

ESG Goals

We integrated the past medium-term ESG plan and the medium-term management plan in fiscal 2023 and set the important themes to work on from the perspective of ESG and goal values as the ESG goals.

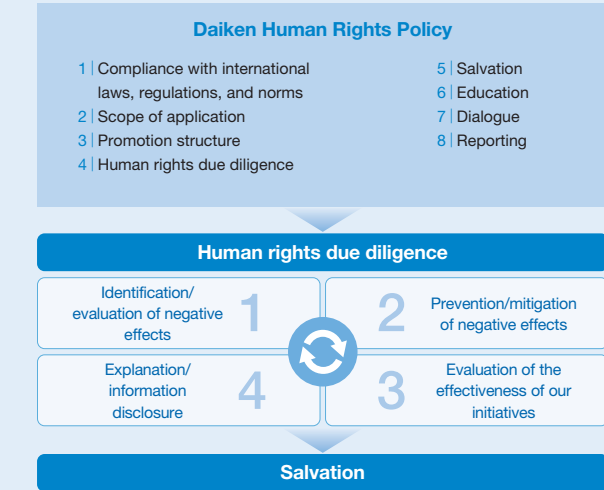
ESG Goals (Fiscal 2023-2026)			
Field	Theme	Goal (Fiscal 2026)	
E Environment	Promotion of recycle and conversion of waste into valuables	Reduction of the final waste landfilling treatment amount (production departments in Japan and overseas)	15% reduction (As compared to fiscal 2022)
	Greenhouse gas emissions reduction ¹	Total greenhouse gas emissions in Japan and overseas (Scope1+2)	10% reduction (As compared to fiscal 2022)
		Total greenhouse gas emissions in Japan and overseas (Scope3)	6% reduction (As compared to fiscal 2022)
	Promotion of the use of renewable energy	Renewable energy utilization ratio	Japan: 50% or more Overseas: 40% or more
	Expansion of the amount of carbon storage by using timber	Amount of carbon storage by the wood industrial materials business (MDF and insulation board)	1,100,000 t-CO ₂ /year
	Procure wood in a biodiversity friendly way	Lauan usage rate in flooring substrates	50% reduction (As compared to fiscal 2022)
	Appropriate management and reduction of chemical substances	Release/transfer amount of the substances subject to the PRTR law	70% reduction (As compared to fiscal 2022)
	Promote the effective use of water resources	Water resource input (Group production bases in Japan and overseas)	4% reduction (As compared to fiscal 2022)
	Reduce the use of plastics derived from fossil fuels	Use of plastic containers and packaging	4% reduction (As compared to fiscal 2022)
	Strengthen environmental risk management	Number of environmental accidents and violations at home and abroad (Those with administrative guidance and penal charge)	0
S Social	Enhancement of the quality control structure ¹	Number of accidents caused by design in the new product developed Manufacturing and product audit implementation cover rate Product safety and quality improvement education execution rate	0 100% 100%
	Promotion of CSR procurement	The rate of the CSR survey implementation	100%
	Ensuring fair competition and transactions	Serious violations of the Anti-Monopoly Act and Subcontract Act Planning and holding of the enlightenment activities by division and job type	0 20 times/year
	Promotion of diversity ¹	Total diversity index 3rd Stage ²	+30 pt (As compared to fiscal 2022)
		The ratio of female employees hired (New graduate nationwide course)	50%
		The female full-time employee ratio	20%
		The percentage of male employees taking childcare leave (Three-year average)	50%
		The female manager ratio	2%
		Long-term care seminar attendance rate Diversity training attendance rate (Managers) The degree of attainment of the employment rate of persons with disabilities	90%/year 100% 100%
	Personnel composition by age (Difference by generation)	Within the difference of 10 pt	
	Promotion of health and productivity management	The rate of receiving health promotion allowance Health score (Exercise, rest, and nutrition) Presenteeism loss rate	80% 20 pt 25%
	Promotion of workstyle reform ¹	Total work time reduction rate Rate of taking annual paid leave Employee satisfaction ³	3% (As compared to fiscal 2022) 70% 60 pt
	Reinforcing human resources development	Job separation rate within three years Young employees' career plan training attendance rate Attendance rate for the priority market enhancement program Attendance rate for training for management staff training program	Within 15% 100% 50% 80%
	Enhancement of the occupational safety and health	Serious disaster Plant mutual safety diagnosis execution rate	0 100%
	Human rights promotion activities	Human rights enlightenment training attendance rate Supervisor harassment training attendance rate	100% 100%
Social contribution activities by cooperating with local communities	Holding of the event planned by cooperating with local communities (Each group production base)	1 time/year	
G Governance	Enhancement of the Governance System	Female executive ratio (Director) Degree of penetration of the group corporate philosophy ⁴	10% or more 60 points or more
	Improvement of a dialog with stakeholders	Establishment of the index for the engagement with customers and business partners and the method, and setting of the goal Degree of empathy for our philosophy and activities by customers Holding of the policy explanation meeting for suppliers	Implementation in fiscal 2023 90% 1 time/year
	Strict compliance ⁵	Serious compliance violations Compliance consciousness degree ⁵	0 +5 pt (As compared to fiscal 2022)

Fiscal 2024: Progress status

Fiscal 2024 results
21.2% reduction Reduced by promoting material recycling, such as the use for soil improvement
15.8% reduction Reduced by the energy-saving activities and productivity improvement
16.1% reduction Reduced by rationalization of production bases
Japan: 50% Overseas: 36%
672,100 t-CO ₂ /year
8.9% increase
7.0% reduction Increased because group companies newly joined
5.1% reduction
2.2% reduction: Reduced by promoting weight saving
1 Product raw materials partially leaked into a river by the overseas plant
0
100% 100% Training for new employees and dissemination of information to all employees
The survey has not been implemented because the survey slip is currently in the process of revision
0
25 times Training, such as the Compliance Code of Conduct
+25.9pt 48.5% 21% 60% The percentage improved because of the legal revision and the expansion of the system
2% 64% 80% 104%
Difference of 3.2 pt
75.3% 16.2 pt Implementation of a walking event and a seminar on sleeping
28.8%
2.0% 70.7% 57.4 pt Goal setting in each organization and new implementation of training
11.6% Continuous implementation of the follow-up training up to the third year after joining the company
100% 55% 81%
0
Japan: 100% Overseas: 50% Creation of the diagnosis format and the resumption of safety diagnosis
100% 100%
A total of 93 events held in 17 bases among 19 bases at home and abroad
11.1% 61 pt
87% The meeting was held once
+1.32 pt Continuous implementation of training

Initiatives for human rights

The Daiken Group formulated the Daiken Human Rights Policy in 2019 and proceeded with initiatives for respecting human rights. Based on the announcement of the Guidelines on Respecting Human Rights in Responsible Supply Chain by the Ministry of Economy, Trade and Industry in September 2022, we have been proceeding with the revision of our human rights policy and the review and enhancement of the initiatives, such as human rights due diligence.



For suppliers, elements, such as human rights and labor, were included in addition to the items of fair transactions and the environment in the CSR Procurement Standards that stipulated the matters required for suppliers from the perspective of sustainability. We share and cooperate with suppliers based on these standards and aim for and put effort into respecting human rights in the entire supply chain.

Daiken CSR Procurement Standards

- 1 | Respect for human rights
- 2 | Compliance with laws and regulations
- 3 | Labor
- 4 | Fair transactions
- 5 | Quality/safety
- 6 | The environment
- 7 | Governance
- 8 | Management of information
- 9 | Supply chains
- 10 | Coexistence with society

Cases of our initiatives

Information provision at the exchange meeting with our business partners

For the purpose of the enhancement of the relationships with our business partners, we hold exchange meetings with our business partners for domestic business and explain our ways of thinking about our group's management policy and the environment. In fiscal 2025, we provided information on human rights.



Participated in the Declaration of Partnership Building

We were agreeable to the gist of the Committee for Promotion of Partnership Building for Opening the Future, which is promoted by the Cabinet Office and Small and Medium Enterprise Agency, and have formulated and registered the [Declaration of Partnership Building] aimed at building new partnerships by proceeding with the cooperation as well as coexistence and co-prosperity with our suppliers in the supply chain and business operators that are creating value.



¹: Set as the non-financial management goals in the medium-term management plan
²: Our own indices in which diversity-related items, such as the female manager ratio, were indexed. Total Diversity Index 3rd Stage is used in and after fiscal 2023 and items related to the method of calculation are reviewed and reset
³: Our own indices in which employees' actual feeling for satisfaction / job satisfaction in the workplace were indexed
⁴: Our own indices in which employees' understanding, sharing, and practice of the group corporate philosophy were indexed
⁵: Our own indices to measure employees' compliance consciousness degree from the perspectives of legal compliance, a sense of ethics, structure, and corporate culture