



**UNITIKA
CSR Report
2006**



UNITIKA Group

Corporate Social Responsibility Report

2006

UNITIKA
We Realize It!



C O N T E N T S

● Message From the President	2
● Notes on FY 2006 Report	3
● Company Overview	3
● Corporate Governance	4
● Internal Regulation	5
● Approach to Compliance	6
● Information Management	8
● Basic Environmental Policy	9
● Medium-Term Environmental Plan	9
● Unitika's History of Environmental Preservation Activities	10
● Environment/Safety Management Organization	11
● Overview of Environmental Impact	12
● Work on Reducing Environmental Impact	13
Air Pollution	13
Water Pollution	14
Waste Products	14
Energy Saving (Global Warming)	15
Distribution/Transportation	15
● Technology and Products for Environmental Safety	16
Water Treatment Facilities	16
Garbage Incinerating Facilities	17
Air Pollution	17
Unicolo/Sylph	18
Ecomix/Segurova	19
Terramac	20
● Environmental Accounting	21
● Concern for Our Employees	22
● Giving Back to the Community	24
Local Environmental Improvement	24
PR Activities	25
Disaster-Readiness Activities	26
Safety and Health Activities	27
● Production Site Information	28



Message From the President

Otofumi Onishi
President, Unitika Ltd.



Enriching Lives and Helping the Environment Being a Public-Spirited Corporation

The 21st Century has been called the 'Century of the Environment'-an era when corporations must take greater responsibility in answering the public's concerns over global warming, pollution and other global environmental issues. The Unitika Group's corporate philosophy is to contribute to the public good by enabling better living through technology, so we have been active in helping create the infrastructure needed for greater resource recycling in Japan. Our wide range of environmental preservation initiatives includes bringing recycling technology to garbage incinerating and water treatment methods designed to reduce environmental impact, and providing air, water and soil surveys and analysis for environmental assessments and preservation.

Unitika first started working on environmental issues in 1993, when we created the Unitika Global Environment Charter, and have since used it as the blueprint for subsequent active work on environmental issues. The Charter was followed by the Unitika Action Guidelines, created and implemented to concretize our environmental management methods, and by work on gaining ISO 14001 certification throughout the Group. (ISO 14001 is the international ISO standard for environmental management systems.) We have stepped up our certification efforts, and now all the major Unitika production sites and main Group companies are certified.

Biodegradable materials have recently been gaining attention, and were featured at Expo 2005. Unitika has taken the initiative in this area by developing Terramac, a biodegradable plastic material made of a polylactic acid synthesized from corn or other plant resources. We have marketed it as a film, nonwoven fabric, fiber and resin. Terramac is an environmentally-friendly material with a promising future as a next-generation polymer with a growing range of applications. It can reduce reliance on the earth's greatly depleted oil resources, and helps combat global warming since it doesn't increase atmospheric CO₂ when incinerated.

This fiscal year, the Unitika Group has begun a new medium-term (three-year) management plan called New Progress 8 (NP-8). NP-8 is designed to encourage environmentally-aware business models, expanding business areas such as Terramac and our environmental plants. It calls for more environmentally-oriented management through steps such as an ongoing shift in fuel sources from fuel oil to natural gas. This shift is already underway-we started operating gas cogeneration facilities at our Uji (Kyoto) Plant in October 2004 and Okazaki (Aichi) Plant in April 2006, and have scheduled work on another of these facilities at our Sakoshi (Hyogo) Plant next fiscal year. These developments are creating steady progress on our goal of major reductions in air pollution at Group production sites. The Group's management vision is to be a public-spirited corporation that enriches lives and helps the environment, and our work on bringing this vision to life will continue to include a range of environmentally-oriented corporate activities.

Starting this fiscal year, the Environmental Report we put out every year has been reborn as the CSR Report you are now reading, which will provide information on a greater range of areas. The change reflects the increasingly important role that work on the environment and other areas of CSR (corporate social responsibility) plays in today's corporations. I hope this report will give you a better understanding of the Group's corporate activities.



Notes on FY 2006 Report; Company Overview

Notes on FY 2006 Report

This CSR Report covers the FY 2005 environmental and CSR activities of the Unitika's domestic production sites, and twelve of the domestic Group companies. It was created in line with the "Guidelines for Environmental Reports 2003" issued by Japan's Ministry of the Environment. In light of the greater attention and importance the Japanese public is now attaching to corporate social responsibility (CSR), the FY 2006 Report has added a new section that will be continued in future Reports. It covers management principles and organizations, with information on areas such as corporate governance and internal regulations.

Unitika Production Sites in Japan

- Uji Plant
- Okazaki Plant
- Sakoshi Plant
- Tarui Mill
- Toyohashi Office
- Tokiwa Mill
- Miyagawa Mill
- Kaizuka Office
- Central R&D Laboratories

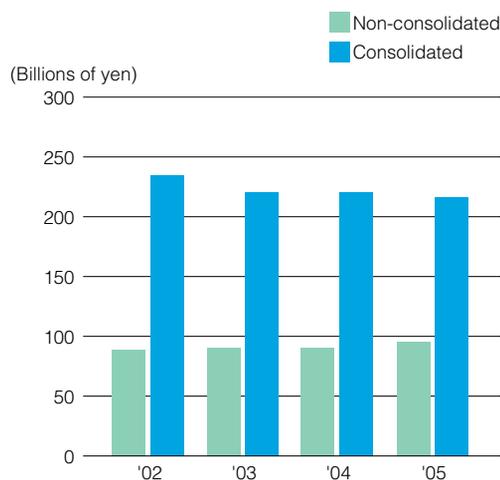
Unitika Group Companies

- Unitika Fibers Ltd.
- Unitika Textiles Ltd.
- Unitika Plant Engineering Co., Ltd.
- Unitika Glass Fiber Co., Ltd.
- Unitika Environmental Technical Center Co., Ltd.
- Unitika Protec Sakoshi Ltd.
- Nippon Ester Co., Ltd.
- Ad'all Co., Ltd.
- Unitika Spunbond Products Co., Ltd.
- Unitika Logistics Co., Ltd.
- Unitika Uji Kosan Co., Ltd.
- Union Co., Ltd.

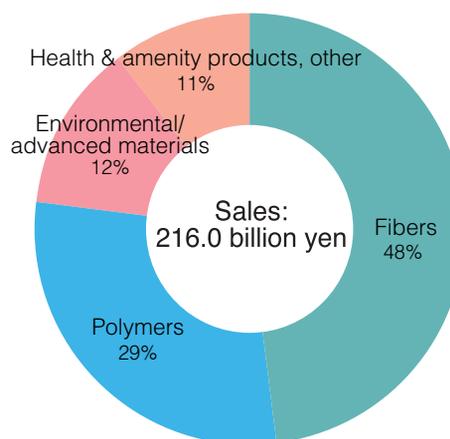
Company Overview

Name: Unitika Ltd.
Founded: June 19, 1889
Capital: 23.7 billion yen (as at March 31, 2006)
Number of employees (consolidated): 4,907 (as at March 31, 2006)
Sales (consolidated): 216.0 billion yen (FY 2005)
Main business areas (consolidated): Polymers (films, resins, chemical products, spunbond), environmental/advanced materials (engineering, pharmaceutical products, functional materials), fibers (synthetic and natural fiber yarns, staple fibers, woven and knitted fabrics), health & amenity products, other business areas

Sales (Non-Consolidated/Consolidated)



Sales Share of Each Business Unit (FY 2005, Consolidated)





Corporate Governance

Corporate Governance

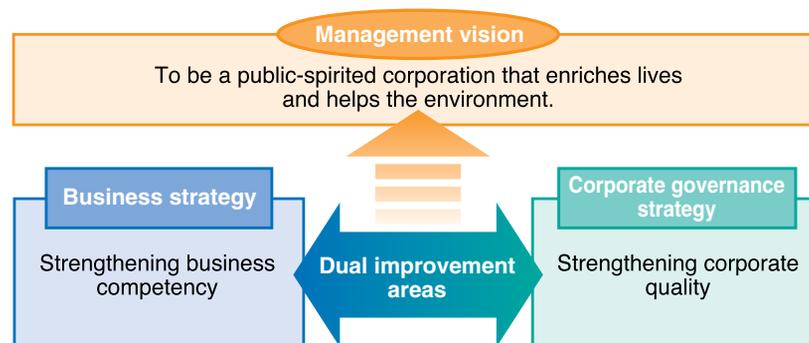
Unitika's management vision is to be a public-spirited corporation that enriches lives and helps the environment. To bring this vision to our business, we are implementing a new medium-term management plan called New Progress 8 (NP-8) that covers dual areas for improvement—our business strategy and our corporate governance strategy. This section describes the Group's ongoing corporate governance efforts.

Basic Policy for Corporate Governance

On March 2, 2006, Unitika announced a new medium-term management plan called New Progress 8 (NP-8) to be implemented over the three-year period through FY 2008. The plan covers both business strategy and corporate governance strategy. Under the rapid decision-making, we work on the management of valuing the stakeholder

through strengthening compliance and risk management, and timely and accurate information disclosure. Consistent adherence to this management approach will increase Unitika's corporate value in today's increasingly globalized economy, to enable sustained growth.

Overview of NP-8



Implementation

Unitika's management system sets forth two separate function areas: management decision-making/supervisory functions (corporate governance) and business execution functions (management). The Board of Directors specializes in the first set of functions, aided by the Management Strategy Council, an organization that provides directors the opportunity for more in-depth discussions on policies and issues pertaining to all aspects of the Group's management. The second set of functions are implemented by the Executive Director System and a President's advisory body

known as the Business Execution Council, which speed decision-making and demarcate areas of responsibility.

On May 9, 2006, we created a new organization known as the CSR/Compliance Group, along with a basic policy on internal regulation in line with Japan's Company Law and the regulations enforcing it. On June 29, we reviewed our management organization, making changes such as enabling directors to also serve as executive officers. These changes are improving the Group's overall management mobility and effectiveness.



Internal Regulation

Internal Regulation

Creating a clear basic policy and an organization based on it has given us a framework for responsible internal regulation worthy of a good corporate citizen.

Basic Policy

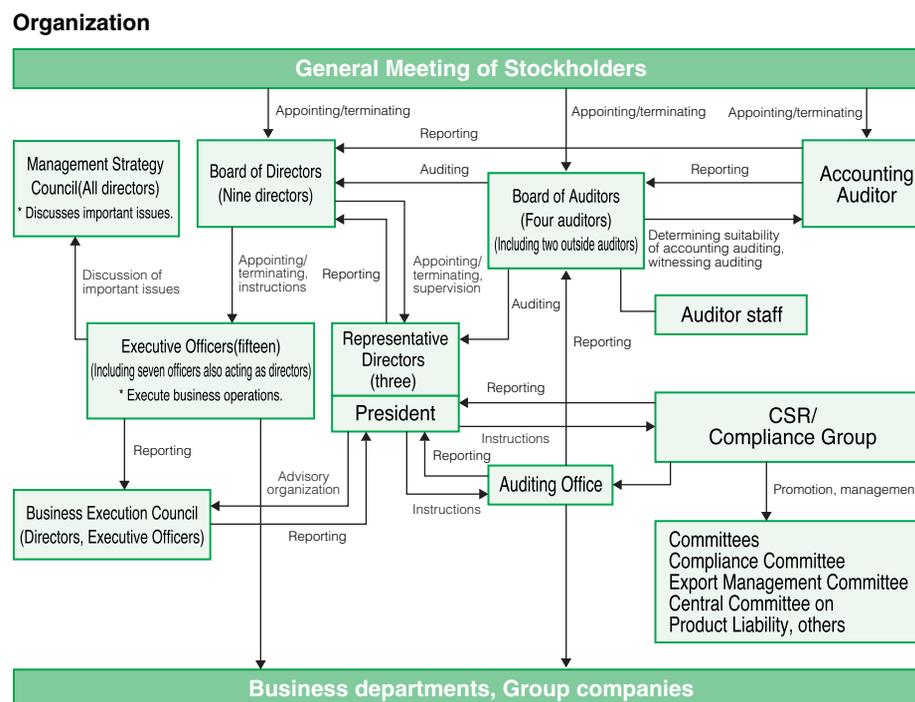
Set forth in the eight items of Unitika's Basic Policy for Internal Regulation, specified on May 9, 2006.

- Unitika's Basic Policy for Internal Regulation (Item Headings) —————
1. Organization to ensure that the execution of job duties by directors and employees complies with all applicable legislation and the Articles of Incorporation
 2. Items pertaining to saving/managing information on directors' execution of job duties
 3. Regulations on loss hazard management; other organizational elements
 4. Organization to ensure that execution of directors' job duties is performed efficiently
 5. Organization to ensure suitability of operations done by corporate groups
 6. When auditors ask for appointment of employees to act as assistants
Items pertaining to organization for those employees, and to their independence from directors
 7. Organization used for directors and employees to report to auditors; organization for reporting to other auditors
 8. Other organizational elements to ensure that auditing by auditors is performed effectively

Organization

The diagram below shows the organization used for corporate governance, and to ensure fair corporate activities. The basic elements correspond to Unitika's Basic Policy for Internal Regulation (outlined above). This organization is used to strictly

enforce internal regulation-compliance, information saving/management, risk hedging, increasing the execution efficiency of director job duties, and ensuring the suitability of operations.





Approach to Compliance (1)

Groupwide Compliance with Action Charter and Action Standards

On April 1, 2001, Unitika instituted a 12-page document called the Unitika Action Standards that sets forth specific standards for implementing the Unitika Action Charter of 1998. The Unitika Action Standards have been distributed to all company employees and directors, and we continue to promote corporate activities dedicated to upholding the law and a public-spirited corporate ethic. We have also been working to ensure safe product manufacturing and sales, and implemented product safety management regulations on October 24, 1994. In response to the regulations enforced by the Company Law in May 2006, we created an internal regulation system to promote companywide compliance.

The Unitika Action Charter is our basic policy on how best to fulfill our mission as a public-spirited corporation. It applies to all directors and employees of Unitika and Unitika Group companies. In addition to our routine work on

interpreting and implementing the statutes and regulations relevant to our business areas, we make sure our employees are kept fully informed of our Action Standards by having department heads explain them whenever possible.

Unitika Action Charter

The Unitika Action Charter is a set of guidelines on how to act for the public good by complying with laws and international standards and guidelines.

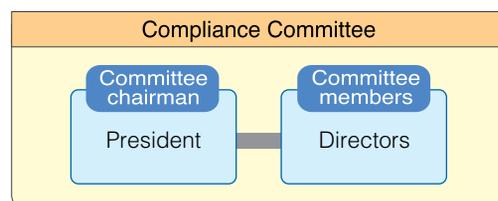
1. Develop and provide materials and services useful to the public, ensuring adequate concern for the environment and safety.
2. Engage in competition fairly and freely, maintaining a sound relationship to political and administrative areas.
3. Provide for communication with a wide cross-section of the public, disclosing corporate information in a timely and impartial manner.
4. Ensure safe and accommodating workplace environments, and respect the personalities and individuality of employees.
5. Respect foreign cultures and customs, and contribute to regional development.
6. Respond resolutely to forces that threaten national or international order or security.
7. Act as a good corporate citizen to respect basic human rights, and engage in activities that contribute to the public good.



Cover of Unitika Action Charter

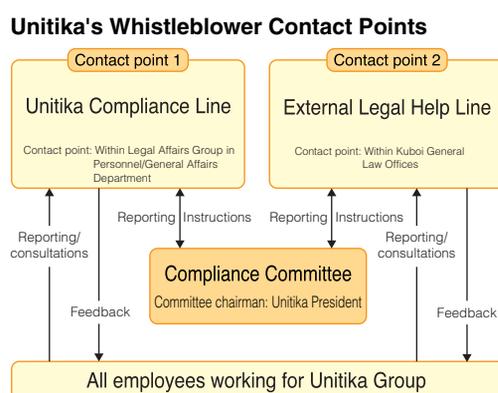
Compliance Committee

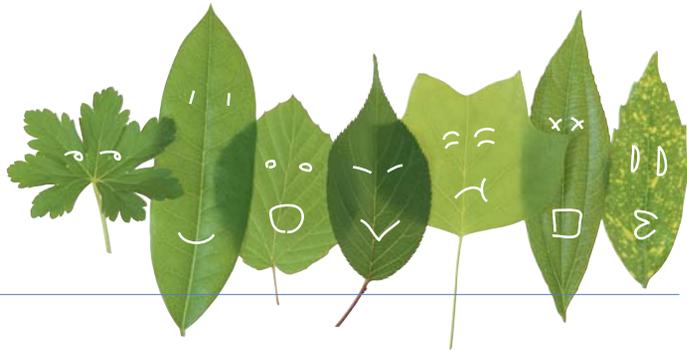
To ensure compliance with the Unitika Action Charter, we established the Corporate Action Committee at the time of its creation. Chaired by the President, the Committee keeps employees informed on the Action Charter, sets specific plans and rules, and discusses and executes compliance verification. In May 2006, the Compliance Committee underwent a reorganization for improvement.



Whistleblower Contact Points

In response to a public interest whistleblower protection law put into effect by Japan's government on April 1 2006, we implemented a set of whistleblowing (internal reporting) regulations on the same day, making them part of our companywide business regulations. We have set up two contact points (one within the company and one outside the company) that employees can contact to immediately report any malfeasance or illegal activities they encounter. The regulations are part of the strict compliance measures we ensure within the company, driven mainly by the Compliance Committee.



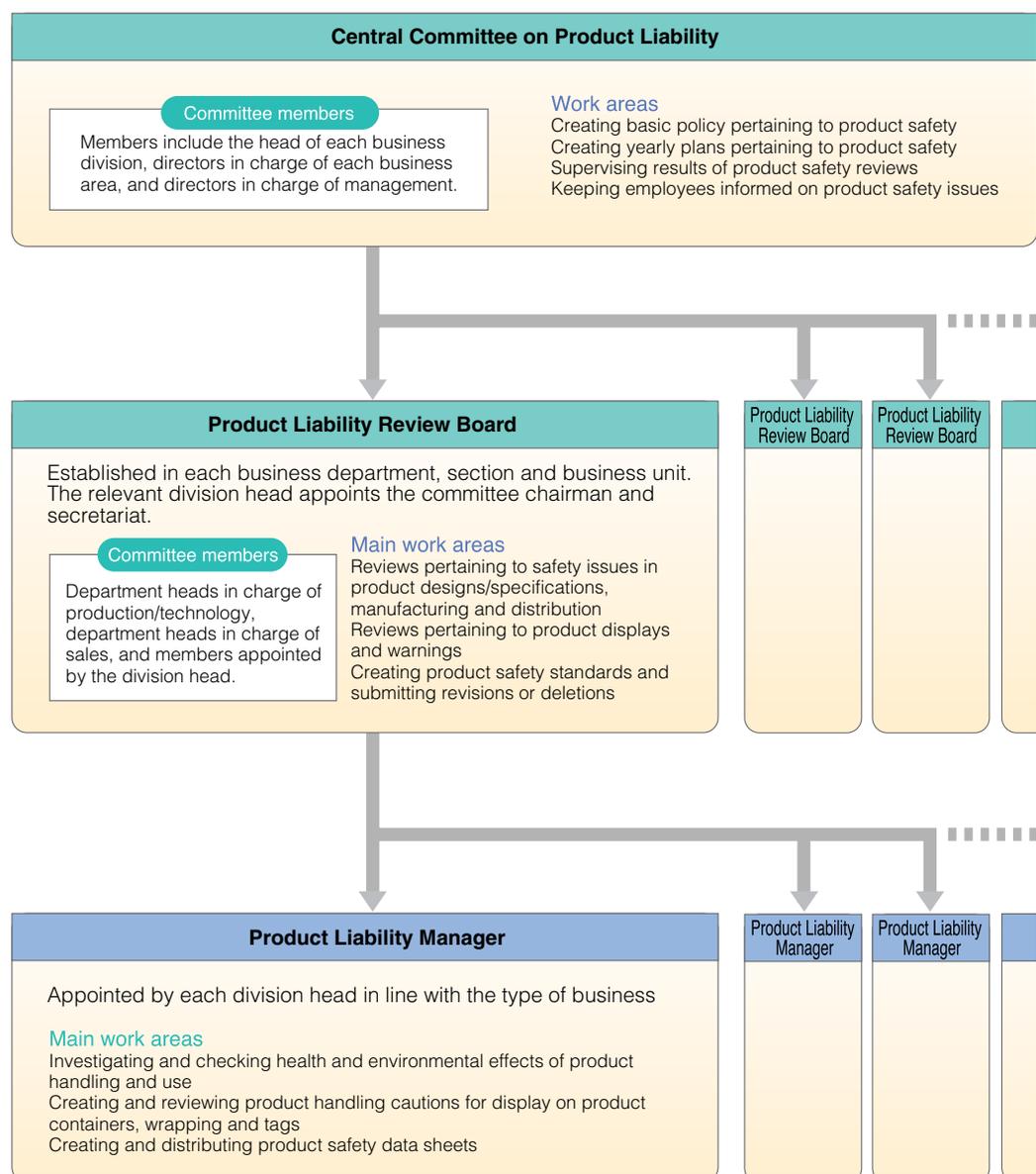


Approach to Compliance (2)

Ensuring Product Safety

Unitika's product safety regulations contain seven articles that set forth areas such as basic policy, division of responsibility areas, implementation organization, and bylaws on manual operations and application (space constraints prevent reproducing the articles in

entirety). Unitika and Unitika Group companies work to ensure that product manufacturing and sales are carried out safely, in compliance with these regulations. They are implemented by the organization illustrated below, headed by the Central Committee on Product Liability.





Information Management

Information Management

This section outlines our work on information management and security, which are becoming increasingly important issues as the growth of the Internet provides ever easier access to information.

Information Security

To maintain the confidentiality of information assets and prevent unauthorized use, Unitika set up the Basic Policy on Information Security on April 1, 2005. This document contains our Information Security Declaration and sets forth our steadfast approach to

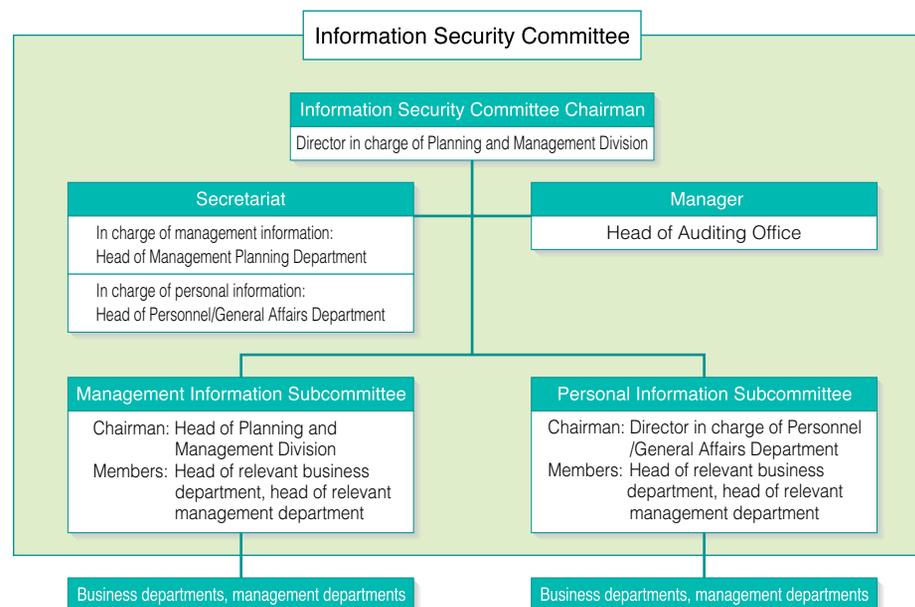
implementing it, while setting up a management and operation organization driven by our Information Security Committee. The Basic Policy is designed to ensure protection and effective use of the information we handle in the course of our business activities.

Unitika Information Security Declaration (Preamble Omitted)

1. We will take steps to ensure the security of information as set forth by our Information Security Policy.
2. We will create an information security management organization, and implement it in a systematic manner.
3. We will educate and train our directors and all employees on our Information Security Policy, working to prevent information security accidents.
4. We will work on improving our information security measures on an ongoing basis.
5. We will comply with all personal information protection laws and all relevant statutes and standards.

* 'Information Security Policy' refers to the documentation set forth and managed by the information Security Declaration, Basic Policy on Information Security, Standards for Information Security Measures and Information Security Implementation Procedures.

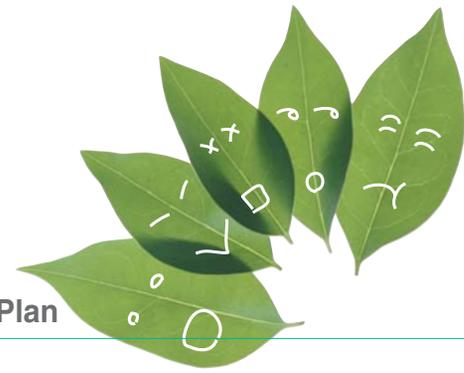
Organization of Information Security Committee



Protecting Personal Information

In response to a personal information protection law put into effect by Japan's government on April 1, 2005, we implemented a set of personal information protection regulations on the same day throughout the company. The strictly worded and implemented

regulations contain 33 detailed articles that cover areas such as collection and use of personal information, appropriate management, auditing and disposal methods, and penalties.



Basic Environmental Policy; Medium-Term Environmental Plan

Basic Environmental Policy

Unitika named 1993 an Environmental first year, when we enacted the Unitika Global Environment Charter, consisting of our pledge, basic philosophy and action guidelines. Since then, we have complied with this Charter to ensure that our corporate management methods are environmentally aware, working on a range of environmental activities.

Unitika Global Environment Charter

The growth and development of mankind is rapidly altering our planet's air, water and soil, threatening both the global biosphere and our own future, since both must depend on a finite ecosystem. As a corporation with more than a century of business activities contributing to the public good, we are

highly aware of the demanding conditions now facing the global environment. The Charter is the declaration of our intention to focus more attention on protecting and helping the environment, making appropriate environmental action the core of our business activities.

Basic Philosophy

Better living through technology, driven by corporate activities that help humans and nature coexist.

Action Guidelines

1 Continual awareness of the global environment	The Unitika Group always considers the effects of our corporate activities on the global environment, following a rigorous set of management procedures during product manufacture to prevent harm to it.
2 Contributing through technology development	We aggressively research and develop technologies to protect and help the global environment.
3 Using resources and energy efficiently	We promote efficient use of resources and energy, and recycle limited resources.
4 Carrying out PR and educational activities	We organize a large number of PR activities that provide information on protecting and helping the global environment, and promote a wide range of educational events.
5 Drawing on the complete range of Unitika Group competencies	Following the mandates of the Charter, we draw on our complete range of competencies to protect and help the global environment.

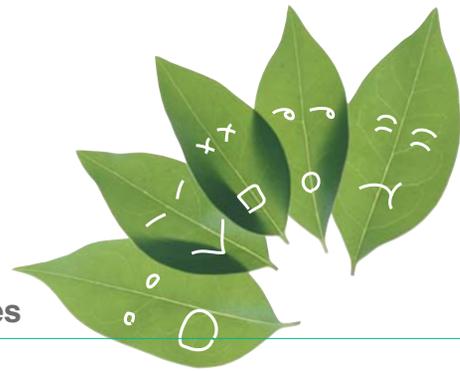
Medium-Term Environmental Plan

FY 2005 was the deadline we set for meeting the four numerical targets of our third Environmental Plan. While we met two of these targets-reductions in industrial waste and energy consumption-we failed to meet the targeted improvements in the loss recycling rate in production processes and in our energy unit requirement. The progress on our targets is described in the section on our work on reducing environmental impact starting on page 13. We have examined and analyzed the data from our efforts, and applied it to the fourth Medium-Term

Environmental Plan we have created, which starts in FY 2006. More demanding target values have been set for the items that met their targets in the third Plan, and we have renewed our commitment to improve the items that didn't meet their targets. Our four numerical target values are shown below. The targeted improvement in the loss recycling rate in production processes has been set higher since we have begun full operation of a new thermal recycling program. FY 2008 is the deadline for meeting these goals.

Goals to Meet by Deadline (FY 2008)

1. Industrial waste **16% reduction** (Compared to FY 2004 level)
2. Loss recycling rate in production processes **7.0% improvement** (Compared to FY 2004 level)
3. Energy unit requirement **1% improvement per year**
4. Energy consumption quantity **10% reduction** (Compared to FY 1990 level; deadline is FY 2010.)



Unitika's History of Environmental Preservation Activities

History of Environmental Preservation Activities

Unitika's unbroken 33-year record of progress on environmental management will continue yielding advances into the future.

Pollution first became a major issue in Japan in 1973. That year, Unitika created the Environmental Preservation Regulations, making a clear distinction between environmental measures and outward-directed production activities, to enable compliance with regulatory and standards values.

In 1991, we created a new companywide organization called the Environmental Preservation Committee, followed in 1993 by the Unitika Global Environment Charter. That year we began yearly environmental auditing, establishing the basic direction for our environmentally-aware management style that has continued to this day. In 1998, we created the Unitika Action Charter, a document that sets forth the basic action policy needed to fulfill our Unitika Group mission as a public-spirited corporation. Its first article sets forth our responsibility for environmental and safety awareness.

The Unitika Action Standards created and implemented in April 2001 expanded on the Unitika Action Charter by setting forth specific action standards for Unitika organizations and employees to comply with in the performance of their routine business activities. The Action Standards represent a clear step toward corporate activities grounded in a mindset of corporate social responsibility (CSR). They cover areas such as the environment, safety, compliance, the public good, and coexistence with stakeholders.

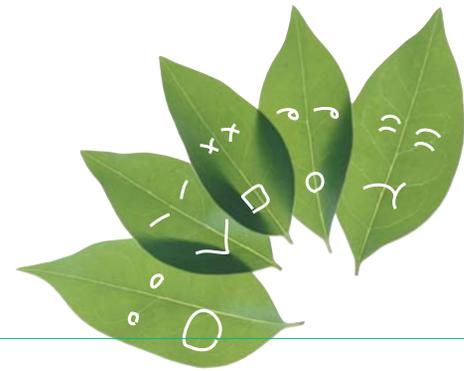
Unitika has aggressively worked on becoming certified under ISO 14001—the international standard for environmentally-aware corporate activities. All production sites due to become ISO 14001-certified had done so by May 2003. In FY 2003, we started activities to help our affiliates receive ISO 14001, and have been conducting environmental audits of each company.

Unitika's Environmental Preservation Activity History

September 1973	Created and implemented Environmental Preservation Regulations.
October 1991	Revised Environmental Preservation Regulations, established Environmental Preservation Committee.
April 1993	Created and implemented Global Environmental Charter.
May 1993	Environmental Preservation Regulations were reborn as Environmental Regulations. Established Environmental Committee, organization which meets annually.
May 1994	Started environmental audits (once per year). (Voluntary audits by each production site and internal audits by headquarters staff.)
July 1996	Created targets for first Medium-Term Environmental Plan (FY 1997 to 1999).
September 1996	Started publishing Kankyo, our in-house newsletter on environmental issues.
October 1997	Started activities aimed at becoming ISO 14001-certified at our major production sites.
January 1998	Created and implemented Unitika Action Charter.
January 1999	Unitika Chemical was awarded ISO 14001 certification (first in Group).
October 2000	Created targets for second Medium-Term Environmental Plan (FY 2000 to 2002).
April 2001	Created Unitika Action Standards.
October 2002	Published Unitika Environmental Report.
October 2002	Created targets for third Medium-Term Environmental Plan (FY 2003 to 2005).
October 2005	Created targets for fourth Medium-Term Environmental Plan (FY 2006 to 2008).

ISO 14001-Certified Unitika Organizations (as at March 31, 2006)

April 1999	Ad'all Co., Ltd.
November 1999	Unitika Protec Sakoshi Ltd.
November 1999	Unitika Sakoshi Plant
January 2001	Unitika Textiles Ltd., Tokiwa Mill
March 2001	Unitika Uji Plant
March 2001	Unitika Uji Plastic Plant
March 2001	Unitika Central Research Laboratories
March 2001	Unitika Fibers Ltd., Uji Plant
March 2001	Unitika Glass Fiber Co., Ltd., Kyoto Plant
March 2001	Unitika Environmental Technical Center Co., Ltd., Kinki Office
October 2001	Unitika Okazaki Plant
October 2001	Unitika Fibers Ltd., Okazaki Plant
October 2001	Unitika Plant Engineering Co., Ltd., Chubu Office, 2nd Business Division
October 2001	Nippon Ester Co., Ltd., Okazaki Plant
October 2001	Unitika Environmental Technical Center Co., Ltd., Chubu Office
December 2002	Unitika Tarui Mill
December 2002	Unitika Textiles Ltd., Tarui Mill
December 2002	Unitika Plant Engineering Co., Ltd., Tarui Group
December 2002	Unitika Environmental Business Division
May 2003	Unitika Textiles Ltd., Miyagawa Mill
December 2003	Unitika Glass Fiber Co., Ltd., Tarui Mill



Environment/Safety Management Organization

Environment/ Safety Management Organization

To implement CSR-driven environmental awareness and safety measures, we have established a management organization headed by the President, consisting of several committees and business divisions.

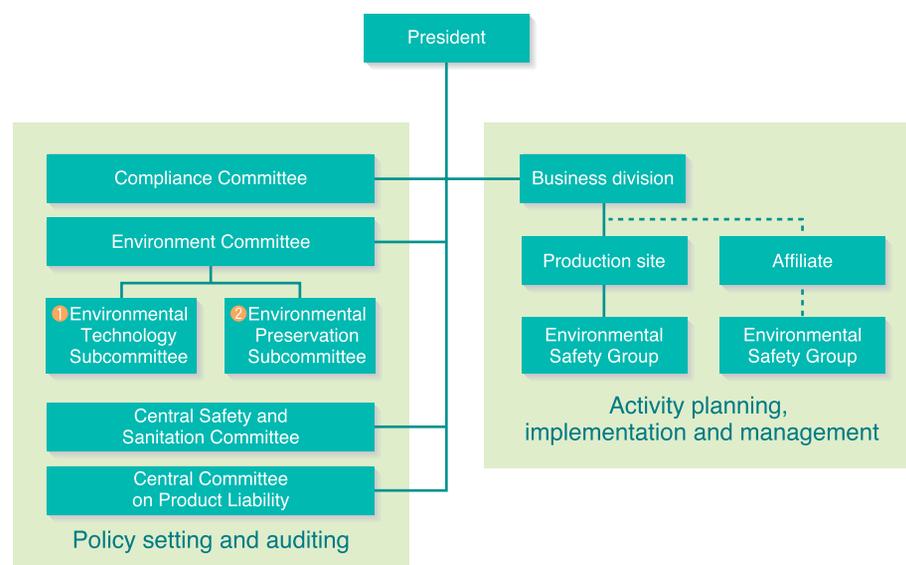
Unitika's original environment/safety management organization consisted of three committees and business divisions. A new committee (the Corporate Action Committee) was added in 1998. The organization was again expanded in 2006, to encompass the Compliance Committee, becoming a driver of compliance promotion. The Compliance Committee and Central Committee on Product Liability are described in detail in the section on Unitika's approach to compliance starting on page 6.

The Environment Committee, one of the original committees, meets regularly every year. It discusses and votes on major environmental issues such as basic plans for environmentally-aware management,

and verification of their progress. It contains the two subcommittees shown below. Specific topics are discussed and examined in detail conceptually and technically, providing the kernels of environmental measures.

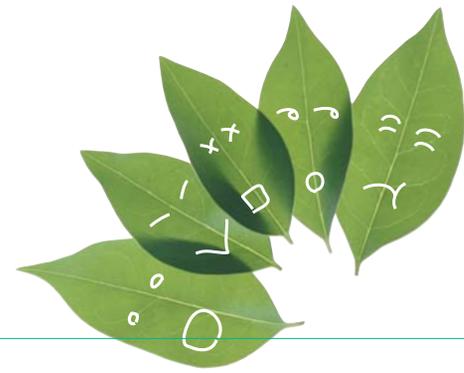
The Central Safety and Sanitation Committee and the Environment Committee act as departments dedicated to safety and environmental measures, and have a higher level of authority in the Unitika hierarchy than the Environmental Safety Sections/Groups of Unitika production sites or affiliates. They form an organization that provides the leadership to implement effective environmental measures.

Environmental/Safety Management Organization



The Environment Committee contains the two subcommittees below.

- ① Environmental Technology Subcommittee:
 Works on (a) energy saving and (b) increasing the recycling rate, to find technology-based ways of reducing losses associated with business activities.
- ② Environmental Preservation Subcommittee:
 Sets goals for (a) reducing environmental impact and (b) reducing industrial waste, in line with environmental preservation laws and the Unitika Global Environment Charter. Works on efficient implementation of these goals.



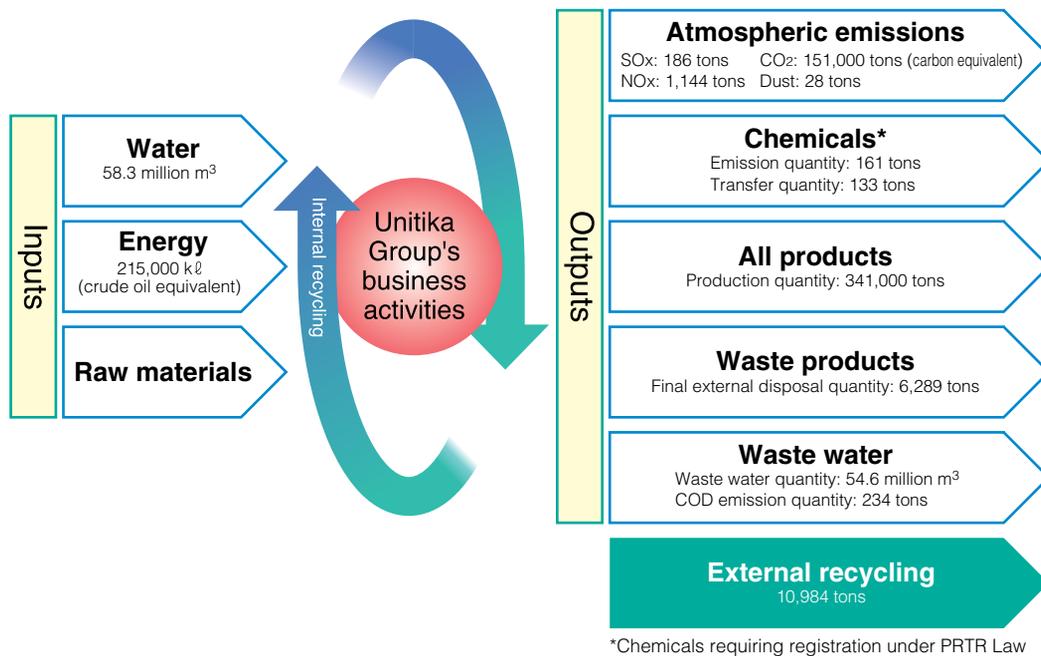
Overview of Environmental Impact

Overview of Environmental Impact

Environmental Impact From Business Activities (FY 2005 Figures)

The Unitika Group is aware of the various types of environmental impact caused by our business activities, and we are working to obtain accurate data on its severity and on reducing it. The diagram below

shows the Unitika Group's inputs and outputs for FY 2005. The transfer and emission quantities of each chemical regulated by the PRTR (Pollutant Release and Transfer Register) Law are shown below.



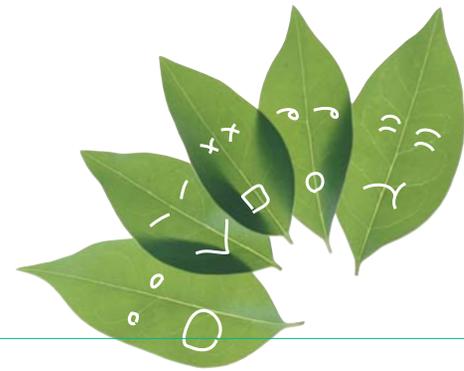
Number of chemicals requiring registration under PRTR Law: 19

- Acetaldehyde
- Asbestos
- Boron and its compounds
- Antimony and its compounds
- Dioxins
- Poly(oxyethylene) = alkyl ethyl
- ε-caprolactam
- Terephthalic acid
- Poly(oxyethylene)
- Ethylene oxide
- Toluene
- = nonylphenol ethyl
- Ethylene glycol
- Dichloropentafluoropropane
- Bisphenol A
- 1,4-dioxane
- 1,2,4-benzenetricarboxylic acid
- Bisphenol A epoxy resin
- Dichloromethane
- 1,2-anhydride
- Hexamethylene diamine

The transfer quantities and emission quantities of chemicals have increased since the previous year, but we will continue to work on maintaining or reducing their environmental impact. We are

stepping up work on setting voluntary reduction goals, investing in environmental preservation equipment, improving processes and optimizing operation.

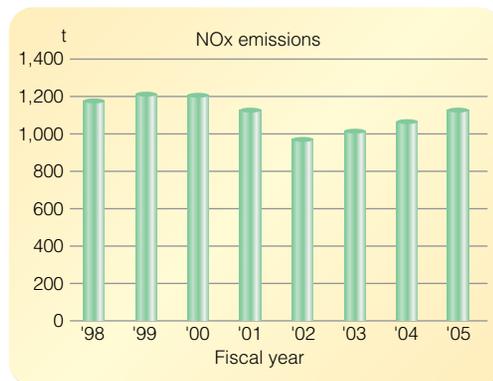
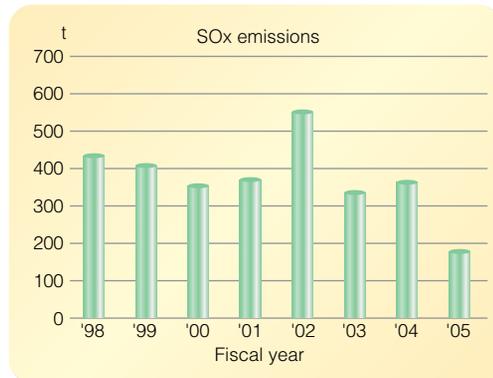
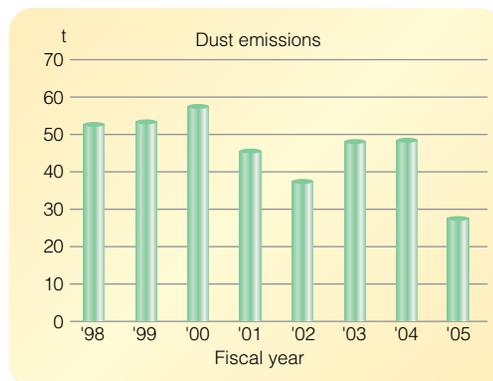
PRTR (Pollutant Release and Transfer Register) is a system that requires companies to measure and report the quantities of chemicals emitted from their plants into the environment or transferred out as waste products. A PRTR law was put into effect in Japan in March 2000. Measurement, reporting and disclosure started with FY 2001 data.



Work on Reducing Environmental Impact (1)

Air Pollution

Unitika is minimizing its air and water pollution, and helping curtail global warming. Today's manufacturing industry is being called on to preserve the global environment, and we are actively working on environmental measures.



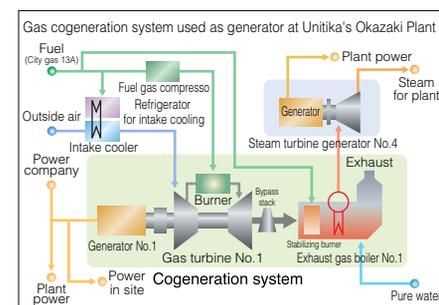
The Unitika Group succeeded in greatly reducing environmental impact from atmospheric emissions of dust and SOx (sulfur oxides) in FY 2005, mostly the result of installing a gas cogeneration facility at our Uji Plant (one of our major plants) in October 2004. Both dust and SOx emissions fell greatly in FY 2005, with dust down 44% from the previous year (to 28 tons), and SOx down by half (to 186 tons). But NOx (nitrogen oxides) emissions were up 6.2% (to 1,144 tons), partly due to an increase in gas emissions from conversion to natural gas.

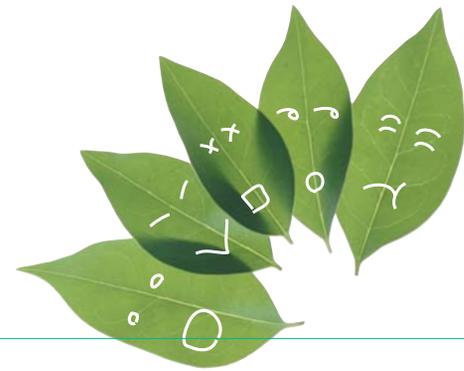
To step up measures to prevent air pollution, we are working on reducing emissions quantities by adding more gas cogeneration facilities, using more low-sulfur fuel, improving boiler efficiency and enforcing operation management that eliminates waste.

Topics

Natural Gas Cogeneration System Starts Operation at Okazaki Plant, Following Successful Installation at Uji Plant

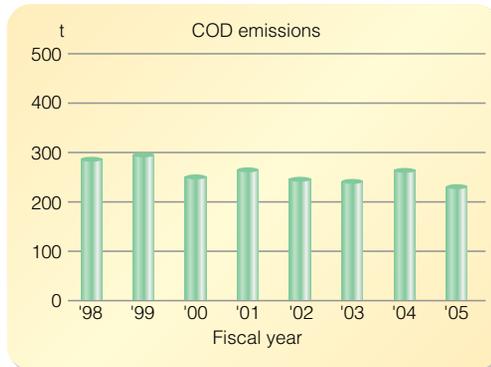
By enabling a switch from fuel oil C to environmentally-friendly natural gas as an energy source, cogeneration systems can greatly reduce SOx and dust, and save energy. A gas turbine cogeneration system fueled by natural gas and providing a 15,000 kW generation capacity began operation in April 2006 at Unitika's Okazaki Plant. By saving energy, it reduces CO₂ and helps reduce environmental impact.





Work on Reducing Environmental Impact (2)

Water Pollution



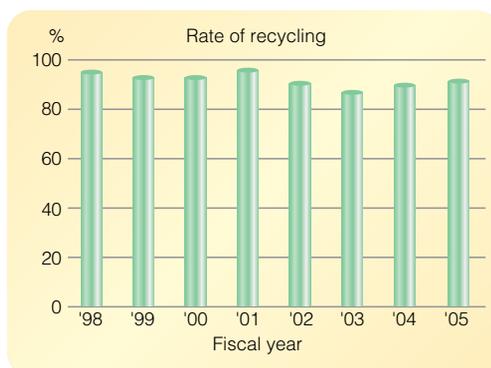
The COD emissions quantity for FY 2005 was down 9.9% from the previous year (to 234 tons), while the total waste water quantity was roughly the same (54.55 million tons). To enable reductions independent from factors such as production volumes, we will work on developing new technologies, improving management of emissions sources, and recycling and reusing cooling water.



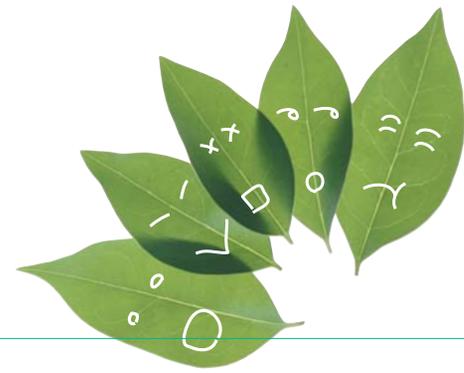
Waste Products



We have met the 10% waste reduction target (from the FY 2001 level) set in our third Medium-Term Environmental Plan, reducing waste by as much as 1,218 tons (16.2%) from the previous fiscal year. This success can be ascribed to the waste sorting and collection programs put in place at each Unitika production site, and other improved waste reduction efforts.

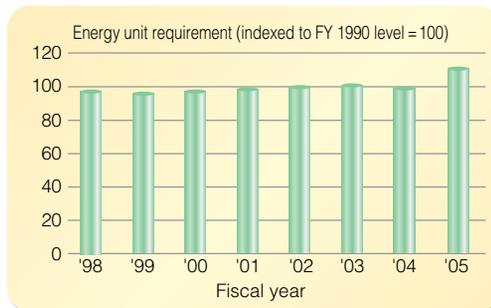
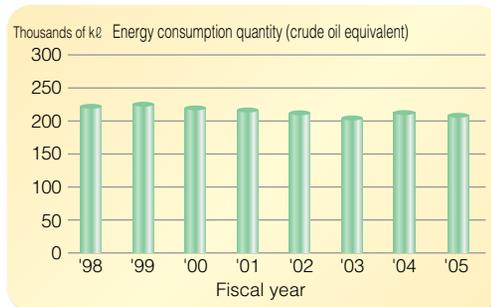
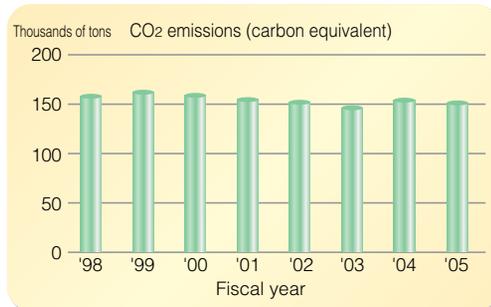


The rate of recycling has generally been dropping relative to FY 2001 (the comparison year), but picked up somewhat starting in FY 2004. This fiscal year, the rate increased 1.7 percentage points from the year before, to 91.4%. We are more strongly committed to working on waste reduction, and plan to step up our thermal recycling using waste plastics.



Work on Reducing Environmental Impact (3)

Energy Saving (Global Warming)



The signing of the Kyoto Protocol has brought the urgency of global warming prevention work to the attention of the world. Production sites need to reduce CO₂ and other greenhouse gases, and take further steps to save energy.

To work toward these goals, Unitika takes precise measurements of CO₂ emissions quantities, energy consumption quantities and energy unit requirements.

Our Medium-Term Environmental Plan targets an energy consumption reduction of 10% by 2010 (compared to the FY 1990 level).

We had already achieved a 23% reduction in FY 2005, a major cutback that greatly helps reduce CO₂ emission. This success is mainly the result of reducing production quantities throughout the Group, steady energy-saving activities, process improvements, heat recovery and water reuse. Our energy unit requirement in FY 2005 was worse than the previous year, mainly due to a drop in production, and to model diversification that altered the relative quantities of each brand produced. We will continue to work on preventing global warming from an all-encompassing perspective, examining various indices throughout the manufacturing process.

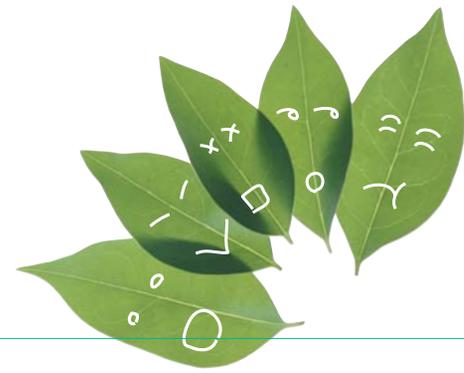
Distribution

To reduce the environmental impact of transportation needed for inputs of raw materials and outputs of products and waste products, Unitika implements the four distribution guidelines on the right. These guidelines have helped us make across-the-board improvements in transportation efficiency, and in reducing energy consumption and emissions gases.

- ① We will shorten transport distances by lending, borrowing or swapping general-use products or materials of equal quality with other companies.
- ② Within Japan, we will use container transport by sea or rail whenever possible, since these methods enable mass transport and are energy-efficient.
- ③ Forklifts used for work inside sites will be changed from engine-driven models to environmentally-friendly battery-driven models with zero emissions gases and low noise.
- ④ We will reduce transportation energy consumption by using flexible containers that can wrap larger numbers of products instead of paper bag wrapping materials, and by shaping containers for more efficient truck loading.

Transportation

In line with an April 2006 revision to Japan's laws pertaining to rationalized energy consumption, we have started energy-saving initiatives for distribution.



Technology and Products for Environmental Safety (1)

Water Treatment Facilities

- Water supply facilities
- Water supply membrane filtration equipment
- Advanced water supply treatment facilities
- Sewerage facilities
- Advanced sewage treatment facilities
- Granular desphosphorizing equipment
- Agricultural community waste water treatment facilities
- Fishery community waste water treatment facilities
- Seepage water treatment facilities in final disposal sites
- Waste water treatment facilities in garbage incinerators
- Industrial waste water treatment equipment
- Sewage treatment equipment
- Sludge reduction equipment
- Sludge composting equipment

Unitika's various products and technologies are manufactured using a basic approach that aims to create sustainability through resource recycling.

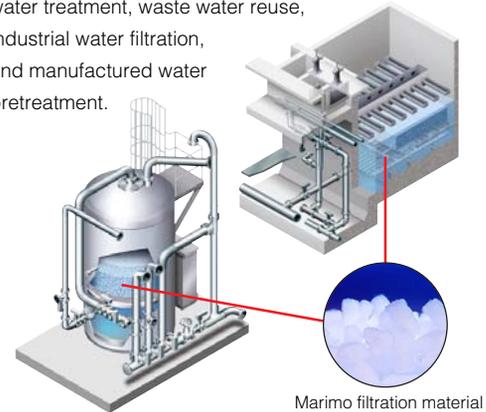
Improved Combined Sewerage Treatment System

Since large volumes of combined sewage flows into sewage treatment sites in a short time when it rains, the sites can't treat it fast enough, and untreated sewage is released into rivers or other waterways. To solve this problem, Unitika has developed an improved combined sewerage treatment system driven by our Marimo high-speed filtration system, enabling rapid and stable treatment over short amounts of time. It efficiently performs variable high-speed filtration on top/bottom counter-currents, providing high treatment capacity in rain or shine. It removes pollutants at a filtration rate of up to 2,000 m/day in rain, and at a standard rate of 1,000 m/day in clear weather. It is a high-performance system offering stable treatment capacity at a low cost.



Marimo High-Speed Filtration System

Marimo is a high-speed filtration system developed by Unitika that offers high performance and uses a special fiber as the filtration material. Marimo's high-speed function provides a filtration rate five times faster than conventional sand filtration systems. Offering a significantly higher level of treatment efficiency, it enables easy cleaning and draws on Unitika's many years of expertise as a fiber manufacturer. Marimo is used in a wide range of applications in tertiary waste water treatment, waste water reuse, industrial water filtration, and manufactured water pretreatment.



Sludge Reduction Equipment

To enable the type of sustainable industrial processes that will ensure the future of mankind and our planet, Unitika has developed equipment to reduce the volume of sludge generated when treating biological materials. The equipment continuously mills the excess sludge generated in biological material treatment tanks using fine ceramic beads. When the milling has solubilized the sludge, it is fed back into the biological material treatment tank to biodegrade.



Fine ceramic beads

Phosnix Granular Desphosphorizing System

A system that recovers phosphorus in waste water as granules of magnesium ammonium phosphate (MAP), a substance that can be effectively used as a fertilizer.



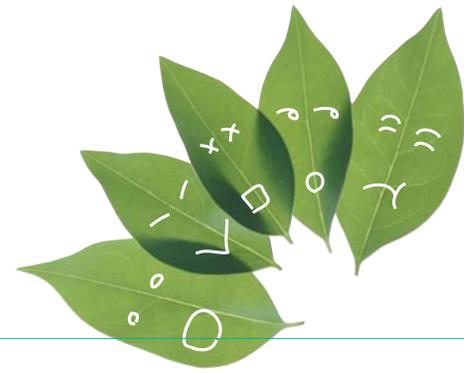
MAP

Biological Contact Filtration Facility

A clean water facility that uses spherical carriers of polyester fiber as the filtration material. Biological membranes form on the surface of the filtration material, and microbes such as nitrifying bacteria and iron oxidizing bacteria propagate within the filter layer. The biological purifying properties of these microbes efficiently remove ammoniacal nitrogen, iron and manganese. The facility can fit within a small footprint and has a high pure water treatment capacity.



Kita Koriyama water purification facility



Technology and Products for Environmental Safety (2)

Garbage Processing Facilities

- Stoker incinerators
- Fluid-bed incinerators
- Gasifying-melting furnaces
- Incineration residue melting furnaces
- Garbage crushing and sorting facilities
- RDF (refuse-derived fuel) facilities
- Exhaust gas treatment equipment
- Fly ash treatment equipment
- Regenerative-heat deodorizing equipment

Next-Generation Stoker Incinerator: Uniburn System 21

Unitika started constructing city garbage incineration facilities in 1971, and has now built 90 facilities. Uniburn System 21 is a next-generation city garbage incineration system that draws on these many years of experience, developed with the aid of German technology for stoker incinerators with boilers. Its low air ratio and high combustion temperature improve the heat recovery rate and enable significantly cleaner exhaust gas. These features reduce environmental impact and lower total garbage processing cost.



Yachimata City Clean Center

Advanced-Function Incineration Residue Melting System: Unimelt System 21

Developed as the result of our research on reducing and cleaning incineration residue, the Unimelt System can melt incinerator ash, fly ash, incombustible residue left after processing bulk garbage, or incombustible residue mixed in with combustible residue. Waste plastic that previously couldn't be reused can be melted together with other garbage, making the system effective for plastic thermal energy applications. Unimelt is a revolutionary system that enables residue to be cooled into slag after melting, for effective use as a construction material. Unimelt can also melt items processed at landfill disposal sites, enabling recycling at those sites.



Eco Slag Center at Tottori Prefecture's Greater Western Area Administrative Management Union

Air Pollution

- Deodorizing equipment
- Dust collection equipment
- Soil surveys/analysis
- Soil pollution cleanup measures
- Pollution cleanup measures
- Pharmaceutical products, resins, filtration materials

Environmental Surveys, Measurement and Analysis: Unitika Environmental Technical Center Co., Ltd.

Unitika Environmental Technical Center (UETC) uses the latest equipment and technology to carry out environmental surveys, measurement and analysis, along with various investigations needed by several industries. UETC is certified by Japan's Ministry of the Environment as a qualified contractor for dioxin analysis, and has gained a reputation for solid reliability. To enable more accurate analysis, UETC can analyze trace amounts of dioxins. It is highly

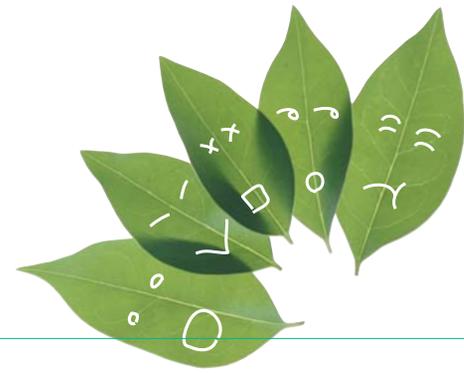
experienced in soil surveys (a recent area of concern in Japan), and has measures to combat soil and groundwater pollution permanently. UETC also helps protect living environments through activities such as sick building surveys; air quality, weather, noise and vibration measurements; technical support for water treatment; exhaust gas, odor and work environment measurements; and analysis of river water, waste water, drinking water, asbestos, and insulation oil trace PCBs.



Extracting a sample with a simple boring machine



Environmental hormone analysis



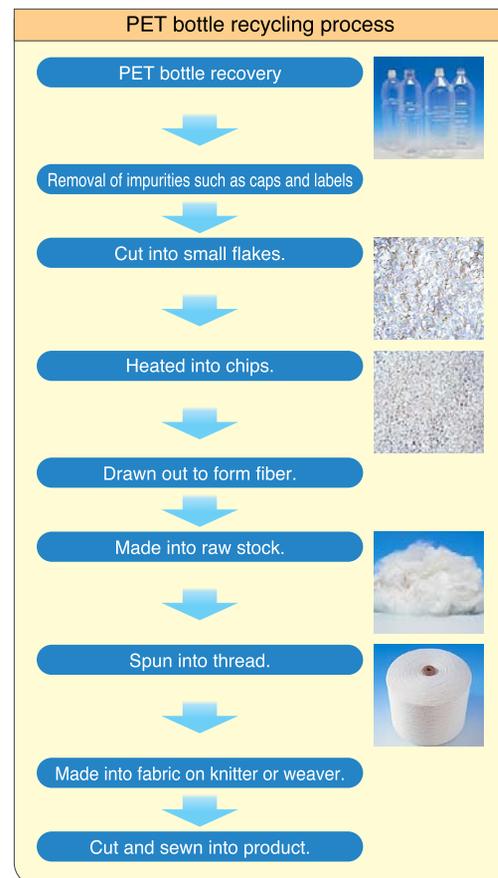
Technology and Products for Environmental Safety (3)

Recycled Polyester Fiber

Uniecolo

The demand for PET bottles is steadily increasing, and 509,000 tons* of PET bottle resin was produced in FY 2004. Reflecting this increase, the rate of waste PET bottle recovery has risen to 62.3%. As part of our efforts to preserve the environment, Unitika has been active in PET bottle recycling. Uniecolo was developed by drawing on our outstanding existing fiber forming technology. Offering soft texture and good body, it is an environmentally-aware fiber with the same features as conventional polyester, and designed to enable reuse of limited resources.

*According to figures from The Council for PET Bottle Recycling.



New Natural Fibers

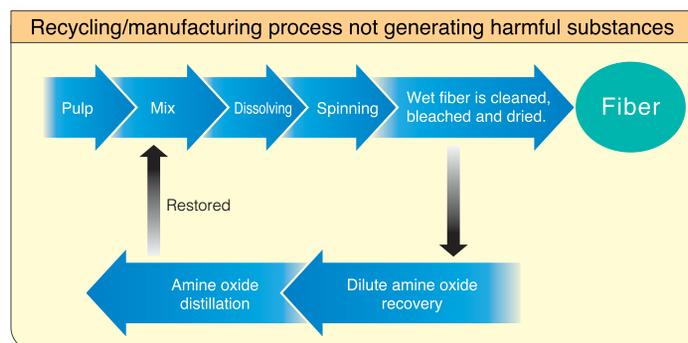
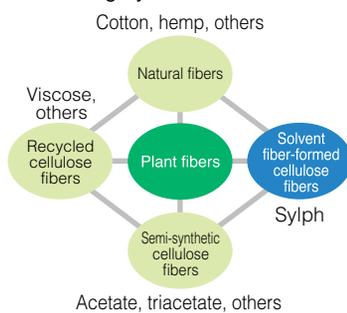
Sylph

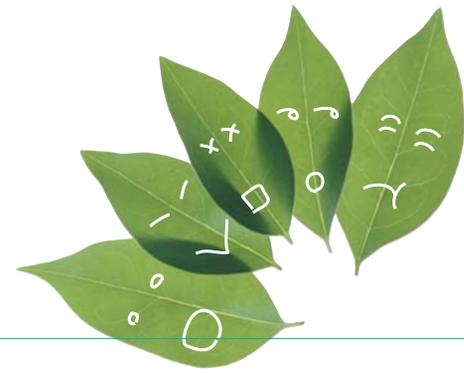
Sylph is a plant fiber created from natural pulp. The raw material is pulp from trees, which undergoes an advanced chemical treatment in the manufacturing process. Sylph is a new natural fiber, a material midway between natural and manmade-a natural material controlled by human technology. It generates



no harmful waste products during the raw stock manufacturing process, and the raw material is harvested through planned felling of fast-growing trees, to minimize environmental impact. The environmental protection Sylph enables is an apt symbol for ideal coexistence between man and nature.

Fiber category



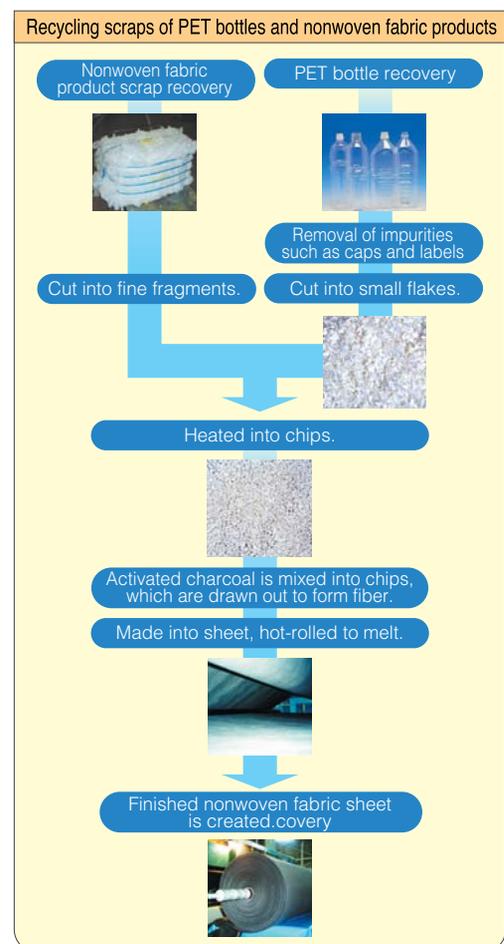


Technology and Products for Environmental Safety (4)

Recycled Polyester Nonwoven Sheeting

Ecomix

Since recycling is an important part of our environmental preservation efforts, Unitika has developed, by outstanding existing spunbond technology, a polyester filament nonwoven fabric called Ecomix, made from scraps of PET bottles or nonwoven fabric products. Ecomix has already received the Japan Environment Association's Eco Mark certification (No. 00105029). With outstanding water permeability and endurance, Ecomix has been permitted for a wide range of public works applications, including protective mats for water barrier sheets in waste disposal sites, sheets for erosion and torrent control in banking reinforcement construction and harbors, suction-preventing sheets for riverbank protection, and plastic board drains. With its cost-effective wide sheets and highly elastic structure, Ecomix can easily handle warping and projections, and is gaining popularity as sheeting for today's needs.



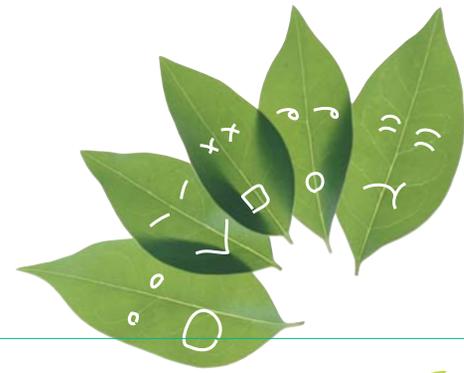
Anticorrosive Sheeting

Segurova

Japan's River Law was partially revised in June 1997, and in line with the new law, Unitika Fibers developed Segurova, an anticorrosive sheeting material designed to blend in with natural environments and landscapes. Manufactured using a 3-D weaving technology to ensure that gaps and thicknesses are kept constant, Segurova resists water currents, and provides high corrosion resistance. Designed for weather resistance and endurance, it is mainly comprised of black dyed-in-the-fiber polyester monofilament. To give some components partial dimensional stability, they use binder fibers with a core and pod structure. The sheet top and bottom layers have a honeycomb structure for easy filling with earth or sand. Segurova can be used in embankment protection works to reinforce the corrosion resistance of herbaceous plants such as lawns or seedlings. It stops corrosion from

water currents from embankment surfaces and river banks, enabling a new anticorrosion sheeting-based construction method. Segurova has already become the first product in the industry to be awarded the Public Works Research Center's Anticorrosion Sheet Performance Evaluation Certification (certification No. 0001).





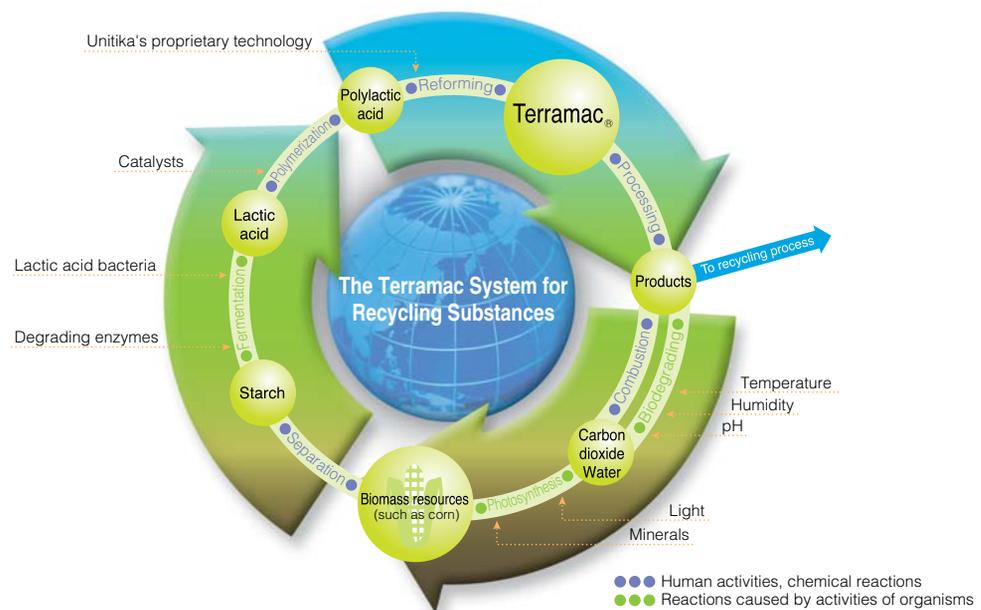
Technology and Products for Environmental Safety (5)

Plant-Derived Biomass Material

Terramac

Terramac is a biomass material made from a polymer derived from plants such as corn. Biomass materials are organic resources derived from recyclable biological sources, which don't use any fossil fuel resources. Terramac ultimately degrades into carbon gas and water, which are absorbed by plants such as corn, and in turn can be turned into Terramac again. So Terramac is part of the natural world's original 'recycling system'. Conventional plastic products are made from oil, a limited and non-recyclable raw material that will run out in the not-so-distant future if we continue using it. Terramac is now an extremely promising alternative. It has a wide range of applications in clothing, eating

utensils, cups, wrapping films, cosmetic bottles, teabags, planters, trash bags and all areas of consumer demand. Unitika was the first company in the world to develop products derived from polylactic acid (the base of Terramac), when we succeeded in producing foamed plastic containers and food containers able to hold hot water and be microwaved. Adding kenaf fiber (derived from plants) to Terramac greatly improves its heat resistance-in fact, one of its applications is in mobile phone casings. Combining the natural advantages of plant material with human technology, Terramac is an attempt to create the ideal material for both the planet and its human inhabitants.

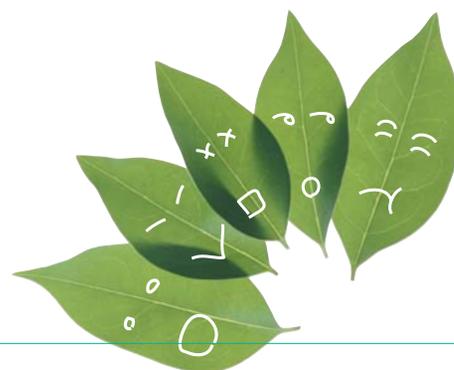


Terramac is extremely safe for human health and the environment.

Biodegradability:	JIS K6953 (ISO 14855) Passes the test of beneficial and extreme biodegradability and destructibility under controlled compost conditions.
Labeling, certification standard:	Conforms to GreenPla/E Identification and Labeling System/certification standard set by Biodegradable Plastics Society (BPS). (Has been placed on Positive List, and been certified with the GreenPla/E Mark.)
Food sanitation:	Conforms to standards and criteria set forth in Ministry of Health, Labour and Welfare Notice No. 370 (Food Sanitation Law). Certified under US FDA/FCN (Food Contact Notification) No. 178.
Bacterial resistance:	Polylactic acid has been reported to have antibacterial properties. (Bokin bobai, Vol. 29, No. 3, pp. 153 to 159, 2001)
Low combustion heat:	Low combustion heat of approximately 4,500 kcal/kg (same as paper) is one-half to one-third the value of oil-based plastic, so can't harm incinerators. Does not generate toxic gases (dioxins, hydrogen chloride, NOx or SOx) when incinerated.



Polylactic acid uses NatureWorks® PLA.
* NatureWorks and the EcoPLA design are registered trademarks of NatureWorks LLC.



Environmental Accounting

Environmental Accounting

To step up our work on environmental preservation, we compile and release environmental accounting using data highly transparent to the public.

Unitika's environmental investment for FY 2004 was 180 million yen, spent mainly on preventing pollution and raw material recycling. Environmental expenses were 2.11 billion yen, mainly waste processing (including recycling expenses), maintenance and management of equipment to prevent pollution, and product R&D for environmental preservation. We use the guidelines

released by the Ministry of the Environment in May 2005 when calculating environmental accounting data, using the Environmental Guidebook put out by the Ministry in March 2001 as a reference. Unitika will continue to release clear and accurate environmental accounting data.

● Method of tallying environmental accounting data
Investment amounts include investment on items for which the environment is not the main objective.
Expense amounts include labor costs and depreciation.

Environmental Costs

(Millions of yen)

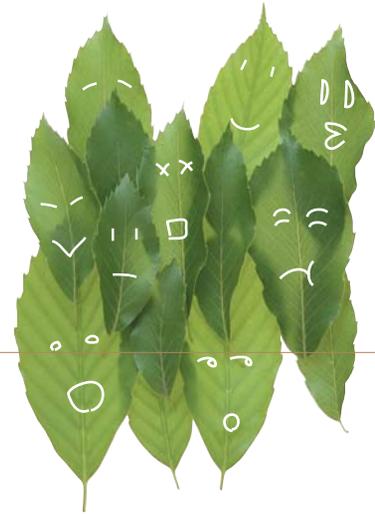
Category	Capital investment	Cost	Remarks	
Business area costs	Pollution prevention costs	161	666	Pollution (water, air and noise pollution) prevention measures
	Environmental preservation costs	0	19	Energy saving, global warming prevention
	Resource recycling costs	14	817	Waste disposal, recycling
Upstream/downstream costs	0	141	Packaging material recycling	
Management activity costs	6	94	Gaining environmental management system certification, environmental education, impact monitoring	
R&D costs	0	301	Developing environmentally-friendly products	
CSR costs	0	44	Forestation improvements, beautification campaigns	
Environmental damage costs	0	29	Quantity-based tax on environmental impact of SOx emissions	
Total	181	2,111		

Economic Effects

(Millions of yen)

The table on the right illustrates economic effects by listing items with a clear basis for calculation, that have high substantive benefits for environmental preservation. The expenses saved from energy saving, waste reduction and resource recycling have been calculated in comparison to the previous fiscal year. Note that inferred benefits have not been calculated, such as savings to the public from environmental preservation efforts.

Item	Amount
Reduction in energy expenses	72
Waste reduction	9
Income from sale of recycled resources	207



Concern for Our Employees (1)

Personnel System

Unitika's personnel system is designed to encourage employee self-actualization. We provide equal employment and work opportunities, and make every effort to create accommodating workplace environments.

Personnel Evaluation System

Unitika's personnel evaluation system emphasizes employee effort, and is designed to increase the organization's vitality. It is a results-driven system that awards greater benefits to employees who achieve greater success or tackle more difficult challenges. A biannual goal management system and annual competency evaluation system are used along with

our human resources development program. They impartially evaluate how well each employee is meeting their goals, and help them set new goals to develop their abilities. Supervisors meet with each employee to discuss their evaluation results, ensuring that everyone receives proper feedback, for better transparency and communication.

Self-Reporting System

Once a year, at the time of the annual personnel evaluations, employees submit a report sheet to their supervisor to self-report how much aptitude they feel they have for their position. The report covers three main areas: (1) the employee's aptitude for their current position, (2) what position the employee would like to be posted in, and (3) whether the employee would like to be sent overseas. The employee enters

their self-evaluation and preferences, and the supervisor evaluates each item and adds comments. The Personnel/General Affairs Department uses supervisor comments to ensure suitable job placements, aided by discussion with department heads. When needed, the Personnel/General Affairs Department consults employees to ensure their wishes are also taken into consideration.

Rotation System

Unitika is aware of the importance of job rotation in fostering outstanding human resources. Our practice of periodic job rotation (especially for young employees) helps employees improve their

abilities by giving them the opportunity to work in several departments, and helps us spot candidates to fast-track.

Equal Opportunity

Women Employees

Unitika's women employees are valued for their abilities and perspectives. We hire a large number of female employees and have no gender-biased hiring or promotion policies. For the past five years, women have accounted for 15% of the college graduates we have hired, and several women employees have risen to management positions.

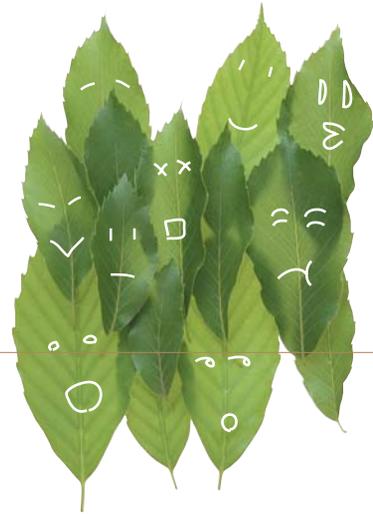
Rehire System

Unitika has a senior employee system that enables employees to continue in the same job after reaching the age of 60. We welcome employees who want to continue working, and in FY 2005, our rehire rate was 42.3%.

Number of Employees Taking Childcare or Caregiver Work Leaves

To enable female employees to balance work and family, and respond to the needs of Japan's aging society, Unitika allows work leaves for childcare or other caregiving. The system is open to both sexes, and male employees have been taking childcare work leaves since FY 2003.

	Number of employees taking childcare work leaves	Number of employees taking caregiver work leaves
FY 2001	26	0
FY 2002	24	2
FY 2003	25	2
FY 2004	27	1
FY 2005	17	0



Concern for Our Employees (2)

Human Resource Development

Unitika believes that raising the ability of each employee in the organization is crucial for achieving outstanding business goals. Human resource development is therefore an important focus for us. We approach it through two areas—our personnel system that sets forth employee work conditions and evaluation methods, and systems to encourage ability growth, such as ability development and training systems. Unitika Training Center is the dedicated training center we have created to

implement our approach. It is used for several different types of training taken by a large number of employees. To help employee self-improvement efforts, Unitika offers a job qualification assistance system, correspondence courses, and full-time study courses at universities in Japan. Many of our highly-motivated employees are eager to take advantage of these benefits.

Training System (Program) and Number of Students (FY 2005)

- ① **Training for individual levels (424 students)**
 1. Training for promoted employees (182 students)
 2. Young employee education (242 students)
New employee training, basic knowledge course, manufacturing department leader development course
- ② **Specialized education (178 students)**
 1. Competency improvement training
Strategic management game training, better business negotiation training, business coaching training, solution management training, better technical development and planning training, legal training, logical communication
 2. On-the-job development education
Supervisor training, business leader training



Employee Mental Health

Since Unitika feels that mental health is an increasingly important issue for employees as they move up the corporate ladder, every Unitika employee undergoes mental health training when they are promoted to a management position. We encourage managers to be aware of their managerial role and to take care of their own mental

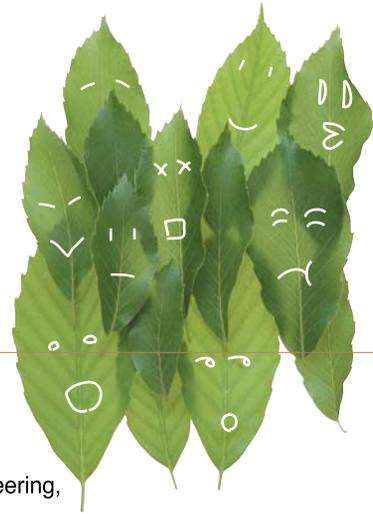
health. We hold specialized training sessions given by outside specialists such as psychology consultants and health counselors. The employee support system was established with guidance and support from outside mental health experts. In-house doctors are also available for early treatment counseling.

Human Rights

The entire Unitika Group is an active advocate of human rights, and has appointed a director in charge of supervising all employee human rights issues. This director oversees the Companywide Human Rights Education Committee, and there are Workplace Human Rights Education Committees at each Unitika production site to implement the Committee's mandates. Unitika is also a member of the Osaka Social Integration/Human Rights Issues Corporate Communication League, so deals with a wide range of human rights issues. Sexual harassment is another issue that we take very seriously. We have set up a Sexual Harassment Committee and consultation office, and take steps to raise the awareness and recognition for the problem among all employees.

Makeup of Human Rights Education Committee





Giving Back to the Community

Giving Back to the Community



Unitika is helping to preserve the environment and raise public ecological awareness through beautification campaigns, volunteering, and releasing newsletters, reports and various types of data.

Local Environmental Improvement

Building on the success of the Kyoto Protocol, Kyoto has created an environmental administrative organization that includes a system called Eco Kyoto 21 that certifies and registers corporate leaders in environmental awareness activities such as CO2 or waste reduction. Unitika's Uji Plant has participated in the system from its inception, and in May 2002, was certified and registered under the system's Ecostyle category as a site carrying out highly original environmental awareness activities. The Uji Plant has been active in volunteer activities to beautify the area surrounding it, with over 1,200 Unitika employees taking part in Clean Uji, an event the Uji Chamber of Commerce and Industry holds every March, July and September. The event helped clean up the area around the Uji Plant.



The July Clean Uji event

Other Unitika production sites are also working on beautifying their surrounding environments. About 150 employees of the Okazaki Plant took part in a local volunteer program to clean up the area around the plant on a Saturday in March 2006.



Cleanup around the Okazaki Plant



Cleanup around the Chigusa River (Sakoshi Plant)

An environmental preservation council run by the major corporations in the city of Ako in Hyogo Prefecture holds a cleanup campaign around the Chigusa River as part of its environmental aid measures. The Sakoshi Plant helped in the campaign, taking part in the cleanup with employees from other corporations on October 25, 2005.



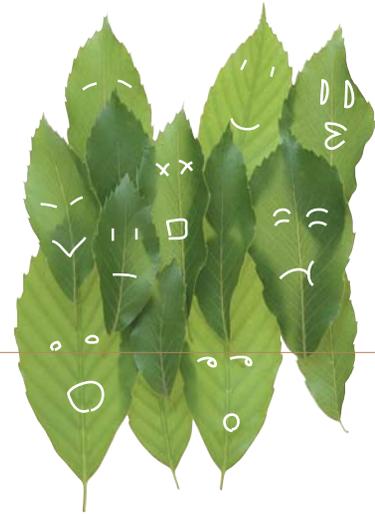
Unitika no Mori, Hidakagawa-cho

Cutting back the undergrowth in Hidakagawa-cho



In 2003, Unitika Union celebrated its 30th year in business by starting a program called Midori no Plan ('Green Plan') designed to give back to the community and raise environmental consciousness. Midori no Plan volunteers created a wooded area they named Unitika no Mori ('Unitika Wood'). Three species of local trees (sawtooth oak, quercus serrata, Japanese cypress) were planted in a two-hectare area of mountain forest in Hidakagawa-cho (Wakayama Prefecture). Employees visit the area to cut back the undergrowth several times per year. In September 2005, twenty-five employees performed this task to enable better tree growth, and took part in a "Forest Patrol" workshop on the importance and splendor of the woods. In April 2006, bracken was picked from Unitika no Mori, letting a large number of employees enjoy the wood's growth.

Responding to Japan's increasing focus on public-spirited volunteer projects, we established a volunteer foundation in 1992 and began a range of activities inside and outside the Company. In Japan, we have held support activities in facilities for the handicapped and conducted training meetings to expand the frontiers of volunteer activities. We have also worked to step up volunteer activities overseas, where we have sent volunteers to work camps for international exchanges, and have raised money for disaster relief.



Giving Back to the Community

Giving Back to the Community

PR Activities

Expo 2005, Japan's largest exposition in 2005, featured a large amount of biodegradable utensils and canvas for venue information boards made of our Terramac biodegradable material. While many visitors no doubt didn't notice the Terramac product name, the exposition gave many people the chance to use handy utensils and trays made of the biodegradable material.

Many types of experimental verification work on environmentally-friendly products and methods were carried out inside the venue during the exposition, and Terramac was given the mission of aiding them. Researchers examined sorting methods for returnable utensils derived from biomass, and checked how easily

the utensils became damaged. Damaged items were composted. The verification work provided useful data for helping advance Japan's recycling infrastructure. The Unitika department responsible for Terramac took part in this work at the preview before the main exposition. Since Terramac products couldn't be sent to the composting experiment if PET or polystyrene containers were mixed in with them, the department helped with the sorting and recovery work done during the preview, then aided the research on recovery methods so that experimental verification could continue.



Expo 2005 information boards



Terramac molded products used at the exposition

Topics

Terramac Wins Ecology Category of 16th Nikkei BP Technology Award (2006)

Terramac, Unitika's durable plant-derived plastic material, has won the Ecology category of the Nikkei BP Technology Award.

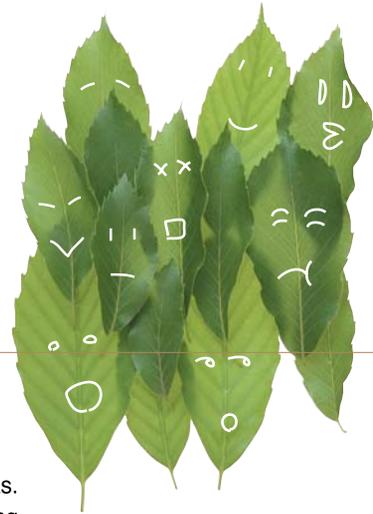
Terramac is manufactured by using proprietary technology to reform polylactic acid derived from plants such as corn, and then introducing an additive to promote crystallization. It dramatically increases the heat resistance attainable from plant-derived plastics from 60 to 120°C. It improves shock strength and bending elasticity, and expands the range of applications possible for plant-derived plastics. Terramac was highly rated for these characteristics.

The Nikkei BP Technology Award is usually awarded to technologies developed in Japan that have been featured at some time in the past year in a Nikkei Business Publication magazine or Web publication. The award in the Ecology category is

awarded to technologies designed to help or preserve the global environment or a local environment, or contribute to reducing environmental impact.



Nikkei BP Technology Award Ceremony held on April 7, 2006 at Hotel Okura in Tokyo. From left: Head Researcher Fumio Matsuoka, Senior Advisor Masatsugu Mochizuki, Section Head Norio Fukawa and Group Head Kazue Ueda from Unitika; and Research Department Head Masatoshi Iji and Manager Makoto Onozawa from NEC.



Giving Back to the Community

Giving Back to the Community 3

Unitika has created an organization well-equipped to prevent production accidents and accidents damaging surrounding areas. In addition to these basic measures, we are also active in training activities to prepare for accidents and natural disasters.

Disaster-Readiness Activities

Unitika's internal standards used to enforce safety management at production facilities are a set of guidelines for prior evaluations of new equipment safety/sanitation and environmental soundness. These standards are used to prevent disasters when installing or renovating equipment, and call for two rigorous inspections—once during the design phase, and once at completion. While

production sites using boilers or pressure containers require yearly statutory inspections, inspections need only be carried out once every two years if a proper voluntary management system is in place as approved by the Ministry of Economy, Trade and Industry. Unitika's Uji Plant and Okazaki Plant have received approval for these biannual inspections.

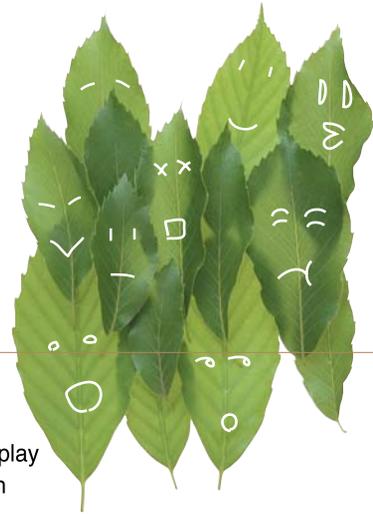
On March 2, 2006 at the Uji Plant, a joint firefighting training session was held with about 100 participants from the Uji Fire Department, Osaka Gas Group and Unitika Group. The training dealt with a hypothetical accident in which gas leaked from the outlet pipe of gas compressor No. 1 in the gas turbine generator, causing a fire from an unknown ignition source that results in a single victim. Participants were able to check how well they performed a series of actions set forth in the emergency manual, including discovering the fire; reporting and communicating the situation; evacuation guidance, head counts and reporting; saving victims; reporting to Gas and Power Investment's Osaka headquarters, and initial fire extinguishing. When the Uji Fire Department arrived, participants worked with them to save one victim, then ended the session by giving a series of reports. The Okazaki Plant held a similar Plantwide training session on November 17, 2005, spraying water on a hazardous material storage tank to extinguish a fire.



Plantwide disaster-readiness training (Okazaki Plant)



Three photos above: Joint firefighting training (Uji Plant)



Giving Back to the Community

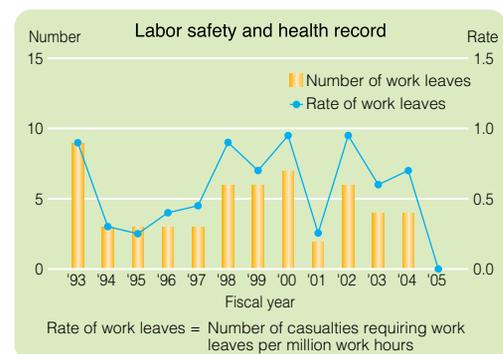
Giving Back to the Community



Unitika is aware of the fundamental role that safety and health play in business activities, and we hold Groupwide safety and health management activities to prevent work disasters.

Safety and Health Activities

To raise employee safety awareness, Unitika creates medium-term (three-year) safety and health plans that we have been implementing since 1969, and we started holding yearly Groupwide safety and health conferences in 1974. Our latest medium-term plan (the 13th) runs from 2005 to 2007. It calls for research on the creation of a safety and health management system, and targets complete eradication of potential hazards (zero hazards) through substantive safety improvements and ongoing risk assessments. The plan's mental health measures include inviting psychiatrists to give presentations at our safety and health conferences, and mental health training sessions for management-level employees given by industrial counselors. As a corporate risk management measure, we have also started an employee assistance program (EAP) open to all employees and their families, providing them with health management services.

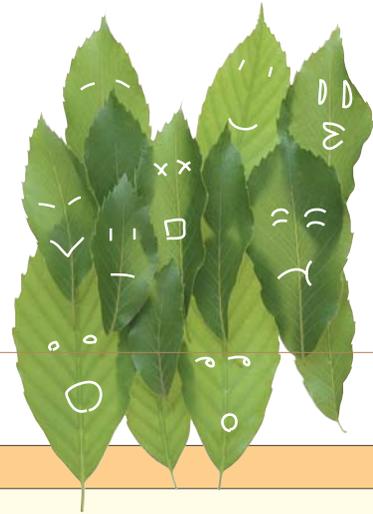


Unitika had zero work leaves in FY 2005, and we will make further improvements on our safety and health activities to maintain this perfect record.



Unitika's Basic Policy for Safety and Health

1. Ensuring safety and health is the foundation of many types of business activity.
2. Ensuring safety and health is the most important obligation of executives and managers at each level of the corporate hierarchy.
3. All employees shall take part in activities for ensuring safety and health.
4. We shall comply with all relevant labor safety and sanitation laws and workplace safety and health standards to ensure safety and health.
5. We shall implement an ongoing safety and health management system to ensure safety and health.



Production Site Information (1)

Uji Plant



Site manager:
Hiroshi Yokai

Location: 5 Uji-Tonouchi, Uji-shi, Kyoto, Japan 611-0021
Site area: 348,292 m²
ISO 14001:
Certification No. JCQA-E-0058
Certification No. JCQA-E-0249
Main products: Nylon resin, nylon fiber, engineering plastics, nylon/polyester film

	Substance	Unit	Regulation value	Measured value
Air	SOx total	Nm ³ /hour	29.1	4.0
	NOx	ppm	199	30
	Dust	g/Nm ³	0.025	0.02
Water	COD load	kg/day	2,046	441
	Suspended matter	mg/ℓ	30	6
	Oil	mg/ℓ	16	< 0.5
	Nitrogen	mg/ℓ	3.0	1.7
	Phosphorus	mg/ℓ	1.0	< 0.01

Okazaki Plant



Site manager:
Kenichi Shimomori

Location: 4-1 Hinokita-machi, Okazaki-shi, Aichi, Japan 444-8511
Site area: 315,480 m²
ISO 14001:
Certification No. JCQA-E-0292
Main products: Polyester resin, polyester fiber, spunbond (filament nonwoven fabric), medical equipment, environmental business

	Substance	Unit	Regulation value	Measured value
Air	SOx total	Nm ³ /hour	34.89	0.8
	NOx	ppm	210	172
	Dust	g/Nm ³	0.1	0.023
Water	COD load	kg/day	718.7	90.1
	Suspended matter	mg/ℓ	20	10
	Oil	mg/ℓ	10	<1
	Nitrogen	mg/ℓ	60	1.9
	Phosphorus	mg/ℓ	8	0.56

Toyohashi Office



Site manager:
Takeshi Chashiro

Location: 101 Matsunami, Akebono-cho, Toyohashi-shi, Aichi, Japan 441-8527
Site area: 270,804 m²
Main products: Nonwoven fabrics (sheeting for civil works and roofing applications), biobusiness (cauliflower mushroom: Sparassis crispa)

	Substance	Unit	Regulation value	Measured value
Air	SOx total	K value	11.2	0.049
	NOx	ppm	180	65
	Dust	g/Nm ³	0.3	0.003
Water	COD load	kg/day	11.9	4.8
	Suspended matter	mg/ℓ	70	7
	Oil	mg/ℓ	5	<1
	Nitrogen	mg/ℓ	120	15.0
	Phosphorus	mg/ℓ	16	0.37

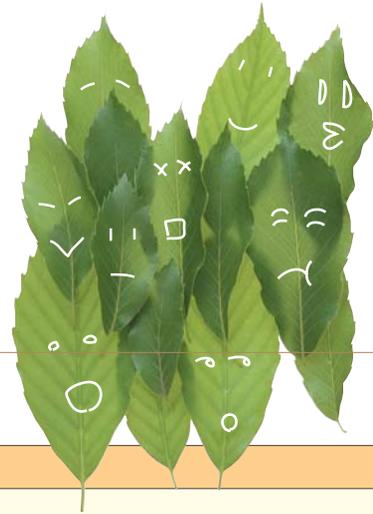
Tarui Mill



Site manager:
Kinjiro Funakoshi

Location: 2210 Tarui-cho, Fuwa-gun, Gifu, Japan 503-2121
Site area: 156,224 m²
ISO 14001:
Certification No. JCQA-E-0323
Main products: Cotton nonwoven fabrics, glass cloth

	Substance	Unit	Regulation value	Measured value
Air	SOx total	K value	11.5	1.9
	NOx	ppm	180	66
	Dust	g/Nm ³	0.3	0.004
Water	COD load	kg/day	108.8	42
	Suspended matter	mg/ℓ	50	2
	Oil	mg/ℓ	5	1
	Nitrogen	mg/ℓ	120	1.8
	Phosphorus	mg/ℓ	16	0.08



Production Site Information (2)

Miyagawa Mill



Site manager:
Hitoshi Yamaguchi

Location: 341 Honmachi, Obata-cho, Ise-shi, Mie, Japan 519-0593
Site area: 103,404 m²
ISO 14001:
Certification No. JCQA-E-0476
Main products: Yarn and woven fabric made from wool and wool blended materials

	Substance	Unit	Regulation value	Measured value
Air	SOx total	K value	17.5	1.9
	NOx	ppm	180	67
	Dust	g/Nm ³	0.3	0.003
Water	COD load	kg/day	91.2	21.6
	Suspended matter	mg/ℓ	30	3.2
	Oil	mg/ℓ	20	2.5
	Nitrogen	mg/ℓ	10	4.3
	Phosphorus	mg/ℓ	1.5	0.02

Sakoshi Plant



Site manager:
Hiroshi Noguchi

Location: 846 Takano, Akaho-shi, Hyogo, Japan 678-0171
Site area: 191,236 m²
ISO 14001:
Certification No. JCQA-E-0093
Main products: Vinyon fiber (for industrial materials such as cement, rubber reinforcements, tatami thread and papermaking binders)

	Substance	Unit	Regulation value	Measured value
Air	SOx total	Nm ³ /hour	9.1	4.6
	NOx	ppm	170	156
	Dust	g/Nm ³	0.12	0.027
Water	COD load	kg/day	348	48
	Suspended matter	mg/ℓ	3.9	2.5
	Oil	mg/ℓ	10	0.8
	Nitrogen	mg/ℓ	10	1.19
	Phosphorus	mg/ℓ	1	0.16

Tokiwa Mill



Site manager:
Hirokazu Yoshida

Location: 88 Nakahara, Sosha-shi, Okayama, Japan 719-1195
Site area: 175,520 m²
ISO 14001:
Certification No. JCQA-E-0221
Main products: Cotton 100% yarn, Blended yarn with synthetic & cotton, Synthetic woven fabrics blended with cotton

	Substance	Unit	Regulation value	Measured value
Air	SOx total	Nm ³ /hour	0.63	0.1
	NOx	ppm	130	110
	Dust	g/Nm ³	0.300	0.009
Water	BOD load	kg/day	120	2
	Suspended matter	mg/ℓ	150	1
	Oil	mg/ℓ	5	1
	Nitrogen	mg/ℓ	10	3.6
	Phosphorus	mg/ℓ	Undetectable	Undetectable

Union Co., Ltd.



President:
Yoshiki Shimizu

Location: 10-1 Ohmine-Minami, Hirakata-shi, Osaka, Japan 573-0145
Site area: 6,886 m²
Main products: Glass beads

	Substance	Unit	Regulation value	Measured value
Air	SOx total	Nm ³ /hour	—	—
	NOx	ppm	180	5.5
	Dust	g/Nm ³	0.15	0.0044
Water	BOD load	kg/day	100	13.7
	Suspended matter	mg/ℓ	150	11.6
	Oil	mg/ℓ	24	1.5
	Nitrogen	mg/ℓ	120	21.6
	Phosphorus	mg/ℓ	16	2.1

Note 1: The displayed regulation values are the most rigorous values mandated by law (Air Pollution Control Law or Water Pollution Control Law), regulations, prefectural guidance or conventions.
Note 2: Includes environmental impact from affiliates within site.
Note 3: SOx = sulfur oxides, NOx = nitrogen oxides, COD = chemical oxygen demand, BOD = biological oxygen demand
Note 4: The displayed air pollution values are the measured values for the major facilities at each site (totals are values for entire site).
Note 5: The displayed water pollution values are the highest values measured at the drain outlets at each site (load amounts are values for entire site).



Inquiries

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