

Sustainable Management

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Sustainable Management

Basic Policy on Sustainable Management

Basic Policy on Sustainable Management

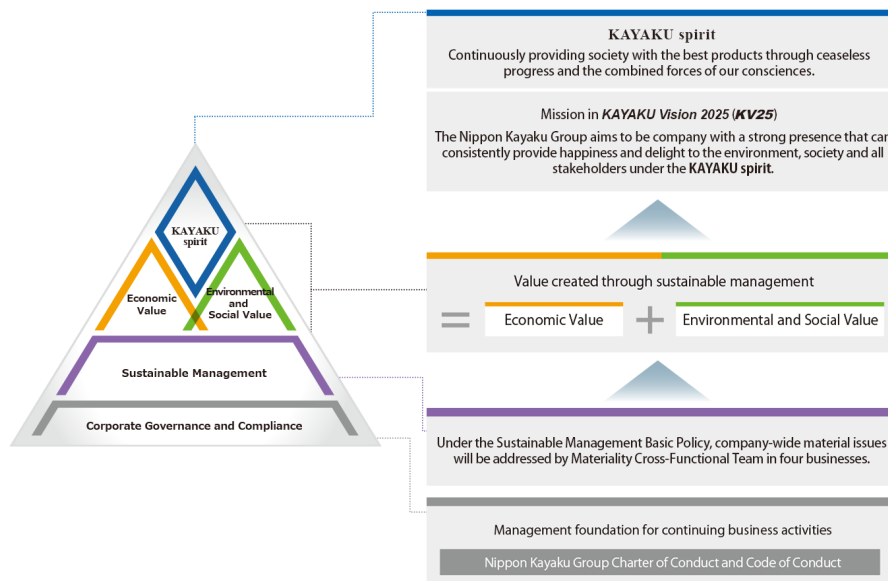
Under its corporate vision, the KAYAKU spirit, the Nippon Kayaku Group will practice sustainable management that responds to the trust placed in it by all of its stakeholders, by ensuring transparency and fairness in management and contributing to the creation of a sustainable environment and society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



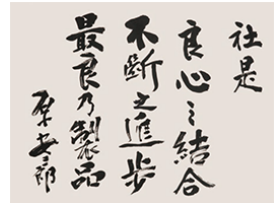
Origin of the KAYAKU spirit

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



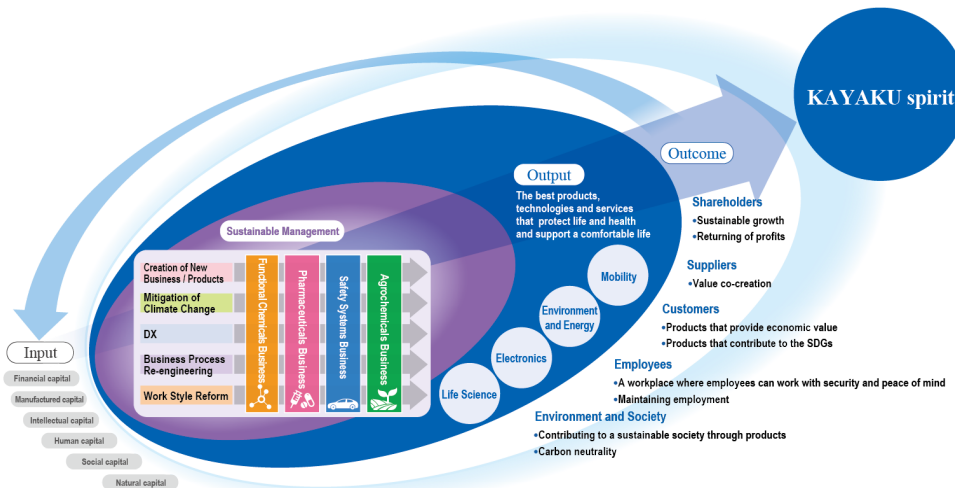
The new Medium-term Business Plan, KAYAKU Vision 2025 (KV25), is positioned as a strategy for implementing sustainable management. Through the activities of our four businesses and KV25 Materiality initiatives, we will contribute to the creation of a sustainable society by creating economic, environmental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

Basic Strategies of the *KAYAKU Vision 2025*

Implement sustainable management	Provide economic, environmental and social value and contribute to solving social issues by implementing a value creation process
Prioritize allocation of management resources based on our business portfolio	Prioritize the allocation of management resources to products that are expected to grow in our four businesses (Functional Chemicals, Pharmaceuticals, Safety Systems and Agrochemicals)
Group-wide, cross-functional team addressing important issues (materiality)	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).
Strengthening the management base	<ul style="list-style-type: none"> Ensuring safety Improving the quality of products and services Ensuring compliance Strengthening governance

Nippon Kayaku Group's Value Creation Process

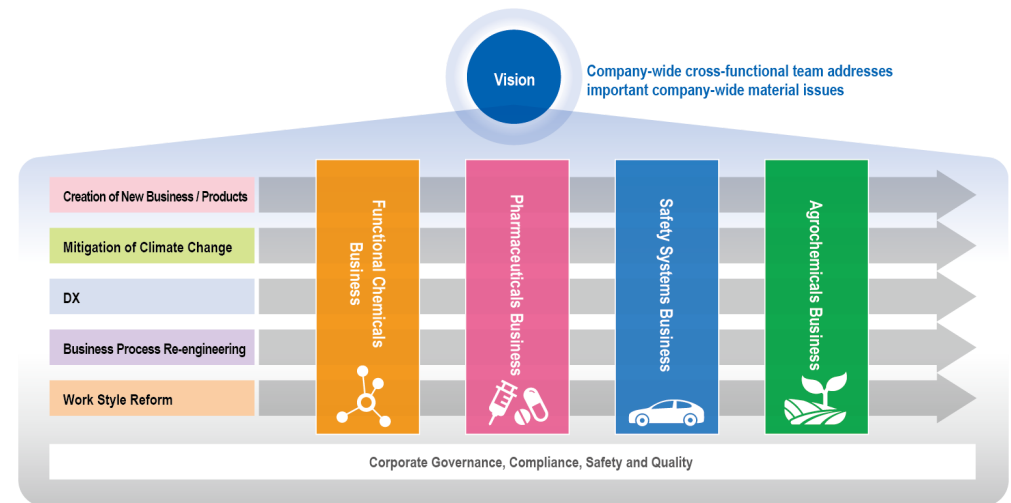
KV25 uses six forms of capital as inputs to implement sustainable management through the integration of the Group's four businesses and M-CFT, to provide society with the best products, technologies, and services in four key fields: Mobility, Environment and Energy, Electronics, and Life Science. We 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.

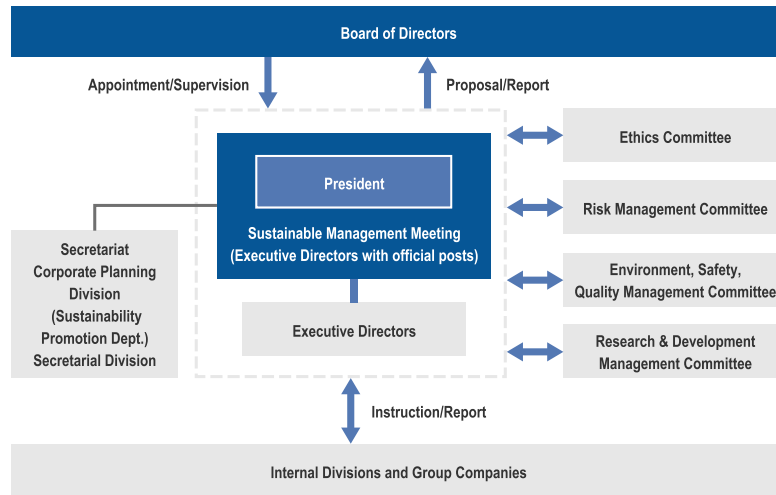
KV25 focuses on initiatives in five company-wide material issues: Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform, as a group-wide cross-functional project. By integrating the activities of the Group's four businesses and 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



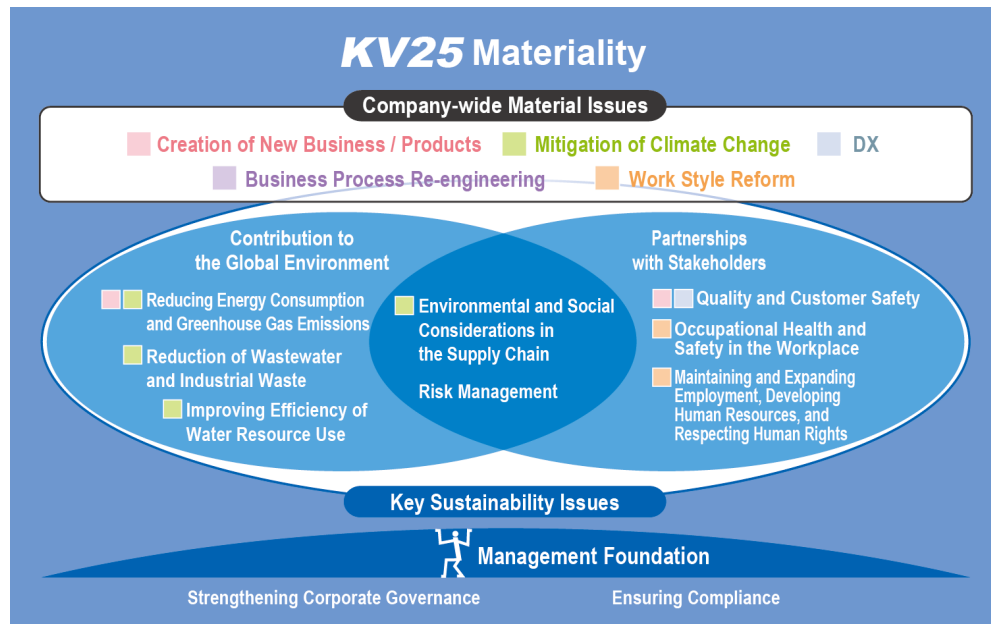
Important Issues (Materiality)

KV25 Materiality

In order to realize its mission of being a company with a strong presence that can consistently provide happiness and delight to the environment, society and all stakeholders under the **KAYAKU spirit**, the Nippon Kayaku Group has analyzed disparities between its goals and the current situation and identified five key company-wide material issues (materiality) to be addressed as priorities: Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering and Work Style Reform.

We have also appropriately identified key themes faced by the Group in implementing sustainable management, from both internal and external perspectives, defined them as key sustainability issues (materiality), and formulated a Sustainability Action Plan linked to our business activities.

KV25 places top priority on addressing these company-wide material issues and the key sustainability issues that supplement them, to contribute to the creation of a sustainable environment and society based on our Basic Policy on Sustainable Management. KV25 Materiality is a generic term combining these company-wide material issues and key sustainability issues.



* The "■" symbol in front of each key sustainability issue indicates that initiatives addressing company-wide material issues also link to initiatives addressing sustainability-related issues.

Company-wide Material Issues Initiatives

In order to realize its mission, the Nippon Kayaku Group analyzed disparities between its goals and the current situation and identified five key issues that should be prioritized in company-wide cross-organizational projects, as company-wide material issues: Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering and Work Style Reform. Our Materiality Cross-Functional Team (M-CFT), composed of members selected from multiple divisions, is working to instill awareness of initiatives addressing company-wide material issues and speed up the resolution of each issue.

Company-wide Material Issues	Initiatives
Creation of New Business and Products	Creation of New Business and Products Team will collaborate with our four businesses to create new businesses and products in the four fields of Mobility, Environment & Energy, Electronics, and Life Science, transcending the boundaries of existing organizational units and contributing to the realization of our mission.
Mitigation of Climate Change	We will work to prevent global warming—such as the reduction of greenhouse gases emissions—and achieve carbon neutrality, and make united efforts with each plant and research institute to combat climate change risks.
DX	Our current goals are to drive DX (digital transformation) throughout the Group, increase sales through process transformation, and expand our businesses by reducing costs. Specifically, we will work to achieve DX in the areas of (1) IT education and awareness reform, (2) strengthening IT infrastructure through ERP and IT infrastructure restructuring, etc., (3) R&D, production, sales/marketing and management business processes.
Business Process Re-engineering	We will work to improve our asset efficiency and earning power by reviewing our group business management, business operation / control (management) and cost control methods, and by improving work efficiency and productivity through A3 (KAIZEN)* activities aimed at business process improvement—to eliminate all kinds of waste—and cost reduction.
Workstyle reform	We will work to implement workstyle reforms and personnel system reforms to enable every employee to work energetically and increase employee engagement, with the aim of being a good, strong, energetic company.

* A3 activities (KAIZEN): Awareness reform activities—based on awareness of reducing costs—designed to develop individual and organizational strengths (skills and expertise) and autonomy, to make the Nippon Kayaku Group an energetic company.

Method for Identifying Key Sustainability Issues

To appropriately grasp issues facing the Nippon Kayaku Group from both internal and external perspectives and respond to the expectations and demands of stakeholders, starting in 2019 the Group has identified key CSR issues for its Medium-term Business Plan by incorporating various external perspectives, formulating a 2019-2021 Medium-term Business Plan CSR Action Plan and implementing related activities.

To coincide with the start of the new Medium-term Business Plan—**KAYAKU Vision 2025**—and the shift from CSR management to sustainable management, in April 2022, we changed the term "key CSR issues" to "key sustainability issues" and reviewed them in order to appropriately respond to the diversification of our business activities and various changes in social issues.

STEP 1

Recognition of themes

- We identified themes based on those identified in the GRI Standards on requirements demanded by our diversifying society, with the addition of the Group's previous key sustainability issues (KAYAKU Next Stage Medium-term Business Plan Key CSR Issues).

STEP 2

Creating point scores from internal and external opinions

- A. Point scores from external assessments
Industry-specific assessment standards for the Company from multiple international assessment bodies promoting responsible investment and SASB* industry-specific requirements were linked to key themes and converted into point scores as external evaluations.
- B. Point scores from internal assessments
The key themes of the Medium-term Business Plan for each internal business division and corporate division were linked to key themes and converted into point scores as internal evaluations.

* SASB: Sustainability Accounting Standards Board. A US-based non-profit organization that formulates and publishes industry-specific sustainability disclosure standards.

STEP 3

Mapping materialities

- The themes "strengthening corporate governance" and "thorough compliance" were identified as the most important issues for corporate survival, while other themes were mapped as materialities based on point-scored internal and external evaluations. Threshold values were added to a point-based map, with themes exceeding those values identified as materialities.

STEP 4

Validation and approval

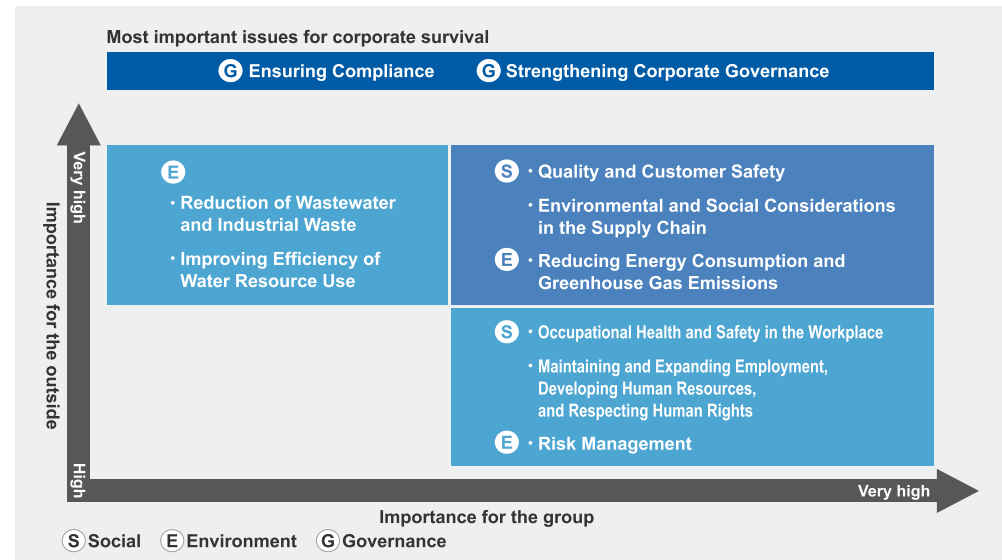
- The methods used for identifying materialities and results obtained were reviewed by the Sustainable Management Committee—one of the Company's decision-making bodies—while at the same time incorporating the opinions of experts in the field of sustainability, and approved after two sessions of discussions.

Key Sustainability Issues Initiatives and KPIs

The Nippon Kayaku Group has formulated a Sustainability Action Plan linking its business activities with the identified key sustainability issues. We also utilize the SDG Compass to link each materiality with one or more of the 17 SDGs. By implementing initiatives to achieve the KPIs in the Sustainability Action Plan, we will contribute to the achievement of the SDGs and the creation of a sustainable society.

Key Sustainability Issues

We have classified our key sustainability issues into three categories—most important issues for corporate survival, most important issues, and important issues—and established action plans for each issue.



Sustainability Action Plan

The Nippon Kayaku Group's Sustainability Action Plan utilizes the SDG Compass to link each key issue (materiality) with one or more of the 17 SDGs. By managing and disclosing the progress of KPIs every year and implementing sustainability activities, the Group aims to create environmental, social and economic value, help to achieve the SDGs (i.e., to create a sustainable society) and increase corporate value.

	Key sustainability issues	Corresponding SDGs	Action Plans	Indicators (KPI)	FY2025 targets	
Most important issues for corporate survival	Ensuring Compliance		<ul style="list-style-type: none"> Exercise thorough compliance, which is a basic principle for conducting corporate activities, and engaging in fair business operations Maintain and enhance an open corporate culture with a high sense of ethics 	Number of serious compliance violations* ¹	0	
				Compliance training rate	100%	
	Strengthening Corporate Governance		<ul style="list-style-type: none"> Strengthen corporate governance of the entire group and manage in a highly transparent and sound manner 	Number of times that the effectiveness of Board of Directors meetings is evaluated	Once per year	
				Number of times internal business audits are performed by the Audit Division	60 times in four years	
Most important issues	Quality and Customer Safety		<ul style="list-style-type: none"> Enhance our quality control and quality assurance systems by continuously improving our quality management system and ensuring thorough quality-related governance Implement quality management, improve production efficiency and reduce process abnormalities through digitalization 	Number of serious complaints by customers* ²	0	
				Number of serious flaws in processes* ²	0	
	Environmental and Social Considerations in the Supply Chain		 	<ul style="list-style-type: none"> Practice supply chain management with consideration for environmental and social aspects, based on the Sustainable Procurement Guidelines 	Response rate for confirmation of consent to Sustainable Procurement Guidelines	(Non-consolidated) 90%
					Formulation and implementation of improvement plans using questionnaires to suppliers	(Non-consolidated) Disclose progress

	Key sustainability issues	Corresponding SDGs	Action Plans	Indicators (KPI)	FY2025 targets
Most important issues	Reducing Energy Consumption and Greenhouse Gas Emissions Reduction of Wastewater and Industrial Waste Improving Efficiency of Water Resource Use	 	<ul style="list-style-type: none"> Implement energy-saving and global warming countermeasures and achieve FY2030 environmental targets Identify issues and clarify strategies for achieving carbon neutrality by FY2050 	Greenhouse gas emissions (Scope 1+2)	(Targets to be achieved by FY2030) 87,132 tons or less (32.5% reduction or higher compared with FY2019)
				VOC emissions	(Non-consolidated) Disclose results
				COD emissions	(Non-consolidated) Disclose results
				Total waste output	(Non-consolidated) Disclose results
				Recycling rate	(Non-consolidated) 80% or higher
				Zero emission rate	(Non-consolidated) 1% or less
				Goal setting in line with SBT and consideration and implementation of specific measures	Disclose progress
				Disclosure in line with TCFD recommendations	Disclose progress
				Develop products and technologies with consideration for environmental issues	Disclose progress
				Important issues	Occupational Health and Safety in the Workplace
Acquisition of certifications under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise category)	(Non-consolidated) Continued certification				
Percentage of paid leave taken	(Non-consolidated) 70% or higher				
Percentage of employees who take mental health training	(Non-consolidated) 100%				
Percentage of employees receiving regular health checkups	(Non-consolidated) 100%				
Ascertaining and improving employee satisfaction through questionnaire surveys	(Non-consolidated) Disclose progress				

	Key sustainability issues	Corresponding SDGs	Action Plans	Indicators (KPI)	FY2025 targets
Important issues	Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights	 	<ul style="list-style-type: none"> Promoting diversity and inclusion through the recruitment of diverse human resources, effective HR assignment and exchanges Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource development Engage in business operations that pay care and consideration to the human rights of employees and all other people involved in the supply chain 	Percentage of female employees in management posts ^{*4} Percentage of employees with disabilities Amount invested in education and training per employee Training hours per employee Number of training sessions held on human rights Human rights due diligence: human rights impact assessment rate	(Non-consolidated) 10% or higher (Non-consolidated) Achieve legal minimum employment rate (Non-consolidated) Disclose results (Non-consolidated) Disclose results Once or more per year (Non-consolidated) FY2022: 100% (Consolidated) FY2025: 100%
	Risk Management		<ul style="list-style-type: none"> Respond to various business-related risks and ensure business continuity by maintaining production systems, ensuring the proper procurement of raw materials, and strengthening measures against disasters 	Implementation rate of risk control activities for business, etc., and top five risk control activities Number of BCP drills conducted	100% Once or more per year

*1 Number of serious accidents as judged by the Ethics Committee

*2 Losses of 10 million yen or more

*3 Accidents involving three or more people requiring time off work, or resulting in fatalities

*4 Targets for the end of FY2024

Results of the 2019-2021 Medium-term Business Plan CSR Action Plan

Please see below for the results of the 2019-2021 CSR Action Plan for the previous Medium-term Business Plan (KAYAKU Next Stage).

[▶ Results of the 2019-2021 Medium-term Business Plan CSR Action Plan](#)

Risks and Opportunities for Key Sustainability Issues

The Nippon Kayaku Group recognizes risks and opportunities relating to its identified key sustainability issues. By reducing risks and incorporating opportunities that lead to new business growth, we aim to help create a sustainable society and further increase corporate value.

	Key sustainability issues	Risks	Opportunities
Most important issues for corporate survival	Ensuring Compliance	Loss of social credibility due to compliance violations Damage to corporate value Sluggish business activities	Earning the trust of stakeholders
	Strengthening Corporate Governance	Stagnation of business activities	Earning the trust of stakeholders Improvement of social credibility
Most important issues	Quality and Customer Safety	Customer disaffection due to quality nonconformities Loss of social credibility due to violations of laws and regulations governing aspects such as quality control and labeling	Earning the trust of customers by supplying high-quality products
	Consideration for the Environment and Society in the Supply Chain	Adverse effects on corporate activities due to illegal acts or compliance violations by suppliers	Creation of a sustainable society Increased long-term competitiveness
	Reducing Energy Consumption and Greenhouse Gas Emissions	[Transition risks] • Increased operating costs due to the impact of tougher emissions regulations • Price increases for electric power and LPG, etc. • Rise in raw material prices due to the impact of tougher emissions regulations • Increase in costs for environmental disclosures and LCA calculations, etc.	<ul style="list-style-type: none"> Growth of semiconductor-related materials and materials that contribute to achieving lower power consumption, due to the shift to smart cities and the growth of DX Growth of materials for next-generation storage cells / batteries Growth of plastic / resin-type materials that contribute to the weight reduction of vehicle / mobility frames
	Reduction of Wastewater and Industrial Waste	[Physical risks] • Increase in costs due to flood damage caused by typhoons, heavy rain, high tides / storm surges, etc. • Impact of water shortages on operations • Decline in labor productivity due to rising temperatures	<ul style="list-style-type: none"> Growth of optical materials for reducing the weight of EVs and sensor materials for use in autonomous driving technologies Growth of bio-stimulants which contribute to maintaining and improving agricultural productivity, and expanding applications for existing agrochemicals in tackling pests which become new problems as a result of the expected rise in temperatures
Important issues	Occupational Health and Safety in the Workplace	Loss of social credibility due to accidents and scandals Decline in labor productivity and outflow of human resources	Fostering a safety culture Improving employee work-engagement
	Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights	Standardization of thinking and loss of new business opportunities due to bias in human resource attributes and skills Loss of social credibility due to human rights violations	Fostering a corporate culture that generates new ideas through diversification of values Contributing to the creation of a sustainable society and increasing long-term competitiveness
	Risk Management	Increase in management-related risks	Ensuring business continuity in emergencies

Results of KAYAKU Next Stage Key CSR Issues (Materiality) Initiatives

Innovation through Business	Quality and Customer Safety	Business Partner Assessment	Energy Consumption and Greenhouse Gas
Wastewater and Waste	Efficient Use of Water Resources	Use of Materials that Contribute to Resource Conservation	Occupational Health and Safety in the Workplace
Compliance	Provision of Appropriate Information on Products and Services	Maintaining and Expanding Employment and Development of Human Resources	Respect for Human Rights and Assessment
Local Communities	Economic Performance	Strengthening Corporate Governance	Ensuring Business Continuity

Innovation through Business

Medium-term CSR Action Plan 2019-2021

- Business divisions will work as one team on pursuing R&D with an eye on exit to market, and create new products and businesses in core businesses and areas of synergy.
- Invest management resources in medium and long-term R&D themes while enhancing core technologies and meeting the future needs of society.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Amount invested in R&D over three years	(Consolidated) ¥40 billion over 3 years	(Consolidated) ¥13 billion in FY2021 ¥36.5 billion (FY2019-FY2021)	<ul style="list-style-type: none"> • Decided to invest in Taiwan lab to expand resists for MEMS next-generation telecommunications and roll out semiconductor cleaners • Made progress in the development of inkjet ink for flexible packaging (film) (scheduled for launch in fiscal 2023) • Completed factory trial production of catalyst for the manufacture of completely green hydrogen using solar (heat) Sent prototype / sample to Australia for testing at a 500kW plant • Successful launch of NASA's James Webb Space Telescope equipped with an inorganic polarizer made by MOXTEK, contributing to space exploration • Started research on biotechnology and polymer technologies with partners in academia, etc. • Released new generic anti-cancer drug pemetrexed intravenous solution in liquid form enabling room temperature storage • Commercialized and launched parachute safety devices for drones • Expanded innovative agrochemical formulation themes, engaged in specific creation of new compounds and research outside the agrochemical field

Quality and Customer Safety

Medium-term CSR Action Plan 2019-2021

- Make ongoing improvements to the quality management system and work to strengthen local management capabilities, and create a stronger quality management and quality assurance system.
- Pursue quality management, improve the level of production technology and expertise, and work to reduce flaws in the process.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Number of serious complaints by customers ^{*1}	(Consolidated) 0 complaints	(Consolidated) 0 complaints	<ul style="list-style-type: none"> • No serious complaints by customers • Functional Chemicals Group—which includes Fukuyama Plant, Asa Plant, Tokyo Plant, head office and research center, and Taiwan Nippon Kayaku—worked on integrated operation of QMS, and obtained ISO9001 integrated certification in July 2021
Number of serious flaws in processes ^{*1}	(Consolidated) 0 complaints	(Consolidated) 3 incidents	<ul style="list-style-type: none"> • Agrochemicals Group—which includes Kashima Plant and Agrochemicals Laboratories—worked on integrated operation of QMS, and obtained ISO9001 integrated certification in August 2021

^{*1} Losses of 10 million yen or more

Business Partner Assessment

Medium-term CSR Action Plan 2019-2021

- Practice supply chain management with consideration for environmental and social aspects, based on the CSR Procurement Guidelines

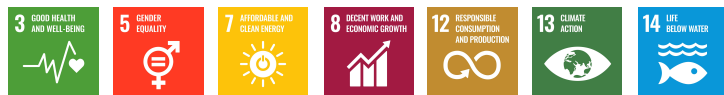


Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Number of times assessments of main business partners are performed	(Non-consolidated) 50 times/year	(Non-consolidated) 7 times	<ul style="list-style-type: none"> • Following on from FY2020, on-site audits were not possible in many cases due to the impact of the COVID-19 pandemic, and the number of cases of shifting to web-based audits or written audits increased

Energy Consumption and Greenhouse Gas Wastewater and Waste Efficient Use of Water Resources Use of Materials that Contribute to Resource Conservation

Medium-term CSR Action Plan 2019-2021

- Pursue activities to save energy and combat global warming. Achieve the environmental targets for FY2020 and formulate targets for FY2030.
- Work to integrate ISO 14001 company-wide and advance environmental management that addresses both the risks and opportunities of environmental problems.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Medium-term Corporate Master Plan for the Environment • Amount of CO ₂ emitted from energy sources	Targets to be achieved by FY2020 • (Non-consolidated) 79,500 tons or less	(Non-consolidated) 64,700 tons	<ul style="list-style-type: none"> • The scope of the new targets for Medium-term Corporate Master Plan for the Environment up to FY2030 was expanded from Nippon Kayaku (non-consolidated) to include group companies both in Japan and overseas, and the target was set at reducing greenhouse gas emissions (Scope 1+2) by 32.5% compared to FY2019. In FY2021 we planned to reduce emissions to 122,300 tons or less, and achieved the target with emissions of 112,400 tons • Support for the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations • Figures for total waste produced will include emissions for the Joetsu Plant (2,000 tons) in Nippon Kayaku (non-consolidated) as of FY2021. Emissions at other plants increased by 3,200 tons due to increased production volume • With the group-wide promotion of recycling, the recycling rate has increased from 81.3% in FY2020 to 82.3%, and the zero emission rate has improved from 1.6% in FY2020 to 1.0%
• VOC emissions	• (Non-consolidated) 42.0 tons or less	(Non-consolidated) 52.1 tons	
• COD emissions	• (Non-consolidated) 150.0 tons or less	(Non-consolidated) 124.2 tons	
• Total waste output	• (Non-consolidated) 23,500 tons or less	(Non-consolidated) 28,400 tons	
• Recycling rate	• (Non-consolidated) 80% or higher	(Non-consolidated) 82.3%	
• Zero emission rate	• (Non-consolidated) 3% or lower	(Non-consolidated) 1.0%	
Company-wide integration of ISO 14001	Integration	Pending	

Occupational Health and Safety in the Workplace

Medium-term CSR Action Plan 2019-2021

- Strengthen the foundation for safe operation by thoroughly enforcing basic rules on safety and health and improving equipment and work procedures
- Implement health and productivity management and provide a workplace environment with a healthy work-life balance where employees can work with enthusiasm



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Number of serious accidents* ²	(Consolidated) 0 complaints	(Consolidated) 0 complaints	<ul style="list-style-type: none"> • Acquired certification for 2021 Certified Health and Productivity Management Organization (Large Corporate Division) • Introduced telecommuting system on a trial basis and reviewed staggered working hours system regulations • Collective mental health training was postponed due to the impact of the COVID-19 pandemic, with e-learning training implemented as an alternative
White 500 certification	(Non-consolidated) Maintain certification	(Non-consolidated) Acquired certification for 2021 Certified Health and Productivity Management Organization (Large Corporate Division)	
Percentage of paid leave taken	(Non-consolidated) 70%	(Non-consolidated) 59.8%	
Percentage of employees who take mental health training	(Non-consolidated) 100%* ³	Postponed collective training	
Percentage of employees receiving regular health checkups	(Non-consolidated) 100%	(Non-consolidated) 100%	

*2 Accidents resulting in time off work for three or more people simultaneously or accidents resulting in death

*3 Cumulative value for three years (FY2018-FY2020)

Compliance

Medium-term CSR Action Plan 2019-2021

- Exercise thorough compliance, which is a basic principle for conducting corporate activities, and engaging in fair business operations.
- Establish a basic policy on preventing corruption, and maintain and strengthen an open and honest corporate culture with high ethical values.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Number of serious compliance violations*4	(Consolidated) 0 complaints	(Consolidated) 0 complaints	<ul style="list-style-type: none"> • No significant compliance violations • Nippon Kayaku Group Basic Policy on Combating Bribery established in June 2021, information distributed and policy rolled out at both domestic and overseas companies • Conducted training for all domestic group companies under the theme(s) of revision of regulations for handling of internal whistleblowing and establishment of the Nippon Kayaku Group Basic Policy on Combating Bribery
Formulation of a basic policy on preventing corruption	Formulation	Formulated	
Coverage ratio of companies implementing compliance training	(Domestic)100%	(Domestic)100%	

*4 Number of incidents deemed serious by the Ethics Committee or the Risk Management Committee

Provision of Appropriate Information on Products and Services

Medium-term CSR Action Plan 2019-2021

- Increase the presence of the Nippon Kayaku Group by complying with regulations in each business and providing appropriate information and technical services to customers.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Regularly conducting customer satisfaction surveys	(Non-consolidated) Implementation	(Consolidated) Implementation	<ul style="list-style-type: none"> • In our Functional Chemicals Business, we provided customers with SDS and product labels that conform to national standards, and provided information on chemical substances and appropriate handling information to ensure the safe use of our products. In addition, we responded to various customer requests for surveys and provided appropriate survey results and information. We will review customer feedback, reflect it in our plans for the next fiscal year, and work toward continuous improvement. • In our Safety Systems Business, we set items contributing to customer satisfaction as business plans, quality policies, and targets based on responses to customer satisfaction surveys, and confirmed that they are maintained. • In our Agrochemicals Business, we have established a system for collecting harmful insects, evaluating effectiveness, and providing feedback to guidance agencies. We confirm the results of internal and external tests to verify the effectiveness of agrochemicals and check that they are reflected in local control guidelines.

Maintaining and Expanding Employment and Development of Human Resources

Medium-term CSR Action Plan 2019-2021

- Promoting diversity and inclusion through the recruitment of diverse human resources, effective HR assignment and exchanges
- Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource development.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Percentage of female employees in management posts	(Non-consolidated) 8%*5	(Non-consolidated) 9.0%	<ul style="list-style-type: none"> The target for percentage of female managers is set at 10% for FY2024. In FY2021 the percentage was 9.0%, a year-on-year increase of 0.4% Continued collaboration with special support schools as an initiative to employ people with disabilities In addition to the existing job and rank-based training system, programs for developing human resources who can play active roles globally are being reviewed as a key company-wide theme
Percentage of employees with disabilities	(Non-consolidated) 2.3%	(Non-consolidated) 1.99%	
Amount invested in education and training per employee	(Non-consolidated) Note results only	(Non-consolidated) ¥57,000 / person	

*5 Target for the end of FY2020

Respect for Human Rights and Assessment

Medium-term CSR Action Plan 2019-2021

- Operate businesses in a manner that considers the human rights of employees and all people involved in the supply chain.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Number of training sessions held on human rights	(Non-consolidated) Once a year or more	(Non-consolidated) Twice	<ul style="list-style-type: none"> Conducted training on the themes of human rights and portrait / publicity rights Nippon Kayaku Group Human Rights Policy adopted by the Board of Directors (established April 1, 2022)

Local Communities

Medium-term CSR Action Plan 2019-2021

- Actively communicate with local communities where our businesses are located and strive to co-exist and prosper together with them as a company rooted in the local community.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Total number of informal community gatherings	(Consolidated) Publish results	(Consolidated) 26 times	<ul style="list-style-type: none"> Regional meetings were affected by the COVID-19 pandemic, and many business sites canceled meetings for the second consecutive year following on from FY2020, although meetings resumed at some business sites during the period when the pandemic calmed down. Due to the impact of the COVID-19 pandemic and the cancellation of many events as in 2020, expenditures on social contributions remained at a similar level
Expenditures on social contributions*6	(Non-consolidated) Note results only	(Non-consolidated) ¥154 million	

*6 Expenses for donations, Asunaro House activity expenses, plant festivals, and other local events

Economic Performance

Medium-term CSR Action Plan 2019-2021

- Generate stable profits and return profits to society while reinvesting profits efficiently as management capital to achieve sustainable growth and enhance corporate value.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
ROE	(Consolidated) 8%	(Consolidated) 7.3%	<ul style="list-style-type: none"> Despite the impact of global semiconductor shortages and other factors, the Company posted record sales, and profit increased 36.6% year-on-year to ¥17.1 billion In order to reduce capital equity, we repurchased 2 million treasury shares (¥3 billion) and cancelled 7 million treasury shares (¥8.1 billion)
Amount of tax paid	(Consolidated) ¥5.6 billion	(Consolidated) ¥4.0 billion	
Capital investments over three years	(Consolidated) ¥50.0 billion over three years	(Consolidated) ¥11.6 billion in FY2021	

Strengthening Corporate Governance

Medium-term CSR Action Plan 2019-2021

- Strengthen corporate governance of the entire group and manage in a highly transparent and sound manner.



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Number of times that the effectiveness of Board of Directors meetings is evaluated	(Non-consolidated) Once a year	(Non-consolidated) Once	<ul style="list-style-type: none"> Appointment a female Audit & Supervisory Board Member Introduced restricted stock compensation and reviewed officers' compensation system Amended Basic Policy on Corporate Governance in response to revisions to the Corporate Governance Code Created and disclosed a skills matrix Third party organization assessed the effectiveness of the Board of Directors
Number of times internal business audits are performed by the Audit Division	(Consolidated) 45 times over three years	(Consolidated) 18 times in FY2021	

Ensuring Business Continuity

Medium-term CSR Action Plan 2019-2021

- Respond to various business-related risks and ensure business continuity by maintaining production systems, ensuring the appropriateness of raw materials, and strengthening measures against disasters



Indicators (KPI)	FY2021 targets	FY2021 results	Topics for FY2021 initiatives
Implementation rate for the top five risk control activities	(Consolidated) 100%	(Consolidated) 100%	<ul style="list-style-type: none"> Departments of Nippon Kayaku (non-consolidated) and all Group companies both in Japan and overseas implemented top five risk control activities Domestic Group companies used a newly introduced emergency communication system, as a BCP drill in preparation for the occurrence of earthquakes Overseas, BCP drills conducted at Group companies in China were verified and instruction given using a web conferencing system Introduced telecommuting system on a trial basis, reviewed staggered working hours system regulations and encouraged the use of web conferencing systems as measures against the COVID-19 pandemic
Number of BCP drills conducted	(Consolidated) Once a year or more	(Consolidated) Twice	

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 satisfaction.
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

* 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

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

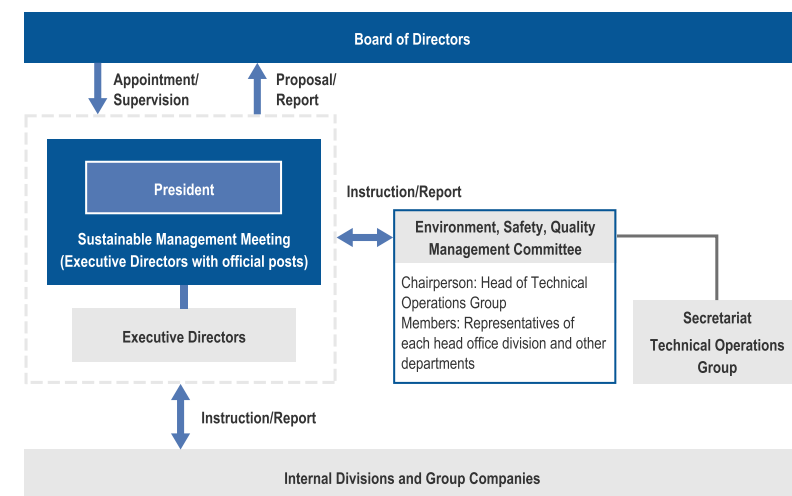
- Endorsing TCFD and making disclosures consistent with TCFD requirements
- Preparation to obtain SBT certification
- Appropriately operating a cloud-based environmental data aggregation system and establishing an emissions management system
- Establishing specific reduction targets based on CO₂ emissions 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
3. 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



[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

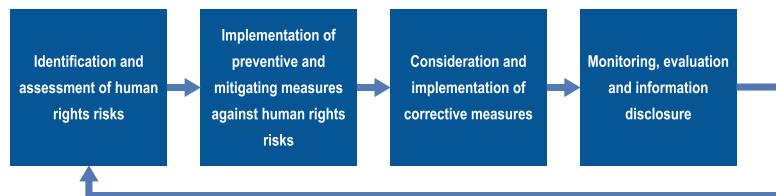
As a system to ensure respect for human rights and thorough compliance, the Nippon Kayaku Group has established an Ethics Committee chaired by the head of the Administration Group and composed of the General Managers of each head office division. The Ethics Committee determines policies and specific 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](#)

Stakeholder Engagement

Policy and Basic Approach

The Nippon Kayaku Group aims to be a company that can respond to the trust of all its stakeholders—including employees, customers, suppliers, shareholders and investors, and local communities—and provide happiness and delight. We value dialogue with stakeholders and use a variety of opportunities and communication tools to continuously and appropriately disclose information and engage in two-way communication to improve our business activities. Looking ahead, in addition to meeting the expectations and demands of our stakeholders, we will continue to fulfill our responsibilities to society through our business activities.

Stakeholders of the Nippon Kayaku Group



Stakeholders	Overview of the Initiative	Methods of communication
Employees	<p>We believe that the central players in all corporate activities are people: human resources. We respect the human rights of each and every employee and strive to create a workplace environment where employees can work with security and peace of mind. We aim to be a company where employees can feel their own growth and workplace motivation (job satisfaction) through work.</p>	<ul style="list-style-type: none"> Talent Management System Training to improve employee engagement * Fostering a rewarding and comfortable working environment using the above Compliance awareness surveys, mental health checks Internal newsletters Compliance Hotline Discussions with labor unions
Customers	<p>We strive to gain the trust and satisfaction of our customers by pursuing high quality and providing the best products, technologies and services with care and consideration for both social and environmental issues.</p> <ul style="list-style-type: none"> Users of resins, colorants, catalysts and optical films / materials Healthcare professionals and patients Automotive module manufacturers Agrochemical manufacturers, wholesalers and retailers, agricultural cooperatives 	<ul style="list-style-type: none"> Confirmation of needs through sales activities Improvement of products and services Plant / factory tours Provision of information via our websites Customer satisfaction surveys Safety guidance on agrochemicals and suggestions on pest control methods
Suppliers	<p>Together with our suppliers, we promote sustainable procurement in all aspects of the supply chain, from research and development to the procurement of raw materials, manufacturing, sales, and logistics, with consideration for respect for human rights and various other issues including environmental conservation, industrial health and safety, legal compliance and fair transactions.</p>	<ul style="list-style-type: none"> Purchasing briefings, visits, online meetings / interviews, exchanges of information through day-to-day business negotiations, etc. Questionnaire surveys
Shareholders and Investors	<p>We have established a Disclosure Policy and are working to ensure that shareholders and investors can appropriately understand the Company's business situation and various initiatives—by disclosing information in a timely, fair and impartial manner.</p>	<ul style="list-style-type: none"> Financial Results Briefing General meetings of shareholders Telephone conferences One-on-one meetings Provision of information via websites and integrated reports
Local Communities	<p>We have established business locations around the world and act as a member of each local community. In addition to social contribution activities, we contribute to the sound, sustainable development of local communities such as by actively supporting the development of the next generation and exchanging information with local governments.</p>	<ul style="list-style-type: none"> Social contribution activities (plant festivals, cleaning activities) Plant tours Support for development of the next generation Exchange of information with local governments

Instilling the KAYAKU spirit within the Company

The Nippon Kayaku Group is engaged in various initiatives to deepen employee understanding of its corporate vision and sustainable management policies, and to ensure that they are instilled throughout the entire Group.

So far, booklets containing the corporate vision and Group Action Guidelines have been translated into eight languages and distributed at each business site.

In FY2022, to coincide with the start of the new Medium-term Business Plan KAYAKU Vision 2025, we prepared an explanatory booklet detailing our corporate vision, sustainable management, the Medium-term Business Plan and 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 business site and distributed accordingly.

We also promote understanding and instillation among employees by utilizing various opportunities and communication tools, such as the Nippon Kayaku Group Corporate Strategy Meeting and Medium-term Corporate Strategy Meeting, collective training such as training for new employees and training for newly appointed managers, e-learning, and internal newsletters.

We aim to achieve a sense of unity in group management by sharing our corporate vision and sustainable management policies among Group employees working in manufacturing, development, sales and management in various business categories around the world.



KAYAKU spirit Promotion Efforts Using Kayakuma the Bear

We have created a mascot character called Kayakuma the Bear, to make KAYAKU spirit a concept that is more familiar to all Nippon Kayaku Group employees around the world. This character appears in the section of our internal newsletter where we introduce our sustainability activities and exemplary activities for implementing our corporate vision, using visual depictions that are easy to understand for all audiences. The mascot has also been incorporated into our daily stationery, including memo pads and clear file folders, and even the designs of our conference rooms. This ensures our employees are always aware of Kayakuma the Bear, and in touch with our corporate vision in all aspects of their work. We have filed for a trademark for Kayakuma the Bear and utilize the character widely as a symbol of the Nippon Kayaku Group in newspaper ads and on novelty items at company events such as factory festivals.

> [Kayakuma's Room](#)



Kayakuma the Bear, a mascot character



Conference room and employee locker

Communication with Shareholders

The Nippon Kayaku Group holds the Ordinary General Meeting of Shareholders every June as an opportunity for communicating with its shareholders.

To provide our shareholders with business reports and voting resolutions in an easy-to-understand fashion, we are producing meeting notices in visual formats and providing English-language meeting notices on our Company website, sending out meeting notices at an earlier stage and providing electronic disclosure. For the Ordinary General Meeting of Shareholders in June 2022, a notice of convocation was sent 21 days prior to the date of the meeting. Prior to sending the printed notice, a notice of convocation was also disclosed digitally on the Company's website 28 days before the date of the meeting.

We are also trying to make it easier for our shareholders to exercise their voting rights by installing an electronic voting system whereby shareholders may cast their votes using PC or smartphone, as an alternative to paper voting forms.

In addition, we send out a shareholder newsletter every six months so that our shareholders can stay informed about our businesses and other topics.

> [Notices of convocation of the Ordinary General Meeting of Shareholders, etc.](#)

> [Shareholders' newsletters](#)



General meeting of shareholders

Communication with Institutional Investors and Securities Analysts

Holding IR Meetings and Telephone Conferences about Financial Results

The Nippon Kayaku Group holds quarterly IR meetings about financial results for institutional investors, securities analysts and media personnel. During the COVID-19 pandemic, meetings have been held by means such as telephone conferences and a combination of actual venues and online meetings. At the briefing to explain the financial results for the fiscal year ended March 31, 2022, which was attended by all executive officers, we presented full-year financial results, forecasts of financial and non-financial results, explained the policies of the New Medium-term Business Plan KAYAKU Vision 2025 (KV25) and held a question and answer session.



Briefing on financial results for the fiscal year ending March 31, 2022, held both at an actual venue and remotely

One-on-one Meetings

The Nippon Kayaku Group holds one-on-one meetings that communicate directly with institutional investors and securities analysts. Through these dialogues we strive to deepen their understanding of business conditions, management policies, ESG, and other issues.

Round-table IR Conferences and Open House Tours at Plants

We host round-table IR conferences, open house tours of our plants and R&D briefings for institutional investors and securities analysts, to promote deeper understanding of the Nippon Kayaku Group's businesses.

Website Development and Enhancement

The Nippon Kayaku Group website provides information on the Group's businesses and products, IR, sustainability and company information, etc.

We post information in a timely manner on our shareholder and investors' information pages, including details of our business content, management and financial policies, quarterly financial results briefings, integrated reports and shareholders' newsletters.

> [Investor relations information](#)

Participation in External Initiatives

The Nippon Kayaku Group believes that it is important not only to comply with international norms but also to cooperate with various organizations and other companies in initiatives in the field of ESG (environment, social, and governance), and participates actively in such initiatives.

External Initiatives We Participate in

Name	Timing / period of participation	Scope	Relationship with corporate philosophy and background to approval
 <p>United Nations Global Compact WE SUPPORT</p>	2021	Whole group	<p>Based on the KAYAKU spirit—the Nippon Kayaku Group's Corporate Vision—we are working to create environmental, social and economic value by engaging in sustainable management, create a sustainable society, and increase our corporate value.</p> <p>By incorporating the ten principles of the United Nations Global Compact, in the four fields of Human Rights, Labour, Environment and Anti-Corruption into daily operations and strategies, we expect each company to proactively engage in sustainability promotion activities. As a responsible company, the Nippon Kayaku Group supports the ten principles and works to resolve social issues in order to contribute to the sound globalization and the creation of a sustainable society.</p>
 <p>TCFD</p>	2022	Whole group	<p>The Nippon Kayaku Group has set forth a basic sustainable management policy in its Medium-term Business Plan KAYAKU Vision 2025 (KV25), starting as of FY2022. By pursuing the creation of environmental, social and economic value in responding to climate change, the Group will work to help create a sustainable society and further increase its corporate value. The social impact of responses to climate change is significant, and the Nippon Kayaku Group considers it to be an important issue.</p> <p>In March 2022, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). To communicate well with a wide range of stakeholders, we actively disclose information on Governance, Strategy, Risk Management, and Metrics and Targets—based on the TCFD recommendations framework. This approach is consistent with the Nippon Kayaku Group's Basic Policy on Sustainable Management. Going forward, we will accelerate our efforts to reduce greenhouse gases emissions and build a recycling-oriented society, in line with the TCFD recommendations.</p>
 <p>Responsible Care Global Charter</p>	2008	Japan	<p>The Nippon Kayaku Group signed the Responsible Care Global Charter in 2008, and also signed the revised Global Charter in 2014. As a Group, we handle numerous chemical substances and develop, manufacture, and sell a large number of chemical products. We will continue to engage proactively in Responsible Care activities in order to realize the KAYAKU spirit—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.</p>

Main Membership Qualifications

Name	Time of enrollment	Membership qualifications	Activities
KEIDANREN (Japan Business Federation)	1946	Permanent secretary	<p>The Nippon Kayaku Group endorses and participates in KEIDANREN's purpose of contributing to the autonomous development of the Japanese economy and the improvement of people's lives.</p> <p>We also participate in the Board of permanent secretaries, the Administrative Reform Promotion Committee, the Social Security Committee, and the Diversity Promotion Committee.</p> <p>We contribute to the construction of a sustainable society and economy by expanding diverse interactive relationships that transcend the boundaries of specific industries, and by making wide use of the knowledge and experience of the economic community.</p>
Japan Chemical Industry Association	1948	Trustee General Steering Committee member	<p>Yasusaburo Hara, the third president of Nippon Kayaku, served as the first chairperson of the Japan Chemical Industry Association for over 14 years, from its founding in 1948.</p> <p>Yasusaburo Hara laid the foundation for the post-war reconstruction of the chemical industry and paved the way for the introduction and development of the petrochemical industry, which would play a key role in Japan's period of rapid post-war economic growth.</p> <p>We carry on the will of Yasusaburo Hara by contributing to the further development and improvement of the chemical industry.</p>
Japan Dyestuff and Industrial Chemicals Association (JDICA)	1948	Trustee	<p>Yasusaburo Hara, the third president of Nippon Kayaku, served as the first chairperson of Japan Dyestuff and Industrial Chemicals Association (JDICA) for 33 years, starting in 1948.</p> <p>We carry on the will of Yasusaburo Hara by contributing to formulation, promotion, investigation and research into policies on safety, the environment, internationalization and business support in the chemical industry.</p>
Japan Pharmaceutical Manufacturers Association (JPMA)	1968	Council member	<p>The Nippon Kayaku Group endorses and participates in JPMA's aim of contributing to the improvement of the health and medical care of people in Japan and around the world through the development of innovative and highly useful pharmaceuticals, and the sound development of the pharmaceutical industry.</p> <p>As a drug discovery-type pharmaceutical company, we contribute to the sound development of the pharmaceutical industry through the creation and implementation of visions for code compliance, distribution optimization, promotion, clinical evaluation, PMS, quality, pharmaceutical regulatory affairs, and R&D.</p>
Japan Biosimilar Association	2016	Trustee company Chairman	<p>The Japan Biosimilar Association was launched in April 2016 by four companies involved in the biosimilars businesses, with the aim of spreading and promoting biosimilars. Nippon Kayaku participates actively as one of the founding members.</p> <p>Through the Japan Biosimilars Association, we contribute to controlling medical expenses by making recommendations and exchanging information with stakeholders, including government, and to improving treatment access for patients who are hesitant to use bio-pharmaceuticals for economic reasons.</p>

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The Pharmaceutical Manufacturers' Association of Tokyo	1948	Trustee	<p>The Pharmaceutical Manufacturers' Association of Tokyo is made up of all manner of pharmaceutical manufacturers and manufacturers of new drugs, generics and OTCs, etc.</p> <p>As a pharmaceutical company in eastern Japan, we contribute to the improvement of medical care through the review and exchange of information on regulatory affairs, intellectual property, drug safety, and education and training.</p>
Japan Investor Relations Association	1993	Council member	<p>Nippon Kayaku participates in the collection of information and the creation of a network among IR representatives, with the aim of improving the quality of IR activities.</p> <p>We strive to achieve better communication with shareholders and investors and to improve credibility in financial and capital markets.</p>