



With Our Business Partners

The Nippon Kayaku Group engages in proactive communication with all of its business partners.

Supply Chain Management

The Nippon Kayaku Group has formulated its Basic Procurement Principles and Basic Procurement Policy so that its purchasing activities will be consistent with CSR management. We practice CSR with all of our suppliers.

Initiatives for CSR Procurement

The Nippon Kayaku Group is working with every member of its supply chain to bring about a sustainable society, so its procurement activities consider such aspects of CSR as respect for human rights, protection of the environment, occupational health and safety, compliance with laws and regulations, and fair business dealings. We formulated our Basic Procurement Principles and Basic Procurement Policy in order to engage in procurement activities that are appropriate for CSR management. Our procurement activities therefore follow these guidelines.

Basic Procurement Principles

In order to realize the **KAYAKU spirit**, Nippon Kayaku Group will pursue mutual and sustainable growth with suppliers based on the understanding they are important business partners who help us produce products of the best quality. Based on our basic procurement policy, we Nippon Kayaku and our affiliates conduct our transactions with fair, just and sincere attitude following with the laws and the social norms all the time.

Basic Procurement Policies

At Nippon Kayaku Group, all procurement operations will be carried out in accordance with the Basic Procurement Policies as set out below.

Compliance with Relevant Laws, Social Norms, and the Nippon Kayaku Group Charter of Conduct

1. We will comply with all relevant laws and regulations when conducting procurement operations.
2. We will judge the propriety of procurement activities based on Nippon Kayaku Group Charter of Conduct and the Nippon Kayaku Group Code of Conduct and Group Action Guidelines.

Open-door Policy, Fairness, Impartiality, and Transparency in Business Transactions

3. We will conduct procurement-related business transactions in a fair, impartial, and transparent manner, and follow an open-door policy with respect to businesses at home and abroad.
4. We will build partnerships with suppliers based on mutual understanding and trust, and pursue mutual sustainable growth.
5. In order to ensure transparency in all our procurement activities, we will undertake due procedures based on written documentation or electronic purchasing systems in accordance with the procurement operations standards.

Protection of Information

6. We will protect supplier-related information obtained in the course of our operations, and strive to prevent any information leakage.

Concern for the Environment

7. We will promote the procurement of eco-friendly goods and materials.

Basic Criteria for Selecting Suppliers

8. When selecting goods and materials, we will give due consideration to economic factors such as quality, price, and date of delivery. We will also consider other factors such as the supplier's operating foundations, technological competitiveness, and stability of supply.
9. When selecting suppliers, we will give due consideration to their commitment to corporate social responsibility (CSR), including their observance of relevant laws and regulations, respect for human rights, concern for the working environment, disaster preparedness and safety measures, efforts toward environmental conservation, and other efforts designed to fulfill their CSR.

BCP Initiatives

10. In addition to the above, we will give due consideration to whether or not the potential supplier has a risk management system such as BCP (Business Continuity Plan).

Initiatives for CSR Procurement

The Nippon Kayaku Group is working to obtain the support of all our suppliers in its goal of bringing about a sustainable society by publishing its guidelines in the CSR Procurement Guidebook, which includes the Nippon Kayaku Group Charter of Conduct, Basic Procurement Principles, and Basic Procurement Policy.

We are advocating CSR procurement practices in which we and all of the business partners in our supply chain--from R&D, to procurement of raw materials, to manufacturing, sales, and distribution--take respect for human rights into consideration, as well as environmental protection, occupational health and safety, legal compliance, and fair business dealings.

Our efforts to obtain our suppliers' understanding of our CSR Procurement Policy include briefings, ordinary communications, and business meetings.

We will continue to exercise our social responsibilities vis-à-vis the entire supply chain and will strive to strengthen our ties with all of our business partners so that we will gain their respect and admiration as we realize a sustainable society.

Environmental and Social Assessment of Our Business Partners

In fiscal 2019, we conducted a CSR survey of our business partners (about 900 companies). The questionnaire verified what our business partners are doing with respect to environmental protection, and we found that none of those who responded (318 companies) were negatively impacting the environment. We also determined that among their social initiatives, there were no instance of harassment, discrimination, forced labor, inappropriate work hours or wages, or other antisocial behavior. We plan to continue these initiatives going forward as part of our risk management.

Initiatives Toward a Business Continuity Plan (BCP)

Nippon Kayaku always tries to obtain up-to-date information on disasters and accidents in its supply chain. When we receive such information, we share it by immediately entering it into our in-house data base. We also promptly compile a list of the raw materials produced by the affected countries of origin and manufacturers and check the impact on our procurement and inventories, the status of restarting plant operations, and the impact on production. Although we have diversified our procurement sources for many items in line with our BCP program, we are working to strengthen these efforts so that we will be able to deal with any situation.

Safety Systems Group Annual Purchasing Conference

The Safety Systems Group organizes annual purchasing conference for its key suppliers. At these meetings, we provide information on our earnings forecast for the current fiscal year; business plan for subsequent fiscal years; status of the production system; development plan; medium- to long term business vision; as well as Basic Procurement Policies with the interest of helping our partners formulate their business plans.

Also, we presented one partner company which responded to our quality, costs, and delivery requirements in a model manner with Outstanding Partner Company Award.



Purchasing Conference

Polatechno Co., Ltd. and Moxtek, Inc. host booth at Finetech Japan

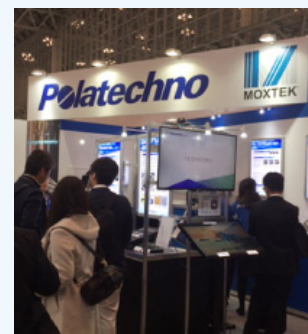
Polatechno Co., Ltd. and Moxtek, Inc. jointly hosted a booth at the 28th Finetech Japan – LCD/OLED/Sensor Technology Expo held at Tokyo Big Sight from December 5 to 7, 2018.

Finetech Japan is the world's largest expo specializing in display, lighting, and sensor devices that draw together the latest technology of LCD, OLED, and sensor technologies at one place.

Polatechno and Moxtek showcased products and technologies using achromatic polarizing plates^{*1}, high contrast, high durability dye-based polarizing plates^{*2}, and ProFLux[®]^{*3}, and provided detailed information using samples, demonstration equipment, and panels.

Many people visited the companies' booth including those representing domestic and international automobile and display manufacturers, material manufacturers, and university research institutes. The booth introduced the development and manufacturing technology of dye-based polarizing plates as well as inorganic polarizing plates of the Polatechno Group.

Polatechno Group's polarizing plates with a higher durability and visibility contribute to more convenient lifestyles while saving energy.



- *1 Achromatic polarizing plate: A polarizing plate used in full color reflective LCD with a rapidly improved contrast (over ten times improvement compared to the company's conventional polarizing plates).
- *2 High contrast, high durability dye-based polarizing plate: A high performance dye-based polarizing plate with a very high contrast while maintaining high durability performance using high performance pigments and orientation technology.
- *3 ProFLux: Inorganic polarizing plate.

Responding to Emergencies

Reporting Drills

Our Agrochemicals Business handles such substances as Kayaku Chloropicrin, Dojo Picrin, and Chlopic Flow, which have chloropicrin as their active ingredient and are used in fumigating soil to protect crops from diseases and insect pests when growing vegetables.

In October 2019, we conducted a Chloropicrin Distribution Accident Emergency Response Dispatch Reporting Drill, which hypothesized that the driver of a truck loaded with chloropicrin had erred when merging into traffic at an expressway interchange, hitting a wall and causing the truck to overturn. Some of the chloropicrin was dumped on the side of the road, and the fallen containers burst, emitting an odor. The drill simulated the actual situation. Participants swiftly contacted the companies and business sites with which we have agreements, investigated the site of the accident, sent faxes, and arranged for emergency vehicles, and an emergency dispatch team loaded equipment onto the emergency vehicles.

> [The Nippon Kayaku Group's BCP Initiatives](#) 



Scenes from a reporting drill