

Nippon Soda Group

ESG Data Book 2020

ESG Data Book 2020 Contents

| | |
|---|----|
| Top Commitment | 2 |
| ESG Management | |
| Nippon Soda Group's ESG | 3 |
| Business and ESG of the Nippon Soda Group ... | 5 |
| Value Creation of the Nippon Soda Group | 7 |
| CSR Management | 12 |
| CSR Activities to Improve Corporate Value | |
| Agriculture | 20 |
| Healthcare | 23 |
| Environment | 25 |
| ICT | 28 |
| Initiatives for the Next Generation | 30 |
| CSR Activities to Protect Corporate Value | |
| Environmental Protection | 32 |
| Process Safety and Disaster Prevention/BCP... | 36 |
| Occupational Safety and Health | 43 |
| Logistics Safety and Quality Assurance | 48 |
| Chemicals and Product Safety | 50 |
| Social Activities | |
| Together with Our Customers (Consumer Issues) | 53 |
| Together with Our Employees (Human Rights and Labor Practices) | 56 |
| Together with Our Business Partners (Fair Operating Practices) | 60 |
| Together with Our Shareholders | 62 |
| Together with Our Local Communities (Community Involvement and Social Dialogue)..... | 64 |
| Corporate Governance/Compliance/Risk Management | |
| Corporate Governance | 69 |
| Compliance | 75 |
| Risk Management | 77 |
| Data | |
| ESG Data | 80 |
| CSR Activities at Plants | 87 |
| Third-Party Evaluations: ESG Verification | 91 |
| Guidelines | 94 |

Scope of the Report

The *ESG Data Book* summarizes the CSR and Responsible Care activities of Nippon Soda Co., Ltd. and the major Nippon Soda Group companies (three manufacturing Group companies: Nisso Metallochemical Co., Ltd., Nisso Fine Co., Ltd. and Shinfuji Kaseiyaku Co., Ltd.; and five non-manufacturing group companies: Nisso Shoji Co., Ltd., Sanwa Soko Co., Ltd., Nisso Engineering Co., Ltd., Nisso Construction Co., Ltd. and Nisso Green Co., Ltd.). This report provides results for fiscal 2020 (April 1, 2019 to March 31, 2020). The data on occupational accidents presented in this report are based on results for the period from January 1, 2019 to December 31, 2019. The financial data cover 18 consolidated subsidiaries and four equity-method affiliates. As of this fiscal year, the data in the former *CSR Report* has been updated and published in the *ESG Data Book* and the *Integrated Report*.

Guidelines Used as References

Global Reporting Initiative: Global Reporting Initiative (GRI) Standards
Ministry of the Environment's Environmental Reporting Guidelines 2012
Japanese Standards Association ISO 26000: 2010 Guidance on Social Responsibility

Responsible Care

Responsible Care (RC) was launched in 1985 in Canada. The International Council of Chemical Associations (ICCA) was established in 1989, and today RC is practiced in more than 65 countries and regions around the world.

Editorial Policy

The Nippon Soda Group's basic concept of and initiatives for ESG focus on three areas: "CSR Activities to Improve Corporate Value," "CSR Activities to Protect Corporate Value," and "Social Activities." In this report, we are publicizing the results of the Nippon Soda Group's ESG initiatives. With a focus on promoting transparency and accountability, we designed this report to help readers readily understand the Nippon Soda Group's ESG activities.

Cautionary note regarding forward-looking statements

The Company's plans, prospects, strategies and other information published in this report, excluding past performance and facts, have been prepared based on currently available information, hypotheses and judgments, and are subject to various risks and uncertainties. Our predictions can be affected by various factors, such as future economic situations and industry trends, and may turn out to be incorrect.

Top Commitment



In increasing both our corporate and social value, we will contribute to the achievement of a sustainable society.

Akira Ishii

Representative Director, President

The Nippon Soda Group celebrated its 100th anniversary in 2020. Ever since its foundation, Nippon Soda has continued to pass down its way of thinking regarding contributing to society through the power of chemistry based on its management philosophy of “placing primary importance on sound and transparent business management in compliance with law, to contribute to social development through chemistry, to meet expectations from stakeholders, including shareholders, business partners, employees and local communities, and to promote environmentally conscious business practices and activities.” This year, we formulated the Nippon Soda Group Long-Term Vision of “Brilliance through Chemistry 2030.” This vision will lead us into the next 100 years. It expresses our intent to pursue management that helps us achieve our targets for both corporate and social value through the growth of the Company amidst an ever-changing society and global environment. If either of these elements is missing, the Nippon Soda Group will neither actualize its management philosophy, nor achieve its long-term vision.

Going forward, ESG management with a broader perspective will be required for the Group to achieve sustainable growth amidst global social change. The Group has been making progress with initiatives in accordance with the Corporate Governance Code. However, from 2020, with the goal of further enhancing our governance activities, we have transitioned to a company with an audit and supervisory committee. In order to contribute to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations, we have focused on determining our materiality in our major fields, providing an understanding of significant points to each employee, and reflecting this in the actual places where we do business. We will implement a long-term human resource strategy as part of our effort to achieve substantial diversity, which is an important issue for ESG management.

Looking forward to the next 100 years as a chemical manufacturer that is essential for a more prosperous life, we will promote with renewed determination the ESG management that will attain increases in our corporate and social value.

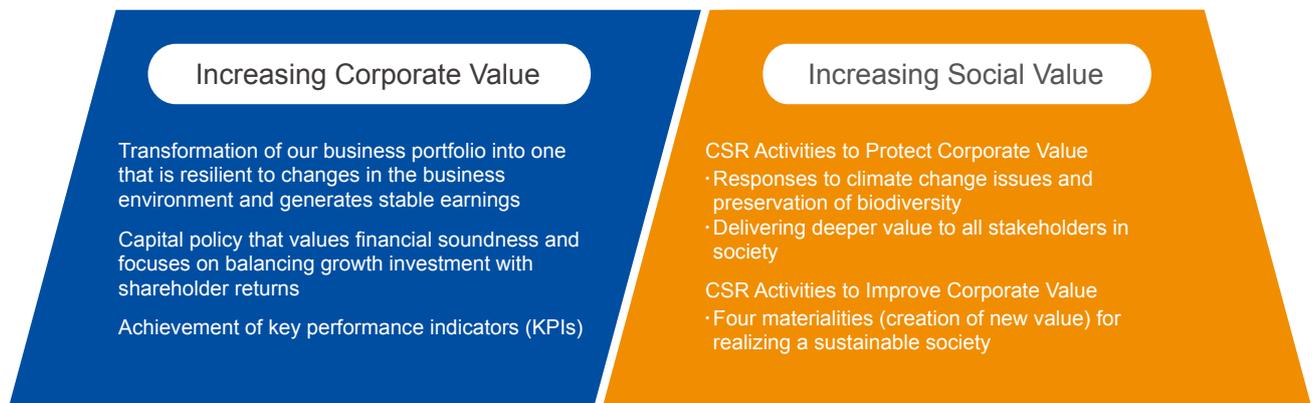
Nippon Soda Group's ESG

Basic Management Policy

The Nippon Soda Group places primary importance on sound and transparent business management in compliance with law. Its management philosophy is to contribute to social development through chemistry, to meet expectations from stakeholders, including shareholders, business partners, employees and local communities, and to promote environmentally conscious business practices and activities. Under this philosophy, we are committed to growing into a technology-oriented group that develops high-value-added products by making best use of its proprietary technologies and expands its business with a global point of view and a focus on chemistry. Our efforts are also directed at increasing the Group's revenue by developing our business with a focus on the chemicals industry in such areas as trading, logistics and engineering.

ESG Management Concept

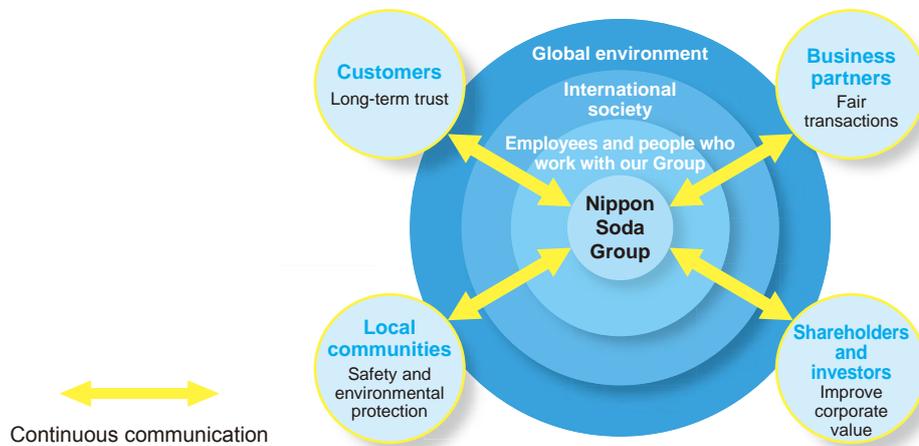
The Nippon Soda Group's mission is to create new value through the power of chemistry and to realize "increasing corporate value" through our "contributions to society." We will contribute to society by providing the products and services demanded by customers and the social environment of the 2020s. We believe that in order for the Nippon Soda Group to realize its mission and sustainable growth, it is important to increase both its corporate value and its social value. The practice of ESG management is the embodiment of increasing social value, and we will promote initiatives from the two perspectives of "CSR Activities to Protect Corporate Value" and "CSR Activities to Improve Corporate Value."



Nippon Soda Group's ESG

Stakeholders

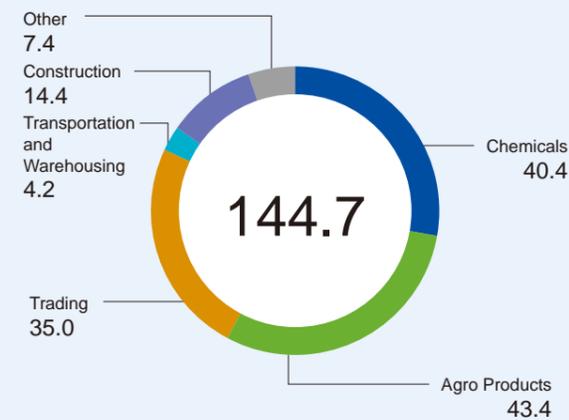
The management philosophy of the Nippon Soda Group is to meet expectations from stakeholders, including shareholders, investors, business partners, employees and local communities, and promote environmentally conscious business practices and activities. The Nippon Soda Group will continue to play a significant role in realizing the sustainable development of our society. At the same time, the Group is continuing to develop as a sought-after chemical group that meets 21st-century social needs by continuing to contribute to the creation of a prosperous society by fulfilling the dreams of the next generation through its unique technologies and products.



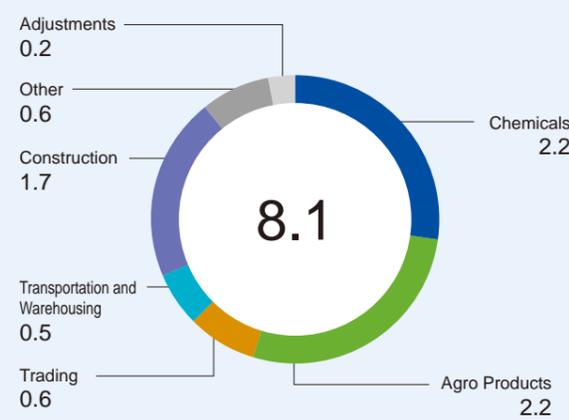
Business and ESG of the Nippon Soda Group

The Nippon Soda Group is a corporate group that uses chemistry to create superior products and services around the world, and contributes to the realization of a sound society. The Chemicals and Agro Products businesses are the core of the Group. They primarily involve the manufacture and sale of chemicals, and the provision of services.

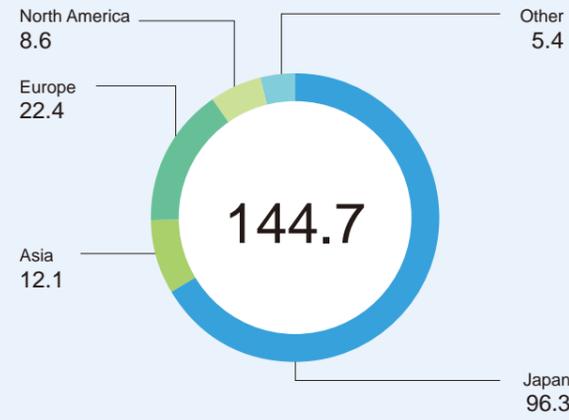
Net Sales by Segment (Fiscal year ended March 2020)
(Billions of yen)



Operating Profit by Segment (Fiscal year ended March 2020)
(Billions of yen)



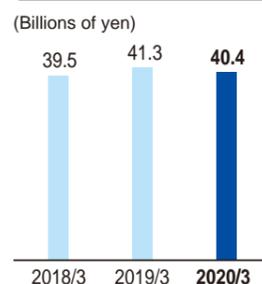
Net Sales by Region (Fiscal year ended March 2020)
(Billions of yen)



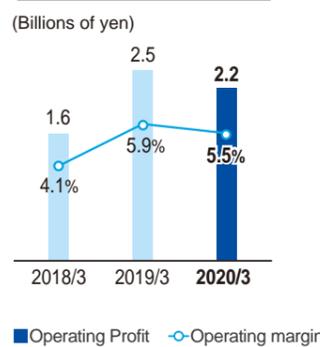
Chemicals

Manufacture and sale of industrial chemicals, fine chemicals, specialty chemicals, eco business products, healthcare products, pharmaceutical intermediates, and industrial fungicides

Net Sales



Operating Profit

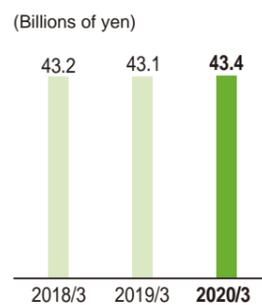


| Industrial chemicals | Fine chemicals | Specialty chemicals |
|---|--|---|
| Caustic soda Liquid chlorine Hydrochloric acid Caustic potash Potassium carbonate Sodium cyanide Potassium cyanide Aluminum chloride anhydrous Phosphorus oxychloride Phosphorus trichloride | Sodium metal Alcoholate Color developers for thermal paper Specialty isocyanates Secondary battery materials Organic titanate | NISSO-PB VP-POLYMER TITABOND BISTRATOR |
| Eco business products | Pharmaceuticals and industrial fungicides | |
| NISSO HI-CHLON NISSO MELSAN HIDION TAKE-ONE Slime removing agents | NISSO HPC NISSO DAMN Faropenem-sodium antibiotic BESTCIDE BIOCUT MILLCUT | |

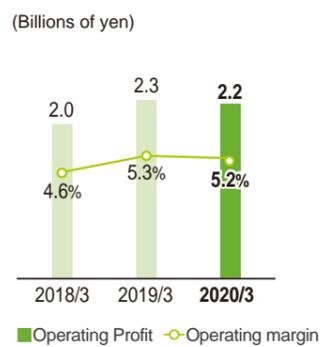
Agro Products

Manufacture and sale of fungicides, pesticides, acaricides, herbicides, etc.

Net Sales



Operating Profit

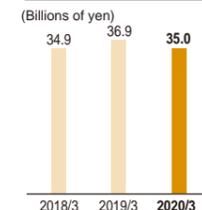


| Fungicides | Insecticides and acaricides |
|---|---|
| TOPSIN-M (thiophanate-methyl) PANCHO TF (cyflufenamid-triflumizole) BEFRAN (iminocadine triacetate) BELLKUTE (iminocadine tris (albesilate)) PYTHILOCK (picarbutrazox) TRIFMINE (triflumizole) AGRI-MYCIN (oxytetracycline, streptomycin) AGROCARE (bacillus subtilis) MASTERPIECE (pseudomonas rhodesiae) FANTASISTA (pyribencarb) ETHOFIN (ethaboxam) MONSIEUR BORDEAUX (basic copper sulfate) | MOSPILAN (acetamidprid) NISSORUN (hexythiazox) ROMDAN (tebufenozide) GREEN GUARD (morantel tartrate) KOTETSU (chlorfenapyr) PHOENIX (flubendiamide) VERIMARK (cyantraniliprole) |
| Herbicides | Other |
| NABU (sethoxydim) CONCLUDE (flupoxam) ALPHARD (topramezone) EIGEN (pyributicarb) | Smoking agents |

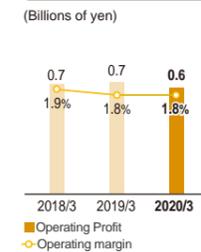
Trading

Domestically sold and imported and exported products such as chemicals, functional products, synthetic resins, industrial devices, and construction-related products

Net Sales



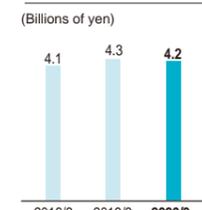
Operating Profit



Transportation and Warehousing

Warehousing and transportation services

Net Sales



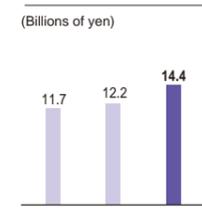
Operating Profit



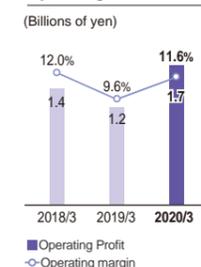
Construction

Plant construction, civil engineering and construction

Net Sales

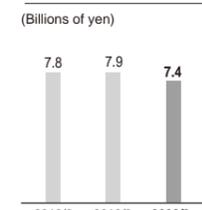


Operating Profit

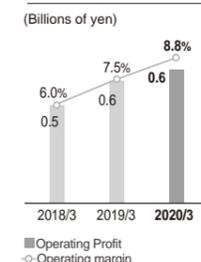


Others

Net Sales



Operating Profit



Business and ESG of the Nippon Soda Group

Overview of the Nippon Soda Group (As of March 31, 2020)



- Site**
- ① Head Office
 - ② Osaka Branch Office

- Plants**
- ③ Nihongi Plant
 - ④ Takaoka Plant
 - ⑤ Mizushima Plant
 - ⑥ Chiba Plant

- Research Centers**
- ⑦ Odawara Research Center
 - ⑧ Haibara Field Research Center*
 - ⑨ Bandai Field Research Station
 - ⑩ Chiba Research Center

- Sales Offices**
- ⑪ Sapporo Office
 - ⑫ Sendai Office
 - ⑬ Kanto Office
 - ⑭ Takaoka Office
 - ⑮ Fukuoka Office
 - ⑯ Bangkok Representative Office

- Overseas Group Companies**
- ① NISSO AMERICA INC.
 - ② NISSO CHEMICAL EUROPE GmbH
 - ③ NISSO BRASILEIRA REPRESENTAÇÃO LTDA.
 - ④ NIPPON SODA TRADING (SHANGHAI) Co., Ltd.
 - ⑤ Certis Europe B.V.
 - ⑥ Japan Agro Services (JAS) S.A.
 - ⑦ SUMI AGRO Limited
 - ⑧ Novus International, Inc.

Group Companies in Japan

- Chemicals**
- a Nisso Fine Co., Ltd.
 - b Shinfuji Kaseiyaku Co., Ltd.
 - c NISSO BASF Agro Co., Ltd.
 - d Nisso Metallochemical Co., Ltd.
- Logistics**
- e Sanwa Soko Co., Ltd.
 - f Sanso Unyu Co., Ltd.

- Trading**
- g Nisso Shoji Co., Ltd.
 - h Nisso Green Co., Ltd.
- Engineering**
- i Nisso Engineering Co., Ltd.
- R&D Consultants**
- j Nisso Chemical Analysis Service Co., Ltd.
- Civil Engineering and Construction**
- k Nisso Kensetsu Co., Ltd.

- ⑨ Iharabras S/A. Indústrias Químicas
- ⑩ NISSO KOREA CO., LTD.
- ⑪ Nisso Namhae Agro Co., Ltd.
- ⑫ ALKALINE SAS (including 4 group subsidiaries)
- ⑬ NISSO CHEMICAL INDIA LLP
- ⑭ SUMMIT AGRO VIETNAM LLC.

Value Creation of the Nippon Soda Group

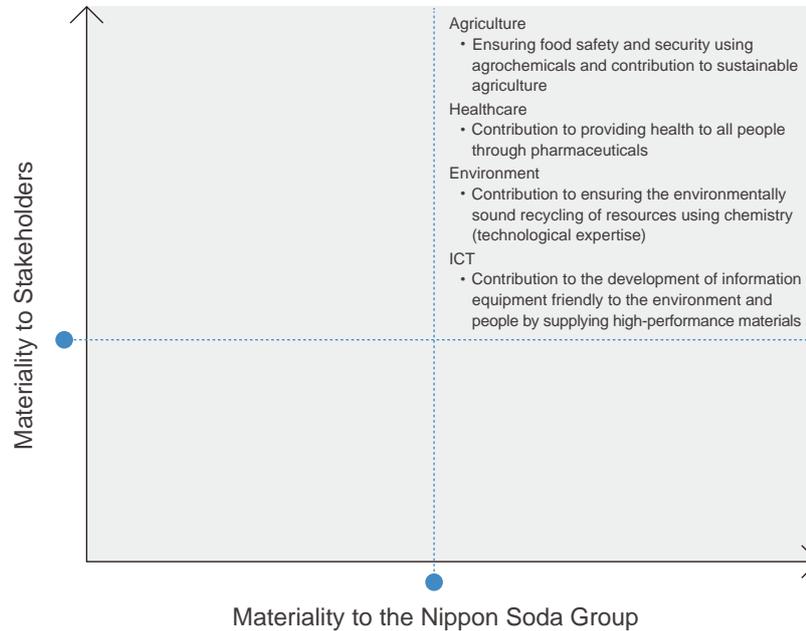
Since its establishment in 1920, the Nippon Soda Group has contributed to the development of society and provided new value to society through chemicals, and has supported people’s everyday lives by delivering a range of chemical products and services.

In May 2020, we identified new materiality (important issues) in the four areas of agriculture, healthcare, environment and ICT to contribute to the creation of a sustainable society and increase corporate value based on the Group’s Long-Term Vision, “Brilliance through Chemistry 2030,” and its Medium-Term Business Plan 2020-2022 “Brilliance through Chemistry Stage I.” As a framework for increasing the effectiveness of the Group’s materiality initiatives, we will utilize the monitoring functions of “CSR Activities to Protect Corporate Value” and “CSR Activities to Improve Corporate Value.”

● Materiality Identification Process

Sustainable growth and relevance in our Long-Term Vision was discussed and materiality was identified through the following steps:

| | |
|--------|--|
| Step 1 | Extracting “Megatrends,” “Risks” and “Opportunities” |
| Step 2 | Extracting materiality for sustainable social development and increasing corporate value (Consideration of megatrends and the value provided by Nippon Soda) |
| Step 3 | Confirmation of conformity with management policy and business strategy for the extracted materiality |
| Step 4 | Approval by the Management Council |



Value Creation of the Nippon Soda Group

Business and SDGs of the Nippon Soda Group

In September 2015, a milestone year for the United Nation’s development agendas, the United Nations Sustainable Development Summit was held at the UN headquarters in New York. The summit was attended by more than 150 heads of state of member nations and resulted in the adoption of the official document, *Transforming Our World: The 2030 Agenda for Sustainable Development*. This agenda includes declarations and goals, stated as action plans for the prosperity of people and the Earth. The newly established goals, which succeed the Millennium Development Goals (MDGs), are called Sustainable Development Goals (SDGs) and are comprised of 17 goals and 169 targets.

In the Nippon Soda Group’s Basic CSR Policy, the Group aims to “contribute to solving social issues that contribute to the sustainable development of society through our business activities” as a form of “CSR Activities to Improve Corporate Value.” One company cannot tackle all of the SDGs alone, but if many different companies throughout the world do what they can toward resolving these issues, we believe that the combined efforts will result in the realization of a sustainable society.



Value Creation of the Nippon Soda Group

Materiality

CSR Activities to Protect Corporate Value*

As a corporate organization that lives up to the trust of society, we will address the three key issues of Initiatives for the Environment, Social Activities, and Governance.

| | |
|--|---|
| Initiatives for the Environment | <ul style="list-style-type: none"> Tackling climate change (participation in the "Low Carbon Society Action Plan" of the Ministry of Economy, Trade and Industry) Tackling the preservation of biodiversity (promoting activities to preserve forests and water sources) |
| Social Activities | <ul style="list-style-type: none"> Promoting dialogue with consumers, business partners and local communities and responding appropriately Promoting diversity, work-life balance and career programs Conducting constructive dialogue with shareholders and investors and disclosing information in a timely and appropriate manner |
| Governance | <ul style="list-style-type: none"> Enhancing corporate governance (transition to a company with an audit and supervisory committee) Promoting compliance management (enhance and properly operate systems and conduct training) |

* As a chemical manufacturer, the Group's RC (responsible care) activities form the foundation of its CSR activities.

| | | |
|---|---|--|
| Management System and Organizational Governance | Environmental Protection | Process Safety and Disaster Prevention/ BCP |
| Occupational Safety and Health | Logistics Safety and Quality Assurance | Chemicals and Product Safety |
| Together with Our Customers (Consumer Issues) | Together with Our Employees (Human Rights and Labor Practices) | Together with Our Business Partners (Fair Operating Practices) |
| Together with Shareholders and Investors | Together with Our Local Communities (Community Involvement and Social Dialogue) | |

CSR Activities to Improve Corporate Value

Aiming for the realization of a sustainable society, we are working on four material issues: Agriculture, Healthcare, Environment, and ICT

Agriculture

Ensuring food safety and security using agrochemicals and contribution to sustainable agriculture

(1) Increasing production of food and feed worldwide

(2) Diversification of crop protection

(3) Improvement of user safety (Chemicals and Product Safety)



Healthcare

Contribution to providing health for all people through pharmaceuticals

(1) Easy-to-take, effective medicines through NISSO HPC



Environment

Contribution to ensuring the environmentally sound recycling of resources through chemicals (technological expertise)

(1) Steady supply of water resources

(2) Reduction of environmental burden from waste

Contribution to sustainable plant conservation

(1) Protection of precious trees such as pines from harmful insects






ICT

Contribution to the development of information equipment friendly to the environment and people by supplying high-performance materials

(1) Supply of high-performance materials friendly to the environment and people



Long-Term Vision

“Brilliance through Chemistry 2030”

The Nippon Soda Group celebrated its 100th anniversary in February 2020. As a chemical manufacturer that will achieve sustainable growth during the next 100 years, Nippon Soda will engage in management to increase both corporate value and social value.

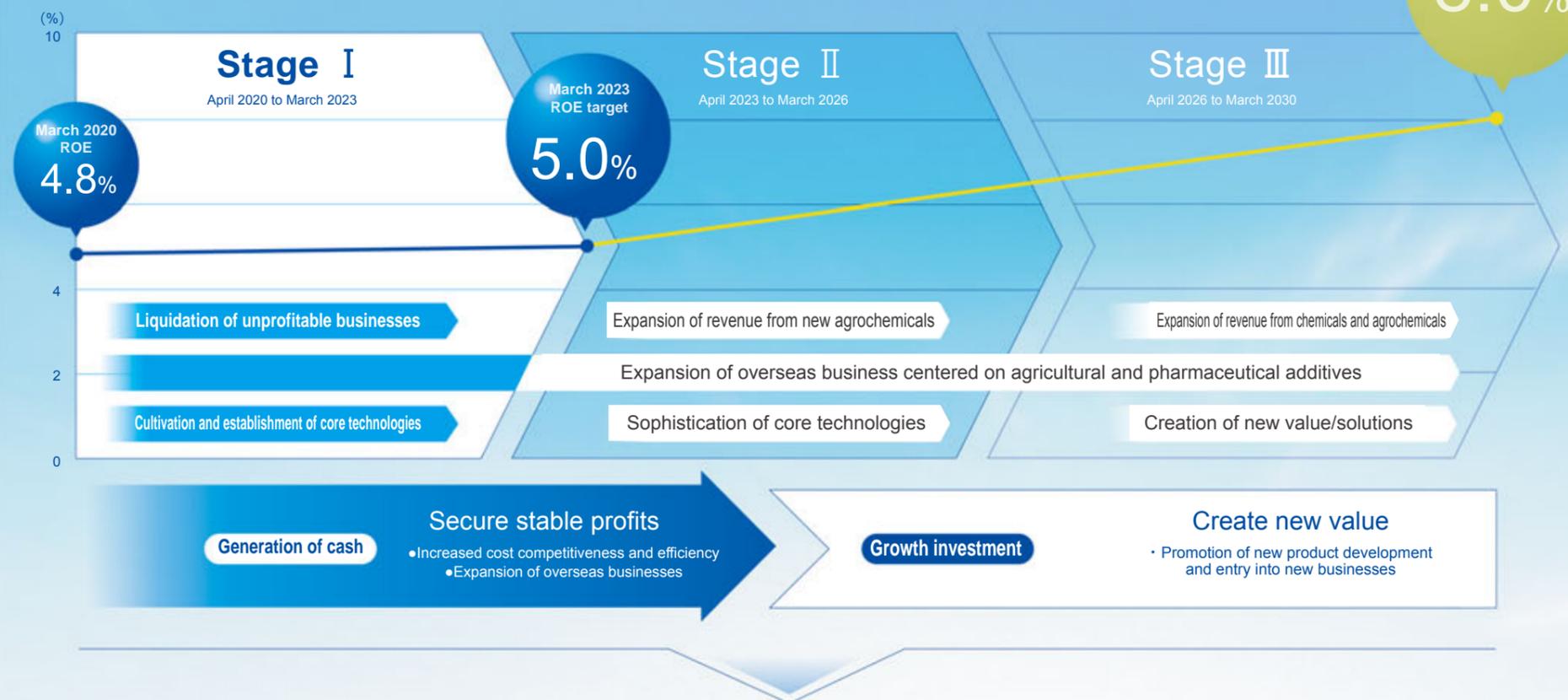
In April 2020, we started Nippon Soda Group’s Long-Term Vision “Brilliance through Chemistry 2030.” In this Long-Term Vision, we have made a clear transition from P&L management to ROI management via the basic strategy of “Transitioning to a Highly Efficient Business Structure—Raise Our Profit Efficiency to More than Double the Current Level.” We aim to gradually increase our level throughout Stage I to Stage III of the Long-Term Vision. By reforming our structure and expanding our high-value-added businesses, we will promote

thorough management efficiency. Additionally, by generating stable cash in existing businesses and creating new value through growth investment, Nippon Soda will vigorously transform its business portfolio into one that is resilient to changes in the business environment and that generates stable profits.

The Nippon Soda Group has identified four fields as materialities (important issues) for increasing corporate value: 1) agriculture, 2) healthcare, 3) environment, and 4) ICT. Focusing on these fields, we will provide products and services required by customers and the social environment in the 2020s, while practicing ESG management through CSR activities to protect corporate value and CSR activities to improve corporate value.

In Stage I of our Long-Term Vision, we will focus on

the Medium-Term Business Plan “Brilliance through Chemistry Stage I,” which begins from FY 2021. We aim to achieve an ROE of 5% by aggressively investing in products and businesses that increase our ability to generate cash flows, by liquidating products and businesses that are inferior in investment efficiency, and by building an appropriate balance sheet.



Generating stable cash flow through existing businesses and new value through growth investment.

Our Vision 10 Years in the Future

Mission

Create new value through the power of chemistry and increase corporate value by contributing to society.

Basic Strategy

Through growth investment that emphasizes ROI and thorough structural reforms, “Transition to a Highly Efficient Business Structure—Raise Our Profit Efficiency to More than Double the Current Level”

Capital Policy

We will proactively implement policies that emphasize the balance between growth investment and shareholder returns, while giving consideration to financial soundness.

ESG Management

We will contribute to society by providing products and services required by customers and the social environment in the 2020s

Management Indices (KPI)

Seek management that emphasizes investment efficiency in order to increase corporate value

| | |
|---------------------------------------|---|
| ROS (Operating margin) | 10.0% or more (March 2020: 5.6%) |
| ROA (Operating profit + Total assets) | 7.0% or more (March 2020: 3.8%) → Improvement of profit margin and total asset turnover |
| ROE (Net profit + Equity capital) | 8.0% or more (March 2020: 4.8%) → Appropriate balance sheet control |

In order to ensure that the Nippon Soda Group realizes its mission and achieves sustainable growth, we will engage in management for increasing both corporate value and social value.



FY 2021 CSR Activity Policy and Goals of the Nippon Soda Group (1/2)

| Domain | Materiality | Relation to SDGs | Our Vision 10 Years in the Future | KPI |
|-------------------------------------|---|--|--|---|
| Agriculture | Ensuring food safety and security using agrochemicals and contribution to sustainable agriculture (1) Increasing production of food and feed worldwide (2) Diversification of crop protection (3) Improvement of user safety (chemicals and product safety) | Goal 2: ZERO HUNGER End hunger, achieve food security and improved nutrition and promote sustainable agriculture. | • A chemical group that is successfully undertaking agricultural and food issues as a business. | (1) Seminars hosted (2) Current initiatives (3) Transition to granular formula |
| | Contribution to providing health to all people through pharmaceuticals (1) Easy-to-take, effective medicines through NISSO HPC | Goal 3: GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages. | • A chemical group that is successfully undertaking health issues as a business. | (1) Contributions |
| Environment | Contribution to ensuring the environmentally sound recycling of resources through chemicals (technological expertise) (1) Steady supply of water resources (2) Reduction of environmental burden from waste | Goal 6: CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all. | • A chemical group that is successfully proactively undertaking global environmental issues as a business. | (1) Volume of supplied water (2) Current initiatives |
| | | Goal 11: SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable. | | |
| | | Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns. | | |
| | | Goal 15: LIFE ON LAND Protect terrestrial ecosystems through the conservation of plants and forests. | | (1) Current initiatives |
| ICT* | Contribution to the development of information equipment friendly to the environment and people by supplying high-performance materials (1) Supply of high-performance materials friendly to the environment and people | Goal 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE Support technological innovations in the field of information equipment by providing high-functional materials. | • A chemical group that is successfully supporting the development of the information and electronic technology field from materials as a business. | (1) Number of mobile devices using our products |
| Initiatives for the Next Generation | Contribution to addressing climate change by supplying low-carbon products (1) Contribution to achieving a low-carbon society by supplying low-carbon products | Goal 13: CLIMATE ACTION Contribute to achieving a low-carbon society by supplying low-carbon products. Examples: 1) Agrochemicals: Chemical pesticides → microbial pesticides, biopesticides that use microorganisms. 2) Pharmaceuticals: The raw material for HPC is cellulose, a plant-derived material. 3) Environment: Detoxification treatment for PCB using SD is a low-carbon treatment. 4) Information: Low-carbon materials are also being considered as materials for use in the information domain. 5) Next-generation: Biodegradable plastics. | • A chemical group that is successfully undertaking, as a business, the sales of low-carbon products to contribute to the achievement of a low-carbon society. | (1) Trends in the number of low-carbon products Current initiatives Contributions |
| | Forming partnerships to achieve goals that cannot be accomplished by the Nippon Soda Group alone (1) Sharing philosophies for goals and cooperating with other companies and organizations | Goal 17: PARTNERSHIPS FOR THE GOALS Achieve goals that cannot be accomplished alone by sharing our philosophy and collaborating with other companies and organizations. | • A corporate group that is successfully undertaking as a business the realization of goals by sharing its values with several companies and organizations. | (1) Current initiatives |
| | Development of human resources for the next generation (1) An educational system to maintain a culture of safety for the future Research and development toward the next generation (1) Research and development that enables the continuing development of human society and the global environment, and that leads to business | | • A chemical group that is training human resources who can successfully manage a business based on our CSR philosophy. • A corporate group that can successfully contribute to society through its products and can succeed as a business. | (1) Education (1) Research |

*1 Information and Communication Technology

FY 2020 CSR Activity Policy and Goals of the Nippon Soda Group (2/2)

| Domain | Action Policies (Concepts) | Item | Target | Action Goals | KPI |
|--|---|---|--|---|---|
| CSR Activities to Protect Corporate Value | Management SystemTM and Organizational GovernanceTM In order to carry out sound and transparent corporate activities in compliance with laws and regulations, etc., we will continuously implement the PDCA cycle of goal setting, improvement and periodic reviews based on RC Codes and RC ethics. We will conduct business activities in accordance with the seven principles of social responsibility in CSR: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights. We will also conduct CSR and RC activities in our overseas operations. | (1) Activities | Proper implementation | Implement PDCA cycle to make ongoing improvements and to strengthen measures to prevent problems caused by human error. | KPIs for various activities |
| | Environmental ProtectionTM We will make efforts to save energy and resources, reduce and recycle waste, reduce emissions of harmful substances and greenhouse gases, conserve water resources, and endeavor to reduce our impact on biodiversity and ecosystems with the goal of minimizing the environmental impact of our business activities. | (1) Environmental abnormalities | Zero events | Implement measures for reducing risks by evaluating environmental impact. Plan and implement measures to prevent problems caused by human error. | (1) Number of legal violations |
| | | (2) Energy ① Energy consumption rate ② Energy consumption rate in transportation | ① Annual improvement of 1% ② Annual improvement of 1% | ① With an eye to meeting the reduction target, ensure that improvements are conducted per unit of production through "setting," "implementation," and "evaluation" of themes for improvement. ② With an eye to meeting the target for reducing energy use for transportation, focus efforts to ensure the improvement of the per-unit energy use through the setting, implementation and evaluation of themes for improvement. | (2) Amount of consumption ① Per unit of transportation ② Per unit of transportation |
| | | (3) Reduction of greenhouse gas emissions | Annual 1% reduction in CO ₂ emissions Eliminating fluorocarbon leakage problems from equipment that uses fluorocarbons | With an eye to meeting the reduction target, implement improvement measures in conjunction with energy-saving activities. Conduct periodic inspections and maintenance of equipment that uses fluorocarbons. | (3) Emission amount |
| | | (4) Protection of water resources | Promote efficient water use by monitoring water resources | (1) Number of wastewater environment abnormalities (2) Amount of consumption ① Amount of consumption ② Zero emissions ratio | |
| | | (5) Waste ① Amount of final disposal at landfills ② Zero emissions | ① Annual reduction of 3% of amount of final disposal as landfill ② Continuation of zero emissions | (1) With an eye to meeting the reduction target, focus efforts to ensure the improvement in the per unit of production waste generation through the "setting," "implementation," and "evaluation" of themes for improvement. ② Continue to achieve zero emissions at all workites by reducing the amount of final disposal at landfills and amount transported. | |
| | | (6) Emissions of toxic substances into the atmosphere | Annual reduction of 1% | Plan and implement measures to reduce emissions of hazardous substances. | |
| | | (7) Reduction of impact on biodiversity and ecosystems | Continue activities to reduce the impact on biodiversity and ecosystems | Contribute to the preservation of biodiversity by reducing environmental impact through environmental preservation activities. Promote communication with related parties and strive to collaborate and cooperate to enhance biodiversity. | |
| | Process SafetyTM & Disaster Prevention/BCP We will prevent major accidents at our facilities and promote safe and stable production. We will establish a business continuity plan (BCP) and drive continuous improvement. | (1) Major accidents at facilities (2) Maintenance and improvement of the BCP | No accidents Maintenance and improvement of the BCP using the PDCA cycle | Achievement of zero major accidents at facilities. Reduce the risk of major accidents at facilities in line with BCP. Routine BCP review and addressing new risks and other matters. | (1) Number of accidents (2) BCP improvement status |
| | Occupational Safety and HealthTM We will create an accident-free working environment in order to provide a healthy and happy working experience. | (1) Occupational accidents An absence from work/no absence (2) Promote health and productivity management | No accidents Improve the ratio of employees that complete through medical exams: Improve by 5% | Reduce risks through risk assessments. Increase efforts for preventing human error. Activate safety initiatives (KY, pointing and vocalizing, mutually directing attention, identifying "haz-hat" (near miss) accidents, SSA, improvement activities, campaigns, etc.) Implement disaster prevention activities for young employees and experienced employees. Strengthen hands-on training facilities and training system. Follow-up of those undergoing periodic medical examinations. Stress check and follow-up. Mental and physical health training. | (1) Number of occupational accidents (2) Number of incidences of personal injury and illness Ratio of employees that complete through medical exams |
| Logistics SafetyTM and Quality Assurance We will prevent logistics accidents by minimizing hazards, harm and risks of in-transit accidents associated with the transportation and distribution of our products. | (1) Logistics-related complaints (2) Product-related complaints | Zero events Annual 20% decrease in number of incidents | Provide education and guidance for shipping companies. Investigate the causes of complaints, and implement through recurrence prevention measures. Address A and B rank risks through the Companywide introduction of a quality risk assessment system. Strengthen measures to prevent human error. Investigate the causes of complaints, and implement through recurrence prevention measures. | (1) Number of logistics-related complaints (2) Number of product-related complaints | |
| Chemicals and Product SafetyTM We will increase the confidence and trust of customers and the general public in us by taking into account possible hazards and harm that chemicals and products may have with regard to safety, health and the environment, and we will comply with domestic laws and regulations, international standards, treaties and the like, as well as other regulations that are publicly demanded. | (1) Compliance with chemical-related laws and regulations | Zero violations | Reinforce control of chemical substances through new chemical substance management systems (Switch to the JIS standard revised version of SDS, domestic and overseas SDS-label system revisions, reinforce examinations and management of products containing chemical substances). Conduct periodic educational programs on chemical substance control. Comply with overseas legal reforms. | (1) Status of management, status of educational programs | |
| Social Activities | Together with our Customers (Consumer IssuesTM) Contribute to customer satisfaction through shared recognition of issues. | (1) Consumer issues | Appropriately respond to consumer demand and requests from society | Appropriately respond to consumer demand and requests from society collected through consulting service response, sales promotions, and outreach. | (1) Current initiatives |
| | Together with Our Employees (Human Rights and Labor PracticesTM) We will respect human rights and act in recognition of both their importance and their universality. We will act based on the understanding that socially responsible labor practices are indispensable to social justice and peace, respect for the rule of law, and a fair society. | (1) Acceptance of diversity (2) Creation of rewarding workplaces that employees can be proud of | The employment rates of women, disabled people, seniors, and overseas nationals will be increased. Employee satisfaction levels will be identified and improved. | Promote the creation of a corporate culture where the abilities of a diverse range of workers can be maximized, and improve the work environment. Strengthen in-house communications and improve programs for human resources development. | (1) Quantitative value for diversity (2) Results of survey on employees' satisfaction with their workplace |
| | Together with Our Business Partners (Fair Operating Practices) Undertake dialogue with business partners to promote, fair, just and sound business transactions. | (1) Business partners | Fair and just business transactions | In the case of the selection of suppliers, we conduct a fair comparison and evaluation based on various conditions, including quality, price, delivery period, technical competence and stability of supply. | (1) Status of compliance with Code of Conduct |
| | Together with Our Shareholders Undertake fair and timely information disclosure that is accurate and easy to understand. | (1) Shareholders | Constructive dialogue, fair and timely information disclosure | Dialogue with investors, analysts and shareholders | (1) Dialogue status |
| | Together with Our Local Communities (Community Involvement and Social DialogueTM) We will make efforts to improve the general public's confidence in us by participating in various environmental protection and safety activities and proactively engaging in dialogues with stakeholders regarding the effects of chemical substances on safety, health and the environment. We will comply with legal requirements to improve transparency. | (1) Local gatherings and community involvement (2) Legal and other requirements (3) Creation of more opportunities for stakeholder engagement | Increase number of times and enrich content of local gatherings and involvement Zero legal violations Once a year per workite | Continue to engage in dialogue with concerned local people and relevant organizations and improve content. Prepare a list of relevant laws and regulations, check compliance using the PDCA cycle, take measures to prevent recurrence of deviations, and apply these measures to other similar cases. Create more opportunities for stakeholder engagement. Incorporate results from stakeholder engagement activities to improve CSR and RC activities. | (1) Number of dialogue events and details (2) Status of deviations (3) Number of events and details |
| Governance | Corporate Governance We adopt the Corporate Governance Code as the basis for our business activities with an emphasis on sound and transparent business management that complies with the law. | (1) System | Maintain and improve the corporate governance structure | We adopted the Corporate Governance Code as the basis for our business activities and conduct business management that is in compliance with the law and which is highly sound and transparent. | (1) Governance structure |
| | Compliance (1) We ensure corporate activities in compliance with laws, regulations and corporate ethics by ensuring all employees are fully informed of the Nippon Soda Group Code of Conduct. | (1) Legal compliance | Legal compliance system and ongoing education and training | Implement regular training to make sure employees are fully informed about the Nippon Soda Group Code of Conduct, conduct a survey, and operate a reporting and consultation desk that is always open. | (1) Violations of laws and regulations |

Akira Ishii
Representative Director, President
Chairman, CSR Administration Meeting
April 1, 2020

CSR Management

Message from CSR Officer



Kiyotaka Machii

Director
Executive Managing Officer
CSR Promotion, and Internal Control & Audit Dept., Secretariat Dept.,
General Affairs Dept., Finance & Accounting Dept., Responsible Care
Management Dept. and Manager, Trade Administration

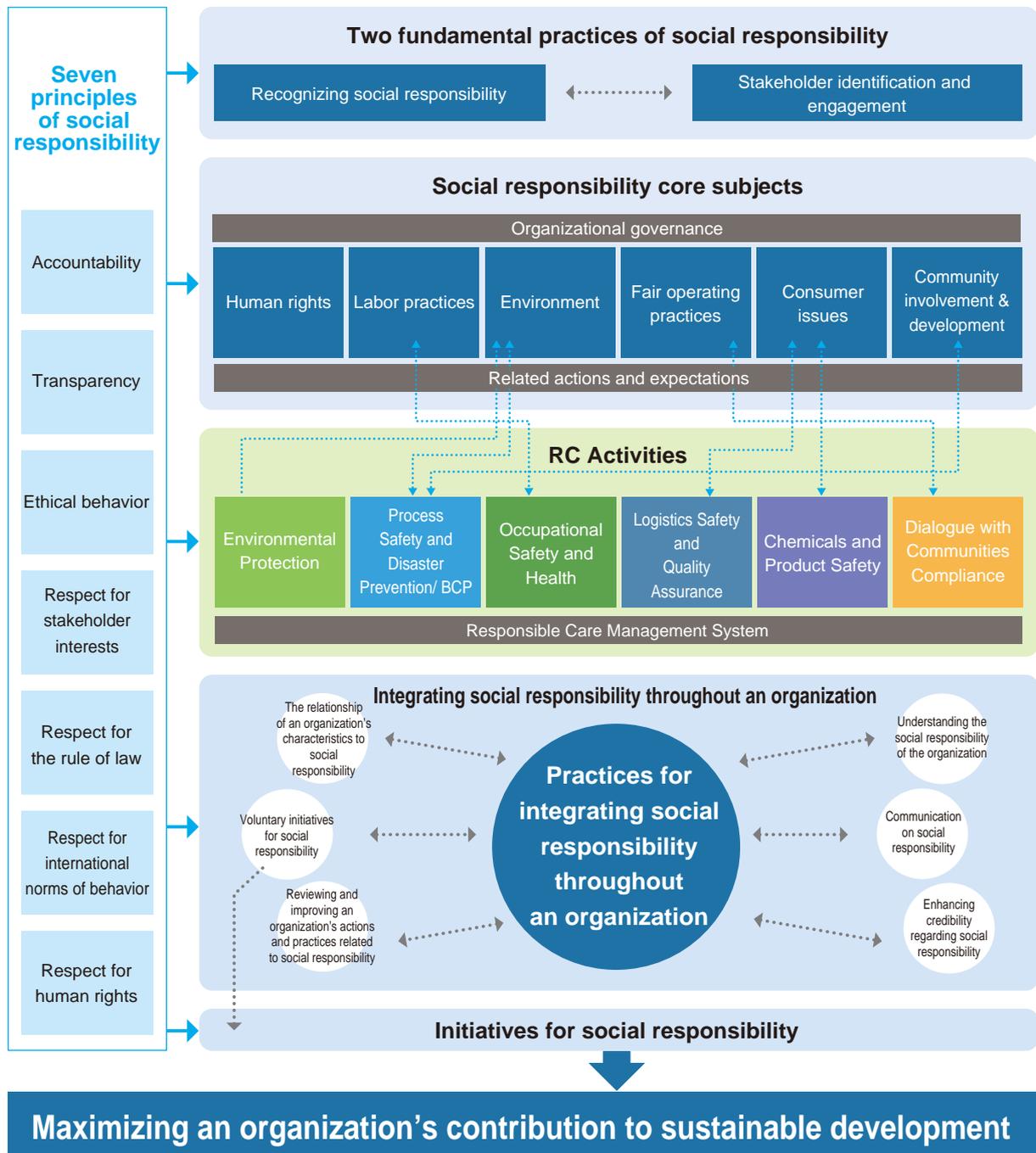
We aim to achieve sustainable growth as a group of chemical companies sought after by society by achieving CSR-oriented business management and balanced implementation of CSR activities to protect corporate value and CSR activities to improve corporate value. We are committed to becoming a corporation where each member can contribute notable achievements and a global corporate group with diverse values, while promoting CSR activities with an emphasis on maintaining transparency and accountability.

CSR Management

CSR Activities

The CSR activities of the Nippon Soda Group include all of the responsible care (RC) codes (activity items). All CSR activity items are based on the seven principles of social responsibility described in the ISO 26000 standard and responsible care is based on the concepts of “doing what is ethically right” and “implementing proactive measures to reduce risks.” The seven RC codes and the seven core subjects (activity items) of CSR are closely related to each other. The Nippon Soda Group integrates these activity items, and on that basis has determined eight policies.

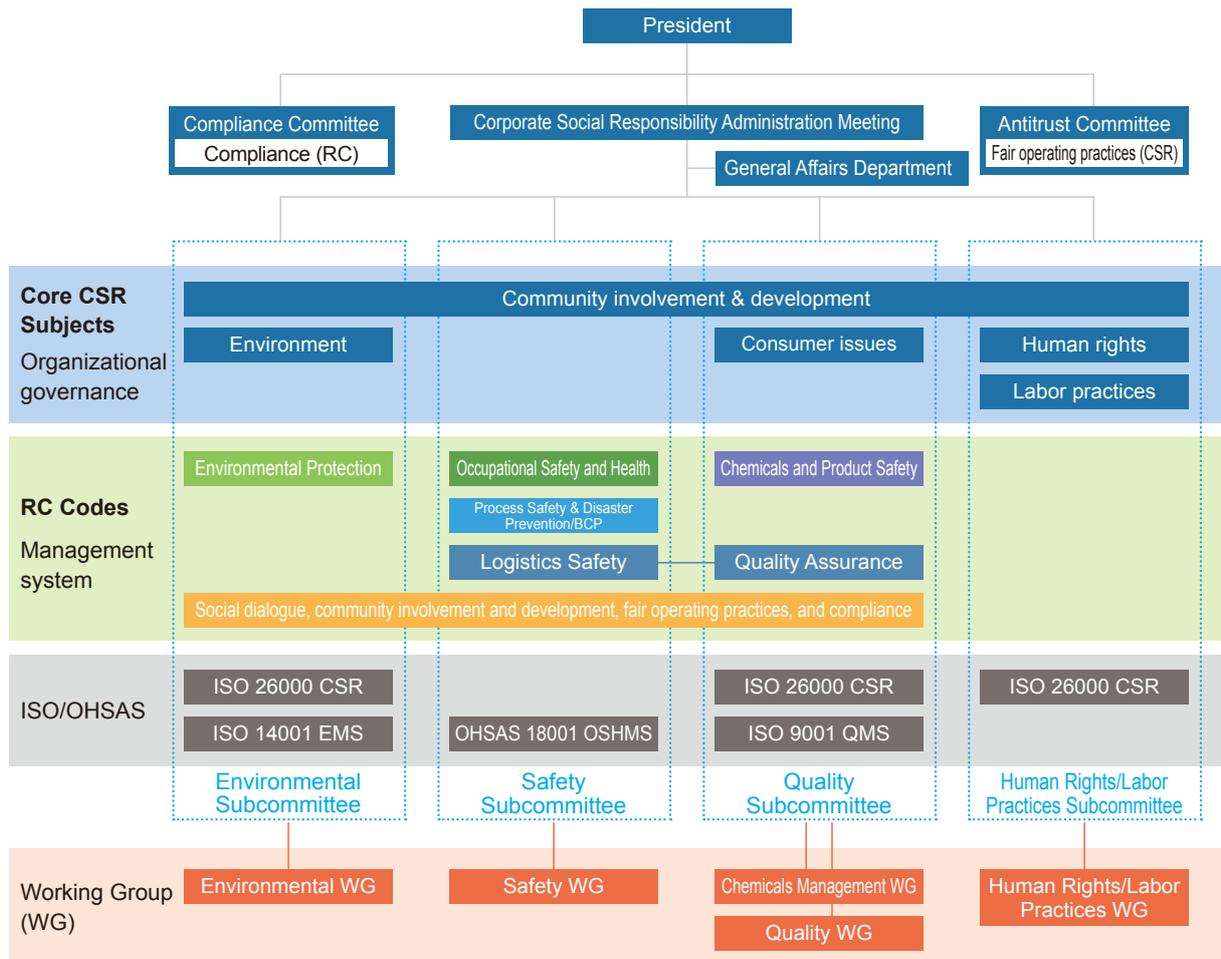
● Relationship between CSR (ISO 26000) and RC



CSR Management

CSR Promotion System

Chaired by the President, the Corporate Social Responsibility Administration Meeting is a Group-wide decision-making body that promotes CSR activities, including RC. It sets annual targets to help the PDCA cycle “spiral up” and provides a management-level review of CSR activities. Held twice a year, the CSR Administration Meeting is attended by directors, executive officers and worksite managers.



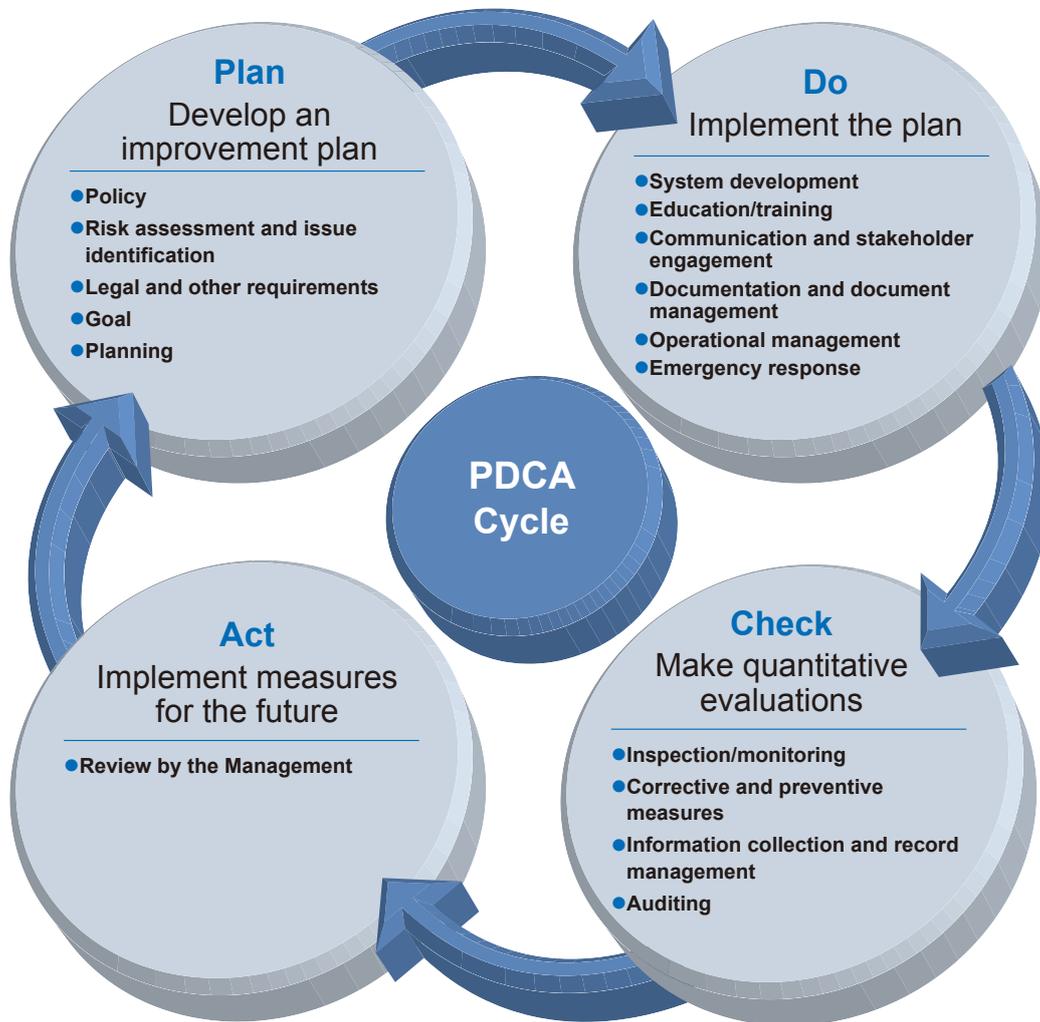
The following Group companies participate as members in the Corporate Social Responsibility Administration Meeting and subcommittees (Environment, Safety, Quality, Human Rights/Labor Practices).

- Manufacturing: Nisso Metallochemical Co., Ltd., Nisso Fine Co., Ltd., Shinfuji Kaseiyaku Co., Ltd.
- Non-manufacturing: Nisso Shoji Co., Ltd., Sanwa Soko Co., Ltd., Nisso Engineering Co., Ltd., Nisso Kensetsu Co., Ltd., Nisso Green Co., Ltd.
- Observers: Nisso Namhae Agro Co., Ltd. (South Korea), Alkaline SAS (France)

CSR Management

CSR Management System

The management system that promotes the CSR activities of the Nippon Soda Group is designed to “spiral up” the PDCA cycle. Each worksite is required to develop a CSR improvement plan (Plan), implement the developed plan (Do), make quantitative evaluations of both the plan and its implementation (Check), and implement measures based on quantitative evaluation results (Act) in order to continuously improve CSR activities. We also conduct a Group-wide audit to assess the appropriateness of activities. We recommend that the PDCA cycle for “CSR activities to protect corporate value” be conducted in one year by design. The CSR Promotion Subcommittee holds a meeting to review the progress of the PDCA cycle twice a year. The progress is also reviewed by management twice a year at Corporate Social Responsibility Administration Meetings.



CSR Management

RC Audits

Internal Audits

We collectively refer to internal audits, such as QMS, EMS and OSHMS, that are conducted at each site of Nippon Soda as the "RC audit." To investigate and verify whether the RC audit is conducted appropriately, whether the level of audit quality is appropriate, and other relevant issues, a representative from each site and staff in charge at the Head Office convene once a year to hold an RC Audit, Verification and Review Meeting. Internal audits independently performed by Nippon Soda's worksites (plants and research centers) are referred to as the RC audit and the results of internal audits are reviewed at each worksite's Corporate Social Responsibility Administration Meeting.

Regular RC Audits

Nippon Soda's audit team conducts regular (biennial) audits of CSR practices at Group companies.

External Audits

All worksites (plants and research centers) and manufacturing group companies undergo external reviews according to ISO 14001, ISO 9001 and OHSAS 18001 and diagnosis of disaster prevention capability with emphasis on disaster prevention and occupational safety by an institute specializing in disaster prevention. Based on their results, ongoing improvement efforts are made.

We are always ready to receive audits by customers, who are our stakeholders, and make improvements in response to their feedback. In addition, we also undergo external audits on an as-needed basis.

Special Audits

A special audit is conducted, as needed, in the event of a serious non-conformity or other serious problem under an audit system that can accommodate the situation.

Audits and Reviews Conducted

- Audits and reviews carried out at the Nippon Soda Group in fiscal 2020 (Number of times)

| Site | Internal | External | |
|---|----------|----------|-----------|
| | | Received | Conducted |
| Head Office | 3 | 2 | 28 |
| Nihongi Plant | 12 | 27 | 6 |
| Takaoka Plant | 4 | 10 | 2 |
| Mizushima Plant | 6 | 1 | 3 |
| Chiba Plant | 1 | 15 | 10 |
| Odawara Research Center | 2 | 1 | 1 |
| Chiba Research Center | 3 | 1 | 0 |
| Nisso Metallochemical Co., Ltd. (Group) | 2 | 11 | 0 |
| Nisso Fine Co., Ltd. (Group) | 41 | 24 | 3 |
| Shin Fuji Kaseiyaku Co., Ltd. (Group) | 3 | 9 | 0 |
| Total | 77 | 101 | 53 |

CSR Activity Policy Goals for FY 2021 (within the ISO 26000 Framework)

1 Management System and Organizational Governance

To carry out sound and transparent corporate activities in compliance with laws and regulations, etc., we will continuously implement the PDCA cycle of goal setting, improvement and periodic reviews based on RC codes and RC ethics. We will conduct business activities in accordance with the seven social responsibility principles of CSR: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights. We will also conduct CSR and RC activities in our overseas operations.

2 Environmental Protection

We will make efforts to save energy and resources, reduce and recycle waste, reduce emissions of harmful substances and greenhouse gasses, conserve water resources, and endeavor to reduce our impact on biodiversity and ecosystems with the goal of minimizing the environmental impact of our business activities.

3 Process Safety and Disaster Prevention/BCP

We will prevent major accidents at our facilities and promote safe and stable production. We will establish a business continuity plan (BCP) and drive continuous improvement.

4 Occupational Safety and Health

We will create an accident-free working environment in order to provide a healthy and happy working experience.

5 Logistics Safety and Quality Assurance

We are striving to prevent logistics accidents by minimizing hazards, harm and risks of in-transit accidents associated with the transportation and distribution of our products. We also contribute to customer satisfaction by providing a safe and secure environment in which our customers can use our high-quality products in a stable manner.

6 Chemicals and Product Safety

We will increase the confidence and trust that customers and the general public have in us by taking into account possible hazards and harm related to chemicals and products with regard to safety, health and the environment, and we will comply with domestic laws and regulations, international standards, treaties and the like, as well as other regulations that are socially demanded.

7 Social Dialogue, Community Involvement, Fair Operating Practices, and Compliance

We will make efforts to improve the general public's confidence in us by participating in various environmental protection and safety activities and proactively engaging in dialogue with stakeholders regarding the effects of chemical substances on safety, health and the environment. We will comply with legal requirements to improve transparency.

8 Human Rights and Labor Practices

We will respect human rights and act in recognition of both their importance and their universality. We will act based on the understanding that socially responsible labor practices are indispensable to social justice and peace, respect for the rule of law, and a fair society.

New Medium-Term CSR Activity Goals (FY 2021–2023)

Goals for CSR Activities to Protect the Corporate Value of the Nippon Soda Group (FY 2021-2023; New Medium-term CSR Activity Goals)

| | | | |
|---|--|-----------|--|
| 1. Management System^{RC} and Organizational Governance^{CSR} | | Goal | Proper implementation |
| | | (Actions) | Continuous improvement using the PDCA cycle. Strengthening of measures to prevent problems caused by human error. |
| 2. Environmental Protection^{RC・CSR} | | | |
| (1) Environmental Abnormalities | | Goal | 1) Zero number of incidents |
| | | (Actions) | Implement measures for reducing risks by evaluating environmental impact. Plan and implement measures to prevent problems caused by human error. |
| (2) Energy | | | |
| ① Energy Consumption Rate | | Goal | Annual 1% improvement, 3% improvement compared to FY2020 at the completion of the new medium-term plan. |
| | | (Actions) | With an eye to meeting the reduction target, focus on improving the energy consumption rate through setting, implementation, and evaluation of themes for improvement. |
| ② Energy Consumption Rate in Logistics | | Goal | Annual 1% improvement, 3% improvement compared to FY2020 at the end of the new medium-term plan. |
| | | (Actions) | With an eye to meeting energy-saving logistics targets, focus on improving the energy consumption rate in logistics through setting, implementation, and evaluation of themes for improvement. |
| (3) Reduction of Greenhouse Gas Emissions | | Goal | Reduce annual CO ₂ emissions by 1%, a 3% reduction compared to FY2020 at the end of the new medium-term plan. |
| | | (Actions) | Eliminate problems of fluorocarbon leakage from equipment. With an eye to meeting the reduction target, implement improvement measures in conjunction with energy-saving activities. Conduct periodic inspections and maintenance of equipment that uses fluorocarbons. |
| (4) Water Resources Conservation | | Goal | Monitor water resources and promote efficient water use |
| | | (Actions) | Maintain and improve water quality of wastewater at business sites, and consider reduction of water usage. |
| (5) Industrial Waste | | | |
| ① Amount of Final Disposal at Landfill | | Goal | Reduce annual amount of disposal at landfill by 3%, a 9% reduction compared to FY2020 at the end of the new medium-term plan. |
| | | (Actions) | With an eye to meeting the reduction target, focus on improving the waste generation rate through setting, implementation and evaluation of themes for improvement. |
| ② Zero Emissions | | Goal | Continuation of zero emissions |
| | | (Actions) | Continue to achieve zero emissions at all worksites by reducing the amount of final disposal at landfills and amount transported to the industrial waste disposal facility. |
| (6) Emissions of Toxic Substances into the Air | | Goal | Annual 1% improvement, 55% reduction compared to FY2015 at the end of the new medium-term plan |
| | | (Actions) | Plan and implement measures to reduce emissions of hazardous substances. |
| (7) Reduction of Impact on Biodiversity and Ecosystems | | Goal | Continue activities related to the reduction of impact on biodiversity and ecosystems |
| | | (Actions) | Contribute to the preservation of biodiversity by reducing environmental burden through environmental protection activities. Strive to enhance, collaborate, and cooperate in the field of biodiversity through communication with relevant organizations. |
| 3. Process Safety & Disaster Prevention/BCP | | | |
| (1) Major Accidents at Facilities | | Goal | No accidents |
| | | (Actions) | Achievement of zero major accidents at facilities. Reduction in the risk of major accidents at facilities in line with BCP. |
| (2) Maintain and Improve Business Continuity Plan (BCP) | | Goal | Maintain and improve BCP using the PDCA cycle. |
| | | (Actions) | Routinely review BCP and address new risks and other matters. |
| 4. Occupational Safety & Health^{RC} | | | |
| (1) Occupational accidents resulting in an absence from work or no absence | | Goal | No accidents |
| | | (Actions) | Conduct risk assessments to reduce risks. Strengthen measures to prevent human error. Revitalize safety activities (KY, pointing and calling, mutual caution, near misses, 5S, improvement activities, other campaigns, etc.). Implement disaster prevention activities for young employees and inexperienced employees. Fortify hands-on and classroom learning. |
| (2) Health Management Promotion | | Goal | Improve ratio of employees that take thorough medical exams: annual 5% improvement, 92% or more conducted by the end of the new medium-term plan |
| | | (Actions) | Follow-up of those undergoing periodic medical examinations. Stress checks and follow-ups. Mental and physical health education |
| 5. Logistics Safety^{RC}, Quality Assurance and Consumer Issues^{CSR} | | | |
| (1) Logistics-related Complaints | | Goal | Zero logistics-related complaints |
| | | (Actions) | Implement education and guidance for shipping companies. Determine the causes of complaints, thoroughly implement measures to prevent recurrence. |
| (2) Product-related Complaints | | Goal | Number of incidents: Annual reduction of 20%, a 60% reduction compared to FY2020 at the end of the new medium-term plan. |
| | | (Actions) | Reduce A and B ranked risks through quality risk assessments. Strengthening measures to prevent human error. Determine the causes of complaints, thoroughly implement measures to prevent recurrence. |
| (3) Consumer Issues | | Goal | Appropriately respond to consumer demand and requests from society. |
| | | (Actions) | Appropriately respond to consumer demand and requests from society collected through consulting service response, sales promotions, and outreach. |
| 6. Chemicals and Product Safety | | | |
| (1) Compliance with Chemical Related Laws and Regulations | | Goal | Zero violations |
| | | (Actions) | Reinforce the management of chemical substances through new chemical substance management systems (Switch to the JIS standard revised version of SDS, domestic and overseas SDS/label system revisions, reinforce examinations and management of products containing chemical substances) Periodic educational programs on chemical substance control. Comply with overseas legal reforms. |
| 7. Social Dialogue^{RC}, Community Involvement and Development^{CSR}, Fair Operating Practices^{CSR}, and Compliance | | | |
| (1) Local Gatherings and Community Involvement | | Goal | Retention of a certain number of local gatherings and improvement of their contents |
| | | (Actions) | Ongoing dialogue with local related parties and organizations and improvement of their contents |
| (2) Legal and Other Requirements | | Goal | Zero legal violations |
| | | (Actions) | Prepare a legal regulations confirmation table, carry out confirmation using a PCDA cycle, and cross-develop measures to prevent the recurrence of violations. |
| (3) Actively Implement Stakeholder Engagement | | Goal | Once a year per business site |
| | | (Actions) | Actively implement stakeholder engagement. Use the evaluations gained from stakeholder engagement to improve CSR activities. |
| 8. Human Rights^{CSR}/Labor Practices^{CSR} | | | |
| (1) Acceptance of Diversity | | Goal | Improve hiring ratio for women, disabled people, seniors and non-Japanese nationals |
| | | (Actions) | Nurture a corporate culture optimally exerts the abilities of a diverse human resources and improve the work environment. |
| (2) Create a workplace that employees will feel is worthwhile and which they can be proud of | | Goal | Grasp and improve employee satisfaction in the workplace. |
| | | (Actions) | Strengthen in-house mutual communication and enhance programs for human resources development. |

Akira Ishii

Representative Director, President
Chairman, CSR Administration Meeting
Nippon Soda Co., Ltd.
April 1, 2020

Evaluation Results for FY 2020 and CSR Activity Policies for FY 2021 (Activity Policy based on the ISO 26000 Framework)

| Item | Goals for FY 2020 (KPI in red)/Plan (P) | Results in FY 2020 (D) | Evaluation (C) | Future policies (A) | Goals for FY 2021 (P) |
|--|--|---|--|--|---|
| 1. Management System and Organizational Governance | (1) Proper implementation 1) Continuous improvement using the PDCA cycle 2) Strengthen measures to prevent problems caused by human error | 1) Continued implementation in accordance with the management system Four Nippon Soda plants prepared to transition from OHSAS 18001 to ISO 45001 2) Goals for each worksite and Group company were determined and measures to achieve them were strengthened | ● ● | 1) Transition from OHSAS 18001 to ISO 45001 Conduct progress management through auditing, by subcommittees and other means 2) Continuous correction and education will be promoted throughout the Group to help employees recognize how to prevent human error | (1) Proper implementation 1) Continuous improvement using the PDCA cycle 2) Strengthen measures to prevent problems caused by human error |
| 2. Environmental Protection | (1) Environmental abnormalities: Zero events (2) Energy 1) Energy consumption rate (logistics excluded): Annual improvement of 1% (based on production) 2) Energy consumption rate in logistics: Annual improvement of 1% (based on sales) (3) Reduction in greenhouse gas emissions: Annual reduction of 1% Elimination of fluorocarbon leaks (4) Waste 1) Amount of disposal at landfill: Annual 3% reduction, 12% reduction from FY 2016 2) Continuation of zero emissions (≤ 5%) Emissions of harmful substances into the atmosphere: 50% reduction from FY 2015 (5) (6) Reduction of impact on biodiversity and ecosystems | (1) Achieved (2) Not achieved: 0.356 kt/t (2.6% increase) (A decrease in production and the launch of new products were the main causes) 2) Not achieved: 0.025 kt/M (1.6% increase) (Compared to the previous fiscal year, a large volume of products with low unit sales price per weight was shipped) (3) Not achieved: 0.783 t/t (2.1% increase) (A decrease in production and the launch of new products were the main causes) (4) 1) 115 t (Achieved with a 7.5% increase compared to the previous fiscal year, achieved with a 51% decrease compared to FY 2016) 2) Achieved: 1.3% (≤ 5%) (5) Achieved: 52% decrease compared to FY 2015 (attributable to the solvent conversion in 2015) (6) Chiba Plant: Continued Himekomatsu Supporter project Odawara Research Center: Continued breeding of medaka (killifish) obtained from the Sakawa River system Other worksites: Actively participated in outside environmental conservation programs and continued review of activities | ● × × × × ● ● ● ● | (1) Continue activities to prevent environmental problems according to the CSR Plan (2) Promote energy saving through execution of the plan and eliminate equipment trouble, striving to achieve a 1% annual improvement in the current fiscal year energy consumption rate target 2) Study optimization of transportation routes (3) Implement improvement measures in conjunction with energy-saving activities. Eliminate leakage problems by conducting inspections and maintenance based on laws (4) 1) Implement measures to achieve the reduction target 2) Maintain the ratio of zero waste emissions at < 5.0% (5) Implement reduction measures continuously (6) Develop and implement activity plans | (1) Environmental abnormalities: Zero events (2) Energy 1) Energy consumption rate (logistics excluded): Annual improvement of 1% (based on production) 2) Energy consumption rate in logistics: Annual improvement of 1% (based on sales) (3) Reduction in greenhouse gas emissions: Annual reduction of 1%. Eliminate problem of fluorocarbon leaks (4) Water resources conservation: Monitor water resources and promote efficient water use (5) Waste 1) Amount of final disposal at landfill: Annual reduction of 3% 2) Continuation of zero emissions (6) Emissions of harmful substances into the atmosphere: Annual 1% improvement, 55% reduction compared to FY 2015 at the completion of the new medium-term business plan (7) Reduction of impact on biodiversity and ecosystems |
| 3. Process Safety & Disaster Prevention/BCP | (1) Major accidents at facilities: Zero accidents 1) Achieve zero major accidents at facilities 2) Reduce the risk of major accidents at facilities in line with BCP (2) Maintenance and improvement of business continuity plan (BCP): Maintain and improve the BCP using the PDCA cycle | (1) Not achieved: Nippon Soda: 1, Group: 1 • 11/3: Chiba Plant due to relief valve dismantling, when flushing chlorine gas from the piping with nitrogen, chlorine gas flowed back to the nitrogen side • 2/1: Nisso Fine Co., Ltd. Isohara No. 1 Outbreak of a small fire when removing agricultural chemical substance from filter with a scoop 2) Achieved: • Diagnosis of disaster prevention capability: conducted at six sites • Safety audit prior to trial operation: Five • Special CSR audits: Two (2) Revised on April 1, 2019; The ninth version was distributed. Each business site: Disaster drill Head Office: Earthquake response training drill | × ● ● | (1) Continuous efforts to prevent recurrence 2) Continue diagnosis of disaster prevention capability, safety audit prior to trial operation, and special CSR audits (2) Revised on April 1, 2020; The tenth version was distributed Each business site: Disaster drill Head Office: Training to establish the Head Office Disaster Response Headquarters | (1) Major accidents at facilities: Zero accidents 1) Achieve zero major accidents at facilities 2) Reduce the risk of major accidents at facilities in line with BCP (2) Maintenance and improvement of business continuity plan (BCP): Maintain and improve the BCP using the PDCA cycle |
| 4. Occupational Health and Safety | (1) Occupational accidents resulting in an absence from work or no absence: No accidents 1) Conduct risk assessments to reduce occupational accidents 2) Strengthen measures to prevent human error 3) Implement activities to ensure safety (2) Health promotion: 20% reduction in the total number of absentee days, including mental-health-related absence, and 10% reduction in the incidence of personal injury and illness (average in the period from 2012 to 2014) 1) Follow-up of those undergoing periodic medical examinations 2) Mental health checkups and follow-ups Health education | (1) Not achieved: Absence from work: 5 (NS: 1, NS affiliates: 0, Group employees: 1, Group affiliates: 3) No absence: 12 (NS: 5, NS affiliates: 1, Group employees: 3, Group affiliates: 3) 1)2) Achieved: Safety patrols conducted at six worksites. Meeting of the Central Safety and Health Committee: 5/17, 11/15 3) Achieved: Occupational accident prevention survey: A survey aimed at improving risk response capabilities of on-site workers was conducted by Sampo Risk Management & Health Care on December 23-24 at Nihongi Plant. (2) Not achieved: Total absentee days compared to the 2012-2014 average (mental health included) +22% (1,727 days, target 1,421) increase 1)2) Achieved: Guidance for improvement was offered by healthcare professionals and in-house health personnel. Arteriosclerosis measurement: Conducted 7/24-25 48 people had an examination | × ● ● × ● | (1) In FY 2021, each committee will continue to strive for countermeasures against human error and to further raise awareness of safety, and will continue to conduct disaster prevention activities 1)2) Relevant information will be shared among worksites 3) Improvement based on occupational accident prevention survey results will be considered and information on the results will be shared among worksites (2) 1)2) Place greater emphasis on health guidance for those with abnormal findings in medical examinations; implement stretching and provide care to highly stressed employees at an early stage | (1) Occupational accidents resulting in an absence from work or no absence: No accidents 1) Conduct risk assessments to reduce occupational accidents 2) Strengthen measures to prevent human error 3) Implement activities to ensure safety (2) Promotion of health management: 5% improvement in the ratio of complete physical examinations conducted, 92% or more conducted at the end of the new medium-term business plan 1) Follow-up of those undergoing periodic medical examinations 2) Mental health checkups and follow-ups Health education |
| 5. Logistics Safety, Quality Assurance and Consumer Issues | (1) Logistics-related complaints: None 1) Identify and reduce risks related to logistics-related complaints through proactive involvement by each work site's Logistics Head Office as well as the Logistics and RC Departments (2) Product-related complaints: None 1) 30% reduction in rank A and B risks from the previous fiscal year by company-wide introduction of quality risk assessment Strengthen measures to prevent human error (3) Consumer issues: Sharing information on consumer issues 1) Identify consumer products and confirm their safety | (1) Not achieved: One incident 1) Achieved: Provided education for logistics companies through cooperation of the Logistics Section and CSR Secretariat (2) Not achieved: 9 incidents 1) Achieved: A Rank: 50 incidents ⇒ six incidents (88% decrease), B Rank: 1,194 incidents ⇒ 312 incidents (74% decrease) (3) Achieved: Handled by business divisions 1) Handled by each business division as part of "Social activities" | × ● × ● ● | (1) Continue to conduct inspections and audits of and provide education, etc. for shipping companies Continue to make requests for improvement of delivery methods to customers Acquire information and exchange opinions with other companies through industry groups (2) Exchange opinions in the Quality WG and Quality Assurance TL Meeting, maintain the level of affiliates and make efforts to increase motivation 1) Conduct at each site as planned (3) 1) Continue activity | (1) Logistics-related complaints: None 1) Provide education and guidance for shipping companies Investigation to determine the causes of complaints, thorough recurrence prevention measures (2) Annual 20% decrease in number of incidents 1) Reduce risks ranked A and B in the quality risk assessment Strengthening measures to prevent human error Investigation to determine the causes of complaints, thorough recurrence prevention measures (3) Appropriately respond to consumer demand and requests from society 1) Appropriately respond to consumer demand and requests from society collected through consulting service response, sales promotions, and outreach |
| 6. Chemicals and Product Safety | (1) Compliance with chemical-related laws and regulations (zero violations) 1) Zero violations 2) Strengthen the management of chemical substances by adopting a new chemical substance control system (use of domestic and overseas SDSs, label preparation) 3) Periodic educational programs on chemical substance control 4) Others: Actions to comply with foreign laws and regulations, overseas SDS, revise labels | (1) Not achieved: One violation (Pharmaceutical and Medical Device Act) involving sale of pharmaceutical HPC to a business partner who is not licensed to sell pharmaceuticals, and insufficient control of wholesale business 2) Achieved: ExESS with clear prospects can be used for the English SDS creation function of Excess 3) Implementation according to the plan 4) Implementation according to the plan | × ● ● ● | 1) Manage latest version of the permit, provide education regularly 2) Switch to the JIS standard revised version of SDS, reinforce the management of products containing chemical substances through ExESS 3) Continuation 4) Continue compliance with EU REACH, report to EU POISON CENTER, pre-register for Turkey's REACH, comply with volume reporting in Taiwan, etc. | (1) Compliance with chemical-related laws and regulations (zero violations) 1) Zero violations 2) Reinforce the management of chemical substances through new chemical substance management systems (Switch to the JIS standard revised version of SDS, domestic and overseas SDS/label system revisions, reinforce examinations and management of products containing chemical substances) 3) Conduct periodic educational programs on chemical substance control. Comply with overseas legal reforms |
| 7. Dialogue with Communities | (1) Local gatherings and community involvement 1) Maintain a certain number of local gatherings and improve their contents (2) Legal and other requirements 1) Zero legal violations (3) Creation of more opportunities for stakeholder engagement 1) Once a year per worksite | (1) Local gatherings and other community involvement 1) Achieved (≥ 25 events/year); 49 local gatherings Not achieved: Nippon Soda: 1, Group: 2. Nippon Soda: Pharmaceutical and Medical Device Act violation involving sale of pharmaceutical HPC to a business partner who is not licensed to sell pharmaceuticals; Group: Nisso Construction: One citation from labor standards office, Nisso Shoji: Deviation related to the Act on Safety Assurance and Quality Improvement of Feeds (3) Achieved 1) Verification of the CSR report by the Japan Chemical Industry Association (JCIA) Diagnoses of disaster prevention capability, occupational accident prevention and other surveys by Sampo Risk Management & Health Care | ● × ● | (1) Implement according to the plan in the next fiscal year as well (2) Information on the prevention of recurrences will be shared among worksites for implementation (3) Continue implementation according to the plan | (1) Local gatherings and community involvement 1) Maintain a certain number of local gatherings and improve their contents (2) Legal and other requirements 1) Zero legal violations (3) Creation of more opportunities for stakeholder engagement 1) Once a year per worksite |
| 8. Human Rights/Labor Practices | (1) Embracing diversity 1) Increase the employment rates of women, disabled people, older people, and overseas nationals 2) Create a corporate culture where the abilities of a diverse range of workers can be maximized and improve the work environment (2) Rewarding workplace that employees can be proud of 1) Assess and improve the level of employee satisfaction 2) Strengthen in-house communications and enhance programs for human resources development | (1) Embracing diversity 1) • New graduate hires: 10 new graduates were hired for major career track (4 women but no overseas nationals), including 1 mid-career hire • Mid-career: Major career track: Two persons (one overseas national) • Reemployment: Five people in April, ten people in October, 100% of applicants • Persons with disabilities: Sufficient employment ratio Efforts in the Career Development Support Program • Unify administrative work and specialized work: Expanded career vision sheet (133 people in 2019 → 275 people in 2020) • Conducted awareness program for the company newsletter (2) Rewarding workplace that employees can be proud of 1) • Revised human resource system: Started implementation in April • Work style reforms: Started implementation in April • White 500: Retained certification (third year) • Efforts in the Career Development Support Program: Conducted career interviews (Total: 46 people+) | ● ● ● ● ● | (1) • Continue recruitment taking diversity into account • Continue diversity training • Develop awareness and work environments for employment of people with disabilities • Strengthen networking for the employment of people with disabilities (2) • Provide education including the results achieved and human resource placement through the Career Development Support Program • Continue to conduct awareness program in the company newsletter (2) 1) • Continue monitoring and providing guidance on operating conditions such as the status of overtime work and paid leave taken • Consider taking into account the results of examinations on the flexible work system • Continue conducting career interviews | (1) Embracing diversity 1) Increase the employment rates of women, disabled people, older people, and overseas nationals 2) Create a corporate culture where the abilities of a diverse range of workers can be maximized and improve the work environment (2) Rewarding workplace that employees can be proud of 1) Assess and improve the level of employee satisfaction 2) Strengthen in-house communications and enhance programs for human resources development |

* Achieved ● : ≥ 90% ● : 80-90% ○ : 60-80% × : ≤ 60%



Securing food and achieving sustainable agriculture



The world population is expected to reach ten billion in 2050, and a large amount of food and feed will be required. Also, the global warming megatrend will increase the outbreak of agricultural pests.

The Nippon Soda Group supplies safe and effective agrochemicals that are highly rated around the world. We expect needs for higher levels of safety to continue increasing, so we will create new agrochemicals that are safer and more effective by using advanced synthetic technology to contribute to the world's food supply. Additionally, we will utilize information and communications technology (ICT) and other technologies to support labor-saving pest control work and the production of high-quality crops.

/ Achieving sustainable agriculture

The aging population and shortage of labor are becoming greater problems for agriculture in Japan, but worldwide, securing crops for food and feed to support population growth is becoming a major issue. There is a need to introduce smart agriculture* and develop safe agrochemicals that can be used on diverse crops from the perspective of protecting crops in order to ensure yields and reducing the labor burden on farmers.

Agrochemicals can only be used with specific crops and in specific ways, and in cases like Japan, where multiple crops are cultivated together on a small field, the use of different agrochemicals increases the workload and costs. Taking advantage of its many years of experience in agrochemical development, the Nippon Soda Group is pushing forward with registering single agrochemicals that can be used for a variety of crops to make spraying more efficient.

Also, because of the global increase in awareness of environmental protection, there is a focus on biopesticides that use microbes, etc., to eliminate crop diseases and harmful insects. Reducing the impact on ecosystems is a major issue, and we are engaged in a range of activities including developing and supplying internally developed biopesticides.

* Modern agriculture that achieves significant labor savings and high-quality production through the use of robotics technology and ICT

/ Continually releasing new internally developed agrochemicals on the market

Because agrochemicals must be effective and very safe, new agrochemicals require about ten years for development. While Nippon Soda Group development also requires a long time, based on our ability to accumulate advanced technology and our extensive experience, we recently developed three new agrochemicals, and they have been launched successively starting in 2017.

The fungicide PYTHILOCK (picarbutrazox), which was launched in Japan and South Korea in 2017, is now being developed as a seed treatment following the conclusion of global licensing agreements with major overseas manufacturers. Next is the acaricide DANYOTE (acynonapyr), which we also started developing overseas in addition to advancing sales and promotion strategies for domestic sales in 2020. A third product, the fungicide MIGIWA (ipflufenquin), will go on sale in Japan in 2021. It has great potential due to its effectiveness against fungi that are resistant to existing fungicides, and can be used against a wide range of pests. It is being simultaneously developed in Europe and the United States.

Agriculture

Materiality

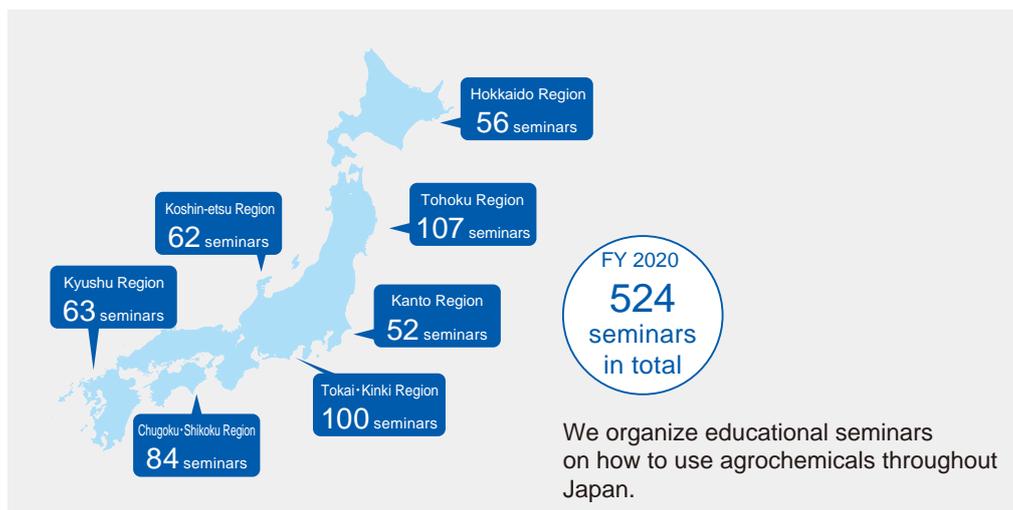
Ensuring food safety and contributing to sustainable agriculture using agrochemicals

- (1) Increasing production of food and feed worldwide
- (2) Diversification of crop protection
- (2) Improvement of user safety (Chemicals and Product Safety)*

* Including efforts related to chemicals and product safety among CSR activities to protect corporate value

KPI

1 Seminars hosted



KPI

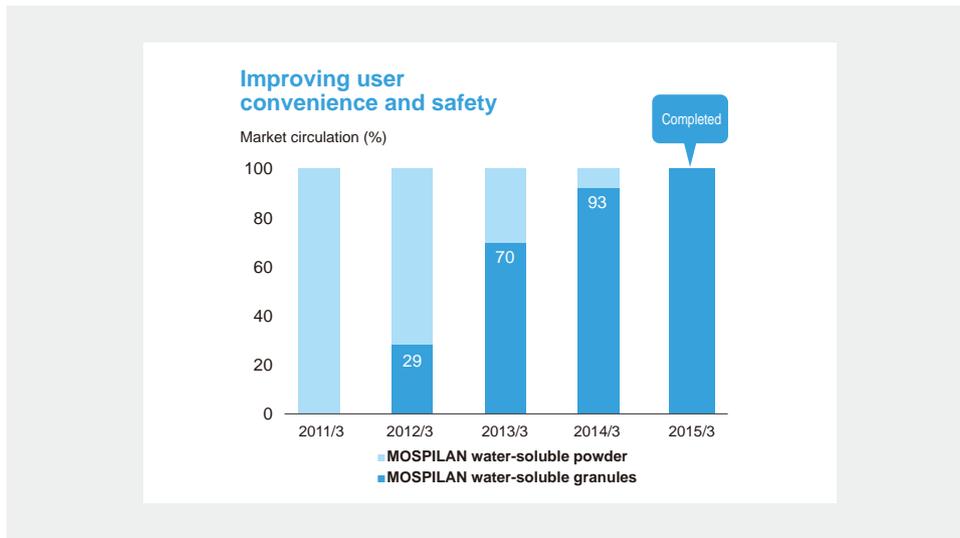
2 Current initiatives: Measures to control bacterial diseases

Nippon Soda acquired three chemical products, AGRIMYCIN, BACTICIDE and MYCOSHIELD, from Zoetis Japan in September 2018. This has allowed us to provide a greater range of information on how to control bacterial diseases in fruit trees and vegetables. As bacterial diseases are a serious problem, concerns are high. We visit those concerned to hold briefings on measures to control bacterial diseases and research trends.

Agriculture

KPI

3 -1 Transition to granular formula



We improve our products to enhance user convenience and safety. For example, we changed the form of our insecticide MOSPILAN, one of Nippon Soda's best-known products, from water-soluble powder to water-soluble granules.

This change has helped improve convenience, making it easier to handle the product and reducing air-borne matter when used. Reduced air-borne matter means reduced exposure to the agrochemical, contributing to improving safety.



Healthcare



Healthcare

Healthy life to all people



In advanced nations, health consciousness and awareness of preventive medicine are increasing due to social security cost issues and concerns about the sustainability of healthcare systems, and the demand for pharmaceuticals is increasing in emerging nations as well due to improvement in living standards. The cellulose derivative supplied by the Nippon Soda Group is widely used domestically and abroad as a binder for pharmaceutical tablets that makes medicines easier to take, and it is also being developed for use in food processing for supplements and other food products. In the future, we will continue to develop support services for high-performance products and formulation technology and actively research and develop products that contribute to improving people's health and life.

/ Improving access to healthcare

Pharmaceutical additive NISSO HPC has been well received worldwide as an additive essential for formulating pharmaceuticals. In India and China, where economic growth has been significant, the demand for pharmaceuticals has increased with improvement in living standards, and NISSO HPC has become widely used. In addition to our offices in Europe and North America, we established an office in India in 2017 and hired local staff for technical support. By working with research institutes around the world and enhancing our ability to provide technical services to pharmaceutical manufacturers, we are increasing awareness of NISSO HPC.

The market for NISSO HPC is also expanding into fields outside of pharmaceuticals. Because of its safety and superior performance, it is also sold under the name CELNY in food product markets such as supplements. We can formulate tablets with a high content of natural ingredients such as turmeric, glucosamine, and mulberry leaf, enabling the intake of active ingredients in a small dose. In response to increasing health consciousness and awareness of preventive healthcare, we are contributing to people's daily health by providing an environment where high-quality health foods and supplements that are not detrimental to the body can be taken efficiently.

/ The Cellulose Technical Application Center, a place for creating value alongside customers

In order to promote the superior performance of NISSO HPC, the Cellulose Technical Application Center (CTAC) was established in the Chiba Research Center in October 2019. CTAC is positioned as a facility for creative collaboration alongside customers. Prototypes are made there based on ideas and discussions in the meeting area, and the facility boasts cutting-edge equipment that can perform processes from analysis to evaluation.

By inviting guests to CTAC, we are popularizing NISSO HPC and CELNY, and uncovering latent needs. We are also carrying out online seminars and online technology meetings, which are useful for promotion to customers in other countries as well.

Healthcare

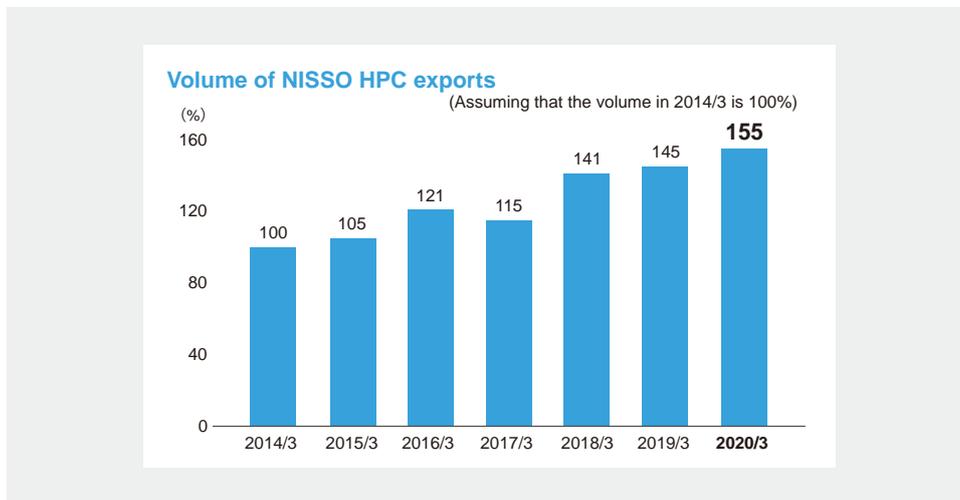
Materiality

Contribution to providing health to all people through pharmaceuticals

(1) Easy-to-take, effective medicines through NISSO HPC

KPI

1 Contributions



At present, NISSO HPC is exported to more than 60 countries.



Environment



Toward a resource recycling society



Tackling environmental problems such as global warming and resource depletion, the resolution of which will help achieve a sustainable society, is a goal shared around the world. Corporations are increasingly expected to lead that effort.

The Nippon Soda Group utilizes the water treatment technology, resource recycling technology, technology for adsorbing and removing harmful materials, and other technologies developed over its long history, to come up with various environmental innovations and develop business. For sustainable plant protection, we are also contributing to the protection of the pine forests that are a feature of the beautiful, unique natural landscapes of Japan.

/ Achieving sound resource recycling and sustainable plant preservation

Used at many waste incinerators, our heavy metal stabilizer HIDION is mixed into fly ash to immobilize heavy metals, and prevent the scattering and liquating of heavy metals such as lead. In Japan, the insolubilization treatment of heavy metals in fly ash generated during incineration is legally mandated, and HIDION is highly regarded as an agent for reducing environmental burden. In addition, Group company Nisso Metallochemical Co., Ltd. is contributing to the creation of a recycling-based society through its recycling business.

The Nippon Soda Group is also contributing to the preservation of biodiversity through its protection of plants and forests. Pine trees, an iconic symbol of the Japanese landscape, have played important roles in communities as sand breaks and windbreaks, but pine forests have been shrinking due to pine wilt disease, which has become a nationwide concern. GREEN GUARD, an agent for preventing pine wilt that is sold by the Nippon Soda Group, has been used for applications such as public works, contributing to the greening of streets and parks as well as landscape conservation. Additionally, we hold workshops on plant preservation, mainly for local municipalities.

/ Promoting future research and development themes

While deepening its proprietary technology accumulated over many years, the Nippon Soda Group will increase the sophistication of its core technologies by synergizing them for the introduction of new, external technologies to develop new products and create new businesses.

As a part of these activities, in an industry-academia collaborative project with Rikkyo University (a group led by Dr. Mao Minoura from the Chemistry Department of the College of Science) aimed at creating environmentally friendly molecules, we developed a new material with a metalorganic framework (MOF) that is functional and porous. This new MOF can selectively absorb carbon dioxide (CO₂), which is a greenhouse gas, and can also internally store hydrogen gas, which is expected to become a clean energy source. The Group's hydroxamic acid derivative technology, developed through many years of research on agrochemicals, contributed to this achievement.

Because the new MOF has the characteristic of being able to easily store hydrogen gas, which is difficult to handle, its use as a safe storage material is being considered. We are aiming for its practical application as a "molecular gas cylinder" for fuel cell vehicles (FCV).

Environment

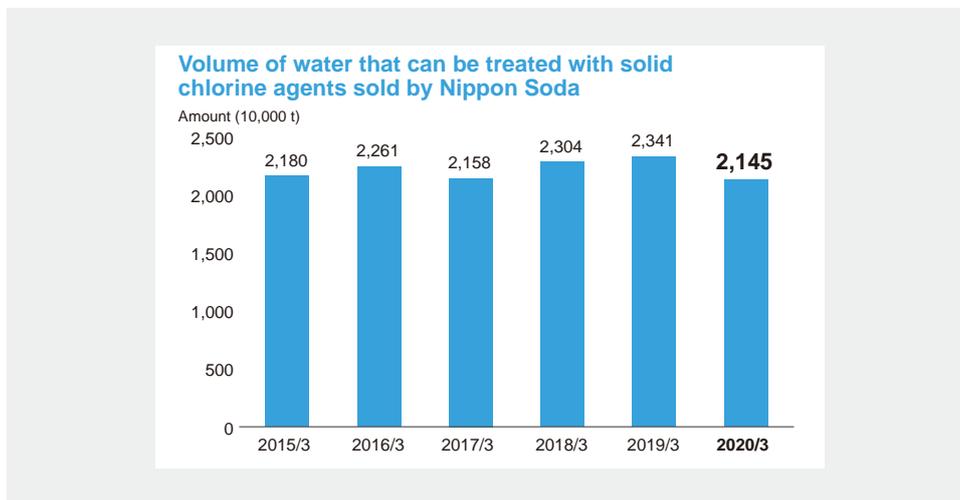
Materiality

Contribution to ensuring the environmentally sound recycling of resources through chemistry (technological expertise)

(1) Steady supply of water resources

KPI

① Volume of supplied water



Environment

Materiality

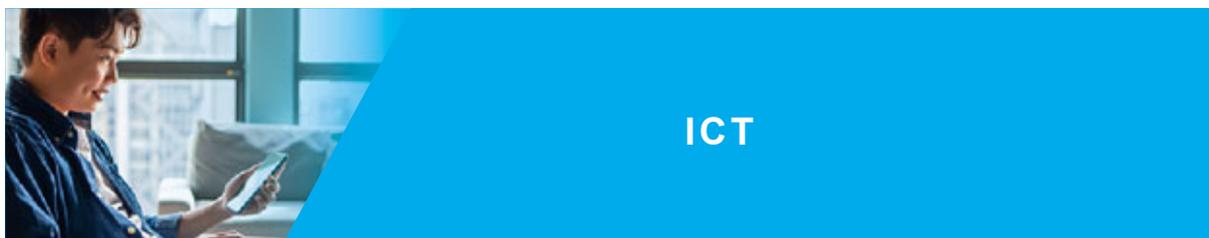
Contribution to sustainable plant protection

- (1) Protection of precious trees such as pines from harmful insects

KPI

① Achievements in FY 2020

1. Held a tree disease symposium (jointly with the Japan Greenery Research and Development Center)
We had approximately 200 attendees from around Japan, including officials from municipalities as well as people working in the landscape trade, people affiliated with golf courses, and people from agrochemical sales companies. They shared information on issues related to tree disease.
2. We held an information session across five days on peripheral knowledge related to pine wilt and prevention countermeasures for municipalities throughout Japan.
3. In addition to dispatching lecturers to give workshops on countermeasures against pine wilt, we provided samples free of charge. (Twice each)
4. In addition to providing free samples of MATSUGREEN (acetamiprid) for pest control of Red Necked Longhorn Beetles, we also carry out information sessions in the field. (Two places, one day each)



ICT

Applying the functionality of chemicals to IT devices



Smart devices are becoming more popular around the world as the progress in information and communication technologies accelerates. This market is expected to grow significantly in the future.

The Nippon Soda Group uses the precision polymerization technology and organic synthesis technology that it has developed to provide high-performance polymers for use in materials for next-generation 5G communications devices and photoresists for semiconductors. In order to meet the needs of future technological innovations, we are focusing on developing new materials for use in a wide range of fields.

/ Copper clad laminates for next-generation communications

In 2020, products such as smartphones that use the next-generation mobile communication network 5G have appeared one after another, and the need for remote work, teleconferencing, and online classes has suddenly increased due to the spread of COVID-19. This change has resulted in a rapid increase in communication base stations and servers that provide the infrastructure for a stable digital environment.

The characteristics of the Nippon Soda Group's NISSO-PB, which boasts low dielectric properties and high insulation in high frequency domains, are utilized in the copper clad laminates used by 5G communication base stations that receive radio waves containing large amounts of data. The Nippon Soda Group is currently focusing on providing technical services, and will work to capture demand in emerging markets as well as in Japan, Europe and the U.S. by properly conveying the potential applications of our materials.

The provision of high-performance materials to the information and electronics fields will continue to be an important theme in the future, and we will focus on developing new materials to support technological innovation.

/ VP-POLYMER, which supports the foundation of a digital society

The remarkable progress and spread of IT will have a large impact on the demand for semiconductors. To draw an electric circuit on a semiconductor substrate, a photosensitive polymer called a photoresist is used. The Nippon Soda Group's VP-POLYMER, the first product of its kind in the world, was successfully commercialized as the base polymer of a KrF photoresist by using a living anionic polymerization technique developed for NISSO-PB. This contributes to the manufacture of semiconductor structures, which requires advanced microfabrication techniques.

Demand for VP-POLYMER is increasing as the demand for larger-capacity and higher-speed semiconductors increases. In order to secure a stable supply, the Group completed construction to expand the production capacity of the Chiba Plant (Ichihara city, Chiba Prefecture).

We are aiming to expand the functional polymers business, which includes VP-POLYMER, by positioning it as a growth driver. We will continue to respond to further expansion of the information and communications fields while developing new polymer materials that meet customer needs.

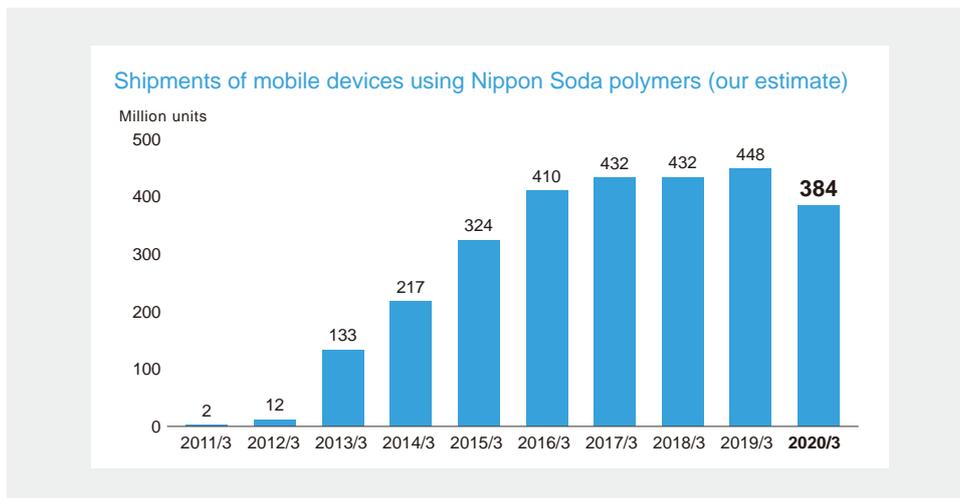
Materiality

Contribution to the development of information equipment friendly to the environment and people by supplying high-performance materials

(1) Supply of high-performance materials friendly to the environment and people

KPI

1 Number of mobile devices using our products





Human resources development to help all employees maximize their abilities

/ Emphasis on experiential learning at Nisso Takaoka Academy

The Nisso Takaoka Academy was opened in FY 2016 at the Takaoka Plant to provide systematic training programs for newly employed manufacturing personnel. Programs are designed to develop employees who can transfer technologies and maintain the safety and high productivity of manufacturing workplaces. Training is mainly provided to personnel newly employed at all Group companies in Japan.

The emphasis of the training is on experiential learning. With their safety assured, participants can experience falling from a high place, water and gas leaks resulting from loose bolts, and other dangerous situations. Participants are provided with opportunities to experience simulated risks and failures that can be fatal. These kinds of experiences are not possible during on-the-job training programs. The valuable experience they gain through the training helps increase their awareness of the need for accuracy and safety in their work, which is reflected in their activities in the workplace.

A new two-year plan to expand educational facilities and equipment used for safety education commenced in FY 2020. This experiential safety education program will be provided to other employees in addition to newly employed manufacturing personnel to ensure safety awareness among a greater number of employees.

/ Diverse human resources as the source of competitiveness

The Nippon Soda Group believes that having a workforce made up of people with diverse values is essential for generating new innovations and increasing global competitiveness. In this context, we recognize the promotion of diversity as an important management strategy. Efforts to promote diversity include transformation of our personnel systems to make full use of our diverse human resources, improvement of the corporate culture and work environment, and implementation of various other basic support systems. Through these efforts, we aim to become a company where motivated, competent employees can enjoy working and continue to grow and develop regardless of gender, age, nationality, or other personal characteristics. We will also develop medium- to long-term training systems including a succession plan, with particular emphasis on developing future leaders. With a focus on the next generation of Nippon Soda employees, we will develop a system and environment where individuals with different values can engage in friendly competition with one another to improve themselves, regardless of their track record, and improve workstyle added value for employees, in order to maximize diverse sets of competencies. Emphasis is also being placed on employing both new graduates and mid-career professionals. Efforts in this regard include an update of our recruitment website and inviting employees to appear as speakers at presentation meetings, with the aim of attracting the attention of a large number of people. We will continue our efforts to create a work environment where all employees can maximize their abilities and play an active role as well as develop competent human resources.

> [“Schematic diagram of Nippon Soda's human resources training system”](#)



/ Enhanced new graduate recruitment efforts

With an eye on Nippon Soda's next generation, we are focusing on strengthening our recruiting activities to create an environment in which employees with diverse values can engage in friendly competition without being limited by past experience. For newly hired graduates, we are working to attract as many people as possible, regardless of gender or nationality, by introducing female company employees on our website and participating in recruitment seminars overseas. Seeking to attract people who appreciate our business activities and hope to grow together with our company, we publish our message on our recruitment website. The website includes information on the value we offer and our contribution to society through businesses as well as comments from employees who are active in our various businesses.



Initiatives for the Next Generation

Materiality

Development of human resources for the next generation

(1) Educational system to maintain a culture of safety for the future

KPI

1 Training initiatives

Initiatives of the Nisso Takaoka Academy

Results in May 2019

33 participants

Nippon Soda Co., Ltd. (Nihongi Plant, Takaoka Plant, Mizushima Plant, Chiba Plant), Joetsu Nisso Chemical Co., Ltd., Nisso Fine Co., Ltd. (Isohara Plant, Iwaki Manufacturing Department of Isohara Plant), Nisso Metallochemical Co., Ltd. (Aizu Plant), Nisso Kensetsu Co., Ltd.

Main training programs for safety

- Safety training: Special safety education for oxygen deficiency, concrete methods related to the four safety cycles, how to handle steam, operation of forklifts, how to handle organic solvents, experience with solvent combustion explosions due to static shock, and experience with exposure to liquid chemicals
- Maintenance/instrumentation training: Machine maintenance, how to read engineering flow design (EFD), electricity, instrumentation/measuring, and how to handle electric tools
- Field work training: How to use tools/instruments correctly, installation/removal of flanges, testing airtightness of pipes, and plumbing assembly/removal
- External education: Respirator training, practical safety education (simulation of hazards associated with working at heights, slinging work, rotating machines, and electricity)

Objective of the session

To acquire basic knowledge and learn about basic machine structure so as to improve safety awareness



Environmental Protection

The Nippon Soda Group conducts environmental protection activities to minimize the environmental footprint of its business activities. Protection activities include striving to conserve energy, reduce greenhouse gas emissions, conserve resources, reduce the emissions of industrial waste, recycle, reduce emissions of hazardous substances, and reduce our impact on biodiversity and ecosystems.

Basic Policy

- Continuing efforts to prevent environmental pollution, complying with laws and regulations, and promoting other environmental activities.
- Reduction of environmental burden associated with business operations (prevention of global warming, and reduction in the amount of waste generation and amount of final disposal at landfills).
- Development of products and processes with less environmental burden.
- Implementation of an environmental management system.
Reduction in the amount of energy consumption while maintaining productivity.
- Water resources conservation.
Reduction of impact on biodiversity and ecosystems.

Environmental Protection

Responses to Climate Change Issues

Efforts to prevent global warming are critical. Nippon Soda participates in the Commitment to a Low Carbon Society, a voluntary action plan promoted by the Japan Business Federation (Keidanren). Under the action plan, we are promoting energy saving to achieve the CO₂ emissions reduction targets.

► Reduction of energy consumption and greenhouse gas emissions

Our efforts to improve our rate of energy consumption include the replacement of old and obsolete equipment with highly efficient models, the streamlining of production processes and reduction of energy consumed, and the implementation of power-saving measures. Also, we use the Ministry of the Environment's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain as a reference in calculating the greenhouse gas emissions caused by our company's activities (Scope 1, Scope 2) and indirect emissions outside the sphere of our company's activities (Scope 3), and work to reduce emissions throughout the value chain.

Greenhouse Gas Emissions Throughout the Supply Chain

| Scope 1 emissions | 65,844t-CO ₂ | Scope 2 emissions | 135,696t-CO ₂ |
|---|--------------------------|-------------------------------------|--------------------------|
| Scope 3 emissions | | | |
| Purchased materials/services | 160,345t-CO ₂ | Transport and delivery (downstream) | Not calculated |
| Capital goods | 18,414t-CO ₂ | Processing of sold products | Not calculated |
| Fuel, etc. not included in Scope 1 or 2 | None | Disposal of sold products | Not calculated |
| Transport, delivery (upstream) | 32,036t-CO ₂ | Use of sold products | Not calculated |
| Waste generated from business | 2,475t-CO ₂ | Leased assets (downstream) | None |
| Business trips | 1,760t-CO ₂ | Franchise | None |
| Employee commuting | 375t-CO ₂ | Investment | Not calculated |
| Leased assets (upstream) | None | | |

Note: We used the Ministry of the Environment's "Emission Factor Database (Ver. 3.0) for calculating greenhouse gas emissions and other emissions by organizations throughout the supply chain" for all emission factors and numerical values relevant to calculation.

Environmental Protection

► Use of renewable energy

The Nihongi Plant draws its industrial water from a river for its production and uses the excess water to generate electricity by using the difference in elevation when returning water to the river. Since the establishment of the hydroelectric facility in 1940, generated electricity has been effectively used for production activities at the plant. We will continue to carefully maintain the power station for the continued generation of renewable energy.



From the hydroelectric power station to the water tank



Small hydropower facilities of the Nihongi Plant

► Promotion of energy saving by the Logistics Department

As a specified consigner designated under the Act on the Rational Use of Energy (Energy Saving Act), Nippon Soda submits an annual report and an annual plan to the Ministry of Economy, Trade and Industry and implements measures to reduce its energy consumption rate.

Nippon Soda has been making efforts to improve logistics efficiency and reduce environmental burden through measures such as modal shifts in transportation, reducing the frequency of trips by using larger transport containers, and adjusting distribution routes. For our modal shift efforts, we were certified in 2013 as an "Eco Rail Mark" company.



Effective Use of Resources and Reduction of Industrial Waste

We participate in the Voluntary Action Plan on the Environment promoted by the Japan Business Federation (Keidanren). Under the action plan, we promote industrial waste reduction to achieve the target amount of reduction in the final disposal of industrial waste to landfill.

► Proper management of industrial waste and reduction of the final disposal of industrial waste to landfill

As one of our efforts to help build a recycling-based society, Nippon Soda reduces the amount of industrial waste emissions from a long-term perspective and, at the same time, promotes the recycling of industrial waste items and implements other measures to reduce the final disposal amount of industrial waste going to landfill.

► Zero emissions

Nippon Soda has achieved zero emissions* for nine consecutive years.

* When the ratio of the amount of final disposal of industrial waste to landfill compared to the amount transported to the industrial waste disposal facility is small. Emissions are defined as "Zero emissions" when the ratio of landfill waste is 2% or less.

► PCB waste

Each Nippon Soda site properly stores and manages condensers, transformers, mercury lamp ballasts, and other items at each business site and disposes of them appropriately one by one in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB (polychlorinated biphenyl) Wastes, which was revised in 2016.

Environmental Protection

Atmosphere and Water Quality Protection

Nippon Soda implements various measures to protect the atmosphere and water quality, including measures to reduce releases of chemical substances specified by the PRTR Law and to reduce toxic substance emissions to water, in accordance with the Air Pollution Control Act, the Water Pollution Prevention Act, and the latest regulatory trends.

► Reduction of chemical substances specified by the PRTR Law

We are making efforts to reduce emissions into the environment of Class I Designated Chemical Substances specified by the Law for PRTR and Promotion of Chemical Management (PRTR Law).

► Reduction of emissions of harmful substances into the atmosphere

Twelve chemicals among those categorized as priority substances under the Air Pollution Control Act are designated as voluntarily controlled chemical substances by the Japan Chemical Industry Association (JCIA). Of the 12 chemicals, our Company currently deals with the following six substances: chloroform, dichloromethane, 1,2-dichloroethane, ethylene oxide, 1,3-butadiene and benzene. We are implementing measures to reduce the emissions of these six substances.

► Reduction of air pollutant emissions

Nippon Soda promotes the reduction of emissions of sulfur oxide (SO_x), nitrogen oxide (NO_x), and soot and dust. Emissions of these substances from stationary sources are controlled under the Air Pollution Control Act.

► Actions to conform to the Fluorocarbons Emission Control Act

To comply with the Fluorocarbons Emission Control Act, we implement periodic inspections by those with expertise, simplified inspections by the Inspection Manager, measures to prevent fluorocarbon emissions, and other required activities at one worksite at a time.

► Reduction of toxic substance emissions into rivers and other bodies of water

Nippon Soda has made its voluntary standards stricter than the national regulatory values and the standard values agreed with local municipalities. Based on these strict values, we manage water quality through the monitoring of pollutants and purification at the wastewater treatment plant.

Preservation of Biodiversity

Nippon Soda has been taking measures to reduce the environmental burden, use water resources effectively, and prevent pollution of air, water, and soil, mainly in areas where its production sites are located. In recent years, we have added conservation of biodiversity as priority issues and have been carrying out viable activities that can be implemented at each of our worksites.

► Breeding of killifish originating from the Sakawa river system (Odawara Research Center)

Odawara City, Kanagawa Prefecture, has been promoting protection activities for killifish, which are listed as an Endangered Species Category II by the Ministry of the Environment. In 1999, we conducted the “Medakano Otosan Okasan Sato-oya Seido” (“Killifish Fosterparent Program”), in order to protect their habitat and genes and pass them on to the next generation.

► Supporting the protection of himekomatsu (Japanese white pine) a critically endangered species (Chiba Plant)

Chiba Plant launched the “Himekomatsu Supporter” project to protect himekomatsu, an endangered tree species in Chiba Prefecture.

Environmental Protection Activities through the “NISSO Group Forest”

On the occasion of the 100th anniversary of our establishment, we began initiatives to protect greenery and water sources as a contribution to the achievement of the SDGs. The Nisso Group established the “NISSO Group Forest” within the “Joetsu KUWADORI Community Forest” in Joetsu City, Niigata Prefecture, the location of the Company’s origin, and made a donation to the National Land Afforestation Promotion Organization in order to contribute to the creation of a forest of biodiversity and environmental protection.



Breeding of killifish originating from the Sakawa river system



Himekomatsu

Environmental Protection

► FY 2020 goals and achievement levels (KPIs)

(Achievement levels ●: ≥ 90% ◐: 80-90% ◑: 60-80% ×: ≤ 60%)

- | | |
|--|--|
| 1. Environmental issues: Goal: Zero events | Achievement level ●: No events |
| 2 -1. Energy consumption rate: Goal: Annual improvement of 1% | Achievement level ×: 2.6% increase (Due to decreased production and launch of new products) |
| 2 -2. Energy consumption rate in logistics: Goal: Annual improvement of 1% | Achievement level ×: 1.6% increase (Due to increase in long distance transport) |
| 3. Reduction in greenhouse gas emissions: Goal: Annual reduction of 1% | Achievement level ×: 2.1% increase (Due to decreased production and launch of new products) |
| 4 -1. Waste (amount of final disposal at landfill): Goal: Annual reduction of 3% | Achievement level ×: 7.5% increase (Due to new product launch) |
| 4 -2. Waste (continuation of zero emissions): Goal: 5% or less | Achievement level ●: 1.3% |
| 5. Emissions of harmful substances into the atmosphere: Goal: Reduction of 50% from FY 2015 | Achievement level ●: 52% reduction |
| 6. Reduction of impact on biodiversity and ecosystems | Achievement level ◐: Nurtured endangered species at two sites |

► Efforts for the future

We will make continuous efforts to minimize the impact of our business activities on the environment. Our efforts to protect the environment will include energy saving, resource saving, reduction of greenhouse gas emissions, conservation of water resources, preservation of biodiversity, and reduction of the impact on ecosystems.

Process Safety and Disaster Prevention/BCP

The Nippon Soda Group places emphasis on ensuring process safety and disaster prevention in order to prevent serious accidents at all plants and ensure the continuation of safe and stable production. We are also constantly improving our business continuity plan (BCP) to ensure a stable supply of products and services.

Basic Policy

- Conduct regular inspections, repair and renewal of equipment and training of operators at each manufacturing site.
- Improve the risk management system through emergency drills and education to prepare employees for possible accidents and disasters.
- Conduct safety reviews by our internal experts to verify safety when facilities are constructed or renovated. Regular diagnoses of our disaster prevention capabilities are conducted by external specialists.
- Conduct regular reviews and improvement of our business continuity plan (BCP), which is designed to help us be prepared for natural disasters such as large-scale earthquakes and other emergencies that could result in extensive damage.

Process Safety and Disaster Prevention

Risk Management

| | |
|--|---|
| Risk assessment of process safety and disaster prevention | We conduct risk assessments related to safety and disaster prevention for facilities, machines and manufacturing processes. Identified risks are prioritized and, accordingly, measures to ensure the safety of facilities are implemented and inspections are conducted in sequence. |
| Establishment of an emergency risk management system | We give the highest priority to preventing accidents and disasters. On the other hand, to prepare for unavoidable accidents and disasters, we have established an emergency risk management system and conduct periodic drills and exercises to maintain the system in a sound condition. |
| Standards on Emergency Response | The Standards on Emergency Response have been developed to ensure prompt and appropriate communication, response, and instruction in the event of a disaster or accident, and their effectiveness is reviewed and revised periodically, and confirmed through training. |

Safety Management

▶ Safety audit to confirm the safety of plants

To ensure the safety of processes in the construction and renovation of facilities, the Nippon Soda Group undergoes safety reviews and audits by managers and internal experts for the inspection of facilities and operations in terms of safety, work environment, quality and other factors.

Facilities of Group manufacturing companies undergo periodic RC audits to assess the management conditions of manufacturing facilities, and the results are incorporated into activities to improve process safety and disaster prevention.

Education and Drills for Disaster Prevention

Nippon Soda provides a variety of process safety and disaster prevention training for employees to acquire the knowledge and skills to ensure their safety. We will continue to promote safety and disaster prevention activities with the aim of further improving our safety and disaster prevention activities to achieve the target of “no major accidents at facilities.”

▶ Group training

Each department conducts regular education and training in accordance with the RC activity plan. We provide new employees with new employee training on safety and basic operations.

▶ Disaster prevention system involving local communities

Each Nippon Soda site implements regular disaster drills, which include drills conducted in cooperation with other nearby plants and local governments.

Process Safety and Disaster Prevention/BCP

Safety audits prior to trial operation by the Head Office

① Takaoka Plant, July 25, 2019

Audit of safety measures prior to trial operation of specialty chemical production equipment reagent tank

As a result of document and onsite audits, nine safety issues were identified. After all of these safety issues were addressed, the trial operation was completed.

② Aizu Plant, Nisso Metallochemical Co., Ltd.,
September 3, 2019**Safety audit prior to trial operation of the high-purity color developer facility**

As a result of document and onsite audits, 30 safety issues were identified. After all of these safety issues were addressed, the trial operation was completed.



③ Nihongi Plant, October 23, 2019

Safety audit prior to trial operation for the FY 2020 portion of construction to reinforce the foundation of the chlor-alkali business

Based on a three-year plan, we are conducting construction in order to build a stable mid-to-long-term foundation for the chlor-alkali business. In this second year of audits, 21 safety issues were identified as a result of document and onsite audits. After all of these safety issues were addressed, the trial operation was completed.



④ Nihongi Plant, February 7, 2020

Safety audit prior to trial operation of the agrochemical facility after construction

As a result of document and onsite audits, 58 safety issues were identified. After all of these safety issues were addressed, the trial operation was completed.

⑤ Chiba Plant, Nisso Metallochemical Co., Ltd.,
March 27, 2020**Safety audit prior to trial operation of the manufacturing building after second phase of renovation work to address environmental issues**

As a result of document and onsite audits, 15 safety issues were identified. After all of these safety issues were addressed, the trial operation was completed.



Process Safety and Disaster Prevention/BCP

► Diagnosis of disaster prevention capabilities by a third party

The disaster prevention capabilities of Nippon Soda and manufacturing Group companies are diagnosed by Sompō Risk Management & Health Care Inc.

Education and Drills for Disaster Prevention

Nippon Soda provides employees with various kinds of educational and training programs on process safety and disaster prevention for different work assignments to help them acquire knowledge and skills to ensure process safety.

To achieve the target of “no major accidents at facilities,” we will continue to promote efforts to improve activities that are aimed at ensuring process safety and disaster prevention.

► Group training

Each worksite and department periodically provides staff members with education and training based on the Action Plan for maintaining CSR. For newly employed personnel assigned to manufacturing jobs, the Nisso Takaoka Academy provides educational programs dedicated to new employees. These programs include hands-on training on safety and basic on-site work.



Nisso Takaoka Academy hands-on training for pump assembly
May 8-17, 2019



Nisso Takaoka Academy hands-on and classroom training
May 8-17, 2019



Seminar on countermeasures against harassment (Mizushima Plant)
June 10, 2019



Emergency call drill at night (Takaoka Plant)
August 6, 2019



Short course in forklift operation (Nihongi Plant)
August 27, 2019



Training on how to wear a respirator (Takaoka Plant)
February 5, 2020

Process Safety and Disaster Prevention/BCP

► Disaster prevention system working in cooperation with local communities

Each Nippon Soda site implements regular disaster drills, which include drills conducted in cooperation with other nearby plants and local governments. These drills are conducted taking into account the environment and other characteristics unique to each region so that they can be applied in real settings.



Comprehensive plant emergency drill (Chiba Plant, May 28, 2019)



Spring comprehensive plant emergency drill (Takaoka Plant, May 31, 2019)



Comprehensive emergency drill (Odawara Research Center, June 17, 2019)



Spring plant emergency drill (Nihongi Plant, July 22, 2019)



Comprehensive plant emergency drill (Chiba Research Center, September 26, 2019)



Drill to address environmental abnormalities (Takaoka Plant, October 25, 2019)



Shin-Otemachi Building emergency drill (Head Office, December 5, 2019)



Toxic substance leak drill (Mizushima Plant, December 10, 2019)



Emergency drill for accidents during product transportation (Mizushima Plant, February 21, 2020)

Process Safety and Disaster Prevention/BCP

Emergency Drills (FY 2020)

| | First half (dates of drills) | Second half (dates of drills) |
|-----------------------------------|---|---|
| Nihongi Plant | Spring plant emergency drill (July 22, 2019) Drill to prevent a disaster based on the report of a high-pressure gas leak to the disaster prevention office (July 22, 2019) Emergency communication response training (August 28, 2019) | Autumn comprehensive plant emergency drill (November 15, 2019) Emergency communication drill (<i>Otsutae-kun</i>) (November 26, 2019) Drill for preventing a disaster based on the report of a high-pressure gas leak to the disaster prevention office (February 19, 2020) |
| Takaoka Plant | Emergency communication drill (<i>Otsutae-kun</i>) (April 25, 2019) Spring comprehensive plant emergency drill (Organic Sec. 1: PT) (May 31, 2019) Note: Together with Takaoka Fire Station Education/training in initial response when there is a sluice pipe experiencing a drainage abnormality (September 3, 4, 5, 6, 9, 2019) (for deputy commander of night watch) Note: Substitute drill to address environmental abnormalities Communication drills at night (Organic Sec. 2, Formulation Sec., NBL) for three days (August 20, 22, 23, 2019) Emergency call drill (<i>Otsutae-kun</i> , actual dispatch: Inspection Analysis Building) Unannounced (August 6, 2019) Drill to practice calling 119 (every month) | Disaster prevention training for high-pressure gas transfer (October 9, 2019) Liquid chlorine tank lorry emergency communication drill (October 24, 2019) High pressure gas area disaster prevention site support team emergency communication drill (October 24, 2019) Drill to address environmental abnormalities (October 25, 2019) Autumn comprehensive plant emergency drill (November 28, 2019) Emergency communication drill (December 11, 2019) Communication drill at night (March 18, 19, 23, 2020) Note: Drill to practice calling 119 (every month) |
| Mizushima Plant | Power outage drill (July 12, 2019) Table-top drill for toxic substance (NaOH) spill (July 23, 2019) Emergency drill (Manufacturing disaster prevention drill with Sanwa to be prepared for disasters at night or on weekends/holidays) (August 19-28, 2019) | Joint emergency-preparedness drill (using diagrams) (inside the plant) (November 14, 2019) Joint emergency drill (with public firefighters using diagrams) (November 22, 2019) Toxic substance leak drill (December 10, 2019) New Year's firefighting training by the Mizushima Plant Disaster Prevention Team (January 8, 2020) Emergency drill for accidents during product transportation, conducted jointly with Shinei Unyu K.K. (February 21, 2020) |
| Chiba Plant | Comprehensive plant emergency drill (May 28, 2019) (Joint worksites) Drill for onsite leaders, etc., to respond to an emergency (July 19, 2019) Disaster prevention drill to be prepared for disasters at night or on weekends/holidays (September 3, 2019) (Chiba Plant Disaster Prevention Team alone) Comprehensive plant emergency drill (September 26, 2019) (Joint worksites, Chiba Plant Disaster Prevention Team alone) Emergency communication drill (April 22, June 13, July 31, August 22, September 19, 2019) | Drill to address environmental abnormalities (October 10, 2019) Participation in Fire Safety Association's initial fire fighting tournament (October 30, 2019) Comprehensive plant emergency drill (November 28, 2019) Joint drill with public firefighters and a joint disaster response unit/water flow drill (December 6, 10, 12, 2019) Predictive response emergency drills for petrochemical and other complexes (December 12, 2019) Goi Self-Defense Disaster Prevention Leader Workshop (January 23, 2020) Disaster prevention drill to be prepared for plant disasters on weekends/holidays (February 12, 2020) (Joint drill with public firefighters, a joint disaster response unit, and the Chiba Plant Disaster Prevention Team) Evacuation table-top drill (to respond to toxic gas leakage) Emergency communication drill (November 12, 2019 and January 16, 2020) |
| Odawara Research Center (Odawara) | Comprehensive emergency drill (June 17, 2019) | Department emergency drills (five departments in total, October 2019 to March 2020) |
| Odawara Research Center (Haibara) | Emergency drill (June 3, 2019) | Comprehensive emergency drill (November 26, 2019) |
| Odawara Research Center (Bandai) | — | Emergency drill (November 20, 2019) |
| Chiba Research Center | Comprehensive plant emergency drill (May 28 and September 26, 2019) Initial fire fighting/fire extinguisher drill (June 25, 2019) Disaster prevention drill to be prepared for disasters at night or on weekends/holidays (September 3, 2019) Emergency communication drill (April 22, August 22 and 23, 2019) Research Center emergency drill (table-top drill: September 19, 2019) | Comprehensive plant emergency drill (November 28, 2019) Emergency communication drill (December 20, 2019) Disaster prevention drill to be prepared for disasters at night or on weekends/holidays (February 12, 2020) Evacuation drill (chlorine gas leak) (table-top drill March 9-13, 2020) |
| Head Office | Safety-confirmation drill (September 3, 2019) | Shin-Otemachi Building emergency drill (December 5, 2019) |

Process Safety and Disaster Prevention/BCP

Business Continuity Plan (BCP)

▶ Basic concept of the BCP (business continuity plan)

In the event of a natural disaster such as a large-scale earthquake or other crisis that can result in serious damage to Company worksites, our social responsibility is to ensure the safety of local residents, full-time and temporary employees and affiliated company employees. Based on this concept, the principles of the BCP are defined as follows:

- ① The highest priority is placed on checking the status and ensuring the safety of Nippon Soda's own employees, affiliated company employees and temporary employees and their families, and ensuring the safety of residents in communities where the Company's business sites are located.
- ② The consciousness of serving the public and community is shared among all personnel throughout the Company.
- ③ Efforts are focused on protecting the safety of the affected Head Office, plants, research centers, branch offices and sales offices.
- ④ Measures should be taken to establish a system that allows Nippon Soda's employees, affiliated company employees and temporary employees who are engaged in ensuring safety and security to act flexibly and at their discretion according to the circumstances.

▶ Continuation of supply of products according to customer needs

The BCP of Nippon Soda aims to ensure, in the event of a natural disaster or other crisis, safety as well as the supply of products to customers as requested. To achieve this objective, improvement is accelerated using the PDCA cycle.

Process Safety and Disaster Prevention/BCP

Efforts for Business Continuity

Following is a flowchart of the procedures for continuing business operations.



Disasters and Risks Covered by the BCP

- | | | |
|--|--|--|
| 1 Earthquake | 8 A large number of affected employees (their houses and families) | 14 Suspension of the supply of raw materials (including logistics) |
| 2 Typhoon | 9 Electric power outage | 15 Suspension of product distribution |
| 3 Heavy rainfall, flood, tsunami, heavy snowfall | 10 Suspension of industrial water supply | 16 Occurrence of quality problems |
| 4 Storm, tornado | 11 External communication failure | 17 Terrorism |
| 5 Volcanic eruption | 12 Computer system failure | 18 Nuclear power accident |
| 6 Abnormal conditions of facilities | 13 Emergency at water discharge destinations | 19 Missile attack |
| 7 Influenza, infectious diseases, etc. | | 20 Others |

► FY 2020 goals and achievements (KPIs) (Achievement levels ●: ≥ 90% ●: 80-90% ○: 60-80% ×: ≤ 60%)

1. Major accidents at facilities: Goal: Zero accidents Achievement level ×:
 Nippon Soda: One event (Chiba Plant: Due to relief valve dismantling, when flushing chlorine gas from the piping with nitrogen, chlorine gas flowed back to the nitrogen side)
 Nisso Fine Co., Ltd. (Isohara No. 1: Outbreak of a small fire when removing agricultural chemical substance from filter with a scoop)
2. Maintenance and improvement of the BCP Achievement level ●:
 The 9th version was distributed and the 10th version was prepared.

► Efforts for the future

We will continue our efforts to achieve the target of “no major accidents at facilities” through the constant improvement of safety management, risk management, education, disaster prevention drills and other measures. We will also improve and review the BCP in a systematic manner.

Occupational Safety and Health

The Nippon Soda Group strives to create a workplace in which employees can feel the joy of their work. To achieve this goal, we are working to achieve and sustain zero occupational accidents and to promote employee health.

Basic Policy

- Introduction of an Occupational Safety and Health Management System (OSHMS or ISO 45001), and implementation of risk assessments
- Continuous implementation of PDCA (Plan-Do-Check-Act) to ensure safe and healthy workplaces with the aim of achieving the goal of zero occupational accidents
- Provision of health guidance based on medical examination results and implementation of measures to reduce incidents of personal injury or illness to help employees maintain and improve their health
- In mental health care, performance of stress tests and provision of consultation services by qualified mental health specialists; Establishment and operation of a system to provide appropriate care

Occupational Safety and Health

Risk Assessment

We are systematically improving the achievement and performance of the targets we have set through the PDCA cycle set out in the Occupational Safety and Health Management System (OSHMS). To integrate OSHMS and responsible care activities effectively, we also place emphasis on OSHMS risk assessment. Each office (plant or research center) periodically identifies and assesses occupational accident risks and, if they are not acceptable, takes measures to reduce them to permissible levels.

Efforts to Prevent Occupational Accidents

▶ Activities to reduce occupational accident risks

Mainly in accordance with activity plans set forth in OSHMS, we are reducing risks through the elimination of near-miss incidents and by drawing on examples of disasters at other worksites and other companies. When new plants are constructed or when plants are expanded, we require safety reviews and audits to reduce disaster risk to an acceptable level before starting test operations.

▶ Efforts to prevent human error by workers

The 5Ss—*seiri* (sorting), *seiton* (setting-in-order), *seiso* (shining), *seiketsu* (standardizing) and *shitsuke* (sustaining the discipline)—and the 4 safety cycles (KY* before starting operation → Pointing and vocalizing during operation → Mutually directing attention during operation → Identifying *hiyari-hatto* [near miss] accidents after operation) are the concepts that form the basis of safety activities for the Nippon Soda Group. In addition, senior management at each business site takes the initiative in promoting safety awareness among employees so that safety activities are improved through the continuous application of the PDCA cycle.

* A combination of the first letters of two Japanese words, K “kiken (danger)” and Y “yochi (prediction).” The KY system is designed to identify latent risks associated with work and take preventive measures before they occur.

▶ Occupational health and safety survey by a third party

An occupational health and safety survey of Nippon Soda is conducted by Sampo Risk Management & Health Care Inc.

Occupational Safety and Health

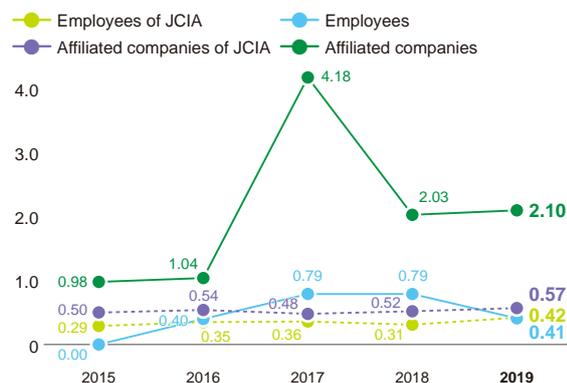
Number of consecutive days and years without an accident resulting in absence from work (as of April 1, 2020), and number of accidents resulting in absence from work of employees (FY 2020)

| Worksite | Number of consecutive days (years) without an accident resulting in absence from work | Number of occupational accidents resulting in absence from work for FY 2020 |
|--|---|---|
| Head Office | 6,152 days (16 years) | 0 |
| Nihongi Plant | 1,146 days (3 years) | 0 |
| Takaoka Plant | 217 days (0 years) | 1 |
| Mizushima Plant | 10,008 days (27 years) | 0 |
| Chiba Plant | 5,713 days (15 years) | 0 |
| Odawara Research Center | 7,102 days (19 years) | 0 |
| Chiba Research Center | 10,265 days (28 years) | 0 |
| Aizu Plant, Nisso Metallochemical Co., Ltd. | 1,279 days (3 years) | 0 |
| Chiba Plant, Nisso Metallochemical Co., Ltd. | 12,113 days (33 years) | 0 |
| Koriyama Plant, Nisso Fine Co., Ltd. | 2,862 days (7 years) | 0 |
| Isohara Plant, Nisso Fine Co., Ltd. | 479 days (1 year) | 0 |
| Onahama Plant, Nisso Fine Co., Ltd. | 1,513 days (4 years) | 0 |
| Shin Fuji Kaseiyaku Co., Ltd. | 469 days (1 year) | 0 |
| Nisso Shoji Co., Ltd. | 6,150 days (16 years) | 0 |
| Sanwa Soko Co., Ltd. | 103 days (0 years) | 1 |
| Nisso Engineering Co., Ltd. | 5,280 days (14 years) | 0 |
| Nisso Construction Co., Ltd. | 9,382 days (25 years) | 0 |
| Nisso Green Co., Ltd. | 7,306 days (20 years) | 0 |

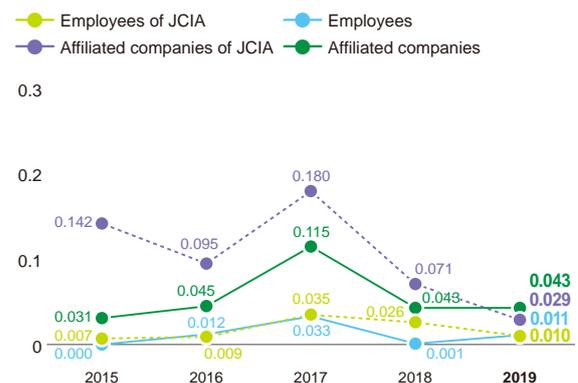
Number of occupational accidents resulting in absence from work among employees of Nippon Soda Group and affiliated companies (Totals for fiscal years from April 1 to March 31)

| FY | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|------|------|------|------|------|
| Nippon Soda | 1 | 1 | 3 | 0 | 1 |
| Nippon Soda's affiliated companies | 0 | 2 | 4 | 3 | 0 |
| Group companies | 5 | 3 | 0 | 5 | 1 |
| Group companies' affiliated companies | 3 | 2 | 1 | 2 | 3 |

Occupational accident frequency rate



Severity rate of occupational accidents



Note: JCIA stands for Japan Chemical Industry Association.
Occupational accident frequency rate: Casualties/Total working hours (per million hours)
The data were collected from January 1 to December 31 of each year.

Severity rate of occupational accidents: Working days lost/Total working hours (per 1,000 hours)
The data were collected from January 1 to December 31 of each year.

Occupational Safety and Health

Proactive Health Management for Workers

Health and productivity management

In March 2020, Nippon Soda was recognized in the “2020 Certified Health & Productivity Management Organization Recognition Program (White 500)” for the third year in a row under the recognition program jointly undertaken by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. This program recognizes large enterprises that promote outstanding “health and productivity management.” Recognition is based on an assessment of the company’s effectiveness in addressing health-related issues in local communities or their health promotion activities as promoted by the Nippon Kenko Kaigi.

Recognizing the importance of health maintenance and improvement in business management, Nippon Soda, in cooperation with the Nisso Health Insurance Association and the labor union, promotes efforts geared toward supporting physical and mental health. We support employees and their families in their health management and proactively promote health management so that we can provide better value to the public through business activities conducted by healthy and lively employees.

From fiscal 2021, the promotion of health management has been set forth in the Nippon Soda Group’s CSR Activity Policy, as a management resource that increases corporate competitiveness and brings about the capacity for sustainable growth. We will continue to support the health maintenance of employees, which is essential to the safety of manufacturing sites and stable operations. To do so, we will work to improve the rate of employees undergoing complete physical examinations, follow-up on those undergoing periodic medical examinations with a target of a 5% annual improvement, conduct stress checks and follow ups, and provide mental and physical health education.



Health & Productivity Management Organization Recognition Program Certification System
 > https://www.meti.go.jp/english/press/2020/0302_001.html

Health Management Promotion

Health Management Promotion Declaration

The Group considers “people” to be the most important corporate resource for enhancing corporate competitiveness and achieving sustainable growth.

It is fundamentally important to maintain health, both physically and mentally, to create a workplace where individual employees can work willingly and actively. In this context, we emphasize health management as an important issue in business management.

To maintain and promote the good health of employees and their families, the company, the Nisso Health Insurance Association, the labor union, and the employees’ association will make concerted efforts to take various proactive measures.



Occupational Safety and Health

Mental health care

Our mental healthcare program consists of ① Self-care, ② Care by administrators in the workplace, ③ Care by occupational healthcare staff and other specialists at each workplace, and ④ Care by external parties.

A stress check is conducted once a year to support ① self-care by employees and ③ care by occupational healthcare staff and other specialists at each workplace. To improve care by administrators in the workplace ②, lectures on mental health given by external specialists are organized.

Consultations with qualified mental health specialists by phone or face-to-face are also available as part of efforts to provide care by external parties ④. In addition, lectures on mental health are provided by an external organization to help employees manage their own mental health.



Mental health self-care training (Takaoka Plant, July 3, 2019)



Lecture meeting on mental health (Chiba Plant, July 24, 2019)



Mental health supervisor education (Takaoka Plant, December 17, 2019)

Other education and short courses related to health and safety



Heatsroke seminar (Mizushima Plant, May 14, 2019)



Ordinary lifesaving training (Nihongi Plant, May 21, 2019)



Heatsroke seminar (Takaoka Plant, May 23, 2019)



Electricity safety education (Takaoka Plant, August 9, 2019)

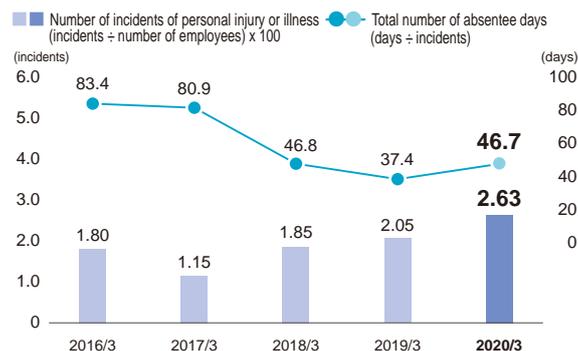


Traffic lecture (Nihongi Plant, September 24, 2019)



Hygiene lecture (Takaoka Plant, November 27, 2019)

Number of incidents of personal injury or illness (per 100 persons) and total number of absentee days (per incident)



Number of incidents of personal injury or illness = (incidents ÷ number of people) × 100
 Total number of absentee days = days ÷ incidents
 Note: The data above were collected from April 1 to March 31 of the next year.

Occupational Safety and Health

▶ FY 2020 goals and achievement levels (KPIs)

(Achievement levels ●: ≥ 90% ●: 80-90% ○: 60-80% ×: ≤ 60%)

1. Occupational accidents resulting in an absence from work or no absence:

Goal: No accidents

Achievement level ×: Five cases resulting in absence (Nippon Soda employees: 1, affiliated company employees: none, Group company employees: 1, Group affiliated company employees: 3)
12 cases involving no absence (Nippon Soda employees: 5, affiliated company employees: 1, Group company employees: 3, Group affiliated company employees: 3)

2. Health promotion:

Goal: 20% reduction in the total number of absentee days, including mental-health-related absence; 20% reduction in the incidence of personal injury and illness (average in the period from FY 2013 to FY 2015)

Achievement level ×: 22% increase in the total number of days of absence from the average of the period from FY 2013 to FY 2015; 76% increase in the number of incidents

▶ Efforts for the future

With the aim of achieving the goal of zero occupational accidents, we will continue our efforts to reduce risks through continuous risk assessment, strengthen measures to prevent human error, and enhance safety activities. To help employees maintain and improve their health, we provide them with medical examinations, conduct follow-ups of employees undergoing stress tests, and continue good health maintenance activities.

Logistics Safety and Quality Assurance

The Nippon Soda Group promotes efforts to reduce risks associated with the distribution of products to prevent logistics accidents. We also enhance customer satisfaction by providing a safe and secure environment in which our customers can use our high-quality products in a stable manner.

Basic Policy

- Reduce the risk of hazards, toxicity and accidents during transportation of products. Ensure the safety of our customers, those involved in the distribution process and local residents, and protect the environment.
- Provide information that helps customers use high-quality products safely, comfortably and in a stable manner.

Logistics Safety

Measures to ensure safe transportation of dangerous goods

► Logistics risk assessment

The Nippon Soda Group takes measures to reduce risks from various perspectives to prevent accidents involving workers and products caused by traffic accidents during forklift loading, unloading and trans-shipment of products, as well as during truck transportation.

► Promotion of Yellow Cards*¹ and Container Yellow Cards (product labels)*²

The Nippon Soda Group promotes the use of Yellow Cards and Container Yellow Cards mainly for products that are classified as hazardous materials. Product labels are revised to reflect the latest legal information, including revisions to relevant laws, in a timely manner. We constantly implement wording that complies with the GHS*³ requirements and appropriate pictograms and take other measures so that we are prepared in the event of a disaster to respond quickly to prevent damage from spreading.

*¹ A Yellow Card is an emergency information card with information about procedures that drivers, fire and police personnel, and other concerned parties should take in the event of a spill, fire, explosion or other incident that may occur during transportation. It also contains emergency contacts. The issuance and carrying of Yellow Cards is required by the Poisonous and Deleterious Substances Control Law and other laws.

*² A Container Yellow Card is a label that is affixed to containers with the United Nations number and guide number defined by the Emergency Response Guidebook.

*³ Globally Harmonized System of Classification and Labelling of Chemicals (GHS): A worldwide system for the international standardization of classification and labeling of chemicals, which was agreed upon by the United Nations Economic and Social Council. This refers to the system of international hazard classification standards and labeling methods (product labeling and SDS) for chemical hazards.

Logistics safety in value chains

► Proposals for improvement of customers' facilities

In the event that there is a problem with the safety of the transport company or the customer's workers at the customer's product receiving facility, or if there is a potential risk of foreign matter entering the facility or spills, etc., the Nippon Soda Group makes proposals for improvement and works to prevent accidents and disasters.

Logistics Safety and Quality Assurance

Quality Assurance

Efforts to ensure quality management

► Quality risk assessment

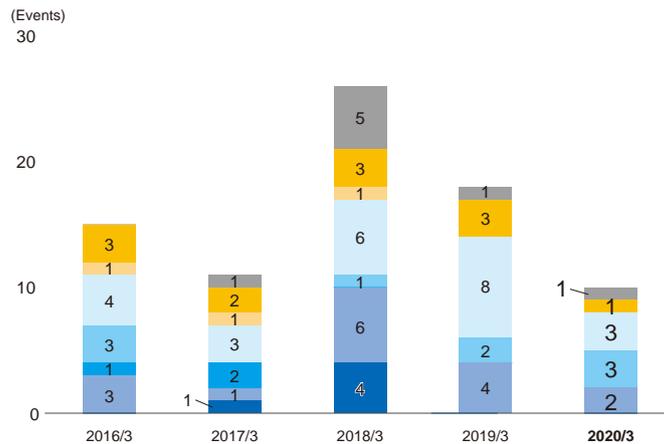
Nippon Soda actively engages in quality risk assessment with the goal of preventing the occurrence of product-related complaints and the recurrence of such complaints. We make continuous efforts to identify quality-related risks from each manufacturing site and reduce the risks, especially the high-risk A and B grades.

Efforts to achieve zero product-related complaints

To eliminate product-related complaints, we conduct quality risk assessments to identify and reduce risks. We are also working to reduce product-related complaints due to human error through human error prevention training for employees.

Number of product-related complaints

■ Poor quality
 ■ Foreign matter contamination
 ■ Shortage in volume
 ■ Defective displays
■ Defective packages
 ■ Insufficient attachments
 ■ Logistics accidents
 ■ Other



► FY 2020 goals and achievement levels (KPIs)

(Achievement levels ●: ≥ 90% ●: 80-90% ○: 60-80% ×: ≤ 60%)

- 1. Logistics-related complaints: Goal: Zero events
- 2. Product-related complaints: Goal: Zero events

Achievement level ×: One event
 Achievement level ×: Nine events

► Efforts for the future

To reduce logistics- and product-related complaints, we constantly improve our activities to ensure logistics safety and quality assurance, including inspections and audits of logistics companies, risk assessment, and implementation of measures to prevent human error.

Chemicals and Product Safety

The Nippon Soda Group takes into consideration the potential environmental, safety and health impacts of chemical substances and the hazards and toxicity of its products, complying with laws and regulations and international standards, while also complying with regulations based on social demands, so as to earn the trust of customers and society.

Basic Policy

- Comply with domestic laws and regulations, international standards, and treaties etc., giving due consideration to the environmental, safety and health impacts caused by the hazards and toxicity of chemical substances and products.
- Comply with social restrictions that are not covered by law to maintain and ensure trust from customers and the general public.
- Conduct specific measures to ensure the safety management of chemical substances, including activities and periodic educational programs regarding chemicals and product safety.

Safety of Chemicals

Strengthening management of chemical substances using ExESS, a chemical substance control system

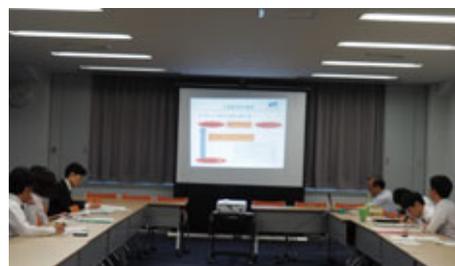
We are strengthening the management of chemical substances through the use of the SDS*¹ and the Yellow Card chemical substance management system (ExESS). We revise SDSs and Yellow Cards to comply with revisions to laws in Japan and overseas. We also support the adoption of GHS*² for SDS and product labels for Europe, the United States, China, Taiwan, South Korea, Southeast Asia, Turkey, and other countries as well as Japan.

*1 SDS (Safety Data Sheet) documents describing information on chemical substances, product names, suppliers, hazards, precautionary safety measures, emergency response, etc.

*2 Globally Harmonized System of Classification and Labelling of Chemicals (GHS): A worldwide system for the international standardization of classification and labeling of chemicals, which was agreed upon by the United Nations Economic and Social Council. This refers to the system of international hazard classification standards and labeling methods (product labeling and SDS) for chemical hazards.

Regular training programs on chemical substance control

We provide employees who handle chemical substances with education on how to comply with Japanese and overseas laws and regulations regarding the management of chemicals.



Educational session for new/transferred employees on chemical substance laws and regulations (Head Office, May 13, 2019)

Product Safety

Actions to comply with laws and regulations

The Nippon Soda Group takes actions to comply with domestic and overseas laws and regulations (including the EU REACH regulations*³) and conducts audits of poisonous and deleterious substances at sales offices and branches.

*3 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals): European chemicals regulations. European regulations state that businesses that manufacture or import one ton or more of products per year are required to register the substances they handle and submit safety test data, and that substances for which data is not submitted (registered) cannot be sold.



Explanatory session on revision of laws and regulations (Head Office, February 12, 2020)

Chemicals and Product Safety

Communication of safety information on chemicals

The Nippon Soda Group participates in GPS/JIPS^{*4}. We have prepared safety summary reports on four substances, including caustic soda and hydrochloric acid, which have been registered on the ICCA^{*5} portal page and made publicly available.

*4 GPS (Global Product Strategy): A voluntary industry initiative based on risk assessment and risk management with a global product strategy as the basic concept, taking into account the supply chain

JIPS (Japan Initiative of Product Stewardship): ICCA's Product Stewardship (PS), an international initiative

*5 ICCA (International Council of Chemical Associations)

Consideration in Animal Experiments

Odawara Research Center has formulated its own regulations for animal experimentation and other relevant standards based on the "Act on Welfare and Management of Animals," the Ministry of the Environment's "Standards Relating to the Care and Keeping and Reducing Pain of Laboratory Animals," the Ministry of Agriculture, Forestry and Fisheries' "The Basic Policy on Animal Experimentation Performed at Research Institutions," and the Science Council of Japan's "Guidelines for Proper Implementation of Animal Experiments." These activities are validated by an external organization (Japan Health Sciences Foundation) and the facility was certified in June 2018 as a facility that conducts animal experiments in a proper manner.

► FY 2020 goals and achievement levels (KPIs)

(Achievement levels ●: ≥ 90% ●: 80-90% ◐: 60-80% ×: ≤ 60%)

1. Compliance with chemical-related laws and regulations:

Goal: Zero violations

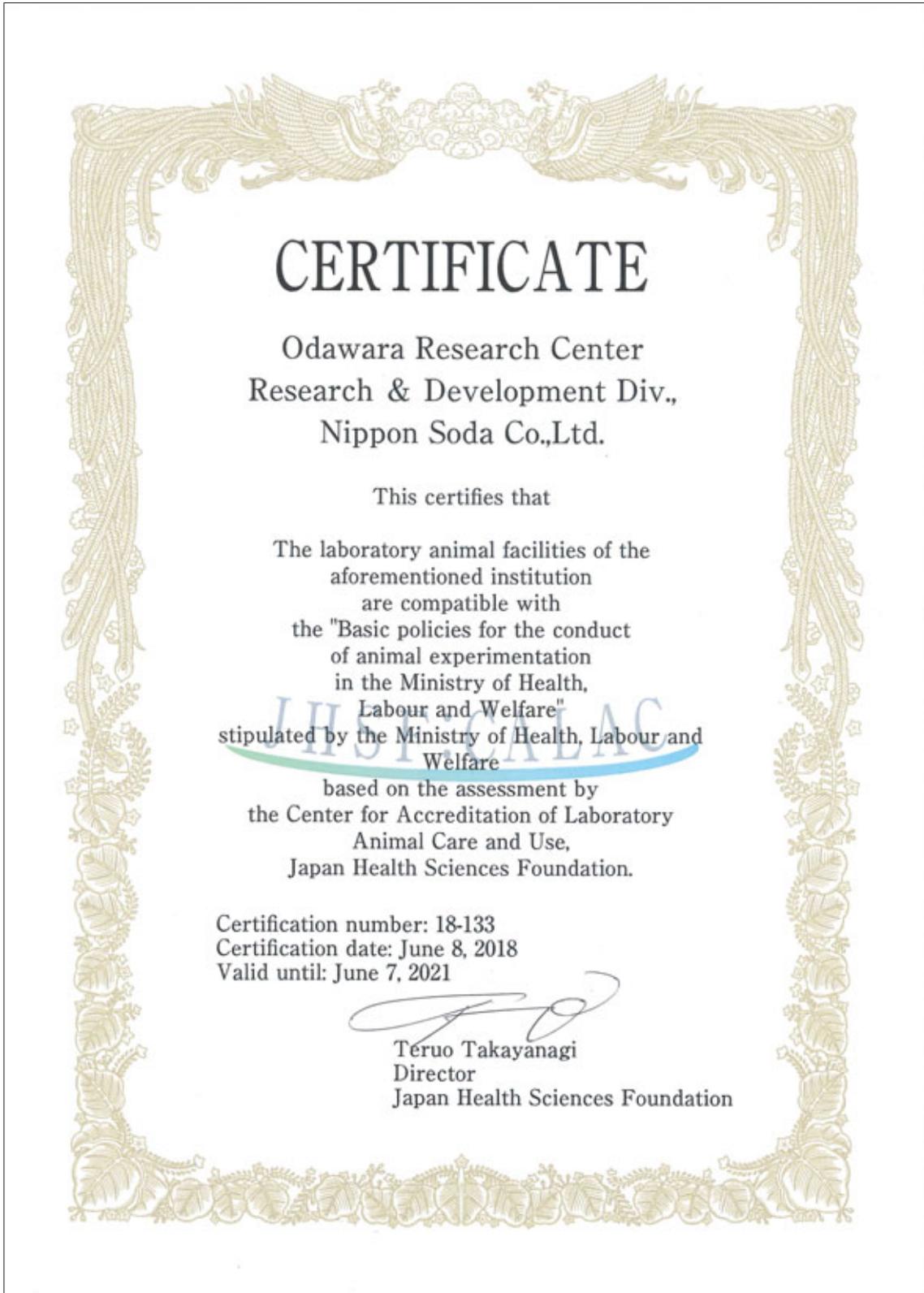
Achievement ×: One event at Nippon Soda (Pharmaceutical and Medical Device Act violation involving sale of pharmaceutical HPC to a business partner who is not licensed to sell pharmaceuticals)

Two events at Group companies (Nisso Construction Co., Ltd.: One citation from labor standards office, Nisso Shoji Co., Ltd.: Deviation related to the Act on Safety Assurance and Quality Improvement of Feeds)

► Efforts for the future

With a target of compliance with chemical-related laws and regulations (zero violations), we will reinforce the management of chemical substances through new chemical substance management systems, switch to the JIS standard revised version of SDS, domestic and overseas SDS/label revisions, reinforce examinations and management of products containing chemical substances. We will continue to provide regular training programs on chemical substance control, such as training for new/transferred employees and explanatory sessions on revisions of laws and regulations, as well as explanatory sessions on revisions to relevant laws and regulations of foreign countries.

Chemicals and Product Safety



Together with Our Customers (Consumer Issues)

The Nippon Soda Group identifies products with functions that satisfy our customers, and makes efforts toward ensuring safety during the use of our products.

Basic Policy

- Provision of safe and reliable products and services that satisfy customers' needs
- Working together with our customers in continuing to create new value that is sought after by society, through the development and provision of products

Improve Customer Satisfaction

Services by the customer consultation office (Agro Products Division)

The regional salespersons and the section handling inquiries at our Head Office appropriately answer inquiries made regarding the usage of our products and agrochemicals. Persons in charge of answering customer inquiries are part of the Public Relations Section of our Product Promotion Department. Inquiries are answered under the motto of providing "swift, accurate and easy-to-understand answers."

Requests and inquiries from customers are logged into our in-house database and the information is shared with our plants, research centers and sales departments. Based on this information, we improve our products and expand the scope of application of our agrochemicals. With regard to complaints about product quality and requests for quality improvement, efforts are made to prevent recurrence and to make improvements for each individual product.

Sales promotion activities with our customers in mind (Chemicals Business Division)

We exhibit actively at trade fairs, conferences and other venues, and seek opportunities to have discussions with our customers, so that our products will be considered by more buyers.

Promotion activities rooted in the local community (Agro Products Division)

We visit contracted wholesalers, agricultural co-ops and farmers in Japan to introduce our products and explain the appropriate methods of use. Outside of Japan, we host seminars on our products and the appropriate methods of use for local stores and farmers and invite them to visit agricultural fields where our products are used.



Seminar on the proper use of agrochemicals (Sendai, February 2020)

Together with Our Customers (Consumer Issues)

Communication with Customers

Sending out information to our users (Agro Products Division)

In response to various kinds of inquiries from our customers, we provide information on registered agrochemicals and the expansion of their scope of usage in a timely manner, while complying with the Agricultural Chemicals Control Act and other related laws, rules and regulations.



Technical informational magazine, *New Agriculture Age*



Informational tools

Cellulose Technical Application Center (CTAC)

We established the Cellulose Technical Application Center (CTAC) inside the Chiba Research Center (Ichihara City, Chiba Prefecture) in October 2019. It is a facility for collaborating with customers on joint development of new value for pharmaceutical additive NISSO HPC.

Before the establishment of CTAC, we conducted support activities for customer product development using NISSO HPC in ways such as responding to inquiries and providing data through scientific meetings and seminars. Now, through CTAC, we are able to reflect our practical experience, making it possible to conduct trial manufacture based on mutual ideas from meetings and study contents, as well as to conduct analysis and assessment. We will strengthen the formulation assessment function through the use of this state-of-the-art facility, and work to expand sales of NISSO HPC over the long term by providing solutions that match customer needs.

Together with Our Customers (Consumer Issues)

Development of Products Useful to Society

Efforts to reduce plastic waste

As a measure to limit the use of resources and reduce the amount of waste as well as to address the issue of marine plastics, there are global calls for the early establishment of a system to reduce, reuse and recycle plastics. Using technology for creating functional polymers, the Chiba Research Center is developing biodegradable plastics and other biodegradable materials that, after use, can be decomposed into water and carbon dioxide with the help of microorganisms.

Responding to the requests of our customers (Chemicals Business Division)

NISSO HPC (hydroxypropyl cellulose) is used widely throughout the world as an additive that is essential for formulating pharmaceuticals. Since its launch in 1969, we have continued to respond to the needs of pharmaceutical companies, who are our customers. As a result, we now offer 12 grades with different viscosities and particle sizes for the domestic market and 14 grades for the overseas market.

Currently, we are aggressively promoting research and development for enhancing the functionality of pharmaceuticals, both in and outside of Japan, by working with our customers to develop a new grade that is in line with our customers' needs, and by maintaining NISSO HPC's status as a frontline product in pharmaceutical formulation.

The safety and high functionality of NISSO HPC also makes it applicable in food processing. Thus, we have recently begun providing it in the food market under the brand name CELNY. This product is attracting particular attention from the nutritional supplement industry as it demonstrates particularly high functionality in incorporating large dosages of such substances as turmeric, glucosamine and mulberry leaf, which are difficult to make into tablets made from natural ingredients. This functionality is helping to reduce the number of tablets that need to be taken in a single day.



NISSO HPC

Together with Our Employees (Human Rights and Labor Practices)

The Nippon Soda Group's Long-Term Vision, "Brilliance through Chemistry 2030," has identified "Enhancement of cost competitiveness and cost efficiency," "Expansion of overseas businesses," and "Promotion of new product development and entry to new businesses" as key issues. In implementing related strategies, our people are one of our most important management resources. We need to transform ourselves into an organization that further promotes innovation while fully utilizing the strengths we have built up over the years. We are committed to promoting diversity, developing human resources, and creating a rewarding workplace that employees can be proud of, with the aim of building an environment and organization that allows each and every one of our diverse employees to maximize his or her abilities, to grasp changes in society's circumstances, and to work with a positive mindset.

Basic Policy

- Respect for the dignity and human rights of all people.
- Understanding the diversity of cultures, customs, and values and showing no tolerance for actions that result in discrimination.
- With particular emphasis on promoting diversity and the creation of rewarding workplaces that all employees can be proud of, we proactively review our personnel and operation systems to ensure the constant improvement of these systems.

Promotion of Diversity

Diversity is one of our primary strategies for maintaining a high level of global competitiveness and sustainable growth. We believe that the creation of such a diverse work environment and organization that allows all of our employees to make full use of their abilities, to grasp changes in the environment, and to work with a positive mindset will lead to the creation of new innovation.

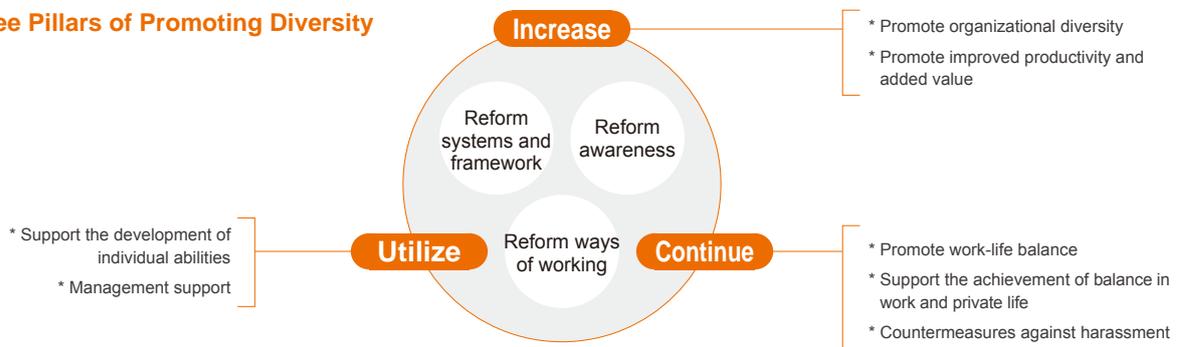
1 Diversity Policy

The aim of our Diversity Policy is to develop the Company by bringing together diverse people, regardless of gender, age, nationality and presence or absence of disability, while providing opportunities to gather and exchange ideas.

At Nippon Soda, we believe that having a workforce with diverse values is essential for generating new innovations and increasing global competitiveness. In this context, we recognize the promotion of diversity as an important management strategy.

As part of these efforts, we are building a foundation with both tangible and intangible measures, including a shift to a personnel system that makes the most of diverse human resources, improvement of organizational climate, and improvement of the workplace environment. We aim to be a company where motivated and capable people from around the world can thrive and shine, and continuously grow and develop.

Three Pillars of Promoting Diversity



Major Activities in FY 2020

Utilize Career Development Support Program

Objective

- To increase each individual's motivation to take on challenges and help achieve autonomous career development by respecting their aptitudes and personalities and supporting their growth
- To maximize organizational capacity through the proper assignment of employees according to their growth

Together with Our Employees (Human Rights and Labor Practices)

- Expansion of the eligibility for the career development support system, conducted a presentation (July 2019) · Career training (August and September 2019)
- Creation of career vision sheet, supervisor interviews (August and September 2019)
- Promotion of communication between supervisors and subordinates (September and October 2018) · Career interviews (October and November 2019)

Promotion of Women's Active Participation

- The General Employer Action Plan was prepared based on the Act of Promotion of Women's Participation and Advancement in the Workplace. As a result of efforts under the action plan, we were certified as an "Eruboshi" company in August 2018.

Continue

- Continuous publication of articles on diversity-related issues in in-house newsletters (since November 2016)
- Harassment prevention training (all year)
- Lectures on work-life balance in various kinds of position-based training (all year)
- Measures to promote the taking of paid holidays were implemented at each site.

Increase

- Diversity employment was promoted. (all year)
- Employment information meeting for women, update of the recruitment website, employment of disabled persons

Update of the recruitment website 

Articles on diversity in in-house newsletters



(Diversity is an important management strategy for achieving the sustainable growth of the Company)



(Promotion of diversity and communication in the workplace)



(Diversity, health, and productivity management)



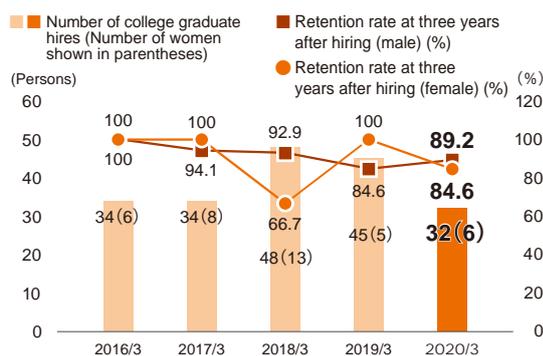
(Diversity-related initiatives for the future)

2 Acceptance of diversity

We place emphasis on employing diverse candidates regardless of gender, age, nationality, ability or disability, and regardless of whether they are new graduates or mid-career hires, so as to create a more diverse organization. A group consisting of people with different values should give its members the impetus to broaden their outlook and change their viewpoint.

We provide workplace diversity training programs designed for directors and executive officers, as well as other specific positions, with the aim of raising diversity awareness and to help them recognize diverse values and to empower individuals and organizations.

Number of hired persons (by gender) and retention rate



Number of disabled persons employed and ratio of disabled employees



Together with Our Employees (Human Rights and Labor Practices)

3 Efforts to protect human rights at workplaces

The Nippon Soda Group Code of Conduct, which sets out the requirements that all employees of the Nippon Soda Group must follow, clearly states our commitment to respecting human rights and nondiscrimination, and declares that we respect the individuality and personal characteristics of every employee and do not take any action that would result in discrimination. To maintain a healthy work environment free from harassment, we provide employees with position-based training on relevant issues. A harassment complaints office is also available.

Nippon Soda Group’s Human Resources Development

In order for Nippon Soda to continue to grow in the future, the development of human resources is essential. The foundation of human resources development is education and training. In addition to on-the-job training (OJT) at the workplace, the Company conducts a variety of programs, including position-based training, management training, specialized training by job type, and support for self-development to improve language skills and obtain qualifications as well as other programs.

Educational programs (position-based training)

| Position | Age | Position-based training | Training for line managers | Career development support | Self-development support |
|--------------------|-----|--------------------------------------|------------------------------|--|--|
| Executives | | Executives training | | | e-Learning Correspondence Training Language Training |
| Managers | 50s | Level 3 Training | Division Managers Training | | |
| | 40s | Level 2 Training Level 1 Training | Department Managers Training | | |
| Assistant Managers | 30s | Assistant Managers Training | Section Managers Training | | |
| Staff Employees | 30s | | | Career Training (Advanced) (At 10 years of employment) | |
| | 20s | Follow-up Training | | Career Training (Basic) (At 5 years of employment) | |
| New Employees | 20s | Orientation Training | | Tutor Instruction (Specialized work) On-site Practical Training (Administrative work) | |

Rewarding Workplaces That Employees Can Be Proud Of

1 Improving employee satisfaction

The Nippon Soda Group focuses proactive efforts on creating a work environment in which all employees have a sense of fulfillment and can maximize their abilities. We aim to build a better workplace environment by gathering feedback from workplaces through the labor union and other channels on what systems and work environments are desirable to support employees’ growth, encourage autonomous career development, and help them to balance work and private life, and by taking measures to address these issues.

Number of employees who take childcare and nursing care leave

| FY | Employees taking childcare leave | | Employees taking family care leave | |
|--------|----------------------------------|-------|------------------------------------|-------|
| | Men | Women | Men | Women |
| 2015/3 | 0 | 6 | 0 | 0 |
| 2016/3 | 1 | 2 | 0 | 0 |
| 2017/3 | 2 | 3 | 1 | 0 |
| 2018/3 | 3 | 4 | 0 | 0 |
| 2019/3 | 5 | 10 | 1 | 0 |
| 2020/3 | 4 | 4 | 0 | 0 |

Number of employees taking maternity and childcare leave and the return to work/retention rate

| FY | Employees taking maternity and childcare leave | | Rate of employees returning to work (%) | | Retention rate (%) | |
|--------|--|----------|---|-------|--------------------|-------|
| | Men | Women | Men | Women | Men | Women |
| 2015/3 | 0 (1,144) | 5 (137) | – | 100 | – | 83.3 |
| 2016/3 | 1 (1,137) | 2 (142) | 100 | 100 | 100 | 100 |
| 2017/3 | 2 (1,138) | 3 (152) | 100 | 100 | 100 | 100 |
| 2018/3 | 3 (1,130) | 6 (159) | 100 | 75 | 100 | 100 |
| 2019/3 | 5 (1,143) | 12 (168) | 100 | 100 | 100 | 100 |
| 2020/3 | 4 (1,143) | 4 (170) | 75 | 100 | 100 | 100 |

The number of employees who have taken the leave is counted in the fiscal year in which they started maternity/postpartum leave and childcare leave.
The numbers in parentheses are the total numbers of men and women, respectively, at the end of each fiscal year.
Retention rate is for employees who in that fiscal year were in their third year since returning to work.

Together with Our Employees (Human Rights and Labor Practices)

Total annual working hours per employee

| Scheduled working hours | Early start and overtime hours | Holiday working hours | Paid annual leave days taken | Other paid leave days taken | Total annual working hours per person |
|-------------------------|--------------------------------|-----------------------|------------------------------|-----------------------------|---------------------------------------|
| 1,822.9 | 110.9 | 6.8 | 14.9 | 2.2 | 1,825.2 |

② Promoting work-life balance

We are working to create a workplace environment where our employees can continue working despite various lifestyle changes, such as childbirth, raising a child, and providing nursing care for ailing family members. We are revising our work regulations and advancing working style reforms in order to create a workplace where our employees can pursue their work without compromising their health, and achieve a good balance between their work and private lives.

▶ Work-life balance measures

③ Measures to maintain health

Nippon Soda conducts various initiatives related to health management and promotion in order to ensure our employees work with healthy bodies and minds.

Physical health

We implement health programs jointly with the corporate health insurance society. Specifically, with the cooperation of occupational physicians, we conduct specific health examinations, specific health guidance, and health checkups for lifestyle-related diseases.

Mental health

Nippon Soda provides stress checks for all employees, and has a consultation service available through specialized physicians, clinical psychologists, and outside institutions.

④ Labor-management relations and improvement of working conditions

The Company views negotiations with labor unions as an opportunity to engage in dialogue with its employees, and to discuss how to create working conditions that are consistent with the times. We are creating an environment in which employees and management can discuss issues and problems in the workplace with each other.

Number of labor union members (Nippon Soda)

| FY | Number of labor union members (Persons) | Average age (Years) | Average length of service (Years) | Percentage of members (%) |
|--------|---|---------------------|-----------------------------------|---------------------------|
| 2015/3 | 845 | 40.6 | 19.3 | 65.0 |
| 2016/3 | 844 | 40.4 | 18.9 | 64.8 |
| 2017/3 | 820 | 39.3 | 17.6 | 63.3 |
| 2018/3 | 824 | 37.9 | 15.8 | 62.7 |
| 2019/3 | 840 | 37.7 | 15.6 | 63.7 |
| 2020/3 | 853 | 37.9 | 15.8 | 65.0 |

Together with Our Business Partners (Fair Operating Practices)

The Nippon Soda Group promotes sound business activities that comply with legal requirements and are fair and just by engaging in dialogue and conducting awareness-building activities with our business partners.

Basic Policy

- Establishment of a purchasing policy that is predicated upon interacting with our business partners with dignity and integrity and handling business in a fair and just manner
- Promotion of business activities that meet stakeholders' expectations in purchasing activities, such as raw material procurement

Efforts in Procurement

▶ Compliance with the Code of Conduct

We established the following Code of Conduct regarding transactions with business partners from whom we make purchases, and are striving to comply with it.

- When assessing numerous vendors to choose a supplier, we determine the most appropriate business partner by comparing and evaluating such criteria as quality, price, delivery period, technical competence and stability of supply, in a fair and just manner.
- When consigning production to a business partner, we enter into a contract and conduct transactions based on a full understanding of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

▶ Approach to procurement

We will continue our purchasing activities while confirming the safety and soundness of business partners based on information gathered via trading companies from whom we purchase and results of audits conducted in cooperation with the quality management department of each of our plants.

▶ Purchasing policy

- Conduct purchasing activities grounded in legal compliance
- Execute raw material procurement that contributes toward realizing stable production
- Consider purchase balance aimed at achieving cost reduction
- Develop a stable procurement system rooted in a BCP (business continuity plan), such as having multiple sources from which to procure raw materials
- Realize appropriate inventory management of raw materials
- Participate in in-house and external training programs with the aim of acquiring knowledge on various laws related to purchasing (Antimonopoly Act, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, etc.)

▶ Nippon Soda's responsibilities and approaches

We are working with our business partners to develop relationships that lead to mutual growth by implementing direct and indirect means of gathering information. We are deepening the understanding of business partners regarding the Nippon Soda Group's purchasing policy and purchasing activities. Through these measures, we continue to conduct fair, just and sound procurement activities.

Dialogue with Business Partners

▶ Improve awareness on safety and disaster prevention together with our affiliated companies

We provide education on the safe use of agricultural machinery to companies to whom daily operations are consigned at various agricultural fields under the jurisdiction of the Odawara Research Center.

In cooperation with our affiliated companies, we aim to achieve zero accidents by involving all relevant people. We implement various measures to raise awareness on safety and disaster prevention among employees of affiliated companies who work within our facilities, such as the development of a list that clarifies who has qualifications for operating agricultural machinery and equipment and the management of performance levels.

Together with Our Business Partners (Fair Operating Practices)

▶ Educating transportation companies on logistics safety

The Nippon Soda Group regularly provides education targeting transportation companies. Our programs not only provide training to prevent accidents caused by our workers and during transport, but also information on past complaints received regarding logistics. We share such information to ensure the safe delivery of our products to our customers.



Logistics safety education (Putting on absorption can type gas masks)
(Ibaraki Distribution Center, Sanwa Soko Co., Ltd., November 12, 2019)

Together with Our Shareholders

The Nippon Soda Group discloses information in a timely and appropriate manner in order to enhance management transparency and to meet the expectations of and honor the trust that we receive from our stakeholders. We strive to hold constructive dialogue with our shareholders with the aim of realizing continuous growth and improving corporate value.

Basic Policy

- Maintaining constructive dialogue with our stakeholders and investors is essential to achieving continuous growth and improving corporate value over a medium- to long-term period. As such, our President and responsible directors and executive officers engage in dialogue as necessary.
- Information is disclosed in a timely manner, with importance placed on fairness and accuracy, in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange.
- Requests and comments received from our shareholders and investors through dialogue are communicated at Board meetings as necessary so that we can reflect them in management.

Communication

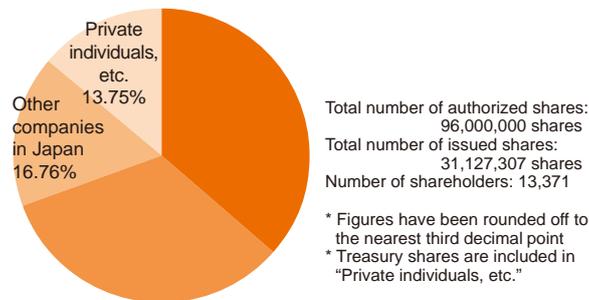
Dialogue with Our Shareholders

The Nippon Soda Group holds an ordinary general meeting of shareholders in June every year, viewing it as an important opportunity to engage in direct conversation with shareholders.

We strive to deliver the notice of convocation of the General Meeting of Shareholders at an early date so that our shareholders may acquire a good understanding of the issues that will be reported and the matters for resolution at the shareholders' meeting. We also provide pre-delivery disclosure of information on Nippon Soda's website and at the Tokyo Stock Exchange website, before the notice of convocation of the General Meeting of Shareholders is sent out.

Voting rights may be exercised not only in writing but also via the Internet.

We issue our business reports (annual report and interim report) twice a year in order to inform our shareholders of the Company's current situation. In addition, these business reports (in Japanese only) are posted on the Nippon Soda website to make them widely available to those other than our shareholders.



Share distribution by type of shareholder (As of March 31, 2020)

Dialogue with Investors and Analysts

The Nippon Soda Group actively engages in dialogue with investors and analysts to help deepen their understanding of business details and our business performance.

We hold financial results briefings twice a year for institutional investors and securities analysts, and also answer their requests for individual interviews. Our President and responsible directors explain in person the performance of the Nippon Soda Group and the growth scenario.

We provide a summary of our financial results in English for institutional investors outside Japan and send them our annual report every year. The director responsible for investor relations visits Europe and Asia to give explanations individually to institutional investors in those regions.

The questions and comments received through dialogue with investors and securities analysts are logged into our in-house database and reflected in the management of our Group where appropriate.

Together with Our Shareholders

Basic Policy on Shareholder Returns

The Nippon Soda Group makes decisions on profit distribution based on revenue trends and by comprehensively considering such issues as providing stable dividends, enhancing shareholders' equity, and improving our financial standing. Our basic policy is to provide dividends twice a year, at the middle and end of the fiscal year.

Retained earnings are used for improving corporate value, such as by advancing the development and achieving early market launches of new products, and for allotment to growth investment such as M&As and business partnerships, as well as for maintenance and upgrade investments to support stable and continuous growth.

As for return of profits to our shareholders, we strive to provide stable and continuous dividends with the goal of realizing a dividend payout ratio of 40% (however, with a lower limit to the per share annual dividend of 80 yen) based on the shareholders' return policy stated in the new medium-term business plan (Brilliance through Chemistry Stage I) for fiscal 2021 to fiscal 2023.

We will also adopt a flexible stance on repurchasing treasury shares as a shareholder return measure to complement dividends.

Together with Our Local Communities (Community Involvement and Social Dialogue)

The Nippon Soda Group participates in a variety of environmental and safety activities, and engages in dialogue with stakeholders on the environment, safety, and health with the aim of improving public trust in the Group.

Basic Policy

- Promotion of social contribution activities based on the concept of “contributing to the sustainable development of society through our business activities,” from the viewpoints of “contributing to resolving global environmental issues,” “a harmonious relationship with local communities,” and “contributing to the development of local communities.”
- Development of good relationships with local residents through various activities that meet the needs of local communities and that are designed and implemented by each business site and Group company.

Harmonious Relationship with Local Communities

► Contribution to local employment

Nippon Soda contributes to creating local employment opportunities through its worksites throughout Japan.

The ratio of the standard minimum wage to the local (prefectural) minimum wage at each worksite in FY 2020 is shown below:

Comparison of the standard minimum wage to the local minimum wage in FY 2020

| Site | Location (Prefecture) | Local minimum wage (Yen/hr) | Our Company's standard minimum wage* (Yen/hr) | Comparison with the minimum wage (%) |
|-------------------------|-----------------------|-----------------------------|---|--------------------------------------|
| Head Office | Tokyo | 1,013 | 1,130 | 111.5 |
| Odawara Research Center | Kanagawa | 1,011 | 1,130 | 111.8 |
| Chiba Research Center | Chiba | 923 | 1,123 | 121.7 |
| Nihongi Plant | Niigata | 830 | 1,123 | 135.3 |
| Takaoka Plant | Toyama | 848 | 1,123 | 132.4 |
| Mizushima Plant | Okayama | 833 | 1,123 | 134.8 |
| Chiba Plant | Chiba | 923 | 1,123 | 121.7 |

* Standard minimum wages for the Company were calculated based on the starting wages (same for men and women) for those joining the Company at the age of 18 in the manufacturing and non-manufacturing groups. Decimal points were rounded off.

► Participation in community cleanup activities

To fulfill our role and responsibilities as a corporate citizen, we regularly conduct cleanup activities in the neighborhoods of our worksites. We also actively participate in cleanup activities that are conducted together with people from the local communities, such as eco-walks and cleanup campaigns.

Frequency of cleanup activities for local communities

| FY | 2017/3 | 2018/3 | 2019/3 | 2020/3 |
|-------------------------------------|--------|--------|--------|--------|
| Nihongi Plant | 2 | 2 | 2 | 1 |
| Takaoka Plant | 2 | 2 | 2 | 2 |
| Mizushima Plant | 2 | 2 | 0 | 1 |
| Chiba Plant & Chiba Research Center | 3 | 3 | 3 | 4 |
| Odawara Research Center | 1 | 2 | 2 | 2 |

Together with Our Local Communities (Community Involvement and Social Dialogue)

Dialogue with Local Communities

► Communication activities at major worksites

Nippon Soda holds local gatherings and regularly conducts tours of plants and research centers for residents in areas where worksites are located in order to provide information on CSR activities and exchange views and comments.

External communication events at major sites (Frequency)

| FY | Site | Local gatherings | Tours of sites | RC Committee regional dialogue of the Japan Chemical Industry Association | Other |
|------|-------------------------|------------------|----------------|---|-------|
| 2017 | Nihongi Plant | 26 | 1 | 0 | 16 |
| | Takaoka Plant | 6 | 43 | 1 | 14 |
| | Mizushima Plant | 13 | 1 | 2 | 35 |
| | Chiba Plant | 0 | 2 | 1 | 18 |
| | Odawara Research Center | 1 | 49 | 0 | 9 |
| | Chiba Research Center | 0 | 2 | 0 | 0 |
| 2018 | Nihongi Plant | 25 | 0 | 0 | 16 |
| | Takaoka Plant | 6 | 44 | 1 | 77 |
| | Mizushima Plant | 15 | 2 | 1 | 40 |
| | Chiba Plant | 0 | 1 | 0 | 19 |
| | Odawara Research Center | 2 | 41 | 0 | 7 |
| | Chiba Research Center | 1 | 5 | 0 | 0 |
| 2019 | Nihongi Plant | 26 | 5 | 0 | 17 |
| | Takaoka Plant | 6 | 34 | 0 | 101 |
| | Mizushima Plant | 15 | 1 | 1 | 42 |
| | Chiba Plant | 1 | 2 | 0 | 10 |
| | Odawara Research Center | 1 | 39 | 0 | 9 |
| | Chiba Research Center | 0 | 7 | 0 | 0 |
| 2020 | Nihongi Plant | 26 | 2 | 0 | 16 |
| | Takaoka Plant | 6 | 25 | 2 | 86 |
| | Mizushima Plant | 11 | 0 | 2 | 25 |
| | Chiba Plant | 0 | 2 | 0 | 14 |
| | Odawara Research Center | 2 | 39 | 0 | 4 |
| | Chiba Research Center | 1 | 5 | 0 | 1 |

► Dissemination of information on CSR activities

The Nippon Soda Group disseminates information on its CSR activities in the following ways:

Anyone can read about our CSR activities in our *Integrated Report* as well as in the *ESG Data Book* on our corporate website. Also, we submit an implementation report and plan to the Japan Chemical Industry Association, and announce them in dialogue with local communities and other settings.

Each of our worksites provides information on our activities through regular tours and other gatherings.

► Dialogue with local residents

Regular gatherings are held at our worksites to give us an opportunity to hear the opinions of local residents.

► External communication

Nihongi Plant conducts environmental monitoring in cooperation with five residents living near the plant, and Takaoka Plant does the same with 12 residents in its vicinity. In FY 2020, we were provided with information on two incidents, dealt with the situations properly, explained our response to those who provided the information, and gained their understanding.

Together with Our Local Communities (Community Involvement and Social Dialogue)

Major Social Activities of Nippon Soda

Nippon Soda conducts social activities to build harmonious relationships with local communities and support their development.

Participation in Local Events

| FY 2020 | | | | |
|-----------------|--|---------------------------|---|--|
| Site | Name of local event | Date | Summary | Number of participants |
| Nihongi Plant | Eco-walk, Nakago-ku | April 14, 2019 | Helped pick up trash along frontage roads of a main road in Nakago-ku | Approximately 50 persons |
| | Science Festival for Children, Myoko City | July 15, 2019 | Exhibition booth | 13 persons, 141 other persons |
| | Dream Challenge, Joetsu City | July 29 to August 2, 2019 | Five second-year Nakago junior high school students received hands-on learning at a workplace | 5 second-year Nakago junior high school students |
| | Nishi-Sugenuma Neighborhood Association plant tour | August 23, 2019 | Plant overview, tour of the plant | 21 persons |
| | Fujisawa Area Autumn Festival | August 24, 2019 | Participated in Annual Fall Festival at Suwa Shrine in Fujisawa (carried portable shrine) | Plant manager, 4 other persons |
| | Plant study meeting for third-year Nakago elementary school students | September 6, 2019 | Plant overview, explanation of history, office inspection | 24 persons and 2 guides |
| | Midori no Hane fund-raising activities | May 24, 2019 | Conducted at the main gate of Nihongi Plant for Nakago middle school students (cooperation) | 20 persons |
| | Red Feather Community Chest fund-raising activity | October 25, 2019 | Conducted at the main gate of Nihongi Plant for sixth-year Nakago elementary school students | 20 persons |
| | Itabashi Neighborhood Association Environment Social Gathering | November 13, 2019 | Environment Social Gathering at the Neighborhood Association Public Hall | 10 persons |
| | Fujisawa Neighborhood Association Environment Social Gathering | November 29, 2019 | Environment Social Gathering at the Neighborhood Association Public Hall | 20 persons |
| Takaoka Plant | Traffic safety guidance on the street | May 20, 2019 | | 26 persons |
| | Maintenance of environment around the plant | June 25, 2019 | | 168 persons |
| | Traffic safety guidance on the street | September 30, 2019 | | 26 persons |
| | Maintenance of environment around the plant | October 31, 2019 | | 149 persons |
| | Nisso "Thanking Local Residents" event | November 9, 2019 | Plant tour, chemistry experiments for children, panel displays | 35 persons, 215 other persons |
| | Meeting with environmental monitors | November 21, 2019 | Exchange of opinions with environmental monitors | 5 persons, 9 other persons |
| | Meeting with local residents | November 26, 2019 | Exchange of opinions with local residents | 4 persons, 10 other persons |
| | | November 28, 2019 | | 4 persons, 10 other persons |
| | | December 3, 2019 | | 4 persons, 10 other persons |
| | | December 5, 2019 | | 4 persons, 11 other persons |
| Mizushima Plant | Cherry blossom party with local residents' associations | April 8, 2019 | Networking with local companies and executives of the local residents' association | 1 person |
| | Maintenance of environment around the plant | May 10, 2019 | Environmental maintenance activity for plant surroundings and nearby roads | 6 persons |
| | Honjo Ground Golf Competition | May 18, 2019 | Ground golf competition, including networking with local companies and the Honjo school district | 1 person |
| | Social gathering with local residents' associations | July 24, 2019 | Social gathering with local residents' association officers | 1 person |
| | Bon dance festival with local residents' association | August 11 to 13, 2019 | Bon dance festival, including networking with local companies and the local residents' association (four areas over three days) | 1 person in each area |
| | Kissho-in (Iou Inari Grand Festival) | November 9, 2019 | Kissho-in (Iou Inari Grand Festival) | 1 person |
| | Honjo Ground Golf Competition | November 16, 2019 | Grand golf competition, including networking with local companies and the Honjo school district | 1 person |
| | End-of-year joint party with Honjo residents' associations/Kinyo-kai | December 3, 2019 | Networking with local companies and executives of the local residents' association | 3 persons |
| | Honjo District rice cake making event | December 9, 2019 | Networking with local companies and executives of the local residents' association | 1 person |
| | Regular meeting/end-of-year party of Kinyo-kai | December 26, 2019 | Networking with local companies and executives of the local residents' association | 3 persons |
| | Tsuitachi-kai "New Year's Greeting Exchange" | January 6, 2020 | Networking with local companies and executives of the local residents' association | 4 persons |
| | Nisui-kai "New Year's Greeting Exchange" | January 9, 2020 | Networking with local companies and executives of the local residents' association | 2 persons |

Together with Our Local Communities (Community Involvement and Social Dialogue)

| FY 2020 | | | | |
|---------------------------|--|-------------------------|--|-------------------------------------|
| Site | Name of local event | Date | Summary | Number of participants |
| Chiba Plant | Goi Rinkai Festival | June 9, 2019 | Local residents coming together at Ichihara Ryokuchi Park | 10 persons |
| | Wakamiya Hachiman Shrine Grand Festival | July 14, 2019 | Wakamiya Hachiman Shrine Grand Festival | 1 person |
| | Yoro Shrine Summer Grand Festival | July 28, 2019 | Yoro Shrine Summer Grand Festival | 1 person |
| | Dezu Bon Dance Festival | August 3, 2019 | Dezu-cho Association Bon Dance Festival | 1 person |
| | Kashi Bon Dance Festival | August 3, 2019 | Kashi-cho Association Bon Dance Festival | 1 person |
| | Iwasaki Bon Dance Festival | August 10, 2019 | Iwasaki Bon Dance Festival at Ryokuchi Sports Park | 1 person |
| | Tamasaki Summer Festival | August 17, 2019 | Summer festival at the plaza in front of the Tamasaki Community Building | 1 person |
| | Matsugashima Summer Festival | August 18, 2019 | Matsugashima Town Council Summer Festival | 1 person |
| | Kazusa Ichihara Kokufu Festival | October 5, 2019 | Local residents coming together at Kazusa Sarashina Park | 1 person |
| | Omiya Shrine Autumn Festival | November 1, 2019 | Omiya Shrine Autumn Festival | 1 person |
| | Singles event at an industrial complex | November 16, 2019 | Singles event held at the Brick & Wood Club | 6 persons |
| | Omiya Shrine New Year's Festival | January 1, 2020 | Omiya Shrine New Year's Festival | 1 person |
| | Kashi Fuki Inari Shrine New Year's Festival | January 1, 2020 | Fuki Inari Shrine New Year's Festival | 1 person |
| | Omiya Shrine Setsubun Festival | February 3, 2020 | Mame-maki (soy bean throwing) at Omiya Shrine | 1 person |
| | Odawara Research Center | Local community cleanup | June 12, 2019 | Cleanup alongside National Route 16 |
| Volunteer support program | | September 11, 2019 | Approximately 30 persons | |
| | | November 13, 2019 | 28 persons | |
| | | February 12, 2020 | Approximately 30 persons | |
| Chiba Research Center | Local community cleanup | May 28, 2019 | Cleanup of roads near Odawara Research Center | 22 persons |
| | Local community cleanup | October 30, 2019 | Cleanup of roads near Odawara Research Center | 24 persons |
| | Organizers' association for the Sakabe District Corporate Social Gathering Association (Haibara) | December 16, 2019 | Meeting to discuss the details of the general meeting of the Corporate Social Gathering Association | 1 person |
| | Safety Prayer Festival (Sugawara Shrine) | January 7, 2020 | | 2 persons |
| | General meeting of the Sakabe District Corporate Social Gathering Association (Haibara) | January 23, 2020 | Mayor's lecture, general meeting of the Corporate Social Gathering Association, social gathering with local companies and residents in the Sakabe District | 2 persons |
| Chiba Research Center | Volunteer Support Program | June 12, 2019 | Cleanup alongside National Route 16 | 6 persons |
| | | September 11, 2019 | | 6 persons |
| | | November 13, 2019 | | 6 persons |
| | | February 12, 2020 | | 5 persons |

Each of our worksites is engaged in a variety of activities that match the needs of the community and strives to build good relationships with local residents.



Maintenance of environment around the plant (Mizushima Plant, May 10, 2019)



Goi Rinkai Festival (Chiba Plant, June 9, 2019)



Science Festival for Children (Nihongi Plant, July 15, 2019)



Fujisawa Area Autumn Festival (Nihongi Plant, August 24, 2019)



Cleanup of nearby roads (Odawara Research Center, October 30, 2019)



Nisso "Thanking Local Residents" event (Takaoka Plant, November 9, 2019)

Together with Our Local Communities (Community Involvement and Social Dialogue)

Stakeholder Engagement

We engage with stakeholders to deepen our understanding of society's needs and values through dialogue with our stakeholders, and to promote business activities that meet the expectations of local communities.

► Environmental responsibility rating from the DBJ

Rank A

In March 2020, Nippon Soda Co. Ltd., received a loan from the Development Bank of Japan as a result of receiving the highest rating under the bank's DBJ Environmentally Rated Loan Program for our "environmental management systems and initiatives, including our especially progressive approach to environmental awareness."

► Inclusion in the Meiji Yasuda Women's Participation and Advancement in the Workplace Fund

► Efforts to prevent occupational accidents

As part of our stakeholder engagement, Sompo Risk Management & Health Care Inc. was asked to conduct an occupational health and safety survey (diagnosis) at Nihongi Plant on December 23 and 24, 2019.

► Diagnosis of disaster prevention capability

Disaster prevention capability diagnosis was performed by Sompo Risk Management & Health Care Inc.

| | |
|---|-----------------------|
| Nihongi Plant | November 21-22, 2019 |
| Takaoka Plant | September 26-27, 2019 |
| Mizushima Plant | September 12-13, 2019 |
| Chiba Plant | June 7, 2019 |
| Aizu Plant, Nisso Metallochemical Co., Ltd. | May 30-31, 2019 |
| Isohara Plant, Nisso Fine Co., Ltd. | June 20-21, 2019 |

Signing of and support for economic, environmental and other initiatives, social charters, and principles

| Title | Applicable countries | Applicable worksites | Signature date | Voluntary/ Mandatory |
|---|--|--|------------------|-------------------------|
| Declaration on the Promotion of Responsible Care Activities | Japan and 43 other countries and regions | All offices, consolidated subsidiaries | October 30, 1998 | Voluntary |
| Declaration on the Promotion of CSR Activities | Japan and 43 other countries and regions | All offices, consolidated subsidiaries | April 1, 2012 | Voluntary |
| Responsible Care Global Charter | Japan and 43 other countries and regions | All offices, consolidated subsidiaries | December 5, 2014 | Voluntary |

Membership categories at advocacy organizations and institutions in Japan and abroad

| Advocacy institutions | Applicable countries | Membership |
|---|----------------------|---|
| International Council of Chemical Associations (ICCA) | Worldwide | Participating as a corporate member of JCIA |
| Japan Chemical Industry Association (JCIA) | Japan | Corporate member |
| Global Product Strategy (GPS) | Worldwide | Participating as a corporate member of JCIA |
| Japan Initiative of Product Stewardship (JIPS) | Japan | Participating as a corporate member of JCIA |
| Japan Soda Industry Association (JSIA) | Japan | Member |

Corporate Governance

Corporate Governance Highlights



Basic Concept

Nippon Soda places primary importance on sound and transparent business management in compliance with the law. Our management philosophy is to contribute to social development by providing superior products through chemistry, to meet expectations from stakeholders, including shareholders, investors, business partners, employees and local communities, and to promote environmentally conscious business practices and activities.

Under this philosophy, we are committed to growing into a technology-oriented group that develops high-added-value products by making best use of its proprietary technologies and expands its business with a global point of view and a focus on chemistry.

In addition, we recognize that the enhancement of corporate governance is an important management issue for realizing our management philosophy and responding quickly and appropriately to rapid changes in the business environment.

► **Corporate Governance Report** https://www.nippon-soda.co.jp/environment/pdf/governance_report_200626.pdf

A History of Strengthening Governance

Aiming to Strengthen Governance

- Strengthen management supervision and improve operational agility
- Increase the diversity of the Board of Directors
- Enhance management transparency and fairness
- Strictly comply with laws and regulations and corporate ethics

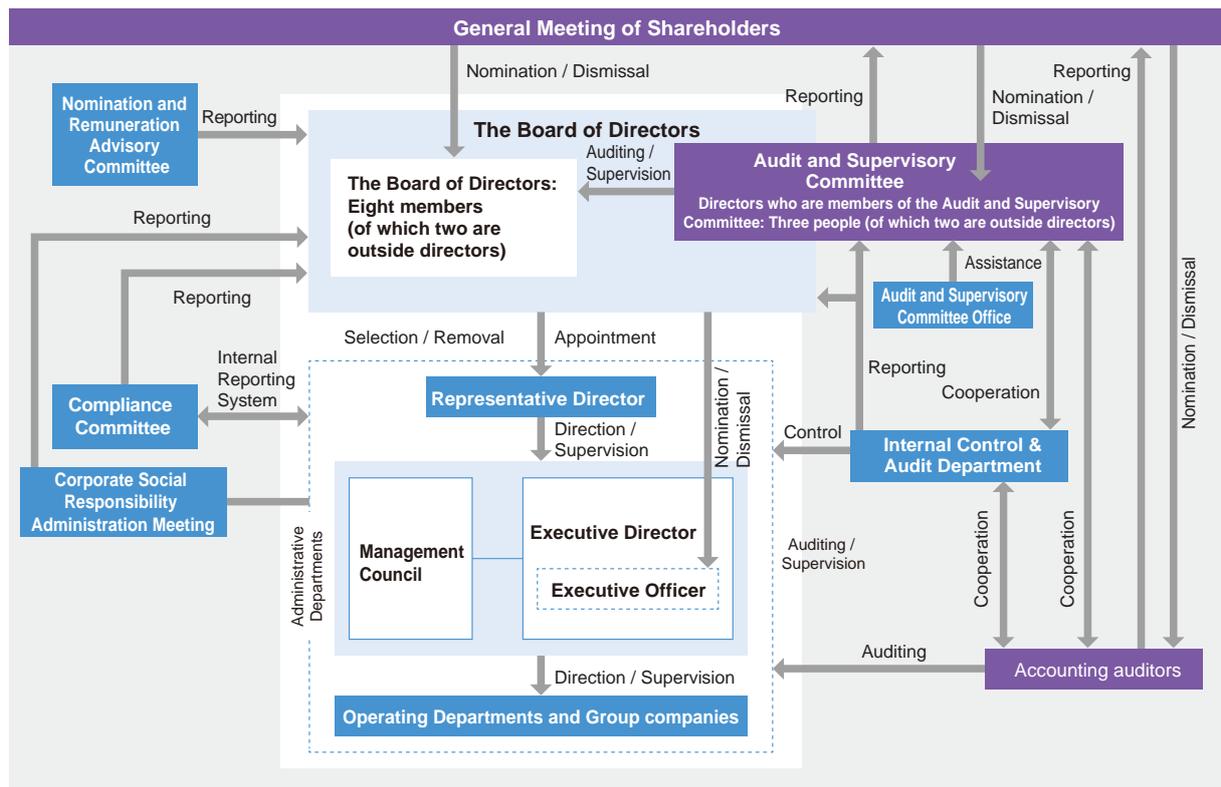
- FY 2013 Established a CSR Administration Meeting
Abolished the executive retirement benefit system
- FY 2014 Introduced an executive officer system (number of directors reduced from 14 to 7)
Nominated 1 outside director
- FY 2016 Nominated 2 outside directors (increased by one person, including one woman)
Started effectiveness assessment of the Board of Directors
- FY 2017 Reviewed the executive compensation system (introduced a performance-based stock compensation plan, board benefit trust (BBT))
- FY 2018 Established Remuneration Advisory Committee
- FY 2019 Established Nomination and Remuneration Advisory Committee
Utilized external organization for effectiveness assessment of the Board of Directors
- FY 2021 Transitioned to a company with an audit and supervisory committee
(from 9 directors and 4 auditors to 11 directors, including 2 women)

Corporate Governance

Corporate Governance System

The Nippon Soda Group is fully aware of its fiduciary responsibility in accordance with the Corporate Governance Code and is committed to enhancing its corporate governance structure.

• Corporate Governance Structure Diagram



General Meeting of Shareholders

The Nippon Soda Group holds an ordinary general meeting of shareholders in June every year, viewing it as an important opportunity to engage in direct dialogue with our shareholders. We deliver the notice of convocation of the General Meeting of Shareholders at an early date so that our shareholders may acquire a good understanding of the issues that will be reported and the matters for resolution at the shareholders' meeting.

We also provide pre-delivery disclosure of information on Nippon Soda's website and at the Tokyo Stock Exchange website, before the notice of convocation of the General Meeting of Shareholders is sent out. Voting rights may be exercised not only in writing but also via the Internet.

Board of Directors

The Board of Directors is responsible for making important management decisions (based on clear standards, such as amounts above a certain level) as stipulated by laws and regulations, the Articles of Incorporation, and the Board of Directors Rules, as well as supervising the execution of each director's duties. The tenure of directors (excluding directors who are members of the Audit and Supervisory Committee) is set at one year to ensure that they are able to respond quickly to changes in the environment and to clarify their management and operational responsibilities.

Corporate Governance

Audit and Supervisory Committee

Two of the three directors who are members of the Audit and Supervisory Committee are outside directors. Directors who are also members of the Audit and Supervisory Committee not only attend Management Council meetings, but also inspect important documents (approval requests) and receive explanations of important matters directly from the relevant directors, executive officers, department, or subsidiary in an effort to gain an accurate understanding of corporate information throughout the Group while also monitoring and verifying whether or not related departments are handling and responding to the situation and whether or not internal controls are being legally and appropriately executed. In addition to this, they work closely with the accounting auditors to ensure the reliability of our financial statements, in particular, by receiving regular reports from them and attending some of their on-site audits.

Nomination and Remuneration Advisory Committee

In order to enhance the fairness and objectivity of executive personnel and executive compensation, we have established a Nomination and Remuneration Advisory Committee consisting of two outside directors and the President, which advises and makes recommendations to the Board of Directors on executive personnel and compensation.

Management Council

In accordance with the Management Committee Operation Rules, Nippon Soda's Management Council, consisting of executive officers who concurrently hold the position of director as well as others requested by the President to attend, generally meets once a week (with auditors). It discusses important issues involving business execution other than issues that must be discussed by the Board of Directors, in order to make quick decisions on issues related to business management.

Compliance Committee

Nippon Soda operates a Compliance Committee, which reports directly to the President, to ensure corporate activities in compliance with laws, regulations and corporate ethics throughout the Group. The Compliance Committee comprises executive officers as its members. At each department, branch, worksite and Group company, a staff member in charge of compliance is appointed.

Corporate Social Responsibility Administration Meeting

Chaired by the President, the Corporate Social Responsibility Administration Meeting serves as a Company-wide decision-making body to promote CSR activities, including RC. It sets annual targets to help the PDCA cycle "spiral up" and provides a management-level review of CSR activities. Held twice a year, the Corporate Social Responsibility Administration Meeting is attended by directors, executive officers, worksite managers, and Group companies for a review by the management.

Corporate Governance

Director Nomination Policy

Decisions on the nomination of director candidates and the selection and dismissal of senior management are made by resolution of the Board of Directors based on the advice and recommendations of the Nomination and Remuneration Advisory Committee. Also, candidates for the position of director who are members of the Audit and Supervisory Committee are determined by the Board of Directors after obtaining the consent of the Audit and Supervisory Committee.

To ensure that they are suitable for their responsibilities, candidates for directors and senior management are selected in accordance with the following criteria:

- | | |
|---|---|
| (1) Extensive business experience | (4) Have the proper character and insight |
| (2) Excellent managerial sense | (5) Be healthy in body and mind |
| (3) Leadership, drive and planning skills | |

Candidates for outside directors are nominated in accordance with the requirements of the Companies Act and the Tokyo Stock Exchange, and include those with expertise and extensive experience who can be expected to provide constructive and candid views and comments on the Company’s management.

In the event of any impropriety or significant violation of relevant laws, regulations or the Articles of Incorporation in the performance of duties by senior management, or any other reason that makes it difficult for them to properly perform their duties, they shall be removed from their position.

Diversity of the Board of Directors

Candidates for the position of director are nominated based on the nomination process described above, taking into account the balance of each function (e.g., sales, planning and management, and research technology) and their ability to cover each business area.

In addition, on the basis of a third-party opinion of the effectiveness of the Board of Directors, we increased the number of outside directors and female directors in June 2020.

Third-party evaluation of the effectiveness of the Board of Directors (Implemented in May 2019)

- The Company should consider increasing the number of outside directors in order to “appoint outside directors with different skills and experience to boost the supervisory function of the Board of Directors” and “increase the ratio of outside directors to one third.”
- Although the current composition of the Board of Directors is composed of a well-balanced group of people from each organization and department, the Company currently relies on one outside director (woman) to address gender and internationalism, and the Company should focus on developing this group.

Outside Directors

Nippon Soda has four highly independent outside directors, including two directors (who are also members of the Audit and Supervisory Committee) in an effort to enhance the ability of the Board of Directors to contribute to the Company’s sustainable growth and to increase medium- and long-term corporate value. Regarding independent outside directors, in accordance with the requirements of the Companies Act and the Tokyo Stock Exchange regarding independence, the Company nominates individuals who are unlikely to have conflicts of interest with general shareholders and who are able to ensure objectivity and rationality in the Company’s decision-making and contribute to increasing corporate value. Specifically, none of the following must apply to the person:

- | | |
|--|--|
| (1) A person who does business with the Company or its subsidiaries as a principal customer or an executive person thereof | (4) A person who has fallen into any of the above categories (1) to (3) in the past year |
| (2) A primary business partner of the Company or its subsidiaries or an executor of such business | (5) The spouse or a relative within the second degree of kinship of the following persons: |
| (3) A consultant, certified public accountant, lawyer or other professional who has received a large amount of money or other assets from the Company or its subsidiaries in addition to director’s remuneration | 1. a person who falls under (1) to (4) above |
| | 2. a person who is, or has been in the past one year, an executive of the Company or its subsidiaries |
| | 3. a person who is currently, or has been in the past one year, a non-executive director of the Company or a subsidiary of the Company |

Corporate Governance

• Reasons for Appointment of Outside Directors

| Name | Attendance at meetings of the Board of Directors and the Board of Auditors | | Reason for nomination |
|-------------------|--|------------------------------------|---|
| | Board of Directors (16 meetings) | Board of Auditors (15 meetings) | |
| Junko Yamaguchi | 12 times* | — | We believe that by having her apply her practical experience in sales and development obtained through her experience at other companies as well as her experience as a corporate auditor to the management of our Company, she will be able to further strengthen our management system. |
| Mitsuaki Tsuchiya | (newly appointed) | — | We believe that by having him apply the knowledge and experience he has gained over many years in the banking business and his involvement in the management of other companies, he will be able to further strengthen the Company's management structure. |
| Shigeo Ogi | 16 times | 15 times | He has a wealth of knowledge as an accountant, including international experience, and although he has never been directly involved in corporate management, we believe that he can apply his extensive knowledge and experience to auditing the Company's management. |
| Yoko Waki | (newly appointed) | (newly appointed) | Although she never been directly involved in corporate management, we believe that she can use her extensive knowledge and insight on corporate law as an attorney and her experience as an outside director of other companies to audit the Company's management. |

* Since June 27, 2019, when Ms. Junko Yamaguchi was appointed as a director of the Company, the Board of Directors has met 12 times.

Executive Remuneration

Policy on remuneration

Nippon Soda's executive remuneration is determined based on a balance of global standards, company performance and employee salaries.

Director remuneration shall be determined within the limits of the total amount of remuneration approved by the General Meeting of Shareholders, and shall be discussed and decided by the Board of Directors based on the advice, recommendations and findings of the Nomination and Remuneration Advisory Committee to the Board of Directors.

Corporate auditor remuneration shall be determined by the Board of Auditors in consultation with the shareholders, within the limits of the total amount of remuneration approved by the General Meeting of Shareholders. It was resolved at the Annual General Meeting of Shareholders held on June 28, 2012 that the total amount of remuneration for directors and corporate auditors shall not exceed ¥350 million and ¥100 million per year, respectively.

In conjunction with the transition to a company with an Audit and Supervisory Committee, a resolution was passed on June 26, 2020 at the 151st Ordinary General Meeting of Shareholders to abolish the provision concerning the total amount of remuneration for directors and corporate auditors and to set the total amount of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) and directors who are members of the Audit and Supervisory Committee at no more than ¥350 million and no more than ¥100 million per year, respectively, after the transition to a company with an Audit and Supervisory Committee. Also, as stipulated in the Articles of Incorporation, the number of directors (excluding those who are members of the Audit and Supervisory Committee) is limited to 10 persons, and the number of directors who are members of the Audit and Supervisory Committee is limited to 5 persons.

Remuneration decision-making process

▶ Activities of the Nomination and Remuneration Advisory Committee

In consultation with the Board of Directors, the members shall deliberate on the policy on executive remuneration and other matters, and provide advice, recommendations and findings to the Board of Directors. Executive compensation for the fiscal year ended March 31, 2020 was discussed on June 21, 2019.

▶ Activities of the Board of Directors

The Board considers and decides upon the findings of the Nomination and Remuneration Advisory Committee. With respect to executive remuneration for the fiscal year ended March 31, 2020, directors' remuneration and board benefit trust points to be granted were discussed and decided on June 27, 2019.

Corporate Governance

Remuneration system

Remuneration for directors, excluding outside directors, consists of (1) fixed remuneration, (2) performance-linked remuneration, and (3) evaluation remuneration, the ratios of which are shown in the table below (ratios for each position). In addition, we have introduced a performance-based stock compensation plan. Note that outside directors and corporate auditors are paid only fixed remuneration and are not subject to performance evaluation. Following the transition to a company with an Audit and Supervisory Committee, directors and outside directors who are members of the Audit and Supervisory Committee are paid only fixed remuneration and are not subject to performance evaluation.

• Ratio of remuneration for each position

(Units: %)

| Position | Fixed remuneration | Performance-linked remuneration | Evaluation remuneration |
|--|--------------------|---------------------------------|-------------------------|
| Representative directors/directors (excluding outside directors/part-time directors) | 62-70 | 23-30 | 6-8 |
| Outside director/Part-time director | 100 | — | — |
| Auditors | 100 | — | — |
| Outside directors | 100 | — | — |

a. Fixed remuneration The amount is determined based on the role and position of the director.

b. Performance-linked remuneration Calculated by the following formula, using an index that shows the results and performance of the relevant fiscal year. Prior-fiscal year performance-linked remuneration + adjustment of performance-linked remuneration for the relevant fiscal year*1 = performance-linked remuneration for the relevant fiscal year

*1 Performance-based adjustments for the fiscal year are calculated based on two indices: (1) increase or decrease in consolidated ordinary profit and (2) increase or decrease in non-consolidated operating margin. These two indices are selected as performance-linked remuneration indicators because they measure the degree of achievement of consolidated and non-consolidated performance and are suitable for assessing the level of achievement and the level of contribution of each director. In addition to these indices, the performance of the departments for which they are responsible is taken into account for the directors of sales departments.

The changes in consolidated ordinary profit and non-consolidated operating margin are as follows:

| | Numerical targets (Previous fiscal year results) | Actual values (Fiscal year ended March 31, 2020) | Increase / Decrease |
|-----------------------------------|--|--|---------------------|
| Consolidated ordinary profit | ¥8,888 million | ¥10,312 million | ¥1,424 million |
| Non-consolidated operating margin | 3.1% | 4.5% | 1.4% |

c. Evaluation remuneration It is calculated based on the level of achievement of the targets set by each officer at the beginning of the term.

d. Stock-based remuneration We have introduced a board benefit trust (BBT). It is a point system based on position, and points are awarded according to the following formula. At the 151st Ordinary General Meeting of Shareholders held on June 26, 2020, the Company transitioned to a company with an Audit and Supervisory Committee and at the same meeting of shareholders, a resolution was passed to reintroduce a stock-based compensation plan for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors).

Standard points based on position x Index coefficient for the fiscal year *2 (%) = Points granted for the fiscal year

*2 The index coefficients are determined by using a matrix table that measures (1) the fiscal year's ROE and (2) the increase/decrease in consolidated operating profit (the amount of increase/decrease in the current fiscal year's actual results compared to the average of the previous three years) as indicators, with a range of 0% to 150%.

• Total amount of remuneration by officer category, total amount of remuneration by type of remuneration, and number of eligible officers

| Officer classification | Total amount of remuneration (Millions of yen) | Total amount of remuneration by type (Millions of yen) | | | | | Number of eligible officers (Persons) |
|---|--|--|---------------------------------|-------|---------------------|--------------------------------------|---------------------------------------|
| | | Fixed remuneration | Performance-linked remuneration | Bonus | Retirement benefits | Performance-based stock remuneration | |
| Directors (Excluding outside directors) | 217 | 133 | 67 | — | — | 15 | 10 |
| Auditors (Excluding outside directors) | 25 | 25 | — | — | — | — | 1 |
| Outside officers | 69 | 69 | — | — | — | — | 6 |

* The number of directors (excluding outside directors) who are eligible for performance-based stock compensation is nine.

Effectiveness Assessment of the Board of Directors

Nippon Soda has been conducting self-assessments of all directors and corporate auditors in the form of questionnaires every year since the fiscal year ended March 2016, with the purpose of improving the Board of Directors' decision-making and supervisory functions in the appropriate execution of duties. In the fiscal year ended March 2019, the fourth year of the project, we conducted an analysis and evaluation based on an interview survey commissioned by an external organization. Based on this performance, in the fiscal year ended March 31, 2020, we conducted the same self-assessment as in the past and examined and discussed our current understanding of effectiveness. As a result, it was confirmed that overall, the Company's Board of Directors has been effective. However, the transition to a company with an Audit and Supervisory Committee was recognized as an opportunity to strengthen governance through the effective use of the Audit and Supervisory Committee's oversight and supervisory functions, and we will continue to work on improving the operation of the Board of Directors to further enhance its effectiveness.

Compliance

Basic Policy

The Nippon Soda Group ensures corporate activities are undertaken in compliance with laws, regulations and corporate ethics by making all employees aware of the Nippon Soda Group Code of Conduct. Our efforts to ensure business management that emphasizes regulatory compliance include the establishment of the Compliance Committee and proper implementation of the internal reporting system. Through these efforts, we enhance the internal control system and continue to be a company trusted by society.

• The Nippon Soda Group Code of Conduct

| | |
|---|--|
| 1. Compliance with laws, rules, regulations and corporate ethics | (1) Fair behavior (2) Compliance with corporate ethics (3) Prompt corrective action and strict disciplinary action in response to the violation of a law, rule or regulation |
| 2. Relationship with society | (1) Contribution to society (2) Compliance with all applicable laws (3) Restrictions on political and other donations (4) Severance of relationships with antisocial forces (5) Environmental preservation and protection (6) Compliance with laws and regulations related to security trade control and imports and exports |
| 3. Relationship with customers, business partners and competitors | (1) Safety of products (2) Compliance with the Antimonopoly Act (3) Compliance with suppliers' guidelines for fair transactions and the Subcontract Act (4) Prevention of unfair competition (5) Business entertainment and gifts (6) Prevention of bribery of foreign public officials (7) Appropriate advertising |
| 4. Relationship with shareholders and investors | (1) Disclosure of management information (2) Prohibition of insider trading |
| 5. Relationship with employees | (1) Respect for human rights and prohibition of discrimination (2) Prohibition of harassment (3) Protection of privacy (4) Safety and hygiene at worksites (5) Compliance with labor laws |
| 6. Relationship with the Company and its assets | (1) Compliance with working regulations (2) Proper accounting (3) Conflicts of interest (4) Prohibition of political and religious activities (5) Management of corporate secrets (6) Appropriate use of corporate assets (7) Appropriate use of information systems (8) Protection of intellectual property |
| 7. Supplementary provisions | (1) Scope of application of this Code of Conduct (2) Revision and abolition of this Code of Conduct (3) Violation consultation hotline (4) Penalties |

Compliance Promotion System

Nippon Soda has a Compliance Committee, which reports directly to the President, to ensure corporate activities in compliance with laws, regulations and corporate ethics throughout the Group. The Compliance Committee comprises executive officers as its members. At each department, branch, worksite and Group company, a staff member in charge of compliance is appointed.

The Nippon Soda Group has established a consultation desk, whereby an employee of the Group who has committed an infraction or becomes aware of an infraction by another employee, can consult directly with the Compliance Committee Secretariat, an outside attorney or an Audit and Supervisory Committee member.

• Composition of the Compliance Committee



Compliance Promotion and Education

We have formulated the Nippon Soda Group Code of Conduct, which specifies matters to be observed by the Nippon Soda Group in order to carry out sound corporate activities. This Code of Conduct is distributed to the executives and all employees of Nippon Soda and its consolidated subsidiaries, and we provide ongoing training to ensure thorough compliance with laws and regulations. We conduct legal education and training related to our operations once a year or more, and in the fiscal year ended March 31, 2020, we conducted a total of four major compliance training sessions for Nippon Soda and major Group companies. In addition, we conduct an annual compliance survey of all employees to determine their understanding of the Code of Conduct.

Compliance

Education on laws and regulations related to chemicals and product safety

Nippon Soda provides educational and explanatory sessions on laws and regulations related to the management of chemicals on a regular basis.

| No. | Programs and details | Site and date | Number of participants |
|-----|--|--|--------------------------|
| 1 | Education for new/transferred employees (Contents: Chemical substances laws and regulations, Poisonous and Deleterious Substances Control Act, UN Recommendations on the Transport of Dangerous Goods, labeling, SDS, Yellow Cards, internal rules, etc.) | Head Office First session on May 8 and 10, 2019 Second session on May 13 and 15, 2019 | 16 persons 17 persons |
| 2 | Pharmaceutical education (Contents: Regulations related to the Pharmaceutical and Medical Device Act, changes to the certificate/standards form of approval for manufacture and sale, FY 2019 results and FY 2020 plans, safety management information) | Nihongi Plant* April 16, 2019 | 4 persons |
| 3 | Pharmaceutical education (Contents: Manager, management system, changes to the certificate of approval for manufacture and sale, revisions to standards form, FY 2019 results and FY 2020 plans, safety management information) | Head Office April 22, 2019 | 11 persons |
| 4 | Education on the Pharmaceutical and Medical Device Act, violations of the Pharmaceutical and Medical Device Act, and preventive measure policies | Head Office August 23, 2019 Nihongi Plant, Takaoka Plant, Osaka Branch Office, Takaoka Office* August 20 and 26, 2019 | 14 persons 12 persons |
| 5 | Pharmaceutical education for new/transferred employees (Contents: Basic education on pharmaceuticals, violations of the Pharmaceutical and Medical Device Act, and preventive measure policies) | Head Office November 19, 2019 | 3 persons |
| 6 | Education for new/transferred employees (Contents: Poisonous and Deleterious Substances Control Act, UN Recommendations on the Transport of Dangerous Goods, etc.) | Head Office November 19, 2019 | 4 persons |
| 7 | Explanatory session on revision of laws and regulations (Contents: Revisions to the Chemical Substances Control Law, the Industrial Safety and Health Act, the Poisonous and Deleterious Substances Control Act; revision of the Food Sanitation Act; revision of JIS standard for SDSs and labels, etc.; revisions of overseas laws and regulations, and others) | Head Office February 12 and 14, 2020 4 plants and 2 research centers* January 27, February 17, 18, and 26, 2020 | 34 persons 71 persons |

* Conducted online



Education on the Pharmaceutical and Medical Device Act, violations of the Pharmaceutical and Medical Device Act, and preventive measure policies (Conducted at the Head Office on August 23, 2019)

Significant fines for violation of laws and regulations related to the provision or use of products and services

No relevant events were reported.

Risk Management

Status of Internal Audit System

- (1) In accordance with the basic policy regarding system development necessary to ensure proper business operation, Nippon Soda establishes and implements systems that ensure compliance and efficient and sound company management, and provides information on relevant rules throughout the Company.
- (2) We promote CSR (corporate social responsibility) practices in order to maintain the trust of society needed to continue our business activities.

Regulations on the Risk Management of Losses and Other Systems

- (1) We ensure corporate activities in compliance with laws, regulations and corporate ethics by ensuring all employees are fully informed of the Nippon Soda Group Code of Conduct.
- (2) We have established a “Corporate Social Responsibility Administration Meeting” chaired by the President to promote business activities taking into account environmental protection, occupational safety, product safety, and human rights. In addition, we implement risk management in accordance with Company regulations such as the “Environmental Management Regulations” and “Security Management Regulations” to prevent accidents from occurring.
- (3) Should a serious accident occur, an accident response headquarters is established in accordance with corporate rules, including the Security Management Regulations, to address the accident in a cross-sectional and systematic way.
- (4) If a natural disaster, such as a large earthquake, or any other crisis that could have disastrous consequences occurs, we shall respond appropriately according to the business continuity plan (BCP).
- (5) Other risks associated with business execution are appropriately addressed by responsible departments in accordance with response manuals and other documents.
- (6) The Internal Control & Audit Department has been established independently from business departments to assess the appropriateness and efficiency of business activities and the reliability of financial reports and to promote the appropriate functioning of the internal control system in business processes.

Internal Audits

The Company’s Internal Control & Audit Department, which is independent of the operating divisions, works closely with the directors, who are also members of the Audit Committee, to assess the appropriateness and efficiency of business activities and the reliability of financial reports. The directors who are also members of the Audit and Supervisory Committee keep abreast of developments throughout the Nippon Soda Group and monitor and verify the proper execution of internal controls. Furthermore, to ensure the reliability of financial information and other information, they work in close cooperation with the accounting auditors, who report regularly and attend some of the audits conducted.

Risk Management System

- 1) Nippon Soda operates a Compliance Committee, which reports directly to the President, to ensure corporate activities in compliance with laws, regulations and corporate ethics throughout the Group.
- 2) The Compliance Committee is comprised of executives who serve as committee members. Also, each department, branch, worksite and Group company has its own compliance staff in place.
- 3) The requirements that allow the Group to conduct sound business activities are specified in the Nippon Soda Group Code of Conduct, which is distributed to the management and all employees of Nippon Soda and its Group companies. In addition, training based on the Code of Conduct is regularly provided.
- 4) A consultation hotline is available to employees of Nippon Soda and its Group companies who have violated internal policies or who have discovered violations committed by others to assist them in directly consulting with the Office of the Compliance Committee or an external lawyer or member of the Audit and Supervisory Committee.

Risk Management

Information Disclosure to Stakeholders

- 1) We disclose management information, such as financial conditions and the status of business activities, in a timely and appropriate manner. As well, we provide clarifications on the Company's management philosophy and policy.
- 2) The director in charge of general affairs is responsible for investor relations, and plays a leading role in constructive communication with investors and shareholders to achieve the sustainable growth of Nippon Soda and improve its medium- to long-term value. If necessary, the Company offers opportunities for communication with the Representative Director & President, directors in charge and/or executive officers.
- 3) Requests and opinions from investors and shareholders are conveyed to the Board of Directors and/or those concerned, as necessary, and reflected in business management.
- 4) We have our own internal insider trading management rules. The Information Management Manager is primarily responsible for information disclosure.

CSR Activities

Nippon Soda's basic policy is to contribute to society through its business activities by effectively using the technologies, knowledge and human resources accumulated since its foundation. Based on this policy, we engage in CSR practices to continue our business activities while earning the trust of the general public.

At every stage of the product lifecycle, from manufacturing to disposal, we practice Responsible Care (RC) to take environmental protection, occupational safety and product safety into account in our business activities.

Information Security Management

Appropriate management and protection of our information assets is one of the priority issues in managing our business. Nippon Soda promotes information security management under the supervision of the director in charge of corporate strategy. In addition to the development of internal regulations such as the Information Security Policy, we are working to raise awareness of the importance of information assets by advocating the appropriate use of information systems in the Nippon Soda Group Code of Conduct. We are taking measures to strengthen the information security management system of the entire Nippon Soda Group, including training at Group companies on how to deal with suspicious emails to prevent external viruses from infecting our computers.

Proper Management of Personal Information

In response to the adoption of the My Number system in January 2016, Nippon Soda developed the Basic Policy for Proper Handling of Specific Personal Information and the Specific Personal Information Handling Regulations to ensure the proper handling of personal information as an organization.

We collect, use, store and handle individual numbers (My Numbers) of executives, employees and their dependents in an appropriate manner, in compliance with laws and regulations related to the handling of personal information and individual numbers, and within the scope of use specified in the basic policy and handling regulations.

Risk Management

Business and Other Risks

1. Market risks

- (1) Some of the Group's businesses include products and services that are subject to economic fluctuations. Therefore, if market conditions fluctuate significantly due to changes in the economic environment, the Group's results of operations could be significantly affected.
- (2) In the Agro Products Division, earnings tend to increase in the fourth quarter due to the seasonal nature of demand. In addition, the Group's business results may be significantly affected by weather fluctuations, as the Group's businesses tend to be susceptible to weather conditions.

2. Exchange rate risk

- (1) The Group operates on a global basis and foreign currency fluctuations affect net sales and materials procurement costs in foreign currencies. For this reason, we seek to mitigate the impact on operating results through foreign exchange contracts.
- (2) Since the yen-translated figures in the consolidated financial statements of overseas consolidated subsidiaries and equity-method affiliates are influenced by foreign exchange rates, dramatic fluctuations in foreign exchange rates may have a significant impact on the Group's performance.

3. Materials procurement risks

If the Group is unable to secure the materials used in its products, or if the price of materials fluctuates drastically, the Group's results of operations could be significantly affected. For this reason, we strive to ensure stable procurement of materials and reduce the impact of rising material prices on our business performance by implementing measures such as lowering the cost of raw materials and appropriately shifting the costs to sales prices.

4. Legal and regulatory risks

While the Group conducts its business activities in compliance with the laws and regulations in Japan and countries abroad in which it operates, there is a tendency for regulations on chemical products to be stricter due to increasing worldwide awareness of environmental issues. Therefore, if environmental regulations become more stringent than expected and require substantial additional investments in the future, our business performance could be significantly affected.

5. Research and development risks

The Group invests a large amount of management resources in the development of new products. However, in research and development, particularly in the Agro Products Division, the development and period for confirming the efficacy and safety of a product may take a long time, and the research and development and commissioning costs involved in up-front investment are significant, so if the research theme is not put to practical use, the Group's results of operations may be significantly affected.

6. Quality assurance or products risk

As a chemicals manufacturer, the Group is working on responsible care activities (voluntary risk reduction activities) for quality management, and in particular, we are striving to improve management based on ISO 9001. In addition, we conduct product liability (PL) risk assessments prior to the sale of new products and make quality improvements in accordance with ISO 9001 to ensure that PL problems are avoided. However, there is no guarantee that

all products will be defect-free and free of PL issues. For this reason, the Group carries product liability insurance to protect itself in the event of an accident. However, if an un-anticipated serious quality defect occurs, the Group's business performance could be significantly affected.

7. Accident and disaster risks

As a chemicals manufacturer, the Group is acutely aware of the risks associated with manufacturing. We engage in responsible care activities with respect to quality, environmental protection, occupational safety & health, process safety and disaster prevention, logistics safety, chemicals and product safety, etc., and strive to prevent accidents at our production facilities and chemical product storage facilities. Nevertheless, if an unforeseen accident or a large-scale natural disaster were to cause damage to personnel or property at our manufacturing facilities, or if damage were to occur in the areas in the vicinity of our plants, there may be a significant impact on our business results due to a loss of public confidence in the Group, the cost of measures to deal with the accident and disaster, and lost opportunities due to the suspension of production activities.

8. Application of impairment accounting risks

If the value of the Group's business assets substantially declines, or if the Group does not expect to recover its investment due to a decline in profitability or other factors, recording an impairment loss could have a material impact on the Group's results of operations.

9. Retirement benefit obligations risks

The Group's employee retirement benefit costs and obligations are calculated based on actuarial assumptions, such as the rate of return on plan assets and the discount rate, so if the actual results differ substantially from the assumptions due to abrupt changes in the market environment or other factors, the Group's results could be significantly affected.

10. Intellectual property infringement risks

The Group manages its intellectual property rights strictly. However, it may not be able to fully protect its intellectual property rights in certain countries and may not be able to completely prevent infringement by third parties, which could have a significant impact on the Group's business results.

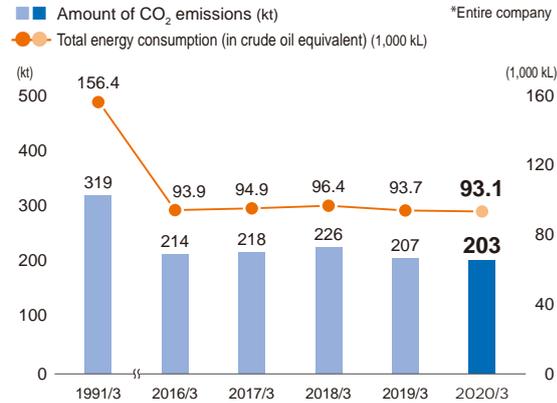
11. COVID-19 pandemic risks

As some of the Group's businesses include products and services that are affected by economic fluctuations, significant fluctuations in market conditions due to changes in the economic environment caused by COVID-19 could have a significant impact on the Group's business results.

ESG Data

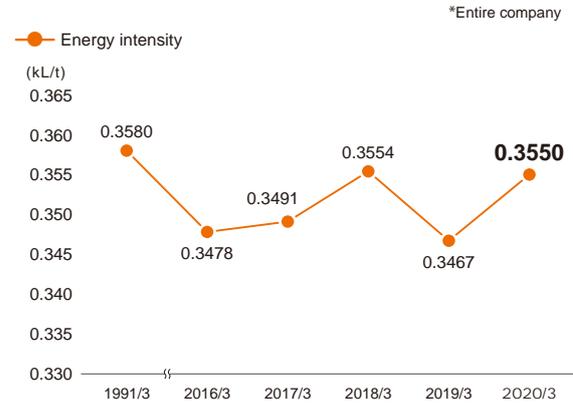
Environmental Data of Nippon Soda

Energy consumption and CO₂ emissions



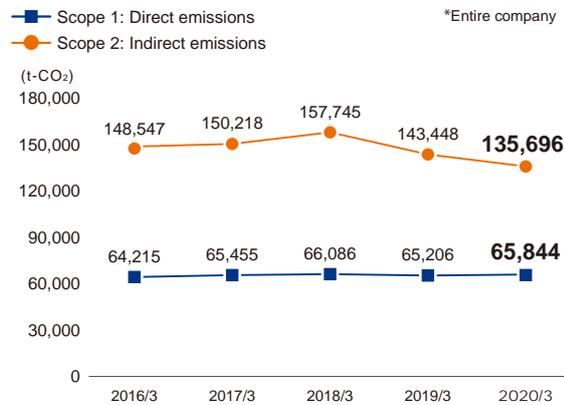
Note: In 2010/3 and later years, the amounts of consumption at the Head Office, branches and other offices were included. The scope of data collection at Chiba Plant was changed.

Energy intensity

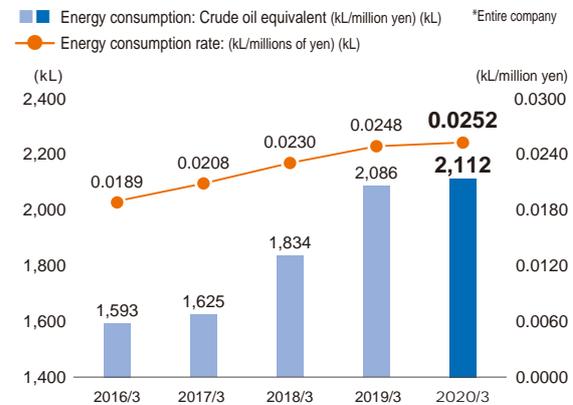


Note: Since 2017/3, the intensity calculation method of a section of the plant was changed from the "simple production output method" to the "standard product conversion method."

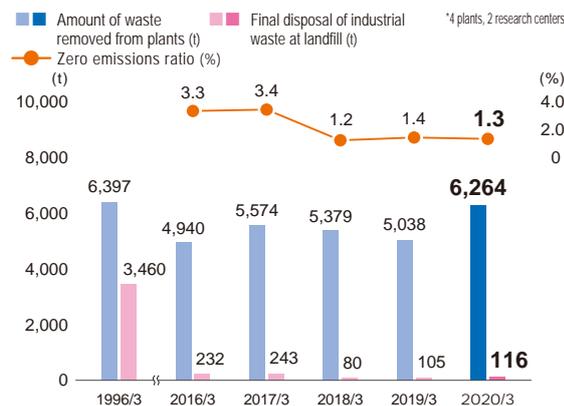
Scope 1 and 2 GHG emissions



Energy consumption related to transport and energy consumption rate

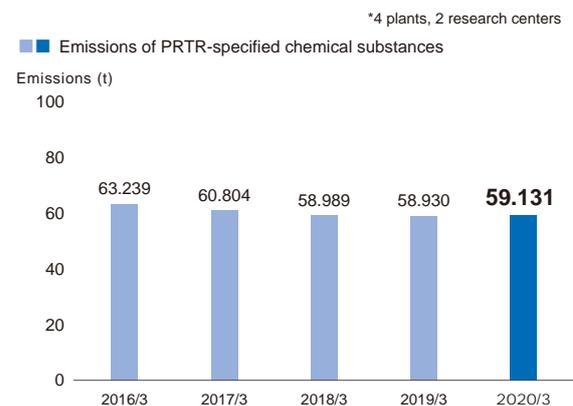


Amount of industrial waste transported



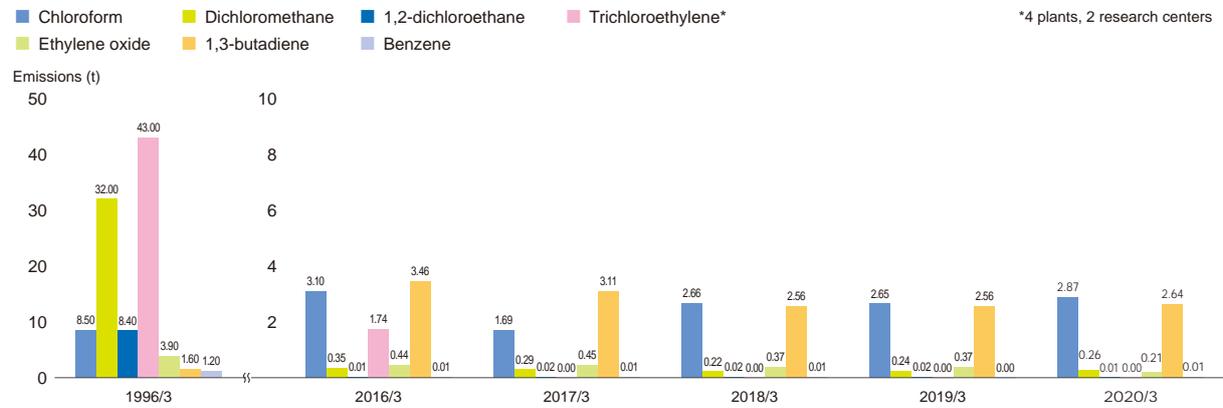
Note: Base year of the amount of final disposal at landfill: 1996/3
The amount of waste removed from plants does not include the waste sludge of activated sludge process at Takaoka Plant (which is treated with microbial autolysis at an external facility).

Emissions of Class 1 chemical substances specified by the PRTR Law

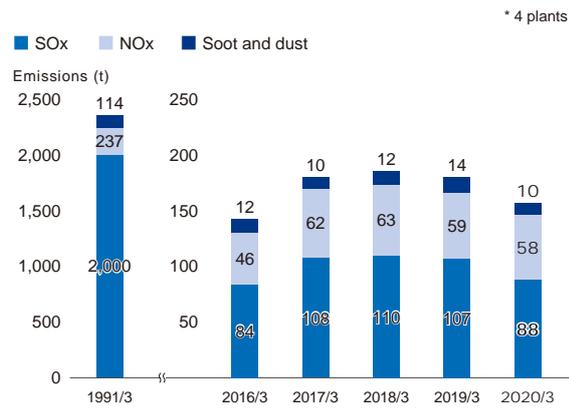


ESG Data

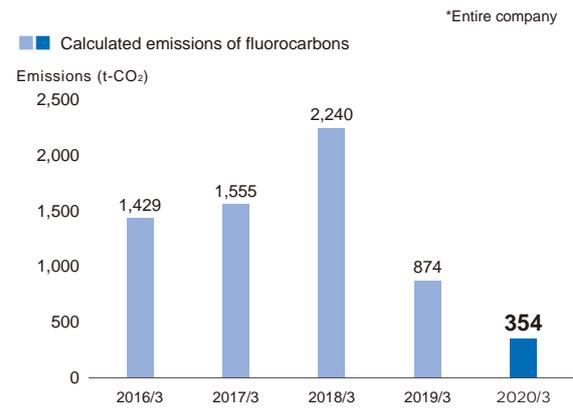
Emissions of voluntarily controlled chemical substances into the atmosphere



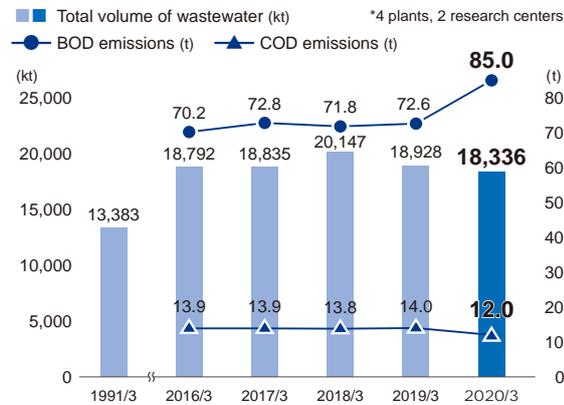
Emissions of substances controlled by the Air Pollution Control Act



Calculated emissions of fluorocarbons



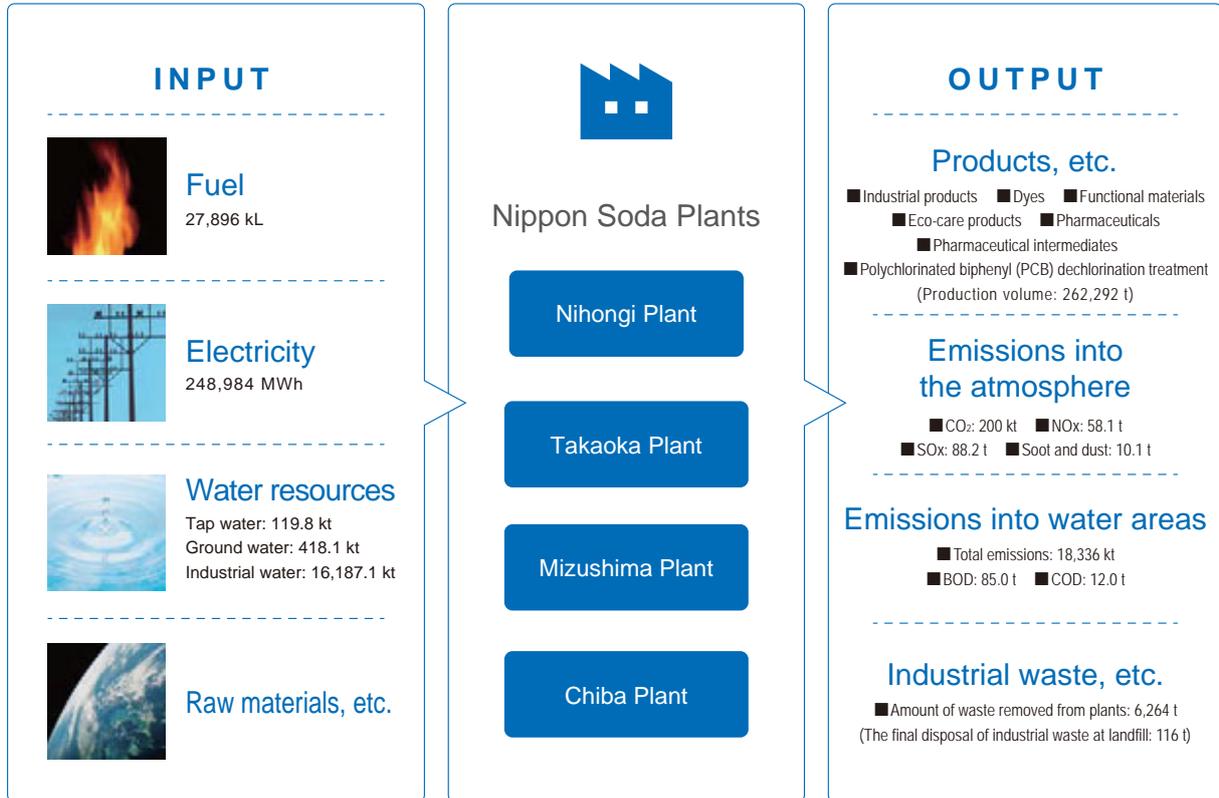
Total volume of wastewater and emissions of BOD and COD



ESG Data

Major Environmental Impact Data

The environment impacts of Nippon Soda's four major plants in Japan in FY 2020 are shown in the figure below:



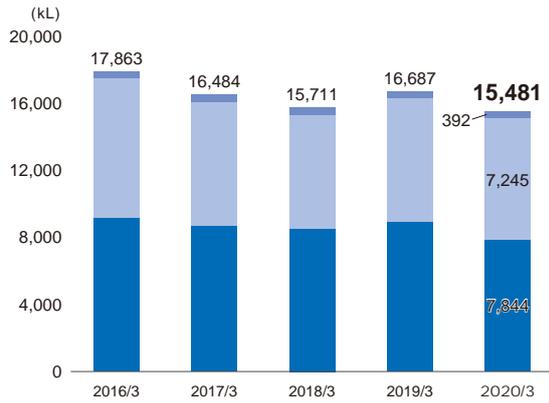
ESG Data

Environmental Data of Group Companies

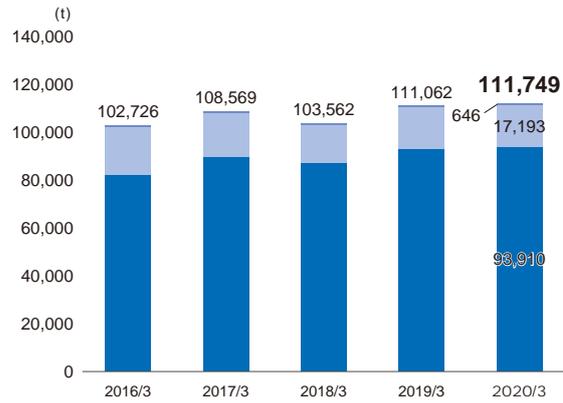
Manufacturing Group Companies

■ Nisso Metallochemical Co., Ltd. ■ Nisso Fine Co., Ltd. ■ Shinfuji Kaseiyaku Co., Ltd.

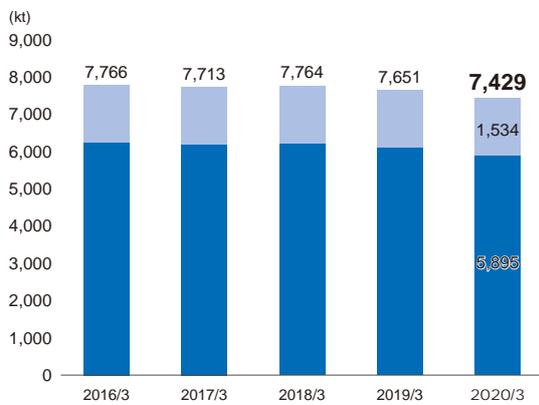
Energy consumption (in crude oil equivalent)



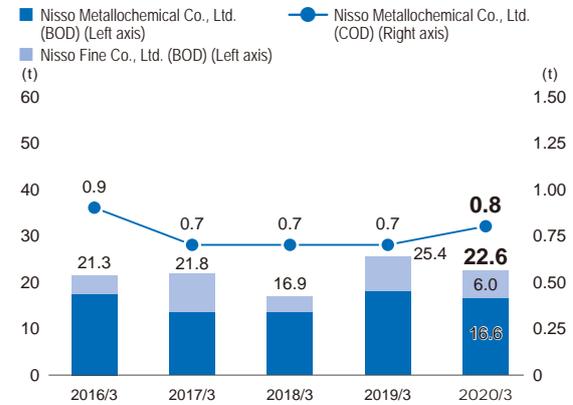
Amount of carbon dioxide emissions



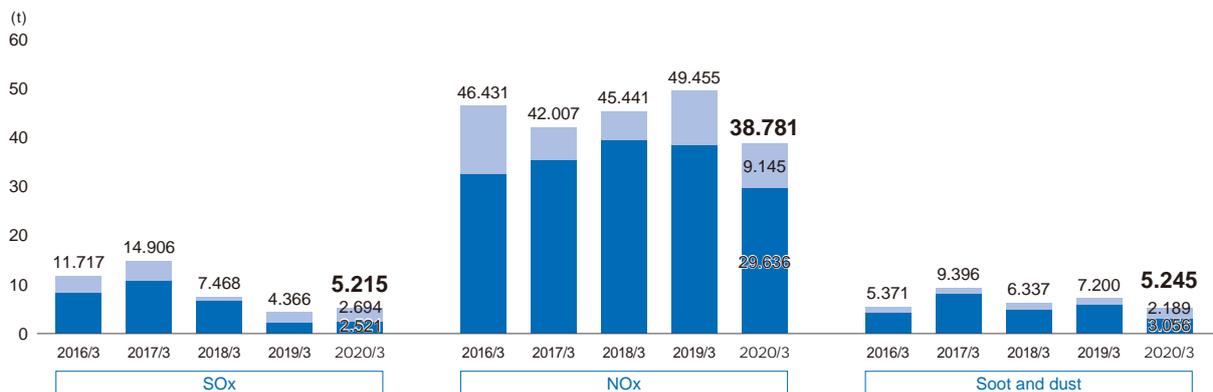
Total volume of wastewater



BOD and COD of wastewater

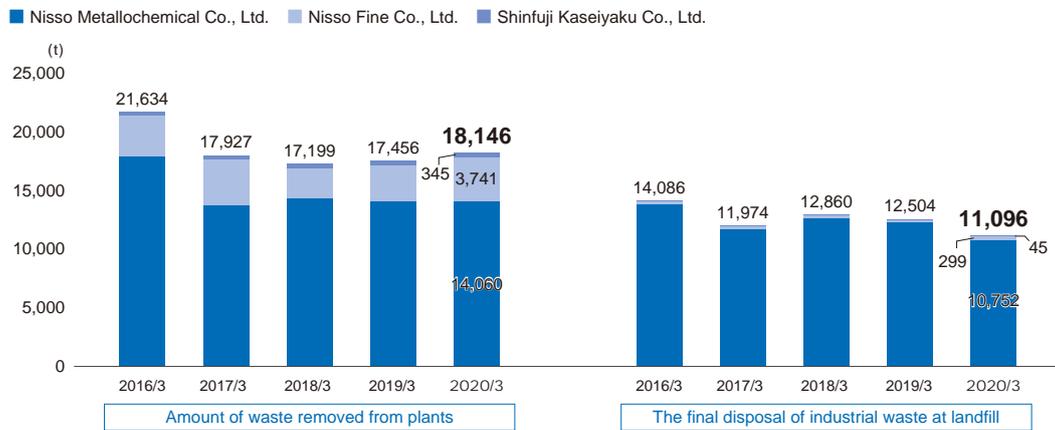


Amount of emissions of substances subject to the Air Pollution Control Act



ESG Data

Amount of industrial waste emissions

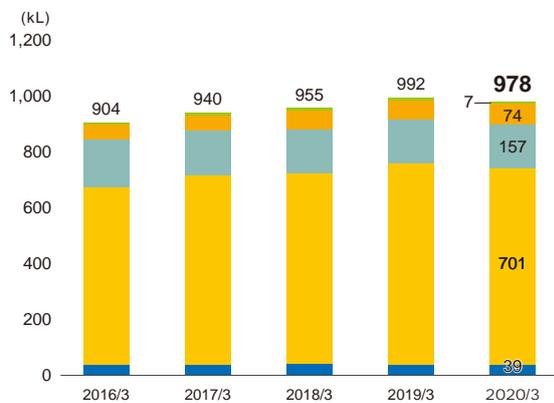


Overseas Manufacturing Group Companies

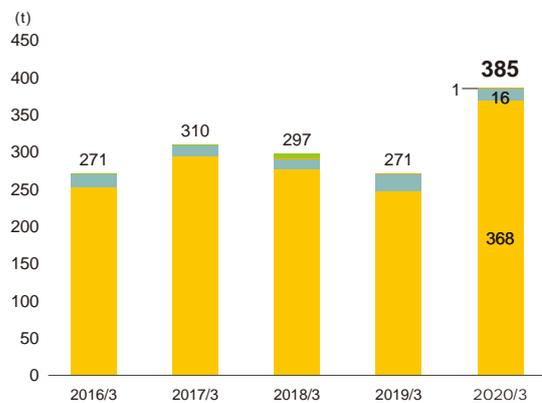
| | | 2016/3 | 2017/3 | 2018/3 | 2019/3 | 2020/3 |
|-----------------------------|--|----------|----------|----------|----------|----------|
| ALKALINE SAS (MSSA) | Energy consumption: MWh | 277,814 | 271,004 | 289,841 | 299,119 | 285,083 |
| | Total volume of wastewater: m ³ | 253,026 | 235,791 | 230,615 | 239,734 | 222,539 |
| Nisso Namhae Agro Co., Ltd. | Energy consumption (in crude oil equivalent): kL | 2,046.18 | 2,040.68 | 1,761.83 | 1,646.67 | 1,957.98 |
| | Carbon dioxide emissions: kt | 4.09 | 4.07 | 3.48 | 3.25 | 3.89 |
| | Total volume of wastewater: kt | 103.98 | 98.48 | 90.78 | 77.30 | 78.20 |

Non-Manufacturing Group Companies

Energy consumption (in crude oil equivalent)



Amount of industrial waste emissions

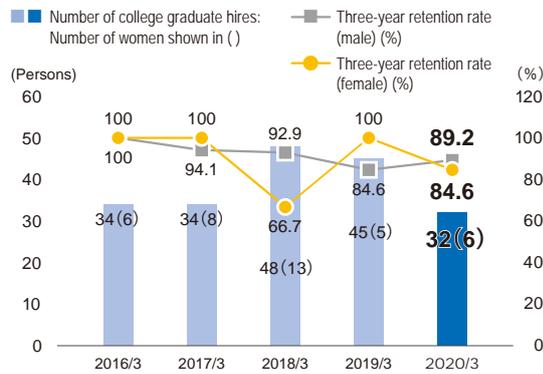


Note: The amount of waste generated at Nisso Shoji Co., Ltd. is not included.

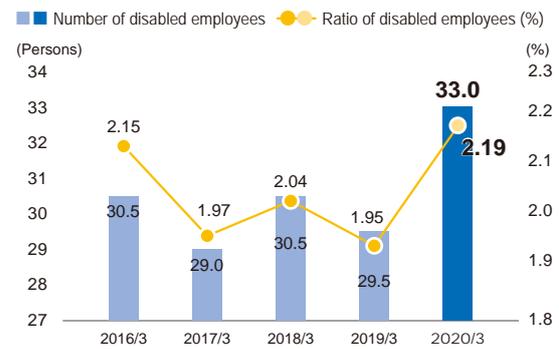
ESG Data

Social Data of Nippon Soda

Number of hired persons (by gender) and retention rate



Number of disabled persons employed and ratio of disabled employees



Number of employees who take childcare and family care leave

| FY | Employees taking childcare leave | | Employees taking family care leave | |
|--------|----------------------------------|-------|------------------------------------|-------|
| | Men | Women | Men | Women |
| 2015/3 | 0 | 6 | 0 | 0 |
| 2016/3 | 1 | 2 | 0 | 0 |
| 2017/3 | 2 | 3 | 1 | 0 |
| 2018/3 | 3 | 4 | 0 | 0 |
| 2019/3 | 5 | 10 | 1 | 0 |
| 2020/3 | 4 | 4 | 0 | 0 |

Number of employees taking maternity and childcare leave and return to work/retention rate

| FY | Employees taking maternity and childcare leave | | Rate of employees returning to work (%) | | Retention rate (%) | |
|--------|--|----------|---|-------|--------------------|-------|
| | Men | Women | Men | Women | Men | Women |
| 2015/3 | 0 (1,144) | 5 (137) | - | 100 | - | 83.3 |
| 2016/3 | 1 (1,137) | 2 (142) | 100 | 100 | 100 | 100 |
| 2017/3 | 2 (1,138) | 3 (152) | 100 | 100 | 100 | 100 |
| 2018/3 | 3 (1,130) | 6 (159) | 100 | 75 | 100 | 100 |
| 2019/3 | 5 (1,143) | 12 (168) | 100 | 100 | 100 | 100 |
| 2020/3 | 4 (1,143) | 4 (170) | 75 | 100 | 100 | 100 |

* The number of employees who have taken the leave is counted in the fiscal year in which they started maternity/postpartum leave and childcare leave. The numbers in parentheses are the total numbers of men and women respectively at the end of each fiscal year. Retention rate is for employees who in this fiscal year are in their third year since returning to work.

Total annual working hours per employee

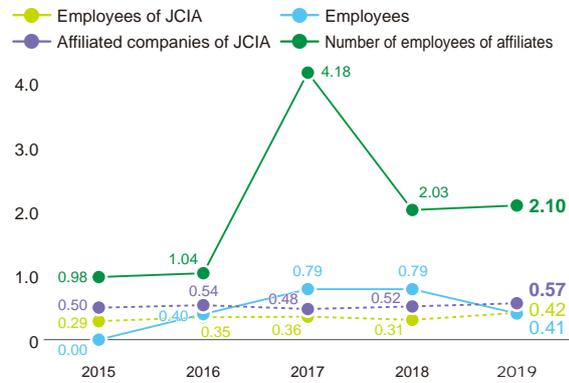
| Scheduled working hours | Early start and overtime hours | Holiday working hours | Paid annual leave days taken | Other paid leave days taken | Total annual working hours per person |
|-------------------------|--------------------------------|-----------------------|------------------------------|-----------------------------|---------------------------------------|
| 1,822.9 | 110.9 | 6.8 | 14.9 | 2.2 | 1,825.2 |

Number of labor union members (Nippon Soda)

| FY | Number of labor union members (Persons) | Average age (Years) | Average length of service (Years) | Percentage of members (%) |
|--------|---|---------------------|-----------------------------------|---------------------------|
| 2015/3 | 845 | 40.6 | 19.3 | 65.0 |
| 2016/3 | 844 | 40.4 | 18.9 | 64.8 |
| 2017/3 | 820 | 39.3 | 17.6 | 63.3 |
| 2018/3 | 824 | 37.9 | 15.8 | 62.7 |
| 2019/3 | 840 | 37.7 | 15.6 | 63.7 |
| 2020/3 | 853 | 37.9 | 15.8 | 65.0 |

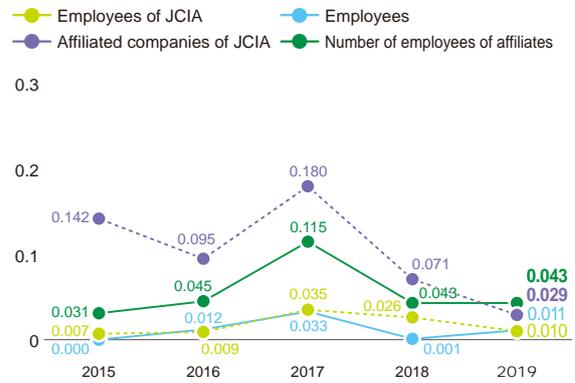
ESG Data

Occupational accident frequency rates



Note: JCIA stands for Japan Chemical Industry Association.
Occupational accident frequency rate: Casualties ÷ Total working hours (per million hours)
The data is for January 1 to December 31 of each year.

Severity rate of occupational accidents



Severity rate of occupational accidents: Working days lost ÷ Total working hours (per 1,000 hours)
The data is for January 1 to December 31 of each year.

CSR Activities at Plants

Nihongi Plant

950, Fujisawa, Nakago-ku, Joetsu, Niigata 949-2392
 TEL: +81-255-81-2300 FAX: +81-255-81-2341



Major products manufactured

Caustic potash, alcoholate, NISSO HPC, faropenem sodium, MOSPILAN, NISSORUN, NISSO HI-CHLON, HIDION, etc.

Number of employees

325 (As of the end of March 2020)
 (Including 66 Joetsu Nisso Chemical employees)

Affiliated companies

241 employees (As of the end of March 2020)
 ISO 14001: Certified in March 2000
 ISO 9001: Certified in August 1995
 ISO 45001: Certified in September 2020

Teruo Tachibana, Executive Officer, Nihongi Plant Manager

The Nippon Soda Group celebrated its 100th anniversary on February 1, 2020. The Group's origins are at the Nihongi Plant, which started operations in 1920 amidst the rich natural environment at the base of Mount Myoko, one of Japan's most famous mountains. We have continued our operations while giving full consideration to the natural environment and gained the understanding and support of local communities and stakeholders through various exchange programs.

We conduct CSR activities involving all employees, and contribute to realizing a vibrant society through business activities that consider not only process safety and disaster prevention, but also safety and health, environmental conservation, and quality assurance. Our efforts are also focused on being a plant that is trusted by local residents, as well as everyone working at the plant. In recent years, we have participated in a project to create a new type of community together with the Nakago-ku General Office, the community development association, elementary and junior high schools, and other local residents.

In this year's plant policy, we set forth "make rapid strides" in a new start toward the next 100 years. We will maintain and improve the plant's foundation while working to maintain the plant's safety, stability and reliability.

Environmental data for FY 2020

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2019. "+" denotes an increase, while "-" denotes a decrease.

| Emissions into water areas | | | Emissions into the atmosphere | | | | Final disposal of industrial waste at landfill |
|----------------------------|------------|-----|-------------------------------|-------------|------------|---------------|--|
| Volume of wastewater | BOD | COD | CO ₂ | NOx | SOx | Soot and dust | |
| 7,084 (-409) | 7.3 (-1.1) | — | 70 (-2) | 21.1 (+0.5) | 1.2 (-0.8) | 9.1 (-2.9) | 19.2 (-13.1) |

FY 2020 amount of PRTR substance emissions

Note: The figures in parentheses represent the difference from results in FY 2019. "+" denotes an increase, while "-" denotes a decrease.

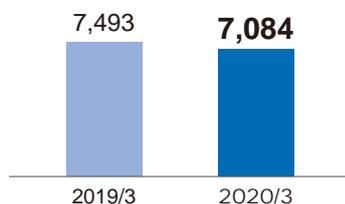
| Substance | Emission amount | | Transported amount |
|------------|-----------------|-------------|--------------------|
| | Air | Water | |
| Toluene | 29.17 (+7.26) | 0.00 (0.00) | 0.00 (0.00) |
| Fluorine | 0.00 (0.00) | 0.00 (0.00) | 3.42 (+1.48) |
| Chloroform | 2.59 (-0.20) | 0.00 (0.00) | 0.00 (0.00) |

PRTR substances: 15 substances Total emission amount: 33.51 t Total amount transported: 3.19 t

The amount of boron exceeded 1 ton due to increased production of products requiring its use, exceeding the limit for reporting required by law (From 14 to 15)

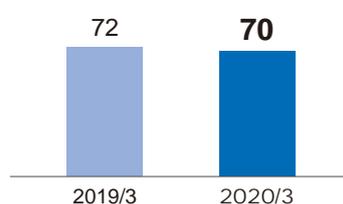
Emissions into water areas

Volume of wastewater (kt)



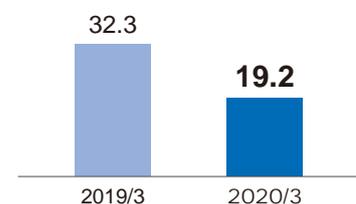
Emissions into the atmosphere

CO₂ (kt)



Final disposal of industrial waste at landfill

(t)



CSR Activities at Plants

Takaoka Plant

300 Mukaino-honmachi, Takaoka, Toyama 933-8507
TEL: +81-766-26-0206 FAX: +81-766-26-0300



Major products manufactured

Caustic soda, hydrochloric acid, TODI, phosphorous chloride, organotitanium, secondary battery materials, TOPSIN-M, TRIFMINE, pesticide formulation products, etc.

Number of employees

355 (As of the end of March 2020)
(Including 18 employees of Nisso BASF Agro Co., Ltd., a manufacturing joint venture)

Affiliated companies

155 employees (As of the end of March 2020)
ISO 14001: Certified in November 2000
ISO 9001: Certified in June 1995
OHSAS 18001: Certified in November 2005

Atsuo Watanabe, Executive Officer, Takaoka Plant Manager

Takaoka Plant started operation in 1934 by the Oyabe River in Takaoka City, Toyama Prefecture. The area sits amid the Tateyama mountain range, the Hida mountains and the Hakusan mountain range, which provide abundant water, and by Toyama Bay, which is rich in natural resources. Supported by abundant water and electricity, we manufacture basic chemical products through the electrolysis of sodium chloride (salt), which is the basis of the chemical industry. Using these chemical products as ingredients, we also manufacture functional chemicals and agrochemicals, essential items in modern society.

There are many issues associated with the process of manufacturing these products, including large amounts of electricity consumption and the generation of waste. Taking these issues seriously, we have been engaged in various efforts for conserving the environment, such as energy reduction and waste recycling. Since Takaoka Plant is a chemical plant, all employees working here handle hazardous substances professionally and safely. We also place strong emphasis on ensuring safety and disaster prevention so that even if an accident does occur we can minimize damage and prevent any impact on the environment or on residents in nearby communities.

We recognize that it is the responsibility of our plant and our company to ensure the safety and security of the environment of Toyama Bay, one of the most beautiful bays in the world, as well as the local communities.

Environmental data for FY 2020

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2019. "+" denotes an increase, while "-" denotes a decrease.

| Emissions into water areas | | | Emissions into the atmosphere | | | | Final disposal of industrial waste at landfill |
|----------------------------|--------------|-----|-------------------------------|-------------|--------------|---------------|--|
| Volume of wastewater | BOD | COD | CO ₂ | NOx | SOx | Soot and dust | |
| 9,189 (-59) | 77.7 (+13.6) | — | 105 (±0.0) | 32.0 (+0.3) | 87.0 (-17.7) | 1.0 (-0.8) | 84.0 (+22.0) |

FY 2020 amount of PRTR substance emissions

Note: The figures in parentheses represent the difference from results in FY 2019. "+" denotes an increase, while "-" denotes a decrease.

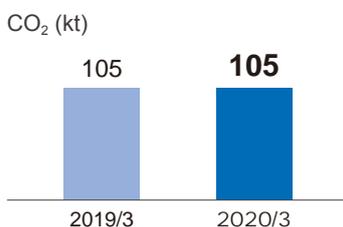
| Substance | Emission amount | | Transported amount |
|---------------|-----------------|--------------|--------------------|
| | Air | Water | |
| Toluene | 0.40 (+0.17) | 0.00 (0.00) | 30.67 (+4.47) |
| Chlorobenzene | 10.40 (-3.46) | 1.37 (-0.66) | 237.50 (+220.09) |
| Chloroform | 0.15 (-0.02) | 0.01 (0.00) | 68.22 (-8.77) |

PRTR substances: 22 substances Total emission amount: 13.28 t Total amount transported: 377.23 t

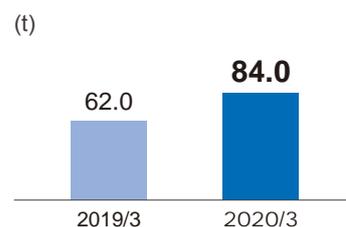
Emissions into water areas



Emissions into the atmosphere



Final disposal of industrial waste at landfill



CSR Activities at Plants

Mizushima Plant

2767-12 Kojima-shionasu, Kurashiki, Okayama 711-0934
 TEL: +81-86-475-0036 FAX: +81-86-475-0039



Major products manufactured

Sodium cyanide, potassium cyanide, NISSO DAMN (diaminomaleonitrile)

Number of employees

57 (As of the end of March 2020)

Affiliated companies

23 employees (As of the end of March 2020)

ISO 14001: Certified in October 2001

ISO 9001: Certified in January 1999

OHSAS 18001: Certified in January 2009

Hajime Takasawa, Mizushima Plant Manager

Mizushima Plant started operations in 1969 in the Mizushima Industrial Area, which extends from the mouth of the Takahashi River in Okayama Prefecture and has access to abundant supplies of industrial water, oil, and electricity, while being conveniently located for land and sea transportation. In its early days, the plant was supplied with raw materials from neighboring companies. Keenly aware of the highly toxic cyanide that the plant uses during production, all employees working at the plant, including those of affiliated companies, engage in CSR activities in compliance with requirements, including handling ingredients and products, correctly wearing protective clothing, and working safely.

The key goal in our plant's policy is to achieve zero accidents and disasters. Continuous efforts have been made to achieve this goal, such as inspection patrols, emergency drills and other activities to ensure occupational safety and health. To further improve the plant's CSR activities, all plant personnel share information on the progress of CSR activities at the plant through the Mission Visualization (MV) project, based on which they make concerted efforts to achieve improvement.

We will continue our efforts to promote CSR activities so that we are recognized by society for our safe, stable and problem-free operation.

Environmental data for FY 2020

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2019. "+" denotes an increase, while "-" denotes a decrease.

| Emissions into water areas | | | Emissions into the atmosphere | | | | Final disposal of industrial waste at landfill |
|----------------------------|-----|-------------|-------------------------------|-----------------|-----------------|---------------|--|
| Volume of wastewater | BOD | COD | CO ₂ | NO _x | SO _x | Soot and dust | |
| 518 (-28) | — | 2.3 (±0.00) | 10 (-2) | 5.0 (-1.1) | 0.00 (0.00) | 0.00 (0.00) | 7.6 (+2.6) |

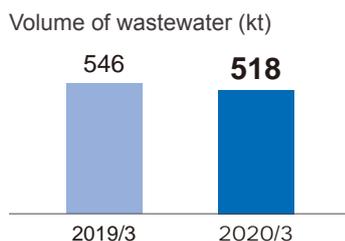
FY 2020 amount of PRTR substance emissions

Note: The figures in parentheses represent the difference from results in FY 2019. "+" denotes an increase, while "-" denotes a decrease.

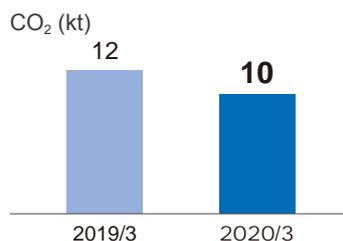
| Substance | Emission amount | | Transported amount |
|--------------------|-----------------|--------------|--------------------|
| | Air | Water | |
| Inorganic cyanides | 0.19 (+0.09) | 0.003 (0.00) | 0.01 (-0.01) |
| Acetonitrile | 0.00 (0.00) | 0.00 (0.00) | 0.09 (-0.06) |
| Xylene | 0.00 (0.00) | 0.00 (0.00) | 0.01 (+0.01) |

PRTR substances: 4 substances Total emission amount: 0.30 t Total amount transported: 0.10 t

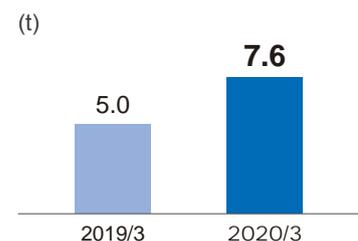
Emissions into water areas



Emissions into the atmosphere



Final disposal of industrial waste at landfill



CSR Activities at Plants

Chiba Plant

12-8 Goiminami-kaigan, Ichihara, Chiba 290-8530
TEL: +81-436-23-2007 FAX: +81-436-22-6588



| | |
|-----------------------------|---|
| Major products manufactured | NISSO-PB, VP-POLYMER, TITA BOND, D-90, TAKE-ONE |
| Number of employees | 128 (As of the end of March 2020) |
| Affiliated companies | 70 employees (As of the end of March 2020) |
| | ISO 14001: Certified in July 2000 |
| | ISO 9001: Certified in August 1997 |
| | OHSAS 18001: Certified in February 2008 |

Yasuyuki Miyazawa, Advisor, Chiba Plant Manager

The plant started operations in 1969 as Nissou Kasei Co., Ltd., in a section of the Keiyo Industrial Zone, which faces the east side of Tokyo Bay. In 1999, it became the Nippon Soda Chiba Plant, which it has remained to the present. Rather than large-scale generic petrochemical products for general use, the Chiba Plant produces chemicals with a focus on specialty chemicals at mid-sized plants. Common applications for our products include liquid polybutadiene for acrylic raw materials used in smartphones, and for printing plates, and color developer for thermal paper used for cash register receipts and tickets. As a chemical plant located in the greater Tokyo region, a great deal is required of us. One of the most important is efforts for CSR activities under the watchwords of “safety and reliability” with all who work at the plant. We are maintaining and implementing product safety, environmental protection, process safety and disaster prevention, and safety and health.

Also, through plant observations for elementary school students and actively participating in area events such as the Rinkai Festival, we aim to continue being a plant that is trusted and relied upon by the local area residents.

Environmental data for FY 2020

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2019. “+” denotes an increase, while “-” denotes a decrease.

| Emissions into water areas | | | Emissions into the atmosphere | | | | Final disposal of industrial waste at landfill |
|----------------------------|-----|------------|-------------------------------|-----|-----|---------------|--|
| Volume of wastewater | BOD | COD | CO ₂ | NOx | SOx | Soot and dust | |
| 1,545 (-64) | — | 9.7 (-2.1) | 14 (-1) | — | — | — | 2.6 (+0.1) |

FY2020 amount of PRTR substance emissions

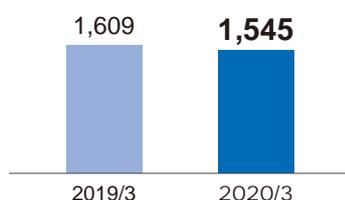
Note: The figures in parentheses represent the difference from results in FY 2019.

| Substance | Emission amount | | Transported amount |
|---------------|-----------------|-------------|--------------------|
| | Air | Water | |
| Toluene | 5.76 (-1.41) | 0.00 (0.00) | 0.15 (0.00) |
| n-hexane | 2.96 (-1.90) | 0.00 (0.00) | 0.00 (0.00) |
| 1,3-butadiene | 2.64 (-0.49) | 0.00 (0.00) | 0.00 (0.00) |

PRTR substances: 4 substances Total emission amount: 0.30 t Total amount transported: 0.10 t

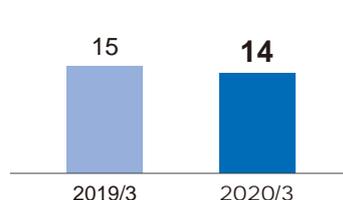
Emissions into water areas

Volume of wastewater (kt)



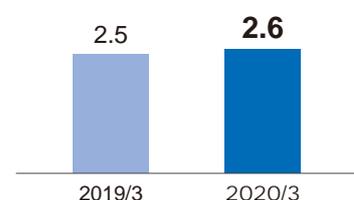
Emissions into the atmosphere

CO₂ (kt)



Final disposal of industrial waste at landfill

(t)



Third-Party Evaluations: ESG Verification

Japan Chemical Industry Association Third-Party Verification of the Nippon Soda Group ESG Data Book 2020



Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Nippon Soda Group ESG Data Book 2020 Third Party Verification Report

To Akira Ishii

November 5, 2020

Representative Director and President
Nippon Soda Co., Ltd.

■ Objectives of Verification

This verification is performed by the Responsible Care Verification Center for the purpose of expressing the opinions of experts in the chemical industry with respect to the following matters reported in the Nippon Soda Group ESG Data Book 2020 (the "Data Book"), which was prepared by Nippon Soda Co., Ltd.:

- 1) Reasonableness of the methods used to calculate and aggregate performance indicators (numerical values), and the accuracy of numerical values
- 2) Accuracy of reported information other than numerical values
- 3) Details of Responsible Care (hereinafter referred to as "RC") activities and ESG (CSR) activities
- 4) Characteristics of the Data Book

■ Verification Procedures

- At the Head Office, an assessment of the reasonableness of methods used to calculate numerical values reported by each site (business offices and plants), as well as the accuracy of information other than numerical values, was conducted. The assessment was performed by interviewing managers responsible for operations and those who were responsible for the preparation of the Data Book, and by receiving presentations and explanations of materials from these managers.
- Verification at the Mizushima Plant was carried out via an online conference between the Head Office and the Mizushima Plant. The reasonableness of methods used to calculate numerical values reported to the Head Office and the accuracy of numerical values and the information described in the Data Book were assessed. The assessment was performed by interviewing managers responsible for operations, and those who were responsible for the preparation of the Data Book, and by receiving presentations and explanations of materials presented as evidence.
- Numerical values and information provided in the Data Book were verified by sampling.

■ Views and Comments

- 1) Reasonableness of methods used to calculate and aggregate performance indicators (numerical values), and accuracy of numerical values
 - Both the Head Office and the Mizushima Plant applied rational methods to calculate and aggregate numerical values. Within the scope of the assessment, the performance values were accurately calculated and aggregated by various means, including comparing them with values for the previous fiscal year, attaching documents showing input errors made in the past and error-prone conversion coefficients, and using color-coding to call attention to them.
 - At present, the company is moving forward with improving the efficiency of RC operations. One idea under consideration is the automation of the data collection method, for which we expect early implementation.
- 2) Accuracy of reported information other than numerical values
 - We confirmed that the information described in the Data Book was accurate. At the draft stage, we pointed out some parts that needed to be improved in terms of the appropriateness of expressions and the comprehensibility of sentences. In this Data Book, however, these points have been rectified, and at present there are no significant matters that should be revised.
- 3) Details of RC activities and ESG (CSR) activities
 - 2020 marks the 100th anniversary of the Nippon Soda Group. As part of the Nippon Soda Group's Long-Term Vision for the next century, the group has committed to undertaking ESG management with a broader perspective. We commend that, and look forward to the results.
 - You have drawn up a business continuity plan (BCP) that envisages many risks (19 items), and review the plan each year while implementing it. We value the fact that you have established a BCP list consisting of 860 products.
 - Regarding occupational safety and process safety and disaster prevention, we value the fact that the Nippon Soda Group implements activities companywide to reduce accidents and disasters through risk assessments, and conducts ongoing follow-ups.
 - The Mizushima Plant has been carrying out activities to prevent problems caused by human error, implementing safety reviews before and after routine maintenance, and taking proactive measures to avoid disasters and accidents like those that occurred at other plants. As a result, it has not experienced any accidents resulting in absence from work for 27 years since November 1992, for which we commend the company.
- 4) Characteristics of the Data Book
 - The Nippon Soda Group provides an easy-to-understand explanation of its value creation activities by showing the connections between group businesses and the SDGs, and between the materiality and KPIs of each business.
 - Regarding social activities, we value the fact that detailed information is provided for each category—Together with Our Customers, Together with Our Employees, Together with Our Business Partners, Together with Our Shareholders, and Together with Our Local Communities.

Shigeki Nagamatsu

NAGAMATSU Shigeki
Chief Director, Responsible Care Verification Center
Japan Chemical Industry Association

Third-Party Evaluations: CSR Verification

Sompo Risk Management & Health Care Inc. Opinion on Disaster Prevention Assessment Survey



May 7, 2020

Akira Ishii

Representative Director and President

Nippon Soda Co., Ltd.

Written Opinion on Property Loss Control Survey

Dear Mr. Ishii,

■Survey objective

The objective of the property loss control survey is to confirm site conditions and provide recommendations for improvement that are aimed to enhance each facility's voluntary disaster prevention level. Main items confirmed on-site include fire risks, disaster prevention equipment and fire protection management.

■Survey flow

The surveys focused on the following aspects: "surrounding environment", "building", "fire risk", "disaster prevention equipment", "fire protection management" and "natural hazards".

Survey schedule and surveyed properties for FY 2019

| | | |
|--|--|---------------|
| Nippon Soda Co., Ltd., Nihongi Plant | HFC Group, Utility Group | 2019/11/21-22 |
| Nippon Soda Co., Ltd., Takaoka Plant | Industrial Chemicals Group | 2019/9/26-27 |
| Nippon Soda Co., Ltd. Chiba Plant | Eco Care Group of Manufacturing 2nd Section | 2019/6/7 |
| Nippon Soda Co., Ltd. Mizushima Plant | Plant No.1, Plant No.2 | 2019/9/12-13 |
| Nisso Metallochemical Co., Ltd. Aizu Plant | 1st Environment Group, 2nd Environment Group | 2019/5/30-31 |
| Nisso Fine Co., Ltd., Isohara Plant | Isohara Plant No.1, Isohara Plant No.2 | 2019/6/20-21 |

■Survey observation and opinion

[Overall]

We recognize that Nippon Soda Group has implemented action guidelines for prompt and appropriate communication, response, and commanding in the event of a disaster and/or accident, and that the guidelines are regularly reviewed, revised, and evaluated for its efficacy by drill.

Good practices and improvement recommendations for each facility are as follows:

[Nippon Soda, Nihongi Plant] High fire risk areas at the Extension Building is protected by dry chemical fire extinguishing systems. The discharge nozzles are installed above each tank. Electrostatic discharge can occur due to the resultant potential difference when the ground wire installed at the pipe flange becomes loose or breaks. Thus it is important to inspect the ground wire and ensure proper bonding connection.

[Nippon Soda, Takaoka Plant] Projected beam type smoke detectors are installed on the walls of the Electrolysis Plant as a fire protection measure for the electrolysis equipment. When the fire hydrant pump is interlocked to the manual fire alarm push button located several meter away from the hydrant, it is recommended to clearly post the location of the manual fire alarm push button and its function to avoid confusion and delayed response during a fire.

[Nippon Soda, Chiba Plant] Dust collectors are installed at various locations inside the workplace to reduce its exposure to dust fire and explosion. Gap between plug and outlet should be eliminated to avoid fire risk from electrical tracking, which can occur when a gap exist between the plug and outlet.

[Nippon Soda, Mizushima Plant] Risk of fire from electrostatic discharge is reduced by installation of earth reel to all containers carrying hazardous materials. A warning on the use of carbon dioxide extinguishers in small confined spaces should be posted due to the adverse health effects such as dizziness and nausea when oxygen is displaced.

[Nisso Metallochemical, Aizu Plant] Sprinkler system is installed to the new pretreatment pit to enhance its fire protection capability. Surveillance cameras that face away from high fire risk facilities should be re-adjusted to enable monitoring of these facilities, which will help avoid delayed fire response and reduce risk of fire spread.

[Nisso Fine, Isohara Plant] Relative humidity inside the Plant is maintained by regularly sprinkling the floor with water and monitoring with a hydrometer. This significantly reduces the risk of fire from electrostatic discharge. Combustibles stored near the forklift charging area will allow fire spread in the event that hydrogen gas generated during charging is ignited. To avoid this, it is recommended to maintain a minimum clearance of 1.5m between combustibles and the charging station.

Sincerely,

President and Chief Executive Officer

Sompo Risk Management Inc.

Third-Party Evaluations: CSR Verification

Sompo Risk Management & Health Care Inc. Opinion on the Occupational Health and Safety Survey



May 7, 2020
Akira Ishii
Representative Director and President
Nippon Soda Co., Ltd.

Written Opinion on Occupation Health and Safety Survey

Dear Mr. Ishii,

Below are a summary and our opinion on the occupational health and safety survey

■Survey objective

The objective of this survey is to reduce risk on-site by assisting persons in charge of the 2nd Fine Chemical Section's FC Group and Specialty Chemicals Section's Specialty Chemicals Group at Nihongi Plant to identify high-risk areas and unsafe work practices by themselves.

■Survey flow

The above mentioned workplaces were surveyed from December 23-24, 2019 for the following items and the results were reported after the survey.

"Confirm safety management organization during pre-meeting", "confirm documents relating to safety management", "identify risk at each workplace by both Sompo Risk Management (SRM) and persons in charge", and "provide recommendations from the perspective of safety management to further enhance safety awareness of the facility".

As a part of On the Job Training (OJT), the survey was carried out not only by SRM but also includes the participation of persons in charge on-site.

■Safety management organization

- Established safety management organization and education framework were confirmed on-site by reviewing available documents such as materials for "regular repair work safety audit", "risk assessment", "standard operating procedure", and "new employee education curriculum".
- Incident reports show that each incident is rated by internal risk assessment, and managers are responsible for implantation of countermeasures. This is an example of the facility's efforts in raising safety awareness of employees.

■Comment on on-site On the Job Training (OJT)

- Persons in charge of the above mentioned workplaces have demonstrated that they possess basic risk identification skills, through their identification of dangerous areas, good practices, etc. During the survey, the participants identified some areas where "calling (verbal communication)" is needed, which they were previously unaware of.
- Metal parts at workplace that handle corrosive substances such as hydrochloric acid are susceptible to deterioration. Inspection and repair of pipes and equipment were observed to be satisfactory, but repair of scaffolding and others were treated with a lower priority. While on-site personnel indicated that repair has been scheduled, the scaffolds already show signification corrosion.
- Analyzing the cause in the incident report in deeper detail will help the facility to draw up more effective countermeasures.
* Example: "Clearing of clogged pipe was not done according to procedure" is the reported cause. Based on this, the facility should investigate the reasons for why this was not done according to procedure. For example, if the reason was "a person made a decision to use a nearby tool as a short cut", then measures should be taken to provide appropriate tool or equipment and control inappropriate practices.
- It is recommended that the above be implemented throughout other workplaces as well. This will help further enhance the safety awareness of the entire Plant.

Sincerely,

President and Chief Executive Officer
Sompo Risk Management Inc.

Guidelines

Comparative Table with GRI Standards

This report is prepared with reference to the GRI Content Index and in accordance with the Core Option of the GRI Standards.

| GENERAL DISCLOSURES | | |
|-----------------------------------|---|--|
| GRI 102: GENERAL DISCLOSURES 2016 | | ESG Data Book publication page / corresponding items |
| 102-1 | Name of the organization | html Corporate Data |
| 102-2 | Activities, brands, products, and services | p. 5 |
| 102-3 | Location of headquarters | html Corporate Data |
| 102-4 | Location of operations | p. 6 |
| 102-5 | Ownership and legal form | html Corporate Data |
| 102-6 | Markets served | p. 5 |
| 102-7 | Scale of the organization | html Corporate Data |
| 102-8 | Information on employees and other workers | pp. 56-59 |
| 102-9 | Supply chain | — |
| 102-10 | Significant changes to the organization and its supply chain | — |
| 102-11 | Precautionary principle or approach | pp. 15-17, pp. 69-79 |
| 102-12 | External initiatives | p. 9, p. 32, p. 68 |
| 102-13 | Membership of associations | p. 68 |
| 102-14 | Statement from senior decision-maker | p. 2 |
| 102-15 | Key impact, risks, and opportunities | p. 7, p. 9, p. 11 |
| 102-16 | Values, principles, standards, and norms of behavior | p. 3, p. 75 |
| 102-17 | Mechanisms for advice and concerns about ethics | pp. 56-57, p. 75 |
| 102-18 | Governance structure | pp. 70-71 |
| 102-19 | Delegating authority | p. 14, p. 70, p. 77 |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | p. 14, p. 70 |
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | pp. 53-68 |
| 102-22 | Composition of the highest governance body and its committees | p. 14, p. 70, p. 77 |
| 102-23 | Chair of the highest governance body | html p. 70 |
| 102-24 | Nominating and selecting the highest governance body | html pp. 70-71 |
| 102-25 | Conflicts of interest | html p. 70 |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | p. 2, p. 14, p. 70 |
| 102-27 | Collective knowledge of highest governance body | p. 2 |
| 102-28 | Evaluating the highest governance body's performance | p. 14, p. 70 |
| 102-29 | Identifying and managing economic, environmental, and social impact | p. 3, pp. 7-11 |
| 102-30 | Effectiveness of risk management processes | pp. 13-14 |
| 102-31 | Review of economic, environmental, and social topics | p. 14 |
| 102-32 | Highest governance body's role in sustainability reporting | p. 14 |
| 102-33 | Communicating critical concerns | p. 14, p. 70, p. 77 |
| 102-34 | Nature and total number of critical concerns | — |
| 102-35 | Remuneration policies | html pp. 73-74 |
| 102-36 | Process for determining remuneration | html p. 73 |
| 102-37 | Stakeholders' involvement in remuneration | — |
| 102-38 | Annual total compensation ratio | p. 74 |
| 102-39 | Percentage increase in annual total compensation ratio | — |
| 102-40 | List of stakeholder groups | p. 4, p. 68 |
| 102-41 | Collective bargaining agreements | p. 59 |
| 102-42 | Identifying and selecting stakeholders | p. 4 |
| 102-43 | Approach to stakeholder engagement | p. 7, p. 64, p. 68 |
| 102-44 | Key topics and concerns raised | p. 12, p. 16 |
| 102-45 | Entities included in the consolidated financial statements | html — |
| 102-46 | Defining report content and topic boundaries | p. 1, pp. 13-14 |
| 102-47 | List of material topics | p. 3, pp. 7-11, p. 13, pp. 18-19 |
| 102-48 | Restatements of information | N/P |
| 102-49 | Changes in reporting | pp. 7-11 |
| 102-50 | Reporting period | p. 1 |
| 102-51 | Date of most recent report | — |

Guidelines

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|--|---|---|
| 102-52 | Reporting cycle | — |
| 102-53 | Contact point for questions regarding the report | html Corporate Data |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Comparative Table with GRI Standards |
| 102-55 | GRI content index | p. 1, Comparative Table with GRI Standards |
| 102-56 | External assurance | pp. 91-93 |
| MATERIAL ISSUES | | |
| GRI 103: MANAGEMENT APPROACH 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | p. 3, pp. 7-11, p. 24, pp. 26-27, p. 29, pp. 32-33, p. 43, p. 48, p. 50, p. 53, p. 56, p. 60, p. 62, p. 64, p. 69 |
| 103-2 | The management approach and its components | p. 11, p. 15, p. 19 |
| 103-3 | Evaluation of the management approach | p. 19 |
| ECONOMIC | | |
| GRI 201: ECONOMIC PERFORMANCE 2016 | | |
| 201-1 | Direct economic value generated and distributed | html p. 5 |
| 201-2 | Financial implications and other risks and opportunities due to climate change | |
| 201-3 | Defined benefit plan obligations and other retirement plans | |
| 201-4 | Financial assistance received from government | |
| MARKET PRESENCE | | |
| GRI 202: MARKET PRESENCE 2016 | | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | p. 64 |
| 202-2 | Proportion of senior management hired from the local community | |
| INDIRECT ECONOMIC IMPACT | | |
| GRI 203: INDIRECT ECONOMIC IMPACT 2016 | | |
| 203-1 | Infrastructure investments and services supported | |
| 203-2 | Significant indirect economic impact | |
| PROCUREMENT PRACTICES | | |
| GRI 204: PROCUREMENT PRACTICES 2016 | | |
| 204-1 | Proportion of spending on local suppliers | |
| ANTI-CORRUPTION | | |
| GRI 205: ANTI-CORRUPTION 2016 | | |
| 205-1 | Operations assessed for risks related to corruption | p. 16 |
| 205-2 | Communication and training about anti-corruption policies and procedures | html p. 75 |
| 205-3 | Confirmed incidents of corruption and actions taken | p. 76 |
| ANTI-COMPETITIVE BEHAVIOR | | |
| GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016 | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | |
| MATERIALS | | |
| GRI 301: MATERIALS 2016 | | |
| 301-1 | Materials used by weight or volume | |
| 301-2 | Recycled input materials used | |
| 301-3 | Reclaimed products and their packaging materials | |
| ENERGY | | |
| GRI 302: ENERGY 2016 | | |
| 302-1 | Energy consumption within the organization | p. 79, pp. 80-84 |
| 302-2 | Energy consumption outside of the organization | |
| 302-3 | Energy intensity | p. 80 |
| 302-4 | Reduction of energy consumption | p. 80 |
| 302-5 | Reductions in energy requirements of products and services | |
| WATER | | |
| GRI 303: WATER and WASTEWATER 2018 | | |
| 303-1 | Reciprocal action with water as a shared resource | |
| 303-2 | Management of impact related to drainage | |
| 303-3 | Water intake | p. 82 |
| 303-4 | Discharged water | p. 82 |
| 303-5 | Water consumption | p. 82 |
| BIODIVERSITY | | |
| GRI 304: BIODIVERSITY 2016 | | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | p. 34 |
| 304-2 | Significant impact of activities, products, and services on biodiversity | |

Guidelines

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|---|--|---------------------------------------|
| 304-3 | Habitats protected or restored | p. 34 |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | |
| EMISSIONS | | |
| GRI 305: EMISSIONS 2016 | | |
| 305-1 | Direct (Scope 1) GHG emissions | p. 32, p. 80 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | p. 32, p. 80 |
| 305-3 | Other indirect (Scope 3) GHG emissions | p. 32 |
| 305-4 | GHG emissions intensity | p. 32 |
| 305-5 | Reduction of GHG emissions | p. 80 |
| 305-6 | Emissions of ozone-depleting substances (ODS) | p. 81 |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | p. 81 |
| EFFLUENTS AND WASTE | | |
| GRI 306: EFFLUENTS AND WASTE 2016 | | |
| 306-1 | Water discharge by quality and destination | p. 81 |
| 306-2 | Waste by type and disposal method | p. 80 |
| 306-3 | Significant spills | p. 19, p. 82 |
| 306-4 | Transport of hazardous waste | p. 19, p. 33, p. 80 |
| 306-5 | Water bodies affected by water discharges and/or runoff | p. 34 |
| ENVIRONMENTAL COMPLIANCE | | |
| GRI 307: ENVIRONMENTAL COMPLIANCE 2016 | | |
| 307-1 | Non-compliance with environmental laws and regulations | p. 19, p. 82 |
| SUPPLIER ENVIRONMENTAL ASSESSMENT | | |
| GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016 | | |
| 308-1 | New suppliers that were screened using environmental criteria | |
| 308-2 | Negative environmental impact in the supply chain and actions taken | |
| EMPLOYMENT | | |
| GRI 401: EMPLOYMENT 2016 | | |
| 401-1 | New employee hires and employee turnover | pp. 56-58 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | |
| 401-3 | Parental leave | p. 58 |
| LABOR/MANAGEMENT RELATIONS | | |
| GRI 402: LABOR/MANAGEMENT RELATIONS 2016 | | |
| 402-1 | Minimum notice periods regarding operational changes | |
| OCCUPATIONAL HEALTH AND SAFETY | | |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | | |
| 403-1 | Occupational health and safety management system | p. 43 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | p. 43 |
| 403-3 | Occupational health services | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | p. 43, p. 45 |
| TRAINING AND EDUCATION | | |
| GRI 404: TRAINING AND EDUCATION 2016 | | |
| 404-1 | Average hours of training per year per employee | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | p. 19, p. 57 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | |
| DIVERSITY AND EQUAL OPPORTUNITY | | |
| GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016 | | |
| 405-1 | Diversity of governance bodies and employees | html p. 19, pp. 56-57 |
| 405-2 | Ratio of basic salary and remuneration of women to men | |
| NON-DISCRIMINATION | | |
| GRI 406: NON-DISCRIMINATION 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | |
| FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING | | |
| GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016 | | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | |
| CHILD LABOR | | |
| GRI 408: CHILD LABOR 2016 | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | |

Guidelines

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| FORCED OR COMPULSORY LABOR | | |
| GRI 409: FORCED OR COMPULSORY LABOR 2016 | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | |
| SECURITY PRACTICES | | |
| GRI 410: SECURITY PRACTICES 2016 | | |
| 410-1 | Security personnel trained in human rights policies or procedures | |
| RIGHTS OF INDIGENOUS PEOPLES | | |
| GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016 | | |
| 411-1 | Incidents of violations involving rights of indigenous peoples | |
| HUMAN RIGHTS ASSESSMENT | | |
| GRI 412: HUMAN RIGHTS ASSESSMENT 2016 | | |
| 412-1 | Operations that have been subject to human rights reviews or impact assessments | |
| 412-2 | Employee training on human rights policies or procedures | pp. 56-57 |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | |
| LOCAL COMMUNITIES | | |
| GRI 413: LOCAL COMMUNITIES 2016 | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | p. 19, pp. 64-68 |
| 413-2 | Operations with significant actual and potential negative impact on local communities | p. 19, pp. 82-84, pp. 87-90 |
| SUPPLIER SOCIAL ASSESSMENT | | |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016 | | |
| 414-1 | New suppliers that were screened using social criteria | |
| 414-2 | Negative social impact in the supply chain and actions taken | |
| PUBLIC POLICY | | |
| GRI 415: PUBLIC POLICY 2016 | | |
| 415-1 | Political contributions | |
| CUSTOMER HEALTH AND SAFETY | | |
| GRI 416: CUSTOMER HEALTH AND SAFETY 2016 | | |
| 416-1 | Assessment of the health and safety impact of product and service categories | p. 19, p. 48, pp. 92-93 |
| 416-2 | Incidents of non-compliance concerning the health and safety impact of products and services | p. 19, p. 49 |
| MARKETING AND LABELING | | |
| GRI 417: MARKETING AND LABELING 2016 | | |
| 417-1 | Requirements for product and service information and labeling | p. 48, p. 50 |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | p. 19, p. 49 |
| 417-3 | Incidents of non-compliance concerning marketing communications | |
| CUSTOMER PRIVACY | | |
| GRI 418: CUSTOMER PRIVACY 2016 | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | N/P |
| SOCIOECONOMIC COMPLIANCE | | |
| GRI 419: SOCIOECONOMIC COMPLIANCE 2016 | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | p. 76 |

Comparative Table with ISO 26000

| Core subjects | Issues | Activities |
|---|---|---|
| Organizational Governance | Organizational Governance | Top Commitment |
| | | Value Creation of the Nippon Soda Group |
| | | CSR Management |
| | | Governance/ Compliance/ Risk Management |
| Human Rights | Due Diligence | — |
| | Human Rights Risk Situations | Respect for Human Rights |
| | Avoidance of Complicity | Respect for Human Rights |
| | | Strengthening Relationships with Our Business Partners (Efforts in Procurement) Code of Conduct |
| | Resolving Grievances | Risk Management External Communication |
| | Discrimination and Vulnerable Groups | Respect for Human Rights Promotion of Diversity |
| | Civil and Political Rights | Code of Conduct |
| | Economic, Social and Cultural Rights | Respect for Human Rights |
| Fundamental Principles and Rights at Work | Respect for Human Rights Code of Conduct | |
| Labor Practices | Employment and Employment Relationship | Human Resources Development Promotion of Diversity |
| | Conditions of Work and Social Protection | Promotion of Diversity |
| | | Improving Employee Satisfaction Labor-Management Relations and Improvement of Working Conditions |
| | Social Dialogue | Employee Satisfaction Survey |
| | Health and Safety at Work | Occupational Safety and Health |
| | | Process Safety and Disaster Prevention/BCP Logistics Safety |
| Human Development and Training in the Workplace | Special Feature: Initiatives for the Next Generation Nippon Soda Group's Human Resources Development | |
| Environment | Prevention of Pollution | Environmental Protection: Atmosphere and Water Area Protection ESG Data (Environment) |
| | Sustainable Resource Use | Environmental Protection: Effective Use of Resources and Reduction of Waste ESG Data (Environment) |
| | Climate Change Mitigation and Adaptation | Environmental Protection: Responses to Climate Change Issues ESG Data (Environment) |
| | Protection of the Environment, Biodiversity and Restoration of Natural Habitats | Preservation of Biodiversity |
| Fair Operating Practices | Anti-Corruption | Compliance Code of Conduct |
| | Responsible Political Involvement | Code of Conduct |
| | Fair Competition | Efforts in Procurement Code of Conduct |
| | Promoting Social Responsibility in the Value Chain | Occupational Safety and Health Process Safety and Disaster Prevention/BCP |
| | | Efforts in Procurement Chemicals and Product Safety |
| | | Dialogue with Business Partners |
| | Respect for Property Rights | Dialogue with Investors, Analysts and Shareholders Code of Conduct |
| Consumer Issues | Fair Marketing, Factual and Unbiased Information and Fair Contractual Practices | Communication with Customers |
| | Protecting Consumers' Health and Safety | Logistics Safety and Quality Assurance Chemicals and Product Safety |
| | | Special Feature: Healthcare |
| | Sustainable Consumption | Special Feature: Agriculture Special Feature: Environment |
| | | Consideration in Animal Experiments |
| | Consumer Service, Support, and Complaint and Dispute Resolution | Quality Assurance |
| | | Chemicals and Product Safety Improve Customer Satisfaction |
| | Consumer Data Protection and Privacy | Proper Management of Personal Information |
| Access to Essential Services | Improve Customer Satisfaction | |
| Education and Awareness | Special Feature: Agriculture | |
| | Improve Customer Satisfaction, Communication with Customers | |
| | Harmonious Relationship with Local Communities Dialogue with Local Communities | |
| Community Involvement and Development | Community Involvement | Harmonious Relationship with Local Communities Dialogue with Local Communities |
| | Education and Culture | CSR Activities |
| | Employment Creation and Skills Development | — |
| | Technology Development and Access | Development of Products Useful to Society |
| | Health and Income Creation | Contribution to Local Employment |
| | Health | CSR Activities |
| Social Investment | CSR Activities | |