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Key Themes ("Materiality") and Our Action Plan

The Nippon Kayaku Group is implementing CSR management that fosters trust among all stakeholders through its focus on the KAYAKU spirit, which calls for "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences."

Practicing CSR management involves properly ascertaining the Key Themes facing our Group from both an internal and external point of view and formulating a mid-term CSR Action Plan that links to our business activities.

CSR and Business Strategy

We believe that CSR is integral to managing our Company. To realize the KAYAKU spirit and increase the value of the Company, we believe it is necessary to take the dual approach of implementing both a mid-term business plan and initiatives toward a sustainable society and environment, and that we need to integrate these initiatives into our business strategy.

The Nippon Kayaku Group has formulated its mid-term CSR action plan to meet the expectations of all stakeholders. Our basic management policy is to contribute to a sustainable society and environment as a corporation that continues to provide the best products, technologies and services that safeguard the life and health of consumers, and support a comfortable life.

Under this basic management policy, we ascertain our risks and opportunities by considering the business environment and listening to our stakeholders so that we can identify the Key Themes (CSR materiality) in our business over the medium-term, then we create our Mid-term Business Plan and Mid-term CSR Action Plan that syncs with Mid-term Business Plan. Our CSR activities, which are integral to our business strategy, are highly ethical and place priority on safe operations, strict compliance, and the environment in all of our businesses.

CSR Key Themes ("Materiality")

In formulating our mid-term business plan, **KAYAKU Next Stage**, which kicks off in fiscal 2019, we have organized the issues that we should address and identified the CSR Key Themes ("Materiality").

CSR Key Themes ("Materiality") Identification Process

In formulating our mid-term business plan, **KAYAKU Next Stage**, which kicks off in fiscal 2019, we have organized the themes that we should address and identified the CSR Key Themes (CSR materiality).

CSR Key Themes (CSR Materiality) Identification Process

[Step 1 Recognition of the Themes]

Make a list of Themes, taking topics from the GRI standards on the items needed by a diversifying society and adding topics from the Nippon Kayaku Group's CSR Action Plan.

[Step 2 Assign Points from Internal and External Feedback]

A. Assignment of points from external assessments

Assign points from external assessments by linking the Themes on the list with assessment criteria for each of the Company's business segments from multiple international assessment organizations that promote responsible investing and SASB* need criteria for each industry.

B. Assignment of points from internal assessments

Survey those responsible for Company's major departments, including its business divisions, to evaluate how much of an impact the Nippon Kayaku Group can have. Set up listening opportunities in the major departments to verify the Themes and rank them by priority. Assign points from the internal assessments by incorporating views on past key Themes addressed in CSR Action Plans.

* An independent non-profit, SASB develops reporting standards that enable businesses around the world to identify, manage and communicate financially-material, sustainability information to investors.

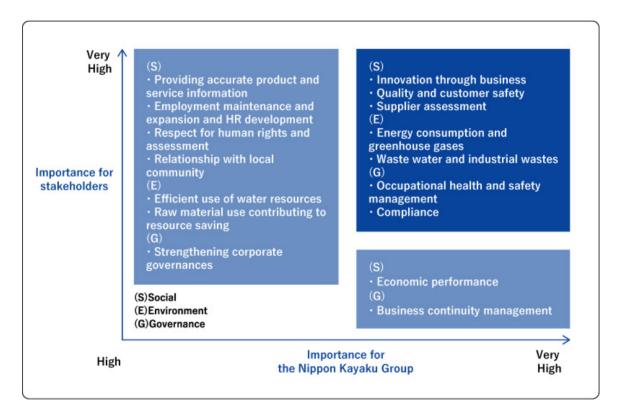
[Step 3 Materiality mapping]

Make a matrix of the Themes that have been assigned points from the external and internal assessments to create a materiality mapping. Include thresholds in the point-based map so that those Themes with points that meet or exceed the threshold are considered key.

[Step 4 Validity testing and approval]

Get feedback on the identification process and identification results from experts who specialize in CSR, review the process and results at the CSR Management Committee, which is the Company's decision-making body, and approve them after two sessions of deliberation.

Nippon Kayaku Group's CSR Key Themes ("Materiality")



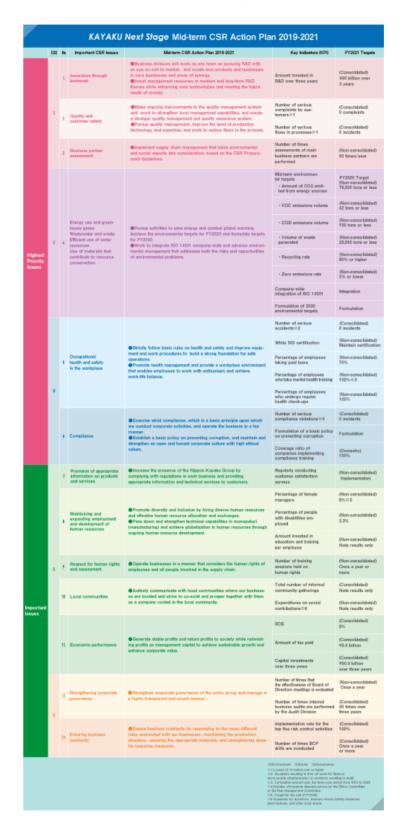
Identification of Environmental Key Themes (Materiality)

In identifying the CSR Key Themes (CSR materiality), we recognized "energy consumption and greenhouse gases" and "waste water and industrial wastes" as environmental Key Themes.

Of these, for energy consumption and greenhouse gases, in accordance with the TCFD,* we solicited experts' views, sorted out the risks and opportunities involved in climate change, and conducted an impact analysis. In fiscal 2019, we are discussing concrete steps to take vis-à-vis the risks and opportunities that we identified with both our manufacturing area and our research area.

* TCFD: Task Force on Climate-related Financial Disclosures

Based on the materialities that we identified, we have formulated our Mid-term CSR Action Plan 2019–2021, which sets forth specific initiatives and goals. Furthermore, these Themes and goals have been integrated with Key Themes for Mid-term business plan **KAYAKU Next Stage**, and we will implement these in tandem with the business strategies contained in our business plan.



> Mid-term CSR Action plan 2019-2021 🔀

Since the Group's beginnings, we have been constantly creating and providing products needed by the society of the time in a spirit of "for the world and for people." Such a management stance is consistent with the direction being pursued by sustainable development goals (SDGs), and we believe that our business has already internalized SDGs. The Nippon Kayaku Group sets its SDGs from the standpoint of their risks and opportunities based on our CSR Key Themes (materiality). Going forward, we will continue to pursue business innovations so that we can contribute to the achievement of those SDGs that are today's social Themes.

Goals that are business opportunities

CSR Key Issues (CSR Materiality)	Initiatives	SDGs Goals	SDGs icons
Pharmaceuticals Business	Support people's health through a stable supply of high-quality pharmaceuticals	Goal 3.8	3 GOOD HEALTH AND WELL-BEING —///*
Safety Systems Business	Supply automotive safety components for air bags, seatbelts, etc., globally to give people throughout world over a feeling of safety and security	Goal 3.6	3 GOOD HEALTH AND WELL-BEING —///
Functional Chemicals Business	Contribute to a sustainable global environment with functional products that conserve resources and energy and place a low burden on the environment and with products and technologies that contribute to more efficient water usage	Goal 6.4 Goal 7.3 Goal 9.c Goal 12.2 Goal 12.4	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN DEEPLY 12 DESCRIPTION AND PROJUCTION AND PROJUCTION CONTROL OF THE PROJUCT ON THE PROJUCT
Agrochemicals Business	Provide agrochemicals that are easy to use, safe, and more environmentally friendly, and support stable agricultural production	Goal 2.3 Goal 2.4	2 PERO HUNGER

Goals that reduce risks

CSR Key Issues (CSR Materiality)	Initiatives	SDGs Goals	SDGs icons
(S) Quality and customer safety	Prioritizing quality and safety, implement the proper controls over chemical substances, etc. through product life cycle	Goals 12.4	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
(S) Supplier assessment	Conduct social and environmental assessments of our suppliers so that we can do business with human rights and health and safety in mind	Goals 5.2 Goals 8.8	5 GENDER 8 DECENTIVORE AND ECONOMIC GROWTH
(E) Energy consumption and greenhouse gases	Through our initiatives to achieve our mid-term environmental goals, actively promote responses to climate change and a shift toward a low energy-consumption production structure	Goals 7.2 Goals 7.3 Goals 8.4 Goals 13.1	7 AFFORDABLE AND GLEAN DEPORT OF STORY

CSR Key Issues (CSR Materiality)	Initiatives	SDGs Goals	SDGs icons
(E) Waste water and industrial wastes	Take initiatives to further enhance the efficient use of water resources, improve waste water treatment technologies, and reduce waste	Goals 3.9 Goals 6.3 Goals 12.4 Goals 12.5 Goals 14.1	3 GOOD HEALTH AND WELL-SEING 6 CLEAN WAITER AND SANITATION 12 DESPOISBLE DUSSINGTION AND PRODUCTION AND PRODUCTION CO
(G) Occupational health and safety management	In consideration of health and safety at all of our worksites, promote the creation of workplaces that are vibrant and rewarding to work at	Goals 3.9 Goals 8.8	3 GOODHEATH AND WELLBEING 8 DECENT WORK AND ECONOMIC GROWTH
(G) Compliance	Observe the law and strengthen compliance at every level in order to prevent corruption, harassment, etc.	Goals 16.5 Goals 16.7	16 PEACE JUSTICE AND STRONG INSTITUTIONS

Mid-term CSR Action Plan 2016-2018 for ISO26000 Core Subjects

The Nippon Kayaku Group has created a table of correspondence between the 37 Core Issues of ISO26000 and our each item of Mid-term CSR Action Plan 2016–2018.

KAYAKU Next Stage

Mid-term CSR Action Plan 2016-2018 for ISO26000 Core Subjects

												SOME	D Core Su	bjects and	Related less.							
					Organizational				Hum	in rights					Lab	or practic	**			The	enforment	
	890	Me	Important CSR Issues	Mile Garls CSR Avitars Plan 3019-2025	Consistent enabling processes and attracture	Due diliperce	None Apte 164 Chebra	Archaece of complicity	g/inverces.	and subweaks	political	social and cultural	privatoles	Employment and amployment minimum/spe	work and social	Social distingue (FNW)	meterly at	Human development and training in the workplace	Prevention of pollution	Sustainable resource use	change	Protection or environment, a blodhverety and restored returni habits
		0	Invariant frough business	© Clasiness delicions will work as anomain or pursaing MAD with an upon or entition market, and create new products and designment in combinations are can businesses and areas of amongs. We have the execution products and large latern PADD therein without entition or execution and management executions.																0	0	0
	*	θ	Quality and contoner safety	• Make expering improvements to the quality management system and, such to see plans local interagement capabilities, and create a stranger quality assequenced and quality assessment replaces. • Process quality of strangers and, in practs the level of production traditionality and capacities, and vork to colocid interact to the process.																		
		0	Business portrair assessment	 Implement supply chain management that takes environmental and social sepects into consideration, based on the CSR Procurement Saldelines. 		0	0	0												0		
phone or by Lane	Ε	0	Energy use and green-bounce poster. Wastamora and reado: Efficient use of water conductors. Use of makerials that is entitled to resource possessation.	® Runca actiolises to some energy and conduct global resemble, Achieve the ordinarises that place in the PADDE and PADDE and Services respect for PADDED With the Reports SD 1407 and promised on a debation conformation in an agreement that addresses both this childs and appointuition of sent-removability publishers.															0	0	0	
		0	December of health and safety in the markstace	© Scicile follow basic rules on health and soldy and improve essignment and work, price relates to fault a strong banded as the safe operations. Or selection of the price of the process of the proce													0		0			
	a	0	Compliance	® Eventus sinist compliants, which is a basis principle upon which are conduct concerns activities, and operant to business in a fair manner. © Entablish a basic collect on executing communities, and maintain and shreegbon on open and howest corporate callens with high shire of values.	0			0		0	0	0	0									
		0	Provision of seproprists information on products and senicus	 Therease the presence of the frigoer flagsits Grosp by complying with regalations in each fusioness and providing appropriate information and technical services to conference. 																		
		0	Maintaining and expanding employment and dovelopment of ferman resources	• Premote directly and inclusion to listing diverse hieroet resources and effective buses resource affection and distillation. On the product of the product of the distillation in human resource of through ongoing human resource of through ongoing human resource development.		0	0			٥		0	0	0				0				
	ľ	0	Raspect for human rights and presentant	Opends businesses in a memor that nomittees the human rights of employees and all people involved in the expety shale.		0	0					0	0	0	0			0				
priparet M		0	Local convenien	• Activity communits six with local communities whose our businesses are located and drive to consist and primate tagether with them as a company restrict in the local community.						0												
		0	Economic performance	• Decembe statis profits and return profits to society while reintending graffic as management copies to achieve sussimble growth and enhance corporate volum.	0																	
		0	Strengthening corporate governance	 Strengther corporate governoce of the write group and manage in a highly transporant and accord manner. 	0												0					
	9	0	Ensuring to siness continuity	Ensure business continuity by responding to the crusy different dids assessabled with our businesses, maintaining the production structure, securing the appropriate materials, and strong-horing disaster response massures.	0																	

												1500100	O Core Sub	jects and R	inlated les	LIES							
							peraling 2	ractions					namer lause						munity involv				
	690	Na	Important CSR Issues	Michael CBR Aut an Plan 201+2021	Arth corruption	Paraparedole publicar producement		Promoting social responsibility in the votal chain	Name of the property of the pr	naviative.	tests and	Latinatis screenpliss		data profesion	pervices.	fidenation and	irwales-	Industrian and exitors	Employment creation and skills development	Technology development and access	Tracerse		Social Investment
		0	Innutation through business	® fluvious distinct will not be sentent at paralle RED with at up on soil to reside, and control manufact and businesses in our fluviousses and areas of general. A transfer and parallel property in control and improved rED direct varieties white or has direct and property RED direct varieties.							0	0											
	s	0	Quality and quatomor soldry	• Make prepring improves sets to the quality management system and usoft to strengths local management qualifies, and create a manager quality management and quality seamments outsides. • Purpose quality management, in greater to level of production technologic and opportunit, and work to reduce a form in this process.		0					0		0			0							
		0	Eurinean partner assessment	• Implement supply chain management that takes environmental and serial aspects into consideration, based on the CSN Procurement Satisfaces.			0	0															
Highest Priority Second		0	Enorge use and greenhouse garees Medismatter and words: Ellisimet was all matter electroses Use of inaccriate that clambiane to tessource consomation.	© Pursus activities to save amongs and combat global instraining. Achieve this servicemental largest and PODDS and Instruction largest for PTDDSD. © Task to integrate DO 12001 can purpose the set advances an incremental includes properties and advances an incremental includes properties.																			
		9	Occupational health and safety in the workshoes	® Strictly fulliw basis rules on health and subty and improve equipment and mode procedures to field a strong foundation for solo operations. Ø Tremonic health management and provide a not give a rentrament that enables employees to work with extincions and as lives work life furthers.																			
	0	0	Compliance	• Describe entir compliance, which is a basic ofinispie upon which we combut companies activities, and operan-the business in a fair manner. • Entailable is beste publicy or enventring convastion, and maintain and shreegthers are open and foreign component culture with high efficial values.	0	0	0	0	0	0	0			0									
	П	0	Provision of appropriate information on products and senic as	There was the presence of the Nilgour Capalia Group by complying with regulations in each business and providing appropriate information and technical services to customers.		0					0		0			0							
	l.	0	Maintaining and expending amplications and development of former resources	• Promote diservity and includes by hirting diserve horses resources and effective horses resources affection set out-broady. • Pleas done and stronglists included cognitifies in reconcilude branchisrisming) and as living glideritation in horses resources from the original bursan resource.																			
Importan	Ľ	0	Respect for human rights and assessment	Operate businesses in a masser that considers the human rigids of employees and all popule involved in the copply chair.																			
Table State	ı	0	Local communities	 Autistify communicate with local communities where our businesses are located and strive to co-color and prosper together with them as a compare restrict the local community. 												0	0	0	0	0	0	D	0
		Φ	Economic performance	• Gas ease stable profits and return profits to sociota while retirecting profits as management capital to actions socialized in growth and actions a composite value.			0					0											
		0	Strong busing corporate government	 Strengther concerning government of the entire group and manage in a highly transparent and second manner. 	0	0	0	0	0	0				0									
	٥	0	Emering business continuity	Φ Crears business continuity by responding to the many different tides associated with our businesses, maintaining the production situation, securing the appropriate materials, and descriptioning disorder response measures.				0															

> Mid-term CSR Action Plan 2016-2018 for ISO26000 Core Subjects 📙

Achievements of FY 2018 CSR ACTION PLAN

The achievements of the CSR Action Plan's initiatives for fiscal 2018, which was the final year of the Mid-term CSR Action Plan 2016–2018, are as follows.

Ninnon Kayaku Group CSP Action Plan 2018

Nipp	OC	on Kayaku Group CSR Actio	on Plan 2018 *** Trept after	d d florts toward improvement
	No	Mid-term CSR Action Plan 2016-2018	CSR Action Plan 2018 Achievements	Assessment levels
(A)	1	"Contribute to society by promoting innovations using our technological expertise, and by stably supplying high-quality pharmaceuticals coupled with truly reliable information"	Performed Phase II dinical trial of NK 105 Development of bioinilians progressed on schedule; banched Instaurumo BS for gasteric cancer indications; received additional approval for breast cancer treatment regimen A Received additional approval for breast cancer treatment regimen A Received additional approval for breast cancer or element regimen A Temporational additional approval for manufacture and sale of our generic articles acrossing Temporational for manufacture and sale of our generic articlescendrug. Ceffinib	***
Safeguarding life and health	2	"Contribute to public safety by globally supplying a wider range of automobile safety systems to improve automotive collision safety"	 Soles of new disk inflators and new cylinder inflators expanded smoothly, starting quaring up or global production to help keep more people safe Embarded on the development of new products for the foure 	***
and nearth	3	"Contribute to society, safeguard the life and health of the public, and support a comfortable life by executing R&D investments to consistently deliver the best products"	Made headway on new directions in current corporate research initiatives, which we shared with the management team Promoted new efforts in corporate research that blends internal and external technologies and in research hitro cultivating the rest generation Pacilitated technology exchanges emong the business divisions and the laboratories through the Company-ledic Repearch Presentation Conference, technology exchange meetings, and the consolidation of in-house componer technologies and shared technologies.	***
			Strengthened intellectual property management systems at overseas Group companies Used patent evaluation metrics to analyze our Crompany's and other companies' patents and then used them in our RSD	**☆
Supporting a comfortable life	4	"Contribute to the creation of an" Super Smart Society" by providing functional chemical materials that offer special characteristics for the fields of information and communication, and energy and resource conservation"	In the Functional Materials Business, promoted the expansion of epony retire for semiconductors and electronic devices and the development of new resins in the Cool Materials Business, expanded integrip enfeter colorates for use in industrial printing. In the Catalysts Business, expanded outsiyets used in production of acroice and and materially each, which halp to seve energy and resources.	***
	5	"Contribute to stable agricultural production by offering agrochemicals that suit the needs of the market environment and our customers"	Laurched our new insecticies, FINESAWE, in June 2018, and then expanded its applications to 4 crops and 3 posts and premote this sales Expanded the applications of our existing insecticies, Leafquard, to 4 crops and 2 posts and our spreading apents, Furnon and Widecout, to 3 crop groups and 1 crop	***
	6	Promote supply chain management	Alimed for close communication and information sharing with suppliers and promoted multiple purchasing homes for pronouncement stability. Zerood in on procurement risk and quality issues for some raw materials and parts resulting from changes in the actional environment.	**::
	7	*Promote the additional improvement of customer satisfaction of product quality*	Serious customer complaints: None ²¹ (vs. 1 in the prior year) Serious quality process failures: None ²¹ (vs. 1 in the prior year), did not reach starget for the rumber of small and medium-sized quality process failures Held risk management training for managers and practitionies, and produced the English version of the "NPI Why", "Auright Manual Manual Process of the Process of the NPI Why", "Auright Manual Serious Process of the Process of the NPI Why "Auright Manual Serious Process of the Process of the NPI Why "Auright Manual Serious Process of the Process of the NPI Why "Auright Manual Serious Process of the Process of the NPI Why "Auright Manual Serious Process of the Process of the NPI Why "Auright Manual Serious Process of the P	***
Contributing to		satisfaction of product quality	Set up a Quality Assurance Division within the Functional Chemicals Group to Foster's a strong quelity assurance system Promoted a stronger global quality assurance system in the Safety Systems Group, and stating initiatives to receive issues at our overseas sites	***
the development of a sustainable society and	8	"Contribute to environmental preservation by promoting energy and resource conservation, and measures to prevent global warming"	 Autrieved all mid-term envirormental targets for fiscal 2020 except the zero entition ratic, epoch to active all of these targets by the end of fiscal 2020 	***
environment	9	"improve environmental preservation technologies for water treatment"	 Completed the companywide project aimed at improving waste water treatment technology, and as a follow-up, working with each business site working toward optimizing waste water treatment facility operating and maintenance management and operating conditions 	***
	10	*Contribute to coexistence with the local society through communication with its residents	Continued conducting vertical initiatives to communicate with the boal residents at our business sites As part of education (CSP, made outreach classes to local primary schools and participated in the experience-based classroom Summer Coldrein's Science Deperience Thomas 2018 Supported the table termis T League as part of our initiatives promoting health through sports Order T League so part of our initiatives	***
	11	"Carry out dialogue with stakeholders by providing appropriate information in a timely manner"	Released an integrated report with fuller financial and nonfinancial information Engaged in ongoing dialogs with institutional investors	***
			Ratio of female menogens: 77%1-(-0.7 pts vs. the prior year) To foster global human resources, implemented overseas language school programs and robutions to the head office for lood staff overseas Held educational training sessions on diversity (sexual harassment, power harassment, LGBT issues, etc.) through t-barning	***
	12	"Provide a work environment that focuses on respect for human rights and work-life balance, and promote HR training and diversity"	Number of men taking childcore leave: 13°° (×9 vs. the prior year): held headquarters visits for employees' children Ratio of peak leave days station (1,11%° (×1,9 pt. vs. the prior year) • Average monthly hours of overtime: 13.3 hours*° (×0.5 hours vs. the prior year)	東東京
			 Met with the labor union for a working hour advisory committee to comifer measures for dealing with performance management and issues at each business site Set up a new workstyle advisory committee with the labor union 	***
			Received recognition under the Certified Health & Productivity Management Custanding Organizations Recognition Program (White Sold), which is a health menagement indicator Promoted companyleds health events and other specific activities for health and productivity management as part of our Responsible Care (RC) Palicy	***
Represent the	13	"Maintain a safe and secure work environment that is free of accidents and work-related disasters"	Sarrious accidents and injuries: Noren' (ns. 1 in the prior year) Loat aventive accidents; 39' (ns. 9 in the prior year) Designed and started using the RC progress checklet to enable common diagnostics of all business less. Also, formatided an RC Petry based on the contents of the RC progress checklet in all business sites Started using a chemical substance risk assessment distabase and a job history database	***
embodiment of a good and strong company	14	"Secure stable earnings as a corporate group with growth potential"	Achiwed sales of 172.6 billion yen and operating income of 1.9.9 billion yer continued to return profits to shareholders via divisions Prepared for future growth by investign 16.0 billion yen in capital expenditure and 12.5 billion yen in RSO	***
	15	"Maintain business continuity even during an emergency"	Conducted a review of the BCP manuals for the head office, each business division, and all group companies in China Heid BCP training at the Central Headquarters for Disaster Countermeasures and the Asa Plant	***
			CSR training taken in Japan by 12,138 people** through 5 sessions of e-Learning training and by 400 separat through 13 sessions of aroun training.	

vizarafier of personal data among Group companies in Europe

•Cathered data for the Board of Directors effectiveness assessment survey and changed how the Board operates with respect to three area media improvement, formulated an action join fer the fiscal 2019 Board of Directors

•Cerrido out companywide assessments of 9 of our companies with respect to their internal control and reporting systems (J-SDX); no problems detected

•Information southly fathing recloid through monthly -Learning training by 24,224 people™

•Ingroved the level of sociality iteracy through employee self-testing

•Set up an internal wishbest to communicate information about information sociality within the Group

•Ill Lines of Colleting are may furnished indowns to the Change Telescope.

•Ill Lines of Colleting are may furnished indowns to the State Telescope.

• Free du Christing au Frei (1998) de l'anni l'encopartine no l'abordit Christing des en la span by 12,138 perspiere trough 5 sessions of e-Learning training and by 400 people through 13 sessions of group training. Occupation existing basen in Japon 19,2416 peopler in e-Learning training, by 600 people in 19,2416 peopler in e-Learning training, by 600 people in group training and value of 19,300 people in group training des l'abordit in 19,300 people in group training des l'abordit 19,300 people in group training.
In response to the CU's General Data Protection Regulation, entered into an agreement on the virturalité of personné data among Christing christique companies in Europe

m1 I Loss of 10 million-yen or more inumber of incidents is for the Nippon Xiayaku perent company).

22 Figures are for the Nippon Xiayaku perent company only.

33 Accidents due to within at least 3 people had to take of 10 m work simultaneously or people died founders in form chardwise large Mippon Xiayaku perent company only).

- > Results of FY 2018 CSR ACTION PLAN 🔀
- > Results of FY 2017 CSR ACTION PLAN 📙
- > Results of FY 2016 CSR ACTION PLAN 📙

KAYAKU Next Stage Mid-term CSR Action Plan 2019-2021 portant CSR Issues Mid-term CSR Action Plan 2019-2021 Key Indicators (R

	ESG	No	Important CSR Issues	Mid-term CSR Action Plan 2019-2021	Key Indicators (KPI)	FY2021 Targets
		1	Innovation through businesst	 Business divisions will work as one team on pursuing R&D with an eye on exit to market, and create new products and businesses in core businesses and areas of synergy. Invest management resources in medium and long-term R&D themes while enhancing core technologies and meeting the future needs of society. 	Amount invested in R&D over three years	(Consolidated) ¥40 billion over 3 years
	S	2	Quality and customer safety	 Make ongoing improvements to the quality management system and work to strengthen local management capabilities, and create a stronger quality management and quality assurance system. Pursue quality management, improve the level of production technology and expertise, and work to reduce flaws in the process. 	Number of serious complaints by customers **1 Number of serious flaws in processes **1	(Consolidated) 0 complaints (Consolidated) 0 incidents
		3	Business partner assessment	●Implement supply chain management that takes environmental and social aspects into consideration, based on the CSR Procurement Guidelines.	Number of times assessments of main business partners are performed	(Non-consolidated) 50 times/year
					Mid-term environmen- tal targets • Amount of CO2 emit- ted from energy sources	FY2020 Target (Non-consolidated) 79,500 tons or less
					VOC emissions volume	(Non-consolidated) 42 tons or less
			Energy use and green- house gases	Pursue activities to save energy and combat global warming.	· COD emissions volume	(Non-consolidated) 150 tons or less
	E	4	Wastewater and waste Efficient use of water resources	Achieve the environmental targets for FY2020 and formulate targets for FY2030. Work to integrate ISO 14001 company-wide and advance environ-	 Volume of waste generated 	(Non-consolidated) 23,500 tons or less
Highest Priority			Use of materials that contribute to resource conservation	mental management that addresses both the risks and opportunities of environmental problems.	• Recycling rate	(Non-consolidated) 80% or higher
Issues					· Zero emissions rate	(Non-consolidated) 3% or lower
					Company-wide integration of ISO 14001	Integration
					Formulation of 2030 environmental targets	Formulation
					Number of serious accidents × 2	(Consolidated) 0 incidents
				Strictly follow basic rules on health and safety and improve equip-	White 500 certification	(Non-consolidated) Maintain certification
		5	Occupational health and safety	ment and work procedures to build a strong foundation for safe operations. Promote health management and provide a workplace environment	Percentage of employees taking paid leave	(Non-consolidated) 70%
			in the workplace	that enables employees to work with enthusiasm and achieve work-life balance.	Percentage of employees who take mental health training	(Non-consolidated) 100%※3
	G				Percentage of employees who undergo regular health check-ups	(Non-consolidated) 100%
				●Exercise strict compliance, which is a basic principle upon which	Number of serious compliance violations %4	(Consolidated) 0 incidents
		6	Compliance	we conduct corporate activities, and operate the business in a fair manner. Establish a basic policy on preventing corruption, and maintain and	Formulation of a basic policy on preventing corruption	Formulation
				strengthen an open and honest corporate culture with high ethical values.	Coverage ratio of companies implementing compliance training	(Domestic) 100%
		7	Provision of appropriate information on products and services	•Increase the presence of the Nippon Kayaku Group by complying with regulations in each business and providing appropriate information and technical services to customers.	Regularly conducting customer satisfaction surveys	(Non-consolidated) Implementation
					Percentage of female managers	(Non-consolidated) 8%%5
		8	Maintaining and expanding employment and development of human resources	 Promote diversity and inclusion by hiring diverse human resources and effective human resource allocation and exchanges. Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through 	Percentage of people with disabilities employed	(Non-consolidated) 2.3%
				ongoing human resource development.	Amount invested in education and training per employee	(Non-consolidated) Note results only
	S	9	Respect for human rights and assessment	Operate businesses in a manner that considers the human rights of employees and all people involved in the supply chain.	Number of training sessions held on human rights	(Non-consolidated) Once a year or more
		10	Local communities	• Actively communicate with local communities where our businesses are located and strive to co-exist and prosper together with them	Total number of informal community gatherings	(Consolidated) Note results only
Important Issues				as a company rooted in the local community.	Expenditures on social contributions %6	(Non-consolidated) Note results only
					ROE	(Consolidated) 8%
		11	Economic performance	●Generate stable profits and return profits to society while reinvesting profits as management capital to achieve sustainable growth and enhance corporate value.	Amount of tax paid	(Consolidated) ¥5.6 billion
					Capital investments over three years	(Consolidated) ¥50.0 billion over three years
		12	Strengthening corporate	Strengthen corporate governance of the entire group and manage in	Number of times that the effectiveness of Board of Directors meetings is evaluated	(Non-consolidated) Once a year
	G	12	governance	a highly transparent and sound manner.	Number of times internal business audits are performed by the Audit Division	(Consolidated) 45 times over three years
		10	Ensuring business	●Ensure business continuity by responding to the many different risks associated with our businesses, maintaining the production	Implementation rate for the top five risk control activities	(Consolidated) 100%
		13	continuity	structure, securing the appropriate materials, and strengthening disaster response measures.	Number of times BCP drills are conducted	(Consolidated) Once a year or more
					(E)Environment (S)Social (G)Governance *1:Losses of 10 million yen or higher *2: Accidents resulting in time off work for th more people simultaneously or accidents resul *3: Cumulative amount over the three year pe *4:Number of incidents deemed serious by the or the Risk Management Committee	ting in death eriod from 2018 to 2020

*1:Losses of 10 million yen or higher
*2: Accidents resulting in time off work for three or more people simultaneously or accidents resulting in death
*3: Cumulative amount over the three year period from 2018 to 202
*4:Number of incidents deemed serious by the Ethics Committee or the Risk Management Committee
*5: Target for the end of FY2020
*6:Expenses for donations, Asunaro House activity expenses, plant festivals, and other local events

Mid-term CSR Action Plan 2016-2018 for ISO26000 Core Subjects

											ISO2600	0 Core Sul	bjects and	Related Issu	es						
					Organizationa governance				Human rights					Labo	or practic	es			The	environment	
	ESC	G No	Important CSR Issues	Mid-term CSR Action Plan 2019-2021	Decision-making processes and structure		risk situations	of	Resolving Discrimination grievances (*N/A) groups				and	work and social		Health and safety at work	Human development and training in the workplace	•		change mitigation and	Protection of the environment, biodiversity and restoration of natural habitats
		0	Innovation through business	 Business divisions will work as one team on pursuing R&D with an eye on exit to market, and create new products and businesses in core businesses and areas of synergy. Invest management resources in medium and long-term R&D themes while enhancing core technologies and meeting the future needs of society. 															0	0	0
	S	2	Quality and customer safety	 Make ongoing improvements to the quality management system and work to strengthen local management capabilities, and create a stronger quality management and quality assurance system. Pursue quality management, improve the level of production technology and expertise, and work to reduce flaws in the process. 																	
Lliade		3	Business partner assessment	Implement supply chain management that takes environmental and social aspects into consideration, based on the CSR Procurement Guidelines.		0	0	0											0		
Highe Priori Issues	'	4	Energy use and greenhouse gases Wastewater and waste Efficient use of water resources Use of materials that contribute to resource conservation	 Pursue activities to save energy and combat global warming. Achieve the environmental targets for FY2020 and formulate targets for FY2030. Work to integrate ISO 14001 company-wide and advance environmental management that addresses both the risks and opportunities of environmental problems 														©	0	©	
	G	5	Occupational health and safety in the workplace	 Strictly follow basic rules on health and safety and improve equipment and work procedures to build a strong foundation for safe operations. Promote health management and provide a workplace environment that enables employees to work with enthusiasm and achieve work-life balance. 												0		0			
	G	6	Compliance	 Exercise strict compliance, which is a basic principle upon which we conduct corporate activities, and operate the business in a fair manner. Establish a basic policy on preventing corruption, and maintain and strengthen an open and honest corporate culture with high ethical values. 	©			0	0	0	0	0									
		•	Provision of appropriate information on products and services	■ Increase the presence of the Nippon Kayaku Group by complying with regulations in each business and providing appropriate information and technical services to customers.																	
	s	8	Maintaining and expanding employment and development of human resources	 Promote diversity and inclusion by hiring diverse human resources and effective human resource allocation and exchanges. Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource development. 		0	0		©		0	©	0				0				
Import		9	Respect for human rights and assessment	 Operate businesses in a manner that considers the human rights of employees and all people involved in the supply chain. 		0	0				0	0	0	0			0				
Issues		•	Local communities	 Actively communicate with local communities where our businesses are located and strive to co-exist and prosper together with them as a company rooted in the local community. 					0												
		•	Economic performance	 Generate stable profits and return profits to society while reinvesting profits as management capital to achieve sustainable growth and enhance corporate value. 	0																
		12	Strengthening corporate governance	Strengthen corporate governance of the entire group and manage in a highly transparent and sound manner.	0											0					
	G	13	Ensuring business continuity	Ensure business continuity by responding to the many different risks associated with our businesses, maintaining the production structure, securing the appropriate materials, and strengthening disaster response measures.	0																

	Anti- corruption	Responsible	competi-	Promoting social responsibility in the value chain	Respect for property rights	marketing,	consumers' health and	Cor Sustainable consumption		Consumer data protection	essential services	and awareness	involve-	Education	munity involv Employment creation and skills development	Technology	Wealth and income	Health Soc	ocial vestment
O with an eye on exit to cinesses and areas of synergy. In R&D themes while its of society. The system and work to tronger quality management function technology and commental and social aspects belines. The system are work to tronger quality management function technology and commental and social aspects belines.		political involvement	competi-	social responsibility in the value chain	property	marketing, factual and unbiased information and fair contractual	consumers' health and safety	consumption	service, support, and complaint and dispute resolution	data protection	essential services	and awareness	involve-		creation and skills	development	income		
cinesses and areas of synergy. MR&D themes while dis of society. The system and work to tronger quality management function technology and Commental and social aspects the system and work to tronger quality management function technology and Commental and social aspects the system arming. Achieve the for FY2030. The system arming a		0	0				-	©	0										
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man rights of employees																			
our businesses are located a company rooted in the												0	0	0	0	0	0	0	0
hile reinvesting profits as nhance corporate value.			0					0											
and manage in a highly	0	0	0	0	0	0				0									
different risks associated a, securing the appropriate .				0															
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Nippon Kayaku Group CSR Action Plan 2018

★★☆ Almost achieved ★☆☆ Under-going efforts toward improvement ☆☆☆ Not achieved

	No	Mid-term CSR Action Plan 2016-2018	CSR Action Plan 2018 Achievements	Assessment levels
	1	"Contribute to society by promoting innovations using our technological expertise, and by stably supplying high-quality pharmaceuticals coupled with truly reliable information"	 Performed Phase II clinical trial of NK 105 Development of biosimilars progressed on schedule; launched Trastuzumab BS for gastric cancer indications; received additional approval for breast cancer treatment regimen A Received additional approval for our generic anti-cancer drug Temozolomide for use in recurrent and refractory Ewing's sarcoma; received approval for manufacture and sale of our generic anti-cancer drug, Gefitinib 	***
Safeguarding life	2	"Contribute to public safety by globally supplying a wider range of automobile safety systems to improve automotive collision safety"	 Sales of new disk inflators and new cylinder inflators expanded smoothly, starting gearing up for global production to help keep more people safe Embarked on the development of new products for the future 	***
and health	3	"Contribute to society, safeguard the life and health of the public, and support a comfortable life by executing R&D investments to consistently deliver the best products"	 Made headway on new directions in current corporate research initiatives, which we shared with the management team Promoted new efforts in corporate research that blends internal and external technologies and in research into cultivating the next generation Facilitated technology exchanges among the business divisions and the laboratories through the Company-wide Research Presentation Conference, technology exchange meetings, and the consolidation of in-house component technologies and shared technologies 	***
			 Strengthened intellectual property management systems at overseas Group companies Used patent evaluation metrics to analyze our Company's and other companies' patents and then used them in our R&D 	***
Supporting a comfortable life	4	"Contribute to the creation of an" Super Smart Society" by providing functional chemical materials that offer special characteristics for the fields of information and communication, and energy and resource conservation"	 In the Functional Materials Business, promoted the expansion of epoxy resins for semiconductors and electronic devices and the development of new resins In the Color Materials Business, expanded inkjet printer colorants for use in industrial printing In the Catalysts Business, expanded catalysts used in production of acrylic acid and metacrylic acid, which help to save energy and resources 	***
	5	"Contribute to stable agricultural production by offering agrochemicals that suit the needs of the market environment and our customers"	 Launched our new insecticide, FINESAVE, in June 2018, and then expanded its applications to 4 crops and 3 pests and promoted its sales Expanded the applications of our existing insecticide, Leafguard, to 4 crops and 2 pests and our spreading agents, Fumon and Widecoat, to 3 crop groups and 1 crop 	***
	6	Promote supply chain management	 Aimed for close communication and information sharing with suppliers and promoted multiple purchasing channels for procurement stability Zeroed in on procurement risk and quality issues for some raw materials and parts resulting from changes in the external environment 	★★☆
	7	"Promote the additional improvement of customer satisfaction of product quality"	 Serious customer complaints: None*1 (vs. 1 in the prior year) Serious quality process failures: None*1 (vs. 1 in the prior year), did not reach target for the number of small and medium-sized quality process failures Held risk management training for managers and practitioners, and produced the English version of the "Why Why" Analysis Manual 	★★☆
Contributing to			 Set up a Quality Assurance Division within the Functional Chemicals Group to foster a strong quality assurance system Promoted a stronger global quality assurance system in the Safety Systems Group, and taking initiatives to resolve issues at our overseas sites 	★ ☆☆
the development of a sustainable society and	8	"Contribute to environmental preservation by promoting energy and resource conservation, and measures to prevent global warming"	 Achieved all mid-term environmental targets for fiscal 2020 except the zero emission rate; expect to achieve all of these targets by the end of fiscal 2020 	***
environment	9	"Improve environmental preservation technologies for water treatment"	 Completed the companywide project aimed at improving waste water treatment technology, and as a follow-up, working with each business site working toward optimizing waste water treatment facility operating and maintenance management and operating conditions 	***
	10	"Contribute to coexistence with the local society through communication with its residents	 Continued conducting various initiatives to communicate with the local residents at our business sites As part of educational CSR, made outreach classes to local primary schools and participated in the experience-based classroom, Summer Children's Science Experiment Show 2018 Supported the table tennis T League as part of our initiatives promoting health through sports 	***
	11	"Carry out dialogue with stakeholders by providing appropriate information in a timely manner"	 Released an integrated report with fuller financial and nonfinancial information Engaged in ongoing dialogs with institutional investors 	***
			 Ratio of female managers: 7.7%*2 (+0.7 pts vs. the prior year) To foster global human resources, implemented overseas language school programs and rotations to the head office for local staff overseas Held educational training sessions on diversity (sexual harassment, power harassment, LGBT issues, etc.) through e-Learning 	***
	12	"Provide a work environment that focuses on respect for human rights and work-life balance, and promote HR training and diversity"	 Number of men taking childcare leave: 13*2 (+9 vs. the prior year); held headquarters visits for employees' children Ratio of paid leave days taken: 61.1%*2 (+1.9 pts vs. the prior year) Average monthly hours of overtime: 13.3 hours*2 (+0.5 hours vs. the prior year) 	★★☆
			 Met with the labor union for a working hour advisory committee to consider measures for dealing with performance management and issues at each business site Set up a new workstyle advisory committee with the labor union 	***
			 Received recognition under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500), which is a health management indicator Promoted companywide health events and other specific activities for health and productivity management as part of our Responsible Care (RC) Policy 	***
Represent the	13	"Maintain a safe and secure work environment that is free of accidents and work-related disasters"	 Serious accidents and injuries: None^{**3} (vs. 1 in the prior year) Lost worktime accidents: 3**2 (vs. 9 in the prior year) Designed and started using the RC progress checklist to enable common diagnostics of all business sites. Also, formulated an RC Policy based on the contents of the RC progress checklist in all business sites Started using a chemical substance risk assessment database and a job history database 	★★☆
embodiment of a good and strong company	14	"Secure stable earnings as a corporate group with growth potential"	 Achieved sales of 172.6 billion yen and operating income of 19.9 billion yen; continued to return profits to shareholders via dividends Prepared for future growth by investing 16.0 billion yen in capital expenditures and 12.5 billion yen in R&D 	***
	15	"Maintain business continuity even during an emergency"	 Conducted a review of the BCP manuals for the head office, each business division, and all group companies in China Held BCP training at the Central Headquarters for Disaster Countermeasures and the Asa Plant 	***
	16	"Instill CSR management throughout the group and continue to fully implement compliance"	 CSR training taken in Japan by 12,138 people^{*2} through 5 sessions of e-Learning training and by 409 people through 13 sessions of group training Compliance training taken in Japan by 2,416 people^{*2} in e-Learning training, by 669 people in group training, and by 269 people in DVD training, for a total of 3.353 people, and overseas by 720 people in group training 	***
			 In response to the EU's General Data Protection Regulation, entered into an agreement on the vtransfer of personal data among Group companies in Europe 	***
	17	Fortify corporate governance throughout the group	 Gathered data for the Board of Directors effectiveness assessment survey and changed how the Board operates with respect to three areas needing improvement; formulated an action plan for the fiscal 2019 Board of Directors Carried out companywide assessments of 9 of our companies with respect to their internal control and reporting systems (J-SOX); no problems detected 	***
			 Information security training received through monthly e-Learning training by 24,224 people² Improved the level of security literacy through employee self-testing Set up an internal website to communicate information about information security within the Group *1: Loss of 10 million yen or more (number of incidents is for the Nippon Kayaku parent company) 	★★ ☆
			жт - 2000 от то нишот уст от тноге (нишост от нючента is тог the міррон кауаки рагенt company)	

^{*1:} Loss of 10 million yen or more (number of incidents is for the Nippon Kayaku parent company)
*2: Figures are for the Nippon Kayaku parent company only
*3: Accidents due to which at least 3 people had to take off from work simultaneously or people died (number of incidents is for the Nippon Kayaku parent company only)

CSR Action Plan 2017 Achievements

*★★ Target achieved ★★☆ Almost achieved ★☆☆ Under-going efforts toward improvement

			★ A Order-going enous toward improvement ☆☆☆ Not achieved	
	No	Mid-term CSR Action Plan 2016–2018	CSR Action Plan FY 2017 Achievements	Assessment levels
	1	Contribute to society by promoting innovations using our technological expertise, and by stably supplying high-quality pharmaceuticals coupled with truly reliable information	 Commenced clinical trial for NK105, a polymeric micelle anti-cancer drug Brought to market Temozolomide NK tablets, a generic anti-cancer drug Obtained marketing approval for Trastuzumab BS NK, a monoclonal antibody biosimilar for cancer fields 	***
Safeguarding life and health	2	Contribute to public safety by globally supplying a wider range of automobile safety systems to improve automotive collision safety	 Completed capacity increases and production system expansion for existing products at our business sites in Japan and overseas as planned and provided a stable supply of products under a global quality assurance system Completed the construction of a production/sales system for new products as planned 	★★ ☆
	3	Contribute to society, safeguard the life and health of the public, and support a comfortable life by executing R&D investments to consistently deliver the best products	 Newly established one corporate research theme seeking technological integration Held initiatives for creating opportunities for mutual understanding and integration of technologies, including a company-wide research presentation meeting, meeting of r esearch laboratory heads, and exchange meeting for analytical evaluation technologies Newly established two joint research projects with research institutions inside and outside Japan Reinforced management system of intellectual properties at overseas Group companies Promoted utilization of intellectual properties through analysis of our own patents and those of other companies 	***
Supporting a comfortable life	4	Contribute to the creation of an "Super Smart Society" by providing functional chemical materials that offer special characteristics for the fields of information and communication, and energy and resource conservation*1	 Provided dry film photoresist for digital devices in the ICT field Developed and provided pigments for inkjet printers in the industrial printing field 	***
	5	Contribute to stable agricultural production by offering agrochemicals that suit the needs of the market environment and our customers	 Completed agrochemical registration of new insecticide FINESAVE® Expanded indications of existing insecticides to 13 crops + 1 crop family and 19 pests & diseases 	***
	6	Promote supply chain management	• Ensured stable procurement by seeking to mitigate procurement risk by gathering information through communications with suppliers and by diversifying our supplier base	★ ☆☆
	7	Promote the additional improvement of customer satisfaction of product quality	 One serious customer complaint (loss valued at more than 10 million yen)¹ Revamped the customer complaint database and quality process failure database and rolled out preventive measures following "Why Why" analysis 	★☆☆
Contributing to the development			• Continued to strengthen the global quality assurance system and created a new education center to enhance safety and technical training for employees	***
of a sustainable society and environment	8	Contribute to environmental preservation by promoting energy and resource conservation, and measures to prevent global warming	 Conducted initiatives for the environment at each business division under the Responsible Care Policy and the forecast indicates targets for 2020 will be achieved Energy consumption per unit: achieved target by reducing 2.7%⁻¹ compared to last year 	***
	9	Improve environmental preservation technologies for water treatment	• Implemented company-wide project aimed at enhancing wastewater treatment technologies and established core technology	***
	10	Contribute to coexistence with the local society through communication with its residents	 Continued various forms of engagement with local residents around plants Held outreach classes at local elementary schools as part of educational CSR and participated in the event-based Children's Science Experiment Show 2017 Carried out Pink Ribbon Campaign activities throughout Japan and raised awareness about early detection and early treatment of breast cancer among around 20,000 people 	***
	11	Carry out dialogue with stakeholders by providing appropriate information in a timely manner	 Disclosed financial and non-financial information in a timely and appropriate manner Continued ongoing engagement with institutional investors 	***
			Carried out impact assessment in the project to review the adoption of IFRS	★★☆
		Provide a work environment that focuses on	 Promotion of the active role of women: percentage of women in management was 7.0%1 (0.3 percentage points higher than last year) Carried out HR training including rank-based training and skills training at each plant and business division Carried out training for employees prior to being posted overseas, language learning support and interchange with personnel of overseas Group companies to foster globally-minded human resources 	★★☆
	12	respect for human rights and work-life balance, and promote HR training and diversity	 Held manager training as part of measures to develop the next generation Held a meeting of the working hours committee with the labor union, promoted no overtime days, and introduced the anniversary paid leave system to encourage employees to take paid leave 	★★☆
			 Reinforced operations of the dedicated hotline and countermeasures committee following revisions to company rules related to harassment prevention and responses Held group training and e-learning program (for all employees) on harassment 	***
Dever 10			Continued to carry out stress check-ups and conducted group counseling for high stress workplaces	***
Represent the embodiment of a good and strong company	13	Maintain a safe and secure work environment that is free of accidents and work-related disasters	 One electrical system work accident¹ Continued to hold fire drills and safety audits at each workplace and Group company and commenced workplace patrol activities (fixed-point observations) for identifying unsafe actions 	★ ☆☆
			 Carried out environmental and safety diagnoses at Group companies in China and held committee meeting involving persons in charge of environment and security Achieved higher profit on higher revenue in terms of both net sales and operating income 	***
	14	Secure stable earnings as a corporate group with growth potential	Established ROIC as a management indicator to improve capital efficiency and promoted cost reductions at plants and the sale of idle assets	***
	15	Maintain business continuity even during an emergency	 BCP training was held for the Pharmaceuticals Group in fiscal 2017 Continued to review BCP manuals focused on the frontlines 	***
	16	Instill CSR management throughout the group and continue to fully implement compliance	 CSR training: Implemented group training for 315 employees, including 189 employees in five Group companies Compliance training: In Japan, implemented e-learning for 1,973 employees, group training for 825 employees, and DVD training for 778 employees, and in China, implemented group training for 380 employees 	***
			Complied promptly with revisions to laws in each country/region, and took steps to comply with the EU General Data Protection Regulation (GDPR) Conducted questionneits of Directors and Audit & Supervisory Reard Members about the effectiveness of the Board of Directors.	***
	17	Fortify corporate governance throughout the group	 Conducted questionnaire of Directors and Audit & Supervisory Board Members about the effectiveness of the Board of Directors Exchanged views between the Internal Audit Department and Audit & Supervisory Board Members, held meetings between the Internal Audit Department and audit corporation, and strengthened collaboration of three-pronged audits 	★☆☆ ★★★
			Continued to implement information security training and information security self checks involving all employees	***
			*1: Figures for Nippon Kayaku on a non-consolidated basis	

CSR Action Plan 2016 Achievements

★★★ Target achieved
★★☆ Almost achieved
★☆☆ Under-going efforts toward improvement
☆☆☆ Not achieved

	No	Mid-term CSR Action Plan 2016-2018	CSR Action Plan 2016	CSR Action Plan 2016 Achievements	Assessment levels
	140	Wild-terrif Cort Action Flatt 2010-2010	CON ACTION Flair 2010	Results from joint international trials of NK105 in patients with breast cancer did	Assessment levels
	1	Contribute to society by promoting innovations using our technological expertise, and by stably supplying high-quality pharmaceuticals coupled with truly reliable	Proceed with development of polymeric micelle anti-cancer drugs	not meet the prespecified statistical criteria of the primary endpoint, and planning for future clinical trials is underway	****
		information	Develop and launch generic anti-cancer drugs without delay and supply monoclonal antibody biosimilar treatments	Brought three generic drugs to market and proceeded with development of biosimilars favorably	***
Safeguarding life and health	2	Contribute to public safety by globally supplying a wider range of automobile safety systems to improve	Governed by safe operations, increase our Japanese and overseas production capacity as scheduled, and deliver high-quality products to global markets	Implemented the strengthening and expansion of production systems at our Japanese and overseas bases as scheduled, and supplied a wider range of automobile safety components globally	***
	_	automotive collision safety	Implement next-generation designs, production, and sales that suit growing needs in global markets as planned	Focused on products capable of handling quality requirements for global markets, and carried out development of new-generation designs	***
	3	Contribute to society, safeguard the life and health of the public, and support a comfortable life by executing R&D investments to consistently deliver the best products	Create new products and businesses by implementing R&D investments, coordinating and integrating group intellectual assets and technologies, and promoting open innovations with parties outside the company	 Promoted joint research with the Group's internal and external research institutes Launched three new corporate research projects in collaboration with each of the research laboratories Held a company-wide research presentation meeting and an exchange meeting for analytical evaluation technologies, and implemented initiatives to promote the integration of intellectual property and technologies 	★★ ☆
			Create, protect, and use intellectual assets and establish a global management system	Established a global management system of intellectual property for our Chinese Group companies	***
Supporting a comfortable life	4	Contribute to the creation of an "Super Smart Society" by providing functional chemical materials that offer special characteristics for the fields of information and communication, and energy and resource conservation*1	Promote business development of epoxy resins and industrial-use inkjet colorants that contribute to reducing environmental impact and energy usage, and develop and launch high-performance catalysts used to manufacture acrylic acid	 Promoted business development of environmentally-friendly epoxy resins and industrial-use inkjet colorants Development is earnestly underway for high-performance catalysts used to manufacture acrylic acid 	***
	5	Contribute to stable agricultural production by offering agrochemicals that suit the needs of the market environment and our customers	Gear up for launch of new insecticides, develop a unique formulation using formulation technologies, and expand applications for existing products	Promoted registration procedures for new insecticides, and implemented information sessions on the safe use of agrochemicals in each representative's area	***
	6	Promote supply chain management	Maintain a stable supply chain and alleviate procurement risks through the promotion of CSR procurement, while promoting improved quality and proper purchasing	 Grasped procurement risks and maintained a stable supply chain by actively communicating with suppliers through audits and investigations Developed familiarization activities for suppliers in relation to CSR procurement 	***
	7	Promote the additional improvement of customer satisfaction of product quality	Continue to implement activities to maintain our record of zero serious customer complaints (5-Whys analysis, cross-organizational sharing of case studies, preventing human error, etc.)	Serious customer complaints: Zero cases ⁻² Continued to implement quality assurance activities for making the workplace stronger through the Nippon Kayaku "Why Why" Analysis and quality engineering training	★★☆
			Strengthen global quality assurance system in the safety systems business	Established the Quality Assurance Division, and strengthened global systems	***
Contributing to the development		Contribute to environmental preservation by promoting	Promote initiatives for achieving our FY2020 mid-term environmental targets	Reviewed FY 2020 mid-term environmental targets based on the achievements of FY 2015, and started initiatives towards stricter targets	***
of a sustainable society and environment	8	energy and resource conservation, and measures to prevent global warming	Promote initiatives to reduce our energy consumption per unit by more than 1% each year	Promoted the update of energy-conserving equipment and review of energy consumption methods, and implemented energy conservation inspections	***
	9	Improve environmental preservation technologies for water treatment	Review existing wastewater treatment technologies, including those at group companies, and seek out new treatment technologies	Planned a project to implement a review of existing wastewater treatment technologies and seek out new treatment technologies, and activities are underway towards future results	***
	10	Contribute to coexistence with the local society through communication with its residents	Continue to hold events, such as plant festivals, local community socials, local cleanup activities, Pink Ribbon Campaign, and interactive events for children at each of our locations and operate Asunaro house	 Pink Ribbon Campaign: Implemented activities at each business site, including overseas Group companies, in October Interactive events for children (educational CSR): Offered chemistry experiment shows at each business site and event Plant festivals, local community socials, etc.: Implemented according to plan Asunaro House: used by over 104 families (51% occupancy rate) 	***
			Increase both disclosure of non-financial information for stakeholders, and dialogue with shareholders and investors. to promote mutual understanding	Improved optional items in business reports, and explained the corporate value creation process and improved non-financial information in the annual report.	***
	11	Carry out dialogue with stakeholders by providing appropriate information in a timely manner	Timely and appropriate disclosure of financial information and preparations to	Continued to implement activities for the project to review the adoption of IFRS.	**☆
	12	Provide a work environment that focuses on respect for human rights and work-life balance, and promote HR training and diversity	introduce IFRS Foster an environment conducive for diverse human resources to play an active role, and implement HR training (conform with the law to promote the active role of women in the workplace, global HR training, training to pass on and develop manufacturing technologies, etc.)	 Created an action plan for initiatives to promote the active role of women in the workplace, and announced the action plan and targets inside and outside the Company Continued to implement training to pass on and develop manufacturing technologies at each business site and Group company (Female manager employment rate: 6.7%'², Achieved the legally mandated 2.1% employment for workers with disabilities'²) 	★★☆
		and promote an training and diversity	Promote initiatives conducted in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children (support for child-rearing and nursing care, encourage men to participate in child raising, reduction of overtime, improvement of the paid leave acquisition rate, etc.)	 Implemented various initiatives towards Platinum Kurumin certification, and plan to lodge an application on our achievements at the end of the fiscal year Changed the system of leave for child-rearing and nursing care to make half-day increments also available 	**☆
			Promote health management that takes into account employee occupational safety and health (continuing mental health training, implementing stress check-ups, developing data health plans, etc.)	 Mental health training and health check-ups both achieved a 100% participation rate² Implemented stress check-ups, and responded to employees with high-levels of stress 	***
	13	Maintain a safe and secure work environment that is free of accidents and work-related disasters	Continue to conduct activities for preventing accidents and disasters in advance (fire drills, safety inspections, plant inspections by managers, employee training, etc.)	 Incidence of major accidents: Zero cases² Implemented activities to internally instill risk assessments focused on strengthening chemical substance management 	***
Represent the embodiment of a good and			Carry out health and safety activities at group companies in accordance with the Nippon Kayaku Group FY 2016 Responsible Care Policy	 Familiarized each Group company with the companywide Responsible Care Policy and targets together with confirming the status of these initiatives with environmental health and safety diagnostics Continued to implement health and safety activities at each Group company (various types of safety training, KYT, near-miss training, etc.) 	**☆
strong company	14	Secure stable earnings as a corporate group with growth potential	Optimally allocate management resources, improve capital efficiency, and carry out business operations that focus on earnings improvement	 Did not achieve our net sales plan, but achieved our plan for operating income nevertheless through promotion of cost reductions Ensured appropriate inventory management to focus on capital efficiency, and promoted the sale of idle assets 	***
	15	Maintain business continuity even during an emergency	Implement training adapted for the field and review the BCP manual	 Implemented BCP training for hypothetical typhoon damage for the Catalysts Division and Asa Plant Created BCP manuals for two Chinese Group companies 	***
	16	Instill CSR management throughout the group and continue to fully implement compliance	Continue to implement CSR and compliance training, which includes training for employees at group companies	 CSR training: Implemented 12 times for 260 employees, including 73 employees in seven Group companies Compliance training: Implemented group training in Japan in 33 times for 2,023 employees, DVD training for 1,422 employees, and for 506 employees in management roles in six overseas Group companies 	***
			Comply with local laws in each country/region, and quickly and properly address legal revisions	Executed business operations that complied with the laws in each country/region for the entire group, including laws related to chemical substances	***
			Promote measures in accordance with the revised Companies Act and the Corporate Governance Code	Established opportunities for exchanging opinions with persons responsible for each business and advance briefings of agenda items for the Board of Directors for Outside Directors	***
	17	Fortify corporate governance throughout the group	Continue to implement and strengthen systems of internal control and risk management (Top 5 risk control activities), as well as follow-up and improve on the effectiveness of internal audits	 Evaluated the operating conditions of important meeting bodies, and confirmed that governance was functioning Implemented internal audits as planned, and carried out follow-up investigations on three Group companies 	***
			Establish an information security system to strengthen corporate information management	 Continued to implement information security training for employees in addition to new career hires Development is underway towards the implementation of the information security policy next fiscal year 	★★ ☆
			*1: Partial change in wording from April 2017 *2: Nippon Kayaku non-consolidated basis	s figures	