

[Important Issues] Respect for Human Rights

Message from the Executive Director in charge

Human rights are essential for the pursuit of happiness and prosperity of life for all, and we believe that fundamental human rights should be protected with the highest priority. The Nippon Kayaku Group aims to bring happiness and delight to everyone involved with it. In conducting its business activities around the globe, the Group believes that consideration for human rights in accordance with international standards is the foundation of sustainable management. The Group has clearly listed respect for human rights in its Charter of Conduct and Code of Conduct, and engages in initiatives to ensure respect for human rights. In 2021 we signed the United Nations Global Compact (UNGC) and declared our participation in it. In 2022 we established the Nippon Kayaku Group Human Rights Policy with the aim of further promoting initiatives to ensure respect human rights throughout the Group. Going forward, we will continue to fulfill our responsibilities to respect human rights in all of our corporate activities.



Tomoo Shibuya
Member of the Board
Representative Executive Vice President

Policy and Basic Approach

Nippon Kayaku Group Human Rights Policy

The Nippon Kayaku Group recognizes its responsibility to protect the human rights of all people affected by its business activities.

To that end, the Nippon Kayaku Group hereby establishes the Nippon Kayaku Group Human Rights Policy (the "Policy") based on the United Nations Guiding Principles on Business and Human Rights, with the purpose of promoting initiatives to ensure respect for human rights throughout the Group.

The Nippon Kayaku Group aims to meet the expectations of its stakeholders and contribute to society through its business operations as part of its corporate vision, the **KAYAKU spirit**. As a standard of conduct to realize the **KAYAKU spirit**, the Nippon Kayaku Group has established a Nippon Kayaku Group Charter of Conduct, Code of Conduct, and Group Action Guidelines. In all of its corporate activities, the Group respects fundamental human rights, complies with laws and regulations, engages in fair business activities and responds to the trust of all stakeholders with the aim of providing happiness and delight.

◆ 1. Basic policy on human rights

This Policy is a promise that the Nippon Kayaku Group will respect human rights, in order to earn the trust of all stakeholders based on its corporate vision, the **KAYAKU spirit**. The Nippon Kayaku Group will support and respect international norms relating to human rights, including the United Nations International Bill of Human Rights (Universal Declaration of Human Rights (UDHR), International Covenant on Civil and Political Rights (ICCPR), and International Covenant on Economic, Social and Cultural Rights (ICESCR)) which provides for the fundamental human rights of all people, and the International Labour Organization (ILO) Fundamental Principles and Rights at Work, which provides for fundamental rights at work. As a signatory to the United Nations Global Compact (UNGC), the Nippon Kayaku Group also supports and respect the ten principles of the UNGC.

◆ 2. Respect for human rights through business activities

The Nippon Kayaku Group will not tolerate discrimination or harassment based on differences in gender, age, nationality, race, religion, disability, place of origin, ancestry, creed, political views, marital status, employment status or other differences. The Nippon Kayaku Group will not tolerate child labor, forced labor or unfair low-wage labor.

◆ 3. Scope of application

This Policy applies to all officers and employees of the Nippon Kayaku Group. The Nippon Kayaku Group requires all business partners involved with its business activities, products and services to comply with this Policy.

◆ 4. Responsibility to respect human rights

The Nippon Kayaku Group recognizes that it cannot completely eliminate the possibility of adverse impacts on human rights in its business activities. The Nippon Kayaku Group will fulfill its responsibility to respect human rights and build a responsible supply chain by not infringing on the human rights of those affected by its business activities and by taking appropriate measures to correct any adverse impact on human rights in its business activities.

◆ 5. Human rights due diligence

The Nippon Kayaku Group will establish a system to ensure human rights due diligence, identify adverse impacts of the Group on human rights in society, and strive to prevent and mitigate such impacts.

◆ 6. Dialogue and consultation

In implementing this Policy, the Nippon Kayaku Group will utilize independent expertise on human rights from external experts and engage in sincere dialogue and consultation with stakeholders.

◆ 7. Education and training

The Nippon Kayaku Group will provide appropriate education and training to ensure that this policy is incorporated and effectively implemented in all of its business activities.

◆ 8. Access to remedy

If it is found that the Nippon Kayaku Group's business activities have caused an adverse impact on human rights, or if involvement through business partners is discovered or suspected, the Company will conduct an appropriate investigation and, if necessary, work to remedy the situation through dialogue based on international standards and appropriate procedures.

◆ 9. Person responsible

The Nippon Kayaku Group shall clearly specify an officer in charge of the implementation of this policy and supervise the state of its implementation.

◆ 10. Information disclosure

The Nippon Kayaku Group will disclose the progress and results of its efforts to respect human rights on its website, and by other means.

◆ 11. Applicable laws and regulations

The Nippon Kayaku Group will comply with the laws and regulations of each country or region in which it conducts its business activities. In the event of any conflict between the laws and regulations of individual countries and internationally recognized human rights, the Group will pursue ways to respect international human rights policies to the fullest possible extent.

This policy is adopted by the Company's Board of Directors and signed by its President and Representative Director.

Established April 1, 2022
Nippon Kayaku Co., Ltd.
President and Representative Director

System

The Nippon Kayaku Group established the Ethics Committee as a specialized committee under the Sustainable Management Meeting with the goal of ensuring human rights and compliance throughout the Group. The Committee meets twice a year and as necessary. The Ethics Committee is chaired by an Executive Director with an official post nominated by the President, and consists of representatives from the business units' planning divisions and general administrative divisions that do not belong to a business unit. In addition to determining policies and measures relating to compliance with the Nippon Kayaku Group Charter of Conduct and Code of Conduct, the Committee also consults with people, handles incidents, discusses and makes decisions regarding recurrence prevention measures. Important topics discussed by the Ethics Committee are reported to the Sustainable Management Meeting and the Board of Directors for feedback.

A human rights due diligence system is being established based on the Nippon Kayaku Group Human Rights Policy, by coordination with relevant departments under the responsibility of the chair of the Ethics Committee, and with the Sustainability Promotion Department of the Corporate Planning Division as the administrative office. Agenda items relating to human rights are approved by the Sustainable Management Meeting before submission for discussion and reporting at Board of Directors meetings.

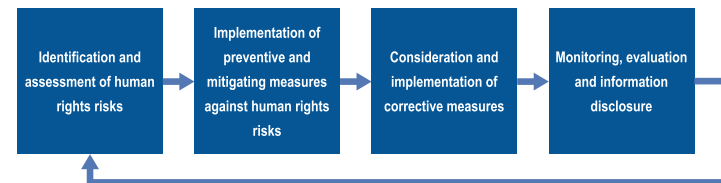
Indicators

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"> Engage in business operations that pay care and consideration to the human rights of employees and all other people involved in the supply chain 	Number of training sessions held on human rights	One or more per year	Once	<ul style="list-style-type: none"> Conducted e-learning-based training regarding the Nippon Kayaku Group Human Rights Policy and Human Rights Due Diligence System Senior management conducted workshop to identify and evaluate human rights risks. Decided to reconsider methods for risk identification and evaluation.
			Human rights due diligence Human rights impact assessment rate	(Non-consolidated) Conducted by FY2022 (Consolidated) 100% by FY2025	(Non-consolidated) Incomplete	

Initiatives

Human Rights Due Diligence

In accordance with the Nippon Kayaku Group Human Rights Policy, the Group has formulated an action plan for human rights as one of its key sustainability issues. By managing and disclosing progress every year, we will establish a human rights due diligence process and implement activities throughout the Group. Since FY2021, we have been conducting human rights impact assessment surveys of primary and secondary suppliers. In FY2022, we held two workshops for all executives and heads of related divisions to deepen their understanding of business and human rights. From FY2023 onward, we will gradually expand the scope of these surveys to each domestic business site and Group company both in Japan and overseas, and evaluate risks, make improvements and take corrective measures.



Compliance Awareness Survey

The Nippon Kayaku Group (in Japan) has designated October as Compliance Promotion Month and conducts compliance awareness surveys in October every year. We concluded an agreement with a consulting firm in FY2015 to conduct compliance awareness surveys. Problems in different workplaces related to the encouragement of compliance are identified from the aggregated data and the analysis of the results of the compliance awareness surveys. Improvement proposals and other feedback are then provided to the workplaces. Referring to this feedback, our colleagues in different workplaces formulate compliance action plans for the following year and implement the PDCA cycle to raise awareness. The results of compliance awareness surveys in FY2022 did not identify any serious human rights problems.

> [\[Important Issues\] Ensuring Compliance \(Instilling within the Company\)](#)

Freedom of Association and Collective Bargaining Rights

> [Comfortable Workplace Environment \(Labor-Management Relations\)](#)

Religion

The Nippon Kayaku Group operates globally and has employees who are of different nationalities and diverse religious and cultural backgrounds. When employees come from overseas to participate in group-wide meetings or educational and training sessions, we ask them about their requests and prepare prayer rooms and meals in consideration of their religions.

The Himeji Plant is visited by employees from an Islamic cultural background who come to Japan to participate in skills training. The Himeji Plant has a prayer room and a space for Muslims to purify themselves before saying prayers. The cafeteria has a halal menu.

Consideration for Human Rights in Sustainable Procurement

In order to encourage initiatives to respect human rights throughout the supply chain, the Nippon Kayaku Group has established Sustainable Procurement Guidebook based on the Nippon Kayaku Group Charter of Conduct and Code of Conduct, Basic Procurement Principles and Basic Procurement Policies, and is distributing them to its suppliers. The Group collects letters confirming suppliers' consent to the Sustainable Procurement Guidelines and conducts sustainable procurement surveys. The results of the sustainable procurement surveys conducted in and before FY2022 did not identify any serious human rights problems. The Group will continue working with suppliers to promote sustainable procurement.

> [\[Important Issues\] Environmental and Social Considerations in the Supply Chain](#)

Education and Training

The Nippon Kayaku Group conducts annual training on human rights, to share its awareness of the importance of respecting the human rights of all stakeholders involved in business activities with all executives and employees (including contract employees and part-time employees) and temporary employees. In determining the content of training, we refer to the Human Rights Policy, harassment prevention guidelines, revisions to laws and regulations, and the results of compliance awareness surveys.

As a part of training in FY2022, the Group conducted e-learning-based training regarding the background behind the establishment of the Nippon Kayaku Group Human Rights Policy, explanations for each part of the human rights policy and the human rights due diligence process.

To coincide with the start of the new Medium-term Business Plan **KAYAKU Vision 2025**, we also prepared a booklet that includes an explanation of the Nippon Kayaku Group Human Rights Policy and distributed it in six languages (Japanese, English, Chinese, Spanish, Malay and Czech) that are spoken in countries where we have production bases to all executives and employees of the Nippon Kayaku Group to make the human rights policy known to them.

Name of training program	Main themes covered	Main target	FY	Training format	Number of sessions	Attendance rate
Business and human rights	Human rights issues, specific human rights that companies should respect, the scope of the specific human rights that companies should respect and the human rights initiatives required of companies	Executives and employees (including contract employees and part-time employees), temporary employees	2021	e-Learning	Once	83%
Nippon Kayaku group human rights policy	The background behind the establishment of the human rights policy, explanations for each part of the human rights policy and the human rights due diligence process	Executives and employees (including contract employees and part-time employees), temporary employees	2022	e-Learning	Once	84%

Involvement in Initiatives

Since 2022, the Nippon Kayaku Group has been participating in the Human Rights Due Diligence Subcommittee and the Human Rights Education Subcommittee of Global Compact Network Japan. The Group will increase its knowledge of human rights by going to lectures taught by experts and exchange information with other companies by participating in group work sessions about different topics and industries. The Group will use this knowledge in its initiatives to enhance respect for human rights.

Establishment of a Whistleblowing and Consultation Hotline

The Nippon Kayaku Group has established a Compliance Hotline and a Compliance Hotline for Suppliers, with the aims of detecting and preventing legal violations and ethical violations at an early stage (including responses to human rights issues) and enhancing the transparency and fairness of management.

The Compliance Hotline is open to all domestic Nippon Kayaku Group officers, employees and retirees (within one year after retirement). When making a report or consultation, users can choose to contact either the Ethics Committee administration office (Compliance Department, Internal Control Management Division) or an external law firm.

The Compliance Hotline for Suppliers is open to all executives and employees of suppliers who have dealings with the domestic Nippon Kayaku Group. The point of contact for reports and consultations is the Ethics Committee administration office (Compliance Department, Internal Control Management Division).

Both of these hotlines function as systems that ensure confidentiality and anonymity, and whistleblowers will not suffer disadvantageous treatment as a result of reporting or consulting.

> [Whistleblower System](#)

> [Compliance Hotline for Suppliers](#)