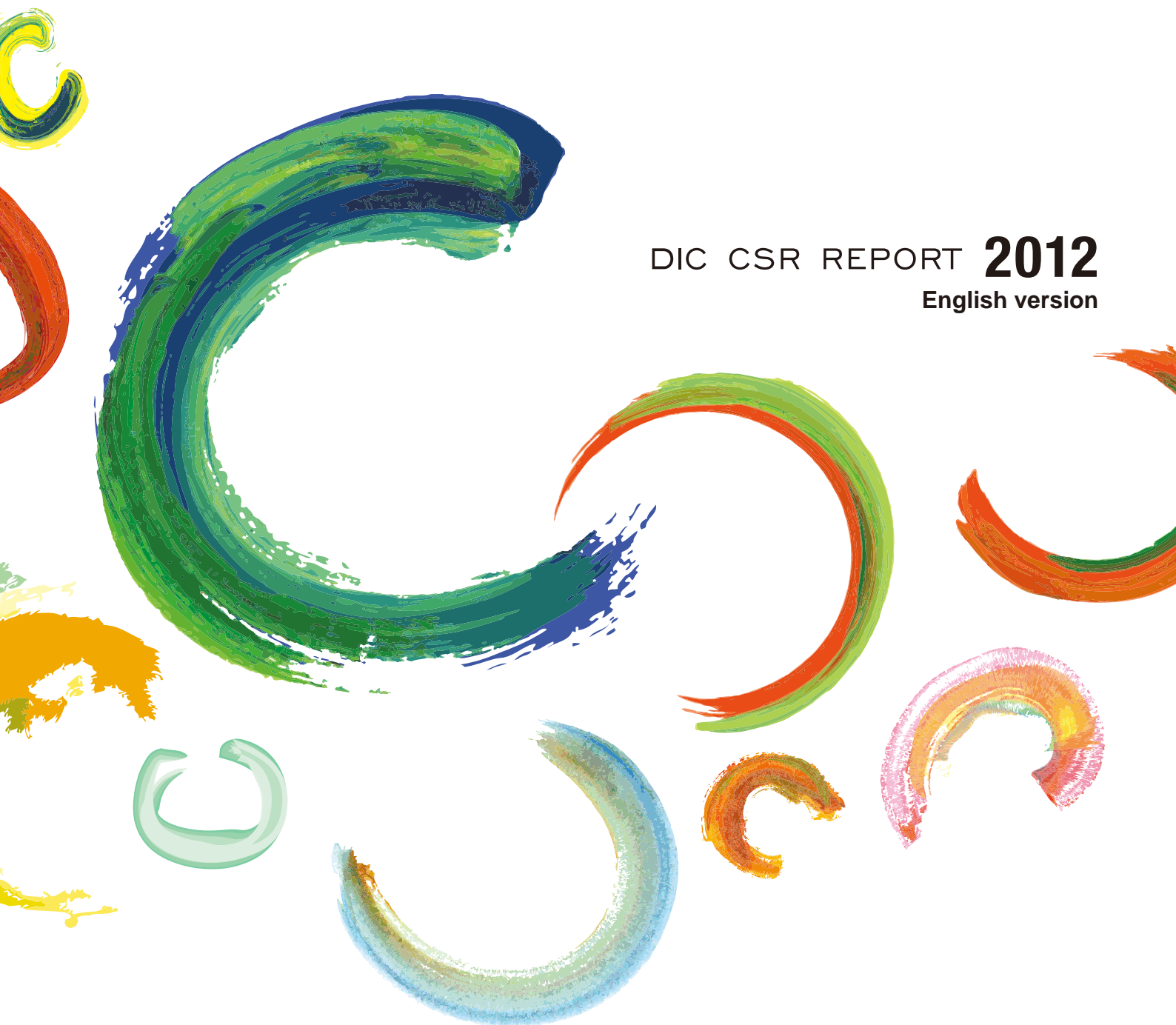




Color & Comfort by Chemistry

DIC CSR REPORT **2012**

English version



DIC Corporation

WEB <http://www.dic-global.com/en/csr/>

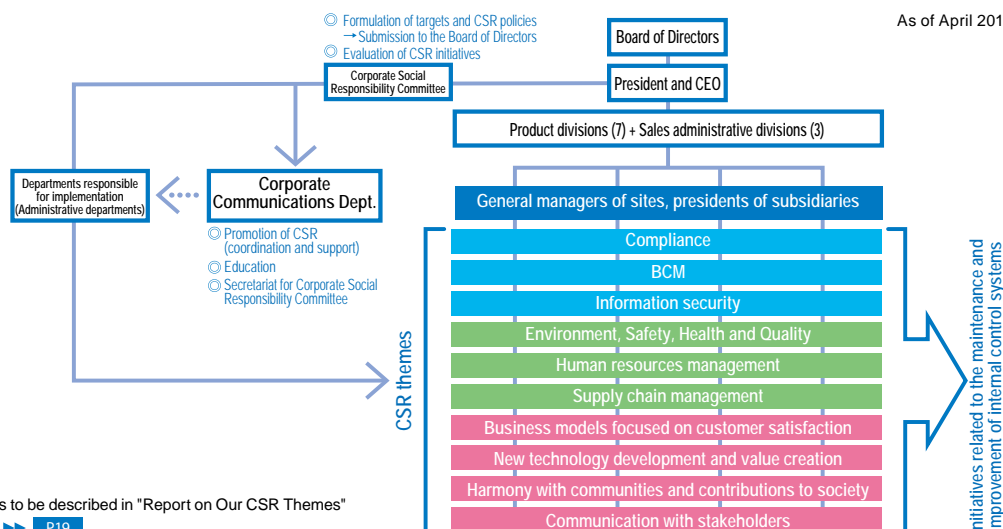
In line with the DIC WAY, an articulation of its basic management approach, DIC has identified fulfilling its responsibilities as a member of society through its business activities and contributing to the evolution of society as the cornerstones of CSR.

To guide its efforts to promote CSR as an integral part of its business activities, DIC formulates annual Groupwide CSR policies. In accordance with it, individual divisions, sites, domestic and overseas subsidiaries are charged with pursuing effective CSR programs by formulating their own CSR policies.

System for Promoting CSR

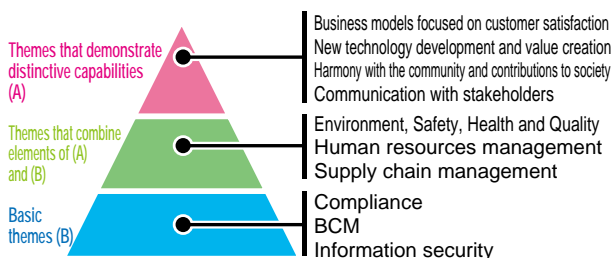
- Formulation of targets and CSR policies
→ Submission to the Board of Directors
- Evaluation of CSR initiatives

As of April 2012



© The details of our CSR activities to be described in "Report on Our CSR Themes" of this report. **P19**

CSR Framework and Themes for the Fiscal Year Ending March 31, 2013



Outline of the Report

This report has been edited with the aim of enabling readers to easily understand the CSR initiatives of the DIC Group. The outline first covers the corporate data, top message, and special topics pages, followed by activity reports by CSR theme.

Linkage with Website

The WEB mark (**WEB**) is indicated where detailed information or data is available on the website.

DIC website **WEB** <http://www.dic-global.com/en/>

Scope of the Report

DIC and domestic/overseas consolidated group companies are the scope of this report. However, please refer to the below link for the scope of the report on the "Environment, Safety, Health, and Quality":

WEB http://www.dic-global.com/en/csr/pdf/dic_csr_scope_ja_2012.pdf

Reporting Period

For target domestic companies:

April 1, 2011 to March 31, 2012 (FY 2011)

For target overseas companies:

January 1, 2011 to December 31, 2011 (FY 2011)

(Some FY 2012 topics are covered here)

Issued

September, 2012 (the next report will be issued in September, 2013)

Reference Guidelines

ISO26000 : 2010 / Responsible Care Code

About the cover design



In order to thoroughly respond to social issues with a global perspective, we have expressed the "C"s, which are the initials for DIC's management vision "Color & Comfort by Chemistry", widely spreading to find seeds and needs of our lives.

*This report utilizes a color scheme informed by universal design, which is a focus of DIC Group efforts, to give it an easy-to-read design.

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We prioritize the "security of safety/ environment/health" while maximizing the benefits of chemical products.

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DIC Group, Globally Active and Expanding

The DIC Group has 186 affiliates and is active in a variety of business operations, including printing inks and synthetic resins, in 64 countries and regions in the world.

Europe European countries

Sun Chemical Group and 3 other companies

Number of employees **4,418**
 Net sale **1,697** billion yen
 Operating income **44** billion yen
 Main business Printing Inks & Supplies
 Neo Graphic Arts Materials

Asian and Oceanian countries

DIC China, DIC Asia Pacific and 61 other companies

Number of employees **6,146**
 Net sale **1,083** billion yen
 Operating income **73** billion yen
 Main business Printing Inks & Supplies
 Neo Graphic Arts Materials
 Synthetic Resins

Corporate Data (As of March 31, 2012)

Registered name: **DIC Corporation**

Corporate headquarters: DIC Building, 7-20, Nihonbashi 3-Chome, Chuo-ku,
Tokyo 103-8233, Japan

Date of foundation: February 15, 1908

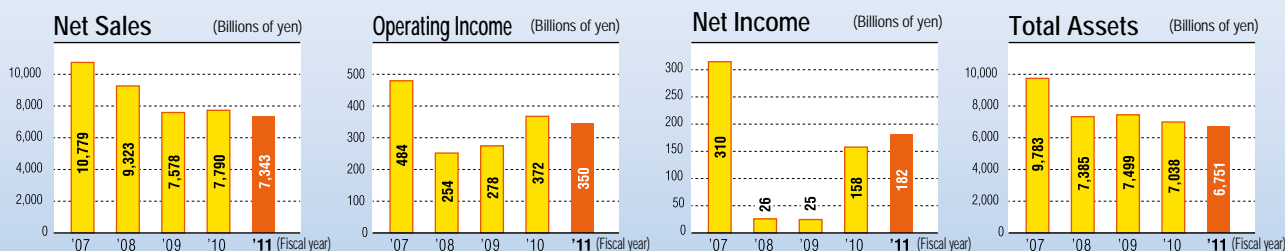
Date of incorporation: March 15, 1937

Paid-in capital: 91.2 billion yen

Number of employees: 3,408 (non-consolidated), 20,455 (consolidated)

Domestic operations: 186 [domestic: 36, overseas: 150, including 84 companies in the Sun Chemical Group]

Business Performance Highlights



These graphs have been prepared from the accounts maintained in accordance with the provisions set forth in Japan's Companies Act and Financial Instruments and Exchange Act. In FY 2010, DIC had 157 consolidated subsidiaries and 29 affiliates.

Main countries:

American countries the United States, Canada, Mexico, Brazil, etc.

European countries Germany, the United Kingdom, the Netherlands, France, etc.

Asian and Oceanian countries China, Thailand, Malaysia, India, Australia, etc.

The sum of the operating incomes by region on page 3 below does not correspond to that of the operating incomes of all the companies, as the former includes the canceled amount (¥4 billion)

America American countries

Sun Chemical Group and 2 other companies

Number of employees **4,091**

Net sale **1,065** billion yen

Operating income **34** billion yen

Main business Printing Inks & Supplies
Neo Graphic Arts Materials

Japan

DIC, DIC Graphics and 38 other companies

Number of employees **5,978**

Net sale **3,498** billion yen

Operating income **238** billion yen

Main business Printing Inks & Supplies
Neo Graphic Arts Materials
Synthetic Resins
Chemical Solution Materials

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 four operations:

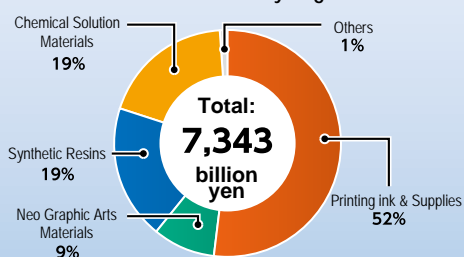
Printing Inks & Supplies Business Operation
Printing inks, printing supplies,

Synthetic Resins Business Operation
Synthetic resins for inks and painting, molding, adhesive and fiber processing, additives and chemicals

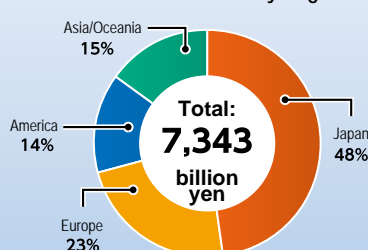
Neo Graphic Arts Materials Business Operation
Organic pigments, Imaging and reprographic products, liquid crystal (LC) materials (TFT, STN)

Chemical Solution Materials Business Operation
Special compounds and colorants, building materials, packing-related materials, pressure sensitive adhesive materials, plastic molded products, engineering plastics, membrane and related products

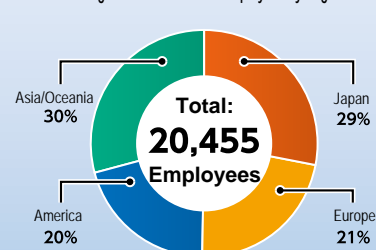
Breakdown of Sales by Segment



Breakdown of Sales by Region



Percentages of the Number of Employees by Region



The DIC Group's future as a dynamic organization starts with the ability of each and every employee to approach his or her job with a high level of awareness.

I realize that your tenure as president of DIC began in April 2012, but how do you evaluate the Company's performance in fiscal year 2011, ended March 31, 2012?

I took the helm at a time of great upheaval. Fiscal year 2011 was the second under our current medium-term management plan, DIC 102, which was formulated to guide us from fiscal year 2010 through fiscal year 2012. Our operating results during the period were affected significantly by a surfeit of negative factors, including the Great East Japan Earthquake and falling demand, a consequence of the global economic slowdown. However, efforts aimed at laying a solid foundation for future growth met with a certain degree of success. Bright spots on the business front included the rapid growth of thin-film transistor liquid crystals (TFT LCs) and green pigments for color filters used in liquid crystal displays (LCDs). Among encouraging developments on the production front were the launch of a global project to expand our production capacity for polyphenylene sulfide (PPS) compounds, favored as an alternative to metal materials for many applications, and the expansion of our packaging inks operations in key emerging economies.

Despite operating in a challenging environment, you implemented a major corporate reorganization. What was the intention of this move?

Effective from April 2012, we abolished our previous business operation-led

Yoshiyuki Nakanishi
Representative Director,
President and CEO
DIC Corporation

organization, replacing it with a matrix-like organization with product divisions along the vertical axis and market-based sales administrative divisions, together with our existing Technical Administrative Division and Production Administrative Division, along the horizontal axis. This has made it easier to implement unified strategies for each of our product groups, thereby enhancing our ability to provide total solutions encompassing sales, technology and production. The new organization reflects three key priorities: "true globalization," encompassing Groupwide administrative functions and personnel management; "speed," namely, the ability to act swiftly and decisively to market changes; and "mieruka," a Japanese term meaning to elucidate something or render it clearly visible, the objective of which is to ensure awareness of key information and management challenges across the entire DIC Group.

At the end of the day, however, an organization is simply a framework. The success or failure of our businesses will hinge on our ability to change the mindset of each and every employee and to ensure the new organization functions effectively. Accordingly, I will continue to visit DIC Group sites to speak directly with employees with the aim of ensuring that both management and employees approach their responsibilities with the same sense of purpose.

What is the basic philosophy behind DIC's corporate social responsibility (CSR) program?

Like any company, we are essentially an aggregate of individuals. The most crucial factor behind our CSR program is thus the commitment of our employees to addressing the demands of society, customers, suppliers and local communities by continuously honing their sensitivity to issues and enhancing their expertise and

ability to act.

At the same time, we have a second identity, defined by the Commercial Code and Corporate Law of Japan, as a corporation. For this reason, the companies of the DIC Group must conduct themselves in a responsible manner, mindful always of their positions as global corporate citizens. In 2010, the DIC Group became a participant in the United Nations Global Compact (UNGC), a move aimed at identifying how we, as a global manufacturer of fine chemicals, could best contribute to sustainable growth on a global scale, and at strengthening our reputation as a company with integrity.

Conscious always of our position as a global corporate citizen, we will work to reinforce corporate governance Groupwide and to promote the dynamic expansion of our business activities with the goal of providing solutions that draw on our capabilities as a manufacturer of fine chemicals. Our enduring objective is to remain a vibrant entity that inspires a sense of pride in employees and is welcomed by the communities in which we operate.

How will DIC help address social and environmental challenges going forward?

As a manufacturer of fine chemicals, we see our ultimate purpose as being to provide products that are indispensable to daily life and modern society. At the same time, we strive to create value by developing new and advanced products that reduce the impact of our business on the environment and provide ever-greater levels of convenience and comfort. Our capacity for creating such value depends on our ability to ensure social responsibility in everything we do. To this end, we recognize Responsible Care as a basic management precept. Responsible Care encompasses both activities carried out by companies that manufacture and/or handle chemical substances to protect

the environment, safety and health (ESH) over the entire life cycle of products—from the procurement of raw materials and development through to use and disposal—and unceasing efforts to improve product quality.

We recognize the potential of chemicals and related technologies to help address certain key challenges faced by modern society, including the reduction of energy consumption, the recycling and reuse of resources and the achievement of barrier-free accessibility. Through efforts to realize our management vision—"Color and Comfort by Chemistry"—we will continue working to contribute to environmental and social sustainability.

In closing, what resolutions have you made regarding fiscal year 2012?

Fiscal year 2012 is an important year for us as both the final year of DIC 102 and a crucial period of preparation for our next medium-term management plan. Before we formulate any sort of preliminary business development outline, however, we must first get our new corporate organization up and running smoothly.

The current global economic situation does not encourage optimism. Nonetheless, we remain confident in our core technological advantages, which encompass both hard technologies, including those used in the production of synthetic resins, and soft technologies related to the use of color. We see significant potential for integrating such technologies and cultivating new markets. The management and employees of the DIC Group will work together to drive the development of innovative new products and to further reinforce the DIC Group's presence across a wide range of markets.

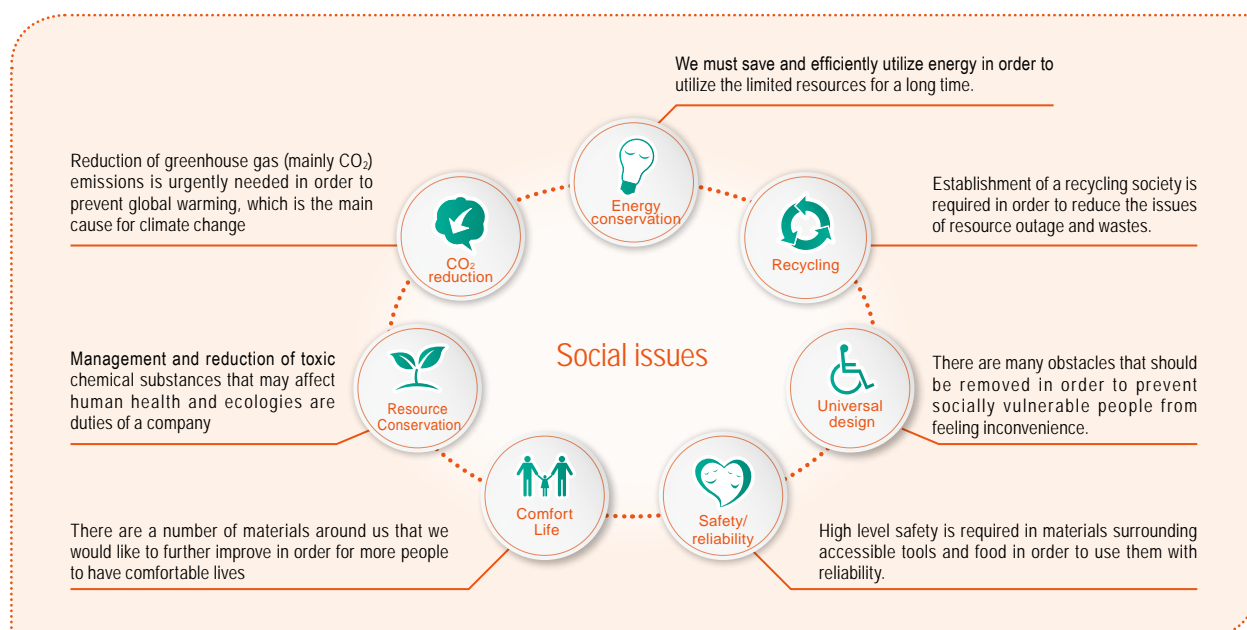
The DIC Group: Striving for a Sustainable Society Utilizing the Power of Chemistry to Solve Problems and Create New Value

CSR Activities in Research and Development

The Technical Administrative Division has reorganized the technical departments, which used to be located in each business division, into an organization based on the common elemental technologies in 2010. Since then, it has been producing effects in the development of high-performance integrated products by promoting the integration of all technological resources throughout DIC and internal collaboration. The Corporate R&D Department, which is in charge of developing the next generation products/technologies, focuses on operating in various domains, including new materials/high-performance materials, displays/electronics, new energies, and life science. In addition, we are making a total commitment in solving social issues through mutual collaboration with domestic group companies, such as DIC Graphics, and overseas companies, such as Sun Chemical Group research laboratories and the Qingdao DIC Finechemicals Co., Ltd., and utilization of global management resources.



Managing Executive Officer
General Manager of Technical Administrative Division
Tetsuro Agawa



DIC SOLUTION

Contributing to Solutions for Society's Problems through Creative Product Development

Shipping, information, housing, food products—there are number of problems that need solving in the industrial fields that support our daily lifestyles. Through creative development of new products, the DIC Group is contributing to solutions for such problems while generating new value.

Social issues

Improved Fuel Efficiency through Weight Reductions

In order to alleviate global warming caused by exhaust gas emissions, improved fuel efficiency through vehicle weight reductions is needed. On the other hand, numbers of parts are being increased to enhance factors such as safety and comfort—this is where the substitutability of light plastic parts for heavier metal parts plays an important role.

However, automobiles are used in a wide variety of harsh environments ranging from deserts to freezing-cold regions, exposing engine-related parts to high temperatures resulting from combustion, vibrations, etc. This means that the role of plastic products is limited due to demand for parts with extremely high heat resistance, chemical resistance, etc. If such issues are

solved, a shift toward plastic part usage in vehicles for its further weight reduction can be expected.



DIC Solution

Using High-Performance PPS Plastic to Expand Substitutability for Metal Parts



PPS compound auto components

PPS (polyphenylene sulfide) plastic has half the weight of aluminum, superb chemical-resistant and flame-resistant properties. DIC started manufacturing the PPS compound in 1976 and the base polymer in 1987. Today, this PPS compound accounts for the largest market share worldwide.

Automotive PPS-compound parts meet demand for a wide range of characteristics including hardness, flexibility and precise dimensional stability. DIC utilizes integrated technology to respond to such needs, to expand applications to not only engine-related parts but also in brake systems, fuel, and more, contributing to improved fuel efficiency.



The Strength Needed for Integrated Supply of Everything from Base Plastics to Molding Compounds

VOICE

DIC's strength lies in our ability to undertake integrated development and manufacturing in all areas ranging from polymer molecular design to mixing and compounds. In recent times, the Company has developed various innovative PPS compounds, with high levels of dimensional precision as metal parts, as well as the thermal shock property necessary to enable actual usage. DIC has also developed a long-glass-fiber compounding agent that replaces its short-glass-fiber counterpart to dramatically improve shock resistance, heat resistance, and stronger fatigue characteristics. These new materials have been adapted in applications such as parts used in next-generation system for hybrid and electric vehicles, creating the potential for even greater fuel efficiency.

Masanori Uchigata
Polymer Processing
Technical Group 3
Polymer Processing
Technical Department



Social
issues

Efficient Use of Resources for Newspaper Publication

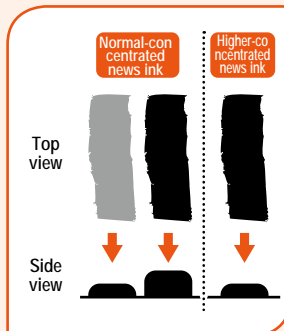
Newspaper companies in Japan are increasing the number of pages to include more information while newsprint paper becomes thinner and thinner from the view point of effective use of natural resources and reduction of delivery cost. In recent years, people become more environmentally aware. So newspaper companies are urged further efforts for environmental protection and trying to reduce the ink consumption. But there are many difficulties to balance resource conservation with printing quality by using thinner newsprint with lower ink film thickness.



DIC Solution

Solution for the Balance between Resource Conservation and Printing Quality

Higher-concentrated news ink is one solution to achieve the printing on thinner paper with lighter ink film layer. But this type of ink sometimes caused unstable ink density, poor ink transfer and poor water fighting property under the high speed running condition before. DIC developed by gathering all DIC technology, and finally we have launched new generation high-concentrated news color ink series "PROUD" that complies with ECO-mark requirements in Japan. PROUD would be expected around 20% reduction of ink usage.



Effective Utilization of Limited Resources, Improvement of Work Environment, and Decrease in Number of Shipments

Newspaper companies can decrease the thickness of ink layer by using high-concentrated news ink "PROUD". And demands for this ink are increasing rapidly because it reduces the risk of "strike-through" that the ink penetrates into the paper and can be seen from the back side. PROUD contributes to prevent the set-off problem. Furthermore, newspaper companies could get the following benefits from PROUD: decrease in the usage of dampening water, improvement of work environment by the lower misting of ink, and the reduction of CO₂ emissions from transportation.

Kazundo Suzuki

Newspaper Ink Technical Group
DIC Graphics Corporation



VOICE

Social
issues

Enhancing the Environmental Performance of Mobile Phones, TVs and Office Automation Equipment

In contrast to the increasing multifunctionality and circuit integration encountered in our current society, there is demand for resource and energy conservation and high recyclability. We must make devices thinner, lighter and smaller in size; increase functionality while promoting efficient energy use.



DIC Solution

Promoting Advances in Mobile Phones via Tapes, Films and More

DIC plays an important role in advancing mobile phone technology. The use of thin adhesive tape in place of screws to fix parts in the device contributes to thinner mobile phone designs. In addition, we developed a water-resistant tape, contributing to the world's first water-resistant mobile phone. Furthermore, we have "anti-scattering film" prevents glass shards on the display from scattering when broken should the handset be dropped.



DIC's industrial-use ac and films hold parts in contributing to improved performance





Takayama City Kokufu branch office building
("DIC Funen WO" installation example)

Social
issues

Creating Spaces Where Large Numbers of People Can Feel Comfortable and at Ease

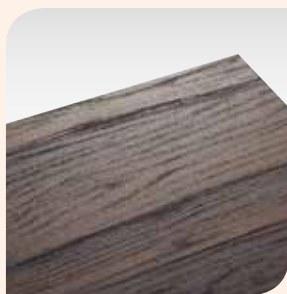
People need spaces brimming with warmth and a sense of repose in public, welfare facilities or in hospitals. However, the natural wood building materials is hindered by failure to meet fire prevention and flame resistance standards, forest protection measures, and other such factors. On the other hand, many patients, who see colors differently for genetic reasons, and others with differing visual capabilities have difficulty distinguishing between different signs, which leads to problems in terms of universal design.



Universal
design



Comfort
Life



Non-flammable "DIC Funen WO" decorative board
expresses the texture and warmth of natural wood
"Del Nature-fine" for unique design expression

DIC Solution

Harnessing the Power of Chemistry to Produce the Feel of Natural Wood, and the Power of Color Universal Design for Accessible Color Usage

Non-flammable "DIC Funen WO" decorative board, which features natural wood color patterns made using a photomechanical process ("Del Nature-fine" DIC proprietary printing method) and a rough wooden texture faithfully recreated via resin treatment. Hospitals and other facilities have praised its designs highly and installed them in their own buildings. Additionally, in order to promote color universal design (CUD), DIC collaborates with Non-Profit Organization to improve public facility signage, along with provision of display boards (such as timetable and route map in train stations etc).

Pursuing "Color & Comfort" through Accumulation of Unique Technologies and Knowledge

VOICE

Non-flammable "DIC Funen WO" decorative board is the perfect product for the facilities where a sense of warmth and repose is desired. Its cost is more reasonable than that for scarce natural wood materials, also contributes to forest protection. In addition, our display boards and panels with consideration for color universal design make use of our knowledge on color science related to pigment, paint and coating technologies for truly original products.

Masaki Hayashi

Senior Manager,
DIC200 Promotion Department
Architecture and Housing Material Sales Department



Energy
conservation



Recycling

DIC Solution

Heat radiation from LED lights, and Easy Recycling of Office Automation Equipment

LCD TVs using an LED back light require adhesion and radiating heat for tape. To address this, DIC developed



thermally conductive double-sided adhesive tape with high thermal conductivity for a powerful heat-dissipation effect.

Adhesive tapes
in place while
environmental

Utilizing DIC's Combined Power for High Added Value in Adhesive Materials

VOICE

Industrial-use tapes and films play a pivotal role in enhancing the environmental performance of electric and electronic devices. There is a wide range of needs, including part attachment, product protection, transparency, and so on. DIC is able to provide various products with high-level knowledge covering from polymer design/synthesis, resin design for coating films, additive formulation technology, to the replacement with films and tapes.



Akira Yamakami
Manager, Coating &
Applied Materials Group 1
Coating & Applied Materials
Technical Department

Hiroki Takano
Manager, Coating &
Applied Materials Group 1
Coating & Applied Materials
Technical Department

DIC MISSION

Placing top priority on safety, the environment and health while maximizing benefits from chemical products

While supporting customer lifestyles through our wide variety of chemical products, the DIC Group makes efforts to ensure safety, protect the environment and ensure health in every phase of the product life-cycle.

Demands of Society

Striving for an Ideal Society and a Favorable Role for Chemical Products

Chemical products are used in various industrial fields and play a vital role in supporting our society, but the use of such products carries with it the possibility of adverse effects on human beings' health as well as on the surrounding environment. That is why we carefully manage and regulate usage, amounts and emission volumes of chemicals substances according to factors such as chemical type and properties. Furthermore, businesses involved with these chemical products implement various measures to ensure safety for end users, employees, local residents and others.

In an effort to achieve an ideal society and favorable role for chemical products therein, the action goal of minimizing environmental and health risk from chemical substances by 2020 was agreed upon in 2002 at the World Summit on Sustainable Development (WSSD) held in Johannesburg, and following the International Conference on Chemicals Management (ICCM) held in 2006, members in the industry began taking independent measures to achieve this target. Numerous businesses involved in everything from base materials to manufacturing of final products have brought together information on chemical substances involved in order to create a scientific basis for risk management and reduce risk from such substances.

DIC Initiatives

Promoting Thoroughgoing Management of Chemical Substances and Reduction of Substances that Impact the Environment

The DIC Group integrated Responsible Care (RC) activities into the management system in 1995, and we are also implementing thoroughgoing management and taking measures to improve management of and increase activities related to safety, the environment, health and chemical substances while anticipating changes to legislation in each country and local region.

These efforts are carried out with a central focus on our proprietary Chemical substance Information Comprehensive management System (CIRIUS). While undertaking comprehensive management that covers even minute quantities of chemical substances found in raw materials and products, we apply automated checks for domestic legal regulations, and as a primary processing company we also provide accurate information to customers that we deliver our products to.

Furthermore, we regularly monitor quantities of chemical pollutants released into the environment (air, water and soil) at each DIC plant while continually undertaking measures to reduce the amount of environmentally harmful substances, minimizing impact on the surrounding environment.



Volatile organic compound (VOC) processing equipment (Saitama Plant)

Proactive cooperation in programs to develop chemical product risk management

We are proceeding with international programs (global product strategy) to improve chemical product usage and safety management throughout the entire supply chain in the global chemicals industry and reduce risk to society as a whole from chemical products. The first step in this process is providing highly reliable information on chemical substances and products and scientifically evaluating risk. We are involved in this type of program in Japan, through which the government and chemical industry work together to provide the necessary information and assess risk. As a chemical company, DIC strives to actively supply relevant information and promote "risk communication," and we also aim to contribute to the improvement of precision in risk assessment. Through such efforts, we hope to make proper use of chemical substances more widespread, provide stakeholders with easy-to-understand information, and decrease risk throughout all of society.

Masato Akama
Department Manager in
Charge of Regulatory
Affairs/Responsible Care
Department



VOICE

Increased interest in food product packaging material in Europe and the United States

Recently, consumers have increasingly expressed concern regarding the quality and purity of food products, including factors such as production region and environmental influences which might contribute to this. Attention has also been focused in many cases on components of the products' packaging which are seen as another possible contributing factor.

In 2005, Italian authorities discovered the photoinitiator isopropyl thioxanthone in milk-based drinks—a problem that gained widespread public attention. This substance was shown to have no adverse effect on the human body, but because contaminants present in food products may not always be detectable by the sensory organs, we realized that more sophisticated methods of

analysis for levels of such substances were needed.

● Regulations and Guidelines for European Food Product Packaging

In Europe, there are three types of regulations and guidelines set by regulatory institutions/organizations regarding inks, coatings and other materials used in food product packaging which must be followed: (1) activities of the EU and legislative bodies of member states, (2) industry associations, and (3) self-imposed controls of brand owners, converters, etc.

Some brand owners have already taken action to ensure that their packaging is produced to low migration standards, requiring strict control of the raw materials used and proof of low the migration capability of all packaging components.



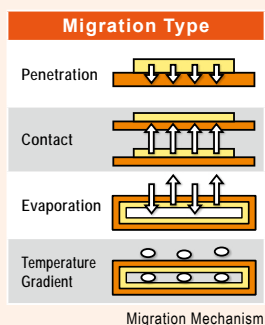
Sun Chemical Group Initiatives

Sun Chemical Group Low-Migration Products

WEB <http://www.sunchemical.com/>

The Sun Chemical Group has many years of experience in supplying inks, coatings and other materials for printing food packaging. In order to meet demand for materials with low migration characteristics the Group has followed two formulation routes. The first employs energy curing (ultraviolet and electron beam curing) and focuses on significantly eliminating the probability of migration through careful raw material selection. This achieves the lowest possible levels of migration so minimizing the risk to the consumer.

The second applies to oil-based, conventional inks where the ingredients used are permitted food additives and migration characteristics are within the permissible daily intake levels for those materials. Sun Chemical has an analytical department that makes use of advanced technology and specialist knowledge on migration



characteristics to perform analyses to an ISO 17025–certified standard, where incredibly minute amounts of migrating ink components (down to parts per billion levels) are regularly measured.

● Providing Comprehensive Solutions for Food Product Packaging

For many years, Sun Chemical has been aware of the strong market demand for guidance on migration characteristics and the correct specification of food packaging materials. Printing companies, converters, brand owners and other members of the industry must not only make the correct selection of inks and coatings and combination of packaging materials, but they must also take factors such as production processes and environmental measures into consideration, in order to manufacture a product which fully meets all specifications. This approach is necessary to ensure consistent use of low-migration products suited to specific purposes. The latest edition of such information, titled "Designing Packaging with Certainty: A Best Practice Guide" has been published and is highly regarded as a source document throughout the market.

In addition to these activities, Sun Branding Solutions also provides general guidance for brand owners on the design of food product packaging for specific applications.

Providing Comprehensive Solutions for Food Product Packaging

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Sun Chemical Ltd.
St. Mary Cray Technical Centre
Dr. Nick Ivory
Technical Director



VOICE

Topics

1

Dialogue with stakeholders

At DIC, we engage in discussions with various stakeholders in order to reflect society's needs in our corporate activities. We invited two specialists related to CSR and corporate globalization for our latest dialogue based on the theme of "initiatives expected of a global corporation regarding human rights and labor practices."



Hiroshi Ishida
Executive Director, CRT-
Japan
Caux Round Table (CRT)



Kaori Kuroda
Executive Director/Board
Member
CSO Network Japan

Date: June 6, 2012

Venue: DIC Corporation, Nihonbashi headquarters building

Experts: Hiroshi Ishida (Executive Director, CRT-Japan Caux Round Table (CRT))
Kaori Kuroda (Executive Director/Board Member CSO Network Japan)

Facilitator: Hiroko Ozawa (Manager, Ernst & Young ShinNihon LLC)

DIC Participants: Head directors of the Logistics Division and General Affairs and Legal Department; General managers of the General Affairs and Human Resources Department, Legal Department, Responsible Care Department and Corporate Communication Department; and other persons in charge

	Opinions of experts	DIC Responses
Initiatives expected of a global corporation regarding human rights and labor practices	<ul style="list-style-type: none"> It is very important to think from the stakeholder's viewpoint we have to mention that the ones who evaluate your company are the stakeholders, and also taking notice of whether the trends of society and the actions of the company match up. 	<p>→ We are aware of the frequent differences or mismatches between what society in general has interest in and what we as a manufacturing company are aware of, and we are making efforts wherever possible regarding this issue.</p>
	<ul style="list-style-type: none"> Many people are aware that human rights has become a central issue, as seen in the U.N. framework. One needs to take it into consideration within the corporate group as well as the supply chain. 	<p>→ We have been issuing questionnaires to business partners since February 2010 (Refer to ▶▶ P32)</p>
	<ul style="list-style-type: none"> The issue of conflict minerals* has come under close international scrutiny as a supply-chain human rights problem. It is important to recognize what public consensus calls for and be capable of honestly explaining your initiatives. 	<p>→ Concerning the issue of conflict minerals, DIC is positioned midway between the upstream and downstream ends of the value chain. Although we do not directly procure materials from countries involved in such conflicts, we are thinking hard about risk management we can perform.</p>
	<ul style="list-style-type: none"> Among frameworks related to human rights, ISO 26000 represents the current base of thinking, and it is the standard for OECD multinational corporate guidelines as well as the international human rights standard for the U.N. guiding principles, etc. In particular, new ways of thinking must be taken into serious consideration, including participatory cases of indirect human rights violations via business partners. 	<p>→ We are thinking about modifying our DIC WAY Code of Business Conduct to bring it in line with ISO 26000. We intend to revise these standards further should any new items be required as a result of newly developed concepts.</p>
	<ul style="list-style-type: none"> In regard to human rights, corporations are expected to respect such rights, while the nation's role is to protect those rights. As a global corporation, it is important to consider what shape human rights should take, discuss just how far you can respect those human rights as a company, and publicly announce your corporate stance. 	<p>→ We must think about globalization and diversity together, and pay attention to link them to our actual business activities. Considering "employees" as stakeholders, we recognize that "respect of human rights" leads to cultivate comfortable work environment, also to heighten the motivation of each employee. In future, it may be a good idea to grasp how employees look at the company through surveys, to take a suitable approach in view of systems and frameworks.</p>

Concluding the Dialogue

Five years have passed since the DIC Group began taking on CSR-related measures. Through today's dialogue on "initiatives expected of a global corporation regarding human rights and labor practices," we were able to understand just how important deepened recognition and understanding are as issues, and we intend to strengthen our efforts further.

* Conflict minerals: Resources mined in areas of armed conflict in Africa, etc.

Topics

2

DIC color design initiatives

Contributing to enhanced product appeal and brand strength through color design originating from uniquely Chinese elements

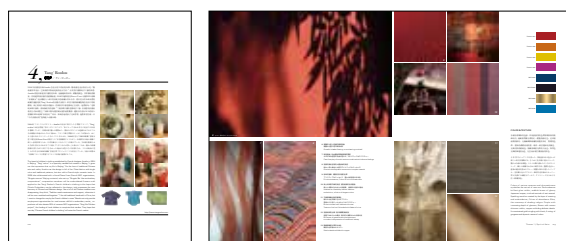
Japanese companies that want to pursue growth within in China's maturing domestic market, and Chinese companies that want to increase their value amidst a staggering number of established global brands—DIC continues to provide effective proposals to meet these types of needs by utilizing our unique analytical capabilities and viewpoint.

A Unique Viewpoint, For Everything from Brand Strategy to Communication of Trends

In order to make one's presence known in the Chinese market, one must appeal to consumers through color designs that leverages both uniquely Chinese characteristics and Chinese novelty, based on observations of global trends and the latest materials and expressive techniques. At DIC, we continually provide Chinese color trends based on many years of surveys and analytical experience, and propose our highly effective CMF (Color/Material/Finish) method of communicating as part of brand strategy. The importance of color-based marketing strategy continues to grow, expanding rapidly in various industries including automotive, home electronics, cosmetics, food products, fashion and others.



Eri Ohmae
Color Director (and editor-in-chief of the Chinese Color Trend Book)
Consulting Division
DIC Color Design, Inc.



2013–2014 Chinese Color Trend Book

Topics

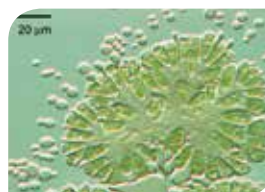
3

Striving for achievement in biofuel

A Trial in Sustainable Resources and Energy Production through the Development of Spirulina Cultivation Technology

With fossil fuel resources running dry, global warming intensifying, the risks of nuclear energy becoming more apparent and other such factors, natural energy has become the focus of much attention. Plants and algae, whose photosynthetic processes make use of one of our most familiar energy sources (the Sun), provide examples of the ultimate sustainable resource and energy solution. In particular, algae exhibits photosynthetic efficiency as well as a highly effective CO₂ absorption effect (carbon offset) while under cultivation—a fact that has caught the interest of many. The DIC Group sells the photosynthetic algae spirulina for various purposes, including use as a health food product and use as the food coloring "Lina Blue," and DIC is the only company to use spirulina outdoor mass cultivation technology, which is based on more than 30 years of experience. With the goal of fully utilizing this technology, the University of Tsukuba as well as the American company Sapphire Energy are simultaneously undertaking collaborative research related to outdoor

mass cultivation for production of jet fuel, chemical product raw materials and other products. The DIC Group plans to utilize its outdoor mass cultivation know-how to support practical implementation of an algae-based biofuel, with the goal of freeing society from reliance on nuclear power, fossil fuels and other such energy sources and contributing toward the development of clean and sustainable energy and resource development.



The algae *Botryococcus braunii*, which is used in biofuel



Earthrise, an American company undertaking cultivation of spirulina

The DIC Group's CSR Activities

* The "Evaluation" column is based on self-evaluations of current progress. Evaluation marks: ★★...Excellent ★★...Satisfactory ★...Needs Work

CSR Theme/Objective	Objective/Task	FY 2011 Goals	FY 2011 Results	Evaluation	Reference Page	FY 2012 Goals
Compliance / fair and transparent corporate activities	Raise awareness of compliance	<ul style="list-style-type: none"> Create and distribute a digest of the DIC WAY to promote understanding of the code of conduct 	<ul style="list-style-type: none"> Finished preparing Japanese and English materials; Chinese materials not yet complete Utilized e-learning materials while promoting further integration of the code of conduct 	★★	▶▶ P19	Revise the contents of the 2008 edition of the DIC WAY Code of Business Conduct and finalize the contents of the 2013 edition
	Conduct business fairly	<ul style="list-style-type: none"> Create e-learning resources for the Subcontract Act and ensure thorough compliance 	<ul style="list-style-type: none"> Completed a basic draft for e-learning materials 	★★	▶▶ P19	Complete easy-to-understand materials and provide e-learning education for employees involved in subcontracting deals
Business continuity management (BCM) / limit disaster risk	Ensure DIC Group business continuity	<ul style="list-style-type: none"> Plan BCM and supply chain coordination Formulate frameworks for each kind of disaster Roll out BCM at affiliates 	<ul style="list-style-type: none"> Confirmed substitutability for main products and their materials, and began consideration of relevant measures Provided support for expansion of BCM to affiliates 	★★	▶▶ P20	<ul style="list-style-type: none"> Continue examining substitutability of main product BCP Complete establishment of BCP at domestic and overseas subsidiaries
		<ul style="list-style-type: none"> Identify and improve problem areas based on reviews following the Great East Japan Earthquake and future training 	<ul style="list-style-type: none"> Completed equipment response manuals summarizing initial responses in consideration of reviews following the Great East Japan Earthquake, etc. 	★★	▶▶ P20	<ul style="list-style-type: none"> Conduct division training in headquarters emergency measures to prepare for disasters and consider measures to improve effectiveness further
		<ul style="list-style-type: none"> Conduct media-based training in preparation of measures for handling crises (while simultaneously enhancing reputation on a daily basis), and continue such measures based on those results 	<ul style="list-style-type: none"> Conducted media-based training for directors, executives, etc., in conjunction with other measures to achieve sharing of knowledge 	★★★	▶▶ P20	<ul style="list-style-type: none"> Work together to organize the management system and implement measures to respond to various risks
Measures toward achieving and ensuring information security	Establish a global information security framework	<ul style="list-style-type: none"> Organize guidelines for confidential information management and establish an in-house management system Create rules and systems to organize a confidential information framework in Group companies 	<ul style="list-style-type: none"> While organizing guidelines, appointed a Chief Information Management Officer and Chief Information Manager for each department to strengthen the Company's internal management system Established standard IT governance rules for overseas affiliates 	★★	▶▶ P21	<ul style="list-style-type: none"> Introduced an internal auditing system to strengthen the information security framework further Firmly established a security management framework in domestic and overseas Group companies Introduced a new system that is compatible with smartphones and other new devices

CSR Theme/Objective	Objective/Task	FY 2011 Goals	FY 2011 Results	Evaluation	Reference Page	FY 2012 Goals
Human resource management / striving to improve job satisfaction	Train and appoint national staff to advance global management	<ul style="list-style-type: none"> Support the creation of Indonesian HR systems Carried out analyses of roles and evaluation of results for accounting and financing operations personnel Integrated the HR systems at our three Thai companies 	Completed personnel system organization in the Southeast Asia region at one company in Indonesia. Completed analyses of roles at three Thai companies.	★ ★	▶▶ P29	Concerning organization of national staff HR systems led by DIC Asia Pacific at overseas subsidiaries, reorganization was carried out at two Indonesian companies
	Support staff diversity and diversity in working styles through working women promotion activities	<ul style="list-style-type: none"> Continue with initiatives aimed at expanding roles for women in the workplace 	Increased female sales staff (16 in May 2011 → 20 in May 2012) and female manufacturing staff (7 in May 2011 → 8 staff at 5 worksites in two plants in May 2012)	★ ★	▶▶ P29	(1) Increase the number of female employees hired and (2) continue to increase roles for women in the workplace (sales and manufacturing positions)
	Support staff diversity and diversity in working styles by promoting employment of handicapped persons	<ul style="list-style-type: none"> Maintain and improve upon the legally stipulated annual employment rate and continue to cultivating comfortable work environments 	Achieved a 2.098% employment rate (legally stipulated rate: 1.8%) by the end of FY 2011	★ ★	▶▶ P29	Further promote employment of handicapped persons in response to the increase in the legally stipulated handicapped employment rate from FY 2013 onward (1.8%→2.0%)
Supply chain management / global expansion of CSR procurement	Create base for fair purchasing practices	Use DIC Group purchasing management regulations as a model to follow up on the creation of purchasing management regulations for overseas affiliates	Carried out explanations of CSR procurement at 24 subsidiaries in the China region. Not yet carried out at overseas subsidiaries in the Southeast Asia region.	★	▶▶ P32	Provide explanations of CSR procurement at subsidiaries in the Southeast Asia region
	Promote CSR procurement	<ul style="list-style-type: none"> Promote distribution of the DIC Group Supply-Chain CSR Promotion Guidebook to domestic and overseas business partners (200 companies) and collect questionnaires from said partners 	Collected questionnaires from 200 business companies. The feedback rate was 90%, centering primarily on domestic suppliers.	★ ★	▶▶ P32	Update the DIC Group Supply-Chain CSR Promotion Guidebook
Business model focused on customer satisfaction / establishing "solutions businesses"	Promote solutions businesses adapted to changes in social imperatives	<ul style="list-style-type: none"> Plan and establish as specific business models selected solutions for business themes 	Developed multiple selected themes as part of marketing activities. Some themes progressed as far as the business model proposal stage, and overall development is progressing smoothly.	★ ★	▶▶ P33	Creation of solutions businesses: select specific themes from within next-generation, growing fields and strive to improve customer satisfaction by creating appealing solutions businesses
		<ul style="list-style-type: none"> Take a comprehensive and multifaceted approach to promoting DIC's core technologies and representative products to important customers in major high-demand industries; research customers' needs and strengthen relationships 	Held numerous comprehensive technology exchanges with major electronics manufactures and achieved results in determination of customers' needs	★ ★	▶▶ P33	Improve customer satisfaction levels by utilizing DIC improvements tools consisting of product guidebooks, exhibitions and technology exchanges to achieve penetration and enhancement of the DIC brand
New technology development and value creation / proposing solutions that leverage component technologies	Improvement of development capability of new products/technology contributing to sustainable society	<ul style="list-style-type: none"> Establish a system to consolidate technological resources throughout the DIC Group 	Proceeded with creation of research reports that are used as important media for the purpose of consolidating technological resources, achieved approximately three times the registered entries per researcher compared with the previous year, and planned active use of these resources	★ ★ ★	▶▶ P34	Strengthen collaboration and combining of technologies among Group companies (including overseas companies)
	Promote development of environmentally-conscious products and services	<ul style="list-style-type: none"> Promote research themes related to the environment Speedy launch of new environmentally-conscious products into markets 	Business volume of environmentally-conscious products as a percent of all products: 54%	★ ★ ★	▶▶ P35	<ul style="list-style-type: none"> Promote research themes related to the environment Speedy launch of new environmentally-conscious products into markets

RC Targets and Achievements of Major RC Activities

* The "Evaluation" column is based on self-evaluations of current progress. Evaluation marks ★★...Excellent ★...Satisfactory ★...Needs Work

CSR Theme /Objective	Objective/Task	Reference Page	FY 2011 Goals
Environmental conservation (reduction of environmental impact via business activities)	Prevention of global warming and promotion of energy saving	▶▶ P23	Reduce energy use per energy source by 1% compared with the previous year's levels
	Reduction of industrial waste (zero emissions) Reduction of volume of Landfilled solid waste Reduction of industrial waste discharged from production plants	▶▶ P24	Reduce volume of industrial waste sent to land-fills via zero-emissions activities DIC: 85 t (-5% compared with previous year); DIC Group (domestic): 151 t (-27% compared with previous year) Volume of waste produced by production plants DIC: 16,219 t (-2% compared with previous year); DIC Group (domestic): 62,591 t (-3% compared with previous year)
	Promotion of recycling	▶▶ WEB	Continue to promote recycling at DIC Group companies (domestic) and improve resource recycling
	Emission control of chemical substances PRTR 1st-designated chemicals (462) + Substances targeted for study by JCIA*1 (105) + 1 substance group	▶▶ P24	DIC: 292 t (-9% compared with previous year) DIC Group (domestic): 799 t (-19% compared with previous year)
	Reduction of VOCs released into the air	▶▶ P24	DIC: 282 t (-9% compared with previous year) DIC Group (domestic): 789 t (-19% compared with previous year)
Process safety and fi-re prevention / occupational safety and health	Risk assessment	▶▶ P25	Provide guidance on risk assessments connected with equipment investment. Be timely in provision of information.
	Promotion of sharing of environment and safety information between DIC and Group companies (both domestic and overseas)	▶▶ P25	Continue with safe corporate climate cultivation working groups and summarize proposals from the current fiscal year. Hold accident case study seminars and share information.
Logistics / safety	Reduction of GHG emissions caused by transportation	▶▶ WEB	Promoted modal shift and reduce energy consumed during transport by individual energy source by 1%
	Management of transportation safety of chemicals	▶▶ P25	Organize yellow cards and have general freight vehicles including container trucks, lorries, and vehicles carrying mixed freight carry them
Chemicals / product safety	Promotion of green procurement	▶▶ P28	Continue to have incoming raw material information collected and centrally managed by CIRIUS in accordance with the DIC Group's Green Procurement Guidelines
	Measures to cope with GHS (measures for the requirement to disclose information on chemicals contained in products)	▶▶ P28	Continue to prepare SDS for all Company chemical products and distribute them through the Company website
	Measures to cope with overseas regulations (e.g., the REACH regulation in the EU)	▶▶ P28	Assure registration concerning China's revised Measure on Environmental Administration of New Chemical Substances. Continue with registration under Taiwan's revised Labor Safety and Health Act.
Communications with society	Report on RC activities and site reports for each plant	▶▶ WEB	Make the information on our RC activities public through the CSR report and DIC website. In addition, promote risk communications between DIC's production sites and local communities through site reports.
Quality management (customer satisfaction)	Securing of quality	▶▶ P28	Interpret both "quality" and "product quality" as "quality of work," use ISO 9001 and others as QMS tools to ensure product quality and increase levels of customer satisfaction
		▶▶ P28	Confirm and organize QMS tasks at business divisions and offices, support improvement activities, and improve quality management activities
Support for environmental safety management activities for overseas affiliates	Promotion of the environment and safety and activities at affiliated companies in the Asia and Oceania regions	▶▶ P26 P27	Hold a meeting for personnel in charge of safety in the Asia/Oceania region, conduct training in basic safety procedures and provide support for points that need improvement at each company.
	Environmental/safety data	▶▶ P26 P27	Confirm the actual state of management at several DIC Group companies (overseas affiliates), clarify management standards, and confirm and provide support for problem areas

*1 Japan Chemical Industry Association: One of the Japan's major industry organizations, JCIA is a member of the ICCA and pursues the healthy development of the chemical industry with other organizations around the world.

FY 2011 Results	Evaluation	FY 2012 Goals
Energy use per energy source increased by 11.2% compared with 1990 levels and by 4.9% compared with the previous year's levels	★	Reduce power usage by individual energy source in FY 2012 by 1% compared with the previous year
Volume of industrial waste sent to land-fills via zero-emissions activities DIC: 104 t (+15% compared with previous year); DIC Group (domestic): 158 t (-24% compared with previous year) Volume of waste produced by production plants DIC: 16,845 t (+1% compared with previous year); DIC Group (domestic): 65,251 t (+1% compared with previous year)	★	Volume of landfilled solid waste via zero-emissions activities DIC: 53 t (-49% compared with previous year); DIC Group (domestic): 104 t (-34% compared with previous year) Volume of waste produced by production plants DIC: 17,006 t (+1% compared with previous year); DIC Group (domestic): 65,309 t (0% change compared with previous year)
Resource recycling rate DIC: 71.9% (-6.1% compared with previous year) DIC Group (domestic): 87.7% (-1.6% compared with previous year)	★	Continue domestic DIC Group's recycling efforts and improve rate of resource reuse
DIC: 324 t (+1% compared with previous year) DIC Group (domestic): 750 t (-24% compared with previous year)	★★★	DIC: 332 t (+2% compared with previous year) DIC Group (domestic): 667 t (-11% compared with previous year)
DIC: 310 t (0% change compared with previous year) DIC Group (domestic): 736 t (-25% compared with previous year)	★★	DIC: 318 t (+3% compared with previous year) DIC Group (domestic): 653 t (-11% compared with previous year)
Risk assessment guidance was provided for affiliated companies. Information on accidents and disasters at DIC Group (domestic DIC plants, domestic affiliates, overseas affiliates) was shared with Group companies via the intranet network.	★★	Provide guidance on risk assessments in connection with equipment investment. Conduct accident analyses and provide information in a timely manner.
Working groups were held on a regular basis and proposals were summarized. Accident information sharing was carried out and information was distributed to Group companies.	★★★	Continue with safe corporate climate cultivation working groups and summarize proposals from FY 2012. Hold working groups and share safety information.
Annual energy consumption during transportation for the 2011 one-year period decreased by 4.5% per unit of transportation	★★★	Continue to promote modal shift and reduce energy consumed during transport by individual energy source by 1% per year
Yellow cards were carried in general freight vehicles including container trucks, lorries, and vehicles with mixed freight	★★★	Continue pursuing the same measures
In accordance with the DIC Group's Green Procurement Guidelines, materials information collected was organized and centrally managed using CIRIUS	★★★	Continue pursuing the same measures
SDSs were created for all chemical products and made available on the Web	★★★	Continue to distribute SDS for all chemical products through the website. Introduce a system for creating SDS for each country outside of Japan based on that country's laws and regulations and in that country's language(s), and prepare an operating environment enabling introduction of this system starting in FY 2013.
Conduct registrations based on China's amendment on Environmental Administration of New Chemical Substances. Undertake revision operations in order to create a list of existing chemical substances for Taiwan.	★★★	Provide SDS based on China's Regulations on Safe Management of Hazardous Chemicals and ensure that labels are properly affixed. Carry out additional registrations of existing chemicals in Taiwan. Complete registration within the current fiscal year of substances that will reach their EU REACH registration period expiration in May 2013.
Publicized RC activities in the CSR report and on DIC's website, created site reports for each DIC business location, and provided this information to plant visitors	★★	Continue pursuing the same measures
Confirmed that each factory and business division has reliably implemented QMS activities and that the Production, Sales, Technical and Quality Assurance Departments have collaborated each other. Once per year, audits are carried out by a specialized department (RC Department) to confirm improvements in customer satisfaction, and support measures to improve effectiveness are implemented.	★★	Utilize ISO 9001 and other such QMS as tools for carrying out work efficiently, and promote improved customer satisfaction through utilization of QMS
	★★	Identify and organize QMS issues within new systems while supporting improvement activities, and enhance quality management activities
In February 2012, held a meeting for personnel in charge of safety in the Asia/Oceania region. Conducted training on environment and safety. Carried out observation at local affiliates and provided support for points that need improvement.	★★★	Hold a meeting for personnel in charge of safety in the Asia/Oceania region, conduct training in basic safety procedures and provide support for points that need improvement at each company (hold meetings in alternating years in the Asia/Oceania and China regions)
Confirmed the state of management at multiple companies in the DIC Group (DIC (China) Co., Ltd. and DIC Asia Pacific Pte Ltd. overseas affiliated companies), clarified management targets, and confirmed and supported resolution of problem areas	★★	Provide support for points that need improvement at each company in the DIC Group (overseas affiliates). Select offices that are in need of special safety-related support, and provide such support in cooperation with head companies in the regions.

Corporate Governance

WEB <http://www.dic-global.com/en/about/governance.html>

Basic Concept of Corporate Governance

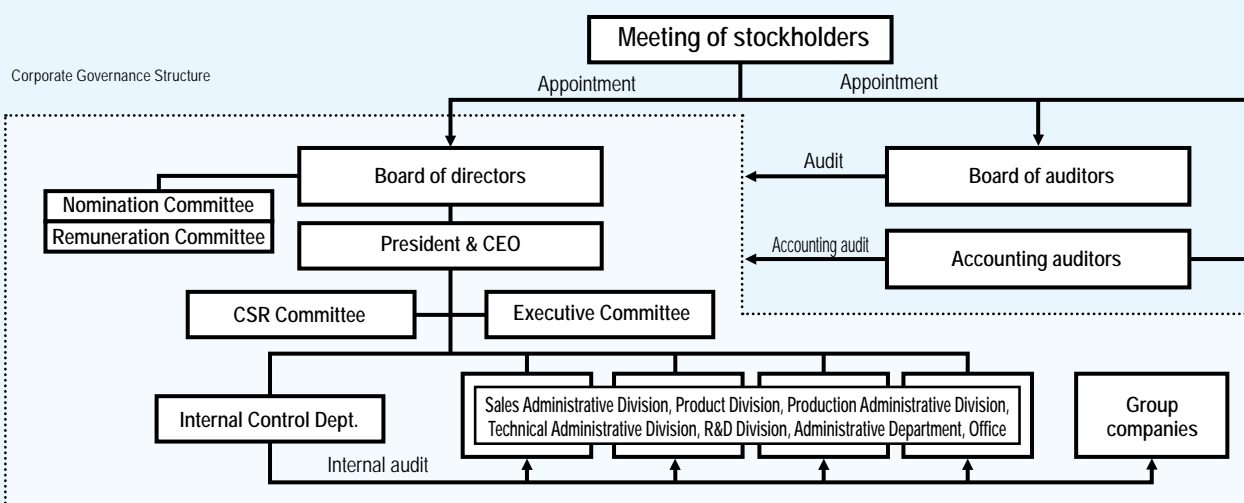
The DIC Group considers corporate governance as “the system in which decisions are made for the management policy and corporate executives’ business conduct is appropriately monitored, evaluated, and motivated in order to conduct healthier, more efficient, and better management with the aim of sustainable corporate growth and development”.

In addition to appointing two external attorneys as outside auditors, DIC also appoints two outside directors to further strengthen corporate governance. We also have “Nomination Committee” and “Remuneration Committee” with outside directors as part of members, as the advisory committees for the board of directors in order to enhance the objectivity of decision-making for appointment of candidates for DIC directors and executive officers, etc. and remuneration for them.

Concept and specific initiatives to secure internal controls

Establishment and operation of appropriate internal controls are considered essential in order for a company to fulfill its social responsibilities and achieve sustainable growth.

The “Basic Policy for Internal Controls”, which was resolved by the board of directors, stipulates that internal controls are established as part of the CSR activities in DIC. The contents of the establishment include compliance with laws and articles of incorporation, security of financial report reliability, management of risks of loss, and security of appropriateness of work in a corporate group, etc. Specifics of the operation include the establishment of the business principle (including the whistle-blowing system), risk management activities by the CSR Committee, establishment of various internal rules, and monitoring (internal controls audit, environmental safety audit, and Subcontract Act audit, etc.).



Supporting the UN Global Compact as a global chemicals manufacturer

WEB <http://www.dic-global.com/en/csr/philosophy/management/gc.html>

In order to fulfill its social responsibilities in the international community in a more proactive manner, the DIC Group pledged its support and was registered as a participating company in December 2010 for the 10 Principles and Millennium Development Goals (MDGs) which are advanced by the United Nations.

The UN Global Compact (UNGC) is a voluntary action principle for companies, which was proposed in 1999 in order to achieve worldwide sustainable development. More than 8,000 companies and organizations have pledged their support based on the idea that worldwide sustainable development can be achieved if companies comply with international rules for human rights, labor, and the environment in the course of conducting business and fulfill social responsibilities.



Towards Fair and Transparent Corporate Activities

WEB <http://www.dic-global.com/en/csr/philosophy/management/compliance.html>

Basic Concept of Compliance

Compliance in the DIC Group is to not only comply with laws but also respond to and meet social norms and requirements by stakeholders, such as customers, communities, and society.

We consider that the compliance and adherence to the “DIC Way Code of Business Conduct”, which is the unified set of guidelines to be followed by DIC Group employees, is the basis of compliance. We pursue actions that comply with this Code in the business activities in order to achieve sustainable growth of fair and transparent businesses of the DIC Group.

Program to Promote Compliance

The “DIC Way Code of Business Conduct” embodies the principles of action based not only on compliance with laws in every country and international rules but also on social norms, expectations, and requirements of each country/region worldwide in order for the DIC Group to not only fulfill its social responsibilities as a corporate citizen but also accurately respond to the values required by stakeholders worldwide, such as customers and societies, etc., and achieve sustainable growth of the group's businesses. DIC Group employees are required to base their decision-making for all of their duties and work-related matters on this Code.

We promote the establishment of the “DIC Way Code of Business Conduct” not only by holding explanatory seminars for DIC Group employees but also through e-learning. In addition, we also hold legal seminars for employees who are newly employed, promoted and transferred overseas in order to enhance their awareness of compliance.

The DIC Group will continue to never violate the principles set forth in this Code, even if such violation would appear to be profitable for the DIC Group. We also respect fair social norms and act with social wisdom as a corporate citizen.

System to maintain compliance

The DIC Group utilizes the whistle-blowing system. In case of issues or questions regarding compliance, one can directly report the matter to the president, auditors, and external attorneys, etc. In case of such reports, we appropriately respond to such reports according to the law while incorporating internal and external opinions with the aim of finding and correcting wrongful conducts, etc. in an early stage.

The DIC Group is operating globally and has established a global compliance promotion system led by DIC Corporation (Japan), Sun Chemical Corporation (Europe and U.S.A.), DIC (China) Co., Ltd. (China), and DIC Asia Pacific Pte Ltd. (Asia/Oceania) as the core members.

VOICE

Employee's voice

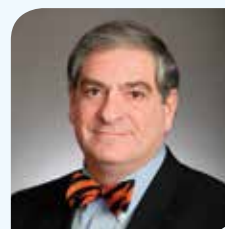
Compliance guidelines by Sun Chemical

The Sun Chemical Group has established its own “code of business conduct and guidelines” in addition to the “DIC Way Code of Business Conduct” and thoroughly complies with these rules. All employees are required to undergo the e-learning courses and sign a letter of acknowledgement. By doing so, the group commits to enhancing and maintaining the awareness for compliance. In addition, the group also has established an ethical hotline to enable relevant parties within and outside of the Sun Chemical Group to enhance the fairness and transparency of their businesses by thoroughly executing the reports sent via this hotline.

Sun Chemical Corporation

Mr. Eric Finkelman

Vice President and General Counsel



BCM (Business Continuity Management)

Seeking to Reduce Disaster Risks

WEB <http://www.dic-global.com/en/csr/philosophy/management/bcm.html>

BCP Promotion by the DIC Group

After experiencing the difficulty of raw material procurement in the Great East Japan Earthquake due to the damage to raw material manufacturers, we have further recognized the importance of BCP initiatives with more focus on the supply chain.

Therefore, we have reevaluated the BCP for major products within the group and begun considering the use of general products for monopoly raw materials and industrial coordination for product replacement involving the Purchasing Department and Technology Department.

We will further promote BCM enhancement for the DIC Group by promoting BCP in group companies, providing BCP establishment support both in Japan, and overseas.

us to quickly restore the business and fulfill the supply provision responsibility of our products to customers. We will conduct training by company-wide task force based on this manual and enhance its effectiveness.

In addition, we have reviewed the risk management system and established the Risk Management Conference as a company-wide organization. We will consider measures to respond to various risks and start initiatives to conduct a series of risk management tasks, including risk identification and emergency responses, and risk management, which is individually conducted by each department, in a sectoral manner in the future with the aim of establishing an even stronger system.

Crisis Management Initiatives

As part of crisis management, we have held media training targeting and top management. The contents were made highly effective by incorporating training with simulations in addition to a lecture regarding crisis response by an external lecturer. In addition, we have also prepared a manual based on the training with the aim of sharing the information.

We hope to enhance our risk communication initiatives on a regular basis and enhance the reputation in the future.

Enhancing Group Initiatives

Based on the problem areas, etc. that were discovered after the Great East Japan Earthquake, we have completed the emergency response manual that summarizes initial responses upon emergency. This stipulates responses upon emergency and prior initiatives as it is important to quickly restore affected plants in order to minimize the impact to business activities. It enables

VOICE

Employee's voice

Focusing on the establishment of the risk management system

I am in charge of the office for the Risk Management Conference, which was newly established after the Great East Japan Earthquake. The conference has prepared the emergency response manual that summarizes specific responses in case of earthquakes. We are scheduled to start preparing response manuals for various risks that surround our company. After the preparation of such manuals, we will evaluate the effectiveness by conducting training and review the contents for further improvement.

General Affairs and HR Dept. Assistant Manager
Tomohiko Hamazaki



Initiatives to Ensure Information Security

WEB <http://www.dic-global.com/en/csr/philosophy/management/security.html>

Basic Concept of Information Security by the DIC Group

As a specific operation guideline for our “Confidential Information Management Regulations”, which was stipulated in 2009, we have established the general “Information Management Guidelines” and “Individual Guidelines” for confidential information that require special management in 2011. In addition, we have not only appointed “Chief Information Managers” and “Information Managers” for each information management unit, such as business operations, etc., based on the regulation, but we have also held internal seminars for regulations and guidelines with the aim of enhancing the management system for information security. In 2012, we will conduct internal audit in order to confirm the establishment status of the information security system and confirm current issues in order to make further improvement.

Promotion and Enhancement of Information Security Response

Based on the results of the current status evaluation of information security systems in each group company overseas conducted in 2010, we have established standard IT governance rules in 2011. In 2012, we will promote initiatives in preparation for the establishment of information security systems in each group company with the cooperation of regional administrative

companies. In addition, we have been promoting thorough standardization of work flows in the new enterprise system, which is currently being introduced in each group company, with the aim of enhancing the security level, such as unifying access authorities, etc.

Information Security Initiatives

As part of the initiatives to enhance information security, we have thoroughly promoted internal rules by establishing guidelines for the management and usage of information devices, such as computers and servers, and conducted employee training for information security at new employee training and manager promotion training, etc. In 2011, we not only established a company-wide integrated ID authentication infrastructure but also established a management system for common IDs and special authority IDs in order to enhance the system that supports information security. The integrated ID authentication infrastructure is already utilized for usage authorization for integrated equipment and entry/exit management, etc. However, we will deploy it to various internal systems, such as the new enterprise system, etc., in 2012. In addition, we are also scheduled to establish system infrastructure that enables safe utilization of smartphones and Wi-Fi, etc.

VOICE

Employee's voice

Establishing an environment in which we can share information with security

DIC possesses a number of original technologies in a wide variety of domains and aims to display its total power by sharing/combining information. In order to promote this activity in an efficient and safe manner, we must clarify the rules regarding information security and establish the environment and climate in which we can share information with security.

Therefore, we have established guidelines for information management for each type of information and held sessions to provide explanations and exchange opinions in the 11 major plants. The employees' understanding and awareness regarding information security have clearly improved.

Although we still have a number of issues to overcome, I hope that the guidelines will surely be reflected to daily tasks in the future and information sharing will be activated to produce great results.

Intellectual Property Dept. Senior Manager

Michihiro Kono



Toward the Achievement of a Sustainable Society

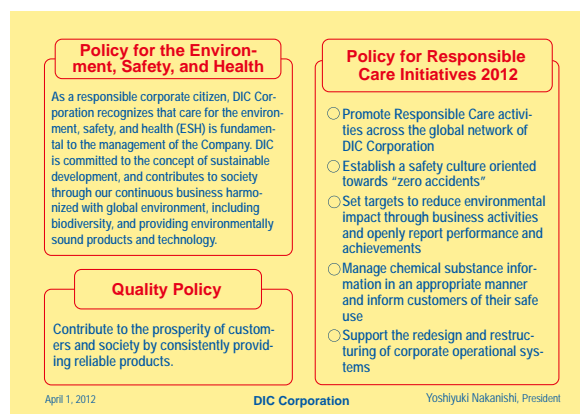
WEB <http://www.dic-global.com/en/csr/environment/>

(Other activities based on the themes of environment, safety, health and quality are outlined in detail on the website)

Basic Approaches to and Initiatives in Environment, Safety, and Quality

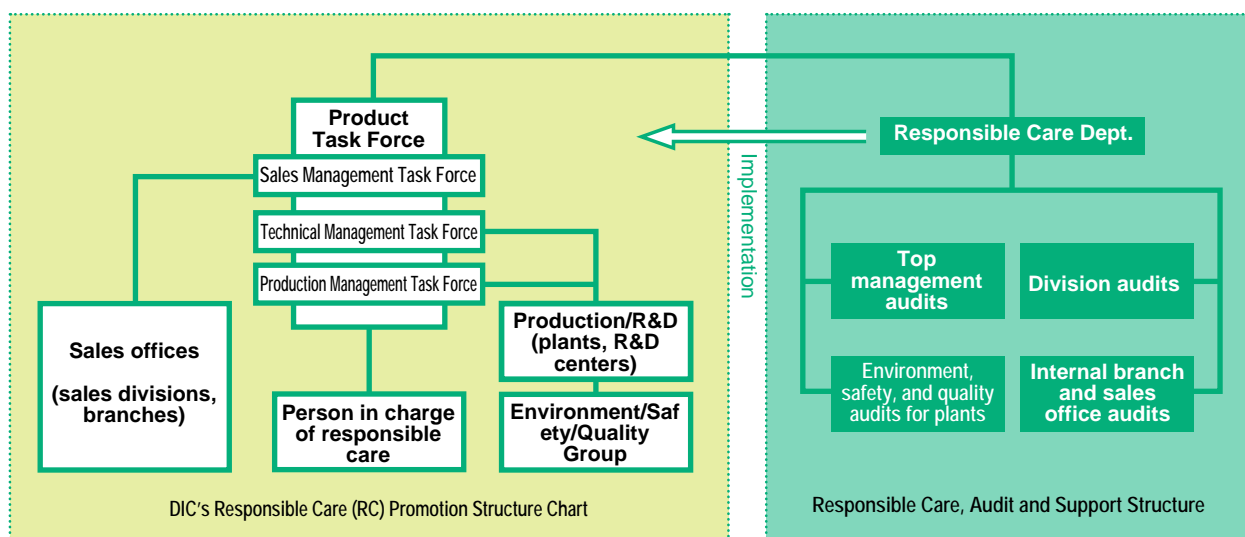
● Basic Stance and Main Initiatives

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. Also, in order to implement this policy, we prepare an annual "Policy for the Environment, Safety and Quality," and translate it into English and Chinese in order to disseminate the policy across the entire DIC Group and to promote relevant activities.



FY 2012 Environment, Safety, and Quality Policy Poster

DIC's Responsible Care (RC) Promotion Structure Chart



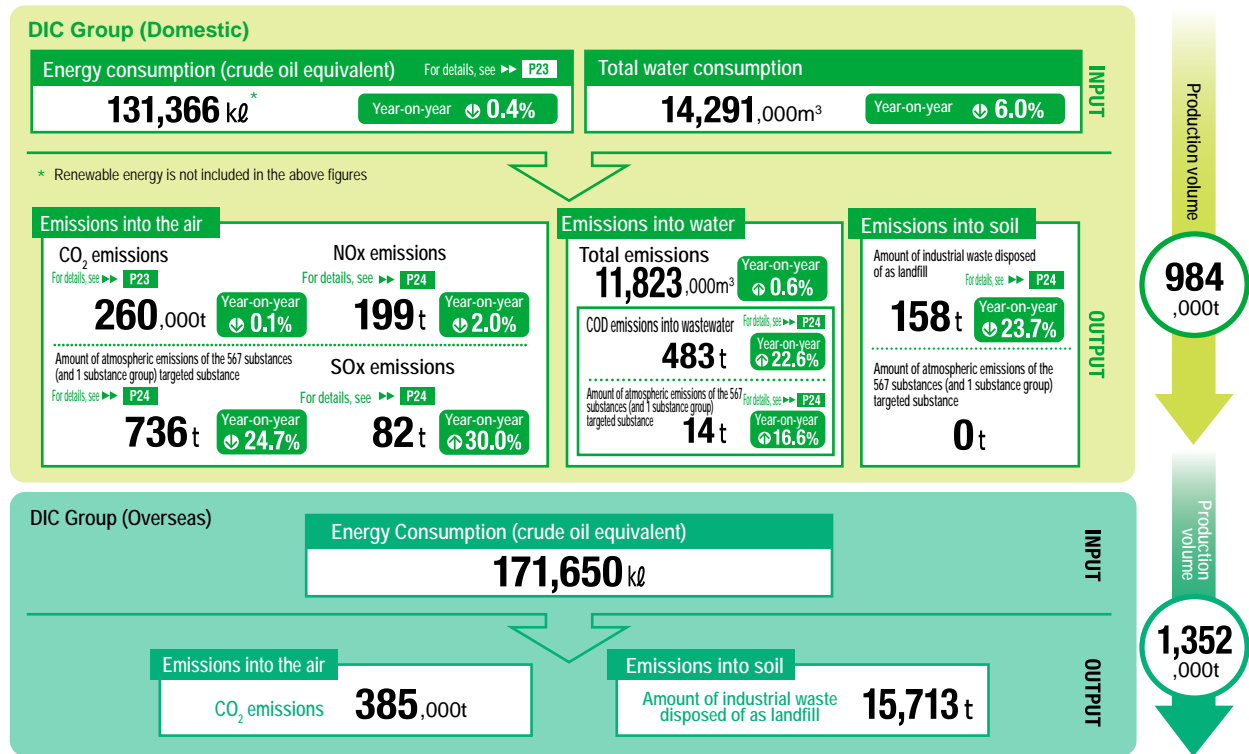
As of April 1, 2012, DIC is utilizing a new Responsible Care (RC) Promotion Structure Chart as a basis for its continuing activities.

*See the following page for details: **WEB** <http://www.dic-global.com/en/csr/environment/responsible.html>

DIC Group Performance

● Overview of Environmental Impact Generated by Our Business Activities

The following is a broad overview of the environmental impact generated by the domestic DIC Group's business activities in FY 2011.



* See the following page for more information about the scope of the report: [WEB http://www.dic-global.com/en/csr/pdf/dic_csr_scope_ja_2012.pdf](http://www.dic-global.com/en/csr/pdf/dic_csr_scope_ja_2012.pdf)

* Overseas data includes that from January 2011 to December 2011

Initiatives Related to the Climate Change Problem

● Efforts to Reduce CO₂ Emissions

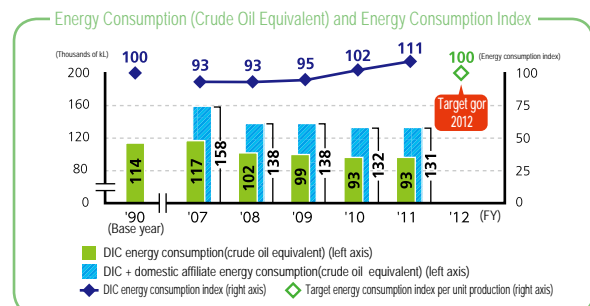
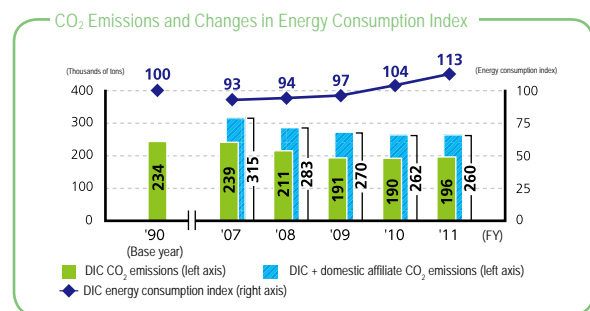
The DIC Group is working to meet its FY 2020 CO₂ emissions reduction targets established in FY 2010 that use FY 2005 as the base year.

● Energy-Saving Activities

As part of initiatives to conserve energy, we have (1) promoted visualization of energy use, (2) performed energy-conservation checks at offices, and (3) utilized bridge charts to analyze the worsening energy consumption rate per unit of production.

● Undertaking of Initiatives

Along with energy-saving and CO₂-reduction measures, we implemented "cool biz" and "warm biz" energy-saving campaigns as our main initiatives in FY 2011.



Reducing Emissions of Chemicals into the Environment

● Initiatives to Reduce Emissions into the Environment of Substances Targeted for Study*

In FY 2011, the domestic DIC Group was able to meet its targets for volumes of emissions into the environment by repairing malfunctioning VOC combustion equipment, ensuring the proper operations of other required equipment, and other such measures.

Reducing Environmental Impact on the Air, Water and Soil

● Addressing VOC Regulations

DIC succeeded in its policy, initiated in FY 2007, of “reduction of atmospheric VOC emissions by 30% by FY 2010 using FY 2000 as the base year” as a voluntary emissions reduction target to limit the emission of VOCs.

● Soil and Groundwater Pollution Studies

The Water Pollution Prevention Act was revised in 2012. DIC is already engaged in the testing of, and creation of measures against, soil and groundwater pollution in accordance with the Soil Contamination Countermeasures Act and similar legislation, and we sufficiently evaluate risks to safety and the environment.

● Reducing SOx, NOx and COD

The DIC Group is striving to reduce SOx, NOx and COD through review of fuel sources for boiler equipment, proper management of wastewater processing and other such measures.

● Compliance with Regulations for Dioxin Emissions

At all of our six facilities, we have achieved results far below the standards specified in the Act on Special Measures against Dioxins.

Reduction of Industrial Waste

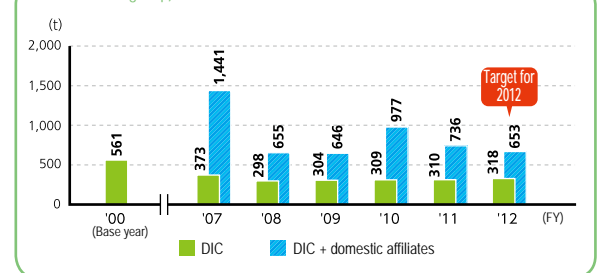
● DIC Group Initiatives to Reduce Industrial Waste

DIC began zero-emission activities in FY 2011, and domestic Group companies are taking measures to reduce amounts of industrial waste sent to off-site landfills.

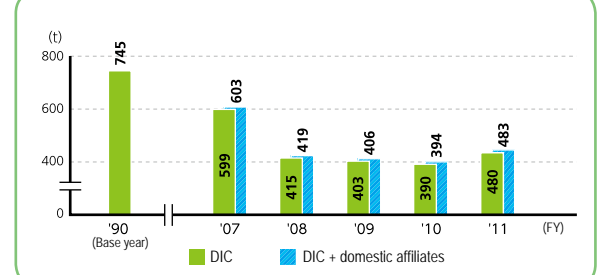
Atmospheric Emissions of Substances Checked
(567 substances including PRTR-designated substances and 1 substance group)

DIC Total emissions into the air 310t Emissions into water 14t Emissions into soil: 0t	324t	An increase of 1% (4 tons) as compared with the previous year
DIC Group companies (Domestic) Total emissions into the air 736t Emissions into water 14t Emissions into soil: 0t	750t	A decrease of 24% (239 tons) as compared with the previous year

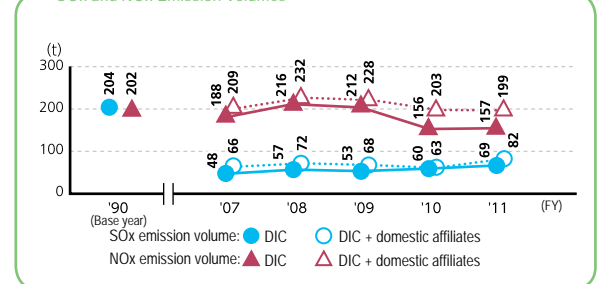
Changes in Atmospheric Emissions (VOCs) of Substances Checked
(567 substances including PRTR-designated substances and 1 substance group)



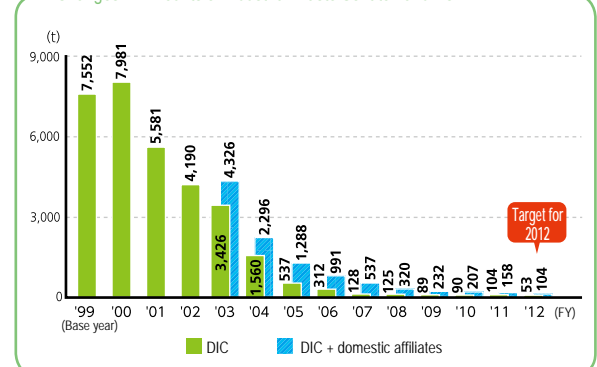
COD Emission Volumes



SOx and NOx Emission Volumes



Changes in Amounts of Industrial Waste Sent to Landfills



* For details on substances checked, see the following page: [WEB http://www.dic-global.com/en/csr/environment](http://www.dic-global.com/en/csr/environment)

Occupational Safety and Health Initiatives

● Basic Approach to Ensuring Occupational Safety and Health

As an active member of society, the DIC Group recognizes that ensuring proper consideration of safety, the environment and health form the foundation of our operations, and we make every effort to incorporate this into all business activities in the following ways:

- Undertaking Responsible Care activities as part of overall Group activities
- Striving to firmly establish a safe corporate environment with the goal of “zero accidents”

Based on this fundamental approach, we strive to ensure occupational safety and health.

● Summary of the Status of Occupational Injuries

There were three cases of occupational injury resulting in employee absence from work in FY 2011 at DIC (one case in FY 2010), and there were nine case within the domestic DIC Group (also nine cases in FY 2010).

Although there was a declining trend in the number of accidents compared with the previous year, a similar decline was not seen in the number of accidents resulting in employee absence. The DIC Group is endeavoring to enhance its safety management activities in order to further reduce the number of accidents resulting in employee absence.

● Risk and Hazard Assessment and Initiatives

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

Seeking to build safe production facilities, we have established the DIC Risk Assessment Guidelines for Mechanical Equipment and utilize them at our business offices. When formulating facility investment plans and renovating existing facilities, we use the PSM (process safety management)^{*1} risk assessment method.

We also provide educational programs regularly to our employees concerning the safety and handling of chemicals by utilizing DIC basic safety actions, safety guidelines for technology and research departments, SDS, accident case studies and other resources.

● Our Measures in Distribution

To cope with emergencies while transporting chemicals, we provide Yellow Cards^{*2}—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.

^{*1} Process safety management: Risk management to minimize accidents (and the impact thereof) caused by factors in a process (plant).

^{*2} Yellow Card: Relative to a voluntary activity promoted by the Japan Chemical Industry Association (JCIA). This card indicates contact information and the appropriate actions to be taken at the time of an accident during the transportation of chemicals for carriers, firefighters and police officers. All carriers of chemicals are obligated to carry this card.

Topics

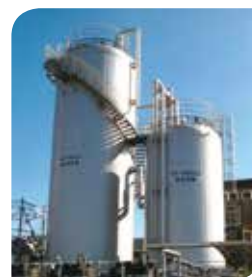
Kashima Plant makes great strides in environmental measures and cost reductions through introduction of ultra-high-efficiency wastewater treatment equipment

With the goal of bolstering wastewater treatment facilities at the Kashima Plant, DIC installed one anaerobic wastewater treatment device (BIOIMPACT® system manufactured by Sumitomo Heavy Industries Environment Co., Ltd.) and is making progress in wastewater treatment capabilities and enhanced energy savings.

Chemical treatment of water generally utilizes activated sludge^{*1}, which requires oxygen, for an aerobic treatment method that breaks organic components down into carbonic gas and water. However, this newly installed BIOIMPACT equipment utilizes a speedy anaerobic treatment method (granular method) recently developed for practical application, which quickly breaks organic components in the wastewater down into methane gas and carbon dioxide (CO₂) in a tank containing high concentrations of anaerobic (not requiring oxygen) “granular” bacteria. This revolutionary wastewater treatment system is garnering much attention for its reuse of the methane gas generated in plant operations, which help achieve high efficiency, as well as for its contributions to reduced space and energy use, among other benefits.

At the Kashima Plant, this system is expected to bring about annual CO₂ reductions of 720 tons as well as major decreases in operating costs.

^{*1} Activated sludge: A biomass comprised primarily of artificially cultured aerobic microorganisms.



Kashima Plant “BIOIMPACT” anaerobic wastewater treatment system

Responsible Care Program at DIC Group Offices

The DIC Group is conducting Responsible Care programs globally. Various efforts such as ensuring production safety, energy conservation and CO2 reductions are promoted at each plant in the DIC Group.

Activities for Safety



Improvement of Overseas Environment and Safety System

DIC Asia Pacific Pte Ltd. (operating subsidiary with locations in Indonesia and elsewhere)

The third Asia/Pacific Regional Safety Meeting (ASEAN ESH Meeting) for affiliates in Asia and Oceania was held in Jakarta, Indonesia for two days in February 2012. Participants included subsidiary manufacturing companies in the Asia/Oceania region, the headquarters RC Department and CSR representatives for a total of 14 companies.

Along with sharing of occupational safety and health policies of the DIC Group, each company shared best practice examples with others present at the meeting. In addition, visits were made to three plants in Indonesia, and all participants shared opinions on various topics on-site in pursuit of improvements at their own companies.



ASEAN ESH Meeting

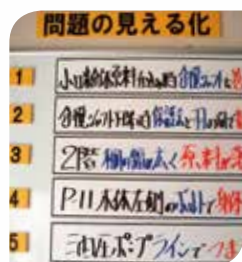


Overcoming Challenges Related to Information Visibility

DIC Kyushu Polymer Co., Ltd. (Japan)

DIC Kyushu Polymer manufactures synthetic resins and supplies them mainly to customers in western Japan. Starting in FY 2010, the Company organized and introduced case examples from other companies and improved the visibility of information through displays and similar measures, successfully changing their ways of thinking regarding safety and quality.

As a result, the Company thoroughly implemented the "5S" workplace organization method in order to prevent misunderstandings, and combined this with measures such as complete elimination of dangerous tasks and places, and promotion of danger-prediction activities in order to achieve safe workplaces free from accidents, problems, etc. From FY 2011 to present, 1,500 product lots have been successfully classified as A-grade, and measures taken have not only had a positive effect on safety, but have also helped improve quality, creating a synergistic effect. Moving forward, the Company strives to further develop true visualization of information (sharing of problematic points, etc.) to achieve a plant environment that will be perceived as clean and safe by everyone.



Visible information board



Plant main entrance

VOICE

Employee's voice

Active "Hands-on Safety Training" to Help Employees Experience

Are you aware of the dangers posed by the machines you operate on a regular basis? Do you know if these machines have fail-safes installed, and whether or not these fail-safes are functioning properly? What would you do to prevent yourself and coworkers from falling victim to accidents?



Experiencing a motor's rotary force firsthand

What areas in particular should you pay attention to? At the Suita Plant, hands-on safety training was started as a way to help employees experience these issues using their whole bodies while confirming and think about the above topics. By making use of this training equipment, starting in FY 2012 we have been implementing mobile hands-on safety training at production sites throughout Japan. In FY 2011, we cultivated hands-on safety training instructors: candidates for these positions were gathered from various plants around the country, and because they all displayed high levels of awareness we are confident that they can provide effective safety training.

Tetsuya Morita
Manager, Environment,
Safety and Quality Group
Komaki Plant



Activities for Environmental Preservation



Reducing Thermal Energy and Electric Power Consumption

DIC Australia Pty Ltd.
DIC New Zealand Ltd.

At DIC Australia Pty Ltd. and DIC New Zealand Ltd., continual efforts are being made in accordance with CSR policy to reduce environmental impact through reduction of waste, improvements in energy efficiency during manufacturing operations and decreased energy use at all business locations. Targets and action plans are set for each year, and information on levels of progress and issues are shared at management conferences held each quarter in order to achieve planned goals. Specific examples of measures taken include recycling of cardboard, plastic and metal containers, and a service providing solvent refills for containers collected from customers. In addition, timers are being installed on hot water tanks and other mixing equipment to control operating time, lighting is being reduced in a way that does not affect resulting workplace brightness, and other such energy-reduction measures are being carried out.



Promoting energy savings through use of maintenance sheets



CSR Promotion and Biomass Boiler Usage

DIC (China) Co., Ltd.



The Ecological Civilization Award

DIC (China) Co., Ltd. was selected to receive the 2011 GoldenBee CSR China Ranking "Ecological Civilization Award" at the 7th CSR International Forum hosted by the WTO Tribune*.

In the GoldenBee CSR China Ranking, companies with outstanding CSR performance are selected as "GoldenBee" companies and presented with an award utilizing the honey bee symbol, which represents "social harmony" in China.

The Company was chosen because of its high evaluations in questionnaire surveys on CSR activities they reported, and also because of high ratings for their carbon-neutral biomass boilers utilizing waste wood as fuel, which are used by Deqing DIC Synthetic Resins (a manufacturer of hard resin used in ink) as steam boilers for heating and heat-retention of rosin and other raw materials as well as for production-line heating.

* A monthly economic magazine put out by Chinese Ministry of Commerce (equivalent to the Ministry of Economy, Trade and Industry in Japan).



Initiatives Toward Acquisition of an Environmental and Occupational Safety Management System

DIC Pakistan Ltd.

DIC Pakistan Ltd. set the target of becoming a "safe and environmentally friendly company" as its management policy, and in the first quarter of FY 2011 the Company kicked off a project to acquire two types of management systems. The project was implemented in three stages: DIC Pakistan introduced ISO 14001:2004 during the first stage, completed introduction of OHSAS 18001:2007 during the second stage, and during the third and final stage pursued integration of the two management system standards, achieving certification under both on May 16, 2012.

Moving forward, the Company plans to further utilize its extant ISO 9001:2008 system standards, environmental and occupational safety management system and similar systems to reduce operating risk and contribute to sustainable development in society.



Project team

Chemical Substances Management Initiatives

● System for Accurate Provision of Information

Designed by DIC, the proprietary Chemical Substance Information Comprehensive Management System—or CIRIUS—is used to help us comprehensively manage information about chemical substances for our raw materials and products. CIRIUS is also used to file the numbers of chemical substances manufactured, imported and shipped as mandated by Export Trade Control Order, the revised Chemical Substance Substances Control Law (a law concerning regulations for the inspection, manufacture, etc., of chemical substances), and so forth.

The system checks domestic legal regulations while creating and providing consistent and highly reliable SDS.

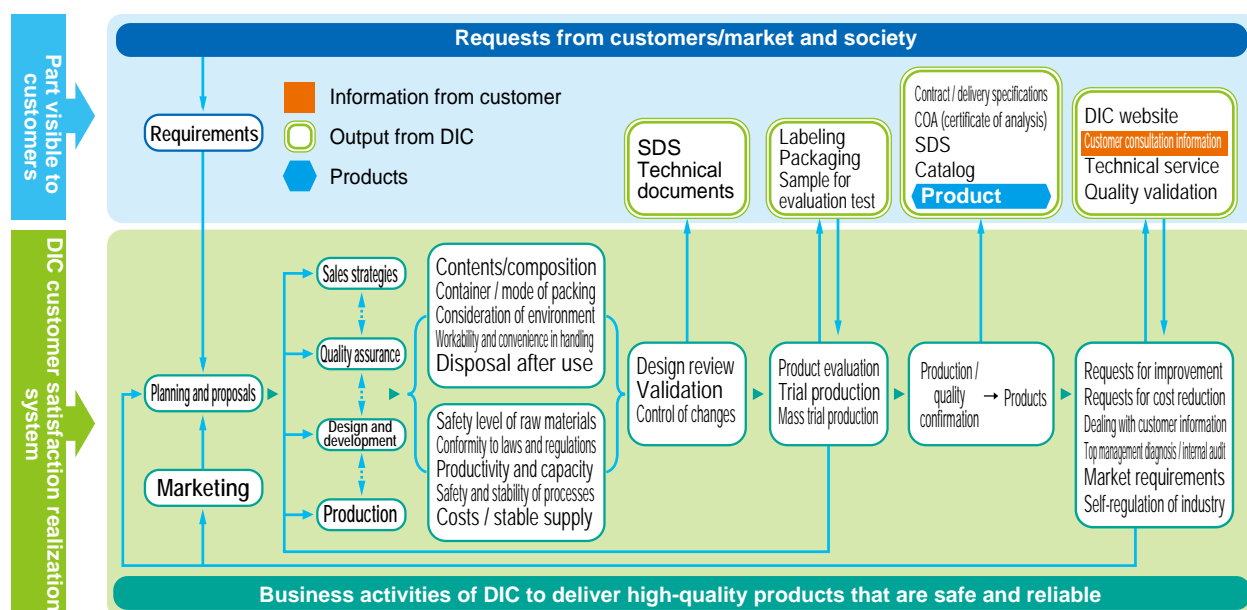
● Compliance and Employee Education with Overseas Regulations.

We quickly acquire information on the latest changes in overseas regulations and provide summaries to relevant departments, provide information on the impact they will have on the Company, and take action as appropriate. We also carry out general education on overseas regulations for employees who are scheduled to work in other countries.

In addition, DIC has implemented an internal licensing program for imports and exports to ensure compliance. Through this program, only employees who have passed DIC licensing tests can engage in import and export work.

Quality Management Initiatives

● DIC's Customer-First Flowchart



● Primary Quality Initiatives

- 1 We made sincere efforts to listen to customer comments and opinions and share them with manufacturing, sales, technical and quality assurance departments. By incorporating this information in quality improvement efforts, the number of customer complaints declined 22% from FY 2010.
- 2 As part of efforts to take precise countermeasures and prevent reoccurrence of problems, the DIC group has begun applying "‘Why-Why’ Analysis"

- 3 to logically uncover the causes of those problems.
- 3 At the DIC Hokuriku plant, we have introduced a management system that uses barcodes for the management of raw materials and manufacturing processes. Through this management system, we are making even further improvements to product quality.
- 4 All business locations of DIC Graphics Corporation have been unified through acquisition of ISO 9001 certification.

* "‘Why-Why’ Analysis": A method of repeatedly asking "why" to avoid jumping to conclusions about the factors of a problem and to ensure the logical and complete identification of factors in order to prevent problem recurrence.

Striving to Improve Job Satisfaction

WEB <http://www.dic-global.com/en/csr/stakeholder/staff.html>

Goal of the DIC Group Human Resources Management

DIC proactively makes efforts to respect the work life balance of each and every employee and create a workplace that can provide job satisfaction with the aim of becoming a company in which all employees can exercise their full potential in jobs suited to their abilities.

Respect for Human Rights

The DIC Group clearly states to remove all human rights infringement in corporate activities and to respect diversity in the "DIC WAY Code of Business Conduct" and promotes business activities based on this philosophy. The group proactively holds dialogues with external stakeholders and held the "Stakeholder Dialogue" on human rights/labor practice in 2012.

Pursuing Deeper Trust between Labor and Management

We make efforts in cultivating trust based on dialogues, such as labor-management councils and casual management conferences, etc. with the aim of maintaining/improving healthy relationship with labor unions. Furthermore, we make efforts in sharing management information and visions in the labor-management councils and exchange honest opinions with labor unions.

Diversity

● **Development and Employment of Global Human Resources**
The DIC Group has been establishing a system that enables us to develop staff for global management and employ human resources regardless of their nationalities. Specifically, we have been promoting it in group companies in Southeast Asia in steps. These steps include the deployment of the human resources system for local employees, which had already been introduced in our group companies in China, and provision of management training to

develop the next generation of top management, etc. We have also been making efforts in creating a database for national staff human resources and establishing systematic training programs, etc.

● Providing More Opportunities for Female Employees

DIS is working on "women's working opportunities promotion activities" eagerly so that they can exercise their full potential.

First, we have been continuing to establish work systems to support "work and childcare balance" and providing management

training for management positions as part of the efforts to establish a sound workplace environment and provide individual support to help female employees expand their work opportunities. As a result, the number of female employees who become qualified as candidates for management positions has certainly been increasing. DIC will continue to promote female employees' working opportunities in the future. In addition, we have also been employing female new graduates constantly. (Female ratio among the college graduate employees in 2011: 35.7%)



Female employees working hard at the manufacturing site in the Saitama Plant

● Promotion of Employment of Persons with Handicaps

The employment rate for persons with handicaps at the end of 2011 was 2.1%, which is over the 1.8% of the legally required employment rate in Japan. We will make further efforts to enhance the retention rate by streamlining the workplace environment and proactively promote the enhancement of the workplace in which persons with handicaps can work.

● Promotion of Re-employment

According to the Law Concerning Stabilization of Employment of Older Person, DIC has not only established the system that enables us to re-employ those up to 65 years old but also been making efforts to secure re-employment opportunities by also utilizing work sharing. With this system, re-employment employees have been utilizing their previous experiences and exercising great skills and expertise that they have cultivated.

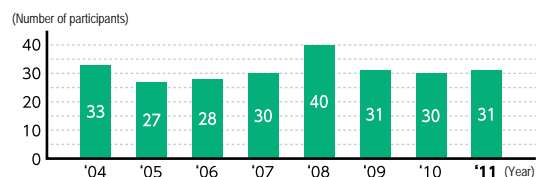
● Mental Health

DIC proactively promotes mental health management with the aim of establishing a workplace in which all employees can exercise their full potential. We conduct periodical self-checks for each employee to comprehend their mental health and provide self-management training and line care training. In addition, we have been establishing internal systems in the DIC Group in Japan even including the provision of appropriate leaves, support for smoothly returning to work, and prevention of recurrence in case employees require recovery.

Initiatives to Achieve Work-Life Balance

DIC's "Work and Childcare Balance Support Program" in Japan stipulates a system that more than satisfies legal requirements with flexible work styles, such as childcare leaves, various leaves, and short working hours. We continue to make various improvements in the operation so that they can be easily utilized according to each employee's situation.

Number of Childcare Leave Program Participants



Work and Childcare Balance Support Program

Childcare Leave Program	Regarding Childcare Leave Program, the maximum length of leaves is "until the child becomes 2 years and 6 months old", which is 1 year more than the legal requirement.
Rules concerning returning to one's previous (or equivalent) position	The rule specifies that the person will return to her original (or equivalent) position after leave.
Childcare While Working Program	For the period between a child's birth and the following 8 weeks, a male employee can take childcare leave of up to 5 days with the aim of creating an opportunity for a male employee to participate in childcare as a partner in childcare.
Establishment of the Economic Support System	The system allows an employee on childcare leave without pay to borrow part of her bonus.
Information sharing to promote program participation	There is an internal loan system to resolve financial concerns in case of large expenses for infertility treatment or childcare facility, etc. The website in which DIC's concept on work and childcare balance and the summary and usage of various systems are clearly explained can be found on our intranet.

Acquisition of the "Kurumin" Mark



DIC is acknowledged as "FY 2008 Accredited Employers" by the Ministry of Health, Labour and Welfare, as a company that actively drives the Measures to Support the Development of the Next Generation.

VOICE

Employee's voice

Experiencing the responsibility as a global company in the field

For 2 months from October, 2011, I took training in Japan, on not only liquid crystal-related work but also pigments and functional polymers. Furthermore, I also studied patent-related information and flow of application. Since I had only been involved in sales activities for liquid crystal, I was able to expand my perspectives with the knowledge of various fields. Not only that, but I was also able to experience the rapid changes of the market, strengths of competitors, harshness of raw material and production costs, and the difficulty each department faces in response.

Since DIC deploys various products on a global scale, I especially felt the importance of communication with each department of each region.

DIC (Taiwan) Ltd.
Sales Dept. 1 Manager
Hsin-Fang Chang



In addition, we have been operating the system, in which an employee can select the course depending on relocation in the human resources system for general employees, since 2002. We have newly established the “relocation limiting system for management positions” in 2012 for people in management positions can also achieve work and life balance.

Employment/development of Human Resources

● Training System

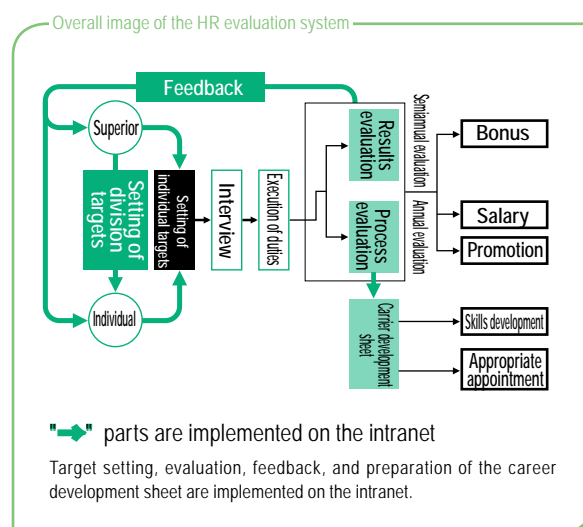
DIC promotes the enhancement of global human resources development. In terms of Off-JT, we have started holding training for young employees with the aim of cultivating global minds, understanding of different cultures, mental toughness, and English/Chinese learning. In addition, we have also newly introduced open-style area studies and global management training. In terms of OJT, we have increased the number of overseas trainees from Japan to overseas group companies. Additionally we introduced the Reverse Trainee System, in which overseas group employees come to Japan in order to develop practical global human resources.

● Performance-Based Employee Qualification System and Fair Treatment

In order to enable all employees to exercise their full potential in jobs suited to their abilities and to fairly reflect this on their

treatment, DIC has completely unified the qualification system regardless of the job type or education. For promotion selection for employee qualification, fair selection opportunities are given to all employees with motivation and skills by conducting selection tests based on objective standards.

In addition, we also consider it important for skills and performance exercised by each person to be appropriately evaluated and reflected in a timely manner for their job satisfaction. Due to such perspectives, the HR evaluation system has introduced a system based on “management by objective (MBO)”. Reflection of more transparent and legitimate evaluation results on the treatment is made possible by employing the system in which the evaluation results, including the reasons, are provided to individuals as feedback.



VOICE

Employee's voice

Experiencing the speed of China business as an overseas trainee

I experienced being an overseas trainee for 1 year from February, 2011 in Guangzhou DIC International Co., Ltd. During my stay, I spent a lot of time with local staff and experienced various tasks, such as responding to customers, logistics-related tasks, and responding to chemical substance-related laws and regulations, etc. In particular it was truly rewarding for me to be able to directly experience the speed of China businesses in the course of my stay.

On the other hand, I struggled with the Chinese language outside of work. Chinese language focuses on tones, and people would not understand you if you make even the slightest mistake. It was very beneficial that I was able to receive instructions in the course of daily conversations. I still continue the studies after my return to Japan.

Fine Synthesis Technical Department
Kenzo Takeishi



Globally Expanding CSR Procurement

WEB <http://www.dic-global.com/en/csr/stakeholder/partner.html>

Basic Concept of Supply Chain Management by the DIC Group

We consider that the CSR of DIC Group supply chain is promoted by each supplier fulfilling our CSR Procurement Guidelines.

The CSR Procurement Guidelines of the DIC Group consist of 9 items, including <I. Compliance with Laws/Social Norms>, <II. Respect for Human Rights and Consideration for Working Environment>, <III. Promotion of Healthy Business Management>, <IV. Consideration for the Environment>, <V. Information Security>, <VI. Appropriate Quality/Improvement of Safety and Technologies>, <VII. Stable Supply and Flexible Responses to Changes>, <VIII. Contributions to Communities/Society>, and <IX. Promotion of CSR and Its Application in the Supply Chain>.

Based on this, we conduct questionnaire studies for guideline achievement status and studies by visit to deepen the mutual understanding.

CSR Activity Status Studies

Based on the “DIC Group Supply-Chain CSR Deployment Guidebook”, we have conducted questionnaire studies with suppliers for 2 years regarding the compliance status of our CSR Procurement Guidelines. We have received questionnaire replies from approximately 350 companies, which are over 90% of the purchasing amount. In the questionnaire, they evaluated their own status for each guideline on a scale of 3. The average value was 2.6. Items with low self-evaluation results included <VII. Stable

Supply and Flexible Responses to Changes>, <VIII. Contributions to Communities/Society>, and <IX. Promotion of CSR and Its Application in the Supply Chain>.

After this, we have visited some of the suppliers and communicated the evaluation results of each item and evaluation by DIC and unified the decision-making standards of each other. Furthermore, we deepened our mutual understanding by introducing the CSR initiatives by the DIC Group. In the future, we will request them to promote initiatives with the focus on the items with low evaluations in the studies by visit. We will also request new suppliers to conduct questionnaire studies. We are scheduled to explain the CSR procurement to Southeast Asian affiliates as part of overseas initiatives.

Updating the “DIC Group Supply-Chain CSR Deployment Guidebook”

Upon the studies by visits with suppliers, we received a number of opinions regarding the “DIC Group Supply-Chain CSR Deployment Guidebook” questionnaire studies, such as “Indication of evaluation is difficult because the responding internal organization is not clear” and “It is unclear how long ‘confirmation by periodical studies’ is referring to”, etc. We felt the necessity to prepare a section for suppliers’ comments, etc. in order to deepen the mutual understanding through questionnaire studies. In the future, we will consider the entry method/study contents, etc. and update the guidebook.

COMMENT

Stakeholder's voice

We contribute to CSR based on the philosophy of “mutually prosperous relationship”

After listening to the CSR activities by the DIC Group, we have re-acknowledged the fact that they are promoting enlightenment activities to all stakeholders.

We have also realized that the efforts toward “mutually prosperous relationship”, which we have been promoting for a long time, are part of the CSR activities and made the decision to further enhance our activities. We will review the 9 items that we should follow as a supplier again and promote activities in order to fulfill our social responsibilities.

Kyoeisha Chemical Co., Ltd.
Quality Assurance Dept. Manager
Yasuhide Hirota



Business Models to Improve Customer Satisfaction

Establishing a Solutions Business

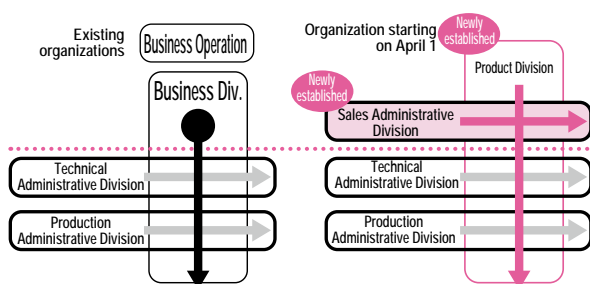
WEB <http://www.dic-global.com/en/csr/stakeholder/customer/satisfaction.html>

Customer Satisfaction Striven for by the DIC Group

The solution business striven for by the DIC Group is to combine multiple products and technologies and propose total solutions for customers' concerns. We think we can enhance customer satisfaction for the DIC Group by developing this solution business. In addition, we also aim to establish a system that enables us to make quick responses to changes in market needs by activating marketing activities for each focus market.

Organizational Changes to Establish a Solution Business

DIC had employed the product-specific divisional system, so we were not able to sufficiently capture the needs of the market or overall society. In order to overcome such issues, we have completely discontinued the product-specific divisional system and have been making drastic organizational changes since



2012. As a result, we have become a matrix type organization containing a sales organization covering each focus market and a product division that leads product strategies with global perspectives.

Since the sales organization now covers a wide range, we can now respond to customers' concerns with integrated products and technologies rather than with individual products as we used to. In addition, we also think that we will be able to make proposals involving processes and equipment as necessary so that our customers will be able to fully utilize the integrated products and technologies.

Marketing Activities by DIC

The DIC Group also proactively promotes marketing activities based on company-wide perspectives. We make efforts in enhancing the DIC brand values through comprehensive introductory activities utilizing tools and opportunities, such as product guidebooks, technology exchanges, and external shows, etc.

On the other hand, we also focus on activities to anticipate the needs of the overall society, such as social requirements and market changes, etc. We select specific themes and consider turning them into businesses by comparing needs information gained through these activities and possibilities of the internal technologies. Through such activities, we not only "propose Color & Comfort by Chemistry" to respond to social requirements but also contribute to achieving a society with sustainable development.

VOICE

Employee's voice

We strive for comprehensive initiatives

DIC possesses products and technologies covering quite a large range, and it is a manufacturer with the potential to turn customers into DIC fans. I think the key to this is to make accurate proposals with speed for objects and matters that customers need and to try to solve issues together with them. In 2010, we held lectures every month by inviting customers from various demand industries as lecturers to discuss what customers in each industry strive for and what they expect from DIC. Now that we have organizations for each demand industry, customers' industries and DIC organizations can integrate with each other. Not only that DIC is starting to make proposals with depth, but customers are also starting to see the advantages in dealing with DIC. I think we will be able to further deepen proposals that sensitively capture industry trends in the future.

Advanced Technology Marketing Dept. Manager
Mariko Okihama

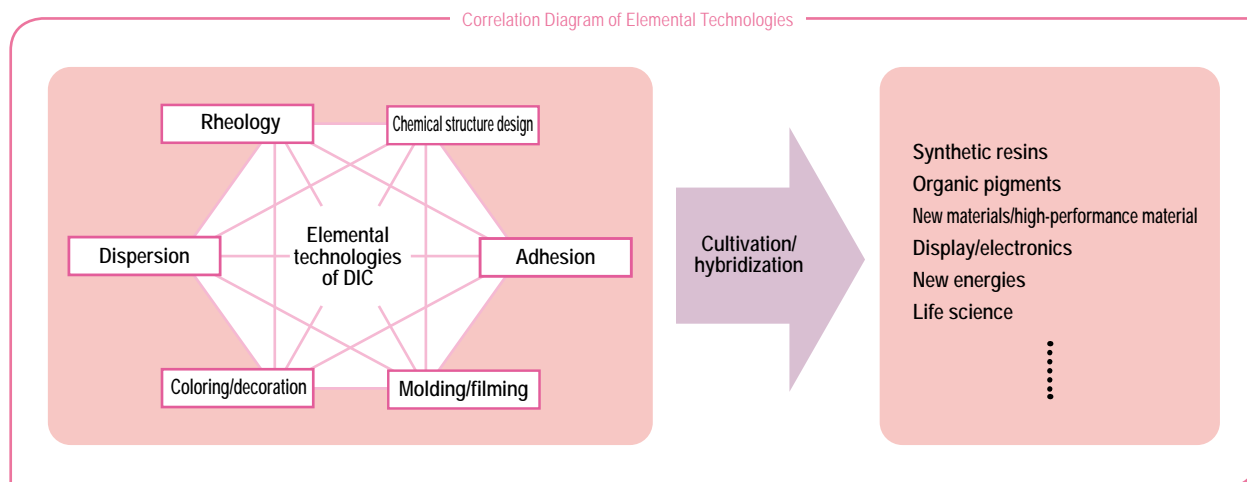


Proposing Solutions Utilizing Elemental Technologies

WEB http://www.dic-global.com/en/csr/technology_development.html

What We Pursue in the Themes for New Technology Development and Value Creation

The DIC Group proactively promotes the development of next generation products and new technologies that lead to sustainable growth and makes efforts in the development of high value added products by utilizing various elemental technologies, such as chemical structure design and dispersion, etc., based on synthetic resins and organic pigments, which are core materials. We focus on various domains, such as high-performance hybrid products, new materials/new high-performance materials, display/electronics, new energies, and life science, through integration of company-wide technical resources with the aim of developing new products/technologies that are original and competitive.



Specific efforts

We are making efforts in developing water-based and solvent-less materials as well as various environment-conscious products which can be utilized to create products with consideration for the environment in various fields, such as printing, electronic/electric products, automobiles, and housing equipment, etc. that use our products.

● Various inks

With printing inks, we have developed offset ink in which printability has been greatly improved by combining the elemental technologies of resin design/pigment surface process/ink combination.

With gravure inks, we have improved the gloss and adherence on films, which had been the issue for urethane inks that excel in reducing solvent residue and recreating photo-like prints, used in obverse



printing of food packaging, such as bread, etc. Sun Chemical has developed various new products, such as sheet-feed printing inks and oxygen-barrier coatings, mainly for food packaging.

With inkjet inks, we have been developing not only water-based pigments but also UV curable products for industrial use.

● Solar Batteries related products

In terms of solar batteries related products, we have developed weather-resistant and low-pollution UV curable Multi-Function-Glass Resin for protection coating material for front sheet and back sheet adhesive resin, which excels in humidity and heat-resistance. Sun Chemical also

provides etching resist, etc.

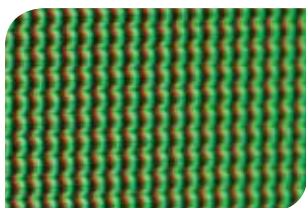


● Display/electronics Products

With LCD panel-related products, we have equipped the mass production system for TFT LCs for large panels for TVs, etc. With organic pigments, we are focusing on improving the performance of products for color filters. The brightening of pigments contributes to the reduction of electricity consumption for backlighting. In addition, we have also developed a double-sided adhesive tape with thermal conductivity to be used to release heat from LCD TVs with LED backlighting. In addition to its heat releasing function, it can also be handled more easily compared to the existing screws.

With epoxy resins, which are used to seal semiconductors or as materials for PC boards, we have continually been introducing various differentiated products that are environment-conscious, such as halogen-free products, in the market in order to respond to customer needs in detail.

In addition, we have also been promoting the development of products in the field of printed electronics*, such as coated transparent conductive film and leveling agent for ultrafine coating with the unified coating thickness of a nano-level, etc.



* Printed electronics: They are attracting a lot of attentions due to the perspectives of mass production, cost reduction, and environmental consideration, etc. as the "next generation manufacturing process" to create electronic circuits with printing technologies.

Promotion of environment-conscious products

We will strive to develop new products and technologies that contribute to the society and increase the ratios of environment-conscious products with a great awareness for environmental consideration. We will reduce the usage of toxic substances, promote the usage of products with less toxicity, and promote the development of recyclable products and production processes with considerations to energy conservation with enhanced safety and less waste, etc. Furthermore, we will continue to conduct environmental assessment and observe the trends for legal requirements and environmental measures throughout the world in order to continue designing products that comply with chemical substance regulations in each country.

Efforts for Future Issues

In 2012, we will further enhance our coordination with domestic and overseas group companies and promote technical hybridization with the perspective of global deployment. We will also enhance our awareness for sustainability. We will consider the LCA (life cycle assessment), through which we consider entire lifecycles of our group's products becoming final products and being used, recycled, and disposed of through our customers. We will also make proactive efforts in identifying risks in the raw material supply chain and the technical responses toward this in order to provide our products to the market in a continual and stable manner.

VOICE

Employee's voice

About Developing UV Curable Type Multi-Function-Glass Resin

The MFG (Multi-Function-Glass Resin) that we have developed is UV curable resin with the durability that is unique to non-organic materials and suitability for painting that is unique to organic materials. Since MFG coating displays a self-cleaning property in which dirt is naturally removed with rain and water when used outdoors, it is ideal as a plastic coating material used outdoors, such as front sheet for solar batteries and various plastic parts for automobiles, etc. We are making proactive efforts to expand the usage as a superior environment-conscious product.

Polymer Technical Group 1
Koji Uemura



For Colorful and Comfortable Lifestyles

WEB <http://www.dic-global.com/en/csr/society/>

Concept of Social Contribution by the DIC Group

Based on the Guidelines for Social Contribution Activities, which was stipulated in 2009. The DIC Group promotes activities with the focus on establishing a healthy relationship with the society

Guidelines for Social Contribution Activities

The DIC Group, based on its Management Vision: Color & Comfort by Chemistry will engage in social contribution activities in the three areas of business activities, culture and education, and communities and society

WEB <http://www.dic-global.com/en/csr/society/guideline.html>

Highlights of Social Contribution Activities

● Initiatives Toward Color Coordination that is Harmonious with Landscape Development and Evaluation of New Tactile Paving Aimed at Low-vision People

The DIC Group promotes the development of colors and color combinations that can be recognized equally by as many people as possible.

Tactile pavement that indicate safe walking paths are considered ideal to have a clear contrast with the road by using highly visible yellow color. However, urban landscape designers often feel the color too vivid that does not harmonize with the surrounding environment. Therefore, it is required to develop guide blocks that simultaneously fulfill safety and aesthetical requirements.

Associate Professor Kei Ito of the Institute of Molecular and Cellular Biosciences at the University of Tokyo has been attempting to use two different colors for guide blocks as a countermeasure to this issue. By using low intensity color for the base part and pale yellow for the protrusions, the new blocks would not violate the landscape while securing both visibility and sign property.



Braille Guide Blocks

For the project, DIC Color Design proposed color schemes that simultaneously achieve functionality and harmony with surrounding environments and cooperated in color selections for the prototype samples. We have been repeating evaluation experiments by trial subjects and promoting the project for practical usage.

● Harmony with Society through Spirulina

The DIC Group has concluded a support agreement with the Alliance Forum Foundation, which is active in supporting developing countries, with "Spirulina Project", to eradicate hunger and improve nutrition promoted in Africa by the foundation.

In the Republic of Zambia, which is where the support is provided, we have been working with local NGO organizations actively in the area to improve nutrition through Spirulina rationing to educational facilities since May, 2011. Furthermore, we have acquired the permission to execute the project to measure the impact of the Spirulina supplies from the Zambian government in February, 2012. We have started the efforts to improve the chronic growth deficiency of 1 to 3-year old children (approximately 60 children) in the village of



Support for the "Spirulina Project"



Kawamura Memorial DIC Museum of Art

Kanakantapa in cooperation with local volunteers since June, 2012. DIC LIFETEC Co., Ltd. has also provided Spirulina tablet packages with high amounts of vitamins and minerals through the pharmacists associations of Miyagi and Fukushima and NPO to support the health of those affected in the Great East Japan Earthquake.

● Kawamura Memorial DIC Museum of Art

DIC operates Kawamura Memorial DIC Museum of Art in Sakura, Chiba as part of the CSR activities. May of 2012 marked the museum's 22nd anniversary, and the museum exhibits approximately 1,000 internal artworks including impressionist art, such as Rembrandt, Renoir, Chagall and Picasso, etc., modern Western paintings, contemporary art, such as Newman and Stella, etc., and Japanese art, such as Korin Ogata and Tohaku Hasegawa, etc. In addition to exhibiting these internal artworks, the museum has held approximately 70 exhibits until now. The high quality activities have received a great reputation, and DIC has been awarded the Mécénat Award (Association for Corporate Support of the Arts) in December, 2008 and Culture Promotion Award by the Western Art Foundation in June, 2012.

In addition, a satellite for the Chiba



Satellite for the Chiba Biodiversity Center

Biodiversity Center was established in the break area in the vast garden operated by the museum. The satellite displays panels communicating the importance of biodiversity as well as leaflets.

● Lab Lessons

In response to children moving away from science, which has become a social issue, DIC provides lab lessons to public elementary schools with the aim of enabling them to experience that "science classes are closely connected to life".

These lessons with the title of "Making Life Colorful through Science" utilize the characteristics of DIC's businesses by including experiments involving planography and simple pigment synthesis. In 2011, we held lab lessons targeting over 300 sixth grade students from 4 schools, including Matsudo municipal Hachigasaki 2nd Elementary School, Kamihongo Elementary School, Matsugaoka Elementary School as well as Hasunedaini Elementary School in Itabashi Ward. We will continue holding these lab lessons by positioning them as part of important activities for "Harmony with the Community and Contribution to Society", which is one of the CSR themes.



Lab Lesson

COMMENT

Stakeholder's voice

We hope to provide children with learning opportunities that are connected to life

The city of Matsudo proactively promotes lab lessons by companies with the hopes that children realize the importance and joy of learning by experiencing that studies in science classes are closely connected to life.

Our focuses upon lab lessons are safety and lessening burdens on schools in which these lessons are held. We think DIC is very well prepared in that aspect as well.

DIC program has been held in elementary schools in Matsudo since 2010, and the contents are filled with attractions that tell us that colors of industrial products in our daily life are created and expressed with "chemistry", which is an extension of science. These lab lessons are very beneficial as "career education" that develops children's view on jobs, so we hope that DIC would continue holding these lessons.

Matsudo-city Board of Education
Lifelong Learning Department
Director of School Education
Hiroyuki Tohata





IPPO IPPO NIPPON

Local Junior High School Students
Experiencing Work

Charity Jogging Held in Guangzhou

● **Support for Reconstruction after the Great East Japan Earthquake**
DIC participates in the "IPPO IPPO NIPPON Project", which is a project sponsored by the Japan Association of Corporate Executives to aid reconstruction in areas devastated by the Great East Japan Earthquake. Over the course of this five-year endeavor, the Association will continue to appeal for corporate and individual donations, which will be used to provide support, with the aim of fostering human resources and revitalizing local economies. DIC has resolved to donate ¥5million annually to the project beginning in 2011.

In addition, DIC has also contributed ¥50 million through the Japan Business Federation and donated a total of 5,000 helmets manufactured by DIC Plastics, Inc. to the Miyako, Omoe and Taro fisheries cooperatives and the city of Miyako, which are located in Iwate. DIC will continue to take an active role in efforts aimed at rehabilitating quake-ravaged regions.

Letter of Appreciation for the Helmet Donations from
the Mayor of Miyako, Iwate

● **Proactively Supporting the Next Generation Development from Working Experience for Junior High School Students to Training Cooperation for Teachers**
Each plant in the DIC Group holds opportunities that enable young

people who will lead the next generation to experience working in order to acquire career or working views and proactively hosts internship students, etc. "Saitama Plant" (Ina City, Saitama) that manufactures UV paint, LC materials, and adhesive films, etc. cooperates with the "Social Experience Challenge", which is planned by the board of education, and continually holds working experience opportunities for 7th and 8th grade students. In 2011, the plant held 4 opportunities and 12 junior high school students participated from the community. They commuted to the Saitama Plant for 3 days at a time and experienced light work, such as inspections of products, packaging, etc. They presented what they learned through work and exchanges with employees at school. These efforts are also promoted in Chiba Plant and Komaki Plant (Aichi) and are highly regarded by the local communities.

● Support for Persons with Intellectual Handicaps

"Huiling" is an NGO that was established in 1990 by a Chinese national and supports persons with intellectual handicaps. It promotes its activities in 8 locations in China. DIC Co., Ltd. (Guangzhou) observed various activities of Huiling Guangzhou, deepened the understanding, and supported the philosophy. The company has appealed for donations from both employees and the company. In addition, 86 employees/family members participated in the charity jogging, which was held in the "Oriental Resort Guangzhou" in Báiyún area, Guangzhou, and held social exchanges with persons with intellectual handicaps in May, 2011.

VOICE

Employee's voice

Backup is Provided through Cooperation of Each Department with the Focus on Safety

Saitama Plant has been hosting working experience opportunities since approximately 10 years ago. First, we communicate safety cautions to children, and each department decides the work contents in cooperation with each other. Seeing papers with honest opinions, such as "I've learned the difficulty of the society" and "I've experienced the importance of people's considerations as well as organization", etc. after the experience and hearing voices of different departments, such as "Thanks to them, we've made a good progress in work", etc., make us happy. In 2011, teachers also cooperated with the training to learn local industries and accepted plant tours. I think it is very beneficial for others to learn the technologies and manufacturing of DIC through such opportunities.

Saitama Plant
General Affairs Group
Chiharu Nakanishi

Promoting Communication and Information Disclosure

WEB <http://www.dic-global.com/en/csr/stakeholder/society.html>

Basic Concept of Communication Promotion

The DIC Group considers communication with stakeholders to be important and makes efforts through various opportunities, such as dialogues, exhibitions, website, and event, etc. We strive to gain sufficient understanding of stakeholders' expectations in order to reflect it to our actual business. In addition, we will also enhance our awareness on the concept of stakeholder engagement, in relation to ISO 26000.

Ties with Customers

DIC has been trying to enhance our ties with customers through communication. Especially in 2011, with customers in the electric/electronic product industries, we have focused on communicating the latest products/technologies by not only participating in exhibitions for FPD (flat panel display) and solar batteries but also hosting technology exchanges with customers, etc.

On the other hand, we have established the "DIC Interior Square Tokyo", which is a show room displaying major products, in November of 2011 in order to propose solutions to customers in the field of architecture and housing. We have also participated in the International Graphics Arts Show "IGAS 2011" and introduced the "DIC Digital Color Guide" to many visitors and promoted it as a communication tool.



DIC Interior Square Tokyo

Ties with Shareholders and Investors

The DIC Group strives to make fair, appropriate and timely disclosure of information, closely communicate with shareholders

and investors, and take their remarks and requests into consideration on our business management.

For institutional investors in Japan, we not only held two operating results briefings per year but also participated in IR conferences and small meetings organized by securities companies and held plant tours, etc. in order to enhance communication. For overseas institutional investors, we held IR meetings, etc. in Hong Kong and Singapore in Asia, New York, Boston, and Toronto in North America, and London, Edinburgh, Paris, and Zurich in Europe in order to enhance communication. In addition, for individual investors, we participated in the "Tokyo Stock Exchange IR Festa" (event aimed for communication with individual investors) as well as company introductory sessions for individual investors. We have also been making efforts in enhancing our information provision initiatives through our website.



Tokyo Stock Exchange IR Festa

Ties with local communities

● Hokuriku Plant was Awarded the Energy Conservation Grand Prize

On February 1, 2012, Hokuriku Plant was awarded the "Chairman Prize of ECCJ" at the 2011 Energy Conservation Awards which are sponsored by Energy Conservation Center (ECCJ) with the cooperation of the Ministry of Economy, Trade and Industry. The honor was given in recognition of the plant's system for reducing energy consumption, which employs visual representation to clarify energy consumption. The following day, February 2, Sayaka Hashimoto of the Hokuriku Plant's Utility Control section took the stage to talk about the plant's goal of capitalizing on its award-winning system to establish itself as a world-class production facility.



At the Ceremony

Initiative by Hokuriku Plant

Hokuriku Plant employs visual representation aimed at, among others, clarifying energy use by application, reducing the amount of energy used per unit of production and rationalizing energy costs. Of particular note, the plant has implemented a four-step energy management system that creates a detailed visual representation of energy use through infrastructure development and the visualization of energy data for steam lines up to the production floor entrance, as well as of product-specific energy use per unit of production and manufacturing data. The system enabled the plant to achieve a 220-kiloliter reduction in annual energy consumption, calculated in tons of crude oil. The plant also publishes a short newsletter outlining its various energy conservation initiatives on the DIC Group's intranet

● Color Education Project

"Making the Cherry Trees Blossom with Love"

DIC has launched the color education project "Making the Cherry Trees Blossom with Love". In this project, sets of heart-shaped stickers (made to look like cherry blossom petals) and a pasteboard with painted cherry tree trunk/branches were given to 34 nursery schools and kindergartens in Iwate and Miyagi. The idea was to have children affix the blossom petal stickers to the tree branches to make their cherry tree burst into bloom. The stickers made to look like cherry blossom petals consist of 12 delicate colors, which were carefully selected from the "DIC Color



Cherry Blossoms in Full Bloom with the Hands of Children

Guide's Traditional Japanese Colors collection".

In March, a workshop was held at Yawata Hanazono Kindergarten in Tagajo, Miyagi with DIC employees.

In addition to this, DIC promotes "color education activities", such as color seminars for nursery teachers and color education workshops for young children utilizing the "DIC Color Guide", etc. in order to communicate the vast color variations to children since 2011 with the aim of promoting communication with the society through colors.

Ties with Employees

The DIC Group promotes rejuvenation of communication with employees through various efforts and tools.

DIC also held 36 town meetings in 2011 as opportunities for the president and employees to directly hold dialogues. In addition, we strive to have closer communication among employees on a global scale by issuing the English and Chinese versions of "DIC Plaza", which is an internal seasonal magazine that widely introduces topics from various departments and plants in the company. Furthermore, we have also launched a website called "Comfort Cafe" in order to promote employee enlightenment toward CSR through the intranet in 2011. We promote sharing of information for environmental issues, which the DIC Group should strive to solve through business activities, by covering the "climate change issue", etc.



Employee Enlightenment Website "Comfort Cafe"

Third-Party Opinion

for CSR Report 2012

The Japan Research Institute, Ltd.
Counselor, Head of ESG Research Center
Eiichiro Adachi



Conducts industrial surveys and corporate evaluations in connection with corporate social responsibility focused on measures to address environmental issues. Provides financial institutions with corporate information to be used for socially responsible investment (SRI) and environment-focused financing. Involved in the publishing of "The 15th Corporate White Paper-Market Evolution and CSR Management" as a member of the "Market Evolution and Corporations in the 21st Century" working group organized for the KEIZAI DOYUKAI (Japan Association of Corporate Executives). He was Japan expert for the ISO 26000 working group from March, 2005 until May, 2009. Author of such books as "An Introductory Guide to Environmental Management" and "Environmental Problems Illustrated for Businesses."

This is my third year to read the CSR report by the DIC Group. I have focused on the section "accurate grasp of evolving social imperatives, and respond with solutions that deliver the value that its stakeholders expect from the DIC Group" in the beginning of this report again.

Part of the DIC Group's perspectives on the "evolving social imperatives" and "expectations by stakeholders" is included in this report's "Special Topics", and I read this with great interest. The chart surrounding "Social Issues" on page 6 and the articles comprising of "Social Issues" and "DIC's Initiatives" in pairs included in case examples were extremely clear and easy to understand.

I think it probably would have been more effective if these expressions were also used in other sections of the report. For example, there was hardly any mention of "how customer requirements have changed" in the article of "Business Models to Improve Customer Satisfaction". I hoped to learn the objectives of performance enhancement in relation to the society in this section.

I assume that the theme "prioritize the "security of safety/environment/health" while maximizing the benefits of chemical products" in "Special Topics" on page 10 came from the perspectives of "changing needs of the society" and "expectations by stakeholders". While more attention has been

paid to the enhancement of risk assessment for chemical substances/products overseas, we were also forced to take another look at the ways of risk management for scientific technologies after the nuclear power plant accident in Japan. In March, 3 applications were filed for an industrial accident case by employees who were at a printing plant in Osaka that they were diagnosed with bile duct cancer. While the cause is unclear at this point, the Ministry of Health, Labour and Welfare instructed printing industry organizations to take appropriate measures for chemical substances in May, 2012.

It was beneficial for me to be able to learn from this report that the DIC Group makes efforts in proactively participating in risk management improvement programs and designing more low-transfer products. I hope that the group will continue to enhance their activities in this domain with anticipation of the future, including the application of the precautionary principle, and voluntarily disclose information.

Finally, DIC Group's management vision includes the section "Propose Color by Chemistry". I expect that there are a number of aspects in which colors can be used as effective approaches to "social issues". Although this report contains several examples, I think the report would be extremely interesting if DIC could pursue the opportunities in a comprehensive manner and report the results if possible.

I have provided this third-party opinion for the ways of CSR activities and information disclosure by the DIC Group which I have understood through this report from the perspective as one who provides corporate information to financial institutions for the sake of socially responsible investment. This opinion is not intended to provide judgment concerning whether or not this report has been accurately measured and calculated in accordance with the preparation criteria for environmental reports, etc. that are generally regarded appropriate or whether or not this report covers important items without omission.



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This booklet uses FSC certified paper and is printed by the waterless printing method which does not require dampening water including solvents.
Consideration is given to universal color design so as to convey information precisely to as many people as possible.