Color & Comfort by Chemistry

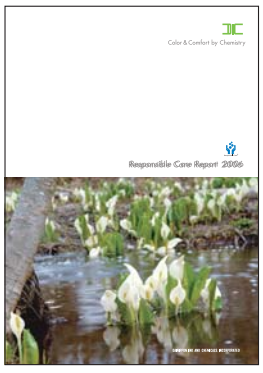
レスポンシブル・ケア®

# Responsible Care Report 2006

DAINIPPON INK AND CHEMICALS, INCORPORATED

# CONTENTS






*Mizubasho*
(*Lysichitum camtschatcense*, or Japanese skunk cabbage),
Lake Shiretoko, Hokkaido

DIC recognizes preserving the irreplaceable beauty of this planet for coming generations as one of its most important responsibilities. DIC's desire to ensure the pristine air, water and soil necessary to sustain these exquisite flowering plants served as the inspiration for this year's cover design.

## Responsible Care (RC)

Responsible Care®

"Responsible Care" refers to activities pledged and carried out by companies that manufacture and/or handle chemical substances with the aim of protecting the environment, safety and health (ESH), and to the implementation and continual revision of measures to accomplish this aim throughout the full life cycle of chemical products, from development and production through distribution and use to final consumption and disposal.

## About this Report

- Period under review: Fiscal 2005 (the year ended March 31, 2006)
  (Certain material activities up to fiscal 2006 are also included.)
- Scope: DIC's *Responsible Care Report 2006* summarizes the activities and achievements of DIC's corporate headquarters, Osaka and Nagoya branches, and the following production and research facilities and domestic DIC Group companies (subsidiaries, affiliated companies and production facilities of affiliated companies that are located within DIC plants and work together with DIC in the implementation of environmental management measures):

■ DIC:
Corporate headquarters, the Tokyo, Suita, Chiba, Fukuoka, Hokuriku, Sakai, Kashima, Yokkaichi, Shiga, Komaki, Ishikari, Saitama, Gunma and Tatebayashi plants and the Central Research Laboratories

■ Domestic subsidiaries:
KITANIHON DIC CO., LTD. (Hokkaido and Tohoku Plants); Kyushu Polymer Co., Ltd.; Shin DIC Kako, Inc. (Shiga*, Sakai*, Narita and Ichihara plants); Seiko PMC Corp. (Ryugasaki, Chiba*, Shizuoka and Mizushima plants); Seiko Polymer Corp. (Iwai and Harima plants); Dainichi Building Materials, Inc.; DIC EP, Inc. (Kashima* and Sodegaura plants); DIC Interior Co., Ltd; DIC Color Coating, Inc.*; DIC Colorants, Inc.; DIC Precision Corp.; DIC Technology Corp.*; DIC Filtec Incorporated; DIC Global Logistics Co., Ltd.*; DIC Plastics, Inc. (Tatebayashi* and Shiga* plants); TOPIC. Co., Ltd.; Nichiei Plastics, Inc.; Nippon Decor, Inc.; Nihon Packaging Material Co., Ltd.; Nippon Plastic Pallet Co. (Ueda and Sano plants); Fuji Label Co., Ltd.
* Subsidiaries and production facilities of subsidiaries that are located within DIC plants and work together with DIC in the implementation of environmental management measures

■ Affiliated companies and production facilities of affiliated companies that are located within DIC plants and work together with DIC in the implementation of environmental management measures:
SUNDIC, Inc. (Shiga Plant); DIC Bayer Polymer Ltd.; Japan Fine Coatings, Inc. (Suita Plant); Japan Formalin Company, Inc.

The information in this report is also available on DIC's web site:
http://www.dic.co.jp/eng/rc/index.html

## CORPORATE DATA (As of March 31, 2006)

| | |
|---|---|
| ■ Registered name: | Dainippon Ink and Chemicals, Incorporated |
| ■ Corporate headquarters: | DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan |
| ■ Date of foundation: | February 15, 1908 |
| ■ Date of incorporation: | March 15, 1937 |
| ■ Paid-in capital: | ¥82,423 million (non-consolidated) |
| ■ Number of employees: | 4,279 (non-consolidated) |
| ■ Domestic operations: | One branch, nine branch offices, 17 sales offices and 14 plants (non-consolidated) |
| ■ Number of affiliates and subsidiaries: | 228 (domestic: 53, overseas: 175) |

## OPERATIONS

Dainippon Ink and Chemicals, Incorporated (DIC), is the core of the DIC Group, a global market leader with printing inks, organic pigments and synthetic resins as its core businesses. The Group currently classifies its businesses into four core operations.

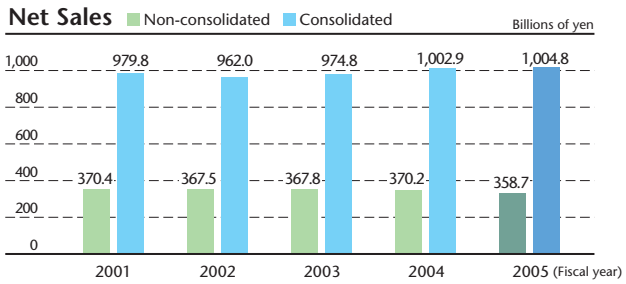
### Graphic Arts Materials Business Operation
Printing inks, printing and prepress supplies, organic pigments

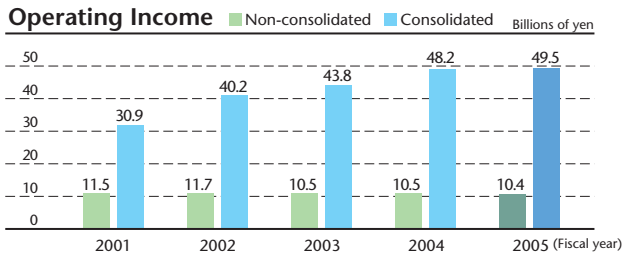
### Industrial Materials Business Operation
Synthetic resins, synthetic resin-related products, polymer additives

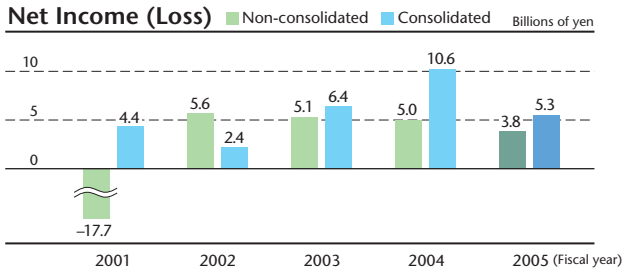
### High Performance and Applied Products Business Operation
Special compounds and colorants, building materials, petrochemical-related products, chemical coatings, pressure-sensitive adhesive materials, plastic molded products

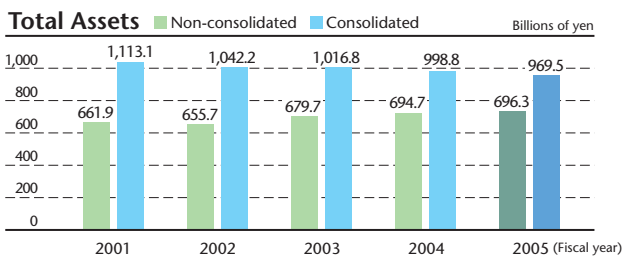
### Electronics and Information Materials Business Operation
Imaging and reprographic products, liquid crystal (LC) materials, engineering plastics

## FINANCIAL HIGHLIGHTS




**Note:** These graphs have been prepared from the accounts maintained in accordance with the provisions set forth in Japan's Commercial Code and Securities and Exchange Law. The scope of consolidation differs from that used for the purposes of this report. In fiscal 2005, DIC had 193 consolidated subsidiaries.

Top Commitment

# A MESSAGE FROM THE PRESIDENT

**Koji Oe**
President

I am pleased and proud to present DIC's Responsible Care Report 2006.

As stated in its Environment, Safety and Health (ESH) principle, DIC "contributes to society by creating environmentally sound products and technology." It is this commitment that serves as DIC's management foundation. In fiscal 2006, we introduced a new management vision—encapsulated in the phrase "Color and Comfort by Chemistry"—that will guide our efforts in the years ahead to respond to the safety and security expectations of society.

Our official Principle and Policy for the Environment, Safety and Health, shown on the facing page, was established in 1992. With the founding in 1995 of the Japan Responsible Care Council, of which DIC is a founding member, we unveiled and began implementing a Responsible Care program. Mindful also of DIC's position as a leading global name in fine chemicals and a company that uses its expertise in color engineering to benefit society, in January 2006 we reaffirmed our support for Responsible Care by signing the CEO's Declaration of Support for the Responsible Care Global Charter, a document drawn up by the International Council of Chemical Associations (ICCA), with the aim of reinforcing Responsible Care initiatives globally.

This report summarizes the results of ESH-related activities undertaken during fiscal 2005, ended March 31, 2006, in line with the pledges outlined in our Principle and Policy for the Environment, Safety and Health, and includes data for all DIC Group companies in Japan. We have also expanded reporting on the role of DIC products in society, and on DIC's relationships with its society, customers and other stakeholders.

As a manufacturer of fine chemicals, we take a comprehensive approach to environmental preservation, placing particular emphasis on the reduction of greenhouse gas emissions as well as industrial waste disposed of as landfill. In the period under review, our emissions of carbon dioxide ($CO_2$) declined 1.8% from the previous period. This represents a decline of 0.4% from fiscal 2004 and 5.5% from fiscal 1990.

We have set a target for reducing waste disposed of as landfill—to be achieved through "zero emissions" initiatives—of below 370 tons, which is 5% of the fiscal 1999 level, by fiscal 2007, which is DIC's 100th anniversary. In fiscal 2005, industrial waste disposed of as landfill totaled 537 tons, or 7% of the fiscal 1999 level.

Going forward, we will continue to promote efforts to achieve our set targets, as well as reinforce initiatives aimed at lowering the DIC Group's environmental impact and enhance reporting.

We view Responsible Care as a key component of risk management. To ensure DIC remains a company worthy of society's trust, we have established a stringent risk management program that is devised to encourage innovation and reform. We will also gradually expand cooperation with customers and suppliers.

We hope you will find this report informative and that it will further enhance your understanding of DIC. As always, we welcome and appreciate comments and suggestions from readers.

# PRINCIPLE AND POLICY FOR THE ENVIRONMENT, SAFETY AND HEALTH

## Principle

As a responsible corporate citizen, Dainippon Ink and Chemicals, Incorporated (DIC), recognizes that care for the environment, safety and health (ESH) is fundamental to the management of the Company. DIC is committed to the concept of sustainable development and contributes to society by creating environmentally sound products and technology.

## Policy

1. We establish ESH-related objectives and targets and pursue continual progress.
2. We comply with laws, regulations and agreements relevant to ESH.
3. We consider the ESH implications of each of our products throughout their life cycles in accordance with the ideals of Responsible Care.
4. We instill in our employees a thorough understanding of this fundamental Principle and Policy.
5. We organize our operations so as to promote the safeguarding of the environment, safety and health and conduct audits to monitor progress throughout the Company.
6. We ensure that operations are conducted safely and materials are handled properly. We try to prevent environmental pollution and avoid affecting the environment negatively by recycling waste, conserving energy and other resources and using materials that are environmentally friendly.
7. We place the utmost importance on ESH-related considerations at all stages of the new product planning and production process.
8. We promote safety by providing customers with detailed instructions on the proper use and handling of all products.
9. In our overseas activities, we conduct environmental impact assessments and strictly observe local ESH regulations. In the absence of such regulations, we work with local officials and our business partners to develop environmental safeguards. We also follow this procedure when dealing with toxic materials, applying the same stringent standards for their handling as required in Japan. In addition, we promote the transfer of technology and know-how related to environmental protection.
10. We provide the public and appropriate authorities with ample information about our products and business activities so that they may have an accurate understanding of our efforts to promote health, safety and environmental protection.

The above Principle and Policy shall be available to all employees and to the general public. It is our goal that this Principle and Policy be followed at all DIC Group companies.

Established April 1, 1992
Revised February 1, 1996

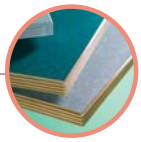
September 2006

Koji Oe
President

# DIC PRODUCTS: AT HOME AND IN THE COMMUNITY

A leading manufacturer of fine chemicals, DIC supplies approximately 300,000 different products to its customers. Through its operations, DIC strives to contribute to the advancement of society and the well being of people.

01 **Residential interior materials and wall coverings**
Decorative boards for kitchen walls, cabinets and doors, coatings and bonding adhesives for wood floors



02 **Materials for cellular phones, LCD televisions and PCs**
LC materials for digital devices, color pastes for color filters, optical materials, coatings

03 **Product packaging**
Gravure inks for plastic films, packaging films, food trays, label stock

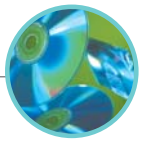
04 **Industrial adhesives**
Adhesives for a variety of applications, including cellular phones, air conditioners and PET bottles

05 **Processing agents for textiles and synthetic leather**
Resins for synthetic leather, textile printing agents and colorants used in apparel, bags and other items

06 **Products used in the printing of newspapers and magazines**
News inks, gravure inks for magazines, printing inks, coating materials for inkjet media

**07 Audiovisual and related products**

Optical disc bonding adhesives, protective coatings



**08 Health foods products**

Health foods, natural sweeteners, natural food colorings

DIC products are found in numerous applications in the home and the community. These products are made possible by DIC's organic pigment, synthetic resins and other high-performance materials.

**Notes:**
1. Organic pigments are used as colorants in inks, plastics and other products.
2. Synthetic resins are used as adhesive agents in inks, coatings, glues and bonding adhesives, as well as for surface protection, and to impart strength (i.e., of paper) or heat-resistant properties


# ENVIRONMENT-FRIENDLY DIC PRODUCTS

*In January 2004, and designating of products in its environment-friendly*

Noriyuki Takahashi, Group Manager (Developer of *Space Color Fusion G*)

"The efforts of our young researchers made this exciting new product possible."

Haruhiko Katsuta, Manager (Developer of *Space Color Fusion G*)

"Users can look forward to new and improved inks in the *Fusion G* line in the years ahead."

## Sheetfed Offset Ink for Environment-Friendly Printing

SPACE COLOR FusionG

In the area of sheetfed printing, which produces one printed sheet at a time, competition has intensified in recent years in the market for sheetfed offset printing, notably for small-lot printing. This primarily reflects increasingly diverse printing needs, as well as the growing prevalence of small-lot web offset printing and on-demand digital presses. Double-sided, multiple-color sheetfed presses are attracting particular attention thanks to their superb productivity, leading to an increase in market penetration. At the same time, the rapid digitization of printing environments is spurring demand for inks that ensure more stable results. Such inks must of course also be environment-friendly.

DIC's *Space Color Fusion G* responds to all of these requirements. Thanks to technological advances, this revolutionary product offers an integrated solution that combines environment-friendliness, outstanding productivity and stability.

### *Environment-Friendliness*

A higher vegetable oil content—*Space Color Fusion G* has a soybean oil content of more than 20%—facilitates a lower volatile organic compound (VOC) content and the efficient use of resources, making Space Color Fusion G an attractive choice that satisfies key environmental guidelines.[1]

### *Outstanding Productivity*

A new drying technology and new high-viscosity, hyperbranched resin prevent ink on the printing substrate from migrating to and accumulating on the impression rollers—common complaints with double-sided presses—while delivering top-class drying speed. Usable with both single- and double-sided presses, *Space Color Fusion G* speeds the shift to post-press processing and significantly reduces blocking (the sticking together of, and transfer of images between, piled printed sheets caused by wet ink) and other problems at the drying stage, thereby achieving outstanding productivity.

### *Stability*

This new high-viscosity, hyperbranched resin expands the ink's adaptability to changing printing environments and a wider range of fountain solutions (aqueous solutions used to dampen printing plates to prevent non-image areas from accepting ink), thereby ensuring a stable, high-quality finish. This also reduces the need to adjust presses during printing, greatly enhancing ease of use.

(Printing Inks & Supplies Division)


*DIC established specific internal guidelines for assessing environment-friendly products and is promoting the replacement lineup with environment-friendly new products. In fiscal 2005, products accounted for 32% of DIC's non-consolidated sales.*

A proprietary mark featured on packaging for products designated "environment-friendly"

DIC環境調和型製品

## Ultralow-Odor UV-Curable Ink for Paperboard

Dai cure ABILIO

Ultraviolet (UV)-curable inks, which are dried instantaneously using UV light reaction, offer higher productivity than oil-based inks—which dry through oxidation—and superb scuff resistance and durability. These inks also contain no VOCs and are thus environment-friendly. These properties continue to bolster the popularity of UV-curable printing—particularly for package printing, which involves multiple printing processes and high-performance requirements—and support rapid growth in the market for UV-curable inks. In recent years, the outstanding productivity and added value of UV-curable inks have also attracted attention in the commercial printing sector, a trend that is expected to further boost growth.

*Daicure Abilio*, which was developed primarily for the package printing market, not only boasts greater ease of use and productivity than UV-curable inks available to date but also greatly improves the environment for workers handling printed packaging. The development of a new hyperbranched resin with a high softening temperature and a highly water-resistant pigment enabled DIC to increase the water window (the tolerable amount of fountain solution as a percentage of the amount of ink) by 20%. This ensures a uniform, stable printing density even in environments with unstable water supplies, eliminating the need for adjustment of density after printing and thus enabling printers to slash preparation time and paper loss. Moreover, ink piling on rollers and scumming on non-image areas are dramatically decreased, minimizing the need for cleanup stoppages during printing and thus enhancing the stability of the printing process.

Ink odor is also considerably lower than with conventional UV-curable inks, lessening unpleasantness for workers. Overprint (OP) varnish and clear coatings are commonly used to, respectively, protect and impart a glossy finish to package surfaces. DIC has developed an ultralow-odor OP varnish and clear coat for use with *Daicure Abilio* that not only enhances appearance but also achieves an unprecedented reduction in fumes—a crucial consideration for cosmetics and food product packaging.

(Printing Inks & Supplies Division)

**1. *Space Color Fusion G* satisfies the following key environmental standards:**

- The Japan Printing Ink Makers Association's Negative List (NL) standards: Voluntary standards for inks used on food packaging
- The Japan Environment Association's Eco Mark program Product category 102 (Printing Inks ver. 2); certificate number: 04102010
- The American Soybean Association's Soy Seal program
- Green Purchasing Network (GPN) (Level 2)

Masamichi Sota, Group Manager (Developer of *Daicure Abilio*)

"*Daicure Abilio* optimizes printing processes and was designed for ease of use by a wide range of customers."

Tatsushi Okuda, Assistant Manager (Developer of *Daicure Abilio*)

"*Daicure Abilio* offers significantly reduced fumes and is the ink of choice for many food products and cosmetics package printing applications."

Low-VOC Double-Sided Adhesive Tapes

# *DAITAC #8810TD* and *DAITAC #8810ECO*

DIC環境調和型製品

## ENVIRONMENT-FRIENDLY DIC PRODUCTS

### *Double-Sided Adhesive Tapes with Reduced VOC Content*

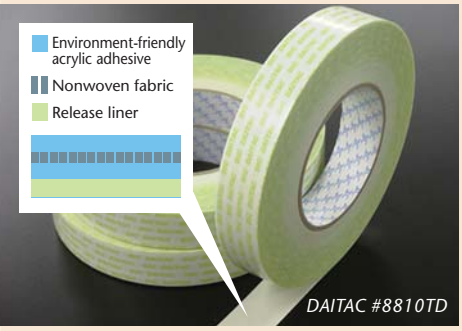
Double-sided adhesive tapes are used in a wide range of fields, including copy machines and other office equipment, cellular phones and other information and communications equipment, automotive components and building materials. In the area of automotive components, these tapes are used to anchor key interior components, including air conditioning system components and door trim.

The reliability of a double-sided adhesive tape depends on its initial adhesion to rough contact surfaces, resistance to peeling and other key properties. Accordingly, users have traditionally favored products that use solvent-type acrylic adhesives. In recent years, however, increasing awareness of formaldehyde, toluene and other VOCs as causes of Sick House Syndrome has encouraged demand for products with reduced VOC content. Japan's Ministry of Health, Labour and Welfare has published guidelines for concentrations of 13 chemical substances in indoor air, while the Japan Automobile Manufacturers Association (JAMA) has announced voluntary targets for reducing VOCs in automobile interiors. Such developments have also spurred demand for the reduction of the VOC content of the double-sided adhesive tapes used to anchor automotive interior components.

DIC has responded to the rigorous expectations of automotive components manufacturers by developing and launching two new products that offer outstanding, reliable adhesive strength—*DAITAC #8810TD*, a toluene-free double-sided adhesive tape, and *DAITAC #8810ECO*, an adhesive emulsion that contains no organic solvents.

**Automotive air conditioning component**

**Structure of DAITAC #8810TD**




Shinichi Ichihara,
Assistant Manager
(Developer of *DAITAC #8810TD*)

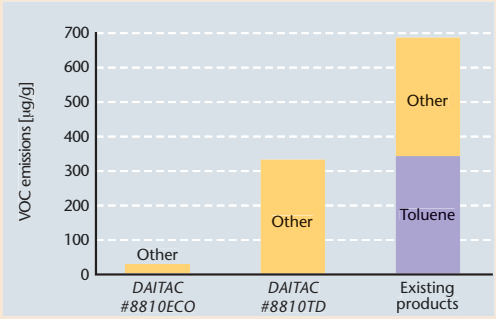
"We succeeded in developing a product that delivers excellent adhesive strength and is environment-friendly, that is, low-VOC, thereby responding effectively to the demands of customers."

### *VOC Emissions and Adhesive Strength*

Methods for measuring VOC emissions and targets vary for different industries and customers. The figure to the right shows VOC emissions from double-sided adhesive tapes using DIC's in-house calculations. As this figure shows, toluene emissions from *DAITAC #8810TD* are close to zero as toluene is not used as a raw material in the product. Similarly, *DAITAC #8810ECO* is solvent-free and thus VOC emissions are significantly less than existing solvent-type products.

Even without toluene, *DAITAC #8810TD* achieves adhesive strength comparable to that of conventional double-sided adhesive tapes. The product's adhesive strength is particularly outstanding on foamed materials, a key application in the automotive components field. *DAITAC #8810ECO* is a double-sided adhesive tape that features a superb emulsion-type adhesive and performance equal to that of solvent-type double-sided adhesive tapes. The former is particularly suited to the needs of customers whose priority is adhesive strength, while the latter appeals to customers whose principal concern is VOC emissions.

**VOC Emissions from Double-Sided Adhesive Tapes**




### *Future Outlook*

Japan's automobile and automotive component manufacturers are taking decisive steps to comply with JAMA's voluntary VOC emission targets, notably by switching to materials with reduced VOC content. *DAITAC #8810TD* and *DAITAC #8810ECO* have earned solid marks from DIC customers and are attracting increasing orders for use in anchoring audio and other automotive interior components.

Going forward, DIC also anticipates expanded demand for low-VOC double-sided adhesive for use in office, information and telecommunications equipment and intends to continue to develop products that balance the need for outstanding adhesive strength and reduced VOC content.

(Pressure-Sensitive Adhesive Materials Division)

# Odor-Eliminating Residential Decorative Boards
# *DIC Centrini*

*DIC is addressing the challenge of sustainable development through environment-friendly products*

## Background to Development

With hygiene and comfort increasingly important considerations for residential environments, consumers today are more sensitive to various odors in the air around them. One result of this has been the proliferation of odor-eliminating products for apparel, bedding, automotive interiors and other applications.

In the home, unpleasant odors are often trapped in places that are shut off from light and fresh air, such as the inside of storage cupboards and closets. *DIC Centrini* odor-eliminating decorative boards offer an attractive solution that contributes to more pleasant residential interiors.

## Features

*DIC Centrini* decorative boards contain an odor-eliminating constituent in the surface panel that absorbs odors in the atmosphere. These boards are:

- effective against the so-called "Big Four" unpleasant odors, i.e., ammonia, trimethyl amine, hydrogen sulfide and methyl mercaptane, as well as isovaleric acid (the "sweaty sock" smell);
- effective in eliminating odors trapped in dark, airless places; and
- safe, because there is no elution of the boards' odor-eliminating constituents. These constituents also do not become volatile when they come into contact with air.

## Other Odor-Eliminating Products

- Photocatalyst-based odor elimination occurs as the result of a chemical reaction between UV light and titanium oxide. Accordingly, such products are often ineffective in eliminating odors in dark, airless places.
- With activated charcoal, odors are adsorbed, that is, physically trapped in the porous surface of the charcoal. Increases in temperature tend to result in the rerelease of the odors into the atmosphere.

(Building Materials Division)

**Members of the technical team responsible for developing and manufacturing *DIC Centrini***

"Developing a commercial product with an invisible function, i.e., odor elimination, was a major challenge."

**Closet Featuring *DIC Centrini* decorative boards**

Environment-Friendly Decorative Metallic Sheet

# *METARARE*

DIC環境調和型製品

## ENVIRONMENT-FRIENDLY DIC PRODUCTS

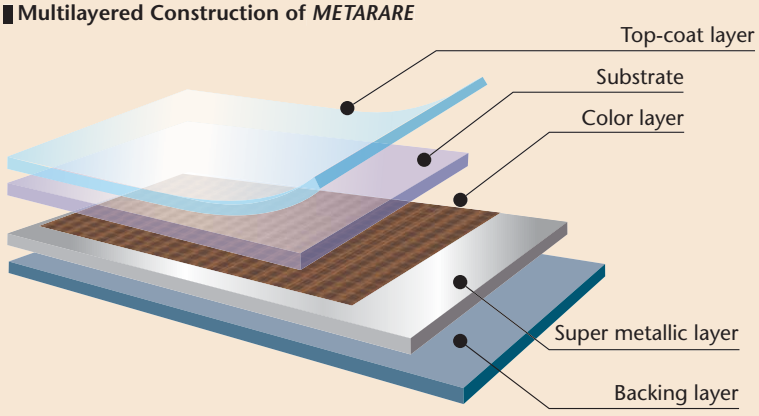
*METARARE* reflects the integration of exclusive technologies used in the development of materials—such as DIC's exclusive high-gloss metallic inks, specialty adhesives and specialty coatings—and in gravure printing, coating and sheet laminating. This innovative decorative metallic sheet can be used on plastic parts in place of plating, metallization or painting to produce decorated parts.

As shown in the illustration below, *METARARE* features a multilayered construction comprising a backing layer (which heat bonds to the resin core), a color layer that can be printed with a pattern or logo, a super metallic layer that imparts a glossy metallic finish and ensures high gloss retention, and a clear substrate.

A major problem with conventional sheets for decorating plastic parts using metallization is that deep drawing and other processes reduce glossiness. In contrast, *METARARE*'s special construction features a super metallic layer containing metallic inks, which ensures high gloss retention even after processing. Scratch and chemical resistance can be further enhanced with the addition of a top-coat layer.

*METARARE* is inserted into a mold cavity that has been thermoformed using vacuum forming or another process. Resin is extruded into the mold, the sheet backing and resin bond, resulting in a single, high-gloss molded plastic component.

**Multilayered Construction of *METARARE***




Spray coating is currently the standard process used to paint molded plastic parts. However, manufacturers have found spray coating less than satisfactory because it does not allow a metallic finish and is a significant source of VOC emissions. Plating resolves the first problem, but reduces the impact resistance of the material as well as yields waste chrome solution. These and other environmental implications are expected to result in a decline in the use of spray coating and plating in the years ahead.

*METARARE* with a top-coat layer enables manufacturers to mold decorative metallic finishes directly into parts, thereby removing the need for post-mold decorating processes and eliminating VOC emissions. It also eliminates the need for the paint baking process, contributing to significant energy savings, and yields no hazardous waste solutions. Accordingly, sheet molding using *METARARE* offers parts manufacturers an energy-efficient, environment-friendly alternative.

### *Features*

*METARARE*, DIC's innovative decorative metallic sheet for insert molding, boasts a number of attractive features:

- Thanks to DIC's printing technologies, *Metarare* delivers a rich, high-gloss metallic finish.
- Superior workability means *METARARE* can be molded into any shape and is compatible with various molding processes, including vacuum molding and compression molding.
- Used in insert molding, *METARARE*'s core layer serves to reinforce the extruded resin core, thereby facilitating the creation of highly rigid parts.
- A top-coat layer can be added to increase scratch and chemical resistance.
- *METARARE* can be colored and pattern-printed and thus offers endless decorative possibilities.
- Parts made with *METARARE* with a top-coat layer require no post-mold painting, thereby reducing production costs and reducing VOC emissions.

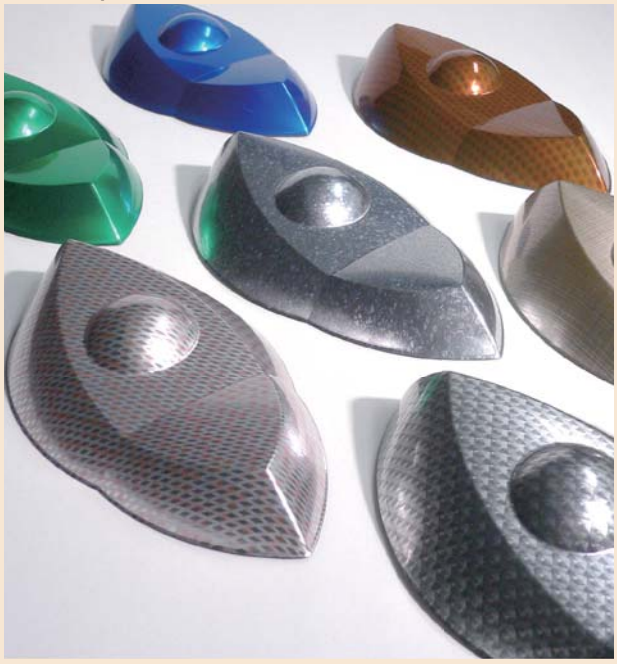
(Decorative Business Division)

**Masanobu Fukuda, Manager (Developer of *METARARE*)**

"We faced a real challenge in improving glossiness and still maintaining other properties."

**Mirror-finish molded parts made with *METARARE***

**Molded parts made with *METARARE***



**Comparison of VOC Emissions and Energy Consumption by Molded Plastic Products Manufacturers**

| | VOC emissions by molded plastic products manufacturers | Energy used in decorative processes |
|---|---|---|
| *METARARE* with top coat | 0 | Slight |
| Water-based, powder and UV-curable coatings | Minimal | Moderate |
| Ordinary decorative films (no top coat) | Moderate | Moderate |
| Ordinary metallization (no top coat) | Moderate | Moderate |
| Ordinary plating (no top coat) | Moderate | Moderate |
| Ordinary metallic coatings | Substantial | Moderate |

# Promoting the Shift to Environment-Friendly Products

## *Environment-Friendly Product Development*

As a manufacturer of fine chemicals, DIC supplies its customers with more than 300,000 different products, including printing inks, as well as the principal raw materials used in these inks, namely, organic pigments and synthetic resins. These products are transformed by DIC's customers into a wide range of finished products that play key roles in our everyday lives.

DIC is actively committed to the development and launch of environment-friendly products, that is, products that respond to expectations regarding reduced impact on ESH. Accordingly, in January 2004 the Company implemented internal guidelines for assessing and designating environment-friendly products. In fiscal 2005, products qualifying as "environment-friendly" accounted for 32% of non-consolidated net sales.

## *Assessment and Designation of Environment-Friendly Products*

DIC's guidelines for assessing and designating environment-friendly products encompass 16 criteria in four categories: energy consumption, raw materials used, risk and industrial waste generation. In principle, all DIC products, including those under development, are evaluated based on these 16 criteria in comparison with corresponding domestic market leaders. (Products for which there are no corresponding domestic market leaders are evaluated in comparison with existing DIC products.) DIC products designated "environment-friendly" are eligible to use DIC's proprietary "environment-friendly product" mark on labels. The green leaf represents new life and growth, while the stylized blue wave symbolizes nonrenewable resources.

DIC環境調和型製品

URL http://www.dic.co.jp/eng/products/envfprod/index.html

# PRODUCTION INPUT–OUTPUT FLOW FOR FISCAL 2005

P16

## Energy Consumption
(caluculated in volume of carbon released)

Domestic DIC Group companies

**161,000 kl**

DIC (Non-consolidated)

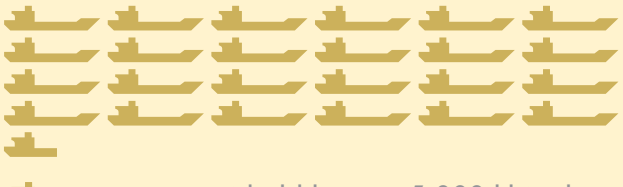
**123,000 kl**

DOWN 0.7% from fiscal 2004

**Energy consumed by DIC in fiscal 2004 would fill 24.5 5,000 kl tankers.**

DIC (Non-consolidated)

(The decrease from fiscal 2004 would fill approximately 0.2 fewer tankers)



= amount held by one 5,000 kl tanker

## Raw Materials

**1,064,000 tons**

## INPUT ▶ DIC

P27

## Total Water Consumption

Domestic DIC Group companies

City water 873,000 m³
Industrial water 13,720,000 m³

**14,593,000 m³**

DIC (Non-consolidated)

**13,124,000 m³**

DOWN 10.2% from fiscal 2004

**Water consumed by DIC in fiscal 2005 would fill 10.6 domed stadiums the size of Tokyo Dome (1,240,000 m³)**

DIC (Non-consolidated)

(The decrease from fiscal 2004 would fill 1.2 domed stadiums the size of Tokyo Dome.)

= amount held by Tokyo Dome

P15
1,822 tons
Emissions of PRTR Chemicals Released into the Atmosphere
(includes emissions of certain chemicals for which monitoring is voluntary)

P27
62 tons
$SO_x$ Emissions

P27
266 tons
$NO_x$ Emissions

P26

## $CO_2$ Emissions
(calculated in volume of carbon released)

Domestic DIC Group companies
(including emissions from purchased electric power)
98,000 tons

DIC (Non-consolidated)
77,000 tons
DOWN 0.2% from fiscal 2004

**In fiscal 2005, $CO_2$ emissions in Japan amounted to 2.7 tons per person.**

Note: Calculated in volume of carbon released by DIC based on figures published by the Greenhouse Gas Inventory office of Japan.

**$CO_2$ emissions in fiscal 2005 represented the emissions of 28,000 people.**

DIC (Non-consolidated)

(The decrease from fiscal 2004 represented the emissions of 105 people.)

= amount emitted by 3,000 people

OUTPUT

Products
1,033,000 tons

P27
454 tons
COD Emissions into Water

P27
11,524,000 $m^3$
Total Emissions of Wastewater

P17

## Industrial Waste Disposed of as Landfill

Domestic DIC Group companies
1,282 tons

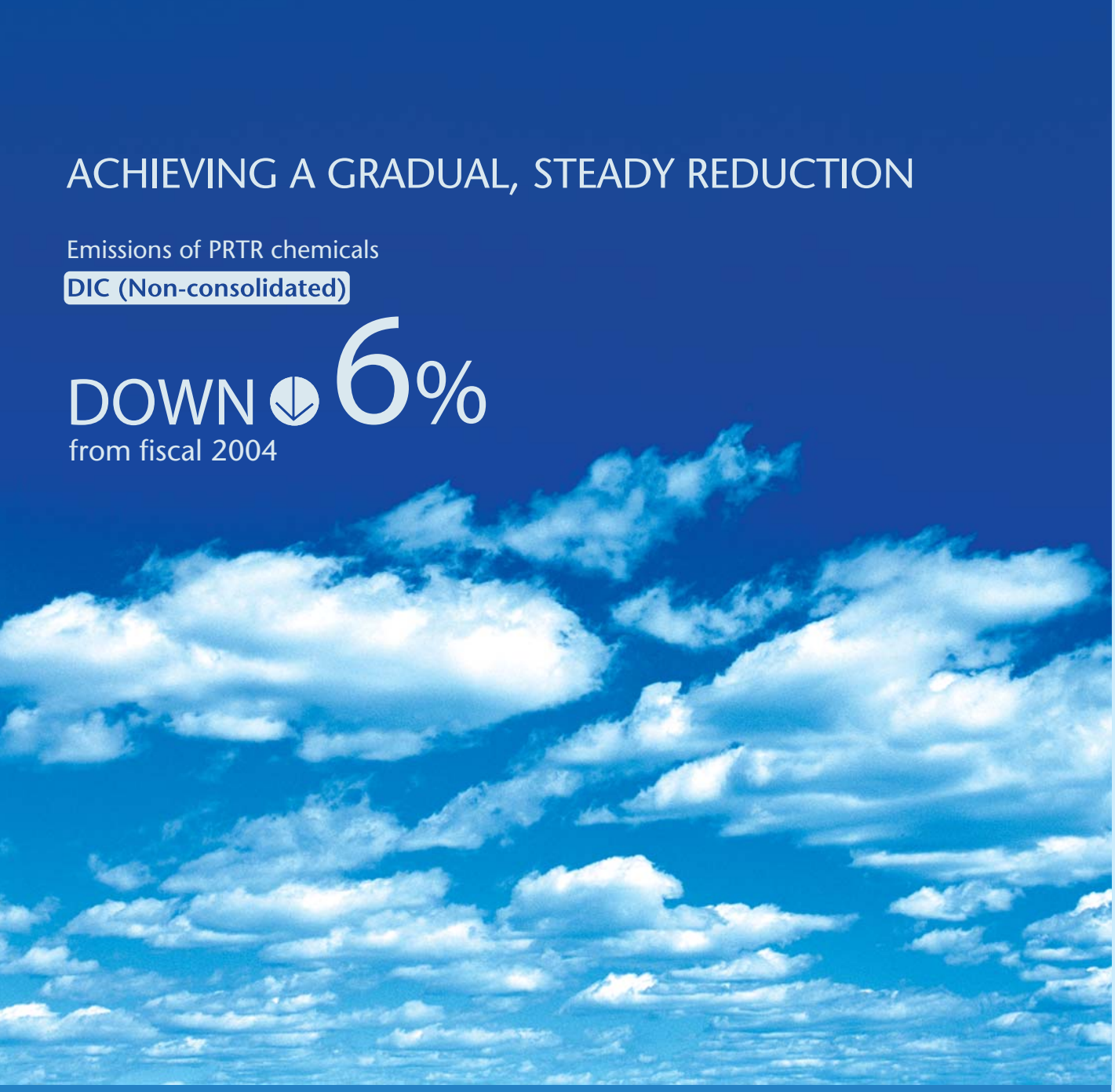
DIC (Non-consolidated)
537 tons
DOWN 66% from fiscal 2004

**Waste disposed of as landfill by DIC in fiscal 2005 would fill 134 four-ton trucks.**

DIC (Non-consolidated)

(The decrease from fiscal 2004 would fill approximately 256 trucks.)

= amount held by 30 four-ton trucks




# REDUCTION OF CHEMICAL SUBSTANCE EMISSIONS

**In fiscal 2005, DIC's emissions of Pollutant Release and Transfer Register (PRTR) chemicals amounted to 537 tons, a decline of approximately 6%, or 36 tons, from 573 tons in fiscal 2004.**

## Compliance with Standards Governing the Emission of Dioxins

DIC monitors emission volumes from incinerators on a continuous basis. As of the end of fiscal 2005, DIC had two incinerators, while domestic DIC Group companies have a total of five incinerators. Although these qualify as "specified facilities" under Japan's Law Concerning Special Measures Against Dioxins, all seven comply with standards governing dioxin levels in exhaust gas and wastewater.

**Dioxin Emission Control Standards Applicable to Incinerators at Domestic DIC Group Plants**

| | Incinerator capacity | Exhaust Gas | | Wastewater | |
|---|---|---|---|---|---|
| | | Standard (ng-TEQ/Nm$^3$) | Emissions recorded in fiscal 2005 (ng-TEQ/Nm$^3$) | Standard (pg-TEQ/L) | Emissions recorded in fiscal 2005 (pg-TEQ/L) |
| Chiba Plant | Approx. 3t/h | 5 | 1.6 | 10 | 0.060 |
| Hokuriku Plant | Approx. 0.3t/h | 5 | 0.0063 | 10 | 0.019 |
| DIC Interior Co., Ltd. | Approx. 0.1t/h | 10 | 2.1 | — | — |
| KITANIHON DIC CO., LTD. (Hokkaido Plant) | Approx. 0.2t/h | 10 | 0.19 | — | — |
| KITANIHON DIC CO., LTD. (Tohoku Plant) | Approx. 0.2t/h | 10 | 0 | — | — |
| Seiko PMC Corp. (Harima Plant) | Approx. 0.2t/h | 10 | 0.18 | — | — |
| Dainichi Building Materials, Inc. | Approx. 0.2t/h | 10 | 7.3 | — | — |

## The Environmental Impact of Corporate Activities

Production requires energy and the generation of waste. As the scale of a company's production activities increases, so do the amounts of energy it uses and waste it generates.

Chemical companies deal with a considerably greater volume of chemical substances than companies in other industries. Accordingly, we must be extraordinarily vigilant in handling chemical substances, as well as do everything in our power to avert resulting environmental pollution. DIC strives to prevent the release not only of chemicals specified under Japan's PRTR Law, but also of as many chemicals as possible. In line with this commitment, DIC is using advanced technologies to gradually reduce its emissions of PRTR chemicals, as well as of 12 chemicals that are causes of atmospheric pollution.

## PRTR[1] Chemicals

In fiscal 2005, DIC's emissions into the environment of chemicals targeted by the Japan Chemical Industry Association's (JCIA's) PRTR scheme amounted to 537 tons, a decrease of approximately 6%, or 36 tons, from fiscal 2004.

Until fiscal 1999, the JCIA's voluntary PRTR scheme targeted 284 chemicals. With the enactment of the PRTR Law, effective fiscal 2000, this number increased to 480. This total comprises 354 chemicals specified under the PRTR Law and 126 chemicals from the JCIA list that the law does not specify. In fiscal 2005, DIC recorded emissions of 122 of the 480 chemicals targeted under the scheme, the same as in the previous period.

The graph to the right shows emissions of all PRTR chemicals by DIC since it began monitoring these emissions in fiscal 1996. For fiscal 1999, data for both PRTR chemicals and the 480 chemicals targeted under the JCIA's voluntary scheme are shown. The table below the graph indicates PRTR chemicals for which emissions by DIC in fiscal 2005 exceeded 10 tons.

In fiscal 2005, emissions of PRTR chemicals (57 chemicals in total) by domestic Group companies engaged in production were 1,285 tons. As a result, emissions of PRTR chemicals (129 chemicals in total) by the entire DIC Group in Japan during the period were 1,822 tons.

Data for domestic DIC Group companies engaged in production for fiscal years 2003 and 2004 is available for chemicals targeted under the PRTR Law only. Emissions of these chemicals by domestic DIC Group companies engaged in production were 280 tons (42 chemicals in total) in fiscal 2003 and 328 tons (46 chemicals in total) in fiscal 2004.

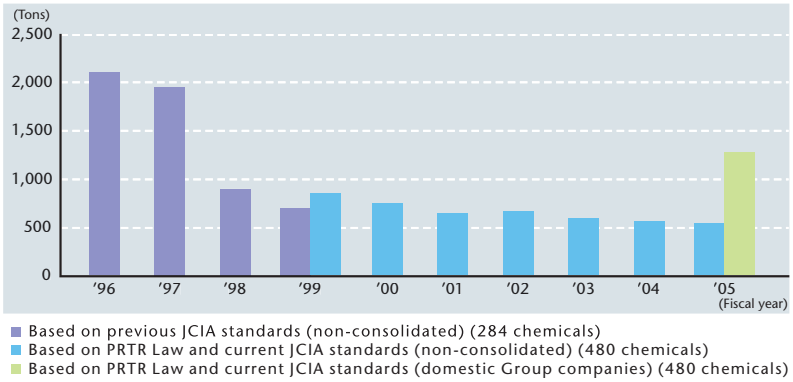
## Reducing Emissions of Volatile Organic Chemicals (VOCs)

Japan's revised Air Pollution Control Law, enforced April 1, 2006, introduced regulations on emissions of VOCs into the atmosphere. DIC also voluntarily manages emissions of 12 chemicals that qualify as atmospheric pollutants and is taking steps to steadily lower these emissions. Going forward, DIC will combine compliance with legal regulations and voluntary management, with the aim of reducing VOC emissions 30% from the fiscal 2000 level by fiscal 2010.

**Notes:**

1. **PRTR**
   The PRTR is a scheme for assessing, aggregating and disseminating data on the sources of hazardous chemicals, amounts released to the environment and amounts transferred off-site from industrial establishments via waste products.
2. **PRTR Law**
   The PRTR Law is the popular name for the Law Concerning the Reporting, etc. of the Release to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management. The law, which went into effect in 1999, required companies meeting certain standards to assess the release and transfer of PRTR chemicals from 2001 and report results to the government from 2002. DIC has assessed the release of PRTR chemicals and aggregated and disseminated data in accordance with the law retroactive to 1999.

### Emissions of PRTR Chemical Substances




### PRTR Chemicals with Emissions in Excess of 10 Tons in Fiscal 2005 (Tons)

| Chemical | Volume manufactured/used | | Volume emitted | |
|---|---|---|---|---|
| | Non-consolidated | DIC Group (domestic) | Non-consolidated | DIC Group (domestic) |
| Ethyl acetate | 18,118.3 | 19,230.9 | 124.1 | 706.8 |
| Methyl ethyl ketone | 12,892.3 | 13,500.2 | 55.3 | 437.6 |
| Toluene | 13,200.4 | 13,871.1 | 85.3 | 340.5 |
| Xylene | 8,680.2 | 9,277.6 | 64.6 | 71.4 |
| N-Methylpyrrolidone | 394.4 | 766.4 | 64.2 | 64.2 |
| Styrene | 14,705.9 | 153,827.0 | 17.3 | 29.7 |
| Propyl alcohol | 4,996.2 | 5,109.3 | 27.1 | 28.9 |
| Acetone | 1,507.7 | 1,542.6 | 7.0 | 21.8 |
| Butyl alcohol | 5,861.5 | 5,861.5 | 21.4 | 21.4 |
| Methylene chloride | 13.4 | 27.8 | 0.2 | 14.6 |
| Butyl acetate | 4,133.3 | 4,532.2 | 6.0 | 12.1 |

# CONTRIBUTING TO A RECYCLING-ORIENTED SOCIETY

Industrial waste disposed of as landfill

**DIC (Non-consolidated)**

## DOWN 66%

from fiscal 2004

Wastewater processing facility at the Kashima Plant

# REDUCTION OF ENERGY CONSUMPTION AND INDUSTRIAL WASTE

**DIC achieved a reduction in industrial waste disposed of as landfill of approximately 66%, to 537 tons, in fiscal 2005, from 1,560 tons in fiscal 2004.**

**Notes:**
1. Energy consumption calculated in volume of crude oil used is the total volume of all types of energy used, including electric power, gas and crude oil.
2. Energy consumed per unit of production is the volume of energy consumed per ton of products.

## Energy Consumption

In fiscal 2005, DIC recorded a 0.7% decrease in its absolute energy consumption, calculated in volume of crude oil used, to 122,700 kl. The index of energy consumption per unit of production (fiscal 1990=100) was 86, down 2.0 percentage points, exceeding the Company's stated goal of reducing absolute energy consumption, calculated in volume of crude oil used, by at least 1.0% annually. The graph on the top right of the facing page shows DIC's absolute energy consumption and the consumption index from fiscal 1990 through fiscal 2005.

Harnessing the effectiveness of cogeneration systems and high-efficiency production equipment installed at plants and employing fuel cells and other new technologies, DIC continues to take steps to lower energy consumption in fiscal 2006, in line with its annual target of at least a 1.0% reduction.

In fiscal 2005, absolute energy consumption by domestic DIC Group companies engaged in production, calculated in volume of crude oil used, amounted to 38,300 kl. Consequently, absolute energy consumption by the entire DIC Group in Japan, calculated in volume of crude oil used, totaled 161,000 tons.

## Impact of "Cool Biz" Initiative

In line with the Japanese government's "Cool Biz" campaign, DIC encourages employees to dress down during the summer months, thus enabling them to work comfortably under new air conditioning restrictions implemented with the aim of reducing energy consumption. As a consequence, energy consumption at DIC's headquarters in fiscal 2005 declined approximately 11% from fiscal 2004. DIC will continue to promote this initiative in the years ahead.

## Industrial Waste

DIC achieved a reduction in industrial waste disposed of as landfill of approximately 66%, to 537 tons, in fiscal 2005, from 1,560 tons in fiscal 2004. The second graph on the right illustrates the annual volume of industrial waste generated by DIC that has been disposed of in this manner since fiscal 1999.

DIC has set a goal for industrial waste disposal as landfill of 5% of the fiscal 1999 level, or 370 tons, by fiscal 2007, and since fiscal 2001 has implemented a variety of related programs. Going forward, the Company will continue to reinforce initiatives aimed at achieving this goal.

In fiscal 2005, waste disposed of as landfill by domestic DIC Group companies amounted to 745 tons. As a result, waste disposed of as landfill by the DIC Group in Japan totaled 1,282 tons.

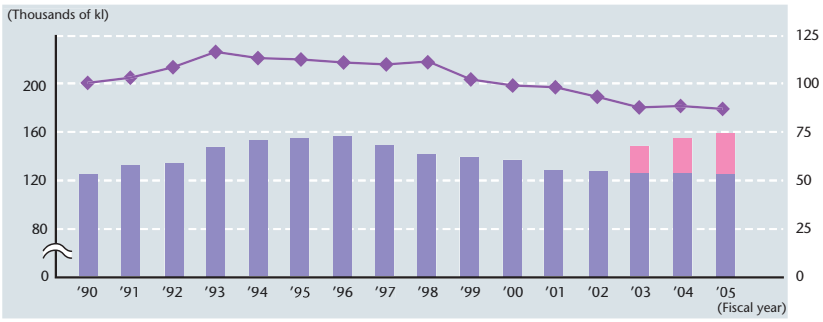
### Initiatives Undertaken by the Kashima Plant

In October 2005, the Kashima Plant switched from the coagulation-sedimentation method to the bubble flotation method for treating wastewater. Owing to various factors, including a decrease in the amount of coagulating agent, sludge generated from wastewater processing at the plant in fiscal 2005 declined to 78% of the fiscal 2004 total. This, combined with a shift toward recovery of sludge for recycling and away from disposal as landfill, resulted in a decline of 30% in the total amount of waste generated by the plant that was disposed of as landfill.

## General Waste

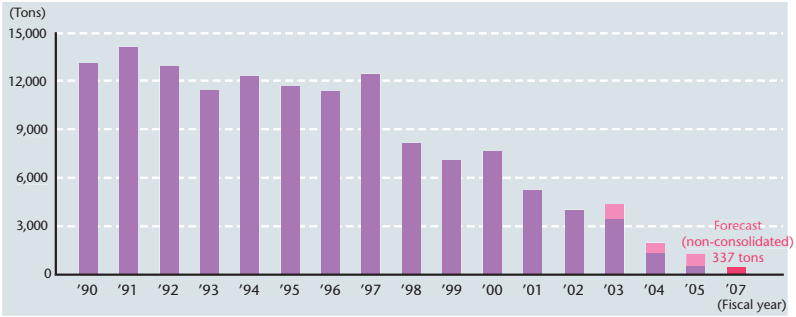
DIC strives to lower emissions of general waste and promote the separation of general waste to facilitate recycling. In fiscal 2005, the volume of general waste generated by DIC's headquarters and branches in Japan was 32.9% lower than in fiscal 2000, while the recycling rate for paper and glass bottles and jars was 72.7%. The third graph on the right shows general waste trends since fiscal 2000.

### Energy Consumption per Unit of Production (Calculated in Volume of Crude Oil Used) and Energy Consumption Index



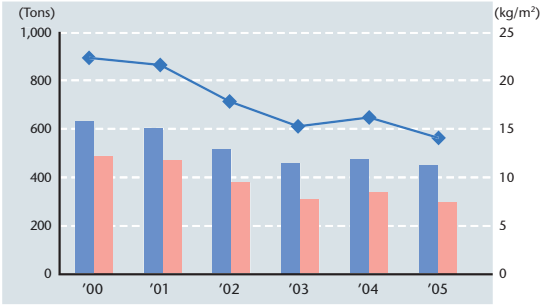

Energy consumption per unit of production (non-consolidated) (left axis)
Energy consumption per unit of production (domestic Group companies) (left axis)
Energy consumption index (non-consolidated) (1990=100)

### Volume of Industrial Waste Disposed of as Landfill




Volume of industrial waste disposed of as landfill (non-consolidated)
Volume of industrial waste disposed of as landfill (domestic Group companies)

### Volume of Ordinary Waste




Total volume (left axis)
Volume recycled (left axis)
Volume of waste per square meter of floor space (right axis)

## Recycling of Containers and Packaging

Japan's Containers and Packaging Recycling Law, which went into effect in April 1997, obliges companies to which the law applies to recycle containers and packaging sold to consumers into commercial products. To facilitate a smooth process, the Japan Containers and Packaging Recycling Association was established as a government-designated organization providing services on a contract basis. DIC has contracted the association as part of its strategy to ensure the efficient recycling of containers and packaging. In fiscal 2005, the Company paid a total of ¥681,436 to the association for the recycling of containers and packaging used in its health foods and petrochemicals-related products businesses.

**Notes:**

3. The energy consumption index compares the change in the rate of consumption per unit of production with fiscal 1990 as the base year. Japan's chemical industry has set a goal for this index of 90 by fiscal 2010.
4. Cogeneration systems enable the simultaneous production of several types of energy using one primary fuel. DIC's cogeneration systems use such fuels as natural gas and kerosene to produce electricity and the waste heat from fuel combustion to produce steam.
5. Industrial waste disposed of as landfill refers to the volume of industrial waste buried in landfill sites.

# REDUCING THE ENVIRONMENTAL IMPACT OF PRODUCTS

Green procurement rate

**DIC (Non-consolidated)**

## UP +1.7 POINTS

from fiscal 2004

## GREEN PROCUREMENT

**In fiscal 2005, 95.8% of the raw materials procured by DIC were from suppliers that meet its Green Procurement standards.**

**DIC's Green Procurement Standards***

| Activities<br>A supplier must either | Materials Procured<br>A supplier must |
|---|---|
| • have earned ISO 14001 certification or have a management system in place and a definite schedule for applying for ISO 14001 certification, or<br>• conduct its operations in accordance with the principal requirements for ISO 14001. | • supply materials that contain no prohibited substances, e.g., substances prohibited under the Industrial Health and Safety Law or Class 1 specified chemical substances prohibited under the Law Concerning the Evaluation of Chemical Substances and Regulation of their Manufacture, etc. (the Chemical Substance Control Law), and<br>• recycle or take other steps to ensure the environmental soundness of containers and packaging materials or otherwise contribute to environmental preservation. |

* Suppliers that meet DIC's Green Procurement standards are those that have satisfied both Activities and Materials Procured standards.

**Definition of Green Procurement Rate**

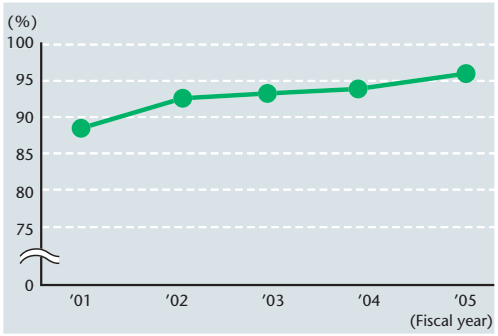
$$\text{Green Procurement Rate} = \frac{\text{Total volume of raw materials procured from suppliers that meet DIC's Green Procurement standards}}{\text{Total volume of raw materials procured by DIC's Purchasing Department}} \times 100$$

## Promoting Green Procurement

DIC established its own Green Procurement standards in fiscal 2001 and continues to encourage suppliers who do not meet these standards to implement changes.

In fiscal 2005, DIC achieved a Green Procurement rate of 95.8%. This was up from 89.0% in fiscal 2001, 92.5% in fiscal 2002, 92.8% in fiscal 2003 and 93.5% in fiscal 2004.

**Green Procurement Rate**




| Fiscal year | 01 | 02 | 03 | 04 | 05 |
|---|---|---|---|---|---|
| Green Procurement (%) | 89.0 | 92.5 | 92.8 | 93.5 | **95.8** |

## Revising DIC's Green Procurement Standards

Customers expect DIC to comply with legal regulations regarding, among others, heavy metals and impurities in its products. Accordingly, it is essential for the Company to manage all stages of production, beginning with the procurement of raw materials from suppliers outside the Company. With this in mind, DIC has revised its Green Procurement standards and is working with raw materials suppliers to facilitate highly effective quality control, thereby ensuring peace of mind for customers.

## Compliance with Customers' Green Procurement Standards

In addition to implementing strict criteria for regulating heavy metal compounds and other hazardous substances, DIC proactively discloses information on hazardous substances contained in its products to customers.

Manufacturers of electrical and electronic equipment are required to comply with such directives as RoHS and WEEE. RoHS bans the use of specified hazardous substances in such equipment, while WEEE applies to the treatment of waste equipment. Automobile manufacturers must comply with the ELV directive, which seeks to reduce hazardous materials removed from end-of-life vehicles and ensure proper scrapping procedures. As a consequence, manufacturers must establish stringent Green Procurement systems and ensure the compliance of raw materials and components suppliers.

As part of its efforts to comply with the demands of customers by disclosing information on hazardous substances contained in its products, DIC has adopted the International Organization for Standardization's (ISO's) management system for hazardous substances in products and is striving to enhance disclosure through internal audits. To further reinforce management, DIC requests that its raw materials suppliers submit Material Assessment Sheets and tests the raw materials it purchases for the presence of heavy metals and impurities to fulfill legal requirements.

## Green Procurement of Office Supplies

Concurrent with its switch to an online purchasing system for office supplies, in fiscal 2003 DIC introduced a Green Procurement designation for office supplies and began promoting the use of products worthy of this designation*. In fiscal 2005, such products accounted for 18% of all office supplies purchased by the Company.

**Notes:**

1. **RoHS (Restriction of Hazardous Substances) Directive**
   A European Union (EU) directive banning the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) in electric and electronic equipment brought to market on or after July 1, 2006.
2. **WEEE (Waste Electrical and Electronic Equipment) Directive**
   An EU directive on the responsibilities of individual manufacturers to collect and recycle waste electrical and electronic equipment.
3. **ELV (End-of-Life Vehicles) Directive**
   An EU directive banning the use of lead, mercury, cadmium and hexavalent chromium in new vehicles after July 2003. (Certain exemptions have been made.)

* Products that: (a) have qualified as "green" under Japan's Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities; (b) bear Japan's Eco Mark (a designation assigned by the Japan Environmental Association to products that contributed to environmental preservation); and/or (c) are included in the data book published by the Green Procurement Network (GPN), an organization established in February 1996 to promote green purchasing among consumers, companies and governmental organizations in Japan.

# Material Safety Data Sheet System

## DIC uses a proprietary system to create and distribute high-quality, reliable MSDSs.

**Note:**
An MSDS contains information on the properties and proper handing procedures for a particular chemical substance. Chemical manufacturers in Japan are required to provide MSDSs to customers in advance for products containing substances specified by the Labor Safety Hygiene Law, Poisonous and Deleterious Substances Control Law and Law Concerning Reporting, etc. of Release to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management.

DIC prepares and distributes material safety data sheets (MSDSs) that comply with Japan Industrial Standards (JIS) for all chemical substances it sells in the Japanese market—not only for those it is obligated to by law.

To ensure its products are not a cause of environmental pollution, DIC also includes information on appropriate measures for disposal in its MSDSs.

DIC has created its own automated MSDS creation and distribution system. MSDSs that have been prepared manually are reproduced using this system to ensure all legal requirements have been satisfied and to reduce the margin for human error, thereby ensuring a uniform level of quality. Domestic customers have the option of distribution by mail or the Internet. Customers requesting online distribution can view and download DIC's MSDSs at any time from the DIC web site. DIC also produces cumulative, itemized data on shipments to customers of PRTR chemicals.

For products sold in overseas markets, DIC introduced software that incorporates European Union (EU) MSDS requirements into its own MSDS standards, thereby ensuring exhaustive disclosure. For customers overseas, DIC prepares MSDSs that comply with EU guidelines in multiple languages.

DIC also provides hazard data and safety control information in response to requests for assistance from customers.

# ENVIRONMENT, SAFETY AND HEALTH (ESH)

## ESH in R&D Activities

In line with it commitment to sustainable development, the DIC Group places a high priority on the development of environment-friendly technologies and products. In 2008, DIC will celebrate its 100th anniversary. In advance of this milestone, and with a view to its second century in business, DIC is implementing a variety of measures with the aim of strengthening core businesses and cultivating new business, thereby positioning itself for dynamic growth as a Company that provides true value to customers in global markets. The DIC Group's efforts to achieve these aims are spearheaded by its global network of R&D centers. In Japan, independent technical departments in each DIC division conduct advanced, specialized research oriented toward current market requirements; the Graphic Arts Laboratory, Tokyo, which focuses on graphic arts materials businesses; and the Central Research Laboratories, which function independently and encompass the Corporate R&D Division and the Analytical Center. The Corporate R&D Division oversees the Color Science Laboratory, the Process Engineering Laboratory and the Materials Research Laboratory, which conduct research aimed at reinforcing the competitiveness of existing product technologies, as well as developing new technologies—from basic research to engineering—necessary to support product development. Overseas, the DIC Group has six principal R&D centers. Sun Chemical operates four facilities, two in the United States and one each in Germany and the United Kingdom. The remaining two facilities are the DIC Berlin GmbH R&D Laboratory, in Germany, and Qingdao DIC Finechemicals Co., Ltd., in the People's Republic of China (PRC), both of which are independent.

Members of the DIC Group's international R&D network cooperate to develop distinctive, environment-friendly technologies and products that meet the increasingly sophisticated needs of customers in core business areas, namely printing inks, organic pigments and synthetic resins, as well as in such high-growth areas as electronics and information materials. To respond to such needs, DIC also collaborates with other companies, government bodies and academic institutions with the aim of introducing state-of-the-art technologies from outside the Company as well as promoting technology integration. For example, DIC has formed a comprehensive R&D alliance with Kyushu University. DIC also participates in the Technology Research Association for Advanced Display Materials (TRADIM) with the aim of promoting the development of new technologies and products through, among others, cooperation with other companies.

## Assessment of and Education on Chemical Substances

When formulating capital investment plans or upgrading equipment, DIC conducts internal assessments in advance to ensure the safety and reliability of equipment and reduce the margin for human error. With the aim of ensuring the integrity of existing equipment, DIC has adopted a process safety management (PSM) program that enables it to identify and assess risk.

Safety training for employees engaged in R&D is based on the *Environment and Safety Guidelines for the R&D Department*. For employees in manufacturing positions, education focuses on the use of MSDSs to ensure the proper handling of chemical substances and the correct use of facilities and equipment.

In Japan and overseas, DIC strives to enhance employee understanding of laws and regulations. In fiscal 2005, DIC organized a variety of educational programs tailored to the needs of employees at different levels. These included monthly seminars for sales and R&D managers in charge of ensuring compliance with laws and regulations pertaining to chemical substance management. The Company also organized lectures on advance screening and registration systems at overseas plants for employees in R&D responsible for these practices, and presentations on MSDSs for nonmanagerial R&D employees. Texts used in these programs are posted on the DIC intranet for employees to view and/or download with the aim of further reinforcing employee awareness.

## ESH in Product Distribution

DIC provides yellow cards to drivers of container trucks, tanker trucks and other designated hazardous chemical transport vehicles, as well as to drivers of ordinary delivery vehicles carrying mixed loads, to ensure prompt response in the event of an emergency. The Company exclusively uses containers and tanks that comply with Japan's Fire Defense Law standards, United Nations' standards and other legal requirements.

DIC is currently expanding its use of Japan Rail containers, trailers, ocean shipping and other large-lot transport modes with the aim of reducing related energy consumption and $CO_2$ emissions. Modal shifts in fiscal 2005 contributed to a 792-ton reduction in $CO_2$ emissions.

**Notes:**

1. **Yellow Cards**
   Promoted by the JCIA, the yellow card system is a voluntary system of cards containing safety and emergency response information on chemical substances, which are provided by manufacturers to transport firms handling chemical substances.

2. **Modal Shift**
   DIC is making a shift to large-lot transport modes, including ocean shipping and rail, which offer higher energy efficiency per load. Reduction of $CO_2$ emissions is calculated using the modal shift standards published by the Japan Federation of Freight Industries.

# RESPONSIBLE CARE: A BORDERLESS COMMITMENT

## ESH IN OVERSEAS OPERATIONS

**DIC Group companies overseas are also actively engaged in ESH.**

Representatives of DIC Colortron and The Carton House at the awards ceremony

**Note:**
**REACH (Registration, Evaluation and Authorisation of Chemicals)**
REACH puts the onus on businesses to evaluate the safety of chemicals they produce or use —a task that has traditionally been handled by public authorities. Under REACH, businesses bear full responsibility for evaluating the safety of chemicals with no distinction made between "existing" and "new" chemicals. REACH also prohibits the use of specified chemicals that pose unacceptable hazards to human health.

### DIC Colortron Wins Packaging Award

DIC Colortron Pty Ltd. was awarded the Sustainability Victoria Sustainable Packaging Gold Award at the Packaging Council of Australia's 2005 Australian Packaging Awards for its entry Ink in a Box. Developed jointly by DIC Colortron and paper carton maker The Carton House, Ink in a Box uses a humble paperboard box, eliminating plastics and foils. Once emptied, the box can be easily recycled, a point that earned high marks from judges. Compared with metal containers, Ink in a Box also significantly lowers production and transport costs, as well as the cost of disposal borne by printing companies.

### Gathering Information on Overseas Laws and Regulations

In 2008, the EU is expected to introduce a new regulatory framework, known as REACH (for "Registration, Evaluation and Authorisation of Chemicals"), for controlling chemical substances. DIC continues to promote the expansion of exports and local production of chemical substances around the world, including Europe, and is therefore required to comply with this law.

To this end, DIC identified and catalogued chemical substances requiring registration under REACH that are exported directly by the Company and affiliated companies, as well as indirectly, that is, in finished products manufactured by customers.

For products exported to the Republic of Korea (ROK), DIC is required to comply with the ROK's Toxic Chemicals Control Law. In line with this law, DIC has taken steps to register all pertinent chemical substances. However, in fiscal 2005 an internal study determined that products had been exported to the ROK without proper registration. Steps were immediately taken to rectify this error.

## ESH at Overseas DIC Group Companies

As of March 31, 2006, the DIC Group included 175 overseas subsidiaries in 58 countries. Core subsidiary Sun Chemical Corp., which heads its own extensive group of companies, is actively engaged in ESH through Responsible Care activities, while other subsidiaries are pursuing a variety of independent programs.

DIC has introduced the same workplace accident report forms as it uses in Japan—translated into local languages and English—to Group companies in Southeast Asia, Oceania and the PRC and is pursuing similar ESH initiatives as it does in Japan. DIC has also produced English- and Chinese-language versions of *Principles of Safe Conduct: Procedures and Attitudes for a Safe Workplace*, which is used by Group companies in Japan, to ensure basic workplace safety.

DIC's Central Research Laboratories extends safety information on chemical substances to R&D facilities around the world, as well as dispatches individuals in charge of workplace safety to provide guidance on procedures with the aim of ensuring employee safety.

## Enhancing ESH Management Systems in the PRC

DIC is implementing measures to enhance the ESH management systems of DIC Group companies—primarily manufacturers—in the PRC. DIC recognizes ensuring the safety of plants as an aspect of risk management. Accordingly, the Company strives to communicate the importance of workplace safety procedures during risk management presentations and visits subsidiaries to conduct ESH audits and provide guidance.

In fiscal 2004, DIC prepared a workplace safety handbook to be used in employee training at Group companies in the PRC. DIC exchanges information not only on safety procedures, but also on revisions to pertinent laws and regulations, examples of procedures and training methods. Individuals in charge of ESH at DIC also meet regularly with their counterparts at Group companies in the PRC.

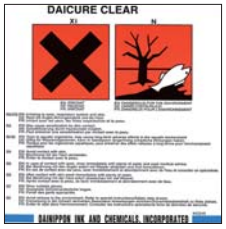
## Enhancing ESH Management Systems in Southeast Asia and Oceania

In fiscal 2005, DIC conducted safety audits of Group companies in Southeast Asia and Oceania. Using checklists prepared primarily by local subsidiaries in Singapore and Malaysia, an auditor, assisted by a safety consultant, visited eight sites in three countries. While views and approaches to safety may vary in different regions and countries, DIC's commitment to ensuring the safety of its employees and protecting the environment knows no borders. This commitment will continue to underpin efforts to promote effective initiatives in Southeast Asia and Oceania.

## ESH in International Transactions

In addition to adhering to the rules outlined in its *Safety Management for International Trade Regulations and Implementation Manual*, DIC has prepared a checklist for employees traveling overseas on business to prevent the illegal export of products, regulated substances and technologies. DIC also keeps abreast of information on trafficking in prohibited substances and has established an internal mechanism to ensure adherence with international regulations.

For products exported from Japan for sale in overseas markets, DIC prepares and distributes MSDSs in local languages or English (see page 20). DIC has also begun using product labels that comply with laws and regulations in receiving countries, replacing labels on products bound for the EU, the ROK and Malaysia with labels that comply with labeling laws in these countries.



Label for the EU


Label for the ROK


Label for Malaysia

## DIC's Global Network


(As of March 31, 2006)

# ESH ACTIVITIES

Notes:
1. **Occupational Accidents with Lost Work Days**
Occupational accidents are accidents resulting in days away from work.

2. **Occupational Accident Frequency Rate**
The occupational accident frequency rate is the number of injuries and deaths due to occupational accidents per one million hours of labor. (Calculation: Number of injuries and deaths ÷ Total work hours × 1,000,000). An occupational accident frequency rate of 1.0, for example, corresponds to one accident per year in a workplace with 500 employees.

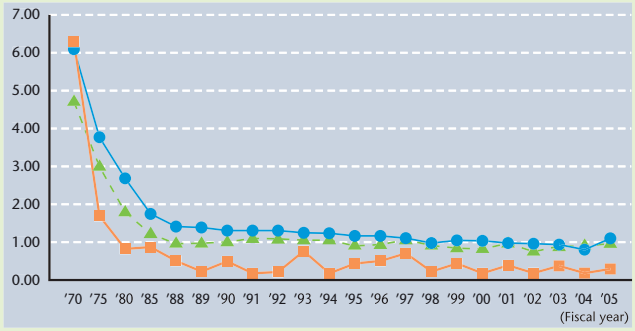
3. **Occupational Accident Severity Rate**
The occupational accident severity rate is the number of work hours lost per 1,000 hours of labor. (Calculation: Number of days lost ÷ Total work hours × 1,000). An occupational accident severity rate of 0.1, for example, corresponds to 100 work hours lost per year in a workplace with 500 employees.

## Safety and Health Record

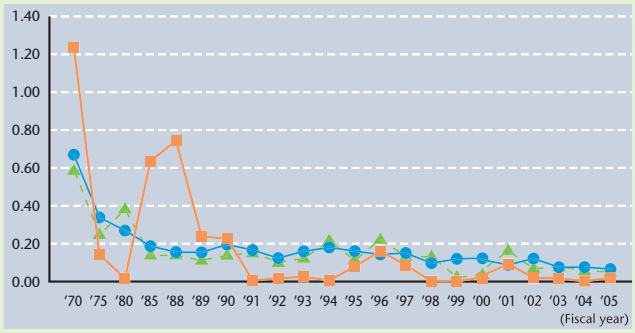
During fiscal 2005, one occupational accident resulting in lost work days was reported at a DIC plant. This accident involved an employee who, descending a staircase while carrying and air hose in both hands, lost their footing, resulting in a broken ankle. One other accident was reported at another plant in which an employee's finger was trapped and broken when the cover of a reaction vessel manhole was shut. The occupational accident frequency rate for the period was 0.27 and the occupational accident severity rate was 0.014, compared with 0.14 and 0.001, respectively, in fiscal 2004. The graphs on the right show DIC's occupational accident frequency and severity rates from fiscal 1970 through fiscal 2005.

Domestic DIC Group companies engaged in production reported eight occupational accidents resulting in lost work days in fiscal 2005. These included an employee who fell while trying to wrench open a press mold, hitting their head and sustaining a spinal injury. The occupational accident frequency rate for the period for these companies was 1.52, while the occupational accident severity rate was 0.029.

### Occupational Accident Frequency Rate




### Occupational Accident Severity Rate




Notes:
1. "Chemical Industry" and "Manufacturing Industry" include all companies in the chemical industry and manufacturing industry, respectively, as defined by the Ministry of Health, Labour and Welfare for the purposes of its Occupational Safety and Health Statistics.
2. Figures for DIC are for the fiscal year (April 1–March 31). Figures for the chemical industry and the manufacturing industry are for the calendar year.

## Awards Received

DIC was honored to receive an award during fiscal 2005 in recognition of its superb safety record.

**Komaki Plant**

Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency)

## "Safety Tree Rings"

DIC has established the "safety tree" as a way to recognize the achievements of its plants and R&D facilities, as well as certain affiliated companies, in eliminating occupational accidents.

Each year, DIC presents plants and R&D facilities that achieve consecutive occupational accident-free years, that is, years free from accidents resulting in days away from work, with a ring for their "safety tree." One tree comprises 20 rings. When a tree is completed, the process begins again as each silver ring is replaced with a gold one for each consecutive accident-free year.

As of the end of fiscal 2005, three DIC plants had achieved more than 20 consecutive occupational accident-free years: the Fukuoka Plant (36 years), the Hokuriku Plant (32 years) and the Ishikari Plant (24 years). These achievements do not reflect any extraordinary efforts. Rather, they are the result of the consistent, honest application of near-miss incident sampling, hazard prediction and improvement proposal activities by plant employees. Other DIC plants are modeling their efforts to achieve consecutive occupational accident-free years after the examples set by these three plants.

Safety tree at Hokuriku Plant

# ENVIRONMENTAL LOAD REDUCTION (EMISSIONS INTO THE ATMOSPHERE)

## Emissions of $CO_2$, SOx, NOx and COD

Graph 1 indicates DIC's emissions of $CO_2$ from fiscal 1990 through fiscal 2005, calculated in volume of carbon released, and indexes energy consumption per unit of production (fiscal 1990=100). The absolute volume of emissions of $CO_2$ in fiscal 2005 decreased 285 tons from the previous period. The index declined from 86 to 84, the lowest level since DIC began taking steps to reduce $CO_2$ emissions.

$CO_2$ emitted through the combustion of energy accounts for the bulk of DIC's $CO_2$ emissions. Accordingly, the Company's targets for reducing $CO_2$ emissions are tied to its targets for lowering energy use. In fiscal 2006, DIC will continue to implement measures aimed at reducing both fuel use and $CO_2$.

The absolute volume of emissions of $CO_2$ in fiscal 2005 by domestic DIC Group companies engaged in production, calculated in carbon released, amounted to 20,708 tons. Accordingly, total emissions of $CO_2$ during the period by the DIC Group in Japan, calculated in carbon released, amounted to 97,537 tons.

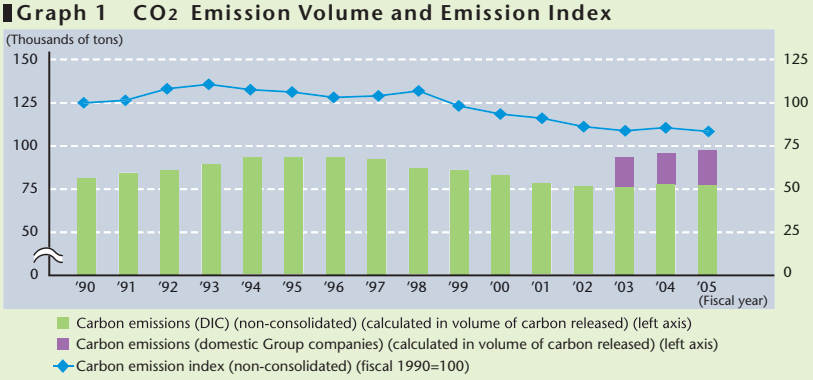
Graphs 2, 3 and 4 show sulfur oxide (SOx) emissions, nitrogen oxide (NOx) emissions and chemical oxygen demand (COD) emissions in wastewater by DIC from fiscal 1990 through fiscal 2005.

## Soil and Groundwater Analysis at Plant Sites

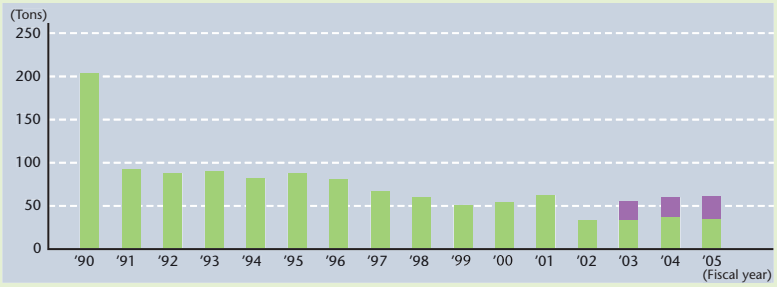
DIC conducts soil analysis at all former plant sites and, when necessary, implements remedial measures. In fiscal 2005, DIC conducted a soil analysis at the site of a plant used by DIC subsidiary DIC-HEXEL Ltd. for the manufacture of materials used in aircraft, which was closed in March 2006. This was a voluntary initiative, as the site did not require soil analysis under Japan's Soil Contamination Countermeasures Law. Although the plant used large volumes of synthetic resins and organic solvents during its years of operation, thanks to effective control of such substances no soil contamination was detected.

When acquiring plants or sites overseas, DIC compares Japanese laws with those of the country in which the plant or site is located and conducts soil analysis in line with the more stringent of the two. While the types of analysis required vary under different laws, DIC will continue to weigh the standards of other countries against Japanese standards and apply the most rigorous of the two for each type of analysis it conducts.

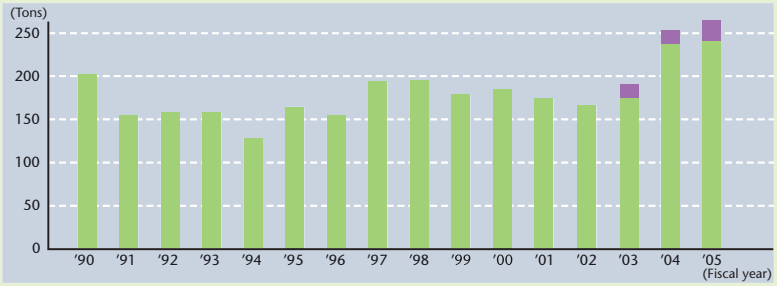
**Graph 1 $CO_2$ Emission Volume and Emission Index**



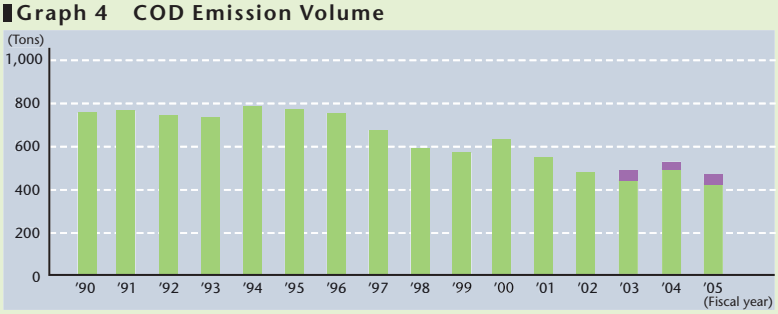

**Graph 2 SOx Emission Volume**




**Graph 3 NOx Emission Volume**




**Graph 4 COD Emission Volume**



# KEY ENVIRONMENTAL INDICATORS

**Scope of Reporting (see inside front cover)**
Data for DIC (non-consolidated) comprises data for DIC plants, domestic subsidiaries and production facilities of subsidiaries that are located within DIC plants, and affiliated companies and production facilities of affiliated companies that are located within DIC plants. Data for domestic Group companies is for other domestic DIC Group companies.

### Table 1 Emissions of PRTR Chemicals (See page 15)

DIC (Non-Consolidated)

| Fiscal year | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Based on previous JCIA standards (284 chemicals) (tons) | 2,095 | 1,948 | 895 | 696 | — | — | — | — | — | — |
| Based on PRTR Law and current JCIA standards (480 chemicals) (tons) | — | — | — | 856 | 749 | 652 | 660 | 601 | 573 | 537 |

Domestic Group Companies

| Fiscal year | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Based on PRTR Law and current JCIA standards (480 chemicals) (tons) | — | — | — | — | — | — | — | (879) | (900) | 1,822 |

**Note:** In fiscal 2003 and fiscal 2004, domestic DIC Group companies, excluding DIC, used 354 PRTR chemicals.

### Table 2 Energy Consumption (See page 16)

DIC (Non-Consolidated)

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Energy consumption (calculated in volume of crude oil used) (1,000 kl) | 127 | 132 | 136 | 148 | 154 | 155 | 157 | 151 | 142 | 139 | 138 | 129 | 127 | 123 | 124 | 123 |
| Energy consumption per unit of production (liters/ton) | 138 | 142 | 150 | 160 | 157 | 156 | 153 | 151 | 154 | 141 | 136 | 133 | 128 | 120 | 122 | 119 |
| Energy consumption index | 100 | 103 | 109 | 116 | 114 | 113 | 111 | 110 | 112 | 103 | 99 | 97 | 93 | 87 | 88 | 86 |

Domestic Group Companies

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Energy consumption (calculated in volume of crude oil used) (1,000 kl) | — | — | — | — | — | — | — | — | — | — | — | — | — | 152 | 157 | 161 |
| Energy consumption per unit of production (liters/ton) | — | — | — | — | — | — | — | — | — | — | — | — | — | 126 | 122 | 119 |

**Note:** Energy consumption per unit of production is the volume of energy consumed per ton of production, calculated in volume of crude oil used. The energy consumption index compares the change in consumption per unit of production with fiscal 1990 as the base year. The JCIA has set a target for the reduction of energy consumption per unit of production for its member companies of 90% of the fiscal 1990 level by fiscal 2010. For DIC, this would be 124 liters/ton.

### Table 3 Volume of Industrial Waste Disposed of as Landfill (See page 17)

DIC (Non-Consolidated)

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Volume generated (tons) | — | — | — | — | — | — | — | — | — | — | 127,758 | 117,682 | 125,680 | 118,708 | 120,084 | 111,414 |
| Volume disposed of as landfill (tons) | 12,948 | 14,345 | 12,764 | 11,870 | 12,157 | 11,882 | 11,508 | 12,247 | 8,069 | 7,552 | 7,981 | 5,582 | 4,190 | 3,426 | 1,560 | 537 |
| Zero emission index | — | — | — | — | — | — | — | — | — | 100 | 106 | 74 | 55 | 45 | 21 | 7 |

Domestic Group Companies

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Volume generated (tons) | — | — | — | — | — | — | — | — | — | — | — | — | — | 149,781 | 155,494 | 162,300 |
| Volume disposed of as landfill (tons) | — | — | — | — | — | — | — | — | — | — | — | — | — | 4,326 | 2,229 | 1,282 |

**Note:** Industrial waste disposed of as landfill refers to the volume of industrial waste buried in landfill sites after reduction (through dessication or incineration) or directly. DIC has set a goal for industrial waste disposal of 337 tons by fiscal 2007. The zero emission index compares changes in the volume of industrial waste disposed of as landfill with fiscal 1999 as the base year. DIC's zero emission index goal is a maximum of 5%.

### Table 4 $CO_2$ Emissions (See page 25)

DIC (Non-Consolidated)

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $CO_2$ emissions (calculated in volume of carbon released) (1,000 tons) | 81 | 84 | 86 | 89 | 93 | 93 | 93 | 92 | 87 | 86 | 83 | 78 | 76 | 76 | 77 | 77 |
| $CO_2$ emissions per unit of production (kg/ton) | 88 | 90 | 96 | 97 | 94 | 94 | 90 | 92 | 94 | 87 | 82 | 80 | 76 | 74 | 76 | 74 |
| $CO_2$ emission index | 100 | 102 | 108 | 110 | 107 | 106 | 103 | 104 | 107 | 98 | 93 | 91 | 86 | 84 | 86 | 84 |

Domestic Group Companies

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $CO_2$ emissions (calculated in volume of carbon released) (1,000 tons) | — | — | — | — | — | — | — | — | — | — | — | — | — | 90 | 94 | 98 |
| $CO_2$ emissions per unit of production (kg/ton) | — | — | — | — | — | — | — | — | — | — | — | — | — | 74 | 73 | 72 |

**Note:** $CO_2$ emissions per unit of production is the volume of $CO_2$ emitted per ton of production, calculated in volume of carbon released. The $CO_2$ emission index compares the change in emissions per unit of production with fiscal 1990 as the base year.

## Table 5 $SO_X$ Emissions (See page 25)

DIC (Non-Consolidated)

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $SO_X$ emissions (tons) | 204 | 92 | 88 | 90 | 82 | 88 | 81 | 67 | 60 | 51 | 55 | 63 | 32 | 32 | 37 | 35 |
| $SO_X$ emissions per unit of production (g/ton) | 221 | 99 | 97 | 98 | 84 | 89 | 79 | 67 | 65 | 52 | 54 | 65 | 32 | 32 | 37 | 34 |
| $SO_X$ emission index | 100 | 45 | 44 | 44 | 38 | 40 | 36 | 30 | 30 | 23 | 24 | 30 | 14 | 14 | 17 | 15 |

Domestic Group Companies

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $SO_X$ emissions (tons) | — | — | — | — | — | — | — | — | — | — | — | — | — | 53 | 56 | 62 |
| $SO_X$ emissions per unit of production (g/ton) | — | — | — | — | — | — | — | — | — | — | — | — | — | 44 | 43 | 46 |

**Note:** $SO_X$ emissions per unit of production is the volume of $SO_X$ emitted per ton of production. The $SO_X$ emission index compares the change in emissions per unit of production with fiscal 1990 as the base year.

## Table 6 $NO_X$ Emissions (See page 25)

DIC (Non-Consolidated)

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $NO_X$ emissions (tons) | 202 | 154 | 158 | 157 | 127 | 164 | 154 | 193 | 194 | 179 | 185 | 174 | 166 | 182 | 244 | 247 |
| $NO_X$ emissions per unit of production (g/ton) | 219 | 166 | 175 | 171 | 130 | 165 | 150 | 193 | 210 | 181 | 182 | 180 | 166 | 177 | 240 | 239 |
| $NO_X$ emission index | 100 | 76 | 80 | 78 | 59 | 75 | 68 | 88 | 96 | 83 | 83 | 82 | 76 | 81 | 109 | 109 |

Domestic Group Companies

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $NO_X$ emissions (tons) | — | — | — | — | — | — | — | — | — | — | — | — | — | 192 | 254 | 266 |
| $NO_X$ emissions per unit of production (g/ton) | — | — | — | — | — | — | — | — | — | — | — | — | — | 159 | 197 | 197 |

**Note:** $NO_X$ emissions per unit of production is the volume of $NO_X$ emitted per ton of production. The $NO_X$ emission index compares the change in emissions per unit of production with fiscal 1990 as the base year.

## Table 7 Water Consumption and Wastewater Emissions

DIC (Non-Consolidated)

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Water consumption (city water) (1,000 $m^3$) | 546 | 542 | 558 | 581 | 568 | 546 | 520 | 562 | 536 | 500 | 482 | 386 | 339 | 346 | 362 | 335 |
| Water consumption (industrial water, others) (1,000 $m^3$) | 19,769 | 19,603 | 20,205 | 19,569 | 18,945 | 18,585 | 17,917 | 17,647 | 16,766 | 16,708 | 17,178 | 14,918 | 13,588 | 12,270 | 14,249 | 12,789 |
| Waste water emissions (1,000 $m^3$) | 14,431 | 14,310 | 14,750 | 14,827 | 14,523 | 14,830 | 14,367 | 14,294 | 13,124 | 13,172 | 13,771 | 11,813 | 10,985 | 10,906 | 11,809 | 10,594 |

Domestic Group Companies

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Water consumption (city water) (1,000 $m^3$) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 873 |
| Water consumption (industrial water, others) (1,000 $m^3$) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 13,720 |
| Wastewater emissions (1,000 $m^3$) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 11,524 |

## Table 8 COD Emissions in Wastewater (See page 25)

DIC (Non-Consolidated)

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| COD emissions (tons) | 745 | 753 | 740 | 730 | 792 | 775 | 745 | 677 | 594 | 571 | 615 | 545 | 471 | 439 | 473 | 417 |
| COD emissions per unit of production (g/ton) | 809 | 810 | 818 | 793 | 807 | 780 | 723 | 676 | 642 | 579 | 606 | 563 | 473 | 428 | 465 | 404 |
| COD emission index | 100 | 100 | 101 | 98 | 100 | 96 | 89 | 84 | 79 | 72 | 75 | 70 | 58 | 53 | 57 | 50 |

Domestic Group Companies

| Fiscal year | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| COD emissions (tons) | — | — | — | — | — | — | — | — | — | — | — | — | — | 478 | 505 | 454 |
| COD emissions per unit of production (g/ton) | — | — | — | — | — | — | — | — | — | — | — | — | — | 396 | 392 | 336 |

**Note:** COD emissions per unit of production is the volume of COD emitted per ton of production. The COD emission index compares the change in emissions per unit of production with fiscal 1990 as the base year. Calculations for sites having no COD emissions data are based on biological oxygen demand (BOD) emissions.

# ENVIRONMENTAL ACCOUNTING

DIC adopted environmental accounting standards in 1998 with the aim of enhancing the efficiency and effectiveness of its environmental investments and expenses.

## ESH Costs

Prior to fiscal 1998, DIC disclosed environmental and safety- and health-related costs (expenses and investments) based on internal standards. Since then, however, the Company has disclosed environmental costs prepared in line with the *Preparation for Establishment of an Environmental Accounting System* (2000 Report), published by Japan's Ministry of the Environment, while it continues to calculate safety- and health-related costs using internal standards.

## 1. Fiscal 2005 Environmental Costs

Environmental costs in fiscal 2005 comprised investments of ¥950 million and expenses of ¥11,160 million. These costs are broken down in the graph to the right and tables 1 through 4.

**Breakdown of Fiscal 2005 Environmental Expenses**

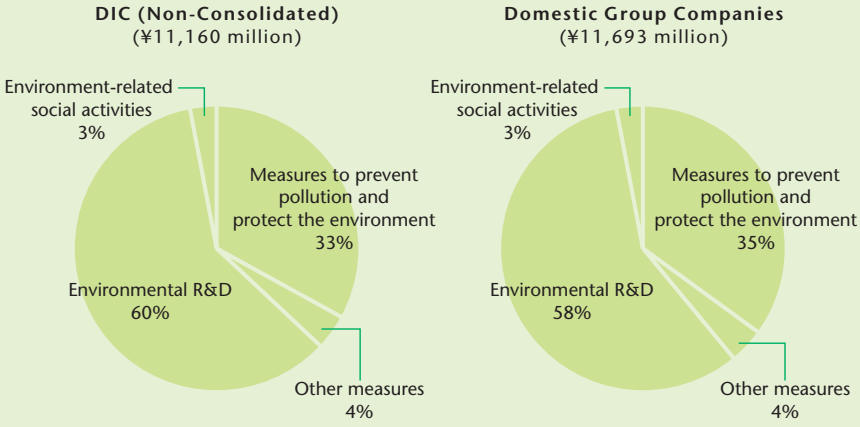



**Table 1 Environmental Costs (Investments and Expenses)**

Millions of yen

| Category | Scope | Investments | Expenses | % of Total |
|---|---|---|---|---|
| 1. Costs incurred through activities aimed at minimizing environmental load generated within the business area through production and sales activities (costs within the business area) | Costs related to the preservation of air and water quality, maintenance or improvement of waste disposal and recycling activities | 174 [230] | 3,647 [4,097] | 33% [35%] |
| (a) Pollution prevention and environmental protection costs | Costs related to the preservation of air and water quality | 157 [172] | 1,607 [1,783] | |
| | • Operating/maintenance expenses related to activities aimed at curbing air pollution (303) [441], global warming (227) [227], water pollution (740) [774], soil pollution prevention expenses (5) [7] and other expenses<br>• Investments in air pollution prevention activities (65) [70]; water pollution prevention activities (89) [99]; other investments | | | |
| (b) Resource recycling costs | Costs related to the maintenance or improvement of energy consumption and internal and external waste disposal | 17 [58] | 2,040 [2,314] | |
| | • Operating/maintenance expenses for activities aimed at reducing energy and resource consumption (501) [508], water consumption (6) [6] and waste disposal (929) [1,195]; expenses related to the obligatory recycling of used merchandise (0.7) [0.7]<br>• Investments in activities aimed at reducing energy consumption (11) [51], waste disposal activities (6) [7] and other investments | | | |
| 2. Environmental costs related to management activities (management activity costs) (Note 1) | Costs related to environmental and safety promotion and education; environmental management and auditing related to acquisition of ISO 14001 certification | (Note 1) | 396 [466] | 4% [4%] |
| | • Personnel/administrative expenses (232) [254], ISO 14001 maintenance expenses (18) [36], environmental load measurement expenses (51) [74] and other expenses | | | |
| 3. Environmental costs related to technological activities (technological activity costs) (Note 2) | Expenses and investments related to the development of products that reduce environmental load (including personnel expenses) | 717 [718] | 6,779 [6,779] | 60% [58%] |
| 4. Environmental costs related to social activities (social activity costs) | Costs of plant and office greening programs and shared costs | 14 [14] | 264 [277] | 3% [3%] |
| | • Internal maintenance expenses (40), fees to external organizations (193), investment in greening programs (14) and other expenses | | | |
| 5. Costs related to damage inflicted on the environment (environmental damage costs) | Environmental clean-up and other expenses | 0 [0] | 74 [74] | |
| | • Levies on lake development (74) [74] and other expenses | | | |
| | Total (Non-consolidated) | 905 | 11,160 | 100% |
| | Total (Domestic Group companies) | [962] | [11,693] | |

**Notes:** 1. The investment portion of management activity costs is included in costs within the business area.
2. Technological activity costs are costs related to the development of products that reduce environmental load and include R&D costs of new products as well as improving/customizing existing products.
3. Scope: DIC plants and R&D centers, and affiliated companies and production facilities of affiliated companies located within DIC plants and R&D centers. Figures in brackets [ ] are for domestic DIC Group companies.
4. Period: Fiscal 2005

**Table 2 Environment-Related Facility Investments and Technology Costs**

Millions of yen

| Category | Composition | Expenses |
|---|---|---|
| Environment-related facility investments | Investments in facilities to reduce environmental load and lower energy and resource consumption; other investments | 905 |
| Percentage of total facility investments | 7% | |
| Environment-related technology costs | Investments related to environmental conservation technologies and the development of products that reduce environmental load | 7,496 |
| Percentage of total technology costs | 29% | |

**Table 3 Economic Effects of Environmental Conservation Measures**

Millions of yen

| Category | Expenses |
|---|---|
| Income earned by waste recycling | 83 [225] |
| Treatment cost reduction through waste recycling | 95 [152] |
| Cost reduction through energy conservation | 145 [145] |
| Total | 323 [522] |

**Table 4 Impact of Measures to Protect the Environment**

| Category | Environmental Load Indices (Fiscal 1990=100) | |
|---|---|---|
| 1. Impact of environmental protection measures within the business area | $CO_2$ emissions (calculated in tons of carbon) per unit of production | 84 |
| | SOx emissions per unit of production | 15 |
| | NOx emissions per unit of production | 109 |
| | COD emissions per unit of production | 50 |
| | Energy used (calculated in volume of crude oil used) per unit of production | 88 |
| | Emissions of solid wastes disposed of as landfill | 4% (of the fiscal 1990 level) |
| | Target under DIC's reduction plan | 7% (of the fiscal 1999 level) (base year for plan) |
| | Fees paid for waste disposed of as landfill (fiscal 2005 actual payment base) | ¥11.7 million less than in fiscal 1990. (Note 1) |
| | Emissions of PRTR chemicals (revised list) | 63% of the fiscal 1999 level. (Note 2) |
| 2. Impact of upstream and downstream environmental protection measures | The reduction in $CO_2$ emissions realized as a result of modal shifts declined 792 tons. (Note 3) | |

**Notes:** 1. The comparison of fees paid for the disposal of waste as landfill (fiscal 2005 actual payment basis) was calculated by subtracting the fiscal 2005 total from the fiscal 1990 total. In fiscal 2004, fees paid were ¥4.6 billion less than in fiscal 2004.
2. Figures represent emissions of PRTR chemicals based on a revised list of target chemicals that went into effect in fiscal 2001 and is retroactive to fiscal 1999. (The new list encompasses 480 chemicals, of which DIC uses 122.)
3. Calculations are based on standards set forth by the Japan Federation of Freight Industries in its Report on Survey of Modal Shifts. A significantly greater reduction in $CO_2$ emissions was realized through the use of large-scale transport modes in fiscal 2004.

## 5. Safety- and Health-Related Costs

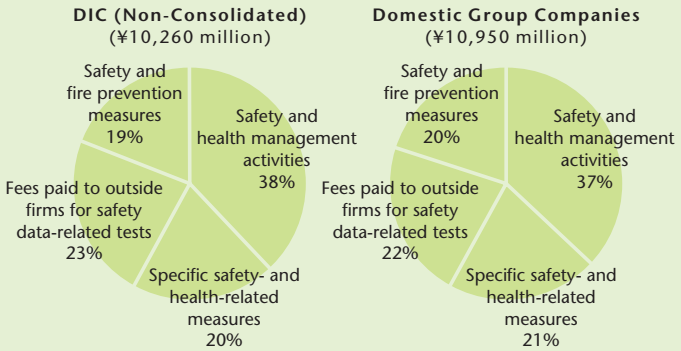
Safety- and health-related costs in fiscal 2005 comprised investments of ¥396 million, while safety- and health-related expenses were ¥1,026 million. A breakdown of these costs is shown in the graph to the right and table 5.

**Table 5 Safety- and Health-Related Costs**

Millions of yen

| Category | Investments | Expenses | % of Total |
|---|---|---|---|
| Safety and health management costs<br>(a) Safety management costs<br>(b) Health management costs | 325 [376] | 385 [408]<br>(365) [385]<br>(20) [23] | 38% [37%] |
| Specific safety- and health-related costs | | 208 [224] | 20% [21%] |
| Fees paid to outside firms for safety data-related tests | 0 [0] | 239 [240] | 23% [22%] |
| Safety and fire prevention costs | 71 [72] | 194 [223] | 19% [20%] |
| Total | 394 [448] | 1,026 [1,095] | 100% [100%] |

**Breakdown of Fiscal 2005 Safety- and Health-Related Expenses**



# IN THE COMMUNITY

## Working Together

DIC's plants and R&D facilities throughout Japan endeavor to work with the community and contribute to local environmental efforts through a variety of initiatives, including participation in local cleanup initiatives, plant tours and community meetings.

DIC also provides support in the form of financial donations and products to people and areas affected by disasters. During fiscal 2005, DIC donated ¥5.0 million to support relief efforts in areas of the United States devastated by Hurricane Katrina through the Japan Red Cross and ¥1.0 million to relief efforts following the Kashmir earthquake, which caused widespread destruction in northern Pakistan, through the Japan Chamber of Commerce and Industry. Group company Sun Chemical and its employees also donated funds to Hurricane Katrina relief efforts through the American Red Cross.

In the period under review, the governor of Chiba Prefecture, who is also chairman of the Chiba Prefecture Environmental Association, presented letters of thanks to DIC employees at the Chiba Plant, as well as employees of cooperating companies, for donations to the Chiba Prefecture Environmental Foundation, which has funded environmental restoration efforts in the prefecture continuously since fiscal 2003.

**Walking path at the Kawamura Memorial Museum of Art**

***Kurume* hybrid rhododendrons at the Central Reseach Laboratories**

**DIC Color Square http://www.color-square.com (Japanese only)**

## Study Session for Customers

On July 8, 2005, DIC's Chugoku Branch held a study session for gravure ink customers on Japan's revised Air Pollution Control Law, enforced April 1, 2006, which introduced regulations on emissions of VOCs into the atmosphere. An individual from DIC's Responsible Care Department served as lecturer for the session, which focused on the revisions, the substance of regulations for VOC emissions and the revision process. After the session, DIC representatives responded to customer queries and offered advice.

## Opening of Facilities to Local Residents

In addition to the Central Research Laboratories and the Kawamura Memorial Museum of Art, DIC's site in Sakura, Chiba, features a playing field, tennis courts and other athletic facilities and walking paths. DIC actively strives to contribute to the local community by opening these facilities to local residents.

The park-like site, which covers approximately 300,000 square meters, features many natural attractions. The walking paths, which wind through thickly wooded areas and past a lotus pond, cherry trees, wisteria vines, Japanese irises, gold-banded lilies, bush clover and other trees and plants, provide something to delight visitors year-round.

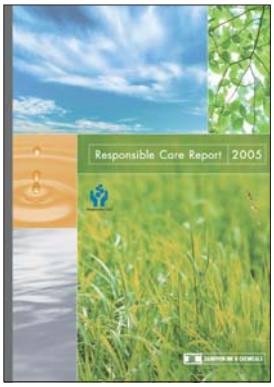
Every year during Japan's Golden Week holiday period (late April–early May), the Central Research Laboratories also opens a 300-meter stretch of road that runs through the laboratories and past a broad area covered with rhododendrons to enable people to enjoy 30,000 *Kurume* hybrid rhododendrons in full bloom. This event draws approximately 20,000 visitors every year.

## DIC Color Square

DIC Color Square is an exhibition space focusing on the theme of "color," on the first floor of DIC's corporate headquarters building in Tokyo.

DIC is engaged in an extensive range of color-related businesses. Designed to further the understanding of color, DIC Color Square enables DIC to showcase its expertise. The space is also used by organizations in color-related fields, fine arts colleges and other groups staging exhibitions of creative works, as well as provides visitors with access to extensive information about color, thereby contributing to broader understanding and appreciation of color and its role in our lives.

*Responsible Care Report 2005*




Top page of DIC's English site
(http://www.dic.co.jp/eng/index.html)


URL for Responsible Care reports:
http://www.dic.co.jp/eng/rc/index.html

## Responsible Care Report

Copies of DIC's Responsible Care Report 2005 were distributed to the head office, plants and research laboratories for internal use and for handing out to visitors. English- and Mandarin-language versions of the report were also prepared for DIC Group companies overseas.

The Japanese- and English-language versions of DIC's Responsible Care reports for the past five years and the Mandarin-language version of the fiscal 2005 report are also available on DIC's web site.

## Site Reports

With the aim of providing accurate information to the public, in fiscal 2005 five DIC plants also prepared site reports, which are dedicated Responsible Care reports, and distributed them at presentations organized for their local communities. The Kashima, Hokuriku, Sakai and Yokkaichi plants have been preparing site reports since 2002, while the Saitama Plant began doing so in fiscal 2003.

## Community Conferences

In fiscal 2005, the Suita Plant hosted a Japan Responsible Care Committee (JRCC) community meeting. Principal DIC plants regularly host these meetings, which are organized by the JRCC to promote dialogue with local communities.

## Participation in the LRI

The Long-Range Research Initiative (LRI) is a voluntary program launched by the ICCA in 1999 to provide long-term support for research into the effects of chemical substances on human health and the environment. Through this program, the global chemicals industry sponsors basic research aimed at broadening our understanding of the relationship between chemical substances, human health and the environment. The JCIA has been a participant in the LRI since 2000. DIC has supported this initiative since its inception and currently has a representative on the LRI planning and management panel.

## Japan Challenge Program

The Japan Challenge Program is an initiative promoted by several government ministries that encourages government–industry cooperation in collecting and making public information on the safety of existing chemical substances. The program calls for the collection of overseas safety information on 166 existing high production volume (HPV) chemicals—that is, chemicals produced in or imported into Japan in volumes exceeding 1,000 tons annually—not included in existing overseas information collection programs. DIC has pledged to sponsor four of the target chemicals and launched information collection efforts.

## Support for Various Initiatives

DIC's Chairman, Kozo Okumura (currently an advisor to the Company), was appointed as a vice chairman of the Japan Chemical Industry Association (JCIA) in fiscal 2005 and participated in the formulation of a variety of standardization measures.

DIC has studied the new regulatory framework proposed by the EU (REACH), and has put forward suggestions to the EU via the JCIA. In addition, DIC has sought to contribute to domestic policy-making efforts by exchanging views with government representatives on the safe management of chemical substances.

In its capacity as a member of JCIA's Harmonized Classification Working Group, DIC played a role in efforts to introduce amendments to the Labor Safety and Sanitation Law and has submitted several key recommendations. As a member of JCIA's working group for endocrine disrupting chemicals, DIC submitted key recommendations that contributed to determining the response of Japan's chemical industry to this issue.

# EMPLOYMENT OPPORTUNITIES AND EMPLOYEE DEVELOPMENT

The spirit and willingness of its employees to pursue new challenges is the driving force behind DIC's ongoing evolution. DIC strives to provide its employees with such challenges, as well as to ensure support through advanced personnel and compensation systems.

**Note:**
**The Revised Law Concerning Stabilization of Employment of Older Persons**
In light of the rapid aging of Japan's society, this law was revised with the aim of securing employment opportunities for senior citizens. Amendments focused on obliging companies to eliminate mandatory retirement rules, raise the mandatory retirement age to 65 and introduce continuous employment schemes.

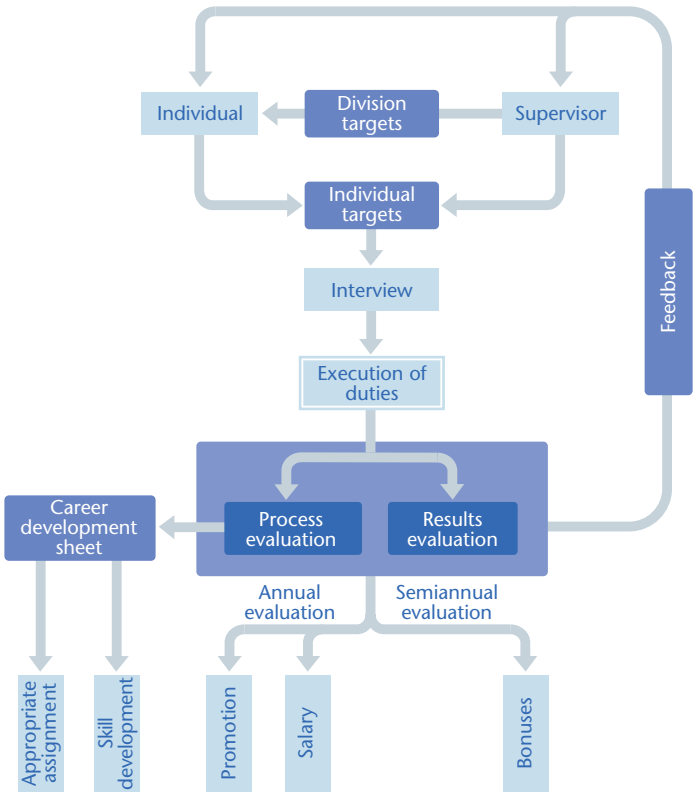
## An Integrated Employee Qualification System

With the aim of building a workplace that enables all employees to realize their full potential and ensuring the efforts of employees are fairly reflected in salaries, DIC has long applied an employment system that rejects job category, academic record and other such factors unrelated to performance. In 2002, DIC also eliminated distinctions between career and noncareer path employees and integrated its employee qualification system.

### DIC's Promotion System

Promotions within DIC are determined once annually and based on the results of an objective assessment procedure that includes a written test, essay, interview and personnel evaluation. This ensures equal opportunity for advancement for all employees exhibiting initiative and skill.

### Evaluation for Ordinary Employees




## A New Salary System that Motivates Employees

A salary system that motivates employees to perform is one that emphasizes "pay for performance," that is, that evaluates the capabilities and achievements of employees fairly and rewards them accordingly. DIC has created a new system that eliminates or scales back the seniority- and qualification-based components of salaries and strengthens the capability- and performance-oriented aspects, introducing this system for management-level employees and higher in fiscal 2001 and nonmanagerial employees in fiscal 2005.

## A Goal-Oriented Evaluation System

For the new salary system to truly motivate employees, it requires an employee evaluation system that ensures the capabilities and performance of each employees are evaluated appropriately. With the aim of enhancing transparency and satisfaction with its evaluation system, DIC has introduced a new evaluation system that focuses on goal-oriented management. Under this system, DIC provides feedback to individual employees on his or her evaluation results. Not limited to evaluation, the system is used to promote personnel development, with evaluation results used in a variety of ways to enhance individual capabilities.

## Reemployment Opportunities for Senior Citizens

With the aim of providing employment opportunities for capable senior citizens who want to continue working, in 1991 DIC became one of the first companies in Japan to introduce a reemployment system that enables employees to continue working beyond mandatory retirement age. This system allows for reemployment up to the age of 65. In addition to broadening the scope of opportunities for retirees, DIC has also modified this system in accordance with revisions in 2006 to the Law Concerning Stabilization of Employment of Older Persons.

### Reemployment at DIC

| Fiscal year | 2004 | 2005 | 2006 (estimate) |
|---|---|---|---|
| Number of employees | 39 | 36 | 45 |
| Reemployment rate (%) (Number reemployed/ Number of applicants) | 90.7% | 97.3% | 90.0% |

# CREATING AN APPEALING WORKPLACE

DIC aims to create an appealing workplace that accommodates different lifestyles, thereby enabling employees to fully express their abilities in a secure and stimulating environment.

## Education and Training

DIC endeavors to cultivate the skills and advance the career prospects of highly motivated employees. To these ends, the Company offers a wide range of educational and training programs.

## Child-Care Leave

DIC introduced its own child-care leave system in 1985, five years before such systems became mandatory under Japanese law. Since then, the Company has continued to offer conditions that exceed legal requirements. The system has become a regular part of life at DIC and is supporting the efforts of an increasing number of employees to reconcile the demands of work and child care.

**Number of Employees Taking Child-Care Leave at DIC**

| Fiscal year | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|
| Number of employees | 25 | 28 | 33 | 27 |

## Supporting Development of the Next Generation

In light of Japan's falling birth rate, companies today have a responsibility to provide support for employees rearing children. To assist the efforts of employees to maintain careers and raise children, DIC organizes joint union-management seminars aimed at studying measures to enhance workplace responsiveness to the needs of employees struggling to balance professional and family responsibilities and promptly develops necessary schemes and systems.

## Caregiving Leave

The rapid aging of Japan's population continues to underscore the need for companies to create a workplace that accommodates the needs of employees with elderly or ill family members. To assist employees trying to cope with work and caregiving, DIC offers a system that enables employees to take a caregiving leave of absence of up to one year, which is considerably longer than mandated by law. Leave may also be taken intermittently, rather than all at once, making it easy for employees to take advantage of the system.

## Vacation Day Reserve

DIC allows employees to set accumulated "expired" annual vacation days, up to a maximum of 30 days, in reserve. These days may be used as needed in a variety of ways, including leave for personal illness, care for an elderly or ill family member or participation in volunteer activities.

**Outline of Employee Training Programs**

| | | |
|---|---|---|
| Management-level training programs | Programs aimed at training and reinforcing the competence of management-level employees in an increasingly global corporate market | ■ DIC Management School<br>■ DIC Business College |
| Programs for cultivating competent human resources in global markets | Programs aimed at strategically cultivating management- and staff-level human resources for DIC Group companies overseas by imparting essential, comprehensive expertise | ■ Training for employees assigned to overseas posts<br>■ Support for employees seeking MBAs at overseas educational institutions<br>■ Training overseas |
| Self-development programs | Employee skill development courses offered by DIC Business School (assistance with course fees offered to employees upon completion) | ■ Correspondence courses<br>■ E-learning courses<br>■ In-house seminar courses |
| Level-specific programs | Programs aimed at imparting necessary expertise for employees at different levels; aimed at employees whose positions/responsibilities have changed due to promotion, etc. | ■ Training for new general managers<br>■ Training for new section managers<br>■ Training for new senior management-level employees<br>■ Training for new middle management-level employees<br>■ Training for new "S"-level employees<br>■ Follow-up training for new employees<br>■ Training for new recruits |

## An Integrated Employee Qualification System

With the aim of building a workplace that enables all employees to realize their full potential and ensuring the efforts of employees are fairly reflected in salaries, DIC has long applied an employment system that rejects job category, academic record and other such factors unrelated to performance. In 2002, DIC also eliminated distinctions between career and noncareer path employees and integrated its employee qualification system.

## Preventing Sexual Harassment

Recognizing sexual harassment as a serious violation of human rights, as well as a serious detriment to maintaining a positive work environment, DIC has publicly pledged to eradicate sexual harassment from the workplace and is taking numerous steps to promote greater awareness, including publishing educational pamphlets for distribution to all employees. To ensure proper measures are taken should an incident of sexual harassment occur, DIC has established specific reporting points at 22 key facilities across the country.

## Caring for Employee Mental Health

DIC believes ensuring employees are healthy both physically and mentally is the first precondition for creating a positive workplace. In addition to providing all employees with annual physicals, an obligation under Japanese law, DIC offers periodic mental health checks and in 2006 introduced an online check with the aim of helping employees to take an active interest in their own mental health. Underscoring the importance it attaches to proper mental health, DIC has also established a system whereby employees may follow up on any issues of concern by availing themselves of professional consulting services offered through an affiliated organization.

# COMMUNICATING WITH SHAREHOLDERS AND INVESTORS

## IR Policy

DIC views investor relations (IR) as two-way communication, that is the continuous provision to stakeholders—shareholders, investors, customers, financial institutions, employees, suppliers and the communities in which DIC operates—of timely, accurate and impartial information, both positive and negative, pertaining to its management philosophy and policies, operating results and future prospects, and the gathering of external opinions and information and reflection thereof in the Company's management approach. In line with this view, DIC strives to fulfill its responsibility, as a listed company, to be accountable for its actions, thereby ensuring its acceptance as a contributing member of society, as well as its continued prosperity.

## IR Activities

In 2000, DIC established an IR Committee. Since then, the Company has conducted an active IR program. In 2004, DIC established the Public & Investor Relations Department with the aim of reinforcing communications by, among others, enhancing shareholder and investor understanding of the Company and ensuring feedback is reflected in its management approach.

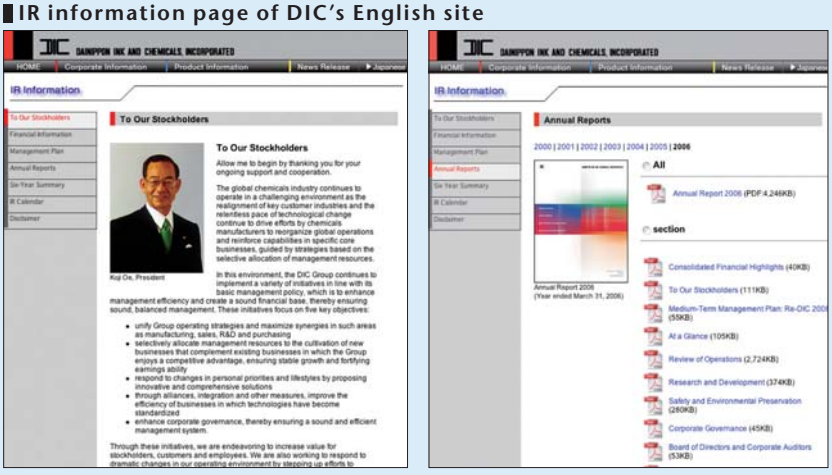
For analysts and institutional investors, DIC holds twice-annual results presentations (interim and full-term), as well as organizes small group meetings. More than simple performance reports, results presentations encompass an explanation of management strategies by top executives and Q&A sessions. DIC intends to continue holding these presentations, seeing them as a valuable opportunity to gain opinions, advice and other feedback from stakeholders on its IR activities.

**Results presentation**

## IR Information Page

With the aim of ensuring the timely disclosure of information on its operating results and financial performance, DIC has established an IR information page on its website. Visitors to the page can access a variety of information, including results announcements and annual reports.

**IR information page of DIC's English site**




URL http://www.dic.co.jp/eng/ir/index.html

# DIC PRESIDENT OE SIGNS THE CEO'S DECLARATION OF SUPPORT FOR THE RESPONSIBLE CARE GLOBAL CHARTER

## Responsible Care Global Charter

On February 5, 2006, the International Council of Chemical Associations (ICCA) launched the Responsible Care Global Charter at the United Nations Environment Programme (UNEP)-sponsored International Conference on Chemicals Management in Dubai, in the United Arab Emirates, an event attended by representatives of more than 100 national governments, as well as representatives of international organizations, industry, labor and citizens' groups.

Formulated by the ICCA, the Responsible Care Global Charter is an initiative aimed at further enhancing the Responsible Care performance of the global chemical industry. The charter encompasses a variety of challenges, including reinforcing global Responsible Care practices, enhancing chemical substance management and applying Responsible Care at all stages of the value chain.

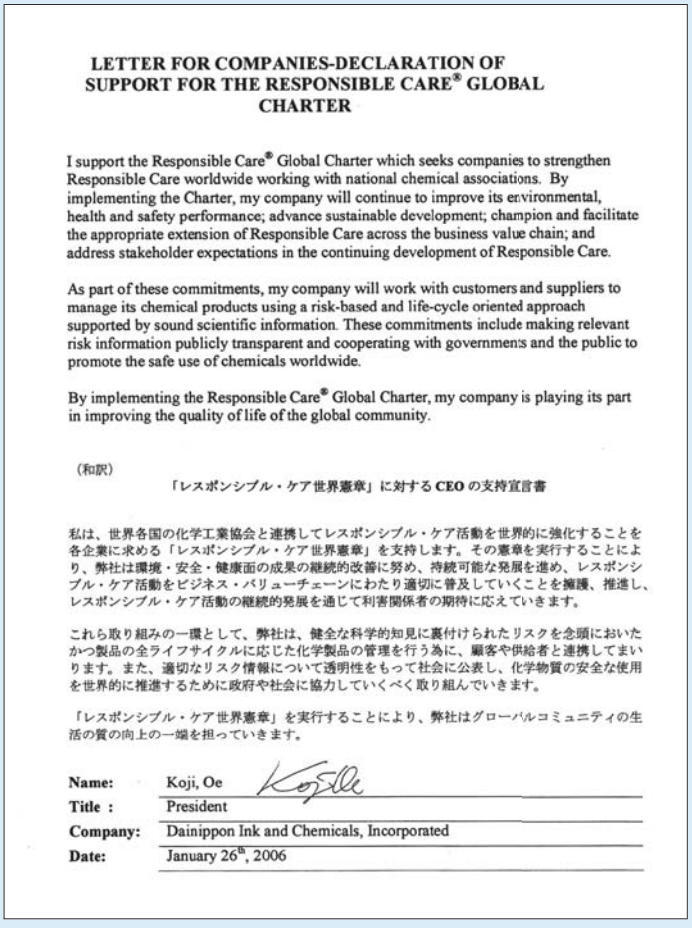
Ahead of the official launch by the ICCA, in January 2006 DIC president Koji Oe signed the CEO's Declaration of Support for the Responsible Care Global Charter, making DIC one of the first Japanese chemicals companies to commit to the charter. A list of 79 multinational companies (including five based in Japan) that have signed letters of commitment, and their respective executives, were also announced at the February conference. As a signatory, DIC pledges to step up efforts to contribute to the enhancement of ESH practices worldwide.

## Responsible Care Global Charter Measures for Enhancing Product Stewardship within the Chemicals Industry

- Develop guidelines for chemicals management
- Evaluate and manage risks
- Cooperate with other industries in the value chain to manage chemicals
- Explore the potential for partnerships with intergovernmental organizations, e.g., the Organization for Economic Development (OECD) and UNEP
- Develop processes for making information on chemicals management available to the public

## Key Elements of the Responsible Care Global Charter

1. Adopt global Responsible Care core principles
2. Implement fundamental features of national Responsible Care programs
3. Commit to advancing sustainable development
4. Continuously improve and report performance
5. Enhance the management of chemical products worldwide (product stewardship)
6. Champion and facilitate the extension of Responsible Care along the chemical industry's value chain
7. Actively support national and global Responsible Care governance processes
8. Address stakeholder expectations for chemical industry activities and products
9. Provide appropriate resources to effectively implement Responsible Care



**LETTER FOR COMPANIES-DECLARATION OF SUPPORT FOR THE RESPONSIBLE CARE® GLOBAL CHARTER**

I support the Responsible Care® Global Charter which seeks companies to strengthen Responsible Care worldwide working with national chemical associations. By implementing the Charter, my company will continue to improve its environmental, health and safety performance; advance sustainable development; champion and facilitate the appropriate extension of Responsible Care across the business value chain; and address stakeholder expectations in the continuing development of Responsible Care.

As part of these commitments, my company will work with customers and suppliers to manage its chemical products using a risk-based and life-cycle oriented approach supported by sound scientific information. These commitments include making relevant risk information publicly transparent and cooperating with governments and the public to promote the safe use of chemicals worldwide.

By implementing the Responsible Care® Global Charter, my company is playing its part in improving the quality of life of the global community.

（和訳）

「レスポンシブル・ケア世界憲章」に対するCEOの支持宣言書

私は、世界各国の化学工業協会と連携してレスポンシブル・ケア活動を世界的に強化することを各企業に求める「レスポンシブル・ケア世界憲章」を支持します。その憲章を実行することにより、弊社は環境・安全・健康面の成果の継続的改善に努め、持続可能な発展を進め、レスポンシブル・ケア活動をビジネス・バリューチェーンにわたり適切に普及していくことを擁護、推進し、レスポンシブル・ケア活動の継続的発展を通じて利害関係者の期待に応えていきます。

これら取り組みの一環として、弊社は、健全な科学的知見に裏付けられたリスクを念頭においたかつ製品の全ライフサイクルに応じた化学製品の管理を行う為に、顧客や供給者と連携してまいります。また、適切なリスク情報について透明性をもって社会に公表し、化学物質の安全な使用を世界的に推進するために政府や社会に協力していくべく取り組んでいきます。

「レスポンシブル・ケア世界憲章」を実行することにより、弊社はグローバルコミュニティの生活の質の向上の一端を担っていきます。

**Name:** Koji, Oe
**Title :** President
**Company:** Dainippon Ink and Chemicals, Incorporated
**Date:** January 26th, 2006

# RISK MANAGEMENT

## DIC Group Risk Management

DIC embraces risk management to be "a process for the appropriate management of the various risks (including compliance issues) relating to operations arising in the administration by the Company, in order to increase the corporate value of DIC and the DIC Group." Accordingly, DIC promotes the integrated implementation of risk management and its compliance program.

## Four Objectives of Risk Management

DIC's approach to risk management focuses on four objectives:

- Ensure the effectiveness and efficiency of its operations
- Ensure the reliability of financial records
- Ensure compliance in all aspects of its operations
- Secure access to funds

## Risk Management Mechanisms

DIC's risk management is structured on six key mechanisms:

1. The integration of risk management and DIC's compliance program in order to increase corporate value
2. The establishment of a Code of Business Conduct, which applies in common to employees of DIC and the DIC Group
3. The clarification of work authority and responsibility
4. The establishment of an internal route for communications
5. The fulfillment of internal audit functions
6. The implementation of crisis management

## Code of Business Conduct

To implement management policies, including "fair and transparent business activities," based on the principle of self-responsibility, DIC has established a Code of Business Conduct. Officers and employees of DIC and the DIC Group must act in accordance with the Code of Business Conduct to respond firmly to the expectations of stakeholders, including customers and society, in all regions where the DIC Group conducts business activities, and gain their trust and confidence.

If an employee discovers any evidence of illegal conduct, they are required to notify the relevant compliance department.

### OUTLINE OF CODE OF BUSINESS CONDUCT

1. We shall strive to conduct our business operations in an effcient yet fair and ethical manner.
2. We shall comply with the letter and spirit of all applicable laws.
3. In order to ensure the reliability of financial reporting, we shall report the disposition in accordance with fair and proper accounting standards.
4. As responsible corporate citizens, we shall be sensitive to and respect all social norms, and conduct our business in a socially responsible manner.
5. We shall take a strong stance against anti-social demands.
6. We shall not violate the principles set forth in the Code, even if such violation would appear to be profitable for the DIC Group.
7. We shall promptly report any violations of the Code and strive to ascertain the cause of, and to prevent the recurrence of, any violations.

## The Code of Business Conduct

contains specific standards of conduct pertaining to:

1. The environment, products and safety
2. Employment and the workplace environment
3. Competition and business transactions
4. The reliability of financial records
5. The prohibition of insider trading
6. Relations with third parties, public officials and stockholders
7. Conflicts of interest

### THE TASK OF RISK MANAGEMENT

Integration of risk management and compliance programs

↓

Earning and maximizing trust by stakeholders (customers, stockholders, etc.)

↓

Increase of sales of products and services

↓

Maximization of corporate value

# DIC'S RESPONSIBLE CARE ORGANIZATION

DIC conducts ESH activities as part of its overall risk management program.

## Risk Management Committee

DIC'S Risk Management Committee is charged with promoting effective risk management. The committee is responsible for formulating and revising Companywide risk management plans, as well as determining risk management policies for the entire DIC Group.

Specialized conferences, under the direction of the Risk Management Committee, are established as necessary to address common issues affecting the entire Company. Responsible Care activities are overseen by the Environment and Safety Conference and the Quality Conference.

## Responsible Care Implementation Organization

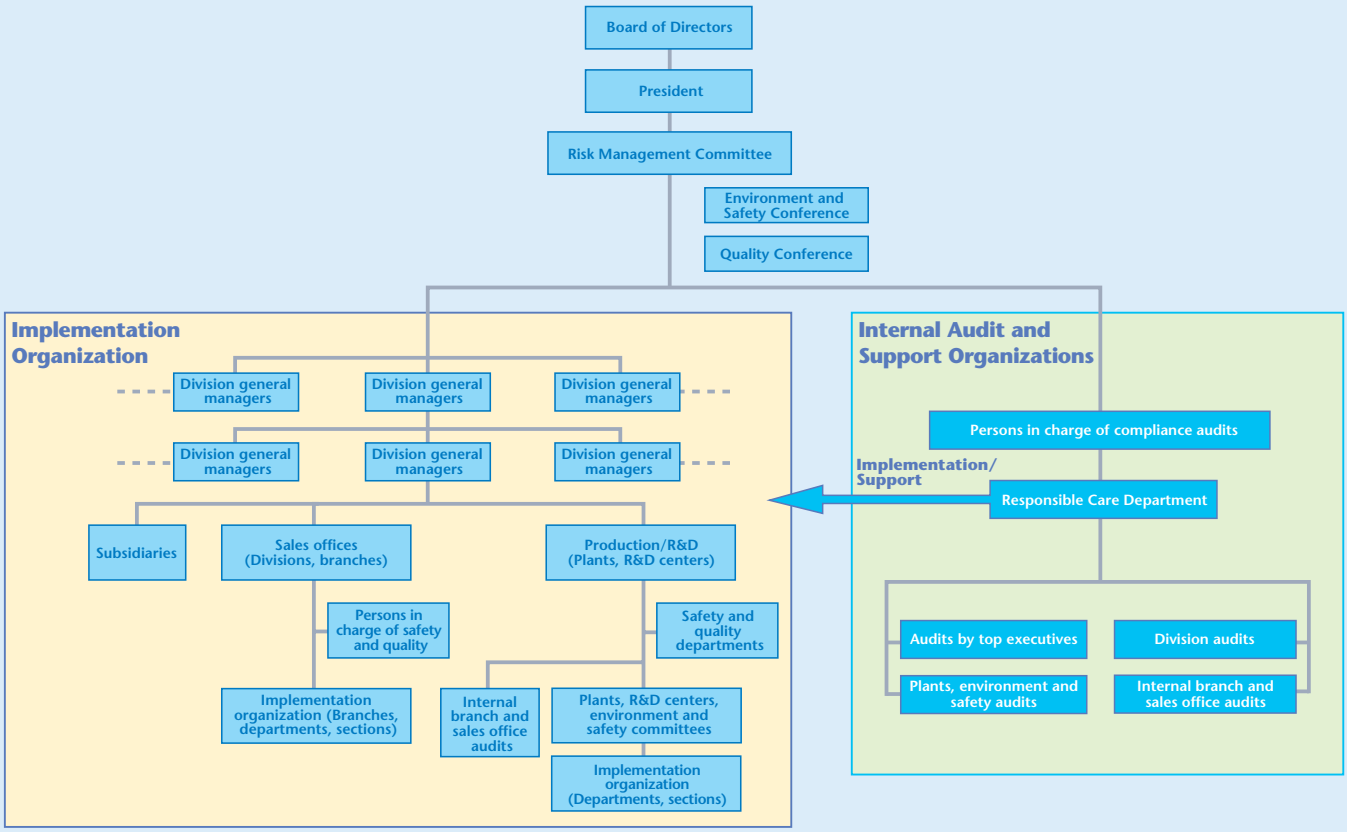
DIC has established Environment and Safety committees and assigned Environmental Safety and Quality personnel to each of its DIC plants, R&D facilities and offices, thereby ensuring its basic Responsible Care policies are implemented in production, technology and sales activities. DIC has also assigned a Safety and Quality Management Supervisor to each sales office.

All of DIC's principal plants have obtained ISO 14001 certification, the ISO's global benchmark for environmental management systems, allowing them to measure Responsible Care efforts against internationally accepted criteria. Certified plants are listed on pages 40 and 41.

## Responsible Care Audit Organization

DIC's Compliance Audit Division, which comprises the Responsible Care Department and the Internal Auditing Department, audits the Responsible Care activities of DIC plants, branches and offices. The general managers of individual plants and R&D facilities also periodically conduct voluntary internal audits of the activities at their respective facilities.

### DIC's Responsible Care Organization



# HISTORY OF DIC'S ENVIRONMENT AND SAFETY PROGRAM

| (Fiscal year) | |
|---|---|
| 1973 | Environment and Safety Response Department established under direct supervision of DIC's president |
| | Internal safety audit conducted |
| 1974 | Environment and Safety Management Regulations and Working Regulations for Interim Countermeasures Department established |
| | Inspection of environment and safety precautions at major plants undertaken |
| 1977 | Large-scale waste incinerator installed at Chiba Plant |
| 1979 | Procedures for Using New Chemicals established |
| | Questionnaire on Characteristics of Chemicals established |
| 1982 | Guidelines for Training Inexperienced Workers (New Employees) established |
| 1983 | Professional sanitary guidance qualifications made mandatory for all management-level personnel |
| 1984 | Inspection of environment and safety precautions at branch offices, subbranches and sales offices launched |
| 1985 | *5S Procedures and Attitudes for a Safe Workplace and Examples of Emergency Situations* published |
| | Campaign to reinforce *5S Procedures and Attitudes for a Safe Workplace* launched following several accidents |
| | *Guidelines for Implementing Management Directives on Key Environment and Safety Issues* published |
| 1987 | Campaign to identify potential accidents launched |
| 1988 | *Environment and Safety Guidelines for the R&D Department* published |
| 1990 | *Environment and Safety Management Regulations* revised to include section on global environmental preservation |
| 1992 | Environment and Safety Philosophy formulated |
| | Accident-free year achieved for entire Company |
| | Guidelines for Preparing MSDSs established |
| 1993 | Voluntary Long-Term Environment and Safety Plan formulated |
| | Guidelines for Preventing Accidents Caused by Static established |
| | Chemical substance safety information officer appointed in each division |
| | Various commemorative events held to mark 20th year of DIC's environment and safety program |
| 1995 | Public pledge to uphold principles of Responsible Care announced by DIC in its role as a founding member of Japan's Responsible Care movement |
| | Guidelines for Crisis Management in the Event of an Accident established |
| | Procedures and route for reporting and communicating instructions in the event of an accident established for domestic and overseas affiliates |
| | *The Aftermath of the Great Hanshin–Awaji Earthquake* published, chronicling conditions following the disaster |
| | Responsible Care audit system established |
| 1996 | Guidelines for Selling Chemical Products established |
| | Safety and Quality Control Supervisor appointed at sales office |
| | First Responsible Care annual report (1996) published |
| | ISO 14001 certification obtained by Kashima Plant from Japan Quality Assurance Association |
| 1997 | Sakai, Amagasaki, Mikawa (currently Hokuriku), Chiba, Tokyo, Saitama, Yokkaichi, Gunma and Komaki plants obtain ISO 14001 certification |
| 1998 | *PSM Guidelines* are published |
| | Suita, Warabi and Nagoya plants obtain ISO 14001 certification |
| 1999 | PRTR chemical emission levels announced |
| 2000 | Registration and monitoring of chemical emissions modified in compliance with new PRTR system; environment-related costs and investments published in line with Environment Agency standards for environmental accounting |
| 2001 | Emission volumes for "priority" PRTR chemicals, i.e., those for which emissions exceed 10 tons, published |
| | Green Procurement activities commenced |
| 2002 | Energy consumption and $CO_2$ emission volume published |
| | Tatebayashi Plant obtains ISO 14001 certification |
| | Shiga Plant expands ISO 14001 certification to encompass entire plant |
| | Automated MSDS production system launched |
| 2003 | Internal guidelines for assessing and designating environment-friendly products established |
| | Data on emissions of $CO_2$ and other chemical substances exerting a burden on the environment published |
| 2004 | Internet-based MSDS distribution launched, enabling customers to download MSDSs from DIC's web site |
| 2005 | Data for domestic DIC Group companies published |

# ENVIRONMENT AND SAFETY AWARDS RECEIVED BY DIC

| (Fiscal year) | | |
|---|---|---|
| 1973 | Amagasaki Plant | Effort Prize (Minister of Labour) |
| 1974 | Warabi Plant | Effort Prize (Minister of Labour) |
| 1976 | Warabi Plant | First Prize (Hygiene) (Minister of Labour) |
| 1978 | Mikawa Plant | Progress Prize (Minister of Labour) |
| 1979 | Sakai Plant | Progress Prize (Minister of Labour) |
| | Hokkaido Plant | Effort Prize (Minister of Labour) |
| 1981 | Mikawa Plant | Effort Prize (Minister of Labour) |
| 1982 | Tokyo Plant | Effort Prize (Minister of Labour) |
| | Mikawa Plant | First Prize (Safety) (Minister of Labour) |
| 1984 | Sakai Plant | Effort Prize (Minister of Labour) |
| | Tokyo Plant | First Prize (Hygiene) (Minister of Labour) |
| 1986 | Hokkaido Plant | First Prize (Hygiene) (Minister of Labour) |
| 1987 | Mikawa Plant | First Prize (Hygiene) (Minister of Labour) |
| 1989 | Sakai Plant | First Prize (Hygiene) (Minister of Labour) |
| 1991 | Amagasaki Plant | First Prize (Hygiene) (Minister of Labour) |
| 1992 | Sakai Plant | Progress Prize (Minister of Labour) |
| | Chiba Plant | Effort Prize (Minister of Labour) |
| | Sakai Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| 1993 | Chiba Plant | Top Plant for High-Pressure Gas Safety Commendation (Minister of International Trade and Industry) |
| | Mikawa Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| | | Safety Effort Award (JCIA) |
| 1994 | Suita Plant | Effort Prize (Minister of Labour) |
| | Chiba Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| 1994 | Sakai Plant | First Prize (Safety) (Minister of Labour) |
| | Warabi Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| 1996 | Saitama Plant | Progress Prize (Minister of Labor) |
| | Nagoya Plant | Effort Prize (Minister of Labor) |
| | Amagasaki Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| | Nagoya Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| 1997 | Fukuoka Plant | Special Commendation (JCIA) |
| | Mikawa Plant | Top Plant for High-Pressure Gas Safety Commendation (Minister of International Trade and Industry) |
| | Tokyo Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| 1998 | Tokyo Plant | Safety Award (JCIA) |
| | Fukuoka Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| | Ishikari Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| 1999 | Suita Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| | Kansai Polymer Sakai Plant | Safety Effort Award (JCIA) |
| | Nagoya Plant | Progress Prize (Minister of Labor) |
| 2000 | Mikawa Plant | Safety Award (JCIA) |
| | Mikawa Plant | First Prize (Safety) (Minister of Health, Labour and Welfare) |
| 2001 | DIC | Chairman's Award (Japan Industrial Safety and Health Association) |
| | Saitama Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| | Saitama Plant | First Prize (Minister of Health, Labour and Welfare) |
| 2002 | Tokyo Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| | Suita Plant | First Prize (Occupational Health) (Minister of Health, Labour and Welfare) |
| | Saitama Plant | Chairman's Award (Reduce, Reuse and Recycle Promotion Committee) |
| 2003 | Kashima Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |
| | Kashima Plant | Incentive Prize (Occupational Safety) (Minister of Health, Labour and Welfare) |
| | Yokkaichi Plant | Chairman's Award (Reduce, Reuse and Recycle Promotion Committee) |
| 2004 | Tokyo Plant | Incentive Prize (Safety) |
| | Fukuoka Plant | Chairman's Award (Reduce, Reuse and Recycle Promotion Committee) |
| 2005 | Komaki Plant | Top Hazardous Substance Operation Commendation (Commissioner, Fire Defense Agency) |

# INDEPENDENT REVIEW

レスポンシブル・ケア

**DIC RC Report 2006 Independent Review**

September 11, 2006

To: Koji Oe
President, Dainippon Ink and Chemicals, Incorporated

Akio Yamamoto,
Chairman, Verification Advisory Committee

Yasuo Tanaka,
Chief Director, Responsible Care Verification Center

**Purpose of Verification**

The purpose of verification was to enable us, as experts in the chemicals industry, to offer our opinions on the following aspects of the 2006 Responsible Care Report of Dainippon Ink and Chemicals, Incorporated:

1. Rationality of methods used to calculate and aggregate performance indices and accuracy of figures
2. Consistency between information in the report and reference materials/material evidence
3. Evaluation of Responsible Care activities
4. Distinguishing features of the report

**Verification Procedures**

- Head office: We interviewed, obtained reference materials from and listened to explanations by persons responsible for individual businesses and for compiling data to (a) investigate the rationality of methods used to calculate and aggregate performance indices collected from individual sites (sales offices and plants), and (b) ensure consistency between information in the report and reference materials/material evidence.

- Kashima Plant: We visited this site and interviewed, obtained reference materials from and listened to explanations by persons responsible for individual businesses and for compiling data to (a) investigate the rationality of methods used to calculate and aggregate performance indices submitted by the site to the head office, and (b) ensure consistency between information in the report and reference materials/material evidence.
- We conducted samplings to verify the accuracy of performance indices and information in the report.

**Opinions**

1. Rationality of methods used to collect and aggregate performance indices
   - Methods used to collect and aggregate performance indices at the head office and the Kashima Plant were rational and figures were accurate.

# INDEPENDENT REVIEW

レスポンシブル・ケア

2. Consistency between information in the report is consistent with the reference materials/material evidence
   - We verified that information contained in the report and reference materials/material evidence. At the proposal stage, we recommended several changes to improve the accuracy and the readability of the text. These recommendations have been implemented and in our opinion the published text warrants no further amendment.
3. Evaluation of Responsible Care activities
   - During the period of the report, the International Council of Chemical Associations launched the Responsible Care Global Charter, an initiative aimed at further enhancing the Responsible Care performance of the global chemical industry. The president of the Company, Koji Oe, was one of the first to sign the CEO's Declaration of Support for the Responsible Care Global Charter, and can thus be commended for showing outstanding leadership in the area of Responsible Care in the Company and the global industry.
   - Aware of its position as a global organization with a portfolio encompassing a diverse range of products manufactured in small volumes and overseas operations that account for 60% of production, the Company places a high priority on promoting Responsible Care activities among Group companies overseas and ensuring compliance. The Company can be commended for these efforts, but it is hoped that ongoing steps will be taken to improve results and prevent the occurrence of incidents.
   - The Kashima Plant, which was used for site verification this year, has formulated and adheres to stringent guidelines for four key Responsible Care themes: reduction of energy consumption per unit of production, reduction of industrial waste, reduction of pollutants and reduction of the negative impact of wastewater. The plant can be commended for setting specific quantitative targets for all of its RC activities, progress toward which is checked every three months by a Responsible Care promotion committee, comprising the plant's general manager and relevant senior managers, and followed up with PDCA (plan-do-check-act). The plant can also be commended for developing a system that allows all employees to view Responsible Care performance data via intranet. It is hoped that such initiatives will also be introduced at other plants.
4. Distinguishing features of the report
   - The Company can be commended for its efforts to update the format and content of the Responsible Care report by including personnel- and finance-related information.

# SCOPE OF REPORTING

Tokyo Plant
(Certified under ISO 14001 in December 1997)

Suita Plant
(Certified under ISO 14001 in July 1998)

Chiba Plant
(Certified under ISO 14001 in December 1997)

Fukuoka Plant

Hokuriku Plant
(Certified under ISO 14001 in September 1997)

Sakai Plant
(Certified under ISO 14001 in September 1997)

Kashima Plant
(Certified under ISO 14001 in July 1996)

Yokkaichi Plant
(Certified under ISO 14001 in February 1998)

Shiga Plant
(Certified under ISO 14001 in December 2002)

Komaki Plant
(Certified under ISO 14001 in March 1998)

Ishikari Plant

Saitama Plant
(Certified under ISO 14001 in December 1997)

Gunma Plant
(Certified under ISO 14001 in February 1998)

Tatebayashi Plant
(Certified under ISO 14001 in July 2002)

Central Research Laboratories

Corporate Headquarters

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Chuo-ku, Osaka 541-8525, Japan
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**Nagoya Branch**
7-15, Nishiki 3-chome,
Naka-ku, Nagoya 460-0003, Japan
Tel: +81-52-951-9381 Fax: +81-52-962-3591

## Plants

**Tokyo Plant**
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Fax: +81-3-3965-4320

**Suita Plant**
34-1, Kishibe-Minami 3-chome,
Suita, Osaka 564-0011, Japan
Tel: +81-6-6381-9651
Fax: +81-6-6382-6133

**Chiba Plant**
12, Yawata-Kaigandori,
Ichihara, Chiba 290-8585, Japan
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Fax: +81-436-43-1059

**Fukuoka Plant**
15-48, Higashi-Naka 1-chome,
Hakata-ku, Fukuoka 816-0092, Japan
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Fax: +81-92-472-2013

**Hokuriku Plant** (Formerly the Mikawa Plant)
64-2, Minato-machi-So, Shiroyama,
Ishikawa 929-0296, Japan
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Fax: +81-76-278-5354

**Sakai Plant**
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Takaishi, Osaka 592-0001, Japan
Tel: +81-72-268-3111
Fax: +81-72-268-1705

**Kashima Plant**
18, Higashi-Fukashiba, Kamisu,
Ibaraki 314-0193, Japan
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Fax: +81-299-92-6384

**Yokkaichi Plant**
5, Kasumi 1-chome,
Yokkaichi, Mie 510-0011, Japan
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Fax: +81-593-64-1620

**Shiga Plant**
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Shiga 520-3233, Japan
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Fax: +81-748-72-2106

**Komaki Plant**
151-1, Aza Nagare, Oaza Shimosui,
Komaki, Aichi 485-0825, Japan
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**Ishikari Plant**
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**Saitama Plant**
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Adachi-gun, Saitama 362-8577, Japan
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Fax: +81-48-722-6087

**Gunma Plant**
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Oura-gun, Gunma 370-0723, Japan
Tel: +81-276-86-5811
Fax: +81-276-86-5824

**Tatebayashi Plant**
6023, Tobu-Kogyodanchi, Ohshima-cho,
Tatebayashi, Gunma 374-0001, Japan
Tel: +81-276-77-2461
Fax: +81-276-77-2468

## R&D Facility

**Central Research Laboratories**
631, Sakato, Sakura,
Chiba 285-8668, Japan
Tel: +81-43-498-2121
Fax: +81-43-498-2229

## Museum

**Kawamura Memorial Museum of Art**
631, Sakato, Sakura,
Chiba 285-8505, Japan
Tel: +81-43-498-2131
Fax: +81-43-498-2139

## Domestic DIC Group Companies

**KITANIHON DIC CO., LTD.**
*Manufacture and sale of synthetic resins*

***Tohoku Plant***
(Certified under ISO 14001 in October 2002)
56, Aza Shin-Oyoke, Miya, Zao-machi,
Katta-gun, Miyagi 989-0701, Japan
Tel: +81-224-32-2226/Fax: +81-224-32-3515

***Hokkaido Plant***
(Certified under ISO 14001 in January 2001)
134-121, Aza Numanohashi, Tomakomai,
Hokkaido 059-1364, Japan
Tel: +81-144-57-4511/Fax: +81-144-57-4517

**Kyushu Polymer Co., Ltd.**
*Manufacture and sale of synthetic resins*
2680-1, Oaza Tjiri, Nakatsu,
Oita 879-0123, Japan
Tel: +81-979-32-5370/Fax: +81-979-32-5634

**Shin DIC Kako, Inc.**
*Manufacture and sale of fiber-reinforced plastic (FRP) molding compounds and molded products*

***Shiga Plant*** (within DIC's Shiga Plant)
(Certified under ISO 14001 in July 2002)
Tel: +81-748-72-4918/Fax: +81-748-72-4486

***Sakai Plant*** (within DIC's Sakai Plant)
(Certified under ISO 14001 in September 1997)

***Narita Plant***
185-342, Tokura, Tomisato,
Chiba 286-0212, Japan
Tel: +81-746-92-7611/Fax: +81-746-92-7610

***Ichihara Plant***
575-2, Aza Oguchisekinoue Matsuzaki,
Ichihara,Chiba 290-0217, Japan
Tel: +81-436-36-2528/Fax: +81-436-36-4705

**Seiko PMC Corp.**
*Manufacture and sale of chemicals for paper production*
Wakamatsu Bldg., 8th floor,
3-6, Nihonbashi Honcho 3-chome,
Chuo-ku, Tokyo 103-0023, Japan
Tel: +81-3-6202-7331/Fax: +81-3-6202-7341

***Ryugasaki Plant***
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3-1, Koyodai 5-chome, Ryugasaki,
Ibaraki 301-0852, Japan
Tel: +81-297-64-2331/Fax: +81-297-64-2363

***Chiba Plant*** (within DIC's Chiba Plant)
(Certified under ISO 14001 in December 1997)

***Shizuoka Plant***
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Fuji-gun, Shizuoka 419-0317, Japan
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***Mizushima Plant***
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Kurashiki, Okayama 713-8103, Japan
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**Seiko Polymer Corp.**
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***Iwai Plant***
(Certified under ISO 14001 in October 2005)
28, Koshindaira, Bando,
Ibaraki 306-0608, Japan
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***Harima Plant***
(Certified under ISO 14001 in October 2005)
47-2, Niijima, Harima-cho, Kako-gun,
Hyogo 675-0155, Japan
Tel: +81-794-37-7687

**Dainichi Building Materials, Inc.**
*Manufacture and sale of decorative boards*
(Certified under ISO 14001 in March 2005)
4506-2, Oaza Komuro, Ina-machi,
Kita-adachi-gun, Saitama 362-0806, Japan
Tel: +81-48-721-4511/Fax: +81-48-721-4524

**DIC Eco-Engineering Co., Ltd.**
*Engineering and operations for water treatment plants, site assessment*
No. 2 DIC Bldg, 16-2 Sotokanda 2-chome,
Chiyoda-ku, Tokyo 101-0021, Japan
Tel: +81-3-3253-3821/Fax: +81-3-3253-7794

**DIC EP, Inc.**
*Manufacture and sale of PPS neat polymers and PPS compounds*

***Sodegaura Plant***
11-5, Kitasode, Sodegaura,
Chiba 299-0266, Japan
Tel: +81-438-63-0070/Fax: +81-438-63-0072

***Kashima Plant*** (within DIC's Kashima Plant)
(Certified under ISO 14001 in July 1996)

**DIC Interior Co., Ltd.**
*Manufacture and sale of housing materials*
(Certified under ISO 14001 in December 2004)
270-8, Aza Kodate, Oaza Komagata,
Hirata-mura, Ishikawa-gun,
Fukushima 963-8113, Japan
Tel: +81-247-54-2990/Fax: +81-247-54-3187

**DIC Color Coating, Inc.**
*Manufacture and sale of pattern paint*
(Certified under ISO 14001 in November 2002)
(within DIC's Shiga Plant)
Tel: +81-748-72-7390/Fax: +81-748-72-7467

**DIC Information Service Co., Ltd.**
*Computer-related operations, including consulting, systems operations and communication network services*
No. 2 DIC Bldg, 16-2 Sotokanda 2-chome,
Chiyoda-ku, Tokyo 101-0021, Japan
Tel: +81-3-3253-3921/Fax: +81-3-3255-5948

**DIC Color and Design, Inc.**
*Product, catalog and web site design, as well as color guides and schools*
No. 2 DIC Bldg, 16-2 Sotokanda 2-chome,
Chiyoda-ku, Tokyo 101-0021, Japan
Tel: +81-3-5256-3246/Fax: +81-3-5256-3245

**DIC Colorants, Inc.**
*Manufacture and sale of plastic colorants and compounds*
(Certified under ISO 14001 in July 2005)
103-6, Yoshinodai 1-chome, Kawagoe,
Saitama 350-0833, Japan
Tel: +81-49-225-2271/Fax: +81-49-225-2629

**DIC Precision Corp.**
*Manufacture of magnetic and electro-conductive molded products*
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4602-1, Oaza Komuro, Ina-machi,
Kita-Adachi-gun, Saitama 362-0806 Japan
Tel: +81-48-722-8891/Fax: +81-48-722-8892

**DIC Technology Corp.**
*Engineering, construction and maintenance of chemical plants*
DIC Building, 7-20 Nihonbashi 3-chome,
Chuo-ku, Tokyo 103-8233, Japan
Tel: +81-3-3278-1228/Fax: +81-3-3278-1229

**DIC FILTEC INCORPORATED**
*Manufacture and sale of plastic films*
(Certified under ISO 14001 in July 2005)
2100-28, Kamiyoshiba, Satte,
Saitama 340-0121, Japan
Tel: +81-480-48-1670/Fax: +81-480-48-1679

**DIC Global Logistics Co., Ltd.**
*Logistics*
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Chuo-ku, Tokyo 103-8233, Japan
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**DIC Plastics, Inc.**
*Manufacture and sale of plastic molded products*
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Chiyoda-ku, Tokyo 101-0021, Japan
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***Tatebayashi Plant*** (within DIC's Tatebayashi Plant)
(Certified under ISO 14001 in July 2002)

***Shiga Plant*** (within DIC's Shiga Plant)
(Certified under ISO 14001 in July 2002)

**TOPIC. Co., Ltd.**
*Manufacture and sale of precise photomask products and PCB pattern design*
(Certified under ISO 14001 in October 2005)
7-36, Kami-Aoki 1-chome, Kawaguchi,
Saitama 333-0844, Japan
Tel: +81-48-241-2211/Fax: +81-48-241-2200

**Nichiei Plastics, Inc.**
*Manufacture and sale of plastic helmets*
4429-14, Oaza Komuro, Ina-machi,
Kita-Adachi-gun, Saitama 362-0806 Japan
Tel: +81-3-5818-2480/Fax: +81-3-5818-2491

**Nippon Decor, Inc.**
*Printing and sale of decorative sheets and plastic films*
2-20, Akabori, Okegawa,
Saitama 363-0002, Japan
Tel: +81-48-728-8741/Fax: +81-48-728-8742

**Nihon Packaging Material Co., Ltd.**
*Gravure printing and processing of flexible packaging materials*
2100-30, Kami-Yoshiba, Satte,
Saitama 340-0121, Japan
Tel: +81-480-48-0680/Fax: +81-480-48-0626

**Nippon Plastic Pallet Co.**
*Manufacture and sale of plastic pallets and containers*

***Ueda Plant***
(Certified under ISO 14001 in June 2003)
2412-9, Oaza Fujiyama, Ueda,
Nagano 386-1212, Japan
Tel: +81-268-38-8211/Fax: +81-268-38-8272

***Sano Plant***
(Certified under ISO 14001 in June 2003)
947, Akasaka-cho, Sano,
Tochigi 327-0004, Japan
Tel: +81-283-21-0663/Fax: +81-283-21-2261

**Fuji Label Co., Ltd.**
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Saitama 359-1167, Japan
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Responsible Care Department
DAINIPPON INK AND CHEMICALS, INCORPORATED

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URL: http://www.dic.co.jp/eng/rc/index.html



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