



Technologies to pass our global environment down to future generations.

Environmental and Social Report 2011

Our
Company
Motto

Contributing to the nation and the society through industry.

Our
Company
Credo

Quality First
Cost Reduction
R&D Efforts

The Spirit Enshrined in Our Company Credo

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

CONTENTS

2 ... Message from the President

About Us

- 3 ... Company Overview/Financial Data/
Medium-term Management Plan: "Change 100 Plan"
- 5 ... Our Useful Products in Daily Life
- 7 ... Environmentally Friendly Products & Technological
Development
- 8 ... History of Environmental and Social Activities

Promoting Environmental & Social Activities

- 9 ... Corporate Governance/Compliance/
Internal Control/Risk Management

Social Activities

- 11 ... Relations with Society & Local Communities
- 14 ... Relations with Our Customers & Business Partners
- 16 ... Relations with Our Shareholders & Investors
- 17 ... Relations with Our Employees

Environmental and Safety Activities (RC Activities)

- 21 ... Basic Philosophy, Basic Policies, and Corporate
Principles for Environmental and Safety Practices/RC
Promotion System/Management System
- 23 ... Targets & Performance in RC Activities/Environmental
Accounting/Funding for Security and Disaster
Prevention Measures/Environmental Impact Accompanied
with Business Activities
- 25 ... Global Warming Prevention (Energy Conservation)
Air Pollutants Emission Control/Water Pollutants
Discharge Control
- 27 ... Efforts to Reduce Emissions of Chemical
Substances (PRTR)/Efforts to Reduce Waste
- 29 ... Efforts in Transport Safety/Efforts in Occupational Safety

On-Site Report

- 31 ... Yokkaichi Branch/Ohgata Branch/Shiga Branch

Environmental and Social Report 2011: Editorial Policy

We first published our "Environmental & Safety Report" on our Responsible Care (RC) activities in 2003. In 2008, we added new content on our social activities to the previous contents on our environmental, safety, and health efforts, and renamed the report "Environmental and Social Report" with the aim of improving the information on our social involvement. This is the fourth edition of the "Environmental and Social Report", and it will be the ninth publication if we count from the first report. We always try to prepare for and provide lucid and comprehensive reports so that all of our stakeholders can properly understand what CSR activities Dai-ichi Kogyo Seiyaku is undertaking.

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

Organizations Covered by this Report

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

National Affiliates Located within the Premises of Dai-ichi Kogyo Seiyaku
Gembu Co., Ltd.; Dai-ichi Kenkou Co., Ltd.; Dai-ichi Clean
Chemical, Inc.; and Elexcel Corporation Ltd.

Period Covered by this Report

Essentially, this report contains our activities and data for fiscal year 2010 (from April 1, 2010 to March 31, 2011). The data on Industrial Accident Severity Rate (ASR) and Industrial Accident Frequency Rate (AFR) were obtained from January to December 2010. Note that this report partly contains descriptions after April 2011.

Reference Guidelines

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

Message from the President

Contribute to realization of "sustainable society" through our business practices.



We would like to express our heartfelt sympathy to the people who have suffered great damage through the Great East Japan Earthquake. We are praying for the rapid recovery of the affected areas.

The Japanese economy is now in a very difficult phase due to damage caused by the great earthquake and the subsequent crisis at the nuclear power plant. We also consider that Japan's energy policies and countermeasures against global warming have reached a major turning point. Direct damage to our corporate group suffered was limited, but this disaster caused us to reaffirm the importance of the supply chain management and risk management that mainly support our business activities. We intend to develop further approaches to business continuity in preparation for disasters.

Our corporate group has been placing emphasis on five core business segments: surfactants, amenity materials, polyurethane materials, functional materials, and electronic device materials. To date, we have continued to offer specialty chemicals to meet our customers' needs. Now that climate change and risks arising from chemical substances are both recognized as global environmental issues, we see that current trends around the world call for efforts to realize sustainability in society.

Since joining the Japan Responsible Care Council (JRCC) in 1998, Dai-ichi Kogyo Seiyaku has been aggressively promoting RC activities. While engaged in activities to ensure the best environmental, safety, and health practices, we, as a chemical manufacturer that offers industrial chemicals, need to respond to demands from the fields of environment, energy, and information, as well as offer high value-added or improved existing products with their peripheral technologies. We always hope to contribute more to the realization of a "sustainable society" through our business practices.

Since its foundation, Dai-ichi Kogyo Seiyaku has consistently upheld its mission statement—"contributing to the nation and the society through industry"—in which the spirit of the founder remains alive. We believe that the realization of this mission statement will be not only the focus of corporate social responsibility (CSR) efforts across our corporate group, but also the basis of our management principles.

Our company credo—"Quality First, Cost Reduction, and R&D Efforts"—captures the basic spirit with which we ensure customer satisfaction, which is based on the concept of "supply better products to customers at lower prices." This

concept has been continuously embraced since the inception of the company. With the credo in mind, we make every effort to be a company with a strong presence, while putting the "technology makes the company" concept into practice.

In the fiscal year 2010, the second year of our medium-term management plan "Change 100 Plan," we have become devoted to further improving our company culture and enhancing training and education for people who will be able to take this company over in the future, and promoted the settlement of becoming a revenue-generating company. In terms of our RC activities, we have approached promotion of energy savings, implementation of the GHS adoption in the world, and preparation of REACH registration. In the fiscal year 2011, the final year of "Change 100 Plan", we intend to achieve the plan's goals, and launch the development of the next three-year management plan based on the revenue-generating structure we cultivated for two years. In addition, we pursue the "synergy effect" with Yokkaichi Chemical Company of which we acquired 100% in April to further expand the business of our corporate group.

We declare that each of our employees will not only observe all legal regulations and international rules, but also obey the spirit thereof and behave in a socially sensible manner.

We, as a corporate member of society, will practice fair and transparent corporate activities by enhancing our corporate governance, implementing compliance programs, and developing eco-friendly, safe and health-friendly products. The hope of our company is to promote open communication with all stakeholders and to continuously work to become a company that has not only the confidence of society, but also a strong presence in the specialty chemicals industry.

We encourage you to look over this summary of our activities in 2010 titled "Environmental and Social Report 2011." We hope this report will help you to understand the perspective of our company and to learn more about our current activities. We always appreciate your continued support and guidance.

Sincerely yours,

OYANAGI Masatoshi, Ph.D.
President
September, 2011

Company Overview

Company Profile

Company Name: Dai-ichi Kogyo Seiyaku Co., Ltd.
 Head Office: 5 Ogawara-cho, Kisshoin, Minami-ku, Kyoto City
 Date Business Started: April 1909
 Date Established: April 1918
 Representative: OYANAGI Masatoshi, Ph.D. (President)
 Capital: 7.1 billion and 41.7 million yen*
 Number of Employees: 861 persons (consolidated)*
 554 persons (non-consolidated)*
 (*as of the end of March 2011)

Domestic Branches

Dai-ichi Kogyo Seiyaku Co., Ltd.

Head Office, Laboratory (in Kyoto Branch)
 Kyoto Branch Tokyo Branch Osaka Branch
 Nagoya Branch Kyushu Branch Yokkaichi Branch
 Ohgata Branch Shiga Branch

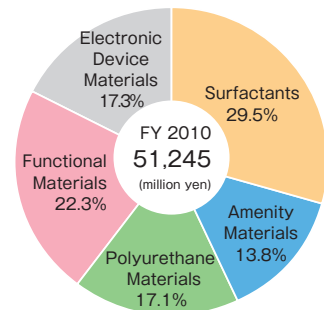
Affiliates

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

Business Segments & Main Products

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

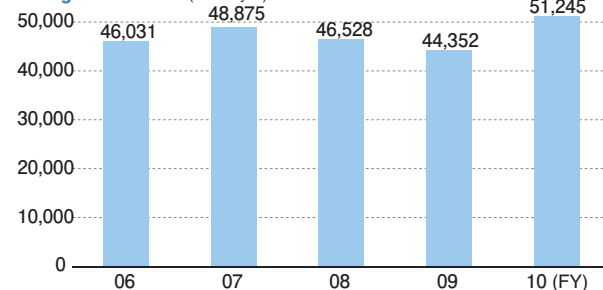
Sales by Business Segment (Consolidated)



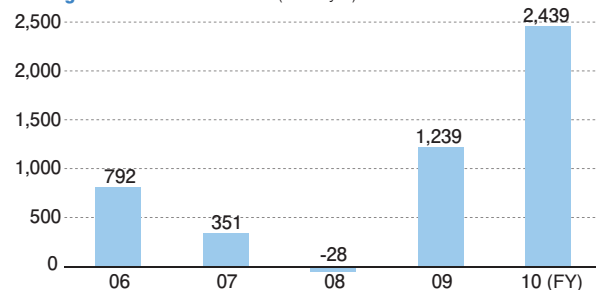
Financial Data

Management Index

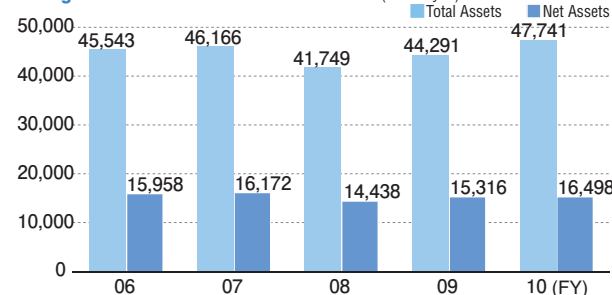
Changes in Sales (million yen)



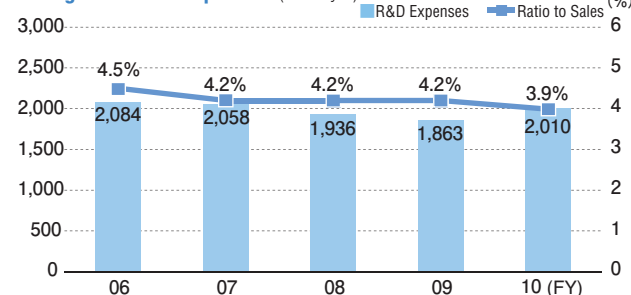
Changes in Current Profits (million yen)



Changes in Total Assets & Net Assets (million yen)



Changes in R&D Expenses (million yen)



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

"Each of Us Holds the Key to Success"

Management Principles & Policies in the "Change 100 Plan"



Management Principles

Staying Ahead of the Curve as a Leading Specialty Chemicals Com

Our mission statement—"contributing to the nation and the society through industry" and company credo "Quality First, Cost Reduction, and R&D Efforts" are both rooted in the spirit of our founder.

Management Policy and Prioritized Business Strategies

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

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

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

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

Our Second Year Performance

In the first year of the medium-term management plan "Change 100 Plan" starting from April, 2009, our corporate group commemorated the 100th anniversary of its foundation. In the fiscal year 2010, which is expected as "a new first year" toward the 200th anniversary, we further promoted the improvement of securing a stable profit structure based on the integrated business division approach, and the movement towards the conversion of corporate culture. As a result, we succeeded in posting record-high sales and our current profits as a corporate group.

In the fiscal year 2011, the final year of "Change 100 Plan", we intend to achieve the plan's goals, and launch the development of the next three-year management plan based on the revenue-generating structure we cultivated for two years. In addition, we pursue the "synergy effect" with Yokkaichi Chemical Company of which we acquired 100% in April to further expand the business of our corporate group.

Numerical Targets

	Fiscal Year Ended March, 2010 (Actual Record)	Fiscal Year Ended March, 2011 (Targets)
Consolidated Net Sales	51.2 billion yen	55 billion yen or more
Consolidated Operating Margin	5.3%	4% or higher
Per Capita Sales	61 million yen	65 million yen or more
Cost of Sales Ratio	78.9%	80% or lower
SG&A Expense Ratio	15.8%	16% or lower
Inventory Turnover Rate	1.65 months	1.6 months or shorter

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

(Japanese only)

Our Useful Products in Daily Life

Our products will aid you in daily life as useful materials and components of various products. This section introduces aspects of how they relate to daily life.

1. Surfactant Business

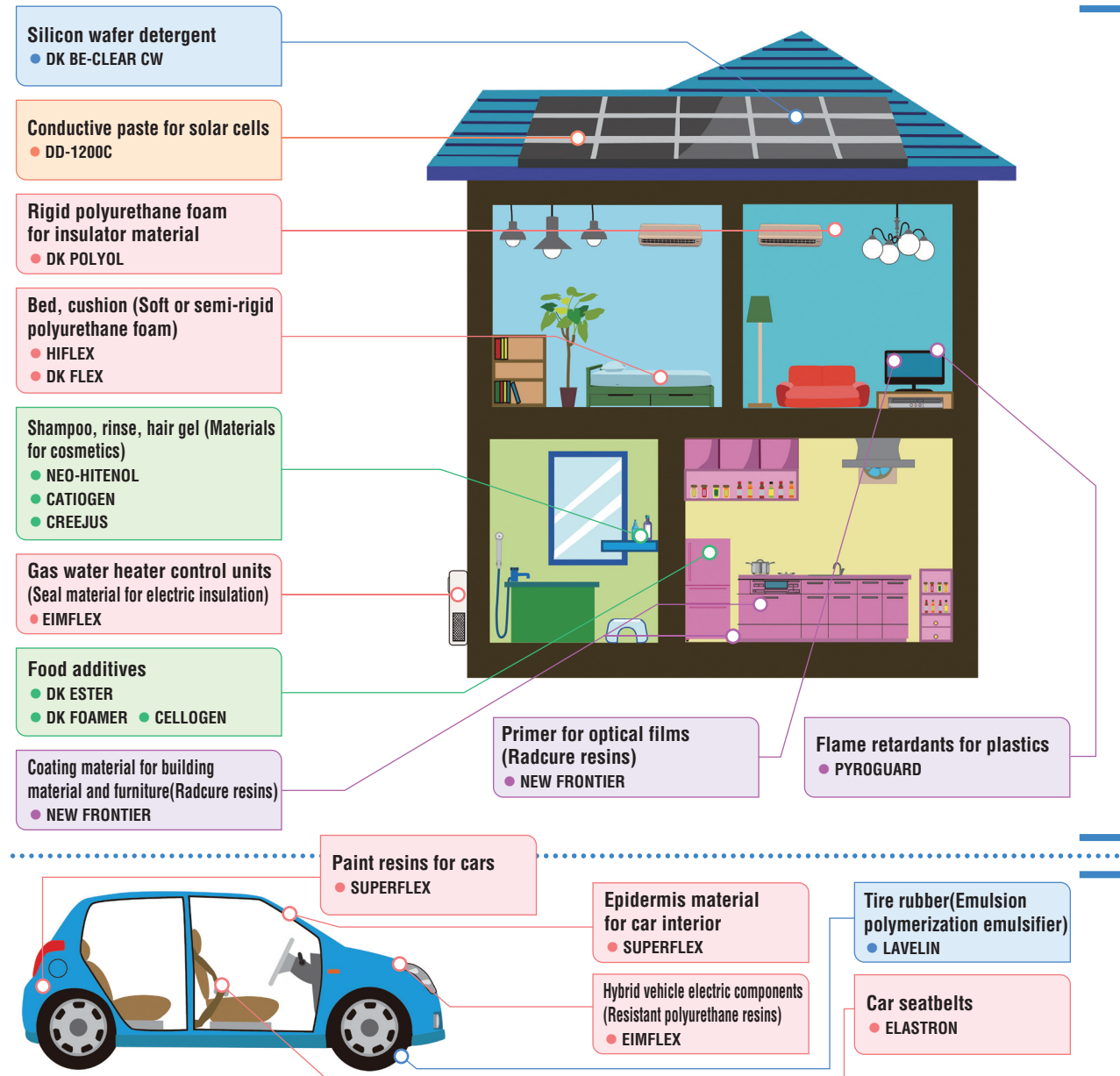
Surfactants, which have been playing a pivotal role from the starting point of our company, are used in a wide variety of industrial fields, such as rubbers, plastics, colorants, machines/metals, cosmetics/human-life related industries, paper/pulp, fiber, agrochemicals/agricultural materials, civil engineering,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

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

2. Amenity Material Business

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

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



3. Polyurethane Business

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

- Polyether polyol
- Urethane prepolymer
- Urethane system

4. Functional Material Business

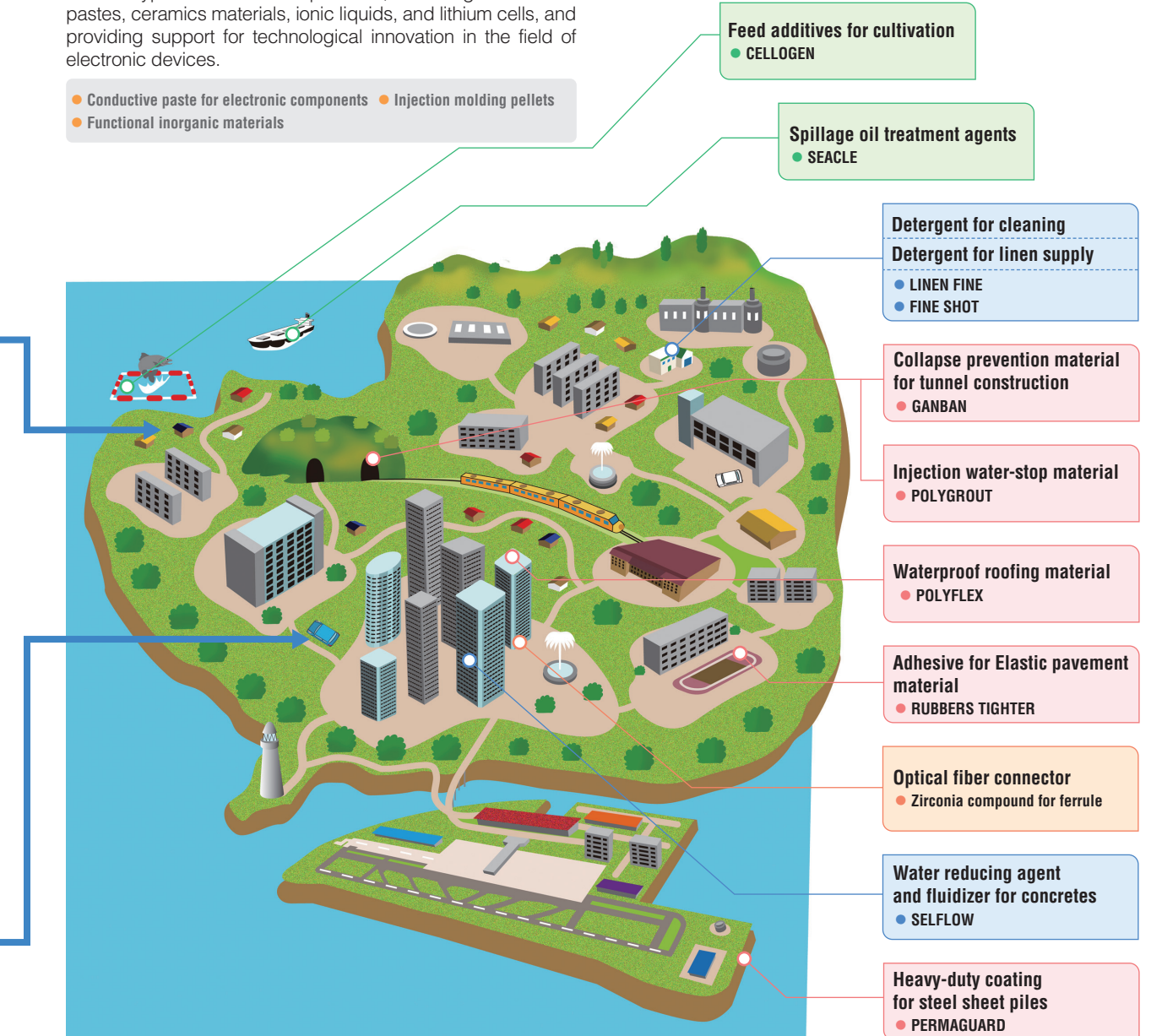
The usage of synthetic resins covers home electronic appliances, residential materials, and other commodities of life. Our functional material business has been supplying radcure resins, polyurethane resin water dispersions, flame retardants, and plastic additives, for which the intention is to enhance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

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

5. Electronic Device Material Business

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

- Conductive paste for electronic components
- Injection molding pellets
- Functional inorganic materials



About US

- Environmentally Friendly Products & Technological Development
- History of Environmental and Social Activities

Environmentally Friendly Products & Technological Development

Our Products and Technology Development

Responding to environmental requirements including global warming prevention, energy and resource saving, environmental protection, and the prevention of environmental pollution, we are devoted to supplying environmentally friendly and compliant products and developing related technologies.

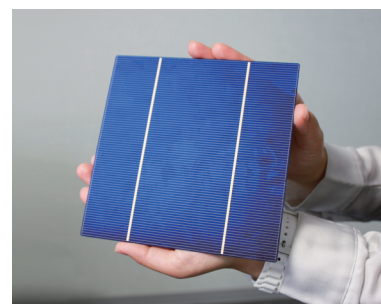
Environmental requirements	Functions & Features	Our Product Line & Technology/Application	
Global Warming Prevention	Clean Energy	Development of DSC (dye-sensitized solar cell)	
		Lithium cell	
	Halogen-free type	DD-1200C series	Conductive paste for solar cells
		DK BE-CLEAR Series	Water-borne detergents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

* VOC: Volatile Organic Compounds

Contributing in the Manufacturing Process of Silicon Wafers for solar cells

Detergents for Silicon Wafer/DK BE-CLEAR CW Series

It is highly expected that solar cells that directly collect and convert sunlight into energy in a low-carbon society. Silicon solar cells have a relatively high conversion rate possess higher reliability, and they have been put into practical use preceding other cells. **DK BE-CLEAR CW-6830E** is a neutral detergents optimized for washing silicon wafers after slicing during the manufacturing process. It penetrates deeply into the silicon wafer clearance, and has a high removal performance of abrasive grains and/or metallic residues. This versatile detergents has a track record of being used for both monocrystal and polycrystal silicon, and can be applied for both diamond wire sow and slurry wire sow process. **DK BE-CLEAR CW-1850E** is an alkaline detergents for the finishing process, featuring the performance to aid in good texture formation in the following process.



High Functional Surfactant Meeting the Environmental Requirements of Ready Biodegradability and Low Toxicity Toward Aquatic Organisms

Environmentally Responsive Nonionic Surfactants/NOIGEN TDS and XL Series

What kind of surfactants do you think are eco-friendly? They should have little impact on aquatic organisms, be excellent in terms of bio-degradability, and deliver superior performance even if only a small amount is used. **NOIGEN TDS and XL** Series are surfactants made from branched synthetic alcohol, which meets the aforementioned environmental requirements. They are used not only for home and business, but also in various fields of industry because of their excellent decreasing function of dynamic surface tension, wettability, and permeability. Furthermore, they are suitable for use as alternatives of nonylphenol nonionic surfactants because of their comparable emulsion and dispersion performance.



History of Environmental and Social Activities

In 1909, an anonymous association named Ohno-Kungyokudo Unwinding Agent Division was established for the purpose of manufacturing and supplying a cocoon rewinding agent. This was the birth of Dai-ichi Kogyo Seiyaku Co., Ltd. We hope to engage in environmental and social activities and contribute more to the realization of "sustainable society" through our business practices as a chemical manufacturer.

	Environmental and Social Activities	History of Dai-ichi Kogyo Seiyaku
1909		Founded in Ohno-Kungyokudo Co., Ltd.
1918	Established our company motto and company credo	Established Dai-ichi Kogyo Seiyaku Co., Ltd.
1938		Newly constructed Yokkaichi Plant
1949		Listed on the first section of the Tokyo Stock Exchange
1953	Published "MONOGEN Story"	
1954	Joined the 1st world surfactant congress and business convention	
1959		Established Yokkaichi Chemical Company, Limited.
1960		Newly constructed Ohgata Plant.
1966	Manufactured completely biodegradable synthetic detergent for home use	
1968	Published "CELLOGEN Story"	
1969		Established Nippon Levulose Co., Ltd.
1972	Established "Pollution Prevention Rules"	
1973		Established Gembu Co., Ltd.
1975	Introduced a five-day-week system	
1978		Established Chin Yee Chemical Industries Co., Ltd.
1982		Established Dai-ichi Clean Chemical Inc.
1983	Introduced chemical fire trucks in our Ohgata Plant	
1984	Published "SUGAR ESTER Story"	
1985		Renamed Nippon Levulose Co., Ltd. to Dai-ichi Kagaku Kogyo Co., Ltd.
1986		Established Kyoto Elex Co., Ltd.
1987		Established K&D Fine Chemical Corporation
1988		Established Dai-ichi Ceramo Co., Ltd.
1989	Introduced the special incentive leave system	Established Dai-ichi Kenkou Co., Ltd.
1992		Established Tianjin Dai-ichi Fine Chemicals Co., Ltd.
1994	Established "PL (Product Liability) Prevention Management Rules"	
1996	Awarded the Ozone Protection Award by the U.S. Environmental Protection Agency	Established PT. Dai-ichi Kimia Raya
1998	Joined the Japan Responsible Care (RC) Council (JRCC)	
2001	Established "Environmental Conservation and Occupational Safety Rules"	Merged Dai-ichi Kagaku Kogyo Co., Ltd. and renamed Shiga Plant
2002	Acquired ISO14001 authentication in all plants	Established Elexcel Corporation Ltd. and Chin Yee Chemical Technologies Co., Ltd. (Wuxi)
2003	Acquired ISO9001 authentication in all plants Published the 1st Environment & Safety Report	
2004	Established "Corporate Ethic Charter" Introduced the cogeneration system and solar power generation system in our Ohgata Plant	Established DKS (Shanghai) International Trading Co., Ltd.
2005	Established "Declaration of Action for Executives and Employees"	Established Shuang YiLi (Tianjin) New Energy Co., Ltd.
2006	Set up the internal audit department	Constructed a new laboratory in Kisshoin and moved
2007	Introduced the cogeneration system in our Shiga Branch	
2008	Achieved no accident record for 3000 days in our Ohgata Branch	
2009		Disclosed the current medium-term management plan "Change 100 Plan"
2010	Started approach of delivery lectures in elementary schools	
2011	Supported Great East Japan Earthquake victims	Acquired the ownership of Yokkaichi Chemical Company

Promoting Environmental & Social Activities

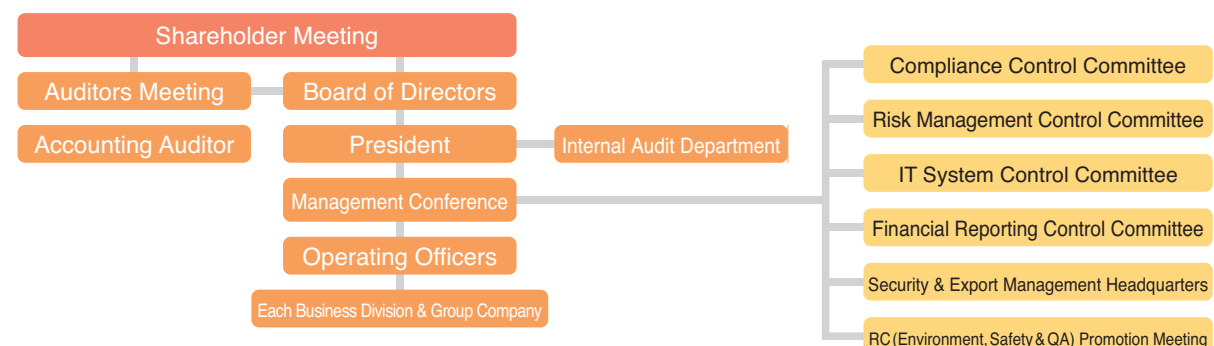
■ Corporate Governance ■ Compliance ■ Internal Control ■ Risk Management

Corporate Governance

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

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

Corporate Governance System (in force as of June 24, 2011)



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

(Japanese only)

Compliance

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

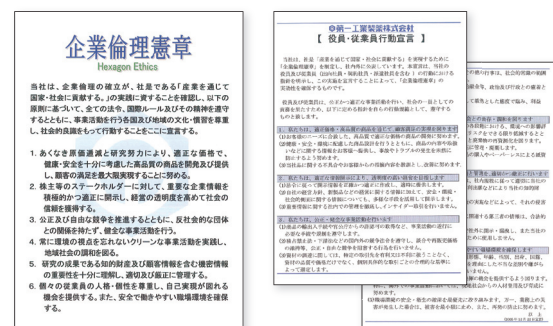
Basic Policy

- "Corporate Ethics Charter" was set up in July 2004. This clarified the ethical goal of our company.
- "Code of Conduct for Board Members & Employees" was set up in December 2005. We specified the code of conduct for board members/employees to substantiate our "Corporate Ethics Charter" and to secure the effectiveness of the charter. This "Code of Conduct for Board Members & Employees" is also available in card form. This card has been already handed out to all of our board members and employees.

Activities to Instill and Implement Compliance Practices

- Whistleblower Hotline was set up in 2006. This hotline is a contact point for any employee who has information about (alleged) violations of law and/or wants to report an actual violation of law. Whatever access mode is used (phone, e-mail, postal mail), the Whistleblower Hotline is directly connected to our Compliance Control Committee.
- In order to improve our compliance practices, compliance assessment has been undertaken on a sectoral basis.

- Since 2004, we have been conducting a "Research SQuestionnaire on Compliance Awareness" once a year, in order to check to what extent the compliance-based management philosophy is instilled in our employees.
- The compliance database has been built using our existing in-house database. It provides knowledge on compliance information and on the related laws. To allow anyone to acquire such knowledge, we have also established an information service database that can offer various kinds of information through quiz-type games.
- We hold periodic in-house seminars and workshops on compliance to improve our employees' awareness.



Corporate Ethics Charter Code of Conduct for Board Members & Employees

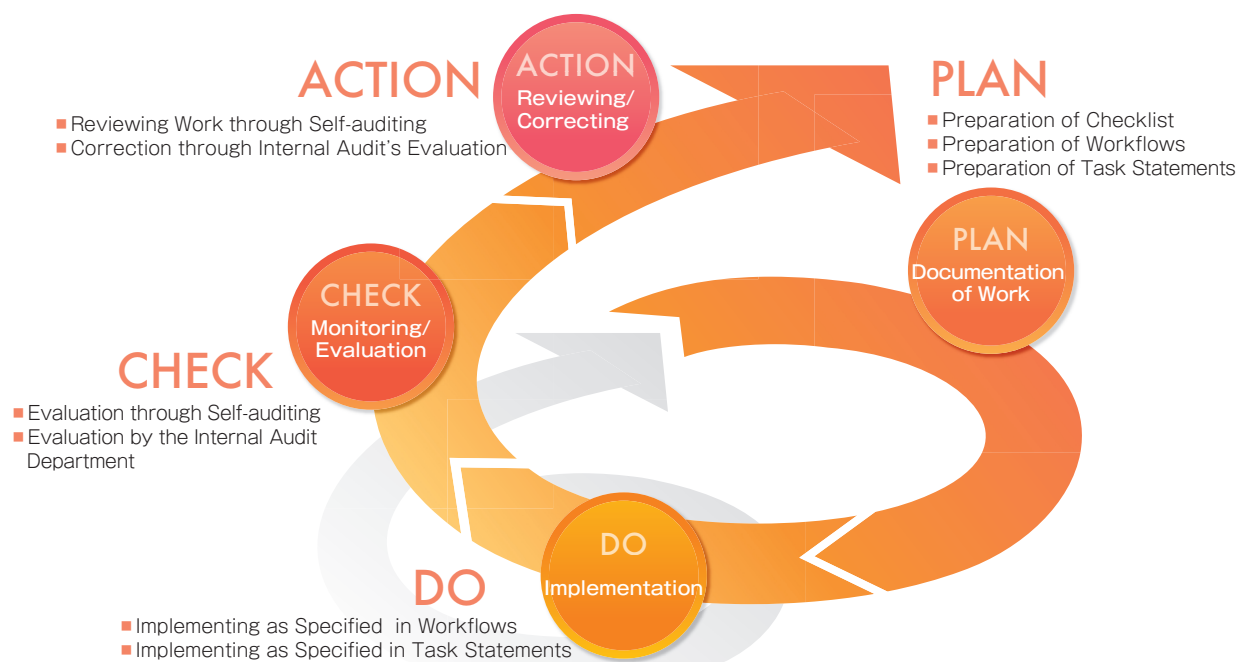
For more information on the "Corporate Ethics Charter" and the "Code of Conduct for Board Members & Employees," you may visit our website. (Japanese only)

Internal Control

We acknowledge that any enterprise must comply with laws and regulations, fulfill its obligations as a member of society through proper business activities to ensure stakeholders' interests are served, and make a positive contribution to society while gaining the confidence of the society. In May 2006, the board of directors passed a resolution on "Systems for Ensuring the Proper Operation of the Dai-ichi Kogyo Seiyaku Group." We have been engaged not only in internal control in compliance with Japanese Corporate Law but also in performing periodic reviews of our internal control systems and their maintenance and operation, in order to ensure the credibility of financial reports in accordance with the Financial

Instruments and Exchange Law. In addition to having set up appropriate internal control committees, we have established our Information Security Rules. Serving as the foundation of our economy and society, IT controls currently play a larger role than they used to. Thus, in order to reduce information system risks such as information leaks, we have developed information security policies and standards for risk measures and have defined procedures for information security practices to ensure the information security of our company. In recognition of the importance of internal control systems, our Financial Reporting Control Committee and Internal Audit Department play a central role in various internal control matters.

PDCA Cycle of Internal Control Processes for Financial Reporting



Risk Management

The risks companies face have become diversified and complicated, which may result in increased adverse impacts on shareholders. Our company places risk management as an important business challenge. In management meetings, we check and supervise the cross-sectional risk management system throughout the company. We also set up the Risk Management Control Committee consisting of representatives in each branch and department. To address potential and/or evident risks to our business activities, we prepare our Risk Management Procedures, Internal Audit Rules, Product Liability (PL) Prevention & Management Procedures, Information Security Rules, and Personal Information Management Rules, as well as their corresponding criteria and manuals, which support supervisory departments to promote risk management. In FY 2010, we extracted and evaluated risks associated with our

business activities again, and created the "New Influenza Pandemic Business Continuity Plan (BCP)." In FY 2011, we have prepared to review our Risk Management Procedures, to develop the BCP concerning earthquake countermeasures, to review the manuals on earthquake countermeasures in each branch, and to develop the standards for the risks that were extracted and evaluated in FY 2010.

About Us

Promoting Environmental & Social Activities

Social Activities

Environmental and Safety Activities (RC Activities)

On-Site Report

Social Activities

Relations with Society & Local Communities

Relations with Society & Local Communities

Provision of Information

For the purpose of providing our stakeholders with accurate and useful information on our company, we have been publishing brochures such as our company's prospectus, and our newsletter titled "Takuto." Our webpage also offers not only this information but also other information such as our product information.

In addition, to record our environmental and Social activities, we have also started publishing a series of our Social Activities Reports as "Environmental and Social Activities Report" (this document) since 2008.

Brochures



[WEB] <http://www.dks-web.jp/english/index.html>



FY 2010 Exhibition Presentations

During FY 2010, we made presentations at the following exhibitions.

October 2010	PAN-EXHIBITION FOR WASH AND CLEAN 2010 at Tokyo Big Sight Joint presentation with BASF Japan Ltd. regarding environmentally responsive non-ionic surfactants
February 2011	Neo functional material 2011 at Tokyo Big Sight Introduced ion liquid, nano dispersion technology, and nano-zirconia dispersion
March 2011	1st INT'L SMART GRID EXPO at Tokyo Big Sight Offered exhibit items (ion liquid and battery cells) at the NEDO booth.

■ PAN-EXHIBITION FOR WASH AND CLEAN 2010

We made a joint presentation with BASF Japan Ltd. in PAN-EXHIBITION FOR WASH AND CLEAN 2010 held at Tokyo Big Sight. Our main product non-ionic surfactant helps reduce

any comprehensive impacts on the environment. We promote to offer products optimized for the quality and application required to satisfy each customer's needs.



PAN-EXHIBITION FOR WASH AND CLEAN 2010



Neo functional material 2011

Donations for Great East Japan Earthquake Victims

Our company and our related company Chin Yee Chemical Industries Co., Ltd. (Taipei, Taiwan) donated a total of 25.5 million yen (breakdown: 24.5 million yen from our company, 1 million yen from Chin Yee Chemical Industries Co., Ltd.) for earthquake victims through the Japanese Red Cross Society on March 25.

In addition, co-sponsored by the labor union, we collected donations from all executives and employees throughout the entire company and donated approximately 2.15 million yen through the Japanese Red Cross Society on April 13.

Communication with Local Communities

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

■ Emergency Drills

Each of our branches has been periodically conducting various disaster drills such as our private fire brigade (on the assumption that fire or a major earthquake has occurred) and a comprehensive disaster-preparedness drill.

Shiga Branch conducted group emergency rescue training jointly with the Higashi Omi fire department and the medical association. The training was aimed at focusing primarily on emergency triage, and the fire department gave explanations about the training performances, just like a real event.



Shiga Branch



Ohgata Branch

■ Cooperation with Local Activities

In the Yokkaichi City Minato district where our Yokkaichi Branch is located, the local community has always developed people's awareness of disaster prevention. The neighborhood communities established the association of independent disaster prevention organizations in the Yokkaichi City Minato district, and conduct disaster prevention training in cooperation with the government and companies. Collaborating with this association, we also conduct disaster prevention trainings and encourage opinion exchanges. Recently, we have concluded a memorandum on mutual cooperation in case of disasters such as earthquakes, tsunami, and wind and flood damage in order to pursue activities required for disaster mitigation smoothly and immediately at the time of disaster. We intend to cooperate more closely with the local areas and facilitate disaster prevention measures.



Conclusion of a Memorandum with the Association

■ Neighborhood Cleanup Activities

Each branch regularly engages in cleaning activities in the neighborhood. Shiga Branch participates in cleaning the nearby Uryu River and in mowing the grass in the local community as part of regional measures, and positively approaches the community-based branch activities.



Shiga Branch: Cleanup Activity at Uryu River

■ Lecture on Our CSR Practices

Ryukoku University sets up a lecture course on the theory of CSR practices in companies. In this course, students learn the CSR's basic concept and case studies of CSR practices in each company in the lecture style, and propose measures and ideas of regional contribution activities in CSR practices to companies. Since FY 2010, we have introduced our CSR practices to them.



Lecture in Ryukoku University

■ Visiting Lectures for Elementary School Students

With the increased interest in problems including global environment and warming, and the trend of children moving away from science, we give visiting lectures as part of our activities to bring up and support children, the leaders of tomorrow. We implement lectures by making use of our know-how and experience obtained through business based on the responsibility for influences our corporate activities have on the society. We conducted lectures at Mukaijima Fujinoki Elementary School (Kyoto City) in November 2010, and at Chubu Nishi Elementary School (Yokkaichi City) in January 2011.



Mukaijima Fujinoki Elementary School (Kyoto City)



Chubu Nishi Elementary School (Yokkaichi City)

Social Activities

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

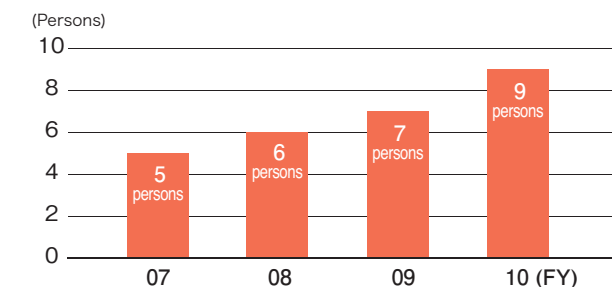
Relations with Society & Local Communities

Internship & Learning through Work

We have been accepting technical college students for internships for a long time; so far, many students have participated in our internship programs. During their summer holidays, participants take their own time to complete our one- or two-week internship program, during which they have a practical work experience in any of our workplaces (such as our laboratories, quality control department of each branch, etc.) so that they can understand our actual business operations and services. We have been devoted to reviewing and improving each of our programs so that they can really feel "the meaning of work."

■ Internship

Acceptance of Technical College Students for Internship



Internship at Yokkaichi Branch

We believe that accepting students for internships will help them not only to expand their occupational awareness and improve their business ability, but also to promote their understanding of workplace relationships and effective information exchange while communicating with their schools. As a part of our CSR activities, we will continue to offer these internship programs.

In addition, we accept requests from junior high school students on occupational interviews and experience learning at the workplace.



Occupational Interview at Joetsu City Ohgata-cho Junior High School



Workplace Experience at Higashi-Omi City Gokasho Junior High School

Our Activities in Industry Groups and Autonomous Communities

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

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

After our interview with the Japan Chemical Industry Association, an article related to our Responsible Care Activities was published in JRCC NEWS (No.59) issued by the Japan Chemical Industry Association.



[WEB] <http://www.nikkakyo.org/organizations/jrcc/news/no59/jrccnews59.pdf>

Relations with Our Customers & Business Partners

Our quality assurance (QA) system has been established and operated by putting into place a quality management system based on ISO 9001. "Keeping up high enough quality to satisfy customers": With this slogan in mind, we have been promoting our QA activities while pursuing the following two product quality policies:

- (1) Our company will strive to design a product with sound enough quality to meet customers' expectations and to offer a highly reliable, safe product before the due date requested by the customer at a reasonable cost.
- (2) Our company will pursue higher quality in our products and

Process for Quality Assurance

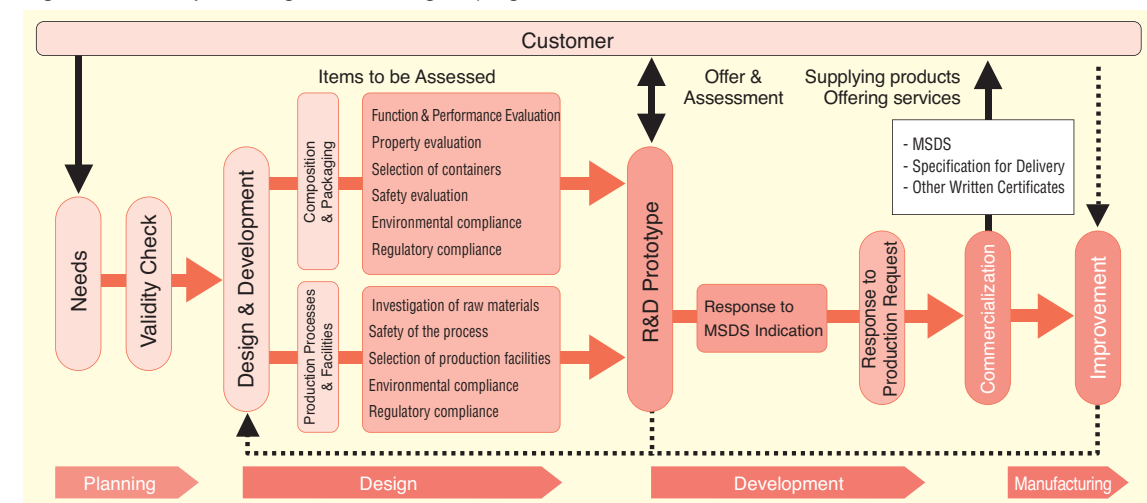
When trying to develop products, suppliers must take into account a variety of aspects of customers' needs in an accurate manner.

Based on ISO 9001 standards, our company has been performing QA activities by checking and assessing the progress

continue to improve the effectiveness of our Quality Manual in order to maximize customer satisfaction.

We believe our QA system can clearly specify not only an effective process for quality assurance, but also roles and responsibilities imposed on and authority granted for each QA department. Based on this QA system, we have been trying to implement in-depth quality control (QC) and provide accurate product information while responding to product complaints in a quick and faithful manner. We have always been devoted to providing products that are safe for use.

from multiple viewpoints, so that regulatory requirements, environmental and security requirements, and production and distribution can be secured for all of the following processes: planning, designing, developing, and manufacturing.

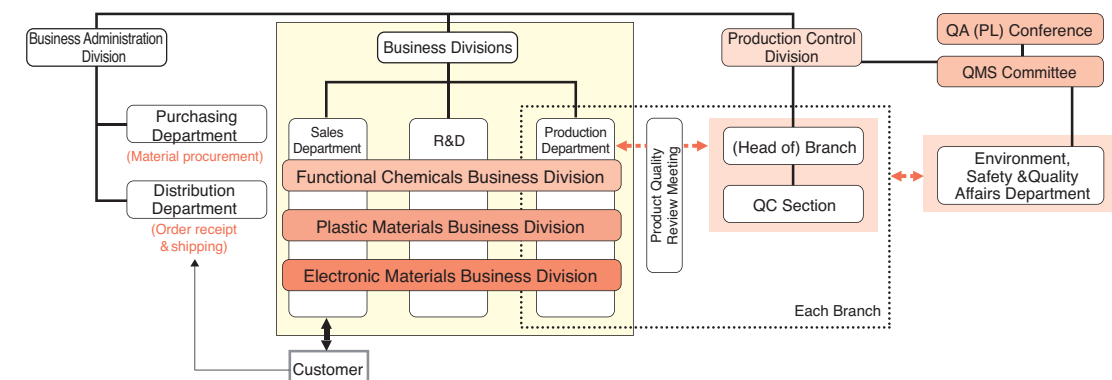


QA System

We operate our quality management activities in accordance with ISO9001. We accept all information related to the quality from customers through sales representatives, or directly in the QC section of each branch. Under this system, we unify management and responses of quality-related information, and implement the quality management in the product quality review meeting with our production departments.

We share quality defect and complaint information on the network, and analyze them to utilize for recurrence prevention

measures, as well as roll out the analyzed results with the cooperation of our Environment, Safety & Quality Affairs Department and other relevant departments. In the QMS Committee, we use our PDCA cycles in the management system to promote improvement and/or advancement measures, and to control management reviews in each department. In the QA (PL) conference, we review and deliberate continuing improvement and/or advancement measures of quality management and QA activities.



About Us

Promoting Environmental & Social Activities

Social Activities

Environmental and Safety Activities (RC Activities)

On-Site Report

Social Activities

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

Relations with Our Customers & Business Partners

Provision of Product Information

We have been providing product information as an opportunity for (prospective) customers to better understand our products. In addition, we always respond to requests and inquiries from our customers quickly and adequately in good faith.

For the purpose of providing product information, especially at the stage of introducing our existing products and/or developing new products, we strive to be in close communication with customers and business partners, not only through our everyday business negotiations, but also with our brochures and technical documents.

We have been providing material safety data sheets (MSDS)

for all our products as chemical substances and answering inquiries about the latest information on environmental burden substances or the relevant laws and regulations.

We have completed the procedures to update our MSDS and label indications, and to prepare the GHS-compliant MSDS according to the revision of the Industrial Safety and Health Act and the Pollutant Release and Transfer Resister (PRTR) Law. In addition, according to the revision of the Japanese Industrial Standards (JIS) related to the GHS "Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances", we are currently updating our MSDS and label indications sequentially.



Product Brochures

Response to PL/Complaints

We established our Product Liability (PL) Prevention & Management Procedures and PL Accidents Prevention System to ensure the safety of our products and to prevent product safety accidents from occurring.

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

Our policies for handling product complaints focus on the following practices: maintaining credibility responding quickly and in good faith, thoroughly probing the cause of the complaint, and taking preventive measures and recurrence prevention measures.

To achieve them in our policies, we make efforts to prevent recurrence of complaints and to take preventive actions through immediate handling and sharing of information through online management. At each of our branches, monthly product quality review meetings are held and a product quality inspection patrol is performed on a monthly basis.

What Does It Mean? >>> GHS

GHS is an abbreviation for Globally Harmonized System of Classification and Labeling of Chemicals. This system is intended to address the hazard classification of chemicals in accordance with globally standardized rules and to reflect the information on physical hazards and toxicity from chemicals on pictorial warning labels and material safety data sheets (MSDS). The aim of GHS is to allow such chemical hazard information to help to prevent possible accidents and protect human health and the natural environment. In 2003 GHS was announced as a recommendation of United Nation, and the GHS UN Document (referred to as the "Purple Book") was published. Besides in Japan and EU, in Asian countries including Taiwan, China, Korea, and Indonesia, the institutionalization of the GHS has been developed since 2010.

Zenkoku Ichi-Ko Kai (DKS National Dealers Meeting)

In order to offer products that respond to the market's trends and needs and to promote the sale of such products, our sales department has been devoted to developing new marketing practices in cooperation with our dealers.

The general assembly of Zenkoku Ichi-Ko Kai, members of which are composed of our major dealers, has been held annually, and FY 2010 was the 29th assembly. In the meeting, we explained our business performance trend and progress of our medium-term management plan "Change 100 Plan", as well as introduced our focus products. At the convivial party, we exchanged information with our dealers while promoting mutual friendship.



General Assembly of Zenkoku Ichi-Ko Kai

Relations with Our Shareholders & Investors

Shareholder Meeting

Dai-ichi Kogyo Seiyaku views the shareholder meeting as an important opportunity to foster communications between shareholders and management.

96 shareholders attended the annual shareholder meeting on June 24, 2011. Our President, Dr. Oyanagi, chaired the meeting and presented an annual business report and an explanation of each agenda item. We always try to provide a clear explanation for our report using narration and slide presentations, so that all of our shareholders can well understand the points.



Shareholder Meeting

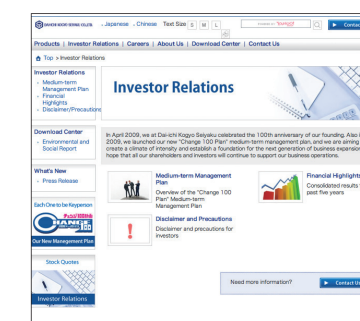
During a question and answer session, there were four questions and opinions coming from four participants, which resulted in about 55 minutes of discussions. After the meeting, we introduced our IR activities on the theme of "Change 100 Plan' and Corporate Situation" so that our shareholders could understand us further. Following that, at a shareholders get-together with top management, there were meaningful exchanges of opinions between them in a relaxed and friendly atmosphere.



Shareholders Get-Together

Internship & Learning through Work

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



<http://www.dks-web.jp/english/ir/index.html>

Relations with Our Employees

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

Our Company's Human Resource Philosophy

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

Human Resource Development Policies

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

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

General Business Owner Action Plans

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

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

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

Our Personnel System

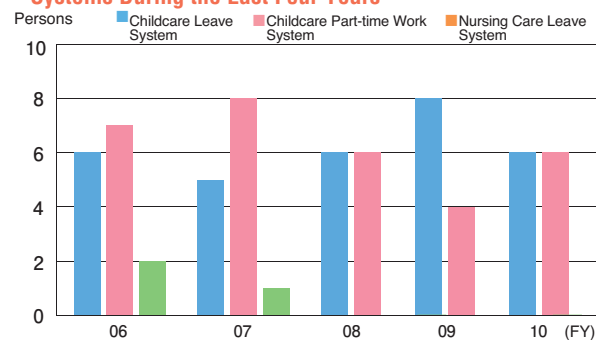
Employment System

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

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

Number of Employees Who Have Used the Personnel

Systems During the Last Four Years



Retiree Reemployment System

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

In-house Achievement Award System

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



2010 Second Half Achievement Award Winners

Efforts to Prevent Harassment

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

Human Resource Development & Education

Our employee development and education programs focus on three pillars—in-house education, external education, and self-development support. In addition, we have been dedicated to supporting the voluntary capacity building of our employees by providing them with in-house lectures and briefing sessions. In FY 2010, we prepared to review human resource development and the evaluation system, and have completed our new education training system. We have also renovated our Kyoto branch in Shichijo Sembon, Kyoto City, which was the place of our foundation, for it to become the in-house training institute. In FY 2011, we intend to conduct our training course by position in a new environment.

In-house Education Programs

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

External Education Programs

Hierarchical Training
- New employee Education/
Follow-up Training
- Mid-carrier Staff Training
- New Manager Training

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

Self-Development Support Programs

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



Advanced Professional Training



English Language Class

New Education Training System

We took the approach to create a new education training system for improving our management ability and to enhance human resource development. In creating a new system, we have established new training courses, and reviewed the

contents and programs for the current established trainings. Furthermore, we have improved not only training course by position, but also department training.

Job title	Training course by position	Pre-recruitment training	Department training					Self-development support program
			Research	Sales	Production	Management	Common	
			Training on placement and rotation					
			OJT					
General manager	Management workshop (executive officer)							
Deputy general manager	Corporate manager development training							
Assistant general manager	Fifth-year management post training							
Manager	Third-year management post training							
	Coaching practice training							
	Reviewer training							
	New manager training							
Advanced professional	Advanced professional training							
Professional	Professional training							
First class staff								
Second class staff	Third-year training							
New employee	Follow-up training							
	Workshop practice							
	New employee training							
	Training before entering the company							

Legend: New training and interview Training with enhanced contents

Relations with Our Employees

Workshop

Our workshops can serve as company-wide technical forums for our researchers to present and discuss their latest findings in R&D and production technology developments. Our workshop series are held twice every year; each of which is composed of three sections: a special seminar presented by a visiting lecturer, verbal presentations, and poster presentations. After the workshop is completed, a convivial meeting is held where participants vote for the best presentation award of the workshop, which is awarded to the winner. In FY 2010, we had the 72nd and 73rd workshops in the series.



GO GO Group Presentation

Each of our three branches where our plants are located (Yokkaichi, Ohgata, and Shiga), as a part of their QC circle activities, holds an annual presentation called the "GO GO Group Presentation," where the number of themes to be addressed in the year is specified.

Each group has picked up a wide variety of subjects, such as cost reduction, efficiency of business, and environment, and presented their daily activity performance.



In-house Seminars and Briefings

Seminars (by a visiting lecturer)

From Basics to Application on Living Radical Polymerization Technology Management of Value Creating

Briefings

Briefing on the Revised Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances Export Control System of Safety Assurance Compliance

Activities to Protect Satoyama

Satoyama is the Japanese term for the border zone or area between mountain foothills and arable flat land. Our Shiga Branch has launched a group for the protection of Satoyama in order to promote maintenance and conservation activities of mountain forests around this branch, which is blessed with nature. Every month they are working on weeding and cutting bamboo forests through the employee volunteer activities. We expect not only to maintain the landscape of Satoyama, but also to maintain and improve public functions, such as ground water recharge controlled by forests and biodiversity conservatory. In addition, we are currently considering effective utilization of forest thinning and bamboo using wood chippers we have already purchased.



In-house Magazine

We publish the in-house magazine "DKSCOM" every other month to introduce various articles including messages from top management, regarding management policy, and on our employees' performance.

Our editorial policy is as follows:

- (1) Convey the management policy and information to each employee and share them.
- (2) Promote communication between managers and employees.
- (3) Try to create the magazine so as to be easy read and understand.



Healthcare & Occupational Safety

Health Checkup

As a result of encouraging and motivating all our employees to get regular medical checkups, their checkup-participation rate in FY 2010 increased to 99.9%. We will make further efforts to achieve 100% participation in FY 2011. We also place importance on follow-up measures after checkups, especially in regards to any abnormal findings in the results. Also in FY 2010 we started to recommend reexamination and the second checkup-participation for employees who received results with abnormal findings to ensure that they do not fail to attend reexamination and to understand the clinical results. Consequently, the rate of reexamination and the second checkup-participation was 75% in this year. We will continue to promote this activity in order to prevent any current symptoms from leading to serious illness and/or keep it from increasing in severity. To achieve the early detection of cancer and ensure the promotion of good health for our employees, we, in FY 2010, conducted medical checkups including a fecal occult blood test, X-ray examination of the stomach, abdominal echocardiography, breast ultra-sound, and dental checkup for our employees in all of our branches.



Dental Checkup

Blood Donation

Kyoto Branch annually conducts a blood donation campaign upon the request of the Japanese Red Cross Society. With the cooperation of employees, they appeal to each person to donate 400 milliliters of blood. The number of blood donors was 18 this year. 30 employees in Yokkaichi Branch and 14 employees in Ohgata Branch also cooperated with the campaign.



Kyoto Branch

Mental Health Care

The training course by position annually held in June offers a mental health-related program. Professionals and advanced professionals learn with a focus on self care, and managers learn with a focus on line care (defined below) through role-playing methods and group workshops, the contents of which are very useful in practice.

In addition, the results obtained in a job stress survey for our employees are analyzed on a department-by-department basis. Analysis results are shared with the head of the department, while reviewing various aspects of the department in terms of work volume, workload, current status of support from other sections/departments, characteristics of the department, and advantages and disadvantages of the department. During the process of hearing about their goals and challenges toward vitalization of the department, the head of the department can create a new improvement plan for their working environment. In this way, we intend to use this activity as an effective tool to promote the line care enhancement.



Mental Health Care in the Training Course for Professionals

AED Workshop

Along with increased placement of AEDs and the increased number of AED workshop participants across the nation, the number of people who are engaged in the knowledge of life saving activities is increasing. Responding to this movement, through AED workshops we devote our efforts in cultivating people who can provide emergency medical treatment. In Kyoto Branch, total seven workshops have been held up to now, and total participants numbers have reached to 130.



Kyoto Branch

What Does It Mean? Line Care/Self Care

Line Care

Line care or management line care is an activity a management supervisor (or superior) conducts for the purpose of promoting the mental health of his or her subordinates. Specifically, it includes counseling subordinates, operational coordination, and improvement of workplace environment.

Self Care

Self care is conducted by a worker himself or herself to understand his or her overall health condition and to prevent poor or worsening health. Specifically, it includes recognizing poor health, counseling other people, and visiting health care facilities.

Environmental and Safety Activities (RC Activities)

- Basic Philosophy, Basic Policies, and Corporate Principles for Environmental and Safety Practices
- RC Promotion System
- Management System

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

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

Basic Philosophy

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

Basic Policies

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

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

Corporate Principles

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

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

What Does It Mean? >>> Responsible Care

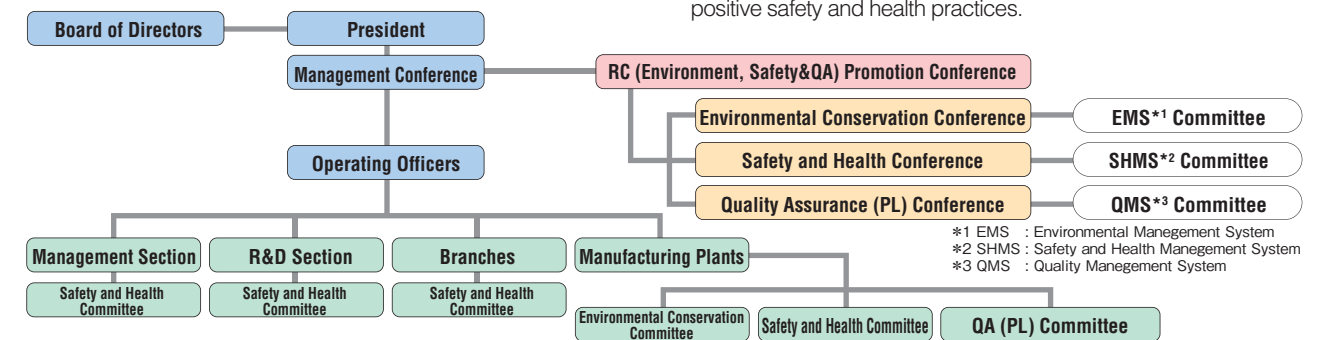
Responsible Care (RC) refers to voluntary activities conducted by respective companies handling chemical substances to secure environment, safety, and health improvements and to promote dialogue and communication with the public by making the results of such activities available to the public throughout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



RC Promotion System

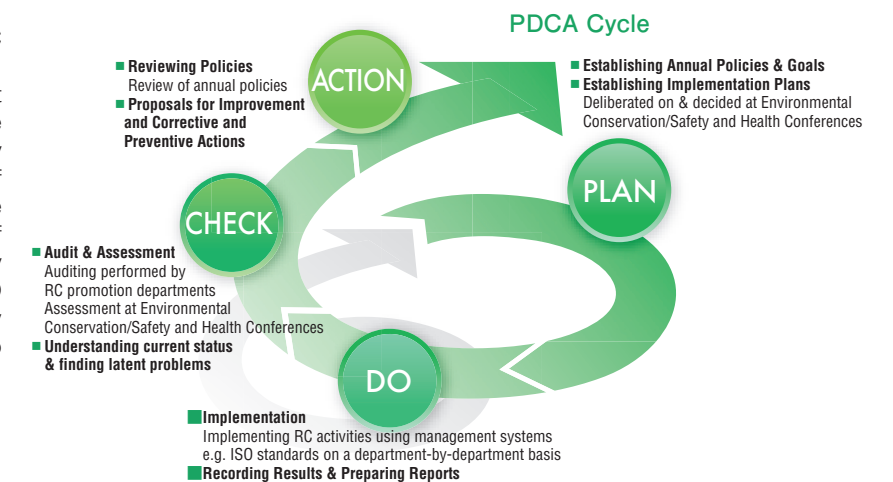
We have established an RC (Environment, Safety & Quality Assurance) Promotion Conference with our president as its chairman, at which our Basic Philosophy, Basic Policies, and Corporate Principles for Environmental and Safety Practices are determined, and agenda items are deliberated on and decided. In order for our RC activities to be effectively promoted, we have established three different conferences—the Environmental Conservation Conference, Safety and Health Conference, and QA (PL) Conference—composed of branch managers and the heads of relevant departments and sections, and chaired by the person in charge of Environment, Safety & QA. At these conferences, our company-wide targets and implementation plans and their results are deliberated on.

We have also established, as a suborganization of our conferences, three company-wide committees—the EMS Committee, SHMS Committee, and QMS Committee—as well as three committees in each of our plants—the Environmental Conservation Committee, Safety and Health Committee, and QA (PL) Committee. The conferences have been held periodically to formulate implementation plans for RC targets (related to energy saving, waste reduction, and proper control of chemical substances), to manage the progress of these plans, and to summarize obtained results. In addition to establishing Safety and Health Committees in our manufacturing plants, we have provided them in other branches and departments. These committees are chaired by the heads of the related departments and sections to promote positive safety and health practices.



Management System

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



ISO 14001 & ISO 9001 Accreditation Status

Our Departments	ISO14001*1		ISO9001*2	
	Date of Accreditation	Registration Number	Date of Accreditation	Registration Number
Yokkaichi Branch	June 2002	JCQA-E-0391	January 2000	JCQA-0619
Ohgata Branch	July 2002	JCQA-E-0397		
Shiga Branch	March 2002	JCQA-E-0354		
Production Control Div.				
Business Administration Div.				
R&D Depts.				

*1 Our branches (Yokkaichi, Ohgata, and Shiga) completed the third renewal audit during the period from January 2011 to June 2011.
*2 After passing the third renewal audit in November 2011, our branches (Yokkaichi and Ohgata) have completed the second maintenance audit.

ISO 14001 Certificates



Yokkaichi Branch Ohgata Branch Shiga Branch

Environmental and Safety Activities (RC Activities)

- Targets & Performance in RC Activities ■ Environmental Accounting
- Funding for Security and Disaster Prevention Measures
- Environmental Impact Accompanied with Business Activities



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

As a business entity handling chemical substances, our company needs to secure the work environment, safety, and health through the entire life cycle from design development to disposal of products, as well as enhancing mutual trust in the society while developing communication, and continuing sustainable development. We believe that the Responsible Care (RC) activities are indispensable to achieve those commitments. We joined the Japan Responsible Care Committee (at the time) in 1998, and since then have actively putting the RC activities into practice, as well as being engaged in environmental conservation, pollution prevention, occupational health and safety practices, security and accident prevention, and ensuring the safety of our products. As major approaches to environmental conservation in FY 2010, we overhauled compressors, installed inverters, and improved heat exchangers. In addition, we prevented heat loss to implement energy efficiency and reduce the emission of greenhouse gases, and reduced the waste final disposal amount through recycling promotion. In FY

2011, the reduction of carbon dioxide emissions is greatly expected because of the energy conversion to natural gas at our Yokkaichi Branch. As approaches to occupational health and safety, we conduct safety patrols, risk assessment activities, experience-based safety education, and the "5S" activities to enhance continuous improvement. Furthermore, as safety and health activities, we have made efforts to realize the complete implementation of regular health checks and reexamination, to continuously conduct job-stress surveys as a mental health measure, and to prepare countermeasures against a new super-flu. Related to security and accident prevention, we manage our facilities and operations according to the compliance of applicable laws and regulations, as well as organize emergency and evacuation drills in collaboration with local fire departments to prepare for unforeseeable circumstances. We intend to improve our performance continuously through these RC activities throughout the entire corporation to achieve our corporate social responsibilities (CSR).

Targets & Performance in RC Activities

Targets and Performance in FY 2010

Target Items	Management Items	Targets in RC Activities	Performance in FY 2010	Evaluation	
Promoting energy saving	Energy consumption per unit (*1)	1% improvement of energy consumption per unit annually	2.3% improved compared to the previous year	○	
		10% reduction of energy consumption per unit in FY 2010 compared to FY 1990	7.7% increased compared to FY 1990	△	
Reducing GHG emissions	CO ₂ (*2)	2% reduction compared to the previous year	9.1% increased compared to the previous year	△	
		10% reduction of final disposal amount in FY 2010 compared to FY 1990	39.9% reduced compared to FY 1990	◎	
Reducing industrial waste	Waste	5% reduction of waste amount in annual rate	30.6% increased compared to the previous year	△	
		Recycling rate	Promoting recycling	4.5% worse than the previous year in recycling rate	△
		Final disposal amount	80% reduction of final disposal amount in FY 2010 compared to FY 1990	88% reduced compared to FY 1990	◎
Reducing emissions of environmental impact substances	SO _x emissions	Emission/discharge control of environmental pollutants in the air	37.1% reduced compared to the previous year	◎	
			NO _x emissions	1.1% reduced compared to the previous year	◎
			Dust emissions	8.5% reduced compared to the previous year	◎
			COD emissions	69% reduced compared to the previous year	◎
Proper management of chemical substances	Wastewater discharge	Emission/discharge control of environmental pollutants in water	14% reduced compared to the previous year	◎	
			PRTR Law-designated substances	Emission reduction of PRTR Law-designated substances	9.9% increased compared to the previous year
Promoting green procurement	—	Promoting green procurement	4% promoted compared to the previous year in purchased amount	○	
Eliminating disasters/accidents	—	No occupational accidents (days away from work)	Three cases occurred	△	
			Eliminating severe accidents associated with production facilities	No accidents occurred	○
Environmental management system	—	Promoting environmental management system	Maintained	○	

Evaluation *1: Energy consumption per unit: Reference product conversion method, *2: CO₂: Derived from energy in production sectors. Evaluation: ◎: Achieved more than planned, ○: Achieved as planned, △: Achieved less than planned

Targets in FY 2011

Target Items	Management Items	FY 2011 (Target)	
Promoting energy saving	Energy consumption per unit (*1)	1% improvement in annual rate (Simple production method)	
Reducing GHG emissions	CO ₂ (*2)	23% reduction compared to FY 2005 on average from FY 2008 to FY 2012	
		—	
Reducing industrial waste	Waste	1% improvement in annual rate (Simple production method)	
		Recycling rate	Promoting recycling
		Final disposal amount	80% reduction in FY 2015 compared to FY 2000, and 1% or less of the final disposal amount to waste amount
Reducing emissions of environmental impact substances	SO _x emissions	Emission/discharge control of environmental pollutants in the air	
			NO _x emissions
			Dust emissions
			COD emissions
Proper management of chemical substances	Wastewater discharge	Emission/discharge control of environmental pollutants in water	
			PRTR Law-designated substances
Promoting green procurement	—	Promoting green procurement	
Eliminating disasters/accidents	—	No occupational accidents (days away from work)	
			Eliminating severe accidents associated with production facilities
Environmental management system	—	Promoting environmental management system	

*1 Energy consumption per unit: Simple production method *2 CO₂: Derived from energy in production and management sectors. *3 Waste generation per unit: Simple production method

Environmental Accounting

In FY 2010, investment for environmental-related systems was spent mainly for pollution control, promotion of energy conservation, and recycling of wastes. Environmental-related costs increased in the fields of energy efficiency and waste recycling.

The economic benefits herein include profits on the actual sales of valuable resources and the amount of cost savings and are not based on estimated economic benefits.

Investment and Costs of Environmental Conservation Activities

Category	Main Activity	Environmental Conservation Cost (million yen)	
		FY 2010	
		Investment	Costs
Costs within the plant premises	Pollution control	48.9	283.0
	Air pollution control, water pollution control		
	Global environment conservation	15.1	154.0
	Energy saving		
Upstream/downstream cost	Resource recycling	4.2	268.3
	Resource saving, waste treatment/disposal		
Management activity cost	Lowering environmental impact in containers/packaging	0	8.1
R&D cost	ISO acquisition/completing surveillance audit, greening each plant	0.8	38.1
R&D cost	Environmentally-conscious R&D	—	460.3
Social activity cost	Providing support grants for environmental protection to environmental conservation groups or local communities	0.2	7.6
Environmental damage cost		0	0
Total		69.2	1219.4

*CO₂ generation amount: Derived from energy used in production sectors

Economic Effects Generated by Environmental Conservation Measures

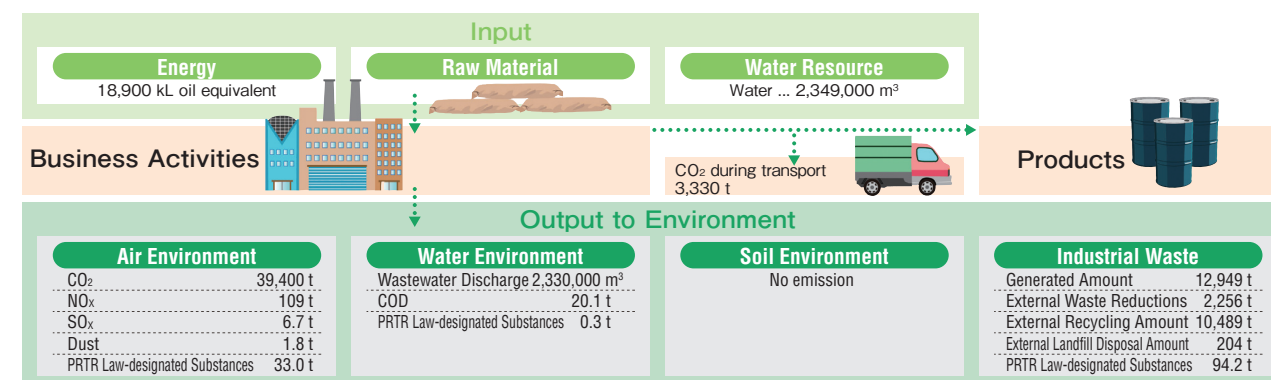
Items	Economic Effects (million yen)	Remarks
Profit on sale of valuable resources	4.0	Profit on sale of metal scrap, waste oil, waste alkali, etc.
Amount of cost savings through energy conservation	7.1	Amount of cost savings in electric power and fuels
Amount of cost savings through resource saving	13.2	Amount of cost savings through reduction of water use /waste
Total	24.3	

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

Funding for Security and Disaster Prevention Measures

The FY 2010 funding for our security and disaster prevention measures was 45 million yen. This funding was mainly allocated to explosion, fire, and leak prevention measures; occupational safety and working environment improvement measures; and mitigation measures for aging facilities.

Environmental Impact Accompanied with Business Activities



Environmental and Safety Activities (RC Activities)

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

Global Warming Prevention (Energy Conservation)

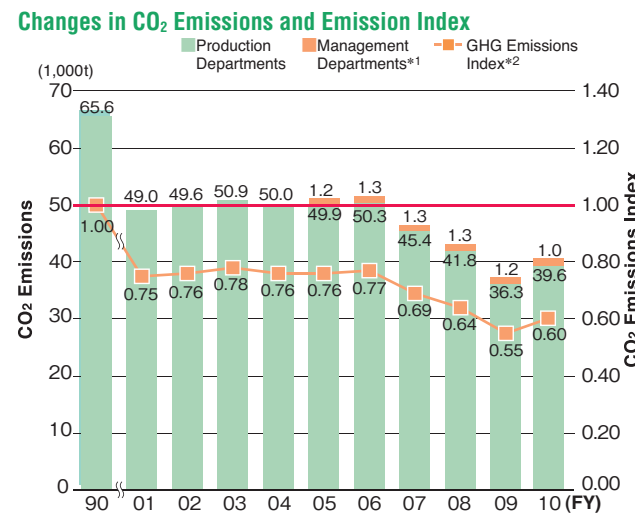
We are continuously implementing energy-saving measures, however, the CO₂ emissions in FY 2010 increased by 9.1% compared to the previous year due to the increased energy consumption accompanied by an increase in production amounts. We have achieved a 39.9% reduction to our target of 10% reduction compared to FY 1990.

In regards to energy consumption per unit, we achieved a 2.3% reduction to our target of 1% reduction compared to the previous year, but it resulted in a 7.7% increase to our target of 10% reduction compared to FY 1990.

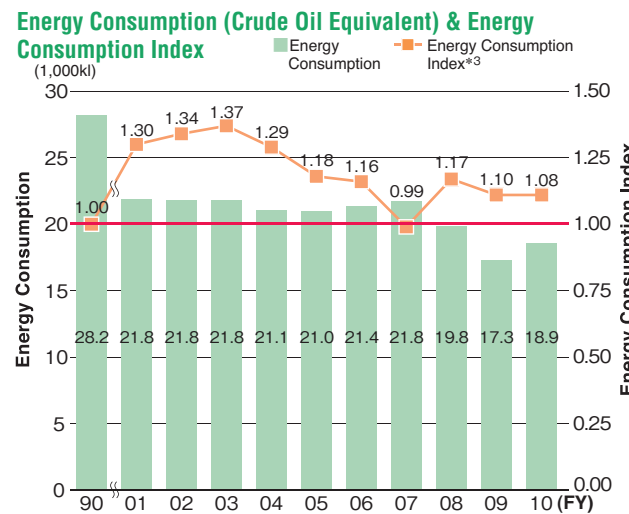
We set out our new targets for FY 2011 and later, and in order

to achieve them, we devote our efforts to increasing the energy efficiency and reducing the CO₂ emissions as a part of our "Cost-Eco Activities" to promote energy-saving measures and global warming prevention.

"Cost-Eco Activities" is our term coined by combining the "Cost" of cost reduction with "Eco" of environmental ecology and economy (saving), which means activities concerning cost reduction and environmental conservation.



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



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

Eco Activities in Our Sales Promotions

We make efforts to use transportation with less CO₂ emission when we go out as a part of eco activities in our sales promotion. Practical measures under consideration are ① to reduce the number of cars used for sales promotion, and to use public transportation as much as possible, and ② to change to hybrid cars for sales promotion.

In FY2010, we reduced one car in Tokyo Branch concerning ①, and changed one normal car to a hybrid one concerning ②. We have a policy to continuously implement these activities in the future.

Efforts to Reduce Environmental Impacts

Production branches have acquired ISO14001 certification, and continuously approached the reduction of environmental impacts and promotion of RC activities.

Furthermore, the Cost Reduction Promotion Department implements a review of the production process and facilities in cooperation with each branch.

The department is thoroughly devoted to energy efficiency and the reduction of any environmental impacts, such as CO₂ and VOC emissions, by introducing a series of approaches from the extraction of problems to the implementation of preventive measures.

In FY 2010, we achieved the improvement of steam using facilities, installation of inverters, and downsizing of nitrogen generators.



Shiga Branch Nitrogen Generator

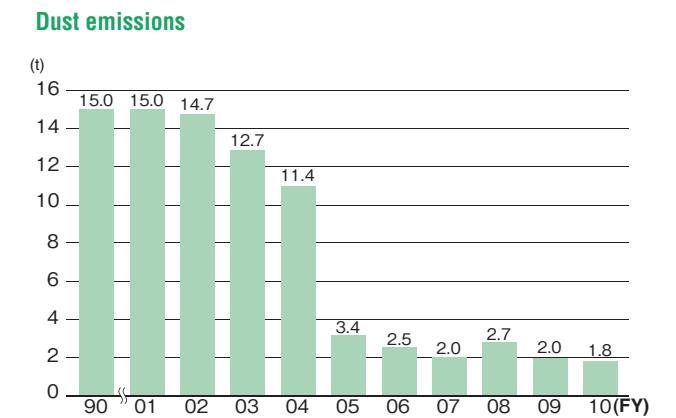
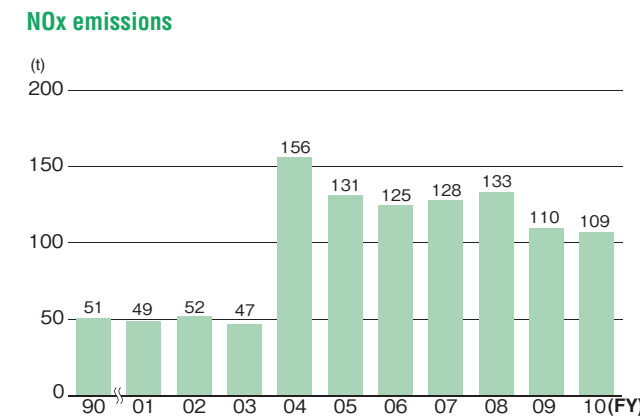
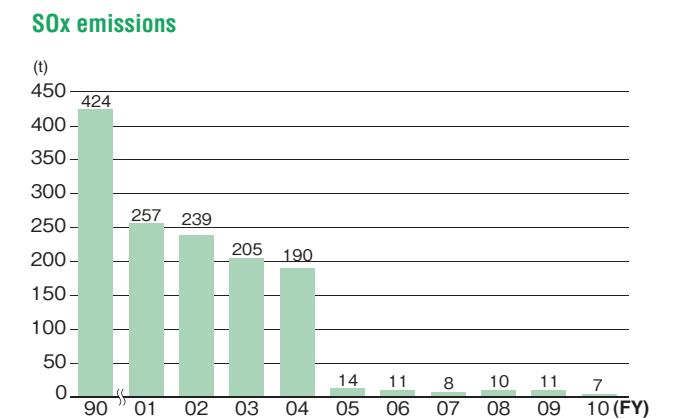
Air Pollutants Emission Control

In FY 2010, our energy consumption was 18,900 kl, which is a 9.5% increase compared to that of the previous year. We tried to achieve energy efficient operations for air pollutants emissions, which resulted in a 37.1% reduction for SOx emissions, 1.1% reduction for NOx, and 8.5% reduction for dust. We will continue to pursue more energy efficient operations techniques.

NOx emissions: The increasing trend in the emissions (from FY 2004) resulted from the introduction of cogeneration systems.

SOx emissions: The decreasing trend in the emissions (from FY 2005) resulted from fuel conversion activities.

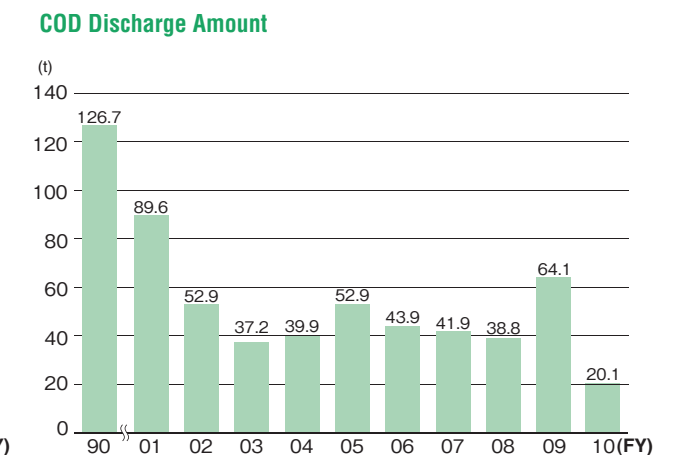
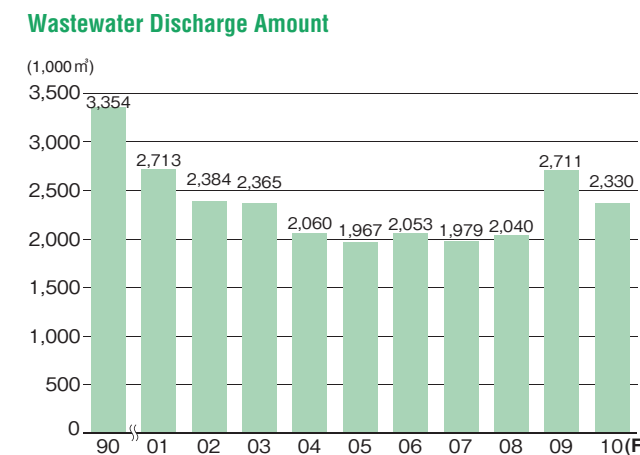
Dust emissions: The decreasing trend in the emissions (from FY 2005) resulted from fuel conversion activities.



Water Pollutants Discharge Control

In FY 2010, the discharge amount of water pollutants decreased mainly because facility wash water was externally recycled, thereby resulting in a decrease in both drainage volume of discharge water and COD load. We will

continue to make efforts to reduce the COD discharge amount by improving our production processes and improving our effluent treatment facilities.



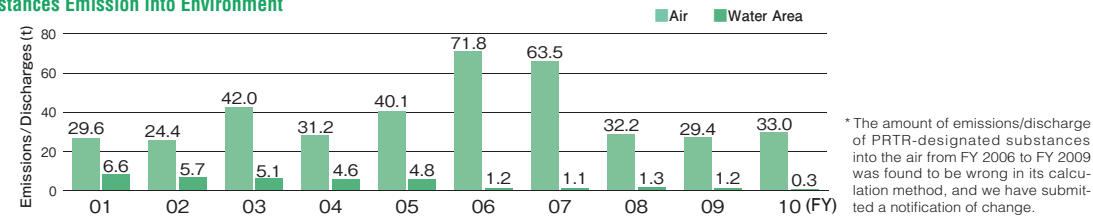
Environmental and Safety Activities (RC Activities)

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

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

Efforts to Reduce Emissions of Chemical Substances (PRTR)

PRTR-Designated Substances Emission into Environment



Emissions of PRTR Law-Designated Substances

We have a total of 31 notification substances in the first performance report in FY 2010 after the revised PRTR Law. The total amount of emissions/discharge into the air, water, and soil was 33.02 tons, 0.26 tons, and 0 tons, respectively. We promoted to reduce emissions/discharge, however, the amount of emissions

into the air increased by 3.66 tons, and the amount of waste transfer increased by 58.25 tons compared to FY 2009. Through changes in production techniques and improvement of our facilities, we will make continuous efforts to reduce the emissions/discharge of PRTR substances into the environment.

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

Ordinance Serial No.	Name of Substance	Emissions to Air	Discharge to Water	Emissions to Soil	Waste Transfer Amount
2	Acrylamide	0.00	0.00	0.00	0.01
4	Acrylic acid and its water soluble salts	0.03	0.00	0.00	0.39
20	2-aminoethanol	0.00	0.00	0.00	0.06
30	n-Alkylbenzenesulfonic acid and its salts (alkyl C=10-14)	0.00	0.03	0.00	0.05
31	Antimony and its compounds	0.00	0.00	0.00	0.14
53	Ethylbenzene	0.03	0.00	0.00	0.34
56	Ethylene oxide	0.66	0.00	0.00	0.00
60	Ethylenediaminetetraacetate	0.00	0.01	0.00	0.03
68	1,2-epoxy propane (or "Propylene oxide")	7.40	0.00	0.00	0.00
80	Xylene	0.02	0.00	0.00	0.23
128	Chloromethane (or "Methyl chloride")	0.61	0.00	0.00	0.00
150	1,4-dioxane	0.00	0.01	0.00	0.39
255	Decabromodiphenyl ether	0.00	0.00	0.00	0.49
272	Copper salts (water-soluble, except complex salts)	0.00	0.00	0.00	2.20
292	Tributylamine	0.00	0.00	0.00	0.45
300	Toluene	24.24	0.00	0.00	87.00
339	N-Vinyl-2-pyrrolidinone	0.02	0.00	0.00	0.00
398	Benzyl chloride	0.00	0.00	0.00	0.34
407	Poly(oxyethylene) alkylphenyl ether (alkyl C=12-15)	0.00	0.21	0.00	1.48
408	Poly(oxyethylene) octylphenyl ether	0.00	0.00	0.00	0.13
410	Poly(oxyethylene) nonylphenyl ether	0.00	0.00	0.00	0.28
415	Methacrylic acid	0.00	0.00	0.00	0.04
298	Toluene diisocyanate	0.00	0.00	0.00	0.12
448	Methylenebis (4, 1-Phenylene) = Diisocyanate	0.00	0.00	0.00	0.01
	Others (substances of which emissions/discharge or transfer amount was less than 0.01t)	0.01	0.00	0.00	0.01
	Total	33.02	0.26	0.00	94.19

PCB (Polychlorinated Biphenyl)

In accordance with the Law Concerning Special Measures against PCB Waste, we are taking steps to ensure the proper storage and control of the PCB waste target items. In FY 2010, our Ohgata and Shiga Branches disposed of most of the high concentration PCB waste through the Japan

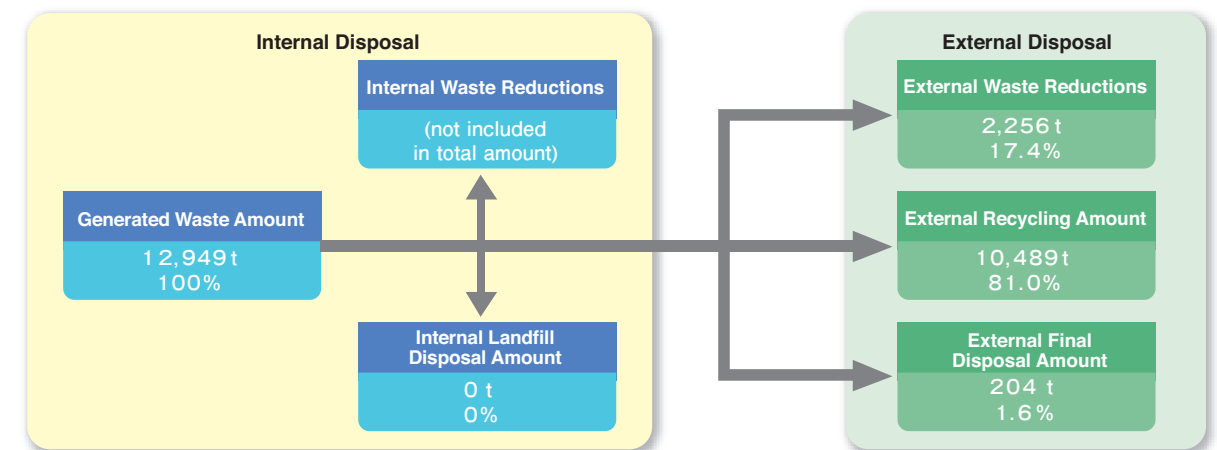
Environmental Safety Corporation (JESCO).

We will promote the proper storage and control of the rest of the high concentration PCB waste, as well as low concentration PCB waste.

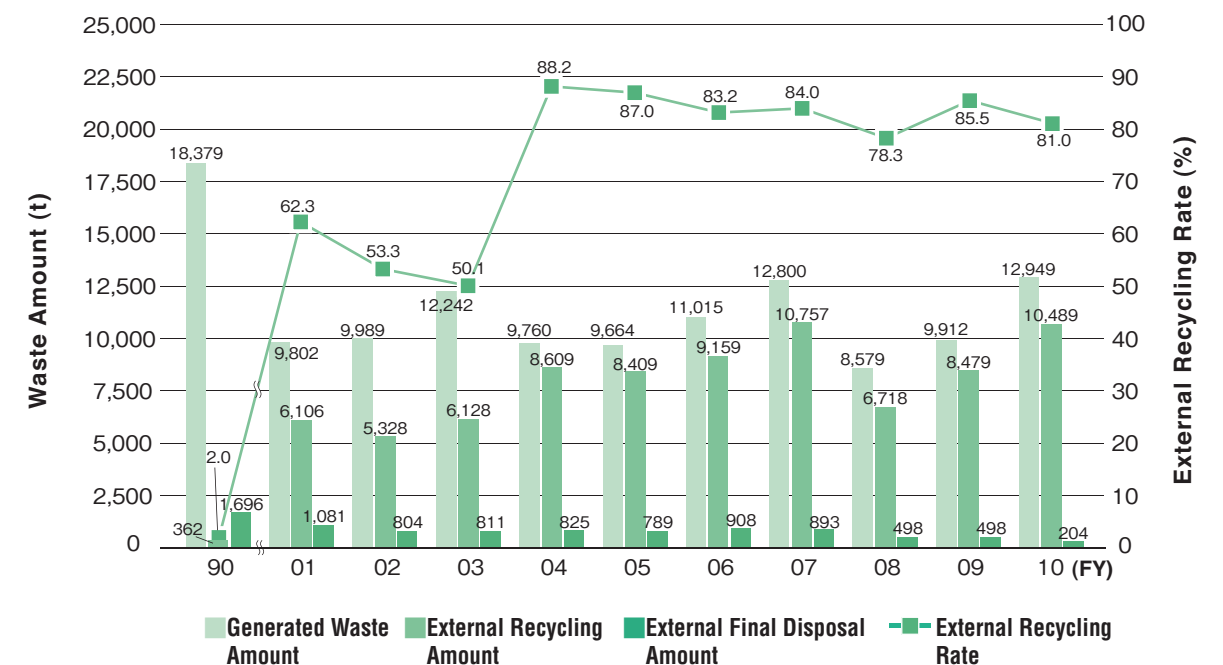
Efforts to Reduce Waste

We set a target to reduce FY 2010's final waste disposal amount by 80% compared to that of FY 1990, and worked hard towards this goal. In FY 2010, the final year of the goal, we effectively promoted waste segregation and recycling by changing disposal techniques, and the final disposal amount of FY 2010 became 204 tons. As a result, the FY 2010's final waste disposal amount was reduced by 88% compared to FY 1990, which enabled us to achieve our target. We intend to

establish a further reduction target from FY 2011 and to promote it fully. On the other hand, the amount of waste generation increased by 30.6% compared to the previous year. Therefore we will continuously strive to decrease the amount of waste generation, as well as to achieve the target of the final disposal rate of 1% to the amount of waste generation by reviewing our waste disposal techniques.



Changes in Waste Amount & External Recycling Rate



Environment-related Complaints

During FY 2010, we received two environment-related complaints-one for odor, and the other for noise problems. We took emergency measures and recurrence-prevention measures in each case.

Environmental and Safety Activities (RC Activities)

■ Efforts in Transport Safety ■ Efforts in Occupational Safety

Efforts in Transport Safety

In order to alleviate security and environmental risks in transportation as much as possible, our company has been implementing assessment of our transportation systems in cooperation with transport carriers to ensure preventive measures against the occurrence of accidents. For that purpose, we have been trying to improve our emergency response and liaison system. In the context of environmental aspects, we have been fulfilling our role as a specified shipper under the Law Concerning the Rational Use of Energy to tackle the challenges of reducing impacts on the environment. We outsource our transport business to distribution subcontracting companies. In FY 2010 the emission of greenhouse gases increased along with the increased transportation amount. However, the energy

consumption per unit was improved by 1.0% because of modal shift promotion. Environmental impact reduction in logistic sectors plays an important role not only in the aspect of global warming countermeasures, but also in effects on air pollution and/or waste generation.

In the current fiscal year, we are moving forward with our activities by promoting further modal shifting, and by making efforts to achieve a 1% improvement in the energy consumption per unit compared to the previous fiscal year, which is specified in the guideline of the Energy Saving Act, through increase of loading ratio for reserved services, and reduction of transporting of returned products.

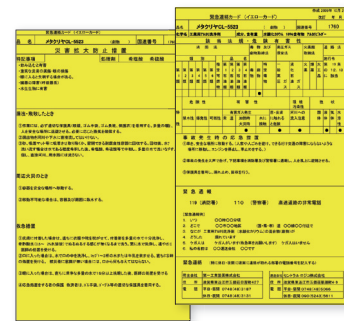
Environmental Impacts to be Reported as a Specified Shipper

Items	FY 2010	Comparison to the Previous Year
Freight Volume	33,180,000 ton-kilometers	+ 6.8%
Energy Consumption	49,000 GJ	+ 5.5%
Energy Consumption Per Unit	383 liters/10 thousands ton-kilometers	- 1.0%
CO ₂ Emissions	3,334t - CO ₂	+ 5.7%

Improved Ton-Kilometer method

"Yellow Card" & "Container Yellow Card" Systems

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



Safety in Transport & Environmental Impact Reduction

Our company, aiming to practice environmentally friendly transportation and eliminate transportation accidents including damage to or deformation of transport containers during transportation, periodically holds conferences with our logistics partners. We use the following documents as useful tools to provide not only all available information but also proper education and instruction for our logistics partners: "Safe Driving and Maintenance of Traffic Order," "Revised Laws and Regulations," "Safety and Environmental Standards for Delivery Services," "For Professional Drivers," and "Transport Specifications." In addition, we have environmental impact activities in common with our logistics partners and are continuing to pursue better results year by

year while implementing these activities by executing PDCA cycle.

Further, we have been devoted to:

- 1) Increasing employees' awareness about the "stop idling" campaign and facilitating their fleet maintenance to reduce environmental impacts;
- 2) Promoting environment-friendly modes of transportation by rail and by sea;
- 3) Maintaining our emergency network system during transportation; and
- 4) Instilling a strong commitment to compliance in our employees.

What Does It Mean? >>> Calculation of Energy Consumption with the Improved Ton-Kilo Method

The Revised Law Concerning the Rational Use of Energy went into effect in April 2006, which led to the introduction of energy-saving measures in transport sectors.

Under the provisions of the Law, specified shippers (who contract to ship their freight in an amount equal to or exceeding 30 million ton-kilometers per year) must establish energy-saving plans and report their energy consumption. Energy consumption is calculated using a fuel consumption method, a fuel cost method, or an improved ton-kilo method. In the improved ton-kilo method, the following equation is used for calculation of energy consumption:

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

Efforts in Occupational Safety

We recognize that ensuring security is the foundation for effective management and plays a fundamental role in any business activity. Taking safety first and the respect of human life and dignity as our basis, we have been making efforts to eradicate occupational accidents. Further, in order to ensure a safe and comfortable working environment, we have been promoting the "5S" activities (Seiri, Seiton, Seiso, Seiketsu, and Shitsuke in Japanese) (i.e., housekeeping, workplace organization, cleanup, maintaining cleanliness, and discipline in English).

Regrettably, in FY 2010, we had three "days away from work" case and, therefore, failed to continue our company No Accident Record streak. For the case study of accidents, after

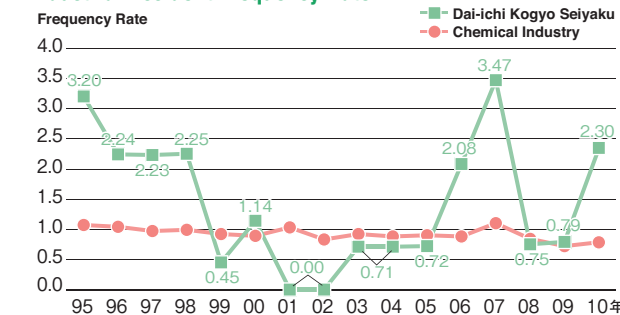
analyzing the cause of the accident, we try to laterally disseminate the findings and solutions throughout all sectors and departments to prevent a similar case from occurring again. In addition, we have been placing significant emphasis on periodic implementation of preventive measures and safety patrols by the managers concerned to find unsafe working conditions and operations. Moreover, in FY 2010 we started safety education using experience-based education devices. We continue to utilize the above approaches, as well as activities related to risk prediction, pointing and calling, risk assessment, and the "5S", and aim for the realization of zero accidents.

Industrial Accident Frequency Rate (AFR) & Industrial Accident Severity Rate (ASR) (From January 1 to December 31, 2010)

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

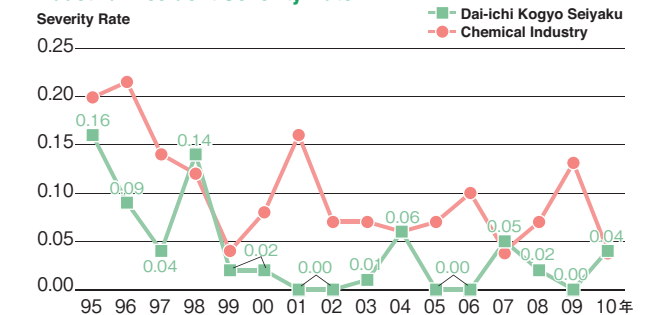
* The graph results for 1997 and earlier years are based only on data for our plants, whereas the results for 1998 and later years are based on data for our entire company.

Industrial Accident Frequency Rate



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

Industrial Accident Severity Rate



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

"5S" Activities

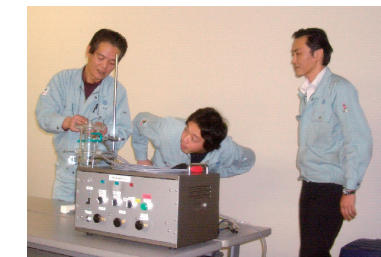
We put into practice the "5S" (Seiri, Seiton, Seiso, Seiketsu, and Shitsuke) activities in order to ensure security, ensure product quality (prevention of complaints or troubles), and improve our business operations. Although the records of the approach to activities differ among the branches and the attitudes toward activities still vary, every branch provides a steady improvement in the contents of activities. Every month our employees conduct evaluations of both themselves and the 5S committee, and construct the framework to continue and maintain the activities. The head of each production branch and each department/section conduct periodic assessments of their group's progress. They represent specified activity contents and items that need to be improved, and make recognition of the results. In addition, joint committee meetings are regularly held to provide opportunities for information exchange and lateral integration. Now the 5S activities are conducted in production branches and laboratories, but we plan to expand them on the basis of an entire company basis, including all headquarters and branch offices.



Shiga Branch

Experience-based Safety Education

To prevent occupational accidents, there is an education method to develop workers' sensitivity and consciousness through an experience-based safety education that allows people to experience pseudo risk. We adopted this method and started in the fiscal year 2010. First we introduced pseudo experience devices to generate solvent and dust explosions, and conducted safety education in each branch. In addition to a lateral integration of accident case examples, accident prevention procedures, risk assessment activities, and risk prediction training, we promote safety education using devices for an experience-based safety education.



On-Site Report

■ Yokkaichi Branch ■ Ohgata Branch ■ Shiga Branch

Yokkaichi Branch (Production site)

Located in the coastal area of the northwestern Mie Prefecture, our Yokkaichi Branch is blessed with natural surroundings that include the lush, green Suzuka Mountain Range, and the water-filled Kiso Three Rivers and Ise Bay. In order to protect this nature-rich region and its richly endowed environment, we will strive to integrate environmental consciousness into all our business activities and continue to implement environmental conservation practices.

We switched the fuel for steam boilers from heavy oil to natural gas in May 2011. This is expected to reduce CO₂ emissions by approximately 16% compared to FY 2010.

We have concluded a memorandum on mutual cooperation in case of disasters such as earthquakes, tsunami, and wind and flood damages with the local government in order to enhance the relationship with the local communities.

We have adopted our annual slogan "Challenges to Gain Confidence" at our Yokkaichi Branch in 2011. Concerning environmental conservation, we will strive to continue improvement activities aiming for this branch to increasingly gain the trust of local communities and customers.



TANAKA Hiroshi,
Branch Manager of
Yokkaichi Branch



Panoramic View of Yokkaichi Branch

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

Area of the Site : 17,647m²

Main Products :

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

Item/Year	FY 2009		FY 2010	
	Actual Performance	Actual Performance	Actual Performance	Actual Performance
SOx emissions (t)	3.1		2.6	
NOx emissions (t)	3.5		4.2	
Dust emissions (t)	0.1		0.1	
Wastewater discharged (1,000m ³)	514.8		566.7	
COD emissions (t)	3.9		2.5	
CO ₂ emissions (1,000t)	5.4		5.9	
Waste generation (t)	6,075		8,897	
Amount for final disposal (t)	9.4		8.1	

Ohgata Branch (Production site)

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



TSUJI Hironobu,
Branch Manager of
Ohgata Branch



Panoramic View of Ohgata Branch

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

Area of the Site : 87,116m²

Main Products :

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

Item/Year	FY 2009		FY 2010	
	Actual Performance	Actual Performance	Actual Performance	Actual Performance
SOx emissions (t)	6.7		3.2	
NOx emissions (t)	97.9		92.6	
Dust emissions (t)	1.5		1.4	
Wastewater discharged (1,000m ³)	413.2		439.4	
COD emissions (t)	49.8		11.1	
CO ₂ emissions (1,000t)	19.5		20.9	
Waste generation (t)	1,595.1		1,135.6	
Amount for final disposal (t)	469.0		175.2	

Shiga Branch (Production site)

Nestled beneath Kinugasa Mountain, our Shiga Branch lies in the green Higashi-Ohmi area, looking out over Japan's mother lake, Lake Biwa. We have been paying close attention to the environmental aspects of all our business activities and implementing environmental conservation practices through continual improvement of our business activities. Our focus is placed on fostering communication with local communities so that our plant can coexist with them in peace.

So far, we have put our efforts to promote environmental conservation practices, such as the introduction of a cogeneration system, air pollution reduction through fuel conversion, and renovation of our effluent treatment facilities.

Since last year, we have promoted to maintain company owner forests as part of in-house volunteer activities by our employees. In addition, we succeeded in changing a part of the overall waste to valuables through complete segregation, thereby resulting in significant reduction in final disposal. We will be devoted to further improving the natural and social environment while emphasizing compliance with stringent environmental requirements.

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

Area of the Site : 105,581m²

Main Products :

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



KAWAMOTO Wataru,
Branch Manager of
Shiga Branch



Panoramic View of Shiga Branch

Item/Year	FY 2009		FY 2010	
	Actual Performance	Actual Performance	Actual Performance	Actual Performance
SOx emissions (t)	0.8		0.9	
NOx emissions (t)	9.1		12.4	
Dust emissions (t)	0.5		0.3	
Wastewater discharged (1,000m ³)	1,783		1,324	
COD emissions (t)	10.4		6.5	
CO ₂ emissions (1,000t)	11.2		12.6	
Waste generation (t)	2,164		2,864	
Amount for final disposal (t)	10.4		12.1	

TOPICS

Promotion of RC Activities by Overseas Affiliates

■ Chin Yee Chemical Industries Co., Ltd.

Our overseas affiliates have also acquired ISO certification and are devoted to the conduct of their RC activities. Established in Taipei City in 1978, Chin Yee Chemical Industries Co., Ltd. is one of our overseas companies and mainly specializes in manufacturing flame retardants, lubricants for plastics, and textile auxiliaries.



Chin Yee Chemical Industries Co., Ltd.

■ Status of Our RC Activities

We have acquired ISO9002 certification in 1995, ISO9001 in 2001, and ISO14001 in 2006. Based on the ISO management system, we engage in promoting the RC activities. With the aim of achieving more efficient control of impact on the environment, they are devoted to improving production processes to reduce, reuse, and recycle wastes, as well as to creating various operating standards to promote pollution prevention measures and emergency countermeasures.

ISO Accreditation Status of Our Overseas Affiliates

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

Editor's Postscript

We would like to express our heartfelt sympathy to the people who have suffered greatly due to damage through the Great East Japan Earthquake. We are praying for the rapid recovery of the affected areas.

We tried to make our report clearer and easily readable as a tool for transmitting information about our environmental and social responsibility activities.

As a B-to-B company, we have added new pages on "Our Useful Products in Daily Life" and "History of Environmental and Social Activities" in this report, especially for general readers to understand our business more clearly.

Japanese companies are, now more than ever before, confronted with serious issues such as maintaining a sustainable society, risk management, and energy efficiency due to the Great Earthquake damages and the ongoing crises at the nuclear power plant, and it has become more important to accomplish the responsibilities imposed on us. Now is the time to bring in mind again our CSR spirit that has been preserved since our foundation, we hope to offer a fulfilling report to achieve sustainable development, and to promote communication within society.

We welcome any opinions and requests you may have.

DAI-ICHI KOGYO SEIYAKU CO.,LTD.

Cover: Canal Branch along Philosopher's Walk

The Lake Biwa Canal was a great waterway construction work for modern Kyoto restoration with the purpose of leading water from Lake Biwa to Kyoto, which began in 1885 and was completed five years later.

The canal branch flows from Keage, passing Nanzen-ji Temple and on the side of the Philosopher's Walk, and reaches Kitashirakawa. In addition to the canal, the waterway bridge at Nanzen-ji Temple and the Philosopher's Walk along the canal branch have become sightseeing spots for many tourists while blending in to Kyoto's traditional atmosphere.

Still now, approximately two million cubic meters of water are transferred every day, which are utilized effectively for multi-purpose methods, such as a water source for Kyoto citizens and power plants, and hydration for temple gardens.

For inquiries about this document, please contact:

Environment, Safety & Quality Affairs Department

Dai-ichi Kogyo Seiyaku Co., Ltd.

5 Ogawara-cho, Kisshoin, Minami-ku, Kyoto 601-8391 Japan

TEL: +81-75-326-7553 FAX: +81-75-326-7552

www.dks-web.co.jp

Published in September 2011.

The next issue will be published in September 2012.



This publication has been printed with vegetable oil ink using waterless offset printing methods, and bound without using wire in consideration of the environment.