

Comfortable Workplace Environment

Policy and Basic Approach

> [Internal Environment Improvement Policy](#)

System

Ensuring Compliance to Labor Standards

Nippon Kayaku includes items related to labor conditions such as wages/bonus remuneration, working hours and holidays, occupational health and safety, welfare facilities and systems and service in the required training when new employees are hired by the company. These items related to labor conditions are always available on the internal intranet, etc., allowing employees to view them at any time. In addition, the people in charge of personnel labor, etc. meet regularly to share information and enable the training of employees conducted via a person in charge of personnel at each site. Through these initiatives, we are thoroughly increasing employees' awareness of labor standards.

Indicators

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	FY2022 Results	FY2022 Topics for initiatives
Occupational Health and Safety in the Workplace	 	<ul style="list-style-type: none"> Strengthen the foundation for safe operation by thoroughly enforcing basic rules on safety and health and improving equipment and work procedures Implement health and productivity management and provide a workplace environment with a healthy work-life balance where employees can work with enthusiasm 	Percentage of paid leave taken	(Non-consolidated) 70% or higher	(Non-consolidated) 63.7%	<ul style="list-style-type: none"> We failed to reach the target percentage of employees taking paid leave, but as previously, we continued to implement awareness raising activities via the Company intranet, had human resources and labor personnel call on employees to take paid leave at each workplace, set days on which employees are recommended to take paid leave, and implemented other measures We started conducting engagement surveys and conducting interviews with companies that conduct surveys to determine the level of health & productivity management. Full-scale adoption is planned for the following fiscal year.
			Ascertaining and improving employee satisfaction through questionnaire surveys	(Non-consolidated) Disclose progress	-	

Initiatives

Promoting a Healthy Work-life Balance

Nippon Kayaku is working to promote next-generation workers and further women's empowerment and the introduction of various systems and measures with the goals of enabling employees to balance their job with childcare and nursing care, improving the productivity of individuals, maximizing their capabilities, and realizing workplaces filled with motivated employees. We have also established the Anniversary Leave System with a vision for continuing to improve paid leave with the goal of enriching employees' work-life balance and we are committed to the creation of a work environment that makes it easy to take paid leave.

◆ Action Plan on Measures to Support Raising Next-generation Children (plan period: April 1, 2022 to March 31, 2025)

- > [Action plan \(4th: FY2022 to FY2024\) \(Japanese\)](#)
- > [Status of progress \(FY2022\) \(Japanese\)](#)

◆ Various Systems for Promoting a Healthy Work-life Balance

Name of system	Details
Flextime	Introduced at the head office and some research laboratories.
Childcare leave	Can be taken until the child is two years old when certain requirements are satisfied.
Childcare support leave	Both men and women can take a special paid 10-day childcare leave.
Child nursing care leave	Employees can take a 10-day (five days for medical checkups and immunization) paid leave to care for their children who are preschool age and younger. It is possible to take this leave in half-day leaves.
Anniversary leave	A maximum of three days of paid leave can be taken annually for the birthdays of the employees and their relatives living together and their children's entrance ceremonies, commencement ceremonies and class observation days.
Caregiving leave	Up to a year of leave can be taken for each family member.
Short working hour system	When caring for children in the sixth grade of elementary school or younger, the predefined working hours can be shortened by up to two hours in increments of 30 minutes. When providing nursing care to family members, the work hours can be shortened up to three hours in increments of 30 minutes.
Working from home	Introduced at the head office, research laboratories and pharmaceutical sales positions.
Staggered work hours	With the start and closing times are predefined at a site and the predefined working hours for a day considered as standards, employees can move their start time forward or backward up to two hours in increments of 30 minutes.
Annual paid leave	It is also recommended to take incentive leave several times a year and three continuous days of leave in summer.
Half-day paid leave	Up to 30 half-days of leave can be taken annually.
Planned annual paid leave	Leave during the consecutive holidays in May that is set at the headquarters offices according to the labor-management agreement (about one to three days).
Annual paid leave in hourly increments	Up to three days (24 hours) of annual paid leave annually usable in hourly increments is currently in trial operation.
Special paid leave	Up to 60 days of annual paid leave that will expire can be saved and taken for specified reasons including non-workplace injuries or diseases affecting employees or their families, childcare and nursing care, child nursing care, volunteer activities, marrow donor activities and active-life-leave at an employee's 10th, 20th and 30th year at the company.

Paid Leave

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average number of days of annual paid leave taken in a year	Non-consolidated	Days	11.3	11.1	12.2	11.1	12.0
Annual paid leave acquisition rate	Non-consolidated	%	61.1	60.1	65.8	59.8	63.7

Childcare

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Started maternity leave*1	Non-consolidated	Persons	8	13	13	11	22
Started childcare leave*1	Male	Persons	3	5	11	9	27
	Female	Persons	8	13	13	11	22
Percentage of employees taking childcare leave*2	Male	%	7.0	11.9	31.4	27.2	69.6
	Female	%	100	100	100	100	100
Percentage of employees who returned to work after maternity and childcare leave	Male	%	100	100	100	100	100
	Female	%	100	100	100	100	100
Retention rate after maternity and childcare leave	Male	%	100	100	100	100	100
	Female	%	100	100	100	100	100
Number of employees with shortened working hours to care for children	Male	Persons	2	2	0	1	2
	Female	Persons	26	31	43	42	48

*1 Excluding the employees who took leave spanning multiple fiscal years

*2 The percentage in 2022 was calculated using the method in Percentage of employees taking childcare leave or leave for childcare purposes (Paragraph 4, Item 2, Article 71)

Nursing Care

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees taking caregiving leave	Non-consolidated	Persons	1	1	0	0	0
Number of users of the caregiving leave system	Non-consolidated	Persons	1	1	1	0	2

◆ Appropriate Working Hours

Nippon Kayaku is working on establishing an appropriate understanding of working hours and preventing long working hours. More specifically, we have established a Working Hours Management Committee consisting of labor and management to investigate the actual working hours management situation and ask each site to submit a report on the related measures and their implementation status twice a year to check the details of the management of working hours.

In addition, the committee provides training to management supervisors and people in charge of personnel labor and holds study meetings hosted by both labor and management.

Furthermore, it is implementing a range of initiatives that go beyond compliance with laws and regulations such as the appropriate implementation of entrance/exit management, objective record management and overtime work management that also targets management supervisors.

Work Hours

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Annual work hours per employee	Non-consolidated	Hours	1,919	1,911	1,885	1,911	1,875
Monthly average overtime hours	Non-consolidated	Hours	13.3	12.7	11.3	12.7	13.6

Wage Management

Nippon Kayaku established a rule clearly stating its intolerance of discrimination based on differences in gender, age, nationality, race, religion, disability, place of origin, ancestry, creed, political views, marital status, employment status or other differences in the Nippon Kayaku Group Human Rights Policy. Also through our personnel wage system, we apply a uniform remuneration system that does not discriminate based on gender. We are also paying appropriate wages in compliance with laws and regulations regarding floor wages, overtime wages and equal pay for equal work.

Salary

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average annual salary	Male	Non-consolidated Thousand yen	7,862	7,526	7,423	7,683	8,003
	Female	Non-consolidated Thousand yen	6,155	6,119	6,133	6,366	6,707
	Overall	Non-consolidated Thousand yen	7,577	7,307	7,224	7,477	7,801

Labor-management Relations

Nippon Kayaku Co., Ltd. and Nippon Kayaku labor union have been maintaining sound relations based on mutual trust between management and labor since the conclusion of a new labor agreement in 1998. Because Nippon Kayaku has a union shop system, with the exception of certain managerial and contract employees, all employees are members of the labor union.

The company's policy regarding their discussions is to be candid while disclosing as much information as possible and sincerely respond to them. Also, the Central-Management-Labor Liaison Committee meets three times a year, at which time the executive team directly communicates the company's management policies and health and safety policies, etc. with the labor union. A central management roundtable is held monthly to deepen mutual understanding, share information about the status of the company and discuss how to solve problems.

Also, we are making efforts to promptly communicate the details and outcome of these labor-management discussions to employees at each division.

At the same time, with respect to issues faced by individual sites, we hold yearly Site-Management-Labor Liaison Committee and monthly business site management roundtables to obtain a shared recognition through discussions and opinion exchanges and to bring about a labor environment where employees can work in comfort.

Record of the Management-Labor Liaison Committee Meetings Held

Conference name	Details	Number of meetings held in FY2022	Attendees
Central-management-labor Liaison Committee	The company's officers explain the company's business policies, business strategies, and environment, health and safety policies, etc. to the members of the labor union and discuss issues to solve problems.	3	Company: executives, managers of related divisions, Human Resources Division Labor union: Group executives, all heads of branch offices
Site-management-labor Liaison Committee	The company explains the policies and business plan, etc. of the sites to the labor union and discusses issues to solve problems.	Once	Company: Executive teams of the sites (Plant Manager, General Manager of Corporate Controlling Department, General Manager of Manufacturing Department, General Manager of Engineering Department, etc.) Labor union: Executive committee members of branch offices
Central Management Roundtable	The company explains items related to its business plan, new businesses, management status, and statuses of production, sales, and research, and improvement of production technologies, staff plan, etc. to the executives of the labor union.	12	Company: Officer in charge of Human Resources Division, Human Resources Division Labor union: Executives of the sectors
Business Site Management Roundtable	The company explains items related to its business plan, new businesses, management status, and statuses of production, sales, and research, and improvement of production technologies, staff plan, etc. to the executives of the labor union.	12	Company: Executive teams of the sites (Plant Manager, General Manager of Corporate Controlling Department, General Manager of Manufacturing Department, General Manager of Engineering Department, etc.) Labor union: Executive committee members of branch offices
Workstyle Advisory Committee	We exchange opinions about the management of working hours, support for raising next-generation children, women's empowerment, employment of older people, welfare facilities and systems, various leave systems, personnel system, human resource education, childcare and nursing care and discuss issues to solve problems	7	Three people from the company, three people from the labor union

◆ Initiatives for Occupational Health and Safety in Cooperation with the Labor Union

As part of our internal audits, we conduct environmental, safety and health audits of each Nippon Kayaku business site and some group companies based on an annual plan. In principle, the headquarters of the labor union and the labor union branches of the sites and group companies that participate in the audits participate in the environment, safety and health audits.

In the environment, health and safety audits, an audit team mainly consisting of the Environmental Protection & Safety Division people in charge of environmental safety, and the labor union check the progress against the Responsible Care Policy and Plan and activity results through meetings, documents or on-site patrols. The labor union also points out problems from their perspective, and labor and management work together to improve health and safety.

In FY2022, we implemented the environment, health and safety audits on site while paying careful attention to measures to prevent COVID-19 infections. We focused on checking the progress of Responsible Care activities using the Responsible Care progress checklist, potential dangers/risks to prevent the recurrence of past accidents based on investigations into their causes, and the status of the implementation of risk assessments in production processes.

We will continue to work on them with a high regard for the dialogue between labor and management, aiming to establish a working environment where employees can work in comfort in a good mental and physical health.

Welfare and Benefits Systems

Nippon Kayaku has introduced the following welfare and benefits systems to support lives of its employees.

Welfare and benefits systems	Details
Social insurance	Health insurance, employee pension schemes, care insurance, employment insurance and worker's accident insurance
Asset formation	Employees' savings scheme, employee shareholding association, restricted stocks incentive system
Human resources development	Overseas study program
Self-development	Assistance for obtaining qualifications
Pension	Defined-benefit corporate pension scheme
Housing	Dormitories and rented company housing
Childcare and nursing care	Leave systems, aid for buying nursery items and caregiving-related costs
Other	Cafeteria plan

Freedom of Association

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees who have joined the union^{*1}	Non-consolidated ^{*3}	Persons	1,762	1,871	1,753	1,695	1,687
Percentage of employees that are union members^{*2}	Non-consolidated ^{*3}	%	100	100	100	100	100

*1 Number of people as of March 31 of each fiscal year

*2 Number of union members/qualified people (except managerial employees and people specified in the agreement)

*3 Including some affiliated companies