

# Fulfilling Our Responsibility to Society

## Initiatives with Our Customers

The Nippon Kayaku Group continually strives to develop sound products and services that are both safe and reliable in order to provide the best possible solutions to its customers around the world.

### From Green Procurement to CSR Procurement

Nippon Kayaku is aggressively working to reduce the environmental impact from its procurement activities.

Our green procurement activities involving raw materials and other goods now enable us to select relevant items, tally results for each item and business, as well as set targets. Moving forward, we will continue to work with our partners to ensure that the entire supply chain is able to reduce its impact on the environment.

Our electronic purchasing system for indirect materials enables us to display green labeled products as well as products compliant with Japan's Law on Promoting Green Purchasing in our electronic

catalogue. It also makes it possible to search only for target products from among indirect materials to be purchased. We are committed to promoting the use of this electronic purchasing system and to further increasing our ratio of green procurement going forward.

We also recognize the importance that practicing CSR throughout the entire supply chain plays in our broader promotion of CSR. As a result, Nippon Kayaku will examine the promotion of CSR procurement together with its suppliers by setting specific CSR procurement standards going forward.

### Developing Products that Promote Energy Conservation and Moving into the Photovoltaic Power Generation Market

Nippon Kayaku displayed a dye-sensitized solar cell (DSC) at the PV Japan 2011 trade show held at Makuhari Messe outside Tokyo in December 2011 in order to conduct market research.

This DSC is an all new type of solar cell that consists of many organic materials, unlike the current mainstream silicon-type cell, while it boasts a high power generation performance for indoor light. DSC can also be customized in terms of color tone and transparency to meet the needs of specific applications.

PV Japan, a trade show for photovoltaic technologies in the spotlight today, is attended by large numbers of visitors from various sectors. As such, we recognized the event would offer a great platform to discuss our DSC and differentiate it from existing products.

Nippon Kayaku is currently moving forward with the development of unique DSC-related products that combine its highly competitive dye and resin technologies with its long-researched DSC modularization technologies. In particular, we have been developing cutting-edge sensitized dye, the key material that largely determines performance,

to help improve photovoltaic power generation performance. We are also partnering with companies and universities that possess technologies for manufacturing modules related to the various elements used in DSC. By actively engaging in the photovoltaic power generation market through the development of new cell-related products, we hope to further revolutionize technologies aimed at achieving greater energy conservation as well as those aimed at playing a lead role in the development of a renewable energy-based society.

Moving forward, we will continue to solicit information and feedback from visitors to various trade shows, such as PV Japan, which will help align our development with the needs of international markets



▶ Dye-sensitized solar cell

### Heat Release Sheet Displayed as a Product that Promotes Energy Conservation

Nippon Kayaku's Functional Chemicals Group displayed and introduced the KTM series thermal conductive bonding sheet at the Internecon 2012 trade show, held at Tokyo Big Sight in January 2012, as a product that promotes energy conservation.

The semiconductor sector has seen a further acceleration in demand for high speed and high integration production. As a result, the question of how best to manage the large amount of heat involved in these processes has become more important than ever.

Many visitors to the trade show demonstrated a strong interest in our products that help promote energy conservation, which made the event an important opportunity to hear feedback directly

from our customers. Moving forward, we plan to participate in even more trade shows as part of our commitment to help society develop by creating products that meet the needs of our customers in the areas of the environment and energy conservation.



▶ Exhibition booth

---

## Initiatives for Society

---

With operations located around the world, the Nippon Kayaku Group stands committed to actively communicating with the local communities in which it operates because they represent one of its most important stakeholders.

### Ambulance Donated to the Municipality of Salinas Victoria

— Kayaku Safety Systems de Mexico, S.A. de C.V.

Kayaku Safety Systems de Mexico, S.A. de C.V. (KSM) is located in the municipality of Salinas Victoria outside Monterrey in Northern Mexico. As an overseas subsidiary of Nippon Kayaku's Safety Systems Group, KSM has been manufacturing micro gas generators for vehicle seatbelts since 2009.

During the meeting with city officials to receive approval for the construction of KSM's factory, the company learned that the municipality needed to replace its aging ambulance but could not secure the budget for this outlay. As a result, KSM decided to donate an ambulance to the municipality as part of its contributions to the local community. The ambulance

was donated in November 2011 at a presentation ceremony attended by the Mayor of Salinas Victoria.



▲ Ambulance donated by KSM and the presentation ceremony

---

### Initiatives for Japan's Aging Society — Nippon Kayaku Medical Care Co., Ltd.

Nippon Kayaku Medical Care Co., Ltd. is a provider of nursing care services that was established in April 2003. Today, the company operates four daytime nursing care service centers in Tokyo's Shinjuku Ward, with monthly users totaling about 2,000 seniors. Because it was founded by Nippon Kayaku, a manufacturer of pharmaceuticals, the company's service programs that seek to improve motor skills and mouth function were developed in a tie-up with research institutions affiliated with a university and other organizations.

Since the start of its long-term care insurance system, Japan has been in need of high-quality, efficient nursing care services. For service providers, this means the development of more leaders capable of managing outlets has fast become an important task facing the sector.

In fiscal 2009, the Japanese Consumers' Cooperative Union, Kawajuku Educational Institution Group, and Nippon Kayaku Medical Care were

selected to participate in a research program for improving employment management of care workers run by Japan's Ministry of Health, Labour and Welfare called *Improving the Skills of Onsite Managers and Promoting Career Advancement*. As part of the program, the three companies created human resource development programs for managers in the sector. Later, Nippon Kayaku Medical Care's *Manager Development Program* became highly sought after by care service providers located across Japan. To date, more than 6,000 managers of care centers have taken part in this program, illustrating that the company has achieved strong results in the development of human resources working in the field. Nippon Kayaku Medical Care believes its mission is to focus on its core business of daytime care services as well as to offer this program to managers of care centers in every corner of Japan to help improve and evolve their management abilities.

---

### Involvement in the Wakachiai (Sharing) Civic Charity Fair in Remembrance of 3.11

— Nishiminato Driving School

On Sunday, June 10, 2012, the first Wakachiai (Sharing) Civic Charity Fair in Remembrance of 3.11 was held in the Kokurakita Ward of Kitakyushu City at Nippon Kayaku Group company Nishiminato Driving School, which is a member of the fair's executive committee that consists of companies and organizations from the city.

The day of the fair featured a variety of events and performances. These included the collection of donations to help serve people in need for a decade after the Great East Japan Earthquake as well as panel displays and lectures on the earthquake and tsunami. There were also booths selling specialty items and gourmet food items from the Tohoku region, food vendors selling local specialty meals, a charity raffle and a Kokura Gion Taiko drum

performance. More than 3,000 people attended, making the event quite a success. The executive committee plans to make the fair an annual event going forward.

Donations provided at the fair will be used to benefit children orphaned by the earthquake and tsunami.



▶ Lecture by a journalist that covered the Great East Japan Earthquake

## 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.

### 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.

### Nippon Kayaku Senior Partner Program

Beginning in April 2006 we launched the Nippon Kayaku Senior Partner Program—a program to rehire employees after mandatory retirement—to accommodate changes made to Japan's Act for the Stabilization of Employment of Older Persons. This program rehires retired employees that are physically and mentally healthy, are motivated to work, and can

fulfill their duties and responsibilities, in order to take full advantage of their long-standing professional experience and expertise. In fiscal 2011, nearly 100% of the retired employees requesting to be rehired participated in this program, which allows them to work until the age of 65.

### 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