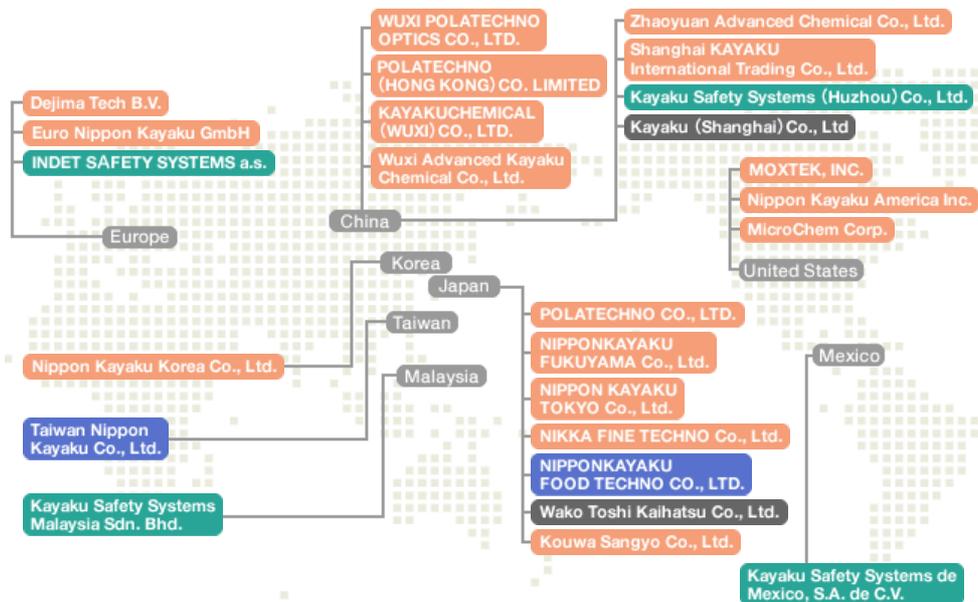




The Nippon Kayaku Group's CSR Commitment

The Nippon Kayaku Group has business operations in nine countries around the world, comprising 20 subsidiaries in Japan and 20 subsidiaries overseas. This section presents the unified CSR commitment of all consolidated group companies.



Japan Functional Chemicals Group

Representative Director & President Makoto Ando, POLATECHNO CO., LTD.

Polatechno operates a line of businesses under the key words controlling light. We are committed to the safety of end consumers and contributing to more energy efficient and comfortable lifestyles from the use of products by customers and their products made possible by our lineup of light controlling equipment. In the process, this will also enable us to strive to realize a more eco-friendly environment. The greatest issue surrounding our CSR is continually supplying products that are essential to everyday life.



Japan Functional Chemicals Group

Representative Director & President Kunio Ujita, NIPPONKAYAKU FUKUYAMA Co., Ltd.

NIPPONKAYAKU FUKUYAMA's CSR activities focus on co-existence and co-prosperity with the local community. Our plant has been a fixture in the local community since it was established in 1916 and today we continue to actively support occupational safety and health, fire fighting, human rights, environmental protection, as well as festivals and events for the revitalization of the local community. Pigment materials for industrial ink jet printers, one of the products we manufacture, feature a lower impact on the environment because they result in less waste liquid during the dyeing



process, which helps us to preserve the environment.

Japan Functional Chemicals Group

Representative Director & President Kiyoshi Kurino, NIPPON KAYAKU TOKYO Co., Ltd.

At Nippon Kayaku Tokyo, we use 3C&SQE as a keyword in our approach to corporate management. This acronym stands for compliance, community, cost savings, safety, quality and ecology. With this in mind, we contribute to society through the production of dyes for ink jet printers.

We engage the local community through the Satsuki Festival (May), rice cake-making event (December), plant tours, and internships. As a plant located in a densely populated urban area, our volunteer firefighting activities help protect the plant and also form part of disaster assistance agreements we have signed with local community associations. We also have AED onsite for the benefit of workers and the surrounding community.



Japan Functional Chemicals Group • Safety Systems Group

Representative Director & President Hideaki Hattori, NIKKA FINE TECHNO Co., Ltd.

NIKKA FINE TECHNO is the only Nippon Kayaku Group company in Japan that serves as a trading company. Our core business focuses on the domains of Nippon Kayaku and its group companies, and leveraging our broad product lines and technical support capabilities, our employees carry out business activities fully compliant with relevant laws and fully aware of the company's code of conduct. We will realize the KAYAKU spirit by carrying out CSR management that fulfills the expectations and trust of all stakeholders.



Japan Pharmaceuticals Group

Representative Director & President Shigetaka Kitano, NIPPONKAYAKU FOOD TECHNO CO., LTD.

Nippon Kayaku Food Techno's plant, research laboratory and head office are located in Takasaki City, Gunma Prefecture. With a workforce of 110 employees, we manufacture deoxidizers for food freshness pouches that we sell to food companies through our six sales offices. As a member of the Nippon Kayaku Group, we are fulfilling customer and societal expectations by achieving the KAYAKU spirit of "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences." Our Workplace Environment Improvement Committee focuses on delivering an employee-friendly work environment, and we aspire to achieve co-existence with the local community.



Japan Other Businesses

Representative Director & President Nobuyuki Yamanaka, Wako Toshi Kaihatsu Co., Ltd.

Wako Toshi Kaihatsu engages in the real estate lease business. We own land and a six-story building located in front of Wakoshi Station in Saitama Prefecture, which is leased to retailer Itoyokado's Wako store. In April 2014 we concluded a new long-term lease agreement with the company after the previous 20-year lease agreement expired. We also lease two company housing buildings and one employee dormitory to Nippon Kayaku as well as the building used for Asunaro House, a facility for supporting families of children with intractable diseases. Our facilities, including Asunaro House, are used by a large number of people, and this is why we strive to continually update and upgrade each to ensure user safety and comfort.



Japan Functional Chemicals Group

Representative Director & President Hiroshi Kaneko, Kouwa Sangyo Co., Ltd.

Kowa Sangyo, following Nippon Kayaku's Declaration on Health, Safety, Environmental Protection and Quality, provides opportunities for its employees to experience dangers and threats to their safety firsthand using apparatuses created in house as part of its safety development training to teach the correct detection and early reaction to threats. We also offer emergency first-aid training to instill employees with the knowledge and techniques needed to quickly respond and administer first-aid to bystanders in an emergency. Additionally, around 20 of our employees belong to the local volunteer fire fighting brigade, and based on their love for the community embodied by the saying, "protect your own community," these volunteers take part in disaster preparedness activities and disaster reduction activities throughout the year. Moving forward, we stand committed to continually carrying out these types of CSR activities that are beneficial to the local community.



United States Functional Chemicals Group

CEO & President Shigeyuki Kawamura, MOXTEK, Inc.

Moxtek's CSR activities are defined by the KAYAKU spirit. We strive to ensure this spirit is alive and well in all our employees at all times. Moxtek excels at R&D, making the daily mission of our corporate activities to supply high

performance products to customers in a responsible manner. Moxtek retains a large number of expert engineers and we arrange opportunities for these engineers to share their experiences with local elementary school students. This initiative forms part of our commitment to be a company closely rooted in the local community.



United States Functional Chemicals Group • Safety Systems Group
Representative Director & President Akira Miyata, NIPPON KAYAKU AMERICA, INC.

Nippon Kayaku America sells chemical products manufactured by Nippon Kayaku in the United States. We have outsourced warehouse operations to an external provider, but constantly check and provide guidance to this company to ensure the safe import, storage and transport of these chemicals. We have also established a 24-hour emergency response system to ensure accidents involving even non-hazardous chemicals, if they were to occur, are addressed immediately. As the sales company of a manufacturer, and as an expert in the products we carry, we are striving to fulfill our responsibilities to society.



United States Functional Chemicals Group
President & CEO Jeremiah J. Cole Jr., MicroChem Corp.

MicroChem is committed to its corporate responsibilities for the welfare of our employees, community, environment, and to economic value for our stakeholders. We are dedicated to helping our customers succeed through our innovative products and technologies. In addition, we ensure that our business success is in line with MicroChem's high ethical principles and societal expectations.



China Functional Chemicals Group
General Manager Tsutomu Nakazawa, Wuxi Polatechno Optics Co., Ltd

WUXI POLATECHNO OPTICS (WPLC) is the post-processing plant of Polatechno located in Wuxi, China. Last year we celebrated our 10th anniversary. We mainly process parts for LCD projectors and fabricate chips for polarizing film used in automotive applications. We plan on increasing our workforce (generate employment opportunities) due to a rise in production and we also employ a large number of female workers, so we maintain a strong commitment to provide a workplace environment that is safe and secure for women. As part of our CSR activities and social contributions to date, we have promoted blood donations and environmental initiatives, and now we are refocusing attention on community-focused CSR activities to become an appealing company that is recognized by society for its involvement in the community.



China Functional Chemicals Group
General Manager Masahide Iesaka, POLATECHNO (HONG KONG) CO., LIMITED

Hong Kong consumes large amounts of electricity due to its geographic location in a tropical climate with prolonged periods of high temperatures and high humidity. The Government of Hong Kong has issued a recommended room temperature of 25.5 degrees Celsius, but there are a rising number of locations that set the indoor temperature to between 20 and 22 degrees Celsius during the summer time. Polatechno (Hong Kong) carefully manages the health of its employees and strives to reduce its electricity consumption by setting the indoor temperature to 25 degrees Celsius if the temperature rises above 24 degrees Celsius at its office.

Hong Kong has a very small land area and so garbage has become a major concern. We are currently moving forward with initiatives to reduce our waste emissions by recycling more so that we can become a company that is more closely rooted in the local community.



China Functional Chemicals Group
General Manager Masatomi Akezuma KAYAKU CHEMICAL (WUXI) CO., LTD.

Kayaku Chemical (Wuxi) recognizes the important role that continuing as a going concern and developing sustainably in Wuxi will have on safeguarding employment and its ability to create employee-friendly workplaces. With health a top priority, we constantly revise items used on regular health check-ups for employees to help maintain their health through early detection and early treatment. We also select designated hospitals and review check-up items (required and optional). In this manner, we are taking steps to strengthen our fundamental CSR. Additionally, this year we began offering various types of training programs for employee development with the assistance of the Technical Administration & Engineering Division and Human Resources Management Division from the head office as well as Kayaku (Shanghai) Co., Ltd.



To gain trust in the China market we need to pursue stable supplies, stable quality and cost performance. This process emphasizes the entire value chain, spanning from quality audits of raw materials manufacturers to systematic follow-ups and requests made to logistics companies.

China Functional Chemicals Group

General Manager Yoshinori Kato, Wuxi Advanced Kayaku Chemical Co., Ltd.

This year China's Premier Li Keqiang declared war on pollution. As a result, environmental regulations are expected to be tightened across China in the coming years. Wuxi Advanced Kayaku Chemical has carried out various environmental measures since it commenced operations and has ensured full compliance with environmental laws and regulations. However, we now require additional environmental measures to address increasing production volume and the roll out of new businesses. We will aspire to secure a stable supply system by reinforcing our management of suppliers through green procurement based on the proper environmental measures.



China Functional Chemicals Group

General Manager Katsumi Hirotsu, Zhaoyuan Advanced Chemical Co., Ltd.

Zhaoyuan Advanced Chemical, established in China's Shandong Province in 1995, manufactures fluorescent dyes for paper and yellow pigments. We display KAYAKU spirit boards in meeting rooms, reception areas and the cafeteria, and regularly hold reciting sessions where the published edition of the KAYAKU spirit is read aloud. Since our founding, we have carried out 5S activities, an acronym of five Japanese words phonetically starting with the letter "S," (sort, straighten, shine, standardize, sustain) to ensure four key areas of safety (safe operations, environmental safety, the safety of customer trust, and the safety of employee health). Safe operations, compliance with environmental regulations and cost savings are handled with teamwork and through CSR management.



China Functional Chemicals Group

General Manager Shinji Inoue, Shanghai KAYAKU International Trading Co., Ltd.

Shanghai KAYAKU International Trading (SKT) sells dyes, ink for industrial ink jet printers and heat-sensitive developing agents to the China and ASEAN markets. Environmental and energy conservation issues in these regions will only grow importance moving forward. In particular, environmental consideration and energy efficiency are very important issues facing customers who dye textiles. We are actively rolling out dyes that take about half the normal time to complete, which contributes to our customers' production efficiency, energy conservation and reduction in wastewater.



China Safety Systems Group

General Manager Takanori Makiuchi, Kayaku Safety Systems (Huzhou) Co., Ltd.

In 2013, Kayaku Safety Systems (Huzhou) created a five-point corporate vision and three company-centric targets. In fiscal 2014, our focus areas are enhancing training to ensure quality and improve productivity and thorough compliance through proper responses to laws. Each and every day our activities will focus on these aspects. Specifically, we plan to establish a compliance committee for ethical behavior and legal compliance, to develop a monitoring camera system for security, to obtain TS16949 certification for customer satisfaction, to carry out QC activities for safe, healthy and fair workplaces, and to provide English language training as part of our human resource development efforts.



China Other Businesses

General Manager Koichi Taniguchi, Kayaku (Shanghai) Co., Ltd

The role of Kayaku (Shanghai) is to (1) provide excellent services to group companies in China and contribute to their growth, (2) practice CSR management, and (3) unify group companies in China. As part of our CSR activities in April this year we began a training program for expatriate employees working at group companies in China in order to maximize the skills required in China. With further business expansion in China an urgent task, this represents our first attempt to develop globally-minded resources required by the company. At the same time, we have also launched a skill building training program for Chinese employees based on rank. We plan on actively offering this program to fulfill the need for greater localization in the future.



The Netherlands Functional Chemicals Group

Managing Director Henk Kalsbeek, Dejima Tech B.V.

Dejima aims to conduct its business in a socially responsible and ethical manner, to contribute to the community in which it operates and to respect the needs of employees, shareholders, customers, suppliers, regulators and other stakeholders. Dejima is committed to maintain a healthy and safe working environment that ensures tolerance, respect and dignity for all its employees. Dejima is committed to providing equal opportunity in all aspects of employment and will not engage in

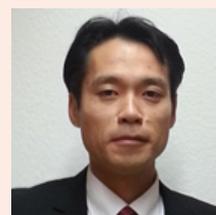


or tolerate unlawful workplace conduct, including discrimination, intimidation, or harassment. Dejima recognizes that pollution prevention, biodiversity and resource conservation are key to a sustainable environment, and will effectively integrate these concepts into its business decision-making. All its employees are responsible and accountable for contributing to a safe working environment, for fostering safe working attitudes, and for operating in an environmentally responsible manner.

Europe Functional Chemicals Group

Representative Director & President Yasuyuki Kitayama, Euro Nippon Kayaku GmbH

In Germany, there is a labor court that exclusively handles labor issues and companies are required to carry out business activities following CSR management and give consideration to their employees. In this regard, people are very aware of CSR in Germany. At Euro Nippon Kayaku we use printed versions of the KAYAKU spirit to broaden understanding of CSR management, and to ensure employees safety and create healthy workplaces, we strive to prevent all accidents and injuries during the commute and make sure employees take all their paid leave. Moving forward, we are committed to actively carrying out CSR activities in consideration of the local community.



Europe Safety Systems Group

President Susumu Tokutake, INDET SAFETY SYSTEMS a.s.

INDET SAFETY SYSTEMS a.s. (ISS) recently celebrated its 15th anniversary as an overseas affiliate of the Safety Systems Group. The Czech Republic was once a member of the Communist Bloc, and therefore, not many people are familiar with the word CSR. This is why we had to start by educating our people about the concept of CSR. In recent years, our employees have gained a solid understanding of CSR and with that our CSR activities have grown more dynamic and we are making solid progress each day toward the realization of CSR management. As with other regions, Vsetín City, where our company is located, faces many social issues, including healthcare concerns with the advancement of an aging society and depopulation caused by people moving to major urban areas. With regards to healthcare, we will continue to strengthen our relationships with local hospitals and provide support. With the globalization of the auto industry, our high quality automotive safety components are used in countries around the world, protecting people from traffic accidents, which represents our promise to stakeholders.



South Korea Functional Chemicals Group

Representative Director & President Masahiro Hirano, Nippon Kayaku Korea Co., Ltd.

Nippon Kayaku Korea (NKK) imports Nippon Kayaku's functional materials to sell to customers in South Korea. Functional materials are chemical substances, so prior approval must be received for their import to South Korea based on the country's chemical related laws and regulations. NKK will continue to thoroughly manage the chemical substances it imports to South Korea in full compliance with these laws and regulations. South Korea plans on enacting a new law and regulation on chemicals called K-REACH. NKK will thoroughly comply with this new regulation on chemicals as well.



Taiwan Pharmaceuticals Group • Functional Chemicals Group

General Manager Jiro Hanada, Taiwan Nippon Kayaku Co., Ltd.

Currently, Taiwan Nippon Kayaku is carrying out daily activities to realize the KAYAKU spirit. Our commitments include: (1) correctly understanding customer needs and striving to improve quality of daily work, conveying these practices to related departments; (2) contributing to cultural and economic exchange by actively participating and supporting activities and events of the Interchange Association Japan and the Taiwan Chamber of Commerce; and (3) displaying corporate vision boards primarily inside to constantly raise awareness of the KAYAKU spirit and carrying a card at all times that contains our corporate vision. Moving forward, we will continue to proactively carry out CSR activities for the benefit of the local community.



Mexico Safety Systems Group

Representative Director & President Yoshitsugu Kawata, Kayaku Safety Systems de Mexico, S.A. de C.V.

Kayaku Safety Systems de Mexico (KSM) manufactures and sells automotive safety components. KSM is a relatively young company first established in 2007. We carry out activities with the goal of becoming a company recognized in the local community for its four missions. These include: (1) listening to and understanding the voice of customers; (2) constantly and continually striving to improve products; (3) create an expansive culture inside the company with accountability and pride, and (4) fulfilling responsibilities as an organization and a member of society.



Malaysia Safety Systems Group

Representative Director & President Shinji Ichikawa, Kayaku Safety Systems Malaysia Sdn. Bhd.

Kayaku Safety Systems Malaysia is a young company established in Malaysia in December 2012 to manufacture and sell automotive safety components. Currently, we are constructing a plant and each one of our employees is working hard together to meet the goal of commencing mass production in 2015. Being a new company, we hired our workforce from scratch. The first order of business was to familiarize our new employees with the KAYAKU spirit. With the environment and safety our number one concern, we aim at helping to reduce the number of fatal car accidents in the community through our high quality products and also helping to grow the local economy through job creation and improved living standards.

