

Message to Stakeholders



CONTENTS

Daiken Group's Value Creation	
Message to stakeholders	1
Daiken Group's Goal	3
Process of Creating Value	5
Historical Development of Value Creation and Strengths	7
The Daiken Group at a Glance	9
Product Development Uses Strengths	11
Creating shared value (CSV) by Daiken businesses	13

Strategy for Value Creation	
Interview with Top Management	17
Development of the Medium-Term Management Plan GP25 2nd Stage	23
I. Accelerating growth strategies	
• Strategies and progress by business/market	25
• Summary by business	27
• Initiatives for priority markets	29
• Research and development	35
II. Enhancement of the Management Foundation	37
• Restructure firm and flexible business infrastructure	38
• Optimize our financial foundation	39
• Practice of ESG Management	41

ESG Serving as a Foundation of Value Creation	
Discussion with President and Outside Directors	47
G Governance	51
S Social	61
E Environment	65
Data	
Eleven-Year Financial Summary	67
ESG Data	69
Financial Statements	71
Stock Information	74
Company Information	75

Message to stakeholders

Fiscal year (FY) 2020 was the first year of the three-year medium-term management Plan GP25 2nd Stage, which was started to accelerate the growth strategies for achieving the long-term vision GP25; consequently, our group steadily promoted measures for coping with the expected decrease in new housing starts, which included full-scale deployment in North America through mergers and acquisitions. Therefore, we strengthened proposals for functional building materials in public and commercial non-housing buildings.

However, a major change took place in the second half of the fiscal year as a result of the COVID-19 pandemic, which made it impossible to execute even former everyday business practices, not to mention restrictions on the business activities of our group. We recognized afresh the importance of personal relationships and that daily life was supported by a variety of different people.

Since the foundation of the company, our goal has been to contribute to people and society by providing industrial materials, building materials, and spaces that are equipped to offer a variety of different functions. We are more determined than ever as a company to continue to support the everyday activities of people by producing spaces that enable safer, more secure, healthier, and more comfortable lives for all the people around us; therefore, we must identify changes amidst the uncertainties of the COVID-19 pandemic and further upgrade our technologies, ideas, and passion for that purpose.

Our company will celebrate its 75th anniversary in FY 2021. This year is also the turnaround point for the long-term vision GP25, which is targeted for our 80th anniversary. During this milestone year, I, as the president, will play a leading role in navigating the business environment so that our company will continuously contribute to society through business based on a renewed gratitude for the relationships with the stakeholders that support the daily business of our group. We sincerely ask for your unchanged support.



Representative Director,
President

Editorial Policy

Based on the two policies in the medium-term management plan GP25 2nd Stage, I. "Accelerating growth strategies" and II. "Enhancement of the management foundation," the *Daiken Group Report 2020* explains the key measures aimed at medium-term and long-term corporate value enhancement, including the strengths that our group developed over time and the contributions to the resolution of social issues through our business both in the financial and nonfinancial aspects. In the preparation of this report, we endeavored to enrich its content so that readers could better understand our group by referring to input from shareholders, investors, and other stakeholders with increased financial information and statements concerning risk recognition. Please visit our website for details of the ESG and environmental information.

Company Information

DAIKEN CORPORATION and the Daiken Group
*Environmental information differs in scope.

Eligible Period

Fiscal 2020 (April 1, 2019, to March 31, 2020)

*Some contents include information other than the above period.

Reference Guidelines

- International Integrated Reporting Council (IIRC):
The International Integrated Reporting Framework
- ISO 26000

[Disclaimer regarding future prospects]

The forecasts and estimates in this report are based on information available at the time of the report's issuance. Plans and figures depicting the future do not imply a guarantee of actual outcomes.