Zeon Chemicals Yonezawa Co., Ltd.

Company Profile

Business Description
Manufacture and sale of perfumes and pharmaceutical and agrochemical intermediates, manufacture and sale of RIM blended solutions

Established in 1996 as a producer of fine chemical products, Zeon Chemicals Yonezawa began production of synthetic aroma chemicals in 1997 and reaction injection molding (RIM) compounds in 1998.

No. of employees
As of March 31, 2018: 34 (32 men, 2 women)
Hiring in FY 2017: 1 (1 man)

Company Policy (Executive Message)

In FY 2018, the second year of implementation of Phase III of the SZ-20 medium-term management plan, our company is adopting a policy that emphasizes “Thinking about the fundamentals of our business activities, and strengthening the ability to respond effectively to changing circumstances,” and has specified the following key issues that need to be addressed.

1. Pursuing the fundamentals of safety and security, and continuing to maintain our record of no safety incidents and no accidents
2. Achieving our planned production volume targets through resource optimization and enhancement
3. Striving to provide quality that meets customers' expectations
4. Implementing cost reduction measures on an ongoing basis
5. Supporting the development of the Zeon Group as a whole
6. Implementing activities to meet society’s expectations

Safety Initiatives

Policy
With a commitment to the basics, create stable, safe, and comfortable workplaces.

Specific Initiatives
Increased sensory awareness through hands-on education
Provide a controlled combustion and explosion experience with alkyl aluminum (category 3 hazardous substance), which we use in manufacturing, in cooperation with the fire department and a chemicals manufacturer.
Environmental Impact Reductions

Policy
Maintain record of zero emissions, and conduct activities to reduce our environmental impact.

Specific Initiatives
1. Maintain record of zero emissions
   - Strictly sort waste materials
   - Recycle and reuse resources
   - Practice thermal recycling

2. Conserving resources and energy
   - Reduce power consumption

3. Environmental data
   + "0" indicates less than 0.5 tons, and "0.0" indicates less than 0.05 tons

<table>
<thead>
<tr>
<th>Zeon Chemicals Yonezawa Co., Ltd.</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substances subject to the PRTR Act</td>
<td>No. of substances</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Consumption (tons)</td>
<td>1,642</td>
<td>1,759</td>
<td>1,567</td>
<td>1,576</td>
</tr>
<tr>
<td></td>
<td>Emissions (tons)</td>
<td>0.5</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Industrial waste</td>
<td>Amount generated before compacting (tons)</td>
<td>202</td>
<td>206</td>
<td>182</td>
<td>180</td>
</tr>
<tr>
<td></td>
<td>Amount sent to landfills (tons)</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Water resource consumption (1,000 m$^3$)</td>
<td>(industrial water + groundwater + waterworks)</td>
<td>9</td>
<td>14</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>CO₂ emissions (tons)</td>
<td>1,151</td>
<td>1,421</td>
<td>1,815</td>
<td>1,716</td>
<td>2,089</td>
</tr>
<tr>
<td>Energy consumption (crude oil equivalent, kL)</td>
<td>490</td>
<td>591</td>
<td>762</td>
<td>720</td>
<td>876</td>
</tr>
</tbody>
</table>
*Our electricity consumption has increased due to full-scale running of new experiments, resulting in higher CO₂ emissions and energy consumption in FY 2015.

Relationship with Employees

Policy
Cultivate human talent who set themselves challenging goals, and implement improvement and reform activities on an ongoing basis.

Specific Initiatives
1. Invigoration of ZΣ cycle activities
The Zeon Group uses the name “ZΣ Activities” to refer to quality control activities. At Zeon Chemicals Yonezawa, we hold annual presentations to showcase the achievements of our ZΣ Activities, and the members of a representative ZΣ Activities team are sent to attend the Group-wide presentation; in this way, we aim to strengthen employees’ awareness of the need for ongoing improvement, and to enhance overall
employee skill levels.

2. Naseba-naru Awards (in-house commendations)
Naseba-naru Awards are given to employees who have demonstrated significant results, including implementing improvements and creating systems, safety and 5S’s, and corporate culture reforms. Two employees received the commendation in FY 2015, six in FY 2016, and seven in FY 2017. The meaning of Naseba-naru comes from a quote by Uesugi Yozan, the head of the Yonezawa domain during the mid-Edo Period, who is remembered for achieving financial and other reforms of the domain. He famously said, “If you put your mind to it, you can do it” (Naseba naru in Japanese).

Relationship with the Local Community

Compliance and other activities to fulfill society’s expectations.

Specific Initiatives
1. Participation in community events
Yamagata Prefecture experiment classrooms
We set up an experiment craft booth at the 2017 Youth Science Festival in Yamagata. Together with children, we made air fresheners by adding our synthetic aroma chemicals to water-absorbent resin containing colored water. A total of 139 elementary and junior high school students learned about synthetic aroma chemicals while enjoying the craft activity.

2. Uesugi Snow Lantern Festival
Held every year, the Uesugi Snow Lantern Festival creates a magical atmosphere symbolizing local residents' wishes for peace. We participate every year as a part of our community activities and create two snow lanterns.