
Human Capital

Message from the Director In-charge

Nippon Kayaku Group is fully aware that its “people” represent important capital in the quest to improve corporate value and realize a sustainable society. Key to boosting business competitiveness, we feel, is the preparation of a workplace environment for each and every employee-whose role in company growth is so vital-to maximize their abilities.

Against a backdrop of hastening diversification in both human resources and working styles, it is vital we respect employee diversity and provide all employees with a comfortable working environment. We firmly believe that innovation is spawned, and organizational resilience heightened, by learning from each other, through the promotion of Diversity, Equity and Inclusion, and the cooperation of employees with diverse backgrounds and viewpoints stemming from age, gender, nationality and career.

We require “independent human resources” who act of their own accord; “boldly challenging human resources” who are unafraid of failure; and “global human resources” who can perform on the world stage. It is human resources of this caliber that we seek to bring into our fold and nurture so that they become the driving force towards opening up our future. We view the knowledge, skill and thirst for growth of our circa 6000 employees as Nippon Kayaku’s “human capital” in which we shall proactively invest. By nurturing human resources fit for growing our business do we aim to become, even in changing times, a company selected by all kinds of people.

By constantly implementing measures designed to improve human resource development and organizational climate shall we construct a corporate system of which all employees can be proud on our path to becoming a “platinum company” in which work is both comfortable and rewarding. Let’s see what we can achieve!



Makoto Takeda
Member of the Board
Managing Director

Policy and Basic Approach

Internal Environment Preparation Policy

By providing a comfortable working environment conducive to employee health we are 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.

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.

Human Resources Development Policy

> [Human Resources Development Policy](#)

System

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Targets and Results

> [Initiatives to Promote More Active Roles for All Employees: Action Plan 3](#)

Performance Report (FY2024) 

> [Next-generation Development Support Measures](#)

Progress Report (FY2024) 

Initiatives

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. FY2024 saw us conduct open recruitment processes for two posts, both of which successfully resulted in job transfers. 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.

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.

FY2024 saw us conduct our second Employee Engagement Survey of 2,204 employees (full-time, contracted, part-time, senior partners). Nippon Kayaku's Groupwide score was 48.4, an improvement of 1.3 on FY2023 but still below the national average. While from a companywide perspective we scored highly on "manager support" and "workplace unity," our scores for "appropriate recruitment and placement" and "prospects for business growth and business future" tended to be lower. These results suggest we have not yet fully become a strong organization capable of defeating market competition, and that there is room to improve organizational culture and systems. We are therefore fixing action plans for, and conducting improvement activities in, each company workplace with a view to increasing engagement. We will continue to drive forward reforms which energize employees in their jobs, and foster a workplace climate which is both comfortable and rewarding.

Employee Engagement Survey Results

Indicators	Covering	Unit	2020	2021	2022	2023	2024	2024 Target
Response rate	non-consolidated	%	-	-	-	85.9	83.9	-
Employee engagement	non-consolidated	score	-	-	-	47.1	48.4	50

◆ Engagement Factor Score

Areas of strength: Manager support activities, workplace teamwork

Areas with issues: Appropriate recruitment and placement; Prospects for business growth and business future

◆ Upcoming Initiatives

With a view to visualizing the employee engagement situation and boosting improvements to organizational strength, we are aiming to maximize the preparation and delivery of a more comfortable and rewarding workplace.

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	2020	2021	2022	2023	2024
Average number of annual hours worked per worker	consolidated	hours	-	-	-	-	1,916
Average monthly overtime hours	consolidated	hours	-	-	-	-	10.7
Average number of annual hours worked per worker	non-consolidated	hours	1,885	1,911	1,896	1,876	1,883
Average monthly overtime hours	non-consolidated	hours	11.3	12.7	11.9	11.2	11.8

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.

As our personnel pay system is based on position class, it does not in itself give rise to gender pay differences. The fact such differences exist regardless can be put down to comparatively low numbers of female managers, a corollary of female employees in their late-20s and 30s going on to the so-called "mommy track" of childbirth and childcare.

We shall henceforth respond to this by promoting female appointments as part of initiatives to narrow gender pay differences.

Pay

Indicators		Covering	Unit	2020	2021	2022	2023	2024
Average annual pay	Male	non-consolidated	1,000 yen	7,423	7,683	8,003	7,704	7,979
	Female	non-consolidated	1,000 yen	6,133	6,366	6,707	6,336	6,632
	Overall	non-consolidated	1,000 yen	7,224	7,477	7,801	7,488	7,763
Gender wage differentials*	Full-time workers	non-consolidated	%	-	-	75.6	82.2	83.1
	Part-time & fixed-term workers	non-consolidated	%	-	-	53.0	70.9	71.2
	All workers	non-consolidated	%	-	-	72.3	71.4	72.5

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 FY2024	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	2 company members, 3 labor union members

Freedom of Association

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of union members* ¹	consolidated	persons	-	-	-	-	3,532
Union membership rate* ²	consolidated	%	-	-	-	-	72
Number of union members* ¹	non-consolidated* ³	persons	1,753	1,695	1,687	1,697	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

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.

Harassment Prevention etc.

As part of our efforts to promote anti-harassment and the creation of workplaces with higher levels of psychological safety, FY2024 saw us conduct management-oriented Respect Training at our Fukuyama and Takasaki plants.

- > [Compliance \(Education and Training\)](#)
- > [Internal Whistleblowing System](#)

Responses to Labor Standards Act Violations

FY2024 gave rise to a single Labor Standards Act violation relating to monthly overtime hours exceeding the monthly limit of 80. Once this violation occurred, the labor union and HR Department promptly conducted a hearing with the managers of the organization concerned, and confirmed both the reasons behind the occurrence and reoccurrence prevention measures. The HR Department also conducted working hours management training at the workplace concerned. We plan to scale out this case study to other organizations in our efforts to further strengthen working hours management education.

Number of Labor Standards Law Violations

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of labor standard violations	consolidated	cases	-	-	1	0	1
Number of labor standard violations	non-consolidated	cases	-	-	1	0	1

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

Related Data

- > [ESG Aggregate Data \(Social\)](#)

Human Resources Development

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.

System

> [Human Capital \(System\)](#)

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results	
					FY2023	FY2024
Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights		<ul style="list-style-type: none"> • Promoting diversity and inclusion through the recruitment of diverse human resources, effective HR assignment and exchanges • Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource development 	Amount invested in education and training per employee	(Non-consolidated) Disclose results	(Non-consolidated) 76,565 yen/person	(Non-consolidated) 72,015 yen/person
			Training hours per employee	(Non-consolidated) Disclose results	(Non-consolidated) 17.7 hours	(Non-consolidated) 15 hours

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.

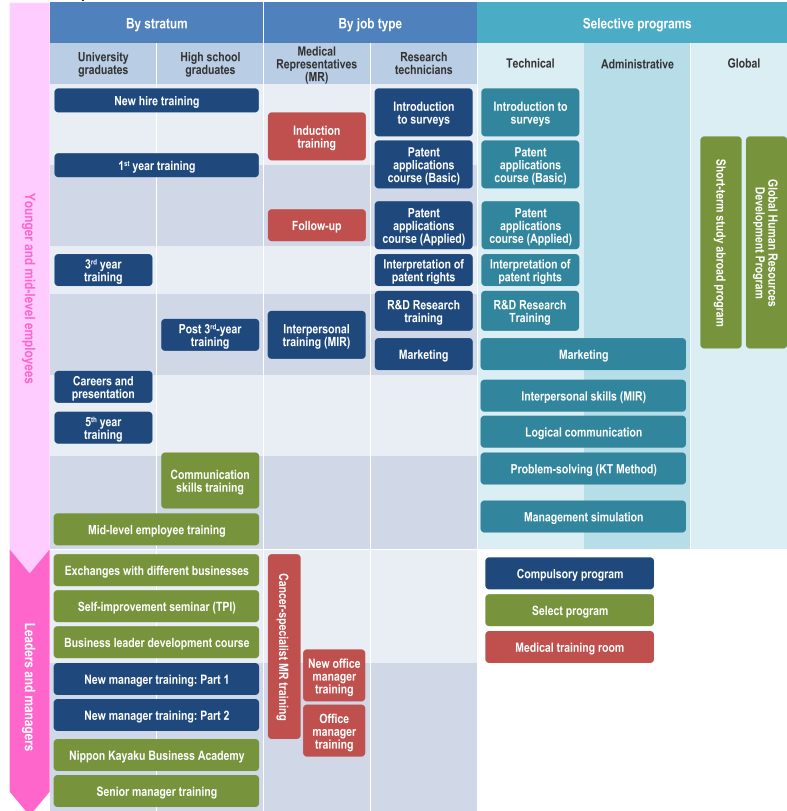
◆ Next-generation Managers Development Program

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 FY2024, the Academy welcomed 20 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.

Title	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	
Period	1 year	
Supervised by	Corporate Planning Division, Human Resources Division	
Attendees	FY 2024	20(Male : 18 , Female : 2)
	FY 2023	23(Male : 20 , Female : 3)
Total training time	FY 2024	2180 hours
	FY 2023	2587.5 hours

Education and Training Structure Map



◆ HR Department Training Programs for FY2024

Compulsory Program

Title	Contents	Attendees			Total training time
		Male	Female	Total	
New Hire Training	Induction training for new graduate hires Internal company rules, business outlines, business skill education	60	12	72	6,430
Post-1st year Training	Improving business execution capabilities; confirming relevant issues and fixing action plans for voluntary career progression	60	12	72	1,605
3rd-year Training	Improving business execution capabilities; fixing a career action plan to aid constant delivery of results as a core organizational member	33	6	39	780
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	23	2	25	312.5
5th-year Training	Learning methods to enhance autonomy and ways of demonstrating influence that can be used to shape one's future career	20	2	22	275
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	17	1	18	360
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	38	2	40	1,100
Year-round Recruit-Oriented HR Training*	Induction training for mid-career hires Internal company rules, business outline education	-	-	-	-

* Not held in FY2024

Voluntary Program

Title	Contents	Attendees			Total training time
		Male	Female	Total	
Seminar on Improving Interpersonal Skills	Gaining the skill of adapting to other people's communication styles	11	2	13	162.5
Problem-solving Skill Improvement Training	Gaining knowledge of the necessary rational thinking processes behind accurate judgments and problem-solving	13	2	15	300
Marketing Training	Gaining knowledge of marketing frameworks and analysis methods	13	3	16	200
Logical Communication Training	Improving information-exchange skills based on logical thinking	22	2	24	300
Management Simulation Training	Gaining understanding of management indicators and knowledge of business management processes	14	0	14	280

Next-generation Manager Development Program

Title	Contents	Attendees			Total training time
		Male	Female	Total	
Business Leader Training Course*	Developing reformist leaders overflowing with entrepreneurial spirit who act while anticipating the future	-	-	-	-
New Manager Training: Part 1	Induction training for new managers Gaining the skills and knowledge demanded by the role	29	1	30	375
New Manager Training: Part 2	Induction training for new managers Gaining management and communication skills	29	1	30	375
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	18	2	20	2,180
Senior Management Candidates (Held in alternate years)*	Aimed at future senior management candidates Learning about leadership, business management capabilities and management literacy	-	-	-	-

* Not held in FY2024

Human Resources Development

Indicator	Covering	Unit	2020	2021	2022	2023	2024
Training hours per full-time employee	Non-consolidated	Hours	14	13	15	17.7	15
Total training hours	Non-consolidated	Hours	29,156	27,092	31,045	37,465	31,915
Amount of investment in education and training per full-time employee	Non-consolidated	Yen	35,706	66,606	83,002	76,565	72,015

◆ 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.



Diversity and a comfortable working environment

Policy and Basic Approach

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.

> [Internal Environment Preparation Policy](#)

System

> [Human Capital \(System\)](#)

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights	   	<ul style="list-style-type: none"> Promoting diversity and inclusion through the recruitment of diverse human resources, effective HR assignment and exchanges Pass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource development 	Percentage of female employees in management posts*	(Non-consolidated) 10% or higher	(Non-consolidated) 8.8%	(Non-consolidated) 8.3%	<ul style="list-style-type: none"> In each workplace, we are selecting female candidates for managerial positions, confirming their managerial intentions via interview, and delivering systematic development training. In order to change attitudes, we have also held a panel discussion involving female managers and urged women to challenge for management roles. We have also increased the percentage of women recruited. (New female hires are up by 9.2 points on the previous FY, while career female hires are up by 4.3 points) With the aid of specialist support and advice, we are preparing better work introductions and working environments for disabled people, and continue to promote disabled hires as well as expanded job opportunities. Our actions going forward will see us fix Key Initiative Business Sites on which to expand recruitment and prepare a suitable working environments. We shall also link up with a specialist support school to further boost recruitment and continually strengthen working environments
			Percentage of employees with disabilities	(Non-consolidated) Achieve legal minimum employment rate	(Non-consolidated) 1.93%	(Non-consolidated) 2.11%	

* Target values at the end of FY2024

Initiatives to Promote More Active Roles for All Employees

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 2024) 

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 5

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. Plan Period

2 years: April 1st 2025 to March 31st 2027

◆ 2. Contents

Target 1: To raise paternity leave and childcare-related leave take-up rates to over 70%.

Measures

- April 2025: Utilize companywide notice boards such as the intranet to diffuse information promoting paternity leave
- April 2025: Utilize companywide notice boards such as the intranet to diffuse guidance on taking up paternity leave
- April 2025: Conduct training for managers of employees planning to give birth on the work requirements and basic information they need to consider

Target 2: Working hours outside of legal working hours and legal holiday working hours should not exceed 30 per month for full-time workers.

Measures

- April 2025: Utilize companywide notice boards such as the intranet to diffuse information on designated No Overtime Days.
- April 2025: Advisory Committee on Working Hours to explore initiatives related to working hours management.

Performance Report (FY 2024) 

Initiatives

Support for Enhanced Roles for Diverse Human Resources

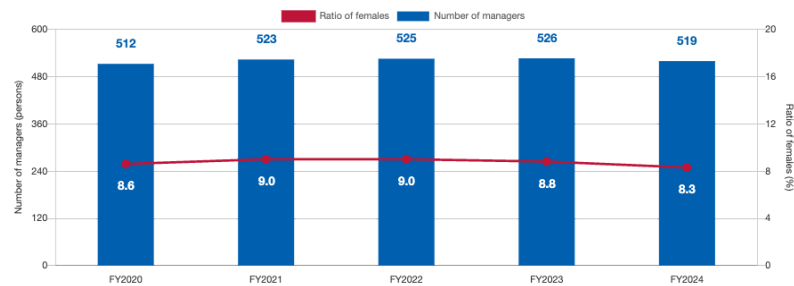
◆ Promotion of Enhanced Roles for Women

We are engaged in initiatives to enhance the roles of female employees, and have fixed as a KPI the goal of having 10% of managerial posts filled by women by the end of FY2025. In addition to moving forward with ability-based recruitment and appointments free from gender discrimination, we are managing and developing female management candidates through the preparation of workplace environments and construction of organizational systems in which women can aim to further advance their careers.

As of end-March 2025, the percentage of all management posts filled by women stood at 8.3% (as compared with 8.8% at the end of FY2024). Moving forward, we will request the cooperation of each workplace in the recruitment and appointment of women to managerial positions, as well as set up Management Position Seeker Support and training for female leaders.



Percentage of Female Managers (*Nippon Kayaku non-consolidated basis; excluding seconded employees)



◆ Supporting Enhanced Roles for Employees with Disabilities

We are also engaged in employment initiatives for those with disabilities, and as of end-June 2024, could count 50 employees with disabilities among our workforce (a disability employment rate of 2.11%). FY2024 has seen us continue with efforts to increase disabled employment rates at the Asa Plant and Tokyo's R&D Administration Office through providing fixed recruitment period and post-recruitment support, and receiving extra support from a consulting company. As society demands that we proactively employ disabled persons, we have further advanced initiatives such as fixing key initiative workplaces, expanding recruiting, readying the internal company environment, partnering with a special support school, and setting up continuous recruitment of disabled persons. Beginning with guaranteeing the legal rate of disabled employment, we are continuously launching initiatives such as creating a rewarding work environment for disabled people in which they can output both vitality and ability, as well as opening up and expanding the range of work they can do.

Rates of disabled employees

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Disabled employees	consolidated	persons	-	-	92	68	82
Disabled employment rate ^{*1}	consolidated	%	-	-	1.44	1.04	1.26
Disabled employment rate ^{*2}	non-consolidated	%	2.01	2.00	1.98	1.93	2.11
(Statutory employment rate)	non-consolidated	%	2.2	2.3	2.3	2.3	2.5

*1 Disabled employee numbers have been removed from the total of regular employees, contracted employees and part-time employees, hence calculation methods differ from those used for statutory employment rates.

*2 Each year's data is accurate as of Jun 1st

◆ 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.

Employment of retired employees

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Employment of retired employees	non-consolidated	persons	42	22	29	30	33
Employment rate of retired employees	non-consolidated	%	95.4	84.6	85.2	85.7	68.75

◆ LGBTQ+-related initiatives

At the Nippon Kayaku Group, we are aiming to create a working environment in which everybody can be themselves while on the job. In order to deepen understanding of LGBTQ+ matters, we are setting up an Ethics Managers Liaison Committee as well as e-learning training on LGBTQ+ themes. Our Human Resource Management Meeting is also conducting training on The Act on Promoting Public Understanding of Diversity in Sexual Orientation and Gender Identity.

◆ 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 Group Initiatives

Our Safety Group already derives over 70% of its sales from overseas, and its opportunities for overseas interactions will only increase going forward. Our quest to develop human resources capable of performing in the global market has seen us aim for mastery of strategic thinking for global business, foreign languages, communicative abilities, and responsiveness to different cultures. As such, since FY2023, we have been bringing human resources from overseas group companies into Japan.

In addition to gaining a greater understanding of head office values and business processes, these seconded individuals are able to construct yet better personal networks, and, upon returning to their country of origin, serve as bridges between the Japan side and overseas group companies. The Japanese employees who work with them can hone their senses of overseas cultures and business styles, and then utilize such learning in future dealings with overseas businesspeople.

Going forward, we will further promote human resource exchanges between Japan and overseas so that our employees' roles can be expanded onto the global stage. We are also, both domestically and overseas, preparing a thorough and effective training program which can welcome a wider range of employees.



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. Furthermore, in order to enrich work-life balance, we are aiming to further increase take-up of paid leave by creating a 5-days-plus paid leave take-up plan (Yu You Plan) for each employee and sharing within workplaces, as well as instituting an Anniversary Leave System. We are thus making every effort to create a workplace environment in which annual leave can be easily taken.

◆ 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.

Related Data

> [ESG Aggregate Data \(Social\)](#)

Work Safety & Health ; Health 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

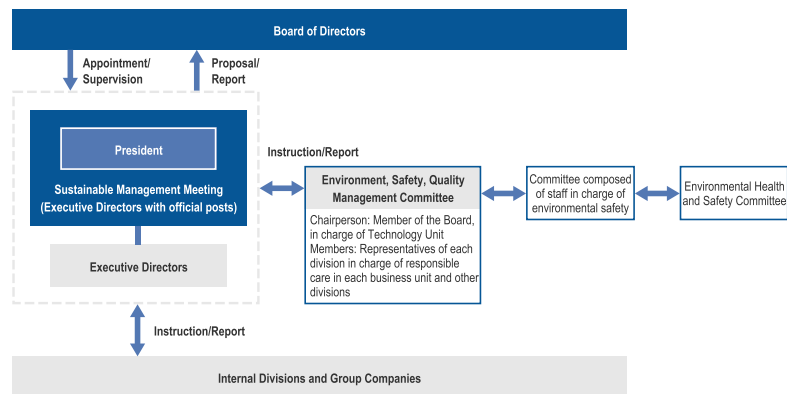
Under its [Declaration on the Environment, Health, Safety and Quality](#), the Nippon Kayaku Group has set up an Environment, Safety and Quality Management Committee.

We have appointed our Director In-Charge of the Technology Unit as our person responsible for Group health and safety management. Our Responsible Care and Technology Unit serves as the office for our Environment, Safety and Quality Management Committee. Taken together, these two entities form our structure for linking with related departments.

Our Environment, Safety and Quality Management Committee fixes Responsible Care policy and plans, and discusses improvements to work safety and health conditions, health promotion activities, fire and disaster prevention, and the creation of a comfortable workplace. Important committee matters connected to workplace safety and health, and health management, are, subject to Sustainable Management Meeting approval, reported to the Board of Directors.

We have also established an Environmental Conservation Managers Committee, linked to our Environment, Safety and Quality Management Committee. This committee is chaired by our Responsible Care and Technology Manager and has its office within our Responsible Care and Technology Unit. It links up with the Environmental Conservation Department managerial representative stationed in each workplace and group company, shares information and issues relating to workplace safety and health management as well as health promotion activities across the Nippon Kayaku Group or within individual group companies, and discusses key groupwide matters and issues before engaging in improvement initiatives.

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.



Work Safety Management System

ISO45001 Certifications

One of our consolidated subsidiaries, Kayaku Safety Systems (Huzhou), has gained ISO45001 Certification - the international standard for occupational safety and health management systems. As of FY2024, 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 percentage of production facilities at Nippon Kayaku and consolidated group companies with ISO45001 certification.

Audits

[Responsible Care Audit](#)

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
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 serious accidents within Nippon Kayaku (non-consolidated), including on the sites of group companies and partner companies Continued accreditation as a Health and Productivity enterprise. To keep this up, we continue to encourage employees to maintain and improve personal health Periodical health check take-up rates remain at 100%
			Acquisition of certifications under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise category)	(Non-consolidated) Continued certification	(Non-consolidated) Continued renewed	(Non-consolidated) Continued renewed	
			Percentage of employees who take mental health training	(Non-consolidated) 100%	Year 1 of our 3-year plan has proceeded as intended	The second year of the three-year plan has proceeded as planned	
			Percentage of employees receiving regular health checkups	(Non-consolidated) 100%	(Non-consolidated) 100%	(Non-consolidated) 100%	

* Lost-time accidents or fatal accidents involving 3 persons or more

Results of Work Safety and Health Initiatives towards Responsible Care Targets (FY2024)

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	Currently confirming the visualization situation (visualization insufficient for certain business sites)	△
2. Promotion of "Zero Accidents and Hazards" initiatives	Promotion of important diagnostic methods in risk assessment	Diagnostic checks carried out on business sites for which they were planned	○
	Inspection and optimization of heatstroke prevention measures	Heatstroke Prevention Measures Meeting convened; currently testing water-cooling vests that can be used in explosion-proof areas	○
3. Improvements to Workplace Safety & Health Environments	Examination and selection of AI-incorporating hazard identification and risk assessment system	Examination, cost-benefit analysis, and selection process preparations commenced	△
	Appropriate responses to the revised Industrial Safety and Health Act	Implementation status information shared at Environmental Conservation Managers Committee etc.; Environmental Safety and Health Diagnostic Checklist created and used to check progress. Issues in selecting protective gloves at certain business sites	△

Evaluation Standards: ○Achieved / ○~△Broadly achieved

Results of Health Initiatives towards Responsible Care Targets (FY2024)

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	Implemented in July 2024	○
	Appropriate management of the Medical Examination Results Database	Database set-up generally complete; currently gathering additional responses from certain business units	△
	Promoting health management <ul style="list-style-type: none"> Specific Health Preservation Training take-up rate of over 20% Health event participation rate of over 50% 	<ul style="list-style-type: none"> Specific Health Preservation Training take-up rate of 41.2% (Results for FY2023) 74.5% participation in Health Management Competition 	-

Evaluation standard: ○Achieved △Partly unachieved

Initiatives: Work Safety and Health

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

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.

FY2024 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.

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 FY2024

New Hire Training	
Contents	Basic rules of safety management
Attendees	72(Male: 60, Female:12)
Total training time	1 hour
New Manager Training	
Contents	<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
Attendees	29(Male: 28, Female: 1)
Total training time	1 hour

Initiatives: Health Management

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	2020	2021	2022	2023	2024
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. We have also set up e-learning initiatives to ease access to the training for the hearing impaired and for salespersons or other employee groups who are difficult to gather in a single place. 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. 2 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 FY2024 reached 96.6%). 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	2020	2021	2022	2023	2024
Stress-check take-up rate*	non-consolidated	%	97.2	98.1	97.9	98	96.6
Proportion of "highly-stressed" persons	non-consolidated	%	9.5	10.6	10	10.1	10.1
Mental health-related investments	non-consolidated	million yen	11	13	12.6	12.6	10.8

* 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 physician¹, 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.



¹ 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 2603 employees from across the Group got involved in FY2024, making for a participation rate of 74.2%.

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	2020	2021	2022	2023	2024
Nippon Kayaku	Participants	Persons	1,566	1,976	2,105	2,096	2,242
	Participation rate	%	51.4	65.1	69.2	70.1	74.5
Group companies	Participants	Persons	263	82	317	348	361
	Participation rate	%	57	32.4	65	69.6	72.8
Nippon Kayaku Group overall	Participants	Persons	1,829	2,058	2,422	2,444	2,603
	Participation rate	%	52.1	62.6	68.6	70	74.2

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 2025 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.

RelatedData

➤ [ESG Aggregate Data\(Occupational Safety and Health\)](#)

Respect for Human Rights

Message from the Director In-charge

Human rights belong to everyone from birth and are indispensable in the pursuit of a happy and prosperous life for all. The Nippon Kayaku Group views protection of fundamental human rights as a top priority. With human rights attracting attention as a major social issue and the importance of respecting them currently on the rise, various stakeholders demand that we respond to the changing human rights environment across our spectrum of business activity. As we expand our business activities globally, we remain conscious that respecting human rights on an international scale is the base of sustainable management. Respect for human rights is stipulated in both our "Nippon Kayaku Group Charter of Conduct and Code of Conduct" and "Nippon Kayaku Group Human Rights Policy", and has propelled our initiatives until this point. Through our conduct of business activity, we work not only to avoid human rights violations ourselves but the unintentional promotion of such violations within, for example, our supply chain. We understand how business activities impact upon human rights. Hence, by raising human rights awareness within each and every employee and tying that into our everyday actions, shall we aim to remain a company which has earned society's trust and contributes towards the making of a sustainable society. Henceforth, as a signatory company to the UN Global Compact, we shall continue to affirm the "10 Principles of the UN Global Compact" and advance initiatives on respecting human rights for everyone involved in Nippon Kayaku Group business 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 \[554.0KB\]](#) 

> [English \[150.7KB\]](#) 

> [Chinese \[339.8KB\]](#) 

> [Spanish \[153.2KB\]](#) 

> [Malay \[232.3KB\]](#) 





> [Czech \[215.9KB\]](#) 

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.

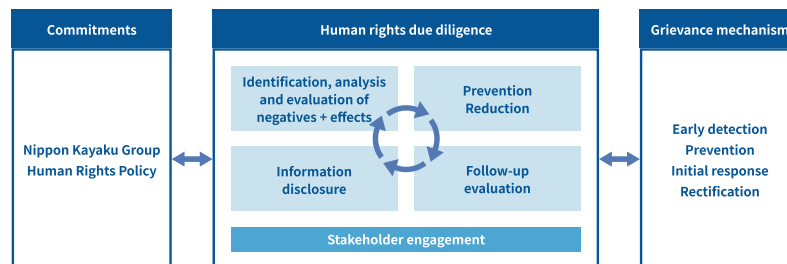
Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
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 Human rights due diligence: human rights impact assessment rate	Once or more per year (Non-consolidated) FY2022: 100% (Consolidated) FY2025: 100%	2 Human rights risk assessments and risks requiring priority measures identified in sessions laid on for Nippon Kayaku Group employees	1 We are continuing to implement corrective measures for risks requiring priority measures to reduce and eliminate human rights negatives.	<ul style="list-style-type: none"> We have conducted e-learning session on the Nippon Kayaku Group's Revised Human Rights Policy. This not only enabled us to republicize the policy, but enhance big-picture understanding of the human rights that businesses should respect, relevant initiatives, and our business activities will be impacted Based on the risks identified as requiring priority measures from Nippon Kayaku employees as identified in our Human Rights Risks Impact Assessment, we are continually implementing corrective measures to reduce and eliminate human rights negatives

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

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](#)

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.

In response to Nippon Kayaku Group's Revised Human Rights Policy, our training program for FY2024 saw us use e-learning methods to convey the background to the revisions and explain each revised item.

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 type	Main contents	Chiefly targeted at	FY	Format	Number of times	Take-up rate
Sustainability training	• Nippon Kayaku Group Human Rights Policy Revisions, Human Rights initiatives required of businesses	Executives, employees, (including contract and part-time employees), temporary employees	2024	E-learning	1	86%

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.

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.

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.

Wage Management

> [Human Capital \(Wage Management\)](#)

Freedom of Association and Collective Bargaining Rights

> [Human Capital \(Labor Relations\)](#)

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.

> [Environmental and Social Considerations in the Supply Chain](#)

Responses to Human Rights Violations

Our Compliance Consciousness Survey for FY2024 revealed no serious cases related to human rights.

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.

Quality and Customer Safety

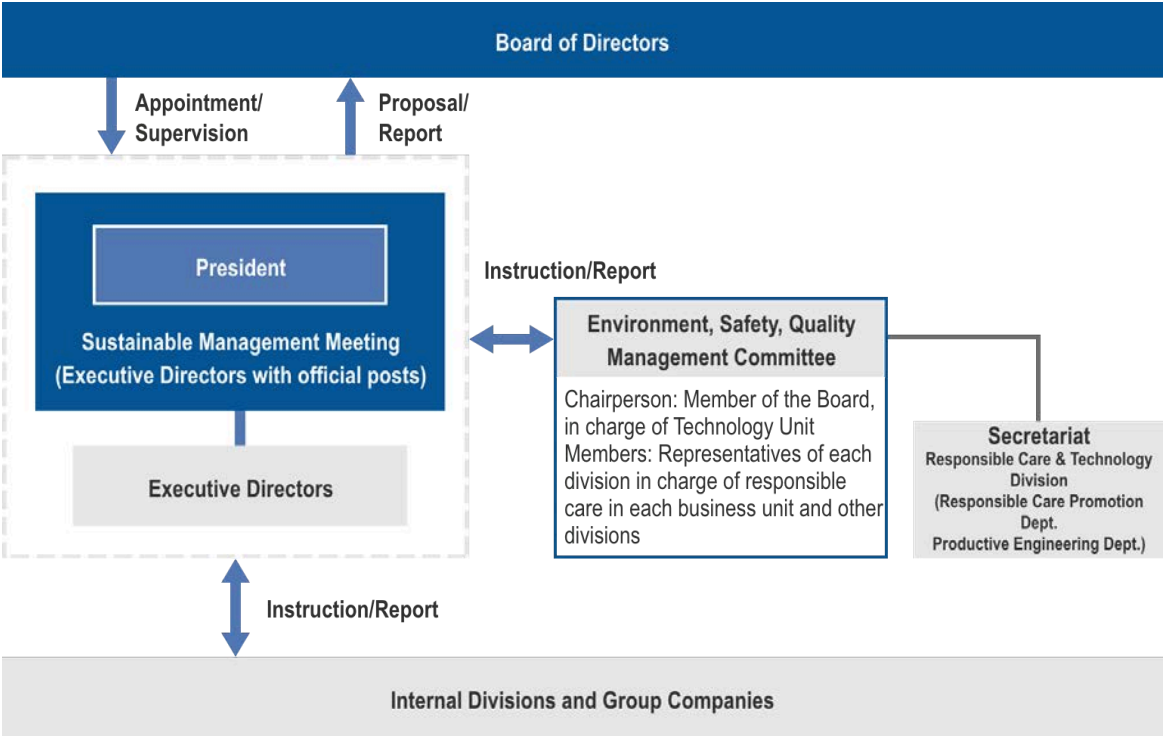
Policy and Basic Approach

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

So that the Nippon Kayaku Group can operate appropriate quality governance aligned with the characteristics of each business, the Quality Assurance Department set up for each business unit conducts quality audits of the business sites under its remit. Additionally, each Quality Assurance Department is periodically subjected to core quality inspections* by the Responsible Care and Technology Unit's Production Technology Managers TQM Group, which makes suggestions on how to improve quality assurance levels and confirms whether quality management systems are functioning effectively and efficiently.

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

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
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	0	0	<ul style="list-style-type: none"> Our "Quality Month" of November adopted the theme of "The Conversation Technique for Accelerating Team Growth: Unravelling the Psychological Mechanism behind Quality Defects," and saw us stage a seminar on eliminating quality defects
			Number of serious quality process abnormalities in processes*	0	0	1	

* Losses of 10 million yen or more

Initiatives

Promoting Quality Assurance and Quality Improvement Activities

Our Responsible Care and Technology Unit's Production Technology Managers TQM Group lends support to each business unit's Quality Assurance Division, and promotes both quality assurance and quality 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.

◆ 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.



◆ Business Unit Initiatives

The Nippon Kayaku Group not only provides training programs to each business unit through its Responsible Care and Technology Unit's Production Technology Managers TQM Group, but is rolling out various quality assurance activities aligned with each industry type.

Fine Chemicals Business Unit Initiatives to Strengthen Product Quality Credibility

Our Fine Chemicals Business Unit has set up a Quality Assurance Division to serve as its Quality Department and, through linking up with production sites and business sections both domestically and overseas, undertakes initiatives to guarantee product quality in line with customer expectations. To increase the credibility of quality inspections at the Fukuyama and Asa plants, we have introduced the Laboratory Information Management System (LIMS) in our push to expand operations. Through its digitalization of quality inspection work, LIMS offers efficiency by minimizing the need for human involvement, thereby preventing human error during data transfers, and ensuring that processes are performed as determined by the inspection. Furthermore, in order to prevent production process abnormalities before they happen, we are making use of various risk assessment methods such as Failure Mode and Effects Analysis (FMEA). Quality patrols are an indispensable initiative in our drive to strengthen production area quality management and overall product quality. They occupy an important place in our efforts to detect potential problems and devise appropriate response measures, and are therefore conducted at each production site. Going forward, we shall continue, through various activities, to promote the fostering of a quality culture which sees employees voluntarily act on quality issues and feel a sense of quality responsibility while carrying out their jobs, so as to deliver products that everyone can trust.

Quality Crisis Management

The Nippon Kayaku Group views opinions and observations on quality submitted by our customers as not only issues that need solving but as valuable opportunities to improve product and service quality overall. All quality-related information submitted by customers is internally shared, with root causes promptly and accurately examined, and remedial measures then taken. Such information is then horizontally rolled out so as to prevent reoccurrences. In the unlikely event of an incident that poses serious quality issues or threats to customer safety, we follow our crisis management process, promptly set up a response team on the instructions of our Crisis Management Committee Chair, and make every effort to minimize the effect on our customers. With customer safety and trust at the forefront of our minds do we strive for highly-transparent information disclosures and sincere responses to quality issues.

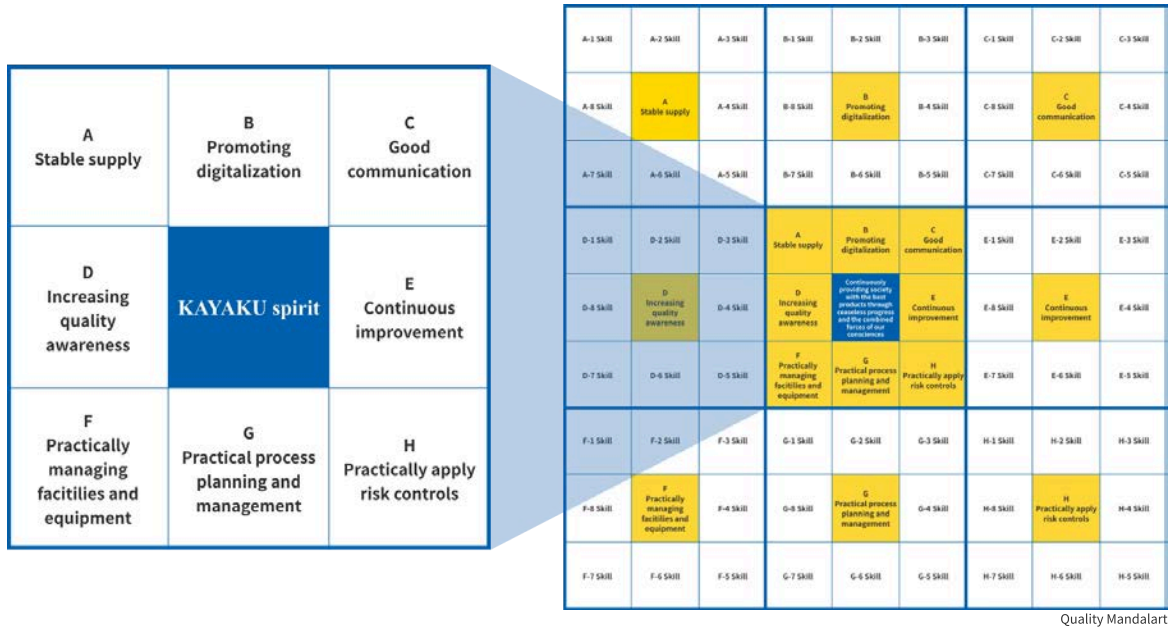
➤ [Risk Management \(Responses to Emergencies and Crisis Management System Construction and Administration\)](#)

Quality Education and Training Initiatives

Our Responsible Care and Technology Unit's Production Technology Managers TQM Group draws together the necessary issues that accompany quality assurance and quality improvement activities under a Quality "Mandalart" chart based on our **KAYAKU spirit** corporate vision, clarifies said issues, and delivers the relevant quality training on a systematic basis.

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.

We also conduct post-training surveys to help us further improve the quality and volume of training delivered.



Quality Mandalart

Nippon Kayaku continuously provides training on quality across the employee spectrum, from new recruits to management classes. Each and every employee is studying to improve their quality awareness on a daily basis in the quest to achieve high-quality products and services.

Training Contents include...

- E-learning seminars with the aid of our internal quality training textbook: "Quality Management for Everyone."
- Field Data Analysis: Learning School~
- Internal quality auditor training
- "Why? Why?" Analysis Training
- Training on Measures against Human Error

Quality Training Attendance Results(Japan)

Training Type	Contents	Attendees in FY2024	Total
Why? Why? Analysis Training	<ul style="list-style-type: none">• Root cause analysis at the time of a problem• Drafting reoccurrence prevention measures• Practical exercises	47(33 males, 14 females)	263(Since FY2020)
Measures Against Human Error Training	<ul style="list-style-type: none">• Extracting human error risks• Drafting advance prevention measures• Horizontal expansion of prevention activities	166 (144 males, 22 females)	910(Since FY2020)
Quality Training for New Hires	<ul style="list-style-type: none">• The relationship between Quality the KAYAKU spirit• "Quality Control for Everyone"; 7 tools for Quality Control• ISO standards and accreditation	58(43 males, 15 females)	317(Since FY2021)
Monthly Quality Lecture	Seminar on Quality Defect Prevention "The Conversation Technique for Accelerating Team Growth: Unravelling the psychological mechanism behind quality defects and understanding the essence of quality compliance"	143(92 males, 51 females)	303(Since FY2023)

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.

FY2024 saw a total of 25 such supplier audits conducted (21 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.

Stronger relations with suppliers are of key importance in the quest to maintain and improve quality. We will continue to hold consultations on problems and concerns as part of wider opinion exchanges, and work in tandem with our suppliers to maintain and improve quality.

◆ Quality Education for Suppliers

So as to provide our customers with high-quality products and services, we consider it paramount to join forces with our suppliers to conduct periodical inspections and audits to both guarantee quality and continually drive forward quality improvement activities. As each of our business units deals with suppliers from different industries, each unit has compiled its own quality manual on Nippon Kayaku's approach and demands regarding quality assurance, and distributed it to all its suppliers. Furthermore, in line with the type and importance of outsourced parts, the related quality departments link up to conduct audits of suppliers with appropriate frequency. We aim to guarantee the quality of supplied parts by monitoring any problems or issues flagged during such audits through a follow-up process until relevant problem-solving measures and their effectiveness can be confirmed.

In its quest to drive forward initiatives to maintain and improve manufacturing contractor product quality, our Agrochemicals Group enlists the cooperation of both domestic and overseas contractors in conducting periodical audits and thorough information exchanges. Quality Assurance and Technology departments join forces to conduct these audits, with the R&D department participating when necessary. Such audits are preceded by a questionnaire covering matters such as compatibility with laws and regulations, quality assurance systems, and quality management and production process conditions, allowing us to grasp any low self-evaluations submitted by contractors and, to the best of our abilities, confirm situations for ourselves onsite. Furthermore, the sharing of information on past internal or manufacturing-contractor-related near-misses and subsequent response measures helps us take steps to prevent reoccurrences. Through such links with our manufacturing contractors are we contributing to the development of sustainable farming through working on improved product quality and customer satisfaction, and supporting food supplies.

Responses to Customers

◆ Life Science Business Unit

Responses to Enquiries from Patients and Medical Professionals

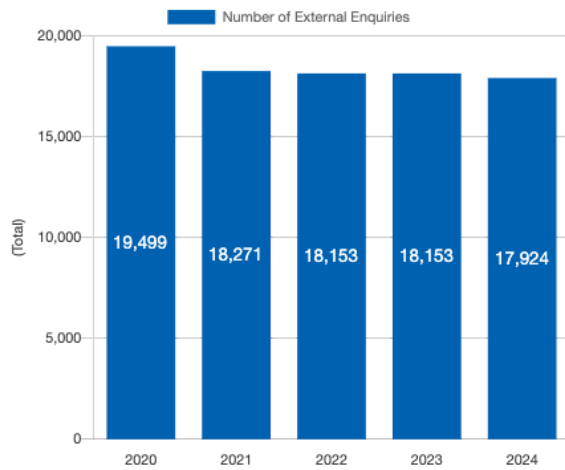
Our Medical Information Service Center has a toll free number for fielding all kinds of enquiries from patients and medical professionals on Nippon Kayaku pharmaceutical drugs and medical devices, including anti-cancer drugs, autoimmune disorder drugs and endovascular embolization materials. The Center handled 17,924 enquiries in FY2024. 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.

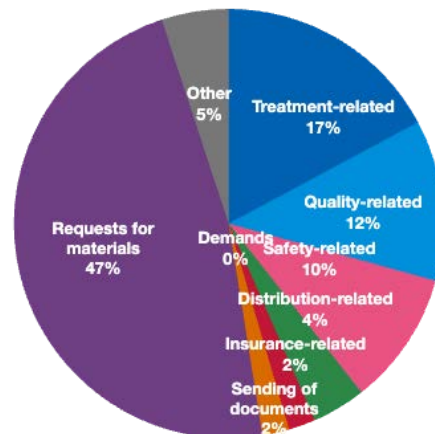


Our Pharmaceutical Products Information Center

Trends in Numbers of External Enquiries



Enquiry Type Breakdown (FY2024)



Information for Patients and their Families

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



[Rheumatism info navigator \(Japanese\)](#)



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



Participation in External Initiatives

◆ Japan Pharmaceutical Manufacturers Association (JPMA)

The Nippon Kayaku Group holds membership of the Japan Pharmaceutical Manufacturers Association (JPMA) having agreed to its principles of contributing to the health and healthcare of both the Japanese and the world population through developing innovative and highly useful drugs and supporting the healthy development of the pharmaceuticals industry. As a pharmaceuticals manufacturer, we are contributing to the healthy development of the pharmaceuticals industry through code compliance, increased appropriate use, promotions, clinical evaluations, PMS, quality, involvement in pharmaceutical affairs, and R&D.

Responsible Marketing and Access to Medical Care

Policy and Basic Approach

Responsible Marketing

◆ Nippon Kayaku Code of Practice

The demands placed on pharmaceutical companies include guaranteeing constantly high ethical standards and transparency in the conduct of business; building two-way relationships of trust with external stakeholders such as researchers and medical professionals in the fields of medicine, dentistry and pharmacology, wholesalers and vendors, and patient groups; and working towards delivering optimal medical care through taking decisions ethically and from the standpoint of the patient.

2013 saw the Japan Pharmaceutical Manufacturers Association (hereafter: JPMA) fix its own Code of Practice in line with the aims of the IFPMA Code of Practice, covering all interactions held by member company executives and employees with researchers, medical professionals and patient groups.

As a standard against which to judge whether our own actions comply with the aims of this JPMA Code, we have fixed our [Nippon Kayaku Code of Practice](#). We will duly respect this Code from a high ethical standpoint while promoting our corporate activities, ensuring greater transparency on the dissemination of compliance information and the corporate ethics which form the backbone of our business activities.

◆ Nippon Kayaku Pharmaceuticals Group Promotion Code for Prescription Drugs

We voluntarily observe the Regulations for Enforcement of the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices, antitrust laws and related legislation, Presentation Activity Guidelines on Marketing Information for Prescription Drugs, the JPMA Code of Practice, and the Fair Competition Code for the Manufacture and Sale of Prescription Drugs. We have also fixed our [Nippon Kayaku Pharmaceuticals Group Promotion Code for Prescription Drugs](#) to ensure we present, gather and convey medical information via appropriate processes and in an accurate and prompt manner, and also promote the appropriate use of pharmaceutical drugs.

Nippon Kayaku's Promotion Code has been drawn up as a set of internal company regulations which derive from the JPMA Code of Practice (in turn based on the IFPMA Code of Practice) and the Fair Marketing Activity Guidelines fixed to aid compliance with related laws and regulations.

Our Approach to Improving Access to Drugs

Nippon Kayaku's medical business is aiming to "develop excellent pharmaceuticals and medical devices that provide new diagnostic and treatment opportunities, and stable supply of Biosimilars and generic drugs, contributing to people's health." Our quest to widen access to pharmaceutical drugs involves the following initiatives:

- Appropriately providing medical institutions with data on product quality, efficacy and safety
- Reducing the drug cost burden on patients and improving access to biopharmaceutical treatments through stably supplying high-quality and economically-efficient drugs
- Promoting appropriate use of generics and biosimilars brought to market through initiatives to eradicate discrepancies with previous products concerning "efficacy and effects" and "uses and dosages", and using their preparation form to obtain afresh "efficacy and effects" and "uses and dosages."

System

We have also set up a Medical Information Supervision Department which has gained independence from both our Marketing & Sales and Medical Affairs divisions. This particular department is tasked with integrating all the ethical standards and information presentation guidelines pertinent to the medical work conducted across the entire company and group companies. It also conducts audit coaching, monitoring, and education and training activities related to the presentation of marketing information, so as to enable smoother management and administration overall. Furthermore, our Marketing & Sales and Medical Affairs divisions and Medical Information Supervision Department are all audited annually by our Audit & Supervisory Board. The latter has been placed under the direct charge of the President, and, in line with internal auditing regulations, accepts no orders or directions from the various bodies it is tasked with auditing. It is therefore free to focus on scrutinizing and evaluating its subjects from the perspectives of legality and rationality, and uses the results to advise and make suggestions on information presentation, relevant improvements and increased rationality.

Code Compliance Committee

Our Medical Division's Code Compliance Committee (hereafter: this committee) has been set up to devise ways of promoting Medical Division compliance, and to establish Nippon Kayaku's internal systems for observing the industry's voluntary standards as laid down in: the laws on pharmaceuticals and medical devices; antitrust laws and related regulations; guidelines such as those pertaining to Presentation Activities on Marketing Information for Prescription Drugs; the Fair Competition Code for the Manufacture and Sale of Prescription Drugs; and the JPMA Code of Practice. In order to promote Medical Division compliance does this committee aim to use the Nippon Kayaku Code of Practice to fix, revise, disseminate and instill knowledge of the necessary internal operating regulations and manuals pertaining to observation of related laws, regulations and voluntary standards during interactions with stakeholders.

In cases where serious code violations occur in matters related to medical laws and regulations, or presentation activities for prescription drug marketing information, this committee will respond to the circumstances, then explore and decide upon recurrence prevention measures. This committee will also fulfil the above functions in cases where a violation of either transparency guidelines or compliance guidelines is confirmed.

Targets and Results

We accept the need to increase compliance consciousness within all directors and employees and prevent inappropriate actions across all business activities, and have set as our target zero compliance violations. We are pleased to report that FY2024 did indeed produce zero violations.

Initiatives

Responsible Marketing Initiatives

◆ Drug Information Presentation Activities and the Ensuring of Transparency

Progress in the fields of medicine, pharmaceuticals and medical technology, and improvements in public health, are built upon our interactions with researchers and medical professionals, and our collaborations with bodies such as patient groups. That being the case, we must fulfil our duty of accountability when it comes to showing that these interactions and collaborations are indeed ethical and sincere. To that end have we fixed our Transparency Guidelines for Corporate Activities and Relations with Medical Institutions, as well as our Transparency Guidelines for Corporate Activities and Relations with Patient Groups. These serve as our own internal guidelines, based on which we upload annual information on corporate activity transparency to our company website.

◆ Activities Related to the Production, Proofing and Presentation of Drug Information Materials

As information materials are an extremely important method of conveying information on the appropriate use of prescription drugs, we must ensure their contents are scientifically-grounded and produced accurately, impartially and objectively. To achieve that end has Nippon Kayaku fixed its material examination procedures based on the Regulations for the Enforcement of the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices (hereafter: laws on pharmaceuticals and medical devices etc.); the Presentation Activity Guidelines on Marketing Information for Prescription Drugs; the JPMA Code of Practice; and the Key Points on the Production of Outline Information on Prescription Drug Products. These are used by our screening committee comprised of various academics, including our internal medical doctors, to appropriately judge our materials. So that our presentations of marketing information do not deviate from the above-mentioned Presentation Activity Guidelines, we have set up an internal monitoring system to audit and offer appropriate guidance.

◆ Offering Continuous Education and Training to Employees

An understanding of the Nippon Kayaku Code of Practice is necessary for us to continue our corporate activities from a high ethical standpoint. We therefore support activities aimed at promoting understanding of the JPMA Code, establishing specific items of focus pertaining to the corporate activities of each division and workplace targeted for optimization, and periodically offering workplace-based education and training to all executives and staff.

In charge of training	Targeted at	Frequency	Covering
Medical Information Supervision Department	Pharmaceuticals Marketing Division	12 times a year	Nippon Kayaku Code of Compliance; Marketing Information Presentation Activity Guidelines; Fair Competition Code
Medical Information Supervision Department	Pharmaceuticals Marketing Division	Once a year	Types of internal company regulations (Self-checks and voluntary inspections)
Medical Information Supervision Department	Pharmaceuticals Group	Once a year	Nippon Kayaku Code of Compliance

◆ **Handling Activities Outside Japan**

In instances where we present information to healthcare professionals overseas, invite Japan-based healthcare professionals to a lecture or conference overseas, or have an overseas subsidiary operating in a given country via a licensing or agency agreement, we continue to respect the Nippon Kayaku Code of Conduct and, in addition to local laws and regulations, observe any code that country's pharmaceutical federation may have. In cases where no such code exists, we revert to following the IFPMA Code of Practice.

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 we can 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

We are deeply concerned that the profits gained from mineral mining or trading in conflict zones and high-risk territories^{*1} (henceforth referred to as “highlighted regions”) can become a sizable source of funding for human rights violations such as conflict, child labor and forced labor, risks such as environmental destruction and corruption, and organizations involved in dishonest practices.

In order for us to establish a Responsible Supply Chain, we are using the RMI's^{*2} CMRT and EMRT^{*3} in our efforts to procure minerals with no connection to either conflict or inhumane practices. Furthermore, we make zero use of minerals from the highlighted regions (henceforth referred to as “conflict minerals”) nor any materials containing them. In the unlikely event that use of conflict materials comes to light, we respond with immediate corrective measures. We have gained supplier agreement for this particular policy, and request supplier cooperation in ensuring that the raw materials used in Nippon Kayaku products contain no conflict minerals.

*1 The EU's conflict mineral regulations apply to the CAHRAs (Conflict-Affected and High-Risk Areas) reference list: <https://www.cahraslist.net/cahras>

*2 RMI (Responsible Minerals Initiative) : The international organization taking the lead in responsible mineral procurement initiatives

*3 CMRT、EMRT : Business survey forms for reporting places of origin for mineral resources and processing conditions within the supply chain.

Sustainable Procurement Guidebook

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.

[> Sustainable Procurement Guidebook](#)

Animal Welfare

The Nippon Kayaku Group's Sustainable Procurement Guidebook stipulates that consideration must be shown for animal welfare in such matters as animal testing. (Sustainable Procurement Guidelines Code of Conduct excerpt) to





1.11 Animal Welfare

We will consider animal welfare and handle animals subjected to testing with care, minimizing any distress and stress caused. We will also respect the 3Rs of Replacement, Reduction and Refinement, and strive to set up appropriate animal tests that show consideration for animal care.

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.

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
Environmental and Social Considerations in the Supply Chain	   	<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 Formulation and implementation of improvement plans using questionnaires to suppliers	(Non-consolidated) 90% (Non-consolidated) Progress disclosed	(Non-consolidated) 91% Published in Topics	(Non-consolidated) 91% Published in Topics	<ul style="list-style-type: none"> FY2024 saw us survey 530 companies from which we had procured raw materials in FY2023, as well as 23 new suppliers from FY2024 based on Sustainable Procurement Guidebook contents. We received responses from 502 companies As no Sustainable Procurement Survey responses revealed suppliers to be causing harm to either human rights or the environment, it was deemed unnecessary to submit an Improvement Request form

Initiatives

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.

Initiatives Chart

Principal Activities	Activity Details	Assessment Frequency
Sustainable Procurement Survey	Sending Sustainable Procurement Questionnaires to our main domestic suppliers so as to confirm the status of Nippon Kayaku Group Sustainable Procurement Guidebook initiatives	Whenever a new supplier registers Also set up according to need
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

Risk Evaluation

◆ Conducting Sustainable Procurement Questionnaire Surveys

Nippon Kayaku has conducted a Sustainable Procurement Survey on its suppliers in order to confirm the status of environmental and social initiatives. FY2024 saw us survey 530 companies from which we had procured raw materials in FY2023, as well as 23 new suppliers from FY2024 based on Sustainable Procurement Guidebook contents. We received responses from 502 companies, constituting a response rate of 91%. The survey also enabled us to confirm that 507 company respondents (92%) 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.

Numbers of Evaluated Suppliers, Response Rates and Consent Rates for FY2024

	Number of Suppliers	Response Rate	Consenting Rate
FY 2024	553 companies	92%	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 harassment, 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 85 supplier audits in FY2024. 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. FY2024 saw 54 supplier companies undergo such an audit (19 onsite, 35 via document submission).

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.

Since FY2023, we have conducted internal audits on an annual basis, and continue to maintain management practices based on the RBA Code of Conduct. February 2025 saw us conduct an audit based on the RBA Code of Conduct Version 8.0 and VAP Operation Manual Version 8.0.1, and duly confirm that RBA standards are being maintained.

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 we are 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).

Supplier Communication and Training

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.

◆ 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.



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.

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.

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.

Targets and Results

Next-generation development support measures at a local community level

Targets: FY2022-2024	FY2024 Results
<ul style="list-style-type: none">① Welcoming field trip parties of local children to business sites etc.② Establishing young person's internships③ Looking into the possibility of company open days for children	<ul style="list-style-type: none">① Twice in FY2022, once in FY2023, and twice again in FY2024 have we hosted onsite field trips and work experience initiatives for children in the local community. We have also held networking events with local residents each year since FY2023.② Once in FY2023 and four times in FY2024 have we set up internships for junior highschoolers, highschoolers, and university students.③ Exploration of this initiative is currently on hold due to coronavirus considerations.

> [5th Action Plan \(FY2022 to FY2024\)](#)

> [Results Report \(FY2024\)](#) 

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. FY2024 saw the facility welcome 3200 people from 212 families.

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.” The spring of 2025 saw us renovate the hall and corridors, creating a much brighter impression that was much appreciated by users.

To further enhance the pleasant guest experience, Nippon Kayaku and related companies periodically send volunteers from among current 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

Since its inception 25 years ago, Asunaro House has welcomed some 77,621 people from 4,327 families.

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 impact of coronavirus sadly saw user numbers drop for a period, but demand has increased once again of late. We will therefore continue our infection control measures going forward and welcome yet higher numbers of guests.

Since my installation as house manager in 2017, we have been able to make Asunaro House feel more like home for its users by putting up a few seasonal decorations, and through the introduction of many new initiatives born from proactive information-sharing with similar facilities across the land.

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 2024

Tokyo Metropolitan Government's Bureau of Citizens, Culture and Sports recognized Nippon Kayaku as a “Tokyo Sports Promotion Company for 2024.” 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 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 3th and 4th 2024 saw Nippon Kayaku head to the Science Museum at Takebashi, Tokyo, to exhibit at the Yume Kagaku 21 Committee-sponsored science experiment event for elementary school kids: "Summer Holiday Science Experiments for Kids 2024." Over 300 children took part in our event.

Under the theme of "Let's Make Original Accessories in Mysterious Colors!" the children engaged in craftwork with the aid of an acrylic photocuring resin and a dye that changes color when light is shone upon it. Upon completing their one-of-a-kind accessory, the children cheered with delight.



* 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 Plant
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 booth saw us offer the chance to make a kaleidoscope using polarizing film produced at our Joetsu Plant. On looking into the finished kaleidoscopes, not only the participating children but also their guardians could be heard exclaiming "beautiful!" and "marvelous!"-proof that we brought widespread joy! Children unable to participate in the booth workshop were given a Do-It-Yourself Kaleidoscope Making Kit so as to further increase the numbers benefiting from this experience. From now on we shall plan a variety of experiences as we expand our community-rooted social action programs.



Asa Plant
Pre-application Site Visit

August 2024 saw the Asa Plant welcome 6 highschoolers from 3 local schools for a site visit prior to their application to join Nippon Kayaku. After receiving an outline explanation of the plant, the students were given a tour on which they listened with deep interest to the explanations of each workplace and proactively asked questions. We would be most pleased if this site visit helped the students get a real feel for workplace atmosphere.



Initiatives in the Local Community

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.

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

◆ Business Site Initiatives

Asa Plant

Fireworks of Hope

September 2024 saw our Asa Plant stage, for the fifth time since 2020, a "Fireworks of Hope" festival to express its appreciation for the people of Kaji Fishing Port in Sanyo Onoda City, who support us on a daily basis. A food truck was added to this year's event, allowing spectators to enjoy food and drink before the fireworks were launched. A Ryuo Taiko drumming performance enlivened the crowd from the off, before two-inch and four-inch shell fireworks, numbering 300 in total, colored the night sky. With spectators- greater in number this year, perhaps due to the food truck effect- seated close to the launch sites, the festival scored full marks for impact! We shall continue to value our interactions with the local Kaji community.



**Takasaki Plant
Digging for Sweet Potatoes**

October 2024 saw children from the Iwahana Nursery School visit the potato patch just outside our company dormitory for the annual potato digging event. Despite weather forecasts predicting gloom for the week, we were thrilled to welcome the preschoolers-and their energetic smiles-on a fine and refreshing autumn's day. Perhaps due to the long summer heatwave, potato yield was better than usual, and the children gave cries of delight when their small hands unearthed potatoes even bigger than their heads. We were able to use potato vines to make a Christmas wreath which we then delivered to the children along with the potatoes they found. Surrounded by preschooler smiles, even the Nippon Kayaku staff had an extremely good time!



**Kayaku Safety Systems Europe
Charity Activities**

May 2025 saw Kayaku Safety Systems Europe (hereafter: KSE) take part in the Bike to Work initiative organized across the Czech Republic. The initiative is part of the country's aim to substitute car travel for more sustainable forms of transport such as walking and cycling, thereby promoting improvements to personal health and the tackling of environmental issues. 2025 marked KSE's sixth year of supporting and participating in the initiative, which took place throughout the month of May and saw KSE staff form teams of up to five members to mutually support each other through. Additionally, as a corporate sponsor of the initiative, KSE cooperated with a fairtrade café on designated event days to serve meals in break areas and proactively support not only its own staff but the wider community.

KSE is also involved in several other charitable activities. One of them is Czech Against Cancer Day, which takes place in the May of each year and sees the initiative's symbol-the marigold flower-delivered to those who raise funds for cancer prevention and treatment. KSE will continue to pour energy into charitable activities and offer support to local non-profit organizations, the local fire brigade, children's sports teams, the elderly, and the economically disadvantaged.



Kayaku Advanced Materials Charity Activities

Kayaku Advanced Materials (hereafter: KAM) has participated as a volunteer in the Sweats for Vets group, which furnishes homeless military veterans in the Greater New England area with sports-team-themed hoodies and other clothing. Having agreed with the group's mission, KAM gathered over 125 sweats in November 2024, and sent them off in wrapped form as Christmas presents. KAM is also involved in various other charity activities each year, including Toys for Tots, which sees toys and books delivered to underprivileged children. KAM is proud to support the local community not only through business activities but through social action programs too.



Pictured center: Mark Vital, the founder of Sweats for Vets



Related Data

[> ESG Aggregated Data\(Social Action Programs\)](#)