

RESPONSIBLE CARE



CSR Report 2018

Corporate Social Responsibility Report

06-Mar-2019



Year 2019 has come. We had a lot of disasters and damaged last year.
 We would like to express our sincerest sympathies for all suffers and their families. We pray that their souls may rest in peace and cordially hope that affected regions will recover completely from the damage as soon as possible.

AST INC.
 President Akira Ishibashi
 All employees and all groups

Responsible Care Activities

Responsible Care Activities are voluntary activities for the companies which handle chemical substances to implement and improve activities relating to environment, safety and health throughout a lifecycle of products. (development, manufacture, distribution, use, final consumption and disposal)

RC activities were born in Canada in 1985. Since The International Council of Chemical Association (ICCA) was established in 1990, each country's chemical industrial association has started to promote RC activities depending on individual circumstances and based on common principles, and this activity has expanded to 53 countries as of October, 2007.

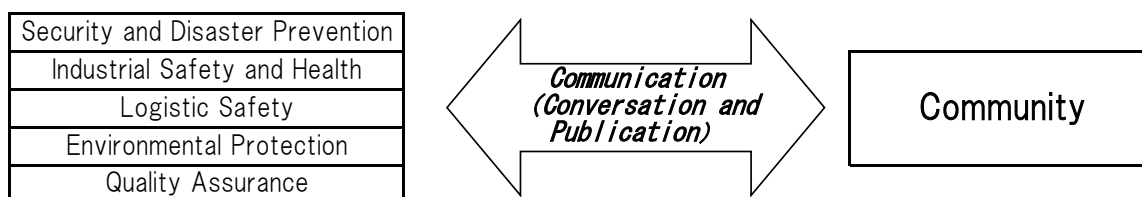
In Japan, Japan Responsible Care Council (JRCC) was established in 1995 and the activities officially started.

CSR Report 2018

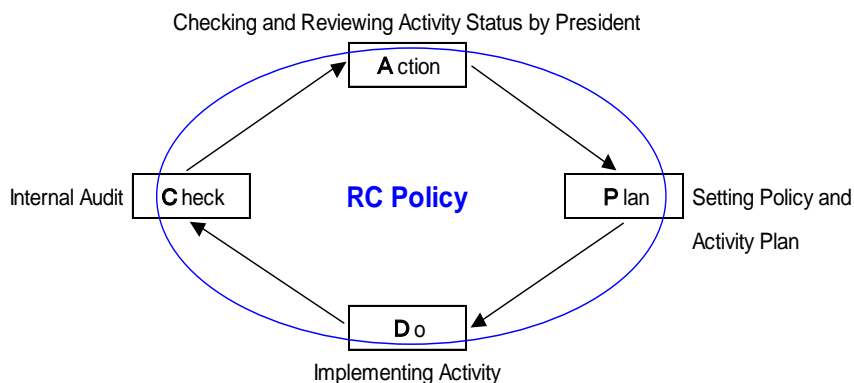
Since 2008, we have issued CSR report annually to announce results of RC activities and to improve communication with society. This is 11th issue of the report.

Basic Responsible Care

Our company's RC activities are implemented in five main categories as follows.



RC activities are implemented in according with PDCA cycle.

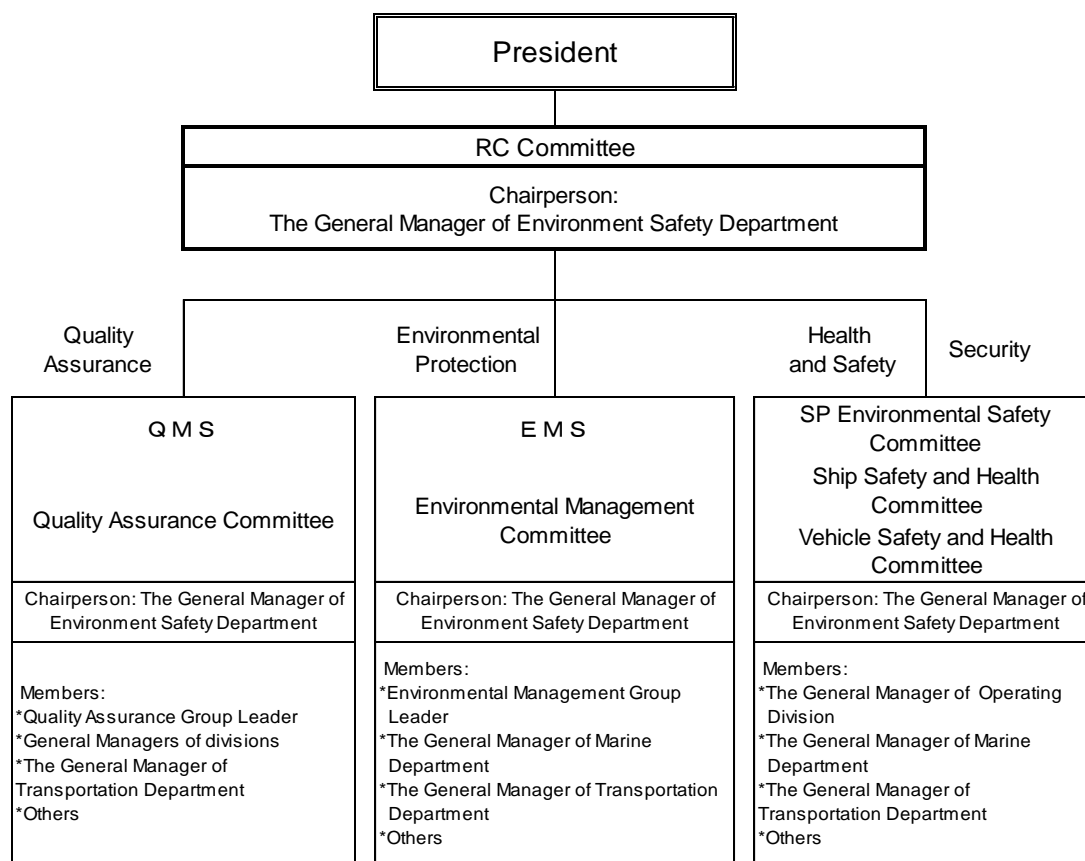


Responsible Care Policy

Our Responsible Care Activities are conducted in accordance with "Code of Conduct" and "Management Principle".

System of Responsible Care activities

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



Report Period

January 1st to December 31st, 2018.

Report Scope

Three divisions of AST Inc. (Terminal and Warehouse, Marine Transportation, Land Transportation)

Contact information

AST Inc. (Advanced Storage & Transportation)
 Environment Safety Department
 4-17-23, Kita-horie, Nishi-ku, Osaka city, Osaka Japan
 TEL 81-6-6538-2845/FAX 81-6-6534-0536

Risks and its measures in our operating activities

Our company's main operating activities are transportation in three major business fields of marine transportation by tanker ships, storage in tank terminal and warehouse, and land transportation by truck, tank lorry and bulk container. We also operate packing operations and custom works according to our main operating activities. We mainly handle petrochemical products and inorganic chemical products. Our logistical activities have general risks in the process 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 regulate internal rules in addition to laws and regulations and administrative guidance. Sufficient safety measures to all possible risks are taken by all employees, with strict compliance with the internal rules.

Possible Risks in Our Operations

Marine transportation

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

Storage

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

Handling products :

- ① Flammable liquid regulated as hazardous under the Fire Service Act.
Risks : Flammable and explosive by static electricity or other fire source.
- ② Deleterious substances regulated under the Poisonous and Deleterious Substances Control Act
Risks : Injuries, poisoning, oxygen deficiency, health hazard by touching, sucking and ingesting
- ③ Organic solvent and specified chemical substances regulated under Industrial Safety and health act.
Risks : Injuries, poisoning, oxygen deficiency, 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 Sharing information by close relationship with various organizations and internally horizontal communication.
- ⑤ Establishment of systems for safety and health, quality assurance, and environmental management by acquiring certifications of various standards.

Safety Information of Products

We keep documents about characteristics and safety information of our handling products (SDS and other documents) at each operating office and the head office.

We provide these information on demand of external interested parties. Please contact the following if necessary.

Head Office Environment Safety Department	4-17-23 Kita-horie Nishi-ku Osaka city	81-6-6538-2845
Hommachi Office Business Department	1-6-1 Awaza Nishi-ku Osaka city	81-6-6538-2783
Tokyo branch	12-7 Nihonbashi Koami-cho Chuo-ku Tokyo	81-3-3664-9440
Kizugawa Terminal	1-4-20 Hirao Taisho-ku Osaka city	81-6-6552-0561
Kobayashi Terminal	1-1-5 Kobayashi-higasi Taisho-ku Osaka city	81-6-6551-7850
Chishima Terminal	1-1-7 Hirao Taisho-ku Osaka city	81-6-6552-8484
Namihaya Terminal	1-1-15 Tsurumachi Taisho-ku Osaka city	81-6-6554-2760
Funamachi Terminal	1-6 Funamachi Taisho-ku Osaka city	81-6-6554-7682
Hokko Terminal	2-4-67 Hokko Konohana-ku Osaka city	81-6-6463-7301
Umemachi Terminal	2-5-4 Umemachi Konohana-ku Osaka city	81-6-6468-5281
Takaishi Terminal	2-2-1 Takasago Takaishi city Osaka	81-72-268-0616
Land Transport Department Osaka	2-4-67 Hokko Konohana-ku Osaka city	81-6-6464-6184
Land Transport Department Mizushima	3-13 Ushiodori Kurashiki city Okayama	81-86-475-0567
Marine Transport Department Osaka	1-6-1 Awaza Nishiku Osaka city	81-6-6538-2784
Marine Transport Department Tokyo	12-7 Nihonbashi Koami-cho Chuoku Tokyo	81-3-3664-9440

Complaints and Inquiries

We take all possible measures for the SHEQSS (Safety and Health, Environmental Management Quality Assurance, Security, and Service) including risks and measures in our operations.

However, please contact the following responsible person if there is any complaint or inquiry.

Safety and health, 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
Services (Sales Operations)	General Manager of Business Department	81-6-6538-2782
		81-3-3664-9440
No.1 Terminal Group	General Manager of No.1 Terminal Group	81-6-6552-0561
(Kizugawa, Kobayashi, Chishima, Namihaya, Funamachi Terminal)		
No.2 Terminal Group	General Manager of No.2 Terminal Group	81-6-6463-7301
(Hokko, Umemachi, Takaishi Terminal)		
Transportation Department	General Manager of Transportation Department	81-6-6464-6184
Marine Transport Department	General Manager of Marine Transport Department	81-6-6538-2784
General Affairs Department(a whole company)	General Manager of General Affairs Department	81-6-6538-2788

CSR Activity Report

Safety and disaster prevention

Company-wide

Terminals quickly corresponded accordingly just when North Osaka earthquake were occurred in 2018, by the result of monthly emergency training, re-examination of damage limitation, preparedness against earthquake in view of the damage of Kumamoto earthquake and aftermath of the Tohoku earthquake and tsunami.

We will enhance emergency training and rethink our BCP toward a company that has a high-level disaster-prevention system.

- * completed the seismic evaluation for dangerous goods facility (under the Fire Service Act)
- * reviewed measures for earthquakes and tsunamis, and added measures for high tide waters, big and cataracts.
- * reviewed our BCP (Business Continuity Plan).
- * In addition to drills for earthquakes, we decided to conduct drills for tsunamis, evacuation and safety confirmation (at least once a year). We installed satellite telephone for safety confirmation.

Disaster drills and emergency contact training

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 joint training with the Public Fire Department. also conduct joint drills with Joint Disaster Prevention Association in addition to joint drills

Each of the operating offices conducted drills for disaster, such as drills for self-protection to disaster, and joint drills in 2018 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 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 brigades. We always prepare measures, just in case.

Examples of our disaster drills

March 13th, 2018/ No.1 Terminal Group (Kizugawa, Kobayashi, Chishima) joined Tsunami drill.



April 24th, 2018/ Drill for lifesaving on own tanker "Satsuki".



July 23th, 2018/ Drill for flooding depositories at Hokko terminal.



September 13th, 2018/ Drill for extending oil fence with cooperative Fire Prevention Association



November 5th, 2018/ Fire Drill with Public Fire Department at Hokko terminal.



November 27th, 2018/ Technical recital for Self-Defense Fire Brigade at Namihaya terminal.



Terminals and warehouses

* The renewal inspection of CDI-T(*1) is completed in November, 2018.

The valid period of CDI-T is three years. After three years from the initial inspection, we took first renewal inspection in November, 2012 and took second renewal inspection in November, 2015, and completed third renewal inspection in November, 2018.

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 first renewal audit.

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

The third renewal audit will be scheduled in November 2018.

The next (the fourth) renewal audit is scheduled in November, 2021.

(*1) Chemical Distribution Institute – Terminal

First audit : November 24th to 28th, 2009

Auditor JC Bae(JC Marine Services/Korea)

First renewal audit : November 19th to 23rd, 2012

Auditor JC Bae(JC Marine Services/Korea)

Second renewal audit : November 16th to 20th, 2015

Auditor Tatsuyoshi Demizu (Tokyo Chemical Safety Operations/Japan)

Next renewal audit : In middle of November, 2018

Report No. : Kizugawa Terminal 1599 / Date of receipt 07-12-2018

Hokko Terminal 1598 / Date of receipt 07-12-2018

Scope : Head office (The system of a whole company)

Hokko Terminal (Including a part of Land Transportation Department)

Kizugawa Terminal

Result : Kizugawa Terminal 93.92%

Hokko Terminal 94.39%

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

Uncleared items : Kizugawa Terminal : 110(Management : 20, Technical : 90)

Hokko Terminal : 102(Management : 19, Technical : 83)

※There were many uncleared items which comply with Japanese law, but CDI-T encourages an international standard.

Except for these items comply with Japanese law, 97% of the CDI-T questionnaire was cleared.

※Generally, 60% matching of all items is the standard value of safety management, however we will aim for conformance of the all items and conduct further improvement.

Reference : All items (First audit) : 1,807(Management : 807, Technical : 1,000)

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

All items (First renewal audit) : 1,876(Management : 860, Technical : 1,016)

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

All items (Second renewal audit) : 2,002(Management : 925, Technical : 1,077)

Uncleared items

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

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

※Kizugawa and Hokko terminals conducted the first audit and the first renewal audit together, but they were inspected separately since second renewal audit.

Internal audit : From October to November 2018, the internal voluntary audit was implemented, and then 98% of the CDI-T questionnaire (6th) was cleared by self-audit.

The terminal (Kobayashi, Chishima, Takaishi, Namihaya, Umemachi) and Osaka land transport region and Osaka sales department and the general affairs department are excepted from inspection target, but this time attended self-examination, and performed the action that cope with sequentially in an item recommended in safety as the applying mutatis mutandis terminal.

Next audit : The next renewal audit is scheduled in November, 2021 which is the third year since the third renewal audit.

- * We join the committee for Oil Containment and Control in Osaka Bay and the Harima Sea, and cooperate to prevent marine pollution in compliance with related laws and regulations.

Members : Kizugawa terminal, Kobayashi terminal, Chishima terminal
Namihaya terminal, Hokko terminal, Umemachi terminal, Takaishi terminal
※On-site inspection by Ministry of Land, Infrastructure, Transport and Tourism has been started orderly from Kizugawa terminal in March, 2011 and full preparation for emergency response is confirmed.

- * The terminals who have many arrivals of ocean-going ships are designated as International ships and harbor facilities in compliance with International Ship and Port Facility Security (ISPS) Code ratified by International Convention for Safety of Life at Sea (SOLAS) and approved as ISPS-compliant port facilities.

Scope : Hokko terminal (Q-4B, Q-2 Piers)

※The on-site inspection for international harbor facilities is conducted by Ministry of Land, Infrastructure, Transport and Tourism in December, 2018 and our full preparation for safety was confirmed.

Takaishi terminal (Takaishi chemical Pier)

※The on-site inspection for international harbor facilities is conducted by Ministry of Land, Infrastructure, Transport and Tourism in September, 2018 and our full preparation for safety was confirmed.

- * The ships safety check list of ISGOTT(*2)

ISGOTT provides the checklists for discussion and agreement between terminals and ships for loading operations. In our terminals, we use marine loading confirmation form (started operating in July, 2010) that combines all requested items of ISGOTT and existing check lists to improve the relationship between terminals, ships and International Standard Compliance. We also operate according to the epistle for safety written as "to make effort to secure safety and consider the safety and efficient operations" (started operating in September, 2011) to secure the safety loading operation in the fair position between terminals and ships.

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

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

* Improvement of terminal safety by using KPI

We use the KPI(Key Performance Indicator)to assess important facilities and equipment, and judge sustainability and necessity of improvement. It helps to find troubles in advance and prevents troubles and accidents caused by aged deterioration and obsolescence. We have used KPI since 2013.

* We installed 24-hour surveillance cameras in combination with manned security system in main operating offices and garage of Land transport Department.

Installed : 6 operating offices(24 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 the head office

- bussiness hour all footages of security camera checked by Environment Safi Department.

Recording : In 6 operating offices recording on their computers around-the-clock.

※ It has been 12 years since we started operating monitoring cameras. To resolve obsolescence of these cameras, we will add new cameras and replace existing cameras with new ones. We will also rebuild the network and enforce to update the whole syste of surveillance. (have been completed in March, 2018)

* 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 operate safety navigation according to safety regulation of Ministry of Land, Infrastructure, Transport and Tourism.

Establishment : October 1, 2006

Commencement date : December 20, 2006

(Reported to Kinki District Transport Bureau on December 6)

Administrative audit : August 7, 2007

(The initial Transportation Safety Assessment by Kinki District Transport Bure
: February 7th, 2018

(The third Transportation Safety Assessment by Ministry of Land
Infrastructure, Transport and Tourism, Minister's Secretariat
and Transportation Safety Officer.)

Good items : 3

Items pointed out : 0

Suggested items : 2(Improved items : 2/Items under consideration : 0/Unresolved iter

※The fourth Transportation Safety Assessment is scheduled on February 14th, 2019.

Internal audit : December 17, 2018 (Compliance with the Safety Management Code was confirmed)

* We have joined various safety and security organizations and contribute to marine safety.

Land transportation Division

*G-Mark (Certification for safe and exemplary companies) was certificated in December, 2005 and we have strived for safety operations.

Validity Period : January 1st, 2015 to December 31st, 2018 (4 years)

Evaluation items : I . Compliance with Laws and Regulations for safety

II . Status of accidents and violations

III . Aggressiveness for safety activities

※We gained the 10 years awards from Osaka Transportation Bureau for continuing to update G-mark many years on December 16th, 2016.

* We have joined various safety and security organizations and contribute to neighborhood safety

Industrial Safety and Health

*Each department sets the Safety and Health committee and makes an effort to secure industrial safety and health.

* We conduct various internal audits to confirm that industrial safety and health are secured.

Terminals : SP safety audit (Stock Point)

11 offices (12 divisions) September 6 to November 16, 2018

Items pointed out : 24 (Improved items : 24/Items under consideration : 0/Unsolved items :

Transportation Department : SHEQS audit

12 operating offices and 11 companies May 7 to 29, 2018

Items pointed out : 62 (Improved items : 62/Items under consideration : 0/Unsolved items :

Marine Department : Audit of the Safety Management Code

December 17, 2018

Items pointed out : 0

Suggested items : 1 (Improved items : 1/Items under consideration : 0/Unsolved items : 0;

Visiting ships activities : 214 times (13 ships)

Average times for each ship : 16times, Average times for each month : 18 times

* We conduct medical examination once a year, and special medical examinations twice a year to maintain employees health.

* Decision of employees' condition and ability.

All employees and cooperated companies' sailors and drivers have taken breath alcohol tests and physical checks everyday to judge if they can work since December 2006.

Since December 2008, Kizugawa terminal, Hokko terminal and Osaka Transportation Department installed advanced alcohol checkers which can save test results with pictures on computers.

Alcohol checkers in the Land Transportation Department has a certification system which checks if the driver has proper licenses and system to notice the expired licenses. All drivers are required to take breath alcohol test at the time of arrival in advance of the law amendment.(*3)

No drivers failed breath alcohol tests and physical condition checks in 2018.

Also, blood-pressure manometers put in all offices. Employees are recommended to measure thire blood pressure with an aim to keep their health and to uplift it.

(*3) In accordance with the revision of safety rules of Motor Truck Transportation Business Act, all drivers are regulated to take alcohol check before departing and after returning from April 1st, 2011.

At Hokko terminal and Osaka Land Transportation Department, the drug tests are conducted by a third party institution in accordance with customer's request.

Scope : Managers, Field operators, Drivers of tank lorries.

Fregency : When they hired, once in 2 years

Method of inspection : Measure the drug in urine.

Safety Transportation

* We compile and analyze accidents and near misses of a whole company monthly and annually and give feedback to the whole company to secure safety.

* We issue S&E circulation about safety, health and environment to the whole company and all partnering companies to share the measures to prevent future accidents by horizontal communication and to give warnings.

In 2018, we issued 36 SHEQSS information, 2 articles about revised Laws and regulations and 48 articles about accidents of other companies.

* Encouraging Employees to Gain Licenses

As a company which handles hazardous materials, we positively promote workers to gain national qualifications relating to Fire Service Act, Poisonous and Deleterious Substances Control Act and Occupational Safety and Health Act. We have the total of 108 people gaining national certifications out of 124 candidates. (The pass rate is 87%)

* Standard education

We have educated all employees from the basic to the advanced level which is required for working. We have conducted internal and external educational training by specialists for all employees to bridge the gap of knowledge and to raise the working level.

5times in 2018

Class for hazardous materials
engineer qualification



July 13th, 2018

TOYOTA Safe Driving training
for forklifts



November 17th, 2018

Lecture for learning structure
of lorries pump



Terminals and warehouses

* We hold four times SP safety environment committee meeting to secure safety.

The annual schedule of next years' safety activities are approved at the end of the year and implemented in accordance with PDCA cycle.

The progress status and results are verified in regular meeting and internal audit.

Committee meeting : Four times (March 28, June 28, September 14, December 12, 2018).

Agendas

* Planning annual schedule of safety education and confirmation of progress status.

* Announcement and verification of serious accidents and near-misses, consideration of measures

* Sharing information of measures and so forth for accidents and near-misses.

* Educational training according to the amendment of laws and regulations.

* Educational training for accidents, troubles, safety documents and regulations.

* Result report of each audit and its improvement status.

* Correspondence to the President's instructions.

* Confirmation of reporting status to the government.

* Others

* Construction for enlarging the south jetty (Q-2) at Hokko terminal was completed in December 2013 and maximum duck ability specifically for hazardous material was increased from 1800D/Wt to 6842D/Wt.

Marine Department

The annual schedule of next years' safety activities are approved at the end of the year and implemented in accordance with PDCA cycle.

The progress status and results are verified in regular meeting and internal audit.

Convention : once a year in Ishikawa (January 26, 2018)

Regular conference : Twice a year (May 25, 2018 in Osaka, October 19, 2018 in Okayam

Agendas

*Planning the annual promotion schedule for safety and health activities and confirmation of implementation status.

*Commendation for no accident.

*Educational training according to accidents, troubles, safety and company's regulations.

*Information and requests from terminals.

*Opinions and requests from ship owners.

*Safety management regulations, safety navigation, propriety decision of workers, and strengthening of visiting ships activities.

Transportation Department

*We hold the vehicles safety and health conference three times a year to secure safety.

The annual schedule of next years' safety activities are approved at the end of the year, and implemented in accordance with PDCA cycle.

The progress status and results are verified in regular meeting and internal audit.

Convention : once a year (February 9, 2018)

Regular conference : Twice a year : Osaka (July 20, November 22, 2018)

Mizushima (July 30, November 16, 2018)

Agendas

*Planning the annual schedule for safety and health activities and confirmation of implementation status.

*Educational training according to accidents, troubles, safety information documents and regulations.

*Information and requests from terminals.

*Opinions and requests from subcontracting companies.

*The problems and sharing information about safety and health.

*Our company's all heavy vehicles have a digital tachometer and a dashboard camera.

Compilation of Accidents and Near-misses

Environment Safety Department compiles reports of accidents and near-misses of all divisions.

*Each terminals and operating offices report the details and measures of accidents and near-misses to Environment Safety Department every Monday.

*Environment Safety Department compiles the reports and gives feedback to the whole company.

We established the system to nip big accidents in the bud, and take measures even to small accidents and near-misses. Environment Safety Department offers suggestions if necessary.

Environmental Preservation

* We acquired ISO14001(JISQ14001 : 2015) certification and make an effort for environment protection.

Organization : JAPAN CHEMICAL QUALITY ASSURANCE LTD.

Date of certification : November 25, 2008

Certification number : JCQA-E-0844

Scope : Environment Safety Department in the head office

Business Department in Hommachi office *Marine Department

*Tokyo Business Department in Tokyo branch

No1 Terminal Group Kizugawa Terminal, Namihaya Terminal

※Kobayashi Terminal ※Chishima Terminal

No2 Terminal Group Hokko Terminal, Umemachi Terminal ※Takaishi Terminal

Osaka Transportation Section of Osaka Transportation Department

※ : ISO Mutatis mutandis application

External audit : Renewal audit was conducted from October 11 to 12, 2018.

After the audit, renewal registration was approved by the Register Committee of Registered Probation Organization.

In 2018, we had the following environmental objectives and achieved them.

Three years plan : January 2017 to December 2019

1. Reduction of waste
2. Promotion of zero emission
3. Reduction of environment pollution by using KPI

*Prevention of marine pollution

Marine : Tanker ships have made an outsourced contract with the Maritime Disaster Prevention Center to prevent marine pollution.

Land : Terminals which have jetties or berths join the member of the Committee for Oil Prevention and Oil Containment and Control in Osaka Bay and the Harima Sea. This committee is a mutual organization for an emergency. We stock equipment for an emergency and we actively join in educational trainings, table top exercises and share the contents to the whole company by horizontal communication.

The General Manager of Environment Safety Department has served a director of the Committee for Oil Prevention and Oil Containment and Control in Osaka Bay and the Harima Sea since this committee was started, and he also serve a manager of newly established executive committee since 2014.

*Umemachi terminal has a facility to land washing water which occurs in washing operation of tanker ships and a facility to dispose the industrial waste.

This terminal land washing water of hazardous substances which are regulated under the Maritime Pollution Control Act or oil classified by Ministry of Land, Infrastructure, Transport and Tourism and operates the intermediate treatment of disposing industrial waste by oil separation.

This terminal accepts not only our company's ships, but also accept ships of other companies.

This is one of the few facilities in Osaka Bay.

We reduce environmental load by treating washing water of chemical tankers properly at Umemachi terminal in accordance with related laws and regulations.

*Hokko terminal has a washing facility (Cleaning station) of tank lorries and ISO containers.

This terminal enforces the washing operations of products such as hazardous substances without affecting the environment by completely recovering Volatile Organic Compound (VOC), waste water and washing water, and disposes them properly.

*Kizugawa terminal has the system to supply a power source to ships at anchor. Ships can turn off the engine and it improve inboard environment and also reduce noise to neighborhood and CO2.

*All tank lorries of Land Transport Department have tachometers and dashboard cameras.

Tachometers show the driving result by numerical data, and dashboard cameras record driving situation visually. These functions helps the safety driving, improvement of fuel efficiency, and reduction of CO2 by turning off the engine.

*We sequentially install pollution coating that reduce 97% of solar heat on the warehouses and tanks in each terminal.

By reducing the temperature in the tanks, volatilization of chemical substances and tank ventilation are controlled, and VOC emissions are reduced. It is equally effective with air abatement equipment by using insulation coating and atoms valves together.

It also improves freezing effect in low temperature warehouses and save power consumption.

Current status

Hokko terminal	: 39tanks(28,250KL)	6 warehouses(3,726㎡)
Kizugawa terminal	: 11Tanks(6,220KL)	
Namihaya terminal	: 11Tanks(4,567KL)	1 warehouse(294㎡)
Umemachi terminal	: 8Tanks(3,775KL)	
Takaishi terminal	: 2Tanks(1,900KL)	
Kobayashi terminal	: 1Tanks(1,000KL)	

*Windows in the head office and all main operating offices have been replaced with heat insulation windows. By improving cooling effect , we can save operating time and preset temperature of air conditioners, and the power consumption is reduced.

*We promote to replace the lightning to LED type.

The head office : Installation of LED for all lightning is finished in February, 2011.

Operating offices : Approximately 98% of lightning in the operating offices were replaced with LED lightning.

※All mercury lamps in main terminals are replaced with LED lightning.

※The power consumption of LED lightning is about a quarter of mercury lamp's and we can expect a major effect on energy saving.

* We promote energy-efficient air-conditioners

The head office : All old air-conditioners were replaced with energy-saving type in 2011, and insulation coating on all air-conditioner outdoor units are completed. We have reduced about 20% power consumption of air conditioners. We reduced about 35% of all power consumption by installing LED lightning and heating insulation on the receiving facilities.

Offices : 95% of old air-conditioners were replaced with energy saving ones and we completed insulation coating on 80% of air-conditioner outdoor units .

We continue to promote the replacement of energy saving type air-conditioners and insulation coating on air-conditioner outdoor units.

* We have promoted to replace engine type forklifts with battery type forklifts for environmental protection, but since 2012, we keep 30% engine type forklifts for BCP such as power failure by disasters as earthquakes.

Quality Assurance

* We have acquired ISO9001(JISQ14001 : 2015) certification and make an effort for quality assurance.

Organization : JAPAN CHEMICAL QUALITY ASSURANCE LTD

Date : April 6th 1998

Certificated Number : JCQA-0324

Scope : Environment Safety Department in the head office

Business Department ※Marine Department in Hommachi office

Tokyo Business Department ※Domestic Transportation Section in Tokyo branch

No.1 Terminal Group Kizugawa terminal, Kobayashi terminal, Chishima terminal

No.2 Terminal Group Hokko terminal, Umemachi terminal, Takaishi terminal

Osaka Transportation Department

Mizushima office Mizushima Transportation Section and Pier operation section

※Hachinohe office ※Chiba office

(※ISO Mutatis-mutandis Application)

External audit : Renewal audits were completed on March 15 to 16, 2018.

After the audit, proper operations are approved by the Register Committee of Registered Probation Organization.

In 2018, we had the following objectives and achieved them.

1. Further reduction of logistic accidents.
Set the accident rate at each operating office.
2. Improvement of quality of logistic operations.
Set the detailed objectives at each operating office.
3. Improvement and maintenance of 5S.
Set the detailed objectives at each operating office.
4. Fullness of Improvement and preventive activities.
Set the detailed objectives at each operating office.

In 2019, we set the same objectives.

* Marine Department

7 ocean-going ships are certified under the International Safety Management Code (ISM)

4 ocean-going ships are certified under the Chemical Distribution Institute Marine (CDI-M)

The operation section of Marine Department has acquired ISO 9001 certification.

* The operation section of Marine Department manages and operates ISO 14001 standards as application mutatis mutandis.

*BCP (Business Continuity Plan)

We established the BCP basic regulations to continue and recovery the operation quickly from emergency such as pandemic, earthquake, tsunami and typhoon.

The effect of BCP was shown in emergency contacts and safety confirmations at the North Osaka Earthquake in June 2018 and typhoon No.21 in September 2018.

December 2013, we installed satellite telephones to the main offices to improve the communication at the big disasters as earthquake and tsunamis and personal safety confirmation. Additionally, We plan to introduce LINE WORKS lines of emergency communication for the purpose of enhancing system against disasters.

* Sales activities

Since July 4th, 2016 Hommachi office has been opened to improve business activities and serv operation to satisfy customer's demand. Business Department and Marine Department are working there.

Additionally, Shunan office has been opened since February 2017. It's the purpose to satisfy costormer's demands in Shunan area.

Communication with customers and external interested parties.

* Awards from Government Agencies, Industry Groups and customers.

January, 16th The Hokko Terminal received a safety award due to its perfect safety record during year-end and new year holidays from a chemical company.

January, 30th The operations assistant manager of the Mizushima Office received an award from the chemical company for averting an accident that may be hppened during cargo handling .

February, 1st The operations assistant manager of the Mizushima Office received an award from the chemical company for averting an accident befor begining lorry cargo handling.

February, 14th AST Inc. received an award from the chemical company for no accidents, patrol activity and instructing lorry drivers.

March, 5th Namihaya terminal received an award from Director, Osaka City Fire Department for improving activity of Self-Defense Fire Brigade.

March, 5th The operations deputy manager of the Namihaya terminal received an award from Director, Osaka City Fire Department for improving safe management of dangerous goods.

March, 5th The operation deputy manager of the Kizugawa terminal received an award from Director, Osaka City Fire Department for improving activity of Self-Defense Fire Brigade.

March, 5th Umemachi terminal received an award from Director, Osaka City Fire Department for improving safe management of dangerous goods.

March, 8th Our own tanker "22 Kyokuho-maru" received an award for Safety excellence tanker from a chemical company due to its perfect safety record.

March, 23rd AST Inc. received an award from Director, Osaka City Fire Department for contribution of driving activities about Government of Fire Department.

March, 26th Hokko terminal received a recognition about giving a reaction, that is questionnaire of risk assesment, from Ministry of Economy, Trade and Industry.

April, 25th Our own vessel "Rokko" received a safety award from a chemical company due to its perfect safety record for a year.

April, 25th Our own vessel "22 Kyokuho-maru" received a safety award from a chemical company due to its perfect safety record.

May, 14th The operation manager of the Kizugawa terminal received commendations for their long service from the Osaka Industrial Chemical Association.

May, 14th The operation manager of the Kobayashi terminal received commendations for their long service from the Osaka Industrial Chemical Association.

May, 19th The Hokko Terminal received a safety award from a chemical company due to its perfect safety record.

May, 19th The operation deputy manager of the Hokko Terminal received a safety award from a chemical company due to its perfect safety record and contribute to logistics quality improvement.

May, 23rd Our own vessel "Satsuki" received a safety award from Japan Offing Cargo Association due to its perfect safety cargo for a year.

May, 25th Our own vessel "Satsuki" received a safety award from a chemical company due to its perfect safety record.

June, 8th President of the Daimaru Sekiyu received a grateful letter from Osaka Governor as a commendation to securing the security of dangerous goods.

November, 3rd The General deputy Manager of the Osaka Business Department received a award of "Zuihousoukou medal " from prime minister as a commendation to securing the security of dangerous goods.

November, 7th AST Inc. received a grateful letter about Hokko terminal & Umemachi terminal assisting a workshop of a chemical company.

November, 30th The General Manager, double as the Environment Safety Department and No.1 Terminal Gro received an award from governor of Osaka as a commendation to focusing the operation of measure.

November, 30th Namihaya terminal received an award from Osaka Prefectural Measure Association for improving the operation of measure management.

*Customer Satisfaction Survey

We have conducted customer satisfaction surveys to improve communication with customers and external interested parties since the end of 2010.

This is a key element of both ISO 9001 and ISO 14001.

We conducted questionnaire in December, 2018 and received various opinions, requests and praises. Actually, there were not any claims.

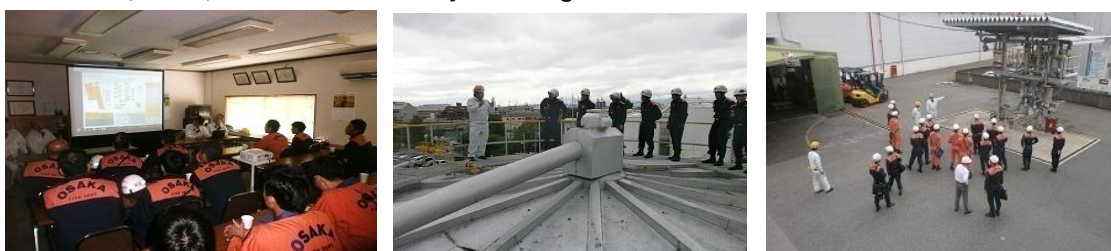
The result of survey were compiled and analyzed in Business Department and the result is fed back to all employees.

*Communication with Local Communities

As last year, we received an offer that a nearby fire department wants to observe our terminal

We cooperated positively for their education and improved communication with people in our neighborhood.

June 12th, 2018/ Observation Activity at Kizugawa terminal



November 13th, 2018/ Observation activity at Hokko terminal



Environment and Safety investment

We have invested necessary management resources for RC activities.

Details of investment for main environmental and safety facilities in 2018 is stated in logistic Safety and Environmental Preservation.

As investments, it's planned building a new automatic warehouse, building a new tank, replacing some tank, and so on in 2019. Moreover, this plan is fully considering the environment and safety.

Compliance

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

We added prohibition of drunken, drugged and dangerous driving in 2007.

In 2008, we revised the policy of RC activities and decided to keep the record of RC activities.

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

*The Compliances with the General Principles

Attached 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

Compliance status

AST Inc. promotes to operate business activities based on our Business Philosophy and Code of Conduct. We have never been instructed, commanded or punished by authorities.

Also our employees have never been arrested or investigated by the police, and we never have any complaints about actions against the public order and morality. We also have never been sued by external interested parties or neighborhood residents.

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

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
3. The security guards are deployed to monitor around the clock in the terminals that have and handle
4. The security guards are limited to the employees directly employed by AST Inc. or the staffs of the
 - 1) We provide education and training required for security to the guards directly employed by AST
 - 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
 - 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

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

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

(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.

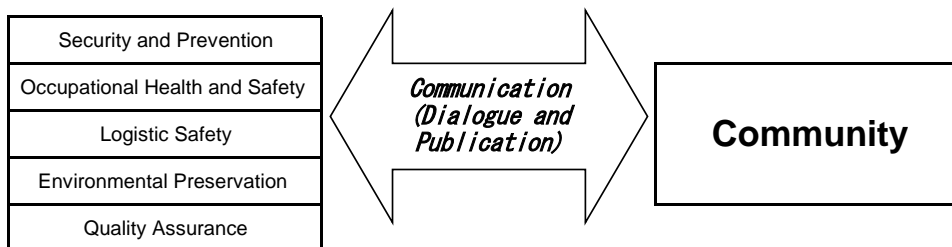
The activities have been developed in 53 countries as of October 2007. The Japan Responsible Care Council (JRCC) was founded and officially started activities in 1995.

Corporate Social Responsibility (CSR) Report

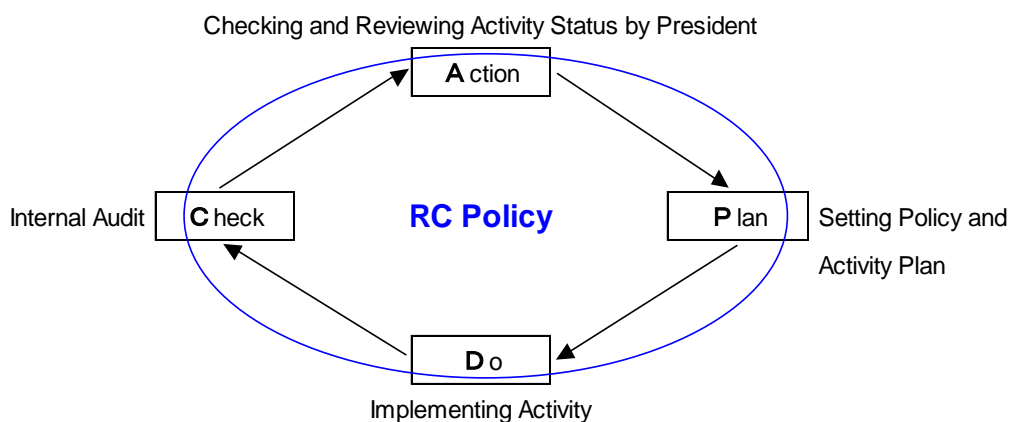
CSR report of three divisions (Warehouse and Terminal, Marine Transportation, and Land Transportation) is made and released annually to enhance social communication and to announce results of our responsible activities.

Basic Responsible Care

Our RC activities are implemented in 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 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".

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.

(*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
- 2) When the company gets suspicious about the test results
- 3) 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.
- 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.

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.