

Third-Party Audit



Third-party Verification Opinions on DENKA CSR Report 2007

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■ Purpose of Verification
The purpose of Responsible Care Report Verification is to express, as a specialist in the chemical industry, opinions concerning the items listed below with respect to the "CSR Report 2007" compiled by Denki Kagaku Kogyo K. K. (hereinafter referred to as "the Report").

- 1) Rationality of methods for calculating and collecting data for performance indicators (numerical values) and the accuracy of such figures
- 2) Consistency between the information included in the Report other than performance indicators (numerical values) and evidentiary materials and articles
- 3) Evaluation of Responsible Care activities.
- 4) Characteristics of the Report

■ Verification Procedures

- At the Head Office, regarding the reports from each site (operations plants and research center), a survey to verify the rationality of methods of aggregation and editing of performance indices and a process to confirm the consistency of information recorded in the Report with evidentiary documents were implemented, through interviews of persons responsible for each task and persons responsible for compilation and through documents submission and receiving explanations.
- At the Chiba plant, regarding the reports made to the head office, a survey to verify the rationality of calculation and aggregation methods and accuracy of numerical values of performance indices and a process to confirm the consistency of information recorded in the Report with evidentiary documents and exhibits were implemented, through interviews of persons responsible for each task and persons responsible for compilation and through documents submission and receiving explanations.
- Sampling method was used for the verification of performance indices and recorded information.

■ Opinions

- 1) Rationality of methods for calculating and collecting data for performance indicators and the accuracy of such figures
 - Both the Head Office and the Chiba Plant use rational methods of calculation and aggregation of performance indices.
 - Within the scope of the survey, numerical values are accurately calculated and aggregated.
- 2) Consistency between the information included in the Report other than performance indicators and evidentiary materials and articles
 - It was confirmed that information recorded in the Report was consistent with the evidentiary documents and exhibits surveyed.
 - While the inappropriateness of expressions and unclear sentences were pointed out at the draft stage, the actual report has been amended and therefore no major items requiring correction remain.
- 3) Evaluation of Responsible Care (hereinafter referred to as "RC") activities
 - The organization ensures the implementation of undertakings for the positive promotion of CSR activities both within and outside the company through efforts including the establishment of a new "CSR Promoting Dept." to work in tandem with relevant departments and sections to organize standing committees previously set up to address themes relating to the environment, society and the economy, as well as to summarize and adjust CSR-related topics.
 - The organization has been streamlined to ensure thorough implementation of movements to eliminate equipment-related accidents, management of modifications and pre-evaluations and this undertaking has been largely successful in suppressing occurrence of malfunctions and accidents.
 - The Chiba Plant has acquired accreditation in 3 standards (ISO14000, ISO9001, OHSAS18001) and has applied these standards to the development of RC activities. Also there has been successful results in lowering environmental impact through measures such as reduction of PRRR substances, reduction in the volume of phosphorous waste and maintenance of a zero-emissions level.
 - Although annual targets for undertakings pertaining to environmental conservation are quantified as numerical values, it is expected that in future, annual targets relating to material safety, labor safety and hygiene, safety and disaster prevention and interaction with local communities will also be quantified as numerical values.
- 4) Characteristics of the Report
 - Although items recorded cover a wide scope and information is properly disclosed, it is expected that in future, measures will be taken to better streamline the information recorded to make the Report even easier to read for the readers.

Progress of DENKA CSR

- 1985 Canadian Chemical Producers' Association proclaims Responsible Care (RC) to self-control and self-manage chemical substances.
- 1990 Found International Council of Chemical Association (ICCA).
- 1995 Found Japan Responsible Care Council (JRCC); DENKA endorses membership.
Define (announce) basic policy on DENKA Responsible Care.
Organize RC Committee.
- 1997 Start RC Audit.
Create basic manual to promote Product Liability (PL) measures and organize PL Committee.
- 1998 Organize Energy Saving Subcommittee.
- 1999 Chiba Plant acquires ISO14001 certification (all plants acquired certification by 2004)
- 2000 Publish 1st Environment Report published.
Discover that acetylene was generated (previously not known) and dioxin was generated at alumina fiber production plant. Report the state to the governmental agency concerned. (2002: specified as designated facility of "Dioxin Special Measures Act").
- 2001 Start operation of natural gas cogeneration facilities at Chiba Plant.
- 2002 Omi Mine wins Gold Kanban Award for "Good Mining Results".
Start indicating affiliates in Environment Report. (3rd)
- 2003 Start operations of biomass boiler power generation.
Create negative list.
M&A with TOYO KAGAKU Co., Ltd
Define Middle-Term Environment Plan and start activities.
- 2004 Start Good Company Program (GCP).
- 2005 Define Second Middle-Term Environmental Plan according to 2003 and 2004 results, and start activities.
- 2006 Start third-party audit at Omuta Plant.
Start accepting sewage sludge.
- 2007 Publish CSR Report

Editorial Afterword

Thank you for reading our "CSR Report 2007".

It was back in 2000 when we first published our "Environment Report" that documented our measures on the environment, safety and hygiene. Since then, we have published this in form of an annual report. However, this year, we published the "CSR Report" to document our extensive activities and measures in terms of our CSR efforts.

We will continue to listen to the opinions of as many stakeholders as possible, and reflect their feedback in our CSR activities.

We would be most obliged if you would gain understanding of DENKA's activities and efforts through this report.

Higashi Ito, Representative Director, Senior Managing Director

