

# Sustainable Management

## Basic Policy on Sustainable Management

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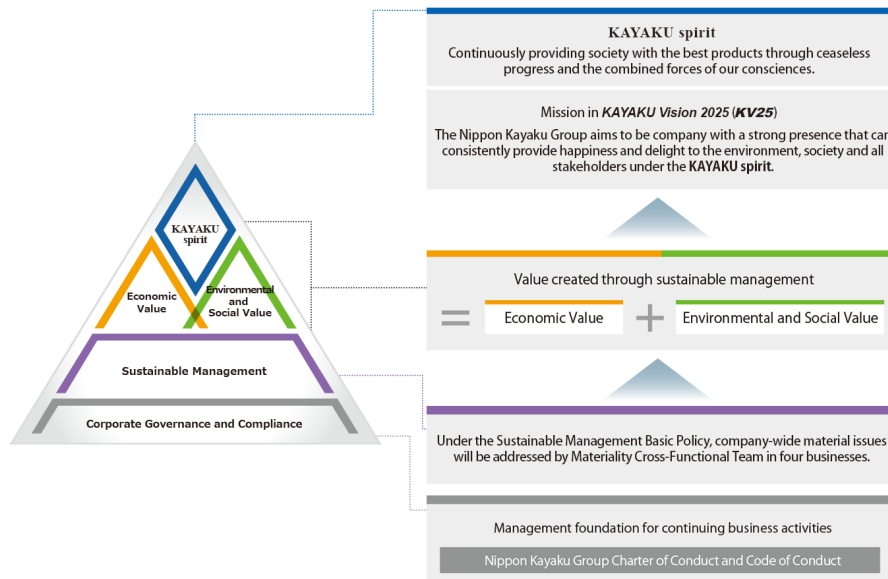
Under its corporate vision, the KAYAKU spirit, the Nippon Kayaku Group will practice sustainable management that responds to the trust placed in it by all of its stakeholders, by ensuring transparency and fairness in management and contributing to the creation of a sustainable environment and society through its business activities.

(KAYAKU spirit: Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences.)

## The KAYAKU spirit and Sustainable Management

The Nippon Kayaku Group's Corporate Vision is embodied by the KAYAKU spirit: "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences." Under the KAYAKU spirit, we aim to create environmental, social and economic value by engaging in sustainable management, create a sustainable society, and increase our corporate value.

As a standard of conduct to realize the KAYAKU spirit, we have established a Nippon Kayaku Group Charter of Conduct and Code of Conduct. In all of our corporate activities, we respect fundamental human rights, comply with laws and regulations, engage in fair business activities and respond to the trust of all stakeholders.



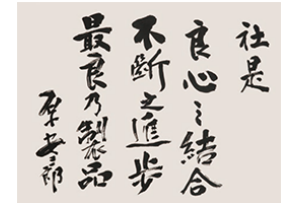
## Origin of the KAYAKU spirit

Founded 1916

Company credo established 1962

Yasusaburo Hara—our third president, who was involved in the Group's management for many years—established the company credo in 1962, with the desire to convey the important ideas that should be shared by all officers and employees in an easily understandable manner.

This is the origin of the KAYAKU spirit.



Company credo : The combined forces of our consciences , Ceaseless progress , The best products

## Medium-term Business Plan and Sustainable Management



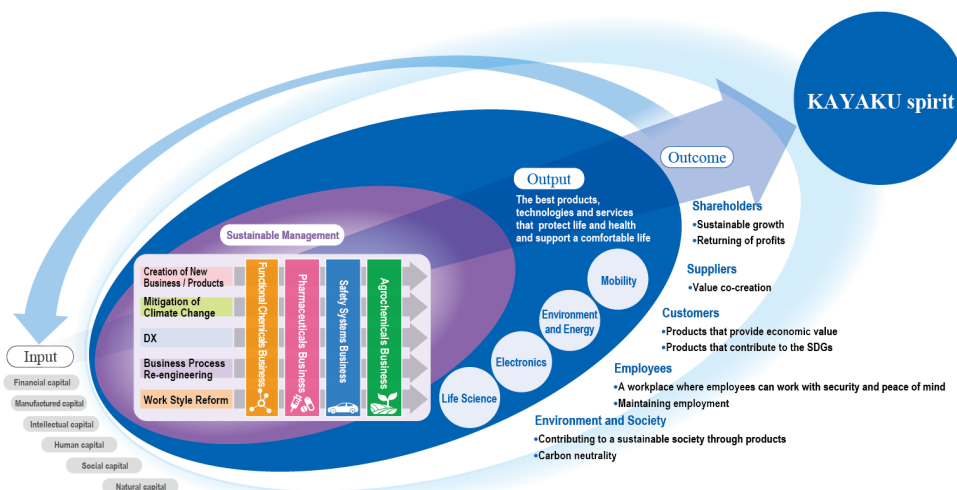
The new Medium-term Business Plan, KAYAKU Vision 2025 (KV25), is positioned as a strategy for implementing sustainable management. Through the activities of our four businesses and KV25 Materiality initiatives, we will contribute to the creation of a sustainable society by creating economic, environmental and social value.

## Basic Strategies of the *KAYAKU Vision 2025*

<b>Implement sustainable management</b>	Provide economic, environmental and social value and contribute to solving social issues by implementing a value creation process
<b>Prioritize allocation of management resources based on our business portfolio</b>	Prioritize the allocation of management resources to products that are expected to grow in our four businesses (Functional Chemicals, Pharmaceuticals, Safety Systems and Agrochemicals)
<b>Group-wide, cross-functional team addressing important issues (materiality)</b>	Achieve sustainable growth as a group-wide, Materiality Cross-Functional Team (M-CFT) engaging in initiatives relating to materialities (Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform).
<b>Strengthening the management base</b>	<ul style="list-style-type: none"> <li>Ensuring safety</li> <li>Improving the quality of products and services</li> <li>Ensuring compliance</li> <li>Strengthening governance</li> </ul>

## Nippon Kayaku Group's Value Creation Process

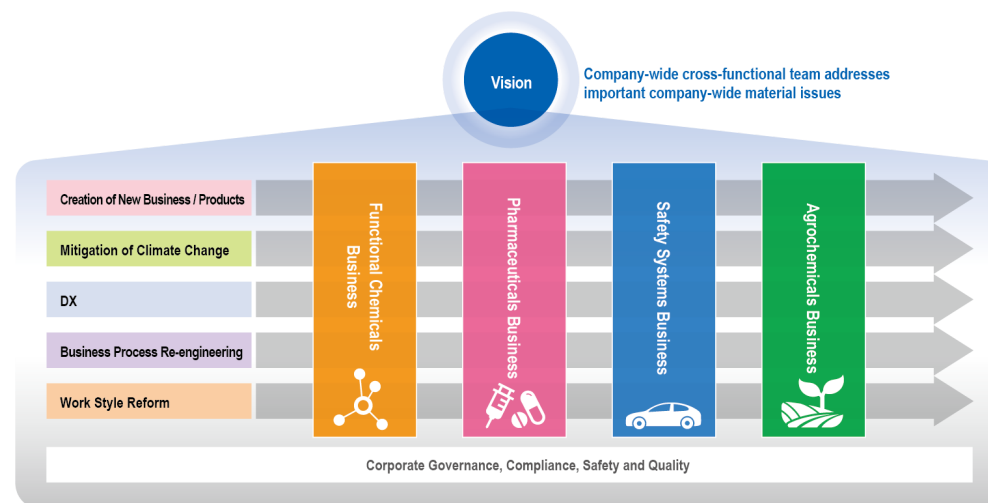
KV25 uses six forms of capital as inputs to implement sustainable management through the integration of the Group's four businesses and M-CFT, to provide society with the best products, technologies, and services in four key fields: Mobility, Environment and Energy, Electronics, and Life Science. We aim to increase corporate value continuously by delivering economic, environmental and social value to all stakeholders.



## Important Company-wide Material Issues (Materiality) for Achieving Our Mission

The foundations for all of the Nippon Kayaku Group's business activities are corporate governance, compliance, safety and quality.

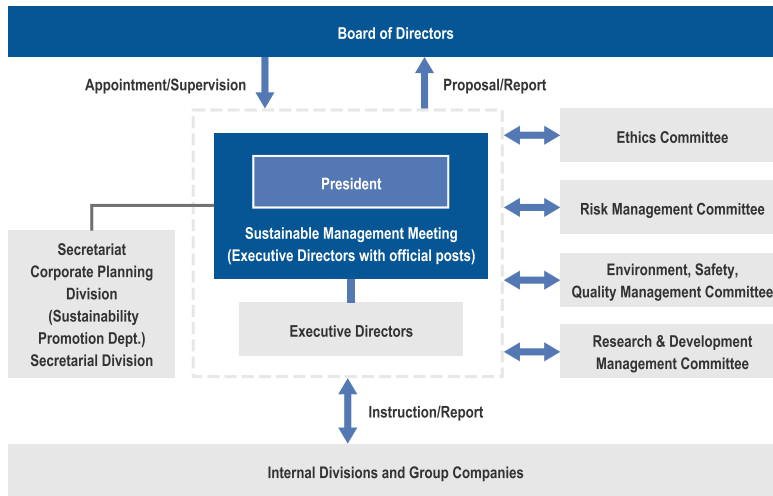
KV25 focuses on initiatives in five company-wide material issues: Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform, as a group-wide cross-functional project. By integrating the activities of the Group's four businesses and the M-CFT, we will create synergy effects and realize our mission for the Nippon Kayaku Group.



## System

The Nippon Kayaku Group has created a Sustainable Management Meeting, chaired by the President under the direct supervision of the Board of Directors to implement sustainability initiatives throughout the Group. In principle, Sustainable Management Meetings are held on a weekly basis to discuss and report on all matters relating to the sustainability of the corporate group, society, and the environment. Agenda items are approved by the Sustainable Management Meeting before discussion and reporting at Board of Directors meetings.

Under the umbrella of the Sustainable Management Meeting, we have established four subcommittees: the Ethics Committee, the Risk Management Committee, the Environment, Safety, Quality Management Committee, and the Research & Development Management Committee. The committees hold meetings on a regular basis and discuss and report to the Sustainable Management Meeting to ensure the transparency and fairness of management.



## The SDGs and the KAYAKU spirit

The SDGs are a set of 17 social, economic and environmental goals to be addressed by various bodies, organizations and entities by FY2030, adopted unanimously by UN member states with the goal of building a sustainable world.

The philosophy of the SDGs is synonymous with the Nippon Kayaku Group's corporate vision of continuously providing society with the best products through ceaseless progress and the combined forces of our consciences, and we believe that corporate activities for the realization of the KAYAKU spirit are consistent with the actualization of the SDGs, although the scale and targets are different from those of the United Nations.

The Nippon Kayaku Group's Sustainability Action Plan utilizes the SDG Compass to link each key sustainability issue (materiality) with one or more of the 17 SDGs.

Going forward, the Nippon Kayaku Group will continue working to generate environmental, social and economic value, create a sustainable society, increase its corporate value, and contribute to the achievement of the SDGs.

## SUSTAINABLE DEVELOPMENT GOALS

