

(Key Sustainability Issues)

Maintaining and Expanding Employment, Developing Human Resources

Policy and Basic Approach

> [Human Resources Development Policy](#)

Our Approach to Diversity

In order to become a company which brings happiness and delight to society under the **KAYAKU spirit** corporate vision, we believe it is vital to have a workplace environment that accepts diversity and a diverse range of opinions and ideas. As such, we place importance on the diversity of our organization, based on acceptance of, and mutual respect for, one another regardless of sex, age, nationality, ethnicity, religion, disability, skin color, culture, ideas, convictions, political opinions, and sexual orientation. We are also working to guarantee diversity through a structure which offers equal opportunities to all employees with respect to recruitment, advancement, promotion, treatment and education. Through such initiatives do we aim to guarantee human resource diversity and, through mutual acceptance of that diversity, foster a comfortable and rewarding workplace environment through promotion of free and open discussion, thereby increasing employee engagement.

System

Our employees are the principal force behind our quest to realize the **KAYAKU spirit**, and as such we wish to equip them with both pride and confidence as they fulfil their various roles. We have therefore introduced and firmed up a human resources system that assigns work and treats employees without regard for age, gender or educational background. Furthermore, securing a competitive advantage requires the creation of an environment in which each of our diverse human resources can demonstrate their various abilities to the full, therefore making it extra important for us to ensure diversity among our managers, the core human resources who support our company leaders. We have already introduced a promotion system which enables women and mid-career hires to challenge for managerial posts of their own volition, and will continue to work on diversification and development of core human resources going forward.

Indicators

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2023 Initiative-related Topics
					FY2022	FY2023	
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 	Percentage of female employees in management posts*	(Non-consolidated) 10% or higher	(Non-consolidated) 9.0%	(Non-consolidated) 8.8%	<ul style="list-style-type: none"> We have encouraged more women to challenge for managerial positions through promoting both training aimed at female managers and participation in career-support sessions. From the first conversations about work contents to the preparation of the workplace environment, we have incorporated specialist support in our quest to promote employment for people with disabilities and widen their job opportunities. Going forward, with one eye on future increases in statutory employment percentage rates, we will further expand work opportunities for the disabled, and establish a fixed support system as we advance our workplace preparations to help disabled employees succeed.
			Percentage of employees with disabilities	(Non-consolidated) Achieve legal minimum employment rate	(Non-consolidated) 1.98%	(Non-consolidated) 1.93%	
			Amount invested in education and training per employee	(Non-consolidated) Disclose results	(Non-consolidated) 83,002 yen/person	(Non-consolidated) 76,565 yen/person	
			Training hours per employee	(Non-consolidated) Disclose results	(Non-consolidated) 14.9 hours	(Non-consolidated) 17.7 hours	

* Targets for the end of FY2024

Initiatives

Training System

People are the nucleus of our organization. Only people can provide the driving force behind the manufacturing of products which bring value to the world's citizens. Having surpassed a century in business, we are now working to develop the human resources to carry Nippon Kayaku through its next 100 years.

◆ Training Program

We have prepared a number of employee training programs tailored towards job-type and company level with a view to developing outstanding human resources who can carry the next generation.



A training session

◆ Compulsory Programs

Our compulsory training programs for employees with different jobs, company levels and abilities include those for: new hires, post-first-year, post-third-year, fifth year and mid-career. The aim is to help employees recognize changes to their roles and abilities, put this increased awareness into practice, and support them in taking that next step forward.

◆ Voluntary Programs

We also have myriad voluntary programs geared towards individual and job characteristics which support employees in their quests to self-improve through acquiring new business skills and boosting problem-solving capacities.

◆ Next-generation Managers Development Program

We are aiming to train up the next generation of company managers through our selection-based programs for next-generation leaders, next-generation management candidates and senior management candidates.

The year 2000 saw us establish the Nippon Kayaku Business Academy to help us unearth and develop our next management generation. In FY2023, the Academy welcomed 23 students selected from each business unit and the General Administration Department. Each month saw them attend lectures by both Executive Directors with Official Posts and External Directors, participate in training workshops, and receive online lectures on a curriculum tailored to their individual levels and requisite skills. In total, the students spent a full year studying management perspectives.

Name	Nippon Kayaku Business Academy (Abbreviated to: NBA)
Objective	To develop the next generation of Nippon Kayaku Group management candidates through fostering a managerial mindset under the KAYAKU spirit and equipping our students with the practical skills to set management policies based on perceiving the future, strategic planning and scenario planning.
Aimed at	Managers in their 30s and 40s
Supervised by	Corporate Planning Division, Human Resources Division

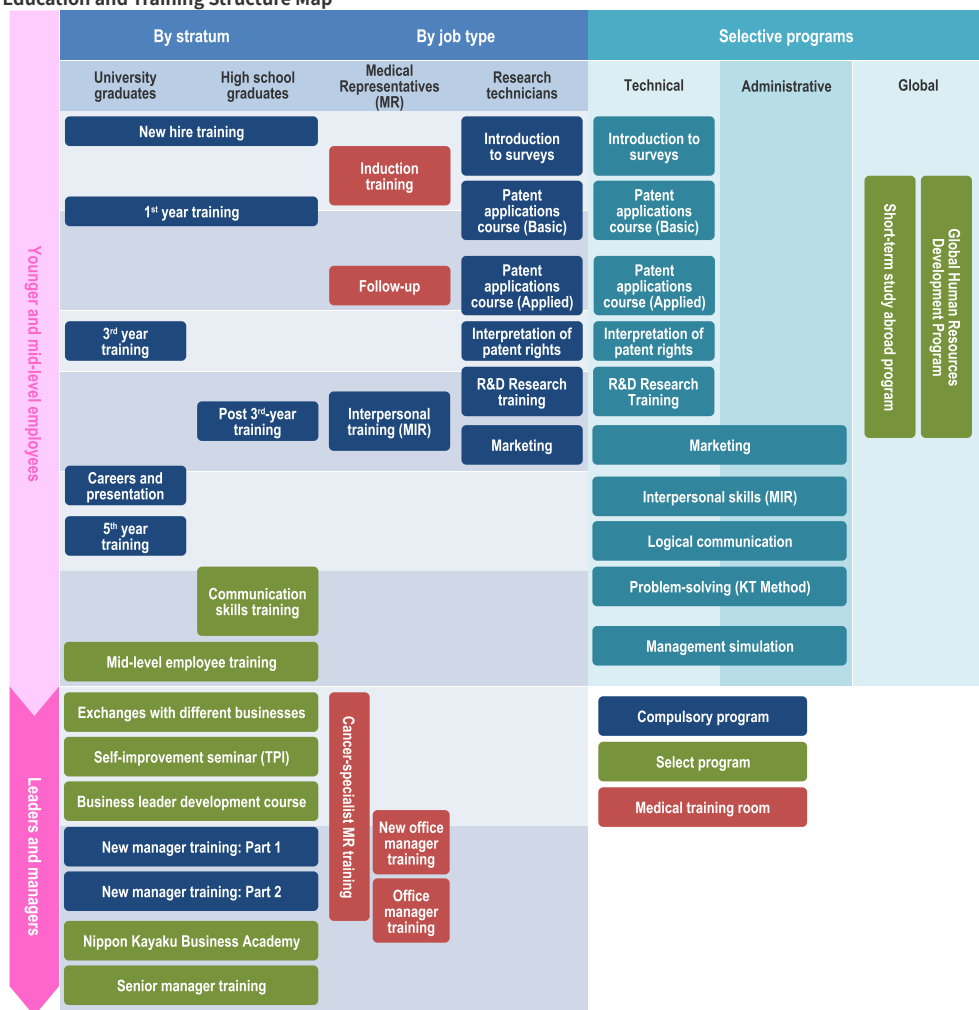


A lecture from President Wakumoto



A lecture from Outside Director Ota

Education and Training Structure Map



◆ HR Department Training Programs for FY2023

Compulsory Program

Title	Contents	Number of days	Attendees
New Hire Training	Induction training for new graduate hires Internal company rules, business outlines, business skill education	13	88
Post-1st year Training	Improving business execution capabilities; confirming relevant issues and fixing action plans for voluntary career progression	10	87
3rd-year Training	Improving business execution capabilities; fixing a career action plan to aid constant delivery of results as a core organizational member	6	61
Careers and Presentations	Introducing one's career progress since joining Nippon Kayaku and engaging in lively discussion with fellow entrance classmates and other company colleagues	2	25
5th-year Training	Learning methods to enhance autonomy and ways of demonstrating influence that can be used to shape one's future career	2	26
Stronger Communication Skills Training	Planning how to improve the communication abilities needed to proactively move one's work along within the organization as a mid-level employee	3	17
Mid-level Employee Training	Recognizing the importance of voluntarily responding to the roles and changing expectations of mid-level employees, and utilizing this to progress one's career	4	66
Year-round Recruit-Oriented HR Training	Induction training for mid-career hires Internal company rules, business outline education	1	20

Voluntary Program

Title	Contents	Number of days	Attendees
Seminar on Improving Interpersonal Skills	Gaining the skill of adapting to other people's communication styles	2	15
Problem-solving Skill Improvement Training	Gaining knowledge of the necessary rational thinking processes behind accurate judgments and problem-solving	3	15
Marketing Training	Gaining knowledge of marketing frameworks and analysis methods	2	19
Logical Communication Training	Improving information-exchange skills based on logical thinking	2	19
Management Simulation Training	Gaining understanding of management indicators and knowledge of business management processes	3	14

Next-generation Manager Development Program

Title	Contents	Number of days	Attendees
Business Leader Training Course	Developing reformist leaders overflowing with entrepreneurial spirit who act while anticipating the future	3	20
New Manager Training: Part 1	Induction training for new managers Gaining the skills and knowledge demanded by the role	2	43
New Manager Training: Part 2	Induction training for new managers Gaining management and communication skills	2	42
Nippon Kayaku Business Academy (Held in alternate years)	Aimed at the next generation of managerial candidates Fixing management strategies based on future insights, strategies and scenario planning; gaining necessary business management skills and fostering a managerial mind	12	23
Senior Management Candidates (Held in alternate years)*	Aimed at future senior management candidates Learning about leadership, business management capabilities and management literacy	4	-

* Not held in FY2023

Human Resources Development

Indicator	Covering	Unit	2019	2020	2021	2022	2023
Training hours per full-time employee	Non-consolidated	Hours	-	14	13	15	17.7
Total training hours	Non-consolidated	Hours	-	29,156	27,092	31,045	37,465
Amount of investment in education and training per full-time employee	Non-consolidated	Yen	76,122	35,706	66,606	83,002	76,565

Human Resources Assessment System

Nippon Kayaku's human resources assessment system is chiefly based on a performance assessment. This assessment, which covers every employee, begins with the assignment of work commensurate with each person's role and responsibility at the start of every financial year. While implementing their tasks, each employee will determine their annual work targets in meetings with their superior, and work towards those targets over the course of the financial year. The employee will then confirm progress with their superior at a Mid-term Results and Target Achievement Status Meeting held once every six months. Finally, with the coming of the new financial year, both employee and superior will review and assess the previous year's performance, and set targets for the year ahead. The results of these reviews will be reflected in employee bonuses.

In addition to a performance assessment, the human resources evaluation system for non-managers is comprised of two further parts: a challenge assessment and a process assessment. The former assesses the targets the employee has voluntarily set, while the latter assesses the process by which they achieve those targets.

Our overall aim is to increase employee work-motivation and engagement through assessing not only targets and degrees of achievement but the processes for getting there, thus linking company growth to the personal growth of the employee, and aligning the former with the self-actualization of the latter.

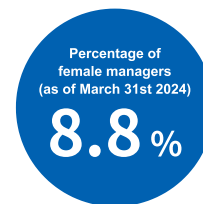
Career Support

So that we may flexibly respond to the dramatic changes in the business management environment, and with the aim of finding the right people for the right jobs by matching those with the proactive willingness and ability to perform with the workplaces most in demand of them, we have opened up our recruitment process to external applications. By offering challenging opportunities to the employees who desire them, we thereby promote career autonomy, support employee career progression, and connect that to improved work engagement.

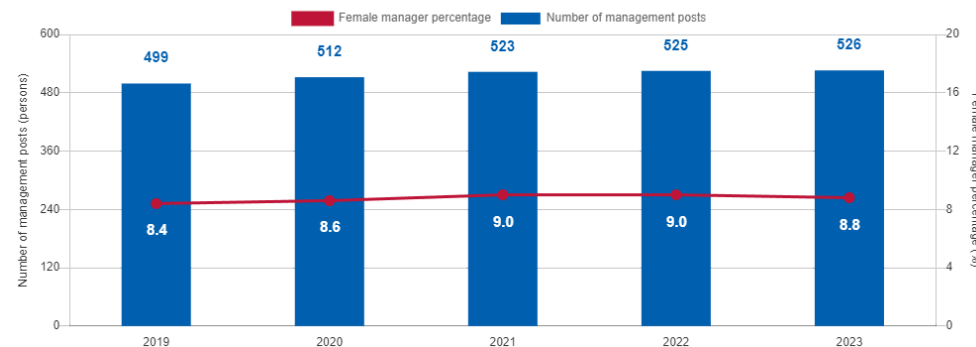
Support for Enhanced Roles for Diverse Human Resources

◆ Promotion of Enhanced Roles for Women

We view the appointments of women to managerial roles as a key result of our diversity-promotion initiatives. By laying on training sessions aimed at female managers and offering career support, we are encouraging women to challenge for management positions. As of end-March 2024, the percentage of managerial posts held by women stood at 8.8% (having reached 9% in the previous financial year). We will now step up our efforts to boost this figure to 10% by the end of the current financial year.



Trends in Female Manager Percentages (Nippon Kayaku only; secondees excluded)



Activities to Promote Enhanced Roles for All Employees

- > [Action Plan](#)
- > [Performance Report](#)

◆ Supporting Enhanced Roles for Employees with Disabilities

We are also engaged in employment initiatives for those with disabilities, and as of end-June 2023, could count 45 employees with disabilities among our workforce (a disability employment rate of 1.93%). With the comprehensive backing of a consulting company, FY2023 saw us provide dedicated support to disabled applicants throughout the recruitment and post-recruitment process at both our Asa Plant and Tokyo R&D Administration Office. This marked the start of our drive to boost numbers of disabled employees. Society demands that we take proactive steps to recruit people with disabilities. As part of our response, we have forged links with a specialist support school in order to continually recruit people with intellectual disabilities. In addition to meeting the statutory requirements as a matter of course, we are continually working on preparing environments in which disabled employees can feel rewarded and empowered to energetically demonstrate their skills, and have access to expanded career options.

Percentage of Employees with Disabilities

Indicator	Covering	Unit	2019	2020	2021	2022	2023
Percentage of employees with disabilities*	Non-consolidated	%	1.97	1.90	1.99	1.98	1.93
(Legal minimum employment rate)		%	2.2	2.2	2.3	2.3	2.3

* Data is as June 1 in each year.

◆ Supporting Enhanced Roles for Employees over the Statutory Retirement Age (Senior Partners)

Our current system for reemployment of employees who have reached the company retirement age (Nippon Kayaku Senior Partner System) was introduced in April 2006. The purpose is to give post-retirement-age employees of sound mind and body and with the desire to work a chance to continue fulfilling company roles by making ample use of the knowhow and experience they have cultivated over their long careers. We ask each individual to name their preferences as to work location, work contents and working style, and are pleased to report that since the system came in, almost 100% of applicants were employed on the terms they desired. Most of these applicants then went on to serve us until 65.

Rehiring of Retired Employees

Indicator	Covering	Unit	2019	2020	2021	2022	2023
Rehiring of retired employees	Non-consolidated	Persons	61	42	22	29	30
Rehiring rate of retired employees	Non-consolidated	%	89.7	95.4	84.6	85.2	85.7

◆ Global Human Resources Exchanges

One of our diversity promotion initiatives is to ensure that not only Japanese employees but local staff in our overseas Group companies can play bigger roles in a global environment. Through our Global Human Resources Development Program are we offering “bottom-up” foreign language training to younger employees and equipping our mid-level employees with better ability to drive their work forward on a global stage. By thus raising language skills and adaptability to foreign cultures are we working on developing human resources with global perspectives who can take on international roles. We are also vigorously promoting personnel exchanges between overseas Group companies and Japanese business bases as part of our solid system for helping employees experience all kinds of foreign cultures and business environments.

Topics: Safety Systems Business Unit Initiatives

As over 70% of our Safety Systems Business Unit’s sales come from overseas, we can well predict that the future will bring further overseas interactions. From FY2023, we have welcomed personnel from overseas Group companies into our Japan set-up in order to develop human resources who can play active roles in the global market. The aim is for these personnel to systematically gain experience of strategic thinking, organizational operation and principal project tasks in a global business setting, boost their foreign language communication skills, and acquire adaptability to foreign cultures. While the Japanese side can hear directly from voices on the ground in overseas business locations, visiting overseas personnel can gain insights into head office values and working processes, and bolster their people networks before returning home and serving as bridges between Japan and overseas Group companies. Our policy going forward is to deliver yet more complete and effective domestic and overseas training programs that can be used by a wide range of employees.



◆ Business Unit Initiatives

Mobility & Imaging Business Unit

KMY Research Students Visit our Premises

Our Safety Systems Head Plant is currently welcoming research students from Kayaku Safety Systems Malaysia (KMY) for training on equipment and production techniques. Although cylindrical inflators are made at the Safety Systems Head Plant at present, we are planning to make capital investments and transfer technology over to Malaysian manufacturing bases as part of efforts to establish a global supply system and target promising markets.



DOJO Classroom Installed

Since FY2018, education and training sessions for employees have been held in the Safety Systems Head Plant's training hall (DOJO). The DOJO sees instructors make use of printed materials with simple and easy explanations of safety and quality rules (what to do) and prohibited items and actions (what not to do). It also has machines at the ready to offer trainees practical learning opportunities, such as experiencing static electricity and the pointing and calling method.



Furthermore, to help trainees level up from machine operators to site supervisors (mid-level employees), veteran employees serve as trainers to pass on their knowledge of products and production processes, and throw in elements of hands-on training too.

This DOJO has also forged links with the dojos of overseas subsidiaries as it aims to up levels of skill and knowledge across the entire business unit.

Data

> [Employee Situation](#)