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100TH
おかげさまで100周年

The OSAKA SODA logo, a red stylized 'S' shape, followed by the text 'Something Better with Chemicals' in a black, sans-serif font, with 'Better' in red.

OSAKA SODA REPORT 2015



Profile

The OSAKA SODA Group was founded in October 1915 with the establishment of unique electrolysis technology, and since then has contributed to the development of Japan's chemical industry as a pioneer in the alkali industry.

Throughout the 100-year history of our Group, we have expanded our scope of business by providing distinctive chemical products that leverage our unique technologies in the fields of basic chemical products, functional chemical products, electrodes, fine chemicals, health care, biotechnology, and the environment. Now, in our "NEXT FRONTIER-100" medium-term management plan that we launched in fiscal 2014, we are undertaking a variety of measures aimed at further growth.

In October 2015, as we marked the 100th anniversary of our foundation, we changed our company name from DAISO CO., LTD. to OSAKA SODA CO., LTD. From here on out, we will create new value through the innovative manufacturing DNA that has been handed down to us since our founding, as we work to achieve "something better with chemicals."

Group Mission Statement

In April 2015, we set **"To realize an affluent society by developing innovative products through our aspirations for high standards"** as the new mission statement for our Group. All of our Group employees share the principles that our Group has valued from our founding until the present, as well as the new vision for our future that we have put forth on the occasion of our 100th anniversary. We aim to continue our efforts to contribute to the prosperity of the industry, the nation, and humanity.

Report Overview

○ Editorial Policy: This OSAKA SODA Report is an expanded and more integrated version of the Environment & Safety Report which the Company had issued in the past. The report covers our efforts to increase corporate value through the promotion of operations, including the strengths of our business, business model, and growth strategy as well as the persistent efforts that underpin corporate value such as environmental preservation and quality assurance. We hope that it will report on the corporate value of the Company from a comprehensive perspective, further promoting communication with all of our stakeholders.

○ Reporting Period: The report covers activities during fiscal 2014 (April 1, 2014 - March 31, 2015). Additionally, some of the initiatives reported on are from outside of this period.

○ Reporting Entities: Financial data is on a consolidated basis. Seven worksites are covered by the scope of environmental data: Headquarters, Tokyo Branch, Research Center, Kokura Plant, Amagasaki Plant, Matsuyama Plant, and Mizushima Plant.

○ Reference Guidelines: Environmental Reporting Guidelines (2007 Version), Ministry of the Environment of Japan

Corporate History

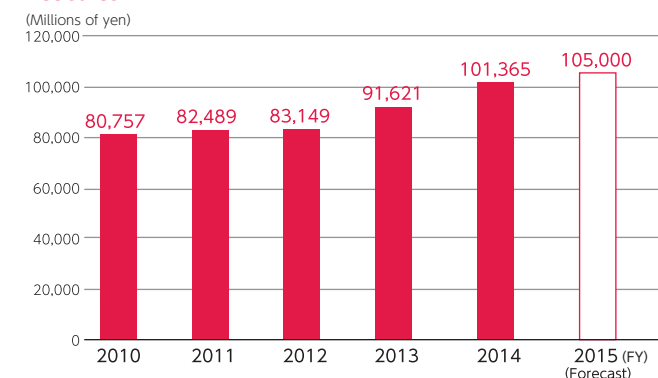
- 1915 Establishment of OSAKA SODA CO., LTD. with capital of ¥750,000 in Osaka for the manufacture and sale of caustic soda
- 1917 Construction of Kokura Plant (Kitakyushu, Fukuoka Prefecture)
- 1931 Construction of Amagasaki Plant (Amagasaki, Hyogo Prefecture)
- 1948 Opening of the Tokyo Office (currently Tokyo Branch)
- 1949 Listed on the First Section of the Osaka Securities Exchange
- 1952 Construction of Matsuyama Plant (Matsuyama, Ehime Prefecture)
- 1953 Listed on the First Section of the Tokyo Stock Exchange
- 1956 Establishment of DAISO TRADING CO., LTD.
- 1961 Opening of Research Center in Amagasaki, Hyogo Prefecture
- 1968 Establishment of OKAYAMA CHEMICAL CO., LTD., jointly founded by Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corporation)
- 1970 Establishment of DAISO ORGANICS CO., LTD. Construction of Mizushima Plant, OKAYAMA CHEMICAL CO., LTD.
- 1971 Started production of allyl chloride and epichlorohydrin
- 1975 Establishment of DAISO ENGINEERING CO., LTD. Merger and acquisition of DAISO ORGANICS CO., LTD. to create the OSAKA SODA Mizushima Plant
- 1988 Changing the company name from OSAKA SODA CO., LTD. to DAISO CO., LTD.
- 1990 Opening of Dusseldorf Representative Office in Germany
- 2001 Establishment of JMR CO., LTD. as a subsidiary of DAISO ENGINEERING CO., LTD.
- 2002 Conversion of Chori Chemical Co., Ltd. to a subsidiary; changing the company name to DAISO CHEMICAL CO., LTD.
- 2003 Merger of DAISO TRADING CO., LTD. and DAISO CHEMICAL CO., LTD. to form newly DAISO CHEMICAL CO., LTD.
- 2005 Establishment of DAISO CHEMICAL (Shanghai) CO., LTD. as a subsidiary of DAISO CHEMICAL CO., LTD.
- 2006 Opening of Shanghai Office in China Establishment of DS WELLFOODS CO., LTD. Establishment of DAISO Fine Chem USA, Inc. Establishment of TAIWAN DAISO CHEMICAL CO., LTD. as a subsidiary of DAISO CHEMICAL CO., LTD.
- 2008 Establishment of DAISO Fine Chem GmbH Establishment of DS LOGISTICS CO., LTD. Conversion of SANYO FINE CO., LTD. to a subsidiary by acquiring total shares
- 2010 Opening of Bangkok Office in Thailand Conversion of Food & Bio Research Center, Inc. as a subsidiary by acquiring total shares Merger of Food & Bio Research Center, Inc. into SANYO FINE CO., LTD.
- 2012 OKAYAMA CHEMICAL CO., LTD. is transformed to a subsidiary of DAISO CO., LTD. by termination of the joint venture with Asahi Kasei Corporation Establishment of DAISO CHEMICAL (THAILAND) CO., LTD. Conversion of IMPEX CORPORATION as a subsidiary by acquiring total shares
- 2014 Inclusion among the "Global Niche Top Companies Selection 100" by the Ministry of Economy, Trade and Industry, for diallyl phthalate (DAP) resin. Investment in INB Planning Co., Ltd.
- 2015 Changing the company name from DAISO CO., LTD. to OSAKA SODA CO., LTD.

Current Corporate Value

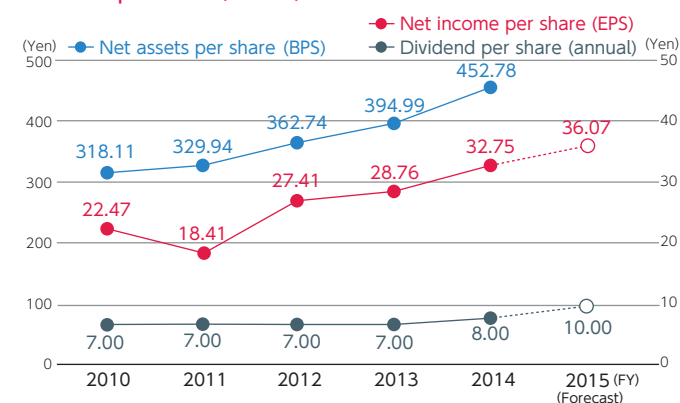
Financial Highlights (consolidated) / Non-Financial Highlights

In the consolidated financial results of the fiscal 2014, net sales exceeded ¥100 billion for the first time, posting record high for five straight fiscal years. Operating income, ordinary income and net income posted record high for three straight fiscal years.

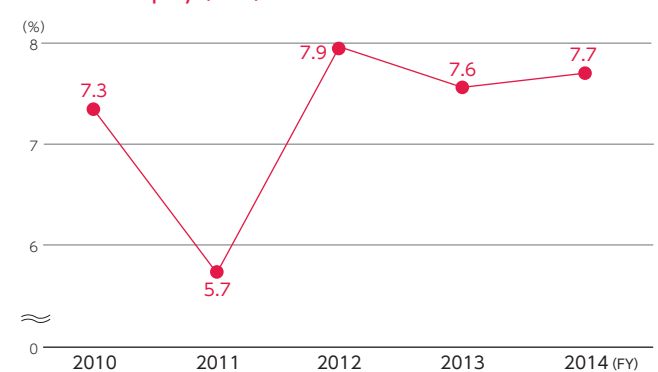
Net sales



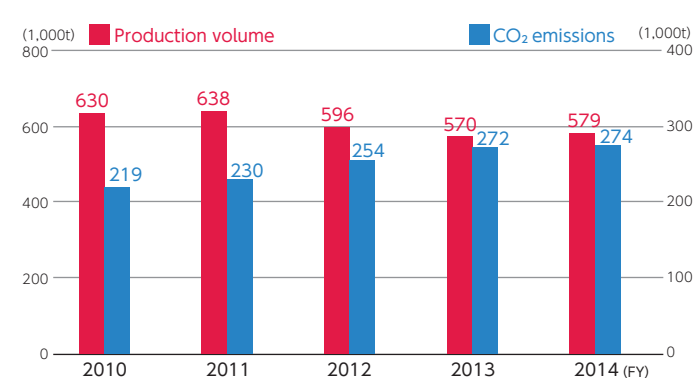
Net income per share (EPS)/Net assets per share (BPS)/Dividend per share (annual)



Return on equity (ROE)

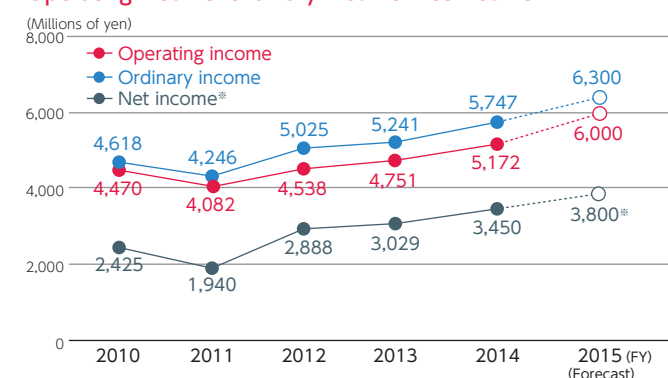


Production volume/CO₂ emissions

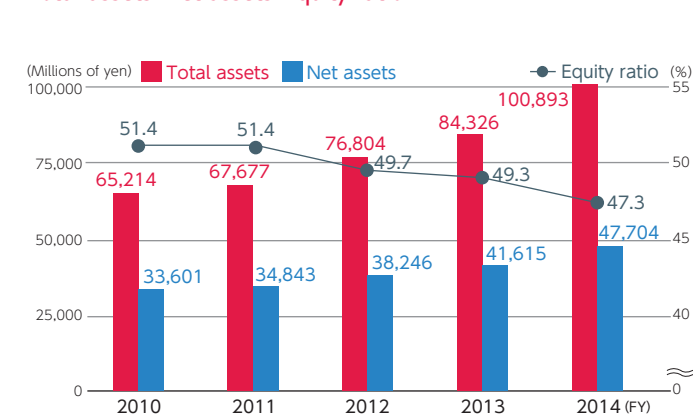


※ Forecast for net income attributable to shareholders of the parent company

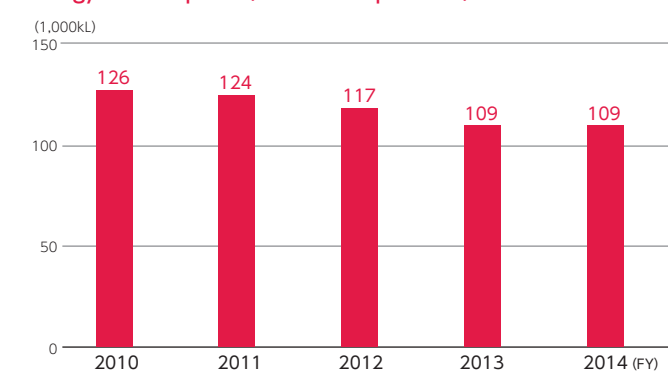
Operating income/Ordinary income/Net income



Total assets/Net assets/Equity ratio



Energy consumption (crude oil equivalent)



Recycling and reuse rate

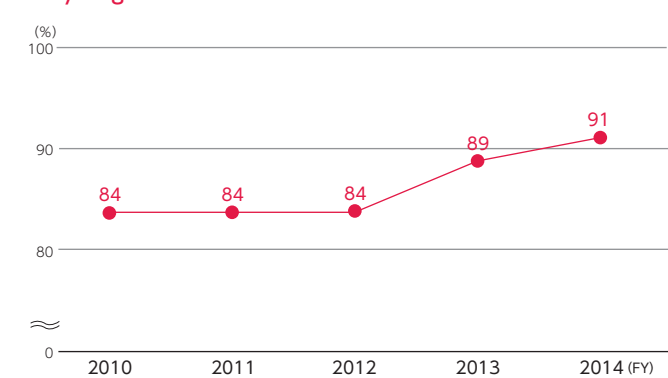


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To our stakeholders

As we greet our 100th year, we will continue taking up the challenges of the next 100 years

Marking our 100th anniversary with a change of name and a new determination

Founded on October 26, 1915, our Company has now reached its 100th anniversary. At this time, I would like to offer our deep gratitude to the business partners, local communities, and many other stakeholders who have supported us to this day.

Marking the occasion of our 100th year, on October 1, 2015, we changed our company name from DAISO CO., LTD. to OSAKA SODA CO., LTD. From here on out, we will deepen the pioneer spirit of our origins, will engage in the further advancement of developing innovative products, and will take up challenges aimed at the next 100 years of growth.

Leading 100 years of growth through innovative technological capabilities

100 years ago, when Japan was beginning the transition from an agricultural nation to an industrial nation, we used unique technology to develop a method for manufacturing caustic soda through electrolysis, then the most advanced technology in the world, and founded the Company in 1915. Through this, we set a path for domestic production of caustic soda, and were able to contribute greatly to the development of industry by stably supplying high-quality raw materials to the paper manufacturing and textile industries, which at the time were becoming the key industries of the nation. Since that time, we have engaged in expanding our business activities through technological development that values innovation. This included expansion of our basic chemical products from a base of caustic soda, chlorine, and hydrogen to allyl chloride and epichlorohydrin. We have also advanced into functional chemical products derived from basic chemical products lines, such as allyl ethers, diallyl phthalate resins, and epichlorohydrin rubber, as well as health-care-related products, such

as active pharmaceutical ingredients (APIs) and their intermediates and purification materials.

Establishing two pillars of profitability, and eagerly undertaking new businesses

At present, basic chemical products and functional chemical products form the two pillars of our profit. Under our in-progress "NEXT FRONTIER-100" medium-term management plan, we are now cultivating the health-care-related business as a third pillar of profit, while at the same time undertaking the creation of new products and new businesses with a focus on the fields of energy and the environment.

Initiatives to support the improvement of corporate value

In order for our Company to continue growing sustainably, it is vital that we improve our corporate value through the development of our businesses. In order to do so, we are advancing initiatives aimed at maintaining and improving our business platform.

Corporate structure

While maintaining our organizational form of management as a company with corporate auditors, as a means of improving our corporate structure we have appointed two outside directors to bring outside perspectives into our management. We will continue our ongoing work to improve the Company's structure as a way to support our business strategies.

Initiatives for environmental conservation in our business activities

As a company engaged in the manufacture of chemical substances, we recognize that our business activity

places a degree of burden on the environment. In order to create a sustainable business environment, we are working to reduce the environmental impacts of our business activities, through means including energy conservation and the reduction of industrial wastes.

As an example of energy conservation, we are working to reduce carbon dioxide (CO₂) emissions by making use of the hydrogen generated from soda electrolysis. Hydrogen is a source of clean alternative energy that does not emit CO₂.

Contribution to environmental conservation through our business activities themselves

As initiatives for environmental conservation, we are working to reduce the environmental impact of our operations while also making contributions through our business activities themselves. We are contributing to environmental conservation through the development of environmentally conscious products and technologies, including the manufacture of CABRUS™, an additive for low fuel consumption tires that improve automobile fuel efficiency, and the development of resource recycling systems through our original technologies.

Risk management and local initiatives

As another means of improving the Company's corporate value, we also engage in management of the diverse risks facing our businesses. We manage risks including the assurance of product safety and quality, customer response, chemical substance management, occupational safety and health and accident prevention in our operations, and logistics safety. In addition, through interaction with local communities we work to create environments conducive to operations.

By building a structure and executing policies that support our business strategies, we will continue undertaking differentiation from competitors and improvement of our own corporate value.

Continuing our challenge to aim for the next 100 years of growth

As I noted previously, we have taken the opportunity of our 100th anniversary to express our determination toward new growth.

From here on out, we will work to reform awareness in all Group employees and will continue pursuing challenges as a company with true energy and innovative capability, so that we can continue adapting to changes in the business environment and improve our corporate value for the next 100 years of growth.

I ask you all for your continued support and encouragement.

October 2015

Tamotsu Sato

Representative Director,
Chief Executive Officer
OSAKA SODA Co., Ltd.



Our business

Business transformation: We have launched new businesses through the changes of the era, have constructed a growth model based on synergy between our core businesses, and have raised our corporate value.

Our two core businesses are basic chemical products that we have manufactured since our founding, and functional chemical products derived from these. Through synergy between these businesses, we have increased the profitability of the Company as a whole and have raised our corporate value.

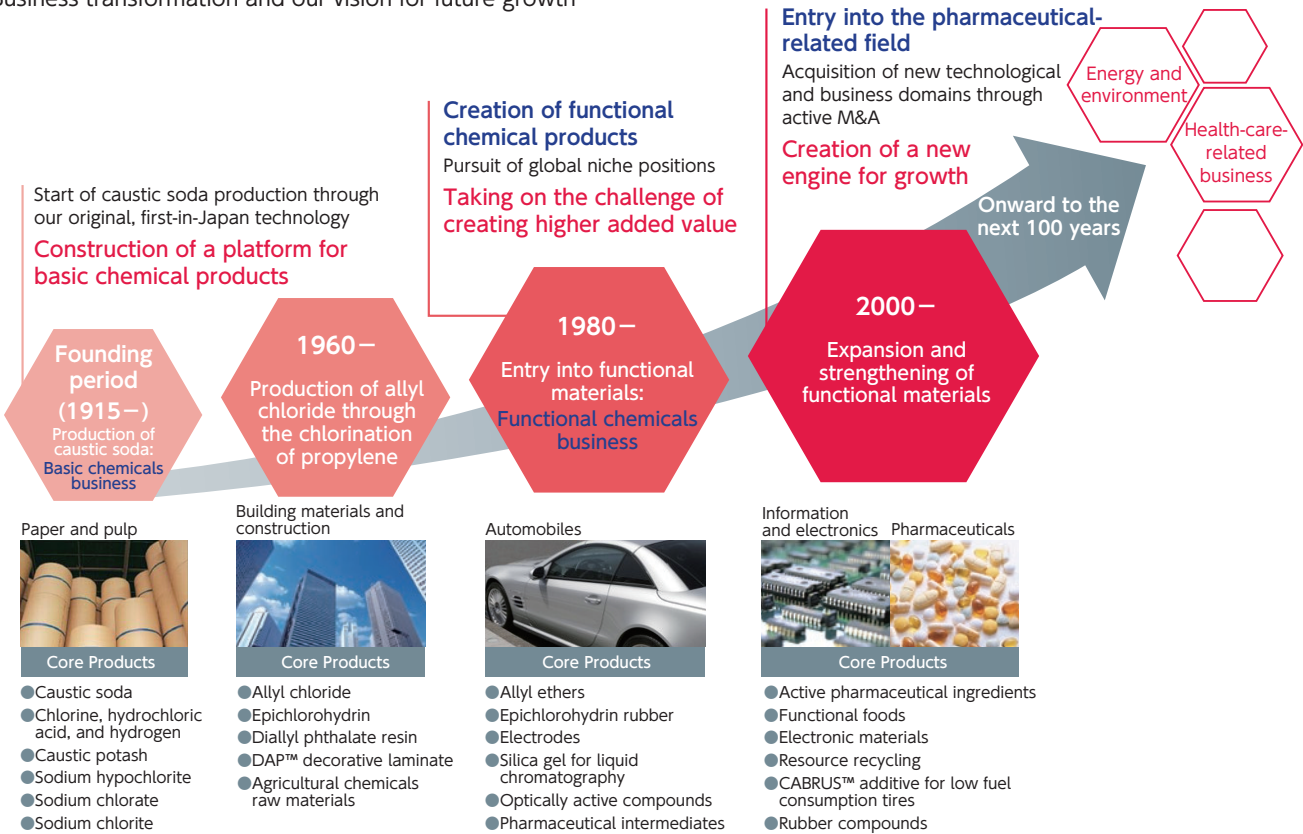
Founded in 1915, our Company was established to engage in domestic production of caustic soda, a chemical indispensable to the development of the materials industry. As a caustic soda manufacturing method making use of electrolysis, then the most advanced technology in the world for that purpose, we developed our "Daiso-method salt electrolysis technology" and succeeded in the industrial production of high-purity, high-quality caustic soda. The quality of our products was received well in Japan and overseas, and we were able to make great contributions to the paper industry and textile industry, which were becoming key industries in Japan at the time. Since then, our Company has expanded the basic chemicals business, centered on chlor-alkali products such as caustic soda and chlorine.

From 1960, we further developed our technologies for basic chemical products and built on that base to enter the high-value-added functional chemicals business. First, we used the chlorine created during the production of caustic soda to expand our basic chemicals business to encompass allyl chloride (AC) and epichlorohydrin (EP), and, using these as main raw materials, moved into functional chemical products such as specialized synthetic resins and synthetic rubber. Since then, our Company has expanded production of caustic soda and chlorine through efforts to nurture functional chemical products that use chlorine as their starting raw material. As a result, we have strengthened both our basic chemicals business and functional chemicals business as our two main pillars of profitability.

In this way, the expansion of our AC and EP businesses, and the nurturing of the functional chemical products derived from those, have brought about a virtuous circle in our business expansion and have led to a hastening of its tempo. We use the term AC / EP Chain for this growth model that balances basic chemical products and functional chemical products with a focus on AC and EP. From the 1980s, we have given birth to a succession of high-value-added functional chemical products under this growth model. Many of these products have cemented strong positions in niche markets, including the diallyl phthalate resin that is currently manufactured only by our Company.

Since 2000, we have actively leveraged M&A to enter new businesses such as active pharmaceutical ingredients (APIs) and intermediates, as well as the environmental business. We are now working to nurture our health-care-related business, centered on pharmaceutical-related materials, as a third pillar of profit.

Business transformation and our vision for future growth

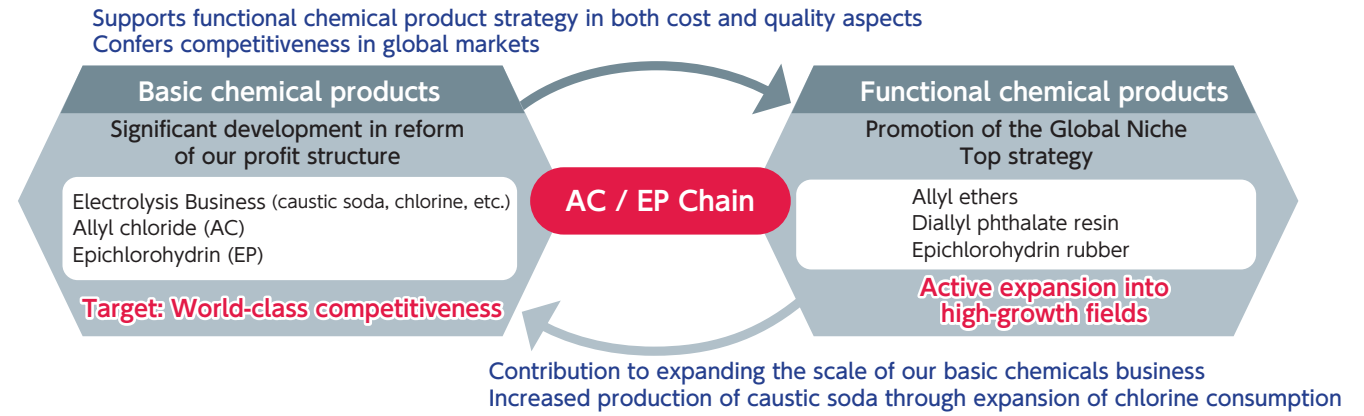


Characteristics and strengths

(1) Characteristics and strengths created under the AC / EP Chain growth model

Our Company has established technologies that create highly functional chemical products from basic chemical products, and has constructed a growth model that generates synergy between these two businesses. Leveraging this growth model, we are working to highlight the characteristics and strengths of our Company.

Overview of the AC / EP Chain



(2) Characteristics and strengths

We create competitiveness through full in-house production

The strength of our AC / EP Growth model lies in full in-house production, from basic chemical products to functional chemical products (including chlorine as starting raw materials, AC, and EP), making production, quality, and cost optimization possible. This enables our functional chemical products to display high competitiveness globally.

We manufacture specialized functional chemical products that are difficult for competitors to match

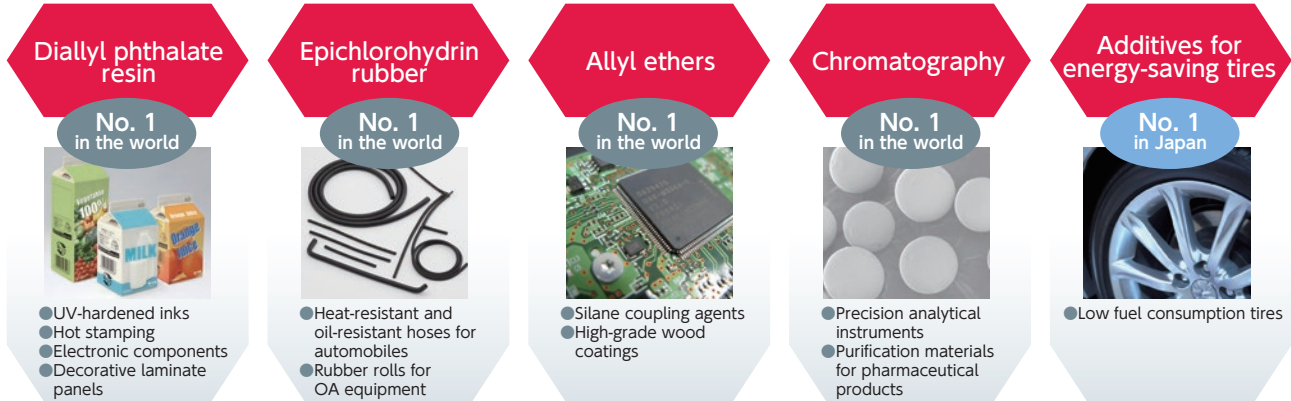
Our functional chemical products, which we manufacture using AC and EP as raw materials, deliver outstanding performance in physical properties including electrical insulation, semi-conductivity, heat resistance, oil resistance, and reactivity, and are not easily replaced with other materials. Their manufacture also requires specialized technologies and knowledge, making entry into the field difficult for competitors.

We have secured stable demand for global niche products, many with No.1 shares in Japan and overseas

Many of the functional chemical products created through our AC / EP Chain have cemented strong positions in Japan and overseas as global niche products. These include products that have secured stable demand and have acquired No. 1 shares in markets in Japan and overseas.

In 2014, we were selected for inclusion among the "Global Niche Top Companies Selection 100" by the Ministry of Economy, Trade and Industry, on the basis of our diallyl phthalate resin, a representative product born from our AC / EP Chain. This program, established to honor businesses that have acquired major share and generate profits on a global scale even with niche products, evaluated our diallyl phthalate resin highly for its excellent strategic strength, originality, and market dominance.

Acquisition of top-class share in Japan and overseas



*Share: according to our own research

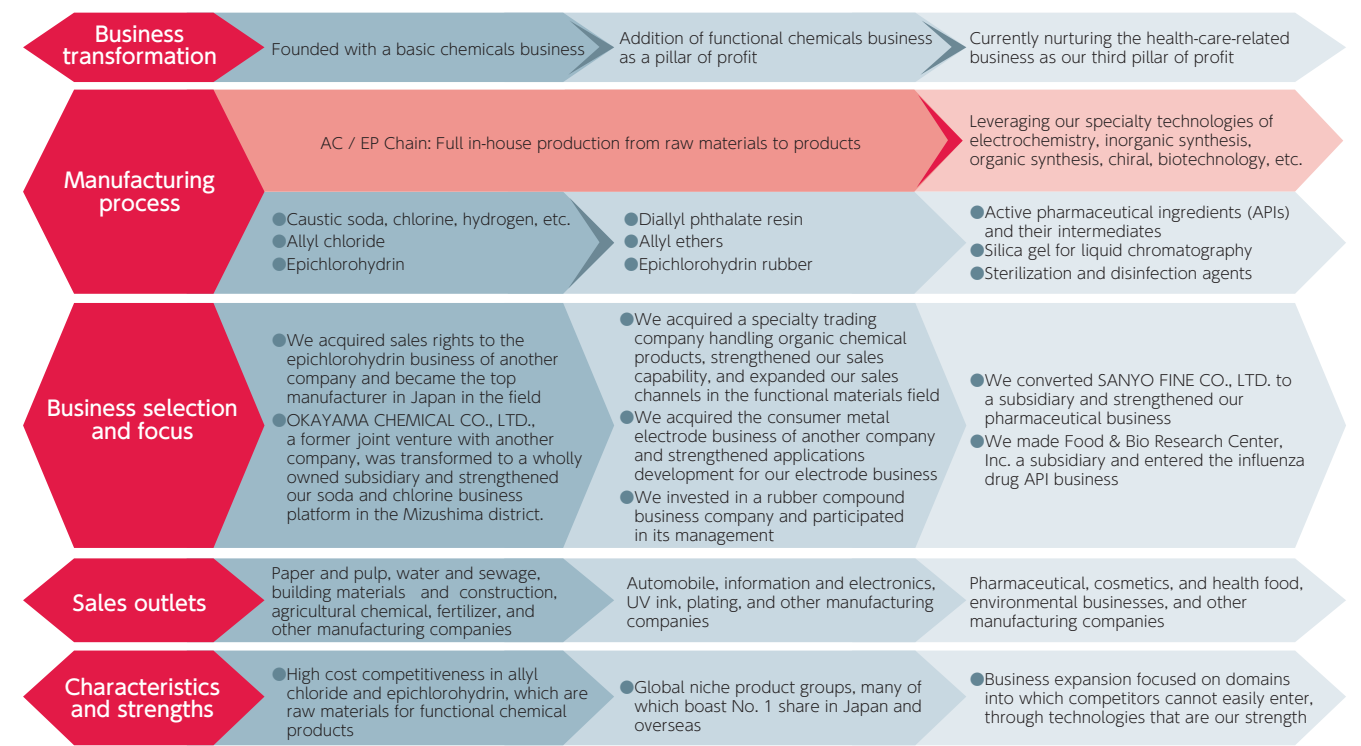
Strategies for further growth

(1) Growth strategy directions based on innovative technological capabilities

The driving force behind the continued growth of our company over the past 100 years has been our innovative technological capability. Through this, we have created special products that are not easily replaced with other materials, creating differentiation from competitors and cementing a solid position within Japan and overseas. At the same time, we have grown first by establishing our two core businesses of basic chemical products and functional chemical products and then by actively entering into plants, building materials, and other business domains.

At present, we are engaged in the creation of new products and new businesses centered on the health-care-related, energy, and environmental fields, leveraging the technologies we have built up over the years. In the health-care-related field in particular, we are strengthening our core competency of active pharmaceutical ingredients (APIs) and their intermediates, and purification materials, while branching into health food ingredients and sterilization and disinfection products, aiming to make these a driving force for sustained growth into the next 100 years.

The path of growth and our future course



(2) Overview of our “NEXT FRONTIER-100” medium-term management plan

Taking up the challenges of the next 100 years

In order to continue growing into the next 100 years, we have set “Be a company growing by business expansion of specialty chemicals” as the vision for our Group 10 years from today. Toward that end, since April 2014, we have engaged in a five-year medium-term management plan, the final year of which is fiscal 2018.

Ahead of our 100th anniversary in October 2015, we formulated a new Group mission statement of “To realize an affluent society by developing innovative products through our aspirations for high standards” in April this year. Furthermore, on October 1, we changed our company name from DAISO CO., LTD. to OSAKA SODA CO., LTD. This change of name incorporates our determination to renew our Company’s image, deepen the pioneer spirit of our origins, and engage in the further advancement of developing innovative products. By doing so, we hope to reform awareness in all Group employees and take up the challenge of ever greater activity, as we aim for the next 100 years.

Basic goals: Set numerical targets for each stage

Within the “NEXT FRONTIER-100” five-year medium-term management plan that is currently in progress, we have set the first two years, fiscal 2014 and our 100th anniversary year of fiscal 2015, as Stage I, with the next three years composing Stage II. We have also set targets for both of these stages.

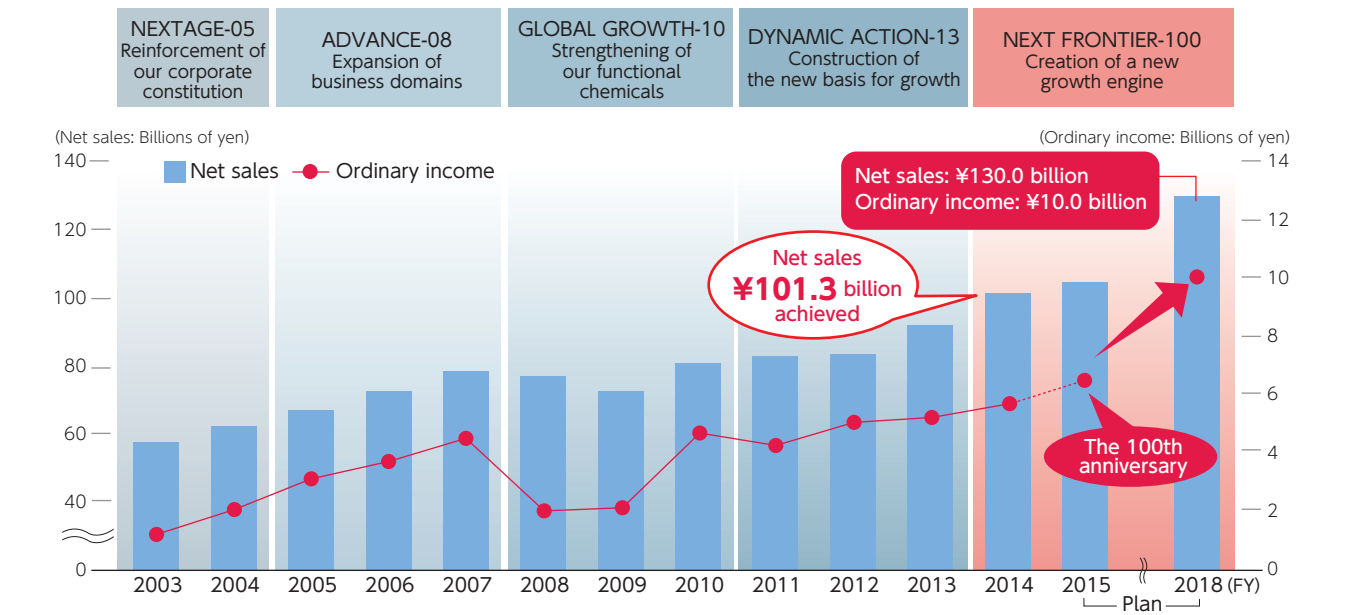
| | Stage I (FY2014 – FY2015) | Stage II (FY2016 – FY2018) |
|------------------------------|------------------------------|-------------------------------|
| Consolidated net sales | ¥110 billion | ¥130 billion |
| Consolidated ordinary income | ¥7 billion | ¥10 billion |
| ROE | 9% or more | 10% or more |

Basic policy: Toward the achievement of our Group vision

Toward the achievement of our Group vision, “Be a company growing by business expansion of specialty chemicals,” we are executing our medium-term management plan under the basic policy below. In particular, we have positioned “new products and new business creation,” along with the “overseas business expansion,” as the engines of the plan.

- **New products and new business creation:** We are conducting development of new products and new businesses, focused on the energy, environment, and health-care-related fields. Our goal is that new products will account for 20% of net sales by fiscal 2018, the final year of the medium-term management plan.
- **Overseas business expansion:** We are making efforts to expand our overseas business, focused on Global Niche Top (GNT) products with Asia positioned as our highest priority area. We aim to achieve an overseas net sales ratio of 25% by fiscal 2018.
- **Nurturing of the health-care-related business:** We are working to expand net sales and profits in the health-care-related business, seeking to nurture it into a third pillar of profit after basic chemical products and functional chemical products.
- **Restructuring and reinforcement of existing businesses:** In our core businesses, we are working to increase competitiveness and reduce costs, specifically those of chlor-alkali products and AC/EP within basic chemical products, and synthetic resins and synthetic rubber within functional chemical products.
- **Promotion of strategic investment and reform of systems:** Throughout the period of our medium-term management plan, we are strategically conducting active investment and funding, strengthening our core businesses, and nurturing new businesses. Along with the expansion of our business scale at the global level, we are reforming our personnel management system and other systems and are undertaking the strengthening of our organizational ability and our development of human resources.

Business performance changes and plans



(3) Progress toward our medium-term management plan: Steady advancement of business strategy

Looking at consolidated financial results of the fiscal 2014, the first year of the plan, net sales exceeded ¥100 billion for the first time, posting record high for five straight fiscal years. We also posted record high for operating income, ordinary income, and net income for the third straight fiscal years. Functional chemical products accounted for about 70% of operating income, indicating the progress we have made in shifting our business from basic chemical products (i.e., commodities) to functional chemical products (i.e., specialties).

(4) Initiatives in FY2015

At present, we are making efforts to increase profitability in basic chemical products by strengthening a close-to-market sales structure and other efforts. In functional chemical products, we are aiming for expanding the scale of our top-share business, with a focus on overseas markets. In the health-care-related business, we are engaging in activities including the development of new, major projects. We are also working to pioneer new products and new businesses in areas peripheral to the businesses and technologies that are our strengths.

Corporate governance

(1) Overview of Corporate Governance

Basic Approach

OSAKA SODA considers it important to create and maintain an organizational structure that can be agile in responding to the management environment and a fair management system focused on shareholders.

Moreover, as a company with a board of corporate auditors, we have introduced a management system that enables appropriate supervision and monitoring alongside good decision making by the directors and implementation of operations by the executive officers. By doing this, we are working to enhance our corporate governance and improve its effectiveness.

Board of Directors

The Board of Directors is composed of six directors, two of whom are outside directors. As a rule, it meets once a month to deliberate on important matters as well as discuss the progress of business performance and actions to be taken in accordance with the rules of procedure for the Board of Directors.

In addition, we have made the term of office for directors one year and introduced an executive officer system that allocates the management decision-making and the executive oversight functions to the Board of Directors and the implementation of operations to the executive officers. Our aim is efficient corporate management and clarification of responsibility.

Management Committee

Composed mainly of directors, the Management Committee is an advisory body for the Representative Director. The Committee deliberates important issues in the performance of the duties of the directors, forming a structure under which decision making by the Representative Director is understood and implemented accurately.

Board of Auditors

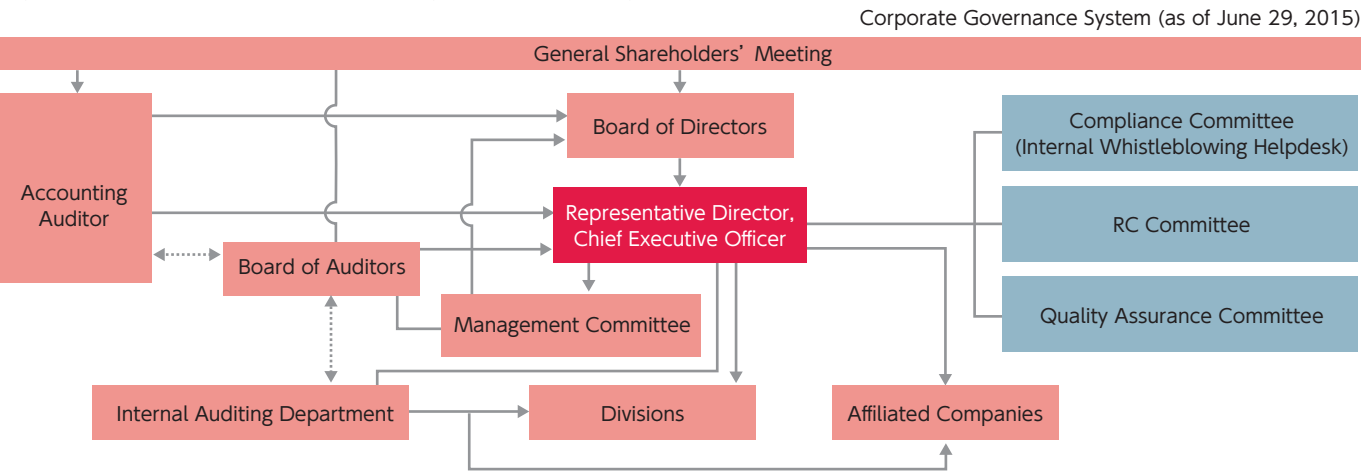
There are three auditors, two of whom are outside auditors. The auditors attend meetings of the Board of Directors in addition to actively participating in important internal company meetings, enabling them to supervise the execution of duties by the directors adequately.

Outside Directors and Outside Auditors

The Company has appointed two outside directors and two outside auditors with the aim that they will perform the role of advising and supervising the Company's management from an external perspective with an independent standpoint.

Both of the outside directors have a wealth of experience as managers and extensive insight into the business world and one of them has worked as an outside auditor at the Company. They were appointed as outside directors in order to reflect their experiences in the Company's management. Both of the outside directors have been designated as independent officers.

One of the two outside auditors has many years of experience in financial institutions with a wealth of knowledge concerning finance and other areas and has been appointed as an outside auditor in order to reflect this experience and knowledge in the auditing and supervision of the Company. As an attorney-at-law, the other outside auditor is well versed in corporate law with a considerable degree of legal knowledge concerning finance and accounting and has been appointed as an outside auditor and designated as an independent officer to reflect this knowledge in the auditing and supervision of the Company.



(2) Compliance System

The Company has established the Compliance Committee under the direct supervision of the Representative Director, Chief Executive Officer to create and maintain the compliance system. We have also established the Information Management Committee, the Fair Trade Management Committee, and the Trade Committee as expert committees to set up a system to handle specialist legal

issues. In addition, for the further enhancement of the compliance structure, we have set up a system to engage the services of lawyers as outside committee members for the Compliance Committee and the expert committees, whereby we seek legal opinions in an appropriate manner.

Environmental conservation activities

(1) Approach to Environmental Management

CSR Initiatives

One of our corporate philosophies is "contributing to the emergence of a more affluent society through chemical-focused operations," and we engage in business activities aiming to be an enterprise friendly to both people and the environment. In April 2015, we established "To realize an affluent society by developing innovative products through our aspirations for high standards" as a new Group mission statement in order to share the principle that the OSAKA SODA Group has respected since its founding up to the present day as well as the new vision we are aiming for with all Group employees. Through this, we are striving to further deepen the frontier spirit we have had since the founding of the Group to contribute to the prosperity of the industry, the nation, and humanity through developing innovative products.

Responsible Care: RC
[What Is Responsible Care?]

Responsible Care (RC) is a voluntary management initiative taken by companies engaged in the manufacture or handling of chemical substances for implementing improvements and procedures in support of health, safety and environmental protection. Through this initiative, management policies are adopted to protect the environment and uphold safety over the entire product life cycle of chemical substances from development to manufacture, distribution, use, final consumption, and disposal. This approach is based on the principles of self-direction and acceptance of responsibility. In April 2003, the Representative Director, Chief Executive Officer, the most senior member of the management team, made a declaration of the Company's basic policy on Responsible Care.

[Basic Approach of Responsible Care (RC)]

- While strictly complying with relevant laws and regulations, OSAKA SODA shall make continuous progress with voluntary management initiatives by setting voluntary criteria related to integrated safety management of chemical substances in keeping with the spirit of Responsible Care.
- We shall develop and maintain this management system. All directors and employees shall act with purpose and address targets indicated by our policies.
- We shall expand our public communication efforts and strive to gain further public trust.
- We shall provide training and education for practical application and better understanding of our policies.

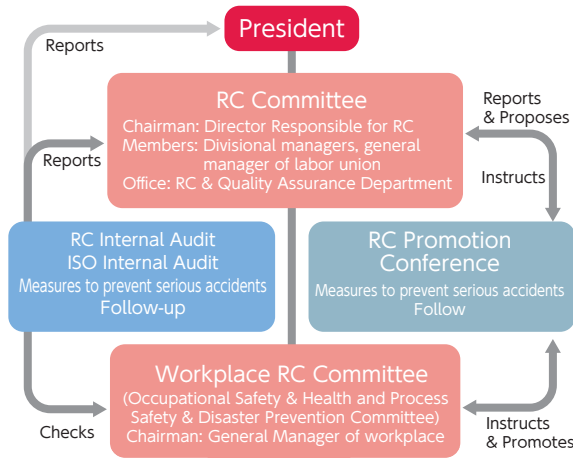


[Responsible Care Policies]

- 1. Environmental Preservation**
 - (1) Promoting environmental preservation by ensuring harmony with the natural environment
 - (2) Taking steps to reduce environmental impacts during the development of products and processes while promoting conservation of energy and resources
 - (3) Communicating to maintain harmony with the local community while seeking conservation and improvement of the living environment
- 2. Process Safety and Disaster Prevention**
 - (1) Prevention of accidents and disasters
 - (2) Maintaining a crisis management system
 - (3) Implementing thorough management of high-pressure gases and hazardous materials and the like
 - (4) Implementing process safety controls for facilities and equipment
- 3. Occupational Safety and Health**
 - (1) Eliminating work accidents
 - (2) Enhancing and improving the work environment
 - (3) Taking steps to maintain and promote good health
- 4. Distribution Safety**
 - (1) Ensuring the safety of product transport by strictly complying with legal and other requirements
 - (2) Reducing safety risks during the product transport and distribution stages
- 5. Quality Assurance and Chemical & Product Safety**
 - (1) Providing customers with excellent products according to our corporate philosophy
 - (2) Ensuring product safety, quality assurance, and the safety of the chemicals we handle based on appropriate Responsible Care, quality and environmental management systems
 - (3) Reducing costs while placing a priority on quality
- 6. Dialogue with the Public**
 - (1) Reporting our Responsible Care activities and other initiatives to relevant groups and organizations.
 - (2) Proactively engaging in dialogues and activities with local communities.

After implementing our RC activities, we officially announced this policy both inside and outside the company.

[Organizational Structure of Responsible Care]



We are continuously improving our RC activities — including Occupational Safety & Health and Process Safety & Disaster Prevention — by adopting the PDCA cycle.



Environmental conservation activities

(2) Implementation of Environmental Management: Targets and Results

Targets and Results for Fiscal 2014

| | Targets for Fiscal 2014 | Results for Fiscal 2014 | Long-term Targets |
|--|--|---|---|
| Environmental Preservation | <ul style="list-style-type: none">To ensure proper operation of environmental impact reduction equipment and to improve the recycling rateTo reduce CO₂ emissions and energy consumption to 80% or less of the fiscal 1990 level | <ul style="list-style-type: none">CO₂ emissions were 100.1% compared to the fiscal 1990 level.Significantly impacted by the increase in the CO₂ emission coefficient for electric power, the crude oil equivalent per unit of consumption (kl/t) was down to 88.6% by 11.4% compared with fiscal 1990 and remained almost stable year-on-year (±0%). | <ul style="list-style-type: none">To reduce environmental impacts during the development of products and processes while promoting conservation of energy and resourcesTo seek harmony with the local community while preserving and improving the living environment |
| Process Safety and Disaster Prevention | <ul style="list-style-type: none">To promote ongoing measures to prevent serious accidents and disasters | <ul style="list-style-type: none">The achievement rate for implementing measures to prevent serious accidents was approximately 100%. | <ul style="list-style-type: none">To prevent accidents and disastersTo maintain a crisis management systemTo implement stringent management of high-pressure gases and hazardous materials and the likeTo implement process safety controls for equipment |
| Occupational Safety and Health | <ul style="list-style-type: none">To eliminate work accidents | <ul style="list-style-type: none">Number of work accidents in fiscal 2014: four (four in the previous year), so the same as the previous year but three were accidents with no lost worktime. | <ul style="list-style-type: none">To eliminate work accidentsTo enhance and improve the work environmentTo maintain and promote good health |
| Distribution Safety | <ul style="list-style-type: none">To maintain safe transport and eliminate in-plant truck loading accidents | <ul style="list-style-type: none">Reduced distribution accidents to two (from three in the previous year) by strengthening measures to eliminate accidents. | <ul style="list-style-type: none">To ensure the safety of product transport by strictly complying with legal and other requirementsTo reduce safety risks during the product transport and distribution stages |
| Chemical and Product Safety | <ul style="list-style-type: none">To ensure stringent compliance with laws targeting chemical products | <ul style="list-style-type: none">Appropriate procedures in accordance with "REACH" and other laws about chemistry articles were carried out. | <ul style="list-style-type: none">To provide our customers with excellent products according to our corporate philosophyTo give top priority to chemical and product safety under our stringent RC, quality, and environmental management systemTo reduce costs while placing a priority on quality |
| Dialogue with Society | <ul style="list-style-type: none">To publish an RC activity report and submit it to the government and to promote communication with society | <ul style="list-style-type: none">Submitted reports to the government and to the Japan Chemical Industry Association. | <ul style="list-style-type: none">To respond appropriately to requests for investigations and to provide reports on our business operations |

Targets for Fiscal 2015

| | |
|--|--|
| Environmental Preservation | <ul style="list-style-type: none">To ensure proper operation of environmental impact reduction equipment and to improve the recycling rateTo reduce CO₂ emissions and energy consumption rate to 80% or less of the fiscal 1990 levelTo make efforts to reduce CO₂ emissions in line with chemical industry's "Commitment to a Low-Carbon Society" |
| Process Safety and Disaster Prevention | <ul style="list-style-type: none">To promote ongoing measures to prevent serious accidents and disasters |
| Occupational Safety and Health | <ul style="list-style-type: none">To eliminate work accidents |
| Distribution Safety | <ul style="list-style-type: none">To maintain safe transport and eliminate in-plant truck loading accidents |
| Chemical and Product Safety | <ul style="list-style-type: none">To ensure stringent compliance with laws targeting chemical products |
| Dialogue with Society | <ul style="list-style-type: none">To publish an RC activity report and submit it to the government and to promote communication with society |

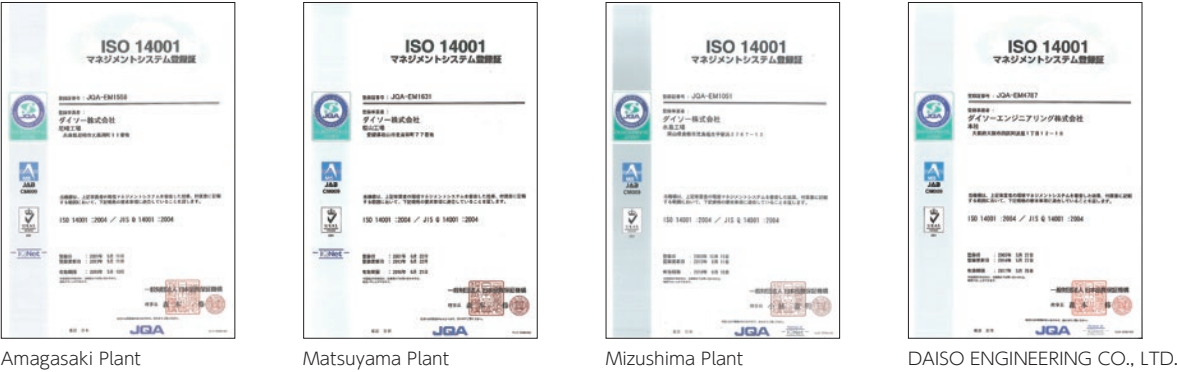
Status of ISO 14001 Acquisition at Our Workplaces

The chemical industry has adopted the goal of achieving an average energy consumption rate of 80% compared to the fiscal 1990 level for the period from fiscal 2008 to 2012; moreover, it has also voluntarily adopted environmental preservation activities on a global scale.

And from fiscal 2013, the new plan "Commitment to a Low-Carbon Society" (from fiscal 2013 to 2020) has started.

OSAKA SODA is taking steps to reduce its environmental impacts through initiatives to conserve energy, reduce wastes, and prevent global warming while strictly complying with legal and other requirements; moreover, we respond to emergencies in our business operations as one of our RC activities. Our three mainline plants (Amagasaki, Matsuyama and Mizushima) and affiliated companies have acquired certification of registration with ISO 14001, the international standard for environmental management systems, and are continuously adopting improvements.

| Workplace | Date of Acquisition | Certification Body | Registration Number |
|-----------------------------|---------------------|--------------------------------------|---------------------|
| Amagasaki Plant | May 2001 | Japan Quality Assurance Organization | JQA – EM1558 |
| Matsuyama Plant | June 2001 | Japan Quality Assurance Organization | JQA – EM1631 |
| Mizushima Plant | October 2000 | Japan Quality Assurance Organization | JQA – EM1051 |
| DAISO ENGINEERING CO., LTD. | October 2005 | Japan Quality Assurance Organization | JQA – EM4787 |

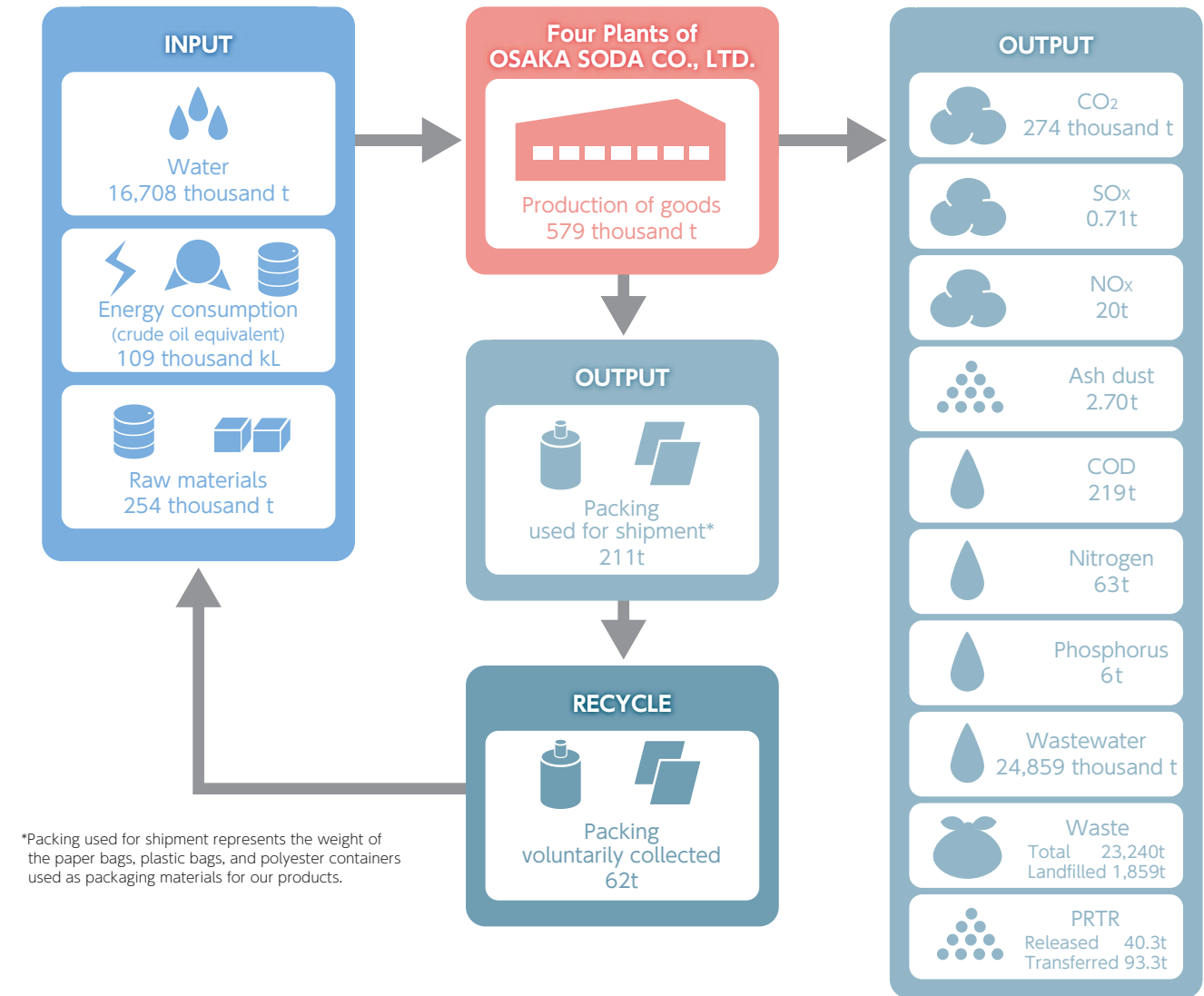


(3) Material Balance of Production Activities

Our production volume increased slightly in fiscal 2014, compared to fiscal 2013, but water consumption declined approximately 6%. This was because the product mix changed somewhat.

Atmospheric emissions were the same as in the previous fiscal year, even with the appropriate operation of a boiler powered by alternative forms of energy such as hydrogen and city gas.

The material balance resulting from our production activities during fiscal 2014 is shown below. (Data covers Kokura Plant, Amagasaki Plant, Matsuyama Plant, and Mizushima Plant)



Quality assurance

(1) Quality Assurance Initiatives

Status of ISO 9001 Acquisition by Workplaces

As part of our RC activities, we take initiatives on safety and quality assurance for the chemicals and products in our business activities as well as to respond promptly to customer requirements and to prevent quality issues.

Accordingly, our three main plants and affiliated companies have acquired certification for ISO 9001, the international standard for quality management systems. As a part of ISO activities, each workplace conducts a management review to check customer satisfaction levels which are evaluated through the marketing department every six months in our efforts to enhance customer satisfaction through continuous improvements as we strive to provide products that satisfy our customers.

| Workplace | Date of Acquisition | Certification Body | Registration Number |
|-----------------------------|---------------------|--------------------------------------|---------------------|
| Amagasaki Plant | March 1996 | Japan Quality Assurance Organization | JQA – 1181 |
| Matsuyama Plant | October 1995 | Japan Quality Assurance Organization | JQA – 0998 |
| Mizushima Plant | June 1994 | Japan Quality Assurance Organization | JQA – 0539 |
| DAISO ENGINEERING CO., LTD. | March 2015 | Japan Quality Assurance Organization | JQA – QMA15188 |



Preventing Quality Issues

We operate a database in order to promptly respond to and correct quality issues such as complaints. By sharing the information in the database, we conduct company-wide horizontal deployment of corrective action to prevent the occurrence of similar quality issues.

(2) Product Safety and Chemical Substance Management Initiatives

Safety Data Sheets (SDSs) JAMP MSDSplus

We have created safety data sheets (SDSs) for our products and published many of them on our website.



Safety Data Sheets (SDSs)

OSAKA SODA always makes efforts for substance management of our products and collection of information. We prepare Information Sheets on the Content of Certain Chemical Substances using OSAKA SODA's own format to supplement our SDSs, as well as MSDSplus¹ from the Joint Article Management Promotion-consortium (JAMP) in order to respond to requests from customers regarding detailed information on the content of chemical substances, including RoHS² and SVHC³ in addition to Japan's Chemical Substance Control Law⁴. We respond promptly to regular list revisions and provide the information to customers.

*1 MSDSplus is a basic information transmission sheet for communicating information on the chemical substances contained in products. It records the names of laws regulating the substances and the existence of substances subject to control.

*2 RoHS is an acronym for Directive on the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment.

*3 SVHC is an acronym for Substances of Very High Concern with carcinogenic and mutagenic effects, reproductive and developmental toxicity and other serious impacts on human health and the environment.

*4 An abbreviated name for Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.



MSDSplus

Business Continuity Plan

In preparation for a major earthquake which it is forecast will occur in the near future, OSAKA SODA has formulated a Business Continuity Plan (BCP) for each manufacturing site assuming damage to production facilities at each workplace and based on forecasts for the restoration of utilities including various raw materials, water, and electricity as well as logistics. Moreover, we have also prepared emergency response guidelines at each workplace and made all employees aware of the chain of command in an emergency and the procedures for confirming safety.

Furthermore, we have prepared a BCP to prepare for a large-scale influenza epidemic, taking into consideration such matters as securing production personnel by preventing inter-employee infection and a scheme for mutual assistance between workplaces.

Corporate Information (As of October 1, 2015)

| | |
|--------------------------------------|---|
| Company Name | OSAKA SODA CO., LTD. |
| Headquarters | 1-12-18, Awaza, Nishi-ku, Osaka 550-0011, Japan |
| Establishment | October 26, 1915 |
| Capital | ¥10,882,286,399 |
| Listed on | First Section of Tokyo Stock Exchange (Securities code: 4046) |
| Independent Auditor | Ernst & Young ShinNihon LLC |
| Annual General Shareholders' Meeting | June (in 2015, the Meeting was held in Osaka on June 26) |

Stock Information (as of March 31, 2015)

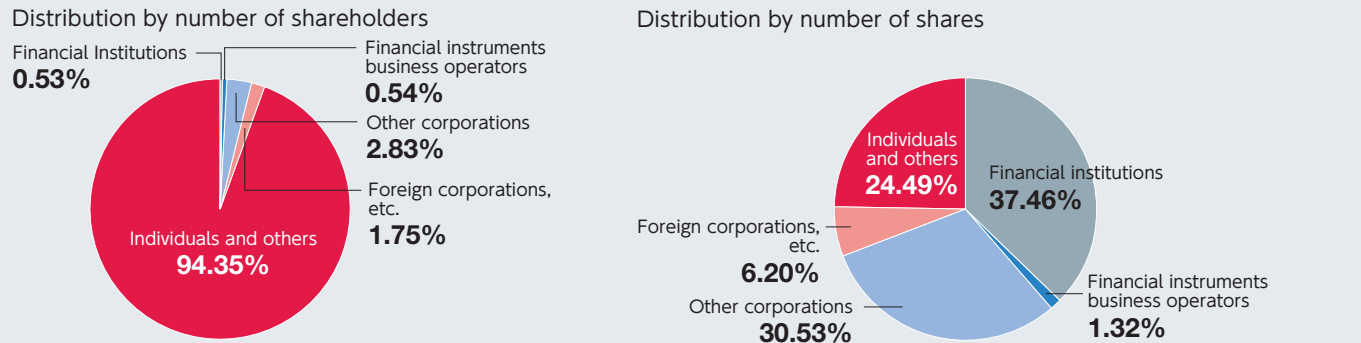
Stock Information Total number of shares authorized to be issued: 300,000,000 shares
Total number of shares issued: 111,771,671 shares
Number of shareholders: 6,281

| List of Major Shareholders (top ten) | Name of Shareholder | Shareholding (1,000 shares) | Shareholding Ratio (%) |
|--------------------------------------|---|-----------------------------|------------------------|
| | Japan Trustee Services Bank, Ltd. (Trust Account) | 5,559 | 5.27 |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 4,384 | 4.16 |
| | The Bank of Fukuoka, Ltd. | 4,113 | 3.90 |
| | Sompo Japan Nipponkoa Insurance Inc. | 3,842 | 3.64 |
| | THE IYO BANK, Ltd. | 3,744 | 3.55 |
| | TEIJIN LIMITED | 3,393 | 3.22 |
| | Mizuho Bank, Ltd. | 3,348 | 3.17 |
| | Nippon Life Insurance Company | 3,188 | 3.02 |
| | Asahi Kasei Chemicals Corporation | 2,933 | 2.78 |
| | DAISO Partner Stock Holding Association | 2,814 | 2.67 |

Note: Shareholding ratio is calculated by deducting treasury stock (6,411,660 shares) from total number of shares issued.

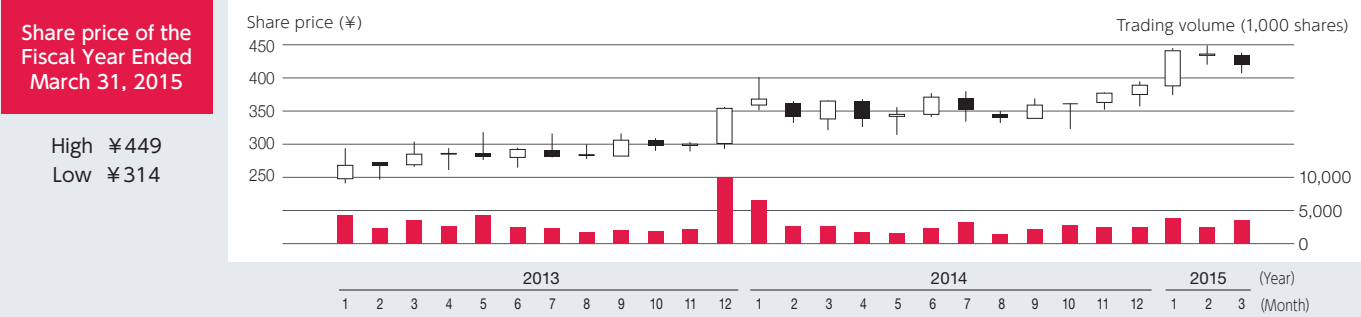
Shareholder Registry Administrator Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-8212, Japan

Information of shareholders distribution



Note: The Company's shareholding ratio (5.74%) of treasury stock is included in "Individuals and others."

Share price and trading volume trends



* Accompanying the merger of the Tokyo Stock Exchange (TSE) and the Osaka Securities Exchange (OSE), the share price and trading volume on the OSE are used up to July 12, 2013, and the share price and trading volume on the TSE are used from July 16, 2013.