



# KUREHA CSR REPORT 2015

KUREHA CORPORATION

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## About this Report

### To All Readers of the Kureha CSR Report 2015

The Kureha CSR Report 2015 was prepared for the purpose of reporting the Kureha Group's Corporate Social Responsibility (CSR) initiatives and activities during fiscal 2014. This English report is composed of information selected from the Kureha CSR Report 2015 published in Japanese, and includes a company overview and information on the Kureha Group's efforts and activities related to community relations, environmental protection and occupational safety as well as their relevant examples and data. Since Kureha is a chemical company, special emphasis has been placed on the information related to its Responsible Care (RC) activities and performance (see page 6).

#### Companies Covered in this Report

##### ■ CSR Activities

Kureha Corporation and its 36 subsidiaries, 1 (equity method) affiliate, and 1 non-consolidated subsidiary (Sunshine Kureha Co., Ltd.)

##### ■ Responsible Care Activities

Kureha Corporation, and 12 subsidiaries  
 ● Kureha Corporation

- Kureha Extech Co., Ltd.
- Kureha Gohsen Co., Ltd.
- Kureha Unyu Co., Ltd.
- Kurehanishiki Construction Co., Ltd.
- Kureha Engineering Co., Ltd.
- Kureha Ecology Management Co., Ltd.
- Kureha Special Laboratory Co., Ltd.
- Kureha Extron Co., Ltd.
- Resinous Kasei Co., Ltd.
- Kurehalon Industrie B.V.
- Kureha Chemicals Shanghai Co., Ltd.
- Kureha Vietnam Co., Ltd.

#### Reporting Period

In principle, the reporting time frame for Kureha's CSR activities is the same as its fiscal year (from April 2014 to March 2015). However, some sections of this report may refer to the calendar year (from January 2014 to December 2014) or activities after April 1, 2015.

#### Reporting Guidelines

- ISO 26000
- Ministry of Environment "Environmental Report Guidelines (2012 edition)"

#### Date of Publication

March 2016

## Corporate Identity

### Mission

The pursuit of excellence

### Corporate Philosophy

- We treasure people and the natural environment
- We constantly evolve through innovation
- We contribute to society by developing beneficial products

### Employee Code of Conduct

We always act as global corporate citizens, recognizing our corporate social responsibilities.

- In relation to our clients
- In relation to our work
- In relation to our colleagues

Customer satisfaction is our prime priority  
 We will always pursue progress and innovation  
 We will maintain a global perspective as we respond to change  
 Mutual respect and teamwork will always be fundamental to sound employee relationships

## Message from the President

Since the company's founding in 1944, Kureha has built trusting relationships with its shareholders, customers, suppliers, employees, communities, and other stakeholders. This has enabled us and our group companies to successfully pursue businesses in advanced materials, specialty chemicals, specialty plastics, construction and other related services around the world.

In March 2015, we established the CSR Committee to further enhance our CSR initiatives in business operations. This manifests our renewed commitment to our corporate philosophy. Under the direction of top-level management, we are putting more emphasis on economic, social and environmental activities that will benefit society, with particular focus on Responsible Care practices.

Because we are a company with chemical manufacturing plants and facilities, safety is our top priority as well as our foremost responsibility to society. In FY2014 Kureha expanded safety inspections by the company's top management. In the past, the inspections were conducted only at the Iwaki Factory, but from 2014, they were also conducted at our plastics processing factories in Omitama, Ibaraki and Kaibara, Hyogo. This has led to increased awareness of safety and disaster prevention within the company, resulting in the implementation of a number of additional safety measures at our facilities.

As a responsible corporate citizen, we live with the communities in which we operate and we also recognize the importance of creating employment for people with disabilities. Thus, we established a special-purpose subsidiary, Sunshine Kureha Co., Ltd. on the grounds of the

Iwaki Factory with the aim of promoting their participation in society and fostering their independence. Sunshine Kureha began operations in July 2014.

Kureha aims to be an essential part of society and to steadily achieve successful results—no matter how challenging the business environment may be. And what makes this possible is our people. To ensure that our employees are able to work with enthusiasm and see their efforts pay off while also feeling a sense of growth, we will continue to create training programs and systems that improve work-life balance, and improve their work environment.

As president, I have advocated “passion and speed” as the company's slogan. When we take on a challenge with passion and work with speed, we often encounter difficult situations. Overcoming those difficulties requires tenacity and persistence as well as a sense of commitment. This is also the path to growth. The Kureha Group will continue to boldly work toward challenging goals, work with passion and speed, and commit ourselves to achieving our goals.

Thank you for your continued understanding and support in this endeavor.

March 2016



*Yutaka Kobayashi*

President & Chief Executive Officer



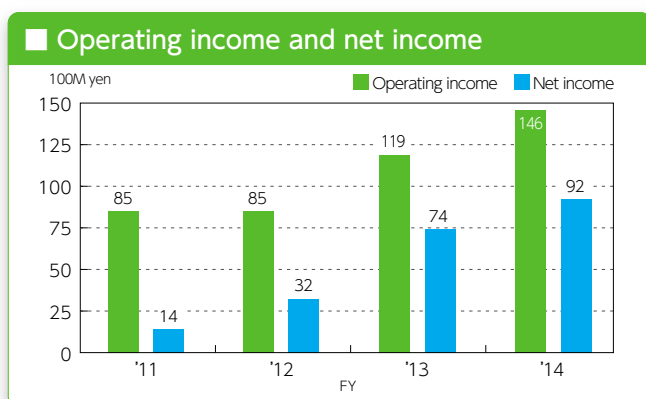
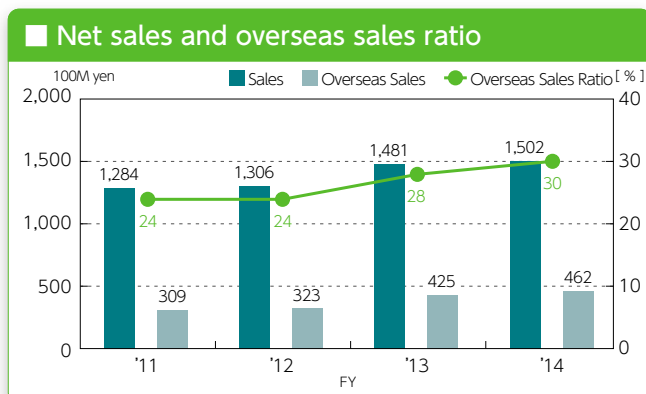
# Profile of the Kureha Group

The main business of the Kureha Group is the manufacture and sale of advanced materials, specialty chemicals, and specialty plastics. In addition, it also undertakes construction and maintenance operations associated with each main business, as well as transport operations, environmental management services and other service operations. Kureha products are used in many aspects of peoples' lives, from specialty plastics used in electrical and electronics products and automobiles, to kitchen-use wrap films and pharmaceutical products.

## ●Corporate Profile (as of March 31, 2015)

|                     |   |
|---------------------|---|
| Head Office         | KUREHA CORPORATION<br>3-3-2 Nihonbashi-Hamacho,<br>Chuo-ku, Tokyo 103-8552                    |
| President and CEO   | Yutaka Kobayashi  |
| Incorporated        | June 21, 1944   |
| Capital             | ¥12,460 million   |
| Net Sales           | ¥150,182 million (FY2014)   |
| Primary Businesses  | Manufacture and sale of<br>advanced materials, specialty<br>chemicals, and specialty plastics |
| Number of Employees | 4,123 (consolidated)<br>1,769 (non-consolidated)  |
| URL                 | <a href="http://www.kureha.co.jp/">http://www.kureha.co.jp/</a>                               |

## ●Financial Information (Consolidated)



## ●Business Overview

### Advanced Materials

Advanced materials created with Kureha technologies help support a wide range of pioneering industries.

#### Main products

Advanced plastics (polyphenylene sulfide, polyvinylidene fluoride, polyglycolic acid), carbon products

### Specialty Chemicals

Our specialty chemicals contribute to public health, advancements in agriculture, and the growth of various industries.

#### Main products

Pharmaceuticals, agrochemicals, industrial chemicals

### Specialty Plastics

Kureha products are present in our daily lives and leisure activities, enhancing convenience and safety in a variety of ways.

#### Main products

Food packaging materials, household packaging products

### Construction and Other Operations

Kureha Group businesses include construction, engineering, environmental protection, logistics, and trading.

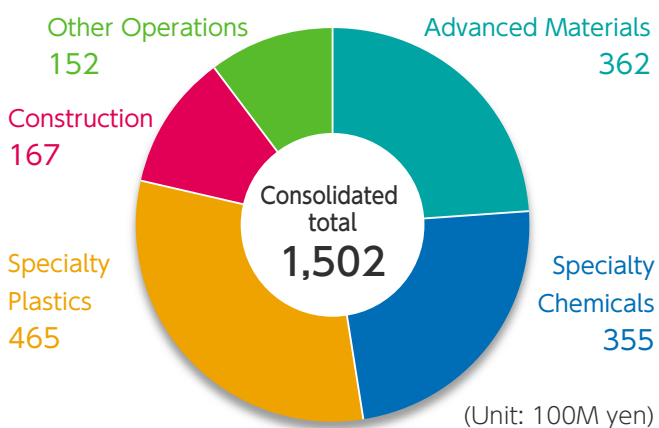
#### Main services

Construction, environmental engineering, transport/warehousing, and trading

## ●Group Companies (as of March 31, 2015)

37 consolidated subsidiaries

## ■Net Sales by Segment (FY2014)



## CSR Initiatives

In order for the Company to sustain growth, it must constantly and appropriately respond to various changes in today's globalized society. To keep up with those changes, it is important for us to maintain a dialogue with our stakeholders, listen to their opinions, and make sure they are reflected in the Company's management.

The Kureha Group's main business activities are in the chemical industry. It is actively involved in manufacture based on our own technologies, contributions to local communities, and human resources development. In these endeavors, it focuses on Responsible Care activities, i.e. environment- and safety-related voluntary management initiatives for chemical substances. In March 2015, the Company established a CSR Committee under the direct control of the president, in order to continue and further develop these CSR activities. The existing Responsible Care Committee was discontinued, and the CSR Committee now supervises and promotes CSR, including Responsible Care activities.

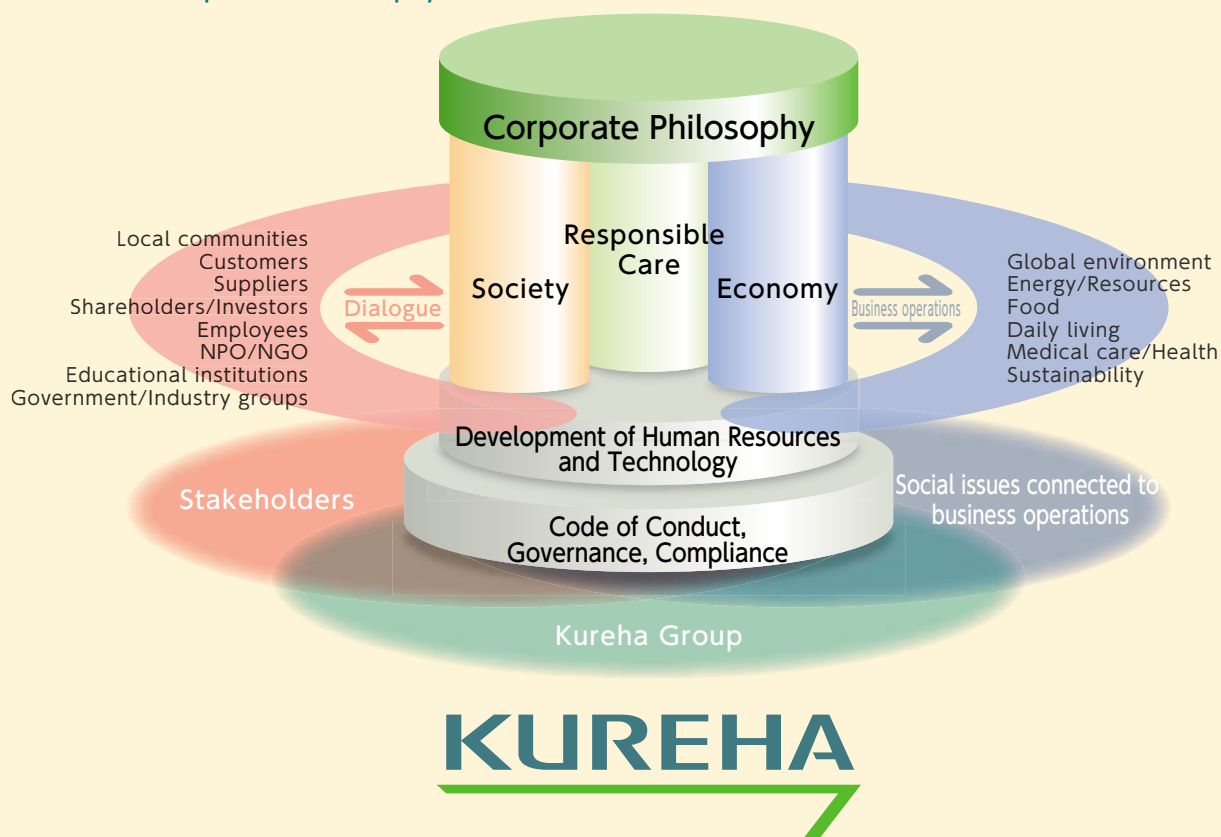
## Kureha Group Basic Policy on CSR

We will firmly adhere to the Employee Code of Conduct, practice the Corporate Philosophy, and continue to embrace challenge while aspiring to be an excellent company in our global business operations, social activities, and Responsible Care initiatives.

## CSR Philosophy

Taking governance, compliance, human resources development, and technology development as the base, and the economy, Responsible Care (RC), and society as the pillars of its CSR activities, the Kureha Group is committed to solving varied social issues and practicing its Corporate Philosophy while continuing dialogues with stakeholders. In order to contribute to the creation of a sustainable world, we solve problems in areas such as the global environment, energy, resources, food, daily living, medical care, and health with Kureha's original products.

### Kureha Group's CSR Philosophy



With a theme of “harmonious coexistence with the local community,” our employees keep good communication with the people of the local community and work together to contribute to the local society.

## Community Relations

### ■ 12th CSR Local Dialogue Meeting

The 12th CSR Local Dialogue Meeting was held on November 20, 2014. A total of 126 people, including representatives of administrative institutions, local groups, leaders of neighborhood associations, nearby corporations, and Kureha representatives attended the meeting.

At the meeting, members of the Iwaki Factory explained their Responsible Care activities as well as initiatives to ensure safety and introduced the new Krehalon plant that was completed in January 2015. Kureha Ecology Management Co., Ltd., also presented their Responsible Care activities, and Sunshine Kureha Co., Ltd., introduced its efforts to create an inclusive society.

In addition, the Fukushima Prefecture Environment Center Planning Management Office gave a lecture entitled “Ways to handle chemical substances effectively”.

Valuable opinions and questions were raised by many of the local attendees. In response, the company promised to maintain its harmonious coexistence with the local community and to strengthen its CSR initiatives so as to earn greater trust from society.



CSR Local Dialogue Meeting

## Social Contribution

### ■ Supporting the social participation and independence of people with disabilities

Kureha established the subsidiary Sunshine Kureha Co., Ltd., with the aim of supporting the social participation and independence of people with disabilities. The company began operations in July 2014.

Sunshine Kureha is located adjacent to the office building for Kureha Iwaki Factory. In a barrier-free, wheelchair-accessible office, Sunshine Kureha employees are engaged in a variety of works commissioned by Kureha, including administrative work, data entry, mail delivery, document management, paper recycling, printing, and cleaning and gardening services. They also actively participate in company events such as the Sports Festival, expanding relations with other members of the Kureha Group.



### ■ Science lessons for school children

Kureha's annual program on science lessons to sixth graders at three nearby elementary schools was held for the 16th successive year.

During the FY2014 lessons, employees of the Iwaki Factory and Research Center taught the joys of science to young students by conducting experiments to show the properties and behaviors of aqueous solutions, liquid nitrogen and dry ice, as well as the barrier properties of New Krewrap (a Kureha product), and the pigment adsorption of activated carbon.



Science lessons

## Responsible Care

Kureha, an inaugural member of the Japan Responsible Care Council founded in 1995, continues to pursue Responsible Care initiatives to improve health, safety and environmental performance throughout its operations. We regard our commitment to Responsible Care as an integral part of our corporate responsibility.

### Responsible Care Policy

#### ● Compliance with international regulations and laws

We shall comply with international regulations and domestic laws with respect to safety and disaster prevention, occupational safety and health, product safety, and preservation of the global environment, including the environment for community life, and shall participate actively in Responsible Care activities promoted by the Japan Chemical Industry Association.

#### ● Earth-friendly, safe operations

We shall take special care to preserve the global environment in our business activities, protect the safety and health of employees and the public in our operations, and make efforts to prevent accidents, disasters, and pollution.

#### ● Providing safe products to society

We shall quickly and accurately ascertain society's demands, making use of them in product design and manufacture, and shall provide products and services that customers can trust and use with peace of mind.

We shall also provide society with products and services that are safe, reliable, and environmentally friendly throughout the entire lifecycle, from product research and development through production and marketing to disposal.

#### ● Managing and putting to use environmental and safety information

We shall centrally manage appropriate information on the correct handling and disposal methods for our products as well as the environment, safety, and disaster prevention and shall provide such information to consumers, users, companies involved in product delivery, and others.

#### ● Building better relationships with society

We shall practice proper public relations through the provision of environmental and safety information, bearing in mind the concerns of administrative authorities and the public. We shall also participate actively as a citizen in the activities of civil society and strive to maintain and build better relationships with society.

### Declaration of Responsible Care Implementation

Kureha Corporation and the companies of the Kureha Group believe that preservation of the global environment and ensuring the safety and health of people are core elements of business operations. Recognizing these as our corporate social responsibility, we declare a commitment to implement responsible care. Kureha and the companies of the Kureha Group shall formulate and put into practice a plan of implementation under the following Responsible Care Policy.

This policy shall be applied in common to Kureha and the companies of the Kureha Group.

Kureha Corporation

### RC Management System

Making use of an environmental management system (ISO 14001), quality management system (ISO 9001), and an occupational health and safety management systems (OHSAS 18001), Kureha continually makes improvements through the plan, do, check, act (PDCA) cycle.

| Factory                       | ISO 14001 | ISO 9001  | OHSAS 18001 |
|-------------------------------|-----------|-----------|-------------|
| Iwaki Factory                 | May 2001  | Feb. 1996 | Jun. 2004   |
| Plastics Processing Factories | Nov. 2001 | Feb. 1996 | Feb. 2006   |



## Environmental Management

Kureha recognizes that environmental protection is an important social issue and, in addition to obeying related regulations, also takes independent activities aimed at reducing the environmental load. We use natural resources and energy efficiently and continuously make efforts to reduce emissions of chemicals and industrial waste. We also strictly monitor the amounts of our energy use, emissions of industrial waste, and environmentally hazardous substances, both into the air and water, continually working to mitigate the negative effects on the environment.

### ■ Reduction of greenhouse gases

Aiming to reduce energy use and prevent global warming, Kureha's Energy Management Committee aggressively promotes the introduction of energy-saving equipment, relevant initiatives, and activities, leading to energy conservation in every aspect of operation. The amount of energy used and carbon dioxide emissions during fiscal 2014 decreased compared to the previous year, both in the Iwaki Factory and its office areas and company-wide as well.

### ■ Reduction of industrial waste emissions

A coal-fired boiler has been used at the Iwaki Factory since 2006, increasing the amount of waste in the form of coal cinders and ash, but this is recycled as raw material for cement. In the Plastics Processing Factories, reduction of the amount of waste has been realized through improvement in product yields, advanced waste separation methods, and material recycling.

### ■ Prevention of air pollution and water contamination

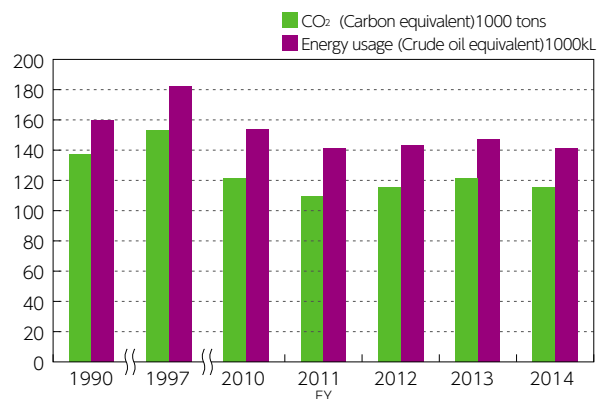
During fiscal 2014, the emission of air pollutants, such as SOx and NOx, and indexes of water contamination, such as COD and BOD,\* were kept under a level set voluntarily by Kureha and agreed upon by local authorities. This was made possible by continually improving facilities and realizing stable operation of our manufacturing plants.

\*COD: Chemical Oxygen Demand

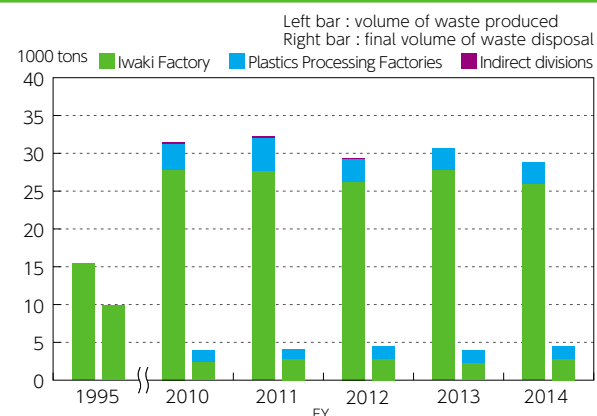
BOD: Biological Oxygen Demand

In graph, we define the values as not the concentration but total volume tons, that is, concentration is multiplied by water emission volume.

### ■ CO<sub>2</sub> emission volume and energy usage



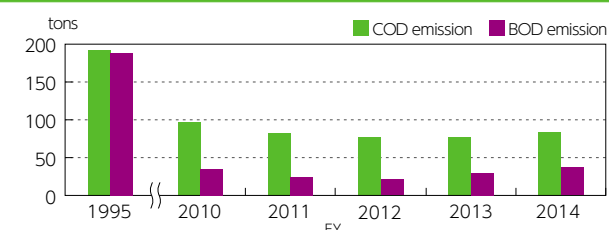
### ■ Amount of waste materials



### ■ SO<sub>x</sub>, NO<sub>x</sub> emission volume



### ■ COD, BOD





## Safety and Disaster Prevention

Safety and disaster prevention are among the most important responsibilities of a chemical manufacturing company. Kureha manages its facilities and operations in strict compliance with relevant laws and regulations as well as voluntary safety standards set to best protect its employees and community. Moreover, in order to enhance our preparedness for emergency situations, comprehensive safety and emergency drills are carried out regularly at our plants.

### ■ Top management on-site inspections

Top management has conducted on-site safety inspections at the Iwaki Factory every year since 1978. In fiscal 2014, the inspection was expanded to the Plastics Processing Factory's sites in Omitama, Ibaraki and in Kaibara, Hyogo, which joined Kureha in 2010.

The important inspection point for this year was to check the status of implementation of safety measures identified during the Campaign to Eliminate the Risk of Personal Accident Occurrence, which has been conducted throughout the Production Division since fiscal 2013.

On September 5, the president and members of the Responsible Care Committee observed the disaster prevention drill of the Carbon Materials Production Department at the Iwaki Factory. The drill consisted of fire suppression and first-aid practice by workplace disaster prevention teams and a standing disaster prevention team, under the scenario of the public fire department not being able to come immediately following an earthquake.

On-site inspections of drills were conducted at the Plastics Processing Factory in Omitama on October 16 and in Kaibara on March 6. At both sites, the drills included initial firefighting, evacuation, and safety confirmation under the scenario of fire from a short circuit.

### ■ Disaster prevention and emergency drills

In addition to the above on-site inspections, additional comprehensive disaster prevention and emergency drills have been conducted at the Iwaki Factory every year.

In fiscal 2014, on November 7, the drill was conducted with the assumption of an earthquake strong enough to leave large cracks in the walls of even highly earthquake resistant buildings.\* About 1,450 employees of the Kureha Group participated in the drill, which included a simulation exercise to fight a fire supposedly caused by a chemical leak, and the employees trained themselves while putting to use the lessons learned from the Great East Japan Earthquake of 2011.

\*The Japanese use a scale to indicate the seismic intensity (intensity of shaking) of an earthquake. In the exercise, the assumed seismic intensity was 6-lower.



Inspection of disaster prevention drills. Plastic Processing Factory (Ibaraki)



Comprehensive disaster prevention and emergency drills. Iwaki Factory



Comprehensive disaster prevention and emergency drills. Iwaki Factory



Major disaster prevention and emergency drills. Plastic Processing Factory (Hyogo)

## Occupational Safety and Health

Kureha carries out initiatives through the Accident Prevention Committee and the Safety and Health Committee as well as through worksite patrols, internal audits, and OHSAS 18001 activities, with the aim of achieving zero accidents. As part of these efforts, the Company has formulated an Occupational Safety and Health Action Plan and rolled out safety activities including strict enforcement of the 5S's (Seiri (sorting), Seiton (organizing), Seiketsu (hygiene), Seisou (cleaning), and Shitsuke (discipline)), the practice of pointing and calling, and hazard prediction activities.

The Iwaki Factory adopted an occupational safety and health management system (OHSAS 18001) in fiscal 2004 and has been striving to ensure workplace safety. Since fiscal 2013, it has been conducting more thorough risk assessments than before and has also rolled out a Campaign to Eliminate the Risk of Personal Accident Occurrence, which is based on making equipment improvements.

At the Plastics Processing Factory, all departments have been making concerted safety and health efforts. In fiscal 2013, it rolled out the Campaign to Eliminate the Risk of Personal Accident Occurrence, identifying and making improvements to a total of 430 risks. The improvement implementation rate was 72.1% as of March 31, 2015. In terms of health, the factory arranges follow-up exams for people who had concerns flagged on health checkups as a means of health management for employees. It also provides gargle solution, antiseptic solution, and humidifiers for preventing infection. In fiscal 2014, it installed water dispensers at 17 locations throughout the facility for prevention of heat stroke.

The Head Office Annex and the Food Packaging Technology Center have maintained zero accidents and zero disasters for 18 years, while the Research Center has done so for 10 years.



Special lecture meeting

## Labor accident frequency rate and labor accident severity rate in CY2014

| Factory   | Labor accident frequency rate* <sup>1</sup> | Labor accident severity rate* <sup>2</sup> |
|---|---|--|
| Iwaki Factory                                       | 0   | 0  |
| Plastics Processing Factories                       | 0   | 0  |
| Japanese Chemical Industry* <sup>3</sup>            | 0.76  | 0.17                                       |
| Japanese plastics products fabricator* <sup>3</sup> | 1.17  | 0.16                                       |

\*1 Labor accident frequency rate = (number of deaths and injuries in occupational accidents/total work hours) × 1,000,000

\*2 Labor accident severity rate = (days of labor lost/total work hours) × 1,000

\*3 Factories with 100 or more employees

## Skills Training Center

The Iwaki Factory works not only with Group companies but also cooperating companies to boost awareness of safety and disaster prevention, and occupational safety and health, so all can work together at reducing labor disasters and accidents. The Skills Training Center, where simulated hazards can be experienced, was opened in November 2005, as an integral part of this effort and in November 2014 it reached its 10th year of operation.

Experiential training in both rescue and first-aid was carried out in fiscal 2014 for approximately 1,400 employees at the Iwaki Factory and Group companies. We also let local businesses and groups use the Center to experience the program they want to learn and utilize for safety education. From the time the Center opened, until the end of March 2015, approximately 20,600 employees of Kureha and its Group companies have used the Center. New experiential training is being considered so as to let even more people receive training in the future.



Training for working at heights

## Quality Policy

To further satisfy our customers, we have instituted four principles in our quality policy: 1) properly understand the customer's needs and improve the quality of our products and services, 2) provide safe products to customers and have them safely used, 3) win the trust of customers and prevent serious complaints from occurring by appropriately managing external manufacturers and ensuring the quality of externally procured products, and 4) improve manufacturing capability, lower manufacturing costs and improve competitiveness with kaizen activities. Based on these principles, we set detailed quality targets in each department and division each year, and manage progress toward them.

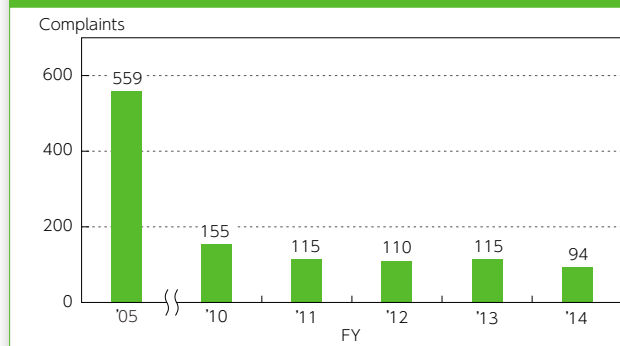
## Product Safety and Quality Assurance

In order to provide safe products to customers, we perform new product safety inspections covering everything from product design, to purchasing of raw materials, product quality, and packaging standards. In addition, in regards to putting products on the market, we perform strict screening on package displays, advertising and commercials, SDS, and intellectual property rights.

We also welcome quality audits of our company by our customers. We implement solid improvements of our manufacturing processes based on our customers' point of view and opinions, and we also strive to improve product safety by eliminating the factors that engender complaints. With this suitable use of the Kureha Quality Management System we are seeing a steady decline in the number of complaints received from customers.

In the Home Products Division, we have issued declarations of our activities corresponding to ISO 10002/JIS Q 10002 — Guidelines for complaints handling in organizations. In the future, too, we will aim for improved customer satisfaction and strive for continual improvement of the customer response process.

■ Number of complaints received  
(trend in number of complaint survey cases)



## Overseas Chemical Substance Regulations

With increasing globalization, we are responding firmly to chemical substance regulations in Japan and overseas. REACH,\* the new chemical product regulation in Europe, has been in force since June, 2007. This regulation requires the registration of chemical substances manufactured or imported into Europe in quantities exceeding one ton annually. Kureha is proceeding appropriately with registration of the target substances.

\*REACH: Registration, Evaluation, Authorization and Restriction of Chemicals (European Chemical Regulations)

## Congo Conflict Minerals

Conflict minerals, which are gold, tantalum, tungsten, and tin handled by inhumane armed groups in the Democratic Republic of the Congo and surrounding countries, represent a grave human rights issue. Because of this, Kureha and the Kureha Group companies have adopted a policy of not using these conflict minerals, or other raw materials that contain them.



## Summary table for RC activities

| Areas                                | Goals  | FY2014 Plan   | FY2014 Performance  | Self-Evaluation*3 |
|--------------------------------------|--|---|---|-------------------|
| Overall RC management                | Continuing improvement of RC activities                  | <ul style="list-style-type: none"> <li>Enforce RC management</li> <li>Actively address issues of individual departments</li> </ul>  | <ul style="list-style-type: none"> <li>Conducted internal audits to check performance against RC targets in all manufacturing plants and offices</li> <li>Met standards for the current EMS/OHSAS and updated QMS systems</li> </ul>  | ★★★               |
| Environmental protection             | Reduction of atmospheric emission of chemical substances | <ul style="list-style-type: none"> <li>Reduce emission of PRTR substances,*1 dust, VOC, odors and other hazardous substances</li> </ul>   | <ul style="list-style-type: none"> <li>PRTR substances emissions totaled 78 tons, a 2 ton increase from FY2013</li> <li>Maintained strict controls over exhaust gas treatment facilities</li> <li>No odor complaints reported</li> </ul>  | ★                 |
|                                      | Improvement of discharged water quality                  | <ul style="list-style-type: none"> <li>Enhance management of discharged water quality</li> </ul>  | <ul style="list-style-type: none"> <li>Maintained safe operation at central discharged water treatment facility</li> <li>Continued voluntary management of discharged water at the point of discharge for each plant</li> </ul>   | ★★★               |
|                                      | Proper management and reduction of waste materials       | <ul style="list-style-type: none"> <li>Execute mid-term waste reduction plan and promote recycling</li> </ul>   | <ul style="list-style-type: none"> <li>Production of industrial waste decreased, but recycling rate decreased so final disposal amount increased by 400 tons</li> <li>Audited 9 outsourcing contractors for waste disposal</li> </ul>   | ★★                |
| Security and disaster prevention     | Zero serious facility accidents                          | <ul style="list-style-type: none"> <li>Achieve operational safety in all manufacturing divisions</li> </ul>   | <ul style="list-style-type: none"> <li>Achieved continuous safe operation at all manufacturing plants</li> <li>Improved emergency response capability with disaster prevention training, etc.</li> </ul>  | ★★★               |
| Labor safety and health              | Zero accidents causing serious personal injury           | <ul style="list-style-type: none"> <li>Have zero personal injury accidents of Class 3 or worse*2</li> <li>Implement measures for all avoidable risks picked up by the Risk Extraction process (CY2014)</li> </ul> | <ul style="list-style-type: none"> <li>Had zero Class 3 or worse accidents</li> <li>Had zero accidents and zero facility disasters:               <ul style="list-style-type: none"> <li>for 18 consecutive years at Food Packaging Technology Center Head Office Annex</li> <li>for 10 consecutive years at all research laboratories (Research Center, Agrochemical, Advanced Materials and Emerging Research)</li> </ul> </li> <li>Implemented measures for 80% of avoidable risks</li> <li>Informed employees of accidents at other companies and conducted in-depth study on past serious accidents</li> </ul> | ★★                |
| Quality assurance and product safety | Improvement of customer satisfaction                     | <ul style="list-style-type: none"> <li>Reduce quality complaints and off-specification products by 15% YOY</li> </ul>   | <ul style="list-style-type: none"> <li>Achieved 15% reduction in complaints about quality</li> <li>Off-specification products increased</li> <li>Audited 2 outsourcing contractors and completed corrective actions against them</li> <li>Reviewed and revised standard operating procedure</li> </ul>  | ★★                |
| Energy management                    | Reduce energy use  | <ul style="list-style-type: none"> <li>Reduce specific energy consumption by 1% YOY</li> </ul>  | <ul style="list-style-type: none"> <li>Specific energy consumption decreased 0.6%</li> <li>Transportation energy consumption volume unit decreased 5%</li> <li>Introduced energy-saving equipment in manufacturing divisions</li> <li>Promoted company-wide energy-saving initiatives and activities</li> </ul>   | ★★                |
| Community relations                  | To be approved and trusted by society                    | <ul style="list-style-type: none"> <li>Achieve harmony with local communities</li> <li>Conduct risk communication</li> </ul>  | <ul style="list-style-type: none"> <li>Conducted 12th CSR Local Dialogue Meeting</li> <li>Held science lessons at elementary schools and engaged in other community volunteer activities</li> <li>Conducted plant tours for the public</li> </ul>   | ★★★               |

\*1 Chemical substances that are subject to the Pollutant Release and Transfer Register (PRTR), a national environmental database of potentially hazardous chemical substances and/or pollutants released to air, water and soil and transferred off-site for treatment or disposal

\*2 Personal accident classifications: Class 1 - Serious personal injury accidents, including death, Class 2 - Personal injury accidents that result in leave from work for four days or longer, Class 3 - Personal injury accidents that result in leave from work for one to three days

\*3 Self-evaluation: ★Needs more effort ★★Achieved most targets ★★★Achieved all targets





## Krehalon Industrie B.V.

### Raising awareness of CSR among employees with original Code of Conduct handbook



Henk Boersma  
President

#### Main Efforts in Fiscal 2014

##### 1 Code of Conduct

Through dialogue with employees, we established a Code of Conduct suitable for our company that is detailed down to the level of specific actions and is based on Kureha's Code of Conduct. In the summer of 2015, we distributed a handbook to all employees that summarizes our compliance system and the Code of Conduct.

##### 2 ISO 26000

We held dialogues with stakeholders concerned with our CSR activities, including Dutch associations of manufacturing and sales companies dealing in synthetic rubber and plastics, suppliers, and local government. We use ISO 26000 (a social responsibility guideline) to share effective action guidelines and best practices related to global social responsibility.

##### 3 Occupational safety and health

We have a system whereby reports are made immediately following an accident or near miss. Last year there were two accidents and improvements were made right away. Moreover, we are using a computer-based educational system called iSee iKnow to learn the hygiene management of the BRC/IoP Global Standard for Packaging and Packaging Materials.\*

\*BRC IoP standard: A standard for food packaging and packaging materials issued by the British Retail Consortium (BRC). Recently, many retail stores not only in the UK but also in other European countries require this standard as a condition for doing business.



Krehalon FS film for packaging cheese

#### «Environmental conservation»

In fiscal 2014, we maintained a reuse rate of 100% for waste plastic.

#### Company Overview

|                      |   |
|----------------------|---|
| Established          | October 1, 1973   |
| Capital              | 2.722 million euros   |
| Net Sales            | 40.563 million euros (FY ending Dec. 2014)                      |
| Number of Employees  | 212   |
| Head Office Location | Londenstraat 10, 7418 EE Deventer, The Netherlands              |
| Business Outline     | Resin processing and sales (food packaging materials)           |
| Website              | <a href="http://www.krehalon.com/">http://www.krehalon.com/</a> |

## Kureha Chemicals Shanghai Co., Ltd.

### Aiming to be a certified "Cleaner Production enterprise" in China by saving energy and reducing waste



Shigeki Iwamoto  
Managing Director

#### Main Efforts in Fiscal 2014

##### 1 Compliance

Based on standards established by the Kureha China Group Compliance Committee, we regularly implement compliance awareness programs for employees.

##### 2 Quality Assurance

We try to respond promptly to all inquiries from customers. We maintain and improve our quality management system in accordance with ISO 9001.

##### 3 Environmental Conservation

We have vowed to comply with international pledges and national laws, and are working at improvements to practice more environmentally friendly manufacturing in line with ISO 14001.

Our Energy Savings Committee is leading investigations into our energy consumption, making proposals to reduce use, and implementing the proposals.

We are working aggressively at saving energy and reducing waste with the goal of certification in China as a "Cleaner Production Enterprise."

##### 4 Safety and Disaster Prevention

We conducted equipment maintenance, had 5S activities, and conducted disaster prevention drills. We underwent a review by the Shanghai Administration of Work Safety regarding Safe Production Standardization, which is a norm related to occupational safety and health in China, and received certification in January 2015.

Each and every employee has engaged in improvement activities while thinking about whether the company is a comfortable workplace for him and or herself.

#### «Product introduction»

The company's main product is Kreca FR, a molded heat insulation material made of Kureha's pitch-type carbon fiber.

#### Company Overview

|                      |   |
|----------------------|---|
| Established          | April 30, 2003  |
| Capital              | 12.9 million US dollars                                   |
| Net Sales            | 108 million yuan (FY ending Dec. 2014)                    |
| Number of Employees  | 87  |
| Head Office Location | No.1585 Xing Rong Road, Jiading, Shanghai, China          |
| Business Outline     | Manufacture of carbon fiber heat resistant materials      |
| Website              | <a href="http://www.kureha.sh/">http://www.kureha.sh/</a> |

## Kureha Vietnam Co., Ltd.

Improving workplace safety and product quality with hazard prediction models and through lots of team-building exercises, toward our goal for a “Prosperous Kureha Vietnam”



Hitoshi Takahashi  
President

### Main Efforts in Fiscal 2014

#### 1 Occupational safety and health

We have established standards of behavior and the company-wide goal of “Toward a prosperous KVC,” in order to create a workplace where all employees can feel happy working here.

Our top priority is to maintain a safe and comfortable working environment. In fiscal 2014, we conducted emergency evacuation and disaster prevention drills three times. Moreover, we adopted the hazard prediction concept and continued efforts aimed at reducing the risk of personal accident occurrence. In fiscal 2014, we achieved zero personnel accidents.

#### 2 Quality Control

We have strengthened our application of ISO 9001 and are striving to increase the quality of our products and services, commensurate with the Krehalon brand that customers can use with peace of mind.

In fiscal 2014, we started new, small group improvement activities called Team Building in which 33 teams across the company participate. We will continue making efforts to improve quality and increase our global competitiveness.



Team Building

#### Company Overview

|                      |  |
|----------------------|--|
| Established          | January 11, 2008   |
| Capital              | 21.9 million US dollars  |
| Net Sales            | 31.0 million US dollars (FY ending March 2015)   |
| Number of Employees  | 282  |
| Head Office Location | Plot 227/3, Road 13, Amata Lp., Long Binh Ward, Bien Hoa city, Dong Nai Province Vietnam |
| Business Outline     | Manufacturing and sales of food packaging materials                                      |



## Krehalon Industrie B.V.

| Certification Management System | Date Acquired |
|---------------------------------|---------------|
| Environment (ISO 14001)         | June 2000     |
| Quality (ISO 9001)              | April 1998    |

| Item  | Unit        | 2010  | 2011  | 2012  | 2013  | 2014  |
|---|-------------|-------|-------|-------|-------|-------|
| Energy consumption (crude oil equivalent)     | kL          | 4,045 | 4,038 | 4,075 | 4,167 | 3,764 |
| Energy consumption per unit of sales          | kL/mil. EUR | 102   | 101   | 99    | 97    | 96    |
| CO <sub>2</sub> emissions (carbon equivalent) | tons        | 1,780 | 1,755 | 2,049 | 1,822 | 1,648 |
| Labor accidents                               | number      | 7     | 1     | 1     | 3     | 2     |
| Fatal labor accidents                         | number      | 0     | 0     | 0     | 0     | 0     |
| Total labor time                              | 1000 hours  | 360   | 367   | 364   | 363   | 369   |
| Labor accident frequency rate                 | -           | 19.46 | 2.72  | 2.75  | 8.26  | 5.42  |
| Labor accident severity rate                  | -           | 0.31  | 0.01  | 0.01  | 0.57  | 0.17  |
| Facility accident                             | number      | 10    | 4     | 1     | 6     | 3     |
| Disposed waste volume                         | tons        | 1,758 | 1,822 | 1,987 | 1,797 | 1,660 |
| Recycled materials volume                     | tons        | 1,732 | 1,703 | 1,949 | 1,797 | 1,660 |
| Material recycling rate                       | %           | 99    | 93    | 98    | 100   | 100   |
| Waste landfill volume                         | tons        | 26    | 88    | 38    | 0     | 0     |

## Kureha Chemicals Shanghai Co., Ltd.

| Certification Management System | Date Acquired |
|---------------------------------|---------------|
| Environment (ISO 14001)         | January 2007  |
| Quality (ISO 9001)              | January 2006  |

| Item  | Unit        | 2010  | 2011  | 2012  | 2013  | 2014  |
|---|-------------|-------|-------|-------|-------|-------|
| Energy consumption (crude oil equivalent)     | kL          | 1,786 | 2,474 | 1,686 | 1,621 | 3,042 |
| Energy consumption per unit of sales          | kL/mil. RMB | 15    | 13    | 27    | 31    | 28    |
| CO <sub>2</sub> emissions (carbon equivalent) | tons        | 1,119 | 1,564 | 1,047 | 1,025 | 1,953 |
| Labor accidents                               | number      | 0     | 0     | 2     | 0     | 4     |
| Fatal labor accidents                         | number      | 0     | 0     | 0     | 0     | 0     |
| Total labor time                              | 1000 hours  | 185   | 189   | 158   | 158   | 150   |
| Labor accident frequency rate                 | -           | 0.00  | 0.00  | 12.6  | 0.00  | 26.67 |
| Labor accident severity rate                  | -           | 0.00  | 0.00  | 3.45  | 0.00  | 0.28  |
| Facility accident                             | number      | 0     | 0     | 0     | 0     | 0     |
| Disposed waste volume                         | tons        | 49    | 84    | 82    | 52    | 123   |
| Recycled materials volume                     | tons        | 9     | 20    | 2     | 3     | 16    |
| Material recycling rate                       | %           | 18    | 24    | 2     | 6     | 13    |
| Waste landfill volume                         | tons        | 8     | 11    | 20    | 49    | 107   |

## Kureha Vietnam Co., Ltd.

| Certification Management System | Date Acquired |
|---------------------------------|---------------|
| Quality (ISO 9001)              | March 2010    |

| Item  | Unit        | 2010 | 2011 | 2012 | 2013  | 2014  |
|---|-------------|------|------|------|-------|-------|
| Energy consumption (crude oil equivalent)     | kL          |      |      |      | 3,122 | 3,410 |
| Energy consumption per unit of sales          | kL/mil. USD |      |      |      | 98    | 109   |
| CO <sub>2</sub> emissions (carbon equivalent) | tons        |      |      |      | 1,382 | 1,985 |
| Labor accidents                               | number      |      |      |      | 4     | 0     |
| Fatal labor accidents                         | number      |      |      |      | 0     | 0     |
| Total labor time                              | 1000 hours  |      |      |      | 585   | 591   |
| Labor accident frequency rate                 | -           |      |      |      | 6.84  | 0.00  |
| Labor accident severity rate                  | -           |      |      |      | 0.02  | 0.00  |
| Facility accident                             | number      |      |      |      | 0     | 0     |
| Disposed waste volume                         | tons        |      |      |      | 1,114 | 1,133 |
| Recycled materials volume                     | tons        |      |      |      | 214   | 158   |
| Material recycling rate                       | %           |      |      |      | 19    | 14    |
| Waste landfill volume                         | tons        |      |      |      | 900   | 974   |



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For inquiries about the Kureha CSR Report:

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