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Daicel Group

Sustainability Activities

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Daicel Corporation https://www.daicel.com/en/

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Message from Corporate Sustainability Daicel's Sustainable Management

The Daicel Group will prioritize safety, quality, and compliance as the most important foundation, and seek to achieve a sustainable society and the Group's business growth with integrity, tireless efforts, and self-transformation.

Sustainable Management Policy • We create and provide people with new values to achieve better quality of life.

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

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



What is Daicel's unique sustainable management?

That means to realize the three happinesses (happiness for workers, environment that offers happiness, and happiness for society and people) through value co-creation, thereby enhancing corporate value.

In FY2020/3, we established our Sustainable Management Policy. It clearly states the three happinesses that we aim to achieve. The first, "happiness for workers," means that workers can feel a sense of fulfillment. The second, "environment that offers happiness," means to achieve happiness in a way that is friendly to people and the earth. The third, "happiness for society and people," means to contribute to society and people's happiness.

Applying these to our business, we can say that Daicel makes good products through sustainable manufacturing processes that are friendly to the earth and has an environment where workers can feel a sense of fulfillment. This will bring pride and confidence to the workers and enable them to create more value. This is a Daicel's unique approach that is directly linked to the realization of a sustainable society.

What is the Daicel Group's concept of co-creation with diverse partners?

We see it as co-existence and co-prosperity with all stakeholders, including the natural environment, in a win-win relationship.

For example, carbon neutrality is a challenge that is difficult to achieve by one company alone due to its large scale. We believe that we can achieve greater results when multiple companies, research institutions, and governments work hand in hand, each bringing their own areas of expertise to the table.

The Group will aim to continuously provide value to society by co-creating with our partners based on ideas that transcend business and company boundaries and flexibly expand vertical and horizontal connections.

In addition, partnerships are essential to solving social issues such as the environment, human rights, and labor, as identified in the key sustainability issues (materiality).

We are looking forward to cooperating with everyone involved with the Group and building relationships that enhance mutual value. How do you utilize the strengths of the Daicel Group to solve social issues?

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As a pioneer in biomass chemistry, Daicel aims to realize the construction of a circular society that is unique to Daicel.

We are working on the development of new technologies in collaboration with various universities, which is only possible because we have been developing our business based on cellulose, a naturally derived material, for more than 100 years since our establishment. For example, we are developing technology to dissolve wood using less energy, and this dissolving technology opens up the possibility of using biomass products to replace or supplement conventional petrochemical products. In the future, this technology could be applied to waste products from agriculture and fisheries.

Combining these technologies, we are now aiming to realize a "Biomass Value Chain Concept" that revitalize the local economy by recycling industrial resources. This vision of the future, together with our related technologies and expertise, will be presented as a message for future societies at the Signature Pavilion, a thematic project of Expo 2025 Osaka, Kansai, Japan, which we are sponsoring.



Basic Philosophy of the Daicel Group 100 Years of Sustainability

In 1919, eight celluloid manufacturers merged to form Dainippon Celluloid Co., Ltd., or Daicel as it is known today. The idea of uniting diverse people, valuing the spirit of co-existence and co-prosperity with others, and enriching society and people's lives is the starting point of the Daicel Group and is reflected in our current Basic Philosophy.



A basic philosophy that had a sustainable perspective even at the company's inception, which is why we are returning to our roots.



ThoughtsMokichi Morita, the first presidentof the Firstof the company, set forth the basicPresidentphilosophy that a company is to
contribute to society and people. This
idea was shared by the board and
employees at the time.

Basic philosophy for the next 100 years

Current basic philosophy that reaffirms the founding spirit of valuing co-existence and co-prosperity with others and contribution to society through business together with diverse partners



Toward the realization of a sustainable society

While the chemical industry provides beneficial materials for reducing environmental impact, its manufacturing processes are energy-intensive. We are meeting this challenge head-on and working to create highly effective solutions to reduce the environmental impact of our manufacturing processes.

One of these is the realization of a "Biomass Value Chain Concept" that utilizes wood dissolving technology to recycle industrial resources and revitalize the local economy. We are proposing a form of a circular society that can only be realized by Daicel, a pioneer in biomass chemistry. We also believe that applying this technology to the challenge of innovation will lead to waste-free, sustainable manufacturing. Daicel will continue its endeavor toward the realization of a sustainable society that is both economical and ecological.

P.5 Contribution to the Development of a Circular Society

P.7 Response to Climate Change

The concept of "value co-creation," in which we empathize and resonate with diverse partners to create new value together, will continue to be carried forward, unaffected by the changing times.

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Cellulose, the origin of the Daicel Group

Since its inception, as a pioneer in biomass chemistry handling cellulose, which is derived from natural materials such as wood and cotton, the company has been developing it as a business using a variety of materials and technologies.





Toward the realization of a sustainable society **Key Sustainability Issues and Vision**

The Daicel Group has identified 15 key sustainability issues (materiality) to promote the realization of its Mid-Term Management Strategy "Accelerate 2025" formulated in FY2021/3. We will contribute to the realization of a sustainable society in Daicel's way in line with materiality.

Economy

Facing social issues in Daicel's way.

We have identified two major categories of our materiality: areas in which we will proactively create value by leveraging our strengths to solve social issues, and areas related to our most important foundations, such as safety, quality, and compliance, which are the prerequisites for such value creation. Currently, KPIs* are being set for each materiality.

Some KPIs transcend organizational and departmental frameworks and discussions are held to connect the pieces one by one and make the most of Daicel's unique characteristics.



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Takeshi Hamatani Corporate Sustainability

* Key Performance Indicator (KPI): Indicators to evaluate the organization's performance that are key to achieving its goals.

Building a circular society

Sustainable society

Environment

Societv

	Respect human rights	Promote diversity and inclusion	Contribute to the development of a circular society	Respond to climate change	Provide environmentally friendly materials and technology
	Foster a corporate culture that meets employee needs	Support personal growth	Contribute to the Smart Society	Provide safety and security for society	Contribute to beauty and health
	Ensure process safety, disaster prevention, and occupational health and safety	Promote sustainable procurement	Strengthen foundation for Group governance and compliance	Ensure chemical safety and enhance product quality	Reduce environmental impact
Areas of active value creation by leveraging strengths Areas whether the meeting of the median of the med					

Areas related to the most important issues such as safety, quality, and compliance

Contribution to the Development of a Circular Society

- The Challenge to Innovate through Biomass Utilization -

The Daicel Group will lead the realization of the "Biomass Value Chain Concept" based on its more than 100 years of expertise in forest chemistry and the world's most advanced technologies being researched in various fields.





Raw Material Purchasing Division, SCM Headquarters

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Response to Climate Change

The Daicel Group has established medium- to long-term targets for reducing GHG emissions in order to realize a decarbonized society. To achieve this medium- to long-term target, we will further develop the energy-saving initiatives we have been undertaking, for GHG emission reductions.

Daicel's three initiatives to reducing GHG emissions

Response to Climate Change https://www.daicel.com/en/sustainability/environment/climate-change.html





Expanding Sustainability Activities

The SDG Ambassadors and the Diversity Promotion Project (nicknamed "WellBe") are taking the lead in sending out the message internally through grassroots activities.



Deeply consider the impact of our corporate activities on society through the SDGs

The "SDG Ambassadors" started in FY2021/3 as a community of people who voluntarily promote the SDGs within the company, regardless of workplace, job title, or position, and currently have over 120 members, including those from domestic and overseas group companies. We are also working on a diversity promotion project called "WellBe," which is dedicated to the happiness of workers. Through interactions within and across offices, we are creating vibrant workplaces and expanding the circle of sustainability.

My SDG Card



Sharing a My SDG Card within the plant (Hirohata Plant)

Homekatsu Seminar

With the aim to create a Daicel Group that energizes people and the organization, a Homekatsu (literally meaning to offer praise) seminar was held to learn about communication and mental health through the idea of praise. It provides an opportunity for employees to learn to communicate with each other.







Organize internal events that provide

opportunities for

thinking

During Sustainability

group thinks about

sustainability, we

Week, when the entire

distribute My SDG Cards to

provide an opportunity to

learn about the SDGs.



Become an influencer to accelerate sustainability efforts in your own workplace

Ohtake Plant



Through learning about the cost ratio and production of coffee beans, the SDG Ambassadors conduct workshop to promote awareness of the Ohtake Plant's production costs and the role of the manufacturer, and encourages participants to reflect on their own work.

Daicen Membrane-Systems Ltd.

The company's groundwater and sewage treatment technology using membranes based on cellulose acetate was made known internally through demonstrations by the SDG Ambassador. This technology is used at AEON MALL Sakai Teppocho.

Pressure Hollow Solutior fiber before filtration Filtered water



Form communities and foster partnerships

DM Novaform Ltd.



Published in the December 24, 2021, issue of the Hokushin Local

The company has launched the One Novaform initiative, which connects the company's three bases (Nagano, Okayama, and Aomori plants) with the SDGs as keywords.

In addition, they are actively interacting with the local community through the inhouse Pink Mask campaign, which was implemented as a gender equality initiative at a junior high school near the Nagano Plant.





Co-creation with Stakeholders

The Daicel Group recognizes social issues from the perspective of the SDGs, and each and every employee of the Group, both in Japan and overseas, is actively promoting initiatives to realize a sustainable society.



[Poland] **Daicel Safety Systems** Europe Sp. z o.o.

In order to address issues related to the environment, society, and wellbeing, toward the realization of a sustainable society, we have implemented an internal program called Agent0017 to raise awareness of sustainability in the daily lives of our employees.

Example of the "Agent0017" activity (SDGs 11 and 12) was to use recyclable waste generated by the company to create Christmas decorations.





[China] Daicel Safety Systems (Jiangsu) Co., Ltd. Daicel Safety Technologies (Jiangsu) Co., Ltd.

In April 2022, as part of the activities to support guarantine management due to the coronavirus pandemic, donations were made to five hospitals in Danyang and Zhenjiang, where DSSC and DSTC are located. These hospitals not only provide regular PCR testing and vaccinations to the public, but also PCR testing to all employees of both companies free of charge, and are making daily efforts to prevent the spread of the novel coronavirus in the region.



Contribution to Local Communities and Society https://www.daicel.com/en/sustainability/social/community/

(North America) Chiral Technologies, Inc.

In response to the rapid spread of the coronavirus, we provided test kits free of charge to researchers around the world. The kit provided by Daicel Arbor Biosciences, which is responsible for the development of research equipment, was completed in just one week after the research organization requested its development.





for Life Initiative

The Daicel Group's Native Forests for Life Initiative, which began in 2016, incorporates the late Dr. Akira Miyawaki's tree-planting method (the Miyawaki method), in which trees are planted by mixing a number of tree types, focusing on vegetation that adapts to the local natural environment. The Miyawaki method of forming a strong natural forest while utilizing the characteristics of each of the diverse trees represents the Daicel Group's philosophy of creating an organization in which each individual can demonstrate capabilities while respecting diversity and aiming for corporate growth.

What the Native Forests for Life Initiative aims to achieve

 Restoring natural vegetation through mixed planting 2 Strengthening cooperation with local communities 3 Contribution to biodiversity conservation 4 Strengthening disaster prevention



Native Forests for Life Initiative https://www.daicel.com/en/sustainability/forests.html

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