



## — Initiatives for Employees

A company is nothing without its people. The Nippon Kayaku Group is committed to creating safe and secure workplaces where its employees can thrive and feel a greater sense of motivation by helping benefit society through their jobs. Our goal is to provide a wide range of systems and programs for our employees that fully take into account the changes taking place today.

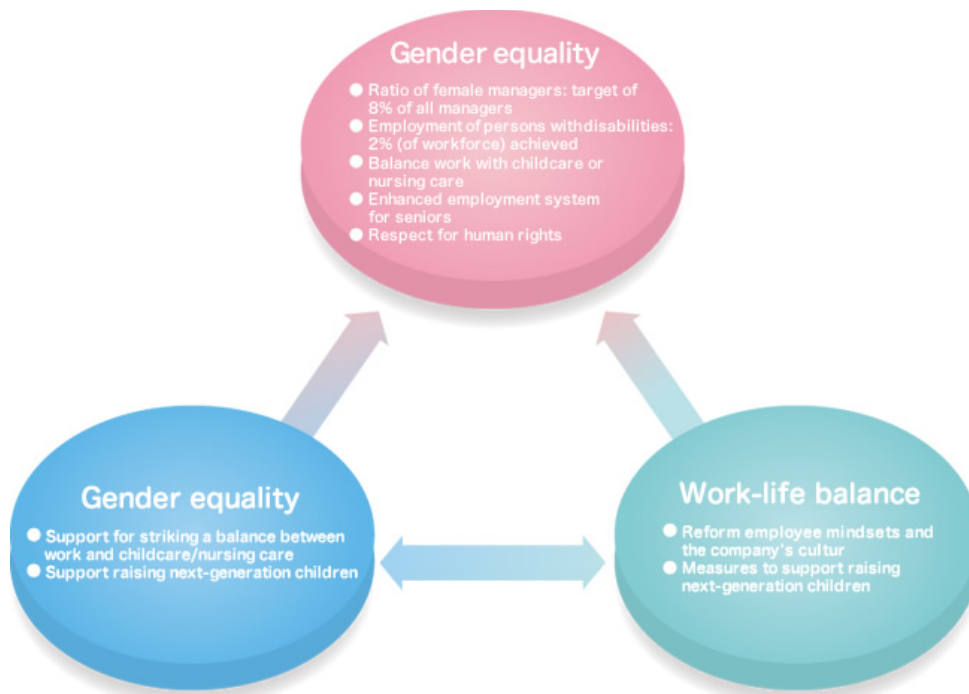
### Message from the Head of Administration Group

For the Nippon Kayaku Group to realize the KAYAKU spirit, we have developed a number of innovative systems and programs so that all employees can fulfill their individual responsibilities and roles with a sense of pride and self-confidence as key implementers of this vision. We are already in the 16th year of our position class system, which makes it possible to deploy and compensate human resources without focus placed on age, gender or academic history. The number of females promoted to manager positions also continues to increase with each passing year thanks to our appointment system that encourages a self-starter spirit and desire to take on challenges, and does not consider gender. Moreover, we are actively promoting diversity. This includes the re-hiring of nearly 100% of our employees who reach mandatory retirement age since the start of our senior partner program and supporting the employment of persons with disabilities through a tie-up with schools for the disabled. Meanwhile, our business continues to become more global in nature. In line with this growth, we providing pre-departure and post completion training for expatriate employees and systemically carry out training for locally hired staff.

Moving forward, we will continue to develop systems with new, innovative thinking, unbound by conventional approaches or practices, so that we can respond flexibly to the changing business climate.



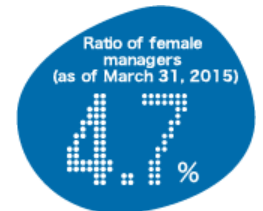
Osamu Hirao  
Head of Administration  
Group



## Encouraging Diversity

The Nippon Kayaku Group respects diversity and continually takes steps to enhance the competitiveness of the entire Group by providing workplaces where employees can maximize their talents, thrive professionally, and feel a strong sense of motivation and place.

One indicator for measuring the progress of these efforts is the extent to which female employees are contributing their skills and abilities to the workplace. Encouraging gender equality and work-life balance is essential to this end. We believe that the results of which will be the proper encouragement of diversity where not only female employees but our entire diverse pool of human resources can leverage their talents to the fullest. In other words, through this cycle we will be able to enhance our competitiveness as a good company and a strong company.



### Helping women thrive in the workplace

The appointment of female managers represents the results of our initiatives to encourage diversity in the workplace. The ratio of female managers increased a half percentage point from 4.2% last year to 4.7% as of March 31, 2015. Going forward, we will continue to actively promote the more active role of women in the workplace.

### Employment of persons with disabilities

Nippon Kayaku is also committed to employing persons with disabilities based on its emphasis on diversity. As of March 31, 2015, we employed 50 persons with disabilities, meaning 2.0% of our total workforce has a disability. Society demands that we move swifter in hiring persons with disabilities and so in the future we will strengthen our efforts and continue to actively hire persons with intellectual disabilities wherever possible.

### The Success of Female MRs

Nippon Kayaku has been involved in the fight against cancer through anti-cancer drugs since 1969. Today, Nippon Kayaku carries the largest number of anti-cancer drugs in all of Japan. Our MRs\* play a key role in providing information to medical institutions on the safety and effectiveness of these products. It is important for MRs to have in-depth knowledge about medicine, pharmacology and products as well as a sense of mission toward society in delivering products that directly affect human life. Within our MR team, we have appointed females to the position of cancer-specialist MR, which demands an even higher level of specialist knowledge. For this reason, I believe the MR position represents an excellent opportunity for women to succeed in the workplace.

As the Manager of the Medical Representative Training & Education Office, I devote my daily efforts to improving the capabilities of our MRs and developing them into the best possible partner for medical professionals. Training, of course, is provided to all MRs equally regardless of gender. This is because we have a strong desire to not only have female MRs succeed with our top clients, but also become future leaders. Creating female-friendly workplaces and ensuring the success of females in the workplace are an integral part of diversity and also instrumental to getting the most out of our organization's capabilities, I believe.



Ms. Masako Aono  
 Manager  
 Medical Representative Training &  
 Education Office  
 Pharmaceuticals Marketing Division  
 Pharmaceuticals Group

\* MR stands for Medical Representative

## Global Human Resources Playing an Active Role

Looking back at the past 10+ years I spent working for NK's daughter company ISS in the Czech Republic, I realize how NK's CSR oriented management naturally incorporates elements of true respect to each country's culture, customs and human rights while striving to contribute to the progress of the local society.

As soon as I started working at our headquarters, I felt relieved and honored to be able to work in a company that places such value onto the active promotion of diversity and open mindedness. It certainly is an important thing to have a work-friendly environment, but in order to fully bring out one's real strengths, the family stranded in a foreign country must be well supported. By support, I mean providing conditions for enjoying a full, joyful life with as much integration into the Japanese society and culture as possible.

As part of the company's future evolvement, it is inevitable that NK will hire more foreign employees, and bring in more trainees from overseas at our headquarters and other workplaces. Through daily interactions in the same office or shop floor, working together towards achieving the same goal, we have much to gain and nothing to lose from such experiences. While the name of our company spells Japan (Nippon) in it, the NK Group is now truly a full-fledged member of the global society, and I am indeed happy to be a part of and work here.



Mr. Pavel Jaroscak  
Planning & Coordination Division  
Safety Systems Group

## Expanding Programs for Gender Equality

The Nippon Kayaku Group is expanding in-house programs for gender equality and encouraging their utilization. In terms of our Next Generation Childcare Support measures, we have rolled out various programs that exceed legal requirements, beginning with our childcare leave program. The number of eligible female employees taking childcare leave exceeds 100% (Number of eligible female employees who took childcare leave / Number of female employees that had a baby x 100), and the number of male employees taking childcare leave increased to three in fiscal 2014. Moving forward, we will seek to develop a workplace culture that encourages male employees to participate in childcare.

### Special Paid Leave Program

We are actively supporting the work-life balance needs of our employees. Part of this support can be found in the Special Paid Leave Program where under certain circumstances employees can take paid leave that has been carried over from previous years.

Taking this special paid leave does not require any cumbersome application process; rather, employees simply have to provide either a medical certificate from their physician or some other document that verifies they require leave. In addition, even after taking part in the program once, employees can continue to accumulate paid leave to use in the future as part of this program.

### Special Paid Leave Program

Applicable Uses	No. of Days Allowed
To receive treatment of an injury or illness that requires at least 4 consecutive days of care To receive outpatient services for rehabilitation or aftercare (within the stated period on the physician-issued medical certificate)	Up to 60 days
To provide nursing care to an immediate family member, aunt or uncle	45 days
To participate in a training program or volunteer activities	30 days
Leave in conjunction with the use of active points from the Nippon Kayaku Cafeteria Plan	5 days
To take leave in order to receive a vaccination or medical exam for a child of preschool age	5 days
To receive fertility treatments	60 days
To allocate additional days to childcare leave	10 days
To allocate additional days to leave for providing care to a sick child	10 days

## Work-life Balance

### Better Managing Employee Work Hours

The Nippon Kayaku Group strives to properly ascertain employee work hours and conditions, to take action where needed, and to foster an environment where employees and management work together, in order to follow compliance best practices and safeguard employees' mental health. We are also working to reduce employees' overtime hours to increase the number of paid leave days taken by employees from the standpoint of improving work-life balance.

To accomplish this, we will need to change the way employees think about time management, with the ultimate goal of improving operational productivity and generating added value.

### Measures to Support Raising Next-Generation Children

We organized a tour of our head office for children of employee so that they could see firsthand where there mother or father or both, work.

The Tokyo Business Center, Kashima Plant, Asa Plant, Kayaku Japan's Asa Plant, and Kayaku Safety Systems (Huzhou) also organized similar company tours.





### ■ Kayaku Safety Systems (Huzhou) – Company Tour for the Families of Employees

Kayaku Safety Systems (Huzhou) (KSH) organized a factory tour for the families of employees in order to deepen their understanding about its workplace environment as well as the nature of the work performed and products made there. A total of 27 people representing 16 families attended the event, during which they toured the inflator/MGG assembly line, product and parts warehouse, R&D building, and administrative building. Everyone was very impressed with cleanliness of the plant and office and commented on how great a workplace environment it was.



KSH is located in Huicheling village in Heping town surrounded by tea fields and mountains, quite some distance from the nearest arterial road. The company is 30km from downtown Huzhou in Changxing County and 6km from the heart of Heping. Most people will never have the chance to see the plant and family members of employees, too, do not normally see its products firsthand.

Family is very important in China and there is a tradition for the family to work together to mutually raise children and take care of the house. Going forward, KSH plans on holding similar plant tours for employee family members to educate them about KSH and help them understand the type of work employees are involved in.

## General Business Operator Action Program under the Act for Measures to Support the Development of the Next Generation

We submitted our Action Plan for Measures to support the Development of the Next Generation action plan (from April 1, 2015 to March 31, 2018) to the Tokyo Labor Bureau for approval on March 31, 2015.



Kurumin logo

## Training programs

Various training programs are provided to employees according to their jobs positions. These comprehensive training programs are conducted so as to develop the skilled workforce that will lead Nippon Kayaku in the next generation.

### ■ Mandatory programs

In order to systematically develop the skills of the employees, training is imparted to the employees start immediately upon their joining the company. This is followed by mandatory programs after durations of one year and three years. Mandatory programs are also conducted as key employees are promoted to certain jobs and positions because of their improved work performance.



Training programs

### ■ Voluntary programs

A wide array of voluntary training programs is also available. These voluntary programs are tailored to specific employee characteristics and jobs. They facilitate self-improvement and boost the job-related problem-solving abilities of the employees.

### ■ Selective program

A program providing special leadership and management training is also available for promising candidates who are recommended by the superiors.

## The Nippon Kayaku Senior Partner System

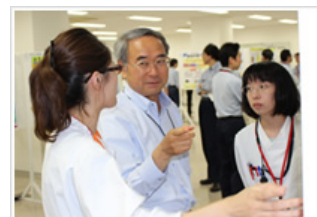
Starting in April 2006, we launched the Nippon Kayaku Senior Partner System to rehire employees that reached the mandatory retirement age to comply with changes made to the Act for Stabilization of Employment of Older Persons. This system is intended for retired employees that are both mentally and physically healthy, have a desire to work, and can assume the roles and responsibilities of their job tasks. The goal is rehire retired employees with the ability to share their career experience and expertise for the betterment of the company. In fiscal 2014, nearly all of the retired employees requesting rehiring were able to rejoin the company up to the age of 65 thanks to this system.

## Company-wide Research Presentation Conference

Nippon Kayaku organizes the Company-wide Research Presentation Conference where researchers from the Research and Development Group gather to present their work. Each year the program is improved and this past year it comprised lectures from external experts, poster presentations, verbal presentations, commendations for patents that contributed to business or technological development, and a networking session. Nippon Kayaku possess a large number of leading technologies and expertise developed over the years, and by providing a venue for sharing results, researchers are able to gain perspective on their own work from various angles as well as gain hints about finding and solving issues through the advice of others.



Each year, the executive committee, which is staffed by personnel selected from research laboratories, thinks up a common concept and following this concept it creates and presents posters for each group and team. Posters that are concise and easy to understand are the most popular and typically invite active discussions from various perspectives. Young researchers, in particular, not only use the conference to network with people from other departments, but also to interact with the president and various other senior executives in an effort to promote themselves and their work. This conference helps to improve work efficiency and leads to innovation creation and the development of the future leaders of the company.



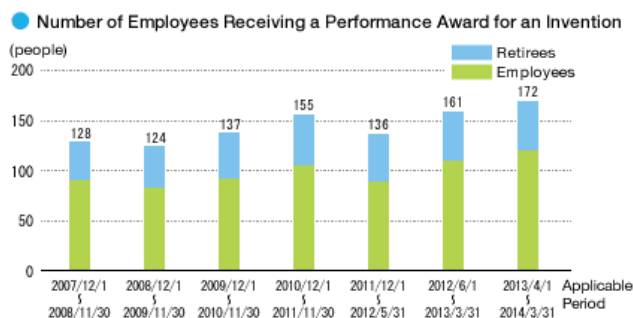
## Commendation Program for New Inventions

Nippon Kayaku has established several programs to commend and award employees for their inventions at work. These programs not only commend and award employees, but enable us to encourage our employees to come up with new and effective products that will benefit society as a whole. Our annual commendations are outlined below.

### 1. Performance Award Program

Our performance award program provides remuneration to employee patents that have contributed to sales. This program was initiated under the company's rule on the handling of employee inventions first prepared in 1963. This rule was created based on the provision of Japan's Patent Act and hence has been changed over the years with each modification to this law.

The figure below shows the number of employees that received a performance award over the past five years. Retirees are also eligible for a performance award, with between about 40 and 50 receiving recognition in any given year.



### 2. Early Performance Contributions

Even for patents pending, if an invention has already made contributions to the performance of the Nippon Kayaku Group, the employee can receive remuneration known as an early performance contribution. This particular program was initiated in 2005 to properly recognize product inventions with a comparatively shorter lifecycle. This program, which is also intended to complement the performance award program from above, represents a truly progressive system in terms of providing remuneration for sales from a produce with a patent pending. 72 employees received the remuneration for fiscal 2011, 58 for fiscal 2012 and 51 for fiscal 2013.

### 3. In-house Commendation for Excellent Technologies

This program seeks to commend patent applications for products for which technical innovations are being made at a fast pace over a one-year period. One invention received this commendation in fiscal 2011, in fiscal 2012 and another in fiscal 2013. Employees recognized with an award are asked to give a lecture at an award ceremony. Other annual commendations include best workplace and highest performance expectation, among others.

