



Stakeholder dialogue

Materiality as defined by Nippon Soda and CSR activities to improve corporate value

A stakeholder dialogue was held on the theme of “CSR activities to improve corporate value” with experts from outside the Nippon Soda Group for the purpose of increasing the positive effect we can have on society as a chemical company, and for promoting strategic CSR that will help build a sustainable society.

The Nippon Soda Group is striving to build a sustainable society by addressing important CSR issues (materiality) that were identified in 2016. The materiality identification process was conducted by implementing a materiality analysis, in addition to evaluating its appropriateness, through dialogue with experts.

In 2017, we determined KPIs in accordance with each materiality issue for the three areas of “CSR activities to improve corporate value,” “CSR activities to protect corporate value” and “social activities,” and held an expert dialogue on the theme of “CSR activities to improve corporate value,” which is also a theme associated with the SDGs. During the dialogue, we received a variety of advice on activities that would enable us to improve the

corporate value of the Nippon Soda Group, such as creating new solutions in the existing business domains and developing unique innovations as a chemical company.

The developed KPIs have been established as common goals for the entire Nippon Soda Group. This will serve to help us realize materiality and improve our performance in our CSR activities overall. Furthermore, we will manage our progress with the identified materiality issues and KPIs so as to steadily advance the Group’s activities toward the development of a sustainable society.

Note: At the stakeholder dialogue held on December 9, 2016, we held discussions on materiality of the three important domains of agriculture, the environment and information in relation to CSR activities to improve corporate value. To these, the fourth domain of health care was added in April 2017. (For more information on CSR and materiality of the Nippon Soda Group, please see page 14.)

Advice from the experts

Reviewing business from the outside in¹ will help connect social issues with it

Damage inflicted on agriculture as a result of climate change is an important global issue that needs to be resolved. This was also the theme of the 22nd United Nations Climate Change Conference (COP22) held in Morocco in 2016. Against this background, smart agriculture is attracting attention as a new solution toward resolving such agricultural issues. Perhaps the Nippon Soda Group should also look into this. I recommend that you acquire an understanding of a broad range of social issues associated with agriculture, such as water conservation in agricultural irrigation and the advancement of greening efforts, and take a fresh look at things based on an outside-in perspective of how your business could be utilized to further such efforts.

Efforts in tackling SDGs are effective, especially because this is an era of transformation²

The high level of quality of RC activities conducted by chemical companies is well known throughout the world, but I'd like to applaud the Nippon Soda Group's attitude in establishing even higher goals in their efforts with the SDGs and G4. In the chemical field, we will probably see the birth of such solutions in the form of materials and products that will help us move away from a carbon-based economy. We will probably find even more touch points for the 169 targets of the SDGs. I look forward to the transformative benefits of the power of chemistry. Also, based on the fact that today's world requires active dialogue with society, I hope that you will also consider risks to human rights throughout the entire value chain.



Masao Seki

Specially-appointed Associate Professor at Meiji University
Senior Advisor on CSR at Sompo Japan Nipponkoa Insurance Inc.

There are expectations for unique innovation and collaboration as can only be achieved by a chemical manufacturer

I hope that you will look for possibilities for unique innovation, in a manner that is not inhibited by past failures, as you proceed with your efforts in promoting CSR that improves corporate value. The Nippon Soda Group is conducting its business activities with integrity, but it is lacking in uniqueness. Instead of looking only at productivity, how about simultaneously seeking to add value with the provided solutions? Going forward, BtoB³ companies will also move into the realm of BtoC⁴. Therefore, it may be a pivotal moment to redefine your value chain into one that incorporates consumers' perspective, which will require open communication with society. If you succeed in doing so as a chemical company, further public expectations will be placed on Nippon Soda.

Taking inventory of your business, from a perspective of impact, will add depth to the value creation story

There is a limit to what one company can achieve in solving social issues on a global scale. Going forward, I think our era will be about creating value with a perspective oriented toward collaboration. Thus, I hope you will actively look into opportunities for working in collaboration with other companies. For example, you might propose including a business structure based on the Nippon Soda Group's core competence within a mega system of other companies, such as the agricultural plants being constructed in Southeast Asia. Another effective method for seeking new possibilities is to benchmark specific suppliers of products in the value chain. I hope you will develop a new story of value creation for Nippon Soda by being both meticulous and bold in your efforts.



Manabu Akaike

President of Universal Design Intelligence Inc.
Director of the Japan CSV Business Development Organization
Journalist on science and technology

1, 2, 3, 4. For more information, please see the glossary on page 92.

The Nippon Soda Group—Closing in on the Future

A robust discussion was held on making social contributions through business under the theme of conducting CSR activities to improve corporate value. The following are summaries of the points raised during the discussion.

Agriculture

Contribution to ensuring food safety and security and sustainable agriculture using agrochemicals

Seeds for the future

Worldwide increase in food and feed production through agrichemicals

Diversification in plant protection through biopesticides

Improvement of user safety and reduction of environmental impact

A major role of agrichemicals is to increase agricultural harvests, with consideration for the region's environmental characteristics. Thus, the Nippon Soda Group is in a position to help make contributions in this area toward eliminating hunger in developing countries. Additionally, as a developer and manufacturer of agrochemicals, we consider improving user safety and reducing environmental impact as being essential aspects of our CSR activities. With regard to biopesticides, we are considering business possibilities and social values from multiple perspectives. In the future, we would like to provide new solutions for not only agrochemicals but also greening issues, and for the protection of pets and livestock animals.

Advice from the experts

The worldwide trend today is to make visible the relationship that exists between companies and the protection of the ecosystem. Perhaps it would be possible to utilize impact evaluation on the scope and method of agrochemical usage in assessing the level of ecosystem protection. The challenge of realizing biodiversity through the use of biopesticides will help develop a sustainable agricultural environment. We hope that you will advance such efforts as a unique innovation that enhances the corporate value of the Nippon Soda Group. Awareness-building activities in relation to agrochemicals in developing countries is an important part of risk communication, but in the future, instead of targeting such communication only at people affiliated with agriculture, we hope that you will expand such dialogues to include residents as well as students who will be the next generation of agricultural industry workers.

Environment

Contribution to ensuring the environmentally sound recycling of resources using chemistry (technical competence)

Seeds for the future

Reducing environmental impact through products for resource recycling (HI-CHLON and HIDION)

Contributing to PCB detoxification

HI-CHLON, which contributes to the stable supply of water resources, is a product that has outstanding functionality and is capable of treating a substantial amount of water. As such, demand for this product is expanding overseas, such as in Europe, the Middle East and Asia.

As for PCB detoxification treatment as stipulated in the Stockholm Convention, public calls for this have grown in the domestic market. The demand for HIDION, which processes heavy metals contained in fly ash¹ produced during waste incineration, is expected to increase as rules and regulations become increasingly stringent.

1. "Fly ash" refers to ashes and dust collected at the gas emission exit of the dust collection equipment, as opposed to the main ash (incineration ash) emitted from the bottom of the incinerator.

Advice from the experts

These can be said to be technologies with extremely high social consciousness toward contributing to global environmental conservation. Since this is a field of business that is interlocked with environmental policies of the respective countries, there may be aspects that make it difficult to actively promote these products in some countries. However, the SDGs clearly state that private companies should contribute to resolving social issues in different regions. In the future, we are likely to see increased opportunities for existing businesses to make contributions toward global issues. From the perspective of recycling water, it might be worth thinking about expanding the scope of application of the technologies behind Nippon Soda's disaster toilet, the Suketto-Toilet, toward helping with the serious problem of toilets in developing countries.

Dialogue participants (at the time it was hosted)

Experts: Manabu Akaike President of Universal Design Intelligence Inc., Director of the Japan CSV Business Development Organization, science and technology journalist
Masao Seki Specially-appointed Associate Professor at Meiji University, Senior Advisor on CSR at Sampo Japan Nipponkoa Insurance Inc.
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Information

Contribution to the development of information appliances friendly to the environment and people by supplying high-function materials

Seeds for the future

Contributing through materials that promote weight reduction and improved operability of mobile devices

Providing materials to support universal design

We supply polymers used in approximately 400 million high-end mobile devices by utilizing highly advanced polymer technologies that have been nurtured over many years. At the dawn of the IoT (Internet of Things) era, mobile information devices that are highly lightweight and easy to operate are becoming essential to everyday life.

We will continue to make contributions by supplying high value-added materials in order to realize ease of use for all persons, including disabled persons, seniors and children.

Advice from the experts

Instead of looking only at the impact in terms of the number of mobile devices (terminals), we would like for you to create an opportunity to discuss specific effects that looks at what values were provided to people who use the technologies of the Nippon Soda Group. By incorporating the perspectives of stakeholders into existing technologies, we think it may elevate such technologies, transforming them into solutions where the social aspects stand out even more. Furthermore, how about thinking about projects that communicate the relationship between chemical materials and universal design to children? This would be an initiative with high social value that would lead to the creation of new solutions for the next generation.



Reflections after the dialogue

Differences in what's seen from within and from without

Masahito Ikeda, PhD

Executive Officer, General Manager,
Corporate Social Responsibility Department

The dialogue this time made me realize that the experts are able to see things that we do not notice, since we are looking at our customers and stakeholders from within Nippon Soda through the lens of our products and technologies.

The following perspectives gave us major clues on how we should advance our social contribution activities through our business in the future: reviewing things from an outsider's perspective will help connect social issues with our business; efforts in tackling SDGs are effective, especially because this is an era of transformation; there are expectations for the kind of unique innovation and collaboration that can only be achieved by a chemical manufacturer; and taking inventory of our business, from the perspective of impact, will add depth to the story of value creation.

For example, I am now thinking about the following, which I had not noticed when I was looking at things from within: assessing the effects on the

ecosystem through impact evaluation of the scope and method of agrochemical usage; making global contributions through the use of the Suketto-Toilet; and initiatives to communicate how chemical materials are associated with universal design to the next generation of children.

I hope to make use of what we have learned in our future CSR activities to improve corporate value.

[Positioning of the stakeholder dialogue]

The process for identifying materiality that the Nippon Soda Group needs to be involved in was advanced by the following four major steps.

- Step1** Identification and prioritization
- Step2** Validation and identification through expert dialogue
- Step3** Reporting to and approval from the Nippon Soda Group's management
- Step4** Implementation of PDCA

The previous dialogue that was held in 2015 was positioned under Step 2. This time, being the second stakeholder dialogue, we received advice on those things that were in the execution stage of Step 4 and on our efforts and KPIs with regard to initiatives on materiality that were implemented over the past year.