



Compliance

The Nippon Kayaku Group widely recognizes compliance as not only adhering to laws and ordinances, but also upholding social norms and responding to the needs of society.

Nippon Kayaku Group Charter of Conduct and Code of Conduct

With the recognition that compliance holds a position of the utmost importance in its business activities, the Nippon Kayaku Group, established the [Nippon Kayaku Action Charter and Nippon Kayaku Action Standards](#) in 2000. Subsequently, in 2011, these documents were amended in accordance with ISO26000 (guidance standards for organizations' social responsibility), and in 2020, they were amended with the aim of being carried out voluntarily as progress is made toward realizing a sustainable society.

The Nippon Kayaku Group Charter of Conduct

Business activities

1. The Nippon Kayaku Group will provide products and services that satisfy customers through Communication with customers and the provision of appropriate information, giving due consideration to the safety and reliability of its products and services.
2. In all its business activities, the Nippon Kayaku Group will comply with all relevant laws and regulations, including competition law, the spirit of these laws, and internal regulations, and will engage in fair, transparent, and free competition. We will also maintain sound relationships with the governing authorities in all regions.
3. The Nippon Kayaku Group respects human rights in all its business activities, and will not discriminate or tolerate any inappropriately behavior for reasons based on gender, age, nationality, race, religion, or disability.
4. The Nippon Kayaku Group will appropriately manage and utilize the company's assets to improve the efficiency of its business activities and strive for continuous development.
5. The Nippon Kayaku Group implements systematic crisis management in preparation for the actions of anti-social forces that threaten the lives of citizens and corporate activities, as well as for terrorism, cyber attacks, natural disasters, and other events.

Relationship with society

6. The Nippon Kayaku Group respects the cultures, religions and traditions of each country and region, works in harmony with society, and contributes to the development of society as a good corporate citizen.
7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objective facts. We will also strive to increase corporate value through constructive dialogue with stakeholders.
8. In order to contribute to a sustainable society and the environment, the Nippon Kayaku Group strives to conduct its business activities in harmony with the natural environment by constantly taking into account the impact on the global environment, not only complying with relevant laws and regulations, but also establishing its own voluntary standards.

Information handling

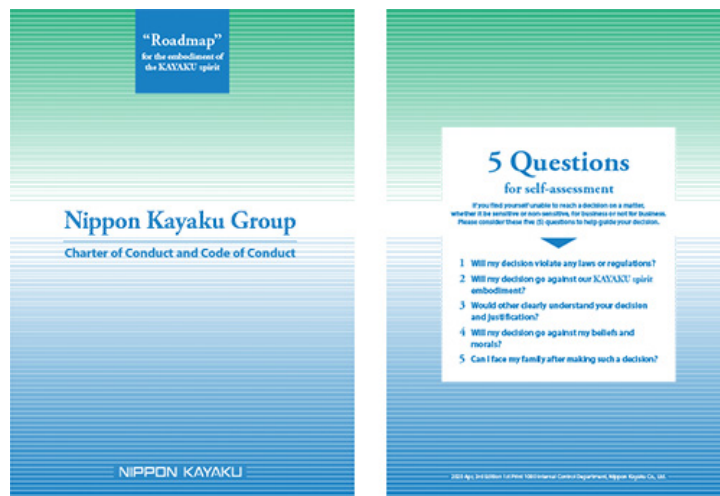
9. The Nippon Kayaku Group will appropriately protect the information it possesses through its business activities and take all possible measures for information management. In addition, we recognize the value of information assets and respect the intellectual property rights of others.

Relationships between the company and individuals

10. The Nippon Kayaku Group complies with labor-related laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, diversity, character, and individuality of individuals.

Roles of top management and thorough adherence to this charter

11. Those involved in the management of the Nippon Kayaku Group recognize that realizing the spirit of this charter is their own role and responsibility, and will thoroughly disseminate it to all employees. In addition, we will listen to the opinions of people inside and outside the group, establish effective systems within the group, and ensure thorough implementation of corporate ethics. In the event of a situation that contravenes the spirit of this charter, we will clarify both inside and outside the company our stance of solving the problem, investigate the cause, and work to prevent any recurrence.



The Nippon Kayaku Group Charter of Conduct and Code of Conduct

Initiatives to prevent corruption and anti-competitive behavior

The Nippon Kayaku Group Charter of Conduct and Code of Conduct stipulate that fair, transparent, and free competition should be conducted in all business activities in compliance with relevant laws and regulations, including the Competition Law, the spirit thereof, and internal rules. In addition, we have set forth the prohibition of bribery and other illegal activities related to our business activities.

Relationship between the "Nippon Kayaku Group Charter of Conduct and Code of Conduct for business activities" and ISO 26000

Relationship between the "Nippon Kayaku Group Charter of Conduct and Code of Conduct for business activities" and ISO 26000

Nippon Kayaku Group Charter of Conduct	Nippon Kayaku Group Code of Conduct	ISO26000 Core Subjects and Related Issues					
		Organizational Governance	Human Resources	Labour Practices	The Environment	Product/Service	Community Relations
Business activities	Code of Conduct for business activities						
1. The Nippon Kayaku Group will provide products and services that safety, customer benefit/compatibility with customers and the provision of appropriate information, giving due consideration to the safety and interests of its products and services.	1 Safety and quality of products					●	●
2. In its business activities, the Nippon Kayaku Group will comply with all applicable laws and regulations, including compliance with the spirit of laws, rules, and business regulations, and will take full measures to ensure compliance. We will also establish sound relationships with the governing authorities in regions.	2 Provision of product information					●	●
3. The Nippon Kayaku Group respects human rights in all its business activities and will not discriminate in human resources based on ethnicity, gender, age, religion, race, nationality, race, religion or disability.	3 Fair, impartial transactions					●	●
4. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	4 Prohibition of exchanging excessive gifts or entertainment					●	●
5. The Nippon Kayaku Group will incorporate human rights in all its business activities and will not discriminate in human resources based on ethnicity, gender, age, religion, race, nationality, race, religion or disability.	5 Respect for human rights		●	●			●
6. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	6 Prohibition of conflicts of interest					●	●
7. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	7 Appropriate protection and effective utilization of corporate assets					●	●
8. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	8 Proactive efforts to improve operations				●	●	●
9. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	9 Exclusion of anti-social forces					●	●
10. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	10 Through crisis response					●	●
Relationship with the society	Code of Conduct for relationship with society						
6. The Nippon Kayaku Group respects the cultures, religions and traditions of each country and region, works to harmonize with society, and contributes to the development of society as a global corporate citizen.	11 Respect for cultures, religions, traditions, etc. in each country and region	●	●	●	●	●	●
7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objective facts. We will also disclose to stakeholders outside Japan through continuous dialogue with stakeholders in order to contribute to a sustainable society and the environment.	12 Good corporate citizenship					●	●
8. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	13 Interaction with local communities				●		●
9. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	14 Timely and appropriate information disclosure				●	●	●
10. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	15 Coexistence with the environment				●		●
11. The Nippon Kayaku Group will incorporate human and labor law for compliance, a search to remove the influence of its business activities and efforts for continuous development.	16 Environmental protection initiatives				●		●
Information handling	Code of Conduct for information handling						
9. The Nippon Kayaku Group will appropriately protect the information of customers through its business activities and take all possible measures to ensure information management in compliance with applicable laws and regulations, including the value of information assets and respect the information privacy rights of others.	17 Protection of corporate information					●	●
10. The Nippon Kayaku Group will appropriately protect the information of customers through its business activities and take all possible measures to ensure information management in compliance with applicable laws and regulations, including the value of information assets and respect the information privacy rights of others.	18 Protecting personal information		●			●	●
11. The Nippon Kayaku Group will appropriately protect the information of customers through its business activities and take all possible measures to ensure information management in compliance with applicable laws and regulations, including the value of information assets and respect the information privacy rights of others.	19 Appropriate use of information systems					●	●
12. The Nippon Kayaku Group will appropriately protect the information of customers through its business activities and take all possible measures to ensure information management in compliance with applicable laws and regulations, including the value of information assets and respect the information privacy rights of others.	20 Prohibition of inside trading					●	●
13. The Nippon Kayaku Group will appropriately protect the information of customers through its business activities and take all possible measures to ensure information management in compliance with applicable laws and regulations, including the value of information assets and respect the information privacy rights of others.	21 Respect for the rights of others					●	●
Relationship between the company and individuals	Code of Conduct for relationships between the company and individuals						
10. The Nippon Kayaku Group complies with labor laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, ethnicity, ethnicity and individuals of individuals.	22 Maintenance of the working environment		●	●			
11. The Nippon Kayaku Group complies with labor laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, ethnicity, ethnicity and individuals of individuals.	23 Prohibition of harassment		●	●			
Other							
11. These articles in the management of the Nippon Kayaku Group recognize that holding the spirit of the charter is that our role and responsibility, and will be actively disseminated to all employees in the group, establish effective systems within the group, and ensure through implementation of corporate ethics, to the extent of the charter that contributes the goal of the charter, we will clearly take issue and outside the company for ethics of doing the activities, investigate the issue, and work to prevent any recurrence.		●					

> Relationship between the "Nippon Kayaku Group Charter of Conduct and Code of Conduct for business activities" and ISO 26000 

Raising Awareness about Compliance

The Nippon Kayaku Group provides training on compliance for its employees, and calls on each workplace to establish an action plan and carry out activities to raise awareness of compliance among them. The results of these activities are evaluated and are utilized in continuous efforts to further educate employees about the importance of compliance.

Compliance Month and Compliance Survey

Every October, which is designated Compliance Month, we conduct a compliance survey. Issues concerning the promotion of compliance are identified for each business site, and feedback is provided in the form of a report that includes recommendations for improvements. Each business site incorporates this information into their action plans for the following fiscal year to continue raising awareness of compliance. In fiscal year 2015, we entered into a new contract with a survey analysis firm, and also shared objective feedback with each workplace, such as comparisons with other companies and improvement proposals, with recommendations for improvements to be made.

Compliance Training

The Nippon Kayaku Group holds domestic compliance education and training on different themes every year, and it also uses regular meetings at its business sites to conduct study groups and training based on case studies. The compliance training sessions held in fiscal 2019 addressed the topic, "Learning about Anger Management," so that employees could learn how to prevent harassment and improve their performance. Most training sessions at Nippon Kayaku take the form of e-learning so that every employee has the opportunity to take the programs being offered. For our affiliates, we offer training in the form of group training sessions and by watching the training sessions on pre-recorded DVDs.



Anger Management Training Session



Raising Awareness at Overseas Group Companies

Nippon Kayaku's overseas group companies now account for almost half of the Group's sales and more than half of its employees. In particular, our six Group companies in China have almost 1,000 employees, who all need to be trained on the **KAYAKU spirit** and compliance awareness. In June 2019, the general managers and ethics officers from our Chinese Group companies met for the third Ethics Officer Conference, which included reports on compliance initiatives and issues at each company, discussions about a whistle-blower system in China. Each company gave a report on its compliance initiatives and issues, and participants discussed the identification of issues and problem points and the steps to be taken.

Also, the second compliance survey was administered in October, and the managers of the relevant head office business groups and each Chinese group company were given feedback on the results. Furthermore, the Company's Internal Control Management Division and the person in charge of legal affairs from KSC* collaborated in holding compliance training for local employees at each company. Going forward, we will take into account each country's situation and strengthen ties among departments so that we can initiate a more effective and efficient global compliance activities.

* KSC : Kayaku (Shanghai) Co., Ltd

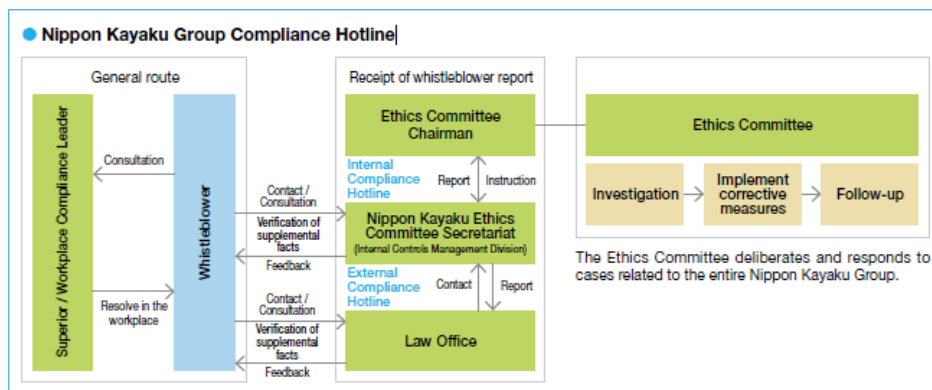


Training at Chinese Group companies



The Nippon Kayaku Group's whistle-blower system

We have set up whistle-blower hotlines for employees both inside and outside the company. Through these hotlines we strive to quickly remedy situations and also prevent violations of laws, company rules and our code of business conduct before they occur. In addition, the staff at the whistle-blower hotlines follow the Nippon Kayaku Group Guidelines for Handling Whistle-blower Complaints so that whistle-blowers will not receive adverse treatment because they contacted the hotline and filed a complaint.



Number and nature of reports over the previous three years

In fiscal 2019, the hotline received 11 reports, but none of these incidents were serious enough to affect our business operations. With regard to these reports, we ascertained the facts or conducted investigations and then took corrective action when it was deemed necessary.

Going forward, we will take steps toward preventive action, early detection, and prevention of escalation of violations or damages by informing everyone about the existence and importance of the whistle-blower system.

Nature of reports	2017	2018	2019
Acts that damage the work environment (power harassment/sexual harassment, etc.)	2	4	8
Violations of company rules or etiquette	1	3	2
Labor/Management Relations	0	2	1

Nature of reports	2017	2018	2019
Others	0	0	0

Relationship between the "Nippon Kayaku Group Charter of Conduct and Code of Conduct for business activities" and ISO 26000

Nippon Kayaku Group Charter of Conduct	Nippon Kayaku Group Code of Conduct	ISO26000 Core Subjects and Related Issues							
		Governance of the organization	Human rights	Labor practices	The environment	Fair operating practices	Consumer issues	Community involvement and development	
■ Business activities	Code of Conduct for business activities								
<p>1. The Nippon Kayaku Group will provide products and services that satisfy customers through Communication with customers and the provision of appropriate information, giving due consideration to the safety and reliability of its products and services.</p> <p>2. In all its business activities, the Nippon Kayaku Group will comply with all relevant laws and regulations, including competition law, the spirit of these laws, and internal regulations, and will engage in fair, transparent, and free competition. We will also maintain sound relationships with the governing authorities in all regions.</p> <p>3. The Nippon Kayaku Group respects human rights in all its business activities, and will not discriminate or tolerate any inappropriately behavior for reasons based on gender, age, nationality, race, religion, or disability.</p> <p>4. The Nippon Kayaku Group will appropriately manage and utilize the company's assets to improve the efficiency of its business activities and strive for continuous development.</p> <p>5. The Nippon Kayaku Group implements systematic crisis management in preparation for the actions of anti-social forces that threaten the lives of citizens and corporate activities, as well as for terrorism, cyber attacks, natural disasters, and other events.</p>	1	Safety and quality of products					●	●	
	2	Provision of product information					●	●	
	3	Fair, impartial transactions					●	●	
	4	Prohibition of exchanging excessive gifts or entertainment					●		
	5	Respect for human rights		●	●				●
	6	Prohibition of conflicts of interest					●		●
	7	Appropriate protection and effective utilization of corporate assets					●		
	8	Proactive efforts to improve operations			●	●	●		
	9	Exclusion of anti-social forces					●		
	10	Thorough crisis response			●		●	●	●
■ Relationship with the society	Code of Conduct for relationship with society								
<p>6. The Nippon Kayaku Group respects the cultures, religions and traditions of each country and region, works in harmony with society, and contributes to the development of society as a good corporate citizen.</p> <p>7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objective facts. We will also strive to increase corporate value through constructive dialogue with stakeholders.</p> <p>8. In order to contribute to a sustainable society and the environment, the Nippon Kayaku Group strives to conduct its business activities in harmony with the natural environment by constantly taking into account the impact on the global environment, not only complying with relevant laws and regulations, but also establishing its own voluntary standards.</p>	11	Respect for cultures, religions, traditions, etc. in each country and region		●	●	●	●	●	●
	12	Good corporate citizenship							●
	13	Interaction with local communities				●			●
	14	Timely and appropriate information disclosure					●	●	●
	15	Coexistence with the environment				●			
	16	Environmental protection initiatives				●			
■ Information handling	Code of Conduct for information handling								
<p>9. The Nippon Kayaku Group will appropriately protect the information it possesses through its business activities and take all possible measures for information management. In addition, we recognize the value of information assets and respect the intellectual property rights of others.</p>	17	Protection of corporate information					●		
	18	Protecting personal information		●			●	●	
	19	Appropriate use of information systems					●		
	20	Prohibition of insider trading					●		
	21	Respect for the rights of others					●		
■ Relationship between the company and individuals	Code of Conduct for relationships between the company and individuals								
<p>10. The Nippon Kayaku Group complies with labor-related laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, diversity, character, and individuality of individuals.</p>	22	Maintenance of the working environment		●	●				
	23	Prohibition of harassment		●	●				
■ Roles of top management and thorough adherence to this charter									
<p>11. Those involved in the management of the Nippon Kayaku Group recognize that realizing the spirit of this charter is their own role and responsibility, and will thoroughly disseminate it to all employees. In addition, we will listen to the opinions of people inside and outside the group, establish effective systems within the group, and ensure thorough implementation of corporate ethics. In the event of a situation that contravenes the spirit of this charter, we will clarify both inside and outside the company our stance of solving the problem, investigate the cause, and work to prevent any recurrence.</p>			●						