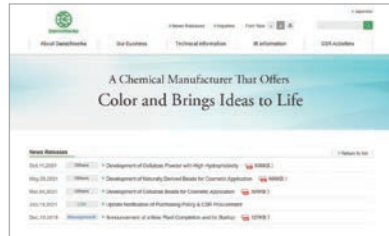




Dainichiseika

Website Information

More detailed corporate information, IR information, and information on CSR activities are reported on our website.



■ Dainichiseika Corporate Website
<https://www.daicolor.co.jp/english/>



■ IR Information
<https://www.daicolor.co.jp/english/ir/index.html>



■ CSR Activities
<https://www.daicolor.co.jp/english/csr/index.html>



Communication Tools

Corporate Profile



Product Information 2023-2024



Dainichiseika Color & Chemicals Mfg. Co., Ltd.
Public Relations Division

1-7-6 Nihonbashi Bakurocho, Chuo-ku, Tokyo 103-8383, Japan
Tel.+81-3-3662-1638 Fax. +81-3-3669-3924

Dainichiseika
Color & Chemicals Mfg. Co., Ltd.

2022



What kind of company is Dainichiseika?

- Outline of our product range and applicable usage
 - Segments and Products 03
- Core Technologies and Orientation of R&D
 - Technology behind our products 09
 - Research and Development at Dainichiseika 10
 - Value provided to society 11
 - Environmental and Social Contributions through Business and Products 13
- Looking back on the company's trajectory
 - Dainichiseika's progress to date 15



Dainichiseika in the future

- President to Everyone
 - Top Message 17
- We aim to contribute to a sustainable society through our business
 - Corporate Philosophy / Precept/Our business creed, "Full Achievement" 19
 - Management Policy and Strategy 20
 - Segment Strategy 23



CSR and ESG Initiatives

- Dainichiseika's social responsibility and our way of thinking about the environment, society and governance.
 - CSR and ESG that we think about 25
- We will set critical issues and take actively initiatives to preserve the global environment as well as to solve social problems.
 - CSR and ESG Materiality 26

Environment E

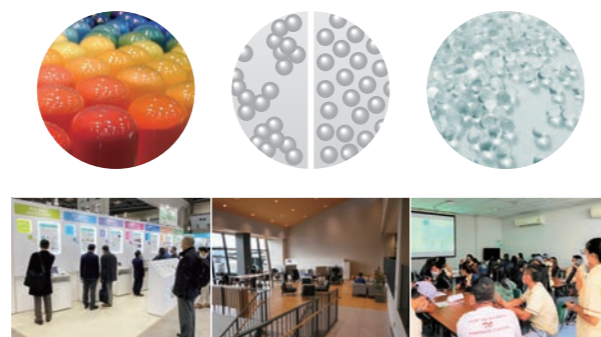


- We aim to improve our environmental performance
 - Environmental Management 29
- Tackling Climate Change from a Risks and Opportunities Perspective
 - Approach to TCFD Recommendations 31
- Responsible management as a chemical manufacturer
 - Management of Chemical Substances 33

Society S



- Stakeholders of Dainichiseika 34
- Learn about our customer relations
 - Quality Assurance 35
- Learn about our employee relations
 - Industrial Safety and Health 36
 - Logistics / Labor-Management Relations 37
 - Human Resource Development and Utilization 38
 - Diversity 39
- Learn about our relationship with our suppliers
 - CSR Procurement Initiatives / Prevention of Child Labor and Forced Labor / Responsible Mineral Procurement 40



Governance G



- Corporate Governance
 - Corporate Governance System 41
- Compliance
 - Promotion Activities / Compliance with Antitrust and Subcontracting laws / Prevention of Corruption and Bribery / Internal Reporting System / Tax Compliance 42
- Risk Management
 - Risk Management Survey / BCP Measures / Information Security 43
- Introduction of Board Members
 - List of Directors, Corporate Auditors and Titled Executive Officers / Skill Matrix of Directors and Titled Executive Officers 44
 - Reasons for Appointment of Independent Outside Directors and Independent Outside Auditors and Their Main Expertise 45
- Dialogue with Shareholders and Investors --- 45

On the Occasion of the Publication of the Dainichiseika Corporate Report

Dainichiseika was founded in 1931 and succeeded in domestic production of pigments, which at that time relied on imports. Since then, the company has paid attention to the needs of society and technological innovation, established core technologies in pigment synthesis, dispersion processing, and resin synthesis, and developed overseas bases in Asia, the United States, and Europe, growing into a chemical manufacturer that produces high value-added materials that meet social and environmental needs.

Our strengths lie in its technological, sales, and production capabilities and their strong collaboration, which enable us to meet the needs of our customers with the attention to detail that we have acquired through innovation over many years.

In the medium-term management plan announced in August 2021, we set our mission for the next 10 years as enhancing our corporate value by strengthening our technological capabilities, promoting ESG management, and expanding our overseas business as our basic strategies and contributing to the realization of a sustainable society by leveraging our technological capabilities. 2022 is the second year of the plan. The social economy faces major challenges to overcome, such as the prolonged Corona disaster and Russia's invasion of Ukraine, but even under these circumstances, we will strive to achieve our plans by mobilizing the strength of the entire group and sincerely meet everyone's expectations through preserving the global environment and solving social issues, and thereby further enhance our corporate value. We highly appreciate your continued support even after this.

DATA

- Company Profile / Basic Stock Information --- 46
- Consolidated Financial Highlights 47
- Group Network 48

Website Information

More detailed corporate information, IR information, and information on CSR activities are reported on our website.



Dainichiseika Corporate Website



IR Information



CSR Activities



Editorial Policy

We have published "an Environmental Report" Report since the fiscal year ended March 31, 2006, and "a Social and Environmental Report" since the fiscal year ended March 31, 2011. From the fiscal year ending March 31, 2014, we have changed the name of the report to "Corporate Report" and added the role of a corporate brochure, and from the fiscal year ending March 31, 2022, we have enhanced the introduction of initiatives related to ESG and SDGs in light of social demands. This report is designed to provide stakeholders with an easy-to-understand overview of our business activities as well as its approach to the environment, society, governance, and other issues. After a resolution at the Board of Directors meeting, the information is disclosed in booklets and electronic data.

Scope of Reporting

The entire Dainichiseika group are covered.

Reporting period

April 1, 2021 - March 31, 2022

*However, some activities outside of this period are also included.

Issued

Japanese edition published September 2022 (next issue scheduled for September 2023)

Reference Guidelines

- JSA [ISO 26000:2010 Guidance on social responsibility]
- Ministry of Economy, Trade and Industry (METI) [Guidance on Integrated Disclosure and Dialogue for Value Creation]
- GRI Standard (Sustainability Reporting guideline)

Segments and Products

Taking the opportunity of the formulation of its medium-term management plan (announced in August 2021), we have been developing its business under a new segment structure from the fiscal year ending March 31, 2022, in order to promote business strategies for medium- to long-term growth, such as rebuilding future core businesses, strengthening product development, and fostering new businesses.

Color & Functional Products — Pigments and Pigment-processed Products —

Businesses and Product Overview

This segment is engaged in the manufacture and sale of pigmented colorants for fibers, colorants for plastics, resin compounds^{*1}, pigment dispersions, and functional materials, with a focus on pigments and secondary processed products of pigments.

- **Pigments:** Inorganic and organic pigments^{*2} and processed pigments^{*3} used in a wide range of applications, including paints, printing inks, and information displays and records.
- **Specialty Colors:** Colorants for a wide range of industrial applications, including mass colorants for synthetic fibers prior to spinning, pigment textile printing agents^{*4}, colorants for paper manufacturing, and colorants for construction materials.
- **Plastics and Colorants:** Colorants and functional materials used for various resins such as polyvinyl chloride resins, commodity resins, and engineering plastics.

Characteristics of Product Development and Strengths in Business

This segment provides high value-added products for various application fields by highly controlling particle shape and surface properties based on pigment synthesis technology, and provides colorants for various synthetic resins to various industrial fields in Japan and overseas based on dispersion processing technology. We are also engaged in the development and commercialization of various functional materials through the multifaceted deployment of our technologies.

Backed by these technologies, our strength is its ability to propose and provide high value-added products in a variety of industrial fields by establishing a system that allows us to accurately and meticulously identify customer needs and promptly expand production and sales.

Future Development

- 1 We will promote technological development to meet the needs of markets expected to grow, such as IT, electronics, and mobility.
- 2 We will promote the development and sales expansion of products that take into account the reduction of environmental impact and resource recycling.
- 3 We will build a stable global supply system by reinforcing and restructuring our manufacturing bases in Japan and overseas, and propose high value-added products to society through collaboration with our customers.

Main Products



Main Applications



*1 Resin compound: A molding material in which additives such as pigments and reinforcing agents are kneaded into plastic.

*2 Inorganic/organic pigments: Pigments, which are the elements of color, include inorganic pigments made of inorganic materials such as metals and organic pigments made of organic materials.

*3 Processed pigments: Since pigments are insoluble in water or oil or hard to be soluble, dispersion processing requires a dispersion technology that takes advantage of the characteristics of pigments. Processed pigments are products created by such dispersion technology.

*4 Mass colorants and Textile printing agents: Mass colorants are colorants adding color to resin before spinning. Textile printing agents are materials used for printing on cloth.

Segments and Products

Polymer & Coating Materials

— Synthetic Resins and Specialty Coatings —

Businesses and Product Overview

This segment is mainly engaged in the manufacture and sale of synthetic resins and specialty coating agents, UV- and electron beam curable coating agents*1, urethane resins, and polymers derived from natural products.

- **Fine Polymers:** Urethane resins and colorants used for synthetic leather and molded products, special coating agents and adhesives that impart functionality, and imide resins representing heat-resistant resins.
- **Chemical biology:** Chitosan*2 made from crab shells and other natural polymers with active ingredients extracted from various marine organisms and natural products.
- **Coatings:** UV- and electron-beam curable coatings and design/functional coating agents used in the information/electronics, automotive, and interior construction materials fields.

Characteristics of Product Development and Strengths in Business

Based on resin synthesis technology, this segment is mainly engaged in the development and commercialization of urethane resins and materials using natural product-derived materials. Based on its dispersion processing technology, the segment also provides various coating agents to various industrial fields in Japan and overseas.

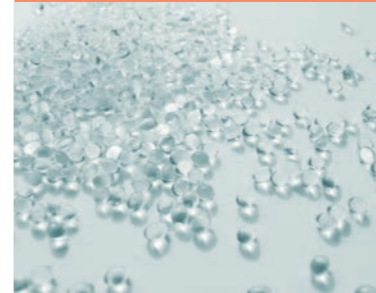
Our strength lies in our ability to propose and provide highly original products that meet the needs of our customers, based on our accumulated technologies and know-how, as well as the development of domestic and overseas bases.

Future Development

- 1 Focusing on such growing markets as IT & electronics, mobility, and energy, we will promote technological and application development to improve our market share and partnership with customers.
- 2 We will enhance development of water-based and biomass-based products, and promote energy conservation in the production process.
- 3 We will build a stable global supply system by establishing or reinforcing our manufacturing bases in Japan and overseas, and promote the development of high value-added products through open innovation.

Main Products

Urethane Resins



Natural Product Polymers



Coating agent



- Synthetic leather (furniture, clothing)
- Vehicle interior materials, construction materials and daily necessities
- Electric wires, cables and belts
- Cosmetics, etc.



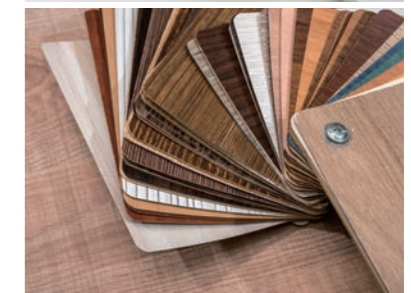
- Cosmetics
- Wastewater purification, water treatment, etc.



- LCD panels
- PCs and office equipments
- Decorative films, etc.



Main Applications



*1 UV- and electron beam curable coating agent: An ink or coating agent that undergoes a chemical reaction under the energy of ultraviolet or electron beams, instantly changing from a liquid to a solid.
 *2 Chitosan: A naturally occurring material found in the shell skins of arthropods and crustaceans such as crabs and shrimps. It is a substance obtained by alkali treatment of polysaccharides whose chemical structure resembles cellulose.

Segments and Products

Graphic & Printing Materials

— Inks for Packaging and Advertising Publications —

Businesses and Product Overview

This segment develops, manufactures, and sells a wide range of gravure inks and offset inks for various applications, with a focus on packaging and advertising publication inks.

- **Gravure inks:** Gravure printing inks, coatings, and flexographic inks that can be used for printing on a variety of substrates.
- **Offset inks:** Offset printing inks and special inks used for paper media such as newspaper inserts, flyers, books, and packaging materials.

Characteristics of Product Development and Strengths in Business

This segment provides general-purpose printing inks based on dispersion processing technology. In addition, we are developing and commercializing specialty inks and coatings by utilizing our proprietary formulation and other technologies.

In gravure inks, we can offer integrated proposals for inks, coatings, and adhesives for diverse applications, including food packaging materials, construction materials, and industrial materials, based on our network and knowledge cultivated through collaboration with a wide range of industries.

In offset inks, besides the basic and frequently used colors of yellow, magenta, cyan, and black (CMYK), we offer metallic inks with excellent luminosity, design and functional OP varnishes, and other products that realize rich printing expression.

Future Development

- 1 In addition to environmentally friendly inks such as water-based inks and biomass inks, we will develop and expand sales of inks that further contribute to the environment, such as inks with gas barrier properties and inks that enable recycling of packages and labels.
- 2 In gravure inks, we will promote product development to meet demand in new fields such as IT, electronics, and medical care, and further strengthen our overseas business, especially in the fast-growing Asian region. In addition, we will aim to further improve our services to customers as well as increase production capacity with the opening of the Bando Manufacturing Plant.
- 3 In offset inks, we will expand sales of high-value-added products that can be differentiated, such as metallic inks and special OP varnishes, which are less susceptible to the shrinking commercial printing market, and we will propose products with various functions other than color expression as the shift from plastic to paper continues to progress. In addition, as the shift from plastic to paper continues, we will propose products with various functionalities other than color expression.

Main Products

Gravure inks / flexographic inks



Offset inks



Main Applications

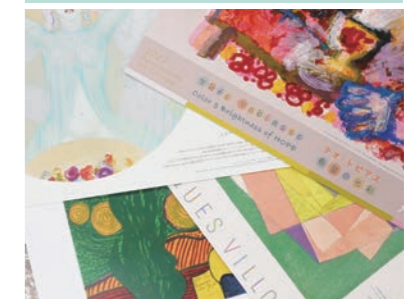
- Food and Daily Necessities Packaging Materials
- Food trays, etc.



- Beverage bottle labels
- Industrial and construction materials
- Cardboard and packaging materials
- Toiletries, etc.



- Advertisements and books
- Packaging, etc.



Technology behind our products

3 Core Technologies

Our technology began with the synthesis of high-quality, highly functional pigments, evolved to the stable dispersion of pigments in various materials to improve their coloring and functionality, and then to the acquisition of the technology to synthesize the synthetic resins themselves that form the base of such dispersions. Our technological strength lies in its ability to create colorants and functional materials that are unique to our group and that carefully meet the needs of our customers through the interplay of these three technologies as a comprehensive capability.

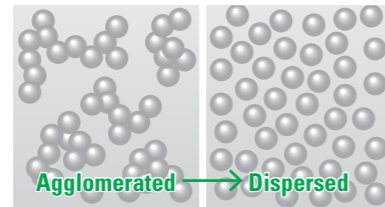
Organic/Inorganic synthesis and Pigment treatment technology

Pigment synthesis is a technical field that makes comprehensive use of knowledge of physical chemistry and interfacial chemistry, with centering in coloration theory of chemical substances and chemical bonds. In addition to improving dispersibility and coloration from the perspective of coloring, we also have the technology to chemically treat pigment surfaces to add special functions, such as pigments for color filters in LCD panels.



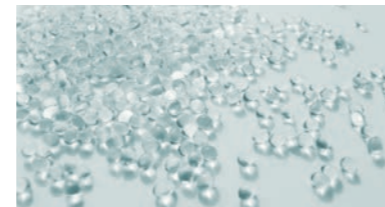
Dispersion Processing Technology

Dispersing pigments that are insoluble in water or oil evenly and stably in the target material requires a great deal of know-how. We have a wide range of dispersion processing technologies for all types of materials. We apply this dispersion processing technology not only to coloring but also to imparting functions such as electrical conductivity, flame retardance and strength in order to provide materials with added functionality.



Resin Synthesis Technology

We have extensive knowledge of raw materials such as urethane resins, imide resins, acrylic resins, and natural product-derived polymers, as well as resin design and resin synthesis technologies to match target performance. Our strength lies in our ability to provide high value-added products that match the needs of our customers by utilizing this technology and being able to provide integrated production to the final product.

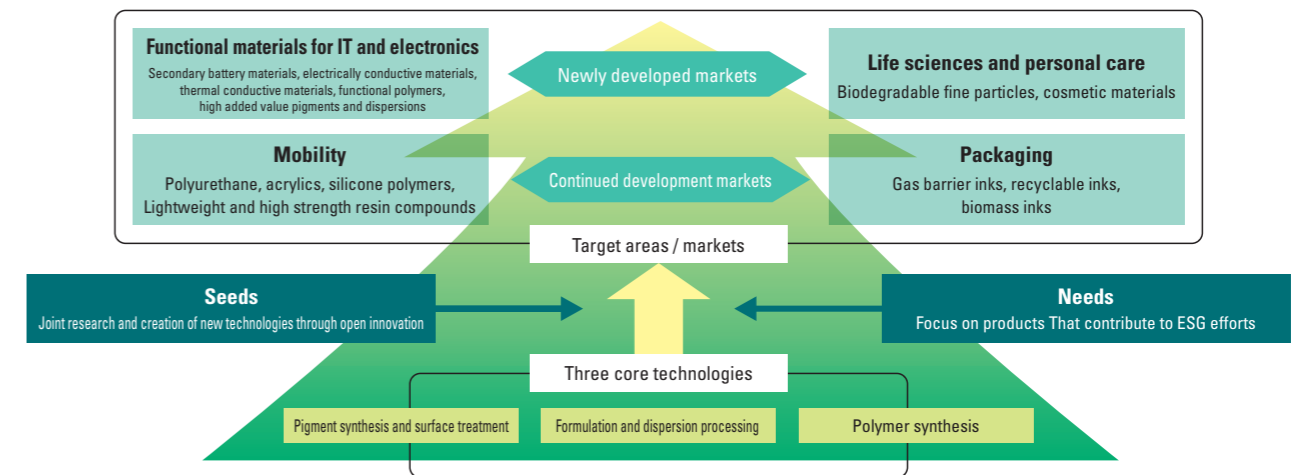


Research and Development at Dainichiseika

We aim to contribute to a sustainable society through research and development in growth areas

By analyzing three core technologies of ours from the perspectives of “seeds” and “needs,” and by aggressively investing funds and human resources in four target areas and markets with potential for development and growth, we aim to secure a technology-driven competitive advantage.

Roadmap Realized by Deepening Our Three core Technologies



Continued participation in the exhibition related to new functional materials

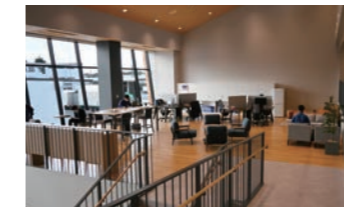
We continuously exhibit at the “Neo Functional Materials Expo” what is called, a comprehensive exhibition of functional materials that creates new added value by selecting technologies that meet the needs of the times, such as contributing to a sustainable society, from the many research themes being conducted by our R&D department. The exhibition not only introduces the latest technologies of ours, but also provides an occasion to develop and discover new applications and research issues through interaction with our customers.



Open innovation

Our product development excels in solution-oriented development that precisely meets customer needs, and we have long been engaged in technological exchange and joint research with our customers.

We are also actively engaged in R&D through industry-academia collaboration, including the commercialization of academic research conducted by universities and other research institutions.



STIC, a new center for open innovation— Workspace like a cafe

Synergies among segments

Our R&D system is composed of the R&D Structure conducting basic research for the entire Group and the Technical R&D Departments in business divisions conducting R&D tailored to the needs of each segment.

Our strength lies in its technical organization within the business divisions, which enables flexible R&D in coordination with sales and production, while in order to actively utilize the technologies accumulated in the business divisions as assets for the entire Group, it is necessary to share research themes and promote the exchange of researchers.

To enhance such synergy among segments, we have organized several specialized research divisions in the R&D Structure to deepen collaboration between the R&D Structure and the Technical R&D Departments in each business unit and to further deepen our core technologies.

The employment information page of our corporate website includes project stories of our staffs dedicated to the research and development, though the same in English is not available for now. (Japanese Only)



Voice Deepening Core Technologies to Contribute to ESG



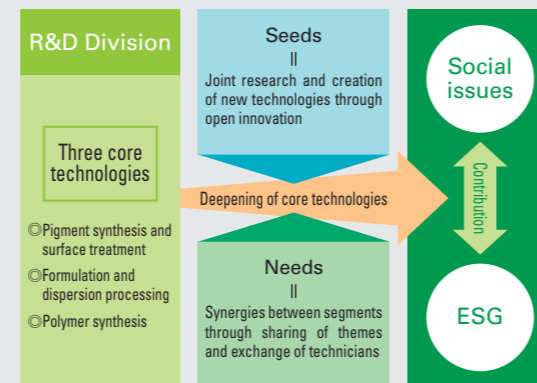
Yoshitaka Koshiro
Representative Senior Executive Director,
Head of R&D Structure

It is our top priority that we contribute to society's needs (ESG) by reevaluating our own technologies with technology management methods. By combining open innovation with inter-segment synergies and intellectual property strategies, we evaluate market size, profitability, and growth potential, and tackle to develop technologies that deepen the three core technologies we own.

Aggressive promotion of Intellectual Property (IP) Strategy

In addition to the development of our own technologies, we are considering the acquisition of intellectual property necessary for our business, including joint research with universities and customers through open innovation, the creation of new technologies, and the acquisition of rights to use patents held by other companies. In addition, we work in unison with management, business, and research strategies

to maintain and improve the safety, superiority, sustainability, and growth of our business. As for IP strategy, in order to safely and efficiently implement product protection, IP protection, and acquisition of new IP, a Patent Committee consisting of developers from all business segments has been established to share information related to product development. Furthermore, an IP search system has been introduced for the main purpose of IP management and patent inventory.



Value provided to society

Value Creation Process

Our strength lies in the “Cycled-trinity management,” in which we accurately grasp “customer needs,” give shape to ideas by utilizing our “three core technologies” that we have been refining since our founding, and provide a stable supply of high-quality products through our “production site capabilities” deployed both in Japan and overseas.

We aim to realize a sustainable society and sustainable growth by contributing to society and the environment through manufacturing, as well as by providing solutions to our customers through cooperation between our sales and technical divisions, and between our technical and production divisions.

Technology, customer responsiveness, and production capabilities cultivated over 90 years in business

Social issues that Dainichiseika take initiatives

- Prevention of global warming
- Strengthening social infrastructure
- Protection of the water environment
- Promotion of resource recycling
- Reduction of environmental impact
- Promoting agriculture and reducing food loss



Long-term Vision

Missions

Continue contributing to society by leveraging our technological capabilities in niche markets
Engage in new value creation and problem-solving aimed at realizing a sustainable society

Medium- to Long-term Basic Strategy

Management emphasizing capital efficiency

Target ROE of at least 9% Target ROA of at least 5%

5-year target (FY ending March, 2026) Sales ...¥132.0billion Operating profit ...¥12.0billion

3-year target (FY ending March, 2024) Sales ...¥125.0billion Operating profit ...¥8.7billion

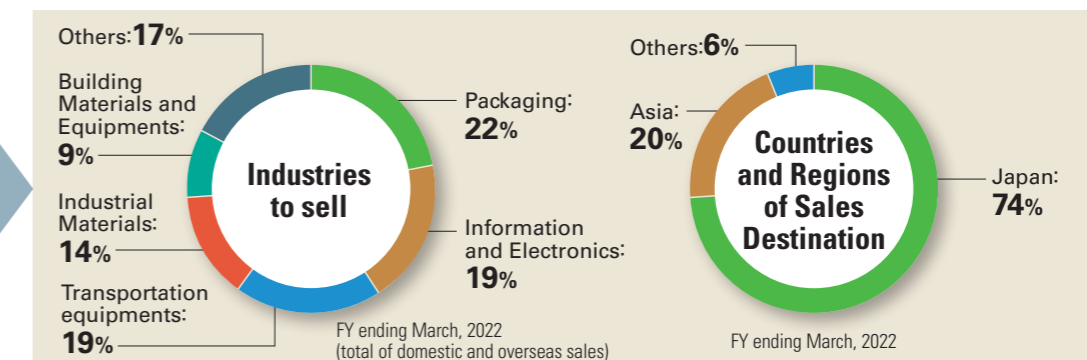
The “Three Pillars” for Realization

Secure a competitive advantage through technology-initiative

- Growth of existing businesses
- New technology development

Promote ESG-focused management that aims to realize a sustainable society

Reinforce our business base by expanding overseas business; increasing overseas sales

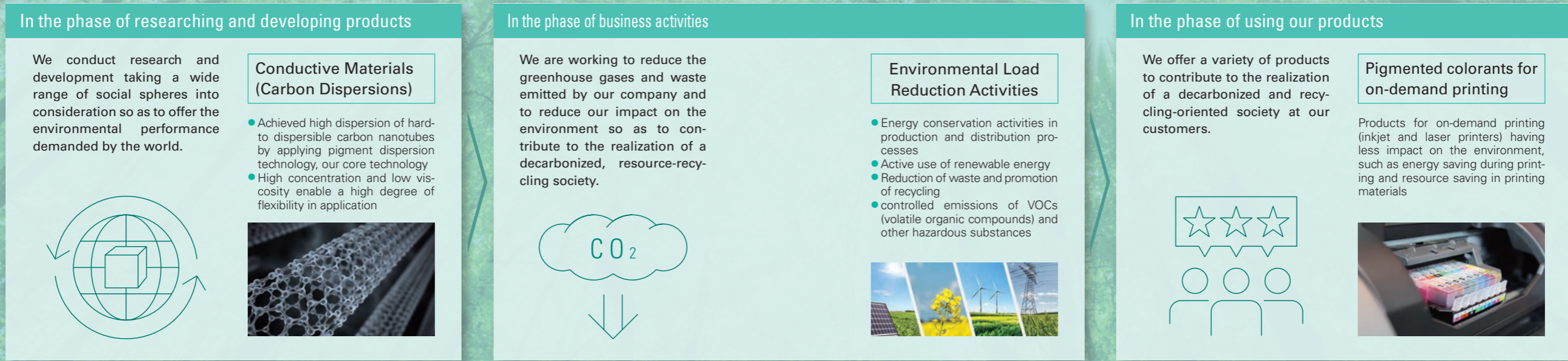


Environmental and Social Contributions through Business and Products

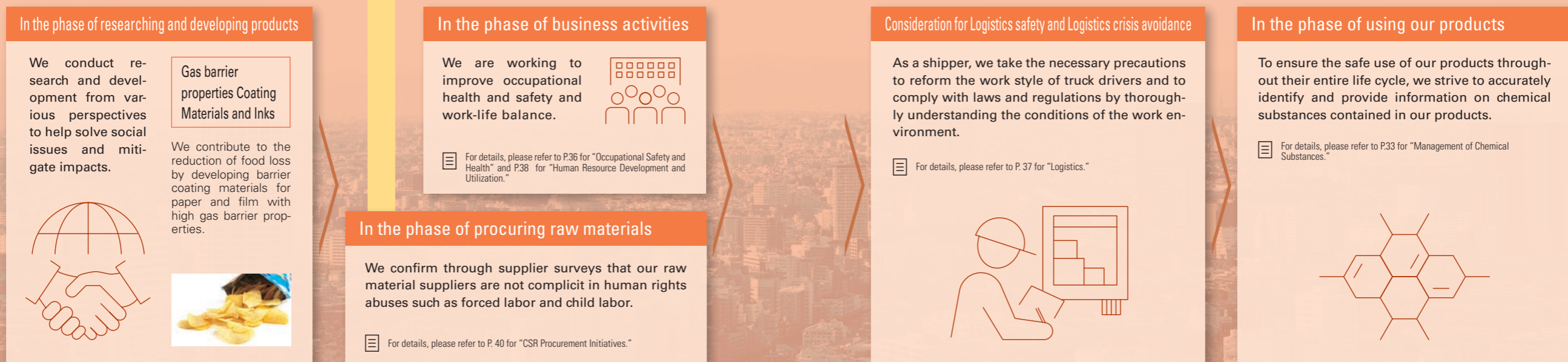


We have been taking initiatives to resolving environmental and social issues throughout the value chain through our business activities.

Contributing to the Environment



Contributing to Society



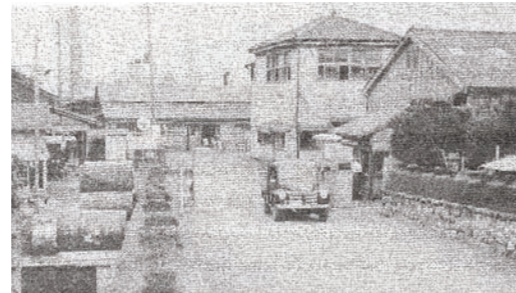
Dainichiseika's progress to date

Yoshihiro Takahashi, founder of Dainichiseika, believed that "it is our wish that our lives be enveloped by the colors we love." We have been conducting research and development to fulfill our customers' wishes for "more flexible coloring".

Founded with the aim of domestically producing pigments

Yoshihiro Takahashi, the founder of the company, was concerned about the fact that most pigments were imported before World War II, and founded Saika Ganryo L.P. in 1931 with the aim of domestically producing pigments. He believed that pigments were difficult to use as they were and that they had to be made into an easy-to-use form in order to popularize them, so he began research and development.

In 1944, the company merged with two other companies in the industry acquired and Company name changed to Dainichiseika Kogyo k.k. (that is. Dainichiseika Color & Chemicals Mfg. Co., Ltd.), forming the base of the company as we know it today.



In the vicinity of the main gate of Tokyo Production Plant around 1950



Dainichiseika

Our logo, established in 1951, is based on the motif of an amphibious "pelican" and "the earth". It represents the desire of our founder and employees to be like the king of waterfowls, carrying beautiful colors, walking all over Japan and spreading its wings to the world.

Technical development and production systems were established and penetrated into the domestic market

After World War II, we made a fresh start and set "synthetic resin colorants," "textile printing agents," and "mass colorants for synthetic fibers" as the three pillars of our postwar plan.

By 1953, the three pillars of technological development had been established, and in 1968, the Tokai Plant (now the Tokai Factory) was completed. It was here that we began to penetrate the domestic market in earnest.

Expanding "Domestically Produced" Technology into Overseas Markets

Since the 1980s, as Japanese companies have been aggressively expanding overseas, we have been expanding our deployment area to meet their needs.

Today, we have globally 17 sales and production bases in 11 countries and regions, and have built a system to meet the development needs of our customers around the world.

90 Years since founded, Tracks of "Value Creation"

1930

'31 Founded Saika Ganryo L.P.



Founder Yoshihiro Takahashi

'38 Began full-scale production of miori blue, chrome yellow, fanal pigment, and azo pigments.

'39 Company renamed Saika Shikiso Kogyo Co., Ltd.

1940

'44 Acquired two other companies in the same industry and changed company name to Dainichiseika Color & Chemicals Mfg. Co., Ltd.

Entered the offset ink business.

'45 Head Office (Chuo-ku, Tokyo) and Tokyo Plant begin operations. (currently Tokyo Production Plant)

'47 Opened Sapporo Office and Plant. (Later renamed Hokkaido Dainichiseika Co., Ltd. Merged with the Company)

'48

Developed and launched colorants for polyvinyl chloride (PVC). Entered the plastic colorant business.



Head Office at that time

1950

'50 Opened Osaka Office. (currently West Japan Head Branch)

Developed and launched vinyl inks. Entered the gravure ink business.

'53 Entered new business: mass colorants for synthetic fiber and woven fabric printing.

'57 Established UKIMA Chemicals & Color Mfg. Co., Ltd.

1960

'60 Opened Osaka Plant. (currently Osaka Production Plant)

'61 Listed on Second Section of the Tokyo Stock Exchange.

'62 Opened Hong Kong Representative Office. (currently Dainichiseika (HK) Ltd.)

'63 Opened Narita Plant. (currently Hi-Tech Chem Co., Ltd.)

'64 Opened Nagoya Office. (currently Central Japan Head Branch)

Established Taiyo Kako Co., Ltd. (currently Dainichi Color Composite Co., Ltd.)

'67 Entered the polyurethane business.

Opened Shizuoka Office.

'68 Opened Tokai Plant. (currently Tokai Production Plant)

Opened Sendai Office. (currently Sendai Branch)

Opened Okayama Office. (currently Okayama Branch)

'69

Shares listed on First Section of the Tokyo Stock Exchange



Tokai Production Plant at the completion of phase 1 construction

Opened Kyushu Office. (Currently, Kyushu Dainichiseika Co., Ltd.)

Established Nagoya Kako Co., Ltd. (currently Togo Production Plant)

1970

'72 Opened Kawaguchi Plant. (currently Kawaguchi Production Plant)

'73 Established Tai Chin Chemical Industry Co., Ltd.

'75 Announced CCM technology for plastics.

'76 Entered the UV curable coating agent business.

'77

Established Sambo Fine Chemicals Mfg. Co., Ltd.

Established Dainichi Plaboard Co., Ltd. (currently Dainichiseika Kako Hanbai Co., Ltd.)

'78 Opened Shikoku Office. (currently Shikoku Branch)

1980

'83 Opened Hiroshima Office. (currently Hiroshima Branch)

'84 Established Daicolor Italy S.R.L.

'85 Opened Hokuriku Office. (currently Hokuriku Branch)

Entered the natural polymer business.

'88 Established Hi-Tech Color, Inc.



'89

Established Dainichi Color (Thailand), Ltd.

Established Kanto Dainichiseika Co., Ltd. (currently Dainichi Color Composite Co., Ltd.)

Established Dainichi System Finance Co., Ltd. (currently D.S.F. Co., Ltd.)

Established Plalloy MTD. B.V.

1990

'94 Established Color Planning Center Inc.

Established Shanghai Mitsui Plastic Compounds Ltd.

'95 Established PT. Hi-Tech Ink Indonesia.



Established Dongguan Dainichi Chemical Manufactory Co., Ltd.

'96 Opened Shiga Production Plant.

'97

Established Dainichiseika (HK) Colouring Co., Ltd.

2000

'03 Established Daicolor Shanghai Mfg. Co., Ltd.

'05 Established Dainichi (Shenzhen) Trading Ltd.

'06 Established Dainichi Color Vietnam Co., Ltd.



'07 Established Kyushu Kako Co., Ltd.

'08 Established Dainichi Color India Private Ltd.



Established Dainichiseika Color & Chemicals Mfg. Co., Ltd. Europe Representative Office.

2010

'16 Converted AEOLIAN Corporation into a subsidiary.

2020

'20 Established Bando Production Plant.



'21 Established Sakura Technology Innovation Center (STIC).



'22 Reclassified to Prime Market in accordance with the reorganization of the Tokyo Stock Exchange's market segmentation.



As a technology-oriented chemical manufacturer with a focus on ESG, we will contribute to the realization of a sustainable society

President & Representative Director of Dainichiseika, Japan
Head of Dainichiseika Group

Koji Takahashi

Taking on the challenge of creating new value that meets the needs of society and the environment on the strength of innovation through technology

What are the strengths of Dainichiseika that have been accumulated over its long history since its establishment?

Our company was founded back in 1931. We started with the goal of domestically producing pigments, which until then had relied on imports. Our history of over 90 years since our founding is our company's treasure, and we are very confident that we have earned the trust of our customers around the world.

Since our founding, we have been quick to pay attention to technological innovations in the world and have focused on establishing three core technologies: pigment synthesis, dispersion processing, and resin synthesis, with a focus on pigments and resins. We believe that our strength lies in the innovations we have achieved through the technologies we have accumulated over the years.

Specifically, we began producing pigments in 1938 and entered the pigment processing field in the 1940s. In the 1960s, we expanded its business into the non-color field and embarked on overseas expansion. Since the 1980s, the company has been developing eco-friendly products and strengthening its overseas production bases.

During that time, each of our technical, manufacturing, and sales divisions pursued innovations that anticipated the changes of the times. Today, as a chemical manufacturer that "produces coloration" and "gives shape to ideas," we have grown into a company that produces high value-added materials that meet the needs of society and the environment. From my point of view, there are still issues to be addressed, but as a B to B chemical manufacturer, I think we have a high reputation.

Since around 2011, when you took office as president, we have been required to respond to new social issues such as ESG and sustainability. How have you responded to this?

The theme of contributing to society through business is a tradition that has been handed down from generation to generation. It is by no means a new tradition. For example,

we have been developing eco-friendly products since the 1980s and expanding our ESG contribution products since the late 1990s. We were also quick to formulate a 10-point basic CSR policy, and our Corporate Philosophy and Precept firmly incorporate ESG concepts.

In the medium-term management plan formulated for 2021, we set forth two missions as "where we want to be in 10 years." The one is to continue contributing to society in niche markets by leveraging our technological capabilities. The other is to solve issues and create new value toward the realization of a sustainable society. To achieve this, we have set forth a four-basic strategy: capital efficiency-oriented management, securing a competitive advantage by leading in technology, promoting ESG-oriented management, and expanding overseas business.

Focusing on capital efficiency is a natural course of action for a publicly listed company, and there is room for further expansion in overseas operations, given the competitiveness of our products domestically marketed. The most important thing, then, is to realize innovation that is backed by technology and focused on ESG.

Establish four strategic business areas where we can leverage our technological strengths and aim for sustainable growth that responds quickly to changes in the environment

Please tell us specifically about Dainichiseika's strength, "securing competitive advantage through technology-initiative."

In the mid-term management plan, we have identified four target markets for the future. The first two are "Mobility" and "Packaging" as markets that will continue to develop by leveraging the strengths of our current product lineup. The two new markets that are expected to grow significantly in the future are "IT & Electronics Functional Materials" and "Life Science & Personal Care."

The mobility market is an area where our synthetic resin products, such as urethane, acrylic, and silicone polymers used for automotive synthetic pseudo-skin and vehicle interior materials, are in active use. Waterborne polyurethanes and waterborne surface treatment agents^{*1} manufactured with our proprietary resin synthesis technologies will contribute to weight reduction and improved design for EV vehicles in the future. We plan to increase production of ESG contributing products through aggressive capital investment.

*1 Important materials that impart functionality such as adhesion and chemical resistance to surfaces

The packaging market is an area where various eco-friendly inks, which are indispensable for a sustainable society, are being actively used. Such ink has high printability thanks to our dispersion and formulation technology, and employs our original material of urethane made from carbon dioxide. We will continue to introduce various high-performance eco-friendly inks that contribute to VOC (Volatile Organic Compounds) reduction and CO₂ emissions reduction.

The two areas of new development markets are very dreamy markets.

In the field of IT & Electronics Functional materials, promising products include conductive coating materials for lithium-ion battery collectors, in which conductive carbon is dispersed in our proprietary formulation, and paints and coating materials in which carbon nanotubes are dispersed in high concentrations. Functional polymers, a unique material using CO₂ as a raw material, are also attracting attention.

In the life science and personal care field, we believe that our core technologies can be fully utilized in biodegradable fine particles and cosmetic materials.

What is President Takahashi's definition of an excellent company?

In a word, it is a company that can change with the changing world.

By adapting to change, the company will be able to grow steadily and survive for a long time. Survival is proof that we can contribute to society through our business, and our employees can feel secure. While there is a tendency to believe that explosive growth is good, I would like to aim for sustainable growth with taking absorbable risks.

The same can be said about capital efficiency. As a publicly listed company, it is natural for us to emphasize capital efficiency. However, we do not intend to expand the scale of our business all at once by leveraging a large amount of debt, but rather to aim for steady growth by targeting niche markets where our capital strength allows us to do so. We believe that this will lead to our contribution to society and the environment through manufacturing as a manufacturer.

Contributing to society as a technology-oriented chemical manufacturer based on a corporate philosophy that incorporates ESG

Looking back on the first year of the medium-term management plan that began in the fiscal year ending March 2022, what do you think?

I feel that our ESG-oriented management policy of creating new value related to the environment, society, and governance for the sustainable development of the global environment and society has been fully communicated to all employees.

In addition, I have taken the lead in implementing this medium-term management plan, from the formulation of the plan, to the preparation of materials, to the holding of internal briefings. We have changed the method of managing the progress of the plan, which was previously completed within each business unit, to a company-wide method, and established a follow-up system to ensure that the next action is taken. The reorganization of business segments, which had been divided by manufacturing process, into product



characteristics, also provided an opportunity to reform the vertically divided organizational culture.

We have selected 35 promising technology themes for the future across the entire company and manage the progress of technology development four times a year at R & D Structure, which is our central research laboratory. While the business divisions have focused on technologies to improve existing products in the past, it is now possible to direct technological development from a highly strategic perspective to create synergy effects.

Overseas business has been difficult during the past year due to the travel restrictions imposed by the new coronavirus. However, with the superiority of our technology and products, this is also an opportunity, and we hope to develop the theme that we have been nurturing within the company for the past year.

It is human resources that will carry on Dainichiseika's strengths and realize its vision. What is the direction of your human resources development?

Our human resource development is based on our corporate philosophy, "Have an interest in people, something new, and the future." "People" is exactly what we mean by human resource development, and "something new" means strengthening innovation. And "future" means passing on the baton to future generations with an emphasis on sustainability. Based on a corporate philosophy that incorporates ESG, we are promoting human resource development that supports the ambition of our employees and the creation of an environment that supports their self-realization.

The social mission of chemical manufacturers is to create new value through technology. It is through technology that we can contribute to society and make our work rewarding. I hope that our employees will be human resources who can fully enjoy the fun of their work.

From the viewpoint of diversity of human resources, we have promoted the activities of women, non-Japanese, and mid-career hires. With regard to female employees in particular, we have increased the ratio of new graduate hires to 32.9% in the last three years, and we are also reviewing our personnel system to ensure diversity in the way we work. I believe that diversity in human resources is essential for promoting ESG management over the medium and long term.

In order to enhance our corporate value, I would like to make "honesty and integrity" an important pillar of our human resource standards. This is because it is not a temporary thing, but an important quality for achieving steady and sustainable growth as a manufacturer. And from the standpoint of fine chemicals, I would like to contribute to society as a technology-oriented chemical manufacturer.

Please refer to P.38 for "Human Resource Development and Utilization."

Revised in January 2016

◆ Corporate Philosophy

- ◎ Have an interest in people
- ◎ Have an interest in something new
- ◎ Have an interest in the future

◆ Precept

Man is interesting, then customers as well as companies are constituted of such men. All the economic principles and the management theories are based upon human behavior pattern. Have an interest in people.

New things always excite us to expectation. Customers, marketplaces are dug up with technical innovation & product development, which makes people active. Have an interest in something new.

It is pleasant to imagine the future. The future is in favor of children. Thinking of the future, we know companies as well as people shall not live all alone. Without customers' growth, albeit some profit is brought to us, it would never last long. In consequence, neither we nor companies can keep alive unless admitted into the society. Have an interest in the future.

Meanwhile, we have kept a business creed "Full Achievement" established in 1968. Being proud of this traditional creed, we shall abide by it along with the corporate philosophy set forth.

◆ Our business creed, "Full Achievement"



Under our business creed "Full Achievement" each of us shall set to work with modest pride as a member of Dainichiseika group taking on the responsibility for Color-Age^{*1}.

- Work always to be achieved with aiming at the end.
- Pursue the opportunities of expanding our products to the world with good knowledge of products.
- Enhance the trust of our company through business or products.
- Have an opportunity to always cultivate ourselves, and to deepen reflection as a member of society.
- Make Dainichiseika group the most valuable company by performing services for the society through business.

^{*1} Color-Age : A word coined by the founder of Dainichiseika, which implies a prosperous times led by color technology.

Management Policy and Strategy

Medium-Term Management Plan

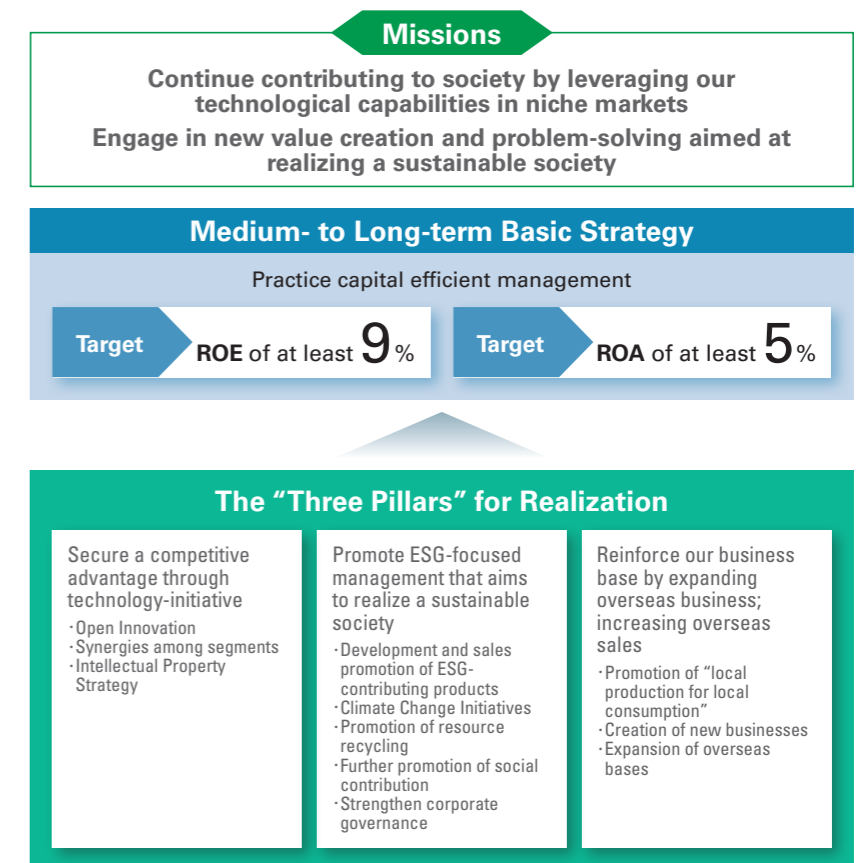
In August 2021, we announced its medium-term management plan and formulated management policies and strategies with a target year of three years (fiscal year ending March, 2024) as well as a long-term outlook.

Long-term Vision and Basic Strategies

Upon the release of our medium-term management plan, we have formulated two missions to be achieved roughly in 10 years, and four basic strategies to realize these missions.

We will continue to contribute to society through niche markets by leveraging our technological strengths, while positioning the realization of a sustainable society as an opportunity to create new value, with the aim of enhancing our corporate value.

We also aim to realize the profit targets indicated in our medium- and long-term basic strategies through management that emphasizes capital efficiency, with "technology leadership," "ESG-focus," and "overseas expansion" as the "three pillars" of our basic strategies.

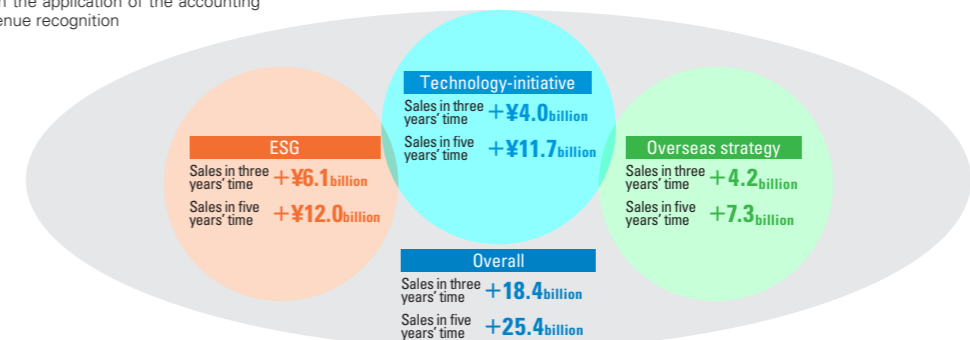


Strategic Direction

In order to achieve sustainable growth of our group, we have set the following numerical targets based on the "three pillars" of our basic strategy.

Actual results for the fiscal year ended March, 2021		Numerical Targets in three years (Year ending March, 2024)		Numerical Targets in five years (Year ending March, 2026)	
Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
¥106.6billion* ¥138.4billion	¥4.9billion	¥125.0billion	¥8.7billion	¥132.0billion	¥12.0billion

*Figures based on the application of the accounting standard for revenue recognition



Management Policy and Strategy

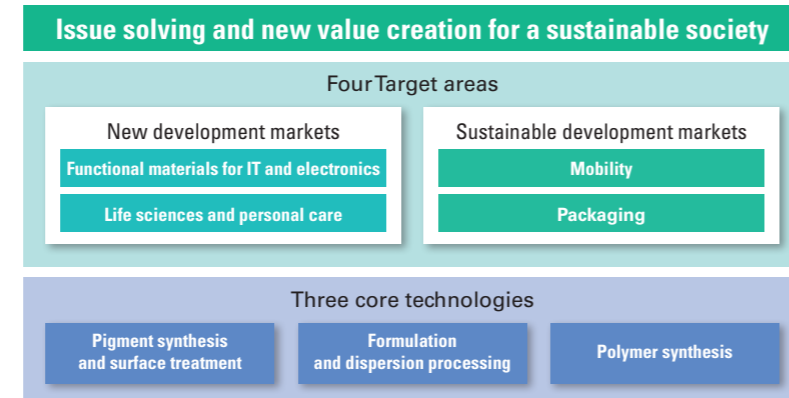
Progress of Medium-Term Management Plan

Technology Secure a competitive advantage through technology-initiative

Approach under the Medium-Term Management Plan

We will deepen three core technologies of ours and focus our development efforts on the "Mobility" and "Packaging" areas and markets, which we have been continuously addressing, and the "Functional Materials for IT & Electronics" and "Life Sciences & Personal Care" areas and markets, which we are newly addressing, with actively investing funds and human resources in order to build a "technology oriented" system to secure a competitive advantage through technology-initiative.

Target areas and markets corresponding to core technologies



TOPIX for the current term

Functional materials for IT and electronics

In the areas of secondary battery materials, electrically conductive materials, thermal conductive materials, functional polymers, we have had an outlook for basic technologies, and at the same time, we have been evaluating performance through sample work. In addition, by adding new technologies through industry-academia collaboration, we were able to take a steady step forward.

Life sciences and personal care

In the area of biodegradable fine particles, cosmetic materials, we have achieved a certain level of progress, such as establishing mass production facilities and embarking on the development of plant-derived chitosan.

Mobility

In the areas of polyurethane, acrylics, silicone polymers, lightweight and high strength resin compounds, we are on track to enhance environmental friendliness through the use of water-based and biomass materials, and to develop production processes for high-strength compounds that use recycled materials.

Packaging

Inks with gas barrier properties, inks that enable recycling of packages and labels, and biomass-derived inks have been launched and sample work has begun. At present, ESG products account for more than 50% of our gravure inks, and we will continue to increase the use of biomass-derived raw materials to strengthen development and sales of eco-friendly products.

Future Outlook

Growth of Existing Businesses

We aim to support the bottom in terms of earnings by supplying sustainable products that meet customer needs, such as pigments for digital signage equipment and eco-friendly inks.

Development of new materials

We aim to develop and quickly market materials such as conductive materials and paper barrier coat materials that support the realization of a sustainable society. In the process, we will further promote open innovation, including joint research with universities, to develop products that contribute to solving social issues.



ESG Promote ESG-focused management that aims to realize a sustainable society

Approach under the Medium-Term Management Plan

We recognize that ESG initiatives are a critical issue for the entire supply chain surrounding our group, and we will promote the development and sales of ESG-contributing products, address climate change, promote resource recycling, further promote social contributions through our stakeholders, and strengthen corporate governance throughout the entire life cycle of our products, from the raw material procurement phase to the final disposal of the products.

TOPIX for the current term

Initiatives for Environmental Issues

- We actively promoted the development of secondary battery materials, electrically conductive materials, thermal conductive materials, and biomass-derived products from the perspectives of preventing global warming, promoting resource recycling, protecting water resources, and reducing food loss.
- As energy-saving measures, we installed solar power generation equipment, improved boiler operation, made the efficiency of production machinery higher, and switched to LED lighting fixtures.
- We promoted internal preparation for carbon pricing.
- We accelerated our response to the shift of raw materials for plastic products to biomass, while curbing waste plastic emissions and promoting recycling.

Initiatives for social issues

- Relation with Customers: We have conducted appropriate management of chemical substances, quality control, responsible raw material procurement, and sustainable logistics operations.
- Relation with Employees: We have enhanced our personnel system in terms of improving work-life balance and furthering activities of women, foreign nationals and mid-career hires.
- Relation with Local Communities: We have promoted disaster prevention activities and reduction of environmental impact, including the safety and security of the neighborhoods of our production bases.

Corporate Governance Initiatives

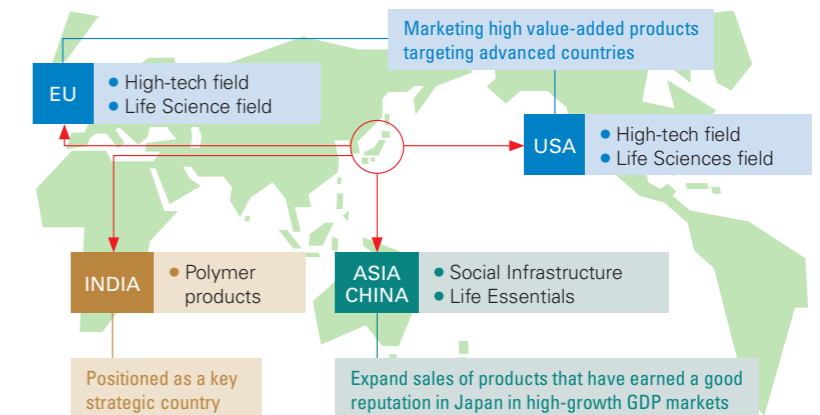
- To ensure thorough compliance, we have continued to communicate messages from management, receive feedback from employees, and conduct training using the company's intranet system, etc., while significantly adding ESG perspectives to the activities of committees within the governance system.

Please refer to P25 - P45 for "ESG initiatives."

Overseas Strategy Reinforce our business base by expanding overseas business; increasing overseas sales

Approach under the Medium-Term Management Plan

We will continue to promote "local production for local consumption" based on the recognition that the source of our earnings and growth exists both in Japan and overseas and that we need to develop our business in countries with high GDP growth in a balanced manner. In addition, targeting growth markets, we will study market entry through local production of specific products and expand our overseas bases for such purpose.



TOPIX for the current term

Promotion of "local production for local consumption" and expansion of overseas bases

In order to respond to strong overseas demand for supply of eco-friendly urethane resin products, including those for automotive interiors, we have aggressively developed our business. We will continue to engage in sales expansion activities for new adoption.

Creation of New Business

We have developed our engineering plastics business in Southeast Asia, China, and Europe and expanded our production facilities, as well as tapping into digital printing demand in the commercial printing field in Europe. Although the creation of new businesses overseas is not something that can be done overnight, we will continue to focus on these businesses.

The medium-term management plan and its progress are summarized in the Company's presentation materials and financial results presentation materials, which are available on our website.

<https://www.daicolor.co.jp/english/ir/index.html>



Segment Strategy

We have had five business segments in the past, namely “Pigments business,” “Prepared Colors & Chemicals business,” “Polymers business,” “Printing Inks business,” and “Other business,” but from the fiscal year ending March 31, 2022, we have changed to a three-segment structure.

Each segment is clearly organized based on products: Color & Functional Products, which manufactures and sells pigments and secondary processed products; Polymers & Coating Materials, which manufactures and sells synthetic resins and special coating materials cured by ultraviolet rays, electron beams, etc.; and Graphic & Printing Materials, which manufactures and sells printing inks for packaging and advertising publications. This change was made to promote business strategies for medium- and long-term growth, such as rebuilding the future business foundation, strengthening product development, and fostering new businesses, on the occasion of the formulation of the medium-term management plan.

Toward the 100th anniversary with a history of meeting customer needs

Businesses are born from customers’ needs. Our sales staff identifies the needs, and our technical staff materializes them or anticipates future needs and proposes them to our customers. Production manufactures high-quality products that meet those needs and delivers them to customers. Our group has built up the trust of its customers through this cycle and has carved out a 90-year history.

In order to further solidify these strengths as we move toward our 100th anniversary and beyond, we recognize the challenge of deepening cooperation so that we can fully demonstrate the collective strengths of the group.



Masafumi Ichinoseki

Director
Head of Business Structure

Uniting our strengths for the future

Our group has a history of each business unit operating independently, but in order to accelerate growth, we must create synergies within and among segments and move from partial optimization to total optimization.

From now on, each organization will not only fulfill its traditional role, but also work from the management perspective of total optimization. We need to look back at our history and take hints from past efforts, as well as have a strong will to move toward the future and work for sustainable growth by uniting our strengths as a group.



Osamu Takeda

Senior Executive Officer
Sub-Head of Business Structure

Color & Functional Products



Net Sales

Actual Results for FY ending March, 2022 **¥70.2 billion** Target for FY ending March, 2023 **¥72.2 billion**

Review of Fiscal Year Ending March 2022

Sales of compounds and plastic colorants for the automotive industry continued to recover from the corona disaster from the beginning of the fiscal year and remained robust both in Japan and overseas, despite some impact from automobile production cutbacks from the second half of the year. Sales of pigments and dispersions for the information and electronics industries remained robust due to growth in display applications reflecting the continuation of special stay-at-home demand, and the recovery of office equipment applications.

Risks and Opportunities

- Risks
 - Shortage of semiconductor supply due to the corona disaster
 - Soaring raw material prices due to rising crude oil prices and tight supply-demand balance
- Opportunities
 - Continuation of special stay-at-home demand and increase of demand associated with recovery from the Corona disaster
 - Stimulation of demand in new fields such as life science and personal care
 - Expanding demand for high-function, high-value-added products and eco-friendly products

Future Strategies

This segment provides high value-added products for various application fields by highly controlling particle shape and surface properties based on pigment synthesis technology. Based on our dispersion processing technology, we also provide colorants for various synthetic resins to various industrial fields in Japan and overseas.

In the pigment-related division, we aim to provide cost-competitive products to the market while working on the development of high-grade products that are suitable for various applications. We are also working to develop and expand sales of eco-friendly products such as personal care materials derived from natural products, inorganic composite materials with various functions, and water-based fine-dispersion processed pigments with high design characteristics.

In the specialty chemicals-related division, in response to diversifying needs, we are developing functional dispersions such as heat shields, flame retardants, antistatic, and UV absorbers, as well as conducting research to enhance the functionality of products for the information display and recording materials fields.

In the plastics and colorants-related division, we are developing tailor-made products and new processing technologies to meet the increasingly diverse and sophisticated needs of plastic materials, and we are developing and expanding sales of products that meet new demands such as environmental contribution and nanotechnology.

Polymer & Coating Materials



Net Sales

Actual Results for FY ending March, 2022 **¥23.6 billion** Target for FY ending March, 2023 **¥25.5 billion**

Review of Fiscal Year Ending March 2022

Sales of urethane resins were generally favorable, with strong sales in interior materials for transportation equipment and industrial material applications, and a recovery in demand for applications in clothing and accessories. Sales to the automotive industry were favorable due to an increase in the number of vehicle models adopting the product, despite the impact of automobile production cutbacks in some areas. UV coating agents for the information and electronics industries remained robust for display applications.

Risks and Opportunities

- Risks
 - Soaring raw material prices due to rising crude oil prices and tight supply-demand balance
 - Increased cost burden due to disruption of logistics network, etc.
- Opportunities
 - Expansion of vehicle models adopted in the automotive industry, and growth in demand for high-functional materials
 - Expanding demand for eco-friendly products such as solvent-free, water-based, and biomass products
 - Development of materials that respond to the progress of CASE in the automotive industry and the deepening of high-speed communication technology in the information/electronics industry

Future Strategies

Based on resin synthesis technology, this segment is mainly engaged in the development and commercialization of urethane resins and materials using natural product-derived materials. Based on its dispersion processing technology, the segment also provides various coating agents to various industrial fields in Japan and overseas.

In the polymer-related products division, we will focus on the development of solvent-free, water-based urethane resins and biomass urethane resins, which are eco-friendly products against the backdrop of social environmental issues. In addition, we are developing and introducing to the market urethane resins (HPU) made from CO₂ as a new eco-friendly material.

In the natural polymer-related products division, we are developing and commercializing chitin/chitosan, which is produced from crab shells, for use in the personal care and environmental fields.

In the coatings division, in addition to the applications we have been focusing on for some time, such as displays, touch panels, interior construction materials, and semiconductor-related applications, we are aiming to develop products for optical lenses, high-speed communications, and material recycling, as well as to develop and commercialize products for power-saving LED curing coating agents, solvent-free and water-based coating agents, and biomaterial coating agents, etc. which promise to further reduce the environmental impact from the conventional measures for the environment.

Graphic & Printing Materials



Net Sales

Actual Results for FY ending March, 2022 **¥28.0 billion** Target for FY ending March, 2023 **¥30.2 billion**

Review of Fiscal Year Ending March 2022

Sales of gravure inks for the packaging industry were firm in Japan, while overseas sales remained sluggish due to the impact of the spread of new coronavirus infection in Asian subsidiaries. Sales of offset inks for the advertising and publishing industries remained sluggish due to the impact of the declaration of a state of emergency during the summer.

Risks and Opportunities

- Risks
 - Sluggish demand due to digitalization and the corona disaster that spurred it
 - Rising raw material prices due to higher crude oil prices and tight supply-demand balance
- Opportunities
 - Growing demand for eco-friendly products such as biomass inks and inks for recycling
 - Expanding markets for packaging products in emerging Asian countries
 - Expanding demand for varnishes and inks with new functionalities such as antibacterial, antiviral, and high design properties

Future Strategies

In addition to providing general-purpose printing inks, this segment is developing and commercializing specialty inks and coatings by utilizing its proprietary formulation technologies and other expertise.

In the offset inks-related division, we mainly provide commercial web offset inks and sheet-fed inks, but we are also working to expand and develop distinctive product lineups for special applications in paper printing, such as varnishes with antibacterial and antiviral properties and metallic inks with excellent design properties, which are in growing demand in the market.

In the gravure inks-related division, we provide inks and adhesives used for food packaging, beverage labels, and food trays, as well as inks and coatings for building materials and industrial materials. As products that contribute to reducing environmental impact, we have launched water-based flexographic and water-based gravure inks that reduce VOC emissions, biomass inks that replace petrochemical materials with plant-derived materials, inks that do not use toluene or MEK, and recycled inks that contribute to a recycling-oriented society. We are also developing products using urethane resin (HPU), which is made from CO₂, and will continue to focus on efforts to realize a low-carbon society.

CSR and ESG that we think about

In the midst of rapidly changing global environmental issues and social environment, we, as a company, recognize that it is key management issues to respond agilely to climate change countermeasures, to solve social issues such as resource recycling, and to strengthen resilience against natural disasters and pandemics, in order to realize a sustainable society.

In order to achieve stable and long-term growth and to enhance our corporate value in the future, we will promote active activities by all employees to address E (Environment), S (Society), and G (Governance) risks and create new value throughout the supply chain under our CSR and ESG Basic Policy, and strive to be a company that our stakeholders can count on for sustainable growth through such activities.

CSR and ESG Basic Policy

(Adopted July 13, 2022) This CSR and ESG Basic Policy applies to the entire Dainichiseika group, including Dainichiseika, Japan

Based on our corporate philosophy of “Have an interest in people,” “Have an interest in something new,” and “Have an interest in the future,” the Dainichiseika Group recognizes that contributing to the realization of a sustainable society will lead to the creation of new value, and aims for sustainable growth together with society by working to preserve the global environment and solve social issues. In the development of our business activities,

we will strive to maintain and strengthen relationships of trust with our stakeholders as a good corporate citizen with high ethical standards, not to mention respect for human rights and compliance with laws, regulations, and social norms, both within and outside of Japan. We will also strive to enhance corporate value by building an appropriate governance system and promoting the growth and success of each and every employee.

The following policies have been established as guidelines for promoting sustainability activities.

- Environmental Policy
- Quality Policy
- Purchasing Policy
- Information Security Policy
- Health and Safety Policy
- Human Rights Policy

Please refer to this website for the respective policies of the Dainichiseika Group. (Japanese Only)
<https://www.daicolor.co.jp/csr/policy/index.html>



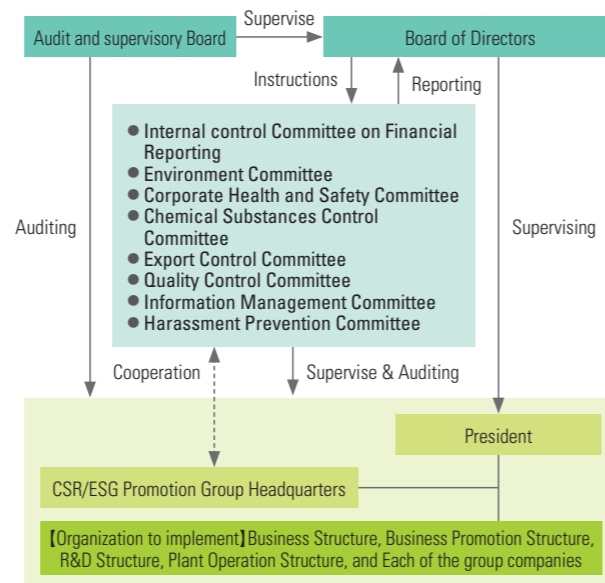
Promotion System

In addition to thorough compliance and governance, as a chemical manufacturer, we have established a promotion system for solving social issues and creating value that should be addressed throughout the lifecycle of our products.

Under the direction of the President, CSR/ESG Promotion Group Headquarters formulates countermeasures and allocates deployment activities to implementation divisions.

The activities of the implementation divisions are supervised and audited by eight committees each chaired by directors, and liaison meetings are periodically held among the committees.

The results of these activities are reported to the Board of Directors by each committee, and are evaluated and supervised from various perspectives, including whether each activity is appropriate from a sustainability perspective, whether management resources are being invested effectively, and whether consistency with business strategies is being maintained.

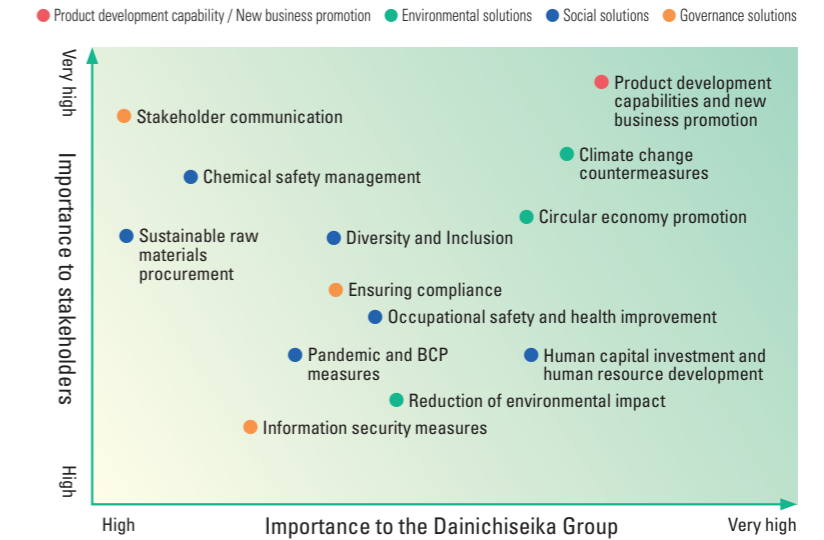


CSR and ESG Materiality

Materiality Identification Process



Materiality Matrix



Description of the main materialities and related SDGs

	Materiality	Reasons for selection	Relevant SDGs
E Environmental	Product development capability / New business promotion (Eco-friendly products)	In order to realize a sustainable society, we will contribute to society through our business and make company-wide efforts based on the recognition that both society and the environment, as well as our Group, need to achieve sustainable growth.	2, 3, 7, 11, 12, 13, 14
	Climate change countermeasures (Global warming countermeasures)	We recognize that the impact of climate change on the global environment is a critical social issue and are actively addressing it. Please refer to P.31 for "Approach to TCFD Recommendations."	11, 12, 13, 14
	Circular economy promotion	Since we use raw materials derived from fossil resources that may be depleted in the future, we are committed to a circular economy in order to prevent resource depletion and reduce the environmental impact of waste.	14
S Social	Occupational safety and health Improvement	We will work to minimize risks to the environment and human health from raw materials handled by our group, as well as risks such as fire in our operations, over their lifecycle.	3, 4, 5, 8, 10, 11, 12
	Chemical safety management		
	Diversity and Inclusion	We aim for sustainable growth by respecting the diversity of our human resources and their different sense of values, and by creating a workplace in which all people involved in our group can play an active role.	3, 4, 5, 8, 10, 11, 12
	Human capital investment and human resource development	We recognize that investment in human capital, including intellectual property, and the development of human resources are essential to realize the basic strategies of the medium-term management plan. We will assess the current status of skills and human capital required to realize the basic strategies, and promote necessary human resource strategies based on perspectives such as encouraging the retention of human resources as part of the corporate culture. Please refer to P.38 for "Human Resource Development and Utilization."	12
G Corporate Governance	Ensuring compliance	To enhance the trust of our stakeholders, we will not only comply with laws and regulations, but also actively engage in social contribution activities.	16
	Information security measures	To ensure the trust of our stakeholders and the stability of our business activities, we will work to strengthen our defense and resilience against cyber attacks which have been increasing in recent years.	16

CSR and ESG Materiality

CSR and ESG Activity Evaluation and Targets for the Next Fiscal Year

Under the direction of the President, the CSR/ESG Promotion Group Headquarters and each implementing unit analyze risks and opportunities and set main issues. The status of these initiatives is reported to the Board of Directors on a quarterly basis. Based on the results, the following issues are set.

☆☆Goal achieved ☆★Almost achieved ★★Effort required

Materiality	Main Issues	Activity Plan and Targets for FY ending March, 2022	Corresponding SDGs	Activity Results for FY ending March, 2022	Evaluation	Mid-term or FY ending March, 2023 Activity Plan and Targets
Climate change countermeasures (Global warming countermeasures)	Contribute to the prevention of global warming through our business. ● Expand sales of products that contribute to a decarbonized society ● Reduction of greenhouse gas emissions from business activities ● Risk countermeasures against natural disasters	● Promote development of products that contribute to ESG and energy saving ● Target: 1% reduction in energy consumption per unit of production from the previous year ● Systematic introduction of energy-saving equipment ● Introduction of renewable energy ● Study on energy saving in production processes		● Increase the number of registrations of ESG contributing products, and increase the net sales by 20% ● Specific energy consumption: 4.1% decrease ● Partial postponement of installation of energy-saving equipment due to unsuitable investment conditions ● Installation of solar power generation equipment ● Highly efficient operation of production processes ● Started internal application of Carbon Pricing	☆☆	● Promote development and sales of ESG-contributing products (including non-climate change related products) Target: Increase sales by 20% in FY2024 compared to FY2021 ● Reduce GHG emissions by procuring electricity from 100% Substantially Renewable Energy Target: Reduce GHG emissions (Scope 1 + Scope 2) by 70% in FY2024 compared to FY2014 ● Continuously promote efficient use of energy in accordance with the Energy Conservation Act Target: 1% reduction in energy consumption per unit of production from the previous year ▶ P.31
Circular economy promotion (Developed from "Waste Reduction and Recycling Promotion Activities" until last year)	Promote resource recycling mainly to prevent depletion of fossil resources and reduce environmental impact. ● Expand sales of products that contribute to resource recycling ● Promote reduction and recycling of waste generated by business activities	● Promote development of products that contribute to ESG and resource recycling ● Improve waste recycling rate Target: 1 point improvement from the previous year ● Reduce final waste disposal volume Target: 1% reduction from the previous year		● Development of biomass-derived products as ESG-contributing products progressed ● Although we promoted recycling of sludge, final waste disposal volume increased by 51% from the previous year due to overall recovery of production volume, and the recycling rate worsened by 7.0 percentage points from the previous year ● The recycling rate of waste plastic improved by 2.9 percentage points from the previous year due to a change in the destination of waste plastic	☆☆★	● Reduce disposal volume of waste plastics and solvents and improve recycling rate Target: Improve recycling rate of waste plastics and solvents 1) Improve the recycling rate of waste plastics by 3 percentage points in FY2024 compared to FY2020 2) Improve the processes to achieve 99.9% recycling rate of waste solvents by FY2024, and study on introduction of recycling facilities
Chemical safety management	Strengthen a chemical substance management system to conserve the environment and ensure people's healthy lives. ● Improve and maintain a chemical substance management system ● Strengthen management of hazardous chemicals in products	● Management of chemical substances through the introduction of a new chemical substance management system Development and appropriate maintenance of the system ● To strengthen management of hazardous chemical substances in products -Implementation of measures to comply with the partial revision of the enforcement order of the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. -Conduct internal audits on management of environmentally controlled substance ● Implementation of enlightening employees on chemical substance management		● Promote the introduction of a new chemical substance management system ● Implemented measures to comply with the partial revision of the enforcement order of Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. ● Information sharing regarding the partial revision of the enforcement order of the Law concerning Pollutant Release and Transfer Register ● Conducted internal audits on the management of environment-related controlled substances ● Implemented employee education using the Chemical Risk Forum	☆☆★	● Promoting the Introduction of a New Chemical Substance Management System ● To strengthen management of hazardous chemical substances in products -Implementation of measures to comply with the partial revision of the enforcement order of the Law concerning Pollutant Release and Transfer Register -Implementation of internal audits on management of environment-related substances to be controlled ● Implemented internal audits on management of environment-related controlled substances ▶ P.33
Quality Assurance	Contribute to people's health through the manufacture and stable supply of high-quality products. ● Establishment of a system for unified QMS operation ● Appropriate supplier management	● Implementation of company-wide unified operation of QMS and mutual internal audits ● Implemented appropriate purchasing management by revising Off-Quality Notice ● Implemented education on quality (basic training, training to cultivate internal auditor)		● Preparation of QMS company-wide unified manual -Conducted internal audits of related departments ● Revised and implemented Off-Quality Notice ● Implemented basic quality training and training to cultivate internal auditors (online)	☆☆★	● Deployment of QMS company-wide unified manual throughout the company and preparation for its operation ● Verification of effectiveness of corrective actions for past complaints ● Confirmation of QMS operation in divisions and affiliated companies Thoroughly standardizing work, analyzing of quality control data, checking outsourcing management, etc. ▶ P.35
Occupational safety and health Improvement	Work on improvement of safety measures and safety awareness to create a comfortable work environment and prevent accidents. ● Compliance with laws and regulations related to occupational health and safety ● Reduce the number of occupational accidents	● Implement and disseminate chemical substance risk assessments ● Strengthening fail-safe operation of rotating machinery equipment ● Thoroughly enforce equipment maintenance and operating procedures		● Examined and implemented safety measures for equipment to prevent small fires and injuries ● Implemented improvements to some rotating machinery ● Conducted risk assessment of chemical substances and confirmed exposure prevention measures	☆☆★	● Propose improvement measures through company-wide health and safety patrols and horizontally expand the measures throughout the company ● Raise awareness of on-site managers and personnel ● Implementing compliance with revised laws and regulations ▶ P.36
Diversity and Inclusion	Aim for sustainable growth by having employees with diverse perspectives and values who have different knowledge, skills, experience, abilities and attributes play a role in management. ● Active recruitment of women, foreign nationals, and mid-career hires and promotion of employees who can make the most of their diversity ● Increase the ratio of women, foreign nationals, and mid-career hires in managerial positions toward management that makes the most of diversity	Review personnel systems and promote diversity in work styles so that women and foreign nationals can play an active role over the long term. ● Ratio of female new graduate hires: 30% or more ● Paid leave utilization rate of 70% or more ● Utilization of on-the-job training and off-the-job training directly related to the acquisition of daily work skills		● Female percentage of new graduates: 34.4% ● Annual utilization rate of paid leave: 64.0% ● Male percentage taking childcare leave: 28.0% ● Increased opportunities to promote female employees to manufacturing and sales positions, where previously few female employees were assigned ● Implemented a personnel system with a highly satisfactory evaluation system and fair opportunities for promotion	☆☆★	Develop the following action plans and targets to create a work environment where personnel can work for a long time regardless of gender ● Ratio of female new graduate hires: 30% or more Survey of current situation and exchange of opinions on how to improve issues ● Paid leave utilization rate of 70% or more Survey of current situation and interviews with workplaces facing challenges ● Ratio of female, foreign nationals, and mid-career hires in management positions: Improve by 6 percentage points by FY2031 (compared to FY2022) ▶ P.38
Ensuring compliance	Comply with not only relevant laws, regulations, and ordinances, but also internal rules and codes of ethics, and strive to act in a fair and transparent manner. ● Compliance awareness and education	● Implementation of compliance training ● Implementation of compliance audits ● Disseminate compliance messages from the president		● Conducted compliance training for employees at the time of hiring then at milestone years ● Conducting compliance audits of working departments and workplaces through questionnaires to ensure that there are no compliance violations ● The president himself sends and receives a monthly compliance message in both directions for thorough internal awareness	☆☆★	Comply with laws, regulations, ordinances, internal rules, code of ethics, etc., and strive to act in a fair and transparent manner ● Implementation of compliance training ● Implementation of compliance audits ● Compliance awareness and education ▶ P.42
Reinforcement of information security measures	Prevent damage and improve operational efficiency in the digital society ● Strengthen defense and resilience against cyber attacks, etc. ● Promote digitization to improve operational efficiency	● Continuation and improvement of information security management system ● Maintenance of information security infrastructure, including network monitoring and virus countermeasures ● Maintenance of incident countermeasures		● Continue information security management system and provide information security education for employees ● Implemented network monitoring and virus countermeasures, etc. ● Early detection of unauthorized access events and implementation of countermeasures	☆☆★	Continue efforts to prevent damage and improve operational efficiency in the digital society ● Improvement of information security infrastructure ● Improvement of incident countermeasures ● Improvement of security measures in line with DX promotion ▶ P.43
Community	Activities for coexistence with neighboring communities ● Active participation in community contribution activities	● Participation in neighborhood greening and beautification activities ● Contribution to neighborhood council activities		● Many municipalities were not active due to the Corona disaster, but voluntary beautification and other activities were carried out	☆☆★	Continue to engage in activities aimed at coexistence with neighboring communities ● Actively participate in neighborhood greening and beautification activities
Risk management	Identify risks that require management action and take measures to avoid risks and reduce their impact. ● Periodic risk assessment and response to major risks ● Formulate BCP (Business Continuity Plan)	● Risk management of the entire group ● Review of BCP and actually addressed		● Conducted risk surveys for actual working divisions of the entire group. Establish a system to examine efficient countermeasures against major risks in consideration of priorities ● Actual business continuity measures, including infection control and procurement activities in the corona disaster	☆☆★	Continue to take measures to avoid management risks and reduce their impact, and promote transformation into a resilient company ● Risk management for the entire group ● Review and implement business continuity measures ▶ P.43

Environment

Environmental Management

Promotion System

The environmental management of our group is based on the "Environmental Policy" and is implemented by the EMS of each execution division (manufacturing sites, branches, and offices) under the direction of the President. (EMS: Environmental Management System)

The activities of each division are managed by the

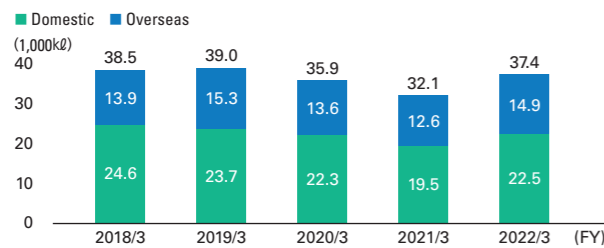
Environmental Committee and regularly reported to the Board of Directors for auditing and supervision, and the results are used for continuous improvement activities.

Please refer to this website for our "Environmental Policy."
<https://www.daicolor.co.jp/english/csr/csr/policy/index.html>

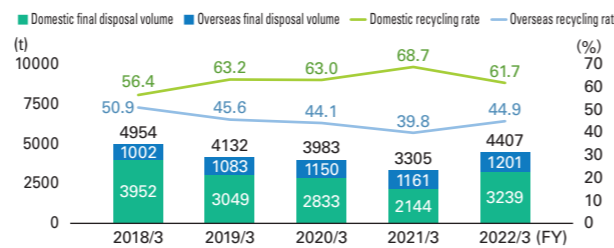


Environmental Impact Data

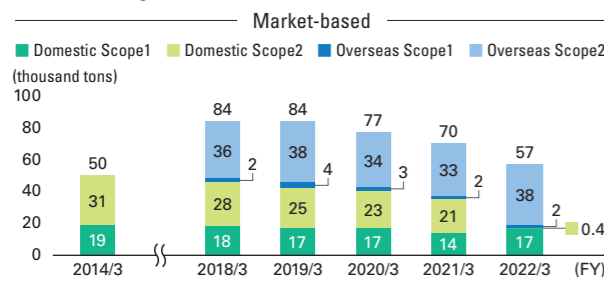
Energy consumption (crude oil equivalent)



Waste Recycling Rate and Final Disposal Volume

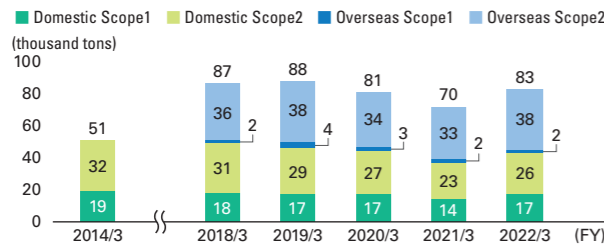


Greenhouse gas emissions (thousand t-CO₂)



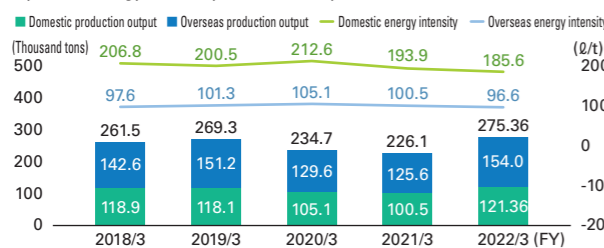
*Scope 2 emission factors are calculated according to GHG Protocol Market-based method.
 *Data in FY2014 is just subject to domestic bases due to lack of data in some overseas bases.

Location-based



*Scope 2 emission factors are calculated according to GHG Protocol Location-based method.
 *Data in FY2014 is just subject to domestic bases due to lack of data in some overseas bases.

Specific energy consumption (L/t) and production volume (thousand tons)



GHG Supply Chain Emissions

- Scope 1: GHG emissions by fuel energy combustion in own facilities or equipments: Direct emissions¹
- Scope 2: GHG emissions from the use of electricity and heat procured externally by owned facilities and equipment²: Indirect emissions²
- Scope 3-Category 1: Emissions from manufacturing and transportation of purchased and acquired raw materials, products, and services³
- Scope 3-Category 2: Emissions from manufacturing and transportation of purchased/acquired equipment, buildings, etc.⁴
- Scope 3-Category 3: Upstream emissions in the manufacturing process of purchased fuel⁴
- Scope 3-Category 4: Emissions during transportation of raw materials, intermediate products, finished products, and waste materials for which our group is the consigner⁵
- Scope 3-Category 5: Emissions from the disposal process of waste generated from business activities⁴
- Scope 3-Category 6: Emissions from transportation used for business travel (calculated from specific emissions by means of transportation and specific emissions of accommodation facilities)⁴
- Scope 3-Category 7: Emissions from transportation used for commuting (calculated from specific emissions by work type and city category)⁴
- Scope 3-Category 8: Emissions from energy use in leased or rented properties^{11,2}
- Scope 3-Category 9: Emissions during transportation of products shipped (by other shippers). Not subject to calculation due to no applicable activity⁶
- Scope 3-Category 10: Emissions during the processing of sold products. Not included in the scope of calculation due to the difficulty of collecting the data necessary to calculate emissions⁶.
- Scope 3-Category 11: Emissions during the use of sold products. Not included in the scope of calculation due to difficulty in collecting data necessary to calculate emissions⁶
- Scope 3-Category 12: Emissions from the disposal process of sold products. Not included in the scope of calculation due to the difficulty of collecting the data necessary to calculate emissions⁶.
- Scope 3-Category 13: Emissions from leased or rented properties. Not subject to calculation due to no applicable activity⁶
- Scope 3-Category 14: Emissions from franchises. Not subject to calculation due to no applicable activity⁶
- Scope 3-Category 15: Emissions from investments. Not subject to calculation due to no applicable activity⁶

Material Balance of Business Activities (Comparison between FY2021 and FY2022)

INPUT

Total energy (domestic / overseas) (crude oil equivalent)		
	FY2021	FY2022
	32,099 kL ↗	37,418 kL (116.6% vs. the previous year)
Breakdown		
Domestic	19,490 kL	22,536 kL
Overseas	12,609 kL	14,882 kL

Energy & Fuel (domestic / overseas) (crude oil equivalent)

	FY2021	FY2022
	7,795 kL ↗	9,335 kL (119.8% vs. the previous year)
Breakdown		
Domestic	7,028 kL	8,367 kL
Overseas	767 kL	968 kL

Breakdown of Fuel Consumption

	FY2021	FY2022
Domestic		
City gas	5,942 thousand Nm ³	7,150 thousand Nm ³
LPG	116 ton	112 ton
Heavy oil A	73 kL	79 kL
Kerosene	31 kL	32 kL
Diesel oil	22 kL	3 kL
Gasoline	100 kL	109 kL
Overseas		
City gas	187K Nm ³	224K Nm ³
LPG	27 ton	27 ton
Heavy oil A	0 kL	0 kL
Kerosene	21 kL	22 kL
Diesel oil	443 kL	610 kL
Gasoline	66 kL	59 kL

Energy & Power (domestic / overseas)

	FY2021	FY2022
	96,904K KWh ↗	111,462K KWh (115.0% vs. the previous year)
Breakdown		
Domestic	49,502K KWh	56,330K KWh
Overseas	47,402K KWh	55,132K KWh

Water consumption (domestic / overseas)

	FY2021	FY2022
	2,631K Nm ³ ↗	2,801K Nm ³ (106.5% vs. the previous year)
Breakdown		
Domestic	2,507K Nm ³	2,679K Nm ³
Overseas	123K Nm ³	123K Nm ³

OUTPUT

Products (domestic / overseas own-plant production)		
	FY2021	FY2022
	225,987 t ↗	275,363 t (121.8% vs. the previous year)
Breakdown		
Domestic	100,483 t	121,390 t
Overseas	125,504 t	153,973 t

Energy intensity (domestic / overseas) (crude oil equivalent)

142.0L/t ↘ 135.9L/t (95.7% vs. the previous year)

GHG emissions (domestic / overseas energy-related CO₂ emissions)

Scope 2 Calculation Conditions: GHG Protocol Market-based method		
	FY2021	FY2022
	69,381t-CO ₂ ↘	57,223 t-CO ₂ (82.5% vs. the previous year)
Breakdown		
Domestic		
Scope 1	14,245 t-CO ₂	16,944 t-CO ₂ (including Scope 3 - Category 8)
Scope 2	21,054 t-CO ₂	452 t-CO ₂ (including Scope 3 - Category 8)
Subtotal	35,299 t-CO ₂	17,396 t-CO ₂ (49.3% vs. the previous year)
Overseas		
Scope 1	1,783 t-CO ₂	2,267 t-CO ₂
Scope 2	32,299 t-CO ₂	37,561 t-CO ₂
Subtotal	34,082 t-CO ₂	39,827 t-CO ₂ (116.9% vs. the previous year)

GHG emissions intensity (domestic / overseas energy-related CO₂ emissions)

	FY2021	FY2022
	0.31 t-CO ₂ /t ↘	0.21 t-CO ₂ /t (67.7% vs. the previous year)
Breakdown		
Domestic	0.35 t-CO ₂ /t	0.14 t-CO ₂ /t
Overseas	0.27 t-CO ₂ /t	0.26 t-CO ₂ /t

Waste (domestic / overseas)

Total amount generated	8,417 t ↗	10,169 t
Domestic Recycling rate	68.7% ↘	61.7%
Final disposal	2,144 t ↗	3,239 t
Total amount generated	1,928 t ↗	2,180 t
Overseas Recycling rate	39.8% ↗	44.9%
Final disposal	1,161 t ↗	1,201 t

Effluent volume (domestic / overseas)

	FY2021	FY2022
	2,588K Nm ³ ↗	2,766K Nm ³ (106.9% vs. the previous year)
Breakdown		
Domestic	2,475K Nm ³	2,656K Nm ³ (107.3% vs. the previous year)
Overseas	113K Nm ³	110K Nm ³ (97.3% for the previous year)

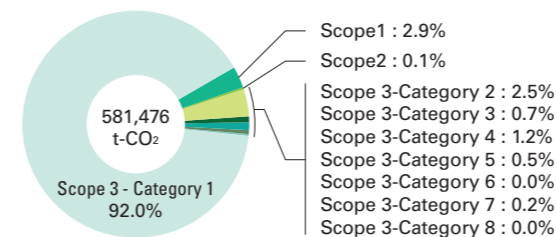
GHG Supply Chain Emissions Scope 1-2-3 Domestic Breakdown for FY2022

GHG supply chain emissions are calculated in accordance with the "Basic Guidelines for Calculating Greenhouse Gas Emissions through Supply Chains (ver. 2.4)" of the Ministry

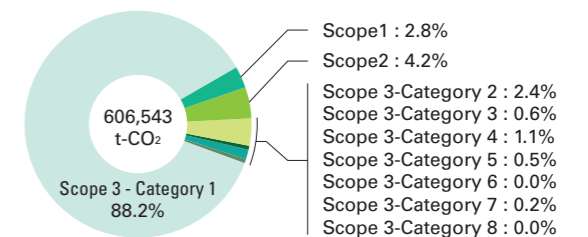
of the Environment and the "GHG Protocol Guidance" of the World Resources Institute.

Supply Chain Emissions Breakdown

Scope 2 calculation conditions: GHG Protocol Market-based method



Scope 2 calculation conditions: GHG Protocol Location-based method



GHG Supply Chain Emissions Calculation Conditions (The scope of calculation shall be our domestic group)
 *1 In accordance with the Ministry of the Environment's Greenhouse Gas Emissions Calculation and Reporting Manual (Ver. 4.8).
 *2 Follows the Ministry of the Environment's List of Emission Factors by Electric Utility. Based on the GHG Protocol Scope 2 Guidance, the calculation is performed in two ways: "location-based" and "market-based".
 *3 Based on IDEAv2.3 database and Ministry of the Environment's "Emission Intensity for Calculating Greenhouse Gas Emissions of Organizations through Supply Chains (Ver.3.2)" database.

*4 Ministry of the Environment's database of emission intensity for calculating greenhouse gas emissions, etc. of organizations through supply chains (Ver. 3.3)
 *5 Calculated in accordance with the calculation standards for specified shippers under the Energy Conservation Law.
 *6 Categories not subject to calculation are those that have been determined to fall under the conditions specified in Part 1, 5.3 of the "Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (ver. 2.4)".

Environment

Approach to TCFD Recommendations



We recognize that the effects of climate change will have a significant impact not only on ecosystems and social life, but also on our business. In order to accelerate our response to climate change, we expressed our support for the TCFD recommendations in November 2021. Aiming to create corporate value, we will seize risks and opportunities, incorporate them into our management, and disclose information in line with the TCFD recommendations.

TCFD: Task Force on Climate-related Financial Disclosures

Governance

We consider company-wide activities related to climate change risks and opportunities to be one of its most important management issues, and under the instruction of the management, the Group is working to address these issues through the CSR and ESG concepts and promotion system shown on P.25.

In addition, we are operating a system in which performance on ESG issues, including climate change, is incorporated into our personnel evaluation system and reflected in evaluations.

In the current fiscal year, the evaluation of ESG issues is weighed out at 25% (for managers).

Priority Issues

- Reduce greenhouse gas emissions from our operations through energy-saving activities and electricity from renewable energy sources.
- Contribute to the reduction of greenhouse gas emissions in society as a whole by developing and expanding sales of product lines that meet the decarbonization business.
- To promote the development of hardware and software to address natural disaster risks, with the aim of avoiding and mitigating risks and enhancing resilience.

Risk Management

CSR/ESG Promotion Group Headquarters considers the risks arising from climate change as transition risk, which refers to the strengthening of regulations and changes in the supply-demand structure due to revisions of laws and regulations and changes in industry trends, and physical risk, which refers to the strengthening of resilience to natural disasters and the deterioration of the labor environment due to global warming. Depending on the nature of these risks, each organization and related department, which is the execution division, is instructed to perform risk response operations.

Risk Analysis and Countermeasures

We analyze risks and opportunities based on published materials from international research organizations (IPCC Fifth Report, IPCC Sixth Report, IEA World Energy Outlook 2020) and information on the responses of our customers and suppliers, and proceed with measures to deal with the risks to be addressed.

2°C or 1.5°C Scenario Assumption Summary	4°C Scenario Assumption Summary
Acceleration of tighter regulations to prevent global warming and changes in demand structure that contribute to global warming prevention. Assumes that the impact of natural disasters will need to be more focused than at present.	Global warming becomes more serious, causing changes in demand structure and impacts on the working environment due to rising average temperatures. Business activities will be frequently affected by large-scale natural disasters.

Risk Classification	Assumed Risks	Measures to take	
2°C or 1.5°C scenario	Transition risk	Increased financial burden due to introduction of carbon tax	<ul style="list-style-type: none"> ● Reduce GHG emissions and financial impact by procuring electricity from 100% Substantially Renewable Energy ● Implementing an internal carbon pricing system ● Ongoing energy conservation measures ● Developing decarbonization of raw materials ● Prompt internal deployment of industry trends to enhance business activities ● Diversify raw material procurement regions and sources ● Inventory management to reduce impact on logistics ● Efficient capital investment that contributes to improvement of work environment and production efficiency
		Stricter regulations to reduce GHG emissions	
	Increased GHG reduction requirements from customers		
	Difficulty in procuring raw materials derived from fossil resources		
Physical Risk	Loss of business opportunities due to changes in the supply-demand structure	● Prompt internal deployment of industry trends to enhance business activities	
	Impact of stagnation of business activities due to supply chain disruptions caused by natural disasters	● Diversify raw material procurement regions and sources	
4°C scenario	Transition risk	Impact of stagnation of business activities due to damage to the facilities caused by a major natural disaster	● Promoting facility renovation in accordance with hazard maps
		Increased capital investment to improve the deteriorating work environment at manufacturing sites	● Decentralization of production sites
	Physical Risk	Increased capital investment to improve the deteriorating work environment at manufacturing sites	● Preventing a decline in production efficiency by investing in equipment to reduce heat and human workload at manufacturing sites

*Internal implementation of carbon pricing (for domestic Group companies)
 Set unit price: 8,000 yen/t-CO₂
 Impact: 340 million yen for CO₂ emitted by our domestic group
 Maximum estimated amount: 2 billion yen for CO₂ emissions in the supply chain

Example of use: Business profitability analysis.
 Included in the amount of improvement effect when introducing energy-saving equipment to promote investment.

Opportunity Analysis and Strategy

The activities of each execution department are supervised and audited by the Environmental Committee and the Company-wide Safety and Health Committee. The status of audits is

reported to the Board of Directors and the Board of Corporate Auditors, and the results are returned to both committees.

Risk Classification	Assumed Opportunities	Strategies (development and sales promotion of the following products)
2°C scenario	Increased demand for products contributing to decarbonization	<ul style="list-style-type: none"> ● Products for rechargeable batteries ● Wiring harness-related products for vehicles ● Products contributing to vehicle weight reduction ● Products for solar cells ● Polyurethane resins made from CO₂
	Changing demand for a Circular Economy	<ul style="list-style-type: none"> ● Deinking inks for flexible packaging materials ● Resin powder, ink, and adhesive made from biomass-derived raw materials
4°C scenario	Changes in lifestyles and supply-demand structure due to rising temperatures	<ul style="list-style-type: none"> ● Heat Shielding Paint for energy-saving air conditioning in buildings ● Ink-related products for flexible packaging for beverages
	Growing demand for products to expand projects of strengthening infrastructure in preparation for severe natural disasters	<ul style="list-style-type: none"> ● Colorants for coating materials for high-speed, high-capacity communication lines ● Coloring materials for high weatherability coatings for building exteriors ● Colorants for high-strength and high-durability fibers

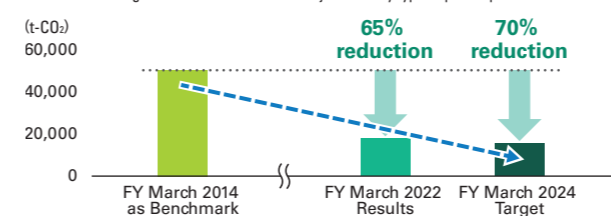
Indicators, Targets, and Progress

- Indicator (KPI): Greenhouse gas emissions from business activities at domestic bases (Scope 1 + Scope 2)
 Target: Aim to reduce CO₂ emission in the fiscal year ending March 31, 2024 by 70% compared to the fiscal year ending March 31, 2014. (Calculated using the adjusted CO₂ emission factor of electric power companies that procure electricity from 100% Substantially Renewable Energy)
 Progress: Actual results for FY March 2022 reduced by 65% vs. FY March 2014

- Aim to increase sales of products that contribute to ESG (including climate change action) by 20% in FY March 2024 vs. FY March 2021.
 Progress: Sales results of ESG-contributing products for FY March 2022 increased by 20% vs. FY March 2021

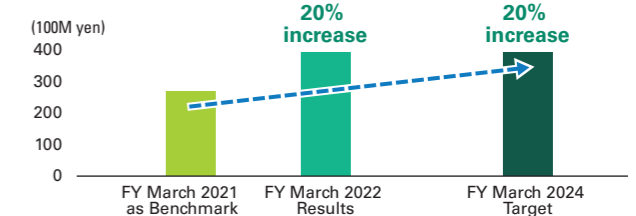
CO₂ emissions of our group in Japan (domestic Scope 1 + Scope 2)

*Calculated using the emission factor after adjustment by type of power purchase contract.



*GHG supply chain emissions FY2021 Scope 1, 2, and 3 data are shown in "Environmental Management" on P.30

Sales of ESG Contributing Products



Corresponding ESG Contribution Products

Climate change (global warming)

- Materials for rechargeable batteries and solar cells
- Resin products that contribute to vehicle weight reduction
- UV/EB inks and coating agents
- Materials made from CO₂
- Heat Shielding coatings for energy saving in buildings

Circular economy support

- Biomass-derived products (inks, urethane resins, resin powders)
- Deinking inks for flexible packaging recycling
- Natural polymers (chitin and chitosan)

Other items for social contribution

- Adhesives for gas barrier flexible packaging materials, which help reduce food loss.
- Materials for high-voltage transmission line sheathing, which help reinforce electric power infrastructure
- Colorants for coating materials for high-speed, high-capacity communication lines, which help strengthen communication infrastructure

Management of Chemical Substances

We are working with each committee to properly manage the chemical substances handled by our group and to ensure their proper and safe use. We are also working to develop a system that enables us to promptly provide safety data on chemical substances.

Introduction of New Chemical Substance Management System

For More Efficient Management of Chemical Substances

Chemical substance management is becoming increasingly important as regulations on chemical substances becomes stricter. In order to make these operations more accurate and efficient, we are establishing a new chemical substance management system. The new system will enable us to create a database of chemical substances contained in each product and to quickly search for applicable laws and regulations for products and chemical substances contained in them. This will enable us to provide information in compliance with various regulations more accurately and in a timely manner than ever before. In addition, the centralized management of chemical substances by the Group's unified system will enable the necessary parties to quickly collect and respond to the necessary information.

Strengthening Chemical Substance Management throughout the Supply Chain

To address legal and social chemical substance issues throughout the product lifecycle from manufacturing to disposal after use, we promote chemical substance management through a variety of initiatives, including the development of internal systems to ensure compliance with domestic and international chemical substance-related laws and regulations, and the provision of information on product safety and applicable laws and regulations to our customers. For example, in order to reduce the environmental impact of chemical substances in our products, we strive to understand information on chemical substances contained in raw materials we use, while we collect information on enactment and revision of laws and regulations, take appropriate actions, and provide information on chemical substances contained in products to our customers. In this way, we strive to strengthen chemical substance management and minimize risks throughout the supply chain.

Please refer to this website for our "Chemical Substance Management."
<https://www.daicolor.co.jp/english/csr/management/index.html>

Toward Better Management of Hazardous Substances

Strengthening the Chemical Substance Risk Assessment System

These days, laws and regulations related to chemical substances have been revised one after another in Japan. We have also been compliant with Class I Specified Chemical Substances in accordance with the revision of the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and with SDS in accordance with the revision of JIS Z 7252/7253. In addition, we are also working to comply with revisions to the Law concerning Pollutant Release and Transfer Register, and the Industrial Safety and Health Law.

The basic concept of the comprehensive management of chemical substances is shifting toward reducing the risk of individual chemical substances. In response to this change, starting in the fiscal year ending March 31, 2022, we have strengthened the checking system for chemical substance risk assessment at the time of facility installation and established a system to conduct more rigorous checks at the time of facility installation. In addition, we are striving to maintain and strengthen our chemical substance management by conducting regular internal audits on chemical substances to check the management system and operational status related to chemical substance management, and requesting improvement measures as necessary.

Knowledge enhancement through education on Chemical Substance Management

In terms of chemical management education, we provide education to related divisions and group companies in order to accurately respond to chemical substance laws and regulations. In the fiscal year ending March, 2022, we proactively held in-house seminars mainly for chemical substance management personnel to improve their knowledge level and prepared an environment enabling them to acquire the latest legal and regulatory trends.

More efficient operations and more appropriate management of chemical substances

We will review our operations to improve operational efficiency in conjunction with the introduction of the new chemical substance management system.

In addition, in order to manufacture and export chemical substances, it is essential to have a good understanding of the systems of each country where we operate and deal with them. Therefore, we comply with the laws and industry standards of all countries and regions where we do business, and we are working to properly manage chemical substances in order to fulfill our social responsibility as a company. As a result, there were no violations of laws and regulations regarding registration and notification of chemical substances in the fiscal year ended March 31, 2022.

Stakeholders of Dainichiseika

We have established a "Basic Policy on Corporate Governance," which states that we "consider the interests of not only our shareholders but also our employees, customers, suppliers, creditors, local communities, and various other stakeholders, and working in an appropriate manner with them." Through various dialogues with our stakeholders, we listen to their opinions and appropriately reflect them in our business activities in order to earn the trust of the many people with whom we interact.

Stakeholders	Dialogue Opportunities	Communication Tools
Customers	<ul style="list-style-type: none"> Sales activities Various exhibitions Consultation services, such as websites Quality assurance support 	<ul style="list-style-type: none"> Website Product brochures PR magazines Corporate report News releases Release of appropriate publicity to the media
Employees	<ul style="list-style-type: none"> Group Intranet Message from the President at the beginning of the year and on the anniversary of the company's founding Labor-management council Company social gathering Training by job level Periodic personal interviews Internal Reporting and Harassment Consultation Desk 	<ul style="list-style-type: none"> Website PR magazines Corporate report News releases Employee surveys
Business Partners	<ul style="list-style-type: none"> Communication through individual transactions Various exhibitions Joint research through open innovation 	<ul style="list-style-type: none"> Questionnaire survey on the status of CSR promotion Public relations magazines Corporate report
Shareholders and Investors	<ul style="list-style-type: none"> General Meeting of Shareholders Company Information Session Financial Results Briefing Individual meetings Visits to institutional investors Teleconference 	<ul style="list-style-type: none"> Website Brief Report of Financial Results Annual Securities Report Timely Disclosure Notice of Convocation of General Meeting of Shareholders Shareholder Newsletters (Interim Report) News releases PR magazines Corporate report
Society (community, government, school)	<ul style="list-style-type: none"> Industry-University Cooperative Projects Interaction at community events Service activities in the neighboring communities Dispatch of lecturers for lectures and educational opportunities School visit Acceptance of work experience 	<ul style="list-style-type: none"> Website PR magazines Corporate report News releases Newspaper Magazines



Tokai Production Plant Technical High School Plant Tour



Tokyo Production Plant Comprehensive disaster prevention drill



General meeting of shareholders



Please refer to this website for our PR magazine "People, Something New, Future". (Japanese Only)

https://www.daicolor.co.jp/csr/newsletter/newsletter_Vol1.pdf



Society **S** Customer Relations

Quality Assurance

To ensure that our customers can use our products with confidence, we are working to develop a company-wide quality assurance system that considers not only the performance of our products, but also all of our corporate activities up to the delivery of products and services to our customers as "Quality."

Approach to Quality Assurance

We, at every stage from product design through manufacturing and inspection to delivery of products to customers, comply with all laws and regulations, and recognize that maintaining and improving the reliability and safety of our products and services are a social requirement, and always place the highest priority on providing the quality demanded by customers.

Our products are used in a wide range of fields, including information and electronics, automobiles, books, industrial materials, stationery, and packaging, and the quality demanded by our customers varies. We aim to establish a system promising to provide products and services that satisfy our customers at all times.

Dainichiseika Quality Policy

To provide the products and services satisfying our customers demand, Dainichiseika has established a quality policy, the fulfillment of which will build its trust and contribute to society.

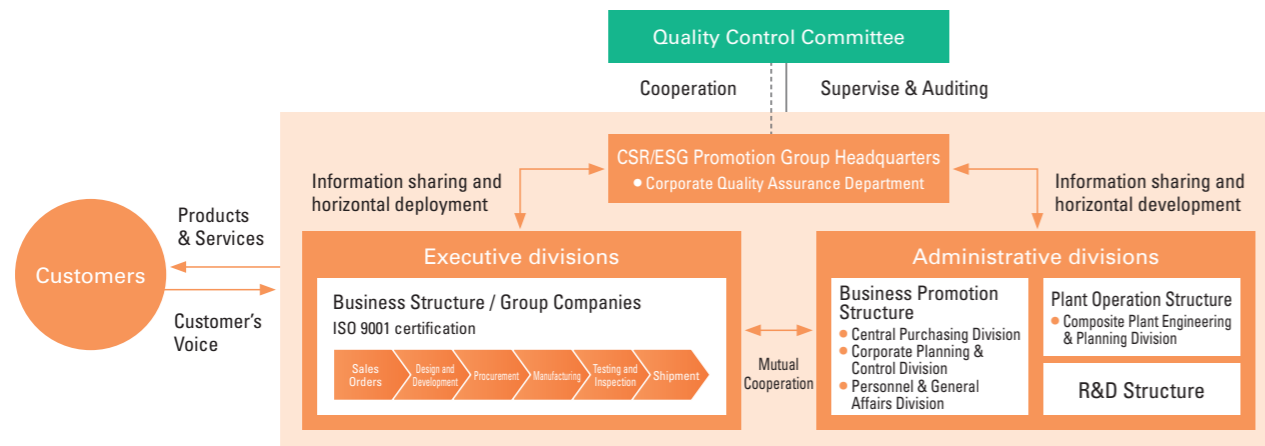
1. We provide the products and services satisfying our customers demand.
2. We comply with all statutory and regulatory requirements.
3. Our managers and all employees aim to improve product quality.
4. We continue to promote the activity that improves product quality.

Quality Assurance System

We operate a quality management system based on ISO9001 at each business division and group company individually. In recent years, there has been a growing awareness of the need for an organization to develop a group-wide quality assurance system. In 2013, we established the Quality Control Committee, a company-wide organization, and in 2019, the Company-wide Quality Assurance Department, which is responsible for the management and operation of the Group QMS, to maintain and improve the quality control system throughout the company. As part of our company-wide efforts, we promote continuous improvement of the quality control system and quality management activities of each division and group company, by holding various training sessions on quality assurance, reviewing the management system of raw material suppliers and contract manufacturers, reviewing cooperation among organizations, and providing support for QMS activities. We are striving to maintain and improve the quality assurance system of our entire group.

Mechanisms for Reflecting Customer Feedback

Whenever a complaint or quality problem occurs within our group, each division or group company investigates the cause and implements thorough measures to prevent recurrence, while continuously applying the information obtained in the process to the development and improvement of products and services to enhance customer satisfaction. Information on quality and product safety and measures to prevent recurrence are shared and horizontally deployed throughout the Group through the Quality Control Committee.



Society **S** Employee Relations

Industrial Safety and Health

Aiming to eradicate industrial accidents and promote the maintenance of good health, we are engaged in continuous improvement activities by connecting safety and health committees at each business site through a company-wide network in order to improve safety measures and safety awareness to create a comfortable work environment and prevent accidents.

Promotion System

Considering occupational accidents and health and safety to be important business risks, and under the direction of the President, we are working to eliminate these risks and mitigate them if they should occur, based on the CSR/ESG approach and promotion system shown on P.25.

Aiming for Zero Accident and Zero Occupational Injury

Each business site of our group conducts chemical substance risk assessments for substances handled and disaster prevention risk assessments when installing equipment, and works toward achieving accident-free and disaster-free operations based on preventive action-type safety activities.

For accidents and disasters that occur, we investigate the causes and formulate measures to prevent recurrence, which are horizontally disseminated throughout the company through the company-wide Health and Safety Committee to confirm the status of implementation.

Corporate Health and Safety Committee

The committee ensures compliance with laws, regulations, and various guidelines to promote employee health, create a comfortable work environment, and prevent accidents. The committee investigates the causes of accidents and exchanges opinions with the safety and health committees of other business sites regarding countermeasures, and works for improvement and horizontal deployment of such measures. During regular company-wide health and safety patrols, health and safety committee members from other worksites participate to evaluate safety from various perspectives and make improvements.

Company-wide Health and Safety Patrols

The executive office of Corporate Safety and Health Committee, together with Safety and Health Committee members from other business sites, prepares checklists and conducts patrols on a regular basis. Through these patrols, specific proposals for problems and solutions are made, and horizontal deployment of pointed out issues and confirmation of corrective actions are conducted to raise the level of safety and health activities of the entire group.



Occupational Accident Incidents

In FY2022, there were 4 lost time injuries with a frequency rate of 1.01 and an intensity rate of 0.038. There were no occupational illnesses or fatalities.

	Dainichiseika Domestic Group			Manufacturing Industry			Chemical Industry		
	2020/3	2021/3	2022/3	2019	2020	2021	2019	2020	2021
Number of Lost-time	5	2	4	-	-	-	-	-	-
Frequency rate	1.45	0.61	1.01	1.20	1.21	1.31	0.94	0.93	1.07
Intensity rate	0.003	0.001	0.038	0.10	0.07	0.06	0.02	0.03	0.02

Number of Lost-time: Work-related accidents that force workers to be absent from the day after the accident.
 Frequency rate: The number of casualties due to occupational accidents per million total actual working hours, which indicates the frequency of accidents.
 Intensity rate: The number of days lost from work per 1,000 actual working hours, indicating the degree of severity of the accident.
 Manufacturing Industry: Average of companies with 100 or more employees
 Chemical Industry: Average of companies with 100 or more employees
 Data source: Ministry of Health, Labor and Welfare's Survey of Occupational Accident Trends (2019-2021)

Voice Aiming for a Safe and Comfortable Workplace

At Dainichi Color Composite Co., Ltd. our top priority is to "improve safety awareness and eradicate public injuries." In order to prevent similar public injuries, we are reviewing past public injuries and confirming the current status and countermeasures at each site. In addition, a safety unit was established in the fiscal year ending March 31, 2022 to share information and plan safety education with the aim of homogenizing safety activities. We also check the wearing status of protective equipment and talk to employees who are acting differently than usual, striving for two-way communication.

We will continue to refer to the good points of other business sites and work to create a workplace that is easy for everyone to work in and friendly for women.



Kazo Production Plant (Dainichi Color Composite Co., Ltd.)
 General Affairs & Accounting control Division
Akina Jinguji

Society **S** Employee Relations

Mental Health Care Initiatives

Aiming to reduce mental health problems, we have been implementing stress checks for employees' mental health since 2014, as well as strengthening support for employees by providing counseling by a clinical psychologist on a regular basis. Furthermore, we are working to raise the mental health level of the entire organization and thereby revitalize the workplace and improve productivity by aggregating and analyzing individual results by groups of a certain size and providing feedback to workplaces with information that takes into consideration personal information.

Logistics

Since the establishment of the Japan Responsible Care Council (JRCC) in 1995, we have been a member of the JRCC and have been working to prevent accidents and disasters in logistics as well as to promote environmental initiatives.

Approach to Safety and Quality

The products handled by our group are chemical products containing hazardous materials. Storage and transportation of such products require a higher level of knowledge and a heightened awareness of safety management. For this reason, we select our logistics partners in light of our safety and quality standards.

In addition, we share various necessary information with our logistics partners in a timely manner, and link this to risk assessment and safety management in the "field" to prevent accidents, claims, and other problems.

Promotion System for Safety and Quality

To utilize the 3PL^{*1} and WMS^{*2} introduced in October 2018, we are promoting centralized management of the group in cooperation with logistics providers. We have sufficient communication with divisions or offices to ensure appropriate operations related to safety and quality.

Building Sustainable Logistics

We strive to build sustainable logistics based on the principle of safety first. In cooperation with our logistics providers, we ensure that they carry yellow cards, conduct disaster drills, and provide safety education.

In addition, we regularly visit our contractors' sites in person to conduct quality and safety patrols.

Environmental Measures
<ul style="list-style-type: none"> Compliance with Revised Energy Conservation Act Promoting a modal shift Efforts to Address Shippers' Obligations of Consideration in the Realization of Work Style Reform
Avoiding logistics crises
<ul style="list-style-type: none"> Efforts to address the driver shortage Efforts to address the 960 Problem in 2024
Improvement of logistics value
<ul style="list-style-type: none"> Efforts to optimize total logistics costs Efforts to improve logistics quality
Compliance
<ul style="list-style-type: none"> Compliance with Fire Service Act, Motor Truck Transportation Business Act, and other laws and regulations

Labor-Management Relations

Labor-Management Council

Stable labor-management relations are the foundation of the company's development. To maintain and improve sound labor-management relations, we hold labor-management council meetings eight times a year on a regular basis to foster mutual trust based on dialogue. At such council meetings, management information and workplace issues are shared and opinions are actively exchanged.

Retirement Benefits

Our retirement benefits consist of a funded defined benefit corporate pension plan and a lump-sum retirement allowance provided by the Company. Besides, we have introduced an employee-choice Corporate-type Defined Contribution pension plan to support voluntary efforts to secure post-retirement income.

Human Resource Development and Utilization

"People" are a major component of a company. "People" are an important "Asset" for a company. In order for a company to grow sustainably, it is important to nurture "human resources" who possess a variety of skills and are capable of exercising leadership within the organization. We promote the creation of an environment that supports the development of employees' ambition and their self-realization.

Approach to Human Resource Development

Human capital investment and human resource development are essential to the realization of the "Basic Strategy" of our medium-term management plan, which was announced in August 2021. Through the following efforts, we will promote the human capital strategy necessary to secure competitive advantage and create innovation.

Acquisition of human and intellectual property	<ul style="list-style-type: none"> Recruitment activities aimed at ensuring diversity Creation of attractive research themes Flexible management of compensation levels and systems Promote open innovation (industry-academia) Actively develop intellectual property strategy
Human Resources Development	<ul style="list-style-type: none"> Evaluation system based on skill development Reskilling for people's work style Create opportunities for internal and external communication
Inheritance of skills	<ul style="list-style-type: none"> Inherit skills through the use of veteran employees Improving productivity and non-dependence on individuals or skills through the use of DX

In addition, we have undergone changes in line with the needs of the times. In modern society, where change is rapid, it is essential to utilize diverse human resources in order to provide value. We actively support the creation of a corporate culture that recognizes diversity and the development of human resources.

About the Personnel System

The personnel system, which also affects employee motivation, consists of a "personnel evaluation system" that clarifies goal setting according to job level and role and evaluates employees appropriately, and a "wage system" that appropriately reflects their roles and contributions. In terms of career paths, we provide opportunities for employees to meet with their supervisors twice a year to discuss the rank and work level they are aiming for, their ideal work style, and the areas of work they would like to be exposed to. In addition to systems that respect diverse work styles and enable self-fulfillment, we have also introduced positions with limited work area to create a comfortable working environment for our employees. Furthermore, since 2015, we have included the experience of transferring to multiple departments as a requirement for promotion. Transfers between departments and job types are also taking place, leading to career development for our employees.

Active Promotion of Women, Foreign nationals, and Mid-career hires

In July, we established the Human Rights Policy, and are to eliminate human rights violations in hiring and promotion, and provide equal opportunities to play an active role. The percentage of female employees among new graduates hired in the last three years increased to 32.9%. By expanding opportunities for female employees to be promoted to production sites, where the number of female employees assigned has been low, and by reviewing the personnel system to ensure diversity in work styles, the number of female employees who are active over the long term is increasing year by year

Percentage of female employees among newly hired graduates (domestic group)

2020	2021	2022
25.9%	34.4%	40.3%

Percentage of female employees (the entire group, all employment types)

2018	2019	2020	2021	2022
14.3%	16.2%	17.2%	17.4%	18.3%

In addition, from the viewpoint of prioritizing the early onset of a "chemical reaction among human resources" by hiring a wide range of people with different experiences, backgrounds, skills, and attributes, we are reviewing our personnel system, including human resource development and internal environment improvement policies, and actively providing opportunities for hiring without distinction of gender, nationality, or time of hiring. Through appropriate use of on-the-job training and off-the-job training directly linked to the acquisition of skills for daily work, a highly convincing and accurate personnel evaluation system, and fair opportunities for promotion, we will gradually increase the ratio of women, foreign nationals, and mid-career hires in managerial positions above the section manager level from 12.4% in FY March 2023 to 18% in FY March 2031.

Ratio of female, foreign nationals, and mid-career hires in managerial positions¹⁾

2018	2019	2020	2021	2022	2030
12.6%	12.4%	11.7%	11.6%	12.4%	18% (target value)

¹⁾Domestic group as of April 1

Training System

We provide a training curriculum tailored to each employee's job level to maximize the effectiveness of training at each workplace. Through the accumulation of training for each level and on-site practice, we develop human resources capable of exercising leadership in the workplace, leading to the improvement of organizational capabilities. Combined with our career path system, we have created an environment that ensures the development of successors.

^{*1} 3PL (Third-party Logistics): Comprehensive outsourcing of logistics operations
^{*2} WMS (Warehouse Management System): Warehouse management system

^{*1} We have not set individual numerical targets because we believe that excellent employees should be promoted to managerial positions without being preoccupied with women, foreigners, and mid-career hires, and that setting numerical targets by attribute would rather result in a violation of equal opportunity. In the future, we will consider setting individual numerical targets, taking account of the progress of the mid-term management plan.

Society **S** Employee Relations

Diversity

Voice To a workplace where men taking childcare leave is the norm

At first, while I thought that the time had come for both husband and wife to balance work and childcare, since we were both from the Kanto region and lived in the Kansai region, I encouraged my wife to have the baby back in her hometown, while I considered continuing my work in the Kansai region. However, my wife pointed out that it was "our" child, and I wanted to be prepared for the birth of life, which is when I decided to take childcare leave.

At that time, I was in charge of domestic sales of colorants in Osaka and was entrusted with some major customers. When I decided to take childcare leave, I was anxious about the reactions of those around me, but I tried to communicate my intention and reasons for taking the leave to all parties both inside and outside the company as much as possible. As a result, I received many positive comments and encouragement from my workplace: "Pioneer the use of childcare leave among male sales people!" and I received encouragement.

During my childcare leave, I shared housework and childcare with my wife and made up my mind to spend all my time on my family, so I did not check my work e-mail or return phone calls. After returning to work, I consulted with my supervisor, reduced overtime work for a certain period of time, and faced my work with my family first and foremost.

After returning to work, I felt that my work efficiency and motivation were higher than before. Before returning to work, I sometimes blamed myself for not being able to produce results at work, but through childcare, I saw how my child's abilities were steadily increasing day by day, and I learned to value "the possibility of being able to do things in the future" and find joy in the future rather than "frustration at not being able to do things now." By gaining a sense of distance from my work, I was able to put things in perspective and learn to maintain a good balance between my work and private life.

I am grateful to those around me who accepted my way of thinking, and I would like to make an effort to respect each person's way of thinking in the future. I would be happy if I can encourage those who are considering taking childcare leave, or if I can be an option for those who are not considering taking childcare leave.



West Japan Head Branch
Plastic Colors No.2 Division
Koudai Watanabe
Joined the company in 2016
● Number of children: 1
● Period of childcare leave: 2 months

Support for Diverse Work Styles

We believe that each employee's ideal work style changes depending on his or her lifestyle and life stage. We respect the diverse work styles envisioned by our employees and have introduced various systems to enable them to realize their ideal work styles. The annual paid leave utilization rate of our group for the fiscal year ended March, 2022 was 64.0%.

● Employment of People with Disabilities

Our employment rate of persons with disabilities (non-consolidated) for the fiscal year ending March, 2022 was 2.15%. We will continue to make efforts to achieve long-term employment for people with disabilities, taking their aptitudes into consideration.

● Childcare and Nursing Care System

To enable employees to balance childcare and nursing care with

work, we are working to improve the employment environment by making it easier to take childcare and nursing care leave, introducing shorter working hours and flextime systems, etc. In 2020, we will extend the scope of the childcare flextime system until the child reaches the fourth grade of elementary school, and enable employees to work both shorter hours and flextime systems. In the fiscal year ended March, 2022, 28.0% of male employees and 100% of female employees took childcare leave, and a total of 63 employees used the short-time work and flextime systems.

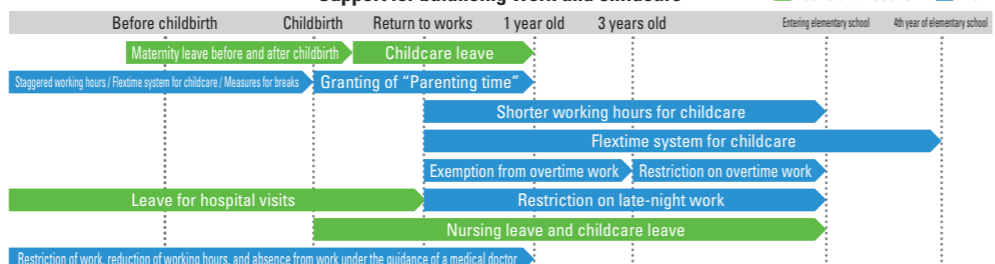
● Reemployment System after Retirement

In 2007, we introduced a system to support the life plans of employees approaching retirement age by providing them with one-year temporary employment contracts until they reach the age of 65 after their retirement at 62. 88 employees used this system in the fiscal year ended March 2022.

Support for Balancing Work and Nursing Care

- Nursing care leave
- Shortened working hours for nursing care or nursing care flextime system
- Exemption from overtime work
- Limitations on overtime work
- Restriction on late-night work
- Nursing care leave

Support for balancing work and childcare



Society **S** Supplier Relations

CSR Procurement Initiatives

Revision of Purchasing Policy to Meet the Times

In April 2019, we revised and implemented the Purchasing Policy to promote CSR-related initiatives throughout the supply chain in order to provide the products and services demanded by customers and to continue to be a company trusted by stakeholders.

By adding CSR-related initiatives such as human rights, labor environment, environmental conservation, and compliance to our supplier selection criteria, we will practice selection of suppliers and procurement items based on fair and impartial evaluations.

Establishment of CSR Procurement Standards

We have established a new set of "CSR Procurement Standards" that we would like our suppliers to address, and have begun implementing them with the cooperation of our suppliers. The "Purchasing Policy" and "CSR Procurement Standards" are posted on our corporate website, and we are working to ensure that new suppliers who wish to do business with us understand them.

Monitoring of Chemical Substances

In terms of chemical substance management, in the fiscal year ended March, 2022, we conducted a "simultaneous review of chemical substances contained in products related to raw materials" and "simultaneous review of purchase specifications" for our suppliers. Through these efforts, we are managing raw materials to reduce environmental impact and ensure product safety.

We will continue to implement monitoring activities and audits in order to extend these CSR initiatives to the entire supply chain. Through these activities, we will strive to improve the satisfaction of all our customers.

Please refer to our website for "Purchasing Policy" and "CSR Procurement Standards". (Japanese Only)
<https://www.daicolor.co.jp/company/purchase/index.html>



Prevention of Child Labor and Forced Labor

Respecting international norms such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Guiding Principles on Business and Human Rights established by the United Nations, and the 10 Principles of the UN Global Compact, which set forth the principles of respect for fundamental human rights, we have established a "Human Rights Policy" based on the CSR/ESG Basic Policy. In the "CSR Procurement Standards," we are committed to respecting fundamental human rights, eliminating discrimination, forced labor, and child labor, and improving the working environment.

- (Excerpt below from the CSR Procurement Standards)
- 1) Respect basic human rights; eliminate discrimination, forced labor, and child labor; and make efforts to improve the labor environment.
 - 3) Prohibition of forced labor and child labor
Never force labor through threats, restraints, or other means. Furthermore, never use child labor at any stage of the manufacturing process.
 - 4) Ensuring a (safe and healthy) work environment
Comply with laws on labor, safety, and health; ensure a safe, healthy, and comfortable work environment for all persons involved in the company's business activities; and make efforts to maintain and improve such an environment.

Responsible Mineral Procurement

In December 2020, the CSR Procurement Standards were revised to include "Responsible Mineral Procurement."

- (Excerpt below from the CSR Procurement Standards)
8. Engage in the responsible procurement of minerals.
 - 1) Never use conflict minerals that cause the infringement on human rights, environmental destruction, and other conflicts and become the source of funding for armed groups.
 - 2) Make efforts to procure minerals from conflict-free smelters selected by organizations such as the RMI (Responsible Minerals Initiative).
 - 3) If, in the unlikely event that the use of conflict-minerals financing armed groups comes to light, make prompt efforts to remedy such a situation.

In the fiscal year ended March, 2022, we added 8 substances, including natural mica, to the list of surveyed substances, for a total of 13 substances. We will continue to expand the range of target substances and respond to the ever-changing global situation and social environment.

*1 "Child" used in this provision is defined as anyone under the age of 15, or under the age for completing compulsory education, or under the highest of the lowest working ages stipulated by local laws and regulations.

Governance Corporate Governance

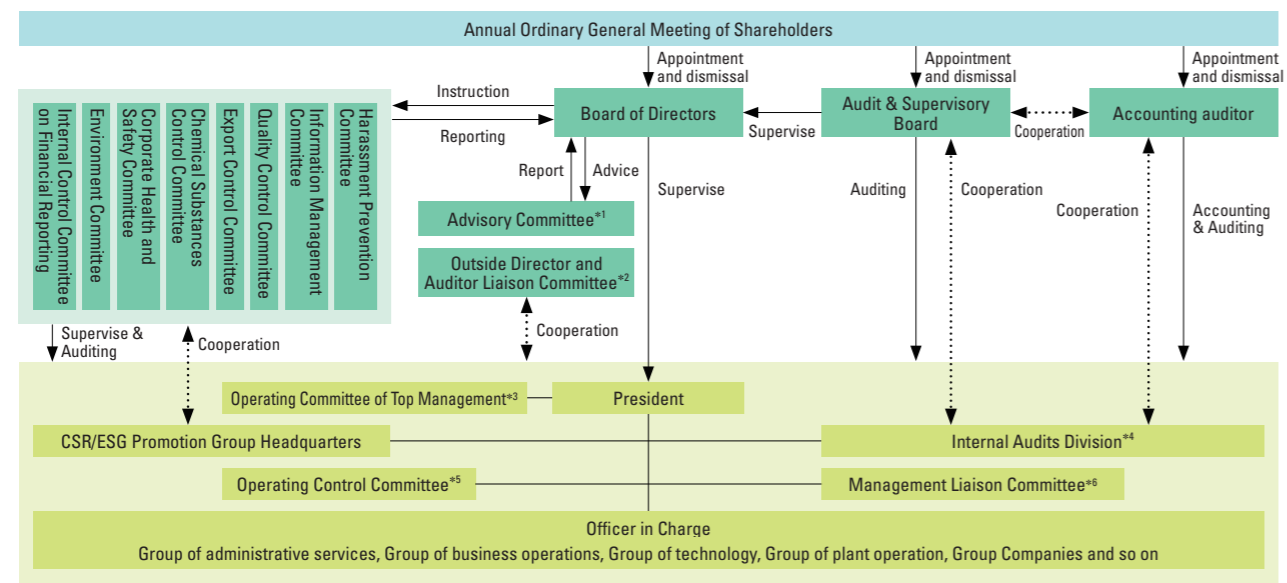
In order to continuously obtain the trust of our customers, investors, and other stakeholders, we believe it is necessary not only to comply with laws and regulations, but also to establish and continuously improve corporate governance that can achieve both higher levels of checks and balances and “Open discussion” from both internal and external perspectives. Recognizing that ESG activities are an active part of our CSR activities, we will continue to develop steady, down-to-earth activities such as information security initiatives and training for employees, not to mention the prompt and effective decision-making and business execution, through the constant and accurate operation of our ESG promotion system.

Corporate Governance System

As of June 29, 2022, three (including one female) of the eight directors and two of the four corporate auditors were respectively appointed from outside the Company in order to strengthen the monitoring and supervision of decision-making by incorporating the perspectives of outside personnel independent of management. The name of Group CSR/Risk Man-

agement Headquarters was changed to CSR/ESG Promotion Group Headquarters on April 1, 2021, in order to accurately allocate management resources to management strategies that emphasize E (Environmental Consideration), S (Social Contribution), and G (Corporate Governance), with the aim of enhancing corporate value.

Corporate Governance Structure



*1 The Nomination and Compensation Committee, with the aim of strengthening the fairness, transparency, and objectivity of its procedures, deliberates and reports mainly on decisions concerning the nomination and compensation of directors and titled executive officers of the Company, based on consultations with the President or the directors. The Nomination and Compensation Committee is composed of three or more directors by resolution of the Board of Directors, a majority of whom are outside directors, and the chairperson of the committee is selected from among the outside directors by mutual vote of the committee members. The committee met a total of three times during the period from April 2021 to March 2022 to deliberate and report, based on the President's advice, on (1) the selection of candidates for Independent Outside Director, (2) the selection of Directors and Titled Executive Officers, and the determination of their positions and grades, (3) the selection of Representative Director, and (4) the amount of compensation for Directors and Titled Executive Officers.

*2 The Independent Outside Director Liaison Committee consists of Independent Outside Director and all Independent Audit & Supervisory Board Member, and serves as a forum for sharing information on the management and supervision of the Group, with a focus on matters to be discussed or reported at the Board of Directors, and for Independent Outside Director to exchange information from an independent standpoint.

*3 Operating Committee of Top Management: This committee is convened and chaired by the Representative Director as occasion demands, and is held with the participation of the President & Representative Director, Directors at the managing director level and above, and other relevant parties involved in the deliberations as necessary.

*4 The Internal Audits Division, as an independent division of Internal Audit, is composed of staff members who are familiar with and have a high level of expertise in the business, and objectively verifies and evaluates the business from the viewpoint of legality and rationality.

*5 The Operating Control Committee is deliberating in an agile manner on our medium-term plans, budgets, and capital investments, and manages the profit and loss of business plans, flexibly convening the relevant directors and representatives of divisions or offices depending on the issue.

*6 The Executive Liaison Committee informs the heads of each structure of the decision-making process and confirms the execution policy of each organizational unit with respect to the decision-making process, and receives reports on the status of business execution from each organizational unit to verify appropriateness.

Decision Making and Business Execution System

The Board of Directors of Dainichiseika makes decisions on important matters concerning the management of the Dainichiseika Group. In addition to the regular meetings of the Board of Directors, the “Operating Committee of Top Management” and “Operating Control Committee” are held as necessary to discuss important management matters such as basic strategies and mid-term plans for the entire group, and to report on the results and progress of such discussions, so that necessary measures can be implemented as occasion demands. Besides, internal regulations have been established for the execution of business operations, clarifying the scope of responsibility according to job level and appropriately delegating authority to enable prompt decision-making.

Audit System

The Audit & Supervisory Board regularly exchanges information with the accounting auditor and Internal Audits Division to ensure the systematic and efficient implementation of the Auditing & Supervisory function.

Corporate auditors also attend Board of Directors and important internal meetings, seeking explanations and expressing their opinions as necessary. They also inspect important approval documents, such as minutes and approval documents, to audit the execution of Directors' duties and ensure that our operations are being conducted legally and appropriately.

Governance Compliance

We believe that it is important to contribute to society through sincere and fair corporate activities that comply not only with laws, regulations, and internal rules, but also with social common sense and ethical standards. Under the direction of the President, the CSR/ESG Promotion Group Headquarters works with each committee to develop and maintain a compliance system.

Promotion Activities

The CSR/ESG Promotion Group Headquarters plays a central role in company-wide promotion activities, focusing on awareness-raising and education.

The main activities are as follows;

- To maintain a good working environment, each business base has a “Harassment Counselor,” one male and one female.
- To raise awareness among employees, we regularly distribute “Compliance Letters” and “Compliance Mini Tests” that address problems of compliance in their daily lives.
- Training for new employees and post-employment milestone years, and “harassment training” for management-level employees.
- Training for overseas Group subsidiaries to raise compliance awareness.

In consideration of effectiveness and efficiency, we utilize face-to-face group training as well as video training through e-learning. In addition to these awareness-raising and training programs, we conduct periodic compliance audits in the form of questionnaires for all departments.



Dainichi Color (Thailand) Ltd.
Compliance training

Prevention of Corruption and Bribery

In light of the global expansion of our business and the tightening of regulations on bribery around the world, we have been promoting enlightenment of Group employees through the formulation of our “Basic Anti-Bribery Policy” and “Anti-Bribery Regulations” and the distribution of our “Anti-Bribery Handbook” in order to comply with anti-bribery regulations. As a result, there were no cases of corruption, bribery, or disciplinary action in the Dainichiseika group in the fiscal year ended March, 2022.

Internal Reporting System

The Corporate Ethics Hotline has been established by the CSR/ESG Promotion Group Headquarters, Audit & Supervisory Board Member, and a law firm as a third-party contact for the purpose of early detection and correction of any violation or potential violation of laws, regulations, internal policies, or rules in the course of the corporate activities. The hotline accepts consultations and opinions from officers and employees via a dedicated telephone number and e-mail address, and the personal information of the person consulting and the content of the consultation are strictly managed to ensure that the person consulting will not be treated unfairly.

In the fiscal year ended March, 2022, there was one case of whistleblowing and no case that led to serious risks.

Tax Compliance

We comply with the tax-related laws and regulations of each country and region, and strives to pay the appropriate amount of tax. Although tax planning that benefits cash flow is implemented, we do not engage in any activities that are intended to avoid taxation, such as profit shifting to lightly taxed countries (tax havens).

For international transactions, we prepare transfer pricing documents in accordance with the laws and regulations of each country, based on arm's length pricing in accordance with the OECD transfer pricing guidelines, and allocate profits appropriately according to the business risks borne by the group companies and the functions and assets held by the group companies. We conduct a thorough review of tax risks in advance and seek to mitigate tax risks by providing expert advice and guidance as necessary.

Compliance with Antitrust and Subcontracting laws

We strive to ensure fair trade by stipulating compliance with the Antimonopoly Law in the “Code of Conduct for Officers and Employees” and by providing training based on the Action Guidelines for Compliance with the Antimonopoly Law.

In addition, in order to promote proper and fair subcontracting transactions and compliance with laws and regulations, the Company regularly holds briefing sessions on the Act against Delay in Payment of Subcontract Proceeds, Etc. to employees in charge of production, purchasing, and other divisions, and conducts e-learning education. In addition, we promote participation in external seminars sponsored by the Fair Trade Commission and the Small and Medium Enterprise Agency.

Governance Risk Management

In order to manage group-wide risk issues across the board, we have organized the CSR/ESG Promotion Group Headquarters, headed by a director, to promote risk assessment and oversee overall risk. The Company has established “Risk Management Regulations” and “Crisis Management Regulations” as internal rules to deal with various risks at each organizational unit that is in charge of and manages business operations.

Risk Management Survey

We conduct periodic internal investigations of possible risks in our business activities and the status of our response to such risks when they emerge. We then identify risks that could have a significant impact on the Group’s management, designate a person from management who is in charge of managing and supervising such risks, and work to ensure that risks are controlled and that countermeasures and responses are appropriately implemented when they do emerge.

■ Major risks for the current fiscal year (risks with high priority for response)

Risks involved in Management Strategy	Operational Risks
<ul style="list-style-type: none"> Change in demand structure Delays in business transformation Risks related to overseas business operations Delays in technology and product development 	<ul style="list-style-type: none"> Raw material procurement risk Risks related to personnel and human resource shortages Chemical substance management risk Natural disaster risk Information leakage risk

BCP Measures

We have established a crisis management system and an initial disaster response system at each business site to respond to business crises, including large-scale disasters and the spread of infectious diseases. We are progressively developing alternative systems for major businesses and product supply, etc. However, based on lessons learned, such as the fact that circumstances do not always turn out as expected in the event of a large-scale disaster, we are developing business continuity measures through drills to ensure that we can respond quickly to various situations.

Information Security

Information obtained and generated through our corporate activities, as well as personal information of officers and employees, is handled appropriately and carefully managed as information assets, and we strive to raise awareness of information security through various training programs.

Approach to Information Security

We handle a wide range of information assets, including those related to our business partners, product formulations and manufacturing methods, company management, and personal information of officers and employees. We are striving to improve productivity and reduce the risk of information leaks by balancing the use of IT and information security measures, while promoting education and environmental improvements to ensure that officers and employees handle information appropriately according to its confidentiality.

Management System

Based on the “Basic Policy on Information Security,” we have established the “Information Security Management Regulations” and implements organizational measures, measures to be followed by officers and employees, and information security measures for information equipment. As a management system to ensure the implementation of these measures, we have appointed a person in charge of Information Security Implementation for each division and business site that conducts the actual operations, an Information Security Manager to oversee the Information Security Implementation Manager, and a Chief Information Security Officer to oversee the entire Group, thereby clarifying responsibilities and roles.

Efforts

In order to transform our business, organization, operations, and processes, and to establish a competitive advantage in the future, we are promoting DX and implementing security measures, including appropriate access rights management, authentication and authorization for information systems, and computer virus countermeasures for information equipment. Information assets are classified and managed according to their importance, and we strive to raise awareness of information security through ongoing training for officers and employees to reaffirm the importance of the information they handle on a daily basis, education on information security, and alerting them to security incidents that are becoming more prevalent.

Governance Board of Directors



Serge Poliakoff Composition © ADAGP, PARIS & JASPAR, TOKYO, 2022 E4659

List of Directors, Corporate Auditors and Titled Executive Officers (as of June 29, 2022)

In accordance with the corporate philosophy, vision, values, and code of conduct, we strive to maximize the sustainable development and corporate value through fair business activities.

1	Representative Director and President	Koji Takahashi	Business Operations Promotion Office, Office of the President, Secretarial Office, Internal Audits Division, and CSR/ESG Promotion Group Headquarters Administrator Chief Information Security Officer
2	Representative Senior Executive Director	Yoshitaka Koshiro	Head of R&D Structure
3	Managing Director	Keiji Hirota	Head of Business Promotion Structure Personnel & General Affairs Division, Public Relations Division, Central Purchasing Division, and Overseas Business Division Administrator
4	Director	Masafumi Ichinoseki	Head of Business Structure Pigments Division, Specialty Colors Division, Plastic Colors No. 1 Division, New Business Development Division, and Offset Inks Division Administrator
5	Director	Masahiko Aoba	Head of Plant Operation Structure Plant Operations Headquarters, Tokyo, Osaka, Tokai, Kawaguchi, and Bando Production Plants, Sakura Production Plant (UKIMA Chemicals & Color Mfg. Co., Ltd.), Composite Plant Engineering & Planning Division Administrator
6	Independent Outside Director	Yoshiaki Nakagawa	
7	Independent Outside Director	Akiko Nagahama	
8	Independent Outside Director	Susumu Kawase	
9	Audit & Supervisory Board Member	Katsuhisa Kawada	
10	Audit & Supervisory Board Member	Yoshiro Gamo	
11	Independent Audit & Supervisory Board Member	Kohei Sato	
12	Independent Audit & Supervisory Board Member	Hidemi Yamaguchi	
	Senior Executive Officer	Osamu Takeda	Sub-Head of Business Structure Plastic Colors No. 2 Division, Coating Materials Division, Gravure Inks Division, Advanced Polymers Division
	Senior Executive Officer	Tatsuhiko Komada	Sub-Head of Business Promotion Corporate Planning & Control Division, Corporate Finance & Accounting Division, Information Management System Division
	Managing Executive Officer	Taiyo Aoyagi	Sub-Head of R & D Structure Organic Synthesis Research Division, Application Research No.1 Division, Application Research No.2 Division, Technical Coordination Division
	Managing Executive Officer	Toshio tani	Sub-Head of Plant Operation Structure Narita Production Plant (Hi-Tech Chem Co., Ltd.), Kazo, Togo, Katano Production Plant, (Dainichi Color Composite Co., Ltd.) Kyushu Production Plant (Kyusyu Dainichiseika Co., Ltd.), Kumamoto Production Plant (Kyushu Kako Co., Ltd.)

Skill Matrix of Directors and Titled Executive Officers (as of June 29, 2022)

Knowledge/Experience/Skills and Fields expected	Directors								Titled Executive Officers			
	Koji Takahashi	Yoshitaka Koshiro	Keiji Hirota	Masafumi Ichinoseki	Masahiko Aoba	Yoshiaki Nakagawa	Akiko Nagahama	Susumu Kawase	Osamu Takeda	Tatsuhiko Komada	Taiyo Aoyagi	Toshio Tani
Corporate management/Business strategy/Leadership	●	●				●		●	●			
CSR/ESG/Compliance	●	●				●	●	●		●		
Finance/Accounting/Tax affairs	●		●							●		
IT/Information systems	●		●							●		
Personnel affairs/Labor affairs/Human resource development			●		●	●	●					●
Technological development/Technological development management		●			●	●		●			●	●
SCM/Logistics				●	●					●		●
Industry and industry trends/Marketing/New businesses			●	●				●	●	●		
Supply/Manufacturing		●		●	●			●		●		●
Internationality/Diversity	●				●	●	●		●		●	

Governance Board of Directors

Reasons for Appointment of Independent Outside Directors and Independent Outside Auditors and Their Main Expertise

Title	Name	Reason for Appointment
Independent Outside Director	Yoshiaki Nakagawa	We have elected him because we believe that his extensive experience and wide-ranging insight, gained from his years of organizational operation and management as a general officer of the Ground Self-Defense Force and from his experience as an advisor to business corporations, will enable him to provide useful advice on organizational operation, corporate governance, and other corporate activities of the Dainichiseika Group from a broad and sophisticated viewpoint.
	Akiko Nagahama	We have elected her based on her professional knowledge and experience as an attorney, particularly in compliance and corporate legal affairs in general, which is expected to contribute to strengthening the legal risk management and corporate governance of the Dainichiseika group.
	Susumu Kawase	He has served as Executive Vice President of Soken Chemical & Engineering Co., Ltd. and can be expected to further strengthen and enhance the Company's management system, including strengthening the supervisory function of the Board of Directors, by utilizing his abundant experience and broad insight as a corporate manager. From the fact that he has also served as Managing Director and General Manager of the Research and Development Center of the said company and as Executive Vice President and General Manager of the Sayama Plant of the same company, we have elected him because we believe that he can provide useful advice to the corporate activities of our group based on his experience and knowledge of technology development and production.
Independent Outside Audit & Supervisory Board Member	Kohei Sato	We elected him because we believe that he can provide useful advice to ensure the adequacy and appropriateness of decision-making by the Board of Directors, exchange opinions on audit results with the Audit & Supervisory Board, and discuss important audit-related matters, based on his extensive experience and capabilities as a corporate manager at other companies and his wide-ranging insight.
	Hidemi Yamaguchi	The Audit & Supervisory Board elected him based on the judgment that he can provide useful advice from his professional perspective as a tax accountant in ensuring the validity and appropriateness of decision-making by the Board of Directors, exchanging opinions on audit results with the Audit & Supervisory Board, and discussing important matters related to audits.

Governance Dialogue with Shareholders and Investors

We believe that constructive dialogue with shareholders and investors contributes to both shareholder and corporate value enhancement and utilizes their feedback in management. As part of our internal structure, we have designated a director in charge of IR, and through collaboration among all relevant divisions, we share information and promote dialogue with them, with the Public Relations Division serving as the point of contact.

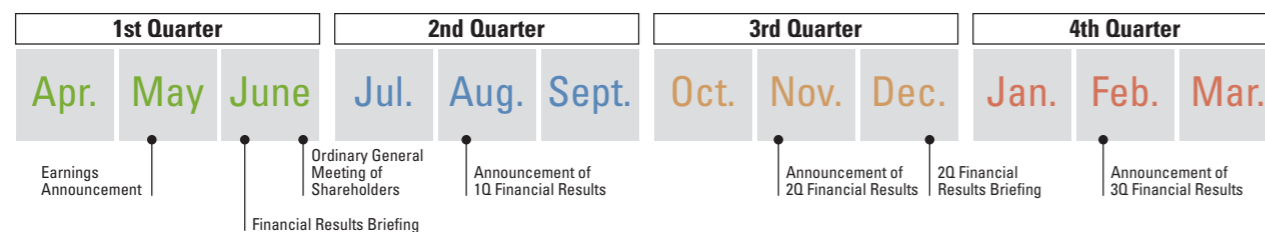
In order to gain a deeper understanding of our business and ESG management initiatives, in the fiscal year ending March, 2022, we held a company information session in August for institutional investors and sell-side analysts to explain the medium-term management plan newly initiated. We will continue to strive to enhance opportunities for dialogue and disclose information in a timely, appropriate, and fair manner.

Dialogue results for the FY ending March, 2022

Opportunity	Subjects	Attendees
August 2021	Company Briefing	Institutional investors Analysts Financial Institutions Media 23 people
	Individual Interviews	Institutional Investors Analysts 9 companies 8 of which presidents attended
November 2021	2nd Quarter Financial Results	Institutional Investors Analyst 9 companies
February 2022	3rd Quarter Financial Results	Institutional Investors Analyst 3 companies

In conjunction with the announcement of our medium-term management plan in August 2021, we have decided to more actively promote IR activities such as company briefings and individual meetings. Through direct dialogue with shareholders and investors, we will promote understanding of our business and strive to become a corporate group that is trusted by and has a long-lasting relationship with its shareholders and investors.

IR Calendar

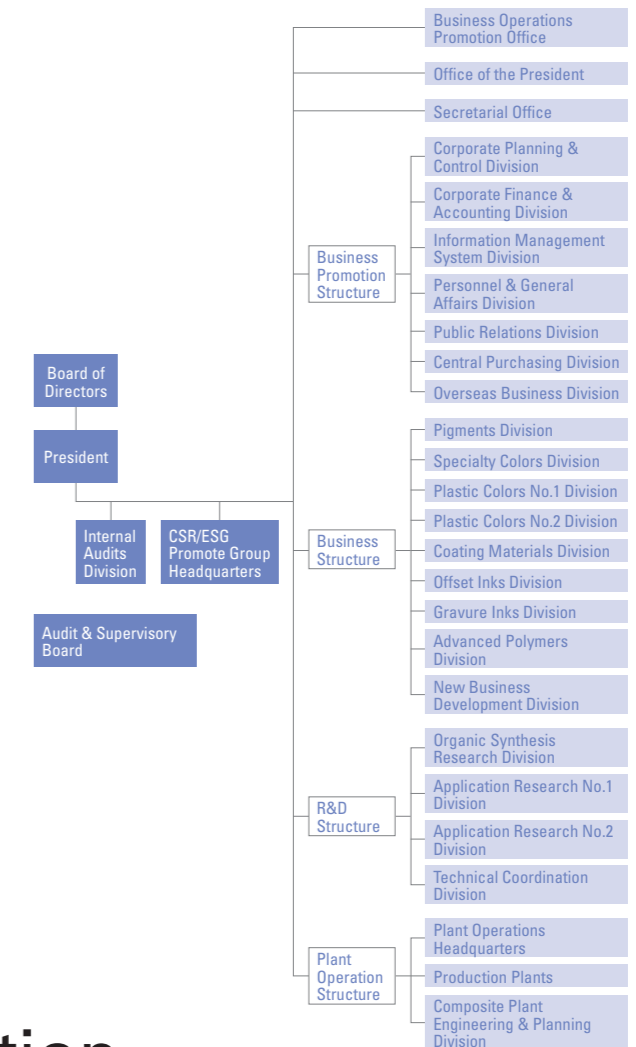


Company Profile

Company name	Dainichiseika Color & Chemicals Mfg. Co., Ltd.
Head Office	1-7-6 Nihonbashi Bakuro-cho, Chuo-ku, Tokyo 103-8383 JAPAN
Content of Business	Manufacturing and sales of: -inorganic, organic, and processed pigments -colorants for plastics and textiles -printing inks, coating agents, and related equipment -synthetic leather materials and other polyurethane -polymers derived from natural substances -functional materials and CCM systems
Founded	October 16, 1931
President & Representative Director	Koji Takahashi
Capital	10,039 million yen (Tokyo Stock Exchange, Prime Market)
Number of employees	Dainichiseika 1,443 Including subsidiaries 3,750 (As of March 31, 2022)

Organizational Schematic

As of September 1st, 2022



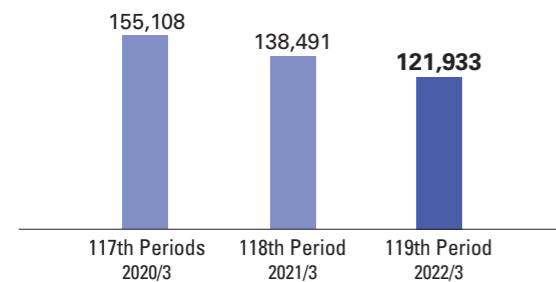
Basic Stock Information

Listed Market	Tokyo Stock Exchange, Prime Market
Stock Code	4116
Industrial Classification	Chemical
Trading unit of shares	100 shares
Total number of authorized shares	50,000,000 shares
Total number of shares issued	18,613,110
Number of shareholders	3,685 (as of March 31, 2022)

Settlement date	One year from April 1 of each year to March 31 of the following year
Ordinary General Meeting of Shareholders	June every year
Record Date for Shareholder Determination	March 31 every year
Method of Public Notice	We use electronic public notices. (Our website is https://www.daicolor.co.jp/english/ir/index.html) In the event that we are unable to make electronic public notices due to an accident or other unavoidable circumstances, public notices will be posted in the Nikkei.

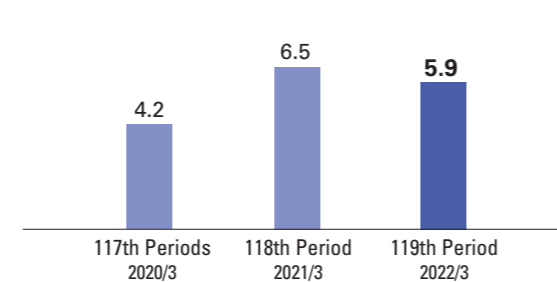
Consolidated Financial Highlights

Net Sales (Millions of yen)

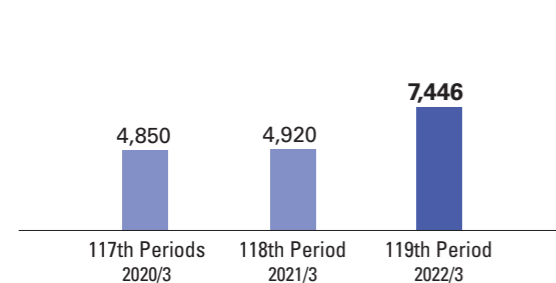


*Adoption of "Accounting Standard for Revenue Recognition" from the 119th Period

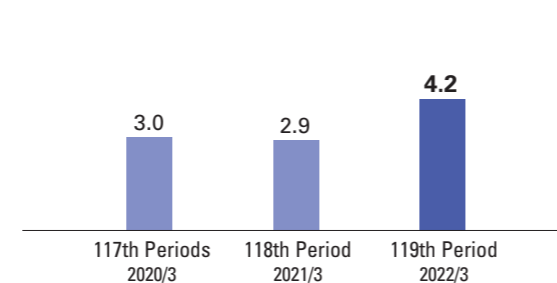
Return on equity (%)



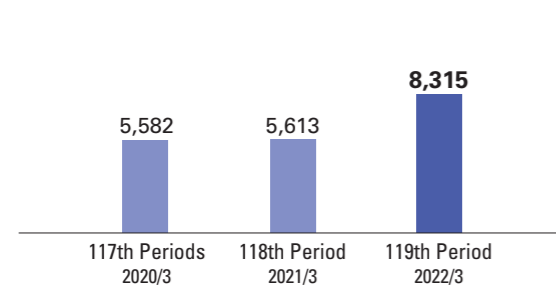
Operating income (Millions of yen)



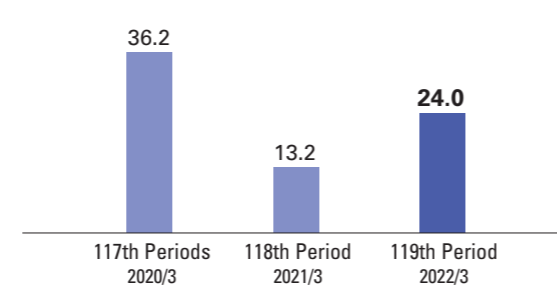
Return on total assets (%)



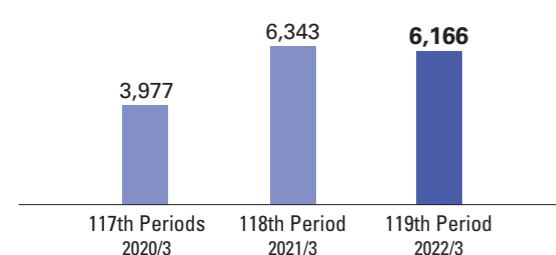
Ordinary income (millions of yen)



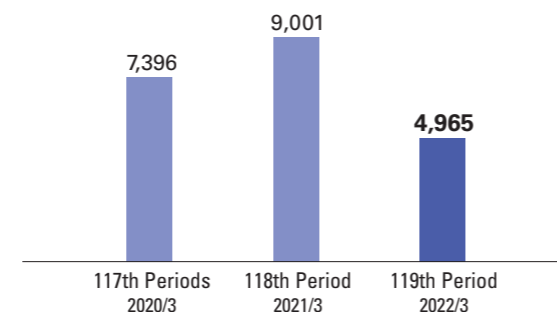
Dividend payout ratio (%)



Net income attributable to owners of the parent (Millions of yen)



Capital expenditures (millions of yen)



Group Network (As of September 1, 2022)

Domestic

Sales Bases

- East Japan Head Branch Sales
- Hokkaido Branch Sales Production
- Sendai Branch Sales
- Shizuoka Office Sales
- Fuji Office Sales
- Central Japan Head Branch Sales
- Hokuriku Branch Sales
- West Japan Head Branch Sales
- Okayama Branch Sales
- Hiroshima Branch Sales
- Shikoku Branch Sales
- Kyushu Branch (Kyusyu Dainichiseika Co., Ltd.) Sales Production

Production and Technical Service Bases

- Hokkaido Branch Sales Production
- Bando Production Plant Production Engineering
- Kawaguchi Production Plant Production Engineering
- Tokyo Production Plant Production Engineering
- Tokai Production Plant Production Engineering
- Osaka Production Plant Production Engineering
- Shiga Production Plant Production Engineering
- Sakura Production Plant (Sakura Production Plant, UKIMA Chemicals & Color Mfg. Co., Ltd.) Production Engineering
- Narita Production Plant (Hi-Tech Chem Co., Ltd.) Production Engineering
- Kazo Production Plant (Kazo Production Plant, Dainichi Color Composite Co., Ltd.) Production Engineering
- Togo Production Plant (Togo Production Plant, Dainichi Color Composite Co., Ltd.) Production
- Katano Production Plant (Katano Production Plant, Dainichi Color Composite Co., Ltd.) Production
- Kyushu Branch (Kyusyu Dainichiseika Co., Ltd.) Sales Production
- Kumamoto Production Plant (Kyushu Kako Co., Ltd.) Production

Affiliated Companies

- D.S.F. Co., Ltd. Other
- Dainichiseika Kako Hanbai Co., Ltd. Other
- Color Planning Center Inc. Other

Overseas

Asia

- Dainichiseika (HK) Ltd. Sales
- Dainichiseika (HK) Colouring Co., Ltd. Sales
- Dainichiseika (Shenzhen) Trading Ltd. Sales
- Dongguan Dainichi Chemical Manufactory Co., Ltd. Sales Production
- Daicolor Shanghai Mfg. Co., Ltd. Sales Production
- Shanghai Mitsui Plastic Compounds Ltd. Sales Production
- Tai Chin Chemical Industry Co., Ltd. Sales Production
- AEOLIAN Corporation Sales Production
- Sambo Fine Chemicals Mfg. Co., Ltd. Sales Production
- PT. Hi-Tech Ink Indonesia Sales Production
- Dainichi Color Vietnam Co., Ltd. Sales Production
- Dainichi Color (Thailand) Ltd. Sales Production
- Dainichi Color India Private Ltd. Sales Production

America

- Hi-Tech Color, Inc. Sales Production

Europe

- Daicolor Italy S.R.L. Sales
- Plalloy MTD B.V. Sales Production
- Dainichiseika Color & Chemicals Mfg. Co., Ltd.
- Europe Representative Office Other