

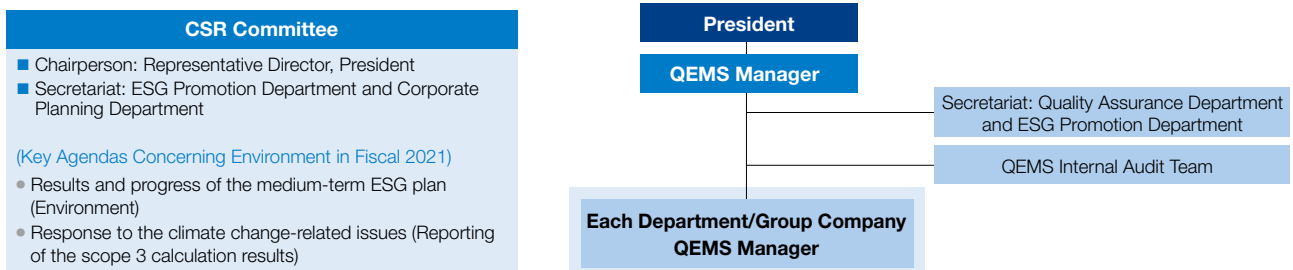
# E Environment

## Environment management

### Basic Approach

Toward the realization of the Daiken Group Environment Policy, the Daiken Group has formulated the medium-term ESG plan and raises the level of environmental activities in the entire group while improving the Environment Management System (EMS). To efficiently operate it integral with the Quality Management System (QMS), we promote and deploy activities as the Quality and Environment Management System (QEMS).

### Structure to promote Environment Management



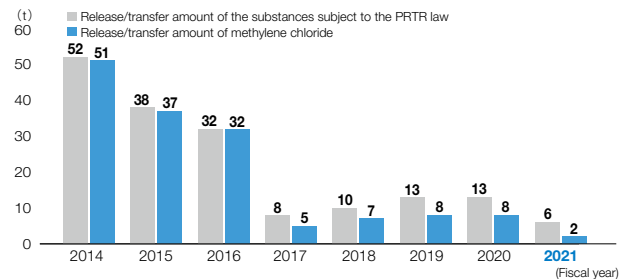
### ISO 14001 Certificate Acquisition Status (As of the end of March 2021)

(1) The percentage of the offices that acquired the certificate in all offices in Japan: 91.1% (Based on the consolidated number of employees)	(2) The percentage of the offices that acquired the certificate in all overseas offices: 61.1% (Based on the consolidated number of employees)
37 offices and plants at 9 companies	5 offices and plants at 5 companies

### Initiatives for the Reduction of Chemical Substances

The Daiken Group has upheld the appropriate management and reduction of chemical substances in the medium-term ESG plan as a theme and has set the goal to reduce the release amount of substances subject to the PRTR law by 70% in fiscal 2022 as compared to fiscal 2019. Regarding methylene chloride that became subject to the PRTR law in October 2020, we could totally abolish the use in production processes in our group as the establishment of technology for the product specification change has completed. With this, the release amount of the substances subject to the PRTR law in fiscal 2021 decreased by 54% as compared to fiscal 2019. We will continually put effort into the reduction of other target substances and promote the reduction of environmental burden in the entire group.

### Trend of the Release/Transfer Amount of the Substances Subject to the PRTR Law/Methylene Chloride

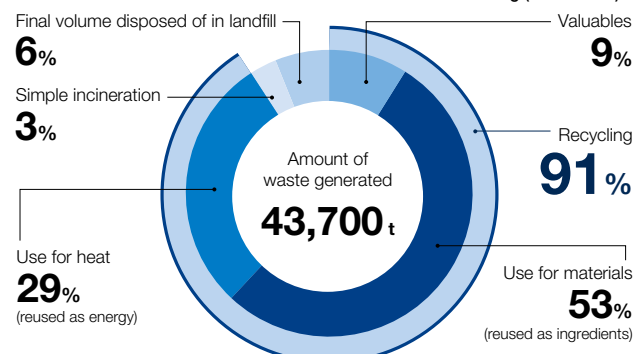


### Recycling of Waste Materials

The Daiken Group aims to realize a recycling-oriented society and puts effort into recycling waste, such as reusing the defectives generated in the manufacturing process as product materials to the extent possible, and using those as fuel for production, if not suitable for material itself. In fiscal 2021, by promoting the initiative to increase the use of waste for materials at the Okayama plant, in addition to the promotion of use as fuel for production by stably operating biomass boilers, the recycling rate of waste materials was 91%, which led to the reduction of the final volume disposed of in landfills. We continue to further improve the recycling rate.

Note)  
 Recycling rate = Amount of recycled resources / Amount of waste generated x 100 (%)  
 Amount of recycled resources = Valuable + Use for materials + Use for heat

### Amount of Waste Generated and Breakdown of Waste Processing (Fiscal 2021)



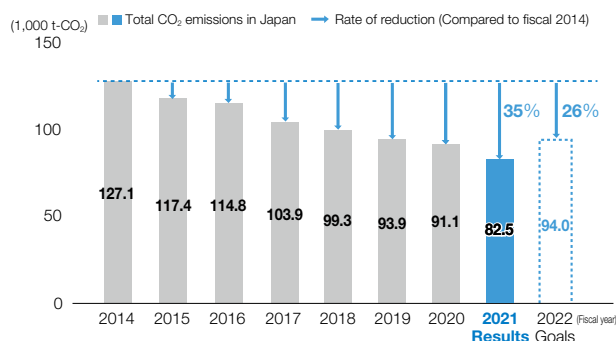
## Initiatives toward the CO<sub>2</sub> Emissions Reduction

As a response to the worldwide climate change risks, the Japanese government upholds the target of reducing greenhouse gas emissions by 26% (compared to fiscal 2014) by fiscal 2031 based on the Paris Agreement in fiscal 2016. To positively contribute to this target, our company positioned the reduction of CO<sub>2</sub> emissions in our business activities as the highest priority issue, accelerated the target that we initially aimed to achieve in the final fiscal year (fiscal 2026) of the long-term vision GP25, and set the target to achieve it in fiscal 2022, which is the final fiscal year of the medium-term management plan GP25 2nd Stage. On the other hand, in the wake of the new reduction target set by the Japanese government in fiscal 2022, we will continuously promote the initiatives in the medium-term management plan for the next term in order for our company to aim for further contribution.

### Utilization of Renewable Energy that is Linked to the Business Activities

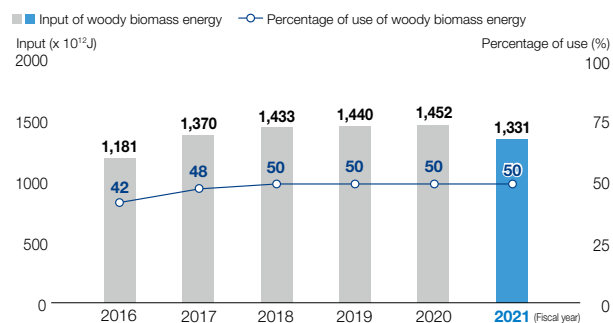
Regarding MDF and the insulation boards that are the primary products in the industrial materials business, we use wood chips from offcuts and demolished houses as primary raw materials based on the idea of the pursuit of using timber as a material to the extent possible. Furthermore, we use wood chips, which cannot be used as product raw materials, as fuel for woody biomass boilers as the necessary heat source in the manufacturing process. Likewise in the building materials business that manufactures doors and flooring materials by processing wood materials, offcuts and wood powder generated in the manufacturing process are used as fuel. Our group puts effort into reducing CO<sub>2</sub> emissions by using renewable energy linked to these business activities. Woody biomass boilers (13 units) have been introduced to 9 bases out of 12 production bases in Japan, such as the Okayama plant and the Takahagi plant, which are the primary plants for the industrial materials business. By striving for stable operation, we increase the renewable energy ratio to 50%, which leads to the reduction of CO<sub>2</sub> emissions. In fiscal 2021, because of the impact of the decrease in production due to the COVID-19 pandemic mainly in the first half of the year, in addition to these initiatives, emissions decreased by 35% as compared to fiscal 2014 and we achieved the 26% reduction, which was the goal in fiscal 2022, a year ahead of schedule.

#### Total CO<sub>2</sub> emissions in Japan<sup>\*1</sup>



\*1: Regarding the emission factor in electricity use associated with the calculation of greenhouse gas emissions, the actual emission factor in the said fiscal year by electric power supplier is used. However, if it is not released, we use the most recent factor.

#### Input of Woody Biomass Energy/Percentage of Use<sup>\*2,3</sup>



\*2: Total value at the Daikens Group's production bases in Japan.

\*3: Woody biomass energy input as a percentage of total energy input.

### Domestic Production Bases where a Woody Biomass Boiler is Installed

- Industrial materials business
- Building materials business

