

From the Biosphere to Outer Space



NOF CORPORATION

CSR Report

2016



CSR Report 2016

Table of Contents

Message from the President	P. 1
Corporate Information	
Business Overview	P. 2
Our Products and Technology	P. 4
Topic	
Labor Safety Actions of the NOF Group	P.10
Governance	
Vision/Promotion of CSR	P.14
Corporate Governance/Compliance	P.18
Respect for Individuals	
Work-Life Balance	P.20
Better Performance of Human Resources	P.22
Talent Development	P.24
Safety Education	P.25

RC Activities	
RC Management	P.26
Environmental Safety	P.28
Environmental Loads Ensuing from Business Activities	P.28
Global Warming Prevention	P.30
Recycling of Resources	P.32
PRTR	P.33
Other Actions Friendly to the Environment	P.34
Plant Safety	P.35
Product Safety	P.36
Transportation Safety	P.37
Living in Harmony with Society	
Promotion of CSR Procurement	P.38
Dialogue Activities	P.39
Socially Beneficial Activities	P.40
Information Disclosure	P.43
Appendix	
Environmental Performance Data	P.44
PRTR Data	P.46
Outline of NOF Group Companies	P.47

●Editorial Policy

In an effort to provide our broad range of stakeholders with a better understanding of the CSR activities carried out by the NOF Group, this Report presents the activities of the NOF Group for fiscal 2015.

●Reporting Period

Fiscal 2015 (From April 1, 2015 to March 31, 2016)

*Activities conducted prior to and after this period have also been included when deemed to be important for deepening the understanding of the reader.

●Scope of the Report

The Report covers the entire NOF Group. However, when necessary, the term "NOF Group" is used to refer to the whole Group, and the term "NOF" is used to refer to NOF CORPORATION alone.

Environmental data: Main items of environmental performance data are separately aggregated and stated with respect to domestic and overseas sources. In this Report, NOF and its 13 domestic consolidated subsidiaries are referred to as the "Domestic Group."

Social data: Social data primarily covers NOF and includes certain affiliates.

Financial data: Financial data covers NOF and its 25 consolidated subsidiaries.

●Guidelines Referenced

Environmental Reporting Guidelines 2012, Ministry of the Environment of Japan
ISO26000: 2010 Guidance on Social Responsibility, Japanese Standards Association

Disclaimer

This Report contains forward-looking statements based on management plans and expectations at the time of publication, as well as past and present facts regarding the NOF Group. These forward-looking statements comprise assumptions and judgments based on currently available information, and thus the actual events and outcome of future business activities may differ from those predicted due to changes in various conditions.

Message from the President

We will contribute to mankind and society by creating and expanding new value in wide-ranging fields from the biosphere to outer space.

Thank you very much for your interest in the CSR Report 2016 of the NOF Group.

The NOF Group is engaged in multifaceted business developments with innovative products under the Corporate Philosophy of "Contributing to Mankind and Society through the Creation of New Value in Wide-ranging Fields from the Biosphere to Outer Space" in our three business fields of "life sciences," "electronics/IT," and "environment/energy."

Under the three-year plan, "the 2016 Mid-term Management Plan," that was commenced from fiscal 2014, the NOF Group was engaged in various measures towards the realization of sustainable growth under the management policy for the initial year of "a new roadmap of growth," based on the basic policies of the Plan, namely "the acceleration of development for new products and new businesses," "the expansion of overseas business," "further reinforcement of the management structure," and "a shift to a strategic organization." In fiscal 2015, the second year of the Plan, we have been striving to achieve targets with a flexible and proactive approach at all times in not only product development and marketing activities but also at all workplaces, in an effort to speed-up various measures under the management policy of "acceleration toward a new roadmap of growth."

In fiscal 2016, the final year of "the 2016 Mid-term Management Plan," we will implement various measures towards "the creation of new businesses," "the enhancement of productivity," and "the expansion of corporate presence," in an aim to "expand innovative value" under the management policy of "Toward further growth" in accordance with the basic policies.



President and Chief Executive Officer
Akiharu Kobayashi

Strengthening CSR Activities

The impact of corporate activities on the environment and economy is expanding due to factors such as resource consumption and diversifying forms of employment. Consequently, companies are being called upon more than ever before to act in a socially responsible manner. As a member of society, the NOF Group strives to ensure legal compliance as well as to fulfill our corporate social responsibility (CSR), such as the preservation of the global environment and ensuring people's health, security and safety, in order to become "a trusted business group with a strong presence" for all of our stakeholders. To this end, we will strengthen CSR activities, as well as thoroughly enforce corporate governance through activities of each specialty committee.

In light of the impact that our business activities have on the global environment and local communities, we will further promote activities based on the concepts of "corporate governance," "respect for individuals," "RC activities" and "coexistence and co-prosperity."

We, hereby, submit the CSR Report 2016. We hope that it provides you with a better understanding of the NOF Group's activities aimed at contributing to the environment and society, and we shall be grateful if you would give us your further support and candid opinions regarding this report.

Business Overview

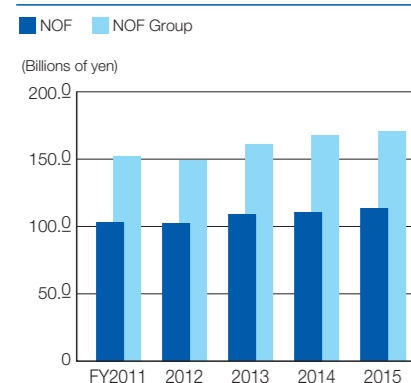


Corporate Profile (As of March 31, 2016)

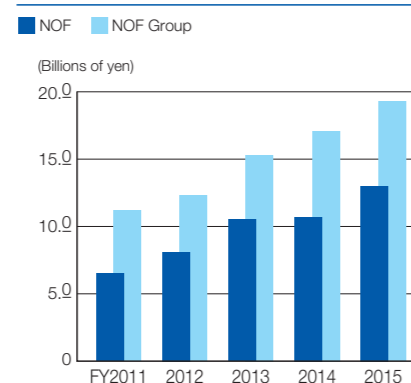
- **Name:** NOF CORPORATION
- **Established:** June 1, 1937
- **Incorporated:** July 1, 1949
- **President and Chief Executive Officer:** Akiharu Kobayashi
- **Head Office:** 20-3, Ebisu 4-chome, Shibuya-ku, Tokyo, Japan
- **Capital:** ¥17,742 million
- **Net Sales:** ¥170.4 billion (NOF Group)
¥113.1 billion (NOF)
- **Employees:** 3,779 (NOF Group)
1,657 (NOF)
- **Group Companies:** 25 consolidated subsidiaries

Management status

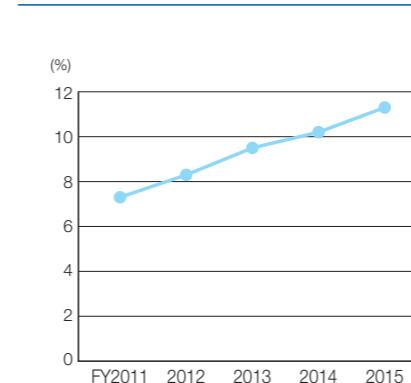
Net sales



Operating income



Operating income to net sales (NOF Group)



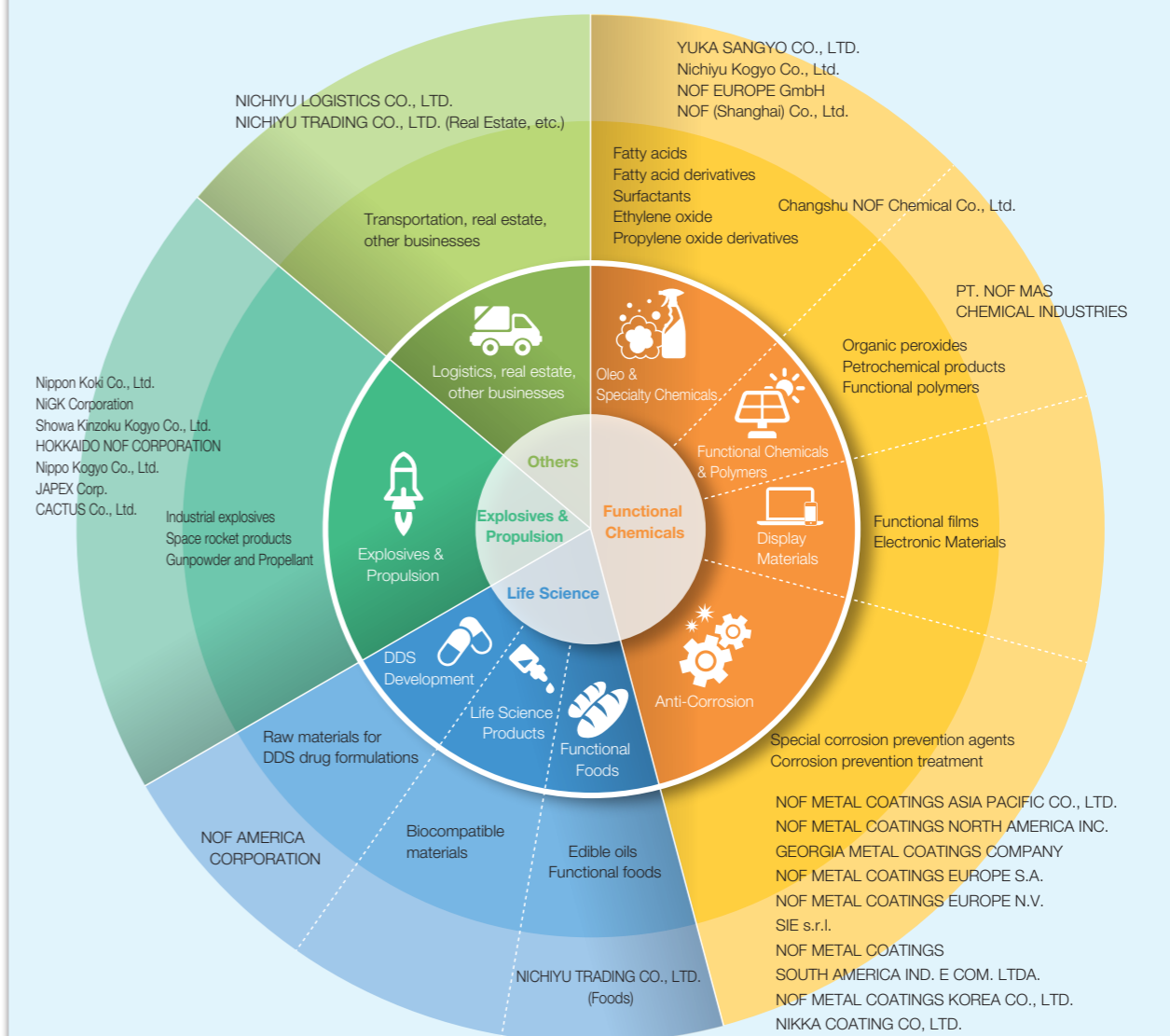
Main business locations of NOF CORPORATION

Business location	Address	Contact	ISO-14001	ISO-9000's
Head Office	20-3, Ebisu 4-chome, Shibuya-ku, Tokyo 150-6019, Japan	+81-3-5424-6670 (Responsible Care & Production Engineering Dept.)	—	—
Amagasaki Plant	56, Ohamacho 1-chome, Amagasaki, Hyogo 660-0095, Japan	+81-6-6419-7292 (Environmental Safety Administration Office)	BV 3056277-2A: Renewed on Oct. 1, 2013	BV 3049476, renewed on Oct. 21, 2013
Kawasaki Works (Chidori Plant) (Daishi Plant) (DDS Plant)	3-3, Chidori-cho, Kawasaki-ku, Kawasaki, Kanagawa 210-0865, Japan	+81-44-288-2153 (Environmental Safety Administration Office)	BV 2970486: Renewed on Apr. 28, 2013	(Chidori Plant) BV 3004100: Renewed on July 15, 2013 (Daishi Plant) HACCP SY-0010: Renewed on Oct. 17, 2013
Oita Plant	2, Oaza-Nakanosu, Oita, Oita 870-0111, Japan	+81-97-527-5201 (Environmental Safety Group)	BV 3308039: Renewed on Feb. 19, 2015	BV 3235489: Renewed on Oct. 24, 2014
Aichi Works (Kinuura Plant) (Taketoyo Plant) (Display Materials Plant)	61-1, Aza-Kitakomatsudani, Taketoyo-cho, Chita-gun, Aichi 470-2379, Japan	+81-569-72-1955 (Environmental Safety Administration Office)	BV 3113395: Renewed on Jan. 22, 2014	(Kinuura Plant, Display Materials Plant) BV 3021591: Renewed on June 25, 2013 (Taketoyo Plant) JQA 1680: Renewed on June 23, 2012

Business segments of NOF and its consolidated subsidiaries

Founded on businesses using “oils and fats,” materials that offer unlimited possibilities, the NOF Group has ceaselessly and boldly diversified into a variety of state-of-the-art fields. True to our slogan of being active “From the Biosphere to Outer Space,” we have been expanding our business reach into areas far beyond our original sphere as a chemicals producer. NOF’s current businesses include oleo & specialty chemicals, functional chemicals & polymers, explosives & propulsion systems, functional foods, life science products, DDS development, display materials, anti-corrosion, logistics and real estate. Leveraging our unique technologies and expertise in each of these fields in a wide range of industrial and lifestyle products, we have earned the high regard and trust of our customers.

The businesses of the NOF Group are classified into four broad segments: Functional Chemicals, Life Science, Explosives & Propulsion, and Others. The following diagram represents the relationship between the main products of each segment and the consolidated subsidiaries.



Our Products and Technology NOF in Our Daily Lives



1 Roof (Solar cells)



NOF's organic peroxides are used to enhance the heat resistance and strength of the resins that attach the electricity generating components with the protector components of the solar cells (Functional Chemicals & Polymers).

2 Medical nutritional products



NOF provides foods formulated from medium-chain fatty acids for maximum digestion and absorption for patients with kidney diseases whose protein-intake has been restricted (Functional Foods).

3 Crime-prevention devices



The NET LAUNCHER®, which deploys a net towards intruders and the LIQUID LAUNCHER®, which sprays tear gas, both products of Nippon Koki Co., Ltd., are being used as groundbreaking crime-prevention devices by schools and other institutions (Explosives & Propulsion).

4 Headlamps



NOF's antifog agents are used to prevent fogging in the lenses of automotive headlamps (Functional Chemicals & Polymers).



10 Space rockets

The functional components of NIGK Corporation, which leverage the characteristics of explosives that generate immense energy with the use of a small amount of explosives, play a vital role in each stage of ignition of solid rocket boosters, satellite separation (See figure above*1), orbit launch and satellite retrieval. NOF, as the sole manufacturer of solid fuels for space rockets in Japan, produced the solid propellants for solid rocket boosters (See figure above *2) for the H-IIA and H-IIB rockets (Explosives & Propulsion).

11 Oceanographic Surveys

The "AES-3," NIGK Corporation's automatic marine elevator unit, which is capable of simultaneously measuring various information including water temperatures by water depth in chronological order, is playing a major role in the world's oceanographic surveys (Explosives & Propulsion).



5 Automotive components including bolts and nuts



GEOMET®, a completely chrome-free rust prevention coating developed by the Anti-Corrosion Coatings Group of the NOF Group that is environmentally-friendly and demonstrates high anti-corrosion functions, is used in automotive parts of numerous car manufacturers (Anti-Corrosion).

6 Industrial explosives



NOF's emulsion explosives with an automatic charging system ensures operational safety and has contributed to the improvement of infrastructures including the construction of tunnels for expressways and the Linear Shinkansen, as well as subterranean rock storage tanks for crude oil (Explosives & Propulsion).

7 Antifreezing agents, automatic spraying device



The antifreezing agent KAMAGU®, developed by HOKKAIDO NOF CORPORATION, which is sprayed onto road surfaces using an automatic spraying device, is contributing to the safety of winter roads. Since it contains no chloride it poses no fear of salt damages (Explosives & Propulsion).

8 Hand antiseptic agents



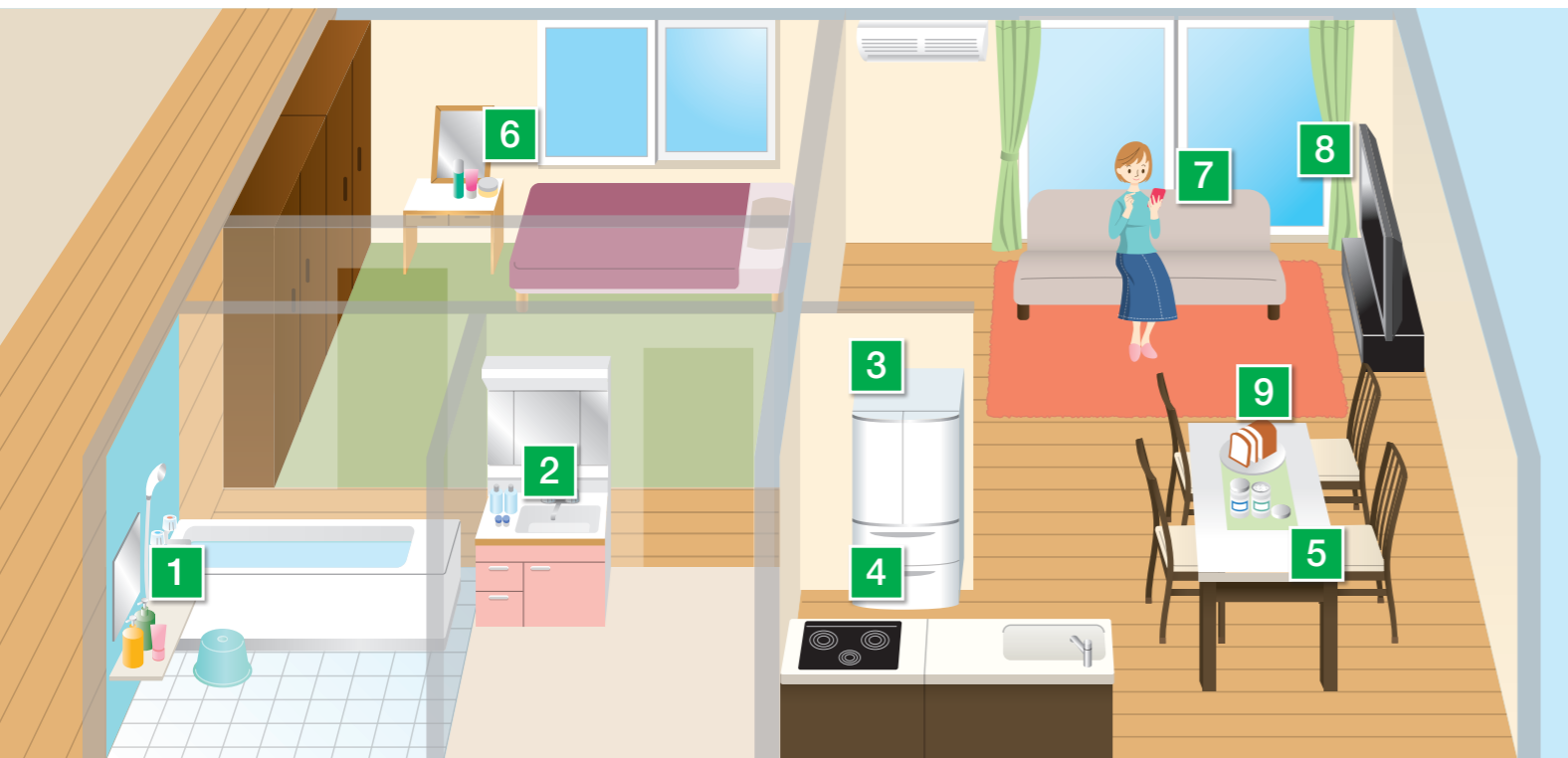
Hand antiseptics are a must for preventing hospital-acquired infections. Hand antiseptic agents formulated with NOF's moisturizing ingredient, "LIPIDURE®," solve the problem of chapped hands (Life Science).

9 Car seats



NOF's polyether, UNISAFE™, is used as a foam stabilizer to improve the formability of urethane used in the interiors of automobiles, such as car seats (Oleo & Specialty Chemicals).

Our Products and Technology NOF in Our Daily Lives



1 Shampoos and Body Soap



Anionic surfactants developed by NOF, which are known for their mildness and for their ability to form fine bubbles, are used in shampoos and body soaps (Oleo & Specialty Chemicals).

2 Contact lenses and contact lens care products



Contact lens materials and many contact lens care products contain NOF's multifunctional moisturizing ingredient, "LIPIDURE" (Life Science).

3 Refrigerators and air conditioners



Esters developed by NOF are used in refrigerators and air conditioning units as lubricants that are eco-friendly and compatible with the new HCF refrigerants (Oleo & Specialty Chemicals).

4 Frozen foods



Cream-flavored and butter-flavored margarine developed by NOF with functions that are suitable for frozen foods such as deep-fried croquettes and rice pilaf are used (Functional Foods).

5 Health foods



Various health foods contain NOF's functional lipids (Functional Foods).

6 Cosmetics



NOF's various cosmetic ingredients, used in toning lotions, emulsion lotions, serums and beauty creams, have been highly regarded for their quality and functionality (Oleo & Specialty Chemical).

7 Smartphones



NOF's protection films and functional films are used in displays in order to enhance durability and image quality (Display Materials).

8 Television



NOF's functional films equipped with various functions including the anti-reflection function, the UV ray protective function, the anti-finger mark function and anti-static function are used in displays (Display Materials).

9 Bread



NOF's margarine with its soft and moist texture and aromatic butter flavor improve the quality of bread through enzyme action (Functional Foods).

Our Products and Technology ECO Products



NOF Group's Eco-friendly Products

Based on its technologies and experiences built up over the years, the NOF Group continues to develop eco-friendly products.

[What the NOF Group means by "eco-friendly products"]

- (1) Products that facilitate resource saving and recycling
- (2) Products reduced in environmental load
- (3) Products containing neither hazardous nor legally regulated substances

The products of the NOF Group are almost wholly supplied to corporate users. Some of the products of the NOF Group delivered to corporate users are exhausted as they are used as processed foods or explosives, but many of them are further processed into end products. In such cases, we deliver products that contribute to recycling and energy-saving of the end products and eco-friendly products that are biodegradable or that do not contain harmful substances in an effort to reduce environmental loads. Going forward we will strive to develop products and technologies that will contribute to reducing the environmental load from the standpoint of the entire life cycle from the procurement of materials to production, distribution, use, disposal and recycling.

Products that Facilitate Resource Saving and Recycling

Recycling of material resources is a vital key to the realization of a sustainable society. The NOF Group has proposed diverse resource saving and recycling techniques, which are now in practical use.

● Deposit control agent (YUKA SANGYO CO., LTD.)

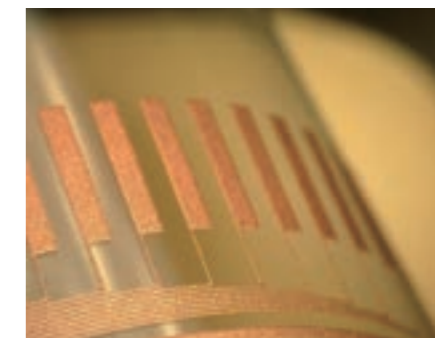
Recycled paper resources contain numerous impurities including sticky substances such as adhesives. These impurities lower the efficiency of the paper recycling process and impact the quality of the product. The pitch control agent MILLSPRAY[®], SPANOL[®] and DETAC[®] and the removing agent BIOREX[®] have solved these problems and promote the recycling of waste paper.



These products demonstrate their superior performance in reducing impurities that generate in the paper-making process.

● Copper paste for screen printing

Etching is the standard method for forming copper wiring on electronic circuit boards. However, this method requires waste fluid processing because copper waste fluid is generated as most of copper foil is dissolved. The copper paste developed by NOF makes it possible to directly draw copper wire on the necessary areas through the screen printing method. For this reason, it is possible to form copper wiring that is not wasteful without generating waste fluid, which in turns makes it possible to use resources efficiently and contribute to environmental preservation.



Example of use in printing of copper paste by screen printing

● Vulcanized rubber substitutes (Functional Chemicals & Polymers, NOF CORPORATION)

While large quantities of vulcanized rubber are used in auto parts and sealing materials, which have to be highly resistant to heat and oil, vulcanized rubber can never be molten once they are molded, and therefore refuse recycling. Unlike them, NOFALLOY[®] TZ series, which can be heated for re-melting as many times as wanted for recycling, are extensively utilized as substitutes for vulcanized rubber.



Products made recyclable by the use of NOFALLOY[®] TZ series

Our Products and Technology ECO Products



Products Reduced in Environmental Load

We in the NOF Group, always asking ourselves "To reduce our environmental loads to the possible minimum, how can we utilize our technology", are earnestly meeting many different requests from diverse fields.

● Low-VOC^{*1} curing agents (Functional Chemicals & Polymers, NOF CORPORATION)

Bath tubs are manufactured by thermally curing unsaturated polyester resin. PERHEXYL[®] A is a curing agent that can shorten the molding cycle and moreover significantly reduce the VOC, an environmental load that remains in the molded product.

● Antifog agents for automotive headlamps (Functional Chemicals & Polymers, NOF CORPORATION)

Today, LED lamps are in accelerated use for automotive headlamps by virtue of their reduced power consumption, extended service life, contributions to fuel efficiency of cars and less CO₂ emissions. However, as they do not make the lamp inside as hot as in conventional halogen lamps, LED headlamps involve the problem of susceptibility to fogging by dew drips. The MODIPER[®] H series are used for preventing such fogging within lamps and for keeping their front lenses clear.



Antifog agents used for automotive headlamps

● Eco-friendly refrigerating machine oil (Oleo & Specialty Chemicals, NOF CORPORATION)

HFC (Hydrofluorocarbon) refrigerants, which do not deplete the ozone layer, are increasingly used as refrigerants for air conditioners and refrigerators. Eco-friendly refrigerating machine oil enhance co-solubility with HFC (Hydrofluorocarbon) refrigerants and improve its thermal stability, electrical insulation performance and other factors. Moreover, its low viscosity contributes to saving energy consumption. In recent years, the refrigerants having a smaller global-warming potential compared with previous products are required, and NOF is now supplying refrigerating machine oil for refrigerants having a low global-warming potential.

● Anti-sticking agents (Oleo & Specialty Chemicals, NOF CORPORATION)

In road construction, asphalt mixtures often stick to the cargo beds and hoppers used within plant facilities, and to prevent this trouble, petroleum-derived adhesion preventers have been used. However, conventional adhesion preventers are not friendly to the environment; they contaminate soil and/or water. ASPHASOL[®] and ASPHARAB[®], made from natural oil, contribute to environmental conservation as a highly biodegradable product.

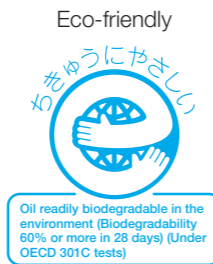
*1 Volatile Organic Compounds

"How ASPHASOL[®] N-02" proves effective



Where ASPHASOL[®] is used

Where it is not used



Oil readily biodegradable in the environment (Biodegradability 60% or more in 28 days) (Under OECD 301C tests)

Eco Mark Certification Number
09110001
Name of utilizing contractor:
NOF CORPORATION

Product: ASPHASOL[®] N-02, N-03

Eco Mark Certification Number
12110001
Name of utilizing contractor:
NOF CORPORATION

Product: ASPHARAB[®] CE-R

- ◎ Registered in NETIS (New Technology Information System) of the Ministry of Land, Infrastructure, Transport and Tourism
- ◎ Received the fiscal 2011 Kinki Chemical Society Japan Environmental Technology Award (ASPHASOL[®])

● Biodegradable hydraulic fluid (Oleo & Specialty Chemicals, NOF CORPORATION)

Leaking of hydraulic fluid (mineral oil) used in construction machinery for outdoor use or dam gates in accidental troubles or natural disasters and the resulting contamination of the environment is posing a problem. In view of this circumstance, NOF has developed hydraulic fluid MILLUBE[®] that is decomposed by natural bacteria (biodegradable) and is urging replacement of conventional hydraulic oils with this new product.



Oil readily biodegradable in the environment (Biodegradability 60% or more in 28 days) (Under OECD 301C tests)

Eco Mark Certification Number
08110006
Name of utilizing contractor:
NOF CORPORATION

Product: MILLUBE[®] E-22A, E-32A, E-46A, E-56

- ◎ Registered in NETIS (New Technology Information System) of the Ministry of Land, Infrastructure, Transport and Tourism
- ◎ Received the fiscal 2010 Kinki Chemical Society Japan Environmental Technology Award

● Vapor pressure crushing agent, "GANSIZER[®]" (Nippon Koki Co., Ltd.)

As GANSIZER[®] uses high vapor pressure that is generated during the thermolysis of the agent to crush bedrock, stone, and concrete structures with low vibration and low noise in a manner that does not instantly cause shock waves, it has gained a strong reputation as a crushing agent not containing explosives that is friendly towards the surrounding environment. It has been confirmed that the impact at the time of crushing does not have an effect on fish and other living creatures during the underwater crushing of breakwaters that were destroyed in the Great East Japan Earthquake and tunnel construction near rivers, etc.



● Antifreezing agents (HOKKAIDO NOF CORPORATION)

Antifreezing agents such as sodium chloride conventionally used on road surfaces in cold areas have posed the problem of "salt damages." NOF's antifreezing agent KAMAGU[®], an acetic acid-derived chemical containing no chloride, poses no fear of salt damages. AUTOKAMAGU[®] JET, an automatic spraying device dedicated to use with KAMAGU[®], is also available in a solar energy driven version, working 100% on natural energy, contributes to environmental conservation together with the chemical it sprays.



KAMAGU[®], together with AUTOKAMAGU[®] JET, is proving highly effective against the freezing of road surfaces.

Products Containing neither Hazardous nor Legally Regulated Substances

As a group of chemical companies manufacturing chemicals and supplying them to society, the NOF Group attaches foremost importance to the safety of products themselves.

● Chrome-free anti-corrosion coatings (NOF METAL COATINGS ASIA PACIFIC CO., LTD.)

GEOMET[®] is a water-based anti-corrosion coating which contains no chrome compound. Satisfying the requirements of Europe's ELV and RoHS directives, GEOMET[®] Treatment Parts are used by automakers across the world.



Parts treated with GEOMET[®]

● Cement capsule (NiGK Corporation)

Cement capsule is an (inorganic) adhesive-based capsule anchor for post-installed application intended for typical use in anti-earthquake reinforcement work. This product is more resistant to fire than resin products, and excels in safety as it contains no harmful chemicals, which might invite sick house syndrome, or endocrine disrupter.



Example of use in an actual project (anti-earthquake reinforcement of Shinkansen bridge piers)



General Manager of the Responsible Care & Production Engineering Department
Kengo Inoue

In fiscal 2015, the Group established the goal of “completely zero accidents” (no lost workday accidents and accidents not involving lost workdays) at the entire Group throughout the fiscal year, as it conducted safety activities. An even more stringent goal was established in response to achieving the goal of “zero lost workday accidents” during the previous fiscal year (fiscal 2014).

At the NOF Group, we take every accident with the same degree of seriousness whether or not it leads to a lost workday as we place great importance on working to eliminate accidents. The goal for fiscal 2015 of “completely zero accidents” reflected our aspiration to make everyone in the NOF Group even more sensitive towards safety.

Unfortunately, a lost workday accident occurred during fiscal 2015, meaning that we still have work to do before achieving “completely zero accidents,” despite achieving zero lost workday accidents in fiscal 2014, which was a first since we began to collect statistics on labor accidents. However, there are strong calls for “completely zero accidents” from people on the front line at production sites, and we are confident that we are steadily moving forward. Going forward, the whole NOF Group, including the staffs of cooperating companies that are engaged in work at each business location of the NOF Group, is making all-out efforts to eradicate occupational accidents and achieve “completely zero accidents.”

The whole NOF Group, including the staffs of cooperating companies assigned to NOF’s works, is making all-out efforts to eradicate occupational accidents. In order to clearly express the Group’s determination to make its workplaces secure and safe for all the workers involved in its activities and to realize this ideal, NOF set forth its labor safety and health policy in April 2006.

Under this policy, an occupational safety and health management system is organized, under which required management and improvement are pursued.

Occupational Safety and Health Policy

Fundamental idea

We, as a group of chemical companies, shall endeavor to secure the “safety” and “health” of our employees and local communities in the belief that “no business can be viable without safety.” All the officers and employees shall be committed to the buildup of “workplaces where we can work safely and securely” in close teamwork consistent with responsible care activities, and positively promote activities for occupational safety and health.

Fundamental principles

- (1) We shall organize an appropriate self-management system regarding occupational safety and health, and continue necessary management and improvement.
- (2) Our target shall be the eradication of labor accidents by improving the working environment, making the equipment intrinsically safe and carrying out risk reducing activities in anticipation of future changes in the working environment.
- (3) We shall faithfully observe relevant laws and regulations and our own rules and standards.
- (4) We shall endeavor for the creation of a pleasant working environment and support efforts for keeping and promoting health.
- (5) We shall make the Labor Safety and Health Policy thoroughly known to all the employees, and review it every year or as necessary. These principles shall be broadly disclosed to the public.

(Revised in March 2013)

Voices from persons responsible for the field of production on efforts to achieve “completely zero accidents”



Amagasaki Plant
Manager of Manufacturing Department I,
Manufacturing Division
Takahiro Yamamoto

At my workplace, we promote the use of a “one-point lesson sheet” aimed at education related to safety and quality. Sheets that simply summarize forms of know-how that cannot be fully covered in instruction manuals alone are posted at worksites in order to improve safety consciousness and remind employees of safety throughout the entire workplace.

In addition, we work to make employees more sensitive towards danger and approach work with a sense of tension through efforts such as selecting several types of unsafe work and unsafe locations every month through “near misses” and “risk assessment,” reminding employees of safety at the normal “pre-work meeting,” and “inquiry-style hazard prediction.” Management-level staff members including myself also patrol the workplace to identify and respond to unsafe work and unsafe locations in an aim to achieve completely zero accidents as a whole plant.



Daishi Plant
Manager of Manufacturing Department I,
Manufacturing Division
Toru Morishima

In order to heighten “sensitivity towards danger,” I believe that it is necessary for everyone to cultivate “awareness towards their own safety” through safety activities that all employees participate in. In an aim to improve safety consciousness and sensitivity towards safety in our department, we are working to further enhance basic safety activities (hazard prediction training, near-miss training, and RA activities).

During fiscal 2015, we conducted simultaneous RA exercises at each workplace on a unified theme and worked to adjust the level of risk assessments at each workplace by having mutual discussions on the results. By sharing points that employees are not able to notice at their workplace alone, we work to improve the level of RA activities.

In addition, by conducting mutual workplace safety checks with the safety managers of cooperating companies every month, we use each other’s eyes to implement safety improvement activities in an aim to establish a relationship that has a sense of tension towards safety. We will continue to take on measures to cultivate “awareness” in order to achieve “completely zero accidents” as the target of the Kawasaki Works.



Oita Plant
Manager of LS Manufacturing Division
Daisuke Kayaba

At our workplace, we conduct “hazard prediction training through self-prepared sheets” aimed at achieving completely zero accidents. The cycle consists of each team creating its own sheet, conducting individual hazard prediction training at another team, and providing feedback to all members. We view these activities as an opportunity to increase motivation by using our own workplaces as a topic and to identify potential risks in the sheet preparation process. In addition, we aim to objectively assess the level of susceptibility to danger by sharing these results. The most important thing is to foster the ability to avoid danger detected and to set appropriate action targets and pointing and calling items. Currently, we are deploying activities and also “promoting pointing and calling through visualization.”



Taketoyo Plant
Manager of Manufacturing Department III,
Manufacturing Division II
Toshikazu Ikai

Our department handles space-related products and we pay attention to quality every single day. However, high quality is also based on the foundation of “safety.” We are currently implementing the following safety activities in order to maintain and improve this foundation. Activities include workplace risk assessments from the perspective of disadvantaged workers for new employees (including transferees), cross-workplace checks aimed at improving sensitivity and motivation, individual declarations to prevent human error, and faithful practice of near miss accident proposals. We will continue to aim for zero accidents with all employees in the department in recognition of the fact that there is no end to safety activities.



Changshu NOF Chemical Co., Ltd.
Manager of Technology Department and Safety Administration Department
Qian Jian Bo

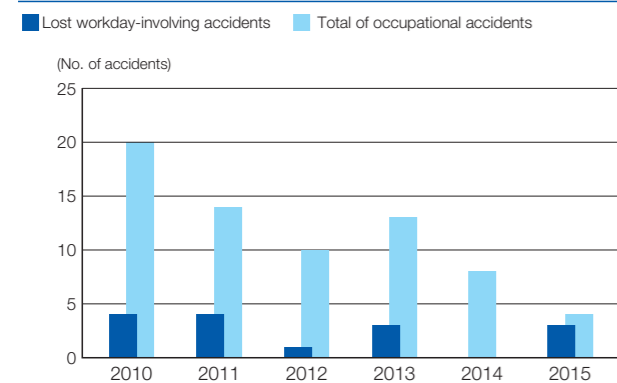
Our company has the target of improving from level three to level two under China’s “safety standards certification” system during 2015. To achieve this target, we have to improve internal safety management levels in terms of both tangible (equipment) and intangible (rules and culture) aspects. In particular, we rolled out the lessons learned from the accidents in China last year (Kunshan dust explosion, Tianjin Port explosion, etc.), and conducted safety measures, such as improvements to explosion-proof dust collection equipment. In addition, we conducted new efforts, including a review of the safety responsibility system, the implementation of an executive night-watch system, and the deployment of pointing and calling in order to enhance safety consciousness of all employees. We will pay even more attention to safety activities in order to achieve completely zero accidents.



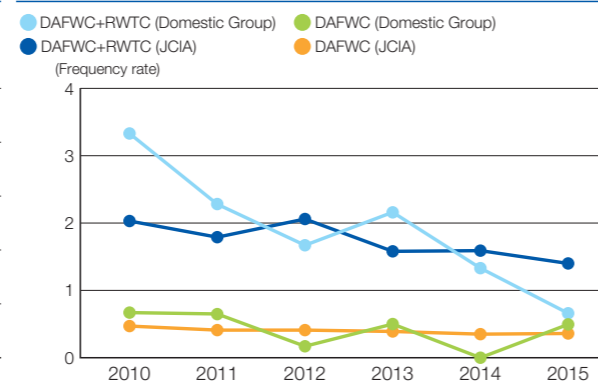
Nippon Koki Co., Ltd.
Manager of Department II, Manufacturing Division, Shirakawa Plant
Hiroki Suzuki

Based on the slogan of “safety is our top priority,” our department continues to hold the “safety consciousness” of protecting our own workplace by ourselves as a given, and we work to thoroughly instill candid mutual caution and acceptance and create a culture that complies with the rules. We deploy hazard prediction training through the 3Gs: genba (field of production), genbutsu (actual goods) and genjitsu (reality), and focused risk assessment activities among workers to improve sensitivity towards danger. Staff also works to eliminate unsafe locations through patrols from a third-party perspective. At the same time workers and staff communicate closely together to implement safety activities that include the proposal of measures to help convince workers in the case of improvements.

Changes in frequency rate of labor accidents (Domestic Group)



Frequency rate of labor accidents (Domestic Group)



DAFWC: Days Away from Work Cases
RWTC: Restricted Work or Transfer to another job Cases
Frequency rate = Number of occupational injuries/Total work hours (per million hours)

Explanation of terms

RA: Abbreviation for risk assessment

KY(T): Abbreviation for kiken yochi training (hazard prediction training)

Near miss: Discovery of an event that did not lead to a serious disaster or accident, but for which it would not be unusual to directly lead to an accident or disaster

Safety education by try-and-sense method

The NOF Group has introduced safety education by a try-and-sense method, which aims at labor accident prevention by having the trainees gain a simulated experience of danger with a view to making the employees more sensitive to potential danger and more conscious of safety. Additionally, the staff is also actively attending external training sessions.



Aichi Works, Hooking risk experience training



Amagasaki Plant, Safety belt experience training



Amagasaki Plant, Safety belt experience training

Each individual's "safe practice declaration" activities

The need for enhanced safety consciousness to eliminate labor accidents was recognized in 2011, as a result of the frequent occurrence of such accidents attributable to human factors including the lack of a sense of danger and carelessness. From fiscal 2012, we have decided to implement "each individual's 'safe practice declaration' activities," namely setting of action targets for labor safety by each individual person and taking action to achieve the targets. This system is implemented in the way considered suitable for the works, such as the safe practice declarations of individuals, including the personnel of cooperating companies at the site, being made open to everybody by posting on a bulletin board. Starting from fiscal 2014, the system has expanded to include the monthly confirmation of progress on the achievement of these targets in an effort to improve safety consciousness.



NMC safety education

Safety campaign activities report meeting (Kawasaki Works introduced as an example)

The Kawasaki Works has three plants, each carrying out its own safety campaign activities suited to its own characteristics. With a view to introducing unique activities among different workplaces and thereby helping activate safety approaches through mutual enlightenment, in August 2015, five workplaces including cooperating companies at work within Kawasaki Works reported on their respective activities carried out on a routine basis. The mutual contact among the three plants will be further tightened from now on to cultivate a safety culture of the whole works.

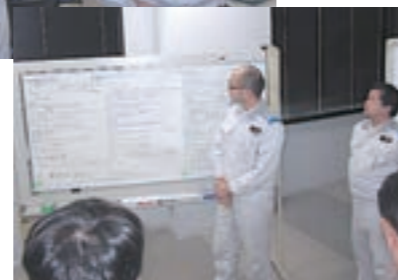


Holding hazard prediction training sessions

In order to improve sensitivity towards danger and strive to eliminate unsafe activities, all employees have participated in hazard prediction training sessions at the Amagasaki Plant.



Amagasaki Plant Hazard prediction training sessions



Zero accident certification

Amagasaki Plant was certified by the Japan Chemical Industry Association (JCIA) as being accident free in fiscal 2015, in recognition of having zero lost workday accidents over a period of four years.



Traffic accident initiatives (during commutes)

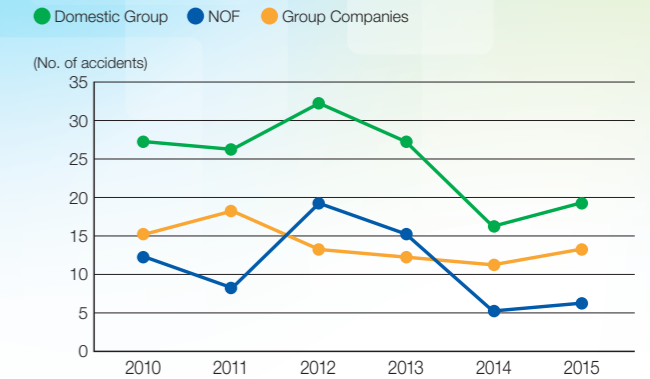
Traffic accident

The NOF Group is also working to eliminate traffic accidents as well as the efforts to eliminate labor accidents. Although the number of traffic accidents during commutes at the NOF Group is on the decline, we are working to further improve safety consciousness.



Amagasaki Plant, Traffic safety campaign

Number of traffic accidents during commutes at the NOF Group



As an example, the following types of traffic accident prevention activities are being conducted at Aichi Works that has many employees who commute by car.

"Secure and Safe Driving Declaration"

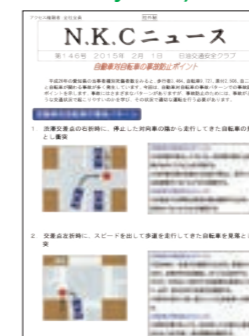
"Secure and Safe Driving Declaration" activities were conducted in fiscal 2015 as an activity aimed at transferring knowledge of safe and secure driving into action, in which all employees at Aichi Works made a declaration of specific actions focused on defensive driving. A self-analysis flow that serves as a tool for knowing own characteristics has been adopted so that everyone can confirm the types of errors they are prone to, and analysis results and countermeasures, etc. can be reflected in the Safe and Secure Driving Declaration in order to make the activities more effective.

Participation in the "Eco & Safety 100 Day No Accident and No Violation Campaign"

We participated in the "Eco & Safety 100 Day No Accident and No Violation Campaign" that was sponsored by the Aichi Prefecture Safe Driving Management Council from July 18 to October 11, with all employees competing against other workplaces. As traffic violations and accidents in which one was partially the victim (excluding cases of being the victim 100%) also result in disqualification, the employees were in a great tension. Nonetheless, we achieved the goal of no accidents and no violations and received recognition.

Publication of "N.K.C. (NOF Traffic Safety Club) News"

We publish N.K.C. News in even-numbered months. During fiscal 2015, the news contained information of law revisions and topics related to traffic safety including traffic accident information for Aichi Prefecture.



External traffic manner monitoring activities

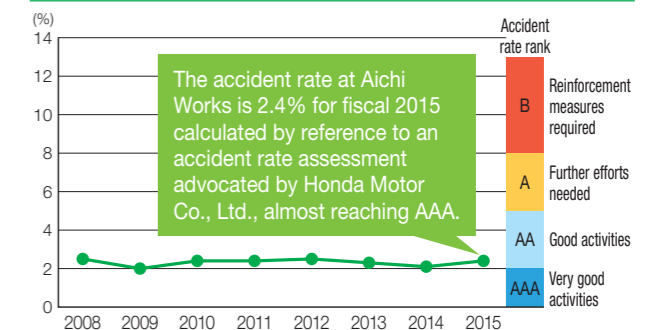
We participate together with the activities of the Taketoyo Traffic Safety Promotion Council and conduct activities once every two months. Safety monitors hold signs that remind drivers to drive safely.



Monitoring at Aichi Works



Accident rate at Aichi Works





Vision

Corporate Philosophy

The NOF Group is dedicated to contributing to mankind and society through the creation of new value "from the biosphere to outer space."

1. Satisfy customer needs by providing the highest quality products and services on a global basis.
2. Leverage the Group's collective strengths to develop cutting-edge technologies and superior products that open up new possibilities.
3. Work in harmony with the environment and ensure the safety of products and business activities.
4. Maintain suitable levels of earnings and reward stakeholders with fair return.
5. Encourage employees to take on new challenges, working to create a rewarding place to work and fulfilling lifestyles.

Basic CSR Policy

We will fulfill our corporate social responsibility and conduct sustainable business activities.

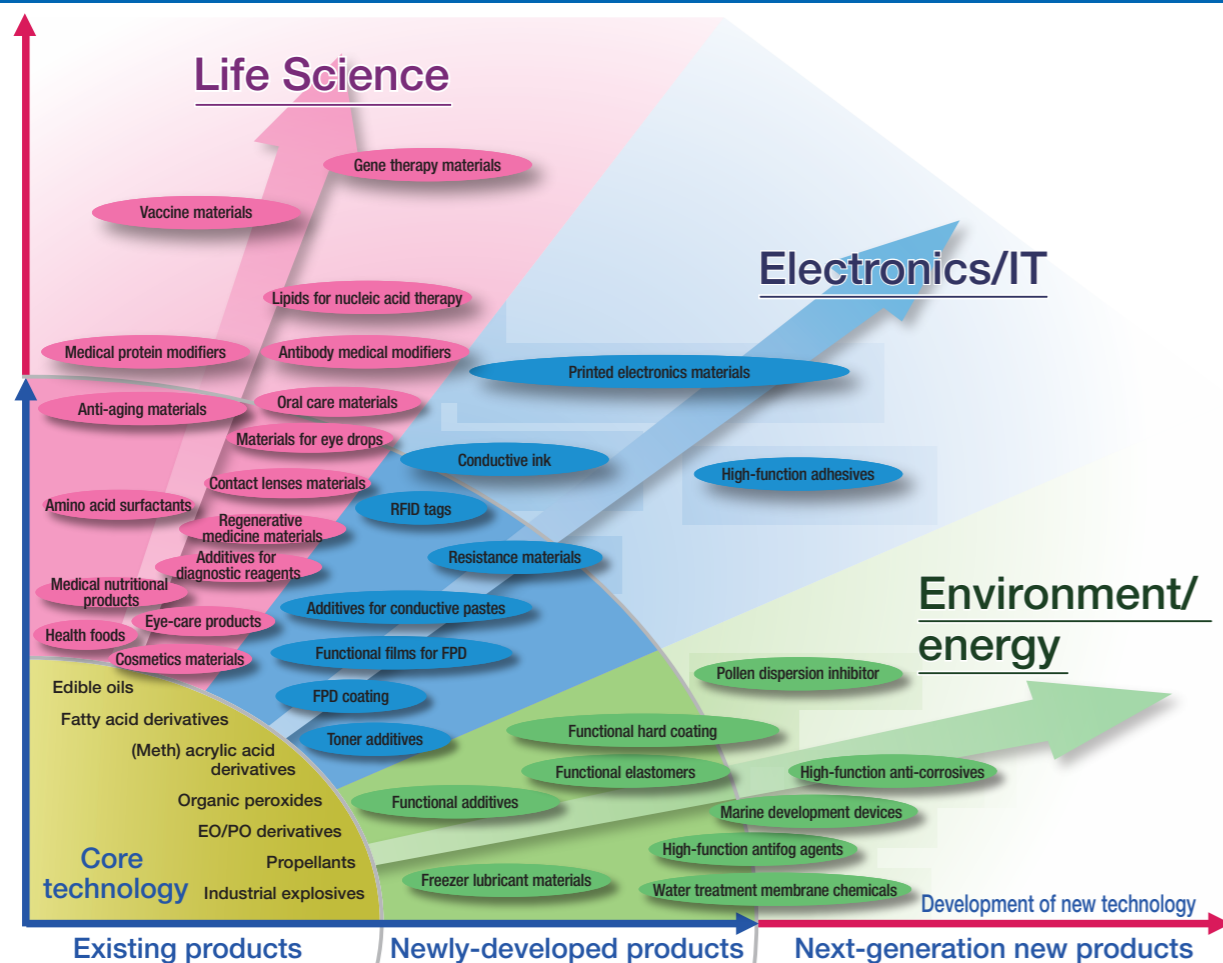
1. We will, each and all, act in accordance with the highest standards of corporate ethics.
2. We will respect human rights, and enable a diversity of personnel to demonstrate their abilities.
3. We will promote responsible care activities, based on the five kinds of safety.
4. We will consider the interests of all our stakeholders.
5. We will contribute to society in cooperation with local communities.

Code of Conduct and Code of Ethical Conduct are available on the Company's website. (<http://www.nof.co.jp/english/company/index.html>)

Corporate Vision

As a functional materials manufacturer that flexibly responds to changes in the business environment and continues to supply innovative products in the three business fields of "life sciences," "electronics/IT," and "environment/energy," we will strive to be a corporate group that contributes to mankind and society, and achieves sustainable growth and development.

Prioritized business fields of the NOF Group



Mid-term Management Plan

In order to realize our vision, the NOF Group formulates a three-year Mid-term Management Plan and conducts business operations accordingly.

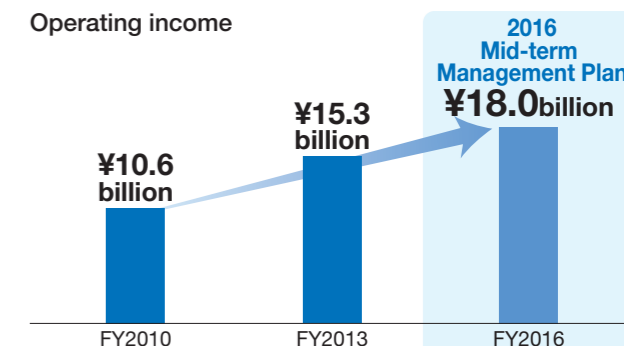
Basic policy of the 2016 Mid-term Management Plan

To further promote the results of the 2013 Mid-term Management Plan, and become a supplier capable of adapting to local production for local consumption on a global scale towards "a new roadmap of growth"

Basic Policy

- Acceleration of development for new products and new businesses
- Expansion of overseas business
- Further reinforcement of the management structure
- Shift to a strategic organization

Operating income



Management Policy

Based on the basic policy of the 2016 Mid-term Management Plan, the NOF Group has established a management policy for fiscal 2016 of "Toward further growth," and intends to implement measures to create new businesses, enhance productivity and expand its corporate presence, in an effort to enhance innovative value.



Promotion of CSR

CSR of the NOF Group

The NOF Group believes that its corporate philosophy of "contributing to mankind and society through the creation of new value in wide-ranging fields from the biosphere to outer space" represents the CSR that the Group aims to fulfill through its business activities. We will strive to maximize the values that we share with every stakeholder and with society.



Promotion of CSR

The CSR Committee, chaired by the President, has been established as an organization for CSR promotion to oversee and promote the various specialty committees.





CSR promotion framework





CSR Action Plan and Results

CSR activities are carried out by setting annual goals and by setting the PDCA cycle in motion. The CSR Action Plan and Results for fiscal 2015 and Action Plan for fiscal 2016 are as follows.

Category of CSR Activity		Plan for FY2015	Results for FY2015	Plan for FY2016	Listed page
 <p>1. Governance</p>	Compliance	Revise the Compliance Manual Promote compliance education Utilize the whistle-blowing system	Held legal seminars (total of 385 participants) Provided compliance manual education for all employees of Group companies	Revise the Compliance Manual Promote compliance education Utilize the whistle-blowing system	P.19
	Business continuity	Promote the business continuity plan	Revised manuals, conducted drills	Promote the business continuity plan	P.19
	RC management	Promote Group RC activities Audit the RC activities of overseas consolidated subsidiaries	Conducted RC audits Total of 23 times at NOF Group companies: 6 domestic companies 2 overseas companies	Promote Group RC activities Audit the RC activities of consolidated subsidiaries	P.26
 <p>2. Respect for Individuals</p>	Work-life balance	Encourage employees to take their annual paid leave Support employees with child care or nursing care responsibilities	Annual paid leave usage rate: 62.7% (increased by 2 points YoY) Expanded the child care leave period, introduced a child care support program	Encourage employees to take their annual paid leave Support employees with child care or nursing care responsibilities	P.20
	Better performance of human resources	Reemploy people who have retired Employ people with disabilities	Reemployment of people who have retired: 11 retirees Employment rate of people with disabilities: 2.18% (March 2016, statutory employment rate 2.0%)	Reemploy people who have retired Employ people with disabilities	P.22
	Talent development	Support employees' self-enlightenment efforts Promote training at the organizational level, and regarding specific issues Encourage employees to obtain official qualifications	Correspondence courses and e-learning courses: Participated by a total of 215 employees Training held during fiscal 2015: 25 times, participated by a total of 659 employees Public qualification acquirers: A total of 463 employees	Support employees' self-enlightenment efforts Promote training at the organizational level, and regarding specific issues Encourage employees to obtain official qualifications	P.24
	Safety education	Conduct RC and environmental safety education Conduct labor and plant safety education Conduct product safety education	Number of participants: A total of 16,000 employees Training hours: A total of 28,000 hours	Conduct RC and environmental safety education Conduct labor and plant safety education Conduct product safety education	P.25
 <p>3. RC Activities</p>	Environmental safety	Promote environmental safety Reduce greenhouse gas emissions Maintain Zero Emissions Reduce chemical emission volumes Promote biodiversity-friendly activities	NOF mid-term environmental targets with fiscal 2015 as the final target year Greenhouse gas emission reduction: 95% target achievement Zero Emissions: Target achieved Chemical emission Volumes reduction: Target achieved Ongoing participation in biodiversity private sector participation partnership	Start of new mid- to long-term environmental targets as the NOF Group Reduce greenhouse gas emissions Maintain Zero Emissions Reduce chemical emission volumes Promote biodiversity-friendly activities	P.28
	Labor safety	Reinforce efforts toward zero accidents	Lost workday accidents: 3 cases Total number of labor accidents: 4 cases (reduced by 4 half YoY)	Reinforce efforts toward zero accidents	P.10
	Plant safety	Ensure stable operation	No major plant disasters	Ensure stable operation	P.35
	Product safety	Promote proper management of chemicals	No major product complaints	Promote proper management of chemicals	P.36
	Transportation safety	Promote safe transportation	No major transportation accidents	Promote safe transportation	P.37
 <p>4. Coexistence and Co-prosperity</p>	Fair trade	Continue engaging in fair trade	Continued to engage in fair trade	Continue engaging in fair trade	P.38
		Promote CSR-based procurement	Provided guidance to suppliers on basic concept towards CSR-based procurement, conducted supplier questionnaire	Promote CSR-based procurement	
	Information disclosure	Continue performing timely and appropriate disclosure of fair, unbiased information	Continued to perform timely and appropriate disclosure of fair and unbiased information	Continue performing timely and appropriate disclosure of fair, unbiased information	P.43
		Hold performance briefings	Held twice in May and November	Hold performance briefings	
		Publish CSR reports	Issued CSR Report in July and posted on website	Publish CSR reports	
Dialogue activities	Promote dialogue activities with the community	Plant tours, informal meetings with local residents, participation in RC local dialogue meetings	Promote dialogue activities with the community	P.39	
Socially beneficial activities	Promote social contribution activities	Local volunteer activities, cleaning activities, donation of ¥24 million	Promote social contribution activities	P.40	



Corporate Governance

● Outline of the organizational setup for corporate governance

With a view to architecting a management setup that can appropriately respond to changes in the business environment, NOF introduced the operating officer system in 2000; it was intended to strengthen the decision making function and the supervision function of the Board of Directors and at the same time to enhance the efficiency of the executive setup under authorization by the representative director by separating the decision making function and the business executing function of management. In addition, for the purpose of further strengthening the supervision function, two independently positioned outside directors are selected. The Board of Directors, consisting of ten members including outside directors, holds one regular meeting every month and extraordinary sessions are also convened as required; besides deciding on important matters set forth by the laws, regulations, the articles of incorporation and the rules of the Board of Directors, the Board supervises the state of business execution. Any important matter to be referred to the Board of Directors goes through preliminary deliberation, intended to ensure more appropriate decision making, by the Executive Committee from time to time attended by directors, standing corporate auditors and heads of the organizational unit or units concerned or the weekly Strategic Meeting as a rule attended by the directors authorized to execute business. To supplement these meetings, NOF from time to time receives advice from such experts as lawyers and certified public accountants regarding business management and daily execution of business for reference in making judgment on business affairs.

● Development of internal control system and risk management setup

Each NOF Group company has developed an internal control system for ensuring adherence to laws and regulations, the articles of incorporation and various internal rules of the Company and appropriateness of business operations. Regarding observance of social norms and laws and regulations, the Company's code of conduct is formally spelled out as the NOF Code Ethical Conduct, based on the NOF Basic CSR Policy, and an Ethics Committee is established to ensure thorough adherence to the code. Further to secure safety in production sectors in the five aspects, including environ-

ment, product, plant, transportation and labor, the Responsible Care (RC) rules are instituted, with the RC Committee checking conduct in actual scenes of production and performing internal auditing. In addition, various activities by the Information Security Management Committee, Credit Management Committee and National Security and Export Management Committee among others have built up management arrangements for the prevention of various risks of the NOF Group from arising, and if any risk does arise, the minimization of its impacts.

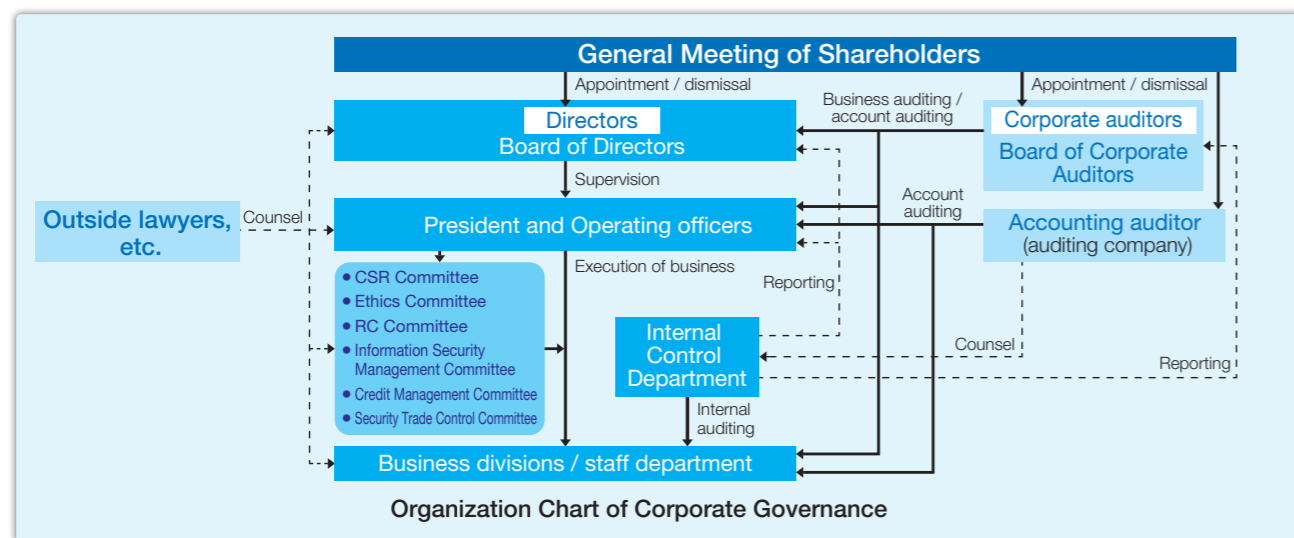
Group companies engage in business activities based on a policy formulated in accordance with the annual policy formulated by NOF. NOF manages and monitors its Group companies in accordance with the rules on the management of group companies, and offers advice, as necessary; while any important matters that are deemed to materially impact the subsidiary's assets or profit and loss are approved by the NOF Board of Directors or the Executive Committee.

● Internal audits and corporate auditor's audits

Internal audits are performed by the ten dedicated members of the Internal Control Department, which is an independent organization reporting directly to the President.

Corporate auditor's audits are primarily performed by the standing corporate auditors as part of the framework of oversight over the directors' execution of business by attending every meeting of the Board of Directors and the Executive Committee, as well as proactive participation in various other meetings. The corporate auditors coordinate closely with the accounting auditor by convening periodic meetings and other initiatives, and exchange various information on such matters as audit plans and audit reports.

Corporate auditors including outside corporate auditors receive periodic reports from the Internal Control Department regarding internal controls, while at the same time engage in exchanges of opinions, as necessary. Corporate auditors also engage in appropriate coordination with the relevant organs by attending the meetings of the competent committees on CSR and risk management, sitting in on internal audits conducted by the internal auditing organs of each committee and receiving and exchanging opinions on the audit result reports of the internal audit organs of each committee.



● Promotion of the Business Continuity Plan (BCP^{*1})

NOF has formulated a BCP, to enable its core business to be continued or, if damaged, to be restored quickly while minimizing the loss of business assets in an emergency such as a natural disaster. NOF's activities to promote the BCP primarily focuses on the formulation of the BCP manual which sets forth the responses to be implemented in normal times and in emergencies, in addition to the preparation and yearly renewal of information on the estimated damages to the plant and various government-, infrastructure- and supply chain- related information, which will be required when resuming operations. Additionally, NOF performs annual internal audits and training in an effort to firmly establish the BCP and to enhance its effectiveness.

● Information security management

(1) Management of trade secrets and protection of personal information

Recognizing the importance of information as one of vital management resources to business activities and the indispensability of active strengthening of corporate competitiveness by active utilization of information and firm establishment of information security to steady business management, NOF has set forth the Information Security Policy as a basic principle for promoting effective utilization and protection of information. At the same time, recognizing protection of personal information as its obvious social responsibility, NOF has formulated and announced the Privacy Policy.

*1: BCP (acronym for Business Continuity Plan) is a plan formulated by a company to set forth activities to be carried out in normal times and methods, means and so on for continuation of business in an emergency such as a natural disaster, conflagration or terrorist attack to enable the core business to be continued or, if damaged, to be restored quickly while minimizing the loss of business assets.

Under such policies, the Company has set forth specific measures for enhancing the levels of confidentiality, completeness and utility of information and specific ways of handling personal information in its internal rules including information security management rules, personal information protection rules and information system-related sets of provisions, a confidential information handling manual and an information equipment handling manual, and is ensuring their thorough understanding by the staff.

(2) Management setup

In the organizational aspect, the Information Security Management Committee is set up, and under its chairperson, who has overall supervising responsibility for information security management, persons responsible for document information security management, electronic information and information system security management, and addressing complaints regarding personal information, as well as a person responsible for management at each level of organizational unit, are appointed to administer the implementation of specific measures. Against illicit accesses from outside and other risk factors including loss, destruction and alteration, safety measures are taken at appropriate and rational levels. In addition, NOF continually reviews through internal auditing setups and measures pertaining to information security management and protection of personal information to improve them wherever necessary.

Compliance

● Compliance

The NOF Group instituted the Code of Ethical Conduct in April 2002 to ensure that each member-company and each employee always conform to social ethics and win society's trust. In this connection, the Group set up the Ethics Committee in an effort to strengthen its own responsibility to society and ensure the transparency of its business activities. Further, a consultation desk for NOF's employees is open at the secretariat of the Ethics Committee (the Legal & Public Relations Section of the Human Resources & General Affairs Department), and a contact point for whistle-blowing / consultation is also open to employees of NOF and its group member-companies.



In order to instill a sense of compliance in its executives and employees, the NOF Group has prepared a Compliance Manual, which explains the Code of Ethical Conduct in detail and in easily understood terms.

● Global Compliance Manual

The universal Global Compliance Manual has been published in eleven different languages.



In addition, country-specific compliance manuals based on the legal systems of each country are being gradually prepared.

● Whistle-blowing system

Consultation desks in Japanese / English / Chinese (Simplified Chinese) have been set up at external third-party institutions as contact points for whistle-blowing / consultation, in the event that an employee becomes aware of acts in violation of compliance or acts suspected of being in violation of compliance.

Work-Life Balance



Promotion of work-life balance

NOF is developing a work environment in which the staff can work well motivated while attaching due importance to the work-life balance between work and non-work activities including child care, nursing care, hobbies, studies, rest and community activities. In light of the

importance NOF attaches to the work-life balance of its employees, it has adopted the following systems to provide specific support. The “○” symbols in the table below indicate NOF’s own systems or systems that go above and beyond the scope of law.

Systems that support diverse working styles

Pregnancy and childbirth	Childcare	Nursing care	Other
○ Limitations on and exemptions from overtime ^{*1} , limitations on night work ^{*1}			○ Yearly paid holidays (up to 23 days)
○ Later or earlier work start or finish times ^{*1}		○ Nursing care leave (up to 365 days)	○ Yearly paid half work days
Limitations on work on holidays	○ Childcare leave (maximum of 2 years)	○ Nursing care leave (10 days per year)	○ Cumulative saved leave ^{*2}
Consideration to and reduction of workload	○ Career and childcare balance support program		○ Refresh leave
Commuting relaxation (route changes, etc.)	○ Child nursing leave ^{*1} (10 days per year)		○ Flex-time system
○ Hospital visit leave (may be paid)	○ Childcare hours (paid)		○ Discretionary work system (R&D position employees)
Prenatal and postnatal leave			○ Self-enlightenment support
			○ Sports and culture activities

*1: In the case of childcare, the systems apply for employees raising a child up to the third grade of elementary school.
 *2: The cumulative saved leave is a system in which expired yearly paid holidays may be accumulated, and used for personal illness or injury, childcare, nursing of a family member, nursing care, self-enlightenment, or volunteer activities.

Recommending employees to take yearly paid holidays

NOF is developing a work environment in which the staff can work well motivated while attaching due importance to work-life balance. NOF encourages all employees to take their yearly paid holidays. Additionally, one such initiative is to encourage them to take yearly paid holidays in their respective birth months, and in this way an atmosphere that makes them easier to take yearly paid holidays is developed in the work environment.

In fiscal 2016, we will verify the status of yearly paid holidays taken by the employees and consider measures to further encourage employees to take their holidays.

Refresh leave system

NOF provides a system under which employees having worked with the Company for 10, 20 or 30 years are given seven consecutive paid holidays (which otherwise would be workdays) so that they can refresh themselves both mentally and physically away from everyday duties, and find opportunities to expand their fields of vision and to increase the flexibility of thinking.

Days on which employees are encouraged to leave work on time

NOF encourages efficient ways of working and sets a day on which employees are encouraged to leave work on time.

Employee-related data (NOF non-consolidated)

		FY2013	FY2014	FY2015
Number of employees utilizing childcare leave	Male	1	14	10
	Female	4	5	5
Utilization rate of yearly paid holidays		62.1%	61.4%	62.7%
Monthly average overtime work hours		12.6 hours	13.0 hours	13.0 hours

* Based on the data as of March 31 each year.
 * The utilization rate of yearly paid holidays is calculated for the period from September 21 of the previous year to September 20 of the current year (12-month period to take yearly paid holidays at NOF).

Introduction of childcare support program

A “career and childcare balance support program” was introduced at NOF from April 2016. Various forms of childcare support is provided under this program during periods of childcare leave, including the regular distribution via the Internet of useful information on childcare and information on events to refresh one’s spirit during the struggles of childcare and a contact point for childcare consultation. In addition, as the latest internal company information is regularly distributed and a wide range of contents for brushing up business skills are provided, this program supports a balance between childcare and work by supporting skill improvements during childcare leave and a smooth return to work. Although the program was just introduced, it has been used by many employees, including male employees, and has a favorable reputation among people who have used the system.



Support for raising the next generation (Support for childcare and nursing care)

NOF provides a system that makes child-rearing / nursing care and working compatible with each other, and has proactively adopted support measures including raising the age limit for children subject to short hour work system and extending the duration of the nursing care leave and childcare leave. The requirements for utilizing the cumulative saved leave were expanded for nursing and nursing care from April 2016.

In June 2010, as its initiatives and records in the implementation of the action plan based on the Act on

Advancement of Measures to Support Raising Next-Generation Children were appreciated, the Tokyo Labor Bureau recognized NOF as an “enterprise active in supporting childrearing.” In our subsequent action plan, we have been promoting the utilization and implementation of childcare leave for our male employees as an initiative aimed at establishing an environment that facilitates a balance between work and childcare / nursing care.



Holding health events

We strive to regularly hold unique health events at each workplaces in order to improve the awareness of employees towards health.

As part of health promotion activities at Kawasaki Works, a “pulmometry event” was held for two days on June 3 and 4, which was participated by a total of 160 employees.

While many people think lung capacity to be related to endurance, the “ability to breathe out” also relates to explosive power, and it is one of the benchmarks for measuring overall athletic ability. Many participants had figures around the national average of approximately 3,500cc. Meanwhile, there was a notable employee with figures of 6,160cc, which is the same level as a top athlete.



Better Performance of Human Resources



Recruitment

NOF, which began as a chemicals producer using natural fats, has today expanded its businesses into a wide range of fields from the biosphere to outer space. This is due in no small part to our ability to sincerely meet the ever-changing and diversifying needs of the market and our ceaseless spirit of challenge in taking on new fields.

In order to support and further expand its wide range of businesses, NOF engages in recruiting activities that respect the individualism and values of its diverse human resources.

“People” are what make up an entity, and it is important that diverse human resources of different specialties and expertise collaborate, stimulate each other and lift each other up.

For this reason, NOF will proactively promote the recruitment of experienced workers and returnees from abroad, regardless of whether they are straight out of college or mid-career recruits, as well as foreign nationals, including exchange students. (Two foreign nationals were hired in April 2016.)

In terms of recruitment and selection of students graduating with bachelor's and master's degrees to start in and after 2017, NOF is engaged in proper recruitment activities that “enforce fair and impartial recruiting, contribute to ensuring a normal academic learning and academic environment and respect the academic schedule of the universities,” based on “Guidelines for Recruiting and Employing New Graduates” of the Japan Business Federation (*Keidanren*).

Approach to diversity

In order to fulfill the Corporate Philosophy to “Encourage employees to take on new challenges, working to create a rewarding place to work and fulfilling lifestyles,” the NOF Group accepts and respects diversity in the forms of employment, working locations and working conditions including short hour work systems, as well as diversity in the attributes of its human resources such as nationality, gender, race and whether they are disabled or not. NOF aims to establish and is currently building an organization in which willing and capable employees are properly evaluated in every aspect including recruitment, treatment after recruitment and promotions, and are allowed to demonstrate their capabilities.

Promotion of international human resources

Recognizing the importance of securing superior human resources regardless of nationality, the NOF Group intends to secure appropriate human resources, including experienced workers, particularly for the expansion of its overseas businesses. Our overseas Group companies (overseas local subsidiaries) are continuing to step up their efforts to recruit local employees and promote them to management.

Fostering international human resources

The NOF Group conducts seminars for its overseas sales staff and staff scheduled for overseas assignments by dedicated outside and internal lecturers on the laws, culture and commercial practices of their host countries based on the staff's duties and roles, in order to facilitate overseas operations. In addition, in light of further overseas expansion in the future, the NOF Group has introduced the “Global Mind Seminar” as part of new employee training,

and is currently promoting the systematic fostering of global human resources.

Re-employment system (Re-employment of retirees)

NOF has introduced a reemployment system intended to provide age-limit retirees with opportunities to remain active in society and for self-realization to keep them well motivated to live on and work, and at the same time enable them to fully utilize the retirees' high-level professionalism, skills and experience in their extended careers. (11 retirees were reemployed in fiscal 2015.)

Employment of the disabled

In order for persons with disabilities to demonstrate their capabilities and work actively in their respective workplaces, NOF is promoting the employment of the disabled, upon developing a favorable working environment.

The proportion of the disabled employed in March 2016 was 2.18% (40 persons), surpassing the legally prescribed proportion (2.0%).

Going forward we will provide fair employment opportunities and step up our initiatives towards the employment of the disabled.

Active participation of women

The active participation of women is promoted at NOF. Among the 44 new graduate employees who joined the Company in April 2016, 17 were women. Going forward, NOF will actively promote the hiring of women while working to improve the workplace environment to allow the active participation of women.

Training to promote the active participation of women

At NOF, training aimed at promoting the active participation of women is conducted for all female employees and management-level male employees who serve as their superiors. In training for women, expected roles and future career design were discussed deeply. In training for management-level male employees, participants learned about gender bias and discussed in depth on key management points in order to promote the active participation of women. Going forward, training will be held as necessary in an aim to promote the career development of female employees.



Action plans of general business operators based on the “Act on the Promotion of Women’s Active Participation in Their Occupational Lives”

The following action plan has been established in order to develop an employment environment that enables the active participation of women.

- | | |
|---|---|
| <p>1. Plan period: April 1, 2016 to March 31, 2018</p> <p>2. Issue at NOF: The percentage of women among career-track employees is low.</p> <p>3. Target
Achieve a percentage of women among career-track hires of 30% or higher</p> <p>4. Details of initiatives and implementation schedule</p> <p>Initiative 1: Further enhancement of recruitment activities</p> <ul style="list-style-type: none"> · From November 2016: Review and revision of school seminar materials · From March 2017: Participation in school and joint seminars · From July 2017: Tours of plants and research laboratories for prospective employees | <p>Initiative 2: Promotion of work-life balance measures</p> <ul style="list-style-type: none"> · From April 2016: Explanation of systems for employees who are returning to work from child-care leave and their superiors · From October 2016: Dissemination of information on nursing care systems through internal newsletters, etc. <p>Initiative 3: Training on fostering awareness aimed at career development</p> <ul style="list-style-type: none"> · From April 2016: Training for executives with female employees as subordinates · From May 2016: Training for female employees, female temporary employees on clerical work, and female part-time employees |
|---|---|

Employee-related data (NOF non-consolidated)

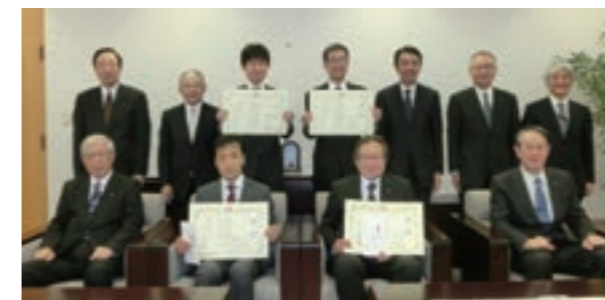
		FY2013	FY2014	FY2015
Number of employees	Male	1,544	1,522	1,508
	Female	150	149	149
Number of new employees	Male	43	27	35
	Female	6	4	6
Re-employment of retirees		8	11	11

Rewards for employee achievements

On July 1 of each year, NOF recognizes the accomplishments of employees who have contributed to the perpetual development of the Company's businesses.

Employee invention award

In April each year, NOF examines employee inventions and awards invention rewards to inventors.



Internal recruiting system

NOF has introduced an internal recruiting system that aims to foster independent human resource development by providing employees with opportunities to select work, etc. and assign motivated human resources to appropriate posts in order to improve employee morale and revitalize the organization.

Mental health initiatives

NOF is taking comprehensive initiatives for the prevention and alleviation of mental health troubles and supporting those suffering from such troubles until they have sufficiently recovered to return to work.

More specifically, these initiatives are taken in teamwork with industrial physicians specializing in mental health to ensure early detection and proper solution of mental health problems by providing mental health checks, setting up out-of-house counseling facilities and institutionalizing a “return-to-work support program” to support persons absent from work for a long time or on sick leave on account of mental health disorder in ensuring their smooth return to work after recuperation.

In addition, mental health care education is provided every year for newly appointed personnel of the managerial or supervisory level, and measures are also implemented to maintain and improve the mental health of employees through management-level employees.

Addressing sexual harassment / power harassment problems

The NOF Group has declared its position to prevent and prohibit sexual harassment and power harassment in its Guidebook on the Code of Ethical Conduct, the Compliance Manual and other internal notifications, and is taking steps to make the code and other relevant norms extensively known and understood. For consultation desks regarding sexual harassment and power harassment, one each of male and female consultants is appointed to make the workplaces transparent and pleasant.

Talent Development

NOF promotes a multifaceted talent development system comprising a “selective” element, in which each employee is allowed to choose his/her own training menu, as well as an “elective” element, where participants are designated by the Company, and which is professionally-focused in order to enhance the employees’ expertise in each field.

This system effectively promotes talent development suited to each individual and his/her work, while at the same time making work more rewarding, invigorating the organization, establishing a sustainable business foundation and enabling stable employment.

● Support of self-enlightenment

NOF provides a wide range of self-enlightenment programs such as various correspondence courses and e-learning courses (e.g. business skills and languages) to support the spirit of challenge of the motivated employees and to encourage further skill development and the self-realization of each individual.



Pamphlet
“Correspondence Course Guide”

In fiscal 2015, a total of 215 employees took advantage of the various correspondence courses and e-learning courses.

● Promoting training at the organizational level and regarding specific issues

In an effort to provide a more effective training program, NOF has set up an education system that combines training at the organizational level and training regarding specific issues.

The relatively junior employees mainly undergo training at the organizational level, while management-level employees undergo training regarding specific issues.

Each organizational unit and division also plan and carry out, as necessary, training suited to their respective business operations.

In fiscal 2015, a total of 659 employees took part in the training programs.

(Training at the organizational level)

Initial training for new career-track employees, follow-up training for new career-track employees, preparatory training for the study report conference for career-track employees, study report conference for career-track employees, follow-up training for the study report conference for career-track employees, training for mid-career employees, training for career-track employees promoted to manager, training for employees promoted to executive positions, mandatory training for promotion candidates (correspondence course for candidates for senior instructional level positions, candidates for manager positions and candidates for executive positions), etc.

(Training regarding specific issues)

Training for those performing personnel evaluations, business skill reinforcement training, training for new sales staff, sales practices training, business R&D training for R&D position employees, training for managerial candidates (strategic business leader training, financial training, participation in outside business schools, NOF Management School), short-term overseas language training, training prior to overseas assignments, etc.

● Promotion for acquiring official qualifications

The NOF Group supports employees’ attempts to acquire official qualifications in many aspects. In fiscal 2015, a total of 463 persons newly acquired 33 types of such qualifications at the Domestic Group out of about 100 different qualifications whose acquisition is recommended by the Company.

Type of qualification	Total number of persons who acquired qualifications
Energy control	3
Pollution control	7
Sanitation control	6
Specified chemicals control	29
Organic solvents control	30
Flammable materials control	108
Pressured gas control	21
Explosive production control	11
Explosive handling control	53
Firefitting facility control	2
Pressured vessels handling	4
Breathing safety control	14
Forklift	12
Crane	22
Hooking	29
Boiler	4
Machine maintenance	6
X-ray work	5
15 other types of qualifications	97
Total	463

Safety Education

Recognizing the importance of safety education, the NOF Group strives to enhance its occupational safety and health management system and reinforce its safety activities including safety education, in an effort to secure the safety and health of its employees.

● RC Education of the NOF Group

To enable all the employees of the NOF Group to deepen their understanding of RC, emphatic efforts are put into RC education. In fiscal 2015, a total of 15,862 persons participated in and received RC-related education for a total of some 28,000 hours.

Field	Total number of participants	Total hours
RC and Environmental Safety	1,102	1,509
Labor and Plant Safety	14,100	26,158
Product Safety	628	685
Transportation Safety	32	191
Total	15,862	28,543



Safety education for new employees



Safety education, Changshu NOF Chemical Co., Ltd.



Safety education, Amagasaki Plant



Safety education for plant entrants, PT. NOF MAS CHEMICAL INDUSTRIES



Safety education (hands-on education), Amagasaki Plant



Safety education (hands-on education), Aichi Works

RC Management



● Management policy regarding RC

For a chemical company to live together with society as one of its vitally important members, it has to seek harmony with social environment and natural environment, and be recognized, appreciated and accepted by society. With this fundamental awareness in mind, NOF has set forth its Management Policy Regarding Responsible Care as a set of norms to be faithfully observed by every officer and employee of the Group companies with a view to winning even greater trust from society.

Management Policy Regarding Responsible Care

NOF is dedicated to protecting the safety and health of customers, the public and employees, as well as the environment, ecosystems and resources. For this purpose, based on the principles of Responsible Care, NOF, its group companies, and all executives and employees observe the following management policies on safety concerning the five areas of environment, products, plants, transportation, and labor.

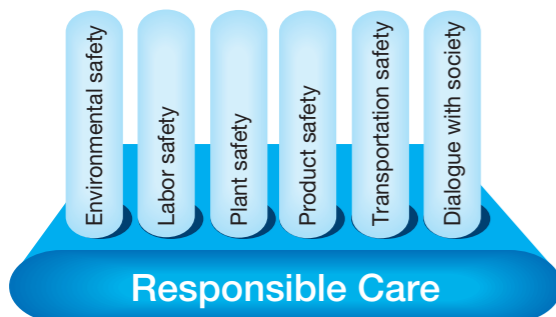
- (1) Retain an awareness concerning safety issues involving the social and natural environments.
- (2) Conduct activities based on appropriate self-management along with close collaboration with other business units.
- (3) Conduct highly reliable safety checks and adhere to all laws and regulations.
- (4) Everyone must work to minimize the impact of products on the environment, safety and health. This covers every aspect of products, from their development and manufacture through retail, use and disposal.

(Amended September 2001)

Furthermore, NOF became a signatory of the Responsible Care Global Charter in 2014, and declared its support of the Charter and its commitment to practice RC activities both in Japan and overseas.

● The Five Components of Safety

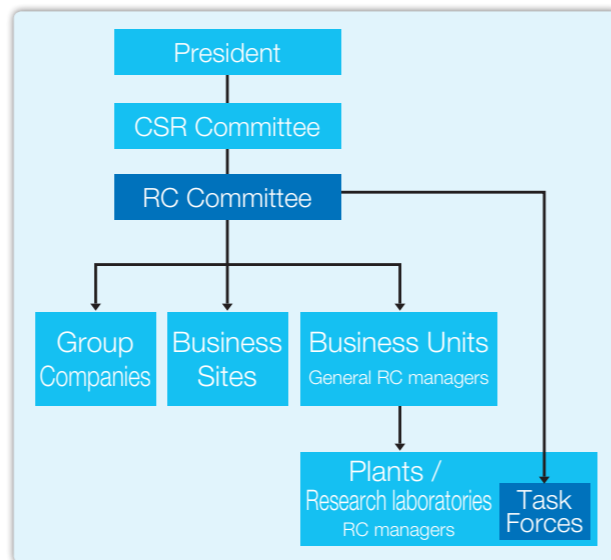
The NOF Group classifies its RC activities into "Five Core Components" including 1) environmental safety, 2) labor safety, 3) plant safety, 4) product safety and 5) transportation safety, and according to this classification each works sets priority items, which are practiced in specific activities. Since 2003, "dialogue with society" has been added to the Five Core Components as a theme of activities.



● RC promoting organization

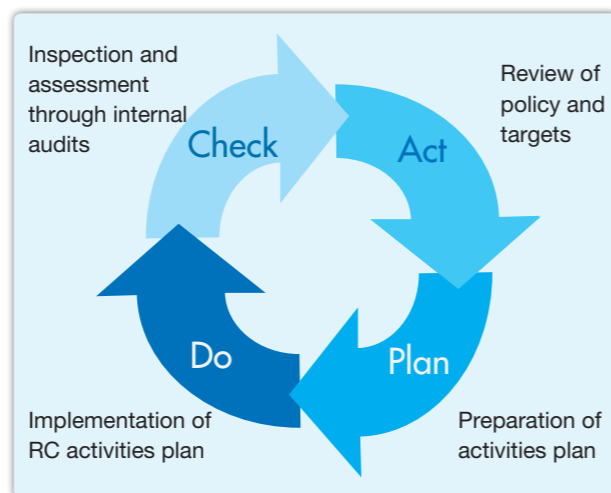
The RC Committee has 26 members (certain operating officers, works or plant general managers, the Planning Department manager of each business division and the general managers of Research Laboratories), chaired by the general manager of the Responsible Care & Production Engineering Department (concurrently director and executive operating officer).

The RC Committee, whose decision is immediately made thoroughly known as a policy of the NOF Group, has an executive function as a body to which authority is delegated by the President. A general RC manager is appointed to each business division, and an RC manager to each plant or research laboratory, to ensure concrete representation of environmental targets.



● Flowchart of RC activities

RC activities are unfolded by keeping the cycle of CAPDo (Check-Act-Plan-Do) turning without interruption.



Where any improvements over the current status are required, the progress is assessed at the time of the next auditing, a half year afterwards, and completion is checked.

Management Systems

The NOF Group is promoting the acquisition of certification by competent outside bodies as a means of improving transparency and objectivity of RC activities.

● Development status of EMS^{*1} (Environmental Management Systems)

Every works and plants of NOF with production sectors have acquired ISO14001 certification, and are implementing systematic environmental improvement activities, with the particulars of business and local characteristics taken into consideration. Seven of the companies affiliated with NOF have acquired ISO14001 certification, and one more is seeking for new acquisition. Also, Nichiyu Logistics has obtained Green Management certification from the Foundation for Promoting Personal Mobility and Ecological Transportation.



● Development status of OSHMS^{*5} (Occupational Safety and Health Management System)

The NOF Group, under its labor safety and health policy, is undertaking buildup of the Occupational Safety and Health Management System. Referencing the guidelines of the International Labor Organization and the Ministry of Health, Labour and Welfare, we are building up our own system with the target of achieving a level qualified for certification by competent outside bodies. The Risk Assessment program^{*6}, which started in fiscal 2008 at every works of NOF, is now adopted by domestic member-companies of the NOF Group as well, which will follow suit in the implementation of OSHMS.

● Development status of QMS^{*2} (Quality Management Systems)

NOF is building up the optimal QMS for each product line. The Daishi Plant has acquired certificates under the Hazard Analysis Critical Control Point (HACCP) and the Good Manufacturing Practice (GMP) for dietary supplement systems^{*3} in addition to ISO9001. The DDS Plant exercises control conforming to the GMP for pharmaceuticals. ISO9001 certificates have been acquired by 14 of the Group companies.

Showa Kinzoku Kogyo Co., Ltd. and NOF METAL COATINGS KOREA CO., LTD., active in the anticorrosion business, have also obtained ISO/TS16949^{*4} certification.



GMP for dietary supplement systems (Daishi Plant)

*1: Acronym for Environmental Management System. A management system comprising a framework for an organization to formulate implement, review and maintain its environment policy; and encompassing planning activities, responsibilities, practices, processes and resources.
 *2: Acronym for Quality Management System. A system by which an organization formulates policies and sets targets in order to dictate and manage its quality, and achieve such targets.
 *3: Acronym for Good Manufacturing Practice. Standards with which operators must comply, relating to both tangible elements such as plants and production facilities and intangible elements such as quality/manufacturing control, as means of quality assurance including the safety of pharmaceuticals, medical equipment, foods, etc.
 *4: International standards on quality management systems for the automobile industry.
 *5: Acronym for Occupational Safety and Health Management System. A management system that determines the organization, responsibilities, practices, processes and management resources required for an operator to continuously mitigate potential occupational safety and health risks.
 *6: Method of identifying, eliminating and reducing potential risks or hazards in the workplace.

Implementation status of internal auditing

How much we can improve the effectiveness of internal auditing is an important point of RC activities.

● Status of internal auditing

For the auditing of RC in fiscal 2015, regular audits (twice a year for the Company's own eight plants and once a year for domestic and overseas group members having production sectors) were held by field checking in the presence of the Company's auditors or paper screening with the RC Committee Chairman as auditing leader. Priority items in recent years are listed on the right.

● Internal auditing of overseas Group companies

For domestic group members having production sectors, an informal RC meeting (for exchange of views) started in fiscal 2001 as a preliminary step, and RC auditing as such has been implemented since fiscal 2005 so that the NOF Group could promote RC activities in a desirable way of group management by strengthening autonomous inspecting activities.

Since fiscal 2010, RC auditing of Changshu NOF Chemical Co., Ltd. in China and PT. NOF MAS CHEMICAL INDUSTRIES (NMC) in Indonesia has been conducted with an eye to further improvement of RC activities by the NOF Group.

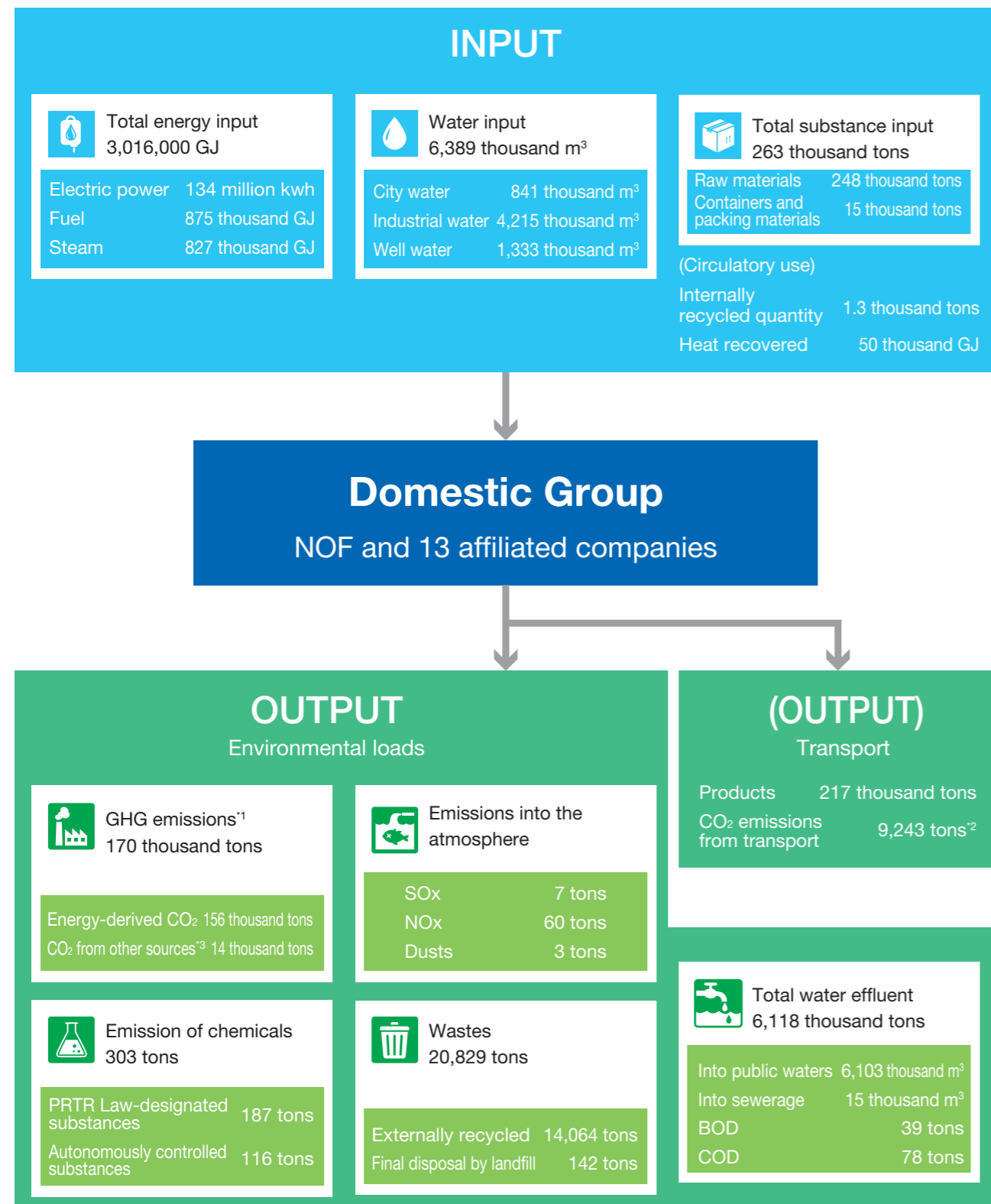
Term	Priority theme in audit
1st half, FY2011	Progress of safety action (actual records for 2010, planned for 2011) Compliance with revised laws including environment-related laws and other laws
2nd half, FY2011	Progress status of enhancement of safety mind
1st half, FY2012	Progress of five safety drives (actual records for 2011 and planned levels for 2012) and meeting the requirements of Revised Water pollution control Law
2nd half, FY2012	Progress of labor safety measures
1st half, FY2013	Progress of labor safety actions (actual records for 2012, and planned levels for 2013)
2nd half, FY2013	Progress of five safety drives
1st half, FY2014	Confirmation of compliance status relating to environmental safety
2nd half, FY2014	Confirmation of the status of action to prevent labor accidents
1st half, FY2015	Confirmation of prevention measures for being caught and entangled
2nd half, FY2015	Confirmation of the status of revitalization measures aimed at achieving "completely zero accidents"

Environmental Safety: Environmental Loads Ensuing from Business Activities



The standing of environmental loads ensuing from business activities by the Domestic Group in fiscal 2015 is shown below.

Main environmental performance factors (Domestic Group)



*1: The calculation period of GHG emission volumes is the fiscal year for other gases than chlorofluorocarbons (PFC, etc.) and the calendar year for chlorofluorocarbons (PFC, etc.).

*2: CO₂ counts involved in transportation do not include part of the carried volume attributable to JAPEX Corp.

*3: The 5.5 gas refers to the 6 types of greenhouse gas less 0.5 (types) for energy-derived CO₂.

The environmental accounting¹ of the Domestic Group in fiscal 2015 is stated below. The period covered is from April 1, 2015 through March 31, 2016.

Environmental expenses

(in million yen)

Category	Major activities	Investment	Expenses
(1) Business area expenses	(1)-1 Pollution prevention	446	606
	(1)-2 Global environmental protection	22	48
	(1)-3 Resource recycling	19	812
(2) Upstream/downstream expenses	Reduction in containers and packaging materials	0	9
(3) Management activity expenses	Environmental audits/improvements/personnel	21	311
(4) R&D expenses	R&D to curb environmental impact	0	579
(5) Community activity expenses	Support for regional environmental activities	0	10
(6) Environmental damage response expenses	-	0	0
Total²		508	2,375

Environmental benefits

Benefit item	Item	FY2015	vs FY2014
(1) Benefit from resources used in business activities	Total energy input (thousand GJ)	3,016	▲23
	Total substance input (thousand tons)	263	+4
	Water resource input (thousand m ³)	6,389	▲7
	Gas emissions (thousand tons of CO ₂)	179	▲12
	Production activities: Energy-related	156	▲9
	Production activities: Others	14	▲3
	Transportation-related	9	▲0
(2) Benefit from environmental impact and waste materials of business sites	PRTR chemical releases (tons)	187	▲45
	Plant emission volumes (tons)	20,829	+863
	Final disposal of waste by landfill (tons)	142	▲17
	Waste water volumes (thousand m ³)	6,118	▲550
	COD emission volumes (tons)	78	+17
	NO _x emission volumes (tons)	60	▲27
	SO _x emission volumes (tons)	7	+1

Real economic effects

(in million yen)

Particulars of effects	Sum
1) Profits	160
Other business income	0
Reduction in energy cost by energy saving	40
2) Costs saved	18
Reduction in waste disposal ensuing from materials saving or recycling	18
Other reductions	0
Total²	218

Changes from the past

Category	Item	FY2012	FY2013	FY2014	FY2015
Environmental Expenses	Investment (million yen)	351	498	261	508
	Expenses (million yen)	2,532	2,504	2,460	2,375
Benefit from resources used in business activities	Total energy input (thousand GJ)	2,975	3,004	3,039	3,144
	Total substance input (thousand tons)	255	256	259	263
	Water resource input (thousand m ³)	5,924	6,454	6,396	6,389
	Greenhouse gas emissions (thousand tons of CO ₂)	189	197	191	179
	Production activities: Energy-related	156	163	165	156
	Production activities: Others	24	23	17	14
	Transportation-related	9	9	9	9
Benefit from environmental impact and waste materials of business sites	PRTR chemical releases (tons)	232	233	232	187
	Plant emission volumes (tons)	19,038	19,465	19,966	20,829
	Waste sent to landfills (tons)	103	149	159	142
	Waste water volumes (thousand m ³)	7,470	6,373	6,668	6,118
	COD emission volumes (tons)	69	71	61	78
	NO _x emission volumes (tons)	68	86	87	60
	SO _x emission volumes (tons)	13	13	6	7

*1: In business activities, Environmental Accounting is a procedure necessary for communicating quantitatively the results based on costs and effect for the environmental conservation activities by the monetary unit or material quantity, the purpose of which is to promote efficiently and effectively the environment conservation, keeping the good relationship with the society.

*2: Rounding of fractions may sometimes make the total inconsistent with individual figures.

Environmental Safety: Global Warming Prevention



● Energy consumption and CO₂ emissions

Energy consumption for fiscal 2015 was 3,016,000 GJ for the Domestic Group and 2,753,000 GJ for NOF, representing a 1% decrease from the previous year for the Domestic Group, and a slight increase for NOF. The total volume of energy-derived CO₂ emissions decreased 5.5% from the previous year to 156,000 tons for the Domestic Group and fell 5.5% to 140,000 tons for NOF.

Additionally, energy intensity per product was 13.9 GJ/t for both the Domestic Group and NOF, decreases of 2.2% and 2.3% from the year before, respectively.

● CO₂ emissions other than from energy consumption

NOF manufactures at its Aichi Works products for specific purposes using perfluorocarbon (PFC), which has a high global warming coefficient, as the diluent.

Efforts have been made to reduce PFC emission by improving the manufacturing equipment on numerous occasions. As a result, PFC emission has been reduced substantially compared with that in 1995 (the reference year for PFCs). However, as PFC emission depends on the output of the relevant products, emission has increased from 2012, in conjunction with increased production. In fiscal 2015, emission decreased but the dependence remains the same.

Going forward, the Company will make further efforts for emission cutback while maintaining steady operation of recovery equipment and promoting the use of alternative diluent.

● CO₂ emission per product by transportation

Starting the operation of an integrated delivery system in fiscal 2006, NOF has since been endeavoring for more efficient transportation. Additionally, NOF has also systematically engaged in modal shifting^{*1}, rationalization of stock point locations and effective utilization of consolidated shipping.

In terms of promoting modal shifting from trucking to rail or marine transport, the percentage of rail or marine transport in the total volume of our product transport increased from 20.2% in the previous fiscal year to 21.1%.

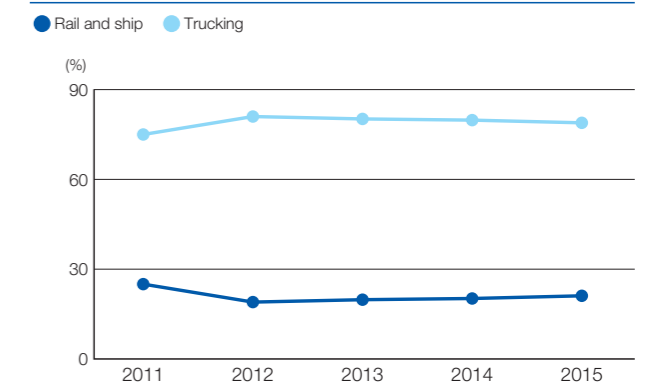
CO₂ emission per product by transportation was reduced from 100 in fiscal 2006 to 62 in fiscal 2015.

$$\text{CO}_2 \text{ emission per product by transportation} = \frac{\sum(\text{CO}_2 \text{ emitted by each means of transport})}{\text{Sales}}$$

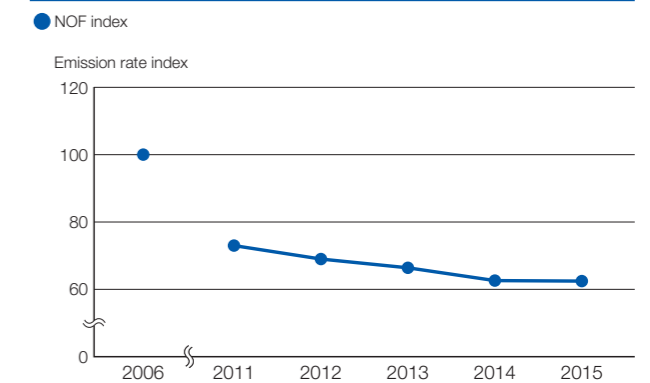


Modal shifting in Kawasaki

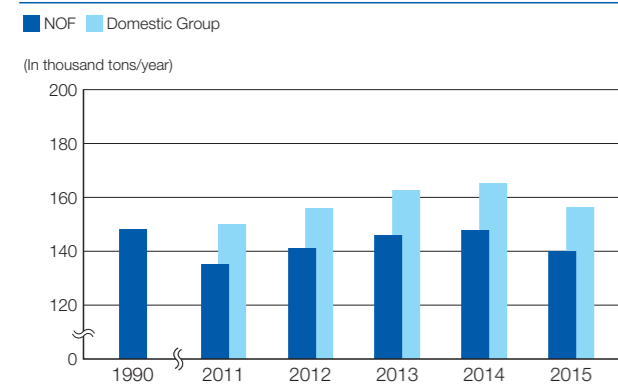
Transportation modal shifting (NOF)



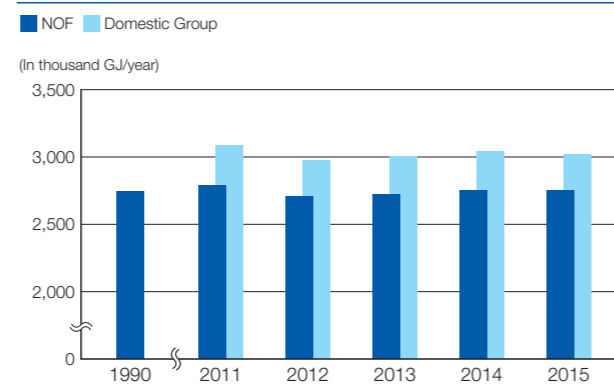
CO₂ emission per product by transportation



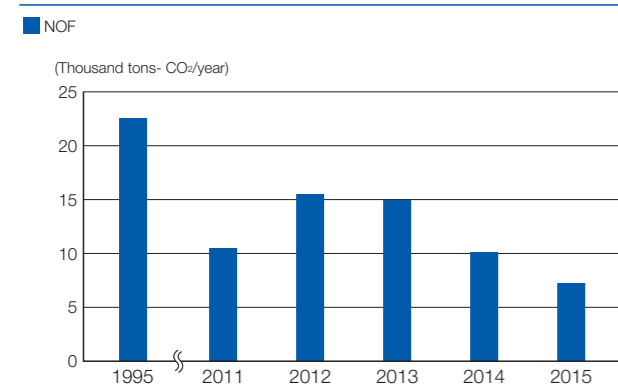
CO₂ emissions^{*1} by energy consumption



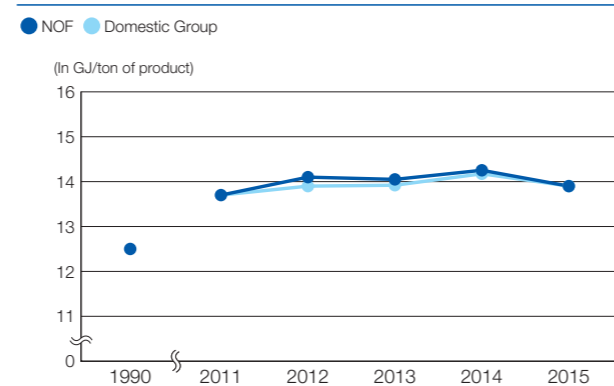
Energy consumption^{*2}



PFC emissions



Energy intensity per product



● Future actions planned

The Domestic Group are endeavoring for improvement in energy intensity per product, which they regard as an effective measure against global warming. NOF has almost achieved the medium-term target of "bringing down the volume of GHG emissions to 85% or less of that in fiscal 1990 by the end of fiscal 2015" that was set in March 2012.

By encouraging energy saving activities, our CO₂ emission reducing efforts will continue in order to achieve the NOF Group's new medium-term target.

*1: The coefficient used in converting the electricity consumption into CO₂ emissions is the emission coefficient used by electric power supply companies in the fiscal year.

*2: The energy consumption is estimated using 9.76 kJ/kWh as the coefficient when converting electric power consumption into the calorific value.

● Electricity measures (Domestic)

Since the Great East Japan Earthquake, NOF and its Group companies has continued to engage in measures to save electric power consumption in compliance with the government request to save electricity consumption. In particular in the service areas of power companies requesting power saving with numerical targets, we set such targets and implemented various power saving measures in a planned manner.

Going forward NOF will continue to promote electricity saving activities.

● Green Curtain (Domestic)

The Green Curtain is a concept of greening the wall surfaces of buildings with creeping plants. Such curtains restrict indoor temperature rise due to intense direct sunshine in summertime, and at the same time transpiration by the plants is expected to cool the surroundings. They represent a promising approach to effective energy saving.

In the Domestic Group, every business establishment (plant) is actively committed to the Green Curtain scheme though on a relatively small scale.



Chidori Plant



Oita Plant



Nippon Koki Co., Ltd.

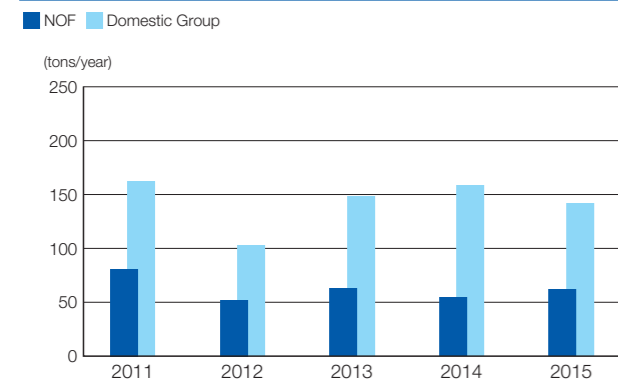
*1: Enhancing the efficiency of transport and at the same time reducing energy consumption and environmental loads by shifting the mode of transport to such large per-unit capacity means as cargo trains and ships.

Environmental Safety: Recycling of Resources

Promotion of drive toward Zero Emissions^{*1}

The volume of wastes discarded by the Domestic Group for final disposal by landfill was 142 tons, representing a Zero Emissions of 0.092% in fiscal 2015. We will make efforts to reduce the final landfill volume to maintain Zero Emissions.

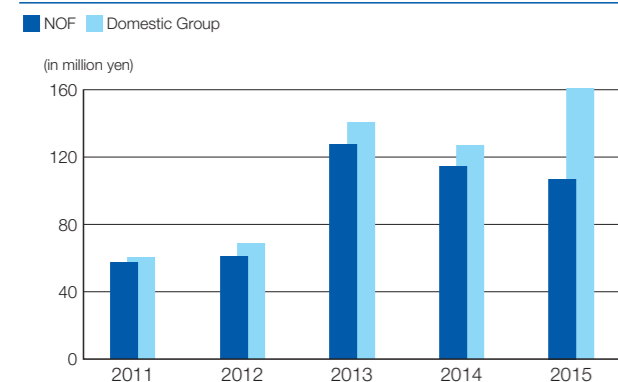
Final disposal volume by landfill



Recycling of valuables from wastes

In fiscal 2015, the sales of recycled waste matters of the Domestic Group earned approximately ¥161 million. We will continue our efforts to recycle valuables from waste matters.

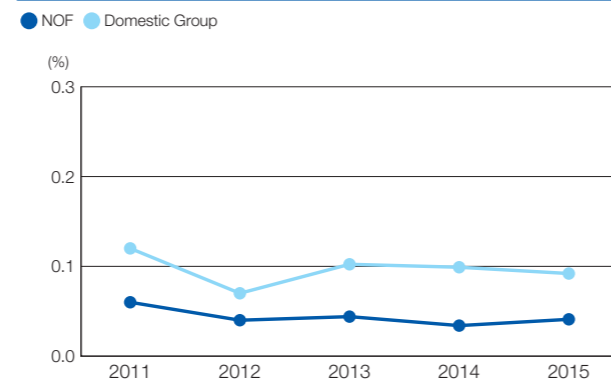
Sum of valuables sold



Meanwhile NOF's final landfill volume was 62 tons, representing a Zero Emissions of 0.041%.

NOF achieved a Zero Emissions in fiscal 2010 and also achieved the fiscal 2015 medium-term target of maintaining Zero Emissions at all the works during the fiscal year. We will continue these efforts going forward.

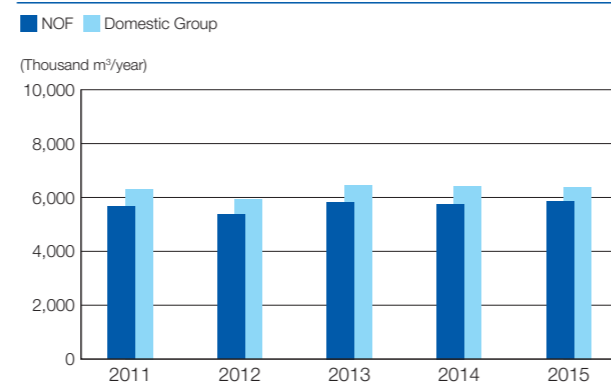
Zero Emissions rate



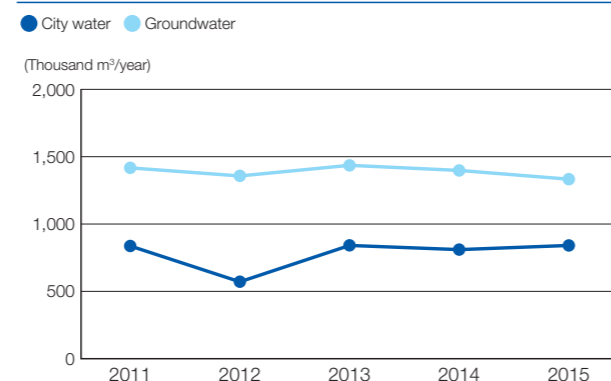
Consumption of water resources

NOF has been carrying out the efficient use of water resources by estimating the amount of the water consumption. The volume of water used by the Domestic Group in fiscal 2015 amounted to 6,389,000m³, of which 1,333,000m³ was groundwater and 841,000m³ was city water.

Water consumption



Volumes of city water and groundwater used



*1: Here, this means an endeavor to make the disposal quantity of industrial waste close to zero.
NOF's definition of zero emission: Volume of final disposal by landfill/volume of wastes, etc. generated × 100 ≤ 0.10

Environmental Safety: PRTR

Initiatives to Reduce Emissions of Chemical Substances

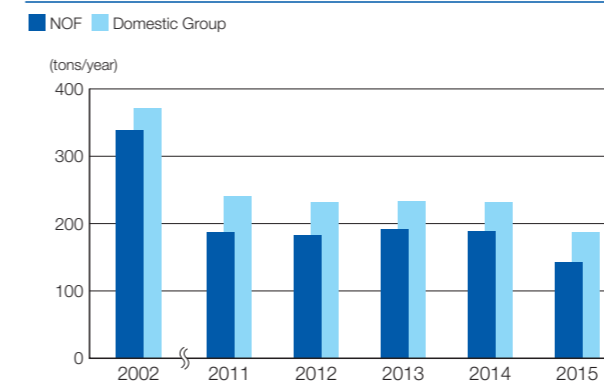
Each member-company of the Domestic Group is making efforts to reduce emissions of chemical substances by assessing and making notifications of PRTR Act^{*1}-controlled substances.

PRTR Act^{*2}-controlled substances

The emission volume of PRTR Act-controlled substances by the Domestic Group in fiscal 2015 was 187 tons, about 19% less than the 232 tons in fiscal 2014.

This resulted in a 30% reduction from 269 tons in fiscal 2010, the reference year of the Mid-term Target. This was mainly due to a reduction in emissions of cumene and 3-chloropropene resulting from the introduction of equipment. 10 tons or more of PRTR Act-controlled substances are indicated below.

Emissions of PRTR Act-controlled substances



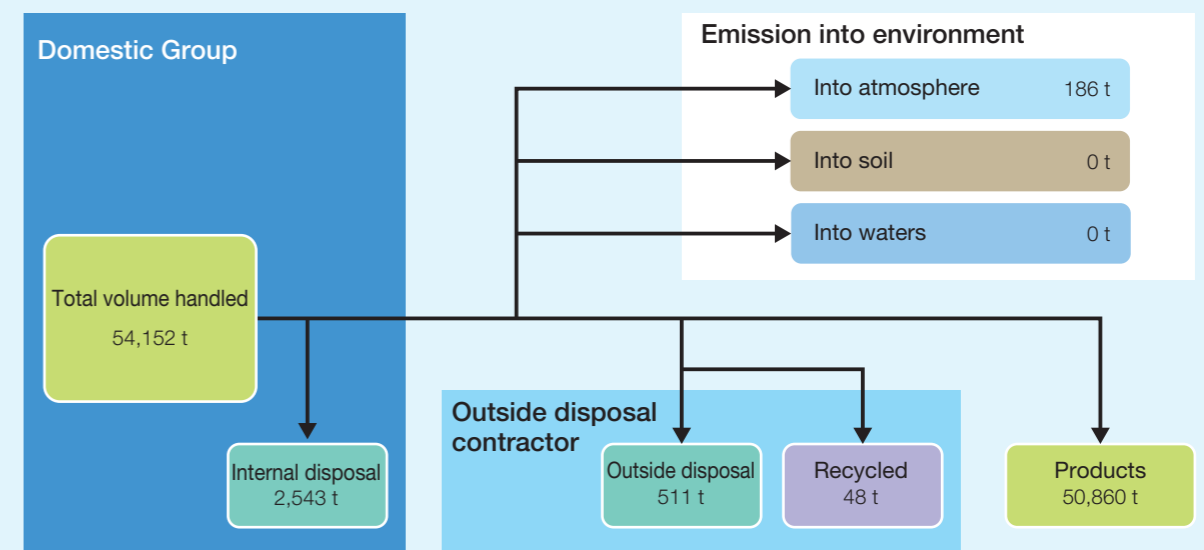
Substances high in volume (10t or more) discharged into the environment

Cabinet order No.	Name of substance	Emission volume (tons/year)
300	Toluene	37.8
186	Methylene chloride	38.0
83	Cumene	28.5
128	Chloromethane	17.6
392	Normal hexane	16.3
123	3-chloropropene	16.0

Substances under JCIA-recommended autonomous control

The Domestic Group is also engaged in initiatives to assess and reduce emissions of substances recommended by the Japan Chemical Industry Association (JCIA). The total quantity of such substances emitted in fiscal 2015 was 116 tons, a decrease of 4% from the previous year of 121 tons.

Balance of emissions of PRTR Act-controlled substances in fiscal 2015 (Domestic Group)



Note: In this report, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management thereof is referred to as the PRTR Act.

*1: Pollutant Release and Transfer Register Act (PRTR Act, or PRTR). The Act is intended to promote and improve chemical substance control and prevent the occurrence of problems in environmental conservation in Japan.

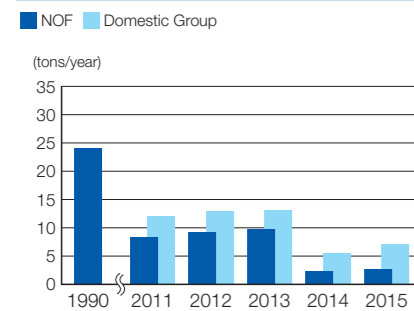
*2: PRTR Act: Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management thereof

Environmental Safety: Other Actions Friendly to the Environment

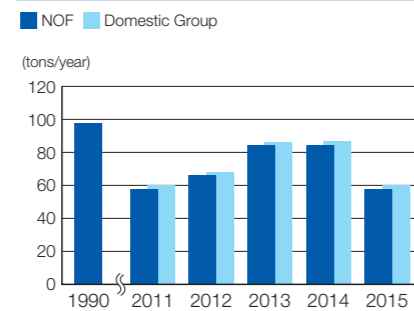
● Eco-friendly action: Air

We regularly measure sulfur oxides (SOx), nitrogen oxides (NOx), soot and dust^{*1} among others contained in exhaust gas from boilers and other combustion equipment to conform our operation and management to prescribed limits.

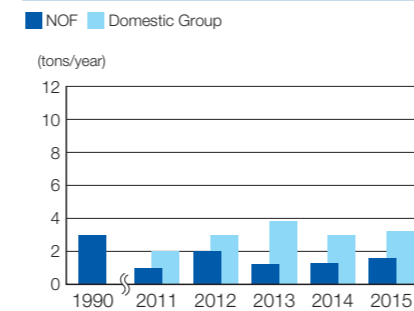
SOx emissions



NOx emissions



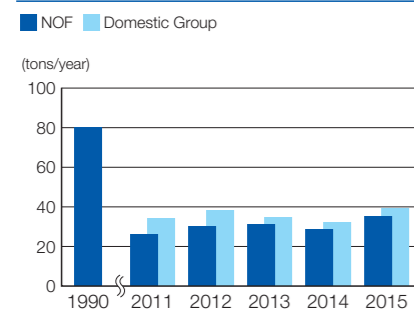
Soot-dust emissions



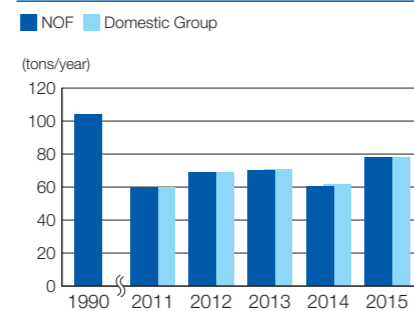
● Eco-friendly action: Water

Regular measurement of biochemical oxygen demand (BOD), chemical oxygen demand (COD) and suspended solids^{*2} among others contained in drainage discharged in connection with production activities is another aspect of our dedication to operation and management conforming to prescribed limits.

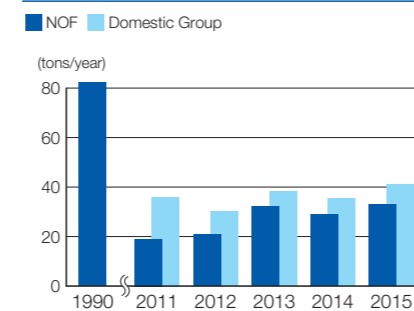
BOD emissions



COD emissions



Suspended solid emissions



● Actions for biodiversity conservation

Through such actions as the prevention of global warming, proper management of chemical substances and cutbacks on emissions, the NOF Group has long been committed to the conservation of the environment from preserving the immediate environment to addressing environmental problems on a global scale, as well as the conservation of ecosystem and natural resources. From fiscal 2010, the NOF Group took up "Promoting conservation of biodiversity" as one of the targets of its RC activities, and began actions to help conserve biodiversity and promote the sustainable use of resources.

In October 2012, NOF joined the Round-table on Sustainable Palm Oil (RSPO)^{*3} as "Palm Oil Processors and Traders" to contribute to the healthy development of the palm oil industry. In 2014, the NOF Group endorsed the Action Policy of and joined the Japan Business and Biodiversity Partnership, which promotes initiatives towards biodiversity by business operators.

*1: Out of particulate substances arising from operations in plants and other business establishments, those generated in conjunction with the combustion of fuel or any other substance.

*2: Particulate substances of 2 mm or less in diameter floating or suspended in water; one of the indicators of water quality.

*3: RSPO is an acronym for the Roundtable on Sustainable Palm Oil, established in 2004 with an eye to promoting sustainable production and profitability of palm oil through the formulation of globally credible authentication standards and participation of stakeholders. RSPO is headquartered in Zurich, Switzerland.

● Proper management of polychlorinated biphenyl (PCB)

PCB is properly stored and managed in accordance with the Law Concerning Special Measures Against PCB Waste, and disposed of by commissioning disposal operators as prescribed by laws and regulations.

Registered with Japan Environmental Safety Corporation, NOF disposes of its high-concentration polychlorinated biphenyl (PCB) wastes sequentially. NOF also disposes of its low-concentration PCB wastes systematically upon confirming the disposal operators.

● Compliance status to Acts related to the environment

There was no violation of environmental protection law.

Plant Safety

● Investment in safety and physical prevention of accidents

In connection with measures for safety and accident prevention, NOF Group is carrying out a program of physical projects for prevention of accidents including explosion, fires and leaks, labor safety and working environment amelioration. Further to provide against anticipated heavy earthquakes, projects are under way to strengthen buildings.

● Disaster prevention drill



Oita Plant



Amagasaki Plant



Changshu NOF Chemical Co., Ltd.



Kawasaki Works



YUKA SANGYO CO., LTD.



NiGK Corporation

● Tightened collaboration with the local community

In providing against accidents that might happen, close collaboration with local disaster-fighting organizations is indispensable. The NOF Group is actively trying to create such opportunities and to enhance skills in this respect by engaging in joint drills with local organizations for damage prevention. Joint disaster-fighting drills and emergency support drills with neighboring companies are increasingly adapted to practical needs year after year. Large-scale drills have become frequent with the participation of local fire and police stations.

The Kawasaki Works entered into an agreement with the municipal government of Kawasaki to offer itself as a refuge facility against tsunamis, and would open its general office building to general citizens seeking help. Besides these drills, individual works also cooperate in safety education at the request of organizations they belong to.

● Commendation for safety drives

Member-companies of the NOF Group are taking active parts in fire-fighting skill demonstrations that are held locally. The training sessions our employees regularly participate in have proved effective, and they are often given higher awards, which further motivate them.

The NOF Group's safety drives have also been recognized, and have been awarded the following commendations.

● Self-defense fire-fighting demonstration



Aichi Works

Works/Plants	Date awarded	Title of commendation
Amagasaki Plant	May 22, 2015	Kinki Chemical Society Japan Environmental Technology Award
Amagasaki Plant	June 9, 2015	Excellent High Pressure Gas Control Officer, Chairman's Award
Amagasaki Plant	Nov. 11, 2015	Amagasaki City Fire Prevention Association West Branch, Fire Prevention Slogan Award
Amagasaki Plant	Feb. 19, 2016	Oil and Fat Industry Paper, Examination Committee Members' Special Award
Kawasaki Works	Nov. 27, 2015	Honorable mention in Kawasaki City Occupational Accident Prevention Slogan Contest (3 employees)
Aichi Works	Sep. 29, 2015	Aichi Prefecture Excellent Automobile Driver Award (total of 11 employees)
Taketoyo Plant	May 21, 2015	Aichi Prefecture Explosives Safety Association Excellent Attendant Award
Nippon Koki Co., Ltd.	May 22, 2015	Shirakawa District Association for Safety of Hazardous Materials (Fukushima Prefecture), Excellent Handler of Hazardous Materials
Nippon Koki Co., Ltd.	Oct. 14, 2015	Shirakawa Labor Standards Association (Fukushima Prefecture), Distinguished Service in Sanitation Award
Showa Kinzoku Kogyo Co., Ltd.	Dec. 3, 2015	Chikusei Labor Standards Association (Ibaraki Prefecture), Excellent Worker Award (2 employees)
Showa Kinzoku Kogyo Co., Ltd.	Jan. 30, 2016	Sakuragawa City Traffic Safety Competition (Ibaraki Prefecture), Excellent Driver Award
Showa Kinzoku Kogyo Co., Ltd.	Jan. 30, 2016	Sakuragawa City Traffic Safety Competition (Ibaraki Prefecture), Distinguished Service in Traffic Safety Award
NiGK Corporation	Nov. 27, 2015	60th (FY2015) Shibusawa Award
Nippo Kogyo Co., Ltd.	Jan. 1, 2016	Japan Industrial Safety & Health Association, SME Zero Accident Record Silver Award

Product Safety

● Meeting international requirements for control of chemical substances

Chemical substances are being subject to stricter control on a global basis. At the World Summit on Sustainable Development (WSSD) held in 2002, a target was set as part of the international agenda to “use and produce chemicals in ways that minimize significant adverse effects on human health and the environment by 2020,” in an effort to realize sustainable development. Based on this agenda, countries around the world including the emerging countries are being encouraged to adopt and firmly establish risk-based management of chemicals and implement GHS. In terms of chemical substances, there is a rising trend requiring control of relevant risks from the standpoint of the entire supply chain, i.e. from manufacture to disposal, while also being required to disclose information on the risks caused by chemical substances and its control to the general public including our customers and consumers.

The NOF Group is implementing control of chemical substances in line with this trend to tighten controls over chemical substances by complying with the laws of each country and region.

● Meeting domestic requirements

In Japan, prior notification of new chemical substances is mandatory pursuant to the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. and the Industrial Safety and Health Act.

In order to make proper notifications, when launching a new chemical substance on the market, a third-party division within NOF confirms compliance with



Amagasaki Plant



PT. NOF MAS CHEMICAL INDUSTRIES

laws, and such substances remain under strict control as internal audits are conducted to ensure that there are no excesses beyond the volume that has been authorized for manufacture or import. NOF also trains its responsible personnel regarding related regulatory matters in order to keep them up-to-date with the latest information.

In terms of reports on the actual number of general chemical substances manufactured, we practice appropriate control with the cooperation of our clients.

We also positively disclose information on the risks and other negative aspects of chemical substances through the Japan Initiative of Product Stewardship, which is the chemical industry’s institution for voluntary activities for the control of chemicals, in addition to participating in the Japan Challenge Program and releasing safety information on chemical substances.

● Compliance with REACH

REACH*1 is a comprehensive system of registration, evaluation, authorization and restriction of chemical substances within the EU. REACH aims to protect human health and the environment, and to maintain and enhance competitiveness of the EU chemicals industry, among others, and includes almost all chemical substances exported to the EU within its jurisdiction.

The NOF Group engages in active exports to the EU region and complies with REACH in accordance with the export volume of the chemical substance involved. We practice appropriate compliance by obtaining the latest information from industrial associations and related authorities.

● Other countries and regions

There has been increasing legislation of late for stricter controls over chemical substances not only in the US but also in the Asian countries such as South Korea, China and Taiwan, and we are gathering the latest information regarding exports to such countries, and practicing appropriate compliance, when the situation arises.



Education for new employees

Product Safety and Transportation Safety

● Joint Article Management Promotion-consortium (JAMP)

JAMP*2, which was formed in 2006 for the purpose of establishing and promoting specific structures for facilitating the disclosure and communication of information over the whole supply chain by appropriately managing and disclosing information on chemical substances. The NOF Group utilizes material safety data sheets plus (MSDS plus) recommended by JAMP to supply downstream users with information on chemical substances.

● SDS

SDS is a document stating the necessary information on the nature of and the handling of chemical substances and is presented to the users, sales agents and other companies handling our products, including product transport businesses, in order to ensure safe handling of the chemical substances. In the product development process the NOF Group conducts safety assessment and related evaluation, classifies the planned product according to the Globally Harmonized System (GHS), and prepares the SDS.

● GHS

GHS*3 is a criteria for the classification of health, environmental, physical and chemical hazards of chemical substances and mixtures according to a given set of standards, representing an internationally harmonized system under which the results of such classifications reflected in GHS labels and SDS (Safety Data Sheets) are communicated for the prevention of accidents and the



protection of people’s health and environment.

The NOF Group attaches GHS labels stating the toxicity and hazardous properties of applicable products on its containers. By doing so, the NOF Group is alerting its users, sales agents and other companies handling our products, including product transport businesses, in order to ensure safe handling.

● Transportation safety

The NOF Group is promoting the reduction of the environmental load in transportation, while at the same time engaging in activities to ensure the safety of products in transport. The Group has always treated transportation safety with desirable care, as it handles a wide range of hazardous materials.



PT. NOF MAS CHEMICAL INDUSTRIES



PT. NOF MAS CHEMICAL INDUSTRIES
Handling briefing for persons involved in work at ports and harbors

● Yellow Card

Should an accident occur during the transportation of chemical substances, it could have dire consequences on human life, the neighboring area, the cargo and the road. The Yellow Card states the measures transport operators, the fire brigade and the police should take as well as contact and notification information, in the event of such an accident. The NOF Group strictly requires that such cards should be provided to transport operators involved, who are also required to carry the card with the corresponding product while in transportation.



*1: Acronym for Registration, Evaluation, Authorization & Restriction of Chemicals. REACH represents EU’s quality control regulations on chemicals and is applied to the registration, evaluation, authorization and restriction of chemicals.
*2: Acronym for Joint Article Management Promotion-consortium. JAMP was inaugurated in September 2006 by 17 companies subscribing to the underlying idea as promoters to serve as a cross-sectorial body to promote safety activities.
*3: Acronym for Globally Harmonized System of Classification and Labelling of Chemicals. An internationally harmonized system for the classification and representation of chemicals. The GHS is reflected in SDS and the label of the container. The SDS and labels of hazardous products carry characteristic graphic displays.

Promotion of CSR Procurement

● Basic concept

In the procurement of its raw materials, also, NOF views the entire supply chain, and fulfills its social responsibility to respect human rights, comply with laws and regulations and give due consideration to the environment and safety. In order to realize the NOF Corporate Philosophy, the procurement divisions, based on the concept that all suppliers are important partners for NOF, is committed to deal sincerely with its suppliers and to engage in procurement activities guided by the following concepts.

- We will comply with Japanese and foreign laws and engage in fair transactions based on corporate ethics.
- We will engage in procurement that is responsible toward the environment, safety, health and quality and friendly to the global environment.
- In the selection of our suppliers, we will provide fair business opportunities to the entities of both Japan and overseas.
- We will select our suppliers by fair judgment, in an effort to build better partnerships.
- We will respond quickly to emergencies and engage in appropriate disclosure of information.

From fiscal 2015, we provided our main suppliers with necessary explanations on NOF's basic concept concerning CSR procurement and commenced questionnaires on the status of CSR activities at our main suppliers. We will further expand these activities during fiscal 2016.

In addition, as part of business continuity plan (BCP) development, the procurement divisions are gradually introducing the adoption of multiple purchasing for main raw materials and revisions of the supply chain in order to achieve stable procurement of raw materials even in the face of emergencies such as natural disasters, equipment abnormalities and logistics abnormalities.

● Fair trade practices

The NOF Group is promoting fair trade practices by stipulating the compliance with the competition act (anti-monopoly act) and the subcontract act, as well as the prohibition of bribery, in the Global Compliance Manual and the Compliance Manual (Japan version) and carrying out ongoing employee education.

Legal seminars on the subcontract act were held during the fiscal year (total of 9 times, 385 participants) in an effort to allow employees to gain basic knowledge on the subcontract act and improve their knowledge.

In addition, the Subcontract Act Practical Manual (for NOF) has been prepared in order to offer more practical education. The NOF Group has made efforts to thoroughly ensure awareness of specific procedures by distributing the manual to field managers and holding briefing sessions (total of 10 times, 295 participants). The practical manual helps to facilitate compliance with the subcontract act through confirmation by following flow-charts of the work conducted.

Furthermore, the Subcontract Act Practical Manual (for Group companies) has been prepared based on the situation at Domestic Group companies. The NOF Group has made efforts to promote further compliance with the subcontract act by distributing the manual to each company and holding briefing sessions (total of 15 times, 223 participants).



Dialogue Activities



To win the understanding of the members of the local community and in society at large regarding the corporate activities of the NOF Group, the Group is engaged in various dialogue activities.

In fiscal 2015, we welcomed a plant tour by local residents and held local dialogue meetings on RC, all with a view to smoother two-way communication.



Inviting neighboring ward heads to a plant tour, Aichi Works



Inviting NPO Taketoyo to a works tour, Aichi Works



Inviting Taketoyo Council of Social Welfare to a works tour, Aichi Works



Exchange of information between safety managers of various companies, Aichi Works



Inviting local residents to a plant tour, Oita Plant



Inviting representatives from resident's association to a plant tour, NiGK Corporation

Organizational unit	Date	Name of event	Activities
Amagasaki Plant	Dec. 16, 2015	Held a plant tour	We invited about 20 high school students from the South Hanshin area to a plant tour, after providing an explanation on R&D and the manufacturing process and a Q&A session.
Oita Plant	June 20, 2015	Jointly held a plant tour for local residents	We invited local residents to a plant tour jointly held with industrial complex companies.
Oita Plant	Nov. 17, 2015	Participation in the 2015 school visit class	Two employees from the Oita Plant research department participated as lecturers in the school visit class held at Oita City Kawazoe Elementary School.
Aichi Works	July 11, 2015	Held a works tour	We invited 13 heads of neighboring wards to a works tour and exchanged opinions.
Aichi Works	Aug. 9, 2015	Held a works tour	We invited a total of 15 participants, including lecturers for Science Lecture and the secretariat (NPO Taketoyo), to a works tour.
Aichi Works	Nov. 24, 2015	Held a works tour	We held a works tour at the request of the Taketoyo Council of Social Welfare.
NiGK Corporation	Sep. 11, 2015	Held a plant tour	We invited representatives from residents' association of the neighboring area to participate in a briefing on the Company's overview and its environmental activities, a plant tour and a social gathering.
NiGK Corporation	Nov. 6 to 7, 2015	Participation in the Kawagoe Industrial Festival	We participated in a panel exhibition and provided leaf mold giveaways as a member company of the Kawagoe Environmental Preservation Liaison Council.
HOKKAIDO NOF CORPORATION	June 18, July 9, July 13, July 14, July 29, 2015	Held a plant tour	We invited guests from the Bibai City Education and Research Council Social Science Section, Hokkaido University of Science, Hokkai-Gakuen University, Mikasa City Education Promotion Association Science Section and Tomakomai National College of Technology to a plant tour.

Socially Beneficial Activities

The NOF Group considers it important to be a business open to the local community in which it operates. Always conscious of its being a corporate citizen, NOF is trying to deepen mutual understanding with the local residents by responding to the requirements of the community, and actively taking part and cooperating in local events.

● Everyone heading straight towards their dream (Everyone at the Okayama Prefecture Kurashiki Makibi Support School)

The Food Products Sales Department of the Osaka Office has been dispatching bread making instructors to help 24 students in a vocational course in the upper grade level of the mental disability section of the Okayama Prefecture Kurashiki Makibi Support School in making bread.

Our support has continued since May 2014, and a letter of appreciation was received from the school on December 21, 2015.



Being involved in the development of the bread workshop

Kenji Iwamoto
Food Products Sales
Department of the Osaka
Office

Even students who were hesitant to touch the dough at first have improved so they can complete the full series of tasks to make bread. (The bread tastes great!)

We will continue to provide our support going forward with the hopes that each and every student is bright and animated and moves forward towards their dreams.



● Various donations

[Donations aimed at raising the next generation]

- Support program for Japanese students studying abroad called the "Tobitate! (Leap for Tomorrow) Young Ambassador Program —A Public-Private Partnership Encouraging Students Study Abroad" that was born from the cooperation with the Ministry of Education, Culture, Sports, Science and Technology, Japan Student Services Organization, and private sector companies
- JCIA, Science Human Resources Development Program
- Children's Future Support National Campaign, Children's Future Support Fund
- Japan Association of Corporate Executives (Keizai Doyukai), IPPO IPPO NIPPON Project
- Hatachi Fund
- * Hatachi Fund is a public-interest corporation that provides support for children from the area affected by the Great East Japan Earthquake so that children who were under age one at that time can grow into twenty-year-old adults. NOF provides donations in support of the intent of this fund.

[Donations aimed at protecting the global environment]

- Keidanren Nature Conservation Fund
- National Land Afforestation Promotion Organization, Green Fund
- World Wide Fund For Nature (WWF) Japan



Secretary General Tsutsui of WWF Japan (right) at the NOF Head Office



Representative Imamura of the Hatachi Fund (right) at the Hatachi Fund Office

● Model rocket-making class and rocket launch contest

NOF continued this year to co-sponsor the model rocket-making class and the rocket launch contest, "Ozora Cup," which was held on April 18, 2015, through the sponsorship of NPO Taketoyo. Employees of our Solid Rocket Development Department served as "rocket doctors" to introduce the attractiveness of rockets to the participating children.



● Cooperation and participation in "Science Lecture 2015"

Science Lectures are lectures on chemistry technology held each year for the general public sponsored by NPO Taketoyo and the Taketoyo Town Board of Education. At the "Yume-Pla Science Lecture 2015," held on August 8, 2015, there were displays of a 1/50 scale model of the "H-IIA Rocket," life-size models of Hayabusa 2 components and related panels, and employees from our Solid Rocket Development Department provided explanations for citizens who visited the venue.

On the day following the event, a visit to the Aichi Works was offered in response to a request by the secretariat (NPO Taketoyo), with a total of 15 visitors.



● Sponsoring of the "Japan Ground Self-Defense Force the 10th Band Fureai Concert"

The "Japan Ground Self-Defense Force the 10th Band Fureai Concert in Taketoyo," which was sponsored by Aichi Works, was held on August 19, 2015, at the Kagayaki Hall of the Yumetarou Plaza (Taketoyo Community Arts Center).

A total of 13 songs in a wide variety of genres, including classic, foreign folk songs, Western songs, enka, Disney songs and songs used in commercials, were performed and enjoyed by a large number of visitors ranging from the elderly to children.



Socially Beneficial Activities

● Co-sponsoring of “Mezase! Hayatsu Makotono Hanashi” (Aim Higher! True Stories about Hayabusa 2)

A lecture entitled “Mezase! Hayatsu Makotono Hanashi” (Aim Higher! True Stories about Hayabusa 2) relating to Hayabusa 2, which was co-sponsored by Aichi Works,



was held on January 16, 2016, at the Yumetarou Plaza (Taketoyo Community Arts Center). As the Hayabusa 2 had a successful swing-by in December 2015, there were many visitors from all over Japan.

Hayabusa 2 is currently on a mission to bring samples of substances from an asteroid Ryugu back to Earth. Hayabusa 2 Impactor Project Leader Hajime Fujigaki of Nippon Koki Co., Ltd. that developed the “impactor,” which is essential for collecting samples, gave a lecture.

During the special lecture by Project Leader Hajime Fujigaki on the theme of “Creating a crater in an asteroid,” everyone in attendance listened intently to the explanation that focused on untold episodes of the development of the impactor.

In addition, displays of life-size models and related panels of equipment on the Hayabusa 2, such as the impactor made by Nippon Koki Co., Ltd. and wire-cutters made by NiGK Corporation, were also popular among visitors.

● Cleaning volunteer activities

The NOF Group is actively engaged in volunteer activities to clean the areas surrounding its plants.



Cleaning volunteer activities around Fuki Harbor (40 employees participated from Aichi Works on June 27, 2015)



Cleaning volunteer activities around Sunagawa Park (30 employees participated from Aichi Works on Oct. 17, 2015)



Cleaning volunteer activities of public roads (Amagasaki-Takarazuka Line) (43 employees participated from Amagasaki Plant on June 23, 2015)

● Holding events for participation by the general public

The Aichi Works holds events for participation by the general public twice a year. All sales from the stalls at an open space of the plant premises in the summer festival, which is arranged at the same time as the festival of the local shopping arcade, are donated to Taketoyo Town and the Council of Social Welfare.



July 25, 2015, Miyuki Street Summer Festival (Stalls at an open space of the plant premises at Aichi Works)



Jan. 1, 2016 Aichi Works, New Year's visit to Tamafuku Shrine



Information Disclosure

● Information disclosure

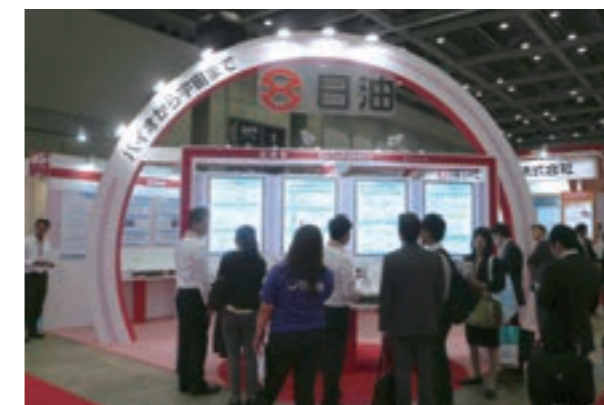
In today's age of ceaseless globalization and advancement in information technology, disclosing of corporate information has become indispensable in order for a company to fulfill its responsibility to society. Disclosure of corporate information is also becoming increasingly important for the NOF Group, as we strive to win the trust of society as an “open group” both inside and outside the Group. The NOF Group engages in timely disclosure of its corporate information including management information and business activities to its shareholders and the capital markets in accordance with relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act.

● Publishing of CSR Reports

The Environmental Reports (Report on Responsible Care Activities) that had been published since fiscal 1995 have been published as the CSR Report since last year, and for this year that marks the second year of the Report, we made efforts to make the Report even easier to read. In addition, we are making every effort to improve accessibility to information through an ISO26000 comparison table posted on our CSR information website.

● Advertising

The NOF Group proactively releases information on its new products and technology. In fiscal 2015, in addition to our 23 news releases, we responded actively to mass media coverage, which resulted in 88 mentions of the NOF Group businesses in the newspapers. We also present NOF Group products at various exhibitions and trade shows.



Health Ingredients Japan / Safety and Technology Japan 2015, Tokyo Big Sight (October 2015)
“Phosphatidylserine,” a brain function improvement ingredients, etc.

● Business results briefings

The NOF Group conducts IR activities geared towards shareholders and investors that focus on the reliability and fairness of its investment information. NOF makes efforts to provide timely, appropriate and fair disclosures by holding business results briefings for institutional investors twice a year and posting the briefings materials on the Company's website for general investors.



● Notice of General Meeting of Shareholders

NOF sends its Notice of Annual General Meeting of Shareholders three weeks in advance. In addition, we strive to provide information promptly by disclosing both Japanese and English versions as digital information four weeks in advance of the day of the meeting.



Mass-Trans Innovation Japan 2015, Makuhari Messe (November 2015)
RFID tag “TAGAT®,” etc.



The 7th Cosmetic Ingredients & Technology Exhibition Japan, PACIFIC CO Yokohama (June 2015)
Cosmetic ingredients overall and prescription proposals

Naruhodo NOF! (Company website, Japanese only)

“Naruhodo NOF!” on the Company website introduces the businesses of the NOF Group. We use easily understood, user-friendly terms to explain our business, in an effort to further the understanding of the general public towards our undertakings.



Top page of NOF CORPORATION (<https://www.nof.co.jp/english/index.html>)



Top page of “Naruhodo NOF!” (<https://www.nof.co.jp/about/index.html>)

Environmental Performance Data



Performance data by organizational unit (Fiscal 2015 Results)

Item	Unit	Amagasaki Plant	Kawasaki Works	Oita Plant	Aichi Works	NOF, etc.
Production volume	[thousand tons]	95.4	65.7	17.8	19.4	—
Gross-energy input	[thousand GJ]	1,203	569	314	646	20
Total material input	[thousand tons]	97.8	65.7	38.6	40.6	—
Water resource input	[thousand m ³]	3,380	724.5	338	1,394.3	1
GHG emission	[thousand t-CO ₂]	67.3	25.3	18.6	41.7	1
SOx emission	[tons]	0	0	0.1	2.5	0
NOx emission	[tons]	43	3.2	4.1	7.4	0
COD emissions	[tons]	32	1.5	5	39.4	0
Waste quantity emitted by plants	[tons]	8,787.5	5,855.4	402.8	4,894.5	20.7
Internal recycling quantity	[tons]	2,680	0	0	1,249	0
External recycling quantity	[tons]	5,865	5,550	111	1,904	10.4
Finally disposed waste quantity	[tons]	34.2	2.3	0	25.7	0
Emissions of substances regulated by PRTR law	[tons]	35	73	0.7	34	0.2

Item	Unit	Nippon Koki	NiGK	Showa Kinzoku	HOKKAIDO NOF	Nippo Kogyo	YUKA SANGYO
Production volume	[thousand tons]	3.8	2.4	0.4	2.4	0.1	2.4
Gross-energy input	[thousand GJ]	135	32	1.4	45	3.4	2
Total material input	[thousand tons]	5.4	2.7	0.5	6.3	0.1	1.4
Water resource input	[thousand m ³]	419	26.8	21.5	25	3	6.9
GHG emission	[thousand t-CO ₂]	8.7	1.9	0.1	2.9	0.2	0.1
SOx emission	[tons]	1.9	0.1	0	2.3	0	0
NOx emission	[tons]	2	0.1	0	0	0	0
COD emissions	[tons]	0	0	0	0.1	0	0
Waste quantity emitted by plants	[tons]	176	107	104	110	12	113
Internal recycling quantity	[tons]	0	0	0	0	0	0
External recycling quantity	[tons]	132	95	65.8	25	8	88
Finally disposed waste quantity	[tons]	44	0	10	23	0	3
Emissions of substances regulated by PRTR law	[tons]	6	3	0	0.1	0	0.5

Item	Unit	Nichiyu Kogyo	NOF METAL COATINGS	NIKKA COATING	NICHYU LOGISTICS	Other Domestic total	Overseas total
Production volume	[thousand tons]	2.9	2	2.6	—	—	25
Gross-energy input	[thousand GJ]	12	7	15.6	7.9	1.1	428
Total material input	[thousand tons]	2.5	1.6	—	—	—	—
Water resource input	[thousand m ³]	41.3	6	1.6	—	—	1,598
GHG emission	[thousand t-CO ₂]	0.6	0.4	0.9	0.5	0.1	13
SOx emission	[tons]	0	0	0	—	—	1
NOx emission	[tons]	0.4	0	0	—	—	2
COD emissions	[tons]	0.3	0	0	—	—	240
Waste quantity emitted by plants	[tons]	39	156	52	—	—	4,211
Internal recycling quantity	[tons]	0	0	0	—	—	0
External recycling quantity	[tons]	34	148	29	—	—	128
Finally disposed waste quantity	[tons]	0	0	0	—	—	1,149
Emissions of substances regulated by PRTR law	[tons]	0	0.0	35.2	—	—	—

Changes in performance data (NOF Group)

Item	Unit	2010	2011	2012	2013	2014	2015
Production volume	[thousand tons]	226	225	214	216	214	217
Gross-energy input	[thousand GJ]	3,181	3,083	2,975	3,033	3,039	3,016
Total material input	[thousand tons]	261	267	255	256	259	263
Water resource input	[thousand m ³]	6,443	6,312	5,924	6,454	6,396	6,389
GHG emission	[thousand t-CO ₂]	175	168	180	185	182	171
SOx emission	[tons]	13	12	13	13	6	7
NOx emission	[tons]	69	60	68	86	87	60
Soot and dust emissions	[tons]	5	2	3	4	3	3
BOD emissions	[tons]	36	34	38	35	32	39
COD emissions	[tons]	75	60	69	71	61	78
Suspended solid emissions	[tons]	35	36	30	38	35	41
Waste quantity emitted by plants	[tons]	21,456	20,127	19,038	19,395	19,966	20,829
Internal recycling quantity	[tons]	2,339	4,864	5,609	2,242	5,100	3,929
External recycling quantity	[tons]	16,047	11,612	11,876	13,025	14,011	14,064
Finally disposed waste quantity	[tons]	254	162	103	149	159	142
Emissions of substances regulated by PRTR law	[tons]	269	241	232	233	232	187

Results

Item	Unit	1990	2010	2011	2012	2013	2014	2015
Production volume	[thousand tons]	220	207	204	192	194	193	198
Gross-energy input	[thousand GJ]	2,743	2,887	2,789	2,705	2,725	2,751	2,753
Total material input	[thousand tons]	232	243	248	232	234	236	243
Water resource input	[thousand m ³]	6,523	5,918	5,668	5,368	5,832	5,760	5,838
GHG emission	[thousand t-CO ₂]	173	159	153	165	169	164	154
SOx emission	[tons]	24	7	8	9	10	2	3
NOx emission	[tons]	98	67	58	66	84	85	58
Soot and dust emissions	[tons]	3	3	1	2	1	1	2
BOD emissions	[tons]	80	28	26	30	31	29	35
COD emissions	[tons]	104	75	60	69	70	60	78
Suspended solid emissions	[tons]	83	25	19	21	32	29	33
Waste quantity emitted by plants	[tons]	12,010	20,736	19,311	18,196	18,694	19,156	19,961
Internal recycling quantity	[tons]	—	2,339	4,864	5,609	2,242	5,100	3,929
External recycling quantity	[tons]	5,180	15,734	11,048	11,302	12,631	13,466	13,440
Finally disposed waste quantity	[tons]	7,967	102	81	52	63	55	62
Emissions of substances regulated by PRTR law	[tons]	0	216	187	183	192	188	142

PRTR Data

Emissions of substances regulated by PRTR Law in Fiscal 2015 (Domestic Group) (tons/year)

Cabinet order No.	Substance	Emission quantity				Transfer quantity	Recycling quantity
		Air	Water	Earth	Total		
13	Acetonitrile	0.0	0.0	0.0	0.0	103.8	41.9
56	Ethylene oxide	3.5	0.0	0.0	3.5	0.0	0.0
68	1,2-epoxypropane	5.6	0.0	0.0	5.6	0.0	0.0
80	Xylene	2.5	0.0	0.0	2.5	0.2	1.5
83	Cumene	28.5	0.0	0.0	28.5	134.7	0.0
104	Chlorodifluoromethane (HCFC-22)	0.6	0.0	0.0	0.6	0.1	0.0
123	3-chloropropene	16.0	0.0	0.0	16.0	8.2	0.0
127	Chloroform	1.0	0.0	0.0	1.0	23.6	0.0
128	Chloromethane	17.6	0.0	0.0	17.6	0.0	0.0
131	Methallyl chloride	7.0	0.0	0.0	7.0	0.0	0.0
185	Dichloropentafluoro propane	0.2	0.0	0.0	0.2	0.0	0.0
186	Dichloromethane	38.0	0.0	0.0	38.0	60.7	0.3
240	Styrene	0.9	0.0	0.0	0.9	0.9	0.0
281	Trichlorethylene	2.4	0.0	0.0	2.4	0.0	0.0
300	Toluene	37.8	0.0	0.0	37.8	68.8	3.0
308	Nickel	0.0	0.0	0.0	0.0	2.2	0.0
313	Nitroglycerin	0.2	0.0	0.0	0.2	0.0	0.0
392	Normal hexane	16.3	0.0	0.0	16.3	12.6	0.0
407	Poly (oxyethylene)-alkyl ether (alkyl group C number: 12 to 15)	0.0	0.0	0.0	0.0	0.0	0.0
420	Methyl methacrylate	2.3	0.0	0.0	2.3	0.0	0.0
436	α -methyl styrene	0.3	0.0	0.0	0.3	67.0	0.0
—	Other first-class specified chemical substances (122 materials)	5.8	0.2	0.0	6.1	27.8	1.5
—	Second-class specified chemical substances (1 material)	0.0	0.0	0.0	0.0	0.0	0.0
Total ¹⁾		186.4	0.2	0.0	186.6	510.6	48.3

Emissions of substances regulated by PRTR Law in Fiscal 2015 (NOF) (tons/year)

Cabinet order No.	Substance	Emission quantity				Transfer quantity	Recycling quantity
		Air	Water	Earth	Total		
1	Water soluble compound of zinc	0.0	0.1	0.0	0.1	0.0	0.0
9	Acrylonitrile	0.2	0.0	0.0	0.2	0.0	0.0
13	Acetonitrile	0.0	0.0	0.0	0.0	103.8	41.9
28	Allyl alcohol	0.3	0.0	0.0	0.3	0.0	0.0
53	Ethylbenzene	0.5	0.0	0.0	0.5	0.0	0.0
56	Ethylene oxide	3.5	0.0	0.0	3.5	0.0	0.0
65	Epichlorohydrin	0.3	0.0	0.0	0.3	0.0	0.0
68	1,2-epoxypropane	5.6	0.0	0.0	5.6	0.0	0.0
83	Cumene	28.5	0.0	0.0	28.5	134.7	0.0
98	Chloroacetic acid	0.2	0.0	0.0	0.2	0.0	0.0
104	Chlorodifluoromethane (HCFC-22)	0.6	0.0	0.0	0.6	0.1	0.0
123	3-chloropropene	16.0	0.0	0.0	16.0	8.2	0.0
127	Chloroform	1.0	0.0	0.0	1.0	23.6	0.0
128	Chloromethane	17.6	0.0	0.0	17.6	0.0	0.0
131	Methallyl chloride	7.0	0.0	0.0	7.0	0.0	0.0
185	Dichloropentafluoro propane	0.1	0.0	0.0	0.1	0.0	0.0
186	Dichloromethane	2.0	0.0	0.0	2.0	46.9	0.0
240	Styrene	0.9	0.0	0.0	0.9	0.9	0.0
281	Trichlorethylene	0.7	0.0	0.0	0.7	0.0	0.0
300	Toluene	36.5	0.0	0.0	36.5	68.8	1.6
308	Nickel	0.0	0.0	0.0	0.0	2.2	0.0
313	Nitroglycerin	0.2	0.0	0.0	0.2	0.0	0.0
366	Tert-butyl hydroperoxide	0.5	0.0	0.0	0.5	8.5	0.0
392	Normal hexane	16.3	0.0	0.0	16.3	12.6	0.0
400	Benzene	0.0	0.0	0.0	0.0	4.3	0.0
407	Poly (oxyethylene)-alkyl ether (alkyl group C number: 12 to 15)	0.0	0.0	0.0	0.0	0.0	0.0
417	2,3-epoxypropyl methacrylate	0.7	0.0	0.0	0.7	0.0	0.0
420	Methyl methacrylate	2.3	0.0	0.0	2.3	0.0	0.0
436	α -methyl styrene	0.3	0.0	0.0	0.3	67.0	0.0
—	Other first-class specified chemical substances (95 materials)	0.5	0.0	0.0	0.6	14.0	0.0
Total ¹⁾		142.3	0.2	0.0	142.4	495.5	43.5

*1: The round-off will produce differences.

Outline of NOF Group Companies

Group Companies (17 Manufacturing Companies)

Business location	Address	Contact	ISO-14001	ISO-9000's
Nippon Koki Co., Ltd. Shirakawa Plant	Aza Tsuchio 2-1, Oaza Nagasaka, Nishigomura, Shirakawa-gun, Fukushima 961-8686, Japan	+81-248-22-3691 (Environmental Safety Control Office)	JSAE741: Renewed on Dec. 5, 2015	JSAQ2282: Renewed on Mar. 17, 2015
NiGK Corporation	21-2, Matoba Shinmachi Kawagoe, Saitama 350-1107, Japan	+81-49-231-2103 (Environmental Safety Group)	YKA 4005084/J: Registered on Mar. 17, 2014	BSKO152: Renewed on Mar. 4, 2014
Showa Kinzoku Kogyo Co., Ltd.	Iwase 2120, Sakuragawa, Ibaraki 309-1211, Japan	+81-296-76-1811 (Environmental Safety Planning Dept.)	—	02479-2011-AQ-KOB-JAB: Renewed on Mar. 27, 2015
HOKKAIDO NOF CORPORATION	549 Koshunai, Bibai, Hokkaido 079-0167, Japan	+81-126-67-2211 (Administration Dept.)	—	—
Nippo Kogyo Co., Ltd.	Chabatake 1838, Susono, Shizuoka 410-1121, Japan	+81-55-922-0476 (Operations Dept.)	—	—
YUKA SANGYO CO., LTD. Yamato Plant	13-13, Yanagibashi 5-chome, Yamato-shi, Kanagawa 242-0022, Japan	+81-46-267-2684 (Production Technology Dept.)	—	BV 3370916: Renewed on Apr. 30, 2015
Nichiyu Kogyo Co., Ltd.	22-1, Dou-cho 4-chome, Takatsuki, Osaka 569-0011, Japan	+81-72-669-5141 (Production Dept.)	—	—
NOF METAL COATINGS ASIA PACIFIC CO., LTD.	3-3, Chidori-cho, Kawasaki-ku, Kawasaki, Kanagawa 210-0865, Japan	+81-44-280-3024 (Operation Planning Dept.)	BV 3469871: Acquired on Dec. 24, 2015	3090893: Renewed on Nov. 25, 2013
NIKKA COATING CO., LTD.	Higashi-Saitama Technopolis, 3-6 Asahi, Yoshikawa, Saitama 342-0008, Japan	+81-48-991-9854	—	JICQA 3357: Renewed on Mar. 15, 2013
NICHYU LOGISTICS CO., LTD.	3-2, Chidori-cho, Kawasaki-ku, Kawasaki, Kanagawa 210-0865, Japan	+81-44-280-0560 (General Affairs Dept.)	Green Management T140069: Renewed on Nov. 10, 2015	—
NOF METAL COATINGS NORTH AMERICA INC.	275 Industrial Parkway Chardon, Ohio 44024-1083, U.S.A.	+81-44-280-3024 (Operation Planning Dept. of NOF METAL COATINGS ASIA PACIFIC CO., LTD.)	—	66561-IS6: Renewed on Oct. 25, 2012
GEORGIA METAL COATINGS COMPANY	3033 Adriatic Court Norcross, GA 30071, U.S.A.	Ditto	—	—
NOF METAL COATINGS EUROPE N.V.	Bouwvelven 1, Industriezone Klein-Gent, BE-2280 Grobbendonk, Belgium	Ditto	ANT10200: Renewed on Jan. 12, 2015	ANT10200: Renewed on Jan. 12, 2015
NOF METAL COATINGS SOUTH AMERICA IND. E COM.LTDA.	Rua Minas Gerais No85 Vila Oriental CEP 09941-760 Diadema Sao Paulo, Brazil	Ditto	348994UM: Renewed on Oct. 10, 2014	320993QM08: Renewed on Oct. 10, 2014
NOF METAL COATINGS KOREA CO., LTD.	9F Munhwaillbo B/D, 68, Chung Jeongno 1-ga, Seoul 100-723, Korea	Ditto	REM1342: Renewed on Mar. 1, 2013	ISO/TS16949 RTSOS250: Renewed on Nov. 21, 2011
PT. NOF MAS CHEMICAL INDUSTRIES	Kawasan Industri Bekasi Fajar, Block D-1 Mekar Wangi, MM2100 Industrial Town Phase III Cibitung-Bekasi 17520, Indonesia	+81-3-5424-6838 (Planning Office, Functional Chemicals & Polymers Div., NOF)	Preparing for acquisition	ID00/18019: Acquired in Mar. 2014
Changshu NOF Chemical Co., Ltd.	Wan fu road, Riverside Industrial Park, Chang shu Economic Development Zone, Jiang Su Province 215537, China	Ditto	00115E20093R2M/3200: Renewed on Jan. 8, 2015	00115Q20072R2M/3200: Renewed on Jan. 4, 2015

Group Companies (8 Sales Companies)

Business location	Address
NICHYU TRADING CO., LTD.	Ebisu Neonato, 1-18 Ebisu 4-chome, Shibuya-ku, Tokyo 150-0013, Japan
JAPEX Corp.	Shinbashi Chuo Bldg., 11-5 Nishi-Shinbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan
CACTUS Co., Ltd.	Sengoku Coathouse Bldg., 37-4 Sengoku 4-chome, Bunkyo-ku, Tokyo 112-0011, Japan
NOF METAL COATINGS EUROPE S.A.	120, rue Galilee F-60315 CREIL Cedex, France
NOF AMERICA CORPORATION	One North Broadway, Suite 912, White Plains, N.Y. 10601, U.S.A.
NOF EUROPE GmbH	Mainzer Landstrasse 46, 60325, Frankfurt am Main, Germany
SIE s.r.l.	Via. Avogadro, 11 10121, TORINO (TO), Italy
NOF (Shanghai) Co., Ltd.	Room 2402, 24F, Huanying Plaza North Building, No. 300 Xuanhua Road, Changning District, Shanghai 200050, China



NOF CORPORATION

Head Office: Yebisu Garden Place Tower, 20-3 Ebisu 4-chome, Shibuya-ku, Tokyo, 150-6019, Japan
Website: <http://www.nof.co.jp/english>

● For inquiry: Legal & Public Relations Section, Human Resources & General Affairs Dept.
Tel: +81-3-5424-6631, Fax: +81-3-5424-6800
E-mail: g_rce@nof.co.jp

