

Programs for the Environment, Safety, and Sustainability

Environmental safety management

Environment, safety, and quality are at the core of Nippon Kayaku Group management. We have carried out a fusion of our intellectual assets in these fields as well, and have worked to strengthen our environmental safety management throughout the Company. Now, at the start of the 21st century, a company must be focused on the environment, and must also take steps to fulfill its social responsibilities and contribute to the development of a sustainable society.

Quality and Environment Management System

In order to raise the level of customer satisfaction, Nippon Kayaku Group began efforts in 1995 at our plants to acquire certification under the international quality management standard ISO9001. Since then, all divisions ranging from research to sales at our district offices including Nippon Kayaku Group companies, have been working on gaining certification. Currently, ISO9001 certification has been obtained by all divisions in the Functional Chemicals Group, all divisions in the Pharmaceuticals Group, the Agrochemicals Division, the Explosives Division, and the Fine Chemicals R&D Laboratories. Among group companies, this certification has been obtained by Polatechno Co., Ltd., Zhaoyuan Advanced Kayaku Chemical Co., Ltd., and Kayaku Chemical (Wuxi) Co., Ltd. In our safety systems business, we have obtained the quality control system standard QS9000, which is based on ISO9001 and has been incorporated by the three major US automobile manufacturers into their own requirements.

For environmental management, and in order to promote our Responsible Care activities more effectively, Nippon Kayaku has worked towards ISO14001, the international standard for environmental management. By the fiscal year ended May 31, 2002, all six Nippon Kayaku plants had obtained this certification, which has also been obtained by the group companies Indet Safety Systems a.s. and Polatechno Co, Ltd.

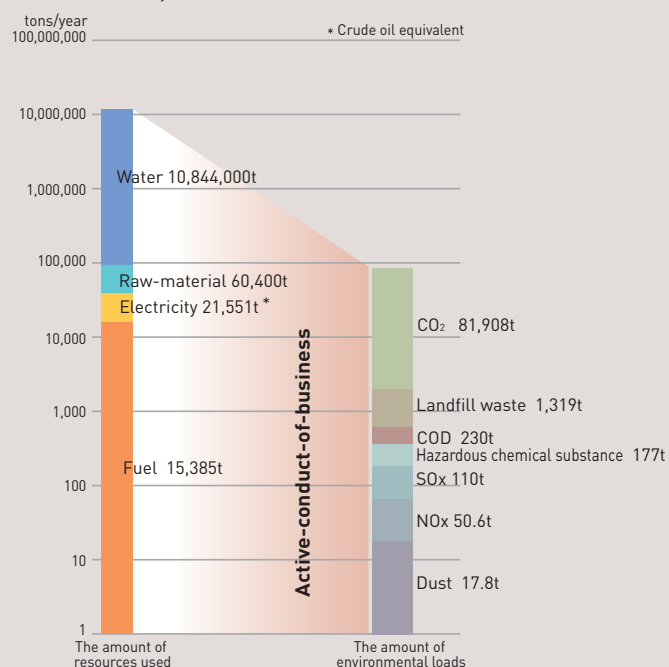
Environmental numerical targets

At Nippon Kayaku, we have established numerical targets for the following three items, and are proceeding with activities according to a company-wide master plan.

- (1) In the fiscal year ending May 31, 2006, we will reduce the amount of dichloromethane emissions by 85% from the level of the fiscal year ended May 31, 2000, to 10 tons or less.
- (2) In the fiscal year ending May 31, 2011, we will reduce the generation of waste products to the level of the fiscal year ended May 31, 1997.
- (3) In the fiscal year ending May 31, 2011, we will reduce the amount of total landfill waste by 60% from the level of the fiscal year ended May 31, 1997.
- (4) In the fiscal year ending May 31, 2011, we will reduce the amount of energy consumed (crude oil equivalent) by 8.6% from the level of the fiscal year ended May 31, 1991.
- (5) By the fiscal year ending May 2011, we will reduce atmospheric discharges of VOC (volatile organic compounds) by 50% (70 tons) from the level in the fiscal year ended May 2001.

Amounts of resources used and environmental loads (non-consolidated)

(June 1, 2004 – May 31, 2005)



Environmental accounting (non-consolidated)

Nippon Kayaku is aware of the costs for environmental protection and has publicly released such figures since the fiscal year ended May 31, 2001. Starting from the fiscal year ending May 31, 2004, we have carried out assessments to determine the effects of our environmental protection activities. Capital investment costs for the fiscal year ending May 31, 2005 were 266.36 million yen. Management costs were 1.48558 billion yen, and the environmental protection effects were 60.96 million yen.

Development of environmentally friendly products

Nippon Kayaku Group is dedicated to the development of environmentally friendly products. We have developed biological pesticides using natural predator insects which do not harm people or livestock, UV and EB curable resins which are used as low-pollution environmentally friendly resins for preventing problems such as sick house syndrome, environment-adaptive epoxy resins, safe and environmentally friendly dyes, and other products which have little effect on health or the environment. In this way, we are working to contribute to the development of a sustainable society.

Relations with the local communities

The Nippon Kayaku Group conducts business activities with a focus on working closely with the local communities. In its business activities, each plant places great importance on the agreements concluded with the local community where it belongs concerning issues such as the prevention of pollution, prevention of water contamination, green agreements, and mutual support in case of disaster.