

## Promoting Responsible Care

### Message from the Executive Director in Charge

At every stage of the product life cycle, from procurement of raw materials to production, distribution, use and, finally, disposal, the Nippon Kayaku Group considers the environment, safety and product quality in order to supply society with the best products, technologies and services that bring true delight to people's lives.

When it comes to business activities, our motto is: "Safety trumps everything else!" It means that not only is the safety and health of every employee a given, but that we work towards grasping and reducing risks that come our way, and preventing accidents and hazards. To that end do we not only provide periodical education and training to our employees, but anticipate the potential dangers associated with everyday work and the handling of chemical substances, and guarantee workplace safety by devising measures to forestall such dangers.

The unified quality control system we operate, with headquarters and plants working as one, allows us to continually strengthen our everyday quality improvement activities, take preventative steps against product and process abnormalities, and simultaneously improve customer satisfaction.

As part of our response to climate change - a **KV25** Materiality Issue in our **KAYAKU Vision 2025** Medium-term Business Plan - April 2024 saw us fix our Medium-term Environmental Targets towards achieving carbon neutrality by the year 2050. Accepting that the world has become yet more eco-conscious means further accelerating our carbon-neutrality-themed initiatives; 2020 saw us revise our standards from those geared towards achieving a 2°C warming scenario to those aimed at a 1.5°C scenario. In terms of Scope 1 and 2 greenhouse gas emissions from our business activities, we are aiming for a 46% reduction on 2019 levels, and for carbon neutrality by 2050.

Going forward, we will see the Nippon Kayaku Group unite behind Responsible Care Activity promotion as we strive to develop in tandem with our employees, customers, suppliers, shareholders, investors and all our stakeholders.

Yasuhito Kato  
Senior Director  
In charge of Technology Unit



## Policy and Basic Approach

### Our Declaration on the Environment, Health, Safety and Quality

Under the twin spirits of KAYAKU and Responsible Care, we have fixed our "Declaration on the Environment, Health, Safety and Quality," which is geared towards guaranteeing environmental protection, safety and health, while maintaining and improving product quality. We shall show a united front in promoting these activities, and this declaration shall apply to every employee working for the Nippon Kayaku Group, including temp staff and subcontractors.

#### Our Declaration on the Environment, Health, Safety and Quality

Established: 1995-11-07

Revised: 2017-05-22

Revised: 2024-01-31

We, the Nippon Kayaku Group, based on the **KAYAKU spirit** of "Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences," shall conduct business as a company which contributes to the achievement of a sustainable society that "safeguards the life and health of consumers and supports comfortable living."

#### ◆ 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 prevent pollution, protect biodiversity, and conserve the environment by promoting reduction and proper disposal of waste, reduction of resource consumption (of energy, water, and raw materials), and Climate change measures (toward reduction of greenhouse gas emissions).
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 disasters, 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.

January 31, 2024  
Nippon Kayaku Co., Ltd.  
President and Representative Director

\* Responsible Care: Refers to companies which either produce or handle chemical substances proactively taking measures which show consideration for the environment, safety and health, in every process extending from development, sale and use to disposal. Since its launch in Canada in 1985, Responsible Care has gained prominence worldwide, not least in Japan.

## Responsible Care Policy

With a common recognition of “Safety trumps everything else,” every Nippon Kayaku Group company is working together on preventing accidents and hazards that impact the environment and safety, faithfully observing local laws both inside and outside Japan. Furthermore, in order to make the **KAYAKU spirit** a reality, our companies are progressing their Responsible Care Activities with the aid of all Group employees in line with the Declaration on the Environment, Health, Safety and Quality.

The Nippon Kayaku Group’s Responsible Care Policy has served as the base for the policies we should continually pursue since FY2019. Such policies include promoting safety and health activities with a focus on rooting out unsafe actions through 30-second patrols and fixed-point inspections; promoting Core Environment, Safety and Health Diagnostic Checks centered upon risk management; and drawing up decarbonization-based targets with an eye on achieving our Medium-term Environmental Targets by FY2030. Progress on the above is confirmed in conjunction with domestic Group companies on an annual basis. A key item added to our policy for FY2024 concerns the establishment of diagnostic checking methods related to the Occupational Safety and Health Act and the partly-revised regulations within.

Going forward, the Nippon Kayaku Group aims to continue advancing its Responsible Care Activities in line with these policies.

### This Year’s Nippon Kayaku Group Responsible Care Policy

#### ◆ (Targets)

- Serious accidents and hazards: 0
- Serious environmental accidents: 0
- Serious traffic accidents: 0

#### ◆ 1. Key Responsible Care Issues

- Total Group Scope 1+2 CO<sub>2</sub> emissions to exceed no more than 111,838 tons (Groupwide) (Total Group CO<sub>2</sub> emissions to fall at least 15% from FY2019 levels)
- Conformity with the 1.5°C warming scenario targets (further clarification of our reduction story)
- Domestic zero-emission rates of 1% or less
- Promotion of strengthened 30-second patrols and fixed-point inspections (revitalization of activities through situational visualization)

#### ◆ 2. Promoting Initiatives for Zero Serious Accidents and Hazards

- Promotion of both risk management and the checking methods underscored in the revised Occupational Safety and Health Act
- Horizontal expansion of heatstroke prevention measures
- Examination and selection of an AI-based Hazard Source Estimation System

#### ◆ 3. Improvements to the Workplace Safety and Health Environment

- Appropriate application of the revised Occupational Safety and Health Act
- Promotion of organizational stress-check analysis to grasp high-stress workplaces and take follow-up action
- Appropriate operation of our health check database
- Promotion of health check management
  - Over 20% health check take-ups due to Specific Health Guidance
  - Over 50% participation in health events

### ◆ 4. Promoting Activities aimed at Achieving Environmental Goals

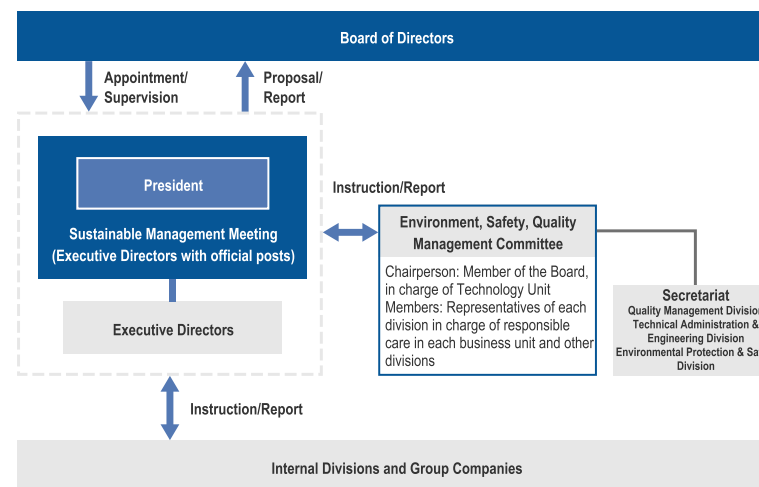
- Improved practices for climate-change-related disclosures to external sources
  - Clarification of risks and impacts, and the setting of targets for TNFD disclosures
  - Quantification of TCFD risks (flooding) and proposals for future measures
- Appropriate operation of a cloud-based environmental data aggregation system (groupwide)
- Every business site to aim for a 3% annual reduction in Scope 1+2 CO<sub>2</sub> emissions (a groupwide challenge, not a binding target)
- Bolstering the system for calculating individual product emissions (exploring potential systems)
- Plastic waste recycling rates of 80% or more; final disposal rates of 1% or less

## System

Our Group’s Responsible Care Activities are coordinated by the Committee for Environment, Safety and Quality Management, set up as an advisory body to the Sustainable Management Meeting chaired by our President.

This Committee is comprised of persons in charge of Responsible Care Activities from each business unit, as well as managers from each section of our General Administration Department, which is unattached to any business units. The Committee’s remit is to discuss the status of Responsible Care-based activities as well as any problems arising from them and how to respond, and to deliberate policy proposals for the next financial year and for the resolution of climate-change related matters. The results of its discussions are reported to the Sustainable Management Meeting.

Our Environmental Protection & Safety Division, meanwhile, conducts Core Environmental, Safety and Health Diagnostic Checks of each business site and group company as an organizational activity, and reports the results to the Committee for Environment, Safety and Health Management.



## Responsible Care Audits

### ◆ Basic Approach

Based on the Annual Responsible Care Plan, the Nippon Kayaku Group conducts internal audits of each business site and a section of Group companies in the form of Core Environment, Safety and Health Diagnostic Checks.

These diagnostic checks represent a structure for ascertaining whether business activities are indeed showing due consideration to the environment, safety and health, and promoting improvements in response to problems detected. Specifically, these Checks involve inspecting items related to Responsible Care, environmental conservation, disaster prevention, distribution safety, biodiversity, occupational safety, compliance, proper health management, and management of chemical substances, and providing relevant improvement advice and suggestions. By enabling us to prevent compliance violations and unjust or erroneous practices, and devise improvements in the fields of the environment, health and safety, these diagnostic checks help to build, maintain and improve the Nippon Kayaku Group's internal control system.

### ◆ Management System

#### Core Environment, Safety and Health Diagnostic Check Team

Our Team is comprised of Environmental Protection & Safety Division managers (Team Leaders), Environmental Protection & Safety Division members (inspection team and office staff), and Labor Union Head Office staff.

#### Items to be checked

- Status of Responsible Care Activities via the Responsible Care Progress Confirmation Chart
- Implementation status of risk management concerning production processes and high-hazard-risk equipment
- The effects of responses and recurrence prevention measures for past accidents and hazards
- Area inspections (30-second patrols and fixed-point inspections)
- The storage and management situation for chemical substances
- The Environment, Safety and Health system and compliance status for related laws and regulations
- Other necessary items related to Responsible Care

#### Locations to be checked

- All Nippon Kayaku business sites (7 plants, 3 research labs, 2 offices, 3 other bases)
- Domestic Group companies (3 onsite, 1 offsite)
- Overseas (China-based) Group companies (3 companies)

#### Frequency of checks

We conduct diagnostic checks every 1-2 years based on the size of the business site in question and the previous year's inspection results. Depending on inspection result contents and the subsequent situation, we may also stage follow-up checks. (In the event, none were conducted in FY2023).

### Reporting of Inspection Results

We provide inspection result feedback on the following categories.

- Good points: Excellent initiatives which can serve as reference points for other business sites and the rest of the Group
- Points raised: Items carrying risks related to accidents, hazards, environmental incidents, and compliance violations
- Points noticed: Items which demand improvements in initiatives concerned with safety and health, environmental conservation and compliance
- Suggestions: Items which pose no problem at present, but with the implementation of a suggestion or two could deliver even better initiatives in terms of environment, safety and health.

Inspection results are reported to the business site or Group company inspected, related business units, the Environment, Safety and Quality Management Committee, and the Audit Division. In response, the inspected business units and group companies will address any problems discovered by undertaking systematic improvements in the form of PDCA cycles.

### ◆ Targets and Results

#### Core Environment, Safety and Health Diagnostic Check Results (Number of bases inspected)

Business Units examined; Group companies		2022	2023
Plants		7	7
Research labs		2	1
Offices		2	0
Domestic Group companies	Onsite	3	3
	Offsite	1	1
Overseas Group companies*		3	1
<b>Total</b>		<b>16</b>	<b>13</b>

\* Checks for Overseas Group companies have been conducted via an online meeting system involving a Responsible Care Progress Confirmation Chart only.

#### FY2023 Inspection Results (Number of points raised at the 13 bases inspected)

Areas in which points were raised	Responsible Care Progress Confirmation Chart	Risk assessments and others
Good points	14	26
Points raised	5	1
Points noticed	15	39
Suggestions	23	57

## Initiatives

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- > [Environmental Management](#)
- > [\(Key Sustainability Issues\) Reducing Energy Consumption and Greenhouse Gas Emissions](#)
- > [Air Pollution Prevention](#)
- > [\(Key Sustainability Issues\) Reduction of Wastewater and Industrial Waste](#)
- > [Management of Chemical Substances](#)
- > [\(Key Sustainability Issues\) Improving Efficiency of Water Resource Use](#)
- > [Biodiversity](#)
- > [Environmental Accounting](#)
- > [\(Key Sustainability Issues\) Occupational Health and Safety in the Workplace, Health and Productivity Management](#)
- > [\(Key Sustainability Issues\) Quality and Customer Safety](#)