

Sustainable Management

Policy and Basic Approach

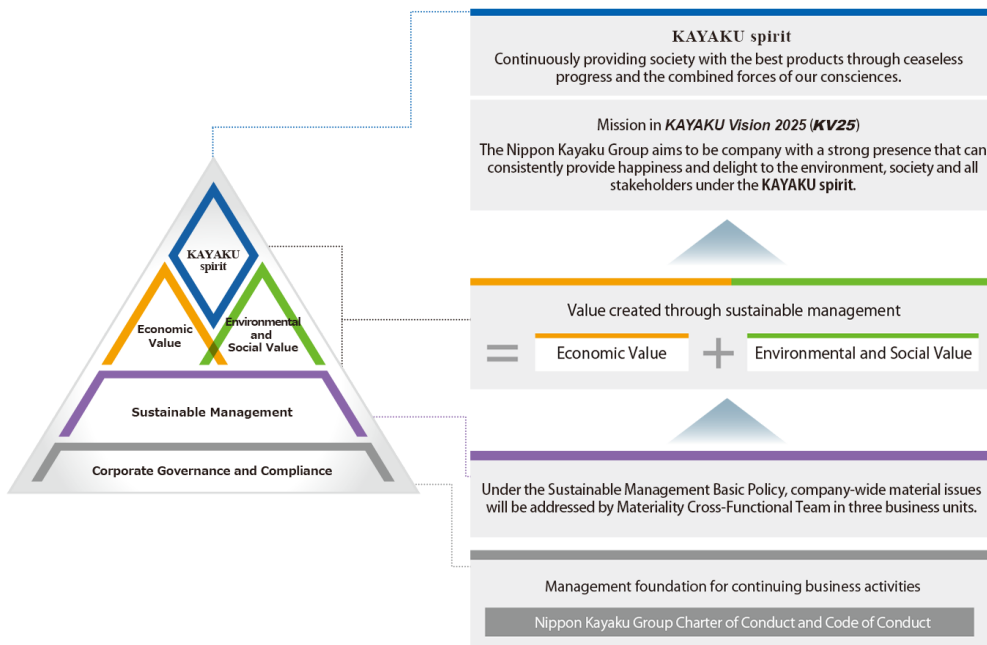
Basic Policy on Sustainable Management

Under its corporate vision, the **KAYAKU spirit**, the Nippon Kayaku Group will practice sustainable management that responds to the trust placed in it by all of its stakeholders, by ensuring transparency and fairness in management and contributing to the creation of a sustainable environment and society through its business activities.

(**KAYAKU spirit**: Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences.)

The KAYAKU spirit and Sustainable Management

The Nippon Kayaku Group's Corporate Vision is embodied by the **KAYAKU spirit**: "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences." Under the **KAYAKU spirit**, we aim to create environmental, social and economic value by engaging in sustainable management, create a sustainable society, and increase our corporate value. As a standard of conduct to realize the **KAYAKU spirit**, we have established a Nippon Kayaku Group Charter of Conduct and Code of Conduct. In all of our corporate activities, we respect fundamental human rights, comply with laws and regulations, engage in fair business activities and respond to the trust of all stakeholders.

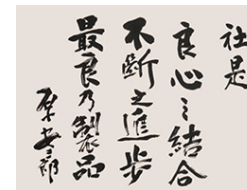


◆ Origin of the KAYAKU spirit

Founded 1916

Company credo established 1962

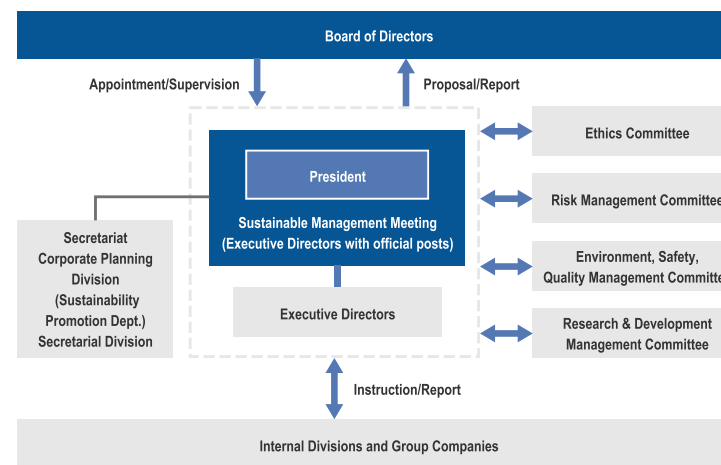
Yasusaburo Hara—our third president, who was involved in the Group's management for many years—established the company credo in 1962, with the desire to convey the important ideas that should be shared by all officers and employees in an easily understandable manner. This is the origin of the **KAYAKU spirit**.



Company credo : The combined forces of our consciences , Ceaseless progress , The best products

System

The Nippon Kayaku Group has created a Sustainable Management Meeting, chaired by the President under the direct supervision of the Board of Directors to implement sustainability initiatives throughout the Group. In principle, Sustainable Management Meetings are held on a weekly basis to discuss and report on all matters relating to the sustainability of the corporate group, society, and the environment. Agenda items are approved by the Sustainable Management Meeting before discussion and reporting at Board of Directors meetings. Under the umbrella of the Sustainable Management Meeting, we have established four subcommittees: the Ethics Committee, the Risk Management Committee, the Environment, Safety, Quality Management Committee, and the Research & Development Management Committee. The committees hold meetings on a regular basis and discuss and report to the Sustainable Management Meeting to ensure the transparency and fairness of management.



Medium-term Business Plan and Sustainable Management



Mission in *KAYAKU Vision 2025 (KV25)*

The Nippon Kayaku Group aims to be a company with a strong presence that can consistently provide happiness and delight to the environment, society and all stakeholders under the **KAYAKU spirit**.

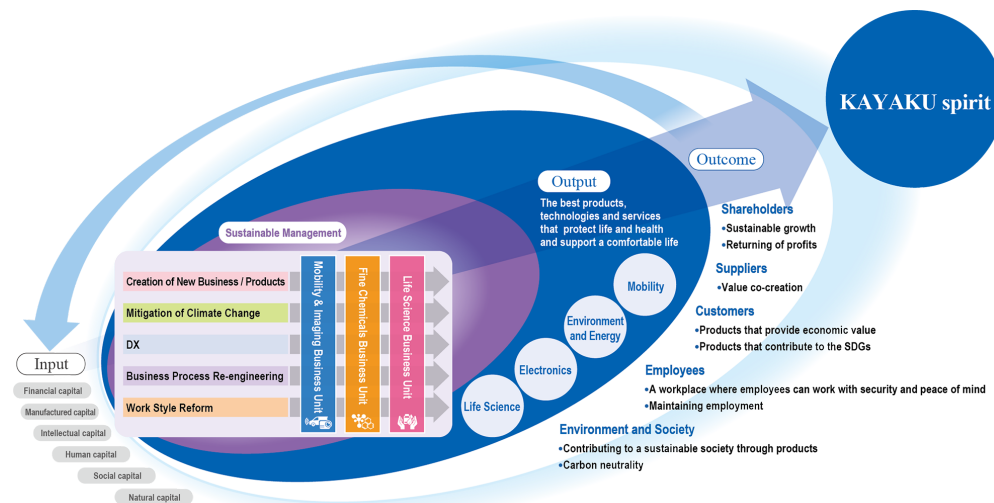
The new Medium-term Business Plan, **KAYAKU Vision 2025 (KV25)**, is positioned as a strategy for implementing sustainable management. Through the activities of our three business units and KV25 Materiality initiatives, we will contribute to the creation of a sustainable society by creating economic, environmental and social value.

Basic Strategies of the *KAYAKU Vision 2025*

Implement sustainable management	Provide economic, environmental and social value and contribute to solving social issues by implementing a value creation process
Prioritize allocation of management resources based on our business portfolio	Prioritize the allocation of management resources to products that are expected to grow in our three business units (Mobility & Imaging, Fine Chemicals and Life Science)
Group-wide, cross-functional team addressing important issues (materiality)	Achieve sustainable growth as a group-wide, Materiality Cross-Functional Team (M-CFT) engaging in initiatives relating to materialities (Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform).
Strengthening the management base	<ul style="list-style-type: none"> Ensuring safety Improving the quality of products and services Ensuring compliance Strengthening governance

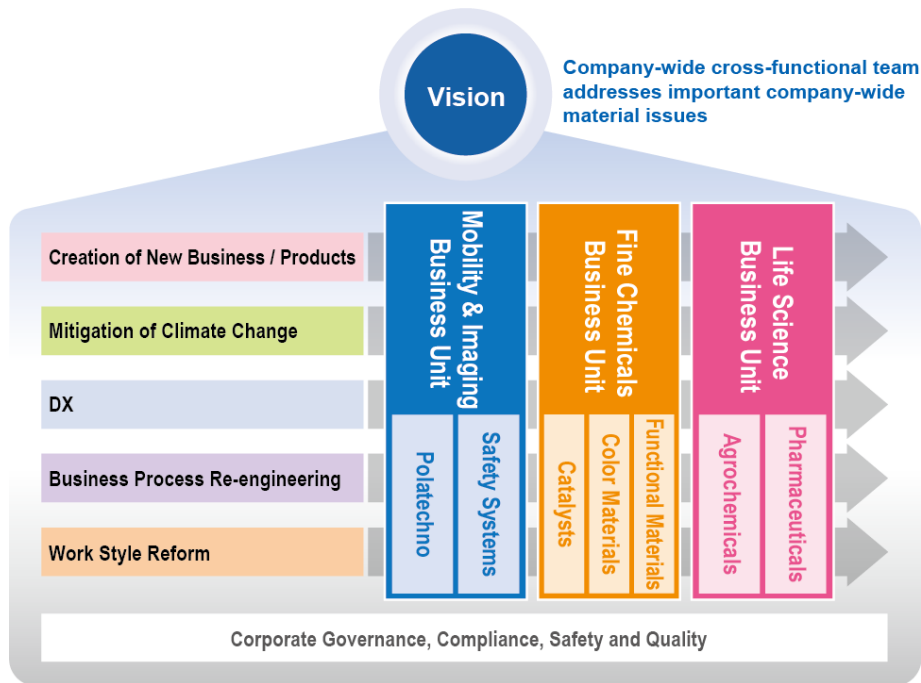
Nippon Kayaku Group's Value Creation Process

KV25 uses six forms of capital as inputs to implement sustainable management through the integration of the Group's three business units and M-CFT, to provide society with the best products, technologies, and services in four key fields: Mobility, Environment and Energy, Electronics, and Life Science. We aim to increase corporate value continuously by delivering economic, environmental and social value to all stakeholders.



Important Company-wide Material Issues (Materiality) for Achieving Our Mission

The foundations for all of the Nippon Kayaku Group's business activities are corporate governance, compliance, safety and quality. **KV25** focuses on initiatives in five company-wide material issues: Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform, as a group-wide cross-functional project. By integrating the activities of the Group's three business units and the M-CFT, we will create synergy effects and realize our mission for the Nippon Kayaku Group.



Instilling within the Company

To deepen employees' understanding of our corporate vision and policies on sustainable management and to instill those ideas Companywide, the Nippon Kayaku Group utilizes various opportunities and communication tools, such as the Nippon Kayaku Group Corporate Strategy Meeting and Medium-term Management Strategy Meeting, collective training such as training for new employees and training for newly appointed managers, e-learning, and internal newsletters. In FY2022, to coincide with the start of the new Medium-term Business Plan **KAYAKU Vision 2025**, we prepared an explanatory booklet detailing our corporate vision, sustainable management, the Medium-term Business Plan and the Nippon Kayaku Group Human Rights Policy. We also produced carry cards and noticeboard displays stating the corporate vision and mission of the Nippon Kayaku Group. We engage in awareness raising activities so that employees can always check this information, making decisions and acting in ways that reflect the corporate vision and mission.

The explanatory booklets, carry cards and noticeboard displays have been translated into the six languages of the countries where we maintain manufacturing sites (Japanese, English, Chinese, Spanish, Malay and Czech), and have been distributing to all executives and employees of the Nippon Kayaku Group.

We aim to achieve a sense of unity in group management by sharing our corporate vision and sustainable management policies among Group employees working in manufacturing, development, sales and management in various positions around the world.



Explanatory booklet

Noticeboard Displays



Japanese



English



Chinese



Spanish



Malay



Czech

List of Awareness Raising Activities and Training Programs

Name of training program	Main themes covered	Main target	FY	Training format	Frequency (Times)	Attendance rate
Sustainability training	Corporate Vision, Basic Policy on Sustainable Management, Corporate value creation process, KVZ5 Materiality, ESG evaluation by external organizations, Mitigation of Climate Change, Respecting Human Rights	Executives and employees (including contract employees and part-time employees), temporary employees	2022	e-learning	5	Average of 84%
Sustainability training (formerly CSR training)	Corporate Vision, GRI standards, stakeholders, sustainability, Mitigation of Climate Change, Respecting Human Rights	Executives and employees (including contract employees and part-time employees), temporary employees	2021	e-learning	7	Average of 82%
New employee training*	Sustainable Management of the Nippon Kayaku Group, Mitigation of Climate Change, Respecting Human Rights	New employee	2022	Group training	1	100%
Newly appointed manager training*	Sustainable Management of the Nippon Kayaku Group, Mitigation of Climate Change, Respecting Human Rights	Newly appointed managers	2022	Group training	2	100%

* Held annually

KAYAKU spirit Promotion Efforts Using Kayakuma the Bear

We have created a mascot character called Kayakuma the Bear, to make **KAYAKU spirit** a concept that is more familiar to all Nippon Kayaku Group employees around the world. This character appears in the section of our internal newsletter where we introduce our sustainability activities and exemplary activities for implementing our corporate vision, using visual depictions that are easy to understand for all audiences. The mascot has also been incorporated into our daily stationery, including memo pads and clear file folders, and even the designs of our conference rooms. This ensures our employees are always aware of Kayakuma the Bear, and in touch with our corporate vision in all aspects of their work. We have filed for a trademark for Kayakuma the Bear and utilize the character widely as a symbol of the Nippon Kayaku Group in newspaper ads and on novelty items at company events such as factory festivals.

> [Kayakuma's Room](#)



Kayakuma the Bear, a mascot character



Conference room and employee locker

The SDGs and the **KAYAKU spirit**

The SDGs are a set of 17 social, economic and environmental goals to be addressed by various bodies, organizations and entities by FY2030, adopted unanimously by UN member states with the goal of building a sustainable world.

The philosophy of the SDGs is synonymous with the Nippon Kayaku Group's corporate vision of continuously providing society with the best products through ceaseless progress and the combined forces of our consciences, and we believe that corporate activities for the realization of the **KAYAKU spirit** are consistent with the actualization of the SDGs, although the scale and targets are different from those of the United Nations.

The Nippon Kayaku Group's Sustainability Action Plan utilizes the SDG Compass to link each key sustainability issue (materiality) with one or more of the 17 SDGs.

Going forward, the Nippon Kayaku Group will continue working to generate environmental, social and economic value, create a sustainable society, increase its corporate value, and contribute to the achievement of the SDGs.

SUSTAINABLE DEVELOPMENT GOALS

