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Labor Practices

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Basic Approach and Initiatives

Aiming to ensure that Zeon is “A company of which each and every one of its employees can be proud”

In our CSR Code of Conduct, we stipulate respect for human rights and prohibit discrimination. We strive to be a company that understands and accepts diverse values, and where no person is discriminated against based on gender, age, nationality, or other attribute.

Based on this policy, we aim to enable every employee* to work with pride by cultivating employees able to continually evolve by pursuing high goals based on independent thinking, building a human resource system in which employees take on challenges without fear of failure and gain a sense of accomplishment, and creating a comfortable workplace environment that values dialogue.

*At Zeon, “employees” refers to all workers including full-time and part-time workers.



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Targets and Results

We have set Enterprise Blueprint for 2020 targets in each area of activity and are conducting initiatives needed to achieve our goals.

Enterprise Blueprint for 2020 To meet the expectations of society	Details of current activities (■: Completed, △: Ongoing)	Future initiatives and targets
<p>Balancing individuals' work and private life</p> <ul style="list-style-type: none"> • Balance is achieved between individuals' work and personal life. • Create workplace environments in which people are motivated to perform by promoting diversity, implementing fair hiring and personnel systems, and encouraging dialogue 	<ul style="list-style-type: none"> ■ Introduce flex-time systems ■ Advancement of measures to support raising the next generation ■ Childcare support systems (shortened working hours, overtime restrictions and exemptions, sick care leave, working daycare hours, etc.) △ Return-to-work program for employees taking childcare and caregiving leave △ Active hiring of women, non-Japanese employees △ Implementation of employment for people with disabilities △ Support for employee skills and career development △ Initiatives for harassment prevention △ MD Committee activities by women members <p>FY 2019 results</p> <p>Percentage of employees with disabilities: 2.01%</p>	<ol style="list-style-type: none"> 1. Further pursue dynamic work styles 2. Create an environment that encourages taking of child and family care leave 3. Introduce a work-from-home system 4. Promote diversity-oriented management <ul style="list-style-type: none"> • Further expand employment not tied to gender, nationality, race, age, disability, or other attribute • Appoint more women employees to higher positions • Initiatives to prevent harassment and improve communication competence • Advance employment of older persons 5. Develop an educational system and expanded curriculum
<p>Promise of feelings of reward, safety, and security at work</p> <ul style="list-style-type: none"> • Health management Place priority on individuals' physical and mental well-being, and support improved health • Disaster prevention All worksites have earned public trust by maintaining a safety record of zero incidents and accidents • Safety education 	<ul style="list-style-type: none"> • Health management <ul style="list-style-type: none"> △ Promotion of health management • Ensure labor hours management to prevent excessive work • Provide guidance on improving lifestyle habits and stress checks • Disaster prevention <ul style="list-style-type: none"> △ Conduct emergency drills and other initiatives such as concluding disaster cooperation agreements △ Implement the Safety Management Improvement Master Plan △ Fully implement deterioration countermeasures and identify foolproof measures, and horizontally implement measures arising from cases of accidents at other companies and plants △ Eliminate safety incidents: Regularly conduct plant safety evaluations and audits • Safety education <ul style="list-style-type: none"> △ Provide education to enhance accident prevention awareness, including education using accident case studies and hands-on training △ Promote the 5S's→3S's <p>FY 2019 results</p> <ul style="list-style-type: none"> ● Plant safety evaluations conducted 100% ● Implement RC audits conducted (once/year or more for all 4 plants) ● Eliminate safety incidents: 6 safety incidents ● Eliminate occupational accidents: 2 occupational accidents resulting in lost work time ● Zero serious accidents without lost work time ● Improve safety in logistics: 0 accidents in logistics 	<ul style="list-style-type: none"> • Health management <ol style="list-style-type: none"> 1. Further promotion of health and productivity management (Continue to be selected as a White 500 company, enhance mental health education, implement further health promotion initiatives) • Disaster prevention <ol style="list-style-type: none"> 1. Implement four safety activities conducted throughout Zeon Group in the supply chain • Safety education <ol style="list-style-type: none"> 1. Implement the safety education and 3S's conducted throughout Zeon Group in the supply chain

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Employment and Diversity

Zeon Group respects diversity, and strives to be a company in which everyone in our diverse team of employees is able to fully demonstrate their capacities. Our employees today have a wide range of backgrounds and play an active role regardless of gender, age or nationality.

Basic Information

Basic Information on Zeon Corporation Employees

(non-consolidated, does not include non-permanent employees)

		Men	Women	Total
No. of employees		1,392	208	1,600
No. of new hires	Recent graduates* ¹	34	7	41
	Mid-career hires* ²	22	3	25
Average years of service		16.4	12.3	15.9

As of March 31, 2020 (excluding those who left the company as of the end of March)
Includes 26 non-Japanese employees

*1 Employees that joined the company in April 2019

*2 Mid-career hires that joined the company between April 2019 and March 2020

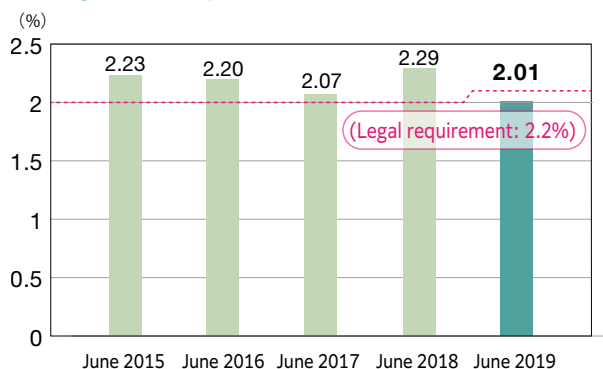
Hiring

The Zeon Group hired 41 recent graduates of high schools, technical colleges and universities in FY 2020.

Employment of people with disabilities

We will continue to expand employment for people with disabilities while exercising the utmost care for safety, particularly at our laboratories and plants, which handle hazardous materials and use rotating and other industrial equipment to manufacture chemicals.

Percentage of Employees with Disabilities



Re-employment of employees who have reached mandatory retirement age

We have adopted a re-employment system, called the Master Employee System, in which we confirm with employees their desire to continue working before reaching mandatory retirement age, and allow all employees who wish to continue working to do so, based on the Act on Stabilization of Employment of Elderly Persons.

Advancement of women

Established in January 2009, the MD Committee has now been in operation for 12 years. In FY 2020, the Committee, consisting of 64 female employees from across the company, promoted MD activities based on two "C's" (CSR and Cost reduction) and two "MD's" ("muda-dori" and "mudo-dukuri," or waste-cutting and atmosphere creation in English). In addition to waste-cutting proposals that can be directly measured in monetary terms, the Committee is also conducting initiatives to improve the work environment and facilitate communication, and is steadily promoting innovative activities in plants and other workplaces.

We have established targets to increase the number of female employees as part of our General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

We position the advancement of women in the workplace as the first step in promoting diversity at Zeon. As such, we are developing a range of measures to enable women to continue working and advance their careers, including holding workshops and expanding the adoption of systems that offer flexible working styles.

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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, 2018 to March 31, 2021
2. Zeon Corporation's issue We want to increase the number of female employees.
3. Goals and initiatives, and implementation time-frame

Target 1: Achieve 30% women hires among new graduate hires

Starting in FY 2018, we will be holding recruitment seminars that focus on women's work-styles.

Target 2: Conduct career plan workshops

Starting in FY 2018, we will be using career planning to strengthening women's motivation to develop their careers.

Target 3: Increase understanding for diversity management

Starting in FY 2018, we will be conducting an educational program for managerial level employees to promote understanding of diversity.

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HR Development

Encourage employees to continually evolve by pursuing high goals based on independent thinking

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.

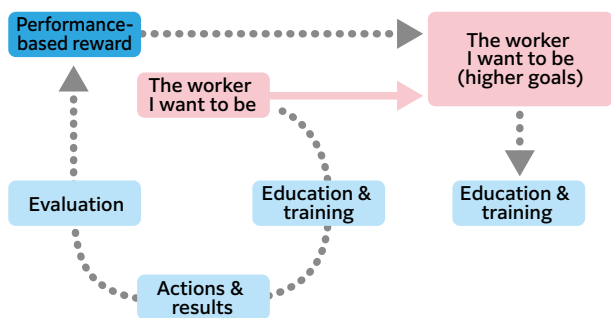
Education and Training Framework

Education and training at Zeon is broadly divided into core and specialized programs. The core program is for all employees, and focuses primarily on developing awareness of Zeon's management philosophy, building a cooperation-oriented attitude, and acquiring shared knowledge. We also provide specialized education to develop the work competencies needed in specific occupations company ranks, as well as on-the-job training conducted at worksites.



Management training

HR development at Zeon



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Education & Training System

Rank	Leadership development and education	Rank-based education	Professional skills (all levels)	Self-improvement	Global talent education	Occupation-based specialized education	On-the-job training
Managers	Business leadership education	Managers New managers	Information system, accounting, CSR, compliance, environmental safety, quality assurance, production	Online educational courses, and support for obtaining qualifications	Training staff for working abroad, TOEIC, studying abroad, MOT, MBA	Research, technology, clerical work, sales, planning and control, manufacturing, engineering	Transferring technical knowledge, partnering with off-site educational programs
Deputy managers		Deputy managers					
Mid-career staff		Mid-career staff					
Newly-recruited employees		Newly-recruited employees					

Zeon's Ippeki Training Facility

We opened the Ippeki Training Facility in 1981 to create a venue that allows employees to concentrate on their education and training, so as to improve their qualifications and skills. Employees come to the training site from our worksites throughout Japan for intensive education and training, and also form personal relationships over the course of staying at the site together with the instructors and other training participants.

Occupation-based Specialized Education-Manufacturing Duties (Production Operators)

We established the Monozukuri (Product Manufacturing) Training Center in 2009 as an educational facility for all manufacturing operatives; its goal is to develop human resources to support production innovations in pursuit of ensuring safe and reliable production activities. To cultivate operatives who understand and follow the rules and make improvements on their own, the Center has a simulated plant where trainees practice basic operations and basic processes in addition to acquiring foundational knowledge.

New employees take the beginner-level training program during their first to third years of employment.

During the program, they stay in the company dormitory to foster friendships and build solidarity with their coworkers while keeping a regular schedule. The curriculum at the Monozukuri Training Center includes both a basic program, consisting of classroom lectures and tests, and a training program at our training plant. The training at the simulated plant teaches trainees how to operate, monitor, and stop machinery. The training sessions are repeated until trainees become well acquainted with basic operations (identifying and pointing out items to be checked, reporting, maintaining open communication, consulting supervisors, and detecting hazards) and basic processes (such as work safety procedures common to all worksites). Trainees also have opportunities to learn the reasons why operations are done the way they are. Tests are given the day after classroom lectures so that trainees can review what they learned the previous day. One trainee is selected to help administer the curriculum in a leadership position. This training system aims to accomplish several objectives at the same time, namely skills acquisition, developing independent thinking, and building leadership skills and a spirit of cooperation. Various means are employed to ensure that trainees take the training program seriously, such as issuing yellow cards to trainees who do not follow company rules.

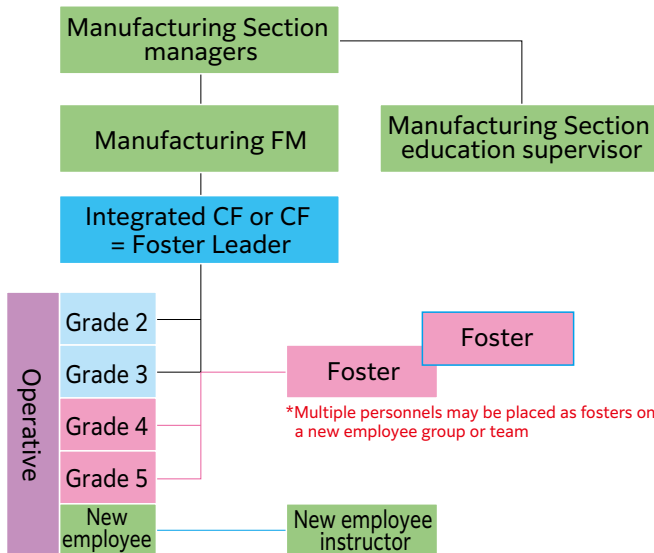
We have also introduced the "Foster" system, in which trainers ("Fosters") separated from the new employee instructors engage in training individual new employees

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for the purpose of making product manufacturing training a routine aspect of worksites. While we expect manufacturing operatives to work on their own personal development, we have introduced the “Foster” system to create an HR development framework in which all

worksite employees, including senior staff members and supervisors, participate in HR development. Another purpose of the program is for “Fosters” to achieve personal growth through instructing junior employees.

Manufacturing Section Foster System Framework and Definitions of Roles



What is a “Foster”?

We **foster** talent that can do work.

We foster talent that can do work.

➔ Performing the role of training group members.

Foster Leader (Integrated CF or CF)

Person responsible for integrated management of developing the proficiency of group members

Foster

Person providing and tailoring on-the-job and off-the-job instruction according to the proficiency level management documentation

New employee instructor

Person responsible for developing and instructing new employees in their first year of employment until they can perform their duties independently

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Human Resources System

A Human Resources System in Which Employees Take on Challenges and Gain a Sense of Accomplishment

At Zeon Corporation, we believe that our competitiveness derives from the sum total of the capabilities of our individual employees. We strive to create a human resources system that provides employees with a sense of accomplishment by giving them opportunities to challenge themselves to achieve ambitious goals within the shared goals of the organization and to have their performance reflected fairly in their pay and employment conditions.



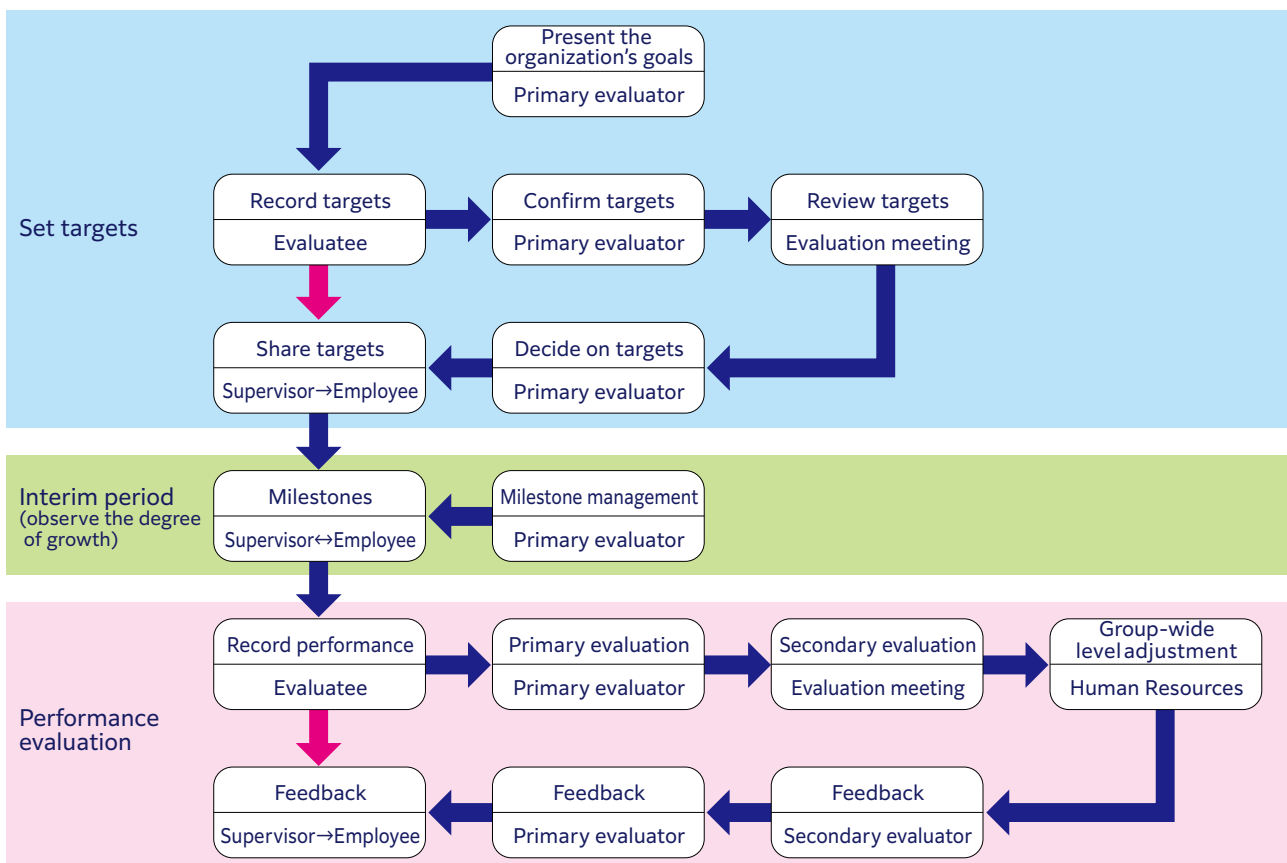
Performance Evaluation System

Recognizing that a perfect score is impossible in a personal performance evaluation system where people rate each other, we are providing training to all evaluators and evaluated personnel to maintain and improve their evaluation competency.

At Zeon Corporation, we have placed priority on gaining understanding and acceptance for evaluation results. Expectations, required work and performance targets are made clear to all employees at the beginning of the evaluation term, and are shared among superiors and subordinates. At the end of the evaluation term, we perform fair evaluations of work and performance (i.e. contribution to the organization) with the aim of shaping a corporate culture filled with a sense of accomplishment and aspiration (i.e. a spirit of challenge and creative motivation).

We will continue our efforts to create an open and fair performance evaluation system that encourages employees to realize more creative work with added value and that distributes opportunities and rewards in a fair manner.

Performance Evaluation Flowchart



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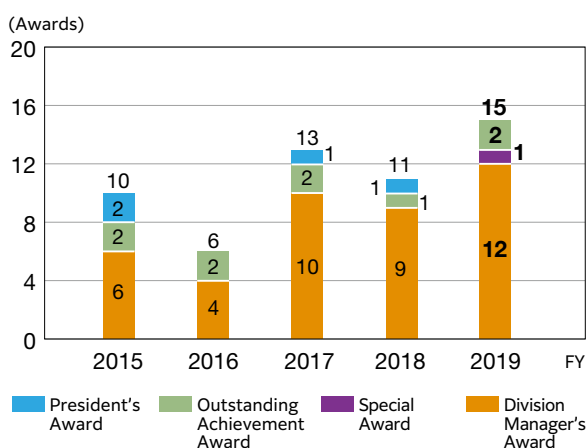
Performance-linked Bonus System

Since 2000, Zeon Corporation has adopted a bonus system that is linked to performance. The bonus is determined based on three types of performance: group-wide, division, and individual performance. As with the performance evaluation system, we view bonuses as a means of giving employees a sense of accomplishment by reflecting their performance fairly in their compensation when they challenge themselves to achieve ambitious goals individually, as a team, and as an organization.

Award System (Zeon Challenge Award)

Our awards programs include the Employee of the Month award, the winners of which are selected by division managers each month, and the annual Zeon Challenge Award (President's Award), for which individual employees and divisions define a specific challenge at the start of the year and are judged on their progress toward meeting that challenge. The Zeon Challenge Award presentation ceremony is broadcast to all sites via videoconferencing system to allow as many people as possible to participate each year. High-performing departments and individuals who narrowly miss receiving the Zeon Challenge Award are eligible, based on their accomplishments, for the Outstanding Achievement Award from the President and Division Manager's Award from the division manager.

Number of Annual Awards



Retirement Package System

Zeon Corporation provides retirement packages and defined-contribution (DC) pensions. The retirement package takes into account the last 10 years of performance evaluations before mandatory retirement and reflects the results in a lump-sum payment upon retirement, with the expectation that employees will remain motivated and feel a sense of accomplishment right up until mandatory retirement. The defined-contribution (DC) pension system includes contributions from the company that can be matched by employee contributions, and is one means of accumulating assets for after retirement.

Compensation System for Invention Patents

We are continuously working to create new technologies based on our Basic R&D Philosophy: Contribute to society by creating world-leading businesses through developing unique technologies in the specific fields in which Zeon excels.

We strive to expand our intellectual property rights using the patent first* principle, not only to protect (based on full respect for others' rights) the technologies we have created ourselves, but also to contribute to industry growth.

In addition to the incentives awarded to the inventor of an invention made in the course of work when the patent application is filed and when the patent is registered, we have also adopted a system to award outstanding invention incentives and performance incentives.

*Patent first
At Zeon, we define this as filing patent applications before developing and announcing products and providing samples. In other words, we conduct product development after first considering possibilities for filing patents.

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Creating Working Environments That Protect Health

A Comfortable Working Environment That Values Dialogue

Approach to Building Working Environments

Guided by the principles of motivation, reliability, achievement, stability and safety, and security, we are pursuing flexible work options premised on regulatory compliance and giving special importance to CSR. We continue to work to build more inclusive and supportive working environments from five perspectives: supporting flexible work styles for work-life balance, enhancing working environments, encouraging dialog, improving health, and supporting self-reliance.



Systems and Initiatives to Realize More Inclusive and Supportive Working Environments

We are implementing ongoing initiatives to build more inclusive and supportive working environments. These include reducing overtime work and developing systems for flexible work options and to support childbirth, childcare, and family care needs.

Systems and Initiatives

Flexible work styles	Flex-time system, encouraging the taking of special leave, half-day holidays, instituted days with no overtime, self-improvement activities, training for managerial and supervisory staff, surveys of actual conditions, labor-management committee operations, labor-management patrols	
Support for combining work and childcare	Maternity leave before and after birth, childcare / caregiver leave system, leave to attend childbirth (for expecting fathers), leave to care for sick children, half-day leave, shortened working hours system, limits on overtime work, exemption from late-night work, breastfeeding time, childcare / caregiver leave financial support system, childbirth cash payments	
Health and welfare	Asset accumulation	Employee savings scheme (incentives for retirement savings), employee stock ownership scheme (with financial incentives), defined-contribution (DC) 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)
	Marriage	Marriage cash payments, honeymoon leave, spousal allowance
	Childbirth	Childbirth cash payments, maternity leave, dependents and tuition allowances
	Holidays and business shutdowns	Carryover of accrued vacation time, "My Life" holidays (on reaching the age of 50), "Refresh" holidays (Master employees), public-service leave (for jury duty)
	Recreation and training facilities	Hakone Gora Facility, Izu Ippeki Training Facility
	Loans and self-help	Bereavement condolence payments, bereavement leave, study loans, disaster assistance, group medical insurance, compensation for absences from work (Zeon health insurance cooperative association), optional group insurance, group life insurance, etc.

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Support for Combining Work and Childcare

At present, 100% of female employees who give birth take childcare leave. Among male employees, seven employees took childcare leave in FY 2019. In addition, many employees have used our system of shortened working hours to allow them to combine working and raising children.

General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children, we have drawn up a General Employer Action Plan, and we report our activities to the relevant authorities.

In FY 2014, we achieved our targets within the plan implementation period and received the Kurumin Mark from the Minister of Health, Labour and Welfare, which is awarded to companies that provide support for child-rearing.

The current Action Plan is as follows.

Zeon Corporation's General Employer Action Plan (Act on Advancement of Measures to Support Raising Next-Generation Children)

In order to more fully promote the establishment of an environment where each and every employee can display their abilities to the fullest, we have formulated the following Action Plan, as we believe that it is important to create an atmosphere and a workplace environment that facilitates the combining of work and childcare.

1. Plan implementation period:
The four-year period from April 1, 2018 to March 31, 2021
2. Details
Objective 1: We will promote the creation of an environment that facilitates the use of compatibility support.
Action: From April 2018 onwards, we will hold presentations etc. regarding how to use the system, and will promote understanding of the system.
Objective 2: We will put in place a consultation system in relation to compatibility support and work styles.
Action: From April 2018 onwards, we will implement a survey to determine key requirements
From September 2018 onwards, we will establish the consultation system and implement related education.
Objective 3: We will adopt measures that contribute to the adoption of flexible work styles.
Action: From April 2018 onwards, we will evaluate the potential for adopting a work-from-home system.
End

Support for Combining Work and Family Care

Labor and management at Zeon work together to achieve a balance between work and family responsibilities for employees with family members requiring in-home care; we have set up a consultation desk to support such employees. We also hold trainings for the purpose of improving the capabilities of the consultation desk.

Improving Working Environments, Encouraging Dialog, and Supporting Self-reliance

Our focus is on encouraging dialog (communication) to create an atmosphere in which all employees display sensitivity to each other based on shared awareness, and in so doing enhance our worksite capabilities.

We consider communication, not only between managers and employees, but also within the workplace and between workplaces, to be the foundation of all corporate activity. Through communication, we aim to remove barriers between organizations, unify our direction, and help employees to feel satisfaction and pride in their work.

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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Dialog with Management

Opportunities for active engagement with management are available in the form of policy briefings and other venues, in which management members up to and including the President visit worksites to provide explanations and talk with employees.

Submitting Complaints

Zeon's labor agreement includes rules for making official complaints.

We have established rules for preventing sexual harassment, which is conduct subject to disciplinary action under our employment regulations, and we have set up a consultation desk specifically for resolving sexual harassment-related complaints.

We also conduct an educational program on the prevention of harassment for all staff as part of our diversity training.

Health Management Initiatives

Adopting an approach that takes individual physical and mental health as the foundation for health management, we take steps to maintain and improve the physical and mental health of employees.

In addition to healthcare guidance provided by nurses, we also provide statutory medical examinations as well as detailed medical examinations by industrial physicians. We are also working in collaboration with a health insurance cooperative association to prevent employee's health conditions from becoming serious illnesses.

In regard to mental health, besides providing mental health education, several worksites have implemented stress checks to assist employees in better understanding the physical and mental effects of stress. We have also set up an educational system using self-care and e-learning courses to encourage employees to check their stress levels at any time, not just at the time when company stress checks are conducted. In addition, we have assigned psychiatrists and psychotherapists to support our industrial physicians.

In recognition of these efforts, we received certification in the 2019/2020 Certified Health and Productivity Management Outstanding Organizations Recognition Program (Large Enterprise category). Performing environmental measurements on chemical concentrations, dust concentrations, noise levels, and other conditions in work areas at our plants also helps us to make improvements to workplace environments.

We introduced an ICT-based health and prevention information service that allows employees to check their medical data from a computer or smartphone at anytime from anywhere. The service also provides health information tailored to the person's health data. Using ICT, we are also participating in health-promotion events to encourage employees to take an active interest in their health through the health and prevention information service.

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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, 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)

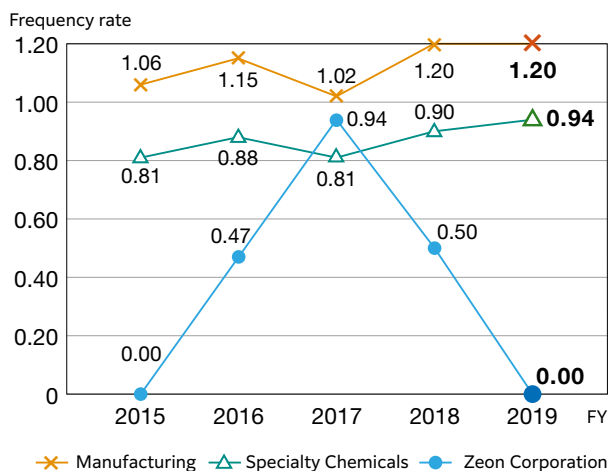
Actions taken by workers to analyze and understand unsafe conditions with the aim of recognizing activities that would place them in danger.

*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).

In FY 2019, we conducted 5S safety inspections on two occasions. Environment and Safety officers from all plants participate in the inspections so that they can learn about 5S activities at other plants and develop them at their own plant.

The Environmental and Safety Affairs Department conducted Group company inspections at three worksites.

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. They also visit plants on other occasions to communicate directly with plant workers, who are on the front-line of the company's operations. Senior managers visited plants on 46 days in FY 2019.

Safety Management Efforts Led by Top Management

Each year, top management develops the 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.

*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.

Certification Status

Plant	Obtained Certified Safety Inspector status	Obtained Certified Completion and Process Safety Inspector status
Takaoka Plant	2000 (renewed in 2015)	—
Kawasaki Plant	1998 (renewed in 2017)	2008 (renewed in 2017)
Tokuyama Plant	2007 (renewed in 2016)	2012 (renewed in 2016)
Mizushima Plant	2006 (renewed in 2016)	2006 (renewed in 2016)

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 2019: Safety incidents* 6
 (High-pressure gas/hazardous substance leaks: 3; Fluorocarbon leaks: 2; Ignition incidents caused by static electricity: 1)

Although these incidents did not result in injury to humans, damage to equipment, or 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.