

Resource and Energy Saving

In order to achieve the goal of "reducing the average energy consumption rate to 87% of the 1990 level by 2010" set by the Japan Chemical Industry Association, we have held energy conservation promotion meetings throughout the company and have actions in progress.

Plant utilization was down significantly in 2008 with production only 83.8% of the previous year. As a result, energy use measured in terms of equivalent consumption of crude oil was 88.7% of the previous year's level.

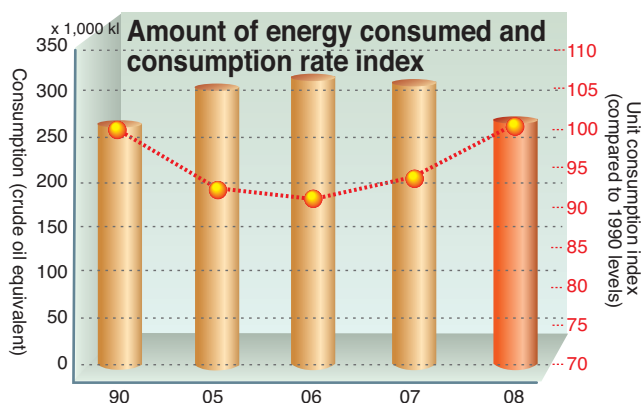
Unit consumption index (compared to 1990 levels)* went from 94.9% in 2007 to 100.4% in 2008.

The drop in production was due to operating at low utilization in order to adjust stock levels in response to the sudden fall in demand that occurred during the

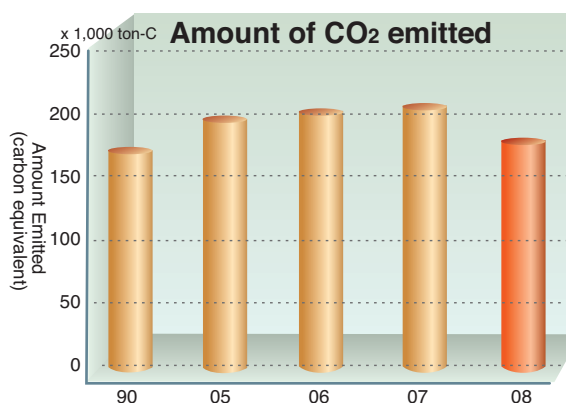
latter part of the 2008 financial year.

Although ZEON undertook various energy efficiency improvements such as waste heat recovery, these were not reflected in the unit consumption index because the benefits of this work was outweighed by the drop in utilization.

Major energy saving work is planned for the Mizushima industrial complex during 2009 and the company as a whole continues to work on further improvements.



* Note: Unit consumption index (compared to 1990 levels): Average energy consumption rate (consumption in crude oil equivalent ÷ production volume) for target year as a proportion of the average energy consumption rate in 1990 (where the 1990 index is 100)



Energy Consumption Associated with Transportation

Under amendments to the Energy Conservation Law, responsibility for improving energy efficiency in transport has rested since 2006 with the party responsible for requesting transportation of the goods and raw materials (the consignor or owner of the goods and raw materials).

A company with an annual freight volume of 30 million ton-kilometers or more is defined as a designated major consignor under the amended law and is subject to additional requirements.

On the basis of its total freight shipping volumes (including the four production plants and the R&D Center), ZEON is a designated major consignor and

the company submitted its regular declaration to the Ministry of Economy, Trade and Industry on June 30, 2007.

Transportation energy use for 2008 measured in terms of equivalent consumption of crude oil was 4,960 kl, which is about 18% of the 272,500 kl of energy used in manufacturing.

The 2008 unit consumption index was 100.6% of the previous year. This slight worsening in the unit consumption index occurred because the lower production volumes meant less maritime transportation of raw materials which has superior transport energy-efficiency. However, the unit consumption index for transportation of products did improve in 2008, to 97.3% of the previous year.

Energy conservation topics

Energy conservation plan for the Mizushima industrial complex

At the Mizushima industrial complex, Asahi Kasei Chemicals, ZEON and Nippon Petroleum Refining (the refining arm of ENEOS) have started work on a joint program to save energy by recycling petroleum residue.

The project has been adopted as part of the NEDO Energy Conservation Project Support Scheme. Nippon Petroleum Refining will build a new solvent de-asphalting line at the Mizushima Refinery for extracting raw material for kerosene and other light oil distillates from asphalt and other heavy oil distillates. The petroleum residue (or pitch) left over after this extraction process will be used as fuel for new boilers to be built by Asahi Kasei Chemicals and

ZEON. This will save energy by reducing use of the heavy oil and other fuels used in the past.

It is estimated that this will deliver significant energy savings across the entire industrial complex (equivalent to approximately 98,000 kl of crude oil) and commercial operation commenced in August 2009.



Energy conservation plan for the Mizushima industrial complex

Message

CSR at ZEON Corporation

Engagement with society

Respect for the individual

Environmental activities

Site Reports