Implementing Responsible Care

Message from the Executive Director in Charge

The Nippon Kayaku Group provides society with the best products, technologies and services with consideration for the environment, safety and quality not only in manufacturing processes but throughout the product lifecycle, from the procurement of raw materials to production, distribution, use, and disposal. The foundations for our business activities are safety and quality. We place top priority on the safety and health of every one of our employees, and work to prevent accidents and disasters. In addition to conducting systematic employee education and training, we anticipate potential hazards relating to daily work tasks and take proactive measures to ensure worker safety. We have also created a quality management system integrating both head office and plant locations. Going forward. we will work to further enhance our quality improvement activities and prevent customer complaints and process abnormalities.

In March 2022, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) In addition to appropriately ascertaining and analyzing risks relating to climate change, we will incorporate them into our management strategy as opportunities and contribute to the realization of a sustainable society through our businesses. Based on the TCFD framework, we will disclose climate change-related information and engage in dialogues to enable better communication with all stakeholders.

> **Managing Director Head of Technical Operations Group** Takao Izawa



The Declaration on Environment, Health and Safety, and Quality

The Nippon Kayaku Group, under the spirit of its corporate vision and Responsible Care*, has formulated The Declaration on Environment, Health and Safety, and Quality, in order to maintain and enhance its environmental protection, health and safety and quality assurance practices. We are also implementing this declaration using organized activities.

The Declaration on Environment, Health and Safety, and Quality

Enacted November 7, 1995 Amended May 22, 2017

The Nippon Kayaku Group, under its corporate vision of "KAYAKU spirit," which calls for continuously providing society with the best products through ceaseless progress and the combined forces of our consciences, we will contribute to the realization of a sustainable society that safeguards the life and health of customers, and supports a comfortable life.

Fundamental Policies

- 1. We will strive to maintain and improve the environment, people's health and safety across the entire product lifecycle, from R&D to production, distribution, sales, recycling, and disposal.
- 2. We will strive to conserve the environment by introducing and developing technologies that are useful toward reducing waste, carrying out the appropriate disposal of waste, conserving resources, conserving energy, and implementing global warming prevention measures.
- 3. We will actively provide business partners with information needed for the safe usage and handling of our products and for conserving the environment.
- 4. We will enhance the quality of not only products, but operating processes as well, and also work to enhance customer
- 5. We will heighten employee knowledge and skills through education and training and achieve our goal of zero pollution. zero injuries, zero accidents and enhanced quality.
- 6. We will disclose information so that stakeholders correctly understand our business activities and also strive to engage in dialogue with local communities and government authorities.

June 25, 2019

Nippon Kayaku Co., Ltd.

President and Representative Director Count Stunte

* Responsible Care: A voluntary initiative under which companies that manufacture or handle chemical substances actively work on ensuring an operation that is aware of the environment, safety and health throughout its entire value-chain; from product development through production sales, consumption, and disposal of chemical substances. The initiative began in Canada in 1985, and has now spread to encompass activities at companies in over 50 countries around the world.

Responsible Care in the Nippon Kayaku Group

Sustainable Management

All Nippon Kayaku Group companies share a common mindset in efforts to prioritize safety above all and seek to prevent environmental and safety-related accidents and disasters, including compliance with laws and regulations not only domestically but also overseas. All Group employees engage in Responsible Care activities in line with the Declaration on Environment, Health and Safety, and Quality, working toward the realization of the KAYAKU spirit.

The Nippon Kayaku Group Responsible Care Policy was created based on policies to be continued from FY2019 onwards, with a focus on safety and health activities with a key emphasis on identifying unsafe behaviors through 30-second patrols and fixed-point observations; reviews of environmental health and safety checks with a key emphasis on risk assessments of machine safety; and targets aimed at decarbonization, to achieve the environmental targets of the new medium-term business plan by FY2030. Going forward, the Group will continue to conduct Responsible Care activities based on this policy.

Nippon Kayaku Group Responsible Care Policy

◆ 〈 Targets 〉

- · Serious accidents / disasters: zero
- Serious environmental accidents / disasters: zero
- · Serious traffic accidents: zero

◆ 1. Key issues in Responsible Care

- Bolstering 30-second patrols and implementing fixed-point observation
- Improving Scope 1 and 2 greenhouse gas emission intensity per unit production by 1% per annum through energy saving

2. Initiatives aimed at achieving zero accidents and disasters

- Diagnostic methods with an emphasis on risk assessments
- Fixed-point observations tailored to the characteristics of each business location
- Inspections and optimization of measures against heat stroke

◆ 3. Improvement of occupational health and safety in the workplace

- · Optimization of RC progress tables and visualization of activity status
- Compliance with changes in national chemical substance management policies (voluntary management through risk assessments of chemical substances)
- · Identifying and following up on high-stress workplaces through stress checks and organizational analysis
- Establishing a management system by creating a database of health check results (due to commence operation this fiscal year)
- · Continuously obtaining Health & Productivity Management Outstanding Organizations certification
- Training and enhancement of disaster information communication systems

◆ 4. Activities to achieve environmental targets

- Endorsing TCFD and making disclosures consistent with TCFD requirements
- Preparation to obtain SBT certification
- Appropriately operating a cloud-based environmental data aggregation system and establishing an emissions management system
- Establishing specific reduction targets based on CO₂ emissions reduction simulations
- Reviewing calculation methods for Scope 3 with a view to reductions
- Third-party verification of Scope 1+2+3 emission totals
- · Response to the Plastic Resource Circulation Act
- · Setting targets for reduction of plastic waste output

System -

The Nippon Kayaku Group has established an Environment, Safety, Quality Management Committee as an expert committee of the Sustainable Management Meeting, chaired by the president. It strives to ensure environmental health and safety, and maintain and improve the Group's quality assurance activities. As an organizational activity, it conducts central environment, health and safety diagnostics and central quality assurance diagnostics conducted at business locations in Japan and overseas plants.

The Environment, Safety, Quality Management Committee is composed of the General Manager of the Production or Quality Assurance departments of each business division, and indirect head office departments. The committee deliberates on the following matters, and reports and makes recommendations to the Sustainable Management Meeting.

- 1. Drafting policies and strategy measures to resolve issues relating to climate change
- 2. Drafting policies and targets for Responsible Care and quality assurance
- Checking the state of implementation of activities based on policies on climate change, responsible care and quality assurance, identifying problems with activities and checking the state of response

