

KAYAKU Next Stage Mid-term CSR Action Plan 2019-2021						
	ESG	No	Important CSR Issues	Mid-term CSR Action Plan 2019-2021	Key Indicators (KPI)	FY2021 Targets
Highest Priority Issues	S	1	Innovation through business	<ul style="list-style-type: none"> ● Business divisions will work as one team on pursuing R&D with an eye on exit to market, and create new products and businesses in core businesses and areas of synergy. ● Invest management resources in medium and long-term R&D themes while enhancing core technologies and meeting the future needs of society. 	Amount invested in R&D over three years	(Consolidated) ¥40 billion over 3 years
		2	Quality and customer safety	<ul style="list-style-type: none"> ● Make ongoing improvements to the quality management system and work to strengthen local management capabilities, and create a stronger quality management and quality assurance system. ● Pursue quality management, improve the level of production technology and expertise, and work to reduce flaws in the process. 	Number of serious complaints by customers※1	(Consolidated) 0 complaints
					Number of serious flaws in processes※1	(Consolidated) 0 incidents
	3	Business partner assessment	<ul style="list-style-type: none"> ● Implement supply chain management that takes environmental and social aspects into consideration, based on the CSR Procurement Guidelines. 	Number of times assessments of main business partners are performed	(Non-consolidated) 50 times/year	
	E	4	Energy use and greenhouse gases Wastewater and waste Efficient use of water resources Use of materials that contribute to resource conservation	<ul style="list-style-type: none"> ● Pursue activities to save energy and combat global warming. Achieve the environmental targets for FY2020 and formulate targets for FY2030. ● Work to integrate ISO 14001 company-wide and advance environmental management that addresses both the risks and opportunities of environmental problems. 	Mid-term environmental targets <ul style="list-style-type: none"> • Amount of CO2 emitted from energy sources 	FY2020 Target (Non-consolidated) 79,500 tons or less
					• VOC emissions volume	(Non-consolidated) 42 tons or less
					• COD emissions volume	(Non-consolidated) 150 tons or less
					• Volume of waste generated	(Non-consolidated) 23,500 tons or less
					• Recycling rate	(Non-consolidated) 80% or higher
					• Zero emissions rate	(Non-consolidated) 3% or lower
					Company-wide integration of ISO 14001	Integration
					Formulation of 2030 environmental targets	Formulation
	G	5	Occupational health and safety in the workplace	<ul style="list-style-type: none"> ● Strictly follow basic rules on health and safety and improve equipment and work procedures to build a strong foundation for safe operations. ● Promote health management and provide a workplace environment that enables employees to work with enthusiasm and achieve work-life balance. 	Number of serious accidents※2	(Consolidated) 0 incidents
White 500 certification					(Non-consolidated) Maintain certification	
Percentage of employees taking paid leave					(Non-consolidated) 70%	
Percentage of employees who take mental health training					(Non-consolidated) 100%※3	
Percentage of employees who undergo regular health check-ups		(Non-consolidated) 100%				
6		Compliance	<ul style="list-style-type: none"> ● Exercise strict compliance, which is a basic principle upon which we conduct corporate activities, and operate the business in a fair manner. ● Establish a basic policy on preventing corruption, and maintain and strengthen an open and honest corporate culture with high ethical values. 	Number of serious compliance violations※4	(Consolidated) 0 incidents	
	Formulation of a basic policy on preventing corruption			Formulation		
Important Issues	S	7	Provision of appropriate information on products and services	<ul style="list-style-type: none"> ● Increase the presence of the Nippon Kayaku Group by complying with regulations in each business and providing appropriate information and technical services to customers. 	Regularly conducting customer satisfaction surveys	(Non-consolidated) Implementation
		8	Maintaining and expanding employment and development of human resources	<ul style="list-style-type: none"> ● Promote diversity and inclusion by hiring diverse human resources and effective human resource allocation and exchanges. ● Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource development. 	Percentage of female managers	(Non-consolidated) 8%※5
					Percentage of people with disabilities employed	(Non-consolidated) 2.3%
	Amount invested in education and training per employee				(Non-consolidated) Note results only	
	9	Respect for human rights and assessment	<ul style="list-style-type: none"> ● Operate businesses in a manner that considers the human rights of employees and all people involved in the supply chain. 	Number of training sessions held on human rights	(Non-consolidated) Once a year or more	
	10	Local communities	<ul style="list-style-type: none"> ● Actively communicate with local communities where our businesses are located and strive to co-exist and prosper together with them as a company rooted in the local community. 	Total number of informal community gatherings	(Consolidated) Note results only	
				Expenditures on social contributions※6	(Non-consolidated) Note results only	
	11	Economic performance	<ul style="list-style-type: none"> ● Generate stable profits and return profits to society while reinvesting profits as management capital to achieve sustainable growth and enhance corporate value. 	ROE	(Consolidated) 8%	
				Amount of tax paid	(Consolidated) ¥5.6 billion	
				Capital investments over three years	(Consolidated) ¥50.0 billion over three years	
G	12	Strengthening corporate governance	<ul style="list-style-type: none"> ● Strengthen corporate governance of the entire group and manage in a highly transparent and sound manner. 	Number of times that the effectiveness of Board of Directors meetings is evaluated	(Non-consolidated) Once a year	
				Number of times internal business audits are performed by the Audit Division	(Consolidated) 45 times over three years	
	13	Ensuring business continuity	<ul style="list-style-type: none"> ● Ensure business continuity by responding to the many different risks associated with our businesses, maintaining the production structure, securing the appropriate materials, and strengthening disaster response measures. 	Implementation rate for the top five risk control activities	(Consolidated) 100%	
					Number of times BCP drills are conducted	(Consolidated) Once a year or more
					(E)Environment (S)Social (G)Governance ※1: Losses of 10 million yen or higher ※2: Accidents resulting in time off work for three or more people simultaneously or accidents resulting in death ※3: Cumulative amount over the three year period from 2018 to 2020 ※4: Number of incidents deemed serious by the Ethics Committee or the Risk Management Committee ※5: Target for the end of FY2020 ※6: Expenses for donations, Asunaro House activity expenses, plant festivals, and other local events	