

DIC REPORT 2015

The DIC Group's Corporate Profile & Sustainability Report



DIC Corporation

English Version

Basic Management Approach

In February 2008, DIC celebrated its centennial anniversary. Taking advantage of the opportunity provided by this milestone, the Company changed its official name to "DIC Corporation" and introduced a new corporate symbol. Prior to embarking on its second century in business, DIC adopted "The DIC WAY," an articulation of its new management approach, for the entire DIC Group.

The DIC WAY comprises three elements, namely, DIC's "management vision," "corporate values" and "principles of conduct." These three elements are supported by "The DIC SPIRIT."



MANAGEMENT VISION

Color & Comfort by Chemistry

CORPORATE VALUES

Through unceasing innovation, the DIC Group strives to create new value directed at sustainable development for its customers, society and the environment.

PRINCIPLES OF CONDUCT

- We shall hone our sensitivity to changes in society and be aware of our mission to always be ahead of the times.
 We pledge to incorporate the concepts of social and
- we pleage to incorporate the concepts of social and environmental sustainability into our corporate activities.
- We vow to strive constantly to hone "The DIC SPIRIT."
 We shall respect the autonomy and initiative of each individual employee in applying his or her talents to the pursuit of our values and the realization of our vision.

Color & Comfort by Chemistry

The DIC WAY

Established in 1908 as a manufacturer of printing inks, DIC has expanded its mainstay organic pigments and synthetic resins businesses while at the same time cultivating world-class related core technologies. Since then, DIC has leveraged these technologies to build a broad portfolio encompassing materials and finished products. This has enabled the Company to respond to market needs by providing customers in the automotive, electronics, food packaging, housing and other industries with solutions that bring "color" and "comfort" to people's lives.

Looking ahead, DIC—today a multinational organization with operations in more than 60 countries and territories— will redouble its efforts to contribute to environmental protection and to the realization of a safe and sustainable society.

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Connecting the DIC Group and its Stakeholders **DIC Group Communications Tools**

The DIC Group uses a variety of tools to promote communication with its many stakeholders to encourage greater awareness of the Group's activities. More detailed sustainability-related information and data can be found on the DIC website.

Printed/PDF-Form Publications

Reports on activities

DIC Report (summary version)

DIC Report (complete version)

Report on sustainability

initiatives and corporate

profile (published annually)

DIC Website



Annual Report

Report on operations

Report on sustainability initiatives and corporate profile (published annually) (Printed report)

(PDF-form report)

and financial condition (PDF-form report)

Real-time information

DIC Global Website



http://www.dic-global.com/en/csr/ Umbrella website providing information to the global public about the DIC Group and reports on its various activities; updated as necessary

About this Report

The DIC Group publishes a combined corporate profile and sustainability report with the aim of presenting a clear, easy-tounderstand picture of the Group and its sustainability initiatives. For fiscal year 2015, the Group published a simplified summary version (printed), which focuses on key highlights, and a more detailed complete version (PDF), which contains extensive quantitative data.

DIC Report (Complete version) (PDF-form report)

http://www.dic-global.com/en/csr/annual/

Note: The designation "Asia–Pacific region" as used in this report refers to Asia– excluding Japan and Greater China–and Oceania.

Links with the DIC Website

The (in) mark indicates that more detailed information and/or data can be found on the indicated page of the DIC website.

DIC website in http://www.dic-global.com/en/

Scope of Reporting

In principle, this report provides information on DIC Corporation and consolidated DIC Group companies in Japan and overseas. For information on the scope of reporting for ESH-related initiatives, please visit the pertinent page of the DIC website.

http://www.dic-global.com/en/csr/pdf/dic_report_scope_en_2015.pdf

Reporting Period

Fiscal year 2014 (January 1–December 31, 2014)

Date of Publication

June 2015 (The next report is scheduled for publication in June 2016.)

Guidelines Referenced

Guidelines referenced in the preparation of this report were ISO 26000, the International Organization for Standardization's standard for social responsibility, released in 2010, and Japan's Responsible Care Code.

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Cover Design

The cover of this year's DIC Report is a paper craft artwork evoking the contributions DIC products make to comfortable, vibrant communities. The design also alludes to the idea of the DIC Group's business activities providing attractive, exciting products to customers around the world and driving growth.

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We continue working to address challenges with the goal of creating value through our business activities and achieving sustainable growth for the DIC Group.

A Global Fine Chemicals Manufacturer

The DIC Group is a multinational organization comprising 176 companies in 63 countries and territories. In fiscal year 2013, we embarked on our current medium-term management plan, DIC105, which will guide our efforts through fiscal year 2015. Operating in a dynamic global economic and business environment, we continue to promote development and innovation with the aim of ensuring our products, services and technologies align with the needs of stakeholders and meet their expectations.

We continue working actively to address challenges to create new products and businesses that are ahead of the curve. At the same time, we remain dedicated to guaranteeing the safety of our operations, contributing to protection of the environment, adhering to a strict code of ethics and effectively managing risks, enabling us to fulfill our responsibilities to society as a global fine chemicals manufacturer.

DIC105: Year 2 in Review

In line with our medium-term management plan, we continue to focus our allocation of management resources on key business domains with the ultimate goal of securing sustainable growth.

DIC105 calls for the expansion of three key forward-looking businesses that will drive growth in the years ahead—thinfilm transistor liquid crystals (TFT LCs), pigments for color filters and polyphenylene sulfide (PPS) products. In fiscal year 2014, sales of TFT LCs^{*1} were hampered by delays in obtaining customer qualification. In contrast, sales of both green and blue pigments for color filters rose briskly, while sales of PPS products increased favorably, bolstered by successful efforts to respond to rising demand, particularly for automotive applications. In this environment, consolidated net sales advanced 5.9% from fiscal year 2013, to ¥830.1 billion. Despite higher sales, operating income declined 6.9%, to ¥41.1 billion, well below our target of ¥50.0 billion for the period, owing to a number of factors, including an increase in Japan's consumption tax and a delay in raising sales prices to reflect increases in raw materials and fuel prices. In contrast, our debt-to-capital ratio*2 as of December 31, 2014, was 49.8%, as we essentially achieved our target for fiscal year 2018 (50%) a full four years ahead of schedule. During the period, we proceeded with efforts to restructure our North American and European printing inks businesses—one of the central strategies of DIC105-in line with a roadmap formulated to guide related measures, which include the closure of certain facilities and the shift of production to other regions. We also continued to invest actively to reinforce our operating foundation in promising Southeast Asian markets, notably India, thereby laying the groundwork for the future expansion of our operations.

Pressing Ahead with Decisive Efforts

In my view, the most important prerequisite to success in the years ahead will be ensuring the commitment of all DIC Group employees to working as one to implement the strategies we have set, mindful always of the importance of acting decisively. We are thus promoting the creation of a platform to facilitate the appropriate allocation of management resources. As part of this effort, in fiscal year 2014 we established printing inks technical centers in Thailand and the People's Republic of China (PRC) as well as a PPS technical center in the PRC, while early in fiscal year 2015 we opened a polymer technical center in Thailand, which will oversee and direct technical aspects of these respective businesses in the Asia-Pacific region. These new facilities position us to further drive technological development that responds to local market requirements rather than depending on technologies transferred from Japan, thereby expediting commercialization.

We also continue to advance R&D that emphasizes fostering next-generation businesses, with efforts focusing on such areas as gas barrier materials for packaging applications, printed electronics*3 materials, cellulose nanofibers, organic-inorganic hybrid materials and heat-dissipating materials. Going forward, the DIC Group pledges to work as one to press ahead with decisive measures aimed at resolving social imperatives related to, among others, safety and reliability, the environment, resource conservation and the increasingly important role of information, and at providing products and services that respond to society's evolving needs, thereby enabling us to act as a positive force in society.

The DIC Group's Approach to Sustainability

Having acknowledged the need to pursue sustainable growth in a manner that contributes to sustainability for the global environment and society, as well as ensures our own sustainable growth, in January 2014 we changed the designation we use across our program from "CSR" to "sustainability." We also established a global configuration that classifies our initiatives into four regional groupings: Japan, the Americas and Europe, Greater China-



(Above) Opening ceremony for DIC Zhangjiagang Chemicals Co., Ltd.'s second production facility (Below) DIC's booth at Eco-Products 2014 in Tokyo

which for DIC encompasses the PRC, the special administrative region of Hong Kong and Taiwan-and the Asia-Pacific region. To enhance our ability to effectively manage risks with the potential to hinder our sustainability, we have declared 10 DIC Group sustainability themes and set theme-specific medium-term targets.

As a manufacturer of fine chemicals with operations around the world, we have a particular responsibility toward operational safety. Accordingly, we work tirelessly to reinforce our safety infrastructure while maintaining a Groupwide awareness of safetyrelated issues. As we strive to accelerate the global expansion of our operations, we also acknowledge the importance of fostering human resources with the skills to excel on a global stage and of valuing the diversity of our labor force. To this end, we are creating a comprehensive human resources database. We are also promoting measures designed to cultivate a new generation of employees with leadership capabilities and encouraging initiatives such as our Global Challenge Program, which focuses on helping younger employees gain a better understanding of other cultures. In addition, we are taking decisive steps toward the creation of a framework for ensuring environmental soundness and effective governance across our entire global supply chain.

Targeting Sustainable Growth

The DIC Group provides a wide variety of products that meet the needs of manufacturers in industries ranging from electronics to materials used in everyday life and the expectations of society. To facilitate the swift expansion and evolution of our businesses, we will continue to take bold steps to optimize all aspects of our operations from a global perspective. In these and all our efforts, we look forward to the ongoing support and guidance of our stakeholders.

^{*1} For more information on DIC's TFT LCs, see page 12.
*2 Debt-to-equity ratio is calculated as Interest-bearing debt / (Interest-bearing debt + Total net assets).

^{*3} As a next-peneration production process for electronic circuits that employs printing technologies, printed electronics continues to attract attention for, among others, its suitability for mass production, ability to reduce fabrication costs and solid environmental credentials.

The DIC Group: A Global Powerhouse

Corporate Data

Registered name: Corporate headquarters:

Date of foundation: Date of incorporation: Paid-in capital: Number of employees:

Number of subsidiaries and affiliates:

DIC Corporation

DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan February 15, 1908 March 15, 1937 ¥96.6 billion 20,411 (Nonconsolidated: 3,542) 176 (Domestic: 32, Overseas: 144)





DICCorporator

Global Network



Note: Operating income as used here includes eliminations (approximately ¥3.5 billion). Accordingly, these percentages do not represent shares of reported operating income



Reportable Segments

The DIC Group has leveraged its distinctive organic pigments and synthetic resins, essential to the manufacture of printing inks, to build an extensive business portfolio.

Fine Chemicals Printing Inks





▶ Page 12

Net sales: ¥415.7 billion Operating income: ¥17.3 billion

Net sales: ¥138.3 billion Operating income: ¥13.8 billion

Polymers





Net sales: ¥190.8 billion Operating income: ¥7.8 billion

billion

Share of Net Sales

Application Materials

14.2%

Polymers

22.0%

Net sales: ¥123.0 billion Operating income: ¥7.1 billion

Share of Operating Income



Note: The aggregates of net sales and operating income by region on page 5 and above do not correspond to reported net sales and operating income, as the former include income not attributable to reportable segments and eliminations.



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Messages from Top Executives at Regional Headquarters



We will make further progress toward eco-efficiency to realize sustainability.

Sun Chemical Corporation

President and Chief Executive Officer Rudi Lenz Sun Chemical's sustainability efforts are based on the concept of eco-efficiency as defined by the World Business Council for Sustainable Development: "the delivery of economically competitive goods and services that satisfy customers' needs and bring quality of life, while progressively reducing ecological impact and resource intensity throughout the life cycle." In 2015, we will make further progress toward this goal, with the following key initiatives:

- a rigorous development process and analytical tools that guide our choice of materials and the safety of our products

- manufacturing processes that demonstrate environmental excellence through reduced waste generation, lower energy and water usage, and strong safety performance

- meeting local regulatory requirements, working proactively with government, industry trade groups, and business partners in the value chain to better define, measure, and promote sustainability, product stewardship*, and risk management.

We are committed to meeting our customers' needs, while never losing sight of the business essentials: reliable, on-time delivery, consistent product quality, dependable service and groundbreaking innovation.

Sun Chemical's Pledge: As the world's leading producer of inks, pigments and coatings, we will lead our industry by understanding and minimizing the life cycle footprint of our products' impact on the environment.

* Product stewardship is a philosophy that emphasizes reducing the environmental impact of products over their entire life cycle.

With a population that makes it one of the world's largest markets, the PRC remains highly promising, evidenced by its 7% target for gross domestic product (GDP) growth in the current fiscal year. With the aim of capitalizing on colossal demand in this market, we are taking decisive steps to revamp the DIC Group's existing local production and sales networks, as well as to introduce new technologies. Through such efforts, the management and staff of DIC Group companies in the PRC are committed to making a positive contribution to boosting the Group's overall operating performance.

In fiscal year 2015, DIC Group companies in Greater China also formulated sustainability activity plans, in line with which we are promoting a variety of related initiatives. As a manufacturer of fine chemicals, DIC recognizes that its highest priorities in this region must always be the environment, safety, health and quality. In recent years, authorities in the PRC have cracked down on violations of the country's Environmental Protection Law, and at this year's National People's Congress the government pledged to toughen environmental measures. The PRC has often been accused of complacency when it comes to environmental issues, but as can be seen from the hard line it has taken against air pollution caused by high levels of PM2.5 airbone particulates—a major issue for the entire country—it is expected to tighten regulations substantially in the years ahead. To ensure its continued growth and prosperity in the PRC, the DIC Group must of course abide by local laws,

but more than that it must establish its reputation as an environment-friendly organization.

In 2014, regulators in the PRC fined a number of companies in the country, primarily multinationals, as punishment for violating antitrust laws. These and other incidents have highlighted the importance of our ongoing efforts to enhance understanding of compliance and build awareness within the Group.

Growing the DIC Group's businesses in the PRC also depends on promoting efforts to ascertain market needs and to cultivate promising markets in line with two key Group sustainability themes, namely, Business Models that Respond to Social Imperatives and New Technology Development and Value Creation.

In recent months, the news has brought us numerous stories about Japanese companies withdrawing from the PRC for reasons such as rising personnel costs and unfavorable currency rates. In our case, most of the products we manufacture in the PRC are sold to Chinese companies, including subsidiaries of Japan-based enterprises, so our business model is different from that of companies that are primarily dependent on exports. Looking ahead, we will accelerate the implementation of our global business strategies, which include exploring the investment of management resources to reinforce our ability to market our products to customers in the PRC.

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Holding company DIC Asia Pacific Pte Ltd was established in October 2001 as the regional headquarters for the DIC Group in the Asia–Pacific region*. As of January 2015, we have 73 employees and oversee 17 DIC Group companies. We also function as the front line for the Group's principal product segments in the region.

The DIC Group has production bases in six Association of Southeast Asian Nations (ASEAN) member countries: Indonesia, Singapore, Thailand, the Philippines, Vietnam and Malaysia. The fastest-growing of these is our base in Indonesia, which employs more than 1,000 local individuals and pays special attention to conducting its operations in a manner that ensures harmony with local society.

Against a backdrop of rapid market change, major brand owners are accelerating purchases of environment-friendly products for use in packaging for food and household goods in response to heightened consumer awareness of environmental issues in this area. In response, we are taking decisive steps to cultivate markets for such products, particularly environment-friendly toluene- and methyl ethyl ketone-free gravure inks for use on flexible packaging, offset inks for use on paper containers, and water-based inks for use on cardboard cartons.

A key area of focus is environment-friendly PPS compounds, which play a key role in reducing vehicle weight. Having positioned Malaysia as a principal production base for PPS compounds, we are actively expanding our presence in four strategically important regional markets, namely, Thailand, Malaysia, Indonesia and India.

Looking ahead, we will seek to expand our presence in increasingly relevant, promising markets and business areas by reinforcing our operating configuration in South Asia. To enhance the profitability of our chemicals business in India and promote the expansion of our operations elsewhere in the area, including Pakistan and Sri Lanka, we established a regional representative office, which is headed by an executive officer on assignment. Asia and Oceania currently accounts for approximately 15% of the DIC Group's earnings from its businesses. We will step up efforts to respond to the needs of our customers in key markets with the aim of further increasing this percentage and of growing together with the communities in which we operate.

* Asia-excluding Japan and Greater China-and Oceania



We are taking decisive steps to cultivate markets for environment-friendly products.

DIC Asia Pacific Pte Ltd

Managing Director Kazunari Sakai

We are working to expand our operations to respond to evolving market requirements.

DIC (China) Co., Ltd.

Chairman and General Manager Hideki Inouchi



The DIC Group's Business Portfolio

An Efficient Corporate Organization that Leverages DIC Group Strengths

Target Markets and Business Development

The DIC Group has capitalized on its capabilities in organic pigments and synthetic resins, the principal material for printing inks, to build a broad portfolio. Today, the Group classifies its products in four business segments: Printing Inks, Fine Chemicals, Polymers and Application Materials. Through its Advanced Technology Sales Administrative Div., Life & Living Sales Administrative Div. and Packaging & Graphics Sales Administrative Div.—three sales administrative divisions organized in line with three key market categories—and its affiliated companies, the DIC Group works to provide products that respond to the needs of society and its customers.



The DIC Group's Basic Technologies

The DIC Group strives constantly to contribute to a materially and spiritually affluent society through the development and provision of environment-friendly technologies and products. To this end, the Group is leveraging its basic technologies in the areas of optics and color, organic molecular design, polymer design, dispersion and applicability assessment to promote the development of products in key target markets.

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to Respond Swiftly and Accurately to Evolving Social Imperatives

A Matrix-Like Corporate Organization that Leverages Comprehensive Capabilities

With the aim of facilitating concentrated efforts to grow core products, as well as a shift toward market-focused business development, the DIC Group has created a matrix-like corporate organization. This organization centers on six product divisions, which are responsible for spearheading the implementation of global product strategies, and three market-oriented sales administrative divisions. The DIC Group is confident that this format will enhance agility—enabling it to respond swiftly to evolving social imperatives—and improve the internal sharing of information, thus underpinning efforts to leverage its comprehensive capabilities.



Printing Inks

A stable business since the start

This segment focuses on printing inks, DIC's mainstay business since its establishment. A global market leader, DIC boasts an extensive product portfolio ranging from publishing inks to inks and adhesives for packaging, enabling it to respond to the needs of customers worldwide.



Printing inks

Offset inks Gravure inks Flexo inks Can coatings News inks Packaging adhesives Printing supplies





Outstanding color reproduction, reduced energy consumption

DAICURE HR series (High-sensitivity UV-curable offset inks)

DAICURE HR offset inks contain no volatile organic compounds (VOCs) and facilitate high-speed drying, properties that help improve working environments and workability and that continue to support market expansion. Recent years have seen a sharp increase in the popularity of high-sensitivity ultraviolet (UV)-curable offset inks, which facilitate the use of low-watt or light-emitting diode (LED) lamps in UV curing systems, thereby contributing to the reduction of energy used. As well as suitability for use with low-power UV printers, DIC's innovative DAICURE HR high-sensitivity UV-curable offset inks deliver outstanding color reproduction, thus responding to the needs of customers seeking to switch from printing with oil-based inks to UV-curable printing.

Ensuring safety for food and the environment

FINART series

(Gravure inks for food packaging)

In recent years, growing concern for food safety and increased awareness of environmental issues has hastened demand for the reduction or elimination of solvents in food packaging materials. With *FINART*, DIC has developed a series of gravure inks for food packaging that combines consideration for food safety and the environment with the superb image quality and suitability for high-speed printing demanded of gravure inks. In addition to conforming to the Japan Printing Ink Makers Association's voluntary regulations concerning the use of chemical substances in printing inks, these environment-friendly inks, which balance superior safety with excellent printability, also comply with food packaging regulations in Europe.



Fine Chemicals

Optronics materials and other high-value-added products

Products in this segment include a wide variety of materials indispensible to digital devices, including LC materials and organic pigments for color filters, which are expected to drive growth for DIC in the years ahead.



Fine chemicals

Organic pigments Special effect pigments LC materials Alkylphenols Metal carboxylates Sulphur chemicals (lubricant additives)





A marked increase in brightness and reduced LCD energy consumption

G58 series

(Green pigments for color filters)

In addition to pigments for printing inks and coatings, DIC —the world's leading manufacturer of organic pigments in terms of market share—produces high-performance pigments for color filters used in LCDs. In manufacturing its G58 series of green pigments for color filters, DIC defied conventional wisdom by using zinc, rather than copper, as the central metal in the chemical composition, thereby achieving a marked increase in brightness.

The highest-grade product in the G58 series, FASTOGEN GREEN A310, is particularly noted for its exceptional brightness and contrast. FASTOGEN GREEN A310 has been adopted widely for use in LCDs with LED backlights—the dominant format for LCDs used in televisions and smartphones—contributing to improved picture quality and reduced energy consumption.

Responding to the evolution of LCDs

TFT LCs

TFT LCs demand sophisticated expertise in molecular design, as well as advanced technologies for synthesis, mixing and the removal of minute impurities. DIC is one of only a few companies in the world capable of manufacturing TFT LCs. The ability of DIC's TFT LCs to satisfy customers' needs for higher brightness, faster response times and greater long-term reliability is evidenced by the fact that they have been adopted for use by liquid crystal display (LCD) manufacturers worldwide. DIC continues to see sales of these products expand, particularly in the PRC and elsewhere in Asia. In addition to responding to customer needs arising from demand for larger LCD television screens and higher picture quality, DIC is promoting the production of TFT LCs for use in smartphone and tablet computer displays.



Polymers

DIC's second core business

Capitalizing on DIC's world-class technologies and know-how, this segment provides synthetic resins and resin-related products to a wide array of industries.



Polymers

Acrylic resins Alkyd resins Amino resins Epoxy resins Fluorochemicals Methacrylate resins Phenolic resins Plasticizers Polvester resins Polystyrene Polyurethane resins Processed sheet molding compounds (SMCs) and bulk molding compounds (BMCs) Unsaturated polyester resins UV-curable resins Waterborne resins





Shielding houses and other structures from rain and air pollution

CERANATE series (Waterborne hybrid resins for coatings)

Coatings for housing, public structures, iron bridges, roads, automobiles and other objects must provide protection against rain and UV rays, as well as oily or acidic particulates from vehicle and factory emissions. In response, DIC has developed the *CERANATE* series of waterborne hybrid acrylic–polysiloxilane (organic–inorganic) resins, which use nanotechnology to control dispersion. Hybrid molecules fuse together with the evaporation of moisture to form an exceptionally durable coating that boasts superior gloss retention and excellent resistance to oily stains, as well as a self-cleaning capability whereby it uses rainwater to wash off dirt. Demand for *CERANATE* resins continues to rise in emerging economies, where construction is still booming.

Exceptional heat resistance facilitates use in precision instruments EPICLON series

(Epoxy resins for electronics substrates)

Epoxy resins are UV-curable synthetic resins that cure when combined with curing agents, achieving exceptional moldability, heat resistance, electrical insulating properties and adhesive properties. These resins are used by manufacturers of electronics substrates and in a broad range of other industries.

As Japan's largest manufacturer of epoxy resins, DIC supplies the *EPICLON* series of environment-friendly, high-performance epoxy resins, which combine outstanding heat and flame resistance. Applications for *EPICLON* epoxy resins are diverse and include smartphones and computers.



Application Materials

Key applications of basic technologies

This segment encompasses a diverse range of applied products, including jet inks, engineering plastics and industrial adhesive tapes, which are made possible by the integration of DIC's synthesis, dispersion, coating and molding technologies.



Liquid compounds

Jet inks Fiber and textile colorants Artificial leather colorants Coatings for optical films UV-curable coatings and bonding adhesives for optical discs Coatings for building materials High-performance coatings and adhesive materials Inks for printed electronics

Solid compounds

PPS compounds High-performance compounds Plastic colorants High-performance optical materials Coextruded multilayer films

Processed products

Industrial adhesive tapes Label stock for printing Hollow-fiber membranes and modules Magnetic tape and coated sheets Plastic pallets and containers Decorative boards and interior housing products Decorative interior sheets Health foods





Responding to the rapid evolution of smartphones

DAITAC WS#84 series (Double-sided adhesive tape for waterproof mobile communications devices)

The DAITAC WS#84 series, one of the first series of waterproof tapes to be developed and marketed for waterproof smartphone construction, qualifies for IPX7, an international standard for protection against water ingress, earning it an unrivaled position in this market. The thin foam substrate of DAITAC WS#84 series' tapes is soft, with a fine closed pore structure similar to that of a sponge. The substrate and the adhesive layer form a single tape that adheres tightly regardless of minute surface irregularities, thereby preventing water from penetrating. DIC continues to promote the development of adhesive tapes and other products in response to the trend toward lighter and more sophisticated mobile communications devices.

Contributing to the realization of lighter, more fuel-efficient vehicles DIC.PPS series

(PPS compounds)

PPS polymer is an engineering plastic that boasts high resistance to heat—it has a melting point of approximately 280°C—and chemical substances. In addition to delivering outstanding heat and chemical resistance, PPS compounds in the *DIC.PPS* series maintain excellent rigidity, strength and electrical insulating properties, are lighter than iron and can be molded into more complex shapes, as a result of which these compounds have found application in components for hybrid, electric and other environment-friendly vehicles as a lighter, high-performance alternative to metal materials. As the world's leading manufacturer of PPS compounds in terms of market share, DIC enjoys a solid global presence, with bases in Asia, North America and Europe.



Special Feature

Developing Innovative Products that Address Key

Social Imperative >

Reduce food loss and conserve packaging resources by realizing more functional packaging materials

Millions of people the world over suffer from malnutrition, yet it is estimated that approximately 1.3 billion metric tons of the food produced globally for human consumption is wasted annually. Efforts to help resolve this paradox include the use of high-performance packaging materials to prolong shelf life, thereby minimizing food loss. Particularly notable among these is flexible plastic film with oxygen barrier properties, which, as its name indicates, prevents oxidization. However, a key issue with oxygen barrier packaging films is that they are generally made from multiple layers of film that must be laminated together, which makes manufacturing difficult in many places. Simplifying the laminated structure of such films would thus help reduce both food waste and resource consumption.



Source: Global Food Losses and Food Waste, Food and Agriculture Organization of the United Nations, 2011

3Rs ("reduce, reuse, recycle") Aging Safety/ society reliability

DIC's Response > Adhesive with Oxygen Barrier Properties (PASLIM)

Adhesive for packaging film that prevents oxygen permeation and keeps foods fresh longer



An adhesive that prevents oxygen permeation, facilitating the reduction of packaging film weight

DIC has developed an adhesive that can be used instead of oxygen barrier film to minimize food loss

In summer 2013, DIC developed *PASLIM*, an adhesive with oxygen barrier properties. *PASLIM* combines a polymer with low oxygen permeability and an inorganic compound filler, thereby lengthening the distance to the food (the "maze effect"). The new film thus imparts an oxygen barrier performance equivalent to that of conventional laminated packaging films, which are several times thicker.

Because it eliminates the need for a conventional oxygen barrier film layer, *PASLIM* facilitates the manufacture of dramatically thinner and lighter laminated packaging films. As well as preventing food deterioration, *PASLIM* reduces the volume and the cost of film used, emissions of CO₂ during product transport and the amount of packaging film disposed of post-consumption. DIC estimates overall CO₂ emissions attributable to the production, use and disposal of *PASLIM* are around 30% lower than for conventional oxygen barrier films.



Energy conservation

Social

Imperatives

KEY PERSON from DIC

We are establishing a business model in the PRC and expanding its application worldwide.

In addition to our usual packaging materials customers, we have proposed a *PASLIM*-based food packaging solution directly to a Chinese food manufacturer. This is a successful example of a solution realized thanks to the provision of technical assistance to a local company, which encouraged the company to adopt *PASLIM* for use in its food packaging. Looking ahead, we plan to apply this business model worldwide by leveraging DIC's technologies and networks to propose solutions tailored to market conditions and requirements across various countries and regions.



Human I Human

Climate change, energy, food and disaster prevention are just a few of the urgent issues that the world needs to address. The DIC Group is leveraging the power of chemistry to provide products that can help resolve such issues and drive social sustainability. QR Code

Social Imperatives

Related information http://www.dic-global.com/en/csr/special/

Social Imperative >

Address the urgent need to repair aging roads, bridges and other infrastructure elements

Many of Japan's roads and bridges were built in the 1960s. Over the years, such structures have deteriorated, but tight national and local government finances have hindered the progress of renovation, resulting in an upsurge in road and bridge closures due to safety concerns. Given these circumstances, repairs using safe, affordable techniques that prolong the useful life of existing infrastructure are garnering considerable attention. However, rainfall and river conditions can cause major delays. Accordingly, there is a growing need worldwide for superior repair agents. This is also true in the United States, where infrastructure decay has long been an issue, and in the PRC, which will likely face the same challenges in the years ahead.



Source: Ministry of Land, Infrastructure, Transport and Tourism, and four public highway corporations

DIC's Response > Epoxy Resin and Curing Agent for Infrastructure Renovation (EPICLON with LUCKAMIDE)

Superior adhesiveness, even on damp surfaces, shortens repair times and improves workability



N/

A revolutionary curing agent that dramatically improves adhesiveness on damp surfaces

DIC's new curing agent shortens construction delays due to rain and improves workability

Repairs involving aging concrete structures usually require the bonding of new concrete. If it rains during this process, work must be suspended until the wet concrete is fully dry. To address this problem, DIC sought not only to develop a new version of *EPICLON*, the base material, with enhanced bonding properties but also to improve the water resistance of the curing agent added to harden the resin. In June 2014, these efforts, which focused on leveraging proprietary polymer design and compounding technologies to realize a new formulation, resulted in the development of *LUCKAMIDE*, which boasts groundbreaking water resistance and cures at ambient temperatures. The interaction between *EPICLON* and *LUCKAMIDE* results in dramatically increased adhesiveness to damp concrete and improved workability in rainy or humid environments, reducing project delays and shortening repair times.



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KEY PERSON from DIC

Ambient-temperature curability and superb water resistance underscore LUCKAMIDE's significant potential.

Developing an agent with enhanced water resistance and adhesiveness that didn't need heat to cure was a particularly daunting challenge. It was a process of trial and error, but in the end the success of our efforts was immediately obvious. The resin in which it is used expands smoothly on wet concrete almost as if it is pushing the water out of the way, at the same time demonstrating strong adhesiveness. A number of contractors are currently using the resin in trials to verify long-term durability. I am excited about *LUCKAMIDE*'s potential.





Social Imperative >

Effectively extinguish dangerous fires at facilities handling hazardous substances

Fires at petrochemical complexes, chemical plants and other facilities handling hazardous substances have the potential to cause massive damage. In addition to human casualties, such fires can result in the loss of machinery and equipment, and of products, the release of environmentally damaging substances and the suspension of production and resulting disruption of supply chains. Fires involving liquid materials such as gasoline and alcohol cannot be extinguished by water alone. For such fires, it is imperative to blanket burning surfaces with a firefighting foam containing a fire extinguishing agent diluted with water, which prevents contact with oxygen while cooling the fire. The foam must coat the burning surface quickly without being broken down by the heat and be able to suppress fires involving a variety of chemicals.

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Source: Fire and Disaster Management Agency report on fires in 2013 involving hazardous substances

DIC's Response > Firefighting Foam (MEGAFOAM)

Foam extinguishing agent quickly extinguishes fires involving hazardous substances, thereby minimizing damage

A firefighting foam with a superior extinguishing performance that has earned it the top share of the Japanese market

DIC has developed a firefighting foam with a wide range of applications

Developed in 1982, *MEGAFOAM* is Japan's first aqueous film-forming firefighting foam, an innovative product that leverages DIC's molecular design and mixing technologies in the area of fluorochemical surfactants. Since its launch, the product has earned an outstanding reputation for its fire extinguishing capabilities. *MEGAFOAM* is currently in use at numerous airports, facilities handling hazardous substances, tunnels, underground parking lots and other facilities and is the leading firefighting foam in Japan in terms of market share. Capitalizing on its polymer gel formation technologies, DIC also developed a robust foam structure, which led to the commercialization of an alcohol-resistant version of *MEGAFOAM*. Equally effective against water-soluble and water-insoluble flammable liquid materials, this version of *MEGAFOAM* is particularly prized by fire departments, which often must deal with fires involving unspecified materials.



KEY PERSON from DIC

Easily diluted and resistant to breaking up, *MEGAFOAM* combines numerous DIC technologies.

With firefighting foam, you can alter expansion and choose a foam shower, nozzle or other discharge format according to the nature of the fire to be extinguished. In addition to its superior fire extinguishing performance, *MEGAFOAM* has garnered praise for its manageability and suitability for diverse applications, both attributable to foam generating capabilities that reflect our high-precision polymer design and mixing technologies.

Head Researcher, Polymer Technical Group 10, Polymer Technical Division 2 **Jiro Matsuo**



Groundbreaking Sun Chemical Solution Enhances the Recyclability of Shrink Sleeve-Labeled PET Bottles

The Sun Chemical Group, a core member of the DIC Group, is the leading manufacturer of printing inks in terms of market share in both the Americas and Europe.

Social Imperative Shrink wrap is a material made of thermoplastic film that shrinks tightly to conform to the shape of whatever it is covering when heat is applied. In recent years, shrink sleeves—printed tube-shaped shrink wrap for full-coverage labeling of containers—have come into wide use for labeling polyethylene

terephthalate (PET) bottles. Shrink sleeve labels have been extremely successful in terms of marketing and package appeal, which has driven up demand, spurring growth in the overall market for shrink wrap products. However, in the United States and Europe, sorting and separation issues have had a significant negative impact on the recycling of PET bottles. During the recycling process, granulated PET bottles go through a separation tank, where the density of water is used to remove contamination in the form of non-PET materials, such as caps and labels. Problems arise because shrink sleeve labels made from common current materials (i.e., PET-G) typically do not separate completely, causing the recycled PET material to be contaminated, residual label material or discolored by inks bleeding into the washing or flotation solutions. As a consequence, recycling efficiencies are impacted (lower yields) and/or the resultant poorer quality recycled PET must be downcycled into carpet fibers and pallet stripping, for example, rather than upcycled into food-grade recycled PET for new bottles.



Stockpiles of PET bottles with shrink sleeves

Sun Chemical has addressed this imperative by developing a pioneering solution that facilitates the complete separation of shrink sleeve labels from PET bottles. This solution centers on a breakthrough de-seamable composition that is applied to the shrink sleeve, as a result of which it detaches easily and completely from the bottle during the full bottle washing step that uses a hot caustic solution. Bottles simply emerge from the washing process without labels, improving the efficiency of optical sorting and also sink/float separation. This new deseamable composition is attracting considerable attention from the entire value chain involved in PET containers as a solution that will improve the quality and efficiency of recycling and expand applications for recycled PET.

VOICE from the DIC Group

Field Marketing Manager, Sun Chemical Corporation Jeremy Teachman

We have developed a solution that improves the recyclability of PET bottles.

Sun Chemical has explored numerous ways to improve the recyclability of PET bottles, focusing primarily on the development of inks and coatings suitable for use on floatable shrink sleeve label materials, which make it easier to remove contaminants in the separation tank. However, challenges always remained. Our new de-seamable composition can be applied to shrink sleeves at the same time they are seamed and as a seaming adhesive using seaming equipment common in industry today. We are excited about the global potential for this innovative new product.



The DIC Group's Sustainability Program

Related information http://www.dic-global.com/en/csr/philosophy/

OR Code access

In recent years, the need to achieve sustainability in a manner that takes into account, among others, the environment, ecosystems and socioeconomic issues, including global warming and the depletion of natural resources, has gained increased recognition worldwide. The DIC Group launched its corporate social responsibility (CSR) program in fiscal year 2007, identifying 10 key themes as a framework for its efforts. Having further clarified the overall direction of its sustainability-related initiatives, effective from fiscal year 2014 the Group changed the designation used across its program from "CSR" to "sustainability," which it feels is more appropriate for a globally active corporate entity.

The DIC Group's basic sustainability policy calls for it to conduct its business while retaining a strong commitment to five key concepts: preserving safety and health, ensuring fair business practices and respect for human rights, maintaining harmony with the environment and advancing its protection, managing risks, and creating value for society through innovation. DIC Group employees will continue working to deliver the value that its stakeholders— including its customers, suppliers, local communities, shareholders and investors, and employees—expect, showing ingenuity and a sense of responsibility. The Group itself will strive to remain an organization that contributes to sustainability for society and the global environment by capitalizing on its businesses to achieve unfaltering growth, thereby enhancing its own sustainability.

Ensuring DIC Remains a Globally Trusted Corporate Citizen with a Proud Reputation

In December 2010, the DIC Group pledged its support for the 10 principles put forth by the United Nations (UN), as well as for the UN's Millennium Development Goals (MDGs), and became a signatory to the United Nations Global Compact (UNGC). In addition, the DIC Group operates in a manner that is consistent with ISO 26000, released in November 2010, which provides businesses and organizations with guidelines for operating in a socially responsible manner.

Sustainability Framework and Themes

The DIC Group has developed a framework comprising 10 themes and has introduced a system whereby these are categorized as basic themes, themes that demonstrate unique capabilities and themes that combine elements of the previous two classifications, and clarified the positioning thereof. Each fiscal year, the Group formulates targets and activity plans for each of these themes.

Themes that demonstrate unique capabilities (A)

Core and category-specific themes (Themes that combine elements of (A) and (B)) Basic themes (B) Business models focused on social issues New technology development and value creation Harmony with the community and contributions to society Communication with stakeholders

ESH and quality Human resources management Supply chain management

Compliance Risk management Information security

Expanding the Scope of Sustainability Initiatives

To guide its efforts to promote sustainability as an integral part of its business activities, the DIC Group formulates theme-specific medium-term targets in line with its basic sustainability policy and creates annual Group activity plans. Individual sales and technical administrative divisions, product divisions, business sites and overseas and domestic DIC Group companies are then charged with pursuing effective sustainability programs by formulating their own annual activity plans, ensuring that the Group's basic sustainability policy and targets permeate their organizations and labor forces and linking sustainability activities to business targets.

System for Promoting Sustainability

The DIC Group's system for promoting sustainability centers on the Sustainability Committee, which answers directly to the president and CEO and is tasked with reporting on the status of sustainability themes, as well as with proposing policies and programs for advancing sustainability and deliberating on related matters as a vital component of corporate management.



Related information http://www.dic-global.com/en/about/governance.html

QR Code access

Basic Approach to Corporate Governance

The DIC Group identifies the purpose of corporate governance as being to ensure effective decision making pertaining to its management policy of achieving sustainable corporate growth and expansion through sound and efficient management, while at the same time guaranteeing the appropriate monitoring and assessment of and motivation for management's execution of business activities. With the aim of achieving a higher level of trust on the part of shareholders, customers and other stakeholders and enhancing corporate value, DIC promotes ongoing measures to reinforce its management system and ensure effective monitoring thereof.

Corporate Governance System

A company with internal auditors, DIC maintains a Board of Directors and a Board of Corporate Auditors. As well as appointing two highly independent outside directors, DIC has instituted an executive officer system, a move aimed at separating decision making and implementation and thereby accelerating business execution and clarifying responsibilities. DIC also has a Nomination Committee and a Remuneration Committee, which include the two outside directors, to ensure objectivity in the nomination and selection of, and determining remuneration for, directors and executive officers. The fourmember Board of Corporate Auditors, which includes two individuals—one a lawyer and the other an accounting scholar—as outside auditors, liaises with the accounting auditors and the internal auditing department.

System of Internal Control

To ensure fair business practices, the Board of Directors has set a basic policy on internal control that encompasses, among others, compliance with laws and regulations and DIC's Articles of Incorporation, risk and information management and the creation of systems to foster business efficiency. Specific initiatives to date have included formulating a code of business conduct that encompasses a whistle-blowing system, various risk management initiatives implemented by the Sustainability Committee, the establishment of various internal rules and monitoring (internal control audits and environment and safety audits). The Board of Directors also hears annual reports on measures implemented in line with the policy on internal control.



Supporting the United Nations Global Compact as a global chemicals manufacturer

Seeking to fulfill its responsibilities as a member of the international community in a more proactive manner, in December 2010 the DIC Group pledged its support for the 10 principles put forth by the United Nations (UN), as well as for the UN's Millennium Development Goals (MDGs), and became a signatory to the United Nations Global Compact (UNGC).

Inaugurated in 2000, the UNGC is a voluntary initiative for companies that seek to achieve sustainable development worldwide. More than 13,000 companies and organizations have pledged their support for the UNGC in the belief that global sustainable development is possible if companies align their business practices with, and fulfill their social responsibilities in, 10 globally accepted principles in the areas of human rights, labor, the environment and the prevention of corruption.





Goals and Achievements of Major Sustainability Initiatives

	Principal themes	Objectives of initiatives	Relevant page(s)	Goals for fiscal years 2014–2015
	Compliance (Ensuring fair and	Raise awareness of compliance.	Summary (printed) report: 25	Complete a Chinese-language version of the DIC Group Code of Business Conduct, in addition to the Japanese- and English-language versions, and use presentations and e-learning to promote awareness.
	corporate activities)	Conduct business fairly.	Complete (PDF) report: 29–30	Complete subsidiary director checklists and promote the use thereof by providing legal training.
	Risk management			Promote product division-led efforts to revise/maintain business continuity plans (BCPs) for main products; abstract and evaluate potential risks related to the operating environment, society, economy and governance; and identify risks of which the DIC Group must be mindful.
	(Taking steps to reduce or preclude risks related to the operating	Ensure business continuity for the DIC Group.	Summary (printed) report: 25–26 Complete (PDF) report: 31–32	Conduct systematic training based on revised task force response manuals.
	environment)			Acting through the Risk Management Conference, promote the preparation and use of task force response manuals by pertinent departments.
	Information security (Implementing measures to achieve information security)	Establish a global information security framework.	Summary (printed) report: 26 Complete (PDF) report: 33–34	 Optimize information management by formulating and enforcing a global security policy and guidelines. Secure and reinforce information security by maintaining/enhancing the information security system.
		Foster and endorse the advancement of local staff overseas with the aim of advancing global management.		Conduct voluntary human rights and labor practices inspections within the Group. Promote efforts to foster global human resources.
	Human resources management (Enhancing employee job satisfaction)	Encourage women in the workplace with the aim of securing a diverse labor force and supporting diverse working styles.	Summary (printed) report: 37–39 Complete (PDF) report: 69–76	 Review and establish a policy for the assignment of female employees to sales positions with the aim of broadening the range of jobs open to women. Ensure the appropriate administration of programs designed to assist employees balancing the demands of work and childcare or nursing care responsibilities.
		Promote the hiring of individuals with disabilities with the aim of securing a diverse labor force and supporting diverse working styles.		Increase the number of disabled employees to 2.2% of DIC's total labor force, thereby ensuring consistent compliance with Japan's legally mandated quota of 2.0%.
	Supply chain initiatives (Promoting effective supply chain	Create a foundation for fair purchasing practices.	Summary (printed) report: 40	 In the PRC, hold explanatory meetings for DIC Group printing inks companies, conduct CSR procurement assessments for suppliers and provide feedback. In Southeast Asia, begin preparations for CSR procurement assessments using version 2 of the DIC Group Supply-chain CSR Deployment Guidebook.
	management to support global business expansion)	Promote CSR procurement.	Complete (PDF) report: 77–79	 Implement a second round of CSR procurement assessments in Japan in line with version 2 of the DIC Group Supply-chain CSR Deployment Guidebook. Confirm the status of CSR procurement and improvements since the previous round and provide feedback to all suppliers assessed. Continue on-site inquiries for certain suppliers.
	Promote businesses that address social issues	Brances solutions grianted businesses that	Summary (printed) report: 41	Cultivate solutions-oriented businesses Anticipate new social needs arising from global megatrends and plan new businesses that provide solutions to those needs.
	(Establishing solutions-oriented businesses)	(Establishing solutions-oriented businesses that businesses)	Complete (PDF) report: 80–82	Strengthen the DIC brand Make use of product guidebooks, exhibitions and other communications tools and opportunities to promote awareness of the DIC brand.
	New technology development and value creation	Enhance ability to develop products and technologies that facilitate contributions to a sustainable society.	Summary (printed) report: 42 Complete (PDF) report: 83–85	 Establish framework for overseas R&D bases. Ensure the swift launch of products that combine multiple technologies.
	establishment of solutions-oriented businesses)	Promote development of environment-friendly products and services.	Summary (printed) report: 42 Complete (PDF) report: 85	 Promote environment-related research themes. Ensure the swift launch of environment-friendly products.

Evaluations are based on self-evaluations of current progress. Key: $\star \star \star$ = Excellent; $\star \star$ = Satisfactory; \star = Still needs work

Achievements in fiscal year 2014	Evaluation	Goals for fiscal year 2015
Versions of the DIC Group Code of Business Conduct in multiple other languages were completed, and explanatory meetings were held in Japan and at the majority of subsidiaries in the Asia–Pacific region and Greater China.	***	Hold explanatory meetings for the DIC Group Code of Business Conduct in local languages and set up an e-learning system to educate employees about the code.
Subsidiary director checklists were completed, and legal training pertaining to the list, as well as to antitrust and anti-corruption legislation, was provided to executives at overseas subsidiaries.	***	Continue to provide legal training pertaining to antitrust and anti-corruption legislation and establish a system to confirm compliance.
After evaluating the DIC Group's risk management approach and the role of the Risk Management Conference, the DIC Group formulated a Group risk management policy. These developments were conveyed to Group employees through the in-house portal site. The Group also designated priority risks and began formulating response measures. The Group continued to provide support for the formulation of BCPs for each product division and the deployment thereof. However, achievements did not extend to the preparation of task force response manuals based on the risk management policy or the implementation of planned training.	**	Encourage awareness of the new risk management policy across the DIC Group. Explore realistic and effective ways to operate the risk management system. Ensure product division BCPs align with systematic training based on task force response manuals.
 Regional headquarters in the Asia–Pacific region and Greater China enforced rules and guidelines. In Japan, antivirus utility upgrades were completed and security levels maintained/reinforced thanks to the streamlining and compulsory implementation of measures to eliminate computer vulnerabilities. 	**	 In the Asia–Pacific region and Greater China, have regional headquarters deploy rules and guidelines for the subsidiaries they oversee. Identify fits and gaps for basic information security policies between the Sun Chemical Group and DIC and consider ways to deploy policies. Maintain/improve rules and guidelines in Japan by considering revisions and making updates to key rules.
 In November 2014, voluntary human rights and labor practices inspections were conducted at 59 Group companies in Japan and overseas. A total of 40 domestic employees participated in the fiscal year 2014 edition of the Global Challenge Program. In addition, 17 trainees were dispatched from Japan to overseas Group companies and 55 trainees were sent from overseas to Group companies in Japan. 	*** **	 Assess the state of human rights and labor practices based on the results of voluntary inspections and explore approaches for ongoing initiatives, including voluntary inspections. Continue to offer training programs and trainee initiatives.
 New policies were formulated, with feedback from individuals who have used existing systems incorporated. The <i>Libra</i> work–life balance support guide was updated to reflect changes to pertinent legislation. 	** **	 Establish and deploy an advisor system to support the careers of female employees. Establish key performance indicators for advancing the careers of female employees.
As of March 31, 2014, individuals with disabilities accounted for 2.135% of DIC's total labor force.	**	Increase the number of disabled employees to 2.2% of DIC's total labor force, exceeding Japan's legally mandated quota of 2.0%.
CSR procurement assessments were conducted for and feedback provided to 25 suppliers of DIC Group companies in the PRC.	***	 Hold briefings on CSR procurement assessments at DIC Group companies in the PRC, Taiwan and Japan. Link Sun Chemical Group and DIC Group CSR procurement efforts.
•CSR procurement assessments were conducted for approximately 400 suppliers in line with version 2 of the <i>DIC Group Supply-chain CSR Deployment</i> <i>Guidebook.</i> Feedback was provided to all suppliers assessed. •On-site inquiries were conducted for 9 of the 43 assessed suppliers for which such an inquiry was deemed appropriate.	**	 Continue to conduct CSR procurement assessments for suppliers in line with version 2 of the <i>DIC Group Supply-chain CSR Deployment</i> <i>Guidebook</i>. Provide feedback to all suppliers assessed. Continue on-site inquiries for certain suppliers.
Promising new markets were identified in five key areas—resources, materials and energy; logistics and industrial equipment; electronics and electrical equipment; medical care and medical devices; and general consumer products—and social needs and technological themes were abstracted.	**	Cultivate solutions-oriented businesses Anticipate new social needs arising from global megatrends and plan new businesses that provide solutions to those needs.
Product guidebooks became well established as an effective tool for communicating DIC's comprehensive capabilities, namely, its products and technological prowess, which enhanced brand appeal. Participation in exhibitions also helped strengthen the DIC brand by raising visibility and highlighting comprehensive capabilities.	***	Strengthen the DIC brand Make use of product guidebooks, exhibitions and other communications tools and opportunities to promote awareness of the DIC brand.
 In fiscal year 2014, printing inks technical centers were established and commenced operations in the Asia–Pacific region (Thailand) and the PRC. In January 2015, a polymer technical center was established in the Asia–Pacific region (Thailand). Limited-term projects were organized and resources allocated thereto. Approximately 10 new development themes suggested through this initiative have passed the proposal stage and been passed on to the pertinent technical division, which will explore commercial viability. 	** **	Enhance global R&D configuration. Ensure the swift launch and firm sales of products that combine multiple technologies.
Environment-friendly products accounted for 52% of all DIC Group products.	**	 Promote environment-related research themes. Ensure the swift launch of environment-friendly products.

Goals and Achievements of Major Responsible Care Initiatives

	Principal themes	Objectives of initiatives	Relevant page(s)	Goals for fiscal year 2014
		Promote the prevention of global warming and advance energy-saving initiatives.	Summary (printed) report: 30–32 Complete (PDF) report: 46–55	DIC Group • Reduce energy consumption per unit of production 1% from the fiscal year 2013 level. • Reduce CO ₂ emissions 1% from the fiscal year 2013 level.
	Environmental	Reduce industrial waste disposed of as landfill (achieve "zero emissions"). Reduce industrial waste generated by production facilities.	Summary (printed) report: 34–35 Complete (PDF) report: 60–61	DIC Group (Japan): 80.3 tons (-6.2% from fiscal year 2013) DIC Group (Japan): 53,951 tons (-18.2% from fiscal year 2013)
	(Reduce the environmental impact of business	Promote recycling.	Summary (printed) report: 34 Complete (PDF) report: 60	Promote recycling at DIC Group companies in Japan and strive to improve resource recycling.
	activities)	Control emissions of chemical substances (Reduce emissions of 462 PRTR-designated substances and 89 substances and one substance group targeted by JCIA* for voluntary control).	Summary (printed) report: 33	DIC Group (Japan): Total emissions of 402 tons (-14% from fiscal year 2013)
		Reduce VOC emissions into the air.	Complete (PDF) report: 56–58	DIC Group (Japan): Total emissions of 390 tons (-14% from fiscal year 2013)
	Occupational safety and bealth	Ensure occupational safety and health. Promote hands-on safety training.	Summary (printed) report: 28–29 Complete (PDF) report: 38–45	Continue to promote the improvement of risk assessment skills. Share and make effective use of accident-related information across the DIC Group. Establish hands-on safety training as a permanent component of employee education and make effective use thereof across the DIC Group.
	accident prevention	Promote the sharing of information on safe working environments among DIC Group companies in Japan and overseas.	Summary (printed) report: 28 Complete (PDF) report: 40–45	 Continue the activities of the Safe Corporate Climate Cultivation Working Groups. Share safety information at working group meetings.
	Şafety in	Reduce emissions of greenhouse gases during transport.	Summary (printed) report: 30	DIC Group (Japan) •Promote modal shift and improve transport efficiency with the aim of reducing energy consumed per unit of production. •Reduce CO ₂ emissions from logistics.
	logistics	Ensure the safe management of chemical substances during transport.	Complete (PDF) report: 45–46	 Formulate measures for preventing problems during transport and deploy across the DIC Group. Promote safety management in the transport of chemical substances.
	Safety of chemical	Respond to requirements relating to chemical product information.	Summary (printed) report: 35	 Comply with GHS Rev. 4 (the revised fourth edition of the GHS). Begin using the Wercs at DIC Group companies worldwide.
	substances/ products	Comply with overseas regulations (e.g., the EU's REACH legislation).	Complete (PDF) report: 63–65	 Promote compliance with the PRC's Regulations on Registration of Hazardous Chemicals in China. Prepare for the implementation of the ROK's K-REACH legislation.
	Communicating with the community	Report on Responsible Care initiatives and prepare business site reports.	Summary (printed) report: 27 Complete (PDF) report: 35–37	Create a system that facilitates the gathering of uniform performance data across the DIC Group. Promote ongoing Responsible Care initiatives.
	Quality management (Customer satisfaction)	Secure product quality.	Summary (printed) report: 36 Complete (PDF) report: 66–67	 Improve internal audits, viewing them as an opportunity to enhance the quality of work. Leverage QMS efforts to promote collaboration across DIC's matrix-like corporate organization to enhance quality management practices.
	Support for environmental and safety	Encourage the safety and environmental management initiatives of Group companies in the Asia–Pacific region.	Summary (printed) report: 28 Complete (PDF) report: 36–37	 Expand the number of sites offering hands-on safety training. Continue to hold meetings for personnel in charge of safety. Continue to conduct safety and environmental audits.
	overseas affiliates	Manage safety and environmental data.	Summary (printed) report: 33 Complete (PDF) report: 39–42	 Collect and analyze data from all overseas Group companies. Continue to assist the efforts of three subsidiaries in the Asia-Pacific region and four subsidiaries in Greater China designated as being in need of special safety-related support.

* Japan Chemical Industry Association (a general incorporated association): As one of Japan's major industry organizations, JCIA is a member of the International Council of Chemical Associations (ICCA) and pursues the healthy development of the chemical industry with other chemical-industrial organizations around the world.

Evaluations are based on self-evaluations of current progress. Key: $\star \star \star =$ Excellent; $\star \star =$ Satisfactory; $\star =$ Still needs work

Achievements in fiscal year 2014	Evaluation	Goals for fiscal year 2015
DIC Group • Energy consumption per unit of production declined 3.4%. • CO_2 emissions fell 9.1%.	*** ***	DIC Group • Reduce energy consumption per unit of production by 1% from the fiscal year 2014 level. • Reduce CO ₂ emissions by 1% from the fiscal year 2014 level.
DIC Group (Japan): 80.0 tons (-6.5% from fiscal year 2013) DIC Group (Japan): 31,054 tons (-52.4% from fiscal year 2013)	*** ***	DIC Group (Japan): 81.5 tons (+1.8% from fiscal year 2014) DIC Group (Japan): 29,682 tons (-4.4% from fiscal year 2014)
DIC Group (Japan): Resource recycling rate was 85% (-10 percentage points)	**	Promote recycling at DIC Group companies in Japan and strive to improve resource recycling.
DIC Group (Japan): Total emissions of 367 tons (-4% from fiscal year 2013)	***	DIC Group (Japan): Total emissions of 395 tons (+7% from fiscal year 2014)
DIC Group (Japan): Total emissions of 354 tons (-22% from fiscal year 2013)	***	DIC Group (Japan): Total emissions of 382 tons (+7% from fiscal year 2014)
 Assessments were promoted at domestic DIC Group companies in line with risk assessment guidelines. Causes of accidents were analyzed and information was provided in a timely manner. The Saitama Hands-on Safety Training Center was opened. The new facility provided hands-on safety training for new recruits. 	***	 Continue to promote the improvement of risk assessment skills. Share and make effective use of accident-related information across the DIC Group. Establish hands-on safety training as a permanent component of employee education and make effective use thereof across the DIC Group.
 An illustrated version of <i>Principles of Safe Conduct</i> was produced (for workplace reading circles established to enhance employee awareness). Various types of safety information were exchanged. 	***	 Continue the activities of the Safe Corporate Climate Cultivation Working Groups. Share safety information at working group meetings.
DIC Group (Japan) ●Energy consumed per unit of production declined 5.0%. ●CO₂ emissions from logistics were down 5.2%.	*** ***	DIC Group (Japan) •Promote modal shift and improve transport efficiency with the aim of reducing energy consumed per unit of production. •Reduce CO ₂ emissions from logistics.
 The code framework was reviewed to facilitate the identification of Yellow Card numbers on delivery slips. Training based on potential problems during transport was offered. 	***	 Formulate measures for preventing problems during transport and deploy across the DIC Group. Promote safety management in the transport of chemical substances.
 Secured JIS compliance for CIRIUS and complied with SDS and label requirements of GHS Rev. 4. Reviewed the Wercs usage briefings to review use at overseas DIC Group companies, identifying issues; encouraging use at overseas Group companies remains a priority issue. 	***	Provide education for employees of DIC Group companies and affiliates in the PRC regarding legal and regulatory compliance.
Pushed ahead with preparations and provided information about registration. Promoted possible preparations under the absence of subordinate legislation.	***	 Promote use of the Wercs at overseas Group companies. Comply with Taiwan's Toxic Chemical Substance Control Act and Occupational Safety and Health Act.
Steps were taken to establish a foundation for the creation of a system for standardizing performance data that takes into account the laws and regulations of different countries.	***	Step up efforts to enhance the DIC Group's performance. Promote ongoing Responsible Care initiatives tailored to local markets.
 Information on best practices and internal audit materials were published in-house and initiatives aimed at enhancing internal audits were rolled out Groupwide. ISO officers at each production facility organized liaison committees to encourage information sharing, thereby laying the groundwork for initiatives in fiscal year 2015 that will seek to strengthen collaboration. Product groups within product divisions conducted quality audits, and confirmed that DIC's quality management systems had begun to function steadily. 	***	 Improve internal audits, viewing them as an opportunity to enhance the quality of work. Leverage QMS efforts to promote collaboration across DIC's matrix-like corporate organization to enhance quality management practices.
 Greater China: One subsidiary introduced hands-on safety training. Asia-Pacific region: A meeting was held for personnel in charge of safety at regional Group companies in February 2014; 16 Group companies participated. Safety and environmental audits were conducted at 16 companies in the PRC, three companies in Taiwan and eight companies in the Asia-Pacific region. 	***	 Expand the number of sites offering hands-on safety training. Continue to hold meetings for personnel in charge of safety. (Switch from biennial to annual meetings in Greater China and the Asia–Pacific region.) Continue to conduct safety and environmental audits and enhance the competence of ESH coordinators. Provide support for autonomous ESH management efforts.
An index was drawn up based on safety and environmental data collected from overseas Group companies (Greater China and the Asia–Pacific region, Sun Chemical Group), and targets were set. Efforts to assist three Group companies in the Asia–Pacific region and four in Greater China positioned as sites in need of special safety-related support continued.	***	Continue to assist the efforts of subsidiaries in the Asia–Pacific region and Greater China designated as being in need of special safety-related support.



Toward Fair and Transparent Corporate Activities

WEB Related information

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



OR Code access

Basic Approach

Compliance in the DIC Group encompasses not only obeying laws but also acting in a manner that is in keeping with social norms and the expectations of customers, communities and other stakeholders. With the aim of ensuring sustainable growth of businesses that are both fair and transparent, DIC formulated the DIC Group Code of Business Conduct, a unified set of guidelines the adherence to which it considers to be the foundation of compliance. DIC compels all DIC Group employees to conduct themselves in accordance with the code.

The DIC Group Code of Business Conduct

The DIC Group completed the DIC Group Code of Business Conduct in July 2014 and subsequently distributed it to all DIC Group employees. The code not only mandates compliance with national laws and international rules but also presents 10 principles essential to the professional conduct of DIC Group employees. In fiscal year 2014, the DIC Group held 114 explanatory meetings on the DIC Group Code of Business Conduct in Japan and 32 in the PRC, Southeast Asia and other parts of Asia. In Europe and the United States, the Group mainly used e-learning to keep employees informed about the code. The Group also translated the code into 25 languages to foster understanding among employees around the world.

Establishing and Operating a Whistle-Blowing System

The DIC Group has established a whistle-blowing system through which one can directly report an issue or question regarding compliance to the compliance division. Since fiscal year 2014, the Group has maintained whistle-blowing hotlines that can handle reports in the languages of more than 160 countries. The Group has also devised strict rules under this system to protect whistle-blowers from retaliation, and is working to ensure the system functions in a proper manner.

Antitrust and Anti-Corruption Legislation

The DIC Group has formulated a basic policy to comply with antitrust legislation and made Groupwide efforts to ensure fair business practices. The DIC Group Code of Business Conduct includes rules for complying with antitrust legislation, and prohibits involvement in bribery or corruption. In fiscal year 2014, the Group held 110 explanatory meetings about antitrust and anti-corruption legislation for relevant employees to ensure strict compliance with the laws of the countries in which it operates.

🖐 Risk Management

Reducing Business Risks and Preventing the Recurrence of Incidents

Related information

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

QR Code access

Basic Approach

The DIC Group undertakes risk management initiatives with the aim of appropriately and flexibly addressing changes in its operating environment and the diversification of risks, and of swiftly mitigating damage. The Group recognizes risks in three principal categories: externally caused risks that are beyond its control, corporate risks that can be prevented and business risks that should be handled by the relevant departments. The Risk Management Subcommittee works to ensure effective risk management in and an effective division of responsibilities with individual businesses.

Risk Management Policy

The DIC Group first introduced risk management initiatives in 2001 by creating the Compliance Committee and setting up reporting channels. Following the establishment of the Risk Management Subcommittee in May 2012, the Group undertook initiatives aimed at responding to serious natural disasters and promoting business continuity management (BCM). Since fiscal year 2014, the Risk Management Subcommittee has focused its attention on establishing a risk management policy and a risk management system, efforts that are designed to further enhance corporate value Groupwide. In a bid to ensure the effective and sustainable implementation of initiatives, in January 2015 the Group introduced a newly formulated risk management policy.

Risk Management System

The DIC Group risk management system was established to reflect the Group's new risk management policy. The system reduces risks by promoting use of the plan-do-check-act (PDCA) cycle to implement risk management plans. The Group has positioned fiscal years 2014 and 2015 as the first phase of Groupwide risk management initiatives predicated on the new system. Subsequent phases will also last two years. The Group has commenced the implementation of initiatives based on the system in Japan and will consider rolling them out globally if the nature of risks faced warrants doing so. Administrative divisions at DIC's corporate headquarters in Japan and other divisions/departments, which are organized vertically by function, will independently undertake such initiatives through direct collaboration with pertinent departments.



(••) Information Security

Initiatives to Ensure Information Security

Related information

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

QR Code access

Basic Approach

Globally Maintaining and

communications technology (ICT)-related systems.

Enhancing Information Security

and the PRC-formulated management regulations for confidential

information and information management guidelines, which were deployed

in fiscal year 2014 after being approved by the Information Security

Conference. In fiscal year 2015, subsidiaries overseen by these regional

headquarters will enforce these regulations. The DIC Group will continue to

identify fits and gaps between information security policies in Europe and

Japan and consider approaches to global deployment policies. In Japan,

DIC will continue to maintain and improve rules and guidelines by reviewing

rules for implementation, particularly those pertaining to information and

The DIC Group has positioned information security as a key management priority, and established a Basic Policy on Information Security. In line with this policy, the Group formulated management regulations for confidential information, information management guidelines and individual guidelines. These were prepared to ensure that individual directors and employees fully understand the importance of information assets and manage them responsibly and appropriately as a matter of course, enabling them to optimize confidential information and make effective use of information assets. Looking ahead, the Group will pursue further improvements by conducting internal audits and confirming current issues.

iideli regulations fo nfident Further improvements Basic Policy on Inform Security

VOICE from the DIC Group

We are working to improve information security in Greater China. Regional headquarters in the Asia-Oceania region*-located in Singapore

We are tackling the rapid development of virtualization technology and cloud computing by promoting a network integration plan in Greater China. We are also deploying the Basic Policy on Information Security, management



Corporate IT Director. DIC (China) Co., Ltd. Tylone Zhou

regulations for confidential information and information management guidelines at regional subsidiaries with the aim of creating an internal management system that will ensure the security of all information. This is one of several key medium- to long-term projects, and will enable us to develop global and regional information systems that meet our business needs as well as satisfy Group security requirements.

* As used here, the Asia-Oceania region includes China but excludes Japan.

Toward the Achievement of a Sustainable Society

WEB Related information

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



Promoting Responsible Care

Basic Philosophy

As a company that manufactures and sells chemical substances, DIC sets standardized safety regulations for ESH initiatives. The Company is working to exceed regulatory standards and fully disclose results.

Initiatives in Fiscal Year 2014

The DIC Group established the following policy for Responsible Care initiatives in fiscal year 2014:

- · Promote Responsible Care activities across DIC's global network.
- · Establish a safety culture oriented toward "zero accidents."
- Set targets to reduce environmental impact through business activities and openly report performance and achievements.
- Manage chemical substance information in an appropriate manner, providing it to customers and using it in DIC Group activities.

The DIC Group also expanded its management by objectives (MBO) system beyond Japan to encompass Group companies in other areas. As a result, effective from fiscal year 2015 all Group companies in Japan, Greater China, the Asia–Pacific region, and the Americas and Europe (the Sun Chemical Group) set specific goals for disaster mitigation, occupational safety and health and environmental protection and determine key initiatives, enabling the entire global Group to work as one to raise the level of its Responsible Care initiatives.

Framework for Promoting Responsible Care

Each year, the DIC Group defines priority issues to address and uses PDCA cycles in voluntary initiatives at the business company, plant and research laboratory levels. The Responsible Care Department makes various efforts to help these activities to progress well and regularly audits them to ensure compliance and enhance safety, environmental and quality efforts.

Framework



Responsible Care implementation framework

Responsible Care auditing framework

Responsible Care Auditing

Basic Approach

Responsible Care Department specialists with expertise, experience and auditing capabilities regularly visit DIC Group companies to assess the status of Responsible Care initiatives. In addition, top management ESH audits, which include participation by DIC's President and CEO, as well as by senior executives and executive officers, are conducted at multiple sites each year with the goal of enhancing Responsible Care performance levels across the domestic DIC Group.

Overseas, Responsible Care Department specialists and regional ESH officers assess the progress of efforts at production sites and work together to enhance the effectiveness of Responsible Care initiatives.

Occupational Safety and Health, Security and Disaster Prevention

Occupational Safety and Health

Basic Approach

As a responsible member of society and a company that manufactures and sells chemical substances, the DIC Group recognizes that proper consideration for ESH is fundamental to its operations and works to incorporate this awareness into all of its business activities.

Guided by this philosophy, the DIC Group analyzes accidents and communicates information thus derived, based on which it undertakes risk assessment with the aim of ensuring occupational safety and health.

Initiatives in Fiscal Year 2014

Promoting Appropriate Regional Benchmarks

The DIC Group conducts its diverse businesses in accordance with a wide range of national and regional legal systems, working environments and practices. As such, in fiscal year 2014 DIC defined accidents, disasters and reporting procedures for each region, as well as gathered and shared statistical information related to occupational safety. This approach made it possible to objectively compare operational safety, establish more precise targets and facilitate improvement programs. The DIC Group has used benchmarks identified through this process to formulate specific regional targets for fiscal year 2015 and will continue working to improve its performance.

2 Reducing Risks

By understanding potential risks in production processes, facilities and devices, and the hazards of chemical substances, the DIC Group systematically also prepared initiatives to prevent accidents and occupational injuries. In line with its commitment to reduce risks, 27 Risk Assessment Workshops were held at 16 sites around Japan for approximately 400 participants and appropriate training was provided to the individuals responsible for conducting risk assessments.

Training Skilled Safety Personnel to Predict Risks

The DIC Group regularly educates skilled safety personnel on how to handle chemical substances, using materials such as its *Principles of* Safe Conduct and Environment and Safety Guidelines for the R&D Department, as well as safety data sheets (SDSs) and its Occupational Accident Case Studies database.

Promoting Hands-On Safety Training

Hands-on safety training is an effective alternative to classroom-based learning that uses actual equipment to simulate potential risks in the workplace, thereby heightening employees' awareness of the importance of proper safety. In fiscal year 2014, the DIC Group included two days of safety training and Kiken Yochi Training (KYT) ("hazard prediction training") in the training curricula for new employees.

G Top Executives Appear in Posters Promoting the Principles of Safe Workplace Conduct

Underscoring its commitment to reinforcing its safety infrastructure and creating a culture of safety, the DIC Group produced posters featuring Group company presidents and plant general managers from around the world to remind employees of the importance of putting safety first.

Торіс

DIC safety officers' conferences in Greater China and the Asia–Pacific region will be expanded

Participants in DIC safety officers' conferences exchange views on initiatives in such areas as safety performances, progress in deploying safety management systems, ways to enhance the effectiveness of safety training and education, and environmental protection initiatives. They also take part in hands-on safety training to gain experience that they can later apply when at their own workplaces.

A total of 24 officers from 16 companies (including participants from Japan) attended the fiscal year 2014 Asia–Pacific region safety officers' conference, which was held in Malaysia. The DIC Group will continue to foster human resources with a keen awareness of safety, the fundamental goal of which is to enhance the capabilities of Group companies and establish a mechanism for promoting autonomous, localized Responsible Care initiatives.



Plenary session of the fiscal year 2014 Asia-Pacific region safety officers' conference (Malaysia)

Status of Occupational Accidents

Topic

In fiscal year 2014, the number of occupational accidents at DIC and DIC Group companies in Japan declined, as did the domestic DART rate*. The number of occupational accidents for the global DIC Group also decreased.

* The Days Away, Restrictions and Transfers (DART) rate is calculated as N/EH x 200,000. (N = total days away from work. EH = total annual hours worked by all employees. The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week for 50 weeks per year.)

Workdays Lost Due to Occupational Accidents in Fiscal Year 2014

(Figures in parentheses are for fiscal year 2013)

	DIC	DIC Group (Japan)	DIC Group (global)
Number of workdays lost	0 (2)	4 (6)	80 (84)
Frequency rate	0.000 (0.338)	0.429 (0.622)	2.133 ()
Severity rate	0.000 (0.001)	0.006 (0.018)	-
DART rate	0.1 (3.5)	9.6 (16.0)	20.3 (17.8)

Note: Effective from fiscal year 2014, the scope of "DIC Group (global)" was amended to include all DIC Group companies worldwide, including those in the Americas and Europe.

DIC employee wins JISHA Green Cross Award

Yasuaki Oohira, senior manager of the Responsible Care Department and in charge of environmental and safety initiatives, received the Green Cross Award from the Japan Industrial Safety and Health Association (JISHA). JISHA bestows the award annually in recognition of individuals and groups who have helped advance occupational safety and health over many years and have made noteworthy achievements.

As one of the principal individuals responsible for occupational safety and health at DIC. Mr. Oohira has developed and deploved safety initiatives entailing full employee participation, spearheaded the formulation and revision of risk assessment guidelines and promoted hands-on safety training across the DIC Group. Mr. Oohira also participated in the establishment and promulgation of a safety assessment system for evaluating and enhancing the safety capabilities of industrial sites by the Japan Society for Safety Engineering (JSSE)'s Safety Competency Enhancement Center. These and other commendable endeavors encouraged the Japan Chemical Industry Association (JCIA)* to recommend Mr. Oohira for the Green Cross Award. * For more information on JCIA, a general incorporated association, see page 23.



Green Cross Award certificate

Occupational Health

The DIC Group handles a broad range of chemicals, including specified chemical substances and organic solvents. The Group regularly carries out working environment measurements, in keeping with rules and guidelines, to safeguard the health of employees working in related businesses and modifies and improves working conditions as necessary. Occupational health physicians and other experts conduct specialized health checks and inspect workplaces as part of worker health management.

Security and Disaster Prevention

Basic Philosophy

Any fire, explosion or leak of hazardous substances from a chemical plant could have a tremendous impact on local residents and the rest of the community and damage the health of employees, including those of partner companies.

Facility Safety Assessment

Assessment Procedures

DIC Group production facilities have a vast array of equipment, ranging from units where chemical reactions are conducted to machine presses and other processing equipment. When modifying processes or upgrading/replacing equipment, safety is assessed at every stage, from process design and construction through to operation, maintenance and final disposal, to ensure higher safety levels for new processes and facilities.

Accident and Disaster Analysis and Timely Information

DIC collects and compiles information on internal and external accidents, disasters and problems into its Occupational Accident Case Studies and Accident Case Studies databases. After identifying the causes of accidents or problems and establishing points to be checked, the Company incorporates database information into safety education for DIC and DIC Group companies in Japan and overseas.

Initiatives to Enhance Safety Competency

DIC introduced a safety competency assessment system in fiscal year 2013 as a means of objectively evaluating and enhancing its safety competency, that is, its ability to maintain safety levels at its various sites. This system was developed by JSSE, and is a common benchmark for engineers in the petrochemicals industry. The system is currently used by the 19 major corporations in Japan that jointly established JSSE's Safety Competency Enhancement Center. In fiscal year 2014, voluntary safety assessments were conducted at DIC's Hokuriku, Yokkaichi and Kashima plants.



Safety Management in Logistics

The DIC Group commissions logistics firms to transport its chemical products. In Japan, these firms use containers that comply with the Fire Service Act and other transportation laws, as well as with related United Nations' standards. The Group supplies information needed to display labels complying with GHS*1 as well as provides SDSs and other documentation to ensure safe shipping in Japan and overseas. DIC endeavors to maintain and enhance safety by requiring transport personnel to carry Yellow Cards*2 to ensure proper responses in the event of an emergency.

*1 GHS: Globally Harmonized System of Classification and Labelling of Chemicals *2 Yellow Cards are part of activities recommended by JCIA. The cards contain information about the right actions if accidents occur and provides contact details to ensure proper responses of transportation companies, firefighters and police officers if accidents occur during the transport of chemical substances. Transport personnel must carry these cards at all times.

Preventing Global Warming

Basic Philosophy

Climate change, a principal cause of which is global warming, is an increasingly pressing issue for the entire world. DIC has included initiatives aimed at reducing greenhouse gas emissions from its production facilities in its annual sustainability policy for fiscal year 2015. The Company is currently implementing initiatives to reduce its consumption of energy-and thus its emissions of CO2-as well as promoting the active disclosure of related data.

- Undertake energy-saving initiatives Groupwide.
- 2 Deploy effective strategies through working group activities.
- Operate energy-saving cogeneration systems (combined heat and power generating facilities).
- 4 Employ energy from renewable resources (biomass, wind power and solar power) at suitable sites.

In fiscal year 2013, DIC inaugurated conservation efforts at overseas DIC Group companies, which consume approximately 1.6 times more energy than their domestic counterparts.

Framework for Promoting Energy-Saving Initiatives

DIC and DIC Group companies in Japan have established energy-saving promotion committees at each of their production and R&D sites. Committee activities include confirming the progress of initiatives, engaging in discussions and conducting patrols. DIC has also set up an energysaving working group comprising members chosen from each production facility that fosters the exchange of information, research pertaining to new items and the Groupwide implementation of effective measures. This combination of site- and Group-level initiatives forms the framework under which the DIC Group works to reduce CO₂ emissions.

DIC Group companies overseas promote a wide range of independent energy-saving initiatives. The Production Control Department provides support on multiple fronts, including the deployment of management systems and the training of employees.

Principal Initiatives in Fiscal Year 2014

• Energy Consumption and CO₂ Emissions by the Global DIC Group

Against a 7.3% decrease in global production volume, the volume of energy consumed by the global DIC Group in fiscal year 2014, calculated in kiloliters of crude oil, amounted to 288,452 kiloliters, down 10.5% from 322,210 kiloliters in the preceding fiscal year, while energy consumption per unit of production declined 3.4%, to 148.4 liters/ton, from 153.7 liters/ton in fiscal year 2013.

The Group also succeeded in reducing its global CO₂ emissions a remarkable 9.1% in fiscal year 2014, to 657,457 tons, from 722,955 tons in fiscal year 2013. This achievement was attributable to energy conversion and the installation of energy-efficient equipment at production facilities and other business sites worldwide, as well as to process improvements and the steady implementation of energy-saving initiatives.



Energy Consumption and Change in Energy **Consumption Per Unit of Production from Base Year**



calculated as energy consumption divided by production volum

2 Energy-Saving Initiatives in Japan

	Number of initiatives	Reduction in energy consumption (kl)	Reduction in CO ₂ emissions (tons of CO ₂)
DIC Corporation	406	2,175	5,859
Domestic DIC Group companies	82	502	1,024
Total	488	2,677	6,883

Results of Energy-Saving Initiatives in Japan in Fiscal Year 2014

The DIC Group promoted a number of highly successful energy-saving initiatives in Japan in fiscal year 2014. At domestic sites, namely, plants and R&D sites, these included integrating production and replacing waste-heat boilers to reduce consumption of thermal energy, reconsidering refrigerants used in and the operating

hours of air conditioning equipment to lower consumption of electric power, ensuring the efficient operation of air compressors and replacing existing lighting fixtures with LED lights to reduce the use of electricity. These initiatives reduced energy consumption by 2,677 kiloliters (crude oil equivalent) (associated reduction in CO2 emissions: 6,883 tons), equivalent to 13,385 200-liter drums of crude oil, or 2.8% of total energy consumption by the DIC Group in Japan in fiscal year 2013.

Expanding Application of System to Enhance the Visibility of Energy Consumption

Reduction in energy 200-liter drums of crude oil consumption

488 initiatives

With the aim of optimizing the use of electric power on an individual facility basis, DIC has developed a system that measures, monitors and verifies waste and irregularities in use, thereby enhancing the visibility of energy consumption. Initially installed at the Hokuriku Plant in 2012, the system-which won the ECCJ Chairman's Prize at Japan's 2012 Energy Conservation Grand Prize awards, sponsored by the Energy Conservation Center, Japan (ECCJ)-has since been rolled out at DIC business sites across Japan. In fiscal year 2014, the system was installed at the Komaki Plant.

One outcome of efforts to enhance the visibility of energy consumption was an increase in the number of categories of Scope 3*, in which DIC reports indirect emissions of CO2, to six (including "upstream transportation and distribution," "capital goods" and "waste generated in operations") in fiscal year 2013.

Scope 3 is the Greenhouse Gas Protocol's standard for calculating indirect greenhouse gas emissions resulting from production, transport, business travel and commuting, among others, across entire supply chains.



Equivalent to

488 energy-saving initiatives accounted for a reduction in energy

consumption equivalent to 13,385 200-liter drums of crude oil.

System to enhance the visibility of energy consumption

O Using Renewable Energy

In Japan, the DIC Group actively promotes the use of energy from renewable sources (biomass, wind power and solar power) at suitable sites. In fiscal year 2014, DIC dramatically enhanced the generating capacity of biomass boilers (4,000 kW and 30 tons of steam per hour) by improving the quality of the wood chips used to fire boilers and reinforcing maintenance procedures, which facilitated a significant increase in operating rates, boosting output of both electric power and steam (waste heat). The Group also raised operating rates at its two wind power generation facilities (each has a generating capacity of 2,300 kW). These improvements, together with contributions

from a small solar power plant, resulted in an increase in the DIC Group's renewable energy output in Japan of 7.9% from fiscal year 2013, while independently generated renewable energy accounted for 8% of all energy consumed by the domestic Group. As a consequence, the Group's CO₂ emissions in calendar year 2014 were down 39,735 tons, or 11%, from calendar year 2013.

Leveraging the biomass boiler management technologies it has developed through operation of facilities at its Kashima Plant, in 2016 DIC plans to expand the installation of such boilers to include its Hokuriku Plant, in Ishikawa Prefecture,

Use of Renewable Energy

Electric power produced through the use of renewable energy





CO₂ Emissions Reductions at the Kashima Plant (January–December 2014)



31

Initiatives Overseas

Laws and regulations, as well as infrastructure, differ between countries and regions. The DIC Group strives to promote energy savings and efficient operations wherever it is active and in so doing to set precedents for the global chemicals industry. Against a 10.3% decline

in production volume, energy-saving initiatives by DIC Group companies overseas in fiscal year 2014 reduced energy consumption 15.4% and yielded a 5.7% improvement in energy consumption per unit of production. These achievements supported a substantial decline in associated CO₂ emissions of 15.9%, or 76,235 tons.

	Number of initiatives	Reduction in energy consumption (kl)	Reduction in CO ₂ emissions (tons of CO ₂)
Greater China	26	374	842
Asia–Pacific region	61	885	1,960
Total	87	1,259	2,802

Greater China

In November 2014, 26 energy officers from 16 sites in the PRC gathered at DIC Zhangjiagang Chemicals Co., Ltd., a manufacturer of synthetic resins in Zhangjiagang, Jiangsu Province, in the PRC, for an energy management conference on the theme of energy-saving and wastewater processing. Participants reviewed initiatives, and shared information on ongoing challenges and discussed future plans. A representative of DIC's Production Administrative Division gave a presentation using the Company's installation of LED lights and efforts to promote the efficient operation of air compressors as case studies.

Authorities in the PRC are encouraging companies to switch from light oil to environmentfriendly town gas, as well as to make use of an active biodiesel refined from vegetable matter. DIC Group companies in the PRC are exploring the possibility of making this switch, examining such considerations as infrastructure and site locations. Shanghai DIC Ink Co., Ltd., which manufactures printing inks, began using biodiesel in fiscal year 2013. The company plans to replace 90% of its boiler fuel with biodiesel in fiscal year 2014.



Americas and Europe

In October 2013, the Sun Chemical Group—which has operations in 13 countries in North, Central and South America and 43 countries in Europe—rolled out a new internal Web-based data collecting system called EcoTrack, which facilitates the collection and centralized monitoring of data for key sustainability metrics related to energy, water, waste and safety at 153 sites. In addition to increasing the transparency of site data related to production, energy-saving initiatives and CO₂ emissions, among others, EcoTrack was designed to encourage the sharing of information and the horizontal deployment of measures. The full implementation of the system across the Sun Chemical Group in fiscal year 2014 greatly increased the transparency of crucial data, which in turn accelerated the cycle of analyzing data, formulating responses and deploying measures, significantly increasing the progress of energy-saving initiatives. At two sites, for example, the mounting of sensors on production equipment and analysis of resulting data facilitated the calculation of optimum electric power and operating times for individual processes to minimize wasted power and optimize production. As a consequence, both sites succeeded in boosting production volume while substantially lowering their use of electric power, enabling both to achieve noteworthy reductions in both energy consumption and costs.

Topic

Chiba Plant signs environmental conservation accord

A consortium of 50 companies with a combined total of 59 major production facilities in the Keiyo-Rinkai area, a coastal strip extending across Tokyo and Chiba Prefecture, are signatories to an environmental conservation accord with Chiba Prefecture, as well as with six major prefectural cities, including Chiba and Ichihara, and to a detailed agreement outlining emissions standards designed to prevent air and water pollution.

The detailed agreement is reviewed every five years. In March 2015, a signing ceremony was held for a new agreement, where Mitsuo Fujino, general manager of DIC's Chiba Plant, who attended the ceremony on behalf of signatory companies in Ichihara's Yawata district, together with representatives of signatories in other cities and districts, handed over the new signed agreement to Kensaku Morita, governor of Chiba, and Takayoshi Sakuma, mayor of Ichihara.

Taking into account issues of particular concern in recent years, the new five-year agreement, which went into effect in April 2015, includes regulations for airborne particulates designated PM2.5 (i.e., with a diameter of 2.5 µm or less). The agreement will come up for review again in March 2020.



(Photograph courtesy of Chiba Prefecture)

Reducing Emissions of Chemicals into the Environment

Basic Approach

As chemicals companies handle a considerably greater volume and more diverse range of chemical substances than companies in other industries, they must be extremely vigilant to prevent discharges of such substances into the environment. DIC and DIC Group companies in Japan have worked to reduce emissions into the air, water and soil of substances designated under the Pollutant Release and Transfer Register (PRTR) since fiscal year 2000 and of substances targeted under a voluntary scheme created by the Japan Chemical Industry Association (JCIA) since fiscal year 2005. In fiscal year 2013, DIC introduced MBO at DIC Group companies in Greater China and the Asia–Pacific region with the aim of further encouraging emissions reductions.

Principal Initiatives in Fiscal Year 2014

In fiscal year 2014, DIC and DIC Group companies in Japan used and/or produced 93 and 108 PRTR-designated substances*, respectively, in amounts exceeding 1.0 ton. During the period, DIC Group companies in Japan sought to meet their emissions reduction targets for these substances by reviewing cleaning processes for reaction tanks and local exhaust ventilation devices.

Overseas, DIC Group companies tracked emissions of targeted substances and reported findings to regulators in line with pertinent national and regional regulations. The Group will continue working to attain both facility- and operations-related reductions targets.

* In 2014, the JCIA reviewed chemical substances designated under the PRTR, as a result of which the number of targeted substances, previously 105, was revised to 89.

Reducing Environmental Impact on the Air, Water and Soil

Addressing VOC Regulations

Having succeeded in achieving a voluntary target—set in fiscal year 2007—of reducing emissions into the air of VOCs 30% by fiscal year 2010 (using fiscal year 2000 as the base year) for the DIC Group in Japan, domestic Group companies continue to pursue steady annual reductions through facility improvements and emissions management. Overseas, Group companies in Greater China and the Asia–Pacific region are using MBO to promote ongoing emissions reductions.

Managing Water Resources

The DIC Group withdraws fresh water (tap water and industrial water) for use in production processes and air conditioning and for drinking, among others. The Group also discharges wastewater—after purifying it in line with internal standards that exceed official standards in the countries and territories where it has operations—into rivers and other fresh water bodies. In fiscal year 2014, fresh water withdrawn by the global DIC Group amounted to 23,176,000 m³, a decline of 7.5% from the preceding fiscal year, while wastewater discharged by the global DIC Group in fiscal year 2014 amounted to 14,363,000 m³, a decrease of 3.8%.

Environmental Emissions of Targeted Chemical Substances (551 Substances, Including those Designated by the PRTR, and One Substance Group) in Fiscal Year 2014

DIC	Emissions into the air	189 tons
	Emissions into water	13 tons
	Emissions into soil	0 tons
DIC Group (Japan)	Emissions into the air	354 tons
	Emissions into water	13 tons
	Emissions into soil	

Number of Targeted Chemical Substances Used and/or Produced in Amounts Exceeding 1.0 Ton in Fiscal Year 2014



Emissions into the Air of Targeted Chemical Substances (551 Substances and One Substance Group)



Fresh Water Withdrawn by the Global DIC Group in Fiscal Year 2014 23.176.000 m³

from fiscal year 2013



Wastewater Discharged by the Global DIC Group

from fiscal year 2013



The DIC Group in Japan implements soil and groundwater surveys and countermeasures as necessary and assesses related environmental and safety risks.

4 Reducing SOx, NOx and COD

Taking fiscal year 1990 as the base year, DIC Group companies in Japan have worked to reduce sulfur oxide (SOx) and nitrogen oxide (NOx) emissions—key causes of acid rain—from boilers. These efforts have yielded noteworthy results. The Group is also achieving steady results in the reduction of chemical oxygen demand (COD), an indicator of water quality deterioration in wastewater, thereby enhancing its water quality management. Overseas, Group companies are also switching fuel from light oil to natural gas and replacing light oil- and heavy oil-fired boilers with waste wood-fired biomass boilers at sites with appropriate infrastructure.

In the area of water quality management, the Group is also working to protect the environment, including promoting the reuse of water and installing closed-loop water recycling and wastewater treatment systems at its sites that purify water to a level that exceeds the legally mandated standard.

6 Complying with Regulations Governing Dioxin Emissions

In Japan, the DIC Group monitors emissions of dioxins from waste incinerators that produce these byproducts. At present, the Group has six such facilities. Continuous efforts to reduce emissions levels have enabled the Group to achieve results that greatly surpass standards specified in the Law Concerning Special Measures Against Dioxins.

Reducing Industrial Waste

Basic Approach

The DIC Group aims to minimize industrial waste by recycling and reusing materials. Since fiscal year 2001, DIC has been involved in a zero-emissions initiative aimed at reducing industrial waste disposed of as landfill. DIC has deployed zero-emissions initiatives at DIC Group companies in Japan since fiscal year 2008. With the aim of expanding efforts across the global DIC Group, in fiscal year 2013 DIC began to introduce MBO at overseas Group companies. DIC subcontracts the treatment of industrial waste to be disposed of as landfill, and ensures waste is properly treated by promoting strict compliance and on-site confirmation by designated departments at each of its production facilities.

Principal Initiatives in Fiscal Year 2014

Reducing Industrial Waste Disposed of as Landfill

The DIC Group actively works to reduce its disposal of industrial waste as landfill by recycling cinders, dust and sludge, using thermal recycling to recover waste heat and reducing production losses by increasing yields.

In fiscal year 2014, the demolition of DIC's Suita Plant, in Osaka Prefecture, resulted in the discharge of a significant amount of industrial waste during the period. However, thanks to efforts to make effective use of wastewater in production processes, the total volume of industrial waste generated by the DIC Group in Japan in fiscal year 2014 declined 52.4% from the fiscal year 2013 level.

Industrial Waste Disposed of as Landfill



🛑 Initiatives Overseas

In addition to ensuring the disposal of industrial waste in a manner that complies with national and regional regulations, the DIC Group's overseas production facilities work to minimize industrial waste through the voluntary recycling and reuse of materials. In fiscal year 2013, overseas Group companies sought to reinforce efforts to reduce industrial waste by introducing MBO.

In fiscal year 2014, DIC Group companies in the Americas and Europe and the Asia–Pacific region deployed measures aimed at achieving reductions in waste generated during various production processes that exceed national and regional legal requirements. Nonetheless, the total volume of industrial waste generated by DIC Group production facilities overseas rose 6.7%.

Overview of Environmental Impact of the DIC Group's Operating Activities

The DIC Group quantifies its environmental inputs (resources consumed), such as energy and water consumption, and outputs, that is, emissions into the environment, and uses its findings to formulate comprehensive and efficient strategies for reducing its environmental footprint.

Note: The "551 substances and one substance group" indicated in the chart comprises 462 chemical substances designated by the PRTR and 89 substances and one substance group targeted for study by the JCIA.



Managing Chemical Substances in Products

Promoting Safety for Chemical Substances and Products

Basic Approach and Framework for Implementation

In 2003, the UN Economic Commission for Europe issued the first edition of the GHS. To respond swiftly to requests to reduce risks by providing customers with complete information on hazardous substances, DIC introduced CIRIUS (Chemical Substance Information Comprehensive Management System) for domestic products in 2009. CIRIUS centralizes the management of raw materials and information to facilitate the provision of reliable SDSs. The system also automatically checks various laws and regulations. These include security export control rules, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., the Industrial Safety and Health Act and the Poisonous and Deleterious Substances Control Act. In 2013, DIC began using the Wercs (a global SDS/label creation system developed with knowhow from DIC) for products for export. As a result, DIC now has a structure that enables it to compile SDSs for more than 250,000 products that comply with national and regional laws and regulations and is accessible in all local languages. In April 2014, DIC began using the Wercs to issue SDSs and labels for all exported products.

As specialized knowledge about chemical substance management is essential, DIC focuses on training in the manufacture, import and handling of chemicals in accordance with applicable laws and regulations and draws on its proprietary licensing system to enhance the skills of employees.



The Wercs logo

Collecting, Analyzing and Communicating the Latest Information

DIC collects the latest information on chemical substances through international consultants and experts, news wire services and chemicals industry associations to ensure that it can respond swiftly and effectively to revisions in laws and regulations.

Recent years have seen the European Union enact Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)* legislation, and the Republic of Korea (ROK), the PRC and Taiwan introduce legislation aimed at strengthening chemical substances risk management. As well, countries around Southeast Asia have deployed GHSs. DIC has responded swiftly to such developments, and has supplied the latest information to its customers by issuing SDSs and labels. * Under REACH, businesses bear full responsibility for evaluating the safety of chemical substances they produce and/or use with no distinction made between "existing" and "new" substances.

REACH also prohibits the use of specified chemical substances that pose unacceptable hazards to human health

Training in Chemical Substance Management

Compliance with laws and ordinances is central to risk management for DIC as a comprehensive chemicals manufacturer. Accordingly, the Company endeavors to improve employee awareness and knowledge of chemical substance regulations in Japan and overseas by holding workshops and maintaining a proprietary internal licensing system.

Efforts include providing specialized training for individuals involved in exporting chemical substances in line with the Foreign Exchange and Foreign Trade Act, and for individuals involved in importing substances in line with the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and the Industrial Safety and Health Act and the Poisonous and Deleterious Substances Control Act. DIC only licenses employees who have completed designated training and passed in-house examinations. Licenses permit these individuals to engage in import and export operations. To renew their licenses, they must retake classes and pass the subsequent exams. In fiscal year 2014, 777 employees qualified for a Class A license, which requires specialized knowledge, while 120 people passed the exam for a Class B license, which pertains to ancillary operations.

DIC's Quality Policy

Enhance

quality

"Contribute to the prosperity of customers and society by consistently providing reliable products."

Product

divisions

OMS

Production facilities certified under ISO 9001

Production Administrative Division

Technical Administrative Division

Sales administrative divisions

Basic Approach

Along with its Environment, Safety and Health Policy, the DIC Group views the improvement of quality as a theme that is essential to upholding a sound operating foundation. Accordingly, the Group seeks to ensure every employee shares the sentiment conveyed in its Quality Policy and works continuously to enhance quality and ensure customer satisfaction.

Framework for Implementation

To better leverage its agility and comprehensive capabilities, in April 2012 DIC realigned its overall quality management system (QMS), establishing a matrix-like corporate organization that positions product divisions on the vertical axis and sales administrative divisions, the Production Administrative Division and the Technical Administrative Division on the horizontal axis. In line with this change, the Group introduced a QMS based on ISO 9001, the International Organization for Standardization's benchmark for such systems, and subsequently earned ISO 9001 certification for all of its production facilities. The Group capitalizes on this QMS and on its overall system to promote ongoing efforts to enhance quality.

Domestic and overseas DIC Group companies (domestic consolidated companies and companies in Greater China and the Asia–Pacific region) also use ISO 9001-compliant systems as part of efforts to continuously enhance their quality management capabilities.

Initiatives Aimed at Increasing Customer Satisfaction

Close cooperation among relevant divisions and departments from product planning through to shipment enables DIC to develop and manufacture products with high added value, while rigorous process and identification management ensure product quality. Meticulous risk evaluation is conducted at the design review stage to guarantee safety. After products are sold, customer and market assessments are gathered and fed back to development departments to facilitate further quality improvements.

Redefining and Promoting Awareness of DIC's Distinctive Quality Management System

DIC has developed a distinctive QMS that focuses on constant quality improvements. In addition to providing training designed to upgrade the skills of internal auditors, since fiscal year 2013 DIC has quality audits attended by internal auditors from other sites to encourage self development.

Based on audit results at individual production sites, in fiscal year 2014 DIC published information on best practices and internal materials in-house and rolled out initiatives Groupwide with the aim of further enhancing internal audits.

③ Preventing the Recurrence of Problems

Information on quality problems (complaints and criticisms) that arise is collated and analyzed to prevent recurrence. The Group employs "why-why analysis" ("*naze-naze bunseki*"), which involves repeatedly asking "why" to encourage people to investigate and identify the actual root causes of such problems, thereby making it possible to prevent recurrence. In fiscal year 2014, DIC proposed expanding the scope of why-why analysis to encompass back-office functions with the goal of reducing/preventing the recurrence of mistakes made in the receipt and placing of orders. In fiscal year 2015, training in why-why analysis was introduced on a trial basis.

In 2011, DIC began publishing *Quality News*, which provides useful information on quality management and ways to enhance work quality. In addition to being published regularly on DIC's portal site and distributed directly to relevant parties, *Quality News* is used in employee training.



Change in the Number of Product Returns







Increase

customer

satisfaction



Using case studies to identify causes of quality-related issues



Why-why analysis training session on office procedures

Working to Enhance Job Satisfaction

Related information

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

QR Code access

Basic Approach

With the aim of being an organization that empowers all employees to reach their full potential, the DIC Group is committed to respecting human rights and eliminating all forms of discrimination and to creating a work environment that embraces diversity. The Group also strives to support a healthy work-life balance for each employee and create a work environment conducive to job satisfaction and to foster local human resources in markets around the world, which it recognizes as essential to ensuring sustainable corporate growth under its current medium-term management plan.

Respect for Human Rights

The DIC Group Code of Business Conduct, which outlines standards that DIC Group employees are expected to observe, lays down provisions prohibiting human rights violations and requiring respect for diversity—philosophies that are the foundation of the DIC Group's corporate activities. In fiscal year 2014, 59 domestic and overseas Group companies underwent voluntary human rights and labor practices inspections as part of ongoing efforts to prevent issues from arising. All DIC Group employees are obliged to provide written pledges to abide by the DIC Group Code of Business Conduct and to conduct themselves as stipulated therein.

Building Trust with the DIC Employees' Union

DIC's management and representatives of its employees' union meet regularly with the goal of ensuring healthy industrial relations based on mutual trust. In addition, through labor–management councils and casual management conferences, DIC shares management information and its vision for the future with union representatives and encourages the frank exchange of opinions.

Global Human Resources Management

The DIC Group has established a global human resources management framework capable of supporting efforts to foster local employees overseas, as well as to hire individuals based on business considerations without regard for nationality. Having created a human resources system and introduced specialized training for the next generation of executives at Group companies in the PRC, the Group has recently taken similar steps for companies in Southeast Asia. Other efforts include creating global human resources databases and establishing systematic training programs.

Basic Personnel Statistics

		Fiscal year 2012	Fiscal year 2013	Fiscal year 2014
	Male	2,804	2,842	2,876
Number of employees Average age	Female	622	642	666
	Total	3,426	3,484	3,542
	Male	42.2	42.2	42.2
Average age	Female	39.4	39.4	39.8
	Total	41.7	41.6	41.7
	Male	18.1	18.2	18.2
Average years of employment	Female	16.7	17.0	17.4
	Total	17.9	18.0	18.1
	Male	31	14	23
Separations (voluntary) (number of individuals)	Female	12	10	7
(Total	43	24	30
	Male	1.1%	0.5%	0.8%
Separation rate (voluntary)	Female	1.9 %	1.6 %	1.1%
(volulital y)	Total	1.3%	0.7%	0.9%

Promoting Diversity

The DIC Group actively pursues diversity by employing a broad spectrum of individuals without regard to considerations such as gender, nationality, physical limitation or age. The Group works to foster a corporate culture that draws on its understanding and respect for diversity to produce creative ideas and to incorporate the concept of diversity into management, thereby creating workplaces that enhance job satisfaction.

Expanding Career Opportunities for Women

DIC is implementing a variety of initiatives to promote career opportunities for women in line with its commitment to creating a work environment in which motivated employees can fully exercise their abilities. While pushing ahead with measures to transform employee mindsets and the corporate culture, the DIC Group has undertaken various steps to further encourage the drive and determination of female employees, including by providing education to enhance awareness and broaden the range of jobs open to women. DIC also continues to offer specialized training for female employees tapped for management positions and one-on-one training designed to expand job opportunities.

Initiatives that Support a Healthy Work-Life Balance

DIC views work-life balance as essential to both self-realization and sustainable corporate growth. Accordingly, the Company encourages employees to seek both a satisfying work life and a fulfilling life outside work, creating a positive cycle that yields value-added results.

DIC strives to encourage work-life balance by creating positive, supportive workplaces, notably by enhancing programs that enable people to balance the demands of work with private commitments such as caring for children or family members who are ill. The Company has also deployed systems that enable employees to restrict the distance they can be transferred, reduce the amount of overtime hours, encourage employees to take annual paid leave and promote health management.

Enhancing Programs to Help Employees Balance Work, Childcare, Nursing Care and Other Private Commitments

In 1986, DIC blazed a trail for chemicals manufacturers in Japan by implementing a childcare leave program. In 2007, the Company established work and childcare balance support programs, which introduced flexible working styles. DIC has also set up various systems that exceed legal requirements, and has done much in workplaces to make it easier for employees to harness its systems. In fiscal year 2008, the Company acquired the Kurumin Mark, which recognizes companies that promote initiatives designed to assist employees in raising children.

Kurumin Mark Certification

In fiscal year 2008, DIC was accorded the Kurumin Mark by Japan's Ministry of Health, Labour and Welfare, which recognizes companies that actively promote initiatives that assist with child rearing.



Average Years of Employment

Underscoring the success of DIC's efforts to enhance job satisfaction, in fiscal year 2014 just 0.9% of employees resigned of their own accord. In recent years, there has been very little difference in the average years of employment for male and female employees.



Average Years of Employment

(Including Individuals Seconded to Group Companies)



VOICE from the DIC Group

Production Section 4, Polymer Production Department 2, Chiba Plant Ayumi Hachioji

I want to help create work environments that make female employees feel welcome.

I received quite a bit of attention when I became the first female employee posted to a DIC production site. Today, it is common to see women working in production, so there are no particular issues to contend with. Jobs at production sites are not limited to just plant operations and it is hugely motivating for both male and female employees alike to be assigned to a position of responsibility. Although the number of women working at DIC Group plants is still relatively small, it is my hope that we will see more in the years ahead. As such, I would like to help create work environments that make female employees feel welcome.



In fiscal year 2014, 28 employees made use of DIC's Childcare Leave Program, all of whom subsequently returned to work. DIC also encourages male employees to take leave to assist with parenting, and 57.3% of eligible employees took such leave in the year under review.

	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014
Number of male employees whose partners gave birth	102	74	110
Number of male employees taking leave to assist with parenting	62	43	63
Leave-taking rate	60.8%	58.1 %	57.3 %

Numbers of Employees Taking Leave to Assist with Parenting (Including those Seconded to DIC Group Companies)

Caring for Mental Health

DIC works to correct problems that have been shown to negatively affect psychological well-being, implementing measures to combat harassment and enhance the management of work hours to prevent extreme overwork, among others, thereby ensuring that its labor management practices comply with legal requirements. DIC has also established a mental health program under the direction of an in-house occupational health psychologist, under which it is promoting comprehensive efforts to address mental health care issues, including providing ongoing training to facilitate effective line care* and equip employees with self-management skills, installing an internal help desk and providing access to outside counselors, and providing support to ensure a smooth return to work for employees taking leave.

* Line-care training: Training for supervisors to help them recognize promptly when an employee is unwell and respond appropriately by, for example, recommending guidance or counseling or making workplace improvements.

Securing and Fostering Human Resources

Ability-Oriented Qualification System and Fair and Impartial Treatment

To enable all employees to fulfill their potential in jobs suited to their abilities, and to ensure that their efforts are reflected appropriately in their treatment, DIC has consolidated its numerous employee qualification systems irrespective of job classification and educational credentials. The selection of employees to recommend for qualification is done through screening based on objective standards, thereby guaranteeing equal opportunities for promotion to all motivated, capable employees.

Training System

DIC's training system comprises programs in six categories. These programs are based on practical curricula that focus on honing workplace skills and accelerating change in line with business strategies. In fiscal year 2015, the Company will reinforce its global human resources development training programs.

DIC Training Programs

Management-level training	DIC Management School, DIC Business College, training for newly appointed CEOs of Group companies, media training	Department- and job- specific training	Production department-specific human resources development program, technical department- specific human resources development program, programs to foster human resources for sales departments and support departments
Global human resources development	Pre-departure training for employees assigned to overseas posts, training to enhance English- language communications skills, training in how to compose e-mails in English, Global Challenge Program	On-the-job training	Overseas trainee program, domestic trainee program, trainee program for non-Japanese employees, practical training for new recruits
Level-specific training	Level-specific training for newly promoted employees, training for coaches to instruct new employees, follow-up training for new employees and others	Self development	Correspondence courses (approximately 220 different courses are offered), e-learning courses, in-house seminar courses, Skype-based English conversation courses, the TOEIC Institutional Program (IP) test

VOICE from the DIC Group

General Affairs and HR Department Jun Tsutsumi

The support and understanding of my colleagues ensured a worry-free leave.

I decided to take advantage of the Leave to Assist with Parenting Program to take five days' leave when my wife had our second child. My wife returned to her family home to give birth, so I was able to join her there for the duration of my leave. While I was there, my job was to look after our three-year-old son. The two of us spent the days going for walks, playing together and relaxing. I think we both felt refreshed and recharged. I admit that I was a little concerned about my responsibilities at work beforehand, but my colleagues were very understanding and supportive. All in all, it was a rewarding experience for my entire family.



Advancing Initiatives Across the Global Supply Chain

WEB Related information

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



With the aim of ensuring its extended supply chain functions in a socially responsible manner, the DIC Group established the DIC Group Universal Purchasing Policy, based on which it also formulated purchasing management regulations and the DIC Group CSR Procurement Guidelines. The DIC Group has operations in Japan, the Americas and Europe, Greater China and the Asia–Pacific region. Group companies in different regions collaborate to promote CSR procurement across the entire supply chain.

The DIC Group CSR Procurement Guidelines

- Compliance with laws and social norms
- Respect for human rights and consideration for work environments
- Safety and hygiene
- Promotion of sound business management
- **S** Consideration for the environment
- Information security
- Appropriate quality and safety and improved technologies
- 8 Flexible attitude to ensure stable supplies and respond to change
- Ontribution to local communities and society
- Promoting CSR and deploying it in the supply chain

Promoting CSR Procurement

In July 2013, the DIC Group published version 2 of its *DIC Group Supply-chain CSR Deployment Guidebook*. The Group promotes awareness of these guidelines among suppliers and uses them as a tool to encourage efforts to advance CSR procurement. Version 2 of the guidebook—which further segments the DIC Group's 10 CSR Procurement Guidelines into 46 issues, providing explanations of each issue and self-evaluation questionnaires and a five-level marking sheet—has been distributed to suppliers worldwide. From April 1, 2013 through December 31, 2015, the Group conducted a second round of assessments for 429 companies using version 2 of the guidebook.

Following the self-evaluation stage, the DIC Group conducts on-site inquiries for certain suppliers. In addition to enabling the Group to request necessary

improvements, such inquiries are useful in enhancing mutual understanding and encouraging responsible procurement practices. From fiscal year 2011 through fiscal year 2014, the Group identified 43 suppliers as warranting an on-site inquiry.





CSR Procurement on a Global Scale

The DIC Group uses English- and Chinese-language versions of the DIC Group Supply-chain CSR Deployment Guidebook to promote CSR across its global supply chain. Since fiscal year 2011, the Group's regional headquarters in Greater China and the Asia–Pacific region held briefings for local suppliers and distributed questionnaires. In fiscal year 2014, self-evaluation questionnaires were sent to 25 suppliers in Greater China.

The Group's regional headquarters in the Americas and Europe undertakes its own efforts to promote awareness of CSR procurement, using an independent purchasing manual into which the DIC Group CSR Procurement Guidelines have been incorporated.

VOICE from the DIC Group

Manager, Purchasing and Logistics Division Toshio Yamagami

On-site inquiries help build trust and understanding.

I accompanied officials when they conducted on-site CSR inquiries at the importers that I am in charge of and verified the results of CSR procurement assessments submitted by those companies. I initially had no idea what sort of CSR initiatives I might find—after all, trading houses are not manufacturers. In fact, all of the importers I visited maintain CSR programs as a key component of their corporate policy. Exchanging opinions with suppliers on assessment results helped enhance mutual understanding and I found the opportunity to see different perspectives on CSR, particularly in areas such as quality control and supply stability for imported materials, especially useful.



Establishing Solutions-Oriented Businesses

WEB Related information

http://www.dic-global.com/en/csr/stakeholder/customer.html



Capitalizing on the Changing Needs of Society

The cornerstone of the DIC Group's approach is to swiftly grasp the concerns of its customers and, by identifying those shared by multiple customers, to gain insights into emerging social needs and offer appropriate solutions. While the starting point is the voice of its customers—an approach known as "customer-in"—the Group also takes a "market-in" approach, paying heed to issues of global significance, such as global warming, with the aim of predicting trends and anticipating the future needs of society.

Business Activities with Roots in Issues of Concern to Society

The principal factor behind efforts to advance the use of electric vehicles is the need to address crucial issues such as global warming and fossil fuel depletion. Doing so will depend on resolving a number of key technological challenges, notably increasing the capacity of storage batteries, reducing the size and weight of powertrains^{*1} and improving the durability of fuel cells. The DIC Group continues to promote research aimed at addressing such challenges, based on which it is developing technologies that will yield concrete, viable solutions, including innovative materials that boost battery capacity and improve the performance of power devices^{*2}. In the information and communications field, the Group is promoting the development of materials for printed electronics in response to needs arising from the increased sophistication of information networks. In addition to automobiles, information and communications and other fields that necessitate advanced technologies, the Group is responding to social imperatives in such areas as packaging, graphics and the field it has dubbed "life and living," as well as proposing new businesses with the purpose of further evolving its business model.

*1 In a motor vehicle, the powertrain is the group of components that transform stored energy into kinetic energy for the purpose of propulsion.
*2 A power device is a semiconductor used as a switch or rectifier in power electronics.

2 A power device is a serificonductor used as a switch or rectiner in power electronic

Enhancing Brand Strength

Established as a printing inks manufacturer, DIC has expanded its business by leveraging its capabilities in organic pigments and synthetic resins to develop a diverse portfolio of innovative products. The Company's wealth of elemental technologies is what makes these products possible. To encourage broader customer awareness of its distinctive products and technologies, DIC publishes and distributes market-oriented product guidebooks. DIC also strives to enhance the DIC Group's brand through participation in trade shows such as FINETECH JAPAN and Tokyo Pack.

Leveraging the DIC Group's Matrix-Like Corporate Organization to Expand Operations

To encourage awareness of the DIC Group's comprehensive capabilities, namely, its products and technological prowess, DIC continues to promote reforms aimed at shifting from a product-specific to a marketfocused management approach. In fiscal year 2012 the Group adopted a matrix-like corporate organization, which positions product divisions on the vertical axis, thereby eliminating the organizational barriers that previously divided these divisions, while the sales administrative divisions, the Production Administrative Division and the Technical Administrative Division—further subdivided by business area—are positioned on the horizontal axis, a configuration designed to increase synergies and reinforce collaboration.



VOICE from the DIC Group

Manager in Charge, Corporate Marketing Department Hiroko Sakurai

Our goal is to capitalize on new technologies to develop robust new businesses.

The Corporate Marketing Department focuses on fostering new markets over the medium to long term. Our team got off to a lively start in fiscal year 2015, welcoming new members whose experience is in business planning. We are charged with predicting new markets based on emerging needs arising from global megatrends—a task we approach from four perspectives: impact on the earth and natural environment, economic and political implications, legal and regulatory issues and technological considerations—and collaborating with technical groups to develop essential new technologies. Under DIC's matrix-like corporate organization, we are also focusing on the establishment of robust new businesses based on such new technologies. We hope to realize viable solutions in a variety of areas including resources, materials, energy, transport equipment, medical care and medical devices.



Proposing Solutions that Leverage Elemental Technologies

WEB Related information

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



QR Code access

Achieving Sustainable Growth

With the aim of achieving its Color and Comfort by Chemistry management vision, the DIC Group is leveraging its core technologies, including those in the areas of optics and color, organic molecular design and polymer design, as well as its elemental technologies in such areas as synthesis, compounding and formulation, and surface treatment, to develop high-value-added products. The Group is also building a portfolio of next-generation products and new technologies that will support sustainable growth for such key applications as LCDs, electronics, digital printing and packaging, by integrating technological resources originating across the Group.

A Global Framework for Product Development

To maximize global R&D resources, DIC's Technical Administrative Division and Corporate R&D Division cooperate with the R&D components of DIC Group companies in Japan; the Sun Chemical Group's research centers in the United States, the United Kingdom and Germany; and its corporate R&D facilities in the PRC (Qingdao DIC Finechemicals Co., Ltd.) and Japan (the Central Research Laboratories). In fiscal year 2014, the Group established two printing inks technical centers, one in Thailand for the Asia–Pacific region and one in the PRC, as well as a PPS technical center in the PRC. In January 2015, the Group opened a polymer technical center in Thailand for the Asia–Pacific region.

The DIC Group's R&D Configuration



Universities and research organizations in Japan and overseas, national projects (Japan)

Specific Initiatives and Achievements

The DIC Group is encouraging a shift toward materials with a reduced environmental impact—notably waterbased and solvent-free materials—and is advancing the development of environment-friendly products for use in displays and packaging, as well as for infrastructure-related applications, that help improve the environmental performance of the finished products in which they are used.



Product packaging

Promoting Environment-Friendly Products

Conscious always of the importance of ensuring its products are environment-friendly, DIC promotes the development of products and new technologies that are useful to society and works to increase the weighting of environment-friendly products in its portfolio, by reducing the volume of hazardous substances it uses, focusing on products that are less hazardous and products that facilitate recycling, and realizing safer production processes that generate less waste and use less energy. DIC also conducts environmental assessments on a continuous basis and strives to maintain a solid grasp of laws and regulations in different countries and territories and of trends in environmental measures, thereby ensuring its ongoing ability to engineer products that comply with diverse regulations governing the use of chemical substances in different markets. In fiscal year 2014, environment-friendly products accounted for 52% of all products manufactured by DIC and its subsidiary DIC Graphics Corporation.

VOICE from the DIC Group

Assistant Manager, Dispersion Technology Group 9, Dispersion Technical Division 1 Keisuke Wakahara

We are working to develop products that boast outstanding performance features and are environment-friendly.

One of the best examples of a DIC Group product that is both environment-friendly and delivers superior performance is our VOC-free UV-curable printing inks. While the increasing predominance of electronic media has slowed growth in demand for printing inks in general, demand for UV-curable inks for use in packaging applications remains firm, as a consequence of which these inks have become one of our principal products in the offset inks market. In recent years, awareness of the need to protect the natural environment and rising concern regarding product safety have spurred an increase in the use of environment-friendly energy-saving UV and UV-LED lamps, further drawing attention to these inks that coat cleanly and safely, underscoring fundamental changes in operating conditions for printing inks manufacturers. In response to such changes, we are capitalizing on the DIC Group's proprietary polymer and pigment engineering technologies to develop products that boast outstanding performance features and are environment-friendly.



Adding Color and Comfort to Lifestyles

WEB Related information

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

Basic Approach

Based on its Guidelines for Social Contribution Activities, established in fiscal year 2009, the DIC Group promotes harmony with local communities and individuals through activities aimed at building a strong relationship with society.

Examples of Recent Initiatives

Visiting Science Lab Program

In line with the Japanese government's efforts to promote career education initiatives, DIC Corporation and DIC Graphics Corporation conduct visiting science labs at public elementary schools. Through this program, which focuses on, among others, experiments in pigment synthesis and offset printing, the Group seeks to spark children's interest in science and encourage them to realize the close relationship between science and their everyday lives.

In fiscal year 2014, the DIC Group's visiting science lab program was nominated in several categories in the 2014 CSR Initiative Award in Education*, sponsored by Tokyo-based Leave a Nest Co., Ltd., winning the Special Jury Award and finishing third among 28 entries in the Award for CSR Initiatives in Education Selected by Junior and Senior High School Students category.

* The CSR Initiative Award in Education comprises the Award for Visiting Labs and Lectures for Elementary School Children and the Award for CSR Initiatives in Education Selected by Junior and Senior High School Students, which are voted on by, respectively, teachers and junior and senior high school students from across Japan. In fiscal year 2014, the DIC Group's program was one of 28 entries, eight of which were nominated for the Special Jury Award.

Initiatives Led by the Central Research Laboratories

The Central Research Laboratories offers a variety of programs in such uniquely DIC topics as synthesis and chromatics to the students of local schools. In September 2014, students at Chiba Prefectural Sakura High School, a designated Super Science High School*, were invited to the Central Research Laboratories to participate in a lab lesson on the theme of "synthesis and craftsmanship." The event included a lab experiment, a hands-on lesson on the use of analytical equipment and a lecture on DIC products. The researchers who serve as lecturers also incorporated a career education component into the event, taking time to talk to interested students about the challenges and rewards of being a researcher.

t Super Science High School is a designation awarded by Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT) to senior high schools that implement curricula focused on the sciences and mathematics that goes beyond the Ministry's official guidelines with the aim of fostering the next generation of talented engineers and scientists.

Vice-Principal, Itabashi Municipal No. 2 Elementary School Kaoruko Tanaka

Laboratories

Comment

The visiting science labs at our school emphasize the role of science in children's lives.

Our school has enjoyed hosting visiting science labs conducted by DIC and DIC Graphics since 2011. When we evaluate offers by corporations to organize educational programs for us, we have thee criteria: Is the proposed program safe? Does it align with the relevant curriculum unit? Is the school's burden for preparation minimal? The DIC and DIC Graphics program ticks all three boxes for us. The focus is on showing children that studying science is useful in everyday life and the children are always delighted by the departure from their ordinary classwork. Each employee instructor works directly with three or four students, which I particularly appreciate as it gives children a chance to speak to the instructor directly and ask questions about the career of a scientist. I am a firm believer that initiatives such as this, which involve companies with deep local roots partnering with schools, play a vital role in community development.

The DIC Group's Guidelines for Social Contribution Activities

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

Children participating in a pigment synthesis experiment

DIC's 2014 CSR Initiative Award in Education certificates

Lab lesson for Chiba Prefectural Sakura High School students at the Central Research









Kawamura Memorial DIC Museum of Art

The Kawamura Memorial DIC Museum of Art, located adjacent to the Central Research Laboratories in Sakura, Chiba Prefecture, was established in 1990 to publicly exhibit works of art collected by DIC Corporation and its affiliates. In May 2015, the museum celebrated its 26th anniversary. The museum exhibits works from a collection that spans numerous genres, with a focus on 20th century American art, and encompasses works by Rembrandt; Impressionists such as Monet and Renoir; modern European artists such as Picasso and Chagall; and early modern, modern and postwar Japanese artists. In addition to its standing exhibit from its permanent collection of more than 1,000 major works, the museum stages special exhibitions several times a year that focus on pertinent



Kawamura Memorial DIC Museum of Art

literature and other artifacts that evoke the cultural atmosphere at the time the works were created to help visitors better understand the collection.

Another appealing aspect of the Kawamura Memorial DIC Museum of Art is its location on a lushly forested 10-hectare site alive with seasonal flowers and foliage that has been open to the public since the museum's establishment. The museum also welcomes art classes, led by teachers, for museum tours, with the goal of further supporting art education.

Capitalizing on Business Opportunities Yielded by Recycling Initiatives

In addition to manufacturing and selling a broad range of molded plastic products in line with its ultimate objective, which is to protect lives, Group company DIC Plastics, Inc., in Japan, is an active proponent of environment-friendly business practices, particularly material recycling^{*1}. Among the company's noteworthy achievements is its development of a system for sorting waste plastic generated during the manufacture of original products by type and color, which greatly assists with recovery. This has enabled the company to diversify its lineup of products made with recycled plastics, increasing the volume of such materials it uses and adding value to the products in which they are used.

DIC Plastics also promotes recycling by purchasing recycled plastics from reclaimers, which it uses in the manufacture of its mainstay plastic helmets and other products.

One of the most recent additions to DIC Plastics' product portfolio is the IZANO professional helmet for disaster situations. In addition to offering superb safety, the IZANO helmet can be folded to approximately 60% of its full size. These features, plus the extensive range of colors available, earned IZANO an award in the 2014 Good Design Awards^{*2}, sponsored by the Japan Institute of Design Promotion.

Siam Chemical Industry Receives CSR-DIW Award

On October 21, 2014, DIC Group company Siam Chemical Industry Co., Ltd., was presented with a CSR-DIW Award for 2014 by the Thai Ministry of Industry at a ceremony held at the Bangkok International Trade & Exhibition Centre. The CSR-DIW Award program was established in 2008 with the goal of raising the global competitiveness of Thai companies. Awards are given to companies in recognition of corporate social responsibility (CSR) initiatives judged as exceptional from the perspective of compliance with ISO 26000, the International Organization for Standardization's standard for social responsibility. (The DIC Group uses the designation "sustainability," rather than "CSR.")

Since 2012, Siam Chemical has promoted a variety of undertakings, including mangrove planting, community support and volunteer activities, and sponsorship for blood drives, with the active participation of both local and Japanese staff. The company's efforts continue to earn high marks, evidenced by the fact that it has received CSR-DIW awards for three consecutive years. Siam Chemical pledges to continue contributing to Thai society through effective sustainability initiatives designed to benefit residents of local communities as well as protect the environment.

Matching Gift Program

DIC has a matching gift program whereby it matches the total amount collected through an annual year-end fundraising drive spearheaded by its employees' union. Funds raised through the 2014 drive and matching gift program were donated to 19 children's homes and facilities providing support for disabled individuals.



Products made from recycled plastic bottle caps

- *1 Material recycling involves the recycling of material from an original application but in a
- different form. *2 Operated by the Japan Institute of Design Promotion, the Good Design Awards is a commendation program that annually recognizes products that represent superb achievements in design.



Awards presentation



DIC employees visit Toko Niji-no-ie in Ota, Gunma Prefecture, to present a donation

VOICE from the DIC Group

President, Siam Chemical Industry Co., Ltd. Takahisa Yamatoya (center)

We will redouble our efforts to promote sustainability.

We are very proud to have earned our third consecutive CSR-DIW Award in 2014. We see this award as recognition of ongoing commitment to ensuring that our operations are in harmony with the local community. This is an honor that I share with the employees of Siam Chemical. I look forward to continuing to work with everyone on staff to promote meaningful initiatives and redoubling our efforts to contribute to the sustainability of our community.



Promoting Disclosure and Communication

Related information WEB

http://www.dic-global.com/en/csr/stakeholder/



Basic Approach

The DIC Group places a priority on communication with its stakeholders worldwide, which it promotes actively through direct dialogue in the form of, among others, participation in exhibitions, websites and events. By communicating effectively with stakeholders, the Group strives to ensure an adequate understanding of stakeholder expectations and to reflect such expectations in its business activities. The DIC Group is also expanding its awareness of the concept of stakeholder engagement, a key requirement under ISO 26000.

	Ties with customers	Ties with shareholders and investors	Ties with society	Ties with employees	Ties with the media
Basic approach	Build trusting relationships. By incorporating the demands of customers, seek to develop products that enhance customer satisfaction.	Ensure appropriate disclosure and build trusting relationships with shareholders and investors, encouraging both to evaluate DIC as an attractive investment.	Operate in harmony with the community and build positive relationships with local residents that will underpin the long-term sustainability of operations.	Provide workplaces that are conducive to job satisfaction and enable all employees to fulfill their potential. Over the long term, achieve true diversity.	Deepen mutual understanding through effective publicity, advertising and other communications efforts.
Communications tools	 DIC Report Websites Product pamphlets Corporate profile DVD 	 DIC Report Websites Press conferences Annual report Quarterly results announcements Yuka Shoken Hokokusho (financial disclosure document required of listed companies in Japan) Shareholder newsletters Corporate profile DVD 	 DIC Report Websites Site reports Corporate profile DVD 	 DIC Report DIC Plaza (in-house newsletter) Intranet DIC Pocket Book (in-house Group data file) 	 Press conferences Interviews with journalists
Opportunities for communication	 Sales activities Participation in exhibitions 	 General shareholders' meetings Results presentations IR conferences IR meetings 	 Production facility tours Participation in projects involving collaboration among industrial concerns, government bodies and academic institutions Participation in community events Environmental monitoring 	Labor-management councils Results presentations for employees Presentations on the DIC Group Code of Business Conduct Sustainability presentations	 Newspapers Economic publications Industry publications



High school students visit DIC Compounds (Malaysia)









COSME Tech 2014 (5th International Cosmetics Development Expo) (Tokyo Big Sight, Japan)

Ties with shareholders and investors



Official results presentation (February 2014)

Ties with employees



Official results presentation (February 2014)



DIC Plaza (in-house newsletter)



Third-Party Verification



The DIC Group commissioned SGS Japan Inc. to conduct third-party verification of its data for greenhouse gas emissions and discharge of industrial waste.

DIC Group Milestones

1908 Established as Kawamura Ink Manufactory

Established by Kijuro Kawamura as Kawamura Ink Manufactory; adopts the dragon as its product trademark and begins manufacturing inks.



DIC's founder, Kijuro Kawamura



1915 Commences production of offset printing inks

Becomes one of the first companies to conduct research in the area of offset printing inks and succeeds in producing a viable product in only one year.

1925

Begins production of organic pigments

Develops production method for organic pigments and begins production for its own use, the first step in its evolution as a fine chemicals manufacturer.

1940

Commences production of water-based gravure inks

Amid wartime restrictions on use of volatile oils, develops water-based gravure inks—one of several achievements that would later facilitate expansion into synthetic resins.

1952

Makes full-scale entry into the synthetic resins business

Establishes Japan Reichhold Chemicals Inc., then the second-largest joint venture with an overseas firm in the history of the Japanese chemicals industry, and makes a full-scale entry into the synthetic resins business.



Reichhold Chemicals' San Francisco plant

1957 Enters the market for helmets and

other molded plastic products Enters the plastic products business with the aim of becoming an integrated manufacturer with operations encompassing production of everything from plastic raw materials to finished products.

1962 Changes Company name

to Dainippon Ink and Chemicals

Embarks on a new chapter in its history by absorbing Japan Reichhold Chemicals, Inc., and changes Company name to Dainippon Ink and Chemicals Incorporated (DIC).



1968 Commences sales of the *DIC Color Guide*®

Launches the *DIC Color Guide®*, which becomes the de facto standard for color selection in numerous industries, bolstering recognition of the DIC name.



Actively introduces technologies from overseas and promotes further diversification

Promotes expansion of printing inks business Diversifies operations by building on base in printing inks, organic pigments and synthetic resins

1973 Establish

Establishes the Environment and Safety Response Department

Creates department under the direct supervision of DIC's president to oversee safety and environmental initiatives (today's Responsible Care Department); creates Environment and Safety Management Regulations and Interim Emergency Countermeasures Department and begins promoting decisive efforts, including the implementation of plant safety inspections.

1990 Opens Kawamura Memorial Museum of Art

Located in Sakura, Chiba Prefecture, adjacent to the Central Research Laboratories; established to exhibit works of art collected by DIC and DIC Group companies; now called the Kawamura Memorial DIC Museum of Art.



Kawamura Memorial DIC Museum of Art

1995

Declares intention to uphold the principles of Responsible Care

Takes an active role in the Responsible Care movement since the start as one of 74 founding members of the Japan Responsible Care Council (JRCC); reinforces efforts to, among others, reduce negative environmental impact of operations and reduce energy consumption.



107 Years of Achievement

1970 Enters the multilayered films business

Establishes Crown Zellerbach Packaging Materials Japan Co., Ltd., in a joint venture with Crown Zellerbach Corporation of the United States and Nippon Kakoh Seishi Co., Ltd., and enters the multilayered films business.

1973

Enters the market for LCs

Develops revolutionary high-performance, long-lasting nematic LCs, commencing its evolution into one of the world's foremost manufacturers of LCs.



Nematic LCs

1986

Acquires the graphic arts materials division of Sun Chemical Corporation of the United States Becomes world's largest manufacturer of printing inks in terms of market share and leading name in graphic arts materials business.



Sun Chemical's headquarters

Seeks to advance globalization of core businesses and diversify into new areas

1999

Succeeds in developing 100% soybean oil-based printing ink

Amid rising awareness of environmental issues, develops Japan's first organic solvent-free sheetfed offset ink.



New Champion Naturalith 100 organic solvent-free sheetfed offset ink

1999

Acquires Coates, the printing inks division of France's TOTALFINA

Establishes presence in India, Central and South America and elsewhere by acquiring the Coates Group from TOTALFINA S.A., France's largest oil company.

2008 Changes Company name to DIC Corporation

Marks centennial anniversary by changing Company name to DIC Corporation and adopting a new corporate symbol.



DIC's new corporate symbol

Takes steps to advance environmental protection and expands global presence

2009

Establishes DIC Graphics Corporation

In October 2009, establishes a joint venture with Dai Nippon Printing Co., Ltd. subsidiary The Inctec Inc. and integrates its domestic printing inks business with the printing inks business of The Inctec.

2013

Launches DIC105 medium-term management plan

Embarks on a new plan—the slogan of which is "Step Beyond"—that is positioned as the first three-year phase of a longer-term initiative that sets clear, concrete objectives for fiscal year 2018.

2015

Completes reconstruction of corporate headquarters in Nihonbashi

In May 2015, completes the reconstruction of its corporate headquarters—the DIC Building—in Nihonbashi, Tokyo, the role of which was expanded to include oversight of the global DIC Group.



DIC Building

Prepares for a new phase of growth

2006

Becomes signatory to the Responsible Care Global Charter

Signs Declaration of Support for the Responsible Care Global Charter, established by the International Council of Chemical Associations, as befits its status as a member of the global community of fine chemicals manufacturers.



2007 Launches CSR program

Begins promoting CSR initiatives; identifies fulfilling its responsibilities as a member of society through its business activities and contributing to the evolution of society as the correstones of CSR.

2010 Joins United Nations Global Compact

In December 2010, becomes a participant in the United Nations Global Compact, with the aim of maintaining its reputation as a socially responsible corporate entity.



Network Japan WE SUPPORT

2014

Changes designation to "sustainability"

Clarifies its overall policy of achieving sustainability in a manner that takes into account, among others, the environment, ecosystems and socioeconomic issues, and changes the designation used across its program from "CSR" to "sustainability."



Corporate Data

Corporate Data

Registered name:	DIC Corporation	
Registered address:	35-58, Sakashita 3-chome, Itabashi-ku, Tokyo 174-8520, Japan	
Corporate headquarters:	DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan Tel: +81-3-6733-3000	
Date of foundation:	February 15, 1908	
Date of incorporation:	March 15, 1937	
Paid-in capital:	¥96.6 billion	
Number of employees:	20,411 (Nonconsolidated: 3,542)	
Domestic facilities:	Two branch offices and nine plants	
Number of subsidiaries and affiliates:	176 (Domestic: 32, Overseas: 144)	
(Information is as of December 31, 2014.)		

Board of Directors

Representative Director	Yoshiyuki Nakanishi
Representative Director	Masayuki Saito
Director	Yoshihisa Kawamura
Director	Hitoshi Wakabayashi
Director	Tetsuro Agawa
Director	Takao Suzuki*
Director	Yukako Uchinaga*

Corporate Auditors

Corporate Auditor Corporate Auditor Corporate Auditor Corporate Auditor

Jiro Mizutani Yoshiyuki Mase Katsunori Takechi* Cindy Yoshiko Shirata*

* Outside

* Outside

Executive Officers

President and CEO	Yoshiyuki Naka
enior Managing Executive Officer	Masayuki Saito
Nanaging Executive Officer	Yoshiyuki Mas
Nanaging Executive Officer	Kazuo Kudo
Aanaging Executive Officer	Toshio Hasum
Nanaging Executive Officer	Tetsuo Agawa
Nanaging Executive Officer	Hitoshi Wakab
Aanaging Executive Officer	Kazunari Sakai
xecutive Officer	Hideo Ishii
xecutive Officer	Naoyoshi Furu
xecutive Officer	Masao Hotozu
xecutive Officer	Masami Hatao

Consolidated Financial Highlights

	Fiscal year 2013 (Year ended December 31, 2013)	Fiscal year 2014 (Year ended December 31, 2014)
Net sales	¥705,647	¥830,078
Operating income	40,181	41,076
Ordinary income	37,123	39,925
Net income	26,771	25,194
Earnings per share (yen)	29.23	26.78
Total assets	761,690	803,703

Millions of ven, except for per share information



Note: The consolidated results for fiscal year 2013 comprise the accounts for the nine months ended December 31, 2013, of DIC and its domestic subsidiaries but one and the 12 months ended December 31, 2013, of its overseas subsidiaries and one domestic subsidiary.

(Information is as of May 31, 2015.)

	Yoshiyuki Nakanishi	Executive Officer	Hiroshi Fujita
cer	Masayuki Saito	Executive Officer	Rudi Lenz
	Yoshiyuki Masuda	Executive Officer	Toshio Kanbe
	Kazuo Kudo	Executive Officer	Hideki Inouchi
	Toshio Hasumi	Executive Officer	Kaoru Ino
	Tetsuo Agawa	Executive Officer	Toshifumi Tamaki
	Hitoshi Wakabayashi	Executive Officer	Masaya Nakafuji
	Kazunari Sakai	Executive Officer	Koji Tanigami
	Hideo Ishii	Executive Officer	Shinsuke Toshima
	Naoyoshi Furuta	Executive Officer	Sakae Yoshida
	Masao Hotozuka		

(Information is as of March 26, 2015.)

Headquarters/Branches in Japan

Corporate Headquarters

Headquarters

DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan Tel: +81-3-6733-3000

Branch Offices

Osaka

5-19, Kyutaro-machi 3-chome, Chuo-ku, Osaka 541-8525, Japan Tel: +81-6-6252-6161 Fax: +81-6-6245-5239

Nagoya

7-15, Nishiki 3-chome, Naka-ku, Nagoya 460-0003, Japan Tel: +81-52-951-9381 Fax: +81-52-962-3591

Plants

Tokyo

35-58, Sakashita 3-chome, Itabashi-ku, Tokyo 174-8520, Japan Tel: +81-3-3966-2111 Fax: +81-3-3965-4320

Chiba

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12, Yawatakaigandori, Ichihara, Chiba 290-8585, Japan Tel: +81-436-41-4141 Fax: +81-436-43-1059

Hokuriku

64-2, Minatomachi-So, Hakusan, Ishikawa 929-0296, Japan Tel: +81-76-278-2332 Fax: +81-76-278-5354 Sakai

3, Takasago 1-chome, Takaishi, Osaka 592-0001, Japan Tel: +81-72-268-3111 Fax: +81-72-268-1705

Kashima

18. Higashifukashiba, Kamisu, Ibaraki 314-0193, Japan Tel: +81-299-93-8111 Fax: +81-299-92-6384

Yokkaichi

5, Kasumi 1-chome, Yokkaichi, Mie 510-0011, Japan Tel: +81-59-364-1151 Fax: +81-59-364-1620

Komaki

151-1, Nagare, Shimosue, Komaki, Aichi 485-0825, Japan Tel: +81-568-75-2751 Fax: +81-568-73-4120

Saitama

4472-1, Komuro, Ina-machi, Kita-Adachi-gun, Saitama 362-8577, Japan

Tel: +81-48-722-8211 Fax: +81-48-722-6087 Tatebayashi

6023, Tobukogyodanchi, Ohshima-cho, Tatebayashi, Gunma 374-0001, Japan Tel: +81-276-77-2461 Fax: +81-276-77-2468

Laboratories

Central Research Laboratories

631, Sakado, Sakura, Chiba 285-8668, Japan Tel: +81-43-498-2121 Fax: +81-43-498-2229

Art Museum

Kawamura Memorial DIC Museum of Art 631, Sakado, Sakura, Chiba 285-8505, Japan Tel: +81-43-498-2672 Fax: +81-43-498-2139

Principal Domestic Subsidiaries and Affiliates

Cast Film Japan Co., Ltd. DC Katsuya Co., Ltd. DIC Bayer Polymer Ltd. DIC Color Coatings, Inc. DIC Color Design, Inc. DIC Color Design, Inc. DIC Decor, Inc. DIC EP Corp. DIC Estate Co., Ltd. DIC Graphics Corporation DIC Interior Co., Ltd. DIC Investments Japan, LLC. DIC Kako, Inc. DIC Kitanihon Polymer Co., Ltd. DIC Kyushu Polymer Co., Ltd. DIC Lifetec Co, Ltd. DIC Machinery & Printer's Supplies, Inc. DIC Material Inc. DIC Molding, Inc. DIC Plastics, Inc. Hamamatsu DIC Co., Ltd. Japan Formalin Company, Inc. KJ Chemicals Corporation Mizushima Kasozai Co., Ltd. Nippon Epoxy Resin Manufacturing Co., Ltd. Oxirane Chemical Corp. Renaissance, Inc. Seiko PMC Corporation SUNDIC Inc. Techno Science, Inc. Topic Co., Ltd. YD Plastics Co., Ltd.

(Information is as of May 31, 2015.)

Principal Overseas Subsidiaries and Affiliates

Aekyung Chemical Co., Ltd. Changzhou Huari New Material Co., Ltd. DIC Alkylphenol Singapore Pte., Ltd. DIC Asia Pacific Pte Ltd DIC Australia Pty Ltd. DIC (China) Co., Ltd. DIC Colorants Taiwan Co., Ltd. DIC Compounds (Malaysia) Sdn. Bhd. DIC Epoxy (Malaysia) Sdn. Bhd. DIC Europe GmbH DIC Fine Chemicals Private Limited DIC Graphics Chia Lung Corp. DIC Graphics (Guangzhou) Ltd. DIC Graphics (Hong Kong) Ltd. DIC Graphics (Thailand) Co., Ltd. DIC (Guangzhou) Co., Ltd. DIC Imaging Products USA, LLC. DIC India Ltd. DIC International (USA), LLC. DIC Korea Corp. DIC Korea Liquid Crystal Co., Ltd. DIC Lanka (Private) Ltd. DIC (Malaysia) Sdn. Bhd. DIC New Zealand Ltd. DIC Pakistan Ltd. DIC Performance Resins GmbH DIC Philippines, Inc. DIC (Shanghai) Co., Ltd. DIC Synthetic Resins (Zhongshan) Co., Ltd. DIC (Taiwan) Ltd. DIC Trading (HK) Ltd. DIC (Vietnam) Co., Ltd. DIC Zhangjiagang Chemicals Co., Ltd. Earthrise Nutritionals, LLC. Hainan DIC Microalgae Co., Ltd. Kangnam Chemical Co., Ltd. Lianyungang DIC Color Co., Ltd. Lidye Chemical Co., Ltd. Nantong DIC Color Co., Ltd. PT DIC ASTRA Chemicals PT. DIC Graphics

P.T. Pardic Jaya Chemicals
Qingdao DIC Finechemicals Co., Ltd.
Qingdao DIC Liquid Crystal Co., Ltd.
Samling Housing Products Sdn. Bhd.
Shanghai DIC Ink Co., Ltd.
Shanghai DIC Pressure-Sensitive Adhesive Materials Co., Ltd.
Shanghai Showa Highpolymer Co., Ltd.
Shenzhen-DIC Co., Ltd.
Siam Chemical Industry Co., Ltd.
Suzhou Lintong Chemical Science Corp.
TOA-DIC Zhangjiagang Chemical Co., Ltd.
Zhongshan DIC Colour Co., Ltd.

Sun Chemical Group Sun Chemical Corporation Benda-Lutz Corporation Benda-Lutz Skawina Sp. z.o.o. Benda-Lutz Volzhsky ooo Benda-Lutz Werke GmbH Coates Brothers (Caribbean) Ltd. Coates Brothers (East Africa) Ltd. Coates Brothers (West Africa) Ltd. Coates Screen Inks GmbH Hartmann D.O.O. Hartmann Druckfarben GmbH Hartmann-Sun Chemical EOOD Inmobiliaria Sunchem, S.A. de C.V. Lorilleux Maroc S.A. Parker Williams Design Ltd. Sinclair International Inc. Sinclair S.A.S. Sinclair Sun Chemical Ecuador S.A. Sun Branding Solutions Ltd. Sun Chemical AB Sun Chemical AG (Austria) Sun Chemical AG (Switzerland) Sun Chemical Albania SHPK Sun Chemical A/S (Denmark) Sun Chemical A/S (Norway) Sun Chemical B.V. Sun Chemical (Chile) S.A.

Sun Chemical de Centro America, SA de CV Sun Chemical Delta B.V. Sun Chemical de Panama, S.A. Sun Chemical do Brasil Ltda. Sun Chemical Group Coöperatief U.A. Sun Chemical Group S.p.A. Sun Chemical (Hai'an) Limited Sun Chemical Holding (Hong Kong) Ltd. Sun Chemical Inks A/S Sun Chemical Inks Ltd. Sun Chemical Inks S.A. Sun Chemical Lasfelde GmbH Sun Chemical Ltd. (Canada) Sun Chemical Ltd. (U.K.) Sun Chemical Matbaa Mürekkepleri ve Gereçleri Sanayii ve Ticaret A.ş. Sun Chemical N.V./S.A. Sun Chemical Nyomdafestek Kereskedelmi es Gyarto KFT Sun Chemical Osterode Druckfarben GmbH Sun Chemical Oy Sun Chemical Peru S.A. Sun Chemical Pigments S.L. Sun Chemical Portugal-Tintas Graficas Unipessoal Ltda. Sun Chemical Printing Ink d.o.o. Sun Chemical S.A. Sun Chemical S.A. de C.V. Sun Chemical S.A.S. Sun Chemical (South Africa) (Pty) Ltd. Sun Chemical Sp. z.o.o. Sun Chemical s.r.l. Sun Chemical, s.r.o. (Czech Republic) Sun Chemical, s.r.o. (Slovakia) Sun Chemical Trading (Shanghai) Co., Ltd. Sun Chemical Ukraine Ltd. Sun Chemical Venezuela C.A. Sun Chemical ZAO Tintas S.A.S.

(Information is as of May 31, 2015.)

DIC Corporation

Corporate Communications Dept.

DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan TEL: +81-3-6733-3034 FAX: +81-3-6733-3038

http://www.dic-global.com/en/











MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM (