

[Important Issues] Respect for Human Rights

Message from the Executive Director in Charge

Human rights are essential for the pursuit of happiness and prosperity of life for all, and we believe that fundamental human rights should be protected with the highest priority.

The Nippon Kayaku Group aims to bring happiness and delight to everyone involved with it. In conducting its business activities around the globe, the Group believes that consideration for human rights in accordance with international standards is the foundation of sustainable management. The Group has clearly listed respect for human rights in its Charter of Conduct and Code of Conduct, and engages in initiatives to ensure respect for human rights.

In 2021 we signed the United Nations Global Compact (UNGC) and declared our participation in it. In 2022 we established the Nippon Kayaku Group Human Rights Policy with the aim of further promoting initiatives to ensure respect human rights throughout the Group. Going forward, we will continue to fulfill our responsibilities to respect human rights in all of our corporate activities.



Managing Director and Member of the Board
Head of Administration Group
Hiroshi Mikami

Human Rights Policy

Nippon Kayaku Group Human Rights Policy

The Nippon Kayaku Group recognizes its responsibility to protect the human rights of all people affected by its business activities.

To that end, the Nippon Kayaku Group hereby establishes the Nippon Kayaku Group Human Rights Policy (the "Policy") based on the United Nations Guiding Principles on Business and Human Rights, with the purpose of promoting initiatives to ensure respect for human rights throughout the Group.

The Nippon Kayaku Group aims to meet the expectations of its stakeholders and contribute to society through its business operations as part of its corporate vision, the **KAYAKU spirit**. As a standard of conduct to realize the **KAYAKU spirit**, the Nippon Kayaku Group has established a Nippon Kayaku Group Charter of Conduct, Code of Conduct, and Group Action Guidelines. In all of its corporate activities, the Group respects fundamental human rights, complies with laws and regulations, engages in fair business activities and responds to the trust of all stakeholders with the aim of providing happiness and delight.

◆ 1. Basic policy on human rights

This Policy is a promise that the Nippon Kayaku Group will respect human rights, in order to earn the trust of all stakeholders based on its corporate vision, the **KAYAKU spirit**. The Nippon Kayaku Group will support and respect international norms relating to human rights, including the United Nations International Bill of Human Rights (Universal Declaration of Human Rights (UDHR), International Covenant on Civil and Political Rights (ICCPR), and International Covenant on Economic, Social and Cultural Rights (ICESCR)) which provides for the fundamental human rights of all people, and the International Labour Organization (ILO) Fundamental Principles and Rights at Work, which provides for fundamental rights at work. As a signatory to the United Nations Global Compact (UNGC), the Nippon Kayaku Group also supports and respect the ten principles of the UNGC.

◆ 2. Respect for human rights through business activities

The Nippon Kayaku Group will not tolerate discrimination or harassment based on differences in gender, age, nationality, race, religion, disability, place of origin, ancestry, creed, political views, marital status, employment status or other differences. The Nippon Kayaku Group will not tolerate child labor, forced labor or unfair low-wage labor.

◆ 3. Scope of application

This Policy applies to all officers and employees of the Nippon Kayaku Group. The Nippon Kayaku Group requires all business partners involved with its business activities, products and services to comply with this Policy.

◆ 4. Responsibility to respect human rights

The Nippon Kayaku Group recognizes that it cannot completely eliminate the possibility of adverse impacts on human rights in its business activities. The Nippon Kayaku Group will fulfill its responsibility to respect human rights and build a responsible supply chain by not infringing on the human rights of those affected by its business activities and by taking appropriate measures to correct any adverse impact on human rights in its business activities.

◆ 5. Human rights due diligence

The Nippon Kayaku Group will establish a system to ensure human rights due diligence, identify adverse impacts of the Group on human rights in society, and strive to prevent and mitigate such impacts.

◆ 6. Dialogue and consultation

In implementing this Policy, the Nippon Kayaku Group will utilize independent expertise on human rights from external experts and engage in sincere dialogue and consultation with stakeholders.

◆ 7. Education and training

The Nippon Kayaku Group will provide appropriate education and training to ensure that this policy is incorporated and effectively implemented in all of its business activities.

◆ 8. Access to remedy

If it is found that the Nippon Kayaku Group's business activities have caused an adverse impact on human rights, or if involvement through business partners is discovered or suspected, the Company will conduct an appropriate investigation and, if necessary, work to remedy the situation through dialogue based on international standards and appropriate procedures.

◆ 9. Person responsible

The Nippon Kayaku Group shall clearly specify an officer in charge of the implementation of this policy and supervise the state of its implementation.

◆ 10. Information disclosure

The Nippon Kayaku Group will disclose the progress and results of its efforts to respect human rights on its website, and by other means.

◆ 11. Applicable laws and regulations

The Nippon Kayaku Group will comply with the laws and regulations of each country or region in which it conducts its business activities. In the event of any conflict between the laws and regulations of individual countries and internationally recognized human rights, the Group will pursue ways to respect international human rights policies to the fullest possible extent.

This policy is adopted by the Company's Board of Directors and signed by its President and Representative Director.

Established April 1, 2002
Nippon Kayaku Co., Ltd.
President and Representative Director

System

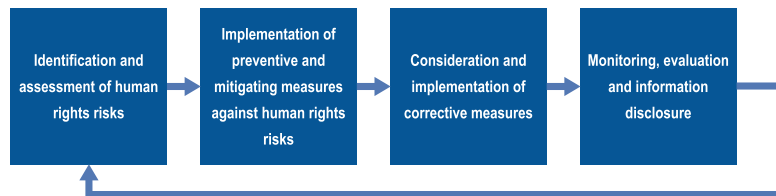
As a system to ensure respect for human rights and thorough compliance, the Nippon Kayaku Group has established an Ethics Committee chaired by the head of the Administration Group and composed of the General Managers of each head office division. The Ethics Committee determines policies and specific measures related to compliance with the Nippon Kayaku Group Charter of Conduct and Code of Conduct, and considers and decides how to respond to consultations and incidents that have occurred, and measures to prevent recurrences.

A human rights due diligence system is being established based on the Nippon Kayaku Group Human Rights Policy, by coordination with relevant departments under the responsibility of the head of the Administration Group, and with the Sustainability Promotion Department of the Corporate Planning Division as the administrative office.

Agenda items relating to human rights are approved by the Sustainable Management Meeting before submission for discussion and reporting at Board of Directors meetings.

Human Rights Due Diligence

In accordance with the Nippon Kayaku Group Human Rights Policy, the Group has formulated an action plan for human rights as one of its key sustainability issues. By managing and disclosing progress every year, we will establish a human rights due diligence process and implement activities throughout the Group. Since FY2021, we have been conducting human rights impact assessment surveys of primary and secondary suppliers. In FY2022, we will gradually expand the scope of these surveys to each domestic business site. From FY2023 onward, we will expand the scope to Group companies both in Japan and overseas, and evaluate risks, make improvements, and take corrective measures.



Initiatives

Education and Training

The Nippon Kayaku Group conducts annual training on human rights, to share its awareness of the importance of respecting the human rights of all stakeholders involved in business activities with all officers and employees. In determining the content of training, we refer to the Human Rights Policy, harassment prevention guidelines, revisions to laws and regulations, and the results of compliance awareness surveys.

In FY2021, in preparation for the establishment of the Nippon Kayaku Group Human Rights Policy, we conducted e-learning training on topics including human rights issues, specific human rights that companies should respect and their scope, and human rights initiatives required of companies. (Participation rate: 83% as of March 2022)

To coincide with the start of the new Medium-term Business Plan **KAYAKU Vision 2025**, we also prepared a booklet that includes an explanation of the Nippon Kayaku Group Human Rights Policy and distributed it to all employees of the Group in Japan. The booklet will also be translated into the local languages of each overseas business site and distributed accordingly.

Consideration for Human Rights in Sustainable Procurement

In order to encourage initiatives to respect human rights throughout the supply chain, the Nippon Kayaku group has established Sustainable Procurement Guidebook based on the Nippon Kayaku Group Charter of Conduct and Code of Conduct, Basic Procurement Principles and Basic Procurement Policies, and is distributing them to its suppliers. We are also working to promote sustainable procurement together with our suppliers by collecting written confirmation of their consent to these Sustainable Procurement Guidelines, and formulating and implementing improvement plans using questionnaire surveys of suppliers.

> [Environmental and Social Considerations in the Supply Chain](#)

Establishment of a Whistleblowing and Consultation Hotline

The Nippon Kayaku Group has established a Compliance Hotline and a Compliance Hotline for Suppliers, with the aims of detecting and preventing legal violations and ethical violations at an early stage (including responses to human rights issues) and enhancing the transparency and fairness of management.

The Compliance Hotline is open to all domestic Nippon Kayaku Group officers, employees and retirees (within one year after retirement). When making a report or consultation, users can choose to contact either the Ethics Committee administration office (Compliance Department, Internal Control Management Division) or an external law firm.

The Compliance Hotline for Suppliers is open to all officers and employees of suppliers who have dealings with the domestic Nippon Kayaku Group. The point of contact for reports and consultations is the Ethics Committee administration office (Compliance Department, Internal Control Management Division).

Both of these hotlines function as systems that ensure confidentiality and anonymity, and whistleblowers will not suffer disadvantageous treatment as a result of reporting or consulting.

> [Whistleblower System](#)

> [Compliance Hotline for Suppliers](#)