

Human Resources Management

Message from the Executive Director in Charge

Our **KAYAKU Vision 2025** Medium-term Business Plan section of “KV25 Materiality” lists “Work Style Reform” as an important companywide issue and “Retaining/Expanding Employment, and HR Development” as a key sustainability issue. We therefore recognize our “people” as crucial capital in our quest to improve corporate value and help realize a sustainable society.

With the diversity of human resources and working styles increasing of late, individual employee engagement has never been more important in our drive to increase organizational capacity. As such, December 2023 saw us conduct our first ever engagement survey, which revealed gaps between employee expectations and current levels of satisfaction. While on the one hand, employees rated us highly on work-friendly environments, managerial support and workplace unity, on the other hand, they rated us poorly on satisfaction towards systems and treatment, and future prospects. The survey therefore suggested that we are yet to fully become a strong organization capable of defeating marketing competition, and that there is room to improve organizational culture and systems.

We take these survey results seriously, and will tackle the issues raised by, firstly, getting management to show that things are changing, and by uniting the efforts of our executives, the Human Resources Division (via our M-CFT: M-5 Work Style Reform Team*), and every business site.

Looking ahead, we will continue pouring energy into creating an organizational culture and workplace in which employees with various differing values mutually respect one another, work with real vitality, demonstrate their various abilities, and ultimately succeed. You can look forward to seeing our results!



Makoto Takeda
Member of the Board
Managing Director

* M-CFT (Materiality Cross-sectional Team)

The M-CFT is a cross-cutting team composed of members selected from multiple departments which is tasked with resolving companywide management issues. Through companywide projects does it seek to instill consciousness of initiatives on companywide issues and speed up the resolution of those issues.

Policy and Basic Approach

Human Resources Development Policy

Through implementing sustainable management under our **KAYAKU spirit** corporate vision are we aiming to create environmental, social and economic value, contribute towards a sustainable society, and increase corporate value.

In order to make the **KAYAKU spirit** an everyday reality, we have decided upon the following HR development policies.

- Autonomous HR development that people can pursue at their own initiative, to improve creativity and expertise
- Bold and challenging HR development without fear of failure in response to environmental change
- Globally-oriented HR development allowing for employees to play active roles on the global stage

To achieve our policy aims, we promote stronger HR development through various education programs, including group sessions for each employee level, education for specially selected employees, and E-learning.

Internal Environment Preparation Policy

By providing a comfortable working environment conducive to employee health are we aiming to improve both productivity and employee satisfaction levels. We are placing real importance on upping employee engagement through creating a workplace climate in which employees can empathize with the **KAYAKU spirit**, enter relationships of mutual trust with management, and go about rewarding work with real vitality.

Our human resources system has seen us introduce the concept of “Position Class,” which seeks to remove age, gender, career, academic record, and nationality considerations from the job allocation process. For managerial appointments, meanwhile, we have introduced a system which allows employees to voluntarily stake a claim for such positions, with criteria assigned to the relevant roles and responsibilities.

Our HR Development system also seeks to support employees with a get-up-and-go spirit towards learning and self-improvement, thereby promoting autonomous development and helping individuals pursue myriad career paths which align with their various wishes.

System

Discussions, status report summaries and evaluations on human capital management are conducted by the Group’s Sustainable Management Committee, chaired by the President. The results of such meetings are reported to the Board of Directors, who fulfil the monitoring and supervisory roles within our HR Development System.

Indicators

Initiatives to Promote More Active Roles for All Employees: Action Plan 3

We aim to achieve a sustainable society and increased corporate value by creating a workplace climate as rewarding as it is work-friendly, and by ensuring employee diversity without regard for age, gender, academic record, nationality or disability considerations. To that end, we have fixed the following action plan.

◆ 1. Period Covered

2024-04-01 to 2026-03-31 (2 years)

◆ 2. Our Company Issues (Extracted from items which should be publicly disclosed according to the Act on the Promotion of Women's Active Engagement in Professional Life)

- The proportion of female workers recruited is low
- The proportion of female subsection chiefs is low
- The proportion of women in managerial roles is low
- The proportion of women in executive roles is low
- There are few examples of women switching occupations (their work roles are limited)
- Disparities exist between male and female wages
- Take-up rates for paternity leave are lower than those for maternity leave
- Take-up rates for paid leave among managers and men are low

◆ 3. Targets

- 1) At least 10% of E-Class managerial roles to be filled by women
- 2) To maintain paid leave take-up rates of at least 70%

◆ 4. Initiative Details and Implementation Timings

- 1) The drive towards having at least 10% of E-class managerial roles filled by women
 - ① The E-class managerial appointments system will see women selected from each business site
 - Candidates are to be selected from their business sites in August 2024
 - The run-up to that will see a panel discussion held on the above, featuring female E-class managers, with the period to reform organizational thinking set for June-July 2024
 - ② Conducting systematic development guidance sessions to increase applicant numbers for E-class management positions
 - Conducting careers training sessions for selected participants, confirming their intentions via interview and reviewing job contents
 - Initiative commenced in June 2024 and to be linked to better results for initiative ① in FY2025
 - ③ Working towards improving the proportion of female workers being recruited
 - Initiative commenced in June 2024, ahead of the FY2025 Recruitment Plan
 - ④ Examining possible expansion of the work-from-home system to help employees better balance their home and work activities
 - Possible expansion to new workplaces and job categories
 - Possible expansion to five days per month for childcare, nursing care, or fertility treatment purposes
 - Exploration of the above commenced in June 2024

2) Initiatives to maintain the paternity leave take-up rate at 70% or higher

- ① Getting management and male employee paid leave take-up rates to 70% or higher
 - Drawing up a "Five Days or More" Paid Leave Take-up Plan and sharing that plan within workplaces (The Plan also includes Anniversary Leave and will be released to each department by October 2024)
- ② Exploring a possible increase of Paid Leave Promotion Days for each business site
- ③ Systematically adding to annual paid leave
- ④ Making use of internal company bulletins and the intranet to call for periodical promotions of paid leave
 - Initiatives ② and ④ to run from September 2024

Performance Report (FY 2023)

Action Plan for Next-generation Development Support Measures

Based on the Act for Measures to Support the Development of the Next Generation, Nippon Kayaku is promoting various initiatives under the action plan described below which aim for an employment environment designed to help employees balance work with childcare commitments, and to create a work-friendly environment for employees not engaged in childcare.

The details of the plan have been shared with labor unions, released outside the company, and diffused to all employees via the company intranet.

Next-generation Development Support Measures: Action Plan 4

To create a comfortable workplace environment which allows employees to demonstrate their ability and strike a balance between work, life and childcare, we have drawn up the following action plan.

◆ 1. Period Covered

2022-04-01 to 2025-03-31 (3 years)

◆ 2. Plan Contents

Target 1: Preparation of a workplace environment which helps childcaring employees strike a work-life balance

(Specific details of initiatives)

- Lifting male employee take-up rates of childcare leave to at least 30%
- Lifting male employee combined take-up rates of childcare leave and "leave with a view to childcaring" to at least 50%
- Supporting employees planning to give birth with their pregnancy, childbirth, return to work, and balancing of work and childcare duties through individual interviews, etc.
- Instructing the managers of employees planning to give birth about the types of work they should consider assigning, and equipping them with basic knowledge of such matters
- Setting up a specialist committee comprised of both employee and management representatives to examine the implementation of new measures and action plan contents

Target 2: Preparation of a support system for pregnant and postpartum employees

(Specific details of initiatives)

- Setting up a consultation service
- Adding a section to the Human Resources Department Homepage dedicated to providing necessary information on pregnancy, childbirth and postpartum matters.
- Setting up education and training on childcare matters geared towards management audits
- Exploring the introduction of an awards system for model workplaces
- Publishing and sharing actual employee experiences of childbirth and childcare leave in internal company bulletins

Target 3: Review working practices; prepare more diverse working conditions to contribute to a better work-life balance; create a comfortable working environment

(Specific details of initiatives)

- Working towards a reduction in overtime hours
- Setting up No Overtime Days
- Setting up Paid Leave Promotion Days
- Promoting take-up of Anniversary Leave as part of overall paid leave promotion efforts

Target 4: Next-generation development support measures at a local community level

(Specific details of initiatives)

- Welcoming local children for tours of company facilities
- Setting up a young person's internship program
- Exploring the possibility of Children's Observation Days

Progress Report (FY2023) **Initiatives****Policies on Human Capital Management**

1. [Setting up an engagement survey](#)
2. [Promotion of diversity, equity and inclusion](#)
3. Applying a talent management system (building human resources portfolios, [performance evaluations](#) etc.)
4. Reviewing the human resources wages system (Position Class System)
5. Reviewing the managerial appointments system (injecting speed; organizational culture of challenging and creating value)
6. Employee Retention Policy (exit interviews; lowering employee turnover)
7. Boosting internal company education ([Nippon Kayaku Business Academy](#), eradication of harassment, unconscious bias training etc.)
8. [Promotion of globally-active human resources](#)
9. Implementing various systems and measures ([working hours system](#), creating a workplace with high levels of psychological health)

- > [\(Key Sustainability Issues\) Maintaining and Expanding Employment, Developing Human Resources](#)
- > [A Comfortable Working Environment](#)
- > [\(Key Sustainability Issues\) Occupational Health and Safety in the Workplace, Health and Productivity Management](#)
- > [\(Key Sustainability Issues\) Respect for Human Rights](#)