

# [Important Issues] Maintaining and Expanding Employment, Developing Human Resources

## Policy and Basic Approach

> [Human Resource Development Policy](#)

### Our Approach on Diversity

In our approach, having a work climate that embraces diversity and different opinions and ideas is important for us to become a company capable of providing happiness and delight, under our **KAYAKU spirit** corporate vision. The Company accepts and respects everyone for their gender, age, nationality, race, religion, disability, ethnicity, skin color, culture, philosophy, creed, political views, sexual orientation and other attributes and places importance on the diversity of organizations. Also, the Company seeks to ensure diversity by giving all employees equal opportunities in terms of recruitment, promotion, treatment, education and other matters. Through these efforts, the Company secures human resources from many different backgrounds, encourages the acceptance of people's differences and facilitates uninhibited discussion to create a good and rewarding work climate and to enable employees to be more engaged.

## System

In pursuit of the **KAYAKU spirit**, Nippon Kayaku has introduced and institutionalized a personnel system to ensure employees are assigned and treated without regard to differences in age, gender or academic background so that all employees, agents of the Company's activities, can be proud to fulfill their roles and responsibilities. Creating opportunities for diverse human resources to maximize their capabilities is necessary for a company to retain its competitive advantage. To this end, it is very important to ensure the diversity of the managerial-level people who are a company's core human resources supporting the executives. We have introduced a system to allow anyone, including women and employees hired mid-career, to voluntarily seek promotion to a managerial-level position. We will keep up the efforts to ensure that our core human resources are diverse.

## Indicators

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	FY2022 Results	FY2022 Topics for Initiatives
Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights	   	<ul style="list-style-type: none"> <li>Promoting diversity and inclusion through the recruitment of diverse human resources, effective HR assignment and exchanges</li> <li>Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource development.</li> </ul>	Percentage of female employees in management posts*	(Non-consolidated) 10% or higher	(Non-consolidated) 9.0%	<ul style="list-style-type: none"> <li>Lectures on self-directed career development delivered by female managers for human resources and labor personnel. Lectures delivered by female industrial physicians regarding the advancement of health specific for women. Considered holding training sessions for female employees</li> <li>Continued collaboration with special support schools as an initiative to employ people with disabilities Collected information about companies engaged in advanced initiatives to expand the job areas and increase employment of people with disabilities through tours and sessions to exchange opinions</li> </ul>
			Percentage of employees with disabilities	(Non-consolidated) Achieve legal minimum employment rate	(Non-consolidated) 1.98%	
			Amount invested in education and training per employee	(Non-consolidated) Disclose results	(Non-consolidated) ¥83,002 / person	
			Training hours per employee	(Non-consolidated) Disclose results	(Non-consolidated) 14.9 hours	

\* Targets for the end of FY2024

## Initiatives

### Training System

People make a company. The driving force of our manufacturing, through which we provide people around the world with value, is therefore our people. Having celebrated our 100th anniversary, we are working to develop human resources who will lead Nippon Kayaku in the next 100 years.

#### ◆ Training Programs

Various training programs are provided to employees according to their job positions. These comprehensive training programs are conducted so as to develop the next generation of skilled workers who will lead Nippon Kayaku in the future.



Training

#### ◆ Mandatory Programs

We offer mandatory training programs for new hires, employees who have completed their first and third years at the Company, those in their fifth year of service, and for mid-rank employees in accordance with their job types and positions. Through these programs we help employees take new steps forward by developing practical skills based on a recognition of the changes in their roles and competencies.

### ◆ Optional Programs

A wide array of voluntary training programs are also available. These voluntary programs are tailored to specific jobs and personal characteristics. The programs are intended to help trainees work on self-improvement by improving their business skills and troubleshooting abilities.

### ◆ Next-generation Manager Development Programs

With the goal of developing managers for the next generation, the program selects manager and senior executive candidates to lead future generations.

### Education System Chart



### ◆ List of Training Programs Organized by the Human Resources Division (FY2022)

#### Mandatory Programs

Name	Details	Days	Number of attendees
New employee orientation	Introductory training for new graduate recruits Learn about internal rules, an outline of the business and business skills	10	46
Post-first-year training	Review problems and formulate an action plan for the employees to improve their business execution skills and autonomously pursue their careers	3	65
Third-year training	Formulate a career development plan for employees to improve their business execution skills and, as the core of an organization, continue to produce good results	3	64
Career presentation	Employees make a presentation about their career after joining the Company and engage in a lively discussion with colleagues including people who joined the Company the same year that they did	2	25
Fifth-year training	Employees learn how to become more independent and influential and make it work in their development of their careers in the future	2	27
Training to strengthen communication skills	Enhance communication skills which are necessary for mid-level employees to proactively proceed with work within an organization	3	14
Mid-rank employee training	Employees recognize the importance of independently working on their roles and changing as a mid-level employee and make it work in their career development in the future	4	53
Personnel training for employees who joined through year-round recruitment	Introductory training for mid-career recruits Learn about our internal rules and business outline	1	57

#### Optional Programs

Name	Details	Days	Number of attendees
Interpersonal skill seminar	Acquire skills to adapt your communication to the person you are talking with	2	15
Problem solving training	Learn the reasonable thinking process necessary for making proper judgment and solving problems	3	20
Marketing training	Learn the framework of marketing and analysis methods	2	18
Logical communication training	Improve information communication skills through logical thinking	2	17
Management simulations training	Understand management indices and learn the process of company management	3	10

### Next-generation Manager Development Programs

Name	Details	Days	Number of attendees
Business leader development course	Cultivating entrepreneurial and innovative leaders who act while looking toward the near future	3	15
Newly appointed manager training: Part 1	Introduction training for newly appointed managers Learning their roles and required abilities and knowledge	2	35
Newly appointed manager training: Part 2	Introduction training for newly appointed managers Learning management communications	2	46
Nippon Kayaku Business Academy (implemented biennially)*	For next-generation management employee candidates Formulating management strategies with insight into the future through strategy and scenario planning, learning the skills required for corporate management, and fostering the minds of corporate managers	10	-
Senior manager candidates (implemented biennially)*	For future high-level manager candidates Learning leadership and business management skills, increasing management literacy, etc.	4	-

\* Not held in FY2022

### Human Resources Development

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Training hours per full-time employee	Non-consolidated	Hours	-	-	14	13	15
Total training hours	Non-consolidated	Hours	-	-	29,156	27,092	31,045
Amount of investment in education and training per full-time employee	Non-consolidated	Yen	87,195	76,122	35,706	66,606	83,002

### Personnel Evaluation System

The basis of Nippon Kayaku's personnel evaluation system is the performance evaluation. For performance evaluations, all employees are assigned to a specific job in the beginning of a fiscal year in accordance with their roles and responsibilities. As they perform the job, they talk with superiors to decide their goals for the fiscal year and work to achieve the goals within a one-year period. Biannually, employees talk with their superiors about the degree of achievement of their goals during the fiscal year. Every time we enter a new fiscal year, employees meet with their supervisor to review their performance in the previous one-year period, determine their evaluation and set their vision for the coming fiscal year. The evaluation of an employee is reflected in their bonus remuneration.

Employee evaluations, excluding managerial-level employees, are divided into three categories: performance evaluation, challenge evaluation and process evaluation. Challenge evaluation involves the evaluation of the achievement of independently set goals while process evaluation evaluates the process of achieving the goals.

Enable the Company's growth to lead to individual growth, thereby aligning the Company's growth with each employee's self-fulfillment and evaluate processes as well as the achievement of goals. By doing so, the Company aims to increase employees' motivation to work and to enhance employee engagement.

### Career Support

To facilitate the flexible adaptation to the dramatic changes in the business environment, Nippon Kayaku has introduced an in-house recruiting system with the goal of improving employee performance by putting the right people in the right positions through the matching of workplaces in need of more people with employees who are willing and skilled enough to work there.

Creating opportunities for motivated employees to take on challenges makes the employees more autonomous in their career pursuit and leads to the support of employees' careers and their greater engagement with work.

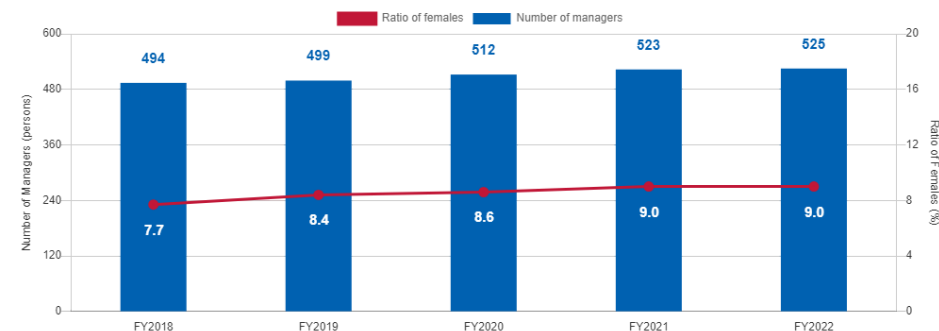
### Supporting the Empowerment of Diverse Human Resources

#### ◆ Promoting the Empowerment of Women

Proactive appointment of women to managerial positions is one aspect of the results of our initiatives to encourage diversity in the workplace. The ratio of our female managers increased to 9.0% as of the end of March 2023 (9.0% in previous year). The following target is to achieve 10% by the end of FY 2024. We will continue with our efforts to encourage the greater involvement of women in the workplace.



Percentage of Female Managers (\*Nippon Kayaku non-consolidated basis; excluding seconded employees)



### ◆ Supporting Employees with Disabilities

Nippon Kayaku employs people with disabilities. As of the end of March 2023, 45 people with disabilities are working with us (1.98% of total employees). Since our society calls for the active employment of people with disabilities, the Company will continue to be committed to developing an environment that enables employees with disabilities to have job satisfaction, energetically demonstrate their capabilities and become involved in a greater scope of work, beyond the Company retaining a high employment rate above the legal minimum through efforts such as continuing the employment of people with intellectual impairments in cooperation with special support schools.

#### Percentage of Employees with Disabilities

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Percentage of employees with disabilities	Non-consolidated	%	1.82	1.97	1.90	1.99	1.98
(Legal minimum employment rate)		%	2.2	2.2	2.2	2.3	2.3

### ◆ Supporting Post-retirement Re-employed Workers (Senior Partners)

Since April 2006, we have been implementing the Nippon Kayaku Senior Partner System to provide retirees who are physically and mentally healthy and eager to continue working with an opportunity to demonstrate the expertise and know-how that they have accumulated over the course of their career after reaching the age of retirement. We ask applicants to the system about where they want to work, in what jobs and in what employment format, and almost 100% of applicants are reemployed in accordance with their preferences, with most of them continuing to work for the Company until they reach the age of 65.

#### Rehiring of Retired Employees

Indicator	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Rehiring of retired employees	Non-consolidated	Persons	42	61	42	22	29
Rehiring rate of retired employees	Non-consolidated	%	82.3	89.7	95.4	84.6	85.2

### ◆ Exchange of Global Human Resources

As one of the policy to promote diversity, we are working to build the environment all of staff belong to Nippon Kayaku Group be able to lead an active career in globalizing world. As a part of its global human resource development program, the Company seeks to develop human resources with global perspectives by helping them improve their linguistic skills and increase their adaptability to different cultures. Example initiatives in this program include training programs, overseas language learning programs and others opportunities designed to improve young employees' linguistic skills and strengthen mid-level employees' skills in global business development. In addition to the training programs, we will keep making efforts to develop global talent by means of promoting personal interactions between our bases in Japan and overseas Group companies and enhancing our support to allow employees to experience various cultures and business environments.

### ◆ Initiatives at Each Business Site

#### Mobility & Imaging Business Unit

##### Visit by KMY Trainees

On January 9, 2023, four trainees from Kayaku Safety Systems Malaysia Sdn. Bhd. (KMY) visited our Himeji Plant. They spent two weeks at the Facility Department and five weeks at the Manufacturing Department acquiring skills. Currently, our cylinder-type inflators are manufactured at the Himeji Plant. We will make a capital investment in, and technological transfer to, a manufacturing hub in Malaysia and will establish a global supply system to include markets with potential demand in our targets. We put a lot of effort into human resource development and the trainees' visit was meaningful.



##### Establishment of "DOJO" Education

Since FY2018, the Safety Systems Group has educated and trained employees at the training hall inside the Himeji Plant.

At the DOJO facilities, safety and quality rules (Do's) and prohibited actions (Don'ts) are indicated in an easy-to-understand manner. Moreover, the facilities are equipped with necessary devices to provide employees with hands-on education on static electricity and others.

Also, experienced employees serve as instructors to help on-site supervisors (mid-rank employees) in the Members of the Group improve their skills by learning about the products, processes and past problems. The plant also collaborates with the DOJO of the overseas subsidiaries belonging to the Safety Systems Group to improve the level of the entire Group.



##### Third Round of the COE Program

##### "Change from Operator to Employee (COE)" Program

Following the launch of the COE education program at Kayaku Safety Systems de Mexico, four employees completed the first round of the program implemented from 2014 to 2017 and another four finished the second round carried out from 2017 to 2019.

COE is a program for educating and training operators (daily paid employees) and developing them into full-time (monthly paid) employees and is aimed at motivating operators, decrease the turnover rate and develop employees who will contribute to the Company for many years.



Having started in 2020, the third round was initially scheduled to be completed in September 2021. Despite a schedule change due to the COVID-19 pandemic, the eleven participants are learning about leaderships skills, teamwork and troubleshooting and will complete the education program in August 2023.



## Data

> [Employees](#)