

Denka Group
CSR Report
2015
References

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Possibility of Chemistry.

Denka Principles

Denka Principles

We:

- Boldly confront challenges with determination and sincerity.
- Think and take action today with the future in mind.

- Deliver new values, and inspire customers through innovative *monozukuri*.
- Respect the environment and create a cheerful workplace that prioritizes safety.
- Contribute to a better society, whilst taking pride in being a trusted corporate citizen.

(As of April 1, 2015)

The Denka Group Guidelines

Based on its corporate philosophy, "to become a company that creates new value from resources by fully employing our technological capabilities," the Denka Group established CSR action guidelines.

1. We will promote sustainable social and business development out of a conviction that corporate social responsibility is the essence of business.
2. While constantly ensuring quality to maintain customer trust, we will contribute to sound social progress by developing and supplying products and services that are safe and environment friendly.
3. We will operate fairly.
4. We will maintain a good level of communication with society and disclose appropriate information.
5. We will comply with laws and regulations and operate fairly according to social norms.

6. We will maintain safe, clean and comfortable workplaces and respect all basic human rights.
7. We will use, reuse and recycle resources to help protect the environment.
8. We will maintain security and disaster prevention measures, participate in environmental protection activities and communicate with society.
9. We will contribute to society as a good corporate citizen.
10. We will contribute to social development as a good member of the global community.

Established April 1, 2007

To Maintain the Trust of Society, We Will Seek Greater Transparency and Ensure Integrity in All Our Endeavors.

Our Stance on Human Rights

In line with Article 1 of the Universal Declaration of Human Rights established in 1948, the Group's management approach is based on the principle that "All human beings are born free and equal in dignity and rights."

In addition, the Denka Group Ethics Policy stipulates that "We will respect individual's human rights while helping employees maintain favorable human relationships at workplaces" and the Denka Group Guidelines state that "We will maintain safe, clean and comfortable workplaces and respect all basic human rights" (Article 6). Moreover, we actively work to instill this policy of respect for human rights in

all employees, especially newly appointed managers, by, for example, providing training in domestic and international laws and regulations, the eight fundamental conventions covering four principal areas of labor as defined by the International Labour Organization and the UN Global Compact's Ten Principles.

In fiscal 2014, we conducted in-house surveys to assess compliance with the Ethics Policy and the upholding of human rights. No human rights violations were found anywhere within the Group.

Compliance

Our Stance against Corruption and Antisocial Forces

The Denka Group Ethics Policy prohibits employees from engaging in bribery or other illegal activities as well as from providing or receiving entertainment or gifts of excessive value or the nature of which violates social norms. In fiscal 2014, we sent out alerts reminding employees to take particular heed of the prohibition against bribery when engaged in transactions overseas or trying to penetrate into new market areas. We intend to also implement such employee education at overseas subsidiaries that have been newly established or recently acquired.

In addition, employees are strictly prohibited from acting in any way to benefit antisocial forces, and we ensure that every business contract incorporates a clause requiring the severance of any relationship with such entities.

Security Trade Control

Current international regulations on trade aim to prevent the proliferation of weapons of mass destruction by prohibiting exports of products and technologies that could help the development and manufacture of such weapons. In line with this, the Denka Group Ethics Policy requires adherence to Japan's Foreign Exchange and Foreign Trade Act, the Export Trade Control Order and other related regulations as well as the Company's in-house rules on security trade control. Reflecting this, our fiscal 2014 initiatives aimed at ensuring security trade control included internal audits undertaken at eight departments of two divisions and participation in external seminars in addition to product classification as well as end-use and end-user verification in the course of our daily operations.

Protection of Intellectual Property Rights

In line with the Denka100 new growth strategies, we are focusing on accelerating global expansion and facilitating open innovation. Therefore, the protection of intellectual property (IP) rights is becoming ever more important in terms of compliance. With this in mind, we are implementing the following key initiatives on an ongoing basis.

First, we continually strive to ensure patent clearance. While respecting the IP rights held by other companies, we work to confirm that our products cause no infringement of such rights through patent clearance search and other means.

Second, we continually improve employee education. In fiscal 2014, we provided training sessions themed on the protection of IP rights, the content of related contracts, the utilization of trademarks, the latest IP related issues overseas and the exercise of property rights, targeting personnel at sales, corporate planning and administrative departments. For fiscal 2015, we are assiduously and systematically providing training programs aimed at raising employees' compliance awareness regarding the protection of IP rights.

Prevention of Insider Trading

In recent years, the incidence of insider trading and illegal use or leakage of privileged information has increased. In response, Japan's Securities and Exchange Surveillance Commission is stepping up efforts aimed at cracking down on such illegal activities. Given this, in December 2014 Denka revised its in-house rules regarding internal information control and the prevention of insider trading. Moreover, we hosted study sessions in March 2015, with specialists from stock exchanges serving as lecturers. Utilizing case studies, these sessions provided approximately 170 participants, including some joining via teleconferencing, with basic knowledge on insider trading as well as information on specific actions that have recently become subject to regulations.

Going forward, we will implement periodic employee education while sending alerts through our intranet and other media, thereby ensuring the proper management of information and the prevention of insider trading.

Fair Trade

In line with the stipulations of the Denka Group Ethics Policy requiring adherence to competition laws (e.g., the antimonopoly laws), we are holding in-house compliance training sessions while conducting internal audits, thereby ensuring even stricter compliance. In fiscal 2014, to ensure the smooth acquisition of synthetic rubber-related operations in the United States, we submitted mandatory notification to the relevant trade competition authorities.

Thanks to these and similar efforts, Denka has not been charged with any violation of competition laws since 1993 in Japan and 2002 overseas. As we aim to remain in this status, we are stepping up such initiatives as employee education aimed at ensuring compliance with fair trade and competition laws.

We Will Ensure Information Security through Proper Control while Maintaining Timely and Appropriate Information Disclosure.

Information Security

Information Management Policy

The Denka Group Ethics Policy established in 2002 encompasses guidelines under the headings the Safe Management of Personal Information/Confidential Information Management and Respect for Intellectual Property Rights, both of which are strictly complied with. As subordinate regulations of these guidelines, Denka established and developed the Personal Privacy Policy and the Regulation for Protecting Information regarding Corporate Secrets, which are thoroughly disseminated through lectures and in-house newsletters. Furthermore, Denka strictly manages and respectfully handles confidential information provided by third parties in accordance with the Denka Group Ethics Policy.

Structure of Information Management Rules



Lectures on Information Security

To disseminate in-house rules pertaining to information security, our information technology specialist course, covering the Information System Management Guidelines and basic rules, is provided annually at Headquarters as well as each branch and plant. With classes of about 10 employees, the course aims to ensure the adoption of proper information management methods through practical training as well as active discussion.

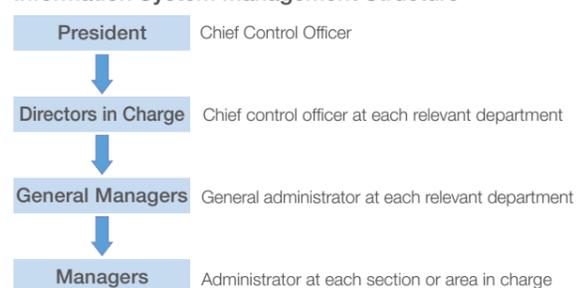


Lecture on information management for younger employees

Information System Management

In recent years, the volume of information digitally processed by the Group's information system has been rapidly expanding on the back of drastic advances in IT technologies. Accordingly, it is increasingly important to secure our information management system. Denka created the Information System Management Guidelines in 2006 and the Information System Work Manual in 2008 based on the Regulation for Protecting Information regarding Corporate Secrets. In cooperation with managers and persons in charge at each relevant department, we are appropriately handling digitized information.

Information System Management Structure



Protection of Electronic Data

To secure the reliability and efficiency of information systems, we are utilizing external specialized data centers to manage and operate our information system equipment. As a part of emergency preparations, in fiscal 2012 we established an information system operational structure that links two data centers (located in the east and west of Japan) capable of supplementing each other's operational capacity at the time of wide-area disaster, including earthquake and tsunami, thereby securing the continuity of our business operations.

Information Disclosure

Our Stance on Information Disclosure and Online Information Management

In accordance with Japan's Financial Instruments and Exchange Law and timely disclosure rules set forth by the Tokyo Stock Exchange, Denka appropriately discloses information with the aim of ensuring the transparency of its management. It is also our policy to proactively disclose information that does not fall under these regulations whenever such information is considered helpful to our shareholders and investors.

Moreover, using such opportunities as results briefings, corporate briefings for individual investors and the General Meeting of Shareholders, we are enhancing communication with our shareholders and investors while reflecting their feedback in management decisions and business activities.

Denka makes sure that corporate information subject to the timely disclosure rules is protected from unauthorized access or theft prior to release through the Tokyo Stock Exchange's timely disclosure network (TDnet) service. The Company uploads such information to its website only after confirming that the information has been successfully disclosed through the aforementioned service. The number of personnel handling the management of the website is strictly limited, with their workspaces being set apart from other facilities and equipped with protection systems. We have also established a procedure to handle emergencies, such as unintentional information disclosure and leakage.

The Denka Group Is Pursuing Ongoing Improvement Using Quality and Environmental Management Systems.

Status of ISO Certification Acquisition

The status of our ISO certification acquisition as of August 31, 2015 is as follows:

	ISO 14001 (Environment)		ISO 9001 (Quality)		
	Date Certified	Registration Number	Date Certified	Registration Number	Products Covered
Omi Plant	October 16, 1999	3320229-2A (BV)	August 19, 1994	2936857 (BV)	Chloroprene, acetaldehyde, POVAL, ASR, SAKNOHOL, special cement additives, cement, alumina fiber, monochloro acetic acid, sodium monochloroacetate, caustic soda, monosilane, dichlorosilane, hexachlorodisilan
Omuta Plant	October 28, 2000	2832519 (BV)	November 7, 1998	3066427 (BV)	Fused silica, special cement additives, nitride powder, ceramic substrates, steel additives, acetylene black, calcium aluminate cement, FIRELEN, boron, boron carbide powder, thermally conductive materials, heat sinks, phosphor
Chiba Plant	May 31, 1999	3181497 (BV)	March 22, 1995	2985010 (BV)	Polystyrene, acrylonitrile styrene resins, methyl methacrylate styrene resins, methyl methacrylate butadiene styrene resins, methyl methacrylate acrylonitrile butadiene styrene resins, acrylonitrile butadiene styrene resins, styrene-maleimide copolymers, styrene-butadiene copolymers, styrene methyl methacrylate copolymer resins, ethylene-vinyl acetate copolymers, acrylic synthetic rubber, polystyrene sheet, styrene monomer, ethyl benzene, rain gutters, vinyl tape, corrugated pipes, duct hosing, piping covers, polyvinyl chloride, acetylene black
Shibukawa Plant	May 21, 2001	2944628 (BV)	October 23, 1996	3119550 (BV)	Metal substrates, adhesives, emitters, thermally conductive spacers, thermally conductive adhesive sheets, electromagnetic shields, ELEGRIP tape, electric power
Ofuna Plant	November 9, 2001	JQA-EM1895 (JQA)	October 25, 1996	JQA-1429 (JQA)	Packaging tape, plastic films, polyvinyl chloride fibers
Isesaki Plant	September 30, 2003	2770789 (BV)	February 28, 2008	3038095 (BV)	Stretch films, food packaging sheets, electronic packaging sheets, cover tapes, DX FILMS
Denka Innovation Center	July 5, 2004	2988036 (BV)	—	—	—
DSPL MERBAU	June 8, 2001	SNG0190016 (Lloyd's)	November 29, 2000	SNG0160194 (Lloyd's)	Acetylene black
DSPL SERAYA	May 1, 2003	SNG0190023 (Lloyd's)	September 27, 2001	SNG0160242 (Lloyd's)	Polystyrene, methyl methacrylate styrene resins, styrene-butadiene copolymers, styrene-maleimide copolymers
DAPL TUAS	March 2003	2003-0194 (TÜV SÜD PSB)	April 2000	99-2-0984 (TÜV SÜD PSB)	Fused silica filler
DAPL SOUTH	—	—	March 16, 2015	2015-2-2293 (TÜV SÜD PSB)	Synthetic fiber for hair wigs and hair pieces
DAV PVC Tape Plant	—	—	July 20, 2015	VN/24/0607866941	PVC adhesive tape
Denka Advanced Materials (Suzhou) Co., Ltd.	May 20, 2008	310092-UK (BV)	September 19, 2007	310799-UK (BV)	Electronic packaging sheets, cover tapes
Denka Polymer Co., Ltd.	—	—	June 25, 2014	JUSE-RA-1970 (JUSE)	Plastic food packaging and plastic sheets
Denka Seiken Co., Ltd.	June 23, 2000	3359017 (BV)	July 13, 2005	12 100 25631 TMS (TÜV SÜD PSB)	Clinical chemistry diagnostic reagents, immunological diagnostic reagents, bacteriological and virological diagnostic reagents, sterile cotton swabs
CRK Corporation	—	—	November 19, 2009	2862476 (BV)	Rubber compounds, rubber tape, rubber molding
Hinode Kagaku Kogyo	August 1, 2012	KES2-0622*	—	—	—

* Hinode Kagaku Kogyo acquired KES Step 2 certification, which comprises management items that are virtually identical with ISO 14001, thereby improving its environmental management.

Fiscal 2014 RC Objectives and Achievements

Assessment code: A = Reached target B = Partially missed target C = Missed target

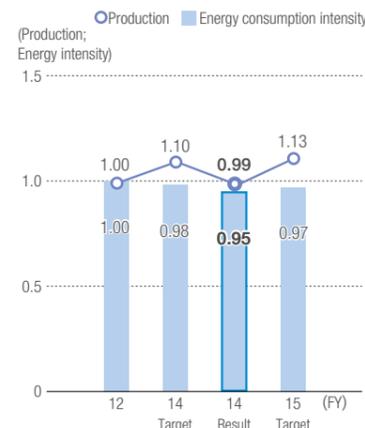
Key Area	Fiscal 2014 (the interim year of the Fifth Medium-Term Environmental Plan)			Relevant Pages	Major Initiatives and Goals for Fiscal 2015	
	Goals	Achievements	Evaluation			
Environmental Conservation	Prevent global warming and save energy	CO ₂ emissions intensity (from energy sources) : 1.22t/t Energy consumption intensity (fiscal 2012 base) : 98% or lower	CO ₂ emissions intensity (from energy sources) : 1.25t/t Energy consumption intensity (fiscal 2012 base) : 95% - Missed the target for CO ₂ emissions intensity due to the increase of CO ₂ emission coefficient of purchased electric power	B	Print 32, 33	CO ₂ emissions intensity (from energy sources) : 1.20t/t Energy consumption intensity (fiscal 2012 base) : 97% or lower - Promote CO ₂ reduction taking advantage of subsidy systems to implement projects aimed at improving production processes and yields
	Prevent air and water pollution	SOx : 116t NOx : 4,250t Soot and dust : 125t COD (BOD) : 1,150t	SOx : 65t NOx : 4,250t Soot and dust : 72t COD (BOD) : 760t - SOx emissions decreased approximately 23% year on year due to the switchover of fuels at the Omi and Chiba plants from heavy oil to natural gas - NOx emissions decreased approximately 5% year on year reflecting a decrease in cement production at the Omi Plant - Soot and dust emissions fell even more than targeted due to facility upgrades involving dust collectors and other equipment in fiscal 2012 - COD (BOD) emissions fell approximately 12% year on year due to the augmented capacities of the Omi Plant's wastewater treatment facilities	A	Web 8, 9	SOx : 69t NOx : 4,040t Soot and dust : 125t COD (BOD) : 770t - Reduce soot and dust emissions while maintaining fiscal 2014 levels for other emission items, thereby achieving the goals of the Fifth Medium-Term Environment Plan
	Reduce waste (zero emissions)	Total waste generated: 139,000t Final landfill waste: 178t	Total waste generated: 119,000t - Waste reduction efforts at each plant continue to progress In-house and external landfill: 156t - Maintained zero-emission status thanks to waste reduction efforts at each plant	A	Print 32 Web 9	Total waste generated: 133,000t - Increase yields ratios as well as the volume of waste sold, thereby reducing the volume of total waste generated as well as landfill waste In-house and external landfill: 176t - Promote in-house and external recycling and thereby promote the effective utilization of resources - Step up recycling initiatives throughout the Group, including those at affiliates
	Use resources efficiently	Raise the amount of waste and byproducts used in cement (recycled resource usage intensity) to contribute to a recycling-oriented society (554kg/t in fiscal 2013)	Recycled resource usage intensity: 590kg/t - Promoted recycling of industrial waste into raw materials and fuels	A	Print 35	Raise the recycled resource usage intensity, thereby contributing to the development of a recycling-oriented society
Product Safety	Compliance with chemical substance management policies	Continuously provide sufficient information on product safety, such as through SDSs,* while complying with international regulations on chemical substances, including REACH**	Promoted initiatives to ensure strict compliance with each relevant country's chemical substance regulations, submitting notifications to authorities and developing a database for such documents as SDS	A	Web 10, 11	Fiscal 2015 Companywide Quality Policy To enhance the level of quality management and assurance activities, we will prioritize the following, depending on the product. 1. Improve quality assurance levels Companywide 2. Strengthen compliance with laws and regulations and enhance customer satisfaction 3. Raise awareness of employees engaged in manufacturing 4. Enhance technologies to ensure built-in quality 5. Facilitate the adoption of quality control technologies and methods at each production site
	Chemical substance management and emission reduction	Companywide emissions of PRTR substances: 92t	76t - Emissions of PRTR substances decreased 16% year on year, reflecting the suspension of the Chiba Plant's vinyl acetate production facility	A	Print 32, 33 Web 7-9	Companywide emissions of PRTR substances: 88t - Continue reducing VOC emissions at the Chiba Plant
	Ensure safe transportation	Eliminate facility-related and other occupational accidents in logistics operations - Promote safety assurance activities undertaken by the Logistics Subcommittee - Promote risk assessment, prepare manuals, educate transporters, maintain thorough legal compliance using checklists and ensure the safety of employees who engage in loading and unloading	- The Logistics Safety Working Team, consisting of appointees from various logistics sections, carried out safety inspections encompassing all plants, assessing the status of logistics operations and related facilities. Potential risks were identified and countermeasures formulated. Findings were shared with each plant to ensure logistics safety. - We are rolling out countermeasures against forklift accidents while developing standard procedures for handling accidents during transportation.	A	Web 12, 13	Fiscal 2015 Policies for RC Activities Promote collaboration between departments in charge of logistics management and environment and safety at Headquarters and each business site while: - Ensuring the safety of workers engaged in loading and unloading - Enhancing capabilities to handle transportation accidents
Occupational Safety and Health	Eliminate occupational accidents	Achieve zero occupational accidents Action policies: - Facilitate worksite communication to create a lively and vibrant workplace - Involve everyone in safety activities - Thoroughly implement safety education - Implement safety activities tailored to local needs	The number of facility construction-related accidents decreased year on year from four to zero. This was attributable to the success of safety assurance activities focusing on improved worksite communication, in which all plant workers were engaged as a part of ongoing initiatives introduced in fiscal 2010 to create a lively and vibrant workplace. However, the total number of accidents amounted to 22, decreasing only slightly from the previous year's 23. The majority of incidents were similar to previous incidents. The number of accidents that resulted in lost work time during fiscal 2014 (fiscal 2013 for comparisons): - Denka: two (one); accident frequency : 0.19 (0.18) - Among subcontractors: one (six); accident frequency : 0.17 (1.06)	B	Print 28, 29 Web 13	Companywide target: Eliminate major accidents while continually reducing the number of occupational accidents Priority initiatives: 1) Create a lively and sound workplace - Facilitate worksite communication to ensure the ongoing reduction of potential dangers and eliminate accidents attributable to operator action - Promote safety activities in which each worker is able to grasp the worth of their efforts 2) Step up hazard prediction systems aimed at preventing major accidents and facility-related incidents - Leverage case studies of accidents at Denka and other companies - Utilize systems developed by industrial associations to assist with safety assurance operations
	Manage employee health	Achieve zero sick leaves attributable to work	Provided mental health education programs at each plant while promoting the Mental Health Promotion Plan as part of comprehensive countermeasures at Headquarters, branches and the Innovation Center	A	Print 38, 39	Promote comprehensive countermeasures against mental health issues through the provision of employee training and the development of in-house structure
Disaster Prevention	Eliminate major accidents	Eliminate major facility accidents such as explosions and fires - Ensure the security of each production site, including overseas plants, by implementing steps tailored to the characteristics of individual facilities - Apply a security evaluation system Groupwide and step up facility improvement based on evaluations while creating a safety-oriented corporate culture	No major facility accident during fiscal 2014 - Experienced three minor facility-related accidents and implemented steps aimed at preventing recurrences - Carried out objective evaluations of facilities at the Chiba Plant employing a security evaluation system, with plans calling for rolling out the evaluation to the Omi and Omuta plants	B	Print 28-31 Web 13	Companywide target: Reduce major facility-related accidents to zero Priority initiatives: 1) Step up hazard prediction systems aimed at preventing major accidents and facility-related incidents - Leverage case studies of accidents at Denka and other companies - Utilize systems developed by industrial associations to assist with safety assurance operations
Community Relations	Maintain community trust	Facilitate communication with community residents and local society to maintain their trust	Facilitated communication with people from communities surrounding each plant and business site while proactively participating in local festivals, events and cleanup activities and hosting experimental chemistry classes to maintain relationships of trust with community members - Sponsored sports promotion activities at the DENKA BIG SWAN STADIUM while implementing ongoing volunteer activities to help reconstruct areas around Minami Sanriku-cho that were hit by the Great East Japan Earthquake - Enhanced the quality of RC activity-related information disclosure through the issuance of the CSR report and utilization of the Carbon Disclosure Project scheme	A	Print 41, 43 Web 21	Constantly facilitate interaction with people from each business site's neighboring community, thereby maintaining relationship of trusts with the public Proactively communicate with stakeholders through the appropriate disclosure of information on RC activities through the CSR report and other materials

* Safety Data Sheet ** Registration, Evaluation, Authorisation and Restriction of Chemical Substances

We Are Striving to Monitor Environmental Data at Each Business Site and Affiliate.

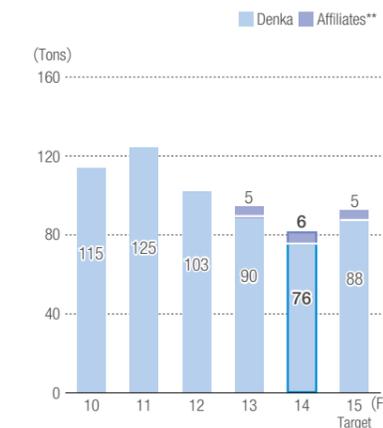
Note: Figures for fiscal 2013 and 2014 include the environmental data of affiliates. Also, we post data on emission ratio trends in addition to the amount of final landfill waste.

Production Volume and Energy Consumption Intensity (Relative to the Fiscal 2012 Level)



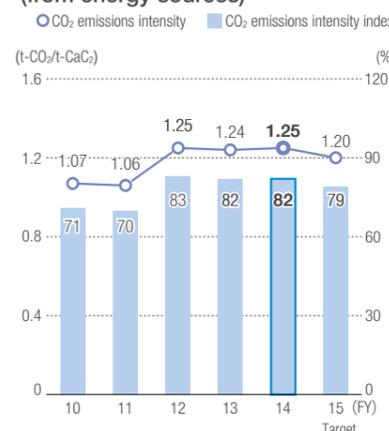
In fiscal 2014, energy consumption intensity was 95% of the fiscal 2012 level, better than our initial target of 98%. This was mainly attributable to steps taken to enhance the efficiency of our chloroprene rubber production facilities, upgrades of styrene monomer production facilities and an increase in output from our in-house hydroelectric power plants. Looking ahead, we will upgrade our manufacturing facilities while enhancing the efficiency of in-house power generation.

PRTR Substances

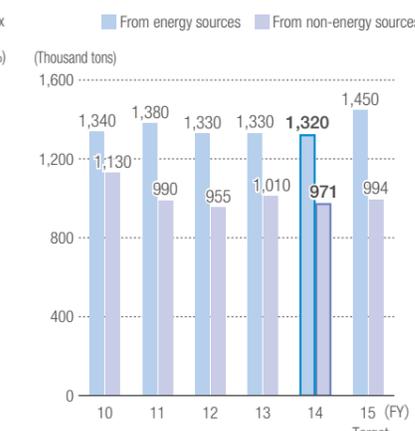


Emissions of PRTR substances, such as toluene, decreased approximately 16% year on year (on a non-consolidated basis), reflecting such factors as the suspension of the Chiba Plant's vinyl acetate production facility. In fiscal 2015, we will work on the systematic reduction of these substances, especially at the Chiba Plant, despite an expected increase in production volume.

CO₂ Emissions Intensity (from energy sources)

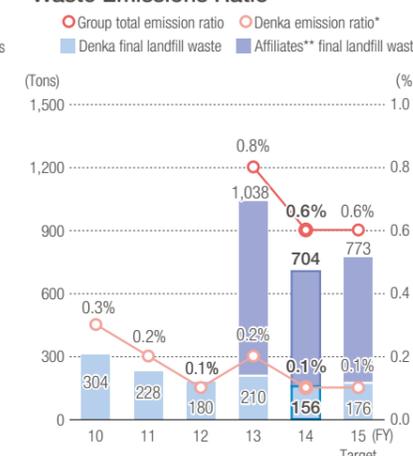


CO₂ Emissions



In fiscal 2014, the CO₂ emissions intensity was equal to the fiscal 2012 level, failing to meet the reduction target of 98% or less. Factors contributing to this result included an increase in the CO₂ emission coefficient of purchased electric power, which outpaced the effect of energy-saving facility upgrades. We will continue to promote energy-saving initiatives while improving the efficiency of in-house power generation.

Waste Emissions Ratio

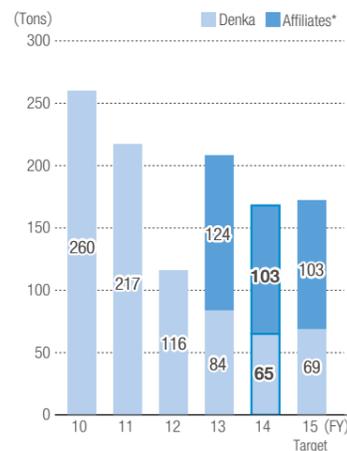


* Emissions ratio (%) = amount of final landfill waste/ amount of waste generated X 100 (In Denka's definition, "zero emissions" means an emission ratio lower than 1%.)

In fiscal 2014, the amount of final landfill waste was down 49% year on year. This was mainly attributable to the absence of the disposal of aged facilities that was carried out during fiscal 2013. To maintain zero-emissions status at all Group members, including affiliates, we will strive to reduce the volume of waste generated while effectively utilizing resources through recycling operations.

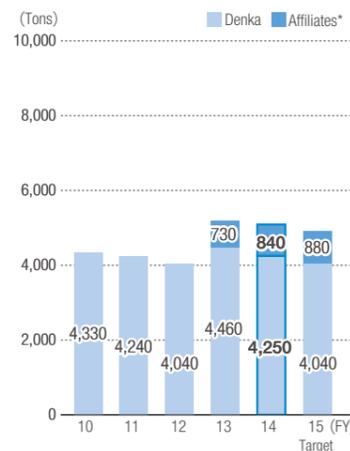
** Consisting of 12 major affiliates in charge of production: Denka Singapore Pte. Ltd. (Merbau and Seraya), Denka Advantech Pte., Ltd. (Tuas and Tuas South), Denka Advanced Materials (Suzhou) Co., Ltd., Denka Chemicals Development Suzhou Co., Ltd., Denka Inorganic Materials Tianjin Co., Ltd., Denka Polymer Co., Ltd., Denka Seiken Co., Ltd., CRK Corporation, Hinode Kagaku Kogyo and Denka Azumin Co., Ltd.

SOx



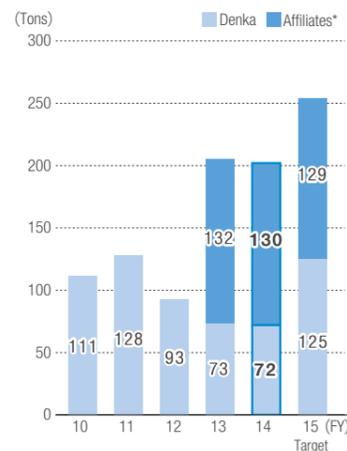
SOx emissions decreased approximately 19% year on year. This was attributable to efforts to systematically reduce emissions from Hinode Kagaku Kogyo and the Omi Plant and the ongoing utilization of byproduct gas with lower sulfur content at the Chiba Plant. We will continuously reduce SOx emissions in fiscal 2015 and beyond.

NOx



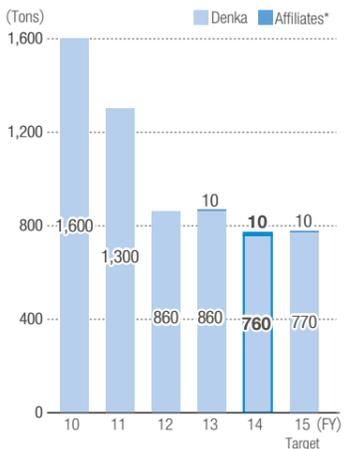
In fiscal 2014, NOx emissions intensity decreased due to the improved combustion efficiency of the Omuta Plant's fused silica production facilities. Although we expect production volume to increase in fiscal 2015, we will strive to further reduce NOx emissions, especially at the Omi and Omuta plants.

Soot and Dust



In fiscal 2014, soot and dust emissions remained virtually unchanged from the previous year. We will strive to reinforce dust collection facilities at Denka Azumin Co., Ltd. and the Omi Plant's cement and calcium carbide production lines, thereby reducing soot and dust emissions.

COD (BOD)



Despite the rise in production volume, COD (BOD) emissions in fiscal 2014 decreased approximately 11% year on year, thanks to the reinforcement of the Omi Plant's treatment facilities for wastewater from the chloroprene rubber production process. We will strive to maintain efficient facility operations in fiscal 2015 and thereby steadily reduce emissions.

Fiscal 2014 PRTR Substances Emissions and Transfers

The following table shows PRTR substances emitted and transferred in amounts exceeding one ton.

Unit: tons (excluding dioxin)

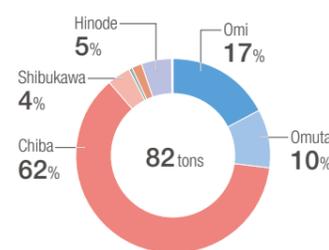
PRTR Substances	No.	Emissions					Total	Amount Transferred (to the outside)
		Air	Water	Soil	Landfill			
n-Butyl acrylate	7	0	0	0	0	0	0	2
Acrylonitrile	9	2	0	0	0	2	2	11
Acetaldehyde	12	0	4	0	0	4	4	0
Aniline	18	0	0	0	0	0	0	13
Ethyl benzene	53	3	0	0	0	3	3	46
Ferric chloride	71	0	0	0	0	0	0	59
Vinyl acetate	134	6	0	0	0	6	6	0
N,N-Dimethylformamide	232	0	0	0	0	0	0	14
Styrene	240	16	0	0	0	16	16	132
Water soluble copper salt	272	0	6	0	0	6	6	39
Toluene	300	20	0	0	0	20	20	29
Carbon disulfide	318	2	0	0	0	2	2	0
Hydrogen fluoride and its water-soluble salt	374	0	1	0	0	1	1	30
n-Hexane	392	0	0	0	0	0	0	3
Boron compounds	405	0	10	0	0	10	10	14
2-Ethylhexyl methacrylate	416	0	0	0	0	0	0	0
Methyl methacrylate	420	2	0	0	0	2	2	14
Total (tons/year)		51	21	0	0	72	404	
Dioxin (mg-TEQ/year)	243	21	56	0	0	77	0	0

* Consisting of 12 major affiliates in charge of production: Denka Singapore Pte. Ltd. (Merbau and Seraya), Denka Advantech Pte., Ltd. (Tuas and Tuas South), Denka Advanced Materials (Suzhou) Co., Ltd., Denka Chemicals Development Suzhou Co., Ltd., Denka Inorganic Materials Tianjin Co., Ltd., Denka Polymer Co., Ltd., Denka Seiken Co., Ltd., CRK Corporation, Hinode Kagaku Kogyo and Denka Azumin Co., Ltd.

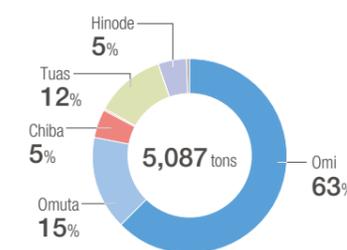
Fiscal 2014 Environmental Performance by Denka Business Sites and Affiliates

Items	Units	Omi	Omuta	Chiba	Shibukawa	Ofuna	Isesaki	Innovation Center	Merbau	Seraya	Tuas	Tuas South	DAS	DIT	DCD	DPK	Denka Seiken	CRK	Hinode	Azumin
CO ₂ emissions (from energy sources)	10,000t	85	16	27	0.8	0.8	2.3	0.2	0.4	3.3	2.0	0.4	0.0754	0.0074	0.0126	1.3	1.6	0.08	2.2	0.6
PRTR substance emissions	t	14	8	50	3	0.5	0	0	0	0	0	0	1.4	0	0	0	0	0	4.2	0
NOx emissions	t	3,209	786	245	11	1	0	0	0.5	4.6	590	1.4	0	0.1	0	0	3.6	0	237.6	26
SOx emissions	t	45	1	16	3	0	0	0	0	0.9	0	0	0	0	0	0	1.5	0	103.3	0.8
Soot and dust emissions	t	65	6	1	0	0	0	0	0	0	0	0.1	0	0	0	0	0	0	6.6	122.9
Water used	1,000m ³	62,925	1,205	3,457	2,294	42	433	7	50.917	105	83.66	10.1	1.786	0.377	0.41	29.9	702	74.3	2741.7	602.9
COD (BOD) discharges	t	743	2	12	3	0	0	0	0.1	3.5	0	0	0	0	0	0	0	0	2.1	2.4
Waste	t	93,768	12,903	11,719	384	137	171	118	315.4	2,065	331.1	403.6	109	8	23	146.1	935.1	80	54	43.1
Final landfill waste	t	60	25	55	2	14	0	0	0	0	305.8	0	109	8	7	0	47.5	30	3.6	37.3

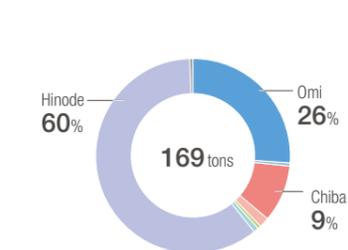
PRTR substance emissions



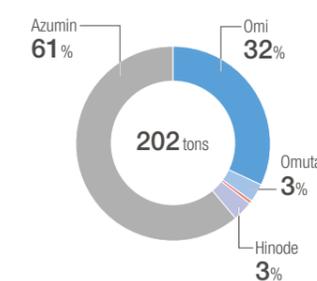
NOx emissions



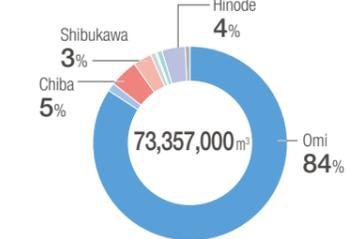
SOx emissions



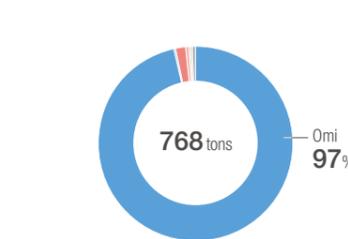
Soot and dust emissions



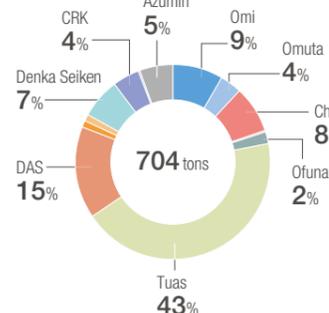
Water used



COD (BOD) discharges



Final landfill waste

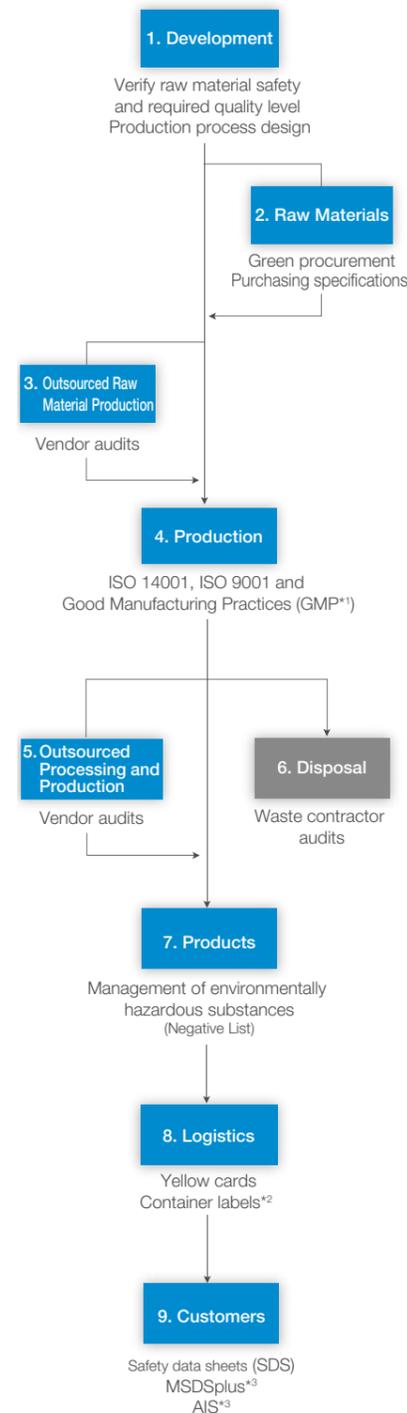


- Omi Plant
- Omuta Plant
- Chiba Plant
- Shibukawa Plant
- Ofuna Plant
- Isesaki Plant
- Denka Innovation Center
- Denka Singapore Pte. Ltd. Merbau Plant (Merbau; Singapore)
- Denka Singapore Pte. Ltd. Seraya Plant (Seraya; Singapore)
- Denka Advantech Pte. Ltd. Tuas Plant (Tuas; Singapore)
- Denka Advantech Pte. Ltd. South Plant (Tuas South; Singapore)
- Denka Advanced Materials (Suzhou) Co., Ltd. (DAS; China)
- Denka Inorganic Materials Tianjin Co., Ltd. (DIT; China)
- Denka Chemicals Development Suzhou Co., Ltd. (DCD; China)
- Denka Polymer Co., Ltd. (DPK)
- Denka Seiken Co., Ltd. (Denka Seiken)
- CRK Corporation (CRK)
- Hinode Kagaku Kogyo (Hinode)
- Denka Azumin Co., Ltd. (Azumin)

We Consider Safety, Environmental Protection and Quality in All Our Processes, from Raw Materials Procurement to Research, Production, Logistics, Consumption and Disposal.

Product Safety Management

Flowchart



We ensure product safety at each phase—from development and production to use by customers—while focusing on maintaining and improving quality.

1. Verify the Safety of Raw Materials and Required Quality Level and Engage in Production Process Design

We select and use raw materials for which safety can be verified while developing products that conform with customer and legal demands. We establish production processes that ensure consistent quality and thus trust in the products we develop.

2. Green Procurement and Purchasing Specifications

We purchase and use raw materials based on the Negative List, which takes into consideration Japanese and international environmental management regulations, as well as purchasing specifications that outline the required characteristics of purchased raw materials. Consequently, we are striving to manufacture superior products from quality raw materials and production processes.

3 & 5. Manufacturing Vendor Audits

We outsource some raw material production processes and the manufacture of semi-processed goods. We regularly audit manufacturing vendors based on our in-house standards for quality, logistics, environmental management and product safety.

4. Maintain/Improve Environmental Protection and Quality

We are undertaking environmental and quality management operations; gradually expanding the scope of our efforts to include new products; and working to maintain and improve quality, environmental protection and safety.

6. Waste Contractor Audits

We commission waste contractors in line with the Waste Management and Public Cleansing Law, requiring them to issue manifests and confirm collection. We regularly evaluate the operations and financial positions of these vendors and visit their waste processing sites.

7. Management of Environmentally Hazardous Substances in Products

We established the Negative List, which lists substances that are considered to be harmful to people and the environment. We are taking steps to ensure product quality and safety while reducing environmental load by placing restrictions on usage during the raw material phase and by decreasing the residual volume of harmful substances in our products. The Advanced Technologies Research Institute analyzes the amount of residual substances harmful to the environment contained within raw materials and products. Analytical data verifying that the amount of such substances is below regulatory limits is shared with the production, sales, and analysis and product management departments.

8. Displaying Yellow Cards and Yellow Card Container Labels

We require drivers to carry yellow cards that explain post-accident procedures. We also label containers to ensure swift and proper remediation. We regularly inform drivers of our requirements and conduct emergency drills.

9. Safety Data Sheets (SDS)

We produce these sheets for all products to ensure proper handling according to physical and chemical hazards and health and environmental risks. The sheets inform customers and help educate employees. We have begun disseminating information on environmentally hazardous substances contained in our products to customers through the Material Safety Data Sheet plus (MSDSplus)—which supplements information conveyed on SDS sheets—and Article Information Sheet (AIS) systems.

Quality Symposia and SQC Education

In line with Companywide quality policy, Denka aims to better employ the statistical quality control (SQC) method to promote R&D and quality engineering. With this in mind, the Company implements education programs focused on SQC while holding quality symposia aimed at sharing quality management techniques.

Employee Education on the SQC Method

Four years ago, we began providing training in statistical data analysis, and a cumulative total of 72 employees have participated. Thanks to these efforts, a number of engineers and researchers have become capable of employing the SQC method to resolve technological issues while taking the lead in rolling out best practices beyond sectional boundaries.

We have also appointed SQC leaders at each business site to serve as trainers and are providing them with advanced expertise through quarterly training sessions aimed at enhancing their teaching skills. Simultaneously, we make sure that personnel at all business sites are equipped with an adequate level of SQC skills through uniform education programs.

In fiscal 2014, we began promoting the “design of experiment” (DOE) method to accelerate our R&D. With lectures centered on the purpose and benefit of the method as the starting point, we will strive to help employees apply this method in their day-to-day operations.

Quality Symposia

On February 13, 2015, we held our fifth quality symposium, with representatives from Denka plants, R&D and quality assurance sections and affiliates’ manufacturing sections giving a total of nine presentations on the theme of SQC application and quality improvement best practices. The success of this symposium attests to the steady progress we have made with SQC through our ongoing employee education programs. Building on this success, we will encourage discussion between young engineers by hosting in-house academic meetings centered on the practical application of SQC methods.



Giving a presentation at the quality symposium

Collaborating in Chemical Industry Initiatives

HPV (High Production Volume) Program

Denka has been participating in the HPV program, in which chemical companies collaboratively evaluate the safety of around 1,000 substances that are used heavily worldwide and are designated as priority substances by the Organisation for Economic Co-operation and Development (OECD). The Company also takes part in the Japan Challenge Program, a similar initiative undertaken by the domestic chemical industry. Since fiscal 2011, Denka has participated in JIPS,*4 an initiative sponsored by the Japan Chemical Industry Association (JCIA) in support of GPS.*5 Under JIPS, we collect and disclose information on hazardous substances while carrying out risk assessments. This initiative also resulted in preparing and posting GPS/JIPS Safety Summaries for three substances on the GPS portal site run by the JCIA.

LRI (Long-range Research Initiative)

The JCIA, the American Chemistry Council and the European Chemical Industry Council oversee this program. The program entails conducting long-term basic research to correctly determine if and/or in what manner chemical substances affect human health and the environment. Currently, these bodies are engaged in long-term basic research studies exploring such issues as the impact of exposure to chemicals on human health as well as the ecological (environmental) toxicity of chemicals while promoting the development and evaluation of novel risk assessment methods. In fiscal 2015, we continue to participate in this initiative.

*1. Good Manufacturing Practices (GMP) refers to standards that Japan’s Ministry of Health, Labour and Welfare established in its Ministerial Ordinance on Standards for Manufacturing Control and Quality Control for Drugs and Quasi-drugs.

*2. The Japan Chemical Industry Association created a labeling format to augment the Yellow Card system. The labels present emergency guideline numbers and United Nations identification numbers for different chemicals transported simultaneously in relatively small amounts on the same vehicle. The labels aid in the proper handling of these chemicals in emergencies.

*3. The Joint Article Management Promotion-consortium (JAMP)’s Material Safety Data Sheet plus (MSDSplus) and Article Information Sheet (AIS) systems provide standardized formats for presenting information on substances subject to management. MSDSplus is mainly for substances and agents that are upstream in the supply chain. Article manufacturers produce AISs based on that information. JAMP aims to spread its systems throughout Japan and Southeast Asia.

*4. JAMP is a cross-industry association established in Japan in 2006 to encourage companies to properly manage information on substances and compounds as well as on chemical substances in parts, plastics and other articles. JAMP also establishes mechanisms to disclose and present information on supply-chain products.

*5. Japan Initiative of Product Stewardship (JIPS): Domestic chemical manufacturers’ voluntary initiative to control the risk chemical substances pose encompassing their supply chains.

*6. Global Product Strategy (GPS): A voluntary initiative promoted by the International Council of Chemical Associations (ICCA) to control the risk chemical substances pose.

Introducing a System for Handling Customer Complaints

In May 2014, we introduced a system for handling customer complaints on a Companywide basis. Employing a centralized database that contains such information as the content of customer complaints, our responses and steps taken to prevent recurrences as well as the verification of steps taken, the system is helping us confirm the status of each complaint

on a real-time basis, thereby speeding up information sharing and response time. Moreover, we analyze the database to further enhance product quality and customer satisfaction.

By addressing all negative customer feedback, including complaints, we are doing our best to accommodate requests for even greater product quality.

Optimizing Logistics Operations

Response to the Revised Law Concerning the Rational Use of Energy

As a designated shipper,* we are continually working to further streamline such logistics operations as the transportation and storage of products to reduce environmental burdens while striving to improve customer satisfaction. In recent years, the domestic transportation industry has been facing a chronic manpower shortage affecting trucking and coastal shipping operations. Denka thus considers securing stable transportation channels as essential as the streamlining of its logistics operations.

In line with its new growth strategy under the Denka100 Companywide initiative launched in 2013, Denka is striving to scrutinize every cost element, implementing various steps aimed at optimizing logistics operations. Specifically, we are striving to enhance the environment-friendliness, cost-effectiveness and efficiency of operations in a bid to create a next-generation logistics structure.

In fiscal 2014, the Company's total shipment volume was approximately 519 million t-km, down 8.6% compared with fiscal 2013, with CO₂ emissions attributable to transportation decreasing 7.2% year on year. However, energy consumption intensity deteriorated 1.6% year on year, reflecting a fall in the volume of cement transported by sea, which is a highly energy efficient method. We will continue striving to reduce energy consumption intensity while optimizing our logistics operations.

* Designated under the Revised Law Concerning the Rational Use of Energy: Business operators whose annual transportation volume exceeds 30 million t-km are obligated to fulfill specific requirements under said law, including submitting reports on their energy-saving targets and achievements.

Energy Saving Status

(FY)	2010	2011	2012	2013	2014
Shipment volume (1,000t-km)	605,609	521,131	532,709	567,484	518,700
Energy consumption intensity*	0.0239	0.0250	0.0246	0.0244	0.0247
Change from fiscal 2012	99.6%	104.8%	98.3%	99.1%	101.6%
CO ₂ emissions (t-CO ₂)	38,500	34,700	34,800	36,707	34,061

* Crude oil equivalent divided by cargo volume

Initiatives Undertaken by the Logistics Subcommittee

In addition to reviewing our distribution structure, we are striving to reinforce our logistics platform.

Logistics Safety Working Team/ Logistics Safety Inspections

Select members from logistics sections throughout all domestic sites carry out annual safety inspections encompassing all production sites to assess the status of logistics operations, such as shipping, loading and unloading, as well as related facilities. In fiscal 2014, inspections at the Iseaki Plant involving the trial introduction of "power-assist suits" that employ compressed air to reduce the burden on onsite operators confirmed the superiority of this equipment.



Iseaki Plant employee wearing a power-assist suits

Streamlining Chloroprene Rubber Transportation

Previously, when transporting chloroprene rubber, which is produced and boxed at the Omi Plant and shipped to Yokohama Port, the loaders have avoided stacking it on the truck bed due to problems with "blocking," in which rubber tips adhere to each other when weight is applied to them from above. Recently, however, we devised a loading method that uses cushioning materials to prevent blocking from occurring. Thanks to this method, the products are now shipped in double-stacked boxes, improving loading efficiency approximately 6% and in turn leading to reductions in both environmental burdens and transportation costs.



Double-stacked chloroprene rubber

Modal Shift in Calcium Cyanamide Fertilizer Transportation

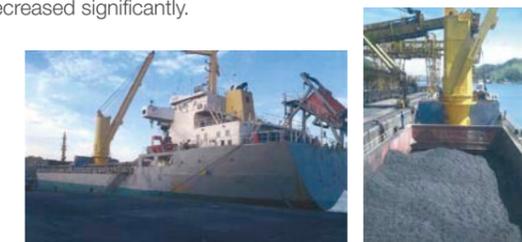
The Omuta Plant has been shipping calcium cyanamide to the Company's logistics bases in Ibaraki Prefecture using large trucks. In response to recent growth in transportation volume, we are promoting a modal shift, switching over from truck to rail transportation. In fiscal 2014, the volume of products transported using the latter method totaled approximately 2,000 tons.



Loading products into a rail container

Streamlining the Marine Transportation of "Hon Gai Coal"

Until fiscal 2014, the Omuta and Omi plants had been separately purchasing and shipping "Hon Gai Coal," an unprocessed coal from Vietnam. The two plants have now commenced collective procurement, transporting the coal from Vietnam to their respective sites using a single vessel. As a result, CO₂ emissions and transportation costs both decreased significantly.



Loading raw material coal

Occupational Safety and Health Management System

Denka conducts risk assessments to monitor the degree of risk at each plant. Based on assessment results, we comprehensively manage risks and implement improvements. The status of certification acquisition from external institutions is as in the following table.

Although the Shibukawa Plant has not acquired certification for its occupational safety and health management system, the plant is implementing safety

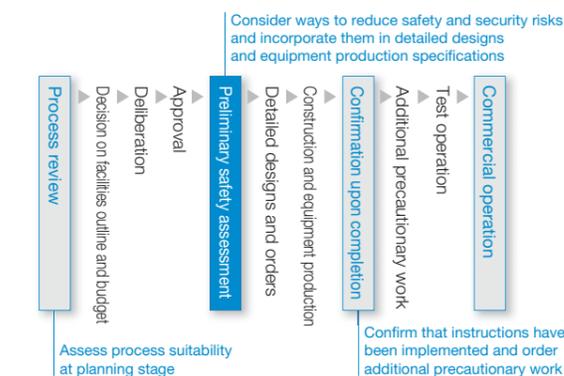
management and promotion activities equivalent to those prescribed by a certified system.

Plant Name	Certification System	Certification Number	Acquisition Date
Chiba Plant	OHSAS18001	2797888	February 6, 2007
Omi Plant	OSHMS	10-15-6	March 8, 2010
DSPL Seraya Plant	OHSAS18001	SNG6011133	January 23, 2011

Change Management

This encompasses establishing rules to assess risks and implement measures where needed for changes in the 4Ms* during production. Preliminary safety assessments are important when building plants that use new processes. Change management comes into play when we upgrade or modify facilities. Facilities and operations departments conduct preliminary safety assessments and meet with in-house third parties to discuss risks relating to fires, explosions and worker safety. In particular, we emphasize preventing key lapses in areas concerning disaster prevention and occupational health.

* 4Ms: Man, Machines (facilities, equipment, tools), Materials (raw materials and components) and Methods (including work methods/operations, processing conditions and formulas)



We Proactively Utilize Subsidy Programs to Develop Technologies That Lead to Ecological and Energy-Saving Solutions.

Initiatives under the Government Subsidy Programs

As part of its activities to reduce the environmental burden as well as energy consumption, Denka actively utilizes subsidy programs provided by the Japanese Ministry of the Environment (MOE) and the Ministry of Economy, Trade and Industry (METI). It also utilizes subsidies aimed at facilitating public-private cooperation in advanced technology pilot projects as well as at encouraging Japan-based production and R&D facility construction. During the fiscal 2010 to 2014 period, Denka received subsidies and approvals for subsidies for 14 projects, all of which have proven effective in achieving their objectives. In fiscal 2014, the value of subsidies to which Denka was entitled totaled ¥1,895 million. Here, we introduce details of projects subsidized during fiscal 2014.

Energy-Saving Initiatives

The installation of high-performance freezing equipment and an ingredient feeding machine, at the Omi Plant's chloroprene rubber and cement production facilities, respectively, was covered by a METI subsidy program for the rationalization of business operators' energy use. Similarly, the upgrading of the Chiba Plant's styrene production facility to reduce steam and fuel consumption and the installation of a highly efficient dehydrator in the plant's ABS production facility were granted subsidies under the aforementioned scheme. Efforts are now under way to further reduce energy consumption at both plants.

Environmental Load Reduction

Launched by a consortium consisting of The Chugoku Electric Power Co., Inc., Kajima Corporation, Denka (Omi Plant) and LANDES Co., Ltd., a project aimed at facilitating the popularization of CO₂-SUICOM environment-friendly concrete was selected for METI's subsidy program for verification of carbon dioxide capture and storage (CCS) technologies. In addition, the product won the 2014 Environment Minister's Award for Global Warming Prevention Activity.

Advanced Technological Development, etc.

Utilizing the Subsidy for Advanced Technology Demonstration and Evaluation Facility Development and the Novel Semiconductor Power Electronics Project Realizing Low Carbon Emission Society, the Omuta Plant pursues the verification of cutting-edge boron nitride (BN) technologies while developing SiC power modules. Also, the Denka Innovation Centers' Advanced Technologies Research Institute is engaged in the R&D of ground-breaking technologies for next-generation lithium ion secondary batteries backed by a subsidy under the Program for Accelerating Breakthrough Innovation for Practical Applications. Meanwhile, in 2015, the Chiba Plant successfully launched its ultra-pure acetylene black production facility constructed utilizing the Subsidy for Domestic Location Promotion Projects.

	Category	Project	Business site	Subsidy title, relevant authority	Fiscal year
1	Energy saving	Introduction of energy-saving burners for cement calcining, etc.	Omi Plant	Subsidy program for the rationalization of business operators' energy use (METI)	FY2011
2	Energy saving	Introduction of the latest technologies at petrochemical plants (styrene monomer-related facilities)	Chiba Plant	Subsidy program for the rationalization of business operators' energy use (METI)	FY2011 FY2012
3	Energy saving	The improvement of heat recovery at the Omi Plant's POVAL production facilities	Omi Plant	Subsidy program for the rationalization of business operators' energy use (METI)	FY2012 FY2013
4	Energy saving	The introduction of high-performance burners for cement production	Omi Plant	Subsidy program for the rationalization of business operators' energy use (METI)	FY2013
5	Energy saving	Introduction of the latest steam and fuel consumption reduction technologies at petrochemical plants	Chiba Plant	Subsidy program for the rationalization of business operators' energy use (METI)	FY2014 FY2016
6	Energy saving	Introduction of high-performance freezing equipment for chloroprene rubber-related facilities and upgrade of cement production-related facilities	Omi Plant	Subsidy program for the rationalization of business operators' energy use (METI)	FY2014 FY2015
7	The environment	CO ₂ emissions reduction initiative through a fuel changeover from A-class heavy oil to town gas and LPG	Shibukawa Plant	Voluntary Emissions Trading Scheme (MOE)	FY2010
8	The environment	Development of a method to recycle slaked lime generated from acetylene manufacture into cement products	Omuta Plant	Environment Research and Technology Development Fund (MOE)	FY2011 FY2012
9	The environment	Promotion of CO ₂ -SUICOM environment-friendly concrete	Omi Plant	Subsidy program for verification of carbon dioxide capture and storage (CCS) technologies (METI)	FY2014 FY2016
10	Advanced technology	Demonstration of a high-frequency induction furnace for silicon nitride	Omuta Plant	Subsidy for Advanced Technology Demonstration and Evaluation Facility Development (METI)	FY2012 FY2013
11	Advanced technology	Demonstration of a boron nitride production facility (for use in next-generation high-heat conductive fillers)	Omuta Plant	Subsidy for Advanced Technology Demonstration and Evaluation Facility Development (METI)	FY2013 FY2014
12	Advanced technology	Establishment of an R&D facility for next-generation LIBs	Advanced Technologies Research Institute	Program for Accelerating Breakthrough Innovation for Practical Applications (METI)	FY2014
13	Advanced technology	Development of high-output and high-density SiC power modules capable of withstanding high voltage	Omuta Plant	Novel Semiconductor Power Electronics Project Realizing Low Carbon Emission Society (METI)	FY2014 FY2016
14	Domestic business location	Establishment of a facility for producing a high-performance conductive agent (acetylene black) for use in lithium ion batteries	Chiba Plant	Subsidy for Domestic Location Promotion Projects (METI)	FY2013 FY2014

We Apply Environmental Accounting Covering Investments and Spending and Their Environmental and Economic Effects.

Conservation Costs

The Company's environmental investments in fiscal 2014 were mainly accounted for by the following items: implementation of environmental burden reduction measures (48%); introduction of energy-saving facilities (33%); R&D spending focused on developing energy-saving products (10%); and investments for the effective use of resources (9%).

Conservation Cost Category	Details	Conservation Costs (millions of yen)	
		Investments	Expenses
1) Business site costs	(Subtotal)	1,616	2,767
a) Pollution prevention	Environmental burden reduction	871	2,141
b) Environmental conservation	Energy saving	591	100
c) Recycling resources	Effective use of resources	154	526
2) Upstream and downstream costs	Change of raw materials, etc.	0	0
3) Administrative costs	Educational activities	0	22
4) R&D costs	Development of energy saving products, etc.	180	951
5) Social activity costs	Educational activities	0	11
6) Environmental damage costs	Community relations	0	94
7) Others		0	0
Total		1,797	3,845

Conservation Effects

We have calculated our environmental load data. For more details, please also refer to the CSR Report 2015 (print or online version) and site reports.

Environmental Load	Units	FY2013 Results	FY2014 Results	Effects
CO ₂ emissions (from energy and non-energy sources)	10,000t	234	229	5
SO _x emissions	t	84	65	19
NO _x emissions	t	4,460	4,250	210
Soot and dust emissions	t	73	72	1
COD (BOD) discharges	t	860	760	100
Water used	1,000m ³	76,750	70,360	6,390
PRTR substance emissions	t	90	76	14
Waste	1,000t	123	119	4
Final landfill waste	t	210	156	54
CO ₂ emissions from transportation	1,000t	37	34	3

Economic Effects

To present the actual economic effects of our environmental conservation measures, we calculated proceeds from selling and recycling waste as well as cost reductions in the form of energy savings and reductions in waste treatment costs.

Category	Item	Details	Effects (millions of yen)
Profits	Proceeds from selling waste from core operations and income from recycling waste	Sales profits	565
Cost reductions	Lowering energy costs by conserving energy	Energy saving	728
	Reducing waste treatment costs by conserving or recycling resources	Effective use of resources	36
Total			1,329

Employing Proprietary Technologies, We Offer Products and Solutions That Contribute to Environmental Protection and Social Development.

Category: Reduce GHG emissions Protect the environment/ Improve the operational environment Reduce weight of finished goods Save resources and energy Contribute to society

Electronics & Innovative Products Division				
Category	Department	Product Name	Application	Benefits
	Electronic Products Dept.	Denka AN Plate Denka SN Plate ALSINK	Rolling stock, industrial instruments, electric and hybrid vehicles	Ceramic-based electronic circuit substrates with superior heat dispersion capabilities that, when used in such components as inverters and drive transistors, facilitate downsizing while ensuring greater reliability and superior energy efficiency
	Advanced Specialty Materials Dept.	ALONBRIGHT	Phosphor for LEDs	A phosphor for white LEDs used in LCD TV backlights and various types of LED lighting that helps to significantly reduce energy consumption and greenhouse gas emissions
	Electronic Products Dept.	HITT PLATE	Electronic circuit substrates for air conditioners and automotive parts	An electronic circuit substrate used in invertors that effectively disperses the heat emitted by drive transistors to protect electronic circuits and facilitates their downsizing while enhancing energy efficiency
	Electronic Products Dept.		Electronic circuit substrates for LEDs	Electronic circuit substrates that help improve LED luminous efficiency by effectively dissipating the heat generated during use
	Electronic Products Dept.	Thermally Conductive Sheets	Automotive parts, smartphones and tablets	Silicon materials packed with ceramic filler that boast high thermal conductivity for use in hybrid and electric vehicles as power semiconductor heat dissipaters, facilitating the downsizing of automotive parts and enhancing their energy efficiency
	Advanced Specialty Materials Dept.	Silicon nitride	Bearings for wind power turbines, mold-release agents for manufacturing silicon ingots for solar cells	High-strength ceramic material used in the bearings of wind power turbines to enhance durability while significantly reducing facility maintenance workload. It is also used as a mold-release agent in the manufacture of silicon ingots being processed into solar cells.
	Advanced Specialty Materials Dept.	Molded BN products	LED manufacturing equipment	Used in LED chip manufacturing equipment as an excellent, easy to cast insulation material
	Advanced Specialty Materials Dept.	Spherical fused silica filler	Semiconductor encapsulant fillers	An incombustible filler with form- and size-modified particles that is mixed into the encapsulant used for semiconductors. Capable of protecting circuits from temperature fluctuations, it can be used to reduce the need for hazardous flame retardants.
	Advanced Specialty Materials Dept.	Spherical alumina	LEDs	Added to a resin matrix as a heat-conducting filler for the purpose of dissipating the heat generated by LED chips and thereby enhancing LED's luminous efficiency
	Adhesives & Solutions Dept.	HARDLOC (SGA)	Metal adhesive (substitute for welding)	A room-temperature hardening adhesive that can be substituted for conventional metal welding, reducing energy consumption significantly while eliminating the need to reshape heat-deformed metal
	Adhesives & Solutions Dept.	TEMPLOC	Temporary adhesives for the processing of glass in smartphones	A temporary UV-curing fixing adhesive that can be removed with hot water rather than solvents, thereby reducing environmental burdens attributable to wastewater treatment and heat processing while facilitating cost reductions by enabling "laminated-glass cutting"
	Adhesives & Solutions Dept.	SOLARLOC	Temporary adhesives used for slicing silicon ingots being processed into solar cells	A two-component type adhesive removable with hot water rather than organic solvents, thereby reducing environmental burdens attributable to wastewater treatment and heat processing

Category: Reduce GHG emissions Protect the environment/ Improve the operational environment Reduce weight of finished goods Save resources and energy Contribute to society

Infrastructure & Inorganic Materials Division					
Category	Department	Product Name	Application	Benefits	
	Special Cement Additives Dept.	EIEN/SUICOM	EIEN: Embedded concrete molds, radioactive waste containers SUICOM: Vegetation blocks, foundation blocks	Incorporating special cement additives, EIEN can densify the internal structure of concrete by reacting with carbonate ions. In addition to absorbing CO ₂ during production, by helping prolong the lives of buildings it reduces the need for CO ₂ -emitting demolition and construction processes. During production, SUICOM absorbs CO ₂ , working to harden concrete through the carbonization of a special cement additive made using slaked lime, which generates no CO ₂ even at the raw material stage. SUICOM thus contributes significantly to CO ₂ reduction throughout its life cycle.	
	Special Cement Additives Dept.	Denka Σ1000, 2000, 6000	Concrete piles, propulsive pipes, box culverts, high-strength piles, pillars for buildings, concrete secondary products, cast-in-place concrete	- These products effectively utilize industrial byproducts emitted from steelworks and thermal power generation plants as raw materials. - When supplemented with Σ1000 and 2000, high-strength concrete can be made through steam curing. These products also perform well with blast furnace cement made of recycled steel slag. Concrete made of blast furnace cement supplemented with Σ1000 realizes approximately 40% or lower CO ₂ emissions intensity than autoclave cured cement. - Σ6000 reduces high-strength concrete's CO ₂ emissions intensity by more than 30%. Moreover, the concrete produced boasts superior abrasion resistance and durability and can be recycled multiple times.	
	Special Cement Additives Dept.	F-DAC	Additive used for vibrating compaction	- This product effectively utilizes the industrial byproducts of steelworks and thermal power generation plants as raw materials. - F-DAC helps shorten time required for the pre-curing and steam curing processes, thereby contributing to the reduction of CO ₂ emissions. It also performs well with blast furnace cement made from recycled steel slag. Concrete produced using blast furnace cement and F-DAC realizes approximately 40% lower CO ₂ emissions intensity than steam-cured concrete.	
	Special Cement Additives Dept.	NATMIC (T-10)	Shotcrete (high strength and low dust generation)	- This product effectively utilizes industrial byproducts emitted from steelworks and thermal power generation plants as raw materials. - NATMIC hardens quickly and thus is used as a shotcrete for tunnel construction. It also performs well with blast furnace cement made with recycled steel slag. When this product is added into blast furnace cement, the resulting concrete's CO ₂ emissions intensity is approximately 50% lower than that of other types of concrete supplemented with the product.	
		Special Cement Additives Dept.	Denka slurry shot method (NATMIC US-32, US-50)	Shotcrete for tunnels	This method applies quick-hardening cement as a shotcrete for tunnel construction. It reduces dust and concrete splash during the spraying process, thereby helping to improve the workplace environment while decreasing material loss.
		Special Cement Additives Dept.	Clear shot method (NATMIC LSA, USS)	Shotcrete for tunnels	Employing quick-hardening cement with a low alkaline content, this method improves the workplace environment in tunnel construction. By reducing dust and concrete splash, it also helps to decrease material loss during the spraying process.
	Special Cement Additives Dept.	Electrochemical repair	Countermeasure against concrete deterioration due to neutralization and salt damage, etc., Denka TECHNOCRETE System	Desalination (electrochemical repair) is an environment-friendly repair method capable of reducing CO ₂ emissions by approximately 30% compared with conventional surface repair methods. Moreover, a surface coating applied after a repair reduces the need for future repairs as well as CO ₂ emissions over a structure's useful life.	
	Cement Department	Denka Cement	Utilization of industrial waste	With the aim of contributing to a recycling-oriented society, this product utilizes waste produced by nearby municipal bodies and industrial byproducts as raw materials and fuels for cement production. It also utilizes scrap wood in a biomass boiler that powers the Omi Plant's production system.	
	Special Cement Additives Dept.	Super Cement	Emergency repair of roads, railways and airports	This ultraquick-hardening concrete gains practical strength over a short time period, helping to restore the transportation infrastructure quickly at times of emergency.	

The Denka Group's Environment-Friendly Products and Technologies

Category: Reduce GHG emissions Protect the environment/Improve the operational environment Reduce weight of finished goods Save resources and energy Contribute to society

Infrastructure & Inorganic Materials Division				
Category	Department	Product Name	Application	Benefits
	Special Cement Additives Dept.	F-DAC, B-FORM	Concrete secondary products	Facilitating the hardening and solidification of concrete, this cement additive shortens curing time while reducing fuel use, thereby enhancing production efficiency and cost effectiveness.
	Special Cement Additives Dept.	SUNTIGHT T-K, T-F	Repair and maintenance of sewage systems	This acid-resistant mortar for repair and maintenance use can enhance sewage systems' durability, preventing the deterioration of concrete due to sulfuric acid exposure.
	Special Cement Additives Dept.	SUQCEM	Concrete precast products	An ultrahigh-strength fiber-reinforced concrete that significantly reduces construction expenses and life cycle costs by facilitating the construction of lighter, stronger structures
	Cement Department	Denka SOIL PACK SP20, SP2000	Soil liquefaction countermeasures	Soil stabilization materials that strengthen soft ground by causing dehydration when mixed directly into the soil.
	Special Cement Additives Dept.	ES, ES-L		Boasting high durability, these cement-based quick-hardening materials accelerate the solidification and hardening of cement in terrestrial grouting work performed during construction.
	Special Cement Additives Dept.	Denka Colloidal Super		Boasting high strength and durability as well as excellent permeability, this superfine powder cement additive is used in terrestrial grouting work.
	Special Cement Additives Dept.	Denka S pack		A grout additive used as the primary injection material in the dual-tube double packer grouting method aimed at stabilizing ground, preventing water intrusion and countering soil liquefaction
	Special Cement Additives Dept.	CG1000, CG2000		Hardening materials with plasticity, used as cavity sealants for soil improvement work
	Agri-Products Dept.	AZUMIN (Magnesium humate soil fertilizer)		Fertilizer, agrochemicals
	Agri-Products Dept.	Calcium cyanamide	Fertilizer, agrochemicals	In addition to being used as a fertilizer, calcium cyanamide was certified under the Japanese government's J-Credit Scheme for its ability to lower emissions of N ₂ O attributable to the use of nitrogen fertilizers by more than 39% when it is employed as a supplement (24% or greater ratio) to such fertilizers.* *A study conducted by the National Agriculture and Food Research Organization has estimated that the use of supplemented fertilizer in tea plantations countrywide would have a GHG reduction effect equivalent to the planting of 200 million cedar trees. (The global warming potential of N ₂ O is approximately 300 times greater than that of CO ₂)
	Inorganic Products Dept.	Synthetic FLUX COMPOUND	Desulfurizing agent, deoxidizing agent	Product lineup includes Eco FLUX, which contains no fluorine.
	Inorganic Products Dept.	Denka ALCEN	Automobile parts (catalyst holder), materials for heating furnaces and industrial furnaces	This alumina fiber, which is used to hold catalysts that purify automobile exhausts, helps reduce the weight of automotive parts by facilitating the switch from cast iron to aluminum, thereby enhancing fuel efficiency. It is also used as a thermal insulator for furnaces and is helping reduce heat loss. When used in fire-resistant linings, the product reduces the need for repair work as it boasts greater heat resistance than that of ceramic fibers.
	Inorganic Products Dept.	Alumina cement	Steelmaking and refining of non-ferrous metals	Boasting superior heat resistance, this product is used in fire-resistant materials for such equipment as steel ladles, helping enhance their heat insulating properties.

Category: Reduce GHG emissions Protect the environment/Improve the operational environment Reduce weight of finished goods Save resources and energy Contribute to society

Elastomers & Performance Plastics Division				
Category	Department	Product Name	Application	Benefits
	Special Conductive Materials Dept.	DENKA BLACK	Lithium-ion secondary cells (conductive aid, activating agents for electrodes)	Ultra-pure electro-conductive carbon black used as a conductive aid for electrodes to enhance battery performance
	Special Conductive Materials Dept.	DENKA BLACK	Tire bladders	Incorporated into bladders* used in the manufacture (vulcanization) of tires to improve heat conductivity and thus shorten vulcanization time and contribute to energy savings *A balloon-like device that inflates and applies pressure to hold the rubber against the tire mold
	Elastomers Dept.	Denka chloroprene	Gaskets for solar cells, vibration insulation rubber for wind power generation, charging cables for electric vehicles	Due to its flame resistance and ability to control vibrations, this product is used in gaskets for solar cells installed on housing rooftops and charging cables for electric vehicles in addition to as vibration insulation rubber for wind turbine nacelles (covers that house power generation components).
	Elastomers Dept.	Chloroprene latex	Aqueous adhesives	This product facilitates a changeover in chloroprene-based adhesive solvents from volatile organic compounds (VOCs) to aqueous solutions, thereby helping reduce environmental burdens and improve the workplace environment.
	Performance Plastics Dept.	CLEAREN	Food packaging materials	CLEAREN can be processed at a temperature 50C° lower than that of its competitor PET-G, while also being 20% lighter than PET-G, thereby reducing energy use in processing and transportation.
	Performance Plastics Dept.	MS Polymer	Transparent molded resin products	Incorporating PS as an ingredient, MS Polymer is 6% lighter than resins used for the same applications that consist only of PMMA, and therefore requires less energy for transportation.

Life Science & Environment Products Division				
Category	Department	Product Name	Application	Benefits
	Household Packaging Materials Dept.	Denka Thermosheet FB (oxygen barrier sheet)	Food packaging	This product considerably prolongs the shelf life of foodstuffs by drawing on its oxygen barrier property, thereby helping reduce food waste.
	Environmental Film Dept.	Denka DX Film	Back sheets for solar panels	A fluorine-based film that boasts superior weather-resistance and thus helps enhance the durability of back sheets for solar panels
	Industrial Materials Dept.	VINI-TAPE	Electrically insulating adhesive tape	Adopting a low VOC content adhesive, VINI-TAPE significantly reduces environmental burdens and hazardous substances affecting working environments.
	Housing & Environmental Materials Dept.	Rain Oasis	Rainwater storage system	Used to collect rainwater through rain gutters. Collected rainwater may be used for watering the garden, cooling pavements and washing cars, contributing to the effective utilization of water resources.
	Housing & Environmental Materials Dept.	TOYODRAIN	Corrugated pipes for construction and agricultural use	Used in construction and farmland development, TOYODRAIN contributes to the effective utilization of water resources.
	Housing & Environmental Materials Dept.	TOYO GUTTERS	Rain gutters for housing and other buildings	Protecting structures while contributing to the effective utilization of rainwater
	Medical Science Dept.	Macromolecular sodium hyaluronate preparation	Joint function improvement agent	Helping maintain quality of life by improving joint function

Supply Chain

The CSR Procurement Policies

1. We will maintain respect for human rights while striving to improve the workplace environment and occupational safety and health.
2. We will pursue environment-conscious procurement, striving to secure safety and to reduce our impact on the earth's environment.
3. We will undertake procurement activities based on compliance with relevant laws, regulations and corporate ethics.
4. We will purchase raw materials and equipment and consign construction work by comprehensively taking into account such factors as quality, prices and delivery time as well as suppliers' technological capabilities, supply reliability and environmental conservation initiatives.
5. We will sincerely engage with our suppliers and treat them as important business partners, fostering mutual understanding and trustworthy relationships with them through fair business transactions.
6. We will not accept from our suppliers nor provide them with any gifts or entertainment of value that are deemed in excess of social norms or of an inappropriate nature.
7. We will not divulge any non-public information acquired in confidence from our suppliers in the course of procurement activities while properly managing and protecting their intellectual property rights.
8. We will maintain an equal partnership with all suppliers and provide them with equal opportunities for competition in a fair manner.

The CSR Procurement Guidelines

1. **Respect for Human Rights and Occupational Safety and Health:** A supplier is required to include respect for fundamental human rights and the pursuit of occupational safety and health in its corporate policy.
2. **Compliance with Laws and Regulations:** A supplier is required to include compliance with law and regulations, as well as fair corporate activities in accordance with social ethics, in its corporate policy.
3. **CSR Promotion:** A supplier is required to recognize CSR as being integral to its business activities. This entails including sustainable social and business development in its corporate policy and establishing an in-house CSR promotion structure.
4. **Environmental Conservation:** A supplier is required to include environmental conservation activities in its corporate policy and disclose the status of said activities to the general public. The said activities include the appropriate management of chemical substances contained in its products and green procurement.
5. **Product Quality and Safety:** A supplier is required to include quality and safety assurance in its corporate policy. Such activities are expected to take place under an established product quality management system.
6. **Fair and Just Business Transactions:** A supplier is required to include fair and just business transactions in its corporate policy.
7. **Risk Management:** A supplier is required to make sure that any risk or contingencies it may confront are managed and controlled through such means as the appropriate and timely information disclosure.
8. **Contribution to Society:** A supplier is required to include proactive contribution to local communities and global society in its corporate policy.
9. **Severing Ties with Antisocial Forces:** A supplier is required to not have any relationship with antisocial forces, whether they are individuals or entities.

Initiatives Related to Carbon Disclosure Project (CDP)*

We are promoting environmental management and believe that the proactive disclosure of such non-financial information as environmental data is key to enhancing our corporate value. We thus began disclosing information on our greenhouse gas (GHG) emissions employing the CDP scheme, which covers the entire value chain. Specifically, we established the cross-sectional CDP task force on April 3, 2015 and sent our environmental data to its CDP counterparts at the end of June.

* A London-based NPO run by an association of institutional investors with the aim of encouraging businesses to disclose their environmental strategies and the status of their GHG emissions.



Kickoff meeting

Life Cycle Assessment (LCA) Initiative

We are promoting LCA for our mainstay products with an eye to ensuring the sustainability of our corporate activities. In doing so, we are striving to utilize LCA as a means of promoting energy saving and CO₂ reduction.

Major Initiatives:

- 1) Completed LCA for 47 mainstay products (resin-based and inorganic products as well as electronic materials)
- 2) Promoting the assessment of the direct and indirect effects of environment-friendly products designed to help reduce environmental burdens through their life cycles
- 3) Participating in the carbon-Life Cycle Analysis (c-LCA) Committee hosted by the Japan Chemical Industry Association
- 4) Providing LCA-related information in response to customers' requests

Local Communities

Major Educational Support Initiatives Undertaken by the Denka Group (Fiscal 2014)

Experimental Science Classes	The Innovation Center and Head Office	The Summer Holiday Chemical Experiment Show for Children sponsored by the "Dream Chemistry 21" committee
	Omi Plant	<i>Geomaru & Nuna to Omoshiro Science</i> and Tazawa Elementary School
	Omuta Plant	Miike Community Learning Center and chemistry classes for children (Miike Community Center)
	Shibukawa Plant	Ikaho Elementary School, Tsukuda Elementary School, Minami Elementary School and other neighboring elementary schools, Shibukawa Parent-Child Festival
Plant Tours	The Innovation Center	Fujinodai Elementary School
	Omuta Plant	Miike Community Learning Center, "child reporters" from <i>Nishi Nihon Shimbun Newspaper</i> , Miike Technical High School and Miyakonojo National College of Technology
	Chiba Plant	Takushoku University Koryo High School, Goi Elementary School (a joint class with Maruzen Petrochemical Co., Ltd. and Hitachi Chemical Company, Ltd.) and plant tours for children and parents during the school summer vacation period
	Shibukawa Plant	Shibukawa Nurse College and Shibukawa Technical High School
Internship	Ofuna Plant	Kamakura Jogakuin Junior High School
	Omuta Plant	Toyohashi University of Technology, Miike Technical High School and Yame Technical High School
	Chiba Plant	Chiba Technical High School
Other Initiatives	Shibukawa Plant	Komochi Elementary School
	Head Office	Sponsoring the Fureai Trio's classical music concerts at elementary schools nationwide Cooperating with the "Athlete Kids Project Caravan" sponsored by Japan Association of Athletics Federations

Experimental Science Classes



Summer Holiday Chemical Experiment Show for Children (Head Office)



Chemistry class for children (Innovation Center)

Plant Tours



Plant tour during the school summer vacation period (Chiba Plant)



Elementary school students invited on a joint plant tour hosted with other local companies (Chiba Plant)



Geomaru & Nuna to Omoshiro Science (Omi Plant)



Employees who helped present *Geomaru & Nuna to Omoshiro Science*



Members of Miike Community Learning Center touring the Omuta Plant



Students from Miike Technical High School touring the Omuta Plant



Chemistry class for children held at Miike Community Center (Omuta Plant)



Experimental science class during spring vacation (Shibukawa Plant)

Other Initiatives



The Fureai Trio performing at a concert welcoming people with disabilities

Board of Directors / Audit & Supervisory Board / Executive Officers

Board of Directors

Representative Director, President..... Shinsuke Yoshitaka
 Representative Director..... Mitsukuni Ayabe
 Director..... Tetsuro Maeda
 Director..... Hideyuki Udagawa
 Director..... Manabu Yamamoto
 Director..... Tadashi Hashimoto (Outside)
 Director..... Yasuo Sato (Outside)
 Director..... Akio Yamamoto (Outside)

Audit & Supervisory Board

Audit & Supervisory Board Member..... Shohei Tamaki
 Audit & Supervisory Board Member..... Masanori Sakamoto
 Audit & Supervisory Board Member..... Tsunehiro Sasanami (Outside)
 Audit & Supervisory Board Member..... Toshio Kinoshita (Outside)

Executive Officers

President and Chief Executive Officer..... Shinsuke Yoshitaka
 Senior Managing Executive Officer..... Mitsukuni Ayabe
 Senior Managing Executive Officer..... Toshiharu Kano
 Managing Executive Officer..... Hideyuki Udagawa
 Managing Executive Officer..... Manabu Yamamoto
 Managing Executive Officer..... Norihiro Shimizu
 Managing Executive Officer..... Sanshiro Matsushita
 Managing Executive Officer..... Kenji Nakano
 Managing Executive Officer..... Masaharu Suzuki
 Executive Officer..... Ken Koizumi
 Executive Officer..... Tetsuya Shinmura
 Executive Officer..... Junichi Kimura
 Executive Officer..... Toshio Imai
 Executive Officer..... Hideki Hirano
 Executive Officer..... Koichi Taguchi
 Executive Officer..... Hideki Watanabe
 Executive Officer..... Toyoki Yokoyama
 Executive Officer..... Koki Tabuchi



Consolidated Balance Sheets (as of March 31, 2015)

Millions of yen		
Account Item	(Ref.) Fiscal 2013	Fiscal 2014
Assets	431,347	445,569
Current assets	164,747	170,497
Cash and deposits	8,427	9,219
Notes and accounts receivable, trade	83,701	83,172
Merchandise and finished goods	41,989	44,103
Work in process	2,554	2,725
Raw materials and supplies	18,272	17,687
Deferred tax assets	1,906	1,994
Other	8,201	11,851
Allowance for doubtful accounts	(305)	(256)
Non-current assets	266,599	275,071
Property, plant and equipment	211,783	211,864
Buildings	36,055	36,957
Structures	17,780	18,125
Machinery and equipment	80,385	74,198
Vehicles	429	438
Tools, furniture and fixtures	2,612	2,481
Land	62,796	63,303
Lease assets	338	344
Construction in progress	11,384	16,014
Intangible assets	1,299	1,509
Software	542	574
Right of using patent	757	934
Investments and other assets	53,517	61,698
Investment securities	46,562	55,356
Long-term loans receivable	821	1,430
Long-term prepaid expenses	2,402	1,463
Deferred tax assets	1,039	915
Other	2,752	2,573
Allowance for doubtful accounts	(61)	(42)
Total assets	431,347	445,569

Millions of yen		
Account Item	(Ref.) Fiscal 2013	Fiscal 2014
Liabilities	241,831	234,771
Current liabilities	163,645	160,101
Notes and accounts payable—trade	54,238	47,401
Short-term loans payable	45,501	47,456
Commercial paper	10,000	9,000
Current portion of long-term loans payable	4,504	12,570
Current portion of bonds	5,000	—
Accounts payable—other	16,231	12,015
Income taxes payable	3,927	5,525
Accrued consumption taxes	445	1,799
Accrued expenses	7,584	8,095
Provision for bonuses	2,428	2,544
Other	13,783	13,692
Non-current liabilities	78,185	74,669
Bonds payable	25,000	30,000
Long-term loans payable	30,663	23,509
Deferred tax liabilities	3,478	6,114
Deferred tax liabilities for land revaluation	9,609	8,879
Net defined benefit liability	8,531	5,262
Other	903	903
Net Assets	189,516	210,798
Shareholders' equity	170,894	182,722
Capital stock	36,998	36,998
Capital surplus	49,284	49,284
Retained earnings	89,562	99,080
Treasury stock	(4,951)	(2,641)
Accumulated other comprehensive income	16,762	26,043
Valuation difference on available-for-sale securities	8,640	13,231
Revaluation reserve for land	9,065	9,795
Foreign currency translation adjustment	479	3,174
Remeasurements of defined benefit plans	(1,422)	(158)
Minority interests	1,858	2,032
Total liabilities and net assets	431,347	445,569

Consolidated Statements of Income (April 1, 2014 to March 31, 2015)

Millions of yen			
Account item	(Ref.) Fiscal 2013	Fiscal 2014	
Net sales		376,809	383,978
Cost of sales		299,671	302,381
Gross profit		77,138	81,596
Selling, general and administrative expenses		55,908	57,549
Operating income		21,230	24,047
Non-operating income			
Interest and dividend income	1,036		1,254
Equity in earnings of affiliates	550		950
Other	2,008	3,595	2,169
Non-operating expense			
Interest expense	1,010		962
Other	3,211	4,221	3,171
Ordinary income		20,604	24,287
Extraordinary income			
Gain on sales of non-current assets	—	—	2,947
Extraordinary loss			
Loss on sales of non-current assets	281		—
Acquisition-related expenses	—	281	259
Income before income taxes		20,322	26,975
Income taxes—current	5,776		7,535
Income taxes—deferred	858	6,634	255
Income before minority interests		13,688	19,184
Minority interests in income		114	162
Net income		13,573	19,021

Note: Amounts are rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets (April 1, 2014 to March 31, 2015)

Millions of yen

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at the beginning of the fiscal year	36,998	49,284	89,562	(4,951)	170,894
Cumulative effects of changes in accounting policies			317		317
Balance at the beginning of the fiscal year, reflecting changes in accounting policies	36,998	49,284	89,880	(4,951)	171,212
Change of items during the fiscal year					
Dividends from surplus			(4,619)		(4,619)
Net income			19,021		19,021
Purchase of treasury stock				(2,892)	(2,892)
Retirement of treasury stock		(0)	(5,202)	5,202	—
Reversal of revaluation reserve for land			(0)		(0)
Net changes of items other than shareholders' equity					—
Total changes of items during the fiscal year	—	(0)	9,199	2,310	11,509
Balance at the end of the fiscal year	36,998	49,284	99,080	(2,641)	182,722

Millions of yen

	Accumulated Other Comprehensive Income					Minority Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the beginning of the fiscal year	8,640	9,065	479	(1,422)	16,762	1,858	189,516
Cumulative effects of changes in accounting policies					—		317
Balance at the beginning of the fiscal year, reflecting changes in accounting policies	8,640	9,065	479	(1,422)	16,762	1,858	189,833
Change of items during the fiscal year							
Dividends from surplus							(4,619)
Net income							19,021
Purchase of treasury stock							(2,892)
Retirement of treasury stock							—
Reversal of revaluation reserve for land		0			0		—
Net changes of items other than shareholders' equity	4,591	730	2,695	1,264	9,280	174	9,454
Total changes of items during the fiscal year	4,591	730	2,695	1,264	9,280	174	20,964
Balance at the end of the fiscal year	13,231	9,795	3,174	(158)	26,043	2,032	210,798

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Balance Sheets (as of March 31, 2015)

Millions of yen

Account Item	(Ref.) Fiscal 2013	Fiscal 2014
Assets	349,646	353,026
Current assets	111,947	110,729
Cash and deposits	1,758	2,280
Notes receivable—trade	2,871	2,364
Accounts receivable—trade	55,185	52,999
Merchandise and finished goods	30,779	32,200
Raw materials and supplies	12,083	11,333
Prepaid expenses	772	960
Deferred tax assets	849	893
Short-term loans receivable	2,906	950
Other	4,850	6,783
Allowance for doubtful accounts	(109)	(36)
Non-current assets	237,698	242,296
Property, plant and equipment	176,738	175,078
Buildings	27,380	28,357
Structures	15,202	15,069
Machinery and equipment	61,363	55,685
Vehicles	373	363
Tools, furniture and fixtures	1,593	1,655
Land	60,026	60,154
Construction in progress	10,798	13,792
Intangible assets	869	1,058
Software	447	423
Right of using patent	421	634
Investments and other assets	60,091	66,159
Investment securities	26,348	31,501
Stocks of subsidiaries and affiliates	28,911	30,298
Long-term loans receivable	760	1,440
Long-term prepaid expenses	2,349	1,201
Other investments	1,732	1,729
Allowance for doubtful accounts	(11)	(12)
Total assets	349,646	353,026

Millions of yen

Account Item	(Ref.) Fiscal 2013	Fiscal 2014
Liabilities	201,826	194,928
Current liabilities	128,144	123,217
Accounts payable—trade	35,070	30,289
Short-term loans payable	27,675	27,675
Commercial paper	10,000	9,000
Current portion of long-term loans payable	4,000	12,058
Current portion of bonds	5,000	—
Accounts payable—other	15,604	10,869
Income taxes payable	1,433	2,744
Accrued consumption taxes	298	1,193
Accrued expenses	5,916	5,995
Deposits received	21,537	21,500
Provision for bonuses	1,337	1,414
Other	269	477
Non-current liabilities	73,681	71,710
Bonds payable	25,000	30,000
Long-term loans payable	30,000	23,229
Deferred tax liabilities	4,137	5,845
Deferred tax liabilities for land revaluation	9,609	8,879
Provision for retirement benefits	4,799	3,619
Long-term accounts payable—other	13	13
Asset retirement obligation	122	124
Net Assets	147,820	158,098
Shareholders' equity	130,893	136,543
Capital stock	36,998	36,998
Capital surplus	49,284	49,284
Legal capital surplus	49,284	49,284
Other capital surplus	0	—
Retained earnings	49,552	52,892
Other retained earnings	49,552	52,892
Reserve for advanced depreciation of non-current assets	3,651	3,781
Retained earnings brought forward	45,900	49,111
Treasury stock	(4,942)	(2,632)
Valuation and translation adjustments	16,926	21,554
Valuation difference on available-for-sale securities	7,861	11,758
Revaluation reserve for land	9,065	9,795
Total	349,646	353,026

Non-consolidated Statements of Income (April 1, 2014 to March 31, 2015)

Millions of yen

Account Item	(Ref.) Fiscal 2013	Fiscal 2014
Net sales		241,150
Cost of sales		190,024
Gross profit		51,126
Selling, general and administrative expenses		38,768
Operating income		12,357
Non-operating income		
Interest and dividend income	3,018	2,996
Other	2,278	2,437
Non-operating expense		
Interest expense	843	779
Other	2,768	3,021
Ordinary income		14,042
Extraordinary income		
Gains on sales of non-current assets	—	2,947
Extraordinary loss		
Loss on sales of non-current assets	281	—
Acquisition-related expenses	—	259
Income before income taxes		13,761
Income taxes—current	2,638	4,162
Income taxes—deferred	852	150
Net income		10,270

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Net Assets (April 1, 2014 to March 31, 2015)

Millions of yen

	Shareholders' Equity								
	Capital Stock	Capital Surplus			Retained Earnings			Treasury Stock	Total Shareholders' Equity
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Retained Earnings Brought Forward	Total Retained Earnings		
				Reserve for Advanced Depreciation of Non-current Assets					
Balance at the beginning of the fiscal year	36,998	49,284	0	49,284	3,651	45,900	49,552	(4,942)	130,893
Cumulative effects of changes in accounting policies				—		288	288		288
Balance at the beginning of the fiscal year, reflecting changes in accounting policies	36,998	49,284	0	49,284	3,651	46,189	49,841	(4,942)	131,182
Change of items during the fiscal year									
Provision of reserve for advanced depreciation of non-current assets				—	148	(148)	—		—
Reversal of reserve for advanced depreciation of non-current assets				—	(18)	18	—		—
Dividends from surplus				—		(4,619)	(4,619)		(4,619)
Net income				—		12,873	12,873		12,873
Purchase of treasury stock				—		—	—	(2,892)	(2,892)
Retirement of treasury stock			(0)	(0)		(5,202)	(5,202)	5,202	—
Reversal of revaluation reserve for land				—		(0)	(0)		(0)
Net changes of items other than shareholders' equity				—		—	—		—
Total changes of items during the fiscal year	—	—	(0)	(0)	129	2,921	3,051	2,310	5,361
Balance at the end of the fiscal year	36,998	49,284	—	49,284	3,781	49,111	52,892	(2,632)	136,543

Millions of yen

	Valuation and Translation Adjustments			Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	
Balance at the beginning of the fiscal year	7,861	9,065	16,926	147,820
Cumulative effects of changes in accounting policies			—	288
Balance at the beginning of the fiscal year, reflecting changes in accounting policies	7,861	9,065	16,926	148,109
Change of items during the fiscal year				
Provision of reserve for advanced depreciation of non-current assets			—	—
Reversal of reserve for advanced depreciation of non-current assets			—	—
Dividends from surplus			—	(4,619)
Net income			—	12,873
Purchase of treasury stock			—	(2,892)
Retirement of treasury stock			—	—
Reversal of revaluation reserve for land		0	0	—
Net changes of items other than shareholders' equity	3,897	730	4,627	4,627
Total changes of items during the fiscal year	3,897	730	4,627	9,989
Balance at the end of the fiscal year	11,758	9,795	21,554	158,098

Note: Amounts are rounded down to the nearest million yen.

Please see below to find disclosure information listed in the Sustainability Reporting Guidelines Version 4 (G4).

Items	DMA and Indicators	Location of Disclosure
General Standard Disclosures		
Strategy and Analysis		
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	To Our Stakeholders (p.6-7)
G4-2	a. Provide a description of key impacts, risks, and opportunities.	To Our Stakeholders (p.6-7) Denka's Group Operations and CSR (p.10-11) Business Strategies (p.12-23) Responsible Care (RC) activities (Ref. p.6)
Organizational Profile		
G4-3	a. Report the name of the organization.	Corporate Profile (p.8)
G4-4	a. Report the primary brands, products, and services.	Denka's Business Operations (p.9) The Denka Group's Environment-Friendly Products and Technologies (Ref. p.16-19)
G4-5	a. Report the location of the organization's headquarters.	Corporate Profile (p.8)
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Corporate Profile (p.8) Major Subsidiaries and Affiliates (Site p.16-27)
G4-7	a. Report the nature of ownership and legal form.	Corporate Profile (p.8)
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Denka's Overseas Expansion (p.8-9)
G4-9	a. Report the scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	Corporate Profile (p.8) Financial Statements (p.23-26)
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Engaging with Our Employees (p.30)
G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	—
G4-12	a. Describe the organization's supply chain.	—
G4-13	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	—
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	Corporate Governance (p.26-27) Our Initiatives to Maintain Safe Operations (p.28-31) Supply Chain (p.40) Compliance (Ref. p.3) Responsible Care (RC) activities (Ref. p.6)
G4-15	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Caring for the Global Environment (p.33) ISO 14001, ISO 9001 Management Systems (Ref. p.5) Product Safety Management (Ref. p.10-11) Occupational Safety and Health Management System (Ref. p.13)
G4-16	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	Product Safety Management (Ref. p.11) Life Cycle Assessment (LCA) Initiative (Ref. p.20)
Identified Material Aspects and Boundaries		
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Editorial Policy (p.3) Business Overview (p.8-9) Major Subsidiaries and Affiliates (Site p.16-27)
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Editorial Policy (p.3) Denka Group's CSR (p.24)
G4-19	a. List all the Material Aspects identified in the process for defining report content.	Denka Group's CSR (p.25)
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: —The list of entities or groups of entities included in G4-17 for which the Aspect is not material or —The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization	—
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization	—
G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	—
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable
Stakeholder Engagement		
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	Engaging with Our Employees (p.36-39) Supply Chain (p.40) Engaging with Local Communities (p.41) Third-Party Opinion (p.43)
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	Engaging with Local Communities (p.41)
G4-26	a. Report the organization's approach to stakeholder engagement, including the frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Engaging with Our Employees (p.36-39) Supply Chain (p.40) Engaging with Local Communities (p.41) Third-Party Opinion (p.43) Initiatives with Our Stakeholders (Ref. p.20-21)

Global Reporting Initiative (GRI) Content Index

Items	DMA and Indicators	Location of Disclosure
G4-27	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	<ul style="list-style-type: none"> Denka's Group Operations and CSR (p.10-11) Engaging with Our Employees (p.36-39) Supply Chain (p.40) Engaging with Local Communities (p.41) Third-Party Opinion (p.43) Initiatives with Our Stakeholders (Ref. p.20-21)
Report Profile		
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	• Editorial Policy (p.3)
G4-29	a. Date of most recent previous report (if any).	• Back cover
G4-30	a. Reporting cycle (such as annual, biennial).	• Editorial Policy (p.3)
G4-31	a. Provide the contact point for questions regarding the report or its contents.	• Inquiries (p.3)
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured.	a. This table indicates the sections applicable to the Standard Disclosures, but the report as a whole is not fully compliant with the Guidelines. b. GRI Guidelines
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	—
Governance		
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<ul style="list-style-type: none"> Denka's Group Operations and CSR (p.10) Corporate Governance (p.26-27) Our Initiatives to Maintain Safe Operations (p.28)
G4-35	a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	<ul style="list-style-type: none"> Denka's Group Operations and CSR (p.10) Corporate Governance (p.26-27)
G4-36	a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	• Corporate Governance (p.26-27)
G4-37	a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	—
G4-38	a. Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> Executive or non-executive Independence Tenure on the governance body Number of each individual's other significant positions and commitments, and the nature of the commitments Gender Membership of under-represented social groups Competences relating to economic, environmental and social impacts Stakeholder representation 	• Corporate Governance (p.26-27)
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	<ul style="list-style-type: none"> Corporate Governance (p.26-27) Corporate Officers (Ref. p.22)
G4-40	a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> Whether and how diversity is considered Whether and how independence is considered Whether and how expertise and experience relating to economic, environmental and social topics are considered Whether and how stakeholders (including shareholders) are involved 	• Corporate Governance (p.26-27)
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> Cross-board membership Cross-shareholding with suppliers and other stakeholders Existence of controlling shareholder Related party disclosures 	• Corporate Officers (Ref. p.22)
G4-42	a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	• "Executives" and "Organization Chart" sections under Company Profile page http://www.denka.co.jp/eng/corporate/
G4-43	a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	• Third-Party Opinion (p.43)
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	—
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	<ul style="list-style-type: none"> Corporate Governance (p.26-27) Denka Group's CSR (p.24-25)
G4-46	a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	• Corporate Governance (p.26-27)
G4-47	a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	• Corporate Governance (p.26-27)
G4-48	a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all Material Aspects are covered.	• Denka Group's CSR (p.24-25)
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	• Risk Management (p.27)
G4-50	a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	—
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> Fixed pay and variable pay: <ul style="list-style-type: none"> Performance-based pay Equity-based pay Bonuses Deferred or vested shares Sign-on bonuses or recruitment incentive payments Termination payments Clawbacks Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	—
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	—

Items	DMA and Indicators	Location of Disclosure
G4-53	a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	—
G4-54	a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—
G4-55	a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—
Ethics and Integrity		
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<ul style="list-style-type: none"> Denka's Group Operations and CSR (p.10) The Denka Group Guidelines/Denka Principles (Ref. p.2)
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	• Compliance Hotline System (p.27)
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	• Compliance Hotline System (p.27)
Specific Standard Disclosures		
Economic		
DMA	Management approach	<ul style="list-style-type: none"> To Our Stakeholders (p.6-7) Denka's Group Operations and CSR (p.11) Business Strategies (p.12-23) Caring for the Global Environment (p.32-33)
Economic Performance		
EC1	Direct economic value generated and distributed	• Engaging with Shareholders (p.42)
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<ul style="list-style-type: none"> To Our Stakeholders (p.6-7) Business Strategies (p.12-23) Caring for the Global Environment (p.32-33) Initiatives to Secure Our Electricity Supply (p.34)
EC3	Coverage of the organization's defined benefit plan obligations	—
EC4	Financial assistance received from government	• Environment- and Energy-Related Subsidies (Ref. p.14)
Market Presence		
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—
EC6	Proportion of senior management hired from the local community at significant locations of operation	—
Indirect Economic Impacts		
EC7	Development and impact of infrastructure investments and services supported	<ul style="list-style-type: none"> Engaging with Local Communities (p.41) Local Communities (Ref. p.21)
EC8	Significant indirect economic impacts, including the extent of impacts	—
Procurement Practices		
EC9	Proportion of spending on local suppliers at significant locations of operation	—
Environmental		
DMA	Management approach	<ul style="list-style-type: none"> History of Denka's Hydroelectric Power Generation (p.4-5) To Our Stakeholders (p.6-7) Denka's Group Operations and CSR (p.11) Business Strategies (p.12-23) Caring for the Global Environment (p.32-33)
Materials		
EN1	Materials used by weight or volume	—
EN2	Percentage of materials used that are recycled input materials	<ul style="list-style-type: none"> Overview of Environmental Impacts (p.32) Resource Recycling through Cement Production (p.35)
Energy		
EN3	Energy consumption within the organization	• Overview of Environmental Impacts (p.32)
EN4	Energy consumption outside of the organization	—
EN5	Energy intensity	• Environmental Conservation (Ref. p.7)
EN6	Reduction of energy consumption	<ul style="list-style-type: none"> Caring for the Global Environment (p.32-33) Environmental Conservation (Ref. p.7) Optimizing Logistics Operations (Ref. p.12)
EN7	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> Caring for the Global Environment (p.32-33) The Denka Group's Environment-Friendly Products and Technologies (Ref. p.16-19)
Water		
EN8	Total water withdrawal by source	<ul style="list-style-type: none"> Overview of Environmental Impacts (p.32) Fiscal 2014 Environmental Performance by Denka Business Sites and Affiliates (Ref. p.9) Site Reports
EN9	Water sources significantly affected by withdrawal of water	• Initiatives to Secure Our Electricity Supply (p.34)
EN10	Percentage and total volume of water recycled and reused	—
Biodiversity		
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	• Initiatives to Preserve Biodiversity (p.33)
EN13	Habitats protected or restored	• Initiatives to Preserve Biodiversity (p.33)
EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	—
Emissions		
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<ul style="list-style-type: none"> Caring for the Global Environment (p.32-33) Responsible Care (RC) activities (Ref. p.6) Environmental Conservation (Ref. p.7, 9) Site Reports
EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	<ul style="list-style-type: none"> Caring for the Global Environment (p.32) Environmental Conservation (Ref. p.7, 9)
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	• Optimizing Logistics Operations (Ref. p.12)

Global Reporting Initiative (GRI) Content Index

Items	DMA and Indicators	Location of Disclosure
EN18	Greenhouse gas (GHG) emissions intensity	• Caring for the Global Environment (p.32-33) • Responsible Care (RC) Activities (Ref. p.6) • Environmental Conservation (Ref. p.7, 9)
EN19	Reduction of greenhouse gas (GHG) emissions	• Responsible Care (RC) Activities (Ref. p.6) • Optimizing Logistics Operations (Ref. p.12)
EN20	Emissions of ozone-depleting substances (ODS)	–
EN21	NOx, SOx, and other significant air emissions	• Caring for the Global Environment (p.32) • Responsible Care (RC) Activities (Ref. p.6) • Environmental Conservation (Ref. p.8) • Site Reports
Effluents and Waste		
EN22	Total water discharge by quality and destination	–
EN23	Total weight of waste by type and disposal method	• Caring for the Global Environment (p.32) • Responsible Care (RC) activities (Ref. p.6) • Site Reports
EN24	Total number and volume of significant spills	• Our Initiatives to Maintain Safe Operations (p.30)
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	–
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	–
Products and Services		
EN27	Extent of impact mitigation of environmental impacts of products and services	• Business Strategies (p.14-21) • Environment-Friendly Products and Services (p.33) • Resource Recycling through Cement Production (p.35) • The Denka Group's Environment-Friendly Products and Technologies (Ref. p.16-19)
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	–
Compliance		
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	–
Transport		
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	• Optimizing Logistics Operations (Ref. p.12)
Overall		
EN31	Total environmental protection expenditures and investments by type	• Environmental Accounting (Ref. p.15)
Supplier Environmental Assessment		
EN32	Percentage of new suppliers that were screened using environmental criteria	–
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	–
Environmental Grievance Mechanisms		
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	–
Social		
Labor Practices and Decent Work		
DMA	Management approach	• Our Initiatives to Maintain Safe Operations (p.28-29) • Engaging with Our Employees (p.36-39)
Employment		
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	• Engaging with Our Employees (p.39)
LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	• Engaging with Our Employees (p.39)
LA3	Return to work and retention rates after parental leave, by gender	–
Labor/Management Relations		
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	–
Occupational Health and Safety		
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	–
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	• Our Initiatives to Maintain Safe Operations (p.28-29)
LA7	Workers with high incidence or high risk of diseases related to their occupation	–
LA8	Health and safety topics covered in formal agreements with trade unions	• Engaging with Our Employees (p.39)
Training and Education		
LA9	Average hours of training per year per employee by gender, and by employee category	–
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	• Engaging with Our Employees (p.36-39)
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	–
Diversity and Equal Opportunity		
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	• Engaging with Our Employees (p.39)
Equal Remuneration for Women and Men		
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	–
Supplier Assessment for Labor Practices		
LA14	Percentage of new suppliers that were screened using labor practices criteria	–
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	–
Labor Practices Grievance Mechanisms		
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	–
Human Rights		
DMA	Management Approach	• Supply Chain (p.40) • The Denka Group Guidelines (Ref. p.2) • Our Stance on Human Rights (Ref. p.3) • Supply Chain (Ref. p.20)

Items	DMA and Indicators	Location of Disclosure
Investment		
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	• Our Stance on Human Rights (Ref. p.3)
Non-discrimination		
HR3	Total number of incidents of discrimination and corrective actions taken	• Our Stance on Human Rights (Ref. p.3)
Freedom of Association and Collective Bargaining		
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	–
Child Labor		
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	• Supply Chain (p.40) • Supply Chain (Ref. p.20)
Forced or Compulsory Labor		
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	• Supply Chain (p.40) • Supply Chain (Ref. p.20)
Security Practices		
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	• The Denka Group Guidelines (p.2)
Indigenous Rights		
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	–
Assessment		
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	–
Supplier Human Rights Assessment		
HR10	Percentage of new suppliers that were screened using human rights criteria	–
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	–
Human Rights Grievance Mechanisms		
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	–
Society		
DMA	Management approach	• Our Initiatives to Maintain Safe Operations (p.28-31) • Engaging with Local Communities (p.41) • Compliance (Ref. p.3)
Local Communities		
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	–
SO2	Operations with significant actual and potential negative impacts on local communities	• Our Initiatives to Maintain Safe Operations (p.28-31)
Anti-corruption		
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	–
SO4	Communication and training on anti-corruption policies and procedures	• Compliance (Ref. p.3)
SO5	Confirmed incidents of corruption and actions taken	–
Public Policy		
SO6	Total value of political contributions by country and recipient/beneficiary	–
Anti-competitive Behavior		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	• Compliance (Ref. p.3)
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–
Supplier Assessment for Impacts on Society		
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	–
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	–
Grievance Mechanisms for Impacts on Society		
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	–
Product Responsibility		
DMA	Management approach	• Supply Chain (p.40) • Information Disclosure (Ref. p.4) • ISO 9001 Management Systems (Ref. p.5) • Product Safety Management (Ref. p.10)
Customer Health and Safety		
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	• ISO 9001 Management Systems (Ref. p.5) • Product Safety Management (Ref. p.10-11)
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	• Supply Chain (p.40) • Product Safety Management (Ref. p.10)
Product and Service Labeling		
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	• Product Safety Management (Ref. p.10)
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	• Supply Chain (p.40) • Product Safety Management (Ref. p.10)
PR5	Results of surveys measuring customer satisfaction	–
Marketing Communications		
PR6	Sale of banned or disputed products	–
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	• Engaging with Shareholders (p.42) • Information Disclosure (Ref. p.4)
Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	–
Customer Privacy		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	–