

## 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 <sup>1</sup>	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 <sub>2</sub> /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)
	Reduction of the use of plastics derived from fossil fuels	Reduction of the 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 <sup>1</sup>	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 <sup>1</sup>	Total diversity index 3rd Stage <sup>2</sup>	+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	90%/year
	Diversity training attendance rate (Managers)	100%	
The degree of attainment of the employment rate of persons with disabilities	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 <sup>1</sup>	Total work time reduction rate	3% reduction (As compared to fiscal 2022)	
	Rate of taking annual paid leave Employee satisfaction <sup>3</sup>	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 bases)	1 times/year	
G Governance	Enhancement of the governance system	Female executive ratio (Director) Degree of penetration of the group corporate philosophy <sup>4</sup>	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 Number of page views on our IR site	Implementation in fiscal 2023 90% 1 times/year 200% (As compared to fiscal 2022)
		Strict compliance <sup>1</sup>	Serious compliance violations Compliance consciousness degree <sup>5</sup>

## Fiscal 2023: Progress status

### Results

0.4% reduction

4.0% reduction

Energy-saving activities, productivity improvement, and other events had an impact  
3.7% reduction

Change in the sales mix and rationalization of the production bases had an impact

Japan: 49%

Overseas: 39%

739,400 t-CO<sub>2</sub>/year Decreased from the impact of the fluctuation of the MDF production volume

2.7% increase

27.3% reduction Reduced because of the discontinuation of the products that used the target substances

2.4% reduction Reduced because of the introduction of the seal water collection equipment and an increase in the recycling amount

4.7% reduction Fluctuation of the production volume had an impact

0

0

100%

100%

84% Implemented by expanding the survey scope

0

27 times

+18.3 pt

52.8%

19.4%

42.7%

1.9%

68.6%

43.7%

113% The employment rate of persons with disabilities: 2.6%

Difference of 6.0 points

76.4%

16.4 pt

28.1% Started approaching the health issues specific to women

0.94% reduction Reduced because of the increase in paid leave taken and other factors

62.8%

54.4 pt

15.9%

100%

58%

75%

0

Japan: 100%

Overseas: Canceled because of the impact of COVID-19

100%

100%

A total of 87 events held in 18 bases among 19 bases at home and abroad

11.1%

60 pt

The index on the left was set

The index on the left was set

135.7% Continuously implemented the expansion of the website content

One case (Violation of the Construction Industry Act in the construction management operation concerning the interior project by our affiliated company)  
(1.29 pt)

### Comments from the Manager of the Management Strategy Division responsible for the Sustainability Promotion Department

**Katsuhisa Morino**  
Managing Executive Officer



The Daiken Group aims to contribute to the development of an affluent society and environment that lead to a better future through business and thus intends to achieve long-term growth under the Daiken sustainability basic policy. In the medium-term management plan GP25 3rd Stage launched in FY 2023, the basic policy is to enhance the management foundation by positioning sustainability as a key pillar of management while implementing a growth strategy (CSV) that helps resolve social issues. Especially for the important items related to ESG, we set the management index and the goals to achieve by FY 2026 as ESG goals. In addition, the environmental objectives of ESG goals are positioned as milestones in the Daiken global environment vision 2050, which sets the long-term direction of the environmental initiatives.

As for the achievements in FY 2023, in the environmental aspect, we fell behind in working on the rate of utilization of lauan wood for base flooring materials and the amount of carbon stored in the wood materials business due to the delay in product development and the decrease in MDF production caused by the streamlining of the production bases; however, we got a good start toward the achievement of the goals for reducing water resources by introducing equipment and emissions and the transfer of PRTR substances by discontinuing products that use PRTR substances. In the social aspect, we worked to introduce the proper approaches to female-specific health problems and implement diversity management training to maximize the value of human resources while making sure that we educate employees by continuously providing training on the improvements of product safety and quality and fair trade. On the other hand, from the governance aspect, a major compliance violation was identified. We take it very seriously as a matter to reflect on and will make group-wide efforts to prevent repeat violations by providing a more thorough compliance education program.

We will carefully analyze our progress in the first year of the medium-term management plan, implement the appropriate measures, and maintain the focus on the comprehensive initiative for business activities and ESG activities with the aim of realizing the group corporate philosophy and achieving a sustainable society by doing so.

\*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 index based on the survey using the employees' sense of satisfaction and pleasant workplaces as evaluation axes

\*4: Our own indices in which employees' understanding, sharing, and practice of the group corporate philosophy were indexed

\*5: Own indices to measure employees' compliance consciousness degree from the perspectives of legal compliance, a sense of ethics, structure, and corporate culture