



## Third-Party Opinion

### Masahiko Kawamura

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#### Profile

After completing his master's degree from the Faculty of Engineering of Kyushu University in 1976, Mr. Kawamura joined Mitsui Ocean Development & Engineering Co., Ltd. (MODEC). In 1988, he joined NLI Research Institute, where today he belongs to the Insurance Research Department. Mr. Kawamura specializes in environmental management, CSR, and environmental business practices. He is a Vice Chairman of the Sustainable Management Forum of Japan (SMF). Mr. Kawamura has co-authored various books including *An Introduction to Environmental Management*, *SRI and New Companies/Financial Institutions*, and *Carbon Disclosure*, and has a forthcoming publication called *Japan's CSR at a Crossroads*, among others.



## About the CSR Reporting: Composition Demonstrating Motivation for Global CSR Management

This year's printed edition (digest version) I feel demonstrates the Nippon Kayaku Group's global commitment to CSR management heading toward its 100th anniversary in 2016. The report includes not only a message from the President of Nippon Kayaku at the beginning, but also messages from the heads of eight consolidated group companies from around the world. Strictly speaking, however, currently the Nippon Kayaku Group is in the stage of aligning its direction globally and going forward I hope it will focus on addressing CSR issues that reflect the social issues of each respective country where it operates.

The Mid-Term CSR Action Plan (Fiscal 2013 to Fiscal 2015) is positioned as the core component of the report and the 24 items covering the four CSR activity domains of foundational, financial, social, and environmental are specific and easy to understand. I also commend the fact that the results from the previous fiscal year and targets for the next fiscal year provide quantitative performance data. However, my impression was that information focused predominantly on Japan and so the next action plan should incorporate a broader and more global perspective.

Nippon Kayaku is currently examining internally the roll out of key performance indicators (KPI) that it has been proposing for some time now, and I strongly encourage the company to disclose its findings both internally and externally. This represents one mark for its CSR management in the run up to its 100th anniversary.

## About the Content of the CSR Report: Further Broadening of Global CSR Management

Nippon Kayaku's website contains a comparison table of ISO26000 and the 24 items from its action plan that is organized according to the core subjects and issues. This makes it possible to understand the differences with international standards, but some type of explanation was needed with regard to the meaning of the empty spaces. I recommend that the company reconsider the deficiencies and excess or the validity of the 24 items based on the Related Actions and Expectations section of ISO26000.

The Nippon Kayaku Group cites compliances as a foundation for its CSR activities. There is no room to debate that compliance is the foundation for the foundation of CSR, but compliance can also become a risk factor overseas. In other words, with regards to human rights, employment, and labor issues, regulations may not be sufficient even if there are laws or they may not even be laws. In such cases, decisions must be made based on international rules and norms that are called "soft law". Nippon Kayaku is currently in the process of drawing up guidelines on CSR procurement, and I hope these are completed at an early stage based on the company's wonderful initiatives.

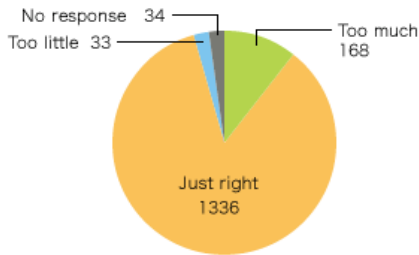
The Nippon Kayaku Group is a multinational corporation with 25 consolidated subsidiaries and business operations in nine countries around the world. Last year, my report noted that the company's second phase of CSR management is beginning and I believe initiatives are making steady and certain progress. I expect these initiatives to be expanded going forward while also keeping in mind the true definition of CSR, which is responsibility of the company for the impacts of its decisions and activities on society and the environment.

**Reader Survey Results for the 2013 CSR Report**

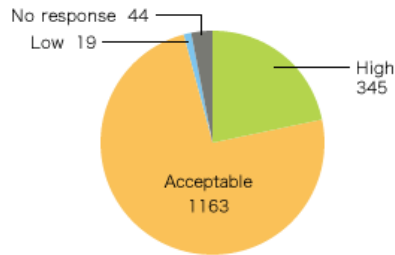
(Responses: 1571)

**Q. What was your impression of this year's CSR report?**

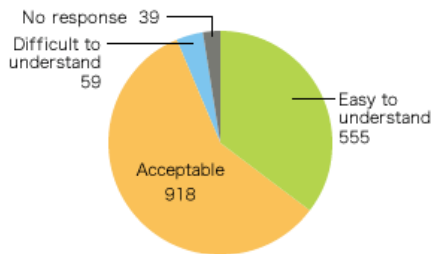
● Amount of information



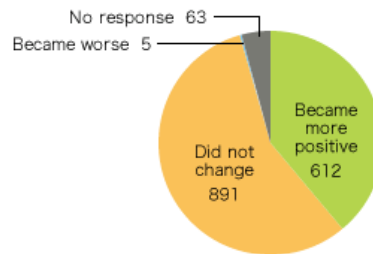
● Quality of information



● Ease of understanding

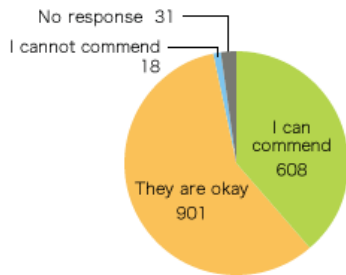


● Image of the Nippon Kayaku Group



**Q. How would you evaluate the Nippon Kayaku Group's CSR activities?**

● Evaluation

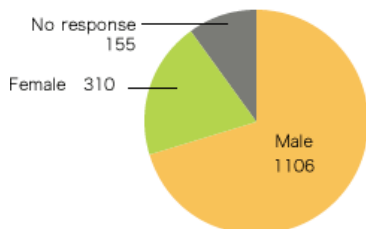


● Top 10 Areas of Interest from this Report

1	Current Nippon Kayaku Group Products and Future Technologies and Products Supporting an Affluent Lifestyle
2	The Nippon Kayaku Group's Businesses
3	Initiatives for Society
4	Initiatives for Employees
5	Initiatives with Our Customers
6	Approach to CSR Management
7	Message from the President
8	Mid-Term Action Plan
9	Special Feature - Presentations for a Better Tomorrow
10	Environment, Health and Safety, and Quality Assurance Management

**Q. About yourself**

● Gender



● Age

