Environmental and Social Report 2010

DAI-ICHI KOGYO SEIYAKU CO.,LTD.

Our Company Motto

Contributing to the nation and the society through industry.

Our Company Credo

Quality First
Cost Reduction
R&D Efforts

The Spirit Enshrined in Our Company Credo

1. To Embody the Dai-ichi Kogyo Spirit, Put *Quality First* into Practice
   We believe the key to continuing growth for our company is to earn and maintain the trust of customers within the field of specialty chemicals. Each of our employees must pay constant and profound attention not only to product quality, but also to product evaluation by consumers.
2. To Embody the Dai-ichi Kogyo Spirit, Try to Pursue *Cost Reduction* Opportunities
   Conditions necessary for the best production in terms of quality and quantity include reducing production costs through cost reduction, increasing production values, and taking advantage of declining market prices. Each of our employees must discharge their duties in a way that allows them to use their own ingenuity and creativity to achieve highly efficient results on both a spiritual and technological basis.
3. To Embody the Dai-ichi Kogyo Spirit, Always Maintain *R&D Efforts*
   Both *Quality First* and *Cost Reduction* are the fruits of *R&D Efforts*. *R&D Efforts* is the motive power for all our activities. We must be committed to sustaining our *R&D Efforts* while enlightening ourselves with this concept.

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Environmental and Social Report 2010: Editorial Policy

Since the first publication of our “Environment & Safety Report” in 2003, we have issued an annual report on our RC (Responsible Care) activities; this is the eighth publication in the series. In 2008, with the aim of improving the information on our social involvement, we renamed the report to “Environmental and Social Report,” the content of which covers not only our environmental, safety, and health efforts, but also our social activities. We always try to prepare for and provide lucid and comprehensive reports so that all of our stakeholders can properly understand what CSR activities Dai-ichi Kogyo Seiyaku is undertaking.

A Summary of Dai-ichi Kogyo Seiyaku’s Environmental and Social Report

Organizations Covered by this Report

Dai-ichi Kogyo Seiyaku Co., Ltd.
Head Office, Laboratory, Tokyo Branch, Osaka Branch, Nagoya Branch, Kyushu Branch, Yokkaichi Branch, Ohgata Branch, and Shiga Branch

National Affiliates Located within the Premises of Dai-ichi Kogyo Seiyaku

Gembu Co., Ltd.; Dai-ichi Kenkou Co., Ltd.; Dai-ichi Clean Chemical, Inc.; and Elexcel Corporation Ltd.

Period Covered by this Report

Essentially, this report contains our activities and data for fiscal year 2009 (from April 1, 2009 to March 31, 2010).
The data on Industrial Accident Severity Rate (ASR) and Industrial Accident Frequency Rate (AFR) were obtained from January to December 2009.

Reference Guidelines

“Environmental Reporting Guideline 2007”/“Environmental Accounting Guideline 2005” from the Ministry of The Environment
“Environmental Accounting Guideline for Chemical Industries” from the Japan Chemical Industry Association (JCIA), November 2003

Message from the President

Staying Ahead of Time as a Leading Specialty Chemicals Company

We will contribute to realizing a “sustainable society” through our business practices.

Since its foundation, Dai-ichi Kogyo Seiyaku has consistently upheld its mission statement—“contributing to the nation and the society through industry”—in which the spirit of the founder remains alive. We believe that the realization of this mission statement will be not only the focus of corporate social responsibility (CSR) efforts across our corporate group, but also the basis of our management principles. Our corporate group, as a chemical manufacturer, has been placing emphasis on five core business segments: surfactants, amenity materials, polyurethane materials, functional materials, and electronic device materials. To date, we have continued to offer specialty chemicals meeting our customers’ needs using our own technologies and product development capability.

Our company credo—“Quality First, Cost Reduction, and R&D Efforts”—captures the basic spirit with which we ensure customer satisfaction, which is based on the concept of “supply better products to customers at lower prices.” This concept has been continuously embraced since the inception of this company. With the credo in mind, we make every effort to be a company with a strong presence, while putting the “technology makes the company” concept into practice.

Now that climate change and risks arising from chemical substances are both recognized as global environmental issues, we see that current trends around the world call for efforts to realize a sustainable society.

Since joining the Japan Responsible Care (RC) Council (JRCC) in 1998, Dai-ichi Kogyo Seiyaku has been aggressively promoting RC activities. While engaged in activities to ensure best environmental, safety, and health practices regarding chemical substances, we have continued to offer customers environmentally friendly product lines and the benefits of its technologies. We always hope to contribute more to realizing a “sustainable society” through our business practices.

In fiscal year 2009, when our medium-term management plan “Change 100 Plan” was launched, we were devoted to a series of activities, including ensuring profitability through the integrated business division approach, promoting compliance, and promoting internal chemical substance control systems such as preparing REACH registration and responding to the PRTR law revision.

Although the economy appears to be in recovery, our nation still has not found a solution to break the vicious circle of deflation and must address many concerns, such as excessive spending on equipment and employment, soaring prices of natural resources including oil and naphtha, and unstable currency movement.

In the year 2010, the second year of our “Change 100 Plan,” we are devoted to further improving our company culture and enhancing training and education for people who will be able to take this company over in the future, and will move ahead toward the next stage of becoming a revenue-generating company.

We declare that each of our employees will not only observe all legal regulations and international rules, but also obey the spirit thereof and behave in a socially sensible manner. We, as a corporate member of society, will practice fair and transparent corporate activities by enhancing our corporate governance, implementing compliance programs, and developing eco-friendly, safe and health-friendly products. The hope of our company is to promote open communication with all stakeholders and to continuously work to become a company that has not only the confidence of society, but also a strong presence in specialty chemicals industry.

We encourage you to look over this summary of our activities in 2009 titled “Environmental and Social Report 2010.” We hope this report will help you to understand the perspective of our company and to learn more about our current activities. We always appreciate your continued support and guidance.

Sincerely yours,

M. Oyanagi

OYANAGI Masatoshi, Ph.D.
President
September, 2010

About US

- Company Overview
- Financial Data
- Medium-term Management Plan: “Change 100 Plan”

Company Overview

Company Profile

Company Name:	Dai-ichi Kogyo Seiyaku Co., Ltd.
Head Office:	5 Ogawara-cho, Kisshoin, Minami-ku, Kyoto City
Date Business Started:	April 1909
Date Established:	April 1918
Representative:	OYANAGI Masatoshi, Ph.D. (President)
Capital:	6.6 billion and 50 million yen*
Number of Employees:	910 persons (consolidated)*
	582 persons (non-consolidated)*
	(*as of the end of March 2010)

Domestic Branches

Dai-ichi Kogyo Seiyaku Co., Ltd.

Head Office, Laboratory (in Kyoto Branch)

Kyoto Branch	Tokyo Branch	Osaka Branch
Nagoya Branch	Kyushu Branch	Yokkaichi Branch
Ohgata Branch	Shiga Branch	

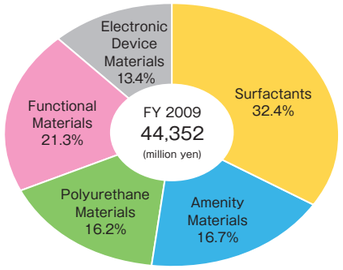
Affiliates

Domestic: 8 companies
Overseas: 8 companies
Total: 16 companies

Business Segments & Main Products

Business Segment	Main Products
Surfactants	Non-ionic surfactant, anionic surfactant, cationic surfactant, amphoteric surfactant
Amenity Materials	Sucrose fatty acid ester, cellulose type polymer, vinyl type polymer, acrylic acid type polymer
Polyurethane Materials	Polyether polyol, urethane prepolymer, urethane system
Functional Materials	Materials used for radcure resins, water-borne urethane resin, flame retardants, amide-type lubricant
Electronic Device Materials	Conductive paste for electronic components, injection molding pellets, ionic conductive polymer, functional inorganic materials

Sales by Business Segment (Consolidated)



Financial Data

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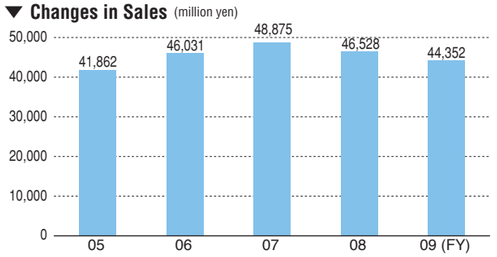
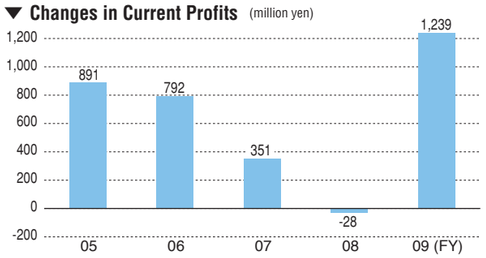
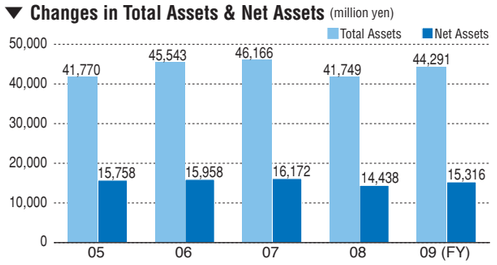
▼ Changes in Sales (million yen)



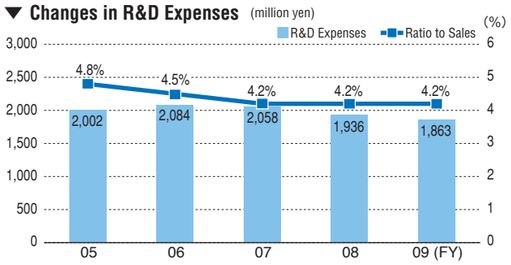
▼ Changes in Current Profits (million yen)



▼ Changes in Total Assets & Net Assets (million yen)



▼ Changes in R&D Expenses (million yen)



Medium-term Management Plan: “Change 100 Plan” (April 2009-March 2012)

Management Principles & Policies in the “Change 100 Plan”

(1) Management Principles

Staying Ahead of the Curve as a Leading Specialty Chemicals Company

Our mission statement—“contributing to the nation and the society through industry” and company credo “Quality First, Cost Reduction, and R&D Efforts” are both rooted in the spirit of our founder. We, Dai-ichi Kogyo Seiyaku, think it’s time to go back to the beginning of our history as we move beyond the 100th anniversary of the company’s foundation. We are now ready for change—ready to take a giant leap.

“Each of Us Holds the Key to Success”

チェンジ100計画 CHANGE 100 2009.4–2012.3

(2) Management Policy and Prioritized Business Strategies

On April 1, 2009, in commemoration of the 100th anniversary of its foundation, Dai-ichi Kogyo Seiyaku launched a medium-term management plan—the “Change 100 Plan” —that has entered its second year this year. During Stage I of this plan, we envision that, within the first three years, the business structure of our company can be completely changed to meet our needs as a leading specialty chemicals company. We define this stage as a solid foundation to allow us to move onto the next quantity expansion stage, Stage II. For this vision to be realized, we advocate for the following six management policies:

1) Securing a stable profit structure;
2) Pursuing greater business efficiency;
3) Developing and strengthening our foundation to realize the “technology makes the company” concept;
4) Accelerating the creation of new products;
5) Enhancing compliance management; and
6) Improving managerial skills and human resource development.

In addition, for the above-stated management policies to be put in place, we set the following six business strategies:

1) Enhancing the enterprise’s power (marketing clout, cost-saving ability, technical strength, and organizing ability) = Heightening our corporate value
2) Promotion of selection and concentration = Determining to withdraw from underperforming segments based on our exit rule
3) Optimal allocation of management resources = Funneling people, goods, and capital
4) Seeking more productivity = Seeking more profitability through the integrated business division approach
5) Creation of new business and strengthening of cooperation with the parties concerned = Focusing on Inorganic materials, dispersion techniques, electronics materials, etc.
6) Focusing on priority business segments = Promptly reaping the benefits of an existing, ongoing, highly profitable business

(3) Our First Year Performance

Our financial results for the full year ended March 2010, which is the first year of the “Change 100 Plan,” have already been reported. Here, we take a brief look at the results—as a result of the slowdown in sales amid the economic recession, our sales decreased relative to the previous year. Meanwhile, our operating profits improved dramatically due to several factors, including correction of price imbalance, cost containment through the development of across-the-board activity called “Cost-Eco Activity,”*1 and containment of construction costs.

Although the sales figures dropped down compared to those of the previous year, since October 2009, our sales have continued to recover slowly but steadily. For the operating margin, cost of sales ratio, and inventory turnover rate, we succeeded in boosting the results to the target level defined in our “Change 100 Plan.”

Our business performance in the fiscal year (FY) ended March 2010 improved dramatically, which surely allows us to move toward the achievement of the goal of the “Change 100 Plan.” Our Cost-Eco Activity enabled the first of our management policies, securing a stable profit structure, to move forward to some extent. The thorough instillation of a profitability mindset has been promoting not only changes in the consciousness of our employees, but also changes in the corporate culture.

The fiscal year ended March 2011 is very important for us to assess whether the corporate culture of Dai-ichi Kogyo Seiyaku can be completely converted or not. During Stage I, we will make an effort to speed up the progress of the “Change 100 Plan” so that the plan can be completed within two years of its initiation, and will continue to be devoted to more sales extension, creation of high-value-added products, cost curtailment, and containment of inventories.

Numerical Targets

	Fiscal Year Ended March, 2010 (Actual Record)	Fiscal Year Ended March, 2012 (Targets)
Consolidated Net Sales	44.3 billion yen	55 billion yen or more
Consolidated Operating Margin	3.6%	4% or higher
Per Capita Sales	54 million yen	65 million yen or more
Cost of Sales Ratio	79.3%	80% or lower
SG&A Expense Ratio	17.1%	16% or lower
Inventory Turnover Rate	1.61 months	1.6 months or shorter

*1 This represents any activity that can achieve cost reduction and environmental conservation goals and is coined from the word “cost” for “cost reduction” and the word “eco,” which has a double meaning of both “ecology” and “economy.”

For a summary of the “Change 100 Plan,” please visit our website **(http://www. dks-web.co.jp)**

(Japanese only)

About US

- Our Business and Product Lines
- Environmentally Friendly Products & Technological Development

Our Business and Product Lines

Our products, as specialty chemicals, are being supplied in many fields of industry through the following five core businesses. Our product line will suit customer needs both in daily life and in industry.

1. Surfactant Business

Surfactants, which have been playing a pivotal role from the starting point of our company, are used in a wide variety of industrial fields, such as rubbers, plastics, colorants, machines/metals, cosmetics/human-life related industries, paper/pulp, fiber, agrochemicals/agricultural materials, civil engineering, and energy-related industries.

- Non-ionic surfactant
- Anionic surfactant
- Cationic surfactant
- Amphoteric surfactant


2. Amenity Material Business

Our amenity material business has been supplying not only various materials used to improve the amenity of our living environment, such as sucrose fatty acid esters, sodium carboxymethyl cellulose, and polyvinylpyrrolidone, but also the peripheral applied technologies. They are widely used in many fields surrounding our daily life including the foods, pharmaceuticals and cosmetics, and fishery/livestock industries.

- Sucrose fatty acid ester
- Cellulose type polymer
- Vinyl type polymer
- Acrylic acid type polymer


3. Polyurethane Business

Because they change themselves from a liquid to a solid state via an appropriate reaction process or process technique, polyurethane resins are used in many industrial materials—such as urethane foam, elastomer, paints, adhesives, artificial leather, civil engineering and building materials, and electrical insulating materials. Our company's polyurethane resins can serve as the raw material for many urethane products.

- Polyether polyol
- Urethane prepolymer
- Urethane system


4. Functional Material Business

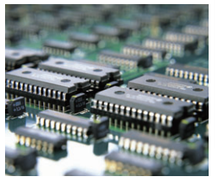
The usage of synthetic resins covers home electronic appliances, residential materials, and other commodities of life. Our functional material business has been supplying radcure resins, polyurethane resin water dispersions, flame retardants, and plastic additives, for which the intention is to enhance the performance and added value of synthetic resins and to facilitate environmental improvement.

- Materials used for radcure resin
- Water-borne urethane resin
- Flame retardants
- Amide-type lubricant, plastic additives


5. Electronic Device Material Business

Technological innovation in the IT-related field, as symbolized by the popularization of computers and cellular phones, has been constantly spurred by public demand. By drawing on our unique technologies, we have been devoted to developing various types of electronic products, including conductive pastes, ceramics materials, ionic liquids, and lithium cells, and providing support for technological innovation in the field of electronic devices.

- Conductive paste for electronic components
- Injection molding pellets
- Ionic liquid
- Ionic conductive polymer
- Functional inorganic materials




Environmentally Friendly Products & Technological Development

Our Products & Technological Development

Global warming prevention, energy and resource saving, and environmental impact reduction—with these environmental requirements in mind, we have been devoted to supplying environmentally friendly and compliant products and developing related technologies.

Our Environmentally Friendly Products & Technological Development

Category of Environmental Consciousness	Functions & Features	Our Product Line & Technology/Application	
Global Warming Prevention	Clean Energy	Development of DSC (dye-sensitized solar cell)	
		Lithium cell	
		DD-1200C series	Conductive paste for solar cells
	Halogen-free type	DK BE-CLEAR Series	Water-borne washing agents
		DK POLYOL 3000 Series	Materials/insulators for non-CFCs (water-blown type) polyurethane foam
Energy & Resource Saving	Energy Efficiency	COLOURSOL CT-171D	Accelerating/leveling agents for polyester
		NEW FRONTIER Series	Solvent-free UV/EB-curable monomers/adhesives, coating agents
		DK SYSTEM NF Series	Non-CFC rigid urethane foam for insulators
	Effective Resource Utilization Extension of Life Span	Anti-solidification agents for slag	
		ELEXCEL IL Series	Ionic liquids/energy device materials
		EIMFLEX Series	Polyurethane resins for electrical insulation
Environmental Conservation	Environmentally Responsive	NOIGEN XL Series, NOIGEN TDS Series	Nonionic surfactants/emulsifiers, cleaning agents
	VOC* Reduction	SUPERFLEX Series	Polyurethane water dispersions/paints, coating, binders
		ELASTRON, ELASTRON BN Series	Thermal-reactive polyurethane water dispersions, binders, adhesives
		COLORCOAT Series	Solvent-free urethane paints
		NEW FRONTIER Series	Solvent-free UV/EB curable monomers/adhesives, coating agents
	Reduction of Environmental Impacts	Polymerizable surfactants	Polymerizable surfactants/emulsifiers for emulsion polymerization
	Removal of Contaminants	SEACLE N-800	Spillage oil treatment agents
		DEOPELLET Series	Foul odor gas absorbents for absorption towers

* VOC : Volatile Organic Compounds

Contributing to the Improvement of the Durability of Electronic Substrates for Photovoltaic (PV) Power Generation and LED lighting

Electric Insulating Polyurethane/EIMFLEX EF-500 Series

The EIMFLEX EF-500 Series is a long-term reliable, electric-insulation purpose polyurethane resin, which has been used as a circuit board sealing material. Sealing materials, specifically those used for application in photovoltaic (PV) power generation or LED lighting, have been required to have high heat and moisture resistance that can withstand the usage environment for a long period of time as well as to have sustainable flame retardancy and high radiation performance.
Our company envisions developing products capable of maintaining the specified performance for 20 years or longer. For that design purpose, we have been devoted to the development of new products while adopting life expectancy tests.
The EIMFLEX EF-500 Series, having been adopted in sealing substrates used in LED light bulbs, contributes not only to extending the life of end products but also to reducing the energy costs incurred in their use.

The Offensive Odor Gas Absorbent with Excellent Performance Born from Soil (Humic Volcanic Ash Soil)

Foul Odor Gas Absorbent Used for Absorption Towers/ DEOPELLET Series

When plants grow and produce humus in soil, the soil is called humic volcanic ash soil (or Andisol), which contains not only inorganic matter but also organic matter such as humic acid. Thanks to its porosity, this humic volcanic ash soil has excellent absorption abilities and is well known for a chemical reaction caused by humic acid (the chelating effect). The DEOPELLET is a foul odor gas absorbent produced by making full use of the natural benefits of the humic volcanic ash soil. This product can exert its excellent performance on odor gas, whether the gas is acidic, neutral, or alkaline, and has been used in applications in sewage treatment plants and human and animal waste treatment plants. The DEOPELLET is a reusable, environmentally friendly product made from natural materials.

Promoting Environmental & Social Activities

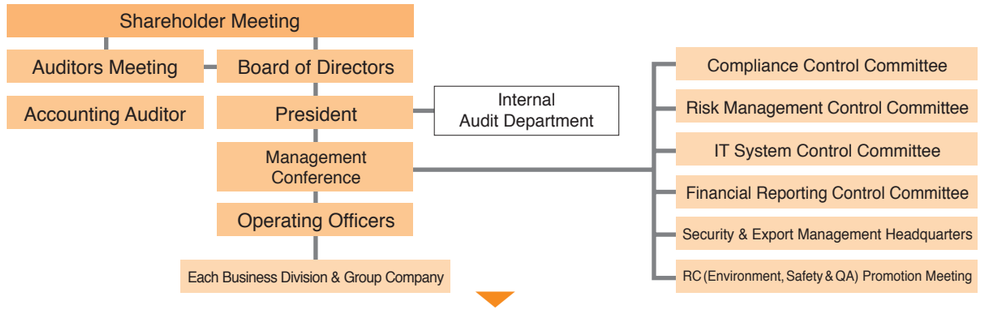
- Corporate Governance
- Compliance
- Internal Control
- Risk Management

Corporate Governance

The purpose of our corporate governance is to establish a management base that invariably obtains the confidence of society. Our company motto is “contributing to the nation and the society through industry.” We believe the key to accomplishing this goal is to practice fair and transparent corporate activities based on corporate social responsibility (CSR) and to gain a high degree of confidence from all stakeholders including our customers and society.

For these reasons, in our medium-term management plan, the “Change 100 Plan,” which was initiated in FY 2009, we declared and adopted enhancing compliance management as one of our management policies and also place this as our top priority.
We will continue to operate our control systems in an appropriate manner so that our company can create a transparent business structure and can be run in an appropriate manner.

Corporate Governance System (in force as of June 25, 2010)



*Reports on our corporate governance are available on the Tokyo Stock Exchange’s website
http://www.tse.or.jp/disc/44610/140120100621041711.pdf

(Japanese only)

Compliance

Our company established a Compliance Control Committee in 2004. This committee has been engaged in establishing our own compliance system and performing multiple activities to instill compliance practices within our company. In addition, for the purpose of improving compliance-based management, we have been devoted to further enhancing compliance practices.

Basic Policy

- “Corporate Ethics Charter” was set up in July 2004.

  This clarified the ethical goal of our company.

- “Code of Conduct for Board Members & Employees” was set up in December 2005.

  We specified the code of conduct for board members/employees to substantiate our “Corporate Ethics Charter” and to secure the effectiveness of the charter. This “Code of Conduct for Board Members & Employees” is also available in card form. This card has been already handed out to all of our board members and employees.

Activities to Instill and Implement Compliance Practices

- Whistleblower Hotline was set up in 2006.

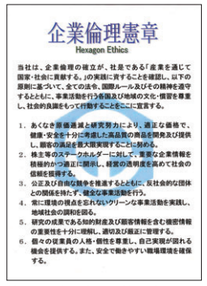
  This hotline is a contact point for any employee who has information about (alleged) violations of law and/or wants to report an actual violation of law. Whatever access mode is used (phone, e-mail, postal mail), the Whistleblower Hotline is directly connected to our Compliance Control Committee.

- In order to improve our compliance practices, compliance assessment has been undertaken on a sectoral basis.

- Since 2004, we have been conducting a “Research Questionnaire on Compliance Awareness” once a year, in order to check to what extent the compliance-based management philosophy is instilled in our employees.

- The compliance database has been built using our existing in-house database. It provides knowledge on compliance information and on the related laws. To allow anyone to acquire such knowledge, we have also established an information service database that can offer various kinds of information through quiz-type games.

- We hold periodic in-house seminars and workshops on compliance to improve our employees’ awareness.



Corporate Ethics Charter

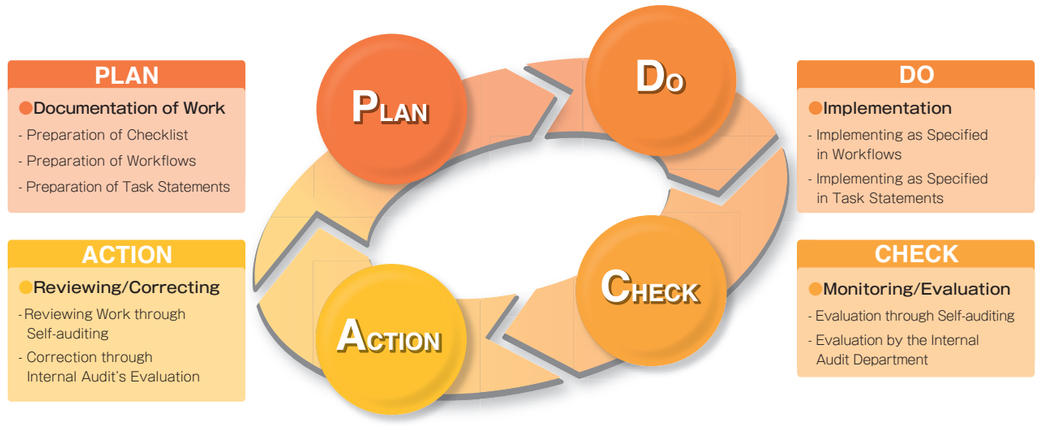

Code of Conduct for Board Members & Employees

For more information on the “Corporate Ethics Charter” and the “Code of Conduct for Board Members & Employees,” you may visit our website. (Japanese only)

Internal Control

We acknowledge that any enterprise must comply with laws and regulations, fulfill its obligations as a member of society through proper business activities to ensure stakeholders’ interests are served, and make a positive contribution to society while gaining the confidence of the society.
In May 2006, the board of directors passed a resolution on “Systems for Ensuring the Proper Operation of the Dai-ichi Kogyo Seiyaku Group.”
We have been engaged not only in internal control in compliance with Japanese Corporate Law but also in performing periodic reviews of our internal control systems and their maintenance and operation, in order to ensure the credibility of financial reports in accordance with the Financial Instruments and Exchange Law.
In addition to having set up appropriate internal control committees, we have established our Information Security Rules. Serving as the foundation of our economy and society, IT controls currently play a larger role than they used to. Thus, in order to reduce information system risks such as information leaks, we have developed information security policies and standards for risk measures and have defined procedures for information security practices to ensure the information security of our company.
In recognition of the importance of internal control systems, our Financial Reporting Control Committee and Internal Audit Department play a central role in various internal control matters.

PDCA Cycle of Internal Control Processes for Financial Reporting



Risk Management

The risks companies face have become diversified and complicated, which may result in increased adverse impacts on customers, shareholders, local communities, and employees.
Our company views and treats risk management as an important business challenge. To cope with potential or explicit risks, in our company, risk management practices have been undertaken by the responsible departments in accordance with our risk response procedures and our company’s internal rules, including our Risk Management Procedures, Internal Audit Rules, Product Liability (PL) Prevention & Management Procedures, and Information Security Rules. The Risk Management Control Committee has been committed to assessing and addressing all risks to our business activities, in particular, those posed by natural and anthropogenic disasters. During FY 2009, we allowed all of our plants to review the “Manual on Earthquake Countermeasures & Crisis Management” and established a “New Influenza Preparedness Manual” and “Network Fault Management Manual.” Further, we have introduced not only our Earthquake Emergency Alert System but also a Safety Confirmation System, and have held disaster prevention drills using these systems. In FY 2010, we extracted and evaluated risks associated with our business and have undertaken our “New Influenza Pandemic Business Continuity Plan (BCP).” To raise the disaster awareness of our employee, we will continue to provide all of our employees with appropriate instructions and training using our disaster case studies.

Relations with Society & Local Communities

Provision of Information

For the purpose of providing our stakeholders with accurate and useful information on our company, we have been publishing brochures such as our company's prospectus, and our newsletter titled "Takuto." Our webpage also offers not only this information but also other information such as our product information.
In addition, to record our environmental and Social activities, we have also started publishing a series of our Social Activities Reports as "Environmental and Social Activities Report" (this document) since 2008.

【WEB】 http:/www.dks-web.co.jp

Brochures

FY 2009 Exhibition Presentations

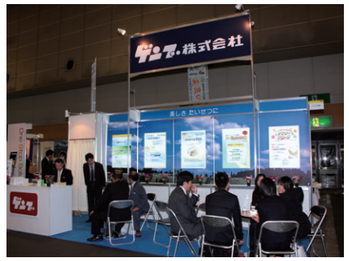
During FY 2009, we made presentations at the following exhibitions.

November 2009	Leading Industry Exhibition MIE 2009　Yokkaichi Dome in Mie - Panel Presentation
November 2009	CLEAN LIFE VISION 21　International Laundry & Drycleaning Show 2009, Index Osaka - Our affiliate GENBU made a presentation on the theme of health and cleanliness.
March 2010	The 4th Biomaterials Project Symposium　Uji Obaku Plaza, Uji Campus of Kyoto University - We made a presentation on a fermentation-derived cellulose, RHEOAQUA CM-100.

●Leading Industry Exhibition MIE 2009

The Leading Industry Exhibition MIE 2009 was held at Yokkaichi Dome in Mie prefecture. The purpose of this exhibition was to introduce the latest information on various efforts made by local industries in Mie or joint efforts made by a local industry and an educational institution. Our company made a panel presentation at the booth of the Advanced Materials Innovation Center (AMIC).

Leading Industry Exhibition MIE 2009



2009 CLEAN LIFE VISION 21

The 4th Biomaterials Project Symposium held in Kansai Region

Communication with Local Communities

Each of our plants has been devoted to various local activities including neighborhood cleanup activities and social activities such as participation in community events. Each plant has also held a consultative meeting with the autonomous body or other companies in order to promote local communications.

●Emergency Drills

Each of our plants has been periodically conducting various disaster drills such as our private fire brigade (on the assumption that fire or a major earthquake has occurred) and a comprehensive disaster-preparedness drill. At Yokkaichi Branch, in accordance with the High Pressure Gas Safety Act, a Water Curtain System has been installed with the aim of preventing the spread of fire in the hazardous facilities. This system will play a great role in preventing the spread of damage after any disaster has occurred. In order for this system to work properly when disaster strikes, operation testing has been periodically performed.

Yokkaichi Branch: Water Curtain System

●Neighborhood Cleanup Activities

Our Shiga Branch, as a part of its regional measures, performed cleanup of the neighboring Uryu River. Seventeen members of staff from Shiga Branch participated in this activity. This is a new effort for the community-based plant.

Shiga Branch: Cleanup Activity at Uryu River

Yokkaichi Branch: Cleanup Activity around the Front Gate

●Participation in Community Events

Almost 40 companies located in Minami-ku, Kyoto, took part in the Minami-ku Fire Brigade Operations held at the grounds of the Firefighter Training School. In the "No.2 Hydrant Box" category, three participants from our company demonstrated their skills obtained through the training course of the Minami-ku Fire Department.

Minami-ku Fire Brigade Operations (Kyoto City)

Shiga Branch has annually participated in this road relay race organized by the community. The number of participants has increased year-by-year; this year, five teams from our company participated in the race. Team A finished second, three seconds behind the winner.

Gokashocho Ekiden (Road Relay) Race (Higashi Ohmi City)

Two teams from our Yokkaichi Branch participated in the 22nd Yokkaichi Port Festival Cutter Race (84 teams participated). Our teams did not reach the final, but they fought well.

Yokkaichi Port Festival Cutter Race (Yokkaichi City)

Social Activities

- Relations with Society & Local Communities
- Relations with Our Customers & Business Partners

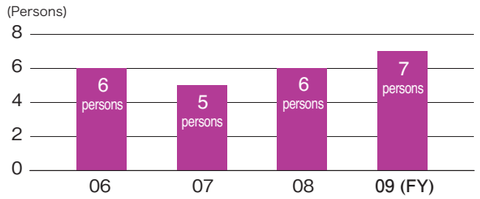
Relations with Society & Local Communities

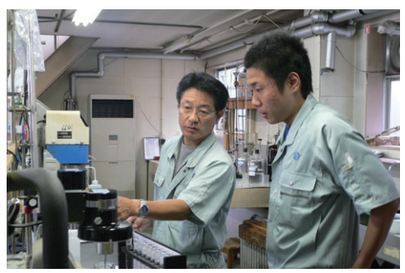
Internship & Learning through Work

We have been accepting technical college students for internships for a long time; so far, many students have participated in our internship programs. During their summer holidays, participants take their own time to complete our one- or two-week internship program, during which they have a practical work experience in any of our workplaces (such as our laboratories, quality control department of each branch, etc.) so that they can understand our actual business operations and services. We have been devoted to reviewing and improving each of our programs so that they can really feel "the meaning of work."
We believe that accepting students for internships will help them not only to expand their occupational awareness and improve their business ability, but also to promote their understanding of workplace relationships and effective information exchange while communicating with their schools. As a part of our CSR activities, we will continue to offer these internship programs. In addition, we have been accepting nursing students' participation in our internship program and interview offers from junior high school students about our business.

●Internship

Acceptance of Technical College Students for Internship





Ohgata Branch

Kyoto Branch

●Nursing Student Practices

We hosted 14 nursing students from Kyoto Tachibana University (Kyoto City) for six days. This program offered them the opportunity to learn essential roles and practical skills that professional occupational nurses and medical nurses need to work in business companies and support "good health" among workers.

Shiga Branch

Our Activities in Industry Groups and Autonomous Communities

Our company has joined the following industry groups and has been engaged in many kinds of activities with them.

- Japan Chemical Industry Association (JCIA)
- Japan Soap and Detergent Association (JSDA)
- Japan Surfactant Industry Association (JSIA)
- Japan Food Additives Association (JFAA)
- International Pharmaceutical Excipients Council Japan (IPEC JAPAN)
- Japan Chemical Importers' Association (JCIA)
- Japan Oil Chemists' Society (JOCS)
- Oil & Fat Industry Kaikan
- Kinki Chemical Society, Japan
- Osaka Industrial Research Association
- Kyoto Industrial Association
- Advanced Materials Innovation Center (AMIC)

At the request of the Japan Oil Chemists' Society (JOCS), as a part of the weekend seminar presented by the Oleo Material division of JOCS, a student excursion was held at our Kyoto Branch. The excursion, which included 15 students, included a tour of our laboratory and an introduction to an R&D organization and our research topics.

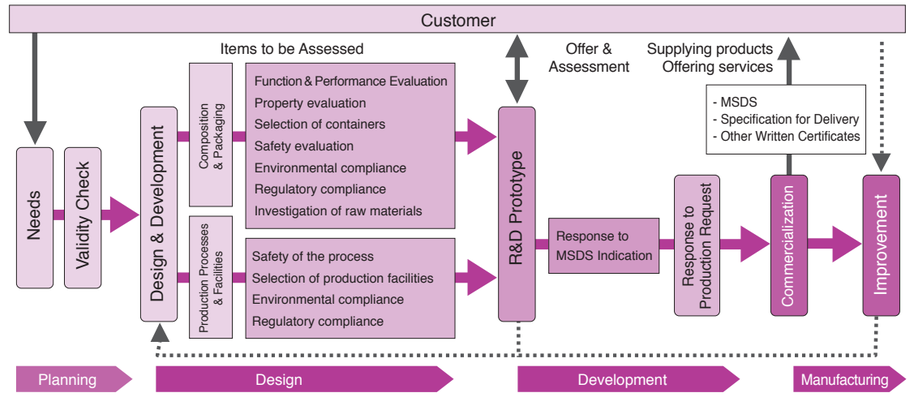
Kyoto Branch

Relations with Our Customers & Business Partners

Our quality assurance (QA) system has been established and operated by putting into place a quality management system based on ISO 9001. "Keeping up high enough quality to satisfy customers": With this slogan in mind, we have been promoting our QA activities while pursuing the following two product quality policies:
(1) Our company will strive to design a product with sound enough quality to meet customers' expectations and to offer a highly reliable, safe product before the due date requested by the customer at a reasonable cost.
(2) Our company will pursue higher quality in our products and continue to improve the effectiveness of our Quality Manual in order to maximize customer satisfaction.
We believe our QA system can clearly specify not only an effective process for quality assurance, but also roles and responsibilities imposed on and authority granted for each QA department. Based on this QA system, we have been trying to implement in-depth quality control (QC) and provide accurate product information while responding to product complaints in a quick and faithful manner. We have always been devoted to providing products that are safe for use.

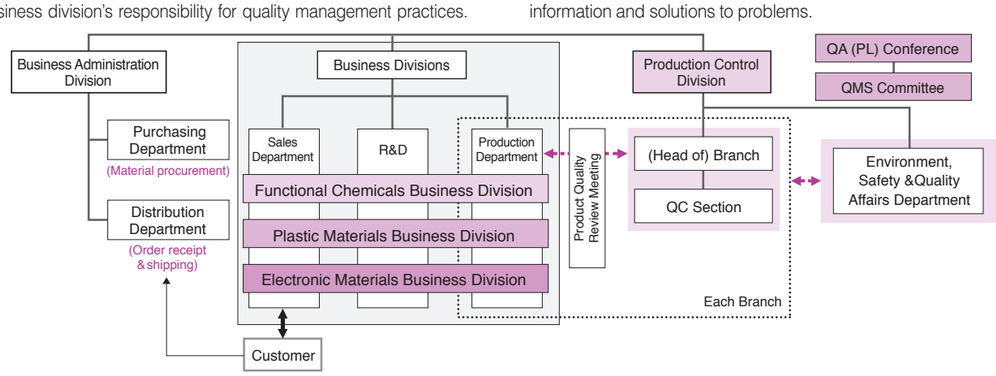
Process for Quality Assurance

When trying to develop products, suppliers must take into account a variety of aspects of customers' needs in an accurate manner.
Based on ISO 9001 standards, our company has been performing QA activities by checking and assessing the progress from multiple viewpoints, so that regulatory requirements, environmental and security requirements, and production and distribution can be secured for all of the following processes: planning, designing, developing, and manufacturing.



QA System

We have been performing our QA activities using ISO 9001 as a tool. At QA (PL) conferences, based on our QA Management Rules, we consider and review effective measures that could continue to enhance our quality management and improve QA activities. The QMS Committee plays a key role in promoting "improvement and enhancement" measures and controlling management reviews from each department. As a result of our reorganization in October 2008, any product is managed integrally from R&D through production & sales within a single business division, thereby clearly specifying each business division's responsibility for quality management practices.
The management of any information related to product quality is all taken care of by the QC section of each production site. The QC section will hold periodic product quality review meetings to review the quality status of our products, respond to/analyze our customer complaints, and develop recurrence prevention measures.
Our Environment, Safety & Quality Affairs Department is responsible for the overall quality management of our company and has been maintaining close liaison with other related departments to promote the lateral dissemination of useful information and solutions to problems.



Social Activities

- Relations with Our Customers & Business Partners
- Relations with Our Shareholders & Investors

Relations with Our Customers & Business Partners

Provision of Product Information

We have been providing product information as an opportunity for (prospective) customers to better understand our products. In addition, we always respond to requests and inquiries from our customers quickly and adequately in good faith.
For the purpose of providing product information, especially at the stage of introducing our existing products and/or developing new products, we strive to be in close communication with customers and business partners, not only through our everyday business negotiations, but also with our brochures and technical documents. We have been providing material safety data sheets (MSDS) for all our products as chemical substances and answering inquiries about the latest information on environmental burden substances or the relevant laws and regulations. During FY 2009, we completed the revision of our MSDS in response to the amendment of the Pollutant Release and Transfer Resister (PRTR) Law, the Regulations for the Carriage and Storage of Dangerous Goods in Ships, and the Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances (CSCL). Also, in response to the revision of the Japanese Industrial Standards (JIS) related to the GHS, the revision of our MSDS and labels is currently underway.

Product Brochures

Response to PL

We established our Product Liability (PL) Prevention & Management Procedures and PL Accidents Prevention System to ensure the safety of our products and to prevent product safety accidents from occurring. Fortunately, during FY 2009, there was no occurrence of accidents associated with PL.

Response to Complaints

Product quality complaint management is our top priority to assure stable product quality. Therefore, we have established and are following our internal Procedures for Handling Product Complaints. The rules specify procedures on how to deliver correct information about customer complaints to all related departments, including the QC Section, Environment, Safety & Quality Affairs Department, and Distribution Department in our respective branches.

Our policies for handling product complaints focus on the following practices: maintaining credibility responding quickly and in good faith, thoroughly probing the cause of the complaint, and taking preventive measures and recurrence prevention measures. At our each branch, monthly product quality review meetings are held and a product quality inspection patrol has been performed on a monthly basis.

What Does It Mean?

●GHS

GHS is an abbreviation for Globally Harmonized System of Classification and Labeling of Chemicals. This system is intended to address the hazard classification of chemicals in accordance with globally standardized rules and to reflect the information on physical hazards and toxicity from chemicals on pictorial warning labels and material safety data sheets (MSDS). The aim of GHS is to allow such chemical hazard information to help to prevent possible accidents and protect human health and the natural environment.

Zenkoku Ichi-Ko Kai (DKS National Dealers Meeting)

In order to offer products that respond to the market's trends and needs and to promote the sale of such products, our sales department has been devoted to developing new marketing practices in cooperation with our dealers.
The general assembly of Zenkoku Ichi-Ko Kai, whose members are composed of our major dealers, has been held annually. The FY 2009 assembly was the 28th in the series.
The general assembly provided not only actual trends in our business performance but also a strategic direction for our business activities.
At the convivial meeting, attendees watched "Hyaku-Nenno Ayumi," a commemorative slideshow to celebrate our 100th anniversary, and had a pleasant talk with each other. This year's assembly ended on a high note.


General Assembly of Zenkoku Ichi-Ko Kai

Relations with Our Shareholders & Investors

Shareholder Meeting

Dai-ichi Kogyo Seiyaku views the shareholder meeting as an important opportunity to foster communications between shareholders and management.
Ninety-two shareholders attended the annual shareholder meeting on June 24, 2009, and 83 shareholders attended this annual shareholder meeting on June 25, 2010. Our President, Dr. Oyanagi, chaired the meeting and presented an annual business report and an explanation of each agenda item. We always try to provide a lucid explanation for our report using a narration and slide presentation, so that all of our shareholders can well understand the point.
During a question and answer session at the 2010 annual shareholder meeting, there were eight questions/opinions coming from six participants, which resulted in about one hour and 40 minutes of discussions. At a shareholders get-together held after this year's shareholder meeting, shareholders exchanged candid opinions.


Shareholder Meeting


Shareholders Get-Together

Disclosure of Information

We provide up-to-date information, including corporate information and financial information, on our website. Timely disclosure materials, a report to shareholders (To Our Shareholders), a summary of financial results, the notice of the annual shareholder meeting, news releases, and other related documents are posted on our website as soon as practicable after they are publically disclosed.

http://www.dks-web.jp/j/dks_ir/index00.html

Relations with Our Employees

Our company recognizes that our employees are our greatest asset and that the growth of each individual employee will support the growth of our company. To assist each of them in becoming a full-fledged employee/corporate member of society and gaining a sense of accomplishment and satisfaction from their work, we have been devoted to protecting the human rights of our employees and improving various human resource systems, human resource development and education, and working environment development.

Our Company's Human Resource Philosophy

Our fundamental human resource philosophy is rooted in the idea that our people are our greatest asset and must be nurtured and treasured. We believe that putting into practice our belief that the growth of each individual employee will support the growth of our company will allow our employees to be active, to grow, and to realize their potential in each workplace, thereby not only achieving their self-actualization but also serving as a driving force for further developing our company and making the company's presence permanent.

Human Resource Development Policies

In order to foster people who can fully understand our company's management philosophy and the management policies based thereon and can contribute to the realization of such philosophy and policies, we demand that our employees have the following basic skills and attitudes:

1. Profound expertise and technique and broad vision **2**. Energetic behavior **3**. Flexibility in thinking **4**. Fruitful creativity

General Business Owner Action Plans

Our company has established General Business Owner Action Plans, which are intended to help our employees balance their careers and child raising. These action plans have been shared with the public and within the organization.

General Business Owner Action Plans (summary)
(From April 2010 to March 2015)

Target 1: Familiarizing our employees with our child-rearing support system and enlightening them
Target 2: Implementing measures to reduce overtime work
Target 3: Implementing measures to promote taking annual paid leave
Target 4: Performing community contribution activities related to children and child-rearing practices
Target 5: Expanding opportunities to obtain working experience including internship

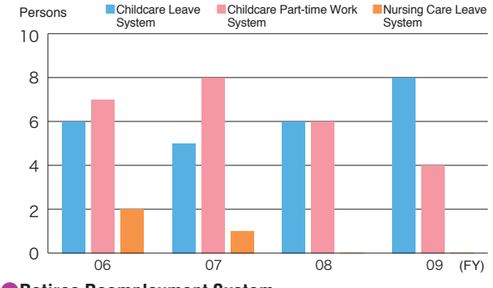
Our Personnel System

●Employment System

In response to the declining birthrate and aging society and in order to promote a healthy work/life balance, we have developed the following personnel systems, each of which takes into account employees' child-rearing and nursing care.

- Childcare Leave System
- Childcare Part-time Work System
- Nursing Care Leave System

Number of Employees Who Have Used the Personnel Systems During the Last Four Years



●Retiree Reemployment System

In 2006 we introduced a reemployment system for our company's retirees. By drawing on their many years of skills, techniques, and experience, they still remain active as "senior challenge staff."

●In-house Achievement Award System

Through our employee incentive programs, we have been running not only a performance incentive system such as patent award and personal achievement award (twice per year) but also Division Manager's award and length of service award.


2009 First Half Achievement Award Winners


2010 Length of Service Award Ceremony

●Efforts to Prevent Harassment

To prevent harassment (sexual, power, and moral harassment) that diminishes the dignity of an individual as a worker, we have periodically provided hierarchical training courses to alert the participants to potential harassment and have also established contact points for (alleged) harassment, including Sexual Harassment Hotline and Compliance Hotline, through which the privacy of the caller is completely protected.
The purpose of these efforts is to spread the ideas of morality, awareness that we should be loyal to each other as business partners, and the importance of communication.

Human Resource Development & Education

Our employee development and education programs focus on three pillars—in-house education, external education, and self-development support. In addition, we have been dedicated to supporting the voluntary capacity building of our employees by providing them with in-house lectures and briefing sessions.

In-house Education Programs

Brother/Sister System
(Newbie Training Sheet, Safety and Health Training Sheet)

External Education Programs

Hierarchical Training
- Newbie Education/Follow-up Training
- Mid-carrier Staff Training
- Rookie Manager Training

Professional Education
- Engineer Training & Sales Rep Training
- ISO Quality Internal Auditor Training Program
- English Literature Reading Circle
- New Technology Research Debriefing

Self-Development Support Programs
- Encouraging Employees to Sign Up for Correspondence Courses
- Qualification Acquisition Support System
- English Language Class Started
- Chinese Language Class Started
- English Literature Reading Circle
- Supporting Employees to Participate in External Seminars


Follow-up Training


Chinese Language Class (Dai-ichi Ceramo)


Conversational English Class (Tokyo Branch)


English Literature Reading Circle

●Special Course for Engineer Training

We provided a special training course for our engineers to enhance their creativity. The special course was composed of two sections: listening to a lecture titled "Thrilling Development in Value Creation," and a group discussion in which our researchers exchanged their ideas and useful information about their actions for uncovering a prospective topic in their development projects.


Kyoto Branch

Relations with Our Employees

●Workshop

Our workshops can serve as company-wide technical forums for our researchers to present and discuss their latest findings in R&D and production technology developments. Our workshop series are held twice every year; each of which is composed of three sections: a special seminar presented by a visiting lecturer, verbal presentations, and poster presentations. After the workshop is completed, a convivial meeting is held where participants vote for the best presentation award of the workshop, which is awarded to the winner. In FY 2009, we had the 70th and 71th workshops in the series.

●In-house Seminars & Briefings

Seminars

R&D and Intellectual Property Activities (by a visiting lecturer)

Briefings

Briefing on the Revision of Our Insider Trading Prevention System
Risk Assessment
Labor Accident Prevention Measures

●GO GO Circle Presentation

Each of our three branches where our plants are located (Yokkaichi, Ohgata, and Shiga), as a part of their QC circle activities, holds an annual presentation called the “GO GO Circle Presentation,” where the number of themes to be addressed in the year is specified. Every year’s presentation is energetic and always sees a meaningful exchange of views and questions, which can help to improve our product quality and reduce workloads in the plant.

Ohgata Branch

Shiga Branch

●In-house Magazine

In order to facilitate the integration of employees and management and to maximize interaction among the employees, since April 2008, we have been publishing our in-house magazine “DKSCOM.”

In-house Magazine “DKSCOM”

Healthcare & Occupational Safety

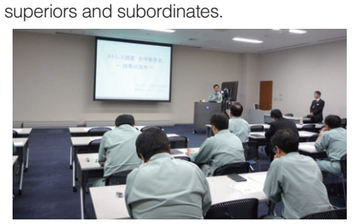
●Health Checkup

As a result of encouraging and motivating all our employees to get regular medical checkups, their checkup-participation rate in FY 2009 increased to 99.6%. We will make another effort to achieve 100% participation in FY 2010. We also place emphasis on the medical follow-up of our employees, in particular, those who have some abnormal clinical findings, to ensure that they do not fail to attend reexamination and understand the clinical results. For that purpose, in our company, industrial physicians, occupational health nurses, and health supervisors work in concert with one another to streamline the follow-up process from consultation with the employee to the reporting of the results.
To achieve the early detection of cancer and ensure promotion of good health for our employees, in FY 2009, at all of our branches, employees were offered medical checkups including a fecal occult blood test, X-ray examination of the stomach, abdominal echocardiography, and dental checkup.

Dental Checkups

●Mental Health Care

During FY 2009, face-to-face interviews with the head of each sector and department were conducted at all our branches; there were more than 70 interviews.
Prior to each interview, results obtained in a job stress survey for our employees were analyzed on a department-by-department basis. Analysis results were shared with the head of the department concerned, while reviewing various aspects of the department in terms of work volumes, workload, current status of support from other sections/departments, and advantages and disadvantages of the department.
During the series of interviews, we not only asked about their objectives and challenges required to stimulate the vitality of the department, but also heard various comments and feedback from the managerial personnel, such as fresh suggestions to improve their working environment.
Accordingly, these interviews served as a catalyst to improve our mental health care system, resulting in a good relationship between superiors and subordinates.



Briefing Session (Targeting the Head of Each Department & Section)

●Physical Fitness Measurement

Physical fitness measurement tests were performed in our Kyoto and Shiga Branches.
The physical fitness tests were composed of three to five measurement items per participant, including instantaneous force, muscle endurance, balance ability, etc. Immediately after all of the tests were completed, participants were given their “body age” score compared to others in the same age group; some soon realized they were not getting enough exercise in their daily routine. A physical trainer gave the participants some fitness advice by demonstrating and offering instructions on exercises, such as easy-to-do stretching and gymnastic exercises and muscle training (any of which can be conducted on a daily basis). Thanks to this solid approach, these tests were very popular among our employees.

Kyoto Branch

Shiga Branch

Labor-Management Joint Declaration

As Dai-ichi Kogyo Seiyaku celebrates its 100 years of history, we have adopted the following “Labor-Management Joint Declaration” to enhance our company’s value and fulfill our social mission through the joint cooperation of our employees and management.

1. We acknowledge that our mutual understanding and relations of trust are indispensable for a healthy labor-management relationship to be built. With this acknowledgement in mind, we will conduct ourselves with the aim of contributing to the further development of our company.
2. We value the personality and uniqueness of each of our employees. In respect of each other’s differences, we will conduct ourselves with the aim of establishing a working environment that not only is attractive to our employees but also fits our company’s model and culture properly.
3. We will all make constructive suggestions to help increase the value of our company. Further, we will conduct ourselves with the aim of ensuring a more stable revenue base.
4. We will place huge emphasis on proper compliance practices and will conduct ourselves with the aim of obtaining and maintaining a high degree of confidence in society.

Environmental and Safety Activities (RC Activities)

We will Contribute to Conservation of the Global Environment and Creation of Recycling Society through RC Activities.

Basic Philosophy, Basic Policies, and Corporate Principles for Environmental and Safety Practices

Basic Philosophy

We have adopted the following business philosophy for all our business activities: "By providing quality products to ensure customer satisfaction, we will not only strive to be a prosperous company while moving forward with our employees and serving local communities, but also contribute to creating an affluent society."
Based on this philosophy, we adopt the following statement as our basic philosophy for environmental and safety practices: "Throughout the entire lifecycle of our products, from development to disposal, we will pay special attention to both human safety and health and environmental preservation and also contribute to sustainable development and the realization of an affluent society."

Basic Policies

Our basic policies for environment and safety practices are defined as follows:

1. Throughout the whole life of products, from development to disposal, we evaluate and reduce each product's load on the environment and do our best for environment protection.
2. We sustain no-accident operations to ensure safety for the employees and the residents of the surrounding areas.
3. We ensure the safety of raw materials and interim and final products, and prevent any health disorders of the people concerned, such as employees, carriers, customers, and general consumers.
4. We will not only obey relevant laws and regulations, but also actively and constantly examine and improve the environment, safety, and quality under the spirit of Responsible Care.

Corporate Principles

Our corporate principles for environment and safety practices are defined as follows:

1. We will evaluate the effects of our business activities on the environment and human safety and, further, set and periodically review our environmental targets/goals and safety targets to ensure continuing improvement of both our environmental conservation activities and occupational safety and health activities.
2. We will obey any laws, regulations, or agreements related to both the environment and occupational safety and health issues to ensure coexistence with our local communities.
3. To reduce environmental impacts, we will be devoted to performing all of our business activities in such manner as to achieve resource and energy conservation, promotion of waste reduction and recycling, and improvement of occupational safety and health protection.
4. When developing our products and technologies, we will be devoted to providing safe products while paying special attention to environmental and safety matters and fully understanding extent to which the product will impact the environment.
5. We will make our best efforts to allow all of our employees to fully understand the environmental and safety policies and to improve their environmental and safety awareness by implementing environmental and safety training and workplace communication activities. For this purpose, we will ask our affiliate companies for their continued understanding and support.

What Does It Mean?

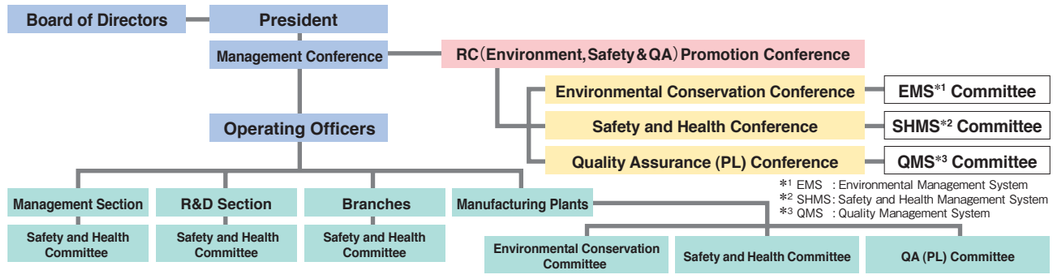
Responsible Care

Responsible Care (RC) refers to voluntary activities conducted by respective companies handling chemical substances to secure environment, safety, and health improvements and to promote dialogue and communication with the public by making the results of such activities available to the public throughout the entire process from the development of a chemical substance to manufacturing, distribution, use, final consumption, and disposal.

Responsible Care

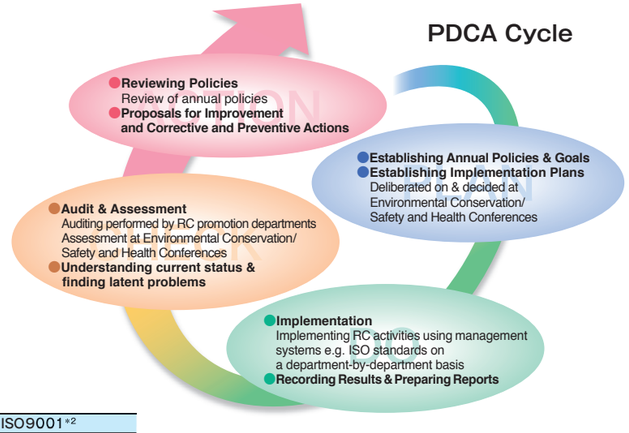
RC Promotion System

We have established an RC (Environment, Safety & Quality Assurance) Promotion Conference with our president as its chairman, at which our Basic Philosophy, Basic Policies, and Corporate Principles for Environmental and Safety Practices are determined, and agenda items are deliberated on and decided.
In order for our RC activities to be effectively promoted, we have established three different conferences—the Environmental Conservation Conference, Safety and Health Conference, and QA (PL) Conference—composed of branch managers and the heads of relevant departments and sections, and chaired by the person in charge of Environment, Safety & QA. At these conferences, our company-wide targets and implementation plans and their results are deliberated on.
We have also established, as a suborganization of our conferences, three company-wide committees—the EMS Committee, SHMS Committee, and QMS Committee—as well as three committees in each of our plants—the Environmental Conservation Committee, Safety and Health Committee, and QA (PL) Committee. The conferences have been held periodically to formulate implementation plans for RC targets (related to energy saving, waste reduction, and proper control of chemical substances), to manage the progress of these plans, and to summarize obtained results. In addition to establishing Safety and Health Committees in our manufacturing plants, we have provided them in other branches and departments. These committees are chaired by the heads of the related departments and sections to promote positive safety and health practices.



Management System

Promotion and management of our company's RC activities, which are based on the Environmental Conservation and Safety and Health Management Regulations, have been implemented to achieve continuing improvement of our RC practices by executing a PDCA cycle. In addition, as part of their RC activities, all plants of our company are ISO 14001 and ISO 9001 accredited, both of which are international environment and quality management system standards. By utilizing ISO standards as a tool, we are committed to not only enhance environmental performance but also improve the safety of our products.



ISO 14001 & ISO 9001 Accreditation Status

Our Departments	ISO14001*1		ISO9001*2	
	Date of Accreditation	Registration Number	Date of Accreditation	Registration Number
Yokkaichi Branch	June 2002	JCQA-E-0391	January 2000	JCQA−0619
Ohgata Branch	July 2002	JCQA-E-0397		
Shiga Branch	March 2002	JCQA-E-0354		
Production Technology Dept.				
Cost Reduction Promotion Dept.				
Environment, Safety and Quality Affairs Dept.				
Planning Depts.				
Business Administration Div.				
R&D Depts.				

*1 Our plants (Yokkaichi, Ohgata, and Shiga) completed the surveillance audit during the period from February to July 2010.
*2 After having passed the third renewal audit, our Shiga Branch, Business Administration Division, and Kyoto Branch (R&D Depts and Production Control Division) have already completed the surveillance audit.

ISO 14001 Certificates

Yokkaichi Branch　Ohgata Branch　Shiga Branch

Environmental and Safety Activities (RC Activities)

- Targets & Performance in RC Activities
- Environmental Accounting
- Funding for Security and Disaster Prevention Measures

Operating Officer/Division Manager of the Production Control Division
SEKIGUCHI Wataru
(in charge of Environment, Safety & QA)

Our company, as a business entity handling chemical substances, has been devoted to environment, safety, and health practices through the entire lifecycle of our products, from design and development to disposal, and to promoting waste reduction and recycling while making the reduction of environmental impacts our top priority. In order to continuously improve the level of safety and health in our workplaces, we have been implementing RC activities. Regrettably, however, we had one "days away from work" case in FY 2009. In our RC activities, we are always ready to take preventive measures for every occupational accident scenario and will spread the best practices through lateral integration, on a department-by-department basis. Also, we have allowed our managers to be engaged in periodic safety patrols to highlight and correct unsafe areas and operations. In addition, through risk-assessment activities, we have been continuing to promote the implementation of safety measures to prevent possible occupational accidents.
Our efforts in FY 2009 were directed at addressing environmental impacts, including energy-saving measures such as overhauling compressors or the review of conventional water heating methods, which resulted in the reduction of CO_2 generation by 13.4% relative to that of the previous year. Although we were devoted to recycling while taking waste reduction measures, the amount of waste transported to the final disposal site did not meet our proposed targets due to the increase in total waste generation.
We will continuously improve our workplace environment through our in-house meetings on environmental conservation and safety and health issues, and hope to always demonstrate our corporate social responsibility (CSR).

Targets & Performance in RC Activities

Targets and Performance in FY 2009

Target Items	Targets in RC Activities	Performance in FY 2009	Evaluation
Promoting energy saving	Annual improvement of specific energy consumption by 1% relative to the previous year FY 2010's specific energy consumption to be reduced by 10% compared to FY 1990	Previous year-compared target achieved FY 1990-compared target not achieved	◎ △
Reducing GHG emissions	2% reduction compared to that of the previous year FY 2010's specific CO_2 emissions to be reduced by 10% compared to FY 1990	Previous year-compared target achieved FY 1990-compared target achieved	◎ ◎
Reducing industrial waste	1% reduction of waste generation compared to that of the previous year Promoting recycling processes FY 2010's final disposal amount to be reduced by 80% compared to FY 1990	Increased compared to the previous year Recycling rate increased FY 1990-compared target not achieved	△ ◎ △
Reducing emissions of environmental impact substances	Control of emissions/discharge of environmental pollutants	Increased compared to the previous year	△
Proper management of chemical substances	Reducing emissions of PRTR Law-designated substances	Increased compared to the previous year	△
Promoting green procurement	Promoting green procurement	Promoted in stationery procurement	○
Eliminating disasters/accidents	No occupational accidents Eliminating severe accidents associated with production facilities	One case experienced No accident occurred	△ ○
Environmental management system	Promoting environmental management systems	Maintained	○

Evaluation: ◎ Achieved more than planned ○ Achieved as planned △ Achieved less than planned

Performance of Environmental Impact Reduction Activities in FY 2009

Category	Items	FY 1990 Performance	FY 2008 Performance	FY 2009 Performance	Ratio to the Previous Year Value	Main Efforts in FY 2009	FY 2010 (Target)
Global Environment Conservation	Energy consumption*1 (1,000 kl)	28.2	19.8	17.3	-12.6%	Review of pressurized air supplying Introduced energy-saving belts Controlling the number of compressor units Review of hot-water tank heating method	
	Specific energy consumption	0.933	1.091	1.034	-5.2%		1% reduction compared to previous year
	CO_2*2 (1,000t)	65.6	41.7	36.1	-13.4%		2% reduction compared to previous year
Waste Reduction	Waste (1,000t)	18.4	8.6	9.9	+15.1%	Promoting waste solvent recycling Thermal recycling Recycling by waste segregation	5% reduction compared to previous year
	Recycling amount (1,000t)	0.4	6.7	8.5	+26.9%		Promoting waste recycling
	Final disposal amount (1,000t)	1.7	0.5	0.5	±0%		80% reduction compared to FY 1990
Pollution Control	SOx	424	9.7	10.6	+9.3%	Converting fuels for boilers Cogeneration operations	—
	NOx	51	133.0	110.4	-17.3%		—
	Dust	15	2.7	2.0	-25.9%		—
	COD	127	39.0	64.1	+64.1%	Stable operation by retrofitting/ improving effluent treatment facilities	Elimination of environmental complaints

*1 Energy consumption: Production sectors
*2 CO_2: Derived from energy used in production sectors

What Does It Mean?

●Thermal Recycling

Recycling is roughly classified into two categories: material recycling (items are recycled as material) and thermal recycling (items are recycled as heat). In thermal recycling, not only will waste undergo incineration disposal; the thermal energy generated during the incineration will be recovered and reused. Thermal recycling applications include oilification and gasificaton, use of waste incineration heat, waste power generation, converting cement kiln into raw fuels, and reusing derived fuel (RDF).

Environmental Accounting

In FY 2009, investment for environmental-related systems was spent on atmosphere treatment and effluent treatment efforts, mainly for pollution control programs. Not only were costs for waste treatment and disposal increased, so were the waste generation amounts; however, thanks to successful efforts in waste separation, the waste disposal cost only slightly increased compared to that of the previous year. The economic benefits herein include profits on the actual sale of valuable resources and the amount of cost savings and are not based on estimated economic benefits.

Investment and Costs of Environmental Conservation Activities

Environmental Conservation Cost (million yen)				Environmental Conservation Effects		
Category	Main Activity	FY 2009 Investment	FY 2009 Costs	Items	FY 2009 Results	Fluctuations Compared to the Previous Year
Costs within the plant premises	Pollution control Air pollution control, water pollution control	77.9	305.6	SOx emissions (t)	10.6	+0.9
				NOx emissions (t)	110.4	-22.6
				Dust emissions (t)	2.0	-0.7
				COD (t)	64.1	+25.1
				PRTR notification substances (t)	14.7	+1.6
	Global environment conservation Energy saving	11.3	83.6	CO_2 generation amount* (1,000t)	36.1	-5.6
				Water discharge amount (1,000m^3)	2,711	+671
	Resource recycling Resource saving, waste treatment/disposal	0.2	190.0	Waste generation amount (t)	9,912	+1,333
				Amount of final disposal waste (t)	498	±0
Upstream/ downstream cost	Lowering environmental impact in containers/packaging	0	10.0	Some drums and containers are being reused.		
Management activity cost	ISO acquisition/completing surveillance audit, greening each plant	0.8	29.1			
R&D cost	Environmentally-conscious R&D	—	411.3			
Social activity cost	Providing support grants for environmental protection to environmental conservation groups or local communities	0	3.6			
Environmental damage cost		0	0			
Total		**90.2**	**1033.2**			

*CO_2 generation amount: Derived from energy used in production sectors

Economic Effects Generated by Environmental Conservation Measures

Items	Economic Effects (million yen)	Remarks
Profit on sale of valuable resources	48.3	Profit on sale of metal scrap, waste oil, waste alkali, etc.
Amount of cost savings through energy conservation	88.5	Amount of cost savings in electric power and fuels
Amount of cost savings through resource saving	1.8	Amount of cost savings through reduction of water use /waste
Total	**138.6**	

Scope of the aggregation: Only for Dai-ichi Kogyo Seiyaku Co., Ltd.

Funding for Security and Disaster Prevention Measures

The FY 2009 funding for our security and disaster prevention measures was 53 million yen. This funding was mainly allocated to explosion, fire, and leak prevention measures; occupational safety and working environment improvement measures; and mitigation measures for aging facilities.

What Does It Mean?

●Environmental Accounting

These accounting procedures allow a company to identify the cost of environmental conservation during the normal course of business, identify benefits gained from such activities, provide the best possible means of quantitative measurement (in monetary value or physical units) and support the communication of its results.

Environmental and Safety Activities (RC Activities)

- Global Warming Prevention (Energy Conservation)
- Air Pollutants Emission Control
- Water Pollutants Discharge Control

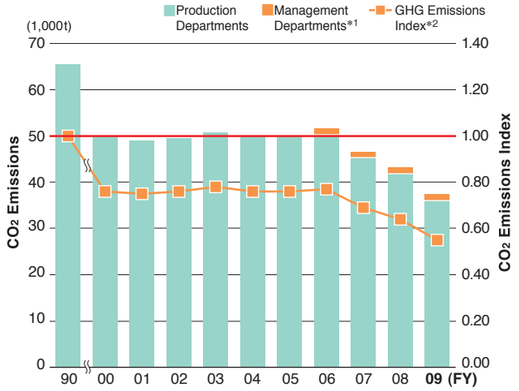
Global Warming Prevention (Energy Conservation)

In FY 2009, CO_2 emissions decreased by 13.4% relative to the previous year, which may have resulted from the effect of our energy-saving measures and a decrease in production amounts due to the depressed economy at the time. This value corresponds to a 55% reduction compared to that of FY 1990. For the purpose of reducing our energy consumption, we took various energy-saving measures including conversion to energy-saving belts, controlling the number of compressor units, etc.

For energy consumption per unit, we set our target at a 1% reduction compared to the previous year; our actual achievement was a 5.2% reduction relative to the previous year.

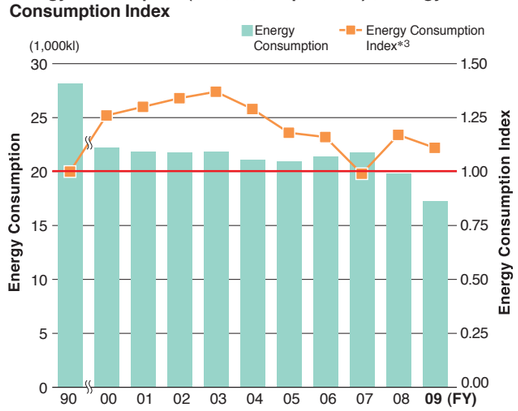
In order to accomplish our target, as a part of our "Cost-Eco Activities," we will put more emphasis on more energy-efficient production practices.

Changes in CO_2 Emissions and Emission Index



*1 The values for the Management Dept. are those of FY 2006 or later.
*2 The value represents a ratio of Emissions Index of the year to that of FY 1990 (=1.00)

Energy Consumption (Crude Oil Equivalent) & Energy Consumption Index



*3 A ratio of Energy Consumption Index of the year to that of FY 1990 (=1.00)

●Efforts to Reduce Environmental Impacts

Each of our plants has received environmental ISO accreditation. They have been making efforts to reduce environmental impacts while setting their environmental targets and are devoted to promoting their RC activities.

The Cost Reduction Promotion Department has been engaged in rechecking and reviewing all production processes and systems in cooperation with the members of each plant. The department is devoted to reducing CO_2 emissions, VOC emissions, and other environmental impacts created by our business activities through a series of approaches (finding a problem, developing preventive measures, and implementing the measures to solve the problem).

Members of the Cost Reduction Promotion Dept & Ohgata Branch

What Does It Mean?

●IPCC

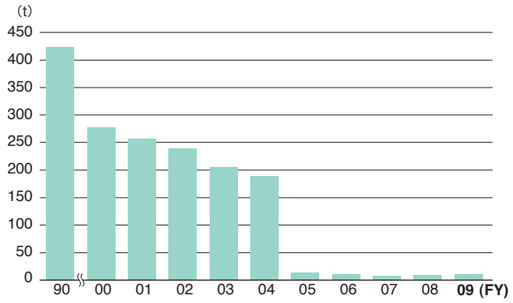
IPCC is an abbreviation for Intergovernmental Panel on Climate Change as defined by the UN. IPCC is an expert body that was established by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) in 1988, with the main objective of providing scientific assessment criteria in relation to human-induced climate change. This panel is mainly working on the summarization and assessment of scientific findings on global warming and has been releasing an Assessment Report every few years. The report is being used as the basis for each country to proceed with their measures to control global warming.

Air Pollutants Emission Control

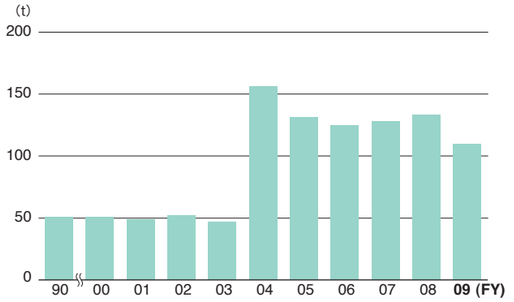
In FY 2009, our energy consumption was 17,300 kl, which is a 12.6% reduction compared to that of the previous year. For air pollutants emission results, we tried to achieve energy-efficient operations; thanks to these efforts, NOx emissions and dust emissions were able to be reduced by 17.3% and 25.9%, respectively, but regrettably, SOx emissions ended up higher than the previous year. We will continue to pursue more energy-efficient operations techniques.

NOx emissions: The increasing trend in the emissions (from FY 2004) resulted from the introduction of cogeneration systems.
SOx emissions: The decreasing trend in the emissions (from FY 2005) resulted from fuel conversion activities.
Dust emissions: The decreasing trend in the emissions (from FY 2005) resulted from fuel conversion activities.

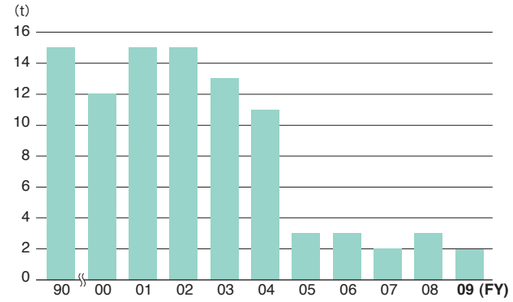
SOx emissions



NOx emissions



Dust emissions

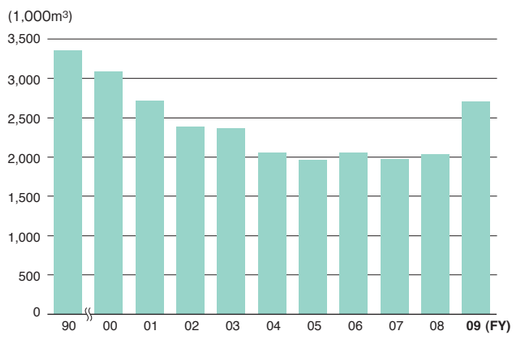


Water Pollutants Discharge Control

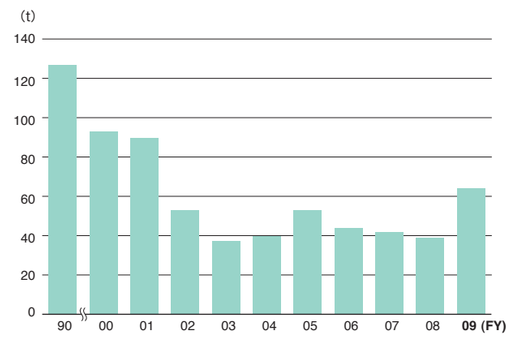
In FY 2009, the discharge amount of water pollutants increased due to the increase in production of specific products that require a washing process, thereby resulting in an increase in both drainage volume of discharge water and COD load.

We will continue to make efforts to reduce the discharge amount and COD load by improving our production processes and improving/retrofitting our effluent treatment facilities.

Discharge Water Amount



COD Discharge Amount



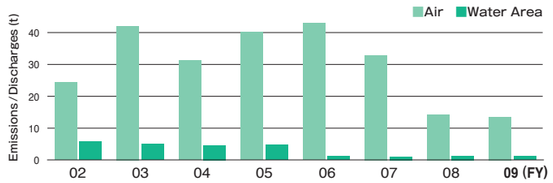
Environmental and Safety Activities (RC Activities)

- Efforts to Reduce Emissions of Chemical Substances (PRTR)
- Efforts to Reduce Waste

We have been devoted to reducing the emissions of any PRTR Law-designated substances through improvement of our production processes, use of substitute substances, and reduction of their use.

Efforts to Reduce Emissions of Chemical Substances (PRTR)

PRTR-Designated Substances Emission into Environment



Emissions of PRTR Law-Designated Substances

In FY 2009, there were 40 notification substances in total. The total amount of emissions/discharge into the air, water, and soil was 13.76 tons, 0.93 tons, and 0 tons, respectively. The waste transfer amount was 35.92 tons, which decreased by 58.5% compared to the previous year due to the use of substitutes for the notification substances. As a result of this year's revision of the PRTR Law, the number of notification substances has increased. Through changes in production techniques and improvement of our facilities, we will make continuous efforts to reduce emissions/discharge of PRTR substances into the environment.

Performance for FY 2009: PRTR Law Notification Data (among all notification substances, given below are those whose emissions/discharge or transfer amount was 0.01t or more.)

(t/year)

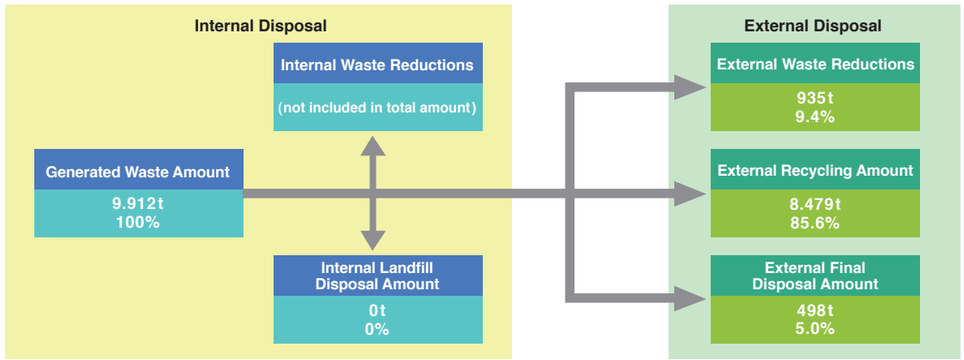
Ordinance Serial No.	Name of Substance	Emissions to Air	Discharge to Water	Emissions to Soil	Waste Transfer Amount
2	Acrylamide	0.00	0.00	0.00	0.02
3	Acrylic acid	0.03	0.00	0.00	0.29
16	2-aminoethanol	0.00	0.00	0.00	0.05
24	n-Alkylbenzenesulfonic acid and its salts (alkyl C=10-14)	0.00	0.06	0.00	0.26
25	Antimony and its compounds	0.00	0.00	0.00	0.04
40	Ethylbenzene	0.05	0.00	0.00	0.79
42	Ethylene oxide	0.46	0.00	0.00	0.00
43	Ethylene glycol	0.00	0.77	0.00	0.07
56	1,2-epoxy propane (or "Propylene oxide")	5.10	0.00	0.00	0.00
63	Xylene	0.03	0.00	0.00	0.53
96	Chloromethane (or "Methyl chloride")	0.77	0.00	0.00	0.00
113	1,4-dioxane	0.00	0.02	0.00	0.34
181	Thiourea	0.00	0.00	0.00	0.04
197	Decabromodiphenyl ether	0.00	0.00	0.00	0.15
207	Copper salts (water-soluble, except complex salts)	0.00	0.00	0.00	1.90
227	Toluene	7.30	0.00	0.00	28.00
270	Di-n-butyl phthalate	0.00	0.00	0.00	0.03
297	Benzyl chloride	0.02	0.00	0.00	1.70
307	Poly(oxyethylene) alkylphenyl ether (alkyl C=12-15)	0.00	0.08	0.00	1.12
308	Poly(oxyethylene) octylphenyl ether	0.00	0.00	0.00	0.11
309	Poly(oxyethylene) nonylphenyl ether	0.00	0.00	0.00	0.32
314	Methacrylic acid	0.00	0.00	0.00	0.02
338	Tolylene diisocyanate	0.00	0.00	0.00	0.12
	Others (substances of which emissions/discharge or transfer amount was less than 0.01t)	0.00	0.00	0.00	0.02
	Total	**13.76**	**0.93**	**0.00**	**35.92**

PCB (Polychlorinated Biphenyl)

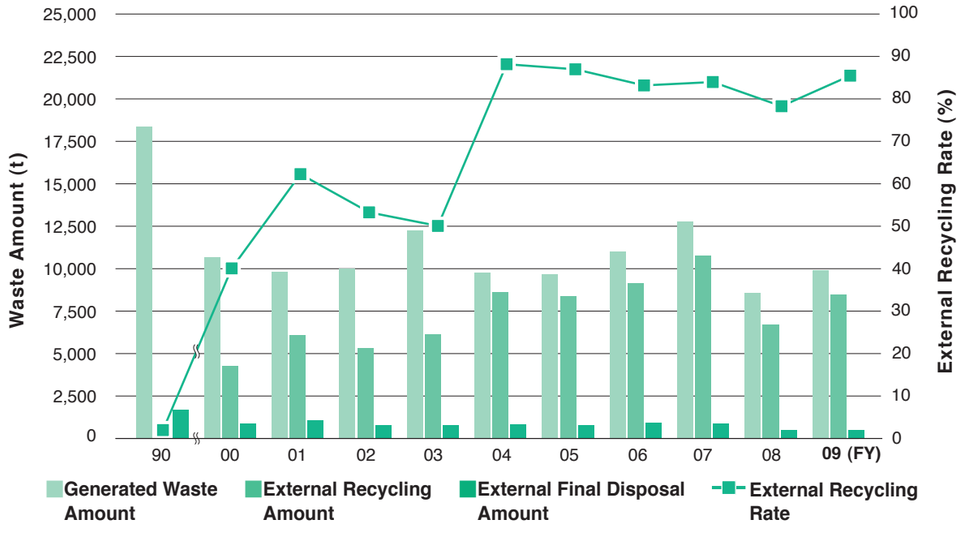
In our company, in accordance with the Law Concerning Special Measures against PCB Waste, the designated capacitors and/or transformers are properly stored and controlled.
We have already applied for JESCO's early registration system; our high voltage transformers and capacitors have been gradually disposed of since FY 2010. We will promote the proper storage and control of "low concentration PCBs" contained in small capacitors, ballasts, etc.

Efforts to Reduce Waste

Our FY 2010 target in our waste reduction activities is to reduce FY 2010's final disposal amount of wastes by 80% compared to that of FY 1990. In FY 2009, we struggled to achieve a 5% reduction of the final disposal amount of wastes relative to the previous year. Although we tried to reduce the final disposal amount through the promotion of waste segregation, or recycling by changing disposal techniques, the waste generation amount was 15.1% higher than in the previous year; the final disposal amount of FY 2009 was 498 tons, which remains on the same level as in the previous year, FY 2008. However, this amount corresponds to a 71% reduction relative to FY 1990.
FY 2009's results in final disposal rate ended up with 5%. We will strive to achieve our FY 2010 target through continual efforts to reduce waste generation as well as decrease the final disposal rate by reviewing our waste disposal techniques.



Changes in Waste Amount & External Recycling Rate



Environment-related Complaints

During FY 2009, we received four environment-related complaints — one for odor, one for water quality, and the other two for noise problems. We took emergency measures and recurrence-prevention measures in each case.

Environmental and Safety Activities (RC Activities)

- Efforts in Occupational Safety
- Efforts in Transport Safety

Efforts in Occupational Safety

We recognize that ensuring security is the foundation for effective management and plays a fundamental role in any business activity. Taking safety first and the respect of human life and dignity as our basis, we have been making efforts to eradicate occupational accidents. Further, in order to ensure a safe and comfortable working environment, we have been promoting "5S" activities (*Seiri, Seiton, Seiso, Seiketsu,* and *Shitsuke* in Japanese) (i.e., housekeeping, workplace organization, cleanup, maintaining cleanliness, and discipline in English).
Regrettably, in FY 2009, we had one "days away from work" case and, therefore, failed to continue our company No Accident Record streak.

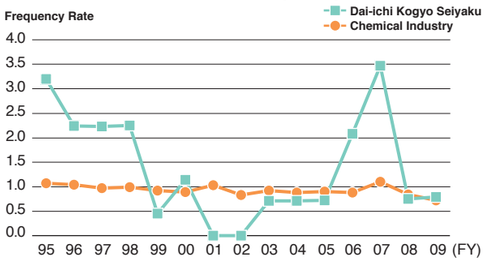
For the case study of accidents, after analyzing the cause of the accident, we try to laterally disseminate the findings and solutions throughout all sectors and departments to prevent a similar case from occurring again.
In addition, we have been placing significant emphasis on periodic implementation of preventive measures and safety patrols by the managers concerned to find unsafe working conditions and operations. Because of our aim of achieving a No Accident Record, we have been continuously conducting various activities such as hazard anticipation, "SHISA KOSHO" (making large gestures and shouting out the status), risk-assessment activities, and 5S activities.

Industrial Accident Frequency Rate (AFR) & Industrial Accident Severity Rate (ASR) (From January 1 to December 31, 2009)

Changes in our AFR and ASR since 1995 are given in the tables below, relative to those in the chemical industry.

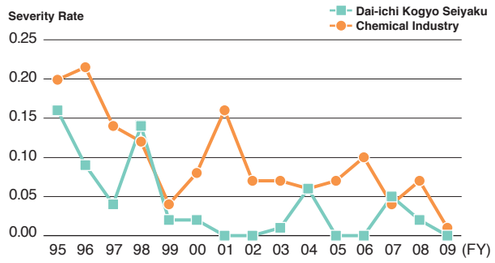
* The graph results for 1997 and earlier years are based only on data for our plants, whereas the results for 1998 and later years are based on data for our entire company.

Industrial Accident Frequency Rate



Frequency Rate =("Days Away from Work" Accident)/(Man Hour) × 1,000,000
This is a numerical value representing the degree of frequency of occurrence of victims.

Industrial Accident Severity Rate



Severity Rate =(Days of Lost Work)/(Man Hour) × 1,000
This is a numerical value representing the degree of severity of an occupational accident per 1,000 working hours.

"5S" Activities

We have been putting into practice "5S" (Seiri, Seiton, Seiso, Seiketsu, and Shitsuke) activities, the purpose of which is to ensure security, ensure product quality (prevention of complaints or troubles), and to improve our business operations. In these activities, our employees make a self-evaluation of how well their activities are going while the 5S committee provides its own assessment of the same aspect. We have been making efforts to ensure that implementation of the "5S" activities can be continuously maintained.
Although the starting point of the "5S" activities differs for each of our plants, participation in these activities is currently compulsory for all plant members. A small group is organized at each workplace where the group members will set their objectives to be achieved in relation to these "5S" activities.
In order for the "5S" activities not to be slowed down, the head of each production branch and each department/section will conduct periodic assessment of their group's progress. In addition to such assessment, committee meetings are held to provide opportunities for sharing useful information and experiences and for the horizontal spread of the "5S" activities. At the heads meetings, each group will present their specific practices and items to be improved within the framework of the "5S" activities and the head of each department/plant will examine each group's objectives in relation to these "5S" activities.

Yokkaichi Branch

What Does It Mean?

● Risk Assessment Activities

Risk assessment activities are activities that use a method to detect latent risks or hazards in the workplace. The "Guidelines on Occupational Safety and Health Management System (Japan's MHLW Notification)" stipulate safety management mechanisms to improve occupational safety and health levels by reducing potential hazards that could cause occupational accidents in the workplace and promoting not only the good health of workers but also the creation of a comfortable working environment. As of and after April 1, 2006, under Article 28-2 of the Industrial Safety and Health Law, practicing such mechanisms is specified as a duty of best efforts.

Efforts in Transport Safety

In order to alleviate security and environmental risks in transportation as much as possible, our company has been implementing assessment of our transportation systems in cooperation with transport carriers to ensure preventive measures against the occurrence of accidents. For that purpose, we have been trying to improve our emergency response and liaison system.
In the context of environmental aspects, we have been fulfilling our role as a specified shipper under the Law Concerning the Rational Use of Energy to tackle challenges of reducing environmental impacts. Although our logistics operations are contracted out to logistics partners, due to the acceleration in modal shift, our energy consumption per unit figures in FY 2009 were improved by 1.3%, whereas our GHG emissions in FY 2009 were 3,153 tons-CO_2, which is a 6.4% reduction compared to the previous year.
Environmental impact reduction in logistic sectors plays an important role not only in the aspect of global warming, but also in effects on air pollution and/or waste generation. In this fiscal year, we have been devoted to further acceleration in modal shift, to improvement of carrying capacity for reserved vehicles, and to reduction of return shipping events. Through these activities, we have been making efforts to achieve a 1% improvement in our energy consumption per unit compared to the previous year.

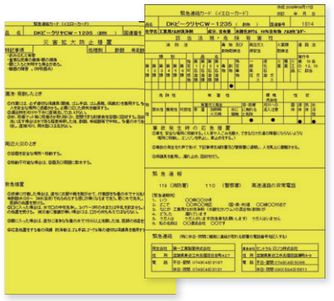
Environmental Impacts to be Reported as a Specified Shipper

Items	FY 2009	Comparison to the Previous Year
Freight Volume	31,080,000 ton-kilometers	- 5.1%
Energy Consumption	47,000 GJ	- 6.4%
Energy Consumption Per Unit	387 liters/10 thousands ton-kilometers	- 1.3%
CO_2 Emissions	3,153t-CO_2	- 6.4%

Improved Ton-Kilometer method

"Yellow Card" & "Container Yellow Card" Systems

We provide Yellow Cards for all relevant products. We instruct the driver of a tanker truck always to keep the Yellow Card(s) with him/her during transportation. In addition, we have been working on developing a label-type Container Yellow Card system, which facilitates the sharing of safety information of a chemical substance by indicating the Emergency Response Guidebook (ERG) number and UN number on the Container Yellow Card label.



Safety in Transport & Environmental Impact Reduction

Our company, aiming to practice environmentally friendly transportation and eliminate transportation accidents including damage to or deformation of transport containers during transportation, periodically holds conferences with our logistics partners. We use the following documents as useful tools to provide not only all available information but also proper education and instruction for our logistics partners: "Safe Driving and Maintenance of Traffic Order," "Revised Laws and Regulations," "Safety and Environmental Standards for Delivery Services," "For Professional Drivers," and "Transport Specifications." In addition, we have environmental impact activities in common with our logistics partners and are continuing to pursue better results year by year while implementing these activities by executing PDCA cycle.
Further, we have been devoted to:
1) Increasing employees' awareness about the "stop idling" campaign and facilitating their fleet maintenance to reduce environmental impacts;
2) Promoting environment-friendly modes of transportation by rail and by sea;
3) Maintaining our emergency network system during transportation; and
4) Instilling a strong commitment to compliance in our employees.

What Does It Mean?

● Calculation of Energy Consumption with the Improved Ton-Kilo Method

The Revised Law Concerning the Rational Use of Energy went into effect in April 2006, which led to the introduction of energy-saving measures in transport sectors.
Under the provisions of the Law, specified shippers (who contract to ship their freight in an amount equal to or exceeding 30 million ton-kilometers per year) must establish energy-saving plans and report their energy consumption. Energy consumption is calculated using a fuel consumption method, a fuel cost method, or an improved ton-kilo method. In the improved ton-kilo method, the following equation is used for calculation of energy consumption:

$$\text{Energy Consumption [GJ]} = \underbrace{\text{Transportation Ton-kilometer}}_{\text{[Ton-Kilometers]}} \times \underbrace{\text{Improved Ton-Kilo Method Fuel Consumption Rate}}_{\text{[1 liter/ton-kilometer]}} \times \frac{1}{1000} \times \underbrace{\text{Unit Calorific Value}}_{\text{[GJI/ Kiloliter]}}$$

On-Site Report

- Yokkaichi Branch
- Ohgata Branch
- Shiga Branch

Yokkaichi Branch (Production site)

Located in the coastal area of the northwestern Mie Prefecture, our Yokkaichi Branch is blessed with natural surroundings that include the lush, green Suzuka Mountain Range, and the water-filled Kiso Three Rivers and Ise Bay. In order to protect this nature-rich region and its richly endowed environment, we will strive to integrate environmental consciousness into all our business activities and continue to implement environmental conservation practices.
In FY 2009, we were engaged in various energy efficiency activities, which resulted in at least a 1% reduction in specific energy consumption (for steam and power production) compared to that of the previous year. Yokkaichi Branch has adopted as its FY 2010 motto, "Ubiquity of Cost-Eco Activities." In order to promote further reduction of environmental impacts, we will continue to implement energy-efficient practices and pollution preventing measures, including waste reduction and recycling promotion. Yokkaichi Branch will be devoted to improving the natural and social environment while fostering communication with local communities.

SHIMIZU Koji,
Branch Manager of Yokkaichi Branch

Panoramic View of Yokkaichi Branch

Address: 7 Chitose-cho, Yokkaichi City, Mie Pref.

Area of the Site: 17,647m²

Main Products:
Polyurethane polyol (HIFLEX), polyurethane copolymer (POLYGROUT & POLYFLEX), UV-curable monomers/oligomers (NEW FRONTIER), oiling/finishing agent (PANSOFTER), anionic surfactant (MONOGEN), cationic surfactant (CATIOGEN)

Item/ Year	FY 2008 Actual Performance	FY 2009 Actual Performance
SOx emissions (t)	2.4	3.1
NOx emissions (t)	4.4	3.5
Dust emissions (t)	0.1	0.1
Discharge of drainage water (1,000m³)	536.6	514.8
COD emissions (t)	4.6	3.9
CO_2 emissions (1,000t)	5.6	5.4
Waste generation (t)	5,510.3	6,075.0
Amount for final disposal (t)	48.3	9.4

On March 22, 2010, we again signed a pollution preventive agreement with Yokkaichi City.

Ohgata Branch (Production site)

Endowed with lush green natural surroundings, our Ohgata Branch is situated in Niigata Prefecture facing the Sea of Japan. While enjoying the blessings of this region, we are devoted to the production of a wide range of products, including CMC, water-dispersed polyurethanes, various surfactants, and inorganic materials. We have been engaged in all of our activities with the following philosophy in mind: "Throughout the entire lifecycle of our products from development to disposal, we will pay special attention to both human safety and health and environmental preservation and also contribute to sustainable development and the realization of an affluent society."
In recent years, we have made efforts to promote greater use of energy conversion and implement waste reduction practices.
Ohgata Branch will continue to actively participate in environmental conservation energy programs and energy-saving activities, while looking forward to the realization of a more livable planet and a spiritually affluent society.

YAMADA Megumi,
Branch Manager of Ohgata Branch

Panoramic View of Ohgata Branch

Address: 230 Saigata, Ohgata-ku, Joetsu City, Niigata Pref.

Area of the Site: 87,116m²

Main Products:
CMC (CELLOGEN, DKS FINE GUM), water-dispersed polyurethane (SUPERFLEX, ELASTRON), polyvinyl pyrrolidone (PITZCOL), industrial detergents (GEMBU)

Item/ Year	FY 2008 Actual Performance	FY 2009 Actual Performance
SOx emissions (t)	6.5	6.7
NOx emissions (t)	119.7	97.9
Dust emissions (t)	2.0	1.5
Discharge of drainage water (1,000m³)	474.4	413.2
COD emissions (t)	28.9	49.8
CO_2 emissions (1,000t)	23.7	19.5
Waste generation (t)	718.2	1,595.1
Amount for final disposal (t)	399.0	469.0

Shiga Branch (Production site)

Nestled beneath Kinugasa Mountain, our Shiga Branch lies in the green Higashi-Ohmi area, looking out over Japan's mother lake, Lake Biwa. We have been paying close attention to the environmental aspects of all our business activities and implementing environmental conservation practices through continual improvement of our business activities. Our focus is placed on fostering communication with local communities so that our plant can coexist with them in peace.
So far, we have made various environmental conservation efforts. Examples of such efforts include the introduction of a cogeneration system, air pollution reduction through fuel conversion in boilers, installation of deodorizing systems, and renovation of our effluent treatment facilities.
In addition, our zero emission approach allowed for recycling of specific wastes, thereby resulting in significant reduction in final disposal. Shiga Branch will be devoted to further improving the natural and social environment while emphasizing compliance with stringent environmental requirements.

KAWAMOTO Wataru,
Branch Manager of Shiga Branch

Panoramic View of Shiga Branch

Address: 427 Gokasho Hiyoshi-cho, Higashi Ohmi City, Shiga Pref.

Area of the Site: 105,581m²

Main Products:
Sucrose fatty acid esters (DK ESTER), food additives (MONOACE, DK FOAMER, DK CREAMER, and SUNNY SAFE), metal surface treatment agents (PSA), acrylic polymer (SHALLOL), surfactants (NOIGEN, HITENOL, SORGEN, and NEOCOL), water-soluble polyester polyol (PAOGEN), solvent-substitute waterborne/non-waterborne washing agents (DK BE-CLEAR)

Item/ Year	FY 2008 Actual Performance	FY 2009 Actual Performance
SOx emissions (t)	0.9	0.8
NOx emissions (t)	9.1	9.1
Dust emissions (t)	0.6	0.5
Discharge of drainage water (1,000m³)	1,029.0	1,783.0
COD emissions (t)	5.3	10.4
CO_2 emissions (1,000t)	12.5	11.2
Waste generation (t)	2,269.7	2,164.0
Amount for final disposal (t)	47.1	10.4

TOPICS

Promotion of RC Activities by Overseas Affiliates

● Tianjin Dai-ichi Fine Chemicals Co., Ltd.

Our overseas affiliates have also acquired ISO certifications and are devoted to the conduct of their RC activities.
Established in Tianjin City in 1992, Tianjin Dai-ichi Fine Chemicals Co., Ltd. is one of our overseas companies, which mainly specializes in manufacturing textile chemicals.

Tianjin Dai-ichi Fine Chemicals Co., Ltd.

● Status of Our RC Activities

During the period from September 2006 to December 2009, we published our "Environment-related Management Suggestions," a document composed of 15 categories including recyclable use of cooling water and introduction of solar water heaters. Thanks to putting these suggestions into practice, we have achieved our target values in energy saving and emission reduction. In May 2010, we also published our "Environmental Information Report," which provides information about the progress and status of our RC activities. We are a member of TEDA* Environmental Protection (TEDA EP); in April 2010, we were commended by the TEDA EP as an "Environment and CSR Committed Company."

*TEDA: Tianjin Economic Development Area

Environmental Information Report

ISO Accreditation Status of Our Overseas Affiliates

Overseas Affiliates	Establishment Year	Site Location	First Year of ISO 9001 Accreditation	First Year of ISO 14001 Accreditation
Chin Yee Chemical Industries Co., Ltd.	1978	Taipei, Taiwan	2002	2006
Tianjin Dai-ichi Fine Chemicals Co., Ltd.	1992	Tianjin, China	2001	2006
PT. Dai-ichi Kimia Raya	1996	Java, Indonesia	2003	—

Editor's Postscript

With our company's CSR view in mind, we have prepared this report as a tool for transmitting information about our environmental and social responsibility activities. Based on our triple bottom line, we tried to make our report clearer and easily readable. By further deepening CSR initiatives, we will keep trying our best to offer you, our stakeholders, more substantial reports that can serve as a useful tool for promoting communication. We welcome any opinions and requests you may have.
Our Shiga Branch location is blessed with a stunning view of Lake Biwa, which has abundant water and outstanding richness in biodiversity. For that reason, we decided to use a picture of the lake as the front cover of this report.

MAYUZUMI Tominobu General Manager of the Environment, Safety & Quality Affairs Department

DAI-ICHI KOGYO SEIYAKU CO.,LTD.

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