

DIC Corporation

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[Editing Policy]

The DIC Group has incorporated CSR into its management policies since FY2007, established "CSR Themes," and is working ceaselessly to promote corporate activities that reflect the needs of society. In selecting the description contents of the FY2009 Report, the DIC Group conducted an 'evaluation of materiality' based on the following reference guidelines for each of the society, economy and environment from the perspective of considering what is important to all stakeholders and the DIC Group. In consideration of the completeness, the items which should be reported are determined from the activities which the DIC Group is promoting.

The details on the scope of the applicable report on the "environment, safety and quality", are reported on P30 of this report. \rightarrow P30

<Linkage with Website>

The WEB mark (WEB) is indicated in the portions where the detailed data or related information can be seen, as a guide to the related pages on our website.

Reporting Period

Target Domestic Companies April 1, 2008 to March 31, 2009 (FY2008) Target Overseas Companies January 1, 2008 to December 31, 2008 (FY2008) (Some of the FY2009 topics are indicated)

Issued

September, 2009 (The next issuance is scheduled for September, 2010.)

Reference Guidelines

GRI "Sustainability Reporting Guidelines 3rd Edition," ISO26000 (CD) Issued December, 2008



Cover Design <u>"Sunflo</u>wer Drawn by Children"

One of the characteristics of a sunflower is the "flower head." Inflorescence is a characteristic where a group or cluster of flowers creates a flower.

Hence, the portion which we regard as the flower of a sunflower is a group of petals, which is a collection of flowers.

Based on such characteristics, the image of the horizontal organizational ability of the DIC Group which creates a sunflower blooming towards the future was drawn by the hands of the next generation (the hands of DIC employees' children).



Corporate Data (As of March 31, 2009)

Registered name: Corporate headquarters:	DIC Corporation DIC Building, 7-20, Nihonbashi 3-Chome, Chuo-ku, Tokyo 103-8233, Japan
Date of foundation:	February 15, 1908
Date of incorporation:	March 15, 1937
Paid-in capital:	¥82.4 billion
Number of employees:	4,186 (non-consolidated), 23,613 (consolidated)
Domestic operations:	One branch, nine branch offices, 14 sales offices and 12 plants (non-consolidated)
Number of affiliates:	209 domestic: 47, overseas: 162, including 81 companies in the Sun Chemical Group

Operations:

The DIC Group is a global market leader with printing inks, organic pigments and synthetic resins as its core businesses. The Group currently classifies its businesses into five core operations:



Financial Highlights









*These graphs have been prepared from the accounts maintained in accordance with the provisions set forth in Japan's Commercial Code and Securities and Exchange Law. The scope of consolidation differs from that used for the purposes of this report. In fiscal 2008, DIC had 175 consolidated subsidiaries and

A Message from the President

TOP COMMITMENT

The DIC Group aims to strengthen its business foundation and achieve sustainable corporate growth, by sensitively responding to social demands and voluntarily continuing to take action, ahead of global changes.



Moving Steadily Forward As a Unique Chemical Corporation

DIC started its businesses in 1908 as a printing ink manufacturing and sales company. Having promoted globalization from the early stages of its business development, DIC now boasts a global network of 209 DIC Group companies in 63 countries, and develops its businesses in wide-ranging fields, particularly printing inks and synthetic resins. The DIC Group offers diversified various high-performance products developed by utilizing core technologies such as dispersion, synthesis, and particle control technologies and provides these products to wide-ranging industries including graphic arts, automobiles, electronics, housing construction, food products, textiles, and so on.

The global recession since last year has also affected our customer industries in various ways. Amid this severe economic climate, I assumed the post as Company President. During the time of changes like this, I strongly believe there is an urgent need "to build a business constitution enabling us to make profit by proposing new business models.", by fully and optimally utilizing our inherent management resources.

The best way to bring our management resources into full play

The DIC Group has been developing our businesses in material fields such as: synthetic resins and organic pigments; their

applied products such as printing inks; high performance products such as industrial adhesive tapes; and electronics & information materials such as liquid crystal compounds. In addition to wide-ranging technologies and products, our specific management resources include: market information gathering and technological development capabilities in various industrial fields, close relations with our customers, and our overseas networks. The DIC Group is organized into divisions along product lines. At present, each division is responsible for its own marketing and sales individually.

However, to develop our businesses in the forthcoming era, it is necessary for us to create new markets by utilizing our existing technologies and knowledge. At the same time, we combine all of the DIC Group's management resources, departing from our traditional way of developing each individual business separately by product. In addition, it is also necessary that we accurately accommodate what our customers need at each moment. For an instance, we are positively striving for various developmental themes at our Corporate Marketing Department, e.g. solar-cell materials, by centralizing strategic and marketing functions at our Headquarters when necessary depending on theme.

The DIC Group clearly envisioned the values we would seek in our management vision," Color & Comfort by Chemistry", announced in 2007. In our belief that creating and expanding the new business models will lead to the embodiment of our management vision, we are currently in the process of formulating a detailed roadmap to realize this vision.

Promotion of CSR Management for Our Sustainable Development

The DIC Group strongly emphasizes the importance of CSR in our business management. Our Group's CSR is based on the idea that we can fulfill our social responsibility through our business activities and contribute to the development of the society. A company cannot last without contributing to stakeholders including customers, investors, and local communities. To promote concrete measures in our CSR activities, we have set out our CSR themes for the foundation of our business management: new technologies, compliance, human resource management, harmony with the community, and information security. For each of these CSR themes, we have assigned departments to adopt initiatives to promote our CSR activities. In addition, since 1995, we have also been working on Responsible Care activities, as our environment and safety management. Here, we have been working on harmonizing our production activities to global environment through activities to reduce the environmental impact and greenhouse gas emissions.

The DIC Group aims to become "a company with visions and vitality", by valuing initiatives and the sense of responsibility of each one of its employees.

Representative Director, President & CEC

Kazuo Sugie

Special Topic

Workshop - Thinking CSR from Executives' Viewpoints

The DIC Group has been officially incorporating CSR in our management since fiscal 2007. In our CSR activities, we have been focusing on "risk management" in its promotion from a viewpoint to create an opportunity from our potential risks. Since 2007 to 2008, to remain in tune with our social responsibility requirements and social demands, we promoted risk identification activities throughout the DIC Group, for each business division and the Saitama Plant. In May 2009, to deepen our awareness of social issues from managerial perspectives, we also held a workshop for our top management executives.



A scene from the workshop

A total of 33 DIC top management executives (executive officers and division presidents) attended this workshop, including representatives of our overseas Headquarters (China and Southeast Asia). Prior to the workshop, each of our officers referenced the list of sustainability-related issues, including those indicated in ISO26000 (CD), guides on social responsibility, identified the current social issues, and reviewed their relations with our businesses.

At the workshop, we invited Mr. Kazutaka Okubo, Certified Public Accountant of ERNST & YOUNG SHIN NIHON LLC as a lecturer. After deepening our understanding in a brief overview of CSR and the issues threatening the sustainability of the global environment, society, and the economy, we adopted key themes such as "the global environment", "globalization", and "awareness reform", divided into 3 groups, and discussed "what the DIC Group should do for the next generation."

Our officers actively exchanged opinions, shared awareness on the corporate issues the DIC Group should tackle, sorted them all out, and investigated each countermeasure. The DIC Group will utilize the results of discussions at the workshop in setting out our future CSR policy and priority subjects and in managing targets at each of our divisions.

Divisions having participated in the workshop:

- Corporate Strategic Planning, Public & Investor Relations
- Purchasing and Logistics
- Human Resources, General Affairs, and Legal
- Financial and Accounting
- Technology and Production Management
- R&D
- Business Operations
 - Graphic Arts; Industrial Materials; High Performance & Applied Products; Electronics and Information Materials
- Osaka Branch
- Chinese Business Management
- Asian Business Management





VOICE



Mr. Kazutaka Okubo,

Partner, Certified Public Accountant, ERNST & YOUNG SHIN NIHON LLC

Ever since the foundation of DIC

Working on CSR involves changing mindsets from corporate-centered to societycentered. As the economic problems intensify, we tend to focus on benefits from a short-term point of view, or localized issues. However, by positively working on social issues, companies can not only avoid potential risks but also obtain opportunities to explore potential businesses. To make CSR efforts more practical, it was significant that top management executives took the initiative to identify the social issues surrounding their business fields, and engaged in thorough and intensive discussions at the workshop concerning measures to solve them through their business activities.

Despite the limited time available for discussions, this workshop provided opportunities for active discussions on specific issues from managerial perspectives. Taking this as an opportunity, I hope that the Company will continue striving to incorporate CSR issues positively to their management and work on concrete measures to address such issues.



Kaiji Yamaki,

Director and Managing Executive Officer (CSR Committee Chairman)

CSR management is often considered, for example, as risk management for corporate misdoings and the promotion of corporate social contribution aiming for environmental protection. However, through this workshop, it became clear once again that the Corporation aims for sustainable growth by incorporating various social issues into our own corporate businesses. We must change our traditional mindset, namely "viewing society from a corporate perspective," to a new mindset of considering corporate ideals from a social perspective. In addition, when considering from social viewpoints, in order to promptly

respond to changes in environment and social awareness, this workshop showed how vital it is for the continuous growth of the Company to have all employees enhance their sensitivities, while top management executives should continue corporate management based on this heightened employee awareness.



VOICE

COLUMN



Risk Identification Measures at Business Divisions and the Saitama Plant

In fiscal 2008, the DIC Group conducted risk identification projects at all 18 divisions, and the Saitama Plant. Some of our domestic subsidiaries joined the projects at our divisions and more than 200 members participated. In the projects, to ensure the continuous growth of the DIC Group, we identified all possible risks at our field sites, conducted a risk assessment to transform them into business opportunities, and investigated countermeasures.

Risk Identification Project at the Saitama Plant

Special Topic

Energy Restructuring Project at the Kashima Plant

The Kashima Plant is our production site for products such as organic pigments, base inks, and engineering plastics. Its annual energy consumption totals approximately 20,000 Kl in crude oil equivalent, the most energy consuming plant in the DIC Group. To date, the Kashima Plant has been positively introducing carbon-neutral equipment such as a steam boiler fueled by wooden debris as well as gas turbine co-generation facilities to reduce energy consumption and CO₂ emissions. Now, as the steam boiler fueled by wooden debris ages and fossil fuel prices increase still further, we decided to restructure our energy supply facilities. From fiscal 2008, by introducing Hitachi, Ltd.'s ESCO project*, targeting a drastic reduction in fossil fuel usage and CO₂ emissions, we started full-scale operations of wind power and biomass electric power generation facilities utilizing renewable energy.

*ESCO (Energy Service Company) project: Hitachi Ltd.'s project to provide comprehensive services such as energy saving proposals and the provision, maintenance and management of facilities.

Renewal of Biomass Electric Power Generation Facilities

In 1985, the Kashima Plant introduced a woody biomass boiler as a pioneer at the time. Now, to cope with the aging facilities and to aim for further expansion of renewable energy utilization, we renewed our biomass electric power generation facilities.

The biomass electric power generation facilities consist of a steam boiler (evaporation: 30t/h) and a steam turbine electric power generator (4,000kW), fueled by wooden debris mainly made of construction waste wood chips as fuel. The steam generated from the boiler operates the steam turbine, while some is extracted and sent to thermal sources at the manufacturing site. All the electricity generated by the generator directly connected to the steam turbine will be sent to areas inside the Plant.

By fully exploiting our abundant operational experience, from the carrying-in of the wooden chips to their supply to the boilers, we are maximizing our labor-saving. As environmental protection measures, our boilers are also equipped with exhaust-gas

Introduction of Wind Power Facilities

The Kashima district is located on the Pacific Ocean coastline with good wind conditions and an average wind speed of 5.5m/s. To utilize this natural environment, we commenced the full-scale operation of Japan's largest wind power electric generation facilities from April 2009. These facilities employ variable speed operations, including 2 wind power generators with 3 rotary blades, featuring the pitch control method. They are made by ENRCON Services, Inc. in Germany and have a rated output of 2,300kW.

Wind gauges are installed at the upper part of the towers. When the average wind speed measurement exceeds 2.5m/s, they will start generating electricity. With a rated wind speed of 14m/ s, they generate electricity equivalent to the energy consumption of approximately 2,000 general households. When there is no wind or wind speed exceeding 25m/s, they automatically stop and the generated electricity will be consumed within the company. Together with biomass electric generation, they will significantly contribute to reduce fossil-fuel energy consumption and CO₂ emissions.

*The front side of the canal shows the premises of the DIC Kashima Plant

treatment equipment such as multi-cyclones and bag-filters. All combustion ash generated will be recycled as roadbed materials.



Exterior of the Biomass Electric Power Generation Facilities



From fiscal 2004, Kashima Plant started its energy-restructuring project. In fiscal 2008, to further increase the proportion of energy generated by the biomass boiler in energy consumption at the Plant, we additionally installed a biomass boiler, while also introducing steam turbine electric power generation facilities to enable biomass power generation and steam supply to accommodate energy demands. In addition, by installing a backup reflux boiler, we can now cope with a drastic increase in steam demand, enabling us to significantly reduce fossil fuel consumption.

Additionally, by introducing large-scale wind power facilities, we are promoting the positive use of renewable energy, shifting from our traditional energy-saving measures of consumption reduction.



Effects of the Restructuring

In fiscal 2009, commencing full-scale operation of wind power facilities in addition to the biomass electric generation facilities will reduce the Kashima Plant's energy consumption by approximately 56% to 8,780kl/year and its CO₂ emissions



by approximately 78% to 8,800t CO₂/year from the fiscal 2004 level before restructuring. In addition, the reduction at the Plant significantly contributes to the energy saving of the whole DIC Group.



VOICE



Satoshi Hirano, Energy Department, Kashima Plant

From fiscal 2004, we have been working on a 4-year energy restructuring project. As its final stage, we completed the construction of wind power facilities. As the person in charge of safety management at the Plant, I am grateful that we were able to complete the introduction without any accidents or disasters and it was an extremely valuable experience for me. The most impressive of all was the installation of the towers by using a 550t movable crane, one of few such cranes existing in Japan, as its operation required advanced operational technology and I was deeply impressed. We will manage their safe operation as a new symbol of the Kashima Plant. At the same time, we will continue our efforts to reduce energy consumption from fossil fuels.



The Hokuriku Plant's CSR Measures

The DIC Hokuriku Plant*¹ is located in Hakusan City, Ishikawa Prefecture (in front of JR Komaiko Station). Its area is approximately 150,000 m² and it employs approximately 200 employees. It is the only DIC plant on the coast of the Sea of Japan. Over the past 36 years of its operations since 1959, it has not experienced a single disaster. In addition, the Plant has earned ISO14001 and ISO9001 certificates and is strengthening its efforts in environment conservation and quality control.



*1 The Hokuriku Plant was renamed from Mikawa Plant on Feb. 1, 2005.

Front Gate of the Plant

Global Environment Protection Activities in Product manufacturing

The Hokuriku Plant produces mainly synthetic resins, which are generally known as plastics. Those produced in the Hokuriku Plant are thermoset resins that harden when heated and do not revert to their original state, even when cooled down. They are materials used in a wide variety of areas, including printing materials, imaging and reprographic media, IT and communication-related products and car-related products. The Hokuriku Plant also produces a variety of products, such as fluorine surface active agents, fluorine fire extinguishing agents, and water-based paints for drink cans.

Production Process for Synthetic Resins

Inputting materials Mixing	Reactions	Taking out/Filling	Product inspec	tion/Shipping
Chemical raw materials such	as acrylic monomers are input in th	The product is filled into a drum or	The product quality is closely inspected	A GHS (Globally Harmonized System
synthetic resin production	equipment and the products ar	container according to the needs	before shipping. An MSDS (Material	of Classification and Labelling of
manufactured by chemical reactions such as polymerization and		d of the customer. We strive to	Safety Data Sheet), a form containing	Chemicals) label is placed on the
condensation. The input of raw materials and temperature		reduce waste by recycling cleaning	information required for the safe handling	products, before shipping out to
adjustments are strictly contro	lled by computer.	solvents and other means.	of chemical substances, is prepared.	both domestic and foreign customers.

✓ To reduce greenhouse gases

We switched the energy source used in plants from heavy oil to LNG*² (liquefied natural gas), with lower carbon dioxide emissions, and successfully reduced CO₂ emissions by 2,500 tons from last year.



Recycling of organic solvents

We maintained efficient recovery and safety in organic solvent recovery facilities, reduced the amount used, and engaged in recycling activities to use global resources efficiently, which resulted in the recovery and reuse of 750 tons of organic solvents.





☑ To keep the air clean



Exhaust Gas and liquid wastes generated from production activities are put through combustion treatment facilities to reduce air pollutants to below the legal limits for air without pollution.

M To make the waste water clean



As the activated sludge treatment facilities have been installed, the discharged water meets and significantly exceeds the legal standards. Moreover, in order to achieve a zero emission level, the excess sludge generated in the waste water treatment process has been reduced by 190 tons from the previous year or 13% per product weight. Furthermore, all excess sludge is effectively used as fuel in cement production.

*2 LNG:Naturul gas mainly consists of methane (CH4), Clean energy with less-emissions of CO2 and SOx by 20-30% in comparison with heavy oil.

Activities in Local Communities

The DIC Hokuriku Plant prioritizes communication with those in local communities. While the Plant works on listening to the voices of neighboring residents, it also participates in events of the neighborhood association. The Plant annually sponsors the "Komaiko DIC Festival", which is now an established annual event in the region with more than 1,000 people attending. In addition, the Plant is actively participating in environment protection activities, including pine forest preservation and the Tedori River cleanup campaign*³.



Minato-machi, Hakusan City

*3: For details, please also refer to the articles of following section in this Report: "Harmony with the Community and Contribute to Society".



VOICE



Mr. Kenichi Matsumoto, Mikawa Branch Office Director, Hakusan City Office

The DIC Hokuriku Plant commenced operations in 1959 as one of the few chemical plants in Hakusan City. Ever since its establishment, the Plant has gradually expanded its scale, to now become a leading high-quality company in the city. The Plant has been actively engaged in and regularly worked on activities to preserve the pine forests in its neighborhood, while devoting its energies to ensuring safe operations. It is working on communication with neighborhood. We hope that the Plant will continue its further development as a company which keeps close communication with the region and the community.



Contribution to a Colorful Society: the DIC COLOR GUIDE®

The DIC Group provides color sample books in the form of the DIC COLOR GUIDE[®] series, to facilitate smoother communication and the assured reproduction of specific colors, based on our management vision, Color & Comfort by Chemistry. The DIC COLOR GUIDE[®] series plays an important role in sharing and communicating delicate colors that reflect personal sensitivity with others. In this section, we will introduce certain examples of the utilization of the DIC COLOR GUIDE[®] by our customers who actually use the Guide in their businesses in various industries.

What is the DIC COLOR GUIDE® Series?

The DIC COLOR GUIDE® was created in 1968 as a set of color samples for offset printing inks. Ever since its creation, the DIC COLOR GUIDE® has been used in various manufacturing sites including printing, industrial products, and construction. Currently, in addition to the original DIC COLOR GUIDE®, we have its follow-up, the DIC COLOR GUIDE® Part 2, as well as traditional color series, JAPANESE TRADITIONAL COLORS®, FRENCH TRADITIONAL COLORS®, and CHINESE TRADITIONAL COLORS®. With the expansion of its lineup, the DIC COLOR GUIDE® series now covers a total of 2,230 colors. Delicate colors selected from designers' perspectives have been playing active roles not only in its original purpose of a tool to specify printing colors, but also in use as catalysts to expand the imagination in wide-ranging fields of graphic arts materials, fashions, interiors, construction, and product designs.





Construction



Mr. Nobuaki Miyashita, Deputy Manager, Designing Dept., Main Office, Takenaka Corporation

AGC Monozukuri Training Center

More than 100 Communications with 100 Colors

The "AGC Monozukuri Training Center's accommodation facilities" were constructed as one of Asahi Glass Co., Ltd.'s centenary projects. The facilities consist of 100 rooms for trainees, 25 rooms for lecturers, a dining hall, and large common bathrooms. 100 kinds of Japanese traditional colors are used for the interiors of the rooms to highlight 100 different individualities.

The reason for choosing colors from the JAPANESE TRADITIONAL COLORS® is the fact that they are ideal for long-stay rooms and can also convey the Japanese cultures and mentality in quality manufacturing; not only to Japanese guests but also those from abroad. In addition, we hope that these colors will provide opportunities to trigger communications among our guests. In constructon, a 1% difference in coloration is vital, and the wide range of color choices provided by the DIC COLOR GUIDE® is a definite advantage. Especially the traditional color series is quite attractive as their color names alone can stimulate our imagination alone. The DIC COLOR GUIDE®, together with the compliance guidebook, is ever-present on my desk. Without JAPANESE TRADITIONAL COLORS®, the concepts for the construction of the facilities would never have been realized.

abx [HAPPY BIRTHDAY POLO-SHIRT]

A Tool to Invoke the Imagination

HAPPY BIRTHDAY POLO-SHIRT is a 25th anniversary item of the abx brand, a series of polo shirts in 12 different colors, each reprenting each month from January to December. The Shirts have been well received by both our customers and hence sales staff.

The idea came to me while browsing through the FRENCH TRADITIONAL COLORS[®]. To depict the abx's concepts, namely Modern, Stylish, and Comfortable, I always keep the FRENCH TRADITIONAL COLORS[®] close at hand and usually browse in it whenever I have a chance. That is how I get inspiration, not only for designing but also when I think of a project with color themes.

The Traditional Colors Series include explanations for each color, which always tempt me to read them. In addition, each color name has something to inspire the imagination and the Guide is a must for my planning.





Mr. Akimasa Sakai, Planning, abx Dept., FREE'S INTERNATIONAL CO., LTD.





Mr. Suguru Yazawa, Assistant Manager, Gunma Research and Development Center, Mitsubishi Pencil Co., Ltd.

uni COLOR 240 LIMITED EDITION

DIC COLOR GUIDE[®] Creating Innovations

The "uni COLOR 240 LIMITED EDITION" is a set of 240 color pencils specially designed for the 50th anniversary of our "uni" pencil brand.

When developing new products such as color pencils, I always use the DIC COLOR GUIDE[®] series in our planning stage. In the 240 color set, we introduced many colors from the JAPANESE TRADITIONAL COLORS[®] and FRENCH TRADITIONAL COLORS[®], as those never previously used for traditional color pencils. In particular, the metallic and pale colors, the first for color pencils, are technically difficult to manufacture. For this reason, this product would never have been materialized from the manufacturer's viewpoint without the help of DIC COLOR GUIDE[®].

Indeed, the use of the DIC COLOR GUIDE[®] sparked various innovations in our development process, such as improvement in the manufacturing processes and reconsideration of raw materials. We plan to continue creating pens, pencils, and other writing instruments, which can inspire people's imagination to create new cultures by utilizing the DIC COLOR GUIDE[®] in our product planning.

Special Topic

DIC Group Products Contributing to a Sustainable Society

DIC was established in 1908 as a printing ink manufacturer and sales company. Currently, the company develops wide-ranged businesses, including printing inks, organic pigments, synthetic resins, functional products, and electronic information materials, providing various products to support the lives of people while also responding to social needs. Many of DIC Group's products play important roles in our society in places where people cannot see them directly. In this section, we introduce some of these products.



Left and lower right pictures: large capacity water-discharge test with real fire-extinguishing foam Upper right: large capacity water supply pump with an underwater pump

Fire-Extinguishing Foam to Combat in the Emergency of Large-Scale Tank Fires

Fire-Extinguishing Foam for a Large-Capacity Foam Water Cannon System

WEB http://www.dic.co.jp/en/products/fluoro/

In September 2003, a large-scale petroleum tank fire occurred at the refineries in Tomakomai City, Hokkaido during the Tokachioki Earthquake. Following this disaster, the Act on the Prevention of Disasters in Petroleum Industrial Complexes and Other Petroleum Facilities was partially revised. With this revision, by November 30th, 2008, 12 wide-area common disaster prevention organizations in Japan were obliged to ensure the installation of large-capacity foam water cannon systems. In response, DIC with approximately 30 years of technologies in fluorinated fireextinguishing foam and a strong track record of their delivery to public fire-fighting organizations, developed new fireextinguishing foam, MEGAFORM[®] CV-1, for large capacity foam water cannon systems, in cooperation with Miyata Industry Co. Ltd., which also boasts distinguished technologies and high delivery records for fire-extinguisher system and equipment.

MEGAFORM[®] CV-1 received the first approval of its kind in Japan from the Minister of Public Management, Home Affairs, Posts and Telecommunications in February 2008 as a 1% dilution

MEGAFORM® CV-1's Features

- It is a 1% dilution type foam. In comparison with the traditional 3% dilution type, the stock volume of the undiluted foam solution can be 1/3, facilitating transportation in emergencies. In addition, it is ideal for large capacity foam water cannon systems for water discharge exceeding 10,000 l/min. for120 minutes.
- 2. It is aquaous film forming type with viscosity to cope with wide-ranging foam water cannons.
- 3. Since it is an aquaous film forming type, it suffers from less decay degradation in comparison with other types of fireextinguishing foams and withstands long-term storage.
- 4. Depending on the locations of petroleum complexes in Japan, it can be diluted with fresh water or salt water.

type fire-extinguishing foam for large-capacity foam water cannon systems. It has already been introduced to 11 of 12 areas in Japan as equipment for emergencies.

MEGAFORM[®] CV-1 is manufactured at our Hokuriku Plant. For further details, please also refer to the following section in this Report: The Hokuriku Plant's CSR Measures. **P**8

Reproducing Delicate Wood Surfaces Appearance and Texture of Natural Wood

Delnature® Fine

NIPPON DECOR, INC. has been producing wide-ranging products including house building material sheets, various surface decorative sheets, and 3D copy sheets, utilizing gravure printing technology and abundant design software nurtured for the past quarter century since its establishment.

Decorative sheets are used for substrate surfaces such as plywood for furniture, household equipment, housing interiors, fixtures, and finishing carpentry materials. Delnature® Fine, NIPPON DECOR, INC.'s wood-grain patterned decorative paper, is a paper-based (impregnated paper) decorative sheet. By skillfully combining advanced printing technologies and optimal printing materials, delicate wood surface appearances and the texture of natural wood are realistically reproduced.

Additionally, it does not use 4 VOC raw materials (toluene, xylene, ethyl benzene, and styrene) designated by the Printers' Association of Japan. Furthermore, since it is paper-based, its VOC emissions are less than those of plastic-film-based decorative sheets. It is also easily recyclable and is designed in an environmentally friendly manner.

Delnature[®] Fine realizes "Color & Comfort by Chemistry" by adopting designs to stimulate both visual and tactual sensations, while being more environmentally-conscious.

WEB NIPPON DECOR, INC. websites: http://www.n-decor.co.jp/english/



A variety of Delnature® Fine's wood-grain patterns

Harmonizing Environmental Consciousness and Good Design

Our Products for Film-Laminated Cans

Film-laminated cans are laminated by plastic films both inside and outside of steel cans. Their superb designs, including the deep expression and high brightness achieved by gravure printing, mean they are often used in wide-ranging applications such as for canned coffee.

Generally, film-laminated cans employ reverse printing on the back of the film so that the prints can be viewed from the front side through the film. With our technology, in addition to inks for the reverse printing, DIC developed inks for obverse printing on the topside, representing a world's first in the practical application of this technology. With this technology, DIC can provide an unprecedented sense of high quality, e.g. in a matt finish. In addition, we also developed OP (over print) varnish and adhesive agent, eliminating the use of solvent and heating processes to help save energy in can-manufacturing processes. Furthermore, a drastic reduction in painting and printing processes is achieved, helping to reduce the overall environmental impact.



Structure of a film laminate can

Our adhesive products have been used for various applications including OA, AV, cellular phones, and automobiles

DIC has a long history of manufacturing adhesive products for more than 40 years. By utilizing our technologies in adhesive compounds and coatings, we have been providing various products such as adhesive films for printing and industrial adhesive tapes. Recently, these products have been highly evaluated for outstanding performance and are also widely used in fields such as office automation equipment, automobiles, and electricity and electronic applications especially for cellular phones.

DAITAC[®] Industrial Adhesive Tapes: #8800CH and #8810TDR

WEB http://www.dic.co.jp/en/products/daitac/industrial/double.html

DIC has various industrial adhesive tapes using nonwoven fabric, films, foam, metallic foils as substrates and coated with high performance adhesive compounds featuring removability, low-VOC, no solvents, impact resistance, repulsion-resistance, and light-shielding properties.

For printers and copiers, to reduce the time required for disassembly when recycling equipment, use double-sided adhesive tapes instead of screws to fix parts inside the machines.

Our double-sided adhesive tape, #8800CH, provides both features to resist peeling when in use, and to be easily removed when disassembling.

In addition, #8810TDR is used to fix the automobile interior materials and home electric appliances. It is low-VOC and removable to make more environmentally conscious product.

DAITAC[®] Adhesive Films for Printing, SUPER-ECOCYCLE[®]

WEB http://www.dic.co.jp/en/products/daitac/print/super_eco.html

SUPER-ECOCYCLE[®] is a material for adhesive labels and stickers. It is an adhesive film for printing, which emphasizes the reduction of environmental impact from production to disposal.

Its surface substrate is polyolefin, which does not emit chlorine gas when burnt, while its adhesive compound is a waterborne emulsion that can reduce the environmental impact caused by organic solvents in manufacturing. In addition, its releasing paper does not employ polyethylene-lamination, hence it can be recycled as waste paper after use.

It is popular as a onepoint seal (eye-catching label) to promote sales of cosmetics and toiletries.



Images of its usage



Our Plastic Pallets Contributing to a Recycling-Oriented Society

DIC PALLET[®] was first produced in 1971 as the first plastic pallet made in Japan. Ever since, it has been contributing to help protect forest resources, save resources, reduce distribution costs and improve health management at field sites, with its high durability, extended operating life, and recyclability. Today, it also contributes to zero-emissions (zero waste) in other industries such as food products and petrochemicals.

Recycling of Waste Plastics

As one of the measures targeting zero emissions, efforts to recycle (and reuse) waste plastic have been strongly urged by society.

DIC originally developed the SG method – the sandwich gas assist molding method. This enables waste plastics, which have been disposed of as industrial waste, to be recycled and used as raw materials for plastic pallets. The traditional method of simply mixing recycled and virgin materials provides products with deteriorated physical properties and functions, and requires a certain level of quality in recycled materials in the mixture, while making it a challenge to control uniform colors in the products. The SG method, however, is a manufacturing process that maintains physical properties and the beautiful exterior of virgin materials, by sandwitching recycled materials between virgin materials. In addition, by simultaneously injecting gas while molding, high productivity can be realized. With this method, we can be more flexible whenever we choose the recycled materials to be used in the products, and pursue more active use of waste plastics such as PP (polypropylene) bands and films as recycled materials.

WEB http://www.dicpallecon.jp/en/





Plastic palette formed with the SG method

Cross section drawing of a palette made with the SG method



From 2006, when shipping Beaujolais Nouveau by air, DIC's plastic pallets have been used. While traditional wooden pallets weigh approximately 15kg, our plastic pallets are lightweight at only approximately 7kg, helping reduce air transportation costs and CO_2 emissions. In addition, after distribution in Japan, we recycle the pallets as raw materials for new pallets.

Our High Performance Waterborne Paints

WATERSOL® and CERANATE®

In the paint industry, the reduction of VOC is an important challenge in view of environmental perspective, and the use of waterborne paints is one effective measure to reduce VOC. DIC has various coating resin products, and keeps product development efforts to make every coating resin waterborne.

The WATERSOL[®], our waterborne resin product, has been successfully used as a painting resin in wide-ranging applications including automobiles, plastics, steel plates, and can manufacturing. In addition, the CERANATE[®], our polysiloxane compound type resin, is waterborne and achieves durability equivalent to that of fluorine resins, highly evaluated in the building material field.

DIC is currently working on further adding high values to our waterborne resins, by combining our elemental technologies,

proposing additional functions for new applications such as electronic materials and optical materials. WATERSOL® and CERANATE® have been approved as DIC's environment-friendly products.



DIC's functional resins used for painting bridges

Constantly aware of the importance of maintaining harmony with the global environment, the Group positions CSR initiatives as crucial to fulfilling its fundamental responsibility to contribute, through its business activities, to environmental preservation and the communities in which it operates.

Entire Group initiated CSR Activities

In 2007, we adopted The DIC WAY, an articulation of our new management approach based on three core elements: Our management vision, corporate values and principles of conduct. In line with The DIC WAY, we position CSR initiatives as crucial to ensuring an accurate grasp of changing social imperatives and responding with solutions that deliver the value that our many stakeholders expect. Through the continuous implementation of these initiatives, we aim to earn the trust of society and remain an enterprise that is capable of growing and evolving.

To foster concrete measures, we have developed 11 key themes—including "environment, safety and quality" "compliance" and "information security"—that reflect our overarching management priorities. Departments have been named to put these themes into action, thereby advancing efforts

to promote management based on the concept of CSR. Beginning in the period under review, we formulate basic CSR principles for each fiscal year to guide employees in their everyday activities. The implementation and targets outlined in these principles are monitored as a means of reinforcing CSR at the ground level. Based on these policies, each business operation, department, site and subsidiary— both in Japan and overseas—sets its own CSR policies, which are incorporated into its business objectives, to encourage awareness of CSR and promote related initiatives at both an organizational and an individual level.

The DIC WAY



DIC entered the 100th year from its foundation and at the same time as the changes in company name and brand design, DIC formulated "The DIC WAY," a new concept of management of the DIC Group and started its second foundation. "The DIC WAY" consists of three principles of "Management Vision," "Corporate Values," and "Principles of Conduct" and placed "The DIC SPIRIT" at the core.

CSR themes (FY2009)

1. Compliance

4.

- 5. Supply Chain Management
- 6. New Technology Development and Value Creation
- 3. Information Security

2. BCP (Business Continuity Plan)

Reliability of Financial Reporting

- 7. Environment, Safety and Quality
- 8. Business Model Focused on Customer Satisfaction
- 9. Human Resources Management
- 10. Harmony with the Community and Contribute to Sociery
- 11. Information Disclosures of CSR

For the details of each theme, please refer to Report on Our CSR Themes pages of this Report, **P18** Note:We will continue to address "sustainable use of biological resources," a theme included in 2008, as part of "new technology development and value creation."

Corporate Governance

DIC identifies the purpose of corporate governance as being to ensure effective decision making pertaining to its management policy of achieving sustainable corporate growth and expansion through sound and efficient management,

To promote sound and efficient management, in July 2003 DIC introduced a risk management structure—a system of internal controls designed to enhance its compliance program and facilitate the integration of risk management and compliance functions.

With the aim of achieving a higher level of trust on the part

of shareholders, customers and other stakeholders and enhancing corporate value, in April 2007 DIC established the Corporate Social Responsibility Committee, which is under the direct supervision of the president, as well including riak management, thereby creating a structure to guide related activities. **P5**

Having initially included two attorneys as outside auditors on its Board of Auditors, in June 2008 DIC sought to further strengthen its internal control system by appointing two outside directors to its Board of Directors, thereby ensuring the effectiveness of auditing

functions and reinforcing confidence in its ability as a company with a Board of Auditors to respond to the expectations of shareholders.

In June 2009, DIC established the Nomination Committee and the Remuneration Committee as internal committees of the Board of Directors, with the aim of enhancing objectivity in the nomination and selection of, and determining remuneration for, directors and corporate officers. Each of these committees comprises four directors, of which two are outside directors.



CSR Promotion System of The DIC Group

The DIC Group has a system in which each administrative department is responsible for carrying out CSR according to each of the 11 themes under the CSR Committee directly reporting to the President in order to promote specific approaches to CSR with all companies as one united body.



[Supplementary Note 2] [Information Disclosure and Enlightenment of CSR] in the table has two perspectives of [Economic perspective] and [Social perspective].

Report on Our CSR Themes

Report on Compliance

In April 2008, in celebration of our centenary, we established DIC Group's basic management philosophy, The DIC WAY (For details, please refer to >> P16). At the same time, DIC drastically revised our traditional Compliance Code of Business Conduct from CSR viewpoints and developed it into the current The DIC WAY Code of Business Conduct 2008 Edition. We, the DIC Group as a whole, will work on our business activities in line with the Code.

Composition of The DIC WAY Code of Business Conduct*

*Hereinafter referred to as 'the Code'.

The Code stipulates the following 8 general standards of conduct:

- 1.We shall strive to conduct our business operations in a sound and efficient manner, in line with the DIC WAY.
- 2. We shall comply with international rules and regulations and the letter and spirit of all applaicable laws of each jurisdiction in which the DIC Group does business.
- 3.As responsible corporate citizens, we respect all social norms, and conduct our business in a socially responsible manner.
- 4.We shall put proper internal controls into place and prepare all books and records in accordance with fair and proper accounting standards to ensure the reliability of financial reports.
- 5.We shall act with a strong awareness of the environment, safety, health and quality, throughout the entire cycle of business activity.
- 6.We shall take a firm stance against demands from antisocial organizations.
- 7.We shall not violate the principles set forth in this Code, even if such violation would appear to be profitable for the DIC Group.
- 8.We shall promptly report any violations of this Code and strive to ascertain the cause of, and to prevent the recurrence of, any such violations.

Additionally, under the Code, 10 specific standards of conduct define the qualities expected of our employees, delineating each general standard separately and in detail. Included in these 10 standards are: those concerning human rights and the workplace environment, those concerning the environment, safety, and health, and those concerning competition and international business transactions.

Furthermore, the Code also defines: protection of the consulting/ reporting/notifying employees, including procedures for consultation, reporting and notification on the Code, confidentiality of identity of and prohibition of punishment against the consulting/reporting/ notifying employee; and the obligation to preserve records of consultations, reports and notifications.

Our Measures on Compliance and Future Plans

(1) Our Measures to Heighten Employees' Awareness on Compliance

Our Major Efforts in Fiscal 2008

For the period from December 2007 through June 2008, DIC held explanatory meetings of the Code in 20 countries worldwide. For two newly established companies in China, DIC (Nantong) Metallic Pigment Co., Ltd. and Lianyungang DIC Color Co., Ltd., since it came right after their company establishments during the above period, explanatory meetings were held separately in April 2009. This completed all explanatory meetings to all overseas subsidiaries.

In Japan, nearly all employees at DIC and domestic subsidiaries completed the e-learning of the Code, which is mandatory for all DIC employees.

In addition, for board members of domestic subsidiaries, we prepared documents concerning their responsibilities and obligations to be complied with under the Companies Act. The documents were distributed to the board members and study sessions based on the same were held at each Group company.

Our Plans for Fiscal 2009

To further deepen our employees' understanding of the Code, we are currently planning to prepare Q&A on The DIC WAY Code of Business Conduct (a Chinese version has already been completed.) and hold additional explanatory meetings.



Explanatory meeting held at Lianyungang DIC Color Co., Ltd.

In addition, we will newly prepard self-check lists for The DIC WAY and for CSR. These will be distributed to each DIC Group company. With the lists, those in charge of CSR (the Presidents of each Group company) will voluntarily check their companies' status on CSR and compliance. Furthermore, the CSR and Legal Depts. will thoroughly monitor and improve such status in the DIC Group, targeting the consolidation of our compliance systems.

(2) Our Measures to Ensure Fair Trade

DIC is working toward ensuring fair trade of the whole DIC Group by establishing a basic policy for compliance with the Anti-Monopoly Law, and by passing resolutions on similar basic policies at board meetings at each DIC Group company.

Our Major Efforts in Fiscal 2008

During the recent global recession, anticipating increased alliances with competitors, we summarized points to be aware of in forming production alliances from the standpoints of the Anti-Monopoly Law, and distributed notifications company-wide to enhance compliance awareness within the Company.

Our Plans for Fiscal 2009

DIC Group will further strengthen our measures to ensure fair trade, taking the following into our consideration: revisions of the Anti-Monopoly Law in Japan, enactment of the Anti-Monopoly Law in China, and cases where significant penalties were imposed on Japanese companies in Europe. Specifically, we will revise our current compliance manual for the Anti-Monopoly Law and strengthen our compliance systems at the Company.

Furthermore, to properly cope with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, we have been taking measures such as assigning persons in charge of subcontractor management. Additionally, we will strengthen our measures against violations by frequently monitoring the divisions in charge of orders to subcontractors via subcontractor management divisions.

(3) Measures Against Anti-Social Groups

The Code clearly states that "a decisive stance shall be taken toward anti-social groups" and also prohibits money laundering in our operations. In addition, the DIC Group's Basic Policy for Internal Control clearly states our strong stance against antisocial forces and this Policy has been resolved at our board meeting.

Our Major Efforts in Fiscal 2008

In May 2008, DIC revised the section on antisocial forces of our Basic Policy for Internal Control under which we assigned persons in charge of measures against antisocial forces at each office and each DIC Group company, and had them register their names with our General Affairs Dept.

At the same time, we prepared the Manual of Dealing with Anti-Social Groups for these persons in charge, by compiling the items with which they should comply and points to be aware of when responding to antisocial forces. The Manual has been distributed to persons in charge, for whom explanatory meetings were also held.

Our Plans for Fiscal 2009

Persons in charge of measures against antisocial forces will improve preventative measures at their own offices and DIC Group companies. In addition, they are required to participate in training sessions held by their neighboring Prefectural Centers for the Elimination of Boryokudan. We intend for all persons in charge to participate in the training sessions by the end of fiscal 2009.

In addition, we will confirm the status of establishing preventative measures and systems at each office and each DIC

Our Measures Against Insider-Trading

Group company by their persons in charge.

DIC has set up the Internal Information Management Regulations. At the same time, we established the Regulations on Disclosure to Stock Exchange to cope with the timely disclosure of important Company-related information.

In addition, the DIC Group's officers, directors and employees who have access to important information of the Company or of other companies in the course of their duties are required to obtain prior approval from those in charge of CSR when buying or selling listed shares of DIC and/or DIC Group companies.

Furthermore, we take extra measures to enhance our employees' awareness against insider trading, by inviting lecturers from external organizations and holding training sessions to

Our Responses to Disguised Contracts and Temporary Workers from Agencies

prevent insider trading.

For disguised contracts, our investigation confirmed that there were no such cases. In addition, we have already adopted the necessary measures for the Labor Contract Law in China.

As for issues related to the firing of temporary workers from agencies, to cope with operational suspensions at our plants following plummeting demand since the end of last year, we terminated some of the contracts before maturity with prior and adequate discussion and agreement with the temporary agencies

Our Compliance with Other Laws and Regulations

and no issues arose from a compliance standpoint.

As a chemical manufacturer, DIC is required to comply with various laws and regulations including those concerning chemical substance management, environmental preservation, and import and export. For details of our compliance with laws and regulations, please refer to the following section: "Environment, Safety, and Quality" on \rightarrow **P26**

Report on BCP (Business Continuity Plans)

The DIC Group is working on measures against various risks including large-scale natural disasters, to protect people's lives, targeting the prompt resumption of operations and continuing to supply products to our customers.

Our Major Efforts in Fiscal 2008

The DIC Group has established organizations of crisis management headquarters and product supply continuity plans at each division to cope with emergencies.

Our organization of crisis management headquarters

Since the DIC's businesses cover a wide range of businesses, the Company consists of: divisions which operate each business; and offices such as plants and branches which operate production and sales activities in multiple businesses operated by each division. In other words, our organization resembles a matrix system made of warps and wefts.

For this reason, our organization of crisis management headquarters does not consist of a single organization. We decided to establish the crisis management headquarters of business units and (crisis management) headquarters of facilities. The crisis management headquarters of business units target the early resumption of product supply to our customers, while (crisis management) headquarters of facilities target the early recovery of our production systems and strive to ensure the safety of our employees. As an organization to control these two crisis management headquarters, the crisis management headquarters was additionally established.

Our product supply continuity plans

Each division investigated its own necessary product supply continuity plans, which are at the core of our BCP. For cases of production suspensions at our production plants in some regions, we investigated possible measures such as the following by taking into consideration the mechanical production capability, flexibility of personnel distribution, raw material procurement, and utility and supply availability: (1) substitute production by plants in other regions, (2) production consignment to cooperative companies, (3) product supply from overseas subsidiaries, and (4) early recovery of operations as soon as possible.

In addition, we conducted a seismic diagnosis at our facilities, including offices and plants. For facilities with insufficient seismic resistance, we implemented reinforcement work in order of precedence. At the same time, we are taking measures to prevent any fall of our machinery and equipment.



Organization of Crisis Management Headquarters

Our Plans for Fiscal 2009

Based on the investigation results conducted in fiscal 2008 on our product supply continuity plans, each division will clarify the following issues for their business continuity and complete the establishment of their business continuity plans:

- 1. Threats analysis
- 2. Their impacts on our business
- 3. Recovery time objective
- 4. Product supply continuity plan
- 5. Critical functions of business operations
- 6. The organization of crisis management headquarters
- 7. Measures to ensure safety (including those for pandemics)
- 8. Maintenance and management of our systems
- 9. Education and drills



An emergency drill at our plant

We conduct emergency drills on a regular basis at each office, preparing for complex disasters including multiple occurrences of earthquakes, fire, and explosions.



An emergency drill at our Corporate Headquarters

In line with the development and expansion of electronic information and network, in fiscal 2006, the DIC Group established an Information Security Policy. This sets out our obligations to comply with laws and company regulations, working to secure information security by proper information management.

Our Major Efforts in Fiscal 2008

As for our information security management systems, based on the Information Security Policy established in fiscal 2006, under our CSR Committee, we established an Information Security Sub-Committee to improve our information security systems on a company-wide basis. In fiscal 2008, we reviewed the draft of the Confidential Information Management Regulations prepared by the Information Security Sub-Committee and investigated possible issues when implementing the regulations in our actual operations.

As for measures to protect our business information, we are working to heighten employees' awareness by the thorough implementation of in-house regulations such as prohibiting the handling of business information by personal computers installed at employees' homes. In addition, we are taking systematic measures to prevent information leakage without relying on human capabilities. These include: automatic update of security measures, prevention of fraudulent connections to our internal network, and the automatic detection of harmful software.

In addition, to prevent fraudulent access to our network from outside, we regularly have vulnerability diagnoses of our systems conducted by third parties.

Our Plans for Fiscal 2009

As for our information security management system, with the enforcement of our Confidential Information Management Regulations from April 2010 in mind, we established information management guidelines for each division. At the same time, we will establish in-house monitoring systems and to enhance our employees' awareness on information security, will hold in-house explanatory meetings, aiming to ensure all employees have a thorough understanding of the regulations.

As for measures to protect our business information, in fiscal 2009, to further reduce the risks of information leakage, we plan to continue our efforts in establishing an integrated ID management system on a company-wide basis.



Image of the DIC Group's "Information Security"

Report of CSR theme

Report on the Reliability of Financial Reporting

To cope with the management assessment and external audits of internal control (JSOX) to ensure the reliability of financial reporting required by the Financial Instruments and Exchange Law from fiscal 2008, all employees related to financial reporting in the DIC Group have been jointly working on the issue, both domestically and globally. As for design of our internal control, we aim to ensure the reliability of our financial reporting, while simultaneously improving our operational efficiency.

Our Major Efforts up to Fiscal 2008

Establishment of Proper Internal Control

At DIC, the Corporate Accounting Department has been mainly working on improving accounting guidelines, authority-related rule and documenting operational procedures to date. On the other hand, our Internal Audit Dept. has been monitoring the design and operational status of our internal control from an independent position from operational activities and we have established our system, by repeating the cycle of design, evaluation, and improvement. Consequently, by the end of fiscal 2008, to cope with JSOX, we conducted a management assessment to prove the effectiveness of internal control in the DIC Group, with external auditors approving it as appropriate. **Global Finance and Internal Audit Networks**

For the DIC Group, with overseas sales exceeding 60% of its total sales, it is inevitable to design and validate internal control at overseas sites together with our domestic locations.

For this reason, we have established regional finance teams and internal audit teams at our Regional Headquarters in Southeast Asia / Oceania district and Greater China district including Hong Kong, and Taiwan. We have standardized basic rules for internal control and accounting standards. In addition, we conduct monitoring using common benchmarks, promoting the same internal control design globally just as we do domestically.

In the U.S. and European regions, our major subsidiary, Sun Chemical Group, has internal audit teams at their Global Headquarters in the U.S. and European Corporate Head Office in the Netherlands, designing their internal control systems and assessment procedures in line with JSOX.

The internal audit teams, including DIC Corporate Headquarters, share information and exchange opinions by dispatching staff for backup and holding global internal audit meetings.



Participants in the global internal audit meeting

Enhancement of Audit Systems at Domestic Group Companies

For domestic group companies, we have established a new policy for conducting audits by auditors, promoting the introduction of benchmarks for audit procedures and quality.

Measures to Penetrate Awareness of Internal Control Risk and Improvement of Operational Efficiency

We are working to heighten awareness of our managerial levels at each business location on internal control risks by the following measures: workshops for executives and financial managers in each region, self-assessment, and peer reviews between business locations.

In addition, by having the financial managers of each business location join internal audit teams, benchmarks for operational efficiency can be shared, leading to the career development of national staff from business locations (local) to regions (regional), and to inter-regional levels.

Integration of Internal Control Flows and Utilization of IT Control

Sun Chemical Group is working on the introduction of a new ERP packages and shared service centers by fiscal 2010. With these measures, the internal control flow will be integrated and by shifting to IT control, we aim to ensure the effective realization of ensuring and maintaining the reliability of financial reporting.

Our Plans for Fiscal 2009

As our measures for further improvement, we will continue to work on improving the internal control environment, standardizing operational flows, narrowing down key controls, and further utilizing IT controls.

As for our measures for validation, we will work on streamlining and improving efficiency by standardizing monitoring procedures and expanding the use of self-assessment.

With these measures, we aim to ensure and maintain both internal control at legitimate standards and operational efficiency.



Work flows of the process-level Internal Controls

Report on Supply Chain Management

In fiscal 2008, the DIC Group newly established the DIC Group Basic Purchase Policy to promote CSR Procurement to properly cope with customers' demands such as respect for human rights, compliance with laws and regulations, and consideration for the environment and safety.

DIC Group's Purchase Activities

The DIC Group believes that we need to focus on society and the environment in our whole supply chain from the procurement of raw materials and to manufacturing and sales of our products. When procuring our raw materials, we aim to continue our purchase activities, while paying due consideration to the respect for human rights, compliance with laws and regulations, and the environment and safety in our operations.

Our Approaches for CSR Procurement

In our purchase activities, the DIC Group aims to fulfill our social responsibility; not only for DIC Group products but for the whole supply chain, while having our vendors fully understand DIC Group's CSR and collaborating with mutual trust.

To achieve this, in fiscal 2009, we will establish CSR Procurement Guidelines (including Green Procurement Guidelines), provide them to our vendors and request that they pay attention to respecting human rights, complying with laws and regulations and protecting the environment and safety. Through our CSR Procurement Questionnaire (tentative name), we will strive to strengthen the entire DIC Group supply chain.

DIC Group Basic Purchase Policy

1.We will conduct business in a fair and open manner with our suppliers

The DIC Group will take a global perspective of its purchasing activities, and will stress fairness and transparency with all of its suppliers.

- 2. We will comply with all governmental laws and regulations, and will strive to build and maintain mutually beneficial relationships with our suppliers. DIC Group Employees shall comply with governmental laws and regulations in connection with all the business areas for the DIC Group, and shall also comply with all company rules. DIC Group Employees shall seek both reasonable quality and price in commercial activities, and will strive to build and maintain harmonious, mutually prosperous relationship with all suppliers worldwide.
- 3.We will stress conformity to the needs of the environment and to the safety of citizens and employees.

The DIC Group, as a good corporate citizen, will assume responsibility for the environment, for safety, for health, and for quality, and will be constantly vigilant to changes in society, in order to conduct its purchasing operations in full consideration of the global environment.

4.We will continuously seek innovation and the creation of value with our suppliers.

The DIC Group will strive for the creation of new value and "Sustainable Development," with like minded suppliers, in order to fulfill the expectations of our stakeholders



VOICE



Mitsuko Nakamura, Planning and Operations, Purchasing & Logistics Dept.

In 2008, the DIC Group established the DIC Group Basic Purchase Policy. In fiscal 2009, the Group will work to promote CSR procurement; considering it important to respond to requests from our customers and society and protect the global environment throughout our supply chain, from the procurement of raw materials to the manufacturing and sales of our products. To conduct CSR procurement as a whole DIC Group, we are aware of the importance of having our vendors understand DIC Group's CSR and collaborating on the activities. Consequently, we are currently preparing to establish the CSR Procurement Guidelines and conduct the CSR Procurement Questionnaire for our vendors.

Report on New Technology Development and Value Creation

Based on our principles for sustainable development, DIC Group is working on developing technologies and products and aiming to achieve our Group management vision, Color & Comfort by Chemistry. We will work on research development with the following as our basic policy: the development of high performance products by combining various elemental technologies and deepening our inherent technologies; the development of new manufacturing processes targeting drastic cost reduction; and the establishment of solution businesses by combining various businesses, technologies, and materials. With these measures, we will target increased efficiency and speed by utilizing our global management resources.

Our Major Efforts in Fiscal 2008

The followings are the achievements and status of major research developments in each division:



Graphic Arts Business Operation

For offset inks, we fully entered into the market with prospects for practical applications in the development of UV inks, which become solid by ultraviolet of light emitting diodes (LED). For adhesives, we are focusing our efforts on high solid types, which can reduce the use of organic solvent for food product packages and on those used for the back sheets of solar cells. For pigments, one of our major clients chose our new green pigment for use in colored filters for liquid crystal televisions.

In overseas markets, Sun Chemical Corporation, our overseas subsidiary, has been introducing various new products into the markets. For printing inks, they developed low-VOC environmentally-friendly sheet-feed printing inks for the North American market, and energy curing screen inks based on new technology for the European markets. In addition, they are developing oxygen-barrier coatings for packaging utilizing nanomaterials and dispersion technology and hot-melt type inkjet inks to form resist patterns for the solar cell markets.

Industrial Materials Business Operation

For synthetic resins, while we work on expanding the UV resin business, by combining our various technologies, we are also developing high-value added and environmentally-friendly products. For paints, targeting the development of new fields, we are developing various types of solvent soluble polyimide resins with characteristics such as fire-resistance, transparency, and heat-resistance, targeting applications for electronic materials, optical materials, and heat-resistant coating agents. For epoxy resins, for advanced technology fields and mainly for electronic parts such as semiconductors and printed circuit boards, we have developed super high heat-resistant types with high solubility, workability, and formability and also developed an ultralow viscosity liquid form type, which achieved a halogen-free mix as a world first.





High Performance and Applied Products Business Operation

For petrochemical products, we are expanding our lineup of hyperbranched polystyrene products for applications including foam applications such as polystyrene paper, blown films and injection applications. For industrial adhesive tapes, the application of the following has been expanding: double-faced adhesive tapes without using toluene as an adhesive compound for speaker parts for flat-screen televisions; and double-faced foam adhesive tapes for cellular phones and digital cameras requiring waterproof capability. For plastic pallets, we developed combined technology with sandwich molding and gas-assisted molding, realizing the utilization of waste plastics and beautiful product exteriors, while also simultaneously achieving high productivity. For building materials, we developed super mirror finish woody decorative sheets and wood-grain patterned fireproof decorative sheets for storage furniture, kitchen, and interiors for retail premises and promoting the marketing of the products.

Electronics and Information Materials Business Operation

For engineering plastics, to cope with requests to eliminate the use of halogen for electronic parts mainly for connectors, we have developed our own polymerization technology to reduce halogen usage. By combining this technology with alloying technology, we have completed a lineup of low-halogen PPS compounds. For inkjet inks, other than the waterbased pigment types, we are focusing on the development of UV curing type inkjet ink for industrial applications, which become hardened by UV. For TFT liquid crystals (LCs), we commenced the full-scale mass production of the n-type LCs for LC display televisions. For hollow fibers, we are working on developing a medium-sized module and targeting the development of a new field, improving our product lineup at the same time.



Our Plans for Fiscal 2009

The R&D departments of the DIC Group consist of businessspecific R&D departments, directly connected to our businesses (Technical Departments, The DIC Group Technical Departments) and the Corporate R&D Department, which emphasizes the fortification of basic technologies and the development of next-generation technologies and products (Corporate R&D Department, DIC Berlin GmbH R&D Laboratory and Qingdao DIC Finechemicals Co., Ltd.). Each R&D department works on research development while mutually cooperating with each other.

The research themes of the Corporate R&D Department are decided on by the R&D Steering Committee, which consist of the General Managers of Technical Administrative Department,

Corporate R&D Department, and Technology & Production Management Department, deciding on values and directions based on the perspectives of the whole company. In 2009, we further strengthened cooperation between the Corporate R&D Department and all others, aiming to accelerate new product development. In addition, for the field of nextgeneration technologies, we will promote investigative and basic research, setting "electronics and information materials" and" environmental harmony" as the main themes and utilizing industry-government-academia collaborations.

To develop new products, DIC will promote a reduction in the

use of hazardous substances, the development of less hazardous products, recyclable products, production processes with higher safety and less waste, considering energy savings as well as the continued implementation of environmental assessments. DIC will comprehend the trend of statutory regulations and environmental measures of every country worldwide and implement product designs conforming to regulations governing chemical substances in the pertinent country.

From 2003, we introduced an environment-conscious product in-house certification system, which we have been working to expand. However, we decided that environmentconscious benchmarks should be reconsidered taking the social requirements of the time into account. In 2008, we renewed our certification system. In our new system, once every three years, we redefine environment-conscious benchmarks, including that for energy saving, from viewpoints such as market needs and LCA (life cycle assessment). Based on these benchmarks, we review all certified products. In fiscal 2008, as a result of review of all of our products with this new system, 37% was environment-conscious products. In fiscal 2009, with the renewal of our certification system, we aim to additionally heighten our environment consciousness, and strive further to develop new products, which are useful for society, energy saving, and the environmental impact reduction processes.



Report on Environment, Safety and Quality

The DIC Group recognizes that preserving the environment and securing safety should be at the core of our management as a chemical corporation. Through our activities on the environment, safety, health, and quality, the DIC Group aims to become a company with the capacity to respond to requests from society.

Declaration to Support the Responsible Care Global Charter

In 1992, to preserve the environment and secure the safety and health of people, DIC established the "Principle and Policy for the Environment, Safety and Health". In 1995, DIC pledged to implement the precepts of "Responsible Care" in our everyday operations. In January 2006, as a member of global chemical corporations, DIC signed a declaration to support the Responsible Care Global Charter, promising to further strive to enhance the environment, safety, and health of people.



Our Policy for the Environment and Safety Quality for Fiscal 2009

- We promote our activities throughout the DIC Group, including our affiliates both at home and overseas.
- We promote the transparency of our operations for each of our stakeholders.
- We promote our activities with the PDCA cycle (plan-docheck-act).
- We set targets to reduce environmental impact by our operations and release the results of our reduction efforts to the public.
- We manage our chemical substance information properly and inform our customers of the information.

To steadily implement the "Principle and Policy for the Environment, Safety and Health", the DIC Group annually establishes our policy on our activities for the environment, safety, and health. This is translated into English and Chinese and distributed to all offices and DIC Group companies both at home and overseas, familiarizing all of our employees with the policy throughout the DIC Group to promote the activities.

DIC's Responsible Care (RC) Promotion Organization

Based on the Principle and Policy for the Environment, Safety and Health, DIC promotes our Responsible Care activities as a part of our CSR activities. Under our CSR Committee, we work with the Responsible Care implementation organization and the Responsible Care audit and support organization as a pair of wheels to promote our Responsible Care activities.

<Responsible Care implementation organization>

In production and technology departments, as organizations to set out and implement our policy, DIC has established Environment and Safety committees at DIC plants and R&D Center and also assigned persons in charge of environment, safety, and quality in each section. At our sales departments, DIC has also assigned Safety and Quality Management Supervisors and persons in charge of Responsible Care. Major plants have obtained ISO 14001 certificates, the international standard for environmental management systems. We utilize this system as a tool to promote our Responsible Care activities.

<Responsible Care audit and support organization>

The Responsible Care Dept. and those in charge of the environment and safety quality at each division and plant work as a team in quality audits and environment, safety, and quality audits, facilitating their in-depth implementation. We are also striving to improve the auditing skills of our audit staff. In fiscal 2008, we audited DIC's 17 divisions, 1 semi-division, 13 plants and branches, and 19 domestic subsidiaries. Especially we conducted top management audits at Saitama and Tokyo Plants. The Responsible Care Dept. provides support to improve issues highlighted as a result of the audits.



What the DIC Group Strives for

What is

DIC checks the implementation of DIC Group's activities relating to the environment, safety, health and chemical substance controls, based on the following "Responsible Care Codes".

(1) Management System (all codes are applied commonly)

- (2) Environmental Protection (continuous reduction of emissions and production of chemical wastes)
- (3)Process Safety and Disaster Prevention (prevention of fire, explosion, outflow of chemical substances)
- (4) Occupational Safety and Health (protecting the safety and health of workers)
- (5) Chemical and Product Safety (risk management of chemical products)

(6) Distribution Safety (risk reduction in chemical distribution)

_e/index.html

(7) Dialogue with Society (communication with local communities relating to the environment, safety and health)

COLUMN

Responsible Care?	WEB	The source : website by "Japan Chemical Industry As http://www.nikkakyo.org/organizations/jrcc/guide_e/	sociation ' index.htr

Chemical substances-necessary and important to modern daily life. However, sometimes these substances can turn dangerous, becoming hazardous to human health and safety and the environment when handled improperly.

The task of preserving the environment and ensuring the health and safety of humans has increased in step with the rise of global environmental problems and the rapid industrialization of developing countries. Adding to this situation the potential hazards linked to advanced technology has made it difficult to ensure the ecological soundness and safety of chemical operations and products simply by imposing laws and regulations. Thus, it is increasingly more important for companies that deal with chemical substances to undertake voluntary measures to ensure environmental preservation and human safety and health.

Reflecting this trend, the world chemical industry started an initiative that promotes a voluntary management system aimed at preserving the environment against and ensuring the safety from chemical substances throughout the product's life cycle, from development through disposal. This initiative has been named "Responsible Care" (RC).

RC Targets and Achievements of Major RC Activities

Main item	Viewpoints and issues of the activities	Page to refer to	Target for fiscal 2008
	Prevention of global warming and promotion of energy saving	►► P34 P35	To make the energy consumption per unit of production to 88% of the figure in 1990
	Reduction of waste (zero emissions) Reduction of volume of industrial waste disposed of as landfill	►► P34	To reduce the volume of industrial waste disposed of as landfill to 153 tons or less; To broaden the scope of activities to include domestic Group companies in order to promote the efforts
	Promotion of recycling	►► P34	To promote recycling among the domestic DIC Group (Promotion of recycling through the reuse/recycling of waste from plants)
Environmental conservation	Control of emissions of chemical substances	P32 P33	To reduce emissions of chemicals specified under the PRTR Law (354)+ Chemicals from the JCIA Voluntary Scheme (126) *98% of environmental emissions (domestic DIC Group) are atmospheric. We regard them as VOC, which we work to reduce using the facilities and measures required.
(Reduction of environmental	Reduction of VOC emissions	►► P32	The DIC Group will reduce 30% or more VOC emissions from fiscal 2000 level (1,924 tons) by fiscal 2010 (VOC emission 1,347 tons or less). DIC Group (domestic):918 tons (A 52% reduction from the base year) DIC:364 tons (A 35% reduction from fiscal 2000 level) Domestic subsidiaries: 554 tons (A 59% reduction from fiscal 2003 level)
impact caused by business activities)	Prevention of soil and groundwater contamination	►► P33	To survey the soil in the premises and implement necessary measures during plant closures, sales of land held, etc.
	Measures against PCB	—	To properly dispose of decommissioned PCB-containing equipment in accordance with the progress of the projects conducted by JESCO.
	Prevention of ozone layer destruction	—	To avoid using CFCs as new raw materials
	Asbestos	_	To remove and dispose of asbestos waste that is generated from demolition works in compliance with relevant laws and regulations
	Reporting of the occurrence of accidents and disasters without fail	_	To prevent the occurrence of similar accidents by sharing the information on examples of accidents.
Process Safety and fire prevention/ Occupational safety	Risk assessment	—	To promote risk assessment concerning occupational safety by working to realize the following: 1. To set up rules on the wearing of personal protective equipment, 2. To develop the latest collection of examples of incidents/accidents; 3. To review safety rules in the worksites where synthetic reactions are performed; 4. To share information on examples of accidents in technology and research departments; and others.
and health	Promotion of sharing of information on environment and safety between DIC and Group companies; both domestic and overseas	►► P37	To standardize the format to collect the data of occupational disasters in overseas subsidiaries in order to share it globally
Logistics/ Safety	Reduction of GHG emissions caused by transportation	►► P35	To promote energy saving measures related to freight transportation
	Management of transportation safety of chemicals	►► P37	To make both chartered and consolidated cargo carriers carry "yellow cards" to address an emergency during transportation.
	Information on minute impurities in raw materials and products	►► P38	To build and operate the Integrated Management System of Information on Chemical Substances (CIRIUS)
Chemicals/	Addressing the demand for the disclosure of information on chemical substances and products	►► P38	To make an MSDS for every chemical product and work to make it available online
Product safety	Development of expert human resources in raw materials and product safety	—	To hold training sessions on the work procedures in regular intervals based on the relevant laws and regulations and knowledge thereof; To start a system where employees who have obtained an internal license will be assigned to import operations
	Addressing the REACH regulations	►► P39	To complete pre-registration for the substances requiring registration by December 1, 2008
Communications	Report on RC activities	_	To report in CSR reports and on the DIC website
with society	Site report on RC activities developed by plants,	_	To actively use the site report of the respective DIC production sites to implement risk communications with local communities
	Securing of quality	—	To improve customer satisfaction by using ISO9001 and other QMS tools for the securing of product quality
Quality management			To comply with social demands and requirements from customers
(customer satisfaction)	Issues related to the proper labeling of products	—	To improve the ability to design products that satisfy the demands from customers
			To maintain and improve the management system
Provision of support to the	Environment and safety	►► P37	To identify the actual state of environmental impact and support related activities to reduce them
environment nor the environment and safety conducted by overseas Group companies	Promotion of environment and safety activities of the Group companies in China, Southeast Asia, South Asia, and Oceania	_	To improve the organization to secure the environment and safety of subsidiaries in China and Southeast Asia; To keep auditing respective subsidiaries in China & Southeast Asia and conduct follow-up activities based on the audit results; To hold a safety meeting on a global basis, including China and Southeast Asia, to promote the sharing of safety awareness and information; To hold a meeting of environment and safety staff in respective regions (China, Southeast Asia); To implement a safety audit of subsidiaries in South Asia (including India)

Results of fiscal 2008	Evaluation	Target for fiscal 2009
The energy consumption per unit of production was 93% of the fiscal 1990 level, due to the lower factory operating rate, while the CO ₂ was reduced by 12% from the previous fiscal year.	*	To make the energy consumption per unit of production 89% of the figure in 1990
Volume of industrial waste disposed of as landfill DIC:125 tons (A reduction of 5% from the previous fiscal year) Domestic group companies: A significant reduction of 195 tons (A reduction of 52% from the previous year) DIC Group (domestic): 320 tons (A reduction of 41% from the previous year)	***	To reduce the volume of DIC industrial waste disposed of as landfill to 96t or less; To determine the reduction target for domestic subsidiaries and promote reduction activities; To gather the data of overseas Group companies。
Recycling rate <amount amount="" disposal="" final="" of="" recycled="" total=""> DIC Group (domestic): 87% (An improvement of 2% from the previous fiscal year) <53,781 tons/61,770 tons> DIC :76% (An improvement of 5% from the previous fiscal year) Domestic subsidiaries 93% (An improvement of 2% from the previous fiscal year)</amount>	**	To continue promoting recycling activities in the domestic DIC Group
Environmental emissions DIC:312 tons (A reduction of 118 tons from the previous fiscal year) Domestic subsidiaries:358 tons (A reduction of 711 tons from the previous fiscal year) DIC Group (domestic):670 tons (A reduction of 829 tons from the previous fiscal year)	***	To continue promoting reduction
DIC Group (domestic):655 tons (A reduction of 66% from the base year) DIC:298 tons (A reduction of 47% from fiscal 2000) Domestic subsidiaries: 357 tons (A reduction of 74% from fiscal 2003)	***	To continue promoting reduction DIC Group (domestic): 563 tons (A reduction of 71% from the base year) DIC: 304 tons (A reduction of 46% from fiscal 2000) Domestic subsidiaries: 259 tons (A reduction of 81% from fiscal 2003)
There was no office or plant that implemented a plant closure or sold the land it owned in Japan.	—	To survey the soil in the premises and implement necessary measures during change of use, including plant closures and sales of land held.
One in eleven offices/plants storing decommissioned PCB-containing equipment has completed the disposal.	***	To properly dispose of decommissioned PCB-containing equipment in accordance with the progress of the projects conducted by JESCO.
We continued to refrain from using CFCs.	***	To avoid using CFCs as new raw materials
Disposal of the sprayed-on asbestos was completed by fiscal 2007. The asbestos waste generated from newly-conducted demolition works has been removed and disposed of in compliance with relevant laws and regulations.	***	To remove and dispose of asbestos waste that is generated from demolition works in compliance with relevant laws and regulations
The information of accident was made available and shared on the DIC Group Intranet every month. DIC's offices and plants and domestic Group companies implemented pre-audits on safety in addition to regular audits to promote accident prevention.	***	To prevent the occurrence of similar accidents by sharing the information of accidents.
 The DIC protective gear use manual was discussed and determined (completed); 2. The latest collection of examples of accidents and disasters has been developed; 3. Rules were discussed in sectional meetings; 4. Information on near miss in technology and research departments was shared and the booklet of basic safety actions was revised. 	**	To continue the relevant activities and promote the risk assessment in occupational safety and health. To continue 2., 3., 4. in the left box.
Educational materials such as the collection of accident examples and that of disaster examples used in Japan have been translated into Chinese and provided to the subsidiaries in China.	***	To standardize the format to collect the data of occupational accidents in overseas subsidiaries in order to share the data globally
We worked to increase the percentage of modal shift ($8.7\% \rightarrow 10.5\%$) and strove for the increased use of consolidated transportation in place of chartered transportation with a lower loading rate ($20.1\% \rightarrow 26.8\%$) in order to reduce the energy consumed in the transportation process. (A reduction of 17% in terms of energy consumption per unit of transportation)	***	To promote energy saving measures related to freight transportation to ensure a 1% annual reduction in terms of the energy consumption per unit of transportation
We have compiled yellow cards and requested container trucks, lorries, and freight trucks in general, including those with consolidated cargo, to carry it.	***	To make both chartered and consolidated cargo carriers carry "yellow cards" to address an emergency during transportation
We have built and started operating the CIRIUS, a system that integrally manages information on chemical substances from raw materials to product shipment. We have been developing the MSDS, MSDSplus, and AIS of our products based on the information on the raw material survey sheets.	***	To expand the range of CIRIUS users to cover domestic group companies; To improve the internal system to manage the CIRIUS steadily.
We prepared an MSDS for every chemical product and provided it to both the customers with whom we do business with and those to whom we deliver our products. We provided AISs for non-chemical products to users who requested them. Both MSDS and AIS were made available online, using the web-based delivery system for DIC MSDS.	***	To work to make an MSDS for every chemical product and make it available online
We have implemented training and tests to employees whose work are related to the import of chemical substances and have operated an internal license system to let only those with a certain level of expertise engage in import operations.	***	To regularly hold training sessions on the work procedures based on the relevant laws and regulations and the knowledge thereof; To surely operate a system where only employees having obtained an internal license will be assigned to import operations
We selected the substances that require pre-registration, determined the respective amounts handled in our business and completed their pre-registration before the deadline.	***	To prepare for the required registration for the actual registration in 2010
We prepared a CSR report and made it available on the DIC website.	***	To prepare a CSR report and made it available on the DIC website.
All DIC production sites prepared a site report, which was used in making explanations to plant visitors.	***	To positively use the site report prepared in the respective DIC production sites in order to promote risk communications with local communities
We confirmed that the QMS activities in respective production sites were surely implemented by the annual audit conducted by the sections in charge (RC Department and divisions in charge) and implemented follow-up audits as needed.	***	To improve customer satisfaction by using ISO9001 and other QMS tools to ensure product quality
We surveyed how DIC's respective divisions and domestic subsidiaries were complying with the social demands and requirements of customers and corrected the items that were found to be inappropriate.	**	To conduct monitoring
We confirmed that customer requirements (including matters related to social demands and requirements) were input at the designing stage of the product without fail by conducting an audit and made reviews as needed.	**	To further improve the product design capability to satisfy customer requirements
We implemented audits to improve the management system and promoted the implementation of proper management reviews and internal audits.	**	To promote the maintenance and improvement of the management system
We collected information concerning the actual state of environmental impacts (industrial waste, energy consumption, CO ₂ , etc.) and the safety information of overseas group companies, including the Sun Chemical Group.	**	To determine the actual state of environmental impacts and promote the support of activities for reduction
In China, the RC Department implemented internal audits and follow-up audits of respective subsidiaries. We visited subsidiaries in Southeast Asia in turn to improve systems for securing the environment, safety, and health. We held a meeting of the environment and safety staff in respective regions (China, Southeast Asia) (in September and December).	***	To hold a safety meeting on a global basis, including China and Southeast Asia to promote the sharing of safety awareness and information; To hold a meeting of environment and safety staff in respective regions (China, Southeast Asia); To implement a safety audit of subsidiaries in South Asia (including India)

* Evaluation symbols: $\star \star \star \cdots$ Excellent $\star \star \cdots$ Good $\star \cdots$ Improvement needed

Environmental Impact generated by Our Business Activities in Fiscal 2008

This illustrates an overall view of the environmental impact generated by DIC Group's business activities in fiscal 2008. As input, 2 items are indicated: energy consumption and total water consumption. As output, 7 items are indicated: emissions of 480 chemicals released into the atmosphere including PRTR* chemicals, VOC emissions into the atmosphere, SOx emissions, NOx emissions, COD emissions into water, CO₂ emissions, and industrial waste disposed of as landfill. As for energy consumption per unit production indicating efficiency of usages, please refer to the Data Compilation at the end of this report.

▶ P54 P55

*The PRTR (Pollutant Release and Transfer Register) is a scheme for assessing, aggregating and disseminating data on the sources of hazardous chemicals, amounts released into the environment and amounts transferred off-site from industrial establishments via waste products.

environmental safety (Thisreport includes part of thr and Nagoya Branch Office)

Kiking Rend Research Laboratories> Tokyo Riant, Stitia Plant, Ghiba Plant, Kyushu Branch Office's Ink Production Department, Hokuriku Plant, Sakai Plant, Kashima Plant, Yokkaichi Plant, Shiga Plant, Komaki Plant, Saitama Plant, Gunma Plant, Tatebayashi Plant and Gentral Research Laboratories.

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Reducing Emissions of Chemical Substances into the Environment

Chemical corporations are expected to pay due considerations to prevent emissions of chemical substances into the environment in their business operations, since they deal with various chemical substances in large quantities when compared with those in other industries. Since fiscal 2000, DIC has been taking measures to reduce the emissions of 480 chemical substances into the environment, more specifically the atmosphere, water and soil. These 480 targeted chemical substances are: 354 chemical substances specified under Japan's PRTR Law and 126 chemical substances added by the Japan Chemical Industry Association (JCIA) as voluntary targets. With our efforts to reduce these emissions to the environment, we have been successful in steadily reducing such emissions. Furthermore, since fiscal 2005, we started collecting data from domestic Group companies, promoting the reduction of these targeted chemicals released into the environment throughout the DIC Group, based on our Principle and Policy for the Environment, Safety and Health.

Chemical Substances DIC Aims to Reduce

Among 480 chemicals DIC aims to reduce, the following are the numbers of chemicals DIC used or produced in amounts of 1 ton or more in fiscal 2008: 127 chemicals for the domestic DIC Group as a whole, 122 for DIC alone, and 70 for the total of the domestic DIC subsidiaries. Of the total emissions by the domestic DIC Group, 98% of chemical emissions were into the atmosphere. For this fact, the DIC Group has been focusing on how to reduce this portion of the emissions, considering them volatile organic compound (VOC) emissions. In fiscal 2008, DIC introduced thermal-storage type exhaust gas treatment equipment, improved the efficiencies in printing process, and suspended the use of some of these chemicals to reduce their environmental dispositions into the atmosphere. Some of our domestic subsidiaries changed the solvents they used, and started full operations of VOC combustion equipment, especially in printing facilities, consequently reducing the emissions of these chemicals into the atmosphere drastically. The DIC Group is committed to introduce all necessary facilities and take all possible countermeasures in our operations to reduce the emissions of these chemicals into the atmosphere and prevent environmental pollution.

Amount of emissions of the 480* targeted substances

<Chemicals Specified Under PRTR Law + Chemicals from JCIA Voluntary Scheme (126))

DIC Total emissions into the atmosphere: 298t Emissions into water: 14.1t Emissions into soil: 0t	312t	Reduction from fiscal 2008: 27% (A reduction of 118t)
DIC Group companies (Domestic) Total emissions into the atmosphere: 655t Emissions into water: 14.6t Emissions into soil: 0t	670t	Reduction from fiscal 2008: 55% (A reduction of 829 tons)

Changes in the Amount of Emissions of the 480* Targeted Substances(Fiscal year)



DIC: Based on PRTR Law and current JCIA standards (non-consolidated) (480 chemicals)
 DIC Group companies (Domestic): Based on PRTR Law and current JCIA standards (domestic DIC Group companies) (480 chemicals)

	DIC		DIC Group	(domestic)
Chemical	Volume manufactured/ used	Volume emitted	Volume manufactured/ used	Volume emitted
Ethyl acetate	15,462.8	94.4	16,436.4	251.8
Methyl ethyl keto	ne 8,728.8	35.2	9,259.4	125.8
Toluene	10,604.8	49.1	11,419.7	122.7
Xylene	5,807.4	35.1	6,205.9	37.5
Styrene	119,411.6	12.1	127,286.5	21.4
Acetone	1,000.8	8.4	1,119.2	18.3
Propyl alcohol	3,793.0	14.1	3,866.7	15.2
Butyl alcohol	3,584.0	11.1	3,584.0	11.1
Methyl alcohol	29,914.5	8.8	30,883.0	9.7
Others	179,314.9	43.8	213,620.4	56.4
Total	377,622.7	312.2	423,681.2	670.0

Chemical Substances with Emissions Exceeding 10 Tons in Fiscal 2008 among the 480* Targeted Substances (Tons)

Reduction of Environmental Impact to the Atmosphere, Water and Soil

Responding to Regulations for Volatile Organic Compound (VOC) Emissions

VOC emissions have been restricted, due to a series of legal amendments, including the revision of the Air Pollution Control Law, from April 1st, 2006. These regulations target a reduction of approximately 30% in total VOC emissions from fixed emission sources such as plants from the fiscal 2000 level by fiscal 2010, via the best mix of legal regulations and voluntary measures taken by industry.

The domestic DIC Group set voluntary VOC emission reduction targets in fiscal 2006. We were successful in achieving these targets in fiscal 2008 with continuous efforts. (For the details, please refer

to **P28**) The DIC Group will continue striving to further reduce these chemicals in our operations.





Compliance with Regulations for Dioxin Emissions

The Domestic DIC Group monitors the volumes of Dioxin emissions from our facilities every year. As of the end of fiscal 2008, DIC owned 7 waste combustion facilities. Though all 7 facilities are "specified facilities" under Japan's Law Concerning Special Measures Against Dioxins, both exhaust gas and wastewater emission volumes from these facilities were below criterion values specified by the regulations.

We will continue to monitor Dioxin emissions from these facilities to secure our compliance with the regulations.

Halogenated Dioxins Emission Control Standard	s
Applicable to Domestic DIC Group Incinerators	

		Exhau	st Gas	Dr	ain
	Incinerator capacity	Standard (ng-TEQ/Nm3)	Emissions recorded in fiscal 2008 (ng-TEQ/Nm3)	Standard (pg-TEQ/ℓ)	Emissions recorded in fiscal 2008 (pg-TEQ/ℓ)
DIC (Chiba Plant)	Approx. 3t/h	5	0.16	10	0.70
DIC (Hokuriku Plant)	Approx. 0.3t/h	5	0.0010	10	0.00081
DIC Interior Co., Ltd.	Approx. 0.1t/h	10	0.69	_	_
KITA NIHON DIC CO.,LTD. (Hokkaido Plant)	Approx. 0.2t/h	10	1.0	—	—
KITA NIHON DIC CO., LTD. (Tohoku Plant)	Approx. 0.2t/h	10	0.029		—
Seiko PMC Corp. (Harima Plant)	Approx. 0.2t/h	10	< 0.06		_
DIC Comfort Materials, Inc.	Approx. 0.2t/h	10	0.067	_	_

Emissions of SOx, NOx, and Effluent Impact Substances (COD: Chemical Oxygen Demand)

DIC has been working to reduce SOx, NOx, and COD emissions from fiscal 1990 levels. However, despite our ceaseless energysaving efforts, due to the introduction of cogeneration systems since fiscal 2004, our fuel consumption increased, resulting in increases of SOx and NOx emissions in fiscal 2008 from the previous year's levels. On the other hand, COD emissions fell in fiscal 2008, largely due to our production adjustment.

We will continue to promote the further reduction of SOx, NOx, and COD emissions by taking all possible measures, while continuing our existing measures such as shifting our fuel sources from heavy oils to city gas.











Pollution Investigation of Soil and Groundwater

DIC conducts soil investigations and adopts appropriate measures when closing our plants or selling our land properties, which might result in changes of land applications. Furthermore, when we acquire plants overseas or invest in overseas businesses, DIC references Japan's Soil Contamination Countermeasures Act and the country's related regulations, making soil assessments by applying the stricter regulations of the two. We also conduct advance risk assessments for the environment and safety of the related overseas companies in the investment.

In fiscal 2008, no office or plant required such soil investigation due to plant closures or sales of our land properties in Japan.

Reduction of Industrial Waste

DIC has been working on zero-emission activities since fiscal 2001, with a target to reduce the volume of industrial waste disposed of as landfill to less than 5% (370t) of fiscal 1999 levels by the end of fiscal 2007. We were successful in achieving this target in fiscal 2007. We will further continue our zero-emission activities at our sites, promoting the expansion of our zero-emission activities to our subsidiaries both at home and abroad throughout the DIC Group.

Zero-Emission Activities

The volume of industrial waste DIC disposed of as landfill in fiscal 2008 reduced by 5% to 125t from the previous year's level, as a result of our zero-emission activities (reduction at only 1.6% from fiscal 1999 level). By actively expanding the zero-emission activities to the whole DIC Group, the volume of industrial waste domestic subsidiaries disposed of as landfill was 195t in fiscal 2008, a drastic reduction of 214t (52%) from the previous year's level. Among them, the following two measures contributed greatly to this drastic reduction: an 184t reduction at the Sodegaura Plant of DIC EP Corp., by promoting material recycling; and a 43t reduction at DIC Comfort Materials, Inc., by utilizing waste plastic as fuel for their boilers.

As a result, the total volume of by the DIC Group as landfill became 320t in fiscal 2008, achieving a significant reduction of 41% from the previous year's level.

Our recycling rates were improved by 2% to 5% from the previous year's levels, resulting in the rates of 76% for DIC, 93% for domestic subsidiaries, and 87% for the domestic DIC Group,

Volume of Industrial Waste Disposed of as Landfill



respectively. These were achieved by promoting reusing and recycling industrial waste at each of our manufacturing sites (For the details, please refer to **>> P28**).

In fiscal 2009, DIC will work on the following zero-emission activities: reducing the volume of industrial waste disposed of as landfill to below 96t; and studying additional measures to reduce industrial wastes at our plants and other sites.

General Waste from Business Activities

DIC works on reducing wastes and also recycling waste by separating them by type. At DIC Headquarters and Osaka and Nagoya branches, the volume of general wastes was reduced by 60% in fiscal 2008 from the fiscal 2000 level. The recycling rate, including paper and bottles, became 67% in fiscal 2008.



Volume of General Waste from Business Activities generated by Corporate Headquarters and Osaka and Nagoya Branches

Our Measures to Prevent Global Warming

Prevention of global warming is recognized as the key issue. In line with the voluntary action plan targets of the Japan Chemical Industry Association (JCIA)*, DIC will further expand countermeasures for global warming to overseas network, mainly focusing efforts on energy-saving activities as total DIC group.

*The voluntary action plan targets of the Japan Chemical Industry Association (JCIA): to reduce the average energy consumption per unit production for the 5-year period from fiscal 2008 to fiscal 2012 to less than 80% of fiscal 1990.

Energy Conservation

In fiscal 2008, DIC could have its energy consumption index (energy intensity index) declined as the operation rates of DIC plants declined as a result of global business slowdown. By the introduction of biomass boiler, however, we were able to keep the index at 93, equivalent to the previous fiscal year's level. This level

is an improvement from the target value of 88 for fiscal 2008. On the other hand, energy consumption in crude oil equivalent*¹ was 101,780kl (a 13% reduction from the previous year's level).

Energy consumption by our domestic subsidiaries in fiscal 2008 amounted to 36,485kl in crude oil equivalent. As a result, total energy consumption by the domestic DIC Group was 138,265kl.

Energy Consumption (Crude Oil Equivalent) and Energy Consumption Index



Energy consumption (domestic DIC Group companies) (left axis)

+ Energy consumption index (DIC) (1990=100) (right axis)

CO₂ Emissions

DIC is working on reducing CO₂ emissions, in conjunction with the plans to reduce energy consumption in our production activities, which is the main source of our CO₂ emissions. In fiscal 2008, we started full operations of our boilers using carbon-neutral wood chips as their fuel. Consequently, CO₂ emissions were reduced to 211,000t, 12% reduction from the previous year's level. Originally, we were planning to achieve a reduction rate to exceed that for the energy consumption of 13% previously mentioned. However, affected by the increase of the emission factor due to the operational suspension of an electric company's nuclear power plants, the 12% reduction rate for CO₂ emissions was 1% less than that for energy consumption of 13%. CO₂ emissions by our domestic subsidiaries totaled 72,000t, with those by the domestic DIC Group totaling 283,000t (a 10% reduction from the previous year's level).

In fiscal 2009, we will continue to strive to reduce CO₂ emissions associated with our energy consumption, by operating 2 wind power generators (output: 2,300kW class) and reviewing our manufacturing processes.

CO2 Emission Volume and Emission Index



The Effects of Cool Biz

DIC is working on reducing energy consumption by setting our air conditioners at higher temperatures. In fiscal 2008, at DIC Headquarters, we achieved a 1.9kl reduction (1.7%) in our energy consumption in crude oil equivalent from the previous fiscal year's level (for energy consumption for the motive and electric power of air conditioners). We will further promote our energy-saving activities at our offices by introducing cool biz in summer and warm biz in winter and switching off electric lights when not necessary.

Our Efforts in Distribution

In fiscal 2008, DIC's total transportation volume was 195.74 million t/km, an 18.2% reduction from the previous year's level.

By increasing the use of mass transportation means such as JR's containers and the marine transport of trailers, we succeeded in reducing transport energy and CO₂ emissions. In fiscal 2008, a modal shift (from track transport to railway freight and marine transport) accounted for 10.5% of our total transportation volume, a 1.8% increase from the previous fiscal year's level. As a result, we achieved a CO₂ emissions reduction of 1,616t, in comparison with truck transport.(612kl in crude oil equivalent.) We will continue to promote the modal shift of our transport means, reducing the total transport energy we use, and further streamlining our distributions to protect the global environment.

In addition, in fiscal 2008, 30.5% of the carriers DIC used were Green Management Certified, a 4.8% increase from the previous fiscal year's level. We recommend eco-driving to all our carriers and provide training to protect the environment and ensure safety. We will continue these activities and promote them further.

VOICE

Akinori Ako, DH Material Inc Granted the Minister of the Environment Award at the Energy Conservation Contest

At the end of 2007, my family moved from an apartment to a house. With a 1.5 fold increase in the floor area, electricity consumption increased a maximum of 70%, resulting in a dramatic rise of utility costs. To improve this situation, I had a family meeting and decided to apply for an Energy Conservation Contest sponsored by organizations such as the Ministry of Economy, Trade and Industry and the Ministry of Environment. We targeted a 20% reduction of electric consumption from our December 2007 level.

I am a member of the energy conservation committee at Sakai Plant and have been working on reducing environmental impact. By learning from the improvement activities at the Plant and searching for the causes of the increase in the power consumption at my house, we took the following measures: preventing the outflow of warm air at the opening of the living room stairs by curtains; collecting data by installing an energy conservation navigation system; and reducing standby electricity, and so on. Consequently, we achieved the reduction target consumption. Consequently we were successful in reducing electricity consumption to below that for our apartment days before, with a reduction of approximately 3,000 yen per month.

Through these energy conservation activities, working on energy saving together strengthened our family bond. At the same time, I am proud that we were able to contribute something to help prevent global warming.



*1: Energy consumption in crude oil equivalent: to compare different volumes of energy consumption in common units of measurement, by using the heating value for crude oil (heating value of 10 million kJ for crude oil of 0.258kl), the crude oil volume (ℓ) is sought.

*2: Green management certificate: the Foundation for Promoting Personal Mobility and Ecological Transportation evaluates the green management levels of transport operators, including those for trucks, buses, and taxis, and provides certificates for their business operations with reduced environmental impact.

Our Achievements in Occupational Safety and Health

To eliminate work-related accidents during our business activities, DIC continues environment- and safetyrelated audits and accident case study seminars, ensuring all our employees become acquainted with nearmiss information and accident cases.

Our Achievements in Fiscal 2008

In fiscal 2008, prior to our annual environment and safety quality audits, to further improve our occupational safety and health management, DIC conducted safety pre-audits at 6 sites and 5 domestic Group companies. By establishing the DIC Risk Assessment Guidelines for Mechanical Equipment, DIC held training sessions at all manufacturing sites and domestic Group companies, promoting risk assessments in our operations.

In fiscal 2008, DIC had 3 occupational accidents with lost work days*¹ (1 in fiscal 2007). The occupational accident frequency and severity rates were 0.38 (0.13 in fiscal 2007) and 0.044 (0.001 in fiscal 2007), respectively. Domestic Group companies experienced 5 occupational accidents with lost work days (4 in fiscal 2007) with their frequency and severity rates being 0.84 (0.47 in fiscal 2007) and 0.059 (0.012 in fiscal 2007), respectively.

In addition, from fiscal 2008, as a new index for our safety activities, we introduced the DART Rate*² and started comparisons both at home and abroad. In fiscal 2008, DART rates were 11.7 for DIC and 14.5 for the domestic DIC Group. The DART rate includes not only occupational accidents with lost work days, but also those without lost work days and even minor accidents in some cases, in its calculations. We will use this new index annually to reflect our common activities and actual operational circumstances with respect to our efforts to eliminate work-related disasters.

*1: Occupational Accidents with Lost Workdays: Occupational accidents resulting in days away from work, even though one day *2: DART Rate:

Total number of days when ordinary work was not possible plus above lost days/total annual working hours × 200,000 hours 200,000 hours: number of hours 100 persons work full-time = (8 hours/day × 5 days/week × 50 weeks/year) × 100

Our Measures in Fiscal 2009

In fiscal 2009, we will promote safety activities throughout the DIC Group, by conducting follow-up audits, safety management support activities, accident case study seminars for those in charge of safety, and risk assessment demonstrations to confirm improvement from the previous fiscal year.



*Occupational Accident Frequency Rate

The occupational accident frequency rate is the number of injuries and deaths due to occupational accidents per one million hours of labor. (Calculation: Number of injuries and deaths \div Total work hours \times 1,000,000). An occupational accident frequency rate of 1.0, for example, corresponds to one accident per year in a workplace with 500 employees.

Occupational Accident Severity Rate



*Occupational Accident Severity Rate

The occupational accident severity rate is the number of work days lost per 1,000 hours of labor. (Calculation: Number of days lost \div Total work hours x 1,000). An occupational accident severity rate of 0.1, for example, corresponds to 100 work days lost per year in a workplace with 500 employees.Notes:

1."Chemical Industry" and "Manufacturing Industry" include all companies in the chemical industry and the manufacturing industry, respectively, as defined by the Ministry of Health, Labour and Welfare for the purposes of its Occupational Safety and Health Statistics.

2. Figures for DIC are for the fiscal year (April 1–March 31). Figures for the chemical industry and the manufacturing industry are for the calendar year.

Risk and Hazard Assessment and Education

Aiming to achieve safety and reliability, as a chemical material manufacturer, DIC conducts environment assessments, while promoting the development of recyclable, safer, energy-saving products with less hazardous substances and less waste.

To establish safer production facilities with more reliability, DIC newly established the DIC Risk Assessment Guidelines for Mechanical Equipment. When formulating facility investment plans and renovating existing facilities, we additionally use our current risk assessment method, PSM (Process Safety Management), together with the new guidelines.

We also provide educational programs regularly to our employees concerning the safety and handling of chemical substances, by utilizing safety guidelines for technology and research departments, MSDS, safety basic actions, and accident case studies.

"Safety Tree Rings"

Safety Tree Rings is DIC's safety commendation system to honor our plants, R&D facilities and part of our domestic Group companies accomplishing no occupational accidents with lost work days for a full year. Those achieving no occupational accidents will be given an annual growth ring to their Safety

Trees. Each Safety Tree consists from 20 silver rings for 20 years without occupational accidents. When 20 silver rings are completed, from the 21st year, a gold ring will replace each silver ring for each additional year without any occupational accident involving lost work days.



Safety Tree Rings of the Hokuriku Plant

Major Achievements of "Safety Tree Rings" (more than 5 rings)

Sakai Plant: 7 rings, Central Research Laboratories: 8 rings, Suita Plant: 9 rings,

Tokyo Plant: 11 rings, Kashima Plant: 11 rings, DIC Kitanihon Polymer Co., Ltd., Hokkaido Plant: 15 rings, Hokuriku Plant: 20 rings (of which, 15 in gold), Kyushu Branch: 20 rings (of which, 20 in gold)

Awards Received

In fiscal 2008, the following were the major awards DIC received related to safety and health from external institutions:

Shiga Plant

Fire Department Chief Commendation: Top Hazardous Substance Handling Office Commendation

Chiba Plant, Yasuo Hashiura (Manufacturing department 2, Manufacturing section 3)

Ichihara City Fire Department Chief: Certificate of appreciation (lifesaving)

The Mayor of Ichihara City: Official commendation for lifesaving Kashima Plant, Kaname Seino (Environmental and safety quality manager)

Japan Industrial Safety and Health Association (JISHA): Green cross award

Komaki Plant, Toshikazu Kitao and Akinori Moriwaki (Ogan manufacturing section)

Komaki City Fire Department Chief: Certificate of appreciation (lifesaving)

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Improvement of Overseas Environment and Safety System

(1) Information collection of our overseas Group companies' environment and safety activities

We have been collecting ESH information of our overseas Group companies since 2007. In 2008, the number of overseas Group companies from which we collected information reached 43, an increase of 12 companies from 2007. In addition, the reliability of information gathered, e.g. energy consumption and Industrial Waste volumes, has been improved. In 2009, we aim to move a further step forward from a mere understanding of actual situations, improving safety activities and setting targets for the reduction of environmental impact.

(2) Improvement of our overseas Group companies' environment and safety activities and sharing of information (Asia and China)

In 2008, to improve systems to secure the "Environment, Safety, and Health" at our overseas Group companies in Asia and China, at our regional headquarters (Shanghai and Singapore), DIC assigned ESH coordinators and established information networks between the coordinators and persons in charge of environment and safety at each Group company. In addition, to promote information sharing, we held three ESH meetings in 2008 as followings; Global Safety Meeting in Japan in May; China Regional Safety Meeting in Shanghai in September; and Asia Regional Safety Meeting in Kuala Lumpur in December. At these meetings, persons in charge of safety at each Group company gathered, introduced safety activity cases, and exchanged information concerning their safety measures and education methods. Additionally, from January 2009, DIC has been exchanging information on accidents/incidents with regional ESH coordinators and sharing information on safety measures between our Group companies on a monthly basis. In 2009, we will continue to conduct environment and safety audits and followup audits of each company on a regular basis, improving our systems to secure the environment, safety, and health of people.

We also exchange our environment, safety, and accident information with the Sun Chemical Group in Europe and the United States, establishing systems to share our safety measures to work on global environment and safety activities.



Regional Safety Meeting in Kuala Lumpur

Our Measures in Distribution

To cope with emergencies while transporting chemicals, we provide Yellow Card*3, not only to freight-exclusive vehicles such as containers and tank trucks, but also to general freight vehicles which carry mixed loads. For the transportation of DIC products, we use special containers that comply with transport-related regulations such as the Fire Defense Law and United Nations Standards.

*3 Yellow Card: A voluntary activity promoted by the Japan Chemical Industry Association (JCIA). To take proper measures when accidents occur during the transportation of chemical substances, on this yellow card, steps to take in accidents and contacts are indicated so that carriers, firefighters, and law enforcement can take proper actions. All carriers of chemical substances are obliged to carry this card.

Environmental Cost/Safety and Health Costs

Since fiscal 1998, DIC has been using the "Environmental Accounting System" to improve the efficiency of environment investment and activities, and promote our continual improvement.

Environment and Safety Costs

DIC has been publishing our environment and safety costs since fiscal 1998, obtained from our own calculation methods. From fiscal 2000, to calculate our environment costs (investments and expenses), we have been referencing the Preparation for the Establishment of an Environmental Accounting System (reported in 2000) by Japanese Ministry of Environment. For the investment amounts and expenses for safety, health, and disaster prevention, we will continue to use our own calculation methods and disclose these costs in our operations.

(1) Environment Costs in Fiscal 2008

In fiscal 2008, environment-related capital investment was $\976$ million, as total domestic DIC Group (including DIC) was $\1.035$ billion.

As for environment-related expenses, DIC spent a total of \10.432 billion, total domestic DIC Group (including DIC) was \10.968 billion. (For the details, please refer to the Data Compilation at the end of this Report, \rightarrow **P56**)

(2) Safety and Health-Related Costs in Fiscal 2008

In fiscal 2008, safety- and health-related capital investment was \385 million, as total domestic DIC Group (including DIC) was \452 million.

As for safety- and health-related expenses, DIC spent a total of \1.085 billion, as total domestic DIC Group was \1.233 billion. (For the details, please refer to the Data Compilation at the end of this Report, **P57**)

Management of Chemical Substances Involved in Our Products

By preparing the MSDS (Material Safety Data Sheet = product safety data sheet) and establishing a chemical substance information comprehensive management system (CIRIUS), DIC has been working on the information management of our raw materials and chemical substances involved in DIC products to provide proper information on various chemical products used in our operations to our customers and stakeholders.

Providing Proper Information about Our Products

DIC prepares MSDS in line with the Japanese Industrial Standards (JIS) for all chemicals we produce, and provides proper information on the chemicals used. Information on the MSDS always involves safety in handling products and proper methods for their disposal, focusing strictly on preventing occupational accidents or environment pollution by the products.

DIC has also developed our own automatic MSDS preparation system. This system automatically checks domestic regulations and prepares uniform and highly reliable MSDS. We had co-opted the system by incorporating this automatic MSDS preparation system into the chemical substance information comprehensive management system (CIRIUS). Now, even minor components included in raw materials can be checked by this system. The information of minor components included in our products will be indicated not only on MSDS, but also on MSDSplus^{*1} and AIS^{*2}.

From April 1, 2010, PRTR laws will be revised. We will commence the distribution of MSDS in line with the revisions from October 1, 2009. Furthermore, we provided our opinions concerning measures to be taken upon the revisions to the authorities concerned through our industry organization from the perspective of a private company. At the same time, we are preparing ourselves for the upcoming revisions of the regulations.

CIRIUS (Chemical Information & Regulations Integrated into Upgrade System)

From February 2009, by reinforcing the functions of our former MSDS system, DIC has been utilizing our expanded system, chemical substance information comprehensive management system (CIRIUS). To promptly and accurately respond to requests to provide various chemical substance information, DIC utilizes CIRIUS for the comprehensive management of information relating to all chemical substances, including the procurement of raw materials and shipment of products. By reinforcing its functions, in addition to MSDS, the system can also prepare MSDSplus and AIS. Furthermore, CIRIUS can now transfer products' chemical substance information to other systems to print product labels and export products overseas.



CIRIUS: a screen image to search raw material information

By utilizing information comprehensively managed by CIRIUS, DIC can always reference the latest regulations related to chemical substances we are handling in our operations. With the CIRIUS, DIC will continue to comprehensively manage and provide our chemical substance information to our customers and stakeholders. DIC will expand the use of CIRIUS to our domestic DIC Group companies in order of precedence.

Complying with Overseas Laws and Regulations

The DIC Group has completed preliminary registrations of the chemical substances required to comply with European REACH*³ regulations by the designated deadline of December 1, 2008. We have already finished selecting the chemicals to be actually registered, the registration of which will start in order of precedence between 2010 and 2018. In addition, by preparing MSDSplus and AIS with CIRIUS and providing this information to our customers, we will also provide information on REACHapproved chemical material to our customers.

To manufacture and export DIC products overseas e.g. to the United States, China, and the Republic of Korea, we will take appropriate measures including registrations of new chemical substances or applications for the exemption of registrations and strictly comply with the necessary regulations governing the chemical products we handle.

In fiscal 2008, we promptly responded to the introduction of the GHS^{*4} system in the Republic of Korea, China, and Taiwan, preparing MSDS and labels and providing them to our customers.

Education on Chemical Substance Management

Aiming to improve the awareness and knowledge of chemical substance regulations both at home and overseas, DIC provide education sessions mainly to those in charge of chemical substance safety information assigned at each technology department, to enhance our in-house chemical substance management.

In fiscal 2008, DIC focused on educating those in charge of the imports and exports of chemical substances.

Mika liyama,

Manager, CIRIUS project secretariat, Responsible Care Dept

In the past few years, laws and regulations on chemical substances have been strengthened; while there have also been renewed requests from society for the provision of information. Manufacturers of electric and electronic appliances and chemical raw materials have been promoting the improvement of chemical substance management systems such as environment-related material management systems and MSDS preparation systems.



VOICE

Though DIC has been striving to improve our chemical substance management system, since kinds of businesses, industries, and products vary widely and we deal with large quantities of chemicals, DIC's traditional chemical substance management system did not cover all necessary specifications.

For this reason, DIC continued our discussions concerning specifications of the system, and finally established a new system, CIRIUS, singlehanded, after considerable struggle. With this system, we can prepare the required documents on chemical substance information, such as MSDS and AIS, depending on our customers' requests for all of our products including mixtures, polymerization products, and molded products. Since these should be promptly provided to our customers, with this system, CIRIUS, we employed a web-distribution system so that customers can view the necessary documents via Internet. As of July 2009, MSDS viewable by customers through the web-distribution system is correspond to new chemicals to be included following the revisions of PRTR laws to be enforced on April 1, 2010. Accordingly, DIC aims to provide chemical substance information with CIRIUS promptly and accurately.

*1: MSDSplus: A document format to supplement information on MSDS advocated by JAMP (Joint Article Management Promotion-consortium) to be uniformly used by the industry

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*2: AIS: Article Information Sheet

Another document format advocated by JAMP. While MSDSplus is for chemical products, AIS is for articles.

*3: REACH: Registration, Evaluation, Authorization and Restriction of Chemicals

European chemical substance regulations. Under REACH, businesses bear responsibility for evaluating the safety of chemicals with no distinction made between existing and new chemicals. REACH also prohibits the use of specified chemicals in principle.

*4: GHS: Globally Harmonized System of Classification and Labeling of Chemicals

Recommendations of the United Nations Economic and Social Council for the classification of chemicals according to their type and level of dangerous toxicity, in accordance with globally uniform rules, and for the transmission of information on pre-existing dangerous poisons by labeling that can instantly be understood by those handling the chemicals and MSDS.

Quality Policy and Quality Activities

DIC's Quality Policy

Contributing to the prosperity of customers and society by providing products that are always trusted

Flow of Customer First Policy of DIC



DIC's Product Provision Process

Planning and Framing

In product planning, related manufacturing, sales, technology and administration departments collaborate and determine the basic performance of products based on requirements from the market and customers.

Development and Design Review

In development and design review, quality targets are set in line with the basic performance of products based on market trends and requests from customers, and create values for the same, by reflecting DIC's inherent technologies and accumulated data. Concurrently, we confirm that raw materials and products have no problem from social perspectives.

Production and Quality Confirmation

To ensure product quality, we conduct thorough process and identification management. To maintain mutually beneficial relationships with customers, DIC focuses on resource-saving, energy-saving and cost reduction.

Sales and Technical Services

We will strive to improve our product quality, by listening to the voices of our customers. In addition, to ensure our customers can use our products safely and reliably, we provide information, data and technical services through our sales offices, to further enhance customer satisfaction.

Current Situation of ISO Certification

 WEB
 http://www.dic.co.jp/en/csr/environment/iso.html

Major Quality Activities and Review in Fiscal 2008

- 1.DIC worked on continual improvement to heighten the effectiveness of our quality and environment management systems and their sustainment. All Group companies also work on these activities under the same policy. In fiscal 2008, DIC Kyushu Polymer Co., Ltd. obtained ISO9001 (2008 ver.).
- 2. In fiscal 2008, the Kyushu Branch's manufacturing department, and our 2 overseas Group companies (China and Malaysia) obtained Sony's green partner certifications. Additionally, another Group company (Malaysia) is applying for the same. Our overseas Group companies aim to positively respond to requests from our supply chains, improving our systems accordingly.
- 3.In fiscal 2008, the number of complaints from our customers decreased by 24% from the previous fiscal year's level. We will continue to share information on complaints from our customers among our manufacturing, sales, and technology departments, utilizing the shared information to promptly and accurately handle complaints and improve our product and service quality for better customer satisfaction.
- 4.For Liquid Crystal Material Division, we introduced a management system which utilizes bar codes to manage liquid crystal and the manufacturing process. Liquid crystal materials must be blended differently for each customer, with the respective correct amount of liquid crystal ensured in each case. With the introduction of this management system, DIC can properly manage the manufacturing processes and improve the quality of products required by customers.

Plans for Fiscal 2009

For DIC's 13 manufacturing sites, we conducted top management auditing, environment and safety quality audits, and follow-up audits. We continue our improvement efforts to further improve and sustain the effectiveness of our quality and environment management system. For each of our division, by conducting quality audits, we will further enhance their quality management system.

For our domestic Group companies, based on self-audit check sheets, their divisions in charge of auditing will conduct quality audits and follow-up audits to sustain and improve their quality levels.

Report on Our Business Models Focused on Customer Satisfaction

In providing various products and services, and targeting the continual improvement of the same, the DIC Group acknowledges that our continued business growth means constantly listening to the comments of our customers and seeking to enhance their satisfaction. Based on this understanding, the DIC Group strives to establish our business models to achieve higher customer satisfaction levels.

Our Major Efforts in Fiscal 2008

For DIC's graphic arts business operation, to improve our customer support systems in our organization, we newly established Customer Service Department in our Pigment Division and Technical Sales Department in our Printing Inks & Supplies Division.

In addition, since DIC's businesses are deeply related to the housing industry in various aspects, DIC started innovating our building material business. Specifically, we started formulating business visions to maximize our strength in related businesses, and identify issues in each of them. We also clarified the ideal business visions and themes for each business, by confirming the expectations of customers and distribution channels to DIC, through interviews and exhibitions and identifying issues and strengths by discussions with our executives and the key persons in our major departments.



Building material messe (exhibition)

Our Plans for Fiscal 2009

We will shift from our traditional individual approach of providing products to our customers from each business groups to offering a package of solutions to our cusotmers in favor of looking from the whole DIC Group's perspective. Specifically, we will review our evaluation systems, utilize the technologies of each division in the whole DIC Group and investigate the ideal business models for each industry and customer. To begin with, we will reconstruct our organization and newly establish Corporate Marketing Department. This Department will work on business areas, which are related to multiple departments, by establishing interdivisional business ideas in our company and presenting them as a single concrete business proposal to our customers. For instance, we will optimize our businesses such as solar-cell materials, inkjet inks, and materials for high performance films. DIC is carefully considering the way it should be in the DIC's building material business and the selected thems from user perspectives. We also offer what makes people feel confortable in their home life based on our offering products made from high perforance materials and technologies capitalizing our materials. We will aim to enhance our customers' satisfaction in the housing industry. In addition, DIC will continue to improve our web sites. Specifically, we will reconstruct them by application and category, to facilitate product searches on the web sites. We will also improve the user-friendly interfaces and indicate our products, applications, and contacts more clearly. This improvement of our web sites should successfully enhance our customers' understanding of our businesses and products and help them find proper contacts for each of our businesses and products more easily.

VOICE



Yoshihiro Terada, Senior Manager, Technical Service Department, Pigment Division Establishment of Customer Service Department

Our Pigment Division has newly established a Customer Service Department for technical services to our customers, the collection of customer information and information of new competing products, and quality assurance of our products. These were previously handled by multiple sections in our division before the establishment. This newly established Department handles all customer services, not only for Japan but also Singapore and China. By further training and increasing our customer service staff, we aim to enhance customer satisfaction still further by responding to their requests promptly and accurately, creating new markets, and finding potential demand in the markets.

DIC Group aims to be a company where every employee can maximize their individual capabilities depending on their respective ability. Targeting this, for all employees to concentrate on their work with peace of mind, DIC endeavors to create an appealing workplace, which respects work-life balance of each employee.

Measures for Work-Life Balance

DIC has been working on improvement of systems to realize work-life balance as a foundation to create corporate cultures in which female employees can play active roles and all employees, disregard to their gender, can choose various life styles.

Specifically, our systems related to child rearing and protecting motherhood capacity go beyond what is legally required. We have been improving the systems to make them more userfriendly depending on each employee's situation. Child-care leave by male employees has been gradually increasing and to date 3 male employees have taken such leave. The contents of systems and information on new establishments and revisions are announced through in-house newsletters and our Intranet, so that each employee has updated information to promote further understanding and utilization of the curtage.

understanding and utilization of the systems. Thanks to these measures, DIC was

certified by the Tokyo Labor Bureau as a Certified Employer 2008, namely a company to positively promote the next generation of rearing support measures.



Certification Mark "Kurumin"

Various Systems to Support the Work-Life Balance

Continuing Working While Child Rearing

DIC provides various systems to support employees who wish to continue working while raising their children, enabling them to continue to contribute to their department and the Company

Child-Care Leave System

• DIC sets the period for child-care leave until the child reaches the age of 2 years and 6 months, 1 year longer than legally required.

• The Company also established the rule that employees who have taken the leave shall return to their original job or a job of equivalent rank

Number of Employees Taking Advantage of the Childcare Leave System

Fiscal year	Number of Employees	Number of female employees (DIC)
2006	28	702
2007	30	681
2008	40	679

Our System for Working while Child Rearing

DIC provides the following working systems until the end of the child's third grade school year:

- 1. **Shortening of working hours (fixed):** When working full-time is regularly difficult, due to reasons such as needing and drop-off to pick up the child, shortening of working hours of up to 2.5h/day can be permitted.
- 2. Shortening of working hours (flexible): When working full-time is difficult for specific days due to reasons such as needing and drop-off to pick up the child, shortening of working hours of up to 3h/day can be permitted.
- 3. **Staggered working hours:** When working normal hours is difficult due to reasons such as needing and drop-off to pick up the child, staggered working hours of up to 2h/day can be permitted.

Child Care Leave System for Child Rearing Partners

Aiming to provide opportunities for male employees to participate in child rearing, for the period between the child's birth and the following 8 weeks, a male employee can take childcare leave of up to 5 days

Improvement of the Economic Support System

• During child-care leave without pay, those on leave can utilize a system whereby he/she is loaned part of his or her bonus.

• The in-company loan system can be used to eliminate economic anxiety when significant payments are generated for cases such as fertility treatment and the use of child-care facilities.

Creation of an Organization to Provide Opportunities for Female Employees

Promotion Activities to Support Successful Careers for Female Employees

Our Major Efforts in Fiscal 2008

Since fiscal 2006, DIC has been working on promotional activities for female employees to play active roles at the Company, aiming to become a Company where all employees with willingness can play active roles disregard to their gender. In these activities, we



Career development training for female employees

work on innovations of all employees' awareness and revolutions of corporate culture. In addition, aiming to enhance female employees' willingness to challenge, our Human Resources Dept., mainly the section in charge of female employees' career development promotion, is working on awareness development education, expansion of work fields for female employees, and improvement of employment rate for female employees.

As major activities in fiscal 2008, by setting our theme, Creation of Organization to Provide Opportunities for Female Employees, we held lecture meetings for female department managers or those in higher positions. In addition, for supervisors with female subordinates, we provided management training and for middleranking female employees, career development training.

Furthermore, of 56 new recruits with academic careers above technical college or university level, 15 were female.

Our Plans for Fiscal 2009

DIC continues our efforts to positively hire female employees with academic careers above technical college or university level. Additionally, DIC will further promote the expansion of the working fields of female employees by supporting those assigned to sites of three-shift work at our plants for the first time last fiscal year, where previously only male regular employees were assigned.

Measures to Cope with Diversity in Employment

Personnel Exchanges and Education for Global Management Our Major Efforts in Fiscal 2008

The DIC Group has been taking measures to consign the management of our overseas Group companies to national staff as much as possible. In China in particular, we nearly completed the following measures in fiscal 2008: (1) personnel systems related to evaluation, compensation, and employee qualifications; (2) management training for executive candidates; and (3) enhancement of welfare programs mainly through the introduction of medical insurance.

Our Plans for Fiscal 2009

The DIC Group will expand the establishment of systems in the Southeast Asia and Oceania areas, based on those already established in China for our global management.

Promotion of Employment of Senior Persons Our Major Efforts in Fiscal 2008

With the aim of providing employment opportunities for capable senior employees who wish to continue working, in 1991, DIC became one of the first companies in Japan to introduce a reemployment system that enables employees to continue working beyond the mandatory retirement age. This system allows for reemployment up to the age of 65. In addition to broadening the scope of opportunities for retirees, DIC has modified this system in accordance with revisions in 2006 to the Law Concerning the Stabilization of Employment of Older Persons.

Our Plans for Fiscal 2009

DIC will continue our efforts to further encourage the reemployment of senior persons.

Reemployment at DIC

Fiscal year	Number of employees reemployed	Reemployment rate (%)
2007	43	95.6 %
2008	94	92.2 %
2009 (plan)	93	96.9 %

Promotion of Employment of Persons with Handicaps Our Major Efforts in Fiscal 2008

DIC has been working to promote the employment of handicapped persons. In particular, there has been a significant improvement in our employment rate for handicapped persons over the past few years. In fiscal 2008, our employment rate for handicapped persons reached the level specified by the law (1.8%).

Our Plans for Fiscal 2009

DIC will aim to constantly maintain this 1.8% employment rate for those with handicaps specified by the law, by cooperating with unemployment offices (Hello Work) and education and training facilities and further actively promoting the employment of those with handicaps.

Protection of Workers' Rights

Measures to Protect Human Rights

The DIC Group promotes the creation of a workplace where all employees are properly aware of human right issues and mutually respect each other's human rights. In addition, to promote these measures, DIC has stated that the Company shall use the U.N.'s Global Compact as standards. In the DIC WAY Code of Business Conduct, the Company clearly states its support and respect for the Universal Declaration of Human Rights. The Company will eliminate various violations of human rights in our corporate activities by the following means: (1) respect for human rights, (2) prohibition of forced labor, (3) prohibition of child labor, (4) prohibition of inhumane treatment, and (5) prohibition of discriminatory treatment.

Measures to Prevent Sexual Harassment

As for our measures against sexual harassment, the DIC Group prohibits sexual harassment behavior in our DIC WAY Code of Business Conduct. This prohibition is also clearly stated in our company rules and in DIC's declaration to prohibit sexual harassment at work. In addition, DIC aims to create a sound and comfortable workplace by preventing sexual harassment by the following measures: posting of guidelines to create a workplace without sexual harassment in our Intranet; the installation of counseling and complaint windows at each office; and educating new managers to prevent sexual harassment.

Our Measures for Labor-Management and Safety and Health

To create workplaces where employees can actively work with peace of mind, DIC holds labor-management councils and safety and health committee meetings on a regular basis at each office, aiming to further develop mutual trust between labor and management through information exchanges. In addition, in semiannual labor-management negotiations in spring and autumn, we share mutual understanding of the current circumstances around salaries, working hours, holidays, and welfare programs, and of both sides' needs, measures, and issues at work for successful bilateral negotiations. Furthermore, believing that sound and strong business foundations and corporate development will help promote employment stability for a lifetime and of our employees' daily lives, as one of the activities proposed from labor union to management, we hold a management council meeting on an annual basis, exchanging frank opinions mainly on business activities and the future policy of each division.

The spirit and willingness of our employees to pursue new challenges is the driving force behind DIC's ongoing evolution. DIC strives to provide our employees with such challenges, as well as to ensure support through advanced personnel and compensation systems.

Employment Opportunities and Employee Development

A Performance-Based Employee Qualification System

With the aim of building a workplace that enables all employees to realize their full potential and ensuring the efforts of employees are fairly reflected in salaries, DIC has long applied an employment system that rejects job category, academic record and other such factors unrelated to performance. Moreover, in 2002, DIC eliminated distinctions between career and noncareer path employees and integrated our employee qualification system.

Promotions within DIC are determined once annually and based on the results of an objective assessment procedure that includes a written test, essay, interview and personnel evaluation. This ensures equal opportunities for advancement for all employees exhibiting initiative and skill.

A Salary System that Motivates Employees

DIC has been introducing a salary system to reflect capabilities and performances of each employee by eliminating and reducing seniority and qualification based salary and benefit systems. In other words, we aim to achieve a "pay for performance" system to properly evaluate the capabilities and performances of each employee and reflect the same in their salaries accordingly. We believe that this is a salary system, which is rewarding for our employees.

A Goal-Oriented Evaluation System

To truly improve job satisfaction by the salary system, the need for an evaluation system to properly evaluate the capabilities and performances of each employee is inevitable. To further heighten the transparency and legitimacy of the evaluation system, DIC has introduced the concept of "management by objective (MBO)" in our system. Based on this concept, targets will be set at the beginning of each period. Based on these, each employee's capability and performance will be semiannually evaluated. The results of this evaluation will be fed back to the employee together with the reasons for the evaluation and disclosed. In addition, we also utilize the results of the evaluations to develop our own human resources. (For details of our evaluation system, please refer to the chart below.)

Strengthening Coordination among Evaluation System, Salary System and Training System

To further reflect the capabilities and performances of employees in their salaries, we are working to strengthen capability development directly related to their courses of duty, and improve training contents for employees to voluntarily and actively improve their capabilities.

Employee Evaluation Process



It is quite common for DIC to entrust young employees with large projects from early in their careers. For each employee to exert a high performance, DIC prepares various training contents and progressively promotes the improvement of each employee's capability to execute their duty, by arousing the urge for self-improvement and following up on employees' related activities.

DIC's Training Programs

DIC's training programs can be roughly divided into 4 categories, with global-minded personnel development training and self-development training in particular having specific characteristics. Specifically, as for our self-development training, even new recruits actively participate the training programs. With the latter, while employees can acquire the necessary skills in executing their duties at work, the programs play a vital role as venues for participants to create networks at the Company.

Global-Minded Personnel Development Training Program

The program is mainly for the personnel development of executives and staff at our overseas Group companies. The programs consist of the following: training of candidates for overseas assignments to strengthen not only language skills but also intercultural communication and management capabilities; overseas training to send our personnel as trainees to our overseas subsidiaries or research institutes for educational purposes and MBA overseas education to send our personnel to graduate schools in the United States to foster human resources responsible for our global strategies.

Self-Development Training Programs (DIC Business School and others)

They are optional programs to support self- and abilitydevelopment for employees with willingness. We have a selection of approximately 200 correspondence courses and approximately 800 video library courses. In our in-house seminar courses, our employees can systematically acquire special, systematic and practical knowledge in subjects such as the following: accounting and finance, marketing, logical communication, and assertive communication. In addition, in our e-learning courses, we also provide programs to improve English proficiency.

Daisaku Miura, News Ink Sales, In-House Seminar: Accounting and Finance Course

Analysis practices with DIC's financial statements were the best to start with and significantly helped me to acquire the knowledge in this Accounting and Finance

VOICE

Course. Working as a sales person requires decision-making on a daily basis. By fully utilizing the management analysis methods acquired in practice, numbers in financial statements, which are records of corporate activities, started to have meaning to me, helping me to clarify the awareness of problems, which was previously lacking. Consequently, this should increase the number of choices in my everyday decision-making, some of which have been overlooked to date, helping me to make optimal decisions in future.

At the beginning of the course, my objective was to improve my skills and acquire qualification. Now, in addition, I was also able to understand part of the management division's businesses. This understanding will lead to respect. Having our employees participate in various seminars should help deepen understanding and mutual respect on a cross-sectional basis. I believe that this will make DIC stronger and better for all of us. Report of CSR theme

Outline of Employee Training Curricula

Management-level training curricula Curricula aimed at training and reinforcing the competence of management-level employees in an increasingly global corporate market
DIC Management School DIC Business College
Curricula for cultivating competent human resources in global markets Curricula aimed at strategically cultivating management- and staff-level human resources for DIC Group companies overseas by imparting essential, comprehensive expertise
Training for employees assigned to posts related to overseas business Support for employees seeking MBAs at overseas educational institutions Training overseas
Level-specific curricula Curricula for newly recruited and promoted employees to learn the knowledge required to carry out the role at different levels
Training for newly promoted employees at different levels Training in coaching Training for new middle management-level employees Follow-up training for new employees Training for new recruits Training in mentoring
Self-development curricula Various curricula offered by DIC Business School to employees who positively and voluntarily work for skill development Correspondence courses Video library courses e-learning courses In-house seminar courses

Report on Harmony with the Community and Contribute to Society

The DIC Group, as a member of society, has been working on social contribution activities, targeting coexistence with neighboring regions and those in society and to establish good relationships with the society. DIC has set out the following guidelines for social contribution activities to further continue our activities:



Our Measures in Our Business Activities

Promotion of Color Universal Designs

The DIC Group has been working on developing colors and color combinations, which can be equally identified by as many people as possible based on concepts of color universal designs; supervised by Associate Professor Kei Ito of the Institute of Molecular and Cellular Biosciences, at the University of Tokyo,

People sense colors differently. In particular, depending on disorders such as glaucoma and cataracts or types of DNA, it is said that more than 5 million people see colors differently from ordinary people in Japan. Color universal designs are colors and color combinations designed with due consideration to various people's color senses so that all people can identify color information equally.

Following numerous investigations under the supervision of Associate Professor Kei Ito, DIC and DIC Color Design, Inc. have chosen 20 colors, which can be identified as many people as possible. They consist of 9 accent colors with high saturation for letters and signs, 7 base colors with high brightness as background colors for guide maps and other maps, and 4 achromatic colors such as white, grey, and black. The DIC Group has jointly released the results of these efforts together with the University of Tokyo, the Japan Paint Manufacturers' Association (JPMA), and NPO Color Universal Design Organization. We will continue our research on colors and color combinations based on the concepts of color universal designs to respond to demands from society.



Verification of colors and color combinations at the University of Tokyo

Participation to Spirulina Project WEB DIC Lifetec Co., Ltd. website: http://www.dlt-spl.co.jp/business/en/spirulina/index.html

The DIC Group is the world's largest Spirulina* supplier with 30 years of history and experience in the research, application, and production of Spirulina for the past 30 years. Spirulina is edible blue-green algae that has been highly evaluated by the WHO (World Health Organization) and FDA (the U.S. Food and Drug Administration) as an ideal dietary supplement. DIC has been providing Spirulina to various places including Chernobyl and Croatia to date. DIC has decided to support the Spirulina Project led by the Intergovernmental Institution for the use of Microalgae Spirulina against Malnutrition (IIMSAM), a Permanent

Observer with the United Nations Economic and Social Council (ECOSOC), to utilize our experiences and knowledge to solve starvation issues due to serious malnutrition in developing countries.

In the Spirulina Project, we aim to solve issues such as malnutrition and starvation in developing countries by promoting it and educating people by directly handing out Spirulina, which has a high nutritional value, to local people. Through the Alliance Forum Foundation, which promotes this Project, DIC Group provides technologies and funds related to Spirulina.

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*Spirulina: spiral-shaped dark green edible micro-algae, 5-8µm in width and 300-500µm in length. They are tropical algae grown naturally in lakes in Africa and Latin America since ancient times. They have been used as valuable food sources of people through the ages.

The DIC Group provides the technologies developed to date (incubation technology and purification technology for Spirulina) to the Spirulina Project.The DIC Group provides the Spirulina we produced to the Spirulina Project.The DIC Group provides fund to the Spirulina Project.



The State of California, U.S.



Hainan, China

Background of IIMSAM

DIC's Contributions

The Food and Agriculture Organization (FAO) of the United Nations has adopted the Rome Declaration on World Food Security (halving the number of undernourished people, 800 million worldwide, by 2015) as its target. IIMSAM is a unique U.N. approved organization focused on Spirulina as a means of solving such serious malnutrition issues.

DIC Group's Spirulina Incubation Facilities



Why the "Spirulina Project"?

Our Cultural and Educational Activities

Kawamura Memorial Museum of Art: Project Exhibitions and Art Educational Support

The DIC Group operates the Kawamura Memorial Museum of Art, in Sakura City, Chiba Prefecture, to have the general public enjoy more than 1,000 colorful works of art that we collected together with our Group companies.

In 2008, together with its permanent exhibition, the Museum held DIC's centenary project exhibitions, "Matisse et Bonnard: Lumière de la Méditerranée" and "Morris Louis: Secret Color Layers". In addition, by June 2009, the Museum held another project exhibition, "MARK ROTHKO: Meditation Painting", attracting many people's attention. The Museum is scheduled to hold two further project exhibitions: "Four Stories: Paths to Japanese Modern Art" and "Stillness into Color: Inframince of Moonlight".



The Museum located in the vast garden exhibits various artworks including Western contemporary art, Japanese art on folding screens, and 20th century American arts.

In addition, we are opening the natural strolling roads on its premises to the public free of charge, so that people can enjoy the changes of vast and sylvan nature every season.

As educational support activities to art, for groups of people, including elementary school students and above, we provide programs involving the viewing of paintings and sculptures and to exchange opinions, which have been highly rated. In fiscal 2008, a total of 1,478 students from 28 schools and organizations participated in such programs.

Kawamura Memorial Museum of Art website: http://kawamura-museum.dic.co.jp/en/index.html



At the exhibition of MARK ROTHKO, a representative post-war American artist, half of the Seagram Murals were displayed at the Museum for the first time in the past half century, gathering many people's attention.

Establishment of the DIC High-Performance Materials Prize

The DIC Group joins in with awarding activities established by the Society of Synthetic Organic Chemistry in Japan and established the DIC High-Performance Materials Prize. By awarding researchers with excellent achievements in the specific field of organic synthetic chemistry, we work to further develop organic synthetic chemical research from the corporate perspective.



Awarding ceremony

The 1st DIC High-Performance Materials Prize was awarded to Professor Kazuo Takimiya of the Chemistry and Chemical Engineering Graduate School of Engineering, Hiroshima University.

The research theme of this year's award was: The development of high-performance organic semiconductor materials with atmospheric stability.

Acceptance of Internship Trainees

The DIC Group is positively and annually accepting many internship trainees, including students from junior high schools, high schools, technical colleges, universities, and graduate schools, aiming to support the young generations who will shoulder the future of Japan to acquire a view of career and work, work-related knowledge and skills in the early stages and deepen their understanding of themselves. In fiscal 2008, the DIC Group provided work experience to 59 students at our field sites.

Our Efforts in Regions and Society

Plant Tours for Elementary School Students

Aiming to promote interaction with regional societies, the DIC Group provides opportunities for plant tours at our facilities. In fiscal 2008, we accepted groups from elementary schools, high schools, and women's associations at 5 plants, providing explanations of our facilities and tours inside the plants.

At DIC Molding, Inc., in April 2008, a total of 105 elementary school students visited the company. They were 6th graders of 3 classes from the neighboring Kobari Kita Elementary School in Ina Town, Saitama Prefecture. DIC Molding, Inc. manufactures helmets and during the visit, the company provided explanations of the helmets' manufacturing processes and simple practical training. The company informed us that the wearing of helmets had become mandatory by the revisions in the Road Traffic Law last year for children under the age of 13 when riding bicycles. The company also provided detail of a traffic safety campaign.



105 elementary school students decorated helmets manufactured by DIC Molding, Inc. with their favorite seals and wore them.

Donations of Profits from Inks to the Royal Family of Thailand

In July 2008, DIC International (Thailand) presented part of the profits from made-in-Thailand offset processes inks, Natural, as a donation to Princess Maha Chakri Sirindhorn at the Chitralada Palace, in the Kingdom of Thailand.

The Royal Family of Thailand has been greatly focusing its efforts on the cultural development of its country. In recent years, Princess Maha Chakri Sirindhorn has been actively visiting book printing companies and newspaper companies. The Princess seems particularly interested in printing, which is the foundation of culture. With these as cultural backgrounds, the DIC Group has also been establishing a long history in ink businesses in Thailand over the past 48 years. In celebrating the 80th birthday of the King of Thailand and extending our gratitude over the years, the DIC Group started a project to donate 3 baht for each 1 kg sale of Natural; the sales of which started in 2006 and for which donations of 500,000 baht were received in 2008.



We were given the opportunity to present the donation to Princess Maha Chakri Sirindhorn of the Royal Family of Thailand in person.

Regional Clean-Up Activities and Others

To help preserve and beautify the regional environment, the DIC Group has been conducting clean-up activities in places such as neighboring roads in various regions. At our plant in Hakusan City, Ishikawa Prefecture, many of our employees and their family members participated in activities involving the cleaning of the neighboring Tedorigawa River.

In addition, at our plant in Komaki City, Aichi Prefecture, we are actively working on voluntary activities, such as cleaning the Oyamagawa River and the beautification campaign for Mt. Komaki.

Additionally, we are cooperating to realize a better environment for regional societies, by opening some of the sports facilities at our plants to local residents in the regions, and planning festivals to which local residents are invited.



At our Hokuriku Plant in Hakusan City, Ishikawa Prefecture, a total of 63 employees and their family members participated in the Tedorigawa Cleanup Campaign, working to improve the environment.

Report on Information Disclosures of CSR

DIC has striven for information disclosure through various media and will continue to strive to communicate with as many stakeholders as possible, both now and in future, to enhance understanding of the DIC Group

Communicating with Shareholders and Investors

IR Policy

DIC views investor relations (IR) as "two-way communications, namely, the continuous disclosure to stakeholders of timely, accurate and impartial information pertaining to its management philosophy and policies, transparency of management, operating results and prospects of DIC (including negative information), and the concurrent gathering of external opinions and information and reflection thereof in management." As a listed company, DIC strives to fulfill its responsibility for being accountable for its actions, thereby ensuring its acceptance as a contributing member of society and carries out activities so that DIC continues to exist and grow in future.

Major Activities in Fiscal 2008

For institutional investors and securities analysts in Japan, DIC held explanatory meetings of financial results and small group meetings. At these meetings, as a valuable communication forum over and above mere performance reports, top executives themselves provided explanations on management strategies and Q&A sessions were held for active communication. Following the announcement of quarterly financial results, IR staff members individually interviewed investors and analysts (30 to 40 interviews for respective quarters) and explained business performance, etc. Moreover, the visits of major factories helped visitors to acquire a better knowledge of products by actually seeing the production process.

For the full scale overseas IR activities that started in fiscal 2006, DIC participated in conferences and visited investors in Europe, the U.S. and Singapore. DIC also took part in conferences held in Japan for overseas investors.

Plan for fiscal 2009

DIC continues to communicate with institutional investors and securities analysts both domestically and overseas. Moreover, DIC will positively conduct IR activities for individual investors.

Enhancement of Finance and IR Page

DIC maintains an IR information page on its website. Visitors can access and download the necessary information in a timely manner, such as announcements of the operating results and explanatory materials (Japanese, English), financial reports, letters to shareholders, and annual reports (English).

WEB | IR Information Page: http://www.dic.co.jp/en/ir/index.html

Relationship with Shareholders

Since 2007, DIC has held an annual general meeting of shareholders at its easily accessible Headquarters in Nihombashi, Chuo Ward, Tokyo, in consideration of the need to encourage the attendance of more shareholders. Moreover, DIC sincerely respond to inquiries from shareholders made via the Internet, email, and over the phone.



Operating Results Briefing



Letter to Shareholders "Report for the 111th Term"

Relationship with Related Industries and Organizations

The Tokyo International Packaging Exhibition 2008, the largest comprehensive packaging exhibition in Asia, was held between October 7 and 11, 2008. After a spectacular opening ceremony on the first day, the exhibition kicked off with the opening remarks by Mr. Oe, then president of DIC and chairman of the Japan Packaging Institute. The above exhibition was the first large-scale exhibition in which DIC participated since its centenary and the new company name DIC was promoted extensively at the exhibition.

The exhibition was made in three categories, namely: "packing,", "attracting," and "carrying," and under 38 themes, a 6 color printing system for seal label printing, products related to environmental load reduction, an EB (electoron beam) curing printing system, "Wet Flex," developed by Sun Chemical, one of the Group companies, and other new technologies and products attracting attention in the industry were exhibited.

This past exhibition focused on the consumers' viewpoint and creative forms of expression were made when introducing products so that DIC's business and products were better understood by the general public. New forms of portrayal were positively used to respond to questions and requests from visitors, including the establishment of a concierge desk and holding of an event, in which the contents of the exhibition were presented as if it were a TV news show. During the exhibition period, DIC business operations and products were introduced to many visitors and a photo collection commemorating the centenary of DIC was handed out when requested. It was a successful exhibition.

As for overseas activities, DIC participated in the China Coat 2008 (Guangzhou) held in Guangzhou, China between November 26 and 28 in 2008 and promoted the new company name and the logo to industry participants in the Asian regions. DIC exhibited pigment products, coating resin products, C&C Headquarters' decorative products for PC covers, the Functional Polymers Division's epoxy resin products, and many others, which received favorable comments from many visitors.

Communications with local communities

DIC participated in the "Japan Beauty from Edo-Tokyo Skillfully Depicted by Ukiyo-e Artists" organized by the Tokyo Chuo Net Nihombashi Beauty Promotion Group and held for the 17 days between October 24 and November 9, 2008. The DIC Color Square, located on the first floor of the DIC Building, which is the DIC Headquarters, was opened to the general public as an exhibition space for reprinted editions of Ukiyo-e (produced by the Adachi Institute of Woodcut Prints) and hence promotes the community. The DIC Color Square was designated as one of the main venues and there were many visitors during the exhibition. Taking this opportunity, DIC handed out the" photo collection commemorating the centenary of DIC, presented the company, and explained the business activities of chemical material manufacturers, with which consumers generally tend to be unfamiliar.





Exhibition of Ukiyo-e at the DIC Color Square

Presenting DIC to visitors to the Ukiyo-e Exhibition

Communications over the web

DIC positively works to improve its website as a venue for the provision of information to all stakeholders. Enhanced usability and accessibility was the focus of the complete renewal of the website implemented in April 2008 in accordance with the change of company name in April 2008. Consequently, DIC's rank went up from 137th the previous year to 10th in the Corporate Website Ranking 2008 implemented by the Nikkei Personal Computing magazine. DIC continues to improve its website for the better understanding of DIC in the future.



DIC Booth at the Tokyo International Packaging Exhibition 2008 (TOKYO PACK 2008)



DIC Booth at the China Coat 2008 (Guangzhou)



"Applications" Page in the DIC Website

DIC CSR Report 2009 Independent Review



DIC CSR Report 2009

Independent Review

September 5, 2009

To: Kazuo Sugie **Representative Director, President & CE DIC Corporation**

alio Manard Akio Yamamoto Chairman, Verification Advisory Committee

Saburo Nakada

Chief Director, Responsible Care Verification Center

Purpose of Verification

The purpose of verification of this report is to express the opinions of experts in the chemical industry concerning the following matters in the "CSR Report 2009" prepared by DIC Corporation (hereinafter referred to as the "Report") by the Responsible Care Verification Center. 1) Rationality of methods used to calculate and aggregate performance indicators (figures) and accuracy of the figures

- 2) Accuracy of the stated information other than figures
- 3) Contents of Responsible Care activities

4) Distinguishing features of the Report

Verification Procedures

At Corporate Headquarters, we conducted an investigation into the rationality of methods used to aggregate the figures reported by each site (sales offices, plants, domestic subsidiaries, and affiliated companies) and into the accuracy of the stated information other than the figures. An investigation was conducted by interviewing those responsible for individual businesses and the preparation of reports and obtaining materials and explanations from them.

At the Saitama Plant, we conducted an investigation into the rationality of methods used to calculate figures reported to Headquarters, the accuracy of the figures and stated information. This investigation was conducted by interviewing those responsible for individual businesses and preparing reports, obtaining materials and explanations from them and verifying these with the material evidence. ·We applied samplings to the investigation of the figures and the stated information.

Opinions

1) Rationality of methods used to calculate and aggregate performance indicators (figures) and accuracy of figures

The methods used to calculate and aggregate figures at Headquarters and the Saitama Plant were rational except for some matters requiring reviews. Moreover, the performance figures were accurately calculated and aggregated within the scope of our investigation. 2) Accuracy of the stated information other than the figures

-We verified that the information stated in the Report was accurate. At the drafting stage, we pointed out some problems in terms of the appropriateness of expressions or comprehensiveness of the text, but these were corrected in the Report and there is no significant matter to be corrected.

3) Contents of Responsible Care activities

It is commendable that measures to reduce chemical substance emissions have been implemented in domestic subsidiaries and affiliated companies, which has enabled a significant reduction to be achieved by the entire DIC Group.

·To prevent global warming, DIC has implemented positive measures such as wind power generation, setting up biomass electric power generation facilities, and switching fuels to LNG to reduce carbon dioxide emissions. The effects of various measures are expected to become clear in future.

At the Saitama Plant, the "5 S's" are widely implemented in production sites such as the segregation of waste. Activities to save energy and reduce waste have been conducted outstandingly. We positively evaluate the fact that the Saitama Plant was the first in the prefecture to become a certified "Eco Up Office".

Distinguishing features of the Report.

It is commendable that the plan of activities for the next fiscal year is clearly shown, the willingness to aim for higher targets is expressed, and the sections on information disclosure on the company website relevant to the descriptions in the Report are clearly specified to ensure enhanced usability for readers.

(CSR Activities)

·CSR activities are actively promoted on a company-wide basis, including the holding of CSR workshops by the DIC Group's top management executives, both domestically and overseas, and the promotion of risk management based on the risk identification projects at each respective business division.

General Awards Received

1973	Received the Japan Society for the Promotion of the Machine Industry Prize for the development of "DIC-TRON," an automatic color separation device.
1985	Received the GATF Technology Award Grand Prix 1985 for the development of an ultra-high sensitive OPC printing plate.
1988	Banner series advertisements received the Nikkei Advertising Award.
1989	President, Shigekuni Kawamura, received the Mainichi Business Person Award.
1989	Annual Report received the Special Prize in English publicity contest.
1990	Corporate advertisement received the Japan Advertisers Association INC. President Award.
1990	Banner series advertisements received the Nikkei Advertising Award for three consecutive years
1991	"Hollow fiber technology" received the Technology Incentive Award of the Japan Chemical Industry Association
1991	Kawamura Memorial Museum of Art received the Gold Prize of the Building Contractors Society
1992	DIC Americas received the GATF Grand Prix for the "waterless flat plate printing system"
1993	Annual Report received the Mercury Award, Silver Prize (Design Section) of the International Media Conference.
1994	Polychrome received the GATF Grand Prix for CTX plate technology.
1995	DIC Building received the BELCA Award.
1996	Received the Recycling Promotion Council President Award for SMC scrap wood recycling technology, jointly developed with Aisin Seiki Co., Ltd.
1996	Received the Technology Award of the Japan Chemical Industry Association for "Development and commercialization of Tolan type liquid crystal."
1996	"Development of functional polyisocyanate" received the Technology Award of the Japan Society of Color Material.
1997	Calendar was awarded for four consecutive years at the National Calendar Exhibition.
1997	Annual Report received the Mercury Award, the Gold Prize of the International Media Conference, for two consecutive years.
1999	Received the Technical Development Award of The Society of Rheology, Japan for the "Development of rheology measurement equipment for printing inks."
2000	"Naturalis 100," 100% soy bean oil ink received the Outstanding Performance Award of the Nikkei Excellent Product/Service Awards.
2001	Received Best Poster Paper Prize by the SID International Academic Society for research into PN liquid crystal.
2002	Received the Technology Award, Special Technology Prize of the Japan Chemical Industry Association for the development of "Naturalis 100."
2003	"Ceryl," a silica/nylon nanocomposite fibrid, received the Technology Award of The Society of Fiber Science & Technology, Japan.
2004	"Japanese Traditional Colors," a corporate series advertisement, serially published in Mostly Classic magazine, received the Fujisankei Advertising Award Grand Prix.
2004	"Mecenat Grand Prix" was awarded by the Association for Corporate Support of the Arts for operation of the Kawamura Memorial Museum of Art.
2006	"Liberty," environmentally-friendly sheet fed inks of Sun Chemical, received the 2006 PIA/GATF InterTech Technology Award.
2006	Adviser, Okumura received a "Special Award" and Mr. Hideki Kato received the "Network Polymer Merit Award" from the Synthetic Resin Industry Association.
2007	Sun Chemical received the Gold Prize as the Technology Achievement Award from the EFTA.
2008	The "100th Anniversary Commemorative Photo Collection" received the Chairman's Award of the Japan Federation of Printing Industries at the 50th Catalogue & Poster Fair.
2008	Mr. Ehara, Senior Managing Director, received "Qingdao Award" from Qingdao city, China for the activities of Qingdao DIC Fine Chemicals Co., Ltd.

Environment and Safety Awards Received

1973	Amagasaki Plant	Minister of Labour	Effort Prize
1974	Warabi Plant	Minister of Labour	Effort Prize
1976	Warabi Plant	Minister of Labour	First Prize (Hygiene)
1978	Mikawa Plant	Minister of Labour	Progress Prize
	Sakai Plant	Minister of Labour	Progress Prize
1979	Hokkaido Plant	Minister of Labour	Effort Prize
	Mikawa Plant	Minister of Labour	Effort Prize
1981	Tokyo Plant	Minister of Labour	Effort Prize
1982	Mikawa Plant	Minister of Labour	First Prize (Safety)
	Sakai Plant	Minister of Labour	Effort Prize
1984	Tokyo Plant	Minister of Labour	First Prize (Hygiene)
1501	Hokkaido Plant	Minister of Labour	First Prize (Hygiene)
1986	Mikawa Plant	Minister of Labour	First Prize (Hygiene)
1987	Sakai Plant	Minister of Labour	First Prize (Hygiene)
1989	Amanasaki Plant	Minister of Labour	First Prize (Hygiene)
1991	Sakai Plant	Minister of Labour	Progress Prize
1997	Chiha Plant	Minister of Labour	Effort Prize
1992	Chiba Flant	Commissioner Eire Defense Agensy	Ton Hazardour Substance Operation Commendation
1002	Sakai Flant	Minister of International Trade and Industry	Top Plaza uous substance operation commendation
1995	Child Pidit		Top Plant for High-Plessure Gas safety Commendation
	Mikawa Plant	Commissioner, File Delense Agency	Confector Substance Operation Commendation
1004			Safety Effort Award
1994	Suita Plant	Minister of Labour	Effort Prize
	Chiba Plant	Commissioner, Fire Detense Agency	Top Hazardous Substance Operation Commendation
	Sakai Plant	Minister of Labour	First Prize (Safety)
	Warabi Plant	Commissioner, Fire Defense Agency	Top Hazardous Substance Operation Commendation
1996	Saitama Plant	Minister of Labour	Progress Prize
	Nagoya Plant	Minister of Labour	Effort Prize
	Amagasaki Plant	Commissioner, Fire Detense Agency	Top Hazardous Substance Operation Commendation
	Nagoya Plant	Commissioner, Fire Detense Agency	Top Hazardous Substance Operation Commendation
	Fukuoka Plant	JCIA	Special Commendation
1997	Mikawa Plant	Minister of International Trade and Industry	Top Plant for High-Pressure Gas Safety Commendation
	Tokyo Plant	Commissioner, Fire Defense Agency	Top Hazardous Substance Operation Commendation
	Tokyo Plant	JCIA	Safety Award
1998	Fukuoka Plant	Commissioner, Fire Defense Agency	Top Hazardous Substance Operation Commendation
	Ishikari Plant	Commissioner, Fire Defense Agency	Top Hazardous Substance Operation Commendation
1999	Suita Plant	Commissioner, Fire Defense Agency	Top Hazardous Substance Operation Commendation
	Kansai Polymer Sakai Plant	JCIA	Safety Effort Award
	Nagoya Plant	Minister of Labour	Progress Prize
2000	Mikawa Plant	JCIA	Safety Award
	Mikawa Plant	Minister of Labour	First Prize (Safety)
2001	DIC	Japan Industrial Safety and Health Association	Chairman's Award
	Saitama Plant	Commissioner of the Fire and Disaster Management Agency	Top Hazardous Substance Operation Commendation
	Saitama Plant	Minister of Health, Labour and Welfare	First Prize
2002	Tokyo Plant	Commissioner of the Fire and Disaster Management Agency	Top Hazardous Substance Operation Commendation
	Suita Plant	Minister of Health, Labour and Welfare	First Prize (Occupational Health)
	Saitama Plant	Reduce, Reuse and Recycle Promotion Committee	Chairman's Award
2003	Kashima Plant	Commissioner of the Fire and Disaster Management Agency	Top Hazardous Substance Operation Commendation
	Kashima Plant	Minister of Health, Labour and Welfare	Incentive Prize (Occupational Safety)
	Yokkaichi Plant	Reduce, Reuse and Recycle Promotion Committee	Chairman's Award
2004	Tokyo Plant	Minister of Health, Labour and Welfare	Incentive Prize(Safety)
	Fukuoka Plant	Reduce, Reuse and Recycle Promotion Committee	Chairman's Award
2005	Komaki Plant	Commissioner of the Fire and Disaster Management Agency	Top Hazardous Substance Operation Commendation
2006	KITANIHON DIC CO., LTD.(Tohoku Plant)	Minister of Health, Labour and Welfare	Incentive Prize (Safety and Health)
2007	Tokyo Plant	Minister of Health, Labour and Welfare	First Prize (Safety and Health)
	Director of Tokyo Plant	Tokyo Fire Department	Fire Chief Commendation
2008	Shiga Plant	Commissioner of the Fire and Disaster Management Agency	Top Hazardous Substance Operation Commendation
	Kashima Plant	Japan Industrial Safety and Health Association	Green Cross Award

Data Compilation

Data of 1999 and before can be accessed on the DIC website at the following URL: WEB http://www.dic.co.jp/en/csr/

Table 1 Emissions of PRTR and JCIA Chemicals

DIC

Fiscal year	2000	2001	2002	2003	2004	2005	2006	2007	2008
PRTR and JCIA chemicals (480 chemicals) (tons)	749	652	660	601	573	537	517	430	312

DIC Group (Domestic)

Fiscal year	2000	2001	2002	2003	2004	2005	2006	2007	2008
PRTR and JCIA chemicals (480 chemicals) (tons)	_	—	—	(879)	(900)	1,822	1,647	1,499	670

Note: For fiscal 2003 and 2004, the substances targeted for the survey for domestic DIC Group companies, excluding DIC, were 354 PRTR chemicals only.

Table 2 SOx Emissions

DIC

Fiscal year	1990(Base year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
SOx (ton)	204	55	63	33	33	37	35	44	48	57
SOx emissions per unit of production (g/ton)	221	54	65	33	32	37	34	43	47	64
SOx emission index	100	24	30	15	15	17	15	19	21	29
DIC Group (Domestic)										

Fiscal year	2000	2001	2002	2003	2004	2005	2006	2007	2008
SOx (ton)	-	—	—	50	52	61	67	66	72
SOx emissions per unit of production (g/ton)	_	_	—	42	41	45	50	50	62

Note: SOx emissions per unit of production is the volume of SOx emitted per ton of production. The SOx emission index compares the change in emissions per unit of production with fiscal 1990 as the base year.

Table 3 NOx Emissions

DIC

Fiscal year	1990(Base year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
NOx (ton)	202	185	174	166	182	244	247	254	188	216
NOx emissions per unit of production (g/ton)	219	182	180	166	177	240	239	247	185	243
NOx emission index	100	83	82	76	81	109	109	113	84	111
DIC Group (Domestic)										
Fiscal year		2000	2001	2002	2003	2004	2005	2006	2007	2008
NOx (ton)		_	_	—	187	250	265	275	209	232
NOx emissions per unit of production	_	_	_	155	194	195	206	158	201	

Note: NOx emissions per unit of production is the volume of NOx emitted per ton of production. The NOx emission index compares the change in emissions per unit of production with fiscal 1990 as the base year.

Table 4 COD (chemical oxygen demand) Emissions in Wastewater

DIC										
Fiscal year	1990(Base year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
COD (ton)	745	615	545	474	441	473	418	448	599	415
COD emissions per unit of production (g/ton)	809	606	563	475	430	465	405	435	588	468
COD emission index	100	75	70	59	53	57	50	54	73	58
DIC Group (Domestic)										
Fiscal year		2000	2001	2002	2003	2004	2005	2006	2007	2008
COD (ton)		-	—	—	442	474	422	451	603	419
COD emissions per unit of production	(g/ton)	_	_		367	368	311	337	457	363

Note: COD emissions per unit of production is the volume of COD emitted per ton of production. The COD emission index compares the change in emissions per unit of production with fiscal 1990 as the base year. Calculations for sites having no COD emissions data are based on biological oxygen demand (BOD) emissions.

Table 5 Volume of Industrial Waste Disposed of as Landfill

DIC

Fiscal year	1999(Base year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Volume generated (tons)	_	127,758	117,682	125,680	118,708	120,084	111,414	119,581	124,180	103,654
Volume disposed of as landfill (tons)	7,552	7,981	5,582	4,190	3,426	1,560	537	312	132	125
Zero emission index	100	106	74	55	45	21	7	4	2	2
DIC Group (Domestic)										

Fiscal year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Volume generated (tons)	-	-	-	149,781	155,494	162,300	171,086	181,284	151,516
Volume disposed of as landfill (tons)	—	-	—	4,326	2,229	1,282	809	541	320

Note: Industrial waste disposed of as landfill refers to the volume of industrial waste buried in landfill sites after reduction (through desiccation or incineration) or directly. DIC has set a goal for industrial waste disposal of 267 tons by fiscal 2007. The zero emission index compares changes in the volume of industrial waste disposed of as landfill with fiscal 1999 as the base year. DIC's zero emission index goal is less than 5%.

Table 6 Energy Consumption

Fiscal year	1990(Base year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy consumption (calculated in terms of the volume of crude oil used) (1,000 kl)	114	127	120	120	117	116	116	116	117	102
Energy consumption per unit of production (liters/ton)	124	125	124	120	114	114	113	113	115	115
Energy consumption index	100	102	100	98	92	92	91	92	93	93
DIC Crown (Domostic)										

DIC Group (Domestic)

Fiscal year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy consumption (calculated in terms of the volume of crude oil used) (1,000 kl)	-	_	_	145	150	157	157	158	138
Energy consumption per unit of production (liters/ton)	—		—	121	116	116	117	120	120

Note: Energy consumption per unit of production is the volume of energy consumed per ton of production, calculated in terms of the volume of crude oil used. The energy consumption index compares the change in consumption per unit of production with fiscal 1990 as the base year. DIC has set its target goal as reducing its average annual energy use over the fiscal years 2008-2012 to 80% of its energy use in 1990, expressed in units of the energy source.

Table 7 CO₂ Emissions

DIC

Fiscal year	1990(Base year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
CO ₂ emissions (1,000 tons)	234	256	241	240	244	244	248	251	239	211
CO ₂ emissions per unit of production (g/ton)	254	253	249	241	238	240	240	244	235	238
CO ₂ emission index	100	100	98	95	94	94	94	96	93	94
DIC Group (Domestic)										
Fiscal year		2000	2001	2002	2003	2004	2005	2006	2007	2008
CO ₂ emissions (1,000 tons)		_	_	_	296	304	327	331	315	283
CO ₂ emissions per unit of production	(g/ton)	_	-	—	246	236	241	248	239	245

Notes: CO₂ emissions per unit of production is the volume of CO₂ emitted per ton of production, calculated in terms of the volume of carbon released. The CO₂ emission index compares the change in emissions per unit of production with fiscal 1990 as the base year.

Table 8 Water Consumption and Wastewater Emissions

Fiscal year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Water consumption (city water) (1,000 m ³)	482	386	339	346	362	335	315	355	351
Water consumption (industrial water, others) (1,000 m ³)	17,178	14,918	13,588	12,270	14,249	12,789	14,262	15,371	14,644
Waste water emissions (1,000 m ³)	13,771	11,813	10,985	10,906	11,810	10,594	12,015	13,061	12,113
DIC Group (Domestic)									
Fiscal year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Water consumption (city water) (1,000 m ³)	—	—	—	664	692	851	818	847	801
Water consumption (industrial water, others) (1,000 m ³)	-	—	—	12,683	14,665	13,778	15,212	16,356	15,597
Waste water emissions (1,000 m ³)	_	_	_	11,222	12,159	11,528	12,892	13,936	12,973

Data Compilation

2008 Environmental Costs Detailed Data

Table 1 Enviro	nmental Costs (Investments and Expenses)	Figures in brackets [] are for the domestic DIC Group.		Unit: N	Aillions of yer		
	Category	Scope	Investments	Expense	s		
1. Costs incurre environmenta production a	d through activities aimed at minimizing the al impact generated within the business area through nd sales activities (costs within the business area)	Costs related to preserving air and water quality, or maintaining or improving waste disposal and recycling activities	481 [540]	3,061 [3,525]			
	Cost of pollution prevention and global environment conservation	Cost of conservation of the environment, including the atmosphere and water quality	366 [416]	1,911 [2,164]]		
Main items		Operating/maintenance expenses related to activities aimed at curbing air pollution (20 water pollution (818) [879], soil pollution prevention expenses (21) [21] and other experiments in air pollution prevention activities (88) [94]; water pollution prevention a	4) [391], global warm enses ctivities (278) [322]; a	ing (503) [504], nd other investments	29% [32%]		
Breakdown	Resource recycling costs	Costs related to energy conservation and internal and external waste disposal	115 [124]	3,061 [3,525] 1,911 [2,164] g(503) [504], [1] [1,150 [1,361] ter consumption (9) d other expenses]		
	Main items	Operating/maintenance expenses for activities aimed at reducing energy and resource consumption (391)[406], water consumption (9) [9] and waste disposal (604) [800]; expenses related to the obligatory recycling of used merchandise (0.7) [0.7], and other expenses Investments in activities aimed at reducing energy consumption (108) [117], waste disposal activities(7) [7] and other investments					
2. Environmental costs related to management activities (management activity costs) (Note 1) Main items		Costs related to environmental and safety promotion and education; environmental management and auditing related to acquisition of ISO 14001 certification	*1	348	3% [4%]		
		Environmental education expenses (5)[7], personnel/administrative expenses (218) [245], ISO 14001 maintenance expenses (12) [22], environmental impact measurement and monitoring expenses (42) [51]and other expenses		[406]			
3. Environmenta (technologica	I costs related to technological activities I activity costs) (Note 2)	Expenses and investments related to the development of products that reduce environmental impact (including personnel expenses)	490 [490]	6,845 [6,845]	66% [62%]		
4. Environmental costs related to social activities (social activity costs)		Costs of plant and office greening programs and sponsorship money	5	106			
Main items		Internal maintenance expenses (10) [13], fees to external organizations (92) [101], investment in greening programs (5) [5] and other expenses	[5]	[120]	2%		
5. Costs related to damage inflicted on the environment (environmental damage costs)		Environmental clean-up and other expenses	0	72	<u>[</u> 2%]		
Main items		Levies on lake development (65) [65] and other expenses	[0]	[72]			
		Total DIC	976	10,432	100%		
		Total DIC Group (domestic)	[1,035]	L10,968]			

Notes: 1. The investment portion of management activity costs is included in costs within the business area. 2. Technological activity costs are those related to the development of products that reduce the environmental impact and include the R&D costs of new products as well as improving/customizing existing products



Table 2 Economic Effects of Environmental Conservation Measures Figures in brack	ackets [] are for the domestic DIC Group.	Millions of yen
Category	Amount	
Income earned by waste recycling	114 [202]	
Treatment cost reduction through waste recycling	68 [211]	
Cost reduction through energy conservation	151 [151]	
Total	333 [563]	

Table 3 Impact of Measures to Protect the Environment

Category	Environmental Load Indices	Base Indices	
1.Impact of environmental protection measures within the business area	CO2 emissions (calculated in tons of carbon) per unit of production	Fiscal 1990 (Base year) = 100	93
	SOx emissions per unit of production	Fiscal 1990 (Base year) = 100	29
	NOx emissions per unit of production	Fiscal 1990 (Base year) = 100	111
	COD emissions per unit of production	Fiscal 1990 (Base year) = 100	58
	Energy used (calculated in volume of crude oil used) per unit of production	Fiscal 1990 (Base year) = 100	93
	Emissions of solid wastes disposed of as landfill	(of the fiscal 1990 level)(base year for plan)	1%
	Target under DIC's reduction plan	(of the fiscal 1999 level)(base year for plan)	2%
	Fees paid for waste disposed of as landfill (fiscal 2008 actual payment base)	(of the fiscal 2007 level) A reduction of \pm 23 r	nillion
	Emissions of PRTR chemicals (revised list)	(of the fiscal 1999 level)(base year for plan)	36% *1
2. Impact of upstream and downstream environmental protection measures	CO_2 emissions realized as a result of modal shifts were 1,616 tons more than with truck transport. (Note 2)	would have been the case	

1. Figures represent emissions of PRTR chemicals based on a revised list of target chemicals that went into effect in fiscal 2001 and is retroactive to fiscal 1999. 2. Calculations are based on standards set forth by the Japan Federation of Freight Industries in its Report on Survey of Modal Shifts. A significantly greater reduction in CO2 emissions was realized through the use of large-scale transport modes in fiscal 2008.

2008 Safety- and Health-Related Costs Detailed Data

Table 4 Safety- and Health-Related Costs Figures in brackets [] are for the domestic DIC Group.

Table 4 Safety- and Health-Related Costs Figures in brackets [] are for the domestic DIC Group. Millions of yen								
Category	Investments	Expenses	% of Total					
Safety and health management costs (Safety management costs) (External training participation costs; qualification acquisition costs)	301 [333]	419 [452] (389) [420] (30) [32]	38% [37%]					
Safety- and health-related activity costs		180 [227]	17% [18%]					
Chemical substances safety data costs Fees paid to outside firms for safety data-related tests	- [-]	257 [260]	24% [21%]					
Safety and fire prevention activity costs	84 [120]	229 [294]	21% [24%]					
Total	385 [452]	1,085 [1,233]	100% [100%]					





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