

## Together with Our Business Partners (Fair Operating Practices)

At the Nippon Soda Group, we aim to build a sustainable supply chain as a member of international society. In addition to thorough compliance with the laws and ordinances in each country, we promote environment- and society-friendly business activities through constructive dialog with our business partners.

### Basic Policy

- Interaction with our business partners with decency and honesty, and handling transactions in a fair and just manner.
- Regarding the procurement of raw materials and other purchasing activities, maintaining stable relationships of trust with our business partners based on our purchasing policy.

### Initiatives in Purchasing

#### ▶ Purchasing Policy

- Thoroughly comply with purchasing laws and ordinances (Antimonopoly Law, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, etc.). Participate in internal and external training regarding law and ordinance expertise.
- Purchase raw materials that contribute to stable production and enhanced cost competitiveness.
- Promote environment- and society-friendly raw material procurement.
- Secure multiple material procurement sources and undertake appropriate inventory management to ensure a robust Business Continuity Plan (BCP).

#### ▶ Nippon Soda Group Code of Conduct

At the Nippon Soda Group, we ensure thorough compliance with the Nippon Soda Group Code of Conduct, which outlines the following standards for transactions with suppliers.

- When selecting a supplier from among multiple vendors, we determine the most appropriate business partner by comparing and assessing quality, price, delivery period, technical capability, supply stability, and other criteria in a fair and just manner.
- When outsourcing manufacture to an external business, we only conclude contracts and complete transactions following thorough understanding of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

#### ▶ Cooperative Purchasing Activities

By gathering information from trading companies, who serve as our purchasing intermediaries, and carrying out local audits with the quality management departments of each plant, we conduct purchasing activities while confirming the safety and environmental and social impact of the handling of our chemicals from the point of manufacture to the point of delivery.

Through the exchange of diverse information, we aim to build mutually beneficial relationships with our business partners, and while furthering understanding and gaining further cooperation with regards to our purchasing policy, we aim to undertake sustainable procurement.

#### ▶ Raw Material Quality Management

We regularly visit suppliers of pharmaceutical raw materials to conduct GMP\* audits.

\*When manufacturing pharmaceuticals, not only is it important to check conformity with predetermined quality standards, the manufacturing process itself must be appropriately managed to ensure constant manufacture of outstanding, high-quality products. Good Manufacturing Practices (standards for pharmaceutical manufacturing and quality management) are a set of conditions for the manufacture of high-quality pharmaceuticals.

#### ▶ Environment- and Society-friendly Supply Chain

- From a sustainability standpoint, when procuring industrial salt and pulp, two of our main natural raw materials, we monitor our suppliers (document-based and on-site monitoring) in order to confirm the following.
  - (1) Compliance with laws, ordinances, and social norms, and fair transactions
    - a. Compliance with relevant laws, ordinances, and social norms
    - b. Compliance with in-house rules related to business entertainment and gifts, and prevention of bribery and other forms of corruption
    - c. Appropriate management of private/personal information related to transactions

## Together with Our Business Partners (Fair Operating Practices)

- (2) Environmental considerations
  - a. Conservation of ecosystems and the global/regional environment
  - b. Prevention of environmental pollution
  - c. Promotion of efforts to reduce GHG emissions and address climate change
  - d. Promotion of resource- and energy-saving measures
  - e. Reduction of waste
- (3) Social considerations
  - a. Efforts to coexist with local communities and contribute to society
- (4) Considerations for human and worker rights protection
  - a. Maintenance of a safe, healthy workplace environment
  - b. Elimination of child/forced labor and discrimination
  - c. Thorough respect for workers' rights through appropriate management of wages and working hours, etc.
- (5) Raw material traceability
  - a. Compliance with laws pertaining to harvesting and tree felling
  - b. Absence of serious social conflict surrounding raw materials

### 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 field maintenance is 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 operations.

#### ▶ 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 regarding logistics. We share such information to ensure the safe delivery of our products to our customers.



Logistics safety education (relating to chemical properties of products)  
(At the office of a contracted transport company; March 25, 2021)