

Initiatives for Employees

A company is nothing without its people. The Nippon Kayaku Group is committed to creating safe and secure workplaces where its employees can thrive and feel a greater sense of motivation by helping benefit society through their jobs. Our goal is to provide a wide range of systems and programs for our employees that fully take into account the changes taking place today.

Training programs

Various training programs are provided to employees according to their jobs positions. These comprehensive training programs are conducted so as to develop the skilled workforce that will lead Nippon Kayaku in the next generation.

- **Mandatory programs**

In order to systematically develop the skills of the employees, training is imparted to the employees start immediately upon their joining the company. This is followed by mandatory programs after durations of one year and three years. Mandatory programs are also conducted as key employees are promoted to certain jobs and positions because of their improved work performance.

- **Voluntary programs**

A wide array of voluntary training programs is also available. These voluntary programs are tailored to specific employee characteristics and jobs. They facilitate self-improvement and boost the job-related problem-solving abilities of the employees.

- **Selective program**

A program providing special leadership and management training is also available for promising candidates who are recommended by the superiors.



Training programs

Lodging Facility Completed at Training Center

We completed construction on a new lodging facility at our training center in February 2012 to replace the previous facility that was first opened back in 1992.

The new lodging facility was designed to provide a place for learning, interaction and rest. It also features rooms for individual employees, compared to the previous facility where there were three employees to each room, to better accommodate new hires and other employees staying there for extended periods of time. The facility also has a lounge space for private gatherings during and after training as well as an exercise room to enable participants to keep in shape during their stay. In 2011, a total of around 5,000 employees used the training center during the year and we expect this number to increase in 2012 and beyond thanks to the addition of these brand new employee-centric facilities.



Training Center Lodging Facility

Expanding Work-Life Balance Programs

We are making efforts to reduce overtime work, expand in-house programs, and encourage use of these programs in order to enhance our employees' work-life balance. As part of our Next Generation Childcare Support Program, we have introduced staggered work hour schedules and a program to support employees receiving fertility treatments. Through these programs, an employee caring for a child can shift their work start time, while an employee receiving fertility treatments can take a leave of absence or special paid holidays. A large percentage of our eligible employees take childcare leave, but going forward we intend to encourage more employees to take full advantage of our work-life balance programs.

Better Managing Employee Work Hours

The Nippon Kayaku Group strives to properly ascertain employee work hours and conditions, to take action where needed, and to foster an environment where employees and management work together, in order to follow compliance best practices and safeguard employees' mental health. We are also working to reduce employees' overtime hours from the standpoint of improving work-life balance. In fiscal 2011, we were able to reduce overtime hours by about four hours per employee compared to fiscal 2009. Going forward, we are committed to

further enhancing the workplace environment for our employees by creating added value, improving operational productivity and changing the way employees work.

Special Paid Leave Program

We are actively supporting the work-life balance needs of our employees. Part of this support can be found in the Special Paid Leave Program where under certain circumstances employees can take paid leave that has been carried over from previous years. Typically this carried-over paid leave expires after two years.

Taking this special paid leave does not require any cumbersome application process; rather, employees simply have to provide either a medical certificate from their physician or some other document that verifies they require leave. In addition, even after taking part in the program once, employees can continue to accumulate paid leave to use in the future as part of this program.

● Special Paid Leave Program

Applicable Uses	No. of Days Allowed
To receive treatment of an injury or illness that requires at least 4 consecutive days of care To receive outpatient services for rehabilitation or aftercare (within the stated period on the physician-issued medical certificate)	Up to 60 days
To provide nursing care to an immediate family member, aunt or uncle	45 days
To participate in a training program or volunteer activities	30 days
Leave in conjunction with the use of active points from the Nippon Kayaku Cafeteria Plan	5 days
To take leave in order to receive a vaccination or medical exam for a child of preschool age	5 days
To receive fertility treatments	60 days
To allocate additional days to childcare leave	10 days
To allocate additional days to leave for providing care to a sick child	10 days

Offering a Greater Selection of Development Programs for Employees

As part of our efforts to supporting the development of the next generation, we offer and have established various programs including a staggered work hour schedule for employees caring for a child or parent and a shortened work hour schedule for employees' childcare needs. We are also taking measures to encourage more employees to use these programs.

Mental Health Care for Employees

In 2005, the Nippon Kayaku President initiated a mental health declaration in which managers across the entire group are to comply with the following four guidelines based on four key care principles.

1. Maintain correct understanding of mental health issues;
2. Constantly check staff working conditions to prevent overwork;
3. Detect changes in staff and encourage staff who are not feeling well to discuss any mental health issues they may have; and
4. Ensure staff are able to access industrial healthcare practitioners both inside and outside the company to receive appropriate care.

Starting in 2005 we began a three-cycle mental health training program for all Nippon Kayaku Group employees, including both managers and regular employees. A training plan is prepared for each three-year cycle during which time individual training sessions are held separately for managers and regular employees. In 2011, the training sessions for the second cycle were completed. These sessions will continue to be in the third cycle starting in 2012.

Our counseling system consists of supervisors, nurses and industrial physicians internally as well as employee assistance professionals contracted outside the company. Services include a telephone hotline or an in-person session with a counselor at a place designated by the employee. These two formats ensure everyone at the Nippon Kayaku Group has easy access to our mental health care system.

General Business Operator Action Program under the Act for Measures to Support the Development of the Next Generation

On March 30, 2012, we submitted our third action plan, prepared on March 22, 2012 for the period from April 1, 2012 to March 31, 2015, to the Tokyo Labor Bureau for approval.



Kurumin logo

Commendation Program for New Inventions

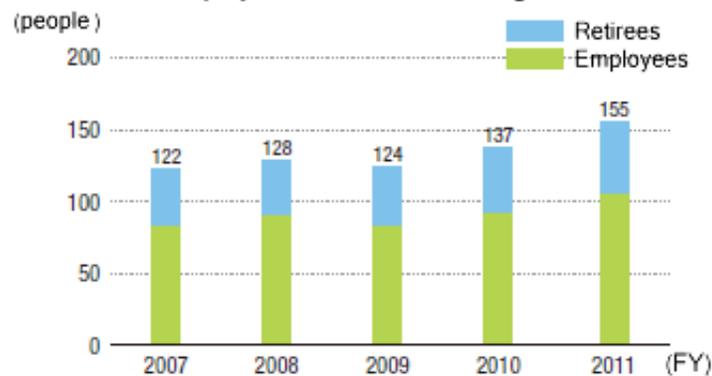
Nippon Kayaku has established several programs to commend and award employees for their inventions at work. These programs not only commend and award employees, but enable us to encourage our employees to come up with new and effective products that will benefit society as a whole. Our annual commendations are outlined below.

1. Performance Award Program

Our performance award program provides remuneration to employee patents that have contributed to sales. This program was initiated under the company's rule on the handling of employee inventions first prepared in 1963. This rule was created based on the provision of Japan's Patent Act and hence has been changed over the years with each modification to this law.

The figure below shows the number of employees that received a performance award over the past five years. Retirees are also eligible for a performance award, with between about 40 and 50 receiving recognition in any given year.

● Number of Employee Inventions Receiving a Performance Award



2. Early Performance Contributions

Even for patents pending, if an invention has already made contributions to the performance of the Nippon Kayaku Group, the employee can receive remuneration known as an early performance contribution. This particular program was initiated in 2005 to properly recognize product inventions with a comparatively shorter lifecycle. This program, which is also intended to complement the performance award program from above, represents a truly progressive system in terms of providing remuneration for sales from a produce with a patent pending. Eighty-three employees received the remuneration for fiscal 2009, 67 for fiscal 2010 and 72 for fiscal 2011.

3. In-house Commendation for Excellent Technologies

This program seeks to commend patent applications for products for which technical innovations are being made at a fast pace over a one-year period. One invention received this commendation in fiscal 2009 and another in fiscal 2011. Employees recognized with an award are asked to give a lecture at an award ceremony.

Other annual commendations include best workplace and highest performance expectation, among others.