

CSR activity policy goals for FY 2020 (within the ISO 26000 Framework)

1 Management system and organizational governance

In order to carry out sound and transparent corporate activities in compliance with laws and regulations, 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.

2 Environmental protection

We will make efforts to save energy and resources, reduce and recycle waste, and reduce emissions of harmful substances, 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 Distribution safety, quality assurance and consumer issues

We will prevent distribution accidents by minimizing hazards, harm and risks of in-transit accidents associated with the transportation and distribution of our products. We will increase customer satisfaction.

6 Chemicals and product safety

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.

7 Social dialogue, community involvement and development, 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 2017–2020)

CSR Activity Goals of the Nippon Soda Group (New Medium-Term CSR Activity Goals for FY 2017–2020)

1. Management system^{RC} and organizational governance^{CSR}

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| Goal | Proper implementation |
| (Actions) | Continuous improvement using the PDCA cycle;
Increased efforts in implementing measures to prevent problems caused by human error |

2. Environmental protection^{RC/CSR}

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| (1) Environmental abnormalities | Goal | Zero events |
| | (Actions) | Implementation of measures for reducing risks by evaluating environmental impact;
Planning and implementation of measures to prevent problems caused by human error |
| (2) Energy | | |
| 1) Energy use per unit of production | Goal | Annual improvement of 1% and 4% improvement by the end of the new medium-term CSR plan |
| | (Actions) | With an eye to meeting the energy-saving target, focusing efforts to ensure the improvement in the per-unit energy use through the setting, implementation and evaluation of themes for improvement |
| 2) Energy use per unit of transportation | Goal | Annual improvement of 1% and 4% improvement by the end of the new medium-term CSR plan |
| | (Actions) | With an eye to meeting the target for saving energy use for transportation, focusing efforts to ensure the improvement of the per-unit energy use through the setting, implementation and evaluation of themes for improvement |
| (3) Reduction of greenhouse gas emissions | Goal | Annual reduction of 1% in CO ₂ emissions and 4% reduction by the end of the new medium-term CSR plan |
| | (Actions) | Complete elimination of fluorocarbon release from equipment using fluorocarbons
Implementation of improvement measures linked to energy-saving activities for the achievement of the goals, and regular inspection/maintenance of equipment using fluorocarbons |
| (4) Waste | | |
| 1) Amount of final disposal at landfills | Goal | Annual reduction of 3% in the amount of final disposal at landfills and 12% reduction by the end of the new medium-term CSR plan |
| | (Actions) | With an eye to meeting the reduction target, focusing efforts to ensure the improvement in the per-unit waste generation through the setting, implementation and evaluation of themes for improvement |
| 2) Zero emissions | Goal | Continuation of zero emissions |
| | (Actions) | Continuation of zero emissions at all worksites through reductions in the amount of final disposal at landfills and the amount transported |
| (5) Emissions of harmful substances to the atmosphere | Goal | Annual reduction of 12.5% from FY 2015 and 50% reduction by the end of the new medium-term CSR plan |
| | (Actions) | Planning and implementation of measures to reduce emissions of harmful substances |
| (6) Reduction of impact upon biodiversity and ecosystems | Goal | Planning and implementation of activities aiming to reduce impact upon biodiversity and ecosystems |
| | (Actions) | Contributing to the preservation of biodiversity by reducing environmental impact through environmental preservation activities;
Promoting communication with related parties and striving to collaborate and cooperate to enhance biodiversity |

3. Process safety and disaster prevention^{RC/BCP}

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| (1) Major accidents at facilities | Goal | No accidents |
| | (Actions) | Achieving zero major accidents at facilities; Reducing risks of major accidents at facilities in accordance with the BCP |
| (2) Maintenance and improvement of the business continuity plan (BCP) | Goal | Maintenance and improvement of the BCP using the PDCA cycle |
| | (Actions) | Improving the emergency operation center and implementing regular emergency drills to ensure preparedness for Tokyo metropolitan and sequential earthquakes |

4. Occupational safety and health^{RC}

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| (1) Occupational accidents resulting in an absence from work or no absence | Goal | No accidents |
| | (Actions) | Reduction of risks through risk assessments; Increased efforts for preventing human error; Activation of safety initiatives (KY, pointing and vocalizing, mutually directing attention, identifying "hiyari-hat" (near miss) accidents, 5Ss, improvement activities, campaigns, etc.) |
| (2) Health promotion | Goal | 5% reduction in the total number of absentee days including mental-health-related absence and 5% reduction in the number of incidents of personal injury or illness (averages for FY 2013–2015) |
| | (Actions) | Follow-up of periodic medical examination results; Mental health checks and their follow-ups; Health education |

5. Distribution safety^{RC}, quality assurance and consumer issues^{CSR}

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| (1) Distribution-related complaints | Goal | 30% reduction from FY 2015, complete elimination by the end of the new medium-term CSR plan |
| | (Actions) | Identifying and reducing risks of distribution-related complaints through active involvement by Head Office Logistics and RC Departments; Identifying and reducing risks of distribution-related complaints through active involvement by worksites' Logistics and RC Departments |
| (2) Product-related complaints | Goal | 30% reduction from FY 2015, complete elimination by the end of the new medium-term CSR plan |
| | (Actions) | Conducting company-wide quality risk assessments to reduce Rank A and B risks by 30% from the previous year; Increased efforts for the prevention of human error |
| (3) Consumer issues | Goal | Sharing information on issues |
| | (Actions) | Identifying products for consumers and confirming safety |

6. Chemicals and product safety^{RC}

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| (1) Compliance with chemical-related laws and regulations | Goal | Zero violations |
| | (Actions) | Strengthening the management of chemical substances (for preparation of SDS and labels in and outside Japan) by adopting a new chemical substance control system;
Conducting regular training programs on chemical substance control |

7. Social dialogue^{RC}, community involvement and development^{CSR}, fair operating practices^{CSR}, and compliance

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| (1) Local gatherings and community involvement | Goal | Maintaining the current number of local gatherings and improving their contents |
| | (Actions) | Continuing to have dialogues with concerned local people and relevant organizations and improving their contents |
| (2) Legal and other requirements | Goal | Zero legal violations |
| | (Actions) | Preparing a list of relevant laws and regulations, checking compliance using the PDCA cycle, taking measures to prevent recurrence of deviations, and rolling out these measures to other similar cases |
| (3) Creation of more opportunities for stakeholder engagement | Goal | Once a year per worksite |
| | (Actions) | Creating more opportunities for stakeholder engagement;
Incorporating results from stakeholder engagement activities to improve CSR and RC activities |

8. Human rights^{CSR}, labor practices^{CSR}

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| (1) Acceptance of diversity | Goal | Increased ratio of female, disabled, older and foreign employees |
| | (Actions) | The creation of a corporate culture where the abilities of a diverse range of workers can be maximized will be promoted as will the improvement of the work environment |
| (2) Creation of rewarding workplace that employees can be proud of | Goal | Understanding and improving levels of employee satisfaction with their workplace |
| | (Actions) | Promoting mutual communication in the office and improving human resource training |

Akira Ishii

Representative Director, President
Chairman, CSR Administration Meeting
April 1, 2016

Evaluation Results for FY 2019 and CSR Activity Policies for FY 2020 (Activity Policy based on the ISO 26000 Framework)

Item	Goals for FY 2019 (KPI in red)/Plan (P)	Results in FY 2019 (D)	Evaluation (C)
1. Management system and organizational governance	(1) Proper implementation 1) Continuous improvement using the PDCA cycle 2) Strengthening of measures to prevent problems caused by human error	1) The transition to the new version was completed at ISO-certified worksites. The transition was completed at Nippon Soda. The transition was completed at Group companies. 2) Goals for each worksite and each Group company were determined and measures to achieve them were strengthened.	(1) 1) ◎ 2) ○
2. Environmental protection	(1) Environmental abnormalities: Zero events (2) Energy 1) Energy use per unit of production (excluding logistics): Annual improvement of 1% (production base) 2) Energy use per unit of transportation: Annual improvement of 1% (sales base) (3) Reduction in greenhouse gas emissions: Annual reduction of 1% ; No CFC leakage (4) Waste 1) Amount of final disposal as landfill: Annual reduction of 3% 2) Continuation of zero emissions (5) Emissions of harmful substances into the atmosphere: Annual reduction of 37.5% from the fiscal year 2015 (6) Reduction in impact on biodiversity and ecosystems	(1) Nippon Soda: No violations Group: Nisso Metallochemical: 1 deviation from the standard value of wastewater (2) 1) Achieved 0.347 kL/t (2% decrease) 2) Not achieved 0.0248 kL/million yen (7.8% increase) The actual volume of transported products was 50,482 ton-kilos, 2,086 kL in crude oil equivalent (14.3% increase over the previous year) (3) Achieved 204,347 t (8.6% decrease) (4) 1) Not achieved 107 t (20% increase) (Increase in waste glass quantity as a result of the relocation of a research center) 2) Achieved 1.4% (≤ 5%) (5) Achieved 7.0 t (55% decrease) (attributable to the solvent conversion in 2015) (6) Chiba Plant: Himecomatsu S supporter status continued Odawara Research Center: Breeding of <i>medaka</i> obtained from the Sakawa River system continued Other worksites: Participation in outside environmental conservation activities and continued review of activities conducted	(1) × (2) 1) ◎ 2) × (3) ◎ (4) 1) × 2) ◎ (5) ◎ (6) ◎
3. Process safety & disaster prevention/BCP	(1) Major accidents at facilities: Zero accidents 1) Achievement of zero major accidents at facilities 2) Reduction in the risk of major accidents at facilities in line with BCP (2) Maintenance and improvement of a business continuity plan (BCP): Maintenance and improvement of the BCP using the PDCA cycle	(1) 1) Nippon Soda: 1; Group: 1 • Chiba Plant of Nippon Soda: On March 28, during a shutdown of a facility, a pump was broken and caught fire. • Aizu Plant of Nisso Metallochemical: On September 7, during preparation for waste treatment, a fire broke out. 2) Diagnosis of disaster prevention capability: 8; Safety audit prior to trial operation: 6; Special CSR audit: 1 (2) Revised on April 1, 2018; The eighth version was distributed. Each business site: Disaster drill Head Office: Training to establish the Head Office Disaster Response Headquarters	(1) 1) × 2) ◎ (2) ◎
4. Occupational safety & health	(1) Occupational accidents resulting in an absence from work or no absence: No accidents 1) Conducting risk assessments to reduce occupational accidents 2) Strengthening measures to prevent human error 3) Implementing activities to ensure safety (2) Health promotion: 15% reduction in the total number of absentee days, including mental-health-related absence, and 15% reduction in the incidence of personal injury and illness (average in the period from FY 2013 to FY 2015) 1) Follow-up of those undergoing periodic medical examinations 2) Mental health checkups and follow-ups, health education	(1) Not achieved: 10 cases involving absence from work (Nippon Soda: 0; Nippon Soda affiliated companies: 3; Group companies: 5; Group affiliated companies: 2); 16 cases involving no absence (Nippon Soda: 5; Nippon Soda affiliated companies: 3; Group companies: 7; Group affiliated companies: 1) 1)2) Safety patrols conducted at six worksites 3) Occupational accident prevention survey: A survey with the aim of improving risk responding abilities of on-site workers was conducted by Sompso Risk Management & Health Care on March 5 at Chiba Plant. (2) Not achieved: 61% reduction in the total number of days of absence from the average of the period from FY 2013 to FY 2015 7% increase in the number of occurrences 1)2) Guidance for improvement was offered by healthcare professionals and in-house health personnel.	(1) × 1)2) ◎ 3) ◎ (2) △ ◎
5. Distribution safety, quality assurance and consumer issues	(1) Distribution-related complaints: 90% reduction from FY 2015 1) Identification and reduction of risks related to distribution-related complaints through proactive involvement by the Head Office Logistics and RC Departments. Identification and reduction of risks related to distribution-related complaints through proactive involvement by each worksite's Logistics and RC Departments (2) Product-related complaints: 90% reduction from FY 2015 1) 30% reduction in rank A and B risks from the previous year by company-wide introduction of quality risk assessment, strengthening of measures to prevent human error (3) Consumer issues: Sharing information on relevant issues 1) Identifying consumer products and confirmation of their safety	(1) Remained the same since FY 2015 (FY 2015: 3; FY 2019: 3) 1) Inspection and audit of logistics companies and education for them Proposal for improvement of customers' facilities Gathering of information through industry groups (2) 17% decrease from FY 2015 (FY 2015: 18; FY 2019: 15) 1) Rank A: 83% reduction; Rank B: 72% reduction Education to prevent human error was provided at each worksite. (3) 1) Consultations offered mainly by Sales Department; Identifying customers' needs through sales promotion activities and providing information	(1) × 1) ◎ (2) × 1) ◎ (3) ◎ 1) ◎
6. Chemicals & product safety	(1) Compliance with chemical-related laws and regulations (zero violations) 1) Zero violations 2) Strengthening 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	(1) 1) 3 violations (Nippon Soda: 1, Group companies: 2); Corrective actions, prevention of recurrence, sharing of relevant information with other worksites 2) Preparation of SDSs of new products; Revision of SDSs in response to the addition of substances for which notification must be given under the Industrial Safety and Health Act 3) Implementation according to the plan	(1) × ◎ ◎
7. Social dialogue RC, community involvement/development CSR, fair operating practices CSR, & compliance	(1) Local gatherings and community involvement 1) Retention of a certain number of local gatherings and improvement of 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) Achieved (≥ 25 events/year); 49 local gatherings (2) Not achieved: Violations (Corrective actions, prevention of recurrence, sharing of relevant information with other worksites) Nippon Soda: 1 violation of the Poisonous and Deleterious Substances Control Act (Nihongi Plant); fire accident (Chiba Plant); correction recommendations from the Labor Standards Inspection Office (9 recommendations at 3 worksites) Group: Nisso Metallochemical: 1 deviation from the standard value of wastewater, 1 fire accident; Nisso Engineering: 1 correction recommendation from the Labor Standards Inspection Office; Nisso Shoji: 1 violation of the Industrial Safety and Health Act, 1 violation of the Pharmaceuticals and Medical Devices Law; Sanwa Soko: 1 violation of the Customs Law (3) Achieved 1) Verification of the CSR report by the Japan Chemical Industry Association (JCIA) Diagnoses of disaster prevention capability and occupational accident prevention survey by Sompso Risk Management & Health Care Local gatherings	(1) ◎ (2) × (3) ◎
8. Human rights-related CSR/Labor practices	(1) Embracing diversity 1) Increase in the rate of employment of women, disabled people, older people and overseas nationals 2) The creation of a corporate culture where the abilities of a diverse range of workers can be maximized will be promoted, as will the improvement of the work environment (2) Rewarding workplace that employees can be proud of 1) Understanding and improving employee satisfaction 2) Improving in-house communications and programs for human resources development	(1) Embracing diversity 1) • New graduate hires: 10 new graduates were hired for administrative job family in 2019, including 4 women but no overseas nationals (including 1 mid-career hire) • Mid-career hires: 12 hired for administrative job family include 3 women but no overseas nationals • Reemployed: 12 in April and 10 in October; 100% of retirees were reemployed. • Employment rate of disabled people in all companies: 1.95% (as of the end of March) • Explanatory session about employment provided for women, renewal of the website on employment 2) Eligibility for the introduced career development support system was expanded to include managers; An explanatory session was held. The list of requirements for positions was released internally. "Certified as an "Eruboshi" company (August 23) (2) 1) An explanatory session on how to meet work-style reform related bills was held. "Recognized as an excellent health and productivity management enterprise in the White 500 category for two consecutive years (February) 2) Wider acceptance of the idea - Tips for communication were published in an in-house newsletter. • Rank-based training programs were improved.	(1) ○ 1) ◎ ◎ ◎ × ◎ 2) ◎ (2) 1) ◎ 2) ◎

Note: Achievement rate ◎: ≥ 90% ○: 90–80% △: 80–60% ×: ≤ 60%

Future policies (A)	Goals for FY 2020 (P)
<p>1) Transition from OHSAS 18001 to ISO 45001 Progress management is conducted through auditing, by subcommittees and other means.</p> <p>2) Continuous correction and education will be promoted throughout the Group to help employees recognize how to prevent human error.</p>	<p>(1) Proper implementation 1) Continuous improvement using the PDCA cycle</p> <p>2) Strengthening measures to prevent problems caused by human error</p>
<p>(1) Activities to prevent environmental problems will be implemented according to the CSR Plan.</p> <p>(2) 1) Energy saving will be promoted according to the plan to reduce the annual energy use per unit of production by 1%. 2) The optimization of transportation routes will be considered.</p> <p>(3) Improvement measures will be implemented in conjunction with energy-saving activities. Regular inspections and maintenance in compliance with relevant laws and regulations will be implemented.</p> <p>(4) 1) Measures will be implemented to achieve the reduction target. 2) The ratio of zero waste emissions will be maintained at < 5.0%.</p> <p>(5) Reduction measures will be implemented continuously.</p> <p>(6) An activity plan will be developed and implemented.</p>	<p>(1) Environmental abnormalities: Zero events</p> <p>(2) Energy 1) Energy use per unit of production (excluding logistics): Annual improvement of 1% (production base) 4% improvement from FY 2016 2) Energy use per unit of transportation: Annual improvement of 1% (sales base) 4% improvement from FY 2016 (3) Reduction in greenhouse gas emissions: 4% reduction from FY 2016; No CFC leakage</p> <p>(4) Waste 1) Amount of disposal as landfill: 12% reduction from FY 2016 2) Continuation of zero emissions</p> <p>(5) Emissions of harmful substances into the atmosphere: 50% reduction from FY 2015</p> <p>(6) Reduction in impact on biodiversity and ecosystems</p>
<p>(1) 1) Continuous efforts to prevent recurrence 2) Diagnosis of disaster prevention capability, safety audit prior to trial operation, and special CSR audits will be continued.</p> <p>(2) To be revised on April 1, 2019; The ninth version will be distributed. Each business site: Disaster drill Head Office: Training to establish the Head Office Disaster Response Headquarter</p>	<p>(1) Major accidents at facilities: Zero accidents 1) Achievement of zero major accidents at facilities 2) Reduction in the risk of major accidents at facilities in line with BCP</p> <p>(2) Maintenance and improvement of a business continuity plan (BCP): Maintenance and improvement of the BCP using the PDCA cycle</p>
<p>(1) Efforts to prevent accidents will continue to be promoted, such as the attraction of attention of the entire company by the Central Safety and Health Committee and the CSR Promotion Subcommittee.</p> <p>1)2) Relevant information will be shared among worksites.</p> <p>3) Improvement based on occupational accident prevention survey results will be considered and information on the results will be shared among worksites.</p> <p>(2) 1)2) More emphasis will be placed on health guidance for those with abnormal findings in medical examinations; Care will be provided to highly stressed employees at an early stage.</p>	<p>(1) Occupational accidents resulting in an absence from work or no absence: No accidents</p> <p>1) Conducting risk assessments to reduce occupational accidents 2) Strengthening measures to prevent human error 3) Implementing activities to ensure safety</p> <p>(2) Health promotion: 20% reduction in the total number of absentee days, including mental-health-related absence, and 20% reduction in the incidence of personal injury and illness (average in the period from FY 2013 to FY 2015) 1) Follow-up of those undergoing periodic medical examinations 2) Mental health checkups and follow-ups, health education 3) Strengthening efforts to ensure compliance with measures to prevent passive smoking</p>
<p>(1) Inspection and audit of distribution companies and provision of education to them will be continued. Request for improvement of customers' facilities will be continued. Information gathering via industrial organizations will be continued.</p> <p>(2) Quality risk assessment will be continued. Exchange of opinions at internal meetings and sharing of information on measures to prevent reoccurrences at worksites will be continued.</p> <p>(3) The same efforts will be continued.</p>	<p>(1) Distribution-related accidents/complaints: None 1) Identification and reduction of risks related to distribution-related complaints through proactive involvement by the Head Office Logistics and RC Departments. Identification and reduction of risks related to distribution-related complaints through proactive involvement by each worksite's Logistics and RC Departments</p> <p>(2) Product-related complaints: None 1) 30% reduction in rank A and B risks from the previous year by company-wide introduction of quality risk assessment, strengthening of measures to prevent human error</p> <p>(3) Consumer issues: Sharing information on consumer issues 1) Consumer products will be identified and their safety will be confirmed.</p>
<p>1) The chemicals management system will be maintained and improved. 2) Will be continued, if necessary. 3) Will be continued according to the plan.</p>	<p>(1) Compliance with chemical-related laws and regulations (zero violations) 1) Zero violations 2) Strengthening 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</p>
<p>(1) Implemented according to the plan.</p> <p>(2) Information on the measures to prevent reoccurrences will be shared among worksites for implementation.</p> <p>(3) Implementation will be continued according to the plan.</p>	<p>(1) Local gatherings and community involvement 1) Retention of a certain number of local gatherings and improvement of their contents</p> <p>(2) Legal and other requirements 1) Zero legal violations</p> <p>(3) Creation of more opportunities for stakeholder engagement 1) Once a year per worksite</p>
<p>(1) 1) • Recruitment-related work will be organized and reviewed • Inhouse education to raise employees' awareness, for example, through inhouse newsletters, will be continued. • Diversity training will be continued. • Efforts will be made to improve understanding of the necessity of employing disabled people and develop worksites where they can play an active role. • Networking for the employment of disabled people will be strengthened. 2) Administrative work and specialized work categories of the Career Development Support System will be unified.</p> <p>(2) 1) • Change from ES (employee satisfaction) survey to "Great Place to Work/ Organizational Development" survey will be considered. • Improvement of individual time management → Flexible work system • Trial for methods 2) • Interviews using the career vision sheet will be continued.</p>	<p>(1) Embracing diversity 1) The employment rates of women, disabled people, older people, and overseas nationals will be increased.</p> <p>2) The creation of a corporate culture where the abilities of a diverse range of workers can be maximized will be promoted as will the improvement of the work environment.</p> <p>(2) Creation of a rewarding workplace that employees can be proud of 1) Employees satisfaction levels will be identified and improved.</p> <p>2) In-house communications will be strengthened and programs for human resources development will be improved.</p>