

ZEON

Zeon Group

Sustainability Report 2024

Contents

Contents

Editorial Policy

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Contents

Editorial Policy	3
------------------	---

■ Messages from Management 4

Message from the President	4
Message from the General Manager of Corporate Sustainability	5

■ Materiality 6

■ Zeon's Sustainability 10

Basic Approach	11
Sustainability Management	13
Spreading Sustainability Awareness	16
Sustainability Promotion Plan	17
Timeline of CSR/Sustainability Initiatives	18
Stakeholder Engagement	19
IR and Public Relations	20
Commitments and External Evaluations	21

■ Environment 23

Environmental Philosophy and Safety Philosophy	24
Environmental and Safety Management	26
Overview of Environmental Impacts	27
Responding to Climate Change	28

Chemical Substances Management	28
Air, Water, and Waste Materials	29
Biodiversity	29
Chemical Product Safety Information	30
Environment and Safety in Logistics	31

■ Human Rights 32

Upholding Positive Working Environments by Protecting Human Rights and Prohibiting Discrimination	33
Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities	35
Partnerships	35

■ Human Resources 36

Overview of the Human Resources Strategy	37
Initiatives to Achieve Group-Wide Strategies	39
Diverse Human Resources	41
Creating an Enabling Work Environment That Does Not Interfere Career Pursuits	44
Personnel System	49
Human Resources Development	50

■ Occupational Health and Safety 51

Occupational Safety	52
---------------------	----

Safety and Accident Prevention	53
Environmental and Safety Education	55
Topics	57

■ Quality Assurance 59

Basic Approach and System	60
Quality Assurance Initiatives	61

■ Community 63

Social Contribution Activities	64
--------------------------------	----

■ Governance 69

Corporate Governance	70
Risk management	72
Compliance	74
Internal Audits	76

■ ESG Data/Index 77

Environment	78
Social	80
Governance	82
GRI Content Index	83
United Nations Global Compact Index	89

↶

← 3 →

■ Contents
Contents
▶ Editorial Policy
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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 2023 to March 2024 (includes some information relating to the period in and after April 2024)

Reporting scope

Zeon Corporation and Zeon Group companies inside 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

- 2018 Environmental Reporting Guidelines (Ministry of the Environment)
- GRI Standards

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January 2025 (previously published in March 2024)

- Contents

- Messages from Management

- ▶ Message from the President

Message from the General
Manager of Corporate
Sustainability

- Materiality

- Zeon's Sustainability

- Environment

- Human Rights

- Human Resources

- Occupational Health and Safety

- Quality Assurance

- Community

- Governance

- ESG Data/Index

Message from the President

At 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 is therefore synonymous with putting this corporate philosophy into practice.

As climate change and other challenges intensify and grow more complex, the public increasingly looks for corporations to act and work toward a sustainable world. Zeon Group is committed to meeting these expectations and will do so with faith and determination.

In this context, in FY2023, we determined five materiality issues that we call the “Five gears that drive Zeon” as key priorities to be addressed. This framework was developed to systematically outline the path to fulfilling the company’s mission in a form that is easy for our employees to understand. Management will be responsible for ensuring that every employee understands the “five gears” and for implementing specific measures with the gears serving as guiding principles for action within Zeon.

At the center of the Five gears that drive Zeon is the pivotal keyword, “innovation.” We believe that the innovative materials and services created by the power of chemistry can resolve social challenges and fundamentally change the future of our planet and the human race. It is most definitely people that will create this innovation. As long as you have ideas and are willing to act on them, anyone can make innovation happen. We will contribute to building a sustainable society by fostering a culture that embraces challenges without fear of failure and by establishing systems that support innovation.



Tetsuya Toyoshima
President and CEO

- Contents

- Messages from Management

- Message from the President

- ▶ Message from the General Manager of Corporate Sustainability

- Materiality

- Zeon's Sustainability

- Environment

- Human Rights

- Human Resources

- Occupational Health and Safety

- Quality Assurance

- Community

- Governance

- ESG Data/Index

Message from the General Manager of Corporate Sustainability

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 society and ourselves.

This is how Zeon Group defined sustainability in its Sustainability Policy established in July 2022. Zeon Group bases its broad spectrum of activities on sustainability principles, aiming to deliver solutions to social issues and achieve sustained corporate growth.

Contributing to the SDGs is at the heart of our Medium-Term Business Plan: STAGE30, and this year we officially launched the SDGs Contribution Product Certification program. Through this system, we officially recognize the products we manufacture that have a positive impact on resolving societal issues. The system allows us to promote the development and sales of SDG-aligned products, technologies, and services. We are also taking measures to show stakeholders the added value of our products and our commitment to the SDGs. Zeon is advancing a range of initiatives aimed at achieving our 2050 target of carbon neutrality, increasing employee engagement, conducting human rights due diligence, and practicing sustainable procurement, all of which will enhance sustainability.

Centered on the materiality we have determined as the Five gears that drive Zeon, we encourage each employee to align their activities with these “gears” and engage them with a sincere effort to advance the initiatives of STAGE30. Doing so will help us achieve our vision for 2030 of becoming “a company that lives up to societal expectations and the aspirations of employees” and realize further sustainability.

We look forward to continuing our work toward a brighter future through dialogue and collaboration with our stakeholders, and we sincerely appreciate your ongoing support.



Erisa Watanabe

Director & Corporate Officer
General Manager,
Corporate Sustainability
Corporate Sustainability
Division Manager

↶

← 6 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Materiality

Materiality: Five gears that drive Zeon

We have determined our materiality, the Five gears that drive Zeon, which represent the priority issues crucial for achieving sustainable growth together with society in alignment with our corporate philosophy of “Contributing to the preservation of the Earth and the prosperity of the human race.”

- Creating a truly exciting company
- Providing unique value through innovation
- Establishing solid governance
- Transforming business structure to respond to social changes
- Contributing to establishing a recycling-based society

For details of materiality determination, etc., see Integrated Report 2024.
<https://www.zeon.co.jp/en/ir/library/integratedreport/>

Corporate philosophy and materiality

The Five gears that drive Zeon (materiality) represent the material issues that the company should address to realize its corporate philosophy in accordance with the Sustainability Policy. Based on the concept of the Five gears that drive Zeon, we will review and deepen the Medium-Term Business Plan: STAGE30 as we discuss its third phase in the future.

Positioning of our materiality



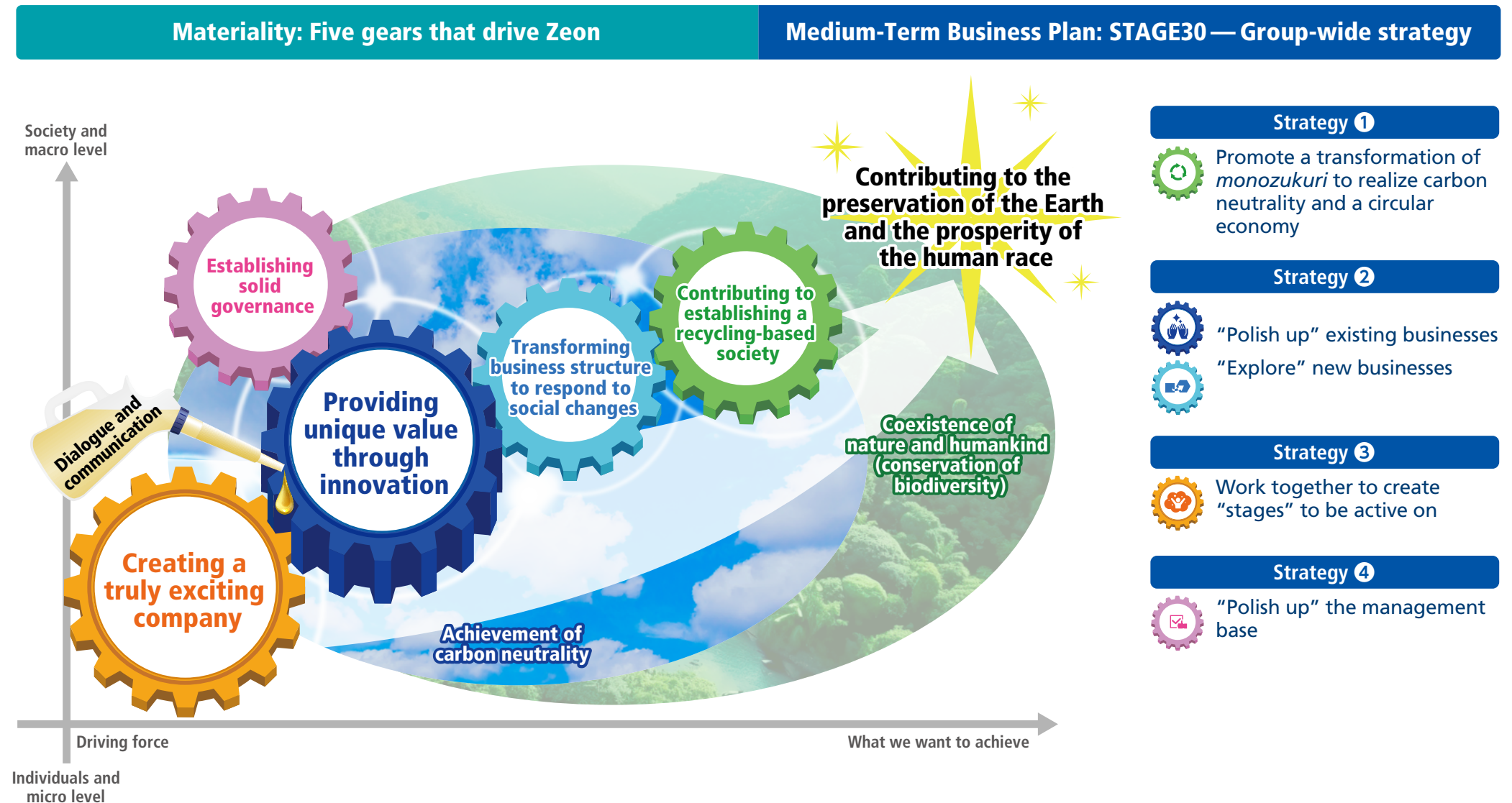
Materiality: Five gears that drive Zeon

- Creating a truly exciting company
- Providing unique value through innovation
- Establishing solid governance
- Transforming business structure to respond to social changes
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- Contents
- Messages from Management
- **Materiality**
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

Materiality and Medium-Term Business Plan

The diagram below shows the relationship between the materiality, Five gears that drive Zeon, and the Group-wide strategies defined in the Medium-Term Business Plan: STAGE30.



- Contents
- Messages from Management
- **Materiality**
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

Business practices contributing to SDGs/ SDGs Contribution Product Certification program

The SDGs Contribution Product Certification program is one that serves to certify our products with a particularly high level of contribution to solving social issues as SDGs Contribution Products, helping Zeon Group achieve sustainability. By focusing on the development, manufacturing, and sales of these products, we aim to both contribute to society with sustainable growth as a company, and further promote sustainability management. In relation to our materiality, Five gears that drive Zeon, as per our Medium-Term Business Plan: STAGE30 we are carrying out activities aimed at achieving the target of a 50% sales ratio of SDGs Contribution Products. This will result in turning the gears of innovation, transforming business structure, and contributing to establishing a recycling-based society. We believe these activities will lead to achieving Zeon's corporate philosophy and propelling the company forward.

1. Certification criteria

Criteria for certification includes the level of contribution toward solving social issues, the scope of their contribution, and business sustainability, among others.

Priority is given not only to contributing to solving social issues, but also to whether it will lead to Zeon's sustainable growth (i.e. generates profit).

2. Certification process

Certification is performed annually. Based on applications made from our business divisions, SDGs Contribution Products undergo a review by the SDGs Contribution Product Certification Subcommittee under the Sustainability Committee, and are then certified by the Sustainability Conference, the company's highest decision-making body regarding sustainability. Certified products are valid for three years and are eligible to reapply for certification after this period.



↶

← 9 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

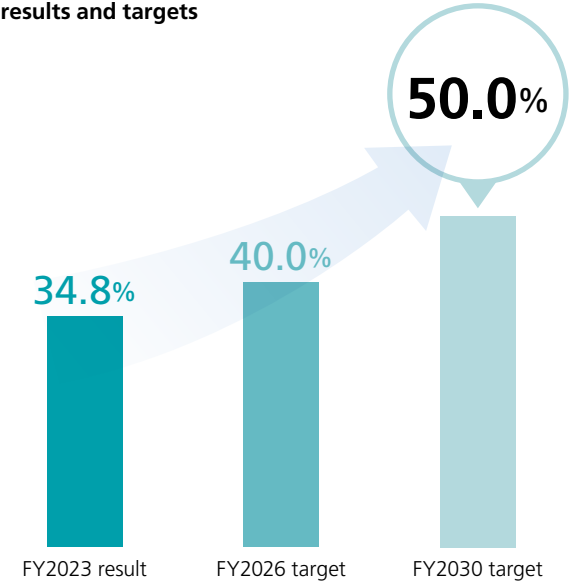
3. Certified SDGs Contribution Products

Based on certification criteria, 39 of our products have been certified as SDGs Contribution Products, including our synthetic rubbers such as solution-polymerization styrene-butadiene rubber (S-SBR) and hydrogenated nitrile rubber (HNBR), as well as Cyclo Olefin Polymers, lithium-ion battery binders, polymerized toners, synthetic aroma chemicals, and thermoplastic elastomers. These 39 products account for 34.8% of sales in FY2023.

4. Future planning

As part of our Medium-Term Business Plan: STAGE30, we have set a target to achieve a 50% sales ratio of products that contribute to SDGs by 2030. In the future we aim to expand our range of SDGs Contribution Products to achieve the above target.

Sales ratio of SDGs Contribution Products: results and targets



Major SDGs Contribution Products (for reference)

Product names * Photos illustrating product applications	Applications and contribution points	Relevant SDGs
Solution-polymerization styrene-butadiene rubber (S-SBR) 	Main applications Fuel-efficient tires Contribution points <ul style="list-style-type: none">Achieved three properties of wet grip, rolling resistance, and abrasion resistance at a high success level by controlling the molecular structureReduces GHG emissions from improved automotive fuel efficiencyHelps prevent air pollution as result of improved wear resistance that generates less dust	  
Cyclo Olefin Polymers   	Main applications Medical test devices, containers for pharmaceutical manufacturing, medical packaging Contribution points <ul style="list-style-type: none">Improved quality and accessibility of medical services associated with inspection and analysis, pharmaceutical manufacturing, and drug transportation and storage based on properties such as high moisture barrier, chemical resistance, high purity, and sterilization compatibility	 
Lithium-ion battery binders 	Main applications Lithium-ion batteries Contribution points <ul style="list-style-type: none">Achieved longer life and higher power output of lithium-ion batteries by resisting expansion and contraction associated with charge and discharge, in addition to increasing output by activating a chemical reactionReduces GHG emissions and helps prevent driving related air pollution when used as power source for EVsFacilitates industrial development and economic growth by reducing the size and boosting the performance of mobile devices, electronic devices, and other products	  

↶

← 10 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
Basic Approach
Sustainability Management
Spreading Sustainability Awareness
Sustainability Promotion Plan
Timeline of CSR/Sustainability Initiatives
Stakeholder Engagement
IR and Public Relations
Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Zeon's Sustainability



■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
▶ Basic Approach Sustainability Management Spreading Sustainability Awareness Sustainability Promotion Plan Timeline of CSR/Sustainability Initiatives Stakeholder Engagement IR and Public Relations Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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, to further develop our sustainability management, we adopted a Sustainability Policy, adding the concept of sustainability to our previous 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.

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
▶ Basic Approach
Sustainability Management
Spreading Sustainability Awareness
Sustainability Promotion Plan
Timeline of CSR/Sustainability Initiatives
Stakeholder Engagement
IR and Public Relations
Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index






CSR Code of Conduct

Based on the 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>

Materiality

We have determined our materiality, the Five gears that drive Zeon, which represent the priority issues crucial for achieving sustainable growth together with society in alignment with our corporate philosophy of “Contributing to the preservation of the Earth and the prosperity of the human race.”

-  Creating a truly exciting company
-  Providing unique value through innovation
-  Establishing solid governance
-  Transforming business structure to respond to social changes
-  Contributing to establishing a recycling-based society

For an overview of our materiality, see Materiality (→ P. 6)

Our policies on sustainability

- Environmental Philosophy
- Safety Philosophy
- Responsible Care Policy
- Zeon Group Human Rights Policy
- Multi-Stakeholder Policy
- Sustainable Procurement Policy/Sustainable Procurement Guidelines
- Declaration for Health and Productivity Management
- Joint Declaration of Labor and Management for Corporate Development
- Basic Policy for Quality Assurance
- Basic Policy on Corporate Governance

The full text is available on our website.
➡ <https://www.zeon.co.jp/en/csr/policies/>

◀ 13 ▶

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Basic Approach

▶ Sustainability Management

Spreading Sustainability Awareness

Sustainability Promotion Plan

Timeline of CSR/Sustainability Initiatives

Stakeholder Engagement

IR and Public Relations

Commitments and External Evaluations

Sustainability Management

Conferences and committees on sustainability

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.

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.

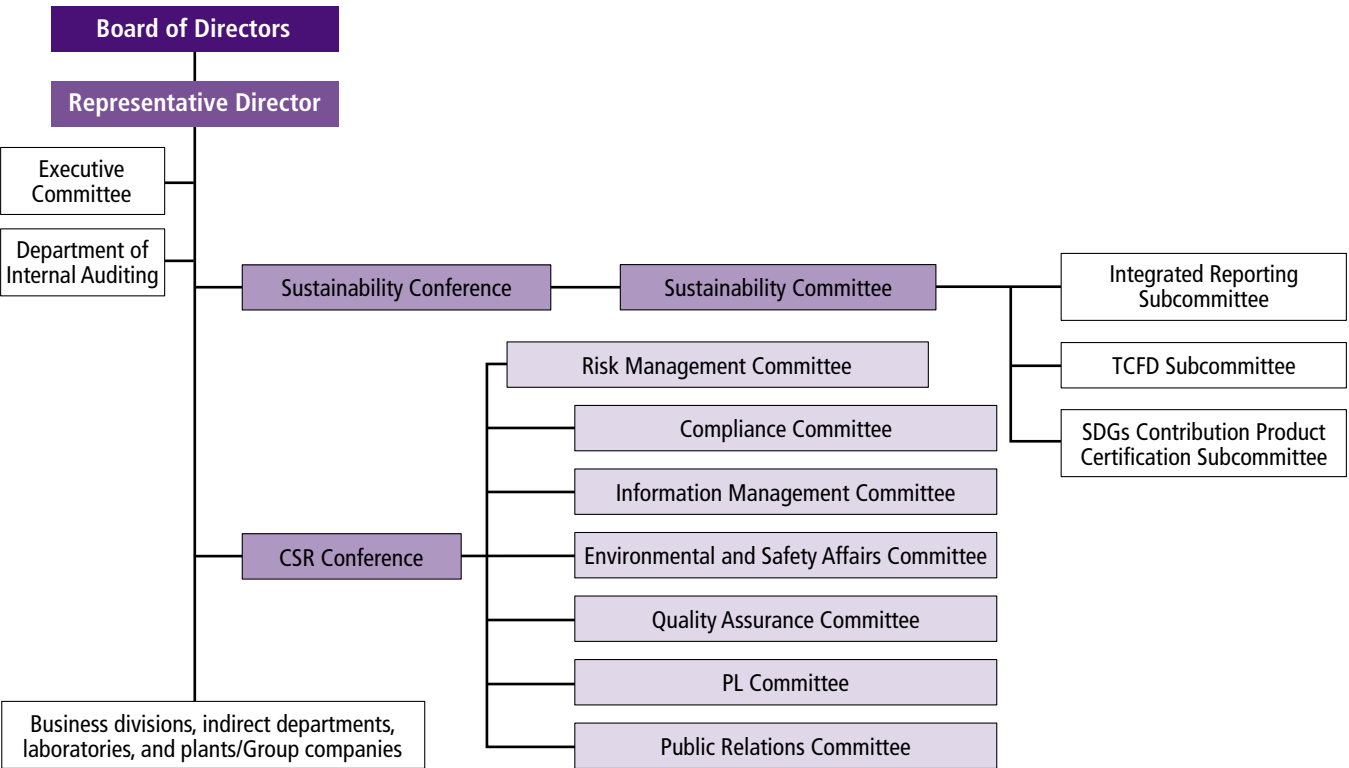
In addition, fields progress reports and issues instructions as needed.

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.

Sustainability Committee
Purpose of establishment: Effectively communicate information about Zeon
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. Currently there are three subcommittees in place: the Integrated Reporting Subcommittee, TCFD Subcommittee, and SDGs Contribution Product Certification Subcommittee. These subcommittees conduct activities related to each of their themes.

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. For details on its activities, see Risk Management. (→ P. 72)

Sustainability promotion structure



■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
Basic Approach
▶ Sustainability Management
Spreading Sustainability Awareness
Sustainability Promotion Plan
Timeline of CSR/Sustainability Initiatives
Stakeholder Engagement
IR and Public Relations
Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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 details on its activities, see Compliance. (→ P. 74)

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 details on its activities, see Environment (→ P. 23) and Occupational Health and Safety. (→ P. 51)

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 details on its activities, see Quality Assurance. (→ P. 59)

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 details on its activities, see Quality Assurance. (→ P. 59)

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 details on its activities, see IR and Public Relations. (→ P. 20)

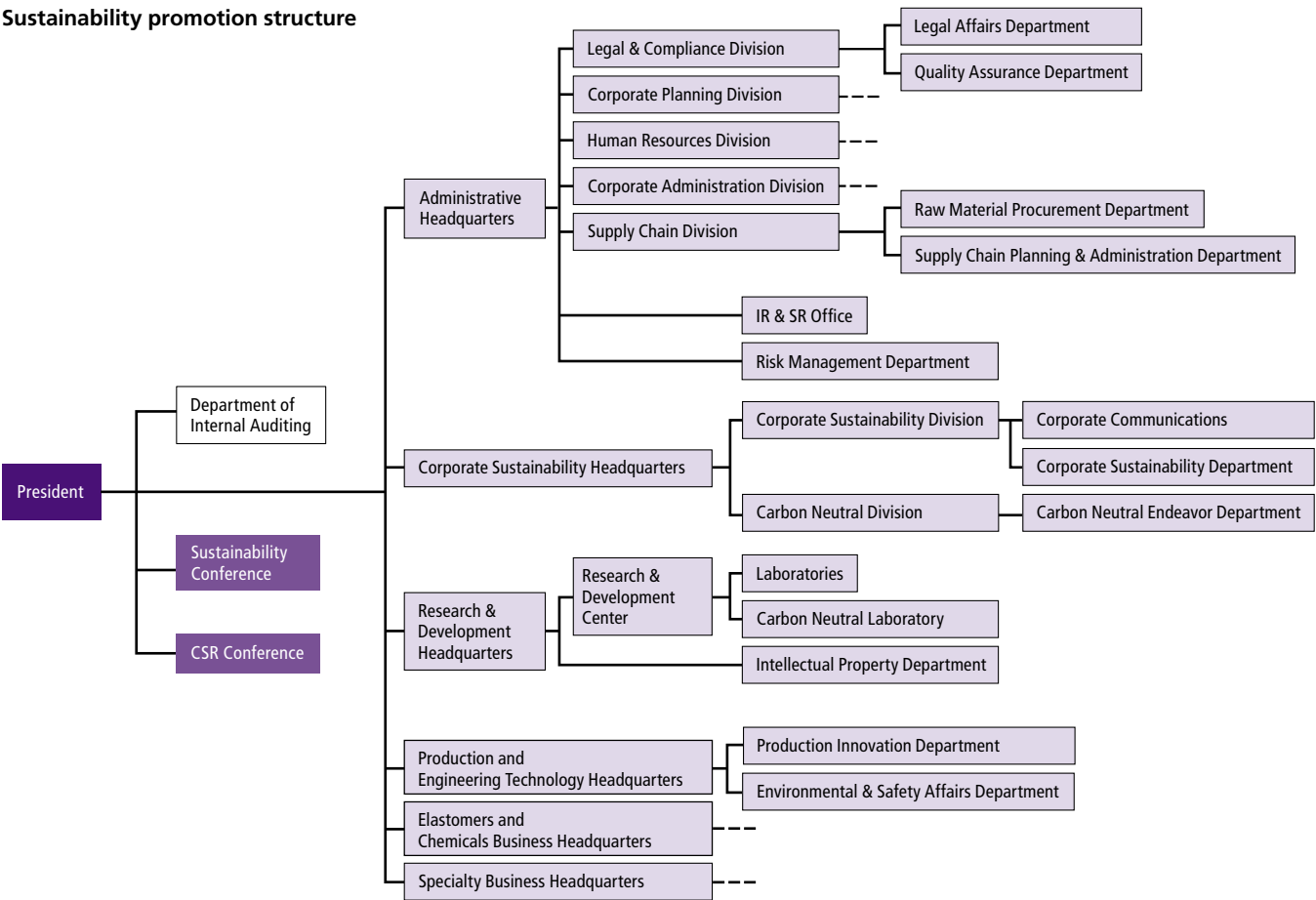
- Contents
- Messages from Management
- Materiality
- **Zeon's Sustainability**
 - Basic Approach
 - ▶ Sustainability Management
 - Spreading Sustainability Awareness
 - Sustainability Promotion Plan
 - Timeline of CSR/Sustainability Initiatives
 - Stakeholder Engagement
 - IR and Public Relations
 - Commitments and External Evaluations
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

Sustainability promotion structure

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



◀ 16 ▶

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Basic Approach

Sustainability Management

▶ Spreading Sustainability Awareness

Sustainability Promotion Plan

Timeline of CSR/Sustainability Initiatives

Stakeholder Engagement

IR and Public Relations

Commitments and External Evaluations

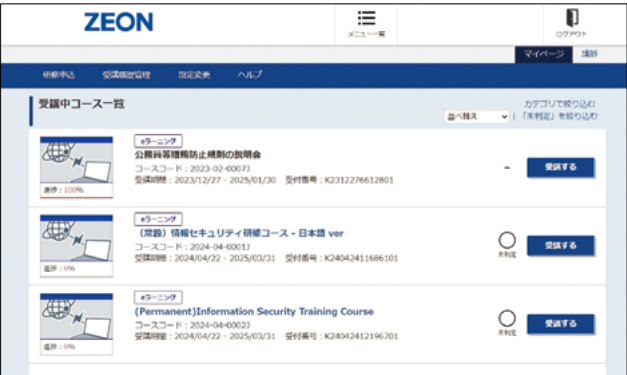
Spreading Sustainability Awareness

We conduct ongoing sustainability training to further deepen our employees' understanding of sustainability, enabling the company to act with sustainability in mind during business and non-business activities.

Internal training

E-learning

Utilizing the e-learning system, which is hosted on our internal network, we conduct the following annual sustainability training and comprehension checks, and provide partial disclosure pertaining to its progress.



- Information security education
- Sustainability/CSR comprehension test
- Compliance comprehension check
- Environmental and safety education

Internal lectures

Lectures on laws and regulations are held online via Zoom, etc. Additionally, the above training videos are available on our internal network to facilitate anytime, anywhere learning.

External training

Participation in subcommittee activities of Global Compact Network Japan

Employees participate in subcommittee activities hosted by the Japan branch of the United Nations Global Compact (Global Compact Network Japan), of which we are a supporter, learning about various topics related to sustainability. Through attending lectures by experts and collaborating with other member companies we can develop a greater understanding of sustainability.

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
Basic Approach
Sustainability Management
Spreading Sustainability Awareness
► Sustainability Promotion Plan
Timeline of CSR/Sustainability Initiatives
Stakeholder Engagement
IR and Public Relations
Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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 42% 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 and officers.”

In FY2023, we started Phase 2 (FY2023–26) of STAGE30, our Medium-Term Business Plan. These four years are designated as the time to shift to implementing the specific activities that we devised in Phase 1 to achieve our Vision for 2030, to be “a company that lives up to societal expectations and the aspirations of employees.” We are promoting Four Group-wide Strategies in Phase 2, adding the new fourth strategy of “‘Polish up’ the management base” to our original three Group-wide Strategies. Target values for FY2026 have been set for each of these Group-wide Strategies, and we are sharing our progress toward them with stakeholders. Through this, we will make steady progress toward realizing our Vision for 2030.

Medium-Term Business Plan: STAGE30 Targets related to sustainability in Phase 2

Strategies	Targets for FY2026 related to sustainability
1. Promote a transformation of <i>monozukuri</i> to realize carbon neutrality and a circular economy	Ratio of reduction in CO2 emissions (Scope 1+2) Group-wide: 10% (compared to FY2020)
2. Contributing to solving social issues by simultaneously “polishing up” existing businesses and “exploring” new businesses	Sales ratio of SDGs Contribution Products: 40%
3. Create “stages” together with employees where they can demonstrate their individual strengths	Employee engagement: 56% Zeon Healthy Behavior Indicator: 65% Paid leave utilization rate: 70%
4. “Polish up” the management base	Ratio of foreign-national and female directors and officers: 25% Ratio of outside directors and officers: Majority Ratio of female managers: 12%

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
Basic Approach
Sustainability Management
Spreading Sustainability Awareness
Sustainability Promotion Plan
▶ Timeline of CSR/Sustainability Initiatives
Stakeholder Engagement
IR and Public Relations
Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Timeline of CSR/Sustainability Initiatives

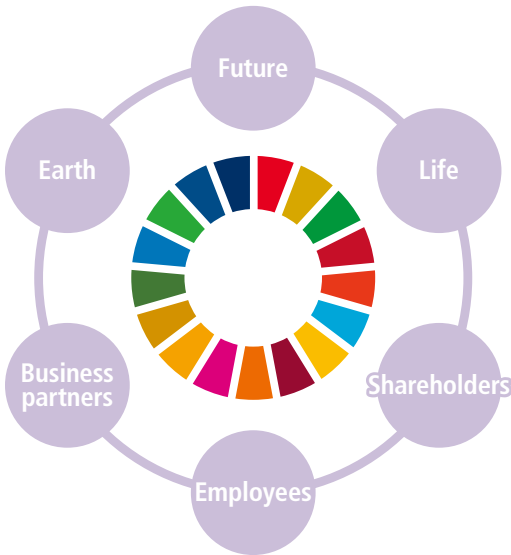
1995	Joined the Japan Responsible Care Council Declared our commitment to Responsible Care Established Zeon's Responsible Care Policy	2005	Published an English version of the Responsible Care Activity Report Conducted third-party verification for the Responsible Care Activity Report Published the Compliance Textbook II (Q&A Edition)	2018	Revised the CSR Code of Conduct
1996	Revised the Group-wide safety management system and established the Plant Technology Audit System	2006	Switched from publishing the Responsible Care Activity Report to publishing the CSR Report	2019	Became a signatory to the United Nations Global Compact Established the Zeon Group Human Rights Policy
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)	2008	Published the Compliance Textbook I (Revised Edition)	2020	Expressed its support for the TCFD
1998	Established the Responsible Care Policy	2009	Signed the Responsible Care Global Charter	2021	Established the Declaration for Health and Productivity Management
1999	Established the Risk Management Rules	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	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
2000	Published the first Responsible Care Activity Report (1999 edition)	2011	Began using the CSR Matrix	2023	Revised the Zeon Group Human Rights Policy
2001	Established the Environmental Philosophy	2012	Started the CSR Core Projects (comprehensive Zeon social contributions package)	2024	Acquired SBT initiative certification Determined materiality: the Five gears that drive Zeon Began implementation of SDGs Contribution Product Certification program
2003	Amended the Risk Management Rules and renamed them as the Risk Management and Compliance Rules Established Zeon's Seven Articles Code of Conduct	2013	Switched from publishing the CSR Report to publishing the Corporate Report		
2004	Implemented the Internal Reporting System Published the Compliance Textbook I	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		

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
Basic Approach
Sustainability Management
Spreading Sustainability Awareness
Sustainability Promotion Plan
Timeline of CSR/Sustainability Initiatives
▶ Stakeholder Engagement
IR and Public Relations
Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Stakeholder Engagement

We believe that building relationships of trust with stakeholders is essential for us to continue to grow sustainably together with society. This will help us contribute to a “Sustainable Earth” and “Safe and Comfortable Life for People” under our mission of “Contributing to the preservation of the Earth and the prosperity of the human race.”

Our Vision for 2030 is to be “a company that lives up to societal expectations and the aspirations of employees.” In practice, we identify societal expectations as the SDGs, incorporating the concept of six-way satisfaction. Of the six, “business partners” refers to our customers and suppliers, “shareholders” refers to our shareholders and investors, “life” refers to people everywhere and their lifestyles, and “employees” refers to the people who work with us at Zeon. To realize our Vision, we strive to create opportunities for dialogue on a sustainable planet and a bright future with these stakeholders and promote efforts to further deepen mutual understanding.



	Stakeholder relations	Main dialogue channels
Customers	We will provide safe, reliable, high-quality products and services that earn customer trust. Moreover, through communication with customers, we will develop products and services that contribute to meeting their challenges, and collaborate to develop sustainable products that satisfy the diverse requirements and expectations of the global market.	<ul style="list-style-type: none">• Sales activities• Exhibitions• Websites (product introduction/consultation)• Customer satisfaction surveys• Sustainability (CSR) assessments and surveys
Suppliers	Our goal is to realize a sustainable society throughout our supply chain, by engaging in responsible procurement activities in conformance with our Sustainable Procurement Policy. As such, it is incumbent upon us to build strong partnerships with suppliers. We strive to gain supplier understanding of our procurement policy, and work closely with them to achieve enhanced procurement sustainability. We also monitor the progress of their activities through procurement surveys and interviews.	<ul style="list-style-type: none">• Procurement activities• Sustainable Procurement Guidelines enhancement and notifications for suppliers• Procurement questionnaire for suppliers
Shareholders and investors	Our information disclosure is fair, impartial, highly transparent, timely, and appropriate. We strive to bolster our corporate value through dialogue with shareholders and investors, to foster deeper understanding of our management policies and business activities. We also take external opinion seriously, and consider it in our management and information disclosure.	<ul style="list-style-type: none">• Financial results briefing• Medium-Term Business Plan briefing• General shareholders meeting• Meetings with analysts and investors• Website (IR information)
Local community	We operate correctly and reliably at each of our locations, and contribute to community development through our business. As a member of the local community, we engage in diverse activities in response to local expectations. We work to create contexts for communication, and based on trust through mutual understanding, collaborate to achieve a sustainable and prosperous community.	<ul style="list-style-type: none">• Business location visits and internships• Local event participation, support, and hosting (summer festivals, etc.)• Volunteer employee activities (preserving the local environment, etc.)• Chemical experiments classroom and other on-site lessons
Employees	Our Vision for 2030 is to be “a company that lives up to societal expectations and the aspirations of employees.” To make this Vision a reality, we are evolving our personnel system and formulating personnel policies that help every employee demonstrate his or her individual abilities and work with a sense of security and energy. We welcome opportunities for dialogue, and strive sincerely to consider individual opinions.	<ul style="list-style-type: none">• Get-togethers with young employees• Employee engagement survey• Corporate management policy briefings• Internal portal site and in-house newsletter• Training sessions and briefings on sustainability, compliance, etc.

◀ 20 ▶

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

Basic Approach

Sustainability Management

Spreading Sustainability Awareness

Sustainability Promotion Plan

Timeline of CSR/Sustainability Initiatives

Stakeholder Engagement

▶ IR and Public Relations

Commitments and External Evaluations

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

IR and Public Relations

IR communications

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.

Information disclosure

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.

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

Information disclosure on our website

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

TV commercials

- Currently on air on terrestrial TV broadcasting (Regions: Kanto region and Yamagata, 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

Radio commercials

- Regions currently airing: Kanto region and Toyama, Fukui, Okayama, and Yamaguchi Prefectures

Newspaper ads

Newspaper ads were rolled out in conjunction with TV commercials.

Internet ads

To increase recognition and deepen understanding for Zeon, we are also placing online ads, primarily on YouTube.



Advertisements in business areas

We run various types of advertisements to make our company known to as many people as possible within the areas in which we operate.

- Takaoka area: Advertisement billboard installed at Takaoka Station on the Ainokaze Toyama Railway and acquired Manyo Line station naming rights
- Tsuruga area: Advertisement billboard installed at Tsuruga Station on the Hokuriku Shinkansen bullet train
- Tokuyama area: Shunan City General Sports Center naming rights acquired and advertisement billboard installed at Tokuyama Station and Yamaguchi Ube Airport

Sports sponsorship

We provide support (sponsorship and athlete employment) to sports teams active in areas where we operate.

- Himi/Takaoka area: Toyama Dreams (Men's handball)
- Mizushima area: Kurashiki Ablaze (Women's volleyball)

Product promotion

To make Zeon Group's products as widely known as possible, we actively promote them through participation in various exhibitions inside and outside of Japan.

In April 2024, we conducted a joint project to promote artworks using Zeon's unique materials with a renowned artist Romero Britto. The world premiere of these pieces attracted attention from numerous media outlets, including television, newspapers, and magazines, and was highly praised.

← 21 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

Basic Approach

Sustainability Management

Spreading Sustainability Awareness

Sustainability Promotion Plan

Timeline of CSR/Sustainability Initiatives

Stakeholder Engagement

IR and Public Relations

▶ Commitments and External Evaluations

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Commitments and External Evaluations

We endorse international initiatives and work to further sustainability initiatives and goals advocated by international organizations.

Commitment to international initiatives

The United Nations Global Compact (UNGC)

The United Nations Global Compact (UNGC) is a voluntary initiative aimed at realizing sustainable growth, by encouraging companies and other organizations to act as good corporate citizens through the exercise of responsible, creative leadership, under the guidance of the United Nations. In July 2019, we announced our support for the UNGC's ten principles relating to protection of human rights, elimination of improper labor practices, safeguarding the environment, and preventing corruption.



TCFD

The Task Force on Climate-Related Financial Disclosures (TCFD) was established under the Financial Stability Board (FSB). TCFD recommendations encourage companies to recognize risks and opportunities related to climate change and incorporate them into their business strategies, ultimately calling for companies to disclose the impact of these factors. Zeon announced its support for the TCFD in August 2020.



Science Based Targets (SBT)

These are greenhouse gas emission reduction targets set by a company for the next 5 to 10 years, consistent with the levels required by the Paris Agreement. The 2030 target set by Zeon Group has been certified by the Science Based Targets initiative as being based on scientific evidence, limiting emissions to keep the global temperature rise to 1.5 °C.



ISCC PLUS Certification

This is an international certification scheme for managing and ensuring the sustainability of products made from renewable materials, such as biomass, throughout the supply chain. Zeon obtained certification in February 2024 for products manufactured at our four plants in Japan (Takaoka, Kawasaki, Tokuyama, and Mizushima).

External evaluations

CDP

CDP is an international environmental NGO which focuses on three areas: Climate, Water, and Forests. In FY2023, more than 23,000 enterprises disclosed data to the CDP and Zeon received an A- rating for Climate Change, one rank below the highest A rating.



EcoVadis

EcoVadis is an information-sharing platform on which more than 130,000 registered organizations in about 180 countries share data for assessing the corporate policies, strategies, and performance of participating firms in terms of their impact on the environment, labor practices, human rights, ethical issues, and sustainable procurement. Zeon has received the Commitment Badge as proof of our continued compliance with EcoVadis' sustainability standards and the proper functioning of our management system.



Certified Health & Productivity Management Outstanding Organization

The Certified Health & Productivity Management Outstanding Organizations Recognition Program is a program established by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. It recognizes enterprises that practice excellent health management, with a focus on addressing local health issues and health initiatives led by the Nippon Kenko Kaigi. Zeon has been recognized as a Certified Health & Productivity Management Outstanding Organization for six consecutive years.



<div><div>↶</div><div>← 22 →</div></div>
■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
Basic Approach
Sustainability Management
Spreading Sustainability Awareness
Sustainability Promotion Plan
Timeline of CSR/Sustainability Initiatives
Stakeholder Engagement
IR and Public Relations
▶ Commitments and External Evaluations
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Inclusion in ESG indices

S&P/JPX Carbon Efficient Index

This is an ESG index jointly developed by S&P Dow Jones Indices and the Tokyo Stock Exchange. It targets companies included in the TOPIX index and determines the weighting of each company based on their level of environmental information disclosure and carbon efficiency (carbon emissions per unit of revenue). Zeon has been selected as one of the constituents of this index.

Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

This index was established by U.S.-based Morningstar, using the data and scoring methodology of Equileap. It emphasizes companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. This index is one of the ESG indices adopted by Japan's Government Pension Investment Fund (GPIF).

↶

← 23 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
Environmental Philosophy and Safety Philosophy
Environmental and Safety Management
Overview of Environmental Impacts
Responding to Climate Change
Chemical Substances Management
Air, Water, and Waste Materials
Biodiversity
Chemical Product Safety Information
Environment and Safety in Logistics
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Environment



■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
▶ Environmental Philosophy and Safety Philosophy
Environmental and Safety Management
Overview of Environmental Impacts
Responding to Climate Change
Chemical Substances Management
Air, Water, and Waste Materials
Biodiversity
Chemical Product Safety Information
Environment and Safety in Logistics
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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.

Our Responsible Care Policy is included in our Environmental and Safety Regulations. We regularly examine the need for revisions to our regulations every three years and as needed.

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)

◀ 25 ▶
■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
▶ Environmental Philosophy and Safety Philosophy
Environmental and Safety Management
Overview of Environmental Impacts
Responding to Climate Change
Chemical Substances Management
Air, Water, and Waste Materials
Biodiversity
Chemical Product Safety Information
Environment and Safety in Logistics
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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.

- 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, and Safety Management System internal audits

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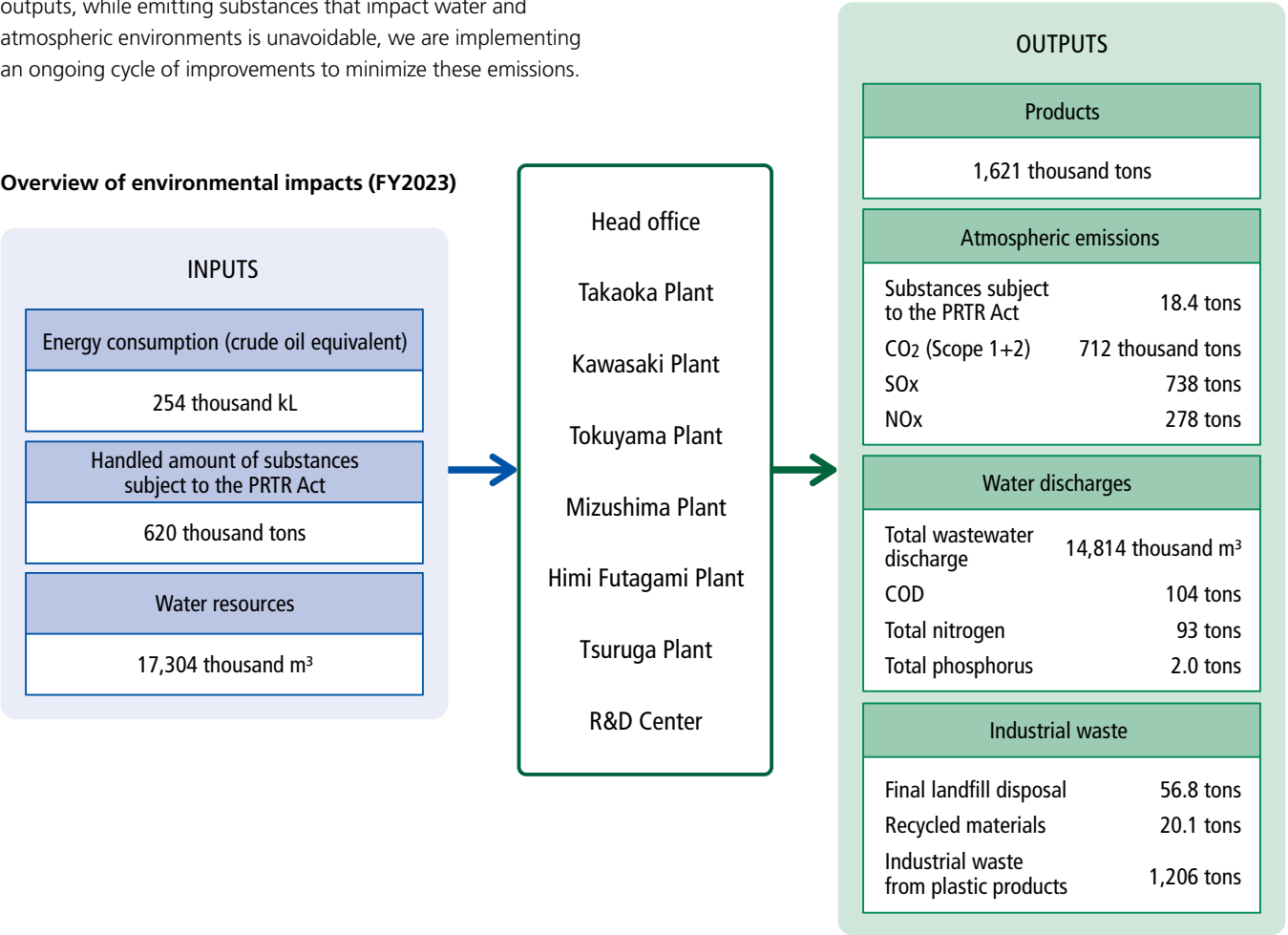
← 27 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
Environmental Philosophy and Safety Philosophy
Environmental and Safety Management
► Overview of Environmental Impacts
Responding to Climate Change
Chemical Substances Management
Air, Water, and Waste Materials
Biodiversity
Chemical Product Safety Information
Environment and Safety in Logistics
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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. When manufacturing products, in terms of inputs, we evaluate our reduced use of resources and energy while maintaining quality. In terms of outputs, while emitting substances that impact water and atmospheric environments is unavoidable, we are implementing an ongoing cycle of improvements to minimize these emissions.

Overview of environmental impacts (FY2023)



↶

← 28 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
Environmental Philosophy and Safety Philosophy
Environmental and Safety Management
Overview of Environmental Impacts
▶ Responding to Climate Change
▶ Chemical Substances Management
Air, Water, and Waste Materials
Biodiversity
Chemical Product Safety Information
Environment and Safety in Logistics
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Responding to Climate Change

Expressing support for the TCFD recommendations and CO2 emission reduction initiatives

Zeon Group views climate change as a serious social issue, and in order to contribute to a sustainable planet, promotes initiatives to reduce CO2 emissions (Scope 1, 2, and 3) and achieve carbon neutrality.

With regards to Scope 1 and 2 we will continue our efforts toward energy conservation through the promotion of energy conservation, processing innovation, and energy conversion, reducing emissions in Scope 3 in collaborative cooperation with our business partners both upstream and downstream in the supply chain.

While working to reduce Scope 1, 2, and 3 emissions, we are in the midst of measuring the carbon footprint of our products and disclosing this information to customers. Carbon footprint is a quantitative measurement of the amount of CO2 emitted throughout a product's life cycle.

By assessing and disclosing the environmental impact made by our products, we are contributing to a reduction in CO2 emissions throughout the value chain as we strive to improve the added value of our products.

For details on analysis and reporting based on TCFD recommendations, see the Integrated Report 2024. (→ P. 75)
➡ <https://www.zeon.co.jp/en/ir/library/integratedreport/>

Metrics and targets

After formulating our initial Carbon Neutral Master Plan during FY2022, which set reduction targets for Zeon Corporation by FY2030 to achieve carbon neutrality by 2050, we have unified reduction targets for the entire Zeon Group during FY2023, as outlined in the following chart.

We established a system for determining Scope 1, 2, and 3 data, including that of Group companies, and are implementing

CDP disclosure on the basis of these results. Upon obtaining SBT certification in March 2024, we have accelerated our initiatives to achieve set targets.

Group-wide CO2 reduction targets

Scope	Base year	Target year	Reduction targets
Scope 1, 2	2020	2030	42% reduction (1.5°C level)
Scope 3			25% reduction (WB2.0°C level)

Chemical Substances Management

PRTR* initiatives

We are implementing Group-wide initiatives to reduce release and transfer of substances subject to Japan's PRTR Act. For numerical results, see ESG Data. (→ P. 77)

*PRTR: Pollutant Release and Transfer Register

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
Environmental Philosophy and Safety Philosophy
Environmental and Safety Management
Overview of Environmental Impacts
Responding to Climate Change
Chemical Substances Management
▶ Air, Water, and Waste Materials
▶ Biodiversity
Chemical Product Safety Information
Environment and Safety in Logistics
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Air, Water, and Waste Materials

Atmospheric emission reductions of hazardous chemical substances

We are installing collection facilities, implementing measures including improving facilities to prevent evaporation from openings in manufacturing facilities, and systematically reducing emissions of butadiene and acrylonitrile, which are among the substances requiring priority action under the Japan’s Air Pollution Control Act.
For numerical results, see ESG Data. (→ P. 77)

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).
For numerical results, see ESG Data. (→ P. 77)

Waste reductions

In terms of reducing the amount of industrial waste destined for final landfill disposal, our worksites are maintaining a record of zero emissions (less than 0.1% of the industrial waste generated in FY2007) since achieving this target in FY2011.
Zeon Group companies had a final landfill volume of more than 600 tons in FY2007, but since FY2012 this has been reduced to around 10 tons, or roughly 0.4% of the industrial waste generated in FY2007. This is considered zero emissions. We aim to maintain a final landfill volume of 5 tons or less, the same as at

our worksites.
For numerical results, see ESG Data. (→ P. 77)

Initiatives to reduce industrial waste from plastic products

Article three in our Responsible Care Policy is “Minimize the discharge of toxic chemicals and waste.” Under the Act on Promotion of Resource Circulation for Plastics, which came into force in April 2022, Zeon is classified as a business that generates a large amount of industrial waste from plastic products (250 tons or more). We are working to reduce the amount of waste we generate and set up medium- to long term targets and plans to manage waste.
For numerical results, see ESG Data. (→ P. 77)

Biodiversity

We have determined our materiality, the Five gears that drive Zeon, which represent the priority issues crucial for achieving sustainable growth together with society in alignment with our corporate philosophy of “Contributing to the preservation of the Earth and the prosperity of the human race.”
Materiality (→ P. 6)
We believe that by turning these five gears we will be able to achieve carbon neutrality, which has been labeled as a major global issue, as well as the coexistence of nature and humankind, including conservation of biodiversity. We are

making contributions toward solving these issues through the implementation of Group-wide strategies as part of STAGE30, our Medium-Term Business Plan, which is the embodiment of our materiality.

For information on cleanup activities near company business sites; ecosystem maintenance, including rivers and coastlines; maintenance of forests used as water sources; and blue carbon initiatives, see Community. (→ P. 63)

↶

← 30 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
Environmental Philosophy and Safety Philosophy
Environmental and Safety Management
Overview of Environmental Impacts
Responding to Climate Change
Chemical Substances Management
Air, Water, and Waste Materials
Biodiversity
▶ Chemical Product Safety Information
Environment and Safety in Logistics
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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. 59)

Information for the proper handling of chemical products

We produce Safety Data Sheets (SDS) providing 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 JIPS and encourages member companies to participate.

Participation in voluntary chemical industry initiatives

Zeon provides financial support for research activities by the LRI*1 involving chemical substance hazard reviews, safety evaluations, and environmental impact surveys. Zeon also participates in the Technology Subcommittee and the Environment Subcommittee of the Asia Pacific Section of the IISRP*2 (regular meetings four times a year, international meetings twice a year, 1 member on each subcommittee, total of 2 members). In international meetings, Zeon proactively participates in activities to improve the overall level of technology in the global rubber industry and to promote sustainability.

*1 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).

*2 IISRP
International Institute of Synthetic Rubber Producers

← 31 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Environmental Philosophy and Safety Philosophy

Environmental and Safety Management

Overview of Environmental Impacts

Responding to Climate Change

Chemical Substances Management

Air, Water, and Waste Materials

Biodiversity

Chemical Product Safety Information

▶ Environment and Safety in Logistics

Environment and Safety 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.

Compliance with the revised Energy Conservation Act and efforts to reduce CO2 emissions

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 loading efficiency improvement, modal shift to rail and ship transportation, and truck and ship fuel efficiency improvement.



Lightweight metal box pallet

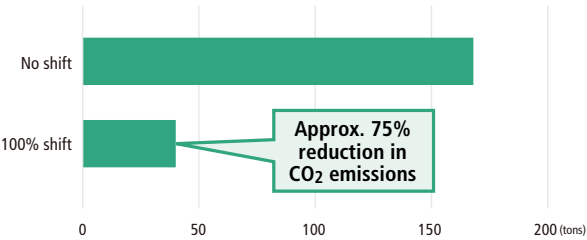


Folded pallets after use

The so-called “2024 problem” will also affect truck transportation, and we will shift from using domestic long-haul truck transportation to rail and coastal ship transportation, aiming to contain future transportation costs and reduce CO2 emissions. An example of this is switching truck transportation to rail transportation while containing cost increases for a portion of raw materials transportation in Japan.

As a result of switching to rail transportation, we have reduced CO2 emissions by approximately 75%; according to our estimates.

Annual CO2 emissions from logistics after modal shift (Zeon estimate)



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.

↶

← 32 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Upholding Positive Working Environments by Protecting Human Rights and Prohibiting Discrimination
■ Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities
■ Partnerships
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Human Rights



↶

← 33 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
▶ Upholding Positive Working Environments by Protecting Human Rights and Prohibiting Discrimination
Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities
Partnerships
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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 in 2019, revised in 2023)

We, 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.

Information Disclosure

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

Human rights initiatives

Starting from FY2022, we have begun to implement full-scale human rights due diligence initiatives. In implementing human rights due diligence, Zeon Corporation, Group companies, and the supply chain have been carrying out relevant measures while receiving advice from external experts.

Zeon Corporation

At Zeon Corporation, we have designated a department in charge of each human rights risk category and are working to reduce human rights risks by incorporating them into our company-wide critical risk control activities. Human rights risk categories are determined based on the 25 categories listed in “Company Obligations to Respond to Business and Human Rights” (published by the Ministry of Justice’s Human Rights Bureau), and in consideration of human rights issues in advertising and other risks, which have recently surfaced downstream in the supply chain.

Group companies

For our Group companies in Japan, we have provided education to the management and staff involved with human rights at each company regarding the background of our initiatives and the importance of efforts to promote respect for human rights. Starting in FY2024, we will begin full-fledged efforts to identify human rights risks at each Group company in and outside Japan, and formulate and implement measures to reduce such risks.

Supply chain

We regularly conduct the Global Compact Network Japan’s common Self-Assessment Questionnaire (SAQ) for suppliers across our purchasing departments, covering such areas as raw

- Contents
- Messages from Management
- Materiality
- Zeon’s Sustainability
- Environment
- Human Rights
 - ▶ Upholding Positive Working Environments by Protecting Human Rights and Prohibiting Discrimination
 - Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities
 - Partnerships
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

materials, materials, and logistics to get a grasp of their actions and identify potential risks.

In FY2023, we established our Sustainable Procurement Policy, which outlines the Group’s fundamental approach to procurement. To share this approach with our suppliers and build a sustainable supply chain, we compiled this policy, along with various other policies, packaged as the Sustainable Procurement Guidelines.

In FY2024, we plan to distribute the Sustainable Procurement Guidelines to our suppliers and implement the common SAQ mentioned above. We will also continue to build a robust supply chain by engaging in dialogue through follow-up interviews and providing feedback based on the answers to the questionnaire.

Sustainable Procurement Guidelines
➡ https://www.zeon.co.jp/en/csr/policies/pdf/Sustainable_Procurement_Guidelines.pdf

In January 2024, in accordance with the UN’s Guiding Principles on Business and Human Rights, we established a supply chain reporting hub on the Zeon Group website to serve as a point of contact for reporting any legal or compliance violations or human rights abuses within the supply chain.

Supply chain reporting hub
➡ <https://www.zeon.co.jp/en/contact/>

Human rights issues we focus on (partial list) and our responses

Risk categories	General risk description/examples	Status of our initiatives
Occupational health and safety	Workers’ health is not protected	Continuation of regular health checkups and measures against infectious diseases such as COVID-19
Excessive and unreasonable working hours	Long working hours due to labor shortages and incidents	Continuation of proper understanding of working hours, and making employees aware of working hour consultation services and maximum working hours
Harassment in different forms	Various acts of harassment such as power, sexual and care harassment, and pregnancy discrimination (maternity harassment)	Ongoing implementation of anti-harassment training
Rights of foreign workers	Discriminatory treatment on the basis of being a foreigner	Increased Japanese language learning support for and dialogue with foreign employees
Rights of local residents	Negative impact on local residents due to noise and waste in production activities	Confirmation of the status of initiatives at plants and production sites
Human rights issues in advertising	Advertisements produced promote discrimination	Attendance at human rights seminars by relevant personnel and confirmation with advertising agencies concerning human rights policies
Right to access remedies	Even if a consultation service exists, it is not made widely known	Revision and dissemination of employee concern system rules

↶

← 35 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
Upholding Positive Working Environments by Protecting Human Rights and Prohibiting Discrimination
▶ Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities
▶ Partnerships
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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

Zeon Group endorses the UN Global Compact. We participate regularly in the activities of Global Compact Network Japan through its Supply Chain Subcommittee and Human Rights Education Subcommittee, which focus on human rights. The insights and information gained from these subcommittees are used to further enhance our efforts in the area of human rights.



Partnerships

Multi-Stakeholder Policy

In line with our mission statement, “Contributing to the preservation of the Earth and the prosperity of the human race,” we are committed to contributing to a sustainable earth and a safe and comfortable life for people through appropriate collaboration with our shareholders, employees, business partners, customers, local communities, and other multi-stakeholders.

Appropriate distribution of the value created by our corporate activities to multiple stakeholders will lead to the realization of our Vision for 2030, “a company that lives up to societal expectations and the aspirations of employees,” and we will actively promote initiatives that contribute to the return of profits to employees and consideration for our business partners.

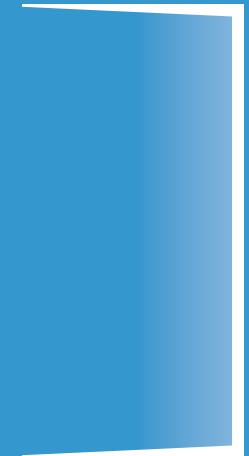
The full text is available on our website.

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



■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
Overview of the Human Resources Strategy
Initiatives to Achieve Group-Wide Strategies
Diverse Human Resources
Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
Personnel System
Human Resources Development
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Human Resources



↶

← 37 →

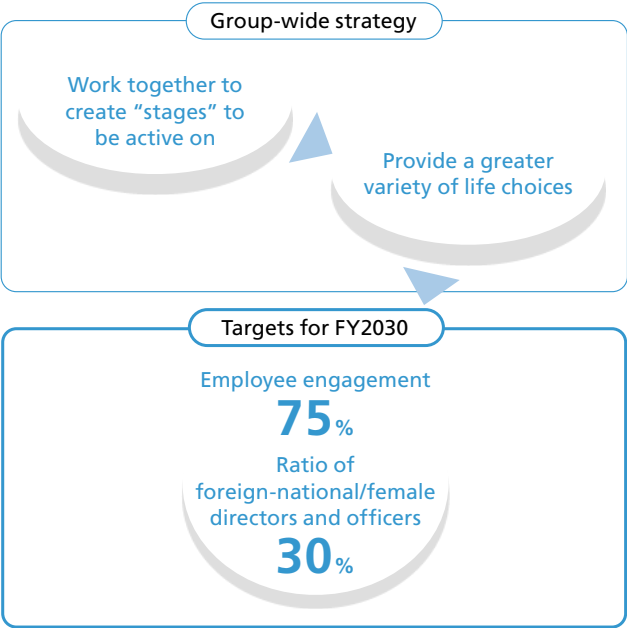
■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
▶ Overview of the Human Resources Strategy
Initiatives to Achieve Group-Wide Strategies
Diverse Human Resources
Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
Personnel System
Human Resources Development
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Overview of the Human Resources Strategy

Work together to create “stages” to be active on

Creating platforms for employee excellence together with employees is one of our Group-wide strategies. When all employees have a sense of freedom (having more choices in life) and achieve well-being (having a fulfilling life with both good mental and physical health), they will feel empowered to demonstrate their diverse talents at Zeon. With this strategy, we seek to offer our employees more life choices and to achieve 75% employee engagement and a ratio of foreign-national and/or female directors of 30% by FY2030.

Group-wide strategy and targets for FY2030



Transforming human resources management to mobilize individuals’ strengths and promote growth

The key measures to realize strategy ③ “work together to create ‘stages’ to be active on” and strategy ④ “‘polish up’ the management base” are creating a healthy and motivating work environment and polishing up corporate governance. In FY2023 and 2024, we are implementing various initiatives centered on health and productivity management, operating a new personnel system that allows employees to be themselves, instilling DI&B thinking, and developing diverse human resources for future management.

In July 2023, we introduced a new job-based managerial

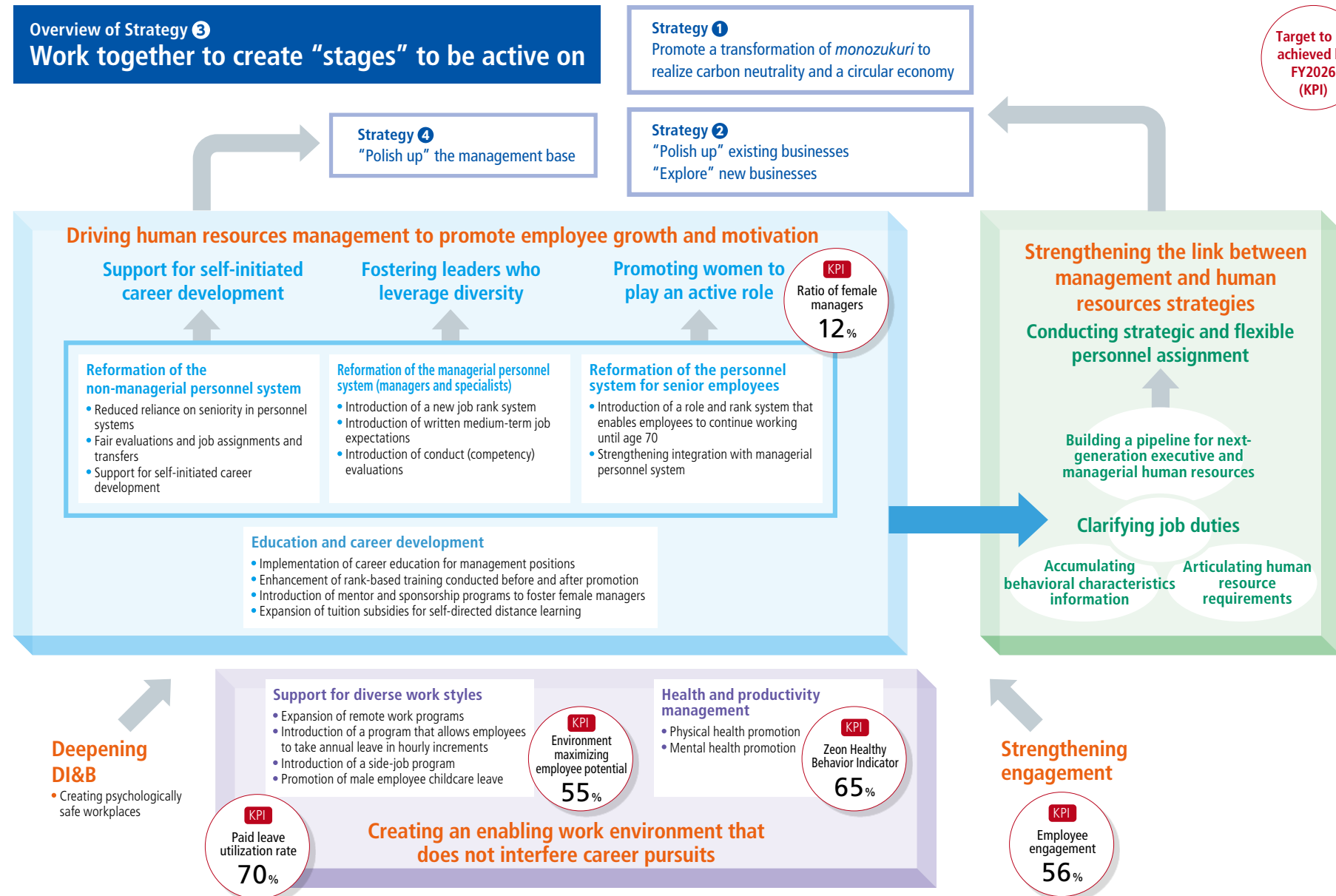
personnel system. By reviewing each job from a strategic perspective rather than from a people perspective, the human resource requirements and career paths for job performance are clarified for employees, leading to support for their own career development and reskilling. In terms of management and business strategy, the system provides visibility into where we have too many or too few of the needed resources. We can also gain a better understanding of the best people to achieve the Medium-Term Business Plan and tools to build an HR portfolio. Implementing human resources management linked to management strategies that clearly defines which personnel we need to recruit, develop, and reassign will contribute to realizing individual business strategies and management strategies.

Targets (KPI) for FY2026 and measures to achieve Group-wide strategies

Strategies	Work together to create “stages” to be active on				“Polish up” the management base	
Targets for FY2026	Engagement survey item	Engagement survey item	Zeon Healthy Behavior Indicator	Paid leave utilization rate	Ratio of foreign-national/female directors and officers	Ratio of female managers
	Employee engagement	Environment maximizing employee potential				
	56%	55%	65%	70%	25%	12%
Key policy	Create a healthy and motivating work environment <ul style="list-style-type: none">● Advance health and productivity management initiatives● Operate a new personnel system that allows employees to be themselves● Instill DI&B thinking				“Polish up” corporate governance <ul style="list-style-type: none">● Nurture diverse human resources for future management positions	

- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
 - ▶ Overview of the Human Resources Strategy
 - Initiatives to Achieve Group-Wide Strategies
 - Diverse Human Resources
 - Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
 - Personnel System
 - Human Resources Development
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

Overview of the Human Resources Strategy



← 39 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

Overview of the Human Resources Strategy

▶ Initiatives to Achieve Group-Wide Strategies

Diverse Human Resources

Creating an Enabling Work Environment That Does Not Interfere Career Pursuits

Personnel System

Human Resources Development

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

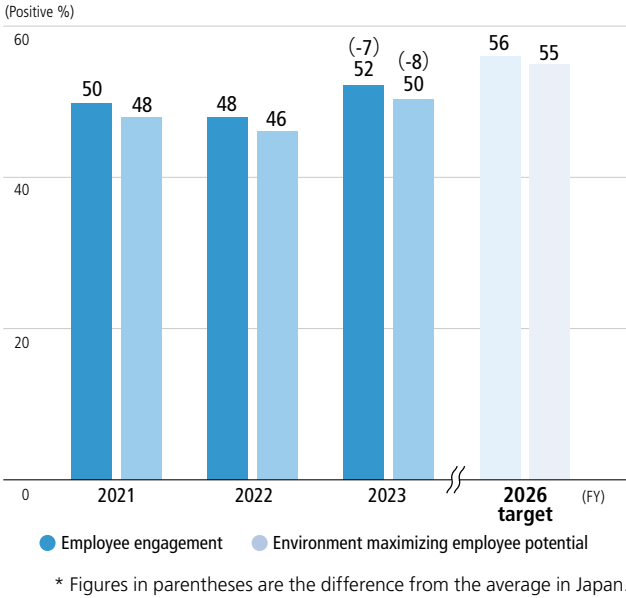
Initiatives to Achieve Group-Wide Strategies

Identifying issues through employee engagement surveys

To achieve our Group-wide strategies, since the start of the current Medium-Term Business Plan in FY2021, we have conducted annual employee engagement surveys to identify issues and develop effective measures for human resource strategies. The survey items are divided into causal and resultant categories, and from among these, we use two resultant items: employee engagement, which represents employee motivation such as loyalty to the company and motivation; and environment maximizing employee potential, which represents an enabling work environment where employees can demonstrate their skills and abilities. Our targets for FY2026 are scores of 56% for employee engagement and 55% for environment maximizing employee potential. The engagement survey that we conduct is used globally, and we use the average values for high-performing global and Japanese companies as our benchmark. As a result, individual organizational issues that tend to be perceived intuitively have become visible in numerical data.

In FY2023, the score for employee engagement reached 52% and the score for environment maximizing employee potential reached 50%, indicating improvement from the previous year. Our efforts to achieve freedom and well-being, including increasing support for achieving a good work-life balance and addressing issues of human resources through active recruiting measures, are starting to produce steady results. On the other hand, we believe that it will be necessary to provide fundamental support that will motivate employees to go beyond what is required of them to achieve the FY2030 target of a 75% score for engagement. To this end, we will implement human resource management reforms centered on personnel system reforms as the key measure.

Trends in engagement survey results



Promoting women to play an active role

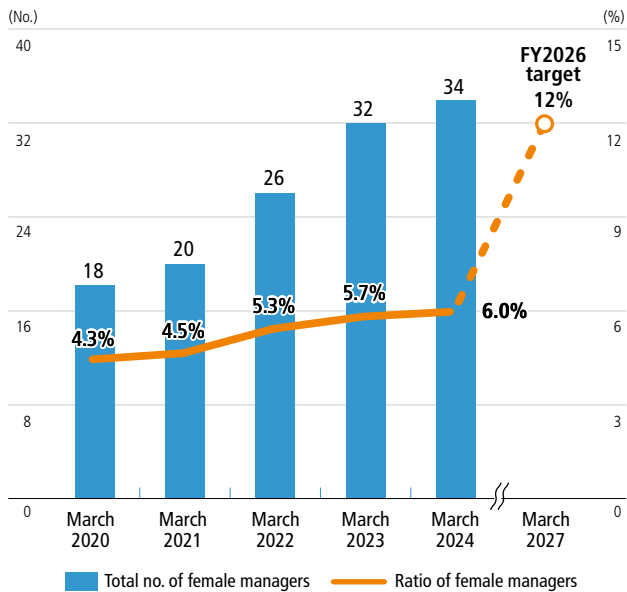
We are undertaking initiatives to support women to play an active role with the objective of providing opportunities for diverse human resources to demonstrate their individual strengths and play significant roles. We are focusing our efforts on the development of female employees who can serve as managers and general managers and have set a target of 12% for the ratio of female managers in FY2026.

In recent years, the number of our female employees has increased 2.2 times compared to 10 years ago, and the ratio of female employees has increased from 9.6% to 13.8%, as a result of our efforts to actively hire women, including increasing the percentage of new graduates with a university degree or

higher to 50% for administrative roles and 30% for technical roles. Although the percentage of female in managerial positions remained at 6.0% as of the end of March 2024, we expect that the results of these efforts will lead to an increase in the number of female managers in the future.

When we updated the managerial personnel system in July 2023, we were able to better clarify the job duties and human resource requirements of managerial positions. We will identify talent needs and gaps for promotion, develop a talent pipeline of candidates, and consider introducing a sponsorship program to support female managerial candidates. We are also actively recruiting female career-track human resources from outside the company.

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



↶

40

↷

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Overview of the Human Resources Strategy

▶ Initiatives to Achieve Group-Wide Strategies

Diverse Human Resources

Creating an Enabling Work Environment That Does Not Interfere Career Pursuits

Personnel System

Human Resources Development

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 FY2021, we are expanding the content presented on the recruitment section of our corporate website that relates to women's work styles and women's participation, and we will hold related corporate presentations.

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

Starting in FY2021, we are implementing manager cultivation training for employees who are candidates for management positions, and we are expanding and continuing the self-development support, including raising awareness of career development.

- Contents
- Messages from Management
- Materiality
- Zeon’s Sustainability
- Environment
- Human Rights
- Human Resources
 - Overview of the Human Resources Strategy
 - Initiatives to Achieve Group-Wide Strategies
 - ▶ Diverse Human Resources
 - Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
 - Personnel System
 - Human Resources Development
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

Diverse Human Resources

Instilling DI&B thinking

We are promoting DI&B, with Belonging added to the principles of Diversity and Inclusion. We are conducting both top-down and bottom-up activities with the goal of mobilizing employees while respecting their diversity (D&I) and making everyone at Zeon have a sense of security and trust that they are accepted (Belonging). Creating a culture of DI&B and developing people, where

everyone is happy to work at Zeon and feels we have a place to belong is the whole process of “creating ‘stages’ together with employees where they can demonstrate their individual strengths” set forth in our Medium-Term Business Plan.

Zeon has a dedicated department, the DI&B Promotion Office, within the Human Resources Division, and also implemented promotion projects with internally solicited proposals to help embed 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.”

Through these DI&B promotion measures, we seek to enhance employee engagement and generate a virtuous cycle that contributes to achieve freedom and well-being.

Hiring of recent graduates and career/mid-career candidates

In FY2023, we hired 95 mid-career employees to work in many areas of Zeon, including research and development, elastomers and chemicals business, specialty business, and digital. We are also actively promoting these human resources to managerial roles to create teams with diverse viewpoints. In FY2023, we hired 107 new graduates. As a means of advancing gender equality and steadily increasing the ratio of women employees that play a central role in future management decision-making, we aim to continue hiring women each year to fill at least 30% of the roles for new graduate hires at the head office.

Our workforce is growing from robust hiring levels over the last several years, and we are focusing on onboarding and creating frameworks to retain these new employees and have them demonstrate their individual skills. This includes providing support in their personal life, in-house self-study opportunities, and support for building interpersonal networks, based on two-way communication.

In FY2023, we began an educational activity for newly hired mid-career hires to hold frank discussions with Human Resources soon after they start working at Zeon and gain understanding of Zeon’s manufacturing activities, so that mid-career hires are able to perform their work with a high-level understanding of our Group.

Results of DI&B Initiatives

Initiatives	Details
DI&B-related education	Unconscious bias training, self-leadership training, DI&B culture leadership training, and one-on-one meeting training
Internal communications (dedicated website)	Roundtable discussions and articles of men on parental leave, introduction to psychological safety, introductions to organizations, FAQs and glossary for mid-career hires, external training reports, and introduction to other DI&B initiatives
DI&B promotion projects	36 employees company-wide participated in various projects in the FY2023 (6th) session
Utilizing senior employees	Lifetime career review training and external intern trial
Connection support (framework for employees to help each other)	Career and organization consultation office; mentoring support connecting younger employees with more experienced employees; social gatherings (for men on parental leave, employees returning to work from parental leave, near-retirement employees on post-retirement career, etc.)
Support for employees with children	Holding dialogue sessions, creating a community for employees with children
Support for mid-career hires	Business location visits and dialogues
Implementation of DI&B Week	(1) Board member dialogues and discussion sessions on psychological safety; (2) lectures on understanding psychological safety; (3) lectures introducing cross-border learning for career design; (4) team-building experience-based learning in diverse environments; (5) dialogue sessions to introduce and encourage Zeon person challenges; (6) production of DI&B Week special website; (7) production of daily short movies to promote understanding of DI&B; (8) operation of a DI&B virtual online discussion room
Dialogue sessions with management	Dialogue sessions between management and DI&B project members

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
Overview of the Human Resources Strategy
Initiatives to Achieve Group-Wide Strategies
▶ Diverse Human Resources
Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
Personnel System
Human Resources Development
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Contributions by senior employees

We created a personnel system for senior employees that applies to employees who are at or above the mandatory retirement age of 60 years. As of March 2024, a total of 177 senior employees (including personnel seconded to the Group companies) are working under this program and are active in various areas including assignments outside Japan. The concept of this system is “creating stages (workplace) where employees who have entered or are about to enter their senior years can demonstrate their individual strengths for an even longer period in anticipation of an era of 100-year life spans.”

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 work styles, 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.

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	• Attractive rewards and benefits aligned to roles and abilities • “Meister” title newly established
Work styles/ health and welfare	• Possible to choose between full-time or part-time work • Permission to work side jobs under certain conditions • Adoption of support leave

↶

44

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
Overview of the Human Resources Strategy
Initiatives to Achieve Group-Wide Strategies
Diverse Human Resources
▶ Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
Personnel System
Human Resources Development
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Creating an Enabling Work Environment That Does Not Interfere Career Pursuits

Declaration for Health and Productivity Management

In FY2021, Zeon established a Declaration for Health and Productivity Management and Code of Conduct for Well-Being: “For me to be happy” and declared that the company and employees will work together to address health and productivity management. The Declaration for Health and Productivity Management expresses the company’s commitment, while the Code of Conduct for Well-Being: “For me to be happy” incorporates a message and thoughts directed to employees.

The general concept of health and productivity management is that investing in employee health leads to corporate growth, and we believe that implementing health management enables each individual to continue working with enthusiasm and create a truly exciting company. Accordingly, we are focusing our efforts on these initiatives.

In 2023, we established the Health and Productivity Management Conference and focused efforts on proposing and implementing measures from the perspective of employees. Going forward, the company will collaborate with employees to promote health and productivity management.

Declaration for Health and Productivity Management (October 2021)

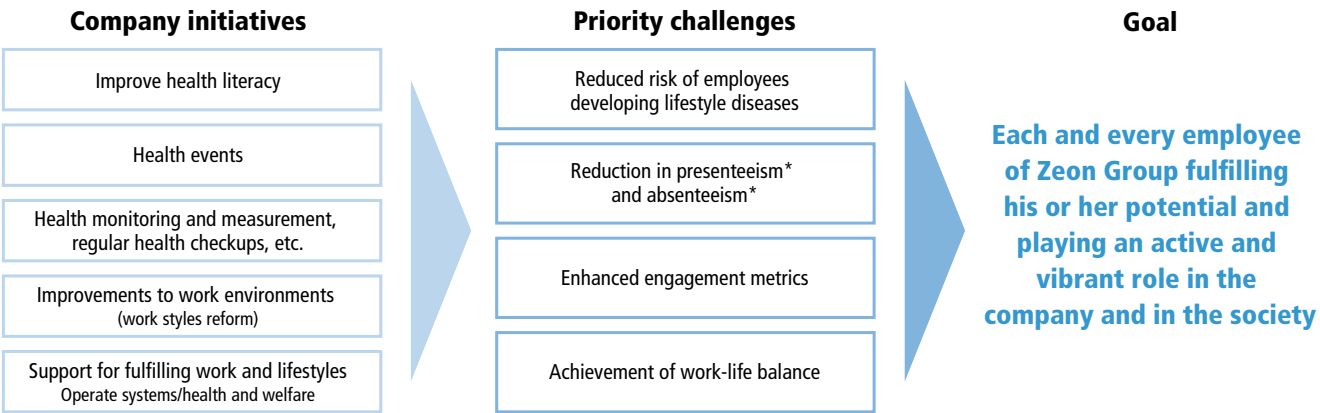
Our corporate philosophy is “Contributing to the preservation of the Earth and the prosperity of the human race.” This mission will be accomplished by each and every employee of Zeon Group fulfilling his or her potential and playing an active and vibrant role in the company and in the society.

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: “For me 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

- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- **Human Resources**
 - Overview of the Human Resources Strategy
 - Initiatives to Achieve Group-Wide Strategies
 - Diverse Human Resources
 - ▶ Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
 - Personnel System
 - Human Resources Development
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

Introducing Zeon Healthy Behavior Indicator

In Phase 2 of STAGE30, our Medium-Term Business Plan that we launched in FY2023, we created the Zeon Healthy Behavior Indicator to set forth our goals for physical health. This original index consists of the three health indicators of a BMI within the standard range, engaging in routine exercise, and not smoking. Key points of this index were making the self-assessment easy to complete and including healthy activities that anyone can do. We have set the target of increasing the percentage of employees that satisfy two or three of the three health indicators from 60% (FY2022) to 65% or more (FY2026) and are taking steps to achieve this target.

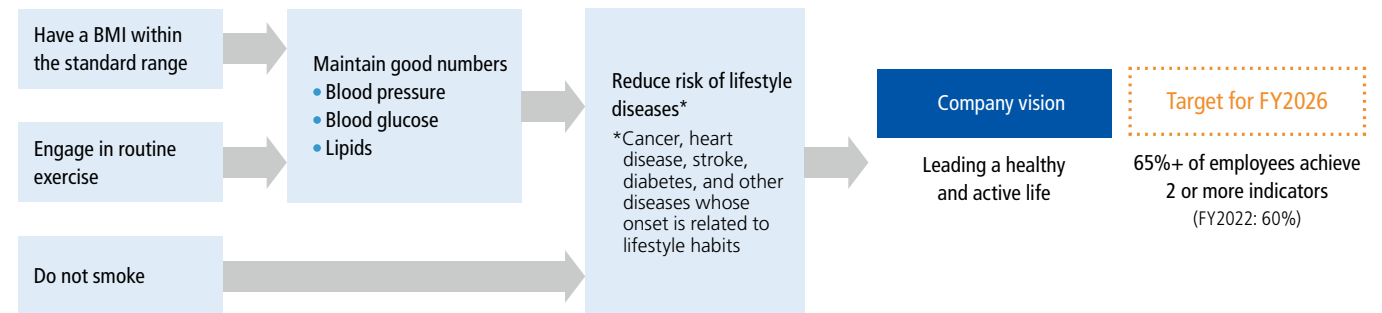
Health and productivity management promotion framework

The President and CEO is positioned as the person in charge of health and productivity management.

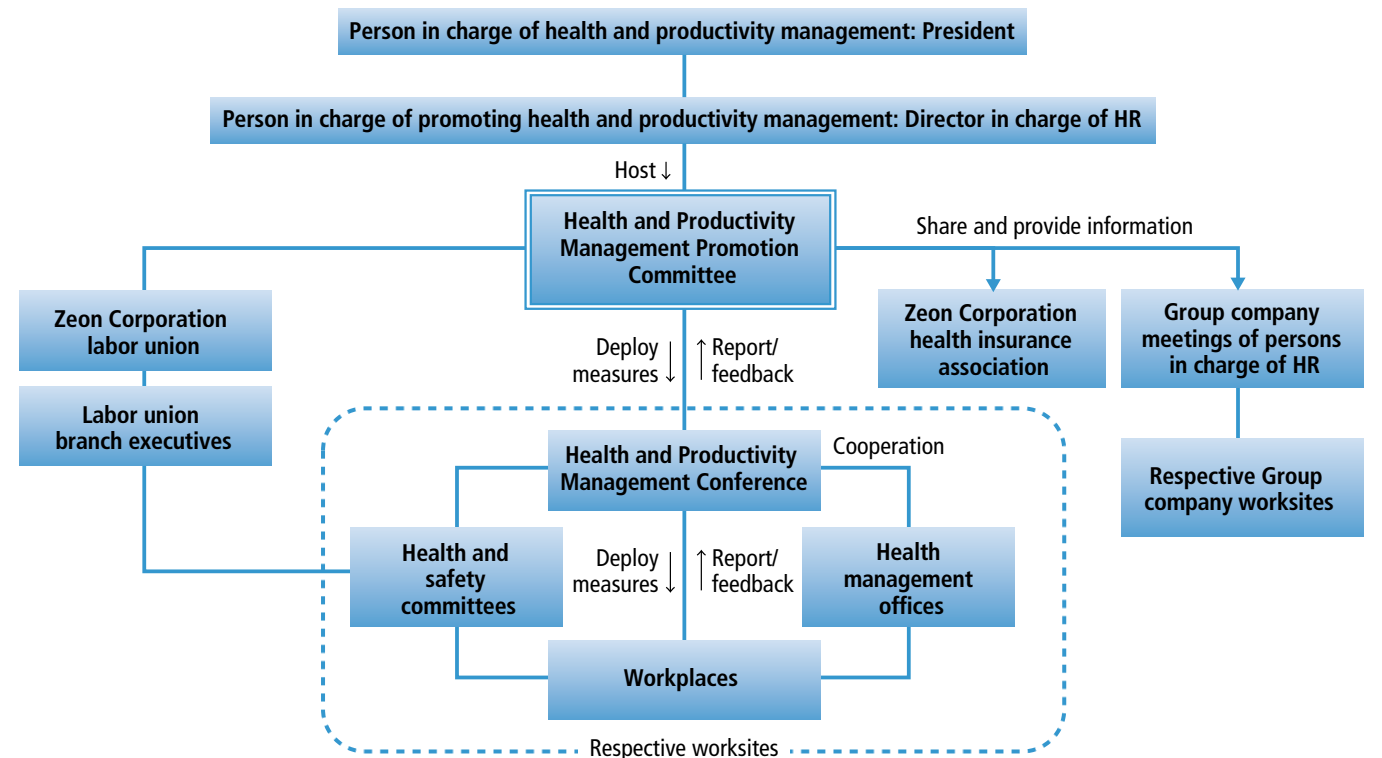
The Health and Productivity Management Promotional Committee is chaired by the director in charge of human resources. The Committee both deliberates on measures and makes decisions on health and productivity management.

We established the Health and Productivity Management Conference as a subsidiary organization in FY2023. It conducts activities to establish health and productivity management initiatives among employees, including sharing worksites' independent initiatives and building a cooperative structure between the head office and worksites.

Zeon Healthy Behavior Indicator



Health and productivity management promotion framework



↶

46

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
Overview of the Human Resources Strategy
Initiatives to Achieve Group-Wide Strategies
Diverse Human Resources
▶ Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
Personnel System
Human Resources Development
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Specific initiatives

Physical and mental health initiatives

● **Mental health training**
We provide Self-Care Training for all employees and distribute video content, and afterward confirm participants' comprehension and satisfaction. The Line Care Training for existing posts and line positions has been modified to provide more practical exercises while promoting communication with instructors. We plan to have all employees in managerial positions complete the training during a three-year period.

● **Health checkups and follow-up care**
For regular health checkups, industrial physicians and nurses provide follow-up consultations and health guidance for persons who require guidance. We have also launched a system that allows employees to view their health checkup results online 24 hours a day, with the intent to provide a state of health awareness whenever it is convenient. Awareness of health is the first step to creating good health. We will cultivate awareness for health through the launch of this system.

● **Stress checks**
We conduct annual stress checks every July. Feedback is provided to worksites and activities to improve workplace environments are conducted.

● **Launch of support for external counseling**
We have launched support for external counseling with the aim of promoting better mental health and well-being. Professional counselors provide support for resolving work-related problems, health worries, and other issues.

● **Independent worksite initiatives**
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 work styles initiatives

We are promoting the maintenance of "environments to facilitate flexible work styles unconstrained by time and place," which includes the extension of teleworking and the 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 cocreate 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 work styles, 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 work environment where each and every employee can freely express their own ideas and conduct themselves with autonomy.



Office scene free of dress codes after the office overhaul

● **Enhanced support for transferees**
We have expanded and enhanced our support for transferred employees to reduce burdens at the time of transfer and to cover expenses for traveling home. Also, if an employee returns to their pre-transfer home or if a spouse joins the employee at the new assignment, the company pays travel expenses for up to six trips each year according to distance zones separate from the unaccompanied transferred employee allowance. We also began paying expenses for travel home for some single employees who are transferred to a business location other than the area where they were initially hired. We expect that these enhanced support programs for transferred employees will help all our employees to thrive and work with enthusiasm.

● **Launch of side work system**
We have introduced a side work system. This system is being used to support employees to realize their career aspirations, by allowing them to build their careers by gaining skills and experience through side work and pursue self-realization by taking on challenges they seek out themselves.

● **Initiative to promote taking of annual paid leave**
As a measure to promote freedom and well-being, we are working to raise the rate of employees taking annual paid leave to 70% by FY2026. As part of this, we are making it easier to take leave, such as by setting up days and periods of time where taking annual paid leave is encouraged and creating programs to enable taking leave in single-hour and half-day increments.

● **Initiative to expand application of the teleworking system**
To realize work styles not tied to a particular place, we are conducting a trial expansion of the teleworking system at some worksites to allow employees to work at places apart from the standard telework locations (employees' homes and shared offices). While the majority of participants in the trial have given positive feedback, including the ability to have flexibility in how they work and more fulfillment in private life, employees providing nursing care support have also requested an increase

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
Overview of the Human Resources Strategy
Initiatives to Achieve Group-Wide Strategies
Diverse Human Resources
▶ Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
Personnel System
Human Resources Development
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

in the maximum number of days they can use the program. In response to this feedback, in FY2023 we increased the number of days the program can be used, from 20 work days to 40 work days. Aiming to create a teleworking system that supports employees in balancing their work and private life, we will continue to conduct measures while listening to employee feedback.

● **Supporting employees with children by creating leave programs**

Approximately 80% of married union member households have both partners working, and as a result, it is necessary for the company to create an environment where employees can continue their careers with confidence even if their spouse is transferred. Employees who are recognized as having difficulty continuing to work due to accompanying a spouse who is being transferred to another location are allowed to take a leave of absence for up to three years. The objective of this program is to avoid disrupting the careers of employees confirmed through discussions with the labor union and to prevent the loss of high-quality human resources.

Initiatives for comfortable and fulfilling lifestyles

● **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.

We expanded the menu of options in FY2023, adding travel expenses for employees on assignment without their family to return to their family home as well as travel expenses for those

using nursing care to return to their family home to the expenses that are eligible for reimbursement.

● **GLTD Program (Zeon Corporation Long-Term Rehabilitation Support Program)**

We established this program with the aim of supporting creation of conditions that allow employees and their families to live with peace of mind. In the event of an illness or injury that prevents someone from working for a long period, this program compensates the employee at the company’s expense

for a portion of the employee’s income for as long as up to their 65th birthday. Employees can also enroll in an optional plan for themselves that increases this compensation.

● **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.

List of freedom and well-being initiatives and systems

Work styles 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), and ★launch of side work system
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, flextime system with no defined core times, ★cafeteria plan, and development of guidelines for taking childcare leave
Nursing care support systems	Nursing care leave, caregiving leave system, consultation service for nursing care, and ★cafeteria plan
Support for health improvement	Regular health checkups, ★launch of health checkup results viewing system, stress checks, ★employee engagement surveys, physical fitness measurements, mental health training, ★seminars on women’s health issues, issuance of health news, ★holding of events to support health, ★cafeteria plan, and ★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, and matching contributions system
Housing assistance	Housing assistance system (dormitory accommodation and company housing, rent subsidy system, home ownership allowance, and 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, and 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, and ★GLTD system

★: Initiatives expanded during the period of the Medium-Term Business Plan (FY2021–FY2023)

↶

48

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
Overview of the Human Resources Strategy
Initiatives to Achieve Group-Wide Strategies
Diverse Human Resources
▶ Creating an Enabling Work Environment That Does Not Interfere Career Pursuits
Personnel System
Human Resources Development
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

● **Expansion of nursing care support**

With the aim of helping employees to balance the obligations of their job and nursing care, we have established an external nursing care consultation service.

Employees can consult nursing care specialists about issues or concerns they have by email or over the phone, with the service acting as a safety net for nursing care consultations. In addition, we are planning trainings and the publication of a nursing care support handbook to give employees basic information on nursing care.

● **Expansion 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.

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 labor-management conference, RC dialog, and joint labor-management patrols, as well as round-table meetings, which are now a permanent part of the labor-management dialog. Labor-management conference 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.



Labor-management conference

← 49 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Personnel System

Operating a personnel system that allows employees to be themselves and introducing a new managerial personnel system

We updated our managerial personnel system in July 2023 and introduced a new job-based system. In the former system, grades and compensation were used as stepping stones to management roles, based on the person's ability to perform their duties. However, the roles (i.e., job duties) employees are expected to perform have been diversifying. To foster employees' motivation and create "stages" that allow employees to demonstrate their

individual strengths, we decided that we needed to transition to a personnel system that draws out employees' diverse strengths and prompts their growth. This led to the revision of our personnel system.

We revised the system with the following three objectives. The first is to reward employees according to their expected job size by creating a double-track personnel system. In addition to the management roles defined according to their job size within the organization, we introduced specialist roles with grades set by evaluating job performance on an individual basis. This approach clearly defines career paths while allowing for more variation in

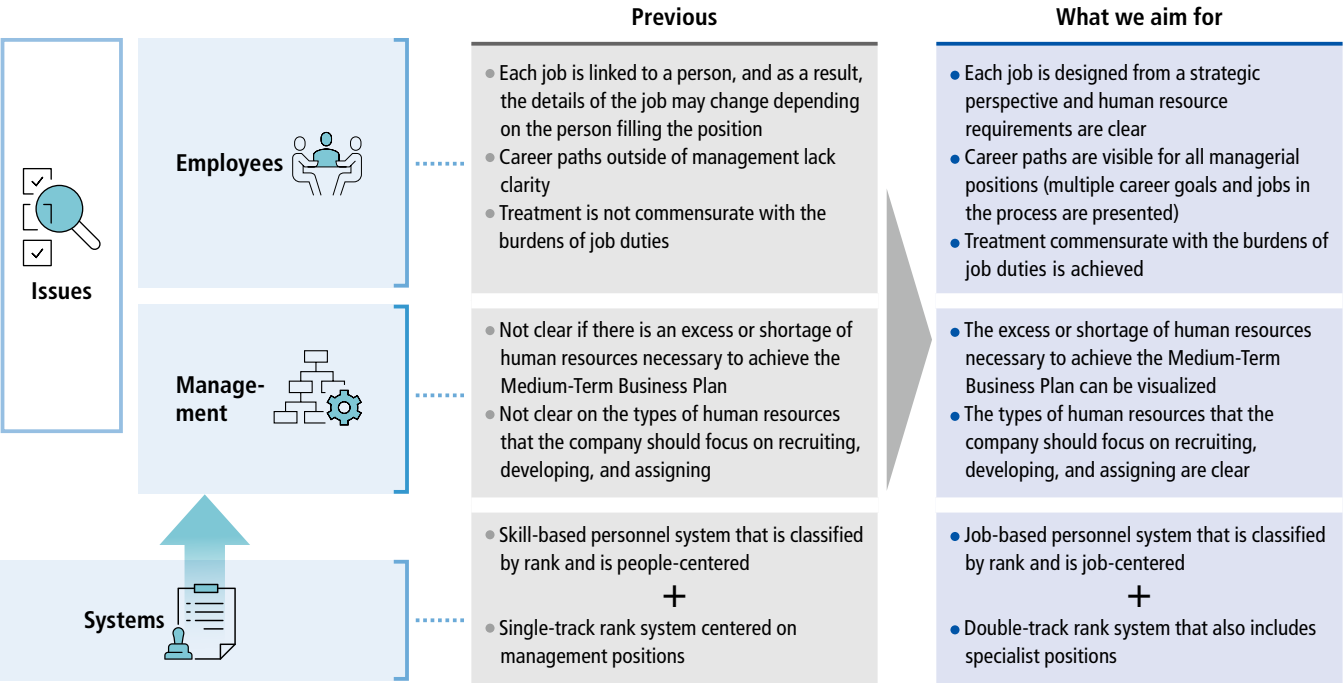
employee treatment. The second objective is to encourage growth after promotion to a managerial role. We introduced conduct (competency) evaluations that include specific items set for individual roles and are based on demonstrated conduct. This is designed to increase the transparency of performance evaluations, drive creation of results, and serve as a guide for long-term professional development.

The third objective is to increase career track visibility for employees. By clarifying the requirements of each role, employees have a clearer picture of their career paths and the company can see where there are too many or too few of the resources needed to achieve the management strategy. This information will be used in personnel management to encourage employee growth and determine what types of resources are most need to be recruited, developed, and assigned to roles.

As part of implementing the new managerial personnel system, we will also build an HR portfolio to support getting the right people in the right positions to achieve our management and business strategy. Clarifying the HR requirements tied to each managerial role is designed to encourage the professional development of young and mid-level employees who want to advance to a managerial position as well as present a clearer picture of available career paths.

We are planning to revise the non-managerial personnel system in FY2026 and beyond. In this revision, we will identify issues in work styles and career development through two-way dialogue and review how to support opportunities for young employees to independently develop their careers.

Direction of personnel system reforms



◀ 50 ▶

Contents

Messages from Management

Materiality

Zeon's Sustainability

Environment

Human Rights

Human Resources

Occupational Health and Safety

Quality Assurance

Community

Governance

ESG Data/Index

Overview of the Human Resources Strategy

Initiatives to Achieve Group-Wide Strategies

Diverse Human Resources

Creating an Enabling Work Environment That Does Not Interfere Career Pursuits

Personnel System

Human Resources Development

Human Resources Development

Nurturing human resources

Basic Philosophy on Human Resources

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

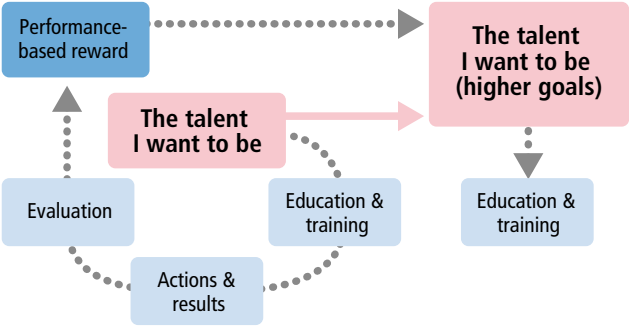
Our concept of “being the worker I want to be” embodies “people who continually evolve by pursuing high goals based on independent thinking.” Personnel are encouraged to set goals to become the worker they want to be, and we are modifying our education and training systems to allow them to bridge the gap between the current reality and their goals and facilitate goal-driven actions on a daily basis. By fairly evaluating what employees have accomplished through their actions and rewarding them accordingly, we aim for them to aspire even higher levels.

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.

Nurturing human resources at Zeon



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 / Studying abroad Business school dispatch	Environmental and safety affairs / Quality / Intellectual property / Manufacturing R&D / Sales / Administration, etc.	Monozukuri Z Z basics	Online educational courses Support for obtaining qualifications TOEIC
Deputy managers			Goal achievement ability					DI&B promotion
Leaders			Problem identification ability					1-on-1 career training Harassment prevention training, etc.
Newly-recruited employees			Problem solving ability					Other DX education, etc.

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.

↶

← 51 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
Occupational Safety Safety and Accident Prevention Environmental and Safety Education TOPICS
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Occupational Health and Safety



■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

► Occupational Safety
Safety and Accident Prevention
Environmental and Safety Education
TOPICS

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Occupational Safety

Initiatives to prevent occupational accidents and protect the safety and health of all plant employees

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.

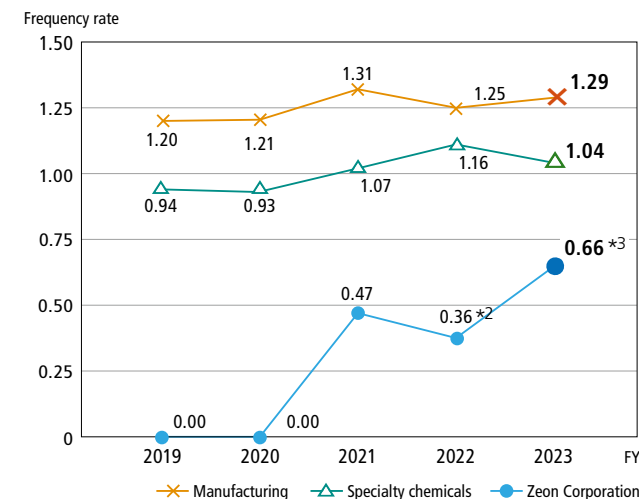
*1 5S safety inspections
Inspections that evaluate operations where safety is an integral part of maintaining the 5Ss (Sort, Straighten, Scrub, Systematize and Sustain), and that are designed to enhance visualization of safety-related issues at worksites and address hazards.

*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 worktime accident rate*1 (Zeon Corporation)



*1 Lost worktime accident rate

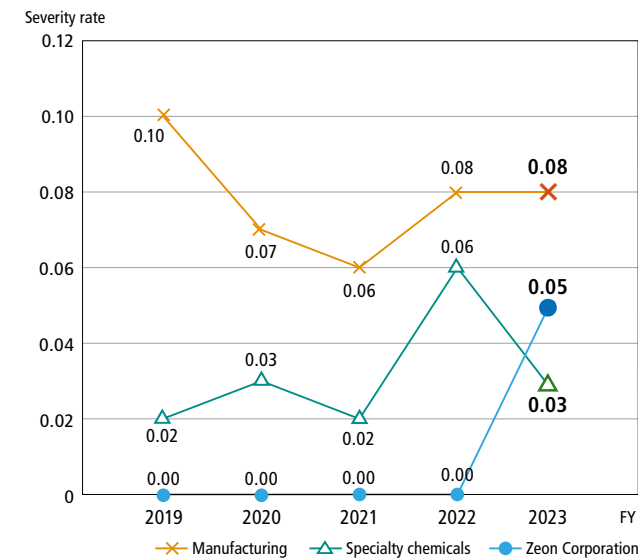
A safety indicator of the frequency of occupational accidents, calculated using the following formula.

Frequency of lost worktime accidents = Number of workers who experienced a lost worktime accident / Total working hours × 1,000,000 hours

*2 From FY2022, the total value for Zeon Corporation increased to 6 plants from 4 due to an absorption-type merger.

*3 The number of lost worktime accidents increased in FY2023.

Change in severity rate of lost worktime accidents* (Zeon Corporation)



* Severity rate of lost worktime accidents = Total number of lost work days / Total actual worked hours × 1,000 hours

5S safety inspections

5S safety inspections assess operations where safety is critical to maintaining the 5Ss (Sort, Straighten, Scrub, Systematize and 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 until FY2023 due to the COVID-19 pandemic, but resumed in FY2024).

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.

◀ 53 ▶

■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Occupational Safety

▶ Safety and Accident Prevention

Environmental and Safety Education

TOPICS

Safety and Accident Prevention

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.

Specifically, we are continuing to conduct priority measures to ensure safety, based on the following straightforward phrases.

- 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.

Dialogue between management and plants

To monitor progress on priority issues, Zeon management visit plants on a regular basis to conduct the top diagnosis, hold hearing meetings with employees, and brief them on annual policies. Visits are also made to plants on other occasions to communicate directly with plant employees, who are on the front-line operations. Along with these visits, we concurrently held online meetings after FY2020 to prevent the spread of COVID-19. In FY2023, management engaged with plant employees on 51 days (all in-person visits), marking a resumption in holding proactive dialogue with worksites.

Safety inspector certification at all sites

Certified Safety Inspector*1
Obtained by 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 2022)	2008 (renewed in 2022)
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.

↶

54

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
Occupational Safety
▶ Safety and Accident Prevention
Environmental and Safety Education
TOPICS
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

Occurrences of accidents and injuries

FY2023: Safety incidents*: 5
 (High-pressure gas leaks: 2 [both ammonia leaks];
 Other leaks: 3)

Although these incidents did not result in injury to humans 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

We have participated as a supporting company (full member) since the initial establishment of the Japan Safety Competency Center (a specified nonprofit corporation), and have made efforts to evaluate and improve its safety competency in terms of our safety foundation and safety culture. In third-party evaluations, the Japan Safety Competency Center evaluates our 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 we continue to conduct improvement activities aimed at improving our safety competency.

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
Occupational Safety Safety and Accident Prevention ▶ Environmental and Safety Education TOPICS
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

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. Shared Group-wide educational content includes content provided through e-learning as well as education on legal amendments of environmental and safety-related laws.

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 our 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 FY2003, 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 FY2023, the scope of education was expanded to include resident partner companies.



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 plant 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.

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 (Environmental and Safety Education and Training 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

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
<div>Occupational Safety</div> <div>Safety and Accident Prevention</div> <div> <div>▶ Environmental and Safety Education</div> <div>TOPICS</div> </div>
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index

● Educational activities through 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 “Plant 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 plant rules among plant personnel (including the personnel of partner companies).



Display in the Safety Workshop showing how to use scaffolding

● Adoption of hands-on safety education

Safety experiential education is conducted at plants, research facilities, resident partner companies and neighboring Zeon Group companies. Every year experiential education is provided on 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 with blades.

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



Hands-on safety education on dangers of getting caught in a roller

← 57 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Occupational Safety

Safety and Accident Prevention

Environmental and Safety Education

TOPICS

TOPICS

Creation of “smart factories” to simultaneously improve plant efficiency and realize work style reforms

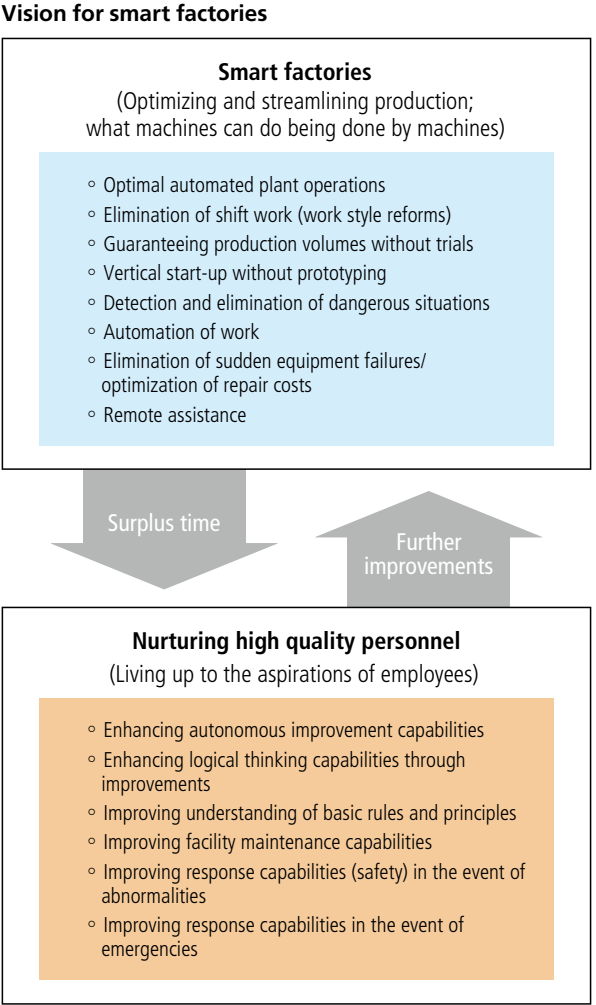
At Zeon, we have been working to make our plants “smarter” since 2020.

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 optimize and streamline production and continually ensuring product quality. For employees, it will lead to the realization of comfortable and rewarding work environments.

As part of the “Smart Factory Realization Project” undertaken throughout 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.

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.

By conducting reviews inside actual plants, we learned that commercially available functions would not meet our implementation needs and identified the technical issues that need to be resolved to have



Patrol inspection by a robot at an actual plant

- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
- ESG Data/Index

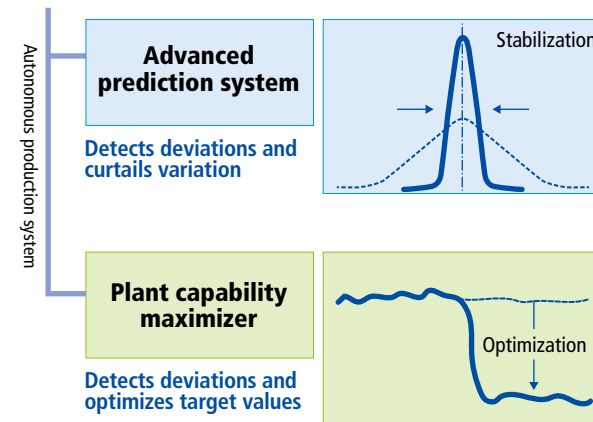
robots move around automatically.

The direction for solving these issues is becoming clear as we accumulate expertise through investigations conducted in collaboration among industry, government, and academia while combining various peripheral technologies and solutions. Our objective is to create safer work environments where people are not placed in dangerous situations during emergencies.

Example 2: Mechanisms for achieving both safety and quality

We have formalized the know-how of veteran operators and introduced and used an intelligent production system*1 that enables less experienced operators to also perform safe and stable operations. To advance this system even further, we are investigating the introduction of an autonomous production system*2 that will make high-level forecasts and

Autonomous production system



predictions on factors that can lead to quality changes, and based on those forecasts and predictions, support operations with optimized quality and costs by integrating the formalized know-how with data science.

*1, 2 Daicel Production Innovation Method

Example 3: Interactive training using VR technology

To operate a plant, it is important to acquire the ability to respond in the event of abnormal conditions, in addition to understanding 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.

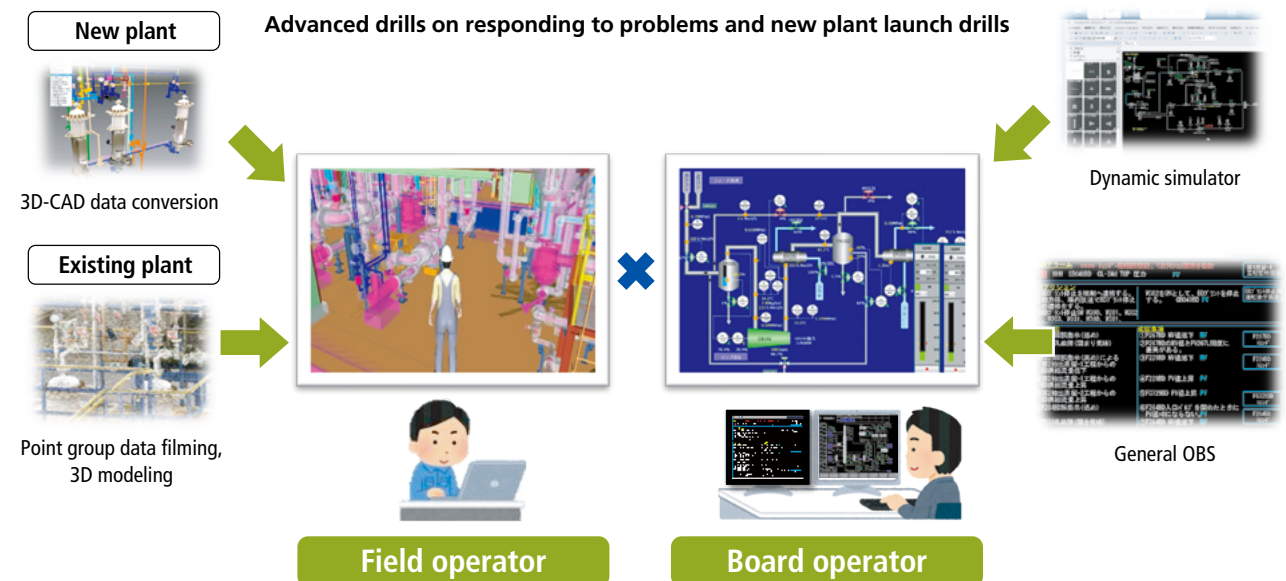
To raise the efficiency of new employee training by using virtual reality, we have looked into the use of 360-degree

cameras as a tool. It creates an environment where learners can move freely throughout the plant observing surroundings and learn procedures by performing them repeatedly without the need to go to the actual work site. As a result of our investigations, we were able to perform all photography, document preparation, and revisions in-house and we have started use in practical training.

Training for more advanced troubleshooting drills, and launching new plants is under ongoing consideration as the burden involved in creating training materials is high.



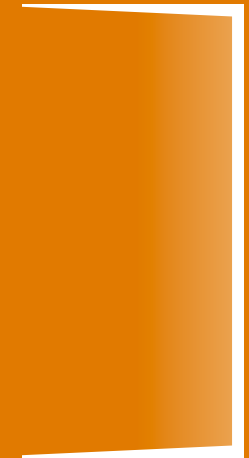
Image from a 360-degree camera





■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
Basic Approach and System Quality Assurance Initiatives
■ Community
■ Governance
■ ESG Data/Index

Quality Assurance



◀ 60 ▶

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

▶ Basic Approach and System

Quality Assurance Initiatives

■ Community

■ Governance

■ ESG Data/Index

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.

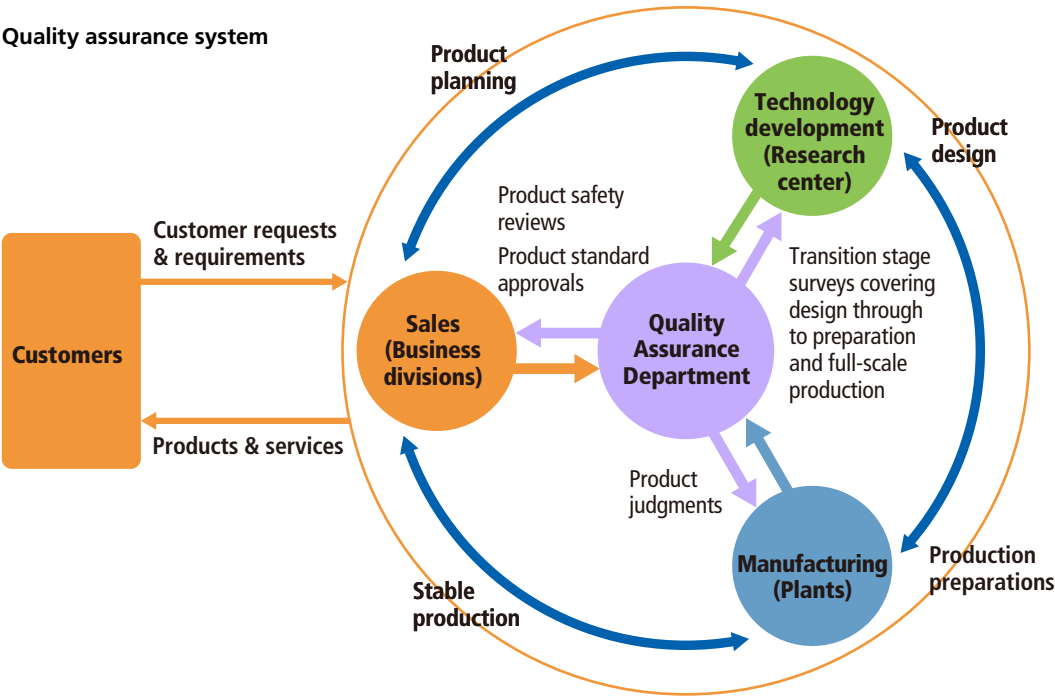
Basic Policy for Quality Assurance

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



↶

← 61 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Basic Approach and System

▶ Quality Assurance Initiatives

■ Community

■ Governance

■ ESG Data/Index

Quality Assurance Initiatives

Targets and results of major quality assurance initiatives

Initiatives (topics)	Targets	Results	Status
Timely responses to complaints, opinions from customers, etc.	Complete responses within a single year	None of the responses exceeded a single year	✓
Enhance customer satisfaction	Analysis on customer satisfaction and initiatives for improvements	All business divisions conducted analyses on customer satisfaction survey results through management reviews to determine and engage with topics that required a response	✓

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	✓			✓ *6
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.	✓			
Zeon Kasei (Changshu) Co., Ltd.			✓	
Zeon Kasei Mexico S.A. de C.V.	✓			

*1 ISO 9001 is the international standard to increase customer satisfaction based on efforts to guarantee product and service quality through continuous improvement of quality management systems.

*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 certain shipping containers.

*6 Mizushima Plant acquired FSSC 22000 certification for the manufacture of food-grade synthetic aroma chemicals.

Framework to achieve product safety

1. Product safety reviews

We strive to ensure product safety in every possible aspect by conducting PSR* 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.

* PSR: Product safety review

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 enacted and 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.

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.

↶

← 62 →

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
Basic Approach and System
▶ Quality Assurance Initiatives
■ Community
■ Governance
■ ESG Data/Index

Audits

PL audits

PL audits consist of individually performed audits at business departments and plants using checklists, while on-site audits target product liability (PL) and product safety and are performed by an audit team led by a compliance officer.

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 conducted when serious issues concerning quality arise, 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 Group 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 Zeon Group; as far as possible, audits are conducted by an auditing team comprised of auditors from other divisions. We identify issues through internal quality audits and connect these activities to improvements in our systems and processes.

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 time.

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 are currently constructing an even more reliable and efficient system for quality assurance by means of linking these systems.

Risk reduction for new products

Zeon conducts a comprehensive review (PSTR)*1 from quality assurance perspectives 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; FMEA*2, which attempts to prevent potential post-production abnormalities; and testing methodologies and testing facilities to measure product standards and characteristics of critical processes.

*1 PSTR: Product Stage-gate Transfer Review

*2 FMEA: Failure Mode and Effects Analysis

Communicating safety information

For more information about safety information for chemical products handled by Zeon, see Chemical Product Safety Information. (→ P. 30)

↶	← 63 →
■ Contents	
■ Messages from Management	
■ Materiality	
■ Zeon's Sustainability	
■ Environment	
■ Human Rights	
■ Human Resources	
■ Occupational Health and Safety	
■ Quality Assurance	
■ Community	
■ Social Contribution Activities	
■ Governance	
■ ESG Data/Index	

Community



◀ 64 ▶

■ Contents

■ Messages from Management

■ Materiality

■ Zeon's Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

▶ Social Contribution Activities

■ Governance

■ ESG Data/Index

Social Contribution Activities

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.

Great East Japan Earthquake reconstruction support

Participation in the Sanriku Joban Mono Network

Zeon participated in the Sanriku Joban Mono Network, a project launched by the government in FY2023, and implemented several initiatives to address negative damages caused by ALPS treated water.



- **Booth display using Tohoku ingredients at summer festival**
At the Kawasaki Plant Summer Festival held in August 2023, we set up a special Tohoku support booth that served dishes made with ingredients from Tohoku area.



Collaborating with health checkups

During health checkups held at head office in November and December 2023, we exhibited seafood from Tohoku area, which is effective in improving health indicators related bone mass, visceral fat, vascular age, and vegetable intake. We also introduced the initiatives and products of the Sanriku Joban Mono Network.



- **Tohoku seafood given as autumn festival prizes**
At Takaoka Plant's autumn festival held in October, we gave away products made with seafood from Tohoku as prizes.

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).



Group-wide common initiatives

- **Holding of chemistry experiment classrooms**
Based on the motto of "nurturing future Nobel Prize winners in chemistry," we hold chemistry classrooms in various locations to communicate the appeal of chemistry to children.
- **Participation in the Grand Contest on Chemistry for High School Students**
Zeon participated in the 18th Grand Contest on Chemistry for High School Students, a nationwide chemistry event, as a

◀ 65 ▶

Contents

Messages from Management

Materiality

Zeon's Sustainability

Environment

Human Rights

Human Resources

Occupational Health and Safety

Quality Assurance

Community

Social Contribution Activities

Governance

ESG Data/Index

special sponsor. The Zeon Challenge Award is selected from the unique perspective of the special sponsor, which, in our case, is whether it is a unique “challenge” or not.



- Exhibition for Kawasaki City Free Summer Vacation Research Week
Every year Zeon's Specialty Plastics Laboratory holds a light experiment exhibition as part of the Kawasaki City Free Summer Vacation Research Week, which is well received by elementary school students and their parents.



- Holding of on-site classes
Zeon Chemicals Yonezawa held on-site classes at local junior high schools as part of career education.

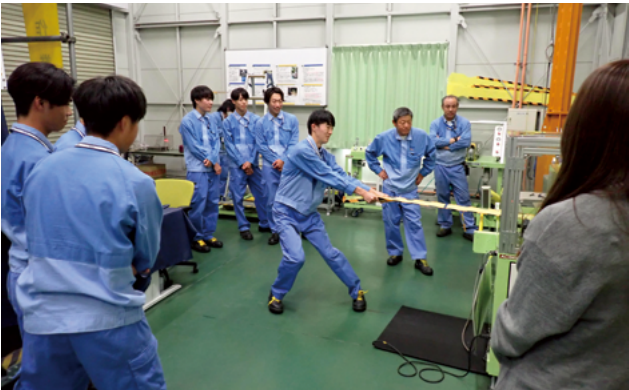


- Green purchasing of office supplies
As part of our green procurement initiatives, we are pursuing efforts for green purchasing of office supplies at Zeon Group companies in Japan.

Proprietary initiatives

Support for education

Zeon's plants and Group companies help 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 FY2023, internships and plant tours were gradually resumed even amid the COVID-19 pandemic, with 16 plant tours and 20 internships conducted by Group companies in Japan.



Internships at the Mizushima Plant (safety education)



Internships at the Tsuruga Plant (on-site training)



Internships at the Kawasaki Plant (facilities tour)



Facility tours at Zeon Chemicals Yonezawa for parents of high school students

- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- ▶ Social Contribution Activities
- Governance
- ESG Data/Index

Dialogue with communities

Plants participate in community dialogue 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. In addition, since FY2023 we have released videos on our website introducing each worksite to facilitate dialogue with communities.



Responsible Care community dialogue at the Kawasaki Plant



Video introducing worksites (YouTube)

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.



Waraku dance at the Tokuyama Plant summer festival



Participating in the Tokuyama Plant neighborhood association's mochi pounding event

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.



Himi coastal cleanup event by the Himi Futagami Plant



Neighborhood clean-up at the Kawasaki Plant



Neighborhood clean-up at the Mizushima Plant

- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
 - ▶ Social Contribution Activities
- Governance
- ESG Data/Index

Community donations and volunteering

Zeon Advanced Polymix Co., Ltd. in Thailand has conducted volunteer cleanup and donation activities over the course of many years. (Photo: Repair work at a local temple nearby)



Donating desks and snacks to elementary schools



Zeon Chemicals Thailand Co., Ltd. in Thailand has participated in volunteer activities to improve the community environment and donation drives for elementary schools for many years.



Participation in a community tree-planting activity

The Tokuyama Plant conducts activities to maintain forests with water sources, with participation from a wide range of partners including companies that use the water, to deepen understanding of forests' role in water source cultivation and global warming prevention as well as to promote independent activities to improve and appropriately manage forests.



In recent years, blue carbon has attracted attention as a source of CO₂ absorption, and activities to conserve and restore blue carbon ecosystems are underway in various regions.

The Oshima tidal flats in Shunan City is one such region. Here, an artificial tidal flat made using sediment generated in a dredging project at the Port of Tokuyama Kudamatsu has created a new habitat for eelgrass and Japanese eelgrass. The continuation of these conservation activities has led to the creation of a diverse ecosystem today.

Zeon is participating in conservation activities at the Oshima tidal flats, and through the Japan Blue Economy Association, is purchasing and utilizing J Blue Credits® created in a Shunan City blue carbon project to connect the Oshima tidal flats to the Port of Tokuyama Kudamatsu. This not only helps offset the CO₂ emissions we produce, but also contributes to conserving the natural environment in the surrounding area, promoting marine industry, and promoting community vitalization.



- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
 - ▶ Social Contribution Activities
- Governance
- ESG Data/Index

Regional sports sponsorship

Zeon Group supports sports in areas where we have business sites and currently sponsors the following two sports teams.

Kurashiki Ablaze (women's volleyball)

This women's volleyball company team is based in Kurashiki City, Okayama Prefecture.

The team successfully entered the V3 league during the 2023–24 season and won the league championship.

* From the 2024–25 season onward, leagues have been categorized into the SV League and the V League. Kurashiki Ablaze is part of the V League.



Toyama Dreams (men's handball)

This men's handball team is based in Himi City, Toyama Prefecture.

It became a part of the Japan Handball League* from the 2023–24 season.

Since entering the league during the 2023–24 season, they have gradually made their presence known, winning their first victory against a strong opponent. They will make efforts to progress further in the following season.

* The Japan Handball League was renamed to League H from the 2024–25 season, with the aim of becoming the No. 1 league in Asia and the top-level league in the world.



The ZEON logo appears on the uniforms and practice uniforms of the players of both teams. Zeon Group employees are looking forward to seeing the players wearing the company logo on the field and will be coming out to support the teams, bringing further excitement to the game. The players of the teams not only aspire to win during their games, they also contribute to regional promotion and development through sports by participating in local events, including pep rallies and debriefing sessions.





- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- **Governance**
 - Corporate Governance
 - Risk Management
 - Compliance
 - Internal Audits
- ESG Data/Index

Governance



↶

70

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
▶ Corporate Governance
Risk Management
Compliance
Internal Audits
■ ESG Data/Index

Corporate Governance

Basic approach and system

Zeon 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 build a system that enables efficient and sound corporate management through corporate governance.

We have set out “‘polish up’ the management base” as one of our Group-wide strategies in Phase 2 of the Medium-Term Business Plan: STAGE30. We will focus on efforts to further strengthen corporate governance and improve management transparency.

Basic Policy on Corporate Governance
Corporate Governance Report
➡ <https://www.zeon.co.jp/en/csr/governance/corporate/>

The main components of our corporate governance system are summarized below.

① Board of Directors

The Board of Directors meets, in principle, every month with Audit & Supervisory Board 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. A total of 18 meetings were held in FY2023. As of July 2024, the Board of Directors consists of 11 directors, including five outside directors.

② Executive Committee

The Executive Committee, in accordance with the Executive Committee Rules, comprises the representative director and executive officers ranked senior corporate officer or above and

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. A total of 28 meetings were held in FY2023.

③ Audit & Supervisory Board

The Audit & Supervisory Board comprises five members, including three outside members. The Board reports on, 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 subsidiaries’ operations. A total of 7 meetings were held in FY2023.

④ Director and Officer Nomination and Compensation Committee

The Director and Officer Nomination and Compensation Committee is positioned as an advisory organ to the Board of Directors for the purpose of strengthening the objectivity and transparency of the Board of Directors functions related to nominating directors and officers and deciding their compensation. Dialogue sessions are also held between corporate officers and other managerial employees, who are future director candidates, and outside officers. The committee is composed of seven members, of which five are independent outside directors. A total of 5 meetings were held in FY2023.

To strengthen independence, objectivity, and accountability, since July 2024 the committee has been chaired by an outside director, where as previously it was chaired by the representative director.

⑤ Corporate Value Creation Conference

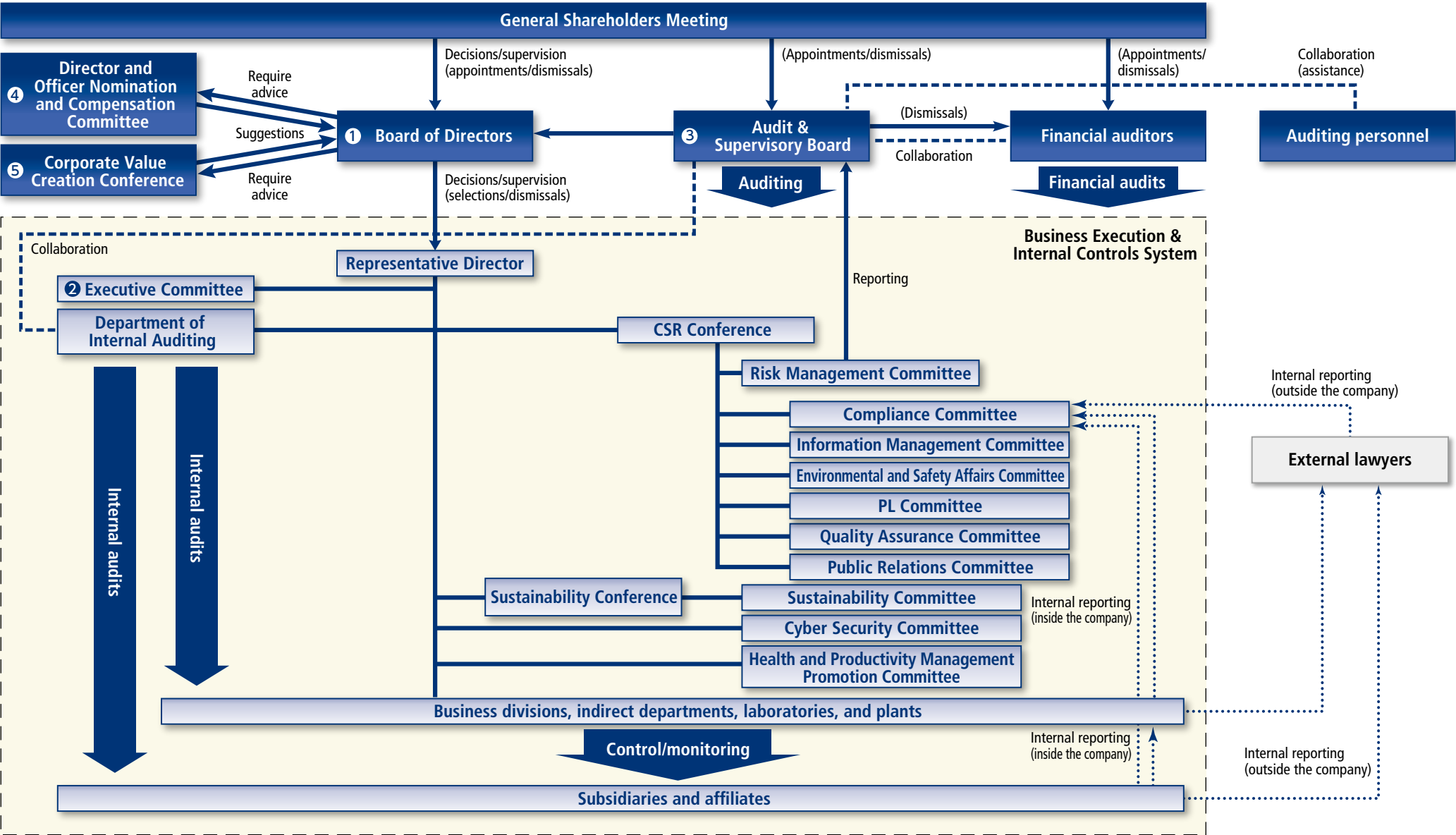
The Corporate Value Creation Conference was established in 2023 as an advisory body to the Board of Directors, to strengthen the decision-making and oversight functions of the Board with respect to the creation of the Zeon Group’s corporate value, and activities aimed at reflecting that value in our market capitalization. The Conference consists of the Chairman, the President, and the following outside members.

Outside Directors:
Tadanobu Nagumo, Takao Kitabata
Outside Audit & Supervisory Board Members:
Hiroki Kimura, Masayoshi Nakamura
Attorney at Law:
Shigeru Nakajima (Nakajima Transactional Law Office)

The Conference engages in discussion that encompasses the sources of corporate value Zeon should defend and issues relating to corporate governance, internal controls, and the company’s risk management structure. At the end of the fiscal year, the Conference provides advice to the Board of Directors. It intends to serve as a major driver of corporate value enhancement and creation, and by extension, measures that tend to maximize our market capitalization. A total of 4 meetings were held in FY2023.

- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance
 - ▶ Corporate Governance
 - Risk Management
 - Compliance
 - Internal Audits
- ESG Data/Index

Corporate governance system (as of July 2024)



.....> How reports are handled via our internal reporting system

↶

72

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
Corporate Governance
▶ Risk Management
Compliance
Internal Audits
■ ESG Data/Index

Risk Management

Basic approach and system

The company had been considering a review of its risk management system in response to the March 2024 report from the Special Review Committee for the Prevention of Recurrence, and in June 2024 we changed our governance system and implemented organizational reforms to prevent recurrence.

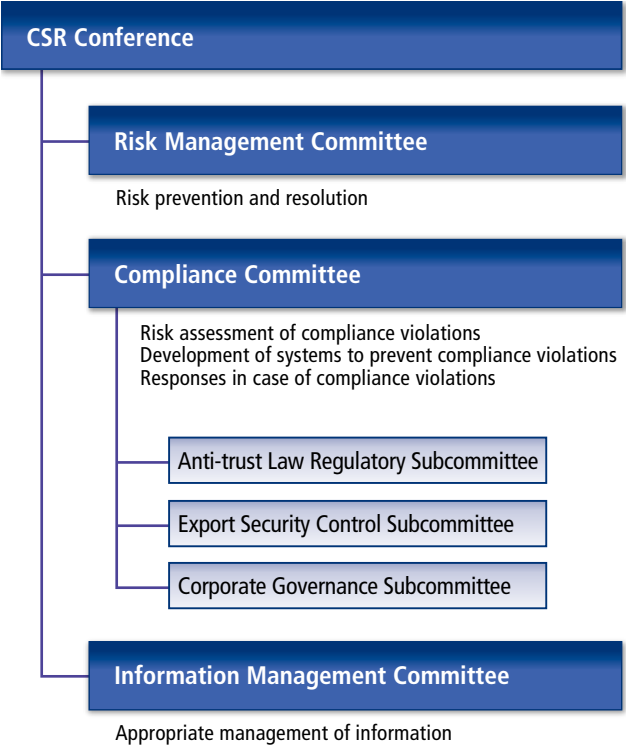
With the aim of identifying and preventing potential risks, we established a new Risk Management Committee to build and manage a Group-wide risk management system under the umbrella of the CSR Conference, our highest decision-making body regarding CSR. We are advancing the development and management of this system in an effort to control emerging risks. Additionally, each committee established under the CSR Conference reports back to it on the status of its activities and future plans regarding controlling risks within its jurisdiction.

Emerged individual risks are handled by the committee or department in charge of that risk, and are reported to the Risk Management Committee, including the status of measures to prevent recurrence and horizontal rollout.

The Risk Management Committee creates a Group-wide risk list, monitoring and controlling whether Group risks are being managed appropriately. Group-wide risks also include those related to climate change and human rights. Risk Management Committee activity is reported to the CSR Conference and the Board of Directors to confirm risk management effectiveness.

Moreover, each Group organization creates its own list of risks, recognizes risks specific to that organization along with Group-wide risks, and implements any control activities needed based on the recognition. Individual risk evaluation and control activities are compiled by the Risk Management Committee and shared with the individual committees and departments they fall under, thereby increasing the effectiveness of Group-wide risk management activities.

Risk management and compliance system



Education and training

We conduct annual e-learning compliance education for all employees (regular, temporary, and contract employees) to acquire knowledge on compliance and risk management and to confirm their level of knowledge. The number of participants has been increasing each year, reaching 4,023 persons in FY2023.

We also conduct annual online legal training seminars. We expand educational opportunities, making recordings of the seminars available to those who were not able to attend.

BCP formulation and implementation of related training

Recognizing the need on business continuity to mitigate the impact of damage from disasters such as earthquakes and severe storm and flood damage, we have formulated a Business Continuity Plan (BCP), and we implement training to enhance its effectiveness. In FY2023, we conducted one whole-company emergency headquarters drill, one whole-company emergency headquarters secretariat drill, and others. In response to the 2024 Noto Peninsula Earthquake, we have ensured the effectiveness of our BCP through dialogue with affected plants as we work to improve our disaster response capability.

In addition, each individual business division and plant has formulated its own BCP, and has put in place systems to facilitate a rapid response in the event of an emergency. We are also making necessary adjustments on an ongoing basis, and implementing our own unique training.

Internal reporting system

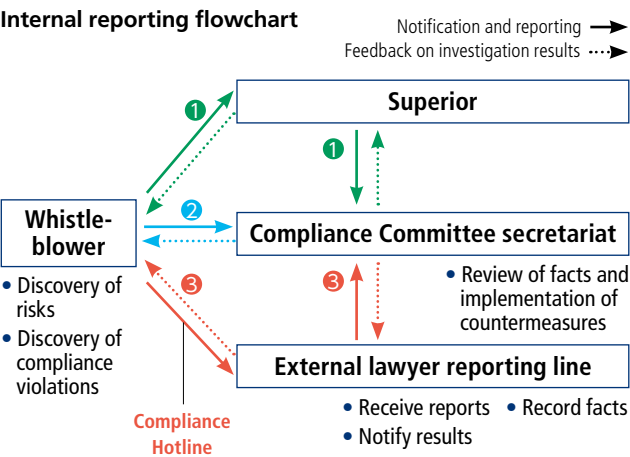
We have put in place an internal reporting system to collect information about latent risks as early as possible so that appropriate action can be taken. We have set up a Compliance Hotline that serves as a way to report risk information and

- Contents
- Messages from Management
- Materiality
- Zeon's Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- **Governance**
 - Corporate Governance
 - ▶ Risk Management
 - Compliance
 - Internal Audits
- ESG Data/Index

has contact routes not only via a superior or directly to the Compliance Committee secretariat (changed from the Risk Management Committee in June 2024), but also to an outside lawyer as its contact point. (❶ to ❸ below)

The Compliance Committee secretariat investigates the facts of reports that are made and responds as appropriate, such as by instructing the internal organization to implement countermeasures based on the results of the investigation.

Number of internal reports in FY2023: 7



Compliance Hotline

Reporting contact: Hiroshi Yoshimura, attorney at law
Office: Yoshimura Law Office, Ikeya 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

Structuring and strengthening our information security system

As part of our aim to be a company people can trust, we have set up a specialized security department as part of our information security measures as we work to strengthen information security. To date, our main efforts have been concentrated on technical measures to strengthen the cloud environment. In terms of organizational measures, the Cyber Security Committee reports directly to the representative director. The committee oversees planned cybersecurity enhancements and provides prompt emergency response. It is also responsible for managing electronic information security. In addition, a Computer Security Incident Response Team (CSIRT) within the Committee ensures prompt response in the event of security incidents.

Responding to unauthorized access incidents

On August 16, 2023, it was discovered that an external hacker gained unauthorized access to our server equipment, and some personal information managed by the company may have been compromised.

Although no cases of unauthorized use of personal information have been confirmed at this time, we sincerely apologize for any inconvenience and cause for concern this has resulted in for everyone concerned. Please accept our utmost apologies.

Though we already outlined this in detail in our notification* dated August 23, 2023, in light of the possibility that personal information may have been compromised, the company is taking the following action.

1. Reporting to administrative agencies (reported to the Personal Information Protection Commission on August 22, 2023)
2. Responding to those whose personal information may have been compromised

We take this incident very seriously and with the cooperation of external specialized organizations, will be investigating its cause and will work to prevent it from happening in the future by building and strengthening an even stricter information security system.

* <https://www.zeon.co.jp/en/news/assets/pdf/230823-2.pdf>

↶

74

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
Corporate Governance
Risk Management
▶ Compliance
Internal Audits
■ ESG Data/Index

Compliance

Basic approach and system

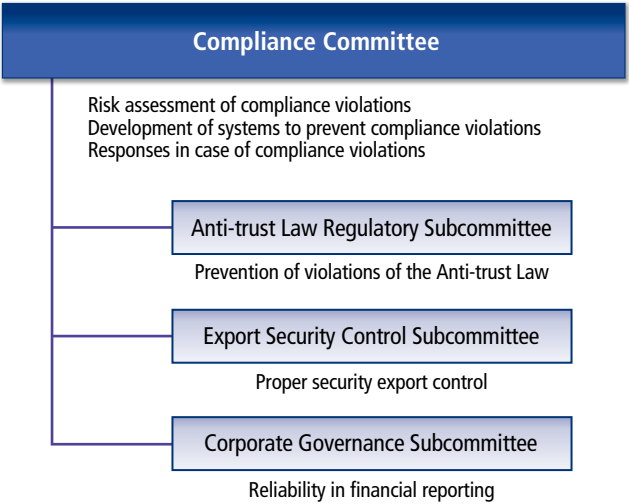
Based on the Sustainability Policy, the company strives to prevent corruption through implementation of the Sustainability and CSR Basic Policy as well as the CSR Code of Conduct, Policy on Prevention of Bribery, Guidelines for the Prevention of Bribery of Public Officials and Others, Guidelines for the Prevention of Bribery of Foreign Public Officials and Others, and the Anti-trust Law Compliance Guidelines among others. The various rules under the Sustainability and CSR Basic Policy are regularly revised every three years, based on Group-wide rule management regulations.

The CSR Conference, whose chair is the representative director, is the highest decision-making body for CSR-related issues. At its meetings, held twice a year in principle, activities and measures overseen by seven standing committees established under the CSR Conference, including the Compliance Committee and the Risk Management Committee, are deliberated and decided. The CSR Conference receives progress reports from the committees and issues directives as necessary.

To reinforce compliance functions throughout the Group, in June 2024 we established the Compliance Division, an organization dedicated to compliance functions. In this context, compliance means not just following laws and regulations, but also acting in good faith in accordance with the values and ethics required of businesspeople and members of society to conduct fair and appropriate management to achieve harmony with local communities and society and develop business.

The Compliance Division and Compliance Committee advance Zeon’s compliance efforts, assess compliance violation risks, create systems to prevent compliance violations, and take action when a compliance violation occurs. The Compliance Committee has three subcommittees, namely the Anti-trust Law Regulatory Subcommittee, the Export Security Control Subcommittee, and the Corporate Governance Subcommittee.

Compliance system



Education and training

Regarding compliance education, we plan to provide hands-on education and training that help employees understand compliance as something that concerns them, in addition to standard trainings including conventional e-learning compliance trainings and online legal training seminars.

Compliance initiatives

The CSR Code of Conduct applies to the entire Zeon Group and shares Zeon’s compliance approach and initiatives.

To help ensure that compliance activities are conducted, the “Compliance Text Q&A” has been compiled and released on the intranet system. This information is organized and shared so that employees can confirm how to respond to specific incidents.

To increase compliance understanding and incorporation of

this understanding into business processes, employees in senior management roles and above are requested to submit a CSR pledge every year.

Meanwhile, persons who engage in fraudulent acts are subject to discipline based on various Zeon rules including the Employment Rules.

FY2023 results Compliance Committee

- 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 FY2023, and found no ineffective controls

↶

75

↷

■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Corporate Governance

Risk Management

▶ Compliance

Internal Audits

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. (→ P. 72)

↶

76

↷

■ Contents
■ Messages from Management
■ Materiality
■ Zeon’s Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
Corporate Governance
Risk Management
Compliance
▶ Internal Audits
■ ESG Data/Index

Internal Audits

Basic approach and system

We established the Department of Internal Auditing under the authority of the President and CEO as an audit organization independent from other departments. The Department of Internal Auditing conducts necessary internal audits to ensure the appropriateness of operations in each department of the company and its subsidiaries.

Audit results are regularly reported to the President and CEO, Board of Directors, and Audit & Supervisory Board.

With respect to coordination between internal audits and audits conducted by corporate auditors, close collaboration is maintained through such means as having full-time Audit & Supervisory Board members attend operational audits conducted by the internal audit departments.

In addition, Audit & Supervisory Board Members and the Department of Internal Auditing regularly obtain reports from and exchange opinions with the auditing firm regarding the results of accounting audits, attend audits conducted by the auditing firm as necessary, and hold discussions with the certified public accountants who performed the audits, ensuring cooperation with the auditing firm.

As for relationships with compliance and other departments, Audit & Supervisory Board members and the Department of Internal Auditing strive to implement efficient audits by creating forums for exchanging information with the Legal Affairs Department and other internal control departments.

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.

Internal audits are conducted of all company divisions and departments and of Group companies.

FY2023 results: 33 departments (15 departments at Zeon Corporation, 7 Zeon Group companies inside Japan, and 11 Zeon Group companies outside Japan)

FY2024 plan: 28 departments (13 departments at Zeon Corporation, 8 Zeon Group companies inside Japan, and 7 Zeon Group companies outside Japan)

Information security inspections

Information security inspections are internal audits on the handling of information assets. They are conducted for all divisions and departments at Zeon using a self-inspection format, and the results are verified through internal audits conducted by the Department of Internal Auditing.

↶

↵

77

■ Contents
■ Messages from Management
■ Materiality
■ Zeon's Sustainability
■ Environment
■ Human Rights
■ Human Resources
■ Occupational Health and Safety
■ Quality Assurance
■ Community
■ Governance
■ ESG Data/Index
Environment
Social
Governance
GRI Content Index
United Nations Global Compact Index

ESG Data/Index



- Contents

■

Messages from Management

■

Materiality

■

Zeon’s Sustainability

■

Environment

■

Human Rights

■

Human Resources

■

Occupational Health and Safety

■

Quality Assurance

■

Community

■

Governance

■

ESG Data/Index

- Environment

Social

Governance

GRI Content Index

United Nations Global Compact Index
- # Environment
- Zeon Corporation only
- *The Himi Futagami Plant and the Tsuruga Plant were added in FY2021.
- | | | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------------|--|-----------|-----------|-----------|-----------|-----------|
| Toxic substances | Butadiene consumption (tons) | 284,390 | 266,518 | 246,958 | 229,642 | 228,979 |
| | Butadiene emissions (tons) | 3.0 | 2.7 | 2.8 | 2.6 | 2.2 |
| | Acrylonitrile consumption (tons) | 28,775 | 24,319 | 27,629 | 21,219 | 18,820 |
| | Acrylonitrile emissions (tons) | 3.0 | 3.1 | 3.3 | 2.9 | 1.9 |
| Substances subject to the PRTR Act | Consumption (tons) | 827,134 | 817,455 | 782,415 | 790,981 | 619,407 |
| | Emissions (total) | 23.3 | 23.4 | 23.4 | 18.5 | 18.4 |
| Industrial waste | Amount generated before compacting (tons) | 130,153 | 140,226 | 140,146 | 131,606 | 123,955 |
| | Amount generated after compacting (tons) | 15,115 | 16,362 | 18,849 | 16,515 | 15,914 |
| | Amount sent to landfills (tons) | 3.2 | 0.1 | 3.8 | 1.7 | 56.8 |
| | Industrial waste from plastic products (tons) | - | - | 1,614 | 1,488 | 1,206 |
| Atmospheric emissions | CO ₂ emissions (tons)
<small>Standards on the promotion of energy-saving/
global warming countermeasures</small> | 499,222 | 453,980 | 526,727 | 462,156 | 603,267 |
| | CO ₂ emissions (tons) Scope 1 | 682,175 | 715,338 | 690,544 | 701,923 | 684,235 |
| | CO ₂ emissions (tons) Scope 2 | 95,366 | 98,871 | 88,448 | 32,791 | 28,023 |
| | CO ₂ emissions (tons) Scope 1+2 | 777,540 | 814,209 | 778,992 | 734,714 | 712,257 |
| | SO _x emissions (tons) | 774 | 579 | 797 | 514 | 738 |
| | NO _x emissions (tons) | 270 | 258 | 281 | 225 | 278 |
| | Soot emissions (tons) | 7 | 4 | 7 | 4 | 5 |
| | Fluorocarbon leaks (tons-CO ₂) | 107 | 304 | 446 | 311 | 311 |
| Water resources | Total water resource consumption (1,000 m ³) | 17,741 | 17,905 | 17,811 | 17,961 | 17,304 |
| | Water used from water systems (1,000 m ³) | 251 | 259 | 412 | 438 | 475 |
| | Groundwater used (1,000 m ³) | 0 | 0 | 0 | 0 | 0 |
| | Industrial water used (1,000 m ³) | 17,490 | 17,646 | 17,399 | 17,523 | 16,830 |
| Wastewater | Total wastewater discharge (1,000 m ³) | 15,107 | 15,433 | 15,258 | 15,917 | 14,814 |
| | COD emissions (tons) | 141 | 121 | 141 | 110 | 104 |
| | Total phosphorus discharge (tons) | 2 | 2 | 2 | 2 | 2 |
| | Total nitrogen discharge (tons) | 157 | 133 | 131 | 120 | 93 |
| Energy | Total consumption (crude oil equivalent, kL) | 226,122 | 215,980 | 244,612 | 249,016 | 253,579 |
| | Per-unit energy consumption (kL/t-PDR) | 0.14 | 0.13 | 0.13 | 0.14 | 0.16 |
| Production equivalent | (tons) | 1,602,286 | 1,655,367 | 1,876,274 | 1,767,586 | 1,620,235 |

■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

► Environment

Social

Governance

GRI Content Index

United Nations Global
Compact Index

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 FY2021.

		FY2019	FY2020	FY2021	FY2022	FY2023
Substances subject to the PRTR Act	Emissions (tons)	3.6	4.2	2.2	2.8	3.2
	Amount generated before compacting (tons)	2,323	2,247	859	957	859
Industrial waste	Amount sent to landfills (tons)	2.8	14.3	7.6	2.1	1.4
	Industrial waste from plastic products (tons)	-	-	142	150	108
Atmospheric emissions	CO ₂ emissions (tons) Standards on the promotion of energy-saving/ global warming countermeasures	50,318	53,681	8,370	7,109	6,105
	CO ₂ emissions (tons) Scope 1	-	-	2,147	3,821	3,476
	CO ₂ emissions (tons) Scope 2	-	-	6,179	6,904	6,913
	CO ₂ emissions (tons) Scope 1+2	-	-	8,326	10,725	10,389
Water resources	Total water resource consumption (1,000 m ³)	327	334	215	135	170
Energy	Total consumption (crude oil equivalent, kL)	23,884	26,074	4,162	3,920	3,588
	Electricity consumption (1,000 kWh)	86,744	95,648	11,479	10,929	10,191

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.	✓
Zeon Opto Bio Lab Co., Ltd.	✓
Tokyo Zairyo Co., Ltd.	✓
Zeon Chemicals Yonezawa Co., Ltd.	✓
Zeon North Co., Ltd.	✓
Zeon Advanced Polymix Co., Ltd.	✓
Zeon Chemicals (Thailand) Co., Ltd	✓
Zeon Chemicals L.P.	✓
Zeon Chemicals Singapore Pte. Ltd.	✓
Zeon Polymix (Guangzhou) Co., Ltd.	✓
Zeon Kasei (Changshu) Co., Ltd.	✓

International Sustainability & Carbon Certification

Site	ISCC PLUS
Takaoka Plant	✓
Kawasaki Plant	✓
Tokuyama Plant	✓
Mizushima Plant	✓
Zeon Europe GmbH	✓
Zeon Chemicals Singapore Pte. Ltd.	✓

↶

80

↷

■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Environment

▶ Social

Governance

GRI Content Index

United Nations Global Compact Index

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	✓			✓ *6
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.	✓			
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 certain shipping containers.

*6 Mizushima Plant acquired FSSC 22000 certification for the manufacture of food-grade synthetic aroma chemicals.

Safety

Rate of conducting plant safety evaluations (%)	100
No. of RC audits conducted (times/year)	1
No. of safety incidents	6
No. of lost worktime accidents	4
No. of serious accidents without lost worktime	0
Lost worktime accident rate	0.36
Severity rate of lost worktime accidents	0
No. of accidents in logistics	0

Status of certifications for international occupational health and safety standards

Site	ISO 45001: 2018
Zeon Chemicals L.P.	✓
Zeon Advanced Polymix Co., Ltd.	✓

■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Environment

► Social

Governance

GRI Content Index

United Nations Global
Compact Index

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

		FY2021			FY2022			FY2023			Notes (FY2023)
		Men	Women	Total	Men	Women	Total	Men	Women	Total	
No. of employees		1,843	274	2,117	2,062	318	2,380	2,138	341	2,479	
Ratio of female employees (%)		12.9			13.4			13.8			
No. of new hires	New graduates	78	20	98	86	21	107	86	21	107	Employees that joined the company in April 2023
	Mid-year	79	16	95	195	37	232	75	20	95	Employees that joined the company between April 2023 and March 2024
Ratio of mid-career hires (%)		59.0			70.0			47			
Average years of employment (yrs.)		16.2	13.1	15.8	13.6	9.5	13.1	14.3	10.4	13.8	
No. of non-Japanese employees		13	15	28	16	16	32	32			
Average age (years)		40.2	37.1	39.8	40.1	36.6	39.7	40.3	37	39.9	
Number of employees leaving jobs		23	10	33	39	8	47	51	10	61	Number of employees requesting voluntary retirement

As of March 31, 2024 (excluding those who resigned as of the end of March)

Results of initiatives

	FY2021	FY2022	FY2023	Notes (FY2023)
Female manager ratio (%)	5.2	5.7	6.0	
Paternity leave acquisition ratio (%)	14	51	92	
Gender disparity in wages (all workers) (%)	—	74.2	75.3	
For full-time regular workers (%)	—	78.2	79.7	
For part-time and contract workers (%)	—	64.6	66.5	
Ratio of employees with disabilities (%) (Legally required ratio of 2.3%)	2.41	2.58	2.52	As of June 2024
Ratio of absences due to injury or illness (absenteeism) (%)	0.56	0.70	1.1	Ratio of total persons absent long term for more than 1 month and persons on leave in the total number of employees
Productivity loss ratio (presenteeism) (%)	40.6	40.3	40.3	Calculated the average loss ratio for all employees using the WHO-HPQ measure of absolute presenteeism
Ratio of those taking stress checks (%)	96	93	92.7	
Number of employees taking annual leave/acquisition ratio (%)	54	61	70.5	January 2023 to December 2023 (due to annual paid leave being granted as of January 1)
Ratio of employees undergoing routine medical checkups (%)	100	100	100	
Average designated overtime worked (hours)	24.2	21.4	16.9	
Overtime exceeding statutory monthly amount of 45 hours (total number: persons)	449	467	372	
Zeon Healthy Behavior Indicator (%)	—	60	62	Results of regular health checkups conducted between January and June 2023
• Have a BMI within the standard range (%)	—	66	67	Same as above
• Engage in routine exercise (%)	—	26	26	Same as above
• Do not smoke (%)	—	76	76	Same as above
Rate of providing specified health guidance (%)	44.3	23.4	39.6	
Ratio of participation by eligible for mental health seminars (Line Care Training) (%)	76	88	88	

As of March 31, 2024

↶

← 82 →

■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Environment

Social

► Governance

GRI Content Index

United Nations Global Compact Index

Governance

Management organization

No. of members of the Board of Directors	11
Of which, are outside directors	5
Of which, are women directors	3
No. of members of the Audit & Supervisory Board	5
Of which, are outside auditors	3

*As of June 2024

Risk management

No. of reports received via the internal reporting system	7
---	---

*FY2023

Internal audits

No. of departments/companies audited	33
--------------------------------------	----

*Zeon Corporation: 15 departments, 7 Zeon Group companies inside Japan, 11 Zeon Group companies outside Japan

Education

		FY2021	FY2022	FY2023
E-learning	Rate of participation in information security education (%)	92.3	96.4	97.8
	Rate of participation in sustainability/CSR education (%)	96.7	97.3	98.2
	Rate of participation in checks of compliance comprehension (%)	97.9	99.8	– *1
	No. of participants in checks of compliance comprehension	3,672	3,979	4,023
Internal lectures	Lectures on laws and regulations*2 (No. of sessions)	27	34	35
	Total number of participants	More than 6,000	6,999	2,403*3

*1 The participation rate is uncertain due to fluctuations in the number of subject personnel.

*2 Lectures on the Antimonopoly Act, trade secrets, personal information protection, contract precautions, and other legal and regulatory topics

*3 Number of participants in the lectures. In FY2023, videos of the lectures were made available for viewing at a later date, and it is not possible to determine how many people viewed the videos.

For more detailed information, see the Corporate Governance Report

➡ <https://www.zeon.co.jp/en/csr/governance/corporate/>

- Contents
- Messages from Management
- Materiality
- Zeon’s Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance

■ ESG Data/Index

Environment

Social

Governance

▶ GRI Content Index

United Nations Global
Compact Index

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

Statement of use	Zeon Corporation has reported the information cited in this GRI content index for the period [April 1, 2023–March 31, 2024] 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, and website items are in green)
General Disclosures		
GRI 2: General Disclosures 2021		
1. The organization and its reporting practices		
2-1	Organizational details	Company Information
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	Commitments and External Evaluations (21)
2. Activities and workers		
2-6	Activities, value chain and other business relationships	—
2-7	Employees	ESG Data (77)
2-8	Workers who are not employees	—
3. Governance		
2-9	Governance structure and composition	Corporate Governance Report, Corporate Governance (70)
2-10	Nomination and selection of the highest governance body	Corporate Governance Report, Corporate Governance (70)
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 (13), Risk Management (72)
2-13	Delegation of responsibility for managing impacts	Sustainability Management (13), Risk Management (72)
2-14	Role of the highest governance body in sustainability reporting	Sustainability Management (13), Risk Management (72)
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 (89)
2-20	Process to determine remuneration	Corporate Governance Report, Corporate governance (89)
2-21	Annual total compensation ratio	Corporate Governance Report, Corporate governance (89)



■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Environment

Social

Governance

► GRI Content Index

United Nations Global
Compact Index

4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Zeon’s Sustainability (10)
2-23	Policy commitments	Zeon’s Sustainability (10)
2-24	Embedding policy commitments	Zeon’s Sustainability (10)
2-25	Processes to remediate negative impacts	—
2-26	Mechanisms for seeking advice and raising concerns	—
2-27	Compliance with laws and regulations	Compliance (74)
2-28	Membership associations	Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities (35)
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	Stakeholder Engagement (19)
2-30	Collective bargaining agreements	Labor agreements and communication between labor and management (48)

GRI Standard	Disclosure		
Material Topics			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Materiality: Five gears that drive Zeon (13)	
3-2	List of material topics	Materiality (6), Materiality: Five gears that drive Zeon (11)	
3-3	Management of material topics	Materiality (6), Materiality: Five gears that drive Zeon (11)	

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 (17) , Data (94)
	201-2	Financial implications and other risks and opportunities due to climate change	Risk and opportunity (30) , Analysis and reporting based on TCFD recommendations (75)
	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	—



- Contents
- Messages from Management
- Materiality
- Zeon’s Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance

■ ESG Data/Index

Environment

Social

Governance

► GRI Content Index

United Nations Global Compact Index

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 (74)
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 (74)
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 (27), ESG Data (78)
	302-2	Energy consumption outside of the organization	—
	302-3	Energy intensity	ESG Data (78)
	302-4	Reduction of energy consumption	Responding to Climate Change (28)
	302-5	Reductions in energy requirements of products and services	Responding to Climate Change (28)
Water and Effluents			
GRI 303: Water and Effluents 2018			
	303-1	Interactions with water as a shared resource	Air, Water, and Waste Materials (29)
	303-2	Management of water discharge-related impacts	Air, Water, and Waste Materials (29)
	303-3	Water withdrawal	Overview of Environmental Impacts (27), ESG Data (78)
	303-4	Wastewater	Overview of Environmental Impacts (27), ESG Data (78)
	303-5	Water consumption	Overview of Environmental Impacts (27), ESG Data (78)



■ Contents

■ Messages from Management

■ Materiality

■ Zeon’s Sustainability

■ Environment

■ Human Rights

■ Human Resources

■ Occupational Health and Safety

■ Quality Assurance

■ Community

■ Governance

■ ESG Data/Index

Environment

Social

Governance

► GRI Content Index

United Nations Global
Compact Index

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	Biodiversity (29)
	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 (27), Responding to Climate Change (28), ESG Data (78)
	305-2	Energy indirect (Scope 2) GHG emissions	Overview of Environmental Impacts (27), Responding to Climate Change (28), ESG Data (78)
	305-3	Other indirect (Scope 3) GHG emissions	—
	305-4	GHG emissions intensity	—
	305-5	Reduction of GHG emissions	Responding to Climate Change (28)
	305-6	Emissions of ozone-depleting substances (ODS)	ESG Data (78)
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG Data (78)
Waste			
GRI 306: Waste 2020			
	306-1	Waste generation and significant waste-related impacts	Overview of Environmental Impacts (27), Air, Water, and Waste Materials (29), ESG Data (78)
	306-2	Management of significant waste-related impacts	Air, Water, and Waste Materials (29)
	306-3	Waste generated	ESG Data (78)
	306-4	Waste diverted from disposal	ESG Data (78)
	306-5	Waste directed to disposal	ESG Data (78)
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment 2016			
	308-1	New suppliers that were screened using environmental criteria	Human Rights (32)
	308-2	Negative environmental impacts in the supply chain and actions taken	Human Rights (32)

GRI Standard		Disclosure	
GRI 400 Social Standards Series			
Employment			
GRI 401: Employment 2016			
	401-1	New employee hires and employee turnover	Diverse Human Resources (41), ESG Data (80)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
	401-3	Parental leave	Initiatives for comfortable and fulfilling lifestyles (47), ESG Data (80)
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 (48)

Labor agreements and communication between labor and management (48)



- Contents
- Messages from Management
- Materiality
- Zeon’s Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance

■ ESG Data/Index

Environment

Social

Governance

► GRI Content Index

United Nations Global Compact Index

Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system		Occupational Health and Safety (52)
403-2	Hazard identification, risk assessment, and incident investigation		Occupational Health and Safety (52)
403-3	Occupational health services		Creating an Enabling Work Environment That Does Not Interfere Career Pursuits (44)
403-4	Worker participation, consultation, and communication on occupational health and safety		Creating an Enabling Work Environment That Does Not Interfere Career Pursuits (44)
403-5	Worker training on occupational health and safety		Creating an Enabling Work Environment That Does Not Interfere Career Pursuits (46), Environmental and Safety Education (55)
403-6	Promotion of worker health		Creating an Enabling Work Environment That Does Not Interfere Career Pursuits (46), ESG Data (81)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Occupational Health and Safety (52)
403-8	Workers covered by an occupational health and safety management system		Occupational Health and Safety (52)
403-9	Work-related injuries		Occupational Health and Safety (52), ESG Data (80)
403-10	Work-related ill health		Occupational Health and Safety (46), ESG Data (81)
Training and Education			
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee		ESG Data (82)
404-2	Programs for upgrading employee skills and transition assistance programs		Human Resources (36)
404-3	Percentage of employees receiving regular performance and career development reviews		Overview of the Human Resources Strategy (37)
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees		Diverse Human Resources (41), ESG Data (81)
405-2	Ratio of basic salary and remuneration of women to men		Financial and Non-financial Highlights (17)
Non-discrimination			
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken		Human Rights (32)
Freedom of Association and Collective Bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Human Rights (32), Labor agreements and communication between labor and management (48)
Child Labor			
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor		Human Rights (32)
Forced or Compulsory Labor			
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		Human Rights (32)
Security Practices			
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures		—
Rights of Indigenous Peoples			
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples		Human Rights (32)



- Contents
- Messages from Management
- Materiality
- Zeon’s Sustainability
- Environment
- Human Rights
- Human Resources
- Occupational Health and Safety
- Quality Assurance
- Community
- Governance

■ ESG Data/Index

Environment

Social

Governance

► GRI Content Index

United Nations Global
Compact Index

Local Communities		
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Community (63)
413-2	Operations with significant actual and potential negative impacts on local communities	Community (63)
Supplier Social Assessment		
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Human Rights (32)
414-2	Negative social impacts in the supply chain and actions taken	Human Rights (32)
Public Policy		
GRI 415: Public Policy 2016		
415-1	Political contributions	—
Customer Health and Safety		
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Chemical Product Safety Information (30)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	—
Marketing and Labeling		
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Chemical Product Safety Information (30)
417-2	Incidents of non-compliance concerning product and service information and labeling	—
417-3	Incidents of non-compliance concerning marketing communications	—
Customer Privacy		
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Compliance (74)
Socioeconomic Compliance		
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance (74)

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.

United Nations Global Compact	Corresponding page
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human Rights (P. 32)
Principle 2: make sure that they are not complicit in human rights abuses.	Human Rights (P. 32)
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human Rights (P. 32), Human Resources (P. 36)
Principle 4: the elimination of all forms of forced and compulsory labour;	Human Rights (P. 32)
Principle 5: the effective abolition of child labour; and	Human Rights (P. 32)
Principle 6: the elimination of discrimination in respect of employment and occupation.	Human Rights (P. 32)
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Environment (P. 23)
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environment (P. 23)
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Environment (P. 23)
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Human Rights (P. 32), Compliance (P. 74)



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