

Diversity & Inclusion

Promoting Diversity & Inclusion

The Nippon Kayaku Group's Personnel System

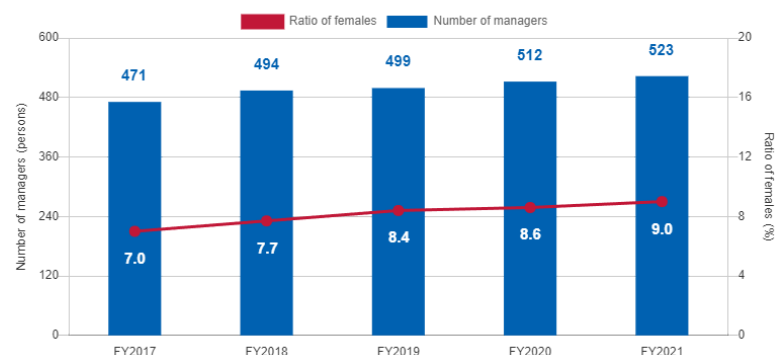
We have adopted a merit-based human resources system whereby employees can obtain job assignments and compensation that are not linked to their age, gender, career background or educational background, and are improving it in response to the demands of society. This system, which is based on individual roles and responsibilities, is also offered to management-class employees. Therefore, promotions to the managerial level can be achieved regardless of age, gender, academic history or career. As a result, the number of female managers continues to grow with each passing year.

Empowerment of Women

Proactive appointment of women to managerial positions is one aspect of the results of our initiatives to encourage diversity in the workplace. The ratio of our female managers increased to 9.0% as of the end of March 2022 (8.6% in previous year). The following target is to achieve 10% by the end of FY 2024. We will continue with our efforts to encourage the greater involvement of women in the workplace.



Percentage of Female Managers (*Nippon Kayaku non-consolidated basis; excluding seconded employees)



Employment of Persons with Disabilities

Nippon Kayaku employs people with disabilities. As of the end of March 2022, 49 people with disabilities are working with us (1.99% of total employees). Society demands that we move faster in hiring persons with disabilities and so we will foster collaboration with special needs schools to continue to hire people with intellectual disabilities. We will make more efforts to increase our rate of employment of people with disabilities beyond the statutory employment rate, while working to provide employees with disabilities with workplaces where they can feel satisfaction and demonstrate their respective abilities to the fullest.

Indicator	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Percentage of employees with disabilities	Non-consolidated	%	2.08	1.82	1.97	1.90	1.99

Reemployment of Retirees as "Senior Partners"

Since April 2006, we have been implementing the Nippon Kayaku Senior Partner System to provide retirees who are physically and mentally healthy and eager to continue working with an opportunity to demonstrate the expertise and know-how that they have accumulated over the course of their career after reaching the age of retirement. We ask applicants to the system about where they want to work, in what jobs and in what employment format, and almost 100% of applicants are reemployed in accordance with their preferences, with most of them continuing to work for the Company until they reach the age of 65. As of the end of March 2022, we have 106 Senior Partners.

Indicator	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Rehiring of retired employees	Non-consolidated	Persons	116	139	153	157	142
Rehiring rate of retired employees	Non-consolidated	%	60.9	62.7	70.5	84.1	57.6

Exchange of Global Human Resources

As one of the policy to promote diversity, we are working to build the environment all of staff belong to Nippon Kayaku Group be able to lead an active career in globalizing world. Aiming to develop language skills, we provide study-abroad programs, short-term intensive English programs and companywide TOEIC testing. Moreover, we provide employees assigned overseas as expatriates with training programs on various subjects including cross-culture training. In addition to the training programs, we will keep making efforts to develop global talent by means of promoting personal interactions between our bases in Japan and overseas Group companies and enhancing our support to allow employees to experience various cultures and business environments.

Hosting Interns from Overseas

Although we have been unable to do so recently due to COVID-19, Nippon Kayaku has been accepting internship students not only from Japan but also from universities overseas. The interns conduct various activities, mainly related to R&D, at Nippon Kayaku's laboratories to learn about the corporate world and local culture of Japan. Company employees, meanwhile, can get new inspiration from working with the young researchers. We will continue to accept internship students in order to globalize our corporate culture and contribute to Japan's international exchange of human resources.



Improvement of the Workplace Environment and Systems

The Nippon Kayaku Group is expanding in-house programs for gender equality and encouraging their utilization. In terms of our Next Generation Childcare Support measures, we have rolled out various programs that exceed legal requirements, beginning with our childcare leave program. For FY 2021, the percentage of qualified female employees who took childcare leave was 100% (11 employees), but for male employees, it was 27.2% (9 employees). The percentage of those who returned to their workplaces after taking childcare leave was 100% for both men and women. Going forward, we will seek to develop a workplace culture that encourages male employees to participate more in childcare.

Enhancement of the Special Paid Leave System

The Special Paid Leave System is a system whereby employees, in accordance with the Labor Standards Act, accrue special annual paid leave days that expire after two years and can be used for such purposes as caring for a family member, providing nursing care for a child, participating in training, volunteering, getting fertility treatments or donating bone marrow. No complicated procedures are required to use this program, as employees can simply apply by providing supporting proof of their activity. In addition, even after using the program once, employees can continue to accumulate paid leave to the maximum number of days allowed.

◆ Special Paid Leave System

Applicable Uses	No. of Days Allowed
To receive treatment for an injury or illness that requires at least 4 consecutive days of care / To receive outpatient services for rehabilitation or aftercare (within the stated period indicated on the physician-issued medical certificate)	Up to 60 days
To provide nursing care to an immediate family member, aunt or uncle	60 days
To participate in a training program or volunteer activities	30 days
Leave in conjunction with the use of active points from the Nippon Kayaku Cafeteria Plan	5 days
To take leave in order to receive a vaccination or medical exam for a child of preschool age	5 days
To receive fertility treatments	60 days
To allocate additional days to childcare leave	10 days
To provide nursing care for a child of preschool age	10 days

Work-life Balance

Giving priority to employees' health and from the perspectives of compliance and mental health, the Nippon Kayaku Group has implemented measures, such as establishing a special labor-management committee, to appropriately check the work hours of individual employees and take actions as needed for the enhanced management of working hours. Additionally, for a better work-life balance, we aim to increase the rate of paid leave days taken by employees. To this end, we have established a new anniversary paid leave system and taken other measures to encourage employees to take paid leave.

To reduce overtime work, we need to change our workplace culture and change the way employees think (work-style reform). To meet this requirement, we are promoting discussions through the special labor-management committee and provide managers with relevant education at each of our sites. Furthermore, in order to improve our operational productivity and create more value through work-style reforms, we are making steady efforts to provide employees with greater job satisfaction, rather than just reducing their overtime work.

Indicator	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Total annual working hours per employee	Non-consolidated	Hours	1,833	1,919	1,911	1,885	1,911	
Average overtime per month (union members)	Non-consolidated	Hours	12.8	13.3	12.7	11.3	12.7	
Rate of annual paid leave days taken	Non-consolidated	%	59.2	61.1	60.1	65.8	59.8	
Employees who started maternity leave*	Non-consolidated	Persons	5	8	13	13	11	
Employees who started parental leave*	Male	Non-consolidated	Persons	1	3	5	11	9
	Female	Non-consolidated	Persons	5	8	13	13	11
Reinstatement rate after taking maternity or childcare leave	Male	Non-consolidated	%	100	100	100	100	100
	Female	Non-consolidated	%	100	100	100	100	100
Return to work rate after taking maternity/parental leave	Male	Non-consolidated	%	100	100	100	100	100
	Female	Non-consolidated	%	100	100	100	100	100
Employees working shorter hours for childcare	Male	Non-consolidated	Persons	1	2	2	0	1
	Female	Non-consolidated	Persons	23	26	31	43	42

* Excluding those who have been taking leave since the previous fiscal year

Formulation of a General Employers Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

We have formulated a General Employers Action Plan (for the period from April 1, 2022 to March 31, 2025) based on the Act on Advancement of Measures to Support Raising Next-Generation Children and submitted it to the Tokyo Labor Bureau.



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