

## 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

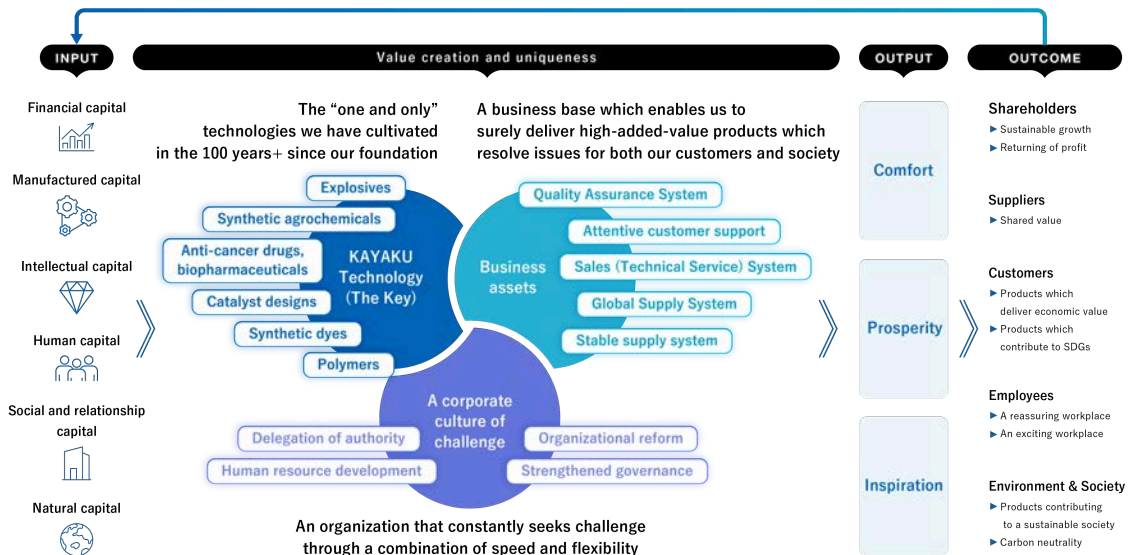
#### Basic Policy on Sustainable Management

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

Sourced by financial, manufactured, intellectual, human, social and relationship and natural operating capital, the Nippon Kayaku Group, under a corporate spirit of challenge, utilizes its unique and long-cultivated business asset of "KAYAKU Technology" to contribute towards solving social issues in the fields of comfort, prosperity and inspiration through the creation of new products with high added-value.

Reinvestment of profits and cash flow yielded from our business activities into R&D, human resource development and the strengthening of our business base can aid further value creation. And amid this value-creating environment do we contribute towards realizing a sustainable environment and society while aiming for medium-to-long-term growth.



### 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 Medium-term Business Plan, we released explanatory pamphlets on our corporate vision, sustainable management, and the Nippon Kayaku Group Human Rights Policy. We also created pocket 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, pocket 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.

## 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, Nippon Kayaku Group Human Rights Policy, KV25 Materiality, Anti-corruption, Natural Capital and Business, DE&I | Executives, employees, (including contract and part-time employees), temporary employees | 2025 | e-learning     | 6               | 86% (average) |
| New hire training*      | About Nippon Kayaku Group Sustainable Management, Climate Change Measures, Respect for Human Rights                                                         | New recruits                                                                             | 2025 | Group training | 1               | 100%          |
| New manager training*   | About Nippon Kayaku Group Sustainable Management, Climate Change Measures, Respect for Human Rights                                                         | New managers                                                                             | 2025 | 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. And our efforts to ensure Kayaku-ma – the embodiment 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

## Key Sustainability Issues (Materiality)

### Identifying Materiality

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 consciences,” we are creating environmental, social and economic value while aiming for the twin goals of improving corporate value and realizing a sustainable society.

To cover the period FY2026 to FY2035, the Nippon Kayaku Group has fixed its Long-term Management Plan: Evolution2035. Containing accurate perceptions of upcoming environmental and societal changes, the plan pursues value creation from the starting points of KAYAKU Technology, human resources and business assets. It also aims to deliver in tandem, through advances in our corporate spirit of challenge, solutions to social issues and sustainable corporate value creation.

Noting relevance to business operations and environmental changes of both an internal and external nature, we are identifying the key companywide (Materiality) issues likely to affect our medium-to-long-term improvements in corporate value. We have also reassessed our Materiality by incorporating a “Double Materiality” perspective, and aligned this with the commencement of our long-term management plan. Such a reassessment has seen us identify both “Environmental and Social Issues Impacting upon the Nippon Kayaku Group” (Financial Materiality) and “the Nippon Kayaku Group’s Impact upon the Environment and Society” (Impact Materiality) as the Materialities we should tackle, and incorporate both aspects into our plan’s basic strategy.

We perceive Materiality as an important element behind heightening business sustainability and contributing to expanded profits. Through planning for the compatibility of creating environmental and social value with the generation of economic value shall we realize both a sustainable society and improved corporate value.

| Environment                                                                                                     | Social                                                                                                                                                                                                                                                   | Governance                                                        |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Climate Change Response</li> <li>Natural Capital Conservation</li> </ul> | <ul style="list-style-type: none"> <li>Product Safety, Patient Safety and Security (including Anti-Corruption)</li> <li>Community Safety and Security</li> <li>Promoting Human Capital Management</li> <li>Promoting Responsible Supply Chain</li> </ul> | <ul style="list-style-type: none"> <li>Risk Management</li> </ul> |

### Materiality: The Identification Process

Based on a synthesis of internal and external viewpoints, the Nippon Kayaku Group has accurately ascertained the issues confronting it and, to respond to stakeholder expectations and demands, made its first identification of Materiality in FY2019. Since then, a Materiality reassessment has been made in FY2022, while FY2025 has seen a further reappraisal conducted from a Double Materiality standpoint. To Nippon Kayaku, Materiality means considering changes in the business environment and social affairs alongside changing stakeholder demands, and conducting continuous reassessments so that our Group Materiality is relevant to the times and capable of addressing social issues.

#### Step1: Extracting and Organizing Social Issues

When exploring a reassessment of Materiality, we referred, among other materials, to the sources below, including items on disclosure requests within the Sustainability Information Disclosure Guidelines and ESG Evaluation Criteria for Accrediting Institutions, thereby gaining a better grasp of environmental and social issues, societal changes, and stakeholder demands. We thus extracted the environmental and social issues deemed important for observation by stakeholders and investors, classified and organized them into themes, and drew together some 26 candidate themes.

##### ◆ Multi-stakeholder viewpoints

- WEF (The World Economic Forum) which produces an annual Global Risk Report
- Cefic (European Chemical Industry Council) and its Sustainable Development Indicators
- WBCSD (World Business Council for Sustainable Development) and its Vision 2050 Project covering issues related to corporate spheres of activity
- ESRS (European Sustainability Reporting Standards)

##### ◆ Investor viewpoints

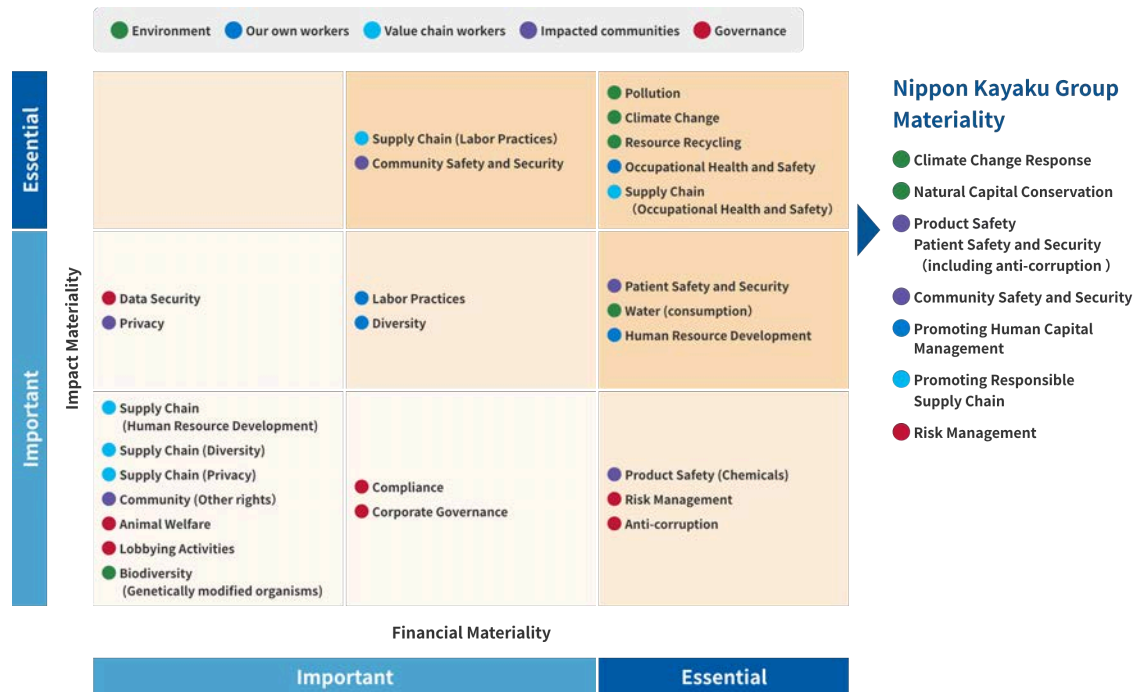
- SASB (Sustainability Accounting Standards Board)
- ESG Evaluation Criteria for Accrediting Institutions (FTSE, MSCI, Sustainalytics)

#### Step2: Evaluating Importance and Identifying Priorities

Our 26 candidate themes were examined through the medium-to-long-term lenses of “The Nippon Kayaku Group’s Impact on the Environment and Society” (both positive and negative) and “Environmental and Social Issues Impacting upon the Nippon Kayaku Group” (both risks and opportunities), thereby enabling us to systematically ascertain and analyze the likely impacts on our Group.

Having used the analysis to determine the importance of each theme, we evaluated and mapped out our twin axes of “The Environmental and Social Issues Impacting upon the Nippon Kayaku Group” (Financial Materiality) and “The Nippon Kayaku Group’s Impact upon the Environment and Society” (Impact Materiality). Consequently, we could narrow down our items of highest importance to 15 “Materialities”, before grouping related social issues together to finish with 7 core Materialities.

## ◆ Materiality Matrix



### Step3: Deciding on Materiality

The identified Materialities, and indicators and targets for each, were assessed for reasonability and subsequently decided upon by our Sustainable Management Meeting and Board of Directors.

## Environmental and Social Impacts, Risks & Opportunities, Indicators & Targets

With medium-to-long-term growth in corporate value set as its target, the Nippon Kayaku Group analyzes both the positive and negative impacts it has on the environment and society, as well as the risks and opportunities arising from environmental and societal impacts on the Group itself. Our Long-term Management Plan: Evolution2035 fixes indicators and targets for each Materiality, and ensures annual progress reviews and discussion of issues take place under the relevant director responsible. The results of our FY2025 Sustainable Action Plan can be seen below.

### Environment



#### Climate Change Response



##### Environmental and social impact

Climate change driven by GHG emissions can give rise to significant impacts on society including environmental degradation and adverse health effects. On the other hand, reducing GHG emissions through the introduction of renewable energy and equipment upgrades can enable contributions towards reducing environmental burdens and lessening climate change impact on everyday lives.

##### Risks and opportunities

###### Risks

- Strengthened GHG emission regulations increase costs in the form of compliance-related investments, carbon pricing, and higher raw material outlays
- Increasingly severe natural disasters trigger heightened response costs and value chain disruption, leading to difficulties in raw material procurement and customer operational disruptions, resulting in declining overall sales

###### Opportunities

Meeting expanded demand for products that aid decarbonization may create opportunities for increased sales and business growth

##### Indicators and targets

| Indicator                                      | FY2028 Target | FY2035 Target | Scope        |
|------------------------------------------------|---------------|---------------|--------------|
| GHG emission (Scope1+2)<br>*Compared to FY2019 | 36% reduction | 64% reduction | Consolidated |

##### Initiatives to reduce risks and expand opportunities

- Promoting energy-saving activities and climate change mitigation measures to help us achieve our FY2030 environmental targets
- Clarifying our response strategies through systematically identifying and organizing our technical, business and investment challenges in pursuit of carbon neutrality by FY2050

##### ● Related Information

[> Climate Change](#)

##### Director Responsible:

Director in Charge of Technology Unit

##### Related SDGs:





### Environmental and social impact

Emissions of waste and hazardous chemicals during manufacturing and processing activities within our operations and across the value chain can contaminate air, water quality and soil, and bring the possibility of harmful effects on ecosystems and human health. Additionally, increased environmental burdens stemming from water withdrawal and wastewater discharge can lead to local water resource depletion, adverse health impacts on local communities, and local landscape degradation. On the other hand, improvements to the manufacturing process can facilitate more efficient resource use and reduced waste generation, thereby contributing to lightening environmental burdens.

### Risks and opportunities

#### Risks

- Strengthened environmental regulations lead to operational restrictions and increased compliance costs, leading to reduced profitability
- Violations of environmental laws bring increased litigation expenses
- Securing safe water resources becomes increasingly difficult, bringing increased procurement expenses

#### Opportunities

Promoting waste reduction and recycling can create opportunities to improve resource efficiency and achieve cost reductions

### Indicators and targets

| Indicator                               | FY2028 Target         | FY2035 Target         | Scope            |
|-----------------------------------------|-----------------------|-----------------------|------------------|
| Major Environmental Accidents           | 0 cases               | 0 cases               | Consolidated     |
| Environmental Law Violations            | 0 cases               | 0 cases               | Consolidated     |
| Recycling Rate                          | 82% or higher         | 85% or higher         | Non-consolidated |
| Zero-emissions Rate                     | 0.8% or less          | 0.6% or less          | Non-consolidated |
| VOC Emission<br>*Compared to FY2024     | 1% per-unit reduction | 3% per-unit reduction | Consolidated     |
| Waste generation<br>*Compared to FY2024 | 1% per-unit reduction | 3% per-unit reduction | Consolidated     |

### Initiatives to reduce risks and expand opportunities

- Enhancing transparency regarding the environmental burdens of business activities, promoting continual reductions in environmental burdens groupwide, and exploring ways to recycle rare metal raw materials
- Integrated management of environmentally-related data linked with indicators and targets to construct a management foundation that supports environmental burden reduction and sustainable growth
- Utilization of the TNFD Locate-Evaluate-Assess-Prepare (LEAP) approach to evaluate the dependencies and impacts on natural capital and biodiversity for each business unit. Based on analysis results, identifying priority response areas with regard to regional characteristics

#### Related Information

- > [Preventing Pollution](#)
- > [Effective Use of Resources](#)
- > [Natural Capital and Biodiversity](#)

### Director Responsible:

Director in Charge of Technology Unit

### Related SDGs:





## Product Safety, Patient Safety & Security (including anti-corruption)



### Environmental and social impact

- Quality issues can threaten the health and safety of our own employees and business partners
- Insufficient product information, drug development delays and supply instability, biased promotions to healthcare professionals, and the distribution of counterfeit drugs can risk harmful effects on patient safety and health. On the other hand, rapid provision of drugs in emergencies, and development and sale of drugs for children, can enable us to contribute to patient health recovery, children's health improvements and enhanced wellbeing all round
- Corrupt practices in high-corruption-risk regions may lead to rights violations and unfair business practices which adversely affect stakeholders. On the other hand, fostering a culture of corporate ethics and compliance can guard against unjust use of corporate assets and help suppress corrupt practices

### Risks and opportunities

#### Risks

- Quality issues trigger recall and litigation risks
- Insufficient product information and quality or supply issues alienate customers and attract public criticism, resulting in reputational damage and consequent reduced sales, as well as additional costs connected to regulatory compliance and litigation
- Inadequate anti-corruption measures result in increased costs in fines, business disruptions and higher costs, as well as decreased sales resulting from reputational damage and loss of customer trust

#### Opportunities

- Delivery of safe and high-quality products should present chances to gain the trust and support of customers and business partners
- Stable supply in emergencies and contributions to child health can enhance our corporate reputation and brand value, leading to increased sales

## ◆ Product Safety, Patient Safety and Security

### Indicators and targets

| Indicator                                                                             | FY2028 Target | FY2035 Target | Scope        |
|---------------------------------------------------------------------------------------|---------------|---------------|--------------|
| Number of serious complaints<br>*Losses of JPY 10 million or greater                  | 0 cases       | 0 cases       | Consolidated |
| Number of Major Quality Process Abnormalities<br>*Losses of JPY 10 million or greater | 0 cases       | 0 cases       | Consolidated |

### Initiatives to reduce risks and expand opportunities

- So as to forestall human error, strengthening links both inside and outside the workplace, based on a culture of "awareness" and "dialogue"
- Establishing a Quality Assurance System that flexibly responds to changes in the external environment while ensuring compatibility between customer satisfaction and compliance
- Building a robust Quality Assurance System that can flexibly respond to change while promoting continuous improvements

#### ● Related Information

➤ [Quality and Customer Safety](#)

#### Director Responsible:

Director in Charge of Business Unit, Chair of the Risk Management Committee

## ◆ Anti-Corruption

### Indicators and targets

| Indicator                                                                                                             | FY2028 Target | FY2035 Target | Scope        |
|-----------------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|
| Number of Employee Disciplinary Actions, Dismissals, Fines and Penalties Related to Anti-Corruption Policy Violations | 0 cases       | 0 cases       | Consolidated |
| Number of Significant Compliance Violations reported through the Compliance Hotline by Business Partners              | 0 cases       | 0 cases       | Consolidated |
| Training take-up rate                                                                                                 | 100%          | 100%          | Consolidated |
| Corrective Action Completion Rate for Internal Audit Findings                                                         | 100%          | 100%          | Consolidated |

### Initiatives to reduce risks and expand opportunities

- Planning and implementing anti-corruption training and providing thorough education and awareness on gift-exchange policies and entertainment
- Periodically verifying the effectiveness of our anti-corruption system through internal audits, the results of which feed in to continuous improvements

#### ● Related Information

➤ [Anti-Corruption](#)

#### Director Responsible:

Director in Charge of Internal Control Management Division

### Related SDGs:





### Environmental and social impact

Raw material sourcing and the construction of manufacturing facilities may adversely effect the living environment, local heritage, and physical and mental health of local communities and Indigenous peoples. There is the additional possibility that an environment worsened by pollution can lead to adverse health impacts and, in severe cases, loss of life

### Risks and opportunities

#### Risks

- Leakage of pollutants during raw material sourcing and manufacturing activities harms both the local environment and public safety, resulting in public criticism and litigation costs, reputational damage and diminished sales
- Suppliers discovered to be handling conflict minerals trigger operational suspensions, regulatory penalties, public criticism, litigation costs and reduced sales
- Damage to the local living environment entails public criticism and the need to handle litigation, thereby causing reputational damage and reduced sales

### Indicators and targets

| Indicator                                                        | FY2028 Target         | FY2035 Target         | Scope        |
|------------------------------------------------------------------|-----------------------|-----------------------|--------------|
| Number of Fires, Explosions, External Chemical Releases          | 0 cases               | 0 cases               | Consolidated |
| Implementation of dialogue activities at all manufacturing sites | Once or more per year | Once or more per year | Consolidated |

### Initiatives to reduce risks and expand opportunities

- Thoroughly complying with the basic rules pertaining to the environment, health and safety (EHS), and responding promptly and precisely to laws and regulations as well as external requirements
- In the handling of highly hazardous chemicals, continuously improving our measures to reduce both worker exposure and environmental risks to local communities
- Strengthening our safety operation foundations at manufacturing sites and contributing to the sustainable development of local communities

#### ● Related Information

> [Work Safety & Health ; Health Management](#)

### Director Responsible:

Director in Charge of Technology Unit, Chair of the Risk Management Committee, Director in Charge of General Affairs Division

### Related SDGs:





#### Environmental and social impact

- Occupational Health and Safety: Accidents involving employees at manufacturing sites may adversely affect employee health and wellbeing
- Human Resource Development: Underinvestment in human resource development leads to stagnated technological innovation, decreased competitiveness and declining sales
- Labor Practices: Long working hours and harassment can detrimentally affect employee physical and mental health, leading to increased medical costs, poor mental condition, and declines in wellbeing
- Diversity: The provision of an inclusive workplace environment and accessible facilities combined with the creation of a diversity-respecting workplace free from discrimination should not only bring about expanded employment opportunities for people with disabilities but contribute positively to workplace comfort, wellbeing, communication, engagement and motivation

#### Risks and opportunities

##### Risks

- Occupational Health and Safety: Accidents occurring at manufacturing sites lead not only to declines in productivity and sales but compensation claims and litigation expenses, and increased oversight costs associated with maintaining workplace safety
- Human Resource Development: Underinvestment in human resource development leads to stagnated technological innovation, decreased competitiveness and declining sales
- Labor Practices: Long working hours and workplace harassment bring increased recruitment costs due to higher employee turnover, declining sales stemming from decreased work productivity, and extra costs in the form of litigation and penalties
- Diversity: Workplace discrimination causes a skewing of skills and perspectives, leading to lost new business opportunities and reduced profits

##### Opportunities

- Human Resource Development: Development of highly specialized talent for research, technical, and digital integration fields should promote technical innovation and diversity of values, thereby leading to improved productivity and sales
- Diversity: The fostering of a workplace in which diverse talent can perform presents the opportunity to improve worker motivation and productivity, which should feed into increased sales

#### ◆ Occupational Health and Safety

##### Indicators and targets

| Indicator                                 | FY2028 Target | FY2035 Target | Scope        |
|-------------------------------------------|---------------|---------------|--------------|
| Number of Serious Accidents and Disasters | 0 cases       | 0 cases       | Consolidated |

##### Initiatives to reduce risks and expand opportunities

- Through expansion and periodical implementation of Environment, Health and Safety (EHS) Inspections, enhanced workplace interviews and evaluations by external experts, we will plan for early risk detection and accelerate corrective actions to drive up health and safety standards
- Through utilizing AI, we shall rely on past cases and studies as well as real-time monitoring to automatically detect latent risks, identify hazards and prioritize response measures, and thereby enable continuous health and safety management

##### ● Related Information

> [Work Safety & Health](#) ; [Health Management](#)

##### Director Responsible:

Director in Charge of Technology Unit

#### ◆ Human resource development

##### Indicators and targets

| Indicator                                                     | FY2028 Target | FY2035 Target | Scope            |
|---------------------------------------------------------------|---------------|---------------|------------------|
| Next-Generation Leadership Talent                             | 120           | 130           | Non-consolidated |
| Digital Talent                                                | 240 (10%)     | 480 (20%)     | Non-consolidated |
| Financial Strategic Planning Talent                           | 59            | 64            | Non-consolidated |
| Global Talent                                                 | 360 (15%)     | 480 (20%)     | Non-consolidated |
| Training Investment per Employee                              | JPY 100,000   | JPY 200,000   | Non-consolidated |
| Next-Generation Management Candidate Training Completion Rate | 100%          | 100%          | Non-consolidated |

##### Initiatives to reduce risks and expand opportunities

##### ● Key Medium-to-Long-Term (3-to-10-year) Initiatives

Through optimizing our human resources portfolio and continuous strengthening of investment in education and training, we will strategically develop highly specialized talent in the leadership, digital, financial and global fields, and achieve both business growth and social value creation

##### ● Key Initiatives Towards FY2028

Defining the talent requirements linked with management strategy and using systematic selection, development and posting to forge the foundation of our talent for next-generation leadership and strategic growth areas

##### ● Related Information

> [Human Resources Development](#)

**Director Responsible:**

Director in Charge of Human Resources Division, Director in Charge of Corporate Planning Division

**◆ Labor Practices****Indicators and targets**

| Indicator                                                            | FY2028 Target    | FY2035 Target    | Scope        |
|----------------------------------------------------------------------|------------------|------------------|--------------|
| Number of labor law violations                                       | 0                | 0                | Consolidated |
| Average Monthly Overtime hours                                       | 10 hours or less | 10 hours or less | Consolidated |
| Number of employees Working more than 45 hours of overtime per month | 0                | 0                | Consolidated |
| Consultation Hotline Awareness Rate                                  | 100%             | 100%             | Consolidated |

**Initiatives to reduce risks and expand opportunities****● Key Medium-to-Long-Term (3-to-10-year) Initiatives**

Based on the establishment of a labor management system grounded in compliance and respect for human rights, we will embed respect for human rights and psychological safety within our corporate culture, and deliver sustainable labor practices that emphasize transparency and continuous improvement

**● Principal initiatives towards FY2028**

Via thorough compliance and personnel management, we shall establish the foundation for a safe, comfortable and supportive workplace free from long working hours and harassment

**● Related Information**

> [Human Capital](#)

**Director Responsible:**

Director in Charge of Human Resources Division, Director in Charge of Corporate Planning Division

**◆ Diversity****Indicators and targets**

| Indicator                                    | FY2028 Target  | FY2035 Target | Scope            |
|----------------------------------------------|----------------|---------------|------------------|
| Ratio of Female Directors                    | 20% or higher  | 30% or higher | Non-consolidated |
| Ratio of Female Managers                     | 10% or higher  | 30% or higher | Non-consolidated |
| Employment rate of persons with disabilities | 2.7% or higher | 3% or higher  | Non-consolidated |
| Numbers of foreign national employees        | 68             | 107           | Non-consolidated |

**Initiatives to reduce risks and expand opportunities****● Key Medium-to-Long-Term (3-to-10-year) Initiatives**

We will continue striving to engender a climate in which diversity is mutually accepted by all, and where all roles and responsibilities can be easily performed to the fullest potential. We shall also endeavor to become an organization which can implement systematic talent rotation as a standard practice, and where diversity no longer becomes an issue

**● Principal initiatives towards FY2028**

Through the ZENKATSU initiative already well underway, we will move forward with preparing a workplace environment oriented towards employment opportunity creation and improved employment rates, and in which an inclusive climate translate into measurable outcomes

**● Related Information**

> [Diversity and a comfortable working environment](#)

**Director Responsible:**

Director in Charge of Human Resources Division, Director in Charge of Corporate Planning Division

**Related SDGs:**



### Environmental and social impact

Occupational accidents within supply chains and lack of access to clean water and sanitation facilities are liable to produce significant adverse effects on worker health, wellbeing and human rights. Additionally, supply chains exhibiting the problems of child or forced labor, unstable employment and working conditions, insufficient labor-management dialogue, restrictions on freedom of association, and usage of conflict minerals may lead to loss of education, freedom, health and economic resources. These issues may also exacerbate inequality and social instability, thereby significantly reducing worker wellbeing

### Risks and opportunities

#### Risks

Identifying the presence of occupational accidents, defective sanitation environments, child and forced labor, unstable employment, inferior working environments, insufficient labor-management dialogue, restrictions on freedom of association and use of conflict materials within a supply chain causes declines in productivity and quality, disrupted operations, and heightening public criticism, in turn decreasing company sales, increasing costs and damaging reputation

### Indicators and targets

| Indicator                                                                                    | FY2028 Target                                        | FY2035 Target                                                                                                      | Scope        |
|----------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------|
| Sustainability Survey Response Rate                                                          | 90% or higher                                        | 90% or higher                                                                                                      | Consolidated |
| Establishment of a Supplier Human Rights Due Diligence Framework                             | Establish a risk assessment and management framework | Risks identified and addressed through a Human Rights Due Diligence System across all domestic and overseas sites. | Consolidated |
| Procurement Rate of Raw Materials Sourced with Environmental and Human Rights Considerations | Establish a risk assessment and management framework | 100%                                                                                                               | Consolidated |
| Monitoring of Supplier Occupational Accidents and Safety Training                            | Establish a risk assessment and management framework | 0 occupational accidents<br>100% safety training implementation rate                                               | Consolidated |
| Tier 1 Supplier Safety Training Completion Rate                                              | Establish a risk assessment and management framework | 100%                                                                                                               | Consolidated |

### Initiatives to reduce risks and expand opportunities

#### ● Medium-to-Long-Term (3-to-10-year) Initiatives

- Supplier-oriented due diligence to be conducted focusing on key identified risks, with audits to be carried out on suppliers in need of remedial measures
- Links to be forged with industrial bodies and external initiatives as we strengthen risk management capability across the entire supply chain
- In tandem with improving supplier assessment efficiency, we shall set up a grievance mechanism and clarify our grievance response process
- Establishment of an internal management framework and ensure that both comprehension and practical application of sustainable procurement permeates the entire organization

#### ● Key Initiatives Toward FY2028

- Set up continuous evaluations of, and dialogue with, important suppliers
- Establish human rights risk management across the supply chain and identify high-risk raw materials so as to draw up and implement a relevant response strategy
- Build an internal management framework to ensure that understanding of sustainable procurement permeates the entire organization

#### ● Related Information

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

### Director Responsible:

Director in Charge of Corporate Planning Division

### Related SDGs:





## Risk Management



### Environmental and social impact

Instances where a manifested risk can neither be forestalled nor promptly or appropriately responded to may result in severe adverse impacts such as harm to society and human life, environmental damage and external losses caused by information leaks. On the other hand, forestalling of emerging risks, and delivering responses that minimize damage should those risks still occur, should enhance business resilience and trigger positive impacts through strengthened stakeholder trust

### Risks and opportunities

#### Risks

Instances where a manifested risk can neither be forestalled nor promptly or appropriately responded to result in harm to society and human life, environmental damage, losses caused by information leaks, and business disruption or stagnation, undermining stakeholder trust

#### Opportunities

Strengthening our risk management framework enables us to forestall risks, or at least respond promptly and appropriately to them, thereby supporting business continuity. This should provide us with chances to both gain and increase stakeholder trust

### Indicators and targets

| Indicator                                                          | FY2028 Target | FY2035 Target | Scope        |
|--------------------------------------------------------------------|---------------|---------------|--------------|
| Risk Assessment Completion Rate                                    | 100%          | 100%          | Consolidated |
| Risk Response Plan Development Rate                                | 100%          | 100%          | Consolidated |
| Number of Cases with a Risk Response Implementation Rate Below 80% | Fewer than 10 | 0             | Consolidated |
| Corrective Action Completion Rate for Internal Audit Findings      | 100%          | 100%          | Consolidated |
| Risk Management Process Compliance Rate                            | 100%          | 100%          | Consolidated |
| Risk Management Training take-up rate                              | 100%          | 100%          | Consolidated |

### Initiatives to reduce risks and expand opportunities

- Business unit risks and Top 5 Risks are subjected to continuous action planning, progress confirmation and reporting of results as we strive to increase risk response reliability
- Reliable operation of the risk management process through internal audits conducted in line with internal regulations, enhancing risk management effectiveness
- Promotion of risk management training for relevant employees, including at Group company level, raising organization-wide risk awareness and response capability

#### Related Information

> [Risk Management](#)

### Director Responsible:

Director in Charge of Internal Control Management Division

### Related SDGs:

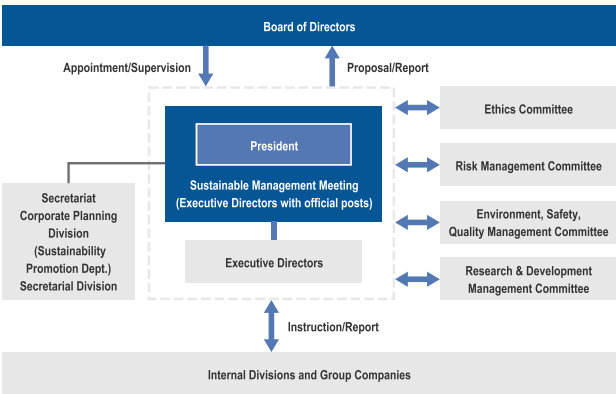


For the results of the FY2025 Sustainability Action Plan, please refer to the following.

> [FY2025 Sustainability Action Plan](#)

# 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

Under its basic principle of “Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences,” the Nippon Kayaku Group positions Responsible Care at the core of its management, and drives forward business activities that demonstrate due consideration of the environment, health and safety.

Recent years have seen a rapid increase in the importance of responding to biodiversity and natural capital alongside the more traditional issues of climate change mitigation and sustainable water resource use. In response to these challenges, we shall move forward with specific and continuous initiatives aimed at GHG emission reductions, improving energy efficiency, optimizing quantities of water used and enhancing wastewater management. These initiatives have already gained strong external recognition, with the CDP<sup>\*1</sup> awarding us its highest A-rank in the climate change field and an A-minus rank for water security.

We are also proactively engaged in upgrading information disclosures, not only following TCFD<sup>\*2</sup> recommendations for climate-related information but also commencing nature-related disclosures based on new TNFD<sup>\*3</sup> recommendations. Our comprehensive grasp of risks and opportunities is therefore not merely limited to climate change, but encompasses natural capital too, and we are moving ahead with initiatives to reflect this in management strategy.

Furthermore, practical application of Responsible Care does not stop with responses to the environment. We will also work on fostering a culture of safety, strengthening chemical substance management, and building relationships of trust with local communities. In similar fashion shall we redouble our efforts to maintain and improve the physical and mental health of employees, and increase wellbeing overall.

Making our initiatives more effective hinges upon the individual actions of every employee. We will therefore press on with efforts to create a daily workplace climate which reflects the fact that each employee perceives responsibility for the environment, health and safety as their own personal issue. Moving forward, just as before, under the principles of Responsible Care, shall the Nippon Kayaku Group seek compatibility between solving social issues and increasing corporate value, and contribute towards the realization of a sustainable society.

I kindly ask all our stakeholders for your continued understanding and support in this quest.

Yasuhiro Kato  
Managing Director  
In charge of Technology Unit



<sup>\*1</sup> 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.

<sup>\*2</sup> TCFD : Taskforce on Climate-related Financial Disclosure

<sup>\*3</sup> 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 (GHG) 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

<sup>\*</sup> 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 Targets

Under its motto of "Safety Over Everything Else," recognized by all employees, does the Nippon Kayaku Group thoroughly comply with both domestic and overseas laws, and actively work on preventative measures for accidents and disasters affecting both safety and the environment. Furthermore, in pursuit of realizing our KAYAKU Spirit corporate vision do all our employees drive forward Responsible Care activities based on our Declaration on Environment, Health and Safety, and Quality.

The Nippon Kayaku Group Responsible Care Targets have served as our basic approach since FY2019. Working from these have we conducted health and safety activities with an emphasis on unsafe actions based on the findings of 30-second inspections and fixed-point inspections. We have also promoted Environment, Health and Safety Audits with an emphasis on risk management, and are currently fixing targets centered on promotion of decarbonization with a view to achieving our overarching FY2030 Medium-term Environmental Targets.

We have shared and confirmed these targets with domestic group companies, and undertaken annual reassessments as we seek to advance continuous Responsible Care activities going forward.

### Nippon Kayaku Group Responsible Care Targets for FY 2026

#### ◆ 《Targets》

##### 1. Occupational Health and Safety

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

##### 2. Evolution2035 Materiality: Reducing Environmental Burdens through Achievement of KPIs

| Indicator                                            | Scope        | FY2026 Target                                                    | FY2028 Target         | FY2035 Target         |
|------------------------------------------------------|--------------|------------------------------------------------------------------|-----------------------|-----------------------|
| GHG emissions<br>(Scope1+2)<br>*Compared with FY2019 | Consolidated | 98,091t-CO <sub>2</sub> or less<br>(Reduction rate: 25% or more) | 36% reduction         | 64% reduction         |
| VOC emissions<br>*Compared with FY2024               | Consolidated | Per-unit emissions of 0.016 or less                              | 1% per-unit reduction | 3% per-unit reduction |
| COD emissions<br>*Compared with FY2024               | Consolidated | Per-unit emissions of 0.022 or less                              | —                     | —                     |
| Waste generation<br>*Compared with FY2024            | Consolidated | Per-unit emissions of 1.769 or less                              | 1% per-unit reduction | 3% per-unit reduction |
| Recycling Rate                                       | Domestic     | 80% or more<br>*including thermal recycling                      | 82% or more           | 85% or more           |
| Plastic Waste Recycling Rate                         | Domestic     | 80% or more                                                      | —                     | —                     |
| Zero-emissions Rate                                  | Domestic     | 1% or less                                                       | 0.8% or less          | 0.6% or less          |

➤ [Key Sustainability Issues \(Materiality\): Environmental and Social Impact, Risks and Opportunities; Indicators and Targets](#)

#### ◆ 《Priority Initiative Issues》

##### 1. Promotion of initiatives aimed at "zero accidents"; strengthening fire prevention

- ① Setting up onsite inspections based on risk assessment deep dives, and audits prioritizing responses to various laws and regulations
- ② Setting up 30-second inspections which establish priority themes and encompass all processes
- ③ Introducing a generative-AI-based safety evaluation system and preparing relevant upgrades for future safety management work
- ④ Promoting autonomous chemical substance management
- ⑤ Preparations against natural disaster risks and emergency situations (guaranteed set up of drills for emergencies, evacuations, general disaster-prevention and lifesaving)
- ⑥ Communicating results of Responsible Care activities and challenges to external bodies (applying for external certification)

##### 2. Workplace Improvements to Occupational Health and Safety

- ① Preparation of workplaces which take into account the characteristics of older workers (an age-friendly workplace)
- ② High-stress workplaces ascertained and targeted for follow-up actions via Stress Check Structure Analysis
- ③ Establishment and operation of a health check results database
- ④ Promotion of health management
  - Kenko Investment for Health Accreditation maintained
  - Specific Health Guidance take-up rate of over 30%
  - Health event participation rates of over 60%

##### 3. Promotion of Activities aimed at achieving Environmental Targets

- ① Solid implementation of our transition plan aimed at achieving 2030 Environmental Targets
- ② Implementation and continuation of risk reduction measures in high-flood-risk regions
- ③ Strengthening climate-change-related disclosures to external bodies
  - Maintaining our CDP<sup>\*1</sup> assessment (for Climate Change and Water Security)
  - Establishing indicators and targets based on TNFD<sup>\*2</sup> boundary extensions, risks and opportunities, and clarification of dependencies and effects
  - Clarification of issues via gap analysis with an eye on post-2030 SSBJ<sup>\*3</sup> disclosures

\*1 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.

\*2 TNFD: Taskforce on Nature-related Financial Disclosures

\*3 SSBJ: Sustainability Standards Board of Japan

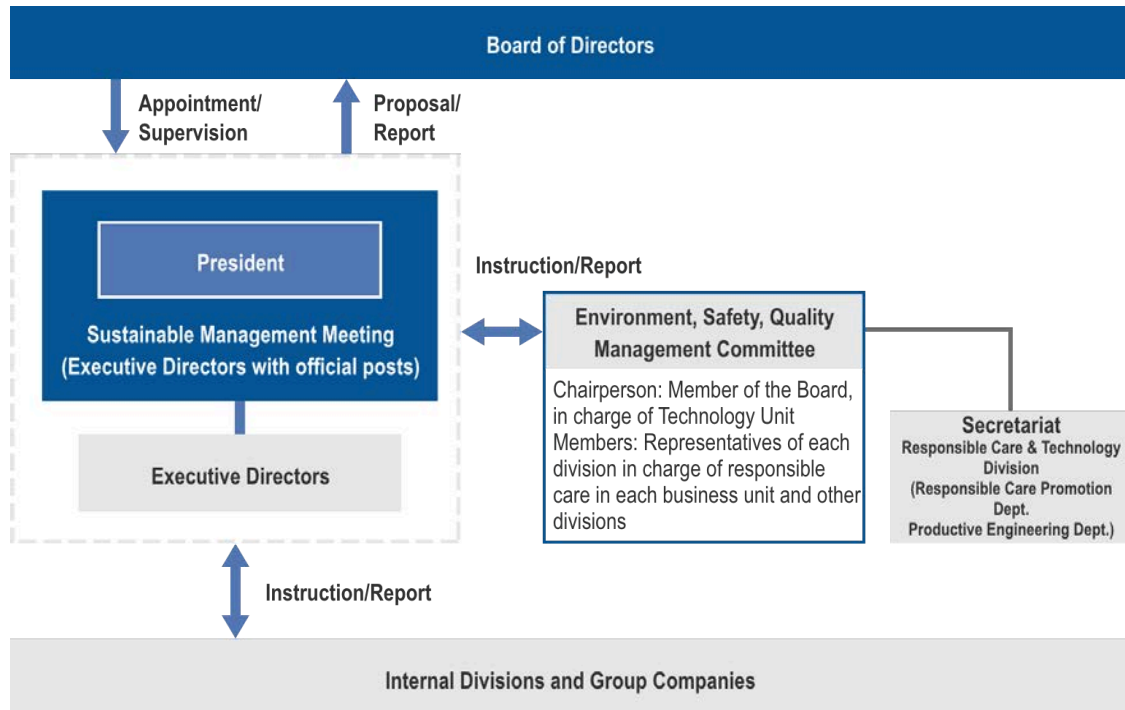
Based on the International Financial Reporting Standards (IFRS), these serve as the Japanese version of the disclosure standards laid down by the International Sustainability Standards Board (ISSB) which enable companies to disclose their sustainability information to financial statement standards.

## 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 Environmental, Health and Safety Audits 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 Environment, Health and Safety Audits. These audits 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 audits help to build, maintain and improve the Nippon Kayaku Group's internal control system.

## ◆ Management System

### Environment, Health and Safety Audit 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 audits 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 FY2025).

#### 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

### Environment, Health and Safety Audit Results (Number of bases inspected)

| Business Units examined; Group companies |         | 2022 | 2023 | 2024 | 2025 |
|------------------------------------------|---------|------|------|------|------|
| Plants                                   |         | 7    | 7    | 7    | 6    |
| Research labs • Offices                  |         | 4    | 1    | 1    | 1    |
| Domestic Group companies                 | Onsite  | 3    | 3    | 3    | 3    |
|                                          | Offsite | 1    | 1    | 1    | 0    |
| Overseas Group companies *               |         | 3    | 1    | 2    | 2    |
| Total                                    |         | 16   | 13   | 14   | 12   |

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

### FY2025 Inspection Results (Number of points raised at the 12 bases inspected)

| Areas                    | Responsible Care Progress Confirmation Chart, Responses to legislation, Base inspections etc. |
|--------------------------|-----------------------------------------------------------------------------------------------|
| Good points              | 35                                                                                            |
| Points raised            | 10                                                                                            |
| Points noticed           | 96                                                                                            |
| Suggestions and requests | 85                                                                                            |

## 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. The Nippon Kayaku Group thus advances its business activities in lockstep with each Materiality and SDG. Further details and progress reports on initiatives pertaining to each Materiality are disclosed in our [Sustainability Action Plan](#). In addition to creating environmental, social and economic value, and aiming for a sustainable society in tandem with increased corporate value, we will also contribute towards achieving the SDGs.



### External Initiatives Joined

| Initiative title                                                                                                                                      | Participation period | Scale     | Relationship with corporate principles and the path to approval                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>UN Global Compact<br/>WE SUPPORT</p>                           | 2021                 | Groupwide | <p>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.</p> <p>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.</p> <p>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. 2025 saw us sit on the following 11 subcommittees:</p> <ul style="list-style-type: none"> <li>• ESG Subcommittee</li> <li>• Environmental Management Sub-committee</li> <li>• Kansai Region Subcommittee</li> <li>• Supply Chain subcommittee</li> <li>• GC Intra-Company Instillation Research Subcommittee</li> <li>• Human Rights Due Diligence Subcommittee</li> <li>• Anti-Corruption Subcommittee</li> <li>• Disaster Risk Reduction Subcommittee</li> <li>• SDGs Subcommittee</li> <li>• Reporting Research Subcommittee</li> <li>• WEPs Subcommittee</li> </ul> |
|  <p>TCFD (Task Force on Climate-Related Financial Disclosures)</p> | 2022                 | Groupwide | <p>March 2022 saw the Nippon Kayaku Group announce its endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. With a view to achieving good communication with a wide variety of stakeholders, we use the TCFD recommendation framework to proactively disclose information related to Governance, Strategy, Risk Management, and Metrics and Targets. These initiatives are naturally aligned with the management stance shaped by our KAYAKU Spirit corporate vision. Climate change is a key issue which significantly impacts society at large, and has therefore been positioned as a Key Management Issue within our Group as well. Moving forward, we shall continue to follow the TCFD recommendations as part of our initiatives to promote reduced GHG emissions and build a recycling society.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|  <p>Responsible Care Global Charter</p>                            | 2008                 | Domestic  | <p>The Nippon Kayaku Group signed up to the Responsible Care Global Charter in 2008, and also to the revised version in 2014.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

## 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   | Vice Chairman / Representative Director | Nippon Kayaku's 3 <sup>rd</sup> 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. |
| Japan Dyestuff and Industrial Chemicals Association    | 1948   | Chairman                                | Nippon Kayaku's 3 <sup>rd</sup> 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 we are 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.                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Internal portal site</li> <li><a href="#">Engagement survey set-up</a> (annually)</li> <li><a href="#">Compliance awareness survey</a> (annually)</li> <li>In-house publications (quarterly)</li> <li><a href="#">Compliance hotline</a></li> <li><a href="#">Agreements with labor unions</a></li> </ul>                                |
| 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: <ul style="list-style-type: none"> <li><a href="#">Automobile module manufacturers, optical material users</a></li> <li><a href="#">Users of resins, dyes and catalyst materials</a></li> <li><a href="#">Medical personnel, patients</a></li> <li><a href="#">Agrochemical manufacturers, pesticide vendors, farmers</a></li> </ul> | <ul style="list-style-type: none"> <li>Ascertaining of needs through sales activities</li> <li>Refinement/ improvement of products and services</li> <li>Plant field trips</li> <li><a href="#">Publication of information online</a> (constantly updated)</li> <li><a href="#">Providing safety guidance on agrochemical use and advice on pest control methods</a></li> </ul> |
| 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).                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Information exchange through visits, web chats, and everyday business conversations</li> <li><a href="#">Sustainable Procurement Survey</a></li> <li><a href="#">Procurement Seminars</a></li> </ul>                                                                                                                                     |
| 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.                                                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li><a href="#">Financial results briefings</a> (quarterly)</li> <li><a href="#">General Meeting of Shareholders</a> (annually)</li> <li><a href="#">1-on-1 meetings</a></li> <li><a href="#">Investor-focused event, small meetings</a></li> <li><a href="#">Presenting information via our website and integrated reports</a></li> </ul>   |
| 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.                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li><a href="#">CSR activities (plant festivals, street cleaning)</a></li> <li><a href="#">Welcoming visitors for plant field trips</a></li> <li><a href="#">Next-generation training support</a></li> <li><a href="#">Information exchange with local authorities</a></li> </ul>                                                            |

## 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 | 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 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.

### Environmental and Social Issues and their relationship to Business

From self-driving electric vehicles and developments in digitalization to more sophisticated medical needs and demands for reduced environmental burdens, the social issues surrounding our company diversify evermore. Perceiving these issues as business opportunities, the Nippon Kayaku Group will drive forward with environmental and social value creation through its products and technologies.

### Sustainable Value Realized through Business



#### Mobility & Imaging Business Unit



##### Value provided

- Enabling safe and secure next-generation mobility

##### Products and Technologies

- Safety components and in-vehicle display technologies for the era of vehicle electrification and autonomous driving
- Emergency parachute systems for industrial drones and flying cars
- Compact and lightweight portable X-ray sources

##### Social issues solved

- Ensuring safety in the era of vehicle electrification and autonomous driving
- Ensuring safety in the expanded air mobility market
- Organized crime involving illicit financing, drug trafficking, and arms trading
- Lack of efficient resource use and increases in waste

##### Social and Environmental Value Created

- Reduced accident risks for the next-generation mobility society
- Contributions to reduced GHG emissions via energy efficiencies achieved through electrification and weight reduction
- Improved public safety through the forestalling of terror and criminal threats
- Reduced environmental burdens through efficient resource use and waste reduction



#### Fine Chemicals Business Unit



##### Value provided

- Enabling an abundant and sustainable society through advanced functional materials

##### Products and Technologies

- Advanced functional materials for AI and cutting-edge semiconductor applications
- Environmentally-friendly advanced functional water-based ink
- Next-generation new catalysts for a decarbonized society and hydrogen society

##### Social issues solved

- Supply chain instability in the digital society due to growing demand for advanced semiconductors
- Resource waste and environmental burdens caused by printing and manufacturing processes
- Fossil fuel dependency and substantial CO<sub>2</sub> emissions from manufacturing

##### Social and Environmental Value Created

- Strengthened industrial competitiveness through provision of the base materials needed to support a digitally-integrated AI society
- Contributions to a circular economy through waste reductions and resource conservation
- Contributions to carbon neutrality and advances towards a hydrogen society



#### Value provided

- Enabling a healthy and sustainable society through healthcare and agriculture

#### Products and Technologies

- High-quality and affordable medicines, primarily in the oncology field
- Agrochemical products with limited environmental impacts

#### Social issues solved

- Lack of treatment options for cancer and rare diseases
- Instability in pharmaceutical supply
- Rising healthcare costs
- Reduced agricultural productivity due to climate change
- Declining populations of beneficial organisms due to climate change and pesticide impacts

#### Social and Environmental Value Created

- Building sustainable healthcare infrastructure through stable pharmaceutical supplies
- Improved patient Quality of Life (QOL)
- Improved agricultural productivity through climate- resilient crop protection products
- Stable food supply and biodiversity conservation through pollinator-friendly pesticides

## Research and Development

> [Research and Development Contributing towards a Sustainable Society](#)