

Global "sukima" ideas



**Nippon Kayaku Group
Sustainability Report**

2025

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Message from the President

On June 26th 2025, I was privileged to assume the role of Nippon Kayaku Group President. I come into the position with strong passion and resolve born from my acute sense of the 109-year weight of the Kayaku sash I inherit, and my desire to build a new future with our stakeholder support network.

FY 2025 marks not only the concluding year of our **KAYAKU Vision 2025** Medium-term Corporate Plan (FY2022- 2025), but also the point at which we map out the path for our next corporate plan. I am fully aware of my initial task to powerfully advance the current Plan's key strategies and see them through to the end.

Furthermore, our next corporate plan will see us both our vision and mission from a longer-term perspective, and discuss the best form of target-setting for both company and stakeholders. I will hence stand at the forefront of our efforts to fix our upcoming corporate plan geared towards further company growth.

In order to achieve our targets, it is necessary to harness the ability—the various strengths and individuality—of each and every employee to the maximum extent, and accumulate those various abilities to increase our organizational strength. Performance of this crucial role falls to our human resources. I want our employees to earnestly engage in self-improvement, undertake new challenges with colleagues, and thereby boost their ability to deliver results. Only through constant challenge can we deliver results and change. Even a challenge resulting in failure constitutes an important outcome. I will thus join my employees in our constant challenge, perceiving change not as a risk but as something to be converted into a chance for new value creation.

Despite this surrounding era of change, our corporate mission of: “Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences” shall remain unaltered. We at the Nippon Kayaku Group shall keep on earnestly listening to all stakeholder voices and continue our advance through unrelenting innovation and constant challenge.

June 2025

Shigeyuki Kawamura

Shigeyuki Kawamura
Member of the Board
President and Representative Director



A Message from our Director In-charge of Sustainability

Amid an uncertain social climate fueled by geopolitical risks, social issues such as global-warming-induced climate change have intensified, bringing somewhat dizzying changes to the Nippon Kayaku Group's operating environment. Such changes present new opportunities and issues for our Group's business, with the heightening uncertainty of recent times making the promotion of sustainable management more crucial than ever.

In order to realize our corporate vision of: "Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences," we have identified the key management issues for our Group to tackle in "KV25 Materiality". The current drafting of our next Medium-term Business Plan will see us reassess materiality in pursuit of corporate growth and further sustainability promotion. We will also fix a management strategy fusing both financial and non-financial elements, linking it to sustainable growth and improved medium-to-long-term corporate value.

Recent years have also seen, both domestically and internationally, accelerated developments concerning the information disclosure framework for sustainability-related disclosure requirements. These developments express an understanding of the high interest shown in sustainability by both stakeholders and society. We shall thus, in our dissemination of sustainability-related information, deliver accountability over process and results and, through highly transparent information disclosures, aim to meet stakeholder expectations and requirements while continuing to fulfil the role of a business commanding society's trust.

June 2025

S. INOUE

Shinji Inoue

Member of the Board
Managing Director



Messages from Group Company Leadership

The Nippon Kayaku Group currently conducts business in 12 countries and regions across the globe. Below are the introductory messages each of our 23 group company leaders.



Czech Republic Mobility & Imaging Business Unit

Kayaku Safety Systems Europe a.s. President: Akinori Kanno

Since 1999, Kayaku Safety Systems Europe has been engaged in the manufacture and sale of automotive safety components from our eastern Czech Republic base of Vsetin. The critical safety components we supply to the market are high-quality, designed with operational safety in mind, and help provide enhanced protection to drivers behind the wheel. We aim to contribute to local communities through sustainable business management, environmental awareness, improved employee quality of life, and philanthropic activities.



China Mobility & Imaging Business Unit

Kayaku Safety Systems (Huzhou) Co., Ltd. General Manager: Yasushi Matsumura

A manufacturer and seller of automotive safety parts, Kayaku Safety Systems (Huzhou) (KSH) contributes to reducing automobile accidents with its stable supply of high-quality products to the market. In addition to responding appropriately to China's increasingly tougher safety and environmental demands, we are thorough in our approaches to corporate governance and compliance, and are also striving to boost economic value through continuous cost-reduction efforts. Through realizing Nippon Kayaku Group's core sustainable management policies in line with the **KAYAKU spirit**, KSH will continue striving to repay the trust of all our stakeholders.



Mexico Mobility & Imaging Business Unit

Kayaku Safety Systems de Mexico, S.A. de C.V. President and Representative Director: Kazumasa Kurita

Established in May 2007, Kayaku Safety Systems de Mexico produces automotive safety parts for the North American market and the world at large. With priorities placed on product safety and quality, we are moving forward with A3 Activities (KAIZEN) and working towards a waste-free production line. Through the implementation of sustainable management practices under the **KAYAKU spirit** of "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences," we are aiming to become a company that repays stakeholder trust across the board.



Malaysia Mobility & Imaging Business Unit

Kayaku Safety Systems Malaysia Sdn.Bhd. Managing Director: Eishi Sato

Kayaku Safety Systems Malaysia was established in 2012 with the aim of manufacturing and selling automotive safety parts. Underpinned by our focus on safety and quality, our products can be found in cars across every ASEAN member state and across the wider world. We also practice sustainable business management in accordance with the **KAYAKU spirit**. Our aim is to earn the trust of every stakeholder through contributing to increased car safety with the parts we provide.



USA Mobility & Imaging Business Unit

NIPPON KAYAKU AMERICA, INC. President: Kenji Yoshida

NIPPON KAYAKU AMERICA concentrates on gathering information and promoting the sale of automotive safety parts in the North American region. As a seller of automotive safety components, we are rigorous in our approach to compliance and quality control as we bring safe and eco-friendly parts to the market. We are promoting products, technologies and services to clients and partners which aid the creation of a sustainable society, including from the standpoints of increasing environmental, social and economic value. With the **KAYAKU spirit** firmly in mind do we hope to contribute even slightly towards the advent of a sustainable society.



Japan Mobility & Imaging Business Unit

POLATECHNO CO., LTD. President and Representative Director: Hirokazu Karino

The year 2020 saw POLATECHNO CO., LTD undergo a new lease of life as Nippon Kayaku's Joetsu Plant. We continue to compete on the world stage with our dye-type polarizing films, which combine Nippon Kayaku's dye technologies with Polatechno's stretching, coating and processing technologies. While aiming for a stress-free and comfortable workplace which prioritizes improved health and guaranteed safety, we are constantly striving to get the basics thoroughly right. By creating a unified workplace through improved camaraderie, we aim to notice more, think more, and thereby improve quality and productivity. We are proactively reducing CO₂ emissions and industrial waste as we bring our image of a continually environmentally-conscious plant into reality. Going forward, we will keep being kind to the global environment, aim to progress hand-in-hand with the local community, continue to stably deliver distinctive products to the wider world, and contribute to affluent living and a sustainable society.



USA Mobility & Imaging Business Unit

MOXTEK, Inc. President: Michiyuki Yamamoto

MOXTEK contributes to society with its utilization of cutting-edge nano-optical and X-ray technologies for imaging and analysis equipment. The core of our sustainability drive consists of: (1) growing in tandem with the local community; and (2) contributing to society with a technology-rooted approach. We already support local initiatives through proactive participation in a "Homeless Support Program" and delivery of extra-curricular science activities to local schools. And we are even helping to elucidate the beginnings of the universe through our contributions to the NASA Mars Exploration and Space Telescope projects! In short, we are working hard to be a locally-rooted company which aids the wider development of science.



China Mobility & Imaging Business Unit

WUXI POLATECHNO OPTICS CO., LTD. General Manager: Ryuta Tsukada

WUXI POLATECHNO OPTICS (WPLC) produces liquid crystal projector materials, conducts polarized film processing for automotive applications (Wuxi), and undertakes sales activities in China and other Asian countries (Shenzhen). As even China is now taking an increasingly stringent stance on environmental and safety issues, we need to fully grasp these environmental and social changes and respond accordingly. As such, WPLC has already introduced green electricity, and is working to reduce energy consumption, wastewater and industrial waste emissions. We also believe in the importance of all employees working as one to further enhance our response to change, holding every one of them accountable to the Nippon Kayaku Group Charter of Conduct and Code of Conduct, and raising awareness of operational safety. We thus aim to continue our pursuit of a sustainable society by bringing the **KAYAKU spirit** into everyday operations.



Netherlands Mobility & Imaging Business Unit

Dejima Optical Films B.V. Managing Director: Jan Willem Venema

As our name might suggest, we design, develop and produce optical films for the display industry and other methods of application, thereby contributing to Nippon Kayaku's Light Control Business. We are currently making every effort to implement Nippon Kayaku Group's sustainable management practices.

Since establishment in 1999, we have, to the fullest extent possible, recycled both the Twistar™ packaging shipped to, and the raw materials received from, the Joetsu factory. Furthermore, we ensured that our facility built in 2008 was fitted with energy recovery devices for use at various stages of the production process, thereby keeping energy consumption to a minimum. And on top of that, we have held down environmental pollution stemming from our coating line by catalytically oxidizing organic solvent waste gases in an incinerator.

Our production plant electricity comes with a so-called "Green Label" which certifies our wind-generated energy. And, although only able to supply a limited amount of our electricity needs, we are looking into the installation of solar panels on our roof in light of recent energy price hikes. Individual safety and environmental conservation are the themes reflected in every management decision taken at Dejima Optical Films.



UK Mobility & Imaging Business Unit

RaySpec Ltd. Managing Director: Shinji Ichikawa

RaySpec Ltd. is mainly concerned with the manufacture and sale of X-ray-based analytical devices found in electron microscopes. We endeavor to contribute to society through listening to customer and market voices, and delivering products and services tailored to needs, with safety and quality prioritized.

With our **KAYAKU spirit** corporate vision forever in mind, we shall strengthen corporate governance, work towards thorough compliance, practice sustainable management which recognizes environmental issues, and aim to deliver happiness and joy to all our stakeholders.



Japan Fine Chemicals Business Unit

NIKKA FINE TECHNO CO., LTD. President and Representative Director: Ryo Fujimori

NIKKA FINE TECHNO operates as a domestic trading company within the Nippon Kayaku Group. We aim to be a company which tackles the customer's wants directly and brings them into reality, through both proposing and selling the optimum materials from myriad commodities. In order to become a company capable of "changing, adapting and developing," we will bind every employee to the Group Charter of Conduct and Code of Conduct, deliver sustainable business management rooted in the **KAYAKU spirit**, and repay the faith of each and every stakeholder.



Korea Fine Chemicals Business Unit

Nippon Kayaku Korea Co., Ltd. President and Representative Director: Naoki Shiraiwa

Nippon Kayaku Korea both imports and sells the products of our Fine Chemicals Business Unit, in addition to various other products and raw materials. On top of undertaking contracts concerning Korean domestic manufacturing projects, we both manufacture and sell automotive safety components, and provide relevant technical support.

The numerous diverse business operations we handle come with an inevitably large number of laws and regulations with which to comply; the three laws on chemical-related products being particularly exacting. We are therefore redoubling our compliance efforts across the board. We are also strengthening governance systems to ensure proper business transparency and fairness. Though our scope for impact is limited, we would like, in just a small way, to increase the value we add to society and the environment, and meet stakeholder expectations with a concerted company effort towards sustainable business management.



Germany Fine Chemicals Business Unit

Euro Nippon Kayaku GmbH Managing Director: Yuji Uesugi

Euro Nippon Kayaku GmbH (ENK) is engaged in the import and sale of fine chemicals business products in the European region. With its European Green Deal and European Climate Law, Europe is ahead of the world curve in its efforts to achieve climate neutrality by 2050, and has triggered new laws and regulations worldwide in order to meet its standards. In a world seeking great changes, ENK seeks to grow with such changes and create new business opportunities, and promote sustainable management in its continuing quest to meet stakeholder expectations.



Japan Fine Chemicals Business Unit

Kowa Sangyo Co., Ltd. President and Representative Director: Takuya Sakuramoto

Kowa Sangyo Co., Ltd., is mainly responsible for production operations and related haulage and inspections at Nippon Kayaku's Asa Plant. With our core conviction of "safety takes priority over everything else," each and every one of our employees carries out their business activities in line with Nippon Kayaku's Charter of Conduct and Code of Conduct.

Through solidly taking on issues such as promotion of energy saving and waste reduction, as well as implementing sustainable management, we shall aim to become the Nippon Kayaku Group we want to be and realize the **KAYAKU spirit**.

As a member of the Nippon Kayaku Group shall we remain a business closely connected to local communities and strive towards repaying stakeholder trust.



China Fine Chemicals Business Unit

KAYAKU CHEMICAL (WUXI) CO., LTD. General Manager: Makoto Uchida

KAYAKU CHEMICAL (WUXI) CO., LTD. (KCW) was established in 2002 as a wholly-owned subsidiary of Nippon Kayaku and specializes in the manufacture and sale of photocurable resins for electrical good components. We currently sell resins for semiconductor encapsulation and high-frequency circuit boards, while also handling LCD and semiconductor cleaners. Our business expansion approach to the Chinese market is one of local production and consumption.

Rapid economic expansion in China has spawned environmental and other issues which increase the harshness of the environment in which businesses operate.

Against that backdrop has sustainable management assumed extra importance in the quest to continue and develop our business.

At KCW, we believe it is paramount that each and every employee seek to realize the **KAYAKU spirit** and implement sustainable management by acting in accordance with the Nippon Kayaku Group Charter of Conduct and Code of Conduct.

With each employee's actions based on a firm ethical grounding and understanding of local culture, history and business customs, we aim to continue gaining top marks from customers for value creation and contributing to society as a whole.



USA Fine Chemicals Business Unit

KAYAKU Advanced Materials Inc. President & CEO: Kenichiro Yoshioka

KAYAKU Advanced Materials, Inc., (KAM), located in Westborough, Massachusetts, USA, delivers innovative special materials to the microelectronics market while paying heed to safety operations and the environment.

We pour all our efforts into sincere and ethical business activities, strengthened governance, thorough compliance, respect for the environment and society, contributing to local communities through philanthropic activities, and responsible business management.

We also offer our employees an innovative, safe and diverse work environment which is both comfortable and rewarding, and also value and encourage individual employee contributions and self-development.

KAM's corporate value is created from thorough application of the **KAYAKU spirit** and responsible business actions. That, we believe, is how we deliver long-term value to our customers, employees, local communities, and the Nippon Kayaku Group.



Japan Fine Chemicals Business Unit

Teikoku Taping System Co., Ltd. President & CEO: Ichiro Tomonaga

Teikoku Taping System (TTS) tasks itself with the design, development, manufacture, sale and maintenance of semiconductor manufacturing equipment. The "TTS Values" outlined in our corporate philosophy are replete with crystal clear thoughts on the kind of company we should be, the objectives we should be working towards, and our basic management concepts. These TTS Values will form the backbone of an increased awareness of sustainable management and sustainability promotion, which we seek to apply to everything from everyday work to myriad other activities.



China Fine Chemicals Business Unit

WUXI ADVANCED KAYAKU CHEMICAL CO., LTD. General Manager: Kazuhiko Kosano

WUXI ADVANCED KAYAKU CHEMICAL manufactures dyes for textiles, paper and inkjet printing based on a management policy of delivering human-oriented and environmentally-friendly products which satisfy our customers. In addition to tough Chinese requirements concerning environmental conservation and production safety, we also have to contend with increasingly challenging stipulations on carbon neutrality. As such, we will continue conserving energy, reducing wastewater and cutting waste output from our production processes while devoting maximum attention to improving the workplace environment for all employees. Through providing highly safe Bluesign®-certified dyes and increasing our lineup of products which help customers reduce their environmental impact and conserve energy and resources do we aim to take steps towards a sustainable society.



China Fine Chemicals Business Unit

Shanghai KAYAKU International Trading Co., Ltd. General Manager: Yo Iwasaki

Shanghai KAYAKU International Trading CO., Ltd. is involved in the sale of pigment-related products, such as textile dyes, inkjet ink and thermal developers to the Asian market, with the focus placed on China.

The textiles industry has recently not only strengthened its workplace safety regulations but introduced tougher standards on the safety of raw materials, including dyestuffs. Such moves bring added demands for water resource conservation in the supply chain and working environment improvements.

By not merely stopping at providing safe and reliable products, but through continually providing various solutions for problem-solving and production process streamlining, we are helping our customers reduce wastewater, save energy and improve their productivity.

Furthermore, printing industry moves towards eco-friendly digitalization allow Nippon Kayaku to utilize one of its strengths in the form of water-based pigment inks to contribute to a sustainable world.



Thailand Fine Chemicals Business Unit

NIPPON KAYAKU (THAILAND) Co., Ltd. President and Representative Director: Tetsuya Tomita

Established in 2018, NIPPON KAYAKU (THAILAND) mainly sells Fine Chemicals Business Unit products to the ASEAN and South Asian markets, and handles the procurement of raw materials and intermediary purchasing from the same region, as well as surveys of related local markets. All staff will be united in our stance on compliance as we seek to provide yet safer materials with energy-saving potential, and significantly contribute to the ASEAN and South Asian region as a whole.



Japan Life Science Business Unit

NIPPONKAYAKU FOOD TECHNO CO. LTD. President and Representative Director: Tomomasa Tsuchibuchi

NIPPONKAYAKU FOOD TECHNO concerns itself with the manufacture and sale of food-quality preservatives, such as ethanol preparations and oxygen adsorbers, as well as health food ingredients such as chitosan. With sustainable management as our bedrock, we aim to make yet bigger contributions to society through delivering excellent products and high-value service from the mission standpoints of "Food Safety" and "Food and Health." Our food-quality preservatives aim to reduce food waste, while our health food ingredients aim to deliver "healthy lifestyle proposals through food." In order to realize the **KAYAKU spirit** as a Nippon Kayaku Group member, we will prioritize safe operations, proper compliance, and environmental considerations. With high ethical standards shall every employee follow the Group's Charter of Conduct in our quest to repay the trust and expectations of our customers.



Taiwan Life Science Business Unit

Taiwan Nippon Kayaku Co., Ltd. General Manager: Takehiro Hasegawa

Taiwan Nippon Kayaku Co., Ltd. is chiefly involved with the promotion of products and conducting of market surveys in the life science and fine chemicals business fields. For many years, we have contributed to the Taiwanese healthcare and manufacturing industries through the supply of drugs and functional materials. Against a backdrop of global upheaval due to various international affairs, the demands and expectations of society and customers are changing by the moment. By responding flexibly to business environment changes under the **KAYAKU spirit**, and uniting all employees behind sustainable management, we shall continue to provide all our stakeholders with prosperity and peace of mind.



Japan Wako Toshi Kaihatsu Co., Ltd. President and Representative Director: Masatomi Akezuma

Wako Toshi Kaihatsu primarily conducts two types of real estate business: (1) leasing the commercial building facilities in our possession to hypermarket businesses and (2) leasing our three company-dormitory-style buildings in the capital region to Nippon Kayaku. Through this business do we aim to play a part in providing people with food, clothing and shelter, bring smiles to those who live and work under our roofs, and be seen as a necessary presence in the eyes of our customers. We will also work towards aligning our vectors with those of our client business partners in a bid to solve social problems, and promote both thorough compliance and sustainable management under the **KAYAKU spirit**. Specifically, we are taking steps to increase the value of our real estate assets by providing our users with better comfort, health and safety through: (1) upping energy efficiency and resource efficiency through the use of low energy devices and durable materials, and (2) installing and strengthening our facilities' infrastructure and disaster prevention equipment.



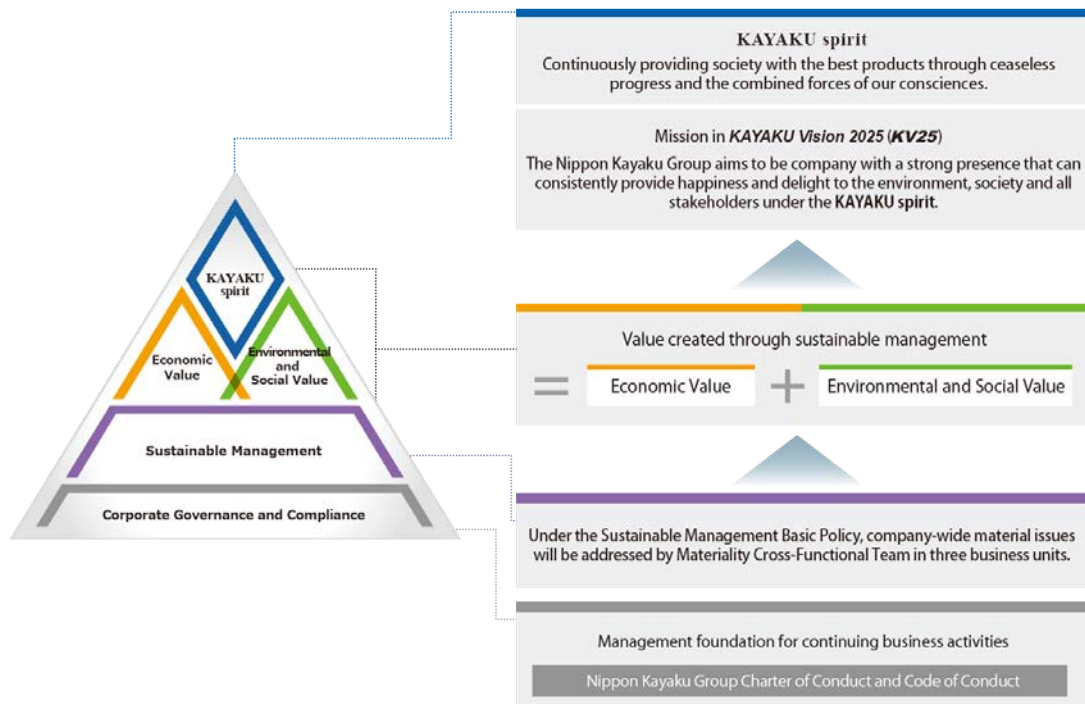
Approach

Corporate Vision

KAYAKU spirit

Continuously providing society with the best products through ceaseless progress and the combined forces of our conscience.

Through the implementation of sustainable management guided by our KAYAKU spirit, we at the Nippon Kayaku Group are aspiring to create both environmental and social value in our quest to realize a sustainable society and increase corporate value.

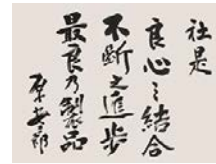


◆ Origins of the KAYAKU spirit

1916: Company established

1962: Company creed determined

1962 saw our company creed decided upon by our third president, the long-serving Yasusaburo Hara, who wished to simply convey to both executives and employees the important ideas they should jointly share.



Nippon Kayaku Group Charter of Conduct and Code of Conduct

To make the **KAYAKU spirit** a reality, we have fixed a [Nippon Kayaku Group Code of Conduct and Charter of Conduct](#) to define our scope and boundaries for action. We are thus, through various corporate activities, showing respect for basic human rights, performing proper compliance, conducting business fairly, and repaying the trust of our stakeholders.

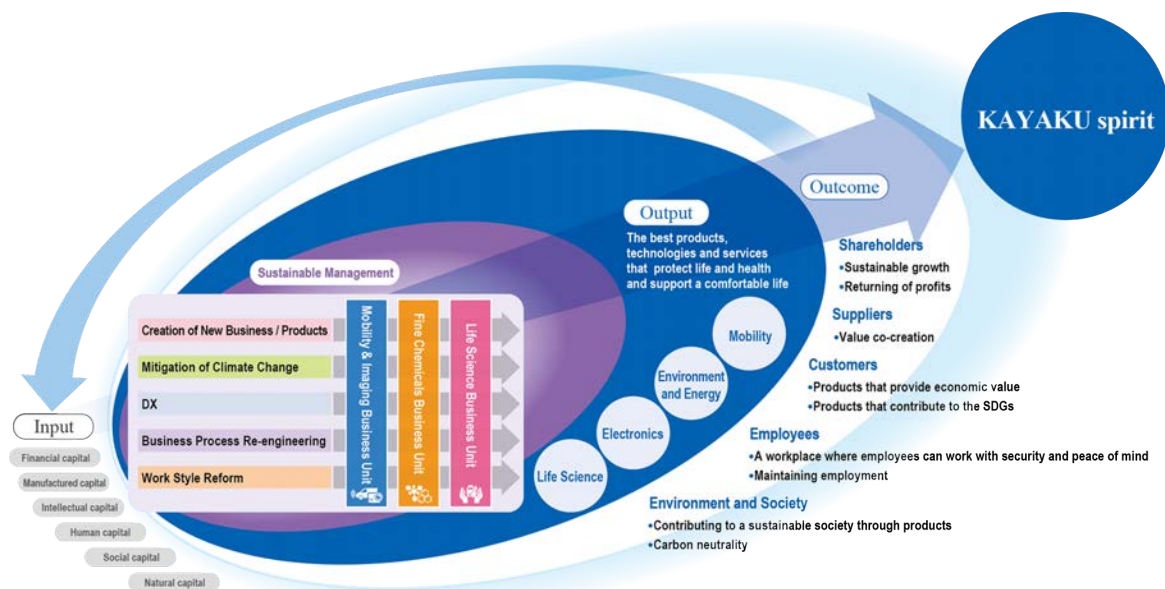
Basic Policy on Sustainable Management

Basic Policy on Sustainable Management

Under its corporate vision, the **KAYAKU spirit**, the Nippon Kayaku Group will practice sustainable management that responds to the trust placed in it by all of its stakeholders, by ensuring transparency and fairness in management and contributing to the creation of a sustainable environment and society through its business activities.

The Nippon Kayaku Group's Value-creation Process

Our **KAYAKU Vision 2025 (KV25)** Medium-term Business Plan seeks to furnish society with the best products, technologies and services in the four fields of Mobility, Environment & Energy, Electronics and Life Sciences through the input of six forms of capital and the united sustainable management practices of our three business units and the M-CFT. (The latter takes a company-wide cross-cutting approach towards the five important issues of Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform). Through creating economic, environmental and social value for all our stakeholders do we aim to raise our sustainable corporate value.



Company-wide Diffusion

When it comes to our corporate vision and sustainable management policies, the Nippon Kayaku Group utilizes a variety of communication tools to deepen employee understanding and achieve group-wide permeation. Such communication tools include: Business Management meetings, Medium-term Management Strategy meetings, group training sessions such as those for new recruits and new managers, e-learning, and company bulletins. In conjunction with the 2022 launch of our **KAYAKU Vision 2025 (KV25)** Medium-term Business Plan, we released explanatory pamphlets on our corporate vision, sustainable management, **KV25** itself, and the Nippon Kayaku Group Human Rights Policy. We also created mobile phone cards and notice boards emblazoned with our Group's corporate vision and a statement on the ideal form we are working towards, which can therefore be checked at any time. Thus do our diffusion efforts aim at achieving a situation whereby decisions and actions are fully based on our corporate vision and ideal future form.

The contents of our pamphlets, mobile phone cards and notice boards have been translated into the language of every overseas country hosting a Nippon Kayaku manufacturing base (English, Chinese, Spanish, Malaysian and Czech) and distributed to all Group executives and employees.

By diffusing our corporate vision and sustainable management policies to employees with a diverse array of jobs across the world - be they working in manufacturing, development, sales or management - can we aim for a style of Group management with a greater unity of purpose.



Explanatory pamphlet

Notice board

KAYAKU spirit
最良の製品を
不断の進歩と
良心の結合により
社会に提供し続けること

—— 日本化薬グループのありたい姿 ——
KAYAKU spirit のもと、存在感をもって、
永続的に環境、社会、すべてのステークホルダーに
幸せやうれしさを提供できる会社であること

Global "sukima" ideas
NIPPON KAYAKU

Japanese

KAYAKU spirit
Continuously providing society
with the best products through
ceaseless progress and
the combined forces of
our consciences.

Mission in **KAYAKU Vision 2025 (KV25)**
The Nippon Kayaku Group aims to be a company
with a strong presence that can consistently provide
happiness and delight to the environment, society
and all stakeholders under the **KAYAKU spirit**.

Global "sukima" ideas
NIPPON KAYAKU

English

KAYAKU spirit
通过不断进步与
良知的结合，
持续向社会提供
最优质的产品。

—— 日本化薬集團的应有的面貌 ——
在 **KAYAKU spirit** 之下，成为具有存在感，
并持续向环境、社会 and 所有利益相关方提供
幸福和喜悦的公司。

Global "sukima" ideas
NIPPON KAYAKU

Chinese

KAYAKU spirit
Proporcionar continuamente a la
sociedad los mejores productos
mediante el progreso
constante y la
unión de conciencias.

—— La forma ideal del Grupo Nippon Kayaku ——
Ser una empresa que pueda proporcionar felicidad y
alegría al medio ambiente, a la sociedad y a todas
las partes interesadas de forma duradera, con un
sentido de presencia bajo el **KAYAKU spirit**.

Global "sukima" ideas
NIPPON KAYAKU

Spanish

KAYAKU spirit
Untuk terus menyediakan
masyarakat dengan produk
terbaik melalui gabungan
kemajuan berterusan dan
hati nurani kita.

Visi Kumpulan Nippon Kayaku
Menjadi sebuah syarikat yang dapat memberikan
kebahagiaan dan kegembiraan kepada alam sekitar,
sosial, dan semua pihak berkepentingan secara
berkekalan dengan kehadiran tersendiri di bawah
KAYAKU spirit.

Global "sukima" ideas
NIPPON KAYAKU

Malay

KAYAKU spirit
Trvale poskytovat společnosti
ty nejlepší výrobky skrze
neustálý pokrok a sdílené
morální hodnoty.

Poslání skupiny Nippon Kayaku
V souladu s **KAYAKU spirit** chceme být společností,
která neustále přispívá životnímu prostředí a svou
existenci přináší štěstí a radost lidské společnosti
i všem zainteresovaným stranám.

Global "sukima" ideas
NIPPON KAYAKU

Czech

Development Activities & Training Chart

Training type	Main contents	Chiefly targeted at	FY	Format	Number of times	Take-up rate
Sustainability training	Corporate Vision and Sustainable Management, Human Rights Policy revised, KV25 Materiality, Medium-term Environmental Targets revised, anti-corruption, ESG rating	Executives, employees, (including contract and part-time employees), temporary employees	2024	E-learning	6	86% (average)
New hire training*	Climate change measures and respect for human rights in relation to Nippon Kayaku Group Sustainable Management	New recruits	2024	Group training	1	100%
New manager training*	Climate change measures and respect for human rights in relation to Nippon Kayaku Group Sustainable Management	New managers	2024	Group training	2	100%

* Held annually

KAYAKU spirit Diffusion Activities with the aid of Kayaku-ma

For the purpose of getting all of our globalizing Nippon Kayaku Group employees to easily familiarize themselves with the **KAYAKU spirit**, we have created a **KAYAKU spirit** Diffusion Mascot: Kayaku-ma. Kayaku-ma now appears in our company bulletins, adding to our reader-friendly visual explanations of model sustainability activities and exemplary implementation of our corporate vision – is never far away from employee eyes have included putting him on memos, plastic files, meeting room entrances and lockers. Kayaku-ma is already a registered trademark, and, as a Nippon Kayaku Group mascot, appears on company advertising and even on novelty goods at company festivals.

> [Kayakuma's Room](#) 



Diffusion Mascot Kayaku-ma



Meeting room and locker

Medium-term Business Plan and Important Groupwide Issue

Medium-term Business Plan



Our **KAYAKU Vision 2025** Medium-term Business Plan (KV25) lays in place the strategies we will deploy to put sustainable management into practice. Through the activities of our 3 business units and our [KV25 Materiality](#) initiative will we create both economic and social value that contributes to the realization of a sustainable society.

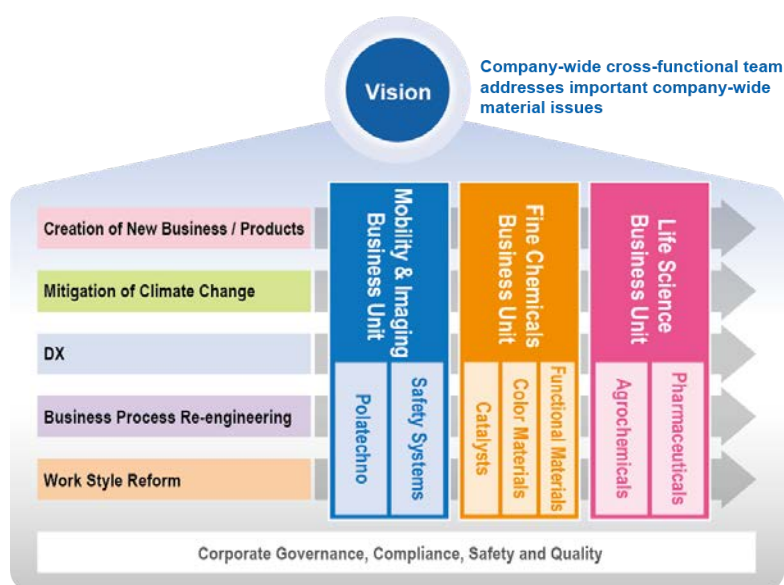
◆ KAYAKU Vision 2025 Basic Strategies

Promotion of sustainable management	By implementing a value creation process can we deliver economic, environmental and social value, and help resolve social issues.
Prioritized distribution of management resources based on business portfolios	Our 3 business units of Mobility & Imaging, Fine Chemicals and Life Sciences will prioritize the distribution of management resources towards the most promising product lines
A cross-cutting company-wide team to deal with important issues	Our cross-cutting company-wide team (M-CFT) will engage with the issues of Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform, and pave the way for our sustainable growth
Strengthening our management base	- Guaranteed safety - Improved product and service quality - A thorough approach to compliance - Strengthened corporate governance

> [Medium-term Business Plan: KAYAKU Vision 2025 \(KV25\)](#)

Realizing the Nippon Kayaku we Desire: Important Company-wide Issues

“Corporate governance, compliance, safety and product quality” form the base of Nippon Kayaku Group activities. **KV25's** cross-cutting project will see us tackle the 5 important company-wide issues of Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering, and Work Style Reform. The synergies we derive from the activities of our 3 business units and cross-cutting M-CFT efforts will help bring into being the Nippon Kayaku we want to see.



KV25 Vision for the Three Business Units

Business Unit	Group	Vision
Mobility & Imaging Business Unit	Safety Systems	Provide safety solutions to people around the world with products that support changing mobility technologies, and become a global brand that contributes to society
	Polatechno	Contribute to the diversification of displays in the mobility field and to human health, safety and security by providing highly durable polarizers, retardation films and various other highly functional optical components and X-ray components
Fine Chemicals Business Unit	Functional Materials	Continue to supply the best products, technologies and services to make social contributions through the establishment of a super-smart "Society 5.0" and environmental protections
	Color Materials	Contribute to resource conservation by supporting the digitalization of society through the provision of inkjet colorants and functional colorants
	Catalysts	Contribute to the enrichment of people's lives and the reduction of CO ₂ emissions by providing catalysts with higher yields in producing acrylic acid and methacrylic acid
Life Science Business Unit	Pharmaceuticals	- Develop excellent pharmaceuticals and medical devices that provide new diagnostic and treatment opportunities - Stable supply of Biosimilars and generic drugs, contributing to people's health
	Agrochemicals	Support the food supply, and contribute to the development of sustainable agriculture by continuing to provide excellent eco-friendly agrochemicals and related technologies and services

◆ Mobility & Imaging Business Unit

Contribution to the SDGs



External environment	Nippon Kayaku's strengths	Materiality
Safety Systems Business		
- Recovery of worldwide automobile production from the impact of COVID-19, and mitigation of the semiconductor shortage - The installation rate of safety components is increasing, primarily in emerging countries - Growing new demand due to EVs, etc. - Expansion of applications such as drone transportation, etc., and demands for safety assurances	- Technology and inherited expertise to handle explosives safely - Industry top-level market share in automotive safety components - Global expansion of locations	Inflators
		- Expansion of production bases for cylinder-type inflators (Japan, China, Malaysia) - Expand of sales to customers in China and South Korea - Developing next-generation inflators
		Micro gas generators / squibs / pyrotechnic products
		- Securing next-generation module projects from customers - Securing increased volume projects, such as for rear seats - Expansion of applications such as pedestrian protection and electric current shut-off - Consideration of new pyro device applications
		Drone safety components
		- Expansion of sales of PARASAFE® for 25kg drones - Development and market launch of PARASAFE® for 15kg drones - Development of safety parts for flying cars and large drones
Polatechno Business		
- Evolution and expansion of automotive display functions - Growing demand for recycling rare metals	- Optical and electromagnetic wave control technologies and microfabrication technologies - Proprietary highdurability dye synthesis technologies for polarizers	Light-controlling products made from proprietary materials contributing to the realization of a Super Smart Society - Expansion of new applications for X-ray analysis device parts / materials and inorganic polarizers - Expansion of new in-car applications of highly durable polarizers such as parts / materials for HUDs

◆ Fine Chemicals Business Unit

Contribution to the SDGs



External environment	Nippon Kayaku's strengths	Materiality
Functional Materials		
Semiconductor market to grow to 100 trillion yen by 2030	• Synergies in semiconductor-related products • Design of functional molecules	Providing important and unique materials • Expansion in semiconductor-related business areas such as substrates, encapsulants, cleaners, and manufacturing equipment • Development and launch of resins for use in next-generation communications equipment (low-dielectric materials) • Expansion of epoxy resin production capacity
Color Materials		
• Expansion of the digital printing market • Expansion of the sensing market • Expansion of the dimming glass market	• Extensive colorant technologies covering a wide span of fields from traditional dyes to functional colorants • Precision organic synthesis	Contribution to digitalization and resource conservation with our inkjet colorants and functional colorants • Expansion of industrial inkjet inks, improvement of production systems • Mass production and expansion of imaging sensor materials • Mass production and expansion of dichroic colorants
Catalysts		
• Acrylic acid and methacrylic acid markets continue to grow by 5 to 6% • Expansion of the carbon neutrality-related market	• Optimal customization of catalyst composition and technical services	Providing catalysts with high-yield to contribute to CO ₂ reduction and affluent lives • Improvement of catalysts for higher yields of acrolein, acrylic acid, and methacrylic acid • Secure repeat orders and development of new customers • Development of catalysts contributing to a carbon-neutral society

◆ Life Science Business Unit

Contribution to the SDGs



External environment	Nippon Kayaku's strengths	Materiality
Pharmaceuticals Business		
- Pharmaceutical industry vision (quality and stable supply, manufacturing and sales, bio-pharmaceuticals, domestic manufacturing and development, encouraging use) - Expansion of the CDMO market - Annual drug price revisions	- Consistent business operation from R&D to manufacturing, sales, quality assurance, pharmacovigilance and post marketing surveillance - Top domestic anti-cancer drugs lineup and specialized MR - Manufacturing technology for highly pharmacologically active substances	New Drugs
		- Increasing share for ALAGLIO® in TURBT* - Maximizing value through drug fostering and evolution * TURBT: Transurethral Resection of Bladder Tumor (surgery to remove bladder tumors using an endoscope and excision loop)
		Biosimilars (BS)
		- Market spread of bevacizumab BS - Measures to promote biosimilars through the revision of medical fees - Expansion of lineup through introduction of new biosimilars
		Generic anti-cancer drugs
		- Enhancement of stable supply and quality assurance system - Development and launch of the new generic drugs
		Working toward the vision for FY2030
		Enhancement of pipeline - Development of new drugs in collaboration with external organizations - Introduction of new drugs and medical devices
Agrochemicals Business		
- Domestic crop protection market remains at the current level, overseas crop protection market is growing due to increased demand for food - Introduction of an agrochemical re-evaluation system has raised the bar for obtaining and maintaining domestic agrochemical business registration - Strategy "MeaDRI" (Sustainable Food Systems) promotes innovation that enables the reduction of agrochemicals (risk conversion)	- Insecticides and soil fumigants in the vegetable and fruit tree domain - Formulation knowhow (innovative formulations) - Operating activities combining technical services and information provision - Manufacturing technologies (from raw ingredients to product formulation)	Japan
		- Flometoquin formulations (FINESAVE®), expansion of FUMON® - Expansion of sales by expanding the scope of agrochemical registration - Response to the agrochemical re-evaluation system for DIAZINON® and other agrochemicals
		Overseas
		- Rebuilding the EVISECT® business by restructuring the supply chain - Registering and expanding sales of Flometoquin preparations
		Working toward the vision for FY2030
- Development of new insecticides and new innovative formulations - Development and introduction of biostimulants		

Important Groupwide Issue Initiatives

In order to reach where we wish to be, the Nippon Kayaku Group has analyzed the gap between our aims and our present condition and, as a cross-cutting groupwide project, fixed the five key issues needing to be tackled (Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering and Work Style Reform). The twin tasks of devising ways to instill the Five Important Groupwide Issues in our workforce and speed up the process towards their resolution fall to our Materiality Cross-Functional Team (M-CFT), comprised of members selected from multiple departments.

Important Groupwide Issue	Initiative Details
Creation of New Business and Products 	We will contribute to realizing our ideal form by linking the four fields of Mobility, Environment & Energy, Electronics and Life Sciences to our three business units, and cutting across existing boundaries to create new business and products.
Mitigation of Climate Change 	We will set our targets for carbon neutrality and global warming prevention (through, for example, reducing greenhouse gas emissions), and unite every factory and research lab behind our climate change risk mitigation measures.
Digital Transformation (DX) 	Our current target is to promote DX across the group, expand our sales through process innovation, and expand our business through cost-reductions. Our specific DX measures include: (1) IT education and raising IT consciousness, (2) strengthening our IT base through rebuilding our ERP & IT infrastructure, and (3) bringing DX to each working process in the areas of R&D, production, sales and marketing, and administration.
Business Process Re-engineering 	We will reassess our methods for group, business and cost management, and eliminate various forms of waste while improving working methods and reducing costs through A3 Activities (KAIZEN)*, thereby boosting work efficiency and productivity, and upping both asset efficiency and earning power.
Work Style Reform 	With our sights set on becoming a "vibrant, strong and good company," we will reform our working practices and human resources system to increase employee vitality and engagement.

* Our A3 Activities (KAIZEN) are based on cost-reduction consciousness, and designed to make the Nippon Kayaku Group a more vibrant community through strengthening both the individual and the group (through skills and expertise), and through culture-change activities that help cultivate autonomy.

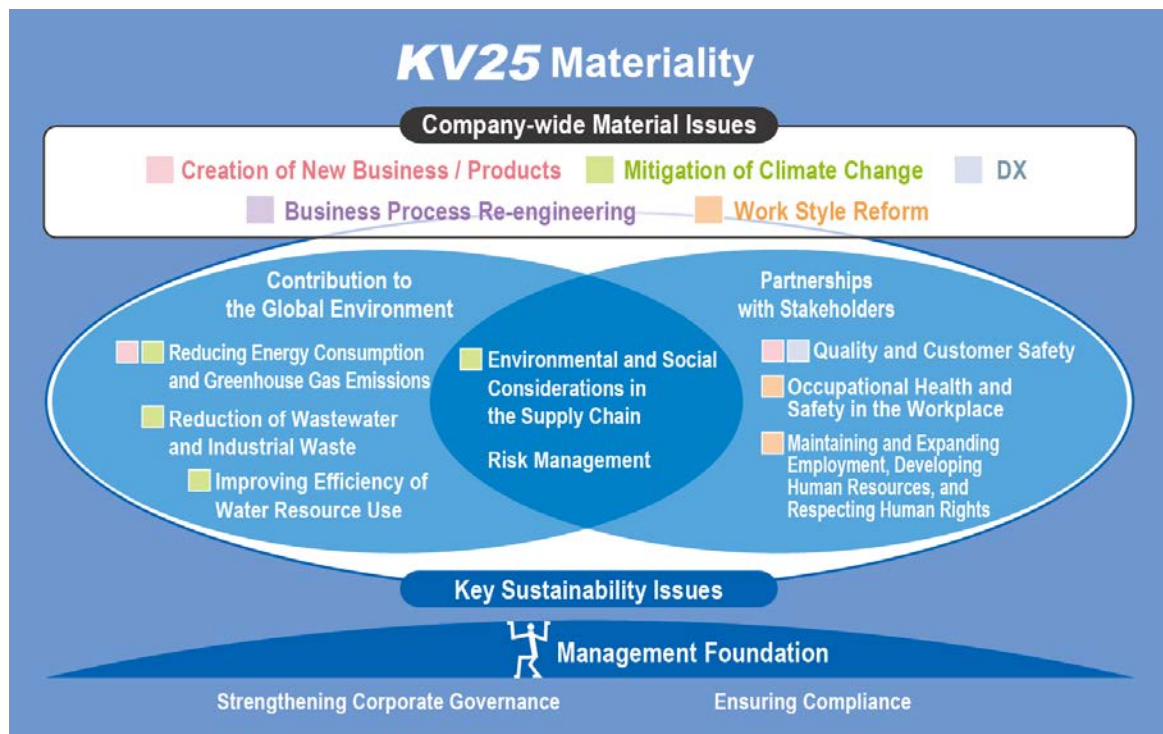
Key Sustainability Issues (Materiality)

Important Groupwide Issue and Key Sustainability Issues

The quest to achieve our aim of being “a company with a strong presence that can consistently provide happiness and delight to the environment, society and all stakeholders under the **KAYAKU spirit**,” has seen us analyze the gap between future aspiration and present reality, and prioritize as our Five Important Groupwide Issues needing to be tackled: “Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering and Work Style Reform.”

In addition, through promoting sustainable management have we appropriately grasped the important issues we face from internal and external standpoints, and defined them as our Key Sustainability Issues to be linked to corporate activities under our Sustainability Action Plan.

Our **KAYAKU Vision 2025** Medium-term Business Plan (hereafter: **KV25**) therefore seeks to contribute towards the realization of a sustainable society under our Sustainable Management Basic Policy through prioritizing the Important Groupwide Issues, and complementing those efforts with work on our Key Sustainability Issues. The umbrella term for the two sets of issues is “**KV25 Materiality**.”

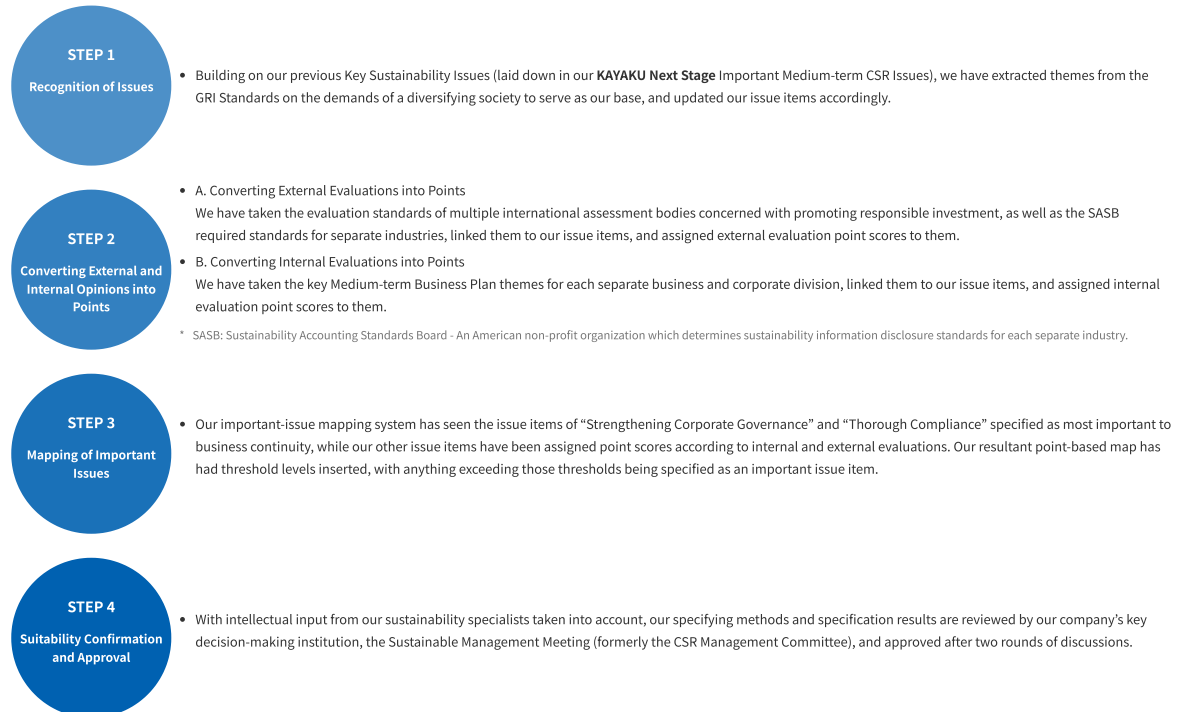


* The colored boxes beside each sustainability issue signify its link(s) to an important groupwide issue.

Key Sustainability Issues

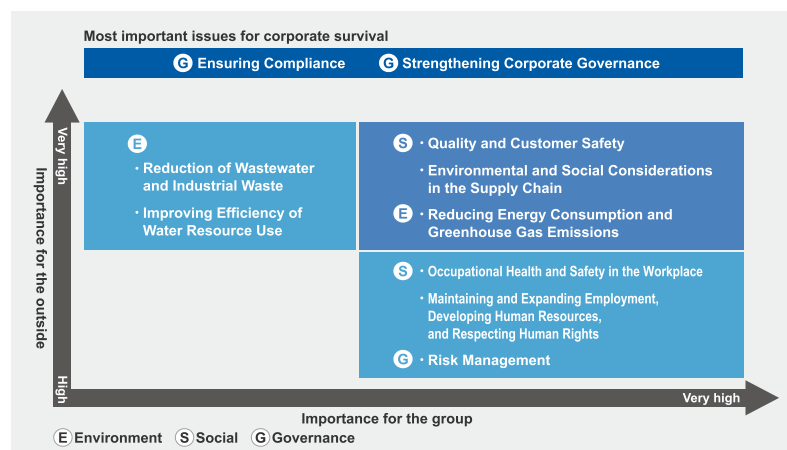
Key Sustainability Issues: Specification Methods

In 2019, having appropriately grasped the issues it faces from an internal and external standpoint, the Nippon Kayaku Group specified its Important Medium-term CSR Issues in order to meet stakeholder expectations and demands. The launch of **KV25** in April 2022 coincided with the switchover from CSR Management to Sustainability Management, causing the "Important Medium-term CSR Issues" to be renamed the "Key Sustainability Issues," which were then reassessed in order to aid our responses to diversifying business environments and changing social issues.



Key Sustainability Issues

Our Key Sustainability Issues have been split into three groupings: Issues Most Important to Business Continuity, Most Important Issues, and Important Issues, with each being assigned its own action plan.



Sustainability Action Plan

The Nippon Kayaku Group's Sustainability Action Plan makes use of the SDG Compass to tie each important issue to one or more of the 17 SDGs. Through managing and disclosing our KPI progress reports on an annual basis, and promoting sustainability activities in general, does the Nippon Kayaku Group aim to create environmental, social and economic value, achieve the SDGs (hence the realization of a sustainable society) and improve corporate value.

	Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
						FY2023	FY2024	
Most important issues for corporate survival	Ensuring Compliance		- Exercise thorough compliance, which is a basic principle for conducting corporate activities, and engaging in fair business operations - Maintain and enhance an open corporate culture with a high sense of ethics	Number of serious compliance violations ^{*1}	0	0	0	- Zero serious compliance violations. - FY2024's mandatory compliance training took the theme of "Workplace Communication," and was delivered to all domestic group companies. - We spoke to overseas group companies without a Compliance Whistleblower Hotline and ensured such hotlines were set up. We aim to expand hotline use through increasing awareness and training in FY2025.
				Compliance training take-up rate	100%	96%	97.7%	
				Percentage of group companies with compliance / whistleblowing hotlines	100%	83%	100%	
	Strengthening Corporate Governance		Strengthen corporate governance of the entire group and manage in a highly transparent and sound manner	Number of times that the assessment on the effectiveness of the Board of Directors meetings is evaluated	Once per year	1	1	- A Board of Directors Effectiveness Evaluation was conducted, the present situation grasped, issues extracted, and an action plan fixed. Improvements are currently ongoing. - Action to Implement Management That Is Conscious of Cost of Capital and Stock Price - An Effectiveness Evaluation of the Audit & Supervisory Board was conducted.
				Number of times internal business audits are performed by the Audit Division	60 times in four years	17	12	

	Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
						FY2023	FY2024	
Most Important Issues	Quality and Customer Safety		- 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 ² Number of serious quality process abnormalities in processes ²	0 0	0 0	0 1	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
	Environmental and Social Considerations in the Supply Chain		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	- 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
	Reducing Energy Consumption and Greenhouse Gas Emissions		- To achieve our FY2030 Environmental Targets by promoting energy-saving and global-warming response initiatives. - To extract issues and clarify our strategies in order to achieve carbon neutrality by FY2050.	Greenhouse gas emissions (Scope 1+2)	(Target achieved in FY2030) Under 70,598 tons (a reduction of over 46% on FY2019) (Target achieved in FY2024) Under 111,838 tons	102,704 t-CO ₂	111,102 t-CO ₂	- We received our first A-List Rating in the CDP's Climate Change Field - Promotion of MFCA and solar-powered PPA models were sequentially introduced - Emissions increased for every item due to increased production volumes, but recycling rates and zero-emission rates still improved - Environmentally-friendly products and technologies are being developed
	Reduction of Wastewater and Industrial Waste			VOC emissions	(Non-consolidated) Disclose results	(Non-consolidated) 32.9 tons	(Non-consolidated) 60.3 tons	KMY commenced production of a light cylinder inflator (new generation inflator) whose CO₂ emissions are 30% down on previous generation inflators.
	Improving Efficiency of Water Resource Use			COD emissions	(Non-consolidated) Disclose results	(Non-consolidated) 210.9 tons	(Non-consolidated) 222.2 tons	A green propellant MGG was developed. [Functional Materials Business]
				Total waste output	(Non-consolidated) Disclose results	(Non-consolidated) 20,974tons	(Non-consolidated) 28,225tons	A prototype of a CFRP/GFRP-use thermosetting resin targeted for use in aircraft was tested and assessed on a real aircraft.
				Recycling rate	(Non-consolidated) 80% or higher	(Non-consolidated) 83.8%	(Non-consolidated) 86.5%	Development of a biofuel-containing thermosetting resin that is high-temperature resistant and highly reliable. [Color Materials Business]
				Zero emission rate	(Non-consolidated) 1% or less	(Non-consolidated) 0.68%	(Non-consolidated) 0.6%	Development of industrial-use inkjet ink (for coated paper and soft packaging). Expanded sales of developers for phenol-free thermal paper. [Catalysts Business]
				Goal setting in line with SBT and consideration and implementation of specific measures	Progress disclosed	Medium-term Environmental Targets revised to 1.5°C scenario	Published in Topics	Advancement of joint-development of a hydrogen-producing catalyst.
				Disclosure in line with TCFD recommendations	Progress disclosed	Information disclosed	Information disclosed	Development of a catalyst using materials informatics techniques which contributes to reducing amounts of, and improving yields from, raw materials used.
				Develop products and technologies with consideration for environmental issues	Progress disclosed	Published in Topics	Published in Topics	Development of a catalyst to manufacture basic chemicals such as propylene from biofuel. [Pharmaceuticals Business]
								Promoted the adoption of materials posing lesser environmental burdens in response to moves towards resource conservation in the field of packaging.

	Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
						FY2023	FY2024	
Important issues	Occupational Health and Safety in the Workplace		- 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 ^{*3}	0	0	0	No serious accidents within Nippon Kayaku (non-consolidated), including on the sites of group companies and partner companies
				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	Continued accreditation as a Health and Productivity enterprise. To keep this up, we continue to encourage employees to maintain and improve personal health
				Percentage of paid leave taken	(Non-consolidated) 70% or higher	(Non-consolidated) 72.8%	(Non-consolidated) 73%	Although overall paid leave take-up targets have been met, take-up rates for management have fallen slightly short. We will continue to spread awareness via our intranet and get HR managers for each business site to proactively call for leave to taken, as well as set up paid leave promotion days. As a new initiative, we have prepared a paid leave plan of 5 days or more (the Yu You Plan) for each employee, and circulated around their workplace
				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	Periodical health check take-up rates remain at 100%
				Percentage of employees receiving regular health checkups	(Non-consolidated) 100%	(Non-consolidated) 100%	(Non-consolidated) 100%	Our second Employee Engagement Survey has been carried out. Our overall score was 48.4, an improvement on last year but still short of the national average. Companywide, while we scored highly for "manager support" and "workplace unity", we tended to score lowly on "appropriate recruitment and placement" and "prospects for business growth and business future." Each workplace has set up an action plan aimed at increasing employee engagement, and is undertaking improvement activities
				Ascertaining and improving employee satisfaction through questionnaire surveys	(Non-consolidated) Progress disclosed	Publishes in Topics	Publishes in Topics	
	Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights		- 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 - Engage in business operations that pay care and consideration to the human rights of employees and all other people involved in the supply chain	Percentage of female employees in management posts ^{*4}	(Non-consolidated) 10% or higher	(Non-consolidated) 8.8%	(Non-consolidated) 8.3%	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)
				Percentage of employees with disabilities	(Non-consolidated) Achieve legal minimum employment rate	(Non-consolidated) 1.93%	(Non-consolidated) 2.11%	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
				Amount invested in education and training per employee	(Non-consolidated) Disclose results	(Non-consolidated) 76,565 yen/person	(Non-consolidated) 72,015 yen/person	We have conducted e-learning session on the Nippon Kayaku Group's Revised Human Rights Policy. This not only enabled us to republishize the policy, but enhance big-picture understanding of the human rights that businesses should respect, relevant initiatives, and our business activities will be impacted
				Training hours per employee	(Non-consolidated) Disclose results	(Non-consolidated) 17.7 hours	(Non-consolidated) 15 hours	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
				Number of training sessions held on human rights	Once or more per year	2	1	
				Human rights due diligence: human rights impact assessment rate	(Non-consolidated) FY2022: 100% (Consolidated) FY2025: 100%	Human rights risk assessments and risks requiring priority measures identified in sessions laid on for Nippon Kayaku Group employees	We are continuing to implement corrective measures for risks requiring priority measures to reduce and eliminate human rights negatives.	
Risk Management			Respond to various business-related risks and ensure business continuity by maintaining production systems, ensuring the proper procurement of raw materials, and strengthening measures against disasters	Implementation rate of risk control activities for business, etc., and top five risk control activities	100%	100%	100%	Top Five Risk Control Activities conducted at seven domestic factories and all group companies. (The lack of outstanding human resources emerged as an increasing risk-trend)
				Number of BCP drills conducted	Once or more per year	3	3	- Certain domestic and overseas business sites picked up for hearings related to their Top Five Risks - BCP drill conducted at several sites within the Fine Chemicals Business Unit, based on a Kanto-region-epicentered earthquake scenario - BCP drills conducted at Chinese group companies

*1 Number of matters judged extremely important by the Ethics Committee

*2 Loss amount of over 10 million yen

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

*4 Target values at the end of FY2024

Key Sustainability Issues: Risks and Opportunities

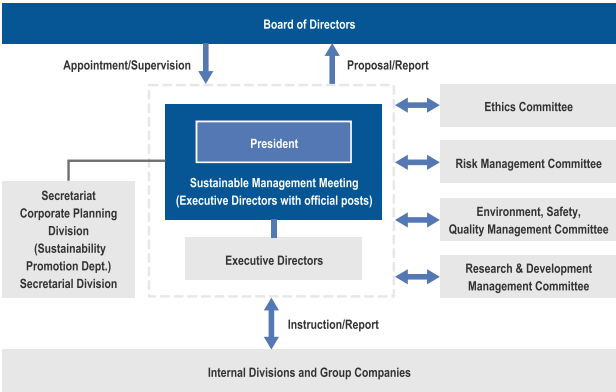
Through recognizing the risks and opportunities associated with our specified Key Sustainable Issues, reducing those risks, and working on those opportunities connected to fresh business growth, the Nippon Kayaku Group will aim to realize a sustainable society and deliver yet further improvements to corporate value.

	Important Sustainability Issues	Risks	Opportunities
Most important issues for corporate survival	Ensuring Compliance	- Loss of public trust due to compliance violations - Damage to corporate value - Slump in business activities	Gaining stakeholder trust
	Strengthening Corporate Governance	Stagnation of business activities	- Gaining stakeholder trust - Increased capacity to gain public trust
Most important issues	Quality and Customer Safety	- Alienation of customers due to discrepancies in product quality - Loss of public trust due to illegalities in quality management and labelling	Gaining customer trust through supplying high-quality products
	Environmental and Social Supply Chain Considerations	Negative impact on corporate activities from illegal acts or compliance violations on the part of suppliers	- Contributing to the realization of a sustainable society - Increased long-term competitiveness

	Important Sustainability Issues	Risks	Opportunities
	Reducing Energy Consumption and Greenhouse Gas Emissions Reduction of Wastewater and Industrial Waste Improving Water Resource Use Efficiency	[Switchover risks] - Increased operational costs stemming from the effects of a strengthened emissions system - Electricity and LPG price-hikes - Increased raw material costs stemming from the effects of a strengthened emissions system - Increased costs associated with disclosure of environmental information and LCA calculations [Physical risks] - Increased costs stemming from flooding caused by typhoons, heavy rain and high tides - Operational impacts of water shortages - Decreased labor productivity due to temperature rises	- Expanded use of materials for semiconductor-related and low-energy consumption products due to the extension of smart city and Digital Transformation (DX) projects - Expanded use of materials for next-generation storage batteries - Expanded use of resin materials for lighter mobility vehicle bodies - Expanded use of optical materials for lighter EV cars and sensor materials for self-driving cars - Expanded use of biostimulants to maintain and increase agricultural production in the face of expected temperature rises, and wider use of existing agrochemicals to combat new pest threats.
Important issues	Occupational Safety and Health in the Workplace	- Loss of public trust as a result of accidents or scandals - Decreased labor productivity, exodus of staff	- Fostering of a safety culture - Improved work engagement from employees
	Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights	- Failures to normalize new ideas and lost new business chances owing to skewed human resource attributes and skills - Loss of public trust due to human rights violations	- Fostering of business climate with diverse values which gives rise to new ideas - Contributing to the realization of a sustainable society and increased long-term competitiveness
	Risk Management	Increase in management-related risks	Guaranteed continuation of business during emergencies

Sustainability Promotion System

Under the direct supervision of our Board of Directors, and via our Sustainable Management Meeting with our president as chair, the Nippon Kayaku Group is promoting sustainability across the entire organization. In principle, the Sustainable Management Meeting agrees to meet once a week to discuss and receive reports upon general matters related to the sustainability of the company, society and the environment. Matters approved by this Meeting are referred to the Board of Directors for further discussion. Operating under this Meeting are four committees on [Ethics](#); [Risk Management](#); [Environment, Safety and Quality Management](#); and [Research and Development Management](#). All committees meet on both a regular and ad hoc basis (when required), and their reports to the Sustainable Management Meeting serve to guarantee transparency and fairness in management.



> [Number of Committee Meetings Held](#)

Promoting Responsible Care

Message from the Executive Director in Charge

Based on the principles of Responsible Care—the chemical industry's voluntary activities concerned with preservation of the environment, health and safety—the Nippon Kayaku Group has established its “Declaration on Environment, Health and Safety, and Quality.” In addition to fulfilling our responsibilities as a chemical manufacturer shall we contribute towards the realization of a sustainable society. Our efforts to achieve carbon neutrality by 2050 have seen us introduce solar power and a high-efficiency large-scale gas co-generation system, and proactively move forward with policies built upon MFCA^{*1} methods. FY2024 saw such climate change mitigation measures well-evaluated along with our highly transparent information disclosures, and Nippon Kayaku receive the highest “A-list company” classification in the CDP's^{*2} climate change field. Furthermore, following on from our TCFD-based^{*3} information disclosures, July 2025 saw us release information concerning natural capital and biodiversity in line with the TNFD^{*4} disclosure framework.

Meanwhile, our efforts to bolster governance have brought, in April 2025, the merger of our Quality Management, Production Technology and Environmental Safety divisions into a new Responsible Care & Technology Division. Under this new structure shall we respond rapidly and efficiently to external demands related to safety and health, quality, and the environment.

Going forward, the Nippon Kayaku Group seeks to develop in tandem with all its employees, customers, suppliers, shareholders, investors and regional communities, and adopt a united approach to promoting Responsible Care activities.

Yasuhito Kato
Managing Director
In charge of Technology Unit



^{*1} MFCA : Material Flow Cost Accounting

An accounting method which seeks to continuously reduce environmental burdens from manufacturing activities by extracting energy and material losses arising from the manufacturing process.

^{*2} CDP : Carbon Disclosure Project

An international NGO which requests disclosures of environment-related information (such as climate change measures, water resource conservation and forest conservation) from businesses and cities, examining and evaluating such disclosures, and operating a global information disclosure system.

^{*3} TCFD : Taskforce on Climate-related Financial Disclosure

^{*4} TNFD : Taskforce on Nature-related Financial Disclosures

Policy and Basic Approach

Our Declaration on the Environment, Health, Safety and Quality

Under the twin spirits of KAYAKU and Responsible Care, we have fixed our "Declaration on the Environment, Health, Safety and Quality," which is geared towards guaranteeing environmental protection, safety and health, while maintaining and improving product quality. We shall show a united front in promoting these activities, and this declaration shall apply to every employee working for the Nippon Kayaku Group, including temp staff and subcontractors.

Our Declaration on the Environment, Health, Safety and Quality

Established: 1995-11-07

Revised: 2017-05-22

Revised: 2024-01-31

We, the Nippon Kayaku Group, based on the **KAYAKU spirit** of "Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences," shall conduct business as a company which contributes to the achievement of a sustainable society that "safeguards the life and health of consumers and supports comfortable living."

◆ Fundamental policies

1. We will strive to maintain and improve the environment, people's health and safety across the entire product lifecycle, from R&D to production, distribution, sales, recycling, and disposal.
2. We will strive to prevent pollution, protect biodiversity, and conserve the environment by promoting reduction and proper disposal of waste, reduction of resource consumption (of energy, water, and raw materials), and Climate change measures (toward reduction of greenhouse gas emissions).
3. We will actively provide business partners with information needed for the safe usage and handling of our products and for conserving the environment.
4. We will enhance the quality of not only products, but operating processes as well, and also work to enhance customer satisfaction.
5. We will heighten employee knowledge and skills through education and training and achieve our goal of zero pollution, zero disasters, zero accidents and enhanced quality.
6. We will disclose information so that stakeholders correctly understand our business activities and also strive to engage in dialogue with local communities and government authorities.

Nippon Kayaku Co., Ltd.
President and Representative Director



* Responsible Care: Refers to companies which either produce or handle chemical substances proactively taking measures which show consideration for the environment, safety and health, in every process extending from development, sale and use to disposal. Since its launch in Canada in 1985, Responsible Care has gained prominence worldwide, not least in Japan.

Responsible Care Policy

With a common recognition of "Safety trumps everything else," every Nippon Kayaku Group company is working together on preventing accidents and hazards that impact the environment and safety, faithfully observing local laws both inside and outside Japan. Furthermore, in order make the **KAYAKU spirit** a reality, our companies are progressing their Responsible Care Activities with the aid of all Group employees in line with the Declaration on the Environment, Health, Safety and Quality.

The Nippon Kayaku Group's Responsible Care Policy has served as the base for the policies we should continually pursue since FY2019. Such policies include promoting safety and health activities with a focus on rooting out unsafe actions through 30-second patrols and fixed-point inspections; promoting Core Environment, Safety and Health Diagnostic Checks centered upon risk management; and drawing up decarbonization-based targets with an eye on achieving our Medium-term Environmental Targets by FY2030. Progress on the above is confirmed in conjunction with domestic Group companies on an annual basis. A key item added to our policy for FY2025 concerns the establishment of diagnostic checking methods related to the Occupational Safety and Health Act and the partly-revised regulations within.

Going forward, the Nippon Kayaku Group aims to continue advancing its Responsible Care Activities in line with these policies.

This Year's Nippon Kayaku Group Responsible Care Policy

◆ (Targets)

- Serious accidents and hazards: 0
- Serious environmental accidents: 0
- Serious traffic accidents: 0

◆ 1. Key Responsible Care Issues

- Total Group Scope 1+2 CO₂ emissions to exceed no more than 104,965t tons (Groupwide) (Total Group CO₂ emissions to fall at least 20% from FY2019 levels)
- Transition plan being steadily implemented
- Domestic zero-emission rates of 1% or less
- Moving forward with 30-second inspections based on determination of key themes

◆ 2. Promoting Initiatives for Zero Serious Accidents and Hazards

- Promotion of both risk management and the checking methods underscored in the revised Occupational Safety and Health Act
- Horizontal expansion of heatstroke prevention measures
- Examination and selection of an AI-based Hazard Source Estimation System

◆ 3. Improvements to the Workplace Safety and Health Environment

- Promoting prevention of age-related accidents (Risk assessments focused on declining physical functions of older workers conducted and measures introduced)
- Promotion of organizational stress-check analysis to grasp high-stress workplaces and take follow-up action
- Appropriate operation of our health check database
- Promotion of health check management
 - Over 30% health check take-ups due to Specific Health Guidance
 - Over 60% participation in health events

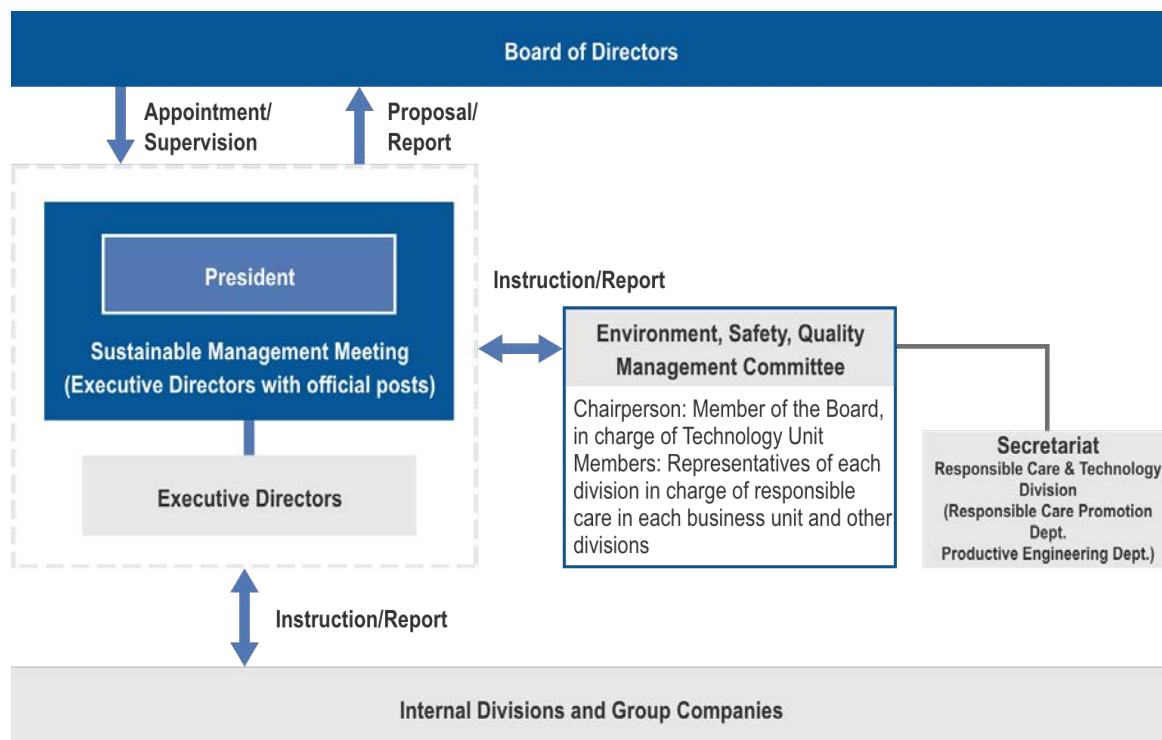
◆ 4. Promoting Activities aimed at Achieving Environmental Goals

- Improved practices for climate-change-related disclosures to external sources
 - CDP climate change and water security evaluations maintained
 - Clarification of, and the fixing of targets for, expanded TNFD boundaries and the effects of risks and opportunities
 - Clarification of issues through gap analysis in line with CSRD disclosure requirements
- Appropriate operation of a cloud-based environmental data aggregation system (groupwide)
- Every business site to aim for a 4.2% annual reduction in Scope 1+2 CO₂ emissions (a groupwide challenge, not a binding target)
- Bolstering the system for calculating individual product emissions (exploring potential systems)
- Plastic waste recycling rates of 80% or more; final disposal rates of 1% or less

System

Our Group's Responsible Care Activities are coordinated by the Committee for Environment, Safety and Quality Management, set up as an advisory body to the Sustainable Management Meeting chaired by our President.

This Committee is comprised of persons in charge of Responsible Care Activities from each business unit, as well as managers from each section of our General Administration Department, which is unattached to any business units. The Committee's remit is to discuss the status of Responsible Care-based activities as well as any problems arising from them and how to respond, and to deliberate policy proposals for the next financial year and for the resolution of climate-change related matters. The results of its discussions are reported to the Sustainable Management Meeting. Our Environmental Protection & Safety Division, meanwhile, conducts Core Environmental, Safety and Health Diagnostic Checks of each business site and group company as an organizational activity, and reports the results to the Committee for Environment, Safety and Health Management.



Responsible Care Audits

◆ Basic Approach

Based on the Annual Responsible Care Plan, the Nippon Kayaku Group conducts internal audits of each business site and a section of Group companies in the form of Core Environment, Safety and Health Diagnostic Checks.

These diagnostic checks represent a structure for ascertaining whether business activities are indeed showing due consideration to the environment, safety and health, and promoting improvements in response to problems detected. Specifically, these Checks involve inspecting items related to Responsible Care, environmental conservation, disaster prevention, distribution safety, biodiversity, occupational safety, compliance, proper health management, and management of chemical substances, and providing relevant improvement advice and suggestions. By enabling us to prevent compliance violations and unjust or erroneous practices, and devise improvements in the fields of the environment, health and safety, these diagnostic checks help to build, maintain and improve the Nippon Kayaku Group's internal control system.

◆ Management System

Core Environment, Safety and Health Diagnostic Check Team

Our Team is comprised of Responsible Care & Technology Division managers (Team Leaders), Responsible Care & Technology Division Responsible Care Promotion Dept. members (inspection team and office staff), and Labor Union Head Office staff.

Items to be checked

- Status of Responsible Care Activities via the Responsible Care Progress Confirmation Chart
- Implementation status of risk management concerning production processes and high-hazard-risk equipment
- The effects of responses and recurrence prevention measures for past accidents and hazards
- Area inspections (30-second patrols and fixed-point inspections)
- The storage and management situation for chemical substances
- The Environment, Safety and Health system and compliance status for related laws and regulations
- Other necessary items related to Responsible Care

Locations to be checked

- All Nippon Kayaku business sites (7 plants, 3 research labs, 2 offices, 3 other bases)
- Domestic Group companies (3 onsite, 1 offsite)
- Overseas (China-based) Group companies (3 companies)

Frequency of checks

We conduct diagnostic checks every 1-2 years based on the size of the business site in question and the previous year's inspection results. Depending on inspection result contents and the subsequent situation, we may also stage follow-up checks. (In the event, none were conducted in FY2024).

Reporting of Inspection Results

We provide inspection result feedback on the following categories.

- Good points: Excellent initiatives which can serve as reference points for other business sites and the rest of the Group
- Points raised: Items carrying risks related to accidents, hazards, environmental incidents, and compliance violations
- Points noticed: Items which demand improvements in initiatives concerned with safety and health, environmental conservation and compliance
- Suggestions: Items which pose no problem at present, but with the implementation of a suggestion or two could deliver even better initiatives in terms of environment, safety and health.

Inspection results are reported to the business site or Group company inspected, related business units, the Environment, Safety and Quality Management Committee, and the Audit Division. In response, the inspected business units and group companies will address any problems discovered by undertaking systematic improvements in the form of PDCA cycles.

◆ Targets and Results

Core Environment, Safety and Health Diagnostic Check Results (Number of bases inspected)

Business Units examined; Group companies		2022	2023	2024
Plants		7	7	7
Research labs • Offices		4	1	1
Domestic Group companies	Onsite	3	3	3
	Offsite	1	1	1
Overseas Group companies *		3	1	2
Total		16	13	14

* Checks for Overseas Group companies have been conducted via an online meeting system involving a Responsible Care Progress Confirmation Chart only.

FY2024 Inspection Results (Number of points raised at the 13 bases inspected)

Areas	Responsible Care Progress Confirmation Chart, Responses to legislation	Base inspections
Good points	17	23
Points raised	2	3
Points noticed	23	64
Suggestions and requests	21	38

Initiatives

- > [Environmental Management](#)
- > [Climate Change](#)
- > [Management of Chemical Substances](#)
- > [Preventing Pollution](#)
- > [Effective Use of Resources](#)
- > [Water Resource Conservation](#)
- > [Natural Capital and Biodiversity](#)
- > [Work Safety & Health ; Health Management](#)
- > [Quality and Customer Safety](#)

External Initiatives

At the Nippon Kayaku Group, we believe not only in conforming to international standards but in the importance of collaborating with a variety of institutions and businesses. That's why we are proactively participating in initiatives both inside and outside Japan as we work to promote the pathways towards a sustainable society.

Contribution to the SDGs

The Sustainable Development Goals (SDGs), unanimously adopted by United Nations Members, represent the 17 social, economic and environmental targets that institutions, organizations and bodies must strive to meet by FY 2030 in order to construct a sustainable world.

The thinking behind these SDGs is practically synonymous with the Nippon Kayaku Group's corporate vision, expressed as: "Continuously providing society with the best products through ceaseless progress and the combined forces of our conscience." We therefore believe that, although the scale and targets are different, the corporate activities undertaken to realize the **KAYAKU spirit** are very much aligned with the SDGs.

Nippon Kayaku Group's [Sustainability Action Plan](#) makes use of the SDG Compass to tie all our important issues to the 17 SDG targets.

Hence, through creating environmental, social and economic value, and pursuing both a sustainable society and increased corporate value, are we also contributing to the achievement of the 17 SDGs.



External Initiatives Joined

Initiative title	Participation period	Scale	Relationship with corporate principles and the path to approval
	2021	Groupwide	Guided by its KAYAKU spirit corporate vision, the Nippon Kayaku Group is seeking to deploy sustainable management to create environmental, social and economic value in its quest to help realize a sustainable society and boost corporate value. The UN Global Compact demands that all companies actively and proactively engage in the promotion of sustainable activities through incorporating its ten principles across four fields (human rights, labor, environment and anti-corruption) into their daily operations and strategies. The Nippon Kayaku Group works towards the above as a member of the Global Compact Network Japan (GCNJ), the Japan-based network for the UN Global Compact. Our seats on GCNJ's themed subcommittees, primarily made up of member companies and organizations, allow us to join discussions and share information on sustainability ideas. 2024 saw us sit on the following 11 subcommittees: • ESG Subcommittee • Environmental Management Sub-committee • Kansai Region Subcommittee • Supply Chain subcommittee • GC Intra-Company Instillation Research Subcommittee • Human Rights Due Diligence Subcommittee • Anti-Corruption Subcommittee • Disaster Risk Reduction Subcommittee • SDGs Subcommittee • Reporting Research Subcommittee • WEPs Subcommittee

Initiative title	Participation period	Scale	Relationship with corporate principles and the path to approval
TCFD (Task Force on Climate-Related Financial Disclosures) 	2022	Groupwide	The KAYAKU Vision 2025 Medium-term Business Plan, commenced in 2022, saw the Nippon Kayaku Group commit to paper its Sustainable Management Basic Policy, which seeks to realize a sustainable society and boost corporate value by pursuing environmental, social and economic value through our response to climate change. As this response significantly impacts society, the Nippon Kayaku Group sees it as an issue of major importance. March 2022 saw us express our agreement with the proposals of the TCFD (Task Force on Climate-Related Financial Disclosures). We will use this TCFD Framework to pursue excellent communication with our wide range of stakeholders through proactively disclosing information related to "governance", "strategies", "risk management", and "metrics and targets". This way of thinking aligns with the Nippon Kayaku Group's sustainable management policies. Moving forward, in line with TCFD proposals, we will accelerate our efforts to reduce greenhouse gas emissions and work towards the building of a recycling society.
Responsible Care Global Charter 	2008	Domestic	The Nippon Kayaku Group signed up to the Responsible Care Global Charter in 2008, and also to the revised version in 2014. At Nippon Kayaku, we handle large numbers of chemicals, and engage ourselves in the development, manufacture and sale of many chemical products. In order to realize our KAYAKU spirit corporate vision of "Continuously providing society with the best products through ceaseless progress and the combined forces of our conscience," we will proactively proceed with responsible care activities going forward.

Principal memberships held

Organization	Joined	Membership type	Activity details
Japan Business Federation	1946	Permanent secretary	We approve of the federation's aims of aiding the autonomous development of the Japanese economy and improving Japanese people's lives, and consequently serve as a member. We currently sit on the Secretariat, and the committees on Administrative Reforms, Social Security, and Diversity and Inclusion. Through widening our multitude of exchanges straddling industrial boundaries, we will utilize our economic knowhow to contribute towards building a sustainable social economy.
Japan Chemical Industry Association	1948	Board member/ General Management Committee	Nippon Kayaku's 3 rd President, Yasusaburo Hara, was also the inaugural Chairman of the Japan Chemical Industry Association upon its foundation in 1948; he would serve in that role for over 14 years. Mr Hara established the base for Japan's postwar chemical industry recovery, paving the way for the introduction and development of the petrochemicals industry which would later play a major role in Japan's years of rapid economic growth. Having inherited Mr Hara's founding aims, present-day Nippon Kayaku seeks to further contribute to the development and improvement of the chemical industry.

Organization	Joined	Membership type	Activity details
Japan Dyestuff and Industrial Chemicals Association	1948	Board member	Nippon Kayaku's 3 rd President, Yasusaburo Hara, also assumed the chairmanship of the Japan Dyestuff and Industrial Chemicals Association upon its foundation in 1948; he would retain the role for another 33 years. Having inherited Mr Hara's founding aims, present-day Nippon Kayaku will contribute to the proposal, promotion, examination and research of business support policies related to safety, the environment and internationalization within the chemical industry domain.
Japan Pharmaceutical Manufacturers Association	1968	Trustee	We have joined this organization having approved of its aims to contribute to people's health inside Japan and across the world, and improve medical care overall, through developing innovative and highly-useful medical products, and boosting the health of the pharmaceuticals industry. As a drug discovery company do we seek to contribute to the healthy development of the pharmaceuticals industry through creating our vision for code compliance, fairer distribution, promotion activities, clinical evaluations, PMS (Postmarketing Surveillance), product quality, pharmaceutical affairs and R&D.
Japan Biosimilar Association	2016	Board member company	We were one of four biosimilar-handling founder members to kickstart this organization in April 2016, with a focus on expanding and promoting biosimilars in general. We continue to serve as a proactive member, using this organization as a vehicle for exchanging information with stakeholders, including government, and making policy proposals. In so doing, we seek to contribute not only to holding down medical fees but to improving access to biopharmaceuticals for patients currently holding back from such treatment for financial reasons.
The Pharmaceutical Manufacturers' Association of Tokyo	1948	Board member	The Pharmaceutical Manufacturers' Association of Tokyo is composed of various pharmaceutical sellers and manufacturers of new drugs, generic drugs, and OTC (Over-the-Counter) medicines. As an eastern-Japan-based pharmaceutical company, we seek to enhance medical care through examining and exchanging information on pharmaceutical affairs, intellectual property, pharmaceutical product safety, and education and training.
Japan Investor Relations Association	1993	Trustee	We participate in this association to further our aims of improving the quality of investor relations activities through information-sharing and network-creation for IR managers from different companies. Through this association do we seek to achieve even better communication with our shareholders and investors, as well as increase trust in finance and capital markets.

Stakeholder Engagement

Policy and Basic Approach

The Nippon Kayaku Group is aiming to be a company which delivers both happiness and delight to all stakeholders: our employees, customers, suppliers, shareholders, investors and local communities. We value our conversations with stakeholders, taking advantage of various opportunities and communication tools to conduct appropriate information disclosure and two-way exchanges in order to improve our business operations. Through fulfilling stakeholder expectations and demands are we contributing to wider society through our business activities.

> [Multi-Stakeholder Basic Policy \(Japanese\)](#) 

Stakeholders of the Nippon Kayaku Group



Stakeholders	Outline of Initiatives	Method of Communication
Our employees	We believe that "people" are the nucleus of our corporate activities. Through respecting the human rights of each and every employee, and striving to provide a reassuring working environment, we aim to become a company which allows its "people" to really feel their own personal development amid the rewarding nature of their work.	- Talent management system Engagement survey set-up Compliance awareness survey, Stress check survey - In-house publications Compliance hotline Agreements with labor unions
Our customers	Through pursuing high product quality, and supplying the best socially and environmentally-conscious products, technologies and services, do we strive to gain the satisfaction and trust of our valued customers: - Automobile module manufacturers, optical material users - Users of resins, dyes and catalyst materials - Medical personnel, patients - Agrochemical manufacturers, pesticide vendors, farmers	- Ascertaining of needs through sales activities - Refinement/ improvement of products and services - Plant field trips Publication of information online - Providing safety guidance on agrochemical use and advice on pest control methods
Our suppliers	From R&D right the way through to raw material procurement, manufacturing, sales and distribution, we are working with all our supply chain partners to respect human rights and promote environmental conservation, workplace safety & health, compliance matters and sustainable purchasing (including fair trade considerations).	- Information exchange through visits, web chats, and everyday business conversations Sustainable Procurement Survey Procurement Seminars
Our shareholders and investors	Having fixed our disclosure policy, we are presenting all shareholders and investors with timely, honest and impartial information so that they may appropriately understand our business situation and various business initiatives.	Financial results briefings General Meetings of Shareholders (AGM) Telephone conferences 1-on-1 meetings Presenting information via our website and integrated reports
Local communities	From our various bases across the world do we serve as active members of local communities, not only through CSR work, but through next-generation development support and information exchanges with local authorities. We are hence contributing to sustainable development through enhancing the robustness of the local communities we serve.	CSR activities (plant festivals, street cleaning) Welcoming visitors for plant field trips Next-generation training support Information exchange with local authorities

Links with Local Communities

The Nippon Kayaku Group, via its various business locations, has tied up a multitude of agreements with local governments and regions. By respecting various environmental agreements and making efforts to lower our environmental burden are we contributing to the safety and reassurance of the local communities concerned.

◆ Key local agreements signed by Nippon Kayaku

Workplace	Agreement Title	Co-signatory
Safety Head Plant (Himeji)	Memorandum on Wastewater Management	Himeji City
	Local Fire Brigade Partner	Himeji City Fire Department
Fukuyama Plant	Agreement on Pollution Control	Hiroshima Prefecture, Fukuyama City
Asa Plant	Agreement on Water Pollution Control	Yamaguchi Prefecture Fishing Cooperative
	Agreement on Environmental Safety	Sanyo-onoda City
Tokyo Plant	Green Agreement	Adachi Ward
	Joint-Agreement on the Establishment of a Committee to deal with Colored Wastewater Issues	Bureau of Sewerage Tokyo Metropolitan Government 2nd Management Office
	Agreement on Mutual Disaster Support	Adachi Ward Shinden Residents' Association, Shinden 1-chome Estate Residents' Association
	Agreement on Locations of Sheds Housing Small Pumps for Civilian Use	Senju Fire Department
Takasaki Plant	Company Fire Brigade Cooperation Agreement	Takasaki City Fire Department, and fire departments in the wider region
Kashima Plant	Agreement on Pollution Control	Ibaraki Prefecture, Kashima City, Kamisu City
Tokyo R&D Administration Office	Sea Rescue Activity Cooperation Agreement Agreement with the Akabane Ward Council on Mutual Support for Disaster Prevention in Dangerous Buildings	Tokyo Fire Department Akabane Branch

The Products and Technologies Creating a Sustainable Future

The Nippon Kayaku Group, through its “Global SUKIMA Ideas” initiative, aims to produce products offering high additional value and the potential to stand out even in niche markets in its quest to become indispensable to the world. Through providing the best products, technologies and services for the creation of a sustainable society, we will contribute to resolving social issues.

Mobility & Imaging Business Unit

Safety Systems Business

PARASAFE

◆ Outline of Products and Services

PARASAFE® (“PARASAFE”) is an emergency parachute system for industrial-use drones. When a drone seems set to fall due to unforeseen circumstances, the PARASAFE system launches a parachute to slow the drone's descent and reduce the shock when it impacts the ground. The Nippon Kayaku Group is a global supplier of explosives and gas generators for automotive airbags, and PARASAFE makes use of the same technology for its highly-reliable automotive safety components. In short, use of PARASAFE makes it possible to fly drones more safely and securely.

◆ Novelty and Innovation Details

PARASAFE and its applications combine specialist new technologies with Nippon Kayaku knowhow from the pyrotechnics safety and automotive safety components business cultivated since the time of our foundation

1. Pyrotechnic Safety: Industrial explosives are truly excellent materials for the generation of constant energy in an instantaneous and reliable fashion. However, only one wrong step in the handling of these explosives can trigger a major accident or disaster. Nippon Kayaku's thorough knowledge of explosive properties and safe handling methods, developed over many decades of involvement with explosives since our foundation, represents a major company advantage.
2. Development Capability for High-performance Parts: Our strengths not only lie in our materials, but in our ability to develop safety components combining high performance with reliability and durability. We make all of our parts in-house through leveraging our knowhow cultivated through developing automotive safety parts, concerning material component shape design, simulations of movement during operation, and prototype construction and evaluation.
3. Sensing Programming Technology: In order to detect dangerous drops in altitude and activate the relevant safety components, a so-called "Autonomous Triggering System (ATS) Device" is required. We are thus working on delivering the optimal ATS for PARASAFE through selecting the necessary sensors from drone flight data and simulations, and developing safety component operating programs.



◆ External Environmental Factors

- In pursuit of the realization of a more highly convenient society, the pace of industrial drone introduction for distribution, healthcare, construction, farming and urban air mobility (UAM) is rapidly increasing.
- The international drone market is predicted to grow to \$60bn by 2030, with industrial drones comprising some \$10bn of that.
- New drone initiatives such as last-mile deliveries, medical supply distribution to disaster zones, and pilot tests of flying taxis are being expanded in various countries, and progressing towards commercialization in the US, Europe and China.

As described above, the scope of business for aerial drones is rapidly growing. At the same time, the most important element is safety, and we must respond appropriately.

◆ Environmental Value

- Drones that crash and sink into the sea are connected to marine pollution. This can be prevented, however, in the form of a PARASAFE Floating Parachute System, which integrates floating functions with reduced crash-impact functions.
- There are cases in which drones that crash into mountains may cause forest fires due to batteries or devices igniting. The use of PARASAFE, however, can prevent even those situations from occurring.
- Deployment of PARASAFE on a crashing drone can reduce damage to the drone body and, consequently, waste.
- Accelerating the popularization of PARASAFE-installed drones across society will lead to improved green energy usage rates, as energy-saving flying objects gradually replace the CO₂-emitting vehicles currently used for logistics and transportation.

◆ Social Value

The practical application of drones will render it possible to finish all kinds of tasks in short periods of time, triggering hopes of a yet more convenient society. But however reliable drone flights may become, the risks in the unlikely event of a fall cannot be overlooked.

- When an accident occurs during drone-related business, the installation of PARASAFE will reduce the impact of collision damage not only on the drone itself but on people, buildings and automobiles positioned on the ground, thereby reducing the credit risks associated with compensation and criminal punishments.
- Popularizing PARASAFE-installed drones throughout society will aid efforts to deliver stable supplies of daily necessities and pharmaceutical drugs to depopulated areas.
- Popularizing PARASAFE-installed drones throughout society will increase the possibilities for inspections in areas difficult for humans to enter, thereby helping to improve safety and reduce costs.

◆ Contributing to SDGs



◆ Relationship with **KV25** Materiality

- [Important Groupwide Issue: Creation of New Business and Products](#)
- [Important Groupwide Issue: Mitigation of Climate Change](#)
- [\(Key Sustainability Issues\) Reducing Energy Consumption and Greenhouse Gas Emissions](#)
- [PARASAFE product information](#) 

Polatechno Business (MOXTEK)

Portable X-ray Sources for Border and Airport Security

The Mox140G is a compact, lightweight and portable X-ray source that can operate at a high voltage potential of 140kV. It is ideally configured for portable X-ray backscatter imaging, and is particularly used in the security market for operations pertaining to border and airport security.

◆ External Environmental Factors

Demand for security screening equipment is increasing due to recent upsurges in terrorist attacks and illegal immigration, expanded use for border and airport security solutions, and increased incidences of drug smuggling.

◆ Novelty and Innovation Details

One demand placed on the security market is the ability to see through all manner of objects, including backpacks, car seats, tires and exterior metal panels. The act of using X-ray backscattering to see through thick or heavy-element-made (e.g. iron) objects requires an X-ray source capable of emitting higher energy X-rays. That kind of X-ray source must operate at a high voltage, which tends to entail enlargement of the overall device. On the other hand, a small, lightweight, portable X-ray source can greatly loosen physical restrictions within areas to be inspected. The Mox140G holds a major advantage in the security market due to its ability to operate at high voltages while remaining portable in size and weight.



Portable X-ray backscatter imaging
*Photograph courtesy of Viken detection.

◆ Environmental and Social Value

The use of the Mox140G significantly reduces illegal financing, and the trafficking of drugs and weapons, thereby helping eradicate all forms of organized crime, including terrorism.

◆ Contributing to SDGs



◆ Relationship with **KV25** Materiality

> [Important Groupwide Issue: Creation of New Business and Products](#)

Polatechno Business (MOXTEK)

XRF (X-ray Fluorescence) Environmental Monitoring

MOXTEK provides "high-performance and durability" X-ray sources, highly durable window materials with high X-ray transmittance, and competitively priced detectors, which are all key components of XRF analysis devices.

◆ External Environmental Factors

Interest is currently growing in the safety of everyday community, including matters such as the regulation of environmental pollutants (heavy metals, etc.) Devices to be used at scrap sites for scrap sorting (for the purpose of mineral recycling) and soil testing must have good portability (lightness) and enable rapid completion of inspections.

◆ Uses

XRF is commonly applied in the analysis of petroleum and other fuels, plastics, rubber and textiles, pharmaceuticals, food products, cosmetics and body care products, fertilizers, geological materials, mining samples, slag, cement, heat-resistant materials, and glass. It is further used in the monitoring of contaminated solid waste, wastewater, cleaning fluids, pools and filters, and can also be used for sorting materials such as minerals with high speed and accuracy. From benchtop to hand-held types, a different detector can be selected according to the environment. XRF is widely used at various facilities, both indoors and outdoors, including research labs.

◆ How XRF (X-ray Fluorescence) Works

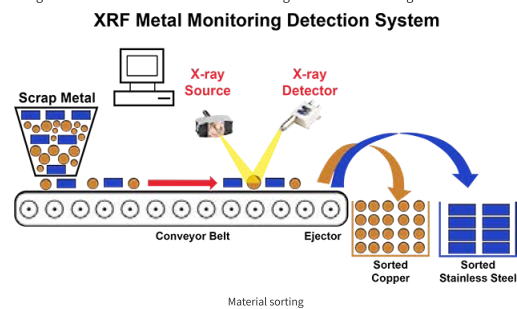
The launching of X-rays at an object causes X-rays with energies peculiar to the object in question to bounce back, thereby allowing the X-ray detector to analyze that object's elemental composition. This method of elemental analysis can be used for all basic states of matter (solids, liquids and gases), and is one of the techniques used in everyday analysis.

◆ Novelty and Innovation Details

MOXTEK provides "high-performance and durability" X-ray sources, highly durable window materials with high X-ray transmittance, and competitively priced detectors, which are all key components of XRF analytical devices. Our handheld Magnum (a lightweight, compact X-ray source), window coverings which boast DuraCoat technology offering superior performance even in harsher environments, and customer-friendly XPIN detectors have numerous applications, including in the fields of environmental monitoring and material sorting.



Soil testing



◆ Environmental and Social Value

Through rapid elemental analysis can we analyze the environment in which we live and contribute to a more livable global environment. XRF will fulfil the function of sorting greater numbers of materials in lesser amounts of time. For the sake of securing an environment which is kind to Planet Earth, MOXTEK will strive for yet higher-performance parts.

◆ Contributing to SDGs



◆ Relationship with **KV25** Materiality

> [Important Groupwide Issue: Creation of New Business and Products](#)

Fine Chemicals Business Unit

Color Materials Business

Developing water-based inkjet inks for package printing, for safe and environmentally-friendly printing solutions

Our Color Materials Business is developing high-quality water-based pigment inkjet inks for the package printing market, that are safe and environmentally friendly.

◆ External Environmental Factors

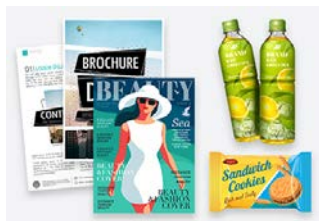
The printing industry is currently facing a diverse array of issues. One is the environmental and safety impacts of the large quantities of organic solvents and chemical substances used in the manufacturing and cleaning of printing plates for analog printing. One solution for this is the transition to digital printing which is easier to operate and does not require printing plates. This transition also allows users to reduce their production lead time, which can lead to lower stocks, reduced generation of waste, and improvements to the working environment.

◆ Novelty and Innovation Details

Our Color Materials Business is developing a revolutionary primer-less (without the need of pretreatment agent) water-based pigment ink which can be printed directly on non-absorbent media. While conventional water-based pigment inks tend to run when directly applied to non-absorbent media (such as films), resulting in blurry, unclear images. Solving this problem usually requires the use of a primer (pretreatment agent) to create an ink-receptive layer on the printing surface. However, our newly developed ink can be printed directly on non-absorbent substrates without the use of primers, making for shorter printing processes while contributing towards reduced energy use.

An additional advantage of using water-based inks is being able to significantly reduce the generation of volatile organic compounds (VOCs) while drying. As many inks currently used on non-absorbent media (such as films) are solvent-based, the impact of the high levels of VOCs contained in such inks has become a real issue for user safety and for the environment. By decreasing those VOCs by switching to printing with water-based inks, we can present a solution beneficial to both user safety and environmental protection.

In general, water-based inkjet printing has been thought to fall short of current printing methods, such as flexographic printing, in terms of coloring capacity and picture quality. However, the inks we have developed through our partnership with a printing device manufacturer has rendered possible the technically difficult feat of clean dot formation on non-absorbent media without using a primer, thereby elevating inkjet printing's coloring capacity and picture qualities to levels equal to or better than those of flexographic printing.



◆ Environmental and Social Value

The waterbased design of our inks allows for a higher level of user safety and environmental protection. Additionally, the benefits that inkjet printing can provide, such as lower stocks and reduced generation of waste, can help the package-printing market realize Just-in-Time operations (making only what is needed, only when needed, only in the amount that is needed what is necessary, when necessary).

◆ Contributing to the SDGs



◆ Relationship with **KV25** Materiality

- > [Important Groupwide Issue: Mitigation of Climate Change](#)
- > [\(Key Sustainability Issues\) Reducing Energy Consumption and Greenhouse Gas Emissions](#)
- > [\(Key Sustainability Issues\) Reduction of Wastewater and Industrial Waste](#)

Catalysts Business

Developing Catalysts that Help Realize a Hydrogen-powered Society

Our Catalysts Business is working to develop catalysts that contribute towards realizing a hydrogen-powered society.

◆ External Environmental Factors

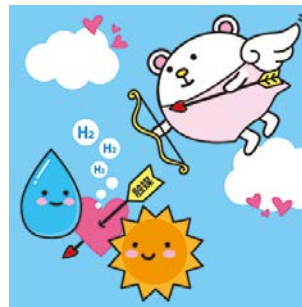
The deadliest forms of extreme-weather-related natural disasters are increasing. One key reason seems to be the progression of global warming stemming from the continual increase in carbon dioxide and other greenhouse gases pumped into the atmosphere through the consumption of fossil fuels such as oil and coal. Against this backdrop are we required to develop new energy sources which do not emit greenhouse gases. Hydrogen, which emits no carbon dioxide even when burned, has been gathering attention as a clean energy source, and expectations abound that it can be stably supplied for use in automobile fuel cells and power generators.

◆ Novelty and Innovation Details

Our catalyst method for producing hydrogen involves focusing on an environmentally-friendly process which thermochemically decomposes water through collecting sunlight and solar heat in a reaction field where water vapor and catalysts coexist. This method is characterized by its ability to use renewable energy and generate cost advantages by employing a three-dimensional reaction field.

October 2021 saw us utilize our expertise and technology to develop a catalyst for hydrogen production and forward its prototype to our business partner's pilot plant. In conjunction with said partner have we used this plant to start actually producing hydrogen, and begun to acquire cost-efficiency data which will serve as the basis for scaling-up operations and pressing forward with examinations of commercial viability. We aim to achieve commercialization post-2029.

In addition to hydrogen production, we are also exploring the development of catalysts for hydrogen carriers which enable efficient storage, transportation and hydrogen extraction through dramatic reductions in volume. We are also searching for ways to deploy the core technologies of our catalyst business across the entire hydrogen energy system.



◆ Environmental and Social Value

As a clean energy source with zero carbon dioxide emissions during combustion, hydrogen can contribute significantly to the fight against global warming. It can also be produced and procured from a variety of resources, thereby contributing to diversified energy supply lines and overall energy security.

◆ Contributing to SDGs



◆ Relationship with **KV25** Materiality

- [Important Groupwide Issue: Mitigation of Climate Change](#)
- [\(Key Sustainability Issues\) Reducing Energy Consumption and Greenhouse Gas Emissions](#)

Life Sciences Business Unit

Agrochemicals Business

Introduction of Biostimulant Materials

Our Agrochemicals Business began handling biostimulants to help achieve sustainable agricultural production.

◆ External Environmental Factors

The world's population continues on an upward trend yet arable land remains limited, meaning that as things stand, per capita food production is predicted to certainly decline. Moreover, with agricultural production efficiency dropping due to climate change effects caused by global warming, and with ingredient prices sharply rising on top, there are real concerns that food security will be increasingly threatened. Biostimulants are therefore being spotlighted as part of the solution to these problems.

◆ Novelty and Innovation Details

Biostimulants act upon plant physiology via a different path to nutrients. As agricultural materials that enhance plant resistance to so-called "abiotic stresses" such as drought, cold weather, salinization and physical damage (from hail and wind), they can consequently improve crop yields and quality. Specific biostimulant examples include seaweed extract, amino acid materials and humic acid, and the hope is that they deliver effects to the tune of accelerating nutrient absorption, activating photosynthesis and speeding up flowering and fruiting. In the Agrochemicals Business we believe that our expertise in evaluation and formulation technologies will maximize biostimulant efficiency and aid further advancements and popularization of biostimulant materials.



A biostimulant item we handle (EXPROOT)



The plants left of the entrance have been treated with biostimulants. The plants on the right have not.

◆ Environmental and Social Value

It is hoped that biostimulants will draw out the inherent qualities of crops and soil environments, and lead to a reduction in overuse of agrochemicals and fertilizers, thereby decreasing the environmental burden and preserving ecosystems at crop production sites.

◆ Contributing to SDGs



◆ Relationship with **KV25** Materiality

- [Important Groupwide Issue: Creation of New Business and Products](#)
- [Our Agrochemicals Business Website \(Japanese\)](#) 

Agrochemicals Business

Flometoquin formulations: Little effect on useful organisms

Both domestically and overseas, our Agrochemicals Group sells a formulation containing a new molecular entity (NME) named Flometoquin which has minimal effect on pest predators such as cabbage mites, and on pollinators such as honeybees.

◆ External Environmental Factors

For a sizable number of crops, useful organisms such as honeybees serve as essential pollinators and play indispensable roles in the food production process. However, recent years have seen such useful organisms decrease in number across the globe due to the combined effect of extreme weather and pesticides. Ecosystems have hence been majorly affected, potentially, say some observers, leading to global food shortages in years to come.

◆ Novelty and Innovation Details

The Flometoquin formulation represents a rare insecticide option for those wishing to minimize effects on useful organisms such as cabbage mites, used to prey upon spider mites, and honeybees utilized for pollination. It can also be combined with numerous other chemicals and thus easily integrated into insecticide rotation strategies. It should remain effective for two weeks post application, while its rainfastness means it can be used on outdoor crops and fruit trees.



Fine Save: the Flometoquin formulation
we handle

◆ Environmental and Social Value

Flometoquin formulations use novel action mechanisms which should prove effective against even pests with low levels of sensitivity towards existing pesticides. As they also have little effect on useful organisms such as honeybees or natural predators of pests such as cabbage mites, they thereby contribute to ecosystem conservation and stable food supplies.

◆ Contributing to SDGs



◆ Relationship with **KV25** Materiality

- [Important Groupwide Issue: Creation of New Business and Products](#)
- [Our Agrochemicals Business Website \(Japanese\)](#) 

Environmental Management

Policy and Basic Approach

The Nippon Kayaku Group's environmental initiatives are aimed at contributing to global environmental conservation, and thus play a role in tackling the Key Sustainability Issues in the **KAYAKU Vision 2025**. They are also promoted in pursuit of targets published in our Responsible Care Policy, which are viewed as priority issues. Taken together, these initiatives constitute a companywide contribution to global environmental conservation. This involves observing both domestic and international laws and regulations related to the environment as well as any agreements we have signed, and, while picturing the environmental risks stemming from our business activities, showing consideration towards reducing environmental burdens, preventing pollution, saving energy and resources, the effects of climate change, and reducing waste.

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

➤ [Nippon Kayaku Group Responsible Care Policy](#)

System

➤ [Responsible Care Promotion System](#)

Environmental Management System

ISO14001 Certification

Our current efforts to retain our certification status for ISO14001, the internationally recognized environmental management standard, see us consider the environment during the development and manufacture of products and the provision of services. Having first gained ISO14001 Certification for Environmental Management Systems in 1998, we have now achieved certification for all seven of our domestic plants and seven overseas Group companies. We will continue, going forward, to explore new ISO14001 certification options for Group companies, including for those based overseas.

➤ [ISO14001 Certification](#)

Environmental Audit

In line with ISO14001 requirements, the Nippon Kayaku Group conducts internal environmental audits. These enable us to confirm the status of activities with respect to environmentally-related legislation and regulations, and help us map out how to promote and improve our groupwide environmental conservation activities.

➤ [Responsible Care Audit](#)

Targets and Results

Sustainability Action Plan and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
Reducing Energy Consumption and Greenhouse Gas Emissions	    	- To achieve our FY2030 Environmental Targets by promoting energy-saving and global-warming response initiatives. - To extract issues and clarify our strategies in order to achieve carbon neutrality by FY2050.	Greenhouse gas emissions (Scope 1+2)	(Target achieved in FY2030) Under 70,598 tons (a reduction of over 46% on FY2019) (Target achieved in FY2024) Under 111,838 tons	102,704 t-CO ₂	111,102 t-CO ₂	- We received our first A-List Rating in the CDP's Climate Change Field - Promotion of MFCA and solar-powered PPA models were sequentially introduced - Emissions increased for every item due to increased production volumes, but recycling rates and zero-emission rates still improved - Environmentally-friendly products and technologies are being developed [Safety Systems Business]
Reduction of Wastewater and Industrial Waste			VOC emissions	(Non-consolidated) Disclose results	(Non-consolidated) 32.9 tons	(Non-consolidated) 60.3 tons	KMY commenced production of a light cylinder inflator (new generation inflator) whose CO ₂ emissions are 30% down on previous generation inflators.
Improving Efficiency of Water Resource Use			COD emissions	(Non-consolidated) Disclose results	(Non-consolidated) 210.9 tons	(Non-consolidated) 222.2 tons	A green propellant MGG was developed. [Functional Materials Business]
			Total waste output	(Non-consolidated) Disclose results	(Non-consolidated) 20,974tons	(Non-consolidated) 28,225tons	A prototype of a CFRP/GFRP-use thermosetting resin targeted for use in aircraft was tested and assessed on a real aircraft.
			Recycling rate	(Non-consolidated) 80% or higher	(Non-consolidated) 83.8%	(Non-consolidated) 86.5%	Development of a biofuel-containing thermosetting resin that is high-temperature resistant and highly reliable. [Color Materials Business]
			Zero emission rate	(Non-consolidated) 1% or less	(Non-consolidated) 0.68%	(Non-consolidated) 0.6%	Development of industrial-use inkjet ink (for coated paper and soft packaging). Expanded sales of developers for phenol-free thermal paper.
			Goal setting in line with SBT and consideration and implementation of specific measures	Progress disclosed	Medium-term Environmental Targets revised to 1.5°C scenario	Published in Topics	[Catalysts Business] Advancement of joint-development of a hydrogen-producing catalyst.
			Disclosure in line with TCFD recommendations	Progress disclosed	Information disclosed	Information disclosed	Development of a catalyst using materials informatics techniques which contributes to reducing amounts of, and improving yields from, raw materials used.
			Develop products and technologies with consideration for environmental issues	Progress disclosed	Published in Topics	Published in Topics	Development of a catalyst to manufacture basic chemicals such as propylene from biofuel. [Pharmaceuticals Business] Promoted the adoption of materials posing lesser environmental burdens in response to moves towards resource conservation in the field of packaging.

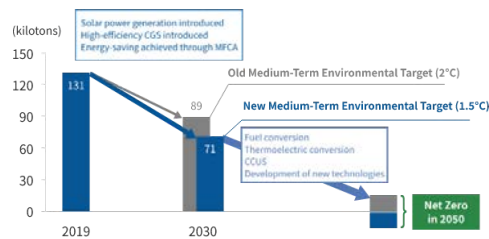
Medium-term Environmental Targets and Results

FY2021 saw the Nippon Kayaku Group kick-start its environmental conservation activities afresh with the fixing of its new Medium-term Environmental Targets.

Our medium-term target for the 2°C warming scenario initially saw us, in the Climate Change field, commence a roll-out of our Scope 1 and 2 greenhouse gas emissions item (for FY2030 emissions to be 32.5% or more down on FY2019 levels) to our (consolidated) group companies. However, with global environmental problems intensifying and moves towards carbon neutrality gaining momentum in recent years, we subsequently revised our standards to fit a 1.5°C warming scenario, committing us to a 46% reduction in FY2019 Scope 1 and 2 emissions by 2030 and an aim of carbon neutrality by FY2050. In relation to these matters, we decided to approve the proposals of the Task Force on Climate-related Disclosures (TCFD) in March 2022, and will continue to follow these proposals as we proactively disclose information on not only greenhouse gas emission status, but climate change risks and opportunities and initiatives related to the building of a Sound Material-Cycle Society.

In the area of Reducing Chemical Substance Emissions, we are yet to fix targets for emissions of Volatile Organic Compounds (VOC) and Chemical Oxygen Demand (COD), and have merely published the current data. We can say that our VOC and COD emissions are increasing with production quantity, as well as due to changes in goods produced.

In the area of Reducing Waste, also, we are yet to fix target amounts for industrial waste produced and are merely reporting current figures. We are, however, working towards a fixed recycling rate target of at least 80% (excluding container re-use) and a zero-emission-rate target of less than 1%. Our amount of industrial waste produced during FY2024 was up on FY2023 due to increased production quantities. That said, with respect to rates for recycling and zero emissions, we not only met our targets but achieved improvements on top of those due to continued promotion of both recycling and environmental-burden-reduction measures at every business site.



Trends in Medium-term Environmental Target Results

Area	Covering	Items	Target Figures	2020*1	2021	2022	2023	2024
Climate change prevention*2	Consolidated	Greenhouse gases, Scope 1+2*3 emissions	FY 2030 Targets No more than 70.6 kilotons (Over 46% down on FY2019) (Reference: FY2024 standards) No more than 111.8 kilotons	118.2 kilotons (10.0% reduction)	112.5 kilotons (14.2% reduction)	108.3 kilotons (17.5% reduction)	102.7 kilotons (21.7% reduction)	111.1 kilotons (15.3% reduction)
Reductions in amounts of chemical compounds produced	Non-Consolidated	VOC*4 (Quantities of Volatile Organic Compounds produced)	(Results Report)	33.3 tons	52.1 tons	38.7 tons	32.9 tons	60.3 tons
		COD*5 emissions	(Results Report)	122.6 tons	124.2 tons	171.8 tons	210.9 tons	222.2 tons
Industrial waste reduction	Non-Consolidated	Waste quantities	(Results Report)	25,153 tons	28,424 tons	27,621 tons	20,974 tons	28,225 tons
		Recycling rates (excluding container)	No less than 80%	81.6%	82.3%	85.0%	83.8%	86.5%

Area	Covering	Items	Target Figures	2020 ^{*1}	2021	2022	2023	2024
		reuse)						
		Rate of zero emissions ^{*6}	No more than 1%	1.6%	1.0%	0.8%	0.7%	0.6%

*1 Including our Joetsu Plant. Until FY2020, under our old Medium-term Environmental Targets, the Joetsu Plant was left out of Scope emissions.

*2 Medium-term Environmental Target for FY2030: A reduction of at least 46% on FY2019 levels (from 131.2 kilotons to no more than 70.6 kilotons)

*3 Scope 1: Greenhouse gas emissions directly produced by our company itself (through fuel combustion, manufacturing process emissions, etc.)

Scope 2: Emissions our company indirectly produces through the use of electricity, heat and steam supplied by other companies

*4 The total of VOCs (Volatile Organic Compounds) includes not only those that must be reported under government ordinances (the PRTR Law) but also those specified by the Japan Chemical Industry Association.

*5 COD (Chemical Oxygen Demand): A leading water quality index based on chemical oxygen demand and the amounts of oxygen necessary for oxidizing materials in water.

*6 Rates of zero emissions: Defined as the ratio of internal to external Nippon Kayaku waste disposed of at landfill sites.

[➤ ESG Aggregate Data](#)

Initiatives

Use of LCAs (Life-Cycle Assessments)

We are also working to maintain and improve the environment, health and safety at every step of the product life cycle, from the research and development stage right the way through production, distribution, sale, recycling and disposal. We are trialing the design of a process which allows us to visualize the value of every Group product or service by assessing and analyzing environmental impacts and potential environmental contributions at every stage of the life cycle. Part of these activities involves promoting calculation of the carbon footprint (CFP) of every Nippon Kayaku product, which allows us to not only grasp its environmental impact but improve the accuracy of our LCA calculations for customer products. We are presently proceeding with such calculations for certain product lines, and are looking at how to systematize this process to enable emissions calculations to be made for every company product.

Development of Environmentally-conscious Technology and Products

[➤ The Products and Technologies Creating a Sustainable Future](#)

Environmental Education

Through our online Sustainability Training for all Group directors and employees (including contract and part-time employees) and temp staff, we are presenting opportunities to learn about the environment.

[➤ Sustainability Training](#)

Environmental Communication

Since publishing its CSR Report in 2013, the Nippon Kayaku Group has continually disclosed information pertaining to the environment. Since FY2021, we have integrated these actions into our website in order to enhance the information disclosed. Going forward, we will continue to talk to our stakeholders, and move information disclosures into line with international standards so as to further expand the types of contents disclosed. Furthermore, we will continue to proactively disclose information to stakeholders via Climate Disclosure Project (CDP) surveys concerning climate change, water security and supply chains, and through Environment, Social and Governance (ESG) institution surveys.

Cases of Environmentally-related Violations and Accidents

We are currently working on preventing violations of environmental regulations and accidents, and are preparing a rapid response system to deal with such incidents. Across the Nippon Kayaku Group in FY2024, there were no accidents, legal violations or regulatory violations which impacted upon the environment, nor any accidents related to water quality or volume, or violations of any related rules. Furthermore, no punishments or fines were issued.

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of violations of environmental laws and regulations	consolidated	cases	0	0	0	0	0
Number of environmental accidents	consolidated	cases	0	0	0	0	0
Violations of laws and regulations; fines issued for environmental accidents; punishment costs	consolidated	yen	0	0	0	0	0

Each of our business sites has signed various agreements with local authorities and regions. In addition to respecting various environmentally-related agreements and advancing activities designed to reduce environmental burdens, we are contributing to the safety and security of local communities. FY2024 produced no cases of legal violations or penalties incurred with respect to water quality and quantity.

Environmental Accounting

For the purpose of effectively driving forward environmental conservation efforts, Nippon Kayaku is publishing the aggregate costs of conserving the environment incurred during business activities.

> [ESG Aggregate Data\(Environmental Accounting\)](#)

Climate Change

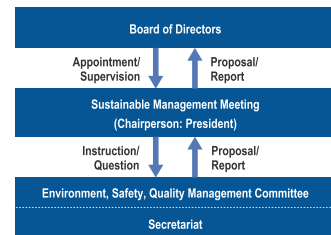
Policy and Basic Approach

Recent years have seen abnormal weather patterns across the globe, damage to the natural environment, and a sense of crisis towards climate change. Against this backdrop did the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) lead to accelerated efforts to decarbonize, while the Japanese government declared a green growth strategy based on the Paris Agreement to make the country carbon neutral by 2050. Endorsing this strategy, the Nippon Kayaku Group, in 2020, revised its FY2030 Medium-Term Environmental Targets from pursuing a 2°C warming scenario to a 1.5°C warming scenario. Looking further into the future, our Group has set as its ultimate goal the achievement of carbon neutrality by FY2050. Our climate change responses have included energy-saving measures and production process optimization, the introduction of low-emission power sources such as solar panels, and the switchover to low-emission-factor renewable sources of electricity. Consequently, we will not only be able to devise ways of greatly reducing greenhouse gas emissions but deliver products geared towards a decarbonized society. We will also, through supplier engagement, aim for decarbonization across the entire value chain.

Information Disclosure based on TCFD Proposals

Governance

The Sustainable Management Meeting, chaired by our President, is tasked with discussing Nippon Kayaku Group business plans which incorporate future climate change responses, and summarizing and evaluating the status of environmental activities. Discussion, summary and evaluation results are reported to the Board of Directors, which assumes the supervisory and directorial role in this system. We have also organized an Environment, Safety and Quality Management Committee to serve as an advisory body to the Sustainable Management Meeting. Its remit is to take a crosscutting organizational approach towards coordinating the advancement of our climate change measures and to hold yet deeper discussions on climate change issues.



Strategies

We are expanding multiple business operations on a global scale, with each business area bringing its own risks and opportunities. To identify the risks to business presented by climate change, we have, in line with TCFD proposals, assessed risks across the entire Group and examined opportunities in each business area. The time periods in which risks will manifest themselves are categorized as below.

	Period	Reason for adoption
Short-term	The 4-year period spanning FY2022 to FY2025	The same period as that covered by our KAYAKU Vision 2025(KV25) Medium-term Business Plan
Medium-term	Up to FY2030	To align with FY2030 Targets fixed in the Nippon Kayaku Group's Medium-term Environmental Targets
Long-term	Up to FY2050	To align with Japan's NDC (Nationally Determined Contribution) Target Year

◆ Climate-related Risks

Our 1.5°C and 4°C warming scenarios for climate-related business risks are based on the IPCC's Representative Concentration Pathways (RCP Scenarios 2.6 and 8.5), as well as the IEA's Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS).

◆ The risks of switching to a decarbonized economy in a 1.5°C target scenario

Category	Principal risks	Risks appearing	Financial impact	Principal measures adopted
Policies and legal regulations	Rise in operating costs due to tougher emissions regulations	Short to long-term	Moderate	- Introduction of decentralized power sources at each business site, such as solar power generation and high-efficiency co-generation - Thorough energy-saving activities and material loss reduction through use of MFCA
	Price hikes for electricity and LNG	Short to long-term	Moderate	
	Rises in raw material prices due to tougher emissions regulations	Short to long-term	Large	Engaging with suppliers to promote reductions in their emissions
Market and rumored developments	Increased costs due to environmental information disclosure requirements and LCA calculations etc.	Medium to long-term	Small	Rationalizing calculation methods and introducing LCA calculations for industrial waste produced by each business site

◆ Physical impact risks of a 4°C target scenario

Category	Principal risks	Risks appearing	Financial impact	Principal measures adopted
Acute and chronic physical risks	Cost increases from flood damage associated with typhoons, heavy rainfall and high tides	Short to long-term	Moderate	Based on the results of flood simulations, quantify financial impact and implement flood countermeasures
	Water-shortage impacts on business operations	Medium to long-term	Small	Strengthening water-saving measures in the production process, and exploring ways to reuse and recycle water
	Reduced productivity due to rising temperatures	Medium to long-term	Small	Working condition improvements such as stronger air conditioning; promoting automization of high-temperature processes

◆ Opportunities for each business field if moving towards a decarbonized economy in a 1.5°C target scenario

Business field	Business environment	Opportunity	Opportunities appearing	Financial impact*
Safety Systems	Tougher regulations for greenhouse gas emissions in every country and region	- Advancements in moves towards smaller and lighter automotive safety components with more diversified shapes, in response to more electric vehicles and automobile transformations - Expansion of safety components for unmanned aerial vehicles such as drones	Short to long-term	Large
Polatechno		- Expanded use of safety display device components, such as sensors and HUDs, in response to more electric vehicles and automobile transformations - Expanded use of polarizing plates which help reduce power consumption of display devices	Short to long-term	Moderate
Functional Materials		- Expansion of semiconductor-related goods amid moves towards smart cities and digital transformation - Expanded use of functional materials which help reduce power consumption of display devices - Expanded use of low-emission materials and advancement of the switchover to biomass materials - Expanded use of resin materials to help achieve lighter mobility bodies for vehicles	Short to long-term	Large
Color Materials		- Expanded use of ink for digital-on-demand printing which renders low-carbon printing possible - Expanded use of dyes for dimming glass and film used to control incoming light-rays	Short to long-term	Large
Catalysts		- Expanded use of catalysts in the production of green energies such as hydrogen - Expanded use of catalysts for the promotion of biomass materials	Medium to long-term	Large
Pharmaceuticals		Reducing greenhouse gas emissions by reviewing packaging formats	Short to long-term	Small
Agrochemicals		- Limited direct impacts - Expanded use of biostimulants to maintain and improve agricultural productivity amid the rising temperatures expected even if the 2°C target is met. - Application of existing pesticides to newly problematic pests	Medium to long-term	Small

* Financial impact: Large (2 billion yen or more), Moderate (0.5 to 2 billion yen), Small (0 to 0.5 billion yen)

Risk Management

We have specified Reducing Energy Consumption and Greenhouse Gas Emissions as a Climate-related Key Sustainability Issue. (For more on the methods behind specifying such issues, [please click here](#)).

Our M-CFT Climate Change Response Team has come to play a core role under our [governance system](#) comprised of the Board of Directors, the Sustainable Management Meeting, and the Environment, Safety and Quality Management Committee. Established together with the launch of **KV25**, this team both specifies and assesses climate change risks, and implements specific plans to proactively promote energy-saving and green investments.

Metrics and Targets

As our original climate change risk indicator, we selected the target of shaving at least 32.5% off FY2019 Scope 1+2 greenhouse gas emission levels by FY2030. However, the April 2024 revision of our Medium-Term Environmental Objectives to a 1.5°C warming scenario saw us raise that FY2030 target to a 46% reduction on FY2019 levels. Achieving that goal requires aiming for a 4.2% reduction in emissions each year from FY2025 onwards. Reaching Scope 1+2 carbon neutrality by FY2050, meanwhile, involves conducting preliminary investigations on switching to green energy sources such as hydrogen and ammonia.

Moreover, in order to set future targets which also include Scope 3, we have implemented improvements to our Scope 3 calculation and aggregation method with a view to calculating the emissions (carbon footprint) of each individual product. Our aggregate calculations for Scope 1+2+3 from FY2022 onwards are currently undergoing third-party verification. We will therefore make concerted efforts to link up with suppliers and reduce the environmental burden across the entire supply chain to ensure Scope 3 reductions are delivered.

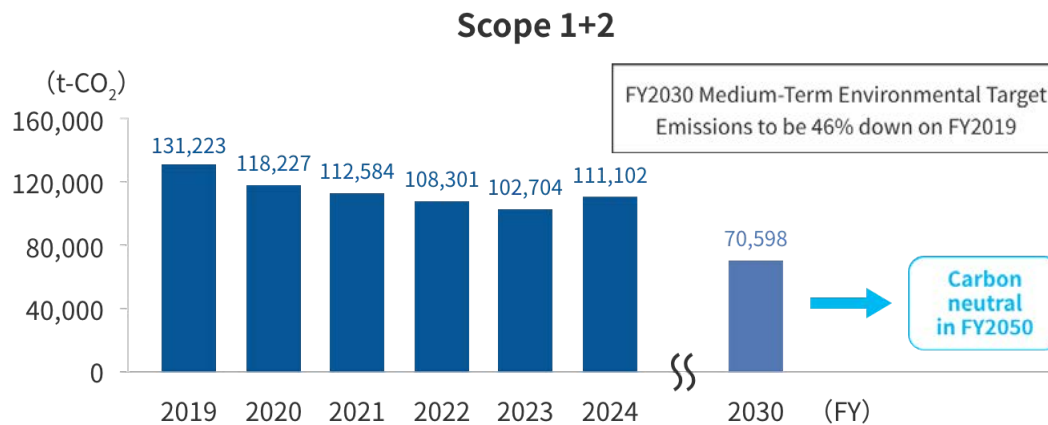
◆ Reducing Greenhouse Gas Emissions

The Paris Agreement adopted by COP21 in 2015 called for average global temperatures to rise no more than 2°C above pre-industrial levels, for efforts to be made to hold those rises down to 1.5°C, and for every country to pledge to reduce CO₂ emissions at national level. In line with this Agreement did the Nippon Kayaku Group initially gear its Medium-Term Environmental Objectives towards the 2°C scenario, then revise them in April 2024 towards the 1.5°C scenario. This has caused the entire Group to work on reducing greenhouse gas emissions in order to reach a target of “at least a 46% reduction on FY2019 levels of Scope 1+2 emissions by FY2030.”

We are thus implementing energy-saving measures and optimizing our production processes, as well as working towards introducing low-emission power sources, such as solar panels, and switching over to low-emission-factor electricity from renewable energy sources. The trends in our Scope 1+2 indicators for Medium-Term Environmental Targets can be seen below, with year-on-year reductions evident.

Scope 1: Direct greenhouse gas emissions from sources either owned or managed by our own company (e.g. fuel use, production process emissions etc.)

Scope 2: Our company's indirect emissions stemming from electricity, heat and steam supplied by other com



◆ Disclosure of Scope 3 Data related to Total Supply Chain CO₂ Emissions

Recent years have seen marked movements towards grasping, managing and externally disclosing CO₂ emissions indirectly produced by companies across their entire supply chain. Nippon Kayaku has responded by adding Scope 3 supply chain CO₂-emission calculations to its previous aggregations and management of Scope 1 and Scope 2 data.

We began in FY2017 with Scope 3 calculations for Nippon Kayaku in non-consolidated form, but commenced factoring in domestic and overseas group companies from FY2019 onwards. In future do we plan to continue aggregating and managing Scope 3 data based on the Ministry of the Environment's Basic Guidelines for the Calculation of Greenhouse Gas Emissions throughout the Supply Chain, and systematically advance initiatives to reduce total supply chain CO₂ emissions.

Scope 3: Indirectly-produced emissions not covered by Scope 2 (through raw material procurement, employee commutes, business trips, waste processing subcontractors, product use and disposal etc.)

Scope3

	Category	Covering	Unit	2020	2021	2022	2023	2024
1	Purchased products and services	Consolidated	t-CO ₂ e	237,300	294,500	275,000	241,800	259,600
2	Capital goods	Consolidated	t-CO ₂ e	42,900	26,800	29,600	33,400	55,900
3	Fuel- and energy-related activities not included in Scope 1 or 2	Consolidated	t-CO ₂ e	21,200	22,300	21,000	20,500	22,700
4	Transportation and distribution (upstream)	Consolidated	t-CO ₂ e	17,600	22,300	19,700	16,600	18,000
5	Waste generated in operations	Consolidated	t-CO ₂ e	28,800	31,800	16,200	10,800	14,700
6	Business travel	Consolidated	t-CO ₂ e	800	800	800	800	800
7	Employee commuting	Consolidated	t-CO ₂ e	2,400	2,400	2,400	2,400	2,500
8	Leased assets (upstream)	Consolidated	t-CO ₂ e	Included in Scope 1 or Scope 2				
9	Transportation and distribution (downstream)	Consolidated	t-CO ₂ e	1,000	1,600	1,500	1,200	1,400
10/11	Processing/usage of sold products	Consolidated	t-CO ₂ e	-	-	-	-	-
12	End-of-life treatment of sold products	Consolidated	t-CO ₂ e	23,200	26,400	23,000	17,600	17,300
13	Leased assets (downstream)	Consolidated	t-CO ₂ e	400	400	400	400	400
14	Franchise/investments	Consolidated	t-CO ₂ e	-	-	-	-	-
Total*1		Consolidated	t-CO ₂ e	375,600	429,300	389,600	345,000	393,300

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Calculation method: As a rule, the amount of CO₂ emitted is calculated based on the General Guidelines on Supply Chain GHG Emission Accounting issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, and the emission coefficient listed by the IDEA Research Laboratory at the National Institute of Advanced Industrial Science and Technology's Research Institute of Science for Safety and Sustainability.

➤ [Environmental Management](#)

➤ [Environment-related Data](#)

◆ Flood Risks

Although flood risks have been highlighted as one of the physical risks of climate change, our calculations for the related financial impact assessments were in qualitative form only. Hence, in order to provide quantitative data for FY2023, we made use of Climate Vision, a highly accurate flood simulation system provided by Gaia Vision Inc. This allowed us to grasp damage scenarios from once-in-100-year and once-in-1000-year floods, and conclude, that of all our domestic and overseas manufacturing sites, five are at risk of flooding. We have calculated the flood risks for each based on methods advocated by the Ministry of Land, Infrastructure, Transport and Tourism, and concluded that in the instance of once-in-100-year floods under a 4°C warming scenario, the manufacturing base with the largest financial risks would suffer damage equating to 13 billion yen. Based on these financial risk assessments, we shall move forward by pursuing further improvements to assessment accuracy and exploring ways of strengthening specific flood prevention measures.

Initiatives

In its drive to shave 46% off FY2019 levels of Scope 1+2 greenhouse gas emissions by FY2030 and achieve carbon neutrality by 2050, the Nippon Kayaku Group is promoting energy-saving and resource-conservation measures at each of its production sites. By way of further initiatives towards meeting these targets, we have introduced Material Flow Cost Accounting (hereafter: MFCA) and solar power generation.

Material Flow Cost Accounting (MFCA)

MFCA is a method which allows firms to devise ways of continually lowering the environmental burden of their production activities by extracting and clarifying energy loss and material loss within the manufacturing process. Nippon Kayaku is also advancing the introduction of MFCA with a view to reducing environmental burdens and manufacturing costs through lowering amounts of waste produced and CO₂ emissions.

Our Fukuyama Plant, which serves as our manufacturing base for consumer inkjet printer dyes, introduced MFCA in the latter half of 2018. Based on MFCA results, and having verified the benefits in lab studies and on actual machines, the plant confirmed the benefits of recovering solvents from waste solvents via distillation, and switched to a flow whereby recovered solvent could be reused in future production. The result saw reductions in both externally incinerated waste and amounts of solvent purchased, not only lowering the environmental burden but yielding significant cost benefits as well.

We have since expanded MFCA to our Tokyo and Asa Plants (2019), our Kashima Plant (2020), and our Joetsu Plant (2021), and completed our roll-out to all manufacturing bases by FY2023. We will continue to lower environmental burdens and manufacturing costs through use of MFCA processes, and aim to roll out MFCA across the entire Group.



Distillation Recovery Facility

Solar Power Generation

As part of our switchover to low-emission power sources and low-emission-factor renewable energy sources, Nippon Kayaku has introduced solar panels with a view to significantly lowering greenhouse gas emissions.

March 2023 saw the advent of a Solar Power Purchasing Agreement (PPA) Model onsite service at our Fukuyama Plant. The PPA model involves Nippon Kayaku loaning land or roof space to third parties for the installation of solar panels, then purchasing the energy produced over the long term. It is hoped this allows us to not only utilize renewable energy sources but save on electricity costs too. The Fukuyama Plant alone seeks to cut greenhouse gas emissions by 731t-CO₂ through use of the solar energy generated onsite. We are now looking to roll this model out to other manufacturing bases, as well as install solar panels that are in our own possession.



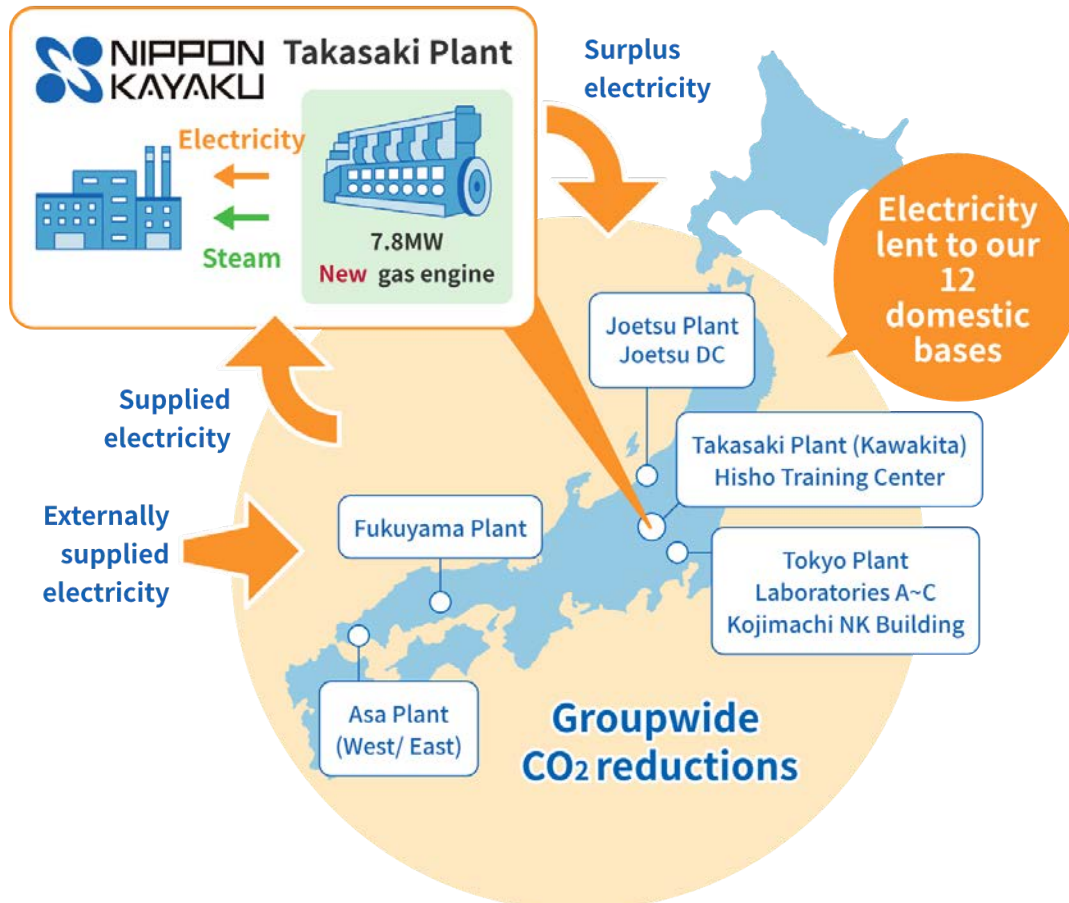
Amounts Contributed to Greenhouse Gas Emission Reductions

Indicators	Covering	Unit	2022	2023	2024
MFCA	Non-Consolidated	t-CO ₂	60.2	40	77.7
Solar power	Non-Consolidated	t-CO ₂	-	658	683

Introduction of a Bundled Energy Network Service for Multiple Sites

April 2025 saw the Nippon Kayaku Group commence the first Bundled Energy Network System geared towards the fields of medicine and science at 12 of its domestic business sites. A new large-scale gas co-generation system was installed at our Takasaki Plant, not only supplying electricity and heat but also allowing for surplus energy to be lent to 12 business sites across Japan. This system generates enough power for around 17,000 homes^{*1}, and its capacity to lend electricity to other business sites has significantly decreased our Group's overall CO₂ emissions. Furthermore, its Blackout Start (BOS) function^{*2} allows for the continuation of electricity and heat supplies to the Takasaki Plant even in times of blackout, thereby contributing to increased business resilience. Overall, this initiative is set to deliver a 45% reduction in CO₂ emissions (compared with FY2023) across all 12 business sites combined, and 18% drop in energy used by the Takasaki Plant (compared with FY2021). The system, which makes use of gas supplied by the city, ensures that heat produced at the time of power generation can be effectively used, thereby ensuring no energy is wasted. As the Takasaki Plant makes use of significant amounts of heat at the time of production, the presence of an onsite power generation system ensures that no heat produced is wasted, and makes a large contribution towards achieving yet higher energy efficiency levels and the transition to carbon neutrality. Henceforth, the Nippon Kayaku Group will continue to pursue CO₂ emission reductions and, through delivering products which contribute to the realization of a decarbonized society, aim for decarbonization across the entire value chain.

Electricity supplies even in blackouts: Strengthened BCP



Exterior View of the newly-installed Gas Co-generation System



Takasaki Plant

^{*1} Calculated based on Ministry of Environment data from FY2022 which puts the amount of annual electricity consumed by the average household at 3950kWh Ministry of Environment data: <https://www.env.go.jp/earth/ondanka/kateico2tokei/energy/detail/01/>

^{*2} When a blackout (of power systems) kicks in, the system staves off a power cut by generating its own power without the aid of any external power-source.

^{*3} Covers electricity and gas at the Takasaki Plant and other plants to which power has been lent; emission factors used reflect the adjustments of 2023. Reductions made due to the power system's low CO₂ menu and credits are also included.

Internal Carbon Evaluation

The establishment of our own medium-to-long term internal CO₂ evaluation allows us to not only promote CO₂ reductions across every business unit, but examine and prepare for the introduction of an internal system which encourages decarbonization investments and measures.

Responding to and Upholding Public Regulations

At all domestic and overseas business sites, Nippon Kayaku can be seen upholding and appropriately responding to laws, regulations and measures pertaining to climate change and reducing energy consumption. In Japan, for example, we follow both the Act on Promotion of Global Warming Countermeasures and the Act on Rationalizing Energy Use (the "Energy-Saving Law"). Listed as a specified business under the latter, Nippon Kayaku is thereby dutybound to pursue a 1% reduction in its energy consumption rate. Through setting annual targets at every business site and rolling out various energy-saving policies, we are currently delivering reduced rates of energy consumption. Under the Energy-Saving Law's evaluation system, which classes companies in terms of performance, we received an S-class evaluation (signifying targets achieved) for FY2024.

Involvement with Industrial Groups

Nippon Kayaku is a member of The Japan Chemical Industry Association (JCIA), on whose Audit Board our President serves. The JCIA is participating in The Japan Business Federation's Carbon Neutral Action Plan (formerly the Low-Carbon Society Implementation Plan), which Nippon Kayaku has approved and will itself join from 2030.

So that our company position on climate change policies is consistent with that of the industrial association, we join seminars held by the industry and by government departments such as the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Ministry of Health, Labor and Welfare. This allows us to gather information, hold committee posts in each organization which enable us to join climate-change-related discussions, then share any information gleaned internally. We also assess whether our company's position aligns with the contents of a seminar. In instances where that is not the case, our Responsible Care & Technology Division will discuss, and our Environment, Safety and Quality Management Committee, chaired by our Technology Unit In-charge, will make the relevant adjustments. Through such a process can we align our own climate change strategies with industrial association activities.

CDP Disclosure

Since 2020, the Nippon Kayaku Group has provided responses to the CDP, an information disclosure program for the climate-change-related risks faced by businesses. Our responses to the 2024 CDP saw our Climate Change Report graded A and our Water Security Report graded A-.

➤ [External Evaluations and Awards](#)

Management of Chemical Substances

Policy and Basic Approach

The Nippon Kayaku Group, in line with the GFC (Global Framework on Chemicals) international chemical substances management framework, is aiming to minimize the health effects on humans involved in the production and usage of chemical substances, and any negative environmental impacts. Living conveniently and abundantly while using chemical substances requires that we know the properties of each substance and manage them properly. The management and reduction of environmentally hazardous substances which give rise to concerns over human health and environmental impact is an especially important social responsibility for chemical manufacturers. As such, we are organizationally and systematically engaged in the reduction of hazardous chemical emissions through production process improvements and thorough value-chain-wide management of goods containing hazardous chemicals. Furthermore, to prevent industrial accidents caused while handling chemical substances, we are voluntarily advancing our oversight and safety management procedures through taking, for example, hazardous substance exposure prevention measures based on the strengthened risk management approaches of the revised Industrial Safety and Health Act.

Systems

Under our sustainable management system, Nippon Kayaku has set up an Environment, Safety, Quality Management Committee to promote groupwide Responsible Care activities.

➤ Responsible Care Promotion System

With respect to business activities, each business unit, under the direction of its relevant person in charge, draws up its own chemical substance management-related key issues and specific action plans in order to manage chemical substances appropriately.

Initiatives

Risk Management

◆ Risk Management-based Anti-Exposure Measures

At Nippon Kayaku, when introducing new operations and equipment, or making changes to existing operations or equipment, we initially conduct a risk evaluation via safety inspection and construct safety policies around the ensuing results. We also evaluate the safety of each chemical manufacturing process and response equipment to analyze the causes of hazards. By way of measures to reduce risks in the manufacture and handling of chemical substances, and against the backdrop of the revised Industrial Safety and Health Act of 2016 which mandated risk assessments for workplaces either making or handling chemical substances, we have, through the conducting of safety inspections with respect to either new or altered operations that involve the handling of substances covered by the Act and other hazardous substances, constructed our own internal database on which to base our risk management and risk reduction measures. This database has been updated to include the expanded list of chemical substances subjected to risk management in the revised Industrial Health and Safety Act from 2024 onwards, enabling us to conduct risk management in line with the most current laws, promote it companywide, and centralize oversight. We have also put up GHS picture displays in each chemical-substance-handling workplace so that handlers can recognize the harmful effects of the substances to which they might be exposed.



We are raising awareness among workers of the harmful effects of the chemical substances to which they might be exposed.

Reducing Chemicals of Concern

◆ Reducing Emissions of Chemicals of Concern during the Manufacturing Process

So as to reduce emissions of chemical substances to be reported under the “Act on Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement,” (PRTR Act) Nippon Kayaku is advancing measures to install processing equipment and phase out certain raw materials. Our calculations for emission amounts of the chemical substances to be reported under the PRTR Act are as follows.

Indicators		Covering	Unit	2020	2021	2022	2023	2024 ^{*2}
PRTR substance emission amounts	Air	non-consolidated	tons	16.8	25.2	38.7	32.9	27.2
	Water regions	non-consolidated	tons	9.1	14.7	51.4	75.0	1.6
	Soil	non-consolidated	tons	0	0	0	0	0
	Total ^{*1}	non-consolidated	tons	25.9	39.9	90.1	107.9	28.8

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Since FY2024, only PRTR substances have been published (FY2023 revisions to the law saw changes to the list of substances, with Japan Chemical Industry Association Survey substances excluded)

◆ Initiatives to Reduce, Replace and Eradicate Chemicals of Concern from Products

In order to appropriately respond to accelerating efforts to strengthen regulations across the globe, we are currently operating our own self-designed management structure based on the legislation and international standards relating to each business unit. By striving to reduce Chemicals of Concern in both raw materials and parts all the way from the product design stage, we are making every effort to minimize the risks to people and the environment.

Mobility & Imaging Business Unit

In its efforts to clarify the chemicals whose inclusion in products is banned, or whose presence should at least be grasped, our Safety Systems Group refers to the GADSL^{*} when seeking to strictly manage or reduce the use of Chemicals of Concern in the development, design, procurement, production and distribution phases of the product life cycle. The GADSL^{*} represents the industrial-standard Chemicals of Concern List for leading car makers, parts makers and chemical manufacturers in Japan, the US and Europe, with chemicals categorized as: “Prohibited,” “Prohibited depending on use or declarable,” and “Declarable based on usage exceeding a given threshold.”

* Global Automotive Declarable Substance List

Fine Chemicals Business Unit

Our Fine Chemicals Business Unit defines as “environmentally hazardous substances” those that appear in “Company Regulations for the Management of Chemical Substances in Products” and the “List of Environmentally Hazardous Substances” as threats to the environment and human health, and whose presence in our own products must be carefully managed. Based on the above, we apply proper handling methods to chemicals contained in each business unit’s products at every stage of the life cycle: design, development, purchasing, manufacturing, and shipping. The List of Environmentally Hazardous Substances is based on, and appropriately updated according to, domestic and international regulations such as REACH Annex XVII (Restricted Substances), REACH SVHC (Candidate List of Substances of Very High Concern), the RoHS Restricted Substances List, and Japan’s “Chemical Substances Control Law: Class 1 Specified Chemicals”. It proves of considerable help when gathering information on chemical substances present throughout our supply chain. This business unit, without exception, takes action to reduce, replace or eliminate Chemicals of Concern from its products as specified in Management of Chemical Substances in Products regulations.

Respecting Legislation and Presentation of Information

◆ Responses to Laws and the Various Standards

The world’s chemical substance laws and regulations are moving away from being based solely on hazardous chemical properties towards being centered on a “risk base” comprised of both hazardous properties and exposure levels. Meanwhile, each country’s chemical substance registration system is moving from a primary focus on new chemical substances towards demanding that existing chemical substances, too, are assessed for hazardousness and environmental effects, and therefore properly managed.

The EU’s REACH regulations^{*1}, South Korea’s K-REACH^{*2}, and Taiwan’s Toxic and Concerned Chemical Substances Control Act all call for the registration of not only new but existing chemical substances, and require that risk assessments collect and manage necessary information on manufactured and imported quantities, applications, uses and supply chains. So as to respond to these added complications and upgrades to chemical substance management, our Fine Chemicals Business Unit has set up a Chemical Substance Management Section in its Quality Assurance Division which: responds to domestic and international chemical substance registration systems; grasps the trends and movements in each country’s chemical legislation and regulations, makes policy suggestions, and accordingly informs and instructs relevant managers; and both unifies and supports product SDS and label management.

*1 REACH Regulations: EU regulations on Registration, Evaluation, Authorization and Restriction of Chemicals

*2 Act on the Regulation of Manufacture and Evaluation of Chemical Substances: The law on chemical substance registration and evaluation

◆ Conveyance of Information on Product Hazards via SDS and Labels

Whilst the GHS^{*1} may serve as the international standard for chemical substance classifications and labeling, the systems and standards for Safety Data Sheets (SDS) and labels differ from country to country. In addition, so that hazard information can be clearly conveyed to handlers of chemical substances, the relevant information is required to be submitted in each relevant country's language. Our Fine Chemicals Business Unit, through reliance on an abundance of translation skills, information pertaining to each country's laws and regulations, and its system for creating SDS with information on physical and hazardous properties, is responding to the demands for SDSs and labels which correspond to the latest laws and standards of each country. In response to ongoing revisions of Japan's Industrial Safety and Health Act and Japanese Industrial Standards, the EU's CLP regulations^{*2} and the USA's HCS^{*3}, we are working towards stable operation of a system which allows for SDSs and labels to be updated efficiently and accurately. So that everyone may use our products safely and securely, we supply all our customers and relevant individuals with SDSs specifying the chemicals used in every single product, and convey all key information along our supply chain. Furthermore, you may use our [enquiry form](#) to demand an SDS whenever you desire.

*1 GHS: Globally Harmonized System of Classification and Labelling of Chemicals

*2 CLP: European regulations for the Classification, Labelling and Packaging of Chemicals

*3 HCS: Hazard Communication Standard for the USA

Education

We provide education programs at every plant, and for each workforce layer, aimed at improving safety consciousness. We are currently enriching the education contents on chemical laws and regulations, including the so-called "Three SDS Laws": The Chemical Management Act, The Safety and Health Act, and the Poisonous Substances Act.

Industrial and International Initiatives

The Nippon Kayaku Group belongs to the Japan Chemical Industry Association and has signed up to Long-range Research Initiatives (LRI) since 1999. In addition to shouldering part of the research funding burden, we also sit on the committee.

The LRI proceeds under the umbrella of the Japanese, American and European chemical industries (The Japan Chemical Industry Association, The American Chemistry Council, and the European Chemistry Industry Council). A voluntary activity conducted by the International Council of Chemical Associations (ICCA), it focuses on increasing the accuracy of risk assessments for internal secretion and endocrine disrupting action, neurotoxicity, chemical carcinogenesis and immunotoxicity, and supports long-term research of the effects of chemical substances on the environment and people's health.

> [LRI](#) 

Preventing Pollution

Policy and Basic Approach

The Nippon Kayaku Group is working on preventing pollution and conserving the environment via its Declaration on the Environment, Health and Safety, and Quality. We recognize that increasing environmental value through reducing environmental burdens is a key issue for our Group. With respect to emissions released into the air, water and soil from industrial waste produced, we not only respect national and regional laws but manage such emissions in line with our own yet higher numerical targets. In such ways are we striving to decrease pollution and pollutants.

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

➤ [This Year's Nippon Kayaku Group Responsible Care Policy](#)

System

➤ [Responsible Care Promotion System](#)

Audit

In order to confirm whether wastewater and waste are being appropriately managed at every business site and Group company, the Nippon Kayaku Group conducts audits in the form of Core Environment, Safety and Health Diagnostic Checks. These Checks allow us to confirm any problems or inadequacies regarding compliance with laws and regulations on wastewater and waste treatment, run our eye over wastewater treatment areas and waste disposal areas, and grasp any problems with the management situation.

➤ [Responsible Care Audits](#)

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results	
					FY2023	FY2024
Reducing Energy Consumption and Greenhouse Gas Emissions	 	- To achieve our FY2030 Environmental Targets by promoting energy-saving and global-warming response initiatives. - To extract issues and clarify our strategies in order to achieve carbon neutrality by FY2050.	VOC emissions	(Non-consolidated) Disclose results	(Non-consolidated) 32.9 tons	(Non-consolidated) 60.3 tons
Reduction of Wastewater and Industrial Waste			COD emissions	(Non-consolidated) Disclose results	(Non-consolidated) 210.9 tons	(Non-consolidated) 222.2 tons
Improving Efficiency of Water Resource Use	 					

Initiatives

Reducing VOC and Toxic Air Pollutant Emissions

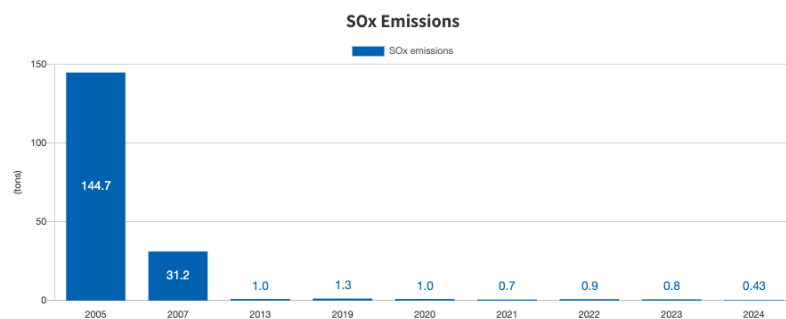
We are not only working to calculate and reduce emissions of VOCs listed in the Air Pollution Control Act, but of VOCs specified by the Japan Chemical Industry Association also. We are also engaged in reducing emissions of toxic air pollutants from 12 substances we have voluntarily agreed to control, including dichloromethane and formaldehyde. Key examples of initiatives we have taken are listed below.

- Exhaust gas processing equipment installed
- Gas absorption equipment installed
- Regenerative combustion equipment installed
- Working practice reform; review of possible substitutes for chemical substances used
- Leakage prevention measures

Reducing Sulfur Oxides (SOx), Nitrogen Oxides (NOx) and Particulate Matter

Below can be found a list of Nippon Kayaku measures taken thus far to keep emission levels of SOx, NOx and particulate matter below even the legal requirements.

- Switchover of combustibles from C-class heavy oil to A-class heavy oil, LPG and natural gas
- Introduction of low NOx boilers and small-sized once-through boilers
- NOx denitrification equipment installed
- Dust collectors installed



Wastewater Management

At every plant do we prepare treatment equipment to deal with manufacturing process wastewater depending on its composition, and hold ourselves to higher standards than those imposed by law and local authority regulations when keeping tabs on water pollution figures. We are happy to report that FY2024 saw no violations of laws such as the Water Pollution Prevention Law and related regulations, and zero violations of wastewater discharge laws such as the Waste Disposal and Public Cleaning Law.

[Numbers of Environmental Violations](#)

Education and Training

◆ Head Office

A Seminar on the Soil Contamination Countermeasures Act

September 2023 saw our Technology Unit's Responsible Care & Technology Division open a seminar on the Soil Contamination Countermeasures Act for domestic business site in-charges and environmental protection managers, aimed at deepening understanding of environmental laws. The Soil Contamination Countermeasures Act is geared towards grasping soil pollution situations and implementing relevant measures to prevent health hazards. As Nippon Kayaku handles a multitude of chemical substances, we must gather the requisite knowledge on soil contamination prevention measures in order to appropriately apply the law when, for example, decommissioning facilities which handled designated hazardous chemicals or encountering changes in soil characteristics (due to excavations or embankment-building). The seminar saw around 50 employees given the chance to learn about the outline and purpose of the Act and the process for filing applications from a specialist who introduced actual case studies. The future will see us hold such internal seminars periodically to deepen employee understanding as we work on fully observing the law.

◆ Joetsu Plant

Training on Wastewater Issues

The Joetsu Plant manufacturing process for polarizing plates gets through some 20,000m³ of water a month. Such manufacturing operations cause discharged wastewater to contain various chemical substances. Once put through treatment equipment, though, we can reuse such wastewater as process water and thereby decrease industrial waste volumes. We also use analyzers to monitor wastewater discharged into rivers, and hold ourselves to standards yet higher than those laid down in regulations, discharging only wastewater which meets those standards. The same plant also hosts training seminars given by Facility Safety Division employees on water treatment equipment and discharge methods, with production employees and managers learning how water used in production is treated prior to discharge into rivers. We will continue holding these training sessions on a regular basis so as to deepen employee understanding and lower environmental burdens.



Related Data

[ESG Aggregated Data\(Industrial Waste and Pollutants\)](#)

Effective Use of Resources

Policy and Basic Approach

To contribute to the realization of a sustainable society through efficient use of finite resources, the Nippon Kayaku Group unites as one behind eco- and sustainability-conscious initiatives across the entire product life cycle, through R&D, production, distribution, sales, recycling and disposal. Our Sustainability Action Plan highlights recycling rates and zero-emission rates as key indicators, meaning that in addition to reducing waste, we increasingly view waste produced through business activities as a future resource and strive for its effective use.

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

➤ [Nippon Kayaku Group Responsible Care Policy](#)

System

➤ [Responsible Care Promotion System](#)

Audit

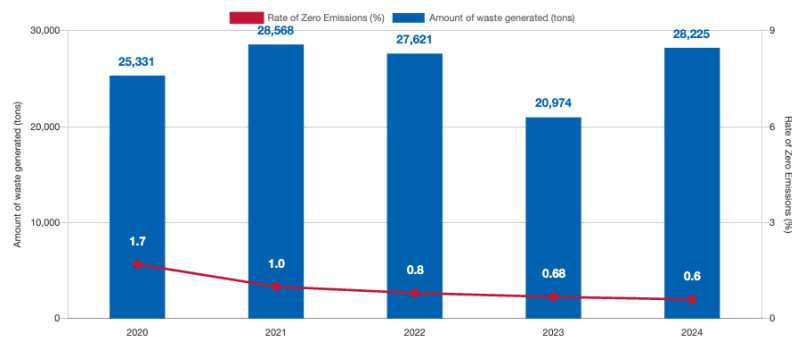
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➤ [Responsible Care Audits](#)

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
Reducing Energy Consumption and Greenhouse Gas Emissions		- To achieve our FY2030 Environmental Targets by promoting energy-saving and global-warming response initiatives. - To extract issues and clarify our strategies in order to achieve carbon neutrality by FY2050.	Total waste output	(Non-consolidated) Disclose results	(Non-consolidated) 20,974tons	(Non-consolidated) 28,225tons	Emissions increased for every item due to increased production volumes, but recycling rates and zero-emission rates still improved
Reduction of Wastewater and Industrial Waste			Recycling rate	(Non-consolidated) 80% or higher	(Non-consolidated) 83.8%	(Non-consolidated) 86.5%	
Improving Efficiency of Water Resource Use			Zero emission rate	(Non-consolidated) 1% or less	(Non-consolidated) 0.68%	(Non-consolidated) 0.6%	

Trends in Waste Generation Amounts and Rates of Zero Emissions (Nippon Kayaku alone)



Initiatives

Waste reduction

◆ Responding to the Law on Plastic Resource Recycling

Amid the ever-changing, ever-stricter environment around plastics did Japan introduce a Law related to the Promotion of Recycling of Plastic-related Materials (Law on Plastic Resource Recycling) in April 2022. Under this Law, Nippon Kayaku can be defined as a “heavy waste producer”. Hence, in order to contribute to a sustainable society, we are mindful of the 3Rs (Reduce, Reuse and Recycle) as we drive forward efforts to systematically fix plastic waste targets and reduce the volumes produced.

Plastic Waste Emission Amounts

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Plastic waste emissions	Non-Consolidated	tons	954	888	885	788	780
	Group companies	tons	235	277	326	326	294
	Total	tons	1,619	1,593	1,602	1,375	1,074
Recycling rate	Non-Consolidated	%	80.2	80.8	81.8	91	95

◆ Business Unit Initiatives

Mobility & Imaging Business Unit

Industrial Waste Management

Kayaku Safety Systems de Mexico (KSM) properly sorts its solid waste into wood, cardboard, nonferrous metals, aluminums and plastics, and is constantly on the lookout for external suppliers who can reuse these materials. The materials are stored in a fixed place for 2 to 3 months before being collected by government-certified suppliers.

The recyclable elements of industrial waste are delivered to various recycling companies so that wood being can be repurposed for wooden pallettes, cardboard is also reused, and new materials can be generated from plastic, aluminum and steel.

The end of 2021 brought waste management improvements. Prior to that, we had no proper sorting system, meaning that waste was sent for treatment while containing resources that could yet be effectively used. We have now rectified that by fixing reuse and waste standards for each type of waste, and sorting in line with those standards. This has made sorting decisions easier for workers, thereby increasing efficiency, accuracy, and recyclable amounts of metals, wood and plastic. We have also boosted reusable materials by reassessing plastics formerly designated as waste. Our higher recycling amounts have also produced the secondary benefits of less municipal waste and landfill disposal. Waste sorting not only takes place on the shop floor, but also in such areas as the employee break room, where general waste is sorted. FY2024 saw us team up with regional customers to begin deploying reusable polystyrene packaging-a project which we are now working to a greater number of customers.



Recycling amounts

Category		Covering	Unit	2021	2022	2023	2024
Metals		KSM	tons	1	3	9	9.7
Plastics		KSM	tons	50	73	77	48.1
Lumber		KSM	tons	10	4	9	10.5
Cardboard		KSM	tons	24	23.3	26	36.5
Municipal waste		KSM	tons	160	165	112	114.4
Packing material	Trays	KSM	pieces	-	-	-	5,975
	Polystyrene	KSM	tons	-	-	-	0.3
	Saving	KSM	10,000 yen	-	-	-	86.5

Fine Chemicals Business Unit

Pursuing Zero Emissions through Effective Use of Waste

In addition to cutting volumes of waste produced, Nippon Kayaku promotes exploring the reuse of waste as a future resource. Of the many types of waste generated by the Fukuyama Plant, sludge produced during microbial water treatment comes in particularly large amounts. As the moisture component of sludge makes it difficult to treat, we formerly sent it to landfill after the proper management processes. As a result of our exploration of using this sludge as a resource that could help decrease environmental burdens, it is now being effectively used by one incineration firm as a heat-adjustable fuel (or so-called "reduced fuel") and by another incineration firm which converts incinerated ash into materials for cement or roadbeds. The Fukuyama Plant is also looking at ways of utilizing other forms of industrial waste, and continues to achieve rates of 0% landfill and 100% recycling.

Going forward, we will endeavor to maintain the proportion of industrial waste earmarked for incineration (the Zero-Emissions Rate) at 1% or less, and raise recycling rates to 80% or more.

Life Science Business Unit

Pharmaceutical Product Initiatives

Our environmentally-friendly packaging initiatives see us respect domestic and overseas legislation and regulations related to the environment, envisage the risks associated with product development, manufacturing processes and business activities, and advance efforts to reduce environmental burdens, prevent pollution, save energy, mitigate climate change, conserve resources, and reduce waste.

Our pharmaceutical packaging has been certified by the Forest Stewardship Council (FSC) and has acquired an FSC license. We are sequentially switching over our pharmaceuticals packaging boxes, patient brochures and shipping boxes to FSC certified paper, as well as widening the use of eco-friendly (non-VOC) inks. As of February 2025, of our 66 products with 122 items, 21 products with 37 items (30%) of packaging material and 48 of 117 leaflet materials (41%) have been switched over to environmentally-friendlier alternatives. FY2025 has seen our new carbon neutral initiative rise in prominence, with efforts made to reduce plastic use and CO₂ emissions through, for example, switching from cup-shaped to pedestal-shaped protective wrapping.

Related Data

➤ [ESG Aggregated Data\(Industrial Waste and Pollutants\)](#)

Water Resource Conservation

Policy and Basic Approach

Water risks can be broadly divided into two categories: the physical risks constituted by the effects of drought, flooding and pollution, and the regulatory risks stemming from tougher water quality standards, revisions to water and sewage rates, and cessation of industrial water supplies necessitating switchovers to potable water. As water is a precious resource in limited supply, its conservation is a key global sustainability issue.

The Nippon Kayaku Group manufactures products in 12 countries and regions across the globe, with water resources especially indispensable to business operations in the making of chemical products. We therefore pay heed to water conservation at all locations of Group activity, and try to make sure that no water we use is wasted.

System

➤ [Responsible Care Promotion System](#)

Initiatives

Grasping Locations of Water-stressed Regions

In order to grasp the risks involved with the use of water resources and respond to these risks more effectively, the Nippon Kayaku Group has used the World Resources Institute's Aqueduct Water Risk Atlas to investigate the water stress conditions of its plant locations. For Kayaku Safety Systems (Huzhou), located in a comparatively highly-stressed area (medium-high), we have drawn up plans for periodical Core Environment, Safety and Health Checks, and are currently confirming whether water resources are being appropriately managed. From now, we will roll out such confirmatory checks to all plants in high water-stress areas, and proceed with the finalizing of our future water reduction plan.

Water-stress Investigation Results for Nippon Kayaku Group Manufacturing and R&D sites (FY2024)*1

Region or Country Name		Unit	Water amounts used at each water stress level				
			High	Medium-high	Medium	Low-medium	Low
Asia	Japan	thousand m ³ (Number of bases)	0	1,600 (2)	17 (3)	8,891 (5)	0
	China	thousand m ³ (Number of bases)	18 (1)	477 (3)	0	0	-
	Malaysia	thousand m ³ (Number of bases)	0	0	0	0	48 (1)
Europe	Czech Republic	thousand m ³ (Number of bases)	0	20 (1)	0	0	0
	Netherlands	thousand m ³ (Number of bases)	0	0	0	0	3 (1)
	UK	thousand m ³ (Number of bases)	1 (1)	0	0	0	0
North and Central America	America	thousand m ³ (Number of bases)	75 (1)	0	0	1 (1)	0
	Mexico	thousand m ³ (Number of bases)	9 (1)	0	0	0	0
Total*2		thousand m ³ (Number of bases)	103 (4)	2,097 (6)	17 (3)	8,891 (6)	52 (2)

*1 We are currently using the Aqueduct Water Risk Atlas to investigate these points.

*2 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Water Management Plan and Reductions

◆ Business Unit Initiatives

Fukuyama Plant

Initiatives Aimed at Reducing Water Use

At the Fukuyama Plant, wastewater emanating from the dye production process is treated onsite, then released into the Seto Inland Sea. The plant has been producing inkjet printer dyes since the year 2000, and has consequently invested effort into improving wastewater treatment methods, looking into individual processes tailored to production type and examining numerous ways of altering production processes to lower environmental burdens.

The fruits of such activities can be seen in the form of phased reductions in contracted industrial water amounts, which fell from 24,000m³ to 23,000m³ per day in FY2015, and to 22,000 m³ per day in FY2018. Thanks to further polishing of its wastewater treatment methods, the plant is now able to produce more on the same amounts of industrial water. It is also working on reducing the amounts of regular water used both production and equipment cleaning.

Kayaku Safety Systems Europe

Introduction of Rainwater-utilizing Equipment

As part of its capital investment activities to promote environmental conservation, Kayaku Safety Systems Europe (KSE) introduced a water storage tank system in 2017 so that rainwater may be used more efficiently. It has installed the equivalent of 750.5 m³ tank. By using both rainwater and the water released by the shop floor air conditioning system for purposes other than drinking, the plant has not only achieved more efficient use of water resources but also lowered its costs.

Water reuse is currently of pivotal importance to the Czech Republic, which has seen rainfall decrease under the impact of climate change. The amount of water that KSE has stored up post-FY2020 exceeds the annual drinking amounts of all KSE employees and their families (around 4000 people). This particular project therefore marks a contribution towards a sustainable society.



Indicators	Covering	Unit	2020	2021	2022	2023	2024
Volume of water store (planned)	KSE	m ³	4,877	5,040	5,040	5,040	5,040
Volume of water stored (actual)	KSE	m ³	6,177	7,234	6,802	7,786	7,043
Economic benefits	KSE	10,000 yen	361	411	335	428	477

Kayaku Safety Systems Mexico

Initiatives Aimed at Reducing Water Use

As part of its commitment to environmental conservation, Kayaku Safety Systems Mexico (KSM) has embarked upon improving its use of water resources to help resolve issues concerning limited usable water in the surrounding region. KSM mainly uses water for cleaning equipment and containers, and for manufacturing processes.

Improvement activities have involved raising standards for the production process and water treatment, and providing education to make employees more water-resource conscious. KSM's activities throughout FY2024 resulted in a 44% (6870-liter) reduction in use of water resources.

Indicators	Covering	Unit	2022	2023	2024
Volume of water consumed (actual)	KSM	m ³	15,762	12,792	8,892
Volume of water saved*	KSM	m ³	-	2,970	6,870
% Volume of water saved*	KSM	%	-	19%	44%
Economic benefits	KSM	10,000 yen	-	63	146

* Compared with FY2022

CDP Disclosures

Since 2020, the Nippon Kayaku Group has provided responses to the CDP, an information-disclosure program concerning climate change risks to business. Our responses to the 2024 CDP gained us an A grade for our Climate Change Report and an A- grade for our Water Security Report.

➤ [Recognition and Awards](#)

Related Data

➤ [ESG Aggregated Data\(Water\)](#)

Natural Capital and Biodiversity

Policy and Basic Approach

In addition to climate change, recent years have seen the decline of ecosystem services brought on by losses of natural capital and biodiversity gain increasing focus as a cause of serious harm to business activities. We now have a heightening realization of not only business dependency on natural capital, but of how business activities hugely impact the natural environment.

Against that backdrop did the 2022 UN Biodiversity Conference (COP15) adopt a new Kunming-Montreal Global Biodiversity Framework with its vision of “living in harmony with nature” by the year 2050. Furthermore, its targets for 2030 require companies to evaluate the dependency and effects of their business on the natural environment, as well as associated risks and opportunities, and disclose relevant information.

The Nippon Kayaku Group supports that line of thinking and, based on the framework provided by the Taskforce on Nature-related Financial Disclosures (TNFD), is identifying and evaluating how our business depends on natural capital and what kinds of impacts upon nature that brings. We are also continually analyzing and examining the nature-related risks and business opportunities that potentially stem from the above.

Going forward, we will work on improving our resilience and human capital conservation through procurement of sustainable raw materials, increasingly efficient use of water resources in the production process, and reductions in chemical usage. In that way shall we aim for a sustainable society in which we live in harmony with nature.

Information Disclosure based on TNFD Proposals

Governance

In addition to climate change mitigation, the environmental aspects of our Group's sustainability issues include “Reductions in Waste and Wastewater” and “More Efficient Use of Water Resources,” showing how sustainable use of natural capital occupies a prominent position in our Key Sustainability Issues. These issues are managed under a similar promotion and audit system to that surrounding our climate change mitigation measures.

Our Sustainable Management Meeting, chaired by our President, considers our natural-capital-related initiatives pertaining to, for example, use of water resources, waste and pollutants. It discusses these initiatives in tandem with climate change mitigation measures as part of business planning, coordinating and evaluating current activity status. The results of such discussions are reported to the Board of Directors, which performs the Audit and Supervisory functions for this particular system.

Furthermore, one of the Sustainable Management Meeting's advisory committees, the Environment, Safety, Quality Management Committee (chaired by the Director In-charge of the Technology Unit), coordinates all environmentally-related policies including those pertaining to climate change mitigation. By taking a cross-cutting perspective on Group matters, this committee helps deepen discussion over issues concerning natural capital and biodiversity.

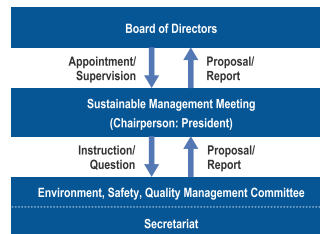
While driving forward our nature-related initiatives, we believe it important to consider our links with stakeholders and the local communities surrounding our operation sites. We have therefore installed respect for human rights as the foundation of sustainable management under our Nippon Kayaku Group Human Rights Policy—based on international human rights standards—and are carrying out this commitment across all business activities.

We require all suppliers (business partners) to observe our human rights policies and, out of consideration for the safety and health of local residents, also conduct human rights impact assessments which include anti-pollution and water stress elements. We therefore plan how to avoid or reduce risk in line with international standards.

We have additionally fixed a Sustainable Mineral Procurement Policy to govern our purchases of mineral resources. Avoiding raw material purchases from conflict zones and high-risk regions allows us to also avoid complicity in human rights violations, environmental destruction and dishonest practices. We require that our suppliers attend our Sustainable Procurement Guidebook seminars and sign a related consent form. We have also carried out a Sustainable Procurement Survey aimed at both suppliers comprising the top 90% of our purchases and all new suppliers.

Step-by-step are we advancing our human rights system for all regional stakeholders involved in our business, including indigenous peoples, and looking to expand the scope of our human rights due diligence going forward.

For details on our human rights due diligence, please see [here](#). For details on Sustainable Procurement, please see [here](#).



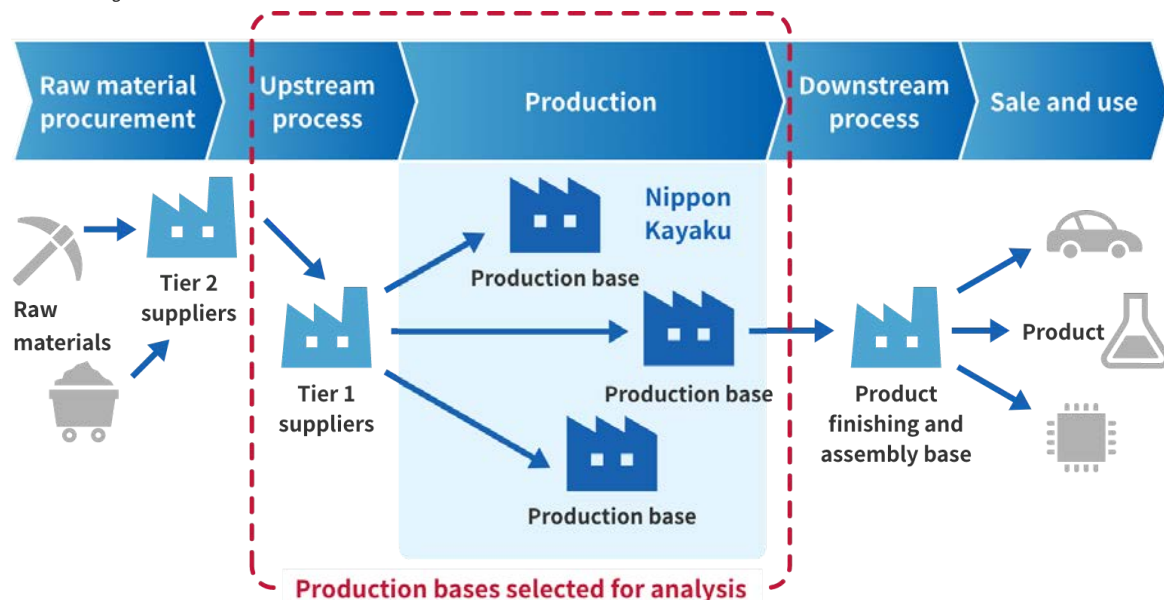
Strategies

In expanding several businesses onto a global scale, the Nippon Kayaku Group feels it essential to ascertain and evaluate the nature-related risks and opportunities facing each business unit. As such, we have utilized the LEAP approach recommended in the TNFD framework to implement our risk and opportunity assessments for natural capital and biodiversity.

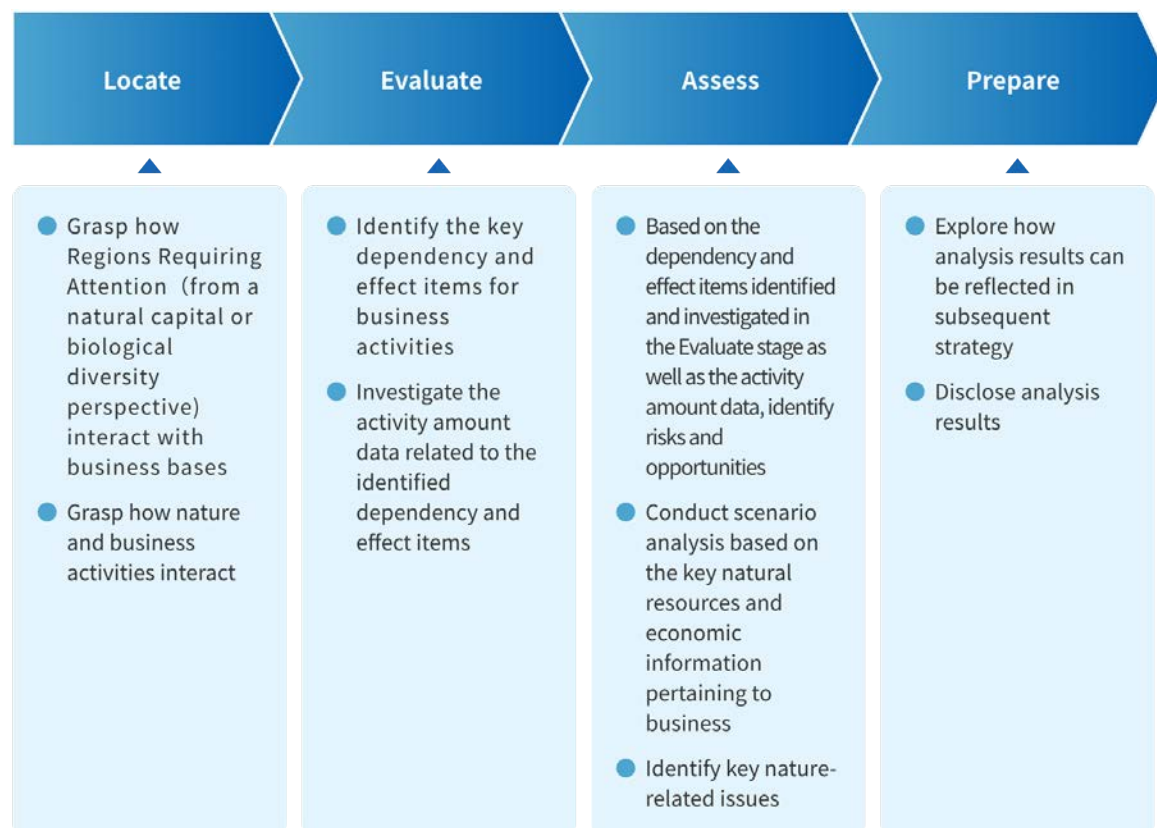
FY2024 saw our analysis trained on two of our Group's three business units: Mobility & Imaging's Life Sciences Group (automobile safety parts) and Fine Chemicals. We prioritized such an analysis as these business units make use of raw materials which have significant impacts on nature and mineral resources, while their products also impact the natural environment during the stages of processing and use.

Our analysis focused on both the product manufacturing sites and main supplier bases of the business concerned, thereby allowing us to identify risks and opportunities across the entire business process.

Schematic Diagram of the Main Value Chain



Analysis Flow based on the LEAP Approach



◆ Locate: Identification of Regions Requiring Attention

As our relationship with nature means that we greatly depend on the environments around our business bases, we studied these environments from three standpoints: “Key Biodiversity Areas,” “Highly-Sufficient Ecosystem Areas” and “High Water-Risk Areas.” The tools we used and the relevant standpoints are listed in the table below.

External Tools used in our Regions Requiring Attention Assessment

Tool Name	Outline	Supplied/ Developed by	Research Perspectives
IBAT (Integrated Biodiversity Assessment Tool)	An online tool providing highly reliable data on protected areas across the world, important habitats, distribution of information on endangered species etc., and biodiversity	International Union for Conservation of Nature and Natural Resources (IUCN) World Conservation Monitoring Center (WCMC) BirdLife International Conservation International	Are business bases present in important biodiversity areas? (IUCN protected areas and Key Biodiversity Areas (KBA))?
Global Forest Watch	An online platform providing high-frequency, high-resolution satellite data on worldwide deforestation, tree-felling and regeneration	World Resource Institute (WRI)	
GLOBIO Model	An estimation model for making integrated evaluations and predictions about human impacts on biodiversity, such as land use, climate change and infrastructure preparation	Netherlands Environmental Assessment Agency (PBL)	Are business bases located in areas with a highly-sufficient ecosystem?
Aqueduct	An online water risk evaluation tool for assessing and mapping out systematic risks and multiple water-related factors such as water stress, water shortage, flooding and droughts.	World Resource Institut (WRI)	Are business bases located in regions with high physical water risks such as water stress?
Climate Vision	An online platform for analyzing climate change risks such as flooding and storm tides on a global scale with high-resolution images, and which allows for risk assessments and financial impacts to be calculated based on future climate scenarios	Gaia Vision Inc.	Are business bases located in high-flood-risk regions?

List of Regions Posing Risks to Directly-operated Business Bases

Related Units	Business Base Name	Important regions for biological diversity	Regions with high ecosystem sufficiency	Regions with high physical risks
Safety Systems Business	Safety Head Plant	Located in a Designated Conservation Area in which biological diversity takes on high importance	-	-
	Kayaku Safety Systems (Huzhou) Co., Ltd. (KSH)	-	-	Located in a high water stress region
	Kayaku Safety Systems de Mexico, S.A. de C.V. (KSM)	-	-	Located in a high water stress region
Fine Chemicals Business Unit	Asa Plant	-	-	Located in a high flood-risk region
	Tokyo Plant	-	-	Located in a high flood-risk region
	KAYAKU CHEMICAL (WUXI) CO.,LTD. (KCW)	-	-	Located in a high flood-risk region
	WUXI ADVANCED KAYAKU CHEMICAL CO., LTD. (WAC)	-	-	Located in a high flood-risk region

As shown in the table, the results of our study helped us identify that, of the Nippon Kayaku Group's operation bases, the Safety Head Plant (Himeji) is located in a region of importance to protecting biodiversity, while KSH (China) and KSM (Mexico) are situated in high water-stress regions. Though KSH and KSM do not use large quantities of water per se, we have realized they need to strengthen their water resource management. We also recognize the flood risks posed by climate change and are studying the effects in detail through a scenario analysis in line with TCFD disclosure requirements. Of the business sites analyzed this time, four (Asa Plant, Tokyo Plant, KCW (China) and WAC (China)) fall under high-risk status, and we are continually looking at how to strengthen relevant response measures. Meanwhile, all business sites assessed from the ecosystem sufficiency standpoint are located in areas which have changed beyond a certain degree due to human social activities; none can therefore be said to be located in a “sufficient” ecosystem. Henceforth, to ensure that no further ecosystem sufficiency is lost due to business activities, we will continue to mount initiatives aimed at reducing environmental burdens. We have also analyzed the sites of our 20 biggest suppliers by volume and, through an audit process, have pressed for improvements at sites located in regions with high environmental risks. We are therefore promoting consideration of the natural environment across the entire supply chain.

◆ Evaluate: Identification and Assessment of Dependency and Effects

For our assessment of how our Group's business activities depend and impact upon natural capital, we made use of ENCORE* to construct a heat map of every step of the manufacturing process from the upstream stage. The analysis results can be found in the table below.

* ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) was co-developed by organizations such as the Natural Capital Finance Alliance and the UN Environment Program World Conservation Monitoring Centre. It is a tool which helps us visualize the types of natural capital on which the business sector and industrial activities depend, and the concomitant effects.

Results of the ENCORE Dependency Item Assessment

Activity				Dependency											
				Service supplied	Adjustment and maintenance services										
Business	Value Chain Step		Business Activity	Water supply	Climate matters for the region as a whole	Rain pattern adjustments	Regional climate matters	Air purification	Soil and sediment preservation	Purification treatment for solid waste	Water purification	Water current adjustments	Flood controls	Storm relief	Others (Natural excesses)
Across all business areas	Upstream	Crude oil/ Natural gas	Drilling for crude oil and natural gas	M	H	-	L	VL	L	L	VL	M	H	L	M
			Manufacture of refined oil products	L	VL	-	L	VL	M	L	H	M	M	M	L
			Manufacture of plastic products	L	VL	VL	L	VL	L	L	M	M	M	M	L
		Minerals	Mining of ferrous and non-ferrous metals	H	H	VH	L	VL	M	L	VH	H	H	M	M
			Manufacture of Type 1 steel, precious metals, non-ferrous metals	H	VL	M	L	M	L	L	M	H	M	M	-
			Manufacturing business for other metal products, metal processing service activities	M	VL	-	L	-	L	M	M	M	M	M	L
		Common	Manufacture of electrical parts and circuit boards	M	VL	VL	L	VL	L	L	M	M	M	M	L
Safety Systems Business	Direct operations	Automobile parts manufacturing		L	VL	VL	L	VL	M	L	M	M	M	M	L
Fine Chemicals Business Unit		Chemical manufacturing		M	VL	VL	L	VL	M	M	M	M	M	M	L

Results for the ENCORE Effect Item Assessment

Activity				Effect										
				Impact					Output					
Business	Value Chain Step		Business Activity	Land are used	Freshwater area used	Seafloor area used	Water use	Non-bioresourc e use	GHG emissions	Air pollutant emissions	Soil and water pollutant emissions	Emissions of soil and water-polluting nutrient salt	Solid waste	Interferenc e (noise pollution, light etc.)
Across all business areas	Upstream		Drilling for crude oil and natural gas	L	VH	VH	M	-	H	H	VH	-	M	VH
			Manufacture of refined oil products	L	-	-	L	-	M	H	VH	-	M	VH
			Manufacture of plastic products	L	-	-	L	-	M	M	VH	-	M	M
			Mining of ferrous and non-ferrous metals	M	VH	VH	M	H	M	H	VH	-	VH	VH
			Manufacture of Type 1 steel, precious metals, non-ferrous metals	L	-	-	M	-	H	H	VH	M	M	VH
			Manufacturing business for other metal products, metal processing service activities	L	-	-	M	-	L	L	VH	-	L	M
			Common	Manufacture of electrical parts and circuit boards	L	-	-	L	-	VL	L	H	-	L
Safety Systems Business	Direct operations	Automobile parts manufacturing		L	-	-	L	-	VL	L	M	-	L	M
Fine Chemicals Business Unit		Chemical manufacturing		L	-	-	M	-	M	M	VH	-	M	VH

Our assessment results revealed that manufacturing bases in both our Safety Systems and Fine Chemicals business have a moderate level of dependency on their surrounding environments, as the self-maintenance functions of nearby soil and river environments are influenced by natural-disaster risks. As it was also indicated that traces of pollutants could be present in wastewater produced from manufacturing activities, these sites have been assessed as moderately dependent on underwater microorganisms and their water purifying actions.

We also noted that our Fine Chemicals business, through its dependency on water resources, emissions of pollutants, waste production and noise pollution, is having an increasingly sizable impact on nature. We have not only appropriately grasped the amounts of activities behind the inputs and outputs, but are taking steps and conducting relevant monitoring to try and limit these activities below the applicable regional standards. As it has furthermore been indicated that pollutant emissions and noise pollution are having major environmental impacts across our entire value chain, we consider it important to grasp the extent of those issues at supplier business sites, especially those located in Regions Requiring Attention. As natural environmental impacts are especially pronounced in mineral mining at the commencement of the upstream stage, we will strive for a more detailed grasp of upstream processes and are fully aware of the need to encourage that necessary steps be taken.

◆ Assessment: Identification and Evaluation of Risks and Opportunities

Our consideration of nature-related risks and opportunities was based on the Regions Requiring Attention analyzed in our Locate and Evaluate phases, as well as the dependency and effect relationships. We also made use of environmental data from business sites to identify both risks and opportunities posed by nature to our business, and, conversely, the impact our business has on nature. The risks and opportunities we identified can be found in the table below.

Risk Chart

Category	Main risks to business activities	Impact on nature	When the risk will emerge	Financial impact	Chief measures
Policy, legal and regulatory	Increased costs of responding to strengthened emissions regulations for air, water and soil pollutant, and operational restrictions	Improved local environments through strengthened emissions regulations on air, water and soil pollutants	Medium to long-term	Moderate	- Emissions status for every pollutant measured and disclosed - Combustion facilities renewed at high VOC-producing plants; emissions reductions confirmed - Waste water treatment equipment renewed - Zero emissions into soil of PRTR listed substances
	Raw material price increases stemming from strengthened emissions regulations for air, water and soil pollutants		Medium to long-term	Moderate	Engaging our suppliers with the aim of promoting sustainable procurement
	Increased costs of responding to strengthened regulations on waste emissions	Fewer hazardous substances emitted through reduction of waste	Medium to long-term	Moderate	- Tracking implemented in pursuit of newly-fixed 1% or less zero-emissions targets - Waste volume measurements per-sales-unit completed for high-waste-producing business sites
Market	Raw material price increases due to demand concentrating around eco-friendly materials	Loss of existing ecosystems due to excess felling of biomass materials and human land reclamations	Medium to long-term	Large	Engaging our suppliers with the aim of promoting sustainable procurement
Reputational	Worsening ESG evaluations and reputation from non-eco-friendly operations including raw material purchases, leading to blacklisting by customers	An improved environment through heightened importance of environmental considerations	Medium to long-term	Moderate	- Zero use of restricted chemical substances inside Japan and in certain overseas countries - Taking steps to ensure zero procurement of raw materials containing chemical substances appearing in a survey based on Green Procurement Regulations
Acute physical risks	Suspended operations and repair costs incurred at certain business sites due to flooding of nearby rivers and landslides caused by typhoons and heavy rain etc.	Collapse of ecosystems in surrounding regions, including rivers; soil deterioration	Short to long-term	Moderate	Quantification of financial impacts, and firming up of flood measures based on flood simulation results
Chronic physical risks	Operational restrictions or suspensions due to water shortages	Declining river levels and groundwater shortages will cause the balance of river and neighboring ecosystems to collapse, triggering biodiversity loss	Medium to long-term	Moderate	- Strengthening of water-saving measures during the production process; examination of water reuse and recycling methods - Water intake efficiency with respect to sales ascertained through water intake measurements - Measures to reduce water use and introduce water storage tanks at water-stress-risk business bases have commenced

Opportunities Chart

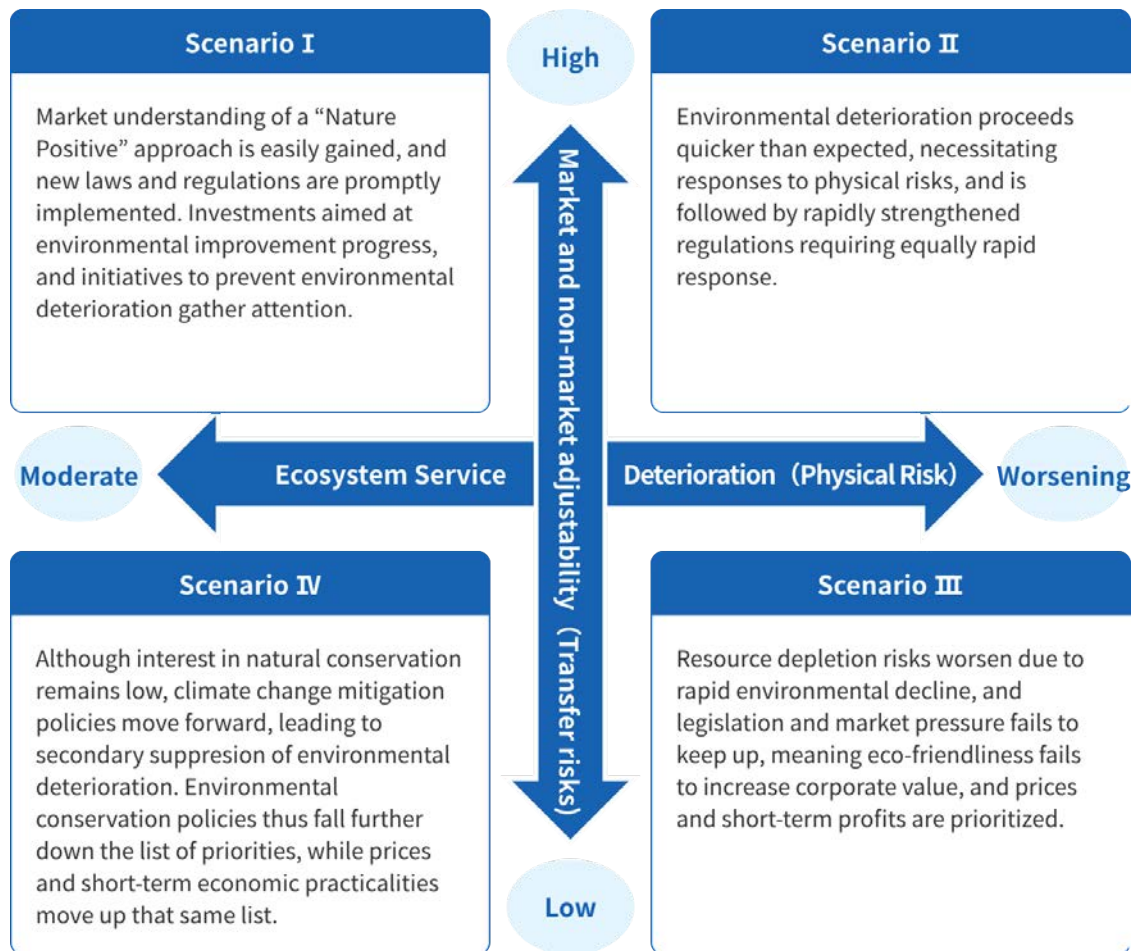
Category	Main opportunities for business activities	Impact on nature	When the opportunities will emerge	Financial impact	Chief measures
Resource efficiency	Production cost savings due to more efficient use of water resources	Water resources in the rivers and ground will be conserved, in turn preserving the ecosystems of rivers and surrounding areas	Short to long-term	Small	- Water use reduction measures implemented at every plant - Specific targets under examination
	Cost savings due to waste recycling and reuse	Fewer hazardous waste emissions due to sustainable reuse of resources	Short to long-term	Small	- Measures for recovery of heavily-used solvents generally implemented - Investigating and exploring the merits of other solvent recoveries
Products, services and market	Expanded demand for products that contribute towards reducing environmental burdens across their entire life cycle	Improved environment due to reduced environmental burdens	Medium to long-term	Large	- Looking at switching over from petroleum-derived to biomass-derived organic materials - Aiming for development of lighter products which use fewer resources and reduce environmental burdens at the point of use
Reputational	Increased corporate value from improved ESG evaluations and reputation due to natural conservation activities during the conduct of business	Improved environment due to promotion of eco-friendly activities	Medium to long-term	Moderate	- Proactive disclosure of environmental information - Examination of environmentally-related goals

◆ Scenario Analysis

Our identified risks and opportunities were then assessed against TNFD Scenario Analysis Guidance. With a focus on the present, we imagined several possible future worlds (scenarios) and considered the uncertainty each would add to nature-related risks and opportunities, and the various degrees of impact.

Based on TNFD guidance, our analysis for FY2024 saw us think up four potential nature-related scenarios, applicable to any company, around the twin pillars of “Ecosystem Service Deterioration (Physical Risk)” and “Market and Non-Market Adjustability (Transfer Risk).” The prospective scenarios are outlined in the table below.

Scenario Images



Based on these four scenarios, each business site's interactions with nature and environmental data, and the policy directions of regions and national governments, the strategies demanded of the Nippon Kayaku Group can be organized as follows.

Scenario I

In order to appropriately catch up with domestic and international environmental regulations, suitable establishment of product development and business processes becomes a must. Furthermore, the promotion of nature-positive-focused initiatives means environmental decline lessens and risks become more limited, but reducing the environmental burdens of business activities remains important from a reputational perspective in the eyes of stakeholders. Additionally, appropriate and highly-transparent information disclosures will take on added importance.

Scenario II

Water resources become the natural capital on which business activities most depend and, based on previous water extraction restrictions imposed due to droughts, drought policies modeled on water shortage assumptions will grow in importance. Furthermore, as monitoring of natural environment decline will only strengthen, we will face a greater onus on devising initiatives designed to increase water use efficiency and disclosure of related information-especially appropriate information on the external effects of business activities.

Scenario III

Similarly to Scenario II, of primary importance will be to heighten our resilience against physical risks through water-resource-related initiatives. Additionally, in a market which prioritizes short-term profit and prices, value should presumably be created through aiming for short-term profits and deployment of physical risk mitigation measures from the standpoint of lowering running costs through better resource efficiency.

Scenario IV

Climate change proceeds apace, meaning natural capital conservation falls down the list of priorities. This suggests that over the longer term, the situation will move to somewhere in-between Scenarios II and III. We therefore assess that initiatives conducted from long-term viewpoints will take on especial importance. In order to enable prompt responses to physical risk manifestations and increased focus on nature conservation, we will also find it important to prepare for the gathering and disclosure of nature-related information, and developing a product design process which contributes to lowering environmental burdens and more efficient natural resource use.

◆ Material Regions

Based on the results of the above scenario analysis, we have determined that the Nippon Kayaku Group's appropriate response to nature-related risks and opportunities is to prioritize securing water resources and promote highly efficient use of them, and install a product development process which contributes to nature conservation. With this in mind, we have identified a water-resource-dependency standard based on water-intake-to-sales, and have defined high-dependency regions as "Material Regions." The affected business sites can be found in the table below.

Materiality Regions for Directly-operated Business Bases

Related Business	Business Base Name
Fine Chemicals Business Unit	Nippon Kayaku Fukuyama Plant
	WUXI ADVANCED KAYAKU CHEMICAL CO., LTD. (WAC)

Going forward, with the focus on the above business bases and those with high levels of water stress, we will examine the setting of targets for water use amounts and efficiency, and promote relevant initiatives.

(For the Nippon Kayaku Group's current initiatives on water resource use, please see [here](#)) .

◆ Upcoming Analysis

While our FY2024 analysis focused on our Safety Systems Business and Fine Chemicals Business Unit, our upcoming analysis will cover our PolaTechno and Life Science businesses in identical style. Based on results which showed particularly strong interactions with natural capital in the raw material procurement stage, we shall also survey our mining partners, strengthen initiatives, and aim to construct a due diligence system covering the entire value chain.

Management of Risks and Impacts

The Nippon Kayaku Group has fixed "Reduced Energy Consumption and Greenhouse Gas Emissions," "Reductions in Waste and Wastewater," and "Efficient Use of Water Resources" as Key Sustainability Issues, and is proactively tackling these issues as important elements of its companywide responsible care activities. (For more on how we identified our Key Sustainability Issues, please see [here](#)).

Our Responsible Care and Technology Division takes the lead in identifying and evaluating our dependencies and effects on natural capital, as well as nature-related risks and opportunities. It conducts investigations and analyses based on the TNFD-recommended LEAP approach, and uses the results to determine our Group's key priority issues.

The issues are organized along the lines of the LEAP approach and assessed against two criteria: seriousness and frequency. "Seriousness" is evaluated from the size of the figures in the relevant indexes for business sites facing the risks in question, "frequency" is evaluated from the number of bases related to each particular business, and the issues receiving the highest overall scores are selected for prioritization.

Selected issues are then reported to our Environment, Safety, Quality Management Committee which coordinates our responsible care activities. Such reports consist of current policy and status updates, issues, problematic points and response status updates, and form the basis for examination of policy drafts for the next financial year. Our Sustainable Management Meeting then discusses that financial year's policy further before making its final decision.

Based on the new fixed policy for the financial year, each business site and group company rolls out its responsible care activities which include natural-capital related initiatives, the status of which is confirmed and audited through periodical Central Environment, Safety and Health Inspections.

(For further information on our Responsible Care Policy and key issues, relevant systems and audits, please see [here](#)) .

Metrics and Targets

The Nippon Kayaku Group has installed “Reduced Energy Consumption and Greenhouse Gas Emissions”, “Reductions in Waste and Wastewater” and “Efficient Use of Water Resources” as Key Sustainability Issues, and has set the following targets geared towards their realization.

Nature-related Targets

Indicators(KPI)	FY2025 Targets	FY2024 Results	FY2024 Initiative-related Topics
Greenhouse gas emissions (Scope 1+2)	(Target achieved in FY2030) Under 70,598 tons (a reduction of over 46% on FY2019) (Target achieved in FY2024) Under 111,838 tons	111,102 t-CO ₂	- We received our first A-List Rating in the CDP's Climate Change Field - Promotion of MFCA and solar-powered PPA models were sequentially introduced - Emissions increased for every item due to increased production volumes, but recycling rates and zero-emission rates still improved - Environmentally-friendly products and technologies are being developed
VOC emissions	(Non-consolidated) Disclose results	(Non-consolidated) 60.3 tons	【Safety Systems Business】 KMY commenced production of a light cylinder inflator (new generation inflator) whose CO₂ emissions are 30% down on previous generation inflators. A green propellant MGG was developed. 【Functional Materials Business】 A prototype of a CFRP/GFRP-use thermosetting resin targeted for use in aircraft was tested and assessed on a real aircraft. Development of a biofuel-containing thermosetting resin that is high-temperature resistant and highly reliable. 【Color Materials Business】 Development of industrial-use inkjet ink (for coated paper and soft packaging). Expanded sales of developers for phenol-free thermal paper. 【Catalysts Business】 Advancement of joint-development of a hydrogen-producing catalyst. Development of a catalyst using materials informatics techniques which contributes to reducing amounts of, and improving yields from, raw materials used. Development of a catalyst to manufacture basic chemicals such as propylene from biofuel. 【Pharmaceuticals Business】 Promoted the adoption of materials posing lesser environmental burdens in response to moves towards resource conservation in the field of packaging.
COD emissions	(Non-consolidated) Disclose results	(Non-consolidated) 222.2 tons	
Total waste output	(Non-consolidated) Disclose results	(Non-consolidated) 28,225tons	
Recycling rate	(Non-consolidated) 80% or higher	(Non-consolidated) 86.5%	
Zero emission rate	(Non-consolidated) 1% or less	(Non-consolidated) 0.6%	
Goal setting in line with SBT and consideration and implementation of specific measures	Progress disclosed	Published in Topics	
Disclosure in line with TCFD recommendations	Progress disclosed	Information disclosed	
Develop products and technologies with consideration for environmental issues	Progress disclosed	Published in Topics	

Furthermore, disclosure status for nature-related indexes whose disclosure is either encouraged or requested by TNFD guidance can be seen in the table below.

Nature-related Index Calculation Table

Index Number	Index	Measurement Index	Disclosure location
—	GHG Emissions	Scope1,2	ESG Aggregated Data>Greenhouse Gas Emissions
C2.0	Total amounts per-type of pollutants released into soil	Total amounts per-type of pollutants released into soil	ESG Aggregated Data>Industrial waste and Pollutants>PRTR substances
C2.1	Waste water	Waste water amount (Total and breakdown)	ESG Aggregated Data>Water
		Main pollutants within wastewater (COD, total phosphorus, total nitrogen, SS)	ESG Aggregated Data>Industrial waste and Pollutants>Wastewater Management
C2.2	Generation and treatment of waste	Waste amounts (hazardous/non-hazardous, general waste, industrial waste breakdown, waste breakdown, treatment method breakdown)	ESG Aggregated Data>Industrial waste and Pollutants>Waste
C2.3	Plastic Pollution	Plastic use amounts (Plastic packaging materials)	ESG Aggregated Data>Material Flow>Amounts of Raw Materials Used
C2.4	Air-pollutants other than greenhouse gases (GHG)	Breakdown of non-GHG air pollutants (VOC, NOx, SOx etc.)	ESG Aggregated Data>Industrial waste and Pollutants>Air Emissions
C3.0	Water removal and consumption from water-scarce regions	Per-country water use amounts and numbers of bases given for Water-stress Regions	ESG Aggregated Data>Water>Water-stress Investigation Results for Nippon Kayaku Group Manufacturing and R&D sites (FY2024)
C7.3	Opportunities	Capital outlays on nature-related opportunities; capital financing and invested amounts	ESG Aggregated Data>Environmental Accounting>Environmentally-related capital investments

Moving forward, we will press on with the releases of indexes not yet disclosed and, based on the results of such analyses as the LEAP approach, plan to determine targets centered upon the water-resource-related indexes deemed most important.

In such a way shall we strive to improve transparency around the environmental burdens of business activities, and aim to continuously reduce environmental impact on a groupwide scale.

Initiatives

Water-related Initiatives

➤ [Preventing Pollution](#)

➤ [Water Resource Conservation](#)

◆ Business Site Initiatives

Takasaki Plant

Plant operations in harmony with the natural environment

Following the disposal of the former Tokyo 2nd Army Arsenal Gunpowder Manufacturing Plant into company hands, the site of the current Takasaki Plant restarted operations in April 1946 as a manufacturer of black gunpowder, before subsequently switching to medical manufacturing operations in August 1971. From the off, the plant aimed for “coexistence with nature”, and ultimately secured ISO14001 certification in January 2001.

Surrounded by the natural environments of Gunma Prefectural Park Gunma-no-Mori and the Karasu River, the plant’s slogan reads: “The Takasaki Plant: Continuing to Protect Life and the Environment.” Based on this has the plant fixed its environment policy as: “Each and every person here shall be sufficiently conscious of working in an industry connected to human life, and, based on such consciousness, work towards promoting environmental conservation and plant harmony with the abundant natural environment.”

The plant occupies a vast site of some 560,000m², with the 110,000m² of green land reported under the Factory Location Act remaining virtually in a state of natural vegetation, meaning its original ecosystem remains intact amid this natural cluster of trees within the Takasaki urban landscape. The site’s eastern, southern and northern sides are enclosed by three rivers within the Tonegawa river system: the Class A Karasu River; the Ino River, a tributary; and the Class A Kasu River within the Hirose River tributary. The northern side also abuts Gunma Prefectural Park: Gunma no Mori, which is home to deer, racoon dogs and kingfishers. We will continue to protect this abundant natural environment and ecosystem.

In addition to the Green Zone, our on-premises environmental facilities include a creek. This is part of the facility which used hydropower to drive manufacturing equipment in the days when the site served as a gunpowder factory. The vertical axis water turbine used at the time has also been carefully stored and preserved. The creek temporarily pools the water subjected to activated sludge processing by the onsite wastewater treatment facility. Only after confirming that creek water quality complies with water management standards do we release it into the river, thereby taking every precaution to prevent environmental pollution. Located far away from residential areas within a natural cluster of trees, and close to various rivers, the creek represents a safe place for animals to come, and serves as an annual oasis for migratory birds seeking food from the forests and rivers. Observing the arrival or migratory birds and their northward departures makes for an interesting seasonal employee event.



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

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.

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	   	• 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.

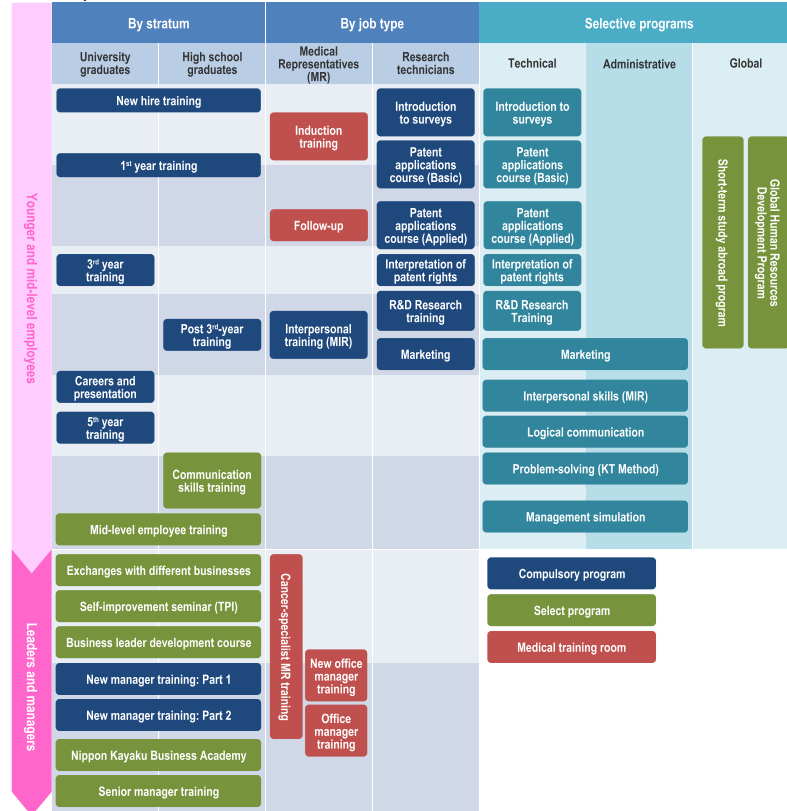
◆ Next-generation Managers Development Program

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	1year	
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	   	- 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%	- 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

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

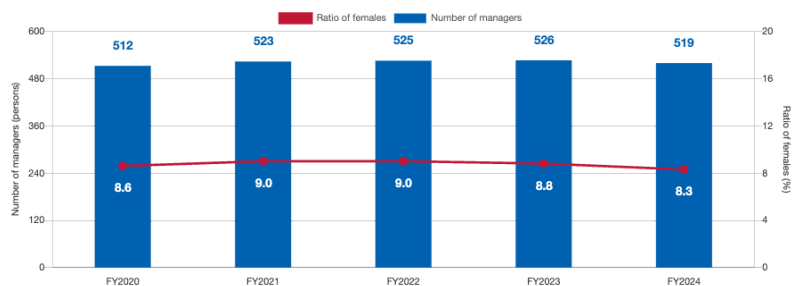
◆ Promotion of Enhanced Roles for Women

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

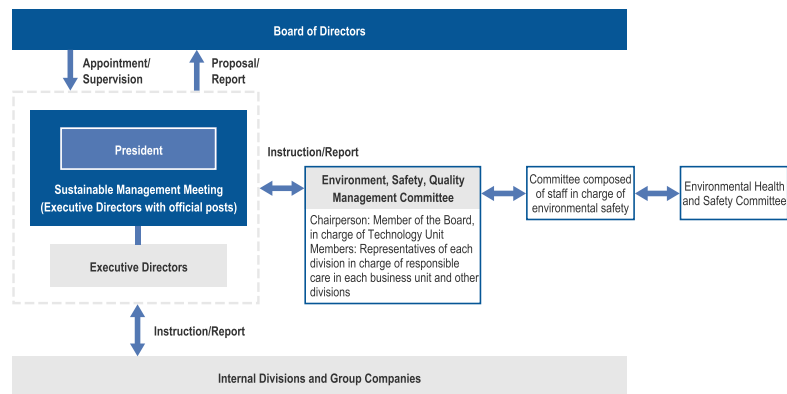
Under its [Declaration on the Environment, Health, Safety and Quality](#), the Nippon Kayaku Group has set up an Environment, Safety and Quality Management Committee.

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 ISO450001 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	 	- 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	- 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	○
	Examination and selection of AI-incorporating hazard identification and risk assessment system	Examination, cost-benefit analysis, and selection process preparations commenced	△
3. Improvements to Workplace Safety & Health Environments	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 • Specific Health Preservation Training take-up rate of over 20% • Health event participation rate of over 50%	• 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	• 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 physician*, Nippon Kayaku was regrettably unable to set up occupational health physician interviews post-statutory health check or post-Nippon Kayaku Health Insurance Association Adult Disease Health Check. However, FY2013 saw us review this situation and dispatch our head office occupational health physician to the business sites in question to conduct the relevant interviews.

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



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

Health Management Competition

Since FY2018, Nippon Kayaku and a section of its Group companies have been working on health improvement initiatives by holding a companywide health management competition. A total of 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 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.

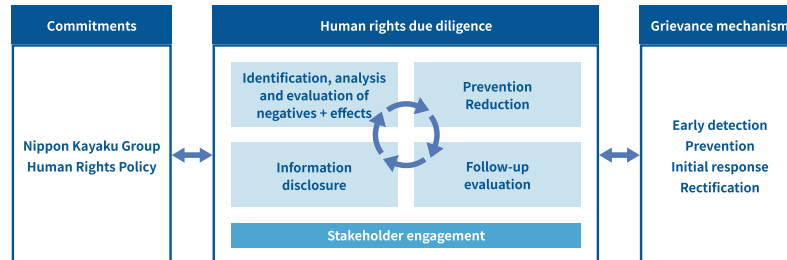
Targets and Results

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	   	Engage in business operations that pay care and consideration to the human rights of employees and all other people involved in the supply chain	Number of training sessions held on human rights	Once or more per year	2	1	- 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
			Human rights due diligence: human rights impact assessment rate	(Non-consolidated) FY2022: 100% (Consolidated) FY2025: 100%	Human rights risk assessments and risks requiring priority measures identified in sessions laid on for Nippon Kayaku Group employees	We are continuing to implement corrective measures for risks requiring priority 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	• 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	• Optimization of working hours and reduction of long hours
Right to privacy	• 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

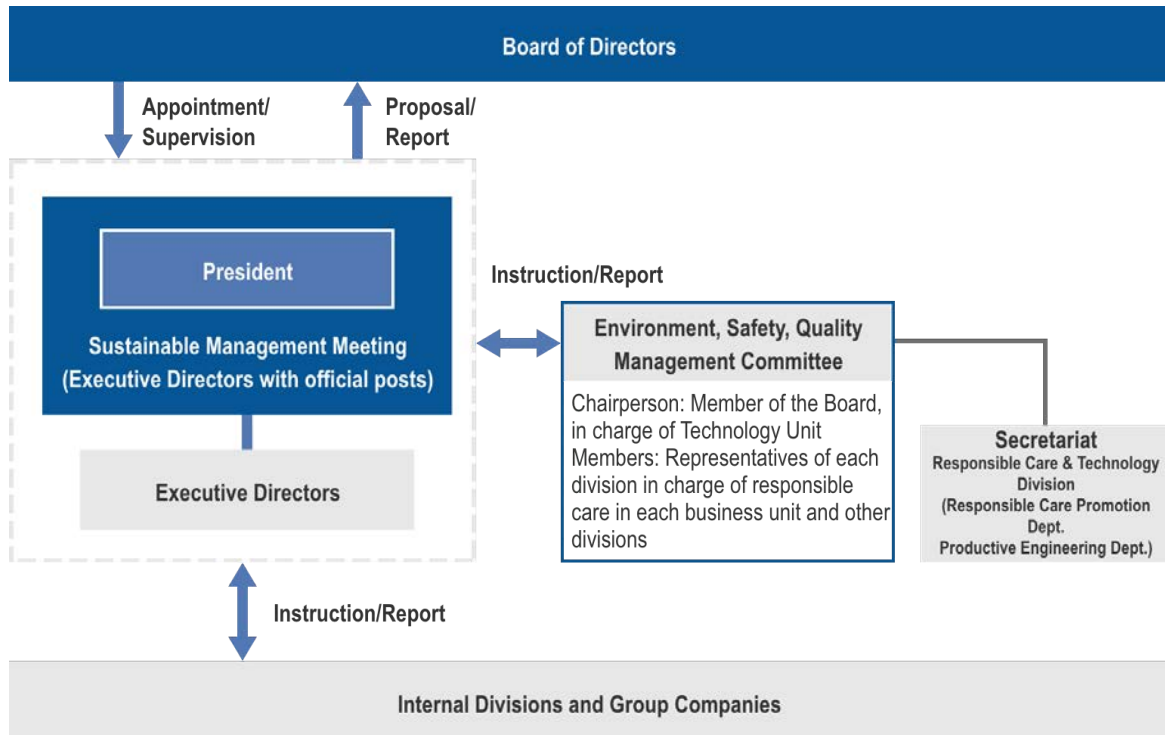
Policy and Basic Approach

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		- 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	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.

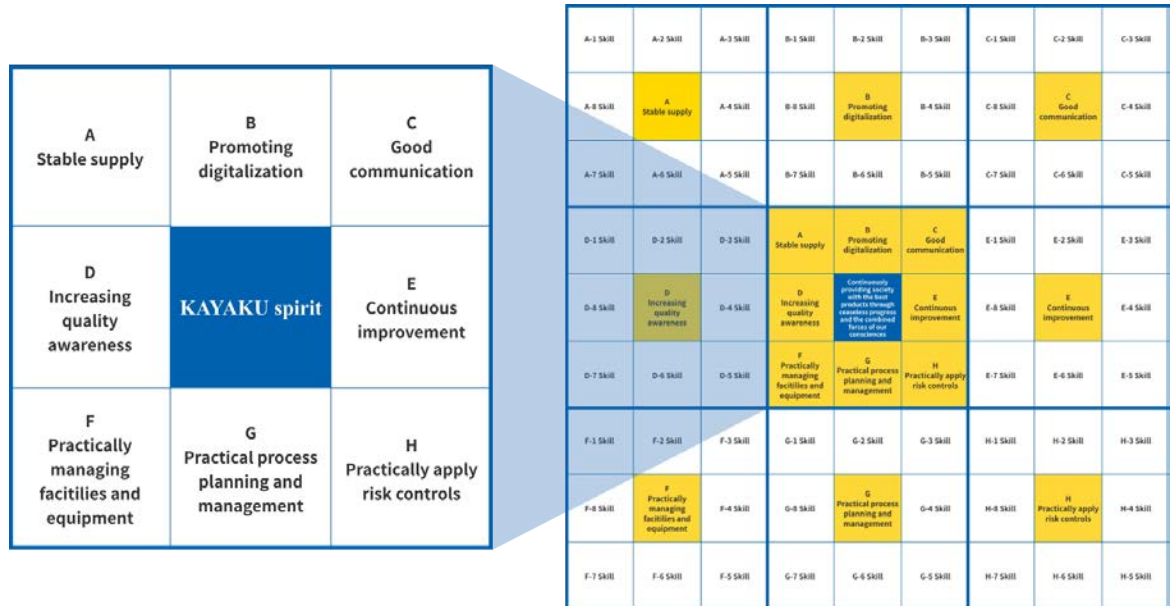
➤ [Risk Management \(Responses to Emergencies and Crisis Management System Construction and Administration\)](#)

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	• 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	• 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	• 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

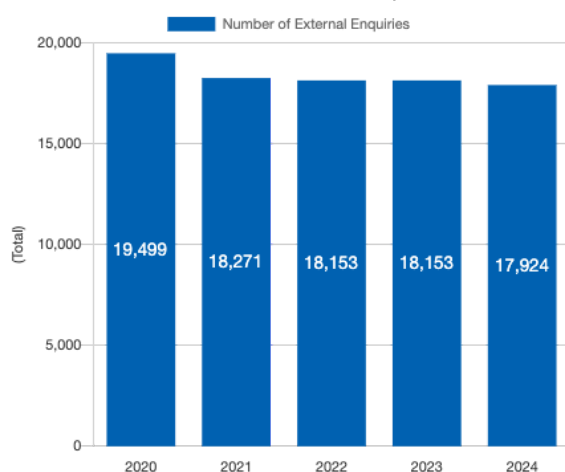
Our Medical Information Service Center has a toll free number for fielding all kinds of enquiries from patients and medical professionals on Nippon Kayaku pharmaceutical drugs and medical devices, including anti-cancer drugs, autoimmune disorder drugs and endovascular embolization materials. The Center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

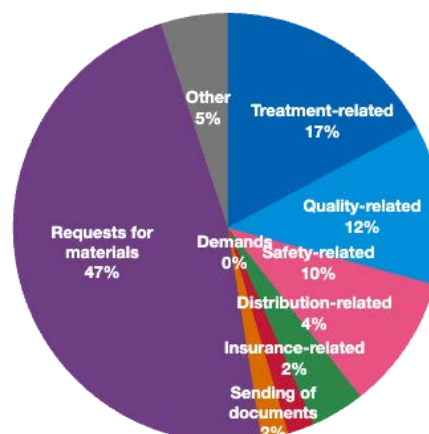


Our Pharmaceutical Products Information Center

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 can we join forces with our suppliers to work towards realizing a sustainable society.

Basic Procurement Principles

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

Basic Procurement Policies

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

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

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

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

◆ Partnerships with our business partners

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

◆ Protection of information

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

◆ Concern for the environment

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

◆ Basic criteria for selecting suppliers

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

Policy on Responsible Mineral Procurement

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	   	Practice supply chain management with consideration for environmental and social aspects, based on the Sustainable Procurement Guidelines	Response rate for confirmation of consent to Sustainable Procurement Guidelines	(Non-consolidated) 90%	(Non-consolidated) 91%	(Non-consolidated) 91%	- 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
			Formulation and implementation of improvement plans using questionnaires to suppliers	(Non-consolidated) Progress disclosed	Published in Topics	Published in Topics	

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.

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	- Working towards gathering information on supply chain hazards and accidents, and sharing such information on internal company databases - Strengthening moves towards multiple procurement	- 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 are we ploughing efforts into education and training sessions for Purchasing Division Members themed around Sustainable Procurement and Responsible Mineral Procurement. We are also promoting further knowledge-acquisition efforts from purchasing managers by buying them procurement qualification textbooks and supporting their efforts to study for CPP (Certified Procurement Professional) or CPSM (Certified Professional in Supply Management).

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
① Welcoming field trip parties of local children to business sites etc. ② Establishing young person's internships ③ Looking into the possibility of company open days for children	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 “thankyou” 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 of even just a little help to the students.



Research Lab

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

August 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\(Social Action Programs\)](#)

Corporate Governance

Policy and Basic Approach

The Nippon Kayaku Group recognizes that delivering its corporate vision under the **KAYAKU spirit** requires focus on two important issues: timely and impartial information disclosure to all shareholders and investors, and guaranteed transparent management based on strengthened checking functions. Having judged that management functions can be most effectively demonstrated through decision-making via a Board of Director council system, and corporate governance via an Audit & Supervisory Board system, we will continue to tackle the expansion and reinforcement of corporate governance as a key managerial issue.

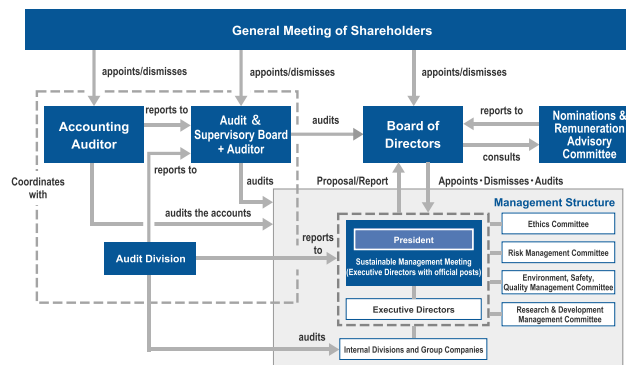
➤ [Corporate Governance Basic Policy \[279.4KB\]](#)

➤ [Corporate Governance Report \[624.0KB\]](#)

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
Strengthening Corporate Governance		Strengthen corporate governance of the entire group and manage in a highly transparent and sound manner	Number of times that the assessment on the effectiveness of the Board of Directors meetings is evaluated	Once per year	1	1	- A Board of Directors Effectiveness Evaluation was conducted, the present situation grasped, issues extracted, and an action plan fixed. Improvements are currently ongoing. - Action to Implement Management That Is Conscious of Cost of Capital and Stock Price - An Effectiveness Evaluation of the Audit & Supervisory Board was conducted.
			Number of times internal business audits are performed by the Audit Division	60 times in four years	17	12	

Corporate Governance System



Business Execution System

Nippon Kayaku is a company which has adopted an Audit & Supervisory Board System. Furthermore, in order to rapidly respond to changes in the business environment and achieve flexible business execution, we have introduced an Executive Director System to clarify the separate managerial roles of “decision-making and supervisory functions” and “business execution functions.” By strengthening each of these functions are we carrying our appropriate decision-making and rapid execution of business.

◆ Executive Directors Meeting

This meeting is chaired by the company president, and is composed of the (up to 30) Executive Directors in charge of operational execution who are appointed by the Board. The meeting sees Executive Directors report on the status of operational execution entrusted to them by the Board and company president, as well as on other necessary items. These meetings are additionally attended, in an observer capacity, by four (4) Outside Directors and five (5) Audit & Supervisory Board Members.

Breakdown of the 25 Executive Directors (as of June 26, 2025)

Male	Female	Total
23	2	25

◆ Sustainable Management Meeting

➤ [Sustainability Promotion System](#)

◆ List of Committees

➤ [Ethics Committee](#)

➤ [Risk Management Committee](#)

Number of Meetings Held by Each Committee

➤ [Number of Meeting Held by Each Committee](#)

Governance System Chart

Overall system format	A company with a Board of Directors and Auditors (Audit & Supervisory Board)
Number of Board Members (Inside and Outside)	9 (4 of whom are Outside) *1 female Outside Director
Number of Auditors (Inside and Outside)	5 (3 of whom are Outside)
Chairman of the Board	Chairman*
Board Member terms	1 year
Executive Director System in place?	Yes
Advisory Committee on Board Member appointments	Nomination & Remuneration Advisory Committee
Accounting Auditor	Ernst & Young ShinNihon LLC

* If the Chairman of the Board is absent, the meeting will be chaired according to board member seniority rankings determined beforehand.

[> Skills Matrix](#)

Strengthening Corporate Governance: A History

Year	Main Initiatives
2001	1 non-Japanese Board Member appointed (Until Aug 2003)
2005	Executive Director System introduced following business integration reforms
	Director Retirement Bonus System abolished
	Performance-related Pay System introduced for Directors
2013	1 Outside Director appointed
2016	2 Outside Directors appointed
2017	Board of Directors' Effectiveness Evaluation Conducted
2020	Nominations & Remuneration Advisory Committee established
	1/3 of the Board of Directors comprised of Outside Directors (3 Outside Directors appointed)
	Corporate Governance Basic Policy established
2021	Director Remuneration System altered
	Director-centered Restricted Stock Remuneration System introduced
	1 female Audit & Supervisory Board Member appointed
2023	1 female Executive Director appointed
	4 Outside Directors and 1 female Outside Director
	1 Standing female Audit & Supervisory Board Member appointed
	Introduction of a Restricted Stock Incentive System for employee shareholders
2024	Audit & Supervisory Board' Effectiveness Evaluation Conducted
	1 female Executive Director appointed (2 female Executive Directors in total)

Board of Directors

To ensure rapid implementation of management decision-making, we have set the maximum number of Directors at 10, and are working to further strengthen our supervisory functions so that all decisions regarding important operational issues are made based on the rules and policies of the Board of Directors, in accordance with the law and the Articles of Incorporation.

We shall recognize that ensuring diversity of Board of Directors and obtaining a broad range of opinions on management will result in stronger supervisory and decision-making functions for Board of Directors. In our process for selecting Directors, we shall elect based on the company's policy of selecting candidates without regard to gender, nationality, career and age.

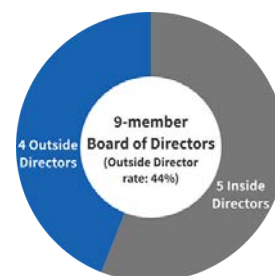
However, Independent Outside Directors shall be elected with management experience at other companies, and Audit & Supervisory Board members shall be elected with sufficient expertise of finance and accounting.

Board of Directors Outline (14 meetings in FY2024)

Meeting Chair	The President	
Number of Board Members	9	Outside Directors now comprise over 1/3 of the Board of Directors.
Meeting frequency	In principle, once a month	We also convene ad hoc Board of Directors meetings according to need.
Term of Board Members	1 year	We limit terms to 1 year in order to clarify the management responsibilities and roles of each Board Member.

Board Member breakdown (As of 2025-06-27)

	Males	Females	Total
Inside	5	0	5
Outside	3	1	4
Total	8	1	9



Top Matters Discussed by the Board in FY2024

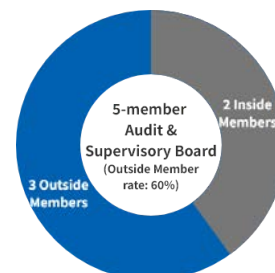
Matters related to management strategy and business planning
Matters related to settlement of accounts and financial strategy
Matters related to human resources and organizational change
Matters related to ESG
Confirmation of business unit strategies and Key Companywide Issue initiatives plus progress reports

Audit & Supervisory Board

Our Audit & Supervisory Board consists of five members, three of whom are outside and two of whom are full-time inside, with one of the latter serving as chair. In line with the audit policies, methods, plans, and division of roles determined by this board at the start of every new period does each member join key meetings, including those of the Board of Directors, review important documents, and, through assessing business execution conditions, audit and supervise the performance of Director duties from an independent standpoint. The two full-time members join management meetings and other such meetings of importance, and audit the overall management situation, Board Member performance and Executive Director performance, through conducting site visits, hearings, and reviews of meeting minutes and other key documents for all main divisions, workplaces and group subsidiaries. The non-full-time members sit in on Audit & Supervisory Board meetings to receive the aforementioned audit status reports, accompany full-time members on site visits, and participate, as appropriate, in information-exchange sessions with the Audit Team of the Inside Audit Division and the Inside Control Management Division (in charge of compliance and risk management). In such meetings will these members offer advice and voice necessary opinions.

Audit & Supervisory Board Member breakdown (As of 2025-06-27)

Inside (Full-time)	2
Outside	3



Nominations & Remuneration Advisory Committee

The Nominations & Remuneration Advisory Committee is comprised of at least three Directors (the majority being those who are independent and from outside of the company) selected by the Board. The aim is to further enhance corporate governance by enhancing the fairness, transparency and objectivity of the procedures relating to the nomination and remuneration of Directors. This committee deliberates the selection, dismissal and remuneration (e.g. remuneration structure) of Directors and Audit & Supervisory Board Members, the selection and dismissal of Representative Directors, and other matters deemed necessary by the Board in response to Board inquiries. Committee findings are reported to the Board.

Nominations & Remuneration Advisory Committee Outline (7 meetings in FY2024)

Committee Chair	The President	Committee chairman selected based on a vote of the Board of Directors
Number of members	6	4 Outside Directors, 2 Inside Directors

Top Matters Discussed by the Nominations & Remuneration Advisory Committee in FY2024

appointment of the president, our approach to director remuneration, director of personnel affairs, human capital management

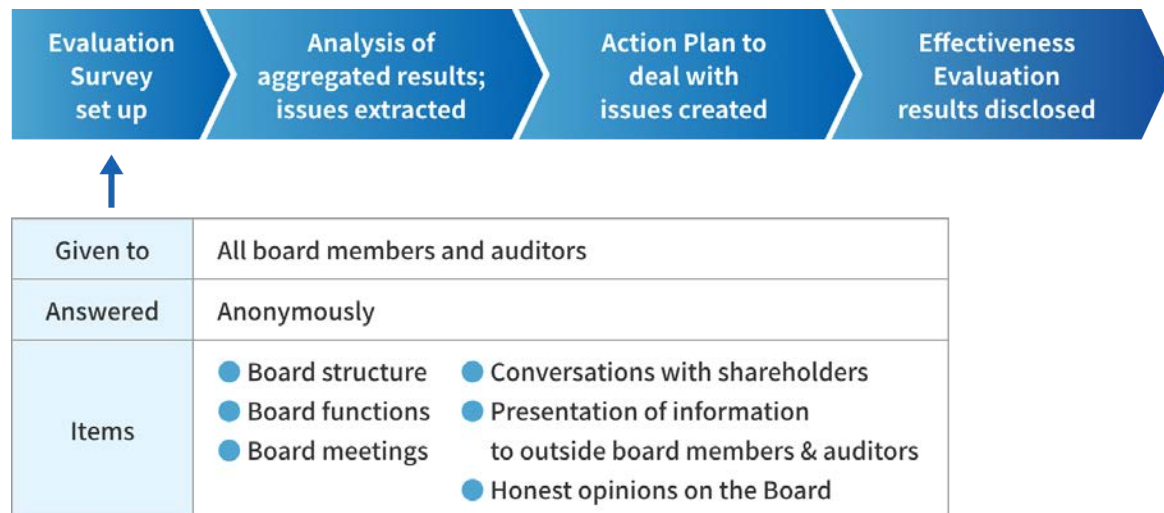
For our financial audits, we have an auditing contract with Ernst & Young ShinNihon LLC. EY conducts accounting audits based on the Companies Act and the Financial Instruments and Exchange Act, as well as internal control report audits.

[Remuneration for Certified Public Accountants](#)

Board of Directors Effectiveness Evaluation

Our improvement cycle involves conducting an annual Board of Directors Effectiveness Evaluation to grasp the current state of affairs, extract key issues, and devise a relevant Action Plan.

Board of Directors Effectiveness Evaluation



*Questions take the form of 1-5 evaluation, essay-style and open-answer

Issues arising from the practical evaluation of FY2023	
① Discussion on ensuring the diversity of core human resources, human resource development policy, internal environment preparation policy, and human capital policies; readiness of oversight	
② Incompleteness of discussion on business portfolio strategy and focused measures for improving PBR and monitoring	
Initiatives enacted in FY2024	
① Discussion on ensuring the diversity of core human resources, human resource development policy and internal environment preparation policy Disclosure of initiatives related to human capital management, along with the implementation of various measures based on such disclosures, including the use of a talent management system and the execution of employee engagement surveys.	
② Measures to increase the quality of management strategy discussions within Board Meetings Discussions among Board members on topics such as business portfolio strategy and capital policy, followed by the disclosure of related analyses and company initiatives through various disclosure channels.	
Evaluation Results and Issues Going Forward	
The Board's analysis and evaluation of survey results revealed relative improvements in survey scores stemming from the various improvements achieved through our action plans. Overall, the analysis confirmed that our Board of Directors is effectively fulfilling its roles and responsibilities. However, from the perspective of further enhancing the effectiveness of the Board of Directors, the following issues have been identified: ① Utilization of the skills matrix in the selection of Board Members and the formulation of succession plans, as well as enhancing discussions related to succession planning. ② Further enhancement of discussions and oversight regarding human capital management initiatives, including the development of a diverse pipeline of core personnel. ③ Strengthening oversight of cybersecurity measures. ④ Ongoing discussions and enhanced oversight on management strategies, the company's future vision, and initiatives focused on improving the price-to-book ratio (PBR). The Board fixed the relevant actions to be taken at the March 2025 meeting and is working on steadily implementing them from April 2025 onwards. We will make continued efforts to improve Board effectiveness going forward.	
Outside Directors Discussion Forum	

Director Remuneration

The 149th Ordinary General Meeting of Shareholders on August 30th 2006 saw Nippon Kayaku determine annual upper limits of director (board member) remuneration at 360 million yen for fixed remuneration and 200 million yen for bonuses. As of the end of that AGM, the Board was comprised of eight members, with zero Outside Directors. The 164th Ordinary AGM of June 25th 2021, meanwhile, saw a 100-million- yen annual limit voted through on Restricted Stock Transfer Monetary Remuneration, applying to the relevant directors and running separately to existing director remuneration arrangements. As of the end of that AGM, the Board was comprised of 9 members, of which three were Outside Directors.

The 149th Ordinary AGM also set annual limits on Audit & Supervisory Board Member remuneration at 90 million yen. There were five Audit & Supervisory Board Members as of the end of that meeting.

To ensure the appropriateness of matters discussed and transparency in the decision-making process, the Nominations & Remuneration Advisory Committee - the majority of whose members is comprised of independent Outside Directors - deliberates matters relating to Director remuneration in response to inquiries from the Board of Directors, and reports back to the Board. Such a process enabled the Board Meeting of June 25, 2021 to finalize Nippon Kayaku's policy regarding the individual Director remuneration.

With a view to achieving our **KAYAKU spirit** corporate vision, in addition to sufficiently functioning as an incentive to sustainably improve corporate value and share that value with shareholders, Director remuneration shall also be structured at a competitive level to help us secure excellent personnel. Specifically, Director remuneration pertaining to the execution of business activities shall consist of basic remuneration and incentive remuneration (performance-linked bonuses and stock remuneration). The remuneration of Outside Directors, with their standpoints independent from business execution, shall be limited to basic remuneration in view of their responsibility.

The amount of basic remuneration for Directors involved in executing business activities shall be determined according to the total standard amount for each objective element, such as their duties and rights to act. This amount shall be paid in the form of monetary remuneration on a monthly basis.

Furthermore, at the Board meeting convened on March 28th 2025, it was decided to change the contents of the policy concerned based on a report submitted by the Nominations & Remuneration Advisory Committee. The altered contents are as follows.

The amount of basic remuneration for Directors involved in executing business activities shall be determined, whether s/he has authority of representation or not, shall be decided based on their job responsibilities and shall be distributed in the form of a monthly pecuniary award.

◆ Remuneration Structure

The ratio of remuneration by type for Directors involved in executing business shall be roughly 60% for basic remuneration and 40% for incentive remuneration, and shall be determined based on the Director's position, responsibilities and other factors.

Regarding decisions on the content of individual remuneration for Directors, the Nominations & Remuneration Advisory Committee will consider a draft from various perspectives, such as consistency with overall policy direction, and report back to the Board.

he Board then deliberates the Committee's report and decides the content of individual Director remuneration. Audit & Supervisory Board Member remuneration shall be limited to fixed remuneration in view of their responsibility to monitor the execution Director duties, with the amount to be determined through discussions with those Members within the yearly remuneration limit range.



◆ **Performance-related Remuneration**

The performance-linked bonuses of individual Directors involved in executing business activities shall be based on the degree of achievement with regards to current financial year targets, the average rate of change of consolidated operating profit over the past three fiscal years, the degree of achievement of Medium-term Business Plan ROE targets, business results of the departments for which they are responsible, and the degree of achievement of mid-to long-term key-issue targets. These bonuses shall be paid in cash at a fixed time following the end of every fiscal year.

The reasons for selecting these business results indicators are: to heighten awareness of both the need for short-term result improvements with respect to consolidated operating profit, and the need for Medium-term Business Plan targets and sustainable business results to be achieved through our focus on an ROE of 8% or above. Directors involved in executing business activities shall be awarded transfer-restricted stock, with a fixed transfer-restriction period attached, at a certain time every year. The aim is to motivate Directors to contribute to improving mid-to long-term corporate and shareholder value under the wider aim of sharing value with shareholders. Monetary remuneration credits equivalent to the stock remuneration and the number of shares to be awarded shall be determined based on the Director's position and responsibilities, as well as our stock price and other factors.

Furthermore, at the Board of Directors Meeting convened on March 28th 2025, it was decided, based on a report submitted by the Nominations & Remuneration Advisory Committee, to change the contents of the policy concerned as follows.

The performance-linked incentive bonus for each individual Director involved in executing business activities shall be distributed in monetary form at a fixed time after each financial year has ended, and be chiefly based on consolidated sales and consolidated profits as determined in that financial year's business plan, and the degree to which the Medium-term Business Plan's ROE target of 8% or above has been met, or the rate of increase or decrease therein. The final calculation will also take account of the business results for the department headed by said Director, and the degree to which medium-to-long-term targets for key issues have been met. The rationale for selecting these business targets for use in the calculation is that whereas consolidated sales and consolidated profits mainly increase awareness of improving short-term business results, ROE of 8% or above and the rate of increase or decrease heighten awareness of achieving the Medium-term Business Plan and implementing the company's sustainable management practices. It was decided that, taken together, these targets constitute the optimum performance index.

➤ [Director Remuneration](#)

Conflicts of Interest

Nippon Kayaku has specified in the Rules of the Board of Directors that any Director engaging in competitive or personal transactions must receive prior Board approval and report the results of such transactions to the Board. In addition to the aforementioned, we also verify at the end of the fiscal year whether either Directors and Audit & Supervisory Board Members themselves or their close relatives (to within two degrees) have engaged in transactions with the Nippon Kayaku Group. The Rules of the Board of Directors specify that Board approval is required for important transactions with principal shareholders and affiliated companies.

Cross-shareholdings Policy

Policy on Cross-shareholdings

Nippon Kayaku's shareholding purposes can be divided into two categories: stock investments for net investment purposes, and stocks held for purposes other than net investment. The former refers to investments made in order to derive gains from changes in share value or dividends, while the latter refers to stocks held for other purposes.

We have pressed ahead with further reassessments of our cross-shareholding purposes and investment efficiency, and are working towards a target of reducing our cross-shareholdings to 6% or less of consolidated net assets by March 2029.

◆ Examination of Shareholding Suitability

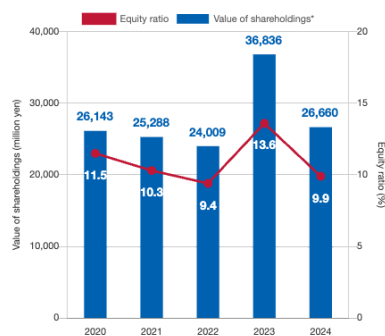
Nippon Kayaku invests in cross-shareholdings from the standpoints of improving medium-to-long-term corporate value, and maintaining and strengthening relationships with our customers. Each year sees individual cross-shareholdings examined by the Board of Directors from medium-to-long-term corporate value perspectives. Cross-shareholdings deemed no longer necessary are, with due consideration given to market impact, consequently sold off.

[Securities Report\(The Shareholding Situation\)\(Japanese\)](#)

◆ Shift in Cross-Shareholdings Policy

As mentioned above, Nippon Kayaku invests in cross-shareholdings from the standpoints of improving medium-to-long-term corporate value, and maintaining and strengthening relationships with our customers. Each year sees individual cross-shareholdings examined by the Board of Directors from medium-to-long-term corporate value perspectives. Cross-shareholdings deemed no longer necessary are, with due consideration given to market impact, consequently sold off.

Our cross-shareholding balance for FY2024 reached 9.9% of consolidated net assets, marking a 3.7% drop on FY2023 due to, among other things, our pressing ahead with sales of cross-shareholdings. We will work on accelerating such sales to as to guarantee meeting our next target.



* Total value of unlisted and not-unlisted stock

Related Data

[ESG Aggregate Data\(Governance\)](#)

Compliance

Policy and Basic Approach

The Nippon Kayaku Group naturally views compliance as a matter of observing laws, internal regulations and industry rules, as is the social norm and as society demands. However, we broaden our interpretation of compliance to include viewing it as a means of continually repaying the trust of our various stakeholders.

Furthermore, by way of a Group code of behavior, we have fixed our Charter of Conduct and Code of Conduct to provide the spirit with which our business activities can help fulfil our social role of contributing to wider society.

We are also working on achieving thorough compliance across our business activities, and further promoting compliance activities under strong top management leadership.

Nippon Kayaku Group Charter of Conduct and Code of Conduct

After underlining compliance as our “top priority for business activities”, we fixed our [Nippon Kayaku Group Charter of Conduct and Code of Conduct](#) in the year 2000. We revised the contents in 2011 in line with ISO26000 (Guidance Regulations on the Social Responsibilities of Organizations), and again in 2020 when resolving to voluntarily implement measures towards achieving a sustainable society.

The Nippon Kayaku Group Charter of Conduct

◆ Business activities

1. The Nippon Kayaku Group will provide products and services that satisfy customers through Communication with customers and the provision of appropriate information, giving due consideration to the safety and reliability of its products and services.
2. In all its business activities, the Nippon Kayaku Group will comply with all relevant laws and regulations, including competition law, the spirit of these laws, and internal regulations, and will engage in fair, transparent, and free competition. We will also maintain sound relationships with the governing authorities in all regions.
3. The Nippon Kayaku Group respects human rights in all its business activities, and will not discriminate or tolerate any inappropriate behavior for reasons based on gender, age, nationality, race, religion, or disability.
4. The Nippon Kayaku Group will appropriately manage and utilize the company's assets to improve the efficiency of its business activities and strive for continuous development.
5. The Nippon Kayaku Group implements systematic crisis management in preparation for the actions of anti-social forces that threaten the lives of citizens and corporate activities, as well as for terrorism, cyber attacks, natural disasters, and other events.

◆ Relationship with society

6. The Nippon Kayaku Group respects the cultures, religions and traditions of each country and region, works in harmony with society, and contributes to the development of society as a good corporate citizen.
7. The Nippon Kayaku Group will disclose information on its business activities to stakeholders in a timely and appropriate manner based on objective facts. We will also strive to increase corporate value through constructive dialogue with stakeholders.
8. In order to contribute to a sustainable society and the environment, the Nippon Kayaku Group strives to conduct its business activities in harmony with the natural environment by constantly taking into account the impact on the global environment, not only complying with relevant laws and regulations, but also establishing its own voluntary standards.

◆ Information handling

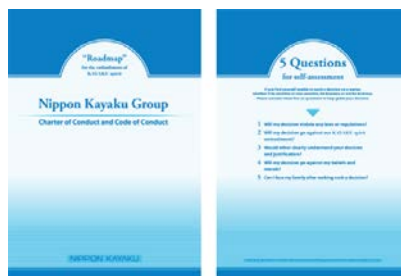
9. The Nippon Kayaku Group will appropriately protect the information it possesses through its business activities and take all possible measures for information management. In addition, we recognize the value of information assets and respect the intellectual property rights of others.

◆ Relationships between the company and individuals

10. The Nippon Kayaku Group complies with labor-related laws and regulations, ensures a safe and comfortable working environment, and respects the basic human rights, diversity, character, and individuality of individuals.

◆ Roles of top management and thorough adherence to this charter

11. Those involved in the management of the Nippon Kayaku Group recognize that realizing the spirit of this charter is their own role and responsibility, and will thoroughly disseminate it to all employees. In addition, we will listen to the opinions of people inside and outside the group, establish effective systems within the group, and ensure thorough implementation of corporate ethics. In the event of a situation that contravenes the spirit of this charter, we will clarify both inside and outside the company our stance of solving the problem, investigate the cause, and work to prevent any recurrence.



The Nippon Kayaku Group Charter of Conduct and Code of Conduct

◆ High Ethical Standards and Transparency in our Medical Business

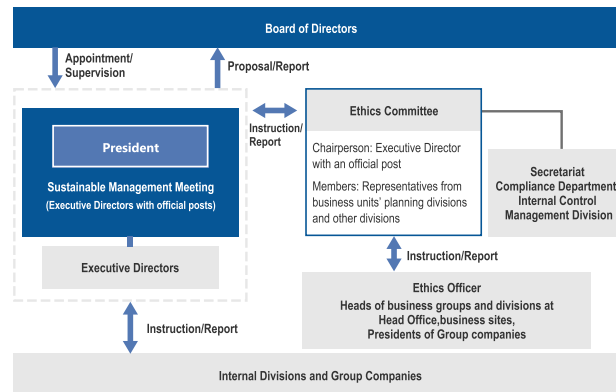
Pharmaceutical companies are demanded to constantly ensure high ethical standards and transparency; build relationships of mutual trust with external stakeholders such as medical, dental and pharmaceutical researchers, medical professionals, wholesalers and patient groups; and work towards optimal and ethical medical care from the patient's standpoint.

As the standard by which to judge whether our actions align with the aims of the JPMA Code, we have fixed a Nippon Kayaku Code of Practice. Thus are we further clarifying the corporate ethics and compliance awareness campaigns which form the bedrock of our business activities, and promoting respect for those key areas in the conduct of business and from a high ethical standpoint.

➤ [Responsible Marketing and Access to Medical Care](#)

System

In order to ensure thorough compliance across the entire Group, we have set up an Ethics Committee as an advisory body to our Sustainable Management Meeting under the guidance and supervision of our Board of Directors. This Committee meets twice a year, and on a further ad hoc basis when necessary. Led by an Executive Director with an Official Post nominated by our President, the Ethics Committee is comprised of representatives from every business unit's planning department, and from every section of our General Administration Department which is unattached to any business unit. Its remit is to decide on policies and specifics related to ensuring compliance with our Charter of Conduct, Code of Conduct and Basic Anti-Bribery Policy, thereby preventing conflicts of interest and corruption emanating from unreasonably approaching government employees. It must also examine and decide upon responses to matters either arising in consultation or actually occurring, and the relevant recurrence prevention measures. The most important matters discussed by this Committee, including anti-corruption matters, are forwarded to the Sustainable Management Meeting and even the Board of Directors, who provide related feedback.



Internal Audits

In line with our basic policy on internal system structure, the Nippon Kayaku Group has set up an Audit Division, under the direct supervision of the President, to contribute towards strengthened corporate governance in the form of anti-corruption stances, prevention of unfair or erroneous practices, business operational reform, and asset safeguarding. Based on the annual audit plan approved by the Sustainable Management Meeting, this Audit Division internally audits every division and section of both domestic and overseas Group companies once every three years. Such internal audits involve assessing the systems for business, operational, financial and legal management, as well as observation of ethical standards and anti-corruption measures. Audit results are not only promptly shared with the President, auditors, and the Audit & Supervisory Board, but periodically reported to the Board of Directors via our internal database.

Targets and Results

Key sustainability issues	Corresponding SDGs	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
					FY2023	FY2024	
Ensuring Compliance		Exercise thorough compliance, which is a basic principle for conducting corporate activities, and engaging in fair business operations	Number of serious compliance violations*	0	0	0	- Zero serious compliance violations. - FY2024's mandatory compliance training took the theme of "Workplace Communication," and was delivered to all domestic group companies.
			Compliance training take-up rate	100%	96%	97.7%	
		Maintain and enhance an open corporate culture with a high sense of ethics	Percentage of group companies with compliance / whistleblower hotlines	100%	83%	100%	We spoke to overseas group companies without a Compliance Whistleblower Hotline and ensured such hotlines were set up. We aim to expand hotline use through increasing awareness and training in FY2025.

* Number of matters judged extremely important by the Ethics Committee

Initiatives

Internal Whistleblowing System

With the installation of its Internal Whistleblowing System and the setting up of its Compliance Hotline, Nippon Kayaku is working on prevention and early detection of unfair practices, and relevant corrective measures.

Our Compliance Hotline is available to all domestic Nippon Kayaku Group executives, employees (including contracted and part-time employees), temp staff and retired employees (up to a year after they have left). Overseas Group companies, meanwhile, have set up their own internal whistleblowing systems.

Whistleblowing reports may pertain to malpractice, such as law violations, unjust practices, violations of internal regulations such as the Group Charter of Conduct and Code of Conduct, and actions contravening corporate morals. They may also pertain to human rights violations, harassment, bribery, unfair trading, and more generic corrupt practices. When it comes to malpractice, or the risk of malpractice occurring in Nippon Kayaku Business, we are ready to accept a whistleblowing report or consultation at any time.

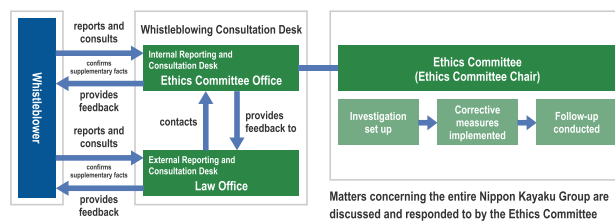
Our Compliance Hotline, meanwhile, runs to both our Ethics Committee Office (the Internal Control Management Division's Compliance Manager) and an external law firm, and allows whistleblowers to choose anonymity or otherwise when reporting or consulting. Reports may be made via telephone, email, document or interview, with email and document submissions accepted 24/7.

Any report or consultation accepted by the Compliance Hotline reception desk will be examined by the Ethics Committee Office, which will then decide on whether to investigate the facts. If, during any investigation, evidence of malpractice becomes clear, the Ethics Committee Office will promptly devise measures for corrective response and recurrence prevention, and subsequently notify the whistleblower of the investigation results.

Our Internal Whistleblowing System guarantees both confidentiality and anonymity, and our Regulations on Handling Internal Whistleblowing Reports specifically state that the whistleblower shall not receive any kind of negative treatment as a consequence of reporting or consulting.

We are raising awareness of our whistleblowing system and Compliance Hotline through group sessions, E-learning, internal portal site announcements, workplace posters, and the distribution of portable cards.

Flow of Reporting and Consulting



Contents of Reports and Consultations made over the Last Five Years

FY2024 saw a total of 25 reports (non-consolidated: 17; group companies: 8) and consultations made, with the facts of every one investigated and corrective measures deployed where necessary. Of those 25, none were of sufficiently critical nature to impact business operations. Through internal company training will we continue to promote awareness of our Internal Whistleblowing System, and encourage employees to use it as we strive towards prevention, early detection and containment of malpractice and misconduct.

Contents of Complaints and Consultations	Covering	Unit	2020	2021	2022	2023	2024
Harrassment (power harrassment, sexual harrassment, etc.)	non-consolidated	cases	6	2	7	16	8
	Group companies	cases	-	-	-	-	5
Violations of company rules or manners	non-consolidated	cases	0	0	2	3	6
	Group companies	cases	-	-	-	-	3
Work or labor-related	non-consolidated	cases	1	1	3	5	3
	Group companies	cases	-	-	-	-	0
Others	non-consolidated	cases	0	1	4	3	0
	Group companies	cases	-	-	-	-	0
Total	non-consolidated	cases	7	4	16	27	25

Our Compliance Hotline for Suppliers

The Nippon Kayaku Group has set up a Compliance Hotline for Suppliers for matters related to law violations. We ask that suppliers confirm Points 1 to 5 below before reporting or consulting via Point Number 6.

- Available to
Executives and employees who, in the course of business, are involved in trading with domestic Nippon Kayaku Group companies
- Focusing on
Law violations or unethical acts committed by executives and staff of domestic Nippon Kayaku Group companies, or the discovery of readiness to commit such acts
- Reports and consultations accepted by
The Ethics Committee Office (Internal Control Management Division), Nippon Kayaku Co., Ltd.
- Requests regarding reports and consultations
All whistleblowers should state their name, workplace and department. Whistleblowers unable to give their name can make reports and consultation requests anonymously, but this may impede the establishment of facts and the wider investigation, as well as render it impossible to report back on investigation results and recurrence prevention measures taken.
- Protection of whistleblowers and consultation-seekers
All users of our Compliance Hotline for Suppliers will have their personal information strictly handled in line with our [Policy for Protection of Personal Information](#). Such information will only be used as necessary in the conduct of the investigation. Furthermore, whistleblowers will not receive any blowback for the act of having made a report or requested a consultation.
- To contact us
Reports and consultation requests should be made to the [Compliance Hotline for Suppliers](#).

Numbers of Reports and Consultations

Our Compliance Hotline for Suppliers has been in place since FY2021, during which it received no enquiries. FY2024 saw four reports and enquiries received. The case was not of sufficiently critical nature to impact business operations. We will continue to earnestly take on board the comments of our suppliers, and seek to improve the fairness and transparency of our trading activities.

Number of Whistleblowing Complaints and Consultations from Suppliers

Whistleblowing	Covering	Unit	2020	2021	2022	2023	2024
Whistleblowing complaints and consultations from suppliers	non-consolidated	cases	-	0	1	0	4

Internal Instillation

So that the entire Group is instilled with awareness of the need for thorough compliance and secure implementation, and that the contents of our Charter of Conduct and Code of Conduct can be checked at any time, we have produced some portable cards imprinted with both the aforementioned as well as our corporate vision. We have also produced a brochure in the six languages spoken by the countries in which we have set up base (Japanese, English, Chinese, Spanish, Malay and Czech). Both the cards and brochures have been distributed to every Group executive and employee.

It is also the case that every October is Nippon Kayaku's "Compliance Month," which sees our Ethics Committee Chairman pen a message aimed at every domestic Group company employee in our internal bulletin. It also sees us conduct a Compliance Consciousness Survey so we can continually monitor the degree of compliance instillation and link to subsequent improvements.

Compliance activities for our overseas group companies are implemented in accordance with the relevant country's laws and business customs. In China, for example, all our group company chief executives and persons in-charge of ethics gather each year for an Ethics Managers Meeting. This meeting provides a chance to discuss compliance initiatives, reports of issues, the extraction of problems and issues, and relevant measures to be taken. In addition, legal representatives from our Internal Management Control Division and KSC* provide onsite compliance training to the employees of each group company. Going forward, based on each country's situation, we will deepen the links between each group company and section as we aim for yet more effective and efficient global compliance activities.

* KSC is the abbreviation for Kayaku (Shanghai), our administrative company in China

Education and Training

The Nippon Kayaku Group conducts annual e-learning courses on its Charter of Conduct and Code of Conduct for all directors, employees (including contract and part-time employees) and temp staff. The program takes place every year as part of compliance training, and is based on the latest situations and case studies pertaining to the Charter of Conduct and Code of Conduct, and related themes, such as anti-bribery and anti-corruption, basic human rights, harassment, and how to use our internal whistleblowing system. We also use regular meetings at each workplace as opportunities to deliver case-study-based training and form study groups.

We also set up harassment prevention training for every executive and employee on an annual basis. The contents are the same for managers and non-managers alike, and involve sharing awareness of harassment definitions, case studies, preventative measures and responses to actual situations, as part of broader initiatives to increase awareness and prevent before the event. In addition, to boost thorough compliance across the entire group, we provide compliance training for all group company directors to promote the acquisition of necessary knowledge from a managerial perspective.

So that training opportunities and programs can be provided to every employee, we mainly rely on E-learning methods and large group sessions at Group companies.

Training type	Main contents	Mainly aimed at	FY	Training format	No. of times
Compliance Training (Yearly, Compulsory)	Communication in the workplace	Executives, employees, (including contracted and part-time employees), temp staff	2024	E-learning, group session	1
Sustainability Training (Mandatory)	Basic Anti-Bribery and Anti-Corruption Policy; bans on provision and receipt of excess entertainment; actions banned under the ethical regulations for government employees	Executives, employees, (including contracted and part-time employees), temp staff	2024	E-learning	1
Compliance Training	Training delivered on Nippon Kayaku Group Charter of Conduct and Code of Conduct, and related themes - Harassment - fundamental Human Rights - Labor relations etc	Executives, employees, (including contracted and part-time employees), temp staff	2024	E-learning	6
Risk Management Training	Biases which can affect judgment	Executives, employees, (including contracted and part-time employees), temp staff	2024	E-learning	1
New Hire Training ^{*1}	Nippon Kayaku Group Compliance	New hires	2024	Group session	1
New Manager Training ^{*1}	Nippon Kayaku Group Compliance	New managers	2024	Group session	2
Overseas Transfer Training ^{*2}	Charter of Conduct and Code of Conduct, Basic Anti-Bribery Policy etc.	Employees transferring overseas	2024	Interview, online	11

*1 Held every year

*2 Pre-departure training set up for employees transferring overseas

Our Compliance Consciousness Survey

Our Compliance Consciousness Survey has been conducted in conjunction with a contracted consultancy firm since FY2015. From the aggregated results and subsequent analysis do we extract the key compliance promotion issues for each company workplace and provide the relevant feedback, including improvement suggestions. That feedback is then referenced by each workplace when it draws up and fixes its Compliance Action Plan for the following financial year, thereby building PDCA's to improve compliance consciousness.

Anti-Corruption

Policy and Basic Approach

The Nippon Kayaku Charter of Conduct and Code of Conduct call for competition law, related laws, the spirit of those laws, and internal company regulations to be observed in all business activities; for competition to be conducted fairly, transparently and freely; and for improper trading practices such as bribes to be banned. Furthermore, so as to clarify our basic approach towards the prevention of bribery, the rules to be observed and their sphere of applicability, we have fixed our Nippon Kayaku Group Basic Anti-Bribery Policy, which is now being diffused and rolled out to all executives and employees.

Nippon Kayaku Group Basic Policy on Anti-Bribery

Established: June 21, 2021
Revised: January 31, 2024

◆ I . Preamble

Nippon Kayaku established the Nippon Kayaku Group Basic Policy on Anti-Bribery (hereinafter referred to as the Basic Policy) to clarify the basic concept, scope, and rules to be followed regarding the prevention of bribery, for declaration to both inside and outside the company. This basic policy applies to all officers and employees of the Nippon Kayaku Group (employees, junior employees, contract employees, advisors, contract workers, parttime workers, etc.).

◆ II . Overview

The Nippon Kayaku Group established the Nippon Kayaku Group Charter of Conduct and Code of Conduct to implement sustainable management that is integrated with management strategy while maintaining a high level of ethical standards. This is aimed at realizing the corporate vision **KAYAKU spirit** of "continuing to provide society with the best products through constant progress and the combination of conscience." The Charter of Conduct and Code of Conduct stipulates that; we will "comply with competition laws and other relevant laws and regulations, as well as their spirit and internal regulations, and engage in fair, transparent and free competition in all our business activities; that we will maintain sound relations with politics and the government;" and that we will "comply with relevant laws and regulations in each country and region, and respect international norms, cultures, religions and traditions." Furthermore, the Nippon Kayaku Group considers the establishment and strengthening of anti-bribery systems both domestically and overseas to be an important issue to be addressed by the Group as a whole as we continue to expand our business globally year by year.

◆ III . Declaration

The Nippon Kayaku Group will comply with laws and regulations that prevent bribery in each country and region in which the Nippon Kayaku Group operates, including the Japan Anti-Unfair Competition Act, the U.S. International Anti-Corruption Act (Foreign Corrupt Practices Act:FCPA),the Bribery Act (Bribery Act:UKBA), and the Chinese Commercial Bribery Regulation. In addition, we will not act in a way that violates the Ethical Code for Public Employees of Japan, the Code of Ethics for National Public Employees, the ethical rules stipulated by special public corporations, local governments, etc., and the laws and regulations concerning the public employees^{*1}, etc. of each country.

◆ IV. Compliance items

1. Prohibition of Bribery of Public Officials, etc.

The Nippon Kayaku Group will not provide, offer or promise any illegal entertainment, gifts, benefits or other economic benefits^{*2}, whether directly or indirectly, to domestic and overseas public employees or persons in similar positions ("public employees, etc.") with the aim of influencing their conduct of duties.

In the event public officials, etc. request the provision of illegal entertainment, gifts, benefits, or other economic benefits domestically or overseas, the Company shall refuse such request and notify the relevant organizations as appropriate.

2. Payment to intermediaries

Payment shall not be made if the Nippon Kayaku Group becomes aware that payments to contractors, agents, consultants, wholesalers, and other intermediaries to wholesalers to whom the businesses are outsourced, and a portion thereof, are diverted to improper approaches to public officials, etc., or that there is a possibility thereof.

3. Entertainment and gifts to business partners other than public officials, etc.

In compliance with national laws, industry codes and internal regulations, we will not provide entertainment, gifts, or other economic benefits that exceed a reasonable range of social conventions to our domestic and overseas business partners, including their officers and employees.

4. Entertainment and gift-giving

We do not receive excessive entertainment from business partners or gifts of money that exceed the scope of social conventions.

5. Donation activity

Donations, such as grants and political contributions, will not be made for the purpose of fraudulently obtaining or securing business benefits.

6. Control of Records

We will prepare and maintain accounting records of all transactions and dispositions of assets, as appropriate and accurately as possible, to demonstrate that bribery has not occurred.

◆ Requests to business partners

This basic policy summarizes the Nippon Kayaku Group's approach to anti-bribery, and we believe that the understanding and cooperation of our business partners is essential to the implementation of this basic policy. The Nippon Kayaku Group requests to conclude a contract that includes provisions to understand this Basic Policy and to comply with relevant laws and regulations, including the prevention of bribery, at the time of new use or renewal of the contract with intermediate manufacturers such as contractors, agents, consultants and wholesalers who may come into contact with public officials. If you encounter or suspect any violations to this basic policy or related laws or regulations, please notify your contact person at the Nippon Kayaku Group.

We also request that you cooperate in investigations by Nippon Kayaku Group companies or relevant authorities regarding alleged violations or violations.

^{*1} Public officials, etc." refers to those who are in charge of legislative, administrative, judicial, and other public affairs in each country or region, candidates for such services, officials of government agencies, employees of companies and other organizations owned and operated by the government, officers and employees of political parties, and officers and employees of public international organizations composed of countries, regions, and their governments.

^{*2} Gifts, benefits, and other economic benefits" include all items that are equivalent to cash, such as gifts, services, employment, loans, travel expenses, food and beverage, invitations (sports tours, theatrical tours), donations, daily grants, and rewards, all of which are in profit, whether in their nominal terms. Provided, however, that this shall not apply to acts where the scope of the Anti-Corruption and Anti-Bribery Laws and Regulations applicable to each country or region is moderate in light of lawful and sound business practices and socially accepted norms.

System

➤ [Compliance\(System\)](#)

Internal Audits

➤ [Compliance\(Internal Audits\)](#)

Initiatives

Risk Evaluation

For its annual risk assessment, the Nippon Kayaku Group identifies risks at all its business sites (including those of overseas group companies), examines response measures, and sets up periodical reviews. (For details, please see: [Risk Assessment > Preventative Measures Against Risk](#)).

For our Group companies in countries with high corruption risks, we have fixed Anti-Bribery and Anti-Corruption regulations as part of our comprehensive anti-corruption approach. These regulations basically set the rules for provision and receipt of entertainment and gifts which conform to the laws and business customs of the countries concerned. Compliance is periodically checked via internal audit. Going forward, based on each country's individual situation, we will continue to strengthen links between each group company and department in our quest to deliver yet more effective and efficient global compliance activities.

Internal Whistleblowing System

➤ [Compliance \(Internal Whistleblowing System\)](#)

Education and Training

Our education and training contents are based on the Nippon Kayaku Group Charter of Conduct and Code of Conduct, and include matters such as conflicts of interests, outlawing of insider trading, and anti-corruption. Our overseas group companies receive onsite education and training sessions from the Internal Control Management Division once a year.

➤ [Compliance \(Education and Training\)](#)

Preventing Corruption for suppliers

Nippon Kayaku subjects its domestic suppliers to a Sustainable Procurement Survey. The Survey contains questions related to preventing corruption and forms part of our effort to combat corrupt practices by getting our suppliers to demonstrate proper compliance.

Furthermore, in order to ensure thorough compliance across the supply chain, we request that any subcontractor, agent, consultant, wholesaler, and any other intermediary who may come into contact with government employees, receives, upon their first commissioned job or whenever their contract is renewed, an explanation of the Nippon Kayaku Group's Basic Anti-Bribery Policy, and signs a contract pledging to honor it as well as related anti-corruption laws and regulations.

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

Responsible Political Involvement

Our Nippon Kayaku Group Charter of Conduct and Code of Conduct call for the building of healthy relations with politics and administrative bodies, and forbid bribery and other dishonest practices. Donations to political groups are made in compliance with the Political Funds Control Act, the Public Officers Election Act, and other related legislation. Internal company processes must be followed, and requests must be submitted in advance for final decision.

Related data

➤ [ESG Aggregate Data \(Anti-Corruption\)](#)

Risk Management

Policy and Basic Approach

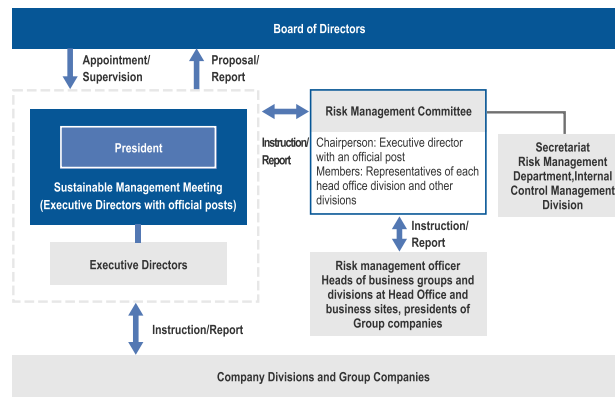
In a time when the surrounding business environment changes from day to day, leading to increased complications and uncertainty, we are facing a multitude of risks. By maintaining its production system, ensuring suitable access to natural resources, and strengthening disaster prevention measures in order to secure business continuity, the Nippon Kayaku Group is taking preventative measures against risks before they surface, and putting plans in place to mitigate their effects.

In order to “restore business operations within a specified timeframe” in times of disaster or emergency, we are not only promoting the establishment of a BCP Manual for our head office and all business units, but also the preparation of BCP Manuals for every overseas workplace.

System

In order to take preventative measures against risks before they appear, thereby minimizing their effects, we have set up a Crisis Management Committee to serve as an advisory body to the Sustainable Management Meeting. This committee convenes twice a year, and on an ad hoc basis when required.

The committee, chaired by an Executive Director with an official post nominated by the President, consists of representatives from each business unit's planning department and every section of our General Administration Department, which is unattached to any particular business unit. It is tasked with constructing and administering a crisis management system designed to take preventative measures against the most damaging risks to corporate management and business activities, and to respond to emergencies and conduct damage recovery activities once normal service has been resumed. The most important matters discussed by this committee are reported to the Sustainable Management Meeting and even the Board of Directors, who then provide relevant feedback.



Targets and Results

Key sustainability issues	Action plans	Indicators (KPI)	FY2025 Targets	Results		FY2024 Initiative-related Topics
				FY2023	FY2024	
Risk Management	Respond to various business-related risks and ensure business continuity by maintaining production systems, ensuring the proper procurement of raw materials, and strengthening measures against disasters	Implementation rate of risk control activities for business, etc., and top five risk control activities	100%	100%	100%	- Top Five Risk Control Activities conducted at seven domestic factories and all group companies. (The lack of outstanding human resources emerged as an increasing risk-trend) - Certain domestic and overseas business sites picked up for hearings related to their Top Five Risks - BCP drill conducted at several sites within the Fine Chemicals Business Unit, based on a Kanto-region-epicentered earthquake scenario - BCP drills conducted at Chinese group companies
		Number of BCP drills conducted	Once or more per year	3	3	

Initiatives

Risk Prevention

◆ “Business Unit Risk Control Activities” and “Top Five Risk Control Activities”

In order to identify significant risks and enact the requisite controls, the Nippon Kayaku Group undertakes the following “Business Unit Risk Control Activities” and “Top Five Risk Control Activities” on an annual basis.

Business Unit Risk Control Activities cover our three business units, our R&D Department, and our Head Office Administration Department. They involve extracting the risks most impactful to each business unit and department from a managerial perspective, and examining ways to deal with them.

Our “Top Five Risk Control Activities” cover all plants, research labs and business sites inside Japan, as well as domestic and overseas group companies. Each business site extracts its five key risks from its own perspective and explores possible response measures.

Risks and response measures identified for each business unit and site are reported to the Internal Control Management Division, which serves as the office for the Crisis Management Committee.

The Internal Control Management Division comprehensively grasps and analyzes risk trends, passes on its findings to the Crisis Management Committee for discussion and final decision on the major risks and responses, then makes twice-yearly reports on initiatives and progress updates to the Sustainable Management Meeting and Board of Directors.

◆ Business Risks

When it comes to risks that can potentially affect our business activities, the Nippon Kayaku Group looks at the risks facing each business unit and section as specified in our “Business Unit Risk Control Activities,” and extracts potential risks based on business-specific, business-environment and geopolitical considerations. We view business strategy, natural disasters, climate change response and compliance as the areas of principal risk to business continuity, business sustainability and increasing corporate value, and are therefore working on response measures vis-à-vis the 13 items listed in the chart below. In emergency situations, we set up a Crisis Management Committee and build a structure which enables our Group to effect prompt and appropriate response. (See [here](#) for further details on our emergency response and crisis management system).

Key Companywide Risks for FY2024		
Risk Type	No.	Risk Category
Risks affecting management strategy	1	Procurement of raw materials
	2	Product quality
	3	Changes in business environment
	4	Occurrence of accidents
	5	R&D
	6	Changes in regulations and policy
	7	Changes in tariffs; exchange rate movements
	8	Intellectual property
	9	Information leaks
	10	Cessation of computer systems
Risks associated with natural disasters and climate change response	11	Natural disasters
	12	Climate change response
Compliance risks	13	Compliance and law violations etc.

➤ [For details, please see the Business Risk Section in our Securities Report. \(Japanese\)](#)

◆ Responses to ESG Risks

The Nippon Kayaku Group believes in the necessity of appropriately grasping the risks and opportunities associated with sustainable management, and linking the acts of reducing those risks and gaining new business opportunities to further business growth.

Having recognized the above, we have disclosed information based on the risks and opportunities surrounding our Key Sustainability Issues, and TCFD and TNFD proposals. By working towards resolving environmental and social issues through our business activities we are aiming to achieve a sustainable society and additional corporate value.

In order to continue our appropriate responses to the diversification of business activities and changing social and environmental issues, we will periodically review these risks and opportunities, and work towards disclosing information of substantial quantity and quality.

➤ [Key Sustainability Issues: Risks and Opportunities](#)

➤ [Information Disclosure based on TCFD Proposals](#)

➤ [Information Disclosure based on TNFD Proposals](#)

◆ Education and Training

As part of our PDCA Cycle activities designed to plan for greater risk awareness and minimization, we provide risk management training to all our executives, employees (including contracted and part-time employees), and temp staff. We also implement separate risk management education and training for new hires, new managers, and employees transferring overseas.

> [Education and Training](#)

Responses to Emergencies, and the Structure and Administration of our Crisis Management System

◆ Crisis Management System Preparation

In anticipation of the most critical risks posed to our business activities, we have fixed our Crisis Management Regulations and are currently preparing our Crisis Management System. We are also using our Detailed Crisis Management Regulations to work on building an emergency response structure which allows for more accurate responses based on the preventative measures outlined in various response manuals.

◆ Business Continuity Plan (BCP)

Preparation of BCP Manuals

By way of preparing for natural disasters and outbreaks of infectious disease, our Group is drawing up its own BCP Basic Manual. This serves as the base for each domestic and overseas business site, plant and group company to fix its own individual BCP manual and periodically revise the contents to boost effectiveness.

BCP Drills

As part of our efforts to confirm the effectiveness and workability of its BCP manuals, as well as heighten employee awareness, the Nippon Kayaku Group stages BCP drills both domestically and overseas to ensure that damage is minimized, business can continue, and operations can be promptly restored when emergency situations occur. Inside Japan, the director in charge of the business unit serves as the Crisis Management Chief and conducts an annual BCP drill. FY2024 saw the Fine Chemicals Business Unit conduct a blind scenario-style BCP drill under the auspices of the president and Crisis Management Committee Chair. The drill simulated an earthquake in the Kanto region, and saw the relevant departments of head office, research labs and plants link up to gather and share various information on situations pertaining to damage, disaster and customers. We were able to confirm that the Crisis Management Chief made prompt and appropriate calls, that instructions were carried out, and that the Business Continuity Plan is effective.

In China, meanwhile, KAYAKU CHEMICAL (WUXI) staged a BCP drill based around a scenario which saw damage caused by a plant fire. Meanwhile, WUXI ADVANCED KAYAKU CHEMICAL and Shanghai KAYAKU International Trading teamed up to hold a drill based around a typhoon-damage scenario. The issues and matters of concern confirmed during both drills have been fed into future drills, as well as BCP manual updates and improvements. In addition, with the aim of heightening employee awareness of business continuity, a study session was held on initial response to emergencies using the safety equipment at WUXI POLATECHNO OPTICS, KAYAKU CHEMICAL (WUXI), WUXI ADVANCED KAYAKU CHEMICAL and Kayaku Safety Systems (Huzhou). Going forward, we shall continue to conduct BCP drills around various assumed scenarios in order to enhance our crisis response abilities.

Information Security

Policy and Basic Approach

We are promoting Digital Transformation (DX) in order to make working practices more efficient, improve productivity and diversify working styles. However, with cyberattacks and unauthorized access incidents increasing by the year and becoming ever more sophisticated, cyber risks are increasing. We view the business continuity risks associated with information leaks and computer system shutdown as management issues. Hence, to retain the trust placed in us by society at large- including our customers, suppliers, investors, employees and other stakeholders- we have fixed our Nippon Kayaku Group Information Security Countermeasure Policy and "The Information Security Responsibilities We Bear" Declaration based on our Group [Charter of Conduct and Code of Conduct](#). In such ways are we taking continuous, daily steps to improve information security awareness and literacy, and protect business information.

The Information Security Responsibilities We Bear

As a business trusted by society, and in pursuit of realizing the type of Nippon Kayaku we want, we shall promote appropriate information management.

People

In order to promote appropriate information management, we will work on improving the information security awareness and literacy of each and every employee.

Society

We will resolutely confront cyber attacks, take responsible actions vis-à-vis society, and disclose information both appropriately and promptly.

Risks

We shall appropriately evaluate the risks to our information assets, systematically devise measures, and work to maintain a risk-responsive system.

Technology

We should respond to evermore sophisticated cyber attacks by continuously working on appropriate technical measures to help guard our important business information.

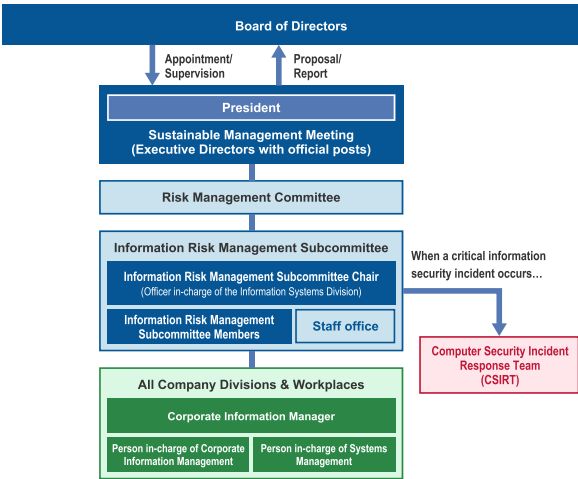
*The Information Security Responsibilities We Bear (Published in Japanese, English and Chinese)

System

In order to minimize information security risks (a key element of crisis management), we have set up an Information Risk Management Subcommittee with the aim of constantly maintaining risk-proof conditions, continually reviewing responses based on changing situations, and diffusing and integrating best practice throughout company operations. This subcommittee meets, in principle, twice a year, but on a further ad hoc basis if necessary. It is chaired by the Officer in-charge of Information Systems, and comprises representatives of every business unit's planning department plus representatives from general administrative departments unattached to any particular business unit. It also coordinates with the Corporate Information Officer, Person in-charge of Corporate Information, and System Administrator assigned to every business site.

The most important matters discussed by this subcommittee are forwarded to the Sustainable Management Meeting and even the Board of Directors, who provide relevant feedback.

Furthermore, to deal with security incidents that could either heavily damage management and business operations or lose us the trust of our business partners and suppliers, such as cyberattacks and unauthorized access to confidential information, we have set up a Computer Security Incident Response Team (CSIRT) as our core policy unit under the leadership of the Information Risk Management Subcommittee Chair. Depending on the assumed extent of damage, the President may also step in to lead CSIRT. CSIRT works on limiting the spread of damage, and once containment activities are over, on restoration of operations and recurrence prevention measures.



International Certificates Gained

Business Sites Certified by the Trusted Information Security Assessment Exchange (TISAX), (concerned with the global automotive industry supply chain)

Targets and Results

FY2024 Targets	FY2024 Results
Prevent critical security incidents within the Nippon Kayaku Group	No incidents
Explain how the company will extract information assets with a major influence on business survival, and carry out risk assessments and related measures	Each department and business unit has extracted critical information assets, and has conducted physical and system risk assessments pertaining to storage conditions. An explanation on relevant measures is planned to be given by FY2025.
FY2025 Targets	
Create a BCP manual with detailed rules for information system management in the event of a cyber attack, and conduct a relevant drill	

Initiatives

Information security measures

Classification of measures	Details
(1) Organizational measures	- Information security system maintenance - Periodic reviews of information system-related regulations
(2) Personal & legal measures	- Information system security and IT literacy education, incident response drills, setting up educational activities - Concluding confidentiality contracts with external service providers - Duty of confidentiality enforcement for hires and retirees
(3) Physical measures	- Access management for facilities, buildings and areas etc. - Management of PCs and external storage devices taken outside of company premises - Taking key confidential information outside of company premises; locking management, access management
(4) Technical measures	- Measures against information device malware; hard disk encryption - Unauthorized outside access; detection structure for data alteration attacks

◆ Education and Training

At the Nippon Kayaku Group, all executives, employees (including contracted and part-time employees) and temp staff are made fully aware of information security rules, and receive regular information security training as well as drills on dealing with malicious emails.

Training Title	Main Contents	Chiefly aimed at	FY	Delivery style	Times	Take-up rate
Management class training	- The importance of information security to management - Social responsibility	Directors	2024	Seminar	3	Ave: 88%
Information Security: The Basics	Understanding the 3 elements of information security (confidentiality, integrity and availability)	Employees	2024	Video	1	—
Security when using IT tools	- Information system security: basic knowledge, measures, attitudes - Incident response	- Directors, employees (including contract and part-time employees), temp staff - Persons outside the company who are borrowing a PC connected to our company network	2024	E-learning Distribution of materials; group seminar	1	84%

◆ Number of Critical Security Incident Cases

The numbers of cases occurring within the Nippon Kayaku Group over the past two years can be seen in the table below.

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of Critical Security Incident cases*	consolidated	cases	-	-	-	0	0

* Levels of security incident criticality are determined by our Information Risk Management Subcommittee.

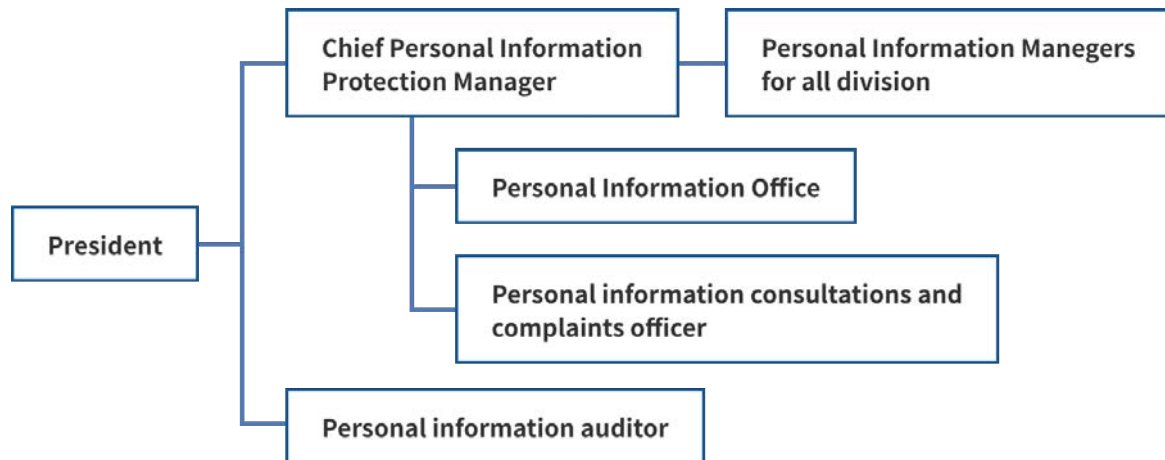
Protecting Personal Information

The Nippon Kayaku group recognizes the importance of personal information and observes all laws related to personal information, and all concomitant laws, pertaining to the personal information it handles. We view it as a social responsibility to be thorough in our efforts to preserve personal information.

We have also fixed our [Personal Information Protection Policy](#) for persons outside the company, with use purposes, safety management measure and contact details for consultations and complaints all published on our homepage to be freely confirmed by members of the public.

◆ Personal Information Protection Management System

We have fixed our Personal Information Management Regulations, under which a Personal Information Manager is dispatched to every division under the auspices of the Chief Personal Information Protection Manager. Personal information handled by each workplace is constantly subject to importance classifications, while database entries are thoroughly maintained. We also deliver periodical training to all employees (three times a year) on personal information inventories (once a year) and audits (once a year), so as to heighten internal awareness and effectiveness of personal information protection.



◆ Education and Training on Protecting Personal Information

Training Title	Main Contents	Chiefly Aimed at	FY	Delivery style	Times	Take-up rate
Legal training	- Defining personal information; near-miss case studies - Acquisition, use, storage and management of personal information - Presentation of personal information; responding to requests for disclosure of stored personal information	Directors, employees (including contract and part-time employees), temp staff	2024	E-learning; Group seminar	3	Ave: 97.2%

◆ Incidents and Emergency Responses concerning Personal Information Leaks

In the unlikely event that a leakage of personal information occurs, we will respond in line with our Information Leakage Incident Response Process Details.

◆ Situation regarding Personal Information Leaks

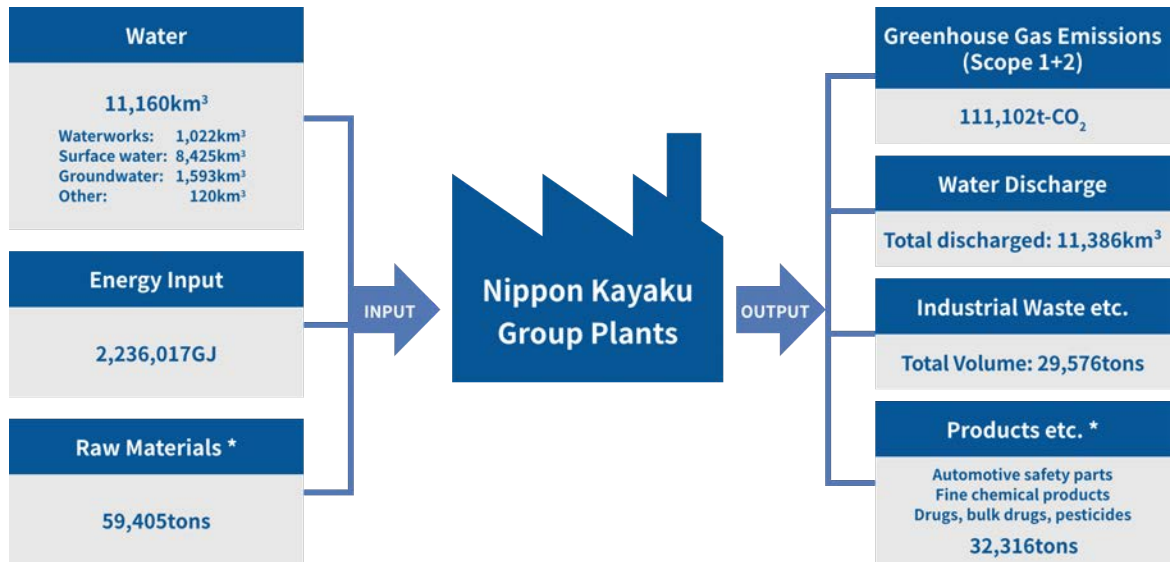
As of March 31st 2025, we have registered zero cases of personal information being leaked.

ESG Aggregate Data

Environment

Material Flow

◆ Material Flow of Business Activities (FY2024)



Items listed below without additional notes represent combined domestic and overseas values.

* Nippon Kayaku alone

◆ Amounts of Raw Materials Used

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Principal raw materials	non-consolidated	tons	36,614	47,583	44,211	40,707	42,073
Auxiliary materials	non-consolidated	tons	16,581	18,529	17,026	12,512	16,189
Plastic packaging materials	non-consolidated	tons	194	266	389	180	299
Cardboard packaging materials	non-consolidated	tons	415	529	480	395	432
Other packaging materials	non-consolidated	tons	461	489	470	434	413
Total	non-consolidated	tons	54,266	67,396	62,576	54,227	59,405

* Products not included (goods stocked at plants)

◆ Energy Input Amounts

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Amount of energy input (heat quantity equivalent)	consolidated	GJ	-	-	-	2,062,745	2,236,017
Renewable energy	consolidated	GJ	-	-	-	29,060	37,035
Non-renewable energy sources	consolidated	GJ	-	-	-	2,033,685	2,198,982

* When converting electricity amounts into heat amounts for fuel, heat and electricity consumed in domestic and overseas business activities, electricity purchased from electricity companies is converted at 1MWh to 8.64GJ, while renewable energy such as solar power is converted at 1MWh to 3.66GJ.

Greenhouse Gas Emissions

◆ Scope1 • Scope2 (consolidated)

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Energy-derived CO ₂	consolidated	t-CO ₂ e	114,281	108,410	103,811	99,124	107,248
Non-energy-derived CO ₂	consolidated	t-CO ₂ e	2,771	3,230	2,745	2,463	2,023
N ₂ O	consolidated	t-CO ₂ e	123	112	169	339	449
CH ₄	consolidated	t-CO ₂ e	26	29	30	34	34
HFCs	consolidated	t-CO ₂ e	16	7	138	113	19
Other CFCs	consolidated	t-CO ₂ e	1,011	794	1,409	632	1,330
PFCs	consolidated	t-CO ₂ e	0	0	0	0	0
SF ₆	consolidated	t-CO ₂ e	0	0	0	0	0
NF ₃	consolidated	t-CO ₂ e	0	0	0	0	0
Total ^{*1}	consolidated	t-CO ₂ e	118,227	112,584	108,301	102,705	111,102
Scope1	consolidated	t-CO ₂ e	35,613	37,819	35,581	30,158	32,521
Scope2 (Market base)	consolidated	t-CO ₂ e	82,615	74,765	72,720	72,546	78,581
Emission volume per unit of sales ^{*2}	consolidated		0.68	0.61	0.55	0.51	0.5

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Emissions amounts (t-CO₂e) / consolidated sales figures (million yen)

◆ Scope1 • Scope2 (non-consolidated)

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Energy-derived CO ₂	non-consolidated	t-CO ₂ e	71,632	63,168	62,267	57,748	63,228
Non-energy-derived CO ₂	non-consolidated	t-CO ₂ e	2,733	3,189	2,719	2,406	1,984
N ₂ O	non-consolidated	t-CO ₂ e	123	112	169	339	449
CH ₄	non-consolidated	t-CO ₂ e	26	29	30	34	34
HFCs	non-consolidated	t-CO ₂ e	12	3	110	49	0
Other CFCs	non-consolidated	t-CO ₂ e	34	336	622	70	70
PFCs	non-consolidated	t-CO ₂ e	0	0	0	0	0
SF ₆	non-consolidated	t-CO ₂ e	0	0	0	0	0
NF ₃	non-consolidated	t-CO ₂ e	0	0	0	0	0
Total ^{*1}	non-consolidated	t-CO ₂ e	74,559	66,839	65,916	60,647	65,765

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Scope3

	Category	Covering	Unit	2020	2021	2022	2023	2024
1	Products and services purchased	consolidated	t-CO ₂ e	237,300	294,500	275,000	241,800	259,600
2	Capital goods	consolidated	t-CO ₂ e	42,900	26,800	29,600	33,400	55,900
3	Fuels and energy-related activities not included in Scope 1 and 2	consolidated	t-CO ₂ e	21,200	22,300	21,000	20,500	22,700
4	Exports and distribution (upstream)	consolidated	t-CO ₂ e	17,600	22,300	19,700	16,600	18,000
5	Business waste produced	consolidated	t-CO ₂ e	28,800	31,800	16,200	10,800	14,700
6	Business trips	consolidated	t-CO ₂ e	800	800	800	800	800
7	Employee commutes	consolidated	t-CO ₂ e	2,400	2,400	2,400	2,400	2,500
8	Leased assets (upstream)	consolidated	t-CO ₂ e	Included in Scope 1, 2, therefore not separately calculated				
9	Exports and deliveries (downstream)	consolidated	t-CO ₂ e	1,000	1,600	1,500	1,200	1,400
10/11	Processing of sold goods and Use of sold goods	consolidated	t-CO ₂ e	-	-	-	-	-
12	Disposal of sold goods	consolidated	t-CO ₂ e	23,200	26,400	23,000	17,600	17,300
13	Leased assets (downstream)	consolidated	t-CO ₂ e	400	400	400	400	400
14/15	Franchise and Investments	consolidated	t-CO ₂ e	-	-	-	-	-
Total*1		consolidated	t-CO₂e	375,600	429,300	389,600	345,000	393,300

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Calculation Method: As a general rule, CO₂ emission amounts are calculated with reference to emission factors published in the "Basic Guidelines for Supply Chain Greenhouse Gas Emission Calculations" provided by ministries of Environment and Economy, Trade and Industry, as well as by the IDEA Lab Safe Science Research Section of the National Institute of Advanced Industrial Science and Technology.

Energy Consumed

◆ Energy Consumed (Crude oil equivalent)

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Production, R&D and office departments	non-consolidated	1,000kL	38,700	40,325	38,583	32,634	35,646

◆ Energy Consumed

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Non-renewable fuels purchased and consumed (A) (Nuclear energy, coal, oil, natural gas etc.)	non-consolidated	MWh	155,201	165,494	153,390	137,447	149,994
Non-renewable electricity purchased (B)	non-consolidated	MWh	95,819	98,505	95,837	85,946	93,436
Non-renewable energy purchased (steam, heat, cooling, and others) (C)	non-consolidated	MWh	3,452	3,433	4,073	5,685	5,340
Renewable energy purchased and created (D) (Wind power, solar power, biomass, hydro-power, geothermal energy etc.)	non-consolidated	MWh	59	57	162	2,028	3,163
Non-renewable energy sold (E) (electricity, thermal, cooling)	non-consolidated	MWh	0	0	0	0	413
Total non-renewable energy used (A+B+C-E) *	non-consolidated	MWh	254,472	267,432	253,300	229,078	248,357

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Industrial waste and Pollutants

◆ Waste

Indicators		Covering	Unit	2020	2021	2022	2023	2024
Non-hazardous waste		non-consolidated	tons	19,411	22,069	21,154	16,146	22,387
		Group companies	tons	996	1,199	1,242	1,087	1,271
		Total	tons	20,407	23,268	22,396	17,233	23,658
	General waste	non-consolidated	tons	643	673	648	464	410
		Group companies	tons	504	449	559	513	571
		Total	tons	1,147	1,122	1,207	977	981
	Industrial waste	non-consolidated	tons	18,768	21,396	20,506	15,682	21,977
		Group companies	tons	493	750	682	574	700
		Total	tons	19,261	22,146	21,188	16,256	22,677
	Hazardous waste		non-consolidated	tons	5,925	6,503	6,467	4,828
		Group companies	tons	92	86	71	59	80
		Total	tons	6,017	6,589	6,538	4,887	5,918
Source-specific hazardous industrial waste		non-consolidated	tons	221	146	182	182	355
		Group companies	tons	0	0	0	0	0
		Total	tons	221	146	182	182	355
Total*1		tons	26,426	29,857	28,934	22,119	29,576	

Indicators		Covering	Unit	2020	2021	2022	2023	2024
Types of waste	Sludge	non-consolidated	tons	1,979	2,309	2,338	2,291	2,100
		Group companies	tons	131	336	258	115	286
		Total	tons	2,110	2,645	2,596	2,406	2,386
	Waste oil	non-consolidated	tons	5,766	6,386	5,848	4,809	4,563
		Group companies	tons	94	87	71	59	72
		Total	tons	5,860	6,473	5,919	4,868	4,635
	Spent acid	non-consolidated	tons	2,244	2,185	1,523	1,116	1,321
		Group companies	tons	3	2	8	13	18
		Total	tons	2,247	2,187	1,531	1,129	1,339
	Waste alkali	non-consolidated	tons	13,382	15,784	16,064	11,219	17,717
		Group companies	tons	17	11	11	8	9
		Total	tons	13,399	15,795	16,075	11,227	17,726
	Plastic waste	non-consolidated	tons	954	888	885	788	780
		Group companies	tons	235	277	326	326	294
		Total	tons	1,189	1,165	1,211	1,114	1,074
	Others	non-consolidated	tons	1,010	1,021	962	751	1,744
		Group companies	tons	609	572	640	624	672
		Total	tons	1,619	1,593	1,602	1,375	2,416
Landfill amount		non-consolidated	tons	404	298	233	144	170
Recycling rates *2		non-consolidated	%	81	82	87	84	87
Zero-emissions rates		non-consolidated	%	1.6	1	0.8	0.7	0.6

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Includes recovered and reused solvent

◆ PRTR substances

Indicators		Covering	Unit	2020	2021	2022	2023	2024 ^{*2}
PRTR substance emission amounts	Air	non-consolidated	tons	16.8	25.2	38.7	32.9	27.2
	Water regions	non-consolidated	tons	9.1	14.7	51.4	75.0	1.6
	Soil	non-consolidated	tons	0	0	0	0	0
	Total ^{*1}	non-consolidated	tons	25.9	39.9	90.1	107.9	28.8

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Since FY2024, only PRTR substances have been published (FY2023 revisions to the law saw changes to the list of substances, with Japan Chemical Industry Association Survey substances excluded)

◆ Air Emissions

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Volatile Organic Compounds (VOC)	non-consolidated	tons	33.3	52.1	38.7	32.9	60.3
Dichloromethane	non-consolidated	tons	4.0	3.6	3.2	2.7	4.9
Formaldehyde	non-consolidated	tons	0.04	0.15	0.13	0.13	0.04
NOx^{*1}	non-consolidated	tons	7.5	7.7	8.3	6.7	3.9
	Group companies	tons	-	-	-	-	0.4
	Total	tons	-	-	-	-	4.3
SOx^{*2}	non-consolidated	tons	1.0	0.7	0.9	0.8	0.42
	Group companies	tons	-	-	-	-	0.01
	Total	tons	-	-	-	-	0.43
Particulate matter^{*3}	non-consolidated	tons	0.5	0.5	0.4	0.2	0.3
	Group companies	tons	-	-	-	-	6.4
	Total	tons	-	-	-	-	6.7

*1 NOx (Nitrogen Oxides: Produced when a substance combusts and reacts with nitrogen in the atmosphere, or when fuels or substances containing nitrogen compounds, such as coal, combust.) They not only cause air pollution such as photochemical smog and acid rain, but have detrimental effects on human respiratory organs.

*2 SOx (Sulfur oxides): Produced through the combustion of fossil fuels with sulfur content. Their reactions with moisture in the atmosphere produce sulfuric acid and sulfurous acid, making them a cause of both air pollution and acid rain.

*3 Particulate Matter: The solid particles (soot) of the soot and smoke produced by fossil fuel combustion are a cause of air pollution and also pneumoconiosis in people who inhale them in high concentrations.

◆ Wastewater Management

Indicators	Covering	Unit	2020	2021	2022	2023	2024
COD	consolidated	tons	218.8	223.6	243	274	261
Total phosphorus	consolidated	tons	3.2	11.2	7.1	18.5	1.69
Total nitrogen	consolidated	tons	83.2	73.5	114.0	68.5	89.4
SS[*]	consolidated	tons	48.4	49.9	49.2	44.6	54.7

* SS - Suspended solids: Refers to particulate matter of 2mm diameter or less either floating or suspended in water, including fine particles from minerals, plant and animal plankton or the carcasses of such, sewage, organic matter and metal sediments originating from plant wastewater. If present in large amounts, suspended solids can negatively affect water transparency and appearance, and – through impeding light-ray penetration – underwater photosynthesis as well

Water

◆ Use of Water Resources (Consolidated)

Indicators		Covering	Unit	2020	2021	2022	2023	2024
Amount of water taken	Waterworks	consolidated	thousand m ³	763	805	755	566	1,022
	Surface water (industrial water)	consolidated	thousand m ³	7,874	8,098	7,952	7,863	8,425
	Groundwater (well water)	consolidated	thousand m ³	1,918	1,946	1,836	1,847	1,593
	Others (reservoirs, rainwater storage)	consolidated	thousand m ³	200	343	265	205	120
	Total ^{*1}	consolidated	thousand m ³	10,755	11,192	10,808	10,481	11,160
Amount of water discharged ^{*3}	From water-stressed regions ^{*2}	consolidated	thousand m ³	23	33	29	28	103
	Sea areas	consolidated	thousand m ³	7,014	7,142	6,726	6,966	7,905
	Rivers	consolidated	thousand m ³	2,400	2,410	2,351	2,443	2,195
	Sewers	consolidated	thousand m ³	974	987	910	1,045	1,287
	Total ^{*1}	consolidated	thousand m ³	10,388	10,539	9,987	10,454	11,386
Amount of water recycled		consolidated	thousand m ³	0	0	0	0	0
Recycling rates		consolidated	%	0	0	0	0	0

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Using the Aqeduct Water Risk Atlas of water-stress levels, we have confirmed that all our business bases are located in areas of Level 3 water stress or below.

*3 *Water of equal or higher quality is returned to the intake source

◆ Water Resource Use (non-consolidated)

Indicators		Covering	Unit	2020	2021	2022	2023	2024
Amount of water taken	Waterworks	non-consolidated	thousand m ³	390	381	377	320	499
	Surface water (industrial water)	non-consolidated	thousand m ³	7,874	8,098	7,953	7,863	8,425
	Groundwater (well water)	non-consolidated	thousand m ³	1,828	1,848	1,769	1,804	1,554
	Others (reservoirs, rainwater storage)	non-consolidated	thousand m ³	0	0	17	28	30
	Total ^{*1}	non-consolidated	thousand m ³	10,092	10,327	10,116	10,015	10,508
Amount of water discharged ^{*3}	From water-stressed regions ^{*2}	non-consolidated	thousand m ³	0	0	0	0	0
	Sea areas	non-consolidated	thousand m ³	7,014	7,142	6,726	6,966	7,905
	Rivers	non-consolidated	thousand m ³	2,395	2,408	2,350	2,441	2,192
	Sewers	non-consolidated	thousand m ³	511	460	531	679	710
	Total ^{*1}	non-consolidated	thousand m ³	9,919	10,011	9,607	10,086	10,807
Amount of water recycled		non-consolidated	thousand m ³	0	0	0	0	0
Recycling rates		non-consolidated	%	0	0	0	0	0

*1 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

*2 Using the Aqeduct Water Risk Atlas of water-stress levels, we have confirmed that all our business bases are located in areas of Level 3 water stress or below. Water-stress categories have changed from FY2024.

*3 Water of equal or higher quality is returned to the intake source

◆ Water-stress Investigation Results for Nippon Kayaku Group Manufacturing and R&D sites (FY2024)^{*1}

Region or Country Name		Unit	Water amounts used at each water stress				
			High	Medium-high	Medium	Low-medium	Low
Asia	Japan	thousand m ³ (Number of bases)	0	1,600 (2)	17 (3)	8,891 (5)	0
	China	thousand m ³ (Number of bases)	18 (1)	477 (3)	0	0	0
	Malaysia	thousand m ³ (Number of bases)	0	0	0	0	48 (1)
Europe	Czech Republic	thousand m ³ (Number of bases)	0	20 (1)	0	0	0
	Netherlands	thousand m ³ (Number of bases)	0	0	0	0	3 (1)
	UK	thousand m ³ (Number of bases)	1 (1)	0	0	0	0
North and Central America	America	thousand m ³ (Number of bases)	75(1)	0	0	1 (1)	0
	Mexico	thousand m ³ (Number of bases)	9 (1)	0	0	0	0
Total ^{*2}		thousand m ³ (Number of bases)	103 (4)	2,097 (6)	17 (3)	8,891 (6)	52 (2)

*1 We are currently using the Aqeduct Water Risk Atlas to investigate these points.

*2 As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

Environmental Accounting

◆ Environmental Conservation Costs

Breakdown			Covering	Unit	2020		2021		2022		2023		2024	
					Invested amount	Costs	Invested amount	Costs	Invested amount	Costs	Invested amount	Costs	Invested amount	Costs
Inside business areas	Environmental pollution prevention	Air pollution prevention	non-consolidated	million yen	20.9	97	37.1	124.2	68.1	141.9	40.5	103.4	210.4	93.1
		Water pollution prevention	non-consolidated	million yen	109.7	174.8	266.9	178.9	206.7	186	0	186.3	90.2	165
		Underseepage prevention	non-consolidated	million yen	5.5	3.7	4.9	5.6	7.2	5.1	5	8.3	3	9.2
		Prevention of noise pollution and vibrations	non-consolidated	million yen	17.2	6.2	6	0	6	0	16.1	0.1	0	0.1
		Others	non-consolidated	million yen	-	435	-	394.7	-	7	-	6.4	0	6.2
	Global environmental conservation	non-consolidated	million yen	172.6	100.4	244.6	92.3	236.6	63.5	425.6	87.7	320.7	123.8	
Upstream and downstream	Resource recycling	non-consolidated	million yen	106.6	709.8	111.2	772.2	5.1	805.9	2.9	578.6	0	789.1	
	Commissioning of container and package recycling	non-consolidated	million yen	-	0.4	-	0.3	-	0.3	-	0.4	-	0.3	
	Sewage treatment expenses	non-consolidated	million yen	-	78.7	-	75.2	-	66.9	-	80	-	83.4	
	System preparation and operation	non-consolidated	million yen	-	105.3	-	174.9	-	93.3	-	85.9	-	60.9	
Management activities	Environmental burden monitoring	non-consolidated	million yen	-	42.5	-	38.3	-	38.4	-	39.9	-	31	
	Information disclosure	non-consolidated	million yen	-	6.3	-	6.3	-	6.3	-	6.3	-	6.3	
	Education, training and others	non-consolidated	million yen	-	59.4	-	59.3	-	59.6	-	60.2	-	3.1	
	Greening up (tree planting, etc.)	non-consolidated	million yen	-	70	0.5	43.9	0	70	0	59.4	1	74.8	
R&D	Community activities	non-consolidated	million yen	-	57.2	-	39.2	-	158.3	-	85.5	-	147.4	
Environmental damage	Community activities	non-consolidated	million yen	-	8.9	-	9	-	9.8	-	9.8	-	10.1	
	Environmental damage	non-consolidated	million yen	-	0	-	0	-	0	-	0	-	0	
Total		non-consolidated	million yen	432.5	1,955.5	670.8	2,014.5	529.7	2,054	490.2	1,751.4	624.3	1,604	

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Economic Benefits of Environmental Protection Measures

Items for which we seek to derive benefits	Main economic benefit details		Covering	Unit	2020	2021	2022	2023	2024
Inside business area benefits	Environmental pollution prevention benefits	Air pollution prevention	non-consolidated	million yen	0	0	0	0	0
		Water pollution prevention	non-consolidated	million yen	0	0	3.5	0	0
		Reduction of contamination load charges	non-consolidated	million yen	0.4	0.6	0.4	0.3	0.1
		Prevention of noise pollution and vibrations	non-consolidated	million yen	0	0	0	0	0
	Climate change mitigation measures	Climate change mitigation measures	non-consolidated	million yen	112.8	80.4	97.4	109.3	107.7
	Waste and recycling	Waste reduction	non-consolidated	million yen	9.5	4.1	2.6	2.2	1.1
		Outside sales of renewable resources	non-consolidated	million yen	10.5	17.3	25.9	38.2	8.8
Upstream and downstream benefits	Others		non-consolidated	million yen	0	7	40.9	49.7	87.8
Others	Container recycling		non-consolidated	million yen	73.6	54.2	38.3	38.8	46.8
Total*			non-consolidated	million yen	206.8	167.1	205.5	238.5	252.3

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Environmentally-related capital investments

Breakdown	Covering	Unit	2020	2021	2022	2023	2024
Air pollution prevention equipment	non-consolidated	million yen	20.9	37.1	68.1	40.5	210.4
Water pollution prevention equipment	non-consolidated	million yen	109.7	266.9	206.7	304.5	90.2
Underseepage prevention equipment	non-consolidated	million yen	5.5	4.9	7.2	5	3
Equipment to prevent noise pollution and vibrations	non-consolidated	million yen	17.2	6	6	16.1	0
Industrial waste processing equipment	non-consolidated	million yen	106.6	111.2	5.1	2.9	0
Greening up plants (through tree-planting, etc.)	non-consolidated	million yen	1.8	0.5	3.3	0	1
Energy saving; Global warming prevention	non-consolidated	million yen	172.6	244.6	236.6	425.6	320.7
Total*	non-consolidated	million yen	434.3	671.3	533	794.7	625.3

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

◆ Safety and Health-related Equipment Certification

Breakdown	Covering	Unit	2020	2021	2022	2023	2024
Measures against equipment deterioration	non-consolidated	million yen	292.9	490.9	245	454.9	750.6
Safety and work environment measures	non-consolidated	million yen	171.4	171.4	86.6	281.6	108.5
Measures against fires caused by explosion and leaks	non-consolidated	million yen	9.2	14.1	60.6	54.4	16.8
Measures regarding natural disasters such as earthquakes	non-consolidated	million yen	51.4	4.4	6.5	65.2	282.2
Others	non-consolidated	million yen	4.5	6.4	32	0	0
Total*	non-consolidated	million yen	529.4	687.1	430.7	856.1	1158.1

* As figures have been rounded off, the totals in some columns do not exactly match the sum of each item above.

ISO Certification Status

◆ ISO14001 Certification

Area	Certification secured	Certifying Institution	Certification Number
Himeji Plant	March 1999	JIA-QA	JE0054H
Joetsu Plant (including the distribution center)	August 2002	SGS	JP15/071413
Fukuyama Plant	April 1999	JCQA	JCQA-E-0062
Asa Plant	September 1998	JCQA	JCQA-E-0987
Tokyo Plant	December 1998	JCQA	JCQA-E-0036
Takasaki Plant	January 2000	JCQA	JCQA-E-0101
Kashima Plant	March 1999	JCQA	JCQA-E-0046
Kayaku Safety Systems Europe	December 2002	BVCZ	250302-2017-AE-CZS-RvA
Kayaku Safety Systems (Huzhou)	June 2016	SNQA	42144
Kayaku Safety Systems de Mexico	June 2023	LRQA	00041092
Kayaku Safety Systems Malaysia	April 2017	SGS	MY17/02395
WUXI POLATECHNO OPTICS	April 2006	UCC	02420E31011518R2M
KAYAKU CHEMICAL (WUXI)	August 2006	UCC	02421E32060755R0M
WUXI ADVANCED KAYAKU CHEMICALS	July 2007	CQC	00121E33375R4M/3200
Cover rate*			70%

* The proportion of production facilities with ISO14001 certification owned by either Nippon Kayaku or its consolidated subsidiaries.

* The Nippon Kayaku Co., Ltd. Cover Rate (the proportion of production facilities with ISO14001 certification) stands at 100%

Violations and accidents

◆ Cases of Environmentally-related Violations and Accidents

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of violations of environmental laws and regulations	consolidated	cases	0	0	0	0	0
Number of environmental accidents	consolidated	cases	0	0	0	0	0
Violations of laws and regulations; fines issued for environmental accidents; punishment costs	consolidated	yen	0	0	0	0	0

Industrial Waste Treatment Facility Operation and Maintenance Status

> [Industrial Waste Treatment Facility Operation and Maintenance Status \(Japanese\)](#)

Social

Employee Situation

◆ Employee Composition

Indicators	Category	Covering	Unit	2020	2021	2022	2023	2024
Regular employees	Male	consolidated	persons	-	-	3,883	3,991	3,992
	Female	consolidated	persons	-	-	1,797	1,832	1,850
	Neither / Don't know	consolidated	persons	-	-	-	2	0
	Total	consolidated	persons	-	-	5,680	5,825	5,842
	Female rate	consolidated	%	-	-	31.6	31.5	31.7
	Male	non-consolidated	persons	1,751	1,754	1,748	1,770	1,774
	Female	non-consolidated	persons	326	330	333	343	352
	Neither / Don't know	non-consolidated	persons	-	-	-	0	0
	Total	non-consolidated	persons	2,077	2,084	2,081	2,113	2,126
	Female rate	non-consolidated	%	15.6	15.8	16.0	16.2	16.6
Contracted/ part-time employees	Male	consolidated	persons	-	-	-	444	398
	Female	consolidated	persons	-	-	-	246	252
	Neither / Don't know	consolidated	persons	-	-	-	0	0
	Total	consolidated	persons	-	-	726	690	651
	Male	non-consolidated	persons	-	412	419	382	334
	Female	non-consolidated	persons	-	194	194	182	190
	Neither / Don't know	non-consolidated	persons	-	0	0	0	0
Temp staff	Total	non-consolidated	persons	614	606	613	564	524
	Male	consolidated	persons	-	-	89	90	102
	Female	consolidated	persons	-	-	132	103	112
	Neither / Don't know	consolidated	persons	-	-	-	0	0
	Total	consolidated	persons	-	-	221	193	214
	Male	non-consolidated	persons	5	19	24	26	30
	Female	non-consolidated	persons	14	28	44	37	33
	Neither / Don't know	non-consolidated	persons	-	-	-	0	0
	Total	non-consolidated	persons	19	47	68	63	63

* Average number of persons per year

◆ Management Composition

Indicators	Category	Covering	Unit	2020	2021	2022	2023	2024
Below Section Chief	Male	consolidated	persons	-	-	-	-	660
	Female	consolidated	persons	-	-	-	-	136
	Total	consolidated	persons	-	-	-	-	792
	Female rate	consolidated	%	-	-	-	-	17.2
Below Section Chief	Male	non-consolidated	persons	359	321	412	418	414
	Female	non-consolidated	persons	24	38	42	43	40
	Total	non-consolidated	persons	383	359	454	461	454
	Female rate	non-consolidated	%	6.2	10.5	9.3	10.3	8.8
Section Chief and above	Male	consolidated	persons	-	-	-	-	175
	Female	consolidated	persons	-	-	-	-	31
	Total	consolidated	persons	-	-	-	-	203
	Female rate	consolidated	%	-	-	-	-	15.3
Section Chief and above	Male	non-consolidated	persons	74	68	66	62	62
	Female	non-consolidated	persons	4	4	5	3	3
	Total	non-consolidated	persons	78	72	71	65	65
	Female rate	non-consolidated	%	5.1	5.5	7	4.6	4.6
Overall	Male	consolidated	persons	-	-	-	-	830
	Female	consolidated	persons	-	-	-	-	171
	Total	consolidated	persons	-	-	-	-	995
	Female rate	consolidated	%	-	-	-	-	17.2
Overall	Male	non-consolidated	persons	468	476	478	480	476
	Female	non-consolidated	persons	44	47	47	46	43
	Total	non-consolidated	persons	512	523	525	526	519
	Female rate	non-consolidated	%	8.6	9	9	8.8	8.3

◆ Age

Indicators	Category	Covering	Unit	2020	2021	2022	2023	2024
Age groups	Under 18	consolidated	persons	-	-	-	-	0
	18 – 19	consolidated	persons	-	-	-	-	37
	20 – 29	consolidated	persons	-	-	-	-	873
	30-39	consolidated	persons	-	-	-	-	1,612
	40-49	consolidated	persons	-	-	-	-	1,703
	50-59	consolidated	persons	-	-	-	-	1,201
	Over 60	consolidated	persons	-	-	-	-	162
Average age	Male	consolidated	age	-	-	-	-	40.4
	Female	consolidated	age	-	-	-	-	40.9
Overall	Overall	consolidated	age	-	-	-	-	40.5

Indicators	Category	Covering	Unit	2020	2021	2022	2023	2024
Age groups	Under 18	non-consolidated	persons	-	-	-	-	0
	18 – 19	non-consolidated	persons	-	-	-	-	18
	20 – 29	non-consolidated	persons	394	376	362	359	353
	30-39	non-consolidated	persons	579	575	578	610	617
	40-49	non-consolidated	persons	576	585	589	559	554
	50-59	non-consolidated	persons	523	547	498	580	579
	Over 60	non-consolidated	persons	5	1	1	5	5
Average age	Male	consolidated	age	-	-	-	-	40.4
	Female	consolidated	age	-	-	-	-	40.9
	Overall	consolidated	age	-	-	-	-	40.5
Average age	Male	non-consolidated	age	39.8	40.2	40.4	40.6	40.6
	Female	non-consolidated	age	42.6	42.8	42.9	42.9	42.6
	Overall	non-consolidated	age	40.3	40.6	40.8	41	41

◆ 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

Comfortable Working Environment

◆ Continuous Service

Indicators	Category	Covering	Unit	2020	2021	2022	2023	2024
Average number of years of continuous service	Male	consolidated	years	-	-	-	-	12.2
	Female	consolidated	years	-	-	-	-	11
	Overall	consolidated	years	-	-	-	-	11.8
Average number of years of continuous service	Male	non-consolidated	years	14.2	14.5	14.4	14.9	14.9
	Female	non-consolidated	years	16.5	16.6	16.6	16.4	15.4
	Overall	non-consolidated	years	14.6	14.9	15.1	15.1	15

◆ Employees leaving the company

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Regular employees leaving the company for personal reasons	consolidated	persons	-	-	535	282	331
Rate of regular employees leaving the company for personal reasons	consolidated	%	-	-	9.4	4.8	5.7
Regular employees leaving the company for personal reasons	non-consolidated	persons	41	48	50	51	61
Turnover rate	non-consolidated	%	2.2	2.3	2.3	2.9	2.8
Rate of employees leaving the company for personal reasons	non-consolidated	%	1.8	2.1	2.4	2.4	2.9
Employees leaving the company within 3 years of joining	non-consolidated	persons	7	7	4	5	6
Rate of employees leaving the company within 3 years of joining	non-consolidated	%	4	4	2	3	3.5

* The number of new graduate hires in each financial year quitting within the first 3 years

◆ Transfers

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Transfers	non-consolidated	persons	1	2	3	3	7

◆ 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

◆ Paid Leave

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Average number of days of annual paid leave taken	consolidated	days	12.2	11.1	12	13.3	22.4
Annual Paid Leave take-up rate	consolidated	%	65.8	59.8	63.7	72.8	85.7
Average number of days of annual paid leave taken	non-consolidated	days	12.2	11.1	12	13.3	13.4
Annual Paid Leave take-up rate	non-consolidated	%	65.8	59.8	63.7	72.8	73

◆ Childcare

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Commencement of Maternity Leave ^{*1}	non-consolidated	persons	13	11	22	21	14
Commencement of Childcare Leave ^{*1}	Male	non-consolidated	11	9	62	50	56
	Female	non-consolidated	13	11	22	16	19
Childcare Leave System take-up rate ^{*2}	Male	non-consolidated	%	31.4	27.2	69.6	78.5
	Female	non-consolidated	%	100	100	100	100
Post-childbirth and post-Childcare Leave return-to-work rate	Male	non-consolidated	%	100	100	100	100
	Female	non-consolidated	%	100	100	100	100
Post-childbirth and post-Childcare Leave retention rate	Male	non-consolidated	%	100	100	100	100
	Female	non-consolidated	%	100	100	100	100
Reduced Working Hours for Childcare take-up rate	Male	non-consolidated	persons	0	1	2	3
	Female	non-consolidated	persons	43	42	48	52

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

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

◆ Nursing Care

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Employees taking Nursing Care Leave	non-consolidated	persons	0	0	0	1	0
Nursing Care Leave System users	non-consolidated	persons	1	0	2	3	2

◆ 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

* Our company's pay system is a so-called "Position Class System" which does not in and of itself give rise to gender pay differentials. One reason such differentials have nevertheless emerged is the comparatively low numbers of female managers, possibly due to female employees in their late-20s and 30s going onto the "Mommy Track" of childbirth and childcare. We shall respond to this going forward by increasing female manager numbers in order to narrow gender pay disparities.

◆ 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

◆ Employee Engagement Survey Results

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

◆ 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

Recruitment

◆ Recruitment

Indicators	Category	Covering	Unit	2020	2021	2022	2023	2024
New employees (graduates)* ¹	Male	consolidated	persons	-	-	-	-	119
	Female	consolidated	persons	-	-	-	-	53
	Total	consolidated	persons	-	-	-	-	171
	Female rate	consolidated	%	-	-	-	-	31
New employees (graduates)* ¹	Male	non-consolidated	persons	49	41	37	45	43
	Female	non-consolidated	persons	8	7	6	13	15
	Total	non-consolidated	persons	57	48	43	58	58
	Female rate	non-consolidated	%	14	14.5	14	22.4	25.9
New employees (mid-career)* ²	Male	consolidated	persons	-	-	-	-	174
	Female	consolidated	persons	-	-	-	-	150
	Total	consolidated	persons	-	-	-	-	324
	Female rate	consolidated	%	-	-	-	-	46.3
New employees (mid-career)* ²	Male	non-consolidated	persons	28	32	45	44	45
	Female	non-consolidated	persons	6	7	10	15	19
	Total	non-consolidated	persons	34	39	55	59	64
	Female rate	non-consolidated	%	17.6	17.9	18.2	25.4	29.7

*1 Numbers entering the company in the April of the following financial year

*2 Numbers entering the company between the April of one financial year and the March of the following financial year

◆ 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

Human Resources Development

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Training hours per regular 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 invested in education and training per employee	non-consolidated	yen	35,706	66,606	83,002	76,565	72,015

Work Safety & Health

◆ 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 ^a	5%		

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

◆ Occupational Hazards

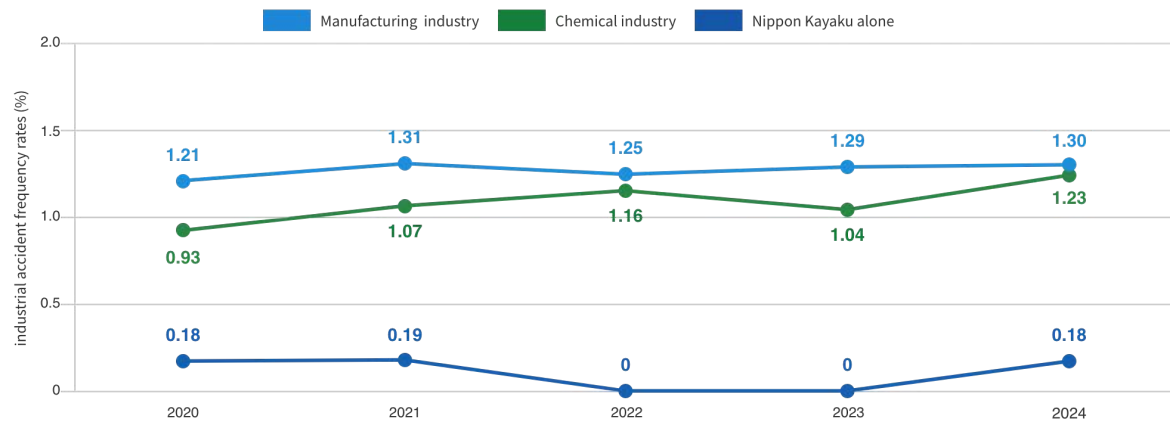
Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of work-related accidents resulting in death and other serious accidents	non-consolidated	cases	0	0	0	0	0
Number of work-related employee deaths	Regular employees	consolidated persons	0	1	0	0	0
	Contracted employees / part-time employees	consolidated persons	0	0	0	0	0
	Partner company employees* ¹	consolidated persons	0	0	0	0	0
			0	0	0	0	0
Rate of Lost Time Injuries	Regular employees	non-consolidated	*2	0.18 (1cases)	0.19 (1cases)	0 (0cases)	0 (0cases)
	Contracted employees / part-time employees	non-consolidated	*2	0	0	0	1.12
	Partner company employees* ¹	non-consolidated	*2	0	0	0	2.12
	Employees	Group companies	*2	-	-	-	1.5 (9people)
Lost Time Injury Intensity Rate	non-consolidated	*3	0	0	0	0	0.0004
Number of violations of Occupational Safety and Health-related regulations and standards	non-consolidated	cases	0	0	0	0	0

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

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

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

Trends in Industrial Accident Frequency Rates



◆ Principal Safety Education Conducted

Indicators	Covering	Unit	2020	2021	2022	2023	2024
New Hire Training*	non-consolidated	persons	49	41	46	60	72
New Manager Training*	non-consolidated	persons	24	54	57	42	29

* Held every year

◆ Employee Health

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Regular health check take-up rate*	non-consolidated	%	100	100	100	100	100
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

Human Rights

◆ Human Rights Training

Training type	Main contents	Mainly aimed at	FY	Training format	No. of times	Average take-up rate
Sustainability training	* Nippon Kayaku Group's Revised Human Rights Policy, human rights initiatives demanded of companies	Executives, employees, (including contracted and part-time employees), temp staff	2024	E-learning	1	86%

* Held every year

Quality

◆ Business Sites with Quality Management System Certification

Business Site Name	ISO9001	ISO13485	IATF16949	ISO22000
Safety Head Plant (Himeji)				
Safety Systems Group			●	
Research & Development Head Office				
Polatechno Group				
Joetsu Plant	●			
WUXI POLATECHNO OPTICS				
Fukuyama Plant				
Asa Plant				
Tokyo Plant	●			
Fine Chemicals Business Unit				
Fine Chemicals Research Lab				
Taiwan Nippon Kayaku (Fine Chemicals Business Unit)				
Takasaki Plant				
Pharmaceuticals Group	●	●		
Pharmaceuticals Research Laboratories				
Kashima Plant	●			
Agrochemicals Group				
Agrochemicals Laboratories				
Kayaku Safety Systems Europe			●	
Kayaku Safety Systems (Huzhou)			●	
Kayaku Safety Systems de Mexico			●	
Kayaku Safety Systems Malaysia			●	
MOXTEK	●			
Dejima Optical Films	●			
RaySpec	●			
KAYAKU CHEMICAL (WUXI)	●			
Kayaku Advanced Materials	●	●		
WUXI ADVANCED KAYAKU CHEMICALS	●			
NIPPONKAYAKU FOOD TECHNO	●			●

◆ Certification Status for GMP Approval

Business Site Name	Principal certifying countries
Takasaki Plant	Japan, America, Europe

Quality Education

◆ Attendance Results (Japan)

Training Type	Contents	Attendees in FY2024	Total
Why? Why? Analysis Training	• 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	• 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	• 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)

R&D

Indicators	Covering	Unit	2020	2021	2022	2023	2024
R&D costs	consolidated	billion yen	12.4	13	13.3	19.8	15
R&D costs as a percentage of sales	consolidated	%	7.2	7	6.7	9.8	6.7

CSR

Indicators	Covering	Unit	2020	2021	2022	2023	2024
CSR expenditure	non-consolidated	million yen	146	154	149	158	93
Total donations	non-consolidated	million yen	114	123	120	126	90
Other CSR expenditures	non-consolidated	million yen	32	31	29	32	3

Governance

Corporate Governance

◆ Board Member Composition *

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Directors	Inside	Male	persons	7	6	6	6
		Female	persons	0	0	0	0
		Total	persons	7	6	6	6
	Outside (Independent)	Male	persons	3 (3)	3 (3)	3 (3)	3 (3)
		Female	persons	0	0	0	1 (1)
		Total	persons	3 (3)	3 (3)	3 (3)	4 (4)
	Overall Total (Independent)		persons	10 (3)	9 (3)	9 (3)	10 (4)
Average term		years	2.7	3	4	4.6	3.5
Independent Outside Director Percentage (Results)		%	30	33	33	40	40
Female Director Percentage		%	0	0	0	10	10
Executive Directors		persons	7	6	6	6	6

* Each year's data is accurate as of the Shareholders Meeting yearly held on June

◆ Audit & Supervisory Board Member Composition *

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Auditors	Inside	Male	persons	2	1	1	1
		Female	persons	0	1	1	1
		Total	persons	2	2	2	2
	Outside (Independent)	Male	persons	3 (2)	3 (2)	3 (3)	3 (3)
		Female	persons	0	0	0	0
		Total	persons	3 (2)	3 (2)	3 (3)	3 (3)
	Overall Total (Independent)		persons	5 (2)	5 (2)	5 (3)	5 (3)
Average term		years	2.8	3	4	4.4	1.2
Independent Outside Auditor Percentage (Results)		%	40	40	60	60	60
Female Auditor Percentage		%	0	20	20	20	20

* Each year's data is accurate as of the Shareholders Meeting yearly held on June

◆ Number of Committee Meetings Held

	Meeting Frequency	Meetings Held				
		2020	2021	2022	2023	2024
Board of Directors	Monthly	14	14	14	14	14
Nominations & Remuneration Advisory Committee	Whenever necessary	3	5	6	6	7
Sustainable Management Meeting	Weekly	51	48	50	48	47
Executive Directors Meeting	Quarterly	4	4	4	4	4
Management Strategy Meeting	Twice a year	2	2	2	2	2
Audit & Supervisory Board	Monthly	12	12	12	12	12
Ethics Committee	Twice a year	2	2	2	2	2
Risk Management Committee	Twice a year	2	2	2	4	2
Environment, Safety and Quality Management Committee	Twice a year	2	2	2	2	2
Research & Development Management Committee	Twice a year plus convened ad hoc by the chairman when required	1	3	2	2	2

* Each financial year's data is taken from April to March

◆ Audit & Supervisory Board Members Attendance at Committee Meetings (FY2024)*

Executive Title	Name	Board Meeting attendance	Nominations & Remuneration Advisory Committee attendance
President and Representative Director	Atsuhiko Wakumoto	14/14	7/7
Representative Director	Yoshitsugu Ishida	14/14	-
Member of the Board	Shigeyuki Kawamura	14/14	-
Member of the Board	Hiroshi Shimada	11/11	-
Member of the Board	Shinji Inoue	11/11	-
Member of the Board	Makoto Takeda	11/11	7/7
Outside Director (Independent)	Yo Ota	14/14	5/7
Outside Director (Independent)	Yasuyuki Fujishima	13/14	6/7
Outside Director (Independent)	Selichi Fusamura	13/14	6/7
Outside Director (Independent)	Ikuko Akamatsu	14/14	4/7
Average rate of attendance		98.6%	83.3%

* Data taken from April 2024 to March 2025

◆ Audit & Supervisory Board Members Attendance at Committee Meetings (FY2024)*

Position	Name	Board Meetings attended	Auditor attendance
Standing Auditor	Megumi Machida	14/14	12/12
Standing Auditor	Yoichiro Wada	14/14	12/12
Outside Auditor (Independent)	Ichiro Wakasa	14/14	12/12
Outside Auditor (Independent)	Atsushi Iwasaki	11/11	10/10
Outside Auditor (Independent)	Kyoichi Toriyama	10/11	10/10
Average rate of attendance		98.2%	100%

* Data from April 2024 to March 2025

◆ Executive Remuneration*

	Category	Unit	2020	2021	2022	2023	2024
Directors	Total remuneration amount	million yen	449	410	382	349	419
	(Outside Directors excepted) Number of directors concerned	persons	7	8	6	8	9
Auditors	Total remuneration amount	million yen	44	45	45	45	46
	(Outside Directors excepted) Number of directors concerned	persons	2	3	2	3	2
Outside Directors	Total remuneration amount	million yen	47	55	57	71	75
	Number of directors concerned	persons	6	6	7	7	9
Total		million yen	540	510	484	465	540

* The above figures and remuneration amounts for directors and auditors include those of directors retiring at the time of the Shareholders Meeting yearly held on June.
Furthermore, our outside directors have not received any remuneration from Nippon Kayaku Group companies.

◆ Remuneration for CPA Auditors (consolidated)

Indicators	Unit	2020	2021	2022	2023	2024
Remuneration based on audit and certification work	million yen	89	80	73	79	86
Remuneration not based on audit work	million yen	0	0	0	0	0
Total	million yen	89	80	73	79	86

◆ Categories of Shares Issued (As of 2025-03-31)

Category	Number of shares	Number of voting shares	Details
Non-voting shares	-	-	-
Restricted voting shares (treasury stocks etc.)	-	-	-
Restricted voting shares (other)	-	-	-
Full voting shares (treasury stocks etc.)	(treasury stocks)	-	-
	Common shares 5,111,400	-	-
	(Mutually-held shares)	-	-
	Common shares 28,000	-	-
Full voting shares (other)	Common shares 159,609,400	1,596,094	-
Shares of less than one unit*	Common shares 254,770	-	-
Total number of shares issued	165,003,570	-	-
General shareholder voting shares	-	1,596,094	-

* Shares of less than one unit include 85 of our own company's treasury stocks.

Compliance

◆ Inside Whistleblowing Cases

Contents of Complaints and Consultations	Covering	Unit	2020	2021	2022	2023	2024
Harrassment (power harrassment, sexual harrassment, etc.)	non-consolidated	cases	6	2	7	16	8
	Group companies	cases	-	-	-	-	5
Violations of company rules or manners	non-consolidated	cases	0	0	2	3	6
	Group companies	cases	-	-	-	-	3
Work or labor-related	non-consolidated	cases	1	1	3	5	3
	Group companies	cases	-	-	-	-	0
Others	non-consolidated	cases	0	1	4	3	0
	Group companies	cases	-	-	-	-	0
Total	non-consolidated	cases	7	4	16	27	25

◆ Number of Whistleblowing Complaints and Consultations from Suppliers

Whistleblowing	Covering	Unit	2020	2021	2022	2023	2024
Whistleblowing complaints and consultations from suppliers	non-consolidated	cases	-	0	1	0	4

Anti-Corruption

◆ Employees punished, fined or dismissed for causing Anti-Corruption Policy violations

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of violations of anti-corruption-related policies	non-consolidated	cases	0	0	0	0	0
Employee punishments and dismissals	non-consolidated	cases	0	0	0	0	0
Corruption-related fines issued	non-consolidated	yen	0	0	0	0	0
Applications of corruption-related penalties	non-consolidated	cases	0	0	0	0	0

◆ Political Donations

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Political donations	non-consolidated	10,000 yen	113	104	106	89	89

Information Security

◆ Number of Critical Security Incident cases*

Indicators	Covering	Unit	2020	2021	2022	2023	2024
Number of Critical Security Incident cases*	consolidated	cases	-	-	-	0	0

* Levels of security incident criticality are determined by our Information Risk Subcommittee.

◆ Business Sites Certified by the Trusted Information Security Assessment Exchange (TISAX), (concerned with the global automotive industry supply chain)

Business Site	Certification secured	Registered for inspection with	Certification Number
Kayaku Safety Systems Europe	January 2023	DNV	SW215F
Kayaku Safety Systems de Mexico	January 2023	TUV NORD DE MEXICO	S6485M
Kayaku Safety Systems Malaysia	May 2024	ENX ASSOCIATION	S5LX79

Editorial Policy

The aim of this Sustainability Website is to ensure that all our stakeholders (employees, customers, suppliers, shareholders, investors and local communities) have a thorough understanding of the Nippon Kayaku Group's ESG (Environment, Social and Governance) initiatives. We are making the most of the website's features to publish comprehensive information on our policies, organizational structure, performance indicators, initiatives and numerical data. We also report on various guidelines (such as GRI and ISO26000 standards) depending on how important we deem them to be with respect to our group and society at large.

Reporting Period

FY 2024 (Apr 1st 2024 to Mar 31st 2025)

A section of the data within pertains to the period Jan 1st 2024 to Dec 31st 2024.

Certain reports on activities and initiatives may also include information from before and/or after the above periods (when providing the latest information).

Report Focus

Nippon Kayaku Co., Ltd.

Consolidated Subsidiary Companies

- Kayaku Safety Systems Europe
- Kayaku Safety Systems (Huzhou) Co., Ltd
- Kayaku Safety Systems de Mexico S.A. de C.V.
- Kayaku Safety Systems Malaysia Sdn.Bhd.
- NIPPON KAYAKU AMERICA, INC.
- POLATECHNO CO., LTD
- MOXTEK, Inc.
- WUXI POLATECHNO OPTICS CO., LTD
- Dejima Tech B.V.
- Dejima Optical Films B.V.
- RaySpec Ltd.
- NIKKA FINE TECHNO CO., LTD
- Nippon Kayaku Korea Co., Ltd
- Euro Nippon Kayaku GmbH
- Kowa Sangyo Co., Ltd
- KAYAKU CHEMICAL (WUXI) CO., LTD
- KAYAKU Advanced Materials Inc.
- Gilmore Road Property, LLC
- Teikoku Taping System Co., Ltd
- WUXI ADVANCED KAYAKU CHEMICAL CO., LTD
- Shanghai Kayaku International Trading Co., Ltd
- Nippon Kayaku (Thailand) Co., Ltd
- NIPPON KAYAKU FOOD TECHNO CO., LTD
- Taiwan Nippon Kayaku Co., Ltd
- Kayaku (Shanghai) Co., Ltd
- Wako Toshi Kaihatsu Co., Ltd.

* Consolidated subsidiaries with manufacturing facilities have been listed with a ○ beside their name. Including 7 Nippon Kayaku plants, we have 20 manufacturing facilities in total (as of July 25th 2025).

Publication date

Sep 25th 2025

Reporting Cycle

1 year (Previous issue: Jul 2024; Next issue: Jul 2026)

Guidelines consulted

GRI (Global Reporting Initiatives) Standards
SASB (Sustainability Accounting Standards Board) Standards
ISO26000
Ministry of the Environment, Japan (Environmental Accounting Guidelines: 2005 Edition)
TCFD (Task Force on Climate-Related Financial Disclosures) recommendations
TNFD (Task Force on Nature-Related Financial Disclosures) recommendations

Third-Party Inspections

Since 2021, the Nippon Kayaku Group has sought to increase the reliability of its environmental performance data on greenhouse gas emission levels (Scope 1, Scope 2 and Scope 3). To that end, it has commissioned third-party inspection reports from Sustainability Accounting Co., Ltd. and subsequently published the results. From 2023, the inspection report covers levels of energy consumption, water use, and waste alongside greenhouse gas emissions.
For further details, please see the section on [Independent Third-Party Inspection Reports](#).

Media for Information Disclosure

In addition to via this website, sustainability information is disclosed through the following publications.

Publication	Format	Released
Sustainability Report	PDF	October
Integrated Report	PDF	December
Corporate Governance Report	PDF	June
Securities Report	PDF (Japanese Only)	June

Enquiries

Office Hours

Weekdays: 0900 to 1730 (closed on Saturdays, Sundays, public holidays and company holidays)

Contact Information

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ZIP code: 100-0005
03-6731-5227

[Email enquiries](#) 

Forward-Looking Statements

This website not only contains facts about the past and present, but also predictions, forecasts, targets and plans related to the future. All such references to the future are based on the information available at the time of publication. Naturally, due to a variety of factors, our forecasts may differ substantially from actual future business results. We therefore kindly remind website users to exercise their own judgment when utilizing the information within.

Independent Assurance Statement

August 28, 2025

Mr. Shigeyuki Kawamura
President
Nippon Kayaku Co., Ltd.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Nippon Kayaku Co., Ltd., (“the Company”) to provide limited assurance on the following data of the Company domestic and overseas group for the fiscal year 2024: 2.24 million GJ of energy consumption, 32.5 kt-CO₂e for Scope1, 78.6 kt-CO₂ for market-based Scope2 and 393 kt-CO₂e for Scope3 (Categories 1,2,3,4,5,6,7,9,12,13), 11.2 million m³ of water withdrawal, and 29.6 kt of waste emissions (collectively, “the Environmental performance data”). The purpose of this process is to express our conclusion on whether the Environmental performance data were calculated in accordance with the Company’s standards. The Company’s management is responsible for calculating the Environmental performance data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out included:

- Interviewing the Company’s responsible personnel to understand the Company’s standards
- Reviewing the Company’s standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the Environmental performance data were calculated in accordance with the Company’s standards.
- On-site inspection

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Environmental performance data have not been calculated in all material respects in accordance with the Company’s standards.

We have no conflict of interest relationships with the Company.



Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

External Evaluations and Awards

ESG Index Inclusions and Ratings (as of August 2025)

FTSE4Good Index Series



Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

➤ [FTSE4Good Index Series](#)

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the FTSE4Good Index Series criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE4Good Index Series indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

2022	2023	2024	2025
		○	○

FTSE Blossom Japan Index



FTSE Blossom Japan Index, created by the global index and data provider FTSE Russell, is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products. The index has been adopted by the Government Pension Investment Fund (hereafter: GPIF) as one of its benchmark stock indexes.

➤ [FTSE Blossom Japan Index](#)

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE Blossom Japan Index indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

2022	2023	2024	2025
		○	○

FTSE Blossom Japan Sector Relative Index



The FTSE Blossom Japan Sector Relative Index, devised by FTSE Russell, is a sector-neutral index which reflects the performance of the Japanese companies with outstanding Environmental, Social and Governance (hereafter: ESG) practices relative to others in their sector. The index has been adopted by the Government Pension Investment Fund (hereafter: GPIF) as one of its benchmark stock indexes.

➤ [FTSE Blossom Japan Sector Relative Index](#)

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE Blossom Japan Sector Relative Index indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

2022	2023	2024	2025
○	○	○	○

MSCI Nihonkabu ESG Select Leaders Index

2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

The MSCI Nihonkabu Select Leaders Index is comprised of MSCI parent index (MSCI Nihonkabu IMI Index) companies that are demonstrating outstanding ESG performance in each industry sector. This index is also among those adopted as a benchmark by the GPIF.

➤ [MSCI Nihonkabu ESG Select Leaders Index](#)

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2022	2023	2024	2025
	○	○	○

MSCI Japan Empowering Women Index (WIN)

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

The MSCI Japan Empowering Women Index is derived from its MSCI Japan IMI Top 700 parent index, and comprises the companies with outstanding records of promoting women's empowerment. This index is also among those adopted as a benchmark by the GPIF.

> [MSCI Japan Empowering Women Index \(WIN\)](#)

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2022	2023	2024	2025
○	○	○	○

MSCI ESG Ratings



MSCI ESG Ratings are derived from MSCI surveys and analysis of the extent to which companies are appropriately managing ESG risks. This seven-grade rating system from AAA to CCC serves as the global index for ESG investment. The Nippon Kayaku Group's rating for 2025 was AA.

> [MSCI ESG Ratings](#)

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2022	2023	2024	2025
BBB	A	AA	AA

S&P/JPX Carbon Efficient Index



The S&P JPX Carbon Efficient Index is an environmental stock index jointly developed by S&P Dow Jones Indices. It weights and ranks TOPIX companies based on how well they disclose environmental information and carbon efficiency (carbon emissions per unit of sales), and is also among the indexes adopted as a benchmark by the GPIF.

> [S&P/JPX Carbon Efficient Index](#)

2022	2023	2024	2025
○	○	○	○

Morningstar Japan ex-REIT Gender Diversity Tilt Index

The Morningstar ex-REIT Gender Diversity Tilt Index (hereafter: GenDi J) makes use of the data and evaluation methods supplied by Equileap to rank companies based on the extent to which their gender diversity policies have been instilled throughout the organization, and on how they promote equal opportunities regardless of gender. Companies are placed into one of five groups depending on their score, with the Nippon Kayaku Group currently featuring in GenDi J Group 3. This index is also among those adopted as a benchmark by the GPIF.

> [Morningstar Japan ex-REIT Gender Diversity Tilt Index](#) 

2022	2023	2024
	○	○

SOMPO Sustainability Index



The SOMPO Sustainability Index is an active index uniquely compiled from the Environmental, Social and Governance (ESG) scores given in the Environmental Management and ESG Management surveys conducted by SOMPO Risk Management allied to the stock value evaluations conducted by SOMPO Asset Management. It includes around 300 brands with outstanding ESG evaluations.

> [SOMPO Sustainability Index](#) 

2022	2023	2024	2025
		○	○

Certification

RBA (Responsible Business Alliance) Audit sees Kayaku Advanced Materials Certified Silver

The RBA (Responsible Business Alliance) is a corporate alliance which promotes social responsibility with respect to the global supply chain. Its remit involves fixing the necessary regulations to guarantee that the global supply chain sees safe working conditions, workers treated with respect and dignity, and due consideration given to the environment in the conduct of corporate activities.

Kayaku Advanced Materials (KAM) underwent an RBA Third-Party Audit (VAP Audit) in both 2021 and 2023. Its appropriate management in the audit areas of Labor, Safety & Health, Environment, Ethics and Management Systems was duly recognized, and deemed worthy of Silver Certification.

2021	2023
Silver Certification	Silver Certification

Recognition and Awards

CDP



CDP is an international NGO that operates a global disclosure system based on examination and evaluation of information demanded from companies and cities on climate change measures, water resource protection and forest conservation.

FY2024 saw the Nippon Kayaku Group earn an A for its Climate Change Report and a A- for its Water Security Report.

	2022	2023	2024
Climate Change	A-	A-	A
Water Security	C	B	A-

EcoVadis

EcoVadis SS (headquartered in France) hosts an ESG rating platform that assesses over 85,000 companies and organizations from 160 countries and 200 sectors. Comprehensive evaluations are made in the four fields of environment, labor and human rights, ethics, and sustainable resource procurement. March 2025 saw the Nippon Kayaku Group earn a Committed Badge.

2024	2025
Bronze Medal	Committed Badge

BroadBand Security (Gomez ESG Site Ranking)



The Gomez ESG Site Ranking 2024 was compiled by BroadBand Security, Inc., which rated companies from the five perspectives of: website user-friendliness, ESG sharing, E (environment), S (social) and G (governance), factoring in not only principal users such as shareholders and investors but also a wide range of stakeholders. 2024 saw the Nippon Kayaku Group selected as an "Outstanding Company."

> [Gomez ESG Site Ranking \(Japanese\)](#) 

BroadBand Security (Gomez IR Site Ranking)



The Gomez IR Site Ranking, selected by Broadband Security, Inc., is based on four categories: ease of use of websites, adequacy of financial and business results information, adequacy of corporate and management information, and aggressiveness and innovativeness in disclosing information, with a focus on the viewpoints of primary users-shareholders and investors.

In 2024, the Nippon Kayaku Group was selected as the "Silver prize."

[> Gomez IR Site Ranking \(Japanese\)](#) 

Daiwa Investor Relations (Daiwa Internet IR Award)



The Daiwa Internet IR Award, which is selected by Daiwa Investor Relations Co., Ltd., surveys and evaluates the websites of listed companies based on the concepts of 5T&C (Timely, Transparent, Traceable, Trustworth, Total and Communication.)

In 2024, the Nippon Kayaku Group was selected as the "Commendation Award" in the Internet IR category and "Excellence Award" in the sustainability category.

> [Daiwa Internet IR Award \(Japanese\)](#) 



Nikko Investor Relations (Company Website Quality Ranking)



The "Company Website Quality Ranking" selected by Nikko Investor Relations Co., Ltd. is a survey of the websites of all listed companies based on objective evaluation criteria set from the three viewpoints to "easy to understand," "easy to use," and "amount of information."

In 2024, the Nippon Kayaku Group was selected Best Award in comprehensive ranking segment.

> [Company Website Quality Ranking \(Japanese\)](#) 

Global "sukima" ideas



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