

RESPONSIBLE CARE



CSR Report 2015

Corporate Social Responsibility Report

29-Jan-2016



Responsible Care Activities

Responsible Care (RC) activities are voluntary activities to implement and improve practices relating to environment, safety, and health throughout a life cycle of products; development, manufacture, distribution, use, final consumption and disposal, on the initiative of companies that handle chemical substances.

In 1985, RC activities started in Canada. The International Council of Chemical Associations (ICCA) was established in 1990. Since then, each country's chemical industrial association has promoted RC activities, depending on individual circumstances and based on common principles.

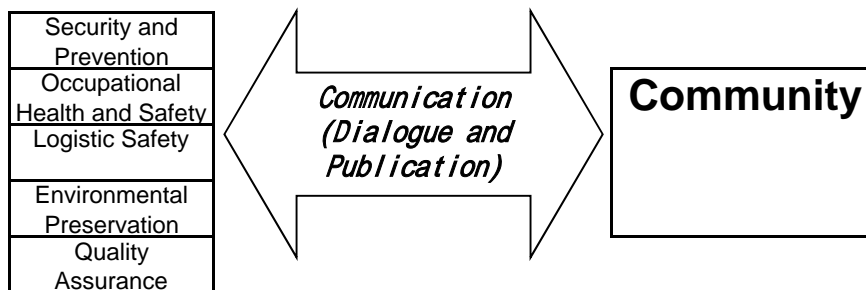
The activities have been developed in 53 countries as of October 2007. The Japan Responsible Care Council (JRCC) was founded and officially started activities in 1995.

Corporate Social Responsibility (CSR) Report 2015

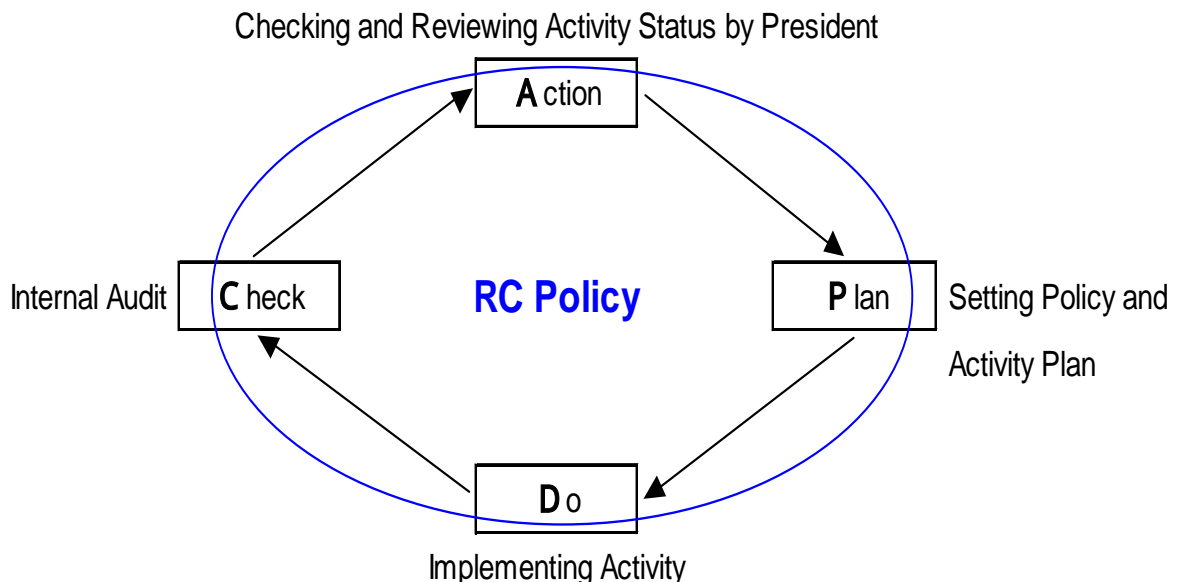
CSR report has been made annually since 2008 to enhance social communication and to announce results of our responsible activities. This is the 8th issue of the report.

Basic Responsible Care

Our RC activities are implemented in five categories as follows:



RC activities are implemented according to the PDCA cycle.

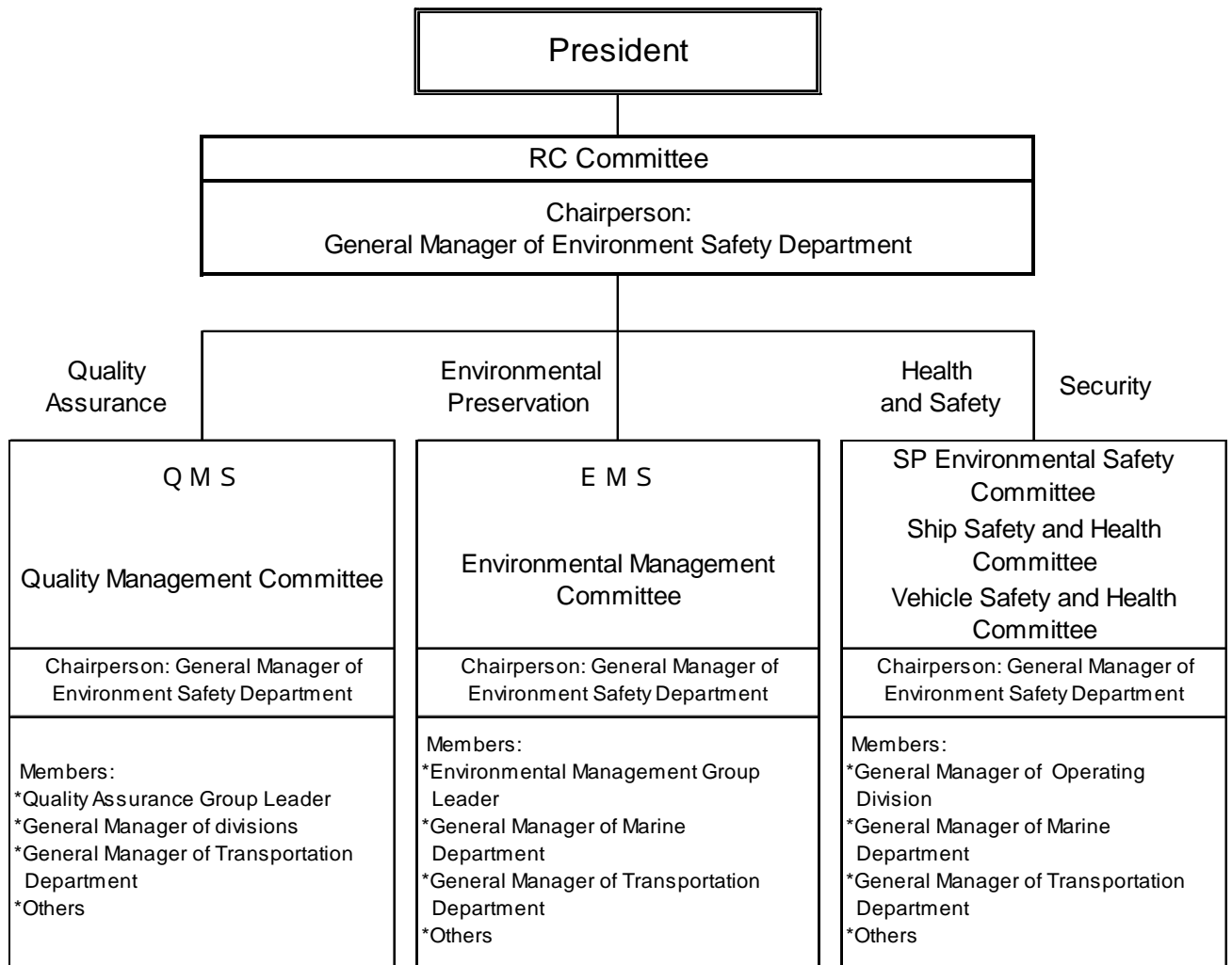


Responsible Care Policy

Our RC activities are based on the Code of Conduct and the Management Principles.

System of Responsible Care

The President established the RC Committee to promote RC activities effectively and appointed the General Manager of the Environment Safety Department as a chairperson of the Committee.



Report Period

January 1 - December 31, 2015

Report Scope

Three Divisions; Warehouse and Terminal, Marine Transportation, and Land Transportation

Contact Us

AST Inc. (Advanced Storage & Transportation)
 Environment Safety Department
 4-17-23, Kita-Horie, Nishi-ku, Osaka-shi, Osaka, JAPAN
 Tel +81 6-6538-2845

Risk and its Management in our Business Activity

AST Inc. deals mainly in petrochemical and inorganic chemical products.

Our business consists mostly of multi-modal transport in our three major business fields of 1) marine transportation by tanker; 2) storage in tank terminals, tanks, and warehouses; and 3) land transportation by truck, tanker truck, and bulk container.

Other allied fields of business activities are custom-house business and packing operations.

Business activities of logistical operations have possible general risks in the processes of transportation and storage such as fire, leakage accidents, industrial accidents, traffic accidents, and marine accidents.

We not only comply with laws and regulations, but also establish internal rules in addition to laws and regulations and administrative guidance. Sufficient safety measures towards all possible risks are taken by all employees, with strict compliance with the internal rules.

Possible Risk in Our Operations

Marine Transportation

- 1) Marine accidents as ship collisions and groundings
- 2) Theft, leakage, and fire accidents of cargo
- 3) Industrial accidents in handling cargo and other operations

Land Transportation

- 1) Traffic accidents such as vehicle collisions
- 2) Theft, leakage, and fire accidents of cargo
- 3) Industrial accidents in handling cargo and other operations

Storage

- 1) Damage of tanks and warehouses
- 2) Theft, leakage, and fire accidents of stored products
- 3) Industrial accidents in handling stored products and other operations

Products

- 1) Flammable liquids regulated as hazardous under the Fire Service Act
Risk characteristics: Flammable and explosive by static electricity and other fire source
- 2) Deleterious substances regulated under the Poisonous and Deleterious Substances Control Act
Risk characteristics: Injuries, poisoning, oxygen deficiency, and health hazard by touching, sucking, and ingesting
- 3) Organic solvent and specified chemical substances regulated under the Industrial Safety and Health Act
Risk characteristics: Injuries, poisoning, oxygen deficiency, and health hazard by touching, sucking, and ingesting

Risk Management

- 1) Full compliance with applicable laws and regulations, controls and guidance by related authorities
- 2) Establishment and full compliance with internal rules
- 3) Deviation monitoring by the Compliance Committee and Responsible Care Committee
- 4) Information-sharing by close exchange with various organizations and internally by horizontal communication
- 5) Establishment of systems in safety and health, quality assurance, and environmental management and the achievement of certifications.

Product Safety Information

All information of our product characteristics and safety measures (Safety Data Sheet(SDS) and other documentation) is available in our head office and each operating office.

Information can be provided to external interested parties upon request.
Please contact the following:

Head Office Environment Safety Department and Business Department	4-17-23, Kitahorie, Nishi-ku, Osaka	81-6-6538-2845
Tokyo Branch	12-7, Nihonbashi Koami-cho, Chuo-ku, Tokyo	81-3-3664-9440
Kizugawa Terminal	1-4-20, Hirao, Taisho-ku, Osaka	81-6-6552-2561
Chishima Terminal	1-1-7, Hirao, Taisyō-ku, Osaka	81-6-6552-8484
Kobayashi Terminal	1-1-5, Kobayashi-higashi, Taisho-ku, Osaka	81-6-6551-7850
Namihaya Terminal	1-1-15, Tsurumachi, Taisho-ku, Osaka	81-6-6554-2760
Hokko Terminal	2-4-67, Hokko, Konohana-ku, Osaka	81-6-6463-7301
Umemachi Terminal	2-5-4, Umemachi, Konohana-ku, Osaka	81-6-6468-5281
Takaishi Terminal	2-2-1, Takasago, Takaishi-shi, Osaka	81-72-268-0616
Transportation Department		
Osaka	2-4-67, Hokko, Konohana-ku, Osaka	81-6-6464-6184
Mizushima	2869, Kojima Shionasu, Kurashiki-shi, Okayama	81-86-475-0567
Marine Department		
Osaka	4-17-23, Kitahorie, Nishi-ku, Osaka	81-6-6538-2784
Tokyo	12-7, Nihonbashi Koami-cho, Chuo-ku, Tokyo	81-3-3664-9440

Complaints and Inquiries

We take all possible measures to ensure the SHEQSS (Safety and Health, Environmental management, Quality assurance, Security, and Service) with our risk management for possible risk in our operations.

Please contact the following responsible persons for complaints and inquiries:

Safety and Health and Security	Safety and Health Representative	81-6-6538-2845
Environmental Management	Environmental Management Representative	81-6-6538-2845
	Environmental Management Group Leader	81-6-6538-2845
Quality Assurance	Quality Management Representative	81-6-6538-2845
	Quality Assurance Group Leader	81-6-6538-2845
Service (Sales Operations)	General Manager of Business Department	81-6-6538-2783
		81-3-3664-9440
No.1 Terminal Group (Kizugawa, Chishima, Kobayashi, and Takaishi Terminal)	General Manager of No.1 Terminal	81-6-6552-2561
No.2 Terminal Group (Namihaya and Funamachi Terminal)	General Manager of No.2 Terminal	81-6-6554-2760
No.3 Terminal Group (Hokko and Umemachi Terminal)	General Manager of No.3 Terminal	81-6-6463-7301
Transportation Department	General Manager of Transportation Department	81-6-6464-6184
Marine Department	General Manager of Marine Department	81-6-6538-2784
General Affairs Department	General Manager of General Affairs Department	81-6-6538-2788

CSR Activity Report

Security and Prevention

<Company-wide>

In view of losses from the Great East Japan Earthquake, we prepared countermeasures during and after earthquakes as follows and this year also we went to review:

- * completed the seismic evaluation for dangerous goods facility (under the Fire Service Act)
 - * reviewed measures for earthquakes and tsunamis
 - * reviewed our BCP (Business Continuity Plan)
 - * decided to conduct tsunami evacuation drills and safety confirmation drills in a well-planned manner (once or more a year), in addition to earthquake evacuation drills.
- By introducing satellite telephone, it was performed emergency contact training (safety confirmation, etc)

<Drills for Disasters and Emergency Calls>

All of the operating offices conducted these drills at least once a month with our subcontracting companies. The Marine Department and the Transportation Department, in conjunction with our subcontracting companies, have conducted these drills at least three times a year.

Additionally, all of the operating offices have organized the Fire Defense Organization for Self-Protection. The operating offices in the Sakurajima and Hokko area and the Takaishi area regularly conducted joint training with the Cooperative Fire Prevention Association and the Public Fire Department. Our operating offices in other areas also regularly conducted

Each of the operating offices conducted drills for disaster, such as drills for self-protection to disaster, and joint drills in 2015 based on annual drill's plan.

In respect of the Marine Department, the drills for accident at sea were conducted, and in respect of the Transportation Department, the drills for fire or leakage were conducted based on annual plan for drills. In addition, some operating offices conducted drills for disasters with the people in their neighborhood.

Additionally, it performs the full cooperation to the request of the local fire departments, it implemented the provision of training location and dangerous goods facility tour for the fire brigade. We always prepare measures, just in case.

* From Our Training Record

Konohana-ku Fire Extinguishing Competition
September 26 Hokko Terminal's Self-protection Team



Taisyoku Fire Extinguishing Competition
November 12 Kidugawa Terminal's Self-protection Team. Namihaya Terminal's Self-protection Team.



The provision of fire drill's location at Hokko terminal for public fire department (Hokko terminal Join the fire drill November 20)



July 22 At Hokko Terminal
 Dangerous goods facility tour for fire department .



Joint Fire Drill at Kizugawa Terminal (with Public Fire Department) June 24



No.1 Terminal group Joint Tunami Drill at Hokko Terminal
 March 11 kidugawa,kobayasi,tisimadaiiti terminal.



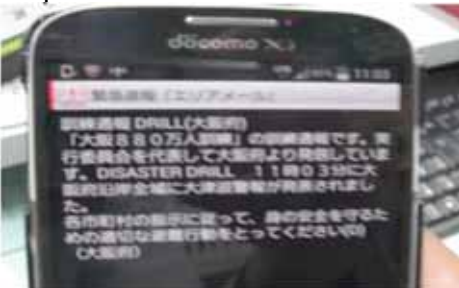
Earthquake drill (leak drill) september 4
 Chishima terminal



Earthquake drill (leak drill) september 4
 Namihaya terminal



Osaka disaster drill of 8.8 million people
 September 4



Drill for Extending the Oil Containment Boom at Hokko Terminal (with Cooperative Fire Prevention Association) October 23.



Basic Lifesaving Training at Kidugawa terminal. June 24.



Drills for Emergency Call and wearing protective equipment of Tanker Truck with Transportation Department. July 24.



Drills for Fires and Lifesaving on Tankers, Conducted by the Marine Department at ATAGO etc. March 26.



<Warehouses and Terminals>

* The renewal audit by the CDI-T (See *1) was conducted in November 2015.

(*1) Chemical Distribution Institute - Terminal

The first renewal audit by the CDI-T was conducted, because three year validity period of the audit has passed since the first audit. The previous audit was conducted with the 4th edition questionnaire.

This time, the 5th edition that was updated on January 2012, was used.

The latest edition added 69 items.

However, the number of uncleared items was 14 items less than our first audit.

The second renewal audit was conducted with the 6th edition questionnaire (the latest edition added 126 items) on November 2015, but the number of unclear items was 45 items less than the first renewal audit.

After undergoing the CDI-T audit, matching ratio was 98% which was including substitute ideas.

The third renewal audit will be scheduled in November 2018.

Date of First Audit: November 24 - 28, 2009

Auditor: JC Bae (JC Marine Services Korea)

Date of Renewal Audit: November 19 - 23, 2012

Auditor: JC Bae (JC Marine Services Korea)

Date of Second renewal Audit: November 16 - 20, 2015

Auditor: Tatsuyoshi Demizu (Tokyo Chemical Safety Operations)

Next Renewal Audit: In Middle of November 2018

Report Number: Hokko Terminal 1347 / Date of receipt 27-11-2015

Kizugawa Terminal 1348 / Date of receipt 27-11-2015

Scope of Audit: Head Office (Company-wide system)

Kizugawa Terminal

Hokko Terminal (includes part of the Osaka Transportation Department)

Result: Hokko Terminal 96.91% of CDI-T questionnaire cleared.

Kizugawa Terminal 96.33% of CDI-T questionnaire cleared.

All Items: 2,002 (Management: 925, Technical: 1,077)

Uncleared Items: Hokko Terminal 54 (Management: 7, Technical: 47)

: Kizugawa Terminal 64 (Management: 9, Technical: 55)

* CDI-T encourages an international standard, however, the half of the uncleared items comply with Japanese law. We will implement required improvements by December, 2015. If the improvements are completed, the clear rate will be expected at 97%.

Also, the improvement in compliance with auditor's requirements was completed in December, 2015, and 98% of the CDI-T questionnaire was cleared.

* A standard value of the safety management is generally to clear 60% of all items.

However, we perform further improvement to try to clear the 100%.

<For Reference> Item Numbers of First Audit: 1,807 (Management: 807, Technical: 1,000)

Uncleared items: 177 (Management: 67, Technical: 110)

Item Numbers of Renewal Audit: 1,876 (Management: 860, Technical: 1,016)

Uncleared items: 163 (Management: 68, Technical: 95)

The first and the renewal audit were results that it merges Kizugawa terminal, Hokko terminal, but this time separate result was received.

Internal Audit: From June, 2015 to November, 12 times in total, the internal voluntary audit was implemented in, and then 98% of the CDI-T questionnaire (6th) was cleared by

self-audit. The terminal (Kobayashi, Chishima, Takaisi, Namihaya, Umemachi) and Osaka land transport region and Osaka sale department and the general affairs department are excepted from inspection target, but

Next Audit: Next audit will be in November 2018, three years after the second renewal au

* We are a member of the Committee for Oil Containment and Control in Osaka Bay and the Harima Sea.

We cooperate in the prevention of marine pollution in compliance with relevant acts.

Members: Kizugawa Terminal	Hokko Terminal
Chishima Terminal	Umemachi Terminal
Kobayashi Terminal	Takaishi Terminal
Namihaya Terminal	

* On-site inspection using the Shipboard Oil Pollution Emergency Plan by the Kinki Regional Development Bureau of the MLIT, started at the Kizugawa Terminal in March 2011. Full preparation for emergency response is confirmed.

MLIT: Ministry of Land, Infrastructure, Transport and Tourism

* Our terminals that many ocean-going vessels use are 1) designated as international ships and harbor facilities in compliance with the ISPS Code ratified by SOLAS and 2) approved as ISPS-compliant port facilities.

SOLAS: International Convention for the Safety of Life at Sea

ISPS Code: International Ship and Port Facility Security Code

Scope: Hokko Terminal's Jetties; Q-4B,Q-2

Takaishi Terminal (Takaishi Chemical Inc.'s Jetty)

* Regular on-site inspection of the international mooring facilities was implemented in the Takaishi and Hokko Terminal by the Kinki District Transport Bureau, MLIT. As a result, full security is confirmed.

* ISGOTT-compliant Ship and Shore Safety Check List (See *2)

(*2) ISGOTT = International Safety Guide for Oil Tankers and Terminals

In the ISGOTT, a checklist for discussion and agreement between terminals and vessels for loading operations is provided.

In our terminal, we ensure safety in loading operations by use of the 1) Ship and Shore Safety Check List (since July 2010); and 2) Safety Notes (since September 2011.) The Ship and Shore Safety Check List complies with all ISGOTT requirements and our conventional requirements to meet international standards and enhance ship-to shore communication. The Safety Notes are to promote safety and effective operations equally between terminals and vessels.

* We join various safety and security organizations and contribute to neighborhood safety.

* Improvement of Terminal Safety by Using KPI (Key Performance Indicator)

We use the KPI to 1) assess important facilities and equipment, and 2) judge sustainability and necessity. It helps 1) early identification of trouble, and 2) prevention of accidents and troubles caused by aged deterioration and obsolescence. We have used KPI since 2013.

* Around-the-clock security cameras are installed in combination with manned security systems in most operating offices and a garage of the Land Transportation Office.

Installed in: 7 Offices, 12 Points

Details: In the Hokko Terminal

- around-the-clock surveillance and audio warning as necessary
- accessible at supervisor's desk and home via the internet
- around-the-clock recording on host computers.

* In respect of security, we changed the security system from our company's security to a professional security company in 2013 to improve security quality.

<Marine Transportation Division>

* We are in compliance with the Safety Management Code of the Ministry of Land, Infrastructure, Transport and Tourism.

Information on our Safety Management Code is as below.

Establishment Date: October 1, 2006

Commencement Date: December 20, 2006

(Notification to the Kinki District Transport Bureau)

Administrative Audit: August 7, 2007

(Transportation Safety Assessment by the Kinki District Transport Bureau)

Internal Audit: December 3, 2015

(Compliance with the Safety Management Code was confirmed.)

* We join various safety and security organizations and contribute to marine safety.

<Land Transportation Division>

* We obtained approval for G-Mark in December 2005. G-Mark is given to safe and exemplary companies from the Japan Trucking Association.

Validity Period: January 1, 2015 - December 31, 2019 (4 years)

Evaluation Item: I. Compliance with Laws and Regulations of Safety

II. Violation and Accident

III. Active Approach to Safety

* We join various safety and security organizations and contribute to neighborhood safety.

Industrial Safety and Health

* We have a Safety and Health Committee at each terminal to promote occupational safety and health

* The following internal audits are conducted to improve industrial safety and health.

Terminals:

- SP Safety Audit (13 Divisions in 11 Operating Offices, September 10 - October 26, 2015)
Audit Exception: 49 Items (Completed 49, Uncompleted 0)

Land Transportation Division:

- SHEQS Audit (12 Operating Offices in 11 Companies, June 9 - November 13, 2015)
Audit Exception: 28 Items (Completed 28, Uncompleted 0)

Marine Transportation Division:

- Internal Audit under the Safety Management Code on December 18, 2014.
Audit Exception: 0 Item
Audit Proposition: 0 Items
- Visiting Activity: 252 visits to vessels of which there are 15.
One ship average 17times. Monthly average 21times.

* Annual general health checkups and biannual special health examinations are conducted to maintain employees' good health.

* Determination of Workability

Since December 2006, all employees and our subcontracting companies' sailors and drivers have taken breath alcohol tests and physical condition checks to determine whether they can work every day.

Highly-efficient alcohol checkers: test results with photos saved on PC have been used since December 2008 in the Kizugawa Terminal, Hokko Terminal, and Osaka Land Transportation Department.

Alcohol checker in the Land Transportation Department has a certification system which checks if the driver has his/her properly-renewed driver's license with him/her.

At the Hokko terminal and the Transportation Department (including our subcontracting companies), the drug tests were conducted by a third-party institution at the request of one of the cargo owners.

None of our employees or subcontracting companies' sailors and drivers failed these tests and checks in 2015.

* On April 1, 2011 the Safety Rules of the Act on Service of Cargo Transportation by Automobile were revised, making it obligatory to implement alcohol testing when drivers leave and return to the office. Since April 2010, we had installed this system prior to the legal reform.

Tests are required for: The head of the operating office or the manager, operators, and drivers of tanker trucks

Frequency: Upon first being hired, and once or twice a year

Methodology: Analyzing a urine sample

Safety Transportation

* All company-wide incidents and near-misses are compiled and analyzed monthly and yearly, and fed back to employees.

* S&E Circulars, which relay information on Safety, Health, and Environment are released by horizontal communication both throughout our company and subcontracting companies to give warnings and prevent future accidents.

Released in 2015, were 30 S&E Circulars, 2 summaries of law revisions, and 21 reports of accidents caused in other companies.

* Encouraging Employees to Acquire Licenses

As a distribution company handling dangerous goods, we actively encourages our employees to get national qualifications. In 2015, 110 out of 124 employees (89%) got qualifications concerning the Fire Service Act, Poisonous and Deleterious Substances Control Act, or Industrial Safety and Health Act.

<Warehouses and Terminals>

* The SP Environment Safety Committee meeting is held four times a year.
SP; Stock Point (Distribution Point)

Annual safety activities plan for next year is approved at the end of the previous year, and it is implemented according to the PDCA cycle.

Activity status and results are verified in regular meetings and with internal audits.

Committee Meeting: Four Times (March 6, June 9, September 15, December 18, 2015)

Agendas

- Annual Education and Training Plan for Security and Training Achievement Status
- Report of Huge or Significant Accidents, Near-misses, and Verification of Preventive Measures
- Horizontal Communication to Prevent Future Accidents and Problems
- Training According to Legal Amendment
- Training According to Accidents and Problems, Safety, and Company Regulations
- Report of Audit's Results and Improvement Status
- Response to Instructions from the President
- Reporting Status to Public Administration.

* Construction to size up the south jetty at Hokko Terminal was completed in December 2013.

Maximum berthing ability as specifically for dangerous material: from 1,800 D/W t to 6,842 D/W t

<Marine Transportation Division>

* The Ship Safety and Health Conference is held three times a year.

Annual safety activities plan for next year is approved at the end of the previous year, and it is implemented according to the PDCA cycle.

Activity status and results are verified in regular meetings and with internal audits.

Convention: Annually (January 30, 2015)

Regular Conference: Semiannually (June 19 and October 30, 2015)

Agendas

- Annual Promotion Plan for Safety and Health and Promotion Status
- Recognition for Accident-free Results
- Training According to Accidents and Problems, Safety, and Company Regulations

- Information and Demands from Terminals
- Opinions and Demands from Ship Owners
- Safety Management Code, Safe Navigation, Workability Determination, and Visiting Vessel Activities.

<Land Transportation Division>

* The Vehicle Safety and Health Conference is held 3 times a year.

Annual safety activities plan for next year is approved at the end of the previous year, and it is implemented according to the PDCA cycle.

Activity status and results are verified in regular meetings and with internal audits.

Convention: Annually (February 7, 2015)

Regular conference: Semiannually

Osaka (July 10 and November 27, 2015)

Mizushima (June 26 and November 13, 2015)

Agendas

- Annual Activity Plan for Safety and Health and Activity Status
- Training According to Accidents and Problems, Safety, and Company Regulations
- Information and Demands from Terminals
- Opinions and Demands from subcontracting Companies
- Information-sharing According to Safety and Health.

* Digital tachographs and event data recorders are installed on all heavy vehicles.

<Compilation of Incidents and Near-misses>

The Environment Safety Department compiles reports of incidents and near-misses which occurred in all divisions.

- Each division and office reports details of incidents and corrective actions to the Environment Safety Department every Monday.

- The Environment Safety Department compiles the reports and gives feedback to all employees monthly and annually.

Even for small incidents or near-misses, the Environment Safety Department takes actions to prevent large accidents if possible.

Environment Preservation

* We are certified according to ISO 14001(JIS Q 14001: 2004.)

Organization: Japan Chemical Quality Assurance LTD. (JCQA)

Date: November 25, 2008

Certificate Number: JCQA-E-0844

Scope: Business Department and Environment Safety Department
in Head Office

Kizugawa Terminal in the No.1 Terminal Group

Namihaya Terminal in the No.2 Terminal Group

Hokko and Umemachi Terminals in the No.3 Terminal Group

Osaka Land Transportation Department

External Audits: Renewal audit and surveillance were completed on October 15
and 16, 2015.

After audit, approval to manage was granted by the Register
Committee of Registered Probation Organization.

In 2015, we had the following environmental objectives, and achieved these objectives and
environmental goals:

3-years-plan: January 2014 - December 2016

1. Waste reduction
2. Promotion of Zero-Emission (recycle of waste)
3. Prevention of environment pollution by our operations.

In 2015, we set these above objectives and act for them as second year of 3-years-plan.

* Prevention of Marine Pollution

Marine: Our chemical tankers have an outsourcing contract with the Maritime
Disaster Prevention Center for oil pollution prevention.

Land: The operating offices which have jetties and wharfs are members of the
Committee for Oil Prevention and Oil Containment and Control in Osaka Bay
and the Harima Sea. This Committee is a mutual aid organization
established for an emergency. We have oil-spill equipment, actively
participate in workshops and tabletop exercises, and shared the contents
internally by horizontal communication.

The General Manager of the Environment Safety Department has been
designated the director of the Committee for Oil Containment and Control in
Osaka Bay and the Harima Sea since this Committee was established, and
also has been designated the director of newly established executive
committee since 2014.

* We have an intermediate treatment facility of washing water at the Umemachi Terminal.

In this facility we can separate washing water into water and oil. This washing water has
been used for

- 1) cleaning oils - complying with the Ministry of Land, Infrastructure, Transport and
Tourism; and
- 2) cleaning toxic substances under the Marine Pollution Prevention Act. We accept not only
our own ships, but also ships from other companies. This is one of the few facilities in Osaka

We reduce environmental load by treating washing water from tankers appropriately at the Umemachi Terminal in compliance with the applicable law.

* We have a cleaning station for tank trucks and ISO containers in the Hokko Terminal.

We conduct washing operations for harmful substances without affecting the environment by completely recovering Volatile Organic Compound (VOC), waste water, and washing water, and disposing them.

* We have a power-supply facility for moored ships in the Kizugawa Terminal.

By having this facility, ship engines, both main and auxiliary, can be stopped, and CO₂ and noise are reduced. This results in good ambient working conditions on and off the ships.

* We have digital tachographs and Event Date Recorders (EDR) on all tanker trucks in the Transportation Department.

Digital tachographs show numerical results, and EDRs record the driving situation visually. These support the management of safe driving, specifically and appropriately, as well as improving fuel efficiency, and reducing CO₂.

* Tanks and warehouses for chemical products in each terminal are gradually being painted with heat insulation that blocks 97% of solar heat.

By reducing temperature changes in tanks, chemical volatilization and tank ventilation are controlled, and VOC emissions are reduced. Concurrent use of atmospheric valves and heat insulation is equally effective with air abatement equipment.

Heat insulation paint reduces temperature rise in warehouses. In the case of low-temperature warehouses, refrigeration efficiency and power consumption are improved.

Current Status

Hokko Terminal: 39 tanks (28,250 kl) and 3 warehouses (1,716 m²)

Kizugawa Terminal: 9 tanks (5,020 kl)

Namihaya Terminal: 10 tanks (4,267 kl) and 1 warehouse (98 m²)

Umemachi Terminal: 4 tanks (2,068 kl)

Takaishi Terminal: 2 tank (1,900 kl)

Kobayashi Terminal: 1 tank (650 kl)

* An electric-propulsion chemical tanker, "Atago" (498 GT), which can reduce its CO₂ emissions due to decrease in fuel consumption has been in service since March 2013.

* All windows in the head office and major offices are insulated windows for maximum cooling and heating efficiency. This allows for less operation time and higher preset temperature of air-conditioners, and the power consumption will be reduced.

* Promoting LED Lighting

Head office: The amount of electric consumption at head office was shrunk by 35% as compared with 2010.

Operating offices: Approximately 98% of lighting in the operating offices was replaced with LED bulbs (as of December, 2015).

* The amount of electric consumption at operating offices was shrunk by 10 to 30% as compared with 2011. In September 2014, all of the mercury-vapor lamps and the other lamps were replaced with LED bulbs.

Following installation in the Hokko terminal in September 2014, all of the mercury-vapor lamps and the other lamps in Kizugawa terminal has been replaced with LED bulbs in July 2015.

* Since the electric consumption of LED bulbs is one-fourth as compared with mercury vapor lamps, we expect a huge energy saving. Also, we continue to promote the change to LED bulbs from the mercury-vapor lamps.

* Promoting Energy-efficient Air-conditioners

Head office: 1) All of the old air-conditioners have been replaced with energy-efficient ones since June 2011.

2) All air-conditioner outdoor units were painted with heat insulation in 2012. (20% of electricity consumption will be cut.)

3) LED lighting and painting heat insulation on electric power receiving facilities can cut about 35% of electricity consumption.

Operating offices: 1) 95% of old air-conditioners were replaced with energy-efficient ones.

2) 80% of air-conditioner outdoor units were painted with heat insulation.

We continue to promote the renewal of air-conditioners and painting of air-conditioner outdoor units with heat insulation.

* We replaced engine forklifts with battery forklifts which are environmentally effective, however, we keep 30% of the engine forklifts in the event of power loss from earthquakes and other causes, as stated in our BCP (Business Continuity Plan.)

Quality Assurance

* We are certified according to ISO 9001-2008 (JIS Q 9001: 2008.)

Organization: Japan Chemical Quality Assurance LTD. (JCQA)

Date: April 6, 1998

Certificate Number: JCQA-0324

Scope: Business Department, Environment Safety Department, and
*Operation Section of Marine Department in Head office

Business Department and *Operation Section of Tokyo Business
Department

Kizugawa, Kobayashi, Chishima, and Takaishi Terminals (in scope
in 2013) in the No.1 Terminal Group

Namihaya and *Funamachi Terminals in the No.2 Terminal Group

Hokko and Umemachi Terminals in the No.3 Terminal Group

Osaka Land Transportation Department

Transportation Section and Pier Operation Section in the
Mizushima Branch

*Hachinohe Office and *Chiba Office

(* ISO Mutatis-mutandis Application)

External Audits: Renewal audits and surveillances were completed on March 12
and 13 2015.

After the audit, it got approved that we manage appropriately by the Register Committee of
Probation Organization.

In 2015, we aim to and take action to these following objectives.

1. Reduce transportation accidents * set the accident rate at each operating offices
2. Improve transportation quantity
* set the detailed objectives at each operating offices
3. Improve and maintain 5S
* set the detailed objectives at each operating offices
4. Enhance improvement and prevention
* set the detailed objectives at each operating offices

* Marine Department

Six ocean-going vessels are certified under the International Safety Management Code (ISM.)

Six ocean-going vessels are certified under the Chemical Distribution Institute Marine (CDI-M.)

The Operation Section of the Marine Department is certified according to ISO 9001.

* Business Continuity Plan (BCP)

We started BCP operations to secure ongoing business operations and systematic, rapid
recovery in times of large-scale disasters such as pandemic, earthquake, tsunami, and
typhoon.

The effect of these was shown in emergency contacts and safety confirmations at the time
of the Great East Japan Earthquake, in March 2011.

In December 2013, we placed satellite phones at principal operating offices to improve the
connection quality and the quality of safety confirmation when a huge disaster, such as an
earthquake or a tsunami, happens.

Communication with Customers and External Interested Party

* Awards from Government Agencies, Industry Groups, and Customers in 2012

- Feb. 27 Our own vessel "Ikoma" received an award for excellence from a chemical company due to its perfect safety record and steady operations.
- Mar. 10 The Kizugawa Terminal received a commendation from Osaka Municipal Fire Department for having contributed to aggressive Enlightenment of first aid .
- Apr. 22 Our own vessel "Ikoma" received an award for Safety excellence ship from a chemical company due to its perfect safety record.
- May.18 The managers of the Osaka sale department and the deputy manager of the Hokko terminal received commendations for their long service from the Osaka Industrial Chemical
- May. 19 The deputy manager of the Hokko Terminal received a commendation from Osaka city Konohana Fire Department for achievement in fire-fighting operations.
- May. 26 Our own vessel " No. 15 Kyokuho-Maru " received an award for engaging in offshore cargo handling without accident.
- May. 29 The Hokko Terminal received a safety award from a chemical company due to its perfect safety record.
- May. 29 Our own vessel "Ikoma" received a safety award from a chemical company due to its perfect safety record.
- Jun. 24 The Hokko Terminal received a safety award from a chemical company due to its perfect safety record.
- Oct. 26 The Hokko Terminal received a safety award from a chemical company due to its perfect safety record and the high score in the safety inspections.
- Nov. 19 The Kizugawa terminal received award from Oosaka City Taisyo fire Department for having won the third position in the Fire Extinguishing Competition.

* Customer Satisfaction Survey

Since the end of 2010, customer satisfaction surveys have been conducted to improve communication with customers and external interested parties. This is a key element of both ISO 9001 and ISO 14001.

The survey was conducted in December 2015, and we received various opinions, requests and compliments.

The survey results are compiled and analyzed in head office and fed back to terminals.

* Stakeholder Cooperation

From logistics quality improvement and safe working compliance point of view, We have cooperated with shooting of a DVD in our terminal by the third party test agency Used to education of safe working procedure because of their request. They and our company learned basic working procedure for making an effort to prevent accident by using it. July 7. Hokko terminal.



Environment and Safety Investment

We have devoted necessary management resources to RC activities.

The main investment in equipment related to environment and safety in 2015 is stated in the chapter of the Safety Transportation and the Environment Preservation.

Compliance

In 2006, the Compliance with the General Principles was established.

In 2007, bans on driving under the influence of alcohol, drugs and other risks were added.

In 2008, RC activities were stated in writing.

At the end of 2010, the Alcohol & Drug Policy was set, and it has been in effect from January 2011.

The Compliance with the General Principles

Annexed Documents

- * Management Principles
- * AST Group's Code of Conduct
- * AST Group's Approach to Safety and Health
- * AST Group's Approach to Environment
- * Responsible Care Activities
- * Alcohol & Drug Policy
- * Safety, Quality, and Environmental Management Organization Chart

AST Inc. strives to conduct business in compliance with our philosophy and principles. As a result, our company has not received any instructions, commands, or punishments from any bureau. Also, our employees have never been arrested or investigated by the police, received any complaints that they were acting against the public order and morality from the stakeholders or neighborhood, or been sued by the stakeholders or neighborhood.

Management Principle (Business Philosophy and Network Construction)

Business Philosophy

Safety, Speed and Sincerity are our fundamental commitment upon which we expand our leading transportation business globally.

Since the foundation of our Company in 1934, we have been developing ourselves into the most comprehensive transportation company with the motto of "Safety, Speed, and Sincerity."

In order to cope with a further innovation in an "Advanced Storage and Transportation" in our business, we have re-launched our Company, Kinki Transportation & Warehouse Co., Ltd., under a new name on August 1st, 2005.

To take advantage of our 70 years accumulated business assets, know-how, and technical expertise, we firmly seek the future of our customers needs, and develop and offer to the customers an advanced

We will continue to serve our three major business fields in marine transport, storage, and land transport, and will extend our service into a more consolidated distribution and a more globalized transportation, which are surely the demand of our customers in future.

Network Construction

Using our nation-wide framework as information satellites we promote our ability to provide consulting services

Using our nation-wide framework we are actively promoting our business and consulting services.

Leading edge techniques and skills have been adopted by making our time developed distribution know-how available.

As professionals in an advanced storage and transportation industry, we plan to offer to our customers to meet their every need in distribution systems in future, from quality control, safety, and efficient transport to cost saving measures.

AST Group's Code of Conduct

AST Group's board members and employees (hereinafter referred to as we) comply with all laws and regulations faithfully with an awareness of corporate social responsibility and mission. And we firmly act with corporate ethics and public decency as people engaged in the industry.

1. Compliance with laws and regulations

As well as complying with the laws and regulations of both domestic and overseas, we respect for social norms and strive to conform our business activities to normal business practices and social ethics.

2. Management of information

We will use any internal/external information which may come to our knowledge in the course of business for business purposes only and strictly maintain it to prevent leakage.

3. Health and safety of the employees

We ensure the health and safety of our employees in the workplace and establish a comfortable work environment.

4. Respect for human rights and characters

We respect for individuals' human rights and characters.

5. Relationship with politics and the administration of government

We maintain a transparent and healthy relationship with politics and the administration of government.

6. Coping with antisocial forces and organization

We do not have any relationship with antisocial forces and organization which might pose a threat to the social order and healthy business activities.

7. Living together with local communities

We recognize the importance of the communication with local community, and establish a good relationship.

We are aiming to live together with local communities by cooperating for its development and activities to contribute to the safe and comfortable life.

8. Environment protection

We recognize the importance of environmental issues, and strive for an effective use of resources and environmental protection through the business activities.

AST Group's Approach to Safety and Health

Safety and Health Ideal

Safety is the foundation of business activities. AST group complies with the relevant laws and regulations, and places the highest priority on safety and health of the public and our company in business activities.

We create a workplace environment that allows our employees to work with peace of mind and stay coordinated with local communities through the business activities which mission is to ensure the safety. We maintain social responsibility as a reliable member of the community.

Safety and Health Policy

1. We give the highest priority to safety.
2. We promote the health control of our employees to maintain a healthy body and mind.
3. We secure the safety with the slogan, "Maintaining the state of no work accidents and injuries in accordance with the rules and fundamentals".

Safety and Health Objective

1. No absence due to work accidents
2. General health checkups: Once a year, All employees
3. Special health checkup: Twice a year, All subject employees
4. Maintaining the state of no work accidents and injuries

Establishment of security system

1. Our terminals' premises are surrounded by the structure that can prevent invasion by outsiders from outside and the important facilities/equipment are protected against invasion and theft with lockup and guard.
2. The security cameras are installed to monitor around the clock in the terminals that have and handle dangerous goods.
3. The security guards are deployed to monitor around the clock in the terminals that have and handle dangerous goods.
4. The security guards are limited to the employees directly employed by AST Inc. or the staffs of the reliable security company signed a contract with us.
 - 1) We provide education and training required for security to the guards directly employed by AST Inc.
 - 2) The security company provides education and training required for security to the staffs of the security company under the supervision of AST Inc.
 - 3) The education on "Compliance with the General Principles" stipulating the prohibited matter for the employees is included in education and training required for security.
 - 4) If intake of alcohol or drugs is suspected on duty, alcohol/drugs testing are conducted.
5. The guards should be engaged in the development of objectives and plans for security.

AST Group's Approach to Environment

Environmental Ideal

The global environment protection is high-priority issue for everyone around the world. AST group complies with the environmental laws and regulations, and promotes the business activities with environmental consideration.

We work together for mutual understanding and benefit with local communities through the business activities with harmony between people and environments. We maintain social responsibility as a reliable member of the community.

Environmental Policy

1. The environment protection is our mission.
2. We assure continuous improvement of environmental impact in the business activities, and actively promote the following action to prevent of global warming and environmental pollution.

(1) Prevention of Environmental Pollution

a) Warehouse/ Terminal

The control equipments for air emissions are actively installed to reduce gas emissions from tanks.

The drainage equipments which comply with effluent regulations are installed to prevent sewage contamination.

b) Land Transportation

The low-emission vehicles are actively installed and the vehicles which comply with the new regulations are replaced to reduce gas emissions from vehicles.

c) Marine Transportation

The low sulfur fuel is used and the vessels which comply with the new regulations are replaced to reduce gas emissions from vessels.

We actively promote waste treatment on land to reduce disposal from vessels to the oceans.

(2) Prevention of Global Warming

a) Promotion of eco-driving

b) Promotion of energy saving

c) Promotion of modal shift

(3) Waste Reduction and Proper Disposal

3. We raise our employees' awareness of environmental problems, and make an active contribution to environment protection.

Environmental Objective

1. Reduction in gas emission from tanks
2. Discharging of wastewater from terminals based on the effluent regulations
3. Use of high quality fuels and reduction in the consumption and gas emission due to safe driving.
4. All waste from vessels is collected and treated on land.
5. Introduction of the Cool and Warm Biz campaign as a means to help reduce electric consumption.
6. Proposition of modal shift to the customers
7. Separation of waste and recycling of paper and iron scraps
8. The planned education on environment is provided to our employees to raise their awareness.

Responsible Care Activities

Responsible Care (RC) activities are voluntary activities to implement and improve practices relating to environment, safety, and health throughout a life cycle of products; development, manufacture, distribution, use, final consumption and disposal, on the initiative of companies that handle chemical substances.

In 1985, RC activities started in Canada. The International Council of Chemical Associations (ICCA) was established in 1990. Since then, each country's chemical industrial association has promoted RC activities, depending on individual circumstances and based on common principles.

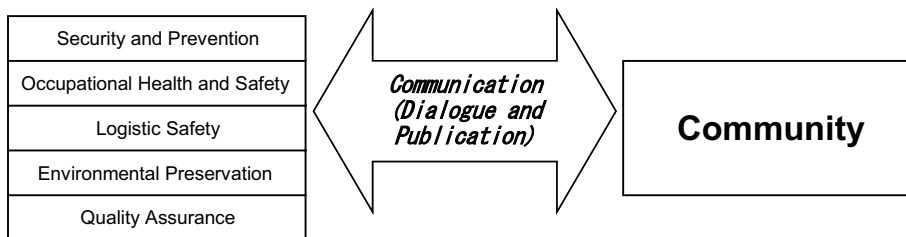
The activities have been developed in 53 countries as of October 2007. The Japan Responsible Care Council (JRCC) was founded and officially started activities in 1995.

Corporate Social Responsibility (CSR) Report

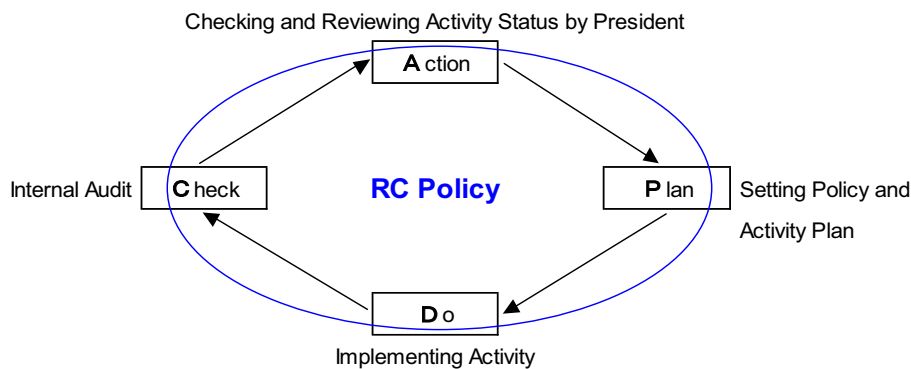
CSR report of three divisions (Warehouse and Terminal, Marine Transportation, and Land Transportation) is made and released annually to enhance social communication and to announce results of our responsible activities.

Basic Responsible Care

Our RC activities are implemented in 5 categories as follows:



RC activities are implemented according to the PDCA cycle.



Policy of Responsible Care

Our RC activities are based on the Code of Conduct and the Management Principles.

System of Responsible Care

The RC Committee is internally established to promote RC activities effectively.

Alcohol & Drug Policy

Acts in violation of internal rules and policies and laws and regulations in their own is defined in Article 5 (Prohibited Matter for the Employees) - (1) in our "Compliance with the General Principles", and the details of the Article 10 (Compliance Monitoring) on "Alcohol and Drugs" which is especially disruptive and may affect their operations directly are stipulated as follows:

1. Prohibited acts concerning alcohol and drugs

All employees should not act as below;

- 1) Driving of vehicles, navigating of vessels and monitoring sailing conditions after drinking/ under the influence of alcohol.
- 2) Performing work duties after drinking/ under the influence of alcohol.
- 3) Dealing, possession and consumption of illicit drugs; such as hallucinogens, stimulants, opiates, marijuana, thinner, etc.
- 4) Dealing, possession and consumption of drugs which have limited use by laws and regulations for purpose other than the original intent, and dealing, possession and consumption of any other disruptive drugs
- 5) Using of prescriptions and therapeutic drugs for purpose other than the original intent
- 6) Driving of vehicles, navigating of vessels and monitoring sailing conditions while taking medicinal drugs with sleep-inducing or hallucinogenic properties.
- 7) Operation of cargo-transporting equipment and fieldwork while taking medicinal drugs with sleep-inducing or hallucinogenic properties.
- 8) Obstructing of alcohol and drug testing
 - a) Proxy test-taking
 - b) Replacement of the sample for testing and adding a foreign substance into it
 - c) Unreasonable refusal of the testing

2. Compliance monitoring for the prohibited acts

- 1) The company may conduct the following test to constantly monitor to make sure that the items 1), 2), 6) and 7) in the preceding paragraph are being complied with. The employees and the members of business partners shall give consent for the testing to prove that they comply with these items.
 - a) Test items and criteria
 - (1) Check for availability of operation before work
 - 1) Physical condition
"Best criteria": No health problems, and no sleep-inducing or hallucinogenic symptom
 - 2) Breath alcohol test
"Best criteria": Zero value of measurement
 - (2) Breath alcohol test for professional vehicle drivers after returning to the offices
"Best criteria": Zero value of measurement
 - b) Examinees
 - (1) The employees and the members of business partners engaged in driving of vehicles, navigating of vessels, operation of cargo-handling equipment and fieldwork
 - (2) The employees engaged in office work required by the director/ terminal manager

c) Examiners and records

- (1) Managers of the operations section or the environment safety section in each terminals, managers of the transportation department and the captain or chief officers of the marine department
- (2) Only if the director/ terminal manager requires, the employees should take each test by themselves, and their managers should confirm immediately after the tests are completed.
- (3) The examiners should record the test results on the designated form.

d) Examination period

- (1) All working days
- (2) When the influence of alcohol or drugs is suspected as the cause of an accident or abnormal behavior

e) Availability of operation and penalties

(1) Availability of operation

1) Available: To meet all of the conditions before or during work as follows;

- i) The stipulated tests are completed before or during work.
- ii) All test results meet "Best criteria".

2) Not available: To meet any of the following conditions, and if so, working on the day is prohibited.

- i) The employees who neglect or refuse the tests
- ii) Either test result is not "Best criteria".

However, if results of retesting are "Best criteria" and the director/ terminal manager determines that the failure of "Best Criteria" in the previous test was caused by mechanical error or a trivial reason that does not affect the safety directly(*1), the employee is allowed to work from that point on.

(*1) A trivial reason that does not affect the safety directly;

*Poor physical condition that does not affect operations, but uninfluenced by medicines

*Alcohol response from other than alcohol in the mouth

(2) Penalties

1) The company should take measures regarding the employee who violates prohibited acts concerning alcohol and drugs in accordance with the company rules.

2) If a serious consequence has occurred in the light of the public order and morals especially, chapter 10 (disciplinary action) in the company rules will be enforced.

2) The company may conduct the following test when the external interested parties (hereinafter referred to as the "customers") require that alcohol and drug testing be implemented by the third party organization. However, written consent of the employee or the business partner and its member is required to implement these testings.

a) Requirements for testing

(1) When the customers require alcohol and drug testing, and the company understand the necessity and agrees.

(2) The testing cost shall be borne by the customers.

(3) The company considers the customer's stipulation to determine the examinee.

(4) The total number of the examinees and examiners, and the testing cost should be reported to and approved by customers.

b) Test items and criteria

(1) Urine testing for alcohol detection

"Best criteria": Negative test result

(2) Urine testing for drug detection

"Best criteria": Negative test result

Object	Method	Allowable Value (ng/ml)
Amphetamine	Screening Test	1,000
Cocaine	Screening Test	300
Marijuana	Screening Test	50
Opium	Screening Test	2,000
Phencyclidine	Screening Test	25

c) Examinees

- (1) The director/ the terminal manager, managers of the environment safety section, managers of operation section, and the general manager and manager of the transportation department in the terminal who handle products of the customers requiring the testing.
- (2) The employees and the members of business partners engaged in driving of vehicles, navigating of vessels, operation of cargo-handling equipment and fieldwork who handle products of the customers requiring the testing.
- (3) The examinees who took completely the check for availability of operation before work and have got the normal test result over the past year are exempted from the urine testing for alcohol detection.

d) Examiners and records

- (1) The third party organization designated/ suggested by the customer and agreed by the company
- (2) The third party organization determined by the company in the absence of a designation/ suggestion by the customer
- (3) Managers of the operation section or the environment safety section in each terminal and managers of the transportation department should receive and record the test results from the examiners.

e) Examination period

- (1) From one month to one day before the employee is in charge of the subject operation.
- (2) From one month to one day before two years passes since the previous testing when the employee keeps being in charge of the subject operation.
- (3) From one month to one day before two years passes since the previous testing when the employee is in charge of the subject operation again.
- (4) Within two years since this policy is established when the testing is agreed between customers and us in particular.
- (5) When the influence of alcohol or drugs is suspected as the causes of an accident or abnormal behavior
- (6) An unannounced testing shall not be implemented from a human-rights perspective.

f) Availability of operation, retesting and penalties

(1) Availability of operation

- 1) Available: To meet all of the conditions before work as follows;
 - i) The tests are completed within the stipulated period.
 - ii) All test results meet "Best criteria".

⊞) Not available: To meet any of the following conditions, and if so, working on the day is prohibited.

i) The employees who neglect or refuse the tests

ii) Either test result is not "Best criteria".

However, if results of retesting are "Best criteria" and the director/ terminal manager determines that the failure of "Best Criteria" in the previous test was caused by mechanical error or a trivial reason that does not affect the safety directly(*1), the employee is allowed to work from that point on.

(*2) A trivial reason that does not affect the safety directly;

*Positive test result from the effect of medicinal drugs taken properly

*Positive test result from the effect of poor physical condition, and detection of tiny amount of alcohol

(2) Retesting

1) When the examinee himself makes objection with rational reasons

⊞) When the company gets suspicious about the test results

⋈) When the company considers the retesting is necessary.

(3) Penalties

1) The company should take measures regarding the employee who violates prohibited acts concerning alcohol and drugs in accordance with the company rules.

⊞) If a serious consequence has occurred in the light of the public order and morals especially, chapter 10 (disciplinary action) in the company rules will be enforced.

3. Storage, management of the test results and report to the customers

1) Storage, management of the test results

Managers of the operation section or the environment safety section, managers of the transportation department and the captain or chief officers of the marine department should store and manage the test results as personal information.

2) Report the test results to the customers

a) When the test results are reported to the customers, personal information such as individual name must not be disclosed.

b) The following test results are reported to the customers.

(1) The total number of examinees who are taking tests.

(2) The number of examinees who took tests.

(3) The number of examinees whose test results are negative.

(3) The number of examinees whose test results are positive.

(5) Testing organization, Cost, Date

date of establishment: 5th Jan 2011

date of revision: -

AST Inc.