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# Environmental and Social Report

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# 2015

A photograph of a bamboo water spout (tsubaki) pouring a steady stream of clear water into a small stream. The background is a lush green forest with various types of ferns and trees, creating a serene and natural atmosphere.

*Technologies to pass our global environment  
down to future generations.*

Our Company  
Credo

"Contributing to the nation and society through industry"

Our Company  
Motto

"Quality First" "Cost Reduction"  
"R&D Efforts"

## Company Overview

We develop our business as a good chemical partner in life in a wide variety of fields, such as fiber, resin, industrial materials, life materials, with the environment, in energy-related fields, and all based on the extensive technology we have cultivated as a pioneer of surfactants.

We continue to contribute to environmental and social activities toward the realization of a sustainable society, with full consideration of the global environment and energy.

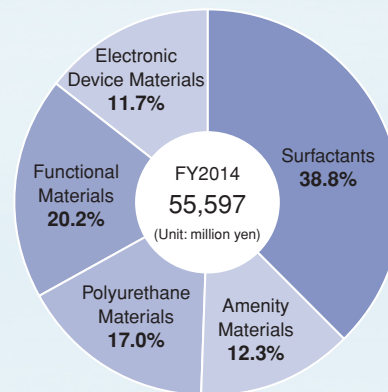
### Overview

Company Name: DKS Co. Ltd.  
 Head Office: 5 Ogawara-cho, Kisshoin, Minami-ku, Kyoto, Japan  
 Date Business Started: April 1909  
 Date Established: August 1918  
 Representative: SAKAMOTO Takashi, Chairman CEO  
 Capital: 8.8 billion and 95.2 million yen  
 Number of Employees: 944 persons  
 508 persons  
 (as of the end of March 2015)

### Affiliates

Domestic: 7 companies  
 Overseas: 8 companies  
 Total: 15 companies

### Sales by Business Segment (Consolidated)



### Domestic Branches

Head Office, Laboratory (in Kyoto Central Branch)  
 Main Branch  
 Tokyo Head Office  
 Osaka Branch  
 Nagoya Branch

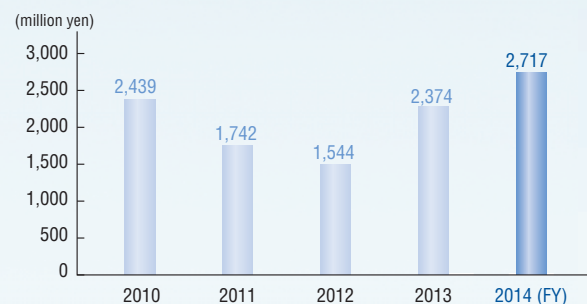
Kyushu Branch  
 Yokkaichi Branch (Chitose Plant/Kasumi Plant)  
 Ohgata Branch  
 Shiga Branch

### Management Index

#### Changes in Sales



#### Changes in Current Profits



# About Environmental and Social Report 2015

## Editorial Policy

DKS published the "Environment & Safety Report" first in 2003, and delivered the report about Responsible Care activities, mainly focusing on environmental activities until 2007.

We then decided to report the activities that emphasize our relationship with society in addition to "our environmental, safety, and health efforts," and renamed the report "Environmental and Social Report."

We are editing the report with the aim of explaining to our stakeholders our efforts on environmental and social activities, and to promote communication.

We have reported Stage I of the medium-term management plan "Change 100 Plan" from April 2009 to March 2012, as well as Stage II of "Change 100 Plan" from April 2012 to March 2015.

We have edited the FY2015 issue by pursuing a report so that the corporate value that has increased by development of our business and RC activities could be more clearly understood by and transmitted to our stakeholders, in response to the "REACT1000" plan started in April 2015. In order to accomplish this goal, we have substantially changed the configuration, added the following contents that were not included in the previous reports, and promoted "visualization of the environmental management index and environmental impact."

- "Efforts on social agenda"

- "Establishment of a supply chain (progress of activities)" to show the flow of activity

- "Diversity and work-life balance"

## Organizations Covered by this Report

### DKS

Head Office, Laboratory, Tokyo Head office, Osaka Branch, Nagoya Branch, Kyushu Branch, Yokkaichi Branch, Ohgata Branch, and Shiga Branch

### National Affiliates(\*): located within the premises of DKS)

Yokkaichi Chemical Company Limited	Gembu Co., Ltd.*
DAI-ICHI KENKOU CO., Ltd.*	KYOTO ELEX CO., LTD.*
DAI-ICHI CERAMO Co., Ltd.*	Elexcel Corporation

In the description related to our performance, we use the following definition and distinguish between "DKS" and "DKS Group."

DKS: DKS and national affiliates located within the premises of DKS

DKS Group: DKS and all national affiliates

## Period Covered by this Report

Essentially, this report contains our activities and data for fiscal year 2014 (from April 01, 2014 to March 31, 2015).

The data on Industrial Accident Severity Rate (ASR) and Industrial Accident Frequency Rate (AFR) were obtained from January to December 2014.

## Reference Guidelines

"Environmental Reporting Guideline 2012" from the Ministry of the Environment  
 "Environmental Reporting Guideline 2005" from the Ministry of the Environment  
 "Environmental Accounting Guideline for Chemical Industries (November 2003)" from the Japan Chemical Industry Association (JCIA)

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## We provide useful social agenda solutions in various fields.

We are surrounded by a number of problems in our daily lives, from environmental issues such as global warming, resource depletion, and life's diversity crises, to problems related to food resources with population increases, energy problems, as well as globalization development, and informatization in society, and more.

In order to face up to such a social agenda, protect people's environments and lives, and improve safety and amenity levels, our company pursues "chemistry to respond to people's needs," and contributes to the establishment of a sustainable society.

### Social Agenda

Population Growth



Resource Depletion



CO<sub>2</sub> Emissions Increase



Environmental Pollution



Repeated Natural Disasters



Information Society



Globalization



Aging Society with Fewer Children



Worries about Food Quality



### Business Purpose

To soundly preserve  
the global environment

Our "chemistry to  
respond to  
people's needs"

To secure security  
and  
reassurance in life

To realize convenience  
and  
affluence in society

## Solutions to Provide to Society

### ■ Surfactants

Surfactants, which have been developed for many years over a century and launched into the market, are used in a wide variety of industrial fields, such as rubbers, plastics, colorants, machines/metals, cosmetics, paper/pulp, agrochemicals / agricultural materials, civil engineering, and energy-related industries.

We are promoting development of products in those fields while being environmentally conscious.

### ■ Amenity Materials

We provide materials and peripheral technologies to improve the amenities in life. These are widely used in many fields, including foods, pharmaceuticals and cosmetics, toiletries, fishery/livestock industries, fiber, paper/pulp, ceramics, civil engineering, agrochemicals/agricultural materials, and deodorization.

### ■ Polyurethane Materials

We are promoting environmentally friendly product development, such as with the low-density technology of soft polyurethane foam, polyurethane polyol with higher heat insulation, and flame resistance for rigid polyurethane form, as well as water-blown type polyol and non-CFC foam technologies.

In addition, in the IT field, we respond to VOC reduction through development of coating type one-pack electrical insulating materials.

### ■ Functional Materials

We provide plastic additives and UV-curable monomers/oligomers of plastic material, which are indispensable for giving high functionality to rubbers and plastics to be used for computers, smartphones, home electronic appliances, and residential materials. We also provide flame retardants, antistats, lubricants, antifog additives, and antioxidants.

### ■ Electronic Device Materials

As symbolized by the popularization of Internet and smartphones, informatization has seen rapid growth.

Our company has focused attention to the ionic conductive property of polymers since the 1980's, and has made efforts on the development of dye-sensitized solar cells and ionic liquids.

Furthermore, we develop conductive pastes, ceramic materials, and lithium cells.

## Social Value

Energy Saving

Global Warming Prevention

Effective Use of Resources through Weight Saving  
and Long Product Life

Environmental Pollution Prevention

Security, Reassurance, and Amenity in Life

Food Security and Reassurance

Improvement of Tastes/Preferences

Improvement of Productivity



## Our Products Useful in Daily Life

Products of the DKS Group will aid us in daily life as useful materials and through the members of various products.

This section introduces some examples from scenes in everyday society and the environment.

### 1 Surfactant Business

### 2 Amenity Material Business

**Silicon wafer detergent**  
● DK BE-CLEAR CW

**Conductive paste for solar cells**  
● DD-1200C

**Rigid polyurethane foam for insulator material**  
● DK POLYOL

**Bed, cushion (Soft or semi-rigid polyurethane foam)**  
● HIFLEX  
● DK FLEX

**Optical sheets, Hard coating agent (Radcure resins)**  
● NEW FRONTIER  
(Waterborne polyurethanes)  
● ELASTRON

**Flame retardants for plastics**  
● PYROGUARD

**Semiconductor sealant materials**  
● Allyl glycidyl ethers

**Sealing material for electric insulation (Gas water heater control units)**  
● EIMFLEX

**Polymerizable emulsifier (Paint)**  
● HITENOL

**Materials for cosmetics (Shampoo, rinse, hair gel)**  
● NEO-HITENOL  
● CATIOGEN ● CREEJUS  
● Phenoxyethanol  
● COSMELIKE

**Car seatbelts**  
● ELASTRON

**Epidermis material for car interior**  
● SUPERFLEX

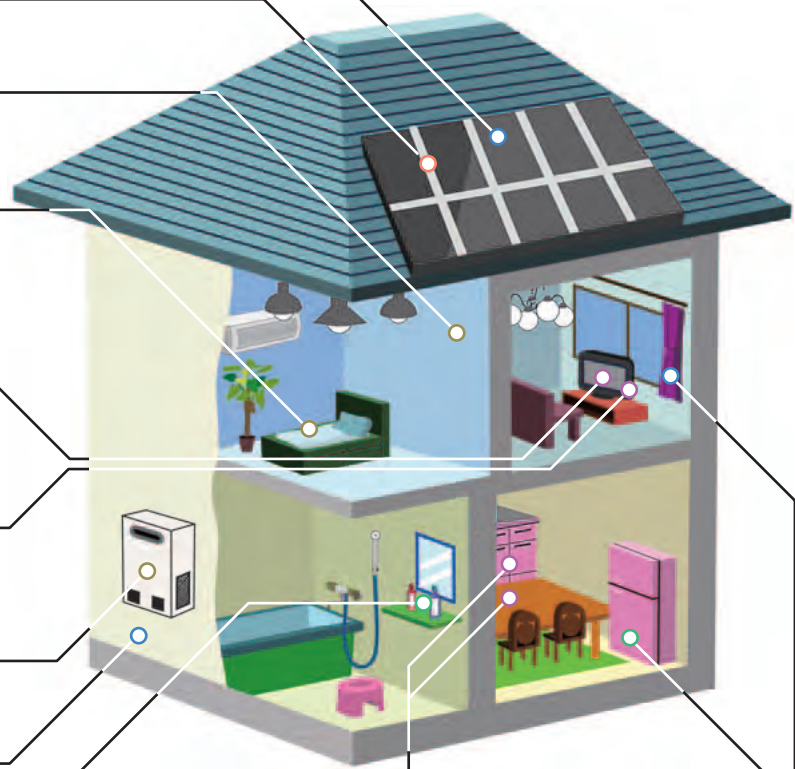
**Hybrid vehicle electric components**  
● EIMFLEX

**Paint resin for cars**  
● SUPERFLEX

**Emulsion polymerization emulsifier (Tire rubber)**  
● LAVELIN

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

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



**Coating material for building material, furniture, and home appliances (Radcure resins)**  
● NEW FRONTIER

**Food additives**  
● DK ESTER  
● DK FOAMER ● CELLOGEN

**Flame retardants for textile**  
● PYROGUARD

**Binders for lithium-ion batteries**  
● CELLBINDER



### 3 Polyurethane Material Business

- Polyether polyol
- Urethane system
- Urethane prepolymer

### 4 Functional Material Business

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

### 5 Electronic Device Material Business

- Conductive paste for electronic components
- Injection molding pellets

**Detergents for linen supply**  
● LINEN FINE  
**Detergent for cleaning**  
● FINE SHOT

**Binders for agrochemicals**  
● CELLOGEN

**Binders for rock consolidation**  
● GANBAN  
**Injection water-stop material**  
● POLYGROUT

**Elastic pavement material**  
● RUBBER STYTER  
**Heavy corrosion-preventing agent**  
● PERMAGUARD

**Spillage oil treatment agent**  
● SEACLE  
**Feed additives for cultivation**  
● CELLOGEN

**Waterproof roofing material**  
● POLYFLEX

**Water reducing agent and fluidizer for concretes**  
● SELFLOW

**Optical fiber connector**  
● Zirconia compound for ferrule

**Buildings strengthening agent (Epoxy diluent)**  
● EPOGOSEY



# We take action to respond to the deepening of governance and more industrial involvement in chemicals.



The mild upswing of the Japanese economy continues, and this has resulted in improved company profits and increased business investment.

In the chemical industry, there is a positive factor that the price of the base ingredient naphtha has shifted to a falling tendency due to the low price of crude oil since autumn of last year.

However, there are also effects from currency movement and geopolitical risks, and uncertainty about the future continues.

The DKS Group has attempted to expand sales of the core product business,

and has been devoted to the future of growing fields, such as "environment," "energy," "electronic materials," and "life materials."

We have also promoted development of new materials while cultivating a new market, and made new efforts on cost reduction.

As a result, we succeeded in posting record-high profits in all of sales profits, current profits, and current net profits for this year, which was the final year of Stage II of the medium-term management plan "Change 100 Plan."



## "REACT1000" Plan, Act for a Leap.

We strove to realize "Expansion Accompanied by Earnings" for three years of "Change 100 Plan" Stage II started in April 2012.

We launched construction of our new Yokkaichi base to be a foundation for our company growth.

We have fulfilled market development through new products utilizing our technology, such as "base material for electronic materials" and "cellulose single nano-fiber," which has started to contribute to our performance.

We started a new five-year management plan named "REACT1000" in April 2015.

One meaning of "REACT" is to undergo a chemical reaction.

It also has the meaning of quickly responding to others, and acting

powerfully.

We put our intention to realize "chemistry to respond to people's needs" into action through the name of the plan.

In addition, we have newly created our group logo as a symbol of advancing toward globalization.

Our new logo symbolizes action toward a quantum leap, and describes growing arch-bridges toward "Challenge to 1000."

Our company will ensure the further implementation of corporate governance that we have addressed until now, and continue to be a company of importance that responds to more industrial involvement in chemicals as an industrial chemical manufacturer.

## Confirming our role as a member of the society, and connecting to the next generation.

Social expectations for companies are increasing with each passing year. Our company accepts these expectations as our responsibility to society, and aims at the establishment of a management base with high transparency and that can gain and keep society's trust.

In order to conduct company activities rooted in corporate social responsibility (CSR), we have promoted "further deepening of governance" as one of our management policies.

We established our "Code of Corporate Ethics" in 2004.

In this code, we declare that each of our employees will observe all legal regulations and international rules and obey the spirit thereof, respect

cultures and customs in overseas countries and regions where we conduct business activities, and behave in a socially sensible manner.

During the Corporate Ethics Monthly Campaign in October, we conducted various events and educational activities with the aim of improving our awareness of compliance.

We ensure that each employee will continue to conduct fair and healthy business activities as members of society.

As such we continue to be a company that gains and keeps the trust of all our stakeholders.

## Transmit from a castle for future creation.

In FY2014, we launched construction of a new plant in the Kasumi industrial complex in Yokkaichi city, which we have positioned as a castle for future creation in our company.

In this Kasumi plant, we introduce the latest production facilities and promote streamlining.

We intend to make it a production base that gives more consideration to the preservation and improvement of local society and the environment than ever before.

We believe that operation of a new plant along with the research function could realize further social contribution.

This report describes the DKS Group's approaches to social activities including Responsible Care (RC) activities in FY2014.

We hope this report will help you to deepen your understanding of our company's approaches and policies. We would appreciate your support, and openly welcome any and all opinions.

SAKAMOTO Takashi  
Chairman CEO

坂本隆司



## REACT1000

—Act for a Leap—

### Introduction

For three years of "Change 100 Plan" Stage II started in April 2012, we revealed integrated effects after acquisition of the Yokkaichi Chemical Company, purchased the new plant site, and made public stock offerings.

We could establish the foundation toward a quantum leap by carrying out the corporate culture conversion plan that valued our company credo.

Let us explain about the overview of the new five-year management plan.

10 years have passed since we drew the corporate image (ideal form of balance sheet) in 2025.

Japan will have the Tokyo Olympics within the remaining 10 years.

The Linear Chuo Shinkansen bullet train plan has started as well.

We predict that the world economy will grow centering on the United States and emerging Southeast Asia, though the Chinese economy has decelerated, and the

European economy has unstable factors.

We call our new plan "REACT1000."

REACT has the meaning of quickly responding to others, and acting powerfully.

We decided on a quantum leap as the keyword to realize this plan through action.

That is why we have set Act for a Leap as a subtitle of the plan.

In our new five-year management plan, we will put "chemistry to respond to people's needs" into practice, and advance our approach to being a company with sales of 100 billion yen.

The three years for which we increase productivity by giving the principal axis to the Yokkaichi mother factory to be a complex base of production, research, and sales will become the preceding process to the following two years of the quantum leap.

### Overview of Management Principles and Plans

We continue to be a company of importance that responds to more industrial involvement in chemicals as an industrial chemical manufacturer.

We define a company of importance as one that should be evaluated by its accomplishment of material and technological development that is ahead of the times.

### Management Policies

Basic policies on which we operate our company for the next years started from April 2015.

#### (1) Creating New Corporate Value

We make efforts on maximization of performance generated by holding assets, and stock market values.

#### (2) Building Corporate Image Understandable to Everyone

We promote the improved awareness of the corporate image.

#### (3) Corporate Governance in more Depth

We engage in management efficiency by paying attention to corporate governance.

#### (4) Maintaining and Enhancing Appropriate ROE Level

We should be aware of the ROE index with mid- and long term prospects.

#### (5) Building Advantages by Cooperation

We collaborate with business partners, universities, and organizations, and promote development of materials and technology.

#### (6) Promoting and Enriching Mother Factory in Japan

We make efforts on increased productivity for the entire company mainly based on the Yokkaichi complex base concept.

### Business Plan on the Consolidated Base

We assume the Japan's nominal growth rate is 3% per year, and set our goal for our sales to increase 6% or more per year.

There are five points to realizing this plan.

**First**, "Act for a Leap" is the declaration of our company's intention to perform aggressive management in a castle that has been created over six years through "Change 100 Plan."

We conduct a personnel change to organize the lineup for implementation of the plan.

We declared our new system simultaneously with the outward presentation of the "REACT1000" plan.

**Second**, we put our efforts on electronic materials in the new Yokkaichi Kasumi plant, and the collapse prevention material **GANBAN** for tunnel construction in order to expand our performance.

In addition, we enhance the existing leading businesses ("ACTUAL100"), such as augmentation of sugar derivatives, and development of peripheral fields.

**Third**, we engage in early commercialization of the new business theme "NEXT100" mainly for sugar and cellulose that represent our core technology.

We set "new creation fund" as the enhancement plan for research and development.

**Fourth**, at the moment when the tendency in exchange rates has shifted to a lower yen, we spur overseas development including exports.

We have recruited and promoted external staff with extensive international experience.

For the time being we enhance marketing for East Asia, and also find a way to develop the American market in the near future.

We newly establish the study abroad system to cultivate international personnel.

**Fifth**, along with implementation of the new core system started from April 2015, we start to review a new evaluation system that allows fair and equitable evaluation to contribution to performance.

Centering on aggressive sales and research development, we train and develop the next generation, and those following, to engage in production and management.

### Group Logo

We have newly created our group logo as a symbol of the advancement toward globalization.

Our new logo symbolizes "Act for a Leap."

It describes growing arch-bridges toward "Challenge to 1000."



2015  
Start Year



**Management Target**

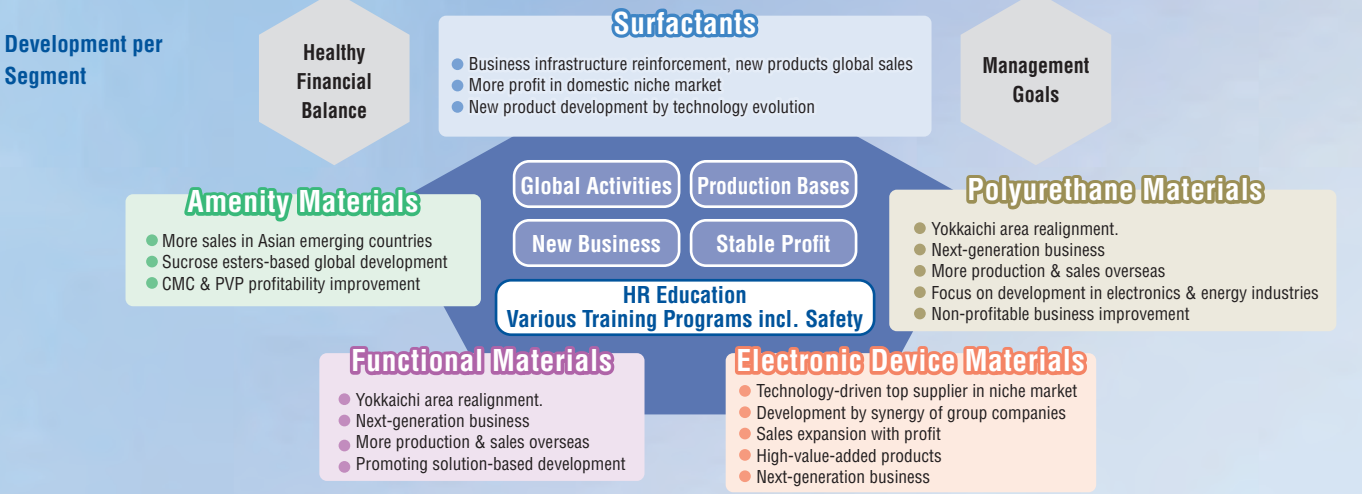
The planning term is five years from April 1, 2015 to March 31, 2020.

[Fiscal year ending in March 2020]

Sales	75 billion yen
Operating Margin on Sales	8.0%
Net Profit	3.6 billion yen
ROE	10%
Overseas Sales Ratio	20%

**Business Development Plan**

The following diagram shows our major policy to give three business divisions responsibility for five businesses.



**Conclusion**

Toward the Tokyo Olympics in 2020, realization of "the economy as a continual cycle of growth" has been questioned as an issue nationally. Establishment of two codes\* related to companies and investors has increased interests in corporate governance much more than before. Now the necessary environment for the quantum leap has been organized. The 2015 management slogan "Challenge to 1000" takes its first step in the new five-year management plan. We looked up the animal symbol for the first year, and found the expression of "Iyo Igyu."

This refers to the turning of a quiet sheep into strong cow or ox. We have set this term as five years during which we grow to be a stronger company. To gain strength, we are shifting our steering by putting values on the core technology we have developed through our history. We promote the REACT strategy to take full advantage of management resources the company currently possesses, and to raise our comprehensive strength. We deliver brilliant performance in Japan that has passed through 70 years since the end of World War II, as well as in overseas countries. It is time for DKS to open on a new stage.

\*Corporate governance code, stewardship code

**Using the environmentally friendly material that can be sprayed like liquid, in spite of its gel form.**

## A New Thickener

# RHEOCRISTA®

This is a new material at the center of attention, which has been made from integration of both the applied technology of cellulose derivatives built up by the DKS over many years, and the latest research results produced by Tokyo University.

This has special features in performance, for example, it is made from cellulose, which can prevent GHG emissions from increasing, and it can be sprayed in spite of its gel form, and its application and commercialization of product are highly expected in various industrial fields as well.



Can spray in spite of its gel form

## Performance to develop new products & markets

Our company has been involved in cellulose thickener for many years. As an example, we launched manufacturing and sales of carboxymethylcellulose sodium (CMC) "CELLOGEN" using the solvent method first in Japan, about 60 years ago.

A new thickener, "RHEOCRISTA," which has been created using this advantage fully, has great potential not only to contribute to new product development for our partner companies, but also to generate an entirely new market.

We utilized our own cellulose applied technology and the research results of Professor ISOGAI Akira et al. of Tokyo University, and developed cellulose single nano-fiber (CSNF). We started its manufacturing and sales in December 2013.

**RHEOCRISTA** is a product created by making CSNF with a fiber diameter of 10nm or less dispersed by 2% in water, and it has three major features.

First, it has high viscosity among cellulose thickeners, and it is a distinguishing pseudoplastic fluid as well.

That means that it maintains its solid property in a normal state, but once force is applied, its viscosity decreases immediately and it turns to liquid.

Next, even if oil or powder is mixed into **RHEOCRISTA**, the mixed material will not precipitate or float, but disperse uniformly.

Finally, **RHEOCRISTA** is a thickener naturally derived from cellulose.

Cellulose that can be obtained from wood is renewable in cycle, and because it is an environmentally friendly material that can prevent GHG emissions from increasing, it has been reevaluated as an alternative material to fossil fuels.



When offered in a bag, it is easily visible because of its gel form

## So many ways of use, so many possibilities

**RHEOCRISTA**, a material equipped with more unique characteristics than ever before.

Its application to product development is expected in various industries. Among them, and which we pay the most attention to, is the cosmetic industry.

In addition to using nature-derived ingredients of plant origin, it can provide a non-sticky and smooth touch. These factors would satisfy the necessary conditions for sunscreen products and milky lotions preferred by users.

The characteristic of being able to spray like liquid in spite of its gel form with high viscosity will definitely attract much attention.

If we focus on the point that it does not drip after spraying/painting, it has promise as an easy-to-use paint.

It could be sold in DIY shops where do-it-yourselfers gather.

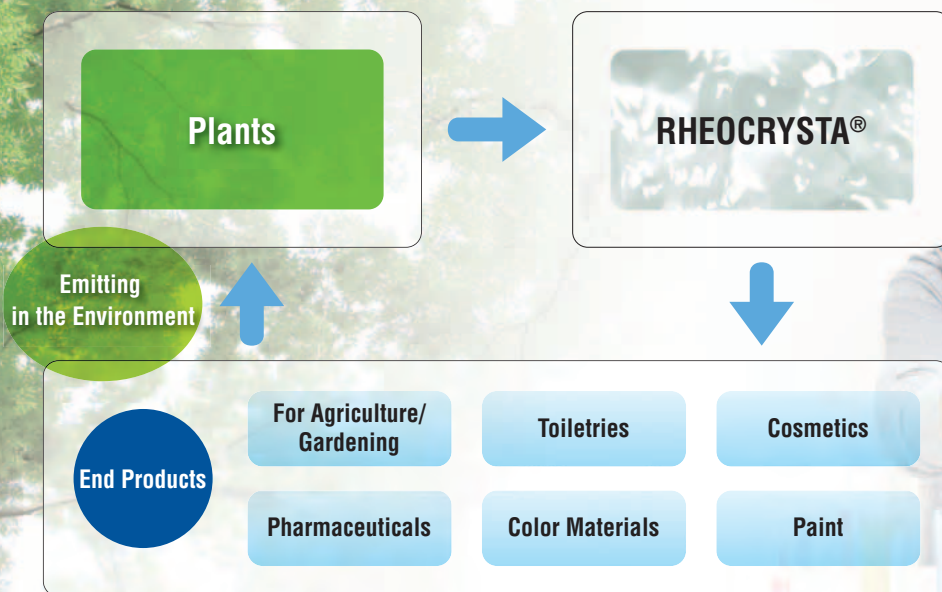
In addition, we are looking at and suggesting other applications mainly for toiletries, color materials, and medical agents for agriculture/gardening.

We consider that **RHEOCRISTA**, different from traditional products, would not play a position with other products in the existing market, but create a market itself. For this reason, we expect to gain considerable market share, and continuous expansion of the market size is also available.

We already have sales channels in each industrial field, such as paper, cosmetics, agriculture, pottery, civil engineering, fiber, paint, construction material, and electronics, through our long-selling product **CELLOGEN**, and our transaction relationship has been established. This will also become our advantage in building up trustful relations indispensable for joint development of products using **RHEOCRISTA**.



Provides a non-sticky and smooth touch



RHEOCRISTA is generated from plant-derived cellulose, and recycled through commercialization of product and biodegradation

## Toward the goal of a 1 trillion yen industry set up by Ministry of Economy, Trade and Industry

Approaches for promoting the material usage, such as through research development of cellulose nano-fiber, are encouraged in "Japan Revitalization Strategy (Revised in 2014)," of which the aim is to keep the positive economic cycle rotating in order to prevent the reform brought by Abenomics' three arrows from ending up as temporary phenomenon.

METI are aiming for our growth to become a 1 trillion yen industry by increasing the production scale of cellulose nano-fiber from 30 to 50 tons a year assumed currently to 150,000 to 225,000 tons in 2030.

In addition, RHEOCRISTA has been adopted as the "Part material development business for advanced energy conservation in 2012" publicly offered by the Manufacturing Industries Bureau of the Ministry of Economy, Trade and Industry. Accordingly, DKS completed construction of the experimental manufacturing facility on premises of the Ohgata Branch in March 2014, and started operation in June 2014.

Cellulose nano-fiber has a potential of rapid market expansion in the future. In particular, we believe the new thickener RHEOCRISTA with high function and high added value will reveal our future course as navigators, and develop a new market by playing a leading role.



"Japan Revitalization Strategy" Revised 2014  
- Japan's challenge for the future -

### Development Voice

#### I feel an infinite possibility in its ever-changing properties.

At the present time when industrial technology has matured, many products are being generated from needs. RHEOCRISTA, however, is a material of seeds preceding type, which is rare these days.

I would like to think about what we can do with RHEOCRISTA, and what we want to do with it, with our existing or new customers, and commercialize it by making full use of our applied evaluation technology. Because it will change its form freely, sometimes to solid, and at other times to liquid, I am working on research development with such excitement, as "there will be completely unexpected demands from this," "it

could change immensely depending on combinations."

Many lecture requests we have received also prove to the increased attention to its products.

We hold the lecture in symposiums or conferences of nanocellulose, industrial experimental station, and at universities almost every month, and we are asked to provide the sample by many participants.

I would like to develop RHEOCRISTA to be a product so important as to become a support of our business in the near future, and feel confident that it could contribute to society.

Please pay much attention to its future development.



Manager  
Synthesis R&D Team I  
Functional Chemicals R&D Department  
**JINNO Kazuhito**

# Progress of Environmental/Safety (RC) Activities



Executive Officer  
General Manager  
Production Control Division  
**MURAKAMI Osamu**

The DKS Group is independently promoting Responsible Care activities that implement and improve environmental safety measures by promoting consideration on the environment, safety, and health in our management policy. This is under the name of providing quality products to ensure customer satisfaction, based on our Basic Philosophy, Basic Policies, and Corporate Principles for Environmental and Safety Practices.

In terms of environmental protection activities, we have set a medium-term goal of reducing greenhouse gas and industrial waste during the period between FY2013 and FY2015. Since 2015 we have supplied electricity using recycled biomass fuel composed of methane gas generated during anaerobic treatment of wastewater. We are also promoting the reduction of chemical substance emissions and the preparation for Water Pollution Control Act. In terms of our process safety and disaster prevention activities, we have taken into account serious accidents that occurred in recent years in the chemical industry. We have reorganized and reviewed our emergency handling manual by evaluating the possibility of similar accidents that could occur in our plants, and extracting focus inspection items for each location and process that may pose risk. In addition, we created the portable "manual on large earthquake countermeasures," and distributed it to all employees in order to prepare for a large earthquake, should one occur. In terms of our occupational safety and health activities, we put more efforts into improving the level of power in the field through continuous safety activities (KYT (risk prediction training), patrols, 5S and pointing and calling) for an accident-free workplace with the Safety and Health Committee and Risk Assessment Committee. Committed to the self-management spirit of Responsible Care activities, we will continue to make efforts in our safe and worry-free production activities to gain trust from society.

## 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 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 life cycle of our products, from development to disposal, we pay special attention to both human safety and health and environmental preservation, as well as contributing to sustainable development and the realization of our goal for an affluent society."

### Basic Policies

- 1 Throughout the entire life of our products, from development to disposal, we evaluate and reduce each product's load on the environment and do our best to ensure the protection of the environment.
- 2 We maintain 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 everyone concerned, such as employees, carriers, customers, and general consumers.
- 4 We not only obey relevant laws and regulations, but also actively and constantly examine and improve the environment and safety through self-management.

### Corporate Principles

- 1 We 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 protection activities and occupational safety and health activities.
- 2 We obey any laws, regulations, and 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 are devoted to performing all of our business activities in such a manner as to achieve resource and energy conservation, promotion of waste reduction and recycling, and improvement of occupational safety and protection of health.
- 4 When developing our products and technologies, we are devoted to providing safe products while paying special attention to environmental and safety matters, and fully understanding the extent to which the product will impact the environment.
- 5 We make our best efforts to help 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 ask our affiliate companies for their continued understanding and support.

# Management of Environment/Safety/Quality (RC)

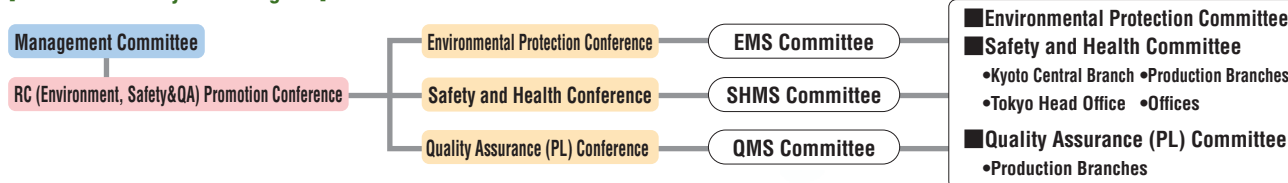
## RC Promotion System

We have established an RC Promotion Conference with our president as its chairman. At the conference, we deliberate on and decide agenda items based on our Basic Philosophy, Basic Policies, and Corporate Principles for Environmental and Safety Practices. In order to effectively promote our RC activities, we have established three different conferences – the Environmental Protection 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 of environment, safety, and quality

assurance, and implementation plans as well as the review of their results are deliberated on. We have also established, as a sub-organization of our conferences, three company-wide committees - the EMS<sup>\*1</sup> Committee, SHMS<sup>\*2</sup> Committee, and QMS<sup>\*3</sup> Committee - as well as three committees in each of our manufacturing branches - the Environmental Protection Committee, Safety and Health Committee, and QA (PL) Committee. These conferences have been held periodically to formulate implementation plans for RC targets to manage the progress of these plans, and to summarize obtained results.

\*1 EMS : Environmental Management System  
 \*2 SHMS : Safety and Health Management System  
 \*3 QMS : Quality Management System

[RC Promotion System Diagram]



# Management System

## External Initiatives

Promotion and management of our company's RC activities, which are based on the Environmental Protection 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 certified, both of which are international environment and quality management system standards. By utilizing them as a operation management tool, we are committed to not only enhancing performance based on environmental impact but also to improving the safety of our products.

[PDCA Cycle]



## » ISO Certification Status in the Group

Business Offices and Affiliated Companies			ISO14001		ISO9001	
			Acquisition of certification	Certification body	Acquisition of certification	Certification body
Domestic Production Branches	Our Departments	Yokkaichi Branch	June 2002	JCQA	January 2000	JCQA
		Ohgata Branch	July 2002	JCQA		
		Shiga Branch	March 2002	JCQA		
		Production Control Headquarters	—	—		
		Business Administration Div.	—	—		
		R&D Departments	—	—		
	Affiliates	Yokkaichi Chemical Company Limited	March 1999	JCQA	August 1998	JCQA
		KYOTO ELEX CO., LTD.	December 2001	JQA	June 2000	JQA
		DAI-ICHI CERAMO Co., Ltd.	—	—	February 2011	JQA
Overseas Affiliates	TIANJIN DAI-ICHI FINE CHEMICALS CO., LTD.	December 2006	ZDHY	August 2001	ZDHY	
	CHIN YEE CHEMICAL INDUSTRIES, CO., LTD.	December 2006	BSMI	April 1995	BSMI	
	P.T. DAI-ICHI KIMIA RAYA	—	—	September 2009	BVI	
	SHUANG YI LI (TIANJIN) NEW ENERGY CO., LTD.	—	—	March 2007	CQC	

## | Supply Chain Management

### CSR Activities for the Purpose of Supplying Solid Products

We contribute to the improvement of people's lives and the establishment of a sustainable society. In order to fulfill our social responsibilities, DKS supplies various products through the supply chain focused on chemistry, while also promoting the effective use of global resources.

Voice!



Purchasing Section  
**MORI Takahiro**

● Laws and regulations surrounding chemical products are becoming increasingly strict for the purpose of enhancing environmental protection. Our Purchasing Department observes all laws and regulations, promotes purchase of raw materials to satisfy the environmental/quality standards and supply stability, and pursues improvement of supply chain management.



\*1: Our Corporate Principles for Environmental and Safety Practices declare that "When developing our products and technologies, we are devoted to providing safe products while paying special attention to environmental and safety matters, and to fully understanding the extent to which the product will impact the environment."



### Code of Corporate Ethics (summary)

1. Offering of useful products and achievement of customer satisfaction
2. Securing of transparency in management
3. Blocking of relationships with antisocial forces
4. Promotion of harmony in terms of environmental protection and with local communities
5. Strict management of intellectual properties and information
6. Respect of individual personality

### Declaration of Action for Executives and Employees

The Declaration of Action for Executives and Employees specifies the guidelines of basic mental attitude and daily conduct for each of said executives/employees (including employees on temporary assignment, contract employees, and temporary staff) in order to observe the standards set in the Code of Corporate Ethics. It has been handed out to all of our board members and employees in card form.

Related article: page 37

## Manufacturing



## Distribution



## Client Companies



### Promotion of Activities Based on the Environmental Protection and Safety and Health Management Regulations, Basic Philosophy, Basic Policies, and Corporate Principles for Environmental and Safety Practices

- Implementation of quality/environment meetings
- DCR activities (including activities for energy conservation and ecology promotion)
- Use of regenerated energy, response to global warming
- Promotion of recycling, waste reduction
- Chemical Substance Management Regulations
- Improvement of the production process
- DKPM Activities (TPM activities)<sup>2</sup>
- Safety/security and disaster prevention measures
- Acquisition of S-HACCP<sup>3</sup>

- Distribution safety measures
- Preparation of warming prevention through transportation
- Promotion of modal shifting
- Issue of Yellow Card
- Information transmission using JAMP (MSDS Plus)

### Promotion of Activities Based on Code of Corporate Ethics

- Offering useful products and technology
- Realization of customer satisfaction
- Disclosure of environmental impact substances inclusion information
- Publishing of the SDS website

<sup>2</sup>: For more details, refer to page 23.

<sup>3</sup>: A hygiene self-management certification system based on the concept of the hygiene management method HACCP, specific to Shiga Prefecture

### Voice!



Waterborne Polyurethanes  
R&D Team  
**NISHIMURA Ayao**

I am engaged with development of environmentally friendly waterborne urethane products. In order to pay more attention to the environment, I will make more effort in developing products with reduced impact on the environment, from raw material procurement to manufacturing, and continue to contribute to the protection of the global environment.

## Targets and Performance (DKS Group)

### Targets and Performance in FY2014

Evaluation ◎: Significant results ○: Results according to targets △: Targets remain unachieved

Target Items	Management Items	Targets in RC Activities	Performance in FY2014	Evaluation	Reference Page
Promoting energy conservation	Energy consumption per unit	1 % improved compared to FY2013	3.3 % improved compared to FY2013	◎	P19
Reducing GHG emissions	CO <sub>2</sub> *1	28 % reduction compared to FY2005 on average from FY2013 to FY2015	28.4 % reduction compared to FY2005 in FY2014	○	P19
Reducing industrial waste	Waste generation per unit	1 % improved compared to FY2013	5.8% worse compared to FY2013	△	P22
	Recycling rate	Promoting recycling	95.7 %, 6.7 points improvement compared to FY2013	◎	
	Final disposal amount	80% reduction compared to FY2000 in FY2015	84.9 % reduction compared to FY2000	◎	
	Final disposal rate*2	1 % or less in FY2015	1.2 %	△	
Reducing emissions of environmental impact substances	SOx emissions	Emission/discharge control of environmental pollutants in the air	63.5 % reduction compared to FY2013	◎	P21
	NOx emissions		72.6 % reduction compared to FY2013	◎	
	Dust		15.6 % increase compared to FY2013	△	
	Water discharge	Emission/discharge control of environmental pollutants in water	18.4 % increase compared to FY2013	△	
	COD		35.5 % reduction compared to FY2013	◎	
Proper management of chemical substances	PRTR Law-designated substances	Emission reduction of PRTR Law-designated substances	23.7 % increase compared to FY2013	△	P20
Promoting green procurement		Promoting green procurement ratio of office supplies	44.0 %, 10.8 points improvement compared to FY2013	△	—
Eliminating disasters/accidents		No occupational accidents (days away from work)	Two cases occurred	△	P23
		Eliminating severe accidents associated with production facilities	No accidents occurred	○	
Environmental management system		Promoting environmental management system	Maintained	○	P14

\*1 Derived from energy in production and management sectors. \*2 The rate of Final disposal amount to a waste amount.

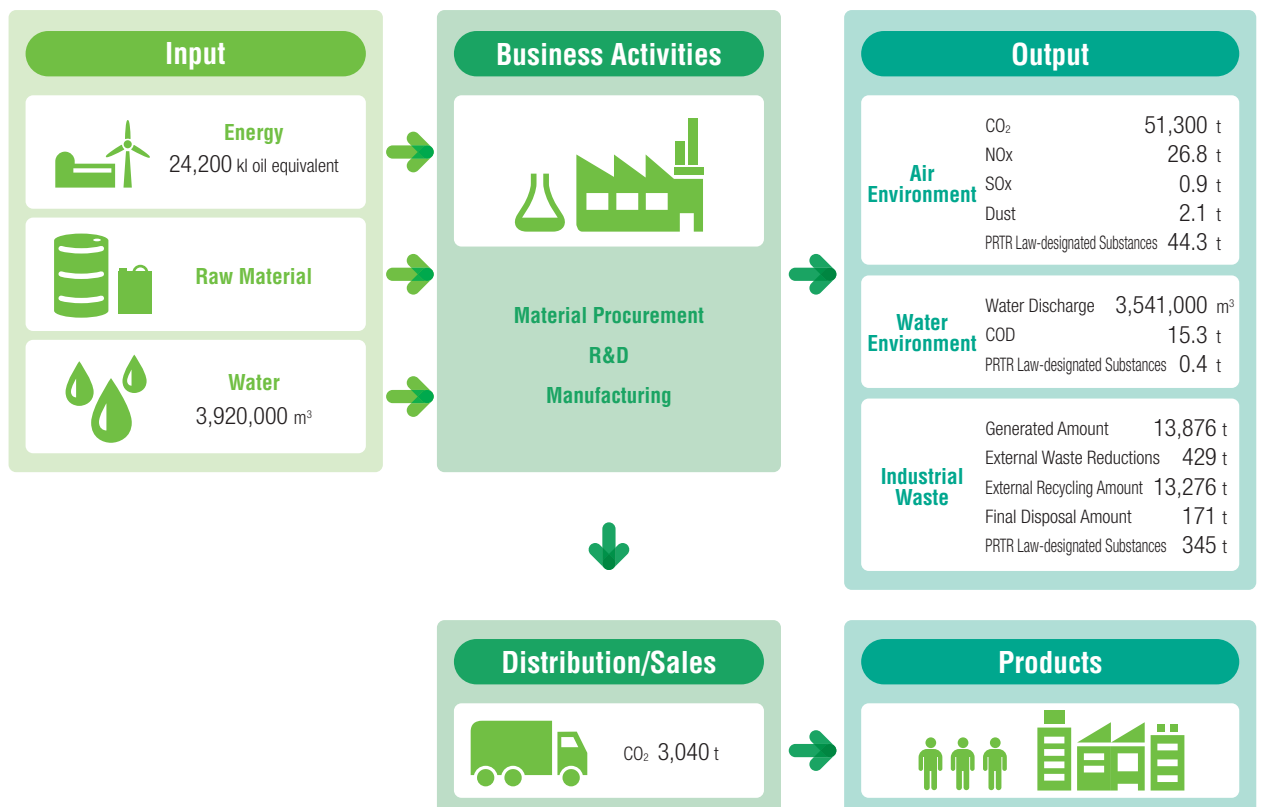
### Voice!



Industrial Materials  
Production Section  
**MAKAGOE Ryoji**

In my workplace, we take appropriate measures against locations that any pose risk by conducting the KYT (risk prediction training) and safety patrols every month, as well as promoting the creation of a safe workplace. We use signs to alert employees to locations that may pose a risk and for which we cannot take structural measures, and make efforts to ensure occupational safety.

### Environmental Impacts Based on Business Activities (Material Balance)



## » Targets and Performance in FY2015

Targets and Performance in FY2015
1 % improved compared to FY2014 <sup>1</sup>
28 % reduction compared to FY2005 on average from FY2013 to FY2015 <sup>2</sup>
1 % improved compared to FY2014
Promoting recycling
80% reduction compared to FY2000 in FY2015
1 % or less in FY2015 <sup>3</sup>
Emission/discharge control of environmental pollutants in the air
Emission/discharge control of environmental pollutants in water
Emission reduction of PRTR Law-designated substances
Promoting green procurement ratio of office supplies
No occupational accidents (days away from work)
Eliminating severe accidents associated with production facilities
Promoting environmental management system

\*1 Including the electric power consumption rate for demand leveling evaluation, which was introduced by the revised Act on the Rational Use of Energy (enforced on April 1, 2014)

\*2 Derived from energy in production and management sectors.

\*3 The rate of Final disposal amount to a waste amount.

## I Environmental Accounting (DKS Group)

In FY2014, the DKS Group's investment for environmental-related systems was spent mainly on pollution control, promotion of energy conservation, and waste recycling. Environment-related costs increased in the fields of resource recycling, spent mainly in industrial waste treatment. The

## » Observation of Environmental Laws and Regulations

We continued to maintain the environmental management system in FY2014. Our domestic production branches have acquired the ISO14001 certifications, and they evaluate observance of the corresponding environmental laws and regulations in each branch.

Our company has obtained the latest detailed information about laws and regulations. According to the results of external review by the certification organization, as with previous years we had no cases in FY2014 that deviated from the laws and regulations.

We will continue to maintain the environmental management system in FY2015, and respond to new environmental laws and regulations and related revisions.

In addition, since the ISO14001 certification is to be revised in 2015, we will take the appropriate actions alongside the implementation of the environmental internal audit.

## » Environment-related Complaints

During FY2014, we received two complaints related to noise and others. We took emergency measures and recurrence-prevention measures in each case.

## » Investment and Costs of Environmental Protection Activities

Category	Main Activity	Investment (yen in millions)	Costs (yen in millions)
Costs within the plant premises	Pollution prevention Air pollution prevention, water pollution prevention	9.3	184.8
	Global environment protection Energy conservation	1.7	134.9
	Resource recycling Resource saving, waste treatment/disposal	0.1	299.3
	Upstream/downstream cost	Lowering environmental impact in containers/packaging	0.0
Management activity cost	ISO acquisition/completing surveillance audit, greening each plant	0.2	52.6
R&D cost	Environmentally-conscious R&D	0.0	439.2
Social activity cost	Providing support grants for environmental protection to environmental protection groups or local communities	0.2	5.3
Environmental damage cost		0.0	0.0
<b>Total</b>		<b>11.5</b>	<b>1,117.0</b>

## » Economic Effects Generated by Environmental Protection Measures

Items	Activity	Economic Effects (yen in millions)
Profit on sale of valuable resources	Profit on sale of metal scrap, waste oil, and waste alkali, etc.	12.5
Amount of cost savings through energy conservation	Amount of cost savings in electric power and fuels	25.9
Amount of cost savings through resource saving	Amount of cost savings through reduction of water use /waste	4.8
<b>Total</b>		<b>43.2</b>

### Voice!



Maintenance Section  
**HIDAKA Toru**

Approaches to energy conservation have been promoted within the Energy Environment Committee. For example, we regularly inspect each type of stream systems and V-belts. We also educate our workers on Energy Conservation Law and energy conservation methods we can easily practice in daily life.

## Promotion to Reduce Environmental Impact | Global Warming Prevention (Energy Conservation)

### » Targets and Performance in FY2014

Evaluation ○: Significant results ○: Results according to targets △: Targets remain unachieved

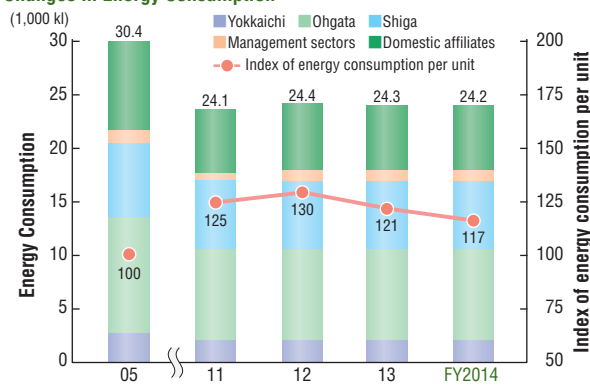
Target Items	Management Items	Targets in RC Activities	Performance in FY2014	Evaluation
Promoting energy conservation	Energy consumption per unit	1 % improved compared to FY2013	3.3 % improved compared to FY2013	○
Reducing GHG emissions	CO <sub>2</sub>	28 % reduction compared to FY2005 on average from FY2013 to FY2015	28.4 % reduction compared to FY2005 in FY2014	○

### Reduce Emissions of Energy Consumption and CO<sub>2</sub> Emissions

The DKS Group makes an approach to energy conservation by setting "a 1% improvement at the annual rate of the energy consumption per unit" as our activity target. In FY2014, we recorded 24,200 kl of energy consumption, which resulted in a 0.3% reduction compared to the previous year, and 3.3% improvement of the energy consumption per unit, which means we achieved our annual target. The major factor lied in reduced energy consumption despite of increased production volume (3.1% more). We also recorded 51,300 tons of carbon dioxide emissions in FY2014 (1.4%

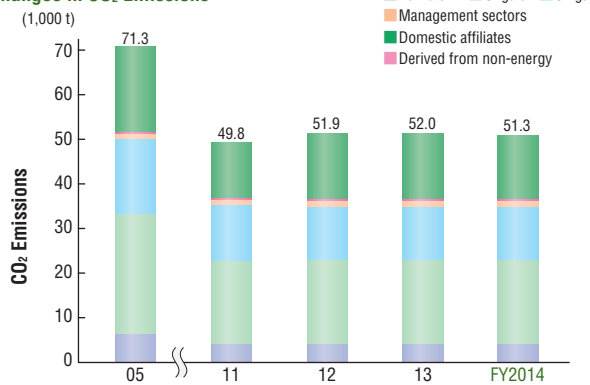
reduction compared to the previous year). It became a 28.4% reduction compared to FY2005, which achieved our target in a single year, concerning the medium-term target of 28% reduction compared to FY2005 by an average of the period from FY2013 to FY2015. We recorded the approximate results according to our plan, but continue to make further approaches to improving energy efficiency, and pursue achievement of the medium-term target.

#### Changes in Energy Consumption



\* Index of energy consumption per unit (2005=100).  
\* Domestic affiliates, including Yokkaichi Chemical Company Limited, KYOTO ELEX CO., LTD. and DAI-ICHI CERAMO Co., Ltd.

#### Changes in CO<sub>2</sub> Emissions



\* Carbon dioxide emissions in management sectors include fuels for company cars.

### Efforts to Power Saving

We continued to make efforts on power saving (peak shaving) in FY2014, in order to take measures against power shortages due to the operation stoppage of the nuclear power plants. As for approaches for the entire company in general during the "Cool Biz" campaign period (May to October), we rigorously enforced suppression of the set temperature of air-conditioning equipment, reduced the use of excessive lighting, and turned off lights during times of day in which they were not needed. At our Kyoto Central Branch (Head Office/Laboratory), we have installed external air inhalation switches in some air-conditioner units in the research building to improve air-conditioning efficiency, and implemented a demand

control system to reduce peak power usage. Furthermore, we made efforts to encourage nighttime operation of drying machines. At our Shiga Branch, we took measures to decrease receiving power by generating more electrical energy with the cogeneration system. At our Ohgata Branch, we promoted stable power supply by operating and controlling the "biogas generator" introduced in 2014.

Our future issue is how we can achieve a good balance between further power saving and stable production as well as safety operation. We intend to examine energy-conserving facilities when we introduce new facilities from FY2015.

### Efforts in Logistic Sectors

We transport our products by truck, rail, and ship, and have been working to reduce impacts on the environment as a specified shipper under the Energy Conservation Law. The freight volume in FY2014 was the same as in FY2013, but we recorded a 0.9% decrease in energy consumption, 0.7% reduction of GHG emissions, and 0.8% improvement of the energy consumption per unit, by promoting modal shifting. We will continue to move forward with our activities to achieve a 1% improvement in the energy consumption per unit compared to the previous fiscal year, by considering further promotion of modal shifting and increased loading rate as issues that could influence air pollution and waste discharge as well.

### Environmental Impact to be Reported as a Specified Consigner

Items	FY2014	Comparison to the Previous Year
Freight Volume	31,437,000 ton-km	±0.0 %
Energy Consumption Amount	44,967 GJ	-0.9 %
Energy Consumption per Unit	1.430 GJ/1000 ton-km	-0.8 %
CO <sub>2</sub> Emissions	3,040 t-CO <sub>2</sub>	-0.7 %

\* Calculated using the Improved Ton-Kilometer method, excluding the Yokkaichi Chemical Co., Ltd.

#### Voice!



Maintenance Section  
HATAYAMA Shinichiro

At our Shiga Branch, as activities for environmental impact measures, we have reviewed specifications, and selected instruments with a high energy efficiency when updating our facilities. Recently more and more energy conserving instruments are being developed, and I always keep myself available to collect necessary information.

# Efforts to Reduce Emissions of Chemical Substances

## » Targets and Performance in FY2014

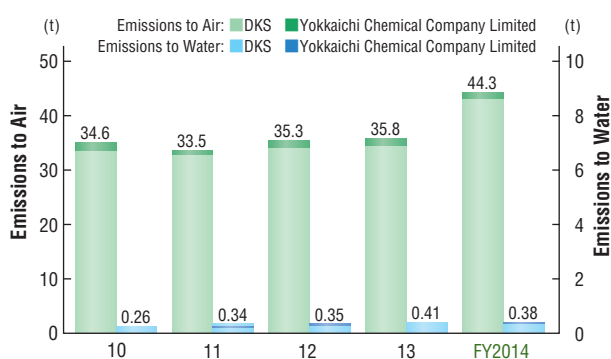
Evaluation ○: Significant results ○: Results according to targets △: Targets remain unachieved

Target Items	Management Items	Targets in RC Activities	Performance in FY 2014	Evaluation
Proper management of chemical substances	PRTR Law-designated substances	Emission reduction of PRTR Law-designated substances	23.7% increase compared to the previous year	△

## Reduce Emissions of PRTR Law-designated Substances

The DKS Group had a total of 63 notification substances under the PRTR Law in FY2014. The total amount of emissions was 44.7 tons, which resulted in a 8.5 tons increase compared to the previous year. The breakdown was 44.3 tons to air, 0.38 tons to water, and none to land. The amount of waste transfer recorded was 345.2 tons, which ended up being a 0.3 ton reduction compared to the previous year (0.1% less) due to an increase in production amounts and changes of variety configuration, despite the use of recycled solvents, etc. Through changes in production techniques, improvement of production processes and the introduction of recovery equipment, we will continue making efforts to reduce the emissions/discharge of PRTR substances into the environment.

### Changes in Emissions



\* The numerical values show the total amount for the DKS Group and the Yokkaichi Chemical Company Limited.

\* For the emission amount of notification substances under the PRTR Law in FY2014 (among all notification coverage substances, those of which the emission or transfer amount was 0.01 tons or more), please visit our webpage.  
<http://www.dks-web.jp/download/rc.html>

# Chemical Substance Management

DKS sets forth the "Chemical Substance Management Regulation" with the aim of global environment protection, accident prevention, occupational safety, health assurance, as well as product safety. Based on this regulation, we promote "proper management of chemical substances over the product life cycle." We have been making control regulations related to the understanding of chemical substances in use as well as their amount,

substitute/reduction of harmful chemical substances, improvement of ambient environments, and control of chemical substances contained in products (Green procurement). We categorize our chemical substances into three classes based on domestic and international laws, global agreements, and requests from customers, and we define the control descriptions for each class.

## » Class and Description Related to Chemical Substances Management

Class	Description
Class A Substances to be prohibited	Chemical substances prohibited to use on products
Class B Substances to be reduced	Chemical substances for which complete abolishment would be preferable from an environmental aspect, and those for which the formula contained in products needs to be changed.
Class C Substances to be controlled	Chemical substances for which the amount in emissions or transfer needs to be reduced, those that need to be recycled, and those for which the above substances in Class A and Class B are excluded.

## TOPICS

Our Ohgata Branch was commended by the Niigata Prefecture Environmental Protection Joint Association in 2014 for being an excellent branch in regards to environmental protection. Our environmental protection activities that all our employees have been working on together up to now have been appropriately appreciated. We continue to work on reduction of environmental impact by promoting energy conservation, and the 3R (Reduce, Reuse, Recycle) activities for industrial waste.



### Voice!



Plant Administration Section  
**ANODA Kanemitsu**

3R is a principle aiming at the formation of a Material-Cycle society. We are engaged in separate collection and sampling for using as regenerated fuel. We have also implemented all inspections by waste disposal contractors in order to fully enforce proper treatment of industrial waste and recycling.

## Reducing Emissions of Environmental Impact Substances

### Targets and Performance in FY2014

Evaluation ○: Significant results ○: Results according to targets △: Targets remain unachieved

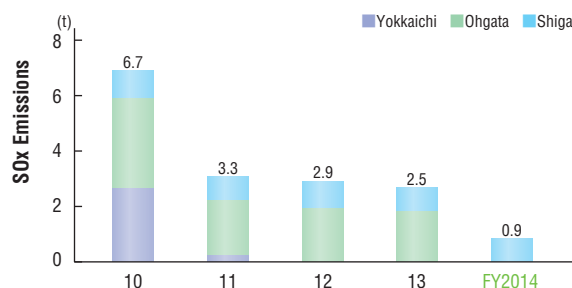
Target Items	Management Items	Targets in RC Activities	Performance in FY2014	Evaluation
Reducing emissions of environmental impact substances	SOx emissions	Emission/discharge control of environmental pollutants in the air	63.5% reduction compared to the previous year	○
	NOx emissions		72.6% reduction compared to the previous year	○
	Dust		15.6% increase compared to the previous year	△
	Water discharge	Emission/discharge control of environmental pollutants in water	18.4% increase compared to the previous year	△
COD	35.5% reduction compared to the previous year		○	

### Air Pollution Prevention

Related to reduction of air-pollutant emissions in FY2014, we significantly achieved a 63.5% reduction of SOx emissions, and a 72.6% reduction of NOx emissions compared to the previous year through energy conversion to natural gas from heavy oil for the fuel used in some facilities at our Ohgata Branch. On the other hand, we recorded a 15.6% increase in dust emissions. We will push forward further improvement of facilities with the aim of increased energy efficiency, and consideration of operation methods in the future. Note that the Yokkaichi Chemical Company does not have any facilities related to SOx, NOx, and dust generation.

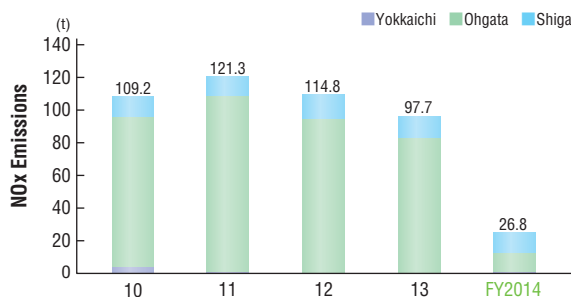
#### Changes in SOx Emissions

to previous year **-63.5%** Reduction



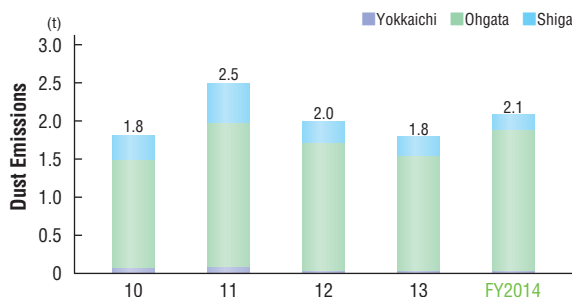
#### Changes in NOx Emissions

to previous year **-72.6%** Reduction



#### Changes in Dust Emissions

to previous year **+15.6%** Increase



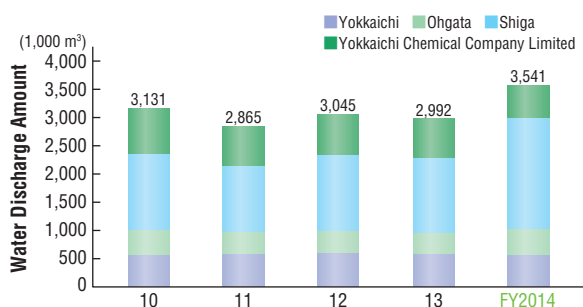
### Water Pollution Prevention

In FY2014, the DKS Group recorded 3,541,000 m<sup>3</sup> in the amount of water discharge, which resulted in a 18.4% increase compared to the previous year. On the other hand, we recorded 15.3 tons of COD emissions, which is a 35.5% reduction compared to the previous year through improved effluent

treatment facilities, etc. We will continue to make efforts to reduce the water and COD discharge amount by optimizing the operation method in our production processes and effluent treatment facilities, as well as reviewing the cleaning methods of production facilities.

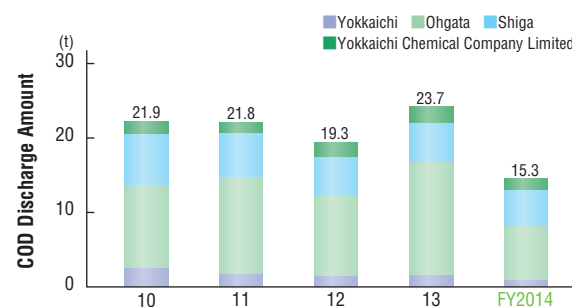
#### Changes in Water Discharge Amount

to previous year **+18.4%** Increase



#### Changes in COD Discharge Amount

to previous year **-35.5%** Reduction



#### Voice!



Waterborne Polyurethanes  
Production Section  
**MIYANAGA Hiroyuki**

In order to diminish load on wastewater treatment, and reduce waste, I am thinking of whether there is any operation in which processes can be improved so as to decrease product loss, even if only slightly. I am pursuing an effective measure that could result in both environmentally friendly activities and cost reduction at the same time.

# Efforts to Reduce Industrial Waste

## Targets and Performance in FY2014

Evaluation ○: Significant results ○: Results according to targets △: Targets remain unachieved

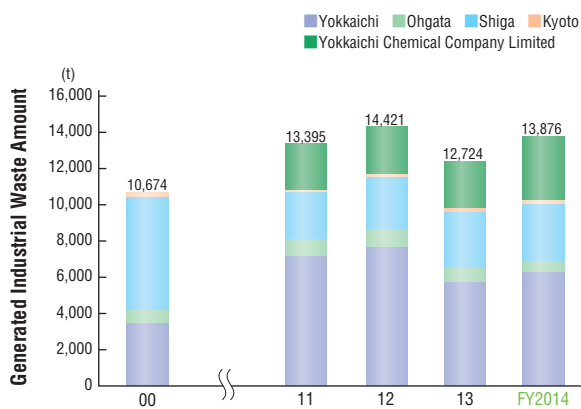
Target Items	Management Items	Targets in RC Activities	Performance in FY2014	Evaluation
Reducing industrial waste	Waste generation per unit	1 % improved compared to FY2013	5.8% worse compared to the previous year	△
	Recycling rate	Promoting recycling	95.7%, 6.7 points improvement compared to the previous year	○
	Final disposal amount	80% reduction compared to FY2000 in FY2015	84.9 % reduction compared to FY2000	○
	Final disposal rate	1 % or less in FY2015	1.2 %	△

## Reduction in Generated Industrial Waste Amount

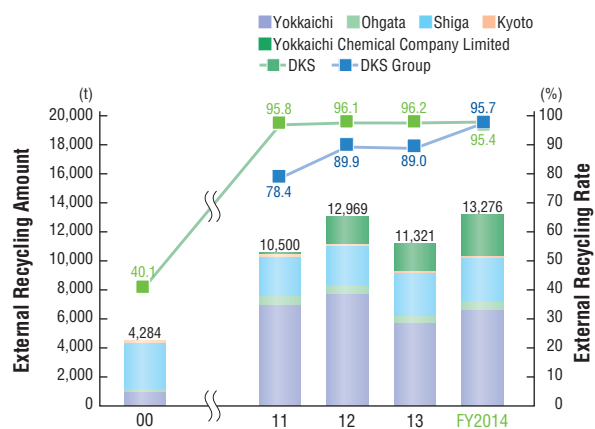
The amount of waste generation in FY2014 recorded was 13,876 tons for the DKS Group, which was a 1,153 tons increase compared to the previous year (9.1% more). The waste generation per unit result was 5.8% worse than the previous year, though our target is a 1% improvement at the annual rate, because the waste increase (9.1% more) exceeded the production volume increase (3.1% more). Our company has all industrial waste disposed of externally. The external recycling rate resulted in 95.7%, which is a 6.7 points improvement compared to the previous year, and achieved the annual target of improving the recycling rate. The final

disposal amount resulted in a 84.9% reduction compared to FY2000 due to the reduction of 136 tons from the previous year (171 tons), which achieved our medium-term target of a 80% reduction in 2015 compared to FY2000, one year earlier. In addition, the final disposal rate to the generated industrial waste amount was 1.2%. To achieve the target of the final disposal rate of 1% or less as in FY2015, each branch is making efforts to improve our production processes and reviewing our treatment measures. Our group continues to push forward the 3R (Reduce, Recycle, Reuse) activities, and to promote effective use of resources.

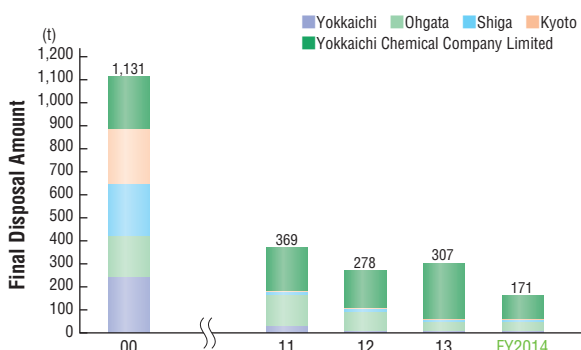
### Changes in Generated Industrial Waste Amount



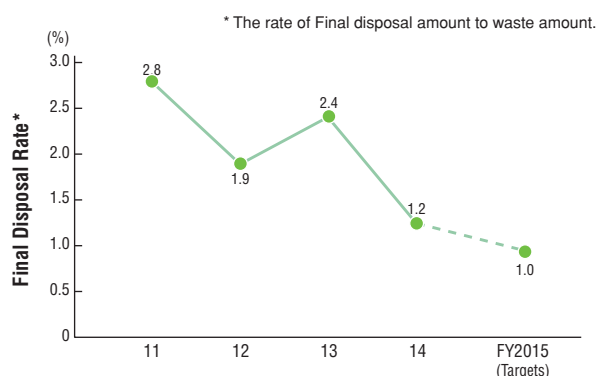
### Changes in External Recycling Amount & External Recycling Rate



### Changes in Final Disposal Amount



### Changes in Final Disposal Rate



## Voice!



Yokkaichi Chemical Co., Ltd.  
**SAEIKI Nobuyuki**

Since a lot of different products are manufactured in small lots in our workplace, the manufacturing facilities need to be cleaned many times and this results in larger amount of wastewater generation. In FY2014, we reviewed the cleaning condition and successfully reduced almost 30% of wastewater.

## Safety Securement and Disaster Prevention

In order to ensure safety and reassurance for the employees and the residents in the surrounding areas, we have made efforts to continuously enhance safety measures with comfortable working environments and independent security management systems.

### Efforts in Occupational Safety

#### » Continuous Improvement through the Occupational Safety System

We recognize that ensuring safety and reassurance is the foundation for effective management and plays a fundamental role in all business activities. Specifically, taking safety first and the respect of human life and dignity as our basis, we have been making efforts to eradicate the potential for and occurrence of accidents. Furthermore, in order to ensure a safe and comfortable working environment, we have been promoting the DKPM Activities\*.

Regrettably, in FY2014, we had two "days away from work" cases and, therefore, failed to continue our company's No Accident Record streak. For accidents that occurred, after analyzing the causes of the accidents and

taking corrective action, we try to laterally disseminate the findings and solutions throughout all sectors and departments to prevent similar cases from occurring again.

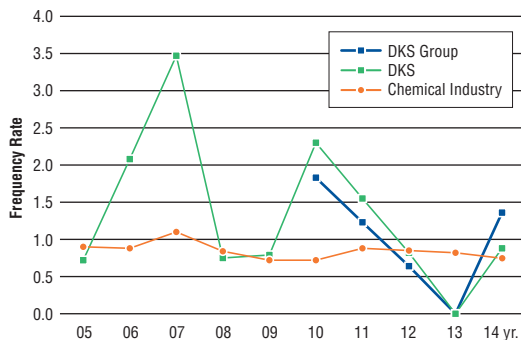
In addition, we have fulfilled implementation of preventative measures and safety patrols by the managers concerned in order to pick up unsafe locations, unsafe working operations, and actions that may exist. We will continue to conduct further activities related to hazard prediction training (KYT), pointing and calling, risk assessment, and experience-based safety education for risks, and aim for the actualization of zero accidents.

\* DKPM Activities: Abbreviation of DKS Productive Maintenance. They are activities based on the 5S (Seiri, Seiton, Seisou, Seiketsu, and Shitsuke) in order to strengthen the corporate culture and build a foundation for control and improvement.

#### » Industrial Accident Frequency Rate (AFR) & Industrial Accident Severity Rate (ASR) (From January 1 to December 31, 2014)

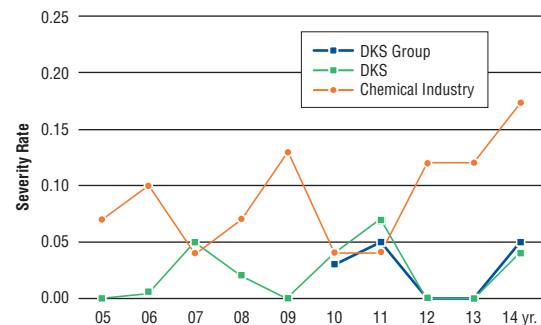
The industrial accident frequency rate (days away from work) of the DKS Group tended to decline from FY2010, but regrettably, it increased in FY2014 because we had two "days away from work" cases. In FY2015, we continue to make renewed efforts to enhance our conventional safety activities in order to achieve the industrial accident frequency rate of zero.

##### Changes in Industrial Accident Frequency Rate (Days Away from Work)



\* Frequency Rate = ("Days Away from Work" Accident)/(Man Hours) x 1,000,000  
This is a numerical value representing the degree of frequency of victim occurrence per 1 million hours.

##### Changes in Industrial Accident Severity Rate



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

#### » Promotion of the DKPM Activities

Our DKPM Activities started in April 2012, and we have already reached their third year. Our activity area has been expanding, and at present covers 10 branches including our affiliates. Our major activity places are documents in cabinets, and personal desks of the offices, laboratory tables of the research department, and reaction tanks including the surrounding areas in the fields of the plants.

As for the results of DKPM Activities, our executives execute a top diagnosis quarterly and judge whether to accept it or not. Each branch also posts the activity progress on bulletin boards to help promote our activities.

In the future, we will attempt to widely develop our activities to new areas, as well as to continue to develop places commonly used.



Patrol in Yokkaichi Branch



Patrol in Shiga Branch



Top Diagnosis Presentation in Kyoto Branch

### Voice!



Plant Administration Section  
YAMAMOTO Yoshiya

We have newly introduced emergency generators on the rooftop of the administration building as a disaster prevention measure. If a Nankai Trough earthquake should occur, flooding of up to 1 to 2 meters of water is expected at our Yokkaichi Branch. Since flooding and other damage due to localized torrential rainfall is increasing as well, we have enhanced our disaster prevention system by introducing more generators.



## » Implementation of Experience-based Safety Education

In order to prevent occupational accidents and raise safety awareness, we have introduced experience-based safety education to give participants the opportunity to sense the danger of accidents through pseudo experiences since 2010. In FY2014, we introduced experience-based safety education in the new employee training and production department training, and conducted exercises using pseudo experience devices to generate dust/solvent explosion, the incident of getting caught in rotary valves, and pipe pressure. Through these exercises, we had everyone think about various potential risks.

After the training, we received such comments from participants as: "I found it very important to always check safety because a small mistake could cause a large accident in the manufacturing field," and "the training made me aware of possibilities I had not paid much attention to before, and it was a good lesson for me." We reconfirmed this education gave us a very effective experience for preventive measures against accidents. We plan to continue education on the importance of safety knowledge and stable operation through education and training to raise safety awareness among individuals.

## Efforts on Distribution Safety

Currently, we are outsourcing our logistics business related to storage and transport of our products to external freight companies. Under the spirit of Responsible Care, the entire Logistics Department is working as one with cooperating outsource companies to secure safety of transport and environmental protection as well as guaranteeing quality transport service to our customers.

As part of such approach, we periodically perform conference activities with the aim of eliminating transportation accidents. Through these activities, we not only provide thorough instruction in legal compliance by

ourselves, but also provide proper education and instruction for our logistics partners, based on "ensuring transport safety," "maintenance of transport order," "traffic accident prevention," and "transport pollution prevention such as with exhaust gas."

In addition, we have issued the Yellow Card to truck and tanker truck drivers who transport products in order that they can take appropriate measures at the time of emergency, and have developed a label-type Container Yellow Card system by indicating the Emergency Response Guidebook (ERG) number and UN number on the product labels.

\* Yellow Card: Common name for the Emergency Response Card on transportation of toxic and hazardous materials.

## Efforts on Process Safety and Disaster Prevention

### » Preparation for Emergency (Implementation of Various Emergency Drills)

In response to large-scale fire/explosion accidents that recently occurred in domestic chemical industries, we have organized not only safety operation manuals to be used during steady operation, but also emergency stop manuals to be used at emergency stop and restarts in plants during unsteady operation (such as during an earthquake, fire, power outage, leakage, or significant load variation) since FY2013, and prepared for an emergency situation. In addition, we have established the process safety and disaster prevention system for each branch. We

conduct emergency drills according to the annual program, and also collaborate with local communities by organizing joint emergency drills with the cooperation of local fire departments.

In order to prevent accidents and disasters inherent in chemical manufacturers from occurring, we intend to take measures based on the risk assessment of hazardous properties, such as the potential hazards, and continue to make efforts to prevent disasters, such as fire and/or explosions.



Kyoto Branch



Shiga Branch



Yokkaichi Branch



Ohgata Branch

### » Funding for Process Safety and Disaster Prevention Measures

The FY2014 funding for our process safety and disaster prevention measures was 142.9 million yen. This funding was mainly allocated to explosion, fire, and leak prevention measures; mitigation measures for aging facilities; and occupational safety and working environment improvement measures.

### Voice!



Plant Administration Section  
**HATA Kousuke**

I am responsible for work related to fire prevention, safety, and health. I am putting more efforts into pointing and calling in my daily work. I think that pointing and calling is an easy (KY (risk prediction) activity for everyone to perform, and it will help suppress generation of occupational accidents as well.

## Relations with Our Customers & Business Partners

### Efforts on Quality Assurance

#### Basic Concept of Quality Assurance

Our company established the Quality Assurance Management Regulations in 1995, and has continued to make efforts to develop and offer high quality products and to realize our customer satisfaction to the maximum extent according to the basic concept of the quality assurance.

- 1 We establish the quality-related management standards that cover the whole of the processes, from product planning to customer service through design/development, manufacturing, and sales. Through appropriate operations of such standards, we will strive to provide high quality products with that are very safe and reliable, maintain and improve product quality, and assure that product quality for customers.
- 2 In order to effectively function with quality assurance throughout the entire company, we will establish the quality management system, and maintain it.
- 3 All our employees need to observe this basic concept of quality assurance, and carry out tasks according to the Quality Assurance Management Regulations.

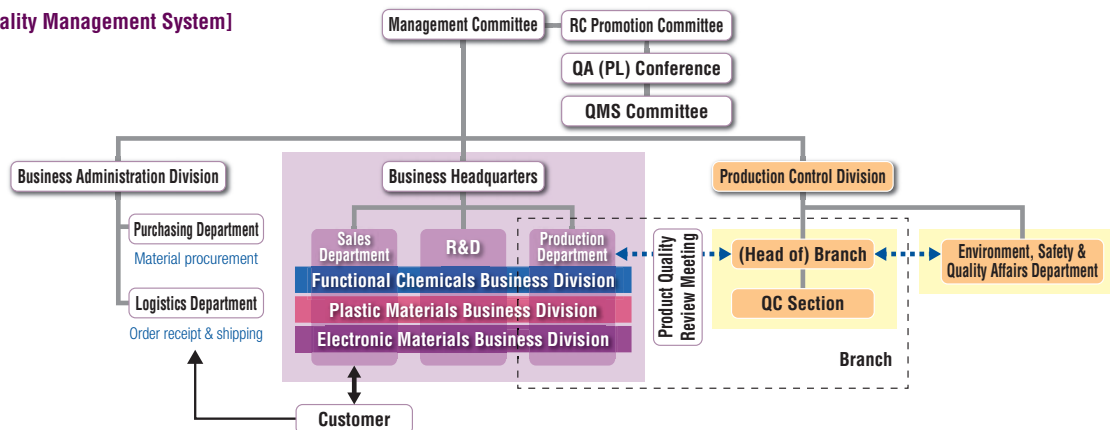
#### Quality Policy



#### Quality Management System

We are committed to enhancing quality management activities by utilizing the certification of ISO9001, a quality management system standard, as a basic tool for company-wide quality management. In order to realize customer satisfaction, we periodically implement various activities with this system, mainly including management review, product quality review meetings, product quality audit, corrective measures and recurrence prevention against complaints/defects using a database, clarification of the root cause using our analyzing method ("Naze-naze analysis"), execution of quality patrols, modification control, quality education, and awareness activities (collection of quality slogans/publication of newsletters). We have continuously improved this quality management system by executing a PDCA cycle.

#### [Quality Management System]



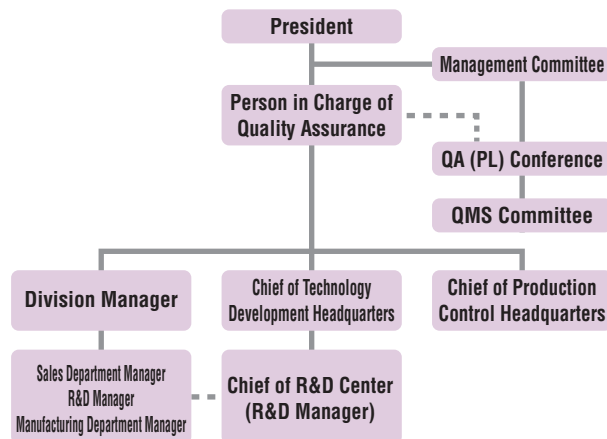
#### Product Liability (PL) Policy

In order to prevent reoccurrence of accidents such as those that resulted in injury and property damage in 1994 due to product deficiency, we have established our Product Liability (PL) Prevention & Management Procedures, and built the PL Accidents Prevention System under our fundamental policy, which is to secure the maximized product safety over the whole of the

#### Quality Assurance (QA) System

We promote quality assurance activities through the collaboration of each department over the whole of the processes, from product planning to customer service through design/development, manufacturing, and sales, while keeping the "Customer First," which is one of our management principles, in mind. Persons in charge of our quality assurance activities raise problems on quality assurance and develop solutions for these problems, and each department implements assignments on quality assurance.

#### [Quality Assurance (QA) System]



processes consisting of R&D, manufacturing, and consumption, as well as the final disposal, and to develop, manufacture, and sell products with higher safety and reliability, and to offer customer services for them. There were no accidents resulting from product liability in FY2014. We will continue to enhance product safety accident prevention.

#### Voice!



Quality Control Section  
MURATSUBAMI Yasutaka

At our Shiga Branch, we manufacture food additives as well. In response to recent food contamination issues, a higher level of management on food safety has been demanded by customers. We are all making a concerted effort to fully respond to our customers' demands.

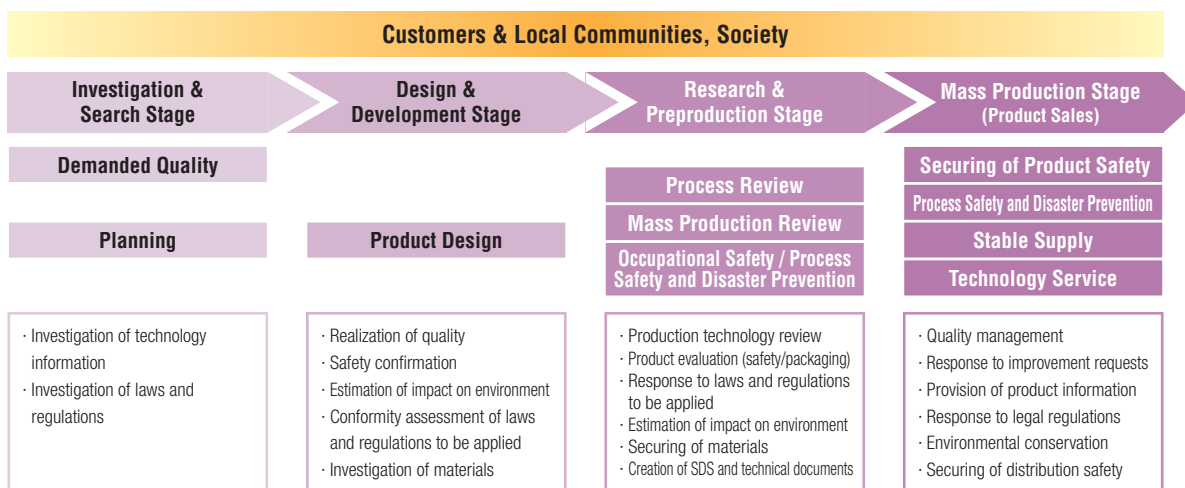
## Product Safety (chemical substance management based on design development)

In our product development, we not only develop products with the aim of realizing the quality demanded by customers, but also evaluate chemical substances from various aspects, such as by obtaining material information at the design/development stage, confirming safety, estimating impact on environment, and making conformity assessment of the laws and

regulations to be applied.

At the preproduction/mass production stage, we clarify information about chemical substances, and implement appropriate management in response to laws and regulations, environmental conservation, process safety and disaster prevention, and occupational safety.

### [Product Safety Mechanism]



### » Provision of Product Information

We provide product information as an opportunity for customers to better understand our products, and make efforts to increase customer satisfaction.

We always respond to requests and inquiries from our customers quickly and adequately in good faith. For the purpose of introducing our existing products and/or new products, we strive to promote close communication with customers and business partners through our everyday business negotiations, and send out our product information using brochures and technical documents.

In addition, we use the safety data sheets (SDS) to provide such information as on the corresponding product properties, laws and regulations to be applied, transportation, handling methods and emergency measures, and disposal methods. We sequentially update our SDS and label indications according to the revisions of the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., the Industrial Safety and Health Law, the Law concerning Pollutant Release and Transfer Register / PRTR Law, the Poisonous and Deleterious Substances Control Act, and the Japanese Industrial Standards (JIS).



Product Brochures

### » Response to Complaints and Quality Defects

Since we position non-conformity related to quality (complaints/defects) as an important issue for the securing of quality, we confirm any description of non-conformity, determine the cause, and verify corrective action as well as its effectiveness, based on our quality manual. In addition, we attempt to handle product complaints we have received quickly and in good faith, and to laterally disseminate them through unified management and sharing of information in order to prevent any recurrence, and therefore prevent the

need for any further complaints.

We share quality complaints and defect information through the network, and conduct progress management while setting the goals necessary to reduce the number of said complaints and defects. In FY2014, we worked on eradication of human errors by setting up a product quality review meeting and achieved positive results. We will move to further improve product quality.

### » Partnership with Our Dealers

We are conducting sales activities with the cooperation of distributors by searching the needs and seeds based on the trustful relations built between our company and business partners.

We are also strengthening the sales of solutions by expanding our pipes with Zenkoku Ichi-Ko Kai (DKS National Dealers Meeting) agencies composed of main sales agents and distributors, which has resulted in our sales expansion in Japan and overseas.

We conducted communication activities for information exchange, including the Zenkoku Ichi-Ko Kai meeting in FY2014, as in the past. In FY2015, we will continue to promote mutual prosperity based on our trusting relationship with distributors.



Zenkoku Ichi-Ko Kai (DKS National Dealers Meeting)

### Voice!



Quality Control Section  
MAITO Noriaki

I always keep in mind to respond to complaints in consideration of customers' points of view. For example, if a customer finds that defective packaging has resulted in leakage when her or she receives our product, a customer's plant might have to stop operation. I focus on "Quality First" as our company credo and strive to prevent the need for any complaints by customers.

## Relations with Society & Local Communities

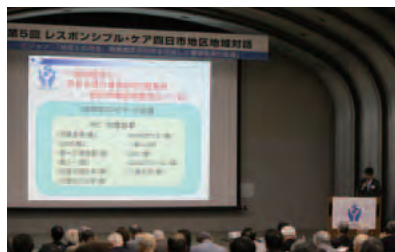
DKS aims to be a trusted company by promoting fair and free competition, conducting healthy business activities without ties to antisocial groups, and through attempts to coexist with local communities.

As part of information disclosure and communication with local people in the neighborhood, we create opportunities to explain our activities to those in the neighborhood community association concerning environmental

protection and safety measures at our branches, our business activity descriptions, and our approaches to administration. We also make use of this opportunity to listen to their opinions and proposals about risks associated with the chemical plant, as well as engaging in information exchange. In addition, we implement joint activities with local committees.

### » RC Yokkaichi District Local Communication Meeting (at Yokkaichi University)

In February, 2015, the Fifth RC Yokkaichi District Local Communication Meeting was held, and we had 221 participants from the 11 member companies, community associations, related administrative agencies, industrial organizations, and neighborhood companies. On behalf of member companies, our company explained the aggregate data concerning air, water quality, and waste that we have reported to the Japan Chemical Industry Association, and our approaches to reduction of any environmental impact.



RC Yokkaichi District Local Communication Meeting

### » Acceptance of "Real scope in Gokasho"

We accepted the offer of "Real scope in Gokasho" from the Higashiomi commerce and industry association and Higashiomi tourism association, which was an overall inspection tour of 14 facilities in our Shiga Branch, and held the plant inspection tour in November, 2014. We had participants inspect our manufacturing sites after introduction of our branch, and received satisfactory evaluations from them.



Plant Inspection Tour (Shiga Branch)

### » Implementation of Lecture Delivery for Local Communities/Elementary and Junior High School Students

Using our strength as a chemical company, we have made efforts through educational support activities and a desire to contribute to youth development, as it is these youths that will take on important responsibilities in future society, and due to the circumstances that young people have become less and less interested in science and chemistry. We give lectures for elementary and junior high school students with the intention of making opportunities for them to take interest in the fun that chemistry has to offer, and environmental issues as well. With the theme of our familiar chemical products, we encouraged each student to make an interesting experiment using detergent, and to understand why detergent can remove dirt while

experiencing the fundamental effects of surfactants, allowing them at the same time to think of the importance of water.

In FY2014, we gave lectures in four schools in Kyoto city, Yokkaichi city, and Joetsu city, and participated in an event titled "Jikkan Science (Realize the power of science)" at the Yokkaichi children's scientific workshops (organized by the city's Board of Education), as well. We practice the class in an easy to understand way for people to enjoy studying their familiar chemical products, using our know-how and experience accumulated through our business. We will gear lecture contents according to the knowledge level of each grade for further fulfillment.



Lecture Delivery (Joetsu City)



Lecture Delivery (Yokkaichi City)



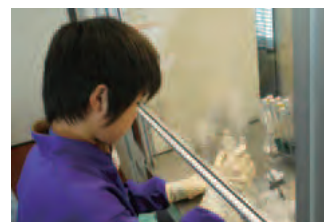
Yokkaichi Children's Scientific Workshops

### » Implementation of Internship & Learning through Work

We have accepted students for internships over the years for the purpose of offering them work experience, with the participants being mainly technical college students. We have students actually experience working at our research laboratory and branches for a week during their summer holidays. We keep it in mind to create programs for interns to not only just understand our business operations and services, but also to realize "the meaning of work" during this short period.

We believe that accepting students for internships will help them to expand their occupational awareness and improve development of their future attitude to work, and it will help us promote collaboration with their schools

as well. We actively promoted the acceptance of students in FY2014, and had five participants (one participant in FY2013). We will continue to use the internship system to help promote our company among students and their schools.



Workplace Experience (Shiga Branch)

#### Voice!



Plant Administration Section  
FUJIMURA Atsushi

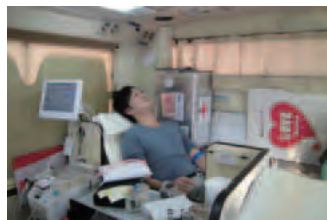
We have started delivering lectures at our Ohgata Branch. When I saw students in Ohgata-cho elementary school enjoy trying to make various interesting experiments and create hand soap, I confirmed I would like to keep working on this activity.

## » Social Contribution and Continuous Participation in Community Events

As for our contribution in local communities and society in general, we promote cleanup activities around our branches as well as promoting blood donation. Also, at our Kyoto Branch, we promote production of local ingredients for local consumption with the cooperation of a staff restaurant operating company. We also actively participate in community events. Our Yokkaichi Branch joins the Yokkaichi city cutter race tournament every year.



Cleanup of the Surrounding Roads  
(Kyoto Branch)



Cooperation in Blood Donation  
(Yokkaichi Branch)



Participation in the Yokkaichi City Cutter  
Race Tournament (Yokkaichi Branch)

## | Relations with Our Shareholders & Investors

### » Enhancement of Shareholder Meeting

We regard the shareholder meeting as an important opportunity to foster communications between shareholders and management. 88 shareholders attended the annual shareholder meeting in June, 2014. After the meeting, Chairman, Mr. Sakamoto, had the briefing session titled "Heaven, earth, and man at the beginning of a new era – from Kyoto to the world, and to the future –," followed by a shareholders get-together with top management. We had meaningful exchanges of opinions with our shareholders in a relaxed and friendly atmosphere.

### » Implementation of Questionnaires to our Shareholders

From June to July, 2014, we first gave questionnaires to our shareholders in order to provide an opportunity to hear various opinions from them. As a reason for purchasing our stocks, we found "growth" to be among the highest of their answers in terms of ratio, and received a lot of comments on expectations for our new business, such as using cellulose nano-fiber, as well as for our new Yokkaichi Kasumi Plant.

As for future investment policy, we found "continued shareholding" to be in the highest ratio. We will continue to move forward with the growth during mid- and long terms in respond to expectations from our shareholders.

### » Timely and Appropriate Information Disclosure and Tools

Based on fair and timely disclosure to our investors, we disclose information using the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange and mass media (such as Japan National Press Club).

Our website provides IR information such as earnings summaries, shareholder letters, securities report as well as notice of calling of shareholder meetings, corporate information and press releases.

### » Implementation of Public Stock Offerings

In November, 2014, which was the final fiscal year of "Change 100 Plan" Stage II, we passed the resolution to issue and offer new stocks. Our public stock offerings this time were made for the purpose of improvement and enhancement of our finance character in addition to funding for construction of our new Yokkaichi Kasumi Plant along with the research function as a



Shareholder Meeting



Our Company's Website  
<http://www.dks-web.jp/>



Shareholder Letters

### Voice!



Legal Department  
**IPPONGI Yusaku**

I am engaged with the operation of the shareholder meeting. I would like to effectively utilize the precious opinions from shareholder on the questionnaires to improve the shareholder meeting operation, and to enhance stock measures. I will continue to devote myself to my tasks so that our shareholders would like to continue holding our company stocks and to participate in the next shareholder meeting as well.

mother plant, and for growth of strategic investment. We will continue to bring the facility investment necessary for our business expansion into view, and to aim at a further leap by securing long-term stable funds and attempting to strengthen our capital stock.

## Relations with Our Employees

### Human Resource Philosophy/Human Resource Development Policies

DKS 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 by putting our belief into practice the growth of each individual employee will support the growth of our company and will allow our employees to be active, to grow, and to realize their potential in each workplace. This will help them in not only achieving their self-actualization but also serving as a driving force for further developing of our company, as well as 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 require that our employees have the following basic skills and attitudes:

1. Profound expertise, technique, and broad vision
2. Energetic attitude and behavior
3. Flexibility in thinking
4. Fruitful in terms of creativity

### Respect for Human Rights and Inclusion

#### » Efforts to Prevent Harassment

As for activities to prevent sexual, power, and moral harassment, etc., we have conducted related educational programs in hierarchical training courses. In addition, we post a notice of the consultation contact twice a year, and commit ourselves to creating a system for ease of contact by all.

#### » Retiree Reemployment System

We have introduced a reemployment system for our company's retirees since FY2006. By drawing on their many years of skills, techniques, and experience, they still remain active as "senior challenge staff." Our system has been changed according to the law revision since FY2013, and is still being maintained.

#### » In-house Achievement Award System

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



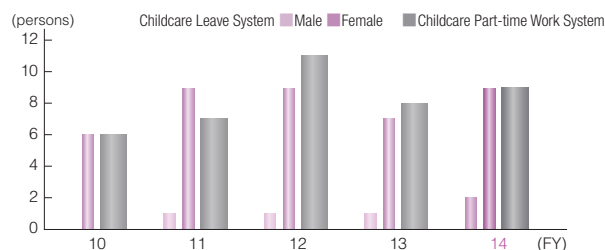
FY2014 First Half Achievement Award Winners

#### » 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. We discussed an extension period for shortened work hours for those who are child-rearing in the union-management consultation, and it has been implemented since FY2013. We have many employees who have actually obtained the period extension and continued working.

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

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



Voice!



Personnel Section  
MORI Yoshiyuki

Various human resource measures consistent with needs of a diversified society, and company's growth and development are needed much more than before. I push myself every day in order to bring each corresponding measure into shape one by one.

## Human Resource Development & Education

Based on the human resource philosophy according to the essential recognition that the growth of employees leads to the advancement of our company, we are promoting human resource development and educational programs.

In programs for our employees, we focus on three pillars of in-house education (OJT) through work, external education (OFF-JT) of skills and abilities necessary for performing tasks, and personal development support.

We make use of the former Head Office in Shichijo Sembon, where the company was founded, as our education facility. We have enhanced the system to support capacity building of our employees through personal development by organizing internal seminars and briefings, and by introducing an incentive system for correspondence education courses, as well as a qualification acquisition support system.



Corporate Manager Development Training



New Employee Training: Experience of Dust Explosion

### » Education Training System

Since FY2011, we have reviewed our past training programs and contents to improve managerial skills and human resource development. Then we established the new education training system. In order to enrich our

programs, we have especially added programs for the training course by position and department training for external education.

Training Course by Position		Department Training					Self-development Support Program	
		Research	Sales	Production	Management	Common		
Director	Management Workshop							
The Management	Corporate Manager Development Training	Development Training for Research Management Post						
	Fifth-year Management Post Training							
	Third-year Management Post Training							
	Accounting Training							
	Coaching Practice Training							
	New Manager Training							
General Staff	Advanced Professional Training	Engineer Training Safety and Health Education						
	Professional Training							
	Third-year Training							
	Follow-up Training							
	Workshop Practice							
	New Employee Training							
			Logical Thinking Training					
			Presentation Training					
			Experiment Planning Method Training					

\*1: LT (Logical Thinking)

\*2: Brother and Sister System: a system that pairs young senior colleagues who have already completed the training with new employees, and that provides senior colleagues with the responsibility of instructing new employees on a one-to-one basis about working procedures as well as on the manners appropriate for members of society.

### Voice!



Personnel Section  
MATSUYOSHI Kenichi

I am mainly in charge of recruitment and education. We recruited new graduates in FY2015 in consideration of globalization. As for education for this fiscal year, we intend to shift emphasis from the training rooted in classroom lecture, to the one with experience-based awareness in order to help participants grow.

## | Relations with Our Employees

### Creation of a Comfortable Workplace

#### » Work-Life Balance Management (Reduction of Overtime Work Hours, Promotion of Taking Annual Paid Leave)

As our approach to responding to the aging society with fewer children, as well as to promoting work/life balance, we have formulated the General Business Owner Action Plans to support employees in achieving a good balance between work and child-rearing, and disclosed this within and outside the company. The results in FY2014 are as follows:

General Business Owner Action Plans (summary) (From April 2010 to March 2015)	General Overview of the Plan (From April 2010 to March 2015)
<b>Target 1</b> Familiarizing our employees with our child-rearing support system and enlightening them	Using the internal dedicated database, we made our support system widely known, and cultivate employees via said system. Employees who work using the childcare leave system and/or childcare part-time work system are on the increase. (refer to page 29)
<b>Target 2</b> Implementing measures to reduce overtime work	In order to reduce overtime work hours, management and labor check the agreements made at each branch, and cooperate with each other.
<b>Target 3</b> Implementing measures to promote taking annual paid leave	The rate of leave taken is at the 60% level, which is a little higher than the national average, but it is decreasing year by year. We will encourage employees to take more annual paid leave in addition to their planned use.
<b>Target 4</b> Performing community contribution activities related to children and child-rearing practices	We have actively participated in delivering lectures and science seminars, and have conveyed the interesting nature of chemistry to people in local communities. (refer to page 27)
<b>Target 5</b> Expanding opportunities to obtain working experience including internship	We have willingly accepted technical college students in our internship programs. (refer to page 27)

The next action plans from April 2015 to March 2020 have been already formulated.

#### » Promotion of Medical Checkups

As a result of our activities to improve the regular medical checkups rate in FY2014, the checkup-participation rate was 100%, which was our goal. The rate of people who received abnormal results has decreased in all inspection items since FY2013. To achieve early detection of cancer and ensure the promotion of good health for our employees, we conducted medical checkups including X-ray examination of the stomach, abdominal echocardiography (ultrasound), PSA examinations, lung cancer tumor marker examinations, echo mammography, and cervical cancer screenings at all our branches. Since FY2010 we have recommended reexamination and second checkup-participation for employees who received results with abnormal

findings in order to ensure that they do not fail to attend reexamination, and help them understand the clinical results. Consequently, the rate of reexamination and second checkup-participation was 76% in FY2013, and 57% in FY2014. We have continuously set our goal for the checkup-participation rate to be 100% in FY2015. We will continue to encourage employees who received abnormal results to be reexamined and get a second check-up in order to prevent any current symptoms from leading to serious illness and/or keep any illness or other problems from increasing in severity. At the same time, we will move our activities to improve the participation rate for reexamination forward by determining the cause of its decreased rate.

#### » Awareness of Disease Prevention

##### ■ Seminars

We had seminars on how to judge the medical checkup results (24 participants), about heat stroke (40 participants), mental health (25 participants), and on burn injury (30 participants) at our Yokkaichi Branch and Ohgata Branch (OFF-JT).

#### » Implementation of Mental Health Care

##### ■ Mental Health Care

In regards to mental healthcare activities in FY2014, we conducted occupational and stress coping tests, and as follow-up instruction we introduced a consultation service by clinical psychotherapists, industrial counselors, and industrial health staff. In addition, we have instructed the heads of departments on how to analyze the occupational and stress coping test results, and conducted line care training for them.



Workplace Care Training for the Management  
Based on the Occupational and Stress Coping Tests

#### Voice!



Public Health Nurse  
**YOSHIKAWA YIKO**

Companies are required by law to conduct regular medical checkups once a year. I think it's a good system to give employees a chance each year to know about their health condition. I will continue to work on cultivation that could lead to disease prevention, and related approaches.



## Communication with Employees

### » Implementation of Meetings for Research Presentation

We hold meeting for research presentation twice every year (July and January), which provides company-wide technical forums for our researchers to present and discuss their latest findings in R&D and production technology developments. In the meeting in July, in addition to

the annual seminar by a visiting lecturer, oral presentation, and poster presentation, we held a panel discussion about our approaches to open innovation. At a convivial meeting following the meeting, participants vote on the best meeting for research presentation and a winner is awarded.



Oral Presentation



Panel Discussion

### » Implementation of In-house Seminars and Briefings

Seminars (by a visiting lecturer)

- Key to success of collaboration with industries and universities – Nano particle material development and practical realization based on the aerosol fundamental research –
- Basic and applied research on living cationic polymerization

Briefings

- Basic knowledge and precautions related to subcontract transaction
- Overview of new chemical substances regulations in Korea and Taiwan, and our approaches to them



Seminar by a Visiting Lecturer

### » Information Transmission inside the Company

Our Public Department publishes the in-house magazine "DKSCOM" every other month, and attempts to instill the management policies and visions, as well as fostering communication in the company. We plan the magazine by referring to monitors' opinions in order to deliver clearly and in a timely fashion information that should be shared. We started introducing the construction process of the Kasumi Plant since the October 2014 issue, which has helped all employees closely follow the construction of our mother plant.



In-house Magazine 「DKSCOM」

### Voice!



R&D Administration  
Department  
**MATSUMOTO Satoko**

In the new employee training for engineering work organized by the research management department, we make a questionnaire about the training procedure and the contents for participants to fill out after the training. We keep it in mind to make use of the questionnaire results in the training curriculum for the next year in order to improve the training quality.

## Yokkaichi Branch

Our Yokkaichi Branch has promoted communication with local communities through active participation in environmental conservation activities. In recent years, we have made efforts to reduce carbon dioxide emissions through fuel conversion, introduction of electric vehicles, and the activity of turning off unnecessary lighting. As for local activities, we joined a cleanup work for driftage on the coast at the Toshi Island in Mie Prefecture, which was organized by the Mie Prefecture industrial waste disposal promotion association.

Also in February 2015, in the Fifth Responsible Care Yokkaichi District Local Communication Meeting held by 11 companies in the Yokkaichi district, which are the members of the Japan Chemical Industry Association RC committee, we made a presentation titled, "Coexistence with the earth, reduction of impact on environment, aiming to be the environmental city Yokkaichi."



RC Promoting Member

- **Address:** 7 Chitose-cho, Yokkaichi City, Mie Pref.
- **Area of the Site:** 17,647 m<sup>2</sup>
- **Main Products:** Polyurethane polyol, urethane prepolymer, UV-curable monomers/oligomers, anionic surfactant cationic surfactant, oiling/finishing agent

### Environmental Impacts in FY2014

Energy Consumption (Crude oil equivalent)	(kl)	2,130
CO <sub>2</sub> Emissions	(t-CO <sub>2</sub> )	4,310
Generated Waste Amount	(t)	6,678
Final Disposal Amount	(t)	6.1
PRTR Emissions	(t)	43.30
Water Discharge Amount	(1,000m <sup>3</sup> )	462.2
COD Emissions	(t)	0.6

## Ohgata Branch

Our Ohgata Branch, as a manufacturer of chemical products with high functionality, such as water-soluble polymer and waterborne urethane, sets its environmental goals based on the environmental management system, and makes continuous efforts on reduction of the impact on environment. In FY2014, as one of the 3R (Reduce, Recycle, Reuse) activity promotion for industrial waste, we partially updated the anaerobic treatment facilities in the wastewater treatment plant, and started electrical power supply through installed generators that use generated methane gas as recycled biomass fuel. This results in the promotion of recycling, as well as generation of certain earnings, which in turn contributes to company performance.

We will strive to stabilize methane gas generation through more stable operation of anaerobic treatment facilities, and to lead to a reduction in the impact on the environment.



RC Promoting Member

- **Address:** 230 Saigata, Ohgata-ku, Joetsu City, Niigata Pref.
- **Area of the Site:** 86,963 m<sup>2</sup>
- **Main Products:** CMC, waterborne polyurethanes, industrial detergents, polyvinyl pyrrolidone

### Environmental Impacts in FY2014

Energy Consumption (Crude oil equivalent)	(kl)	8,126
CO <sub>2</sub> Emissions	(t-CO <sub>2</sub> )	17,437
Generated Waste Amount	(t)	869
Final Disposal Amount	(t)	62.1
PRTR Emissions	(t)	0.33
Water Discharge Amount	(1,000m <sup>3</sup> )	510.4
COD Emissions	(t)	10.2

### Voice!



Plant Administration Section  
MISAKI Shinya

We purify wastewater discharged from the plant in wastewater treatment facilities, and discharge treated water with the reference value met. In order to deal with wastewater, of which the quality changes all the time, we have maintained proper treatment without neglecting daily inspection or management.

## Shiga Branch

Our Shiga Branch is located in an area with a view of Mt. Kinugasa and Lake Biwa, in the Higashi-Omi area known to be one of the birthplaces of the Omi merchants. We have been paying close attention to the environmental aspects of all our business activities and implementing environmental protection practices through our continual improvement structure, and focusing on coexistence with local communities.

Up to and including now, we have been making efforts to reduce carbon dioxide emissions through introduction of a cogeneration system and fuel conversion, and to upgrade water quality through improvement of wastewater treatment facilities.

In addition, we have continued activities rooted in the local communities, for example, by conducting environment/safety patrols with executives of the community association, and by joining cleanup activities in Shiga Prefecture. We will aim to be a company that further gains and keeps the trust of the local community, and that emphasizes compliance as well.

- **Address:** 427 Gokasho Hiyoshi-cho, Higashi-Omi City, Shiga Pref.
- **Area of the Site:** 105,753 m<sup>2</sup>
- **Main Products:** Sucrose fatty acid esters, food additives, metal surface treatment agents, surfactants, water-soluble polyester polyol, solvent-substitute waterborne/non-waterborne detergents



RC Promoting Member

### Environmental Impacts in FY2014

Energy Consumption (Crude oil equivalent)	(kl)	6,321
CO <sub>2</sub> Emissions	(t-CO <sub>2</sub> )	12,183
Generated Waste Amount	(t)	2,995
Final Disposal Amount	(t)	1.7
PRTR Emissions	(t)	0.39
Water Discharge Amount	(1,000m <sup>3</sup> )	2,023.0
COD Emissions	(t)	3.4

## Yokkaichi Chemical Company Limited

We commit ourselves daily to making various activities of our company understood by the people around our plant, through various periodical events. In FY2014, for the first time in three years, we organized a plant inspection tour for local people around the Rokuromi Plant. Despite of rain, we had many participants in the tour, and explained our activities to them in answer to their lively questions. Next time we will invite local people around the Yokkaichi Plant for an inspection tour. Based on the requests and other comments we received this time, we would like to continue the tour as an event to gain better understanding of our company.

In addition, we intend to improve on creation of more opportunities for female employees to work actively from FY2015, according to the medium-term management plan.

- **Address:** **Headquarters / Yokkaichi Plant:** 2-1, Miyahigashi-cho, Yokkaichi City, Mie Pref.  
**Rokuromi Plant:** 710, Rokuromi, Oaza, Yokkaichi City, Mie Pref.  
<http://www.yg-chem.co.jp/>
- **URL:** <http://www.yg-chem.co.jp/>
- **Area of the Site:** approx. 30,000 m<sup>2</sup> (Headquarters/Yokkaichi Plant), approx. 26,000 m<sup>2</sup> (Rokuromi Plant)
- **Operations:** Manufacturing, processing and sales of various chemical products made from Ethylene oxide and other petrochemical industry products



RC Promoting Member

### Environmental Impacts in FY2014

Energy Consumption (Crude oil equivalent)	(kl)	6,581
CO <sub>2</sub> Emissions	(t-CO <sub>2</sub> )	14,867
Generated Waste Amount	(t)	3,261
Final Disposal Amount	(t)	100.7
PRTR Emissions	(t)	0.71
Water Discharge Amount	(1,000m <sup>3</sup> )	545.9
COD Emissions	(t)	1.1

### Voice!



Yokkaichi Chemical Co., Ltd.  
**NAKAMURA Takahito**

We have achieved a significant reduction of power consumption by reviewing operation of industrial water pumps in this term. In terms of safety, we have identified hazards and estimated risk through risk assessment activities, and made efforts to prevent risk from arising according to the priority level.

## KYOTO ELEX CO., LTD.

Our company develops the application for the dispersion technologies of DKS and metal powder technologies of DOWA Electronics, and offers various pastes used in electronic devices and components. In FY2014, we promoted a reduction of the silver content as the main raw material, and development of a low-resistance conductive paste that can fulfill a function even with only a small amount, under the theme of resource conservation and low cost. As a result, we could contribute on the improvement of functionality and quality, especially in the fields of solar batteries, and office automation/communication devices. We also put our focus on product development that contributes to the environmental field. We will continue to advance our development in order to improve the performance and popularization of the lead-free silver paste for solar batteries, in which we lead the world in terms of practical usage.

- **Address:** 1 Ogawara-cho, Kisshoin, Minami-ku, Kyoto, Japan
- **URL:** <http://www.kyoto-elex.co.jp/>
- **Operations:** Manufacturing and sales of silver paste, silver- palladium paste, silver- white gold paste, copper paste, resin-type copper paste, resin-type silver paste, aluminum paste and glass paste as well as commissioned manufacturing of various conductive materials



RC Promoting Member

## DAI-ICHI CERAMO Co., Ltd.

Our company develops PIM (Powder Injection Molding) compounds, which are raw materials used for various components of machines, vehicles, communication devices, etc. We make efforts to contribute to being a resource and energy conserving society using this technology. PIM is an environmentally friendly molding method as well, because the number of part items can be decreased by integral molding and it does not generate processed waste. We would like to contribute to the growth of our customers and the industrial world, as well as to the environment, by carrying forward technological reform based on our accumulated knowledge. In addition, we have made efforts on environmental conservation by conducting thorough waste separation, and in summer, by joining in on weed cutting in the neighborhood, with cooperation of the adjacent Shiga Branch.

- **Address:** 432 Gokasho Hiyoshi-cho, Higashi Ohmi City, Shiga Pref.
- **URL:** <http://www.dai-ichi-ceramo.co.jp/>
- **Operations:** Manufacturing and sales of power injection molding (PIM) compounds



RC Promoting Member

## Elexcel Corporation

We have promoted development of high-capacity lithium-ion second batteries of high safety, aiming at contribution to the establishment of a sustainable society through the effective use of limited energy resources, and use of energy in consideration of the global environment. In particular we focus on the research of flame-resistant electrolytic solution, and development of iron phosphate positive-electrode material without using rare metals, and develop a large rechargeable battery for industrial application by taking advantage of its characteristics of high input and output, as well as long product life. As an example, we have started verification tests of batteries to be applied to the motorized system of harbor loading and unloading cranes. We will continue to approach the matters of reduction of environmental impact and energy conservation, and aim at further contribution to society.

- **Address:** 13th Floor, Laboratory, Keihanna Plaza, 1-7 Hikaridai, Soraku-gun Seikacho, Kyoto
- **URL:** <http://www.elexcel.co.jp/>
- **Operations:** Commissioned evaluation of battery materials, small-lot production of lithium-ion batteries, research and development



RC Promoting Member

### Voice!



KYOTO ELEX CO., LTD.  
SAWADA Yohei

As a member of the environment SO committee, I have more opportunities to be involved in accident prevention and safety activities. In order to prepare for the event of an accident or disaster, again this year, I have reviewed how to perform cardiopulmonary resuscitation, operate an AED, and first aid procedures on how to stop bleeding. I am prepared mentally for an emergency in order to take the proper action immediately and without hesitation.

## P.T. Dai-ichi Kimia Raya

Our company (DKR) has overcome several obstacles, including the monetary crisis and riot in Jakarta immediately after our foundation in 1996. At present, we are carrying forward business that fits the diversifying needs of the Indonesian market through manufacturing and sales of resin additives, synthetic water retention agents for paper making, and food additives besides fiber processing agents. The Festival of the Sacrifice is one of the important Muslim events, and the day of the festival is a national holiday in Indonesia. As one of our social activities, DKR donates goats and cows to five villages in the neighborhood during the festival through the community association of the industrial complex. In addition, we conduct monthly patrols in villages, and provide baby foods at the ceremony held for babies living nearby.

- **Address:** Headquarters/Plant: Kawasan, Java, Indonesia
- **Operations:** Production & sales of textile agents, plastic additives, paper processing agents, and food additives



RC Promoting Member

## CHIN YEE CHEMICAL INDUSTRIES, CO., LTD.

Our company has launched the manufacturing and selling of fiber and chemical surfactants mainly for the Taiwanese market. Since then, we have contributed to the field of the electronics industry through the manufacturing and sales of plastics lubricants (EBA), phosphorous flame retardants for printed circuit boards, and heat-resistant hardeners. Recently, we provide high-frequency materials for printed wiring boards and heat-resistant resin that demand high transmission performance. We have been promoting environmental activities based on ISO14001, and making efforts to reduce and reuse wastes by improving manufacturing processes. As for our safety and accident prevention activities, by acquiring the OHSAS18000 certification in December 2014, we have striven for employees' health and safety management. We have created the in-house manual for preparation in the event of an accident, natural disaster, and/or the breakout of war, and conducted the training exercises at the plant.

- **Address:** Headquarters in Taipei City, Plant in Taoyuan County, Taiwan
- **Operations:** Manufacturing and sales of fiber and chemical surfactants, lubricants for plastics, flame retardants and chemical products for electronic materials; import, manufacturing and sales of civil engineering chemical agents; import and sales of DKS products



RC Promoting Member

## SHUANG YI LI (TIANJIN) NEW ENERGY CO., LTD.

Our company was established in 2005 as a manufacturer manufacturing and selling lithium-ion batteries in the Tianjin Economic-Technological Development Area of Tianjin City, China. We have made efforts to put forward creation and proposal of plans combined according to the various application fields of customers. In FY2014, we promoted improvement of awareness on environmental protection among employees, as well as with social activities by calling on employees to cooperate with donations, and by donating clothing to disabled persons who have difficulty in life through the federation for disabled persons. As for our safety and accident prevention activities, we conducted training exercises for fire prevention and self-protection during a disaster, as well as a fire drill. In addition, we advanced the standardization system of safety production, and were certified as a safety production standardized company by the State Administration of Work Safety in October 2014. Through these activities, we had no fire or other serious occupational accidents occur.

- **Address:** Headquarters and Plant in Tianjin City, China
- **Operations:** Manufacturing and sales of lithium-ion batteries used in electric bicycles, electric tools, UPS, EV, HEV, etc.



RC Promoting Member

### Voice!



P.T. Dai-ichi Kimia Raya  
Nuryadin

Our company conducts a fire drill annually as one of our accident prevention training exercises. Needless to say, we promote safety management to prevent fires from occurring at the manufacturing site, and for preparation in an emergency we conduct a fire drill under the guidance of the fire department in order that we can extinguish fires immediately.

## Corporate Governance

We fully believe that we are obligated to conduct transparent and fair corporate activities rooted in corporate social responsibility in order to continuously enhance corporate value.

As the corporate management system to support these activities, we, first of all, make all management decisions within the Board of Directors, which includes outside directors. We discuss all matters to be brought to the Board of Directors at the management committee in advance, and ensure that all decisions are made legally and rationally. We have also established the Executive Officers System for Executive Officers to determine matters in need of decision by the Board of Directors as well as executing other business matters. The Board of Directors is responsible for the appointment and dismissal of

Executive Officers, as well as for their supervision.

Auditors organize the Audit and Supervisory Board including outside auditors. Auditors ask Directors and employees to submit reports necessary for audits, and Audit & Supervisory Board Members conduct auditing on a daily basis by attending important meetings. They also have periodical meetings with the Representative Director for mutual opinion exchange. Auditing of accounts is conducted by KPMG AZSA LLC as our accounting auditor, jointly attended by Auditors as needed. We have also established the Internal Audit Department as a system to verify the internal control system concerning financial reports, and collaborate with our auditors and accounting auditor.



Voice!  
Legal Department  
**TAMATANI Naoko**

I am planning activities to instill and improve compliance awareness. These activities are essential as a company, but I am devising fresh angles and methods of approach for a concept of compliance that covers a wide range. I will continue to carry out activities honestly and step by step according to the themes of our annual activities.

## 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 said society.

In May 2006, the Board of Directors passed a resolution on "Systems for Ensuring the Proper Operation of the DKS 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, in order to ensure the credibility of financial reports in accordance with the Financial Instruments and Exchange Law. We have taken these approaches mainly through the Financial Reporting Control Committee, IT System Control Committee, and Internal Audit Department.

## Compliance

Since the Compliance Control Committee was established in 2004, our company has been engaged in construction and maintenance of our compliance system, and in activities to instill compliance practices in our employees. We will continue to promote these activities.

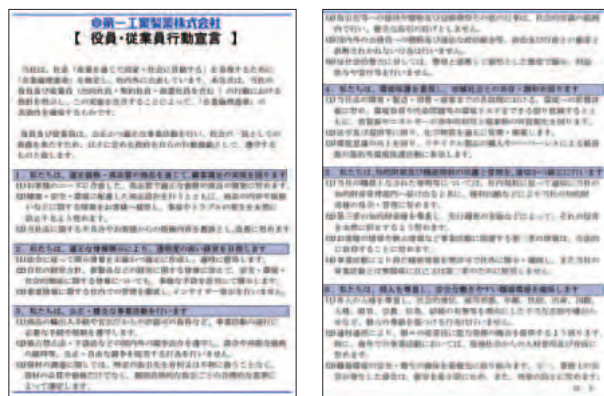
### Declaration of Action for Executives and Employees

The Declaration of Action for Executives and Employees specifies the guidelines of basic mental attitude and daily conduct for each of said executives/employees (including employees on temporary assignment, contract employees, and temporary staff) in order to observe the standards set in the Code of Corporate Ethics. It has been handed out to all of our board members and employees in card form. In 2006, we set up the Whistleblower Hotline as a contact point for any employee who has information about (alleged) violations of law and/or wants to report an actual violation of the law, and provide consultation to them or respond to their reports by telephone, e-mail, and postal mail.

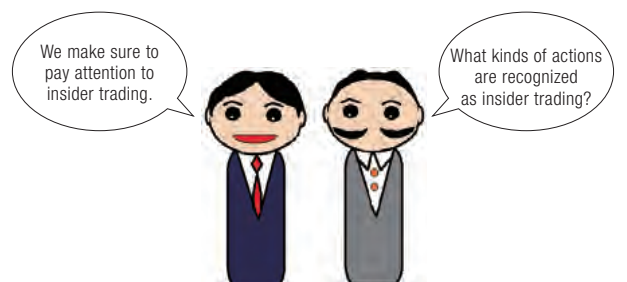
### Activities to Implement and Instill Compliance Practices

We have undertaken compliance assessment on a sectoral basis, and have made active efforts to verify whether there are any problems or not. In FY2014, we undertook an assessment for the production sectors. We also provide information such as explanations about various laws via company intranet, and promote activities to establish compliance awareness and knowledge through e-learning programs in quiz form. Furthermore, since FY2010 we have designated every October as our Corporate Ethics Monthly Campaign, and in FY2014 we conducted educational activities under the theme of "Insider Trading Prevention."

In order to fully understand what is achieved in these activities, and how it has been instilled in our employees, we conduct a "Research on Compliance Awareness" for all employees once a year to pick up issues for next year, and continue to improving these activities by executing the PDCA cycle.



Declaration of Action for Executives and Employees Leaflet



Ichi-ko Taro-kun and his father, both of whom played active roles in the "Insider Trading Prevention Education"

# Risk Management

Corporate risk surrounding our company may result in increased adverse impacts on the company itself, as well as on employees, shareholders, clients, and local communities. We place countermeasures against corporate risk as important issues for our management.

## Risk Management

In order to prevent potential and/or evident risks from occurring or growing, we have established our Risk Management Procedures, Risk Management Manual, Product Liability (PL) Prevention & Management Procedures, and Information Security Rules.

In order to decrease the risk of damage to our company as well as any harm caused by us, we have set up the Risk Management Control Committee consisting of representatives from each branch and department. In the committee, we devote our efforts to operation and maintenance of the risk management system every day, in order to fully understand situations and take appropriate measures by instantaneously obtaining risk information both domestically and from overseas.

Our major activities in FY2014 are as follows:

- Extraction of individual risks in each branch/department, and approaches to continuous improvement and the progress management of these branches/departments.
- Occasional review and improvement of BCP (Business Continuity Plan) for earthquake countermeasures.
- Review of car management procedures, and implementation of calling the entire company's attention to it.

Concerning risk management, we will put forward enhancement of the BCP measures, further knowledge promotion to raise risk management awareness, and approaches to risk management for employees who are on overseas assignment or on business trips.

## BCP (Business Continuity Plan) and Earthquake Countermeasures

At the Risk Management Control Committee, every year we conduct well-planned safety confirmation training exercises in the event of an earthquake. We repeatedly conduct safety confirmation training in all branches and departments in order to cultivate and raise our risk consciousness for preparation in the event that a natural disaster occurs. In FY2014 as with past years, we occasionally conducted safety confirmation training exercises using mobile phones, training exercises for situations in which the management were not present, and training exercises for contacting from distant branches, in each branch/department

and the entire company.

Our company created the portable "manual on large earthquake countermeasures" that summarizes emergency countermeasures when an earthquake occurs, and distributed it to all employees in order to thoroughly familiarize them with the behavior standards and the safety confirmation method in an emergency.

In FY2015, we will continue to conduct well-planned safety confirmation training exercises in each branch/department and the entire company.



Manual on Large Earthquake Countermeasures



## Information Security

As for enhancement of information security, in FY2014, we relocated the data center for the mission-critical system server as one of the BCP measures, updated URL filtering and anti-spam devices, and updated information security countermeasure software, according to our plans, and achieved the expected effects.

We will continue to attempt relocation of peripheral servers to the data center, and cultivation of each employee on awareness of information security by checking to what extent it has been instilled into them with the introduced information security countermeasure software.

### Voice!



Environment, Safety and Quality Affairs Department  
ICHIJI Jyunsei

I am appointed as an office member of the Risk Management Control Committee, and I have distributed the portable manual on large earthquake countermeasures to all the employees. I have mixed feelings about the fact that I wish there be no opportunity in which they will need to use the manual, hoping that it will still be useful and they may be able to implement it in some small way.



For inquiries about this document, please contact:

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