

Together with Employees

To become an “Exciting Company” as aimed at in our organizational vision, we are seriously committed to not only preventing occupational accidents and enhancing employees’ mental health, but also creating a workplace environment where employees can work with a feeling of satisfaction in order to enable them to continue to work safely and healthily.

■ Creating a Favorable Working Environment

Basic Human Resources Development Policy

Recruitment

1. We will secure human resources separately on a global and regional basis.
2. We will recruit mid-career workers who can use their experience at other companies.

Personnel transfer (job rotation)

1. We will regularly rotate employees’ jobs among different divisions and departments.
2. We will incorporate the results of career interviews based on the self-assessment sheet into personnel transfer.

Diversity

1. We will promote the employment of women.
2. We will promote the employment of people with disabilities.

Training and education

1. We will provide employees with rank-based education.
2. We will facilitate individual career development through selection-based education.
3. We will encourage employees to obtain public qualifications as a means of self-development.

Competency- and performance-based evaluation

1. We will administer promotion exams (comprising document-based screening, interviews, external assessment, and written exams).

Employee assessment

1. We will have employees conduct self-assessment and receive feedback from their superiors-cum-assessors.
2. We will ensure that each employee’s goals are managed appropriately, and that challenging goals are set.

Human resources system reforms

● Adopting a new Human Resources System

After formulating the Basic Human Resources Development Policy in June 2021, the Company built and launched a new Human Resources System, which is designed to be more adaptable to changes in the external environment, in September of the same year. Valuing employees’ own initiative and allowing them to adopt diverse work styles, this new system is expected to be effective in providing greater employee satisfaction, increasing each employee’s productivity, and preventing them from leaving the Company.

● Design of the new Human Resources System

With the aim of achieving the primary goal of developing human resources who can think and act on their own initiative and continue to take up even difficult challenges, the new Human Resources System has been built based on improvements to the previous system and its operations, which entailed some problems. The new system has been designed with a special focus placed on the following four issues:

1) Supporting employees who can readily take up challenges irrespective of their age, experience or length of service

Since there was a job division between the career track and the general track in the previous system, the barrier between the two tracks had long prevented employees from having sufficient opportunities to take up new or difficult challenges. To resolve this problem, the new Human Resources System has “main career track” as the only, unified type of job position, and now highly rewards employees who can broaden the scope of their own work and take up new challenges.

2) Mechanisms for allowing employees to adopt diverse work styles

In the previous system, whether or not each employee should transfer between different positions depended uniformly on their track. However, the new system includes mechanisms for allowing employees to choose whether or not to transfer with their own intention and thereby adapt to changes that can occur in their living environments and values according to their life stage.

3) More reasonable employee assessment

In the previous system, the only means of employee assessment

was feedback given by the section general manager. However, this approach often resulted in one-way communication from superiors to their subordinates, thereby making employee assessment less reasonable. Therefore, we have adopted a new employee assessment system whereby employees review and assess their own work achievements and compare the self-assessment results with the results of assessment made by the general manager. In addition, new mechanisms have been introduced to have employees at a certain grade or higher set challenging goals for themselves with the aim of developing human resources who can continue to take up challenges.

4) Personnel transfer (job rotation)

The Company is currently engaged actively in personnel transfer (job rotation) as part of its human resources development efforts. In the previous system, employees seldom transferred across different departments or job types, so most of them used to perform the same or similar tasks for a long time. Although this approach helped employees deepen their own expertise, it was not effective in making them more adaptable to changes or motivating them to take up challenges, and it was even harmful because it caused certain tasks to belong to a limited number of employees.

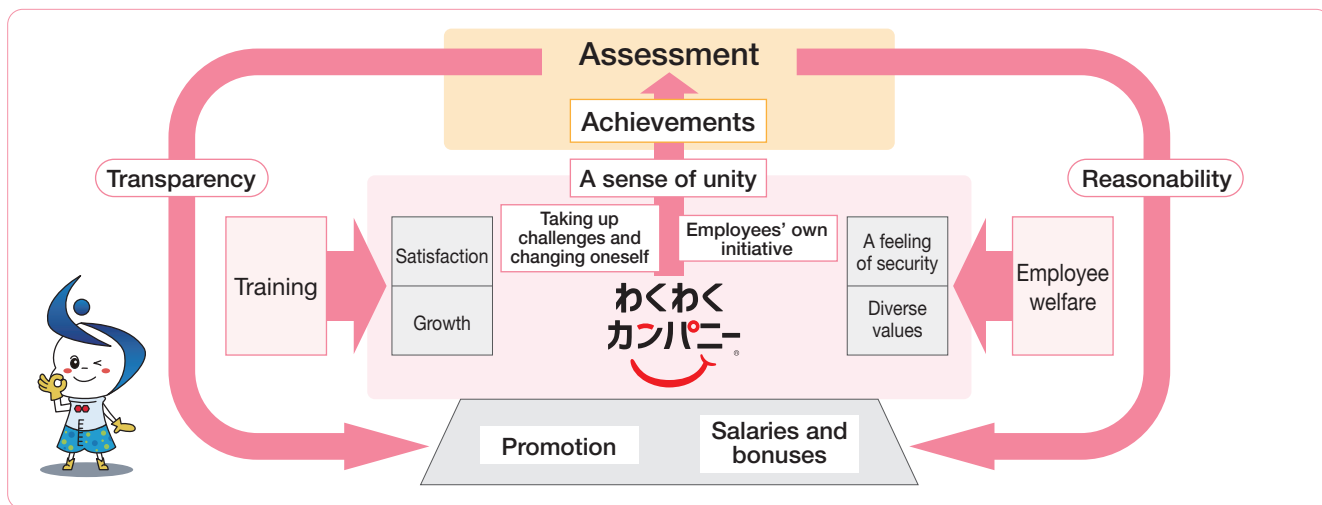
Moreover, major projects require employees involved in them to have a good understanding of other departments and fields to prevent themselves from having a narrow perspective. We believe that job rotation is also effective in developing management human resources, which is an important challenge for us to tackle.

We are confident that our current approach of allowing employees to experience various tasks based on the specific expertise and skills they have developed and thereby to broaden their own perspectives and have more ambitious goals will contribute to their greater satisfaction with their own work and the Company’s better performance.

The Company has also adopted flexible approaches to personnel transfer, including interviewing them about their intention to accept a transfer that entails moving to another location in consideration of their family circumstances and life stage, such as the need to look after their children or other family members and their children’s advancement to higher-level schools. By doing so, we aim to enable employees to demonstrate their capabilities to the fullest.

Together with Employees

● Future vision of the new Human Resources System



● To firmly establish the new Human Resources System

At the same time as we launched the new Human Resources System, we provided assessor training to employees assigned to assess other employees, and assessee training to employees who would be assessed with the aim of raising employees' awareness of the new employee assessment system and establishing it firmly. We will continue to regularly provide assessor training in particular to enhance the quality of the system.



A scene from a training program



Voice Voice: "Kachi-labo," a management-employee dialogue lecture series

In 2022, We started holding a series of dialogue lectures named "Kachi-labo" to respond to employees' simple questions and requests, such as "What experience do management team members have? What do they think?" and "I want to know more about management team members' broad perspectives and ambitious goals!"

The name "Kachi-labo" was coined by combining the Japanese word "*kachi*," which means both "value" and "victory," with the English word "laboratory," to represent the pursuit of the value of and a victory in work and life. Kachi-labo comprises a series of dialogue meetings between management team members and employees. At these meetings, management team members honestly share with employees their experience with failure and difficulties in their younger days, challenges they currently face, and their passionate enthusiasm for work. Employees in turn ask them pointed questions and share their impressions without reserve. This kind of communication helps bridge the gap between management team members and employees, and makes all attendees aware of new facts about each other. Therefore, Kachi-labo events have brought immense satisfaction to attendees.

Five inside and outside directors have so far appeared as lecturers at Kachi-labo meetings, where opinions were lively exchanged with attendees. We will continue to hold Kachi-labo meetings to make Sakai Chemical Industry an "Exciting Company" where all people can discuss a better future with each other.



A scene from a lecture

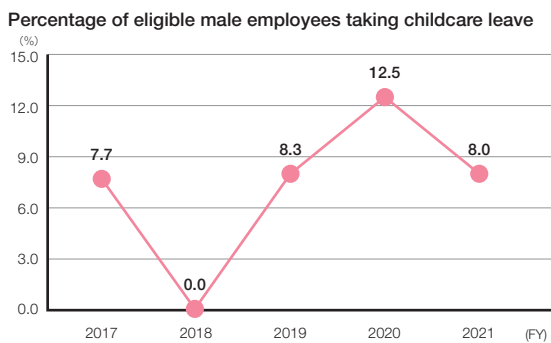
Support for employees' good work-life balance

● Encouraging male employees to take childcare leave

In response to the step-by-step enactment of the latest revisions to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, in April 2022, half a year earlier than the enactment of the relevant revision, the Company began to encourage eligible male employees to take childcare leave. Since then, the number of male employees taking childcare leave has been gradually increasing.

Nevertheless, due to inadequate general awareness of the significance of male workers taking childcare leave and insufficient understanding of such workers, the percentage of eligible male employees taking childcare leave has not risen significantly. Therefore, we will continue our efforts to encourage male employees, in addition to female employees, to take childcare leave.

Meanwhile, the percentage of eligible female employees taking childcare leave has remained at 100%.



Developing Human Resources and Fostering a Corporate Culture Where Employees Can Experience Their Own Personal Growth

Diversity initiatives

● Promoting diversity

The Diversity Working Group and the staff in charge from the Human Resources Section spearhead diversity promotion activities. Lectures on how to correct unconscious biases, which have been given to employees on application since FY2020, are now given also to all directors, auditors, executive officers, and managers, to make them aware of their own unconscious biases and motivate them to correct such biases and deepen their own understanding of diversity.

Moreover, to empower female employees to demonstrate their capabilities more fully, the Company has set the target of raising the percentage of female core human resources to 20% and that of female managers to at least 10% by 2030. In addition to empowering female employees, the Company implements other specific diversity and inclusion initiatives, including helping senior employees and employees with disabilities display their talent more fully and facilitating understanding of LGBTQ people. We aim to create a working environment where employees can work comfortably and feel satisfied with their work, and to leverage the diversity of employees as a source of the Company's power.

● Extending the period for reduced working hours for childcare

The Company has extended the period for reduced working hours for childcare by one year to enable eligible employees to use this system until the end of the relevant children's first academic year at elementary school (March 31 of that year). We will consider further extending the period to create a working environment that enables employees to maintain a good work-life balance and work without concern.

● Introducing an online welfare service to support parenting employees

(June 1, 2022)

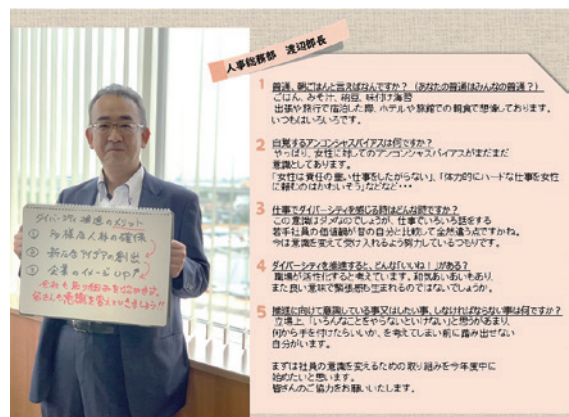
We have introduced an online matching service to match employees who are looking for nursery schools for their children with company-operated nursery schools. By providing this support tool, we aim to help employees on childcare leave return to work smoothly even amid the current situation where many children are still on waiting lists of nursery schools.



● Initiatives to raise diversity awareness

To ensure that diversity awareness permeates the entire Company, the in-house newsletter carries articles about diversity promotion activities and related seminars. In addition, an email magazine titled "Diversity Report" is sent to all employees, featuring interviews about diversity with management team members and working group members.

The key to spreading diversity awareness across the entire Company is to constantly share related information. Therefore, we will make an active commitment to collecting information from outside the Company, holding in-house roundtables and implementing other initiatives.



From an issue of Diversity Report

Together with Employees

For the Health and Safety of Employees

Basic Occupational Health and Safety Policy

Under the strong leadership of top management and supervisors, all of us will work together to achieve the goal of “zero accidents and zero illnesses.”

Health and Safety Action Guidelines

1. We will comply with health and safety laws and regulations and promote health and safety activities.
2. We will strive to create a safe workplace by conducting risk assessments.
3. We will prevent occupational accidents by implementing measures for handling near misses, danger prediction, and pointing and calling.
4. We will raise safety awareness through training and information sharing for safety and health.
5. We will work to promote mental and physical health by carrying out health maintenance and promotion activities.

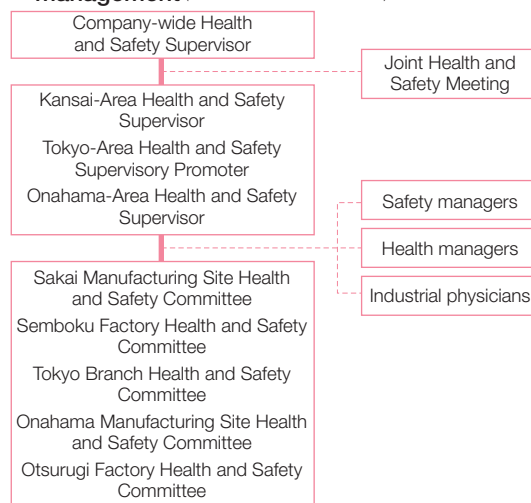
Occupational health and safety initiatives

Sakai Chemical Industry used to formulate a Basic Company-wide Occupational Health and Safety Policy every fiscal year. However, to clarify the medium- to long-term direction of its policy, the Company established the Basic Occupational Health and Safety Policy and Health and Safety Action Guidelines in January 2022.

As a Company-wide health and safety initiative to prevent occupational accidents and damage to employees’ health, the Company holds joint health and safety meetings with the participation of representatives of those involved from all business locations, mainly to discuss the health and safety management plan for each location. Each business location has a Health and Safety Committee, which formulates the final version of the health and safety management plan based on discussions at the abovementioned meetings and promotes health and safety activities.

We focus especially on addressing near misses, predicting danger, and ensuring the practice of pointing and calling to heighten employees’ safety awareness. We also work to prevent occupational accidents through risk assessments, share health and safety information collected from each business location with employees, and provide various education programs in Nationwide Safety Week and on other occasions. Furthermore, we also strive to enhance employees’ mental and physical health by utilizing a unified system for managing medical checkup results and by conducting stress checks every year.

Organizational structure for health and safety management (as of the end of March 2022)



Occupational accident in FY2021

In FY2021, an accident occurred with an employee falling and having to take leave. As a manufacturer, the Company has placed the highest priority on ensuring the safety of employees. Therefore, the relevant Health and Safety Committee has taken the lead in working to prevent the recurrence of similar accidents and promote activities toward zero accidents and zero illnesses.

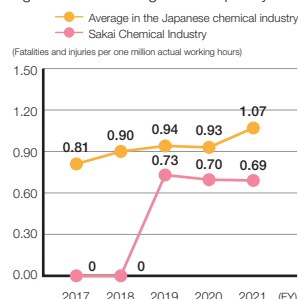
(* We do not count injuries of subcontract workers, including those in the Yumoto Factory explosion and fire accident, into the number of accidents shown here.)

Number of occupational accidents with employees having to take leave

Fiscal year	2017	2018	2019	2020	2021
Number of accidents	0	0	1	1	1

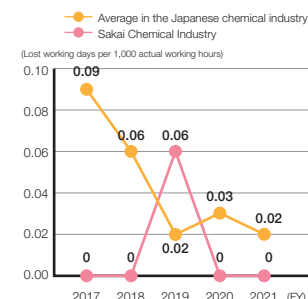
Frequency rate

Number of occupational fatalities and injuries involving leave of one day or more, per one million actual working hours. A higher value means greater frequency.



Severity rate

Number of working days lost due to accidents per 1,000 actual working hours. A higher value means greater severity.



Onahama Manufacturing Site designated as a business site that needs special guidance on safety management

In response to the Yumoto Factory explosion and fire accident and other circumstances, the Sakai Chemical Industry Onahama Manufacturing Site has been designated by the Fukushima Labour Bureau as a business site that needs special guidance on safety management for FY2022. The health and safety improvement plan that the Company has submitted to the bureau includes explosion and fire risk assessments, and the identification of and improvements to all dangerous and likely dangerous spots, based on the experience of the accident. The plan also includes using an occupational safety consultant to provide risk assessment education from an outside perspective and also enhance manager education with the aim of upgrading and invigorating health and safety activities in the Onahama area. We will make improvements in line with the submitted plan and work to make the Onahama Manufacturing Site safer under the guidance of the Fukushima Labour Bureau.

Cooperation with Group companies in promoting health and safety activities

Every quarter, the Sakai Chemical Group analyzes occupational accidents at each Group company and commuting accidents in which Group company employees are involved. Information about those accidents and analysis results are shared throughout the Group.

In FY2021, two Sakai Chemical Group Safety Meetings were held for opinion exchanges on such subjects as measures against accidents where workers are caught in automatic packers in order to prevent the recurrence of similar accidents and raise the level of the entire Group's health and safety.

Moreover, Group companies in Japan conducted factory patrols and online interviews to confirm the progress of measures to prevent the recurrence of occupational accidents that had occurred in the past, and the current status of installation of dashboard cameras in company cars.

Security and disaster preparedness

● Various disaster drills

Sakai Chemical Industry conducts regular disaster drills at each manufacturing site so that all those involved will be prepared to take prompt responses in the event of an emergency.

At the Sakai Manufacturing Site, an evacuation drill is conducted on the occasion of the annual Osaka 8.8-million Drill. The evacuation drill includes travel to an evacuation site and the trial use of a personal safety confirmation system and emergency radios.

At the Onahama Manufacturing Site, a general disaster drill is conducted mainly in the simulation of a fire at a factory, including a fire drill carried out by the self-defense firefighting team, as well as an evacuation drill on the supposition of the issuance of a tsunami warning.

Each workplace also conducts an annual disaster drill according to schedule to enable employees to learn how to act on-site in the event of an accident and how to practice first-aid firefighting using fire extinguishing equipment.



Mental health care initiatives

● Employee education and support system

Sakai Chemical Industry not only provides new employees with self-care education as part of induction education but also offers all employees an e-learning program focusing on self-care to share accurate knowledge of mental health with them. In addition, the Company provides supervisors with education about "line care" (mental health care for workers on the same reporting or production line) and anti-power harassment education to ensure that they work appropriately to prevent employees at their workplace from suffering mental health problems.

The Company has also established a support system whereby employees can consult industrial health staff (nurses, including public health nurses) about mental health without hesitation, and the consulted industrial health staff cooperate with industrial physicians and supervisors in responding quickly to employees suffering mental health problems.

Moreover, the Company has contracted with an outside organization for employee assistance program (EAP) services to have in place a system for allowing employees to receive counseling services from outside experts. Information about the counseling services is disseminated widely through leaflets distributed by industrial health staff and articles in the in-house newsletter.

● Responses to stress check results

The results of annual stress checks are shared with department general managers and higher ranked management (including management team members). Each department works on workplace improvements based on the results. Employees judged to be under high stress are interviewed individually and given thorough support by industrial health staff.

Health checkups and related initiatives

● Enhancing health checkups

Since FY2021, the Company has added tumor markers, ultrasonic diagnosis and other new items to its regular health checkup, and has also unified checkup items throughout the Company. In addition, the Company gives a lifestyle-related disease checkup to employees aged 35 or above. After the checkups, health staff offer follow-up personalized to each employee.

Furthermore, the Company gives two special health checkups a year to employees who handle organic solvents or designated chemicals at work to prevent and detect at an early stage health damage caused by occupational illnesses. If any health damage is detected in employees, we instruct them to receive another checkup or a more detailed checkup and offer them follow-up services, such as health guidance including an explanation of the checkup results, and health education. We also collaborate with local medical institutions to introduce those employees to more highly specialized medical institutions and encourage them to receive medical consultation there.

● Beginning to use a system for the unified management of health checkup results

In FY2021, the Company started using a system to manage all employees' health checkup results in a unified manner. This system enables health staff in each area to give each employee health guidance based on his/her health checkup results, even if he/she has moved in from another area for personnel transfer.

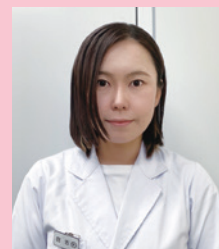
Together with Employees

Participating in the Survey on Health and Productivity Management

Since FY2020, Sakai Chemical Industry has been a respondent to the Survey on Health and Productivity Management conducted by the Japanese Ministry of Economy, Trade and Industry. Based on feedback we received on our responses to the FY2021 survey, we have shared information about our strengths and weaknesses with those involved, and we currently refer to the information in planning our health enhancement activities.

Voice Aiming to enhance regular health checkups

Sakai Chemical Industry not only conducts regular health checkups but also strives to have a larger number of employees receive cancer checkups. Employees at the Onahama Manufacturing Site can receive a gastric endoscopy, breast cancer checkups (mammography screening and breast ultrasonography), a uterine cancer checkup, and an abdominal ultrasonography together with the regular health checkup at the Fukushima Occupational Health Center (Iwaki Health Checkup Plaza), from which the Company receives health checkup services. However, amid the likelihood of the continuation of the COVID-19 pandemic, the percentage of employees who have cancer checkups has been declining. If you postpone having a health checkup due to the pandemic and have a long gap before the next checkup, your cancer, if any, is more likely to be found developed, although it would be otherwise detected at an early stage. Since there are regulations on the ages at which you can have cancer checkups and the period between cancer checkups of the same kind, it is very important to receive regular cancer checkups even amid the pandemic. At the Onahama Manufacturing Site, we hope to continue to work to have a larger number of employees have cancer checkups and further enhance the regular health checkup.



Yuko Yoshida
Dispensary, Safety and Health Section,
Operation Management Department,
Onahama Manufacturing Site

Cooperation with the health insurance society

The Company has regular contact with the Osaka Yakugyo Health Insurance Society, to which it belongs, and cooperates with the society, through a clear allocation of roles, in specific health guidance and the “Data Health” (data-based healthcare) project in order to enhance employees’ health.

Harmony with Local Communities

For coexistence and coprosperity with local communities, we not only contribute to local people’s secure lives through our business activities, but are also engaged actively in various initiatives outside our business activities.

Relationships with Local Communities

Concluding a partnership agreement with Iwaki FC

In September 2021, Sakai Chemical Industry concluded a partnership agreement with Iwaki FC, a soccer club based mainly in Iwaki City, Fukushima Prefecture. By serving as a Support Partner of the club, which aims to create social value through sports, we will contribute to invigorating local communities in Iwaki City, where one of our manufacturing sites is located.



Other initiatives

● Supporting an illumination event

The Company supported Sakai Kango Night Walk Illumination, an event held in Sakai City, Osaka Prefecture. We will continue to support such events aimed at invigorating local communities.



● Group blood donation

The Sakai and Onahama Manufacturing Sites make a group blood donation every year with the active participation of many employees centered around young members. In November 2021, the Sakai Manufacturing Site received a letter of appreciation from the Governor of Osaka Prefecture in recognition of its long-term efforts in and contribution to promoting group blood donations. We will continue to implement this initiative to make a significant contribution to society.

