

Environmental Strategies

Initiatives toward the realization of the Daiken Global Environment Vision 2050

In October 2021, we formulated the Daiken global environment vision 2050, in which the Daiken Group's attitude for the long-term initiatives, policies, and goals for environmental issues are established. We aim to contribute to the realization of a sustainable society from the three perspectives of the promoting resource recycling, mitigating climate change, and coexisting with nature and will put effort into the resolution of social issues, such as environmental issues.

Initiatives for the reduction of greenhouse gas emissions linked to the business activities

As milestones toward the realization of carbon neutrality upheld in the Daiken global environment vision 2050, the Daiken Group has set the greenhouse gas emission reduction goals by fiscal 2026 and for fiscal 2031 compared to fiscal 2022. Regarding the goal for fiscal 2026, 10% reduction (Scope 1+2) and 6% reduction (Scope 3) have been upheld as one of the medium-term management plan's ESG goals. For fiscal 2031, 25% reduction (Scope 1+2) and 13.5% reduction (Scope 3) have been upheld as the goals, and we have obtained certification from the Science Based Targets initiative, which is an international initiative, in June 2023 as the goal was science-backed Well Below 2°C, which is consistent with the levels required by the Paris Agreement. In fiscal 2024, with the impact of the rationalization of the production bases and the fluctuation of the electric power supplier's emission factor, in addition to the utilization of renewable energy, energy-saving activities, and promotion of the initiatives for productivity improvement, Scope 1+2 was a 15.8% reduction, and Scope 3 was a 16.1% reduction, which exceeded the target values in fiscal 2026. We will continue the initiatives for the reduction aimed at realizing carbon neutrality.

Mitigation of climate change

—Realization of carbon neutrality—



Promotion of resource recycling

—Waste reduction and reuse of resources—



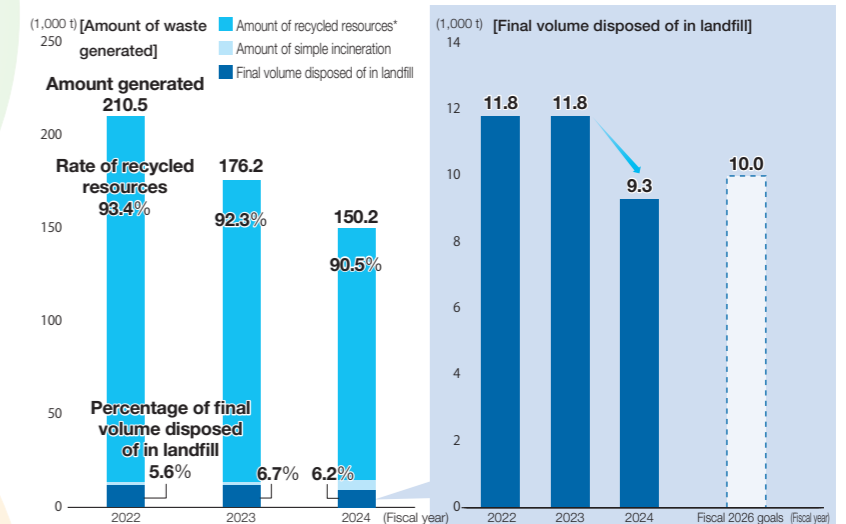
Coexistence with nature

—Conservation of biodiversity—

Reduction of final disposal of waste in landfills

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 raw materials to the extent possible, and using those as fuel for production, if not suitable for raw material itself. In fiscal 2024, we promoted material recycling, such as using it for soil improvement, and as a result, we achieved the final disposal of waste in landfills that is set as one of the medium-term management plan's ESG goals (goal in fiscal 2026: a 15% reduction compared to fiscal 2022). To be able to maintain the goal achievement, we will continuously work on the reduction toward the fiscal 2026, which is the final fiscal year of the goals.

*Amount of recycled resources = Valuable + Use for materials + Use for heat

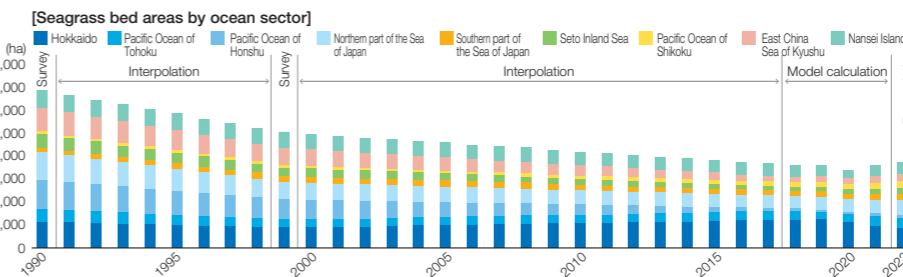


New initiatives toward the regeneration of marine ecosystem

Whereas carbon that terrestrial plants, such as forests and green in cities, absorb is called green carbon, carbon taken up in the sea by marine organisms, such as seaweed (eelgrass), seagrass, and phytoplankton, is called blue carbon, which have recently been drawing attention as a new option for carbon sink. The blue carbon ecosystem is known to bring co-benefits (synergistic benefits), such as the supply of fishery resources, water purification, and fostering of livelihood culture, and among them since seagrass beds provide hiding places and egg-laying sites to various living organisms, they play very important role from the perspective of biodiversity; however, because of the change in the marine environment due to global warming, the problem of rocky-shore denudation* has come to the surface on a global scale. For this issue, the Daiken Group takes advantage of the technologies to use unused resources

and the development of industrial materials cultivated in the existing businesses and has started research and development of marine resources that will lead to the regeneration of seagrass beds. We have contributed to the reduction of the environmental load from the perspective of carbon fixation by utilizing timber and by challenging the new field of the improvement of the marine environment, we look ahead to further creating shared value that will exceed carbon neutrality in 2050. While cooperating with local municipalities, research institutions, and companies, we will proceed with the initiatives and aim at realizing a regenerative society, such as regional revitalization through the maintenance of diversity of the marine ecosystem and conservation activities.

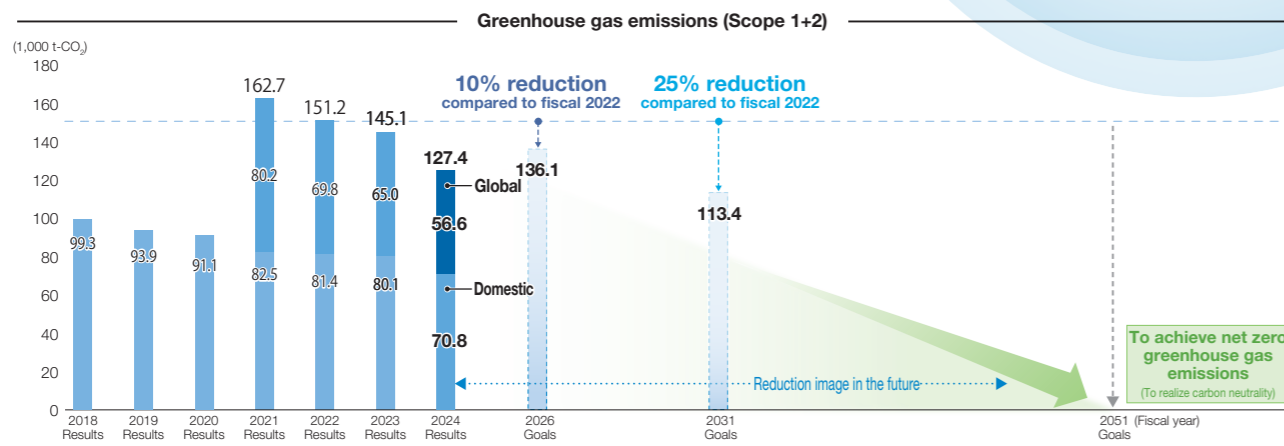
*Rocky-shore denudation: A phenomenon that seagrass communities (seagrass beds) are in the poor vegetation state that exceed the range of seasonal prevalence or some secular change in reefs and bounding stone areas in neritic waters



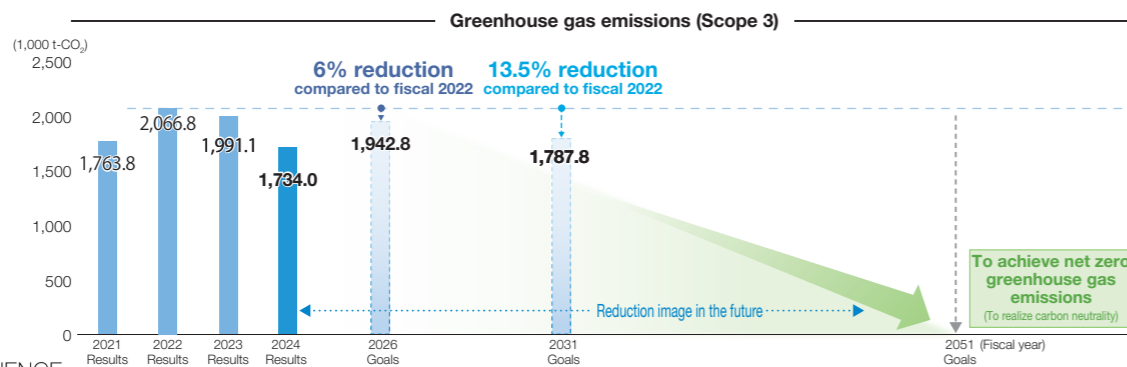
Source: Quoted from the Calculation Method for Seagrass Beds (seaweed and seagrass) in the Inventory in Japan (Ministry of the Environment)
 URL : <https://www.env.go.jp/content/000203000.pdf>



Taking platform in the event outside the company photo: miyography



Note 1: Overseas group bases' emissions have been combined since fiscal 2021 results.
 Note 2: For the values in and after fiscal 2022, the reviewed calculation method has been used as we obtained the SBT certification. In addition, values exclude Pacific Woodtech Corporation's results as the company became an equity method affiliate from a consolidated subsidiary in August 2022.



Note 1: Combined figures of the emissions in Japan and overseas
 Note 2: For the values in and after fiscal 2022, the reviewed calculation method has been used as we obtained the SBT certification. In addition, values exclude Pacific Woodtech Corporation's results as the company became an equity method affiliate from a consolidated subsidiary in August 2022.



For more information on the environmental data <https://www.daiken.jp/sustainability/esgdata.html>