

Seeking future-creating human resources who can solve social issues Creating an organization that achieves “co-creation” with same aims

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Develop employees as future-creating human resources who overcome their own domain to co-create the future

Under the long-term business plan “Atelier2050,” we have set out the ideal state of our organization for 2050 as “a group of co-creators that face challenges for change with a strong passion.” We have also defined a basic stance for our employees around the three ideas of, “valuing the integrity as the strength,” “taking a step forward with the vision,” and “transcending collaboration to co-creation.” The most important factor in realizing co-creation is human resources. As such, various initiatives are being taken to develop human resources and improve the workplace environment in order to realize an organization in which diverse human resources can take on challenges toward their own goals and they aspire toward personal growth, while upholding Nissan Chemical’s strength and identity of “integrity.”

In order to continuously create new products, services, and the seeds of technologies, it is important to “co-create” new value through collaboration that transcends boundaries, rather than closing in solely on one’s own field (technologies or departments). I hope that each employee will break out of his or her shell of assumptions, preconceptions, prejudices, and insecurities so that they do not unconsciously close in themselves to their own domain and miss opportunities to expand their possibilities.

Identifying what is required by society and enhancing our discernment ability to create new value

We refer to the people who have the ability to identify new markets that emerge from the solution of customer issues as “connoisseurs.” At the same time, connoisseur is the ability to identify the people and talent needed to create new value. It is not possible for any one person to deeply exploit a technology from a new research theme, create a product or service, and develop it into a business. It is important that employees who have same aims build a team and operate and grow as an optimal organization while being discerning of new talent that joins the team. About 40% of our regular position employees are involved in R&D, but we cannot develop connoisseurs by focusing solely on research. We are increasing opportunities for researchers to be transferred to marketing positions so that they can improve

their ability to discern market trends and what is required of us by society, which we believe will truly enhance our “discernment abilities.”

In addition, we have established a new Human Resources Development Meetings for each division and department to provide a forum for the managers of each division and the HR department to exchange opinions on employee career development, personnel exchange, personnel evaluation, and other issues. As a result, we believe this will clarify the image of on-site human resources needed and enable us to identify and resolve human resource development issues unique to each department. Furthermore, we introduced a talent management system in FY2024. By utilizing this function, we aim to visualize the expertise, experience, and skills of our employees and to optimize the allocation of human resources in a few years’ time.

Supporting each employee’s career plan Fostering human resources capable of co-creation across domains

One of the major challenges, not only for our company but for Japan as a whole, is labor shortages and the securing of outstanding personnel. With the aim of treating employees appropriately according to their job responsibilities and roles, we have renewed our personnel system and adopted a role grading system in 2022. At the management level, we clarified roles by dividing them into two categories, managers and experts. Looking ahead to the career they are aiming for, we expect our employees to autonomously consider and execute self-improvement and transfers.

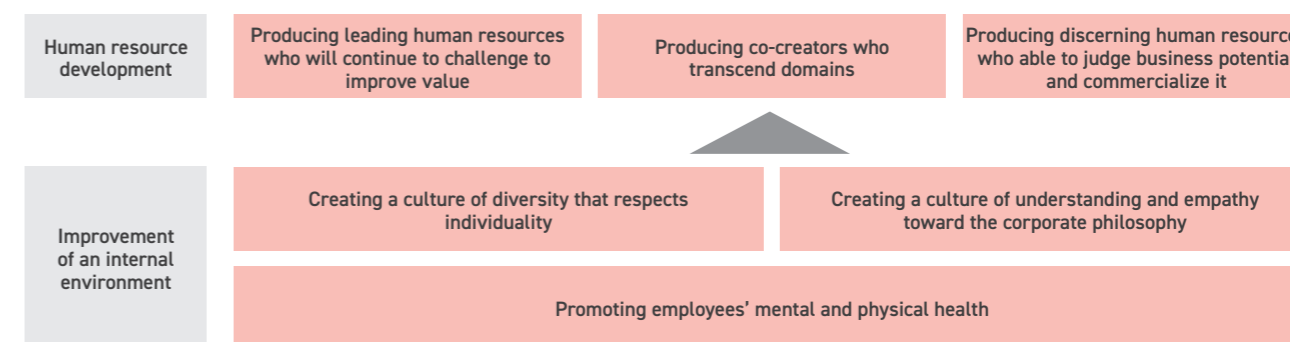
In FY2023, we started a career dialogue between employees and their supervisors, separately from the evaluation interview. This is an opportunity for employees to grasp the current status of their knowledge, skills, and careers, and to share with their supervisors their visions for the future, and to think about their own growth. Going forward, we would like to implement personnel transfers that take into account employees’ career plans and wishes even more than before, and we will consider an open recruitment system as a system to achieve this. These efforts will ideally lead to an increase in the number of employees who are willing to transfer to departments across their domain, beyond their domain, thereby improving productivity and increasing the

reserve pool of discerning personnel.

The role of the Personnel department is to secure outstanding personnel and to develop human resources with a long-term perspective. To achieve this, it is important to value the career plans of each employee and to foster a corporate culture that is

comfortable to work in, where employees can contribute to the Company’s growth. We will continue to develop human resource who are willing to take on challenges in new areas with vision, while upholding the our corporate culture “integrity” that we have cultivated over the years.

Key factors for realizing the organization’s vision



© Related Information: “Ideal State in FY2050” P25

Indicators	FY2022 (Result)	FY2023 (Result)	FY2024 (Target)
Positive response rate in survey of employee attitude on willingness to take on challenges	67.0%	71.0%	70.0%
Number of co-creation themes	134 cases*	144 cases	160 cases
Positive response rate in survey of employee attitude on diversity and career planning	65.5%	66.0%	70.0%
Positive response rate in survey of employee attitude on the degree of understanding and empathy toward our corporate philosophy	64.4%	64.9%	70.0%
Ratio of employees with high stress	8.1%	7.8%	7.0% or less

* The number of initiatives for the 10% Challenge introduced from FY2023 is not included in FY2022 results.

Key factor 1 Producing leading human resources who will continue to challenge to improve value

For Nissan Chemical to continue to grow in the future, our challenge is to produce human resources who can drive the business forward by thinking independently and challenging themselves, based on “vision (self-motivation),” to make improvements and proposals that will lead to improve value. Therefore, we have set the “positive response rate in survey of employee attitude on willingness to take on challenges” as an indicator of this factor. We aim to improve this figure through initiatives such as hypothesis verification-based training, the Ai Campaign, and the 10% Challenge starting in FY2023.

● Hypothesis Verification-based Training (renewed from FY2020)

In the training before promotion to C3 class (equivalent to subsection manager), participants formulate a vision for the future and initial hypotheses (questions and answers) and then spend several months examining and revising the vision and hypothesis to refine the action plan for the purpose of “acquiring future-creating leadership skills.”

In training before promotion to managerial position (equivalent to section manager), with the aim of “acquiring leadership that unleashes the future creativity of people and organizations,” participants train their ability to interpret information by accessing the knowledge of the world, and collect and analyze valuable information, while demonstrating leadership and promoting transformation. Based on this, they conceive ideas for new businesses, products and services, and go through the process of hypothesis verification that leads to the commercialization of products and services for the Company.

● 10% Challenge (started in FY2023)

In FY2023, we newly introduced a system that allows employees to devote 10% of their annual working hours to challenges in areas outside of their normal work or in areas not specified in department policies, based on self-motivation. With this 10% Challenge, we hope to foster a culture of enjoying the challenge, regardless of success or failure, and to broaden employees’ own possibilities through the experience of taking on new challenges. We also expect that the promotion of this challenge will lead to the creation of innovation and the realization of a future-creating company, as well as to synergistic effects

Human Capital

with our core business through the acquisition of experience, skills, knowledge, and human resource networks that cannot be obtained only through our core business, and to the career development of our employees themselves.

● Ai Campaign

This activity unique to Nissan Chemical attempts to make improvement proposal from small group activities at each plant. It started in 1978 with almost all operators from each plant taking part every year. We aim to improve our stance to continue to make improvements that lead to improve value from on-site perspective, and to improve our ability to make proposals without being bound by precedent.

Key factor 2

Producing co-creators who transcend domains

To continuously produce new products, services, and seeds of technology that contribute to solving social issues, our challenge is to produce human resources who can "co-create" new value by collaborating across borders rather than closing in solely on their own areas (technologies or departments). Therefore, we have set the "number of co-creation themes" in our hypothesis verification-based training, the 10% Challenge, and the Ai Campaign, as an indicator, and making efforts to increase this number. In addition, we aim to create a state that outside parties can be involved and co-created in order to newly acquire, improve the value of, and develop, our own technologies. We will promote cross-border collaboration, not fixed solely to one area, such as joint research and joint patent applications with other companies, as well as the loan, transfer, and dispatch of human resources outside the Company.

Key factor 3

Producing discerning human resources who able to judge business potential and commercialize it

To develop new products and services that will be the source of growth for the next generation, our challenge is to produce discerning human resources who can identify the product needs that is irreplaceable "Must-Have" while taking into account market needs, and judge the growth potential of the value chain. To produce such discerning human resources, we are implementing an intrapreneurship program aimed at developing the abilities of entrepreneurs and fostering in-house entrepreneurs.

And by actively rotating staff across job categories, such as research, manufacturing, and sales, we will provide opportunities for researchers and engineers to directly discuss with customers as much as possible, and foster the ability to identify business opportunities not only from a perspective of technological point, but also from the perspective of the customer, market, and social issues.

● Intrapreneurship Program

We have started an intrapreneur (in-house entrepreneur) training program in FY2019 with the goal of developing the

abilities of entrepreneurs and fostering them. With the support and coaching of active entrepreneurs, participants practice behavioral skills through actual project in mixed teams selected from multiple departments. By repeatedly gathering information from potential customers in Japan and overseas and verifying hypothesis in a short cycle, they will promote the brushing up of promising themes and learn how to act as innovators.

Although there were some years when the program was cancelled due to the COVID-19 pandemic, it is held every two years, and in FY2024, eight students from the third term are currently enrolled in the program.

Topics

Voice of Participants in the Intrapreneurship Program

In our company, it was a kind of common practice to present prototypes of our products to customers and in exchange, we would develop products while receiving information such as market and customer needs. Of course, I thought that we could eliminate waste if we grasped what customers really wanted before starting work on a product, but this was my first experience in approaching a customer without any prototypes, just a concept. At first, I was reluctant to go to a customer, but after my coach gave me strict instructions to "think of a way to go, not a reason not to go," I was determined to try. As a result, I was able to get reactions from customers that I had not imagined, as well as firsthand information that I could not have obtained even by researching, and I was able to grasp the "true problems" of customers. This program has made me realize that I have not been able to listen to the essential voice such as customer needs and problems of our customers. When awareness changes, behavior changes. Now, I go to customers more and more from the initial stages of other themes and always think about what they really want.



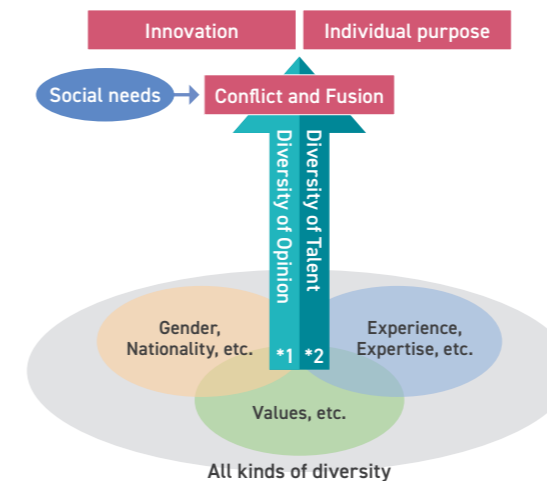
Key factor 4

Creating a culture of diversity that respects individuality

To develop human resources who will continue to challenge to improve value, our challenge is to create a corporate culture that respects and accepts diversity of all people who work together, and at the same time, allows the exchange of ideas (different opinions) held by such diverse individuals. Therefore, we have set the "positive response rate in survey of employee attitude on diversity and career planning" as an indicator to assess this factor. We aim to improve this figure by setting opportunities for direct dialogue between employees and the officer in charge of human resources, career dialogue to develop individual career plans, and introducing various systems to promote work styles that match the lifestyles of each employee.

● Promotion of Diversity

Nissan Chemical has a diverse workforce, regardless of age, gender, or nationality, working in a wide range of fields. In the future, we will further promote diversity in order to enhance corporate value by taking advantage of diversity in terms of values, abilities, and experience, which cannot be expressed in terms of attributes.



*1 Diversity of Opinion (fusion of diverse opinions): A state in which diverse opinions are expressed and fused in a free and open atmosphere

*2 Diversity of Talent (demonstration of diverse talents): A state in which individual strengths are recognized and demonstrated, and high performance is achieved by the organization as a whole

● Promotion of Active Participation of Females in the Workplace and Support for the Development of the Next Generation

To achieve our diversity vision, we believe that a corporate culture that respects and accepts all kinds of diversity and the realization of work-life balance is essential for each individual to fully demonstrate his or her individuality and talent.

With regard to the promotion of women, by setting the target of 30% or more for the ratio of females among new graduates in the regular position and by working to expand the job categories in each department within the Company, the ratio of females in the regular position increased to 11.8% in FY2023.

Nissan Chemical Corporation Action Plan (Excerpt)

Period of the plan	● Five years from April 1, 2021 to March 31, 2026
Issue	● The penetration of diverse work styles according to individuality and life stage of each individual is insufficient
Target 1	● Increase the ratio of female among employees in the regular position to 13% or more
Action	● Increase the ratio of female among new graduates in the regular position to 30% or more ● Support for networking among female employees (workshops, in-house networking events, etc.)
Target 2	● Double the number of female managers (above section chief level)
Action	● Consideration of personnel system to enable early selection ● Providing opportunities to consider mid- to long-term careers ● Support for networking with internal and external female executives and managers through in-house networking events, etc.
Target 3	● Encourage male employees to take childcare leave
Action	● Consideration and implementation of measures to recommend male employees to take childcare leave at birth of child and for their superiors to recommend them to take childcare leave
Target 4	● Continue to maintain the ratio of taking annual leave (including managers) of 70% or more
Action	● Thorough implementation of our own taking annual leave target (10 days per year) set through labor-management consultation

Topics

Women's Leadership Program

We held a leadership program for female employees from January to April 2024. The purpose of this program is to develop change leaders who are not bound by the conventional image of managers, but who work on their own initiative to influence workplace relationships and the environment through their own unique leadership style. The 15 participants, who gathered by a voluntary system, faced the discomfort they felt in their workplaces on a daily basis and experienced the transformation of themselves and their organizations by taking small actions on an ongoing basis. In the second half of the program, the participants were divided into three teams and gave presentations on how to realize an organization that maximizes the individuality and talent of each person on the basis of extensive internal surveys and interviews. The program was attended by the president, female outside directors, as well as the participants' supervisors, and provided an opportunity to think about an organization that embraces diversity in a common language based on the recommendations. A network that transcended departmental boundaries was also formed among the participants, who took action through trial and error together with their peers over the four months. We will continue to implement various measures to promote women's activities as a major pillar of diversity promotion.



Human Capital

● Career Dialogues

In FY2023, we began holding dialogues between employees and their superiors once a year to develop their career plans, separately from the performance evaluation interviews, in order to make the most of each person's individuality and foster job satisfaction.

Going forward, content of the dialogues will focus not only on their "work," but also on the "people" themselves, so that employees can see their careers not only in terms of "career = work experience at a company, and transfer" but also as "career = life experience based on one's own values and way of being."

● Introduction of Systems for Promoting a Good Work-Life Balance

We have introduced a flextime system, hourly annual leave system, improvement of annual leave rate (target: at least 80% of available annual paid leave time taken), and a system that allows expired paid leave to be used for nursing/caregiving. Since FY2023, the telecommuting system has been made a permanent system. Also, in 2023, we were granted the Next Generation Accreditation Mark (Kurumin) by the Ministry of Health, Labour, and Welfare for our efforts as a company to support childcare. This is the second time we have received such accreditation following 2018.



Web

Promotion of Diversity

https://www.nissanchem.co.jp/eng/csr_info/communication/employee/respect.html

Creation of a Comfortable Workplace

https://www.nissanchem.co.jp/eng/csr_info/communication/employee/dialogue.html

Key factor 5

Creating a culture of understanding and empathy toward the corporate philosophy

For Nissan Chemical to contribute to solving social issues and grow together with society, our challenge is for each and every employee to align the corporate philosophy with their own individual purpose to increase their sense of understanding toward the corporate philosophy, which is the basis of our business activities. Therefore, in order to foster a corporate culture in which each employee can work with the feeling that they are contributing to the realization of our corporate philosophy and vision, we are promoting efforts such as holding sustainability and IR inhouse briefings and having the president visit each site every year to provide opportunities to speak with employees and engage in direct dialogue. Through these efforts, we aim to improve the "positive response rate in survey of employee attitude on the degree of understanding and empathy toward our corporate philosophy."

Key factor 6

Promoting employees' mental and physical health

We are implementing various measures based on the belief that employees' health is a "foundation that supports sound corporate growth" with the goal of maintaining and improving the physical and mental health of employees. Specifically, we are promoting regular health checkups, conducting stress checks, and holding seminars on improving the ability to manage health for all employees, with the aim of reducing the ratio of employees with high stress and increasing the ratio of employees with optimal weight (body mass index (BMI) of between 18.5 and 25.0).

And through our responsible care management system, we are working to prevent occupational accidents, promote the good health of staff, and create a comfortable workplace environment in our efforts to improve the level of health and safety at each business site.

As a result of these and other efforts, we aim to reduce productivity loss by presenteeism and continue to acquire comprehensive and objective certifications related to health management, such as the White 500.

● Mental Health Care

We introduced a stress check in 2015. Each year, organizational analysis of the results is conducted and the reporting session is held at each business site. More than 200 people, including heads of plants and laboratories, management level employees, and union officers, etc., participate in the reporting session to formulate workplace environment improvement plans.

For management level employees, Line-Care Training is provided on a regular basis. For employees, we have introduced e-learning for Self-Care and counseling services available to employees and their families.

● Certified Health and Productivity Management Organization (White 500)

In cooperation with the Health Insurance Association, we are implementing measures to promote the health of our employees, focusing on lifestyle-related diseases and mental health care, etc. which are key items in our Basic Health Policy. As a result of these efforts, we have been certified by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a "White 500 Health and Productivity Management Outstanding Organization" for eight consecutive years.



Web

Maintenance and Improvement of Employees' Health

https://www.nissanchem.co.jp/eng/csr_info/communication/employee/workplace.html