



Compliance

The Nippon Kayaku Group widely recognizes compliance as not only adhering to laws and ordinances, but also upholding social norms and responding to the needs of society.

Nippon Kayaku Group Charter of Conduct and Code of Conduct

With the recognition that compliance holds a position of the utmost importance in its business activities, the Nippon Kayaku Group, established the Nippon Kayaku Action Charter and Nippon Kayaku Action Standards in 2000. Later, in 2011, this was amended to the [Nippon Kayaku Group Charter of Conduct and Code of Conduct](#), which follows ISO 26000, the international standard for effectively assessing and addressing social responsibilities.

The Nippon Kayaku Group Charter of Conduct

Business operation

1. The Nippon Kayaku Group will pay careful attention to the safety and reliability of its products and services, and provide customers with products and services satisfying their needs.
2. The Nippon Kayaku Group will comply with the words and spirit of relevant laws and regulations, as well as with its internal rules, to conduct fair, transparent and open competition.
3. In conducting overseas business operations, the Nippon Kayaku Group will comply with relevant laws and regulations in Japan and abroad, and respect the culture and customs of each country and region.
4. The Nippon Kayaku Group will appropriately manage and utilize the company assets and seek to improve the efficiency of business operations, so as to achieve a continuous growth.
5. The Nippon Kayaku Group will deal firmly with anti-social forces, and will not yield to unjustified or illegal requests.

Relationship with society

6. The Nippon Kayaku Group will promote coordination and cooperation with society and contribute to the society as a good corporate citizen.
7. The Nippon Kayaku Group will disclose information concerning on its business operations to customers, local society, employees and business partners, based on objective facts, in an adequate and timely manner.
8. The Nippon Kayaku Group will always give consideration to the impact of its business on the global environment. The Group will aim to achieve environmentally friendly business operation, by not only by compliance with relevant laws and regulations, but also by establishing voluntary standards.

Management of business information

9. The Nippon Kayaku Group will adequately protect any information obtained through its business operations and develop countermeasures safe-guarding against information leakages and unauthorized external and internal access.
10. The Nippon Kayaku Group will acknowledge the proprietary nature of information (Intellectual Property) and respect the rights of others.

Relationship between the company and individuals

- The Nippon Kayaku Group will comply with labor laws and regulations to ensure a safe and comfortable working environment, and will also respect the fundamental human rights and privacy of the individuals.

Relationship between the Code of Conduct and ISO 26000

Relationship between the Code of Conduct and ISO 26000

Nippon Kayaku Group Charter of Conduct	Nippon Kayaku Group Code of Conduct	ISO26000 Core Subjects and Related Issues					
		Human Rights	Labour Practices	The Environment	Anti-Corruption	Consumer Issues	Community Involvement and Development
Business operation		Code of Conduct on business operations					
1. The Nippon Kayaku Group will pay careful attention to the safety and reliability of its products and services, and provide customers with products and services satisfying their needs.	1. Product safety and quality						●
2. The Nippon Kayaku Group will comply with the words and spirit of relevant laws and regulations, as well as with its internal rules, to conduct fair, transparent and open competition.	2. Provision of product information						●
	3. Fair and impartial trade						●
	4. Prohibition of excessive gifts and entertainment						●
	5. Priority on ethics	●	●				●
3. In conducting business operations, the Nippon Kayaku Group will comply with relevant laws and regulations in Japan and abroad and respect the culture and customs of each country and region.	6. Prohibition of pursuit of individual benefits						●
4. The Nippon Kayaku Group will appropriately manage and utilize the company assets and seek to improve the efficiency of business operations, so as to achieve a continuous growth.	7. Compliance with local laws and regulations and respect for international norms, cultures and customs	●	●	●	●	●	●
5. The Nippon Kayaku Group will deal fairly with anti-trust issues, and will not seek to monopolize or engage in illegal practices.	8. Adequate protection and efficient utilization of corporate assets						●
	9. Active efforts for operational improvement	●	●				●
	10. Exclusion of anti-social forces, criminal and/or other illegitimate sources						●
Relationship with the society		Code of Conduct on the relationship with society					
6. The Nippon Kayaku Group will promote coordination and cooperation with society and contribute to the society as a good corporate citizen.	11. Social action programs						●
7. The Nippon Kayaku Group will disclose information concerning its business operations to customers, local society, employees and business partners, based on objective facts, in an adequate and timely manner.	12. Exchange with local societies						●
	13. Adequate and timely disclosure of information				●	●	●
	14. Thorough crisis management	●					●
8. The Nippon Kayaku Group will always give consideration to the impact of its business on the global environment. The Group will aim to achieve environmentally friendly business operations, by not only by compliance with relevant laws and regulations, but also by establishing voluntary standards.	15. Prohibition of insider trading						●
	16. Environmental C						●
	17. Environmental protection efforts/existence						●
Management of business information		Code of Conduct for the management of business information					
9. The Nippon Kayaku Group will adequately protect any information obtained through its business operations and develop countermeasures safeguarding against information leakage and unauthorized external and internal access.	18. Protection of business information						●
10. The Nippon Kayaku Group will acknowledge the proprietary nature of information (individual records) and respect the rights of others.	19. Protection of personal information	●					●
	20. Appropriate use of information system						●
	21. Respect for the rights of other people						●
Relationships between the company and individuals		Code of Conduct on the relationship between the company and individuals					
11. The Nippon Kayaku Group will comply with labor laws and regulations to ensure a safe and comfortable working environment, and will also respect the fundamental human rights and privacy of the individuals.	22. Maintenance of the working environment	●	●				
	23. Prohibition of harassment and abuse of power	●	●				
	24. Respect for human rights and privacy	●	●				

> [Relationship between the Code of Conduct and ISO 26000](#)

Raising Awareness about Compliance

The Nippon Kayaku Group provides training on compliance for its employees, and calls on each workplace to establish an action plan and carry out activities to raise awareness of compliance among them. The results of these activities are evaluated and are utilized in continuous efforts to further educate employees about the importance of compliance.

Compliance Month and Compliance Survey

Every October, which is designated Compliance Month, we conduct a compliance survey. Issues concerning the promotion of compliance are identified for each business site, and feedback is provided in the form of a report that includes recommendations for improvements. Each business site incorporates this information into their action plans for the following fiscal year to continue raising awareness of compliance. In fiscal year 2015, we entered into a new contract with a survey analysis firm, and also shared objective feedback with each workplace, such as comparisons with other companies and improvement proposals, with recommendations for improvements to be made.

Compliance Training

Every year, the Nippon Kayaku Group's compliance training in Japan focuses on an annual theme. Study sessions and case studies are offered regular meetings and other occasions at each work site. Compliance training in fiscal 2018 focused on two themes: "The Nippon Kayaku Code of Practice: Talks with Medical Professionals" and "Power Harassment in the Workplace." Most training is to our employees through e-Learning on our database, so that all employees will have access to training opportunities and programs. Group training sessions and DVD recordings are also available for all business locations and affiliated companies.



Group Training Session on Compliance



Raising Awareness at Overseas Group Companies

Nippon Kayaku's overseas Group companies now make up almost half of the Group's sales and employ more people than our domestic operations. In particular, our six Group companies in China have almost 1,000 employees, who all need to be trained on the **KAYAKU spirit** and compliance awareness. In June 2018, the general managers and ethics officers from our Chinese Group companies met for the Second Ethics Officer Conference, which included reports on compliance initiatives and issues at each company, discussions about setting up a whistle-blower system in China and conducting a compliance survey. Following the conference, each Group company created internal rules and launched its own whistle-blower system that included setting up a whistle-blower hotline at an external legal office. Then, the first compliance survey was conducted in October, and feedback on the findings was given to each Chinese Group company and the relevant business divisions at the head office. Furthermore, the Company's Internal Control Management Division and the person in charge of legal affairs from KSC* collaborated in holding compliance training for local employees at each company. Going forward, we will take into account each country's situation and strengthen ties among departments so that we can initiate a more effective and efficient global compliance activities.



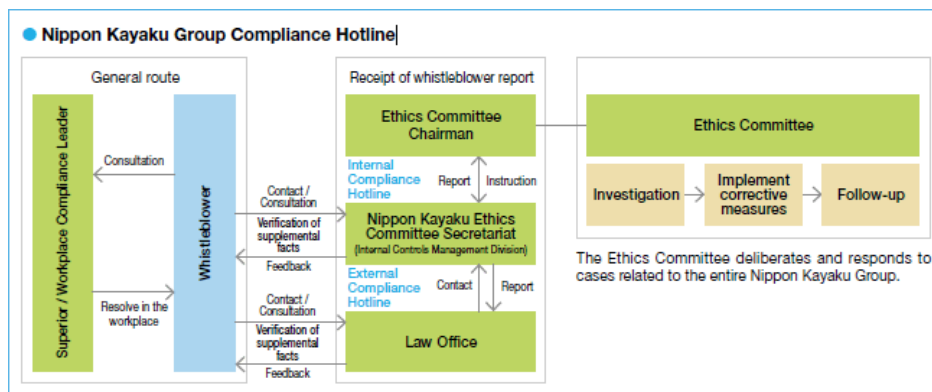
Training at Chinese Group companies



* KSC : Kayaku (Shanghai) Co., Ltd

The Nippon Kayaku Group's whistle-blower system

We have set up whistle-blower hotlines for employees both inside and outside the company. Through these hotlines we strive to quickly remedy situations and also prevent violations of laws, company rules and our code of business conduct before they occur.



Number and nature of reports over the previous three years

Nature of reports	2016	2017	2018
Acts that damage the work environment (power harassment/sexual harassment, etc.)	6	2	4
Violations of company rules or etiquett	1	1	3

Nature of reports	2016	2017	2018
Labor/Management Relations	0	0	2
Others	0	0	0

Relationship between the Code of Conduct and ISO 26000

Nippon Kayaku Group Charter of Conduct	Nippon Kayaku Group Code of Conduct		ISO26000 Core Subjects and Related Issues							
			Human rights	Labor practices	The environment	Fair operating practices	Consumer issues	Community involvement and development		
■ Business operation	Code of Conduct on business operations									
<p>1. The Nippon Kayaku Group will pay careful attention to the safety and reliability of its products and services, and provide customers with products and services satisfying their needs.</p> <p>2. The Nippon Kayaku Group will comply with the words and spirit of relevant laws and regulations, as well as with its internal rules, to conduct fair, transparent and open competition.</p> <p>3. In conducting overseas business operations, the Nippon Kayaku Group will comply with relevant laws and regulations in Japan and abroad, and respect the culture and customs of each country and region.</p> <p>4. The Nippon Kayaku Group will appropriately manage and utilize the company assets and seek to improve the efficiency of business operations, so as to achieve a continuous growth.</p> <p>5. The Nippon Kayaku Group will deal firmly with anti-social forces, and will not yield to unjustified or illegal requests.</p>	1	Product safety and quality						●		
	2	Provision of product information							●	
	3	Fair and impartial trade				●			●	
	4	Prohibition of excessive gifts and entertainment				●				
	5	Priority on ethics	●	●		●			●	●
	6	Prohibition of pursuit of individual benefits				●				●
	7	Compliance with local laws and regulations and respect for international norms, cultures and customs	●	●	●	●			●	●
	8	Adequate protection and efficient utilization of corporate assets.				●				
	9	Active efforts for operational improvement		●	●	●				
	10	Exclusion of anti-social forces, criminal and/or other illegitimate sources				●				
■ Relationship with the society	Code of Conduct on the relationship with society									
<p>6. The Nippon Kayaku Group will promote coordination and cooperation with society and contribute to the society as a good corporate citizen.</p> <p>7. The Nippon Kayaku Group will disclose information concerning on its business operations to customers, local society, employees and business partners, based on objective facts, in an adequate and timely manner.</p> <p>8. The Nippon Kayaku Group will always give consideration to the impact of its business on the global environment. The Group will aim to achieve environmentally friendly business operation, by not only by compliance with relevant laws and regulations, but also by establishing voluntary standards.</p>	11	Social action programs							●	
	12	Exchange with local societies								●
	13	Adequate and timely disclosure of information				●		●		●
	14	Thorough crisis management		●		●		●		●
	15	Prohibition of insider trading				●				
	16	Environmental C			●					
	17	Environmental protection effortsoexistence			●					
■ Management of business information	Code of Conduct for the management of business information									
<p>9. The Nippon Kayaku Group will adequately protect any information obtained through its business operations and develop countermeasures safe-guarding against information leakages and unauthorized external and internal access.</p> <p>10. The Nippon Kayaku Group will acknowledge the proprietary nature of information (Intellectual Property) and respect the rights of others.</p>	18	Protection of business information				●				
	19	Protection of personal information	●			●		●		
	20	Appropriate use of information system				●				
	21	Respect for the rights of other people				●				
■ Relationship between the company and individuals	Code of Conduct on the relationship between the company and individuals									
<p>11. The Nippon Kayaku Group will comply with labor laws and regulations to ensure a safe and comfortable working environment, and will also respect the fundamental human rights and privacy of the individuals.</p>	22	Maintenance of the working environment	●	●						
	23	Prohibition of harassment and abuse of power	●	●						
	24	Respect for human rights and privacy	●	●						