



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. Subsequently, in 2011, these documents were amended in accordance with ISO26000 (guidance standards for organizations' social responsibility), and in 2020, they were amended with the aim of being carried out voluntarily as progress is made toward realizing a sustainable society.

The Nippon Kayaku Group Charter of Conduct

Business activities

1. The Nippon Kayaku Group will provide products and services that satisfy customers through Communication with customers and the provision of appropriate information, giving due consideration to the safety and reliability of its products and services.
2. In all its business activities, the Nippon Kayaku Group will comply with all relevant laws and regulations, including competition law, the spirit of these laws, and internal regulations, and will engage in fair, transparent, and free competition. We will also maintain sound relationships with the governing authorities in all regions.
3. The Nippon Kayaku Group respects human rights in all its business activities, and will not discriminate or tolerate any inappropriately behavior for reasons based on gender, age, nationality, race, religion, or disability.
4. The Nippon Kayaku Group will appropriately manage and utilize the company's assets to improve the efficiency of its business activities and strive for continuous development.
5. The Nippon Kayaku Group implements systematic crisis management in preparation for the actions of anti-social forces that threaten the lives of citizens and corporate activities, as well as for terrorism, cyber attacks, natural disasters, and other events.

Relationship with society

6. The Nippon Kayaku Group respects the cultures, religions and traditions of each country and region, works in harmony with society, and contributes to the development of society as a good corporate citizen.
7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objective facts. We will also strive to increase corporate value through constructive dialogue with stakeholders.
8. In order to contribute to a sustainable society and the environment, the Nippon Kayaku Group strives to conduct its business activities in harmony with the natural environment by constantly taking into account the impact on the global environment, not only complying with relevant laws and regulations, but also establishing its own voluntary standards.

Information handling

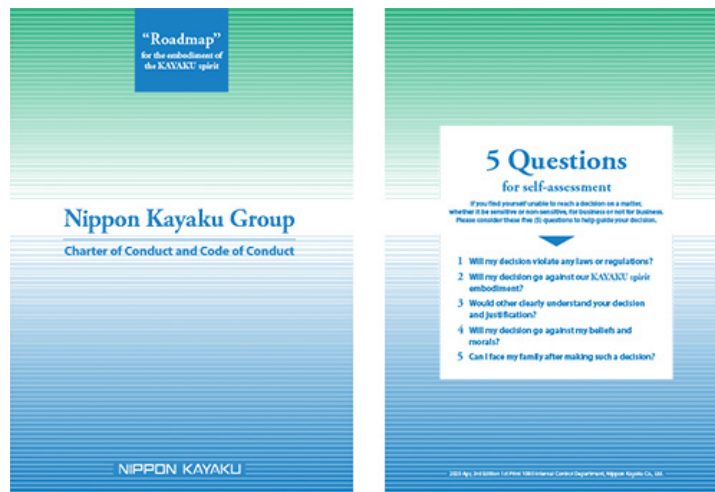
9. The Nippon Kayaku Group will appropriately protect the information it possesses through its business activities and take all possible measures for information management. In addition, we recognize the value of information assets and respect the intellectual property rights of others.

Relationships between the company and individuals

10. The Nippon Kayaku Group complies with labor-related laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, diversity, character, and individuality of individuals.

Roles of top management and thorough adherence to this charter

11. Those involved in the management of the Nippon Kayaku Group recognize that realizing the spirit of this charter is their own role and responsibility, and will thoroughly disseminate it to all employees. In addition, we will listen to the opinions of people inside and outside the group, establish effective systems within the group, and ensure thorough implementation of corporate ethics. In the event of a situation that contravenes the spirit of this charter, we will clarify both inside and outside the company our stance of solving the problem, investigate the cause, and work to prevent any recurrence.



The Nippon Kayaku Group Charter of Conduct and Code of Conduct

Initiatives to prevent corruption and anti-competitive behavior

The Nippon Kayaku Group Charter of Conduct and Code of Conduct stipulate that fair, transparent, and free competition should be conducted in all business activities in compliance with relevant laws and regulations, including the Competition Law, the spirit thereof, and internal rules. In addition, we have set forth the prohibition of bribery and other illegal activities related to our business activities.

Relationship between the "Nippon Kayaku Group Charter of Conduct and Code of Conduct for business activities" and ISO 26000

Relationship between the "Nippon Kayaku Group Charter of Conduct and Code of Conduct for business activities" and ISO 26000

Nippon Kayaku Group Charter of Conduct	Nippon Kayaku Group Code of Conduct	ISO26000 Core Subjects and Related Issues					
		Organizational Practices	Human Rights	Labour Practices	The Environment	Fair Competition	Consumer Issues
■ Business activities	Code of Conduct for business activities						
1. The Nippon Kayaku Group will provide products and services that satisfy customers through transparent information disclosure and the provision of appropriate information, giving due consideration to the safety and reliability of its products and services.	1. Safety and quality of products					●	●
2. In all its business activities, the Nippon Kayaku Group will comply with all relevant laws and regulations, including compliance for the safety of those laws, and internal regulations, and will engage in fair transactions, and the possibility, to the extent appropriate, to be disclosed.	2. Provision of product information					●	●
3. The Nippon Kayaku Group respects human rights at all its business activities, and will not engage in any activities that involve human rights abuse, including forced labor, child labor, slavery, or disability.	3. Fair, impartial transactions					●	●
4. The Nippon Kayaku Group respects human rights at all its business activities, and will not engage in any activities that involve human rights abuse, including forced labor, child labor, slavery, or disability.	4. Prohibition of exchanging excessive gifts or entertainment					●	●
5. The Nippon Kayaku Group respects human rights at all its business activities, and will not engage in any activities that involve human rights abuse, including forced labor, child labor, slavery, or disability.	5. Respect for human rights		●	●			●
6. The Nippon Kayaku Group respects the culture, religion and traditions of each country and region, and contributes to the development of society as a good corporate citizen.	6. Prohibition of conflicts of interest					●	●
7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objectives. We will also strive to increase corporate value through constructive dialogues with stakeholders.	7. Appropriate protection and effective utilization of corporate assets					●	●
8. The Nippon Kayaku Group strives to protect the environment, in harmony with the natural environment by constantly striving to improve the quality of the environment, not only complying with relevant laws and regulations, but also establishing its own initiative standards.	8. Proactive efforts to improve operations			●	●		●
9. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	9. Exclusion of anti-social forces					●	●
10. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	10. Thorough crisis response					●	●
■ Relationship with the society	Code of Conduct for relationship with society						
11. The Nippon Kayaku Group respects the culture, religion and traditions of each country and region, and contributes to the development of society as a good corporate citizen.	11. Respect for culture, religion, traditions, etc. in each country and region	●	●	●	●	●	●
12. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objectives. We will also strive to increase corporate value through constructive dialogues with stakeholders.	12. Good corporate citizenship						●
13. The Nippon Kayaku Group strives to protect the environment, in harmony with the natural environment by constantly striving to improve the quality of the environment, not only complying with relevant laws and regulations, but also establishing its own initiative standards.	13. Interaction with local communities				●		●
14. The Nippon Kayaku Group strives to protect the environment, in harmony with the natural environment by constantly striving to improve the quality of the environment, not only complying with relevant laws and regulations, but also establishing its own initiative standards.	14. Timely and appropriate information disclosure					●	●
15. The Nippon Kayaku Group strives to protect the environment, in harmony with the natural environment by constantly striving to improve the quality of the environment, not only complying with relevant laws and regulations, but also establishing its own initiative standards.	15. Coexistence with the environment					●	●
16. The Nippon Kayaku Group strives to protect the environment, in harmony with the natural environment by constantly striving to improve the quality of the environment, not only complying with relevant laws and regulations, but also establishing its own initiative standards.	16. Environmental protection initiatives					●	●
■ Information handling	Code of Conduct for information handling						
17. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	17. Protection of corporate information					●	●
18. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	18. Protecting personal information		●			●	●
19. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	19. Appropriate use of information systems					●	●
20. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	20. Prohibition of insider trading					●	●
21. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	21. Respect for the rights of others					●	●
■ Relationship between the company and individuals	Code of Conduct for relationships between the company and individuals						
22. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	22. Maintenance of the working environment		●	●			
23. The Nippon Kayaku Group will appropriately protect the information of personal information and other information, and will not disclose it to third parties without the consent of the individual concerned.	23. Prohibition of harassment		●	●			
■ Role of top management and thorough adherence to this charter							
24. Those involved in the management of the Nippon Kayaku Group recognize that having the spirit of this charter in their own role and responsibilities, and that they should demonstrate it to all employees. In addition, we will strive to the highest of professional ethics, to establish effective systems within the group, and ensure through implementation of corporate ethics, to the extent of a charter that contributes the spirit of this charter, we will clarify both inside and outside the company our stance of raising the problem, investigate the cause, and work to prevent any recurrence.	24. Role of top management and thorough adherence to this charter	●					

- > [Relationship between the "Nippon Kayaku Group Charter of Conduct and Code of Conduct for business activities" and ISO 26000](#)
- > [Nippon Kayaku Group Basic Policy on Anti-Bribery](#)

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 workplace uses this as a reference to formulate a compliance action plan for the following fiscal year, implementing the PDCA cycle to raise awareness.

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

The Nippon Kayaku Group holds domestic compliance education and training on different themes every year, and it also uses regular meetings at its business sites to conduct study groups and training based on case studies. The compliance training sessions held in fiscal 2020 addressed the topic of legislation on power harassment. Most training sessions at Nippon Kayaku take the form of e-learning so that every employee has the opportunity to take the programs being offered. For our affiliates, we offer training in the form of group training sessions.



Training scene in 2019



Raising Awareness at Overseas Group Companies

Nippon Kayaku's overseas group companies now account for almost half of the Group's sales and more than half of its employees. In particular, our seven Group companies in China have almost 1,000 employees, who all need to be trained on the **KAYAKU spirit** and compliance awareness. Every year, the general managers and ethics officers of our Chinese Group companies gather to hold the Ethics Officer Conference to report on compliance initiatives and issues at each company, and identify issues and problems and the steps to be taken.



Training at Chinese Group companies in 2019

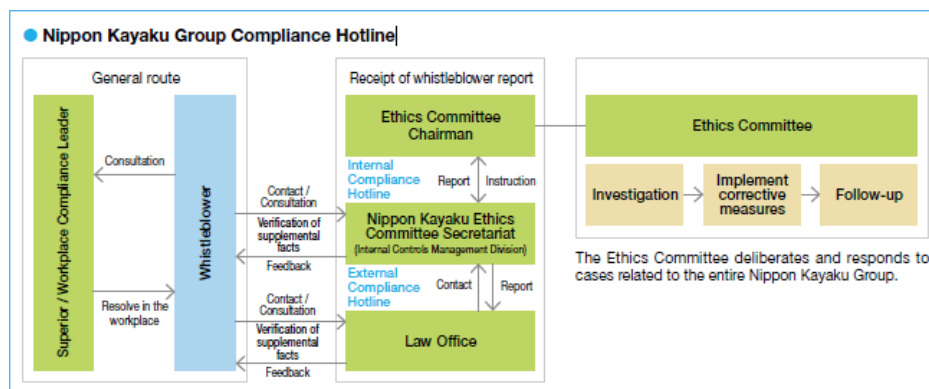
Furthermore, the Company's Internal Control Management Division and the person in charge of legal affairs from KSC* collaborates to provide compliance training for local employees at each company. Going forward, we will take into account each country's situation and strengthen ties among departments so that we can initiate a more effective and efficient global compliance activities.



* 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. In addition, the staff at the whistle-blower hotlines follow the Nippon Kayaku Group Guidelines for Handling Whistle-blower Complaints so that whistle-blowers will not receive adverse treatment because they contacted the hotline and filed a complaint.



Number and nature of reports over the previous three years

In fiscal 2020, the hotline received 7 reports, but none of these incidents were serious enough to affect our business operations. With regard to these reports, we ascertained the facts or conducted investigations and then took corrective action when it was deemed necessary.

Going forward, we will take steps toward preventive action, early detection, and prevention of escalation of violations or damages by informing everyone about the existence and importance of the whistle-blower system.

Nature of reports	2018	2019	2020
Acts that damage the work environment (power harassment/sexual harassment, etc.)	4	8	6
Violations of company rules or etiquett	3	2	0

Nature of reports	2018	2019	2020
Labor/Management Relations	2	1	1
Others	0	0	0

Political donations

The following are the donations to political organizations for FY2017-FY2020.

2017	2018	2019	2020
1.15 million yen	1.15 million yen	1.18 million yen	1.13 million yen