

A Comfortable Working Environment

Policy and Basic Approach

[Internal Environment Preparation Policy](#)

System

Thorough Instillation of Labor Standards

At Nippon Kayaku, it is compulsory for all new hires to undergo training in working condition matters related to wages, bonuses, working hours, occupational safety and health, welfare and benefit programs, and regulations. These standards are also published on our company intranet, where employees may check them at any time.

Our Human Resources Management Meeting also convenes periodically, equipping the human resources managers of each business site with information to share with and educate employees. Such initiatives help us advance the thorough instillation of labor standards throughout the workforce.

Indicators

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2023 Initiative-related Topics
					FY2022	FY2023	
Occupational Health and Safety in the Workplace	 	<ul style="list-style-type: none"> Strengthen the foundation for safe operation by thoroughly enforcing basic rules on safety and health and improving equipment and work procedures Implement health and productivity management and provide a workplace environment with a healthy work-life balance where employees can work with enthusiasm 	Percentage of paid leave taken	(Non-consolidated) 70% or higher	(Non-consolidated) 63.7%	(Non-consolidated) 72.8%	<ul style="list-style-type: none"> Although our overall target for annual paid leave was met, the manager take-up rate was slightly below target. We will continue to set up Paid Holiday Promotion Days, and promote them both via our intranet and through having human resource managers on every business site proactively informing employees. From the next financial year, we are also planning to set up a new initiative involving Personalized Paid Annual Leave Take-up Declarations. We conducted our first ever engagement survey and provided feedback on the results. We will continue this survey from the next financial year onwards as part of our planned cycle of visualizing organizational conditions, drawing up an action plan and promoting its implementation.
			Ascertaining and improving employee satisfaction through questionnaire surveys	(Non-consolidated) Disclose progress	-	Published in Topics	

Initiatives

Improving Employee Engagement

With products being increasingly difficult to differentiate these days, the “people” who provide products and services are becoming a major element of business competitive advantage. Therefore, the extent to which we can utilize our human resources has become a major Nippon Kayaku theme too, giving rise to our belief that more rewarding work and greater purpose in life for each individual employee will feed into yet greater corporate value.

FY2023 saw us conduct our first ever Engagement Survey of 2204 employees (regular, junior and part-time employees, and senior partners).

The average score for the Nippon Kayaku Group was 47.1, slightly lower than the corporate world average. Companywide, we score highly on a comfortable working environment, support from supervisors, and workplace unity, but score less well on satisfaction with company systems and employee treatment (including pay), and future prospects. These results suggest we are yet to fully become a strong organization capable of conquering market competition, and that our organizational culture and systems have room for improvement. From this financial year, we will therefore continue our efforts to resolve such issues, drawing together the focus and schedules of senior management, the human resources division (the M-CFT M-5 Work Style Reform Team*) and each business site to push forward improvement activities.

* M-CFT (Materiality Cross-functional Team)

Our M-CFT is a companywide cross-cutting team comprised of members selected from multiple departments and tasked with resolving companywide management issues. Through engaging itself in organization-wide projects, this team seeks to better instill companywide material issues and speed up issue resolution. Going forward, we will continue using engagement surveys to visualize employee overall satisfaction and job satisfaction, and aim to develop further advantages.

Employee Engagement Survey Results

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Response rate	non-consolidated	%	-	-	-	-	85.9
Employee engagement	non-consolidated	score	-	-	-	-	47.1

◆ Upcoming Initiatives

The future will see us continue to visualize levels of employee satisfaction and job fulfilment through the engagement survey, and seek to make these our assets.

Promoting a Work-life Balance

With the aim of achieving compatibility between work, childcaring and nursing, and delivering a rewarding workplace in which each individual increases their productivity and displays their unique abilities to the fullest, we are working to introduce a variety of systems and policies which promote next-generation development and more advanced roles for women.

We are also making all efforts to provide a more complete work-life balance by creating a workplace in which leave can be easily taken. Our recently introduced Anniversary Leave System, for example, is just one initiative which aims to achieve yet higher take-up rates of annual leave.

◆ Next-generation Development Support Measures Action Plan (2022-04-01 to 2025-03-31)

> [4th Action Plan \(FY2022 to FY2024\)](#)

> [Progress Report \(FY2023\)](#) 📄

◆ The Various Systems in Place for Promoting a Work-Life Balance

System Title	Details
Flextime	Introduced at headquarters and in some of our research labs.
Childcare Leave	Can be taken until a child reaches two years old, subject to meeting the fixed requirements.
Childcare Support Leave	10 days of special leave can be obtained by either men or women for childcare purposes.
Child Nursing Care Leave	10 days of (paid) leave (5 days for health checks and vaccinations) can be obtained by employees for looking after their children of preschool age. This leave can also be taken in half-day units.
Anniversary Leave	3 days of annual paid leave can be obtained by employees for celebrating their own, or a household relative's, birthday, attending a child's school entrance ceremony or graduation ceremony, and observing their child's school lessons.
Nursing Care Leave	Up to 1 year of paid leave can be acquired for looking after a specified relative.
Reduced Working Hours System	Fixed working hours can be shortened by up to 2 hours of 30-minute units for the purpose of caring for children below middle-school age, and by up to 3 hours of 30-minute units for the purpose of looking after relatives.
Work-from-Home System	Introduced at headquarters, research labs, and for medical reps.
Staggered Working Hours	With starting times, finishing times, and fixed daily working hours set by business sites serving as the standard, employees can either move back or bring forward their start times by up to 2 hours in 30-minute units.
Annual Paid Leave	We have several days per year on which the taking of leave is encouraged. We also encourage the taking of 3 consecutive days during the summer season.
Paid Half-day Leave	Up to 30 half-day units per year can be acquired.
Planned Annual Paid Leave	1-3 days of leave can be acquired at headquarters and business sites during the May "Golden Week" Period under a particular labor agreement.
Time-Unit Annual Paid Leave	We are currently implementing a system by which up to 3 days per year (24 working hours) can be acquired in 1-hour units of annual paid leave.
Special Paid Leave	Up to 60 days of lapsed annual paid leave can be stored up for use in times of personal sickness or injury, family sickness or injury, child-caring, nursing of relatives, nursing of children, volunteering, donating bone marrow, and using up Active Life Leave for 10, 20 and 30 years of company service.

Paid Leave

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Average number of days of annual paid leave taken	non-consolidated	days	11.1	12.2	11.1	12.0	13.3
Annual Paid Leave take-up rate	non-consolidated	%	60.1	65.8	59.8	63.7	72.8

Childcare

Indicators	Covering	Unit	2019	2020	2021	2022	2023	
Commencement of Maternity Leave*1	non-consolidated	persons	13	13	11	22	21	
Commencement of Childcare Leave*1	Male	non-consolidated	persons	5	11	9	62	50
	Female	non-consolidated	persons	13	13	11	22	16
Childcare Leave System take-up rate*2	Male	non-consolidated	%	11.9	31.4	27.2	69.6	78.5
	Female	non-consolidated	%	100	100	100	100	100
Post-childbirth and post-Childcare Leave return-to-work rate	Male	non-consolidated	%	100	100	100	100	100
	Female	non-consolidated	%	100	100	100	100	100
Post-childbirth and post-Childcare Leave retention rate	Male	non-consolidated	%	100	100	100	100	100
	Female	non-consolidated	%	100	100	100	100	100
Reduced Working Hours for Childcare take-up rate	Male	non-consolidated	persons	2	0	1	2	3
	Female	non-consolidated	persons	31	43	42	48	52

*1 Not including leave taken during the last financial year which crosses over into this financial year

*2 FY2022 calculations for the rates of Childcare Leave and Leave for the Purpose of Childcaring have been made using the methods in Article 71.4.2.

Nursing Care

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Employees taking Nursing Care Leave	non-consolidated	persons	1	0	0	0	1
Nursing Care Leave System users	non-consolidated	persons	1	1	0	2	3

◆ Optimizing Working Hours and Reducing Long Working Hours

Nippon Kayaku is working on optimizing working hours and reducing instances of long working hours. Specifically, we have set up a Working Hours Management Advisory Committee, comprised of both management and labor representatives, which demands and reviews twice-yearly reports from each business site on working hours management surveys, related measures and initiatives.

We also provide training for supervisors, managers and human resources managers, and set up study group sessions cosponsored by both the management and labor sides.

While respecting laws related to working hours and Article 36 Agreements (which stipulate overtime limits agreed upon by the company and labor unions), we have fixed a policy of “no more than 45 overtime hours per month in principle, and an upper limit of 80 overtime hours per month.”

We are even going beyond the mere observation of laws with various initiatives including management of workplace entry and exit, objective register management, and appropriate management of overtime for supervisors and managers.

Working hours

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Average number of annual hours worked per worker	non-consolidated	hours	1,911	1,885	1,911	1,896	1,876
Average monthly overtime hours	non-consolidated	hours	12.7	11.3	12.7	11.9	11.2

Wage Administration

The Nippon Kayaku Group's Human Rights Policy expresses zero toleration of discrimination based on differences in gender, age, nationality, race, religion, disability, place of origin, ancestry, creed, political views, sexual orientation, marital status, employment status, or other characteristics. Our Personnel Wage System is also based on a remuneration structure unified across genders.

Furthermore, when it comes to minimum wage and overtime pay, we respect laws on equal work for equal pay, and pay above the minimum.

Pay

Indicators	Covering	Unit	2019	2020	2021	2022	2023	
Average annual pay	Male	non-consolidated	1000 yen	7,526	7,423	7,683	8,003	7,704
	Female	non-consolidated	1000 yen	6,119	6,133	6,366	6,707	6,336
	Overall	non-consolidated	1000 yen	7,307	7,224	7,477	7,801	7,488

Industrial Relations

Since renewing our labor agreement in 1998, Nippon Kayaku Co. Ltd, and the Nippon Kayaku Labor Union have maintained healthy relations based on mutual labor-management trust. Under the Union Shop System, with the exception of managers and a section of contracted workers, union membership rates stand at 100%.

With respect to the union, the company endeavors to disclose as much information as possible, earnestly respond to matters in line with its negotiation policy and have management directly convey its policies on business management, safety and health by convening the Central Joint Labor Management Council three times a year. We also hold a Central Management Round-table Conference once a month, sharing information pertaining to the company's situation, deepening mutual understanding of issues, and discussing ways of resolving issues. We also make efforts to promptly convey the details and results of such meetings to employees.

Issues concerning individual business units are discussed at each unit's annual Joint Labor Council and monthly Management Round-table Conference. Through the shared awareness of issues, relevant discussion and opinion exchanges allowed by these meetings are we aiming to deliver a more comfortable workplace.

Joint-Labor Management Council Reports

Meeting Name	Contents	No. of times held in FY2023	Attendees
Central Joint-Labor Management Council	Company executives provided explanations to labor union executives on company management strategy and calculations, business strategy, and environmental safety & health policy, and discussions were held on how to resolve issues.	3	From the company: Executives, managers from relevant departments, HR Division From the labor union: Head Office executives, all branch managers
Business Site Joint-Labor Management Council	The company provided explanations to the labor union on business site policies and business planning, and discussions were held on how to resolve issues.	1	From the company: Business site managers (plant managers and administrators, production managers, technical managers etc.) From the labor Union: Branch executive committee members
Central Management Round-table Conference	The company provided explanations to labor union executives on matters related to its business plan; new businesses; management situation; production, sales and research situations; improvements to production technology; and human-resources planning.	12	From the company: The Executive Officer in charge of Human Resources, HR Division From the labor union: Head Office executives
Business Site Managers' Round-table Conference	The company provided explanations to labor union executives on matters related to business sites' business plans; new businesses; management situations; production, sales and research situations; improvements to production technology; and human-resources planning.	12	From the company: Business site managers (plant managers and administrators, production managers, technical managers etc.) From the labor union: Branch executive committee members
Specialist Committee on Working Style	Opinions were exchanged on matters related to management of working hours; next-generation development support; promotion of women's roles; employment of older workers; the welfare and benefits system; the various leave systems; the human resources system; human resource training; and childcare and the nursing of relatives, and discussions were held on how to resolve issues.	5	3 company members, 3 labor union members

Freedom of Association

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Number of union members*1	non-consolidated*3	persons	1,871	1,753	1,695	1,687	1,697
Union membership rate*2	non-consolidated*3	%	100	100	100	100	100

*1 The number of persons for each financial year is accurate as of March 31st

*2 Number of union members/number of qualified persons (excluding managers and persons specified in agreements)

*3 Includes some related companies

◆ Joint Initiatives with the Labor Union on Occupational Safety and Health

In the form of an internal audit based on the annual plan, Nippon Kayaku conducts Environment, Safety and Health Diagnostic Checks for each business site and a section of Group companies. In principle, these Diagnostic Checks are conducted with the participation of either the Labor Union Head Office or the relevant union branch of the inspected business site or Group company.

The Environment, Health and Safety Diagnostic Check team, comprised of the Environmental Safety Division, environment safety managers and labor union members, confirms progress reports and activities related to Responsible Care policies through discussion, document reviews and onsite inspection patrols. By assessing problematic points including from union perspectives are we able to devise improvements to safety and health standards with a united labor-management stance.

FY2023 saw us conduct these Diagnostic Checks onsite. With the use of a Responsible Care Progress Confirmation Chart did we prioritize the checking of progress on Responsible Care Activities, the unearthing of potential risks based on root-cause investigations of past accident cases with a view to taking recurrence prevention measures, and the extent of risk management in the production process.

The future will see us continue to value labor-management conversations as we seek to prepare a workplace environment in which employees healthy in mind and body can work while feeling at ease.

Welfare and Benefits

Nippon Kayaku has introduced the following Welfare and Benefits System to support the lives of its employees.

Welfare and Benefits Systems	Details
Social Insurance	Health Insurance, Employee Pension, Nursing Care Insurance, Employment Insurance, Industrial Accident Compensation Insurance
Asset Formation	Nest-egg savings, Employee stock ownership, Restricted Stock Transfer Incentive System
Human Resource Development	Study Abroad Program
Self-development	Providing assistance for acquiring qualifications
Pension	Defined-Benefit Corporate Pension System
Accommodation	Dormitories, Leased company housing
Childcare and Nursing	Leave System; Providing assistance with childcare items and nursing-related expenses
Other	Cafeteria Plan

Labor Standards Violations Report

Nippon Kayaku, at non-consolidated level, did not produce any cases of labor standards violations in FY2023.

Number of Labor Standards Law Violations

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Number of labor standard violations	non-consolidated	cases	-	-	-	1	0