



We lead the world with specialty acrylates

Osaka Organic Chemical Industry Ltd.

CSR REPORT 2020

Never seen but always near.

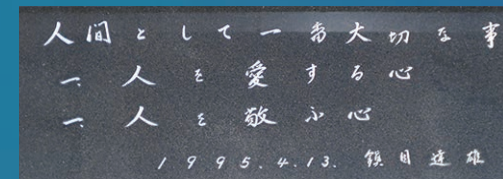


Shaping the Future with a Passion for Creation

Osaka Organic Chemical Industry (OOC) was founded on a vision of using organic chemistry to benefit consumers and the world at large. Today, we continue to honor our founder's vision as we work to create new value.

As a leader in specialty acrylic acid esters, OOC benefits both consumers and industry by providing the global market with resin materials used in applications such as paints, inks, adhesives and electronics materials and components. OOC has always been an R&D-focused organization. The evolution into our present form began in 1941, when founder Tatsuo Shizume succeeded in domestic production of Canada balsam adhesive used for optical lenses. Shizume had become interested in the potential of organic chemistry while still at university. He soon began working on innovative research, and invented a high-quality method of synthesizing Canada balsam with properties not found in the natural product. His invention would later prove beneficial to Japan's optical instrument and chemical reagent industries in the postwar era. Shizume's aim was to create a company that would be admired worldwide. It was an aim he pursued through a lifelong dedication to creating outstanding chemicals of benefit to consumers and the world at large. Human relations always came first for Shizume, and ensuring his employees and their families maintained a high standard of living was always a priority for him throughout the Company's history. Passion was everything to him. He felt that outstanding results could arise from the pure application of effort. It was this conviction that drove him to work on bringing value to the world, as he pursued his vision and love of organic chemistry for roughly 40 years. The Kanazawa Plant is OOC's main production facility. It is located in the foothills of Mount Haku, a peak in the Hokuriku region revered as one of Japan's 'Three Holy Mountains.' The Kanazawa Plant, also called *Denen Kōjo* (a rural factory that exists in harmony with nature), brings Shizume's manufacturing ideals to life by continuing to honor his vision while creating new value that anticipates the needs of the future.

The large volume of snowmelt produced by Mount Haku flows slowly underground before emerging naturally. OOC's Kanazawa Plant uses this subsoil water as a water resource.



Highest Human Values
 • Loving others
 • Respecting others
 Tatsuo Shizume (April 13, 1995)

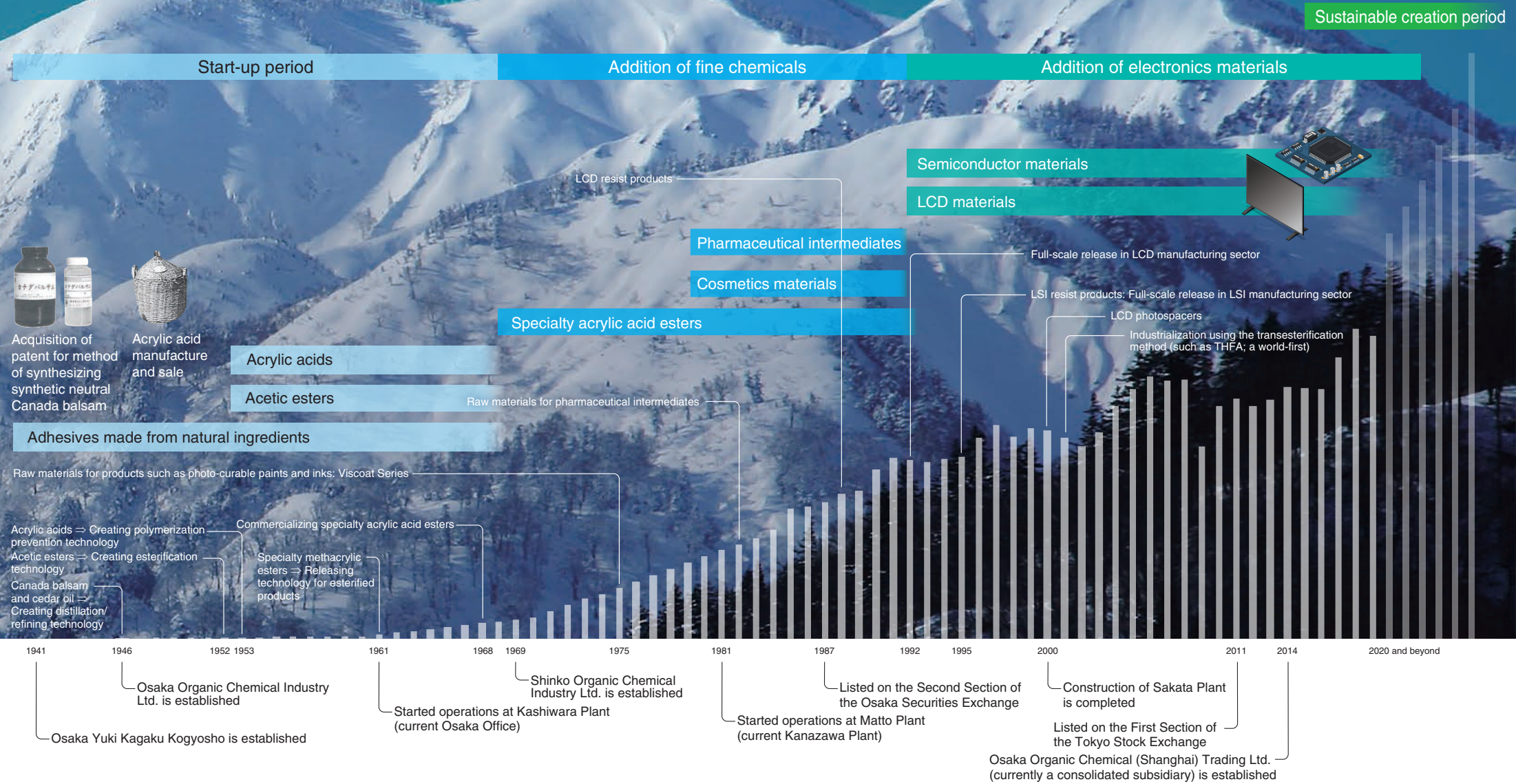
A monument at the Kanazawa Plant. Shizume held that character is the final consideration for hiring, and that character-building is the real goal of employee training.

SUSTAINABLE DEVELOPMENT GOALS



Origin of OOC logo
 Our logo was designed in 1960. It depicts a Canadian cedar, the conifer that provides the raw material used to make the Canada balsam optical lens adhesive that was the Company's first product. The conifer is surrounded by a regular hexagonal benzene ring that symbolizes organic chemistry.

Shaping the future through specialty acrylic acid ester technologies OOC Group milestones



Editorial stance and aim of this report

The OOC Group believes that putting our Management Philosophy into practice means nothing less than engaging in CSR-oriented management. Guided by this principle, we are aiming to help promote sustainability by using our business activities to solve issues of public concern. This report has been created to present the Group's CSR-oriented management and provide a tool for dialogs with stakeholders. It discloses information about the activities that we consider most important.

Organizations covered by this report

This report covers activities done by OOC and Shinko Organic Chemical Industry (a domestic consolidated OOC subsidiary) and also provides information on the entire OOC Group.

Periods covered by this report

The environmental protection data covers the period from April 2019 to March 2020. The activities data and financial data covers OOC's fiscal year from December 2018 to November 2019. The report information also includes some activities from before or after these periods.

Main reference guidelines

Environmental Reporting Guidelines 2018, Ministry of the Environment; ISO 26000:2010 (Guidance on social responsibility); SDG Compass; GRI Sustainability Reporting Standards

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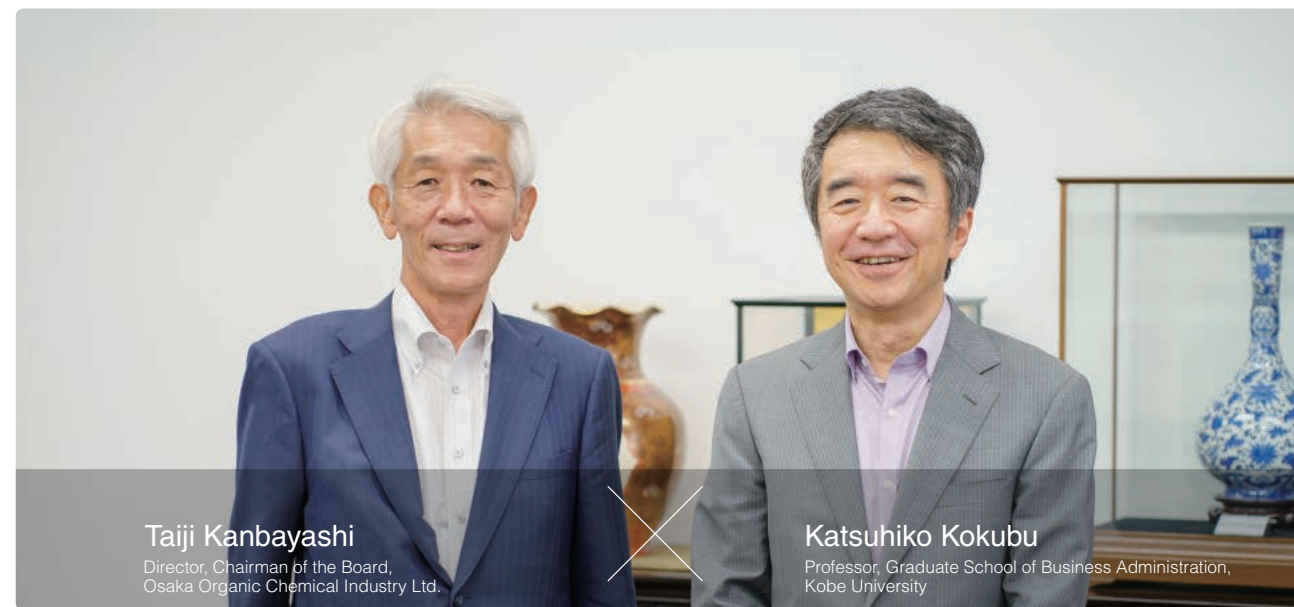
Date of next scheduled release: July 2021

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Top Message

Putting our Management Philosophy into practice means nothing less than engaging in CSR activities. Guided by this principle, OOC is focusing on the steady execution of our medium-term business plan.



Taiji Kanbayashi

Director, Chairman of the Board, Osaka Organic Chemical Industry Ltd.

Katsuhiko Kokubu

Professor, Graduate School of Business Administration, Kobe University

Starting in fiscal 2020, we are replacing our *Environmental & Social Report* with the *CSR Report*. The new report is designed as a tool for dialoging with stakeholders rather than as a reporting tool. We have also created a Management Philosophy and Management Vision to coincide with the start of the Second Five-year Medium-term Business Plan in the November period of fiscal 2020. To help with the creation of this report, we had Kobe University Professor Katsuhiko Kokubu share his views on the Company's CSR activities with our own Taiji Kanbayashi in June of this year. Kokubu is an authority on CSR activities, while Kanbayashi is the current OOC Director and Chairman of the Board (President at the time of the discussion). The discussion is presented below.

An approach to CSR aligned with the founder's vision

Katsuhiko Kokubu: How do your CSR activities flow from your corporate philosophy?
Taiji Kanbayashi: We created our corporate philosophy and approach to CSR from the ideas of our founder, and we revised them this fiscal year. I am the Company's third president, and the first president from outside the founder's family. I'm also a member of the last generation to be trained by the founder in person. As the head of a chemical company, our founder was very concerned with environmental issues. Developing new technologies and finding better environmental protection methods through product development at client sites were priorities for him. We put

a lot of effort into R&D, but it's always underpinned by CSR ideas.
Kokubu: Yes, it's very important to underpin your activities with CSR. You mentioned employees when talking about your Management Philosophy. What role do they play in it?
Kanbayashi: We value employee individuality. Bringing different types of people together to work as a team is the key to success. One topic of continual concern to us is how to respect the ideas of individuals as we turn our research into new products that help solve client environmental problems and benefit the world at large.
Kokubu: Activities that take existing work to the next level are an essential requirement

when helping to solve issues of public concern. I mean things like using CSR-based ideas to come up with fresh approaches to new product development.
Kanbayashi: Yes, that's right. The highly adaptable nature of acrylic means that we can potentially generate new value from product variations.
Kokubu: Using fresh perspectives to create new relationships inside and outside your company will give you a foundation for creating new business areas enabling shared value creation and solutions to issues of public concern. But this goal will be hard to achieve if you're only looking at short-term gains. It takes a medium- to long-term perspective and new

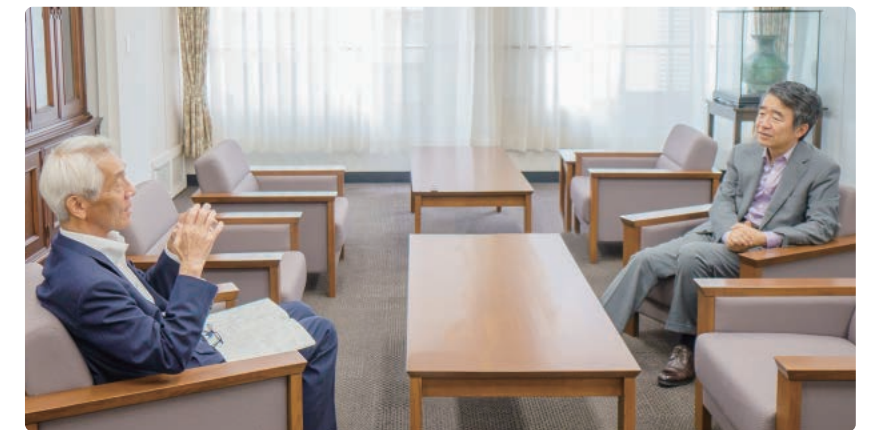
standards for making decisions.
Kanbayashi: Yes. Many of our products take several years to bring to market, so we need to avoid having an overly short-term focus. Managers need to keep shareholders properly informed to ensure the success of medium- to long-term research and support the Company.

CSR issues facing OOC

Kokubu: I see that your report describes how OOC products are used.
Kanbayashi: Yes, our products play a behind-the-scenes role in daily life. Our founder believed that products developed in-house should be central to the business. So we value these products and want to let our readers know about them.
Kokubu: OOC has put out an environmental report for several years. What environmental issues do you have to deal with?
Kanbayashi: CO₂ is one area we're particularly concerned with. We are a high-mix/low-volume producer and high added-value creator, so we



like to look at both total emissions and emissions per unit of added value when we set management targets for reducing CO₂ emissions. We plan to continue disclosing information to stakeholders inside and outside the company. Transparency will be an ongoing priority for us.
Kokubu: Hiring women is something of a hot topic in Japan. So how are you



working on diversity?
Kanbayashi: To be honest, promoting female staff is an issue we still need to work on. Managerial positions require both competence and experience. Experience is what gives workers the skills and team-building ability they need to benefit the workplace. We understand how important it is to create an environment that supports work styles that let employees gain experience amid diversity.

Surviving the coronavirus pandemic

Kokubu: Life safety is a key CSR issue. So what discoveries have you made from the coronavirus pandemic?
Kanbayashi: We've discovered several things by letting employees work from home. I think we need to take a closer look at innovations such as ICT-based work styles.
Kokubu: Have any of your values changed? Companies used to

avoid keeping excessive inventory or cash on hand, which they thought was inefficient. But the pandemic has demonstrated the importance of having inventory available to enable continued production, and having cash available to maintain jobs.
Kanbayashi: Yes, outside of our plants and research facilities, about 80% of our workforce is working from home. So there has been a major change in work styles. I think the way employees gain experience is going to change also. We've realized that employees are no longer going to be able to work the same way over their entire career. But even if job descriptions and working styles change, we still need employees who will work together to foster the community values that OOC is aiming to achieve. That's one of the benefits we want from the *CSR Report*.

Katsuhiko Kokubu
 Professor, Graduate School of Business Administration, Kobe University
 Doctor of Business Administration (Osaka City University). Dean at Kobe University's Graduate School of Business Administration from 2014 to 2016. Has been Vice President of Kobe University from 2019 and the Head of Value School, Kobe University from 2020. Has served as Chair of the MFCA Forum Japan, Director of the Sustainable Management Forum of Japan, Director of the Japan Corporate Social Accounting and Reporting Association, and Chair of ISO/TC 207/SC1/WG13. Also serves in roles such as Director of the Institute for Environmental Management Accounting.
Major publications
Sōhatsugata Sekinin Keiei [Emergent Responsible Management], Nihon Keizai Shimbun, 2019; *Accountability Kara Keiei Rinri e* [Beyond Accountability toward Management Ethics], Yuhikaku Publishing, 2017; and several others.

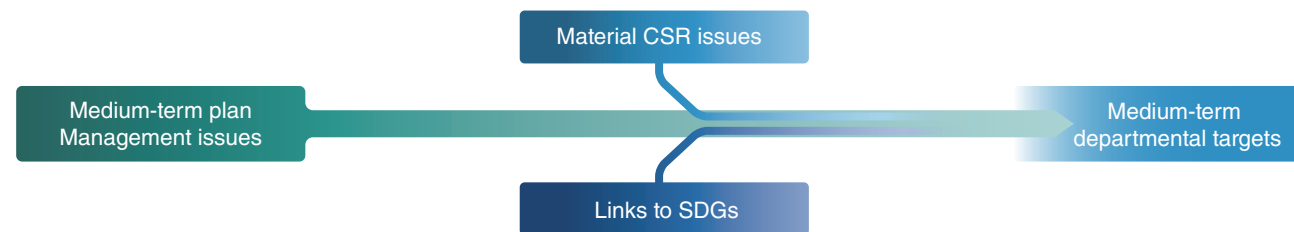


Material CSR Issues

OOC is planning to work on business activity-based solutions to issues of public concern by incorporating CSR and SDGs into the current medium-term business plan.

Identifying material CSR issues: Background and process

The OOC Group is working to identify and manage the long-term effects that our activities as a chemical company will have on the economy, environment, and community. We are aware of the need to rank the priority of each issue and deal with it accordingly. So before creating medium-term business plans or SDG initiatives, we will identify, disclose, and report on the issues that will materially affect the Company's activities. Our aim is to incorporate these issues into the Company's activities by familiarizing stakeholders with them through ongoing dialogs. This section is the first disclosure of CSR materiality in an OOC report. It describes how material CSR issues were identified and how they will be managed in future.



Identifying material CSR issues and linking them to SDGs

The OOC Group used the process below to identify the material issues for priority handling, and to tie these issues to the relevant SDGs.

STEP 1	Uncovering and extracting material CSR issues	International CSR standards such as the GRI Standards, ISO 26000 and the UN Global Compact were used to uncover issues, and then each issue was extracted by assessing its effect on the public at each stage of the value chain (extending from R&D to raw material procurement, production and sales).
STEP 2	Assessing materiality from the perspectives of the Company and stakeholders	The materiality (importance) of each extracted issue was assessed by giving questionnaires to business division managers (for business perspectives) and to managers of departments with frequent stakeholder interactions (for stakeholder perspectives).
STEP 3	Identifying material CSR issues	The materiality assessments given in the questionnaire results were used to identify material CSR issues by creating a matrix map of Company perspectives and stakeholder perspectives. CSR experts were also asked to share their views on the results, which were presented at a Board meeting before the decisions were finalized.
STEP 4	Linking results to medium-term business plan and SDGs	When creating the second medium-term phase of our Next Stage 10 long-term business plan, the material CSR issues were tied to the medium-term business plan. SDG targets were also linked to each issue, tying them to the medium-term targets of divisions and offices.

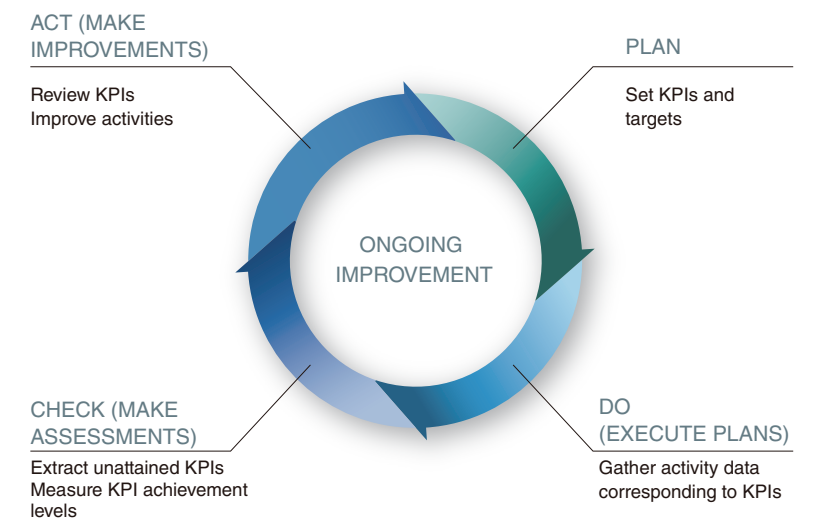
Materiality analysis map

Issues of public concern were classified into (1) issues the OOC Group can help resolve, (2) issues arising from OOC Group business activities, and (3) issues underpinning OOC Group business activities. These three categories were used to map each issue's assessed materiality from the perspective of the Company and the perspective of stakeholders.



Future work on material CSR issues

Now that the identified material CSR issues have been tied to the management issues of the current medium-term plan and linked to SDGs, increasing effectiveness will be the focus. Key performance indicators (KPIs) used by OOC will be set for the material CSR issues (materialities) we have now identified to uncover the opportunities and risks associated with each impact. Each materiality will be assigned to its own managing department that will set targets and KPIs, and then apply the PDCA (plan-do-check-act) cycle. Our activities will be reviewed on an ongoing basis as we use CSR activities to resolve issues of public concern, aiming to help create a sustainable world. This work will be made possible by creating dialogs with stakeholders and applying the PDCA cycle.



OOC Group Management Philosophy and Material CSR Issues

Our Long-term Business Plan reflects our Management Philosophy, and is being steadily executed as a way to step up our work on resolving issues of public concern.

OOC's guiding principles

The OOC Group is committed to giving back to the community through business activities inspired by a Corporate Philosophy that reflects our founder's vision. We have created a Management Philosophy and Management Vision for the start of our Second Five-year Medium-term Business Plan in the November period of fiscal 2020, along with a set of Guidelines for Conduct that dictate how we deal with stakeholders. "Never seen but always near" is the new corporate slogan we selected in 2019 from among suggestions made by members of the Company. It is designed to appeal to a wide range of stakeholders, informing them of our mission to give back to the community.

Corporate Philosophy

1. The Company and its employees form a single entity that works together and shares a single destiny. The Company's prosperity rides on the efforts of the employees; the happiness of the employees flows from the prosperity of the Company.
2. The Company's basic policies will always reject the errors of bias and self-righteousness. They will improve individual character through the integrity and unflagging efforts of each individual along with their mutual trust, assistance and devotion. They will serve and benefit the community through superior production activities.

Medium-term policy (for 2020 to 2024) in Next Stage 10 Long-term Business Plan

Since starting our ten-year Long-term Business Plan called Next Stage 10 (NS 10) in the November period of fiscal 2015, the Group has been working on solutions to issues of public concern while steadily executing a number of measures for achieving the targets of the plan. Our efforts were successful enough for us to anticipate meeting the plan's targets ahead of schedule, so they were revised in fiscal 2018. We have also created a Second Five-year Medium-term Business Plan that runs from fiscal 2020 to fiscal 2024 and is aligned with the new Management Philosophy and Management Vision we have created. The plan is designed to promote further business expansion and earnings growth. It provides a heightened awareness of solutions to issues of public concern by linking our Guidelines for Conduct to material CSR issues (materialities) and SDGs.

Company slogan

Mienai keredo, anata no soba ni.

[Never seen but always near.]

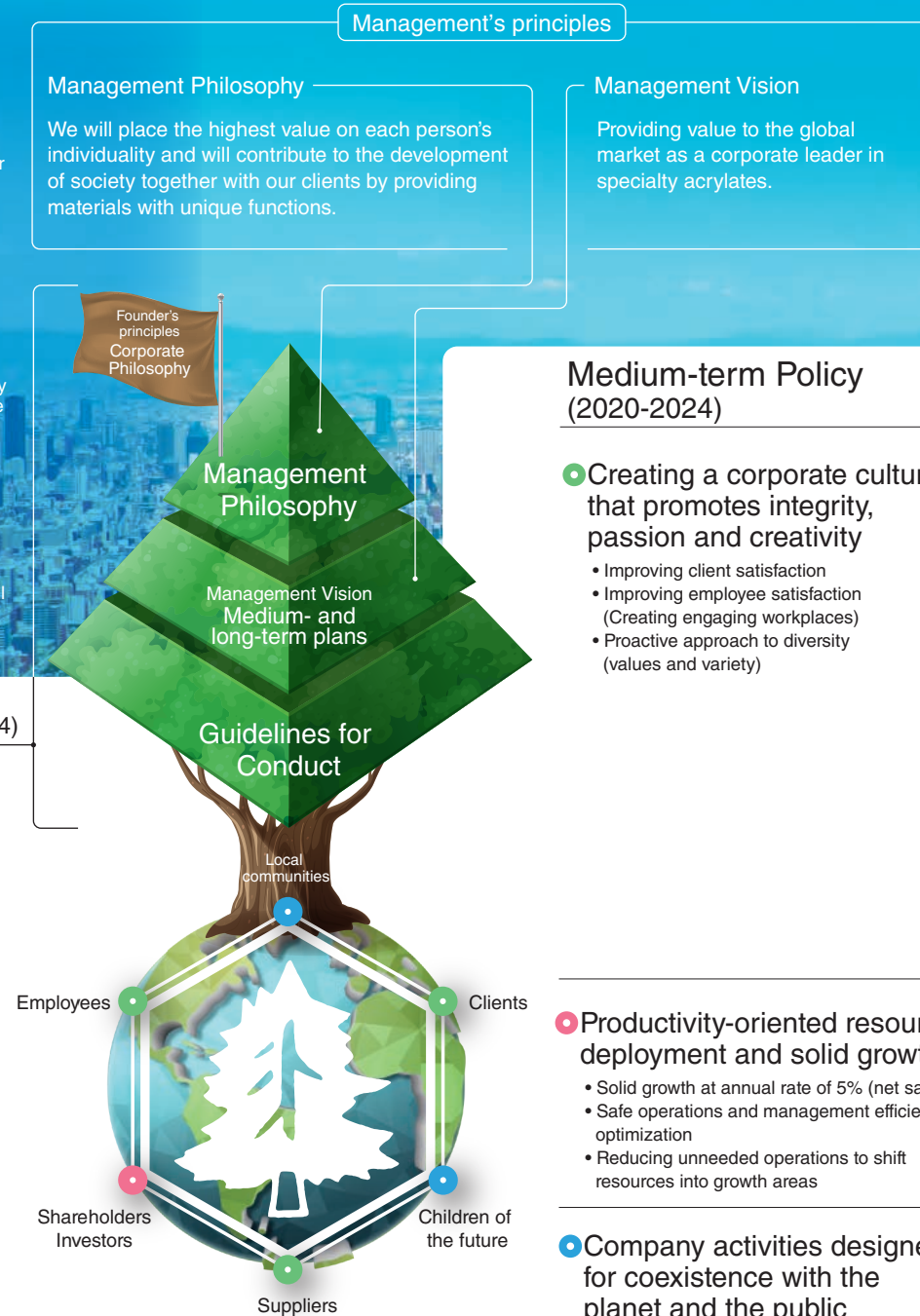
In 2019, we created a new corporate slogan that reflects our guiding principles. It was selected from among suggestions made by members of the Company. The winning slogan was selected from among 246 entries. The choice was made by a formal vote of Company officers and employees, followed by a vote of the officers alone for the new or the old slogan.

New slogan creator



Naoki Hatakenaka
Manufacturing Section 2,
Sakata Plant

Consumers are never actually able to see the things we manufacture. But they're used extensively as the materials that make up common products all over the world. So I came up with a slogan that expresses how the Company makes products that could be inside a lot of the things you use every day.



Medium-term Policy (2020-2024)

Creating a corporate culture that promotes integrity, passion and creativity

- Improving client satisfaction
- Improving employee satisfaction (Creating engaging workplaces)
- Proactive approach to diversity (values and variety)

Productivity-oriented resource deployment and solid growth

- Solid growth at annual rate of 5% (net sales)
- Safe operations and management efficiency optimization
- Reducing unneeded operations to shift resources into growth areas

Company activities designed for coexistence with the planet and the public

- Building global partnerships to enable sustainable development
- Managing and reducing chemicals and waste throughout product lifecycles
- Proactive use of resource recycling and use of renewable energy

SDGs	Guidelines for Conduct	Material CSR Issues (materialities)
	Guided by the principles of our Management Philosophy and Management Vision, the Company develops and provides useful, safety-conscious and environmentally friendly products that are of widespread benefit for enriching the world. Together with our stakeholders, we aim to use our business activities to improve our corporate value and provide solutions to issues of public concern.	
	<p>1. Together with all stakeholders</p> <p>We will always keep our promises to stakeholders, and will face them with a stance of sincerity and humility. We will engage in constructive dialogs, aiming to achieve win-win interactions. We will respect the dignity and rights of all people, and will not discriminate against anyone unfairly. We will thoroughly implement systematic crisis management to prepare for natural disasters and accidents such as fires and explosions.</p> 	<p>Pursuing corporate ethics and integrity</p> <p>Initiatives on human rights</p> <p>Stakeholder engagement</p> <p>Business risk management</p> <p>Sustainability management</p>
	<p>2. Together with employees and their families</p> <p>We will create safe environments together, which are healthy for both the body and mind. We will make the most of our reciprocal merits and strengths, complement each other, and work as teams to maximize our abilities. We will engage in actions that anticipate the future, rejecting complacency with the status quo. We will fully understand the decisions made, and act with a sense of responsibility. All our operations will be guided by the principles of mutual trust and harmony.</p> 	<p>Workforce recruiting and training</p> <p>Creating safe and pleasant workplaces</p> <p>Creating a diverse workforce</p>
	<p>3. Together with clients and trading partners</p> <p>We are dedicated to ensuring the safety and quality of our products. We will continually provide materials with unique functions to help our clients innovate. We will interact with trading partners honestly and in good faith, and continuously maintain fair and equitable business relationships.</p> 	<p>Growing sales of eco-friendly products</p> <p>Improving consumer security and comfort</p> <p>CSR-oriented procurement</p> <p>Managing raw materials</p>
	<p>4. Together with shareholders and investors</p> <p>We will bring transparency to our corporate activities, regardless of whether the information reflects positively or negatively on us. We will disclose information in a proactive, effective, and fair manner.</p> 	<p>Improving corporate governance</p>
	<p>5. Together with local communities</p> <p>We will place the highest priority on safety, aiming to eliminate all accidents and workplace incidents. We will voluntarily and proactively work to reduce the environmental impact of our activities. We will actively participate in society, and meet the demands and expectations of local communities.</p> 	<p>Giving back to the local area of each business facility</p> <p>Ensuring environmental compliance</p> <p>Managing waste and wastewater</p>
	<p>6. For the children of the future</p> <p>Recognizing that the global climate crisis impacts us directly, we will help to create a sustainable future enabling a happy life for the children of tomorrow. We will strive to develop and manufacture products designed to harmonize the natural and human worlds, and will demonstrate their value.</p> 	<p>Improving consumer security and comfort</p> <p>Growing sales of eco-friendly products</p> <p>Dealing with climate change through decarbonization</p> <p>Allocating water resources</p>

OOC Products Used in Everyday Life

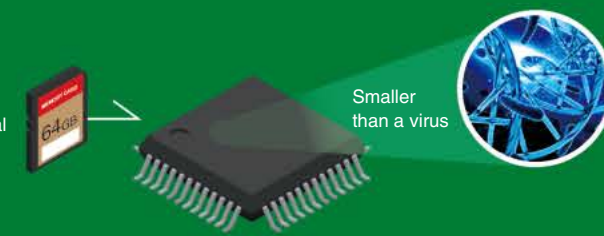
Never seen but always near.

OOC's products and technologies have always been created by listening and responding to the needs of consumers and the world at large. They are put to work in a wide range of areas, underpinning the everyday world we take for granted.

More information on OOC's product lineup: <https://www.ooc.co.jp/en/products/>

Astounding technology too small to see

The integrated circuits (ICs) used in electronic devices ranging from PCs to smartphones and digital cameras are becoming increasingly miniaturized as storage capacities rise. But they can fail if contaminated by foreign matter. OOC uses ultra-high-purity technology to produce the raw material for resist—the masking layer used to form microscopic IC circuit patterns.



Smaller than a virus



Mobile terminals (displays)

Adhesives and raw materials for color filters and coatings

Contact lenses

Raw materials creating good oxygen permeability and wettability



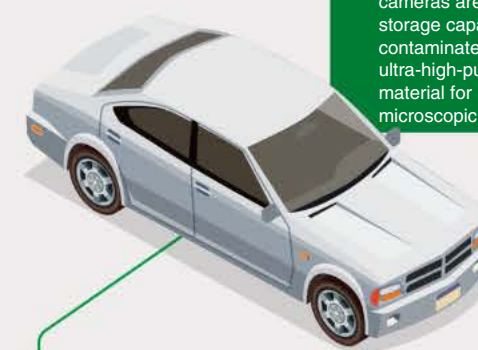
Eyewear

Components creating resistance to soiling and fogging



Gel nails

Raw materials that use light to harden quickly and save energy



Vehicle top coats

Environmentally friendly, soil-resistant raw materials that automatically repair small scratches



Onboard vehicle monitors

Raw materials for onboard electronic device displays and integrated circuits



Monitoring cameras (rear-view monitors)

Components creating resistance to soiling and fogging



Optical fibers and 5G systems

Raw materials for the optical fibers central to optical communications, and infrastructural components for 5G (fifth-generation) mobile communications systems

TVs and PCs (displays)

Adhesives and raw materials for color filters and coatings



Household printers

Raw materials for water-soluble inkjet printer ink that reduce surface tension



Wraps

Energy-saving, environmentally friendly raw materials for UV inkjet prints that can be applied to 3D objects and all other surfaces



Hair care products

Raw materials used to stiffen hair or give it volume



Cosmetics

Low-odor, paraben-free raw materials with moisture-retaining and antibacterial properties



Bathroom mirror films

Raw materials creating resistance to fogging and soiling



Surveillance cameras

Components creating resistance to soiling and fogging



Cardboard

Raw materials for plastic sheets applied to uneven surfaces such as cardboard or construction paper



Masks and protective wear

Water- and oil-resistant raw materials



Protective eyewear


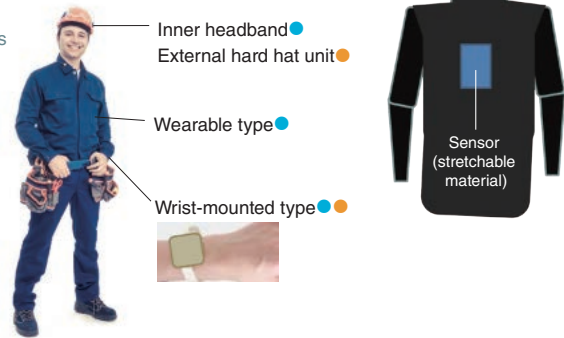


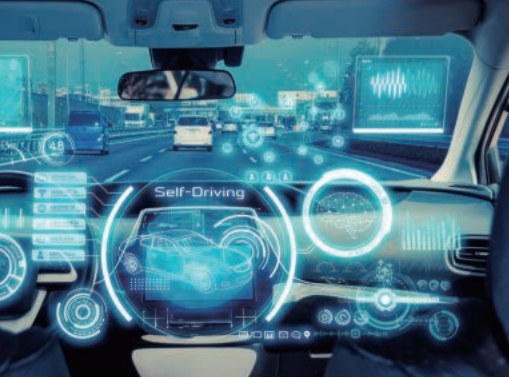




Components creating resistance to soiling and fogging

Creating Value and Solutions to Issues of Public Concern

OOC wants to generate new value to bring greater levels of security and comfort to the world of tomorrow.

Guidelines for Conduct

From Item 3: Together with clients and trading partners - We will continually provide materials with unique functions to help our clients innovate.
 From Item 6: For the children of the future - We will strive to develop and manufacture products designed to harmonize the natural and human worlds, and will demonstrate their value.


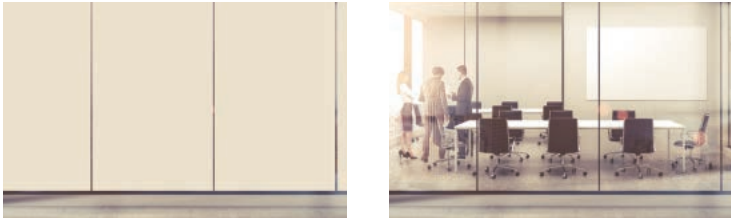


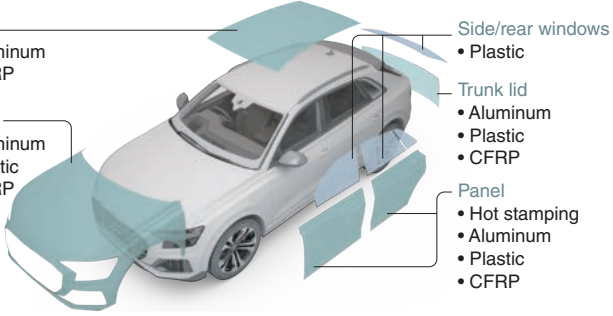

	Area of public concern	OOC products and applications	OOC's relationship with the community	SDG benefits
	<p>Future health management systems</p> <p>The rise of the IoT (Internet of things) and AI (artificial intelligence) are making networks an increasingly familiar part of daily life while creating rising demand for routine health management, worker fitness management and senior care products and services in the health, sports, medicine and long-term care industries. In turn, this rising demand is driving work on the development of bioinformation sensing technologies.</p>	<p>Stretchable elastomers Stretchable conductive materials</p> <p>Applications Fatigue evaluation systems Construction and transportation</p> <p>Heart rate, pulse wave and body temperature detection WBGT (heat index)</p> <p>Biometric sensors Pressure sensitive sensors Stretchable devices Smart textiles</p> <p>Inner headband External hard hat unit Wearable type Wrist-mounted type</p> <p>Sensor (stretchable material)</p> 	<p>Creating shared value</p> <ul style="list-style-type: none"> Augmenting health management functions Improving remote medicine <p>Value provided by OOC technology</p> <p>Function Developing materials combining high flexibility/stretchability with electrical conductivity</p> <p>Value provided OOC develops stretchable elastomers and stretchable conductive materials that will be useful for health management in the coming years. These products will be helpful in promoting the release of comfortable wearable devices such as biometric sensors, pressure sensitive sensors, stretchable devices and smart textiles.</p>	<p>Shared value</p> <p>Promoting public health and longevity</p>  
	<p>Personal electrical equipment and assistance technology</p> <p>The ongoing rise of VR (virtual reality) and AR (augmented reality) have led to the development of haptic (tactile) technology that enables vehicle operations by hand movements (gestures) alone. Haptic technology can simulate the sensation of grasping an object in the real world by providing tactile feedback when the user operates a virtual object in front of them.</p>	<p>Stretchable elastomers Stretchable conductive materials Organic piezoelectric materials</p> <p>Applications Haptic devices Soft actuators</p>   <p>Artist's rendering</p>	<p>Creating shared value</p> <ul style="list-style-type: none"> Reducing workloads in industries such as construction, long-term care, forestry, agriculture and fisheries Providing an IoA (Internet of abilities) to augment human abilities <p>Value provided by OOC technology</p> <p>Function Developing materials combining high stretchability and high responsiveness</p> <p>Value provided OOC is responding to advances in VR and AR by developing products such as stretchable elastomers, stretchable conductive materials, organic piezoelectric materials, haptic devices and soft actuators. Our products will help create functions that make virtual spaces tactile, and make robots flexible, tactile and responsive.</p>	<p>Shared value</p> <p>Helping integrate robots into the human world</p>  

Creating Value and Solutions to Issues of Public Concern

OOC wants to generate new value to bring greater levels of security and comfort to the world of tomorrow.
















Guidelines for Conduct

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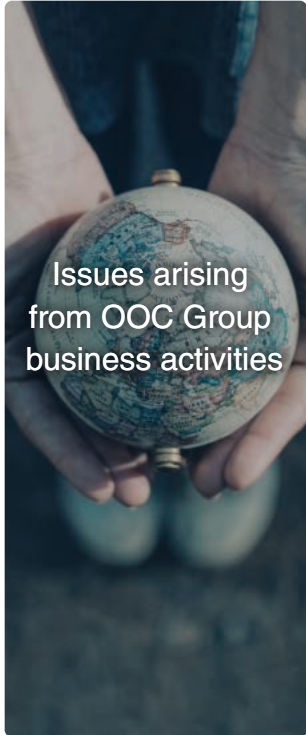








	Area of public concern	OOC products and applications	OOC's relationship with the community	SDG benefits
	<p>Improving consumer comfort</p> <p>The recent rise in demand for energy-saving equipment is creating interest in reducing the heating and cooling loads of homes, offices and other structures. Controlling the sunlight that enters through windows is a key aspect of these efforts. Interest in window design and functionality motivated by concerns over urban aesthetics is also creating growing demand for smart windows.</p>	<p>Polymer network liquid crystal materials Electrochromic materials</p> <p>Applications Smart windows</p> <p>Can be turned ON/OFF</p>  <p>ON OFF</p>	<p>Creating shared value</p> <ul style="list-style-type: none"> Ensuring sustainability by helping save energy Designing spaces tailored to the needs of each time, place and occasion <p>Value provided by OOC technology</p> <p>Function Developing materials combining low power consumption and high contrast</p> <p>Value provided Products that help save energy in buildings are a focus of OOC's development work. Examples include polymer network liquid crystal materials, electrochromic materials and smart windows. Reducing environmental impact and designing spaces are the aims of this work.</p>	<p>Shared value</p> <p>Creating a user-friendly and environmentally friendly world</p> 
	<p>Creating environmentally friendly vehicles</p> <p>To make further fuel efficiency gains and reduce greenhouse gas emissions, the auto industry is increasingly turning to multi-material (lighter) vehicle components that replace metal with plastic.</p>	<p>Functional adhesive monomers</p> <p>Applications Innovative materials for adhesives</p>  <p> Roof • Aluminum • CFRP </p> <p> Hood • Aluminum • Plastic • CFRP </p> <p> Side/rear windows • Plastic </p> <p> Trunk lid • Aluminum • Plastic • CFRP </p> <p> Panel • Hot stamping • Aluminum • Plastic • CFRP </p>	<p>Creating shared value</p> <ul style="list-style-type: none"> Reducing environmental impact Creating dependable, safe and comfortable vehicles <p>Value provided by OOC technology</p> <p>Function Developing materials that can bond various components together</p> <p>Value provided OOC develops functional bonding monomers and innovative materials for adhesives that enable various components to be bonded together. These products will help promote the use of lighter, multi-material components in cars, other vehicles and aircraft.</p>	<p>Shared value</p> <p>Creating dependable, safe, comfortable and environmentally friendly vehicles</p> 



Initiatives for Material CSR Issues

Material issue (materiality)	Issue category	ESG area	Major initiative	Main achievements in fiscal 2019	Issues and targets for fiscal 2020	See page(s)	Applicable SDGs
Improving consumer security and comfort		S	Raising awareness of how to benefit the community through business activities	Products made by existing business sectors were associated with everyday items.	Improving the website (Improving the 'OOC products used in everyday life' and 'Astounding technology too small to see' features)	P. 5	  
Growing sales of eco-friendly products		E	Switching to more environmentally friendly modes of business	Researched how to create eco-friendly associations for OOC Group products.	Quantifying sales of eco-friendly products and looking into disclosure	P. 5–7 P. 13	        
Improving corporate governance		G	Improving management transparency and making management systems more efficient	Replaced the Chairs of the Nominations Advisory Committee and Remuneration Advisory Committee with outside directors. Increased the ratio of outside directors in the Board of Directors (to one-third).	Improving Board of Directors effectiveness assessments Promoting active disclosure (disclosing more information in English) Reviewing the officer compensation system and reducing cross-shareholding	P. 10	 
Business risk management			Creating a risk management system	Created the Risk/Compliance Committee. Selected critical risks and investigated how to handle them.	Selecting critical risks and applying the PDCA cycle	P. 11	  
Sustainability management			Solving issues of public concern by creating value	Examined the major new candidate business areas to uncover the values of the Company, the values of the community and the values shared by both in relation to these business areas.	Using the backcasting concept to investigate business areas and products for solving issues of public concern	P. 6–7	    
Pursuing corporate ethics and integrity			Spreading awareness of the corporate philosophy	Created a set of guiding principles for management.	Creating Management Philosophy cards Examining and implementing awareness-raising for the Management Philosophy	P. 4	
Workforce hiring and training			Increasing OOC's recognition level Improving workforce training	Workforce hiring: Specified the qualities of successful applicants, exhibited at scientific conferences, provided an internship program and started a program for extending the retirement age (up to 65). Workforce training: Started a multiple-track qualification and rank system.	Workforce hiring: Our recognition level needs to be increased. Exhibiting at events attended by students and improving the website Workforce training: Finding time for training is an issue. Improving remote training	P. 15	   
Respecting human rights	Combating harassment Dealing with diversifying information and values	Created a support system for promoting a pleasant working environment. Designated a counseling office.	Too few cases are being brought to the counseling office. Getting employees to make use of it is an issue.	P. 17	 		
Creating safe and pleasant workplaces	Promoting health management Promoting a sound work-life balance	Made health check results accessible, provided trial counseling for all employees and promoted paid leave.	Providing counseling for 100 employees Starting a program for working at home	P. 18 P. 16			

Initiatives for Material CSR Issues

Material issue (materiality)	Issue category	ESG area	Major initiative	Main achievements in fiscal 2019	Issues and targets for fiscal 2020	See page(s)	Applicable SDGs
Creating a diverse workforce		S	Working on diversity	Provided secure workplaces for female employees. Increased the age of the child (to 9) for which employees on childcare leave can work reduced hours. Provided in-house notifications about revisions to Company regulations.	System-building that includes diversity as a management issue to enable agreement and amplification from management along with active application across different organizations Starting a program enabling worry-free use by employees on childcare leave	P. 16	
CSR-oriented procurement			Creating a CSR-oriented procurement system	Looked into creating new procurement policies in anticipation of creating CSR-oriented procurement guidelines.	Using the purchasing policies to create a draft of CSR-oriented procurement guidelines	P. 14	
Managing raw materials			Ensuring stable procurement of raw materials for key products	Investigated single-vendor purchased items/multiple suppliers.	Selecting key raw materials and assessing new supplier samples in preparation for multiple-supplier purchasing	P. 14	
Ensuring environmental compliance		E	Complying with environmental laws and regulations of countries and regions around the world	Ensured enforcement of chemical management practices. Conducted ongoing monitoring of environmental data.	Ensuring enforcement of chemical management practices Conducting ongoing monitoring of environmental data	P. 13–14	
Dealing with climate change through decarbonization			Studying how to reduce CO ₂ emissions throughout entire value chains Looking into the use of renewable energy	Quantified Group-wide levels of energy consumption and CO ₂ emissions. Simulated the energy consumption called for by the current medium- and long-term plans. Looked into investing in renewable energy.	Setting Group-wide medium- and long-term targets Looking into the calculation of Scope 3 emissions	P. 12–13	
Allocating water resources			Reducing water consumption	Studied and implemented process improvements and changes in manufacturing methods to reduce water consumption.	Continuing to study and implement process improvements and changes in manufacturing methods to reduce water consumption	P. 13	
Managing waste and wastewater			Environmental compliance	Wastewater management: Ongoing monitoring. Waste management: Quantified Group-wide waste quantities and final landfill disposal quantities.	Wastewater management: Ongoing monitoring Waste management: Setting Group-wide medium- and long-term targets	P. 13	
Giving back to the local area of each business facility			S	Ongoing interactions with local areas	Took part in events tied closely to local communities to interact with them.	Investigating new schemes for partnering with the government to give back to local communities while coronavirus restrictions make holding events difficult	P. 11 P. 19–20
Stakeholder engagement	Promoting CSR-based dialogs	Promoted dialogs using plant tours and business facilities.		Investigating and implementing ways of holding remote dialogs while coronavirus restrictions make holding events difficult	P. 10, P. 14 P. 19–20		


Corporate Governance

Basic approach

Corporate governance is an area that the OOC Group works actively to improve and augment. Our efforts in this area are designed to ensure that we act honestly and increase management transparency while improving the efficiency and speed of management systems. We view these efforts as a way to ensure sustainable company growth while improving our corporate value over the medium- to long-term. Corporate governance improvements are approached as a key management issue, as we work to foster shared going-concern (business continuity) assumptions with stakeholders both inside and outside the Company.

Guidelines for Conduct From Item 4: Together with shareholders and investors

- We will bring transparency to our corporate activities, regardless of whether the information reflects positively or negatively on us.
- We will disclose information in a proactive, effective, and fair manner.

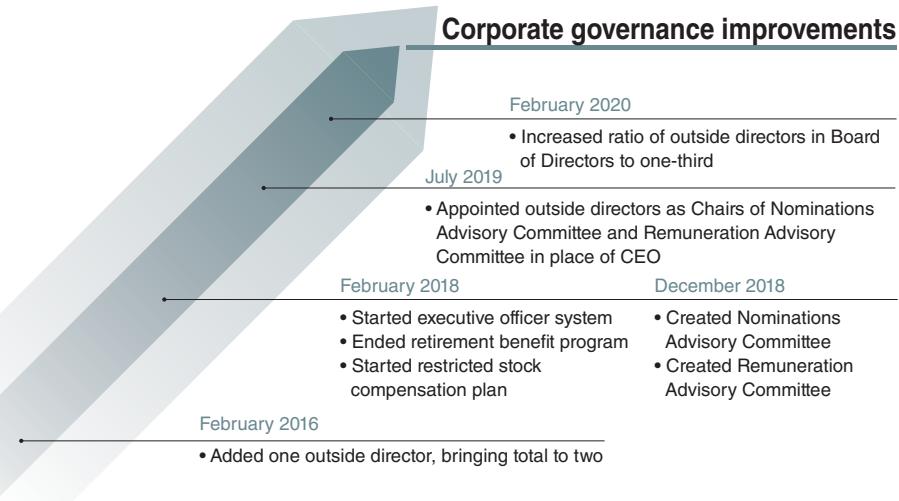


Work on material issues

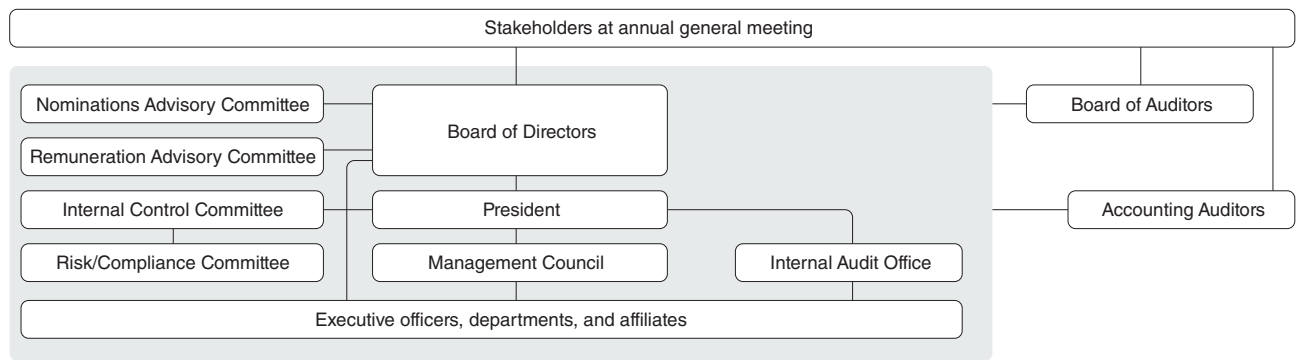
	Material issues: Improving corporate governance
Fiscal 2019 achievements	<p>Improving management transparency and making management systems more efficient</p> <ul style="list-style-type: none"> • Replaced the Chair of the Nominations Advisory Committee and Remuneration Advisory Committee with outside directors. • Increased the ratio of outside directors in the Board of Directors (to one-third).
Fiscal 2020 goals	<p>Improving management transparency and making management systems more efficient</p> <ul style="list-style-type: none"> • Promoting active disclosure (disclosing more information in English) • Reviewing the officer compensation system • Improving Board of Directors effectiveness assessments • Reducing cross-shareholding

Corporate governance improvement milestones

A number of steps have been taken to improve corporate governance: The number of outside directors has been increased to two, an executive officer system and restricted stock compensation plan have been started, and Advisory Committees have been created to provide input on the issues of selection, appointment and compensation. In July 2019, we reorganized the Advisory Committees to enable greater monitoring of the management activities done by outside directors. In February 2020, we increased the ratio of outside directors in the Board of Directors to one-third. Corporate governance is an area that the Group plans to continue working on.



OOC Group's corporate governance organization



Officer profiles (as of July 1, 2020)



Name DOB/gender	Title	Board of Directors	Board of Auditors	Advisory Committees		Background, qualifications
				Nominations	Remuneration	
Tajji Kanbayashi 1951/M	Director, Chairman of the Board	◎				R&D, sales, corporate planning, overseas
Masayuki Ando 1962/M	President	○		○	○	R&D, corporate planning
Soichi Honda 1966/M	Director, General Manager of Administration	○				Sales, management
Motomi Ogasawara 1964/M	Director, General Manager of Business Operation	○				Sales, overseas
Takayuki Hamanaka 1970/M	Outside director (Independent officer)	○		◎	◎	Attorney
Naotaka Kawakami 1961/M	Outside director (Independent officer)	○		○	○	Ministry of Finance, Financial Services Agency, Cabinet Office, Ministry of the Environment, other
Sobi Nagayanagi 1963/M	Managing Auditor	○	◎			Internal Audit Office
Yoko Hiyama 1971/F	Outside auditor (Independent officer)	○	○			Attorney
Yasuko Yoshida 1976/F	Outside auditor (Independent officer)	○	○			CPA

◎ Chairperson

An outside director's perspective

Voicing the opinions of the stakeholders

The common view is that outside directors should provide objective feedback or deliver hard truths that internal officers find hard to deliver. And when outside officers have a legal background, they're usually expected to provide guidance on compliance. But personally, I feel it's more important to frame issues in terms of how they will affect the Company's trustworthiness among shareholders, investors, trading partners, employees or the community. The internal control systems and compliance work being imposed on companies have recently become increasingly elaborate and technical, which often makes these efforts less substantive. Outside officers play a role not unlike outside stakeholders, and I think that's the perspective we need to have when we get involved.




Takayuki Hamanaka
Outside director

An outside auditor's perspective

Unflinching oversight for the functioning and performance of decision-making bodies

An outside officer's responsibility is ultimately to increase corporate value. As an outside auditor, I can help achieve that goal by providing guidance to determine whether the Board of Directors and other decision-making bodies are functioning efficiently, and whether the directors are carrying out their job duties properly. If I suspected a deficiency, I'd like to review the facts of the case and provide unflinchingly honest feedback regardless of how it would be received. I'd form my conclusions by drawing on my experience as an attorney, as a member of the general public, and as a woman.



Yoko Hiyama
Outside auditor

Officer compensation

As a short-term incentive, directors (excluding outside directors) are given bonuses (cash) tied to metrics such as single fiscal-year consolidated performance. We currently implement a restricted stock compensation plan, and in future will be reviewing the proportion of compensation that is tied to medium-term performance.

Board of Directors effectiveness assessment

To gauge the overall effectiveness of our Board of Directors, we gave the directors and auditors a questionnaire on the Board's proceedings and discussions. The aggregated responses were compiled for analysis and assessment by the Board. The results showed that the Board's level of effectiveness was assessed as generally good, demonstrating that an effective Board has been put in place. The Board will use these analysis and assessment results to continue improving its effectiveness.

Dialogs with shareholders and investors

We work to provide a full lineup of IR activities by meeting one-on-one with institutional investors, holding semiannual Company briefings (for institutional and individual investors) and giving phone interviews to the press. We will work to disclose more information to overseas investors starting in 2020, when English versions of our IR materials will start being disclosed.

Cross-shareholding

We have decided to work on reducing the Company's cross-shareholding, creating holding standards and having each holding verified annually by the Board of Directors.

Risk Management

Basic approach

The Group's *Risk Management Regulations* were created in 2008 as a way to manage the various risks inherent in our business activities. We aim to properly manage risks and apply response measures, making ongoing improvements to augment our corporate value.

Guidelines for Conduct From Item 1: Together with all stakeholders
 - We will thoroughly implement systematic crisis management to prepare for natural disasters and accidents such as fires and explosions.

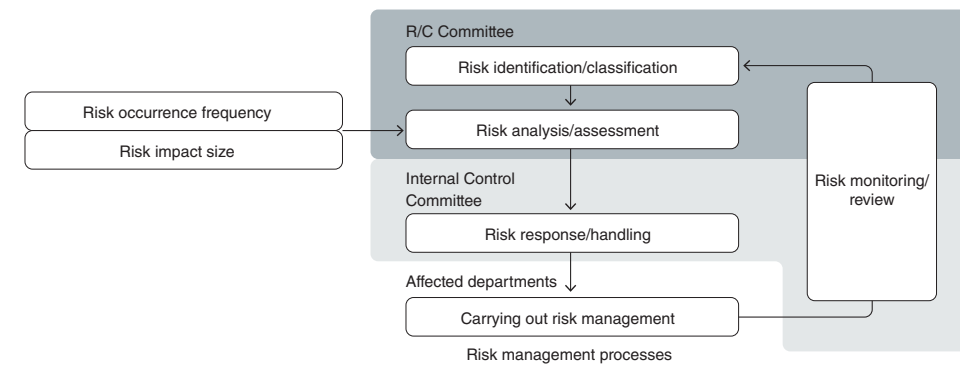


Risk/Compliance Committee (R/C Committee)

To increase the Group's risk management effectiveness, a new organization called the Risk/Compliance Committee was created in December 2019. The Committee was created as a way to provide integrated management of compliance issues and the various other risks that can arise when carrying out our management strategies.

Selecting and handling critical risks

- Plan** The R/C Committee selects critical risks assessed as high priorities. The selections are made by considering factors such as the size of the impact on the community or the Company's business. The Committee draws on source materials created through external environmental analysis about business risks and management issues, and on business risk assessments identified by Company departments. Once these critical risks have been identified, the Committee creates response policies for them and submits them to the Internal Control Committee.
- Do (execute)** The Internal Control Committee creates response measures for the critical risks selected by the R/C Committee, and then the departments affected by each risk take the lead in putting these measures into practice.
- Check (assess)** Once a response measure has been implemented, it is monitored and reviewed to check the actual results and look for possible improvements.
- Act (improve)** The benefits and improvements uncovered by monitoring and review are used to revise risk management measures.



Responding to Covid-19

With cases of Covid-19 on the rise, OOC's President chaired a special meeting of the R/C Committee on February 19, 2020. A set of OOC Group policies was created after measures for combating Covid-19 were discussed by Group members. Concrete measures to combat the virus were put in place as specified in the policies, and efforts were made to ensure the safety of employees, clients, and trading partners. In addition to enhancing and enforcing existing safety measures, the Group has also taken a number of steps to augment other response measures. As directed by local governments for example, we have reviewed our operations and internal programs to enable more employees to work from home, and upgraded our web conferencing environments. Taking steps to prevent viral spread and ensure the safety of employees, clients and trading partners will continue to be our top priority.

	January	February	March	April	May
Major government guidance and directives		Release of guidelines for Covid-19 consultations and checkups (Feb 17) <i>Basic Policies for Novel Coronavirus Disease Control</i> (Feb 25)	All grade schools nationwide are told to shut simultaneously until spring vacation (Mar 2) Tokyo metropolitan government urges people to stay home at weekends and to work from home (Mar 25)	Government declares state of emergency (Apr 7)	
Group's decision-making body		Special meetings of R/C Committee	R/C Committee	Handling Council	Handling Council
Notification	Alert 1 Alert 2	Policies for responding to Covid-19 Alert 3		Alert 5	Alert 6 Alert 7
Major response measures		Staggered working hours Working from home Office dispersion	Program grows when schools are simultaneously shut down	More than half of workers at Head Office and Tokyo Office take part	70 to 80% of workers at Head Office and Tokyo Office take part
		Implemented throughout Group Program gets partially underway Carried out at each business facility			
		Movement restrictions: People urged to travel only for necessary or urgent reasons Emergency supplies provided: Disinfectant and masks provided to employees			
		Overseas travel generally prohibited Hand-washing and oral hygiene protocols enforced			

BCP work

The Group's *Basic Policies for BCPs (Business Continuity Plans)* were created in September 2009 and subsequently used as the basis for creating our Disaster Response Manual and *Novel Influenza Response Procedures*. We have been creating a BCP for each of our business facilities since fiscal 2020 as a way to build a foundation for Group-wide BCM (business continuity management).

Basic Policies for BCPs

- Respecting human life: Checking and ensuring the safety of employees and their families is our top priority.
- Ensuring business continuity through early recovery: Ensure stable supply through early recovery to prevent interruptions in client business and retain client trust.
- Assisting the local community: Act as a member of the local community to help as much as possible with evacuation and relief efforts for area residents.

Disasters with the potential for severe damage (such as earthquakes, fires, explosions, storms, and floods) are assessed as critical risks by the Group, which uses the following response measures to implement the Basic Policies for BCPs above:

1. Respecting human life	
Checking on the safety of employees and their families	The Group uses a safety check system begun in April 2019 to check on the safety of Group employees and their families in the event of a natural disaster such as an earthquake, storm, or flood. Training was also offered in that fiscal year, and attained a 93% response rate.
Emergency supplies	Since a large-scale disaster would shut down critical infrastructure and public transport services, some employees are expected to have difficulty returning home from our business facilities. The first three days of the disaster are defined as a rescue activity period that prioritizes rescue and relief efforts. So employees will need to wait at company facilities during this time to prevent secondary disasters from the disruption caused by returning home all at once. The Group is preparing for this type of emergency by continually procuring and managing emergency supplies at our business facilities. Main emergency supplies Portable radios, hard hats, drinking water, non-perishable food, portable toilets, blankets, emergency lights
2. Ensuring business continuity through early recovery	
BCP-based disaster readiness and business continuity training	The Group created a Companywide business continuity training plan in August 2020. We will continue to plan and execute this training program after fiscal 2020. By giving our employees a better understanding of their BCP, we want to improve their training and ability to handle disasters. We also want to help our disaster response centers make better decisions.
Working from home	To combat Covid-19, we started allowing employees to work from home in March 2020. Facilities such as our Head Office and Tokyo Office have been equipped with VPN (virtual private network; a dedicated virtual Internet connection) environments.
3. Assisting the local community	
Providing facilities for the community during disasters or other crises	The rooftops of the company dormitories and company housing for OOC's Kanazawa and Sakata Plants have been provided for use as emergency evacuation sites in the event of a disaster or potential disaster such as an earthquake, storm, or flood.  Sakata Plant company housing  Evacuation training at the Kanazawa Plant company dormitory
Helicopter rendezvous points for doctors	To help enhance the local community's medical rescue activities for times of disaster, the grounds of OOC's Sakata Plant have been registered as a rendezvous point (external takeoff and landing point) under the control of the Sakata area fire department since 2012. 

Environmental Initiatives

Basic approach

Since production activities at chemical plants are the Group's core business area, environmental protection work is one of our highest priorities. This work involves regulatory compliance to prevent environmental pollution, along with other activities designed to reduce environmental impact by analyzing our business conditions and predicting future changes.

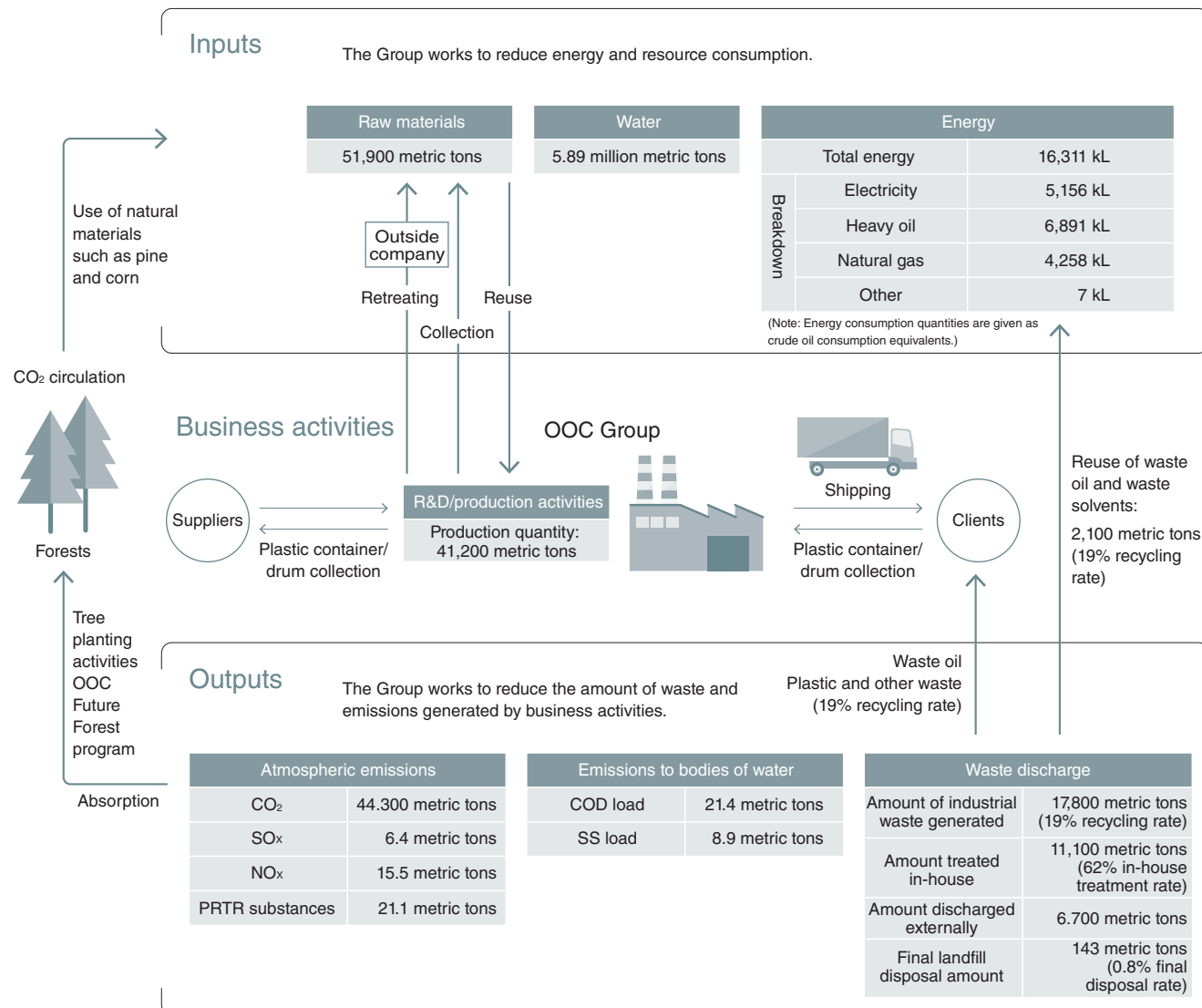
- Guidelines for Conduct**
- From Item 5: Together with local communities - We will voluntarily and proactively work to reduce the environmental impact of our activities.
 - From Item 6: For the children of the future - Recognizing that the global climate crisis impacts us directly, we will help to create a sustainable future enabling a happy life for the children of tomorrow.

Medium-term policy (2020-2024) issues

- Company activities designed for coexistence with the planet and the public
- Building global partnerships to enable sustainable development
 - Managing chemicals and reducing waste throughout product lifecycles
 - Proactive use of resource recycling and use of renewable energy

State of environmental impact

The Group works to accurately identify how we affect the environment through business activities ranging from raw material procurement to production, scrapping and recycling. We work to reduce environmental impact by qualitatively and quantitatively identifying how much we reduce or reuse the resources we consume and discharge.



Work on Reducing Greenhouses Gases

Major typhoons, torrential rains, droughts, heat waves and other abnormal weather events have recently been creating disasters that have incurred major damage around the world. The growing number of extreme weather phenomena caused by climate change have raised concerns over the risk of shutdowns in infrastructure and other functions, and over potential threats to food safety and security. The nations of the world responded in 2015 by adopting a new legal framework for responding to global climate change known as the Paris Agreement. The OOC Group has recognized the long-term importance of dealing with climate change through decarbonization, and is working to help the world transform to a low-carbon economy over the medium term.

- Guidelines for Conduct**
- From Item 6: For the children of the future - Recognizing that the global climate crisis impacts us directly, we will help to create a sustainable future enabling a happy life for the children of tomorrow.



Using our business activities to help the world transform to a low-carbon economy

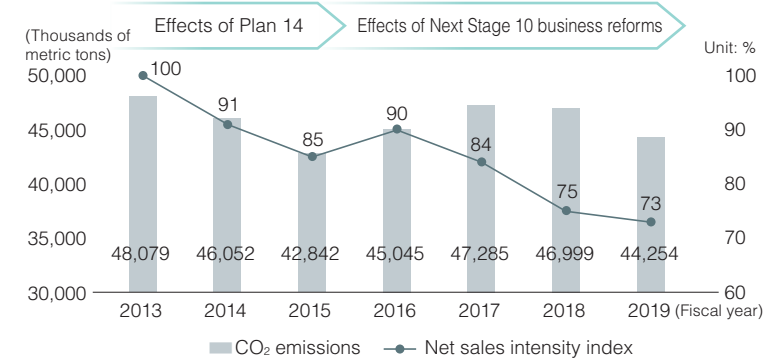
With climate change becoming an increasingly severe problem in recent years, we have been making concerted Group-wide efforts to reduce CO₂ emissions through a number of measures. As part of these efforts, the Osaka Plant was shut down until fiscal 2014 as we worked on revising or discontinuing a number of products under a business reform project called Plan 14. The project helped us reduce CO₂ emissions and energy consumption by reviewing products with poor production efficiency or excessive environmental impact. Next Stage 10 is the name of our Long-term Business Plan begun in fiscal 2015. It calls for a focus on electronics materials along with business reforms done through measures such as reviewing unprofitable businesses. It has helped us curb rising CO₂ emissions while boosting net sales and profits. We will continue to satisfy consumer demands as a way to bring products of higher added-value to the world and focus on helping it transform to a low-carbon economy.

Group's CO₂ reduction measures

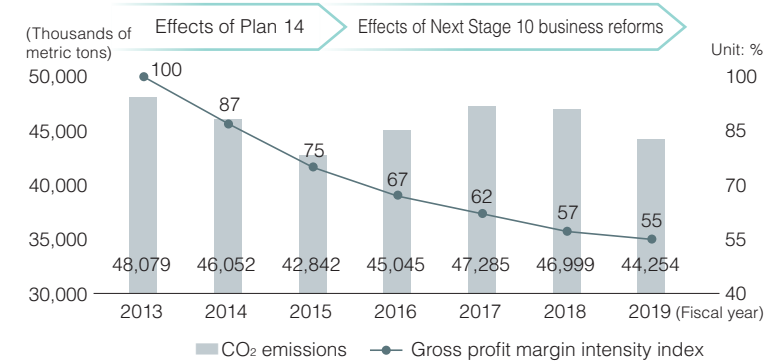
Osaka Office, Kanazawa Laboratory	• Developing products that help save resources and energy
Kanazawa Plant, Sakata Plant	• Saving power by switching to inverter-driven facilities/equipment • Saving power by reviewing equipment cleaning methods (speeding up processes) • Saving power by updating air conditioners and reviewing operation
Head Office Plant of Shinko Organic Chemical Industry	• Switching to power lifts
All business facilities	• Saving power by switching to indoor/outdoor LED lights

In addition to continuing existing measures, the Group will also work on reducing CO₂ emissions by installing new waste oil-burning boilers, installing solar power generation equipment and investing in more energy efficient equipment.

CO₂ emissions and net sales intensity index



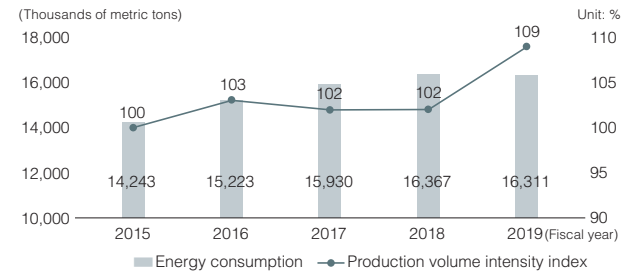
CO₂ emissions and gross profit margin intensity index



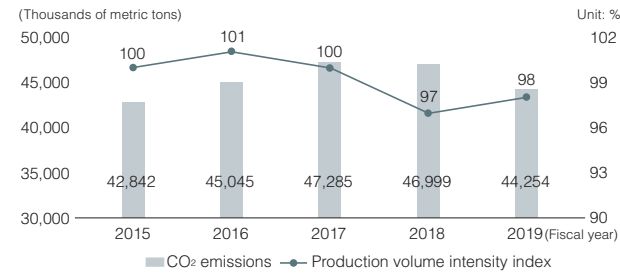
Issues for the future

The Group is switching to high-mix/low-volume production as we make progress on our business reforms. Alongside production efficiency factors, our production volume intensity also covers factors resulting from business structure changes and from energy consumption. So we are looking into adopting and managing indicators that will reflect our work on helping the world transform to a low-carbon economy over the medium term. Reducing supply chain emissions is another key issue for the Group. Among the three emissions categories defined by Scopes 1 to 3, the Group has identified Scope 1 and Scope 2 emissions for this issue. Scope 1 emissions (direct emissions from sources such as the Company's own plants, offices and vehicles) are generated directly by the Company itself. Scope 2 emissions are indirect emissions from sources of energy consumed by the Company such as electric power. To uncover issues in future, we will quantify the effect of our corporate activities throughout entire value chains so that we can identify and calculate Scope 3 emissions (indirect emissions outside the scope of the Company's own business activities) as we continue to work on reducing CO₂ emissions.

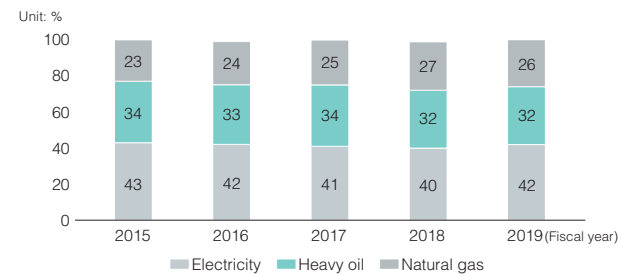
Energy consumption and production volume intensity index



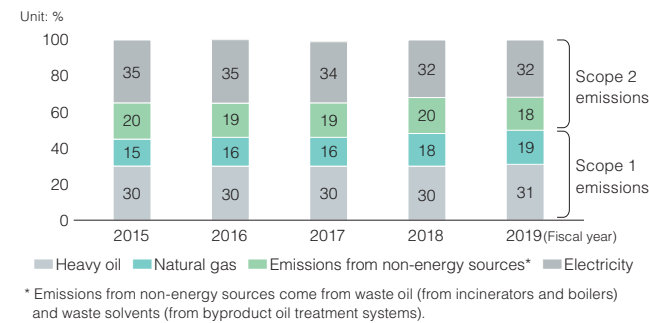
CO₂ emissions and production volume intensity index



Energy consumption breakdown



CO₂ emissions breakdown



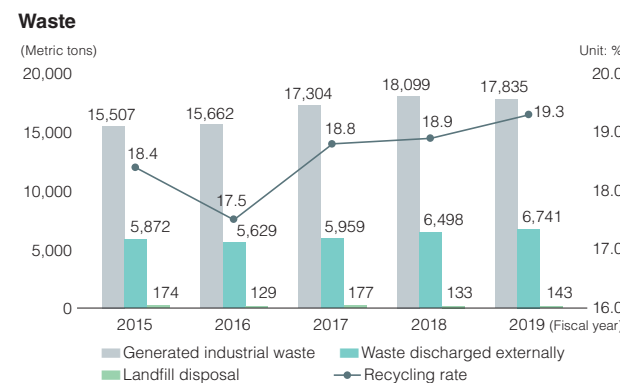
Work on Reducing Environmental Impact

The Group makes efforts to reduce the environmental impact of its business activities, which affect the environment in various ways by consuming large amounts of energy, chemicals, water resources and other inputs. Our efforts are rooted in environmental compliance work done to enforce compliance with the environmental laws and regulations of countries and regions around the world. Our employees are trained to understand the importance of legal compliance through audits and ongoing educational programs such as OJT (on-the-job training). We also communicate regularly with local residents as a way to consider the local environment. We managed to be completely free of major environmental compliance incidents in fiscal 2019. We will continue making efforts to protect the global environment, providing local residents with safety and security.

Guidelines for Conduct From Item 5: Together with local communities
- We will voluntarily and proactively work to reduce the environmental impact of our activities.

Reducing industrial waste

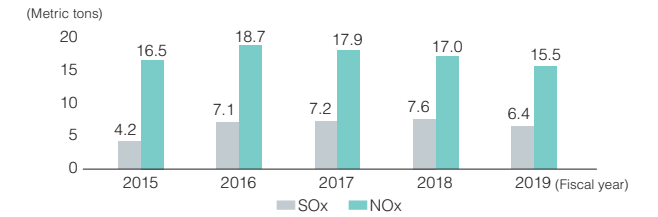
The Group works to further reduce environmental impact through activities that put the three Rs (reduce, reuse, recycle) into practice. These activities are designed to reduce the amount of industrial waste generated while making effective use of limited resources by consistently sorting generated waste and recycling more of it. We have always promoted in-house recycling by using byproduct oil treatment systems to turn waste oil into fuel and waste solvents into boiler fuel. We also subject externally discharged waste to intermediate treatments such as incineration, crushing and volume-reducing solidification before final landfill disposal. We plan to work on reducing the amount of waste disposed of in landfills. Although fiscal 2019 saw a YoY (year-on-year) reduction in the amount of industrial waste generated, a greater amount was discharged externally. But our recycling rate of 19.3% represented a YoY rise of 0.4%. And for waste generated by business activities, we were able to keep landfill disposal amounts to just 0.8%. We will continue to make progress in waste recycling and work on reducing the amount of industrial waste we discharge.



Preventing air pollution

Preventing air pollution through measures such as rationalizing the operation of boilers and incinerators has always been an area of focus for the Group. We are also working on further reducing atmospheric emissions of hazardous substances. Emissions of both nitrogen oxides (NO_x) and sulfur oxides (SO_x) fell in fiscal 2019, with NO_x down by 9% and SO_x down by 17% YoY. We will continue to steadily monitor emissions levels as we work to lower them.

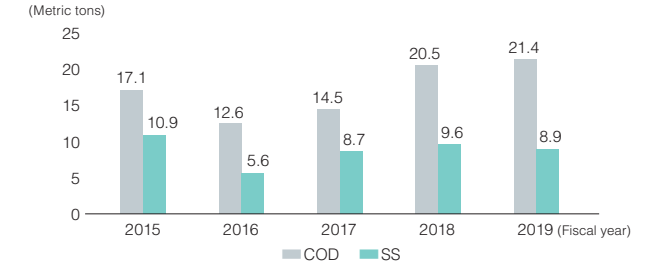
SO_x and NO_x emissions



Preventing water pollution

The Group's wastewater treatment processes are continually monitored as we work to prevent water pollution by meeting regulatory values. As part of this work, we make ongoing efforts to reduce environmental impact on bodies of water by rationalizing the operation of activated sludge treatment facilities and wastewater incinerators. In fiscal 2019, we reduced the quantity of suspended solids (SS) year-on-year. (Suspended solids are water-suspended particulates of no more than 2 mm in diameter. They are an indicator of wastewater quality.) In contrast, the chemical oxygen demand (COD) value rose. (Chemical oxygen demand is the amount of oxidizing agent consumed when organic matter in water is decomposed by an oxidizing agent.) But the COD value is still well below the regulatory value, and we will continue to work on reducing it through steady monitoring.

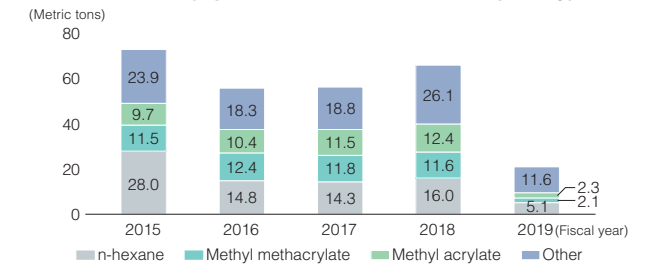
COD and SS loads



Reducing emissions of PRTR-regulated chemicals

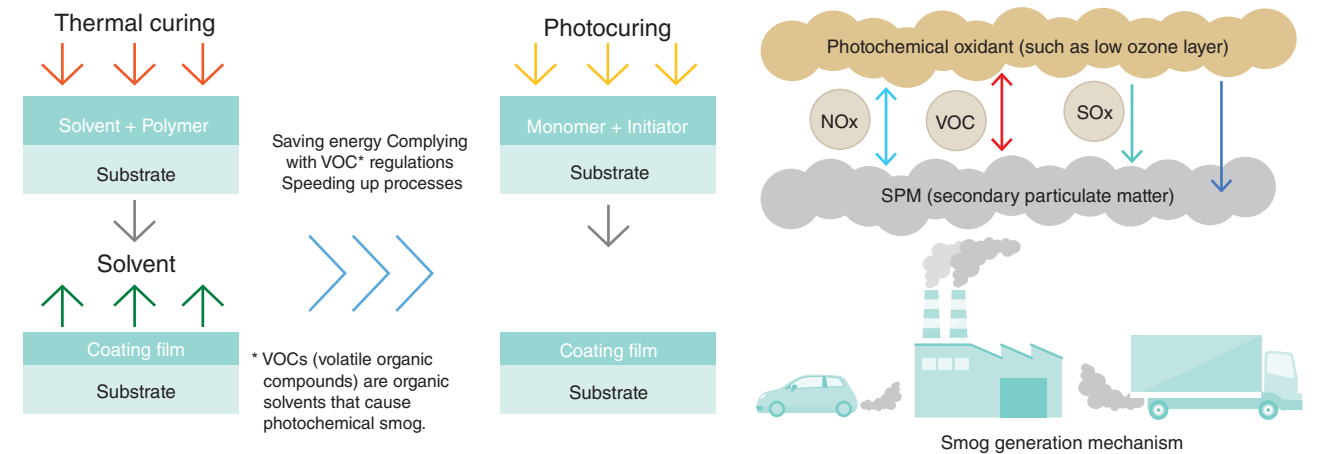
Our environmental impact reduction efforts include work on properly managing chemicals generated by our business activities while reducing their emissions. For example, we take part in the Japan Chemical Industry Association's voluntary PRTR surveys and work on reducing environmental chemical emissions. Previous emissions reduction measures have included upgrading deodorizing equipment for outdoor tanks and plant facilities. In fiscal 2019, we completed all the upgrade work being done to the scrubbers (deodorizing equipment) used by the plant facilities that manufacture the Kanazawa Plant's major products. The upgrade has greatly reduced emissions year-on-year. We are planning more work on reducing emissions, and are looking into installing VOC combustion equipment.

PRTR emissions (top three substances and total quantity)



Using UV curing technology to provide environmentally friendly products

Many different industries use UV (ultraviolet)-curing resins for their handy properties. Today's growing demand for environmentally friendly coatings is creating interest in UV coatings that enable solvent-free application and so are viewed as a low-pollution option that saves resources and energy. OOC and OOC clients use UV curing technology in manufacturing processes for a wide range of products in sectors such as electronics materials (LCs and semiconductors). We will continue to research, develop and grow sales of environmentally friendly products to help create a more environmentally friendly world.



Relationship with Trading Partners

We are striving to strengthen relationships of trust with trading partners, with fair competition as the driving principle.

Guidelines for Conduct From Item 3: Together with clients and trading partners - We will interact with trading partners honestly and in good faith, and continuously maintain fair and equitable business relationships.

Supporting our trading partners through the 5S activities

The OOC Group has been practicing the 5S activities of *seiri* (sorting), *seiton* (straightening up), *seiso* (sweeping away), *seiketsu* (sanitizing), and *shitsuke* (strictly training) for many years, and they have become our foundation and forte in improving safety and quality, and in boosting productivity.

The 5S activities not only make the workplace environment better when they are thoroughly implemented internally; these activities also support the suppliers and other trading partners we work with, by contributing to raising their corporate value. Specific examples are plant tours for the suppliers and that are focused on 5S activities, and also having the 5S Promotion Department provide advice on factory floor safety, quality, and work practices during supplier audits. We will continue to build relationships of trust with our trading partners, and work with them to continuously carry out the 5S activities and strengthen the supply chain.



Plant tours in progress



Local Communities

Suppliers Contractors

Distributors

Manufacturers R&D

Distributors

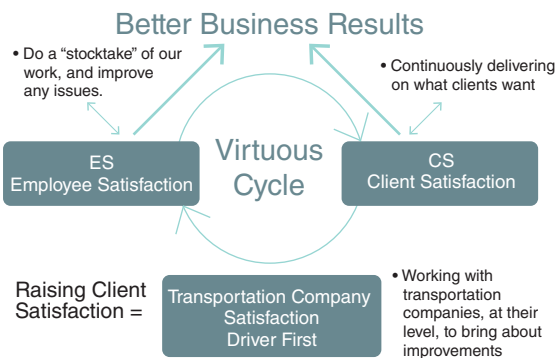
Corporate Users

End Users

Local Communities

Distributor-friendly work practices

An important aspect of the OOC Group's relationship with trading partners is working with them on logistics and distribution, which are essential functions in transporting raw materials and products. This includes the White Logistics Movement, which is an initiative advocated by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and other agencies and organizations, and aimed at improving logistics and distribution through mutual collaboration between shipping companies and distributors. The OOC Group endorses the Movement's aim, and we have made a voluntary action declaration toward realizing sustainable logistics and distribution. As such, we are endeavoring to practice a "driver first" approach, which considers the working conditions of truck drivers and other workers involved in transportation. We believe that achieving better satisfaction among distributors through these initiatives will also help to boost client satisfaction. We also consider safety management at the distribution floor to be an important issue. So each year we hold a safety workshop for distributors. In fiscal 2019, we held a hands-on safety workshop that let participants try using a fire extinguisher. At the end of each workshop we ask the participants to fill in a survey, which asks for their views on the OOC Group's business operations and work practices. We then devise measures to address any issues highlighted in the survey.



Safety workshop



Hands-on safety workshop

Relationship with Clients

We are endeavoring to achieve even better safety and quality, so that clients can use our products with peace of mind.

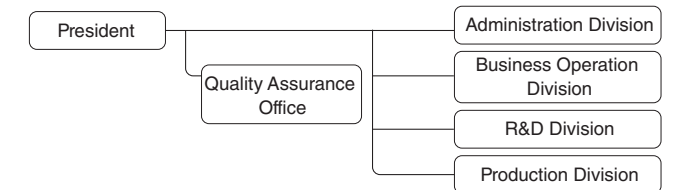
Guidelines for Conduct From Item 3: Together with clients and trading partners
 - We are dedicated to ensuring the safety and quality of our products.
 - We will continually provide materials with unique functions to help our clients innovate.

Quality assurance initiatives

So as to provide products and services that will satisfy our clients, in 1997 all divisions of OOC acquired the ISO 9001 Quality Management System Certification, which we apply to our business operations. We are committed to maintaining and strengthening quality management with this certification, while also keeping clients informed of our quality assurance practices.

Quality assurance system

We have placed the Quality Assurance Office under the direct control of the President, which enables speedy communication with management while ensuring autonomy between departments and business facilities. This system is designed to further enhance quality by implementing initiatives that are of a uniform standard.



Clients safety initiatives

In order to ensure the safety of the clients who handle our products, we carry out investigations and evaluations from the R&D stage on areas such as the toxicity of products and raw materials used, and their environmental impact. At our laboratories, from the R&D stage through to when a product is ready for sale, we investigate the danger and toxicity of the products and raw materials used, and evaluate those risks. We use the information obtained from these investigations and evaluations to improve product safety, such as by selecting less hazardous raw materials, proposing safer ways of working and less wasteful manufacturing methods, as well as designing more energy-efficient equipment.



Compliance with laws and regulations on chemicals

Economic globalization and the development of domestic and international laws and regulations on chemicals have resulted in more inquiries for investigations on chemicals contained in products, and the content of these investigations has become more varied and complex. We use a chemicals management software to centrally manage the chemicals contained in products and raw materials, as well as the raw materials used in each manufacturing process and product-related information. We are also linking our software to external databases that store information on the chemical-related laws and regulations of each country, so that we can promptly provide clients with accurate information that will enable them to use our products with peace of mind.

Relationship with Employees

Workforce Recruiting and Training

Guidelines for Conduct

- From Item 2: Together with employees and their families
- We will make the most of our reciprocal merits and strengths, complement each other, and work as teams to maximize our abilities.
 - All our operations will be guided by the principles of mutual trust and harmony.



Workforce recruiting and training / Work support



In December 2019 we introduced a new personnel system, which is centered around the above mentioned multiple-track qualification and rank system. We are also continuing to upgrade our existing personnel system, including extending the retirement age for full-time employees from 60 years to 65 years.

Training system overview

	Training by Rank				General Education	Professional Education	Environment & Safety Education	Quality-related Education
Division Manager	Performance Reviewer Training	Goal Setting Training	Feedback Training					
Section Manager				Planning & Negotiating Skills Strengthening Training	Logical & Critical Thinking Training			
Assistant Manager				Facilitation & Presentation Training				
Senior Staff				Coaching & Teaching Training				
General Employee				Personal Transformation Training				

Recruitment activities

Desirable candidates & recruitment activities

The OOC Group considers the following four types of willingness and attitudes to be important, and is seeking people who we can work with to do our best.

- (1) Not satisfied with the status quo, and ready to keep moving forward and challenging yourself
- (2) Trusting your colleagues, and working harmoniously with them
- (3) Understanding the decisions made, and working with a sense of responsibility
- (4) Able to actively communicate when you're stuck and need help

These four desirable qualities are explained in our company information sessions and listed in recruitment media. In the screening process, we are not fixated on a candidate's academic record and previous work history; we also attach value to an individual's character, and how he or she comes across during the interview.

Exhibiting at academic societies

In 2019 the OOC Group exhibited at the following academic societies, and our booth was visited by 295 students in total.

68th Annual Meeting of the Society of Polymer Science (Osaka International Convention Center, May 29-31)

68th Symposium on Macromolecules (Fukui University, September 25-27)

9th CSJ Chemistry Festa 2019 (Tower Hall Funabori, October 16-17)



OOC Group booth at an academic society

Internships

The OOC Group regularly offers internships to applicants who are keen to know more about working at a chemical plant.

In fiscal 2019 we welcomed a diverse range of interns, from high school students to postgraduates.

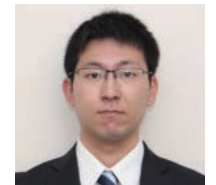


Class for interns

VOICE

Production department intern

I took part in the OOC Group internship during the summer of my third year at university. I learnt about topics such as safety and health, went on plant tours, and did practical work in analysis. What particularly left an impression on me during my internship was going on plant tours and listening to senior coworkers explain about their work on the factory floor; the atmosphere there was really friendly and open. When I was job searching, the interviewer at the OOC Group listened carefully to me and I was able to really "sell myself" without feeling nervous. I felt like I definitely want to join this company. I actually started working here in the production department. Even though there are things I need to know other than what I've learnt at university and I've felt anxious at times, the managers and senior coworkers are always supporting me, which has been really reassuring. And that open and friendly corporate atmosphere I felt during my internship hasn't changed now that I'm actually working here. I'm so glad I can work at such a warm and welcoming place.



Yuki Watanabe
Manufacturing Section 3,
Kanazawa Plant,
Production Division

Creating Safe and Pleasant Workplaces

Guidelines for Conduct From Item 2: Together with employees and their families
 - We will make the most of our reciprocal merits and strengths, complement each other, and work as teams to maximize our abilities.
 - All our operations will be guided by the principles of mutual trust and harmony.



Working on diversity

The OOC Group strives to build relationships of trust with employees through diversity-aware activities, which take into account differences in gender, race, nationality, religion, age, academic record, career background, and other areas. Diversity-related issues are wide-ranging, and since 2016 we have been focusing particularly on promoting the participation of women in the workplace, with the formulation and implementation of an action plan to achieve this. The present situation we're addressing is the limited allocation of women to departments such as manufacturing, due to the nature of the work and working environment. We will listen carefully to the views of employees at these workplaces and make efforts to improve the environment there, while also continuing to encourage the active participation of women in the OOC Group.

Workplace issues

Employees wear sufficient protective gear to avoid any possible chemical burns caused by chemicals coming into contact with the body. The manufacturing floor has various machines that may cause an injury if a worker takes a step in the wrong direction. The OOC Group is implementing even more thorough safety management to prevent such incidents from occurring. You can get a sense of how tough it is to work in the manufacturing department, where workers go back and forth across an expansive plant, prepare raw materials in powder form and perform other laborious tasks. We have made working at the manufacturing department easier by reviewing the handling of heavy materials.

Initiatives for improving issues

1. Lighter preparation tubes

The existing preparation tubes used by employees were so heavy that it wasn't possible to extract raw materials from the drums. So we made these tubes lighter, which alleviated the burden of this task. We also set up a pipe trolley (see red square in the picture) so that even female employees can extract the raw materials.



2. Lift installation

Preparing the washing liquid requires lifting up a 25 kg container of raw materials for use; this has prevented female employees from doing this task on their own. So we installed a lift, and now any employee can do this work on his or her own.



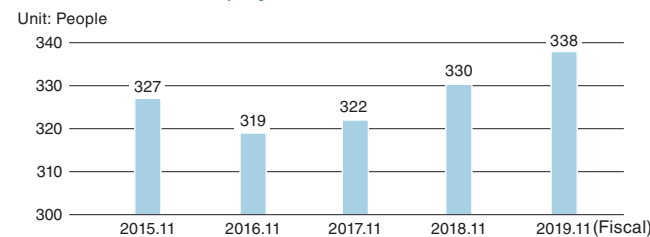
Employee's voice

We have good working relationships here, and senior colleagues will lend a hand in lifting heavy objects and assisting with physically-tough tasks. We've also been working on improving the equipment, tools and preparation methods used, and expanding the range of work done. These initiatives will help lessen the physical burden for all employees, both male and female.

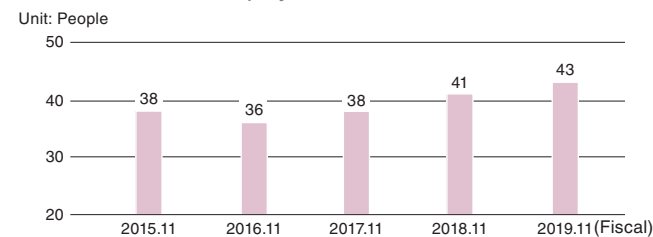
Manufacturing Section Manager's voice

I want to everyone in this department to immediately share any diversity-related issues they come across on the manufacturing floor, so I've been working on cultivating better communication and creating an environment where anyone can speak freely about their tasks. This includes actively reaching out to employees as a member of management.

Number of male employees



Number of female employees



Overall, the number of OOC Group employees is rising, as is the number of female employees. As of November 2019, there are two female employees assigned to the manufacturing department.

Work-life balance initiatives

Paid-leave system and usage

The OOC Group values its employees' work-life balance, and so the labor and management side are working together to limit long working hours and promote the use of annual paid leave. The initiatives so far are as follows.

- Increasing the number of allotted paid leave days from joining the company up to the third year of employment
- Granting special paid leave to long-service employees
- Allowing for paid leave to be taken in half day and hourly units
- Setting up a saved paid-leave system*

* The saved paid-leave system was introduced in May 2011. It allows employees to accumulate annual paid leave they were not able to use within the set period and had to forfeit. The accumulated saved paid leave can be added on to regular paid leave, and used by an employee who is recovering from a personal injury or illness; this is a way of supporting employees during their recovery time. This system also lets employees use their regular paid leave with peace of mind. An employee can accumulate up to a maximum of 4 days of unused paid leave in a single year, and up to a maximum of 20 days of unused paid leave over 5 years.

Thanks to this initiative, for four consecutive years since 2015, the OOC Group has seen more annual paid leave taken and a higher usage rate than the average values in the Ministry of Health, Labor and Welfare's General Survey on Working Conditions. (From December 2018 to November 2019, the average number of annual paid leave days taken was 10.7 days, and the usage rate was 57.9%.)

Initiatives for reducing overtime

The OOC Group has introduced an attendance management system and entry-and-exit gate management system in order to accurately understand and manage employees' working hours. The attendance management system features an in-built mechanism in the top screen that tracks in real time the monthly overtime hours of each employee in his/her section. This mechanism allows users to check the status of overtime workers and other data.

The data from this system can be used to manage appropriate working hours and employee health, such as having an employee examined by an industrial doctor to check his/her health condition as required.

We are also actively using a flex-time system to improve work efficiency, by achieving a balance between busy and quiet periods and making efforts to reduce overtime. These include implementing initiatives each year aimed at giving employees a better understanding of labor time rules, and holding seminars on how to keep working hours at an appropriate level.

Introduction of childcare leave system

The OOC Group has systems in place to support employees who have childcare and nursing care duties. Childcare leave is available for a maximum period of until a child is two years old, and if there are substantial reasons for requesting such leave. Currently, the childcare leave usage rate and post-leave return to work rate are both 100% for female employees. In contrast, in fiscal 2019 one male employee took childcare leave, and returned to work after it.

We will continue to encourage employees to take childcare leave, and foster an environment that makes it easy to use the childcare leave system.

We have also extended the period for which employees can use a shorter working hours system from the legally designated period of until the child is three years old, to April 1 of the year following when the child turns nine years old.

Female employees	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Employees who have given birth (people)	3	2	1	2	6	1
Childcare leave usage rate	100%	100%	100%	100%	100%	100%
Post-childcare leave return-to-work rate	100%	100%	100%	100%	100%	100%

Male employees	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Employees whose spouse has given birth (people)	23	14	10	19	16	25
Childcare leave usage rate	0%	0%	0%	0%	0%	4%
Post-childcare leave return-to-work rate	-	-	-	-	-	100%

VOICE

First male employee to take childcare leave

I initially planned to use the shorter working hours system, but after consulting with my superior and on his recommendation as well, I decided to be the first male employee to take childcare leave. In addition to concerns about how taking this leave would impact my career, my greatest worry was about money. I received sufficient financial support from the company though, so it was no problem at all. However, my child was born earlier than expected, and I had to take childcare leave before I could handover my work duties. So I feel like I caused some inconvenience to my colleagues. Childcare was definitely tough, both physically and mentally. But I could get a real sense of how my child was growing every day, such as being able to turn over on their own; that's an irreplaceable treasure. I was able to utilize childcare leave and make use of the regular checkups and other support programs available. Despite all of the support available, many men do not take advantage of childcare leave. It would be great if everyone involved can respect the positions of others to make it easy for anyone to take childcare leave.



Fumiaki Inui
Section 3, Kanazawa Laboratory

Respecting Human Rights

Guidelines for Conduct From Item 1: Together with all stakeholders - We will respect the dignity and rights of all people, and will not discriminate against anyone unfairly.
 From Item 2: Together with employees and their families - We will create safe environments together, which are healthy for both the body and mind.



Respect for human rights, and measures for harassment

The OOC Group engages in business with a respect for human rights, and conducts its management based on a policy of also not infringing on any human rights. We are also bolstering our initiatives to eliminate all types of harassment, and we have already complied with the Revised Labor Measures Comprehensive Promotion Act (Power Harassment Prevention Act) that was enacted in June 2020. Additionally, we have set up consultation services both within and outside the company, so that employees can freely and openly consult about any harassment-related issues they may be experiencing.

Consultation services

1. Nakajima Hideji Legal Office

Six years of proven results as an office for external whistle-blowing. Independent advice is assured, as this legal office does not have any vested interests in the OOC Group management.

2. Japan Institute for Women's Empowerment and Diversity Management

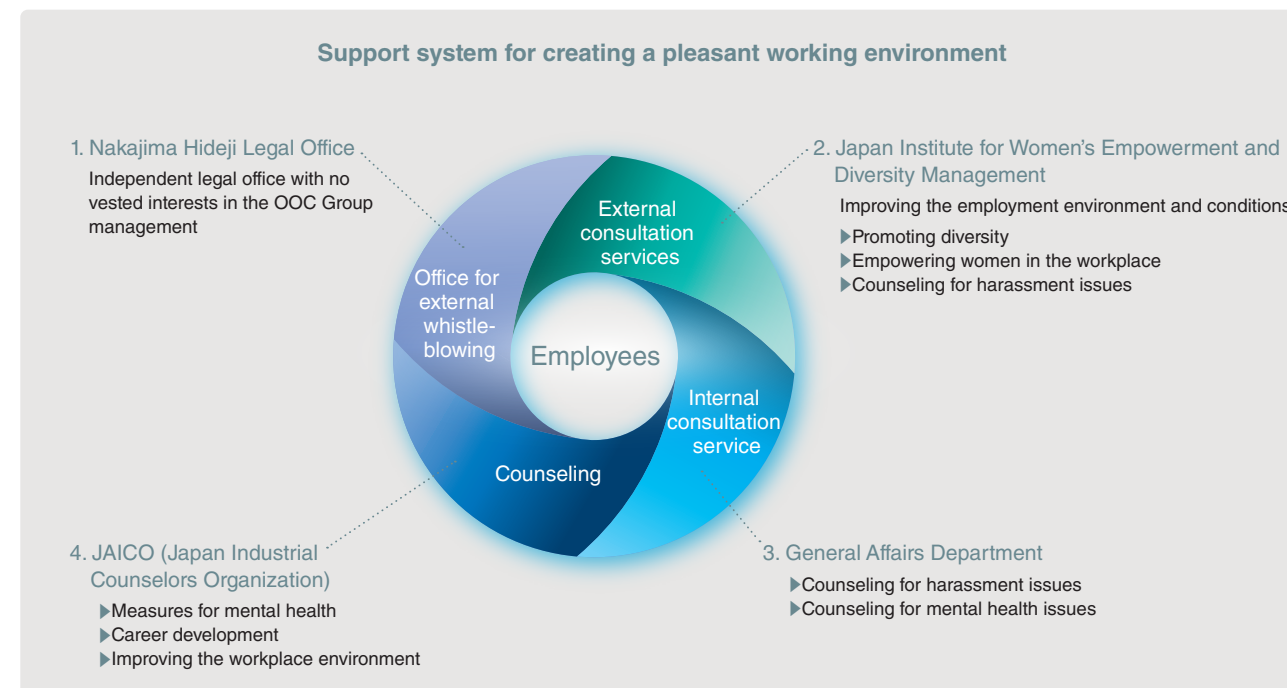
One year of proven results as an external consultation service for mainly harassment-related reports. Focuses on creating an environment where employees can work to their full potential; this includes promoting the participation of female employees, achieving a work-life balance, cultivating a harassment-free workplace, and advocating diversity management.

3. Consultation Service in the General Affairs Department

An internal consultation service. Staffed by counselors with qualifications in mental health, this service supports employees in a way that makes it easy to discuss their issues of concern.

4. JAICO (Japan Industrial Counselors Organization)

Employees have annual consultations with an industrial counselor, as well as access to counseling on an as-needed basis. Support focuses on mental health measures, career development, and workplace improvement.



Whistle-blowing regulations

The OOC Group is open to receiving consultations from employees and others concerning organizational and individual misconduct. We have also formulated whistle-blowing regulations to prevent scandals arising from fraudulent acts, for the earlier detection of inappropriate conduct and better self-resolution, and to ensure our credibility in society.

Range of matters for whistle-blowing

In accordance with the whistle-blowing regulations, whistle-blowing is possible in relation to any suspicions, problems and concerns (including sexual and power harassment) pertaining to the execution of work.

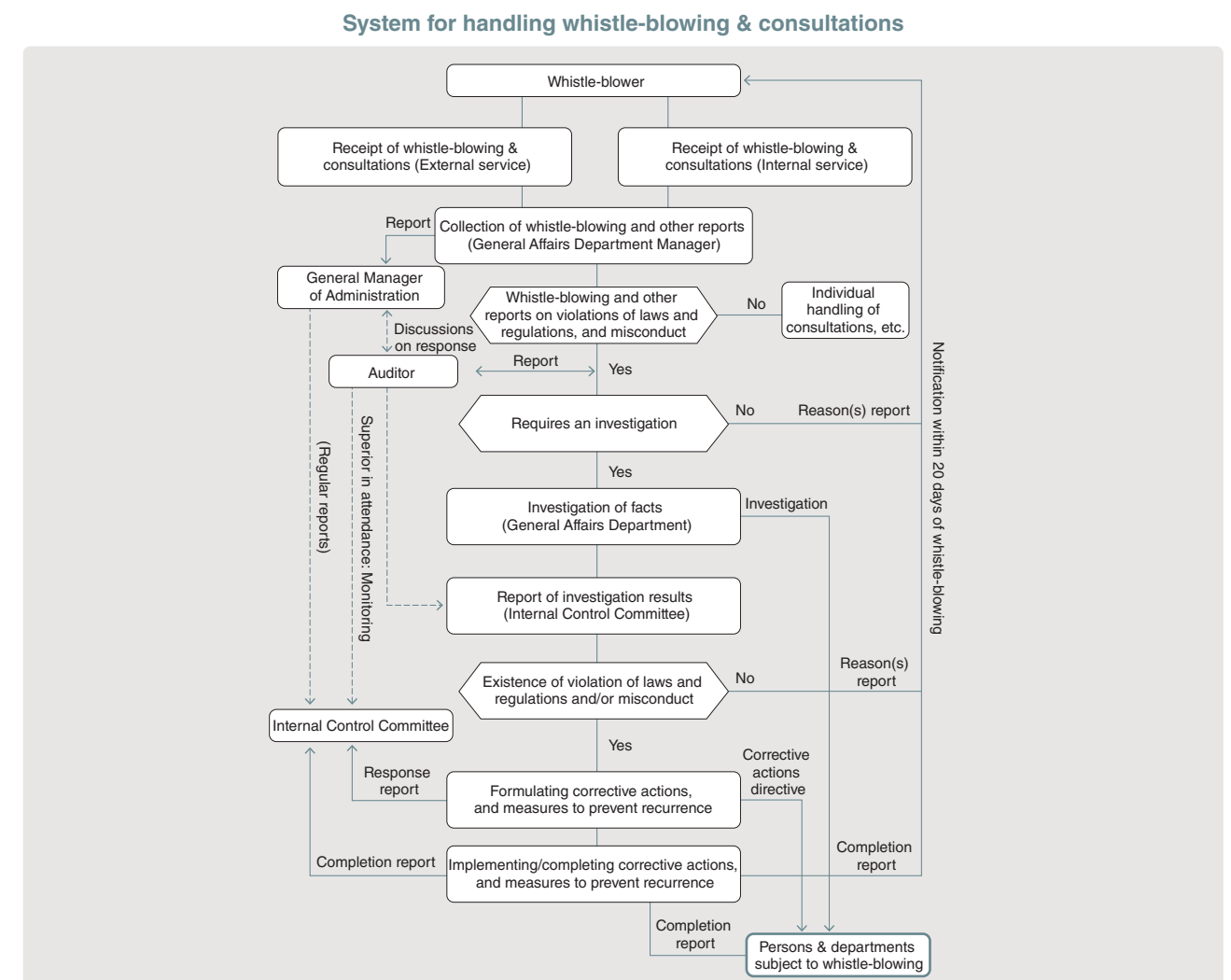
1. Violations of laws and regulations (excluding violations of the duty of effort)
2. Infringements of an individual's rights to their life, physical body and property, and of other rights
3. Violations of work rules and other internal regulations
4. Violations of the OOC Group's Guidelines for Conduct, etc.
5. Covering up the aforementioned acts (1-4), concealing evidence, leaking information, etc.
6. Other acts that may damage the OOC Group's good name and credibility

Whistle-blower protection

The OOC Group will not dismiss or engage in any other unfair treatment (including effective harassment) of whistle-blowers and others, for the reason of whistleblowing or cooperating with an investigation. Furthermore, no one will try to find out who the whistle-blower(s) is(are).

Handling of whistle-blowing & consultations

We promptly handle these matters based on the following flow chart.



Promoting Health Management

Guidelines for Conduct From Item 2: Together with employees and their families
 - We will make the most of our reciprocal merits and strengths, complement each other, and work as teams to maximize our abilities.
 - We will create safe environments together, which are healthy for both the body and mind.



Employees' health management

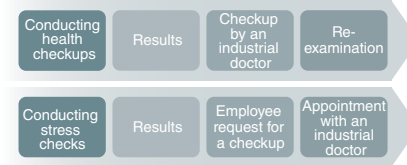
Health checkups and health care

The OOC Group conducts annual health checkups for its employees and special medical examinations for workers who handle chemicals, as well as complete medical checkups for management-level employees. In order to maintain the 100% participation rate in health checkups, we will align the timing of conducting health checkups at our offices, and make efforts to ensure all employees are examined.

Health care by industrial doctors

The OOC Group also appoints an industrial doctor at offices with up to 50 employees, to review the results of employees' health checkups. Employees who need to be re-examined receive information urging them to have another health checkup, and the company also follows up on the results of the second medical examination. Employees also undergo an annual stress check to manage their mental health, and those with high levels of stress can request an appointment with an industrial doctor. We will continue to work with industrial doctors to expand and enhance our system for preserving and protecting the mental and physical health of employees.

Health checkups & stress checks



Accessible medical health check results

Since fiscal 2019 the OOC Group has been uploading its employees' health checkup results into a database so that they can be easily accessed at anytime; we hope this will encourage employees to become more health conscious in general. We also tabulate and analyze health-related data and use it to understand the trends and issues in employees' health by department/division, age, and other categories. In this way, we are making it easier for employees to maintain and improve their health even while at work.

Upcoming initiatives

To further promote health management in the OOC Group, we will survey employees to find out what areas they feel need improvement, such as understanding health check results, items to include in health checks, and advice on exercise and diet. We will then use these results to reassess our health management initiatives.

Mental health care

Conducting "trial counseling" for all employees

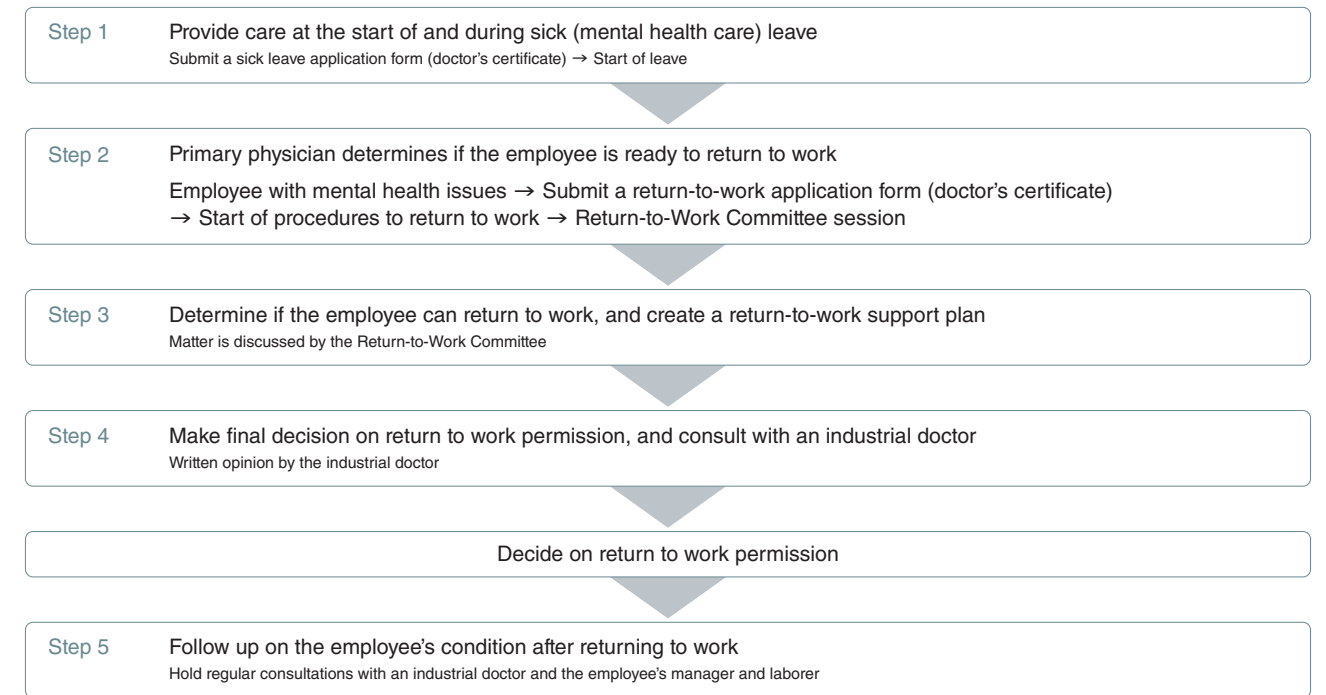
Objectives	<ul style="list-style-type: none"> Preventing an increase in highly-stressed employees Preventing mental health issues from happening
Anticipated results	<ul style="list-style-type: none"> Sorting through and solving each employee's issues Enabling the self-discovery of unnoticed personal strengths and habitual ways of thinking Encouraging better communication for a pleasant workplace
Anticipated aim	Having all employees experience what a counseling session is like, so they will be more readily willing to seek counseling when needed
Results	May 7 to June 30, 2019; Approx. 30 minutes/person 378 employees (100% of all employees, excluding executives)

Using the counseling office

A survey conducted after the trial counseling revealed the following comments from employees: "It's effective if these sessions are held when I have some concerns or troubles, and matters I want to discuss," and "I wasn't able to talk freely, as I was concerned about what my colleagues, superiors and the company would think." After hearing this, we consulted with JAICO and set up a system where employees can use the counseling office at the company's cost.

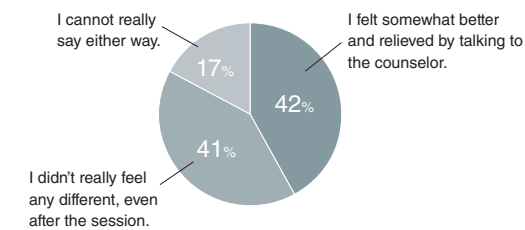
Process of post-leave return to work

The OOC Group has established regulations on leave taken by employees due to mental health issues, and their subsequent return to work. We use these processes to provide care for employees while on mental health care leave, and to follow up on their condition once they've returned to work. In this way, we provide employees with the support they need at each stage.

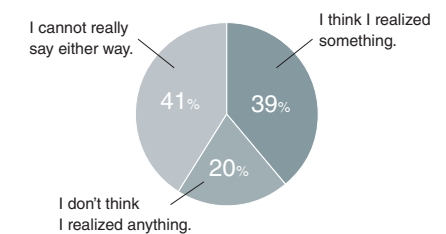


Trial counseling session survey results

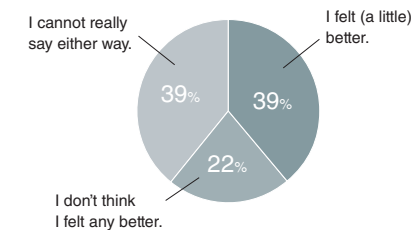
Was there any change in how you felt after talking with the counselor?



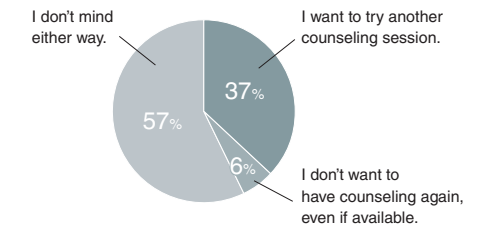
Did you realize anything (about yourself) after the counseling?



How did the counseling make you feel?





Do you want to have counseling again?



Relationship with the Community

Basic approach

The OOC Group prioritizes practicing safe business operations and achieving a harmonious and prosperous coexistence with local communities, while also accelerating initiatives to lessen the environmental impact of our activities. We are also aiming to make the OOC Group business offices places that are trusted by the local community, by organizing various social action programs with residents and through other initiatives.

Guidelines for Conduct	From Item 5: Together with local communities		
	- We will place the highest priority on safety, aiming to eliminate all accidents and workplace incidents.		
	- We will voluntarily and proactively work to reduce the environmental impact of our activities.		

- We will actively participate in society, and meet the demands and expectations of local communities.

Kanazawa Plant

Reducing the environmental impact and improving the safety of our operations at this main plant

The Kanazawa Plant began operating in 1981 as the OOC Group's second factory, and since then it has developed to become our main plant. The Kanazawa Plant faces the holy mountain Mount Haku, and effectively uses the precious resource of groundwater from there in its production activities. We use the plant's state-of-the-art technology to carry out business activities that contribute to society. We are also actively moving forward with a range of initiatives for achieving sustainable manufacturing that is energy efficient and eco friendly. These include improving production processes, installing energy-saving equipment, and using renewable energy sources. Additionally, through organizing and taking part in various community social action programs, Kanazawa Plant employees are establishing closer ties with local residents.



A sampling trolley that was the cause of a fire; it has been preserved as a reminder of the incident

Disaster preparedness training

A fire occurred at the Kanazawa Plant in March 2017, which caused a great deal of trouble and concern for the community and clients. We are using the lessons learnt from this incident to educate and train employees on safety management, and maintain equipment so that we are constantly prepared for any disasters and emergencies. Each fiscal year we also check the effectiveness of our disaster preparedness measures, as a part of our ongoing efforts to maintain safe operations and ensure employees can work with peace of mind. We will continue to use feedback from plant employees to identify operational risks and other issues, and make efforts to prevent any accidents or disasters from occurring.



Disaster preparedness training



Odor & leakages control drills



Fire fighting training competition



Fiscal 2019 safety, security, and disaster preparedness training results (Kanazawa Plant)

Period: December 2018 to November 2019	
December 2018	• Poisonous Materials Handling Education & Training
February 2019	• Risk Assessment Education & Training
April 2019	• Static Electricity Education & Training
April 2019	• Emergency Response Test (Leakages during transportation)
June 2019	• Emergency Response Test (Odors)
June 2019	• Emergency/First Aid/Protective Gear Education & Training
July 2019	• Evacuation/Guidance Drills
August 2019	• High-Pressure Gas Education & Training
August 2019	• General Disaster Preparedness Drills
September 2019	• Health & Hygiene Education & Training
September 2019	• Emergency Response Test (Polymerization)
September 2019	• Fire Fighting Equipment Education & Training (Chemicals fire truck)
November 2019	• Emergency Response Test (Fire)

Community evacuation area

We have set the five-storey employee dormitory, which was built in the spring of 2013 and located adjacent to the Kanazawa Plant, as an evacuation area for local residents if a tsunami is forecast to hit the area.



Community environmental conservation activities

Each year employees at the Kanazawa Plant take part in cleaning up inside the Matsumoto Industrial Parks, where factories are located, as a part of activities to beautify these areas. We also participate in the cleaning activities of the Clean Beach Ishikawa in Hakusan initiative, which celebrates its 25th anniversary this year as a part of the Coastal Protection Movement. We have also been provided with 3,400 m² of municipal land in the Hakusan-Sanroku Shiramine Nishiyama District, where we have been carrying out tree-planting activities since 2010 under the OOC Future Forest program. These activities resulted in the absorption of about 1.7 tons of greenhouse gases in the previous fiscal year. We will continue with these conservation activities, as a way the OOC Group can help to create a more livable society for local residents and the children of the future.



Tree planting and maintenance activities



Cleaning inside the industrial parks

Kanazawa Plant (including the Kanazawa Laboratory)

Location: 1600-1 Matsumoto-machi, Hakusan-shi, Ishikawa
 Established: June 1981
 Employees: 217 (as of November 30, 2019)
 Main products: Semiconductors materials, coatings and adhesives materials, resin raw materials, etc.



Osaka Office

A hybrid office functioning as a West Japan distribution center and information-intensive laboratory

Established in 1961, the Osaka Office is the oldest among the OOC Group offices. It began operations as the Kashiwara Plant, and has built up the management base of our company. Boasting a site area of 27,000 m², the Kashiwara Plant had as many as 140 employees, but as other plants were built, the plant transitioned from a production base to a distribution center. As part of manufacturing base reallocation plan "Plan 14," completed in 2014, the Kashiwara Plant was renamed the Osaka Plant, and then subsequently the Osaka Office, which is the current name. This office has been functioning as a chemicals production base, with reliable and comprehensive systems in place for safety and the environment. As per the reallocation plan, we have recently removed old equipment at the Osaka Office. This has dramatically decreased the amount of hazardous materials handled, and provided further assurance of its safe and eco-friendly operations. We will continue to develop and operate the Osaka Office as a hybrid office functioning both as a distribution center for West Japan, and as an information-intensive laboratory.



Taking part in the 2020 New Year's firefighting event
 January 12, 2020
 Joint event with participants from three cities: Kashiwara, Habikino, and Fujiidera
 Total of 817 participants (including 6 from the OOC Group) and 41 fire trucks



Fire fighting skills drill participants
 October 17, 2019
 Runner up (among 9 teams) in the small pump division



Osaka Office Crime Prevention Association softball tournament
 August 25, 2019
 Eliminated after the first round, despite a brave effort

VOICE

Further safety initiatives

Each fiscal year we prepare a Kanazawa Plant Safety and Security Management Plan, which outlines measures for dealing with any emergencies or workplace incidents that may occur. In preparing for disasters such as fires, earthquakes and tsunamis, we carry out directed fire fighting drills using a chemicals fire truck and evacuation guidance training. In terms of preventing accidents before they occur, we also hold lectures for employees to educate them about static electricity and poisonous materials.

We are also focusing our efforts on working with the local community. Each year, Kanazawa Plant employees take part in the Hakusan Nonoichi Area Fire Department's fire fighting training competition as a way of improving our initial-stage fire fighting skills to ensure a swift and steady response when a fire occurs. These activities enable employees to become even more aware of and prepared for the occurrence of fires and other incidents and committed to ensuring safe operations at the plant, which helps to build relationships of trust with local residents.



Hiroshi Ikeda
 Safety and SS Promotion Officer
 Kanazawa Plant

TOPIC Information-intensive laboratory designed around “light, nature, and creativity”

The OOC Group has been developing high-grade and high-functional materials to meet the diversifying needs of society and sophisticated client demands. We have based this development on the synthesis and applied technologies of specialty acrylic acid esters, which we have accumulated over many years at the Osaka and Kanazawa laboratories.

As the external environment continues to change rapidly, it has become necessary to set up structures that will enable us to carry out even more challenging and original research and development, so that we can continue to provide clients with high-grade and high-functional products. So we have decided to renovate the Osaka laboratory building of the Osaka Office to enable us to meet these needs. This new laboratory building will naturally be equipped with all the facilities necessary to flexibly fulfill these varying demands. It will also have an eco-friendly design with the concept of “light, nature and creativity”, which considers how the building will coexist with the surrounding environment.

We envision this new laboratory building to become a research facility where OOC Group researchers can collaborate seamlessly with affiliated researchers in an open innovation approach, and work together efficiently on R&D in a safe and conducive environment.

The building will be designed to blend into the surrounding environment, and use energy-saving measures such as natural light and controlling the amount of afternoon sunlight filtering through to lessen the environmental impact of air conditioning. It will be an environmentally sustainable facility with eco-friendly features, which help to reduce CO₂ emissions and generate other benefits. Each floor inside the building will be connected by a large atrium, with a single floor common room where researchers can go to work individually and also interact with fellow researchers to strengthen collaborations.

The building will also have a new welfare wing with a cafeteria, break rooms and other facilities to enable employees to work happily and healthily. This will expand and enhance the range of welfare benefits we provide to employees. The layout will feature walkways so that researchers can stroll in the surrounds and enjoy the changing seasons, and hopefully find creative inspiration in nature.

The new laboratory building will consolidate the OOC Group's acquired strengths and reinforce our core technologies, while also focusing on the development of next-generation materials that will be useful in society in the near future. The OOC Group is committed to contributing to society through its business, and being the first in the market to provide valuable materials that are in harmony with nature and society.



Artist's rendering of the new laboratory building exterior



Artist's rendering of the experiment office interior



Osaka Office (includes Osaka Laboratory/Advanced Technology Laboratory)

Location: 18-8 Katayama-cho, Kashiwara-shi, Osaka
 Established: July 1961
 Employees: 45 (as of November 30, 2019)

Sakata Plant

Production that also values precious natural capital

With an eye on its future business development, the OOC Group started operations at the Sakata Plant in 2000 as its third plant. The Sakata Plant is distinctive for being blessed with precious natural capital, such as an abundance of groundwater beneath the stable ground it is built on. We are also striving to make the plant's operations safe and eco-friendly by reducing the environmental burden of production activities, which include handling chemicals, emitting CO₂, and generating waste. Additionally, by taking part in activities to beautify the area and making other efforts to establish a harmonious coexistence with the community, we are aiming to make the Sakata Plant a factory that is trusted by local residents.

For a better environment

At the Sakata Plant, we are making efforts to reduce the wastage of raw materials in the manufacturing process, and also cutting back on emissions. Energy saving is also an ongoing initiative of this plant.



Use of energy-saving equipment

Safety initiatives

We are making work practices easier and creating mistake-proof mechanisms, which will improve the safety of operations at the Sakata Plant. We also conduct regular fire fighting training and leakage control drills to prepare for any emergencies.



Fire fighting training

Coexistence with the community

By taking part in various community events, the Sakata Plant employees are building relationships of trust with local residents.



Introducing the company at community events

Beautification initiatives

As a part of the OOC Group's 5S activities, we are aiming to make the Sakata Plant “the cleanest plant in Japan” through the Osaka Yuki Productive Maintenance (OYPM) activities. Based on this policy, we are making the plant cleaner and more pleasant looking on the inside, as well as taking part in activities to beautify the area surrounding the plant.



Community cleanup

Sakata Plant

Location: 157-23 Shigerimatsu, Fujisaki, Yuza-machi, Akumi-gun, Yamagata
 Established: July 2000
 Employees: 40 (as of November 30, 2019)
 Main products: Patterning materials for liquid crystal displays, cosmetics materials, coating resin raw materials, etc.



Head Office Plant of Shinko Organic Chemical Industry

Small steps towards becoming a safe and state-of-the-art chemicals manufacturing plant

The Shinko Organic Chemical Industry Head Office Plant began operating in 1969, as an acetic ester production company. It is distinctive for being conveniently located in a coastal industrial zone, which is useful for sea freight, and also for manufacturing cutting-edge chemicals used in semiconductors and other applications.

Having experienced the Great Hanshin-Awaji Earthquake in 1995, we have been developing and implementing disaster-preparedness measures at this plant. As there has been increasing wind- and water-related damage caused by large and powerful typhoons in recent years, the employees here are very aware of the disaster risks that come with a plant located along the coastline. So all employees are earnestly taking part in disaster-preparedness activities, both within and outside the plant. We will continue to ensure the steady supply of chemicals, and safe operations as a plant handling hazardous materials.

Communication with the community

We believe a company plant is a part of the community, and so we invite local residents to take a tour of our plant. These tours help residents to see and understand the connection between the OOC Group's products and their daily life, learn about the plant's safety initiatives, and know about our disaster response and other measures. We also receive feedback from local residents, and use these views and suggestions to better manage the plant.



Local residents on a plant tour



Local residents listening to an explanation of the plant

Community-based disaster preparedness activities

Using the lessons learnt from the Great Hanshin-Awaji Earthquake, we have been actively taking part in community-based disaster preparedness-related events. The local Higashi Nada Ward Fire Department, district civilian fire brigade, and corporate self defense and fire brigade gather to take part in a drill/fire extinguishing competition and general disaster preparedness drills.

We have also been joining in disaster preparedness training with companies and the Kobe Municipal Fire Department, the Fire Prevention and Safety Society comprised of local companies, and other activities, through which we are deepening our connection with the local community and contributing to creating a safe city.



Continual and comprehensive disaster drills

Water damage risk reduction measures

In 2018, the Shinko OCI plant was hit by a typhoon and torrential rain. Fortunately the plant was not severely damaged by the storm, but this experience prompted us to develop water damage risk reduction measures to prepare for any future emergencies. As the plant is located on reclaimed land, we have set up water bars to protect it from high tides, and also updated and reinforced the equipment to stop the fire extinguishing pumps from becoming submerged in water. We will continue to make efforts to reduce the risk of wind- and water-related damage, while ensuring the safety of our operations.



Water bars to stop water damage

Shinko Organic Chemical Industry Ltd.

Location: 18-26 Sumiyoshihama-machi, Higashinada-ku, Kobe-shi, Hyogo
 Established: April 1969
 Employees: 41 (as of November 30, 2019)
 Main products: Solvents for electronics materials, cosmetics materials, solvents for coatings/adhesives, etc.

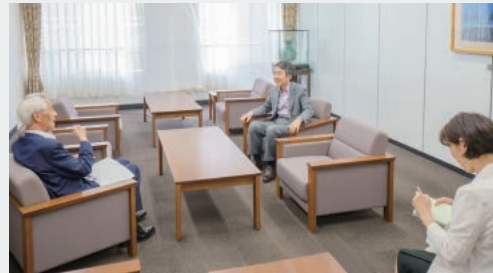


Independent Opinion

In preparing this fiscal year's CSR Report, the OOC Group requested the Institute for Environmental Management Accounting (IEMA) to evaluate its CSR management activities; we subsequently received an independent opinion from the IEMA.

Katsuhiko Kokubu, professor at the Kobe University Graduate School of Business Administration, interviewed the OOC Director and Chairman of the Board, Taiji Kanbayashi (President at the time of the interview) about the Group's CSR activities listed in this report. He also held a Q&A session with the employees in charge of CSR at the OOC Group.

The lively Q&A session covered a range of topics including the connection between the founder's spirit and management philosophy of the OOC Group and its approach to CSR, CSR-related issues, and changes in the approach to CSR in the wake of the coronavirus. Using information obtained in the interview and Q&A session, we received a written independent opinion from the IEMA, containing a general evaluation of our CSR activities and relevant advice.



In Response to the Independent Opinion

Based on our Management Philosophy that recognizes the OOC Group's connection to its stakeholders and significance as a chemicals manufacturer, we have created a Medium-term Policy and Guidelines for Conduct for the start of our Second Five-year Medium-term Business Plan from the November period of fiscal 2020. This is the first CSR Report we have prepared and is meant to substitute our traditional Environmental & Social Reports. As per the independent opinion we received, we will endeavor to clearly communicate our message by presenting these CSR initiatives as a single story.

We consider it particularly important in our business activities to develop eco-friendly processes that reduce the environmental burden, and provide clients with functionally-differentiated products. An example is the manufacturing method of our mainstay product, acrylic acid esters. We have made considerable progress in recent years in shifting to the transesterification method. By doing so, we have been able to not only dramatically improve productivity, but also reduce the amount of waste and substantially lessen the environmental burden of our production activities. We believe that these types of initiatives are precisely the CSR activities we should be engaging in, and so the OOC Group will continue to promote such CSR activities. Accurately understanding the status of our CSR activities is also an important issue. So we have set ESG management-oriented KPIs, and we are using them in conjunction with environmental data to quantitatively present the progress of these activities.

The OOC Group will continue to actively engage in dialogue with stakeholders, and move further ahead with our initiatives for the environment, society and governance, while appropriately disclosing easy-to-understand information on our activities to foster a better understanding of who we are and what we do.



Masayuki Ando

Osaka Organic Chemical Industry Ltd.
President
(Former position: General Manager of Corporate Planning Division)



CSR 経営評価意見書

大阪有機化学工業株式会社 御中

<目的と実施した作業についての概要>

大阪有機グループの事業と関係のない第三者として、同社が作成する「CSR レポート 2020」に記載されている CSR 経営活動の評価を行うことにより、報告書の信頼性を高めることを目的として所見を述べます。

CSR レポートに記載された大阪有機グループのCSR経営活動について、上林泰二代表取締役社長へのインタビューを始め、本社担当者への質疑を実施しました。

<評価意見>

大阪有機グループは、昨年までは環境報告書を作成されており今回初めて CSR レポートを作成されました。2019 年度に、創業者の想いをもとに経営理念と経営ビジョン、行動指針などを体系化され、同時に、本業での社会貢献から、価値創造を通じた社会課題の解決を目指すため、SDGs と行動指針、CSR 課題（マテリアリティ）の分析を行い、一覧を公表されています。大阪有機グループの CSR 経営のスタートとして、これまでの活動とこれから目指すところを整理して開示され、CSR 経営へ取り組む強い意志を感じます。環境情報に加え、ガバナンス情報や取引先・顧客・従業員・地域社会への取り組みなどステークホルダーにも応えた構成であり、CSR 経営を行う上で重要な事項はすべてカバーした印象を受け、今後の CSR 経営が期待されます。

今後の課題としては、経営理念から行動指針、CSR 重要課題、社会課題の解決などの各項目をひとつのストーリーのように記述されますと、よりメッセージが明確になると感じられます。また CSR 各項目に行動指針は明示されていますが、数値目標が開示されていない項目が多いようにも思います。数値目標は必須ではありませんが、可能な範囲で KPI（主要なパフォーマンス指標）を設定することも進捗状況を掴むためには必要な場合があります。目標と進捗がわかる指標の導入が、次の課題として期待されます。

CSR 重要課題として、マテリアリティを選定され、大阪有機グループが優先すべき課題が分かりやすくなりました。選定の方法については、社会の視点を入れることが大変重要であり、直接外部からの意見を取り入れることが望まれます。ステークホルダー・ミーティングを開催するなど、外部の意見を取り入れていただきたいと思います。

環境情報は数値情報が豊富で詳細なデータも記載され充実しています。その他の情報は、比較して情報量が少なく、今後の充実を期待します。特に社会性項目において、従業員がどのように感じインセンティブをもって活動しているのかが見たいと思います。具体的な事例なども紹介していただければ、大阪有機グループを知ることにつながると思います。

今回の新型コロナウイルス感染症対策のため、大阪有機グループにおいても、オンラインによる在宅ワークなど、仕事の内容や働き方が大きく変わりました。社会の在り方も変わる中、大きな変化の予兆を感じます。仕事内容や働き方が変わっても、大阪有機グループの経営理念を基盤に活動されることこそが重要です。まずは、すべての社員への理念の浸透を図り、個人の行動のペースになるまで落とし込むことが肝要です。経営理念は、普遍のものであり行動のよりどころとして機能することが期待される存在です。今後この CSR レポートを通じて、社外へも広がるものだと期待しております。

2020年6月19日
株式会社 環境管理会計研究所

國部克彦

國部克彦（取締役／神戸大学大学院経営学研究所教授）

梨岡英理子

梨岡英理子（代表取締役／公認会計士・税理士）

This written independent opinion and evaluation of the OOC Group's CSR management is posted on our corporate website.
<https://www.ooc.co.jp/csr/report/>

OOC Group Profile

OOC Group (as of November 30, 2019)

Number of companies: 3
 Net sales: 28,638 million yen

Number of employees: 425
 Operating income: 3,663 million yen

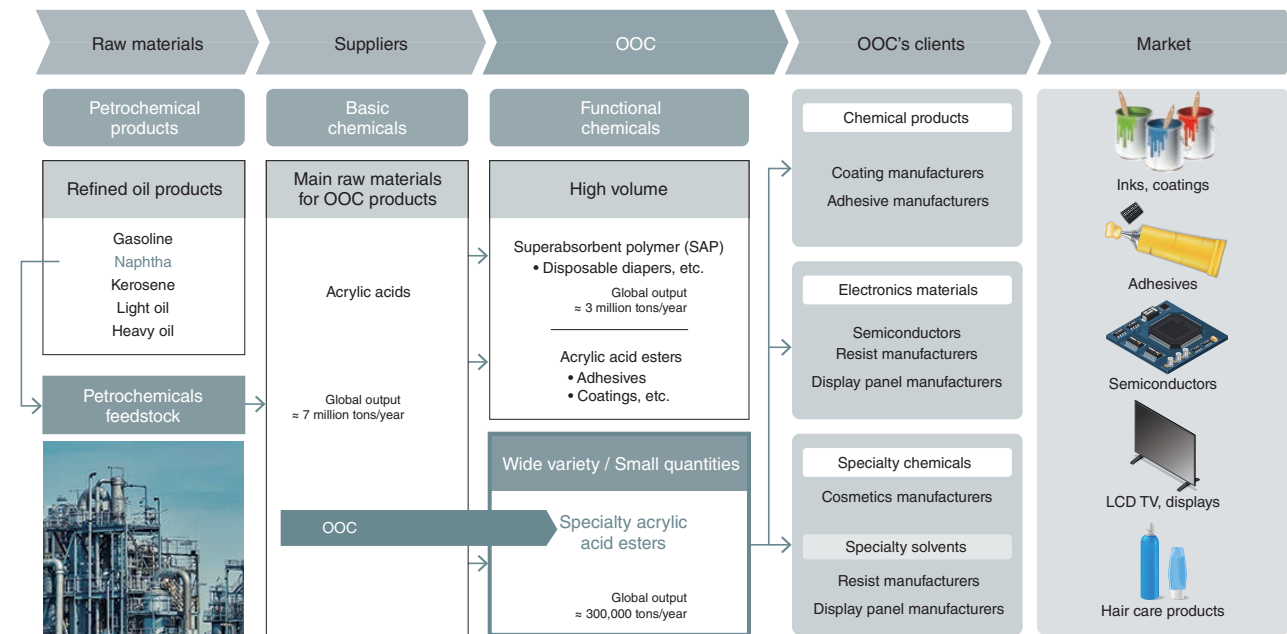
Osaka Organic Chemical Industry Ltd.

Head office location: 1-7-20 Azuchi-machi, Chuo-ku, Osaka
 Founded: December 8, 1941
 Established: December 21, 1946
 Capital: 3,600,290,000 yen

Business description:
 Production and marketing of organic chemistry industry products, organic reagents, petrochemical products, and special polymers, refining and processing of solvents

Business & Products

The OOC Group is a B-to-B manufacturer able to produce a wide variety of specialty acrylic acid esters in small quantities. We have a diverse product lineup, which includes many items for which the OOC Group is the world's largest supplier.

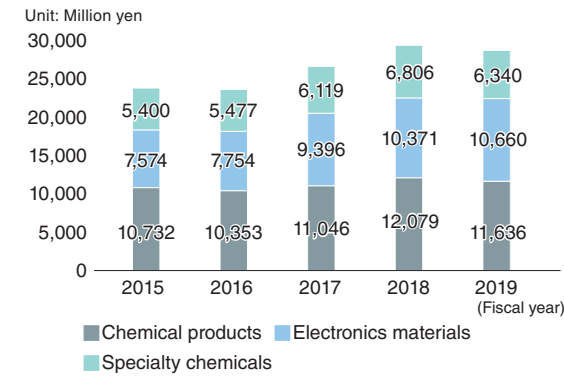


OOC Group Business Sites

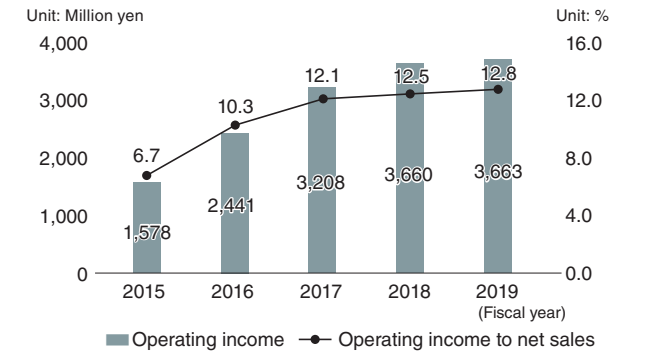


Overview

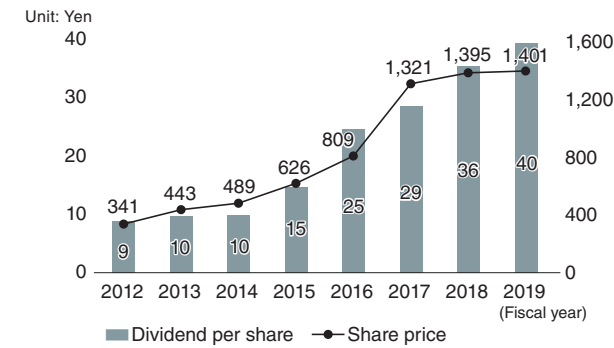
Net sales (consolidated) trends



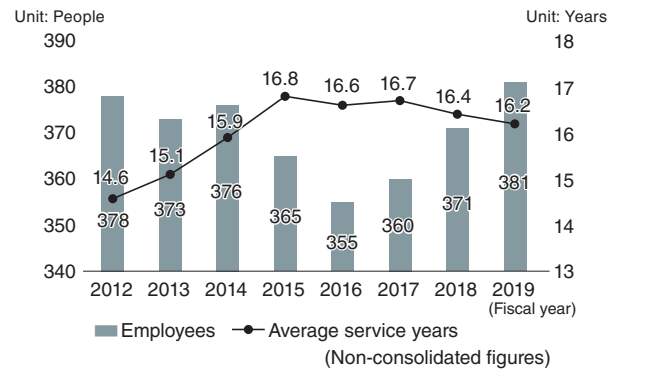
Operating income (to net sales) (consolidated) trends



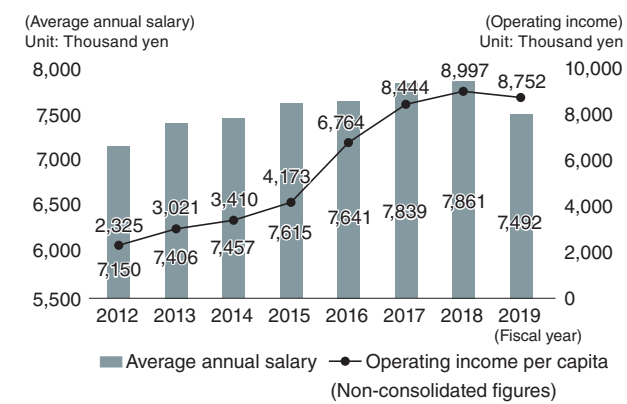
Share price and dividend per share trends



Number of employees and average service years trends



Average annual salary, and operating income per capita trends





We lead the world with specialty acrylates

Osaka Organic Chemical Industry Ltd.

Inquiries: Corporate Planning Division, Management Strategy Department

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