

CSR



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.

Message from the Head of Administration Group

For the Nippon Kayaku Group to continually practice the KAYAKU spirit we will need to always maintain our existential value afforded to use by society. The basis for this will be continually supplying products and services that are useful to society while maintaining and improving safety, security and compliance, which will earn us the trust and respect of all stakeholders. Without this trust we will not be able to realize the goals set out for **Challenge 100A!**, our three-year mid-term business plan.

It would be no exaggeration to say that the many rules, systems and measures established internally at each of the Nippon Kayaku Group's subsidiaries serve as means to securing this trust. Moving forward, we will continue to develop our group management system with the goal of securing a high degree of trust from all stakeholders.



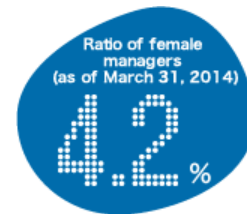
Osamu Hirao
 Head of Administration Group



Encouraging Diversity

The Nippon Kayaku Group respects diversity and continually takes steps to enhance the competitiveness of the entire Group by providing workplaces where employees can maximize their talents, thrive professionally, and feel a strong sense of motivation and place.

One indicator for measuring the progress of these efforts is the extent to which female employees are contributing their skills and abilities to the workplace. Encouraging gender equality and work-life balance is essential to this end. We believe that the results of which will be the proper encouragement of diversity where not only female employees but our entire diverse pool of human resources can leverage their talents to the fullest. In other words, through this cycle we will be able to enhance our competitiveness as a good company and a strong company.



Helping women thrive in the workplace

The appointment of female managers represents the results of our initiatives to encourage diversity in the workplace. The ratio of female managers increased a full percentage point from 3.2% last year to 4.2% as of March 31, 2014. Going forward, we will continue to actively promote the more active role of women in the workplace.

Employment of persons with disabilities

Nippon Kayaku is also committed to employing persons with disabilities based on its emphasis on diversity. As of March 31, 2014, we employed 48 persons with disabilities, meaning 2.0% of our total workforce has a disability. Society demands that we move swifter in hiring persons with disabilities and so in the future we will strengthen our efforts and continue to actively hire persons with intellectual disabilities wherever possible.

Expanding Programs for Gender Equality

The Nippon Kayaku Group is expanding in-house programs for gender equality and encouraging their utilization. In terms of our Next Generation Childcare Support measures, we have rolled out various programs that exceed legal requirements, beginning with our childcare leave program. The number of eligible female employees taking childcare leave exceeds 100% (Number of eligible female employees who took childcare leave / Number of female employees that had a baby x 100), and the number of male employees taking childcare leave increased to three in fiscal 2013. Moving forward, we will seek to develop a workplace culture that encourages male employees to participate in childcare.

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

Work-life Balance

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 to increase the number of paid leave days taken by employees from the standpoint of improving work-life balance. (The percentage of paid leave taken increased 4.3% compared to fiscal 2012)

To accomplish this, we will need to change the way employees think about time management, with the ultimate goal of improving operational productivity and generating added value.



Mental Health Initiatives

To balance improvements in operational productivity with the creation of added value, employees need to have

workplaces where they can thrive and also be in good mental and physical health.

The President of Nippon Kayaku issued a Mental Health Declaration in 2005 and since then we have provided thorough guidance to managers on the subject. Mental health care requires that all employees have the correct knowledge and understanding to ensure they can prevent or detect mental health issues at an early stage. We focus the greatest efforts on mental health issue prevention. After rolling out our mental health care program, we invited a speaker from our contract EAP to lead a mental health care training program mandatory for all employees to take part in at least once that was set up on three occasions – in fiscal 2005, between fiscal 2006 and 2008 and between fiscal 2009 and 2011. We formulated a new three-year plan in fiscal 2012 and employees are currently taking part in related training.

We have also created the Return to Work Program for employees that were forced to take a leave of absence due to a mental health issue. In this manner, workplace supervisors (the company), industrial physicians, and EAP form a trinity of measures for ensuring employees can return to work smoothly with a focus on preventing relapses.

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.



Training programs

■ 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.

The Nippon Kayaku Senior Partner System

Starting in April 2006, we launched the Nippon Kayaku Senior Partner System to rehire employees that reached the mandatory retirement age to comply with changes made to the Act for Stabilization of Employment of Older Persons. This system is intended for retired employees that are both mentally and physically healthy, have a desire to work, and can assume the roles and responsibilities of their job tasks. The goal is rehire retired employees with the ability to share their career experience and expertise for the betterment of the company. In fiscal 2011, nearly all of the retired employees requesting rehiring were able to rejoin the company up to the age of 65 thanks to this 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

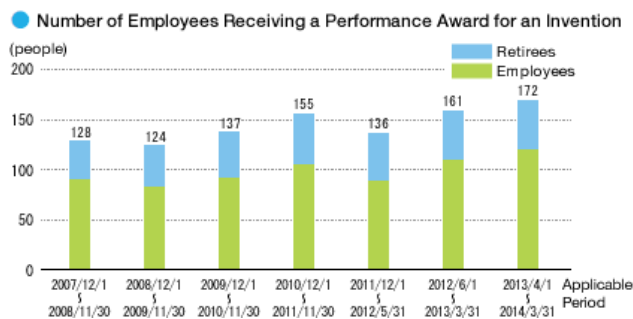
Nippon Kayaku has established several programs to commend and award employees for their inventions at work. These programs not only commend

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.



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. 72 employees received the remuneration for fiscal 2011, 58 for fiscal 2012 and 51 for fiscal 2013.

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 2011, in fiscal 2012 and another in fiscal 2013. 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.