

Headquarters
Tokio Marine Nichido Bldg. Shinkan, 1-2-1 Marunouchi, Chiyoda-ku,
Tokyo 100-0005, Japan
TEL: 81-3-3216-4561

Osaka Branch Office
Shin-yamamoto Building
1-1-25, Dojima, Kita-ku, Osaka 530-0003, Japan
TEL: 81-6-6343-0681

Nagoya Office
Dai-Nagoya Building
3-28-12, Meieki, Nakamura-ku, Nagoya 450-0002, Japan
TEL: 81-52-571-1371

Fukuoka Office
Nishi-Nippon Building
1-10-17, Tenjin, Chuo-ku, Fukuoka 810-0001, Japan
TEL: 81-92-771-8321

Shibukawa Plant
1497 Shibukawa, Shibukawa City, Gunma 377-8513, Japan
TEL: 81-279-23-3211

Mizushima Plant
4-8, Matsue 4-chome, Kurashiki City, Okayama 712-8533, Japan
TEL: 81-86-455-5231

Advanced Research Lab.
425 Kanai, Shibukawa City, Gunma 377-0027, Japan
TEL : 81-279-23-2711

Shibukawa-Area Lab. Development Research Lab.
1497 Shibukawa, Shibukawa City, Gunma 377-8513, Japan
TEL: 81-279-23-3211

Mizushima-Area Lab. Development Research Lab.
4-4-8, Matsue, Kurashiki City, Okayama 712-8533, Japan
TEL: 81-86-455-5234

Contact information for inquiries on this report: _____

Environment & Safety Department

Tokio Marine Nichido Bldg. Shinkan, 1-2-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
TEL: 81-3-3216-4567

This report can also be viewed on the Company website. <http://www.kantodenka.co.jp>



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Kanto Denka Kogyo Co., Ltd. strives to ensure an environment-friendly attitude in its immediate matters and daily activities in order to protect people's healthy lifestyles.
Published: November 2011



Environmental and Social Report 2011



Management Principles

Through the quest for constant corporate growth and acquisition of optimum profits, Kanto Denka is working with all its shareholders, users and employees to create a successful company and prosperous society. To achieve this end, we are endeavoring to ensure that our unique technologies and superior services meet the requirements of our users and build a trusted company based on the principles of sincerity, creativity, prompt response and harmony with nature.

Fundamental Principles and Basic Policies on the Environment and Safety Issues

Fundamental Principles

The conservation of the global environment is one of humankind's common responsibilities. In all our operational activities, based on the principle of self-responsibility, we pay due consideration to environmental conservation and safety issues, from the development, manufacture, distribution, and use of our products, to how they are disposed of.

Basic Policies

- 1 Carry out comprehensive environmental and safety management in such areas as environmental protection, operational safety and disaster prevention, occupational health and safety, chemical product safety, distributional safety, and risk-free international trade.
- 2 Ensure the safety of employees and areas in the vicinity of company facilities by working to achieve no accidents and no operation incidents.
- 3 Work to save energy and resources and reduce the amount of industrial waste generated as a result of operations.
- 4 Ensure the development and introduction of products and manufacturing processes that take environmental and safety issues into account.
- 5 Strictly comply with laws, regulations and agreements related to the environment and safety, as well as establish and meet our own stricter voluntary standards in these areas.
- 6 Promote distributional safety and risk-free transactions with customers.
- 7 Carry out environmental and safety audits.
- 8 Collect information on the environment and safety related to products, and thoroughly disseminate the information to employees and customers.
- 9 Ensure the protection of the environment and safety in overseas operations, technology transfers and the international trade of chemical products.
- 10 Promote risk-awareness to society as a whole, such as local communities, investors and related organizations through the widespread dissemination of our environmental and safety activities, as well as the results of those activities, in environmental reports and other materials.

Message from the Editorial Department

On March 11, 2011 the Great East Japan Earthquake struck Japan resulting in unprecedented destruction. Although Kanto Denka suffered minor damage, this earthquake and tsunami disaster represents an opportunity to reconsider the need for disaster preparedness as well as the importance of our relationships with local communities. In addition, in May and July 2011, shortly after the earthquake disaster, one incident and one serious accident occurred that called into question Kanto Denka's risk management practices. Although further details surrounding these events can be found in this report, we would like to emphasize that Kanto Denka deeply regrets both, with an understanding that they should have never taken place, and has already taken company-wide measures to prevent future occurrences. We once again offer our sincerest apologies to those inconvenienced in the local community, related parties, and most importantly those directly affected by the accident and their families.

While the Environmental and Social Report 2011 typically is compiled based on our activities and data from FY2010, in light of the importance and urgency in disclosing recent matters, we have also included detailed information on the aforementioned events. We are committed to providing our stakeholders with the honest facts surrounding our current situation and humbly ask for your understanding regarding our efforts and determination to win back the trust of society as well as our stakeholders.

We kindly ask for your continued support and guidance going forward.

Corporate Profile

Company Name : Kanto Denka Kogyo Co., Ltd.
 Established : September 22, 1938
 Head Office : Tokio Marine Nichido Bldg. Shinkan,
 1-2-1 Marunouchi, Chiyoda-ku,
 Tokyo 100-0005, Japan
 TEL : 81-3-3216-4561
 President : Shiro Yamashita
 Capital : ¥2.877 billion
 Employees : 621 (as of March 31, 2011)
 Sales : ¥35.332 billion



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This report mainly contains environmental and social activities during FY2010 (April 1, 2010 to March 31, 2011).

Making a Concerted Company-wide Effort to Guarantee Safe Operations and Tackle the Challenges of Innovative Development in order to Build a Prosperous Future Atop a Foundation of Trust and Reassurance

First, on behalf of Kanto Denka I would like to express our deepest sympathies to those affected by the Great East Japan Earthquake and offer our earnest wishes for a speedy recovery. This disaster has raised the question "What can I do to help the recovery effort in the Tohoku region and foster new growth for Japanese society?" among both companies and consumers alike. Kanto Denka has taken much time to reflect on this question and stands ready to make as many contributions as possible going forward through its business activities.

Japan's economy continues to struggle along given global economic concerns, the prolonged strength of the yen against major currencies and the impact from the Great East Japan Earthquake. Amidst this backdrop, Kanto Denka launched its Mid-Term Management Plan in FY2010 and embarked on a broad range of initiatives, including focusing on the growth of its environmental-related businesses under the ultimate goal of becoming an innovative, development-driven company able to respond to a myriad of environmental changes. In addition, we are moving forward with strengthening our production capacity in sectors with a promising future, such as expanding production facilities for our core lithium hexafluorophosphate (LiPF₆) products, which are essential to the mass production of electric vehicles—a sector where high growth is expected going forward. By focusing efforts on new product development and cultivating the possibilities of our existing businesses, we hope to achieve even greater growth in the future.

The Mid-Term Management Plan calls for us to raise further awareness toward CSR and solidify trust from all of our stakeholders. We have also strived to ensure zero workplace accidents and zero workplace disasters in recognizing that safe operations should be the most critical responsibility of any company that handles chemical products. However, in May 2011 it was brought to our attention that there was an error in our pollution load data for specific water effluent from our Mizushima Plant. Then, in July 2011, there was a serious accident at our Mizushima Plant involving a spill of sulfuric acid that resulted in an employee injury. I would like to once again offer my personal apologies to the employee injured in this accident and their family as well as those in the local community, related parties and organizations who were inconvenienced and made to worry as a result. I sincerely pray for a speedy recovery of the injured employee. I would like to emphasize with conviction that Kanto Denka deeply regrets these incidents and has already taken company-wide remedial measures to prevent future occurrences.

The fiscal year under review was a year in which the concept "the growth of a company is built atop a relationship of trust with society to which safe operations are critical" was once again deeply engrained in our hearts and minds. Each and every one of our employees stand resolutely committed with an all new mindset and emotion toward regaining the trust of our stakeholders. I humbly ask for your ongoing support and assistance as we go forward.



President of Kanto Denka Kogyo Co., Ltd.
Shiro Yamashita

October 2011

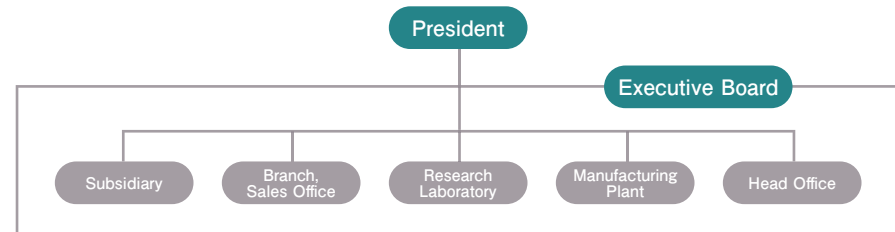
RC Promotion Organization

As a company that handles chemicals, Kanto Denka makes company-wide efforts to enhance its proprietary technologies, collect and share information as well as ensure thorough audits in order to continually improve its environmental and safety measures.

Efforts Geared toward CSR

Kanto Denka understands the importance of having its organization and employees maintain the correct awareness of corporate social responsibility (CSR) and undertaking its corporate activities fully and always aware of compliance and risk management. We also recognize that one of our most important missions as a company is to help build a better society and environment through our business activities. Going forward, we will strive to build a corporate culture grounded in these beliefs and seek to further solidify positive relationships with our stakeholders.

[Organization]



RC Promotion Council

Chairman: President
 Members: Chairmen of subcommittees and a few appointed by the President
 Office: Environment & Safety Department
 Formulation of fiscal year, and medium- and long-term RC policies. Deliberation and decision on important issues related to RC activities across the entire company including their performance.

Oversees three subcommittees as well as deliberates and decides on the promotion and auditing issues of each committee.

Environmental and Safety Protection Committee
 Promotion and audit of RC activities across all operational areas.

Quality Control Committee
 Promotion and audit of quality control issues, such as PL and quality certification.

Logistics Safety Committee
 Promotion and audit of environmental and safety preparations related to the external transport of chemical products and customers' delivery facilities, and recognition of purpose of use.

Compliance Action Charter

- Compliance with relevant laws and regulations, and strict enforcement of ethical practices
- Building favorable relations with stakeholders
- Practices to conserve the environment
- Attitude toward antisocial forces and organizations
- Ensure the reliability and accuracy of financial reporting

Compliance

Compliance and Risk Management Committee

The Compliance and Risk Management Committee is responsible for managing compliance and risk management. The Committee promotes and audits various activities aimed at reducing risk and observing relevant laws, regulations and corporate ethics.

Internal Audit Office

The Internal Audit Office carries out internal audits for all operations under the direct supervision of the President. The Internal Audit Office also independently evaluates the status of development and administration of internal control, which is stipulated by the Board of Directors' Basic Policies on Financial Reporting.

[Audit Structure]

Self-auditing

Each office and plant works to achieve continuous improvements in RC activities through the self-evaluation of our RC measures. The results of these self-audits are reflected in the next RC objectives and plans report.

Auditing of Each Facility

The Environmental and Safety Protection Committee every six months, and the Quality Management Committee, Logistics Safety Committee once a year, respectively, conduct jurisdictional RC auditing (goals, plans, implementation systems, performance evaluation of self-audits) in all research laboratories and plants for continuing improvements in RC activities.



Overall Auditing

Overall auditing involves deliberation and evaluation by the RC Promotion Council of results of auditing carried out by the Environmental and Safety Protection Committee, Quality Control Committee, and Logistics Safety Committee. The results of evaluation are then reflected in management policies, objectives, and the implementation plans for the following fiscal year.

Internal Notification System (Hot line)

In order to respond promptly to breaches of compliance or to prevent them from happening, directors/employees of Kanto Denka must communicate information on breaches of compliance to the General Manager of the Personnel and General Affairs Dept., the Auditor, or to lawyers outside the company. Needless to say, the rules stipulate that the person making the notification must not be treated disadvantageously.

Protection of Personal Information

We have formulated and publicized a basic policy regarding the protection of personal information. We have set forth various stipulations, including clarifying rules regarding the storage and disposal of personal information and requiring confidentiality for persons leaving the company.

Performance and Targets in RC Activities

Based on its 8th Three-Year Plan that started in April 2010, Kanto Denka has already begun to implement new initiatives aimed at achieving responsible care (RC) action targets established for FY2012.

FY2010 Performance in RC Activities

- Saving Resources** **7% Reduction**
 Maintain the quantity of principal raw materials against plant production volume with FY2006 results.
- Saving Energy** **0.6% Increase**
 Reduce energy consumption (crude oil equivalent) per unit of production volume by 3% of FY2009 levels.
- Reduction of Greenhouse Gas Emissions** **11% Reduction**
 Reduce CO₂ equivalent greenhouse gas emissions by 25% of FY1990 levels.
- Reduction of Environmental Pollutants** **12.3% Increase**
 Reduced the amount of emissions of chemicals specified as PRTR by the Japan Chemical Industry Association (JCIA) by 10% compared to FY2009.
- Reduction of Industrial Waste** **32% Increase**
 Maintain landfill industrial emissions on par with FY2006 results (1,500 tons) by raising the recycling ratio.
- No Accidents and No Injuries** **0 Incidents**
 ● Workplace Injuries: Zero (zero workplace injuries among employees and contractors)
 ● Accidents at Company Facilities: Zero.

FY2011 RC Action Plan (with final objective of achievement in FY2012)

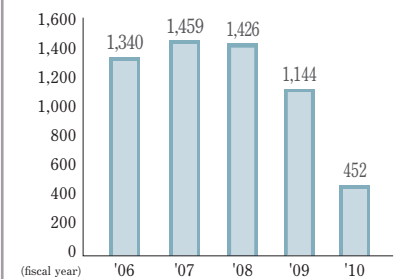
- Saving Resources** **Maintain level on par with FY2006 results**
 Maintain the quantity of principal raw materials against plant production volume with FY2006 results.
- Saving Energy** **3% Reduction**
 Reduce energy consumption (crude oil equivalent) per unit of production volume by 3% of FY2009 levels.
- Reduction of Greenhouse Gas Emissions** **25% Reduction**
 Reduce CO₂ equivalent greenhouse gas emissions by 25% of FY1990 levels.
- Reduction of Environmental Pollutants** **10% Reduction**
 Reduced the amount of emissions of chemicals specified as PRTR by JCIA by 10% compared to FY2009.
- Reduction of Industrial Waste** **Maintain level on par with FY2006 results**
 Maintain landfill industrial emissions on par with FY2006 results (1,500 tons) by raising the recycling ratio.
- No Accidents and No Injuries** **0 Incidents**
 ● Workplace Injuries: Zero (zero workplace injuries among employees and contractors)
 ● Accidents at Company Facilities: Zero.

Investment for the Achievement of RC Action Plans

Investment in Safety Measures

We continue to make investments in order to ensure safe operations, including the improvement of manufacturing facilities, education and training within the Company, and participation in external workshops. Going forward, we will continue to strengthen measures aimed at improving our work environments and guaranteeing the safety of our employees.

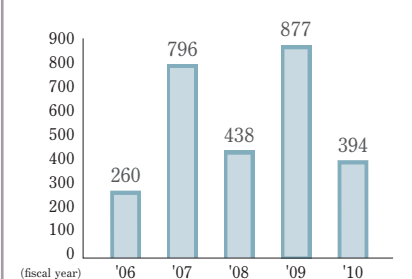
Trends in Investment in Safety Measures (unit: millions yen)



Investment in Environmental Measures

In FY2010, we continuously made investments in order to make progress in saving resources, conserving energy, and reducing environmental pollutants and industrial waste, centering on the construction of a new plant aimed at reducing greenhouse gases.

Trends in Investment in Environmental Measures (unit: millions yen)



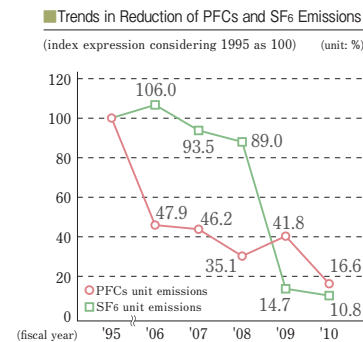
Coexistence with the Global Environment

Kanto Denka has proactively introduced new environmental technologies and facilities, and is working hard to achieve its own quantitative targets, including the reduction of all greenhouse gas emissions which forms part of the Company's new RC action targets.

Trends in Reduction of PFCs Emissions

Progress of the JCIA's Voluntary Action Plan

Kanto Denka manufactures PFCs and SF₆ gases that are indispensable in the electronic devices field. As these gases have a high global warming effect, Kanto Denka, as part of JCIA's Voluntary Action Plan, sets its unit emission reduction objective, to be achieved by 2010 - a 50% cut in PFCs and a 75% cut in SF₆ (both compared to 1995 levels) - and is working towards its realization. Our results through the end of FY2010 showed that we were able to reduce PFCs by 83.4% and SF₆ by 89.2%. Having achieved the reduction objectives set out in the JCIA's Voluntary Action Plan, we will now focus on reducing our emissions further as our production volume increases. Since we achieved the PFCs reduction objective before FY2009, we have included the reduction of all greenhouse gas emissions as an RC action target in our new 8th RC action plan. Our 8th RC action targets span the three-year period beginning in FY2010. One of these targets includes reducing CO₂ equivalent greenhouse gas emissions by 25% compared to 1990 levels. Although FY2010 was the first year of this plan, we were already able to achieve a 20% reduction because of our conventional activities.



※Greenhouse Gases
Greenhouse gases are identified as substances that cause global warming, including carbon dioxide, dinitrogen monoxide, methane and hydrofluorocarbons (HFCs), as well as perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆), both of which are handled by Kanto Denka.

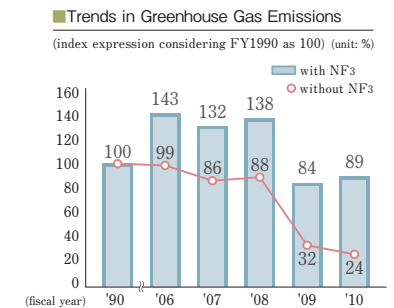
※PFCs
PFCs are compounds consisting of fluorine and carbon. Kanto Denka produces tetrafluoromethane (CF₄), hexafluoroethane (C₂F₆), octafluoropropane (C₃F₈), and perfluorocyclobutane (c-C₄F₈).

Reduction of Greenhouse Gas Emissions

Reduce CO₂ equivalent greenhouse gas emissions by 25% of FY1990 levels

Results Reduction **11%**

Kanto Denka achieved its voluntary action plan based on the Kyoto Protocol before 2009. In anticipation of post-Kyoto (after 2013) greenhouse gas reductions, we have included nitrogen trifluoride (NF₃), which as of now is not covered in other plans, in our reduction targets for 2010 and beyond. This represents our commitment to reduce our greenhouse gas emissions even further.

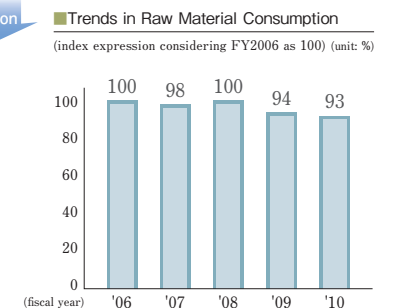


Saving Resources

Maintain the quantity of principal raw materials against plant production volume with FY2006 results.

Result Reduction **7%**

Aggregating data on saving resources is significantly affected by the soaring unit cost of raw materials. As such, Kanto Denka has switched over to a calculation method that can accurately display results without being affected by unspecified elements. Specifically, we changed our calculation formula to "Basic Unit = Quantity of Raw Materials Consumed (t) / Production Volume (t)". In addition, by repeatedly making small enhancements and improvements in our production processes, we were able to achieve a 7% reduction in FY2010.

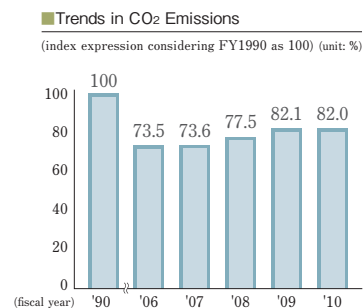


Reduction of Carbon Dioxide Emissions

Kyoto Protocol target for Japan by FY2010 is 6% below the FY1990 level

Result Reduction **18%**

The Kyoto Protocol requires Japan to reduce its emissions of greenhouse gases, which cause global warming, by 6% compared to FY1990 levels (baseline year) by the end of FY2010. Kanto Denka is implementing a number of energy saving measures, and in FY2010 achieved an 18% cut in carbon dioxide emissions compared to the baseline year levels.



The Amount of Emissions of Greenhouse Gases: Report based on the Law Concerning the Promotion of the Measures to Cope with Global Warming

Kanto Denka reports data in accordance with the Mandatory Greenhouse Gas Accounting and Reporting System based on Japan's Law Concerning the Promotion of Measures to Cope with Global Warming. The volume of Kanto Denka's CO₂ equivalent emissions in FY2010 amounted to 0.4 million tons. The breakdown of these emissions can be found at right. In March 2009, Kanto Denka installed a combustion facility, which over the last two years of operations has had an even greater effect than anticipated.

	Figures for 2006 (official)	Figures for 2007 (official)	Figures for 2008 (official)	Figures for 2009 (reported)	Figures for 2010 (reported)
Originating from energy	16.5	16.8	18.1	21.3	21.3
Emissions of PFCs, etc.	144.0	127.9	137.7	35.4	17.8
Originating from distribution fuel	0.8	0.8	0.6	0.6	0.6
Total	161.3	145.5	156.4	57.3	39.7

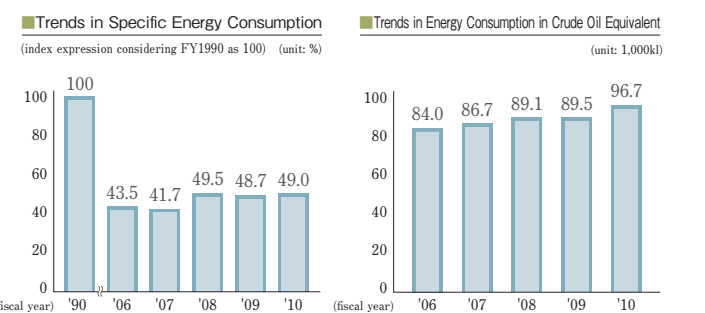
Unit: 10,000 tons of CO₂

Reduction of Energy Consumption

Reduce energy consumption (crude oil equivalent) per unit of production volume by 3% of FY2009 levels.

Result Increase **0.6%**

JCIA, of which we are a member, has the objective of reducing specific energy consumption, which is an indicator of energy saving, by 10% by FY2010 compared to FY1990. At Kanto Denka, we achieved this objective in FY1994 and are making efforts with even higher objectives. However, in FY2010, our energy consumption and specific energy consumption increased by 8% and 0.6%, respectively, from FY2009 levels. We will undertake a fresh review of our energy saving measures, and make further efforts towards reducing energy consumption.



※Specific energy consumption
This figure indicates how much energy was consumed in the production of a certain given quantity of products. The lower the figure, the more energy conserved in the manufacturing process.

We are making plant-wide efforts to reduce pollutants and reuse waste materials.

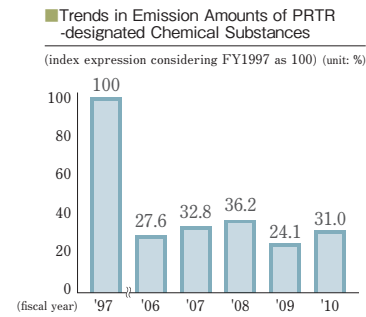
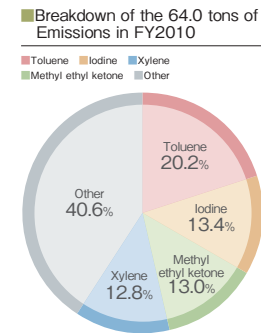
Reduction of Environmental Pollutants

RC action target Reduced the amount of emissions of chemicals specified as PRTR by JCIA by 10% compared to FY2009

Kanto Denka handles 18 substances (including those less than 1 ton) that are specified as PRTR by law, but we manage substances in accordance with the larger range of substances specified by JCIA. In FY2010 we handled 357,000 tons of the 42 substances specified as PRTR by JCIA. In addition, the emissions amount was 55.4 tons, and the emissions unit was 0.18kg for every 1 ton handled.

※PRTR The PRTR (Pollutant Release & Transfer Register) is a reporting and management system to help identify the quantity of chemical substances released into the atmosphere, water sources, and the soil. In Japan, the PRTR Law came into force in March 2001. The release and transfer quantities reported by companies will be made public by the relevant authorities annually.

Result **12.3%** Increase

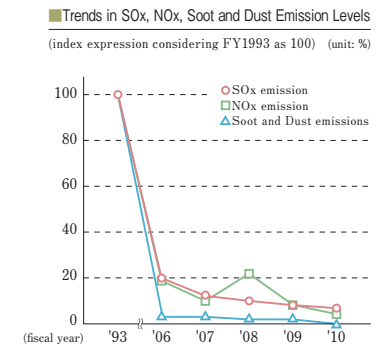


※FY1997, when the number of substances specified as PRTR by the JCIA was largely specified, is used as the base year.

Reduction of SO_x, NO_x, and Soot and Dust Emissions

Target Reduction of emissions in accordance with voluntary management standards

We are managing the emission of SO_x (sulfur oxides), NO_x (nitrogen oxides), and Soot and Dust according to our own management standards that we have set, and are working to reduce the emissions of each of these substances. In FY2010, we were able to achieve reductions in our SO_x, NO_x, as well as Soot and Dust emissions.

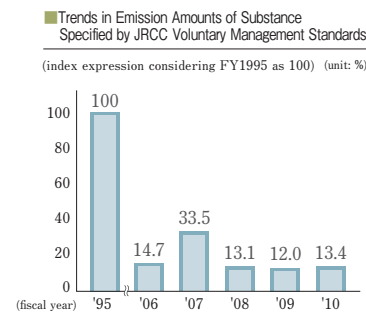
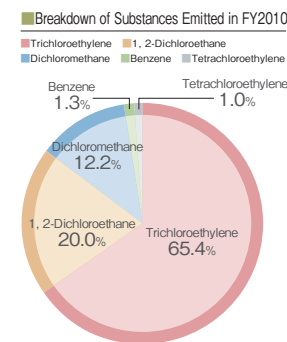


Target for Reduction of Emission Amounts of Substances Specified by JRCC Voluntary Management Standards

Target Manufacturing facilities' reduction of emission amounts of substances specified by JRCC Voluntary Management Standards

Kanto Denka currently manufactures five of 12 substances specified by the Japan Responsible Care Committee (JRCC) for priority reduction in atmospheric emissions. We manufacture the five substances of benzene, trichloroethylene (TCE), tetrachloroethylene (PCE), 1,2-Dichloroethane (EDC), and dichloromethane.

Although we were able to reduce our atmospheric emissions of these substances in FY2008 and FY2009, we saw a slight increase in FY2010.



Reduction of Industrial Waste

RC action target Maintain landfill industrial emissions on par with FY2006 results (1,500 tons) by raising the recycling ratio.

Kanto Denka is making proactive efforts to reduce the generation of waste products by controlling and reducing the volume of waste products while promoting recycling. In FY2010, industrial waste increased by 32% compared to FY2006, which represents a temporary increase attributed to the launch of new facilities. Nevertheless, we will exert our best efforts going forward in order to reduce this figure.

Result **32%** Increase

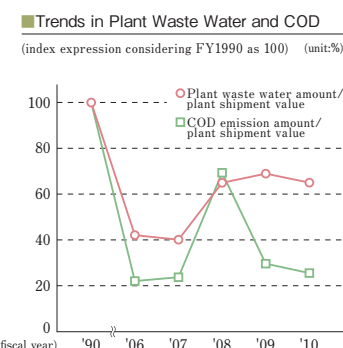


Reduction of Plant Waste Water and COD

Target Reduction of the amount of plant waste water and COD emissions

In FY2010, we were able to reduce plant waste water and COD emissions because of our efforts to recover pollutant substances from within our manufacturing facilities. Moving forward, we will continue to strive to reduce both our waste water and COD emissions.

※COD (Chemical Oxygen Demand) One indicator of pollution in water is the amount of oxygen necessary to decompose pollutants and other substances in water. The lower this figure is, the cleaner the water.



Error in Reported Pollution Load Data for Specific Water Effluent

On May 17, 2011, Kanto Denka learned of an error in its calculation method for pollution load data (COD^{*1}, T-N^{*2}, T-P^{*3}) on specific water effluent that it reports to Kurashiki City on a monthly basis. After recalculating based on the correct formula, we found that there were certain days between FY2008 and FY2010 in which pollution levels exceeded the legal limit. Kanto Denka deeply regrets reporting this incorrect data and for exceeding the legal limit on certain days during this time frame. We have taken every precaution necessary in our calculation and analysis of environmental data to ensure that such an error in reporting never occurs again.

※1 : COD ... Chemical Oxygen Demand. One indicator of water pollution. The amount of oxygen required to breakdown pollutants in the water.
 ※2 : T-N ... Total Nitrogen. One indicator for the extent of water eutrophication.
 ※3 : T-P ... Total Phosphorous. Phosphorous works together with nitrogen to eutrophy the water system.

Current Status

As for T-P, we have worked to lower the amount of phosphorous in specific water effluent and since March 2011 levels have been well below the legal limit. COD and T-N have also not exceeded the legal limit since April 2011. On one day after April 2011, however, T-N exceeded the separately agreed upon limit with Kurashiki City, and so we immediately took action to rectify the problem.

Site Reports

Kanto Denka maintains two company-owned plants, one in Shibukawa City, Gunma Prefecture and one in Kurashiki City, Okayama Prefecture, where it manufactures various chemical products. Both plants have obtained certification for their management systems addressing the environment, quality control and occupational safety and health, while both manufacture high quality products and engage in environmental conservation activities.

During the Great East Japan Earthquake that struck on March 11, 2011, Shibukawa City in Gunma Prefecture, where the Shibukawa Plant is located, experienced tremors of 5-upper on Japan's seismic intensity scale. Fortunately, however, no employees of Kanto Denka were injured nor were any environmental or facility problems caused as a result. Although it was forced to temporarily shut down due to the rolling blackouts implemented by the Tokyo Electric Power Company after the earthquake, Shibukawa Plant has been operating as normal since the middle part of April 2011.



Shibukawa Plant

The Shibukawa Plant has actively reduced its environmental footprint by pushing forward with the introduction of new environmental technologies.

- Plant area: approximately 138,000 square meters
- Number of employees: 323 (as of March 31, 2011)
- Products: [Fluorochemicals] sulfur hexafluoride, carbon tetrafluoride, tungsten hexafluoride, nitrogen trifluoride, hexafluoroethane, trifluoromethane, others [Ferrochemicals] carriers, magnetite

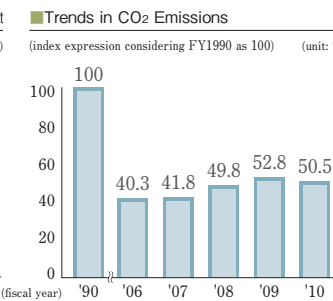
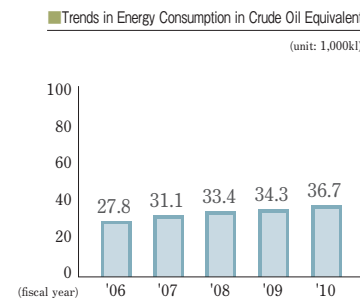
FY2010 Performance in RC Activities

The Shibukawa Plant is located near the waters of the Tone River blessed with a good natural environment. We work to put RC activities into practice in order to avoid polluting this beautiful area, and we aim to be a plant that is trusted by the local community where all employees can work with pride.

In FY2010, energy usage at the Shibukawa Plant rose, but the Plant was able to reduce its CO₂ emissions and the amount of landfill-bound industrial waste. The Plant's emissions of non-energy related greenhouse gasses (5.5 gasses) have been significantly reduced thanks to the start of combustion processing for SF₆ in FY2009 and PFCs and HFCs in FY2010. The Plant has also shifted the fuel of its steam generating boiler from heavy oil to liquefied natural gas (LNG), which has helped to reduce emissions of CO₂ and SOx. The Plant together with its partner companies achieved zero occupational accidents, and was recognized by the Gunma Federation of Labor Standards as a superior business site.

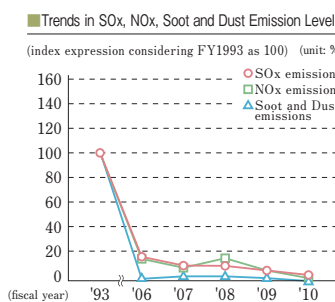
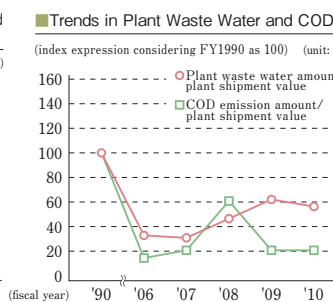
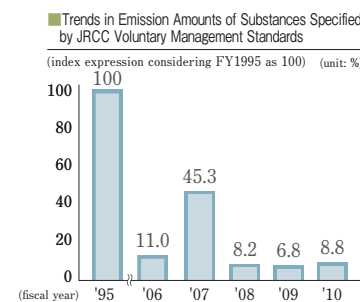


Shibukawa Plant Head Manager,
Takashi Suzuki



FY2010 PRTR Results

JCIA substance number	substance name	atmospheric emissions	water emissions	ground emissions	total emissions
274	Toluene	11.2	0.0	0.0	11.2
421	Iodine	0.0	7.4	0.0	7.4
399	Methyl ethyl ketone	7.2	0.0	0.0	7.2
83	Xylene	7.1	0.0	0.0	7.1
254	Trichloroethylene	5.6	0.0	0.0	5.6
145	Cyclohexane	4.8	0.0	0.0	4.8
236	Tetrahydrofuran	1.4	0.0	0.0	1.4
	Other	2.5	0.9	0.0	3.4
	total	39.8	8.3	0.0	48.1



Mizushima Plant

The Mizushima Plant leverages its quality, environmental and safety management systems to actively promote plant-wide RC activities.

- Plant area: approximately 185,000 square meters
- Number of employees: 207 (as of March 31, 2011)
- Products: [Fundamental chemicals] - caustic soda, sodium hypochlorite, hydrochloric acid, trichloroethylene, perchloroethylene and vinylidene chloride; [Fluorochemicals] - lithium hexafluorophosphate, silicon tetrafluoride, chlorine trifluoride, and organic fluorine compounds

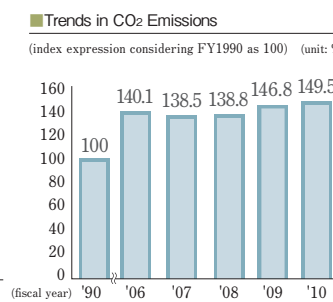
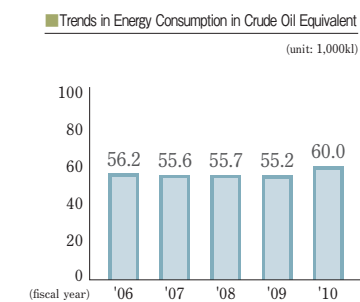
FY2010 Performance in RC Activities

The Mizushima Plant, under the Kanto Denka vision to create a plant that is trusted and boosts the strength of the company, engages in RC activities together with each and every employee by leveraging its management systems in quality control, the environment and safety. The Plant is constantly aware of its responsibility to society and highly values its interaction with customers and the local community in its approach to promoting safe operations and environmental conservation.

In FY2010, the Mizushima Plant reduced its water effluent and emissions of SOx and NOx, but its energy usage and emissions of environmental pollutants rose slightly compared to FY2009, while CO₂ emissions and industrial waste increased significantly. Although it together with its partner companies achieved zero occupational accidents in FY2010, a serious sulfuric acid spill occurred at the Plant on July 31, 2011. Kanto Denka deeply regrets this accident and extends its deepest sympathies to the employee injured in this accident and their family, the local community and all related parties. The Plant and its employees have already begun taking measures to ensure that this accident never occurs again.

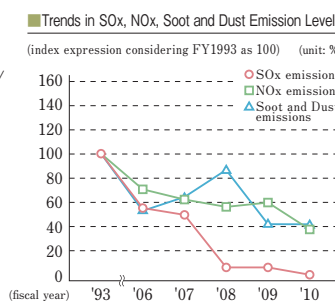
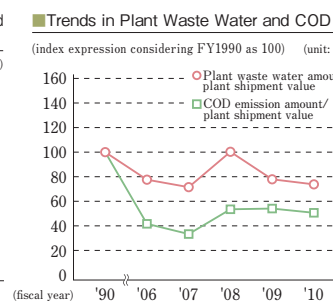
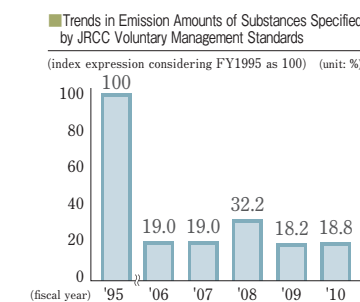


Mizushima Plant Head Manager,
Katsuhiro Saito



FY2010 PRTR Results

JCIA substance number	substance name	atmospheric emissions	water emissions	ground emissions	total emissions
152	1,1-Dichloroethylene	7.0	0.0	0.0	7.0
145	Cyclohexane	5.1	0.0	0.0	5.1
254	Trichloroethylene	1.4	0.0	0.0	1.4
253	1,1,2-Trichloroethane	1.0	0.0	0.0	1.0
150	1,2-Dichloroethane	0.7	0.0	0.0	0.7
232	1,1,2,2-Tetrachloroethane	0.4	0.0	0.0	0.4
343	Hydrogen fluoride and its water-soluble salts	0.1	0.3	0.0	0.4
	Other	0.0	0.0	0.0	0.0
	total	15.7	0.3	0.0	16.0



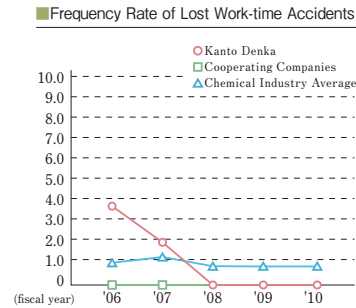
Working towards Safety

Kanto Denka believes in the importance of always being aware of risk and taking regular measures to ensure safety. Our aim is to achieve no accidents and no injuries by offering regular safety training and making constant improvements in our safety measures.

No Accidents and No Injuries

RC action target
Zero cases of industrial accidents, accidents at company facilities, or leaks of hazardous substances during transportation from Kanto Denka facilities to customers

With the objective of achieving an accident-free workplace, all employees at Kanto Denka and cooperating companies are working to "create a culture of safety" and to "create a workplace where people can work rigorously and in good health." As a result, in FY2010, we achieved zero lost work-time accidents in both the Shibukawa and Mizushima plants. Going forward, each and every one of us will continue working for the thorough implementation of risk management and promoting measures for safe operation.



The safety first tower

※Frequency Rate
The frequency rate of lost work-time accidents is an index showing the number of deaths/injuries per one million hours worked. It is based on a by-industry nationwide study, carried out by the Ministry of Health, Labor and Welfare, and adjusted for company size and number of hours worked.

Safety Activities at our Plants

Implementation of Safety Education

In order to achieve our goal of no accidents and no injuries, we must constantly reduce potential dangers underlying occupational injuries. We are aiming for more effective safety measures through provisions such as safety education during the morning meeting tailored to the situation at the site and the kind of work. We are also launching campaigns to improve work processes at each site in order to further ensure safety.



Safety education carried out before the start of operations

Implementation of KYT (Kiken Yochi Training: Danger Prognosis Training)

We gather near accident cases into a database and use it for KYT. Once a month at each workplace, a meeting is held to discuss these near-accident cases, identify the risk factors, and devise and implement solutions.

Safety Measures for Mechanical Equipment

We conduct safety assessments of newly-built or added machinery, safety inspections based on test operation plans, periodic inspections in accordance with regulations, and review the creation and periodic revision of operating manuals.



Glove inspection machine (made in-house)
Small holes in the gloves used during operations can result in chemical burns. In order to prevent this, glove inspections are carried out prior to operations.

Implementing Disaster Prevention Drills

At the Shibukawa and Mizushima plants, in preparation for accidents and industrial accidents, plant disaster self-prevention teams, workplace disaster self-prevention teams, fire-fighting squads, and ambulance teams are brought together to form Kanto Denka's disaster self-prevention group. Disaster prevention drills and joint training exercises with public fire departments are carried out twice a year. We also have the local government and the local people visit our drills. At each plant we carry out monthly and departmental disaster prevention drills, and also emergency contact drills for our night duty staff.



Joint training exercise with the local fire department

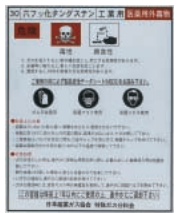
Safety Measures for Chemical Substances

Our chemical substances are safely managed in line with the Guidelines on Management of Chemical Substances incorporated in the PRTR Law, the Industrial Safety and Health Law, and the Poisonous and Deleterious Substance Control Law, and are verified by third parties such as ISO 14001 and OHSAS. Careful handling of poisonous and deleterious substances is required and we are strengthening management by implementing procedural manuals for segregation management, facilities, and the management of chemical products.

Warning Labels Based on PL (Product Liability)

All of our products are affixed with PL labels listing handling precautions. The Quality Control Committee carries out company-wide audits, including checks of the Shibukawa and Mizushima plants and their research laboratories, to ensure that product safety measures based on the Product Liability Law are being followed. Their findings are then reported to the RC Promotion Council.

※The PL (Product Liability) Law
The PL (Product Liability) Law is a law stating that if the consumer can prove defects in a product, the manufacturer can be charged with product liability regardless of whether the fault lies with the manufacturer or not. As a result of this law, companies are required to pursue even stricter safety standards.
PL labels
These labels give product safety information



Logistics Safety

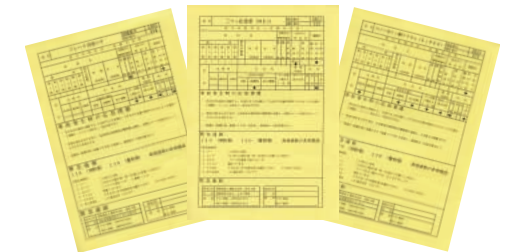
Kanto Denka is working to reduce potential risk factors in distribution through such measures as preventing deformation and damage of containers, securing the environment and safety of filling stations and distribution centers, and implementing a user facility improvement program. As part of these efforts, our Logistics Safety Committee is conducting safety auditing for each office and transporter.



Special gas transport vehicles make delivering products safer

Ensuring Safety in Emergencies

It is a requirement for all transportation companies to have the Yellow Card and MSDS (SDS) documents at all times during transportation. The documents contain emergency contact numbers and details of emergency steps to be taken as precautionary safety measures in the event of an accident.



The Yellow Card is an emergency contact card printed on yellow paper, which details the steps that a driver or assistant must take in the event of a traffic accident involving chemical substance or high-pressure gas, as well as the measures the fire department, police, and other emergency services should take.

User Facility Improvement Program

If a driver finds environmental or safety anomalies at a customer site, Kanto Denka investigates it based on the transporter's report. Then we make a recommendation for improvement and recommend that the customer take the appropriate steps. This program has been running since 1996 and has led to proactive improvements in the facilities.

Accident Involving the Failure of Sulfuric Acid Pipes

On July 31, 2011, an accident occurred at the Mizushima Plant in which part of the pipes of a soda electrolysis facility broke and spilled sulfuric acid onto an employee of one of our partner companies working in the vicinity. The employee suffered serious injuries, including burns over his entire body. Kanto Denka once again extends its sincerest apologies to the individual injured in the accident and their family as well as those inconvenienced in the local community and from related organizations. We consider this accident to be a serious matter of the utmost importance, and immediately set up an accident investigation team in order to ascertain the cause. We have also implemented a variety of company-wide measures to enhance safety and ensure this never happens again.

Preventative Measures

Remedial actions taken to prevent future occurrences:

1 Facility improvements

- Replaced and improved some of the Plant's soda electrolysis facilities and enhanced existing safety equipment

2 Review of our safety management structure

- Reviewed safety inspection structure for mechanical facilities
- Ensuring thorough safety education is given to all employees, including those from partner companies

Interaction with the Local Community

Kanto Denka has established opportunities to interact directly with the local community and its employees proactively take part in community activities. This forms our commitment to face-to-face communication with people in the local communities in which we operate. Moving forward, we will continue to strive to solidify relationships with our neighbors.

Aiming to Enhance Safety and Security RC Briefing Sessions

Responsible care activities represent a core responsibility of companies that produce and handle chemical substances. We participate in Japan Responsible Care Council sponsored RC briefing sessions to introduce our RC activities to a wider audience.

Responding to Voices from the Local Community Local Community Roundtable Meetings

Kanto Denka hosts roundtable meetings involving local residents six times a year in four different local communities. These meetings help provide a platform of trust as we are able to address questions or concerns of the local community directly.

Providing a Valuable Platform to Meet and Interact with the Local Community Plant Tours

Plant tours are offered to people from a variety of different age groups to help broaden understanding of our activities. During the tours, we also hold discussions on operational safety, environmental activities and future plans, and reflect feedback in plant management.

Showcasing the New Kanto Denka Display at the Shibukawa Industrial Technology Promotion Exhibit

Each year Kanto Denka hosts a display at the Industrial Technology Promotion Exhibit organized by Shibukawa City. We use the display to introduce our latest technologies and the results of our activities to the local community.



A Fixture in the Local Community Kanto Denka Culture Fest

Kanto Denka organizes a cultural festival that highlights the arts and crafts of employees and their families. The festival, which is also open to the local community, has become an important opportunity for us to get to know one another in a casual and friendly setting.



Creating Bonds that Foster Enjoyable Memories Participation in Local Community Events

Kanto Denka is an active participant in various local events including the Shibukawa Navel Festival (Shibukawa's location is known widely as the navel of Japan) and local festivals, such as the Bon-Odori Dance Festival, karaoke contests, walking marathons and sports festivals. Participation involves not only the company, but also employees who partake in the festivities as local residents.



Receiving the Assistance of Countless Employees Blood Donation Activities

Kanto Denka hosts blood drives twice a year at both its plants that attract a large number of employees. We look forward to continuing to actively engage in social contribution activities going forward.

Traffic Safety Initiatives The 200-Day No Accident, No Violation Challenge

The 200-Day No Accident, No Violation Challenge traffic safety event sponsored by the Okayama Prefectural Government seeks to create teams of 10 individuals who rally together to raise their awareness of traffic safety in an attempt to go 200 days without a traffic accident or violation. Every year numerous volunteer teams from the Mizushima Plant participate in the event.

Aiming to Enrich the Environment Around Our Plants Greenery Activities

Kanto Denka promotes on-site greenery at its plant and office locations as a means to conserving the environment and creating comfortable workplaces. We have created numerous innovations to help motivate more employees to participate, including setting up commemorative monuments and naming greenery areas after each department and division.



Participating in NPO Activities in the Local Community Shibukawa Regional Monozukuri Council

As members of the local community, employees from the Shibukawa Plant take part in road beautification activities organized by the NPO Shibukawa Regional Monozukuri Council. These activities seek to build pleasant local environments and include the planting of the Annabelle variety of hydrangea and other flora along the center divider of local national roads.



Promoting Collaborative Efforts for Environmental Beautification Clean-up Activities

Kanto Denka partakes in various clean-up activities, including weeding and garbage pick-up, with the aim to beautify the environment surrounding its plants. We also participate in city and district sponsored clean-up events as well as clean-up activities voluntarily conducted by neighboring communities.



Doing Our Part - One Step at a Time Eco Cap Movement

First launched as a voluntary effort of a small number of employees from the corporate head office, the Eco Cap Movement[®] has been expanded to include many of our other business locations in Japan.

[®]Eco Cap is a movement that recycles PET bottle caps and donates profits to providing children in need around the world with access to vaccines.



Aiming to Create Dynamic Workplaces

Kanto Denka believes that promoting the development of each and every employee will foster a more sound corporate culture and also contribute to the positive standing of the Company within the local community as well.

Offering a Wide-Range of Employee Training Programs

Kanto Denka offers a wide range of employee training programs tailored to career stage and occupational ability, including new employee, 6-month, 3rd-year and rank-based training sessions. We also actively support the personal development of our employees with a selection of elective correspondence courses. Mental health and sexual harassment training programs are also conducted to prevent workplace conflict or misconduct before it occurs.



Creating Pleasant Working Environments

We have taken adequate measures to address a variety of workplace concerns to ensure that each and every employee has access to a work environment they can be proud of. Employees have direct, easy and confidential access to a claims hotline for sexual and power harassment issues as well as a mental health line that connects to a mental health professional. In addition, we have created various internal rules and regulations to ensure that employees and families can balance work with their personal lives, including internal rules that address the health of new mothers and their children, childcare leave, nursing care leave and the rehiring of older age employees.

"Ryoyu-Kai" Activities

Ryoyu-Kai provides networking and socializing opportunities for employees outside of work. Through its activities, including various club activities, movie screenings and others, employees are able to meet and interact with peers from unrelated departments and divisions. Ryoyu-Kai also offers group travel and ski packages for employees and their families.



Initiatives in the Aftermath of the Great East Japan Earthquake

■ Providing charitable donations to assist the relief effort

The Great East Japan Earthquake that struck Japan on March 11, 2011 brought about unprecedented damage and destruction. Kanto Denka's labor union and employee volunteers made a call for charitable donations for the relief effort, with all funds provided to the Japanese Red Cross Society. In addition, Kanto Denka provided a donation in the amount of 10 million yen to the relief effort through the Central Community Chest of Japan.

■ Expanding stockpiled goods to prepare for future disasters

Kanto Denka stores blankets, radios, canned food, sleeping bags, lanterns and other items at each of its business locations in preparation for earthquakes and other natural disasters. Given the scale of this disaster exceeded all prior assumptions; we have begun efforts to expand the number of stockpiled goods further.