Annual General Meeting of Shareholders as a valuable opportunity to engage with our shareholders. For this reason, Daicel posts the convocation notice for its Annual General Meeting of Shareholders on its website prior to distributing it by postal mail, aiming to provide shareholders with sufficient time to examine the agenda items. Moreover, to ensure that as many shareholders as possible to exercise their voting rights, we offer voting alternatives via postal mail or the Internet, using computers, smartphones and other devices, for those who are unable to attend the meeting.

To facilitate their further understanding of initiatives of the Daicel Group, we are striving to provide easy-to-understand answers to questions voiced by shareholders.

At the Ordinary General Meeting of Shareholders held on June 23 2023, when COVID-19 had already been classified as a Class 5 disease, infection prevention measures were continued at the venue, while the time required for the General Meeting

of Shareholders was limited to one hour or less, and the limit on the number of questions from shareholders was eliminated. With the safety of our shareholders as a top priority, we held the General Meeting of Shareholders with an emphasis on dialogue, using it as a valuable opportunity for communication with our shareholders.

IR Activities

Under the supervision of the officer in charge of IR, the Company promotes IR activities in cooperation with the management team including the President and CEO, and related departments such as the IR department. In line with the forementioned basic policy on Information disclosure, Daicel adopts a proactive approach toward its IR activities.

By holding quarterly financial briefing session and things such as individual interviews, interviews at conferences sponsored by securities companies, and small meetings with the President and CEO, the Company strives to promote communication, aspiring to foster better understanding of the Daicel Group among institutional investors. In FY2024/3, we held business briefings on the Life Sciences and Engineering Plastics businesses as well as small meetings with Outside Directors as opportunities to promote a better understanding of the Daicel Group's businesses.

We provide information to individual investors through our corporate website, and strive to enhance its content so that they can understand the Daicel Group in an easier-to-understand manner. Furthermore, we conducted an online survey of 2,000 individual investors to develop a deeper understanding of the Daicel Group and ask their opinion about Daicel Group.

Furthermore, we offer an email newsletter service providing information that Daicel has published on TDnet and EDINET. [Please follow this link to sign up for our investor relations email newsletter.](#)

> [Investor Relation](#)

■ FY2024/3 Activities

Activity	Frequency	Outline
Financial briefing sessions for analysts and institutional investors	4	Held briefings on a quarterly basis (the second and fourth quarter briefings were hosted by the President and CEO, while the first and third quarter briefings were hosted by the Head of the Investor Relations Department)
Strategy briefings for analysts and institutional investors	2	Held briefings as follows: Engineering Plastics business on June 16, 2023 Life Sciences business on December 7, 2023
Individual interviews with analysts and institutional investors	Approx. 160 interviews	Hosted by the Investor Relations Department centered on the head of the Investor Relations Department or the officer in charge of IR
Small meetings with domestic institutional investors	3	Held opinion exchange meetings with domestic institutional investors by the President and CEO and Outside Directors
Participation in conferences for overseas investors	3	The officer in charge of IR and the head of the Investor Relations Department participated in conferences in Japan for overseas institutional investors held by securities companies

Feedback on Dialogue with Shareholders and Investors

The IR department feeds back to management and related departments as needed about the content of dialogues with shareholders and investors, their opinions and requests, and the content of analyst reports. In addition, the officer in charge of IR reports the dialogue to the Board of Directors and the IR department reports it to the management team on a quarterly basis at the meetings, which is used in discussions aimed at improving our corporate value.

Corporate Compliance

Basic Approach

Corporate compliance constitutes one of the foundations upon which we pursue sustainable management. To further enhance our law-abiding corporate compliance activities, since the establishment of the Daicel Chemical Industries Code of Conduct on March 25, 1998, we have made revisions to our policies and rules concerning corporate compliance according to changes in internal policies and in society.

Consequently, we put two new policies into effect on April 1, 2023. The first was the Daicel Group Code of Conduct, a guide for all Daicel Group officers and employees to follow in order to remain constantly aware of the prime importance of becoming a self-sufficient member of society, and to govern one's own behavior. The second was the Ethical Standards of Daicel Group, which address all officers and employees of the Daicel Group, as well as all business areas and company activities in our supply chain, and which encapsulates the norms we must observe as company.

The Daicel Group has sought to clarify the relationship between our Sustainable Management Policy formulated in 2020 and our other policies, and to ensure that all personnel, whether internal or external, are familiar with and practicing our management policy of prioritizing safety, quality, and compliance, the foundation of the Group's manufacturing operations. The Daicel Group believes that instilling good corporate compliance into every employee is an important managerial objective. Therefore, as part of our corporate compliance activities, every one of our departments and groups ("organizations") makes Corporate Compliance Action Plans every year based on the Daicel Group Code of Conduct and Ethical Standards of Daicel Group. The Corporate Compliance Action Plans are used to maintain a uniform set of values throughout the Group.

[> Daicel Group Code of Conduct](#)

[> Ethical Standards of Daicel Group](#)

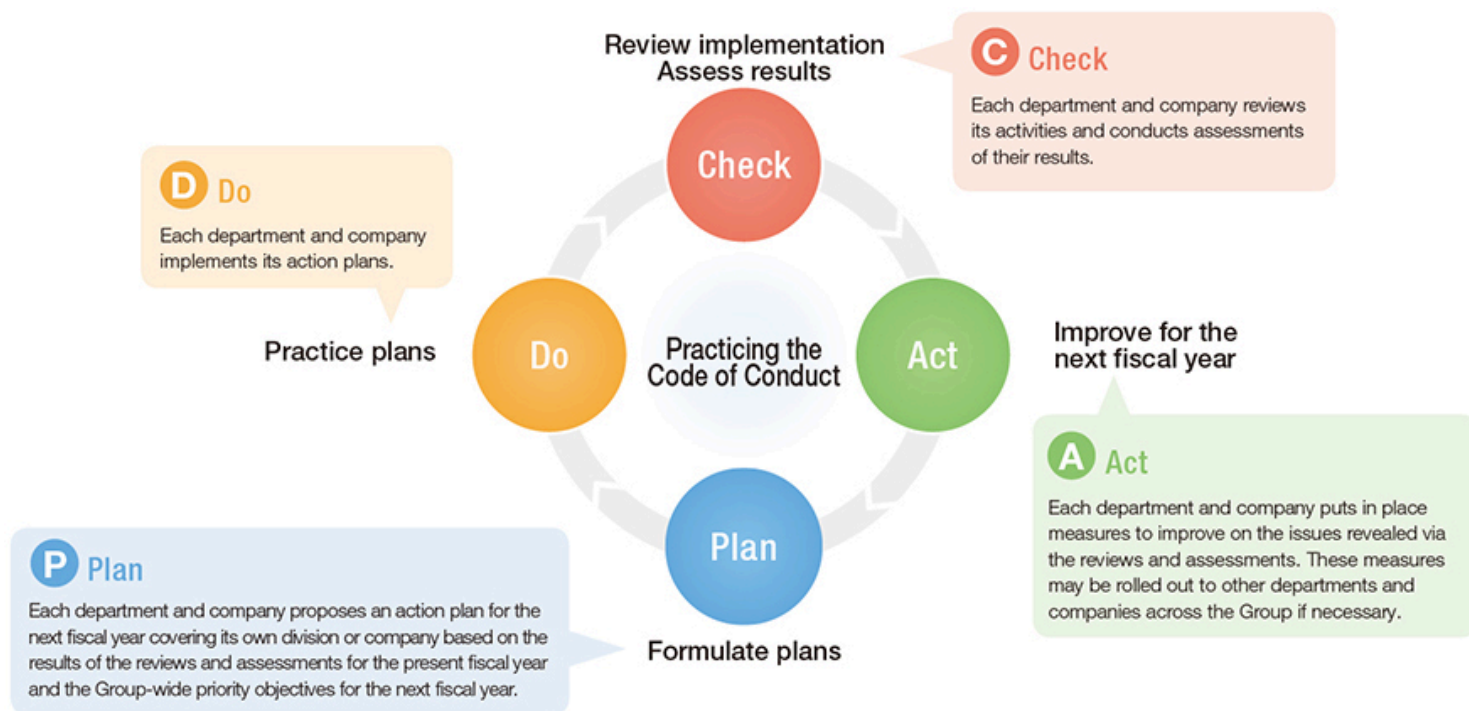
Corporate Compliance Management System

To promote corporate compliance activities, the Daicel Group established the Corporate Compliance Management Regulations and the Corporate Compliance Management System based on a check-act-plan-do (CAPD) cycle* to drive continuous improvement and development of activities.

The Daicel Group believes that corporate compliance should not be limited to the activities of certain individuals or organizations but should be practiced by all Group employees.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

■ Corporate Compliance Management System Based on the CAPD Cycle



Corporate Compliance Program Promotion System

Daicel 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. The head of each organization appoints a corporate activity facilitator to spearhead corporate compliance activities.

Each organization submits a report on the status of corporate compliance and outstanding issues to the Corporate Compliance Program Division at the end of the fiscal year. The division compiles these reports and presents them at the Top Management Review on corporate compliance, which is attended by the top management, Standing Audit & Supervisory Board members, and the Workers' Union representative, to discuss related issues and objectives for the next fiscal year. The result of the discussion is reported to the Board of Directors, which deliberates on key objectives for the next fiscal year. Following approval by the Board of Directors, the Corporate Compliance Program Division presents the priority objectives to each organization, which then formulates activity plans in accordance with the priority objectives.

The Corporate Compliance Program Division serves as a venue for dialogue for the promotion of corporate compliance programs with each organization. We used an on-demand format and customized contents in FY2024/3 based on the needs of each organization. Listening sessions are held to ascertain the current state of each organization's compliance activities, and if necessary, the relevant divisions participate and offer advice on corporate compliance programs. These exchanges of views and other activities also serve, incidentally, as a type of internal audit, and in addition to the state of corporate compliance activities, the Corporate Compliance Program Division also checks the status of compliance violations (such as relationships with competitors, entertainment, and donations to public officials). We then further review the contents of reports and consultations received through the whistleblower system established at each Group company and the responses to such reports and consultations.

In the event that the Corporate Compliance Program Division identifies any issues that may significantly impact corporate management, it will confirm the facts and promptly report to the corporate compliance officer and the Standing Audit & Supervisory Board members to discuss how to respond.

In addition, the Corporate Compliance Program Division submits a periodic report about four times a year to the Board of Directors. This report summarizes the reports received and consultations undertaken through each Group company's Compliance Help Line, which were set up to identify and adjust for management risks at an early stage, as well as the status of response and results.

> Compliance Help Line System (Whistleblower System)

■ Corporate Compliance Program Promotion System



Legal Compliance System

Daicel has established the Legal Compliance System, through which supervisory divisions in charge of ensuring compliance with different laws manage information on the latest legal developments. The Legal Compliance Division is made up of different departments, centering around the corporate departments such as the Legal Group. They provide relevant departments with legal information on any amendment of laws and guidelines as well as educational materials to ensure thorough legal compliance.

This information is also provided to domestic Group companies. When new laws and regulations are established, the Legal Group temporarily takes on the role of a legal compliance division to confirm their details and other important matters before designating the appropriate legal compliance division.

Initiatives Pursued by Daicel's Committees

To address specific compliance issues, such as export management and the protection of personal information, Daicel has established individual committees in accordance with each set of relevant rules and regulations. These committees maintain and promote compliance.


■ Committees (Excerpt)

Committees	Regulations	Frequency of Meetings	Members	Purpose
Risk Management Committee	Risk Management Regulations	Once per year	Chairman: Senior Managing Executive Officer Members: Representatives of relevant divisions	To discuss and approve issues and countermeasures related to promoting risk management of the entire Group
Information Disclosure Committee	Regulations on Information Disclosure	As needed	Chairman: President and CEO Vice Chairman: Senior Managing Executive Officer Members: Management and heads of other related divisions	To discuss and determine the concrete details, schedule, and methods of information disclosure and to discuss information that may be required for future disclosure from the perspective of crisis management

Committees	Regulations	Frequency of Meetings	Members	Purpose
Export Controls Committee	Regulations on Export Controls	Once per year	Chairman: Senior Managing Executive Officer Members: <ul style="list-style-type: none"> ● General Manager of Production Management Headquarters ● Deputy General Manager of Corporate Planning & Strategy Headquarters ● Head of Responsible Care Division, Safety and Quality Assurance Headquarters ● Head of Corporate Compliance Program ● Head of Legal Group 	To establish and thoroughly integrate an internal management system across the Company to ensure there are no illegal export activities or provision of goods and technologies under security trade-related laws and regulations for maintaining international peace and security
Personal Information Protection Committee	Regulations on Personal Information Protection	As needed	Chairman: Senior Managing Executive Officer Members: <ul style="list-style-type: none"> ● Head of Corporate Compliance Program ● Head of Personnel Group ● Head of Digital Strategy Center ● Head of Investor Relations & Corporate Communications ● Head of Legal Group ● Head of Administration & Secretary Group 	To ensure the proper handling of personal information based on the relevant laws and regulations such as the Act on the Protection of Personal Information

Fair Business Practices

In the Ethical Standards of Daicel Group, it states “We practice fair business and competition. We understand laws, regulations and rules of each country. We do not involve in unfair or anti-competitive business practices, including collusion, cartels, and bid rigging.” In April 2024, we created the

[Daicel Group Basic Policies on Anti-Corruption and Compliance with Competition Law \[PDF : 149KB\]](#)  .All Daicel Group employees are required to act in line with the word and spirit of this policy and live up to the code in their day-to-day operations. In FY2024/3, there were no reports of anti-competitive behavior, violations of laws or regulations governing corruption, bribery and conflicts of interest, or other illegal activities, or fines or monetary penalties.

[> ESG Data](#) [Refer to page 8 "Corporate Compliance."](#)

Compliance with Antitrust Laws

In its business activities, the Daicel Group has established the Daicel Group Basic Policies on Anti-Corruption and Compliance with Competition Law. To maintain free and fair competition, the Group also abides by the Antimonopoly Act (the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade), the Subcontract Act (the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors) as well as laws, regulations, and guidelines on anticompetitive behavior stipulated by each country. Daicel has formulated our own manuals such as "Compliance Manual for the Antimonopoly Act", "DOs & DON'Ts Practical Guide on U.S. antimonopoly law", and "Practical Guide on EU Antimonopoly Law." We concurrently work to raise employee awareness through rank-based group training and e-learning. For employees who are to be transferred outside of Japan, we educate them on local laws and regulations as well as other important issues. We provide education that caters to the needs of each company by organizing e-learning for the prevention of anticompetitive behavior for officers and employees at domestic Group companies, as mentioned above, while also providing English language educational materials and confirmation tests for overseas Group companies.

[> Education and Training Programs](#)

Prevention of Bribery and Corruption

The Daicel Group has signed the United Nations Global Compact and is determined to prevent all forms of corruption, including bribery. Regardless of where we operate, domestically or overseas, we strictly forbid engagement in any actions that may be perceived as bribery, and we maintain highly transparent relationships with politicians, governments (public servants), business partners, and all other stakeholders. As stipulated in the Ethical Standards of Daicel Group and the Daicel Group Basic Policies on Anti-Corruption and Compliance with Competition Law, we prohibit the giving and accepting of gifts, meals, and entertainment to or from business partners, except when it is deemed to be within the scope of sound business practices and social norms, and any such conduct is approved each time by the relevant division head. In addition, each organization conducts a periodic inventory of risks involved in business activities, including corruption and bribery.*¹

Daicel educates its employees on preventing corruption through rank-based group training and e-learning. For employees who are to be transferred outside of Japan, we provide training on the Prevention of Bribery of Foreign Public Officials under the Unfair Competition Prevention Act, and precautions regarding local laws and regulations, including the extraterritorial reach of the US Foreign Corrupt Practices Act. We provide education catered to the needs of each company by organizing the above-mentioned e-learning for the prevention of anti-competitive practices for domestic Group company officers and employees, while providing English-language educational materials and confirmation tests for overseas Group companies.

The Corporate Compliance Program Division conducts hearings at each organization about entertaining public employees, based on payment records, and reports the results to the Top Management Review for corporate compliance.*2

Furthermore, the internal whistleblowing system also covers corruption and bribery, and suspicious cases are investigated and properly addressed under the system.

*1 The Corporate Compliance Program Division conducted audits and found no serious risks concerning corruption or bribery at any organization in FY2024/3.

*2 The Corporate Compliance Program Division conducted audits and flagged no prohibited expenditures at any organization in FY2024/3.

[> Joining the United Nations Global Compact](#)

Information Management

In the Ethical Standards of Daicel Group, we made the following statement, “We commit to the safeguarding of our company’s and third parties’ confidential information, including personal data, by maintaining an effective information security system. Accordingly, we practice proper and appropriate information management.”

[> Information Security / Information Management](#)

[> Daicel Group Policy on the Protection of Personal Information \(Privacy Policy\)](#)

[> Basic Policy on the Proper Handling of Specific Personal Information, etc.](#)

Protection of Intellectual Property

Our group respects the intellectual property rights held by third parties based on the Ethical Standards of Daicel Group and “1-(viii) Protection of Intellectual Property.” We recognize that the intellectual property rights (patents, utility models, trademarks, design rights, etc.) that belong to the companies are important assets, and work to maintain and preserve such assets.

[> Initiatives Related to Intellectual Property](#)

Tax Policy

Regardless of where we conduct business, the Daicel Group strives not only to comply with applicable laws and regulations, social norms, and internal regulations but also to act with social decency to earn the trust of society. When dealing with tax matters, we will thoroughly investigate tax risks associated with international business transactions, including transfer pricing, to ensure that our tax payments are made in a legally compliant and appropriate manner.

[> Tax Policy](#)

Priority Objectives and Results of Corporate Compliance Activities

Based on issues identified in FY2023/3, we set the Group-wide priority objectives for FY2024/3 as follows.

FY2024/3 Priority Objectives of the Daicel Group's Corporate Compliance Activities

- (1) Detect workplace problems at an early stage to “nip them in the bud” (Bad News Fast & First)
- (2) Creation of workplaces where all members can “Visualize, Voice, Listen and Respond”

Until last fiscal year for two consecutive years, we set priority objectives that can be shared by every organization. This year, we maintain this as our goal. At the same time, we encourage each organization to set and implement specific goals that are necessary and sufficient. These goals should be directly linked to the issues in each organization's operations and corporate ethics, as our current corporate compliance activities at each organization are centered around awareness raising such as education and training.

Summary of Activities in FY2024/3

FY2024/3 was an especially impactful year for our group due to increased attention from the society on compliance following scandals at other well-known companies. For us:

- In the previous fiscal year, we saw a major compliance issue with the “misconduct related to the certification by Underwriters Laboratories Limited Liability Company for the products of our group company.”
- It was the first year in which the new Daicel Group Code of Conduct and the Ethical Standards of Daicel Group were established following the major compliance issue.

Given these factors, interest in compliance within the Group has likely increased. During the Compliance Awareness Month, the corporate compliance officer gave the statement in a particularly stern tone, which was not seen in other years.

The number of internal reports and reports through the reporting line also increased, indicating that the Corporate Compliance Management System (CAPD cycle) functioned to some extent, as we faced the reality, by identifying issues, and correcting them one by one.

However, this does not mean that there were no compliance violations; several significant issues were reported, with some discovered through internal whistleblowing. Some internal reports revealed a lack of psychological safety in the workplace. The Corporate Compliance Management System's viability hinges on this factor. This has shown us the necessity for an organizational cultural reformation.

Priority Objectives for FY2025/3

Even though we have had the same priority objectives for three years in a row, we have yet seen visible changes in our organizational culture at work as a result. The idea behind this objective is to create psychological safety in the workplace. The leader's goal will be to turn the climate to be one where workers feel they have the right support and permission for "voice." To achieve that, leaders must think about what they can do. In parallel, we have also defined our common initiatives to clarify specific actions.

FY2025/3 Priority Objectives of the Daicel Group's Corporate Compliance Activities

- (1) Bad News Fast & First (Early detection and action for workplace problems)
- (2) Let's create a workplace where all members can "Visualize, Voice, Listen and Respond"

Initiatives for the Daicel Group Compliance Awareness Month

In addition to the initiatives planned by each workplace, we also designated every August and September as the Daicel Group Compliance Awareness Month. In FY2024/3, we carried out the following activities according to the Priority Objectives of the Daicel Group's Corporate Compliance Activities.

1. Small Group Discussions

We created a number of cases requiring the attention of all Group employees, and the participants held discussions in small groups. We examined issues that require our attention by linking them to the Daicel Group Code of Conduct and discussing the causes of their occurrence, countermeasures, and similar experiences to recognize and share diverse opinions while at the same time also developing an understanding of how important it is for us to "Voice" and "Listen and Respond."

(1) Case involving the acquisition of unauthorized authentication

Case objective: To gain an understanding of improper practices concerning third-party authorization related to the Group's products

(2) Case involving long working hours

Case objective: To know the importance of the right working hours, which is essential for work-life balance.

(3) Case involving dishonest behavior (harassment)

Case objective: There is a coined term "customer harassment." This example helps to understand the importance of appropriate behavior towards service providers.

2. Educational Sessions

E-learning courses for subjects that include those indicated below are provided to all Daicel Group company employees every year, including contract employees and temporary workers. In FY2024/3, these courses were held at 100% of all Daicel Group companies and 11,354 personnel (89.2% of all personnel) took part in the courses.

- (1) An overview of compliance, including laws about fair business practices, and prevention of corruption, such as the Antitrust Law and the Unfair Competition Prevention Act
- (2) The Daicel Group Code of Conduct and the Ethical Standards of Daicel Group
- (3) Case study on the misconduct related to the certification by Underwriters Laboratories Limited Liability Company for the products of our group company
- (4) FY2024/3 corporate compliance group priority objectives
- (5) The compliance help line system

* There are 12,732 personnel in the Daicel Group, including contract employees and temporary workers (as of end of March 2024)

3. Senryu* Contest

We encouraged our Daicel Group employees in Japan to submit their own senryu poem on compliance and then selected and awarded excellent examples for prizes from 447 submissions. The contest provided employees with an outstanding opportunity to reflect on compliance.

* Senryu is a humorous seventeen-syllable poem.

Education and Training Programs

Daicel systematically provides corporate compliance training tailored to each position and role for new graduate recruits, recently promoted employees, managers, directors, presidents of domestic Group companies, employees posted to companies outside Japan, and others. The Corporate Compliance Program Division also organizes seminars on compliance-related themes in response to requests from individual divisions and Group companies.

Along with the group training mentioned below, as in FY2023/3, compliance-related study materials that include news, group discussions, comics, and quizzes were made available every month on the Group's intranet. This is being done to facilitate a greater utilization of these materials at workplaces. We have also created the Handbook for Practicing the Daicel Code of Conduct and the Ethical Standards of Daicel Group as a supplementary guide to better understanding of the Code of Conduct and Ethical Standards. This handbook is used in company internal training sessions.

■ Group Training Programs in FY2024/3

Name	Target	Content	Number of Participants
Rank-based Training	New recruits	General course on corporate compliance (lectures and group discussions on topics including prevention of corruption and anticompetitive measures, concept for harassment, harassment prevention and response measures, and obligation to report on recognized misconduct)	88
	C1/C2/E3/E5 (former "newly appointed mid-level staffs")		129
	C3/C4/E7/E9 (former "newly appointed senior staffs")		204
	Newly appointed managers		72
Engineering Compliance Training	Employees enrolled in our engineer development program	General course on engineering compliance (lectures and group discussions)	54

* Please see the "Overview of Training Programs in Place" for more information on the new human resources system for non-managers.

■ Training for Using the Help Line

This practical training session prepares personnel to use the Groups' help lines by having them make simulated reports based on a fictional case document.

In FY2024/3, we introduced a new case document inspired by the "misconduct related to the certification by Underwriters Laboratories Limited Liability Company for the products of our group company" incident mentioned above. A total of 1,074 people from Group companies participated.

■ Other Training Programs in FY2024/3

Name	Target	Content
Training for Expatriate Employees	Employees posted outside of Japan	Competition law, bribery, discrimination, harassment, and prevention of misconduct
Training for Directors	Daicel directors and presidents of Group companies in Japan	Quality management to prevent quality fraud

Compliance Help Line System (Whistleblower System)

In accordance with the Whistleblower Protection Act, the Company has set up several help lines through which employees can report and receive consultations anonymously or otherwise about issues that include violations of the Ethical Standards of Daicel Group. Intended to help prevent wrongdoing and misconduct and to identify these problems early, these help lines can be accessed 24/7 in any language spoken in the areas in which Daicel Group companies are located.

Compliance Help Line

The Company's Compliance Help Line allows personnel to report and receive consultation when problems cannot be properly solved by going through one's supervisor.

We also have an external help line for reporting and receiving consultation through external organizations. Accessible by all Group companies in Japan, these help lines make it easy for personnel to report and receive consultation.

We have established and publicly disclosed rules to protect those reporting or requesting consultation through the Compliance Help Line, including ① protecting personal information and privacy, ② prohibiting unfavorable treatment (prohibition of retaliation) for having reported or sought consultation, and ③ informing of survey results.

Other Help Lines

There is also a help line for officers and employees at Group companies to report to and seek consultation from Daicel, as well as a Web-based help lines service accessible to both internal and external personnel. These services provide a means to report and seek consultation for a greater number of stakeholders that include customers, suppliers, partner company employees, retirees, and community residents.

Compliance Help Line 

Responding to Reports and Requests for Consultation

When necessary, the Corporate Compliance Program Division responds to reports and requests for consultation, which includes confirming facts about and investigating reports received through the Compliance Help Line, as well as resolving and rectifying confirmed problems and establishing measures to prevent their recurrence. If it is more appropriate for another department to handle it, the division passes the case on to the relevant department and follows up on the case. Although reports and requests for consultation received from Group companies are generally handled by that company, each case is reported to the Corporate Compliance Program Division, which provides support when needed. Reports and requests for consultation received via email or the Web are also forwarded to Standing Audit & Supervisory Board Members.

Furthermore, the Corporate Compliance Program Division makes regular reports (about four times a year) at Board of Directors meetings that include the number of reports and requests for consultation received through all help lines, as well as an overview of each case and the status or results of their handling.

Along with regularly informing all organizations of these reporting and consultation services, the Group raises broad awareness of these services through rank-based training and e-learning courses offered during Daicel Group Compliance Awareness Month.

These measures have been in place from April 1, 2024 to ensure a greater confidence in use of our Help Line by officers and employees:

- Creating the Help Line Response Team – Representatives from different corporate departments working together to probe and respond to the reports.
- Creating a system to assign women to investigations and address reports on women-specific issues.

In FY2024/3, there were no reports or requests for consultation that materially impacted the Company's management.

* For ②, companies are required to check with those making reports or seeking consultations to confirm that those individuals were not met with retaliation for such reporting or consultations, and to take all necessary measures according to the circumstances.

Target user:

All employees in Daicel Group and all stakeholders (e.g., customers, suppliers, partner company employees, retirees, and community residents)

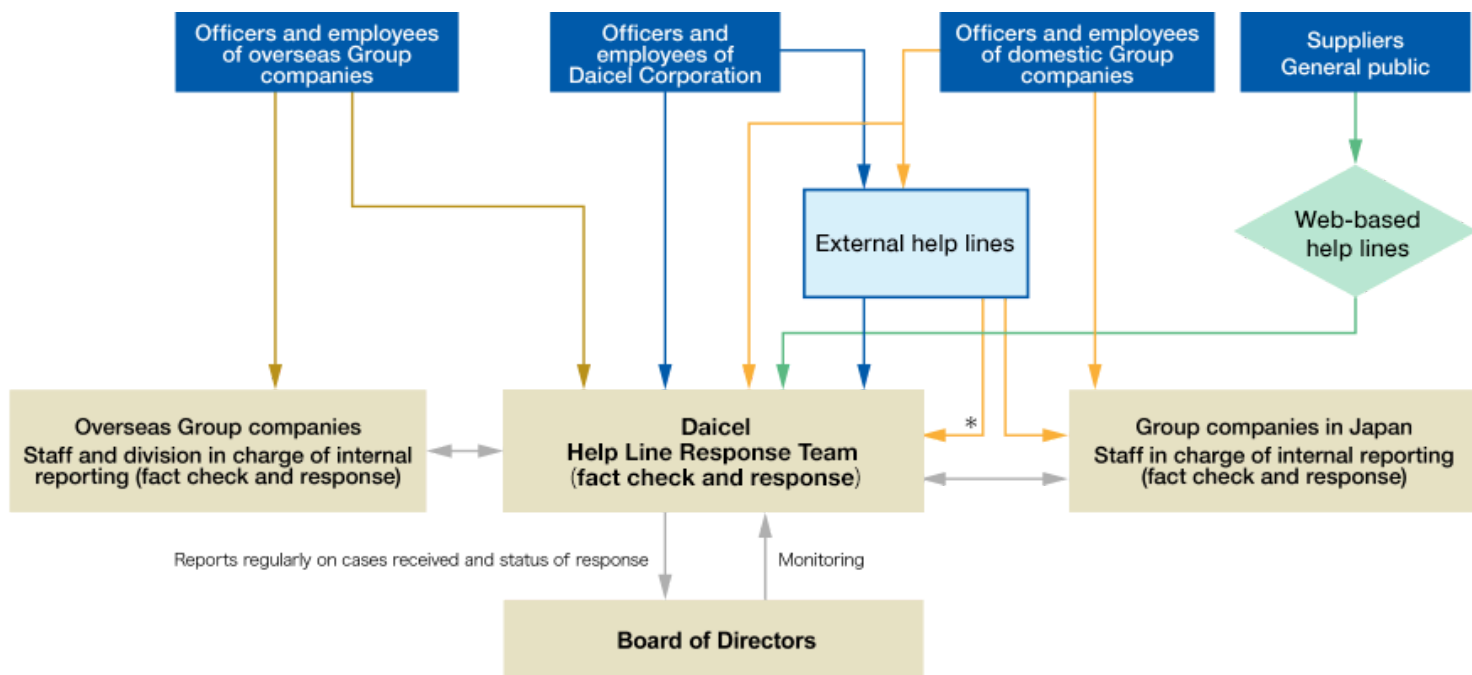
Reporting content:

Matters that may be in violation of the Ethical Standards of Daicel Group (Illegal acts, anticompetitive behavior, corruption, bribery, human rights violations, harassment, employment environment, environmental pollution, and other compliance violations)

Contact point:

- (1) Contact points at Daicel Corporation
- (2) Contact points at each Group company
- (3) External contact points (consigned to specialized external institutions)
- (4) Contact points on the corporate website

■ **Process Flow of Compliance Help Line System (Whistleblower System)**



*A whistleblower can also report directly to Daicel without notifying the Group company.

■ Number of Reports and Consultations

(Reported cases including those which were not confirmed as fact)

(Cases)

Content	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Disruptive behaviors	17	24	35	50
Harassment, etc.	13	19	20	30
Dissatisfaction with the Company	22	4	16	21
Other	2	3	5	1
Total	54	50	76	102

* The total number of cases indicates those reported to the Corporate Compliance Program Division from individuals across the Group.

Risk Management

Basic Approach

Daicel recognizes the vital role of risk management and adheres to its Risk Management Regulations so that it responds appropriately to the risks inherent in its corporate activities and minimizes the impact should any such risks materialize.

Risk Management System

Initiatives of the Risk Management Committee

Daicel established the Risk Management Committee in 2006 to coordinate and promote the risk management for Daicel Corporation and its Group companies. Chaired by the corporate compliance officer and comprising the heads of each corporate support division as members, the committee meets once a year for a regular meeting and convenes extraordinary meetings as needed.

Each organization submits risk activity reports to the committee. At the regular meeting, the committee reviews the progress of risk-related measures based on those reports, and an inventory of potential risks, and it provides advice and support as necessary. Risks requiring a company-wide response are addressed by setting up projects and implementing other measures. Given the changes in business environment and social circumstances surrounding the Daicel Group, some risks considered to require closer scrutiny are designated as focus points, and each organization confirms and reviews their measures against these risks.

The committee reports on its discussions about the focus points, the status of countermeasures addressing risks that could have a major impact on the Daicel Group's management, the risk management policy for the coming fiscal year, the status of business continuity plans (BCP), and other key issues during the Management Meetings and Board of Directors Meetings at the end of each fiscal year.

Initiatives of the Daicel's Corporate Divisions and the Group Companies

Risk management conducted by each organization constitutes the backbone of these efforts for the Daicel Group as a whole. Each organization implements its risk management in accordance with the following procedures.

1. Identify and categorize risks that could have a major impact on the ability to achieve its business targets (Check)
2. Categorize risks into three stages according to their frequency and degree of impact and identify risks requiring a priority response (Check)

3. Consider the best possible countermeasures for preventing the risks from materializing and for minimizing damage in the event they materialize and formulate plans (improve the content of the countermeasures based on consultation with the managers in charge of risk management of each corporate support division of Daicel) (Act/Plan)
4. Implement countermeasures (Do)
5. Re-evaluate the risks (Check) and reconsider countermeasures based on the results (Act)

Each organization follows a check-act-plan-do (CAPD) cycle* from 1 through 5 by registering the risks and countermeasures into an intranet database and updating the status of implementation, leading to more appropriate countermeasures.

At the end of each fiscal year, they prepare a risk activity report which is submitted to the Risk Management Committee to provide updates on their risk inventory, including the status of implementation, newly identified risks, and the results of their review of the focus points.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

■ Targeted Risk Categories

- | | |
|---|---|
| 1. Risks related to business strategy | 10. Risks related to group management / control |
| 2. Risks related to production technology, production equipment and utilities | 11. Risks related to legal and corporate compliance* ¹ |
| 3. Risks related to construction and repair (including safety, quality, purchasing, etc.) | 12. Risks related to employment, human resources and employee fraud / crime* ² |
| 4. Risks related to stable supply of products | 13. Risks related to finance / investment, credit, finance, and accounting |
| 5. Risks related to intellectual property | 14. Risks related to public relations and inappropriate information use |
| 6. Risks related to purchasing and procurement | 15. Risks related to antisocial groups and social communities |
| 7. Risks related to quality management and product liability | 16. Risks related to climate change |
| 8. Risks related to responsible care (including environmental problems), accidents, and disasters | 17. Risks related to human rights |
| 9. Risks related to information systems / networks and information security | |

*1 Includes risks related to bribery and other corruption

*2 Includes risks related to occupational health and safety

Focus Points for FY2024/3

We have set “Understanding of important risks surrounding the Daicel Group” as a focus point for FY2024/3. The secretariat focused on the “important risks surrounding the Daicel Group” that each corporate support division was aware of in the area under its control, and then aggregated the risks, compiled them into a report, reported them to the Management Meeting and the Board of Directors, and reflected them in the “Business Risks” section of the securities report.

Since the establishment of the Risk Management Committee in FY2007/3, Daicel has been led by the Risk Management Committee to engage in risk management activities by all of the Group, and in FY2024/3, we have considered a fundamental review of our risk management system and initiatives based on the following.

- In FY2023/3, a serious problem of “misconduct related to third-party certification” by a Group company was found.
- In recent years, in addition to the rapid changes in the external environment, the importance of geopolitical risks and climate change risks has also increased, and the need to respond to a diverse range of risks is becoming increasingly important.

As a result of the review, the structure of the Risk Management Committee was revamped in April 2024, and in particular, the secretariat to promote risk management activities was enhanced. Each corporate support division participates as a secretariat, exchanges opinions with internal and external experts and each department, and determines the points to be strengthened as focus themes. We also decided to consider how to conduct a risk inventory and introduce management tools.

Going forward, under the new risk management system, we will oversee and promote all activities related to risk management within the Group.

Risk Assessments of Critical Cases

When deliberating on capital investments or investments and loan projects important to management strategy, Daicel extensively considers the risk inventory and countermeasures during the Management Meetings and other gatherings. Under the total assessment system we have established, we take every possible precaution in terms of the environment and health and safety by comprehensively* assessing all business activities and diverse risks in advance.

* This covers new plans in all business activities, including research and development, production, consumption, and disposal.

> [Total Environmental, Health and Safety Assessment System](#)

Information Security

The Daicel Group takes information security measures relevant to the IT systems of the entire Daicel Group, in accordance with the Information Systems Security Policy.

> [Information Security / Information Management](#)

Strengthening BCP Management

The Daicel Group formulates and manages business continuity plans (BCPs) to minimize damage and decreases in operational capability in the event of emergencies, such as major disasters or a pandemic caused by a new virus, as well as to maintain business operations or at least ensure the early resumption of business operations.

The Group organizes BCPs in three concrete stages, from “Preparedness” (BCP I) to “Initial Contingency Response” (BCP II) and “Resumption of Operations” (BCP III).

BCP I : Development of infrastructure for software and hardware

Anti-seismic reinforcement, measures against liquefaction and inundation, system redundancy (operational and information systems), secure methods of telecommunications and information gathering, reviews of stockpiled materials including spare equipment and supplies, safe storage of raw materials and products, measures for crime prevention and security, and other initiatives.

BCPII : Initial response to contingencies

Systematic repetition of drills for fast and effective decision-making and action; preparation and revision of procedural documents and manuals used in the event of emergencies and contingencies.

BCPIII : Systematic planning for recovery of all operations

Assessment of damage at plants, suppliers, and customer locations toward formulating and executing optimal plans for the resumption of operations.

In addition, the Daicel Group has prepared “BCP for Individual Products” summarizing plans and information required to maintain or resume business operations for individual products or product groups as part of BCP III. It has also provided “Guidelines for formulating BCP” to stipulate the approach, procedures, and basic flow to maintaining or resuming business operations. Each business unit applies the guidelines to enable a faster and more appropriate response in the event of a disaster or damage.

We review the overall plan when appropriate to build an even more effective BCP.

In FY2024/3, we implemented the following initiatives.

■ Initiatives for FY2024/3

Preparedness (BCPI)	<ul style="list-style-type: none">● Consider and implement preventive measures through risk assessments, and post-measures through crisis assessments for processes dealing with self-reactive substances● In preparation for material procurement risks, procure long lead-time components needed for the maintenance of proper inventory levels
Initial Contingency Response (BCPII)	<ul style="list-style-type: none">● Confirm and review disaster risks, such as tidal waves and tsunamis, using hazard maps for each region in the Plan for a Resilient Japan● The planned installation of remote monitoring cameras and remote firefighting equipment● Enhance the information sharing system among sites in the company-wide disaster preparedness system● Review and consider disaster preparedness measures for wide-area disasters● Conduct disaster drills at each site, and confirm the operation of the company-wide information sharing system
Resumption of Operations (BCPIII)	<ul style="list-style-type: none">● Prepare BCPs for each product

* An assessment of response measures to prevent further damage or secondary accidents anticipating the occurrence of an accident

> [Emergency response system for large-scale disasters and disaster prevention drills \(Process Safety and Disaster Prevention\)](#)

Response to Risks That Have Materialized

When risks materialize, the division responsible for the relevant risk category leads the response in line with the Emergency Risk Management Guidelines. The regulations designate the division responsible for each risk category as well as the divisions that will cooperate in the response. We also have the Disaster Response Rules based on the regulations and follow these rules in the event of an accident or disaster.

[> Process Safety and Disaster Prevention](#)

Information Security / Information Management

Information Systems Security Policy

The Daicel Group has established an Information Systems Security Policy as a master guideline for information security.

Article 1 (Principles and Purpose)

All employees of the Daicel Group will seek to maintain information system security in accordance with the Information Systems Security Policy and related regulations.

Article 2 (Rules)

Employees of the Daicel Group will comply with the following rules.

Information system assets are defined as all information system equipment, facilities, software, and information under the management of the Daicel Group.

- Exercise appropriate management to prevent damage, theft, information leakage, and tampering with regard to information system assets.
- Maintain public trust in the Daicel Group by using information system assets appropriately.
- Ensure the smooth execution of operations by using information system assets appropriately.
- Avoid causing damage both inside and outside the Daicel Group as a result of inappropriate use of information system assets, information leakage, or tampering.

Revised July 6, 2022

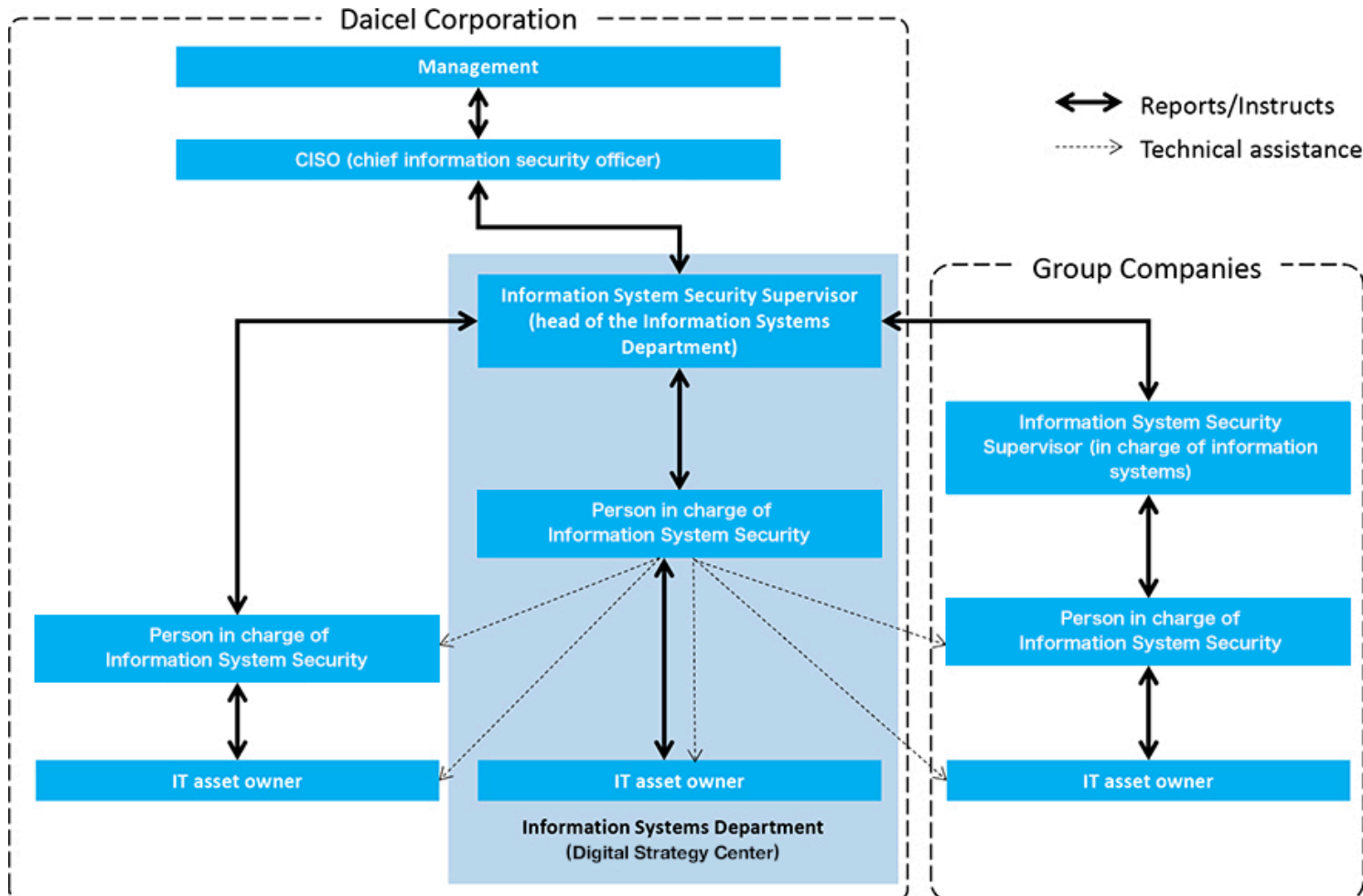
System for Maintaining Information Security and Responding to Security Incidents

To ensure compliance with our Information Systems Security Policy, Daicel has established a system for maintaining information security and responding to security incidents by appointing a supervisor or person in charge in every Daicel department and Group company under the chief information security officer (CISO).

An information security control team has been set up in the Information System Department to execute tasks such as managing normal information security operations and direct instructions/supports to the departments and IT asset owner faced with security incidents.

In the event of a cyber incident, we will promptly set up a response headquarters and organize a Computer Security Incident Response Team (CSIRT) in accordance with the response manual. At the same time, we will carry out the work of “temporary recovery” and “main recovery” through isolation to prevent the spread of virus infections, understanding the current situation to grasp the state and extent of the damage, formulation of policies for recovery, and investigation and eradication to conduct investigations and responses according to the state of the damage in accordance with the response policy.

■ System for Maintaining Information Security and Responding to Security Incidents



Information System User Rules have been established that stipulate information security rules to be observed when using systems. In an effort to maintain information security by all IT asset owners and users of information systems, the rules on information security and contact points to be applied in the event of system anomalies have been compiled in a handbook that is distributed to all employees, and the consequences for rule violations have been described in the Disciplinary Action Policy. For overall information management matters not limited to the use of information systems, proper management is conducted according to the Information Management Regulations and Confidential Information Management Regulations.

The status of information system security operations of each division and each Daicel Group company is confirmed through the internal audit conducted every fiscal year, and the results are reported from the Auditing Office to the Board of Directors and the Audit & Supervisory Board.

> Information Management

Countermeasure Policies Regarding Information Security

As we manage more information system assets, including enhancements to the teleworking environment for realizing diverse work styles and the introduction of AI and IoT technologies for raising productivity, we face an increasing number of sophisticated cyberattacks and other such factors that may cause information security incidents. Daicel is implementing the following measures to maintain the status of compliance with the rules laid out in our Basic Policies amid continuously changing internal and external circumstances.

- Prevention, detection, and recovery of incidents
- Revision based on the CAPD cycle*

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

Prevention, Detection, and the Recovery of Incidents

In parallel with measures for preventing incidents, the Daicel Group has implemented measures to minimize damage by providing speedy detection and recovery of incidents, based on the philosophy that it is impossible to prevent them completely. We have established a response system to anticipate the occurrence of cybersecurity incidents, have prepared response manuals, and regularly conduct incident response drills. In FY2024/3, we conducted two incident response drills with security companies and internal stakeholders, and will also conduct them in FY2025/3. We also began using vulnerability detection tools for evaluation to check for vulnerabilities in each information system in FY2024/3. In FY2024/3, this was carried out in conjunction with tool selection assessment. We are also taking gradual steps to implement measures in response to changes in communication channels and methods of information sharing, such as direct access to the cloud services from home and other remote workplaces.

■ Prevention and Detection of Problems and Recovery of Operations

Stage	Main Measures
Prevention	<ul style="list-style-type: none">● Install firewalls to separate mutual access points between office networks, control networks, and external networks● Reject unauthorized communications and illegal communications that have been identified● Measures to improve our multifactor authentication for system logins● Prevent operations via private devices and unauthorized cloud services● Prevent information leakage caused by the loss of devices that are taken outside the Company● Obtain information from relevant institutions● Provide information to employees and periodically conduct education and training (drills designed to respond to targeted attacks and other training)

Stage	Main Measures
Detection	<ul style="list-style-type: none"> ● EDR* software usage and 24/7 monitoring and error reporting of unauthorized communications via special vendors <ul style="list-style-type: none"> * Endpoint Detection and Response ● Implement long-term storage of logs of critical systems and automatically detect anomalies ● Establish contact points to address anomalies, loss of devices, and other emergencies
Recovery	<ul style="list-style-type: none"> ● Respond in accordance with the system for maintaining information security ● Regularly back up critical servers ● Contract with a specialized vendor to receive support for incident responses

As in our response to information security incidents, we respond to natural disasters that may cause large-scale system suspensions by designating recovery targets for each system in accordance with their relative importance, and we take action to achieve those targets. These measures include reviewing the location and facilities of contracted data centers as well as efforts based on system design such as replication and operational design.

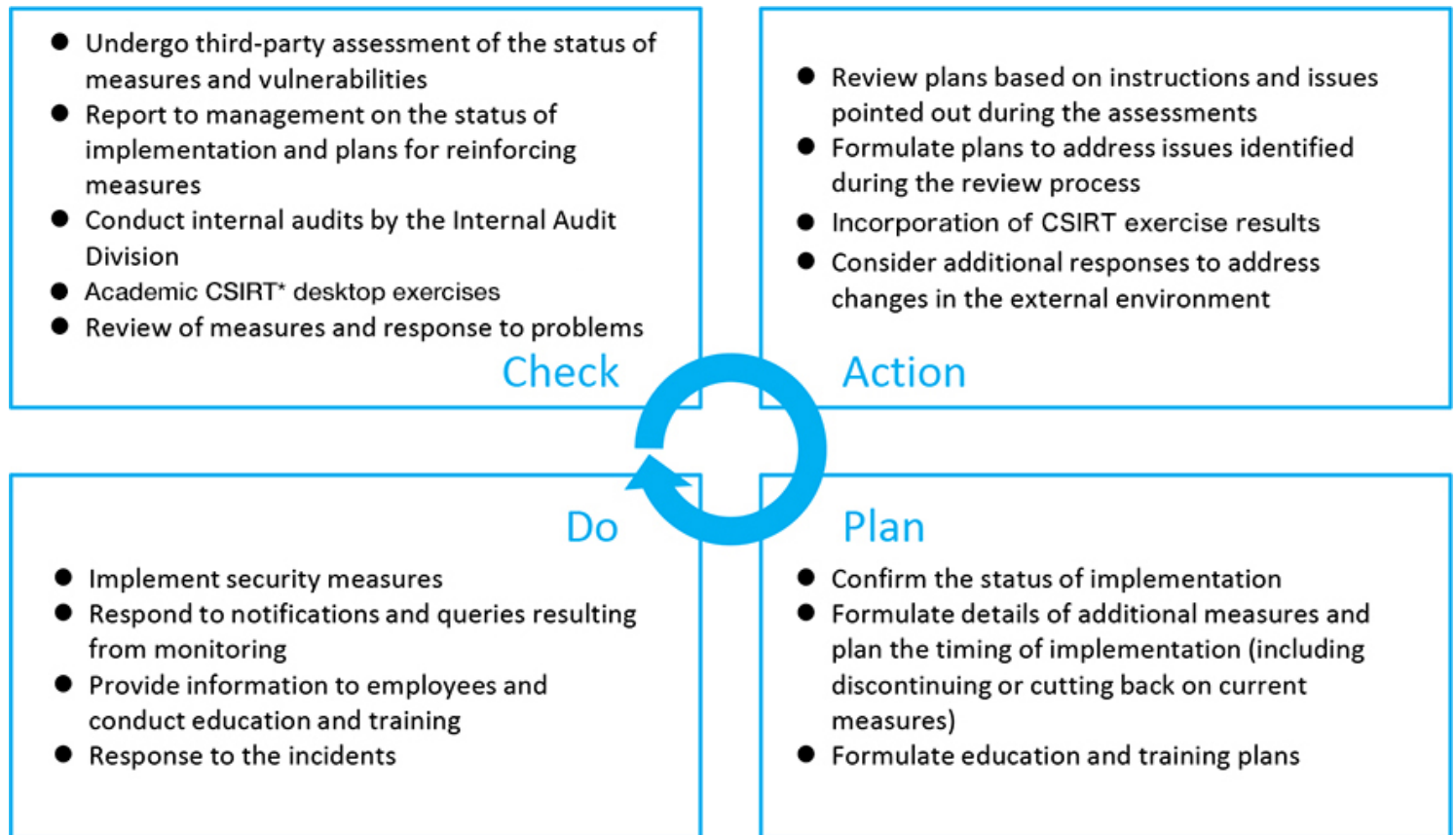
[> Strengthening BCP Management for Areas Other than Information Systems](#)

Revision Based on the CAPD Cycle*

To prevent any loss in the effectiveness of measures due to outdated content and inappropriate operation, we regularly undergo internal and external checks and incorporate the resulting instructions and issues when planning and implementing the measures.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, Daicel has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

CAPD Cycle



* Computer Security Incident Response Team

Status of Compliance with the Information Systems Security Policy

In FY2024/3, there were no information or cyber security violations of regulations by Daicel Group employees, including violations that would impact the Group's business. As a result of an investigation into the unauthorized access incident against our Group companies that occurred in July 2023, we confirmed there was no leakage of personal information or confidential information of customers or business partners to the outside.

With the cooperation of external specialized organizations, we are working to prevent recurrence and strengthen information security.

Information Management

The Ethical Standards of Daicel Group stipulates that we will “commit to the safeguarding of our company’s and third parties’ confidential information, including personal data, by maintaining an effective information security system.” In accordance with these standards, we have formulated Information Management Regulations that stipulate the basic handling of information, and we are managing information properly and appropriately.

In addition to the details of the duties of officers and employees for information management, these regulations stipulate that the heads of SBUs, corporate divisions, plants, and sites must establish and maintain the information management system of their respective areas as the person responsible for information management.

We have established the Confidential Information Management Regulations for the purpose of maintaining the confidentiality of confidential information and managing confidential information properly and appropriately while preventing leakage. These regulations define the basic handling of other confidential information in our business activities, including technical, operational, management, and personal information held by us, and are administered by each department under the person responsible for information management.

[> Daicel Group Policy on the Protection of Personal Information \(Privacy Policy\)](#)

[> Basic Policy on the Proper Handling of Specific Personal Information, etc.](#)

Tax Policy

With the approval of the Board of Directors, the Company has established the Daicel Group Tax Policy, which stipulates core principles and approaches regarding taxation.

Daicel Group Tax Policy

Based on the Daicel Group Code of Conduct and the Ethical Standards of Daicel Group as the basis of its compliance system, the Daicel Group has established and appropriately implemented internal rules to ensure thorough compliance with laws and regulations, and we strive to foster high ethical awareness through in-house training and education.

Regarding taxes, the Group correctly understands the tax laws and regulations, as well as their spirit, in each country and region where we operate, and fulfills our tax obligations appropriately. We will contribute to the development of local communities and the enhancement of corporate value through highly transparent tax treatment, tax planning, and appropriate use of tax incentives.

1. Tax Compliance

The Group will comply with tax laws and regulations in each country and region where it conducts business activities, and the Organization for Economic Co-operation and Development (OECD) guidelines, in order to implement highly transparent tax processing, and properly fulfill its tax obligations.

2. Tax Governance

In the Group, the Accounting & Finance Group of the Corporate Support Headquarters, under the responsibility of the responsible officer, collaborates with related departments to regularly monitor the tax compliance and tax risks of the Group, strives to establish a proper system and environment and also reports on the operational status to the Board of Directors annually. In addition, we will raise awareness among employees to improve their tax knowledge.

3. Tax Planning

The Group does not engage in tax planning without business substance, nor does it use tax havens for tax avoidance purposes. We will properly report and pay taxes if they are subject to tax havens in accordance with the tax regulations of each country and region.

4. Transfer Pricing Tax System

The Group believes that by distributing income internationally according to the contributions of each Group company, appropriate tax payments will be carried out in each country and region. Based on this recognition, the Group has decided the transaction price with foreign affiliates based on the Arm's Length principle in the transfer pricing policy. In addition, in order to reduce tax risks related to transfer pricing, we will seek advice from external experts and use a system for prior confirmation with tax authorities.

5. Utilization of Preferential Tax System

The Group will comply with the tax-related laws and regulations of each country and region, and strive to optimize tax costs by utilizing applicable tax incentives, etc.

6. Relationship with Tax Authorities

The Group will respond in good faith to requests from the tax authorities of each country and region, and build and maintain sound and good relationships. In the event of a disagreement with the tax authorities, we will engage in constructive dialogue and strive to resolve the disagreement.

Established on June 6, 2024

Responsible Care Activities

To practice the spirit of Responsible Care (RC), the Daicel Group established the Daicel Group Basic Policies for Responsible Care and is promoting across-the-board RC activities in the Daicel Group to contribute to the sustainable development of society.

Daicel Group's Responsible Care

RC activities are undertaken by businesses that engage in the manufacture or handling of chemicals to preserve the environment and ensure health and safety at every stage of their operations, from product development, manufacture, distribution, and use to disposal. With chemical manufacturers around the world taking part in these efforts on a voluntary basis, the disclosure of results and dialogues with society are also positioned as key RC activities. Recognizing RC activities as one of the important social responsibilities of the Daicel Group, the RC Council, operating directly under Daicel's president and CEO, commits to promoting the activities.

On February 21, 1995, the Daicel Group established its Basic Policies for Responsible Care (RC) based on "The Guiding Principles for the Improvement of Environmental, Health, and Safety Conditions" of the Japan Chemical Industry Association (JCIA) and supplemented the items on the preservation of biodiversity on April 1, 2011. Subsequently, the Policies were updated to the Daicel Group's Basic Policies for Responsible Care on April 5, 2017 in response to the revision of JCIA's guiding principles. The Basic Policies were established and revised with the approval of the President and CEO.

Daicel Group's Basic Policies for Responsible Care

1. In accordance with management policy, we will comply with laws and regulations and strive to safeguard the environment, health, and safety. For this purpose, we share specific implementation plans among all employees and put them into action.
2. We will strive to continually improve environmental, health, and safety performance and the security of facilities as well as processes and technologies throughout the entire chemical lifecycle, from development to disposal, and inform society of the results of such efforts.
3. We will further reduce our consumption of resources and energy and strive to reduce, reuse, and recycle waste.
4. We will protect the environment and people's health and safety by driving continual improvement in chemical product safety and stewardship throughout the supply chain.

5. We will practice risk-based chemical management throughout the entire chemical lifecycle, from development and production to use, consumption, and disposal and strive to strengthen our chemical management systems by continual improvement.
6. We will influence the employees and the value chain stakeholders to promote the safe management of chemicals within their own operations.
7. We will strengthen our stakeholder relationships by understanding and responding to stakeholders' concerns and expectations about safer operations and products as well as openly communicating about our performance and products.
8. We will put the Daicel Group's overall efforts into continually improving initiatives for the environment, health, and safety in order to meet stakeholders' expectations.
9. We will contribute to the sustainable development of society by developing and providing unique and innovative technologies and other solutions.
10. We will promote biodiversity-friendly activities in order to pass on the wealth of nature to future generations.

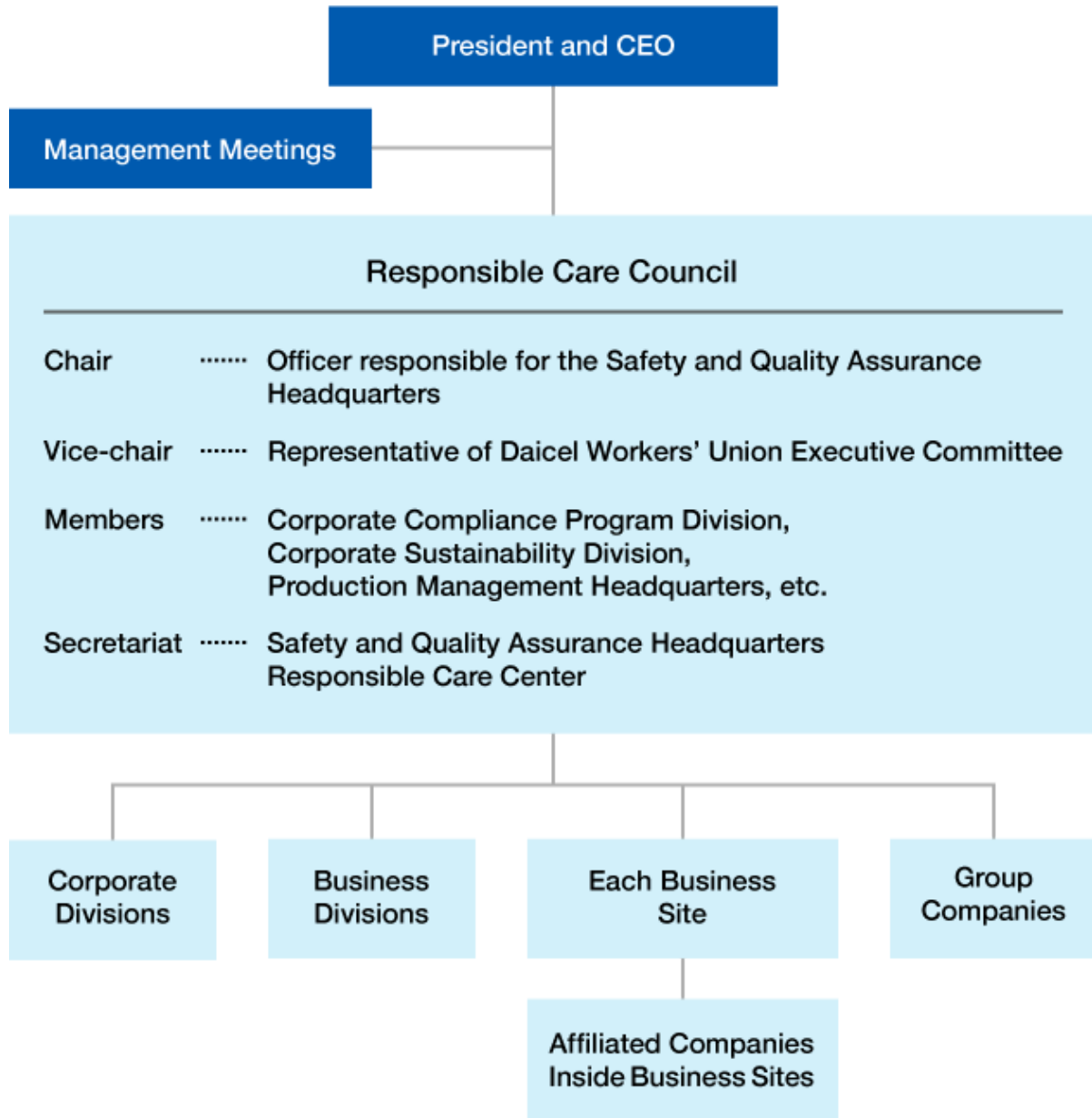
Revised April 5, 2017

Promotion System for Responsible Care

In accordance with the Responsible Care Promotion Rules, the Daicel Group is implementing RC activities on the following fronts: occupational health and safety, process safety and disaster prevention, environmental preservation, chemical and product safety, distribution safety, and communication with society. The Daicel Group promotes these activities under the RC Council, which meets on a regular basis.

The RC Council is chaired by the officer responsible for the Safety and Quality Assurance Headquarters and is appointed to oversee RC by the President and CEO, who bears ultimate responsibility for RC activities. The council comprises, among others, the representative of the Daicel Workers' Union Executive Committee and heads of administrative divisions appointed by the chairperson as well as the Responsible Care Center (RC Center) of the Safety and Quality Assurance Headquarters, which serves as the secretariat for the council.

■ Promotion System for Responsible Care



As of April 1, 2023, we have completed corporate reorganization aimed at strengthening our business infrastructure, which prioritizes safety, quality, and compliance.

Along with progressively dissolving the Quality Management Division and RC Division of the Assessment Headquarters, we established the Safety and Quality Auditing Division. The Safety and Quality Auditing Division will handle all operations involving auditing and education regarding safety and quality, which includes RC audits.

We also created the Safety and Quality Assurance Headquarters. The headquarters consists of the RC Center and the Quality Assurance Center and will manage and carry out all RC, quality assurance, and quality management operations. The officer in charge of the headquarters will serve as the chairperson of the RC Council and the manager of the Total EHS Assessment System and will oversee RC activities and Total EHS Assessment System initiatives.

Roles of the Responsible Care Council

In addition to formulating basic policies, the RC Council receives reports on RC activities from each business site of the Daicel Group at the end of the fiscal year and in turn reports to the Planning Meetings attended by management to propose targets and action plans for the next fiscal year, which are subsequently approved at the Management Meetings. The RC Council reports the status of the initiatives at the Management Meetings and conducts RC audits in accordance with the Rules on Responsible Care Audits.

■ Roles of the Responsible Care Council

Roles	Details
1. Formulation of basic policies and targets	Formulate the Basic Policies for Responsible Care and set targets for the entire Group to steadfastly promote RC activities.
2. Development of implementation systems	Consider the necessary revisions to implementation systems to ensure effective operation of the CAPD* cycle, including setting targets, formulating implementation plans, and implementing and assessing the results of implementation.
3. Deliberation and drafting of long- and medium-term plans	The council determines RC-related issues for the long-term plan and drafts for the RC medium-term plan by deliberating and deciding on important issues related to the entire Group and reviewing proposals submitted by the RC Center.
4. Planning and drafting of annual implementation plans	The council deliberates on the RC implementation plan drawn up by the RC Center. After approval, it is deliberated by the Planning Meetings and approved by the Management Meetings.
5. Monitoring and advising on the status of implementation	The council provides advice and guidance to the RC Center to effectively promote its activities. The RC Center conducts key issue discussions with the Environment and Safety Divisions, holds Site Safe Environment Managers Meetings, and strives to promote RC activities accurately.
6. Commendation of good deeds and contributions to RC activities	<p>(1) The council commends good deeds and contributions to RC activities, and provide advice and guidance to the RC Center to further raise awareness and energize RC activities.</p> <p>(2) The council reviews and commends the activities that are submitted to the RC Center based on the commendation guidelines.</p>
7. Other RC activities	The council addresses RC activities deemed necessary in items other than 1. to 6. above.

* Instead of a Plan, Do, Check, and Act (PDCA) cycle, the most widely known approach to continuous improvement, the Daicel Group has adopted a CAPD improvement cycle to avoid the risk of overlooking crucial facts and realities that often lie hidden in the initial planning stage.

Responsible Care Activity Audits

Audits by the Safety and Quality Auditing Division of the Assessment Headquarters

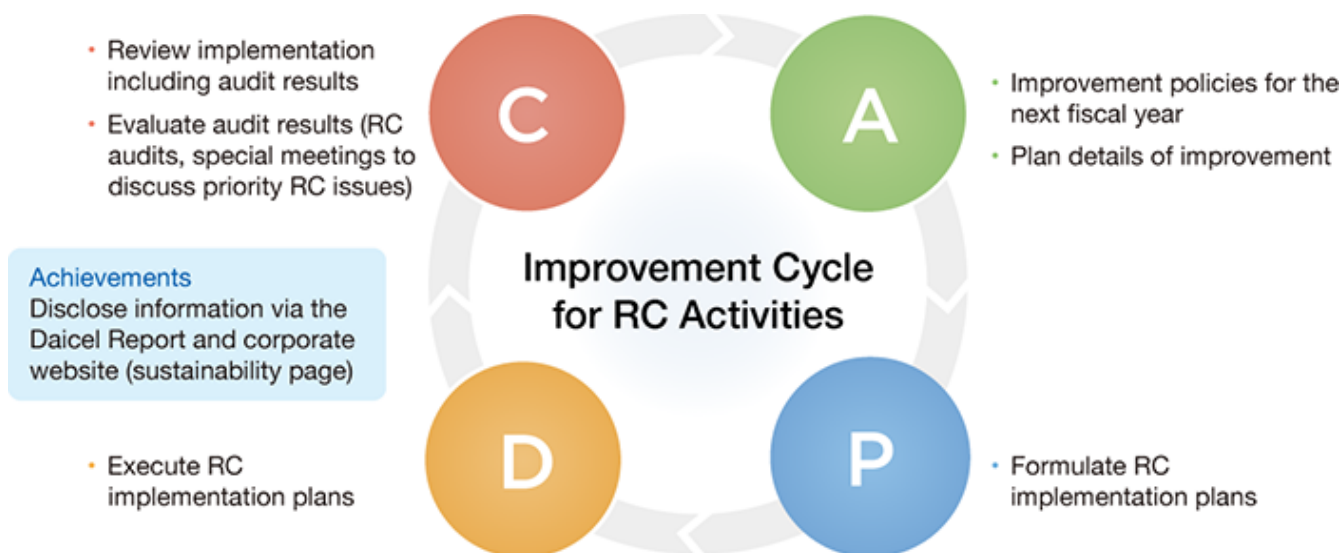
> Corporate Governance

Consideration of Priority Responsible Care Issues

The RC Center promotes RC activities by discussing the progress in RC implementation plans, occupational health and safety, as well as process safety and disaster prevention, and the status of initiatives to address environmental concerns at Daicel and each domestic Group-company business site, and actively encouraging problem-solving.

In FY2024/3, in addition to the seven domestic business sites of Daicel Corporation, we visited the Fuji Plant of Polyplastics Co., Ltd.; the Iwaki Plant of Dainichi Chemical Co., Ltd.; all business offices of Daicel Logistics Service Co., Ltd.; the Okayama, Nagano, and Aomori plants of DM Novafoam Ltd.; the Isesaki Plant of Daicel Pack Systems Ltd.; Pi-Crystal Inc.; the Kameoka Plant of Daicel Beyond Ltd.; and Daicel Pyrotechnics Ltd., and discussed major issues.

■ CAPD Cycle



Promotion of Responsible Care Activities

Periodic Exchange Meetings for Supervisors of Environmental and Safety Divisions across the Group

The RC Center and individuals charged with supervising the Environment and Safety Divisions at Daicel's business sites and the Fuji Plant of Polyplastics Co., Ltd. regularly meet in person and remotely for Safe Environment Managers Meetings. They also hold Group Company Safe Environment Managers Meetings with Dainichi Chemical Co., Ltd., Daicel Logistics Service Co., Ltd., DM Novafoam Ltd., Daicel Pack Systems Ltd., Pi-Crystal Inc., Daicel Beyond Ltd., and Daicel Pyrotechnics Ltd.

These meetings were held four times in FY2024/3, and participants exchanged information and discussed RC-related issues, such as occupational health and safety, process safety and disaster prevention, and environmental preservation, as well as the revised Industrial Safety and Health Act and other regulations.

TOPICS

Responsible Care Activity Good Conduct and Contributions Awards

Each year, the RC Council recognizes good deeds and contributions to RC activities. In FY2024/3, a member of the POM/Energy Group of the Production Department of the Fuji Plant of Polyplastics Co., Ltd. was commended. The recipient identified the source of the slight odor in the plant at an early stage and took countermeasures. In addition, by checking the soundness of other facilities through horizontal deployment, they contributed to the stable operation of the plant.

Internal Training and Education

So that all Daicel Group employees can understand the importance of RC activities and take action, we provide relevant in-house training and education.

[> Support for Human Resource Development](#)

Total Environmental, Health, and Safety Assessment System

Total Environmental, Health, and Safety Assessment System

The Daicel Group operates a Total Environmental, Health, and Safety Assessment System (Total EHS Assessment System) as a means for evaluating risk in its business activities.

The Total EHS Assessment System assesses the launching of new products in all business activities, including research and development, production, consumption, and disposal, as well as plans for modifying existing processes and equipment (new plans). Led by the general manager of the Safety and Quality Assurance Headquarters, the Total EHS Assessment System is a mechanism for conducting advance assessments of a diversity of risks across all business activities, covering everything from the environment to health and safety.

Overview of the Total Environmental, Health, and Safety Assessment System

1. The system evaluates the new plan based on prescribed standards according to the format for eight items: legal compliance, chemical safety, environmental preservation, occupational health and safety, operational safety at facilities, product safety, distribution safety and safety of production outsourcing, and purchasing and sales.
2. A new plan indicates all new changes that include the establishment and modification of facilities as well as changes in matters related to manufacturing, etc.
3. The system defines two types of assessment: Corporate Total EHS Assessment, which covers new plans that may cause a significant impact on management, and Division Total EHS Assessment, undertaken by each division. After evaluating new plans based on their scale and risk with an overall assessment rank (I and II), the Group determines items subject to assessment, designates individuals to serve as assessment executors and final evaluators in accordance with the overall assessment rank, and records and stores assessment results.
4. With regard to the adoption of a new process and/or increased production volumes, we carry out a Technical Assessment and Equipment Design Assessment, underscoring the importance of design specifications for technologies and facilities. After discussing the results of these assessments, a Corporate Total EHS Assessment is undertaken.

To achieve the aims of our medium-term strategies, with the goals of improving the precision and decision-making speed of new plans formulated throughout the company, we made revisions in FY2023/3, such as expanding the range of business site and SBU responsibilities, narrowing the scope of Corporate Total EHS Assessments for cases that could have a material impact on people's lives or our business, and establishing Advisory Sessions to better utilize knowledge and technologies throughout the company.

In FY2024/3, we utilized the new assessment system to examine each new plan and hold Advisory Sessions. Including assessments of new plans from overseas production sites, the total number of Corporate Total EHS Assessments conducted since the introduction of this system stands at 1,148, and the number of Advisory Sessions has reached 15.

All of these assessment results are reviewed, and the assessment system is constantly evaluated to improve the accuracy of future plans.

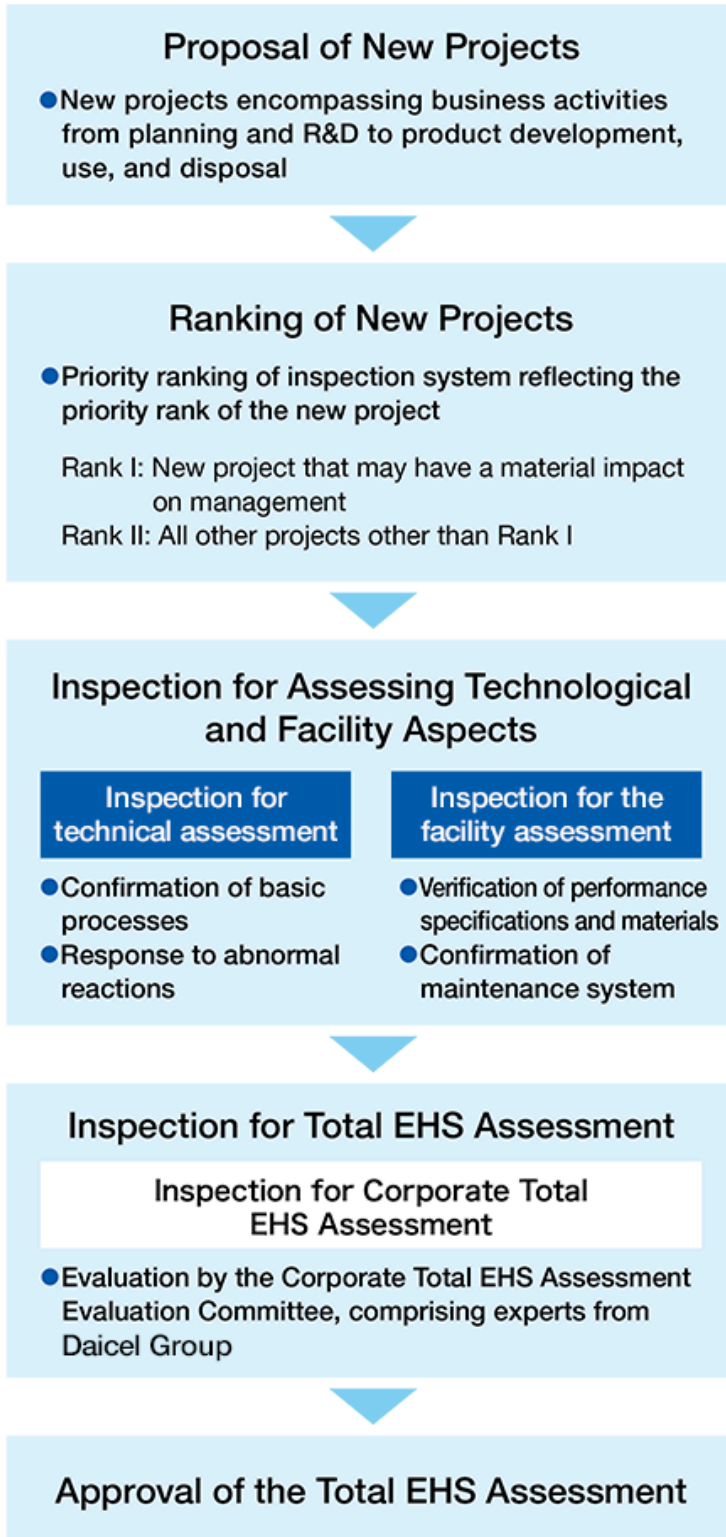
Product Safety Assessments

For safety system-related products in categories such as pharmaceuticals, foods, cosmetics, healthcare equipment, and automotive products, the Daicel Group is enhancing its product risk assessments of product safety to ensure that it always provides customers with safe and reliable products. In FY2016/3, the Group began conducting Product Crisis Assessments, which identify and monitor product safety-related risks and review response systems for handling crises. Furthermore, in addition to conducting product safety-risk assessments internally, since FY2018/3 the Group has been holding Product Safety Advisory Meetings chaired by outside experts, to conduct assessments from an even more expert perspective.

In FY2024/3, there were no major product safety accidents that impacted the bodily health, lives, or property of our customers.

Total EHS Assessment Flow

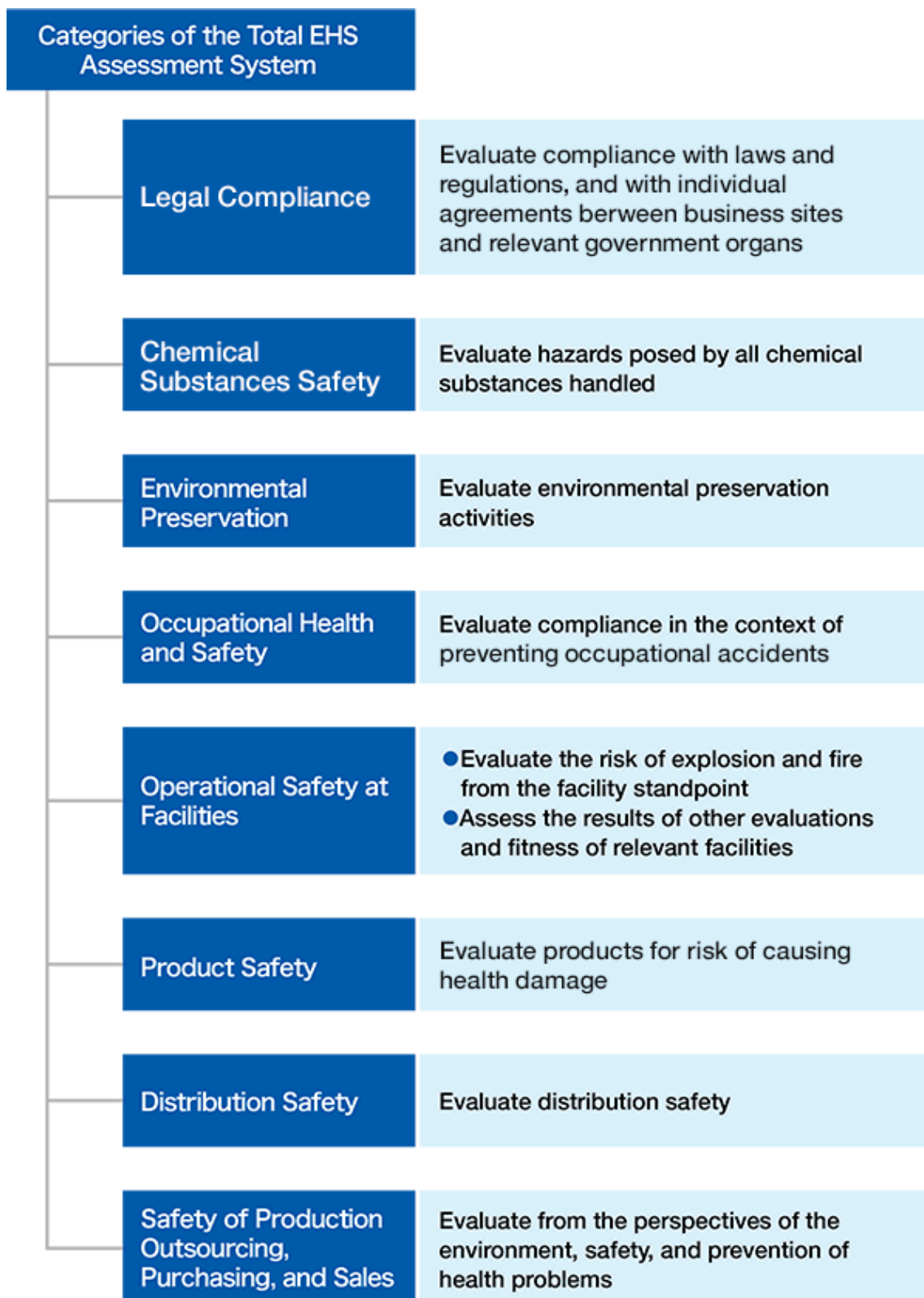
Risk Assessment Based on Total EHS Assessment System Criteria/Rank I Cases



Examples of New Projects

- New product launches
- New businesses
- Establishment, expansion, and change of facilities
- Changes in matters related to manufacturing (raw materials, processes, etc.)
- New contracts, changes at distributors, customers, and sales applications
- Acquisition and transfer of properties and equipment
- New contracts and changes in manufacturing outsourcing, purchasing, and sales
- New or changes in waste management

■ Breakdown of Total EHS Assessment System

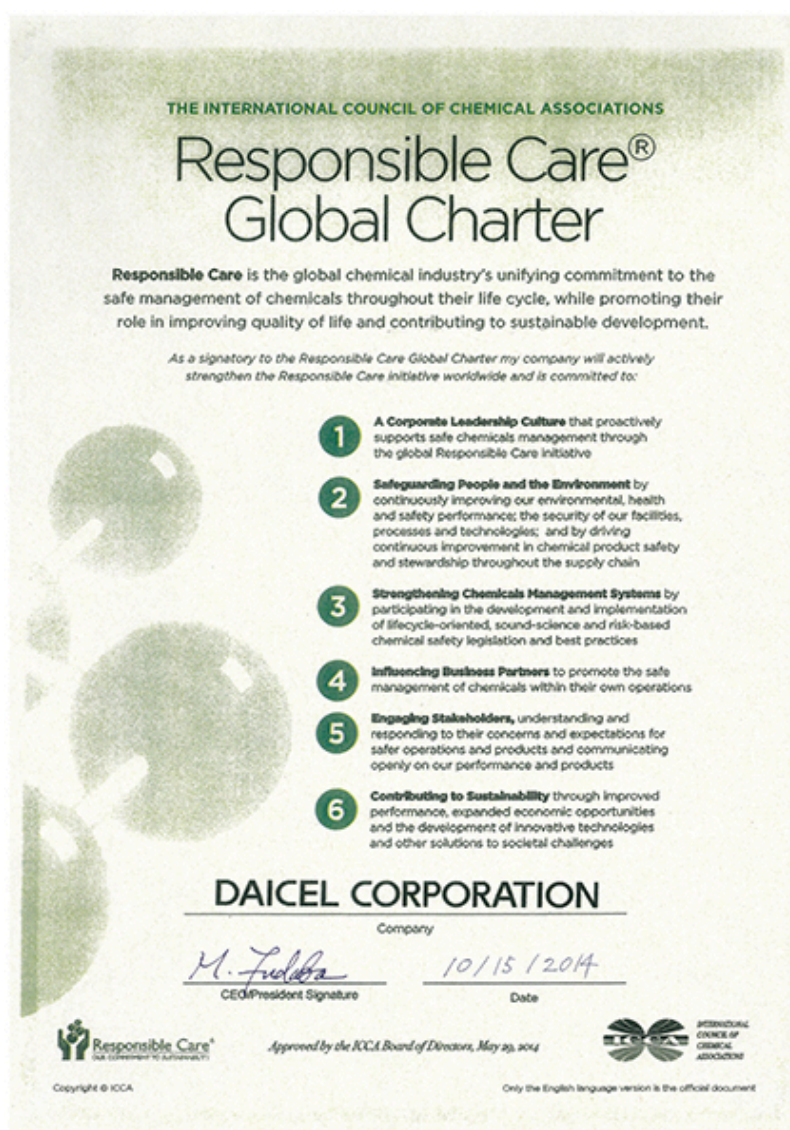


Responsible Care Global Charter

The International Council of Chemical Associations (ICCA), an international RC activity organization, put in place the Responsible Care Global Charter in 2005 with the aim of promoting sustainable development within the chemical industry while contributing to society as a whole through RC activities. Since it is in complete agreement with the goals and principles of the charter, Daicel became a signatory in 2008.

In order to more specifically detail the issues requiring attention with respect to the management of chemical product safety, improvements in the quality of life through the delivery and use of chemical products, and contributions to sustainable development in an easier to understand manner, the ICCA revised the charter in 2014. That same year, Daicel declared its support of the revised version of the Responsible Care Global Charter and confirmed its participation as an ongoing signatory again.

■ Declaration of Support for the Responsible Care Global Charter



Websites of Each Responsible Care Activity

Responsible Care Management System

> [Responsible Care Activities](#)

Environmental Preservation

> [Environmental Management](#)

> [Response to Climate Change](#)

> [Information Disclosure in Line with TCFD Recommendations](#)

> [Reduction and Recycling of Industrial Waste](#)

> [Emission Management of Chemical Substances](#)

> [Water Resource Preservation](#)

> [Environmental Management and Prevention of Air Pollution](#)

> [Preserving Biodiversity](#)

> **ESG Data** [Refer to page 5 "Environmental Accounting."](#)

Process Safety and Disaster Prevention

> [Process Safety and Disaster Prevention](#)

Occupational Health and Safety

> [Occupational Health and Safety](#)

Chemical and Product Safety

> [Chemical and Product Safety](#)

Distribution Safety

> [Distribution Safety](#)

Communication with Society

> [Contribution to Local Communities and Society](#)

Small Meeting with Outside Directors

Small Meeting with Outside Directors

Aiming to Promote
Mutual Understanding
through Dialogue



On December 22, 2023, a small meeting between our Outside Directors and institutional investors was hosted by Mr. Mikiya Yamada, an analyst at Mizuho Securities Co., Ltd.



Mr. Mikiya Yamada

Mizuho Securities Co., Ltd.
Senior Analyst, Equity Research Department

Received an MS degree in Chemistry in 1990 from the Graduate School of Science, Tohoku University. Joined Dow Chemical Japan the same year as a chemist, and was promoted to Financial Planning Manager - Pacific Area before starting his equity research analyst career at Goldman Sachs in 2001.

Covered the chemicals, fibre and textile sectors at JP Morgan from 2002, and joined Mizuho Securities in 2016 (current) after stints at Lehman Brothers and Barclays.



Toshio Asano

Outside Director
Chairperson of the
Nomination and
Compensation Committee
Advisor of Asahi Kasei
Corporation



Keita Nishiyama

Outside Director
Member of the Nomination
and Compensation
Committee
Former Director-General of
Commerce and
Information Policy Bureau
of Ministry of Economy,
Trade and Industry

Daicel's Strengths and Human Capital Management

Mr. Yamada (hereinafter titles omitted): First, please tell us about Daicel's strengths and potential.

Asano: Daicel's strength lies in the fact that it has built up a strong global position across a series of acetyl chains, from methanol to acetic acid, cellulose acetate, and acetate tow. Furthermore, Daicel is unique in that, although it is a chemical company, it also excels in mechanical technologies that require high reliability as seen in the inflator business, and has successfully commercialized these technologies.

Nishiyama: I think Daicel's strength lies in its commitment to fundamental principles, as represented by DAICEL Production Innovation. As demonstrated by its "virtual company," "microfluidic device plant," and other initiatives, this commitment is what leads to the uniqueness of its approach, which is not to create a single product, but rather to conceive and realize a completely new manufacturing structure from scratch.

Yamada: Because of Daicel's unique value chain, it has little competition in Japan and even if DAICEL Production Innovation is applied to other companies, there would be no losses for Daicel. This gives Daicel the potential to grow while achieving co-existence and co-prosperity through various collaborations. What is your impression of Daicel from the perspective of human capital? To achieve Daicel's ambitious Long-Term Vision and Mid-Term Management Strategy, Daicel's management must have a strong will and on-site behavioral changes are essential.

Asano: Human capital management is something that all companies have been addressing up to now, and the history of each company shows how they have achieved growth while doing so. In the case of Daicel, the starting point for human capital management was when eight companies merged together before World War II. Consequently, management was keen to express their intentions and communicated with stakeholders, which is precisely why employees were able to follow along too. With the commercialization of cellulose from its founding celluloid business, it established an area where it could demonstrate its competitiveness while making profits, and even in the inflator business, it has identified a profitable area with an awareness toward social issues and is doing its level best to make the business a success. I believe that this history of Daicel is the result of Daicel's management recognizing its merger roots and valuing people while steering the company in the right direction.

Monitoring of Daicel's Mid-Term Management Strategy

Yamada: From that story about how Daicel was able to successfully commercialize products like inflators, I feel that it is very important that the intentions of Daicel's management are conveyed to employees. Next, I would like to hear your views on the supervision provided by Outside Directors. Daicel's current Long-Term Vision and Mid-Term Management Strategy aim to form a new business group that will expand the scope of value creation while creating overall optimization across company boundaries, and to form a new Daicel, which is the step before that. However, from an outsider's perspective, it seems that the milestones and KPI management required to achieve these aims are quite challenging. From your positions as Outside Directors, how do you evaluate the degree to which these aims have been achieved?

Asano: I would like investors to understand that the first step for Daicel is to grow as a real company, and then to realize a virtual company (new business group). The most important target of the current Mid-Term Management Strategy as a real company was to make Polyplastics a wholly owned subsidiary of Daicel and to demonstrate synergies. At the time of the formulation of the Mid-Term Management Strategy, this endeavor had some uncertain elements. But with the setting of targets, the leadership of our President and CEO Mr. Ogawa, and the efforts of both our management and employees alike, the integration of both companies' management personnel is progressing smoothly, and synergies are also being achieved. The virtual company that follows this is, to be more specific, an alliance with other companies. Although it is too early to make an announcement about it, I understand that seeds have been sown to create value by forming alliances throughout the supply chain, including customers of existing businesses. The challenge ahead is to bring about the breakthroughs needed to illustrate the benefits of co-creation across corporate boundaries. The results of these breakthroughs will eventually be reflected in financial statements, but before that, they will be visible qualitatively like if a patent is successfully registered, if a certain product is strengthened or able to be created, or if something is able to be done or not. So I think that even as an Outside Director, I will be able to grasp the progress of the Mid-Term Management Strategy.

Nishiyama: Simply speaking, DAICEL Production Innovation means virtualization. What people used to see physically on site will be digitized with the IoT and software and efficiently managed. In this sense, there is a continuity between our efforts regarding the virtual company (new business group) that we are aiming to realize and our efforts regarding DAICEL Production Innovation. The DX capabilities of an organization are directly linked to its ability to realize a virtual company. This is a little different from quantitative KPIs, but since a virtual company goes beyond just Daicel and is something that can be achieved by working with other companies, I think it is easy to evaluate from the outside whether or not progress is being made regarding this concept.

Yamada: I agree that DAICEL Production Innovation means virtualization. It is my view that thorough standardization and the elimination of wastage and loss will free up people's time and create a culture of looking at things comprehensively. This is an important point when discussing Daicel's corporate culture, but why do you think this kind of production innovation emerged at Daicel and why did it take root?

Nishiyama: I have had contact with Daicel since around 2008, when I was working as a government official. As I understood it, Daicel's organizational culture was rooted in "the hardships of a company with merger roots." In this context, its culture and ideas that emphasize delegating authority to young employees, changing things, and aiming for overall optimization from a broad perspective must have taken root some time in the past. This open mindset is also evident in the development process of the Autonomous Production System, the evolved version of DAICEL Production Innovation using AI which was jointly developed with the University of Tokyo. Currently, Daicel has concluded comprehensive collaboration agreements with several universities, aiming to accelerate R&D. I believe these relationships have been established precisely because the universities also see Daicel as a company that is ready to discuss and incorporate new ideas.

Looking Back on the Decision That Made Polyplastics a Wholly Owned Subsidiary

Yamada: You mentioned earlier how making Polyplastics a wholly owned subsidiary was a major point for the new Daicel, the step before realizing a virtual company. At the time, paying such a high acquisition price might have compromised Daicel's financial soundness in some respects, but looking back, do you think the Board of Directors had sufficient discussions on the matter? Also, do you think that Polyplastics' performance and synergies with Daicel are being realized as planned?

Asano: Naturally, the Board of Directors discussed the extent to which this acquisition decision would affect Daicel Group's financial position and the extent to which it would lower Daicel's credit rating. While it is true that our debt would temporarily increase, that was a hurdle that we had to overcome. I was confident that the synergistic effects in terms of business areas as well as technology and personnel exchanges had a greater medium- and long-term appeal that would outweigh any financial impacts, and I think all the Directors at the time thought so too. As mentioned above, efforts to realize synergies, such as the integration of management personnel, are progressing smoothly. However, the challenge going forward is to create new

value, such as new products, manufacturing methods, business models, and alliances, from the strengths and differences of both companies. I believe we can achieve that over the long-term, and looking back over the last five years, I believe we have delivered the results we expected.

Nishiyama: I was not in my current position when the decision to acquire the company was made, but Polyplastics' business model was original from the beginning, and I believe it is a company with strengths that differ from the organizational capabilities cultivated by Daicel. The two companies also differ in what their respective employees believe is important to do, as well as in their relationships with customers. Also, from the viewpoint of globalization, the two companies have distinct differences. In that sense, making Polyplastics a wholly owned subsidiary is an opportunity for Daicel itself to acquire new organizational capabilities that Polyplastics possesses. I believe that gradually learning about each other's differences and changing over time will bring about more substantial acquisition benefits from an organizational point of view than forcibly integrating in a short period of time.

Questions from Institutional Investors

Q. Regarding Daicel's policy on compensation for Directors, I believe that net sales and operating income account for a large portion of the evaluation items for Daicel's performance-based bonuses. While many companies include efficiency-based perspectives such as ROE and ROIC, Daicel has not adopted such indicator targets. What discussions have the Board of Directors held about this? In addition to sales and operating income, investors also have asset efficiency as a key target. I would like you to consider a compensation system that takes this into account.

Asano: While there are various indicators, we would like our investors to understand that our policy is based on mutual understandability. As for ROE and ROIC, we have only just started introducing them in our business. And it is difficult to determine compensation with difficult-to-change KPIs, which is why Daicel set them as they are now. Going forward, taking the feedback we have received into account, we will consider a compensation system that not only satisfies investors, but also is easy to understand for the people at Daicel and encourages us to do better.

Q. I think Mr. Ogawa's various reforms in the current Mid-Term Management Strategy are great and consider the big picture. On the other hand, at a previous financial results briefing, Mr. Ogawa commented that some on-site employees were unable to keep up with the speed of the reforms. What is your advice as Outside Directors regarding this situation?

Nishiyama: I do not think it is a good thing that employees cannot keep up, but I do think it is necessary for management to set differential targets. Even within the Daicel Group, employees' work is diverse, with some initiatives being cutting-edge and others being conventional. It is the role of management to explain what the Company is trying to achieve and to help employees understand where their work fits in the big picture. On the other hand, some cutting-edge initiatives require new organizational structures or involve significant changes to relationships with other companies. We believe that the role of Outside Directors is to advise management on the challenges of how to concretely conceptualize and implement such initiatives as a company.

Asano: There is no doubt that this was a tumultuous period for employees. I think there initially was some confusion regarding the reforms. This issue was discussed repeatedly by the Board of Directors, with the general consensus being that Directors should have sufficient discussions with employees and give them detailed explanations. I recognize that management is making efforts to gather employees' opinions and candid feedback in a variety of ways.

Q. Daicel's current Long-Term Vision and Mid-Term Management Strategy are aiming for a bold change in direction, but, looking from outside Daicel, there is a strong sense that it is being guided by the strong leadership of Mr. Ogawa. Could you please provide us with details from the Nomination and Compensation Committee's discussions, including those that take Daicel's potential successors—its next-generation management candidates—into account?

Asano: We discuss how to develop and decide on potential management personnel, including not only the President and CEO's successor but also Directors, Executive Officers, and those immediately below them. One issue that has been pointed out is that efforts must be made to secure and develop personnel from the perspective of diversity.

Nishiyama: In order to develop next-generation management personnel in a broader sense, it is important to create a vibrant environment that produces candidates with diverse backgrounds and ideas by securing and developing personnel from the perspective of diversity, as Mr. Asano mentioned, and by appointing external personnel. Furthermore, there is a need for initiatives that share the know-how possessed by Daicel's management as organizational knowledge and ensure its continuity across generations, which I would like to support as Outside Director.

Value Creation Process

Under its Basic Philosophy and priority foundations of corporate activity (safety, quality, and compliance), the Daicel Group will continue to solve social issues and contribute to the happiness of people and society by expanding the scope of value co-creation based on its Sustainable Management Policy.

Basic Philosophy

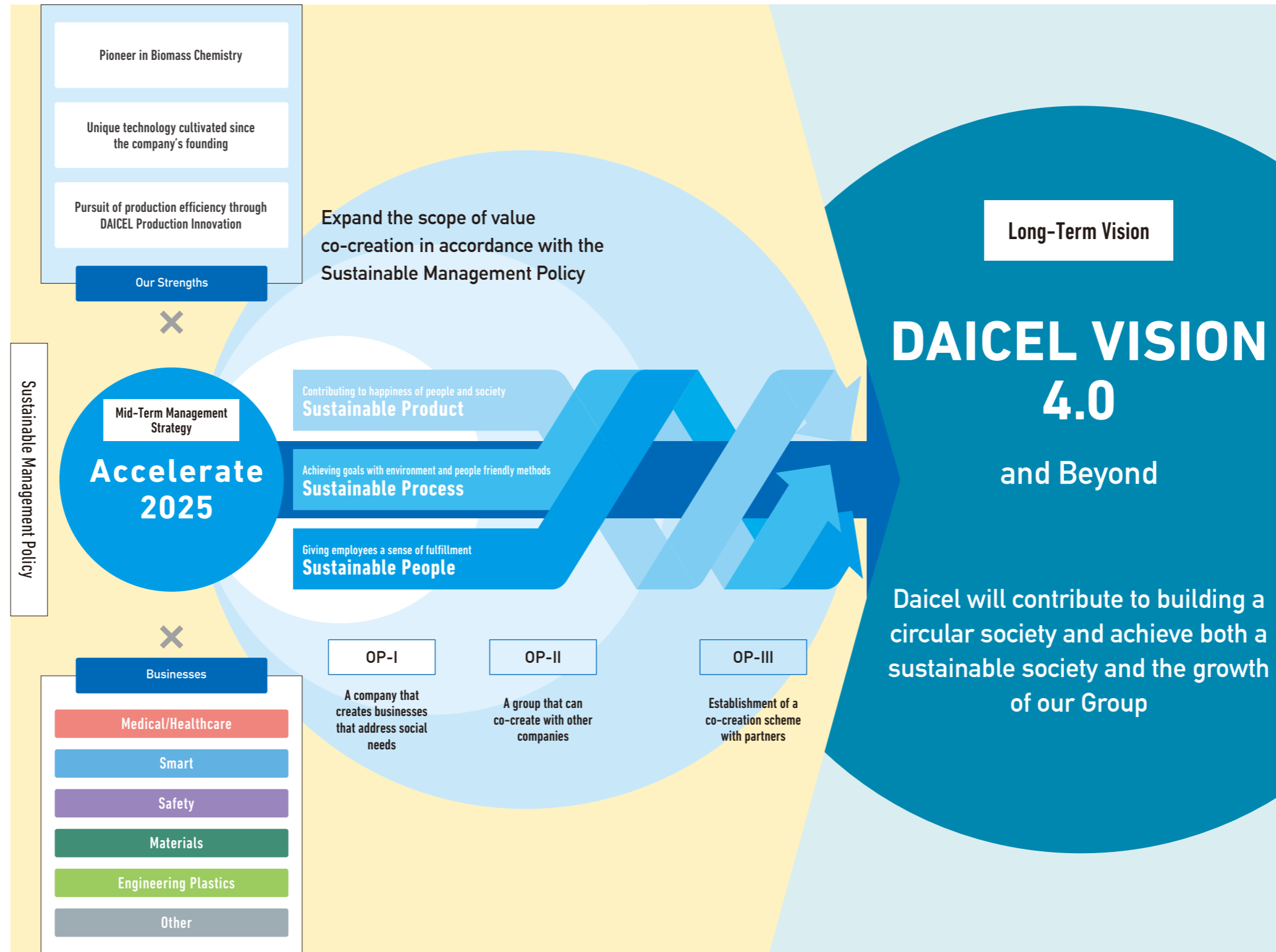
The company making lives better by co-creating value

Sustainable Value Together

INPUT

(Invested capital for FY2024/3)

Human capital	
Number of employees	11,134
Number of R&D Personnel	1,290
Ratio of overseas employees	52.1%
Ratio of female employees	28.3%
Intellectual property	
R&D expenses	23.4 billion yen
Number of patents owned	Approx. 5,400
Number of trademarks owned	Approx. 2,000
Financial assets	
Total assets	839.2 billion yen
Equity ratio	42.8%
Manufacturing capital	
Capital expenditures	77.5 billion yen
<small>Optimal plant operation with DAICEL Production Innovation, and the Autonomous Production System</small>	
Social capital	
Number of group companies	75 companies
<ul style="list-style-type: none"> Trust with customers and business partners cultivated over many years Cooperative links with partners in industry, government, and academia 	
Natural capital	
Energy consumption (in crude oil equivalent)	789 thousand kL
Water intake	97 million tonnes



OUTPUT / OUTCOME

(FY2024/3 results)

Financial Outcome in Value Creation	
Net sales	558.1 billion yen
Operating income	62.4 billion yen
EBITDA	96.1 billion yen
ROIC	6.3%
Total return ratio	52.0%

Sustainable Product

- Providing Happiness Through Our Business and Products
 - Medical/Healthcare
 - Smart
 - Safety
 - Materials
 - Engineering Plastics

- Stories of Co-Creation with Our Customers
 - TGD Project: Increasing the Competitiveness of the Safety Business

Sustainable Process

- Daicel Group's Challenge to Achieve Carbon Neutrality

Sustainable People

- Next-Generation Manufacturing and Human Resource Development in the Chemical Industry

Priority Foundations of Corporate Activity Safety, Quality, and Compliance

Harima Plant Human Development Center



Harima Plant Human Development Center

Purpose and Overview of the Human Development Center

The Safety Strategic Business Unit (Safety SBU) has developed expertise in pyrotechnic devices over many years. The company is applying this expertise in the development, manufacture, and sales of products such as inflators for automobile airbags and micro gas generators for seatbelt pretensioners (PGG), and it is conducting its business operations on a global scale.

Safety SBU’s manufacturing style is “assembly-based,” which is very different from “process-based” chemical manufacturing, so the Daicel Safety Systems (DSS) Human Development Center was established as a facility specialized in the development

of human resources for assembly-based manufacturing. It was renamed to the Human Development Center in 2018. It will play an integral role in developing the human resources who drive the growth of the Safety Systems business to keep pace with its globally expanding operations.



Harima Plant Human Development Center



“Humans will shift to creative work” by role-sharing between humans, machines and manufacturing systems



The Kanji characters used in the Japanese name signify the following intentions:

- (1) Collaborate across organizational and regional boundaries and grow together.
- (2) All employees regardless of rank help each other to reach new heights together.
- (3) Provide learning opportunities for those who provide training and those who receive training.

The Human Development Center is engaged in human resources development and focuses on the following four missions based on our belief that the growth and potential of our human resources supports the growth of the company.

- (1) DSS Human Resource Development Specialized in Manufacturing Skills
- (2) Manufacturing Training for Technology Development in the Safety Systems Division
- (3) Safety Training at Harima Plant
- (4) Engineer Development at Our Global Sites

Human Resource Development for DSS-Style Manufacturing

DSS manufactures inflators for automobile airbags at its Harima Plant in Japan. Under its motto, “Safety and Quality,” the company strives to strengthen and grow its manufacturing capabilities while basing its activities on these goals: 1) building an automated assembly line for highly efficient manufacturing; 2) developing multi-skilled workers for a flexible production line; and 3) leveraging the latest IoT technology for an integrated management system. The company is therefore focused on developing human resources who contribute to achieving these goals.

The Human Development Center has established its own structure for educational programs, including (1) position-specific programs, such as training for new employees, operators, supervisors, and leaders, (2) specialized programs encompassing manufacturing knowledge and skills specific to each job type, and (3) development of certification or qualification systems for specialized or key processes.

The educational programs cover the knowledge and skills required for manufacturing processes, including standard procedures based on TPS (Toyota Production System), IE (Industrial Engineering), statistical quality control, problem-solving skills, and equipment maintenance. Trainees acquire this knowledge and related knowledge and skills through not only classroom lectures but also hands-on experience

■ Enrollees in Training Programs (Person Days)

FY	2022/3	2023/3	2024/3
(1) General Training	323	523	346
(2) Specialized Training	1,344	685	804
(3) Qualification	2	8	16

We have four specialized rooms for these lectures: Assembly Dojo, Maintenance Dojo, Safety Dojo, and Quality Dojo. We use the term “Dojo” to encourage participants to view these facilities as places where they can deepen self-awareness and develop the discipline necessary for independently acquiring and practicing the targeted skills.

Assembly Dojo

This dojo provides training for inflator assemblies and also develops trainers for this process. In order to guarantee safety, quality, and operability, new employees and contractors receive training here using simulation devices as part of their onboarding process. This ensures they have the standard level of knowledge and skills before engaging in production line operations. In addition, the space is equipped with various simulation devices, each tailored for specific product types and procedures. The devices are used to develop multi-skilled workers and contribute toward maintaining a flexible production line. The dojo also provides training and certifications for operator trainers as well as certifications for critical roles, such as visual inspectors, among other roles.



A practical application lecture using simulation devices at the Assembly Dojo

Maintenance Dojo

The focus in this dojo is on the knowledge and skills required for facility maintenance.

Trainees are provided basic knowledge about electrical and mechanical engineering as well as practical application lectures on machining processes such as drilling and tapping, electrical wiring, soldering, and sequence programs.

Two types of training are conducted. The Line-Keeper Development Program (six months) is intended to train key maintenance persons for the manufacturing division, and the Machine-Keeper Development Program (four days) helps trainees develop their daily maintenance knowledge and gives them troubleshooting skills for common problems. In the final phases of the Line-Keeper Development Program, trainees create end-to-end processes from scratch, i.e., assembling a training device from component parts, creating a sequence program for the device, and confirming its operation. Through these exercises, they learn about the focus areas for adjusting devices and acquire the practical skills for maintaining them.

In addition, trainees also go through other exercises, such as troubleshooting for intentionally introduced failures in simulation equipment and teaching X-Y robots and multiple axis robots. Through these exercises, the dojo passes on the knowledge and skills to the next generation and improves facility maintenance competency.



The Maintenance Dojo training using electric components kits



Assembling a training device during Maintenance Dojo training

Safety Dojo

The focus here is on safety, and training at the dojo is part of the site training for the Harima Plant in order to prevent occupational accidents. The Safety Dojo works toward the following goals: 1) provide a place dedicated to helping trainees learn from past incidents and gain self-discipline; 2) give trainees opportunities to become accustomed to factory rules and regulations; and 3) enable trainees to cultivate their awareness and an accurate understanding of safety.

The dojo consists of two areas: an exhibition area of materials and photos of past occupational accidents at the Harima Plant, and a training area with simulators and where trainees attend lectures.

There are five zones in the training area: 1) the factory rule zone, where trainees get accustomed to factory rules such as those related to customary greetings, dress codes, and pointing-and-calling procedures; 2) the basic behavior zone, the 3) operation zone and 4) practice zone, where trainees learn safety basics for production activities and gain experience; and 5) the safety pledge zone, where trainees chant the safety slogan.

Safety Dojo activities are available to approximately 1,100 people, including everyone at the Plant and Group employees.

■ Enrollees in the Safety Dojo (Person Days)

FY	2022/3	2023/3	2024/3
Safety Dojo Training	3,609	3,440	3,481



Safety Dojo “History of Safety” area

Since Harima Plant handles explosives, the dojo is equipped with devices that simulate explosions caused by static electricity. Trainees learn about the risks of these situations and the importance of removing electrostatic charges. The dojo is also equipped with devices that simulate entanglements, residual air pressure, and ascending or descending stairs.

The training at the dojo is conducted in teams of about 20 people, each led by a workplace instructor. Rather than trying to explain difficult concepts with words alone, the dojo curriculum is focused on having trainees experience risks with game-based activities, hands-on experiences, and the use of simulators.

- Adhere to the basics of 3S (“seiri” (sorting), “seiton” (setting in order), and “seiso” (cleaning)), customary greetings, “pointing and calling,” and other practices, and diligently conduct what is commonplace.
- Change the behavior of each person.
- Turn changed behaviors into habits.

Through the accumulation of these efforts, we will realize a workplace free of occupational accidents. Training at the safety dojo is aimed at building a safety culture at the Harima Plant together.



Practicing a pointing-and-calling procedure at a pedestrian crossing during a Safety Dojo training session

Quality Dojo

Here, trainees learn the importance of and concepts behind maintaining quality in order to deliver safe and reliable products to all customers. Because the products we make help protect lives, this training is a reconfirmation that even one defective product among a million is 100% defective for our customers. Videos are also used to communicate past serious defects, explore the state of mind of the employees who actually dealt with the problem at the time, and what those employees would like to emphasize to their colleagues today. The aim is to impart the magnitude of the impact that serious defects have. Additionally, we use group discussions to educate employees on what is necessary to prevent problems from occurring or from reaching customers, so it becomes second nature to them. Quality Dojo training is also provided to all employees working at Harima Plant.



At a Quality Dojo group discussion on past issues

Engineer Development at Our Global Sites

Besides Japan, the Safety Strategic Business Unit operates in five other countries (the U.S., China, Thailand, Poland, and India). In addition to each location's own training and development programs, the Human Development Center trains and certifies trainers specialized in critical roles and develops special skills to ensure that the same level of safety and quality are being incorporated into manufacturing practices worldwide. As of March 2024, there are 21 certified trainers across the globe, and each one trains and certifies new trainers locally at the various business sites.

To provide training, we also opened four dojos (safety, quality, maintenance, and assembly) at Daicel Safety Systems (Jiangsu) Co., Ltd. (DSSC) in China and Daicel Safety Systems (Thailand) Co., Ltd. (DSST) in Thailand, two dojos (safety and quality) at Daicel Safety Systems India Pvt. Ltd. (DSSI), and one dojo (quality) at Daicel Safety Systems Americas, Inc. (DSSA).

We conduct training and development programs tailored to local cultures and the scale of each business site based on our relentless pursuit of safety and quality, and we instill Daicel's Monozukuri spirit.



Training and Certification Program for Trainers

Native Forests for Life Initiative

What Are Native Forests for Life?

Native forests for life is an initiative aimed at recreating local natural forests through a tree planting method developed by the late Dr. Akira Miyawaki, who is the pioneering figure in “Native Forests for Life”. His efforts were centered on the vegetation belonging to a region’s natural environment, its potential natural vegetation. By using the unique Miyawaki method of planting mixed species of trees, forests appropriate to the region are preserved and lead to protection from earthquakes, floods, and other natural disasters. We believe that Dr. Miyawaki’s initiative leads to personal growth on the part of both the people who plan and administer the tree planting ceremonies and the participants who learn as they plant trees, so the participation of local residents, including children, is an important feature of this tree planting method.

The Daicel Group’s Objectives in the Native Forests for Life Initiative



In March 2016, Daicel Corporation launched its Native Forests for Life Committee, chaired by the company’s president. The aims of this initiative are as follows:

① Restoring natural vegetation through mixed planting

Natural forests consist of a wide variety of tree species. Like one of these forests, we aim to become stronger personally and organizationally, with each staff member playing a role and supporting each other through forest development activities.

② Strengthening cooperation with local communities

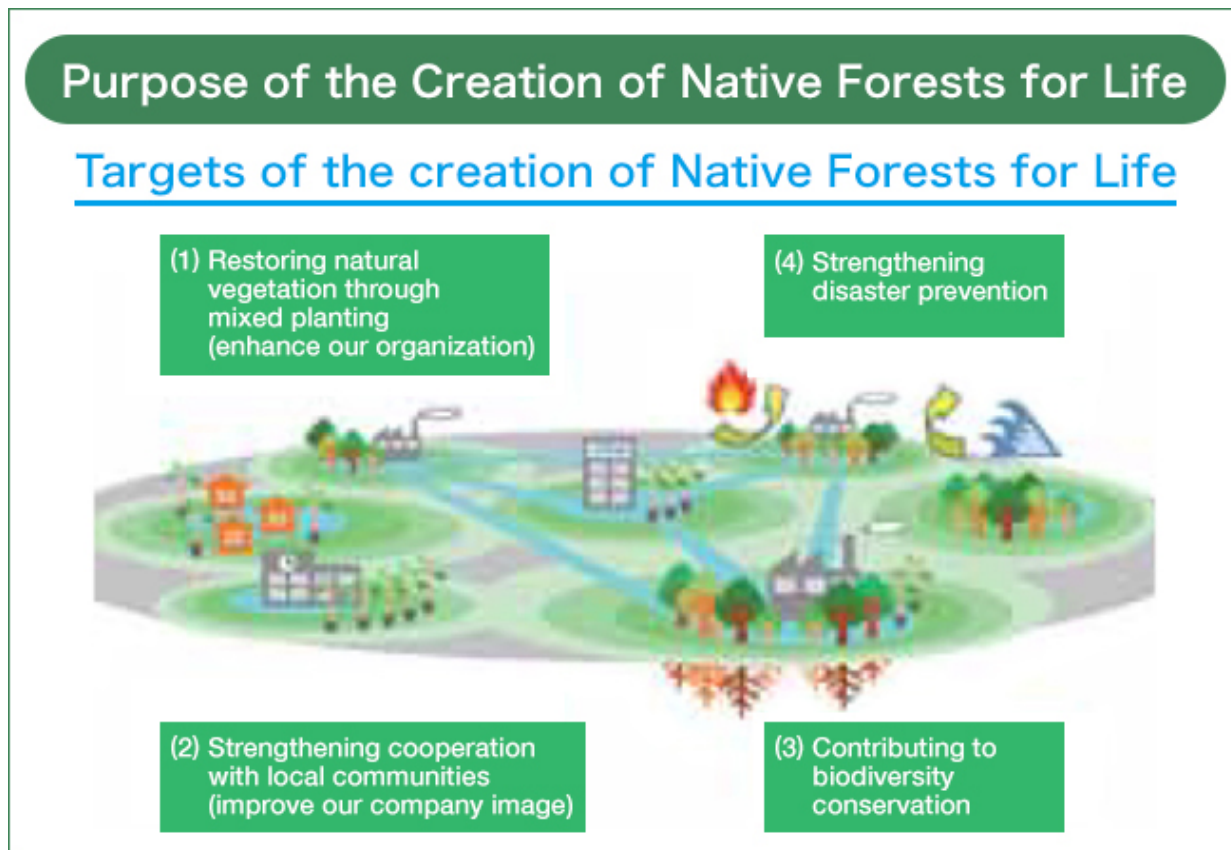
Through tree planting activities, we build ties with people in neighboring communities and help them understand our manufacturing activities and business operations by interacting with them.

③ Contributing to biodiversity conservation

We contribute to a low-carbon society and strive to preserve the natural environment.

④ Strengthening disaster prevention

We create forests that will, in turn, prevent fires from spreading, mitigate the damage from natural disasters, and reduce noise from human activity.



Native Forests for Life Tree Planting Ceremony

Daicel's first tree planting ceremony was held at Harima Plant on April 9, 2016, and other plants have followed by holding their own tree planting ceremonies. Not only Daicel Group employees but also their families, employees of our partner companies, and local residents take part in planting trees, making these ceremonies opportunities for interactions between Daicel and local communities. In November 2019, we held tree planting ceremonies at Aboshi Plant, Hirohata Plant, and Innovation Park to commemorate our 100th anniversary, with about 1,500 participants planting 10,300 seedlings.

■ Past Tree Planting Ceremonies

Business site	Date	Location of tree planting	Number of trees planted	Number of species	Number of participants
Innovation Park	December 5, 2023	Shiohama parking lot	100	23	11
Ohtake Plant	April 25, 2023	East property border	150	32	29
Kanzaki Plant	March 25, 2023*	Site adjacent parking lot	700	1	200
Ohtake Plant	May 31, 2022*	Planned office site	300	5	38
Harima Plant	May 27, 2021*	No.7 Pyrochemical Storage South	52	36	20
Harima Plant	March 30, 2021*	Around the No.3 parking lot	1,682	36	61
Harima Plant	April 28, 2020*	South of the No.1 Workshop, near the road to the Functional Testing Center	1,890	36	55
Ohtake Plant	March 18, 2020	East property border	150	32	35
Himeji Area (Aboshi Plant Hirohata Plant Innovation Park)	November 2, 2019	Shiohama (along the border of the parking lot)	10,300	36	1,500
Harima Plant	March 29, 2019	North property border	1,399	36	138
Daicel Chemical (China)	March 10, 2019	Changxing Island, Shanghai	13	1	25
Harima Plant	December 21, 2018	East property border	1,410	36	183
Ohtake Plant	April 14, 2018	Areas surrounding the office building site	2,000	36	517
Harima Plant	March 19, 2018	Nanodiamond Testing Center	456	27	117
Arai Plant	September 30, 2017	Areas surrounding the truck gate	1,272	30	335

Business site	Date	Location of tree planting	Number of trees planted	Number of species	Number of participants
Harima Plant	April 9, 2016	Areas surrounding parking lot No.1	2,052	36	543



April 25, 2023 Mini tree planting at Ohtake Plant

Editorial Policy

The Daicel Group aspires to realize its Basic Philosophy of becoming “The company making lives better by co-creating value,” and it continues to conduct its businesses with a view to both improving social sustainability and enhancing medium- to long-term corporate value.

Our sustainability website provides our various stakeholders with a comprehensive array of detailed non-financial information, including the Daicel Group’s concept of sustainability and sustainability efforts made in the current fiscal year.

We also archive PDF copies from the sustainability site in October every year as Daicel Group’s Sustainability Reports for that fiscal year.

We also encourage all stakeholders to read Daicel Report, which provides a concise accounting of our approaches and efforts toward improving the Daicel Group’s medium- to long-term corporate value.

In the editing of both the Group’s reports and website, attention is given to ensuring information disclosure on our approaches is presented in a logical and easy-to-follow format.

Sustainability Website

This website provides a comprehensive range of information on sustainability, including detailed data. We have reported in accordance with the GRI’s Sustainability Reporting Standards (GRI Standards) when disclosing information, and also reference other guidelines.

[> Sustainability Website](#)

Sustainability Report (PDF)

Sustainability Report is a PDF document that presents information from annual reports that have been released on our sustainability website.

[> Sustainability Report](#)

ESG Data

ESG Data contains more detailed numerical data on the environment, society, and governance.

[> ESG Data](#)

Daicel Report (Integrated Report)

Aimed at providing our shareholders, investors, and many other stakeholders with a better understanding of the Daicel Group and a tool for communication, this report is a concise consolidation of financial and non-financial information that is highly relevant to our medium- to long-term value creation story.

[> Daicel Report \(Integrated Report\)](#)

Reporting Period

FY2024/3 (April 2023 to March 2024)

Notes:

1. The reporting period for environmental and occupational health and safety data for overseas Group companies is from January through December 2023, except for the environmental data for overseas subsidiaries of Polyplastics Co., Ltd.
2. The period for reporting financial information for FY2024/3 was April 2023 to March 2024.

Entities within the Scope of Reporting

The Daicel Group comprises Daicel and 74 Group companies. The reporting organization is based on the Daicel Group, and other cases are noted in the text.

The following terms are used on our website.

- Daicel / The Company: Daicel Corporation
- Group companies: Subsidiaries of Daicel Corporation
- Daicel Group / The Group: Daicel Corporation and its subsidiaries

The following terms are used in the report on environmental and occupational health and safety.

- Daicel Group / The Group: Business sites of Daicel Corporation and its subsidiaries
- Daicel's business sites: Daicel Corporation's plants and research institutes as well as domestic Group companies operating on the premises of Daicel's business sites
- Domestic Group companies: Business sites of the domestic Group companies operating outside the premises of Daicel's business sites
- Overseas Group companies: Business sites of Daicel's overseas Group companies

The scope of the Group companies for reporting varies depending on the content of the initiatives. Refer to the following websites for more details.

[> Scope of Reporting for Human Resources and Governance Data](#)

[> Scope of Data Calculation for Environmental and Occupational Safety Performance](#)

Dates of Website Update and Publication of the Report

Sustainability section of our website: Updated annually

October 2024 (next update: October 2025 / last update: October 2023)

* We also update the website as necessary.

Daicel Report 2024: Issued annually

October 2024 (next edition: October 2025 / previous edition: October 2023)

Guidelines Used for Reference

Sustainability section of our website

- GRI Sustainability Reporting Standards 2016 / 2018 / 2019 / 2020 / 2021

Daicel Report 2024

- IFRS International Integrated Reporting Framework
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry (METI)
- GRI Sustainability Reporting Standards 2016 / 2018 / 2019 / 2020 / 2021

Independent Assurance Statement

September 11, 2024

Mr. Yoshimi Ogawa
President and CEO
Daicel Corporation

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Daicel Corporation (hereinafter "the Company") to provide limited assurance on greenhouse gas (GHG) emissions of the Company's business sites in FY2024/3, which are 1.51 million t-CO_{2e} (Scope1), 38.8 thousand t-CO_{2e} (Scope2 Market-Based) and 1.44 million t-CO_{2e} (Scope3 Categories 1,2,3,4,5,6 and 7). The purpose of this process is to express our conclusion on whether the GHG emissions were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the GHG emissions. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and 3410 (ISAE3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Onsite inspection of business sites
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the GHG emissions were calculated in accordance with the Company's standards

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GHG emissions have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.



Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

Participation in Initiatives and External Recognition

Participation in Initiatives

Sustainable Development Goals (SDGs)

The SDGs* are common goals of the international community proposed under the 2030 Agenda for Sustainable Development, which was unanimously adopted by member countries during a United Nations summit meeting held in September 2015. The SDGs consist of 17 goals and 169 targets aimed at creating a sustainable and better world by 2030, and participants have pledged to realize a society that leaves no one behind.

* Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS



> [Initiatives for Realizing a Sustainable Society](#)

> [What Are the SDGs? \(Ministry of Foreign Affairs, Japan\)](#)

United Nations Global Compact

In this voluntary initiative, companies and organizations participate in the creation of a global framework for realizing sustainable growth by demonstrating responsible and creative leadership as good members of society.

Under the Global Compact, companies are required to embrace and support essential values in the fields of human rights, labor, the environment, and anti-corruption, and put their own plans into practice.

In April 2020, the Daicel Group signed the Global Compact, endorsing the initiative's objective of addressing global issues as responsible corporate citizens.

Furthermore, relevant divisions have been participating in each subcommittee of the Global Compact Network Japan (GCNJ) since FY2022/3 to collect and share information with the purpose of further infusing the Global Compact within the company.



[> Daicel Group Initiatives for the 10 Principles of the UN Global Compact](#) 

[> UN Global Compact](#) 

Responsible Care Activities

In the chemical industry, each company that handles chemical substances engages in activities for preserving the environment and ensuring health and safety at every stage of operations, from product development and manufacturing to distribution, use, final consumption, recycling, and disposal, as well as disclosing the results of their activities, holding dialogues and communicating with society. These activities are called Responsible Care (RC) activities.

Daicel is a member of the Japan Chemical Industry Association (JCIA). Based on the Basic Policy of JCIA on Environment, Health, and Safety, we carry out RC activities in accordance with the Basic Policies on Responsible Care implemented February 21, 1995 (revised April 5, 2017).



[> Company Signatories to the Responsible Care Global Charter](#) 

[> Japan Chemical Industry Association: What Is Responsible Care?](#) 

[> Responsible Care Activities](#)

[> Responsible Care Global Charter](#)

TCFD Endorsement and Participation in the TCFD Consortium

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by a global organization, the Financial Stability Board (FSB), at the behest of the G20 to consider how to disclose climate-related information and what actions financial institutions should take. The TCFD's final report, published in June 2017, recommended and encouraged corporations around the world to identify and disclose the impacts of climate change on their finances.

In November 2021, the Daicel Group endorsed these TCFD recommendations. We are also a member of the TCFD Consortium, which consists of companies and financial institutions that support the TCFD recommendations.



[> TCFD](#)

[> TCFD Consortium](#)

[> Endorsement of TCFD Recommendations](#) 

Participation in the Ministry of Economy, Trade and Industry's Green Transformation (GX) League Basic Concept

The GX League was established by the Ministry of Economy, Trade and Industry (METI) as a forum for companies actively engaged with green transformations that aim to realize sustainable growth in society now and in the future. The league is a collaborative effort among companies with similar green initiatives together with the government and academia.

Daicel Corporation joined the GX League in May 2023 with the aim of realizing a carbon neutral society through collaboration between industry, the government, and academia.



[> METI's GX League Basic Concept](#)

Japan BioPlastics Association (JBPA)

JBPA is a private organization that was established in 1989 to promote the use of bioplastics (the common name for biodegradable plastics and biomass plastics), a new material that plays an important role in realizing a recycling-based society, and to establish testing and evaluation systems.

[> Japan BioPlastics Association \(JBPA\)](#)

Japan Clean Ocean Material Alliance (CLOMA)

This platform was set up with the aim of addressing the emerging concerns regarding marine plastic waste by seeking sustainable use of plastic products, as well as developing, introducing, and popularizing alternative products that will lead to waste reduction. The alliance plans and promotes activities across industries for the business community as a whole, and it seeks sustainable development through materials in a united effort between the public and private sectors. Daicel Corporation has participated in CLOMA since November 2019.



Clean Ocean Material Alliance

> [Japan Clean Ocean Material Alliance \(CLOMA\)](#)

> [Collaborations with Industry Organizations and Local Governments](#)

GREEN SEA Setouchi Hiroshima Platform (GSHIP)

GSHIP was established under the leadership of Hiroshima Prefecture in response to marine pollution from the runoff of plastic waste, which has become a global problem.

GSHIP has pledged to reduce plastic waste flowing into the Seto Inland Sea to zero by 2050 and promotes a diversity of activities to achieve this goal, including to reducing single-use plastics and developing plastic alternatives, preventing discharge of plastics into the marine environment, and carrying out beach cleanups, publicity and educational activities.

Daicel Corporation has participated in GSHIP since June 2021.



みんなで守ろう。ミライへ、美しく暮らしたい瀬戸内海を

2050 輝く
GREEN SEA
瀬戸内
ひろしま
宣言
2050 SHINING GREEN SEA
SETOUCHI HIROSHIMA
DECLARATION

> [GREEN SEA Setouchi Hiroshima Platform \(GSHIP\) \(Only in Japanese\)](#)

> [Collaboration with Industrial Associations and Local Governments](#)

Partner of WIPO Green

WIPO Green is a database and network that was established by the World Intellectual Property Organization (WIPO) in 2013 to promote the transfer of environmental technologies. Under this system, intellectual property holders register their environment-related patents and prospective users register their needs, and those that match are free to negotiate with each other about using the patents. In this way, registered patents can gain international recognition and the discovery of effective uses can be expected.

Daicel Corporation has been a partner in WIPO Green since April 15, 2020.



[> Partner of WIPO Green](#)

[> Daicel Partners with WIPO GREEN in an International Platform for Environment Technology Exchange](#)

[> Participation in WIPO GREEN](#)

#Here We Go 203030 Challenge Initiatives for 30% of Executives to be Women

This is an initiative that was announced by Keidanren (Japan Business Federation) in November 2020 to promote active participation in the workplace by a diverse range of people by 2030. “The NEW Growth Strategy” focuses on diversity and inclusion as the key drivers for achieving sustainable growth and upholds the goal of raising the ratio of female executives to 30% or more by 2030.

Daicel Corporation endorsed this initiative on April 5, 2021.



[> Endorsement of Keidanren's “Challenge Initiatives for 30% of Executives to be Women by 2030” \(#Here We Go 203030\)](#)

[> The Keidanren “Challenge Initiatives for 30% of Executives to be Women by 2030”](#)

Declaration of Partnership Building

We endorse the structure of the Declaration of Partnership Building, which was established by the Partnership Building Promotion Council for the Future, comprising the Chairman of Keidanren, the Chairman of the Japan Chamber of Commerce and Industry (JCCI), the President of the Japanese Trade Union Confederation (Rengo), and related ministers, and have posted our declaration on the Declaration of Partnership Building portal site. In the Declaration of Partnership Building, we declare the co-existence and co-prosperity of the entire supply chain, new cooperation beyond scale and affiliation, and compliance with desirable business practices with subcontractors.

We announced our endorsement on May 19, 2022.



[> Declaration of Partnership Building \(Only in Japanese\)](#)

Other Initiatives Supported by Daicel

> Keidanren (Japan Business Federation) 

External Recognition

ESG Indices

Selected as a Constituent of the MSCI Nihonkabu ESG Select Leaders Index

Morgan Stanley Capital International (MSCI) publishes the MSCI Nihonkabu ESG Select Leaders Index, a stock index composed of companies with relatively high ESG (environmental, social, and governance) ratings according to their industry. Daicel Corporation has been a constituent of the index since December 2023 in recognition of its various initiatives.

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

> MSCI NIHONKABU ESG Select Leaders Index (Only in Japanese) 

Selected as a Constituent of the MSCI Japan Empowering Women Index (WIN)

Based on data disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace, MSCI has also published the MSCI Japan Empowering Women Index (WIN), which comprises companies that excel in promoting gender diversity within their sectors. Daicel Corporation has been a constituent of WIN since June 2019, based on its multifaceted gender diversity score.

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

> MSCI Japan Empowering Women Index (WIN) (Only in Japanese) 

> Selected as a Constituent of the MSCI Japan Empowering Women Index (WIN) (Only in Japanese) 

* The inclusion of Daicel Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Daicel Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Selected as a Constituent of the FTSE4Good Index Series

The FTSE4Good Index Series, created by FTSE Russell, is designed to measure the performance of companies that excel in ESG (environmental, social, and governance) responsiveness. In June 2022, Daicel Corporation was selected as a constituent of the index.



FTSE4Good

[> FTSE4Good Index Series](#)

[> Selected as a Constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index Series, Which Are Leading ESG Investment Indices \(Only in Japanese\)](#) 

* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Daicel Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Selected as a Constituent of the FTSE Blossom Japan Index

The FTSE Blossom Japan Index, created by FTSE Russell, is designed to measure the performance of Japanese companies with high ESG (environmental, social, and governance) ratings.

The index is calibrated in line with the composition of the Japanese equity market to ensure that the companies included in the index are not biased towards any industry sectors. In June 2022, Daicel Corporation was selected as a constituent of the index.



**FTSE Blossom
Japan Index**

[> FTSE Blossom Japan Index Series](#)

[> Selected as a Constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index Series, Which Are Leading ESG Investment Indices \(Only in Japanese\)](#) 

* FTSE Russell confirms that Daicel Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong environmental, social, and governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Selected as a Constituent of the FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index, created by FTSE Russell, is designed as a sector-neutral benchmark that reflects the relative performance of companies demonstrating strong environmental, social, and governance (ESG) practices. To promote the transition to a low-carbon economy, index inclusion is granted only to those whose TPI* Management Quality Score reflects a strong commitment to reducing such emissions.

In April 2022, Daicel Corporation was selected as a constituent of the index.

* Transition Pathway Initiative (TPI) is a global initiative that was established under the leadership of asset owners in the UK in 2017 to assess companies' readiness to transition to a low-carbon economy and support their efforts to address climate change.



FTSE Blossom Japan Sector Relative Index

[> FTSE Blossom Japan Index Series](#)

* FTSE Russell confirms that Daicel Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index.

The FTSE Blossom Japan Sector Relative Index Series are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Selected as a Constituent of the S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index determines the weight of companies in the TOPIX index based on the environmental information they disclose and their carbon efficiency (carbon emissions per unit of revenue). In September 2018, Daicel Corporation was selected as a constituent for this index.



[> S&P/JPX Carbon Efficient Index](#)

Selected as a Constituent of the Morningstar Japan ex-REIT Gender Diversity Tilt Index

The Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J) is an ESG index of Japanese domestic equities published by Morningstar and Equileap with an emphasis on gender diversity initiatives that are embedded in corporate culture and that ensure equal opportunities for employees.

In April 2023, Daicel was selected as a constituent for this index.

[> Morningstar Japan ex-REIT Gender Diversity Tilt Index](#)

Selected as a Constituent of the Somo Sustainability Index

The Somo Sustainability Index is an active index independently created by Somo Asset Management Co., Ltd. based on approximately 300 companies selected annually by Somo Risk Management Inc. that excel in ESG (environmental, social, and governance), taking into account stock valuation (fundamental value), and is used in the sustainable management of Somo Asset Management Co., Ltd.

In June 2012, Daicel was selected as a constituent for this index.



[> Somo Sustainability Index \(Only in Japanese\)](#)

Selected as a Constituent of the iSTOXX[®] MUTB Japan Platinum Career 150 Index

The iSTOXX[®] MUTB Japan Platinum Career 150 Index was jointly developed by Mitsubishi UFJ Trust and Banking Corporation and STOXX, a Swiss index provider under the Deutsche Exchange. It is composed of 150 Japanese companies that are actively and continuously engaged in “platinum career” initiatives, with a career image in which skills are developed and accumulated through autonomous learning and experience regardless of age.

In May 2024, Daicel was selected as a constituent for this index.



[> iSTOXX[®] MUTB Japan Platinum Career 150 Index](#)

Other Major External Recognition

Awarded the Silver Medal from EcoVadis (Sustainability Rating) for Our Sustainability Efforts

EcoVadis is an organization that rates companies based on the information they publish pertaining to the environment, labor, human rights, ethics, and their use of sustainable materials, as well as their related strategies and initiatives. It provides well-trusted ratings by analyzing corporate data with regard to each company's industry, size, and location.

The silver medal is given to the top 15% of all companies rated by EcoVadis.



[> EcoVadis](#)

Certified as a “White 500” Organization under the 2024 Certified Health and Productivity Management Outstanding Organizations Recognition Program

The name of this program is a comprehensive term for large enterprises that are certified annually as organizations engaging in excellent health and productivity management in collaboration with insurers.

Companies are certified under the framework, jointly led by Japan’s Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, to recognize organizations that are practicing particularly excellent health and productivity management



> Recognized for the Fifth Consecutive Year as a “White 500” Organization under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program

> METI: Certified Health & Productivity Management Organization Recognition Program

Eruboshi Three-Star Certification

The Ministry of Health, Labour and Welfare’s Eruboshi certification recognizes companies that have formulated and submitted a general action plan as a business owner and that meet certain requirements, such as excellence in implementing initiatives for female participation and advancement. The highest level of Eruboshi certification is three stars, which is given to companies that meet all five criteria (including the ratio of managers to employees and work hours), and the ministry annually discloses those achievements on its database of companies that promotes women’s careers. Daicel Corporation earned its three-star certification in September 2020.



> The Initiatives of Women Empowerment in Daicel Group

> Ministry of Health, Labour and Welfare: Eruboshi Certification of Outstanding Enterprises (Only in Japanese)

“Leading Company for Women’s Active Participation” Certification from Osaka City

Osaka City certifies companies and organizations that actively create workplace environments that are friendly to women under its “Leading Company for Women’s Active Participation” program. In accordance with certain standards this program certifies companies that are proactively working to create a workplace in which women can work comfortably. The aim is to gain social recognition for these companies and spread their initiatives broadly.

Since November 2019, Daicel Corporation has held the highest level of certification (three stars). We shall continue to strive to be a company where each and every employee, regardless of gender, nationality or disability, can continue to work while expressing their individuality and making the most of their abilities.



> [The Initiatives of Women Empowerment in Daicel Group](#)

> [Plaza for Supporting “Brilliant Women—To the Future... Lady... Go!” \(Only in Japanese\)](#)

Certified as a “DX-Certified Operator” by Ministry of Economy, Trade and Industry

The DX Certification is based on the Act on Facilitation of Information Processing. The national certification initiative certifies companies that are recognized as ready to promote digital transformation and meet the basic requirements specified in the “Digital Governance Code.” This is a document that summarizes what action business managers are required to take to accommodate how society is being transformed by digital technology.

Daicel Corporation earned this certification in October 2023 as a “DX-certified operator.”



> [Certified as a “DX-certified operator” by Ministry of Economy, Trade and Industry \(Only in Japanese\)](#)

> [DX Certification Initiative \(Ministry of Economy, Trade and Industry\) \(Only in Japanese\)](#)

Certified as a Sports Yell Company 2024

The “Sports Yell Company” is a certification by the Japan Sports Agency for companies that are actively engaged in the implementation of sport to improve the health of their employees. Daicel was certified in February 2024.



> [Certified as a Sports Yell Company 2024 \(Only in Japanese\)](#)

> [Sports Yell Company \(Japan Sports Agency\)](#)

Scope of Reporting for Human Resources and Governance Data

The report covers the initiatives of Daicel Group companies and those of other companies as noted.

The scope of the reporting for Group companies varies depending on the content of the initiatives. Data concerning human resources and governance that are included in this report are as follows:

(1) Initiatives reported in Creating Attractive Workplaces (except (2) and Initiatives of Occupational Health and Safety)

* For the scope of reporting for Initiatives of Occupational Health and Safety, please see
[“Scope of Data Calculation for Environmental and Occupational Safety Performance.”](#)

(2) Initiatives of the Healthcare Committee reported in the Initiatives to Help Employees Maintain Mental and Physical Health, under Creating Attractive Workplaces

(3) Initiatives reported in Corporate Compliance

Daicel Corporation

Company Name	Region		(1)	(2)	(3)
DAICEL CORPORATION	Domestic	Tokyo	○	○	○

Consolidated Companies (As of March 31, 2024)

Company Name	Region		(1)	(2)	(3)
Polyplastics Co., Ltd.	Domestic	Tokyo	○	○	○
PTM Holdings, Inc.	Domestic	Tokyo	-	-	-
P Holdings, Inc.	Domestic	Tokyo	-	-	-
Daicel Miraizu Ltd.	Domestic	Tokyo	○	○	○
Daicel Pack Systems Ltd.	Domestic	Tokyo	○	○	○
Kyodo Sakusan Co., Ltd.	Domestic	Tokyo	○	-	○
Daicel Membrane-Systems Ltd.	Domestic	Tokyo	○	○	○

Company Name	Region		(1)	(2)	(3)
Daicel Medical Ltd.	Domestic	Tokyo	-	-	-
PI-CRYSTAL, Inc.	Domestic	Chiba	○	○	○
Dainichi Chemical Co., Ltd.	Domestic	Fukushima	○	○	○
Daicel Arai Chemical Ltd.	Domestic	Niigata	○	○	○
DM Novafoam Ltd.	Domestic	Nagano	○	○	○
PolyplaServise Co., Ltd.	Domestic	Shizuoka	○	-	○
Daicel Beyond Ltd.	Domestic	Kyoto	○	○	○
Kyoei Shokusan Co., Ltd.	Domestic	Osaka	○	○	○
Daicel Logistics Service Co., Ltd.	Domestic	Osaka	○	○	○
Daicel Value Coating Ltd.	Domestic	Hyogo	○	○	○
Daicel Safety Systems Inc.	Domestic	Hyogo	○	○	○
Daicel Aboshi Sangyo Co., Ltd.	Domestic	Hyogo	○	○	○
Daicel Ohtake Sangyo Co., Ltd.	Domestic	Hiroshima	○	○	○
Daicel Safety Systems (Jiangsu) Co., Ltd.	East Asia	Jiangsu	○	-	○
Daicel Safety Technologies (Jiangsu) Co., Ltd.	East Asia	Jiangsu	○	-	○
PTM Engineering Plastics (Nantong) Co., Ltd.	East Asia	Jiangsu	○	-	○
Polyplastics (Nantong) Ltd.	East Asia	Jiangsu	○	-	○
DP Engineering Plastics (Nantong) Co.,Ltd	East Asia	Jiangsu	○	-	○
Daicel Nanning Food Ingredients Co., Ltd.	East Asia	Guangxi Zhuang Autonomous Region	○	-	○
Daicel Chiral Technologies (China) Co., Ltd.	East Asia	Shanghai	○	-	○
Polyplastics Trading (Shanghai) Ltd.	East Asia	Shanghai	○	-	○
Polyplastics (Shanghai) Ltd.	East Asia	Shanghai	○	-	○

Company Name	Region		(1)	(2)	(3)
Shanghai Daicel Polymers, Ltd.	East Asia	Shanghai	○	-	○
Daicel Trading (Shanghai) Ltd.	East Asia	Shanghai	○	-	○
Daicel (China) Investment Co., Ltd.	East Asia	Shanghai	○	-	○
Polyplastics China Ltd.	East Asia	Hong Kong	○	-	○
Daicel Miraizu (Hong Kong) Ltd.	East Asia	Hong Kong	○	-	○
Polyplastics Taiwan Co., Ltd.	East Asia	Taipei	○	-	○
Daicel Micro Optics Co. Ltd.	East Asia	Hsinchu	○	-	○
Polyplastics Korea Ltd.	East Asia	Seoul	○	-	○
Polyplastics Marketing (T) Ltd.	South and Southeast Asia	Bangkok	○	-	○
Daicel Miraizu (Thailand) Co., Ltd.	South and Southeast Asia	Bangkok	○	-	○
Daicel Safety Systems (Thailand) Co., Ltd.	South and Southeast Asia	Prachinburi	○	-	○
Polyplastics Asia Pacific Singapore Pte. Ltd.	South and Southeast Asia	Singapore	○	-	○
Polyplastics Marketing (India) Private Limited	South and Southeast Asia	Maharashtra	○	-	○
Daicel (Asia) Pte. Ltd.	South and Southeast Asia	Singapore	○	-	○
Polyplastics Asia Pacific Sdn. Bhd.	South and Southeast Asia	Kuala Lumpur	○	-	○
Daicel Safety Systems India Pvt. Ltd.	South and Southeast Asia	Haryana	○	-	○
Daicel Chiral Technologies (India) Pvt. Ltd.	South and Southeast Asia	Telangana	○	-	○

Company Name	Region		(1)	(2)	(3)
Daicel Safety Systems Americas, Inc.	North and Central America	Arizona	○	-	○
Daicel America Holdings, Inc.	North and Central America	California	○	-	○
Daicel ChemTech, Inc.	North and Central America	New Jersey	○	-	○
Chiral Technologies, Inc.	North and Central America	Pennsylvania	○	-	○
Daicel Arbor Biosciences (official name: Biodiscovery LLC)	North and Central America	Michigan	○	-	○
Polyplastics USA, Inc.	North and Central America	Michigan	○	-	○
Polyplastics Marketing Mexico, S.A. de C.V.	North and Central America	Mexico City	○	-	○
Polyplastics Europe GmbH	Europe	Hessen	○	-	○
Topas Advanced Polymers GmbH	Europe	Hessen	○	-	○
Daicel (Europa) GmbH	Europe	Hessen	○	-	○
LCP Leuna Carboxylation Plant GmbH	Europe	Sachsen-Anhalt	○	-	○
Daicel Safety Systems Europe Sp. z o. o.	Europe	Województwo dolnośląskie	○	-	○
Chiral Technologies Europe S.A.S.	Europe	Bas-Rhin	○	-	○

Other Affiliated Companies (As of March 31, 2024)

Company Name	Region		(1)	(2)	(3)
Polyplastics-Evonik Corporation	Domestic	Tokyo	-	-	○
Daicel-ALLNEX Ltd.	Domestic	Tokyo	-	-	○
Kyoudou Polymer Co., Ltd.	Domestic	Tokyo	-	-	-
Toyo Styrene Co., Ltd.	Domestic	Tokyo	-	-	-
Toyoshina Film Co., Ltd.	Domestic	Nagano	-	-	-
Toyama Filter Tow Co., Ltd.	Domestic	Toyama	-	-	-
Hirohata Terminal Company Ltd.	Domestic	Hyogo	-	-	-
Hayashi Shipping, Co. Ltd	Domestic	Hyogo	-	-	-
Ningbo Da-An Chemical Industries Co., Ltd.	East Asia	Zhejiang	-	-	-
Xi'an Huida Chemical Industries Co., Ltd.	East Asia	Shaanxi	-	-	-
Shanghai Da-Shen Cellulose Plastics Co., Ltd.	East Asia	Shanghai	-	-	-
Daicel Safety Systems Korea, Inc.	East Asia	Gyeongsangbuk-do	-	-	-
Special Devices (Thailand) Co., Ltd.	South and Southeast Asia	Saraburi	-	-	-
Daicel Safety Technologies (Thailand) Co., Ltd.	South and Southeast Asia	Prachinburi	-	-	-
Advanced Monomers Pvt. Ltd.	South and Southeast Asia	Maharashtra	-	-	-
Chrom Tech Ltd.	Europe	Buckinghamshire	-	-	-

Scope of Data Calculation for Environmental and Occupational Safety Performance

Scope of Data Calculation for Environmental and Occupational Safety Performance (in random order)

Daicel's Business Sites

Daicel's Business Sites (plants and research institutes)

- Daicel Corporation (Arai Plant, Kanzaki Plant, Himeji Production Sector/Hirohata Plant, Himeji Production Sector/Aboshi Plant, Harima Plant, Ohtake Plant, Innovation Park)

Group Companies in Japan

Business sites of domestic Group companies operating on or outside of Daicel Corporation's business sites (plants and research institutes)

- Daicel Safety Systems Inc.*¹
- DM Novafoam Ltd. (Aomori Plant, Nagano Plant, Okayama Plant)
- Dainichi Chemical Co., Ltd. (Iwaki Plant)
- Daicel Pyrotechnics Ltd. (Takasaki Plant, Gunma Giant Shooting Practice Range) *²
- Daicel Pack Systems Ltd. (Isesaki Plant)
- Polyplastics Co., Ltd. (Fuji Plant, R&D Center Fuji, Technical Solution Center Fuji)
- Daicel Logistics Service Co., Ltd. (Kanto Logistics Center Chiba Business Office, Kanto Logistics Center Atsugi Business Office, Kansai Logistics Center Yokkaichi Business Office, Kansai Logistics Center Amagasaki Business Office, Arai Plant*¹, Himeji Production Sector/Aboshi Plant*¹, Ohtake Plant*¹, Harima Plant*¹)
- Daicel Value Coating Ltd. (Kanzaki Plant)*¹
- Daicel Miraizu Ltd. (Kanzaki Plant, Himeji Production Sector/Aboshi Plant, Himeji Production Sector/Hirohata Plant)*¹
- Toyo Styrene Co., Ltd. (Himeji Production Sector/Hirohata Plant)*¹
- Polyplastics-Evonik Corporation (Himeji Production Sector/Aboshi Plant)*¹
- Daicen Membrane-Systems Ltd. (Himeji Production Sector/Aboshi Plant)*¹
- Kyodo Sakusan Co., Ltd. (Himeji Production Sector/Aboshi Plant)*¹
- Daicel Aboshi Sangyo Co., Ltd. (Himeji Production Sector/Aboshi Plant)*¹
- Daicel Arai Chemical Ltd. (Arai Plant)*¹
- Daicel Ohtake Sangyo Co., Ltd. (Ohtake Plant)*¹

- Pi-Crystal, Inc.
- Daicel Beyond Ltd. (Kameoka Plant)

*1 It is considered a Daicel business site for data calculation purposes as the company is located on the premises of a Daicel business site.

*2 Data covers Daicel Pyrotechnics Ltd. up to the end of February 2024.

Group Companies Overseas

Business sites of overseas Group companies (plants and research institutes)

(East Asia)

- Daicel Safety Systems (Jiangsu) Co., Ltd.
- PTM Engineering Plastics (Nantong) Co., Ltd.
- Polyplastics (Nantong) Ltd.
- Shanghai Daicel Polymers, Ltd.
- Daicel Chiral Technologies (China) Co., Ltd.
- Daicel Nanning Food Ingredients Co., Ltd.
- Polyplastics Taiwan Co., Ltd.

(Southeast Asia / South Asia)

- Polyplastics Asia Pacific Sdn. Bhd.
- Daicel Safety Systems (Thailand) Co., Ltd. (provinces of Prachinburi and Saraburi)
- Daicel Chiral Technologies (India) Pvt. Ltd.
- Daicel Safety Systems India Pvt. Ltd.

(North America)

- Daicel Safety Systems Americas, Inc. (in the states of Kentucky and Arizona)
- Chiral Technologies, Inc.
- Daicel Arbor Biosciences (official name: Biodiscovery LLC)

(Europe)

- Chiral Technologies Europe S.A.S.
- LCP Leuna Carboxylation Plant GmbH
- Topas Advanced Polymers GmbH
- Daicel Safety Systems Europe Sp. zo.o.

GRI Content Index

Daicel Group has reported in accordance with the GRI Standards in reporting its sustainability initiatives.

The sections relevant to each GRI content are as follows.

Statement of use	Daicel Corporation has reported in accordance with the GRI Standards for the period from April 2023 to March 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	

Universal Standards

GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

1. The organization and its reporting practices

Disclosure 2-1	Organizational details	Corporate Data Business Locations & Group Companies
Disclosure 2-2	Entities included in the organization's sustainability reporting	Editorial Policy Business Locations & Group Companies List of Data Collection Boundaries (Scope of Reporting for Human Resources and Governance Data, Scope of Data Calculation for Environmental and Occupational Safety Performance) P97 Securities Report (Only in Japanese)
Disclosure 2-3	Reporting period, frequency and contact point	Editorial Policy Securities Report (Only in Japanese) (indicated on the front cover) Contact Us
Disclosure 2-4	Restatements of information	
Disclosure 2-5	External assurance	Independent Assurance Statement

2. Activities and workers

Disclosure 2-6	Activities, value chain and other business relationships	P05-06, P134 Securities Report (Only in Japanese) Sustainable Procurement
Disclosure 2-7	Employees	ESG Data
Disclosure 2-8	Workers who are not employees	ESG Data

3. Governance

Disclosure 2-9	Governance structure and composition	Corporate Governance Sustainability Management Directors & Senior Management ESG Data
Disclosure 2-10	Nomination and selection of the highest governance body	Corporate Governance Notice of the Result of the Excise of Voting Results at The 158th General Meeting of Shareholders Standards for Independence of Outside Directors/Outside Audit & Supervisory Board Members
Disclosure 2-11	Chair of the highest governance body	Corporate Governance Report Corporate Governance
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	Materiality Sustainability Management
Disclosure 2-13	Delegation of responsibility for managing impacts	Sustainability Management
Disclosure 2-14	Role of the highest governance body in sustainability reporting	Sustainability Management
Disclosure 2-15	Conflicts of interest	Corporate Governance Report
Disclosure 2-16	Communication of critical concerns	Corporate Compliance

Disclosure 2-17	Collective knowledge of the highest governance body	Corporate Compliance Corporate Governance
Disclosure 2-18	Evaluation of the performance of the highest governance body	Corporate Governance
Disclosure 2-19	Remuneration policies	Corporate Governance
Disclosure 2-20	Process to determine remuneration	Corporate Governance
Disclosure 2-21	Annual total compensation ratio	ESG Data

4. Strategy, policies and practices

Disclosure 2-22	Statement on sustainable development strategy	Message from the President and CEO
Disclosure 2-23	Policy commitments	Policy List Respect for Human Rights
Disclosure 2-24	Embedding policy commitments	Materiality Respect for Human Rights Corporate Compliance
Disclosure 2-25	Processes to remediate negative impacts	Enhancing Product Quality Respect for Human Rights Corporate Compliance
Disclosure 2-26	Mechanisms for seeking advice and raising concerns	Corporate Compliance Respect for Human Rights
Disclosure 2-27	Compliance with laws and regulations	Enhancing Product Quality Environmental Management ESG Data
Disclosure 2-28	Membership association	KEIDANREN (Japan Business Federation) Japan Chemical Industry Association Participation in Initiatives and External Recognition

5. Stakeholder engagement

Disclosure 2-29	Approach to stakeholder engagement	Sustainability Management
Disclosure 2-30	Collective bargaining agreements	ESG Data

GRI 3: Material Topics 2021

1. Guidance to determine material topics 2. Disclosures on material topics

Disclosure 3-1	Process to determine material topics	Materiality
Disclosure 3-2	List of material topics	Materiality
Disclosure 3-3	Management of material topics	Sustainability Management Materiality Policy List

Economic

GRI 201: Economic Performance 2016

201-1	Direct economic value generated and distributed	Consolidated Financial Highlights Securities Report (Only in Japanese)
201-2	Financial implications and other risks and opportunities due to climate change	Information Disclosure in Line with TCFD Recommendations
201-3	Defined benefit plan obligations and other retirement plans	P122 Securities Report (Only in Japanese)
201-4	Financial assistance received from government	P126 Securities Report (Only in Japanese)

GRI 202: Market Presence 2016

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Recruitment Data (Only in Japanese) Foster a Corporate Culture That Meets Employee Needs
202-2	Proportion of senior management hired from the local community	

GRI 203: Indirect Economic Impacts 2016

203-1	Infrastructure investments and services supported	
203-2	Significant indirect economic impacts	

GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Corporate Compliance
205-2	Communication and training about anti-corruption policies and procedures	Corporate Compliance
205-3	Confirmed incidents of corruption and actions taken	Corporate Compliance
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Compliance There were no applicable instances.
GRI 207: Tax 2019		
207-1	Approach to tax	Tax Policy
207-2	Tax governance, control, and risk management	Tax Policy
207-3	Stakeholder engagement and management of concerns related to tax	Tax Policy
207-4	Country-by-country reporting	
Environmental		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Environmental Management ESG Data
301-2	Recycled input materials used	
301-3	Reclaimed products and their packaging materials	
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Environmental Management Response to Climate Change ESG Data
302-2	Energy consumption outside of the organization	
302-3	Energy intensity	Response to Climate Change ESG Data
302-4	Reduction of energy consumption	Response to Climate Change ESG Data
302-5	Reductions in energy requirements of products and services	
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Water Resource Preservation
303-2	Management of water discharge-related impacts	Water Resource Preservation
303-3	Water withdrawal	Water Resource Preservation ESG Data
303-4	Water discharge	Water Resource Preservation ESG Data
303-5	Water consumption	Water Resource Preservation ESG Data
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
304-2	Significant impacts of activities, products and services on biodiversity	
304-3	Habitats protected or restored	Preserving Biodiversity Native Forests for Life Initiative

	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
GRI 305: Emissions 2016			
	305-1	Direct (Scope 1) GHG emissions	Response to Climate Change ESG Data
	305-2	Energy indirect (Scope 2) GHG emissions	Response to Climate Change ESG Data
	305-3	Other indirect (Scope 3) GHG emissions	Response to Climate Change ESG Data
	305-4	GHG emissions intensity	Response to Climate Change
	305-5	Reduction of GHG emissions	Response to Climate Change ESG Data
	305-6	Emissions of ozone-depleting substances (ODS)	ESG Data
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Management Emission Management of Chemical Substances Environmental Management and Prevention of Air Pollution ESG Data
GRI 306: Waste 2020			
	306-1	Waste generation and significant waste-related impacts	Reduction and Recycling of Industrial Waste
	306-2	Management of significant waste-related impacts	Reduction and Recycling of Industrial Waste
	306-3	Waste generated	ESG Data
	306-4	Waste diverted from disposal	ESG Data
	306-5	Waste directed to disposal	ESG Data
GRI 308: Supplier Environmental Assessment 2016			
	308-1	New suppliers that were screened using environmental criteria	Sustainable Procurement
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Procurement
Social			
GRI 401: Employment 2016			
	401-1	New employee hires and employee turnover	ESG Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Foster a Corporate Culture That Meets Employee Needs
	401-3	Parental leave	ESG Data
GRI 402: Labor/Management Relations 2016			
	402-1	Minimum notice periods regarding operational changes	
GRI 403: Occupational Health and Safety 2018			
	403-1	Occupational health and safety management system	Responsible Care Activities Occupational Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	Responsible Care Activities Occupational Health and Safety Initiatives to Help Employees Maintain Mental and Physical Health
	403-3	Occupational health services	Occupational Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5	Worker training on occupational health and safety	Support for Human Resource Development Occupational Health and Safety Harima Plant Human Development Center

	403-6	Promotion of worker health	Initiatives to Help Employees Maintain Mental and Physical Health Foster a Corporate Culture That Meets Employee Needs
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8	Workers covered by an occupational health and safety management system	Responsible Care Activities Occupational Health and Safety
	403-9	Work-related injuries	Materiality Occupational Health and Safety ESG Data
	403-10	Work-related ill health	Occupational Health and Safety ESG Data
GRI 404: Training and Education 2016			
	404-1	Average hours of training per year per employee	ESG Data
	404-2	Programs for upgrading employee skills and transition assistance programs	Support for Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	Support for Human Resource Development
GRI 405: Diversity and Equal Opportunity 2016			
	405-1	Diversity of governance bodies and employees	Corporate Governance P68-71 Securities Report (Only in Japanese) ESG Data
	405-2	Ratio of basic salary and remuneration of women to men	ESG Data
GRI 406: Non-discrimination 2016			
	406-1	Incidents of discrimination and corrective actions taken	
GRI 407: Freedom of Association and Collective Bargaining 2016			
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respect for Human Rights Sustainable Procurement
GRI 408: Child Labor 2016			
	408-1	Operations and suppliers at significant risk for incidents of child labor	Respect for Human Rights Sustainable Procurement
GRI 409: Forced or Compulsory Labor 2016			
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect for Human Rights Sustainable Procurement
GRI 410: Security Practices 2016			
	410-1	Security personnel trained in human rights policies or procedures	
GRI 411: Rights of Indigenous Peoples 2016			
	411-1	Incidents of violations involving rights of indigenous peoples	Respect for Human Rights Sustainable Procurement
GRI 413: Local Communities 2016			
	413-1	Operations with local community engagement, impact assessments, and development programs	Contribution to Local Communities and Society
	413-2	Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier Social Assessment 2016			
	414-1	New suppliers that were screened using social criteria	Sustainable Procurement
	414-2	Negative social impacts in the supply chain and actions taken	Sustainable Procurement
GRI 415: Public Policy 2016			

	415-1	Political contributions	ESG Data
GRI 416: Customer Health and Safety 2016			
	416-1	Assessment of the health and safety impacts of product and service categories	Enhancing Product Quality
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no instances of fines or penalties relating to any regulatory violation.
GRI 417: Marketing and Labeling 2016			
	417-1	Requirements for product and service information and labeling	Chemical and Product Safety
	417-2	Incidents of non-compliance concerning product and service information and labeling	There were no instances of fines or penalties relating to any regulatory violation. Enhancing Product Quality
	417-3	Incidents of non-compliance concerning marketing communications	There were no applicable instances by Daicel Corporation.
GRI 418: Customer Privacy 2016			
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no applicable instances by Daicel Corporation.