

# Corporate Social Responsibility Report

## UNITIKA CSR Report

Unitika Mascot Girl  
Shiori Tamada.



The 130th anniversary of our founding  
and the 50th anniversary of the merger

**UNITIKA**  
We Realize It!

UNITIKA GROUP  
**2019**



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UNITIKA GROUP **2019**

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## Message from the President

## Corporate Social Responsibility Report

UNITIKA GROUP 2019



President  
Chief Executive Officer

*Shuji Ueno*

We have come to the milestone of the 130th anniversary of our foundation as well as the 50th anniversary of the beginning of Unitika.

Unitika's forerunner, Amagasaki Spinners, was founded to revitalize the region through establishing a new industry. This kind of will to make a contribution to the local region was a major reason for our foundation. Since that establishment in 1889, we at Unitika have developed our business through a variety of business activities, always with the thought of contributing to society. This spirit of "contribution to society" is our *raison d'être*, and has been passed down from the time of our founding to now, forming the very roots of our business activities.

Going forward, we will keep this spirit of our founding in mind, and strive with all of our strength to be the kind of company that people see as necessary and continue to choose as well as the kind of group that can be trusted.

### Our Company and the SDGs

Our management philosophy of "contributing to society by connecting people's lives and technology" signifies our intention to achieve our goal of changing people's lives to be more fulfilling by providing materials and products incorporating Unitika technology. Even as society and the environment surrounding Unitika changes with the times, we will continuously reaffirm that our ideal of building up contributions to society one at a time is in line with the ideals of the UN's sustainable development goals (SDGs). Broadly, those goals are to create balance between the economy, society and the environment, being considerate of others with our decision making as we all grow.

In the future, in order to come closer both to the realization of our management philosophy and one of our group's goals, which is to become a company that continues to be chosen by customers, we will proactively strive for solutions to the social problems indicated in the SDGs.

### Medium-Term Management Plan

Under the "'G'round 20 ~ to The Next Stage' medium-term management plan that began in May 2017, in order to strengthen the basis of our development for further progress, we are aiming to actualize the 3 pillars of "G": Growth (development and nurturing), Global (internationalization) and Governance (corporate governance). We are placing emphasis on four key issues faced in realizing this plan: "business development and improvement of leveraging strengths"; "strengthening acquisition

in growth markets"; "further strengthening our management base"; and "thorough risk management".

Fiscal 2019, which is the final year of our current medium-term management plan, will be a milestone year for our company. To mark this occasion, we will establish the foundation for our future development, with these 3 "G"s at the core.

### Governance

One of the 3 Gs is governance, and from this standpoint we have promoted measures based on the dual pillars of "thorough risk management and compliance" and "increasing awareness of strict compliance and risk management".

In order to ensure the enforcement of new risk compliance management policies, we are promoting and utilizing tools such as PDCA and improved business control. As for increasing awareness of strict compliance and risk management, in fiscal 2018 we made our employees thoroughly aware of the whistleblower system. In fiscal 2019, we will continue pushing for improvements in awareness of norms, as well as promoting an organizational culture that does not allow illicit actions.

### Strengthening of the Quality Assurance System and Restructuring of the Quality Management System

These governance-related measures will be promoted continuously, but it has also emerged that there existed inappropriate cases of certain products being manufactured and sold by the Unitika Group that had quality management issues.

As a company that is responsible for making products, the fact that we have allowed such incidents to occur is highly regrettable. We will reflect deeply on the fact that it was our insufficient awareness of product quality, in addition to offering our sincerest apologies to our customers and all other related parties to whom we have caused tremendous disturbance and distress.

In light of the necessity for taking steps to reestablish our quality management structure and quality assurance throughout the whole group, we have already established (in April 2018) a Quality Assurance Office at Unitika Ltd., and are currently working to reinforce the quality assurance and management structure of the whole group. In the future, the Quality Assurance Office will play a key role in thoroughly implementing measures to prevent recurrence of issues such as these.

At Unitika, we have the "Unitika Action Standards", which set out specific compliance items based on the seven behavioral charters that group officers and employees should abide by as members of Unitika Group.

In these Unitika Action Standards, we declared: "We take pride as a member of the Unitika Group, and at the same time strive to act with responsibility and duty as officers and employees representing the group. We each always act based on consideration of whether our actions comply with the Action Standards, whether they are at variance with generally accepted behavior, and whether they seem right to us ourselves."

We at Unitika will strengthen our group governance and compliance structure, and make every effort going forward to earn the trust of our customers and business partners. We humbly ask for your support in these efforts.



## Notes on FY 2019 Report

### ● Release History and Period Covered

We have released the Unitika Environmental Report once a year since 2002. In 2006, we expanded its content to include CSR activities and interactions with stakeholders. The target period of this report is fiscal 2018 (from April 1, 2018 to March 31, 2019), however, reports on some items are based on data after April 1, 2019.

### ● What This Report Covers

In principle, this report covers the activities of Unitika, Ltd. and the Unitika Group companies, both in Japan and overseas. The Environmental Report only covers the following range of items.

#### Unitika Production Sites in Japan

Uji Plant  
Okazaki Plant  
Tarui Plant  
Tokiwa Mill  
Central R&D Laboratories

#### On-Site Group Companies

Ad'all Co., Ltd.  
Nippon Ester Co., Ltd.  
Unitika Glass Fiber Co., Ltd.  
Unitika Plant Engineering Co., Ltd.  
Unitika Trading Co., Ltd.  
Unitika Textiles Ltd.

#### External Domestic Group Companies

Osaka Dyeing Co., Ltd.  
Terabo Co., Ltd.  
Union Co., Ltd.  
Unitika Sparklite., Ltd.  
Unitika Spinning Co., Ltd.

### ● Release Date and Format

This report has been available for viewing on the Unitika website since October 2019. From the inception of this report in 2002, Unitika has sought to minimize environmental impact by releasing it only on the website and not in paper format. The next report is scheduled for release in October 2020.

### ● Terminology used in this report

- CSR : Corporate Social Responsibility.
- Stakeholders : Customers, shareholders, suppliers, society, local communities, employees, and other individuals and organizations that have vested interests in a company.
- Corporate governance : Decision-making methods designed for the sound operation of a company
- Compliance : The observance of laws and corporate ethics.

## TOPICS

### Common goals of the international community Efforts to achieve the Sustainable Development Goals (SDGs)

The Sustainable Development Goals (or "SDGs") were adopted by the UN as shared goals for the international community in September 2015.

They consist of 17 "goals" and 19 "targets" to be reached by 2030 in order to achieve a sustainable global society.

At Unitika, we will set goals and targets in order to achieve our management philosophy of "contributing to society by connecting people's lives and technology".

#### SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD





#### Company Overview

■ **Name:** Unitika Ltd.

■ **Founded:** June 19, 1889

■ **Capital:** 100,450,000 yen

■ **Osaka Headquarters**

Osaka Center Bldg., 4-1-3 Kyutaro-machi,  
Chuo-ku, Osaka, 541-8566 Japan

■ **Tokyo Head Office**

Nihombashi-Nichigin Dori Building, 4-6-7  
Nihonbashi-Hongoku-cho, Chuo-ku,  
Tokyo 103-8321, Japan

■ **Central Research Laboratory**

23 Uji-Kozakura, Uji-shi, Kyoto, 611-0021 Japan

■ **Number of employees (consolidated):** 3,497 (as of  
March 31, 2019)

■ **Sales (consolidated):** 129.1 billion yen (FY 2018)

■ **Main business areas (consolidated):**

Polymer business area: Manufacturing and sale of films, resins,  
nonwoven fabrics and biodegradable materials

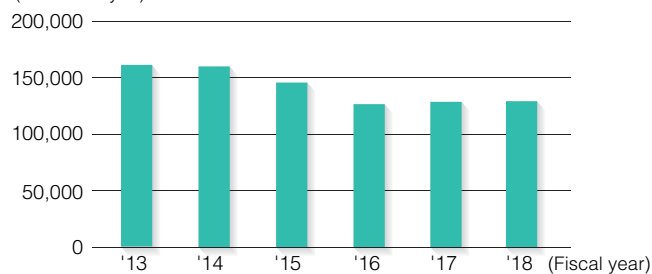
Advanced materials business area: Manufacturing and sale  
of glass fiber products, glass beads and activated carbon fibers

Fibers business area: Manufacturing and sale of threads, cotton,  
woven or knit fabrics, etc. (nylon, polyester, cotton, and other  
secondary products)

Other: Design, construction and facility maintenance of plants

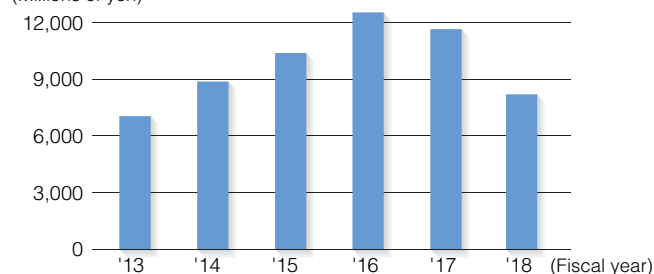
#### ■ Sales(Consolidated)

(Millions of yen)

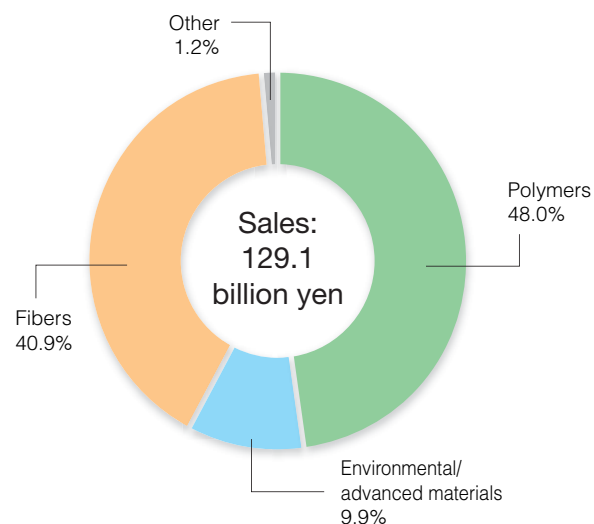


#### ■ Operating Profit (Consolidated)

(Millions of yen)



#### ■ Sales Share of Each Business Unit (FY 2018, Consolidated)







#### Our Philosophy

### "Contributing to society by connecting people's lives and technology"

Upholding history and supporting the present as we look to the future.

Unitika - a company of the future.

Unitika started out as a spinning company at the beginning of modern Japanese industrial period in 1889, and is currently transforming itself into a global company group centered on polymer technology that precisely understands the needs of the present and the future as it continues to evolve as a functional materials manufacturer.

Our philosophy to contribute to people's lives and support their enrichment through technology has been ever-present amidst rapidly changing social situations and environmental issues, and it will never change.

Our role is to produce daily products and materials that substantially improve the quality of industrial activities and infrastructure development, and to create a product group that leads to a future that will come from all of these.

Through our materials used for parts of life that are sometimes not visible, or through products that directly connect with your lifestyle, we continue to provide reliable solutions to life in the present and the future, as well as for the planet.

#### Corporate Governance

##### Basic Policy

Through our management philosophy of contributing to society by connecting people's lives and technology, we at the Unitika Group aim to be a company with a clear social presence. We have worked to achieve stakeholder-focused management by pursuing governance strategies that include the enhancement of legal compliance and risk management, the timely and appropriate disclosure of information, and the implementation of rapid decision making. The Unitika Group is confident in its ability to maximize corporate value in an increasingly globalized environment, and to continue to grow, based on efforts at establishing a management system that pursues these goals.

##### Structural Overview

Under the Companies Act, Unitika has introduced an executive officer system as well as an auditor system. We divide the operational decision making/supervisory (governance) functions of the Board of Directors and the business execution (management) functions of the executive officers. In order to enhance the mobility and effectiveness of the management, we promote cooperation between the directors and the executive officers, while most of the directors also serve as the executive officers with some exceptions.

We believe that our governance system has is functioning as expected by means of the establishment of a voluntary committee, an executive officer system, external directors, and an auditor system.

As for the internal control system, we mainly collect information from inside the company and the group at the Risk Management Office. We have also set up the Compliance Committee, for which the President serves as chairman, as well as internal and external whistleblower contact points, that allow us to deal with such matters in a timely manner. In addition, we are unifying information and strengthening our countermeasures by establishing a Chief Compliance Officer as the officer in charge, with a Risk Management Office under their authority, and a Related Businesses Offices for dealings with related companies.

Furthermore, we strive for thorough and general awareness of compliance through distributing the Unitika Charter of Corporate Behavior and the Unitika Action Standards to our officers and employees of the group, while conducting training with the Risk Management Office accordingly. We have also been distributing "Compliance Line Cards" to increase awareness of the whistleblower contact points and to make sure employees understand the importance thereof.

Unitika regulates Basic Policy for Internal Control based on Companies Act and the Financial Instruments and Exchange Act, as well as setting up the compliance/risk management system led by the Risk Management Office and various committees. Under the Financial Instruments and Exchange Act, internal controls for financial reporting are dealt with mainly at the Audit Office, while internal control regarding offices are set up at our key business branches in order to establish the corporate framework for internal controls.



## Internal Control

### Basic Policy

Under the Companies Act, Ordinance for Enforcement of the Companies Act and Financial Instruments and Exchange Act, Unitika has created a system that ensures the adequate operation of our company and group, as well as the trustworthiness of our financial reports, as follows.

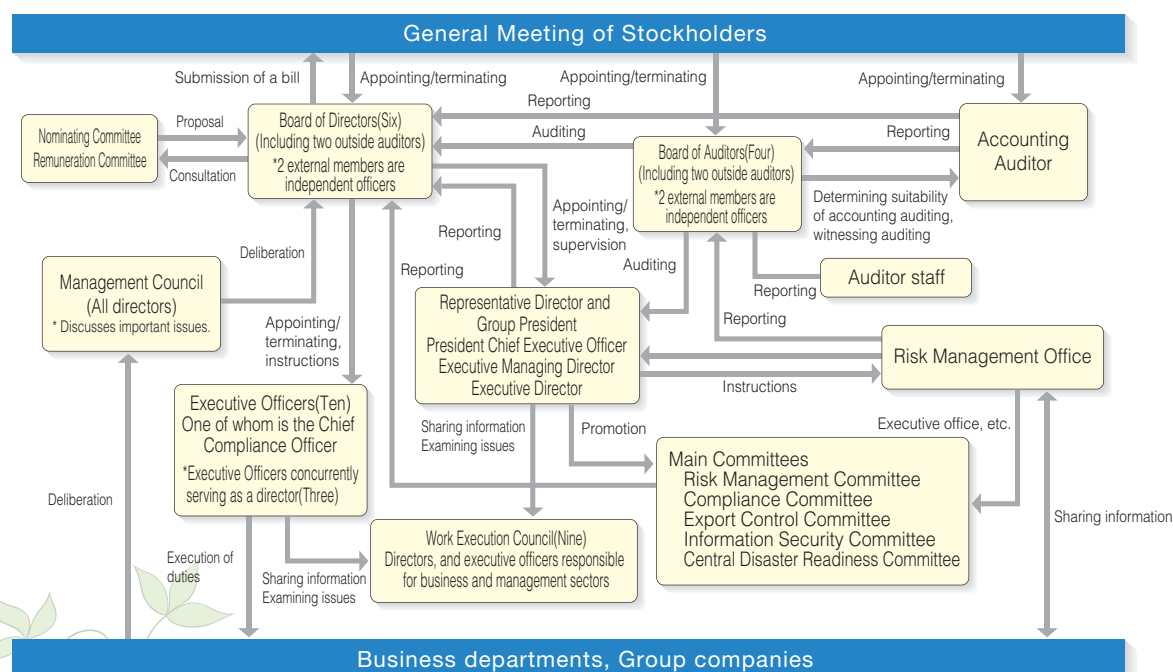
### Unitika's Basic Policy for Internal Control (Item Headings)

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
  - 5-1. Items regarding reports to Unitika in relation to the execution of duties by directors of our group companies
  - 5-2. Regulations and other systems regarding the risk management for loss at our group companies
  - 5-3. System that ensures the efficient implementation of the execution of duties at our group companies
  - 5-4. System that ensures the conformity of the execution of duties by directors and employees of our group companies with laws, regulations and articles of incorporation
6. Organization to secure the reliability of financial reports
7. Items pertaining to the organization for employees, and to their independence from directors, when auditors ask for the appointment of employees to act as assistants
8. Items regarding the independence of the audit staff from directors
9. Items that ensure the effectiveness of the instructions given to the audit staff
10. Organization for reporting to auditors
  - 10-1. Organization for directors and employees to make a report to auditors
  - 10-2. Organization for directors, auditors and employees of our group companies, or those who received a report from them, to make a report to the auditors of our company
11. Organization that ensures the fair treatment of people who make a report to the auditors
12. Items regarding the procedures for the advanced payment or reimbursement of the expenses arising from the performance of duties of the auditors or the policies regarding the processing of other expenses or debts arising from the performance of duties of the auditors
13. Other organizational elements to ensure that auditing by auditors is performed effectively

### Organization

The diagram below shows the organizational structure used for corporate governance, and to ensure fair corporate activities. The basic elements correspond to Unitika's Basic Policy for Internal Control (outlined above). This structure is used to strictly enforce internal control-compliance, information saving/management, risk hedging, export control, increasing the execution efficiency of director job duties, and ensuring the suitability of operations.

### Organization

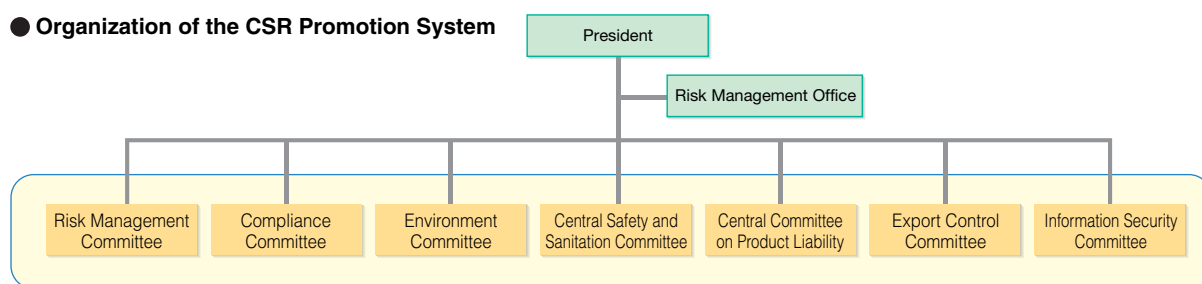




## CSR Promotion System

Unitika's Risk Management Office is an organization created to promote and oversee all CSR activity areas, such as environmental awareness, safety measures, compliance and risk management. We have established a management system consisting of various committees and business divisions that support the Risk Management Office in promoting CSR initiatives. Priority initiatives include those aimed at ensuring (1) the promotion of compliance, (2) environment, health, and safety (EHS) management, (3) product safety, (4) export control, and (5) information security management.

### ● Organization of the CSR Promotion System



## Environment, Health, and Safety (EHS) Management

Unitika's Environment Committee and Central Safety and Sanitation Committee are organizations created to oversee environmental management, and health and safety management. The Environment Committee's main functions are examining basic plans on environmentally aware business and verifying their progress, discussing reports of results of environmental audits of production sites and Group companies done by the committee secretary, and discussing other major items related to the environment. The Central Safety and Sanitation Committee discusses measures to prevent work-related accidents and other accidents/disasters, and discusses other major items related to health and safety. These two committees are higher-level organizations that oversee the Environmental Safety Groups of individual Unitika production sites and Group companies. They play an important role in specifying and compiling Group policies when lower-level organizations propose and implement measures reflecting their own unique circumstances.

## Export Control

In the Unitika Group, export control managers appointed at our business sectors and group companies carry out the management of the daily export operations under the Export Control Committee chaired by a director, based on the Export Control Regulations. The committee administration supervises the situation while sharing information among the managers regarding the management status within the group, as well as trends for the revision of laws and regulations, through the manager conference held regularly. Also, in order to promote the acquirement of accurate information by our employees, we disseminate information using the intranet and conduct training for each position in the group.

## Information Security Management

Unitika set forth its "Information Security Declaration" establishing a management/operation system centered around the Information Security Committee. This was created in order to outline approaches to ensuring the protection and effective use of personal information received from users and of information obtained in the course of doing business. Unitika also strives to prevent accidents in our daily business operations through the enhancement of security devices against threats and risks, including targeted attacks, by raising awareness through in-house education.

### ■ 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.





## Compliance Promotion

In 1998, Unitika instituted the Unitika Action Charter. Moreover, as a company that contributes to people's lifestyles and the environment while carefully ensuring legal compliance, Unitika distributes a booklet of these standards to all Unitika Group directors and employees, so that they can put them into action.

In FY 2011, additions were made to the standards in compliance with international rules prohibiting inhumane acts—forced labor, child labor and human trafficking. We work to ensure that all employees are aware of compliance and that it is firmly established by making it a component of all promotional training and new employee training.



A compliance training session

## Unitika Charter of Corporate Behavior

The Unitika Charter of corporate behavior 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.

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

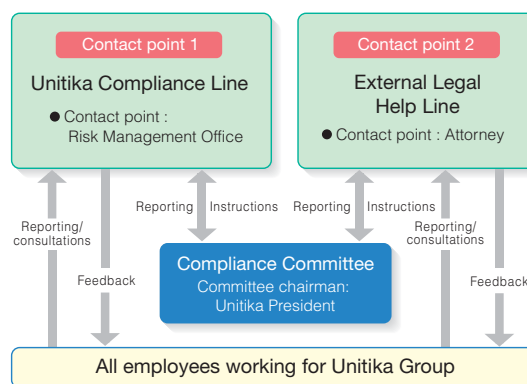
1. UNITIKA, by the development and provision of socially beneficial goods and services in a safe and responsible manner, shall strive to earn the confidence of their consumers and customers.
2. UNITIKA shall promote fair, transparent, free competition and sound trade. They shall also ensure that their relationships and contacts with government agencies and political bodies are of a sound and proper nature.
3. UNITIKA shall engage in communication not only with shareholders but also with members of society at large, including active and fair disclosure of corporate information.
4. UNITIKA shall strive to respect diversity, individuality and differences of their employees, to promote safe and comfortable workplaces, and to ensure the mental and physical well-being of their employees.
5. UNITIKA shall respect the culture and customs of other nations and strive to manage their overseas activities in such a way as to promote and contribute to the development of local communities.
6. UNITIKA shall reject all contacts with organizations involved in activities in violation of the law or accepted standards of responsible social behavior.
7. As a "good corporate citizen," UNITIKA shall respect fundamental human rights and actively engage in philanthropic activities, and other activities of social benefit.

## Whistleblower Contact Points

We have put into effect a set of 'Whistleblower Protection Regulations' and have set up two reporting contact points (one inside, one outside the Company) to enable employees to immediately report any malfeasance or illegal activities they encounter. We thoroughly establish the compliance of the whole group, mainly through the Compliance Committee chaired by the president.

The regulations include provisions to protect whistleblower privacy and prohibit prejudicial treatment of them for making a report.

## Unitika's Whistleblower Contact Points



## Harassment Consultation Services

We have set up a help desk at each office and group company regarding harassment at work, such as sexual harassment, power harassment, harassment in relation to pregnancy, childbirth, parenting and nursing care including maternity harassment, in order to detect and resolve harassment at an early stage.

The Guidelines Regarding the Prevention of Human Rights Violation such as Harassment at Unitika Group was established in 2012, and was revised in December 2016.

As we broadly strive toward the prevention of harassment and the establishment of a workplace where all our employees can work comfortably, we have added the statements that sexual harassment cannot be allowed regardless of the victim's sexual orientation and gender identity, and that it is considered as sexual harassment if there is any nonconsensual sexual statements or action, even if it is between people of the same sex.



A harassment training session



## Unitika Purchasing Policy

### Purchasing Policy

Unitika purchasing departments will engage in transparent, fair procurement practices that meet personal and community standards. They will uphold the Company's duty to engage in responsible procurement practices placing emphasis on CSR activities.

#### 1. Legal Compliance

When executing purchasing activities, the Company will comply with laws and community standards, engaging in transparent, fair procurement practices and aiming to be a good corporate citizen.

#### 2. Harmony With Environment

When procuring products or services, the Company will value environmental awareness and the preservation of safety, endeavoring to purchase products and raw materials of low environmental impact.

#### 3. Respect for Human Rights; Improving Working Environments

When engaging in purchasing activities, the Company will respect human rights and ensure that all forms of prejudice are eliminated when work is executed. The Company will make efforts to ensure health and safety, and to improve work environments.

#### 4. Partners (CSR Aspects)

The Company will aim to create better partnerships, and ask partners to:

- A. Comply with legal and community standards
  - B. Work on activities to preserve the environment and to ensure safety
  - C. Respect human rights; value efforts to improve working environments
  - D. Endeavor to ensure appropriate quality/prices and reliably on-time delivery, and to maintain and improve products and services
  - E. Abide by our chemicals management guidelines
- Additionally, cooperate in surveys and reports related to them

## TOPICS

### 69th Industrial Technology Awards

#### Development of the Aquapack concrete wet curing sheet

On Friday, May 17, 2019, the Nonwoven Division's "Development of the Aquapack concrete wet curing sheet" received an award at the 69th Industrial Technology Awards. The Awards are organized by the Osaka Industrial Research Association to honor those with significant achievements in the advancement of on-site technology and research and invention in industry.

"Aquapack" is a wet curing sheet that, when applied to a concrete surface, enables the concrete's increased quality and contributes to longer building life. It has a two-layer structure consisting of a water-retention layer made of the spunlace nonwoven fabric "Cottoace" and a water-impermeable layer made of polyester film. Unitika will continue to develop and sell the kind of spunbond and spunlace nonwoven fabrics that satisfy our customers.



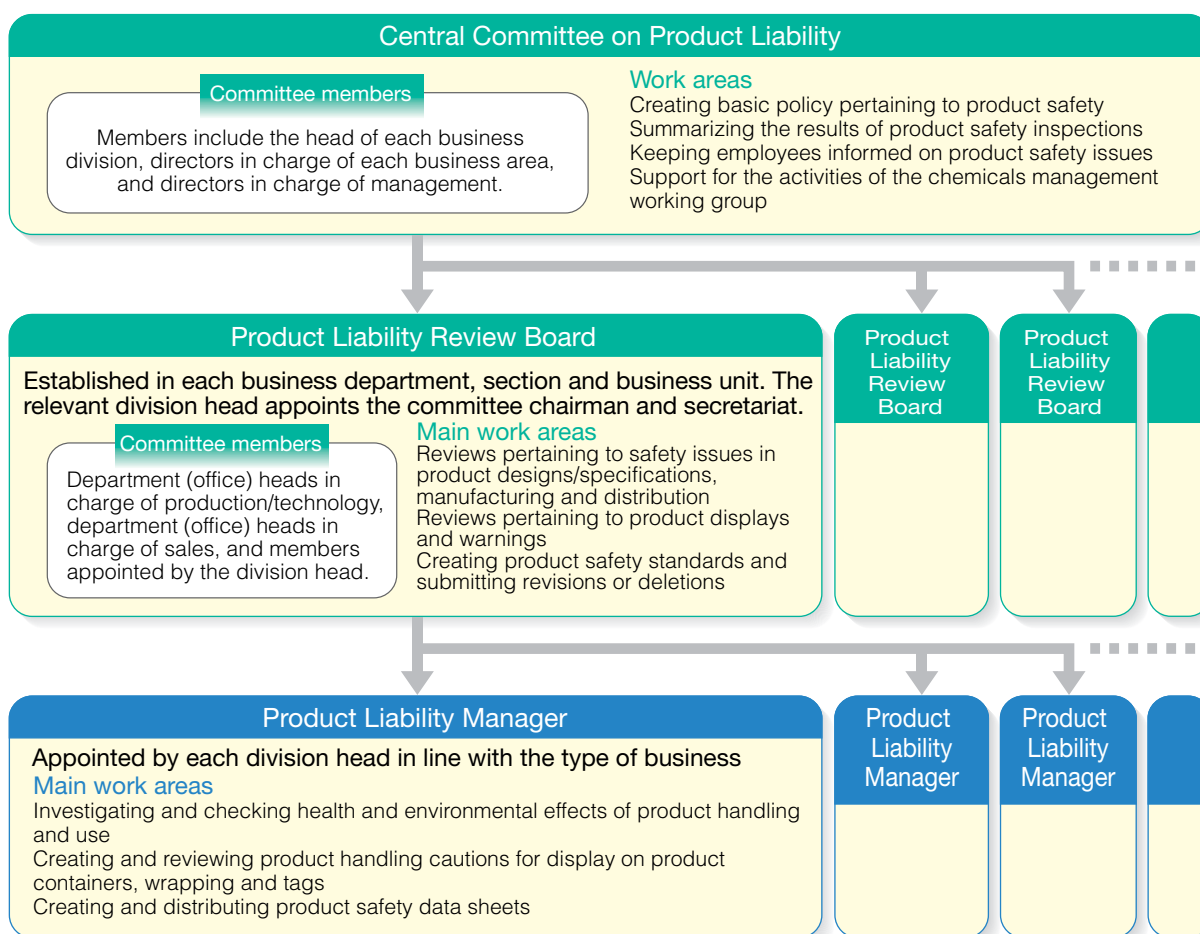


## Relationships with Clients

Through our product liability and quality assurance efforts, Unitika strives constantly to improve product safety and quality of our products maintaining customer satisfaction as our first priority.

## Ensuring Product Safety

Unitika has established product safety management regulations designed to ensure that we always offer safe products to our customers. These safety management regulations contain detailed provisions on areas such as basic policy, responsibility areas, implementation systems, and bylaws on the implementation and application of manual procedures. Unitika and Unitika Group companies work to ensure that product manufacturing and sales are carried out safely and in compliance with these regulations. The chart below details a promotional system, headed by the Central Committee on Product Liability, for ensuring product safety.



## Product Safety Record for Fiscal 2018

No product liability-related incidences occurred.

\*Information on the claims which may bring about an accident is shared by the Central Committee on Product Liability and such information is used to prevent from repeated claims.

## Reestablishment of Quality Assurance and a Management System

In light of the necessity for taking steps to reestablish our quality management structure and quality assurance throughout the whole group, in April 2018 we established a Quality Assurance Office, and are currently working to reinforce the quality assurance and management structure of the whole group.

At the Quality Assurance Office, as one of the strengthening measures for quality assurance activities, we established the Guidelines for Quality Assurance to be shared throughout Unitika Group, based on our value of "prioritizing quality over things like speed and cost", with the goal of providing products that our customers can use safely and with peace of mind. These guidelines' contents are being made to set in throughout the group, ensuring a stronger quality assurance system.



### Relationships with Shareholders & Investors

Seeking to pursue a stakeholder-oriented business style, the Unitika Group strives to create several opportunities to enable timely information disclosure to shareholders and potential investors. The Unitika Group implements activities to ensure these opportunities run smoothly, and works to augment dialogs with shareholders and potential investors.

#### IR Activities

##### ■ Ordinary General Stockholder Meetings

Held every year in late June. Outlines the latest business conditions and gives shareholders an opportunity to dialog, seeking to provide a better understanding of the Company's current management environment and policies.

##### ■ Announcements of Financial Statements & Explanatory Sessions

Unitika conducts a variety of financial data disclosure activities, including twice-yearly second quarter and full financial year accounting statements for the press, both of which are followed a week or so later by an explanatory session geared toward institutional investors and analysts.

##### ■ Institutional Investor Visits

Unitika representatives make visits to institutional investors and analysts in order to provide more specific information as needed.

##### ■ Publications

- Financial Flashes (4 times annually, in May, August, November, and February)
- Stockholder Reports (2 times annually, at second quarter and full year closing)
- Corporate Guides
- Fact Book

##### ■ Website Disclosures

Unitika's website contains the Investor Relations page for shareholders and potential investors that discloses IR information and press releases on products and services. There is also an archive of past short-form financial statements, IR briefings materials and securities reports.

#### Share Status (as of 31 March, 2019)

##### ■ Total Number of Shares Issued :

|                |            |
|----------------|------------|
| Common shares  | 57,752,343 |
| Class A shares | 21,740     |
| Class B shares | 2,559      |

##### ■ Number of Shareholders :

|                |        |
|----------------|--------|
| Common shares  | 40,489 |
| Class A shares | 1      |
| Class B shares | 2      |

### TOPICS

#### AED training session At Ako Unitech Service Co., Ltd.

While it had been established within the operational scope of the Sakoshi Plant before, there was previously no AED in the special working area of Ako Unitech Service Co., Ltd., which is located within the Sakoshi Plant, and so one was set up there for the first time.

Employees attended a chest compression and AED course to coincide with the delivery of the AED on Friday, June 14, 2019.

Because this equipment is not something that is used on a regular basis, this seminar was a valuable opportunity to reconfirm the method of use.







## Contributing to the Community and the Environment

The Unitika Group is seeking to protect the environment, preserve biodiversity and ensure solid educational opportunities for children by disseminating information on a wide variety of topics ranging from local beautification drives and disaster readiness programs, to woodland conservation and educational aid in developing countries.

### Community-focused Initiatives

#### ECO Kyoto

Eco Kyoto 21 is a system run by Kyoto prefecture to certify and register production sites that play a leading role in environmental preservation or local recycling efforts. Unitika's Uji Plant is participating in the system, and in 2004, was certified and registered in the system's Ecstyle category for production sites and organizations engaging in highly original environmental awareness activities.



#### Participation in Local Beautification Activities

As part of their efforts to give back to the community, Unitika production sites actively take part in environmental beautification drives to clean up their surroundings.

At the Okazaki Plant, 150 employees participated, cleaning the area around the plant, on Saturday, April 6, 2019.

At the Uji Plant, cleaning of the surrounding area was conducted three times a year through the project called the Clean Uji Initiative. In fiscal 2018, the clean-up was carried out three times (Thursday, June 28, Thursday, August 30, and Friday, March 1) with the participation of 704 employees in total.

At the Tarui Plant, the cleaning and weed-removal by 37 labor union branch members along the roads and waterways near the plant were carried out on Sunday, May 27, 2018, and the cleaning of the nearby roads was carried out by 18 labor union branch members as part of the branch training seminar on Saturday, March 30, 2019.

At Unitika Textiles Ltd., a pizza-making event was organized by the company and the union on Sunday, May 26, 2018. Participants made the one-hour journey to the venue (Noumaru Engei Kibiji Noen Farm) on foot after picking up garbage around the plant.

In addition to our regular beautification activities, the employees at the Sakoshi Plant and Ako Unitech Service Co., Ltd. participated in the cleaning of the surrounding area, as well as the cleaning of the central city area, as initiated by the members of the chamber of commerce as a part of the Ako Clean-up Project on Thursday, May 30, 2019 (Zero Waste Day). At lunchtime all employees who were at work that day took part in a clean-up around the entrance to the plant.

At Union Co., Ltd., there is a regularly scheduled cleaning day once or twice a month (once a month during winter, twice a month during summer when the lawn needs to be mowed). The cleaning locations (plant grounds, the area around the plant, the nearby bus stop, etc.) change, and every time roughly 10 individuals perform the cleaning for around 30 minutes.



Volunteers from the Okazaki Plant taking part in a local cleanup drive



The Uji Plant's cleanup drive



Cleaning and weed-removal along the roads and waterways near the Tarui Plant



Garbage collecting activities at Unitika Textiles Ltd.



Regional cleaning activities in the areas around the Sakoshi Plant and Ako Unitech Service Co., Ltd.



Cleaning activities near the Union Co., Ltd. Plant





## Preserving the Environment and Biodiversity

### Participation in Biodiversity Declaration

Unitika has endorsed the Declaration of Biodiversity released by KEIDANREN(Japan Business Federation) in 2009, and is partnering with it in promoting the declaration. The declaration contains seven principles covering areas such as harmonizing business activities with natural cycles, and promoting businesses oriented to these cycles. Unitika's business activities are designed with an awareness of biodiversity.

### Unitika no Mori ('Unitika Wood') Project

Unitika's labor union, Unitika Union, established a volunteer fund in 1992 to develop a variety of domestic and international support activities. As a project that commemorates its 30th anniversary in 2003, Unitika Union started the Midori no Plan ('Green Plan') with the purpose of social contribution and environmental protection in Japan.

For the Midori no Plan, we planted Japanese chestnut oaks, konara oaks and Japanese cypresses in a 2 hectare area (approximately 2.5 acres) of mountain forest that has been named Unitika no Mori, located in Hidakagawa-cho, Wakayama Prefecture. Several times a year, Unitika employees visit the site to maintain the forest by clearing underbrush and pruning branches. These activities have been officially recognized by Wakayama Prefecture as 'an effort that contributes to CO<sub>2</sub> absorption through forestation'. It is expected to result in about 800 metric tons of carbon dioxide absorption over the next 100 years.

"Unitika no Mori" was the first "corporate forest" in Wakayama, which was a pioneer nationwide in the establishment of such corporate forests. Unitika no Mori has received high praise for not only its woodland preservation activities but also its contributions to revitalizing the local region by such activities as continuous interaction with the local people. In 2018 it was awarded the Wakayama Prefecture Greening Achievement Award.

In September 2018, 27 of our employees joined the Midori no Plan training program and learned about the importance of environmental preservation through being surrounded by nature. In total, more than 470 people participated in the project.





### I Disaster Prevention & Readiness Efforts

To prepare for major disasters like the earthquake and tsunami that devastated Tohoku in March 2011, disaster readiness measures are crucial both to fulfill the basic mission of protecting the lives of employees as well as to uphold the responsibility to stakeholders of continuing business activities. In compliance with Japan's Act for Promotion of Renovation for Earthquake-Resistant Structures, the Unitika Group inspects structures and facilities of production sites. We also work to create self-supporting emergency energy supply systems by providing for home generation facilities and working on production site energy conversion.

#### ● Disaster Readiness Training

The Unitika Group works on creating systems to prevent production accidents and accidents damaging surrounding areas, while actively promoting training to prepare for accidents and natural disasters. To make internal standards for managing safety at production facilities, Unitika has established a set of "pre-evaluation policies" on safety sanitation and environmental effects at new facilities. As a disaster readiness measure when creating or renovating facilities, a total of two rigorous inspections (during design and upon completion) are carried out in compliance with these standards.



Integrated emergency drill (Okazaki Plant)



Emergency drill (Uji Plant)



Hydrant water-discharge drill (Tarui Plant)



Emergency evacuation drill (Tarui Plant)



Emergency evacuation drills (Unitika Textiles)



Emergency drill (Union Co., Ltd.)

At the Okazaki Plant, 400 employees participated in a large-scale integrated emergency drill on the "Disaster Drill Day at Plants", Friday, November 16, 2018. In addition to evacuation drills in preparation for an earthquake, drills in preparation for a variety of crises including the outflow of chemicals, fire breakouts, confinement and the cardiopulmonary arrest of employees were carried out through cooperation between the headquarters for disaster control and the locations.

At other plants, too, we organize regular drills in the spring and autumn fire preparation seasons.

At the Uji Plant, separate drills were held for each division on announcement, contact, evacuation, rescue, early-stage firefighting, etc. The participation in fiscal 2018 was 811 people.

At the Tarui Plant, we held a hydrant water-discharge operating drill on Wednesday, April 25, 2018 and Wednesday, November 14, 2018. Two groups (total eight people) sprayed water with the fire hydrant on the plant's outdoor field area. Then on Wednesday, November 13, 2018, 145 employees from all divisions of the plant participated in the evacuation drill, evacuating to the outdoor field area when the earthquake siren sounded.

At Unitika Textiles Ltd. on Tuesday, June 4, 2019, we conducted an emergency evacuation drill in preparation for an earthquake. The drill included such things as getting under desks or between large machines from when an earthquake occurs to when the tremors subside, evacuating while confirming the appropriate evacuation route on an individual basis, roll call to confirm that everyone is safe, etc. For evacuation from within the plant in particular, it is believed that evacuation routes are very important, and so each person was made to confirm the evacuation routes themselves as they performed the work.

At Osaka headquarters on Friday, October 12, 2018, we conducted an emergency evacuation drill in preparation for an earthquake.

Union Co., Ltd. holds disaster preparation drills once a year. Until last year they were held in November, but in order to allow shift workers to participate as well, this time it was held on April 26 (during a maintenance period when there is no manufacturing), and 62 employees throughout the company were able to join in. Anticipating the occurrence of an earthquake, various drills (including evacuation and assembly announcements, using fire hydrants for putting out fires, and providing emergency aid to the injured) and inspection of equipment were performed. Seminars taught by employees on such topics as how to use a fire extinguisher, how to assemble a stretcher, and how to perform an LNG emergency shutdown, were also provided.

#### ● Preparation for large-scale disasters

Unitika established the Protocols for Returning Home which encourages our employees to stay in their worksites in case of public transportation such as trains gets interrupted due to large-scale disasters, in order to prevent them from having problems during their return home, or to prevent them from obstructing the operations of police officers and fire fighters. We are also carrying out initiatives such as storing disaster equipment, supplies, drinking water and preserved food. We also established a system that allows us to handle requests for support from the people of local communities and local governments.



### Concern for Our Employees

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.

#### I Personnel System

Unitika's personnel system is designed to encourage employees to develop their careers and improve their abilities. It offers several different educational programs to enable employees to work on their personal growth with a high degree of motivation and an ambitious mindset. These programs are offered systematically and continuously to enable organizational growth and boost corporate competitiveness.

##### ● Personnel Rotation System

Unitika's personnel rotation system is designed to enable systematic education of the human resources needed for the ongoing running of organizations in accordance with the job level of each individual. It is designed to enable the career development of each employee, to create synergy among organizations and to lead to better business opportunities and corporate performance. Employees self-report the positions they want to be posted to, which are considered along with the needs of the Company, providing the best possible understanding of expected employee roles and ability development goals, and enabling more effective operations.

##### ● Evaluation System

Unitika's evaluation system is designed to provide a more accurate understanding of the roles employees expect to occupy, and to provide more impartial evaluations of the individuals producing the results needed to fill those roles. Employees are given yearly performance evaluations that rate them based on their competency, ability, role improvement, attainment of results, and job execution processes. They are also given twice-yearly performance evaluations in accordance with the Company's target management system. These evaluations form the core of an evaluation system that helps ability development and education of each employee, is linked to pay raises, promotions and bonuses, and enables reliable feedback through discussions of evaluation results with superiors.

#### I Human Resources Education

Unitika provides our education system with the philosophy that raising the skills standards of all our employees leads to the strengthening of the foundations of the organization. We consider OJT based on the career paths of employees as the core of human resource development, and have established a system that more efficiently provides follow-ups for early-career employees, as well as education and support for managers. For the OFF-JT (a system that supplements OJT), we have enriched the programs for the improvement of management and problem-solving skills and understanding aimed at promotion of diversity, through position-based training, while increasing the "function-based education" options such as a sales group, a technology development group, and a manufacturing group. Unitika will continuously implement the global human resource development program that contributes to the promotion and strengthening of our global business development according to the plan. We will also foster a global mindset, intercultural communication skills and language skills in our employees, and thereby promote the strengthening of our staff who can handle overseas-related work. We are also actively providing self-development support for employees.

##### ○ Education/Training System

Ability training period (first 3 years at Unitika) and follow-up training, on-the-job training for reinforcement  
Level-specific education (such as for high-level managers, new managers, supervisors and other newly promoted employees)  
Selective education (such as for core leaders and young leaders)  
Function-specific education (for sales positions, technology development positions and manufacturing positions)  
Overseas study system for technical positions  
Self-improvement support (such as help gaining qualifications and correspondence courses)

##### ○ Training Programs for Global Human Resources

- Placement in overseas-related positions or overseas bases through personnel rotation
- Overseas trainee system
- Overseas business trip accompaniment system
- Assistance for taking foreign language lessons
- Overseas-related job training (global courses, Global business skills training, global management training)
- TOEIC testing recommendations, other
- Training for supervisors at overseas offices
- Training for national staff (i.e., training intended for the national staff who are employed at our overseas affiliates)



## Utilization of Diverse Human Resources

### Promoting Diversity

In order to foster a corporate culture that allows diverse human resources to thrive, we have established a "Diversity Promotion Group". We are implementing diversity training aimed at all headquarters employees, and training programs divided by organizational level, in order to deepen understanding and facilitate the permeation of the concept of "diversity". Through things like group work and opinion exchanges, we are working to reform awareness throughout all companies. We are also distributing questionnaires so that we can take into account the opinions of the employees.

Promotion of women's participation is one aspect of diversity promotion that we are working on. In order to promote women's participation in the workplace, we feel it is critical to reform the corporate culture. Based on this mindset, we are organizing awareness reform training sessions for management (including officers) and training seminars aimed at female employees, and through continuous training we intend to foster mutual awareness.

### Work-Life Balance

In order to promote the balance between employees' work and private lives, we have implemented "no-overtime days" to reduce the amount of overtime, and introduced both prenatal and postnatal maternity leave, caregiver leave, time off for sick/injured childcare, and time off for caregivers, all exceeding legal requirements. For employees engaged in childcare or caring for an infirm/disabled relative who request half-day paid leave very frequently, we have increased the maximum from 10 times (5 days) per year to 14 times (7 days) per year. Shortened work hours for child-rearing is a system whereby those with children who are 3 or older but have not completed the 3rd grade in elementary school can reduce their work time by one hour. We also decreased the minimum unit of paid leave from the previous 30 minutes to 15 minutes, thereby making it easier for employees to use their leave. We are also promoting the taking of childcare leave by male employees.

### Return Employment System

In the event that a full-time employee who has been working for us for three years or more is required to leave the company for unavoidable family reasons (marriage, child-rearing, caring for an infirm or disabled relative, their spouse being transferred, etc.), and later that situation changes and they are able to return to work, this system grants that person a chance to come back and work for us based on the mutual desire of both them and the company.

### Reemployment System

At Unitika, we have established an "elder employee system" that allows employees who have reached retirement age to continue working for us energetically as long as they have the aptitude and desire to do so. We are working to improve this system constantly. Our elder employees are making use of their experience and know-how and thriving in a variety of our workplaces.

|      | Employees taking childcare leave | Employees taking leave to care for elderly relatives |
|------|----------------------------------|--|
| 2013 | 26(4)                            | 0  |
| 2014 | 24(4)                            | 1  |
| 2015 | 15(2)                            | 3  |
| 2016 | 19(4)                            | 0  |
| 2017 | 17(4)                            | 0  |
| 2018 | 17(6)                            | 0  |

\*Numbers in parentheses indicate number of male employees who took childcare leave.

### Employing People with Disabilities

Unitika not only employs enough personnel to meet the legally mandated percentage of employees with disabilities (2.2%) but also cooperates with local employment agencies and welfare facilities in activities to provide self-reliance support to people with disabilities. In October 2016, we were honored as an "excellent office for the recruitment of people with disabilities" by the Osaka Prefecture Recruitment Development Association, and in September 2018 were awarded the "President's Effort Award for excellent offices for the recruitment of people with disabilities, etc." by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers.

(\*The legally-defined rate of hiring for people with disabilities is that of fiscal 2018.)

Percentage of Unitika employees with disabilities

2.35% (FY 2018)

## Promoting Awareness of Human Rights

### Raising Human Rights Awareness

The Unitika Charter of Corporate Behavior that is distributed to our employees upholds the respect for human rights. We are working towards human rights awareness by setting up a human rights awareness promotion organization and conducting in-house human rights training for our employees including the CEO, executives and the CEOs of our affiliates. As a member of the Corporate Report Association of Human Rights Issue, Unitika works on human rights issues in a variety of ways, such as by gathering human rights educational information. Based on our understanding that any kinds of harassment is considered a violation of human rights, we have set up a support desk for sexual harassment, maternity harassment, and power harassment at each of our offices and affiliates to raise the level of understanding and awareness of our employees.

### Elimination of forced labor and child labor

Unitika Group companies and overseas affiliates have made declarations of their refusal to take part in any form of forced labor or child labor in violation of international agreements such as the International Covenants on Human Rights or the Convention on the Rights of the Child. The Unitika Action Standards document the Company's refusal to permit these practices or human trafficking for the purpose of such practices.

### Fair Recruitment Practices

Unitika has created the Unitika Employment Interview Manual based on the spirit of the employment selection guidelines issued by The Ministry of Health, Labour, and Welfare. We promote fair recruitment practices by distributing the manual at meetings and training seminars for interviewers and those involved in the selection process, and ensuring that all concerned are familiar with its contents.



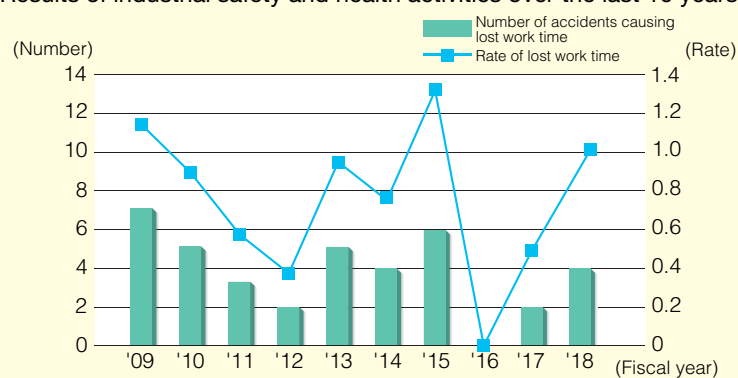


## Safety & Health Activities

At the Unitika Group, the Central Health and Safety Committee is implementing, at all workplaces and group companies, health and safety activities aimed at eliminating accidents that require time off from work. The 17th Health and Safety Guidelines, which started in fiscal 2017, has established “reducing the number of accidents by half” and “safety activities that all workers participate in” as safety management targets and “a pleasant workplace” and “healthy management” as health goals. Once a year, a health and safety conference is held with the participation of relevant parties within the group. Efforts are being made to raise awareness through activities such as announcements, awards, and special lectures.



Results of industrial safety and health activities over the last 10 years



\*We achieved the result of zero-accidents in fiscal 2016.

## Asbestos Removal

In 2005, the Unitika Group established the Asbestos Action Committee, a Groupwide body that promotes asbestos-related measures. Exposed beams and posts containing friable asbestos have already been removed, sealed off or enclosed. Friable and non-friable asbestos that has been sealed off or enclosed is being treated as needed, sometimes in conjunction with periodic repair work.

To verify worker health, we have provided asbestos-related health checkups to all current and former employees requesting it who have handled asbestos in the past. As of March 2019, our past and current employees included Twelve certified industrial accident victims (of whom seven have died) and three victims certified under the Law Concerning the Relief of Health Damage Due to Asbestos (of whom three have died). No health problems have been reported from residents of areas surrounding production sites or Group companies.

Number of certified industrial accident victims: 12 (7)\*  
Number of victims certified under the Law Concerning the Relief of Health Damage Due to Asbestos: 3 (3)\*

\*Number in parentheses is number of deaths.

## Employees' Health

### Mental Health Initiatives

Based on the Ministry of Health, Labour and Welfare's "Guidelines for Maintaining and Improving Workers' Mental Health", we conduct mental health training both at the time new recruits join the company and when employees are promoted. We are actively working to promote the mental health of our employees.

We are conducting stress check examinations to implement stress relief measures for those who score high in stress levels, as the first preventive measures for mental health care.

### Return Support Guidelines

We have established "Return Support Guidelines" to allow those who were away for an extended period of time to return to work smoothly.

### Lifestyle Disease Countermeasures

We conduct blood tests and electrocardiograms, outside of what is required by law, at regular health checkups for younger employees, and work to encourage employees to take an interest in health management before they become middle-aged and older.





## 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

|  |   |
|--|---|
| <b>1</b> 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. |
| <b>2</b> Contributing through technology development                 | We aggressively research and develop technologies to protect and help the global environment.   |
| <b>3</b> Using resources and energy efficiently                      | We promote efficient use of resources and energy, and recycle limited resources.  |
| <b>4</b> 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.                                    |
| <b>5</b> 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.  |

## TOPICS

### Receiving a prize at the 31st Okazaki City Early-stage Firefighting Technology Expo

The Okazaki Plant sent five individual entries (three men, two women) and three teams (mixed) to the Early-stage Firefighting Technology Presentation held by the Okazaki City Dangerous Items Safety Liaison Council on October 25, 2018. Two of our individual entries and one team entry were awarded special prizes. Next year we will enter again and aim for an even higher award.





## History of Environmental Preservation Activities

### Unitika's Environmental Preservation Activity History

Unitika's work on environmental management has continued uninterrupted for over 40 years, and will continue 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 Charter of Corporate Behavior, 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 Unitika 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, and coexistence with the public good and stakeholders.

|                |  |
|----------------|--|
| 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).   |
| October 2008   | Created targets for fifth Medium-Term Environmental Plan (FY 2009 to 2011).  |
| October 2011   | Created targets for sixth Medium-Term Environmental Plan (FY 2012 to 2014).  |
| January 2015   | Created targets for seventh Medium-Term Environmental Plan (FY 2015 to 2017).  |
| January 2018   | Created targets for eighth Medium-Term Environmental Plan (FY 2018 to 2020).   |

### ISO 14001-Certified Unitika Organizations

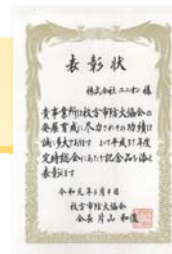
Unitika is working on becoming certified under ISO 14001-the international standard for environmentally-aware corporate activities. Since 1999, five production sites (Uji, Okazaki, Sakoshi, Tarui and Tokiwa) and 11 major Group companies have become certified. We have started activities to help our affiliates obtain ISO 14001, and have been conducting environmental audits of each company.

|                |  |
|----------------|--|
| April 1999     | Ad'all Co., Ltd.                           |
| January 2001   | Unitika Textiles Ltd., Tokiwa Mill         |
| March 2001     | Unitika Uji Plant                          |
| March 2001     | Unitika Uji Plastic Plant                  |
| March 2001     | Unitika Central R&D Laboratories           |
| March 2001     | Unitika Glass Fiber Co., Ltd., Kyoto Plant |
| October 2001   | Unitika Okazaki Plant                      |
| October 2001   | Nippon Ester Co., Ltd., Okazaki Plant      |
| December 2001  | Unitika Tarui Plant                        |
| December 2003  | Unitika Glass Fiber Co., Ltd., Tarui Plant |
| September 2004 | Terabo Co., Ltd.                           |

## TOPICS

### Union Co., Ltd. presented an award from the Hirakata City Fire Protection Association

On Tuesday, June 4, 2019, Union Co., Ltd. was presented with an award for their training efforts by the Hirakata City Fire Protection Association.





## I Medium-Term Environmental Plan

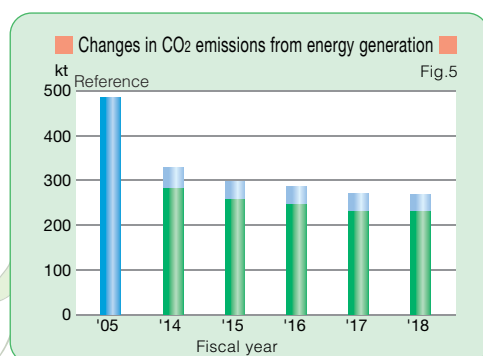
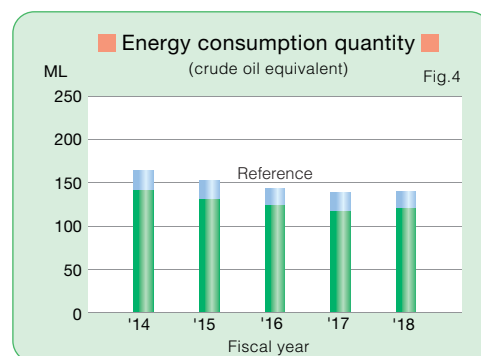
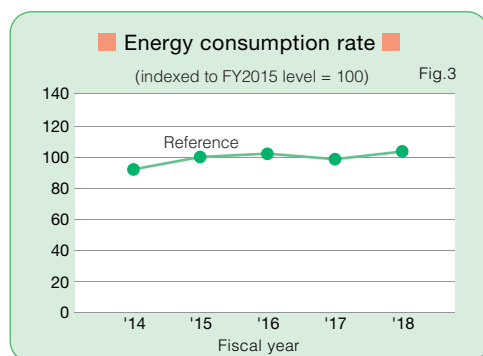
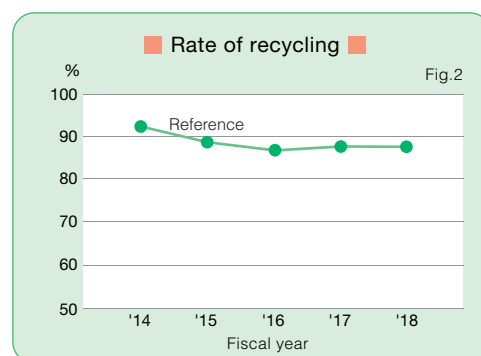
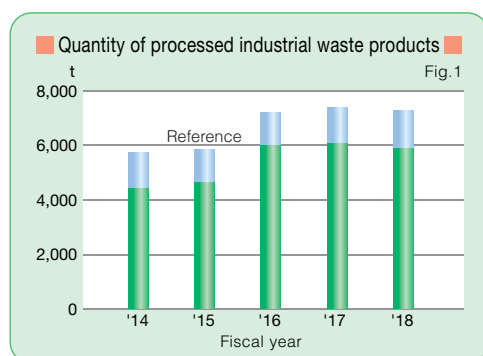
Last year, The Unitika Group initiated the 8th Medium-Term Environmental Plan, setting fiscal 2020 as the last target year. In the 7th Medium-Term Environmental Plan, the amount of waste disposed of outside of industrial waste sites and the recycling rate were far from the target due to such factors as China's import ban on recyclable plastics, etc. The situation has not changed in the "8th Medium-Term Environmental Targets", but due to such efforts as the separation of waste plastics as valuable resources, the amount of disposal outside of industrial waste sites is approximately 100 metric tons lower than the previous fiscal year. Going forward we will continue to proactively advance the environment goals.

In a fire accident that occurred at the Uji Plant in January 2019, we caused great inconvenience and concern for everyone, but please be assured that there have not been any environmental pollution accidents associated with this fire.

### ● Eight Medium-Term Environmental Plan (FY 2018-FY 2020)

| Issues   | Targets  | Baseline<br>Performance in a standard year | Target value | Fiscal 2018<br>Performance | Results      | Fig. No. |
|--|--|--|--------------|----------------------------|--------------|----------|
| 1 Reduction of the amount of industrial waste disposed outside the factories | 6% reduction relative to FY 2015 level   | 5,862t                                     | 5,510t       | 7,280t                     | Not achieved | (1)      |
| 2 Improvement of recycling rate  | 1point improvement relative to FY 2015 level                                     | 92.8%                                      | 89.7%        | 87.3%                      | Not achieved | (2)      |
| 3 Improvement of energy consumption rate                                     | 5% improvement relative to FY 2015 level (1% improvement from the previous year) | 0.682L/kg                                  | 0.648L/kg    | 0.722L/kg                  | Not achieved | (3)      |
| 4 Reduction of energy consumption  | 6% reduction relative to FY 2016 level   | 144,000KL                                  | 135,000KL    | 139,000KL                  | Not achieved | (4)      |
| 5 Reduction of CO <sub>2</sub> emissions from energy generation              | 50% reduction relative to FY 2005 level  | 486kt/year                                 | 243kt/year   | 267kt/year                 | Not achieved | (5)      |

Note\*: Scope of eighth Medium-Term Environmental Plan: Domestic plants, On-Site group companies, and external Domestic group companies

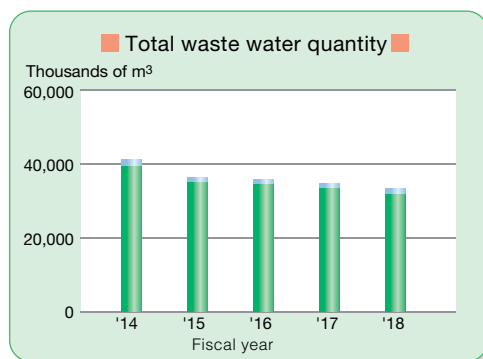
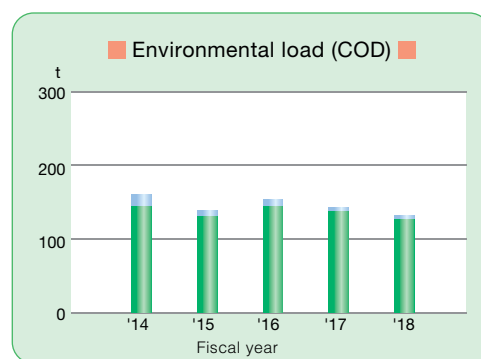
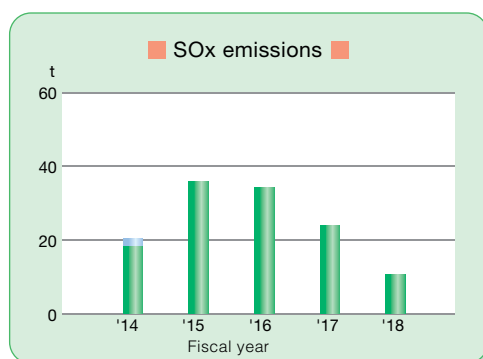
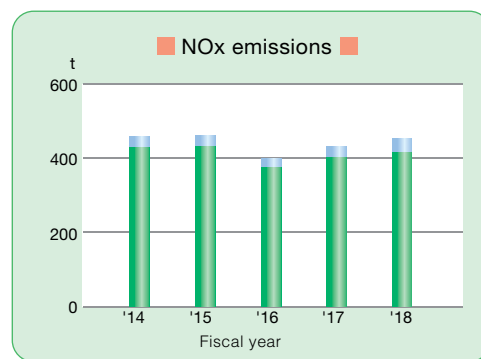
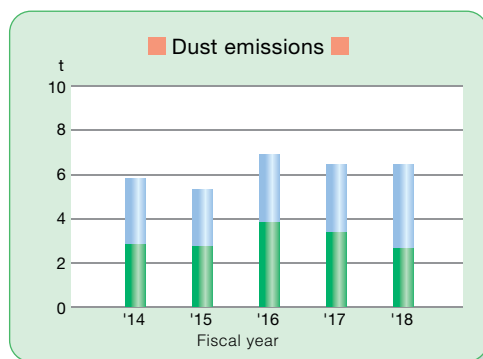


■ Unitika Domestic Plants & On-Site Group Companies  
■ External Domestic Group Companies



## Reducing Air and Water Pollution

Domestic plants are pursuing measures such as switching from fuel oil to natural gas and the removal of diesel power generation to reduce emissions of dust, nitrogen oxides (NOx), sulfur oxides (SOx), and carbon dioxide (CO<sub>2</sub>). Unitika also works to reduce water pollution through the appropriate management of wastewater treatment facilities.



■ Unitika Domestic Plants & On-Site Group Companies  
■ External Domestic Group Companies

Note: NOx=nitrogen oxides, Sox=sulfur oxides,  
COD=chemical oxygen demand

## Promotion of Waste Disposal of Devices that Contain PCB

It is stipulated by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Wastes to complete the disposal of devices that contain PCB by the end of March 2027. Unitika Group has disposed of devices containing PCB, etc. that are owned by our offices and affiliates.



## Handling of Chemical Substances

### Control of PRTR System-Regulated Substances

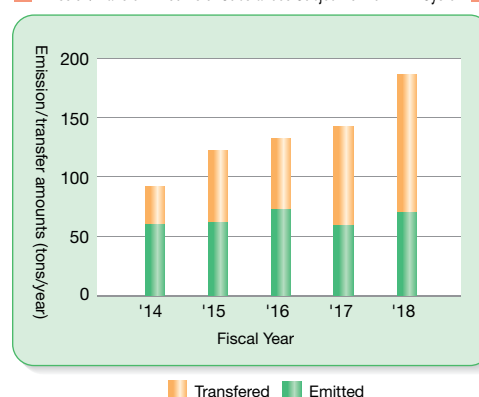
The Unitika Group works to monitor and reduce the use of chemical substances thought to be hazardous to human health as regulated by the Pollutant Release and Transfer Register (PRTR) system. In fiscal 2018, emissions and transfers increased significantly due to the disposal of defective products caused by factors such as the fire at the Uji Plant and increased production, but the volume handled decreased due to production cuts following the fire.

Emission and Transfer Amounts for PRTR System-Regulated Substances in Fiscal 2018

| Substance   | Emitted    |       |       | Transferred |
|---|------------|-------|-------|-------------|
|   | Atmosphere | Water | Total |             |
| Acetaldehyde  | 3.2        | 0.1   | 3.3   | —           |
| Bisphenol A   | —          | 0.1   | 0.1   | 5.4         |
| ε-Caprolactam   | 15.0       | —     | 15.0  | 36.2        |
| 1,4-dioxane   | —          | 0.1   | 0.1   | 0.1         |
| Dichloromethane(Methylene chloride)                     | 48.0       | —     | 48.0  | 36.0        |
| Dimethylformamide                                       | 0.8        | —     | 0.8   | 2.1         |
| Terephthalic acid                                       | —          | —     | —     | 0.4         |
| Toluene   | 3.1        | —     | 3.1   | 7.2         |
| Boron and boron compounds                               | —          | —     | —     | 1.4         |
| Polyoxyethylene alkyl ether                             | —          | —     | —     | 0.1         |
| Hydroterphenyls   | 0.6        | —     | 0.6   | 22.8        |
| Biphenyl  | —          | —     | —     | 2.4         |
| VOC   | —          | 0.1   | 0.1   | 0.2         |
| Other   | 0.1        | 0.3   | 0.3   | 0.6         |
| Unitika Domestic Plants & On-Site Group Companies Total | 66.9       | 0.5   | 67.3  | 103.8       |
| Unitika External Domestic Group Companies Total         | 3.9        | 0.2   | 4.1   | 11.1        |

(annual tons)

Emission/Transfer Amounts of Substances Subject to the PRTR System



### Promotion of the management of chemicals at domestic and overseas locations

Unitika Group promotes initiatives that correspond to the Act on the Evaluation of Chemical Substances and the Regulation of their Manufacture, the European regulations for the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) and other chemical management systems in Asian countries. With meetings intended for information-sharing and compliance with the law, we are also striving to disseminate information within the group and to share information between relevant personnel.

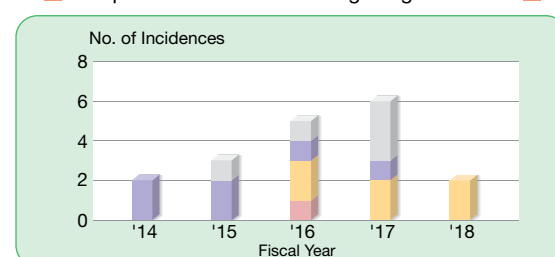
## Logistics

Unitika undertakes a variety of efforts to reduce the environmental burden associated with the delivery and emission of raw materials, products, waste, and other materials. These efforts include the implementation of modal shifts and streamlining of delivery systems. In fiscal 2018, as a specified consigner we reported 66,000 tons of freight and 21,100 tons of CO<sub>2</sub> emissions to the government. Unitika will strive for eco-friendly distribution within the whole group by implementing a variety of practices. These include but are not limited to: expanding the use of trains, promoting idle stops and the use of ecological tires, and decreasing the frequency of deliveries through the use of larger vehicles.

## Environmental Complaints

The Unitika Group always tries to conduct our business activities with consideration for the lives of people in local communities. In reaction to the complaints we received, we have been putting efforts into preventing any recurrence by immediately examining the causes of the problems and communicating with the people in the community. We will keep improving in order to contribute towards a comfortable living environment for people in the community.

Complaints from Surrounding Neighborhoods



Applicable scope: Domestic plants and external Domestic group companies

Air quality Water Quality Noise Offensive Odor Others

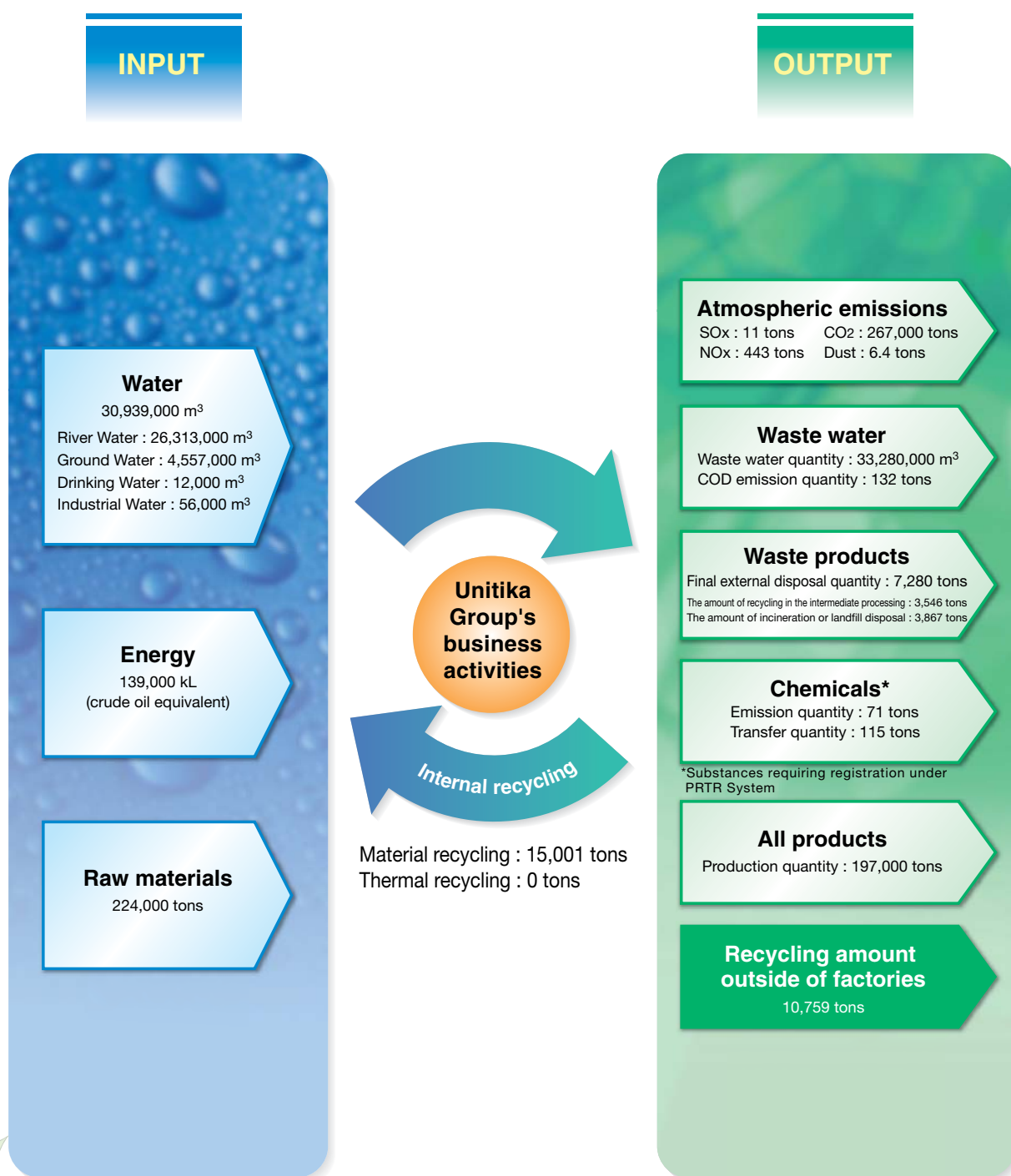




## Overview of Environmental Impact

### Environmental Impact From Business Activities (FY 2018 Figures)

The diagram below shows the Unitika Group's materials flow for FY 2018.





## Environmental Accounting

The Unitika Group implements environmental accounting as part of our environment-conscious business activities.

### Purpose of Environmental Accounting

- To make environmental preservation more efficient by quantitatively identifying the amounts of investments and expenses for environmental preservation, and to make decision-making processes in a more reasonable way.
- To disclose environmental accounting information to our stakeholders and to fulfill our responsibility to keep them informed.

### Method of Tallying Environmental Accounting Data

|  |
|--|
| Data provided by : Unitika Domestic production sites & On-Site Group Companies and Union Co., Ltd. Osaka Dyeing Co., Ltd. Terabo Co., Ltd. Unitika Sparklite., Ltd.  |
| Applicable period : April 1, 2018 to March 31, 2019  |
| Calculation method : Investment amounts include the environmental investment on items for which the environment is not the main objective. Expense amounts include labor costs, general expenses and depreciation. |

Unitika's fiscal 2018 environmental investment was 302 million yen. The main targets of investment are the ones regarding measures for the reduction of environmental footprint and the recycling of raw materials.

The expenses regarding environmental preservation were 960 million yen. The main items include the maintenance of pollution prevention equipment, the disposal of industrial waste (including recycling expenses), the research and development of eco-friendly products and technologies, and social activities such as afforestation and city beautification initiatives.

### Environmental Preservation Costs

(Millions of yen)

| Category                   |                                  | FY 2018            |      | Remarks  |
|----------------------------|----------------------------------|--------------------|------|--|
|                            |                                  | Capital investment | Cost |  |
| Business area costs        | Pollution prevention costs       | 96                 | 400  | Pollution (water, air and noise pollution) prevention measures   |
|                            | Environmental preservation costs | 20                 | 4    | Energy saving, Global warming prevention measures  |
|                            | Resource recycling costs         | 180                | 309  | Waste volume reduction, Material recycle, Disposal of PCB/Asbestos   |
| Upstream/downstream costs  |                                  | —                  | 0    | Green procurement activities   |
| Management activity costs  |                                  | 6                  | 96   | Environmental management system maintenance<br>Environmental education, Impact monitoring, Increase of greenery within factories |
| R&D costs                  |                                  | —                  | 138  | Developing environmentally-friendly products   |
| CSR costs                  |                                  | —                  | 3    | Regional cleaning activities   |
| Environmental damage costs |                                  | —                  | 10   | Cost for soil contamination countermeasures, Quantity-based taxes  |
| Total                      |                                  | 302                | 960  |  |

### Environmental Preservation Costs

The table lists items with a clear basis for calculation that have high substantive benefits for environmental preservation.

Note that inferred benefits have not been calculated.

(Millions of yen)

| Item   | FY 2018 |
|--|---------|
| Income from sale of recycled resources   | 137     |
| Water usage reduction from recirculation   | 4       |
| Cost reduction from energy-savings   | 191     |
| Reduction of costs associated with energy-efficient power sources and industrial waste reduction | 12      |
| Reduction of contribution designated by law  | —       |
| Reduction of waste disposal costs  | 5       |



For Life on Earth Tomorrow



— for the EARTH — for life on Earth tomorrow.

## Unitika's eco-friendly products, for life on Earth.



Changing the environment of tomorrow, from our everyday life—

The Unitika Group is thinking of ecology with materials as the starting point.

Materials that create products, including daily necessities and parts for industrial products, play a significant role in moving forward towards a more earth-friendly lifestyle.

We wish to expand eco-friendly, human-friendly products even further.

Unitika cares about and creates life on Earth, for tomorrow.



#### Let's learn about ecology for the sake of the planet!

#### Biomass Materials (Polylactic Acid)



##### Question 1

Is it true that tooth brushes can be made from plants?

Answer

Yes, it is even possible to make trays and garbage bags as well.

Toothbrushes, trays and garbage bags seen in the photo are made of a material called Terramac, which is made from an ingredient that uses corn starch. Terramac can be processed in a range of shapes just like plastic, so it is used for a variety of products.

##### Question 2

Can Terramac be used to reduce CO<sub>2</sub>?

Answer

Yes, it is very helpful because it does not emit much CO<sub>2</sub>.

Terramac is a kind of plastic made of plants. CO<sub>2</sub> emitted when burned and decomposed will be absorbed by plants through photosynthesis, and will become a base material of Terramac once again. This circulation leads to a reduction of CO<sub>2</sub> emissions.



RESIN

NON-WOVEN

FIBER



Toothbrushes (resins)



iwan eating utensils for infants (resins)



Garbage bags (films)



Headrest covers (nonwoven fabrics)



Ground stabilizing admixture (nonwoven fabrics)



Tea bags (fiber)



Eco-bags (fiber)



#### Biomass Materials (High Function Plastic)

##### Question 3

Is there a material that is friendly to the Earth and strong?

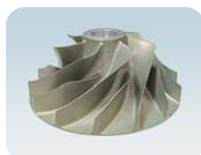
Answer

There is the one called XecoT, which is heat-resistant.

Materials made from the composition of plants were weak towards heat and could not be used for the parts of cars etc. Unitika developed a material called XecoT using castor oil extracted from seeds of castor-oil plants. It is a heat-resistant material that can be used for parts of cars and electronic devices.



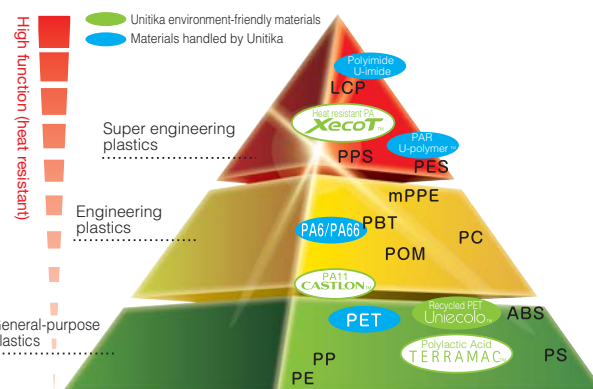
Castor-oil plant



Impeller



Plant-derived nylon fiber: CASTLON







#### Let's learn about ecology for the sake of the planet!

### Recycled/Environmentally-Friendly Materials



**Question 5** Can clothes be made from PET bottles?

Answer

Yes, even stylish clothes and sportswear can be made from PET bottles.

Unitika collects and reuses used plastic bottles and waste materials generated in the fiber production process and recycles them into new fibers using material/chemical recycling technology.



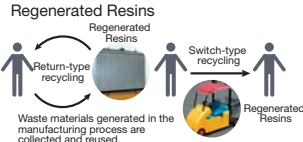
The "Eco Friendly" mark indicates that the polyester is not harmful to the environment.

#### Other recycling systems

Uniform recycle system:  
ECORALLY



Resin reusing system:  
Regenerated Resins



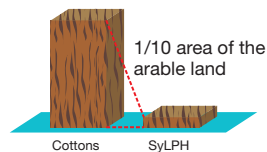
**Question 6** What is a material that is friendly to both humans and the environment?

Answer

For example, there is a material called SyLPH.

Cottons which produce SyLPH are made from fibers of eucalyptus trees which are systematically planted. It is not only soft and has a beautiful color, but also absorbs moisture including sweat. It is used for fashion clothing, sportswear, underwear and uniforms.

[No pollution from the factories, and the area of arable land is 1/10 compared to that of cotton]



#### Other environmentally friendly materials

Cotton Spunlace without the use of a binder:  
Cottoace

100% cotton nonwoven fabric without the use of a binder



High efficiency filtration filter made of special textured yarn:  
Cartridge Filter

Filter for liquid with high particulate capturing functionality



### Energy-Saving Materials



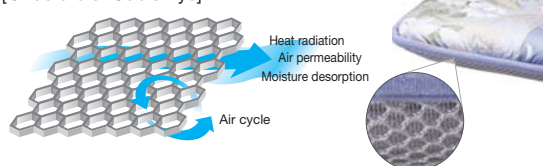
**Question 7** Does it help to reduce CO<sub>2</sub> if we do not often use air conditioners?

Answer

Yes, it helps to reduce CO<sub>2</sub> emissions if we reduce the amount of electricity we use.

CO<sub>2</sub> is emitted when producing electricity. So, if we use air conditioners less often, it will decrease CO<sub>2</sub> emissions. For instance, the use of a mattress made of high air permeability materials called Cubic Eye allows you to sleep comfortably and reduce the time spent using air conditioners.

[Structure of Cubic Eye]



#### Other energy-saving materials

Comfortable material with excellent moisture absorbing and desorbing function:  
Hygra-LU

A comfortable material that reduces discomfort due to sweat with an excellent moisture absorbing and desorbing function



Nylon barrier film:  
EMBLEM HG

Thanks to the excellent barrier properties, the freshness of food products can be extended. A flexible packaging film that contributes to food waste reduction.



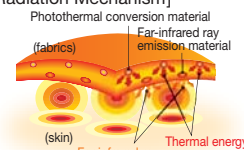
**Question 8** What is "Warm Biz"?

Answer

It is an initiative to wear warm clothes to decrease the time spent using heating.

We can decrease the amount of electricity and CO<sub>2</sub> emissions by limiting our usage of heating devices and turning down the temperature settings. This is why initiatives are being done for the wearing of warm clothes. Clothes made from Unitika's material called Thermotron Radipoka keep you warm and comfortable by the synergetic effect of sunlight and far-infrared rays.

[Thermal Energy and Far-Infrared Ray Radiation Mechanism]



Anti-transparent and sunlight shielding material:  
Coolart-20

A three-layer structure that effectively suppresses the transmission of light, this material has unprecedented anti-transparent, UV-cut, and heat-shielding properties.







# Environmental Report

Corporate Social Responsibility Report

UNITIKA GROUP 2019



## Production Site Information

| Production Site   | Air     |     |     |        | Water |        |                  |      |                |        |                  |        | Location  |
|---|---------|-----|-----|--------|-------|--------|------------------|------|----------------|--------|------------------|--------|---|
|   | SOx     |     | NOx | Dust   | BOD   | COD    | Suspended matter | Oil  | Total Nitrogen |        | Total Phosphorus |        |   |
| Unit  | K-value | ppm | ppm | g/Nm³  | mg/l  | kg/day | mg/l             | mg/l | mg/l           | kg/day | mg/l             | kg/day | Main products   |
|   |         |     |     |        |       |        |                  |      |                |        |                  |        |   |
| Uji Plant<br><br>Site area: 311,781 m²<br><br>ISO 14001 Certification No. JCQA-E-0249     | —       | 29  | 199 | 0.025  | —     | 1131   | 30               | 16   | —              | 722    | —                | 98     | 5 Uji-Tonouchi, Uji-shi, Kyoto, Japan 611-0021  |
|   | —       | 14  | 64  | 0.016  | —     | 241    | 6                | 1    | —              | 104    | —                | 4      | Nylon resin, nylon fiber, engineering plastics, nylon/polyester film                                |
| Okazaki Plant<br><br>Site area: 313,865 m²<br><br>ISO 14001 Certification No. JCQA-E-0292 | —       | 93  | 100 | 0.05   | 25    | 905    | 20               | 10   | 15             | 482    | 2                | 62     | 4-1 Hinakita-machi, Okazaki-shi, Aichi, Japan 444-8511  |
|   | —       | 11  | 55  | 0.001> | 2     | 61.2   | 5                | 0    | 2              | 32     | 0.3              | 5      | Polyester resin, polyester, fiber, spunbond (filament nonwoven fabric)                              |
| Tarui Plant<br><br>Site area: 165,309 m²<br><br>ISO 14001 Certification No. JCQA-E-0323   | 11.5    | —   | 150 | 0.3    | 40    | 109    | 50               | 5    | 120            | 43     | 16               | 5.6    | 2210 Tarui-cho, Fuwa-gun, Gifu, Japan 503-2121  |
|   | 0.03    | —   | 31  | 0.002  | 5     | 47     | 6                | 1    | 2              | 4      | 0.1              | 0.5    | Cotton nonwoven fabrics, glass cloth  |
| Tokiwa Mill<br><br>Site area: 64,530 m²<br><br>ISO 14001 Certification No. JCQA-E-0221    | 17.5    | —   | 130 | 0.3    | 80    | —      | 100              | 2.5  | —              | —      | —                | —      | 88 Nakahara, Souja-shi, Okayama, Japan 719-1195   |
|   | 0.6     | —   | 50  | 0.003  | <1    | —      | <1               | <1   | —              | —      | —                | —      | Cotton 100% yarn, Blended yarn with synthetic & cotton, Synthetic woven fabrics blended with cotton |

\* Values in table Regulation values  
Measured FY2018 values

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).





**UNITIKA LTD.**

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