



Zeon Group Sustainability Report 2022

ZEON

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Editorial Policy

Zeon Corporation and Zeon Group ("Zeon") publish an Integrated Report, which provides stakeholders with an overview of Zeon's business activities. Zeon also publishes a Sustainability Report, which is intended to help stakeholders understand Zeon's approach to sustainability and its environmental activities.

Besides bringing together information about Zeon's sustainability approach and measures, this Sustainability Report is also intended to function as a communication tool, with the aim of fostering dialog with Zeon's stakeholders, so that Zeon can play an even more useful role in the world. We look forward to hearing your frank comments and suggestions regarding the Sustainability Report, which can provide a useful reference for us in our future activities.

Reporting Period

April 2021 to March 2022 (includes some information relating to the period in and after April 2022)

Reporting Scope

Zeon Corporation and Zeon Group companies inside and outside Japan.

Some data covers only Zeon Corporation.

Reporting Scope for Environmental Data

Takaoka Plant, Kawasaki Plant, Mizushima Plant, Tokuyama Plant, Himi Futagami Plant, Tsuruga Plant, Zeon Kasei Co., Ltd., Zeon Polymix Inc., Zeon Medical Inc., Zeon North Co., Ltd., Tokyo Zairyo Co., Ltd., RIMTEC Corporation, Zeon Yamaguchi Co., Ltd., Zeon Chemicals Yonezawa Co., Ltd., Tohpe Corporation, Zeon Opto Bio Lab Co., Ltd.

Reference Guidelines

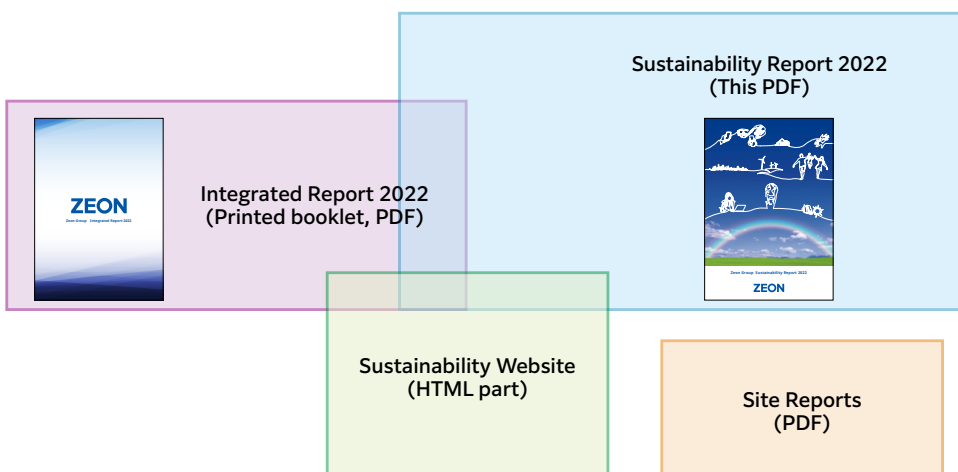
Determined with reference to the 2018 Environmental Reporting Guidelines promulgated by Japan's Ministry of the Environment (MOE), and with reference to GRI Standards.

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Sustainability Communication Tools



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Messages from Management

Message from the President

At the Zeon Group, our mission has been embodied in our corporate philosophy of “contributing to the preservation of the Earth and the prosperity of the human race.” We conduct our business aspiring to realize a “Sustainable Earth” and a “Safe and Comfortable Life” by providing products and services created using our original technology. Our corporate philosophy also ties into our company name, derived from the Greek words “geo” (Earth) and “eon” (eternity), encompassing the very concept of sustainability; achieving sustainability thus means nothing less than putting this corporate philosophy into practice.

However, against the backdrop of a variety of increasingly serious social issues such as climate change and a chaotic global situation, concerns about achieving a sustainable society are growing. As a result, I believe that we at the Zeon Group must renew our commitment and bring an even stronger resolve to achieving our mission.

Under our current Medium-Term Business Plan, which began in fiscal 2021, we have formulated a company-wide strategy around a vision of a company that lives up to societal expectations and the aspirations of its employees, with the goal of contributing to the Sustainable Development Goals (SDGs), a set of common global objectives. One of the key words behind our efforts to address society’s expectations is “innovation.” We believe that innovative materials and services created through the power of chemistry have an enormous ability to aid in solving social issues and can fundamentally alter the future of the Earth and humanity.

Without doubt, it is people who generate such innovation. Our human resource strategy is thus to work together to create a stage on which each of our employees can fully demonstrate their strengths. We will work earnestly toward achieving a sustainable society, using the motivation of our employees as the driver of innovation.



Kimiaki Tanaka
President and CEO

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Message from the Corporate Sustainability Division Manager

“Based on our corporate philosophy of ‘contributing to the preservation of the Earth and the prosperity of the human race,’ sustainability at Zeon means achieving sustainable growth together with society. To achieve this, we will provide products and services that are valuable for solving global and social issues, build trust with our stakeholders through fairness and integrity and have each one of us act proactively thinking how to create a better future for the society and ourselves.”

This is how the Zeon Group defined sustainability in its Sustainability Policy established in July 2022. It is both the Zeon Group’s basic approach to advancing its business, and at the same time a promise to our stakeholders of the attitude we most value in our relationships with them.

In our Medium-Term Business Plan, we have set out our contributions to the SDGs with the goal of solving social issues through our business. We are advancing a variety of initiatives to improve sustainability, including providing products and services that contribute to the SDGs; achieving carbon neutrality by 2050; enhancing employee engagement; and conducting human rights due diligence. In December 2022, we also established a Sustainability Conference and Sustainability Committee, and put in place a system to address various sustainability issues in an enterprise-wide, flexible manner.

Recently, we also decided to publish a new Sustainability Report, which will replace our existing CSR Report and which is intended to disclose the status of our sustainability management efforts. As we aim for the sustainable growth of both the Zeon Group and society as a whole, each of our employees will put into practice an awareness of sustainability in their own activities, while working to achieve a better future through dialogue and collaboration with our stakeholders.



Erisa Watanabe
 Director & Corporate Officer
 Corporate Sustainability Division Manager

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Zeon's Sustainability

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Basic Approach

Corporate Philosophy

Contributing to the preservation of the Earth and the prosperity of the human race

In keeping with its name, derived from the Greek words "geo" (Earth) and "eon" (eternity),

Zeon will contribute to a "Sustainable Earth" and "Safe and Comfortable Life for People" by providing original technologies, products, and services.

Sustainability Policy

On July 1, 2022, we adopted a new Sustainability Policy to replace our existing CSR Policy.

Sustainability Policy (Adopted on July 1, 2022)

- We aspire to realize a "Sustainable Earth" and "Safe and Comfortable Life".
- We will firmly maintain fairness and integrity in our activities to be a trustworthy company.
- Each of us will think and act proactively for a better future.

Based on our corporate philosophy of "contributing to the preservation of the Earth and the prosperity of the human race", sustainability at Zeon means achieving sustainable growth together with society. To achieve this, we will provide products and services that are valuable for solving global and social issues, build trust with our stakeholders through fairness and integrity and have each one of us act proactively thinking how to create a better future for the society and ourselves.



Explanation of the schematic diagram

Zeon's Sustainability Policy can be explained with reference to the schematic diagram shown above. Firstly, the inner arrows (① and ②) represent how, by helping to solve social issues and providing new value for society, Zeon itself can also obtain profits in return for providing this value. Arrows ③ and ④ show how continuing to implement a "virtuous circle" can lead to sustainable development for society and continued growth for Zeon. The image in the middle representing two people shaking hands denotes how, by realizing this kind of virtuous circle, the relationship of trust between society and Zeon can be further strengthened.

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CSR Code of Conduct

Based on the Zeon Corporate Philosophy and Sustainability Policy, we have established the CSR Code of Conduct, to serve as a guideline for each and every employee to earn the trust of society and act in accordance with its expectations.

CSR Code of Conduct

<https://www.zeon.co.jp/en/csr/concept/pdf/000257956.pdf>

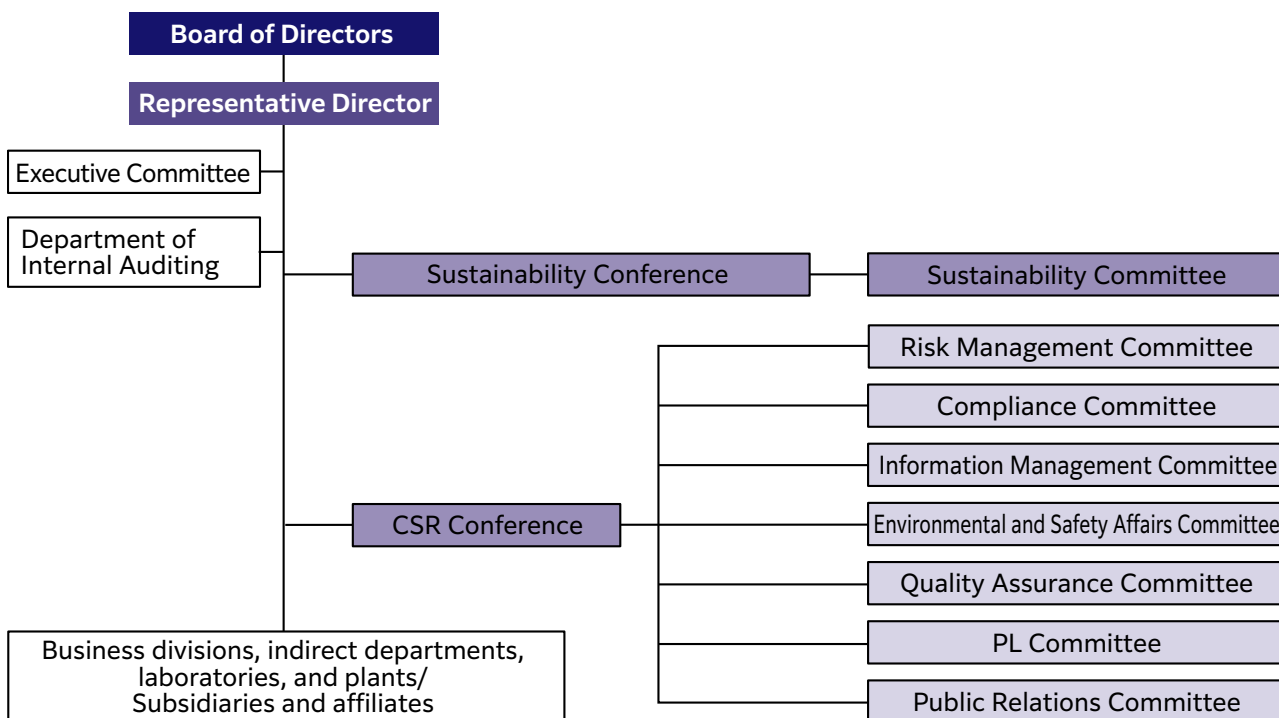
Sustainability Management

Organizational Bodies and Committees

In December 2022, we newly established the Sustainability Conference and Sustainability Committee as organizational bodies tasked with reviewing and promoting group-wide sustainability initiatives. Both the Sustainability Conference and the CSR Conference are chaired and overseen by the President, with reports

delivered to the Board of Directors on an as-needed basis. Risk management and compliance are handled by the CSR Conference, while general sustainability issues besides these are handled by the Sustainability Conference.

Conferences and Committees Promoting Sustainability



Sustainability Conference

Purpose of establishment: Established as the highest decision-making body to address sustainability and related issues

Function: Deliberates on and finalizes decisions related to the various activities and policies of the Sustainability Committee. In addition, fields progress reports and issues instructions as needed.

CSR Conference

Purpose of establishment: Established as the highest decision-making body for CSR activities, with a focus on risk management and compliance, which comprise the foundation for achieving sustainability

Function: Deliberates on and finalizes decisions related to the various activities and measures of the Compliance Committee, Risk Management Committee, Public Relations Committee, Quality Assurance Committee, PL Committee, Environmental and Safety Affairs Committee, and the Information Management Committee. In addition, fields progress reports and issues instructions as needed.

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Sustainability Committee

Purpose of establishment: Promotion of initiatives to engage with various sustainability issues

Function: Formulates policies for medium- to long-term activities relating to sustainability; develops annual plans and targets/indicators; considers important promotional measures; and performs checks on implementation status. These activities are also discussed with and reported to the Sustainability Conference. Thematic subcommittees under the jurisdiction of the Sustainability Committee will also be established as needed.

Risk Management Committee

Purpose of establishment: Manage business continuity risks

Function: The committee is responsible for systematically preventing potential risks and managing risks that emerge. It also aims to provide disciplined response to minimize loss in the event that a crisis does occur. For details on its activities, see Risk Management. (→P. 52)

Compliance Committee

Purpose of establishment: Prevent violations of laws and regulations

Function: The Compliance Committee is responsible for creating compliance education and training programs to be implemented by managing business divisions. The Compliance Committee has the following three subcommittees: the Anti-trust Law Regulatory Subcommittee, the Export Security Control Subcommittee, and the Corporate Governance Subcommittee. For more information about its activities, see Compliance. (→P. 53)

Information Management Committee

Purpose of establishment: Appropriate management of information

Function: Planning, implementation status management, and formulation of proposals for improvement, in regard to the appropriate management of information.

Environmental and Safety Affairs Committee

Purpose of establishment: Reduce environmental impacts, establish and maintain safe working environments

Function: The Environmental and Safety Affairs Committee plans and proposes specific environmental and safety initiatives and monitors the progress of addressing environmental and safety issues. For more information about its activities, see Environment (→P. 11) and Occupational Safety. (→P. 39)

Quality Assurance Committee

Purpose of establishment: Implement and improve quality assurance

Function: The Quality Assurance Committee reviews quality assurance activities and their implementation, and examines and takes action to improve issues related to quality assurance. For more information about its activities, see Quality Assurance. (→P. 42)

PL Committee

Purpose of establishment: Implement fulfillment activities related to product liability

Function: Formulates plans for product liability related prevention activities and training, and monitors the implementation of emergency response measures. For more information about its activities, see Quality Assurance. (→P. 42)

Public Relations Committee

Purpose of establishment: Effectively communicate information about Zeon

Function: The Public Relations Committee aims to enhance Zeon's profile and image through accurate communication of our corporate philosophy, approaches, and activities. The Committee also ensures timely and appropriate disclosure of information by Zeon Group. For more information about its activities, see Information Disclosure (→P. 49) and IR Communications. (→P. 54)

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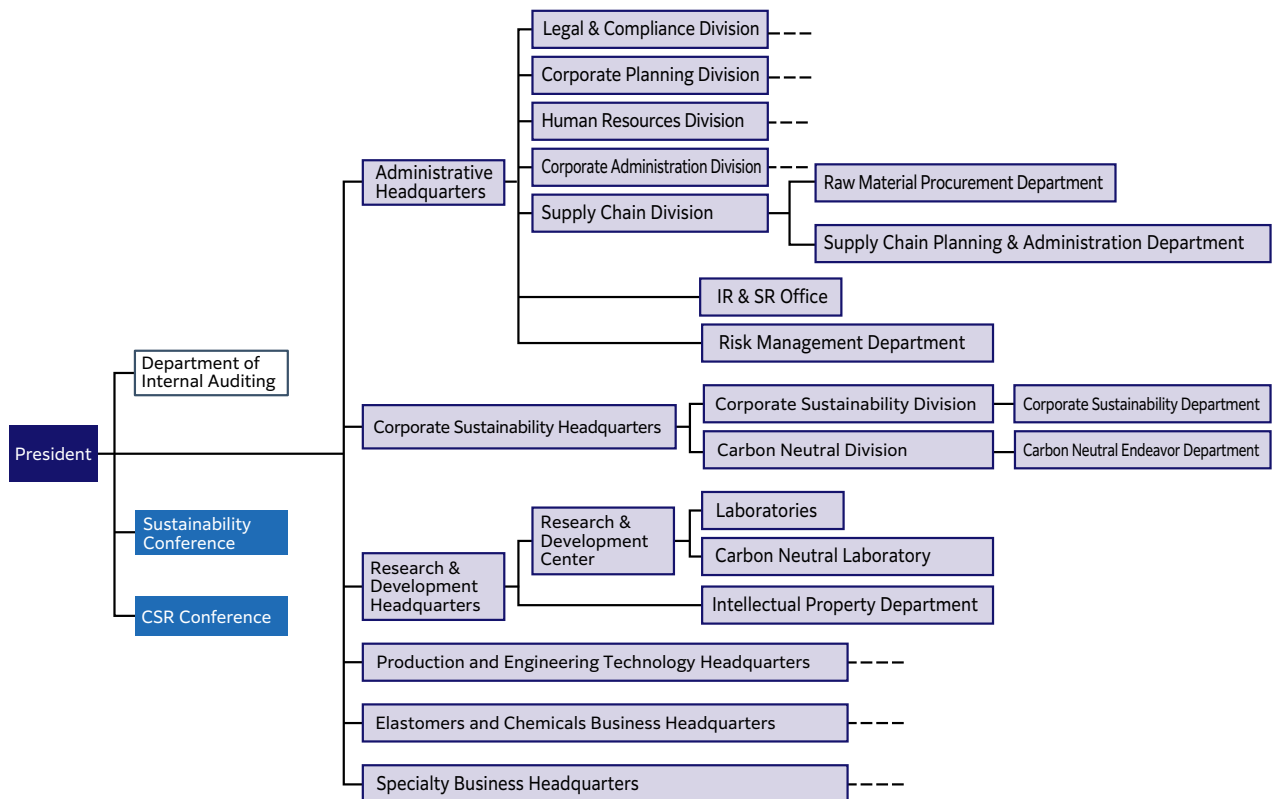
Organizational Reform

With the aim of realizing carbon neutrality by 2050, in April 2022 the Carbon Neutral Endeavor Department which previously reported directly to the President was placed under the Corporate Sustainability Division. In July 2022, we established a new Carbon Neutral Division to strengthen organizational functions such as strategy formulation, and the Carbon Neutral Endeavor Department was placed under it. In addition, a new Carbon Neutral Laboratory has been established under the Research and Development Center, and we have put in place a system for promoting R&D that is oriented toward *monozukuri* manufacturing that helps to realize carbon neutrality and the circular economy.

In May 2022, we implemented an organizational

reform, with the existing Raw Material Division and Logistics Division that had been under the Elastomers and Chemicals Business Headquarters being brought together to form the new Supply Chain Division, which is under the Administrative Headquarters. The Supply Chain Division undertakes the comprehensive collection and analysis of all supply chain related information, and implements measures intended to reduce Scope 3 CO₂ emissions in the supply chain. It also puts in place the systems needed for the formulation, proposal, adjustment and implementation of supply chain related policies to help ensure the building of the foundations needed for business growth, and accelerating initiatives aimed at realizing carbon neutrality.

Sustainability Promotion Structure



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Sustainability Promotion Plan

Since 2011, we have instituted our “Vision for 2020” in respective fields based on our CSR Matrix, and have been engaged with CSR issues at the Zeon Group level.

In 2021, we presented our “Vision for 2030,” formulating the Three Group-wide Strategies to help us achieve our goals for the year 2030, and which represent the embodiment of that vision. We then established our “Targets for 2030,” corresponding to these Three Group-wide Strategies. These include those relating to sustainability objectives, such as: “a 50% reduction in CO₂ emissions”; “50% of turnover from products which

contribute to the SDGs”; “75% employee engagement”; and “a 30% ratio of foreign-national and female directors.”

Meanwhile, it is important to have indicators to manage the various initiatives which we have undertaken in various fields to date. We will reconsider the mechanisms for management and disclosure on new initiatives as well as those for KPIs, which are discussed and finalized by the Sustainability Conference and CSR Conference respectively.

Timeline of CSR/Sustainability Initiatives

- 1995: Joined the Japan Responsible Care Council and declared our commitment to Responsible Care
Established Zeon’s Responsible Care Policy
- 1996: Revised the group-wide safety management system and established the Plant Technology Audit System
- 1997: Established the Safety Philosophy
Held the first Zeon Safety Month and the All-Zeon Safety Conference (subsequently held each year in April)
Established the Code of Conduct (Zeon’s Seven Articles)
- 1998: Established the Responsible Care Policy
- 1999: Established the Risk Management Rules
- 2000: Published the first Responsible Care Activity Report (1999 edition)
- 2001: Established the Environmental Philosophy
- 2003: Amended the Risk Management Rules and renamed them as the Risk Management and Compliance Rules
Established Zeon’s Seven Articles Code of Conduct
- 2004: Established the Internal Reporting System
Published the Compliance Textbook I
- 2005: Published an English version of the Responsible Care Activity Report
Conducted third-party verification for the Responsible Care Activity Report
Published the Compliance Textbook II (Q&A Edition)
- 2006: Switched from publishing the Responsible Care Activity Report to publishing the CSR Report
- 2008: Published the Compliance Textbook I (Revised Edition)
- 2009: Signed the Responsible Care Global Charter
- 2010: Established the CSR Policy and CSR Code of Conduct
Published the Compliance Textbook (Q&A Edition)
Revised the CSR Implementation System and established a new System
Published the CSR Textbook
- 2011: Began using the CSR Matrix
- 2012: Started the CSR Core Projects (comprehensive Zeon social contributions package)
- 2013: Switched from publishing the CSR Report to publishing the Corporate Report
- 2017: Revised the CSR Matrix based on ISO 26000
Along with publishing the Corporate Report, also published a PDF version of the CSR Report on the corporate website
- 2018: Revised the CSR Code of Conduct
- 2019: Became a signatory to the United Nations Global Compact
Established the Human Rights Policy
- 2020: Expressed its support for the TCFD
- 2022: Established the Sustainability Policy
Switched from the Corporate Report to the Integrated Report; and from the CSR Report to the Sustainability Report
Newly established the Sustainability Conference and Sustainability Committee

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Environmental Philosophy and Safety Philosophy

Philosophy and Policy for Safety and Environmental Activities

Responsible Care: A voluntary initiative by businesses that manufacture or handle chemical substances to achieve continuous improvement in health, safety, and environmental (HSE) performance across the entire lifecycle of such substances—from development and manufacture, through distribution and use, and ending in final consumption or disposal—based on the principles of independent decision-making and personal responsibility. These businesses publicly commit to Responsible Care in their business policies, implement HSE-related actions, and strive to improve their HSE performance.

At Zeon, we have practiced the Responsible Care philosophy as a member of the Japan Responsible Care Council (now the Japan Chemical Industry Association Responsible Care Committee) since its inception in 1995. In 1998, we established our own Responsible Care Policy to define our conduct guidelines based on the Responsible Care philosophy.

Environmental Philosophy

Established in 2001, our Environmental Philosophy guides our efforts to deliver products with consistent quality through safe and reliable production while reducing our environmental impacts.

Environmental Philosophy (Established August 2001)

1. Environmental protection is a mission of a socially responsible organization
2. Our basic belief is that environmental protection can be achieved with innovative technology
3. Environmental protection will be achieved when all employees work together with a sense of mission to overcome challenges

Safety Philosophy

A consistently safe work environment is the foundation of all production activities. We formulated our Safety Philosophy in 1997 to guide our safety activities.

Safety Philosophy (Established March 1997)

1. Safety is the foundation of all business activities and the greatest priority
2. Our basic belief regarding safety is that we can prevent all accidents
3. Safety will be achieved by performing the 5Ss* and when everyone takes responsibility for their own actions

*5Ss: Seiri (sort), Seiton (straighten), Seisou (scrub), Seiketsu (systematize), and Shitsuke (sustain)

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Responsible Care Policy

Responsible Care Policy (Established June 1998)

1. Prioritize the environment and safety

Protecting the environment and ensuring safety are preconditions for all business activities and are the most important priorities. We will work continuously to enact full accident prevention countermeasures, and provide education and training for all employees to prevent safety and environmental accidents.

2. Collect and distribute the latest information on chemical products

We will collect, store and manage the latest information required for the appropriate handling, use and disposal of chemical products, and distribute this information to employees and users.

3. Minimize the discharge of toxic chemicals and waste

We will work to reduce the discharge of hazardous chemical substances, minimize waste, and develop technology for recycling and reusing materials.

4. Promote activities for conserving resources and energy

We will aim to dramatically reduce the amount of energy we use and help alleviate global warming by developing innovative technology and actively promoting resource and energy conservation activities that involve all employees.

5. Take the environment and safety into account when developing new processes and products and performing quality assurance

We will perform thorough environmental and safety evaluations from the initial stages of research, develop technology and products that take the environment and safety into account, and work to maintain and improve the quality of technology and products.

6. Live together with society

We will strictly observe regulations related to the environment and safety, whether the regulations come from the local community, the national government, overseas, or organizations to which we belong. While cooperating in these activities, we will work to enhance our communication with the local community and society in order to convey a better understanding of Zeon's activities and further strengthen the trust that society has in our company.

7. Perform continuous improvements

We will continuously improve our environment safety management and technology by operating a Responsible Care Audit, the Safety Management System, an Environment Management System based on ISO 14001, and an Occupational Health and Safety Management System.

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Environmental and Safety Management

We have built Environmental and Safety Management Systems based on the Responsible Care philosophy, and are working toward the goal of ensuring the safety of all persons at our worksites and plants. We have also obtained ISO 14001 external certification related to the environment.

Overview of Environmental and Safety Management Systems

President's Annual Policy and Safety Management Improvement Master Plan

These documents are created by top management.

Annual Environment and Safety Policy

The Environmental and Safety Affairs Department General Manager creates this policy after the President's Annual Policy and the Safety Management Improvement Master Plan are released. The Annual Environment and Safety Policy is reviewed by the CSR Conference and finalized by the President.

Annual Worksite Manager's Policy and Annual Worksite Safety Management Improvement Master Plan

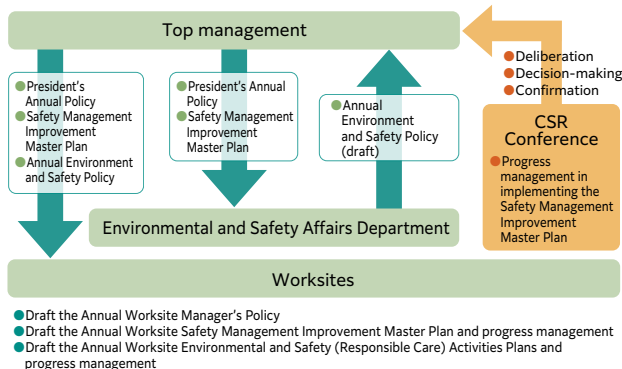
Worksite managers create these documents after the President's Annual Policy and the Safety Management Improvement Master Plan are released.

Annual Worksite Environmental and Safety (Responsible Care) Activities Plans

Worksite managers create the Activities Plans after the group-wide Annual Environment and Safety Policy is released.

- **Progress Management**
- **Safety Management Improvement Master Plan:** Progress verified by the CSR Conference
- **Annual Worksite Safety Management Improvement Master Plan:** Progress verified by the worksite manager during worksite inspections
- **Annual Worksite Environmental and Safety Activities Plans:** Progress verified by the worksite manager during worksite inspections

Environmental and Safety Management Systems



Audits

Audits assess whether our management systems are functioning normally.

Worksite Responsible Care audits cover environmental and safety matters and are headed by the Environmental and Safety Affairs Department General Manager. These audits have two parts: the Responsible Care Audit and the Responsible Care Dialogue.

Responsible Care Audits

- Audits using specialized indicators to monitor the progress of Responsible Care activities.
- These audits also include auditing conducted for worksites that have Certified Completion and Process Safety Inspectors for High-Pressure gas.
- The progress of improvements in areas where audits uncovered such needs is verified using the Audit Findings Improvement Plan and Progress Report.

Responsible Care Dialogues

- A venue for worksite members and management to consider, discuss, and resolve worksite environmental and safety issues that are difficult to identify through audits.

Responsible Care Audits at Group Companies

Group Company Responsible Care Audits cover Group company Responsible Care activities and are headed by the Environmental and Safety Affairs Department General Manager. The progress of improvements in areas where audits uncovered such needs is verified using the Audit Findings Improvement Plan and Progress Report.

Internal Plant Audits

Internal plant audits are conducted at plants.

- Plant manager inspections: Inspections of the progress of Responsible Care implementation conducted by the plant manager (at least once/year)
- Environmental Management System (EMS) internal audits

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Environmental and Safety Education

Systematic Safety Education

Environmental and safety education programs are implemented in accordance with the annual plan set by each worksite.

Group-wide environmental and safety education supervised by the Environmental and Safety Affairs Department is combined with worksite-specific environmental and safety education tailored to the specific needs of each individual worksite.

Through these educational activities, we strive to eliminate safety incidents and occupational accidents, minimize damage should an incident or accident occur, and maintain Zeon's status as an enterprise trusted by local communities.

Manager and supervisor education

Training for newly-appointed section managers

This is implemented for newly-appointed manufacturing section managers, facilities management section managers, and environmental and safety section managers.

The content of the training includes safety activities based on Zeon's safety system, safety concerns and responsibilities that safety managers should be familiar with, environmental and safety related laws and environmental and safety related company regulations, and the Safety Management System, etc.

Safety education provided by former plant managers

Education using accident case studies

Held since FY 2003, this education program aims to prevent the lessons of past accidents from fading from memory, to apply these lessons in work operations, to raise workers' awareness of safety, and to increase their sensitivity to potential risks.

Former plant managers give presentations to all plant employees. They cover specific examples of accidents at Zeon and other companies to communicate the grim consequences of such accidents, and provide instruction on how to analyze risk factors as well as countermeasures to prevent recurrences.

In FY 2021, instructors provided instruction via discussions with participants focusing on occupational accidents that have occurred at Zeon while directly communicating their own views to participants, such as the lessons to be drawn from respective cases.



Education using accident case studies



Education using accident case studies

Environmental and safety education for new employees

Newly-recruited employees at Zeon Head Office

Presentation of case studies of occupational accidents that have occurred while newly-recruited employees were undertaking factory placements, emphasizing the importance of abiding strictly by the rules that have been established in each workplace.

Newly-recruited employees at individual worksites

Education in basic matters relating to environmental and safety issues.

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Environmental and Safety Education and Training Activities Organized by Individual Worksites

Safety and environmental legislation education

Each individual worksite implements environmental and safety education in accordance with the annual plan.

Training activities

Training is implemented in accordance with the annual plan. We strive to improve emergency response capabilities by identifying issues that arise following training implementation and using these to make systematic improvements.

- Comprehensive disaster response drills: These are held once or twice a year, and involve the implementation of disaster response training and evacuation training based on earthquake or tsunami scenarios
- Individual training: Trainings for the individual self-directed disaster response organization disaster response teams and reporting trainings are held

Establishment of the "Safety Workshop"

A "Safety Workshop" has been established at the Mizushima Plant, at which employees can acquire practical experience in the various types of safety rules. Using the "Factory Safety Rules Understanding Verification Sheet" drawn up in accordance with the "Standards Governing Usage of the Mizushima Plant Safety Workshop," activities are conducted to check employees' level of understanding of safety rules; in addition, activities are held that make use of education based on the exhibits in the Safety Workshop to deepen understanding of factory rules among factory personnel (including the personnel of partner companies).



Display in the Safety Workshop showing how to use scaffolding

Adoption of hands-on safety education

The hands-on safety education program that was launched in FY 2014 at the Kawasaki Plant was expanded to other plants in FY 2015, providing education for research facility staff, the staff of partner companies that perform work inside Zeon facilities on a long-term basis, and the employees of neighboring Zeon Group companies.

The hands-on safety education provided in FY 2021 covered accidents in which employees are caught or trapped by machinery, electrostatic explosions and burns, shocks from residual pressure in couplers, accidents involving objects falling, and accidents involving cutting.

In the future, we will continue to implement this type of education systematically, including repeat education.



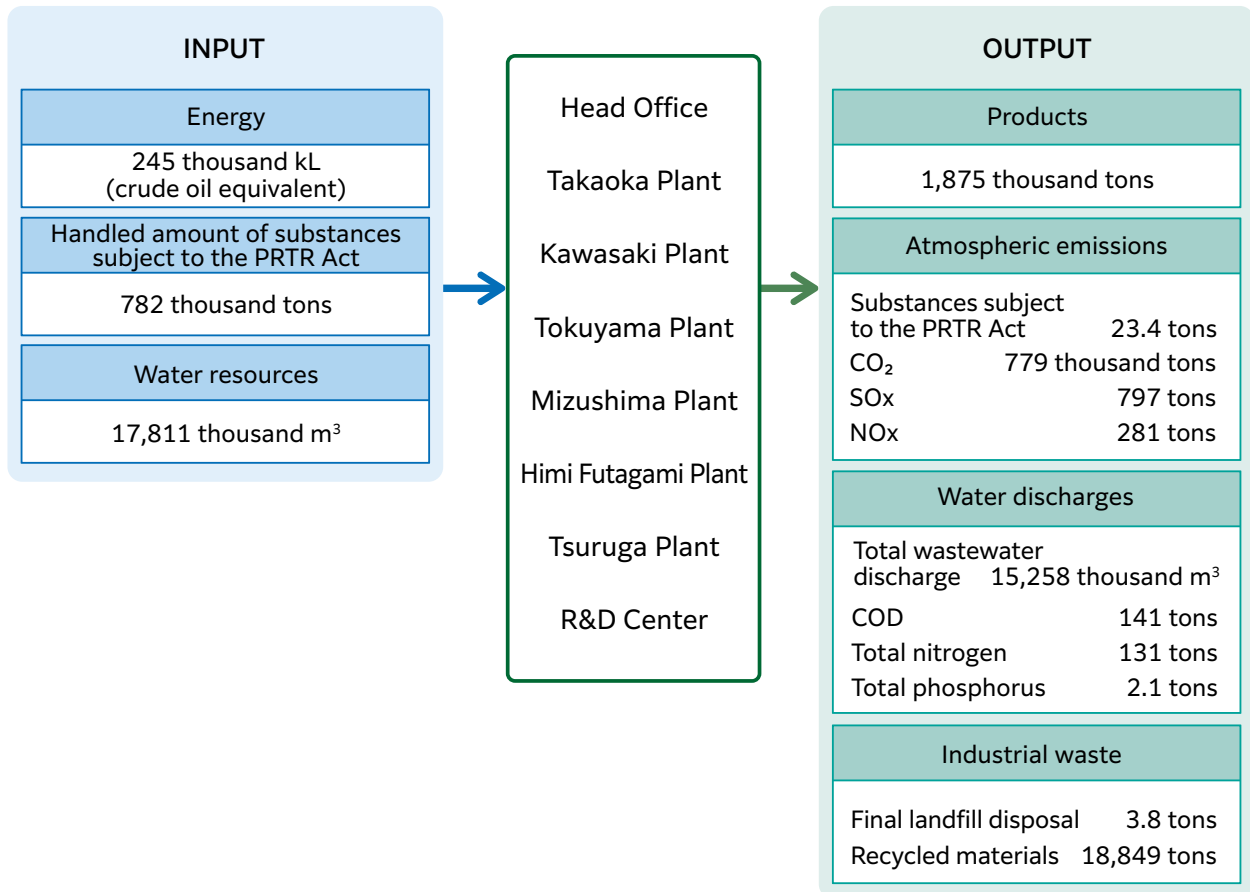
The hands-on safety education covering the dangers of getting caught in a roller

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Overview of Environmental Impacts

We procure raw materials for chemical substances, and consume energy and water resources in the production and sales of our materials and chemical substance products. While emitting substances that impact water and atmospheric environments is unavoidable in product manufacturing, we are implementing an ongoing cycle of improvements to minimize these emissions.

Overview of Environmental Impacts (FY 2021)



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Economic Indicators of Environmental Performance (Environmental Accounting)

We began introducing environmental accounting into our operations in FY 2000 in accordance with the Guidelines for Introducing an Environmental Accounting System (Ver. 2000) published by Japan's Ministry of the Environment (MOE), and have released environmental accounting statements since the 2001 edition of the Responsible Care Activity Report. This CSR report presents key data from our environmental accounting statements in FY 2018 as recommended in the Environmental Accounting Guidelines 2005 (MOE), Environmental Accounting Guidelines for Chemical Companies (JCIA, 2003), and Environmental Conservation Cost Categories 2003 (MOE).

Scope: Zeon Corporation in Japan (Head Office, Takaoka Plant, Kawasaki Plant, Tokuyama Plant, Mizushima Plant, Himi Futagami Plant, Tsuruga Plant, R&D Center); Period: April 1, 2021 to March 31, 2022

Environmental Conservation Costs

Environmental Conservation Expenses

We are developing technologies to minimize the environmental impact of our wastewater and reduce the amount of residual volatile substances in our products. We are focused in particular on developing technologies, designing equipment, and standardizing operating procedures to reduce emissions of butadiene and acrylonitrile, both hazardous air pollutants, and to reduce the environmental impact of our wastewater based on such parameters as total nitrogen (TN) and chemical oxygen demand (COD).

We are also working to develop eco-friendly products and innovative, energy-efficient processes.

Environmental conservation costs	FY 2021 (million JPY)	
Category	Investment amount	Expense
(1) Costs within the business area	123	2,804
Breakdown		
• Pollution prevention costs	99	1,840
• Global environmental protection costs	25	223
• Resource recycling costs	0	741
(2) Upstream and downstream costs	0	0
(3) Management costs	20	141
(4) R&D costs	155	2,245
(5) Social activities costs	0	49
(6) Environmental damage response costs	0	87
Total	299	5,326

Environmental Conservation Outcomes

Environmental Conservation Outcomes (Physical Outcomes)

Environmental impact indicators	FY 2021 results	Compared to FY 2020
CO ₂ emissions (tons)	523,540	69,517
SO _x emissions (tons)	797	218
NO _x emissions (tons)	281	23
COD emissions (tons)	141	20
Industrial waste sent to landfills (tons)	3.8	4
Total emissions of substances subject to the PRTR Act (tons)	23.4	0

*Added the Himi Futagami Plant and Tsuruga Plant from FY 2021

Economic Effects

We strive to use oils and other byproducts from our production and manufacturing processes in economically effective ways such as converting them to fuel and recycling them, or by other means. We are also working to recycle the metal resources in empty drums and containers. To conserve energy, we recover heat generated in heat-intensive distillation processes.

Economic Effects Resulting from Environmental Conservation Measures

Effects	Unit: million JPY
Effects obtained from recycling of resources, fuel conversion, etc.	0.0
Cost reductions from energy savings	0.1
Cost reductions from reducing emissions, recovery, and reuse of solvents and catalysts	4,484
Total	4,484

Environmental and Safety Investment

In addition to environmental investment related to facilities to prevent pollution and conserve energy and resources, we strive to improve safety through ongoing safety investment aimed at improving safety and eliminating hazards.

	Unit: million JPY
Environmental conservation	208
Safety related	2,288
Total	2,496

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Climate Change

Initiatives to Reduce Greenhouse Gas (CO₂) Emissions

Under the Medium-Term Business Plan which began in FY 2021, “Promote a transformation of *monozukuri* to realize a carbon neutrality and circular economy” is touted as a group-wide strategy. We have set the target of reducing greenhouse gas (CO₂) emissions (Scope 1+2) by 50% (equal to or less than approximately 390,000 tons) by FY 2030, when compared to the values for

FY 2019. To achieve this target, we are making efforts under the main themes of (1) Robust energy saving, (2) Technological innovations, and (3) CO₂ reductions via energy (fuel) conversion.

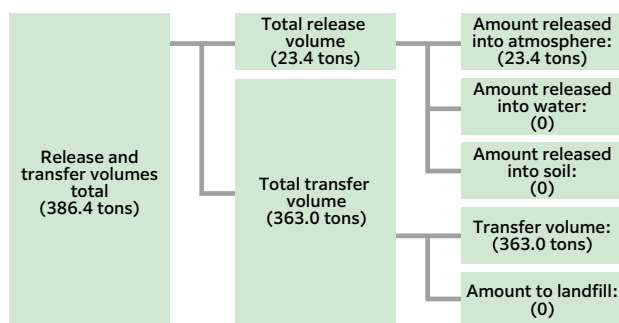
CO₂ emissions for FY 2021 (Scope 1+2) were approximately 780,000 tons for the year.

Chemical Substances Management

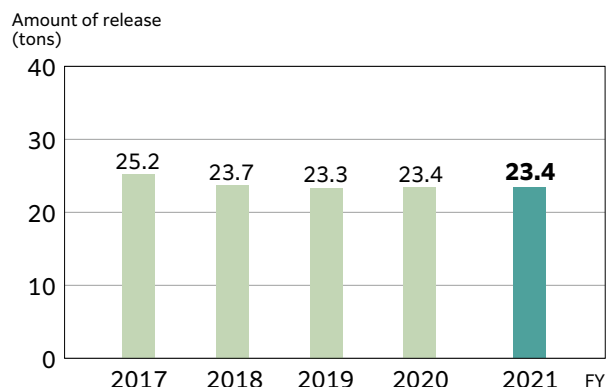
PRTR Initiatives Chemical Substances

We are implementing group-wide initiatives to reduce release and transfer of substances subject to Japan's PRTR Act.

Release and Transfer Volumes of Substances Subject to the PRTR Act (FY 2021)



Release of Substances Subject to the PRTR Act



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Detailed Release and Transfer Volumes of Substances Subject to the PRTR Act (FY 2021, 6 plants + R&D Center)

Government designated no.	Substance	Handled amount (tons)	Released into atmosphere (tons)	Released into water (tons)	Total release volume (tons)	Transfer volume (tons)
2	Acrylamide	31.8	0.0	0.0		0.0
3	Ethyl acrylate	1,438.4	4.4	0.0	4.4	0.0
4	Acrylic acid and its water-soluble salts	33.5	0.0	0.0		0.0
6	2-Hydroxyethyl acrylate	27.6	0.0	0.0		0.0
7	n-Butyl acrylate	2,826.7	1.5	0.0	1.5	16.8
8	Methyl acrylate	10.7	0.3	0.0	0.3	0.1
9	Acrylonitrile	27,628.6	3.3	0.0	3.3	0.2
13	Acetonitrile	0.7	0.0	0.0	0.0	0.7
20	2-Aminoethanol (monoethanolamine)	8.2	1.4	0.0	1.4	0.0
29	1-Allyloxy-2,3-epoxypropane	14.9	0.0	0.0		0.0
30	n-Alkylbenzenesulfonic acid and its salts (alkyl C=10-14)	1,217.1	0.0	0.0		0.0
36	Isoprene	79,067.6	0.7	0.0	0.7	0.1
53	Ethylbenzene	106.1	0.0	0.0	0.0	0.0
56	Ethylene oxide	738.1	0.0	0.0		0.0
60	Ethylenediamine tetraacetic acid	15.1	0.0	0.0		0.0
68	1,2-Epoxypropane	25.5	0.0	0.0		0.0
80	Xylene	2,415.7	0.2	0.0	0.2	1.3
125	Chloroform	0.2	0.0	0.0	0.0	0.2
134	Vinyl acetate	79.1	0.0	0.0	0.0	0.0
151	1,3-Dioxolane	2.4	0.0	0.0		1.6
154	Cyclohexylamine	1.1	0.0	0.0	0.0	0.0
190	Dicyclopentadiene	125,460.1	0.2	0.0	0.2	4.1
202	Divinylbenzene	6.0	0.0	0.0		0.0
203	Diphenylamine	5.4	0.0	0.0		0.0
207	2,6-Di-tert-butyl-4-cresol	59,441.3	5.0	0.0	5.0	0.0
220	Water-soluble salts of dimethyldithiocarbamic acid	21.5	0.0	0.0		2.3
230	N-(1,3-Dimethylbutyl)-N'-phenyl-p-phenylenediamine	56.3	0.0	0.0		0.0
232	N,N-dimethylformamide	248.3	0.0	0.0	0.0	2.7
240	Styrene	42,139.8	0.8	0.0	0.8	52.1
259	Tetraethylthiuram disulfide	15.3	0.0	0.0		0.0
274	Tert-dodecanethiol	817.3	0.0	0.0	0.0	0.1
277	Triethylamine	27.1	0.0	0.0		0.0
296	1,2,4-Trimethylbenzene	288.2	0.0	0.0		0.0
297	1,3,5-Trimethylbenzene	288.2	0.0	0.0		0.0
300	Toluene	3,540.6	0.0	0.0	0.0	113.6
302	Naphthalene	362.4	0.0	0.0		0.0
308	Nickel	71.3	0.1	0.0	0.1	62.5
309	Nickel compounds	93.6	0.0	0.0		93.6
333	Hydrazine	0.4	0.0	0.0		0.0
338	2-Vinylpyridine	60.0	0.0	0.0	0.0	7.1
349	Phenol	82.2	0.0	0.0	0.0	0.0
351	1,3-Butadiene	427,576.1	2.8	0.0	2.8	0.0
392	n-Hexane	333.5	2.0	0.0	2.0	2.3
395	Water-soluble salts of peroxodisulfuric acid	130.4	0.0	0.0		0.0
400	Benzene	3,125.8	0.0	0.0		0.0
407	Polyoxyethylene alkyl ether	106.3	0.0	0.0		0.0
408	Polyoxyethylene octylphenyl ether	2.5	0.0	0.0		0.0
410	Polyoxyethylene nonylphenyl ether	2.8	0.0	0.0		0.0
414	Maleic anhydride	78.9	0.5	0.0	0.5	0.0
415	Methacrylic acid	1,828.2	0.0	0.0	0.0	0.0
417	2,3-Epoxypropyl methacrylate	8.1	0.0	0.0		0.0
420	Methyl methacrylate	253.4	0.0	0.0	0.0	1.7
436	α-Methylstyrene	251.2	0.0	0.0		0.0
438	Methylnaphthalene	1.4	0.0	0.0	0.0	0.0

The PRTR Act specifies amounts in kilograms to two significant figures; however, this report specifies amounts in tons. 0.0 indicates less than 0.005 tons.

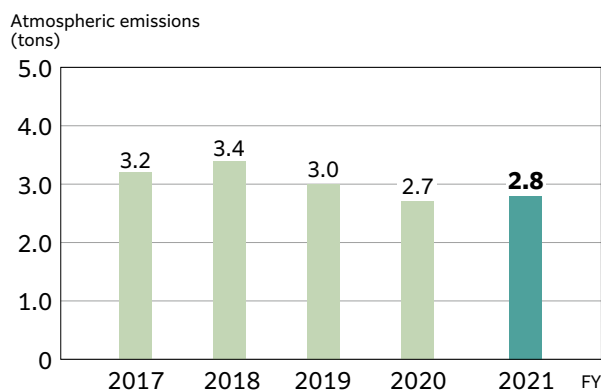
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Air, Water, and Waste Materials

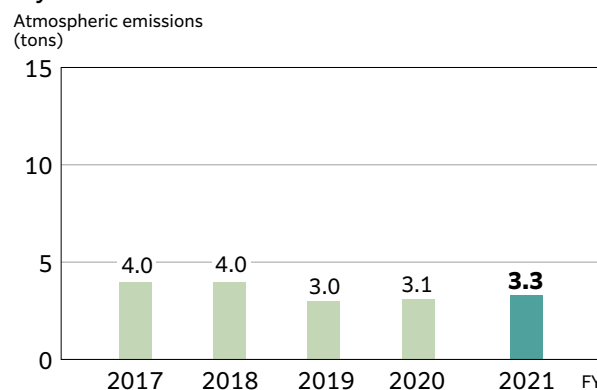
Atmospheric Emission Reductions of Hazardous

We are systematically reducing emissions of butadiene and acrylonitrile, which are among the substances requiring priority action under the Japan's Air Pollution Control Act.

Butadiene Emissions



Acrylonitrile Emissions

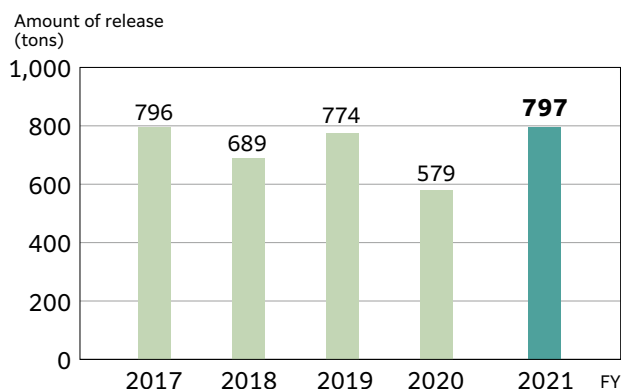


Initiatives to Prevent Air and Water Pollution

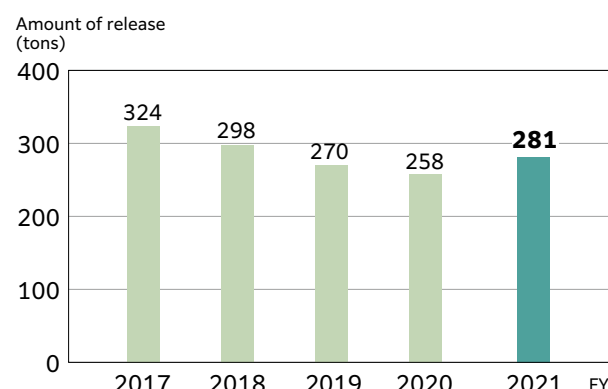
We are working to reduce emissions of air pollutants through the adoption of heavy oil with low sulfur (S) content and conversion to liquid natural gas (LNG).

The quality of our plant wastewater complies with the standards of the Water Pollution Prevention Act and agreements with local authorities (voluntary management standards).

SOx Emissions

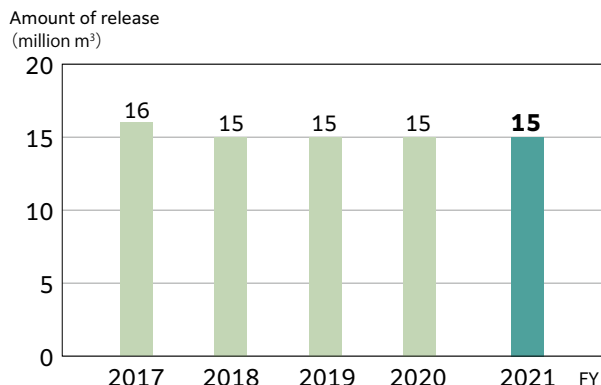


NOx Emissions

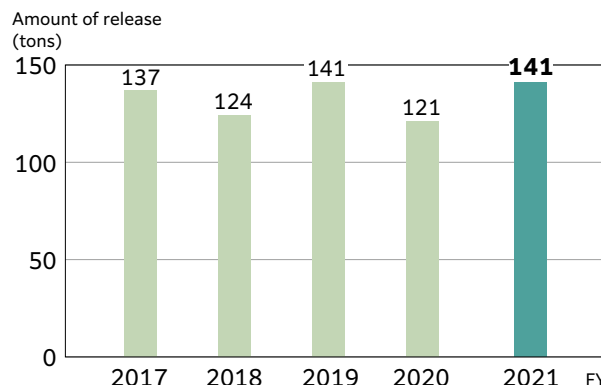


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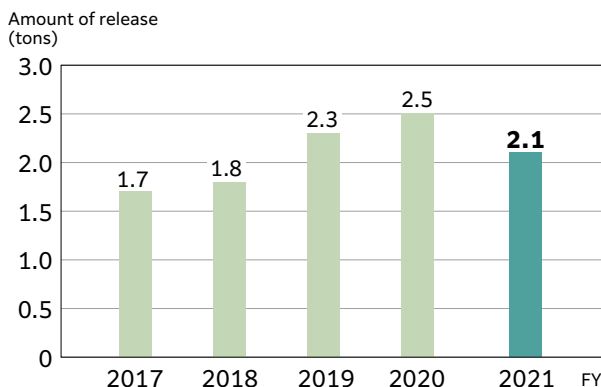
Total Wastewater Discharge



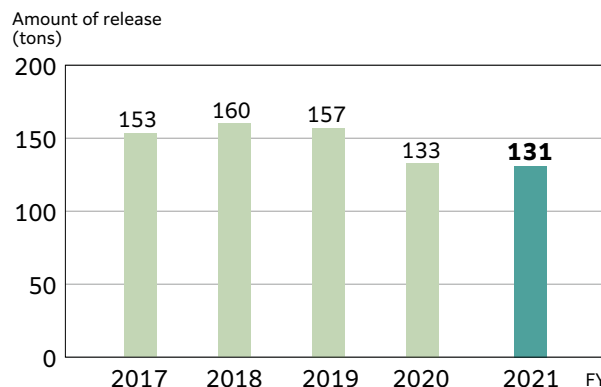
COD Discharge



Total Phosphorus Discharge



Total Nitrogen Discharge



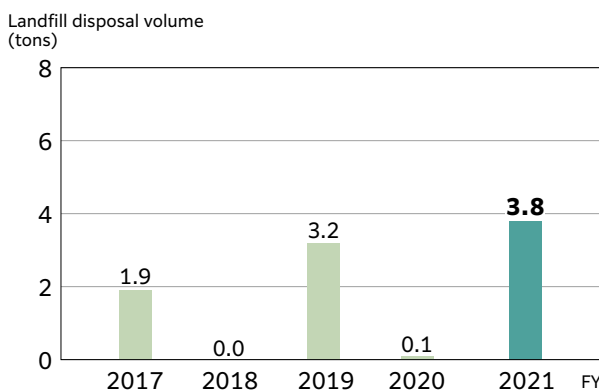
Waste Reductions

In terms of reducing the amount of industrial waste destined for final landfill disposal, Zeon Corporation worksites are maintaining a record of zero emissions (less than 0.1% of the industrial waste generated in FY 2007) since achieving this target in FY 2011.

Zeon Group companies had a final landfill volume of more than 600 tons in FY 2007, but since FY 2012 this has been reduced to around 10 tons, or roughly 0.4% of the industrial waste generated in FY 2007. This is considered zero emissions.

We aim to maintain a final landfill volume of 5 tons or less, the same as at Zeon Corporation worksites.

Final Industrial Waste Disposal at External Landfills



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Chemical Product Safety Information

We collect and provide safety information on our chemical products. We also conduct hazard assessments. For quality assurance, see Quality Assurance (→P. 42).

Information for the Proper Handling of Chemical Products

We produce Safety Data Sheets (SDS) for all Zeon products. SDS provide information including GHS*1 classification results, product hazards, and cautions for handling, etc.

For some of our products, we disclose safety-related information in the form of safety abstracts, which are made available on the GPS/JIPS*2 platform.

*1 GHS
Globally Harmonized System of Classification and Labelling of Chemicals

*2 GPS/JIPS
Global Product Strategy / Japan Initiative of Product Stewardship. GPS is a new voluntary initiative related to the management of chemicals, promoted by the International Council of Chemical Associations (ICCA). In Japan, the Japan Chemical Industry Association (JCIA) promotes GPS under the IPS and encourages member companies to participate.

Participation in Voluntary Chemical Industry Initiatives

Zeon provides financial support for research activities by the LRI*3 involving chemical substance hazard reviews, safety evaluations, and environmental impact surveys. As a member of the Far East Section of the IISRP*4, Zeon also participates in investigations of environmental issues, reviews of countermeasures, and activities to implement them.

*3 LRI
Long-range Research Initiative: Activities to provide long-term support for research on the impact of chemical substances on health and the environment. A program under the auspices of the International Council of Chemical Associations (ICCA) that is carried out with funding from LRI member companies and in cooperation with the chemical industries of Japan, the United States and Europe (specifically, the Japan Chemical Industry Association, American Chemistry Council and European Chemical Industry Council).

*4 IISRP
International Institute of Synthetic Rubber Producers

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Environmental Protection in Logistics

To more effectively use and recycle resources, we are promoting recovery and recycling of wood, resin, and metal pallets and containers used to transport various goods. We also use a large number of recycled resin transportation pallets.

Zeon has for some time now been working to promote the effective utilization of resources and implementing measures to reduce the environmental footprint of logistics operations, for example by reducing the weight of metal box pallets (by approximately 7%) and promoting the recovery of metal box pallets from overseas, as well as implementing flexible bag recovery and reuse.



Lightweight metal box pallet



Folded pallets after use

Compliance with the Revised Energy Conservation Act

As a specified consigner under the revised Energy Conservation Act, we are working to rationalize the use of energy together with partner companies involved in product and raw materials transportation. To date, we have studied and implemented improvements in loading efficiency, modal shift to rail and ship transportation, and truck and ship fuel efficiency.

Safety Initiatives in Logistics

At Zeon, we established Yellow Card* Management Rules for transporting hazardous products. These rules require drivers to carry a Yellow Card when transporting such products.

We also conduct reporting and communication training for drivers, and each plant offers training on product handling to prevent accidents in logistics.

*Yellow Card
Document describing what to do if an accident occurs during transportation, as established by the Logistics Safety Management Policy of the Japan Chemical Industry Association. The document is called a Yellow Card because it is printed on yellow paper.

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Human Rights/CSR Procurement

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CSR Procurement	P. 26

Upholding Positive Working Environments by Protecting Human Rights and Prohibiting Discrimination

In August 2019, we established the Zeon Group Human Rights Policy, which sets forth respect for human rights and prohibits discrimination, and are striving to create a mutually accepting company that does not tolerate discrimination based on gender, age, nationality, or other attribute and understands diverse values.

Zeon Group Human Rights Policy (Established on August 1, 2019)

We, the Zeon Group, are committed to fulfilling our corporate social responsibilities in respect of human rights and contributing to realizing a sustainable society, based on international codes of conduct on human rights, such as the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights in Labor, and the UN Global Compact.

Respect for Human Rights

We will not tolerate acts of discrimination or harassment based on age, gender, place of origin, ancestry, nationality, disability, religion, creed, marital status, employment status, union participation, political views and other differences. We also will not tolerate child labor, forced labor or/nor unjustly low wage labor.

Collaboration with Stakeholders

We will encourage our customers and business partners to support this policy with us to pursue business activities sharing respect for human rights.

Prevention and Mitigation of Human Rights Violations

We will strive to perceive, avoid and reduce any negative impact on human rights that might result from our business activities.

Response to Human Rights Violations

We will work on the relief through appropriate procedures when it is found that we have caused or furthered a negative impact on human rights.

Efforts on Human Rights Issues

We will provide appropriate education and training to our executives and employees, so that this policy is understood and implemented.

Disclosure of Information

We will publicly disclose information on our human rights initiatives under this policy through communication channels such as our website and corporate reports.

The Zeon Group considers respect for human rights as one of the important foundations of sustainability management and, from FY 2021, has commenced fully-fledged initiatives to ensure the human rights of all persons who are affected by its business activities are respected. Relevant departments at Zeon began by formulating a human rights risk map from an overall picture of business operations, to identify the human rights risks arising in the course of our business.

From FY 2022, we have held human rights seminars for management and relevant departments to instill the importance of respecting human rights within the company. We have also commenced due diligence on human rights while availing of advisory services provided by outside

experts. Specifically, we have created the three categories of Zeon Corporation, Zeon Group companies, and Supply Chain, with each of these used to identify the discrete set of agendas within these categories for the prevention and mitigation of negative impacts on human rights and are undertaking initiatives to address these. We will meanwhile take active steps to publicly disclose and make available the details of these initiatives via various reports.

In addition, we aim to establish a comprehensive mechanism for complaint processing, which will address specific negative impacts, and are undertaking initiatives to extend the scope of this mechanism to encompass our supply chain by the end of FY 2022.

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FY 2023 Initiatives

Zeon Corporation

“Human rights issues in advertising” and “nameless human rights” have been added to the 25 risk categories for human rights listed in the document “Company obligations to respond to ‘Business and Human Rights,’” published by the Ministry of Justice’s Human Rights Bureau. We have singled out 21 of these risks as high priority from the total of 27 risk categories, designating the departments which will be tasked with formulating the topics to be addressed, and working to reduce the human rights risks for respective categories of risk.

Zeon Group Companies

Due to the differences in both size and business category of Zeon Group companies, each will be responsible for formulating topics and engaging with the particular human rights risks by company. In FY 2022, we are planning to select the topics of human rights risks at respective Zeon Group companies in Japan; while in FY 2023, we plan to select topics for companies outside Japan.

Supply Chain

For our supply chain, Zeon conducts CSR surveys of suppliers utilizing the Global Compact Network Japan’s Common SAQ (CSR Procurement Self-Assessment Questionnaire). While this survey has been fully operational since FY 2019, in FY 2021 Zeon expanded its scope to cover not only the raw materials, logistics, and

materials of FY 2019, but also raw materials purchased independently by departments. We conducted a survey of a total of 262 of our suppliers after identifying those with operations which can be assumed to involve high risks for human rights, etc. in addition to those in the top 80% or higher by trading amounts in each division.

We responded to those suppliers who answered the survey in the form of a feedback sheet, with 16 suppliers singled out based on their percentage marks having been especially high or low, or as suppliers which handle high-risk materials in the upstream of the supply chain, and those selected subsequently visited or interviewed online for feedback.

As part of these feedback interviews, Zeon confirms the strategies, policies, and approaches in the CSR activities of our suppliers, in addition to checking on the status of CSR initiatives in the domains of environment, safety, human rights, labor, and contributions to local communities. We then request that suppliers undertake initiatives to facilitate further ongoing improvements in these areas. Furthermore, we ask that those suppliers which have implemented CSR procurement assessments submit written agreements regarding our approaches to CSR procurement such as our Human Rights Policy, and “Requests to Suppliers” in our CSR Procurement Guidelines, thereby expanding our approaches to encompass upstream suppliers.

In FY 2022, we plan to continue efforts to further enhance CSR in the Zeon Group supply chain, while conducting deliberations on the implementation of common SAQ for the supply chains of Group companies.

Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities

In June 2019, we became a signatory to the United Nations Global Compact, and in FY 2022 a total of 21 Zeon employees participated in 13 of Global Compact Network Japan’s subcommittees, and in related activities. Participating in the activities of the United Nations Global Compact and following its Ten Principles serves as the foundation of the Zeon Group’s 2030 Vision of being “a company that lives up to societal expectations and the aspirations of employees,” and it clearly enunciates to our stakeholders our basic stance on human rights, labor practices, the environment, and preventing corruption in our company activities. We also believe this will advance our CSR management based on world standards.



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CSR Procurement

In order to provide safe and reliable products, we procure raw materials based on the Zeon CSR Policy and the CSR Code of Conduct.

Procurement Policies

Policies related to procurement are as follows.

We have been developing initiatives for CSR-based procurement since FY 2012. We have established the CSR Procurement Guidelines and Requests to Suppliers, which integrate CSR perspectives into our existing QCD*.

*QCD
System of production management that controls and improves quality, cost, and delivery.

Approach to Conflict Minerals and Initiatives

Regarding conflict minerals as well, we will conduct initiatives to meet society's expectations based on the aforementioned procurement policies.

When we surveyed our suppliers from whom we procure raw materials with their cooperation, we confirmed that they do not use substances applicable to conflict minerals.

CSR Procurement Guidelines

1. CSR procurement

We will promote procurement activities that are based on our CSR Policy.

2. Procurement of optimal raw materials, products, and services

We will work to procure optimal raw materials, products, and services that meet our standards for quality, cost, delivery time, supply stability, and technological development capabilities in order to provide better products.

3. Consideration of the global environment

We will work to procure raw materials and products that have less impact on the global environment.

4. Open approach to purchasing and partnerships

We will use a global perspective to search for suppliers from across the world, build partnerships through dialogue, and work to create fair and equitable business opportunities.

Requests to Suppliers

We kindly ask that our suppliers:

1. Follow corporate ethics and thoroughly implement compliance.
2. Respect human rights and give consideration to workplace environments.
3. Give consideration to the environment, and provide safe raw materials, products, and services.
4. Provide raw materials, products, and services with competitive quality and pricing, and abide by agreed delivery dates.
5. Actively provide information during the creation of partnerships. Also, implement strict management of information disclosed by Zeon during our transactions. We will implement the same strict management.

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Human Resources

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Basic Approach and Policies

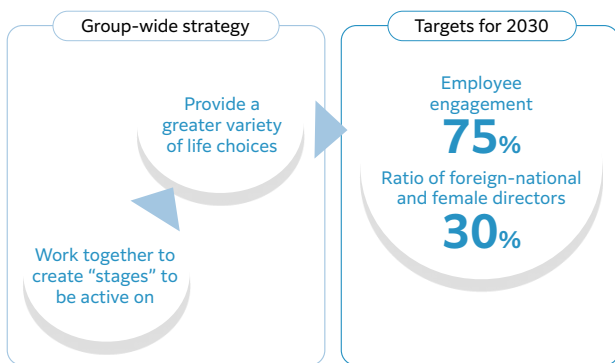
Vision for the Human Resources Strategy

In the current Medium-Term Business Plan (implementation of which began in FY 2021), we adopted a human resources strategy of “Work together to create ‘stages’ to be active on” as a group-wide strategy, with the aim of realizing our Vision for 2030, which is to “a company that lives up to societal expectations and the aspirations of employees.”

The foundation for our human resources strategy is a commitment to “realize freedom and well-being for all employees,” which includes Health and Productivity Management based on awareness of the fact that “employees and their family members are our company’s most indispensable asset,” and creating a working environment in which each individual employee can fulfill their potential.

By implementing this human resources strategy, Zeon’s aim is to provide employees with more life choices and enable employees to grow together with the company.

Group-wide strategy and targets for 2030

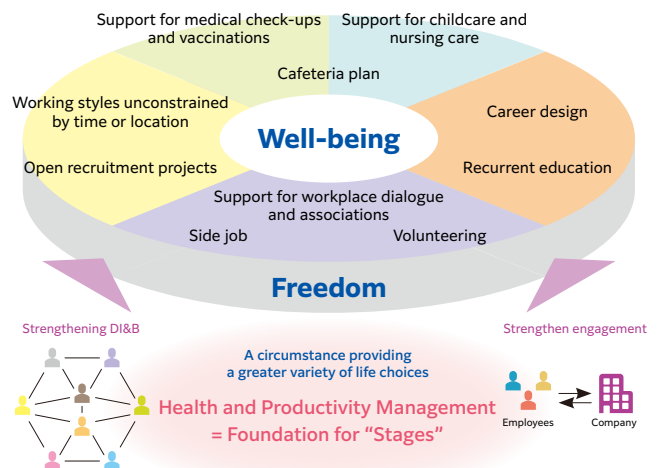


Work Together to Create “Stages” to Be Active On

What Zeon aims to achieve in terms of “stages” is to help realize freedom (in the sense of having more life choices) and well-being (meaning not only physical and mental health, but also feeling integrated in society and having a satisfying life) for all employees, so that we become a company where diverse individuals are able to demonstrate their strengths.

The figure below shows the Freedom and Well-being aspects of our human resources strategy in visual form. The state of Freedom means using a variety of initiatives and projects to enable employees to choose among a “greater variety of life choices.” For example, if there are employees who would like to contribute to society through volunteering, we will put in place the systems and corporate culture required for these employees to be able to volunteer, and will provide the resources needed to make it easier for them to take time off work. In this way, we will achieve employee Well-being, and we will be able to use our human resources strategy to support Zeon’s commitment to “Let’s Try First,” “Let’s Connect,” and “Let’s Polish Up.”

Overview of the human resources strategy



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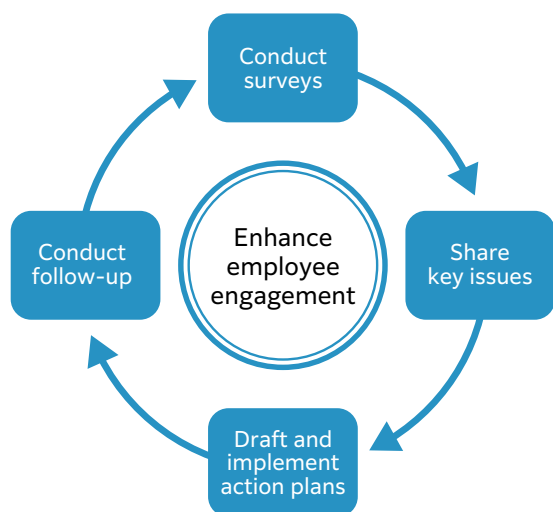
Initiatives to Achieve Our Targets for 2030

Enhancing Engagement through Employee Engagement Surveys

At Zeon, we utilize employee engagement indicators derived from employee engagement surveys as means to gauge the results achieved for the “stages” and their current statuses. We thus aim to raise the employee engagement rate to 75%—the average value for high-performing enterprises worldwide—by 2030. The employee engagement surveys that we use are global surveys, which allow us to perform benchmarking against the average values for high-performing global and Japanese corporations. Whereas in the past the various issues affecting each organization could only be determined subjectively, we are now able to clarify these issues using data.

Survey implementation began in FY 2021, with the latest survey results showing an engagement rate of 48%. We hold workshops for organizational heads and are endeavoring to improve engagement to support the drafting, implementation, and entrenchment of improvement plans for organizational challenges identified from the survey. We are actively aiming to build even better “stages” to achieve our targets for 2030.

Processes for the enhancement of employee engagement



Women's Participation and Advancement in the Workplace

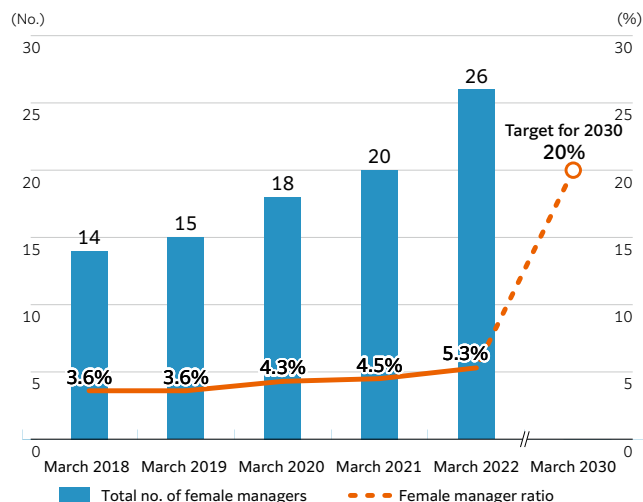
In the context of an ongoing decline in the working population due to low birth rates and an aging population, the promotion of participation and advancement by women in the workplace is essential to Zeon's continued achievement of sustainable growth. There has been an increase in the number of female employees either holding or capable of holding the positions of department manager or section manager, and we are striving to expand the opportunities for female employees to be increasingly active in such roles. As of March 31, 2022, 12.7% of our company's employees, and 5.3% of managers, were female. We aim to increase the percentage of female employees to around 20%, and that of female managers to around 20%, by 2030.

To build an environment conducive to the participation and advancement of women, and cultivate the ability of female employees to manage their own career development, we dispatch employees to participate in J-Win* activities annually. In FY 2021, as part of these activities, we participated in the Management in the Age of Diversity subcommittee as well as the Becoming a Global Gender Gap Index World-Leader subcommittees of J-Win. Each participating Zeon employee is fostering a leadership-oriented mindset, playing various roles such as sub-leaders, members of overseas training committees, or in managing overseas training programs.

We will continue to actively recruit, train, and appoint women in our efforts to increase the number of female employees capable of playing a central role in managerial decision-making in the future.

*Japan Women's Innovative Network: An organization with corporate membership established in April 2007 by an NPO, with the aim of supporting the promotion and entrenchment of diversity management at companies.

Female manager ratio and number of female managers (non-consolidated)



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**Zeon Corporation's General Employer Action Plan
(based on the Act on Promotion of Women's Participation and Advancement in the Workplace)**

We have established the following action plan to create employment conditions that allow women to continue working and be promoted to managerial positions.

1. Plan implementation period April 1, 2021 to March 31, 2026
2. Zeon Corporation's issue We want to increase the number of female employees.
3. Goals and initiatives, and implementation time-frame

Target 1: Increasing the percentage of new recruits (specifically, new employees who have just finished university or graduate school) who are women to at least 50% for administrative positions and at least 30% for technical positions

Starting in FY 2021, we will be implementing manager cultivation training for employees who are candidates for management positions, and we will be expanding and continuing the support that we provide for self-development, including career development awareness raising.

Target 2: Raising the percentage of female managers to at least 6%

Starting in FY 2021, we will be implementing manager cultivation training for employees who are candidates for management positions, and we will be expanding and continuing the support that we provide for self-development, including career development awareness raising.

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Diverse Human Resources

Intensification of D&I into DI&B

DI&B stands for Diversity, Inclusion and Belonging. As part of efforts to further intensify our promotion of D&I, we have developed initiatives to incorporate the essential element of Belonging (the ability to be oneself within an organization, accompanied by a sense of security and trust). We encourage our diverse workforce to exercise their abilities and express their personalities in their own ways, thereby invigorating our organizational culture, and encouraging the exercise of autonomous leadership.

Zeon have established a dedicated department, the DI&B Promotion Office within the Human Resources Division, while also launching promotional projects with proposals solicited internally to help entrench DI&B in our organizational culture. Members of various ages, genders, and nationalities recruited by means of wide-ranging calls are distributed across various teams, where they are working to put into action "What we want to do

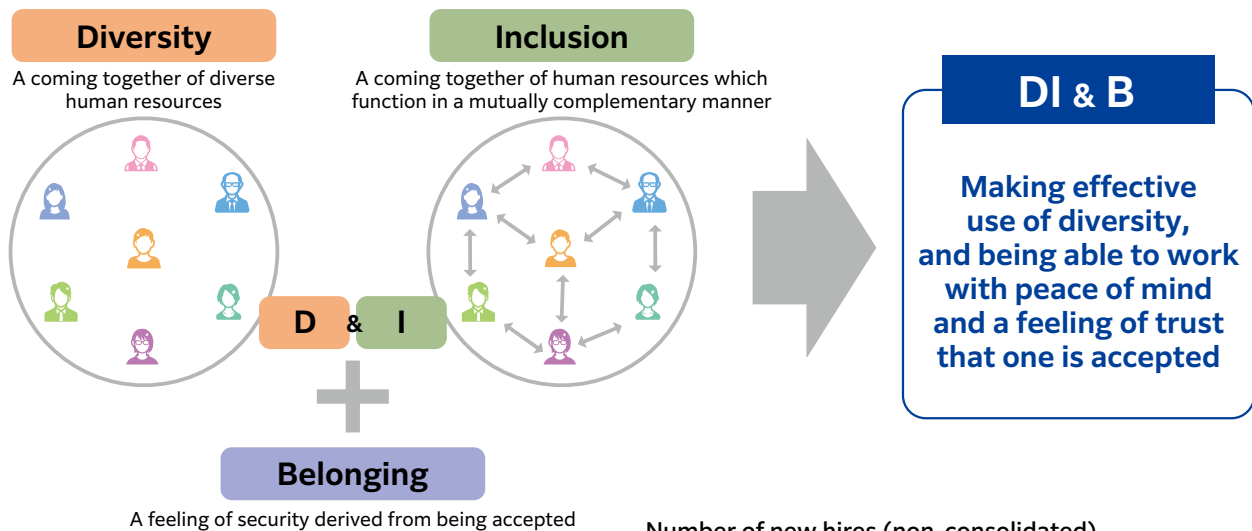
to establish a culture of DI&B at Zeon."

The Career and Organizational Consultation Service and mentoring system, which are among the initiatives based on employees helping each other out, are intended to foster autonomy and a Better Together ethos. Undertakings born of the spirit of "Let's Try First" of the members have come to fruition in quick succession and are now yielding outcomes. These include the Story-telling Circle, which offers a platform for persons experiencing the same issues, or who are in similar situations—such as those raising children or mid-career hires—the opportunity to talk to each other; and the Idea Proposal Games, aimed at building relationships by providing participants with the opportunity to talk to each other sincerely and openly.

We hope to continue to expand on these initiatives, whereby employees naturally take on leadership roles and proactively help one another to grow, to ensure that they will continue to cycle across generations and localities.

DI&B at Zeon

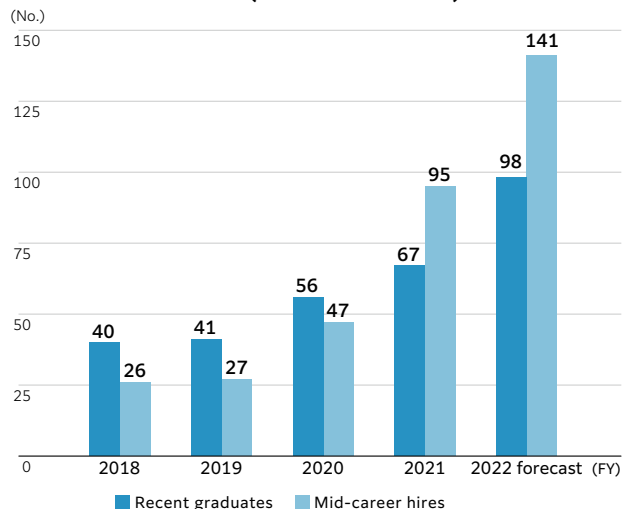
Aiming to be an organization where **diverse human resources accept each other and work together as a single whole**



Hiring of Recent Graduates and Career/Mid-career Candidates

In FY 2022, we hired 98 new employees (senior high school/technical college/university graduates). The percentage of females among university graduates and above will be 50% in administrative positions and 28.6% in technical positions. Meanwhile, 95 career and mid-career candidates were hired in FY 2021. These figures represent hiring on an unprecedented scale both for recent graduates and career and mid-career candidates. We will continue to hire diverse human resources, who have varied ideas and sensibilities, toward securing the human resources we will need to support the expansion of our business and the creation of innovation.

Number of new hires (non-consolidated)



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Promoting Employment of People with Disabilities

We are promoting the employment of people with disabilities while exercising the utmost care regarding safety, at our laboratories and plants which handle hazardous materials and use rotating and other industrial equipment to manufacture chemicals.

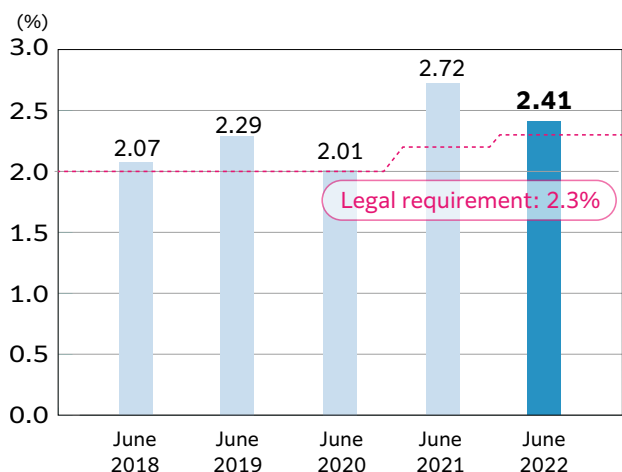
We are also actively providing Decent Work (rewarding and humane work) opportunities, including the opening in October 2020 of Zeon Farm, a facility for the employment of people with disabilities, in Kashiwa City, Chiba Prefecture, and the opening in September 2022 of Zeon Farm Tokuyama, in Shunan City, Yamaguchi Prefecture.

Vegetables harvested from Zeon Farms are transported to Head Office and plants or donated to "kodomo-shokudo" cafeterias for children, thus contributing to health and productivity management as well as community outreach activities. At Zeon Farm Tokuyama, people with disabilities are at the center of cooperative activities to cultivate vegetables to enable similar initiatives.



At Zeon Farm Tokuyama

Percentage of Employees with Disabilities



Participation and Advancement of Foreign-national Employees

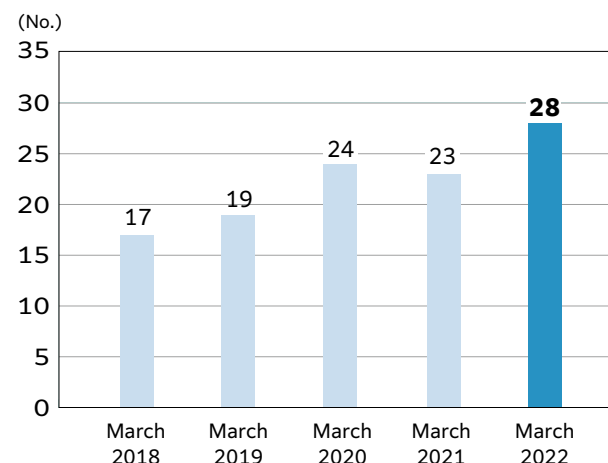
As we expand our business globally, it is of the utmost importance that an active role is played not just by Japanese employees but also by employees of other nationalities.

Working in various departments serves to help not only non-Japanese employees but also the Japanese colleagues working alongside them to grow, while also promoting respect for diverse values and invigorating our organization as a whole.

Zeon has continuously pursued the recruitment of a multinational workforce, including hires from overseas, irrespective of nationality, for some time and, as of March 2022, has 28 foreign-national employees, an increase on past numbers. Of these 28 employees, three are active in managerial roles.

We will continue to pursue a policy of increasing the number of foreign-national employees capable of playing a central role in managerial decision-making into the future.

Number of foreign-national employees (non-consolidated)



Globally Active Employees

At Zeon, employees stationed overseas are active in regions throughout the globe. As of March 2022, 49 employees were stationed outside Japan, and are promoting our overseas business, with an emphasis on those in Asian countries, but also in North America, Europe, and other regions.

In addition to offering our support to employees stationed outside Japan to ensure that they can live and work in safety, we aim to clarify the roles and duties required of each of these employees, as well as providing visions for their careers with an eye to their growth. We will also actively undertake the creation of environments which allow employees to rise to challenges with confidence. This will include canvassing and providing them with opportunities to volunteer their opinions and wishes.

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Health and Productivity Management Promotion

Vision for Health and Productivity Management

In October 2021, Zeon enacted the Declaration for Health and Productivity Management and Code of Conduct for Well-being. We aim to realize a company which continues to contribute to a "Sustainable Earth" and "Safe and Comfortable Lives for People," where every employee of the ZEON Group fulfills their potential and plays an active and vibrant role at both the company and in society through health and productivity management.

This means that health and productivity management

represents the "foundations to the stages" for all employees to realize Well-being and Freedom.

Well-being: Satisfaction and contentment with one's life, not limited to mental and physical concerns but also in social aspects

Freedom: Having a greater variety of choices in one's life

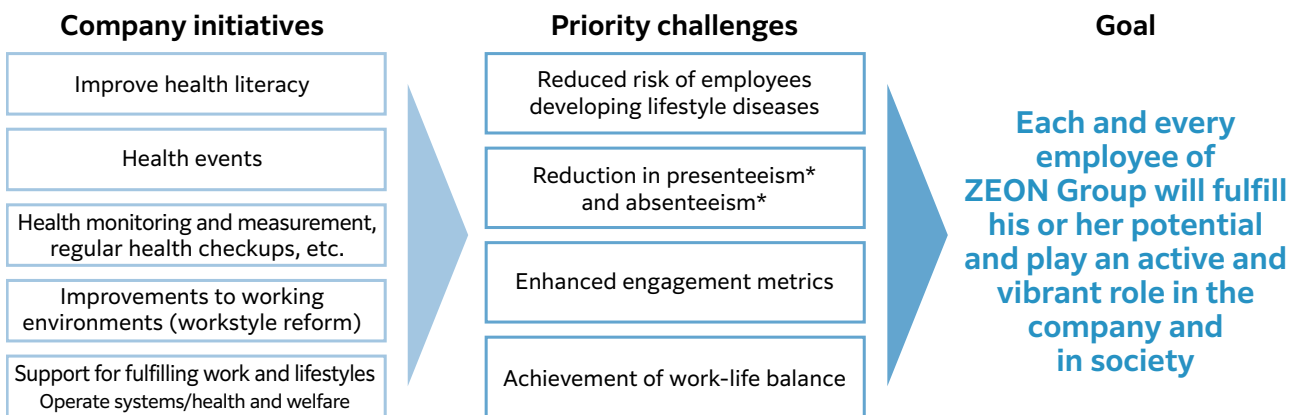
Declaration for Health and Productivity Management (October 2021)

Our corporate philosophy is "Contributing to the preservation of the Earth and the prosperity of the human race". This mission will be accomplished by each and every employee of ZEON Group fulfilling his or her potential and playing an active and vibrant role in the company and in the society. In order for us to continue contributing to a "Sustainable Earth" and a "Safe and Comfortable Lives for People", we will create a work environment where employees can work cheerfully and vigorously and lead healthy lives, both physically and mentally, with their families and colleagues.

Code of Conduct for Well-being: "What I need to do to be happy"

- I will be conscious of and proactively work to ensure that I am healthy, happy and empowered in my work
- I will establish the status of my health by means of regular checkups and avail of appropriate feedback and guidance
- I will ask myself if I am sleeping and eating well and maintain awareness of my daily routines, noticing any changes in my condition as soon as possible, and engaging in self-care routines
- I will give due attention to the environment which surrounds me, and make daily improvements to make it safer and more comfortable
- I will understand the resources available around me that will support me in times of emergency

Health and productivity management targets and key issues/policies



*Presenteeism: Productivity lost due to employees coming to work despite being unwell
 Absenteeism: Productivity lost due to employees being absent for reasons of illness

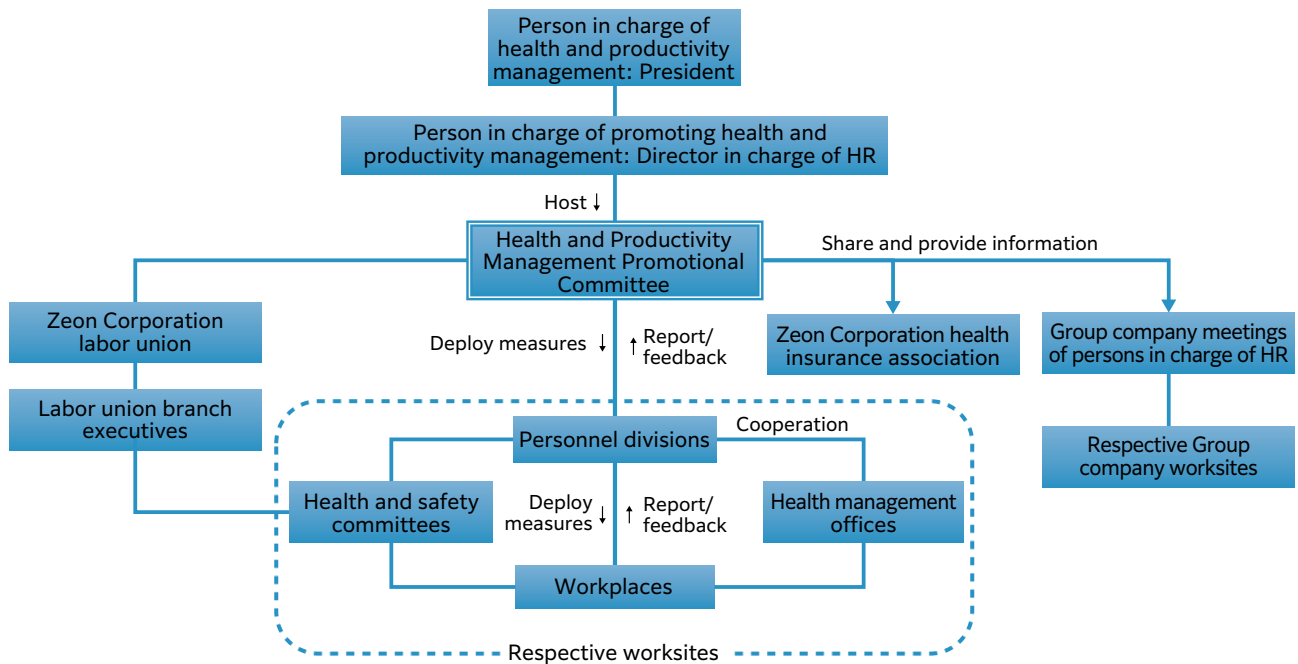
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Health and Productivity Management Promotion Framework

The President and CEO is positioned as the person in charge of health and productivity management. The Health and Productivity Management Promotional Committee is chaired by the director in charge of human resources. The Committee both deliberates on measures and makes decisions on health and productivity management and arranges lectures by experts to instill the latest know-how on the field, among similar

undertakings.

We will actively promote health and productivity management in cooperation with the organizational units responsible for personnel, the health insurance association, the labor union, health management offices, and others, while further strengthening the promotion system going forward.



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Specific Initiatives to Realize Well-being and Freedom

Physical and mental health initiatives

●Mental health training

Line Care Training for worksite managers and supervisors and Self-Care Training for all employees are held annually, with participant levels of comprehension and satisfaction checked following attendance.

●Training on key women's health issues

Toward our goal of creating more inclusive and supportive workplaces for women, we newly conducted e-learning training aimed at female employees, as well as for worksite managers and supervisors.

●Use of health support app

We introduced a health support app, with a lineup of 16 menus for health support to aid employees in maintaining healthy routines. We held an event incorporating the app, which is helping employees to establish exercise routines.

●Health checkups and stress checks

For regular health checkups, follow up consultations and health guidance for persons who require guidance with industrial physicians and nurses is implemented. We also implement annual stress checks in July, with feedback provided to managers in high-stress workplaces, and efforts undertaken to improve workplace environments.

●Initiatives by worksite

We implement measures to promote health tailored to the specific issues and needs of respective worksites, including walking events, physical fitness measurements, and the adoption of menus with healthy food options at cafeterias, as well as the holding of seminars to improve health literacy.

Flexible workstyles initiatives

We are promoting the maintenance of "environments to facilitate flexible workstyles unconstrained by time and place," which includes the extension of teleworking and the introduction of a flex-time system, as well as by making it possible to take annual paid leave in hourly increments, as means to encourage the realization of Well-being for each and every employee.

●Office overhaul

Prompted by the increased permeation of teleworking, we reviewed the role of the office, defining it as "a confluence point for communication to collaborate and co-create as well as for education." By employing a unilateral open-plan layout encompassing all organizational units and departments, as well as by introducing state-of-the-art ICT infrastructure to facilitate flexible workstyles, Head Office has transformed itself into a stage on which all employees can be active.

●Deregulation of dress codes

At Head Office, we have deregulated dress codes with the aim of creating a workplace environment where each and every employee can freely express their own ideas and conduct themselves with autonomy.



Office scene showing the office overhaul and deregulated dress codes

●Eliminate postings of employees at locations remote from their families

Head Office is working to eliminate postings of employees at locations remote from their families through the deployment of teleworking.

Initiatives for comfortable and fulfilling lifestyles

●Adoption of a new health and welfare service:

Zeon Cafeteria Plan

We have introduced the Zeon Cafeteria Plan, a system which allows employees to make their own choices from a menu of options to support the "peace of mind" and "career development," as well as options to help them "connect/co-create." It can be used for various purposes, including health promotion, encompassing comprehensive physical examinations and fitness clubs; support for childcare and nursing care, including babysitting and daycare services; self-development activities, for example correspondence courses and language study; and to avail of facilities for overnight stays.

●Establishment of Childcare Leave Consultation Service

We have established the Childcare Leave Consultation Service as part of our efforts to improve understanding of the systems for childcare leave and to create an environment conducive to availing of this leave, while supporting the taking of childcare leave as well as offering support to those returning to work.

●Establishment of Nursing Care Leave Consultation Service

As a company, we are building systems to allow employees to balance the obligations of their jobs and for nursing care, establishing the external Nursing Care Leave Consultation Service to help create an environment in which each and every employee can work in peace of mind. The service allows users to consult with nursing care specialists by email or over the phone at any time, and as often as they choose, in relation to issues or concerns they may have about nursing care. The service is being actively used as a safety net for consultation on nursing care.

●Establishment of support leave

Toward the consolidation of an environment in which they can work in peace of mind, we have made it possible for employees to avail of paid support leave in the event that they are unable to work due to personal injury or illness, or other unforeseen situations such as closure of schools of their children after they have taken all of their allocated annual paid leave for the year.

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List of Well-being and Freedom Initiatives and Systems

We are implementing ongoing initiatives to build more inclusive and supportive working environments. These include reducing overtime work and developing systems

to support childbirth, childcare, and family care needs to offer more flexible workstyle options.

List of Well-being and Freedom initiatives and systems

Workstyles unconstrained by time and place	★Flex-time system, ★teleworking system, ★overhaul of Head Office, ★deregulation of Head Office dress code, encouraging the taking of special leave, half-day holidays, ★taking of annual paid leave in hourly increments (some worksites), instituted days with no overtime, ★elimination of postings of employees at locations remote from their families (some worksites)
Maternity/childcare support systems	Maternity leave before and after birth, ★childcare leave and childcare leave at birth (up to five days paid leave) system, ★childbirth leave for spouses (for male employees), leave to care for sick children, half-day leave, shortened working hours system, limits on overtime work, exemptions from late night work, child nursing time, ★childcare/caregiver leave financial support system, ★childbirth cash payments, dependents allowance, tuition allowance, ★support leave, flex-time system with no defined core times, ★cafeteria plan, drafting of guidelines for taking childcare leave
Nursing care support systems	Nursing care leave, caregiving leave system, consultation service for nursing care, ★cafeteria plan
Support for health improvement	Regular health checkups, stress checks, ★employee engagement surveys, physical fitness measurements, mental health training, ★training on key women's health issues, issuance of health news, ★use of health support app, ★holding of events to support health, ★cafeteria plan, ★COVID-19 (some worksites)/influenza workplace vaccination program
Asset accumulation	Employee savings scheme, employee stock ownership scheme (with financial incentives), defined-contribution (DC) corporate pensions, matching contributions system
Housing assistance	Housing assistance system (dormitory accommodation and company housing, rent subsidy system, home ownership allowance, home rental for transferred employees)
Systems for holidays and absences	Annual paid leave (up to 22 days granted/10 days granted on joining company), ★support leave system (up to 40 days granted/16 days granted on joining company), menstrual leave, ★childbirth leave, job transfer leave, relocation leave, public-service leave (for jury duty), disaster leave, quarantine and infectious disease leave, paid leave for family births, marriages or bereavement, ★childbirth leave for spouses, "My Life" leave (on reaching the age of 50), leave to care for sick children, nursing care leave, volunteering leave, leave for hospital visits by expectant mothers, "Refresh" leave (for senior employees)
Self-help	Disaster assistance, group medical insurance, compensation for absences from work (Zeon health insurance cooperative association), optional group insurance, group medical insurance, ★GLTD system

★ : Initiatives expanded during the period of the Medium-Term Business Plan (FY 2021–FY 2022)

Labor Agreements and Communication between Labor and Management

Joint Declaration by Labor and Management Aimed at the Growth of the Company

1. We will make mutual understanding and trust the cornerstone of all management-labor relations
2. We will perform our respective roles to strengthen company infrastructure and build a company of which we can be proud
3. We will mutually strive to improve and promote our corporate culture as good partners

Zeon Corporation and its labor union have concluded a labor agreement for the purposes of maintaining peaceful relations between the two parties and cooperating for the healthy growth of the company and to maintain and improve working conditions for union members. This agreement stipulates rules for union activities, labor-management negotiations, and complaint processing, as well as working conditions such as wages and job hours.

We have also issued the Joint Declaration by Labor

and Management Aimed at the Growth of the Company, based on the common understanding that both the company and the labor union must cooperate and actively strive to mobilize the abilities of everyone in Zeon Group to achieve initiatives for company growth.

Numerous opportunities for exchanging opinions have been set up, including consultations between labor and management, RC dialog, and joint labor-management patrols, as well as round-table meetings, which are now a permanent part of the labor-management dialog. Consultations between labor and management provide ample opportunity for forthright discussion. Both sides participate with a forward-looking attitude and a spirit of friendly rivalry based on mutual trust.

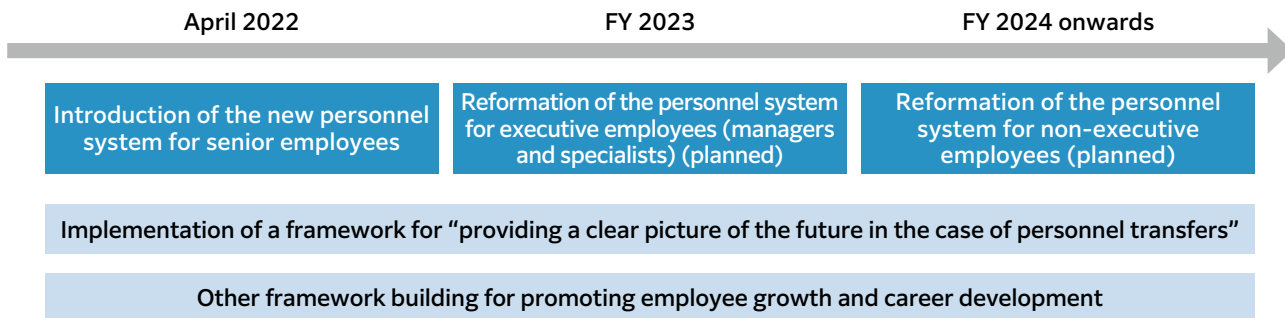
Going forward, we intend to actively provide opportunities for dialog with the labor union and to implement various policies to make Zeon a "company of which each of its employees can be proud" through a beneficial partnership between labor and management based on mutual respect for each other's positions.

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Reformation of the Personnel System

Overview of Personnel System Reform

Personnel System Reform Flow



Under the Medium-Term Business Plan, three major revisions to the personnel system are planned. The first step involved the launch of a personnel system for senior employees from April 1, 2022. 140 employees (including those on temporary assignments at Group companies) had been signed up to the personnel system for senior employees as of its introduction, and are currently active on several stages, including overseas assignments. The concept behind the revised system is to **“create a stage (workplace) where employees who have entered or are about to enter their senior years can build their own stages to be active on for longer than had previously been possible, as we enter the era of lifespans of 100 years and over.”**

The adoption of this system will provide a framework for rehiring up to the age of 70, as well as increasing the variety of life options and providing environments in which employees can work in peace of mind. It will achieve this through the provision of attractive benefits and flexible workstyles, including part-time work and side work, as a response to the desire of seniors to remain active and take on challenges even after the mandatory retirement age.

We are planning to revise our personnel system for managerial staff in FY 2023. Under our new personnel system, we have clarified roles and human resources requirements. By aiming to make these more transparent, we are enhancing the degree of integration between organizational goals and personal goals. Making evaluations and compensation easier to understand will furthermore improve career path visualization and lead to improved employee engagement.

In this way, we can encourage personal growth and career development among non-managerial role employees, who in the past would have found it difficult to visualize their career path. We are creating “stages” whereby, besides contributing toward the realization of the company’s management strategy, these employees can also hone their own capabilities.

In addition, we are proceeding with the putting in place of a system for “providing a clear picture of the future in the case of personnel transfers.”

More specifically, besides the use of digital technology to build the foundations needed for effective human resources management, we are implementing measures to offer opportunities to discuss individual career plan, provide transferred personnel with mission sheets, and make effective use of our in-house job posting system.

Overview of the personnel system for senior employees

Rehire period	Extended to 70 years old
Course categories	Reorganized course categories to better reflect roles and demonstrated and refined abilities
Rewards and benefits	<ul style="list-style-type: none"> • Attractive rewards and benefits aligned to roles and abilities • “Meister” title newly established
Workstyles/health and welfare	<ul style="list-style-type: none"> • Possible to choose between full-time or part-time work • Permission to work side jobs under certain conditions • Adoption of support leave
Training	Further strengthening of training on “Thinking about the 20 years to come” during service years

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Organizational and Human Resources Development

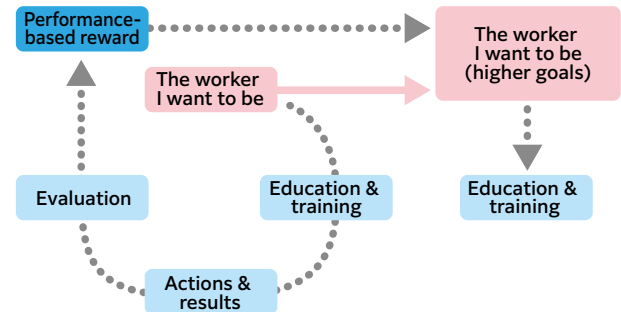
Basic Philosophy on Human Resources and Vision of "The Worker I want to Be"

Basic Philosophy on Human Resources

Tap into, develop, and fully use the competencies of each employee.

Zeon's concept of "being the worker I want to be" embodies "people who continually evolve by pursuing high goals based on independent thinking." Personnel are encouraged to set goals to become the worker they want to be, and we are modifying our education and training systems to allow them to bridge the gap between the current reality and their goals and facilitate goal-driven actions on a daily basis. By fairly evaluating what employees have accomplished and rewarding them accordingly, we aim for them to set even higher goals. With every personnel continuing to improve and demonstrating this in actions, we can create an even more capable workforce across Zeon.

HR development at Zeon



Framework for Nurturing Human Resources

We implement basic education to nurture human resources at Zeon with a focus on building a cooperation-oriented attitude and acquiring standard knowledge. We also provide specialized rank-specific education including that intended to develop and improve the work competencies needed in specific occupations and evaluation training, and on-the-job training (OJT) conducted at worksites aimed at enhancing the skills of evaluators.

Educational grants for correspondence courses are offered as part of support for self-development. These grants cover 100% of tuition fees provided students satisfy the completion requirements for each subject.

Education & Training System

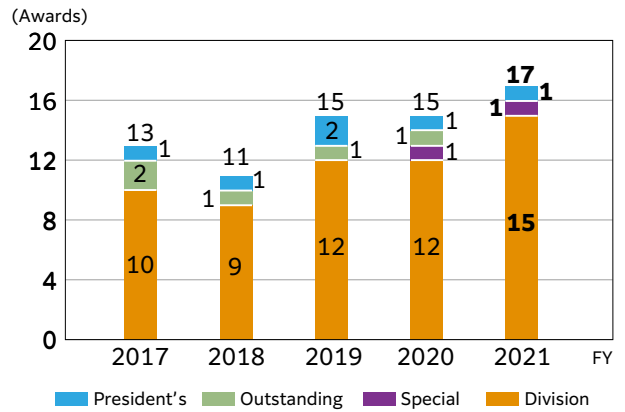
Rank	Enforcement of Zeon Sustainability Policy	Improvement of management skills			Enhancement of professional skills	Self-improvement support
	Basic education	Position-based education	Rank-based education	Selected dispatch education	Education for general professional abilities, professional abilities, and transferring technical knowledge	
Managers	Sustainability / Compliance / Information management	Strategic planning ability Goal setting ability	Organizational transformation Supporting team member growth	MBA Dispatch / Language study / Overseas study Business school dispatch	Environmental and safety affairs / Quality / Intellectual property / Manufacturing R&D / Sales / Administration, etc.	Online educational courses Support for obtaining qualifications TOEIC
Deputy managers		Goal achievement ability	Personnel evaluation ability			
Leaders		Problem identification ability				1 on 1 career training Harassment prevention training, etc.
Newly-recruited employees		Problem solving ability				Other DX education, etc.

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Award System (Zeon Challenge Award)

The Zeon Challenge Awards are presented annually to individuals or groups who have engaged with a challenge and produced results. The prizes given for the President's Award and other rewards are commensurate with the levels of these achievements. Alongside the Employee of the Month award, which is presented on a monthly basis to individual employees by division managers, the Zeon Challenge Award is intended to provide a stage to be active on, and caters to challenges undertaken at the initiative of employees themselves.

Number of Annual Awards



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Occupational Health and Safety

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Occupational Safety

Initiatives to Prevent Occupational Accidents and Protect the Safety and Health of All Plant Workers

We emphasize communication between worksite managers and workers to enhance worksite capabilities while implementing measures to prevent infections with COVID-19, with the goal of creating safe, stable production systems. We focus on 5S safety inspections*¹, hazard detection*² activities, and identifying near-miss incidents*³, as well as hands-on safety training.

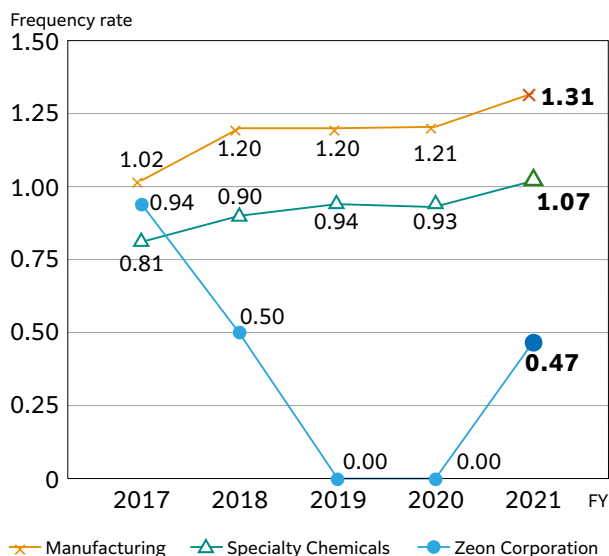
*1 5S safety inspections
Inspections that evaluate operations where safety is an integral part of maintaining the 5Ss (Sort, Straighten, Scrub, Systematize, Sustain), and that are designed to enhance visualization of safety-related issues at worksites and address hazards.

*2 Hazard detection ("Kiken Yochi" [KY] activities)
Actions taken by workers to analyze and understand unsafe conditions with the aim of recognizing activities that would place them in danger.

*3 Near-miss incidents
Events or phenomena that have the potential to result in an accident.

Record of Occupational Accidents

Lost Work Time Accident Rate* (Zeon Corporation)



*Lost work time accident rate
A safety indicator of the frequency of occupational accidents, calculated using the following formula.
Frequency of lost work time accidents = Number of workers who experienced a lost work time accident / Total working hours × 1,000,000 hours

5S Safety Inspections

5S safety inspections assess operations where safety is critical to maintaining the 5Ss (Sort, Straighten, Scrub, Systematize, Sustain).

The Environmental and Safety Affairs Department General Manager at the Head Office and Managers at Environmental and Safety Affairs Offices at each worksite conduct patrols of worksites where the Environmental and Safety Affairs Committee is held, to identify areas of excellence and areas where improvements are required (put on hold in FY 2021 due to the COVID-19 pandemic).

Hazard Detection (Kiken Yochi) Activities

4R-KY (four-round kiken yochi) activities

4R-KY is a hazard detection method where employees analyze and understand their work tasks before starting them, to avoid placing themselves in danger. The process is carried out in four separate rounds.

KY trainers assigned to each workplace lead these activities.

Identifying Near-miss Incidents

Near-miss incidents are events that have the potential to result in a major accident, injury or loss. The concept of near-miss incidents comes from Heinrich's Law: In a workplace, for every accident that causes a major injury, there are 29 accidents that cause minor injuries and 300 accidents that cause no injuries (near misses). By collecting and sharing data on potentially serious near-miss incidents, we will strive to prevent the occurrence of major accidents.

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Safety and Accident Prevention

Dialog between Management and Plants

To monitor progress on priority issues, senior managers at Zeon visit plants on a regular basis to conduct inspections, hold informational meetings with workers, and brief workers on annual policies. Visits are also made to plants on other occasions to communicate directly with plant workers, who are on the front-line of the company's operations. While in-person visits were few in FY 2021 due to the impact of the COVID-19 pandemic, senior managers continued to actively engage in dialogues with worksites, with visits, including online meetings, conducted on 32 days of the year.

Safety Management Efforts Led by Top Management

Each year, top management develops the Annual Safety Management Improvement Master Plan and leads initiatives to improve our Safety Management System based on the belief that ensuring safety is the highest priority.

We are carrying out the priority initiatives on an ongoing basis using the following simple guidelines.

1. Reliable operation of equipment and systems to prevent errors ("Never rely on 'maybe' or 'should'")
2. Plant degradation countermeasures and fail-safe measures* ("Good judgement saves money")
3. Review of past accidents and recurrence prevention ("Never rely on 'maybe' or 'should'")
4. Review of standards ("Always follow the rules. Change rules that cannot be followed.")

*Fail-safe measures
Modifications to equipment or processes and other measures to prevent accidents that would otherwise result from human error, such as mistakes made by new employees and others lacking in knowledge or experience, or careless mistakes made by experienced employees.

Safety Inspector Certification at All Sites

Certified Safety Inspector*¹

Obtained by all plants (Takaoka Plant, Kawasaki Plant, Tokuyama Plant, and Mizushima Plant)

Certified Completion and Process Safety Inspector*²

Obtained by Kawasaki Plant, Mizushima Plant, and Tokuyama Plant

The certification renewal process includes reviews of safety inspection and completion inspection methods as well as inspection management, and verification that our Safety Management System meets the regulatory requirements defined in Japan's High Pressure Gas Safety Act and that these systems are operating properly.

To more reliably ensure safety at all plants, we employ our Safety Management System, identify the sources of

hazards, and implement measures to mitigate risks at all of our plants. We are also formulating our vision for Smart Industrial Safety*³ and promoting the realization of this vision.

*1 Certified Safety Inspector

Certification granted by Japan's Minister of Economy, Trade and Industry based on the High Pressure Gas Safety Act to allow qualified individuals to perform safety inspections to determine whether specified facilities comply with technical standards, either while the equipment is running or while it is stopped.

*2 Certified Completion and Process Safety Inspector

Certification granted by Japan's Minister of Economy, Trade and Industry based on the High Pressure Gas Safety Act to allow qualified individuals to perform completion inspections to determine whether manufacturing facilities or Class 1 storage facilities that have undergone specific modifications comply with technical standards.

*3 Smart Industrial Safety

Smart Industrial Safety is:

1. An autonomous and independent effort regarding industrial safety by the public and private sectors,
2. From the perspective of appropriate implementation of industrial safety regulations, promotion of industries, and strengthening of competitiveness,
3. In order to deal with economic and social structural changes, including rapid technological innovation, digitalization, low birthrate and aging population, and population decline,
4. Considering the safety of the citizenry and industry as a priority.

Certification Status

Plant	Obtained Certified Safety Inspector status	Obtained Certified Completion and Process Safety Inspector status
Takaoka Plant	2000 (renewed in 2020)	—
Kawasaki Plant	1998 (renewed in 2017)	2008 (renewed in 2017)
Tokuyama Plant	2007 (renewed in 2021)	2012 (renewed in 2021)
Mizushima Plant	2006 (renewed in 2021)	2006 (renewed in 2021)

Improving Plant Safety

We conduct Plant Safety Evaluations and Plant Safety Inspections to further raise the level of safety at plants and prevent serious accidents and injuries from occurring.

Plant Safety Evaluations

We verify plant safety at the design stage when commissioning a new plant or upgrading an existing one.

Plant Safety Inspections

For existing plants, while inspecting work areas, we ensure that all sources of danger have been identified and review past decisions regarding the need for safety measures.

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Occurrences of Accidents and Injuries

FY 2021: Safety incidents* 7
 (High-pressure gas leaks: 5 [including 3 fluorocarbon leaks]; Hazardous substance leaks: 1; Emission of fumes: 1)

Although these incidents did not result in injury to humans, damage to equipment, or major impacts on the environment, we set up an accident investigation board for each incident. The boards have investigated the direct and indirect causes of the incidents, and are developing countermeasures to prevent recurrence.

*Safety incidents
 Defined in company regulations as the occurrence of a fire, explosion, leak, damage, failure, runaway reaction, or similar event. Even if there has been no actual occurrence, the possibility of such an event if actions had been delayed and the observation of signs that could be deemed to indicate the potential for such an event are also defined as safety incidents.

Disaster Preparedness Training

Worksites conduct disaster-response drills each year based on various hypothetical scenarios. The drills include reporting and contracting simulations, first-aid treatment, and rescue and firefighting activities. We conduct full-scale disaster-response drills jointly with local firefighting agencies when possible.

These drills allow us to verify that our standards are adequate, and to verify the operability of emergency equipment (e.g. fire trucks, fire hydrants, broadcasting equipment, etc.). When we encounter problems, we take steps to quickly resolve them, so as to maintain the highest level of disaster-response preparedness.

Third-party Evaluations

Zeon Corporation has participated as a supporting company (full member) since the initial establishment of the Japan Safety Competency Center (a specified nonprofit corporation), and has made efforts to evaluate and improve its safety competency in terms of its safety foundation and safety culture. In third-party evaluations, the Japan Safety Competency Center evaluates Zeon's safety foundation. The Keio University format is also incorporated into the evaluation of the safety culture. The strengths and weaknesses of each worksite and department are objectively measured, and Zeon Corporation continues to conduct improvement activities aimed at improving its safety competency.

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Quality Assurance

Basic Approach and System P. 42
 Quality Assurance Initiatives P. 42

*For chemical product safety, see Environment (→P. 22)

Basic Approach and System

Quality Assurance Policies

In accordance with our basic philosophy and Sustainability Policy, we define our basic policy for quality assurance as follows.

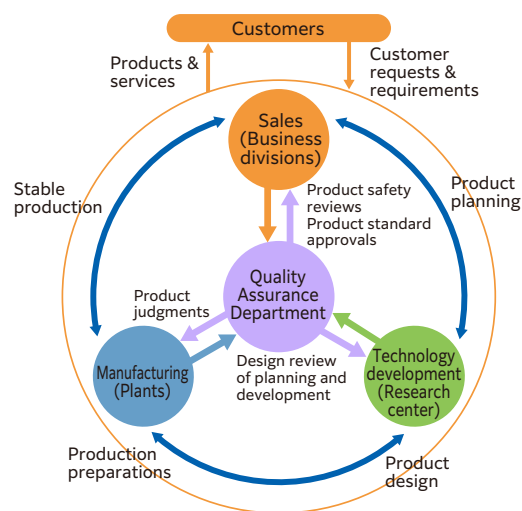
Basic Policy for Quality Assurance

1. We contribute to society by providing high-quality products, goods and services with excellent reliability and safety to the market.
2. We fully understand and predict user demands and provide products, goods and services that users can use with satisfaction.
3. In each quality assurance step, we establish an internal system that can assuredly evaluate high-quality products, goods and services with excellent reliability and safety.
4. We establish technologies that can produce products, goods and services with the target quality in terms of reliability and safety.

Quality Assurance System

To consistently manufacture products that reflect the needs and wants of customers and to ensure product quality, Zeon is advancing integrated quality assurance activities group-wide, across manufacturing, sales, and engineering functions, by strengthening cooperation between plants, departments and research units (R&D Center).

Quality Assurance System



Quality Assurance Initiatives

Targets and Results of Major Quality Assurance Initiatives

Initiative (topic)	Target	Results	Assessment
Timely responses to complaints, opinions from customers, etc.	Complete responses within a single year	While some cases temporarily exceeded a single year, no long-term delays occurred	Partially Achieved – Achieved
Enhance customer satisfaction	Analysis on customer satisfaction and initiatives for improvements	All business divisions conducted analyses on customer satisfaction through management reviews to determine and engage with topics that required a response	Achieved

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Framework Supporting Quality Assurance

To ensure a consistent supply of high-quality products to our customers, we have put in place various quality assurance systems in accordance with internal regulations on quality assurance and conforming to the ISO 9001:2015 international standard for quality management systems. In 2010, we consolidated our ISO 9001 certification across the Group, and have maintained this since then. Zeon Group companies have also obtained global standard certifications related to quality.

In addition, to prevent quality issues from occurring, we offer commentaries on actual case studies for issues that could potentially arise as part of annual e-learning compliance checks to confirm levels of understanding for all employees. We are working to ensure that every employee performs their duties based on an accurate understanding of quality assurance.

Status of Zeon Group Certifications for International Quality Standards

Site	ISO 9001 :2015*1	ISO 13485 :2016*2	IATF 16949 :2016*3	FSSC 22000 v5**4
Japan				
Zeon Corporation	○			
Zeon Kasei Co., Ltd.	○*5			
Zeon Polymix Inc.	○			
Zeon Opto Bio Lab Co., Ltd.	○	○		
Tokyo Zairyo Co., Ltd.	○			
Tohpe Corporation	○			
Zeon Medical Inc.		○		
Zeon North Co., Ltd.	○			
Zeon Chemicals Yonezawa Co., Ltd.	○			○
Outside Japan				
Zeon Chemicals L.P.	○			
Zeon Chemicals (Thailand) Co., Ltd.	○			
Zeon Advanced Polymix Co., Ltd.	○			
Zeon Chemicals Singapore Pte. Ltd.	○			
Zeon Europe GmbH	○			
Zeon Chemicals Asia Co., Ltd.	*6			
Zeon Kasei (Changshu) Co., Ltd.			○	
Zeon Kasei Mexico S.A. de C.V.	○			

*1 ISO 9001 is the international standard for achieving ongoing improvements in enhancing customer satisfaction and quality management systems through product and services quality assurance.

*2 ISO 13485 is the global standard for quality management systems in the field of medical devices for the purpose of continued manufacture and provision of safe and useful medical devices. The standard has added requirements specific to medical devices while omitting some of the ISO 9001 requirements.

*3 IATF 16949 is a standard issued by the International Automotive Task Force (IATF) for the automobile industry sector, and which is intended as a supplement to the requirements of ISO 9001 for automobile manufacturers.

*4 FSSC 22000 (Food Safety System Certification 22000) is a standard developed by the Foundation of Food Safety Certification to certify management systems for the production of safe food.

*5 The logistical materials division has acquired certification limited to STEC®.

*6 Preparations to obtain certification currently underway (as of November 2022).

Framework to Achieve Product Safety

1. Product safety reviews

We strive to ensure product safety in every possible aspect by conducting product safety reviews (PSRs) using our own checklists that consider product safety at every stage of the product lifecycle, from initial product development through planning, design, manufacturing, sales, use, and disposal.

2. Chemical substance regulatory compliance

The regulatory environment for chemical substances management is undergoing major change globally, with laws and regulations on chemical substances being amended not just in the United States and Europe but also in Japan and Southeast Asia. As a result, the number of regulations to comply with is rising sharply. To comply with these regulations at Zeon, we are creating a database of the substances in our raw materials and products, even those present in minute quantities, and building a chemical substances management system capable of continuously tracking the most up-to-date regulatory information, safety information, and other relevant information.

Audits

PL Audits

PL audits are audits performed by an auditing team led by the director in charge of CSR and covering product liability (PL) and product safety. PL audits are conducted for product liability activities for products of Zeon business divisions spanning all stages of development, manufacture, use, final consumption, and disposal.

Quality Audits

Quality audits are audits performed by an auditing team led by the head of the Quality Assurance Department that focus on checking the progress of implementing quality improvement activities. They are conducted at Zeon's business divisions, plants, laboratories, and affiliated companies.

Internal Quality Audits

Internal quality audits are conducted for the purposes of evaluating whether Zeon's quality assurance management system is operating effectively and efficiently based on ISO 9001:2015 and promoting ongoing improvements. The audits are based on ISO 9001, and are structured so that the requirements of ISO 9001 are satisfied as long as Zeon's internal regulations are being complied with. The audits also focus on customer satisfaction and overall optimization. The audits are conducted for the whole of Zeon Group; as far as possible, audits are conducted by an auditing team comprised of auditors from other divisions.

In addition, we provide basic training for internal quality auditor candidates as well as training to raise the overall capacities of internal quality auditors, thereby striving to maintain and refine the competencies and abilities of our internal quality auditors.

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Quality Data Management

At Zeon, we define all customer comments or expressions of dissatisfaction with our products or services as “complaints,” and utilize a complaint response system to report, review, approve, and manage delivery.

We have also implemented a standards management system configured to ensure that delivery standards, product standards, and product inspection standards remain consistent, and allow us to remain in compliance with the delivery specifications concluded with our customers. Inspection data is further checked against product inspection standards in the product testing system, with a decision of pass/fail assigned, and results automatically forwarded to the ERP system. Changes to or abnormalities in processes are also reliably managed through the deployment of a system that reports, reviews, and sends out effectiveness evaluations, emergency actions, and remedial measures, to facilitate implementation of assured change control and deviation management. We plan to construct an even more reliable and efficient system for quality assurance by means of linking these systems going forward.

Risk Reduction for New Products

At Zeon, we conduct a comprehensive review (PSTR)* from quality assurance perspectives in addition to a design review (DR) when transitioning from the product design to the production preparations stages, as well as from the production preparations stage to actual production.

This review confirms items related to product quality to ensure that new products satisfy the quality requirements of our customers, and to allow us to fulfill supply obligations. Items subject to review include data on the chemical substances making up the product; 3D-QFD (quality function deployment), for data-based clarification of cause-and-effect relationships of information related to manufacturing; failure mode and effects analysis (FMEA), which attempts to prevent potential post-production abnormalities; and testing methodologies and testing facilities to measure product standards and characteristics of critical processes.

*PSTR (Product Stage-gate Transfer Review)

Communicating Safety Information

For more information about safety information for chemical products handled by Zeon, see Chemical Product Safety Information (→ P. 22).

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Initiatives to Create “Smart Factories” to Simultaneously Improve Plant Efficiency and Realize Workstyle Reforms

At Zeon, we have been working to make our plants “smarter” since 2020. We have already carried out various activities to facilitate production innovation (visualization and utilization of intangible assets, including know-how and expertise of skilled and experienced workers) to date. The creation of smart factories will enable further production innovations and transformations in work tasks by increasing the range of things that can be accomplished by machines through the leveraging of digital technologies. For plants, this will have the effect of streamlining production and continually ensuring product quality. For employees, it will lead to the realization of comfortable and rewarding workplace environments.

As part of the “Smart Factory Realization Project” undertaken throughout the Zeon Group, we initially discussed the “Vision of an Ideal Plant” in six areas (work operations, safety, quality assurance, facilities, personnel, and logistics and warehousing), establishing the specifics of what we hoped to achieve via the creation of smart factories, as well as the steps needed to achieve this. Meanwhile, it is important to organize these various ideas and initiatives to facilitate optimization of the whole, rather than groupings of digitization initiatives partially optimized for individual fields.

Initiatives undertaken over a two-year period as part of this project involved pilot tests ranging from studies on ways to achieve the transition to smart factories to those on optimizing the whole, thereby identifying the topics to be addressed. We also worked out the organizational structures and a visualization of the digital human resources which would be required to achieve these goals. Since April 2022, initiatives to facilitate the creation of smart factories are being continued by the Production Innovation Center based on the Medium-Term Business Plan.

What We Hope to Realize through Smart Factories

Smart Factories
(Streamlining and optimizing efficiency of production; what machines can do being done by machines)

<ul style="list-style-type: none"> Optimal automated plant operations Elimination of shift work (workstyle reform) Guaranteeing production volumes without trials Vertical start-up without prototyping 	<ul style="list-style-type: none"> Detection and elimination of dangerous situations Automation of work tasks Elimination of sudden equipment failures/ optimization of repair costs Remote assistance
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Surplus time

Further improvements

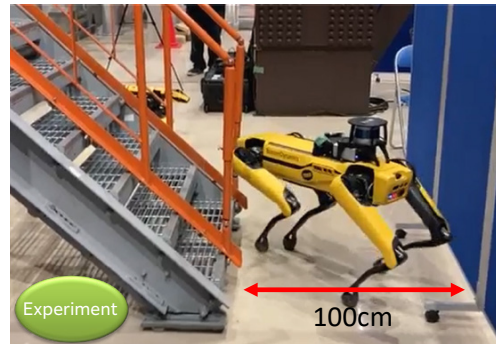
Nurturing high quality personnel
(meeting the aspirations of employees)

<ul style="list-style-type: none"> Enhancing capacities for autonomous improvements Enhancing logical thinking capacities through improvements Enhancing understanding of basic rules and principles 	<ul style="list-style-type: none"> Enhancing facility maintenance capacities Enhancing response capacities (safety) in the event of abnormalities Enhancing response capacities in the event of non-steady operations
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Example 1: Reduction of essential tasks through transition to the use of robotics

Activities for production innovation have to date reduced on-site troubleshooting operations by around 90%. We have now reached a juncture of considering whether to further reduce essential tasks (tasks required for production) to reduce workloads even more. In this context, we conducted deliberations on the potential of adopting digital technologies intended to reduce essential tasks.

If plant patrols can be replaced with cameras and robots, this would allow the time thus saved by increases in efficiency to be used for other improvement activities (workstyle reforms), while also improving operator safety. In addition, standardization of work tasks and the development of facilities for the transition to the use of robotics would further facilitate improvements in the basic infrastructure of plants.



Robotization experiment

Example 2: Interactive training using VR technology

To operate a plant, it is important acquire the ability to respond in the event of abnormal conditions, in addition to having an understanding of basic rules and principles.

The introduction of VR technology during training drills is expected to facilitate improvements in the efficiency of both instructors and those under their instruction by allowing them to repeatedly be exposed to various situations and facilitate autonomous learning.

The use of 360-degree imaging and VR to enhance efficiency in the training of new employees has been pilot-tested and formally adopted at the Takaoka Plant, and we are currently preparing to expand this system to other plants. Training for more advanced troubleshooting drills, and launching new plants is under ongoing consideration as the burdens involved in creating training materials is high.



Image from a 360-degree camera

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Community

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Basic Approach

We believe that contributing to the development of local communities and building strong relationships of trust are crucial to conducting stable business activities and creating improved products and services.

Zeon's Approach to Social Contributions

We believe that social contributions are essentially carried out through our core businesses. As a corporate citizen, however, the complex set of issues faced by society and company activities are not independent of one another. We are therefore undertaking social contribution activities outside of our core businesses to engage with society from a broader perspective.

In addition to planning activities related to supporting reconstruction from the Great East Japan Earthquake and common initiatives across Zeon plants and Group companies, CSR activities have consistently been undertaken independently by Zeon plants and Group companies, with all such activities developed with a focus on their synergistic benefits.

Furukawa Scholarship

The Furukawa Memorial Foundation is an incorporated foundation with a 57-year history of granting scholarships to Japanese and foreign students in science and engineering majors experiencing financial hardship to encourage them to continue their education. We are maintaining our involvement in the foundation to assist its activities.

To date, the Foundation has awarded scholarships to a total of more than 3,300 people.

Social Contribution Activities

Great East Japan Earthquake Reconstruction Support

Volunteering to support Great East Japan Earthquake reconstruction

We invite employees to sign up for restoration volunteer tours open to the public and send employees on the tours on an ongoing basis. We cover the full cost of the tours to encourage employee participation (canceled in FY 2021 due to the COVID-19 pandemic).

Zeon Charity Bazaar

In the context of restrictions on movement and behavior associated with the COVID-19 pandemic, a bazaar was held in an online format at Zeon Group companies in Japan. At the bazaar, employees supplied items to be sold within the Group, with all the proceeds from the sale of these items, together with an additional donation from the company, being presented to an NPO in Iwaki City, Fukushima.

Eat and Root for Restoration

We are supporting the recovery of industries by actively using food grown in disaster-affected areas (provision of menus featuring food from the Tohoku region at the employee cafeteria in the Takaoka Plant on the 11th of every month).

Common Group Initiatives

Holding of Chemistry Experiment Classrooms

Based on the motto of "nurturing future Nobel Prize winners in chemistry," we hold chemistry experiment classrooms in various areas to communicate the appeal of chemistry to children. In FY 2021, while we were not able to be as proactive as we have in the past due to the COVID-19 pandemic, we implemented events including Youth Science Festival in Yamagata and Science Festa in Oita.

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Zeon Chemicals Yonezawa participated in the Youth Science Festival in Yamagata. Participants used flasks and beakers for a distillation experiment with herbs, to enjoy a virtual experience of working at a chemical plant.



Internships (on-site training) at the Tsuruga Plant

Green Purchasing of Office Supplies

As part of our green procurement initiatives, we are pursuing efforts for green purchasing of office supplies at Zeon Group companies in Japan. In FY 2021, green purchasing accounted for 47% of total purchases for all Group companies.

Dialog with Communities

Plants participate in community dialog as part of the Responsible Care Council activities and communicate information on environment-related improvements, safety, and disaster preparedness during plant tours for representatives of local government authorities and for community residents.

Independent Projects

Many other activities conducted with local communities are described in the Site Reports.



Responsible Care community dialog at the Kawasaki Plant

Site Reports

<https://www.zeon.co.jp/en/csr/sitereport/>

Support for Education

Zeon's plants and Group companies offer assistance to educational institutions with internships for high school, technical college, and university students, by welcoming plant tours by school groups, and by sending special instructors to give lessons at schools. In FY 2021, internships and plant tours were gradually reinstated even in the midst of the COVID-19 pandemic, with 18 plant tours held, and 69 interns hosted by Group companies in Japan.



Facilities Tour at the Mizushima Plant



Zeon Chemicals (Thailand) Co., Ltd was recipient of the CSR-DIW Award, from the Department of Industrial Works (DIW) for the sixth consecutive year since 2017, in recognition of it being a company with outstanding CSR activities.

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Holding and Participating in Community Events

Zeon attaches great importance to our ties with local communities. Zeon's plants and Group companies hold various events, including summer festivals, and welcome opportunities to participate in community events.



Autumn festival at the Mizushima Plant

Community Cleanup Activities

With the goal of being useful to and benefitting local communities, Zeon's plants and Group companies conduct community cleanup campaigns around their sites and beyond. In FY 2021, there were a total of 500 participants in 31 cleanup campaigns held in Japan, despite restrictions associated with the COVID-19 pandemic.



Participation in Kehi-no-matsubara coastal cleanup by the Tsuruga Plant



Participation in Lake Biwa citizen cleanup activity by Zeon Polymix



Participation in winter group cleanup project in Shunan City by Tokuyama Plant and Zeon Yamaguchi

Maintaining a Harmonious Relationship with the Local Community

We engage in collaborative activities with local communities in each region.



Zeon Advanced Polymix Co., Ltd in Thailand has maintained volunteer cleanup and donation activities over the course of many years. The photograph shows a donation of COVID-19 vaccinations to neighborhood residents.

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Information Disclosure

Communications Approach and Framework

We conduct public relations activities to promote accurate understanding of our philosophies, approaches, and various undertakings by stakeholders and the public, and thereby increase recognition of Zeon and become more known and trusted in the world.

Public Relations Committee

The Public Relations Committee discusses and sets policy related to internal and external information disclosure based on sustainability management.

Information Disclosure

Website

- Communicates information relating to the company, IR, products, and employment, etc.

Advertising and PR

We conduct advertising and PR activities aimed at enhancing the Zeon brand.

TV commercials

- Currently on air on terrestrial TV broadcasting (Regions: Kanto region and Toyama, Fukui, Okayama, Yamaguchi, and Kagawa Prefectures) and BS TV broadcasting (Regions: National)
- TV commercials for Asia are broadcast throughout Southeast Asia via satellite TV programs



New TV commercial broadcasting since October 2022

Radio commercials

- Regions currently airing: Kanto area, Toyama Prefecture, Fukui Prefecture, Okayama Prefecture

Newspaper ads

Newspaper ads were rolled out in conjunction with TV commercials. In addition, newspaper ads for recruitment purposes were created and deployed.



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Corporate Governance

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Corporate Governance

Basic Policy on Corporate Governance

Zeon Corporation aims to increase profits and enhance corporate value on an ongoing basis while respecting and balancing the various interests of its shareholders and other diverse stakeholders. To this end, we are continuing efforts to establish a system that enables efficient and sound corporate management through corporate governance.

Putting in place a corporate governance system allows us to clarify the functions and roles of each organizational entity within the company and to carry out rapid decision-making and execution. We are also improving corporate transparency through appropriate monitoring and disclosure of business activities and their effects.

Basic Policy on Corporate Governance (Japanese version only)
<https://www.zeon.co.jp/csr/concept/pdf/200281514.pdf>
 Corporate Governance Report (Japanese version only)
<https://www.zeon.co.jp/news/assets/pdf/220705.pdf>

The main components of our Corporate Governance System are summarized below.

Board of Directors

The Board of Directors meets, in principle, every month with Audit & Supervisory members in attendance to ensure compliance with applicable laws and the Articles of Incorporation in the execution of business. In addition to its statutory duties, the role of the Board of Directors is to make important decisions about basic management policy, strategy, and other aspects of business execution. As of July 2022, the Board of Directors consists of nine directors, including three outside directors.

Executive Committee

The Executive Committee, in accordance with the Executive Committee Rules, comprises the President and executive officers ranked senior corporate officer and above, meets twice a month in principle to examine and make decisions on important business matters after due deliberation involving consultation with attending full-time Audit & Supervisory Board members. Important business matters stipulated in the Board of Director Rules are examined and decided by the Board of Directors.

Audit & Supervisory Board

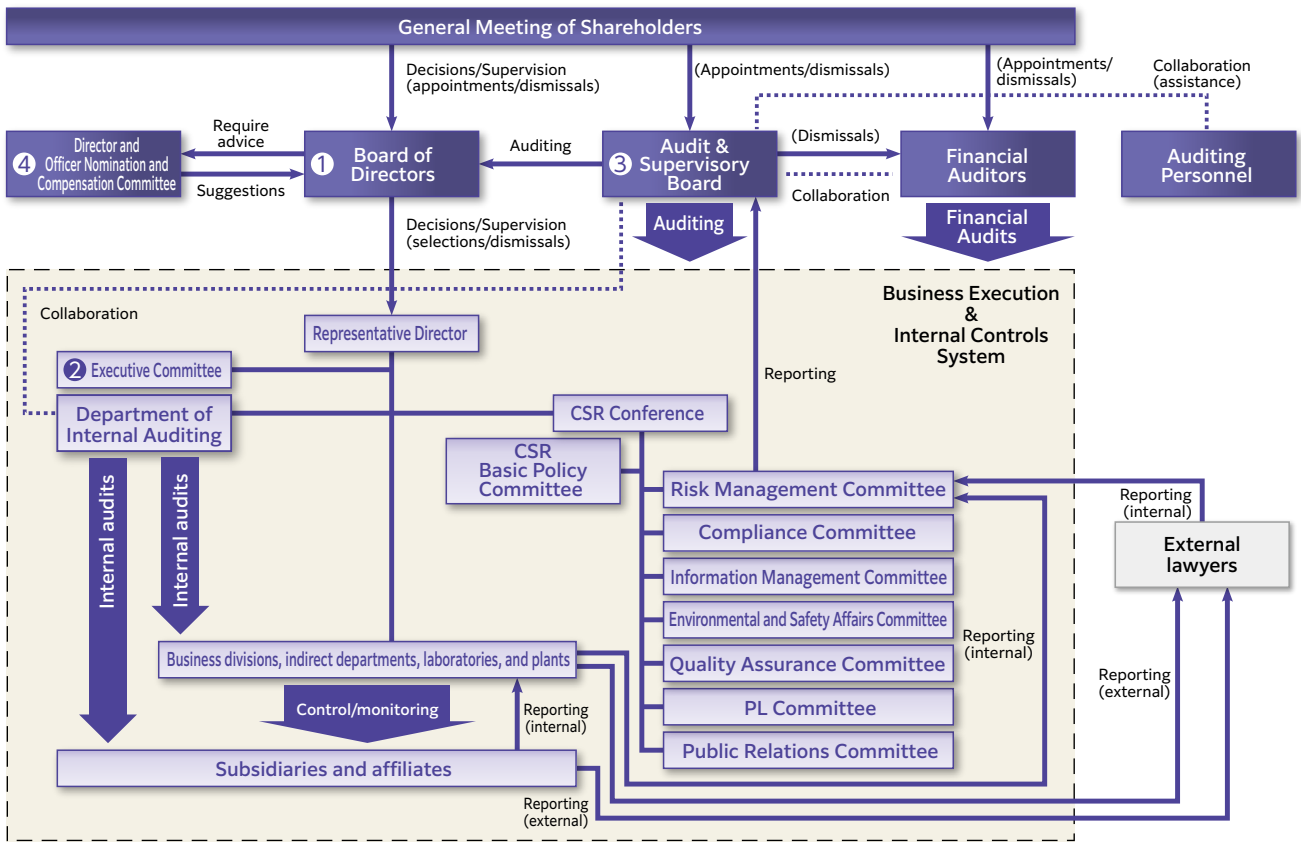
The Audit & Supervisory Board comprises five members, including three external members. The Board reports, discusses, and adopts resolutions on important business matters. In accordance with the auditing guidelines established by the Audit & Supervisory Board, each member audits directors' execution of their duties through various means, such as attending Board of Directors meetings and monitoring business operations, including at subsidiaries' operations.

Director and Officer Nomination and Compensation Committee

The Director and Officer Nomination and Compensation Committee is placed with the Board of Directors as an advisory organ for the purpose of strengthening the objectivity and transparency of the functions of the Board of Directors related to nominating directors and officers and deciding their compensation. The committee comprises four members, of which three are independent outside directors.

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Corporate Governance System (As of September 2022)



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Risk Management

Risk Management Framework

The Risk Management Committee leads Zeon's risk management. Activities to prevent law violations and to comply with laws and regulations are conducted under the Compliance Committee (For more information about the framework, see Compliance. [→P. 53]) The Information Management Committee implements appropriate management of information, from the time when information is obtained until the time when it is deleted.

Risk Management and Compliance System



Risk Management Committee FY 2021 Results

- Handle incidents as they occur and take steps to prevent their recurrence
 - Enhance risk and crisis control measures
- Example: Revising the content of Business Continuity Plans (BCPs) based around the scenario of a major earthquake

BCP Formulation and implementation of Related Training

We have formulated a BCP and implement training and drills to enhance its effectiveness in recognition of the need to reduce the impact on business continuity of damage from disasters such as earthquakes and severe storm and flood damage. A group-wide training drill was implemented once in FY 2021. On the premise that teleworking had become the new normal for staff at Head Office, Crisis Management Team (CMT) training was conducted twice, and factory training was conducted twice.

In addition, individual business divisions and plants have drafted their own BCPs, conducting reviews (BCM) and implementing their own training on an ongoing basis, while putting in place systems to facilitate rapid responses in the event of emergencies.

Internal Reporting System

Zeon established its Internal Reporting System to quickly collect information on potential risks and facilitate their appropriate resolution. Per the rules on reporting risk-related information, reports can be made not only to one's supervisor or the Risk Management Committee directly, but also by calling the Compliance Hotline (1 to 3 below), which connects the caller to an external lawyer.

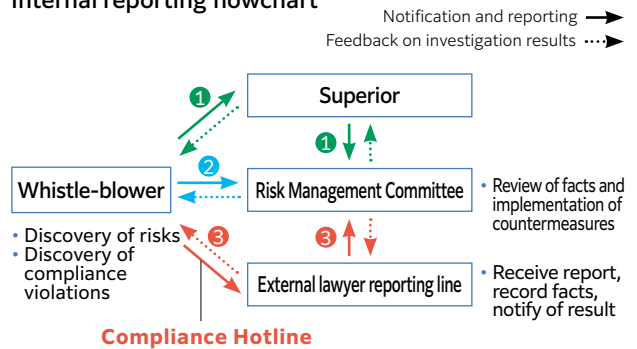
The Risk Management Committee conducts an investigation into the reported details and facilitates appropriate resolutions, including instructing internal organizations to institute measures based on the outcomes of their investigations.

Internal reports in FY 2021: 4

The Risk Management Committee has appropriately dealt with each of these incidents by conducting an investigation into the reported details and instructing internal organizations to institute measures accordingly.

*Zeon employees (including seconded employees), temporary employees, and executives of contractors that work at our worksites have the right to report matters of concern.

Internal reporting flowchart



Compliance Hotline

Reporting contact: Hiroshi Yoshimura, lawyer
 Office: Yoshimura Horitsu Jimusho, Iketani Bldg. 3F, 1-9-7 Iidabashi, Chiyoda-ku, Tokyo, 102-0072
 Tel: +81-3-3264-1805
 Fax: +81-3-3264-1806
 Email: yosimura@tkh.att.ne.jp

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Compliance

Compliance System

The Compliance Committee advances Zeon's compliance efforts. The Compliance Committee has three subcommittees, namely the Anti-trust Law Regulatory Subcommittee, the Export Security Control Subcommittee, and the Corporate Governance Subcommittee.

Zeon's Compliance System



Compliance Committee

FY 2021 Results

- Continued activities to establish and instill compliance awareness
- Redeveloped the management system for legal risks for Zeon Group companies outside Japan

Anti-trust Law Regulatory Subcommittee

- Conducted reviews prior to the revision of product prices in business divisions, carried out preliminary screenings when meeting with executives of competitors, and reviewed the status of participation in industry bodies

Export Security Control Subcommittee

- Conducted seminars for ordinary employees and for department personnel in charge
- Implemented numerous final assessments of control list applicability and trade investigations

Corporate Governance Subcommittee

- Established controls for identifying the risk of and preventing errors in consolidated financial statements. Evaluated whether the controls were functioning correctly
- Convened five times in FY 2021, and no ineffective controls were found

Internal Reporting System

We established the Internal Reporting System to rapidly collect information on potential risks and facilitate their resolution.

(For more information about the Internal Reporting System, see Risk Management.)

Internal Audits

Internal audits are performed for the purpose of preventing improprieties and errors in business operations.

The Department of Internal Auditing inspects and assesses whether business operations in all departments are being carried out appropriately and effectively in accordance with laws and internal regulations, and orders improvements when there are incidents of violations or non-compliance. In addition, the Department of Internal Auditing carries out periodic follow-up audits on the progress of measures taken by departments.

FY 2021 results: 32 departments (13 departments at Zeon Corporation, 7 Zeon Group companies inside Japan, 12 Zeon Group companies outside Japan)

FY 2022 plan: 36 departments (16 departments at Zeon Corporation, 10 Zeon Group companies inside Japan, 10 Zeon Group companies outside Japan)

Information Security Audits

Information security audits are internal audits on the handling of information assets. They are conducted for all divisions and departments at Zeon using a self-inspection format.

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IR Communications

Communication with Shareholders

Policies related to constructive dialogue with shareholders

Dialogue with shareholders is led by the department responsible for IR and SR, and overseen by the relevant director. The department responsible for IR and SR exchanges information with other relevant departments within the company as appropriate to provide accurate and unbiased information to shareholders.

We will continue to expand the avenues of dialogue apart from individual meetings. These include holding quarterly briefings for investors, making financial statements available on the Zeon Corporation website, and participating in company seminars for individual investors. The IR & SR office collects and analyzes feedback received in dialogue with shareholders and makes reports to the President as appropriate. Based on management regulations including those on insider trading and appropriate information disclosure, we strictly control unreleased important information while engaging in dialogue with shareholders to prevent information leaks.

General Meeting of Shareholders

On June 29, 2021 (Tuesday), we held our 96th Annual General Meeting of Shareholders in a conference room at the Head Office. While shareholders were asked not to attend the meeting in person (regardless of their state of health) to help prevent the spread of COVID-19, we mailed out notices approximately three weeks prior to the meeting to allow investors to exercise their voting rights by post or online based on a full review of the proposals. We also publish the details of resolutions from the General Meeting of Shareholders on our corporate website.

In addition, audio files of quarterly financial results briefings and videos of presentations by top management on the current status of management at Zeon are available on our corporate website.



Video of a presentation by President Tanaka

For more information about the General Meeting of Shareholders, see

<https://www.zeon.co.jp/en/ir/stock/meeting/>

For more information about financial results briefings, see

<https://www.zeon.co.jp/en/ir/financial/bs/>

Communicating Information to Shareholders

Twice a year, we send a booklet to our shareholders featuring updated business information and recent topics of interest, etc. The 97th Midyear Report, issued in December 2021, included a special feature on the transition to *monozukuri* manufacturing to achieve carbon neutrality and realize a circular economy, introducing key measures (formulation of a Carbon Neutral Master Plan with a view to 2050), and an overview of three major policies in the transition to *monozukuri* manufacturing alongside case studies of specific initiatives.

We will continue to improve the Midyear Report to make it more accessible and better meet shareholders' needs.



97th Midyear Report

For the Annual Report and other Midyear Reports, see <https://www.zeon.co.jp/ir/library/businessreport.html> (Japanese version only)

Distributions

Our basic policy is to pay out steady dividends of excess earnings to shareholders.

In principle, Zeon Corporation distributes excess earnings twice annually, through interim and year-end dividends. The General Meeting of Shareholders decides the year-end dividend amount, and the Board of Directors decides the interim dividend amount. Retained earnings are leveraged for proactive capital investments, development of innovative technologies, and production innovations.

For more information about Zeon's share price and dividends, see

<https://www.zeon.co.jp/ir/stock/dividend.html> (Japanese version only)

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ESG Data

Environment	P. 55
Social	P. 56
Governance	P. 57

Environment

Zeon Corporation only

*The Himi Futagami Plant and the Tsuruga Plant were added in FY 2021.

		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Toxic substances	Butadiene consumption (tons)	308,069	289,912	284,390	266,518	246,958
	Butadiene emissions (tons)	3.1	3.4	3.0	2.7	2.8
	Acrylonitrile consumption (tons)	29,840	29,205	28,775	24,319	27,629
	Acrylonitrile emissions (tons)	4.0	4.0	3.0	3.1	3.3
Substances subject to the PRTR Act	Consumption (tons)	885,176	878,072	827,134	817,455	782,415
	Emissions (tons)	25.2	23.7	23.3	23.4	23.4
Industrial waste	Amount generated before compacting (tons)	125,018	143,129	130,153	140,226	140,146
	Amount generated after compacting (tons)	14,574	15,932	15,115	16,362	18,849
	Amount sent to landfills (tons)	1.9	0.0	3.2	0.1	3.8
Atmospheric emissions	CO ₂ emissions (tons) Standards on the promotion of energy-saving/ global warming countermeasures	575,573	545,024	499,222	453,980	526,727
	CO ₂ emissions (tons) Scope 1	685,342	724,122	680,021	713,190	690,544
	CO ₂ emissions (tons) Scope 2	56,745	50,954	56,676	56,826	88,452
	CO ₂ emissions (tons) Scope 1+2	742,087	775,076	736,697	770,015	778,996
	SO _x emissions (tons)	796	689	774	579	797
	NO _x emissions (tons)	324	298	270	258	281
Water resources	Soot emissions (tons)	8	4	7	4	7
	Total water resource consumption (1,000 m ³)	18,234	18,098	17,741	17,905	17,811
Wastewater	Total wastewater discharge (1,000 m ³)	15,928	15,399	15,107	15,433	15,258
	COD emissions (tons)	137	124	141	121	141
	Total phosphorus discharge (tons)	2	2	2	2	2
	Total nitrogen discharge (tons)	153	160	157	133	131
Energy	Total consumption (crude oil equivalent, kL)	222,348	211,128	226,122	215,980	244,612
	Per-unit energy consumption (kL/t-PDR)	0.13	0.12	0.14	0.13	0.13
Production equivalent	(tons)	1,671,352	1,723,677	1,602,286	1,655,367	1,876,274

Zeon Group companies in Japan

("0" indicates less than 0.5, and "0.0" indicates less than 0.05)

*Optes Inc. was merged into Zeon Corporation in FY 2021.

		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Substances subject to the PRTR Act	No. of substances (total)	4.1	3.5	3.6	4.2	2.2
	Amount generated before compacting (tons)	4,896	2,746	2,323	2,247	859
Industrial waste	Amount sent to landfills (tons)	0.2	1.3	2.8	14.3	7.6
	CO ₂ emissions (tons) Standards on the promotion of energy-saving/ global warming countermeasures	56,021	52,343	50,318	53,681	8,370
	CO ₂ emissions (tons) Scope 1	-	-	-	-	2,147
	CO ₂ emissions (tons) Scope 2	-	-	-	-	6,179
	CO ₂ emissions (tons) Scope 1+2	-	-	-	-	8,326
	Energy consumption (crude oil equivalent, kL)	22,771	22,949	23,884	26,074	4,162
	Electricity consumption (1,000 kWh)	81,582	82,861	86,744	95,648	11,479
	Water resources (1,000 m ³)	319	328	327	334	215

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Status of Certifications for International Environmental Standards

Site	ISO 14001
Takaoka Plant	○
Kawasaki Plant	○
Tokuyama Plant	○
Mizushima Plant	○
Himi Futagami Plant	○
Tsuruga Plant	○
Zeon Kasei Co., Ltd. (Head Office divisions including research laboratories)	○
Zeon Polymix Inc.	○
RIMTEC Corporation	○
Zeon Opto Bio Lab Co., Ltd.	○
Tokyo Zairyo Co., Ltd.	○
Zeon Chemicals Yonezawa Co., Ltd.	○
Zeon North Co., Ltd.	○

Social

Status of Certifications for International Quality Standards

Site	ISO 9001:2015*1	ISO 13485:2016*2	IATF 16949:2016*3	FSSC 22000 v5*4
Japan				
Zeon Corporation	○			
Zeon Kasei Co., Ltd.	○*5			
Zeon Polymix Inc.	○			
Zeon Opto Bio Lab Co., Ltd.	○	○		
Tokyo Zairyo Co., Ltd.	○			
Tohpe Corporation	○			
Zeon Medical Inc.		○		
Zeon North Co., Ltd.	○			
Zeon Chemicals Yonezawa Co., Ltd.	○			○
Outside Japan				
Zeon Chemicals L.P.	○			
Zeon Chemicals (Thailand) Co., Ltd.	○			
Zeon Advanced Polymix Co., Ltd.	○			
Zeon Chemicals Singapore Pte. Ltd.	○			
Zeon Europe GmbH	○			
Zeon Chemicals Asia Co., Ltd.	*6			
Zeon Kasei (Changshu) Co., Ltd.			○	
Zeon Kasei Mexico S.A. de C.V.	○			

*1 ISO 9001 is the international standard for achieving ongoing improvements in enhancing customer satisfaction and quality management systems through product and services quality assurance.
 *2 ISO 13485 is the global standard for quality management systems in the field of medical devices for the purpose of continued manufacture and provision of safe and useful medical devices. The standard has added requirements specific to medical devices while omitting some of the ISO 9001 requirements.
 *3 IATF 16949 is a standard issued by the International Automotive Task Force (IATF) for the automobile industry sector, and which is intended as a supplement to the requirements of ISO 9001 for automobile manufacturers.
 *4 FSSC 22000 (Food Safety System Certification 22000) is a standard developed by the Foundation of Food Safety Certification to certify management systems for the production of safe food.
 *5 The logistical materials division has acquired certification limited to STEC®.
 *6 Preparations to obtain certification currently underway (as of November 2022).

Safety

Rate of conducting plant safety evaluations (%)	100
No. of RC audits conducted (times/year)	1
No. of safety incidents	7
No. of lost worktime accidents	7
No. of serious accidents without lost work time	0
Lost work time accident rate	0.47
No. of accidents in logistics	0

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Basic Information on Zeon Corporation Employees (non-consolidated; does not include non-permanent employees)

	Men	Women	Total	
No. of employees	1,836	271	2,107	
No. of new hires	New graduates* ¹	78	20	98
	Mid-year* ²	79	16	95
Average years of employment (yrs.)	15.6	12.6	15.2	
No. of non-Japanese employees	13	15	28	
Average age (years)	39.8	36.9	39.5	
Number of employees leaving jobs* ³	23	10	33	

As of March 31, 2022 (excluding those who resigned as of the end of March)

*1 Employees that joined the company in April 2021

*2 Employees that joined the company between April 2021 and March 2022

*3 Number of employees requesting voluntary retirement

Results of Initiatives

	FY 2021
Paternity leave acquisition ratio (%)	14
Ratio of employees with disabilities (%)* ¹ (Legally required ratio of 2.3%)	2.41
Ratio of absences due to injury or illness (absenteeism) (%)	0.56
Ratio of those taking stress checks (%)	96
Number of employees taking annual leave/acquisition ratio (%)	54
Ratio of employees undergoing routine medical checkups (%)	100
Average designated overtime worked (hours)	24.2
Overtime exceeding statutory monthly amount of 45 hours (total number: persons)	449
Participation ratio in e-learning relating to women's health issues (%)	73
Usage ratio for health support app (%)	36
Participation ratio for practical health routines events (Challenge 60) (%)	100
Participation status for measures targeting high-risk persons (completion ratio for health care guidance) (%)	44
Ratio of participation by eligible for mental health seminars (Line Care Training) (%)	76

As of March 31, 2022

*1 As of June 2022

Basic Information on Zeon Group Employees

No. of employees	3,981
No. of new graduate hires*	123

As of March 31, 2022 (excluding those who resigned as of the end of March)

*Employees that joined the company in April 2022

Governance

Management Organization

No. of members of the Board of Directors	9
Of which, are outside directors	3
Of which, are women directors	1
No. of members of the Audit & Supervisory Board	5
Of which, are outside auditors	3

*As of July 2022

Risk Management

No. of reports received via the Internal Reporting System	4
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*FY 2021

Internal Audits

No. of departments/companies audited	32
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*Zeon Corporation: 13 departments, 7 Zeon Group companies inside Japan, 12 Zeon Group companies outside Japan

For more detailed information, see the Corporate Governance Report

Corporate Governance Report (Japanese version only)

<https://www.zeon.co.jp/news/assets/pdf/220705.pdf>

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GRI Content Index

This report uses GRI Standards as reference.
The following reports also include disclosures.

- Integrated Report/IR Library
<https://www.zeon.co.jp/en/ir/library/>
- Corporate Governance Report (Japanese version only)
<https://www.zeon.co.jp/news/assets/pdf/220705.pdf>

Statement of use	Zeon Corporation has reported the information cited in this GRI content index for the period [April 1, 2021–March 31, 2022] with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Published format or item and page number (Integrated Report items are in blue, Sustainability Report items are in red)
General Disclosures		
GRI 2: General Disclosures 2021		
1. The organization and its reporting practices		
2-1	Organizational details	Company Profile (9)
2-2	Entities included in the organization's sustainability reporting	Editorial Policy (3)
2-3	Reporting period, frequency and contact point	Editorial Policy (3)
2-4	Restatements of information	—
2-5	External assurance	—
2. Activities and workers		
2-6	Activities, value chain and other business relationships	—
2-7	Employees	ESG Data (57)
2-8	Workers who are not employees	—
3. Governance		
2-9	Governance structure and composition	Corporate Governance Report, Corporate Governance (50)
2-10	Nomination and selection of the highest governance body	Corporate Governance Report, Corporate Governance (56)
2-11	Chair of the highest governance body	Corporate Governance Report
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Management (7) , Risk Management (52)
2-13	Delegation of responsibility for managing impacts	Sustainability Management (7) , Risk Management (52)
2-14	Role of the highest governance body in sustainability reporting	Sustainability Management (7)
2-15	Conflicts of interest	Corporate Governance Report
2-16	Communication of critical concerns	Corporate Governance Report
2-17	Collective knowledge of the highest governance body	Corporate Governance Report
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report
2-19	Remuneration policies	Corporate Governance Report, Corporate Governance (57)
2-20	Process to determine remuneration	Corporate Governance Report, Corporate Governance (57)
2-21	Annual total compensation ratio	Corporate Governance Report, Corporate Governance (57)
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Zeon's Sustainability (6)
2-23	Policy commitments	Zeon's Sustainability (6)
2-24	Embedding policy commitments	Zeon's Sustainability (6)
2-25	Processes to remediate negative impacts	—
2-26	Mechanisms for seeking advice and raising concerns	—
2-27	Compliance with laws and regulations	Compliance (53)
2-28	Membership associations	Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities (25)
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	—
2-30	Collective bargaining agreements	Labor Agreements and Communication between Labor and Management (35)

GRI Standard	Disclosure	
Material Topics		
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	—
3-2	List of material topics	—
3-3	Management of material topics	—

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GRI Standard	Disclosure	
GRI 200 Economic Standard Series		
Economic Performance		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Financial and Non-financial Highlights (10, 13)
201-2	Financial implications and other risks and opportunities due to climate change	TCFD (49)
201-3	Defined benefit plan obligations and other retirement plans	—
201-4	Financial assistance received from government	—
Market Presence		
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—
Indirect Economic Impacts		
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	—
203-2	Significant indirect economic impacts	—
Procurement Practices		
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	—
Anti-corruption		
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	Compliance (53)
205-3	Confirmed incidents of corruption and actions taken	—
Anti-competitive Behavior		
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance (53)
Tax		
GRI 207: Tax 2019		
207-1	Approach to tax	—
207-2	Tax governance, control, and risk management	—
207-3	Stakeholder engagement and management of concerns	—
207-4	Country-by-country reporting	—

GRI Standard	Disclosure	
GRI 300 Environmental Standards Series		
Materials		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	—
301-2	Recycled input materials used	—
301-3	Reclaimed products and their packaging materials	—
Energy		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Overview of Environmental Impacts (16), ESG Data (55)
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	ESG Data (55)
302-4	Reduction of energy consumption	Climate Change (18)
302-5	Reductions in energy requirements of products and services	Climate Change (18)
Water and Effluents		
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Air, Water, and Waste Materials (20)
303-2	Management of water discharge-related impacts	Air, Water, and Waste Materials (20)
303-3	Water withdrawal	Overview of Environmental Impacts (16), ESG Data (55)
303-4	Water discharge	Overview of Environmental Impacts (16), Air, Water, and Waste Materials (21), ESG Data (55)
303-5	Water consumption	Overview of Environmental Impacts (16), ESG Data (55)

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Biodiversity		
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
304-2	Significant impacts of activities, products, and services on biodiversity	—
304-3	Habitats protected or restored	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
Emissions		
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Overview of Environmental Impacts (16), Climate Change (18), ESG Data (55)
305-2	Energy indirect (Scope 2) GHG emissions	Overview of Environmental Impacts (16), Climate Change (18), ESG Data (55)
305-3	Other indirect (Scope 3) GHG emissions	—
305-4	GHG emissions intensity	—
305-5	Reduction of GHG emissions	Climate Change (18)
305-6	Emissions of ozone-depleting substances (ODS)	—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air, Water, and Waste Materials (20)
Waste		
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Overview of Environmental Impacts (16), Air, Water, and Waste Materials (21), ESG Data (55)
306-2	Management of significant waste-related impacts	Air, Water, and Waste Materials (21)
306-3	Waste generated	Air, Water, and Waste Materials (21), ESG Data (55)
306-4	Waste diverted from disposal	Air, Water, and Waste Materials (21), ESG Data (55)
306-5	Waste directed to disposal	Air, Water, and Waste Materials (21), ESG Data (55)
Supplier Environmental Assessment		
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	CSR Procurement (26)
308-2	Negative environmental impacts in the supply chain and actions taken	CSR Procurement (26)

GRI Standard	Disclosure	
GRI 400 Social Standards Series		
Employment		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Diverse Human Resources (30), ESG Data (57)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
401-3	Parental leave	Specific Initiatives to Realize Well-being and Freedom (34), ESG Data (57)
Labor/Management Relations		
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Labor Agreements and Communication between Labor and Management (35)
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Occupational Health and Safety (39)
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety (39)
403-3	Occupational health services	Health and Productivity Management Promotion (32)
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Productivity Management Promotion (33)
403-5	Worker training on occupational health and safety	Health and Productivity Management Promotion (34), Occupational Health and Safety (39)
403-6	Promotion of worker health	Health and Productivity Management Promotion (32), Occupational Health and Safety (39)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety (39)
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety (39)
403-9	Work-related injuries	Occupational Health and Safety (39), ESG Data (56)
403-10	Work-related ill health	Occupational Health and Safety (39), ESG Data (56)
Training and Education		
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	—
404-2	Programs for upgrading employee skills and transition assistance programs	Reformation of the Personnel System (36), Organizational and Human Resources Development (37)
404-3	Percentage of employees receiving regular performance and career development reviews	—

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United Nations Global Compact Index

This table shows the measures taken by, and reporting made by, the Zeon Group in relation to the Ten Principles of the UN Global Compact promoted by the United Nations.

The UN Global Compact	Corresponding page
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Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human Rights/CSR Procurement (24)
Principle 2: make sure that they are not complicit in human rights abuses.	Human Rights/CSR Procurement (24)
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human Rights/CSR Procurement (24), Human Resources (35)
Principle 4: the elimination of all forms of forced and compulsory labour;	Human Rights/CSR Procurement (24)
Principle 5: the effective abolition of child labour; and	Human Rights/CSR Procurement (24)
Principle 6: the elimination of discrimination in respect of employment and occupation.	Human Rights/CSR Procurement (24)
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Environment (11)
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environment (11)
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Environment (11)
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Human Rights/CSR Procurement (24), Compliance (53)

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