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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](#)

(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	<div><div>5</div><div>Gender Equality</div></div> <div><div>8</div><div>Decent Work and Economic Growth</div></div> <div><div>10</div><div>Reduced Inequalities</div></div> <div><div>16</div><div>Peace, Justice and Strong Institutions</div></div>	<ul style="list-style-type: none">Promoting diversity and inclusion through the recruitment of diverse human resources, effective HR assignment and exchangesPass 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

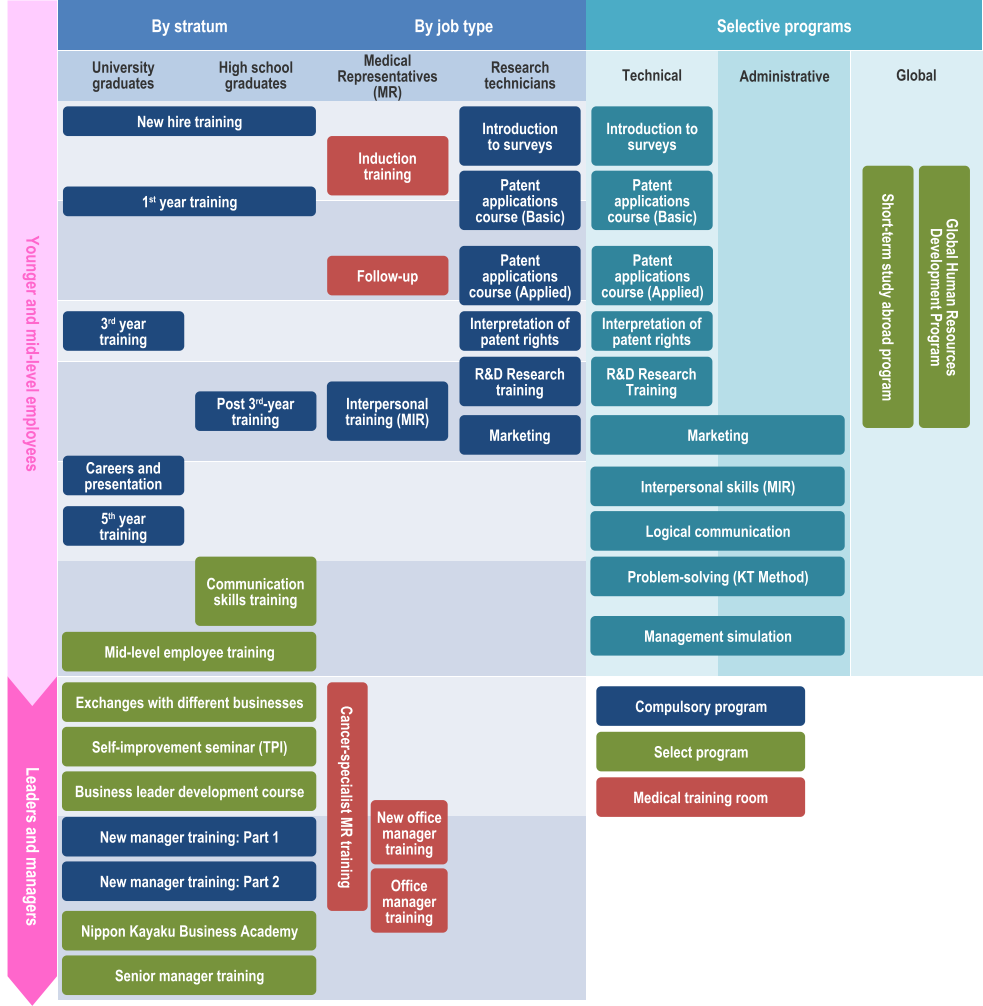


A lecture from President Wakumoto



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

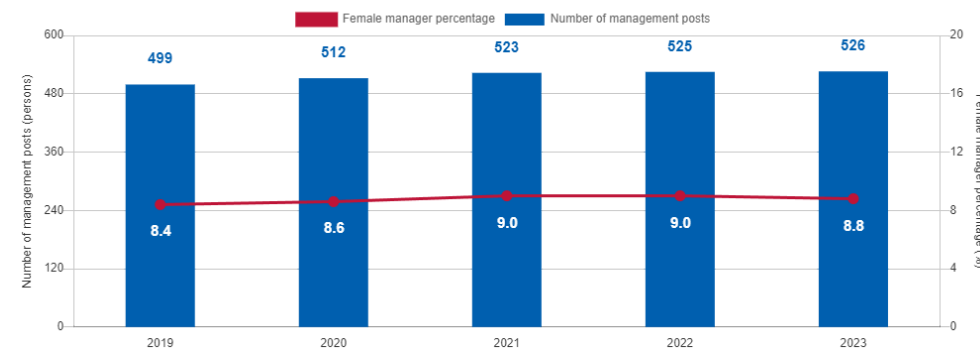
◆ Promotion of Enhanced Roles for Women

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.

Percentage of
female managers
(as of March 31st 2024)

8.8%

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](#)

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

(Key Sustainability Issues)

Occupational Health and Safety in the Workplace, Health and Productivity Management

Policy and Basic Approach

Under its [Responsible Care Policy](#), the Nippon Kayaku Group is undertaking various initiatives related to health promotion and occupational safety and health, so that every employee may work safely and healthily and output their abilities to the fullest. We are aiming for zero serious accidents and hazards, and, with the objective of eliminating unsafe actions, are treating the strengthening of 30-second patrols and promotion of fixed-point inspections as key Responsible Care issues. We believe it a company's responsibility to work towards accident-free and hazard-free workplaces, and guarantee the safety and security of employees. We also believe the physical and mental health of employees to be linked to organizational vitality and improved productivity, and thereby indispensable in the quest to raise stakeholder satisfaction. That is why we not only develop explosion-prevention measures for the handling of chemicals at work, but mental health care and lifestyle improvement activities also. With a view to achieving our **KAYAKU Vision 2025 (KV25)** Medium-term Business Plan Targets, the entire Group will continue uniting under the motto of "Safety trumps everything else!" as it provides further activities pertaining to health improvement and occupational safety and health.

- > [Our Declaration on the Environment, Health, Safety and Quality](#)
- > [The Nippon Kayaku Group's Annual Responsible Care Policy](#)

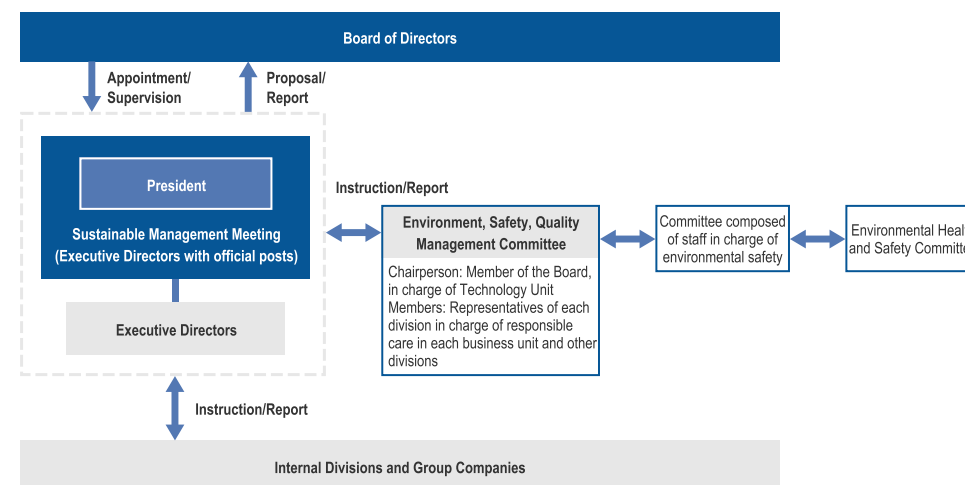
System

Under its [Declaration on the Environment, Health, Safety and Quality](#), the Nippon Kayaku Group has set up an Environment, Safety and Quality Management Committee. This Committee is responsible for the entire Group's health and safety, with ultimate responsibility lying with our Executive Director In-charge of Technology. System structure is based around the Quality Management Division, Technical Administration & Engineering Division and Environmental Protection & Safety Division serving as the Committee's office and forging links with other relevant departments. The Committee's items for discussion include: the planning and fixing of Responsible Care policies; improvements to workplace safety and health; health improvement activities; fire and hazard prevention; and the creation of a comfortable workplace. Subject to Sustainable Management Meeting approval, the important matters on occupational safety and health and health management discussed by the Committee will be reported to the Board of Directors.

As a link to the Environment, Safety and Quality Management Committee, we have also set up the Environmental Protection & Safety Managers' Committee. This Committee is chaired by the manager of the Environmental Protection & Safety Division, which serves as the Committee's office. It forges links with the Environmental Protection & Safety Divisions of business sites and Group companies, or managers dispatched thereof; shares information and points of issue regarding occupational safety and health management and health improvement activities at groupwide, business site and Group company level; and works towards improving policy based on discussions on key groupwide issues and problems.

It is also the case that individual business sites and Group companies hold Joint Environment, Safety and Health Committee meetings once every month, which should allow for both management and labor representatives to discuss problems and points of issue specific to each business base, and agree upon proposals to resolve such problems.

Nippon Kayaku has also formed cooperative links with the Nippon Kayaku Health Insurance Association and formed the Health Collaboration Liaison Committee with the aim of providing effective and efficient support to employees and their families in their quests to maintain and improve their health. This Liaison Committee exchanges information, reviews reports, and holds discussions on matters related to health improvement.



Group Companies with ISO45001 Certification

One of our consolidated subsidiaries, Kayaku Safety Systems (Huzhou), has gained ISO450001 Certification – the international standard for occupational safety and health management systems. As of FY2023, only 5% of eligible organizations had gained this certification. However, our business sites which are yet to be certified still have ISO45001-equivalent occupational safety and health risk management systems in place.

Occupational Safety and Health Management System (ISO45001) Certified Business Sites

Business Site	Certification secured	Certifying Institution	Certification Number
Kayaku Safety Systems (Huzhou)	January 2023	NQA	132021
Cover Rate*			5%

* The proportion of production facilities with ISO14001 certification owned by either Nippon Kayaku or its consolidated subsidiaries
Even business sites without ISO45001 certification have Occupational Safety and Health Management Systems of equivalent standard.

Audits

➤ [Responsible Care Audit](#)

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 	Number of serious accidents*	0	0	0	<ul style="list-style-type: none"> No accidents requiring time off work at business sites and partner companies across Nippon Kayaku alone. Health and Productivity Management certification gained. We are maintaining our 100% take-up rate for periodical health checks.
			Acquisition of certifications under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise category)	(Non-consolidated) Continued certification	(Non-consolidated) Gained FY2023 certification as a Health and Productivity Management Organization (Large Enterprise Category)	(Non-consolidated) Certified status renewed	
			Percentage of employees who take mental health training	(Non-consolidated) 100%	(Non-consolidated) 100%	Year 1 of our 3-year plan has proceeded as intended	
			Percentage of employees receiving regular health checkups	(Non-consolidated) 100%	(Non-consolidated) 100%	(Non-consolidated) 100%	

* Accidents involving three or more people requiring time off work, or resulting in fatalities

Initiatives

Workplace Safety and Health

◆ Workplace Accidents

We are pleased to report that FY2023 gave rise to no work-related deaths or serious accidents at Nippon Kayaku or any of its domestic and overseas Group companies, or indeed at any of its partner companies. In addition, both the frequency rate and severity rate of accidents resulting in time off work were recorded at 0. It was also the case that FY2023 saw no violations of occupational safety and health laws, regulations or standards.

Occupational Hazards

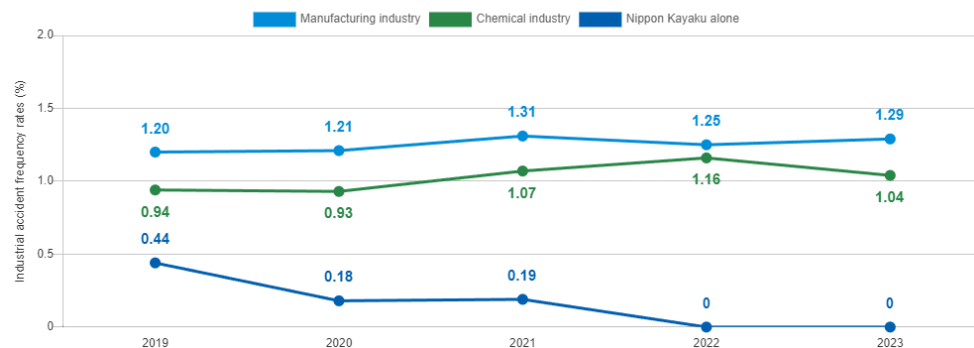
Indicators		Covering	Unit	2019	2020	2021	2022	2023
Number of work-related accidents resulting in death and other serious accidents		non-consolidated	cases	0	0	0	0	0
Number of work-related employee deaths	Regular employees	consolidated	persons	0	0	1	0	0
	Contracted employees/ part-time employees	consolidated	persons	0	0	0	0	0
	Partner company employees*1	consolidated	persons	0	0	0	0	0
Rate of Lost Time Injuries	Regular employees	non-consolidated	*2 (2 cases)	0.4 (1 cases)	0.18 (1 cases)	0.19 (1 cases)	0 (0 cases)	0 (0 cases)
	Contracted employees/ part-time employees	non-consolidated	*2	0	0	0	0	0
	Partner company employees*1	non-consolidated	*2	0	0	0	0	0
	Employees	Group companies	*2	-	-	-	-	1.5 (9 people)
Lost Time Injury Intensity Rate		non-consolidated	*3	0.031	0	0	0	0
Number of violations of Occupational Safety and Health-related regulations and standards		non-consolidated	cases	0	0	0	0	0

*1 Partner company employees: contractor (company) employees, temp (company) staff

*2 Occupational hazard-related deaths and injuries per every 1 million actual working hours

*3 Number of working days lost per every 1000 actual working hours

Trends in Industrial Accident Frequency Rates



◆ Responsible Care-related Targets for Industrial Safety & Health

The results of our FY2023 occupational health and safety initiatives connected to Responsible Care targets are as follows.

Item	Target	Results	Evaluation
• Serious Accidents and Hazards	Zero	Zero	○
• Serious Traffic Accidents	Zero	Zero	○
1. Key Responsible Care Issues	Promotion of strengthened 30-second inspections and point observations	Conditions checked via Environment Safety & Health diagnoses (Issues found with grasping daily activities)	○~△
2. Promotion of "Zero Accidents and Hazards" initiatives	Promotion of important diagnostic methods in risk assessment	Set up via Environment Safety & Health Diagnostic Checks	○
	Setting up point observations in line with the characteristics of each workplace	Established appropriate operation of Irregular Work Notifications and point observation flows	○
	Inspection and optimization of heatstroke prevention measures	Horizontal expansion and sharing of measures from the Heatstroke Prevention Committee etc.	○
3. Improvements to Workplace Safety & Health Environments	Appropriate responses to the revised Industrial Safety and Health Act	Conditions confirmed against a new checklist and through diagnostic checks (Incomplete areas confirmed within items already enacted)	△

Evaluation Standards: ○Achieved / ○~△Broadly achieved

Risk Assessment Safety Inspections Conducted

When we commence new operations, introduce new equipment, or change existing operations or equipment, we conduct Risk Assessment Safety Inspections and carry out safety policies based on their results. We also conduct HAZOP* Safety Assessments on our chemical processes and reaction equipment to analyze the primary factors behind hazards.

* HAZOP: Hazard and Operability Study: A method of safety assessment for chemical plants which allows for extraction and assessment of the potential hazards associated with chemical reactions

◆ Education and Training

In line with the law and our Annual Responsible Care Plan, we deliver Safety and Health education tailored to employee jobs and job levels. Such education is focused on new hires and newly transferred employees at each business site. Among the vast range of programs we offer are: induction education at the time of transfer, pre-work-commencement safety education to transferred employees, safety education for new managers, education for foremen and supervisors at every plant, education on chemical substance risk management and the handling of such chemicals, and even education on the basics of the relevant science and laws. Our delivery methods constitute an efficient and effective mix of online (E-learning and external lectures) and offline formats (group sessions and on-the-job training) aimed at raising safety and health consciousness among employees.

Principal Safety Education Conducted in FY2023

Training Title	Main Contents	Mainly aimed at	FY	Delivery style	Number of times	Attendees
New Hire Training*	Basic rules of safety management	New hires	2023	Group session	1	60
New Manager Training*	<ul style="list-style-type: none"> Safety management centred on workplace safety consideration duties What Nippon Kayaku's Responsible Care Activity Managers should know Nippon Kayaku Group initiatives on the environment and climate change 	New managers	2023	Group session	2	42

* Held every year

◆ Occupational Safety and Health Initiatives Conducted Jointly with the Labor Union

> [A Comfortable Working Environment \(Industrial Relations\)](#)

Health Management

◆ Health Initiatives Related to Responsible Care Targets

The results of Nippon Kayaku Group health initiatives connected to Responsible Care Targets for FY2023 are as follows.

Item	Target	Results	Evaluation
3. Improvements to the Workplace Safety and Health Environment	Promotion of organizational stress-check analysis to grasp high-stress workplaces and take follow-up action	Business site briefing sessions for analysis results set up	○
	Appropriate management of the Medical Examination Results Database	System operation commenced but there are issues concerning data loading	△
	Continued accreditation as a Health and Productivity Enterprise	Continued accreditation achieved	○

Evaluation standard: ○Achieved △Partly unachieved

◆ Physical Health

Every Nippon Kayaku Group employee must undergo that most basic form of health management known as the “Periodical Health Check”. An occupational health physician will then decide on the employees in need of a health interview, and provide advice and instructions on health management.

We also lay on special health checks for employees who handle designated chemicals. The toxicity data on the chemicals they handle has been input into a database which forms the kernel of our risk assessments designed to prevent accidents and health hazards. Another initiative sees us promote THPs* for “building a healthy body and mind” at every business site in order to maintain and improve employee health. By reassessing the individual lifestyle habits of employees and promoting continual and systematic commitment to health, we are aiming for a situation in which everyone can live more healthily. Physical strength tests, health management competitions, group walks and hiking are also part of our health agenda.

* THP (Total Health Promotion Plan): An initiative based on the five-step PDCA cycle of Health-building Plan, Health Measurement, Health Instruction, Health Activities, and Lifestyle Habit Improvement and Workplace Revitalization

Regular health check take-up rate

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Regular health check take-up rate*	non-consolidated	%	100	100	100	100	100

* Excluding employees on administrative leave

◆ Mental Health

If improved work productivity is to be compatible with successful creation of added value, then a workplace which allows employees to work energetically is just as indispensable as physical and mental health.

2005 saw Nippon Kayaku's then-president release the Declaration on the Introduction of a Mental Health Care System and give thorough instruction to company management. Of importance to mental health care is for every employee to continually gather proper knowledge and recognition of the issues at hand so that they may swiftly detect mentally-suffering colleagues and work on preventative measures. At that point was emphasis placed on the initiative of "thinking of ways to prevent mental suffering as a top priority."

Enlisting the help of guest lecturers from the EAP*, we commenced our Mental Health Training in FY2005, and in FY2006 devised a 3-year plan which made such training available to every employee. FY2020 and FY2021 saw group sessions make way for online sessions as part of Covid restrictions. Through the online medium were all employees trained on how to self-care in response to working environment changes stemming from Covid-19. Since FY2022, we have delivered these sessions in-person again.

For those obliged to take time off work due to mental health issues, we have set up a Return-to-Work Program. Links are forged between the employee's supervisor, an occupational health physician and a counselor as part of a smooth Return-to-Work Support System that places priority on relapse prevention.

In line with revisions to Occupational Health and Safety Law, we began conducting stress checks on an annual basis in FY2015, with an employee take-up rate of over 97% in every year since. (Indeed, the take-up rate for FY2023 reached 98%). Stress check results not only allow us to ascertain an individual's stress situation, but to analyze each organization, grasp high-stress workplaces and take follow-up actions.

* EAP: Employee Assistance Program

Mental health-related

Indicators	Covering	Unit	2019	2020	2021	2022	2023
Stress-check take-up rate*	non-consolidated	%	97.3	97.2	98.1	97.9	98.0
Proportion of "highly-stressed" persons	non-consolidated	%	9.6	9.5	10.6	10.0	10.1
Mental health-related investments	non-consolidated	million yen	10.8	11.0	13.0	12.6	12.6

* Excluding employees on administrative leave

◆ Support for Workplaces without a Statutory Occupational Health Physician

Originally, with respect to offices not required to appoint an occupational health physician*, Nippon Kayaku was regrettably unable to set up occupational health physician interviews post-statutory health check or post-Nippon Kayaku Health Insurance Association Adult Disease Health Check. However, FY2013 saw us review this situation and dispatch our head office occupational health physician to the business sites in question to conduct the relevant interviews.

Since FY2014, this physician has toured every Nippon Kayaku office in the country. In addition to fixing an annual schedule for onsite visits, we also make use of a web meeting system to conduct further health interviews online.



* Offices not required to appoint an occupational health physician: Under Article 13 of the Occupational Safety and Health Law, and Article 5 of the Occupational Health and Safety Enforcement Ordinance, offices with fewer than 50 employees have no need to appoint an occupational health physician.

◆ Health Management Competition

Since FY2018, Nippon Kayaku and a section of its Group companies have been working on health improvement initiatives by holding a companywide health management competition. A total of 2444 employees from across the Group got involved in FY2023, making for a participation rate of 70%.

The Companywide Health Management Competition is held in the March of each year. Every employee must log their health activities over the period of one month and convert them into points. The scores for each business site and Group company are then compiled by the Environmental Safety Division, before being aggregated and analyzed by the Environmental Protection & Safety Division. Among the various matters to be logged are: morning and lunchtime exercise, daily diet, brushing of teeth, sleep, number of paces walked, leisure and sports activities. Employees can choose to participate individually or in a team.

We will keep going with Companywide Health Management Competitions in order to help employees maintain and improve their health.

Health Management Competition: Participants and Participation Rates

		Unit	2019	2020	2021	2022	2023
Nippon Kayaku	Participants	Persons	1,349	1,566	1,976	2,105	2,096
	Participation rate	%	49.5	51.4	65.1	69.2	70.1
Group companies	Participants	Persons	280	263	82	317	348
	Participation rate	%	32.5	57.0	32.4	65.0	69.6
Nippon Kayaku Group overall	Participants	Persons	1,629	1,829	2,058	2,422	2,444
	Participation rate	%	45.4	52.1	62.6	68.6	70.0

◆ External Evaluations

Nippon Kayaku has been evaluated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi Organization as "an enterprise that thinks about employee health management from a managerial perspective and tackles the issue strategically." We have therefore been approved as a 2024 Health and Productivity Enterprise in the Large-scale Enterprise Category.*

This is testament to our vast number of initiatives on maintaining and improving employee health, including preserving a 100% take-up rate of periodical health checks, the introduction of stress checks and our mental health training. We also owe the award to our series of policies including: the extraction of health improvement issues to be tackled, coming up with relevant initiatives to improve health check results, introducing passive smoking measures, and setting up health-themed events for all employees. Nippon Kayaku views employee health improvement as essential to increasing corporate prosperity and stakeholder satisfaction, and will therefore continue proactively engaging in health management activities.

* Health and Productivity Enterprise in the Large Enterprise Category: A company gaining accreditation in the category for large-scale enterprises and medical corporations within the Health and Productivity Accreditation System created in 2016 by the Ministry of Economy, Trade and Industry.



(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.

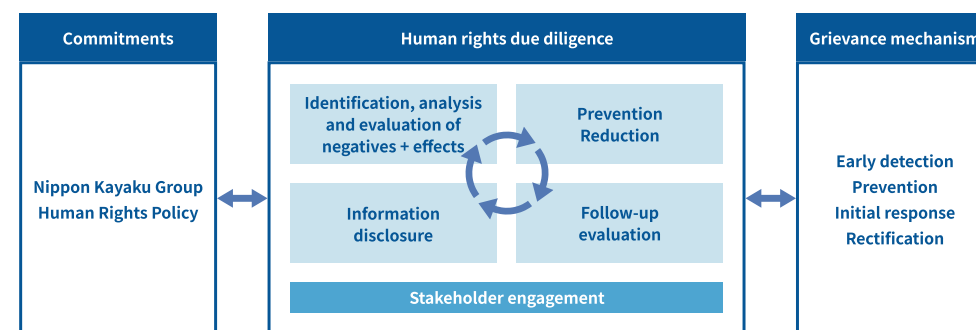
Indicators

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"> Engage in business operations that pay care and consideration to the human rights of employees and all other people involved in the supply chain 	Number of training sessions held on human rights	Once or more per year	1	2	<ul style="list-style-type: none"> Online training delivered on Business and Human Rights, and Risks Requiring Priority Measures as Identified by Nippon Kayaku Group Employees.
			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"> Nippon Kayaku Group Human Rights Policy revised. 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.

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 are we 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"> • Instillation of the “Nippon Kayaku Group Charter of Conduct and Code of Conduct” and “Nippon Kayaku Group Human Rights Policy” • Compliance Consciousness Survey • Education and training
Excessive overtime and long working hours	<ul style="list-style-type: none"> • Optimization of working hours and reduction of long hours
Right to privacy	<ul style="list-style-type: none"> • Information security initiatives • Instillation of the “Nippon Kayaku Group Privacy Policy” and “Personal Information Protection Policy” • Education and training

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"> Business and Human rights Human Rights Risks Requiring Priority Measures as Selected by Nippon Kayaku Employees 	<ul style="list-style-type: none"> Human rights issues, human rights initiatives demanded of companies, the Nippon Kayaku Group Human Rights Policy, human rights due diligence, remedial actions Human rights risk identification methods; prevention, reduction and correction 	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](#)

(Key Sustainability Issues)

Quality and Customer Safety

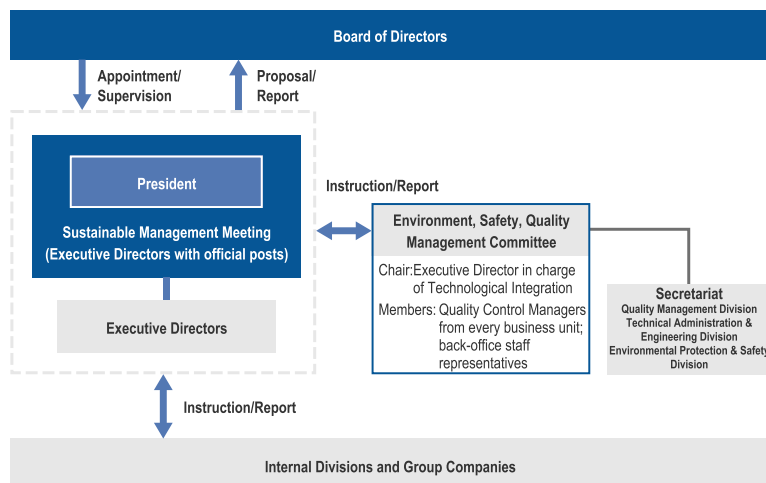
Policy and Basic Approach

So as to deliver high-quality, safe and secure products to society at large, we have fixed as our basic policy, under the **KAYAKU spirit**, our Declaration on the Environment, Health, Safety and Quality, and built up our Quality Assurance System. Using these as the base for appropriate operation of our Quality Management System, we are working towards thorough quality governance which includes indicators laid down in our Key Sustainability Issues. We also recognize the importance of being responsible throughout every product's life cycle, from planning, development and production to disposal and recycling, as well as with respect to resources, energy and the handling of information. As such, we are focused on raising the quality awareness levels of our employees.

➤ [Our Declaration on the Environment, Health, Safety and Quality](#)

System

The Nippon Kayaku Group has integrated its quality management practices by setting up an Environment, Safety and Quality Management Committee to serve as an advisory body to the Sustainable Management Meeting chaired by our President. This Committee is comprised of Quality Assurance Managers from each business unit and representatives from back-office headquarters departments. It engages itself in strengthening the entire Group's Quality Assurance System through discussing quality assurance policies and the status of quality improvement activities, then reporting to the Sustainable Management Meeting.



Overseas Certification Gained

The Nippon Kayaku Group is developing its presence through its three business units of Mobility & Imaging, Fine Chemicals and Life Science. We have constructed appropriate quality management systems for our various forms of business, with each business unit acquiring certification for international quality assurance standards in order to develop and provide high-quality products and services.

In the Mobility & Imaging Business Unit, the Safety Systems Group, the Safety Head Plant (Himeji) and the Research and Development Division have all acquired IATF16949 certification, an international quality management system standard for the automotive industry devised by the International Automotive Task Force (IATF). Our overseas Group companies engaged in the manufacture of automotive parts have also acquired this certification as they work on providing yet higher-quality products.

In the Fine Chemicals Business Unit, October 2022 saw the commencement of our unified quality management system for the Fukuyama Plant, Asa Plant, Tokyo Plant, headquarters and research labs, and Taiwan Nippon Kayaku. This system gained integrated certification for ISO9001 in July 2021.

Meanwhile, in the Life Science Business Unit's Pharmaceutical Group, our Takasaki Plant and Medical Research Laboratories have integrated certification for ISO9001 and integrated certification for ISO13485 - the quality management system standard for medical device and IVD (In Vitro Diagnostics). Furthermore, October 2022 saw our NIPPONKAYAKU FOOD TECHNO Group company acquire ISO22000 certification pertaining to food safety management system standards. Meanwhile, in our Agrochemicals Group, the Kashima Plant and Agrochemicals Laboratories commenced their unified quality management system in March 2021, and gained ISO9001 certification five months later.


➤ [Business Sites with Certified Quality Management Systems](#)

Quality Audits

We have put together a team of members from the Quality Management Division to periodically conduct Core Quality Diagnostic Checks*. These Checks are carried out on each domestic business site in order to confirm whether quality management systems are functioning effectively and efficiently, and to offer suggestions on raising quality assurance levels. They thereby serve to support the entire Group's quality management and a strengthening of governance.

* Our Group sets up quality audits in the form of Quality Diagnostic Checks.

Indicators

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2023 Initiative-related Topics
					FY2022	FY2023	
Quality and Customer Safety		<ul style="list-style-type: none"> Enhance our quality control and quality assurance systems by continuously improving our quality management system and ensuring thorough quality-related governance Implement quality management, improve production efficiency and reduce process abnormalities through digitalization 	Number of serious complaints by customers*	0	1	0	<ul style="list-style-type: none"> Quality Fraud Prevention-related seminar on Understanding the Essence of Quality Compliance developed for our Product Quality Month (November). The post-seminar survey (120 respondents) yielded good results. Satisfaction level: Extremely satisfied or satisfied: 78% Degree of understanding: Very easy to understand/ For the most part easy to understand: 90%
			Number of serious quality process abnormalities in processes*	0	1	0	

* Losses of 10 million yen or more

Initiatives

Promoting Quality Assurance and Quality Improvement Activities

Our Technology Unit and Quality Management Division are playing the central roles in our promotion of quality assurance and improvement activities. We are working on strengthening the requisite technical skills for quality management and aiming to decrease customer complaints and production process abnormalities through conducting Core Quality Diagnostic Checks, quality-themed education and training, and quality improvement activities.

Nippon Kayaku's quality management story begins in 1948, when a plant technician voluntarily began looking into quality control statistical methods. Their continued lively activity were eventually rewarded with a Deming Prize in 1963. This quality improvement spirit has been handed down to present-day employees in the form of our A3 (KAIZEN) Activities Competition, which sees both domestic and overseas Group companies engage in technician-driven quality improvement activities and delivering fruitful outcomes. We have also updated our textbook "Quality Management for Everyone" from the time of the Deming Award to fit the present day, and continue to use it for education and training.

Business Unit Initiatives

In addition to joining the education programs provided by the Quality Management Division, each of our business units is engaged in a host of quality improvement activities tailored to industry type.

Mobility & Imaging Business Unit Global Quality Management

For our Safety Systems Business, which supplies automotive safety parts across the globe, managing and guaranteeing the same quality levels across the board is a must. With our manufacturing bases also expanding globally, our Quality & Safety Division takes the overall lead, forging links with each manufacturing base and providing the relevant technical support. In its bid to achieve unified global quality is the Quality & Safety Division both strengthening global governance and promoting quality improvement activities.



Trainees from Malaysia posing with members of our Quality Assurance Department

Quality Improvement Activities Conducted with Suppliers

The need to rapidly deliver high-quality products to market makes continuous quality improvement activities based on relationships of mutual trust with suppliers essential.

In the Safety Systems business, our Quality & Safety Division gets involved from the initial supplier selection stage, conducting process audits, confirming quality situations, and offering education sessions to provide advice on quality improvement. Nippon Kayaku Group Quality Manuals are also distributed to all suppliers, who must sign a form confirming their acceptance of manual stipulations. The Purchasing Division conduct regular audits of suppliers according to the type and importance of materials purchased. These audits involve reinforcing the Nippon Kayaku Group's basic approach to quality assurance, confirming quality management standards and the supplier's quality situation, and offering advice on quality improvement.

FY2023 saw a total of 9 such supplier audits conducted (5 onsite and 4 by document submissions only), with the emergence of zero cases connected to serious quality issues. Where points of issue arose, the suppliers in question were made to submit a Process and Product Audit Improvement Plan with Relevant Measures Form, and we are currently confirming whether those remedial measures are in fact being enacted.

Continual communication with suppliers is vital to maintaining and improving quality. Going forward, we shall keep exchanging opinions as we strive to maintain and drive up quality through working in tandem with our suppliers.

Fine Chemicals Business Unit

Initiatives to Prevent Quality Fraud and Data Falsification

Our Fine Chemicals Business Unit has set up an independent Quality Assurance Division to carry out quality management and quality assurance work on each product produced by the three domestic plants (Fukuyama, Asa and Tokyo) which support the three business areas of Functional Materials, Color Materials and Catalysts. The Quality Assurance Division also links up with the quality coordinating body for all business units, the Quality Management Division, to work on strengthening divisional quality assurance systems.

As an initiative to tackle quality fraud and data falsification, we dispatch permanent Quality Assurance Division bodies to each plant to help deliver reinforced governance on the ground and link up with plant Quality Management Divisions to promote quality patrols and the fostering of quality cultures. At our Fukuyama and Asa plants, we have introduced the LIMS (the Laboratory Information Management System which helps prevent quality falsification through automatic recording of inspection results etc.) to reduce human interventions in the processing of product inspection data wherever possible and aim for improving data integrity.

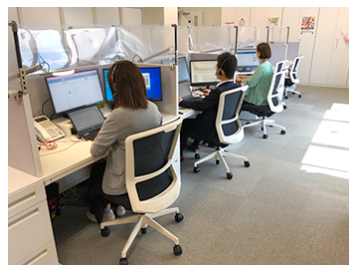
Moving forward, we will continue to pursue the relevant improvements as we aim for Quality Assurance System that is trusted by customers and wider society.

Life Science Business Unit

Responses to Enquiries from Patients and Medical Professionals

Our Medical Information Service Center has a toll free number for fielding all kinds of enquiries from patients and medical professionals on Nippon Kayaku pharmaceutical drugs and medical devices, including anti-cancer drugs, autoimmune disorder drugs and endovascular embolization materials. The Center handled 18,153 enquiries in FY2023. With the aim of ensuring that all our products come to serve customers even better, the Center's staff endeavor to handle each enquiry with speed, accuracy and politeness. We also strive for daily service improvements through surveying our customers on whether our Center's answers have met their expectations.

In addition to linking up with our medical representatives tasked with visiting medical institutions so that patients can be presented with the most helpful information possible, the Center also relays the requests and opinions of customers to relevant internal departments along with its own suggestions. Under its slogan of: "Doing everything to promote appropriate use and improve customer satisfaction" is the Medical Information Service Center contributing towards yet better medical care.



Our Pharmaceutical Products Information Center

Information for Patients and their Families

[IBD-INFO \(Japanese\)](#)



[Rheumatism La-la-la \(Japanese\)](#)



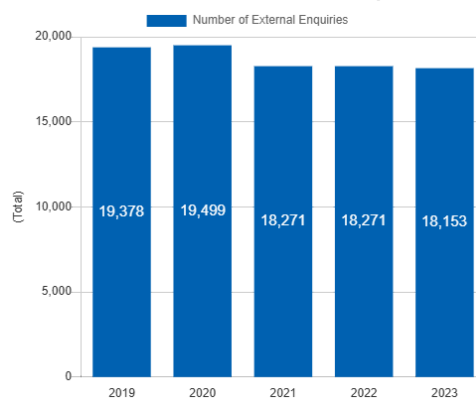
[Breast cancer info navigator \(Japanese\)](#)



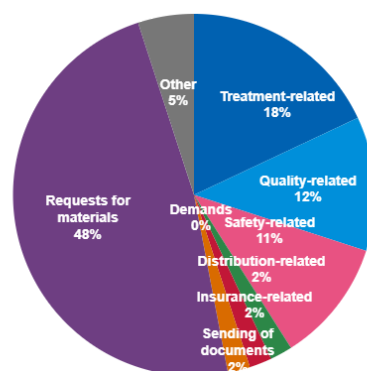
Quality Education for Suppliers

Our Agrochemicals Group outsources product manufacturing to locations both inside and outside Japan. It therefore drives forward quality maintenance and improvement of products manufactured by contractors through conducting periodical audits of, and detailed information exchanges with, the contractors in question. Audits are jointly conducted by the Quality Assurance Department and Technical Department, and with the help of the Research and Development Department should the situation demand. Questionnaires on conformity with laws and regulations, quality assurance systems, quality management and production processes are sent to manufacturing contractors, with those submitting low self-evaluations subject to Nippon Kayaku onsite checks inasmuch as is possible. Furthermore, where there have been past instances of abnormality or non-conformity at manufacturing contractors, we confirm whether recurrence prevention measures have been sufficiently devised and roll out success stories across other contractors so as to avoid repeats of similar issues. In cases where audits reveal insufficient efforts in certain areas, we issue the contractor in question with a Request for Improvement Form and demand speedy remedial measures. Thus, while working on improving both quality and customer satisfaction are we also supporting food supply and contributing to the development of sustainable agriculture.

Trends in Numbers of External Enquiries



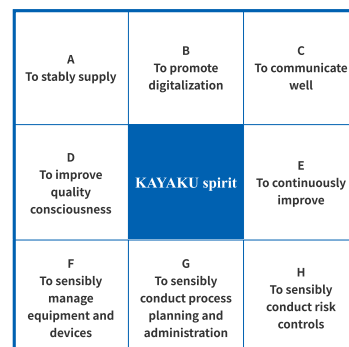
Enquiry Type Breakdown (FY2023)



◆ Quality Education and Training Initiatives

So as to clarify the key quality assurance and improvement issues to be tackled, our Quality Management Division has prepared a so-called “Quality Mandalart” box-form chart with our **KAYAKU spirit** corporate vision at its core, in line with which it regularly delivers quality-themed education.

In a further subdivision of the mandalart chart, the necessary knowledge and skills required to resolve issues A to H and realize the company we wish to be are also defined. The resultant quality education programs are delivered in both group-session and online-meeting formats so that every business unit’s R&D and plant employees can efficiently and effectively join regardless of where they move. Through, for example, dispatching instructors to every business site and delivering the contents to multiple locations simultaneously in a hybrid format, we are also devising training methods which make adept use of both online and offline formats. Moreover, by handing out post-session questionnaires, we are able to receive feedback on education and training quality and quantity, and link that to further improvements.



Quality Mandalart

(The **KAYAKU spirit**: “Continuously providing society with the best products through ceaseless progress and the combined forces of our conscience.”)

Training Contents include...

- Field Data Analysis: Learning School
- Internal quality auditor training
- “Why? Why?” Analysis Training
- Training on Measures against Human Error

We are also conducting E-learning activities for all executives and employees based on our internal quality education textbook entitled: “Quality Management for Everyone,” which draws together all the basic knowledge required while implementing quality management. Average take-up rates have remained high, hitting 97% in every year from FY2019 to FY2022. It can safely be said that our employees are individually devoting themselves to improving their quality awareness. FY2023 saw us deliver E-learning sessions on Quality Management for Everyone to new hires (including mid-career recruits and repeat sessions for those who missed the initial ones). The average take-up rate was 99%.

Seminar Attendance Results (Domestic)

Training Title	Main Contents	Mainly aimed at	Period	Delivery style	Number of times	Average attendance rate
Quality Control for Everyone	The Basics of Quality Control; Quality Standard and spec for Inspection; responding to issues etc.	New hires (but also offered to mid-career hires and repeated for those absent from initial seminars)	July 2023 to March 2024	E-learning	20	99%
Quality Control for Everyone	The Basics of Quality Control; Quality Control and Inspection Regulations; responding to issues etc.	All executives and employees	2019-2022	E-learning	20	97%

◆ Quality Improvement Activities

With a view to investigating the reasons for quality process abnormalities and customer complaints, and taking effective recurrence prevention measures, the Nippon Kayaku Group has incorporated the “Why? Why? Analysis” method with the aim of rallying all workplace employees together to think about, and propose appropriate solutions to, these issues. FY2014 saw us step up our Why? Why? Analysis efforts by forming promotional teams in each plant, creating a Why? Why? Analysis Manual, and diffusing it across company workplaces. We continue to update the manual, and are now translating the latest versions into foreign languages for a roll-out to overseas Group companies (including seminars on-location) to help accelerate improvement activities in both domestic and overseas workplaces.



(Key Sustainability Issues)

Environmental and Social Considerations in the Supply Chain

Policy and Basic Approach

To ensure that our purchasing activities conform to sustainable management practices, the Nippon Kayaku Group has fixed its Purchasing Principles and Basic Purchasing Policy. By utilizing these can we join forces with our suppliers to work towards realizing a sustainable society.

Basic Procurement Principles

In order to realize the **KAYAKU spirit**, Nippon Kayaku Group will pursue mutual and sustainable growth with suppliers based on the understanding they are important suppliers who help us produce products of the best quality. We will strive to conduct procurement transactions that are fair, honest, impartial, and in accordance with relevant laws, social norms, and our Basic Procurement Policies.

Basic Procurement Policies

◆ Compliance with relevant laws, social norms, and the Nippon Kayaku Group Charter of Conduct

1. We will comply with all relevant laws and regulations when conducting procurement operations.
2. We will judge the propriety of procurement activities based on Nippon Kayaku Group Charter of Conduct and the Nippon Kayaku Group Code of Conduct.

◆ Open-door policy, fairness, impartiality, and transparency in business transactions

3. We will conduct procurement-related business transactions in a fair, impartial, and transparent manner, and follow an open-door policy with respect to businesses at home and abroad.
4. In order to ensure transparency in all our procurement activities, we will undertake due procedures based on written documentation or electronic purchasing systems in accordance with the procurement operations standards.

◆ Partnerships with our business partners

5. We will build partnerships with suppliers based on mutual understanding and trust, and pursue mutual sustainable growth.

◆ Protection of information

6. We will protect supplier-related information obtained in the course of our operations, and strive to prevent any information leakage.

◆ Concern for the environment

7. We will promote the procurement of eco-friendly goods and materials.

◆ Basic criteria for selecting suppliers

8. When selecting goods and materials, we will give due consideration to economic factors such as quality, price, and date of delivery. We will also consider other factors such as the supplier's operating foundations, technological competitiveness, and stability of supply.
9. When selecting suppliers, we will give due consideration to their commitment to realization of a sustainable society, including their observance of relevant laws and regulations, respect for human rights, concern for the working environment, disaster preparedness and safety measures, efforts toward environmental conservation, and other efforts designed to fulfill their Sustainable.
10. In addition to the above, we will give due consideration to whether or not the potential supplier has a risk management system such as BCP (Business Continuity Plan).

Policy on Responsible Mineral Procurement

There is a concern that profits from the mining and trade of gold, tin, tantalum, tungsten, and cobalt, natural mica (hereinafter, the "minerals") in CAHRAs* (hereinafter, the "target areas") provide a major source of funding for organizations involved in armed conflict, human rights violations including child labor and forced labor, environmental destruction, corruption, etc. In light of this concern, we take measures to avoid the use of minerals from the target areas (hereinafter, "conflict minerals") and any raw materials that contain conflict minerals so as to avoid providing support for armed conflicts and/or inhumane activities. In the event that any use by us of conflict minerals is identified, we will take corrective measures without delay. We ask our suppliers to abide by our policy and cooperate with us by avoiding the use of conflict minerals in raw materials used for our products.

* CAHRAs (Conflict-Affected and High-Risk Areas) stipulated by the EU Conflict Minerals Regulation

See the list: <https://www.cahraslist.net/cahras> 

System

On the instructions of its Sustainable Management Meeting, Nippon Kayaku is accelerating its sustainable purchasing activities in line with its Purchasing Principles, Basic Purchasing Policy, and Responsible Mineral Procurement Policy. Our Purchasing Division has the lead role in promoting sustainable procurement, and is forming links with every factor and business unit purchasing department in order to strengthen initiatives.

Indicators

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2023 Initiative-related Topics
					FY2022	FY2023	
Environmental and Social Considerations in the Supply Chain	<div> <div>9</div> <div>SDG 9: Industry, Innovation and Infrastructure</div> </div> <div> <div>12</div> <div>SDG 12: Responsible Consumption and Production</div> </div> <div> <div>13</div> <div>SDG 13: Climate Action</div> </div> <div> <div>16</div> <div>SDG 16: Peace, Justice and Strong Institutions</div> </div>	<ul style="list-style-type: none"> Practice supply chain management with consideration for environmental and social aspects, based on the Sustainable Procurement Guidelines 	Response rate for confirmation of consent to Sustainable Procurement Guidelines	(Non-consolidated) 90%	(Non-consolidated) 99%	(Non-consolidated) 91%	<ul style="list-style-type: none"> Sustainable Procurement Guidelines-based survey sent out to suppliers making up the top 90% of our purchases in FY2021 and all new suppliers in FY2022 and FY2023 (371 companies in total). 338 companies consented to the Guidelines. As the survey responses revealed no supplier problems with human rights and environmental issues, there was no need to send out Requests for Improvement.
			Formulation and implementation of improvement plans using questionnaires to suppliers	(Non-consolidated) Disclose progress	-	Published in Topics	

Initiatives

Promoting Sustainable Purchasing

Our efforts towards realizing a sustainable society have seen us weave together our Nippon Kayaku Charter of Conduct and Code of Conduct, our Purchasing Principles, our Basic Purchasing Policy and our Responsible Mineral Procurement Policy into a Sustainable Purchasing Guidebook, and promote affirmation of such guidelines from a large number of suppliers.

With consideration given to respect for human rights, environmental conservation, worker safety and health, legal compliance, and fair trading, we are teaming up with our suppliers to promote sustainable procurement across the entire supply chain, spanning R&D, raw material procurement, manufacturing, selling and distribution.

We use briefing sessions, everyday communication and regular business conversations to enhance supplier understanding of our sustainable procurement drives, and periodically ask suppliers to sign pledges to comply with the terms and conditions of our Sustainable Procurement Guidebook. FY2024 has seen us issue every new supplier (raw materials manufacturer) with a copy of our Sustainable Procurement Guidebook, along with a relevant survey, whose results we have now collated in order to confirm the situation on the ground. From now on, we will continue working towards achieving a sustainable society with a supply chain that fulfils its social responsibilities, and towards becoming a familiar, much-loved presence in the eyes of our customers.

[▶ Sustainable Procurement Guidebook](#)


Initiatives Chart

Principal Activities	Activity Details	Assessment Frequency
Sustainable Procurement Survey	Sending Sustainable Procurement Questionnaires to domestic suppliers (specifically, suppliers in the top 90% of our raw materials purchases and new suppliers) to confirm how they are faring against the Nippon Kayaku Group Sustainable Procurement Guidebook.	<ul style="list-style-type: none"> As appropriate, for existing suppliers inside Japan Whenever a new domestic supplier registers
Supplier Audit	Conducting paper or field audits of supplier manufacturing bases (quality-centred supplier audits)	Yearly
BCP Procurement	<ul style="list-style-type: none"> Working towards gathering information on supply chain hazards and accidents, and sharing such information on internal company databases Strengthening moves towards multiple procurement 	<ul style="list-style-type: none"> As appropriate, whenever hazards or accidents occur Quarterly status confirmations
Responsible Mineral Procurement	Conducting surveys on applicable minerals (gold, tantalum, tungsten, tin, cobalt, natural mica) using CMRT and EMRT provided by RMI	Whenever a new supplier registers Also set up according to need
Financial Evaluation	Assessing new suppliers' finances based on information provided by external credit agencies	Whenever a new supplier registers

◆ Conducting Sustainable Procurement Questionnaire Surveys

Nippon Kayaku has conducted a Sustainable Procurement Survey of all new and existing suppliers to confirm the status of socially and environmentally-focused initiatives. FY2023 saw us survey the suppliers who made up the top 90% of our raw materials purchases in 2021, as well as new suppliers who registered in FY2022 and FY2023, a total of 371 companies. The survey was based on the contents of the Sustainable Procurement Guidebook, and saw us gain the consenting agreement of 338 companies (91%) over the two years spanning FY2022 and FY2023. The survey also enabled us to confirm that 353 company respondents (95%) were not causing negative environmental or social impacts with respect to human rights and worker safety and health. The future will see us continue our joint efforts with suppliers to aim for a sustainable society across the entire supply chain.

Number of Suppliers Evaluated over the Past Two Years, Response Rate and Consenting Rate

	Number of Suppliers	Response Rate	Consenting Rate
FY2022-2023	371 companies	95%	91%

Main Items on the Sustainable Procurement Survey

Assessment Points	Details
Human Rights & Labor	Banning of forced labor and child labor, appropriate management of working hours, appropriate payment of wages, humane treatment of employees, eradication of discrimination and harrassment, freedom of association
Safety and Health	Workplace safety, emergency preparedness, prevention of industrial hazards and sicknesses, industrial hygiene, due consideration given to physically-challenging labor, machine safety measures, provision of sanitation facilities/ food/dwellings, health and safety communication
Environment	Environmental permissions and reports, efficient use of resources and waste management, anti-pollution and resource reduction, management of hazardous materials, solid waste management and reduction, exhaust gas pre-processing, restrictions on materials, water management, reduced energy consumption and greenhouse gas emissions, biodiversity conservation
Ethics	Business integrity, eradication of unjustifiable profits, appropriate information disclosure, respect for intellectual property rights, fair business/fair advertising/fair competition, ID protection and prevention of retaliation, responsible mineral procurement, animal welfare, privacy protection
Management System	Corporate commitments, managerial accountability and responsibility, legal and customer requirements, appropriate import and export management, risk evaluation and management, improvement objectives, training, communication, worker feedback/participation/complaints responses, audits and assessments, processes for corrective measures, creation and maintenance of a documenting and registration system, supplier responsibility
Product Quality and Safety	Guaranteeing product safety, product quality management, provision of accurate product and service information
Information Security	Defense against cyber attacks, protection of personal information, prevention of confidential information leaks
BCP	Fixing a Business Continuity Plan

◆ Audits of our Suppliers

The Nippon Kayaku Group conducts annual audits of suppliers with the aim of promoting and properly achieving sustainable procurement. These audits see the manager of every Nippon Kayaku plant check and assess their suppliers against various management criteria with respect to plant facilities, processes, health and safety, production and more. We conducted 101 supplier audits in FY2023 (and, as of June 2024, are still awaiting document responses from four of them). Having confirmed information and points of concern in relation to these audits, we provided feedback and demanded improvements from the suppliers in question, but found no instances of serious violations.

Our Fine Chemicals Business Unit is referring to the RBA Code of Conduct when confirming the status of supplier initiatives in the five key areas of: Labor (Human Rights), Safety & Health, Environment, Ethics and Management Systems. FY2023 saw 71 supplier companies undergo such an audit (16 onsite, 1 online, and 54 via document submission as of June 30th 2024 – with 4 companies yet to respond).

◆ Business Continuity Planning (BCP): Procurement Initiatives

Nippon Kayaku regularly works to gather information on supply chain hazards and accidents, and immediately share such information through internal company databases. It also seeks to promptly pick up the charts of the raw materials procured from the relevant country of origin or manufacturer, and thereby confirm the impact on stocks, procurement, factory operation restarts and manufacturing. Although one BCP measure has seen us switch to purchasing many items from multiple suppliers, we still need to strengthen initiatives in order to respond to all manner of situations.

◆ Each Business Unit's Initiatives

Mobility & Imaging Business Unit
Purchasing Briefing Sessions

The Safety Systems Group holds a yearly Purchasing Briefing Session for its regular suppliers.

Within the automotive industry supply chain, Nippon Kayaku must, in tandem with its suppliers, rapidly respond to an external environment filled with dizzying changes in domestic and international affairs, and exchange rate fluctuations, all while ensuring that customers suffer no delays and that high-quality low-cost products continue to be supplied. Our Purchasing Briefing Sessions see us cover the Group's expected results, the business plan for the next financial year, production system status, development plans, medium-to-long-term visions, product quality policies and purchasing policies, with the aim of providing information which suppliers can feed into their own business plans. These sessions also allow us to hand out Outstanding Partner Company Awards to suppliers who are model examples in quality, cost and respecting of deadlines. We will work to ensure that future briefing sessions continue to serve as valuable information-sharing outlets for our Group and its suppliers, and that beneficial information continues to be presented.



Fine Chemicals Business Unit
Response to an RBA Audit

The Responsible Business Alliance (RBA) is a corporate alliance which promotes social responsibility within the global supply chain. The RBA Code of Conduct lays down the necessary standards for certifying that companies are providing safe supply chain working conditions, treating workers with dignity and respect, and showing consideration for the environment in their business activities. January 2022 saw our Fukuyama Factory undergo a Third-Party RBA Audit. Happily, the factory was recognized for its appropriate management in the five survey areas of Labor, Safety & Health, Environment, Ethics and Management Systems, and duly gained a Silver Certification. Points to improve have been earnestly tackled in line with Corrective Action Plans (CAP), all of which were approved in January 2023.

Going forward, we will ensure that RBA audit standards are maintained by performing yearly internal audits, the most recent of which in October 2023 confirmed these standards are indeed being met.

Purchasing Division Members Education

Nippon Kayaku provides all members newly transferred to the Purchasing Division with induction training designed to give them a sufficient grounding in our Purchasing Principles, Basic Purchasing Policy, Responsible Mineral Procurement Policy, and Sustainable Procurement Guidelines. Furthermore, in order to guarantee robust supply chain management are we ploughing efforts into education and training sessions for Purchasing Division Members themed around Sustainable Procurement and Responsible Mineral Procurement. We are also promoting further knowledge-acquisition efforts from purchasing managers by buying them procurement qualification textbooks and supporting their efforts to study for CPP (Certified Procurement Professional) or CPSM (Certified Professional in Supply Management).

Participation in Initiatives

◆ UN Global Compact: Supply Chain Subcommittee

Since 2022, the Nippon Kayaku Group has sat on the Supply Chain Subcommittee of the UN Global Compact. The knowledge and information gained from such meetings has been shared with our internal purchasing managers and used to update the survey questions we ask of suppliers.

◆ Partnership-building Declaration

Nippon Kayaku has signed up to the Paving Our Future Partnership-Building Promotion Meeting, which counts among its members: the Chair of the Japan Federation of Economic Organizations, the Head of the Japan Chamber of Commerce and Industry, the Chair of the Pension Fund Association, and related ministers from the Cabinet Office, the Ministry of Economy, Trade and Industry, the Ministry of Labor, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Land, Infrastructure, Transport and Tourism. We released our own Partnership-building Declaration in 2023.

This Declaration constitutes a vow to build fresh partnerships through links and prosperous coexistence with all suppliers and value-creation-seeking businesspersons within our supply chain. Participation in this Declaration will help us build the sustainable relations which allow us to prosperously coexist with suppliers.

➤ [The Nippon Kayaku Partnership-building Declaration \(Japanese\)](#) 📄

Compliance Hotline for Suppliers

The Nippon Kayaku Group has also set up a Compliance Hotline for Suppliers for the reporting of law violations, available to every executive and employee working for our Group's domestic suppliers. The Ethics Committee Staff Office (specifically, the Person in-charge of the Internal Control Management Division) serves as the reception desk for whistleblower reports and consultations. The system guarantees both confidentiality and anonymity, meaning that no report or consultation will result in blowback against the whistleblower.

➤ [Compliance Hotline for Suppliers](#)

Contributing to Local Communities

Policy and Basic Approach

With business sites positioned all over the world, the Nippon Kayaku Group plays an active role as a member of multiple local communities. As a good citizen-company wherever we are, we aim to coexist with surrounding regions by effectively utilizing our resources and valuing communication with local people. We are also deploying our technologies and products on CSR activities such as Next-Generation Development Support and Disaster Recovery Support, thereby contributing to healthy and sustainable local community development.

Indicators

Action Plan for Next-generation Development Support Measures

Next-generation Development Support Measures: Action Plan 4 (Only community-related themes selected)

◆ Target 4: Next-generation development support measures at a local community level (Specific details of initiatives)

[Details of specific 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

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

> [Progress Report \(FY2023\)](#) 

Initiatives

Creating a Society Where People Can Lead Healthy and Affluent Lives

◆ Asunaro House: A facility for terminally-ill children and their families

Under the motto of “Helping Terminally-ill Children and their Families,” 1998 saw Nippon Kayaku mark the 80th anniversary of its foundation with the opening of Asunaro House, an accommodation facility for children undergoing hospital treatment and the family members who accompany them. The facility, which we operate ourselves, lies close to the Saitama Shintoshin area. Asunaro House aims to be a reassuring place to stay for children undergoing either outpatient or inpatient treatment for cancer and other incurable diseases, and their accompanying family members. It welcomed 203 families and a total of 2522 people in 2023 alone. The facility boasts ten private rooms of just over 18 square meters in size for children accompanied by two adults, a wide dining area and kitchen, a playroom, a laundry, and all the necessary equipment for long-stay guests, who we hope can come to view it as “a home from home.” 2023 also saw us renovate two of the rooms, much to the delight of their occupants. To further enhance the pleasant guest experience, Nippon Kayaku and related companies periodically send volunteers from among staff and retired staff to clean the premises and cut the grass. While protecting the privacy of guests, we are working to make Asunaro a place where families can interact, and which helps even a little with alleviating the mental and financial burdens of sick children and their families.



Our volunteer army of staff and ex-staff gets to work on cleaning and hedge-trimming.

> [Asunaro House: An Outline \(Japanese\)](#)

Message

2023 saw Asunaro House celebrate its 25th anniversary. Until that point, it had welcomed some 4,115 family groups and 74,421 individuals.

With Saitama Prefectural Children's Medical Center, Saitama City Hospital, and the Yamato Acupuncture Clinic among the several neighborhood institutions pouring their utmost into child medical care, we are seeing an increase in families coming from all over Japan to have their children receive yet more specialist and high-level treatment.

The Covid-19 pandemic rather dented visitor numbers, but applications from would-be guests are now gradually rising again. We will therefore continue our infection control measures going forward and welcome yet higher numbers of guests.

Since my appointment as House Manager in 2017, we have tried to make families feel more at home by introducing extra seasonal decorations and other initiatives based on information-sharing with similar facilities across the country.

From now on we will strive each and every day to provide terminally-ill children and their families with a safer, more reassuring and more pleasant experience, and make Asunaro House their "home from home."

Let us hold in our hearts the "thankyous" we receive when children discharged from hospital return to their real home with their families.

Mr Yamaji, House Manager



◆ Promotion of Sport

Nippon Kayaku provides support to sports and also sets up internal healthy-living initiatives. We will keep promoting these various CSR activities to realize our corporate principle of "Supporting affluent living through safeguarding life and health."

V League: Wolfdogs Nagoya (Gold Partner)

Volleyball is a sport in which the ball connects people. We therefore approve of and support the activities of Wolfdogs Nagoya which center upon the principle of bringing people together.

➤ [Wolfdogs Nagoya Official Site \(Japanese\)](#) 



Supporting the Scrum Japan Program

We are participating in the Scrum Japan Program, a series of activities initiated by the Japan Rugby Football Union aimed at educating and developing the children and young people who will lead our future through rugby.

We fully subscribe to the aims of the program, and have signed up as a supporting member as part of our CSR activities.

➤ [Scrum Japan Program Official Website \(Japanese\)](#) 



Business Site Initiatives

Headquarters Recognition as a Tokyo Sports Promotion Company for 2023

Tokyo Metropolitan Government's Bureau of Citizens, Culture and Sports recognized Nippon Kayaku as a "Tokyo Sports Promotion Company for 2023." This award system allows the Tokyo Government to recognize companies that set up outstanding initiatives to promote sport among employees and conduct sports-based CSR activities. Going forward, Nippon Kayaku will continually set up healthy-living initiatives and proactively work on promoting health improvements to employees.

➤ [Tokyo Sports Promotion Company Accreditation System](#) 



Next-generation Development Support

◆ Next-generation Development Initiatives

We are currently engaged in next-generation development support initiatives which aim to make the children who will lead our future understand the fun of science.

Business Site Initiatives

Headquarters Helping out with Lessons at Kudan Secondary School

As our headquarters used to be based in Tokyo's Kudanshita district, we have been helping Kudan Secondary School out with their General Studies lessons on the topic of "Understanding Local Area." We have continued this aspect of our local community contributions even since relocating our head office to Marunouchi in 2014. A typical year sees us invite students to our offices to provide them with an introduction to our company, lessons on how to make advertisements, and an explanation of their tasks. We then have them report back at a later date on the results of those tasks.

One task we set the students was: "Think about a Nippon Kayaku-style advertisement which gets lots of people interested." Our PR Department members taught a lesson on advertising and looked at the effectiveness of advertisements conveying messages of: "Who, What and How." Discussion groups deepened the debate by generating various ideas, and the students gave us an interim report one month later. Then, one month further on from that, we had the students use PowerPoint to make their final advertisement. We will continue these initiatives in the hope they prove of even just a little help to the students.



Research Lab Exhibiting at the "Summer Holiday Science Experiments for Kids 2023" staged by the Yume Kagaku 21 Committee (Chemistry Makes Our Dreams Come True).

August 5th and 6th 2023 saw Nippon Kayaku head to the Science Museum at Takeshiba, Tokyo, to exhibit at the Yume Kagaku 21* Committee-sponsored science experiment event for elementary school kids: "Summer Holiday Science Experiments for Kids 2023." Over 200 children took part in our event. Under the theme of "Let's Make a New Galaxy Ball!" did we conduct a handicraft activity using the photosetting resin known as acrylic resin. The completion of our totally one-off key ring was marked by cheers of delight from the children present.



* A campaign jointly set-up by The Chemical Society of Japan, The Society of Chemical Engineers, Japan, and the Japan Association for Chemical Innovation, aimed at promoting understanding of scientific enlightenment and the science industry's contribution to society.

Our experiment videos featured on the Yume Kagaku 21 Children's Science Channel

Our science experiment video entitled "The Marvels of Colors: Color experiments to try out at home!" appeared on the Yume Kagaku 21 Committee's Children's Science (YouTube) Channel. We both approve of and support the channel's aims of stimulating scientific curiosity and interest in the children who will lead our future. The video, designed to simplify the appeal of science, was put together by trial and error, based on plans thought up mainly by the younger members of our Research Section.



(Science Experiment Video Outline)

Title: The Marvels of Colors: Color experiments to try out at home!"

Experiment details: Neutralization reaction of bath bombs (bath salts); Felt-tip pen chromatography: the three primary colors

➤ [Science Experiment 07: The Marvels of Colors: Color experiments to try out at home! \(Made with the cooperation of Nippon Kayaku Co., Ltd.\) - YouTube](#)

Joetsu Factory Joetsu Science Museum's Youth Science Festival: Making a Kaleidoscope from Polarizing Plates

The Joetsu Plant is engaged in several initiatives chiefly aimed at elementary schoolers that use handicraft as a means to familiarize children with science. Two such initiatives involved setting up booths at Joetsu City's Youth Science Festival and the Myoko City Science Festival (both in Niigata Prefecture). Our exhibition booth saw us give demonstrations on how to make a kaleidoscope from polarizing film produced at our Joetsu Factory. Child visitors, sometimes with helping hands from their parents, were able to make their own kaleidoscopes decorated to their own tastes. And when looking into the finished versions, the delighted children exclaimed: "How pretty!" "How marvelous!" and "I want to make one at home!" The staff on hand gave dozens of explanations over the course of the day, but any fatigue they had was swept away by the joy of seeing how children reacted. We will continue to offer such practical science events as we further develop our locally-rooted CSR activities.



Asa Plant Activities for the Local Community: A University Open Day

September 24th 2023 saw Sanyo Onoda City University hold an Open Day event.

For the purpose of introducing our local business and getting children more interested in science, we elected to set up a booth.

The experiment we staged was entitled: “Does a red cabbage really cause this? Science’s marvelous Dance of the Seven Outfits!” and consisted of placing the anthocyanin found in red cabbages into various solutions to see how its color changed. We understandably chose this experience for its capacity to make science visually enjoyable for children. With the help of numerous people on the day, we could get through the experiments without a hitch, and achieve a rousing response from the observing children.



Asa Plant Pre-Job Application Workplace Tour

August 2nd 2023 saw the Asa Plant welcome seven students from three local schools for a Pre-Job Application Workplace Tour. After providing an outline explanation of the facility, we took them on a tour of the plant. The students took copious notes of our explanations throughout and asked plenty of questions as well. We would be delighted if this tour helped them get a feel for the workplace atmosphere.



Initiatives in the Local Community

Through plant open days, education activities, donations and co-sponsorships, blood donations, cleaning activities and informal get-togethers, the Nippon Kayaku Group is working to give everyone in the immediate local community an insight into what our business is about. The future will see us continue to set up these opportunities to interact and actively communicate with local people as we work on local community regeneration and development.

➤ [Principal Agreements Nippon Kayaku has Signed with Local Communities](#)

◆ Our Commitment to Local Employment

Wherever we are, we recognize the local community as one of our key stakeholders, not only through CSR, but through employing local people and actively exchanging information with local authorities. This underscores our belief in helping achieve sustainable development through healthy local communities. Both domestically and globally, we are proactive in our local recruitment wherever we set up base, making sure to follow relevant local laws and exceed the local minimum wage.

◆ Business Site Initiatives

Asa Plant Fireworks of Hope

July 21st 2023 saw us launch over 300 fireworks in deep appreciation of the local community who always look after us well. It was the fourth straight year we had put on this display since 2020 at the Kaji Fishing Port, located a short distance from our Asa Plant. For 2023, we even opened the event with a session of Ryuo taiko drumming, which combined with the fireworks to tremendous effect.

As the event fell on the first day of summer holidays, it was very well attended, with the crowd giving lots of vocal support to the large multicolored firework rings and pulsating taiko performance. The event finished a roaring success as we successfully used the power of fireworks to energize local people and put smiles on faces.

The future will see more such efforts to bring delight to local residents.



Takasaki Plant Digging for Sweet Potatoes

October 2023 saw us dig for sweet potatoes just outside our company dorm on a fine autumn day with children from Iwahana Nursery and Konan Kindergarten. A succession of hot summer days ensured our Beni Haruka sweet potato yield was high.

The preschoolers dug into the earth with their own bare hands and, when uncovering potatoes the size of their own faces, smilingly exclaimed: "I got a big one!" The smile-filled activity was also a source of pleasure for our staff members present. Once digging had finished, we enlisted the help of Gunma Sangyo to remove the roots and dirt from the potatoes, load them onto a truck, and deliver them to the nursery and kindergarten.



Kayaku Safety Systems Europe Charity Activities

Every year sees Kayaku Systems Europe (hereafter: KSE) throw its energy into charity activities as it offers support to local non-profit organizations, premises fire brigades, children's sports teams, the elderly and underprivileged persons. 2023 saw KSE lend support to the construction of a foodbank warehouse facility in the environs of its head office. Foodbanks, for the uninitiated, are institutions which gather large volumes of discarded food approaching its expiry date and redistribute them, along with sanitary items, to people in need (for example, the homeless, single mothers, and refugees, etc.)

The past nine years have also seen KSE engaged in Pink Ribbon Activities, training its focus on breast cancer prevention, gradually raising awareness of the issue and increasing people's interest in preventative measures. In addition to our long-term links with a non-profit organization that brings together local medical students and Vsetin-area cancer patients, we have also forged links with the Czech Republic's biggest public health insurance provider.

KSE is also involved in charity activities related to donations of blood and plasma. It was specially commended by the Mayor of Vsetin for its charitable donations and support for non-profit groups in 2023.



Kayaku Advanced Materials
Charity Activities

Each year sees Kayaku Advanced Materials (hereafter: KAM) join the US Marines' "Toys for Tots" initiative, which sends new toys and books to underprivileged American children to give them a happier Christmas and a message of hope. Over the years, Toys for Tots has distributed some 652 million toys to some 291 million children, not only bringing hope in Christmas season, but beyond Christmas too.

KAM's own Toys for Tots efforts have been led for the past six years by employee Russ Burdick, who draws together all the toys we have donated and delivers them to the US Marines. The initiative is of immense personal importance to Russ, who spent many years lobbying for the company's involvement. Having grasped the initiative's significance thanks to Russ's efforts, our employees look forward to their annual participation.



Russ posing with all the toys donated by KAM employees.

Data

◆ CSR

Indicators	Covering	Unit	2019	2020	2021	2022	2023
CSR expenditure	non-consolidated	million yen	254	146	154	149	158
Total donations	non-consolidated	million yen	222	114	123	120	126
Other CSR expenditures	non-consolidated	million yen	31	32	31	29	32