Nippon Shokubai Group

Sustainability Report 2025

Contents

Sustainability TOP 4

Message from the President 7

Group Mission Framework / Safety Philosophy
- Group Mission Framework / Safety Philosophy 13
- Code of Conduct 16

Nippon Shokubai's Sustainability 51
- Sustainability Management / Materiality 52
  - Materiality (FY2022-2024) 60
- Stakeholder Communication 65
- External Evaluation 67

Responsible Care Initiatives 70
- RC Initiatives 72
- RC Basic Plan and Results 77
- Production/R&D Site Reports 80
  - Himeji Plant 81
  - Kawasaki Plant 85
  - Suita Research Center 88
- Providing Support for Group Companies 91
- Initiatives of Group Companies 94
  - Group Companies in Japan 95
  - Group Companies outside Japan 101

Initiatives for Environment 106
- Environmental Management 107
- Environmental Impact of Business Activities 109
- Tackling Climate Change 110
- Efforts for Eco-Friendly Logistics 115
- Development and Expansion of Environmental Contribution Products 117
- Chemical Substance Control 123

Resource Circulation / Waste Reduction 125
Air Pollution Prevention 127
Water Resource Conservation 129
Biodiversity Preservation 132
Biodiversity Risk Assessment _ attached table 135
Environmental Accounting 136

Initiatives for Society 138
Respect for Human Rights
Policy 139
Structure & Initiatives 144
Human resources management
Human resources management system 149
Talent acquisition 154
Talent development 156
Diversity & Inclusion
Diversity & Inclusion 161
Work-life balance 169
Process Safety and Disaster Prevention 173
Occupational Safety and Health 179
Chemical Safety 183
Quality 186
Supply Chain Management 189
CSR Procurement Guidelines 193
Corporate Citizenship 199
Community Co-Creation 202
Developing the Next Generation 204
Realization of 'Leave No One Behind' 207

Governance 210
Corporate Governance 211
Compliance 220
For Compliance with Anti-Bribery Laws (Nippon Shokubai Group's Code of Conduct) 222
For Compliance with Competition Laws (Nippon Shokubai Group's Code of Conduct) 223
Risk Management 224
Tax Policy 227
Information Security 229
Intellectual Property Activities 231

Sustainability Data 233
Policies 234
Editorial Policy 236
Third-party Verification Report on Greenhouse Gas Emissions 239
Initiatives and Organizations 240
Status of Certification Acquisition 246
ESG Data 249
ESG Data Sheet FY2024 250
Sustainability Library 259
CSR Reports Back number 262
GRI Standards Comparison Table 263



Sustainability

Message from the President

We Will Expand the Solutions Business and Transform Our Business Portfolio

Learn more



Latest News on Sustainability

2025.12.15

Nippon Shokubai Published the Integrated Report “TechnoAmenity Report 2025,” and “Financial Report 2025.”

2025.10.03

“Nippon Shokubai – Yugawara Myriad Leaves Forest” Certified as a “Nature Symbiosis Site” by the Ministry of the Environment -Recognized for Efforts in Biodiversity Conservation and Restoration-

2025.09.26

Nippon Shokubai Releases Revised TCFD Report

2025.06.26

Nippon Shokubai’s U.S. Group Company Acquires ISCC PLUS Certification for Acrylic Acid and Superabsorbent Polymers -Contributing to Reduction of Environmental Impact in Applications Such as Paints and Disposable Diapers through Nippon Shokubai’s Global Supply System-

2024.11.29

Nippon Shokubai Published “TechnoAmenity Report 2024,” and “Financial Report 2024.”

View List



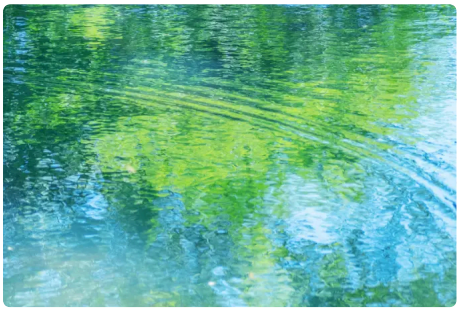
Nippon Shokubai's Sustainability

- Sustainability Management / Materiality
- Stakeholder Communication
- External Evaluation



Responsible Care Initiatives

- RC Initiatives
- RC Basic Plan and Results
- Production/R&D Site Reports
- Providing Support for Group Companies
- Initiatives of Group Companies



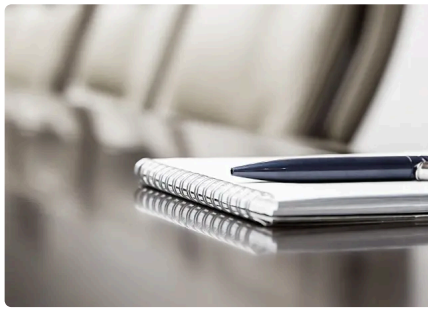
Initiatives for Environment

- Environmental Management
- Environmental Impact of Business Activities
- Tackling Climate Change
- Efforts for Eco-Friendly Logistics
- Development and Expansion of Environmental Contribution Products
- Chemical Substance Control
- Resource Circulation / Waste Reduction
- Air Pollution Prevention
- Water Resource Conservation
- Biodiversity Preservation
- Environmental Accounting



Initiatives for Society

- Respect for Human Rights
- Human Resources Management
- Diversity & Inclusion
- Process Safety and Disaster Prevention
- Occupational Safety and Health
- Chemical Safety
- Quality
- Supply Chain Management
- Corporate Citizenship



Governance

- Corporate Governance
- Compliance
- Risk Management
- Tax Policy
- Information Security
- Intellectual Property Activities

Sustainability Data

Policies

Editorial Policy

Initiatives and Organizations

Status of Certification Acquisition

ESG Data

Sustainability Library

GRI Standards Comparison Table

Sustainability

Message from the President



Demonstrating strong leadership and taking on challenges myself

Q: As president of the Nippon Shokubai Group, what do you wish to bring to society? And, what kind of leadership do you believe is necessary to achieve this?

A: What I wish to accomplish as president boils down to achieving our Group Mission, TechnoAmenity. Through our business, we aim to help build a society where people can live comfortably and with a sense of security. I believe this will lead to a sustainable society. It is our reason for being, as well as my own mission.

TechnoAmenity is a term we coined in 1990. I don't think the word "sustainability" was used as widely back then as it is today, but we have consistently upheld this mission to the present day. There have been discussions about changing the term several times, but we always end up sticking with it.

To realize TechnoAmenity, I believe that I must be a strong leader. However, it's not about blindly pushing forward. What's needed is the power to change for the better without being bound by the past. It's crucial that I take on challenges myself as president and lead by example.

Three years into my tenure, I've implemented many changes, one being our personnel system—specifically, changing the very method of evaluation. We've shifted to a system that not only evaluates results against targets but also the act of taking on difficult tasks. We are especially firm on this with executives and upper management, for whom maintaining the status quo will not be rewarded. The evaluation asks what challenges were taken on and what changes were made.

Of course, I, as president, am no exception. Of the three transformations outlined in our Long-term Vision for FY2030—Business Transformation, Strategic Transformation for Environmental Initiatives, and Organizational Transformation—the latter two are progressing largely as planned. However, the crucial Business Transformation is lagging behind expectations. I often get asked by people inside

and outside the company if this can really be done, and they want to know how committed I am as president. I tell them that I'm putting my neck on the line every day. I don't think true transformation is possible without that level of resolve.

I've always been someone who constantly thinks "this must be changed." Since I was young, whenever I thought something was wrong, I'd bluntly speak my mind to those above me and get scolded. That part of me hasn't changed. I also believe that witnessing the mindset of global companies and the way they are structured when I was in my early 30s was very formative. The way they think is completely different. Buyers and sellers are equals, and win-win relationships are emphasized, while everyone firmly asserts their own ideas in meetings. There is rigor, yet diversity is also embraced. Witnessing this reaffirmed my belief that this is how business should be.

Ultimately, from my 30s to 50s, I learned a great deal by placing myself in environments where it was normal that meetings would involve people from several countries. Nothing will change by staying cooped up in Japan.

The previous Mid-Term Management Plan: Targets unmet but groundwork progressed

Q: Please summarize the previous Mid-Term Management Plan, including lessons learned.

A: As mentioned earlier, the previous Mid-Term Management Plan (hereinafter "the previous MTMP"), which concluded at the end of March 2025, saw delays in business transformation. Consequently, the Solutions Business, which we had positioned as a growth business, did not grow as much as initially expected. The primary reasons were the impact of the economic downturn and inflation even after the COVID-19 pandemic, coupled with the fact that attempting to grow all ten of our business areas simultaneously resulted in the dispersion of resources. Consequently, we did not meet our operating profit, ROE, nor ROA[1] targets.

On the other hand, I believe we laid the groundwork to grow our business over the next three years. For example, regarding our lithium-ion battery electrolyte IONEL™, we expanded production capacity in our main market, China, by addressing bottlenecks. We also plan to install new facilities in 2026. Furthermore, adding Emulsion Technology Co., Ltd., which handles waterproofing materials for construction, to our Group has enabled us to expand our product lineup in areas such as the high-performance emulsion[2] business. We are also expanding our facilities for amines[3], which are used in water treatment agents and CO_2 absorbers, as well as for fine particles used in displays and semiconductors. Overall, these three years were also a period of steady preparation.

1 ROE: Ratio of profit to equity attributable to owners of parent, ROA: Ratio of profit before income tax to total assets

2 Emulsion: A mixture in which one liquid—such as water or oil—that is normally immiscible with another liquid is dispersed in the other liquid in a very fine state

3 Amines: Compounds in which the hydrogen atom in ammonia (NH_3) is replaced by a hydrocarbon group

Mid-Term Management Plan 2027: Concentrating investment and personnel in four growth areas

Q: Please explain the concept of the new Mid-Term Management Plan (MTMP).

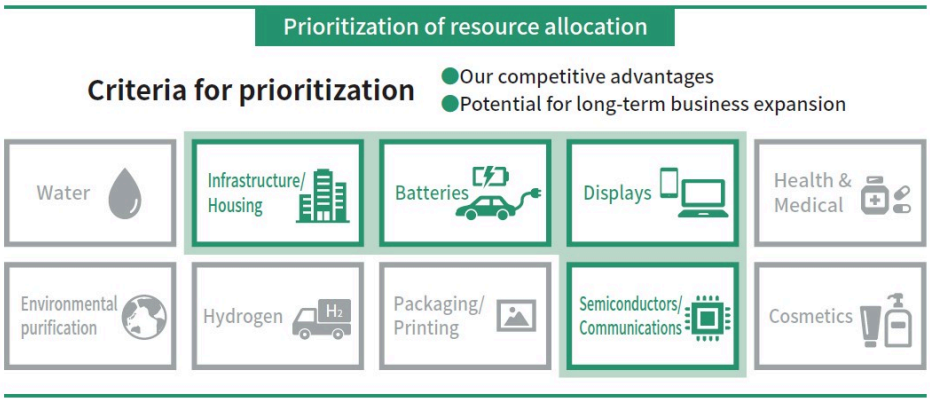
A: Following the timeline I've outlined, we launched our new MTMP in April 2025. There is but one thing for us to accomplish: transform our business portfolio. Our Group has grown over many years by rolling out our acrylic acid (AA) and superabsorbent polymers (SAP) around the globe. Over the past 10 to 20 years, we've tried and failed to build new pillars of business beyond AA and SAP; but this

time, I'm sure we will succeed. The new Mid-Term Plan was designed specifically to do that.
Based on lessons learned from the previous MTMP, the new MTMP narrows our focus to four growth business areas: Specialty, Electronics, Construction, and Energy (Batteries). As mentioned earlier, we have been laying the groundwork to enhance our production capacity in these fields. We have also newly allocated over 100 personnel to these areas. I believe our chances of success are higher than ever before.
Our target is to increase Solutions Business profit (operating profit + share of profit (loss) of investments accounted for using equity method) from the 6.1 billion yen of FY2024 to 18.5 billion yen in FY2027, raising its share of the total to over 50%. This would be a new scene for our Group, which has long relied on AA and SAP; but if we can meet this target, it will undoubtedly change the way both internal and external stakeholders view us. The Materials Business will continue to generate stable earnings, while the Solutions Business will help us grow. This is the new Nippon Shokubai.
Meanwhile, we will continue to lay the groundwork in areas beyond our four growth business areas. These will be Energy (hydrogen) and Health & Medical, which we are positioning as business areas for the next generation. In Energy (hydrogen), we are advancing the commercialization of large-scale separators for the decomposition of ammonia. We will further establish mass production systems for zirconia sheets used in solid oxide fuel cells (SOFCs), while also using these sheets in solid oxide electrolytic cells (SOECs) to produce hydrogen via the electrolysis of water. In Health & Medical, we are expanding our facilities to increase production capacity tenfold.
Nevertheless, in several areas, including these, we still lack sufficient groundwork. To further enhance production capacity and expand the scale of our business, I believe it is also necessary that we procure production resources and other assets externally through M&A and business integration. The three years of the new MTMP also serve as a period to advance these preparations. Without such preparation, we cannot achieve the targets of our Long-term Vision for FY2030.

Solutions Business: The four growth business areas are certain to grow

Q: What is the outlook for the four growth business areas?

A: Looking ahead to the new MTMP period and the business environment thereafter, all four growth business areas are expected to see significant growth. In Specialty, amines are growing thanks to demand for water treatment, and the market for CO_2 absorbers is poised to take off soon, increasing the likelihood of explosive growth.
Electronics will see growth in products related to the semiconductor industry as that industry expands. China is the main market for displays and the market for high-definition large-screen LCD TVs is currently expanding there. We are aiming to supply components to meet this demand.
I view Construction as the most challenging of the four. In Japan, it will face declining demand due to the low birthrate; but because demand for high-performance coatings and adhesives will grow, we will shift our focus to those products. While competition is fierce overseas, we are aiming to become the preferred choice by creating high-quality, high-performance products that stay one step ahead.
Energy (Batteries) will undoubtedly grow, even though it is behind initial projections. We anticipate the shift to EVs will accelerate even among Japanese and European automakers going forward. At present, demand is particularly strong in China, where we have been producing IONEL™ at full capacity but still cannot keep up with demand. Demand is certain to increase across all four business areas, so we plan to firmly establish our supply systems.

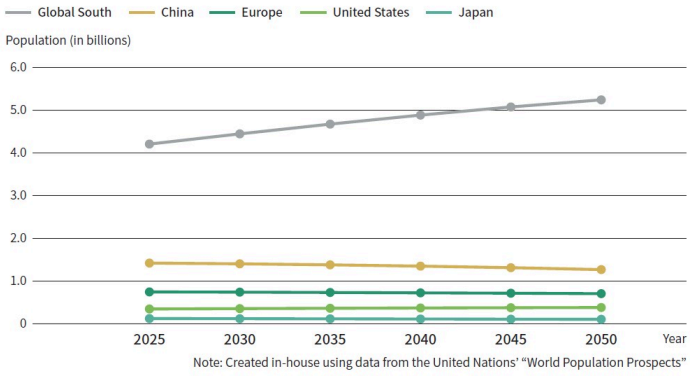


Materials Business: Targeting the rapidly-expanding Global South market

Q: In FY2024, Nippon Shokubai decided to invest in its Indonesian subsidiary PT. NIPPON SHOKUBAI INDONESIA. Please explain the global strategy for the Materials Business.

A: Within our new MTMP, the Materials Business fulfills the role of generating stable profits. We are currently increasing SAP production capacity in Indonesia; with operations set to begin in 2027, we plan to increase annual production capacity by 50,000 tons, bringing total local production capacity to 140,000 tons. Our target is the Global South market. Currently, the income-earning segment that can make use of disposable diapers is rapidly expanding in India, the Middle East, and Africa, so we can expect steady growth going forward. We plan to sell high-quality SAP to manufacturers that supply disposable diapers to these regions.
As for AA, we already have production sites worldwide and expect steady sales growth. Unlike SAP, AA products are difficult to differentiate based on quality or performance. However, because they are difficult to transport, having plants near markets with demand will be a strength. We plan to leverage this strength to generate stable profits.

World population projections



Note: Created in-house using data from the United Nations' "World Population Prospects"

What matters is how we enhance overall corporate value

Q: Are there any additional measures that were implemented to enhance corporate value more efficiently?

A: Implementing the above strategies will require significant investment, mainly in growth business areas, necessitating the monitoring of capital efficiency. Therefore, we have newly added ROIC as a MTMP target. This decision also reflects our recognition that previous monitoring focused primarily

on profit and loss, with a weak emphasis on capital efficiency. Each business division must be cognizant of how much equipment and inventory it holds to generate profits. What matters is how we enhance overall corporate value.
This is also why we shifted from the traditional operating profit target to an “operating profit + share of profit (loss) accounted for using equity method” target. The Chinese market is one example, so minority-owned joint ventures will also be an option going forward. This is because securing business opportunities while limiting capital investment would allow us to maintain financial flexibility while diversifying risk. Local joint venture partners have strong connections with local governments and know the market well. If they are reliable partners, entrusting them with majority control often leads to more effective operations, ultimately enhancing the corporate value of our entire Group.
We will also proceed with optimizing our shareholders’ equity ratio. While it stood at 70.5% at the end of FY2024, we plan to enhance capital efficiency by lowering it to 60%.
For FY2024, we set our dividend payout ratio at 100% and also announced a share buyback program totaling approximately 20 billion yen over the four years through FY2027. Although we have already seen some effects, the stock price remains in the 1,700 yen range as of the end of July 2025, and the PBR* is still at a low level. Going forward, we will aim to achieve a PBR* of 0.8 or higher for the time being by increasing earnings and improving capital efficiency.

*PBR: Price-to-Book Ratio

Bringing in diverse human resources

Q: Please tell us about the initiatives you are strengthening from a sustainability perspective.

A: We will further evolve the Strategic Transformation for Environmental Initiatives and Organizational Transformation initiatives that we advanced under the previous MTMP.
We place great emphasis on transforming our environmental initiatives because it directly connects to our corporate philosophy. We believe—because we are chemical manufacturers—that we can contribute to the environment through our diverse products. We possess technologies that benefit the global environment, from CO_2 absorbers, to secondary battery materials, and hydrogen- and ammonia-related products. We are also advancing the development of biomass-derived acrylic acid. While the issue remains of who will bear the higher costs associated with environmentally friendly products, we intend to thoroughly prepare so that we are ready whenever that time comes.
As for the people aspect of organizational transformation, we are aiming to enhance diversity within the organization. Our basic policy is to attract human resources with diverse experiences and backgrounds through mid-career recruitment, while concentrating personnel in growth business areas. We have also begun implementing cross-departmental rotations to find the most suitable departments for placing human resources.
What matters is that we have diverse human resources within the organization. This is because diverse perspectives and ways of thinking make the organization stronger. We are also focused on hiring women, currently aiming for female employees to comprise 30% of administrative and chemical roles—although if we could, we would like to increase this to around half. To achieve this, we have begun creating an environment where women can work on the manufacturing floor. In terms of creating a better work environment, we renovated our offices in Osaka and Tokyo, with the plants and research center in Himeji and Kawasaki up next. We also plan to gradually make improvements across our Group companies.
Personally, I’d like us to hire more foreign employees, but the language barrier remains a persistent challenge. I’m really hoping AI can progress and help with that. Having diverse human resources join

us would definitely provide a great stimulus.
Strengthening governance is also a key priority for organizational transformation. While we are a company with an Audit and Supervisory Board, we have already delegated significant executive authority, positioning the Board of Directors primarily for oversight and medium to long term strategic discussions. We also held quite in-depth discussions within Board of Directors meetings regarding the formulation of the new MTMP. We will continue to discuss within Board of Directors whether increasing the number of the Outside Directors of the Board, as seen in Europe and the United States, and solely strengthening the oversight function would be truly beneficial for the Company, as well as continue to seek a better approach.

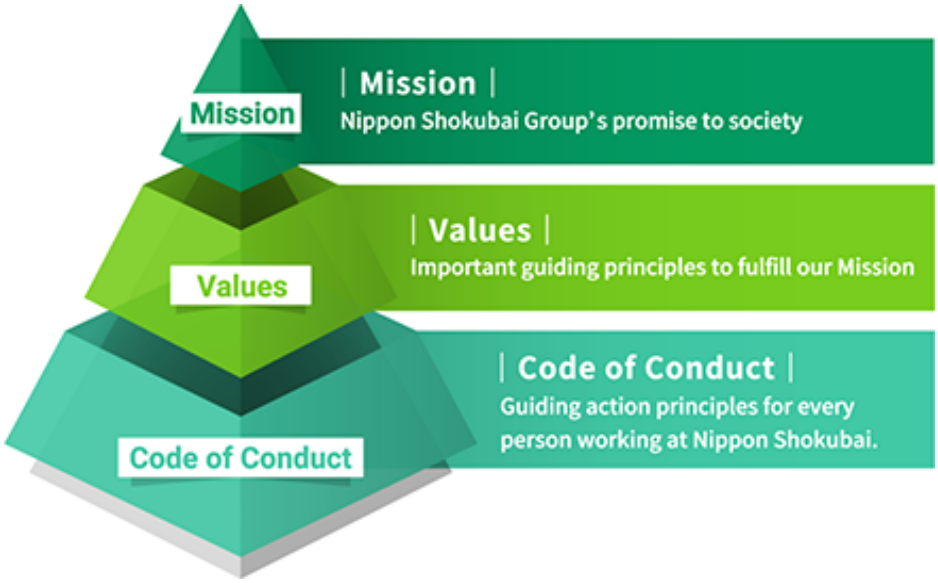
A company in which everyone can place greater expectations

Q: Finally, please share a message for our stakeholders.

A: We now have just over five years remaining until the deadline for our Long-term Vision for FY2030. It's about time to start envisioning the next long-term vision. I have some ideas myself, but I think it's still too early to share them. A vision should be paired with strategy, and saying something now could potentially constrain those who follow me. I want the next generation to have the freedom to do things their way.
However, no matter what form the next vision takes, I imagine the core concept of TechnoAmenity will remain steadfast. While the wording itself may change, the message it embodies is universal for our Company.
I want to ensure we generate solid profits until then and enhance corporate value in various aspects. Furthermore, I aspire to make our Group one in which our stakeholders can place greater expectations than ever before. I sincerely look forward to everyone's continued support.

Group Mission Framework / Safety Philosophy

Group Mission Framework



Mission

TechnoAmenity

Providing prosperity and comfort to people and society, with our unique technology.

Values

Respect Diversity

We will create new value by respecting the unique traits of each person.

Pioneer New Possibilities

We will courageously provide solutions for customer challenges and social issues.

Contribute to Global Environmental Preservation

We will work to ensure that a better global environment is passed down to the next generation.

Code of Conduct

Every person working at the Nippon Shokubai Group will carry out business activities with a commitment to the guiding principles below.

01 Realizing a sustainable society

We will contribute to the realization of a sustainable society by putting the TechnoAmenity Group Mission into practice.

02 Safety first

We will execute our business activities by always ensuring both internal and external safety.

03 Compliance

We will enforce thorough-going compliance in every area.

04 Respect for human rights

We will support international human rights standards and respect the human rights of all people touched by our business activities

05 Fair and honest business dealings

We will engage in fair and sincere business activities with all of our stakeholders.

06 Providing value to our customers

We will provide materials and solutions needed by customers

07 Preserving the environment

We will help reduce our environmental impact and help tackle environmental issues through technology.

08 Communicating with stakeholders

We will actively disseminate information and dialogue with stakeholders.

09 Promoting active participation of diverse human resources

We will recognize and respect diversity so that every person and organization reaches their full potential.

10 Contributing to local communities

We will contribute to the development of local communities as a member of those communities.

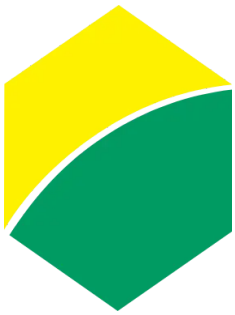
Code of Conduct (2.4MB)

Safety Philosophy

Safety takes priority over production.

Meaning of the Corporate Symbol

Our corporate symbol represents the spirit of TechnoAmenity.



- Hexagon: One of the fundamental symbols used in chemistry
- Cosmo yellow: Represents the hidden energy of the sun
- Earth green: Represents the life-supporting nature of the earth
- Horizon between two colors: Represents the future we always seek

NIPPON SHOKUBAI Group

Code of Conduct



NIPPON SHOKUBAI Group

September 2022

Message from the President

Nippon Shokubai Group Employees

In April 2022, we revised our Group Mission Framework to fulfill our Mission, “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.” Our Values and Code of Conduct embody the mindset and behaviors we hope each employee of the Nippon Shokubai Group will hold in high regard. Previously, it was only our Group Mission we shared within the internal group. However, having unified our group initiatives, we decided to implement this revision to share our Group Mission Framework companywide to respond to the stakeholder demands that accompany the changing times.



Kazuhiro Noda, President

Kazuhiro Noda

In today’s drastically changing external environment, support from our stakeholders is indispensable to the ongoing business activity of the Nippon Shokubai Group. Therefore, in addition to pursuing economic profits, earning the trust of our stakeholders by fulfilling our corporate social responsibilities and meeting the demands of a global society while complying with the applicable laws and regulations is fundamental to our business.

However, merely complying with societal demands results in a passive stance. For Nippon Shokubai to demonstrate its purpose, everyone working for the Nippon Shokubai Group must share our Group Mission Framework and apply themselves to fulfilling our Mission.

Thus, our Code of Conduct outlines the conduct that each employee should adopt and implement for the Nippon Shokubai Group to satisfy its corporate social responsibilities and move toward achieving its Mission.

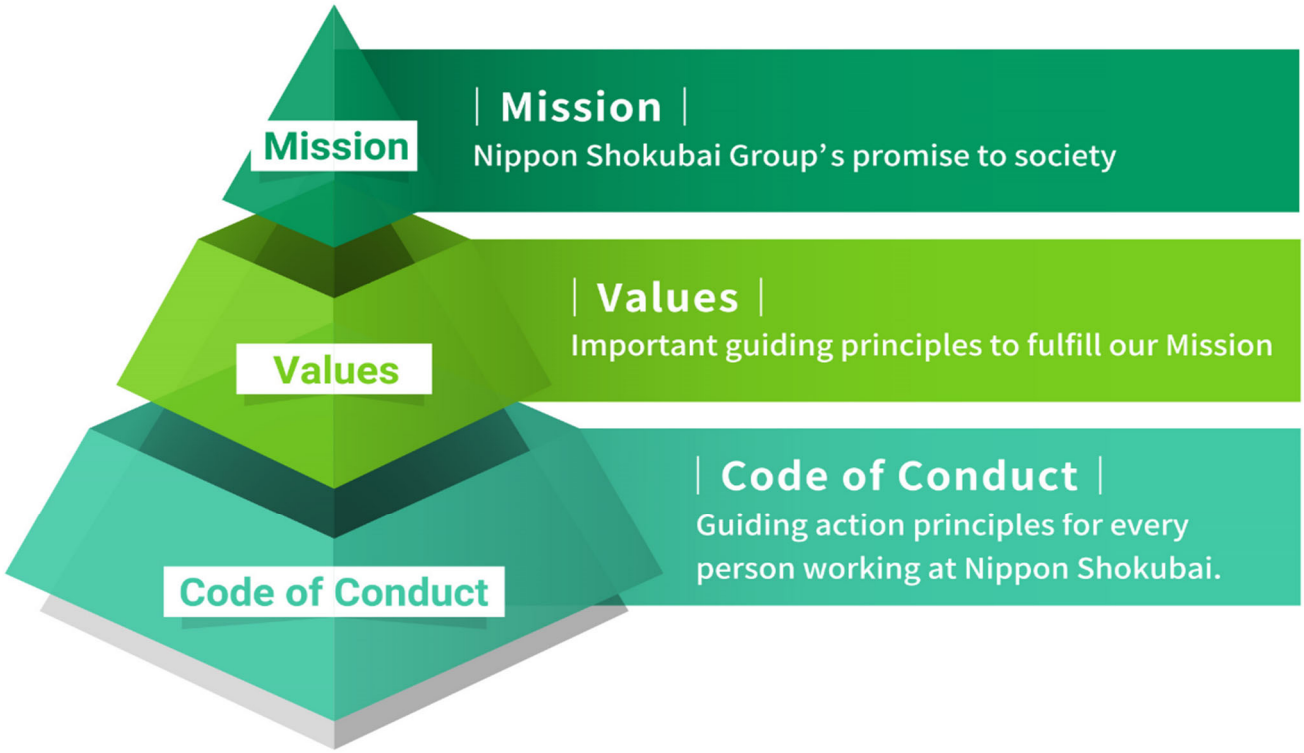
I ask everyone at the Nippon Shokubai Group, including myself, to join forces in using this Code of Conduct as a guideline for daily work to allow us to carry out our Group Mission.

Contents

- Group Mission Framework 4
- What Is the Code of Conduct? 6
- Roles and Responsibilities of Executives and Managers 6
- Steps to Take When Unsure of What to Do 7
- If You Discover a Violation of the Code of Conduct 8

- Code of Conduct (Full Version)
  1. Realizing a sustainable society 9
  2. Safety first 10
  3. Compliance 12
  4. Respect for human rights 14
  5. Fair and honest business dealings 17
  6. Providing value to our customers 24
  7. Preserving the environment 27
  8. Communicating with stakeholders 29
  9. Promoting active participation of diverse human resources 31
  10. Contributing to local communities 34

Group Mission Framework



The Nippon Shokubai Group's Mission Framework is shared by the entire Nippon Shokubai Group. To realize the Mission, the Nippon Shokubai Group has established a set of Values that every employee of the Nippon Shokubai Group (all executives and employees) should focus on as well as a Code of Conduct as a standard for daily business behavior and decision-making.

Mission

TechnoAmenity

Providing Prosperity and Comfort to People and Society, with Our Unique Technology

Prosperity and comfort are not only economic and material but harmonious with the global environment as well as social and spiritual, such as diversity, fairness, and safety.

We will keep contributing to the realization of a sustainable society by practicing our TechnoAmenity mission in the future.

Group Mission Framework

Values

Respect Diversity
We will create new value
by respecting the unique traits of each person.

Pioneer New Possibilities
We will courageously provide solutions
for customer challenges and social issues.

Contribute to Global Environmental Preservation
We will work to ensure that a better global environment
is passed down to the next generation.

Code of Conduct (Summary)

Every person working at the Nippon Shokubai Group will carry out business activities with a commitment to the guiding principles below.

1. We will contribute to the realization of a sustainable society by putting the **TechnoAmenity** Group Mission into practice.
2. We will execute our business activities by always ensuring both internal and external safety.
3. We will enforce thorough-going compliance in every area.
4. We will support international human rights standards and respect the human rights of all people touched by our business activities.
5. We will engage in fair and sincere business activities with all of our stakeholders.
6. We will provide the materials and solutions needed by customers.
7. We will help reduce our environmental impact and help tackle environmental issues through technology.
8. We will actively disseminate information and dialogue with stakeholders.
9. We will recognize and respect diversity so that every person and organization reaches their full potential.
10. We will contribute to the development of local communities as a member of those communities.

What Is the Code of Conduct?

The Code of Conduct is a document that presents our guiding principles for the specific conduct that all executives and employees of the Nippon Shokubai Group should practice earning the trust of all our stakeholders and promoting our business activities with an eye toward fulfilling our Mission.

Each of us should act in a manner that represents Nippon Shokubai Group's guiding principles. In sharing these guiding principles, each employee will demonstrate their individuality and capability to enable us to fulfill our Mission.

Everyone working for the Nippon Shokubai Group is expected to adhere to the Code of Conduct in their daily work.

Roles and Responsibilities of Executives and Managers

While the Code of Conduct indicates the behavior that everyone should practice during regular work, the actual desired behavior varies depending on the type of job. Therefore, practicing the Code of Conduct during daily work requires an understanding of the content of the Code of Conduct and how it applies to each job.

Furthermore, daily management at each workplace is central for implementing the Code of Conduct into everyday work.

Therefore, executives and managers in supervisory positions have the following major roles and responsibilities in ensuring that everyone is following the Code of Conduct:

Act as a model	Lead by example to encourage associates to follow the Code of Conduct.
Help instill the Code of Conduct	Instill the Code of Conduct by applying it to each job performed. Hold discussions to share how associates can implement the Code of Conduct in their daily work.
Provide a safe environment	To prevent behavior that violates the Code of Conduct, provide an open atmosphere for associates to be able to speak up when they do not know what to do or when a problem has arisen.

Steps to Take When Unsure of What to Do

Please go through the following steps when you are not sure what to do or when you have questions about how to proceed.

Step 1

Is this conduct in accordance with the applicable laws and regulations, the Mission, Values, and Code of Conduct of the Nippon Shokubai Group, and other corporate policies and internal rules?

Step 2

Would this be described as proper conduct to other people around the world?

Step 3

Would you engage in this same conduct if it affected your family or close friends?

If you are unable to answer yes to any of the above questions, the conduct in question is not what the Company expects. Talk to your supervisor or the relevant department to devise a better alternative.



If You Discover a Violation of the Code of Conduct

Everyone working at the Nippon Shokubai Group must comply with the applicable laws and regulations, internal rules, and Code of Conduct. Violating them will cause us to lose our stakeholders' trust and keep us away from fulfilling our Group Mission. In addition, violators will be subject to disciplinary action based on our employment rules.

The company's profit or following the orders of a superior do not justify such violations. If you discover questionable behavior or behavior that violates the laws and regulations, internal rules, or Code of Conduct, please inform your boss and discuss it with them. If that course of action is not feasible, please contact the whistleblower desk at each Group company for a consultation.



Furthermore, we will protect the privacy of reporters/whistleblowers. Information given to any in-house whistleblower desk will be treated as confidential unless otherwise required by law. In addition, the whistleblower will not receive any disadvantageous treatment for having reported or discussed the matter providing that consultations and reports are not carried out with dishonest intent.

Code of Conduct (Full Version)

1. Realizing a sustainable society

We will contribute to the realization of a sustainable society by putting the TechnoAmenity Group Mission into practice.

(1) Contributing to the future for people and society

a. We will use our unique technology to provide economic, physical, as well as social and spiritual prosperity and comfort to people and societies throughout the world. By doing this and proactively tackling social issues and customer challenges, we will help bring about a sustainable change.



We will execute our business activities by always ensuring both internal and external safety.

(1) Comprehensive process safety and disaster prevention

a. Recognizing that safety is the foundation of our existence, we will observe all laws, ordinances, and regulations concerning security and disaster prevention.

b. We will ensure the safety and well-being of workers, their families, and society through comprehensive implementation of programs to prevent explosions, fires, leakage of hazardous materials, and accidents and disasters that may harm the environment and people.



(2) Workplace health and safety

a. We will strive to eliminate work-related disasters, and we will observe all laws, ordinances, and regulations concerning workplace health and safety.

b. We will consider our health as well as the health of those working with us and will strive to maintain and enhance a workplace environment in which everyone can be assured of safety and comfort.

(3) Business continuity

a. We will formulate a business continuity plan and take other appropriate organizational initiatives and measures to ensure our workers' safety and maintain our business activities in the face of threats, such as earthquakes, floods, and other natural disasters, pandemics and cyber-attacks.

b. In the event of an actual threat, we will take the appropriate steps in accordance with our predetermined guidelines and procedures for response.

We will enforce thorough-going compliance in every area.

(1) Observance of the applicable national and local laws, ordinances, and regulations and business ethics

a. We will observe the applicable laws, ordinances, and regulations in the countries and regions where we do business, and our codes of conduct and in-house rules. We will behave with integrity, fairness, goodwill, in a self-directed fashion, and law-abiding spirit.

"Integrity" is doing your best for others without telling lies.

"Fairness" is taking actions that anyone would find just and convincing.

"Goodwill" is observing social etiquette.

"Self-directed" is seeing everything as relating to you.

"Law-abiding" is taking actions based on the purpose, intent, and context of the rules.

(2) Thorough-going compliance

a. We will diligently collect information about the laws, ordinances, and regulations that govern our business activities.

b. We will implement thorough-going compliance, including formulating in-house rules and manuals and offering opportunities, such as educational and training sessions.

(3) Reporting and review of behavior that violates the Code of Conduct

a. When we learn of behaviors that violate laws, ordinances, regulations, our in-house rules or our Code of Conduct, we will promptly report and discuss it with the relevant supervisor. In cases where this is not feasible, we will discuss the incident and report it to the company's consultation desk or internal whistleblower desk.

b. The internal whistleblower desk will protect whistleblowers' identities and promptly conduct an investigation of the relevant facts.

c. We will not condone reprisals against persons who reported incidents in good faith or who cooperated in our investigations but will treat them fairly to avoid putting them in an unfavorable position.

4. Respect for human rights

We will support international human rights standards and respect the human rights of all people touched by our business activities.

(1) Respect for human rights

a. We will respect everyone's human rights and will not engage in any conduct that unfairly discriminates or harms the dignity of an individual, regardless of the reason.

b. We will prevent human rights violations by respecting international human rights standards and the laws and ordinances of each country and region. In the event of a violation, we will respond appropriately and with fairness.

c. Recognizing that our business activities have an impact on human rights, we will not provide products to firms or groups that commit or promote human rights violations, and we will not take part in purchasing any products or services from such firms or groups.

(2) Prohibition against forced labor and child labor

a. Under no circumstances will we ever engage in forced labor or child labor, and we will not allow forced labor or child labor to take place in our supply chain.

(3) Prohibition against discrimination

a. Under no circumstances will we ever engage in discrimination based on gender, age, nationality, race, ethnicity, social status, place of origin, beliefs, creed, religion, physical characteristics, sexual orientation, sexual identity, or disease or disability.



(4) Prohibition against harassment

a. Under no circumstances will we ever engage in sexual harassment, abuse of power, pregnancy discrimination, or other discriminatory behaviors against another person or do anything that threatens them or makes them uncomfortable, regardless of whether such threat is physical or emotional.

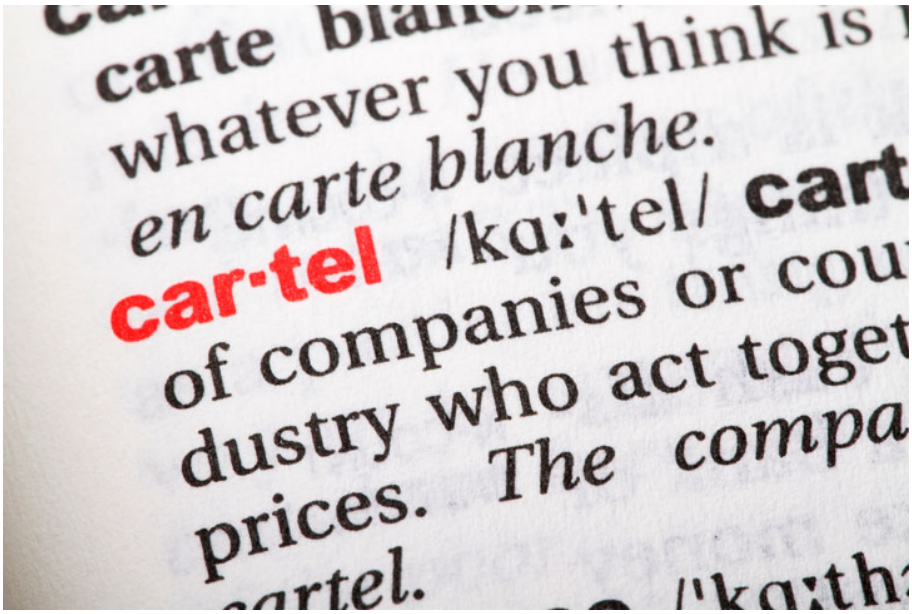


5. Fair and honest business dealings

We will engage in fair and sincere business activities with all of our stakeholders.

(1) Fair and free dealings

a. We will observe the applicable laws, ordinances, and regulations concerning fair and free competition and business activities in other countries and regions where we do business. We will avoid any conduct which restricts free and fair market competition (abuse of market dominant position, cartel, and unfair trade practice) in every business activity including sales, procurement, research and development, and manufacturing, in order to ensure free and fair business activities.



(2) Prevention of bribery and corruption

a. We will not commit any violation of anti-bribery laws of any country, including making inappropriate payoff, offering or promising to pay money/anything of value to public officials or will not make any illegal facilitation payment (small payments for speeding up bureaucratic procedures).

b. We will not aid, abet, or authorize any of such illegal conduct by any third party.

c. We will not provide with or accept any entertainment and gifts, which go beyond the bounds of socially accepted limits, to/ from clients, customers, and other business partners.

(3) Respect for trade-related laws and ordinances

a. In trading raw materials and products, we will follow proper trade procedures in accordance with the applicable laws and ordinances and will not trade in contraband.

b. We will not export technology that will be used as information, materials, or products in the production of weapons of mass destruction that would interfere with the preservation of international peace and safety, including nuclear, chemical, and biological weapons.

(4) Responsible procurement

a. Because our business activities are dependent on the cooperation of the many people and companies in our supply chain, we will promote responsible procurement practices and engage in transactions that are honest and proper.

b. We work with our business partners so that they understand and relate with our Code of Conduct as we engage with them.

(5) Proper management and use of corporate assets

a. We will not use the company's tangible and intangible assets, including its products, equipment, supplies, information, and intellectual property, for personal or inappropriate purposes; we will manage and use these assets so as to prevent their loss, theft, or improper use and ensure their effective use.



(6) Respect for and use of intellectual property

a. We will strive to protect our intellectual property rights and use them in effective way as we believe that patents, trademarks, designs, knowhow, trade secrets, and publications are key corporate assets and the source of our competitive strength.

b. In the manufacture and sale of our products, research and development, provision of service, and other business activities, we will respect the intellectual property rights of others and will not infringe on them.

c. We will proactively use our intellectual property in open innovation and other external partnerships, and we will develop and provide innovative and effective products and services for solving the problems facing society and our customers.



(7) Information security

a. We will closely control access to our information assets and data systems in order to prevent unauthorized access, loss, leaks, manipulation, destruction, and hacking.

b. We will formulate measures to counter threats to our computer network and endeavor to minimize any damage to ourselves and others.

c. On an ongoing basis, we will review our framework for responding to incidents should they occur.

(8) Management of confidential information

a. We will strictly manage the confidential information of others obtained in the course of business.

b. We will not allow unauthorized disclosures or leaks, and we will not permit such information to be used for purposes other than those intended, nor will we permit viewing by uninvolved parties.

(9) Proper accounting practices and tax compliance

a. In accordance with the laws and ordinances concerning accounting standards in the countries and regions where our Group does business, we will work to build effective systems of internal control and use accurate and proper accounting practices.

b. We place great importance on tax compliance, and we will observe each country's and region's laws and ordinances concerning corporate taxation, etc., as well as tax treaties and international taxation rules.

(10) Protection of personal information and privacy

a. We respect individuals' privacy and collect personal information to the extent necessary and appropriate. Also, we strictly manage the personal information that we collect and will not disclose it to third parties or use it for other than its intended purpose, except in cases required by law or where we have received advance permission from the individual in question.

(11) Prohibition against individual conflicts of interest

a. We will not commit any act that uses information gained in the course of business to seek personal profit, or that is contrary to the company's interest.

b. We will not abuse our corporate position or authority, nor will we seek personal profit or cause the company to lose money in violation of our job responsibilities.

c. We will not engage in any personal transactions that compete with the Group, nor will we engage in any conduct that competes with the Group, such as becoming a manager or key investor at a competitor.

(12) Dealing with antisocial forces

a. We will have absolutely nothing to do with antisocial forces that threaten public order and safety or the stable business of the company, whether it is through business relations, money laundering, and other means of providing profits to those involved in such forces.

b. We will take a firm stance in rejecting improper demands from antisocial forces.

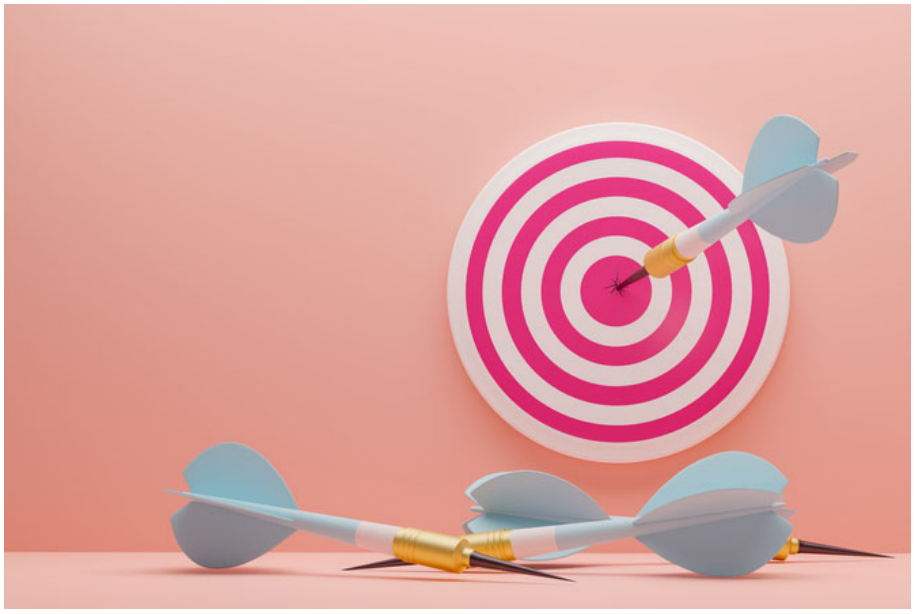
6. Providing value to our customers

We will provide the materials and solutions needed by customers.

(1) Providing solutions to our customers' problems

a. We will provide products and services that are responsive to our customers' needs and solve their problems.

b. We will innovate to drive forward with solutions to the needs of society and our customers.



(2) The “three actuals” principle

a. In all of our tasks, we will relentlessly observe the actual locations, actual objects, and actual realities that underlie all of our work. The resulting ideas allow us to take judgments and actions that are free of preconceptions.

(3) Providing safe and reliable products and services

a. We will meet our customers’ needs and specifications, ensuring safety and quality so that our customers can confidently use our products and services.

b. We will respond promptly and sincerely to our customers’ inquiries and feedback and incorporate their feedback into enhancing and developing our products and services.



(4) Providing safe, high-quality information

a. When providing products and services, we will properly furnish the necessary information regarding quality and safe usage in an easily understandable way.

b. We will not falsify any of our business data or falsely represent that we have acquired data that we have not.

(5) Dealing with product-related accidents

a. In the event of a problem with the safety or quality of a product that we have provided to a customer, we will respond promptly and sincerely and will take the appropriate steps to find the cause and prevent recurrences.



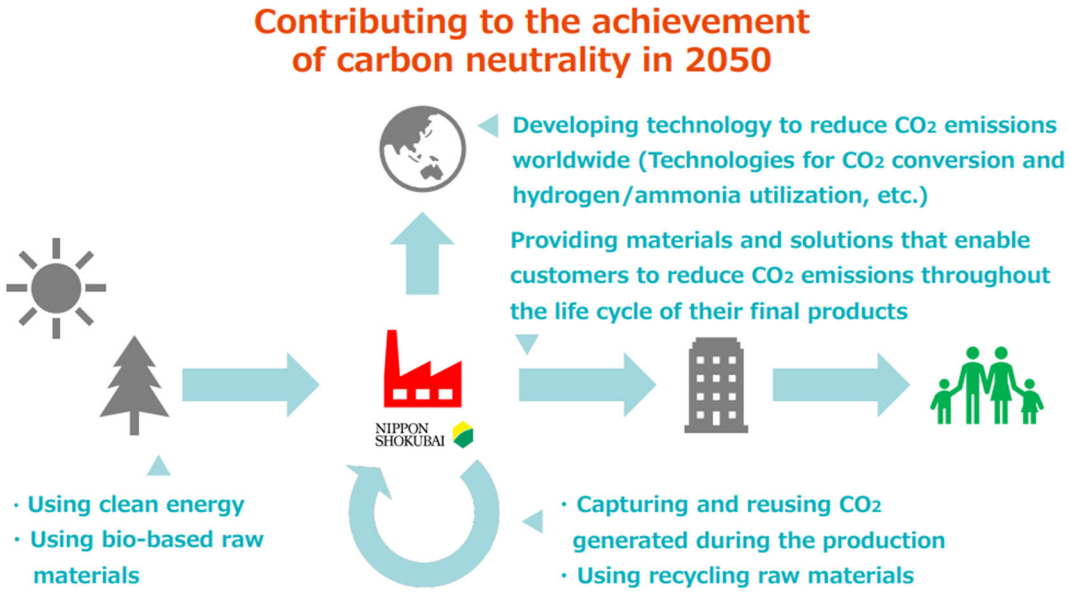
We will help reduce our environmental impact and help tackle environmental issues through technology.

(1) Harmony with the global environment

a. Based on the desire to leave a better global environment to the next generation, we are controlling emissions of hazardous materials and are taking initiatives to address environmental issues.

(2) Climate change initiatives

a. Besides reducing emissions of carbon dioxide and other greenhouse gases in our business activities, we are helping to reduce emissions throughout the supply chain by creating environmental contribution products, thus contributing to bringing about carbon neutrality.



(3) Efficient use of resources

a. We are actively involved in resource conservation, waste reduction, and recycling efforts so that our limited and precious resources can be used more efficiently.

(4) Preserving biodiversity

a. Recognizing that our business activities do affect biodiversity, we are promoting a deeper understanding and awareness of preserving biodiversity and biodiversity-friendly programs.



We will actively disseminate information and dialogue with stakeholders.

(1) Fair disclosure of information

a. We disclose timely and accurate information about ourselves in accordance with the applicable legislation, and we are transparent in our explanations.

b. We take the initiative to actively disclose our financial information as well as such non-financial information as our mission, policies, business performance, environmental programs, and stakeholder relations, the better to deepen understanding about our Group among shareholders, investors, and other stakeholders.



(2) Communicating with stakeholders

a. We will actively engage in dialogs with our various stakeholders, including customers, business partners, employees, local communities, government bodies, shareholders, and investors, and strive to build and maintain long-term relationships of trust with them and to gain their support for the Group's business initiatives. So that we will increase our corporate value.

b. We appreciate both positive and negative feedback from those outside the Group, and we strive for two-way communication.

(3) Prohibition against insider trading

a. We will not buy or sell shares or other securities or recommend their purchase or sale to others based on material non-public information (information that would significantly affect the share price if disclosed) about our Group or its business partners gained in the course of business.

b. If we possess material non-public information, we will not leak such information prior to its disclosure.

9. Promoting active participation of diverse human resources

We will recognize and respect diversity so that every person and organization reaches their full potential.

(1) Respecting diversity

a. We will create a working environment and culture where employees can work with diversity and mutual respect and can grow together.

b. We, as professionals, will make every effort to show his or her individuality and ability, which will lead to innovation.



(2) Fair hiring, labor, and compensation

a. We will treat everyone fairly in accordance with their work skills and performance.

b. In assigning work locations, we will take into consideration our employees' ability and track record in performing their jobs well and getting their work done, their childcare and care-giving responsibilities, and their orientation.

c. We will maintain sound hiring and labor practices, and our treatment of employees regarding wages, work hours, vacations, and the like will conform to the applicable laws and ordinances of the respective countries and regions.

d. In accordance with the applicable laws and ordinances of each country and region, we will respect the right to form or participate in labor unions, the right to engage in collective bargaining, and the right to assemble peacefully. We will also build healthy management–labor relations through dialog.



(3) Promoting work–life balance and developing skills

a. We will enhance each person's job satisfaction and skills by allowing them to have a balance between their job and their personal life, which may entail child-rearing, care-giving, and medical treatment, thus creating a work culture that engenders high performance.

b. We will respect each individual's orientation and will work in cooperation with them, taking into consideration their family situation, including childcare, care-giving, and other personal circumstances.

c. We strive to develop everyone's skills and build their careers through a variety of training opportunities, including on-the-job training, in-house and off-site training sessions, and self-study courses.

d. We will offer ample opportunities for our employees to develop their skills and advance their careers and will support them so that they can take responsibility and pride in proactively tackling and solving the problems they face at work.



10. Contributing to local communities

We will contribute to the development of local communities as a member of those communities.

(1) Respecting local culture

a. We will respect the natural surroundings, culture, traditions, and customs of the countries and regions where we do business, and we will work together with local communities and contribute to their development.

b. We will work to participate in and contribute to local communities by means of local procurement and hiring.





September 2022 Version 1

Sustainability

Nippon Shokubai's Sustainability

Sustainability Management / Materiality >

Stakeholder Communication >

External Evaluation >

Sustainability Management / Materiality

Our Group Mission at Nippon Shokubai Group, “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” expresses our desire to contribute to creating a society where people can not only enjoy economic and material affluence but also lead a comfortable life with social and emotional well-being along with hope for the future.
Our business activities are supported by society and the rich global environment that sustains it, and achieving sustainability is a crucial challenge for Nippon Shokubai Group.
We believe that it is our mission not only to reduce the environmental impact of our business activities but also to provide solutions to various social issues through our technology, thereby contributing to the realization of a sustainable society.
Such initiatives create new economic value and increase corporate value. We aim to achieve sustainability and growth through our business and technology.

Sustainability Policy

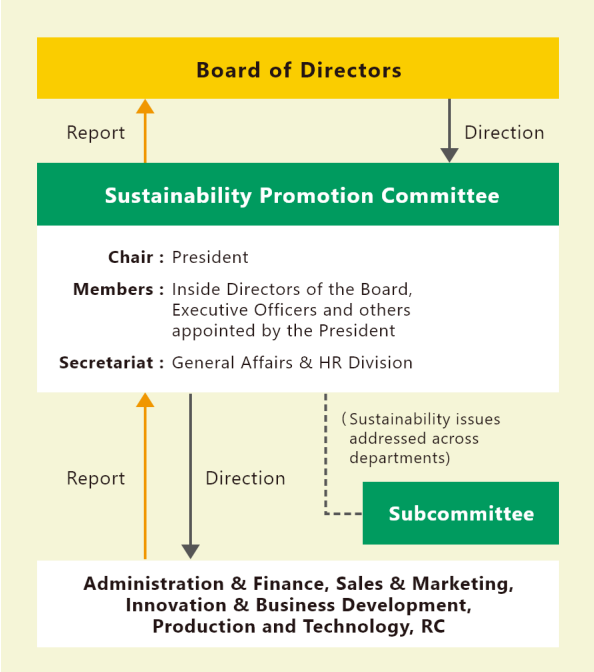
This Policy has been approved by the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee, which is chaired by the President and composed of Inside Directors of the Board, Executive Officers and others appointed by the President).

Based on our Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” the Nippon Shokubai Group strives to realize a sustainable society and increase corporate value, by engaging in dialogue with stakeholders and conducting business activities with fairness and integrity.

- We will solve social issues through our business activities and contribute to the future of people and society.
- We will protect the global environment and build a society where future generations can live with peace of mind.
- We aim to be a continually growing organization where diverse talents can be active.

Management System for promoting sustainability

Sustainability Promotion Committee chaired by the president has been organized to implement sustainability initiatives.



Roles of Sustainability Promotion Committee

- Determine Group's policies and strategies relating to promote sustainability initiatives
- Direct each department to formulate plans and measures and evaluate their performance and progress
- Consider other significant matters relating to promote sustainability initiatives
- Disseminate information about the initiatives to stakeholders

Operation for Sustainability Promotion Committee

- In principle, the Committee meets at least twice a year.
- When it is necessary to consider and adopt measures for important sustainability issues across departments, the Committee will establish a subcommittee to assume responsibility for them.

Materiality

The Nippon Shokubai Group has formulated a long-term vision called "TechnoAmenity for the Future" and is promoting three transformations—"Business Transformation," "Strategic Transformation for Environmental Initiatives," and "Organizational Transformation"—towards the goal for FY2030. In conjunction with the formulation of our Mid-term Management Plan, we have identified materiality and revised its content to align with the three transformations. Moving forward, we will manage the progress of materiality and implement the PDCA cycle to achieve the realization of a sustainable society and increase corporate value as outlined in our Sustainability Policy.

Contribution to people and society

Contribute to the future of people and society by solving social issues through our business activities

Materiality 1. Contribution to solving social issues

Relevant SDGs : 

Continuous creation of new products

Vision	A company with the technology and talent to continuously create products that contribute to people and society
Initiatives	・Strengthening the R&D capabilities ・Strengthening the constitution of R&D organization ・Investment in R&D human capital
KPI / Ideal state	・Swiftly develop customer-oriented materials and solutions and contribute to the realization of a sustainable society ・Possess, acquire, and continuously advance world-class core technologies to ensure competitiveness in target markets ・Actively exchange information with people inside and outside the company to engage in collaboration that sparks innovation (achievement year: each by FY2030)

Promotion of the development and sales of Environmental Contribution Products

Vision	A company that creates products contributing to the reduction of environmental impact
Initiatives	Promotion of the Solutions Business
KPI / Ideal state	Revenue from Environmental Contribution Products: ・55 billion yen (FY2027) ・135 billion yen (FY2030)

Promotion of environmental initiatives

Protect the global environment and build a society where future generations can live with peace of mind

Materiality 2. Promotion of environmental initiatives

Relevant SDGs : 

Contribution to achieving carbon neutrality

Vision	Achieving net zero for Scopes 1 and 2 by FY2050

Initiatives	・Promoting the use of bio-based materials ・Promoting energy conservation ・Promoting the use of green energy ・Process improvement ・Improving catalyst efficiency
KPI / Ideal state	Greenhouse gas (GHG) emissions: 30%* reduction in emissions by FY2030 from the base year as Nippon Shokubai Group total (achievement year: each by FY2030) * (In Japan) 30% reduction from FY2014 levels (Outside Japan) Reduction by [reduction objectives for each company] from [base year for each company] levels

Reduction of Product Carbon Footprint (PCF) −

Vision	Contributing to the reduction of GHG emissions throughout the supply chain
Initiatives	・Enhancing product carbon footprint data quality ・Sharing PCF information with stakeholders
KPI / Ideal state	Continuous improving calculation accuracy and reducing GHG emissions for each product through ongoing activities (achievement year: by FY2027)

Conservation and efficient use of water resources −

Vision	Maintaining harmony between water resource security and water use in business activities
Initiatives	Risk assessment and promotion of efficient use of water resources
KPI / Ideal state	Continuous monitoring of water risks (stress) and actions based on assessment results (achievement year: by FY2027)

Contribution to resource recycling −

Vision	Minimizing waste generation and effectively utilizing it as resources and energy
Initiatives	・Waste reduction ・Promotion of recycling
KPI / Ideal state	・Quantity of final off-site landfills: maintaining zero emissions(1) (achievement year for Nippon Shokubai alone: by FY2027) ・Waste plastic emissions: 50% reduction in emissions from FY2021 level (achievement year for Nippon Shokubai alone: by FY2030)

(1) (Quantity of final off-site landfill) ≤ (total amount of waste generated x 0.1%)

Strengthening the company's foundation and achieving sustainable growth

Aim to be a continually growing organization where diverse talents can be active

Materiality 3. Developing / Promoting the active participation of talent

Relevant SDGs :   

Development of autonomous talent

Vision	Employees resonating with the company's vision, finding their work fulfilling, growing together with the company, and trusting each other
Initiatives	・Provision of learning opportunities ・Implementation of the preferred career declaration system
KPI / Ideal state	・Participant ratio of self-selected training programs (e-learning, skill development training, online English conversation classes, etc.): Maintain 70% or above ・Continue to implement career training (second career training, promoting women's participation and advancement in workplaces, training for young employees and others) according to hierarchical levels ・Continue to implement interviews between supervisors and subordinates through the career declaration system (achievement year for Nippon Shokubai alone: each by FY2027)

Promote the active participation of diverse talent

Vision	Employees resonating with the company's vision, finding their work fulfilling, growing together with the company, and trusting each other
Initiatives	Establishment and maintenance of the working environment
KPI / Ideal state	・Increase the positive response rate for D&I-related items in the employee survey: 80% or above ・Ratio of female employees hired in the clerical and chemical position: 30% or above ・Improve ratio of female managers (managerial positions): 8% or above ・Ratio of male employees taking childcare leave (15 days or more): 100% (achievement year for Nippon Shokubai alone: each by FY2027)

Materiality 4. Promotion of CSR in the value chain

Relevant SDGs :    

Strengthening supply chain management

Vision	Building a sustainable supply chain that not only complies with laws and regulations, but also takes human rights and the global environment into consideration
Initiatives	Enhancing supplier survey content and maintaining coverage rate
KPI / Ideal state	CSR supplier survey coverage rate (based on raw material purchase amount): Maintain 95% or above (achievement year for Nippon Shokubai alone: by FY2027)

Strengthening efforts to respect human rights

Vision	Widely adopting and firmly establishing efforts to respect human rights, which is required internationally

Initiatives	Establishment of human rights due diligence process
KPI / Ideal state	Human rights due diligence: Starting implementation across the entire Group (achievement year: by FY2027)

Materiality 5. Strengthening governance

Relevant SDGs :





Enhancing compliance awareness

Vision	Contributing to enhancing corporate value, while fulfilling our corporate social responsibilities, such as compliance, as a result of Group Mission Framework being well understood and practiced by the executives and employees
Initiatives	・Dissemination of Group Mission Framework ・Promotion of the practice of Code of Conduct
KPI / Ideal state	・Participant ratio of compliance training (by hierarchical level): Maintain 95% or above (achievement year for Nippon Shokubai and Group Companies in Japan: by FY2027) ・Number of significant violations of laws or regulations in the social and economic area: Maintain 0 (achievement year for Nippon Shokubai alone: by FY2027)

Enhancing the effectiveness of the Board of Directors through the exercise of its roles and demonstration of its functions

Vision	Effectively fulfilling responsibilities as a strategic formation function of our Group, in addition to the decision-making and supervisory functions of business execution
Initiatives	Continuous implementation of the evaluation of the effectiveness of the Board of Directors
KPI / Ideal state	・Review and fulfill the necessary skills and attributes of the Board of Directors ・Continue to implement the evaluation of the effectiveness of the Board of Directors and address key issues based on the survey results (achievement year for Nippon Shokubai alone: each by FY2027)

Strengthening medium- to long-term incentives for executives

Vision	Making swift and decisive decisions for sustainable growth
Initiatives	・Promotion of initiatives in accordance with the Corporate Governance Code ・Review of the executive compensation system
KPI / Ideal state	Consider and complete expanding the proportion of performance-linked and stock-based remuneration for executives (achievement year for Nippon Shokubai alone: each by FY2027)

Materiality 6. Promotion of safe and stable production activities

Relevant SDGs :







Safety culture development / Strengthening safety infrastructure

Vision	Continuing safe and stable production regardless of changes in the business environment, ensuring customer satisfaction and trust
Initiatives	Promotion of the Medium-term RC Basic Plan
KPI / Ideal state	・Class 1 and Class 2 process safety accidents(2): 0 ・Serious injuries(3): 0, injuries with lost workdays: 0 (achievement year: each by FY2027)

(2) Class 1 process safety accident: Severity point is 18 or more according to CCPS/Japan Petrochemical Industry Association, or fatal accident.
Class 2 process safety accident: Severity point is 1 or more but less than 18 according to CCPS/Japan Petrochemical Industry Association.
(3) Resulting in injuries with 4 or more lost workdays, or disability class from 1 to 14
according to Industrial Accident Compensation Insurance Act Enforcement Ordinance Appendix Table 1 Disability Class Table

Improvement of product quality and trust

Vision	Continuing safe and stable production regardless of changes in the business environment, ensuring customer satisfaction and trust
Initiatives	Promotion of the Medium-term RC Basic Plan
KPI / Ideal state	Serious quality complaints: 0 (achievement year: by FY2027)

Materiality Identification Process

In formulating the Mid-term Management Plan 2027, the Nippon Shokubai Group conducted a review through the following process in FY2024.

Step1. Understanding Social Issues and Changes

Based on changes in social conditions and the business environment, we conducted cross-company discussions and identified the following items as social issues and changes closely related to our group.

◆ Social Issues / Changes

Environment
- Climate change issues
- Water resources / Biodiversity

Social
- Achieving safety and security life / long healthy life
- Global population growth
- Domestic aging population
- Diversification of needs
- Increasing awareness of human rights

Economy
- Growing economies of emerging countries
- Advancements in digital technology
- Increasing importance of information security
- Growing demand for new materials supporting technological development

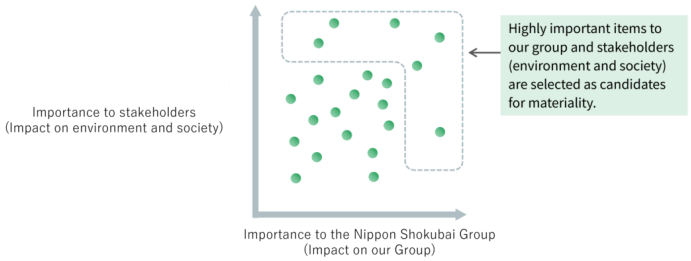
Step2. Identify Issues

In addition to the aforementioned social issues and changes, we conducted a more extensive review than in the previous materiality identification, referencing the following items, and comprehensively identified sustainability-related issues.

- International guidelines and disclosure standards (The Ten Principles of the UN Global Compact, GRI Standards, SASB, CSRD, ISSB, etc.)
- Evaluation criteria of ESG rating agencies (FTSE, S&P CSA, MSCI, etc.)
- Materiality identified in FY2021
- Discussions on the Mid-Term Management Plan 2027
- Opinions from internal and external stakeholders (institutional investors, employees, etc.)
- Discussions in the Risk Management Committee
- CSR supplier survey and Supply Chain Ethical Information Sharing Platform (Sedex, EcoVadis)
- SDGs (Sustainable Development Goals)

Step3. Prioritization of Issues

We evaluated each identified issue from two perspectives: its importance to stakeholders and its importance to our Group. We then prioritized these issues. For the high-priority issues, we held discussions with relevant departments and selected materiality and candidates for its corresponding individual elements.



Step4. Identification and Approval of Issues

These candidates were discussed by the Sustainability Promotion Committee, identified and approved as six items of materiality and fifteen individual elements, and reported to the Board of Directors.

Step5. Promotion of Initiatives

We will promote materiality initiatives by managing the progress of KPIs set for each individual element by the Sustainability Promotion Committee.

Click here for Materiality and Identification Process for FY2022-2024

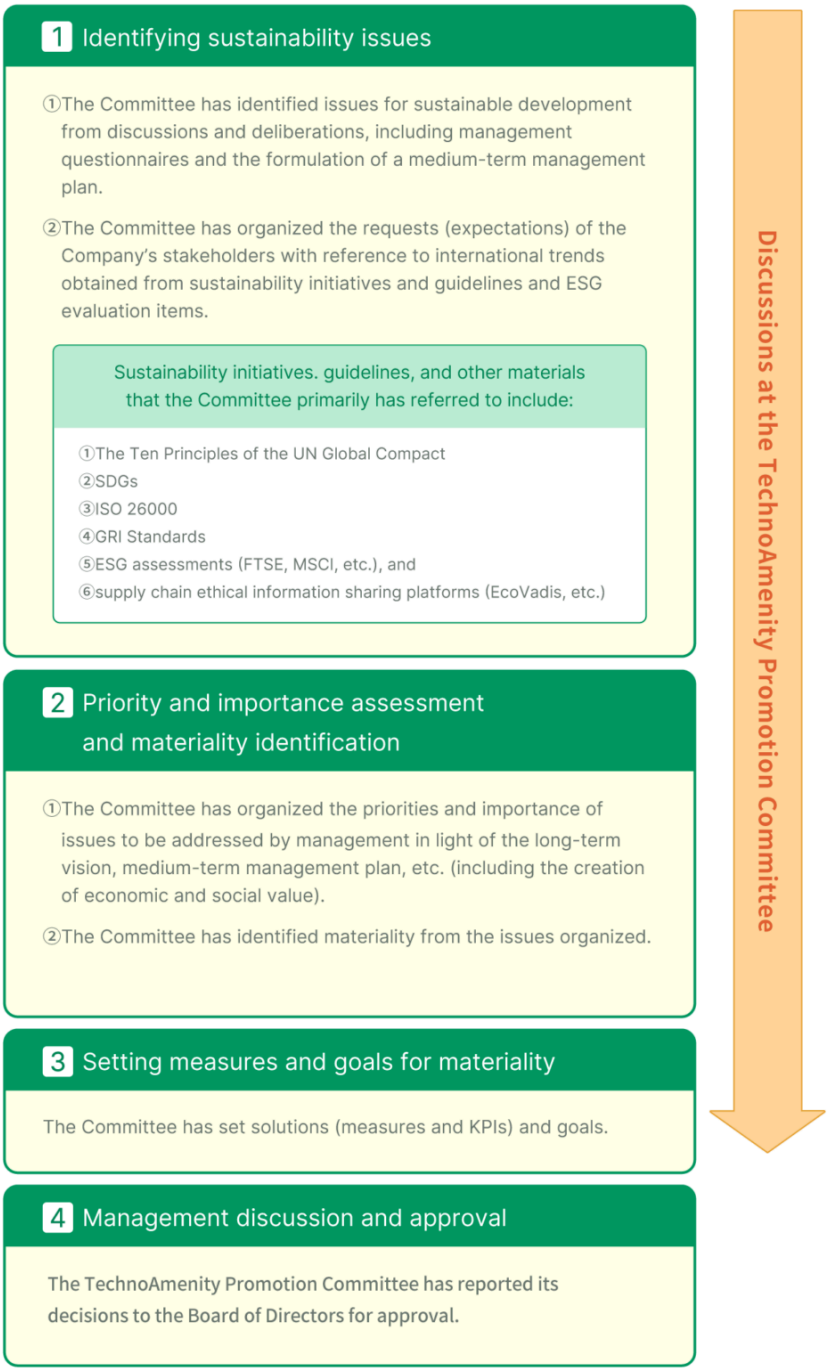
Sustainability

Materiality (FY2022-2024)

Click here for the Materiality (FY2025-)

To achieve the FY2030 Goals set forth in the Long-term vision “TechnoAmenity for the future,” the Nippon Shokubai Group is currently working on “Three transformations” under the Mid-term Management Plan “TechnoAmenity for the future- Ⅰ.” We will appropriately manage the progress of initiatives for the “Three transformations” by identifying materiality (material issues) and clearly setting KPIs (key performance indicators), specific goals and target years.
For the identification of materiality, we determined the scope of challenges to be tackled through discussions at the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee) , narrowed down the scope by reference to the Group’s long-term vision and “TechnoAmenity for the future- Ⅰ,” and obtained approval from the Board of Directors after repeated deliberations in the Sustainability Promotion Committee.

Materiality Identification Process



*TechnoAmenity Promotion Committee (Currently the Sustainability Promotion Committee)

Materiality and Initiatives

Promote climate change response

Contribution to SDGs :

Initiatives	KPI and their ideal state	Year of achievement	Actual performance in FY2024

Contribute to carbon neutrality	・Scope 1, Scope 2: reduce CO_2 emissions by 30% from the 2014 level (Nippon Shokubai and Group Companies in Japan)	End of FY2030	Reduced by 16.8% (including an offset equivalent to 6.9% through the purchase of carbon offset city gas)
Contribute to the circular economy	・Develop and socially implement technologies for resource use reduction and recycling	—	
Promote the development and sales of Environmentally Contribution Products	Environmental Contribution Products Revenue: (1) 55 billion yen (2) 135 billion yen	(1) End of FY2024 (2) End of FY2030	47 billion yen

* CO_2 emissions : Our Group's emissions reduction targets are for greenhouse gases, but since they are mostly carbon dioxide (CO_2), they are referred to as CO_2.

Contribute to solving customer issues

Contribution to SDGs :







Initiatives	KPI and their ideal state	Year of achievement	Actual performance in FY2022-FY2024
・Strengthen the company's ability to understand issues and propose solutions ・Strengthen the supply chain management	(1) Develop a platform to strengthen solution proposals (2) Expand the Solutions business to achieve the dual focus of the Materials and Solutions businesses (Sales ratio of 50% each, revenue of the 500 billion yen level)	(1) End of FY2024 (2) End of FY2030	(1)-1 Expanded workforce by 100 employees to Solutions Business (1)-2 Established an information-sharing platform through the introduction of SFA[*1] and CRM[*2], etc. (2) Sales ratio of Solutions Business: 28.6% (FY2024)

*1 SFA: Sales Force Automation system

*2 CRM: Customer Relationship Management system

Promote safe and stable production activities

Initiatives	KPI and their ideal state	Year of achievement	Actual performance in FY2024
・Strengthen the safety foundations ・Foster a culture of safety	・Third-party evaluation: maintain above industry standards for the petroleum and petrochemical industries	—	・Conducted a third-party evaluation at the Kawasaki Plant in FY2022 → Confirmed the maintenance of levels above industry standards ・Planned to conduct a third-party evaluation at the Himeji Plant in FY2026

Developing/Promoting the Active Participation of Talent

Contribution to SDGs :   

Initiatives	KPI and their ideal state	Year of achievement	Actual performance in FY2024
Develop autonomous talent	・Improve the employee engagement score (transformation and growth of people and workplaces through early establishment of a new personnel system, linkage with multi-layered measures, and organizational improvement) ・Increase in the number of applicants for solicit publicly proposed autonomous learning programs (e-learning, skill development training, online English conversation classes, etc.) and make these programs better known within the company	End of FY2024	・Improved the employee engagement score (FY2022: CCC, FY2024: B) ・Publicly proposed autonomous learning programs: the participation rate remained around 20% (approximately 500 participants out of 2,500 employees) from FY2022 to FY2024, which indicates a widespread understanding of these programs
Promote the active participation of diverse talent	・Improve the employee engagement score (promotion of suitable assignments, individual motivation, and diverse and autonomous work styles through various systems such as self-assessment and the continuity of work location) ・Increase the ratio of female employees hired in the clerical and chemical fields to at least 30% ・Increase the ratio of females in managerial position to 6% or more	End of FY2024	・Improved the employee engagement score (FY2022: CCC, FY2024: B) ・Rate of female employees hired in the clerical and chemical fields: 38.8% ・Rate of females in managerial positions: 6.3%

Strengthen corporate governance

Initiatives	KPI and their ideal state	Year of achievement	Actual performance in FY2024
Enhance the effectiveness of the Board of Directors	・Improve the effectiveness of the Board of Directors by enhancing its decision-making of anagement policy and strategy, and supervisory functions	End of FY2024	Confirmed with a third-party evaluation that the effectiveness of Board of Directors was ensured
Ensure the knowledge, experience, skills, and diversity of the Board of Directors	・Satisfy the skills matrix of the Board of Directors	End of FY2024	・Enhanced the disclosure of skills matrix, including the reasons for selection ・Discussion ongoing at the Board of Directors
Enhance medium- to long-term incentives for corporate officers	・Introduce stock-based compensation for Inside Directors of the Board, etc.	End of FY2022	Decided partially revise the performance-linked stock compensation system (implemented in July 2025, For details please refer to “Notice Regarding Partial Amendment and Continuation of

			Performance-linked Stock Compensation Plan. ”)

Sustainability

Stakeholder Communication

The Nippon Shokubai Group undertakes various initiatives to help stakeholders better understand the Company so that cooperation-oriented dialogue is more meaningful and geared toward achieving the Group Mission.

Stakeholders	Our approach	Main opportunities for communication
Customers	Create innovation that are responsive to our customers' needs and solve their problems, and provide safe and reliable products and services.	・Communicating and providing support during sales and marketing ・Appearing at exhibitions ・Providing information through our product pamphlets, corporate website and other avenues ・Responding to inquiries made on the telephone/through our corporate website
Business partners	Establish trust-based relationships with our business partners through fair and impartial business dealings, and promote sustainable procurement initiatives.	・Communicating and providing support during purchasing ・Distributing CSR Procurement Guidelines ・Providing information through our corporate website and other avenues ・Administering and gaining feedback from CSR supplier surveys
Employees	Create workplaces where everyone respects and accepts each other's differences and can work free of worry, and help each and every employee find motivation and optimal work styles.	・Labor-management council meetings ・Safety and Health Committee meetings ・Talent development measures ・Evaluation consultation, Career consultation ・Company newsletters, portal site ・Company events ・Internal reporting system
Local Communities	Engage in proactive dialogue and establish trust-based relationships with local communities, and work with them to help them develop.	・Environmental preservation-activities ・Local cleanup campaign ・Interactive activities with local communities ・The community dialogue undertaken by the JCIA's Responsible Care Committee ・Developing the next generation
Public administrators	Fulfill our corporate responsibility by complying with laws and regulations, participating in policymaking, and more.	・Participation in committees and councils associated with governments and public agencies through industrial associations and other avenues
Shareholders and investors	Make efforts to improve corporate value by establishing trust-based relationships with shareholders and	・Shareholders meetings ・Briefings for institutional investors/analysts ・1 on 1 meeting with investors

	investors through fair disclosure and proactive dialogue.	・Briefings for individual investors ・Facility tours ・Publishing TechnoAmenity Report (integrated report), Reports to Shareholders, etc. ・Providing information through our corporate website and other avenues

External Evaluation

(As of July, 2025)

Inclusion in ESG indices

FTSE4Good Index Series

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

FTSE4Good Index Series

FTSE Blossom Japan Index

Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed as an industry neutral benchmark that reflects the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices in Japan. The Index is used as an important criterion in ESG investment, with the Government Pension Investment Fund (GPIF) adopting it as one of the general indices for Japanese equities.

FTSE Blossom Japan Index Series

FTSE Blossom Japan Sector Relative Index

Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed as a sector neutral benchmark that reflects the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices in Japan. The index selects companies with higher ESG Ratings within the top 50% of each sector and supports climate transition to a low carbon economy by evaluating companies' climate governance and climate change efforts via the Transition Pathway Initiative's Management Quality Score. The Index is used as an important criterion in ESG investment, with the Government Pension Investment Fund (GPIF) adopting it as one of the general indices for Japanese equities.

FTSE Blossom Japan Index Series

MSCI Japan Empowering Women Index (WIN)

Created by MSCI Inc., which is based on data such as the ratio of women among new hires, employees, and managers, as well as disclosed information such as policies on promoting diversity. The index selects companies that are leading the way in promoting the advancement of women in their sectors. The index is used as an important criterion in ESG investment, with the Government Pension Investment Fund (GPIF) adopting it as one of the indices for Japanese equities.

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (WIN) (Japanese only)

* The inclusion of Nippon Shokubai in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nippon Shokubai by MSCI or any of its affiliates.The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

S&P/JPX Carbon Efficient Index

An index created by S&P Dow Jones Indices and the Tokyo Stock Exchange. The S&P/JPX Carbon Efficient Index is designed to measure the performance of companies in the Tokyo Stock Price Index (TOPIX), while overweighting or underweighting those companies that have lower or higher levels of carbon emissions per unit of revenue.

S&P/JPX Carbon Efficient Index

Sompo Sustainability Index

An index selected by Sompo Risk Management Co., Ltd., consisting of companies with excellent ESG (environmental, social, and governance) initiatives. Sompo Asset Management builds and manages portfolios that follow this index.

Sompo Sustainability Index (Japanese only)

ESG-related evaluation

DBJ Environmentally Rated Loan Program

The DBJ Environmentally Rated Loan Program is the world's first financing menu to select outstanding companies by evaluating their environmental management by means of the environmental rating method developed by Development Bank of Japan Inc. (DBJ). Nippon Shokubai has received the highest rating, which is given to companies with "excellent advanced environmental initiatives," for 4 times in a row.

DBJ Environmentally Rated Loan Program

Sustainability

Responsible Care Initiatives

Corporate members of the chemical industry that work with chemical substances undertake and publish the outcomes of voluntary initiatives to ensure excellence in environmental matters, safety, and health in all processes from the development to the manufacturing, distribution, and industrial and consumer use of chemical substances to their disposal and recycling in an effort to engage in dialogue and communication with society.

The initiatives are collectively known as Responsible Care (RC), and have been promoted around the world since they were announced by the International Council of Chemical Associations (ICCA) in the RC Global Charter in 2006 and revised in 2014.

Nippon Shokubai is one of the charter members of the Japan Responsible Care Council (currently the Responsible Care Committee) of the Japan Chemical Industry Association founded in 1995, and has since introduced and continues to promote efforts under several systems, including an environmental management system (ISO 14001), quality management systems (ISO 9001 and GMP*), and an occupational safety and health management system (OSHMS).

The Nippon Shokubai Group intends to continue to fulfill its corporate social responsibility by contributing to society through Groupwide RC activities.

* GMP : Good Manufacturing Practice



The Company President's signature on the RC Global Charter (2014 revised version)

RC Initiatives ›

RC Basic Plan and Results ›

Production/R&D Site Reports >

Providing Support for Group Companies >

Initiatives of Group Companies >

Sustainability

RC Initiatives

Nippon Shokubai proactively implements RC initiatives based on environmental protection, process safety and disaster prevention, occupational safety and health, chemical safety, quality, and communication with society.

RC Policy

This Policy has been approved by the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee; which is chaired by the President and composed of Inside Directors of the Board, Executive Officers and others appointed by the President).

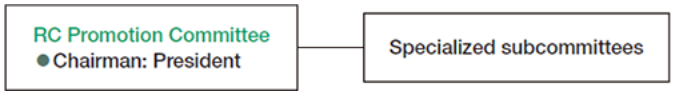
In order to achieve our Group Mission and put our Values, Code of Conduct, and Safety Philosophy into practice, the Nippon Shokubai Group takes the priority actions listed below with regard to the environment, safety, and quality. In doing so, we consider contributing to society by providing technologies and products that facilitate environmental protection to be a key management strategy; our actions are guided by the principle of Sustainable Development, and we work conscientiously to achieve harmony with environmental conservation on a global scale.

1. We consider environmental impact and take steps toward environmental protection throughout the entire lifecycle of our products, from development to disposal.
2. We strive to ensure safety for our employees and society at large by striving to completely avoid accidents and injuries based on our Safety Philosophy of “Safety takes priority over production.”
3. We consider the health of our employees, logistics partners, customers, and others by verifying the safety of the raw materials, intermediate goods, products, and other chemical substances we work with.
4. We consistently provide reliable, high-quality products and services that satisfy our customers.
5. We publish the outcomes of the aforementioned activities in an effort to ensure that our message is understood properly.

RC Promotion System

Our RC Promotion Committee chaired by the Company President reviews basic and overall matters to make concrete progress in implementing the RC Policy and guidelines set out in other company regulations in all activities: environmental protection, process safety and disaster prevention,

occupational safety and health, chemical safety, quality, and communication with society. We have also established specialized subcommittees under the RC Promotion Committee to promote company-wide RC initiatives.

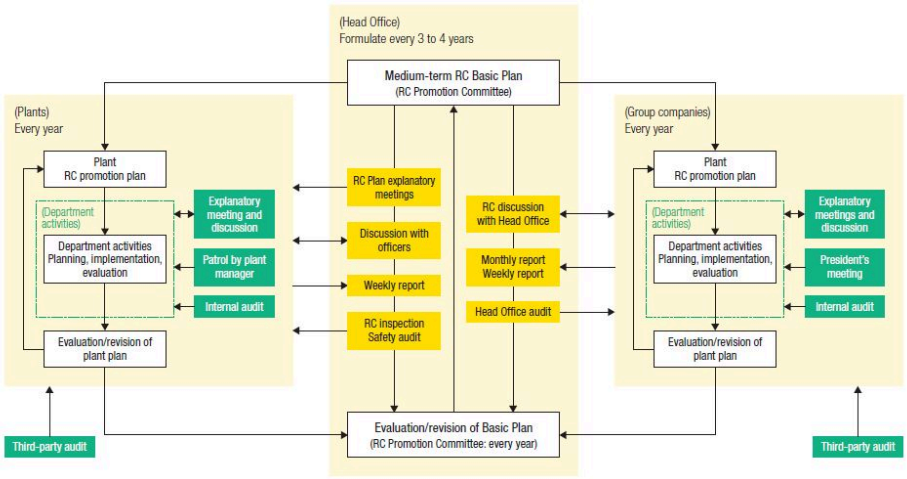


Promotion Cycle for RC Initiatives

To put the RC Policy into practice, the Group makes efforts to contribute to society and fulfill its corporate social responsibility by undergoing the PDCA cycle* each year within the promotion cycle for RC initiatives in collaboration with each plant and Group company.

* PDCA cycle (Plan-Do-Check-Act cycle): A method of continuous improvement for quality control and other aspects of process technology. Operations are continuously improved by repeating the four steps: Plan, Do, Check, Act.

Flow of RC Initiatives



Flow of promotion cycles

[Head Office]

Every three to four years, the RC Promotion Committee chaired by the Company President formulates a Medium-term RC Basic Plan to coincide with the duration of the company's Medium-term Management Plan. Additionally, each year the council selects the focuses of inspections, conducts RC inspections and safety audits to check and evaluate the status of activity implementation at our plants, and revises plans as necessary.

[Plants]

Each year, the RC Committee at each plant chaired by the plant manager formulates a Plant RC promotion plan based on the Company-wide Medium-term RC Basic Plan and evaluations of the

previous year's activities. Each department formulates their department activity plan that outlines specific activities to be implemented in consideration of important issue that department faces.
The progress of these activities is checked not only through plant manager patrols, discussions at departments, and internal audits of ISO and other management systems, but also through discussions and RC inspections conducted by Head Office officers as well as third-party audits. In light of the results, department activity plans are revised as necessary to undergo the PDCA cycle in pursuit of continuous improvement.

[Group companies]

Like Nippon Shokubai, Group companies formulate plans based on the Medium-term RC Basic Plan each year; however, their respective RC promotion plan are formulated in consideration of their business activities and the laws and regulations in their country.
They show the progress of their activities with the Head Office through monthly and other regularly scheduled reports and online meetings, and the Head Office also conducts regularly scheduled discussions and audits to check on the progress. In light of the results, the activities are revised as necessary to undergo the PDCA cycle in pursuit of continuous improvement.
The Head Office also encourages Group companies to interact with each other in an effort to enhance each other's activities.

RC Inspections

We organized an RC Inspection Committee led by Company officers and chaired by the Director of the Board in charge of Production & Technology to conduct annual RC inspections for continual improvement of RC initiatives at the Himeji and Kawasaki Plants.
We strive to continuously improve RC initiatives by sending reports containing concerns, suggestions for improvement, and other information to the plants.

What are RC inspections?

Our RC inspections date back 50 years to February 1974, shortly after we established our Safety Philosophy of "Safety takes priority over production" in 1973.
We referred to them as "safety inspections" until 2003, and have continued conducting them in an effort to put our Safety Philosophy into practice. Currently, we conduct them based on the key topics set out each fiscal year and the implementation status of RC initiatives at each plant. Below are the key topics for RC inspections over the past several years.

Medium-term Plan	Fiscal year	Priority theme
10th FY2017 to FY2020	FY2017 (45th)	Initiatives for environmental protection
	FY2018 (46th)	Prevention of quality issues and ensuring quality governance
	FY2019 (47th)	Prevention of recurrence of similar occupational injuries

	FY2020 (48th)	Prevention of process safety accidents
FY2021*	FY2021 (49th)	Chemical substance management
11th FY2022 to FY2024	FY2022 (50th)	Initiatives for safety culture development and revisions toward more effective safety activities
	FY2023 (51st)	Environmental Impact Reduction Activities
	FY2024 (52nd)	Response status to frequent occupational injuries (Kawasaki Plant) Response status to frequent process safety accidents (Himeji Plant)

* The FY2021 plan is a single-year plan.

FY2024 RC inspections

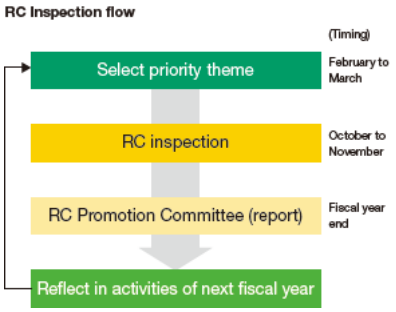
We conducted the RC inspection for FY2024 on November 1 at the Kawasaki Plant and November 8 at the Himeji Plant to check the implementation status of RC initiatives. The key topics were “Response status to frequent occupational injuries” and “Response status to frequent process safety accidents,” respectively, at the Kawasaki and Himeji Plants.



RC inspection

RC inspection procedure

RC inspections are conducted by the RC Inspection Committee from October to November each year after the key topic or topics for the year are selected from February to March of the previous fiscal year based on information such as problems outside the company and the results of internal RC initiatives.
The results are reported to the plants as well as the RC Promotion Committee chaired by the Company President, and are reflected in the activities of the following fiscal year.
The diagram below shows the procedure of RC inspections.



RC Training

We continuously provide RC education to our employees to enhance their understanding and mastery of RC initiatives. Following our training curriculum, we conducted training in FY2024 covering key areas such as environmental protection, process safety and disaster prevention, occupational safety and health, chemical safety, quality, and communication with society. This training was provided to new hires, employees promoted to assistant manager, and those promoted to manager positions. We will continue our efforts to strengthen RC education.



Training for new employees

RC Basic Plan and Results

The 11th (FY2022–FY2024) Medium-term RC Basic Plan and FY2024 Results

We formulated the 11th Medium-term RC Basic Plan, in which objectives and priority initiatives were set by reflecting ongoing activities from the 10th plan and the plan for FY2021, the results of analyzing the issues encountered, and external needs, including revisions to laws made in response to technological progress.
By continuously improving initiatives in each RC area and steadily implementing the plan, we have continued our safe and stable production activities and worked toward the Goals for 2030, which have been set in our long-term vision “TechnoAmenity for the future.”

The 11th (FY2022–FY2024) Medium-term RC Basic Plan and FY2024 Results

[Ratings] Achieved / Nearly achieved / Unachieved

Environmental Protection

Objectives for FY2022–FY2024

- Energy saved: 6,000 kL (over 3 years)
- Energy consumption intensity: 5% reduction from FY2019 levels (annual reduction of 1%, 96.9 L/t-production)
- CO_2 emissions[*1] for FY2030: 30% or greater reduction from FY2014 levels (including Group companies in Japan)
- Fuel consumption intensity for road transport: 4% reduction from FY2020 levels (annual reduction of 1%, 33.7 L/1,000 t-km)
- Promote modal shifts
- Water use intensity: reduction to at least FY2020 levels (8.45 m^3/t-production)
- Maintain zero emissions[*2]: (Quantity of final off-site landfill) ≤ (Total amount of waste generated × 0.1%)
- Emissions of substances subject to the PRTR Law[*3]: 99 t/yr[*4] or less

FY2024 Actual Figures

- Energy saved: 7,693 kL[*5] (22,710kL over 3 years)
- Energy consumption intensity: Increased 11.6%[*5,*6] • CO_2 emissions: Decreased 16.8%[*5,*7]
- Fuel consumption intensity for road transport: Increased 1.1%
- Modal shift promotion ongoing • Water use intensity: Increased 7.7% from FY2020 levels
- Zero emissions maintained
- Emissions of substances subject to the PRTR Law: 84.9 t/yr

Priority Initiatives

1. Promoted energy-saving activities and technical investigations to reduce emissions of waste/PRTR substances
2. Promoted reduction in CO_2 emissions toward achieving carbon neutrality
3. Currently considering building a system that totals up product-specific CO_2 emissions
4. Ensured appropriate management of equipment that uses fluorocarbons and strove to control fluorocarbon emissions
5. Promoted certification of Environmental Contribution Products, including those manufactured by Group companies

*1 The emissions reduction target is in fact for greenhouse gases (GHG), but most GHG is actually carbon dioxide (CO_2). Therefore, it is referred to as CO_2 here.
*2 Zero emissions: Reducing the quantity of waste subject to final disposal at off-site landfills to 0.1% or less of the total amount of waste generated.
*3 PRTR Law: Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement.
*4 Due to amendment of the PRTR Law, this objective was re-set.
*5 Each coefficient has been revised due to acts (Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, and Act on Rational Use and Appropriate Management of Fluorocarbons) amended in FY2023.
*6 Due to the amended Act on the Rational Use of Energy, waste oil used as fuel is treated as energy, but calculations exclude waste oil for comparison with the base year.
*7 Including a carbon credit offset of 8.9% due to the purchase of carbon-offset city gas.

Process Safety and Disaster Prevention

Objectives for FY2022–FY2024

- Zero Class A[*8] or Class B[*9] process safety accidents (aiming to completely avoid serious process safety accidents)

FY2024 Actual Figures

- Class A process safety accidents: 0 • Class B process safety accidents: 1

Priority Initiatives

1. Strove to strengthen the culture of prioritizing safety through the utilization of evaluation result by third-party regarding process safety capability, monthly safety efforts, and more.
2. Implemented systematic risk assessment and other activities to prevent trouble.
3. Systematically implemented deterioration countermeasures, seismic countermeasures, and more.
4. Strove to continuously improve safety management systems.
5. Systematically implemented and enhanced training provided by outside entities and education/training/drills at plants and research centers.

*8 Class A: Level 9 or higher according to the Nippon Shokubai method on the Japan Petrochemical Industry Association chart.
*9 Class B: Level 3 to 9 according to the Nippon Shokubai method on the Japan Petrochemical Industry Association chart.

Occupational Safety and Health

Objectives for FY2022–FY2024

- Zero injuries with loss of workdays[*10] (including contractors)
- Zero injuries without loss of workdays[*11] (including contractors)

FY2024 Actual Figures

- Injuries with lost workdays: 2 • Injuries without lost workdays: 7

Priority Initiatives

1. Promoted basic safety activities and implemented other activities to prevent troubles.
2. Implemented systematic safety measures through efforts such as persistently sharing cases of occupational injuries throughout the company.
3. Verified the status and strove for continuous improvement of various safety activities.
4. Systematically implemented workplace safety training and enhanced training/drills.
5. Supported contractors' safety activities through safety training, patrols, and more.

*10 Injury with lost workdays: Injury requiring at least one lost workday for medical treatment.
*11 Injury without lost workdays: Injury requiring no loss of workdays for medical treatment.

Chemical Safety

Objectives for FY2022–FY2024

- Completely avoid (legal/social) problems with chemical products

FY2024 Actual Figures

- Cases involving problems with chemical products: 0

Priority Initiatives

1. Systematically conducted internal training and held explanatory meetings concerning laws and regulations for management of chemical substances both inside and outside of Japan.
2. Revised SDS on time in accordance with the requirements of relevant laws and regulations, including amendment to the Industrial Safety and Health Act of Japan.
3. Submitted notices and information before the prescribed deadlines based on legal obligations under domestic and foreign laws and regulations, and when requested by the authorities.

Quality

Objectives for FY2022–FY2024

- To achieve zero serious quality complaints
- To improve customer satisfaction by strictly complying with quality-related laws and promoting priority initiatives regarding quality

FY2024 Actual Figures

- Serious complaints about quality: 0
- Accomplished quality priority initiatives designed to improve customer satisfaction

Priority Initiatives

1. Continuously made improvements by effectively using the quality management system through audit, inspection, quality meetings, and the like.
2. Promoted activities to prevent quality complaints and issues, as planned.
3. Implemented quality education and quality awareness-raising activities to foster a quality-first mindset, as planned.

Communication with Society

Objectives for FY2022–FY2024

- Engage in dialogue with and disclose information to stakeholders

FY2024 Actual Figures

- Published details of RC initiatives on the website
- Published and revised the TCFD Report

Expanding RC initiatives to Group Companies (Common Items with Group Companies)

Objectives for FY2022–FY2024

1. Environmental protection:
   Reduce energy consumption intensity
   Set a CO_2[*1] emissions reduction objective (Group companies outside Japan)
   Reduce the volume of waste sent to off-site landfills for disposal (Group companies in Japan)
   Reduce the total volume of waste (Group companies outside Japan)
   Reduce emissions of substances subject to the PRTR Law (Group companies in Japan)
2. Process safety and disaster prevention:
   Completely avoid disasters and accidents (equivalent to Class A and Class B process safety accidents on the Nippon Shokubai scale)
3. Occupational safety and health:
   Completely avoid injuries with lost workdays
4. Chemical product safety:
   Completely avoid (legal or social) problems with chemical products
5. Quality:
   Completely avoid serious complaints about quality
6. Communication with society:
   Engage in dialogue with and properly disclose information to stakeholders

FY2024 Actual Figures

- Energy consumption intensity: Decreased at 5 out of 12 companies
- Volume of waste sent to off-site landfills for disposal: Increased 27.7% YoY (Group companies in Japan)
- Volume of total waste: Decreased 2.7% YoY (Group companies outside Japan)
- Emissions of substances subject to the PRTR Law: Increased 40.6% YoY (Group companies in Japan)
- Disasters: 0 • Accidents: 1 • Injuries with lost workdays: 4
- Cases involving problems with chemical products: 0 • Serious complaints about quality: 0
- Published environmental reports, and participated in local community events

Priority Initiatives

- Conducted RC discussions and audits of Group companies in an effort to improve the Group's overall quality of RC initiatives

PDF Download

Medium-term RC Basic Plan 2027 (FY2025–FY2027)

In midst of changing circumstances surrounding Nippon Shokubai, the next Medium-term RC Basic Plan has been formulated so that we can continually proceed our materiality (material issues) of "Promotion of safe and stable production activities" and "Promotion of initiatives for Environment" and promoting the "Three transformations" toward the long-term vision by implementing more efficient and continuous improvements in each RC field.

Environmental Protection

Objectives for FY2025–FY2027

- GHG emissions: 30% reduction in emissions by FY2030 from base year as Nippon Shokubai Group toral
  (In Japan) 30% reduction from FY2014 levels
  (Outside Japan) Reduction by [reduction objects for each company] from [base fiscal year for each company] levels
- Energy saved: 7,000 kL (over 3 years, crude oil equivalent)
- Energy consumption intensity: Class A[*1] or higher in the Business Classification Evaluation System under the Act on the Rational Use of Energy
- Fuel consumption intensity for road transport: An annual reduction of 1% compared to the average intensity of 35.0 L/1,000 t-km from FY2019 to FY2023
- Water withdrawal: Less than FY2020 levels (14.6 million m^3)
- Quantity of final off-site landfill: Maintain zero emissions[*2]
- Waste plastic emissions: 50% reduction in emissions by FY2030 from FY2021 levels
- Emissions of substances subject to the PRTR Law[*3]: 8% reduction in emissions from FY2023 levels (83 t/y or less)

Priority Initiatives

1. Promotion of reducing GHG emissions
2. Promotion of energy-saving activities and promotion of reducing emissions of waste/substances subject to the PRTR Law
3. Improvement in transportation efficiency
4. Enhancement of product carbon footprint data quality
5. Promotion of the certification for Environmental Contribution Products
6. Appropriate monitoring and response to biodiversity and water risks (includes Group companies both inside and outside Japan)

*1 Class A: If the target of "reducing the five-year average energy consumption intensity or the five-year average electricity demand optimization evaluation intensity by 1% or more per year" has not been achieved, and the intensity has not increased year-on-year for the last two consecutive years, or the five-year average intensity has not increased by 5%.
*2 Zero emissions: Reducing the quantity of waste subject to final disposal at off-site landfills to 0.1% or less of the total quantity of waste generated. (quantity of final off-site landfill) ≤ (total quantity of waste generated x 0.1%).
*3 PRTR Law: Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement.

Process Safety and Disaster Prevention

Objectives for FY2025–FY2027

- Class 1 process safety accidents[*4]: 0, Class 2 process safety accidents[*5]: 0

Priority Initiatives

1. Safety culture development
2. Prevention of process safety events
3. Human resource development

*4 Class 1 process safety accident: Severity point is 18 or more according to CCPS/Japan Petrochemical Industry Association or a fatal accident.
*5 Class 2 process safety accident: Severity point is from 1 to less than 18 according to CCPS/Japan Petrochemical Industry Association.

Occupational Safety and Health

Objectives for FY2025–FY2027

- Serious injuries[*6]: 0 (including contractors)
- Injuries with lost workdays[*7]: 0 (including contractors)
- Total occupational injury frequency rate[*8] ≤ 1.5 (including contractors)

Priority Initiatives

1. Safety culture development
2. Prevention of injuries
3. Strengthening support for safety activities to contractors

*6 Serious injuries: Resulting in injuries with 4 or more lost workdays, or a disability class from 1 to 14. The disability grade can be confirmed in the Workers' Accident Compensation Insurance Law Enforcement Regulations, Appendix 1, Disability Grade Table.
*7 Injury with lost workdays: Injury requiring at least one lost workday for medical treatment.
*8 Total occupational injury frequency rate: Number of casualties in occupational injuries (injuries with lost workdays + injuries without lost workdays) per 1 million actual working hours.

Chemical Safety

Objectives for FY2025–FY2027

- Legal and/or social problems related to chemical safety[*9]: 0

Priority Initiatives

1. Thorough compliance with laws related to chemical substance management
2. Reliable and efficient provision of product safety information and relevant laws to the supply chain
3. Improving understanding of the hazards of chemical substances and related laws within the company and Group companies
4. Adaptation to new frameworks and industry policies regarding chemical substance management

*9 Definition of legal and/or social problems related to chemical safety: Cases where violations of laws and/or regulations related to chemicals have had a social impact, such as receiving guidance from relevant government agencies or being reported in the mass media.

Quality

Objectives for FY2025–FY2027

- Serious quality complains: 0

Priority Initiatives

1. Continuous improvement by effective utilization of the quality management system
2. Prevention of quality complaints and troubles
3. Thorough quality compliance
4. Improvement of efficiency in quality-related operations without losing reliability

Communication with Society

Objectives for FY2025–FY2027

- Appropriate disclosure of information to stakeholders

Priority Initiatives

1. Participation in RC community dialogue meetings and various councils, etc.
2. Disclosure of information via the corporate website
3. Revision of TCFD Report

Expanding RC initiatives to Group Companies (Common Items with Group Companies)

Objectives for FY2025–FY2027

1. Environmental protection
   (In Japan)
   - Reduction of GHG emissions by 30% in FY2030 from FY2014
   - Reduction of energy intensity
   - Reduction of disposal at off-site landfills
   - Reduction of emissions of substances subject to the PRTR Law

   (Outside Japan)
   - Reduction of GHG emissions by [reduction objectives for each company] from [base year for each company]
   - Reduction of energy intensity
   - Reduction of the quantity of waste
2. Process safety and disaster prevention
   - Class 1 process safety accidents: 0
   - Class 2 process safety accidents: 0
3. Occupational safety and health
   - Serious injuries: 0
   - Injuries with lost workdays: 0
   - Total occupational injury frequency rate ≤1.5 (Group-wide)
4. Chemical product safety
   - Legal and/or social problems related to chemical safety: 0
5. Quality
   - Serious quality complains: 0
6. Communication with society
   - Maintenance of a dialogue with stakeholders and reasonable information disclosure

Priority Initiatives

- Guidance for Group companies, verification through audits, etc.

PDF Download

Sustainability

Production/R&D Site Reports

- Himeji Plant
- Kawasaki Plant
- Suita Research Center

Himeji Plant

Plant Manager	Kazuto Okazaki, Executive Officer
Location	992-1 Aza-Nishioki, Okinohama, Aboshi-ku, Himeji, Hyogo
Number of employees	1,263 (including research center) (As of March 31, 2025)
Products	Acrylic acid, acrylates, maleic anhydride, superabsorbent polymers, resin modifiers, electronic information materials, De-NOx catalysts, dioxins decomposition catalysts, and other products

FY2024 Results of RC Activities

Occupational safety and health	One injury with lost workdays, four injuries without lost workdays (including contractors)
Process safety and disaster prevention	Zero Class A process safety accidents, one Class B process safety accident
Environmental protection	Implemented measures for energy conservation amounting to about 4,500 kL/year (crude oil equivalent)

In terms of occupational safety and health, we have conducted “mask fit tests” to ensure that respiratory protective masks fit snugly on workers’ faces to reduce health risks from exposure to chemical substances. We have also provided guidance on proper wearing instructions.



Kazuto Okazaki, Plant Manager

In process safety and disaster prevention, we have been working on preventing process safety accidents caused by human error under the initiative called “Safety Reform 2025” since the second half of FY2023. Activities such as promoting speaking up, asking questions, watching over others, and holding interdepartmental meetings have contributed to the development of a safety culture where employee helps each other. As a result, process safety accidents decreased in FY2024. Additionally, there have been positive impacts such as reductions in occupational injuries and quality issues. We will continue this initiative in FY2025.

In environmental protection, we have continued material recycling of waste plastics. Over 500 tons of waste plastics were recycled for new uses in FY2024. Additionally, we have been continuing energy conservation activities aimed at contributing to carbon neutrality, achieving energy savings that significantly exceed our targets in recent years.

We will continue to improve our safety capacity and respond flexibly to changes in society to build a manufacturing plant trusted by stakeholders.

Safety II initiative

At the Himeji Plant, we have focused on thoroughly disseminating countermeasures for occupational injuries and issues, enhancing safe work procedures, and revising rules. However, we have not seen sufficient effectiveness in preventing occupational injuries caused by unsafe behaviors of workers. Therefore, we reviewed our safety activities under the guidance of ergonomics experts.



Recognition for safe behavior

Interviews conducted by the experts revealed that safety rules and basic safety behaviors were not always followed at the production site. Additionally, it was pointed out that each time an issue occurred, new rules were added, making work more difficult, and there was dissatisfaction with the lack of attention to rule violators, leading to decreased motivation. Therefore, we started a Safety II initiative that not only focuses on enforcing rules but also highlights the behaviors of people who can flexibly respond to various situations and disseminates these behaviors horizontally to encourage autonomous judgment and actions among employees.
Specifically, we are promoting activities such as the “compliment activity,” where employees who demonstrate safe behaviors are voted for and recognized, and sharing the behavioral characteristics and thought processes of those who quickly identify and resolve equipment issues as success tips within the plant.
We will continue to improve these initiatives and work towards preventing occupational injuries and issues.

Non-technical skills training

Many occupational injuries are caused by human error, and approximately 80% of these are due to a lack of non-technical skills. Non-technical skills, in contrast to technical skills which involve specialized knowledge and expertise, include human skills such as situational judgment, communication ability, leadership, and teamwork. At the Himeji Plant, we conduct non-technical skills training using a simulated plant to improve the skills of younger employees. Since FY2023, we have expanded these training opportunities to Group companies as well. Participants have expressed a renewed recognition of the necessity of non-technical skills and the importance of communication. We will continue to enhance the program content and facilities to ensure the steady improvement of the skills of younger employees.





Non-technical skills training

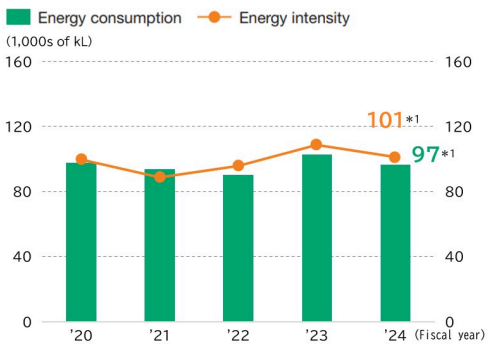
Topic
Participation in “Demand Response” contributes to stabilizing the balance between supply and demand of electricity

“Demand Response (DR)” has been attracting attention as a method of adjusting the supply-demand balance of electric power as the introduction of renewable energy sources, which are unstable in terms of power generation, expands. As one of its social contribution activities, Himeji Plant has concluded a contract with a DR aggregator* and has been participating in DR on an ongoing basis since FY2021. When the supply-demand balance of electric power becomes tight due to extreme heat, severe winter, or bad weather, the plant will contribute to stabilizing the supply-demand balance of electric power by reducing the amount of power received from the power grid based on requests from the DR aggregator, utilizing excess power generation capacity.

*DR aggregator: A business operator that aggregates multiple consumers and adjusts supply and demand

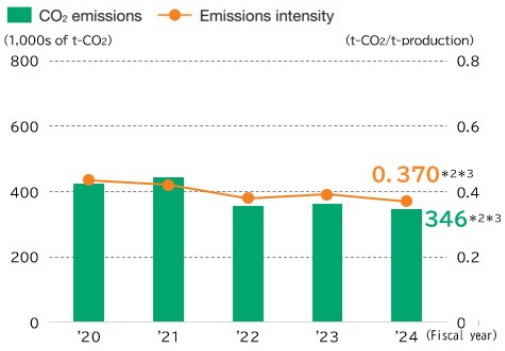
Plant Data

Trends in Energy Consumption and Intensity



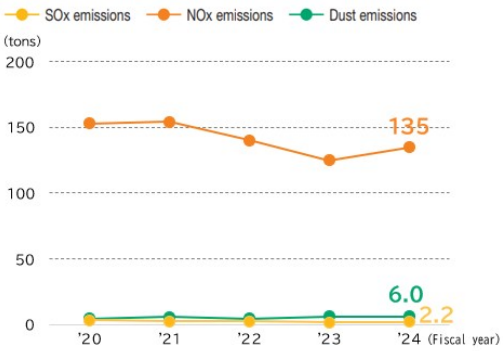
*1 Due to the revision of the Act on Rationalization of Energy Use and Shift to Non-fossil Energy (Energy Conservation Act), the calculation method has been revised from the fiscal 2023 results.

Trends in CO_2 Emissions and Intensity

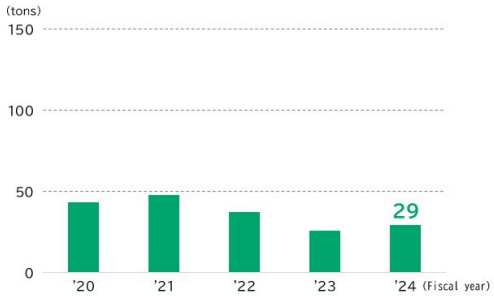


*2 Including emissions offset by buying carbon offset city gas
*3 Due to the revision of the Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act), the calculation method has been revised from the fiscal 2023 results.

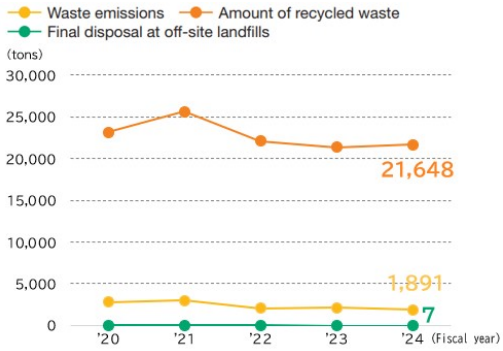
Trends in Emissions of SOx, NOx, and Dust



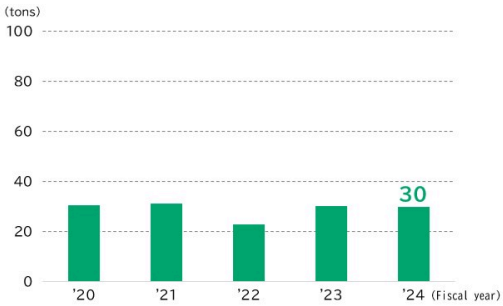
Trend in COD of Wastewater



Trends in Amount of Waste, Recycled Waste, and Waste for Final Off-site Landfill Disposal



Trend in Emissions of Substances Subject to the PRTR Law



Production/R&D Site Reports TOP →

Kawasaki Plant

Plant Manager	Koji Takeda, Executive Officer
Location	Chidori Plant 14-1 Chidori-cho, Kawasaki-ku, Kawasaki, Kanagawa Ukishima Plant 10-12 Ukishima-cho, Kawasaki-ku, Kawasaki, Kanagawa
Number of employees	363 (As of March 31, 2025)
Products	Ethylene oxide, ethylene glycol, ethanolamine, polyethyleneimine, secondary alcohol ethoxylates, polymers for concrete admixture, acrylic acid special ester, and other products

FY2024 Results of RC Activities

Occupational safety and health	One injury with lost workdays, three injuries without lost workdays (including contractors)
Process safety and disaster prevention	Zero Class A and Class B process safety accidents
Environmental protection	Implemented measures for energy conservation amounting to about 3,200 kL/year (crude oil equivalent)

In terms of occupational safety and health, there were one injury with loss of workdays (fall) and three injuries without loss of workdays (chemical burns, etc.). As countermeasures, we thoroughly implemented hazard prediction before work, re-educated employees on personal protective equipment wear standards and past cases of occupational injuries, and worked to prevent the recurrence of similar issues.



Koji Takeda, Plant Manager

In process safety and disaster prevention, we achieved zero Class A and Class B process safety accidents. Additionally, we are preparing to introduce HAZOP-LOPA as a new method for evaluating process risks.

In environmental protection, there was one environmental issue (marine leakage). As countermeasures, we reviewed operation procedures and strengthened equipment to prevent recurrence. We also implemented energy-saving measures, such as introducing an advanced process control system to manufacturing equipment to predict fluctuations in each process and provide simultaneous control. In response to the PRTR Law, we continued efforts to reduce emissions of substances such as boron and ethylene oxide.

We will continue to promote RC activities and aim to build a safer and more reliable manufacturing plant by incorporating cutting-edge technology.

Energy conservation activities at the Chidori Plant

At the Kawasaki Plant, as part of our efforts to improve productivity and energy conservation using DX, we expanded the advanced control system introduced at the Ukishima Plant to the Chidori Plant and optimized the operation patterns of manufacturing equipment according to production volume. As a result, in FY2024, we achieved energy savings equivalent to approximately 3,200 kL of crude oil and reduced CO_2 emissions by about 7,500 tons.

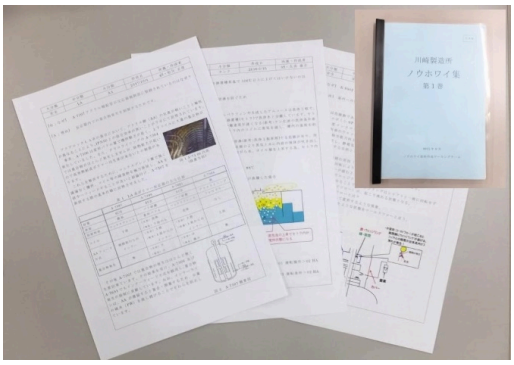
Additionally, productivity improved, and variable costs were reduced. We will continue to expand the application of the advanced control system and further promote energy conservation.



Introduction of advanced control system

Operator skill transfer through Know-Why Collection

As part of operator training at the Kawasaki Plant, the production section, the technology department, and the training center have collaborated to publish and utilize the “Know-Why Collection.” This document is created to preserve and pass down knowledge about safe operations derived from the experiences of predecessors, the rationale behind work procedures and settings, and the design philosophy at the time the equipment was installed.



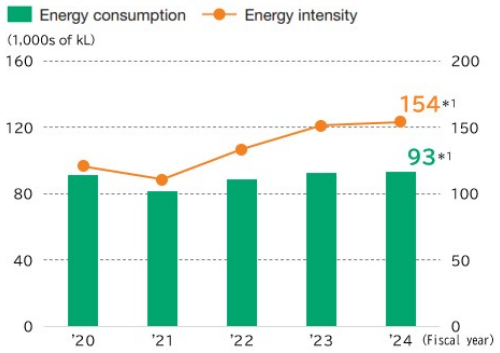
Know-Why Collection

In FY2024, Volume 3 of the collection was newly issued. The content is a concise one-sentence answer to the question “Why do we do this?”, such as “It’s because of this,” followed by a detailed explanation of the reason. Each theme is summarized on a single A4-sized page to make the information easy to understand and organize.

This Know-Why Collection is used as educational material in workshops and on-the-job training (OJT), contributing to the skill transfer education for mid-level and younger employees. We will continue to enhance the Know-Why materials in cooperation with related departments to support the improvement of operators’ knowledge.

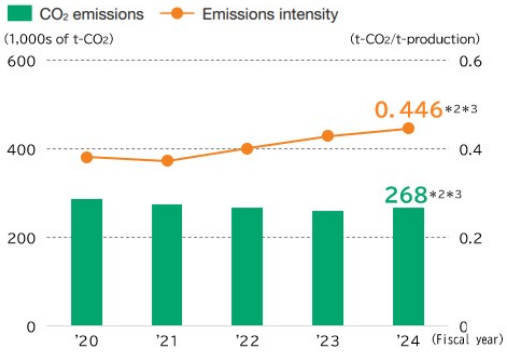
Plant Data

Trends in Energy Consumption and Intensity



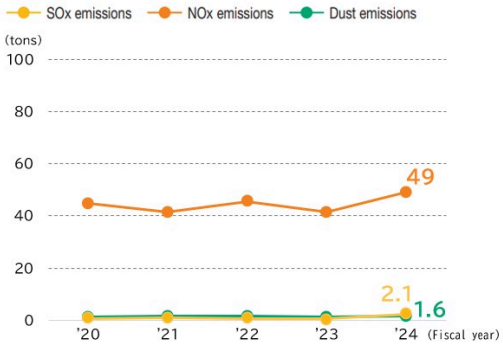
*1 Due to the revision of the Act on Rationalization of Energy Use and Shift to Non-fossil Energy (Energy Conservation Act), the calculation method has been revised from the fiscal 2023 results.

Trends in CO_2 Emissions and Intensity

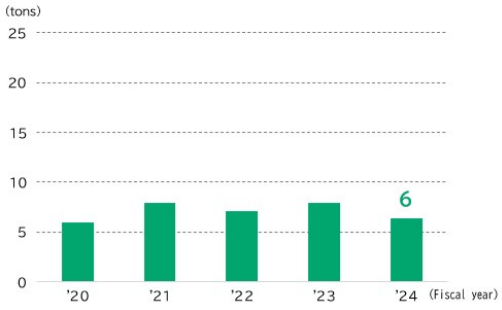


*2 Including emissions offset by buying carbon offset city gas
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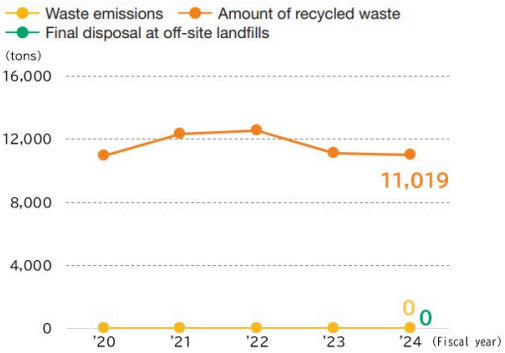
Trends in Emissions of SOx, NOx, and Dust



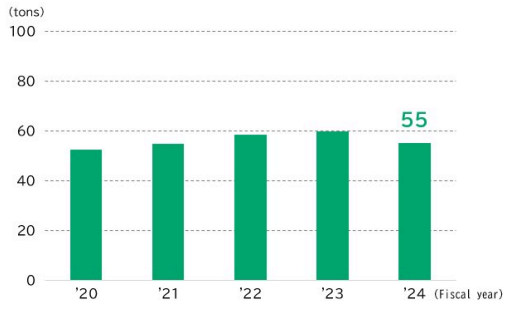
Trend in COD of Wastewater



Trends in Amount of Waste, Recycled Waste, and Waste for Final Off-site Landfill Disposal



Trend in Emissions of Substances Subject to the PRTR Law



Production/R&D Site Reports TOP →

Suita Research Center

Representative	Yasutaka Sumida, Director of the Board, Managing Executive Officer
Location	5-8 Nishi Otabi-cho, Suita, Osaka
Number of employees	442 (As of March 31, 2025)

FY2024 Results of RC Activities

Occupational safety and health	Zero injuries with lost workdays*1, zero injuries without lost workdays*1
Process safety and disaster prevention	Zero Class A and Class B process safety accidents
Environmental protection	Recycling 100% of waste

*1 Total number for Suita Research Center and Himeji Research Center

In terms of occupational safety and health, we had zero injuries with lost workdays and zero injuries without lost workdays. We will continue to strengthen activities including hazard prediction and risk management.
In process safety and disaster prevention, we have systematically conducted initial response emergency drills, overall drills, joint drills with the fire department, and initial fire extinguishing training under the guidance of the fire department to improve our disaster preparedness. Additionally, to prevent the fading of accident experiences in the research division, we invited external lecturers to hold process safety seminars.
In environmental protection, we have maintained a 100% waste recycling rate. Furthermore, as part of our energy conservation measures, we are promoting the efficient operation of equipment.
We will continue to promote RC activities with the aim of achieving sustainable and safe research activities.



Yasutaka Sumida
Member of the Board, Managing Executive Officer

Practical training on wearing protective equipment

On April 1, 2024, the amended Industrial Safety and Health Act was enacted, mandating the appointment of a Personal Protective Equipment (PPE) Management Supervisor at workplaces where workers are required to use protective equipment. In the research division, where various chemical substances are handled and protective equipment is used, we invited an instructor from the Japan Industrial Safety and Health Association (JISHA) to conduct practical training. A total of 32 employees, mainly PPE Management Supervisors, attended this training session.
The training consisted of both theoretical and practical sessions on protective equipment. During the practical session, participants had the opportunity to handle various types of protective equipment. There were active exchanges of questions and answers with the instructor and discussions among participants.
Feedback from participants included comments such as, “I was able to re-recognize the rationale for selecting protective equipment and the importance of maintenance,” and “I want to apply the knowledge I learned to my workplace to enhance safety awareness.” The training was highly evaluated as useful.



Practical training on PPE

GMP[*2] activities

SGP plant in Suita Research Center started operation as a GMP controlled plant in 2019. In SGP plant, we manufacture active pharmaceutical ingredients (APIs) of middle molecule drugs for commercial and investigational use. Middle molecule drug is a new modality expected to be applicable for various diseases, due to its high specificity to the target molecule. It is considered to have significant potential in various area.
As a manufacturer of API for this promising modality, we pursue reliable high quality of our products as well as operational safety in the manufacturing plant, so that reliable pharmaceutics can be provided which can be used with peace of mind. We will continuously work for further improvement and stabilization of the quality of our products under compliance of GMP on the basis of our underlying RC activities.



GMP controlled facilities (SGP plant)

*2 GMP: Good Manufacturing Practice

Production/R&D Site Reports TOP →

Providing Support for Group Companies

In the interests of strengthening group management, we are providing active support for the RC initiatives of our Group companies.

Support for Environment and Safety Activities

RC discussions

The RC Division holds RC discussions every year to promote and improve RC initiatives for Group companies both inside and outside Japan.
In FY2024, discussions were held in-person with six Group companies in Japan and two Group companies outside Japan.
In these discussions, the companies in Japan reported on the planning and achievements of their RC initiatives. And the companies outside Japan reported on the planning and achievements of their RC initiatives, as well as the status of operation of their management systems. We provided them with advice and support.



RC discussion with TOKYO FINE CHEMICAL CO., LTD.



RC discussion with Nippon Shokubai America Industries, Inc.

Environmental and safety audits

The Environment and Safety Department at the Head Office conducts environmental and safety audits at our Group companies in Japan each year to check the environmental and safety management structure and system operation status.
In FY2024, audits were conducted at three Group companies in Japan, and we were able to confirm the status of compliance with legal requirements as well as the status of the establishment and operation of necessary standards for environmental and safety. We also confirmed that environmental and safety management systems are properly implemented.



Environmental and safety audit of NIPPOH CHEMICALS CO., LTD.



Environmental and safety audit of NIPPON NYUKAZAI CO., LTD.

Environmental and safety exchange meeting

Environmental and safety personnel from our Group companies in Japan gather to introduce their RC initiatives, share information, and exchange opinions to enhance the level of their initiatives.
In FY2024, the meeting was held at NIPPOH CHEMICALS CO., LTD., where discussions focused on each company's efforts towards carbon neutrality, prevention of occupational injuries such as chemical burns, and measures to prevent heat stroke.





Environmental and safety exchange meeting 2024 for Group companies in Japan at NIPPOH CHEMICALS CO., LTD.

Support for Quality Activities

Support for quality assurance initiatives

For Group companies in Japan, we continued to provide advice and support on their quality activities and quality challenges through the quality roundtable meetings and quality exchange meetings in FY2024.
For Group companies outside Japan, we hold periodical meetings with each site. In FY2024, we worked to enhance the quality-related database with the cooperation of quality members at each site. Additionally, with the aim of providing high-quality and globally consistent SAP, we hold a meeting among quality personnel from SAP manufacturing sites. In FY2024, the meeting was held at Nippon Shokubai Europe N.V. (NSE), with our company and North American site attending in person, and two Asian sites joining online.
We remain committed to providing even more intensive support to our group companies.

Quality audits

In light of the current situation where quality fraud has become serious social issues, we assessed the thoroughness of quality compliance and confirmed there were not any risks that could cause quality fraud in the FY2024 quality audits for the Group companies in Japan. We also shared the audit findings across Group companies to help enhance overall quality levels.
For the Group companies outside Japan, the quality audits are conducted every other year, since they already maintain a very high level of quality management system, similar to the group companies in Japan, except for certain SAP manufacturing sites.
At Nippon Shokubai America Industries, Inc. (NAII) Houston Plant and NSE, we conduct annual quality audits in response to customer requests and did it in FY2024 as well.



Quality audit of NIPPON SHOKUBAI EUROPE N.V.

Quality exchange meeting

The annual quality exchange meeting is held by quality personnel from the Group companies in Japan, with each company taking turns holding it. In FY2024, it was held at our Kawasaki Plant (Chidori), with the theme of “Efficiency in Quality Control and Quality Assurance Operations.” Prior to the meeting, a survey was conducted on the theme, and each company shared the implementation status and the challenges during the exchange meeting from each company. Additionally, in the demonstration of the newly introduced quality control system at Quality Control Department in Kawasaki plant, the automatic capture of analytical data was showcased using wireless communication technologies such as Wi-Fi and Bluetooth, as well as digital data conversion functions such as OCR. There were lively discussions and exchanges of opinions on system operations, making it a very valuable opportunity for each company.



Quality exchange meeting 2024 for Group companies in Japan at NIPPON SHOKUBAI Kawasaki Plant

Sustainability

Initiatives of Group Companies

Group Companies in Japan >

Group Companies outside Japan >

Group Companies in Japan

NIPPON POLYMER INDUSTRIES CO., LTD.

Principal business	Manufacture and sale of acrylic resins

Since FY2023, we have been implementing the “Reformers Initiative,” a company-wide effort to gather various opinions and suggestions for improvement from all employees and drive transformation based on that feedback. In FY2024, we held an annual presentation event in February called “Reformers Day” to summarize the year’s activities.
As a new environmental protection initiative, in FY2024, we held workshops under the guidance of external consultants to reduce steam usage in production equipment. First, we held study sessions to learn the basic knowledge and calculation methods necessary for considering steam usage reduction. In the subsequent workshops, we analyzed the possibility of reducing steam usage by comparing theoretical values and actual values of steam loss in reactors.
In the area of process safety and disaster prevention, we conducted our annual joint emergency drill with the municipal fire department. Additionally, as part of our ongoing efforts since FY2023 to update aging equipment, we carried out the second phase of the fire hydrant piping renewal construction.
We will continue to promote RC initiatives with the participation of all employees to the greatest extent possible, aiming for zero accidents and zero injuries.



Reformers initiative



Joint emergency drill

Interview
Enhancement of wastewater treatment facility capacity and reduction of steam usage

At our company, the production of water-based acrylic resin accounts for approximately 90% of our total output, and wastewater generated from the cleaning of production equipment, tank trucks, and product containers averages about 150 tons per day. This wastewater is treated through chemical and biological processes.
This time, we improved our treatment capacity by renewing and expanding storage tanks, reviewing the use of auxiliary agents, and changing the aeration method. As a result, we achieved approximately a 20% increase in treatment capacity compared to previous levels, while still complying with emission standards such as COD levels.
Additionally, we are also working to reduce steam usage in the wastewater treatment yard. By reviewing operating conditions based on the improved treatment capacity, we found that steam usage could be significantly reduced. We are currently analyzing in details the effectiveness of this reduction.
We will continue our efforts to enhance treatment capacity and reduce steam usage.



Hiroshi Sakamoto
Production Dept.
Production Control Section
NIPPON POLYMER INDUSTRIES CO., LTD.

NIPPON NYUKAZAI CO., LTD.

Principal business	Manufacture and sale of surfactant and other chemicals

As part of our FY2024 activities in occupational safety and health, we participated both internal and external hands-on risk learning programs to further enhance sensitivity to hazards. We also shared the results of trend analysis of past occupational injury cases to raise safety awareness.
In terms of process safety and disaster prevention, we installed three security and disaster prevention cameras on the rooftop of the R&D Center at the Kawasaki Plant. These cameras can zoom up to 21 times, allowing for clear on-site confirmation in case of an emergency. This enables prompt decision-making and is expected to strengthen our emergency response system. Additionally, as part of our social contribution efforts, we have registered the administrative and welfare building at the Kawasaki Plant as a tsunami evacuation facility with Kawasaki City, making it available as a temporary evacuation site in emergencies.
In communication with society, the Kashima Plant held a discussion meeting on women's empowerment with neighboring companies and conducted practical training through a dual education system with a local high school to strengthen ties with the local community. This training is conducted in parallel with classroom learning, allowing students to gain practical knowledge and

experience while studying.
We will continue to promote RC initiatives in an effort to ensure safe operations.



Footage from security and disaster prevention cameras

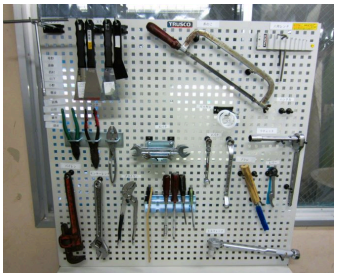
CHUGOKUKAKO CO., LTD.

Principal business	Manufacture and sale of adhesive-processed products and fine sphere particles

In terms of occupational safety and health, we achieved zero injuries with and without lost workdays in FY2024. As part of our RC activities, in addition to continuing thorough near miss analysis and task risk assessments, we expanded the practice of pointing and calling—which had previously been limited to certain road crossings—to be implemented within each department.
To further develop a culture of continuous improvement, we conducted the “Workplace Comfort Improvement Activity” in FY2024 as part of our ongoing workplace improvement activities that began in FY2020. In this initiative, we utilized external consultants to review 5S activities, methods for identifying “Waste, Unevenness, and Overburden,” and the steps for problem-solving. By practicing sort and set with a focus on work efficiency through 5S activities, our workplace has taken a stop closer to becoming a more comfortable work environment.
As part of our environmental protection efforts, we reduced waste by converting plastic pallets, which were previously treated as industrial waste and recycled externally into valuable resources.
We will continue to promote RC initiatives with the aim to completely avoid accidents and injuries reduce environmental impact.



Workplace improvement activities

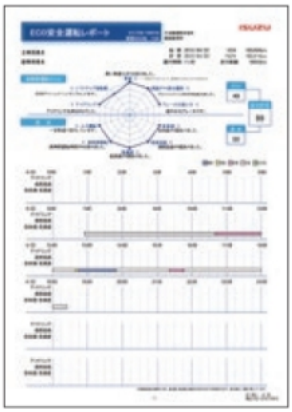


Neatly arranged tools

Nisshoku Butsuryu Co., Ltd.

Principal business	Logistics of chemicals

The Nisshoku Butsuryu Group positions “providing environment-friendly, safe, and high-quality logistics services for chemicals and contributing to society through its RC initiatives” as its key management policy. Under this policy, we have been working on the reduction of GHG emissions as an initiative to reduce environmental impacts and promoting risk prediction as an initiative to achieve zero accidents and injuries. We also promote proper operation of advanced operation information systems and the introduction of vehicles equipped with Advanced Emergency Braking System as priority tasks.
We also worked on the following priority issues: prevention of environmental disasters and accidents, promotion of energy consumption reduction and resource conservation, prevention of accidents with vehicle equipment, prevention of chemical transportation/handling issues, and promotion of white logistics.



“Mimamori-kun” advanced operation information system



Advanced Emergency Braking System

NISSHOKU TECHNO FINE CHEMICAL CO., LTD.

Principal business	Manufacture and sale of (meth)acrylic acid derivatives and photo/electro chemicals

In FY2024, as in the previous year, there were injuries without lost workdays involving younger employees. As countermeasures, we have standardized work procedures, enforced the use of personal protective equipment, and reviewed our task risk assessments. Regarding chemical substance risk assessments, we had previously used the simplified Control Banding Method. However, following the revision of the Industrial Safety and Health Act in April 2023, we have established our own method incorporating the more detailed risk assessment approach of the Japan Industrial Safety and Health Association (JISHA), and we have been advancing our risk evaluations accordingly.
In terms of environmental protection, we are working to reduce CO_2 emissions, the volume of total waste, emissions of substances subject to the PRTR Law, and energy consumption. The reduction of CO_2 emissions has been promoted through the full-scale operation of gas boilers introduced in FY2023. We plan to further reduce CO_2 emissions by continuing to replace heavy oil boilers with gas boilers. Additionally, for waste, substances subject to the PRTR Law, and energy consumption, we aim to reduce intensity compared to FY2023 through stable production and improved productivity.
As part of our process safety and disaster prevention initiatives, we also conducted a comprehensive emergency drill in FY2024 with the participation of the Joint Disaster Prevention Center. The drill followed a scenario assuming an earthquake and fire, and we confirmed our cooperation system with the Joint Disaster Prevention Center in the event of a disaster.



Gas boiler system



Comprehensive emergency drill

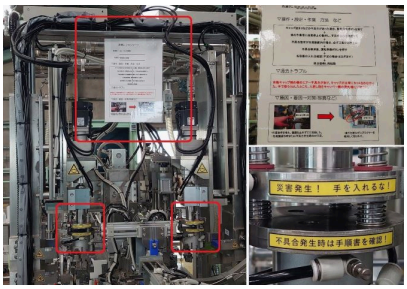
TOKYO FINE CHEMICAL CO., LTD.

Principal business	Manufacture and sale of antiseptics, antifungal agents, disinfectants, brine, stabilizers of vinyl chloride resins, etc.

Continuing from the previous fiscal year, we carried out safety activities in FY2024 with the objective of achieving zero occupational injuries. Unfortunately, one occupational injury occurred. In response to the incident in FY2022, we had been conducting more detailed risk assessments by breaking down the task. However, this recent injury was not anticipated in the risk assessment. Along with occupational injuries involving younger employees, unanticipated risks remain an issue, and we will continue to consider preventive measures.

As part of our environmental protection efforts, we have started recovering PET resin powder—previously disposed of in landfills—as recyclable material. We will also continue our efforts to minimize landfill disposal of other waste materials.

In FY2025, we will continue to promote RC initiatives and basic safety activities, aiming for zero occupational injuries and reduced environmental impact.



Warning signs at occupational injury sites

NIPPOH CHEMICALS CO., LTD.

Principal business	Manufacture and sale of iodine, iodine compounds, raw materials for pharmaceuticals and pesticides, and natural gas

In FY2024, as the final year of our RC Medium-term Plan, we implemented various initiatives to achieve our objectives.

In the area of occupational safety and health, unfortunately, one injury without lost workdays occurred during non-routine work. We are thoroughly investigating the cause and steadily

implementing recurrence prevention countermeasures, including replacing equipment with safer alternatives, reviewing work methods, and reinforcing hazard prediction with multiple personnel.
On the other hand, as a countermeasure against occupational injuries caused by chemical exposure—which have been increasing in recent years—we have resumed hands-on training to experience the dangers of liquid exposure using in-house equipment, which had been suspended during the COVID-19 pandemic. Through simulated experiences of chemical contact, we aim to raise employees' safety awareness.
In terms of environmental protection, we are actively addressing global warming countermeasures. In FY2024, we focused on establishing technology to reduce methane gas emissions from wells that extract iodine and other substances. With this technology in place, we expect to reduce greenhouse gas emissions by approximately 5,400 tons annually by FY2030.
We will continue to promote safer and more environmentally friendly RC activities, driven by the proactive participation of every employee.





Experiential training on the risks of liquid exposure

Initiatives of Group Companies TOP →

Group Companies outside Japan

Nippon Shokubai America Industries, Inc.

Principal business	Manufacture and sale of superabsorbent polymers, polymers for concrete admixture, water soluble polymers, and acrylic emulsions

At the Houston facility there were two large-scale shutdowns held in FY2024. Safety Slogan Contests have traditionally been held annually before this planned maintenance events, promoting employee involvement and strengthening the site's safety culture. The winning slogan for 2024 was "Safety is a way of life, not just a job." This slogan was printed on a large banner near the entrance to the facility and was on decals that were distributed to employees, contractors, and visitors to keep the importance of 'working safely' fresh on the mind for all.
Additionally, both the Houston and Chattanooga sites have implemented a Safety and Environmental Observational Program that empowers all employees to document and correct hazards found in the plant. Employees can enter the observations using a desktop, a paper form, or the Observation Program's App. Safety Committee members vote on the observations each month and the employee who submits the observation deemed most beneficial to employee safety and/or site environmental stewardship receives an award. However, the real reward is a safer workplace for everyone.



Decals of the winning slogan for 2024

Interview
Implementation of powered air purifying respirators (PAPRs)

The Houston facility has started using powered air purifying respirators. Traditional respirators rely on the user's breathing to draw air through filters, which can be strenuous and limit the duration of their use. PAPRs, on the other hand, utilize a battery-powered blower to pull ambient air through specialized high-efficiency particulate air filters to remove particulates and then push the clean air to the wearer's facepiece. This process affords wearers of PAPRs a greater protection factor than simpler filtering respirators.
But the benefits don't stop there. PAPRs allow the user to breathe more naturally and provide greater comfort by significantly reducing breathing resistance, minimizing fatigue, and enabling workers to wear the respirator for longer durations without compromising

respiratory protection. Studies performed with PAPRs indicate that they may even increase the heat tolerance of workers in hot occupational environments. Additionally, the integrated face shield helps protect the user's face and eyes from debris, and built-in speaking diaphragms enhance communication efficiency by enabling clear speech transmission to other workers. PAPRs also help support sustainability and reduce waste when used in lieu of disposable respirators.
We will continue to promote the adoption of PAPRs.



Benjamin Smith
PM Crew
Nippon Shokubai America Industries, Inc.



Powered air purifying respirators

NIPPON SHOKUBAI EUROPE N.V. (Belgium)

Principal business	Manufacture and sale of acrylic acid and superabsorbent polymers

We are continuously striving to improve safety awareness and develop a safety culture. Many process safety initiatives support the improvement of overall safety behavior within the company, with the ultimate goal of achieving a sustainable safety culture in the coming years.
In FY2024, many initiatives were also developed. One of these was a virtual reality exercise in which our employees participated.
Using VR technology, a virtual production plant was created with various risks such as confined spaces, chemical and electrical hazards, working on scaffolding, dangerous traffic and hoisting, poor housekeeping, and many other potential dangers. Each participant received a VR headset and a control device to identify potential risks their avatar encountered during the safety tour in the virtual plant.
After their first virtual experience, all participants received personal safety feedback. With this new information, they returned to the virtual world a second time. Being more aware of potential risks, it was clear that our employees were able to identify more risks than during their previous virtual plant tour.
This kind of exercise helps to improve the overall safety vigilance of our employees and will eventually further enhance our process safety behavior as part of our DNA.



Virtual reality exercise

PT. NIPPON SHOKUBAI INDONESIA

Principal business	Manufacture and sale of acrylic acid, acrylic esters, and superabsorbent polymers

We consider Biodiversity Conservation as one of the main issues that must be addressed in relation to sustainability. It is our duty to maintain and preserve the environment so that future generations can enjoy the abundant oxygen provided by trees. Cisitu Biodiversity Park Ciomas, Serang, Banten, located approximately 45 km form our company, was built on November 28, 2023. This initiative is a collaboration between the NGO Rekonvasi Bhumi and our company, and also involves the Harapan Jaya Forest Farmer Group.
We held a biodiversity event at the Cisitu Biodiversity Park on December 4, 2024 to celebrate the first anniversary of the Plantation Program and Indonesian Tree Planting Day. Inviting many stakeholders made the event lively. Among the invitees were NGO Rekonvasi Bhumi, the Head of Banten Environmental Service, Serang Regency Environmental Service, the Cilegon City Environmental Service, the Ciomas Sub-District Head, the Cisitu Village Head, the Harapan Jaya Forest Farmer Group, a student representative from SMP Negeri 02 Ciomas, the local community, and an employee representative from our company.





Biodiversity event at the cisitu biodiversity park

NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD. (China)

Principal business	Manufacture and sale of superabsorbent polymers

As part of process safety and disaster prevention initiatives in FY2024, our company conducted three emergency drills. In June and November, we carried out daytime emergency drills in collaboration with the local fire department and first-aid center, as we do every year. Additionally, to enhance our emergency response capabilities, we conducted a nighttime emergency drill for the first time in

October.
The nighttime drill was conducted assuming a leakage caused by a rupture in the reboiler pipeline, with twelve participants including manufacturing personnel, sewage treatment personnel, power distribution room duty personnel, and packaging personnel. Among them, the manufacturing personnel wearing a chemical protective suit and putting on an air respirator, took charge of the emergency response.
During the daytime drills, the plant manager issued the evacuation instructions, but during the nighttime drills, the on-duty supervisor took on this role. After the training, in the review meeting, it was pointed out that the evacuation and assembly took longer than expected and needed improvement.
We believe this drill has improved our employees' capability to evacuate and respond to emergencies at night. We plan to conduct nighttime drill in FY2025 as well, and we are considering incorporating fire extinguishing drill for small groups.
We strive steadily to improve the level of RC activities and maintain a safe state without accidents.





Nighttime emergency drill

SINO-JAPAN CHEMICAL CO., LTD. (Taiwan)

Principal business	Manufacture and sale of surfactant and other chemicals

In the manufacturing industry, we are actively working to prevent process safety accidents and occupational accidents, and site patrol inspections play an important role in this effort. However, traditional patrol inspections, which primarily involve visual checks and recording on paper, risk becoming a mere formality.
As part of our process safety and disaster prevention initiatives in FY2024, our company has introduced a smart patrol inspection system. By adopting a scanning method using dedicated equipment, inspection accuracy has significantly improved. Additionally, automation has enhanced work efficiency, and features such as task management, history search, and approval functions have streamlined management. The shift to paperless operations has also reduced environmental impact.
We will continue to strive to prevent accidents in the future.



Smart patrol inspection system



Inspection RFID card

SINGAPORE ACRYLIC PTE LTD

Principal business	Manufacture and sale of acrylic acid

In the Shutdown Maintenance Briefing 2024, we emphasized the importance of Responsible Care (RC) initiatives focused on process safety and disaster prevention, and occupational safety and health. The events, held on June 26th and July 3rd, provided key personnel with opportunity to review existing safety measures, discuss potential improvements, and reinforce essential safety behaviors. Central to the discussion were process safety and disaster prevention, with detailed reviews of major incidents at other companies, which highlighted the need for strict rules and procedures. The session also highlighted the importance of near-miss reporting and its analysis.
In our occupational safety and health initiatives, we emphasized basic safety behaviors such as ‘think before you act’ and the proper use of handrails on stairs. To ensure employee health, we presented strategies for heat stress prevention using Wet Bulb Globe Temperature (WBGT[*1]) monitoring and measures for hearing protection. Additionally, we highlighted the importance of training for critical life-saving techniques such as cardiopulmonary resuscitation (CPR[*2]), oxygen resuscitation, and the operation of an automated external defibrillator (AED[*3]) used during cardiac arrest.

*1 WBGT: an index for assessing the risk of heatstroke
*2 CPR: stands for ‘Cardiopulmonary Resuscitation’
*3 AED: stands for ‘Automated External Defibrillator’



Shutdown maintenance briefing 2024

Initiatives of Group Companies TOP →

Sustainability

Initiatives for Environment

- Environmental Management
- Environmental Impact of Business Activities
- Tackling Climate Change
- Efforts for Eco-Friendly Logistics
- Development and expansion of Environmental Contribution Products
- Chemical Substance Control
- Resource Circulation / Waste Reduction
- Air Pollution Prevention
- Water Resource Conservation
- Biodiversity Preservation
- Environmental Accounting

Environmental Management

Environmental Protection Policy

This Policy has been approved by the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee; which is chaired by the President and composed of Inside Directors of the Board, Executive Officers and others appointed by the President).

The Nippon Shokubai Group has set out the following Environmental Protection Policy based on the RC Policy.

- Actively seek to improve energy efficiency, use renewable energy and bio-based raw materials, and engage in other efforts to reduce greenhouse gas emissions.
- Reduce emissions of waste and chemical substances and promote the recycling and the effective use of resources including water resources to contribute to the realization of a Sound Material-Cycle Society.
- Actively seek to develop and provide products and technologies that help reduce environmental impact.
- Seek to minimize the negative impacts of business activities and develop products and technologies that contribute to increasing the positive impacts on ecosystems in an effort to preserve and restore biodiversity.
- Actively disclose and communicate information about environmental conservation to further mutual understanding with stakeholders.

RC Policy

Promotion System

- RC Promotion System

Targets and Results

Item	FY2022–FY2024 targets	FY2024 results

Energy saved	6,000 kL (over 3 years)	7,693 kL*1 22,710 kL (FY2022–FY2024)
Energy consumption intensity	5% reduction from FY2019 levels	Increased 11.6%*1*2
GHG emissions for FY2030	30% or greater reduction from FY2014 levels (including Group companies in Japan)	Decreased 16.8%*1*3
Fuel consumption intensity for road transport	4% reduction from FY2020 levels	Increased 1.1%
Modal shifts	Promotion	Promotion ongoing
Water use intensity	reduction to at least FY2020 levels	Increased 7.7% from FY2020 levels
Zero emissions*4	Zero emissions maintained	Zero emissions maintained
Emissions of substances subject to the PRTR Law*5	99 t/yr or lesser	84.9 t/yr

*1 Each coefficient has been revised due to acts (Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, and Act on Rational Use and Appropriate Management of Fluorocarbons) amended in FY2023.
*2 Due to the amended Act on the Rational Use of Energy, waste oil used as fuel is treated as energy, but the energy from waste oil is excluded from calculations for comparison with the base year.
*3 Including a carbon credit offset of 6.9% due to the purchase of carbon offset city gas.
*4 Zero emissions: Reducing the quantity of waste subject to final disposal at off-site landfills to 0.1% or less of the total quantity of waste generated.
*5 PRTR Law: Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement
*6 Due to amendment of the PRTR Law, this objective was re-set.

Initiatives

Nippon Shokubai promotes initiatives to reduce the environmental impact of our business operations, including tackling climate change and reducing waste through our product supply chains.

- Environmental Management
- Environmental Impact of Business Activities
- Tackling Climate Change
- Efforts for Eco-Friendly Logistics
- Development and Expansion of Environmental Contribution Products
- Chemical Substance Control
- Resource Circulation / Waste Reduction
- Air Pollution Prevention
- Water Resource Conservation
- Biodiversity Preservation
- Environmental Accounting

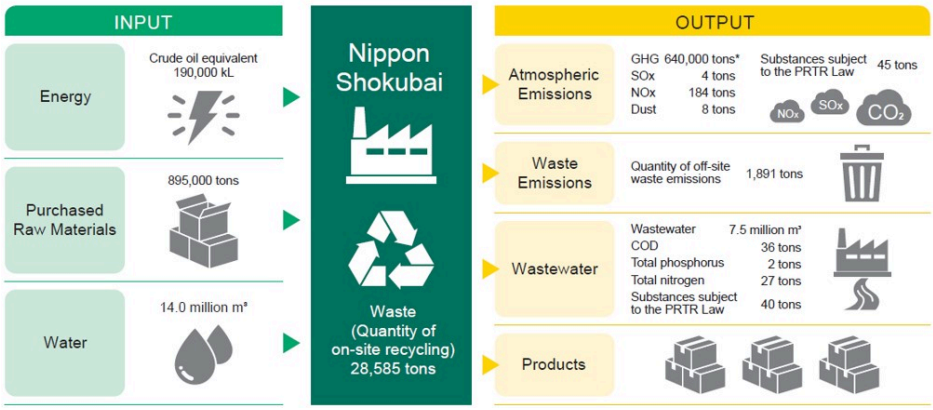
Environmental Impact of Business Activities

In addition to striving to provide better products and services, we engage in various activities to reduce the environmental impact of our business activities, which we extend to include our supply chains.

We recycle the water we use in our production locations to a high degree and thoroughly treat it before releasing it into the natural environment in an effort to effectively use water resources in addition to the obvious benefits of saving energy and combating climate change.

Also, so that people in the vicinity of our production locations can live free of worry, we ask them to monitor the air for foul smells, and conduct odor patrols and measure noise ourselves on a regular basis.

There were no environmental pollution incidents or complaints in FY2024.



Note: This FY2024 data is for only Nippon Shokubai (including our head offices, research centers and other sites).
* Including a carbon credit offset of 58,000 tons of CO_2 emissions due to the purchase of carbon offset city gas.

Sustainability

Tackling Climate Change

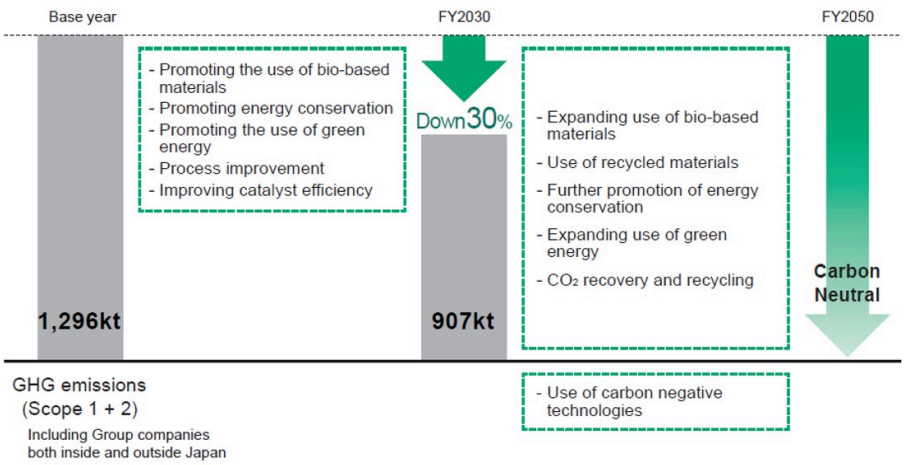
Click here for the TCFD report.

Promoting Greenhouse Gas (GHG) Emissions Reduction

Formulating a roadmap for reducing GHG emissions

Nippon Shokubai formulated a roadmap for reducing GHG emissions by 2050 in terms of the "strategic transformation for environmental initiatives," one of the "three transformations" set out in "TechnoAmenity for the future," the Nippon Shokubai Group long-term vision published in April 2021. In conjunction with the development of the company's Medium-term Management Plan announced in April 2025, we have identified materiality and newly established Group-wide goals for reducing GHG emissions (Scope 1+2), including those of the group companies outside Japan.
By 2030, we will reduce GHG emissions through measures centering on the promotion of energy conservation with manufacturing process improvements, the use of green energy, the partially replacing raw materials with biomass, and the improvement of catalyst efficiency.
From 2030 to 2050, we will promote the above measures and reduce energy-origin GHG emissions by promoting green fuels, such as hydrogen and ammonia. Additionally, we plan to reduce non-energy-origin GHG emissions by expanding the use of biomass and recycled raw materials and by using carbon recycling technology (carbon dioxide capture, utilization, and storage).

Roadmap for Reducing GHG Emissions by 2050



Reducing energy consumption and CO_2 emissions

Our RC Promotion Committee, which is chaired by the Company President, formulated a Medium-Term RC Basic Plan based on the targets set out in the action plan of the Japan Chemical Industry Association (JCIA) for achieving a low carbon society. On the basis of this plan, each of our plants takes action to mitigate climate change under the leadership of the committees responsible for promoting energy conservation activities and a reduction in CO_2 emissions.

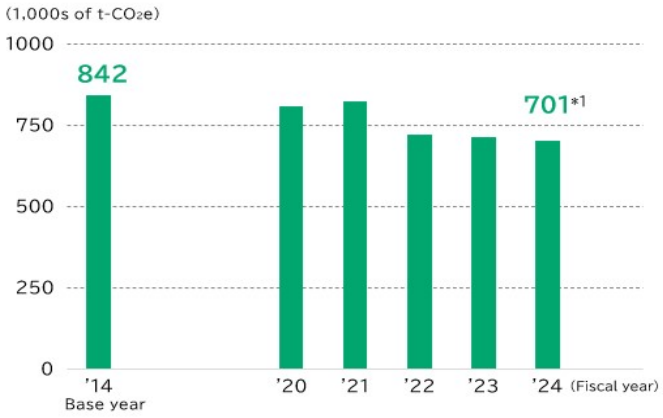
In FY2024, energy-saving activities progressed, and the energy consumption intensity improved due to an increase in the production volume of energy generation products. In addition, CO_2 emissions decreased as a result of continued use of carbon offset city gas (formerly carbon-neutral city gas) and improvement in CO_2 emission intensity. Our domestic GHG emissions in FY2024 were 701 thousand tons-CO_2e[*1], representing a 16.8%[*1] reduction compared to FY2014.

Since FY2021, we have been generating solar power (on-site PPA) at the Himeji Plant. In addition, we promote energy conservation activities through the collection of waste heat and the introduction of a co-generation system. We also collect part of the CO_2 generated in the manufacturing process and sell it as liquefied carbon dioxide to reduce CO_2 emissions.

The calculation of GHG emissions and energy consumption has undergone third-party verification (see Third-party Verification Report on GHG).

*1 Including a carbon credit offset of 58,000 tons of CO_2 emissions (6.9% reduction from the FY2014 level) due to the purchase of carbon offset city gas.

Trend in GHG Emissions (in Japan)



Note: We partly changed the aggregation method of GHG emissions.

Employee's Voice
Energy saving through distillation column modification

The department I belong to manufactures N-Vinylpyrrolidone (NVP). In the NVP manufacturing process, after synthesizing the intermediate N-(2-Hydroxyethyl)-2-pyrrolidone (HEP), the by-product water is recovered in the distillation column and reused in the preceding reaction. However, the distillate contains many high-boiling impurities other than water, and most of the recovered water had to be incinerated as wastewater. This increased fuel consumption for incineration and raised concerns about carbon dioxide emissions from combustion.



Takuma Matsuhashi
1st Production Section
Kawasaki Plant

To reduce the amount of wastewater, impurities in the distillate must be reduced. Upon investigation, we found that the upper temperature in the distillation column was higher than the expected temperature, and appropriate operating conditions were not being maintained. Therefore, in cooperation with the Technology Department, we analyzed the relationship between the temperature inside the distillation column and the amount of impurities in the distillate using computer simulations based on accumulated data from previous manufacturing processes. We identified the malfunctioning parts of the distillation column and proceeded with modification work to improve it.
The challenging part was that the modification work had to be carried out between NVP production runs. I coordinated with related departments within the company, created modification plans, revised production plans, prepared operation schedules, and supervised the construction.
After the modification, the distillate with reduced impurities is now being recycled as raw water. The elimination of wastewater incineration has reduced city gas consumption, achieving energy savings equivalent to 67.9 kiloliters of crude oil annually. Additionally, carbon dioxide emissions from combustion have been reduced by 134 tons annually.
Through this improvement activity, I have re-recognized the importance of reviewing equipment design and operating conditions. I will continue to aim to completely avoid accidents and injuries and ensure stable operation of the plant. Additionally, we will strive to identify and eliminate waste, unevenness, and overburden, and pursue optimal plant operation.

Fluorocarbon emission control

The Act on Rational Use and Proper Management of Fluorocarbons, which covers the entire lifecycle of fluorocarbons from production to disposal, went into effect in April 2015, and regulations for disposing of certain equipment were further tightened in April 2020.
As a manager of Class I specified products, the Company conducts the legally mandated simple inspections and routine inspections according to plans. Additionally, our calculations of leaked fluorocarbons in FY2024 revealed leakage of 144 t-CO_2e from the Himeji Plant, 2,684 t-CO_2e from the Kawasaki Plant, and 2,931 t-CO_2e Company-wide. We intend to make efforts to reduce leaked

fluorocarbons—an activity that facilitates climate change mitigation—by intensifying inspections and maintenance, upgrading to equipment that uses coolants with low global warming and ozone depletion potential, and properly disposing of equipment.

Calculations of Leaked Fluorocarbons in FY2024

($t\text{-}CO_2e$)

Himeji Plant	Kawasaki Plant	Others	Entire company
144	2,684	102	2,931

Promoting Reduction of GHG Emissions Resulting from Our Entire Supply Chain

Calculating Scope 3 emissions

The GHG Protocol classifies GHG emissions into three classes: Scope 1, Scope 2, and Scope 3, which are the total GHG emissions attributable to business activities throughout supply chains for all categories.

Scope 1	Direct GHG emissions by the reporting company itself (e.g. fuel combustion, industrial process)
Scope 2	Indirect emissions from the use of electricity, heat, or steam supplied by others
Scope 3	Indirect emissions other than Scope 1 and Scope 2 (emissions by others related to the company's activities)

Nippon Shokubai will continue to calculate Scope 3 emissions and explore the possibility of reducing GHG emissions resulting from all corporate activities.

Trend in Scope 3 Emissions (Data for Nippon Shokubai alone)

(1,000 $t\text{-}CO_2e$)

No.	Category	Emissions		
		FY2022	FY2023	FY2024
1	Purchased goods and services	1,370	1,462	1,408
2	Capital goods	43	49	88
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	89	97	95
4	Upstream transportation and distribution	13	14	14
5	Waste generated in operations	5	5	4
6	Business travel	0.3	0.3	0.3

7	Employee commuting	0.9	0.9	0.9
12	End-of-life treatment of sold products	1,884	1,798	1,811
Total		3,405	3,426	3,421

Initiatives for the reduction of Scope 3 emissions

In order to contribute to the reduction of Scope 3 emissions, the following items will also be strongly promoted.

- Development and expansion of Environmental Contribution Products (products that contribute to the reduction of CO_2 emissions when used, etc.)
- Development and dissemination of CO_2 recovery and recycling technology (carbon recycling technology)
- Development and social implementation of material recycling and chemical recycling

Internal Carbon Pricing (ICP)

We have implemented internal carbon pricing (ICP) to promote low carbonization/decarbonization in corporate management on February 1, 2023.
In utilizing the ICP, we will raise awareness of Group's commitment to decarbonization, promoting energy saving, and activate discussion about opportunities/risks concerning CO_2 emission reductions.
This system is accelerating "Strategic Transformation for Environmental Initiatives" of our "three transformations" set forth in our long-term vision.

Outline of ICP

ICP	¥10,000/t-CO_2 Shadow price set with reference to domestic and international carbon prices.
Method of application	The costs will be calculated using ICP based on a change of CO_2 emissions and used as a criterion for investment decision.
Range of application	Nippon Shokubai Group
GHG Scope	Scope 1+2

Efforts for Eco-Friendly Logistics

Promoting White Logistics to Reduce Environmental Impact

To tackle climate change and prevent air pollution in logistics, we are making efforts to reduce fuel consumption intensity and CO_2 emission intensity and undertaking emissions countermeasures.

Although changes in traffic volume and the means of transportation resulting from economic conditions impact fuel consumption intensity and CO_2 emission intensity, we are deploying four measures to reduce CO_2 emission intensity: promoting modal shifts*1, improving transport efficiency, using digital tachographs linked to vehicle GPS and dashboard cameras, and saving energy in operations through efforts such as fitting vehicles with eco tires and switching engines off when vehicles are not in use.

As part of efforts to prevent air pollution, we are implementing three measures: eco-driving and displays indicating our commitment to eco-driving (eco-driving decals), avoiding the use of vehicles that do not satisfy the requirements of the Automotive NOx and PM Act, and proactively using low-pollution, fuel-efficient vehicles.

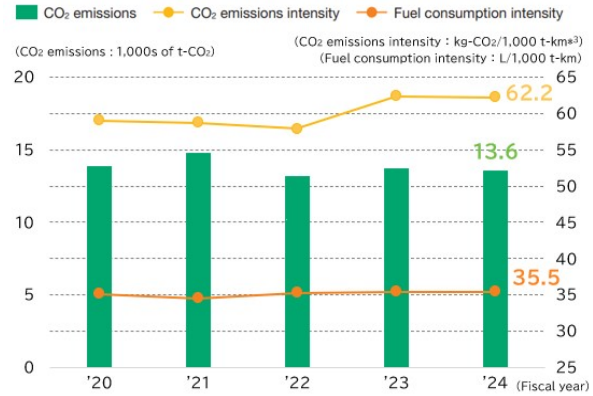
Also, given the increasing severity of the truck driver shortage in the logistics industry, we embrace and are working to promote the White Logistics movement that aims to realize more sustainable logistics. We are working to improve loading and unloading, streamline transport—for example shifting from long-distance trucking to roll-on/roll-off ship*2 and railway transport and joint transport with competitors—and promote other efforts to improve productivity and create better working environments for women and older truck drivers.

Furthermore, we believe this movement concurrently helps reduce environmental impact.

*1 Modal shift: Changing the mode of transport to mass transport modes such as railways or ships in an effort to streamline transport while also saving energy and reducing environmental impact.

*2 Roll-on/roll-off ship: A ship that transports loaded trucks and flatbeds.

Trends in Fuel Consumption Intensity and CO_2 Emissions/CO_2 Emission Intensity in Domestic Logistics



*3 t-km: In transport, a t-km (ton-kilometer) is a unit of work that expresses the volume of freight transport in which the weight of transported freight in tons is multiplied by the distance the freight is transported in kilometers. As such, it is an accurate measure of transport as an economic activity.



Example of a modal shift: Railway tank containers and loading and refilling facilities

Development and Expansion of Environmental Contribution Products

Environmental Contribution Products

To produce chemical and industrial products, we use natural resources, emit CO_2, and generate waste, all of which impact the environment. However, considering the entire lifecycle of products from raw material extraction to final product disposal, there are cases where the presence of these chemical and industrial products helps reduce the environmental impact.
The Nippon Shokubai Group's products are used throughout supply chains as well as in everyday products, the equipment used to produce those products, infrastructure, and elsewhere. Thus, we evaluate how our products contribute to reducing environmental impact.
Our internal certification committee examines checklists, numerical data, and other information to certify Environmental Contribution Products. From FY2022, we have received an annual third-party review prior to examination by the internal certification committee, and have reflected the views and advice obtained from the review in examination materials. Four products were newly certified in FY2024.

Applications in parentheses



IONEL™ (Lithium-ion battery materials)



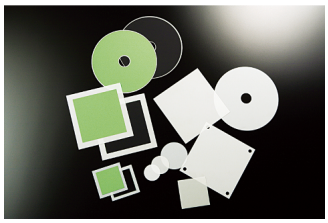
EPOMIN™ (Water treatment agents)



AQUALOC™ (Concrete admixtures)



VEEA™ (UV-curable reactive diluent)



Electrolyte sheets for solid oxide fuel cells



Waste gas treatment catalyst

Environmental Contribution Products

Preventing global warming/conserving energy

Types of contribution	Product life stage	Application	Certified product
Reducing GHG	Manufacturing	Binding agent for fish feed in aquaculture	AQUALIC™ H (for feed)
		Concrete admixtures	AQUALOC™
		Multifunctional hydrophilic treatment agent for synthetic fibers	PET-4G* (product using recycled PET) [SINO-JAPAN CHEMICAL CO., LTD.]
	Use	Material for rechargeable lithium-ion batteries	IONEL™
		Solid-state battery materials	ICPDAP™, ICPSEB™
		CO_2 absorbent	Aminoalcohol* (for absorbent) [NIPPON NYUKAZAI CO., LTD.]
		FO (forward osmosis) system components for seawater desalination	Draw solute
	Disposal	Paint, adhesive materials, and reactive diluent	Isobornyl Acrylate
		Paint and adhesive materials	Ethyl Acrylate
		Adhesive, Synthetic resin	2-Octyl Acrylate
		Same as conventional products	ISCC PLUS certified products
		Water and oil repellent, Temperature sensitive adhesive	BeA-N* (Behenyl Acrylate) [NISSHOKU TECHNO FINE CHEMICAL CO., LTD.]
		Detergents, Pesticides, Metal processing oils	SINOPOL* (Products partially made from renewable raw materials) [SINO-JAPAN CHEMICAL CO., LTD.]
Energy conservation	Manufacturing	UV-curable reactive diluents	VEEA™
	Use	Material for solid oxide fuel cells	Electrolyte sheets for solid oxide fuel cells
		Automotive damping materials	ACRYSET™ (for damping materials)
		Optical and electronic materials	ZIRCOSTAR™

*Products of our Group companies.

Reducing chemical emissions/preserving air quality

Types of contribution	Product life stage	Application	Certified product
Reducing chemical emissions	Use	Water-based paints	UWR™, ACRYSET™ (for water-based paints)
		Emulsifier for emulsion polymerization for water-based paints	NEWCOL*1*2 (for emulsion polymerization) [NIPPON NYUKAZAI CO., LTD.]
			SINONATE*1 (for emulsion polymerization) [SINO-JAPAN CHEMICAL CO., LTD.]
			Reactive surfactant*1 (for emulsion polymerization) [SINO-JAPAN CHEMICAL CO., LTD.]

		Water-based adhesives	EPOCROS™
		UV-curable paints	AOMA™
Preventing air pollution	Use	Removing hydrocarbons (HC), NOx, dioxins, and other pollutants from exhaust gas	Automotive catalysts
			Waste gas treatment catalysts
			Denitrification catalysts and equipment
			Dioxin decomposition catalysts and equipment

*1 Products of our Group companies.
*2 “NEWCOL” is the trademark of NIPPON NYUKAZAI CO., LTD.

Conserving water resources/water quality/biodiversity

Types of contribution	Product life stage	Application	Certified product
Preventing water pollution	Use	Oxidizing/decomposing hazardous substances in wastewater	Wastewater treatment catalysts for catalytic wet air oxidation
		Water treatment agents	EPOMIN™
		Polymer flocculants	Aminoalcohol* (for flocculants) [NIPPON NYUKAZAI CO., LTD.]
	Disposal	Detergent builders	AQUALIC™ L (for detergent)
Bio-degradability	Disposal	Detergent ingredients	SOFTANOL™
			HIDS™
		Solvents for detergents and paints	Butyl Di Glycol* [NIPPON NYUKAZAI CO., LTD.]
		Solvents for electronic materials and industrial cleaning agents	Methyl Propylene Glycol* [NIPPON NYUKAZAI CO., LTD.]

*Products of our Group companies.

Reducing resource consumption

Types of contribution	Product life stage	Application	Certified product
Reducing resource consumption	Use	Hollow fiber membranes	Polyvinylpyrrolidone

Reducing waste

Types of contribution	Product life stage	Application	Certified product
Reducing waste	Disposal	Concrete admixtures	AQUAGUARD™

Promoting the Reduction of CO_2 Emissions Throughout the Entire Lifecycle of Products

We use the cLCA method to evaluate the best of our Environmental Contribution Products in terms of their contributions to reducing CO_2 emissions.

The cLCA method is an evaluation method for calculating net contributions to CO_2 emissions reduction; specifically, the difference between CO_2 emissions throughout the lifecycle of a chemical product-based finished product and those of the finished product based on comparable products is considered to be the amount of additional emissions of the finished product if the constituent chemical product were not used.

Products expected to contribute to reducing CO_2 emissions

IONEL™ ICPDAP™ ICPSEB™ Electrolyte sheets for solid oxide fuel cells

Total: 5.96 million tons[*1]

(1) Calculation of CO_2 emissions avoided when solid batteries are utilized as a regulated power supply for the use of renewable-energy-derived electricity supplied in one year (not including electricity for electric vehicles and the like)
(2) Calculation of CO_2 emissions avoided from the use of fuel cells

IONEL™ and ICPDAP™/ICPSEB™ are used in storage batteries, which are expected to be used as regulating power sources to boost solar and wind power, which are the main sources of renewable energy but are characterized by widely fluctuating output. Additionally, solid oxide fuel cells are highly efficient at supplying power and heating water, contributing to reducing CO_2 emissions.

*1 Assessment prerequisites
The CO_2 reduction from using storage batteries is attributable to its regulation of fluctuations in power output for optimal economic efficiency in balancing supply and demand for electricity.
Due to the inability to forecast the supply of hydrogen, the CO_2 reduction from using fuel cells is based on household fuel cells that generate electricity by modifying municipal gas. Compared to thermal power generation.

Aminoalcohol (for absorbent) [Nippon Nyukazai Co., Ltd.][*2]

5.5 million tons[*3]

Calculation of CO_2 emissions avoided in one year when the CO_2 emitted from thermal power plants is collected and stored using a chemical absorption technique

While renewable energy is increasingly being used, thermal power plants continue to operate to achieve stable power supply. Aminoalcohol contributes to CO_2 emissions reduction because this product is used when these power plants trap CO_2 from waste gas through a chemical absorption technique.

*2 A product of our Group company.
*3 Assessment prerequisites
Aminoalcohol was used as an absorbing solution when CO_2 was separated and collected, and the amount of energy required mainly for the separation and collection was evaluated. The comparison target was CO_2 emissions without the separation or collection.

AQUAGUARD™

4.05 million tons[*4*5]

Calculation of CO_2 emissions avoided in one year when all apartments are built as long-lasting structures

We developed AQUAGUARD™ to limit cracking in concrete. Combining AQUAGUARD™ with high-performance AE water reducer should substantially prolong the useful lives of concrete structures.

*4 Assessment prerequisites

Service life: Assumed to be 100 years for long-lasting public housing and 50 years for ordinary public housing.

CO_2 emissions associated with the manufacturing, use, and demolition of public housing evaluated based on the "LCA Guidelines for Buildings" issued by the Architectural Institute of Japan.

*5 The prediction value used for this evaluation was recalculated based on conditions in recent years.

VEEA™

330,000 tons[*6]

Calculation of CO_2 emissions avoided by reduction expected from all the UV curable inks produced in one year

Using VEEA™ as a UV-curing reactive diluent in eco-friendly ink removes the need to use volatile solvents and the equipment associated with them, saving energy and improving productivity.

*6 Assessment prerequisites

3.2 g of ink per m^2 of full-size A-series paper (880 × 625 mm) on a four-color printer. Commercial offset and commercial UV printing presses were compared for evaluation.

ACRYSET™ (for damping materials)

310,000 tons[*7]

Calculation of CO_2 emissions avoided when an application-type vibration-damping material is installed in all automobiles manufactured in one year

We developed an emulsion for vibration-damping coating to be applied to the lower surface of a vehicle body to suppress vibrations and noise from engines and road surfaces. Using vibration-damping coating should make automobiles lighter and conserve fuel.

*7 Assessment prerequisites

Vehicles to be driven 10,000 km per year for 10 years. Compared to vehicles with asphalt sheet as the vibration-damping material.

ZIRCOSTAR™

220,000 tons[*8]

Calculation of CO_2 emissions avoided when ZIRCOSTAR™ is incorporated in all smartphones manufactured in one year

With its high optical properties, this product can be used as an optical material for plastic lenses, displays, and other components of mobile phones and smartphones, helping conserve the energy consumed by the displays of the devices and lengthen the battery life.

*8 Assessment prerequisites

According to the usage time described in the Carbon Footprint Product Category Rules, the product was evaluated as being in use for two years. A smartphone incorporating ZIRCOSTAR™ in the optical material was evaluated as achieving a 3.6% reduction in power consumption as an energy-efficiency benefit.

AQUALIC™ H (for feed)	**80,000 tons*9** Calculation of CO_2 emissions avoided when all aquaculture feed produced in one year is replaced with moist pellets (MP)	With AQUALIC™ H as its binding agent, MP contains less fish meal—an ingredient that requires a lot of energy to source and dry—than dry pellets, helping reduce CO_2 emissions in aquaculture business.

*9 Assessment prerequisites

Fish feed produced in all aquaculture business in Japan in one year. Compared to dry pellets with no binding agents and high fish meal content.

Note: The assumptions above are expected values and do not guarantee actual service lives or performance.

Chemical Substance Control

Reducing Chemical Substance Emissions

Since FY1995, we have participated in the voluntary PRTR* investigations conducted by the Japan Chemical Industry Association (JCIA) in an effort to reduce emissions of chemical substances into the environment.
The reduction target during the period of the 11th (FY2022–FY2024) Medium-term RC Basic Plan was 81 t/y or less for FY2024. However, the target was revised to 99 t/y or less because the PRTR Law was revised in April 2023 and the number of applicable designated chemical substances greatly increased. We achieved our emission target of 84.9 t/y in FY2024 and we will continue working toward systematic reductions.

* PRTR (Pollutant Release and Transfer Register): A system for registering the discharge and movement of pollutants. Under the system, operators report the release of chemical substances into the air, water, and soil and transfer of waste to government agencies that gather, organize, and publish the data.

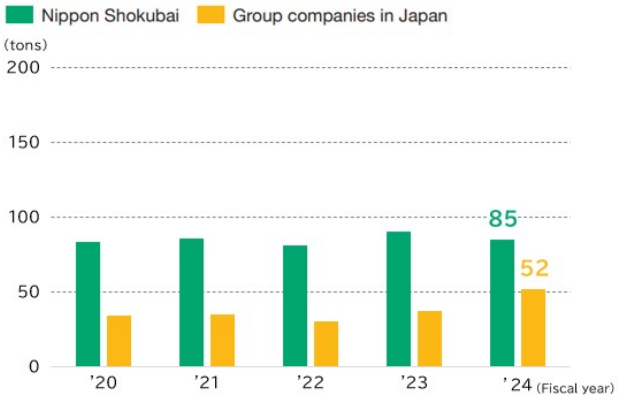
FY2024 Emissions of PRTR Substances (Top 10 Substances for Nippon Shokubai alone)

(tons)

Cabinet Order No.	Name of PRTR substance	Air emissions	Discharge into water areas	Total	Movement
405	Boron compounds	0.0	26.8	26.8	0.2
629	Cyclohexane	12.0	0.0	12.0	0.0
321	Vanadium compounds	0.0	9.1	9.1	0.0
4	Acrylic acid and its water-soluble salts	5.8	0.0	5.8	0.0
12	Acetaldehyde	4.5	0.0	4.5	0.0
80	Xylene	4.2	0.0	4.2	53.8
56	Ethylene oxide	3.6	0.0	3.6	0.0
20	2-Aminoethanol	0.1	2.8	2.8	0.0
36	Isoprene	2.5	0.0	2.5	0.0
300	Toluene	2.5	0.0	2.5	245.1

Group Data

Trends in Emissions of PRTR Substances


Nippon Shokubai
Group companies in Japan
(tons)
200
150
100
50
0
85
52
'20
'21
'22
'23
'24 (Fiscal year)

Resource Circulation / Waste Reduction

Nippon Shokubai Group has established the following statements in its Environmental Protection Policy: “Reduce emissions of waste and chemical substances, and promote the recycling and effective use of resources including water resources to contribute to the realization of a Sound Material-Cycle Society.” “Actively seek to develop and provide products and technologies that help reduce environmental impact.” Based on this policy, we are systematically promoting resource circulation and waste reduction.
Specifically, we are steadily working toward our objectives of reducing the quantity of final off-site landfill under our “Zero Emissions” initiative, and decreasing the quantity of outsourced waste plastic treatment. In addition, we are collecting, monitoring, and managing data on waste quantities and recycling quantities from each production site within the Group, and are implementing thorough waste separation education to promote effective resource utilization.

Efforts Toward Compliance with Act on Promotion of Resource Circulation for Plastics

In 2023, Nippon Shokubai set a target to reduce the quantity of waste plastics outsourced for external processing by 30% by FY2030, using the FY2021 level (2,893 tons) as the baseline. This initiative aims to promote the reduction and recycling of industrial waste from plastic-containing products.
In FY2024, the quantity of waste plastic outsourced for external processing was reduced to 1,523 tons—a 47% decrease compared to FY2021. This reduction was achieved through efforts to minimize waste generation during production and to promote material recycling of waste resins and plastic pallets.
In FY2025, we reset our FY2030 target to a 50% reduction compared to FY2021 level, and we will further promote the reduction of waste plastic emissions and resource recovery through chemical and material recycling.

Reducing the Quantity of Waste Sent to Off-site Landfills for Disposal

Promoting waste reduction is vital among efforts to form a sound material-cycle society. Nippon Shokubai sorts, collects, and recycles waste in addition to making other efforts consistent with our goal of achieving and maintaining zero emissions (quantity of waste sent to off-site landfills for disposal is 0.1% or less of the total quantity of waste).
In FY2024, in addition to continuing to rigorously sort and collect and promote recycling, we reduced

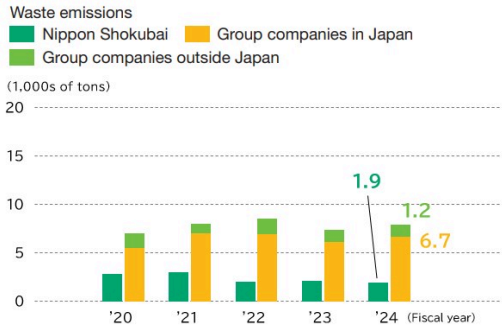
the quantity of waste sent to off-site landfills for disposal and maintained zero emissions by improving processes such that they produce less waste, reusing by-products, and treating product residues on-site.

Diagram of Waste Treatment

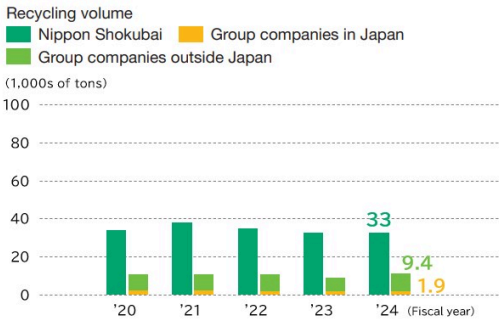


Group Data

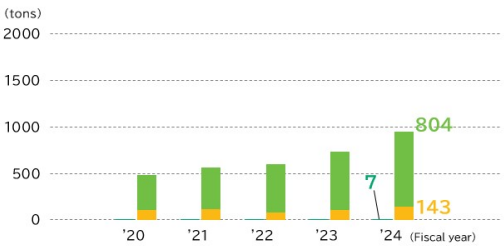
Trends in the Volume of Waste Emissions



Trends in the Volume of Recycling



Trends in the Volume of Waste Sent to Off-site Landfills for Disposal



Air Pollution Prevention

Efforts to Reduce Environmental Impact by Introducing Catalysts for Treating Exhaust Gas

We are making efforts to reduce emissions of SOx, NOx, dust, and VOCs to prevent air pollution. We ascertained the emissions of the respective substances, and reduced fuel oil consumption and shifted to natural gas to reduce SOx, installed proprietary De-NOx equipment to reduce NOx, and installed scrubbers to reduce dust. We also use proprietary catalysts for treating exhaust gas to purify unutilized materials and other emissions from our manufacturing processes.
None of our emissions exceed the values we agreed upon with the municipal and prefectural governments.

Nippon Shokubai

(tons)

Fiscal year	2019	2020	2021	2022	2023	2024
SOx emissions	3.5	3.7	3.1	3.0	2.0	4.3
NOx emissions	203	198	196	186	166	184
Dust emissions	6.5	5.7	7.4	6.0	7.6	7.6
VOC emissions*1	–	57	59	62	53	57

*1 Including substances subject to the PRTR Law (air emissions), and VOCs among those covered by the Japan Chemical Industry Association's PRTR survey.

Group companies in Japan

(tons)

Fiscal year	2019	2020	2021	2022	2023	2024
SOx emissions	1.4	1.6	1.4	0.7	0.6	0.1
NOx emissions	43	48	72	52	40	33
Dust emissions	3.3	2.1	2.1	1.9	1.4	1.7
VOC emissions*2	–	–	–	–	–	29

*2 Including substances subject to the PRTR Law (air emissions).

Group companies outside Japan

(tons)

Fiscal year	2019	2020	2021	2022	2023	2024
SOx emissions	5.0	3.3	3.5	4.9	12.3	10.2
NOx emissions	67	61	61	70	84	59
VOC emissions*3	–	–	–	–	–	21

*3 Including substances designated under the laws and regulations of each respective country.

Water Resource Conservation

The Nippon Shokubai Group manufactures a wide variety of chemical products, and water is indispensable in the manufacturing process. For example, water is used to prepare water solution products, heat or cool materials in the manufacturing process, clean products, and operate detoxifying facilities that remove chemicals generated in the manufacturing process as well as drainage facilities. Consequently, the continuity of our business depends on our ability to ensure the sustainability of water, which we see as our responsibility to society. In an effort to conserve water resources, we are working to use water efficiently and prevent water pollution by introducing a wastewater collection system that enables acrylic acid contained in wastewater to be collected and reused. In addition, we strive to provide solutions to water problems through our products and technology (see Environmental Contribution Products).

Reducing Water Consumption (Efficient Water Use)

The Group aims to reduce water usage in our plants by using and reusing recycled water and making other efforts to use water efficiently.

Trends in water withdrawal*1

(million m³)

Fiscal year	2019	2020	2021	2022	2023	2024
Nippon Shokubai	14.9	14.6	14.8	14.4	14.1	14.0
Group Companies in Japan	5.9	6.0	6.0	6.0	6.0	5.9
Group Companies outside Japan	2.0	2.1	2,6	3.0	3.4	3.3

*1 Total amount of surface water, groundwater, and third-party sources (such as tap water and industrial water), excluding seawater.

Trends in water discharge*2

(million m³)

Fiscal year	2019	2020	2021	2022	2023	2024
Nippon Shokubai	7.7	8.0	8.2	7.7	7.7	7.5
Group Companies in Japan	5.6	5.8	5.8	5.8	5.9	5.8
Group Companies outside Japan	0.7	0.8	0.9	1.0	1.0	1.0

*2 Total amount of water discharged into rivers, lakes, the ocean, and sewage, excluding seawater.

Trends in water consumption*3

(million m³)

Fiscal year	2019	2020	2021	2022	2023	2024
Nippon Shokubai	7.1	6.7	6.6	6.7	6.4	6.5
Group Companies in Japan	0.3	0.2	0.2	0.1	0.2	0.2
Group Companies outside Japan	1.3	1.3	1.7	2.0	2.4	2.4

*3 Water consumption = Water withdrawal – Water discharge

Water Pollution Prevention

To prevent water pollution, we work to eliminate the environmental impact of wastewater at all plants through high-level purification of wastewater from manufacturing processes, specifically by introducing high-performance activated sludge treatment equipment, which is capable of consistently treating even heavy-duty wastewater.
All emissions of chemical oxygen demand (COD), total phosphorus, and total nitrogen for our wastewater are at levels below municipal and prefectural agreements.

Nippon Shokubai

(tons)

Fiscal year	2019	2020	2021	2022	2023	2024
COD of wastewater	50	50	56	45	34	36
Total phosphorus emissions	2.7	2.5	2.6	2.3	2.5	1.9
Total nitrogen emissions	55	52	56	57	28	27

Group companies in Japan

(tons)

Fiscal year	2019	2020	2021	2022	2023	2024
COD of wastewater	60	61	55	72	53	52

Products and Technologies Providing Solutions to Water Issues

We develop and sell water treatment agents and wastewater treatment catalysts for wet air oxidation and decomposing hazardous substances in wastewater (See Environmental Contribution Products),

osmotic pressure-generating agents for seawater desalination and wastewater treatment (See Page 25 of the TCFD Report 2025), and other products to help solve problems with water resources.

Water Risk Assessment

To assess water risk, the Nippon Shokubai Group uses the Aqueduct Water Risk Atlas, developed by the World Resources Institute (WRI) to determine whether any of our production sites are located in areas of high water stress. As a result of a reassessment following the update*1 of the tool, two production sites were identified as being in areas of high water stress.*2 However, both sites are promoting initiatives to secure additional water resources and reduce water usage, and there are no issues related to water risks.
We take appropriate measures to reduce these risks in addition to conducting regular water risk assessment at each production site.

*1 Aqueduct 4.0 Current and Future Global Maps Data (August 16, 2023)
*2 The Group defines areas of high water stress as those that have an Aqueduct Baseline Water Stress of “Extremely High” or “High.”

Sustainability

Biodiversity Preservation

The Nippon Shokubai Group believes biodiversity preservation is a key issue in efforts toward sustainability based on the realization that all business activities both benefit from and impact biodiversity. One of our Environmental Protection Policies is to seek to minimize the negative impact of our business activities and develop products and technologies that contribute to increasing the positive impacts on ecosystems in an effort to conserve and restore biodiversity, which we believe we can accomplish by sustaining efforts to tackle climate change, conserve the environment through our products, control chemical substances, reduce waste, prevent air pollution, and conserve water resources.

We have also enjoyed the cooperation of local governments, NPOs, and other organizations in implementing volunteer activities by Nippon Shokubai Group employees to protect and restore natural environments in Japan and other countries. Through these activities, we learn the value of preserving and restoring biodiversity and aim to empower people to conceive of and take actions to help the environment.

Biodiversity Risk Assessment

We conducted a survey on the proximity of major production sites of the Nippon Shokubai Group to protected biodiversity areas located within a 3 km radius by using the Integrated Biodiversity Assessment Tool (IBAT*1).

The survey has confirmed that all production sites are not in close proximity to IUCN Category*2 Ia, Ib, II, or III areas (required to be strictly protected), World Heritage Sites,*3 or Ramsar Convention Wetlands.*4 However, IUCN Category IV, V, and VI areas have been found adjacent to many of the production sites (see attached table).

Fully aware of such an environment, we will continue to work to minimize the negative impact of our business activities on the ecosystem and strive to preserve biodiversity.

*1 IBAT (Integrated Biodiversity Assessment Tool): developed and provided through a partnership of BirdLife International, Conservation International, International Union for Conservation of Nature (IUCN), and United Nations Environment World Conservation Monitoring Centre (UNEP-WCMC).

*2 IUCN Categories : IUCN Protected Area Management Categories are assigned to legally protected areas by national government agencies to allow international comparison between national protected area networks, based on management objectives of a protected area. Ia – Strict Nature Reserve; Ib – Wilderness Area; II – National Park; III – Natural Monument or Feature; IV – Habitat/Species Management Area; V – Protected Landscape/Seascape; VI – Protected Area with Sustainable Use of Natural Resources

*3 World Heritage: A landmark or area which is selected by the UNESCO as having cultural, historical, scientific or other form of significance, and is legally protected by international treaties. The sites are judged important to the collective interests of humanity.

*4 Ramsar Convention Wetlands: protected by national governments to fulfil their obligations under the Convention on Wetlands of International Importance (commonly called the “Ramsar Convention”).

Activities for Biodiversity Preservation and Restoration

Forest conservation activities

Creating the “Yugawara Myriad Leaves Forest”

Location: Kajiya, Yugawara-machi, Ashigarashimo-gun, Kanagawa Prefecture
Description of activities: Forest maintenance, nature observation events, etc.
Duration: Since November 2013

We have implemented forest maintenance and held nature observation events in the headwater forest of the Niizaki River in the town of Yugawara. In May 2024, we conducted thinning and craft work together with Yugawara town hall staff, public corporations, and forest instructors.



Yugawara Myriad Leaves Forest

Past activities

Click here for the Past Activities.

PT. Nippon Shokubai Indonesia “Tree-Planting” in a Biodiversity Park

Location: Ciomas, Serang, Banten Province, Republic of Indonesia
Description of activities: Tree-planting in 10 ha area in Ciomas
Duration: Since November 2023



Biodiversity Park in Ciomas Serang Banten

PT. Nippon Shokubai Indonesia has started a new activity “Tree-planting” in a Biodiversity Park in Ciomas, Serang, Banten, Indonesia with the help of a local non governmental organization (NGO: named “Rekonvasi Bhumi”) and Cisitu Village Community. We recognize that conserving water sources in the region where we are located as well as preserving biodiversity are important efforts for our sustainability initiatives.
We held an opening ceremony on “Indonesian Tree Planting Day 2023″ (November 28), attended by members of the Banten Provincial Environmental Agency, local forest conservation groups, and others.

“Nojigiku” *(Chrysanthemum Japonense)* preservation and popularization

To rescue, preserve, and popularize the nojigiku *(Chrysanthemum japonense)*—the endangered prefectural flower of Hyogo—the Himeji Plant has dedicated roughly 2,000 m^2 of its greenery yard to cultivating 160 varieties of the flower (including foundation stocks).
The plant began cultivating the flowers in 1972, and has worked with the Hyogo prefectural government to distribute seedlings each year since 1974.
In FY2024, we distributed 15,000 seedlings to 235 organizations, including local governments, kindergartens, elementary and junior high schools and community associations.


The “nojigiku” preservation garden

Number of important biodiversity areas within a 3 km radius of Nippon Shokubai production sites by IBAT[*1]

As of 16th December, 2024

Site name	Location	IUCN Category[*2]	World Heritage[*3]	Ramsar Wetland[*4]
NIPPON SHOKUBAI CO., LTD. Himeji Plant	Himeji Hyogo, Japan	2 (V, VI)	0	0
NIPPON SHOKUBAI CO., LTD. Kawasaki Plant	Kawasaki Kanagawa, Japan	3 (IV, IV, IV)	0	0
NIPPOH CHEMICALS CO., LTD. Chimachi Factory	Isumi Chiba, Japan	3 (IV, V, V)	0	0
CHUGOKU KAKO CO., LTD	Kurashiki Okayama, Japan	1 (IV)	0	0
NIPPON NYUKAZAI CO., LTD. Kawasaki Plant	Kawasaki Kanagawa, Japan	3 (IV, IV, IV)	0	0
NIPPON NYUKAZAI CO., LTD. Kashima Plant	Kamisu Ibaraki, Japan	0	0	0
TOKYO FINE CHEMICAL CO., LTD. Yokosuka Factory	Yokosuka Kanagawa, Japan	3 (IV, V, VI)	0	0
NISSHOKU TECHNO FINE CHEMICAL CO., LTD.	Ichikawa Chiba, Japan	3 (IV, V, VI)	0	0
NIPPON SHOKUBAI AMERICA INDUSTRIES, INC. Houston Plant	Houston Texas, USA	1 (V)	0	0
NIPPON SHOKUBAI AMERICA INDUSTRIES, INC. Chattanooga Plant	Chattanooga Tennessee, USA	1 (V)	0	0
NIPPON SHOKUBAI EUROPE N.V.	Antwerp Belgium	4 (IV, IV, IV, VI)	0	0
SINGAPORE ACRYLIC PTE LTD	Singapore	0	0	0
PT.NIPPON SHOKUBAI INDONESIA	Cilegon Banten, Indonesia	0	0	0
NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) Co., Ltd.	Zhangjiagang Jiangsu, China	0	0	0
SINO-JAPAN CHEMICAL CO.,LTD. Lin-Yuan Factory	Kaohsiung City Taiwan	0	0	0

*1 IBAT (Integrated Biodiversity Assessment Tool): Developed and provided through a partnership of BirdLife International, Conservation International, International Union for Conservation of Nature (IUCN), and United Nations Environment World Conservation Monitoring Centre (UNEP-WCMC). The IBAT provides key decision-makers with access to critical information on biodiversity priority sites to inform risk management and decision-making processes that address potential biodiversity impacts.
Excert from IBAT Disclosure Preparation Report generated under licence 29422-77341 from the Integrated Biodiversity Assessment Tool on 16 December 2024 (GMT). https://www.ibat-alliance.org

*2 IUCN Categories: IUCN Protected Area Management Categories are assigned to legally protected areas by national government agencies to allow international comparison between national protected area networks, based on management objectives of a protected area. https://www.biodiversitya-z.org/content/iucn-protected-area-management-categories
Ia - Strict Nature Reserve; Ib - Wilderness Area; II - National Park; III - Natural Monument or Feature; IV - Habitat/Species Management Area; V - Protected Landscape/Seascape; VI - Protected Area with Sustainable Use of Natural Resources

*3 World Heritage: A landmark or area which is selected by UNESCO as having cultural, historical, scientific or other forms of significance, and is legally protected by international treaties. The sites are judged important to the collective interests of humanity.

*4 Ramsar Wetland: Protected by national governments to fulfil their obligations under the Convention on Wetlands of International Importance (commonly called the Ramsar Convention).

Environmental Accounting

We base our environmental accounting on the *Environmental Accounting Guidelines for Chemical Companies* published in 2003 by the Japan Responsible Care Council (currently the Responsible Care Committee) of the Japan Chemical Industry Association. We also refer to the *Environmental Accounting Guidelines 2005* of the Ministry of the Environment.

Costs and benefits of environmental protection (Nippon Shokubai alone)

Duration: April 1, 2024–March 31, 2025

Category Key Activity	Investment (millions of yen)	Cost (millions of yen)	Outcome
Business area cost **1. Pollution prevention cost** Preventing air/water pollution, controlling hazardous substance emissions	123	2,562	No pollution problems occurred.
Business area cost **2. Global environmental protection cost** Energy-saving activities and activities to tackle climate change	277	4,005	Saved 7,693 kL (crude oil equivalent) during the period.
Business area cost **3. Resource circulation cost** Properly treating/disposing of industrial waste	17	701	Achieved zero emissions through sorted collection and recycling of waste.
Upstream/downstream cost Reusing resources	0	71	Reusing some drums and containers.
Administration cost Operating environmental countermeasure systems, obtaining/maintaining ISO 14001 certification	3	613	Obtained certification for all plants, enhancing environmental management systems.
R&D cost Developing eco-friendly products, reducing environmental impact in manufacturing processes	0	3,310	Researching and developing Environmental Contribution Products.
Social activity cost Donating to environmental causes	0	13	Engaging in Nippon Shokubai Forest Conservation Activities.
Environmental remediation cost —	0	5	—
Total	419	11,280	

Economic Benefit Associated with Environmental Protection Initiatives (Actual Benefits)

	Details of Benefit	Amount (millions of yen)
Revenue	Operating revenue from the sale of recycled waste products and used products produced through key business activities	56
Cost reduction	Reductions in energy costs through energy conservation	1,879
	Reductions in waste disposal costs through resource	4,223
Total		6,158

Reference: Total investment during the period: 21,858 million yen / Total R&D cost during the period: 14,603 million yen

* Environmental accounting: A system employed by companies and others seeking sustainable development to quantitatively understand, analyze, and publish the costs and benefits of environmental conservation activities in the context of business activities to the extent possible.

Sustainability

Initiatives for Society

- Respect for human rights
- Human resources management
- Diversity & Inclusion
- Process Safety and Disaster Prevention
- Occupational Safety and Health
- Chemical Safety
- Quality
- Supply Chain Management
- Corporate Citizenship

Respect for Human Rights

Basic Policy on Human Rights

This policy has been approved by the Board of Directors of NIPPON SHOKUBAI CO., LTD.

Basic Stance on Human Rights

Based on our Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” the Nippon Shokubai Group aims to realize a sustainable society by solving social issues through business activities. The people involved in Group business activities are the foundation of the sustainable growth of society and the Group. It is important to respect their human rights.
In order to respect the human rights of everyone whose human rights may be directly or indirectly affected by Group business activities, the Group is promoting efforts to respect human rights by establishing this “Basic Policy on Human Rights” (hereinafter referred to as the “Policy”) to supplement our Code of Conduct and other guidelines from the perspective of respect for human rights, and to further clarify our approach to respect for human rights.

1. Commitment to Respect for Human Rights

The Nippon Shokubai Group considers respect for human rights to be important and supports the 10 Principles of the United Nations Global Compact. Within these initiatives, the Group shall respect human rights in line with human rights norms such as the Universal Declaration of Human Rights, the International Bill of Human Rights (consisting of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.(*) We shall comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and ensure compliance with the relevant laws and regulations of the countries in which we operate.
If there is a discrepancy between internationally recognized human rights principles and the laws and regulations of each country in the occurrence of human rights violations, we will operate with respect for internationally recognized human rights principles to the greatest extent possible.
We are also committed not to tolerate or be complicit in threats, intimidation, or attacks against human rights defenders, and to work with these defenders to create a safe and

effective environment for civil action and dialog and respect for human rights at the local, national, and international levels.
(*) Includes support and respect for core labor standards such as the prohibition of child labor, prohibition of forced labor, elimination of discrimination, recognition of freedom of association and the right to collective bargaining, and principles of occupational health and safety.

2. Responsibility to Respect Human Rights

The Nippon Shokubai Group will fulfill its responsibility to respect human rights by ensuring that there is no infringement on the human rights of all people involved in Group business activities, and by taking appropriate corrective measures in the case of any adverse impacts on human rights that may arise from Group business activities.

3. Scope of Application

This Policy shall apply to all business activities of the Nippon Shokubai Group, and all directors and employees shall comply with this Policy. It is also expected that our suppliers and business partners will understand and commit to respecting all human rights described in this Policy in order to more widely implement activities based on the UN Guiding Principles on Business and Human Rights.
This Policy includes respect for the human rights of all business partners; when suppliers, business partners, or other related parties are associated with an adverse impact on human rights, the Group will require these suppliers, business partners, and/or related parties to respect and not violate human rights in accordance with this Policy.

4. Human Rights Issues

Human rights issues to be addressed by the Nippon Shokubai Group as defined by international norms and human rights issues considered to be particularly important are listed below. These human rights issues shall be appropriately reviewed from time to time based on changes in Group business and social conditions. We expect our suppliers and business partners also to make a commitment to respect human rights on all issues described herein.

5. Human Rights Due Diligence

The Nippon Shokubai Group shall establish a human rights due diligence system to be incorporated as a required process in business activities. The system shall be implemented on an ongoing basis.

6. Dialog and Consultation

In the process of implementing this Policy, the Nippon Shokubai Group will utilize independent, external human rights expertise and will engage in sincere dialog and consultation with rights holders and related stakeholders.

7. Education

The Nippon Shokubai Group will continually provide appropriate education to directors, employees and others to ensure that a correct understanding of this Policy is disseminated internally and externally, and that it is effectively implemented. We also expect our suppliers

and business partners to provide their workers with appropriate education on human rights and to support their efforts when necessary.

8. Remedies

If it is found that the business activities of the Nippon Shokubai Group have directly caused an adverse impact on human rights, or if it is found that the Nippon Shokubai Group is involved, is suspected of being involved, or is contributing to such an impact through its business partners, we will make remedial efforts through dialog and appropriate procedures in accordance with international norms.
In addition, we will maintain reporting desks for internal and external access to remedies required for this purpose, and continuously evaluate the effectiveness of corrective and remedial measures.

9. Management

The Nippon Shokubai Group will clearly identify the officer in charge of the implementation of this Policy and supervise its implementation.

10. Disclosure

The Nippon Shokubai Group will disclose the progress and results of its initiatives on respect for human rights on the Company website and in other media.

Enacted March 2022
Revised July 1, 2024

Appendix

(Appendix)

1. Human Rights Issues Addressed by the Nippon Shokubai Group

The following are human rights issues that the Nippon Shokubai Group respects and addresses as defined by international norms. These human rights issues shall be appropriately reviewed from time to time based on changes in Group business and social conditions. We expect our suppliers and business partners also to make a commitment to respect human rights on all issues described herein.

Discrimination
・Prohibition of discrimination based on gender, age, nationality, ethnicity, race, birthplace, religion, creed, disability, sexual orientation, gender identity, etc.

Workers' rights
・Prohibition of child labor
・Prohibition of forced labor (including foreign and migrant workers)
・Prohibition of human trafficking
・Respect for freedom of association and the right to collective bargaining
・Prevention of low-wage work (work below minimum wage or living wage)
・Prevention of excessive working hours (commitment to ILO conventions on labor standards)
・Prohibition of power harassment and sexual harassment
・Ensuring occupational safety
・Ensuring the health of workers (including mental health)

Rights of vulnerable people related to business operations
・Respect for the rights of local residents in the areas where business is conducted
・Respect for land, natural resources, and indigenous peoples' rights *1
・Respect for the rights of women *2
・Respect for the rights of children *3
・Respect for the rights of minority groups
・Respect for the rights of the elderly, et cetera
・Respect for the rights of immigrants and refugees *4
・Respect for environmental rights held by future generations
・Respect for the rights of access to water and sanitation
・Respect for the rights of human rights defenders
*1 Including respect for the rights described in the Voluntary Guidelines for Responsible Governance of Land Use, Fisheries and Forest Ownership in the Context of National Food Security (VGGT), IFC Performance Standards, ILO Indigenous and Tribal Peoples Convention 1998 (No. 169), and the UN Declaration on the Rights of Indigenous Peoples, etc., and obtaining free, prior and informed consent (FPIC) from indigenous peoples.
*2 Including respect for the Convention on the Elimination of All Forms of Discrimination against Women
*3 Including respect for the Convention on the Rights of the Child
*4 Including respect for the International Convention for the Protection of the Rights of All Migrant Workers and Members of Their Families

Privacy and Freedom of Expression
・Respect for privacy and digital protection, including the protection of personal information of customers, employees, and others
・Respect for the right to freedom of expression

2. Human Rights Issues Salient to the Nippon Shokubai Group

The following are human rights issues that the Nippon Shokubai Group considers to be particularly important in terms of human rights issues to be addressed by the Group. These human rights issues shall be appropriately reviewed from time to time based on changes in Group business and social conditions.

Prohibition of discrimination
Under no circumstances will the Nippon Shokubai Group discriminate on the basis of gender, age, nationality, race, ethnicity, social status, origin, ideology, creed, religion, physical characteristics, sexual orientation, gender identity, disease, or disability. The Group respects the human rights of all people and will not engage in any act of unfair discrimination or any act that offends individual dignity for any reason whatsoever.

Prohibition of forced labor and child labor
Under no circumstances will the Nippon Shokubai Group permit forced labor, slave labor or human trafficking. Neither will the Group tolerate forced labor, slave labor, or human trafficking in the supply chain. The Group prohibits labor by children who have not reached the working age stipulated by the laws and regulations of each country or region.

Good labor-management relations
The Nippon Shokubai Group respects the right to form or join labor unions and to engage in collective bargaining and peaceful assembly in accordance with the relevant laws and regulations of each country and region.

Appropriate working hours
The Nippon Shokubai Group will ensure sound employment and labor practices, and will comply with the relevant laws and regulations of each country and region in the treatment of its employees, including wages, working hours and leave.

Prohibition of harassment
Under no circumstances will the Nippon Shokubai Group engage in discriminatory, threatening or offensive language or behavior, whether mental or physical, toward others, including sexual harassment, power harassment or maternity harassment.

Respect for diversity
The Nippon Shokubai Group promotes the creation of a workplace environment and culture where employees respect and recognize one another's diversity as they work and grow together. New value shall be created through the synergy formed by maximizing the individuality and capabilities of each and every person as a professional.

Personal Information and Privacy Protection
The Nippon Shokubai Group respects the privacy of individuals and collects personal information only to the extent that is necessary and appropriate. Personal information that is collected will be strictly managed and will not be disclosed to third parties or used for any other purpose, except as permitted by law or with the prior consent of the individual concerned.

This Policy is prepared in Japanese and English, and shall be disclosed to all stakeholders, including all Group employees, business partners, suppliers, and local communities through publication on the Nippon Shokubai website.

Structure & Initiatives →

Respect for Human Rights

Management Structure

Nippon Shokubai Group policies and strategies regarding respect for human rights, as well as the evaluation of performance, are determined by the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee), which is headed by the President and consists of Directors of the Board and Executive Officers of the Company. The results are reported to the Board of Directors as necessary.
Daily operations, including the formulation and implementation of plans and measures based on policies and strategies, are carried out in cooperation with related departments and Group companies, led by the Sustainability Planning Office of the Company.

Human Rights Due Diligence

The Nippon Shokubai Group will establish a human rights due diligence mechanism in accordance with procedures based on the United Nations Guiding Principles on Business and Human Rights to prevent and mitigate adverse human rights impacts and to implement corrective measures.
If it becomes clear that the Group's business activities are causing or encouraging human rights violations, corrective and remedial measures will be taken. In addition, if the Group's products or services are directly involved in human rights violations due to business relationships, even if Group business activities have not caused or encouraged such violations, the Group will work to correct the situation.



Human Rights Due Diligence Process

Initiatives drawing on international human rights guidance and risk assessments commenced in FY 2021. We have identified potential adverse human rights impacts of Group business activities,

primarily within the Company, and have taken measures to prevent or mitigate these impacts.
From FY 2023, we expand the scope to include external parties to further improve our human rights due diligence. We have identified rights holders* and our own priority issues (salient human rights issues) that may have adverse impacts through our business activities and supply chain and have taken measures to prevent or mitigate them.

*Rights Holder: A person who is the subject of human rights and who is or may be subject to human rights violations through the activities of a company.

Identification of Priority Issues (Salient Human Rights Issues) and Measures of Prevention or Mitigation

To assess human rights risks*, we have identified the human rights issues that need to be considered throughout our business activities and supply chain, and the rights holders who may be adversely impacted.
Based on the human rights issues identified, we investigated and confirmed the assumed specific human rights risks and their occurrence with relevant stakeholders. Using these results, we assessed the human rights risks (assessment criteria: severity (scale, scope, and irremediability) x probability), created a human rights risk map, and identified our priority issues (salient human rights issues).
For the identified priority issues (salient human rights issues), we have implemented the following prevention and mitigation measures.
We will continue to strengthen our prevention and mitigation measures through stakeholder engagement and regularly review our human rights risk assessment and our priority issues (salient human rights issues).

*Human Rights Risks: The potential adverse impacts on human rights caused by business activities.

Human Rights Issues and Rights Holders Targeted for Human Rights Risk Assessment

Human rights issues identified as targets of human rights risk assessment
Insufficient, unpaid or living wages, Excessive and unreasonable working hours, Working environment, health and safety, right to social security, Power harassment, sexual harassment, maternity/paternity harassment, nursing care harassment, Forced labor, Freedom to move residence, Freedom of association and collective bargaining, Rights of migrant workers, Child labor, Human rights violations associated with the use of the Internet, ICT (Information and Communication Technology), AI, etc., Right to privacy, Consumer safety and right to know, Discrimination, Human rights issues related to gender, Freedom of expression, Rights of indigenous and local peoples, Human rights issues related to climate change, Intellectual property rights, Bribery and corruption, Human rights issues in the supply chain, Right of access to remedy, Access to natural resources (including water resources), Deforestation, Air and ocean pollution, Waste and hazardous substance emissions, Damage to ecosystems and biodiversity, Security, Business in conflict countries, Expansion into pre- and post-conflict countries, Relationships with countries with low human rights awareness, Money laundering and transparency (including tax avoidance)
Rights holders that could be adversely impacted by our business activities
Nippon Shokubai employees (including contract and temporary employees), employees of business partners (customers, suppliers, logistics companies, production contractors, etc.), subcontractor employees, consumers, and local community members * The above includes particularly vulnerable to adverse impacts on their human rights, such as women, children, migrant workers, indigenous peoples, minorities, and human rights defenders, etc. *Other relevant stakeholders: labor unions/worker representatives, NPO/NGOs, experts, investors/shareholders, national and local governments

International Norms and Guidelines Referenced
Universal Declaration of Human Rights, International Bill of Human Rights, Ten Principles of the UN Global Compact, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, UNEP FI (United Nations Environment Programme Finance Initiative) Human Rights Guidance Tool, and various guidelines formulated by the Ministry of Economy, Trade and Industry and the Ministry of Justice, etc.

Priority Issues (Salient Human Rights Issues) and Measures of Prevention or Mitigation

Salient human rights issues	Rights holders adversely impacted	Major human rights risks	Measures of prevention or mitigation	Related links
Community Health and Safety	Local community members	Adverse impact of business activities on the health, safety, and livelihood of local communities (fire, explosion, chemical leakage, odor, etc.)	• Establishment of targets and priority activities related to process safety and disaster prevention, prevention of disasters and accidents, and emergency drills, etc. – Operation of safety management system and environmental management system (Himeji and Kawasaki plants) – Reporting and reviewing at RC promotion committee meetings – RC inspections, safety audits, etc. • Participation in JCIA RC community dialogue, exchange of opinions with neighborhood associations	RC Basic Plan and Results Process Safety and Disaster Prevention Chemical Safety Chemical Substance Control
Employee Health and Safety, Work Environment	Employees	1.Death, injury, and illness at work due to accidents such as fire and explosions or severe working conditions (adverse physical, mental, and cognitive effects) 2.Symptoms of stress, anxiety, depression, and other mental illnesses such as depression, and loss of motivation and productivity due to acts of harassment	• Establishment of targets and priority activities related to occupational safety and health, and prevention of occupational injuries – Operation of occupational safety and health management system (Himeji and Kawasaki plants) – Reporting and reviewing at RC promotion committee meetings – RC inspections – Labor-management safety discussion meetings, etc. • Harassment Prevention Initiatives – Raise awareness and educate employees through training to disseminate the Code of Conduct, compliance workplace training, level-based training, and harassment prevention training, etc. – Raise awareness of the internal reporting system and the internal helpline – Identification and improvement of problems through compliance surveys, engagement surveys, and labor-management communication – Regulation and dissemination of disciplinary actions and procedures under the disciplinary system • Mental and Physical Health Management Initiatives – Routine general and specialized health examinations, tailored health advice and dental checkups – Stress checks – Educational activities such as in-house lectures, physical strength measurement sessions, and sports events – Mental health care training at the level-based training on a regular basis – Health management for employees working long hours(Health checkups based on monthly medical questionnaire, interviews with industrial physicians, guidance to supervisors and managers)	RC Basic Plan and Results Occupational Safety and Health NIPPON SHOKUBAI Group Code of Conduct Respect for Human Rights>Structure & Initiatives>Human Rights Awareness and Education Diversity & Inclusion>Work-life balance>Promoting mental and physical health management
Consumer Safety and Right to Know	Customers/ Consumers	Health hazards due to provision of products and services that are harmful to consumers' physical and mental health, lack of appropriate product information, inadequate explanation of health risks, and inappropriate	• Establishment of targets and priority activities in chemical safety and prevention of problems – Reporting/Review at GMP Committee meetings – Safety review based on the regulations of the Product Safety Review Subcommittee (products used for pharmaceutical raw materials, agrochemicals, cosmetics, food additives, etc.) • Notification of hazard and toxicity information by SDS, product labels, and yellow cards	RC Basic Plan and Results Chemical Safety

Salient human rights issues	Rights holders adversely impacted	Major human rights risks	Measures of prevention or mitigation	Related links
		responses to inquiries, etc.		
Excessive and Unreasonable Working Hours	Employees	Impact on life and physical and mental health problems due to long working hours (including lack of breaks and vacations)	• Accurate recording (by entry/exit, logging on/off PCs) through time and attendance systems and resource management • Management and monitoring by labor-management committee to reduce overtime work and improve annual paid leave utilization	Diversity & Inclusion>Work-life balance>Reduce overtime work and promote flexible working styles
Human Rights Issues in the Supply Chain	Business partner employees Local community members, etc.	Violation of the health and safety of workers in the supply chain, the working environment, and the health and safety of local communities, etc.	• Distribution of CSR Procurement Guidelines to suppliers and confirmation of endorsement in writing • Conducting CSR questionnaire surveys of major suppliers, and supporting dialogue and improvement with suppliers that do not meet our standards • Green procurement and initiatives to prevent the use of conflict minerals	Supply Chain Management
Right of Access to Remedy	All rights holders	Continued and increased damage due to inadequate reporting systems and dysfunctional complaint processes	• Establishment of a reporting desk that can be used by internal and external stakeholders (anonymous reporting allowed) • Regulations stipulating protection of users and prohibition of disadvantageous treatment (periodic checks of actual conditions are conducted)	Respect for Human Rights>Structure & Initiatives>Access to Remedies (Establishment of Reporting Desks)

Access to Remedies (Establishment of Reporting Desks)

The Nippon Shokubai Group has established reporting desks that can be used by internal and external stakeholders to freely report and discuss facts and questions regarding human rights violations in the course of Group business activities. In addition, we respect the wishes of whistleblowers regarding the disclosure or nondisclosure of the content of the report and whistleblower names, and we protect whistleblowers. Group regulations stipulate the prohibition of any disadvantageous treatment, such as retaliation, for reports or allegations.
We do not condone or tolerate human rights violations, and when a report or allegation about a failure to respect human rights is received, an appropriate investigation is conducted. If a specific problem is recognized, measures are taken to correct the situation and to encourage corrective action.

Human Rights Awareness and Education

From the “Nippon Shokubai Group Code of Conduct: 4. Respect for Human Rights,” the Nippon Shokubai Group clearly states that it supports international norms on human rights, respects the human rights of all people involved in Group business activities, prohibits discrimination and harassment, and prohibits and does not tolerate forced labor and child labor not only within the Group but also in the supply chain. In addition to initiatives disseminating the Code of Conduct to Group employees, we have incorporated compliance training on human rights-related topics as part

of our level-specific and onsite training programs. We are also implementing harassment prevention training for managers in a timely manner to deepen the understanding of respect for human rights among Group employees and to foster a corporate culture of respect for human rights.
In FY2023, training was conducted for managers of domestic and overseas Group companies to raise awareness of the Code of Conduct, with approximately 800 employees participating.

Initiatives toward Respecting Human Rights in the Supply Chain

Nippon Shokubai promotes sustainable procurement activities to ensure respect for human rights throughout the supply chain.

Related links

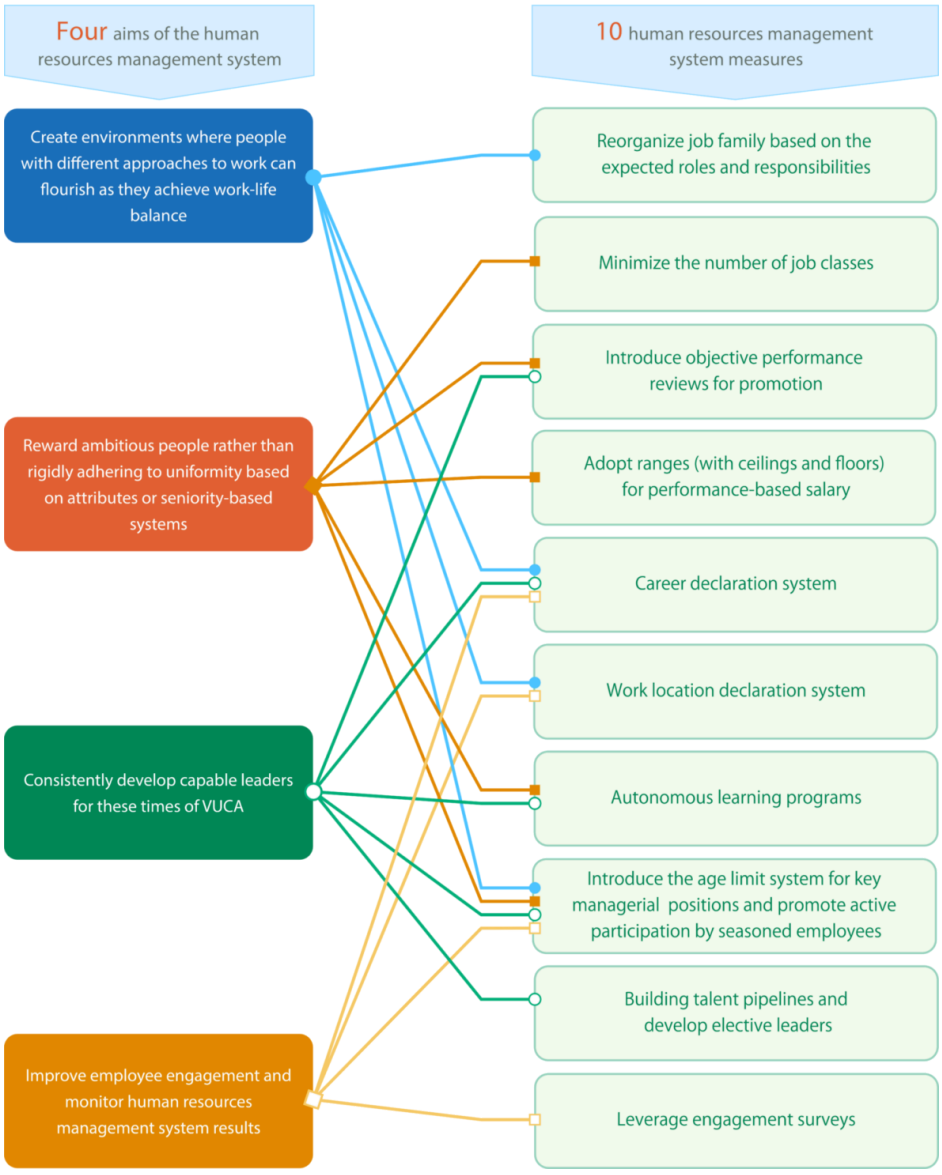
Supply Chain Management

Human resources management

Human resources management system

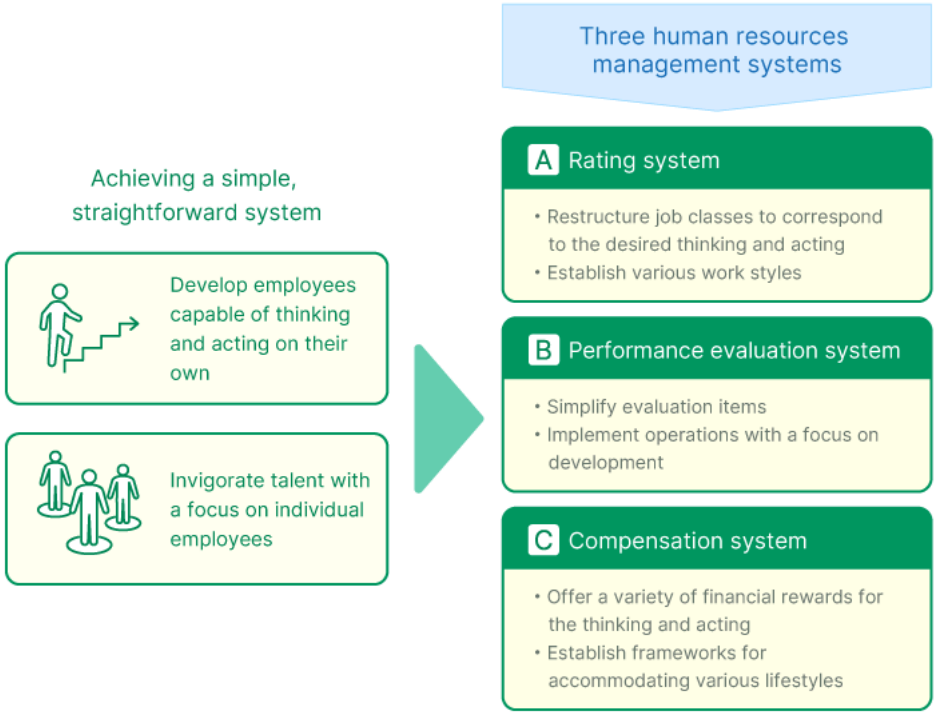
To promote our transformation into a company where diverse talent can flourish as they work in a constantly growing organization, we have established a human resources management system that encourages employees to think and act on their own and leverages their individual qualities and attributes. Our system aims to foster the personal motivation to grow by empowering ambitious, skilled employees to pursue more important roles and greater responsibilities as soon as they wish to.

Transformation in our Human resources management system



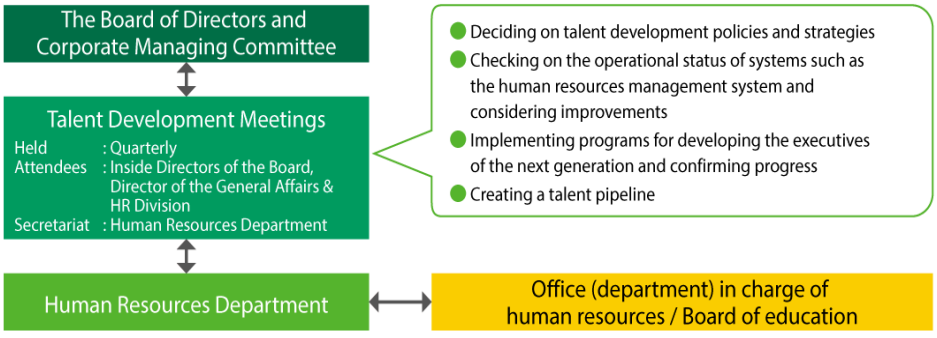
Concept of our Human resources management system: “think and act” and diversity

We have established three core human resources management systems based on the concept of “think and act” and diversity.



Structure

All Inside Directors of the Board attend talent development meetings, which are held periodically to check on the progress of talent development initiatives, the operation of the human resources management system, and the development of the executives of the next generation, as well as to implement and review measures such as the construction of a talent pipeline. The Human Resources Department also promotes talent development and training in cooperation with each work location and department.



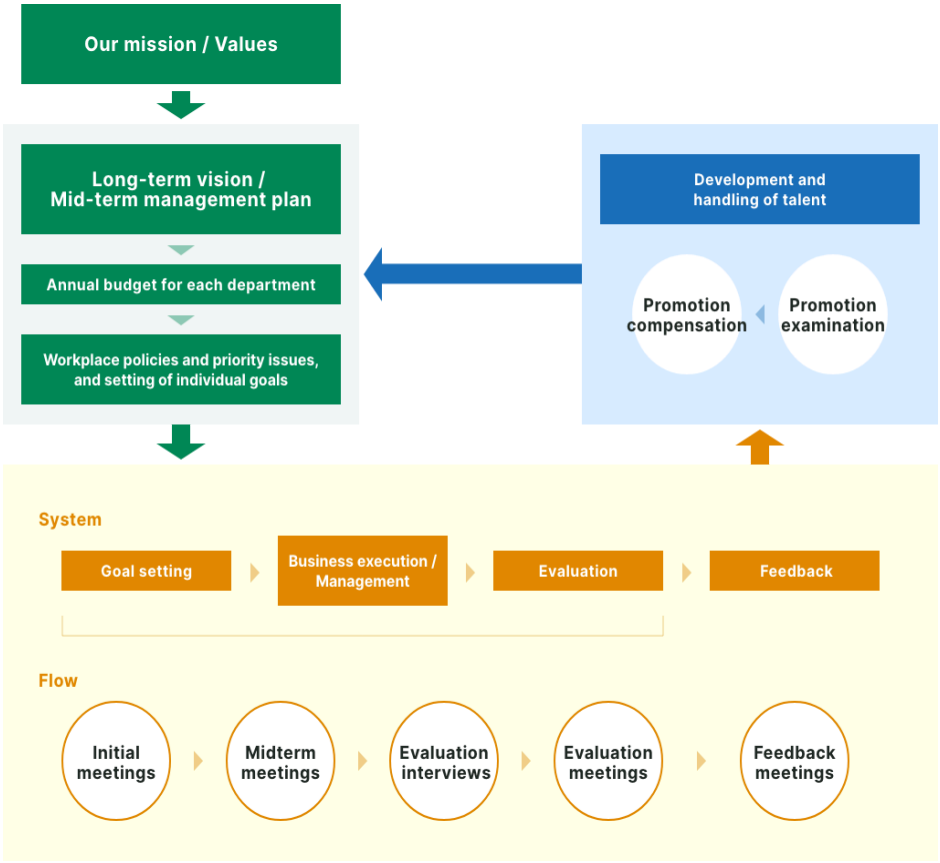
Promoting talent development and training in cooperation with each work location and department

Evaluation and compensation

We have established and are operating an evaluation system that evaluates the capabilities, results, and attitudes required to achieve organizational goals, focusing on the specific actions of employees. The evaluation system is used to develop and utilize talent, promote appropriate compensation based on the demonstration of an employees' capabilities, and identify their level of performance and areas for improvement.

Goal setting involves consulting with supervisors and subordinates, setting personal goals and processes, and supervisors communicating the expectations they have regarding growth to their

subordinates. At the end-of-term evaluation interview, the degree of achievement of the goals are confirmed, and the supervisor carries out an evaluation. Each individual's compensation is determined based on that evaluation.



Systems that promote the invigoration of human resources with a focus on individual employees

Career declaration system

Each employee writes down own vision of career development and has a consultation with supervisor once each year.
This provides opportunities for employees to think about their careers in addition to helping the Company understand employees' thoughts and circumstances, information the Company can use to develop employees and examine ways to get them more actively involved.

Work location declaration system

We have introduced Work location declaration system as a measure to promote diverse work styles and to secure talent.
Employees who would like to avoid changing work locations for childcare, nursing care, or other personal reasons may continue to work at their current office for as long as they wish.

Administering engagement surveys

Once each year, we administer an engagement survey to all employees to enhance their engagement by providing assistance for group invigoration activities at each workplace. The survey results are used to quantitatively evaluate the circumstances of each organization, and division leaders clarify organizational challenges and take steps to improve on them. This leads to the improvement of organizations and engagement as we administer progress surveys to verify the impact of the measures.

Promoting active participation by seniors

We provide training that helps seasoned employees reflect on their careers and consider ways to exhibit their strengths to the fullest to enable them to work independently over the long term as we approach an era in which people live for 100 years. We are also working on measures to support career independence, for example enrolling employees in a practical program that allows them to experience working for other companies without giving up their current positions.

Human resources management

Talent acquisition

Basic concept

Our basic policy is to conduct recruitment activities fairly, without discrimination based on gender, age, nationality, race, ideology, disability, etc. Based on the belief that diversity of thought and inclinations is what creates new innovation, we promote the acquisition of talent with a diverse range of values, experiences, and skills, which will lead to the sustainability of both society and Nippon Shokubai.

Initiatives and achievements

Hiring results

	FY2022	FY2023	FY2024
Number of new graduate	84	76	86
Female	12	15	19
Number of mid-career hires	44	41	36
Female	12	9	14
Percentage of mid-career	34.4%	35.0%	29.5%

Enhancing talent acquisition through a diverse range of approaches

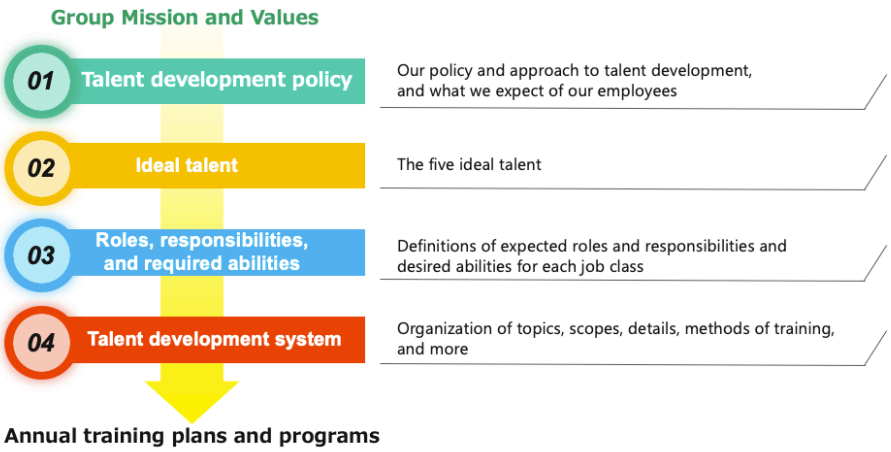
The acquisition of talent is an extremely important part of realizing our long-term vision: “TechnoAmenity for the future.” We are using a variety of approaches in acquiring talent, including strengthening the recruitment of doctoral candidates, promoting the recruitment of foreign nationals, and actively utilizing mid-career recruitment.
In addition to the conventional hiring methods, we have introduced new recruitment methods such

as hiring through referrals from our employees, “comeback hiring” for employees who have worked at our company in the past, and “position search hiring,” where we find a position for candidates based on their past experience and skills. We will continue to take various approaches to acquire the talent essential to our growth.

Human resources management

Talent development

Overall vision for talent development



Talent Development Policy

The Nippon Shokubai Group **views employees as essential assets based on the recognition that people are the source of constant value creation.**
The following three points are the focus of our talent development.

1. **Utilizing the individuality, willingness, and abilities of diverse talent**
2. **Providing support to talent who think, act, and grow on their own initiative**
3. **Fairly evaluating and rewarding employees under company systems**

To become a chemical company that continuously evolves based on an acute awareness of changes in society, **we implement and promote the invigoration of talent with a focus on individual employees so that they can exhibit their individual strengths to the fullest.**

Ideal talent

In talent development, the Company and employees are on equal footing; the Company provides employees with opportunities for growth and expects them to have high aspirations and motivation to grow as well as to contribute to the Company.



Definition of ideal talent

Respect for Diversity & Inclusion

People who respect and acknowledge each other's differences and can contribute organizations where everyone can grow and flourish. People who can improve productivity by enhancing the psychological safety of organizations.

Collaboration

People who as members of an organization can create synergy by cooperating with other members to achieve a goal. People who can work to maximize organizational value through effective communication within the organization.

Challenge & Action

People who interpret things positively and can think and take action on their own. People who can facilitate individual and organizational development by taking on challenges without fear of failure.

Professional

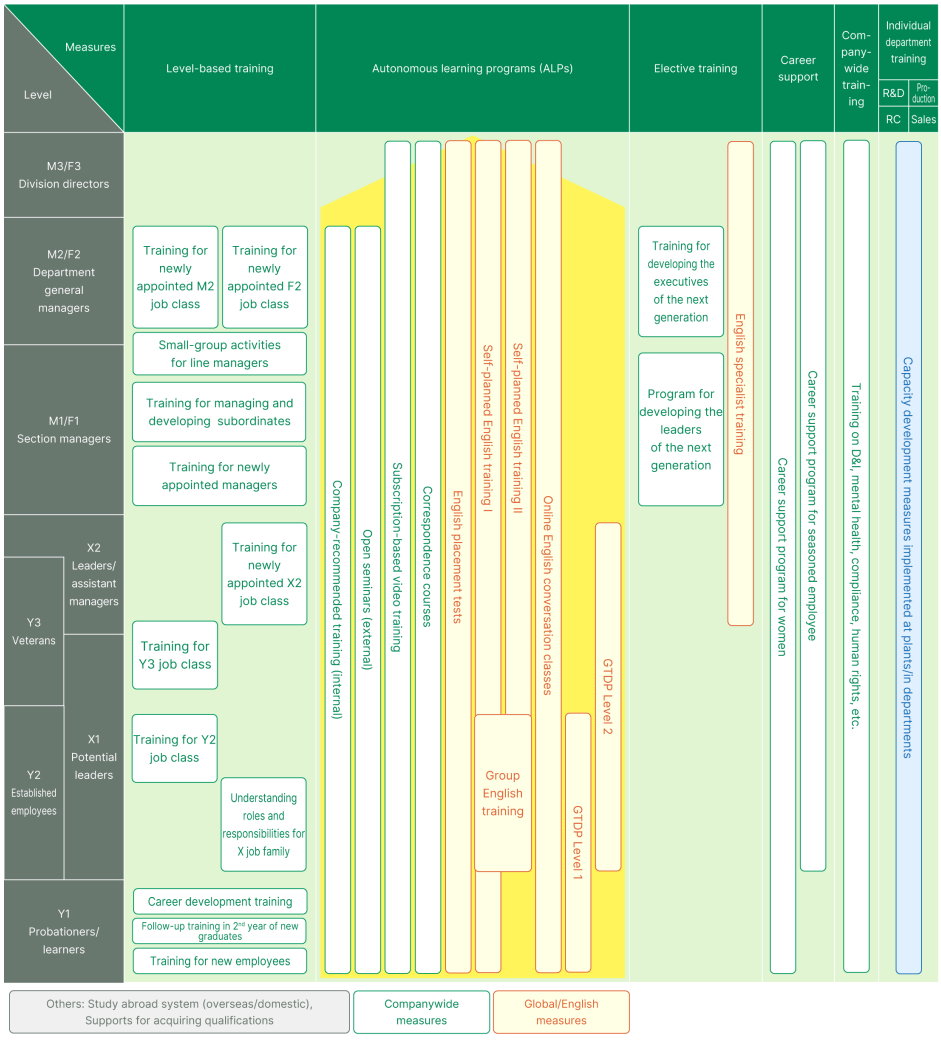
People who can contribute to the organization as professionals with a sense of pride and responsibility for their job. Also, people who proactively work to improve their skills with the aim of becoming professionals.

Globalization

- People who can adapt flexibly to changes in the external environment based on an awareness and understanding of global standards (e.g. international standards, rules, ideas, systems).
- People who can use their understanding of foreign cultures as well as their linguistic ability and other components of effective communication to expand their fields of expertise in addition to creating opportunities and produce results for organizational development.

Talent development system

On-the-job training (OJT) is the basis of employee growth and the foundation of learning from working experience in actual positions and workplaces. The process promotes growth as trainees receive support from their supervisors and fellow employees. We concurrently create opportunities for off-the-job training—learning from training and other experiences outside the workplace—to foster among each and every employee the motivation to create a vision of the person they want to be in terms of ideal talent and to enhance their own value to achieve that vision.



Developing autonomous talent

We promote the development of autonomous talent who find their own purpose and take the initiative to work toward solutions rather than waiting for instructions. We visualize the skills required for each job family and advancement in terms of the definition of the different job classes under the Human resources management system and the matters considered for advancement. In addition to ongoing level-based training, we provide opportunities for each and every employee to apply their skills in systematic learning to progress toward the next level. Specifically, we have enhanced Company-recommended training named “autonomous learning programs (ALPs)” in which employees can choose and participate in order to improve their skills and abilities, and have made other efforts to establish a system allowing everyone to develop their capacities effectively and efficiently.

Developing talent for leaders

We are implementing a variety of measures to cultivate leaders who can drive the organization.
Specifically, we offer training for developing the leaders of the next generation, which aims to cultivate the leaders who will lead the organization using rank-based education, as well as selective education, with the Future Leaders Development Program (FLDP) for section managers and the Next Leaders Development Program (NLDP) for general managers, in which we select participants based on certain criteria with the aim of developing the next generation of executives who will bring about innovation.
We have also extended invitations to roundtable management discussions—previously conducted for general managers throughout the Company—to section managers as well, and are conducting manufacturing manager training, which lasts 18 months and specializes in developing potential section managers for manufacturing divisions.



Leaders training

Developing talent who will be active Globally

At any given time, more than 50 Japanese employees are seconded to overseas affiliates. As our overseas sales revenue accounts for more than 50% of our Group's total sales, it is increasingly important to develop talent who can play active roles on a global scale.
We have a program to dispatch employees to overseas affiliates for short periods of time, as well as a study abroad program where employees can study for up to two years at an overseas graduate school.



Global talent development program

Diversity & Inclusion

Diversity & Inclusion

Nippon Shokubai has set “respecting diversity” as one of the common values of our Group, and we see the promotion of diversity and inclusion (D&I) as essential for sustainable growth. In this age of rapid change where it is difficult to predict the future, the promotion of D&I is an important management strategy, and it is necessary to bring together people from a diverse range of backgrounds to speak from various perspectives and share ideas, leading to the creation of innovation.
In addition, the Nippon Shokubai Group Code of Conduct and the Basic Policy on Human Rights, prohibits discrimination on the basis of gender, age, nationality, race, ethnicity, social status, origin, ideology, creed, religion, physical characteristics, sexual orientation, gender identity, and the presence or absence of disease or disability. In response to the changing values of our increasingly diverse employees regarding their career and work styles, we are implementing various D&I promotion measures.

D&I Promotion Policy

We have formulated a D&I Promotion Policy in order to respect the diversity of our employees. We recognize diverse ability, individuality, and value of each individual and unify them to enhance collective strength of Nippon Shokubai Group. We are implementing various measures to become an organization in which everyone can flourish in their own way.

< D&I Promotion Policy>

1. We will create a working environment and culture where employees can work with diversity and mutual respect, and grow together.
2. Each employee, as a professional, will make every effort to show his or her individuality and ability, that will lead to innovation.
3. By enriching and balancing employee’s work and life, each employee will improve his or her motivation and maximize their ability, thereby make great achievements

D&I promotion system

The promotion of D&I at Nippon Shokubai started in 2019 with the President's recommendation of the "Women's Empowerment Project," which consists of five women in core managerial positions. In response to our expansion of D&I, we established the D&I Promotion Group (now officially Personnel, D&I Promotion Group) in the Human Resources Department in 2021, and we ae working to create an environment, systems, and culture in which diverse talent can play an active role and thrive.
Under our long-term vision, "TechnoAmenity for the future," we have set targets for the ratio of female hires, the ratio of female managers, and the ratio of male employees taking childcare leave, the positive response rate for D&I-related items in the employee survey. The Corporate Managing Committee reviews and discusses the progress of these targets and the measures undertaken, demonstrating management's commitment to promoting D&I.

History of the promotion system

2019	Launched the Women's Empowerment Project Proposing company tasks and measures to enhance the promotion of women's participation and advancement in the workplace
2021	D&I Promotion Group (now officially Personnel, D&I Promotion Group) established in the Human Resources Department Promoting the development of an environment, systems, and culture in which diverse talent can play an active role and thrive

Message from the Management on D&I Promotion

D&I in our company means that diverse employees, not only diverse in race, nationality, gender, age, or disability, but also diverse in ability, individuality and values of each individual, respect each other, demonstrate and integrate their abilities, and create new value.
In this age of rapid change where it is difficult to predict the future, we must respond flexibly to change, understand issues from the customer's perspective, and continue to provide products that help solve a diverse range of issues. This is why I believe that promoting D&I as a source of innovation is the key to achieving our long-term vision of "TechnoAmenity for the future."



We introduced the new human resources management system in April 2022, which is based on the proper evaluation of individual abilities and achievements instead of academic background or seniority.
In addition to our existing flextime and teleworking, we have also introduced a Work location declaration system, which enables employees to work flexibly according to their individual circumstances.

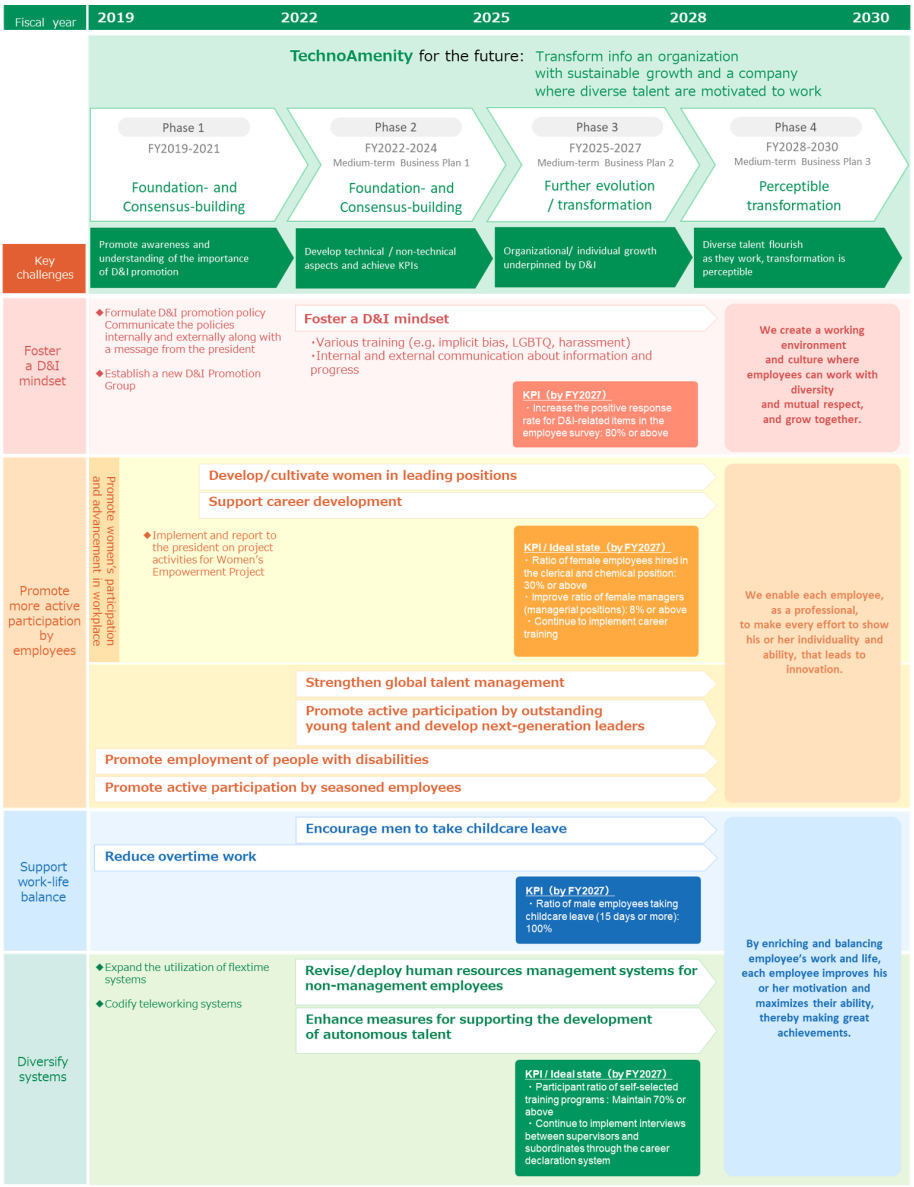
In our current situation, I believe that the first indicators to measure the progress of D&I promotion are the ratio of women hires, the ratio of women in managerial positions, and the ratio of men taking childcare leave.
We continue to promote D&I, so that strive for the mutual growing and development of Nippon Shokubai and its employees and to provide new value to society in the future.

Director of the Board, Managing Executive Officer
Administration, HR, Finance, Accounting
Kuniaki Takagi

Promoting active participation of diverse talent

D&I Promotion Roadmap (to FY2030)

We formulated a roadmap to FY2030 after setting out four key challenges for promoting D&I (fostering a D&I mindset, promoting the further empowerment of employees, supporting work-life balance, and the diversification of the corporate system). The human resources department's D&I Promotion Group (now officially Personnel, D&I Promotion Group) established in April 2021 is leading our planning and implementation of various measures.



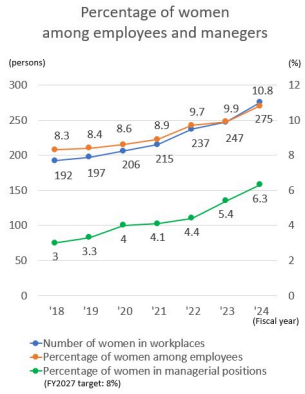
Promoting women's participation and advancement in workplaces

We have been actively promoting the participation of women in our business activities by actively hiring female employees in our administrative, chemical, and factory divisions. At the same time, we are focusing our efforts on fostering a corporate culture that allows women to continue working if they please, such as by improving our systems.

Our biggest challenge now is to increase the number of women in decision-making positions. To achieve this, we need to fill the pipeline for female employees, and in order to increase the number of female candidates for managerial positions, we need to raise the ratio of female employees across the company. Accordingly, we have set ratios for the number of female managers and female hires as indicators for promoting the active participation and advancement of women.

Increasing the ratio of female managers

We are working to raise the ratio of female managers to 8% by the end of FY2027. In order to achieve this goal, we believe it is necessary to further deepen a correct understanding of D&I in management and communication, particularly among managers, and to appropriately improve both the rate and speed of the promotion of women to section managers, which tends to be lower than that of men.
Based on this philosophy, we are promoting a deeper, more correct understanding by carrying out D&I management training for executives and line managers, as well as video training for managers.



Increasing the ratio of female hires

We have set a target of maintaining our ratio of female hires to at 30% or above for administrative and chemical department positions through FY2027. At least 30% of new employees in the administrative and chemical departments will be women, and we are aiming to build a talent pipeline that maintains this ratio. In order to achieve this target, we are actively promoting the creation of an environment that is friendly and welcoming to women, introducing female employees who are currently playing an active role in the company, and more.

Promoting the active participation of foreign employees

In anticipation of further expansion of our business across the globe, we continue to hire foreign nationals in Japan as well as in our Group companies in other countries.

Promoting the active participation of employees with disabilities

We are committed to employing people with disabilities, who are playing active roles in various jobs at each of our workplaces.
Moreover, NS Green Co., Ltd., our designated Group subsidiary established from the perspective of promoting the employment of people with disabilities, is in charge of the management of green spaces of manufacturing plants, and also grows seedlings of chrysanthemum in small pots every year. In FY2024, 15,100 seedlings were distributed to approximately 235 organizations for free, thereby supporting the urban greening project by the prefectural government.

Promoting the active participation of employees who have been rehired past the compulsory retirement age

We have introduced a job-based re-employment system that enables employees to continue working after compulsory retirement up to age 65 with a high level of motivation. We currently have more than 100 experienced rehired retirees who are contributing to the passing on of core techniques and helping to develop young talent. With an eye on the era of 100-year lifespans, we offer second-career

training, programs for work experience outside the company (cross-border work), and more to support each employee in becoming a professional in their own life.

LGBTQ inclusion

The Nippon Shokubai Group Code of Conduct states that discrimination based on sexual orientation or gender identity is not permitted.

- Establishment of a dedicated counter
  We have set up an LGBT helpline to help those with LGBTQ-related issues, including harassment and difficulties with coming out.
- Benefits for same-sex partners
  As of April 2024, if an employee notifies the company that they have a same-sex partner, the company will treat said partner in the same way as spouses with respect to certain leave, leave of absences, and benefit systems. In order to foster a culture that makes it easier for employees to use the system, we are considering measures and working to create an environment that makes it easier for said employees to work.
  Applicable in-house programs: Marriage, bereavement, care and nursing leave, childcare and caregiving leave, company housing systems, and the employee welfare club

D&I training and lectures

D&I management training

The promotion of D&I is not driven by a specific department. It cannot be promoted without the understanding and cooperation of each and every department and business site. This training is first conduct for executives and line managers to foster a D&I mindset and promote innovation.

Program	Details
Promoting D&I as a management strategy	D&I promotion as a corporate growth strategy, our D&I Promotion Policy, and promoting women's participation and advancement in the workplace as a touchstone of D&I
Developing and managing a diverse workforce	How to unleash the potential of a diverse range of employees and deal with unconscious biases
Making the most of a diverse range of talent to strengthen the company	Reviewing "how to work," the concept of future support for work-life balance, and D&I is daily communication

In-house compliance training (D&I promotion)

As part of our in-house compliance training, we carried out D&I promotion training for all employees. The Nippon Shokubai Group Code of Conduct stipulates "respect for human rights" and the "promoting the active participation of diverse talent." We are deepening our understanding of D&I in order to foster an organizational culture that embraces D&I.
After viewing the video material, participants reflected on their work and actions taken at their workplaces, identified what they could and could not put into practice, and discussed positive responses and solutions for each workplace.

In new employee training (D&I promotion)

D&I training for new employees, we foster awareness by explaining what D&I is, the significance of our efforts, and how each individual's efforts will help create a positive D&I culture.

Program	Details
What is D&I? The background regarding its promotion	Why organizations need D&I, management strategies, and the risks for organizations lacking D&I
The first step to D&I	Specific actions to be taken, unconscious biases, and psychological safety
Nippon Shokubai's initiatives	Our D&I Promotion Policy, past initiatives, and current status

Networking training for female employees

Starting in FY2021, we have been carrying out networking training for female employees with the aim of helping participants develop their skills and shape their careers in a way that allows them to be themselves while finding fulfillment and job satisfaction, as well as facilitating networking among female employees. This training incorporates a lot of work and dialogue, and by expressing themselves verbally, they can gain a new understanding of themselves and learn a lot from others. In addition, by involving supervisors in these activities, we are able to stimulate communication between them as well.

Session 1	**Introduction** Why Promote Diversity and Women's Empowerment? Motivating participants to actively engage in the training by understanding its importance. **Career Design Workshop** Encouraging participants to take ownership of their careers and envision their future paths.
Session 2	**Shared Leadership Workshop** Learning how everyone can demonstrate autonomous leadership in their daily work. **Networking Event with Successful Female Employees** Gaining insights and inspiration from women who are thriving both inside and outside the company.
Session 3	**Action Declaration Presentations** Participants will present their personal reflections and insights gained from the training, including: **"My Past, My Present (Self-Analysis), and My Future."**
Supervisor Session	**Management Training to Empower Female Team Members** ・Promoting diversity as a growth strategy ・Why focus on women? ・Recognizing unconscious bias ・Supporting and encouraging autonomous career development for female employees

Second career training

Second career training is held for employees aged 52 and up with the goal of having them reaffirm their own values and skills, helping them to map out their future career plans in light of possible changes in the environment. In order for senior employees to work with enthusiasm, it is important for them to make independent career choices. Participants take stock of their career and verbalize

their strengths and values in order to deepen their self-understanding. They then consider their career options and design their future careers.

Program	Details
Thinking about future work styles and money	Think about how you want to work and until what age, taking financial factors into consideration
Self-understanding	Identifying your strengths, characteristics, and values, which you can utilize in your future career
Considering your career options	Expand your potential by considering your future career options from two different perspectives
Design your future career	Put into words what you want to be after age 60, and think about what you can and want to do moving forward

Cross-cultural communication training

We provide cross-cultural communication training so that employees can acquire the knowledge and common language necessary for working with people from different cultures. Targeted at those who have numerous opportunities to communicate with people from different cultures, both in Japan and overseas, approximately 20 people take this course every year. Participants gain an understanding of differences in culture, communication styles, work styles, problem-solving methods, and more, considering and learning how to behave in a different culture through pair work and discussions.

Program	Details
A mindset for accepting different cultures	Rather than blindly denying or ignoring differences in the culture, values, and common sense of others, learn to adopt a mindset of accepting them and utilizing them in your own work
Four styles of collaboration for understanding different cultures	Four styles of collaboration that help promote an understanding of various differences so that challenges can be found and a mutual compromise can be reached
Communication skills for reaching out to people from different cultures	Learn communication skills that help you reach out to those who are different from yourself

Diversity & Inclusion

Work-life balance

We have established systems that go beyond the legal requirements regarding time off and leaves of absence, working hours, and income considerations to accommodate life events such as childcare and nursing care, and we have been working to raise awareness of these systems.
In addition to supporting flexible work styles such as with our teleworking and flextime, we are working to provide support for employees to balance their work and life, such as revising our system to allow employees to take accumulated leave regardless of the reason.

Promoting work-life balance

Providing balanced assistance for work, child care and nursing care

To create a better environment that supports employees with their parenting and nursing responsibilities while employed, we are working to establish systems and raise the awareness of our employees. We have published a guidebook that summarizes our balanced support system to keep the users of the system informed, while working to improve the system so that users can easily obtain the understanding of and cooperation from their superiors and coworkers.

* Number of persons taking childcare leave of absence: 100 (FY 2024 total)
* Return rate from child care leave of absence : 100% (FY2024)

The Osaka Labour Bureau of the Ministry of Health, Labour and Welfare granted us an authorization for complying with Standards for General Employers under the Next Generation Nurturing Support Measures Promotion Law.

Raising the percentage of male employees taking childcare leave

We set a goal of raising the percentage of male employees taking childcare leave to at least 30% by the end of FY2024, and have promoted initiatives such as cultivating a D&I mindset among managers and creating a handbook to raise awareness of the childcare leave system. When the Act on Childcare Leave/Caregiver Leave was revised in October 2022, we established a new system for childcare leave after birth that provides paid leave for up to 15 calendar days of an employee's leave period. As a result, we were able to achieve our target, reaching 51.1% in FY2022. We have now raised our target to the challenging goal of 100% of male employees taking childcare leave of at least 15 days*, and are further promoting the development of a corporate culture and systems that make it easier for all eligible employees to take childcare leave, regardless of the organizational structure or work situation in each department.

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
The percentage of male employees taking childcare leave	9.0%	5.9%	7.2%	51.1%	92.0%	97.8%
(After change) Percentage of male employees taking childcare leave (15 days or more)	–	–	–	36.4%	90.0%	95.7%

Reduce overtime work and promote flexible working styles

We are working to reduce overtime work and promote flexible working styles. The Working Hours Management Committee, composed of both labor and management, monitors the overtime performance of all employees on a monthly basis and endeavors to reduce them. For employees who have worked long hours, we conduct monthly health checks by having them speak with or be interviewed by an industrial physician, and provide guidance to the employee's supervisor based on the results of the health check.
In addition, we have introduced a paid leave that allows employees to take on a half-day or even hourly basis, a teleworking, and a unique flextime has no core hours and allows employees to work less than the specified working hours.
We will continue to create a comfortable working environment that takes the work-life balance of our employees into consideration.

* Average monthly overtime hours per person: 15.1 hours (FY2024)
* Percentage of annual paid leave taken: 80.9% (FY2024)

Promoting mental and physical health management

To maintain and improve the mental and physical health of our employees, we have introduced various measures to help them to manage their health. Administered by our industrial physicians and occupational health staff, these efforts revolve around the health promotion office in each of our business offices. Specifically, we conduct general and specialized health examinations and provide tailored health advice in cooperation with the Nippon Shokubai Health Insurance Union. Together, we arrange health checks with dentists in addition to family health checks and the like. We also offer educational activities such as in-house lectures, physical strength measurement sessions and sports event on a regular basis.
We have formulated a Mental Health Plan aimed at staving off mental and physical illnesses. At the same time, we are working to improve productivity and create a bright and lively workplace by providing stress checks and level-based training focusing on mental health education for all

employees. In FY2019, we held 10 sessions of line care training targeting around 550 managers throughout the company. In FY2021 and FY2022, we provided web video training to young people and mid-career employees, respectively.



Mental health training

Main systems and measures taking work-life balance into consideration

Annual paid leave	Employees are granted 16 days per year upon joining the company and 20 days per year after their fifth year of service. This time off can be taken in increments of one day, a half day, or even hourly.
Accumulated leave	Up to 5 days of unused paid leave can be accumulated per year, up to a total of 50 days, and can be taken regardless of reason.
Special paid leave	Assignment leave/Protective leave/Marriage leave/Bereavement leave/Special leave/Public duty leave
Flextime	Working hours are managed on a monthly basis instead of a daily basis. There is no core time. If you work at least one hour a day, you can work less than the designated working hours per month.
Teleworking	Can be used up to 10 days per month.
Cross-border work	Conditions and procedures are in place for employees aged 52 or older to work outside the company.
Overseas accompaniment leave	Employees can take a leave of absence of up to five years to accompany their spouse on an overseas assignment.
Childcare leave	Employees can take childcare leave in two installments to care for children under three years old.
System for childcare leave after birth	Employees can take a leave of absence for childcare purposes in two installments up to a total of four weeks within eight weeks of the date of birth or expected date of birth. It provides paid leave for up to 15 calendar days of an employee's leave period.
Nursing leave	When an employee needs to care for a child up to the third grade of elementary school, they can take leave for nursing purposes, regardless of the reason, in hourly increments, up to 5 days per year if they have one child, and up to 10 days per year if they have two or more children.
Childcare reduced working hours	Employees can reduce their working hours by up to two hours a day in order to raise their children, up to the child reaching the third grade of elementary school.
Caregiver leave	Employees can take leave up to three times, for a total of 365 days, to care for a family member who requires it (*).
Nursing care leave	When nursing care is required for a relative (*) in need, up to 5 days of leave can be taken per year for one family member, and up to 10 days a year for two or more family members.
Nursing care reduced working hours	In order to care for a relative (*) who is in need of nursing care, an employee can reduce their designated working hours to six hours per day. This can be used up to two times per care recipient within a three year period.

*Parents, spouses, and children of the employee and their spouse, and grandparents, siblings, or grandchildren of the employee.

Toward a sound labor-management relationship

Nippon Shokubai and the Nippon Shokubai Labor Union, a member of the Japanese Federation of Energy and Chemistry Workers Unions, maintain a dialogue based on mutual respect as their basic stance. Respecting the three rights of labor and through a good labor-management relationship based on mutual understanding and trust, we are addressing the resolution of various issues and achievement of goals through cooperation. Regarding collective bargaining, we have specified the scope of negotiations, procedures, the method of settlement, and other matters in collective labor agreements so that various issues can be properly solved and overcome through dialogue. Moreover, meetings of the central labor-management council and meetings of the branch labor-management council at each plant are held periodically as forums for exchanging opinions between labor and management. The company and the union have concluded a union shop agreement under which all our general employees join the union.

Process Safety and Disaster Prevention

All Nippon Shokubai employees engage in various activities to ensure safety based on our Safety Philosophy, “Safety takes priority over production.”

Basic Approach to Safety Issues

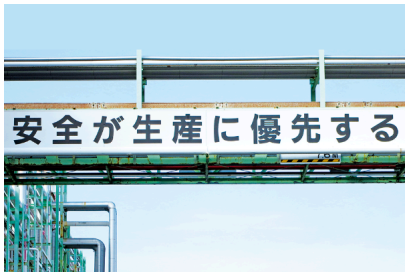
We have incorporated the lessons learned from the explosion and fire accident at the acrylic acid production facility at the Himeji Plant in 2012 to reinforce our basic approach to safety issues. We have clarified our Safety Philosophy, Safety Oath, and the safety management principles presented below, as well as the roles of the company at each organizational level, and are ensuring that all employees stay fully informed.

Principles for safety management

The Company’s “Rules for Safety Management” set out the basic principles for safety management, guidelines for manufacturing activities, and more, which we put into practice.

Excerpt from basic principles for safety management
(1) Ensure safety based on our Safety Philosophy, “Safety takes priority over production.”

Guidelines for manufacturing activities
(1) When you detect anything out of the ordinary during operations, immediately shut down operations. You are not responsible for the consequences of the shutdown.



Safety Philosophy, “Safety takes priority over production”



Safety Oath

Promotion System

- RC Promotion System

Targets and Results

FY2024 targets	FY2024 results	FY2025 targets
Class A process safety accidents*1: 0 Class B process safety accidents*2: 0	Class A process safety accidents: 0 Class B process safety accidents: 1	Class 1 process safety accidents*3: 0 Class 2 process safety accidents*4: 0

*1 Class A process safety accident: Level 9 or more according to the Nippon Shokubai method on the Japan Petrochemical Industry Association chart.
*2 Class B process safety accident: Level 3 or more but less than 9 according to the Nippon Shokubai method on the Japan Petrochemical Industry Association chart.
*3 Class 1 process safety accident: Severity point is 18 or more according to CCPS/Japan Petrochemical Industry Association, or fatal accident.
*4 Class 2 process safety accident: Severity point is from 1 to less than 18 according to CCPS/Japan Petrochemical Industry Association.

In FY2024, we had zero Class A process safety accident but had one Class B process safety accident. We will continue efforts to prevent process safety accidents while continuously improving safety activities.

Trends in the Number of Process Safety Accidents



Initiatives

Message from the President on Safety

During a briefing in the days leading to Safety Oath Day in FY2024, the President emphasized that the foundation of the Company's survival is safe and stable operations, and to continue on this path, it is important for each and every employee to prevent the fading of accident memories and to implement safety initiatives at each plant on a daily basis with a sense of ownership, in the spirit of our Safety Philosophy of "Safety takes priority over production."
During Safe Operation Month (from September 16 to October 15), safety discussions were held at

each workplace to discuss what can be done at each workplace to strengthen the culture of prioritizing safety and what one's own role and responsibilities are.

Preventing trouble

Our efforts to prevent trouble include adopting HAZOP*1 as our method of identifying potential risks at plants and systematically implementing it (including both routine and non-routine situations) in addition to consistently implementing change and non-routine work management.
We also implement small group activities—HMI activities*2 at the Himeji Plant and KICS activities*3 at the Kawasaki Plant—to identify deficiencies and promote improvement.
We intend to continue implementing broad-ranging activities to prevent trouble.

*1 HAZOP (Hazard and Operability Study): A method of evaluating safety in which potential risks at plants are exhaustively identified and corresponding safety measures are systematically investigated for sufficiency.
*2 HMI activities (Himeji Manufacturing Innovation activities): Activities to promote improvement and transformation at the Himeji Plant.
*3 KICS activities (Kawasaki Innovation Challenge Sustainable activities): Improvement activities aiming to build resilient plants with a comfortable working environment.

Systematically implementing safety measures

When accidents occur, we analyze the causes from various perspectives and implement countermeasures in addition to reflecting and systematically implementing permanent measures for facilities in maintenance plans. We also systematically promote measures to counter the age-related deterioration of facilities.

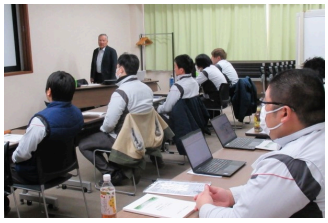
Seismic countermeasures

In light of our experience with the Great East Japan Earthquake in 2011, we have reviewed and undertaken both technical and non-technical measures to prepare for massive earthquakes and tsunami. We also periodically revise and strengthen the measures.
Regarding existing measures to improve the earthquake resistance of high-pressure gas facilities, we have already verified that our spherical tanks with steel pipe braces and gas holders—critical high-pressure gas facilities in terms of seismic design—satisfy earthquake-resistance standards, and have reported that fact to the relevant administrative agencies. We will also continue to implement earthquake resistant measures for piping in FY2025.

Enhancing education and training

We are striving to enhance training for chemical plant risk management in an effort to strengthen skills and abilities pertaining to safety.
Continuing from last year, in FY2024, we also held courses on risk management and other related topics, conducted by instructors from the Sanyo Association for Advancement of Science & Technology. Additionally, to improve the capabilities of HAZOP practitioners and foster the next

generation, we organized HAZOP training sessions with external instructors.
Furthermore, we collect and organize “Know-Why” information for use in training to enable trainees at both the Himeji and Kawasaki Plants to inherit techniques and understand the basis for procedures and rules.
We intend to continue internal and external training while incorporating the views of our employees in an effort to improve their knowledge and awareness of safety.



A course titled “What Accidents Can Teach Us about Risk Management”



“Chemical plant accident prevention based on actual case study” class



HAZOP training session

Verification of safety management activities

In FY2024, as in previous years, the management conducted RC inspections and checked the safety management activities for the Himeji and Kawasaki Plants.
Head Office auditors chaired by the executive officer in charge of the Responsible Care Division also conducted safety audits and verified the implementation status and effectiveness of the safety management system.

Certified high-pressure gas plants

The Chidori and Ukishima sites of the Kawasaki Plant were certified by the Ministry of Economy, Trade and Industry in 1989 and 1991, respectively, as authorized entities for conducting completion and safety inspections for high-pressure gas certification. These sites undergo renewal screenings every five years.
This certification permits plants with outstanding voluntary safety systems to continuously operate high-pressure gas manufacturing facilities and conduct their own safety inspections.

Improving emergency drills

Each plant has established a disaster risk reduction system and systematically conducts emergency drills for different types of disasters and accidents each year.
In FY2024, as in the previous year, the emergency drills were conducted at each plant.
By reflecting the issues identified in disaster prevention drills into subsequent drills, we revise and strengthen our disaster risk reduction system as well as education and training.





Comprehensive emergency drill at the Kawasaki Plant





Comprehensive emergency drill at the Himeji Plant





Comprehensive emergency drill at the Suita Research Center

Strengthening the culture of prioritizing safety

To strengthen the culture of prioritizing safety, it is essential to recognize that safety is not something given by others, but something we must think about and earn on our own, and to reflect this in the organization and our own actions. Both plants are engaging in distinct initiatives in an effort to strengthen the culture of prioritizing safety.

Preserving memories of accidents

To prevent memories and lessons learned from the 2012 accident from fading and to demonstrate our determination to avoid similar accidents, we held another Safety Oath Ceremony in front of the Safety Oath monument at the Himeji Plant in FY2023 to recommit ourselves to improving our safety capacity.



Safety Oath Ceremony

Commendations

At the 53rd Hyogo High Pressure Gas Safety Managers' Convention, an employee of our Himeji Plant received an award as an excellent high-pressure gas safety manager.
Additionally, an employee of our Suita Research Center received the Chairman's Award for FY2024 from the Suita City Factory Hazardous Materials Fire Prevention Association.
Furthermore, the Kawasaki Plant received the Chairman's Award from the High Pressure Gas Safety Institute as an excellent manufacturing plant at the National High Pressure Gas Safety Convention in FY2024.



Receiving award at the Hyogo High Pressure Gas Safety Managers' Convention



Receiving award at Suita City Factory Hazardous Materials Fire Prevention Association



Receiving award at the National High Pressure Gas Safety Convention in FY2024

Occupational Safety and Health

Aiming for zero occupational injuries, Nippon Shokubai implements occupational safety and health activities to improve working environments, reduce risk factors, and promote the creation of comfortable workplaces.

Occupational Safety and Health Policy

This Policy has been approved by the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee; which is chaired by the President and composed of Inside Directors of the Board, Executive Officers and others appointed by the President).

> The Nippon Shokubai Group continues to create comfortable working environments and promote occupational safety and health activities together to prevent occupational injuries and health problems and to ensure safety and health for our employees based on the RC Policy.

RC Policy

Promotion System

- RC Promotion System

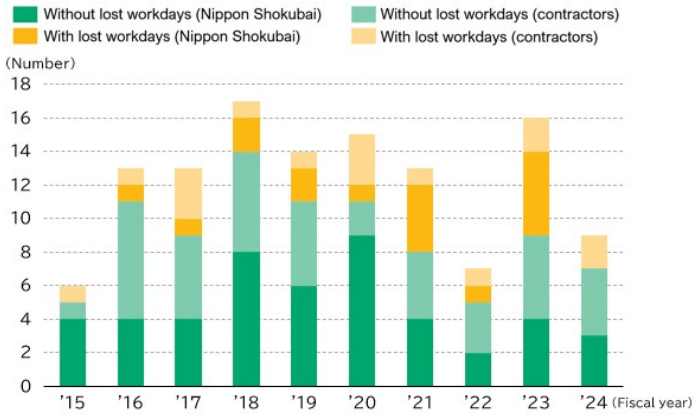
Targets and Results

FY2024 targets	FY2024 results	FY2025 targets
Zero injuries with lost workdays Zero injuries without lost workdays (including contractors)	Nippon Shokubai Injuries with lost workdays: 0 Injuries without lost workdays: 3 Contractors Injuries with lost workdays: 2 Injuries without lost workdays: 4	Serious injuries[*1]: 0 Injuries with lost workdays: 0 Total occupational injury frequency rate[*2] $\leq$ 1.5 (including contractors)

*1 Serious injuries: Resulting in injuries with 4 or more lost workdays, or a disability class from 1 to 14
*2 Total occupational injury frequency rate: Number of casualties in occupational injuries (injuries with lost workdays (1 day or more) + injuries without lost workdays) per 1 million actual working hours

In the past several years, occupational injuries at the Company have often involved younger employees. Similarly, our affiliates report many injuries among relatively inexperienced workers. We intend to enhance safety training to improve risk awareness among younger and less-experienced employees.

Trends in Total Number of Occupational Injuries (with Lost Workdays and without Lost Workdays)



Initiatives

Continuously improving Occupational Safety and Health

We work to continuously improve occupational safety and health, mainly through our Occupational Safety and Health Management System (OSHMS). We also engage in hazard prediction (KY activity*1), near miss analysis*2 5S activities*3, and other basic safety activities on a daily basis, and systematically conduct training and drills in an effort to prevent occupational injuries. When occupational injuries occur in the workplace, we explore the causes at the scene, draft countermeasures, and have the Safety and Health Committee evaluate the countermeasures from the perspectives of labor and management to prevent the same or similar injuries from occurring again.

*1 KY activity: An activity involving holding meetings before starting tasks to identify potential hazards (unsafe behaviors and conditions) and undertake countermeasures in an effort to prevent injuries.
*2 Near miss analysis: Reflecting on near misses in everyday operations to identify why they occurred and how they could have been avoided, and undertaking safety measures in terms of both facilities and behavior.
*3 5S activities: Promoting and practicing the 5S: sort, set in order, shine, standardize, and sustain.

Prevention of occupational injuries

We work to reduce and eliminate the risks of tasks and substances we work with, not only for routine work but also for new and non-routine work, by assessing them based on our occupational safety and

health management system.

Basic safety initiatives

We recognize the importance of daily safety activities in preventing occupational injuries. Accordingly, we devote energy to KY activities preceding tasks, documenting near misses, and implementing 5S activities in the workplace. We aim to improve daily safety activities by regularly conducting KY training and seminars to maintain and improve risk awareness.
Another effort aiming to prevent occupational injuries is posting posters and conducting training to thoroughly inform employees and ensure the rigorous implementation of the three basic safety behaviors: (1) Think before you act; (2) Pointing and calling; and (3) Hold the handrail when stepping on stairs.



Hands-on training sessions

Aiming to improve employees' sensitivity and ability to predict potential risks in the workplace, we provide various hands-on training programs.
In FY2024, one such program focused on pinch injuries and injuries from being caught in machinery.



Hands-on training in FY2024

Health-related accommodations for retirees from the Company

Although we have never manufactured asbestos products in our history, some of the insulation materials and sealants we used contained asbestos. Therefore, we respond to health-related consultations from retirees from the Company and set up medical examinations for all who desire them. For more information, please visit our website .

Topic
Creating a workplace where everyone can work comfortably

The General Affairs Department at the Himeji Plant is working to create an environment where everyone can work comfortably with the D&I[*1] Promotion Team. As part of this effort, in FY2024, we conducted a 'Women's Health Seminar' focusing on health issues specific to women, targeting all employees at the Himeji Plant.

Since FY2020, female employees have been assigned to the manufacturing site. To support these female employees and their supervisors, we have been conducting 'Women's Health Seminars'. Through this initiative, we found that the manufacturing site, which had previously been a workplace exclusively for men, was perceived as a difficult environment for women to work in. Particularly, sensitive issues such as menstrual pain and PMS[*2] (Premenstrual Syndrome) are difficult for women to discuss with their supervisors and colleagues. When judgment is impaired due to physical discomfort caused by menstruation, it can lead to occupational injuries or process safety accidents. Additionally, working under strain can pose health risks.

To foster understanding and interest in these difficulties, we decided to expand the scale of the seminar. The seminar was conducted in two sessions: the first session aimed at 'Improving literacy on women's health issues' for all employees, and the second session focused on 'Creating a healthy workplace' for employees involved in workplace improvement. We invited staff from Japanese Red Cross Society Himeji Hospital as lecturers to provide specialized knowledge.

As a result, the seminar received positive feedback in the questionnaire, such as "I learned a lot of new things that I want to apply to future workplace improvements" and "I was glad that they conveyed what male employees should know."

We will continue to listen to the voices of our employees and aim to create a safe and secure plant.

General Affairs Department, Himeji Plant

*1 D&I (Diversity and Inclusion): Creating a workplace environment where people with diverse backgrounds are respected and treated equally.

*2 PMS (Premenstrual Syndrome): Physical and mental discomfort that appears 3 to 10 days before menstruation.



Women's Health Seminar

Sustainability

Chemical Safety

Basic Approach

As per RC Basic Plan, which was formulated in light of both domestic and international situations regarding chemical management, the Nippon Shokubai Group has been enhancing chemical management through keeping legal compliance and providing information to stakeholders, in order to maintain Zero legal and/or social problems related to chemical safety throughout the entire life cycle of our products.

Promotion System

- RC Promotion System

Targets and Results

FY2024 targets	FY2024 results	FY2025 targets
Completely avoid (legal/social) problems with chemical products	Cases involving problems with chemical products: 0	Legal and/or social problems related to chemical safety*: 0

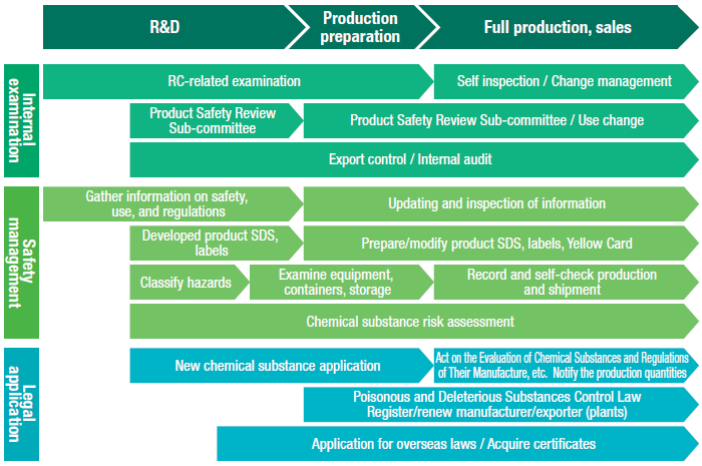
* Definition of legal and/or social problems related to chemical safety: Cases where violations of laws and/or regulations related to chemicals have had a social impact, such as receiving guidance from relevant government agencies or being reported in the mass media.

Initiatives

Rigorous chemical product control throughout product lifecycles

We have been conducting thorough chemical management for each stage of product lifecycles from research and development to disposal after usage by establishing operation scheme, rules, systems, etc. to comply with domestic and foreign laws and regulations and providing appropriate information on chemical safety to customers.

Chemical Management System



Efforts toward product safety

We strive to ensure the safety of new products and swiftly put them on the market by appropriately and promptly examining the safety and compliance status throughout the chemical product lifecycles at each stage, from research and development to commercialization.

Product safety initiatives

We create GHS*1-compatible SDS*2, warning labels, and Yellow Cards*3 to promote the dissemination of information to our customers and the education of our employees. We also conduct strict checks of products intended for different end-uses (e.g. active pharmaceutical ingredients, pesticides, cosmetics, food additives) that include action by the Product Safety Review Subcommittee to comply with the Product Liability Act (PL Act).



Example of an SDS



Example of a warning label

*1 GHS: An abbreviation for Globally Harmonized System of Classification and Labeling of Chemicals, GHS reflects the physical, health and environmental hazards of chemicals determined in accordance with international standards. Under this system, chemical products identified as presenting a hazard are categorized according to international standards and displayed on containers and in the respective SDS. Countries around the world have also introduced this system on the recommendation of the United Nations. This system is enforced in Japan through the Industrial Safety and Health Act.

*2 SDS (Safety Data Sheet): The Safety Data Sheet lists a chemical's properties as well as data on its hazards, applicable laws, proper handling and transportation requirements, and specific emergency response measures in a prescribed format. We prepare an SDS for each of the products we manufacture and develop and provide them to our customers. We are implementing a system for distributing these documents to all employees through our chemical substance management system.

*3 Yellow Card: The yellow card is a unique initiative in Japan, which lists a product's hazards, first aid procedures in an accident, and emergency contact information. As part of its promotion of RC, the Japan Chemical Industry Association (JCIA) prepares and manages guidelines on the procedures for preparing a yellow card in order to strengthen first aid measures in the event of an

accident. Carriers transporting dangerous goods are encouraged to carry a yellow card to report information about the cargo to the fire brigade in the event of an accident.

Operating our chemical substance control system

We established a chemical substance control system to centrally manage information on chemical substances, raw materials, product-related hazards, laws and regulations, and more, and use the system for many purposes, including evaluating risks, preparing SDS, and responding to customers' inquiries about the chemical substances in products. We are also sustaining efforts to update information and improve the functionality of the system, and in FY2020 launched an automatic warning label-creating function based on the system, that we began using for products in development.

Accommodating chemical registration requirements within and outside Japan

We work with specialized agencies and Group companies outside Japan to comply with laws and regulations, such as the Chemical Substances Control Act and the Industrial Safety and Health Act of Japan, TSCA in the USA, and REACH in the EU.
We also hold training on laws and regulations and briefings on new systems pertaining to chemical product control on a regular basis to inform our employees and foster in them a sense of respect for the laws and regulations.
Additionally, regarding acrylic acid—a priority assessment chemical substance under the Chemical Substances Control Act—an organization to which we belong conducts safety tests for aquatic life, and we submit information and otherwise respond proactively to risk assessments by the central government.

Import and export control initiatives

To ensure faithful compliance with import and export regulations, we establish and maintain Company rules, inform everyone in the Company of decisions as to controlled items, establish and maintain a shipping management system tied to our central accounting system, and conduct internal training on a regular basis. Additionally, our annual internal audit revealed no problems with exports during CY2024. Furthermore, we have proceeded to enhance our export control system by implementing a new export trade management system in November 2024.

Promoting a voluntary initiative of the JCIA

We participate in GPS/JIPS, a voluntary initiative for strengthening chemical management promoted by the Japan Chemical Industry Association (JCIA), which prepares and releases a safety summary to the public.

Sustainability

Quality

Basic Approach

We make efforts to maintain and improve quality under a basic quality policy of consistently providing products and services that satisfy customers and are worthy of their trust.

Promotion System

- RC Promotion System

Targets and Results

FY2024 targets	FY2024 results	FY2025 targets
・Zero serious quality complaints ・To improve customer satisfaction by strictly complying with quality-related laws and promoting priority initiatives regarding quality	・Serious complaints about quality: 0 ・Accomplished quality priority initiatives designed to improve customer satisfaction	・Serious quality complains: 0

Initiatives

Implementation and continual improvement of quality management system

All our plants and all Group companies both inside and outside Japan engaged in manufacturing have introduced quality management systems. We implement our quality assurance initiatives from the customer’s perspective from the product development stage through manufacturing and delivery. We are dedicated to the continuous improvement of our quality management system to ensure our customers are satisfied with the stable high quality of our products and services.



Quality control convention at the Himeji Plant



Quality control convention at the Kawasaki Plant

Promoting activities to prevent problems with quality

We respond quickly to any complaints or inquiries from customers concerning our products. At the same time, we prevent quality issues from occurring through company-wide distribution of case studies. In FY2024 as well, we shared information about complaints and problems at meetings of division leaders and took permanent measures for the prevention of recurrence. The information on quality complaints and issues is also distributed to our Group companies in Japan, with the aim of preventing similar quality problems.

Verification of quality management system

We maintain quality systems that preserve the feelings of safety and security our products deliver. The quality assurance departments at our Head Offices conduct quality audits at our plants and Group companies and engage in other efforts to monitor the state of quality assurance systems and quality control at all Group manufacturing facilities.
In the quality audits for FY2024, we conducted reviews to confirm compliance status and the presence of any risks leading to quality fraud. These audits did not reveal any problems that were considered to constitute non-conformance in the quality system and inspection operations.
We will conduct quality audits on a continual basis to check that measures to meet customer requests and countermeasures against past quality issues are taken properly.

Introducing products with halal certification*

Parts of Southeast Asia, most notably Malaysia and Indonesia, are home to many Muslims, and demand for halal-certified ingredients and production processes from food-related businesses has been increasing. In response to this situation, we have acquired halal certification for products for which acquisition of the certification is strongly urged by customers. Specifically, in 2014, the Himeji Plant acquired halal certification for organic acids (maleic anhydride, succinic acid, and disodium succinate), and Sino-Japan Chemical Co., Ltd. acquired halal certification for some products. In 2015, the Himeji Plant acquired halal certification for sodium polyacrylate (AQUALIC™ H series), too. Furthermore, PT. Nippon Shokubai Indonesia (NSI) acquired halal certification for all products in 2019. With these certifications, we can expect further expansion of demand for these products in Southeast Asia. We will make continuous efforts to provide prosperity and comfort to people and society by responding to the needs of society.

* Halal certification: A certification with religious relevance, granted by the relevant organizations when certain standards are satisfied, for products and services targeted at Muslim customers.

Note: Examples of products for which the Nippon Shokubai Group has acquired halal certification
(as of April 1, 2025)
Succinic acid, Disodium succinate,
Maleic anhydride,
AQUALIC™ FH (Food additive use),
AQUALIC™ MH (Feed additive use),
AQUALIC™ IH (Industrial use),
and All products produced at NSI

- Acrylic acid (AA)
- Acrylates (AES)
- Superabsorbent polymers (SAP)



Halal certification

Sustainability

Supply Chain Management

Basic Approach to Sustainable Procurement

In our supply chain, from the procurement of raw materials to the manufacture, sale, use, and disposal of products, we are promoting various sustainable procurement initiatives with the aim of putting into practice our Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.”

Sustainable Procurement Policy

This Policy has been approved by the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee; which is chaired by the President and composed of Inside Directors of the Board, Executive Officers and others appointed by the President).

The Nippon Shokubai Group recognizes our suppliers as important partners, and we will build a relationship of mutual understanding and trust with them. We will also conduct fair and impartial business transactions in compliance with laws and regulations and with high ethical standards for the sustainable development of both parties.
With the cooperation of our suppliers, we will also promote sustainable procurement initiatives that take human rights and environmental preservation into consideration.

CSR Procurement Guidelines

The Nippon Shokubai Group are committed to sustainable procurement to fulfill our social responsibility throughout the supply chain. We strongly believe that the understanding and cooperation of our suppliers are indispensable in promoting such efforts. Based on this belief, we have compiled a set of CSR Procurement Guidelines that we invite our suppliers to collaborate on with our Group companies. These guidelines are published on our corporate website and distributed during our CSR supplier survey. We kindly request our suppliers to provide a written confirmation of their agreement with the guidelines. We also encourage our business partners to understand these guidelines and take appropriate actions.

NIPPON SHOKUBAI Group CSR Procurement Guidelines

Management Structure

Nippon Shokubai Group's sustainable procurement activities are overseen by the Sustainability Promotion Committee, which is composed of the president, directors, and executive officers, who deliberate and decide on policies and measures and report the results to the Board of Directors as necessary.
The Purchasing & Logistics Division and the Sustainability Planning Office will collaborate with other relevant departments to implement measures and carry out daily operations.

Initiatives

Conduct of CSR Supplier Survey

To promote sustainable procurement, we have been conducting a CSR questionnaire survey every two years since FY2021, targeting major suppliers. This survey utilizes the "CSR Procurement Self-Assessment Questionnaire" developed by the Global Compact Network Japan (GCNJ). By responding to the survey, we verify whether their business activities align with our "CSR Procurement Guidelines." For suppliers whose responses do not meet our standards, we conduct follow-up interviews to assess the current status and provide support for improvement.
In FY2025, we conducted the survey again, targeting significant suppliers accounting for 95% of our raw material purchase value. Based on the revised "Basic Policy on Human Rights" in FY2024, we requested suppliers to respond to a newly introduced "Human Rights Self-Assessment Questionnaire." In this round of the survey, no suppliers were identified as needing support for improvement. However, based on our standards, we requested some suppliers to further enhance their efforts individually.
We have also begun surveys for new raw material suppliers with whom we have recently started business. We will continue to strengthen collaboration with our suppliers and promote sustainable procurement initiatives.

Green Procurement

Nippon Shokubai promotes initiatives to ensure supplies of safe and reliable products throughout the entire supply chain, from procurement of raw materials to manufacture and sales of products. In accordance with our regulations for green procurement management, we have independently assigned substances that are regulated or highly hazardous to two categories: "prohibited substances" and "restricted substances." We are promoting the development of green products and the procurement of raw materials with low environmental impact while controlling the inclusion of such substances in our products. For information transmission sheets, we have introduced chemSHERPA.*

*chemSHERPA: This shared system for transmitting information about chemicals contained in products to supply chains was developed under the initiative of the Ministry of Economy, Trade and Industry in Japan. Full-scale utilization began in April 2018.

Responsible Procurement of Minerals Policy

To fulfill our social responsibilities, we continue to confirm that we do not procure so-called conflict minerals.* We continuously monitor the actual situations at our suppliers, and stop procurement promptly if the use of conflict minerals is discovered.

*Gold (Au), tantalum (Ta), tungsten (W), tin (Sn), and cobalt (Co) are mined under conditions of conflict, human rights violations, etc. and sold in the Democratic Republic of Congo and its surrounding countries, and CAHRAs (Conflict and High Risk Areas). Risks include Annex II risks of the OECD Guidance and global environmental impacts.

Promote Responsible Procurement

We endeavor to steadily respond to human rights, labor practices, health and safety, environment, and Fair Operating Practices in Nippon Shokubai and our group companies, while we also implement a variety of initiatives to ensure responsibility on the supply chain. We utilize Supply Chain Ethical Information Sharing Platforms, such as Sedex*1 and EcoVadis*2, to disclose sustainability information. We have acquired RSPO*3 (Roundtable on Sustainable Palm Oil) certification.

*1 An online platform is organized by non-profit organization Sedex, for storing and accessing data regarding ethical and responsible business practices. Enterprises in the global 35 industries, including food, automobile, cosmetics and amenity over 180 countries and regions, have joined Sedex.
*2 The supply chain ethical information sharing platform is operated by the French CSR rating agency EcoVadis. The platform is used by over 150,000 multinational companies in about 185 countries.
*3 RSPO stands for Roundtable on Sustainable Palm Oil, a non-profit organization promoting the sustainable production and use of palm oil.

Logistics Initiatives

Nippon Shokubai outsources all logistics operations to Nisshoku Butsuryu Co., Ltd. The company works closely with the environmental safety and quality assurance divisions at the Himeji and Kawasaki Plants to ensure safety and quality and prevent accidents in logistics. We regularly conduct drills for responding to accidents while products are in transit to make it possible to respond swiftly and minimize the damage in the rare occasions when such accidents occur.

We also endorse the White Logistics movement promoted by the Ministry of Land, Infrastructure, Transport and Tourism and others with the aim of realizing sustainable logistics. We issued our own White Logistics Declaration in April 2020 and have been implementing activities accordingly since then.



Drill for responding to accidents while products are in transit at the Kawasaki Plant



Drill for responding to accidents while products are in transit at the Himeji Plant

NIPPON SHOKUBAI Group

CSR Procurement Guidelines

Based on our Group Mission "TechnoAmenity - Providing prosperity and comfort to people and society, with our unique technology", the Nippon Shokubai Group are engaged in business activities to contribute to the achievement of a sustainable society.

In our procurement activities, we strive to fulfill our social responsibilities throughout the supply chain and to ensure sustainable procurement, and we believe that the understanding and cooperation of our suppliers are indispensable in promoting such efforts.

Based on this belief, we have compiled a set of CSR Procurement Guidelines that we would like our suppliers to work on together with our Group companies. We ask our business partners to understand these guidelines and take action accordingly.

1. Compliance

(1) Observance of the relevant national and local laws, ordinances, and regulations and business ethics

We will observe the relevant laws, ordinances and regulations in the countries and regions where we do business. We will behave with integrity, fairness, good will, in a self-directed fashion, and law-abiding spirit.

(2) Prevention, early detection and correction of misconduct

For the prevention, early detection and correction of misconduct, we will establish a system that allows concerned parties who become aware of misconduct to report it directly. In doing so, we will protect the confidentiality of whistleblowers and treat them fairly so that they will not be disadvantaged.

2. Fair and honest business dealings

(1) Fair disclosure of information

We disclose timely and accurate information about ourselves in accordance with the relevant legislation, and we are transparent in our explanations.

(2) Fair and free dealings

We will observe the relevant laws, ordinances, and regulations concerning fair and free competition and business activities in other countries and regions where we do business. We will avoid any conduct which restricts free and fair market competition (abuse of market dominant position, cartel, and unfair trade practice) in every business activity including sales, procurement, research and development, and manufacturing, in order to ensure free and fair business activities.

(3) Prevention of bribery and corruption

a. We will not commit any violation of anti-bribery laws of any country, including making inappropriate payoff,

offering or promising to pay money/anything of value, to public officials.

b. We will not aid, abet or authorize any of such illegal conduct by any third party.

c. We will not provide with or accept any entertainment and gifts, which go beyond the bounds of socially accepted limits, to/from clients, customers and other business partners.

(4) Respect for trade-related laws and ordinances

a. In trading raw materials and products, we will follow proper trade procedures in accordance with the relevant laws and ordinances and will not trade in contraband.

b. We will not export technology that will be used as information, materials, or products in the production of weapons of mass destruction that would interfere with the preservation of international peace and safety, including nuclear, chemical, and biological weapons.

(5) Responsible procurement

Because our business activities are dependent on the cooperation of the many people and companies in our supply chain, we will promote responsible procurement practices and engage in transactions that are honest and proper.

(6) Respect for and use of intellectual property

a. We will strive to protect our intellectual property rights and use them in effective way, as we believe that patents, trademarks, designs, knowhow, trade secrets, and publications are key corporate assets and the source of our competitive strength.

b. In the manufacture and sale of our products, research and development, provision of service, and other business activities, we will respect the intellectual property rights of others and will not infringe on them.

(7) Information security

a. We will closely control access to our information assets and data systems in order to prevent unauthorized access, loss, leaks, manipulation, destruction, and hacking.

b. We will formulate measures to counter threats to our computer network and endeavor to minimize any damage to ourselves and others.

(8) Management of confidential information

a. We will strictly manage the confidential information of others obtained in the course of business.

b. We will not allow unauthorized disclosures or leaks, and we will not permit such information to be used for purposes other than those intended, nor will we permit viewing by uninvolved parties.

(9) Protection of personal information and privacy

We respect individuals' privacy and collect personal information to the extent necessary and appropriate. We will also strictly manage and protect personal information collected.

(10) Dealing with antisocial forces

a. We will have absolutely nothing to do with antisocial forces that threaten public order and safety or the stable business of the company, whether it is through business relations, money laundering, and other means of providing profits to those involved in such forces.
b. We will take a firm stance in rejecting improper demands from antisocial forces.

3. Respect for human rights

(1) Respect for human rights

a. We will respect everyone's human rights and will not engage in any conduct that unfairly discriminates or harms the dignity of an individual, regardless of the reason.
b. We will prevent human rights violations by respecting international human rights standards, and the laws and ordinances of each country and region. In the event of a violation, we will respond appropriately and with fairness.
c. Recognizing that our business activities have an impact on human rights, we will not provide products to firms or groups that commit or promote human rights violations, and we will not take part in purchasing any products or services from such firms or groups.

(2) Prohibition against forced labor and child labor

Under no circumstances will we ever engage in forced labor, child labor, slave labor or trafficking, and we will not allow forced labor, child labor, slave labor or trafficking to take place in our supply chain.

(3) Prohibition against discrimination

Under no circumstances will we ever engage in discrimination based on gender, age, nationality, race, ethnicity, social status, place of origin, beliefs, creed, religion, physical characteristics, sexual orientation, sexual identity, or disease or disability.

(4) Prohibition against harassment

Under no circumstances will we ever engage in sexual harassment, abuse of power, pregnancy discrimination, or other discriminatory behaviors against another person, or do anything that threatens them or makes them uncomfortable, regardless of whether such threat is physical or emotional.

4. Fair hiring, labor, and compensation

(1) Payment of appropriate wages and proper management of working hours

We will maintain sound hiring and labor practices, and our treatment of employees regarding wages, work hours,

vacations, and the like will conform to the relevant laws and ordinances of the respective countries and regions.

(2) Respect for employees' freedom of association and collective bargaining rights

In accordance with the relevant laws and ordinances of each country and region, we will respect the right to form or participate in labor unions, the right to engage in collective bargaining, and the right to assemble peacefully.

(3) Provision of equal opportunities

We will treat everyone fairly in accordance with their work skills and performance.

5. Preserving the environment

(1) Harmony with the global environment

Based on the desire to leave a better global environment to the next generation, we are controlling emissions of hazardous materials and are taking initiatives to address environmental issues.

(2) Climate change initiatives

Besides reducing emissions of carbon dioxide and other greenhouse gases in our business activities, we are helping to reduce emissions throughout the supply chain, thus contributing to bringing about carbon neutrality.

(3) Efficient use of resources

We are actively involved in resource and energy conservation, waste reduction, and recycling efforts, so that our limited and precious resources including water resources can be used more efficiently.

(4) Preserving and restoring biodiversity

Recognizing that our business activities have negative impacts on biodiversity and the importance of developing products and technologies that contribute to increasing the positive impacts, we are promoting a deeper understanding and awareness of biodiversity preservation and restoration and biodiversity-friendly programs.

6. Ensuring product safety and quality

(1) Providing safe and reliable products and services

We will comply with the laws and regulations of the countries and regions in which we operate, and provide products and services that meet the quality standards of our customers.

(2) Providing safe, high-quality information

When providing products and services, we will properly furnish the necessary information regarding quality and safe usage in an easily understandable way.

(3) Proper management of chemical substances

a. In the manufacturing process, we will manage chemical substances specified by the laws and regulations of the country in which they are located.

b. We will manage chemical substances specified by the laws and regulations of each country for all products.

7. Security, disaster prevention, and safety and health

(1) Comprehensive process safety and disaster prevention

We will comply with laws, regulations, and rules related to security and disaster prevention, and thoroughly implement various measures to prevent accidents and disasters that may affect the environment and society, such as explosions, fires, and leaks of hazardous substances. We will also prepare an emergency response plan and make it known to all employees throughout the workplace.

(2) Workplace health and safety

a. We will strive to eliminate work-related disasters, and we will observe all laws, ordinances, and regulations concerning workplace health and safety.

b. We will consider our health as well as the health of those working with us and will strive to maintain and enhance a workplace environment in which everyone can be assured of safety and comfort.

(3) Business continuity

We will establish operational structures, including a business continuity plan (BCP), to ensure early recovery in the event of natural disasters such as earthquakes and floods, infectious diseases, cyber attacks, and other threats.

8. Contributing to local communities

(1) Respecting local culture

We will respect the natural surroundings, culture, traditions, and customs of the countries and regions where we do business, and we will work together with local communities and contribute to their development.

End

Revised in March 2024

Corporate Citizenship

Community Co-Creation →
Developing the Next Generation →
Realization of 'Leave No One Behind' →

Philosophy

The Nippon Shokubai Group aims to contribute to the realization of a sustainable society by putting into practice its corporate philosophy "TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology," we are deepening and strengthening its sustainability initiatives in the areas of business activities, human capital (talents), which are the source of value creation in business activities, and organizational foundation. At the same time, companies are expected not only to contribute in their business activities, but also to fulfil their responsibilities as members of society in various aspects of their relations with society.
From this perspective, our Group's corporate citizenship activities are aimed at resolving social issues that are difficult to solve through business activities alone, and are promoted in accordance with the Corporate Citizenship Policy set out below.

Corporate Citizenship Policy

1. We will work to resolve social issues that lead to the realization of a sustainable society.
2. We will take an international perspective, such as the SDGs, while at the same time correctly recognizing the social issues that need to be tackled, taking into account local characteristics.
3. We respect local nature, culture, traditions and customs, and promote initiatives tailored to the needs and actual conditions of the local community based on the "three actuals" principle, which means go to the site, make a direct observation, and determine the facts.
4. We will develop activities that make use of the Group's management capitals, such as talents and technology.
5. We aim for the most effective initiatives through dialogue and partnerships with NGOs, NPOs, specialist organizations, public administration and local authorities.

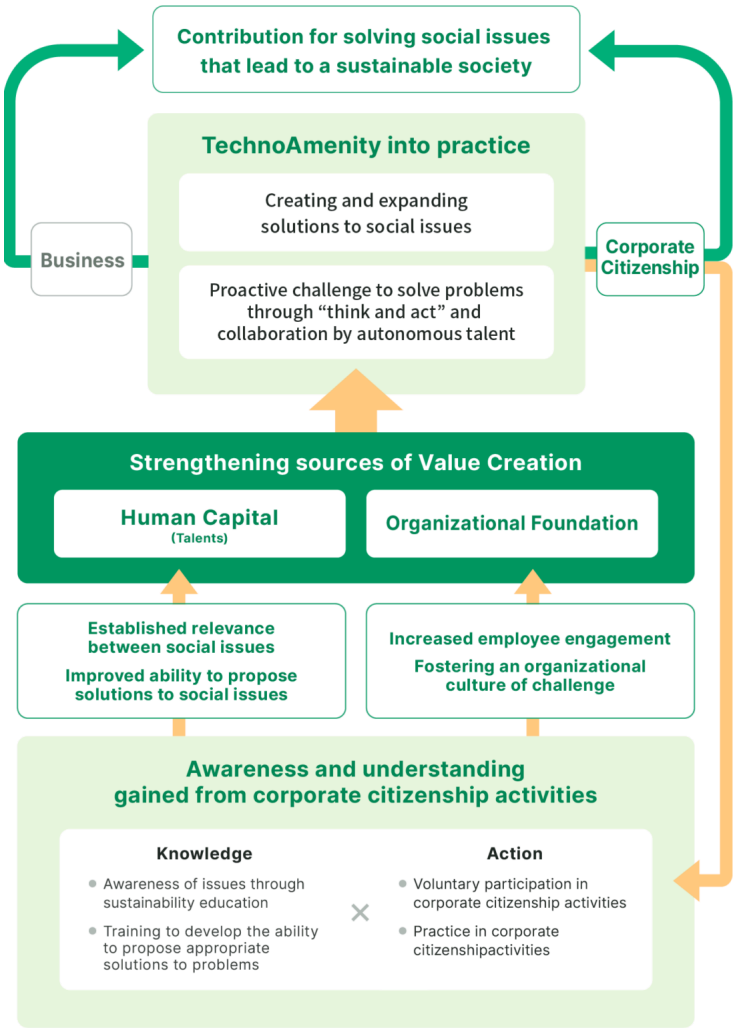
Priority Areas of Corporate Citizenship

Of the themes related to Corporate Citizenship, three themes of high importance and strong relevance to the Group Mission Framework (Mission, Values and Code of Conduct), business characteristics (components of value creation) and Materiality have been set as priority areas to be addressed.

Community Co-Creation →
Developing the Next Generation →
Realization of 'Leave No One Behind' →

Strengthening Value Creation through Corporate Citizenship Activities

The corporate citizenship activities we undertake contribute to improving the sustainability of society, which is the basis for the sustainability of our business, while at the same time strengthening talents and organizational foundation, which are the source of our value creation -by establishing relevance between social issues and talents, improving our ability to propose solutions, fostering an organizational culture that challenges and improving employee engagement.
By strengthening our ability to create value through corporate citizenship activities, we aim to realize a virtuous circle in which solutions to social issues are expanded in both our business activities and corporate citizenship activities.



Management System for Promoting Corporate Citizenship

The Sustainability Planning Office of Nippon Shokubai is responsible for formulating the concept and priority areas of corporate citizenship activities for the company and the Group as a whole, and consolidating the results of these activities. In carrying out these activities, the department collaborates with relevant divisions and offices, as well as domestic and overseas Group companies, to promote activities in line with the actual situation in each region.

The results and status of our corporate citizenship activities are fed back to management through the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee), and effective corporate citizenship activities are carried out based on the opinions of management.

Collaboration with Stakeholders

We will actively disclose and share our Corporate Citizenship Policy and the details of our corporate citizenship activities through our corporate website and reports, and work for continuous improvement through communication with our stakeholders.

Sustainability

Community Co-Creation

Activity Policy

Our business activities belong to and with the local community. Mutual understanding between we companies and local communities is essential for stable business operations. We engage, connect and cooperate with a diverse range of people in local communities, utilizing their unique characteristics to help solve problems and promote activities that create new value.

Our Activities

Contribution to SDGs :







Cleanup activities

We regularly clean up areas around our plants and cooperate with community beautification efforts. Each year in the Suita district, we participate in the Kanzaki River Cleanup Activities, which is implemented as part of the Adopt-a-River Program promoted by the Osaka prefectural government.



Potato harvesting

We grow sweet potatoes in a potato patch in the greenery yard at the Himeji Plant, and children from nearby preschools and nursery schools enjoy digging them up at harvest time.
We have done this every year since 1971, and it has enriched our connections with the community—some of the children have even gone on to join the company when they grew up.
In FY2024, about 540 children and their parents took part.



Dialogue with local communities

We participate in the community dialogue undertaken by the JCIA Responsible Care Committee in the areas in which our plants are located to explain and communicate our RC activities to the neighborhood associations, local governments, NPOs, industrial associations, companies, and other participants in pursuit of mutual understanding.
In FY2023, such dialogue was held in the Kawasaki area, in which representatives of the Kawasaki Plant participated.



RC community dialogue

Corporate Citizenship TOP →

Sustainability

Developing the Next Generation

Activity Policy

As a company that provides materials and solutions needed by society in various fields and aims for sustainable development together with society, the development of the next generations who will create future is an indispensable and important initiative. Through programs that utilize the characteristics of our business, we help young people to acquire the knowledge and thinking that will enable them to carve out their own future and lead independent lives as members of society. In this context, we will promote activities that will help young people become familiar with and foster interest in manufacturing in chemistry, which is difficult to see in daily life, and promote girls' participation in STEM (Science, Technology, Engineering and Mathematics) education, which is a major issue in the promotion of D&I in the chemical industry.

Our Activities

Contribution to SDGs :







Riko challenge (Supporting Girls' Challenges in STEM Fields)

The Riko challenge* is an initiative led by the Gender Equality Bureau of the Japanese Cabinet Office to encourage female students interested in STEM fields to make career path choices (challenge) by clearly imaging their future work in STEM fields.

Nippon Shokubai joined the "Riko challenge Supporting Organization" to support this initiative.



Riko challenge

*Riko means science and engineering in Japanese.

Demonstrations of Chemistry Experiments for Children

We put on demonstrations titled “Superabsorbent Polymers: Mysterious Powders.” Children find these demonstrations to be a fun, interesting introduction to chemistry.



Experiment Show

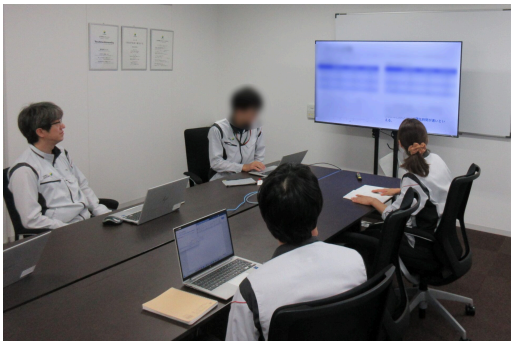
The number of participants in our company’s booth

- FY2023： Kawasaki Science Challenge (about 90 people), Science Booth Exhibit (about 340 people)
- FY2022： Kawasaki Science Challenge (about 90 people), Science Booth Exhibit (about 100 people)
- FY2019： Chemistry Day Kids’ Chemistry Experiment Show 2019 (about 450 people), Kawasaki Science Challenge (about 430 people), Science Booth Exhibit (about 330 people)
- FY2018： Chemistry Day Kids’ Chemistry Experiment Show 2018 (about 400 people), Science Booth Exhibit (about 280 people)
- FY2017： Chemistry Day Kids’ Chemistry Experiment Show 2017 (about 300 people), Science Booth Exhibit (about 250 people)

*The activities were not conducted in FY2020 and FY2021 due to measures to prevent the spread of COVID-19.

Internship Program

Our company offers internship opportunities for technical college students with the following objectives.



Internship

- To foster a sense of employment through actual work experience at a company.
- To utilize the knowledge learned at school during the internship, gaining practical skills and insights into one’s career.
- To bring back the learnings from the internship and apply them to future studies and life.

Total Number of Interns Accepted:

- FY2024: 23 interns
- FY2023: 16 interns
- FY2022: 3 interns *
- FY2021: 3 interns *
- FY2020: 0 interns *
- FY2019: 29 interns

*Internship acceptance was cancelled/reduced from FY2020 to FY2022 due to COVID-19 measures.

Corporate Citizenship TOP →

Realization of 'Leave No One Behind'

Activity Policy

The society we aim for is a sustainable society in which all people have not only material and economic wealth, but also spiritual and social wealth, and can live in harmony with nature and various cultures, in a healthy, convenient and secure manner. We promote ‘Leave No One Behind’ initiatives so that children, the elderly, people with disabilities and their families, disaster victims and all those who need support due to poverty and other various reasons can create and enhance their communities, livelihoods and purpose in life together.

Our Activities

Contribution to SDGs：



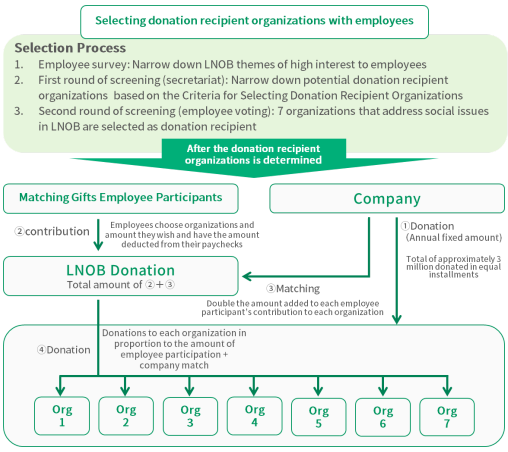
Matching Gift Program

The Matching Gift Program is a donation system under which the company matches employee donations with a certain amount.
This program is designed to raise employees’ interest in social issues.

Priority Areas of Activity Support
Leave No One Behind (LNOB) themes that were of high interest to employees in the employee survey (social issue (matter) or target (people)) Social issue (matter): High-quality education for all, zero hunger, health and welfare for all, etc. Target (people): Children, students, infants, people with intractable diseases and disabilities
Criteria for Selecting Donation Recipient Organizations
1. Their activities are in line with the our Corporate Citizenship Policy and Realization of “Leave No One Behind” Activity Policy. 2. Their activities and finances are open to the public, and it has a high degree of transparency and social credibility. 3. Their activities directly support social issues in the regions where our offices are located. 4. Their activities fits into our “Priority Areas of Activity Support”.

Activity Results

In FY2024, as in FY2023, donations (①) were made to the seven organizations selected as donation recipients.
In addition, approximately 130 employees participated in the first phase of the program (November 2023–October 2024), contributing funds throughout the period. Based on the amount of employee contributions to each organization, the company provided matching gifts and made donations (④).
Combining approximately 1.3 million yen in employee contributions with the company's matching gifts, the total donation amount for FY2024 reached approximately 6.9 million yen.



Donation Process

Donation recipient organizations for the second phase (November 2024-October 2025)

Organization Name
Nippon Volunteer Network Active in Disaster (NVNAD)
Learning for All
Chance for Children
Children's Hospice Project (CHP)
Food Bank Kansai
Child Chemo Support Foundation
Children's Support Center Tsunagg

Relief Donation

We are making donations for disaster recovery support and support for COVID-19 countermeasures.

Donation activities such as resource recycling

We make donations that lead to vaccinations for children in developing countries and donations to local welfare groups, etc., based on earnings from collecting PET bottle caps and sales commissions from vending machines.

Corporate Citizenship TOP →

Sustainability

Governance

Corporate Governance >

Compliance >

Risk Management >

Tax Policy >

Information Security >

Intellectual Property Activities >

Sustainability

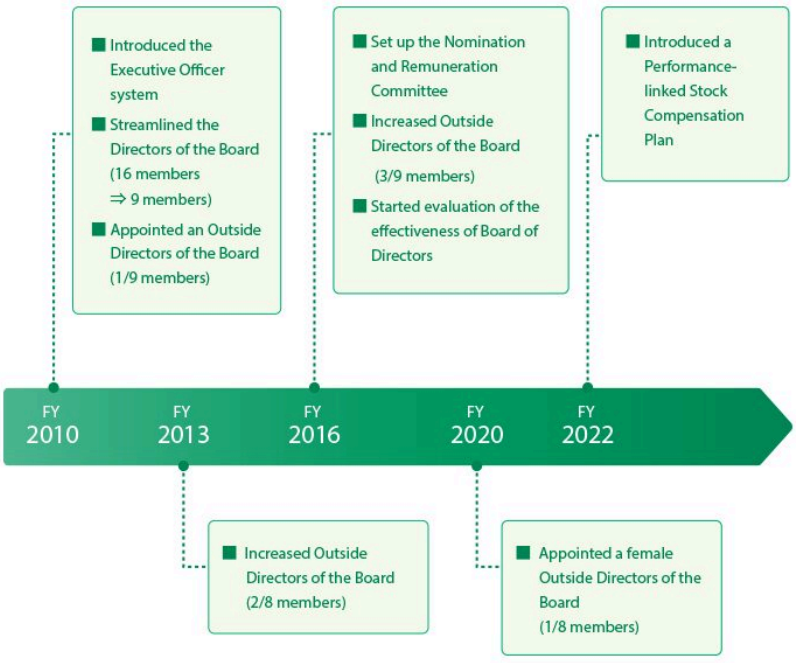
Corporate Governance

We are working on continuously improving our systems and their operation to strengthen and enhance a viable corporate governance.

Our basic approach to corporate governance

Under the Nippon Shokubai Group Mission ”TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” we will increase our corporate value and achieve sustainable growth.
We consider viable corporate governance to be essential and have adopted initiatives toward that end. We ensure the rights and equality of our shareholders and maintain an open dialogue, collaborate with various stakeholders as appropriate, disclose information as appropriate and ensure transparency, ensure that the roles of Board of Directors and management teams relate to the appropriate execution of duties, ensure appropriate supervision of the execution of these duties and strengthen and enhance our internal control systems.

Initiatives to strengthen governance



Our basic information on corporate governance system

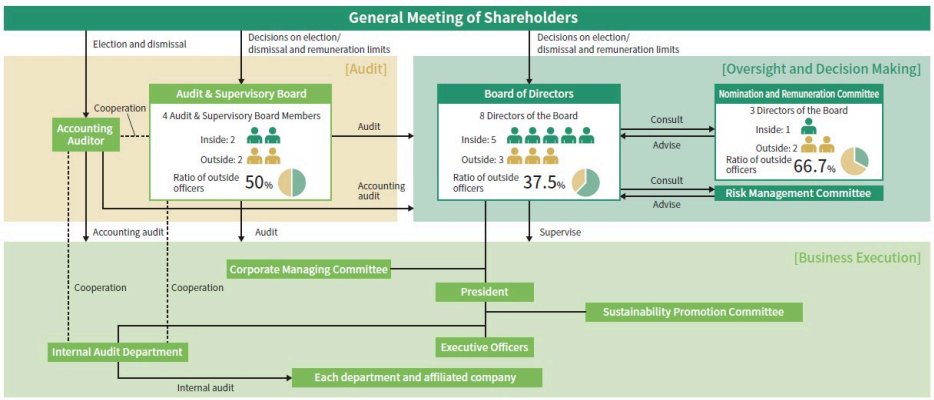
(as of June 19, 2025)

Main Items	Content
Institutional design	Company with an Audit & Supervisory Board
Number of Directors of the Board	8 (5 Inside, 3 Outside), including 2 female Directors of the Board
Ratio of Outside Directors of the Board (Independent Officers)	38%
Term of office of the Directors of the Board	1 year
Number of Board of Directors (FY2024) (Average attendance rate of Outside Directors of the Board / Outside Audit & Supervisory Board Members each)	15 times (98% / 100%)
Number of Audit & Supervisory Board Members	4 (2 Inside, 2 Outside)
Ratio of Outside Audit & Supervisory Board Members (Independent Officers)	50%
Term of office of Audit & Supervisory Board Members	4 years
Number of Audit & Supervisory Board (FY2024) (Average attendance rate of Outside Audit & Supervisory Board Members)	15 times (100%)
Executive Officer system	Have already been introduced
Number of Executive Officers	19, including 5 who concurrently serve as a Directors of the Board
Advisory body to the Board of Directors	Nomination and Remuneration Committee established

*The ratios are rounded to the nearest unit.

Our corporate governance system

(as of June 19, 2025)



Roles and Functions of Various Bodies and Committees

Board of Directors

Comprising eight Directors of the Board, including three Outside Directors of the Board, Board of Directors reports, deliberates and resolves important matters related to business operations, and supervises the business operations of each Director of the Board. In general, meetings are convened monthly under the chairmanship of a Director of the Board selected from members by a resolution of the Board of Directors. Four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, also attend to give advice and state their opinions when necessary.

Corporate Managing Committee

Comprising the President and Executive Officers, this committee generally convenes once a month to deliberate on items related to the implementation of basic policies and important management issues. Among proposals discussed by the Corporate Managing Committee, important issues are forwarded to Board of Directors for consideration.

Audit & Supervisory Board

Comprising four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, the Audit & Supervisory Board usually convenes monthly, submits reports and engages in discussions and deliberations on important matters related to audits.

Accounting Auditor

Nippon Shokubai is audited by Ernst & Young ShinNihon LLC.

Nomination and Remuneration Committee

An advisory body to the Board of Directors, this is a voluntary organization comprising three or more Directors of the Board (including a majority of Outside Directors of the Board). It advises on the election/dismissal of the President and Director of the Board, as well as draft nominations of candidates for Directors of the Board and Audit & Supervisory Board Member positions and on remuneration and bonuses for Directors of the Board.

Nomination and Remuneration Committee members

Name	Status	Attendance rate
Kazuhiro Noda	President & CEO, Representative Director	100%
Tetsuo Setoguchi	Outside Director of the Board	100%
Miyuki Sakurai	Outside Director of the Board	100%

Risk Management Committee

An advisory body to the Board of Directors, this is an organization consisting of the president, who is the chairperson, and members appointed by the president. Based on consultation from the Board of Directors, it advises the Board of Directors on matters related to identification, response policies, response measures, and the person responsible for management of serious Group-wide risks, etc.

Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee)

This is an organization consisting of the President, who is the chairperson, and members appointed by the President. We promote sustainability activities based on our belief that promoting sustainability means implementing the Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.” We consider promotion of sustainability activities as a core theme of our corporate management. The Committee is responsible for deciding policies and strategies therefore, providing instructions to relevant departments, and evaluating the results of the activities.

Internal Audit Department

The Internal Audit Department (6 members) conducts audits on the effectiveness and efficiency of each operational process, compliance and other matters from a standpoint independent from other executive sections, and thereby verifies the appropriateness of internal control of the Company. The Internal Audit Department strives to improve the effectiveness of internal audits by working in close cooperation with Audit & Supervisory Board Members and the Accounting Auditor through mutual exchange of information and opinions. Also, the Internal Audit Department holds regular opinion exchange meetings with Outside Directors of the Board and Outside Audit & Supervisory Board Members.
In addition, the results of internal audits are regularly reported to the President, the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board.

Policy and procedure for election/dismissal of Directors of the Board and Audit & Supervisory Board Members

The Board of Directors, including three Independent Outside Directors of the Board, decides on election/dismissal of management executives and nomination of candidates for Directors of the Board and Audit & Supervisory Board Members, taking thoroughly into account their expertise, experience, achievements, qualities, abilities, personalities and the like. Also, the Nomination and Remuneration Committee, a voluntary organization consisting mainly of Independent Outside Directors of the Board, has been established to receive advice on election/dismissal of the President and Director of the Board and nomination of candidates for Directors of the Board and Audit & Supervisory Board Members, thereby ensuring transparency and fairness in election/dismissal of the President and Director of the Board, and nomination of candidates for Directors of the Board and Audit & Supervisory Board Members.

Specialty and Experience of Directors of the Board and Audit & Supervisory Board Members

	Name	Corporate management	Internationality	Sustainability	Compliance/ Governance	Finance/ Accounting	Production technology/ R&D	Sales and Marketing	Other
Directors of the Board	Kazuhiro Noda	●	●			●			
	Kuniaki Takagi		●		●	●			
	Yasutaka Sumida			●			●		● (Intellectual property)
	Yukihiro Matsumoto	●					●		● (DX)
	Kenjiro Komoda	●	●					●	
	Outside Tetsuo Setoguchi	●	●					●	
	Outside Miyuki Sakurai				●				● (Internal control, Audit)
	Outside Akiko Ikeda	●						●	● (Business development)
Audit & Supervisory Board Members	Takashi Kobayashi	●	●			●			
	Atsushi Tabata				●				● (HR)
	Outside Tsukasa Takahashi				●				
	Outside Kazumasa Murai			●		●			

*1 In the table above, up to three main areas of specialty and experience are marked for each person.

*2 DX is an acronym for Digital Transformation.

Evaluation of the effectiveness of the Board of Directors

1.Process of evaluating the effectiveness of the Board of Directors

As an initiative to improve the effectiveness of the Board of Directors, the Company conducts surveys such as questionnaires to both of the Directors of the Board and Audit & Supervisory Board Members once a year to evaluate the effectiveness of the Board of Directors. In FY2024, we have implemented the evaluation through a third-party.

Evaluation Process of Board of Directors Effectiveness

1. Attendance of the Board of Directors and survey of materials of the Board of Directors by a third-party organization
2. Questionnaire for all Directors of the Board and all Audit & Supervisory Board Members
3. Third-party interviews with all Directors of the Board and all Audit & Supervisory Board Members
4. Summary of the result of the effectiveness evaluation at the Board of Directors

* The decision will be made each fiscal year regarding viewing and hearing to materials held by the Board of Directors and conducting interviews with all Officers

2.Items for improvement

The items for improvement identified in the evaluation of the previous fiscal year are as follows:

・Enhancing and actively engaging in discussions on key topics and the strategic direction of the Board of Directors

・Enhancing discussions within the Board of Directors and the Nomination and Remuneration Committee

・Implementing investor-focused information disclosure

3.Evaluation results and initiatives for the future

- It was confirmed that all the systems that support the composition, operation, deliberations/reports and the supervision of business execution of the Board of Directors were functioning properly and that the effectiveness of the Board of Directors was ensured. It was also confirmed that the measures taken based on the items for improvement identified in the evaluation of the effectiveness of the Board of Directors in the previous fiscal year had been implemented properly.
- To steadily achieve “stronger corporate governance” to foster sustainable growth and enhance medium- to long-term corporate value set forth in mid-term management plan launched in FY2025, we are currently making the following efforts:

≪Discussions towards strengthening the functions of the Board of Directors≫

- Ensuring opportunities for the Board of Directors to monitor and discuss the progress of the company’s medium- to long-term management plan
- Implementing analysis of the factors contributing to variances between medium- to long-term targets and actual progress

Outline of the executive remuneration system

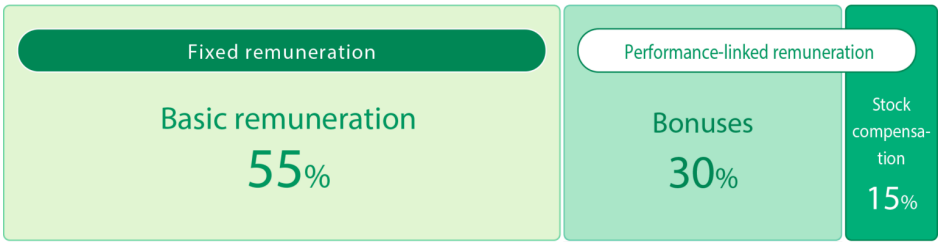
1.Basic Policy

- To have Directors of the Board put the Company’s mission into practice and provide an incentive to sustainably enhance corporate value
- To have Directors of the Board share interests with shareholders according to the Company’s business results and commensurate with their responsibilities
- To set the executive remuneration system at a reasonable level in light of the Company’s business results, the level of employee salaries, and that of other companies
- To have the Nomination and Remuneration Committee, consisting mainly of Independent Outside Directors of the Board, deliberate on the matter, thereby ensuring transparency and fairness

2.Components of the Remuneration

The remuneration for Directors of the Board (excluding Outside Directors of the Board) consists of basic remuneration, which is fixed remuneration, and bonuses and stock compensation, which are performance-linked remuneration. Outside Directors of the Board receive only basic remuneration as fixed remuneration because they oversee business operations from an independent standpoint.

The Ratio of remuneration for the Directors of the Board (excluding Outside Directors of the Board)



*The above ratio is only a guide and is subject to change according to the Company's business results, stock market conditions, and degrees of achievement of targets by each individual as assessed by the target management system.

Outline of remuneration

	Fixed remuneration	Performance-linked remuneration	
	Basic remuneration	Bonuses	Stock compensation
Type	Fixed remuneration	Short-term incentive	Medium- and long-term incentive
Persons to be paid	Directors of the Board	Directors of the Board (excluding Outside Directors of the Board)	Directors of the Board (excluding Outside Directors of the Board)
Method of payment	Money	Money	Shares and Money
Time of payment	Monthly	Paid at a certain time after the Ordinary General Meeting of Shareholders each year	Delivered and paid at a certain time after the end of each fiscal year
Description	-Paid based on the position and responsibilities. -The amount of remuneration for Outside Directors of the Board is determined by comprehensively considering the level of remuneration of the Company's Officers, and that of other companies.	-Bonuses are paid according to evaluation indicators: the degree of achievement of key performance indicators (KPIs) and the degrees of achievement of individual performance targets. -KPIs consist of "operating profit ratio" and "operating profit," with evaluation weights of 25% for "operating profit ratio," 25% for "operating profit," and 50% for "the degree of individual performance targets". -The range of adjustment based on KPI achievement shall be 70 to 110% of the standard amount, and that based on individual performance targets shall be 80 to 120% of the standard amount.	-Utilizing the share benefit trust(Restricted Stock) mechanism for Officers, deliveries of shares and payments shall be made according to the number of points, which are linked to their positions in the Company and the achievement level of the mid-term management plan. -The above points are calculated based on standard points for each Director of the Board and a predetermined formula according to the achievement level of KPIs set forth in the mid-term management plan. -KPIs used for calculation consist of "ROE (ratio of profit to equity attributable to owners of parent)," "profit," and "ROIC (return on invested capital)", with evaluation

			weights of 40% for “ROE” 40% for “profit,” and 20% for “ROIC”. -The range of adjustment based on the degree of achievement shall be from 30% to 100% of the standard amount.

3. Process for Determining Remuneration

- The Nomination and Remuneration Committee, a voluntary advisory organization consisting mainly of Independent Outside Directors of the Board, has been established. The Committee deliberates on policies, systems, and issues related to the determination of remuneration for Directors of the Board, as well as the appropriateness of the level of remuneration and the amount of remuneration for individual Directors of the Board, and reports back to the Board of Directors.
- Based on the Committee’s report, the Board of Directors determines the policy for determining the details of remuneration, etc. for each individual Director of the Board and details of remuneration, etc. within the framework of the amount of remuneration approved by the General Meeting of Shareholders. After the determination of the Board of Directors, the President and Director of the Board is entrusted with decisions regarding the amounts of basic remuneration and bonuses, excluding stock compensation, for individual Directors of the Board in light of the contents of the Committee’s report.

Aggregate Amount of Remuneration to Directors of the Board and Audit & Supervisory Board Members

Category of positions	Aggregate amount of remuneration (million yen)	Aggregate amount of remuneration by type (million yen)			Number of persons to be paid (persons)
		Fixed remuneration	Performance-linked remuneration		
		Basic remuneration	Bonuses	Stock compensation	
Directors of the Board (Outside Directors of the Board)	342 (40)	221 (40)	105 (—)	16 (—)	9 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	74 (20)	74 (20)	— (—)	— (—)	5 (3)
Total (Outside Officers)	416 (60)	295 (60)	105 (—)	16 (—)	14 (7)

*1 One person who retired as an Outside Director of the Board and one person who resigned as an Outside Audit & Supervisory Board Member at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 20, 2024 are included in the numbers of persons paid and the payment amounts as stated above.
*2 The amount of bonuses represents the amount of provision for directors’ bonuses for the current fiscal year.
*3 The amount of stock compensation is the amount posted for the current fiscal year.

Cross shareholding

Under the Nippon Shokubai Group Mission ”TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” we are willing to further advance our contributions to industry and society. To this end, Nippon Shokubai, as a chemical manufacturer, with a view to continuously improving its corporate value, believes that long and stable relationships of trust with business partners are important in development, production, sales and other activities. Based on this belief, we own shares of our partners for the purpose of cross share holding when deemed necessary. Each year, the Board of Directors, including three Independent Outside Directors of the Board, comprehensively examines all the listed shares we own by issue in light of the above purpose, taking into consideration the capital costs, and confirms the importance of the shareholding. We sell shares if it is judged no longer important to hold such shares.
In FY2024, we sold all shares of three issues. As a result, the number of issues of cross shareholdings as of March 31, 2025 decreased from 70 as of the end of the fiscal year before the introduction of the Corporate Governance Code (March 31, 2015), to 30.
We plan to further reduce the number of cross-shareholdings from FY2025 onward, with a policy of reducing such holdings by approximately 20 billion yen over the four years from FY2024 through FY2027.

Corporate Governance Report

For more details on our corporate governance initiatives, please refer to our Corporate Governance Report.

Corporate Governance Report

Sustainability

Compliance

We are committed to various group-wide initiatives intended to further improve and strengthen compliance system in accordance with our Corporate Code of Compliance.

Compliance system

In order to reinforce our compliance, our Board of Directors has established group-wide compliance policies, “Code of Conduct” and the other codes of conduct, and the executive officer responsible for compliance decides medium- to long-term and annual action plans.
Under the supervision of the executive officer responsible for compliance, the Legal Department promotes various group-wide initiatives for the entire Group including affiliated companies.

Activities to improve compliance

Level-based training

We provide systematic training courses on compliance for new employees, promoted mid-level employees, and promoted managerial employees, depending on their respective job positions and roles.
We also provide periodic training courses on compliance for employees depending on their levels to instill and establish compliance awareness.

Awareness initiatives in each workplace

To ensure the penetration and adoption of compliance throughout the workplace, we conduct training courses on compliance for each workplace once every six months. This training has become a forum for active discussion within each workplace based on a training program that covers violations of corporate ethics and legal violations and similar actions prepared based on situations that actually arose at other companies. We have been implementing this program also at our Group companies in Japan.

Awareness activities on our portal

Our corporate intranet hosts a portal. It lists various kinds of manuals including the manuals as to basic information on contracts, competition laws in various countries, observance of anti-bribery laws and subcontract law, links to websites covering related laws and regulations, and a FAQ page. This site presents the latest available information, and it is updated whenever the relevant laws and regulations are revised.

Whistleblower System

As part of our initiatives to implement compliance, we have established the Whistleblower System under which facts or suspicions of compliance violations inside the company can be freely reported to the internal reporting desks we have set up both inside and outside the company. The intention of the whistleblower is always respected in determining whether or not to disclose the details of the information and the name of the whistleblower, with the objective of protecting the whistleblower.

Compliance with Anti-Bribery Laws and Competition Laws

For Compliance with Anti-Bribery Laws (Nippon Shokubai Group's Code of Conduct)

Nippon Shokubai Group Companies strictly prohibit any corruptions in breach of applicable laws in our business activities.
In order to express and give shape of such group policy, we adopt the group code of conduct, which all the individuals working for Nippon Shokubai Group Companies should comply with.

Group Code of Conduct

For Compliance with Competition Laws (Nippon Shokubai Group's Code of Conduct)

Nippon Shokubai Group Companies will conduct all business transactions based on free and fair market competition principle.
In order to express and give shape of such group policy, we adopt the group code of conduct, which all the individuals working for Nippon Shokubai Group Companies should comply with.

Group Code of Conduct

NIPPON SHOKUBAI

April, 2015

For Compliance with Anti-Bribery Laws
(Nippon Shokubai Group's Code of Conduct)

For the past several years, the relevant authorities all around the world have shown their aggressive policies against corruptions. Especially, in case of bribery of foreign public officials, huge amount of fines are imposed on the companies and individuals in violation of the relevant laws and some of such individuals are punished by imprisonment. News report on mass-media about the violation of laws would lead to deterioration of reputation of the company and have severe adverse effect on the company's business activities.

In our business activities, our decision should always be made based upon "what is right and what is wrong" rather than the profit/loss perspective. The fair business transactions and activities respecting all relevant laws and rules will, in the long run, contribute to Nippon Shokubai Group Companies' acquisition of reliance from stakeholders and increase of business interests.

Nippon Shokubai Group Companies strictly prohibit any corruptions in breach of applicable laws in our business activities. In order to express and give shape of such group policy, we adopt the following group code of conduct, which all the individuals working for Nippon Shokubai Group Companies should comply with.

Nippon Shokubai Group Companies, in our business activities,

Will not commit any violation of anti-bribery laws of any country, including making inappropriate payoff, offering or promising to pay money/anything of value, to public officials or will not make any illegal facilitation payment, and

Will not aid, abet or authorize any of such illegal conduct by any third party, and

Will not provide with or accept any entertainment and gifts, which go beyond the bounds of socially accepted limits, to/from clients, customers and other business partners.

Needless to say, any individual within Nippon Shokubai Group Companies in violation of the relevant laws or our code of conduct will be subject to strict discipline procedures in accordance with the relevant organization's internal rules, which might lead to dismissal or other discipline actions.

For the individuals working for Nippon Shokubai Co., Ltd., we prepared and published the Compliance Manual on Anti-Bribery Laws, which contains the summary explanation of the relevant laws, points of attention and practical measures to take so that they could refer to in doing business. The president of each Nippon Shokubai Group Companies are hereby requested to comply with our group code of conduct, prepare compliance manual taking the relevant circumstances of their own into consideration and take necessary actions to prevent the violation, including provision to their employees with educational opportunity and/or implementation of audit.

Masanori Ikeda
President
Nippon Shokubai Co., Ltd.

NIPPON SHOKUBAI

October, 2015

For Compliance with Competition Laws
(Nippon Shokubai Group's Code of Conduct)

In recent years, aggressive prosecution has been seen in the field of Competition Laws (Japanese Anti-Monopoly Law and equivalences in other countries) in many foreign countries or regions. More and more competent authorities are developing enforcement regimes, and leading authorities impose severe sanctions such as huge amount of fines and imprisonment.

An investigation or prosecution in one country in violation of Competition Laws relating to global business activities can lead to another enforcement in other countries and spread throughout an industry, as the international auto parts cartel case illustrates. Therefore, Nippon Shokubai Group Company should build up the compliance program as a team, irrespective of the country of its establishment.

Nippon Shokubai Group is aiming to be "A company that everybody can be proud of"; "A company that people can be proud to work for." To achieve this aim, a decision in our business activities should always be made based upon "what is right and what is wrong" rather than the profit/loss perspective.

Nippon Shokubai Group Companies will conduct all business transactions based on free and fair market competition principle. In order to express and give shape of such group policy, we adopt the following group code of conduct, which all the individuals working for Nippon Shokubai Group Companies should comply with.

> **We will avoid any conduct which restricts free and fair market competition (abuse of market dominant position, cartel, and unfair trade practice) in every business activity including sales, procurement, research and development, and manufacturing, in order to ensure free and fair business activities.**

Needless to say, any individual within Nippon Shokubai Group Companies in violation of the Competition Laws or our code of conduct will be subject to strict discipline procedures in accordance with the relevant organization's internal rules, which might lead to dismissal or other discipline actions.

All individuals are hereby requested to comply with our group code of conduct and follow internal rules in relevant organization, to prevent the violation of the Competition Laws.

Masanori Ikeda
President
Nippon Shokubai Co., Ltd.

Sustainability

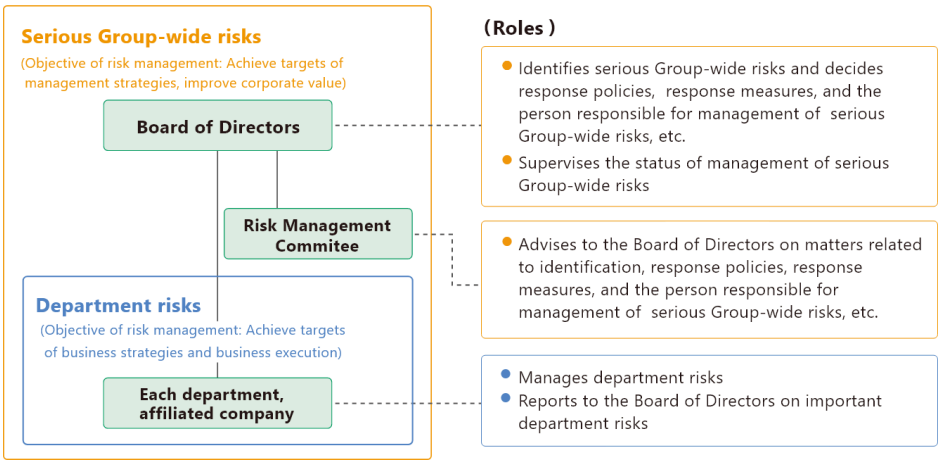
Risk Management

We are implementing a variety of measures to accurately identify and respond to risks that accompany changes in management and business environments and that could impact the long-term continuation of Nippon Shokubai Group, in accordance with our Risk Management Regulations.

Risk Management System

At our Group, we classify various internal and external risks that threaten our Group into “serious Group-wide risks” and “department risks,” and we develop a risk management system appropriate for each risk category, thereby maintaining and improving our corporate value.
For “serious Group-wide risks”, potential serious risks underlying execution of the Group’s management strategies, sustainable improvement of corporate value, and acquisition of trust from stakeholders are subject to risk management, and we have established a risk management system based on “serious Group-wide risks” management process.
For “department risks,” on the other hand, potential risks underlying execution of business strategies or business operations by each department or affiliated company are subject to management, and we have established a system in which each department or affiliated company is responsible for risk management, thereby promptly responding to the risks.
With these two systems, we aim to develop and enhance the Group-wide risk management system, which includes our affiliated companies.

Risk Management System



Risk Management Committee

The Risk Management Committee, as an advisory body to the Board of Directors, is composed of the members listed in the table below.

Chairperson	President
Member	Inside Directors of the Board, Executive Officers and others appointed by the President
Secretariat	General Affair & HR Division
Observer	Inside Audit & Supervisory Board Members

“Serious Group-wide risks” management process

1: The Risk Management Committee evaluates the proposed “serious Group-wide risks” candidates based on their impact (such as financial impact) and probability of occurrence. The committee then identifies the “serious Group-wide risks” and appoints the management responsible and submits a report to the Board of Directors. The Board of Directors decides on the “serious Group-wide risks” and the person responsible for management based on the report.

2: The person responsible for management reviews the response policies and measures and submits them to the Risk Management Committee. The Risk Management Committee verifies the validity of the submitted content and reports to the Board of Directors. The Board of Directors decides on the response policies and measures based on the report.

3: The person responsible for management conducts risk management and reports the management status to the Board of Directors at least once a year. The Board of Directors supervises this process.

4: The Risk Management Committee holds meetings as needed to assess changes in the external environment and determine the necessity of responses, reports the results to the Board of Directors.

“Serious Group-wide risks” and the response measures

Risk Related to Large-Scale Disasters

Risk Overview:

Significant impact on business continuity due to damage or loss of function at various sites or across a wide area caused by a large-scale earthquake.

Response measures:

•Consideration of the need for additional seismic reinforcement of buildings and facilities at each business site and group company.
•BCM (Business Continuity Management), etc.

Risk Related to Cyber Attacks

Risk Overview:

Significant impact on business continuity due to the suspension of core systems or leakage of important information caused by cyber attacks.

Response measures:

•Conducting network vulnerability assessment.
•Performing information security audit.
•Improving issues pointed out in assessments and audit.
•Acquiring and monitoring access logs, etc.

Risk Related to Conflicts

Risk Overview:

Significant impact on business continuity due to the occurrence of conflicts in regions that critically affect business operations, leading to a disruption in trade.

Response measures:

•Securing inventory of raw materials and promoting procurement from multiple regions.

Business Continuity Management (BCM)

We have established a Business Continuity Plan (BCP) with countermeasures for earthquakes, influenza outbreaks and other incidents. We are working to strengthen Business Continuity Management (BCM) by regularly reviewing our BCP, as well as by implementing earthquake response training and other measures.
Most recently, we revised the BCP in line with the improvement of IT tools and workplace environment. We are working to strengthen our crisis management system for large-scale earthquakes by making employees fully aware of the revised countermeasures through e-learning and conducting periodic training.

Tax Policy

We have established the Nippon Shokubai Group Code of Conduct as a guideline for all Officers and employees of NIPPON SHOKUBAI CO., LTD. and its Group companies to follow when taking specific actions. It enables us to ensure the trust of all stakeholders and promote sustainable business activities aimed at putting our corporate philosophy into practice. Following this Code of Conduct means making tax compliance a top priority. That's why we have established the following Tax Policy for the Nippon Shokubai Group that ensures compliance with the corporate tax laws and regulations of each country and region where we operate as well as all tax treaties, and international tax rules as we work to ensure that we pay our fair share of taxes as required.

This Policy has been approved by the Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee; which is chaired by the President and composed of Inside Directors of the Board, Executive Officers and others appointed by the President).

Nippon Shokubai Group Code of Conduct

Tax Policy

1. Tax compliance system

Nippon Shokubai's Accounting Department works with the accounting departments of Group companies to enhance overall tax compliance across the Group. In order to achieve this, we have our Accounting Department's tax personnel take part in external training to acquire the necessary expertise, staff the department with a specified number of employees with long-term practical experience, and take other measures as we endeavor to maintain and strengthen our tax governance system.
We also make sure that important matters, such as those related to tax audits and transfer pricing, are reported on at regularly scheduled Corporate Managing Committee meetings.

2. Tax planning

The Nippon Shokubai Group seeks to improve the cash flow from its operating activities through proper tax planning, but does not undertake tax planning that is out of step with its actual business substances, use tax havens for tax avoidance purposes, or transfer profits to low-tax jurisdictions without an economic rationale.

3. Response to transfer pricing taxation

We set intergroup transaction prices in accordance with the OECD Guidelines and other relevant international regulations. We also assess foreign subsidiaries based on functional and risk analysis to determine whether the distribution of profits is appropriate. At the same time, we maintain transfer pricing documents in accordance with the tax laws and related regulations of each country in order to identify transfer pricing risks on our own. However, since it is difficult to completely eliminate the risk that a transaction price determined to be appropriate by our Group will not be recognized by the tax authorities of each country, we seek advice from outside experts, use the Advance Pricing Arrangement, etc. to minimize such a risk. In the event of double taxation, we will endeavor to resolve it through tax treaties or mutual consultation.

4. Relationship with tax authorities

We will respond to requests from tax authorities to provide information, submit materials, etc., and provide the basis for decisions on tax treatment carried out by our Group in tax audits, etc., as we strive to maintain and build a good relationship with tax authorities. We will also endeavor to promptly take measures to prevent any recurrence with respect to deficiencies identified by the tax authorities in past tax audits, etc. However, if the decision of the tax authorities is unreasonable in light of laws and regulations, we will file for relief via an appeal hearing, mutual consultation, etc. if it is appropriate to do so.

Sustainability

Information Security

The Nippon Shokubai Group recognizes that ensuring information security is a corporate social responsibility and considers it an important management issue that affects business continuity. We have established an Information Security Policy to manage and protect the information we handle as important assets, and we will use such information appropriately in our business activities.

Information Security Policy

The Nippon Shokubai Group handles its information assets as well as information assets provided by third parties in compliance with all relevant laws, regulations, and internal rules. We strive to maintain and improve appropriate information management and information security in order to protect information assets from the risks associated with accidents, disasters, and crime as we work to earn the trust of stakeholders and the public at large with an eye to minimizing the potential impact of any security incidents on our business operations.
Our information management and information security initiatives cover all business activities of our Group and are designed to ensure that all officers and employees correctly recognize the importance of information security and take appropriate actions.

Management System

We are working to maintain, manage, and improve information security. We have established a management organization needed to achieve systematic and continuous information security operations so that we can implement more appropriate information security measures in response to the growing complexity of our business activities on a global scale and preserve the public's trust while ensuring safety and security.

The DX Promotion Division is responsible for information security, and the Director of the DX Promotion Division serves as the chief information security officer under the supervision of the Director of the Board/Executive Officer in charge. We have established a dedicated team to manage and protect information in the Information Technology Management Department as a headquarters organization. The team works with the departments in charge of information security at business offices and Group companies to strengthen information security.

Security Measures

We have defined basic information security measures (e.g., the introduction of virus scanning software, access control, and external storage device control) that should be implemented in order to protect the information assets we handle from external threats and periodically monitor their implementation status. We also conduct vulnerability assessments by outside experts and examine appropriate responses to enhance network security. In order to prevent information leaks from inside the company, we check the information system operation logs of all officers and employees and take other measures to strengthen our monitoring system. In the event of any violation of internal rules on information security, we will take strict action in accordance with the rules of employment and disciplinary procedures.

Information Security Education

We believe that the awareness of all officers and employees is important to ensure information security and protect information assets. As an information security awareness activity, we provide all officers and employees with targeted attack email training and information security education on an ongoing basis. Providing regular education in this way enables us to improve the information literacy and ethics of each individual and train them to correctly understand information security and information handling. While it is most important to prevent incidents from occurring, we have made it a rule to immediately report any incidents to our security team, so that we can take swift and appropriate action to minimize damage.

R&D

Intellectual Property Activities

Consistent with our recognition of intellectual property as essential assets of the company and sources of competitive advantages, our business and research and development divisions are united in their promotion of intellectual property strategies to expand and strengthen existing businesses and create new businesses. We also minimize intellectual property risks by conducting patent surveys as we engage in development and move toward commercialization to show our respect for the intellectual property of other companies and avoid unnecessary disputes.

Promoting inventions

We file high-quality patent applications, and retain useful patent for the new technology we produce in the course of carrying out everyday research and production activities by actively working to unearth new inventions, regularly holding patent review meetings, and applying for patents with the intent to obtain and take advantage of the exclusivity they grant. We also strategically apply for defensive patents and seek to acquire rights with an eye on competitors in our core businesses to ensure our advantages in terms of patents and otherwise quickly adapt to changes in the circumstances surrounding intellectual property.
Furthermore, we are working to reform and improve awareness of intellectual property among our people in research and development sections by training them in intellectual property, specifically through internal patent seminars featuring original training and workshops for R&D agreements to more effectively engage in co-creation with outside entities.

Employee Inventions

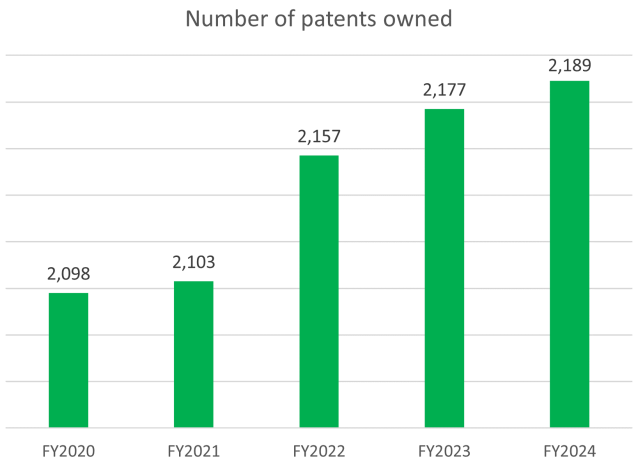
To incentivize our employees to create intellectual property, we established an employee invention program under which we compensate employees for inventing things worthy of applying for patents. We also give rewards to the inventors of inventions that contribute significantly to the company. Since instituting the invention reward program in 2001, we have received and approved more than 10 applications.

Licensing

Although the foremost use of our proprietary technology is to develop our own business, we also license it to other companies based on our business and research and development strategies—the aim is to leverage the resulting synergy into further development of the company. We also work to increase business opportunities and enhance our presence by proactively introducing the best technology from outside the company and stepping up collaboration with partner companies.

Number of patents owned

We take steps to improve our intellectual property portfolio and properly maintain patents based on research and business policies in an effort to protect the company, enhance collaboration with outside entities through open innovation, and recover research investments through licensing.



Sustainability

Sustainability Data

Policies >

Editorial Policy >

Initiatives and Organizations >

Status of Certification Acquisition >

ESG Data >

Sustainability Library >

GRI Standards Comparison Table >

Company

Policies

Group Mission Framework / Safety Philosophy	• Group Mission Framework / Safety Philosophy
Sustainability Management	• Sustainability Policy
Responsible Care	• RC Policy
Initiatives for Environment	• Environmental Protection Policy
Initiatives for Society	• Basic policy on human rights • Talent Development Policy • D&I Promotion Policy • Basic Approach to Safety Issues • Occupational Safety and Health Policy • Sustainable Procurement Policy • CSR Procurement Guidelines • Responsible Procurement of Minerals Policy • Corporate Citizenship Policy
Governance	• Our basic approach to corporate governance • For Compliance with Anti-Bribery Laws(Nippon Shokubai's Group Code of Conduct) • For Compliance with Competition Laws(Nippon Shokubai's Group Code of Conduct) • Tax Policy • Information Security Policy
Investor Relations	• Disclosure Policy

Other Information

- Privacy Policy
- Cookie Policy

Sustainability

Editorial Policy

Editorial Policy

The Nippon Shokubai Group Sustainability Website describes our initiatives to realize a sustainable society under the Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.” For the purpose of gaining the understanding of our stakeholders, we have posted details of our group’s general approach to sustainability, as well as initiatives related to the environment, society, and governance.
We periodically archive the sustainability website and record it as a sustainability report for the relevant fiscal year.

In addition, the integrated report “TechnoAmenity Report” reports on the Group’s vision, strategies, and initiatives for medium- to long-term value creation. We hope that you will also read the TCFD Report, which contains information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
Data related to the environment, society, and governance are posted in the ESG Data.

- Sustainability Library
- ESG Data

Reporting Scope

Organizational boundary

“Nippon Shokubai Group” and “our Group” refer to Nippon Shokubai and its domestic and overseas consolidated subsidiaries, and “Nippon Shokubai”, “the company” and “we” refer to Nippon Shokubai alone.

Reporting targets for Responsible Care initiatives are as follows.
NIPPON SHOKUBAI CO., LTD.
・Osaka Office
・Tokyo Office
・Himeji Plant
・Kawasaki Plant
・Suita Research Center
・Himeji Research Center

Group Companies in Japan

・NIPPOH CHEMICALS CO., LTD.
・TOKYO FINE CHEMICAL CO., LTD.
・CHUGOKUKAKO CO., LTD
・NIPPON POLYMER INDUSTRIES CO., LTD
・NISSHOKU TECHNO FINE CHEMICAL CO., LTD.
・NIPPON NYUKAZAI CO., LTD.
・Nisshoku Butsuryu Co., Ltd.

Group Companies outside Japan

・Nippon Shokubai America Industries, Inc.
・PT. NIPPON SHOKUBAI INDONESIA
・NIPPON SHOKUBAI EUROPE N.V.
・SINGAPORE ACRYLIC PTE LTD
・NIPPON SHOKUBAI (ASIA) PTE. LTD.
・NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD.
・SINO-JAPAN CHEMICAL CO., LTD.

- Business Locations

Reporting Period

April 1, 2024 to March 31, 2025
Some topics in and after April 2025 are also contained in the website.

Reporting Cycle

Annually

Publication date

Publication date : December 2025
Previous publication: December 2024
Next scheduled publication: December 2026

Referenced Guidelines

- Global Reporting Initiative (GRI) Sustainability Reporting Standards
  - GRI Standards Comparison Table
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
  - TCFD Report

- Environmental Reporting Guidelines 2018, Environmental Accounting Guidelines 2005, Ministry of the Environment, Government of Japan
- Environmental Accounting Guidelines for Chemical Companies (November 2003), the Japan Chemical Industry Association
- IIRC (International Integrated Reporting Council) International Integrated Reporting Framework

Third-party Verification

The calculation of GHG emissions has undergone third-party verification.

- Third-party Verification Report on Greenhouse Gas Emissions

Contact

Contact

No.1811005153-1

Greenhouse Gas Emissions Verification Report

To: NIPPON SHOKUBAI CO., LTD.

1. Objective and Scope

Japan Quality Assurance Organization (hereafter "JQA") was engaged by NIPPON SHOKUBAI CO., LTD. (hereafter "the Company") to provide an independent verification on "FY2024* calculation report of GHG emissions" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the Report was correctly measured and calculated, in accordance with the "Calculation manual of GHG emissions" (hereafter "the Rule") developed by the Company. The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.

*The fiscal year 2024 of the Company ended on March 31, 2025.

2. Procedures Performed

JQA conducted verification in accordance with "ISO 14064-3" for GHG emissions, and with "ISAE3000" for energy consumption and Carbon Offset City Gas purchase quantity. The scope of this verification assignment covers Scope 1, 2 as GHG (CO_2, CH_4, N_2O, SF_6, NF_3, HFCs, PFCs, CFC and HCFC) emissions, energy consumption and Carbon Offset City Gas purchase quantity. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent of the total emissions in the Report. The organizational boundaries of this verification include ten production sites and four non-production sites of the Company and its group companies in Japan.

Our verification procedures included:

- Confirming the integrated functions and the Rule prior to the on-site assessment.
- Holding on-site verification at the Company's two domestic production sites. The location of sampling sites for on-site assessment was selected by the Company.
- On-site assessment to check the Report's boundaries, source of GHG, monitoring points, monitoring and calculation system and its controls.
- Vouching: Cross-checking the GHG emissions, energy consumption and Carbon Offset City Gas purchase quantity data against evidence for all sampling sites.

3. Conclusion

Based on the procedures described above, nothing has come to our attention that caused us to believe that the statement of the information regarding the Company's FY2024 GHG emissions, energy consumption and Carbon Offset City Gas purchase quantity in the Report, is not materially correct, or has not been prepared in accordance with the Rule.

GHG Emissions	Scope 1	Scope 2	Total
	585 thousand t-CO_2e	174 thousand t-CO_2	759 thousand t-CO_2e
Carbon Offset City Gas purchase quantity	26,000 thousand Sm^3 (15°C, atmospheric pressure)		

4. Consideration

The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of GHG emissions, energy consumption and Carbon Offset City Gas purchase quantity in the Report only. There is no conflict of interest between the Company and JQA.



Sumio Asada, Executive Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan
September 2, 2025

Initiatives and Organizations

Major initiatives which we support and organizations which we belong to

United Nations Global Compact (UNGC)

The UNGC is a sustainability initiative that brings together the United Nations and the private sector (companies and organizations) to build a healthy global society.
Each company and organization acts as a good member of society by exercising responsible and creative leadership, and takes voluntary initiatives to achieve sustainable growth.
Signatory companies and organizations are required to continue their efforts to achieve ten principles in the areas of the protection of human rights, the elimination of unfair labor practices, environmental responsibility, and anti-corruption, based on the commitment of their top management themselves to these principles.

The Ten Principles of the UNGC

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Related links

- United Nations Global Compact (UNGC)
- News Release (October 26th, 2020) – Nippon Shokubai Signs United Nations Global Compact
- Sustainability Management / Materiality

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD is a task force established by the Financial Stability Board (FSB), an international organization of central banks and financial regulators from major countries and regions around the world.
It provides a framework for disclosing information on climate change-related risks and opportunities.

Related links

- Task Force on Climate-Related Financial Disclosures (TCFD)
- News Release (March 30th, 2021) – Nippon Shokubai to Support the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Tackling Climate Change
- TCFD Reports

The GX League

The GX League (GX: green transformation) is a forum for cooperation between a group of companies and the government, universities, and academic institutions in order to meet greenhouse gas reduction targets and increase industrial competitiveness by using Japan's goal of carbon neutrality by 2050 as an opportunity for economic growth.

Related links

- The GX League

Responsible Care Global Charter

Responsible Care (RC) is an activity in which companies handling chemical substances engage in dialogue and communication with society by voluntarily ensuring the environment, safety, and health in all processes from development, manufacturing, distribution, use, and final consumption to disposal and recycling of chemical substances, and by disclosing the results of these activities.
The International Council of Chemical Associations (ICCA) published the Responsible Care Global Charter, which was revised in 2014 to promote activities internationally.



President's signature on the RC Global Charter (Revised 2014 version)

Related links

- Responsible Care Initiatives

Japan Clean Ocean Material Alliance (CLOMA)

The CLOMA is a platform in Japan to accelerate innovation by strengthening collaboration among a wide range of stakeholders across industries to solve the global issue of marine plastic waste.

Related links

- Japan Clean Ocean Material Alliance (CLOMA)

Long-range Research Initiative(LRI)

The LRI is an international initiative that provides long-term support for research on the effects of chemical substances on human health and the environment. The Japan Chemical Industry Association (JCIA) is promoting this initiative in Japan.

Related links

- Long-range Research Initiative(LRI)

Keidanren Initiative for Biodiversity Conservation

This is an initiative by the Japan Business Federation (Keidanren) to “realize a sustainable society through building a society in harmony with nature”.
The initiative has seven action guidelines, including management responsibility, voluntary efforts, and partnership.

Related links

- Keidanren Initiative for Biodiversity Conservation
- Biodiversity Preservation

The 30by30 Alliance for Biodiversity

The 30by30 Alliance for Biodiversity is a voluntary alliance of industries, the private sector, and governments that aims to contribute to achieving the “30by30”, which effectively protect or conserve at least 30% of land and sea areas as healthy ecosystems by 2030.

Related links

- Japan’s 30by30 Roadmap

“White Logistics” Movement

This is an initiative promoted by the Ministry of Land, Infrastructure, Transport and Tourism, and other ministries. This movement aims to ensure the stable logistics necessary for people’s daily lives and industrial activities as well as to contribute to the growth of the economy by improving productivity and logistics efficiency of truck transportation and achieving a “white” working environment for drivers and other workers.

Related links

- “White Logistics” Movement
- Logistics Initiatives

Challenge Initiative for 30% of Executives to Be Women by 2030 – #Here We Go 203030 –

The initiative was announced by the Japan Business Federation (Keidanren) in 2021.
The initiative aims to “increase the proportion of women on the board of directors to at least 30% by 2030” and is working to “promote the active participation in the workforce by diverse people” in order to achieve inclusion and co-creation of diverse value that are the keys to sustainable capitalism.

Related links

- Challenge Initiative for 30% of Executives to Be Women by 2030 – #Here We Go 203030 –

EcoVadis

EcoVadis is an online platform for supply chain sustainability performance management operated by French company EcoVadis. The platform serves over 150,000 companies in some 185 countries.

Related links

- Promote Responsible Procurement

Sedex

Sedex, a non-profit organization, operates an online platform for companies to store and view data on ethical and responsible business practices. The platform is adopted in 180 countries and regions across 35 industry sectors, including food, agriculture, financial services, clothing, garments, packaging, and chemicals.

Related links

- Promote Responsible Procurement

Roundtable on Sustainable Palm Oil (RSPO)

The RSPO is a not-for-profit organization to promote the sustainable production and use of palm oil. It unites a wide range of stakeholders involved in palm oil and facilitates them working together to consider the impact of palm oil on the environment and human rights through two systems: certification of sustainable production and certification of systems for the proper distribution of certified palm oil.

Related links

- Roundtable on Sustainable Palm Oil (RSPO)
- Promote Responsible Procurement

Other major organizations which we belong to

- Japan Business Federation (Keidanren)
- Japan Chemical Industry Association (JCIA)
- Japan Petrochemical Industry Association (JPCA)
- Kansai Chemical Industry Association (Kankakyo)
- Battery Association for Supply Chain (BASC)
- Clean Fuel Ammonia Association (CFAA) etc.

Status of Certification Acquisition

Nippon Shokubai Group has obtained the following certifications for the environmental and quality management system.

Environmental management system

(As of February, 2025)

NIPPON SHOKUBAI CO., LTD.

Name of manufacturing site	Applicable standard	Registration number	Acquisition date
Kawasaki Plant	ISO 14001:2015	JCQA-E-0157	June 2000
Himeji Plant	ISO 14001:2015	JCQA-E-0273	July 2001

Group Companies in Japan

Name of group company	Applicable standard	Registration number	Acquisition date
NIPPOH CHEMICALS CO., LTD.	ISO 14001:2015	C2024-06642	February 2007
CHUGOKU KAKO CO., LTD.	Eco-Action 21	0001926	October 2007
NIPPON NYUKAZAI CO., LTD.	ISO 14001:2015	JCQA-E-0908	May 2003
TOKYO FINE CHEMICAL CO., LTD.	Eco-Action 21	0003559	April 2009
NISSHOKU TECHNO FINE CHEMICAL CO., LTD.	ISO 14001:2015	EMS517539	August 2007

Group Companies outside Japan

Name of group company	Applicable standard	Registration number	Acquisition date
SINGAPORE ACRYLIC PTE LTD.	ISO 14001:2015	10657044	January 2007
PT. NIPPON SHOKUBAI INDONESIA	ISO 14001:2015	118973	November 2002

Nippon Shokubai America Industries, Inc.	ISO 14001:2015	141948.00	March 2020
NIPPON SHOKUBAI EUROPE N.V.	ISO 14001:2015	10469752	September 2004
NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD.	ISO 14001:2015	CN041409	November 2007
SINO-JAPAN CHEMICAL CO., LTD.	ISO 14001:2015	TW15/10557	June 2006

Quality management system

As of February, 2025

NIPPON SHOKUBAI CO., LTD.

Name of manufacturing site	Applicable standard	Registration number	Acquisition date
Kawasaki Plant	ISO 9001:2015	JCQA-0235	July 1997
Himeji Plant	ISO 9001:2015	JCQA-0515	July 1999

Group Companies in Japan

Name of group company	Applicable standard	Registration number	Acquisition date
NIPPOH CHEMICALS CO., LTD	ISO 9001:2015	C2024-06641	December 2001
CHUGOKU KAKO CO., LTD	ISO 9001:2015	C2023-03659	September 2002
NIPPON NYUKAZAI CO., LTD.	ISO 9001:2015	JCQA-0377	October 1998
TOKYO FINE CHEMICAL CO., LTD.	ISO 9001:2015	JCQA-1580	December 2005
NISSHOKU TECHNO FINE CHEMICAL CO., LTD	ISO 9001:2015	FM 81150	March 2004
NIPPON POLYMER INDUSTRIES CO., LTD.	ISO 9001:2015	JCQA-1038	January 2002

Group Companies outside Japan

Name of group company	Applicable standard	Registration number	Acquisition date
SINGAPORE ACRYLIC PTE LTD	ISO 9001:2015	10589656	May 2006
PT. NIPPON SHOKUBAI INDONESIA	ISO 9001:2015	118972	November 2001
Nippon Shokubai America Industries, Inc.	ISO 9001:2015	111948.00	March 2020
NIPPON SHOKUBAI EUROPE N.V.	ISO 9001:2015	10469752	October 2004

NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD.	ISO 9001:2015	CN041408	December 2007
SINO-JAPAN CHEMICAL CO., LTD.	ISO 9001:2015	TW15/10538	July 2000

Sustainability

ESG Data

The data sheets include environmental data, social data, governance data.

FY2024

FY2024 ESG Data Sheet (FY2020-FY2024) Date of Issue : July 7th, 2025

Back numbers

FY2023 ESG Data Sheet (FY2019-FY2023)

FY2022 ESG Data Sheet (FY2018-FY2022)

FY2021 ESG Data Sheet (FY2017-FY2021)

FY2020 ESG Data Sheet (FY2016-FY2020)

FY2019 ESG Data Sheet (FY2015-FY2019)

NIPPON SHOKUBAI Group
FY2024 ESG Data Sheet

[Aggregation Period] April 1－March 31 of each fiscal year, and March 31 of each fiscal year
[Date of Issue] July 7th, 2025

[Scope of Data Aggregation]

"Nippon Shokubai"	NIPPON SHOKUBAI CO., LTD.
"Consolidated"	NIPPON SHOKUBAI CO., LTD. and its consolidated subsidiaries

Scope of data aggregation in Responsible Care Initiatives (Environment, and part of Society (Occupational safety and health, Quality))

"Nippon Shokubai"	NIPPON SHOKUBAI CO., LTD.
"Nippon Shokubai (manufacturing sites)"	All manufacturing sites of NIPPON SHOKUBAI CO., LTD. (Himeji Plant / Kawasaki Plant)
"Group companies in Japan"	NIPPOH CHEMICALS CO., LTD. / TOKYO FINE CHEMICAL CO., LTD. / CHUGOKUKAKO CO., LTD / NIPPON POLYMER INDUSTRIES CO., LTD / NISSHOKU TECHNO FINE CHEMICAL CO., LTD. / NIPPON NYUKAZAI CO., LTD. / Nisshoku Butsuryu Co., Ltd.
"Group companies outside Japan"	Nippon Shokubai America Industries, Inc. / PT.NIPPON SHOKUBAI INDONESIA / NIPPON SHOKUBAI EUROPE N. V. / SINGAPORE ACRYLIC PTE LTD / NIPPON SHOKUBAI (ASIA) PTE.LTD. / NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) Co., LTD. / SINO-JAPAN CHEMICAL CO., LTD.
"Nippon Shokubai Group"	The above Nippon Shokubai, Group companies in Japan, and Group companies outside Japan
"Nippon Shokubai Group in Japan"	The above Nippon Shokubai and Group companies in Japan
"Number of production sites"	16 sites NIPPON SHOKUBAI CO., LTD.: 2 sites / NIPPON NYUKAZAI CO., LTD.: 2 sites / Nippon Shokubai America Industries, Inc.: 2 sites / SINGAPORE ACRYLIC PTE LTD (SAA), NIPPON SHOKUBAI (ASIA) PTE.LTD. (NSA) : 1 site for SAA and NSA combined / Other Group companies inside and outside Japan : 1 site each (excluding Nisshoku Butsuryu Co., Ltd.)

[Coverage rate]

	FY2020	FY2021	FY2022	FY2023	FY2024
Ratio of non-consolidated sales revenue to consolidated sales revenue	66.3%	60.8%	61.3%	58.5%	59.7%

* The coverage rate for "consolidated" is 100%.
* The sales revenue ratio of the "Nippon Shokubai Group" to consolidated sales revenue is 90% or more.

"Nippon Shokubai Group" : Scope of data aggregation in Responsible Care Initiatives (Environment, and part of Society (Occupational safety and health, Quality))

Environment
(1/4)

Aspect	Classification		Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Prevention of global warming *1	Energy consumption		Nippon Shokubai Group	1,000 kL (crude oil equivalent)	309	299	302	317	309
				GWh	2,443	2,405	2,443	2,681	2,612
			Nippon Shokubai	1,000 kL (crude oil equivalent)	197	184	187	203	197
			Nippon Shokubai (manufacturing sites)		189	175	179	195	190
			Group companies in Japan		27	28	27	27	27
			Group companies outside Japan		85	87	88	87	84
	Energy intensity		Nippon Shokubai (manufacturing sites)	L/tons-production volume (crude oil equivalent)	109	98	111	126	122
	GHG emissions	Scope 1+2 *2	Nippon Shokubai Group	1,000 tons-CO_2e	1,145	1,159	1,046[*3]	1,018[*3*4]	977[*3]
			Nippon Shokubai		739	755	654[*3]	651[*3]	640[*3]
			Group companies in Japan		68	70	68	63	61
			Group companies outside Japan		338	334	324	304[*4]	276
		Scope 1 *2	Nippon Shokubai Group	1,000 tons-CO_2e	803	839	727[*3]	731[*3]	716[*3]
			Nippon Shokubai		596	627	521[*3]	510[*3]	489[*3]
			Group companies in Japan		43	45	44	40	37
			Group companies outside Japan		164	168	161	181	189
		Scope 2	Nippon Shokubai Group	1,000 tons-CO_2	343	320	319	287	261
			Nippon Shokubai		143	128	133	141	151
			Group companies in Japan		25	25	24	23	24
			Group companies outside Japan		174	167	162	123[*4]	87
		Scope 3	Nippon Shokubai	1,000 tons-CO_2e	3,567	3,783	3,405	3,426	3,421
		Cat. 1: Purchased goods and services			1,445	1,522	1,370	1,462	1,408
		Cat. 2: Capital goods			55	44	43	49	88
		Cat. 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2			85	83	89	97	95
		Cat. 4: Upstream transportation and distribution			14	15	13	14	14
		Cat. 5: Waste generated in operations			7	8	5	5	4
		Cat. 6: Business travel			0	0	0	0	0
		Cat. 7: Employee commuting			1	1	1	1	1
		Cat. 8: Upstream leased assets			–	–	–	–	–
		Cat. 9: Downstream transportation and distribution			–	–	–	–	–
		Cat. 10: Processing of sold products			–	–	–	–	–
		Cat. 11: Use of sold products			–	–	–	–	–
		Cat. 12: End-of-life treatment of sold products			1,961	2,111	1,884	1,798	1,811
		Cat. 13: Downstream leased assets			–	–	–	–	–
		Cat. 14: Franchises			–	–	–	–	–
		Cat. 15: Investments			–	–	–	–	–
	Estimated value of avoided emissions in the supply chain by Environmental Contribution Products		Nippon Shokubai Group	1,000 tons-CO_2	–	1,040	1,140	1,230[*5]	1,070

Environment
(2/4)

Aspect	Classification		Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Environmental conservation for logistics *1	CO_2 emissions attributable to domestic logistics		Nippon Shokubai	1,000 tons-CO_2	13.9	14.8	13.2	13.7	13.6
	CO_2 emissions intensity attributable to domestic logistics		Nippon Shokubai	kg-CO_2/1,000 ton-km	59.0	58.7	57.9	62.4	62.2
Water	Water withdrawal	Surface water (rivers, lakes, etc.)	Nippon Shokubai Group	million m^3	0.0	0.0	0.0	0.0	0.0
			Nippon Shokubai		0.0	0.0	0.0	0.0	0.0
			Group companies in Japan		0.0	0.0	0.0	0.0	0.0
			Group companies outside Japan		0.0	0.0	0.0	0.0	0.0
		Groundwater	Nippon Shokubai Group	million m^3	3.3	3.3	3.4	3.4	3.3
			Nippon Shokubai		0.0	0.0	0.0	0.0	0.0
			Group companies in Japan		3.3	3.3	3.4	3.4	3.3
			Group companies outside Japan		0.0	0.0	0.0	0.0	0.0
		Sea water	Nippon Shokubai Group	million m^3	45.8	17.1	0.0	0.0	0.0
			Nippon Shokubai		0.0	0.0	0.0	0.0	0.0
			Group companies in Japan		0.0	0.0	0.0	0.0	0.0
			Group companies outside Japan		45.8	17.1	0.0	0.0	0.0
		Third-Party sources (tap water, industrial water, etc.)	Nippon Shokubai Group	million m^3	19.5	20.0	19.9	20.1	19.9
			Nippon Shokubai		14.6	14.8	14.4	14.1	14.0
			Group companies in Japan		2.7	2.6	2.6	2.6	2.6
			Group companies outside Japan		2.1	2.6	3.0	3.4	3.3
		Total amount of water withdrawals (excluding sea water) *6	Nippon Shokubai Group	million m^3	22.8	23.4	23.3	23.5	23.2
			Nippon Shokubai		14.6	14.8	14.4	14.1	14.0
			Group companies in Japan		6.0	6.0	6.0	6.0	5.9
			Group companies outside Japan		2.1	2.6	3.0	3.4	3.3
		Water use intensity	Nippon Shokubai (manufacturing sites)	m^3/tons-production volume	8.45	8.26	8.96	9.22	9.10
		Water Stress sites *7	Nippon Shokubai Group	numbers	0	0	0	2	2
		Total water withdrawal in water-stressed regions	Nippon Shokubai Group	million m^3	0.0	0.0	0.0	3.0	2.9
	Water discharge	into Surface water (rivers, lakes, etc.)	Nippon Shokubai Group	million m^3	4.6	4.7	4.8	4.9	4.7
			Nippon Shokubai		0.0	0.0	0.0	0.0	0.0
			Group companies in Japan		4.0	4.0	4.0	4.0	3.9
			Group companies outside Japan		0.7	0.7	0.8	0.8	0.8
		into Subsurface	Nippon Shokubai Group	million m^3	0.0	0.0	0.0	0.0	0.0
			Nippon Shokubai		0.0	0.0	0.0	0.0	0.0
			Group companies in Japan		0.0	0.0	0.0	0.0	0.0
			Group companies outside Japan		0.0	0.0	0.0	0.0	0.0
		into Ocean	Nippon Shokubai Group	million m^3	55.5	27.0	9.4	9.4[*4]	9.2
			Nippon Shokubai		7.9	8.1	7.7	7.7	7.4
			Group companies in Japan		1.7	1.7	1.8	1.8	1.8
			Group companies outside Japan		45.8	17.1	0.0	0.0	0.0
		into Third Party Dischargers (sewage, etc.)	Nippon Shokubai Group	million m^3	0.3	0.3	0.2	0.2	0.2
			Nippon Shokubai		0.0	0.0	0.0	0.0	0.0
			Group companies in Japan		0.1	0.1	0.0	0.0	0.0
			Group companies outside Japan		0.2	0.2	0.2	0.2	0.2
		Total amount of water discharge (excluding sea water) *6	Nippon Shokubai Group	million m^3	14.6	14.8	14.5	14.5	14.2
			Nippon Shokubai		8.0	8.2	7.7	7.7	7.5
			Group companies in Japan		5.8	5.8	5.8	5.9	5.8
			Group companies outside Japan		0.8	0.9	1.0	1.0	1.0
	Water consumption	Total water consumption (excluding sea water) *6	Nippon Shokubai Group	million m^3	8.2	8.6	8.8	9.0	9.0
			Nippon Shokubai		6.7	6.6	6.7	6.4	6.5
			Group companies in Japan		0.2	0.2	0.1	0.2	0.2
			Group companies outside Japan		1.3	1.7	2.0	2.4	2.4
Raw material	Purchased raw materials		Nippon Shokubai	1,000 tons	969	1,047	924	897	895

Environment
(3/4)

Aspect	Classification	Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Chemical management	Substances subject to the PRTR Law *8	Nippon Shokubai Group in Japan	tons	117	121	112	128	137
		Nippon Shokubai		83	86	81	90	85
		Released into atmosphere		38	40	37	47	45
		Released into water		45	46	45	43	40
		Group companies in Japan		34	35	30	37	52
Prevention of air and water pollution	SOx emissions	Nippon Shokubai Group	tons	8.6	7.9	8.6	14.9	14.6
		Nippon Shokubai		3.7	3.1	3.0	2.0	4.3
		Group companies in Japan		1.6	1.4	0.7	0.6	0.1
		Group companies outside Japan		3.3	3.5	4.9	12.3	10.2
	NOx emissions	Nippon Shokubai Group	tons	307	328	308	290	276
		Nippon Shokubai		198	196	186	166	184
		Group companies in Japan		48	72	52	40	33
		Group companies outside Japan		61	61	70	84	59
	Dust emissions	Nippon Shokubai Group in Japan	tons	7.8	9.4	8.0	8.9	9.2
		Nippon Shokubai		5.7	7.4	6.0	7.6	7.6
		Group companies in Japan		2.1	2.1	1.9	1.4	1.7
	VOC emissions *9	Nippon Shokubai Group	tons	–	–	–	–	107
		Nippon Shokubai		57	59	62	53	57
		Group companies in Japan		–	–	–	–	29
		Group companies outside Japan		–	–	–	–	21
	COD emissions	Nippon Shokubai Group in Japan	tons	111	110	116	86	88
		Nippon Shokubai		50	56	45	34	36
		Group companies in Japan		61	55	72	53	52
	Total phosphorous emissions	Nippon Shokubai	tons	2.5	2.6	2.3	2.5	1.9
	Total nitrogen emissions	Nippon Shokubai	tons	52	56	57	28	27
Waste reduction	Quantity of off-site waste *10	Nippon Shokubai Group	1,000 tons	9.8	11.0	10.6	9.5	9.8
		Nippon Shokubai		2.8	3.0	2.0	2.1	1.9
		Group companies in Japan		5.5	7.0	6.9	6.2	6.7
		Group companies outside Japan		1.6	0.9	1.6	1.2	1.2
	Quantity of recycling	Nippon Shokubai Group	1,000 tons	45	49	46	42	44
		Nippon Shokubai		34	38	35	33	33
		Group companies in Japan		2	2	2	2	2
		Group companies outside Japan		9	9	9	7	9
	Recycling ratio *11*12	Nippon Shokubai	%	–	–	–	–	74
	Quantity of final off-site landfill	Nippon Shokubai Group	tons	494	568	611	738	954
		Nippon Shokubai		11	9	9	7	7
		Group companies in Japan		108	118	82	110	143
		Group companies outside Japan		376	442	521	621	804
	Quantity of final off-site landfill / Total amount of waste generated Objective:≦0.1%	Nippon Shokubai	%	0.016	0.016	0.018	0.016	0.016
	Hazardous waste discharged *11*13	Nippon Shokubai Group	tons	–	–	–	–	6,205
		Nippon Shokubai		–	–	–	–	527
		Group companies in Japan		–	–	–	–	5,168
		Group companies outside Japan		–	–	–	–	510

Environment
(4/4)

Aspect	Classification	Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Environmental management	Ratio of plants with environmental management system (EMS) certification *14	Nippon Shokubai Group	%	100	100	100	94	94
		Nippon Shokubai		100	100	100	100	100
		Group companies in Japan		100	100	100	86	86
		Group companies outside Japan		100	100	100	100	100
Environmental accounting	Environmental protection cost (Investment)	Nippon Shokubai	million yen	327	105	164	84	419
	Environmental protection cost (Expense)	Nippon Shokubai	million yen	9,471	10,137	11,356	11,506	11,280
	Economic effect resulting from environmental protection initiatives	Nippon Shokubai	million yen	2,484	6,722	5,881	6,245	6,158
Environmental education	Number of participants in company-wide RC training, including Environmental protection initiatives *11*15	Nippon Shokubai	person	181	187	191	174	203
Violation of environmental laws and regulations	Number of significant fines and penalties for violations of environmental laws and regulations	Nippon Shokubai Group	numbers	0	0	0	0	0

*1 Due to the revision of the Act on Rationalization of Energy Use and Shift to Non-fossil Energy (Energy Conservation Act), the Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act), and the Act on Rational Use and Appropriate Management of Fluorocarbons (Fluorocarbons Act), the calculation method has been revised from the fiscal 2023 results.

*2 Calculated based on the GHG Protocol and includes GHG emissions from non-energy sources not subject to calculation under the Act on Promotion of Global Warming Countermeasures.

*3 Includes offset from the purchase of carbon offset city gas, formerly known as carbon neutral city gas (FY2022: 61,000 tons-CO_2 per year, FY2023: 62,000 tons-CO_2 per year, FY2024: 58,000 tons-CO_2 per year)

*4 Fixed calculation errors

*5 Revised estimation method

*6 Revised disclosure method. Water consumption (excluding sea water) is calculated by subtracting water discharge (excluding sea water) from water withdrawal (excluding sea water).

*7 To conduct water risk assessments, we used the Aqueduct 4.0 Water Risk Atlas of World Resources Institute (WRI). Definition of water stress sites: Number of production sites located in areas with “Extremely High” and “High” baseline water stress.

*8 PRTR Law: The official name is “Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement.” Due to a revision of the law, the number of substances subject to the law increased from FY2023.

*9 The scope of data aggregation for Nippon Shokubai includes substances subject to the PRTR Law (air emissions) and VOCs among those covered by the Japan Chemical Industry Association's PRTR survey. For Group companies in Japan, the scope includes substances subject to the PRTR Law (air emissions). For Group companies outside Japan, it includes substances designated under the laws and regulations of each respective country.

*10 The quantity of off-site waste emission is obtained by subtracting the quantity of on-site reduction, on-site recycling, on-site landfill and off-site recycling from the quantity of waste generated.

*11 Added new contents

*12 Recycling ratio = (Quantity of recycling)÷(Quantity of waste generated)×100

*13 In Japan, the calculation is based on the definition of "Specially Controlled Industrial Waste" as stipulated in the Waste Management and Public Cleansing Law. Outside Japan, the total amount of waste equivalent to Specially Controlled Industrial Waste is calculated independently of local laws and regulations, based on the Japanese definition.

*14 Ratio at manufacturing sites. EMS certification is ISO 14001 or EcoAction 21, Japan's own EMS established by the Ministry of the Environment.

*15 Environmental protection initiatives include efforts for tackling climate change, energy management, waste management, chemical management, air pollution prevention and water efficiency.

<Scope 3 calculation method>

Cat. 1: Calculated by multiplying physical volume data of products purchased or acquired by the company by emissions unit values for each product from the resource extraction stage to the manufacturing stage

Cat. 2: Calculated by multiplying the value of newly acquired fixed assets by the emissions intensity

Cat. 3: Calculated by multiplying physical volume data such as fuel, electricity, and heat purchased by the company by the emissions intensity from the resource extraction stage to the transportation stage

Cat. 4: Calculated by applying the calculation method for specified consignors under the calculation, reporting, and publication system

Cat. 5: Calculated by multiplying the outsourced amount by waste type and processing method by the emission intensity by waste type and processing method

Cat. 6: Calculated by multiplying the number of employees by the emissions intensity

Cat. 7: Calculated by multiplying the number of employees by work type and city class by the number of business days per year and the emissions intensity

Cat. 8: Only leases within the group, not applicable as they are calculated in scope 1 and 2 of group companies

Cat. 9: Not calculated due to difficulty in collecting data necessary for calculation

Cat. 10: Not calculated due to difficulty in collecting data necessary for calculation

Cat. 11: Not calculated due to difficulty in collecting data necessary for calculation

Cat. 12: Calculated by multiplying the sales volume of each product by the emission factor for each product (Products with a sales volume of 100 tons or more are covered, and the coverage rate is 99% or more.)

Cat. 13: Only leases within the group, not applicable as they are calculated in scope 1 and 2 of group companies

Cat. 14: Not applicable because there is no applicable activity

Cat. 15: Not applicable as the company is not an investment company

*Database used

IDEA: National Institute of Advanced Industrial Science and Technology Safety Science Research Institute IDEA Lab (Ver.3.5 was used in 2024)

Ministry of the Environment DB: Emission intensity database for calculating greenhouse gas emissions, etc. of organizations through the supply chain (Ver.3.5 was used in 2024)

Social
(1/3)

Aspect	Classification		Scope		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Employees	Number of employees	Number of employees	Consolidated	Total	persons	4,555	4,526	4,574	4,607	4,685
			Nippon Shokubai	Male		2,185	2,197	2,206	2,244	2,266
				Female		206	215	237	247	275
				Total		2,391	2,412	2,443	2,491	2,541
		Male-female ratio	Nippon Shokubai	Male	%	91.4	91.1	90.3	90.1	89.2
				Female		8.6	8.9	9.7	9.9	10.8
		Male-female ratio in STEM positions *1	Nippon Shokubai	Male	%	–	–	–	93.5	92.2
				Female		–	–	–	6.5	7.8
		Percentage of mid-career hires to all employees in the end of the fiscal year	Nippon Shokubai	Total	%	5.5	5.8	7.1	8.2	9.1
	Number of managers	Number of managers	Nippon Shokubai	Male	persons	545	559	520	531	531
				Female		23	24	24	30	36
				Total		568	583	544	561	567
		Male-female ratio	Nippon Shokubai	Male	%	96.0	95.9	95.6	94.6	93.7
				Female		4.0	4.1	4.4	5.4	6.3
		Male-female ratio in director-level or above	Nippon Shokubai	Male	%	–	–	–	100.0	100.0
				Female		–	–	–	0.0	0.0
		Male-female ratio in management staff (general manager-level or above)	Nippon Shokubai	Male	%	–	–	–	98.0	98.5
				Female		–	–	–	2.0	1.5
		Male-female ratio in new management staff (manager-level or above)	Nippon Shokubai	Male	%	–	–	–	89.0	86.0
				Female		–	–	–	11.0	14.0
		Male-female ratio in manager-level or above in revenue-generating functions *2	Nippon Shokubai	Male	%	–	–	–	96.5	95.6
				Female		–	–	–	3.5	4.4
	Average age		Nippon Shokubai	Total	ages	38.5	38.7	38.8	39.0	39.2
	Average length of service		Nippon Shokubai	Male	years	16.6	16.7	16.6	16.8	16.9
				Female		14.8	14.7	14.0	13.8	13.1
				Total		16.4	16.5	16.4	16.5	16.5
	Participation rate of labor union *3		Nippon Shokubai	Total	%	69.9	69.8	70.3	74.1	74.0
Employment and Diversity & Inclusion	Number of hires	Number of new graduate hires (College graduate)	Nippon Shokubai	Male	persons	40	43	35	31	31
				Female		6	7	9	13	16
				Total		46	50	44	44	47
		Male-female ratio	Nippon Shokubai	Male	%	87.0	86	79.5	70.5	66.0
				Female		13.0	14.0	20.5	29.5	34.0
		Number of mid-career hires	Nippon Shokubai	Male	persons	12	11	32	32	22
				Female		2	4	12	9	14
				Total		14	15	44	41	36
		Male-female ratio	Nippon Shokubai	Male	%	85.7	73.3	72.7	78.0	61.1
				Female		14.3	26.7	27.3	22.0	38.9
		Percentage of mid-career hires to all new hires *4	Nippon Shokubai	Total	%	12.4	13.3	34.4	35.0	29.5
	Wage	Average annual salary	Nippon Shokubai	Total	thousand yen	7,661	7,598	7,826	8,178	8,109
		Wage differences between male and female workers *5	Nippon Shokubai	Total	%	–	–	82.8	83.4	82.2
		The gender annual income gap (Percentage of women's annual income to men's annual income.)	Nippon Shokubai	Non-management staff	%	–	–	–	93.4	90.8
				Management staff (manager-level or above)		–	–	–	90.1	87.0
				Total		–	–	–	84.7	83.2
		The gender pay gap (Percentage of women's pay to men's pay.)	Nippon Shokubai	Non-management staff	%	–	–	–	92.5	89.8
				Management staff (manager-level or above)		–	–	–	90.5	86.0
				Total		–	–	–	85.3	83.2
		The gender bonus gap (Percentage of women's bonus to men's bonus.)	Nippon Shokubai	Non-management staff	%	–	–	–	95.6	94.3
				Management staff (manager-level or above)		–	–	–	89.2	89.6
				Total		–	–	–	83.6	83.0
	Number of foreign national employees		Nippon Shokubai	Total	persons	4	4	4	7	7
	Employment rate of persons with disabilities		Nippon Shokubai	Total	%	2.3	2.2	1.9	2.0	2.3

Social
(2/3)

Aspect	Classification		Scope		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Employment and Diversity & Inclusion (continued)	Re-employment	Re-employment rate of retired employees	Nippon Shokubai	Total	%	89.0	88.0	83.0	82.0	84.0
		Average Monthly Wage of Rehired Employees	Nippon Shokubai	Total	thousand yen	327	339	363	441	465
	Turnover/Layoff	Turnover rate of regular employees (Personal reason)	Nippon Shokubai	Male	%	–	–	1.5	2.3	2.7
				Female		–	–	3.5	2.8	1.1
				Total		1.8	2.5	1.7	2.3	2.5
Work-Life Balance	Child Care	Number of employees using child care leave (Total numbers for fiscal year)	Nippon Shokubai	Male	persons	6	7	45	80	90
				Female		9	6	5	1	10
				Total		15	13	50	81	100
		Percentage of employees taking childcare leave	Nippon Shokubai	Male	%	5.9	7.2	51.1	92.0	97.8
				Female		–	–	–	100.0	100.0
				Total		–	–	–	92.0	98.0
		Average number of days used for childcare leave	Nippon Shokubai	Male	days	–	–	–	39.3	55.1
				Female		–	–	–	366.0	399.2
				Total		–	–	–	43.0	88.9
		Return rate from child care leave of absence	Nippon Shokubai	Male	%	–	–	–	100.0	100.0
				Female		–	–	–	100.0	100.0
				Total		100.0	95.7	100.0	100.0	100.0
		Employee retention rate three years after childcare leave	Nippon Shokubai	Male	%	–	–	–	75.0	75.0
				Female		–	–	–	85.7	85.7
				Total		–	–	–	81.8	81.8
	Nursing Care	Number of employees using nursing care leave and personal reasons of absence	Nippon Shokubai	Total	persons	1	0	0	0	1
	Paid leave	Average annual paid leave acquisition days per employee (Labor union member)	Nippon Shokubai	Total	days	12.6	13.4	18.0[*6]	19.3[*6]	16.3
		Rate of taking annual paid leave (Labor union member)	Nippon Shokubai	Total	%	67.2	71.3	94.5[*6]	100.7[*6]	84.7
		Average annual paid leave acquisition days per employee (Management)	Nippon Shokubai	Total	days	10.5	11.0	12.9[*6]	13.3[*6]	14.1
		Rate of taking annual paid leave (Management)	Nippon Shokubai	Total	%	52.4	55.0	65.5[*6]	67.6[*6]	71.1
		Average annual paid leave acquisition days per employee (All)	Nippon Shokubai	Total	days	12.2	12.9	16.7[*6]	17.2[*6]	15.7
		Rate of taking annual paid leave (All)	Nippon Shokubai	Total	%	63.8	67.3	87.6[*6]	90.0[*6]	80.9
	Working hours	Average overtime hours (Hours/Month)	Nippon Shokubai	Labor union member	hours	15.3	15.3	15.3	15.0	15.1
		Number of employees whose overtime hours exceeded 80 hours / month	Nippon Shokubai	Labor union member	persons	–	–	–	0	0
				Management		–	–	–	4	4
				Total		–	–	–	4	4
Human right	Number of Child Labor and Force Labor		Consolidated		numbers	0	0	0	0	0
Human resources development	Training	Total number of hours spent on employee's training	Nippon Shokubai	Total	hours	49,623	44,408	40,074	70,941	62,256
		Training time per employee	Nippon Shokubai	Total		20.8	18.4	16.4	28.5	24.5
		Total employee training expenses	Nippon Shokubai	Total	million yen	109	129	240	307	279
		Training expenses per employee	Nippon Shokubai	Total	thousand yen	46	54	98	123	110
		Total number of participants in self-selected training programs	Nippon Shokubai	Total	persons	–	–	1,312	1,810	2,150
		Total reskilling expenses for senior employees	Nippon Shokubai	Total	million yen	–	–	4	1	6
	Global Human Resources	Percentage of employees with overseas work experience	Nippon Shokubai	Total	%	–	–	11.7	11.6	11.4
Percentage of positions filled internally (Management position)	Percentage of positions filled internally (in director, general manager, manager) *7		Nippon Shokubai	Total	%	–	–	–	98.9	96.3
Engagement	Engagement score *8		Nippon Shokubai	Total	–	–	–	CCC	CCC	B

Social
(3/3)

Aspect	Classification		Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Occupational safety and health	Number of injuries with loss of workdays		Nippon Shokubai Group	numbers	5	5	5	8	4
			Nippon Shokubai		1	4	1	5	0
			Group companies in Japan		4	0	3	1	2
			Group companies outside Japan		0	1	1	2	2
			Contractors of Nippon Shokubai		3	1	1	2	2
	Lost-time injury frequency rate		Nippon Shokubai Group	–	0.71	0.70	0.73	1.12	0.60
			Nippon Shokubai		0.27	1.05	0.28	1.32	0.00
			Group companies in Japan		2.75	0.00	2.08	0.68	1.36
			Group companies outside Japan		0.00	0.54	0.54	1.07	1.05
			Contractors of Nippon Shokubai		1.04	0.36	0.36	0.75	0.70
	Number of fatal accidents		Nippon Shokubai Group	numbers	0	0	0	0	0
			Nippon Shokubai		0	0	0	0	0
			Group companies in Japan		0	0	0	0	0
			Group companies outside Japan		0	0	0	0	0
			Contractors of Nippon Shokubai		0	0	0	0	0
	Ratio of plants with ISO 45001 (management systems of occupational health and safety) *9		Nippon Shokubai Group	%	38	38	38	38	38
	Number of participants in company-wide RC training including safety		Nippon Shokubai	persons	181	187	191	174	203
Quality	Ratio of plants with ISO 9001 (quality management system) *9		Nippon Shokubai Group	%	100	100	100	100	100
Social contribution	Expense	Amount paid for activities on social contributions	Nippon Shokubai	million yen	161	128	209	134*11	-
			Consolidated		–	–	–	–	153
		Donation	Nippon Shokubai		95	64	139	48	–
			Consolidated		–	–	–	–	50
		Expenditure for other activities on social contributions *10	Nippon Shokubai		66	64	70	86*11	–
			Consolidated		–	–	–	–	103
	Volunteer activity	Number of participants for "Japan-China Friendship Forest Development and Global Warming Prevention"	Nippon Shokubai	persons	0*12	0*12	0*12	–*13	–*13
		Number of participants for "Contributing to Our Forests and Water Resources"	Nippon Shokubai		11*12	21*12	34*12	–*13	–*13
		Number of participants for "Contributing to the 'Yugawara Myriad Leaves Forest'"	Nippon Shokubai		0*12	11*12	55	55	48
		Number of participants for "Japan-Indonesia Friendship Forest of Banten Bay for Biodiversity Preservation"	Nippon Shokubai PT. Nippon Shokubai Indonesia		5*12	4*12	0*12	–*13	–*13

*1 STEM: Science, technology, engineering and mathematics.
STEM positions refer to R&D, Production, Engineering, RC, and DX departments.
*2 Revenue-generating functions: refer to line management roles in departments such as sales, or that contribute directly to the output of products or services. It excludes support functions such as HR, IT, Legal.
*3 All applicable employees join the labor union based on the Union Shop Agreement.
*4 Percentage of mid-career hires to all new hires, including high school graduates, etc.
*5 Ratio of average female wage to average male wage. Include number of contract employees.
*6 Temporary increase in FY2022 and FY2023 due to the increase in the number of days granted as a result of the change in the date for granting annual paid leave all at once.
*7 The definition of external is mid-career hires these five years.
*8 Evaluation by Motivation Cloud of Link and Motivation, Inc.
*9 Ratio at manufacturing sites
*10 Expenditure for Volunteer activity, Facilities offering, etc.
*11 Fixed calculation errors
*12 Volunteer activities by employees have been suspended to prevent infection from spreading of COVID-19.
To the extent possible, we carried out activities such as on-site visits with NGO/NPO and check the report.
*13 Activities ended in FY2022

Governance

Aspect	Classification		Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Related information for management	Number of Board of Directors	Directors of the Board (incl. Outside Directors of the Board)	Nippon Shokubai	persons	8	9	9	8	8
		Outside Directors of the Board	Nippon Shokubai		3	3	3	3	3
	Number of Audit & Supervisory Board	Audit & Supervisory Board Members (incl. Outside Audit & Supervisory Board Members)	Nippon Shokubai	persons	4	4	4	4	4
		Outside Audit & Supervisory Board Member	Nippon Shokubai		2	2	2	2	2
	Outside Officers composition ratio of the Nominating and Remuneration Committee		Nippon Shokubai	%	66.7	66.7	66.7	66.7	66.7
	Remuneration of Directors of the Board (except Outside Directors of the Board)		Nippon Shokubai	million yen	196	333	390	328	302
	Remuneration of Audit & Supervisory Board Members (except Outside Audit & Supervisory Board Members)		Nippon Shokubai	million yen	47	46	52	54	54
	Remuneration of Outside Officers (except Outside Audit & Supervisory Board Members)		Nippon Shokubai	million yen	35	36	39	40	40
Shareholder	Dividend *1	Interim	Nippon Shokubai	yen per share	11.25	20	22.5	22.5	54
		Annual	Nippon Shokubai		22.5	45	45	45	60
	Dividend Payout Ratio		Consolidated *2	%	–	30.3	36.9	63.9	100.1
Compliance	Number of participants in the training for new employees, new middle level employees and new managers regarding compliance		Nippon Shokubai	persons	219	194	2,485*3	200	221
	Number of internal reporting		Nippon Shokubai	numbers	0	0	3	2	5
Compliance with laws and regulations	Number of violations for "For Compliance with Anti Bribery Laws in Nippon Shokubai Group's Code of Conduct"		Consolidated	numbers	0	0	0	0	0
	Number of fine and penalty for bribery		Consolidated	numbers	0	0	0	0	0
	Number of violations for "For Compliance with Competition Laws in Nippon Shokubai Group's Code of Conduct"		Consolidated	numbers	0	0	0	0	0
	Number of significant violations of laws or regulations in the social and economic area besides those mentioned above		Consolidated	numbers	0	0	0	0	0
Contribution	Political Contribution		Nippon Shokubai	yen	0	0	0	0	0
Information security	Number of critical Incidents in Information Systems		Consolidated	numbers	0	0	0	0	0

*1 NIPPON SHOKUBAI CO., LTD. carried out a four-for-one stock split effective on April 1, 2024. The amounts of interim and annual dividend per share during FY2020-FY2023 are adjusted on the assumption that such stock split carried out during the period.

*2 NIPPON SHOKUBAI CO., LTD., its subsidiaries and its affiliates

*3 In FY2022, Code of Conduct introduction training was conducted for all levels of employees. The number of the participantsa includes those in the training for new employee as well as those in Code of Conduct introduction training.

[Updated Contents]
July 7th, 2025
Released FY2024 data
Added new contents
Environment> Prevention of air and water pollution> VOC emissions> Nippon Shokubai Group, Group companies in Japan,
Environment> Waste reduction> Recycling ratio
Environment> Waste reduction> Hazardous waste discharged
Environment> Environmental education> Number of participants in company-wide RC training, including Environmental protection initiatives
Social > Social contribution> Expense> Amount paid for activities on social contributions> Consolidated
Social > Social contribution> Expense> Donation> Consolidated
Social > Social contribution> Expense> Expenditure for other activities on social contributions> Consolidated
Fixed errors
Environment> Prevention of global warming> GHG emissions> Scope 1+2,Scope 1,Scope 2> FY2023
Environment> Prevention of global warming> Estimated value of avoided emissions in the supply chain by Environmental Contribution Products> FY2023
Environment> Water withdrawal> Total amount of water withdrawals (excluding sea water)
Environment> Water> Water discharge> into Ocean> Nippon Shokubai Group> FY2023
Environment> Water> Water discharge> Total amount of water withdrawals (excluding sea water)
Environment> Water> Water consumption> Total water consumption (excluding sea water)

Sustainability

Sustainability Library

2025

- TechnoAmenity Report 2025 [25.1MB] (Integrated report)
- Third-party Verification Report of FY2024 GHG emissions [172KB]
- TCFD Report 2025 [1.9MB]

2024

- TechnoAmenity Report 2024 [9.1MB] (Integrated report)
- Third-party Verification Report of FY2023 GHG emissions [142KB]
- TCFD Report 2024 [1.8MB] Updated in September 2024
- Sustainability Report 2024 [15.7MB]

2023

- TechnoAmenity Report 2023 [8.7MB] (Integrated report)
- RC Report 2023 [5.2MB]
  - Third-party Verification Report of FY2022 GHG emissions [154KB]
- TCFD Report 2023 [4.0MB] Updated in September 2023
- Sustainability Report 2023 [11.8MB]

2022

- TechnoAmenity Report 2022 [10MB] (Integrated report)
- RC Report 2022 [6.1MB]
  - Third-party Verification Report of FY2021 GHG emissions [145KB]
- TCFD Report 2022 [3.7MB] Published in April 2022
- Sustainability Report 2022 [34.2MB]

*Financial Reports have been moved to the IR Library .

2021

- TechnoAmenity Report 2021 [13.2MB]
- TechnoAmenity Report Financial Section 2021 [1.3MB]
- RC Reports 2021 [6.1MB]

2020

- TechnoAmenity Report 2020 [11.2MB]
- TechnoAmenity Report Financial Section 2020 [948KB]
- RC Reports 2020 [6.2MB]

2019

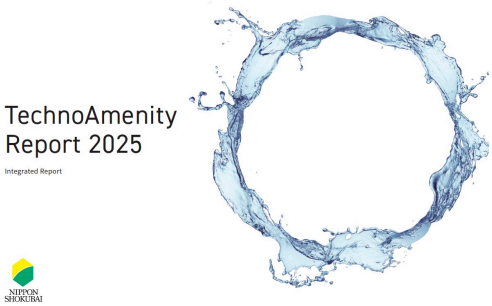
- TechnoAmenity Report 2019 [9.9MB]
- TechnoAmenity Report Financial Section 2019 [8.8MB]
- RC Reports 2019 [8.8MB]

CSR Reports back number

Reports

TechnoAmenity Report (Integrated report)

This report has been published as an integrated report from the 2022 edition, and aims to help a broad range of stakeholders understand our initiatives to achieve the Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.”

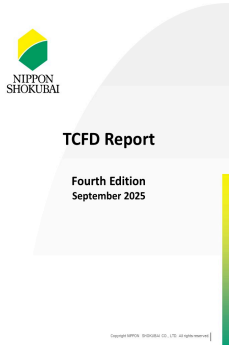


RC Report

This report, which has introduced the details of RC (Responsible Care) activities, has been integrated into the TechnoAmenity Report from 2024, providing an overview. For specific details, please refer to our sustainability site.

TCFD Report

Reports containing information based on the TCFD framework.



Sustainability Report

The information posted on the Nippon Shokubai Group Sustainability Website has been compiled into a PDF as an annual report.

Sustainability

CSR Reports Back number

CSR Reports Back number

2018 CSR Report [10.0MB]

2017 CSR Report [8.0MB]

2016 CSR Report [3.0MB]

2015 CSR Report [2.5MB]

Environmental and Social Reports Back number

2014 Environmental and Social Report [2.5MB]

2013 Environmental and Social Report [2.8MB]

2012 Environmental and Social Report [3.0MB]

2011 Environmental and Social Report [2.9MB]

2010 Environmental and Social Report [2.9MB]

Sustainability

GRI Standards Comparison Table

The Nippon Shokubai Group refers to “GRI Sustainability Reporting Standards” in our sustainability reporting.

Related documents

- TechnoAmenity Report (Integrated report)
- TCFD Report
- Financial Report

GRI 2: General Disclosures 2021

1. The organization and its reporting practices

No.	Disclosure	References
2-1	Organizational details	Company Profile Domestic Network Global Network
2-2	Entities included in the organization’s sustainability reporting	Editorial Policy Financial Report
2-3	Reporting period, frequency and contact point	Editorial Policy Contact
2-4	Restatements of information	ESG Data
2-5	External assurance	Third-party Verification Report on GHG

2. Activities and workers

No.	Disclosure	References
2-6	Activities, value chain and other business relationships	Products Domestic Network Global Network TechnoAmenity Report Financial Report
2-7	Employees	Company Profile Financial Report ESG Data
2-8	Workers who are not employees	—

3. Governance

No.	Disclosure	References
2-9	Governance structure and composition	Corporate Governance Sustainability Management / Materiality
2-10	Nomination and selection of the highest governance body	Corporate Governance
2-11	Chair of the highest governance body	Corporate Governance Corporate Governance Report
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Sustainability Management / Materiality
2-13	Delegation of responsibility for managing impacts	Corporate Governance Risk Management Sustainability Management / Materiality
2-14	Role of the highest governance body in sustainability reporting	Sustainability Management / Materiality
2-15	Conflicts of interest	Corporate Governance Report
2-16	Communication of critical concerns	Risk Management ESG Data
2-17	Collective knowledge of the highest governance body	Corporate Governance
2-18	Evaluation of the performance of the highest governance body	Corporate Governance
2-19	Remuneration policies	Corporate Governance
2-20	Process to determine remuneration	Corporate Governance
2-21	Annual total compensation ratio	—

4. Strategy, policies and practices

No.	Disclosure	References
2-22	Statement on sustainable development strategy	Message from the President
2-23	Policy commitments	Policies Respect for Human Rights Supply Chain Management Stakeholder Communication
2-24	Embedding policy commitments	Nippon Shokubai's Sustainability Responsible Care Initiatives Initiatives for Environment Initiatives for Society Governance
2-25	Processes to remediate negative impacts	Compliance Respect for Human Rights Supply Chain Management
2-26	Mechanisms for seeking advice and raising concerns	Compliance
2-27	Compliance with laws and regulations	ESG Data Environmental Impact of Business Activities RC Basic Plan and Results
2-28	Membership associations	Initiatives and Organizations

5. Stakeholder engagement

No.	Disclosure	References
2-29	Approach to stakeholder engagement	Stakeholder Communication
2-30	Collective bargaining agreements	Diversity & Inclusion ESG Data

GRI 3: Material Topics 2021

No.	Disclosure	Reference
3-1	Process to determine material topics	Sustainability Management / Materiality
3-2	List of material topics	Sustainability Management / Materiality
3-3	Management of material topics	Sustainability Management / Materiality TCFD Report

GRI 201: Economic Performance 2016

No.	Disclosure	References
201-1	Direct economic value generated and distributed	Financial Report
201-2	Financial implications and other risks and opportunities due to climate change	TCFD Report
201-3	Defined benefit plan obligations and other retirement plans	Financial Report
201-4	Financial assistance received from government	—

GRI 202: Market Presence 2016

No.	Disclosure	References
202-1	Ratios of standard entry-level wages by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—

GRI 203: Indirect Economic Impacts 2016

No.	Disclosure	References

203-1	Infrastructure investments and services supported	Biodiversity Preservation Corporate Citizenship
203-2	Significant indirect economic impacts	—

GRI 204: Procurement Practices 2016

No.	Disclosure	References
204-1	Proportion of spending on local suppliers	—

GRI 205: Anti-Corruption 2016

No.	Disclosure	References
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	Compliance
205-3	Confirmed incidents of corruption and actions taken	ESG Data

GRI 206: Anti-Competitive Behavior 2016

No.	Disclosure	References
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Data

GRI 207: Tax 2019

No.	Disclosure	References
207-1	Approach to tax	Tax Policy （Nippon Shokubai Group ）Code of Conduct
207-2	Tax governance, control, and risk management	Tax Policy
207-3	Stakeholder engagement and management of concerns related to tax	Tax Policy
207-4	Country-by-country reporting	—

GRI 301: Materials 2016

No.	Disclosure	References
301-1	Materials used by weight or volume	ESG Data
301-2	Recycled input materials used	Resource Circulation / Waste Reduction
301-3	Reclaimed products and their packaging materials	Resource Circulation / Waste Reduction

GRI 302: Energy 2016

No.	Disclosure	References
302-1	Energy consumption within the organization	Himeji Plant Kawasaki Plant ESG Data
302-2	Energy consumption outside of the organization	Tackling Climate Change
302-3	Energy intensity	Himeji Plant Kawasaki Plant ESG Data
302-4	Reduction of energy consumption	Environmental Management Tackling Climate Change
302-5	Reductions in energy requirements of products and services	Development and Expansion of Environmental Contribution Products

GRI 303: Water and Effluents 2018

No.	Disclosure	References
303-1	Interactions with water as a shared resource	Water Resource Conservation ESG Data
303-2	Management of water discharge-related impacts	Water Resource Conservation
303-3	Water withdrawal	Water Resource Conservation ESG Data
303-4	Water discharge	Water Resource Conservation ESG Data
303-5	Water consumption	Water Resource Conservation ESG Data

GRI 304: Biodiversity 2016

No.	Disclosure	References
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Preservation
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity Preservation
304-3	Habitats protected or restored	Biodiversity Preservation
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—

GRI 305: Emissions 2016

No.	Disclosure	References
305-1	Direct (Scope 1) GHG emissions	Tackling Climate Change ESG Data Third-party Verification Report on GHG TCFD Report
305-2	Energy indirect (Scope 2) GHG emissions	Tackling Climate Change ESG Data Third-party Verification Report on GHG TCFD Report
305-3	Other indirect (Scope 3) GHG emissions	Tackling Climate Change ESG Data
305-4	GHG emissions intensity	Tackling Climate Change Himeji Plant Kawasaki Plant
305-5	Reduction of GHG emissions	Tackling Climate Change TCFD Report
305-6	Emissions of ozone-depleting substances (ODS)	Tackling Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Pollution Prevention ESG Data

GRI306: Waste 2020

No.	Disclosure	References
306-1	Waste generation and significant waste-related impacts	Resource Circulation / Waste Reduction ESG Data
306-2	Management of significant waste-related impacts	Resource Circulation / Waste Reduction ESG Data
306-3	Waste generated	Resource Circulation / Waste Reduction ESG Data
306-4	Waste diverted from disposal	Resource Circulation / Waste Reduction ESG Data

306-5	Waste directed to disposal	Resource Circulation / Waste Reduction ESG Data

GRI 308: Supplier Environmental Assessment 2016

No.	Disclosure	References
308-1	New suppliers that were screened using environmental criteria	—
308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management

GRI 401: Employment 2016

No.	Disclosure	References
401-1	New employee hires and employee turnover	ESG Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
401-3	Parental leave	ESG Data

GRI 402: Labor/Management Relations 2016

No.	Disclosure	References
402-1	Minimum notice periods regarding operational changes	Diversity & Inclusion

GRI 403: Occupational Health and Safety 2018

No.	Disclosure	References
403-1	Occupational health and safety management system	RC Initiatives Occupational Safety and Health ESG Data
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health
403-3	Occupational health services	Occupational Safety and Health

403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health
403-5	Worker training on occupational health and safety	RC Initiatives Production/R&D Site Reports Occupational Safety and Health ESG Data
403-6	Promotion of worker health	Diversity & Inclusion
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health Chemical Safety Supply Chain Management
403-8	Workers covered by an occupational health and safety management system	—
403-9	Work-related injuries	Occupational Safety and Health ESG Data
403-10	Work-related ill health	ESG Data

GRI 404: Training and Education 2016

No.	Disclosure	References
404-1	Average hours of training per year per employee	ESG Data
404-2	Programs for upgrading employee skills and transition assistance programs	Human resources management
404-3	Percentage of employees receiving regular performance and career development reviews	Human resources management

GRI 405: Diversity and Equal Opportunity 2016

No.	Disclosure	References
405-1	Diversity of governance bodies and employees	ESG Data
405-2	Ratio of basic salary and remuneration of women to men	ESG Data

GRI 406: Non-Discrimination 2016

No.	Disclosure	References
406-1	Incidents of discrimination and corrective actions taken	Respect for human rights ESG Data

GRI 407: Freedom of Association and Collective Bargaining 2016

No.	Disclosure	References
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—

GRI 408: Child Labor 2016

No.	Disclosure	References
408-1	Operations and suppliers at significant risk for incidents of child labor	—

GRI 409: Forced or Compulsory Labor 2016

No.	Disclosure	References
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	—

GRI 410: Security Practices 2016

No.	Disclosure	References
410-1	Security personnel trained in human rights policies or procedures	—

GRI 411: Rights of Indigenous Peoples 2016

No.	Disclosure	References
411-1	Incidents of violations involving rights of indigenous peoples	—

GRI 413: Local Communities 2016

No.	Disclosure	References
413-1	Operations with local community engagement, impact assessments, and development programs	Corporate Citizenship Occupational Safety and Health Biodiversity Preservation
413-2	Operations with significant actual and potential negative impacts on local communities	—

GRI 414: Supplier Social Assessment 2016

No.	Disclosure	References
414-1	New suppliers that were screened using social criteria	—
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management

GRI 415: Public Policy 2016

No.	Disclosure	References
415-1	Political contributions	ESG Data

GRI 416: Customer Health and Safety 2016

No.	Disclosure	References
416-1	Assessment of the health and safety impacts of product and service categories	Chemical Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	RC Basic Plan and Results Chemical Safety

GRI 417: Marketing and Labeling 2016

No.	Disclosure	References
417-1	Requirements for product and service information and labeling	Chemical Safety

417-2	Incidents of non-compliance concerning product and service information and labeling	RC Basic Plan and Results Chemical Safety
417-3	Incidents of non-compliance concerning marketing communications	—

GRI 418: Customer Privacy 2016

No.	Disclosure	References
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	—