














Achievements of the Mid-term CSR Action Plan in 2019

ESG	No	Important CSR Issues	Mid-term CSR Action Plan 2019-2021	Key Indicators (KPI)	FY2021 Targets	FY2019 Progress	Topics on FY2019 initiatives	target SDGs
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	(Consolidated) ¥11.1 billion	<ul style="list-style-type: none"> Worked on various initiatives involving new products and businesses in all the Company's divisions Started mass production of the new maleamide resin for 5G telecommunications Acquired an LCD and chip cleaning business Contributed to the fields of digital and conventional printing by developing industrial-use digital printing colorants Obtained approval for an additional indication for breast cancer treatment regimen B for our anti-cancer drug Trastuzumab BS Launched the anti-cancer drug PORTRAZZA® Injection, which is a human anti-EGFR monoclonal antibody Expanded sales of our new inflators that went on the market in FY 2018 Made progress developing drone safety devices, with an eye to their commercialization Worked on disseminating our new insecticide FINESAVE®, expanding its applications, and registering it overseas Promoted research for next-generation development that combines in-house and external technologies Organized a company-wide research symposium and other events for our business groups and research laboratories to discuss technology Studied ways to use various types of IT in production, quality management, R&D, and intellectual property 	
	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. 	<ul style="list-style-type: none"> Number of serious complaints by customers※1 Number of serious flaws in processes※1 	(Consolidated) 0 complaints	(Non-consolidated) 0 incidents	<ul style="list-style-type: none"> Revised and distributed to our overseas Group companies our "Why Why Analysis Manual," which seeks to find the real causes of processing abnormalities and the like and fundamentally resolve them Beefed up our training program on the practical fundamentals of statistical analysis and quality management and e-learning offerings of product quality education 	
	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	(Non-consolidated) 74 companies	<ul style="list-style-type: none"> Implemented the scheduled audits Verified the following from 318 responses to a CSR questionnaire sent to 910 of our business partners Environmental protection initiatives: no negative environmental impact Social initiatives: No instances of harassment, discrimination, forced labor, inappropriate work hours or wages, or other anti-social or adverse behavior 	
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. 	<ul style="list-style-type: none"> Mid-term environmental targets Amount of CO2 emitted from energy sources VOC emissions volume COD emissions volume Volume of waste generated Recycling rate Zero emissions rate Company-wide integration of ISO 14001 Formulation of 2030 environmental targets 	FY2020 Target 79,500 tons or less (Non-consolidated)	(Non-consolidated) 69,300 tons	<ul style="list-style-type: none"> Expect to accomplish FY 2020 mid-term environmental goals, with the exception of zero emission levels Worked toward attaining zero emissions by continuing negotiations with industrial waste disposal contractors so that we can switch from disposing of our industrial waste in land fill to recycling it Worked on setting our environmental goals for 2030, which will focus on reducing CO2 emissions correlated with climate change; these will be announced in FY 2020 Considering companywide adoption of ISO14001; organized a setup whereby our business groups and plants collaborate in implementing the Responsible Care Policy and programs to stem climate change 	
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. 	<ul style="list-style-type: none"> Number of serious accidents※2 White 500 certification Percentage of employees taking paid leave Percentage of employees who take mental health training Percentage of employees who undergo regular health check-ups 	(Consolidated) 0 incidents (Non-consolidated) Maintain certification	(Non-consolidated) Recognized as a Certified Health and Productivity Management Organization under the Large Enterprise Category	<ul style="list-style-type: none"> Gained recognition as an outstanding enterprise engaging in efforts to advance health and productivity management under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program's large enterprise category; although we did not receive White 500 recognition in FY 2019, we continue our efforts to promote health management Average monthly overtime at the Nippon Kayaku parent company was 12.7 hours 	
	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. 	<ul style="list-style-type: none"> Number of serious compliance violations※4 Formulation of a basic policy on preventing corruption Coverage ratio of companies implementing compliance training 	(Consolidated) 0 incidents (Domestic) 100%	(Consolidated) 0 incidents In preparation (Domestic) 100%	<ul style="list-style-type: none"> Gathered information for formulating a Basic Policy on Corruption Prevention and verified the state of implementation at other companies Amended the Nippon Kayaku Group Charter of Conduct and Code of Conduct 3,468 employees took e-learning training and other compliance training for domestic Group companies Held training sessions on anger management at all of our domestic Group companies 	
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	(Consolidated) Implementation	<ul style="list-style-type: none"> Administered a customer satisfaction survey for some Nippon Kayaku Group customers, including those of our overseas Group companies; the survey sample will be expanded in the future 	
	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. 	<ul style="list-style-type: none"> Percentage of female managers Percentage of people with disabilities employed Amount invested in education and training per employee 	(Non-consolidated) 8%※5 (Non-consolidated) 2.3% (Non-consolidated) Note results only	(Non-consolidated) 8.4% (Non-consolidated) 1.97% (Non-consolidated) ¥76,000 / person	<ul style="list-style-type: none"> Achieved our goal of having women in 8.4% of our management positions one year ahead of time Offered language learning assistance and foreign-language study abroad programs, accepted foreign contract employees and technical interns 22 men took men's childcare leave Convened an expert committee on work hours with the labor union, which is considering programs on performance management and problem-solving measures at each business site; convened an expert committee on work practices with the labor union 	
	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	(Non-consolidated) 2 times	<ul style="list-style-type: none"> Held two training sessions on human rights in association with our amendment of the Nippon Kayaku Group Charter of Conduct and Code of Conduct 	
	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. 	<ul style="list-style-type: none"> Total number of informal community gatherings Expenditures on social contributions※6 	(Consolidated) Note results only (Non-consolidated) Note results only	(Consolidated) 27 times (Non-consolidated) ¥269 million	<ul style="list-style-type: none"> Maintained constant communication between our place of business and local communities through such efforts as open houses at our facilities, clean-up campaigns, and social gatherings As part of our educational CSR, made school visits to local primary schools and took part in the classroom experiment event, Children's Summer Vacation Chemistry Experiment Show 2019 Supported ping pong's T League as an initiative for getting healthy through sports 	
	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. 	<ul style="list-style-type: none"> ROE Amount of tax paid Capital investments over three years 	(Consolidated) 8% (Consolidated) ¥5.6 billion (Consolidated) ¥50.0 billion over three years	(Consolidated) 6.0% (Consolidated) ¥6.1 billion (Consolidated) ¥14.6 billion	<ul style="list-style-type: none"> Achieved sales of 175.1 billion yen and operating income of 17.5 billion yen; returned profit to shareholders as dividends Although share buybacks improved our capital efficiency, ROE declined due to lower profit Made 14.6 billion yen of capital investments for our future growth 	
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. 	<ul style="list-style-type: none"> Number of times that the effectiveness of Board of Directors meetings is evaluated Number of times internal business audits are performed by the Audit Division 	(Non-consolidated) Once a year (Consolidated) 45 times over three years	(Non-consolidated) Once (Consolidated) 13 times	<ul style="list-style-type: none"> Conducted an internal survey to assess the effectiveness of our Board of Directors, created an action plan incorporating the situations and issues that we identified, and are now implementing improvements Evaluated the internal control reporting systems (J-SOX) for nine Group companies that underwent reviews of their internal controls; no problem areas detected Disclosed our procedures for appointment and dismissal of officers and our guidelines for determining officers' compensation in our Securities Report Formulated our Basic Policy on Corporate Governance, which will be announced in FY 2020 Conducted group and e-learning training sessions on such topics as legal matters, information security, and security export control 	
	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. 	<ul style="list-style-type: none"> Implementation rate for the top five risk control activities Number of times BCP drills are conducted 	(Consolidated) 100% (Consolidated) Once a year or more	(Consolidated) 100% (Consolidated) Once	<ul style="list-style-type: none"> Conducted Top 5 Risk Control initiatives at all of our business divisions, domestic affiliates, and overseas affiliates Conducted BCP training drills for our overseas Group companies at Central Headquarters for Disaster Countermeasures and at Kayaku Chemical (Wuxi) To deal with the novel coronavirus, established the Central Headquarters for Disaster Countermeasures headed by our president, which is putting priority on making sure our employees stay safe ahead of its business continuity initiatives 	

Highest Priority Issues

Important

(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