

## Environmental Accounting/Environmental Liabilities

Daicel has introduced an environmental accounting system with the goal of implementing efficient environmental preservation activities and increasing the transparency of the status of those activities.

With the aim of contributing to the prevention of global warming, the entire Daicel Group promoted energy- and material-saving activities throughout fiscal 2012. As a result, the Group lifted its investment in initiatives designed to preserve the global environment to approximately ¥2,643 million, 3.2 times more than in fiscal 2011. Funds were directed toward the installation of gas turbines as well as the purchase of exhaust heat recovery and related equipment.

Looking ahead, the Daicel Group will conduct appropriate environmental accounting assessments while promoting environmental preservation.

The quantitative results (environmental preservation effects) are summarized on pages 40-41 of this report under "The Daicel Group's Responsible Care Targets and Results" and under "Environmental Preservation" on pages 42-43. More detailed information is available in the complete CSR Report 2013 at <http://www.daicel.com/csr/library.html>.

Among the initiatives being called for with respect to environmental issues, the Company is also assessing its liabilities related to its measures for dealing with asbestos and PCBs.

**Time period for reported totals:** April 2012 to March 2013

**Calculation method for reported totals:** Calculated according to the *Environmental Accounting Guidelines, Year 2005 Edition*, published by the Ministry of the Environment of Japan and the *Environmental Accounting Guidelines for the Chemical Industry*, published by the Japan Chemical Industry Association (JCIA).

**Amounts invested:** Actual sums for capital investment in environmental preservation in fiscal 2012.

**Cost amounts:** The totals for actual expenses of equipment depreciation, maintenance, management and labor related to environmental preservation.

**Economic effects resulting from environmental preservation activities:** Indicated as monetary benefits only and do not include risk avoidance effects or de facto effects. Economic effects attributable to reductions in energy costs are presented by annualizing the effects of energy cost reductions realized through energy-saving initiatives actually implemented during fiscal 2012.

### Environmental Preservation Costs

Classification	Major Initiatives	Amounts Invested (¥ million)	Cost (¥ million)
Environmental preservation costs of controlling the environmental impact of our production and service operations that occur within business areas (business area costs)		2,821	3,569
Breakdown	Pollution prevention costs	150	2,151
	Global environmental preservation costs	2,643	16
	Resource recycling costs	28	1,402
Costs of controlling the environmental impact of production and service operations occurring upstream or downstream (upstream and downstream costs)	Costs of recycling containers and packing materials and green purchasing	0	95
Environmental preservation costs in management activities	Labor costs of environmental management, expenses for EMS operations and maintenance, costs of environmental education, costs of environmental impact alleviation	0	537
Environmental preservation costs in R&D activities (R&D costs)	R&D work for reducing the environmental impact of products and technologies	17	120
Environmental preservation costs in community activities (community activities costs)	Costs of environmental promotion activities and participation in community events	0	31
Costs of environmental damage (environmental damage costs)	Environmental remediation costs, compensation for damages related to environmental preservation, and insurance premiums and transfers to reserves for environmental damage	0	4
<b>Total</b>		<b>2,838</b>	<b>4,356</b>

Item	Amount (¥ million)	Environmental Rate (%)
Capital expenditures in the applicable period	11,361	25
R&D expenditures in the applicable period	8,289	1.4

### Economic Effects (Monetary Benefits) Resulting from Environmental Preservation Activities

Item	Amount (Millions of yen)
Cost reduction through energy conservation	595
Cost reduction through resource conservation	631
Benefits obtained by recycling	232
Reduction of expenses for waste treatment or disposal	38
<b>Total</b>	<b>1,496</b>