

Social Responsibility Core Subjects	Social Responsibility Core Issues	Mid-Term CSR Action Plan for Each Issue	No.	Challenge 2001 / Mid-Term CSR Action Plan
Organizational governance	Decision-making processes and structure	● ● ● ● ● ● ● ●	1	Improve employee awareness of CSR and compliance
	Due diligence	● ● ● ● ● ● ● ●	2	Assess business continuity during the onset of an emergency
	Human rights risk situations	● ● ● ● ● ● ● ●	3	Strictly adhere to regulations on chemical substances
Human rights	Avoidance of complexity	● ● ● ● ● ● ● ●	4	Continue to make societal contributions through research, development, and provision of product information on cancer and cancer-related fields
	Resolving grievances	● ● ● ● ● ● ● ●	5	Thoroughly ensure the education of employees on knowledge and skills related to handling customers
	Discrimination and harassment groups	● ● ● ● ● ● ● ●	6	Continued conducting crisis instruction efforts for safe agricultural use
	Civil and political rights	● ● ● ● ● ● ● ●	7	Promote CSR procurement in cooperation with suppliers
	Economic, social and cultural rights	● ● ● ● ● ● ● ●	8	Work toward preventative measures against environmental impacts and occupational injuries from major accidents
Labor practices	Fundamental principles and rights at work	● ● ● ● ● ● ● ●	9	Reduce customer complaints and quality process mishaps
	Employment and employment relationships	● ● ● ● ● ● ● ●	10	Communicate with the local community
	Conditions of work and social protection	● ● ● ● ● ● ● ●	11	Provide timely and appropriate disclosure of information to stakeholders
	Social dialogue	● ● ● ● ● ● ● ●	12	Utilize and foster diverse human capital
The environment	Health and safety at work	● ● ● ● ● ● ● ●	13	Link due consideration to employee health and safety, and provide a working environment that allows for a good work-life balance
	Human development and training in the workplace	● ● ● ● ● ● ● ●	14	Protect human rights and privacy
	Prevention of pollution	● ● ● ● ● ● ● ●	15	Expand our green procurement ratio
	Sustainable economic activities	● ● ● ● ● ● ● ●	16	Achieve mid-term environmental targets with due consideration of the environment
Fair operating practices	Climate change mitigation and adaptation	● ● ● ● ● ● ● ●	17	Improve water treatment technology and respond to environmental regulations
	Protection of the environment, biodiversity and restoration of natural habitats	● ● ● ● ● ● ● ●	18	Strive to be a business with ever lower energy consumption
	Anti-corruption	● ● ● ● ● ● ● ●	19	Assure stable earnings as a sustainable business group
	Responsible political involvement	● ● ● ● ● ● ● ●	20	Launch products that contribute to the environment and to energy conservation
Consumer issues	Age discrimination	● ● ● ● ● ● ● ●	21	Provide high quality pharmaceutical products that reduce economic burden
	Respect for property rights	● ● ● ● ● ● ● ●	22	Roll out low-cost automobile safety devices using our proprietary technologies, to a global market in order to contribute to protecting lives
	Fair marketing, factual and unbiased information and fair contractual practices	● ● ● ● ● ● ● ●	23	Ensure the continued existence of manufacturing plants by handing down Japan's "manufacturing" technology
	Protecting consumers' health and safety	● ● ● ● ● ● ● ●	24	Create and implement sustainable research programs
Community involvement and development	Sustainable development	● ● ● ● ● ● ● ●	25	
	Consumer service, support, and complaint and dispute resolution	● ● ● ● ● ● ● ●	26	
	Consumer data protection and privacy	● ● ● ● ● ● ● ●	27	
	Access to essential services	● ● ● ● ● ● ● ●	28	
Community involvement and development	Education and awareness	● ● ● ● ● ● ● ●	29	
	Community involvement	● ● ● ● ● ● ● ●	30	
	Education and culture	● ● ● ● ● ● ● ●	31	
	Employment creation and skills development	● ● ● ● ● ● ● ●	32	
Community involvement and development	Technology development and access	● ● ● ● ● ● ● ●	33	
	Wealth and income creation	● ● ● ● ● ● ● ●	34	
	Health	● ● ● ● ● ● ● ●	35	
	Social investment	● ● ● ● ● ● ● ●	36	

CSR Action Plan Results from Fiscal 2013 and Targets for Fiscal 2014 

MID-TERM CSR ACTION PLAN

In April 2013, the Nippon Kayaku Group commenced its new three-year Mid-term Business Plan " **Challenge 100A !** " that runs until its 100th anniversary in the year 2016. In conjunction with this, we also drafted an Mid-term CSR Action Plan that runs parallel to **Challenge 100A !**. Going forward, we will take steps to ensure all executives and employees understand the Mid-term CSR Action Plan to raise awareness toward CSR management and promote inclusive efforts involving all employees.

Category	No.	Challenge 100A ! Mid-Term CSR Action Plan	FY 2013 CSR Action Plan	Assessment	FY 2014 CSR Action Plan	
Foundational	1	Improve employee awareness of CSR and compliance	Implemented compliance training: 50 sessions including Group companies; CSR training: 13 sessions Conducted compliance survey and collected feedback	○	CSR and compliance training including Group companies	
	2	Assure business continuity during the event of an emergency	Formulated an Overseas Risk Management Manual; implemented BCP training Built out infrastructure	○	Maintain BCP Manual, addressing risks other than natural disasters, and implement training Assure reduced disaster risks to IT systems and measures for a prompt recovery response (to be completed in FY 2014)	
Social Responsibility	3	Strictly adhere to regulations on chemical substances	Made basic educational material available on chemical laws and ordinances, and implemented relevant training Made basic introductory material available on GHS, and implemented relevant training	○	Enhance in-house instructional programs related to chemical substance regulations Share information with customers through SDS* in compliance with each country's standards	
	4	Continue to make societal contributions through research, development, and provision of product information on cancer and cancer-related fields	Embolitic microsphere products: brought 2 formulations to market Polymeric micelle anti-cancer drugs: proceeded with joint international trials Along with adding 5 new products, we increased training and continued strengthening the support framework	◎	Provide low-invasive treatments in the embolic product field and proceed with development of polymeric micelle anti-cancer drugs Work toward safety management and quality improvement by further enhancing the Medical Information Service Center	
	5	Thoroughly ensure the education of employees in knowledge and skills related to handling explosives	Held 5 lectures for 36 attendees	○	Implement a rank-based education program taught by the explosives safety maintenance team	
	6	Continue conducting onsite instruction efforts for safe agrochemical use	Carried out visits to sales outlets (on an average of 471 visits per year per sales representative)	◎	Hold briefing sessions for farmers on safe and appropriate agrochemical use	
	7	Promote CSR procurement in cooperation with suppliers	Prepared a purchasing philosophy, basic purchasing policy, and guidelines for CSR procurement	○	Begin CSR procurement in cooperation with suppliers	
	8	Work toward preventative measures against environmental impacts and occupational injuries from major accidents	Major accidents: 0 cases, lost worktime accidents: 2 cases, non-injury-related accidents: 1 case, non-lost worktime accidents: 3 cases Vehicle accident rate during work tasks or commuting by pharmaceutical MRs: 11.5%	△	Have zero major accidents, zero lost worktime accidents, zero non-injury-related accidents, and 5 or fewer non-lost worktime accidents Vehicle accident rate during work tasks or commuting by pharmaceutical MRs: 4% or lower	
	9	Reduce customer complaints and quality process mishaps	Serious customer complaints: 2, serious quality process accidents: 1	×	Serious complaints: 0, serious quality process accidents: 0; strengthen recurrence prevention by rolling out "why why" analysis at work sites	
	10	Communicate with the local community	132 families used Asunaro House in 2013 (64% occupancy rate) Pink Ribbon activities: implemented at 7 business sites; renewed Nyugan Info Navi Plant festivals: 5 events, approx. 8,000 visitors; local community socials: held at 4 business sites Implemented cleanup activities: 6 business sites; public lectures: 4 business sites	◎	Support children with intractable diseases, and their families, by operating Asunaro House Carry out Pink Ribbon activities, plant festivals, and local community socials, local cleanups, and public lectures with the local community	
	11	Provide timely and appropriate disclosure of information to stakeholders	Remade the Nippon Kayaku (Japanese) website Supported adoption of an ERP system at our Chinese subsidiaries; held a global accounting conference Formulated Group accounting policies	○	Enhance our website in order to make it more globally oriented Enhance communication with investors and enhance the internal company magazine, coming up on its 100th anniversary Promote earlier disclosure of financial results and prepare for compliance with IFRS (International Financial Reporting Standards)	
	12	Utilize and foster diverse human capital	Achieved the legally mandated 2.0% employment for workers with disabilities; boosted female manager ratio to 4.2% Achieved a near 100% re-hiring rate for retirees who elected to stay on after retirement age Began training and development of employees who are Chinese nationals; began a short-term language study abroad program Strengthened our program for training employees before transferring them overseas	◎	Continue hiring workers with physical and mental disabilities; increase the number of female managers by supporting childcare and workers' return from childcare leave Work to pass down technology by utilizing the expertise of older workers Promote the appointment of non-Japanese workers, promote personnel exchange/transfer targeting non-Japanese workers, roll out globalization training, dispatch young employees overseas, and enhance support training for workers while they are posted overseas Implement systematic education and training for overseas staff Enhance and expand lifestyle support measures for employees posted overseas	
	13	Give due consideration to employee health and safety, and provide a working environment that allows for a good work-life balance	Mental health training: lectures held as per the 3-year plan; participation in health check-ups: 100% Raised the utilization rate of paid leave days: 54.7% last FY --> 59.0% current FY	○	Mental health training: 100% lecture attendance as per the 3-year plan; 100% participation in health check-ups Improve usage rate and recognition of the Next Generation Childcare Support program	
	14	Protect human rights and privacy	Responded appropriately to 10 reports to the whistleblower hotline Implemented compliance training for all employees, focusing on the topic of preventing power harassment	○	Spread awareness of the whistleblower hotline and respond appropriately to reports	
	Environmental Responsibility	15	Expand our green procurement ratio	Green purchasing of indirect materials: 8% (up 2% YoY) Green purchasing of raw materials: 20%	○	Continue promoting the indirect materials purchasing system
		16	Achieve mid-term environmental targets with due consideration of the environment	Chemical substance emission reductions: see p. 22 (of this report) for figures, also disclosed on our website	○	Reduce emissions of chemical substances: work toward achieving Mid-Term Environmental Targets set for FY 2020 (details reported on our website)
17		Improve waste water treatment technology and respond to environmental regulations	New technology for wastewater treatment: undergoing review; patent application currently under examination for 1 design	○	Develop treatment technology ahead of toughening regulations, and establish low-cost treatment technology	
18		Strive to be a business with ever lower energy consumption	Energy efficiency intensity: reduced 4.0% YoY	◎	Promote energy conservation following Energy Conservation Master Plans at each business site	
Economic Responsibility	19	Assure stable earnings as a sustainable business group	Introduced mid- and long-term priority issue system to Group companies Held first Group Company Environmental Safety Promotion Conference Inventory: slightly above targets; efforts devoted to organization by project to allow reductions Low-cost purchasing: achieved targets	○	Spread awareness of the mid- and long-term priority issue system to Group companies, and implement an evaluation system based on it Optimize inventories and systematically sell off unused real estate	
	20	Launch products that contribute to the environment and to energy conservation	Thermal conductive adhesive sheets: set plans for adoption Insulating films: began working on samples with European car makers	△	Bring new high performance thermal conductive adhesive sheets and optical control films to market Raise customer satisfaction by improving our quality assurance system	
	21	Provide high quality pharmaceutical products that reduce economic burdens	Launched Filgrastim, Nippon Kayaku's first biosimilar Brought two generic anti-cancer drugs to market	○	Bring biosimilar products to market as quickly as possible; bring generic anti-cancer drugs to market without delay	
	22	Roll out low-cost automobile safety devices, using our proprietary technologies, to a global market in order to contribute to protecting lives	Established a business base in Malaysia Increased and strengthened production facilities for our Mexico business base	○	Complete preparations for production at our base in Malaysia Increase and strengthen production facilities at our China and Mexico bases	
	23	Ensure the continued existence of manufacturing plants by handing down Japan's "monozukuri" technology	Shared technology information through presentations and awards for excellent technology Focusing on young employees, implemented specialized training in production technology	○	Promote company-wide presentation gatherings related to "monozukuri;" promote in-house education and joint sharing of information	
	24	Produce and implement sustainable research programs	Worked on preparations for our corporate research program commencing next FY	○	Effectively leverage the new program and generate new research themes	

The Nippon Kayaku website carries information, including a reference chart, on subject and issues relating to ISO 26000 and social responsibility.

◎ : target achieved ○ : almost achieved △ : under-going efforts toward improvement × : not achieved

※SDS: Safety Data Sheet

Mid-Term CSR Action Plan for ISO 26000 Issues

Social Responsibility Core Subjects		Social Responsibility Core Issues	Mid-Term CSR Action Plan for Each Issues	No.	Challenge 100A ! Mid-Term CSR Action Plan
Organizational governance	1	Decision-making processes and structure	1 2 8 11 19 23 24	1	Improve employee awareness of CSR and compliance
Human rights	1	Due diligence		2	Assure business continuity during the event of an emergency
	2	Human rights risk situations		3	Strictly adhere to regulations on chemical substances
	3	Avoidance of complicity		4	Continue to make societal contributions through research, development, and provision of product information on cancer and cancer-related fields
	4	Resolving grievances	14	5	Thoroughly ensure the education of employees in knowledge and skills related to handling explosives
	5	Discrimination and vulnerable groups	12 14	6	Continue conducting onsite instruction efforts for safe agrochemical use
	6	Civil and political rights		7	Promote CSR procurement in cooperation with suppliers
	7	Economic, social and cultural rights	13	8	Work toward preventative measures against environmental impacts and occupational injuries from major accidents
	8	Fundamental principles and rights at work	14	9	Reduce customer complaints and quality process mishaps
Labor practices	1	Employment and employment relationships	14	10	Communicate with the local community
	2	Conditions of work and social protection		11	Provide timely and appropriate disclosure of information to stakeholders
	3	Social dialogue		12	Utilize and foster diverse human capital
	4	Health and safety at work	8 13	13	Give due consideration to employee health and safety, and provide a working environment that allows for a good work-life balance
	5	Human development and training in the workplace	12 23	14	Protect human rights and privacy
The environment	1	Prevention of pollution	3 6 8 15 16 17	15	Expand our green procurement ratio
	2	Sustainable resource use	15 16 18 20	16	Achieve mid-term environmental targets with due consideration of the environment
	3	Climate change mitigation and adaptation	16	17	Improve waste water treatment technology and respond to environmental regulations
	4	Protection of the environment, biodiversity and restoration of natural habitats		18	Strive to be a business with ever lower energy consumption
Fair operating practices	1	Anti-corruption	1 4 9	19	Assure stable earnings as a sustainable business group
	2	Responsible political involvement		20	Launch products that contribute to the environment and to energy conservation
	3	Fair competition	1 3 19	21	Provide high quality pharmaceutical products that reduce economic burdens
	4	Promoting social responsibility in the value chain	2 7 15	22	Roll out low-cost automobile safety devices, using our proprietary technologies, to a global market in order to contribute to protecting lives
	5	Respect for property rights		23	Ensure the continued existence of manufacturing plants by handing down Japan's "monozukuri" technology
Consumer issues	1	Fair marketing, factual and unbiased information and fair contractual practices	6 11	24	Create and implement sustainable research programs
	2	Protecting consumers' health and safety	9		
	3	Sustainable consumption	4 5 20 21 22 24		
	4	Consumer service, support, and complaint and dispute resolution			
	5	Consumer data protection and privacy			
	6	Access to essential services			
	7	Education and awareness	6		
Community involvement and development	1	Community involvement	10		
	2	Education and culture			
	3	Employment creation and skills development			
	4	Technology development and access			
	5	Wealth and income creation			
	6	Health			
	7	Social investment			