

## (Key Sustainability Issues)

### Respect for Human Rights

#### Message from the Executive Director in Charge

Human rights are essential to the pursuit of happiness and plentiful lives for everyone, hence protecting basic human rights must be absolutely prioritized.

As we develop our activities on a global scale, we view respect for human rights, in line with the International Bill of Human Rights, as the foundation of sustainable management. We have therefore explicitly stated this respect for human rights in our Charter of Conduct and Code of Conduct, as well as in our Nippon Kayaku Group Human Rights Policy, and are promoting relevant initiatives.

February 2024 saw us rethink our Human Rights Policy initially fixed in 2022, and enact revisions following Board approval, including additional items on appropriate working hours and fair and impartial remuneration. With human rights being internationally spotlighted as a major social issue, the importance of respecting them continues to rise. In response to such changing human rights environments around all our corporate activities, we have altered our Policy so it reflects the need to further strengthen our human rights initiatives.

In addition, FY2023 saw us conduct an internal survey which enabled us to grasp both the evident and latent human rights-related risks as perceived by employees, and thereby identify the priority themes for stemming related negative impacts. We thus plan to strengthen our measures through reflecting stakeholder opinions while periodically reviewing our human rights risk assessments and the risks requiring priority measures.

Looking ahead, as a signatory of the UN Global Compact, we will uphold the Compact's 10 Principles, and promote initiatives aimed at everyone involved in our Group's corporate activities.

Makoto Takeda  
Member of the Board  
Managing Director



## Policy and Basic Approach

### Nippon Kayaku Group Human Rights Policy

The Nippon Kayaku Group recognizes its responsibility to protect the human rights of all people affected by its business activities. To that end, the Nippon Kayaku Group hereby establishes the Nippon Kayaku Group Human Rights Policy (the "Policy") based on the United Nations Guiding Principles on Business and Human Rights, with the purpose of promoting initiatives to ensure respect for human rights throughout the Group.

The Nippon Kayaku Group aims to meet the expectations of its stakeholders and contribute to society through its business operations as part of its corporate vision, the **KAYAKU spirit**. As a standard of conduct to realize the **KAYAKU spirit**, the Nippon Kayaku Group has established the Nippon Kayaku Group Charter of Conduct and Code of Conduct. In all of its corporate activities, the Group respects fundamental human rights, complies with laws and regulations, engages in fair business activities, and seeks to repay the trust placed in by its stakeholders by providing happiness and delight.

#### ◆ 1. Basic policy on human rights

This Policy is a promise that the Nippon Kayaku Group will respect human rights, in order to earn the trust of all stakeholders based on its corporate vision, the **KAYAKU spirit**. The Nippon Kayaku Group supports and respects international norms relating to human rights, including the United Nations' International Bill of Human Rights (made up of the Universal Declaration of Human Rights [UDHR], the International Covenant on Civil and Political Rights [ICCPR], and the International Covenant on Economic, Social and Cultural Rights [ICESCR]), the United Nations Declaration on the Rights of Indigenous Peoples, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work, as well as the Children's Rights and Business Principles developed by the United Nations Children's Fund (UNICEF), the United Nations Global Compact, and Save the Children. As a signatory to the UN Global Compact, the Nippon Kayaku Group also supports and respects the Ten Principles of the Compact.

#### ◆ 2. Respect for human rights through business activities

##### 2.1 Prohibition of discrimination and harassment

The Nippon Kayaku Group does not tolerate discrimination or harassment based on gender, age, nationality, race, religion, disability, place of origin, ancestry, creed, political views, sexual orientation, marital status, employment status, or other characteristics.

##### 2.2 Appropriate working hours

The Nippon Kayaku Group manages its employees' working hours, days off, and leave entitlements appropriately and in accordance with applicable laws and regulations.

##### 2.3 Fair and equitable remuneration

The Nippon Kayaku Group provides its employees with fair and equitable remuneration. It complies with applicable laws and regulations on minimum wages, out-of-hours work, and statutory welfare and well-being programs and pays its employees an amount higher than the minimum wage so that they are able to maintain or exceed a certain standard of living.

##### 2.4 Freedom of association and collective bargaining rights

Pursuant to laws, regulations, and labor practices of countries and regions where it operates, the Nippon Kayaku Group respects its employees' freedom of association and the right to collective bargaining in their labor-management relations.

**2.5 Prohibition of forced labor**

The Nippon Kayaku Group does not tolerate forced labor. It also has no tolerance for modern slavery in any form, including debt bondage or human trafficking.

**2.6 Prohibition of child labor**

The Nippon Kayaku Group does not tolerate child labor and observes the statutory minimum working age. It does not engage any person under the age of 18 years in dangerous operations that may harm that person's health or safety, such as night work or out-of-hours work.

**2.7 Occupational health and safety**

In accordance with applicable laws and regulations, the Nippon Kayaku Group establishes a work environment where each and every employee can continue to work in good health and safety and without undue stress.

**2.8 Impact on community residents**

In order to avoid adverse effects on the safety and health of local community residents, the Nippon Kayaku Group conducts human rights impact assessments (such as those relating to contamination and water stress) and takes necessary measures in accordance with international norms to avoid risks and mitigate impacts.

**◆ 3. Scope of application**

This Policy applies to all officers and employees of the Nippon Kayaku Group. The Nippon Kayaku Group requires all business partners involved with its business activities, products and services to comply with this Policy.

**◆ 4. Responsibility to respect human rights**

The Nippon Kayaku Group recognizes that it cannot completely eliminate the possibility of adverse impacts on human rights in its business activities. The Nippon Kayaku Group will fulfill its responsibility to respect human rights and build a responsible supply chain by not infringing on the human rights of those affected by its business activities and by taking appropriate measures to correct any adverse impact on human rights in its business activities.

**◆ 5. Human rights due diligence**

The Nippon Kayaku Group will establish a system to ensure human rights due diligence, identify adverse impacts of the Group on human rights in society, and strive to prevent and mitigate such impacts.

**◆ 6. Dialogue and consultation**

The Nippon Kayaku Group recognizes that in order to appropriately address any impacts of its business activities on human rights, it is important to adopt the perspective of stakeholders whose human rights are, or are likely to be, affected by its business activities.

**◆ 7. Education and training**

The Nippon Kayaku Group will provide appropriate education and training to ensure that this policy is incorporated and effectively implemented in all of its business activities.

**◆ 8. Access to remedy**

If it is found that the Nippon Kayaku Group's business activities have caused an adverse impact on human rights, or if involvement through business partners is discovered or suspected, the Company will conduct an appropriate investigation and, if necessary, work to remedy the situation through dialogue based on international standards and appropriate procedures.

**◆ 9. Person responsible**

The Nippon Kayaku Group shall clearly specify an officer in charge of the implementation of this policy and supervise the state of its implementation.

**◆ 10. Information disclosure**

The Nippon Kayaku Group will disclose the progress and results of its efforts to respect human rights on its website, and by other means.

**◆ 11. Applicable laws and regulations**

The Nippon Kayaku Group will comply with the laws and regulations of each country or region in which it conducts its business activities. In the event of any conflict between the laws and regulations of individual countries and internationally recognized human rights, the Group will pursue ways to respect international human rights policies to the fullest possible extent.

This policy is adopted by the Company's Board of Directors and signed by its President and Representative Director.

Established April 1, 2022

Revised February 27, 2024

Nippon Kayaku Co., Ltd.

President and Representative Director

**Nippon Kayaku Group Human Rights Policy Translations**

[> Japanese \[534.4KB\]](#)

[> English \[111.3KB\]](#)

[> Chinese \[325.2KB\]](#)

[> Spanish \[113.1KB\]](#)

[> Malay \[192.2KB\]](#)

[> Czech \[176.9KB\]](#)

## System

In order to ensure respect for human rights and thorough compliance groupwide, we have established the Ethics Committee to serve as an advisory body to the Sustainable Management Meeting. This Committee meets twice a year, and on a further ad hoc basis when necessary. It is chaired by an Executive Director with an Official Post nominated by the President, and comprised of representatives from every business unit's planning department and every section of our General Administration Department, which is unattached to any business unit. Its remit is to decide upon policies and specific measures for complying with our Group's Charter of Conduct and Code of Conduct, as well as explore and determine responses and recurrence prevention measures for human rights consultations and matters of concern. The most important matters discussed by the Ethics Committee are forwarded to the Sustainable Management Meeting, and even the Board of Directors, so that feedback may be provided.

We are currently building links with the relevant departments to develop our human rights due diligence system based on the Group's Human Rights Policy, with our Ethics Committee Chair serving as the person in charge, and our Corporate Planning Division's Sustainability Promotion Department fulfilling our office functions. We have ensured resources are in place for our Human Resources Department to deal with human rights risks to employees, and for our Purchasing Division and business unit Purchasing Departments to deal with equivalent risks concerning suppliers. The human rights agenda for discussion is approved by the Sustainable Management Meeting, which reports and sends proposals to our Board of Directors.

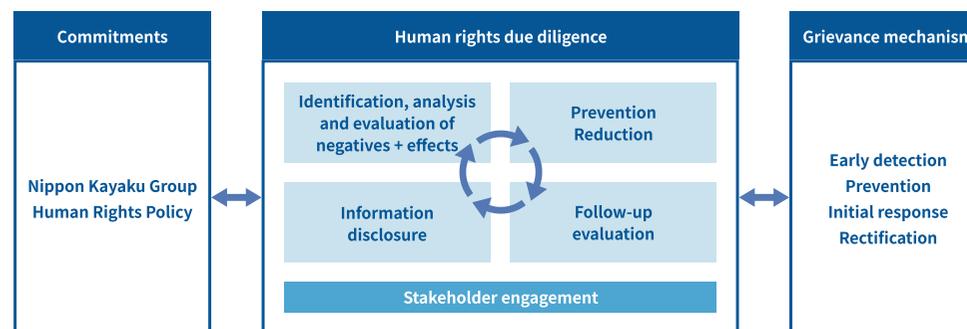
## Indicators

| 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"> <li>Engage in business operations that pay care and consideration to the human rights of employees and all other people involved in the supply chain</li> </ul> | Number of training sessions held on human rights                | Once or more per year                                       | 1                             | 2  | <ul style="list-style-type: none"> <li>Online training delivered on Business and Human Rights, and Risks Requiring Priority Measures as Identified by Nippon Kayaku Group Employees.</li> </ul>  |
|   |                    |  | Human rights due diligence: human rights impact assessment rate | (Non-consolidated) FY2022: 100% (Consolidated) FY2025: 100% | (Non-consolidated) Incomplete | Human rights risk assessments and risks requiring priority measures identified in sessions laid on for Nippon Kayaku Group employees | <ul style="list-style-type: none"> <li>Nippon Kayaku Group Human Rights Policy revised.</li> <li>The Top 3 Nippon Kayaku Group Risks Requiring Priority Measures have been identified by the Sustainable Management Meeting as: ① Power harassment, ② Excessive overtime and long working hours, and ③ Privacy rights. With respect to these three, we have collectively disclosed our efforts on preventing, reducing and correcting negative impacts on human rights.</li> </ul> |

## Initiatives

### Human Rights Due Diligence

In line with its Human Rights Policy, the Nippon Kayaku Group perceives respect for human rights as a Key Sustainability Issue and has set up a related Action Plan. By administering and disclosing progress reports on an annual basis we are taking a groupwide approach towards constructing and promoting a due diligence process. FY2021 saw us conduct human rights assessment surveys of our primary and secondary suppliers. FY2022, meanwhile, brought the launch of two workshops for all executives and managers of relevant departments aimed at developing understanding of "Business and Human Rights." And FY2023 saw us conduct an internal survey which enabled us to grasp both the evident and latent human rights-related risks as perceived by employees, and thereby identify the priority themes for stemming related negative effects. We thus plan to strengthen our measures through reflecting stakeholder opinions while periodically reviewing our human rights risk assessments and the risks requiring priority measures.



### ◆ Extracting the Human Rights Risks

Based on the Ministry of Justice Human Rights Bureau's "Survey Research on Business and Human Rights," we conducted an internal survey of our Complaints Board, which includes both company and union members. The survey saw us quiz Nippon Kayaku Group employees on both the evident and latent human rights-related risks as perceived by employees, then assign levels relating to "likelihood of occurrence" and "degree of seriousness" - the higher the levels assigned, the higher the levels of risk. Our survey results were then used by our Corporate Planning Department's Sustainability Promotion Department, who serves as our Human Rights Due Diligence Office, to compile a Human Rights Risk Map, and confirm likelihoods of occurrence, degrees of seriousness, and low-to-moderate risks. Among all those, the human rights risks requiring priority measures were identified by the Sustainable Management Meeting as: ① Power harassment, ② Excessive overtime and long working hours, and ③ Right to privacy.

### Human Rights Indicators Considered for our Risk Assessments

Insufficient wages; unpaid wages; living wages; excessive overtime and long working hours; worker safety and health; the right to social insurance; power harassment; sexual harassment; maternity harassment; paternity harassment; harassment due to caring for relatives; forced labor; freedom of movement; freedom of association; foreign worker rights; child labor; human rights issues in technology and AI; right to privacy; discriminatory recruitment; discriminatory employment conditions and treatment; discriminatory assessments and unequal access to opportunities; gender-based (including gender-based materiality) human rights issues; freedom of expression; bribery and corruption; access rights to help.

### ◆ Enactment of Measures to Prevent, Reduce and Correct

Based on our assessment of the effects of human rights-related risks, and the top policy risks identified by Group employees, we have implemented the following preventive, reduction and corrective measures to forestall any negative impacts on human rights.

| Human Rights Risks Requiring Priority Measures Identified by Nippon Kayaku Group Employees | Preventive, Reduction and Corrective Measures to Forestall Negative Impacts   |
|--|---|
| Power harassment   | <ul style="list-style-type: none"> <li>• Instillation of the “<a href="#">Nippon Kayaku Group Charter of Conduct and Code of Conduct</a>” and “<a href="#">Nippon Kayaku Group Human Rights Policy</a>”</li> <li>• <a href="#">Compliance Consciousness Survey</a></li> <li>• <a href="#">Education and training</a></li> </ul> |
| Excessive overtime and long working hours  | <ul style="list-style-type: none"> <li>• <a href="#">Optimization of working hours and reduction of long hours</a></li> </ul>   |
| Right to privacy   | <ul style="list-style-type: none"> <li>• <a href="#">Information security initiatives</a></li> <li>• Instillation of the “<a href="#">Nippon Kayaku Group Privacy Policy</a>” and “<a href="#">Personal Information Protection Policy</a>”</li> <li>• <a href="#">Education and training</a></li> </ul>                         |

### Compliance Consciousness Survey

Inside Japan, every October is “Compliance Month” for the Nippon Kayaku Group. We mark the occasion with a Compliance Consciousness Survey, conducted with the aid of a contracted consultancy firm every year since FY2015. From the aggregated survey results do we extract compliance promotion issues from each company workplace and provide the relevant feedback, including suggestions for improvement. That feedback is then referenced by each workplace when compiling its action plan for the following year, and PDCA cycles are followed to increase compliance awareness. We are pleased to report that the Compliance Consciousness Survey for FY2023 revealed no serious issues with respect to human rights.

➤ [Key Sustainable Issues: Ensuring Compliance \(Internal Instillation\)](#)

### Wage Management

➤ [A Comfortable Working Environment \(Wage Management\)](#)

### Freedom of Association and Collective Bargaining Rights

➤ [A Comfortable Working Environment \(Labor Relations\)](#)

### Abolition of Forced Labor

The Nippon Kayaku Group, within its Human Rights Policy, clearly states that it does not tolerate any form of modern slavery such as forced labor, debt bondage or human trafficking. Recruitment is always predicated on the receipt of a job application from an applicant who must go through a screening process comprised of at least one stage. Furthermore, our successful applicants are always presented with labor terms and conditions to which they must consent before commencing their work with us.

### Religion

As a Group conducting corporate activities across the global stage, Nippon Kayaku is comprised of employees from diverse nationalities, religions and cultures. Thus, when holding groupwide meetings or inviting overseas employees to Japan for education or training sessions, we make sure to confirm their needs and provide the relevant prayer rooms, and meals sensitive to religious dietary requirements. Our Safety Head Plant in Himeji sometimes welcomes employees of the Muslim faith for technical training sessions, and accordingly prepares a prayer room, a space to purify the body, and a Halal food menu in its canteen.

### Abolition of Child Labor

The Nippon Kayaku Group, within its Human Rights Policy, clearly states its zero-tolerance approach to child labor and its respect for minimum employment age requirements laid down in law. When recruiting employees, we observe the laws of the countries concerned, and demand that recruiting agencies and suppliers do likewise. We do not demand night shifts or overtime from minors under 18, nor do we assign them risk-laden work which may threaten their safety or health.

### Human Rights Considerations in Sustainable Purchasing

In order to promote human rights initiatives across the entire supply chain, Nippon Kayaku has determined its Sustainable Procurement Guidelines based on its Charter of Conduct and Code of Conduct, Purchasing Principles, Basic Purchasing Policy and Responsible Mineral Procurement Policy. We have made these Guidelines known to our suppliers, and use them as the base for our Sustainable Purchasing Surveys. We are pleased to report that our survey for FY2023 revealed no serious human rights issues which would require us to issue suppliers with a Demand for Improvement Notice. We will continue to enlist our suppliers in promoting sustainable procurement going forward.

➤ [\(Key Sustainability Issues\) Environmental and Social Considerations in the Supply Chain](#)

## Education and Training

The Nippon Kayaku Group offers yearly human rights issue training to all executives, employees (including contracted and part-time employees) and temp staff, in order to achieve shared awareness of the importance of respecting the human rights of all corporate activity stakeholders. The contents of such sessions are based on human rights policies, harassment prevention, revisions to the law, and Compliance Consciousness Survey results.

Our training program for FY2022 marked the establishment of our Nippon Kayaku Group Human Rights Policy, and consisted of e-learning modules on the context to the Policy, explanations of Policy specifics, and human rights due diligence.

Furthermore, to coincide with the launch of our **KAYAKU Vision 2025** Medium-term Business Plan did we compile a brochure which included explanations of our Group Human Rights Policy, and translate it into the languages of the six countries in which we have production bases (Japanese, English, China, Spanish, Malay and Czech). We are currently distributing the brochure to all Group executives and employees as part of efforts to raise policy awareness.

| Training Title   | Main contents  | Mainly aimed at  | FY   | Delivery style | Number of sessions | Take-up rate |
|--|--|--|------|----------------|--------------------|--------------|
| <ul style="list-style-type: none"> <li>Business and Human rights</li> <li>Human Rights Risks Requiring Priority Measures as Selected by Nippon Kayaku Employees</li> </ul> | <ul style="list-style-type: none"> <li>Human rights issues, human rights initiatives demanded of companies, the Nippon Kayaku Group Human Rights Policy, human rights due diligence, remedial actions</li> <li>Human rights risk identification methods; prevention, reduction and correction</li> </ul> | Executives, employees (including contracted and part-time employees), temp staff | 2023 | E-learning     | 2                  | 86%          |

## Participation in Initiatives

Since 2022, the Nippon Kayaku Group has sat on the Human Rights Due Diligence Subcommittee of the UN Global Compact Network Japan. By deepening our knowledge of human rights issues through the subcommittee's expert seminars, and sharing information with other companies during theme-based and industry-based groupwork, we gain much to apply to our own initiatives on respect for human rights.

## Establishment of a Whistleblowing Consultation Service

So as to uncover legal and human rights violations at early stages, take preventative measures, and increase management transparency and fairness, the Nippon Kayaku Group has established both a Compliance Hotline and a Compliance Hotline for Suppliers.

The former hotline is available to all our executives, employees and retirees (up to one year after they have left). Whistleblowers can report to, or consult with, either our Ethics Committee Staff Office (our Internal Control Management Division Compliance Chief) or an external law firm.

The latter hotline is available to executives and employees of suppliers conducting business with the Nippon Kayaku Group inside Japan. Whistleblowers can report to, or consult with, our Ethics Committee Staff Office (our Internal Control Management Division Compliance Chief).

Both forms of consultation service guarantee confidentiality and anonymity, meaning that no report or consultation will result in blowback against the whistleblower.

- > [Our Internal Whistleblowing System](#)
- > [Our Compliance Hotline for Suppliers](#)