Denka

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Denka Company Limited

Statement regarding NATA's Toxicity Assessments on the Areas Surrounding Denka's U.S. Subsidiary and Initiatives Being Undertaken to Reduce Environmental Burden

On December 17, 2015, the U.S. Environmental Protection Agency[1] (EPA) published the National Air Toxics Assessment[2] (NATA) based on 2011 data on toxic air emissions from sources nationwide and other environment-related statistics. The NATA, which was disclosed via the EPA's website, showed that the location of the Pontchartrain Plant run by Denka Performance Elastomer LLC[3] (DPE), a subsidiary that produces chloroprene rubber[4] (CR) in LaPlace, Louisiana, was included in one of the areas classified as having high carcinogenic risk. The plant was run by DuPont from 1969 until its acquisition by DPE on November 1, 2015.

Since acquisition, DPE has operated the plant in strict compliance with the currently prevailing legal regulations and emission standards. In response to the publication of the NATA, DPE has also been striving to swiftly answer inquiries from the EPA and other federal and state regulatory agencies. In line with the Denka Group's environmental load reduction policy, DPE has endeavored to minimize emissions of air pollutants, effluents and industrial waste. To this end, DPE has formulated measures to address emerging environmental concerns associated with the plant and disclosed these measures to the aforementioned governmental bodies. Moreover, DPE has committed itself to sharing relevant information with its employees and residents of surrounding communities.

At the same time, DPE has engaged in joint discussion with representatives from regulatory agencies and decided upon voluntary initiatives aimed at further reducing pollutant emissions from its CR production lines. As part of these initiatives, in December 2017, the plant introduced new facilities designed to reduce emissions from its production lines and has succeeded in drastically curbing emission volume.

DPE also believes that the carcinogenic risk level assigned to chloroprene monomer by NATA is overestimated and are aware of the current dispute surrounding the scientific grounds supporting NATA. The NATA was prepared based on the EPA's revised toxicity assessments, which were announced in 2010, and identified carcinogenic risk

levels associated with such substances as chloroprene monomer. However, research undertaken by external epidemiologists has revealed that, after studying the health conditions of more than 12,000 people with work experience at multiple chloroprene monomer production sites, including more than 2,000 people who are ex-workers or active employees of the Pontchartrain Plant, the rate of fatalities due to cancer among the subject group was lower than average. The research thus concluded that no correlation between chloroprene monomer exposure and carcinogenic risk can be found. Furthermore, according to data publicized by the Louisiana Tumor Registry, region-specific carcinogenic risk in the location of the Pontchartrain Plant is not significantly different from the average risk for the entire state.

Based on these findings, DPE believes that the toxicity assessments of NATA with regard to chloroprene monomer should be revisited. Accordingly, DPE is engaging in joint review with EPA representatives to advocate for an update of these assessments.

Currently, DPE is in ongoing engagement with regulatory agencies to discuss measures it plans to undertake to reduce emissions and help them review the current toxicity assessments. Also, DPE is committed to working with regulatory authorities to update community residents and other stakeholders on the latest monitoring results on the density of atmospheric emissions from its facilities as well as outcomes of its environment-related initiatives.

In line with the aforementioned environmental load reduction policy, Denka is determined to provide assistance to DPE. In these ways, the Denka Group will strive to preserve the environment in the areas in which it operates and prevent any negative impact on public health from occurring while helping to relieve the unnecessary anxiety of its stakeholders.

1. The U.S. Environmental Protection Agency is a U.S. federal governmental body aimed at protecting public health and preserving the environment.
2. The National Air Toxics Assessment has been prepared based on comprehensive, region-based assessments of carcinogenic risks associated with exposure to hazardous substances in the atmosphere. NATA employs the EPA's air pollution model—a formula that multiplies region-specific emissions data by the carcinogenic risk levels assigned to each toxic substance.

   The December 2015 edition of the NATA was prepared based on the EPA's

revised toxicity assessments, which were announced in 2010 and identified carcinogenic risk levels for designated substances including chloroprene monomer. In these assessments, the EPA recommends that annual average exposure to chloroprene monomer over a 70-year lifespan should not exceed 0.2μg/m^3.

The EPA has positioned the aforementioned risk assessment methodology it employed in the preparation of NATA as "an analytical tool that helps federal, state, local governments and other stakeholders better understand the potential health risks from exposure to air toxics." The EPA has also previously said "NATA provides broad estimates of health risks over geographic areas of the country, not definitive risks to specific individuals."

3. Denka Performance Elastomer LLC is a joint venture originally incorporated in Delaware, the United States, with Denka Company Limited holding 70% of its equity stake.

   DPE signed an agreement with DuPont as of December 2014 with regard to the acquisition of the latter's chloroprene rubber (Neoprene™) production facilities and other assets located in LaPlace, Saint John the Baptist Parish, the U.S. state of Louisiana. In accordance with this agreement, DPE completed procedures for business transfer in November 2015. Currently, 238 employees are working at DPE's Pontchartrain Plant (as of April 1, 2019).

4. Chloroprene rubber is a long-selling synthetic rubber originally created by DuPont in 1931. The product has been widely used in such chemical-based products as wet suits and automobile parts as well as others requiring weather-resistant properties. It also serves as an ingredient in adhesives, cable covering materials and coatings. Chloroprene monomer is a raw material for producing chloroprene rubber.

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