

Governance

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[Important Issues] Ensuring Compliance

Policy and Basic Approach

The Nippon Kayaku Group views compliance in a broad sense, considering it to mean not only abiding by laws and regulations, internal rules and rules of the industry, but also responding to social norms and the demands of society and continuing to earn the trust of diverse stakeholders.

As our group-wide standards of conduct, we established the Nippon Kayaku Group Charter of Conduct and Code of Conduct. We conduct business activities based on the spirit of these standards to fulfill our social responsibilities and contribute to society. The Nippon Kayaku Group firmly ensures compliance in its business activities, and will further promote its compliance activities under the strong leadership of its top management.

Nippon Kayaku Group Charter of Conduct and Code of Conduct

The Nippon Kayaku Group established [the Nippon Kayaku Group Charter of Conduct and Code of Conduct](#) in 2000, recognizing compliance to be a matter of highest priority in its corporate activities. Subsequently, in 2011, these were revised in view of ISO 26000 (Guidance on social responsibility for organizations), and in 2020 they were revised with the aim of spontaneously putting them into practice to help achieve a sustainable society.

The Nippon Kayaku Group Charter of Conduct

◆ Business activities

1. The Nippon Kayaku Group will provide products and services that satisfy customers through Communication with customers and the provision of appropriate information, giving due consideration to the safety and reliability of its products and services.
2. In all its business activities, the Nippon Kayaku Group will comply with all relevant laws and regulations, including competition law, the spirit of these laws, and internal regulations, and will engage in fair, transparent, and free competition. We will also maintain sound relationships with the governing authorities in all regions.
3. The Nippon Kayaku Group respects human rights in all its business activities, and will not discriminate or tolerate any inappropriate behavior for reasons based on gender, age, nationality, race, religion, or disability.
4. The Nippon Kayaku Group will appropriately manage and utilize the company's assets to improve the efficiency of its business activities and strive for continuous development.
5. The Nippon Kayaku Group implements systematic crisis management in preparation for the actions of anti-social forces that threaten the lives of citizens and corporate activities, as well as for terrorism, cyber attacks, natural disasters, and other events.

◆ Relationship with society

6. The Nippon Kayaku Group respects the cultures, religions and traditions of each country and region, works in harmony with society, and contributes to the development of society as a good corporate citizen.
7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objective facts. We will also strive to increase corporate value through constructive dialogue with stakeholders.
8. In order to contribute to a sustainable society and the environment, the Nippon Kayaku Group strives to conduct its business activities in harmony with the natural environment by constantly taking into account the impact on the global environment, not only complying with relevant laws and regulations, but also establishing its own voluntary standards.

◆ Information handling

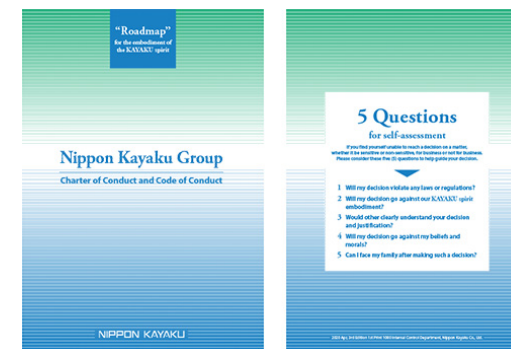
9. The Nippon Kayaku Group will appropriately protect the information it possesses through its business activities and take all possible measures for information management. In addition, we recognize the value of information assets and respect the intellectual property rights of others.

◆ Relationships between the company and individuals

10. The Nippon Kayaku Group complies with labor-related laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, diversity, character, and individuality of individuals.

◆ Roles of top management and thorough adherence to this charter

11. Those involved in the management of the Nippon Kayaku Group recognize that realizing the spirit of this charter is their own role and responsibility, and will thoroughly disseminate it to all employees. In addition, we will listen to the opinions of people inside and outside the group, establish effective systems within the group, and ensure thorough implementation of corporate ethics. In the event of a situation that contravenes the spirit of this charter, we will clarify both inside and outside the company our stance of solving the problem, investigate the cause, and work to prevent any recurrence.



The Nippon Kayaku Group Charter of Conduct and Code of Conduct

Initiatives to Prevent Corruption and Anti-competitive Behavior

The Nippon Kayaku Group Charter of Conduct and Code of Conduct uphold that fair, transparent and free competition should be conducted in all business activities in compliance with both the letter and spirit of relevant laws and regulations, including competition laws, as well as internal rules. In addition, they prohibit bribery and other misconduct in relation to our business transactions.

Furthermore, to clarify our basic approach to the prevention of bribery, the scope of application, and rules to abide by, we have established the Nippon Kayaku Group Basic Policy on Anti-Bribery, which is widely embraced and practiced by our officers and employees, including Group companies in Japan and overseas.

Nippon Kayaku Group Basic Policy on Anti-Bribery

Established: June 21, 2021

◆ I . Preamble

Nippon Kayaku established the Nippon Kayaku Group Basic Policy on Anti-Bribery (hereinafter referred to as the Basic Policy) to clarify the basic concept, scope, and rules to be followed regarding the prevention of bribery, for declaration to both inside and outside the company. This basic policy applies to all officers and employees of the Nippon Kayaku Group (employees, junior employees, contract employees, advisors, contract workers, parttime workers, etc.).

◆ II . Overview

The Nippon Kayaku Group established the Nippon Kayaku Group Charter of Conduct and Code of Conduct to implement CSR management that is integrated with management strategy while maintaining a high level of ethical standards. This is aimed at realizing the corporate vision **KAYAKU spirit** of "continuing to provide society with the best products through constant progress and the combination of conscience."

The Charter of Conduct and Code of Conduct stipulates that; we will "comply with competition laws and other relevant laws and regulations, as well as their spirit and internal regulations, and engage in fair, transparent and free competition in all our business activities; that we will maintain sound relations with politics and the government;" and that we will "comply with relevant laws and regulations in each country and region, and respect international norms, cultures, religions and traditions."

Furthermore, the Nippon Kayaku Group considers the establishment and strengthening of anti-bribery systems both domestically and overseas to be an important issue to be addressed by the Group as a whole as we continue to expand our business globally year by year.

◆ III. Declaration

The Nippon Kayaku Group will comply with laws and regulations that prevent bribery in each country and region in which the Nippon Kayaku Group operates, including the Japan Anti-Unfair Competition Act, the U.S. International Anti-Corruption Act (Foreign Corrupt Practices Act:FCPA),the Bribery Act (Bribery Act:UKBA), and the Chinese Commercial Bribery Regulation. In addition, we will not act in a way that violates the Ethical Code for Public Employees of Japan, the Code of Ethics for National Public Employees, the ethical rules stipulated by special public corporations, local governments, etc., and the laws and regulations concerning the public employees*1 , etc. of each country.

◆ IV. Compliance items

1. Prohibition of Bribery of Public Officials, etc.

The Nippon Kayaku Group will not provide, offer or promise any illegal entertainment, gifts, benefits or other economic benefits*2, whether directly or indirectly, to domestic and overseas public employees or persons in similar positions ("public employees, etc.") with the aim of influencing their conduct of duties.

In the event public officials, etc. request the provision of illegal entertainment, gifts, benefits, or other economic benefits domestically or overseas, the Company shall refuse such request and notify the relevant organizations as appropriate.

2. Payment to agents, etc.

The Nippon Kayaku Group shall not make any payments to agents or consultants (hereinafter referred to as "Agents") in cases where any part of such payments are or may be diverted to illegal approaches to public officials, etc.

3. Entertainment and gifts to business partners other than public officials, etc.

In compliance with national laws, industry codes and internal regulations, we will not provide entertainment, gifts, or other economic benefits that exceed a reasonable range of social conventions to our domestic and overseas business partners, including their officers and employees.

4. Entertainment and gift-giving

We do not receive excessive entertainment from business partners or gifts of money that exceed the scope of social conventions.

5. Donation activity

Donations, such as grants and political contributions, will not be made for the purpose of fraudulently obtaining or securing business benefits.

6. Control of Records

We will prepare and maintain accounting records of all transactions and dispositions of assets, as appropriate and accurately as possible, to demonstrate that bribery has not occurred.

◆ Requests to Business Partners

This basic policy summarizes the Nippon Kayaku Group's approach to anti-bribery, and we believe that the understanding and cooperation of our business partners is essential to the implementation of this basic policy. If you encounter or suspect any violations to this basic policy or related laws or regulations, please notify your contact person at the Nippon Kayaku Group.

We also request that you cooperate in investigations by Nippon Kayaku Group companies or relevant authorities regarding alleged violations or violations.

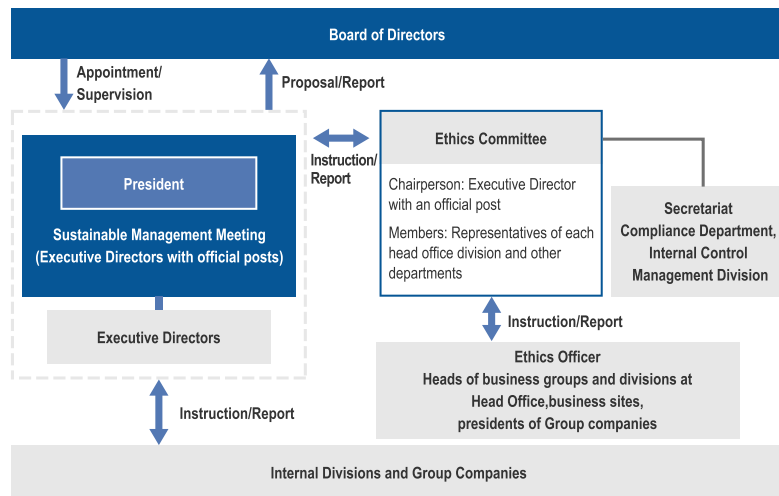
*1 "Public officers, etc." refers to those who are in charge of legislative, administrative, judicial, and other public affairs in each country or region, candidates for such services, officials of government agencies, employees of companies and other organizations owned and operated by the government, officers and employees of political parties, and officers and employees of public international organizations composed of countries, regions, and their governments.

*2 "Gifts, benefits, and other economic benefits" include all items that are equivalent to cash, such as gifts, services, employment, loans, travel expenses, food and beverage, invitations (sports tours, theatrical tours), donations, daily grants, and rewards, all of which are in profit, whether in their nominal terms. Provided, however, that this shall not apply to acts where the scope of the Anti-Corruption and Anti-Bribery Laws and Regulations applicable to each country or region is moderate in light of lawful and sound business practices and socially accepted norms.

System

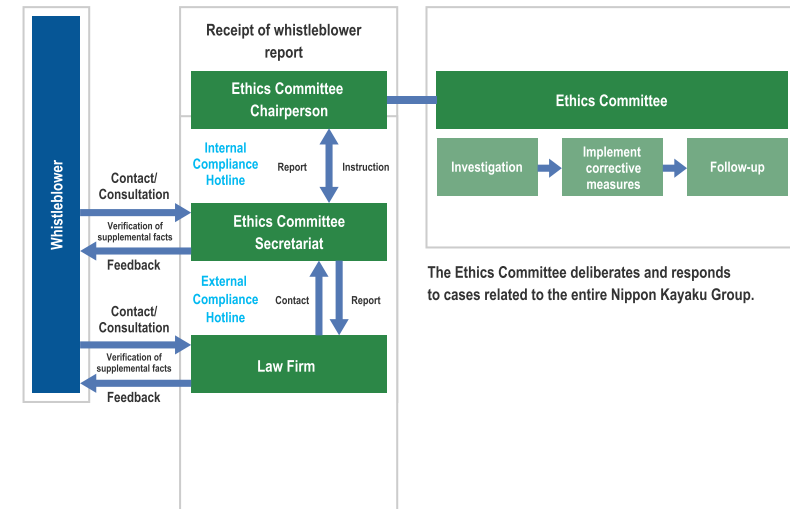
Ethics Committee (twice a year)

An Executive Director with an official post appointed by the president serves as the chairperson of the committee, which is comprised of representatives from each group and division at the Head Office. The committee makes decisions on policies and concrete measures pertaining to compliance with the Nippon Kayaku Group Charter of Conduct and Code of Conduct, and discusses and determines how to respond to reported matters and incidents, along with measures to prevent recurrence.



Whistleblower System

In an effort to prevent, or rectify at an early stage, incidents leading to the violation of compliance, we have in place, both inside and outside the Company, a Whistleblower System and a Compliance Hotline that ensure confidentiality and anonymity. Our Guidelines for Handling Whistleblower Complaints state that whistleblowers should be protected from any disadvantages resulting from reporting an incident.



Indicators

Number of Reported Matters for the Past Five Years

In FY2021, the hotline received four reports, but none of these incidents were serious enough to affect our business operations. With regard to these reports, we ascertained the facts, conducted investigations and took corrective action as necessary. We will continue to announce updates on the whistleblower system and its significance in order to prevent, detect at an early stage or prevent the escalation of injustice and misconduct.

Nature of reports	FY2017	FY2018	FY2019	FY2020	FY2021
Harassment including workplace bullying and sexual harassment	2	4	8	6	2
Violation of company rules and etiquette	1	3	2	0	0
Labor/management relations	0	2	1	1	1
Others	0	0	0	0	1
Total	3	9	11	7	4

Political Donations

The following donations were made to political organizations from FY2017 to FY2021.
(In millions of yen)

FY2017	FY2018	FY2019	FY2020	FY2021
1.15	1.15	1.18	1.13	1.04

Initiatives

Compliance Month and Compliance Awareness Survey

In Japan, the Nippon Kayaku Group designates October as Compliance Month, during which it conducts a compliance awareness survey.

In the process of aggregating and analyzing the survey results, we identify issues concerning the promotion of compliance in each workplace, provide objective feedback including improvement suggestions and comparisons with other companies, and request corrective action. Based on the feedback, each workplace formulates a Compliance Action Plan for the following fiscal year, implementing the PDCA cycle to raise awareness.

In analyzing the survey results, we have been working with a consultant firm since FY2015.

Compliance Education and Training

The Nippon Kayaku Group holds domestic compliance education and training on different themes every year, and uses regular meetings at business sites to conduct study groups and training based on case studies. The FY2021 compliance training was themed on “Revision of the Guidelines for Handling Whistleblower Complaints / Establishment of the Nippon Kayaku Group Basic Policy on Anti-Bribery.” Most training sessions at Nippon Kayaku take the form of e-learning so that every employee has the opportunity to take the programs being offered. For our affiliates, we primarily offered group training.

Name of training program	Main target	Main themes covered	Training format	Number of sessions
FY2021 Compliance Training	Officers/employees	Guidelines for Handling Whistleblower Complaints / Nippon Kayaku Group Basic Policy on Anti-Bribery	e-learning/group training	1
Workplace Compliance Training	Employees	Insider trading, prohibition of conflicts of interest, harassment, etc.	e-learning/group training	6
Compliance Training	New employees	Compliance basics, Charter of Conduct and Code of Conduct, Compliance Hotline, etc.	Online	2
Compliance Training	New E grade employees	Charter of Conduct and Code of Conduct, harassment, Compliance Hotline, etc.	Online/group training	2
Compliance Training	Expatriates	Charter of Conduct and Code of Conduct, Basic Policy on Anti-Bribery, etc.	Online/in-person	10

Raising Awareness at Overseas Group Companies

Nippon Kayaku's overseas Group companies account for almost half of the Group's sales and more than half of its employees. In particular, our seven Group companies in China have almost 1,000 employees, among whom we crucially need to instill the KAYAKU spirit and our commitment to compliance.

The general managers and ethics officers from our Group companies in China gather annually to hold the Ethics Officer Conference, where they report compliance initiatives and issues experienced at each company, identify problems and discuss what measures should be taken.

Furthermore, the Company's Internal Control Management Division and legal personnel from KSC* work together to hold compliance training for local employees at each company.

We will continue taking into account the situation in each country, and strengthen ties among departments so that we can implement more effective and efficient global compliance activities.



FY2019 training at a Group company in China



* KSC stands for Kayaku (Shanghai) Co., Ltd., a management service company in China.

High Standards of Ethics and Transparency in Pharmaceuticals Business

It is incumbent upon pharmaceutical companies to consistently ensure high standards of ethics and transparency in their business activities, to establish relationships of trust with external stakeholders including medical, dental and pharmaceutical researchers and healthcare professionals, wholesalers, patient groups, etc., and to make efforts to ensure that optimal and ethical medical care is provided from the standpoint of patients.

Nippon Kayaku established the Nippon Kayaku Code of Practice as a standard against which its directors and employees can determine whether their own acts are in keeping with the Japan Pharmaceutical Manufacturers Association (JPMA) Code of Practice. By thus underscoring and firmly sharing our commitment to corporate ethics and compliance, which are the foundation of our business activities, we proceed with our business with a highly ethical mindset in adherence to the code.

▶ [Commitment to Compliance based on Nippon Kayaku Code of Practice](#)

Compliance Hotline for Suppliers

The Nippon Kayaku Group has established a Compliance Hotline for Suppliers to report acts in violation of laws and regulations. Please read items 1 through 5 and seek advice or report an incident via “6. Compliance Hotline for Suppliers” if you wish to do so.

1. Eligible hotline users
All officers and employees of suppliers engaged in business transactions with the domestic Nippon Kayaku Group.
2. When to make a report
When any officer or employee of a Nippon Kayaku Group company in Japan is identified as engaging in, or having the intention to engage in, an illegal or unethical act.
3. Contact for reporting
Ethics Committee administration office, Nippon Kayaku Co., Ltd.
4. Request to hotline users
Hotline users should specify their full name and the name of their company/affiliation. We do accept reports if the hotline user wishes to remain anonymous, but please be advised that this may hinder fact-checking and other investigations and prevent us from offering the hotline user a response, including regarding investigation findings and measures to prevent recurrence.
5. Protection of hotline users
The personal information of hotline users will be used exclusively for matters related to an investigation and other steps necessary to look into the reported incident, and will be handled with the utmost care based on the Company's Personal Information Protection Policy.
6. Reporting method
Reports should be submitted via the [“Compliance Hotline for Suppliers.”](#)

Commitment to Compliance Based on Nippon Kayaku Code of Practice

Establishment of Nippon Kayaku Code of Practice

It is incumbent upon pharmaceutical companies to consistently ensure high standards of ethics and transparency in their business activities, to establish relationships of trust with external stakeholders including medical, dental and pharmaceutical researchers and healthcare professionals, wholesalers, patient groups, etc., and to make efforts to ensure that optimal and ethical medical care is provided from the standpoint of patients.

In 2013, the Japan Pharmaceutical Manufacturers Association (JPMA) established the JPMA Code of Practice for all officers and employees of its member companies to follow in interacting with researchers, healthcare professionals, patient groups, etc., in line with the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) Code of Practice.

Nippon Kayaku established the Nippon Kayaku Code of Practice as a standard against which its officers and employees can determine whether their own acts are in keeping with the JPMA Code of Practice. By thus underscoring and firmly sharing our commitment to corporate ethics and compliance, which are the foundation of our business activities, we proceed with our business with a highly ethical mindset in adherence to the code.

Concrete Initiatives for Ensuring Compliance

Providing Information on Pharmaceuticals and Securing Transparency

The progress of medicine, pharmacy and medical engineering and enhancement of public health are built on our interactions with researchers and healthcare professionals and collaborations with patient groups and other bodies. We need to be accountable for such interactions and collaborations, ensuring that they are conducted ethically and in good faith. To this end, we annually disclose any funding we provide in relation to these acts on our website to ensure transparency of corporate activity information based on our own guidelines created in line with JPMA's "Guidelines for Transparency of Relationship between Pharmaceutical Companies and Medical Institutions, etc." and "Guidelines for Transparency of Relationship between Corporate Activities and Patient Organizations."

Creating, Verifying and Providing Information Materials for Pharmaceuticals, etc.

Information materials play an extremely important role in providing pharmaceutical information to ensure the appropriate use of prescription drugs. Their contents must therefore be based on scientific evidence and created and used in an accurate, fair and objective manner. For this reason, Nippon Kayaku has set forth a Review Procedure in compliance with such laws and regulations as the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (hereinafter, "Pharmaceuticals and Medical Devices Act"), Guidelines for Provision of Sales Information on Prescription Drugs, JPMA Code of Practice and Guideline for Preparation of Product Overview for Prescription Drug, and tasks the Review Committee, which is comprised of expert committee members including in-house medical doctors, with conducting appropriate reviews. In addition, our internal monitoring system keeps activities for the provision of sales information in check and provides instructions to make sure that they do not deviate from the Guidelines for Provision of Sales Information on Prescription Drugs.

Providing Ongoing Education and Training to Employees

To execute ongoing corporate activities with a highly ethical mindset, it is imperative that all our officers and employees become versed in the Nippon Kayaku Code of Practice. In support of JPMA's initiative to promote understanding of its code, we set concrete goals to be pursued by each group and workplace with the aim of optimizing our corporate activities, and regularly implement education and training tailored for each business site.

Roles of Code Compliance Committee in Ensuring Adherence to Nippon Kayaku Code of Practice

Nippon Kayaku has in place the Pharmaceuticals Group Code Compliance Committee (hereinafter, "the Committee") as a body for promoting compliance within the Pharmaceuticals Group, and for building an internal system to ensure our compliance with related laws including the Pharmaceuticals and Medical Devices Act and Antimonopoly Act, government guidelines including the Guidelines for Provision of Sales Information on Prescription Drugs and voluntary industry standards including the Fair Competition Code concerning Restriction on Premium Offers in Ethical Pharmaceutical Drugs Marketing Industry and JPMA Code of Practice.

While striving to promote compliance within the Pharmaceuticals Group, the Committee, pursuant to the Nippon Kayaku Code of Practice, aims to establish and revise the internal operating rules and procedures required for ensuring that our officers and employees comply with related laws and voluntary standards in their interactions with stakeholders, and to make sure that the rules and procedures are widely embraced by all and embedded in the corporate culture.

In the event that a serious violation of any law related to pharmaceuticals, the Guidelines for Provision of Sales Information on Prescription Drugs or any important code occurs, the Committee responds to the incident and discusses and determines measures to prevent recurrence. Moreover, when a violation of any code including the Guidelines for Transparency or noncompliance is identified, the Committee holds a meeting to discuss and determine measures to prevent recurrence.

Ensuring Compliance in Overseas Activities

When providing pharmaceutical information to healthcare professionals overseas or inviting healthcare professionals in Japan to attend lectures and conferences held overseas, or when a subsidiary in an overseas country assigns its non-Japanese licensees or agents to engage in activities in the applicable country based on a licensing or agency agreement, all individuals involved are expected to respect the Nippon Kayaku Code of Practice, and comply with the relevant laws of the applicable country and its pharmaceutical industry association code if there is one, or the IFPMA Code of Practice if there is not.

[Important Issues] Risk Management

Policy and Basic Approach

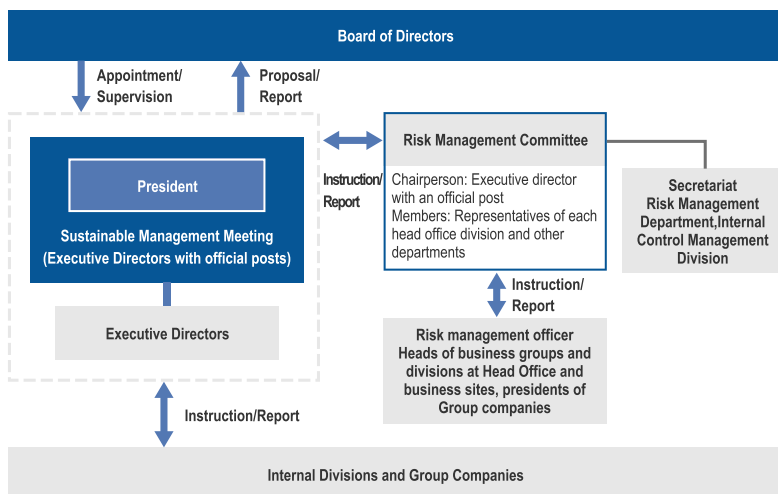
The Nippon Kayaku Group's risk management policy is to address various risks related to its business and secure business continuity by maintaining the production system, procuring appropriate raw materials and strengthening measures against disasters.

To restore our business within a predetermined target time in the event of an emergency such as a disaster, the Head Office and each business division and plant have established their own business continuity plan (BCP) manuals and our overseas business sites are also preparing their own versions of the manuals.

System

Risk Management Committee (twice a year)

The Nippon Kayaku Group has in place a Risk Management Committee chaired by an executive director with an official post appointed by the president and comprised of representatives from each group and division at the Head Office. The committee configures and manages a risk management system to prevent risks that could inflict serious damage on the Nippon Kayaku Group's corporate management and business activities, respond to emergencies and recover from any damage inflicted by a crisis when it comes to an end.



Securing Business Continuity

Risk Control Activities by Business Groups/Divisions and Top Five Risk Control Activities

As part of its risk management initiatives, Risk Control Activities by Business Groups/Divisions and Top Five Risk Control Activities are carried out at the Nippon Kayaku Group.

The former activities involve identifying risks that may exert a significant impact on our business activities from a business management viewpoint at each of the nine business groups and divisions, discussing and implementing countermeasures and conducting a review at the end of March every year.

The latter activities are conducted at plants and laboratories, pharmaceutical branches and sales offices, and Group companies worldwide. Each of the business sites identifies the five most critical risks that might affect their own business operations, discusses and implements measures against them and conducts reviews.

From these two perspectives, we exhaustively grasp and analyze risk trends, hold discussions at the Risk Management Committee and use the outcomes to make management decisions.



Initiatives

Information Security Initiatives

Using the code of conduct for information handling set forth in the Nippon Kayaku Group Charter of Conduct and Code of Conduct, we strive to protect corporate information as part of our daily operations and continuously pursue information security initiatives. We strengthen information security throughout the Company by controlling and monitoring information security across the board on an ongoing basis and devising programs to prevent data leaks and illegal data acquisition by third parties. Based on our Corporate Information Management Regulations, our companywide rule, corporate information managers appointed at each business site draft their own versions of regulations for their respective workplaces. In addition, we work to raise each and every employee's awareness about information security by organizing periodic information security training sessions for all employees and conducting annual information security self-checks.

In FY2021, as in the preceding fiscal year, we worked to clarify the communication and response procedures to be taken in the event of an information security incident, and to enlighten all our employees through training. There were no cases falling under specific complaints concerning customer privacy violation or the loss of customer data in FY2021.

Risk Management Training

The Nippon Kayaku Group implements the Plan, Do, Check and Act (PDCA) cycle continuously so that it can minimize and raise awareness of risks. As part of these efforts, we conduct risk management training for all employees. Also, a separate risk management training session is organized for new hires, newly appointed managers and Japanese expatriate employees being assigned overseas.

Risk Management System

We have established our Risk Management Regulations and BCP Manuals, among others, in preparation for risks that could have a serious impact on corporate activities in an effort to enhance our risk management system.

The Risk Management Regulations were set forth in FY2022 by modifying the Risk Management Manual, which was formulated in FY2000 with the aim of appropriately managing and addressing all kinds of risks surrounding the Nippon Kayaku Group.

Business Continuity Plan (BCP)

Preparing BCP Manuals

Under its policy of restoring business within a predetermined target time, the Nippon Kayaku Group has launched a cross-organizational BCP project, whereby all of our domestic business divisions and plants have compiled BCP Manuals. In addition, the Group is preparing BCP Manuals at overseas business sites in order to respond to global risks.

BCP Training

Ongoing BCP training is critical for organizations to take prompt action in accordance with the BCP Manual. We annually hold BCP training, which is attended by all directors including the president.

In FY2021, we conducted an action simulation training on business continuity at the Pharmaceuticals Group, on the presumption that an earthquake had struck North Kanto. Furthermore, we also implemented a simulation training at our Chinese plant, which involved taking immediate action in a fire and engaging in the ensuing restoration.

We will be holding more BCP drills based on various scenarios.

Fire and Disaster Prevention Training



To be prepared for emergencies, all the business sites and Group companies of the Nippon Kayaku Group hold regular fire drills, disaster drills, BCP drills and emergency communication drills. In FY2021, some business sites carried out simplified group drills on paper in light of the COVID-19 pandemic.

Agrochemicals Business Reporting drill

Our Agrochemicals Business handles such substances as Kayaku Chloropicrin, Dojo Picrin and Chlopic Flow, which have chloropicrin as their active ingredient and are used for fumigating soil when cultivating vegetables to protect them from diseases and insect pests.

In November 2020, we conducted an emergency response dispatch and reporting drill based on the assumption that a truck loaded with Dojo Picrin had overturned on an expressway, resulting in its containers falling off and causing a spill of the substance. While liaising with our partner companies and business sites, the drill participants checked the accident site, sent faxes and arranged for emergency vehicles, and an emergency dispatch team loaded equipment onto the emergency vehicles. All involved engaged earnestly in the true-to-life simulation.



Reporting drill

Takasaki Plant Fire and disaster management activities

Since the Great Hanshin-Awaji Earthquake, increasing capacity to respond to large-scale earthquakes has become an important issue. Given this, the Fire Service Act was partially revised, and the Disaster Prevention Management System was newly established in accordance with the current Fire Prevention Management System. The size of the Takasaki Plant necessitates disaster prevention management, so in addition to the conventional firefighting drill held annually, the plant now holds a drill to prepare for a major earthquake. The plant thus holds a comprehensive fire prevention drill in the spring, and in the fall holds a comprehensive disaster prevention training session based on the scenario of a major earthquake with a seismic intensity of upper 6. All employees participate in both training sessions, in which they are divided into a main team and regional teams, engaging in training for evacuation/guidance, rescue/first aid, communications using satellite phones, liaison, and protection measures.

The Takasaki Plant is surrounded by rivers and forests, which also exposes it to the risk of wild fires. With this in mind, the plant's firefighting brigade conducts fire extinguishing drills, using its own fire truck, along with the drills above. All participants take the drills seriously. With the nearby fire chief visiting to assess and comment on the drill every year, the activities are truly beneficial to all involved.

Furthermore, we offer fire drills using actual fire extinguishers as part of our safety education for new hires, and life-saving training using AEDs during Safety Week in October each year.

Furthermore, following the Great East Japan Earthquake, we have systematically maintained stocks of emergency food (1,000 meals), drinking water and fuel (diesel and gasoline) in preparation for an emergency.



◆ Disaster drill at the Nippon Kayaku Group

/: Unrealized due to lease limitations

-: Not applicable

*: [Comprehensive disaster prevention training] Liaising with competent fire station; training for reporting, evacuation, firefighting, etc.

☎: In possession of IP wireless transceiver

Business site / Company name	Comprehensive disaster prevention training*	Early-stage firefighting training using extinguishers and hydrants; firefighting training	Reporting drill; evacuation drill; satellite phone drill	Earthquake/flood simulation training	First-aid training; AED training	Lectures or study sessions	Spillage response training; sandbag placement training
Head Office, Nippon Kayaku	●	●	●☎	●	●	●	-
Fukuyama Plant	●	●	●☎	●	●	●	●
Asa Plant	●	●	●☎	●	●	●	●
Tokyo Plant	●	●	●☎	●	●	●	●
Joetsu Plant	●	●	●☎	●	●	●	●
Takasaki Plant	●	●	●☎	●	●	●	●
Himeji Plant	●	●	●☎	●	●	●	●
Kashima Plant	●	●	●☎	●	●	●	●
Tokyo R&D Administration Office	●	●	●☎	●	●	●	-
MOXTEK, INC.	×	●	●	×	×	●	-
WUXI POLATECHNO OPTICS	●	●	●	●	-	●	●
Dejima Optical Films	×	●	●	×	●	●	-
NIKKA FINE TECHNO	-	●	/	●	-	●	-
Nippon Kayaku Korea	-	/	●	/	/	●	-
NIPPON KAYAKU AMERICA	-	/	●	/	●	●	-
Euro Nippon Kayaku	-	-	●	-	-	×	-
KAYAKU CHEMICAL (WUXI)	●	●	●	×	●	●	×
KAYAKU Advanced Materials	●	●	●	-	●	●	●
WUXI ADVANCED KAYAKU CHEMICAL	●	●	●	●	●	●	●
Shanghai KAYAKU International Trading	-	●	●	-	-	●	-
NIPPON KAYAKU FOOD TECHNO	●	●	●	●	●	×	-
Tumor Diagnosis Support	-	/	●	/	/	×	-
Taiwan Nippon Kayaku	●	●	●	-	●	●	-
Kayaku Safety Systems Europe	●	●	●	-	●	●	●
Kayaku Safety Systems (Huzhou)	●	●	●	-	●	●	●
Kayaku Safety Systems de Mexico	●	●	●	-	●	●	●
Kayaku Safety Systems Malaysia	●	●	●	-	●	●	●
Nishiminato Driving School Corporation	/	●	●	×	×	×	-
Okiura Golf Center	-	●	●	×	●	×	-
Kayaku (Shanghai)	-	●	●	-	-	●	-
Japan Human Resources Medical Science Research Institute	●	●	●	●	●	●	-
Wako Toshi Kaihatsu	●	●	●	●	●	●	-
Kowa Sangyo	●	●	●	●	●	●	●
Gunnan Sangyo	●	●	●	●	●	●	●
Kayaku Japan (Head Office)	●	●	●	●	●	●	-
Kayaku Japan (Asa Plant)	●	●	●	●	●	●	●

Intellectual Property

Encouraging the Development of Intellectual Property

Nippon Kayaku develops and utilizes intellectual property to produce useful products, thereby building its businesses and contributing to society at the same time. To encourage our employees to produce intellectual property, we have established programs to compensate employee inventors and award them for their inventions.



1. Performance Compensation and Lump-sum Reward Programs for Employee Inventors

We provide “a reasonable amount of money or other economic benefits (reasonable benefits)” to employee inventors each time a patent application is made, as stipulated under Article 35, paragraph 4 of the Patent Act. In addition, when a patent for an invention made by a current or retired employee has contributed to sales, we provide performance compensation equivalent to a certain percentage of sales or royalties for each business year. This program was initiated in 1963, and has been implemented pursuant to our Regulations for Employee Inventions, etc., which have been revised every time the Patent Act was amended.



Employees whose patents have made a particular contribution to sales are eligible to receive a lump-sum reward in addition to performance compensation, which incentivizes the development of intellectual property.

2. Early Contributions to Financial Performance

Even for patents pending, employees can receive compensation commensurate with the degree of contribution their invention has made to the financial performance of our Group. This particular program was initiated in 2005 to properly recognize inventions of products with a comparatively shorter life cycle, and serves to complement the aforementioned performance compensation program. Providing sales-based compensation for patents yet to be registered is a progressive system that operates in a forward-looking manner.

3. Award Ceremony for Inventors

At the Company-wide Research Presentation Conference held every year, a commendation ceremony is held for employee inventions that have been patented or are patent pending where distinguished inventors are presented with monetary prizes and awards. These awards include the R&D Director’s Award presented at the recommendation of each laboratory head, the Patent Application Award for inventors who have applied for a high number of patents, and the Best Invention Award granted in recognition of highly advanced technological innovations and patent specifications of an exceptional quality. Award recipients deliver presentations to help encourage inventions by other employees.

Number of Patents Granted / Number of Patents Applied for

