

Nippon Soda Group

ESG Data Book 2021



NIPPON SODA CO.,LTD.

ESG Data Book 2021 Contents

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Scope of the Report

The *ESG Data Book 2021* 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 Shinfujji Kaseiyaku Co., Ltd.; and five non-manufacturing Group companies: Nisso Shoji Co., Ltd., Sanwa Soko Co., Ltd., Nisso Engineering Co., Ltd., Nisso Kensetsu Co., Ltd. and Nisso Green Co., Ltd.). This report provides results for fiscal 2021 (April 1, 2020 to March 31, 2021). The data on occupational accidents are based on results for the period from January 1, 2020 to December 31, 2020. 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 in cooperation with the International Organization for Standardization (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.

Third-Party Verification

To ensure the transparency and reliability of the information contained in our *Integrated Report 2021* and *ESG Data Book 2021*, a third-party verification is carried out by the Japan Chemical Industry Association. The results of this verification are outlined on page 86 in "Third-Party Evaluations: ESG Verification."

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.

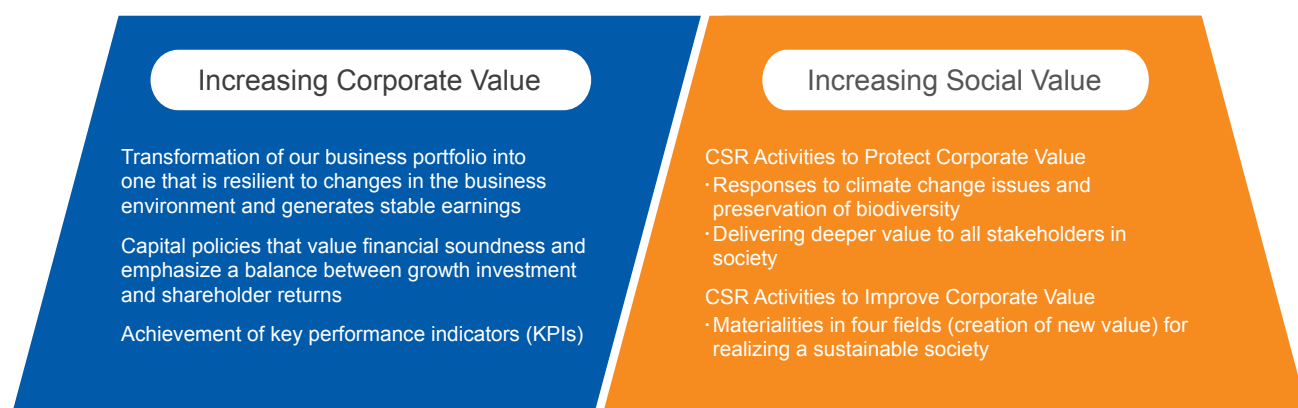
Nippon Soda Group's ESG

Basic Management Policy

The Nippon Soda Group places primary importance on sound and transparent business management in compliance with law. Our management philosophy is to contribute to social development through chemistry, to meet expectations from stakeholders, including customers, shareholders and 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-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

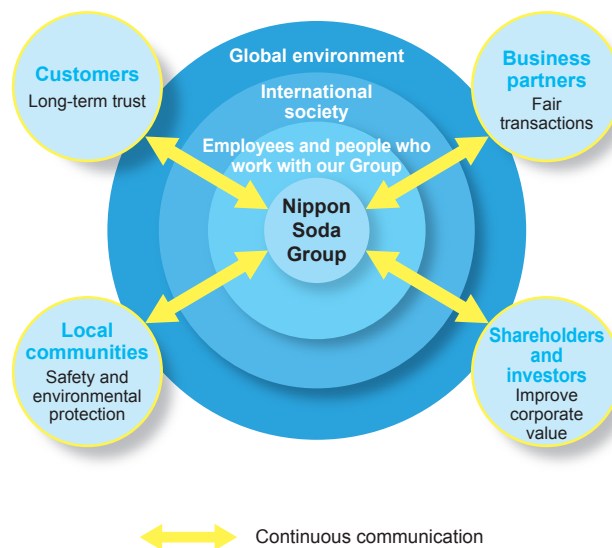
The Nippon Soda Group's mission is to "create new value through the power of chemistry and increase corporate value by contributing to society." We will contribute to society by providing the products and services demanded by customers and the social environment of the 2020s. We believe that in order 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

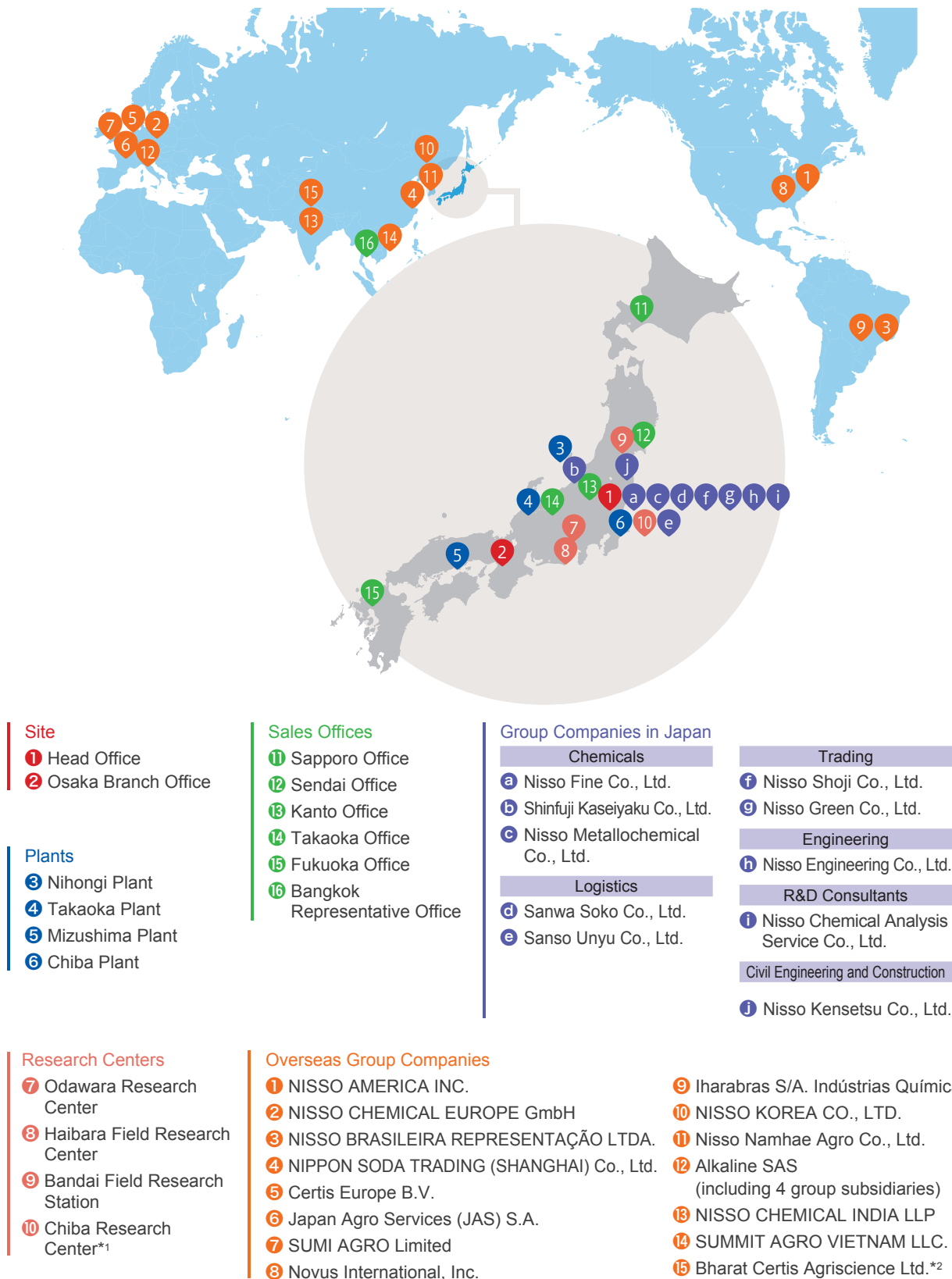
Stakeholders

The management philosophy of the Nippon Soda Group is to meet expectations from stakeholders, including customers, shareholders and 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 contributing to the creation of a prosperous society based on its desire to create new value through its unique technologies and products.



Business and ESG of the Nippon Soda Group

Overview of the Nippon Soda Group (As of April 1, 2021)



*¹ Reorganized as the Chiba Research Center on April 1, 2021

*² Changed name from Bharat Insecticides Ltd. on April 1, 2021

Value Creation of the Nippon Soda Group

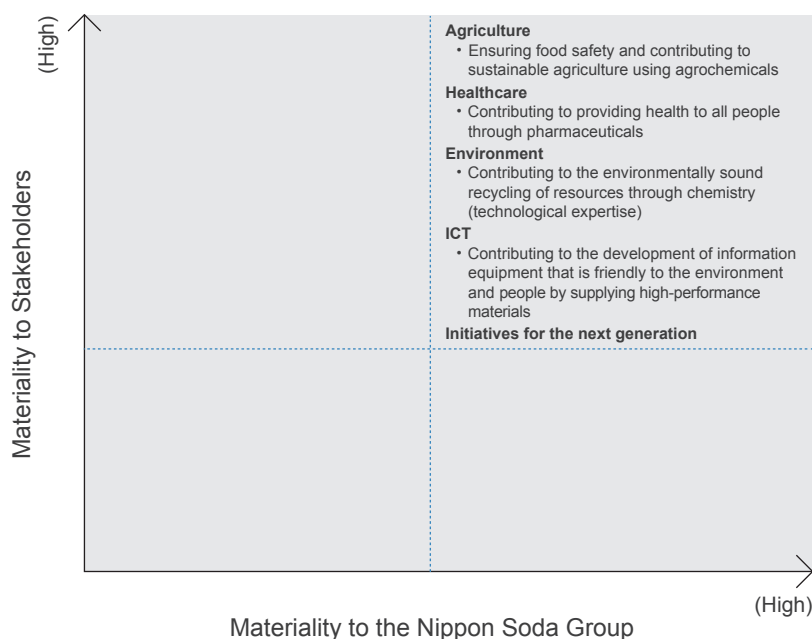
Since its establishment in 1920, the Nippon Soda Group has contributed to the development of society and provided new value through chemicals, and has supported people's everyday lives by delivering a range of chemical products and services.

In May 2020, we identified new materiality (important issues) in the four fields 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 and the Board of Directors



Value Creation of the Nippon Soda Group

FY 2022 CSR Activity Policy and Targets of the Nippon Soda Group (1/3)

	Field	Materiality	Relation to SDGs	Our Vision 10 Years in the Future	KPI
CSR Activities to Improve Corporate Value	Agriculture	Securing food and achieving sustainable agriculture <ul style="list-style-type: none"> Contribution to the global supply of food Diversification of crop protection Streamlining and improving labor efficiency in farming production 	 Goal 2: ZERO HUNGER End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	A chemical group that addresses agricultural and food issues and is succeeding as a business.	(1) Hosting of seminars (2) Current initiatives
	Healthcare	Healthy lives to all people <ul style="list-style-type: none"> Support services for high-performance products and formulation technologies 	 Goal 3: GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages.	A chemical group that addresses health issues and is succeeding as a business.	(1) Contributions (2) Hosting of seminars
	Environment	Toward a resource recycling society <ul style="list-style-type: none"> Steady supply of water resources Reduction of environmental burden caused by waste 	 Goal 6: CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all.	A chemical group that addresses global environmental issues and is succeeding as a business.	(1) Volume of water contributed (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.		
		Achieving sustainable plant protection <ul style="list-style-type: none"> Protection of precious trees such as pines from harmful insects 	 Goal 15: LIFE ON LAND Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.		(1) Current initiatives
CSR Activities to Improve Corporate Value	ICT*	Applying the functionality of chemicals to IT devices <ul style="list-style-type: none"> Supply of high-performance materials that are friendly to the environment and people 	 Goal 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	A chemical group that supports the development of the information and electronic technology field through materials and is succeeding as a business.	(1) Contributed shipment value
	Initiatives for the Next Generation	Achieving a low-carbon society <ul style="list-style-type: none"> Contribution by supplying low-carbon products Engaging in initiatives aimed at a hydrogen-based society 	 Goal 13: CLIMATE ACTION Take urgent action to combat climate change and its impacts. <ul style="list-style-type: none"> (1) Agriculture Microbial pesticides and microbial agrochemicals (2) Healthcare Pharmaceutical additives plant-derived materials (3) Environment Development of biodegradable plastics Research on hydrogen production and hydrogen storage technologies (4) ICT Secondary batteries Development of materials with low environmental impact 	A chemical group that contributes to the achievement of a low-carbon society by providing low-carbon products and is succeeding as a business	(1) Trends in the number of low-carbon products Current initiatives Contributions Development
CSR Activities to Improve Corporate Value		Forming partnership to achieve goals that cannot be accomplished by the Nippon Soda Group alone. <ul style="list-style-type: none"> Sharing philosophies for goals and cooperating with other companies and organizations 	 Goal 17: PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalize the global partnership for sustainable development.	A corporate group that realizes goals by sharing its values with several companies and organizations and is succeeding as a business.	(1) Current initiatives
		Developing human resources for the next generation <ul style="list-style-type: none"> Educational system to foster a culture of safety for the future 		A chemical group that is fostering human resources who can successfully manage a business based on our CSR philosophy.	(1) Training initiatives
		Research and development toward the next generation <ul style="list-style-type: none"> Research and development that enables the continuing development of human society and the global environment, and that leads to business 		A corporate group that can successfully contribute to society through its products and can succeed as a business.	(1) Research and development

* Information and communications technology

Value Creation of the Nippon Soda Group

FY 2022 CSR Activity Policy and Targets of the Nippon Soda Group (2/3)

	Field	Action Policies (Concepts)	Item	Target	Target Action	KPI
CSR Activities to Protect Corporate Value	Management System ^{RC} and Organizational Governance ^{CSR}	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 target 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 specified 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.	(1) KPIs for each activity
	Environmental Protection ^{RC/CSR}	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 logistics	① Annual improvement of 1%	① With an eye to meeting the reduction target, ensure that improvements are conducted per unit of production through the setting, implementation, and evaluation of themes for improvement. ② With an eye to meeting the target for reducing energy use in logistics, focus efforts to ensure the improvement of the per-unit energy use through the setting, implementation and evaluation of themes for improvement.	(1) Energy consumption (rate) (2) Energy consumption (rate)
				② Annual improvement of 1%		
			(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.	(1) Amount of emissions
			(4) Water resources conservation	Monitor water resources and promote efficient water use	① Maintain and improve water quality of wastewater from business sites. ② Consider reduction of the amount of water used.	(1) Number of wastewater environment abnormalities (2) Amount of water used
			(5) Industrial waste ① Amount of final disposal at landfills ② Zero emissions	① Annual reduction of 3% in 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 worksites by reducing the amount of final disposal at landfills and amount transported.	(1) Amount of final disposal at landfill (2) Zero emissions ratio
				(6) Emissions of harmful substances into the atmosphere		Annual reduction of 1%
	(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 burden through environmental protection activities. - Promote communication with related parties and strive to collaborate and cooperate to enhance biodiversity.	(1) Current initiatives		
	Process Safety ^{RC} & 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	No accidents	- Achievement of zero major accidents at facilities. - Reduce the risk of major accidents at facilities in line with BCP.	(1) Number of accidents
			(2) Maintenance and improvement of BCP	Maintenance and improvement of the BCP using the PDCA cycle	- Periodical BCP review and addressing new risks and other matters.	(1) BCP improvement status
	Occupational Safety and Health ^{RC}	We will create an accident-free working environment in order to provide a healthy and happy working experience.	(1) Occupational accidents resulting in an absence from work or no absence	No accidents	- Reduce risks through risk assessments. - Increase efforts for preventing human error. - Activate safety initiatives (KY, pointing and vocalizing, mutually directing attention, identifying <i>hiyari-hatto</i> (near miss) accidents, 5Ss, improvement activities, campaigns, etc.). - Implement disaster prevention activities for young employees and less experienced employees. - Strengthen hands-on training facilities and training system.	(1) Number of occupational accidents
			(2) Promotion of health management	Improve the ratio of employees that complete thorough medical exams: Annual improvement of 5%	- Follow-up of those undergoing periodic medical examinations. - Stress check and follow-up. - Mental and physical health training.	(1) Number of incidences of personal injury and illness (2) Ratio of employees that complete thorough medical exams
	Logistics Safety ^{RC} 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. We will enhance customer satisfaction.	(1) Logistics-related complaints	Zero events	- Provide education and guidance for shipping companies. - Investigate the causes of complaints, and implement thorough recurrence prevention measures.	(1) Number of logistics-related complaints
			(2) Product-related complaints	Annual 20% decrease in number of incidents	- Alleviate 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 thorough recurrence prevention measures.	(1) Number of product-related complaints
	Chemicals and Product Safety ^{RC}	We will increase the confidence and trust that customers and the general public have in us by taking into account possible hazards and harm from chemical substances 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.	(1) Compliance with chemical-related laws and regulations	Zero violations	- Reinforce control of chemical substances through new chemical substance management systems (Switch to the versions of SDS that comply with the revised JIS, 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 (2) Status of educational programs

Value Creation of the Nippon Soda Group

FY 2022 CSR Activity Policy and Target of the Nippon Soda Group (3/3)

	Field	Action Policies (Concepts)	Item	Target	Target Action	KPI
Social Activities	Together with Our Customers (Consumer Issues ^{CSR})	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 desk, sales and product promotion activities.	(1) Current initiatives
	Together with Our Employees (Human Rights ^{CSR} and Labor Practices ^{CSR})	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) Embracing diversity	Increase the employment rates of women, disabled people, seniors, and overseas nationals.	- Promote the creation of a corporate culture where the abilities of a diverse range of workers can be maximized, and improve the work environment.	(1) Quantitative value for diversity
			(2) Creation of rewarding workplaces that employees can be proud of	Identify and improve employee's satisfaction levels	- Strengthen in-house communications and improve programs for human resources development.	(1) 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. Promote environment- and society-friendly CSR procurement with the cooperation of business partners throughout the supply chain.	(1) Business partners	① Fair and just business transactions ② Promote environment- and society-friendly CSR procurement	- In the case of the selection of suppliers, we conduct a fair comparison and evaluation based on various conditions, including quality, price, delivery terms, technical competence and stability of supply.	(1) Status of compliance with Code of Conduct (2) Current initiatives
	Together with Our Shareholders and Investors	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 Dialogue ^{RC})	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 and improve transparency.	(1) Local gatherings and community involvement	Increase number of times and enrich content of local gatherings and involvement	- Continue to engage in dialogue with concerned local people and relevant organizations and improve content	(1) Number of dialogue events held and contents
(2) Legal and other requirements			Zero legal violations	- 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.	(1) Status of deviations	
(3) Creation of more opportunities for stakeholder engagement			Once a year at each worksite	- Create more opportunities for stakeholder engagement. Incorporate results from stakeholder engagement activities to improve CSR and RC activities.	(1) Number of engagement events held and contents	
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 complies with the law and which is highly sound and transparent.	(1) Governance structure
	Compliance	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

Eiji Aga

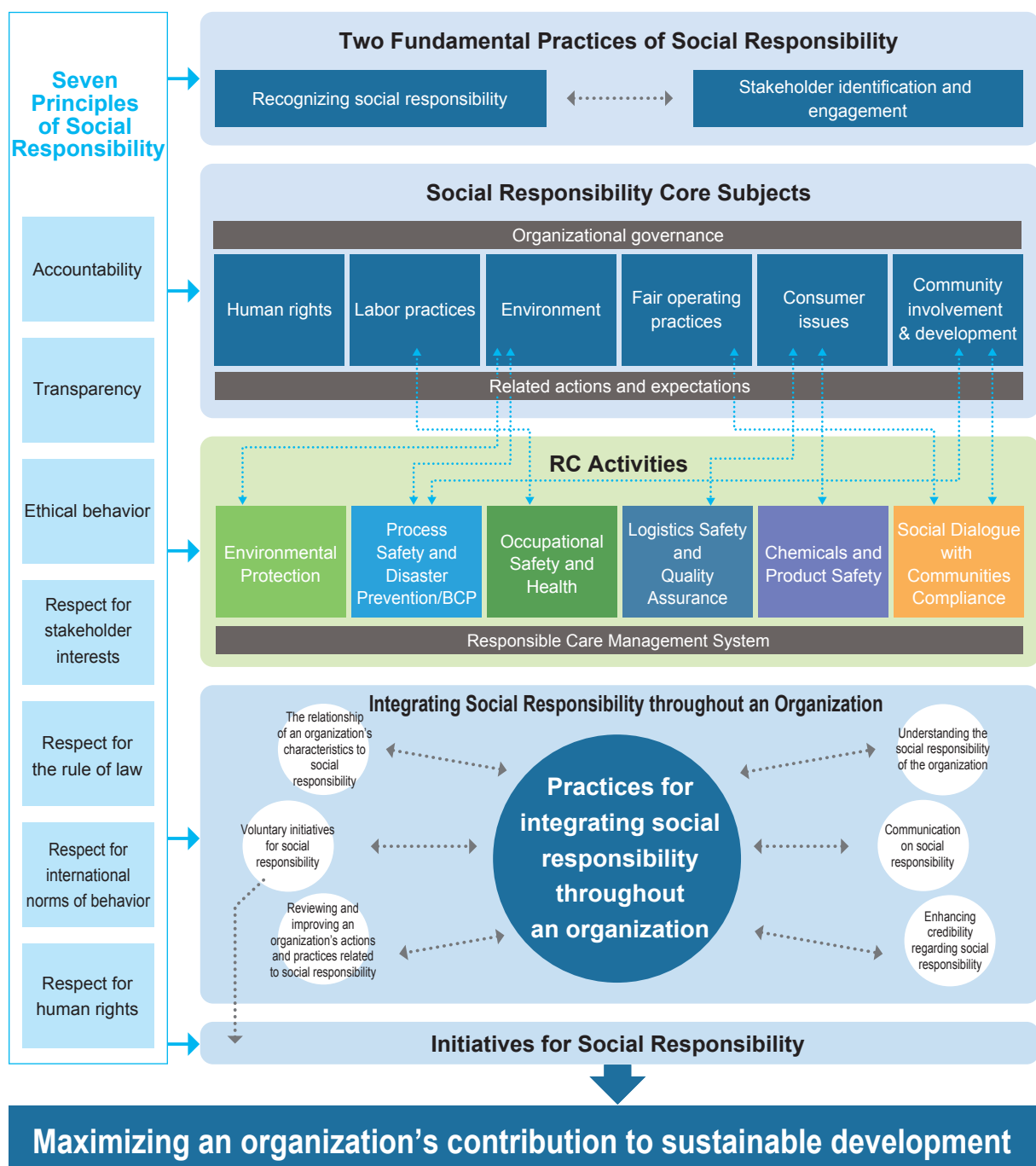
Representative Director, President
Chairman, CSR Administration Meeting

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. (See CSR Activity Policy for FY 2022, p.13)

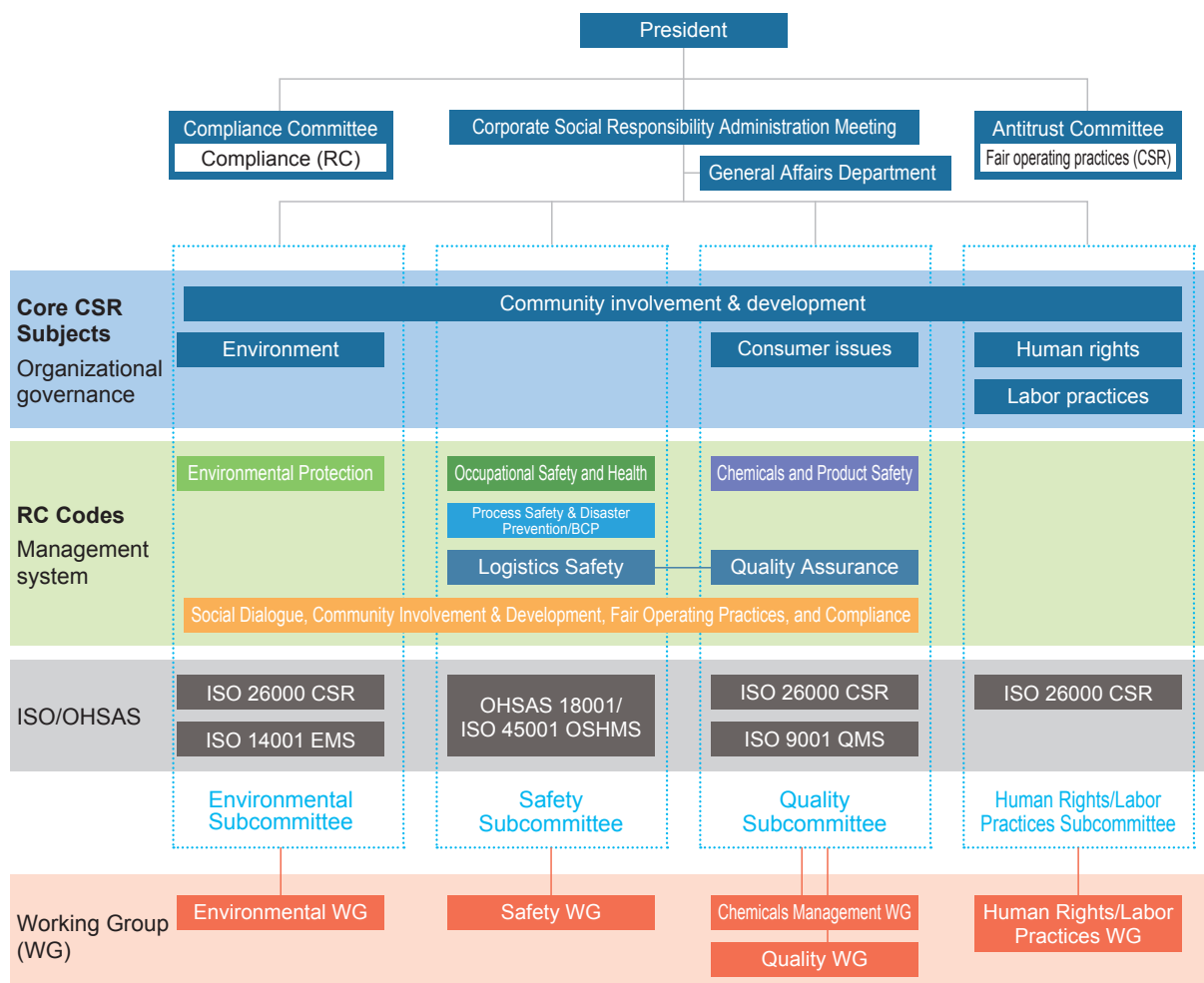
● Relationship between CSR (ISO 26000) and RC



CSR Management

CSR Promotion System

Chaired by the President, the Corporate Social Responsibility (CSR) 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)

● Ratio of Nippon Soda Group Manufacturing Facilities with ISO Certification*

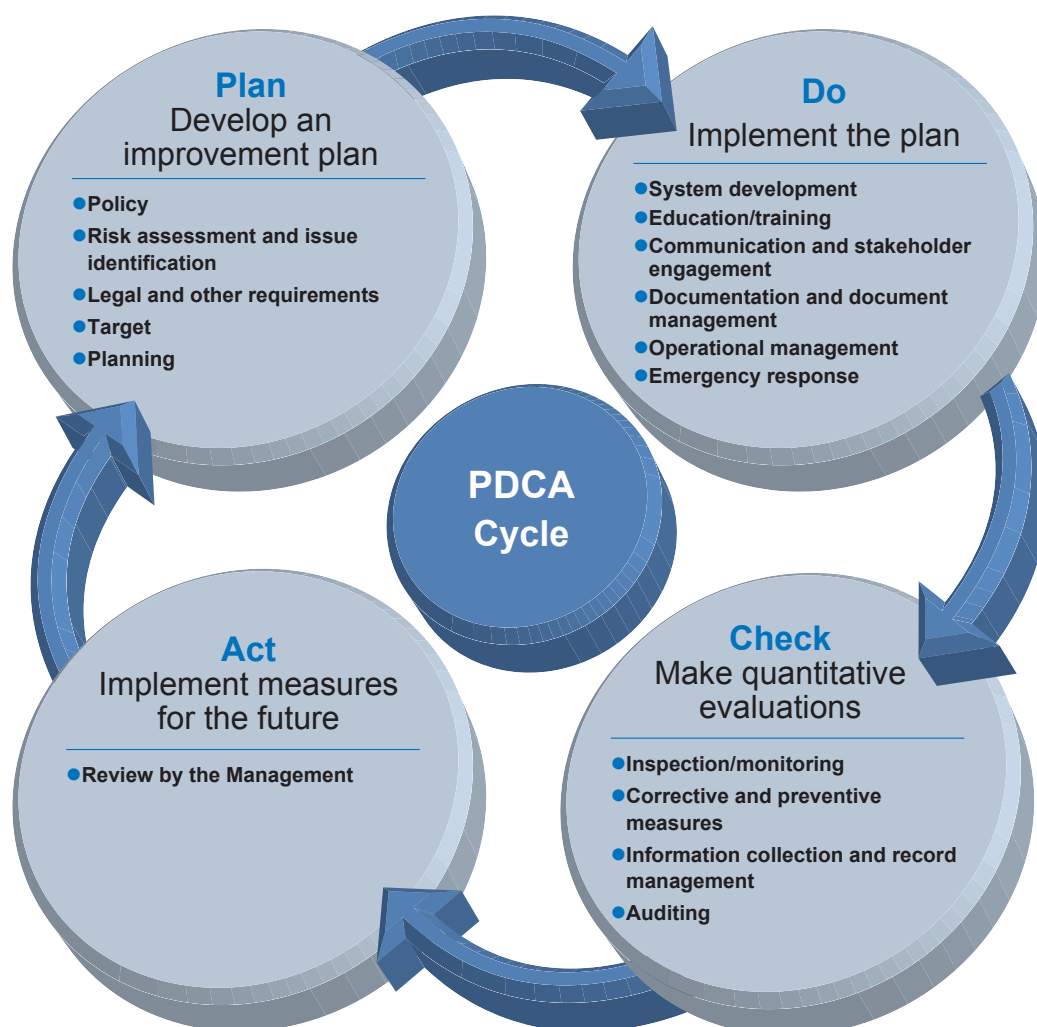
	ISO 14001	OHSAS 18001/ISO 45001	ISO 9001
Nippon Soda	100%	100%	100%
Nippon Soda Group	80.0%	26.7%	93.3%

* Current as of March 31, 2021. Percentage of Nippon Soda and Nippon Soda Group (Nippon Soda and its consolidated subsidiaries) whose manufacturing facilities have acquired ISO certification.

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 (plants and research centers) 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. The results of internal audits are reviewed at the 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/Reviews

All worksites (plants and research centers) and manufacturing Group companies undergo external reviews according to ISO 14001, ISO 9001, OHSAS 18001 (or ISO45001) 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 also subject to appropriate governmental reviews and inspections based on various laws and ordinances, and proactively engage in efforts to address potential areas for improvement.

We proactively welcome 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 appropriate audit system that can accommodate the situation.

Audits and Reviews Conducted

● Audits and Reviews Carried Out at the Nippon Soda Group in FY 2021 (Number of times)

Site	Internal	External	
		Received	Conducted
Head Office	18	0	12
Nihongi Plant	14	13	4
Takaoka Plant	36	5	6
Mizushima Plant	3	2	4
Chiba Plant	9	4	7
Odawara Research Center	1	0	2
Chiba Research Center	1	0	0
Nisso Metallochemical Co., Ltd. (Group)	13	40	1
Nisso Fine Co., Ltd. (Group)	12	9	0
Shin Fuji Kaseiyaku Co., Ltd. (Group)	2	8	0
Total	109	81	36

CSR Management

CSR Activity Policy for FY 2022 (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, etc., we will continuously implement the PDCA cycle of target 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 specified in ISO 26000: 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 from chemical substances 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.

CSR Management

Medium-Term CSR Activity Targets (FY 2021–2023)

Targets for CSR Activities to Protect the Corporate Value of the Nippon Soda Group
(FY2021–2023; New Medium-term CSR Activity Targets)

1. Management System^{RC} and Organizational Governance^{CSR}		Target (Actions)	Proper implementation Continuous improvement using the PDCA cycle. Strengthening of measures to prevent problems caused by human error.
2. Environmental Protection^{RC/CSR}			
(1) Environmental abnormalities		Target (Actions)	Zero events 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		Target (Actions)	Annual improvement of 1%, 3% improvement compared to FY2020 at the completion of the new medium-term plan. 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		Target (Actions)	Annual improvement of 1%, 3% improvement compared to FY2020 at the completion of the new medium-term plan. With an eye to meeting energy-saving logistics target, ensure to improve the energy consumption rate in logistics through setting, implementation, and evaluation of themes for improvement.
(3) Reduction of greenhouse gas emissions		Target (Actions)	Annual reduction of CO ₂ emissions by 1%, a 3% reduction compared to FY2020 at the end of the new medium-term plan. 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		Target (Actions)	Monitor water resources and promote efficient water use 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		Target (Actions)	Annual reduction by 3% of the amount of disposal at landfill, a 9% reduction compared to FY2020 at the end of the new medium-term plan. 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		Target (Actions)	Continuation of zero emissions 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 harmful substances into the atmosphere		Target (Actions)	Annual improvement of 1%, 55% reduction compared to FY2015 at the end of the new medium-term plan. Plan and implement measures to reduce emissions of harmful substances.
(7) Reduction of impact on biodiversity and ecosystems		Target (Actions)	Continue activities related to the reduction of impact on biodiversity and ecosystems. 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^{RC} & Disaster Prevention/BCP			
(1) Major accidents at facilities		Target (Actions)	No accidents 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)		Target (Actions)	Maintain and improve BCP using the PDCA cycle. Periodically 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		Target (Actions)	No accidents 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 less experienced employees. Enhance hands-on and classroom learning.
(2) Promotion of health management		Target (Actions)	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. 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		Target (Actions)	Zero logistics-related complaints Provide education and guidance to shipping companies. Investigate the causes of complaints, and implement thorough recurrence prevention measures.
(2) Product-related complaints		Target (Actions)	Number of incidents: Annual reduction of 20%, a 60% reduction compared to FY2020 at the end of the new medium-term plan. Reduce A and B ranked risks through quality risk assessment. Strengthen measures to prevent human error. Investigate the causes of complaints, and implement thorough recurrence prevention measures.
(3) Consumer issues		Target (Actions)	Appropriately respond to consumer demand and requests from society. Appropriately respond to consumer demand and requests from society collected through consulting desk, sales and product promotion activities
6. Chemicals and Product Safety^{RC}			
(1) Compliance with chemical-related laws and regulations		Target (Actions)	Zero violations Reinforce the management of chemical substances through new chemical substance management systems (Switch to the revised JIS 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 & Development^{CSR}, Fair Operating Practices^{CSR}, and Compliance			
(1) Local gatherings and community involvement		Target (Actions)	Retention of a certain number of local gatherings and improvement of their contents. Ongoing dialogue with local related parties and organizations and improvement of their contents
(2) Legal and other requirements		Target (Actions)	Zero legal violations Prepare a legal regulations confirmation table, carry out confirmation using a PDCA cycle, and cross-develop measures to prevent the recurrence of violations.
(3) Actively implement stakeholder engagement		Target (Actions)	Once a year at each worksite Actively implement stakeholder engagement. Use the evaluations gained from stakeholder engagement to improve CSR activities.
8. Human Rights^{CSR}/Labor Practices^{CSR}			
(1) Embracing diversity		Target (Actions)	Improve hiring ratio for woman, disabled people, seniors and non-Japanese nationals. Nurture a corporate culture that optimally utilizes the abilities of diverse human resources and improve the work environment.
(2) Create a rewarding workplace that employees can be proud of		Target (Actions)	Grasp and improve employee satisfaction in the workplace. 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



Agriculture



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.

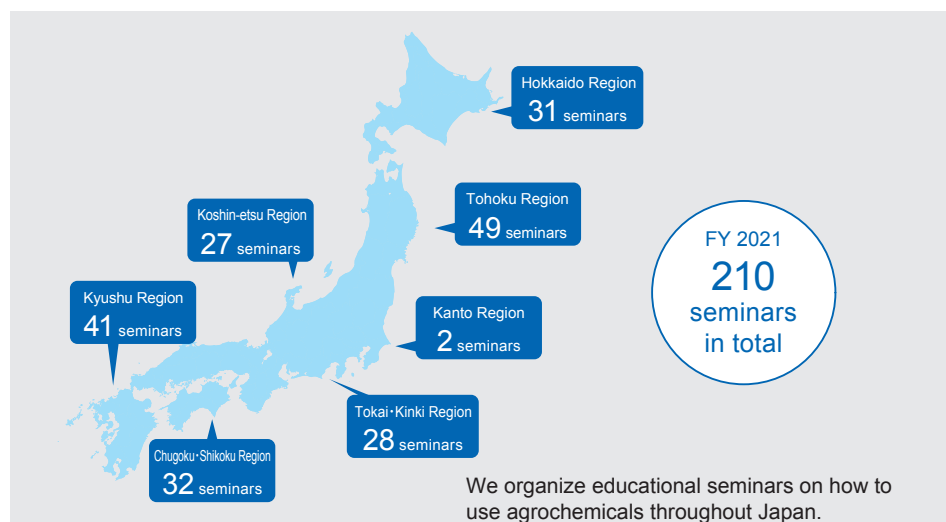
Materiality

Ensuring food safety and contributing to sustainable agriculture using agrochemicals

- Contribution to the global supply of food
- Diversification of crop protection
- Streamlining and improving labor efficiency in farming production

KPI

① Hosting of seminars



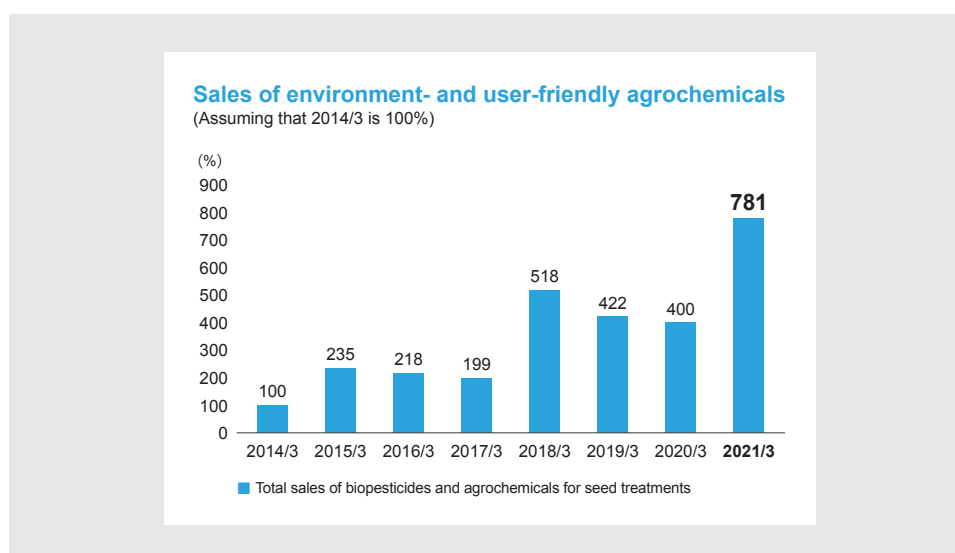
Agriculture

KPI

② -1 Current initiatives: Measures to control bacterial diseases

Nippon Soda acquired three chemical products, AGRIMYCIN, BACTICIDE and MYCOSHIELD, from Zoetis Japan Inc. in September 2018. This has enabled 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.

② -2 Current initiatives: Supply of environment- and user-friendly agrochemicals



We are developing environmentally friendly biopesticides that have minimal impact on ecosystems, and expanding our business to seed treatments that reduce pesticide exposure and in turn improve user safety.

② -3 Current initiatives: Optimizing pest control work through use of ICT

Achievements in FY 2021

- We conducted tests on 11 crops and 12 chemical agents in preparation for drone registration. As a result, a number of prefectural governments and agricultural institutions expressed interest in using drones for four of the crops and five of the chemical agents, and we are currently preparing applications to register use of the drones.
- Two employees from sales newly acquired drone operator licenses, bringing the total number to 20.
(Breakdown of drone operators)
Nileworks Inc. drone technical training license: 15 employees (sales employees and research staff)
Yamaha Corporation drone technical training license: 5 (sales employees, engineers, and research staff)



Healthcare



Healthy lives 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. The demand for pharmaceuticals is also 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.

Materiality

Contributing to providing health to all people through pharmaceuticals

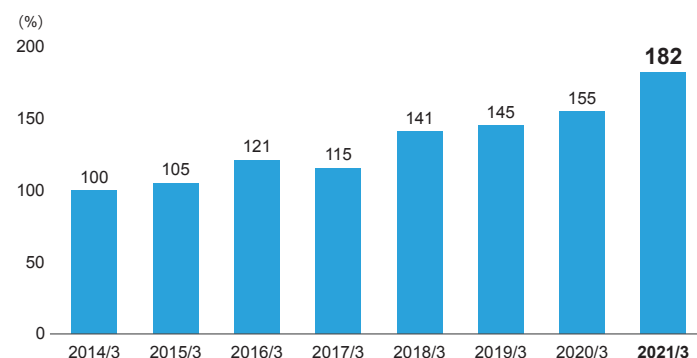
- Support services for high-performance products and formulation technologies

KPI

① Contributions

Volume of NISSO HPC exports

(Assuming that 2014/3 is 100%)



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

Healthcare

KPI

② Hosting of seminars

Achievements in FY 2021

1. Seminars and experimental sessions at the Cellulose Technical Application Center (CTAC):
5 (18 participants) (20 in FY 2020; including CTAC private viewings [119 participants])
2. In-house online seminars: 38 (184 participants)
(16 client visitation seminars in FY 2020 [60 participants])



Environment



Toward a resource recycling society



Achieving a sustainable society is a goal shared around the world. Tackling environmental problems such as global warming and resource depletion will help achieve this goal, and corporations are increasingly expected to lead those efforts.

The Nippon Soda Group utilizes the water treatment technology, resource recycling technology, technology for adsorbing and removing harmful substances, and other technologies developed over its long history, to come up with various environmental solutions 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.

Materiality

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

- Steady supply of water resources
- Reduction of environmental burden caused by waste

KPI

① Volume of water contributed

Volume of water that can be treated with solid chlorine agents sold by Nippon Soda in FY 2021: 20.4 million tons

Environment

Materiality

Achieving sustainable plant protection

- Protection of precious trees such as pines from harmful insects

KPI

② Current initiatives: Contribution to Protecting Pine Forests

Achievements in FY 2021

1. Pine Tree Wilt Countermeasures Symposium (Cosponsor: Japan Greenery Research and Development Center; Assistance: Forestry Agency)

In FY 2021, the Pine Tree Wilt Countermeasures Symposium was held online due to the COVID-19 pandemic. We welcomed approximately 600 participants from across the country to the symposium, in which frontline researchers communicated their latest findings to municipal officials, golf course representatives, and chemical agent distributors.

2. Across a total of 10 days, we hosted briefings for officials of municipalities affected by pine tree wilt. The briefings included information on pine tree wilt and prevention measures.
3. We dispatched teachers to host local briefings (at one location) on efficient use of our MATSUGREEN insecticide to control damage to cherry trees caused by the red-necked long horn beetle (*Aromia bungii*).



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 its precision polymerization technology and organic synthesis technology 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.

Materiality

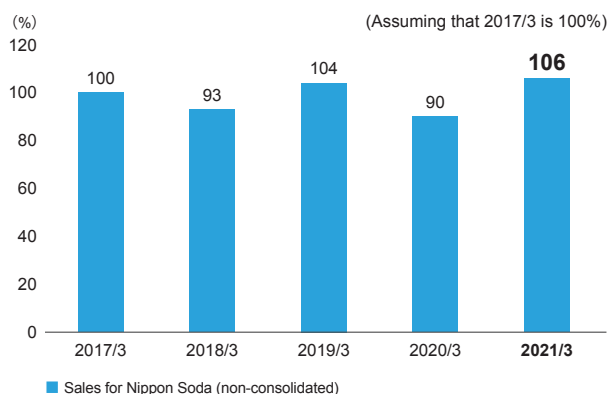
Contributing to the development of information equipment that is friendly to the environment and people by supplying high-performance materials

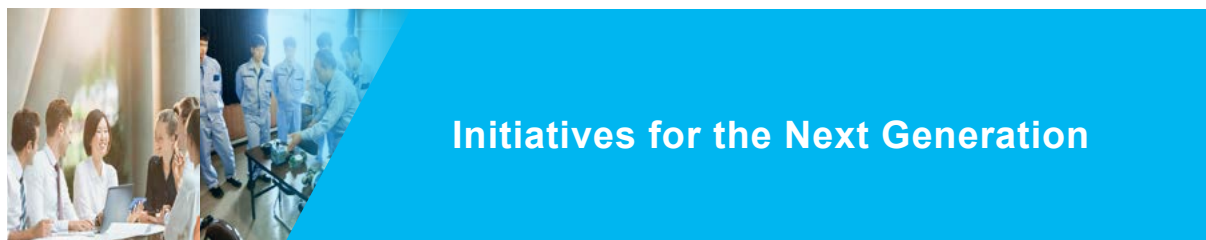
- Supply of high-performance materials that are friendly to the environment and people

KPI

① Contributed shipment value

Shipment value of products for electronic materials





Initiatives for the Next Generation

Human resources development to help all employees maximize their abilities

/ Manufacturing training programs with emphasis on experiential learning

Aiming to transfer technologies and develop employees who can maintain the safety and high productivity of manufacturing workplaces, in FY 2016 we launched the Nisso Takaoka Academy at the Takaoka Plant to provide systematic training programs for newly employed manufacturing personnel. 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, encounter water and gas leaks resulting from loose bolts, and come up against other situations that they cannot experience from desk-based learning. Participants are provided with opportunities to experience simulated risks and failures that would not be possible during on-the-job training. The valuable experience they gain through these programs helps increase their awareness of the need for accuracy and safety in their work, which can then be applied to their activities in the workplace.

In FY 2020, we commenced a two-year plan to expand educational facilities and increase equipment used for safety education, and in April 2021, we established the Nisso Technical Training Center. To further enhance safety awareness, we will provide experiential safety education to other employees in addition to newly employed manufacturing personnel.

/ 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 briefing sessions hosted by employees and study groups involving senior employees, with the aim of attracting the attention of a large number of people. We will continue our efforts to develop competent human resources and create a work environment where all employees can maximize their abilities and play an active role.

/ 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. In recruiting new graduates, we are working to enhance understanding of the company among as many people as possible, regardless of gender or nationality, by introducing female employees on our website and hosting attentive Q&A sessions via our online briefings. 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

Developing human resources for the next generation

- Educational system to foster a culture of safety for the future

KPI

① Training initiatives

At Nippon Soda, to ensure our employees can maintain a healthy body and mind in all aspects of their lives, we offer a range of measures aimed at health management and promotion.

Manufacturing training programs

Although training programs were suspended in FY 2021 to prevent the spread of COVID-19, we generally conduct the following initiatives on a yearly basis.

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 electricity, 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 to improve safety awareness

■ 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.



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 generated 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 (GHG) 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	66,595t-CO ₂	Scope 2 emissions	119,472t-CO ₂
Scope 3 emissions			
Purchased raw materials/ services	144,515t-CO ₂	Transport and delivery (downstream)	Not calculated
Capital goods	12,978t-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)	31,669t-CO ₂	Use of sold products	Not calculated
Waste generated from business	Not calculated	Leased assets (downstream)	None
Business trips	355t-CO ₂	Franchise	None
Employee commuting	259t-CO ₂	Investment	Not calculated
Leased assets (upstream)	None		

Note: Figures are calculated based on the Ministry of the Environment's "Emission Factor Database (Ver. 3.0) for calculating greenhouse gas emissions, etc., by organizations throughout the supply chain."

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 a periodic report and a medium- to long-term 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 at landfill.

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

► Zero emissions

Nippon Soda has achieved zero emissions* for 10 consecutive years.

* When the ratio of the amount of final disposal of industrial waste at 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 Conservation

Nippon Soda implements various measures to conserve the atmosphere and water quality, including measures to reduce releases of chemical substances specified by the PRTR System 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 Law for PRTR and Promotion of Chemical Management (PRTR System)**

We are making efforts to reduce emissions of Class I Designated Chemical Substances specified by the PRTR System, one of two sections contained in the Law for PRTR and Promotion of Chemical Management.

► **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 twelve 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 (SOx), nitrogen oxide (NOx), 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 harmful 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 a priority issue and have been carrying out viable activities 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 "Medaka-no Otosan Okasan Sato-oya Seido" ("Killifish Fosterparent Program"), which involves working to protect their habitat and helping to pass their genes down to the next generation.



Breeding of killifish originating from the Sakawa river system

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

Since taking over the project in 2016, Chiba Plant is continuing with the "Himekomatsu Supporter" project to protect himekomatsu, an endangered tree species in Chiba Prefecture.



November 2016



May 2021

Environmental Protection

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 continues to make donations to the National Land Afforestation Promotion Organization in order to contribute to the creation of a forest of biodiversity and environmental protection.



Observational field trip to the NISSO Group Forest (Nihongi Plant, September 17, 2020)

► FY 2021 targets and achievement levels (KPIs)

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

- | | |
|---|---|
| 1. Environmental issues: Target: Zero events | Achievement level ×: One event |
| 2 -1. Energy consumption rate:
Target: Annual improvement of 1% | Achievement level ×: 4.2% increase
(Due to a decrease in production) |
| 2 -2. Energy consumption rate in logistics:
Target: Annual improvement of 1% | Achievement level ●: 26.6% decrease
(Due to a decrease in sales of products with high energy consumption rates in logistics) |
| 3. Reduction in greenhouse gas emissions:
Target: Annual reduction of 1% | Achievement level ●: 7.6% decrease
(Due to a decrease in production) |
| 4. Water resources conservation:
Target: Monitor water resources and promote efficient water use | Achievement level ◐: Carried out water usage surveys, etc. |
| 5 -1. Industrial waste (amount of final disposal at landfill):
Target: Annual reduction of 3% | Achievement level ●: 35% decrease
(Due to a decrease in production) |
| 5 -2. Industrial waste (continuation of zero emissions):
Target: 2% or less | Achievement level ●: 0.8% |
| 6. Emissions of harmful substances into the atmosphere:
Target: Annual reduction of 1% | Achievement level ●: 20% reduction |
| 7. 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

- Regular inspections, repair and renewal of equipment and training of operators at each manufacturing site.
- Improvement of the risk management system through emergency drills and education to prepare employees for possible accidents and disasters.
- Safety reviews by our internal experts to verify safety when facilities are constructed or renovated. Regular diagnoses of our disaster prevention capabilities by external specialists.
- Regular reviews and improvement of our business continuity plan (BCP), which is designed to ensure preparedness 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. Facilities and operations are inspected for 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 worksite and department conducts continuous education and training in accordance with the CSR action plan. Further, for new employees assigned to our manufacturing sites, we provide manufacturing training programs as a form of new employee training. These programs include experiential education and training related to safety and basic work practices.

In FY 2021, the programs were cancelled to prevent the spread of the COVID-19 pandemic.

► 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 Nihongi Plant, April 7, 2020

Safety audit prior to trial operation following construction of medium-scale cellulose derivative trialing equipment

As a result of document and on-site audits, 28 safety issues were identified. After implementing countermeasures for all of these safety issues, trial operation was complete.

② Nihongi Plant, September 11, 2020

Safety audit prior to trial operation following comprehensive countermeasure construction work for wastewater infrastructure

As a result of document and on-site audits, 16 safety issues were identified. After implementing countermeasures for all of these safety issues, trial operation was complete.

③ Nihongi Plant, December 4, 2020

Safety audit prior to trial operation following the construction of the E line to increase HPC production capacity

As a result of document and on-site audits, 33 safety issues were identified. After implementing countermeasures for all of these safety issues, trial operation was complete.

④ Nihongi Plant, March 4, 2021

Safety audit prior to trial operation following construction work to increase production capacity of Mg-E spherical fine particulates grade

As a result of document and on-site audits, 45 safety issues were identified. After implementing countermeasures for all of these safety issues, trial operation was complete.



Safety audit prior to trial operation of wastewater infrastructure
(Nihongi Plant, September 11, 2020)



Safety audit prior to trial operation of E line of HPC production
(Nihongi Plant, December 4, 2020)



Safety audit prior to trial operation of Mg-E spherical fine particulate grade production equipment
(Nihongi Plant, March 4, 2021)

▶ **Diagnosis of disaster prevention capabilities by a third party**

The disaster prevention capabilities of Nippon Soda and its manufacturing Group companies are diagnosed by Sampo Risk Management Inc. (Third-party diagnosis was cancelled in FY 2021 to prevent the spread of the COVID-19 pandemic.)

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 disaster drill
(Chiba Plant/Chiba Research Center, June 12, 2020)



Harmful substance (NaOH) leak response drill
(Mizushima Plant, July 15, 2020)



Comprehensive spring plant disaster drill
(Nihongi Plant, July 30, 2020)



Communications authority transfer drill
(Chiba Plant, August 26, 2020)



Environmental abnormality response drill
(Takaoka Plant, October 7, 2020)



Response drill for accidents during product transportation (paper-based drill)
(Mizushima Plant, October 19, 2020)



Comprehensive autumn plant disaster drill (NBL)
(Takaoka Plant, November 5, 2020)



Comprehensive autumn plant disaster drill
(Nihongi Plant, November 16, 2020)



Disaster drill for predicted nighttime and holiday plant emergencies
(Chiba Plant, February 18, 2021)

Process Safety and Disaster Prevention/BCP

Emergency Drills (FY 2021)

	First half (dates of drills)	Second half (dates of drills)
Nihongi Plant	Comprehensive spring plant disaster drill (July 30, 2020) Drill to report high-pressure gas leaks to the disaster prevention office (July 17, 2020) Emergency report drill (August 25, 2020)	Comprehensive autumn plant disaster drill (November 16, 2020) Drill to report high-pressure gas leaks to the disaster prevention office (February 17, 2021)
Takaoka Plant	Emergency contact drill (using <i>Otsutae-kun</i>) (April 23, 2020) Comprehensive spring plant disaster drill (cancelled) Initial-response education/drill for abnormalities in sluice pipe wastewater flow For deputy commanders of nightwatch (June 8/9/12, 2020) For commanders of nightwatch (June 23/25/26, 2020) *Alternative to environmental abnormality response drill Three-day nighttime emergency report drill (Organic 2, Formulation, NBL) (August 18/19/20, 2020) Unannounced emergency call drill (time until arrival at workplace) (August 25, 2020) 119 report and contact drill (monthly)	Environmental abnormality response drill (for Industrial chemical section) (October 7, 2020) Disaster drill for high-pressure gas transfer (Toyama City) (October 8, 2020) Fire drill (October 16/19/20/23, 2020) Emergency contact drill for when transporting high-pressure gases and poisonous/deleterious substances (October 23, 2020) Emergency contact drill to report high-pressure gas leaks to regional disaster prevention offices (October 23, 2020) Comprehensive autumn plant disaster drill (NBL) (November 5, 2020) Emergency response drill (for Hokusan Koatsu) (December 3, 2020) Emergency contact drill (using <i>Otsutae-kun</i>) (December 1, 2020) Nighttime emergency report drill (February 15/16/17/18, 2021) Fire drill (March 15/16/17/18, 2021)
Mizushima Plant	Harmful substance (HCN) leak response drill (April 17, 2020) Harmful substance (NaOH) leak response drill (July 15, 2020)	Response drill for accidents during product transportation (paper-based drill) (October 19, 2020) Joint in-plant disaster/evacuation drill (November 27, 2020) New Year firefighters' event by the plant disaster prevention team (January 6, 2021) Harmful substance (HCN) leak response drill (February 18, 2021)
Chiba Plant	Comprehensive joint plant disaster drill for predicted worksite disasters (June 12, 2020) Group disaster drill with the Goi Disaster Prevention Team (July 7/8/9/10, 2020) Disaster drill for predicted nighttime and holiday emergencies (August 26, 2020) (Only disaster prevention team) Communications authority transfer drill (August 26, 2020) Comprehensive plant disaster drill (September 24, 2020) *Changed to earthquake response drill due to approaching typhoon Emergency report drill (April 22, June 24, August 4/27, September 16/18, 2020)	Environmental abnormality response drill (October 30, 2020) Drill to deploy vehicles from head office (October 30, 2020) Comprehensive plant disaster drill (November 26, 2020) (Only disaster prevention team; predicted joint worksite disaster) Joint public water-discharge drill (cancelled) Disaster drill for predicted nighttime and holiday plant emergencies (February 18, 2021) (Only disaster prevention team) Evacuation drill (desk-based training for predicted leakage of harmful gases from other companies) (March 2021) Emergency report drill (November 19, December 15/24, 2020; January 27, 2021)
Odawara Research Center (Odawara)	Safety confirmation system response drill (September 30, 2020)	Departmental disaster drill (five departments; October 2020–March 2021)
Odawara Research Center (Haibara)	Safety confirmation system response drill (September 30, 2020)	Group-based disaster drill (five groups; November 2020)
Odawara Research Center (Bandai)	Safety confirmation system response drill (September 30, 2020)	Disaster drill (November 24, 2020)
Chiba Research Center	Comprehensive plant disaster drill (June 12, September 24, 2020) Disaster drill for predicted nighttime and holiday emergencies (August 26, 2020) Emergency report drill (April 22, August 4, 2020) Research center disaster drill (desk-based training; September 17, 2020) Emergency response drill (desk-based training; held at each department throughout September)	Comprehensive plant disaster drill for predicted disaster at the Chiba Research Center (November 26, 2020) Disaster drill for predicted nighttime and holiday emergencies (February 18, 2021) Evacuation drill (desk-based training; held at each department between March 11–22, 2021)
Head Office	Safety confirmation report drill (September 2, 2020)	—

Process Safety and Disaster Prevention/BCP

Business Continuity Plan (BCP)

► Basic concept of the BCP

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.

1 Policy

2 Planning

- 2.1 Identification of Disasters and Crises to be Included in the Plan
- 2.2 Impact Assessment
 - 2.2.1 Estimation of Suspension Period and Response Capacity
 - 2.2.2 Identification of Critical Business Operations
 - 2.2.3 Determination of Time Required to Achieve Target Recovery
- 2.3 Estimation of Damage to Critical Business Operations
- 2.4 Identification of Critical Elements
- 2.5 Development of Business Continuity Plan
 - 2.5.1 Clarification of Chain of Command
 - 2.5.2 Securement of Functions of the Head Office and Other Key Sites
 - 2.5.3 External Communication and Information Sharing
 - 2.5.4 Information System Backup
 - 2.5.5 Supply of Products and Services
- 2.6 Additional Requirements Concurrent with Business Continuity
 - 2.6.1 Protection of Life and Confirmation of Safety of Individuals
 - 2.6.2 Mitigation of Damage to Offices, Business Sites and Equipment
 - 2.6.3 Secondary Disaster Prevention
 - 2.6.4 Coordination with and Contribution to Local Communities
 - 2.6.5 Mutual Cooperation and Assistance

6 Review by Management

5 Assessment and Corrective Actions

4 Education and Training

3 Implementation

- 3.1 Carry Out Response in Accordance with the BCP
- 3.2 Documentation
 - 3.2.1 Preparation of Plans and Manuals
 - 3.2.2 Preparation of Checklist
- 3.3 Financing
- 3.4 Confirmation of the Practicality of Plans
- 3.5 Importance of Management Decision-Making during Disasters

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 2021 targets and achievements (KPIs) (Achievement levels ●: ≥ 90% ◐: 80-90% ◑: 60-80% ×: ≤ 60%)

1. Major accidents at facilities: Target: Zero accidents Achievement level ●: No major accidents at facilities
In FY 2021, there were no major accidents at facilities nor related occupational accidents
2. Maintenance and improvement of the BCP: Achievement level ●: The 10th version was distributed and the 11th 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), and implementation of risk assessments. Acquisition of OHSAS18001 or ISO45001)
- 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

► Establishment of Safety and Health Committees

In line with Article 19 of the Industrial Safety and Health Act, at Nippon Soda we have established Safety and Health Committees at each of our worksites. The committees meet once a month, aiming to prevent occupational accidents and health hazards, and maintain and promote employee health. In addition, we have also established a Central Safety and Health Committee, chaired by the Responsible Care Management Department General Manager and comprising safety and health supervisors from each department and worksite, which meets in principle twice a year. In addition to the views of management, the central committee incorporates wide-ranging opinions from labor unions and health insurance associations in order to improve working environments.

► 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 for *kiken* (danger) and Y for *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 Sompo Risk Management Inc. (Surveys were cancelled in FY 2021 to prevent the spread of the COVID-19 pandemic.)

Occupational Safety and Health

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

Worksite	Number of consecutive days (years) without an accident resulting in absence from work*1	Number of accidents resulting in absence from work*2
Head Office	97 days (0 years)	1
Nihongi Plant	71 days (0 years)	1
Takaoka Plant	48 days (0 years)	2
Mizushima Plant	10,373 days (28 years)	0
Chiba Plant	6,078 days (16 years)	0
Odawara Research Center	7,467 days (20 years)	0
Chiba Research Center	10,630 days (29 years)	0
Aizu Plant, Nisso Metallochemical Co., Ltd.	1,644 days (4 years)	0
Chiba Plant, Nisso Metallochemical Co., Ltd.	12,478 days (34 years)	0
Koriyama Plant, Nisso Fine Co., Ltd.	3,227 days (8 years)	0
Isohara Plant, Nisso Fine Co., Ltd.	844 days (2 years)	0
Onahama Plant, Nisso Fine Co., Ltd.	1,878 days (5 years)	0
Shin Fuji Kaseiyaku Co., Ltd.	834 days (2 years)	0
Nisso Shoji Co., Ltd.	6,515 days (17 years)	0
Sanwa Soko Co., Ltd.	300 days (0 years)	1
Sanso Unyu Co., Ltd.	215 days (0 years)	1
Nisso Engineering Co., Ltd.	5,645 days (15 years)	0
Nisso Kensetsu Co., Ltd.	9,747 days (26 years)	0
Nisso Green Co., Ltd.	7,671 days (21 years)	0

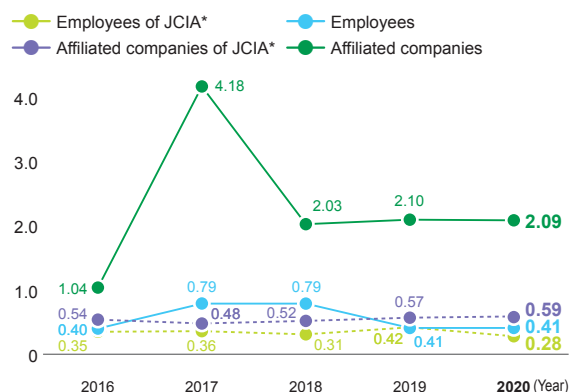
*1 As of 1 April 2021 *2 The data above were collected from FY 2021 (April 2020-March 2021)

Number of accidents resulting in absence from work among employees of Nippon Soda Group and affiliated companies

	2017/3	2018/3	2019/3	2020/3	2021/3
Nippon Soda	1	3	0	1	4
Nippon Soda's affiliated companies	2	4	3	0	3
Group companies	3	0	5	1	2
Group companies' affiliated companies	2	1	2	3	2

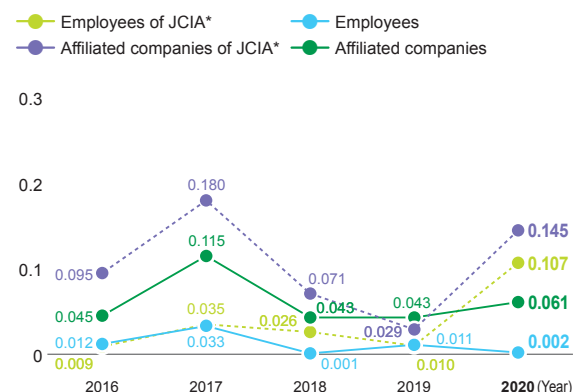
Note: The data above were collected from April 1 to March 31 of each year.

Occupational accident frequency rate



* 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



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.

Number of occupational accidents within the above period that led to an employee's death (number of deceased): 0 (0)
Number of occupational accidents at affiliated companies within the above period that led to an employee's death (number of deceased): 0 (0)

Occupational Safety and Health

Proactive Health Management for Workers

Health and productivity management

In March 2021, Nippon Soda was recognized in the 2021 Certified Health & Productivity Management Organization Recognition Program (White 500) for the fourth 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 FY 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, through constant monitoring. We will also 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/2021/0304_003.html

About Health Management

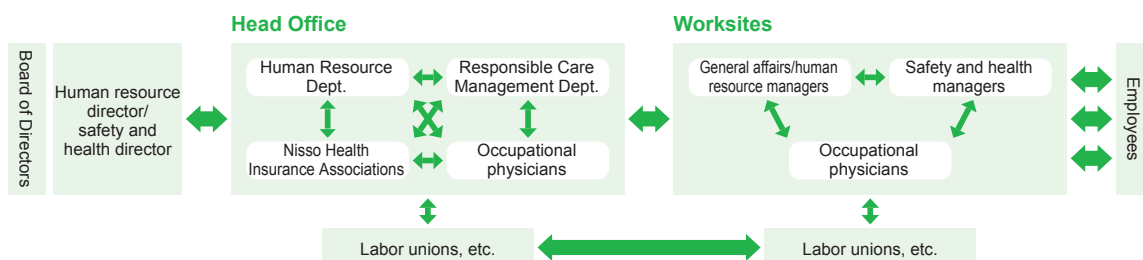
Health Management Promotion Declaration

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 implement and promote 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.

In order to actualize our Health Management Promotion Declaration, under the supervision of the human resource director and safety and health director, we will promote cooperation between the head office and each worksite, and implement various measures.



To date, we have sought to prevent lifestyle-related diseases through the promotion of complete physical examinations, specific examinations, and specific health guidance. We have also worked to educate employees on the importance of influenza vaccinations and provide them with opportunities to receive them. More recently, we have offered employees education and guidance on ways to further enhance measures to prevent lifestyle-related diseases, and are carrying out more than the legally required number of health examination initiatives. For example, we are working to secure opportunities for employees to undergo health examinations, and ensuring thorough supervision of overtime work to ensure a proper work-life balance and maintain employees' health.

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.

Education and lectures on mental health care and other safety and health matters



Experiential education relating to phosgene gas odors (Takaoka Plant, June 11, 2020)



Traffic lecture (courtesy of Kojima Police Station) (Mizushima Plant, June 16, 2020)



Mental health course (Chiba Plant, July 22, 2020)



Health lecture (Chiba Plant, October 26, 2020)



DVD-based mental health education (Takaoka Plant, November 26, 2020)



Experiential education relating to the dangers of chemical substances (Takaoka Plant, December 24, 2020)



Health course (Nihongi Plant, February 12, 2021)

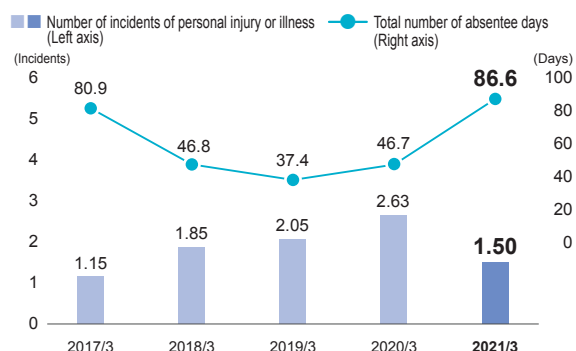


Health lecture (Takaoka Plant, March 17, 2021)



Health lecture (Mizushima Plant, March 29, 2021)

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

The data above were collected from April 1 to March 31 of each year.

Occupational Safety and Health

► FY 2021 targets and achievement levels (KPIs)

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

1. Occupational accidents resulting in an absence from work or no absence:
 Target: No accidents
 Achievement level ×: 11 cases resulting in absence (Nippon Soda employees: 4, affiliated company employees: 3, Group company employees: 2, Group affiliated company employees: 2)
 12 cases involving no absence (Nippon Soda employees: 2, affiliated company employees: 2, Group company employees: 4, Group affiliated company employees: 4)
2. Health promotion: Target: 5% annual increase in the ratio of employees undergoing complete physical examinations
 Achievement level ●: 35.9% increase between FY 2020 (68.2%) and FY 2021 (92.7%)

► 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

- Reduction of the risk of hazards, toxicity and accidents during transportation of products. Ensuring the safety of our customers, those involved in the distribution process and local residents, and protect the environment.
- Provision of 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 are 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. It is a 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.

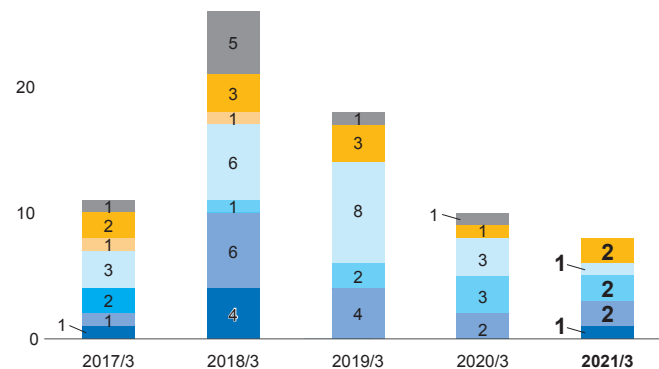
Efforts to achieve zero product-related complaints

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 ■ Improper labeling
■ Defective packages ■ Insufficient attachments ■ Logistics accidents ■ Other

(Events)
30



► FY 2021 targets and achievement levels (KPIs)

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

- Logistics-related complaints: Target: Zero events Achievement level ×: Two events
- Product-related complaints: Target: 20% annual reduction in number of complaints
Achievement level ●: Six events (33% reduction over the previous year)

► 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 related to the hazards and toxicity of chemical substances and 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

- Compliance with domestic laws and regulations, international standards, and treaties etc., giving due consideration to the environmental, safety and health impacts related to the hazards and toxicity of chemical substances and products.
- Compliance with social restrictions that are not covered by law to maintain and ensure trust from customers and the general public.
- 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 chemical substance management system (ExESS)*¹, which we use to create SDSs*² and Yellow Cards. We prepare and revise SDSs and Yellow Cards to comply with revisions to laws in Japan and overseas. We also adopt GHS*³ for SDS and product labels for Europe, the United States, China, Taiwan, South Korea, Southeast Asia, Turkey, and other countries as well as Japan. In FY 2021, to transfer Japanese SDSs to the revised Japanese Industrial Standard (JIS) version, we conducted work on ExESS, and provided the personnel of each relevant worksite with education. We are proceeding with revisions of the SDSs.

*1 Developed by Lisam Systems Company (Belgium).

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

*3 Globally Harmonized System of Classification and Labelling of Chemicals (GHS): A system for the international standardization of classification and labeling of chemicals, which was agreed upon by the United Nations Economic and Social Council. It is a 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.

In FY 2021, programs were held online to prevent the spread of the COVID-19 pandemic.

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*⁴) and conducts audits of poisonous and deleterious substances at sales offices and branches.

In FY 2021, programs were held online to prevent the spread of the COVID-19 pandemic.

*4 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.

Chemicals and Product Safety

Communication of safety information on chemicals

The Nippon Soda Group participates in GPS/JIPS^{*5} activities. We have prepared safety summary reports on four substances, including caustic soda and hydrochloric acid, which have been registered on the ICCA^{*6} portal page and made publicly available.

^{*5} 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

^{*6} 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 Conduct of Animal Experiments. These activities are validated by an external organization (the Japan Pharmaceutical Information Center^{*7}) and the facility was certified in June 2018 as a facility that conducts animal experiments in a proper manner (certification was renewed in July 2021).

^{*7} The Japan Pharmaceutical Information Center (JAPIC) has taken on certified businesses from the Japan Health Sciences Foundation, which was disbanded in March 2021.

► FY 2021 target and achievement levels (KPIs)

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

1. Compliance with chemical-related laws and regulations:

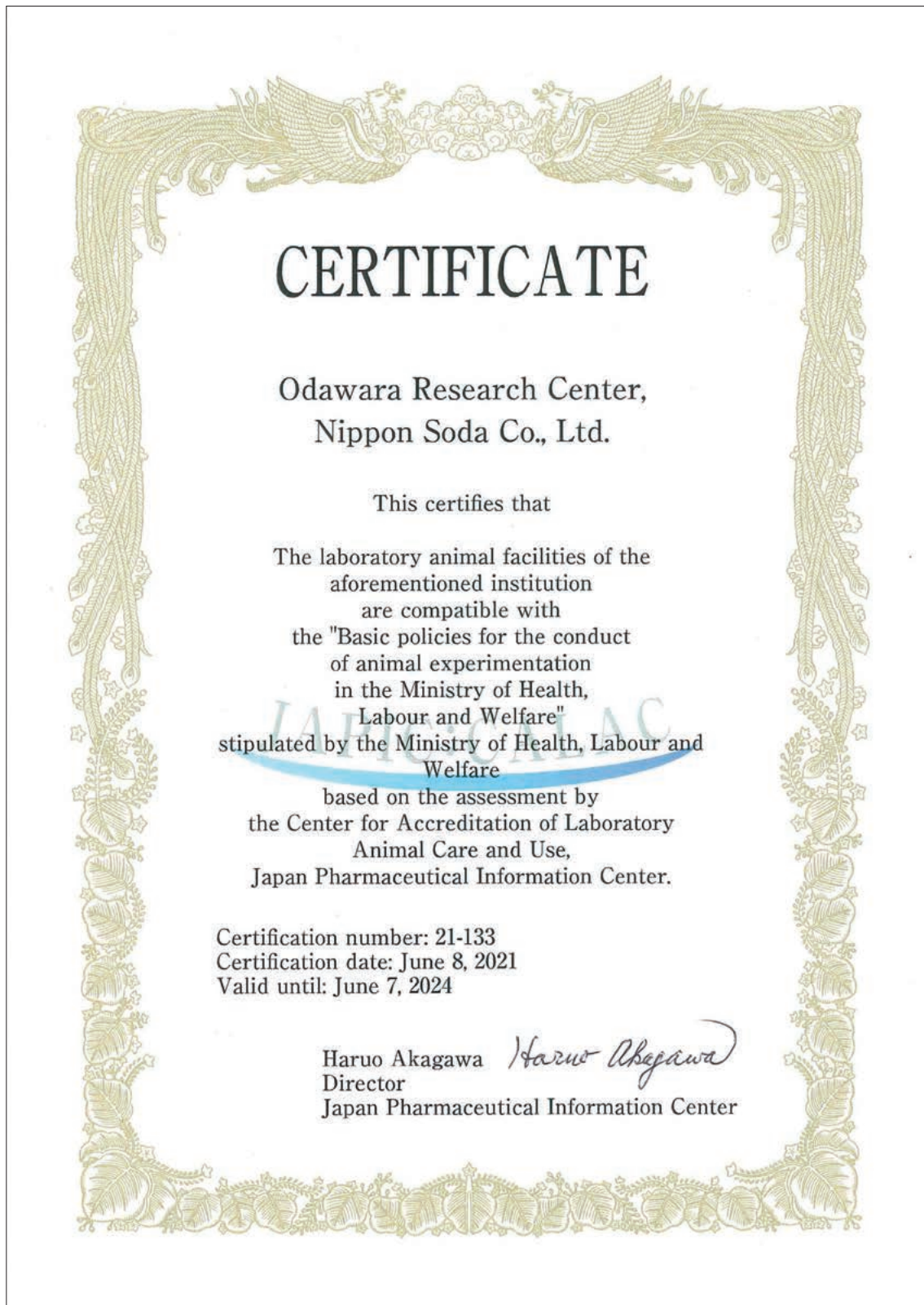
Target: Zero violations

Achievement ×: Zero events at Nippon Soda; One event at Group company (Nisso Shoji Co., Ltd.: Permit condition violation related to the export of regulated cargo)

► 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 revised JIS version of SDS (by May 2022), make domestic and overseas SDS/product 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 provides 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 about the usage of our products and agrochemicals. Persons in charge of answering customer inquiries are assigned to 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, conduct interviews using our online meetings system, and seek opportunities to have discussions with our customers in other ways so that our products will be considered by more customers.

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.

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 content, as well as to conduct analysis and assessment. Also, in FY 2021, we implemented online technical seminars and have been conducting training via live broadcasts so that we can respond to an even greater number of questions from customers, and have bolstered the distribution of technical videos through our website, CTAC online.* 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.

* CTAC online

<https://www.nissoexcipients.com/hpc-e/ctac/>

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 new grades that are 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 make it applicable in food processing. Thus, we offer 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 is also playing a role in countermeasures against the COVID-19 virus, having been used as a thickening agent in gel-type alcohol disinfectants and in the coolants used when transporting COVID-19 vaccines.



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 efficiency," "Expansion of overseas businesses," and "Promotion of new product development and entry into 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.

Respect for Fundamental Human Rights

At the Nippon Soda Group, we support and respect international frameworks related to the protection of human rights—such as the ISO 26000 guidance on social responsibility—and ensure thorough compliance with human rights laws in each country, including those related to the prohibition of child labor and forced labor. We also understand workers' rights to collective bargaining, and through discussions between labor and management we are building trustworthy, healthy cooperative relationships.

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 each and every one of our employees to demonstrate their abilities to the fullest extent, to grasp changes in the environment, and to work with a positive mindset will lead to the creation of new innovation.

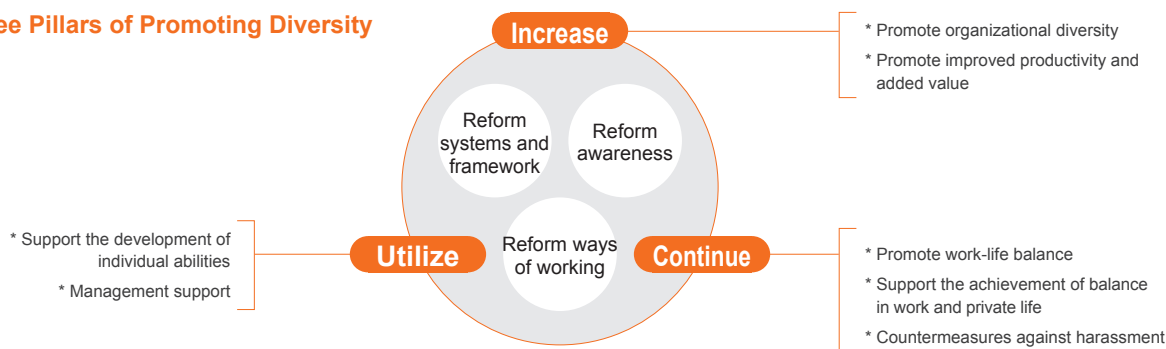
① Diversity policy

The aim of our Diversity Policy is to develop the Company by bringing together diverse people, regardless of gender, age, nationality, race, religion, 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



Together with Our Employees (Human Rights and Labor Practices)

Major Activities in FY 2021

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

Results

- Conducted a presentation on the career education support system (June 2020)
- Career training (July–August 2020)
- Creation of career vision sheet, supervisor interviews (August–October 2020)
- Promotion of communication between supervisors and subordinates
- Career interviews (September–October 2020)

Promotion of Women's Active Participation

- At Nippon Soda, in addition to promoting the creation of a workplace in which women can work comfortably, we are also aiming to build a working environment in which they can thrive. 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.
- At Nippon Soda we promote a healthy work-life balance. Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, we have formulated an action plan to support both work and childcare. As a result, we acquired the Kurumin certification in October 2020.

Increase

- Enhanced recruitment (all year)
- Employment information meeting for women, update of the recruitment website, employment of disabled people



Articles on diversity in company 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)

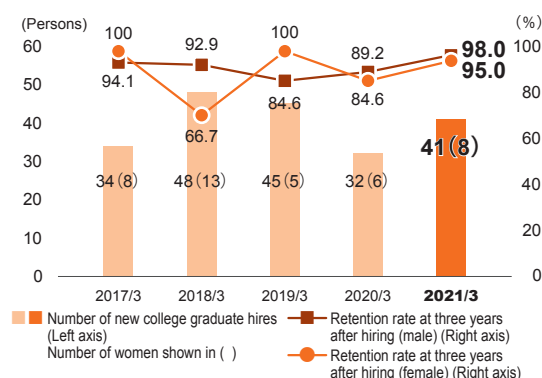
Together with Our Employees (Human Rights and Labor Practices)

② Embracing diversity

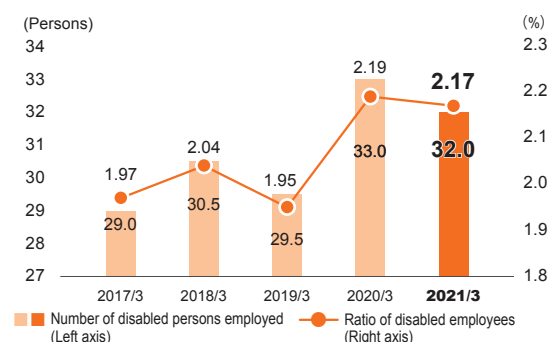
We place emphasis on employing diverse candidates regardless of gender, age, nationality, ability or disability, and regardless of whether they are new graduates or mid-career hires, so as to create a more diverse organization. A group consisting of people with different values should give its members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



③ Human rights initiatives 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.

Employee Training

Due to the COVID-19 pandemic, in FY2021 we held online harassment seminars a total of thirty times in September and November 2020.

Complaints Desk

At each worksite we have established a harassment consultation desk. Further, in April 2020, we newly established an external consultation desk, the Nisso Harassment and Relationships Hotline, which we set up as a means to enhance reporter privacy.

Participation in harassment seminars

Worksite	Number of participants
Head Office (incl. branches/sales offices)	339
Odawara Research Center	198
Chiba Research Center	45
Nihongi Plant	340
Takaoka Plant	304
Mizushima Plant	56
Chiba Plant	146

Together with Our Employees (Human Rights and Labor Practices)

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	Department Managers Training				
		Level 2 Training					
	40s	Level 1 Training	Section Managers Training				
Assistant Managers	30s	Assistant Managers Training	Team 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 each and every employee feels a sense of fulfillment and can maximize their abilities. We support employee growth, and encourage independent career development. At the same time, we gather feedback from labor unions and other channels on what systems and work environments are desirable to support employee growth, strive to reduce overtime, and take measures to address these issues. In addition, we also provide platforms for reviews so that those in management can work more efficiently. In these and other ways, we are working to build a better workplace environment.

Number of employees who take childcare and nursing care leave

	Employees taking childcare leave		Employees taking family care leave	
	Men	Women	Men	Women
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
2021/3	8	6	1	0

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

	Employees taking maternity and childcare leave		Rate of employees returning to work (%)		Retention rate (%)	
	Men	Women	Men	Women	Men	Women
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
2021/3	8 (1,220)	6 (176)	100	100	75	100

The number of employees who have taken the leave is counted in the period 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 period.
Retention rate is for employees who in that period were in their third year since returning to work.

Total annual working time 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
1,823.6	79.0	4.5	14.6	1.9	1,777.8

* Calculation period: FY 2021 (April 2020-March 2021)

Together with Our Employees (Human Rights and Labor Practices)

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 and improve health

Nippon Soda conducts various initiatives related to health maintenance and improvement 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

Since prior to the 2015 amendment to the Industrial Safety and Health Act, Nippon Soda has been providing stress checks for all employees, and has a consultation service available through specialized physicians, clinical psychologists, and external organizations.

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.

Number of labor union members

	Number of labor union members (Persons)	Average age (Years)	Average length of service (Years)	Percentage of members (%)
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
2021/3	940	39.1	16.7	67.4

* Nippon Soda (non-consolidated)

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)

Together with Our Shareholders and Investors

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 the aim of realizing continuous growth and improving corporate value.

Basic Policy

- Maintaining constructive dialogue with our shareholders and investors is essential to achieving continuous growth and improving corporate value over a medium- to long-term period. As such, the 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

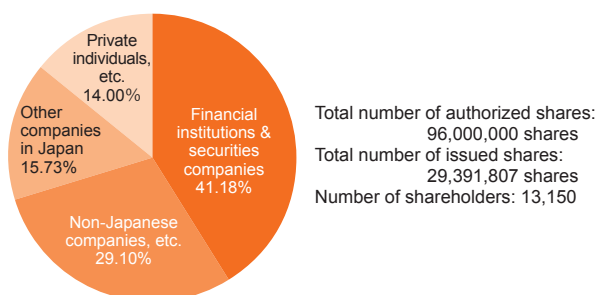
The Nippon Soda Group holds an ordinary general meeting of shareholders in June every year, viewing it as an important opportunity to engage in direct conversation with shareholders.

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, 2021)



* Figures have been rounded off to the nearest second decimal point
* Treasury shares are included in "Private individuals, etc."

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.

In addition to providing a summary of our financial results in English for institutional investors outside Japan, we send them a copy of our English-language integrated report every year. The director responsible for investor relations visits Europe and Asia to give explanations individually to institutional investors in those regions. (There were no visitations in FY 2021 due to measures to prevent the spread of the COVID-19 pandemic.)

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

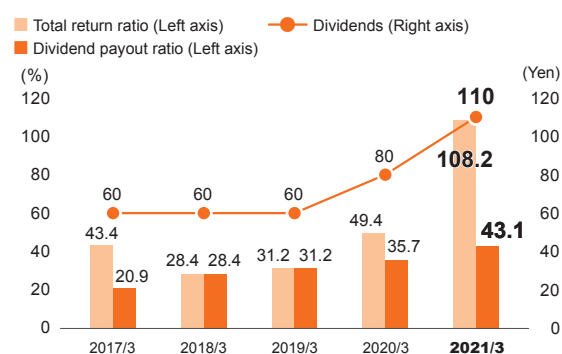
The Nippon Soda Group makes decisions on profit distribution based on revenue trends and by comprehensively considering such issues as providing stable dividends, enhancing shareholders' equity, and improving our financial standing. Our basic policy is to provide dividends twice a year, at the middle 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 target 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 medium-term business plan "Brilliance through Chemistry Stage I" for FY 2021 to FY 2023.

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

Shareholder returns



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.

Further, to ensure a healthy work-life balance and enhance job satisfaction, we communicate with labor unions to formulate working conditions in line with current trends. As a result, not only does our standard minimum wage continue to be above legal minimum wage in all areas we conduct business, we are also contributing to raising income levels in our regions.

Comparison of the standard minimum wage to the local minimum wage in the year ending March 2021

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	1,123	110.8
Odawara Research Center	Kanagawa	1,012	1,123	110.9
Chiba Research Center	Chiba	925	1,116	120.6
Nihongi Plant	Niigata	831	1,116	134.3
Takaoka Plant	Toyama	849	1,116	131.4
Mizushima Plant	Okayama	834	1,116	133.8
Chiba Plant	Chiba	925	1,116	120.6

* Standard minimum wages for the Company were calculated based on the starting salary (same for men and women) for those joining the Company at the age of 18 in the manufacturing and non-manufacturing groups. Wages have been rounded down to the nearest yen.

► 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, such as eco-walks and cleanup campaigns, that are conducted together with people from local communities.

Number of community cleanup activities

	2018/3	2019/3	2020/3	2021/3
Nihongi Plant	2	2	1	2
Takaoka Plant	2	2	2	2
Mizushima Plant	2	0	1	1
Chiba Plant & Chiba Research Center	3	3	4	4
Odawara Research Center	2	2	2	1

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)

	Site	Local gatherings	Site tours	RC Committee regional dialogue of the Japan Chemical Industry Association	Other
2018/3	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
2019/3	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
2020/3	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
2021/3	Nihongi Plant	3	2	0	7
	Takaoka Plant	0	6	0	60
	Mizushima Plant	0	0	0	22
	Chiba Plant	0	0	0	2
	Odawara Research Center	0	0	0	2
	Chiba Research Center	0	5	0	0

►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 the report and plan in dialogue with local communities and other settings.

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

In FY2021, regional social gatherings and numerous other events were cancelled to prevent the spread of the COVID-19 pandemic.

►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

The Nihongi Plant conducts environmental monitoring in cooperation with five residents living near the plant, and the Takaoka Plant does the same with 12 residents in its vicinity. In FY 2021, we were provided with information on four incidents (two of which were unrelated to environmental monitoring), 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 Contribution Activities of Nippon Soda

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

Participation in local events

FY2021				
Site	Name of local event	Date	Summary	Number of participants
Nihongi Plant	Thermometer donation ceremony at seven organizations in Nakago Ward	May 20, 2020	Nakago Nursery, Nakago Elementary School, Nakago Junior High School, Enju-no-Sato, Minoru-no-Oka Nakago, Egao, and Nakago Ward Office We donated two, non-contact digital thermometers to each organization	7 persons, 3 employees, and media personnel
	Midori no Hane Community Chest	May 21, 2020	Held following a request from Nakago Junior High School	1 person
	Heart and Mask Project	June 29–August 20, 2020	Supported project to donate facemasks to facilities in Nakago Ward	1 person
	Fujisawa Environmental Social Gathering	July 17, 2020	Plant overview and plant tour	20 persons
	Junior Chamber International Myoko plant tour	July 29, 2020	Plant overview, explanation of plant history, and plant tour	7 persons
	Local observation of the NISSO Group Forest within the Joetsu KUWADORI Community Forest	September 17, 2020	Establishment of the the NISSO Group Forest within the Joetsu KUWADORI Community Forest Greening promotion project	13 persons and 4 employees
	Plant study meeting for grade three students at Nakago Elementary School	September 18, 2020	Plant overview, explanation of plant history, and plant tour	18 persons, 2 guides, and 3 employees
	Eco-Walk	October 25, 2020	Participation in litter picking along main roads in Nakago Ward	18 employees
	Eco-Walk	October 31, 2020	Participation in litter picking along main roads in Nakago Ward	25 persons (employees and their families)
	Red Feather Community Chest fundraising	October 27, 2020	Held following a request from Nakago Elementary School and the Joetsu City Social Welfare Council	1 employee, 10 individuals from the school, and 4 individuals from the social welfare council
	Nakago Ward Regional Council plant tour	November 24, 2020	Plant overview, explanation of plant history, and plant tour	2 employees, 12 individuals from the regional council, and 3 individuals from the ward office
	Fujisawa Environmental Social Gathering	November 26, 2020	Plant overview/report, well water analysis report, and social gathering	4 employees, 2 employees from associated companies, 15 individuals from Fujisawa City
Takaoka Plant	100th anniversary (of founding) commemorative gift presentation ceremony	December 18, 2020	Nakago Elementary School: Stage side curtains; Nakago Junior High School: Wireless amp presentation; Letter of Thanks award ceremony	3 employees, 5 individuals from the ward office, 30 individuals from the schools, and media personnel
	NISSO Group Forest Promotion Committee	December 21, 2020	Provided an overview of the committee and a discussion of proposed activities	2 employees
	Traffic safety guidance on the street	April 10, 2020	Streetside traffic safety guidance	27 employees
	Maintenance of environment around the plant	June 29, 2020	Activity to promote the maintenance of the environment around the plant	182 employees
	Traffic safety guidance on the street	September 28, 2020	Streetside traffic safety guidance	25 employees
	Maintenance of environment around the plant	October 28, 2020	Activity to promote the maintenance of the environment around the plant	164 employees
	Nisso "Thanking Local Residents" event		Plant tour, chemistry experiments for children, panel displays	Cancelled
Mizushima Plant	Meeting with environmental monitors		Exchange of opinions with environmental monitors	Cancelled
	Meeting with local residents		Exchange of opinions with local residents	Cancelled
	Maintenance of environment around the plant	May 15, 2020	Environmental maintenance activity for plant surroundings and nearby roads	16 employees
	Cherry blossom party with local residents' associations	April 2020	Networking with local companies and executives of the local residents' association	Cancelled
	Honjo Ground Golf Competition	May 2020	Ground golf competition, including networking with local companies and the Honjo school district	Cancelled
	Social gathering with local residents' associations	July 2020	Social gathering with local residents' association officers	Cancelled
	Bon dance festival with local residents' association	August 2020	Bon dance festival, including networking with local companies and the local residents' association (four areas over three days)	Cancelled
	Kissho-in (Iou Inari Grand Festival)	November 2020	Kissho-in (Iou Inari Grand Festival)	Cancelled
	Honjo Ground Golf Competition	November 2020	Ground golf competition, including networking with local companies and the Honjo school district	Cancelled
	End-of-year joint party with Honjo residents' associations/Kinyo-kai	December 2020	Networking with local companies and executives of the local residents' association	Cancelled
	Honjo District rice cake making event	December 2020	Networking with local companies and executives of the local residents' association	Cancelled
	Regular meeting/end-of-year party of Kinyo-kai	December 2020	Networking with local companies and executives of the local residents' association	Cancelled
	Tsuitachi-kai "New Year's Greeting Exchange"	January 2021	Networking with local companies and executives of the local residents' association	Cancelled
	Nisui-kai "New Year's Greeting Exchange" January	January 2021	Networking with local companies and executives of the local residents' association	Cancelled

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

FY2021				
Site	Name of local event	Date	Summary	Number of participants
Chiba Plant	Goi Rinkai Festival	June 7, 2020	Local residents coming together at Ichihara Ryokuchi Park	Cancelled
	Wakamiya Hachiman Shrine Grand Festival	July 19, 2020	Wakamiya Hachiman Shrine Grand Festival	Cancelled
	Yoro Shrine Summer Grand Festival	July 26, 2020	Yoro Shrine Summer Grand Festival	Cancelled
	Dezu Bon Dance Festival		Dezu-cho Association Bon Dance Festival	Cancelled
	Kashi Bon Dance Festival		Kashi-cho Association Bon Dance Festival	Cancelled
	Iwasaki Bon Dance Festival		Iwasaki Bon Dance Festival at Ryokuchi Sports Park	Cancelled
	Tamasaki Summer Festival		Summer festival at the plaza in front of the Tamasaki Community Building	Cancelled
	Matsugashima Summer Festival		Matsugashima Town Council Summer Festival	Cancelled
	Kazusa Ichihara Kokufu Festival		Local residents coming together at Kazusa Sarashina Park	Cancelled
	Omiya Shrine Autumn Festival		Omiya Shrine Autumn Festival	Cancelled
	Singles event at an industrial complex		Singles event held at the Brick & Wood Club	Cancelled
	Omiya Shrine New Year's Festival		Omiya Shrine New Year's Festival	Cancelled
	Kashi Fuki Inari Shrine New Year's Festival		Fuki Inari Shrine New Year's Festival at Kashi Park	Cancelled
	Omiya Shrine Setsubun Festival		Mame-maki (soy bean throwing) at Omiya Shrine	Cancelled
	Iwasaki Inari Shrine Spring Grand Festival		Iwasaki Inari Shrine Spring Grand Festival	Cancelled
	Kashi Fuki Inari Shrine Festival		Fuki Inari Shrine Festival at Kashi Park	Cancelled
	Dezu-cho Spring Grand Festival		Yakumo Shrine Spring Grand Festival	Cancelled
	Volunteer support program	June 10, 2020	Cleanup alongside National Route 16	35 employees
		September 9, 2020		35 employees
		November 11, 2020		30 employees
		February 10, 2021		30 employees
	Regional RC discussion meeting	August 3, 2020	Approaches to regional discussions and interaction	1 employee
	Regional RC discussion meeting	December 25, 2020	Approaches to regional discussions and interaction	1 employee
Odawara Research Center	Local community cleanup	October 27, 2020	Cleanup of roads near Odawara Research Center	Research center director and 25 others
	Organizers' association for the Sakabe District Corporate Social Gathering Association (Haibara)		Discussion of the content of the general meeting of the Corporate Social Gathering Association	Cancelled
	General meeting of the Sakabe District Corporate Social Gathering Association (Haibara)		Social gathering with local companies and residents in the Sakabe District	Cancelled
Chiba Research Center	Volunteer Support Program	June 10, 2020	Cleanup alongside National Route 16	6 employees
		September 9, 2020		6 employees
		November 11, 2020		6 employees
		February 11, 2021		7 employees

Each worksite is engaged in a range of activities in line with regional needs, and strives to build sound relationships with their communities.



Environmental maintenance around plant surroundings and nearby roads (Mizushima Plant, May 15, 2020)



Donating non-contact digital thermometers to organizations in Nakago Ward (7 organizations) (Nihongi Plant, May 20, 2020)



Environmental maintenance around plant surroundings (Takaoka Plant, June 29, 2020)



Plant study meeting for grade three students at Nakago Elementary School (Nihongi Plant, September 18, 2020)



Litter picking along main roads in Nakago Ward (Nihongi Plant, October 25, 2020)



Cleaning roads nearby research center (Odawara Research Center, October 27, 2020)

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

Echigo TOKImeki Railway Train Wrap

In February 2020, Nippon Soda celebrated the 100th anniversary of the Company's founding. As one of our commemorative projects, we teamed up with the Echigo TOKImeki Railway in Niigata Prefecture to decorate trains running along the Myoko-Haneuma Line between Naoetsu Station and Myoko Kogen Station. The trains are wrapped using designs from students at Nakago Junior High School, and will run for a total of five years from 2018. We will continue activities to develop alongside our regional communities across the next 100 years.

Stakeholder Engagement

We engage in dialogue with stakeholders to deepen our understanding of society's needs and values, and 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 under the bank's DBJ Environmentally Rated Loan Program for our "environmental management systems and initiatives, including our especially progressive approach to environmental awareness," the highest possible rating.

►Inclusion in the Sompo Japan Green Open fund (one of Japan's largest eco funds)

►Efforts to prevent occupational accidents

As part of our efforts aimed at stakeholder engagement, in FY 2021 we had planned an occupational accident prevention survey (diagnosis) by Sompo Risk Management Co., Ltd., at our Mizushima Plant, but the survey was cancelled to prevent the spread of the COVID-19 pandemic.

►Diagnosis of disaster prevention capability

In FY 2021, we had planned disaster prevention capability diagnoses by Sompo Risk Management Inc. at our Nihongi Plant, Takaoka Plant, Chiba Plant, Odawara Research Center, Chiba Research Center (currently part of the Odawara Research Center), and two Group company plants. However, the diagnoses were cancelled to prevent the spread of the COVID-19 pandemic.

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

Directors	Directors who are members of the Audit and Supervisory Committee	Outside directors	Female directors
8 persons (Average duration of tenure: 2.75 years)	3 persons	4 persons (36.4%)	2 persons (18.2%)
Nomination and Remuneration Advisory Committee	Number of meetings of the Board of Directors	Number of meetings of the Board of Auditors*	Number of meetings of the Audit and Supervisory Committee*
3 persons (President and two outside directors)	16	4	12
			Number of Management Council meetings
			44
			Number of meetings with investors
			233

* Nippon Soda transitioned to a company with an Audit and Supervisory Committee in June 2020.

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 and 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 (Japanese only)

https://www.nippon-soda.co.jp/environment/pdf/governance_report.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

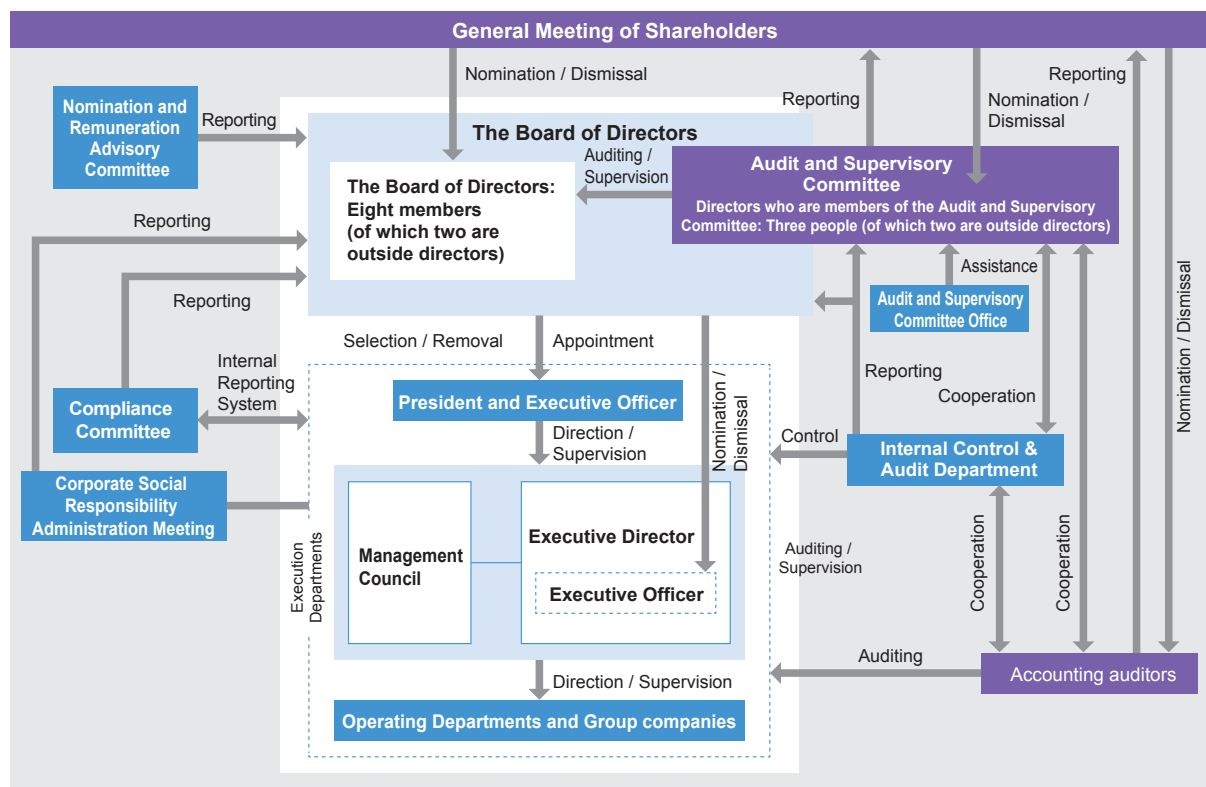
- FY 2013 Established a CSR Administration Meeting
Abolished the executive retirement benefit system
- FY 2014 Introduced an executive officer system (number of directors reduced from 14 to 7)
Nominated 1 outside director
- FY 2016 Nominated 2 outside directors (increased by 1 person, including 1 woman)
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

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



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. The Committee 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 approval from 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) Proper character and insight |
| (2) Excellent managerial sense | (5) 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.

Effectiveness Assessment of the Board of Directors

At Nippon Soda, to improve the Board of Directors' decision making on appropriate execution of duties and to strengthen their supervisory functions, since FY 2016, all directors and auditors have been asked to complete self-assessments in the form of questionnaires. In the fourth year, FY 2019, we commissioned an external organization to conduct interviews and analyze and assess the results. Based on the results, in FY 2020 self-assessments were implemented as usual. In FY 2021, questionnaires were again given to all directors, including directors who are Audit and Supervisory Committee members, and we examined and discussed the current effectiveness of the Board of Directors, confirming that, overall, the Board of Directors is functioning effectively. However, we also recognized areas to improve with regards to the meeting agenda and ways to reinforce the Board of Director's monitoring functions. Looking ahead, we will engage in efforts to improve management of the Board of Directors and further enhance its effectiveness.

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) |
| | 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

Skills Matrix

Directors				Specialist expertise and experience						
Name	Gender	Position	Director tenure	Corporate management	Finances/ accounting	Business strategy/ portfolio	R&D/ production technology	Internationality	ESG/ sustainability	Legal affairs/ risk management
Akira Ishii	Male	Director Chairman (Representative Director)	12 years	●		●				
Eiji Aga	Male	Director President (Representative Director)	1 year	●		●		●		
Izumi Takano	Male	Director Executive Managing Officer	2 years				●		●	
Kiyotaka Machii	Male	Director Executive Managing Officer	2 years		●			●	●	
Osamu Sasabe	Male	Director Managing Officer	New appointment		●	●				
Junko Yamaguchi Outside Independent	Female	Director	2 years			●			●	
Mitsuaki Tsuchiya Outside Independent	Male	Director	1 year	●	●					
Nobuyuki Shimoide	Male	Director	2 years	●		●				
Keichi Aoki Outside Independent	Male	Director Audit and Supervisory Committee member (Full-time)	1 year		●					●
Shigeo Ogi Outside Independent	Male	Director Audit and Supervisory Committee member	1 year		●			●		●
Yoko Waki	Female	Director Audit and Supervisory Committee member	1 year							●

• Reasons for Appointment of Outside Directors

Name	Attendance at meetings of the Board of Directors and the Audit and Supervisory Committee		Reason for nomination
	Board of Directors (16 meetings)	Audit and Supervisory Committee (12 meetings)	
Junko Yamaguchi	16 times	—	We believe that by having her apply her practical experience in sales and development as well as her experience as a corporate auditor obtained at other companies to the management of our Company, she will be able to further strengthen our management system.
Mitsuaki Tsuchiya	12 times*	—	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	12 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	12 times*	12 times	Although she has 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 26, 2020, when Mr. Mitsuaki Tsuchiya and Ms. Yoko Waki were appointed as directors of the Company, the Board of Directors has met 12 times.

Corporate Governance

Executive Remuneration

Policy on decisions

Nippon Soda's executive compensation is determined based on a balance of common practices, company performance and employee salaries. A resolution was passed on June 26, 2020, at the 151st Ordinary General Meeting of Shareholders 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.

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.

The Board of Directors delegates decisions regarding directors' basic remuneration, as well as directors' (excluding outside directors') performance-linked remuneration, evaluation remuneration, and stock-based remuneration, to the Representative Director and President. We believe that, while considering overall business performance and other factors, the Representative Director and President is most suited to evaluating the departments of each director. The appropriateness of decisions made regarding remuneration are confirmed in advance by the Nomination and Remuneration Advisory Committee.

Executive remuneration for FY 2021 was discussed by the Nomination and Remuneration Advisory Committee on June 23, 2020. Based on their findings, director remuneration and share benefit trust points were discussed and determined at the Board of Directors' Meeting on June 26, 2020. Audit and Supervisory Committee member remuneration was determined following discussions at an Audit and Supervisory Committee Meeting, within the total amount of remuneration approved by the General Meeting of Shareholders.

Following confirmation that methods for determining remuneration were in line with the decision policy, that the resulting remuneration conformed to the decision policy discussed at the Board of Directors' Meeting, and that the findings of the Audit and Supervisory Committee were respected, we have determined that individual director remuneration for FY 2021 is in line with the decision policy.

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.

Corporate Governance

Remuneration system

Individual director remuneration consists of (1) basic remuneration, (2) performance-linked remuneration, (3) evaluation remuneration, and (4) stock-based remuneration, the ratios of which are shown in the table below (Overview of decision policy on individual remuneration: (e) Decision policy on ratio of remuneration by type). Note that outside directors, part-time directors, and directors who are members of the Audit and Supervisory Committee are paid only basic remuneration and are not subject to performance evaluation.

• Overview of decision policy on individual remuneration

- a. Decision policy on basic remuneration The amount is determined based on the role and position of the director.
- b. Decision policy on performance-linked remuneration Calculated by the following formula, using an index that shows the results and performance of the relevant fiscal year
Policy on decisions (formula)
Prior-fiscal year performance-linked remuneration + Adjustment of performance-linked remuneration for the current fiscal year
* Adjustment of performance-linked remuneration for the current fiscal year
Calculations are based on two indices: Increase or decrease in consolidated ordinary profit and Increase or decrease in non-consolidated operating margin. These two indices demonstrate the level of achievement of consolidated and non-consolidated business results, and as appropriate measures to evaluate the achievements and level of contribution of each executive, they have been selected as indices for performance-linked remuneration. For executives of sales departments, in addition to these indices, the performance of their relevant departments is also taken into consideration.
Consolidated ordinary profit and Non-consolidated operating margin for FY 2021 were as follows:
• Consolidated ordinary profit: 2,431 million yen
• Non-consolidated operating margin: 35.2%
- c. Decision policy on evaluation remuneration Calculated based on the level of achievement of the targets set by each officer at the beginning of the term.
- d. Decision policy on stock-based remuneration We have introduced a Board Benefit Trust (BBT) system to act as an incentive to enhance corporate value over the medium to long term. BBT works on a position-based points system, and points are awarded using the following formula.
<Formula> Standard points based on position x Index coefficient for the fiscal year
* Index coefficient for the fiscal year:
• ROE for the relevant fiscal year
• Increase/decrease in consolidated operating profit
(the amount of increase/decrease in the current fiscal year's results compared to the average of the previous three years)
The index coefficients are determined by using a matrix table with the above two indicators, with a range of 0% to 150%.
- e. Decision policy on ratio of remuneration by type
- Approximate ratios Basic remuneration: 60–65%; Performance-linked remuneration: 25–30%; Evaluation remuneration: 5–10%; Stock-based remuneration: Approx. 5%
-
- f. Decision policy on period and conditions of remuneration Fixed monthly remuneration includes basic remuneration, performance-linked remuneration, and evaluation remuneration. For stock-based remuneration, points are awarded to each director on the day of the Ordinary General Meeting of Shareholders, and the total number of points is presented as company stock (part in cash) at the time of retirement of the relevant director. However, to promote director's sound execution of duty, if the director in question is found to have acted illegally, that director may lose the right to acquire company stock.
- g. Decisions on individual remuneration Based on decisions by the Board of Directors regarding basic remuneration, performance-linked remuneration, evaluation remuneration, and stock-based remuneration, decision-making authority on individual remuneration belongs to the Representative Director and President. To ensure that this authority is exercised, prior to making a decision on the relevant amount, the Representative Director and President briefs and holds discussions with the Nomination and Remuneration Advisory Committee and seeks their approval.

• Total amount of remuneration

Classification	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of eligible persons
		Basic remuneration	Performance-linked remuneration	Stock-based remuneration	
Directors (excl. Audit and Supervisory Committee members) (Outside directors)	213 (21)	140 (21)	66 (—)	6 (—)	11 (3)
Directors (Audit and Supervisory Committee members) (Outside directors)	36 (16)	36 (16)	— (—)	— (—)	3 (2)
Auditors (Outside auditors)	18 (11)	18 (11)	— (—)	— (—)	4 (3)
Total (Outside directors and outside auditors)	268 (50)	195 (50)	66 (—)	6 (—)	18 (8)

*1 The above number of persons and amount of remuneration include that of three directors (one outside) and four auditors (three outside) who retired on June 26, 2020, due to the expiration of their terms of office.

*2 Nippon Soda transitioned to a company with an Audit and Supervisory Committee on June 26, 2020, following resolution at the 151st Ordinary General Meeting of Shareholders on the same day. Amounts for auditor remuneration are those prior to our transition to a company with an Audit and Supervisory Committee, while amounts for director remuneration (Audit and Supervisory Committee members) are those post-transition.

*3 We have introduced BBT as a form of stock-based remuneration.

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 individuals	(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

Committee Members

Officers



Compliance Managers

Departments

Branches

Worksites

Group companies



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 FY 2021, we conducted a total of 32 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 chemical substances on a regular basis.

No.	Programs and contents	Site and date	Number of participants
1	Education for new/transferred employees (Content: Chemical substances laws and regulations, Agricultural Chemicals Regulation Law, Poisonous and Deleterious Substances Control Act, UN Recommendations on the Transport of Dangerous Goods, product labels, SDS, YC, internal rules, etc.)	Head Office First session: July 21 and 27, 2020 Second session: July 29 and August 7, 2020	20 persons 18 persons
2	Veterinary pharmaceuticals education for new/transferred employees (Content: Management system, internal standards, laws and regulations, etc.)	Head Office June 19, 2020	3 persons
3	Pharmaceuticals education for new/transferred employees (Content: Fundamental pharmaceuticals education, Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices violations, and recurrence prevention measures)	Head Office June 23, 2020	8 persons
4	Pharmaceuticals education (Content: Responsibilities, management system, changes to certificate of approval for manufacture and sale, revisions to internal standards, FY 2020 achievements and FY 2021 plans, safety management information, etc.)	Head Office and Nihongi Plant July 3, 2020	28 persons
5	Pre-work briefing on new JIS of SDS for ExESS	Nihongi Plant, Takaoka Plant, Mizushima Plant, and Chiba Plant July 14, 2020	12 persons
6	Briefing on revisions to laws and ordinances (Content: Revisions to the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., the Industrial Health and Safety Act, the Poisonous and Deleterious Substances Control Act, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Fire Service Act, and the Food Sanitation Act, revisions to JIS for SDS and product labels, and revisions to overseas laws, etc.)	Head Office February 9 and 16, 2021 4 plants and 2 research centers January 19, February 9 and 17, 2021	54 persons 89 persons
7	Post-work briefing on new JIS of SDS for ExESS	Nihongi Plant, Takaoka Plant, Mizushima Plant, Chiba Plant, and Head Office March 4, 8, 9, 10, and 12, 2021	50 persons

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

No relevant events occurred.

Political contributions

As outlined in the Nippon Soda Group Code of Conduct, political contributions are only made in compliance with relevant laws and ordinances and using appropriate methods and procedures.

Nippon Soda's political contributions in FY 2021 were ¥9,091.

Risk Management

Status of Establishment 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 and health, process safety and disaster prevention/business continuity plan (BCP), logistics safety, and chemicals and product safety. 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 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 Control 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.

Status of Establishment of 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. 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 shareholders and investors 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 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 society.

At every stage of the product lifecycle, from manufacturing to disposal, we practice Responsible Care (RC) to take environmental protection, occupational safety and health, logistics safety, and chemicals 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 the Information Technology Department. 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 Business, 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.
- (3) Predominantly through the Chemicals Business and the Agro Products Business, the Group conducts business on a global scale. Moreover, around 50% of our sales in the Chemicals Business and the Agro Products Business were overseas. As such, unforeseen changes in local laws and regulations in each country or region; large-scale epidemics; accidental factors caused by wars, riots, or terror; trade wars caused by national or regional conflict; and/or other factors could have a significant impact on our business performance. Tasked with collecting information on risks and analyzing business trends in each country and region we conduct business, we have therefore established local subsidiaries to act as our hubs in those areas.

2. Exchange rate fluctuation 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 forward foreign exchange contracts.
- (2) Since the yen-translated figures of overseas consolidated subsidiaries and equity-method affiliates in the consolidated financial statements are influenced by foreign exchange rates, dramatic fluctuations in foreign exchange rates may have a significant impact on the Group's performance.

3. Raw 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 performance 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 our products 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 abroad, growing global environmental awareness tends to tighten regulations on chemical products. 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 Business, the development and period for validating the efficacy and safety of a product may take a long time, and the research and development costs and commission fees for studies 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. Product liability risks

As a manufacturer of chemical products, the Group is working on Responsible Care (RC) 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 unanticipated serious quality defect occurs, the Group's business performance could be significantly affected.

7. Accident and disaster risks

As a manufacturer of chemical products, 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 trust from society 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.

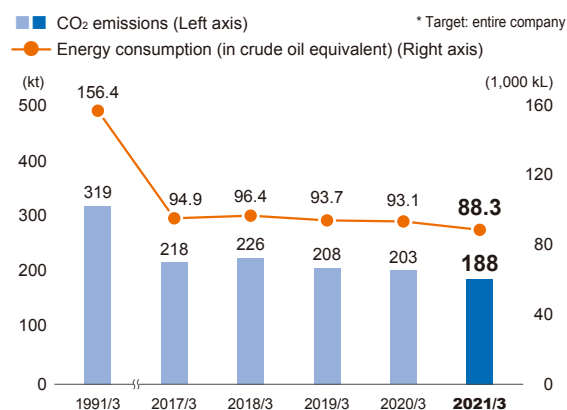
11. COVID-19 pandemic risks

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, as well as stagnation of our business activities caused by the spread of infection among employees, could have a significant impact on the Group's business results. In addition to accurately ascertaining and analyzing market trends, with employee safety as our foremost priority, we will implement telework systems and other measures to prevent the spread of infection, so that we can maintain our business activities.

ESG Data

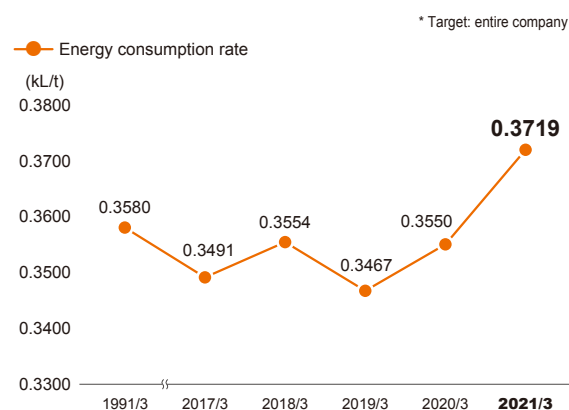
Environmental Data of Nippon Soda

Energy consumption (in crude oil equivalent) and carbon dioxide (CO₂) emissions



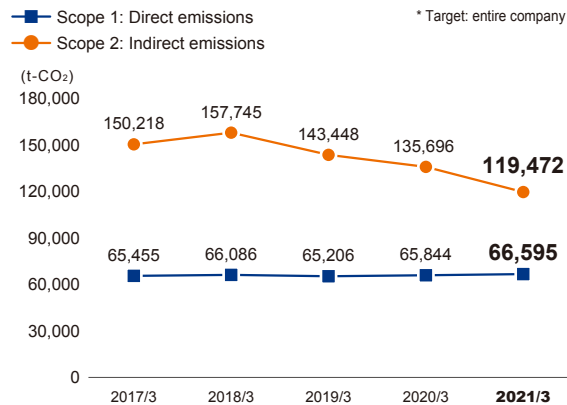
Note: In 2010/3 and later years, the amounts of consumption at the Head Office, branches and other offices were included. The scope of data collection at Chiba Plant was changed.

Change in energy consumption rate

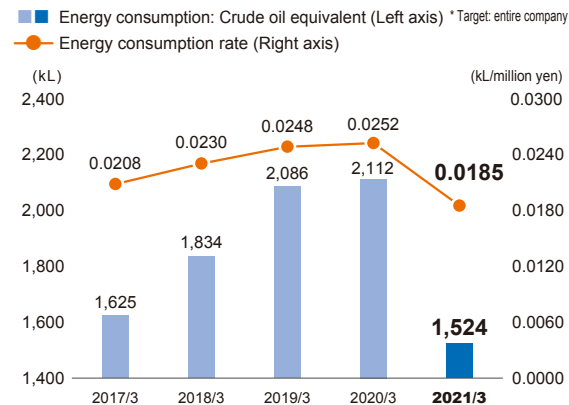


Note: Since 2017/3, the energy consumption rate calculation method of a section of the plant was changed from the "simple production output method" to the "standard product conversion method."

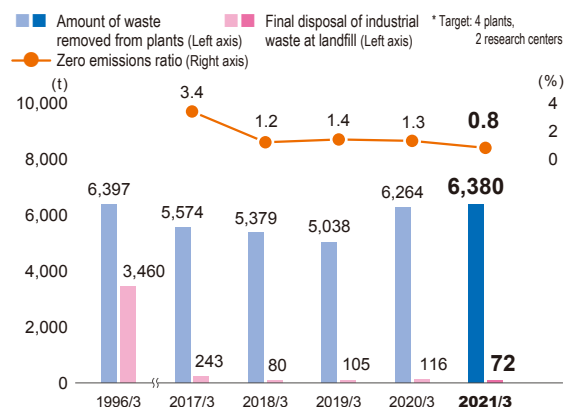
Scope 1 and 2 GHG emissions



Energy consumption and energy consumption rate related to transport

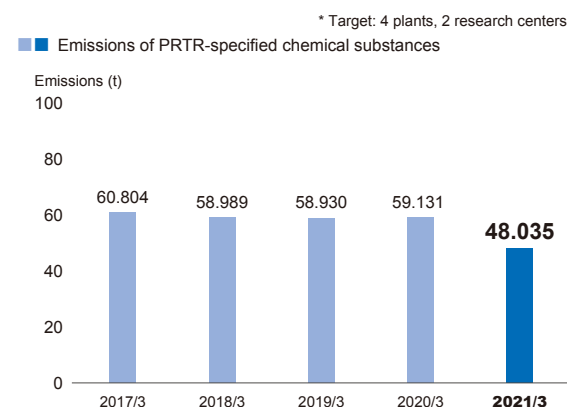


Amount of industrial waste generated



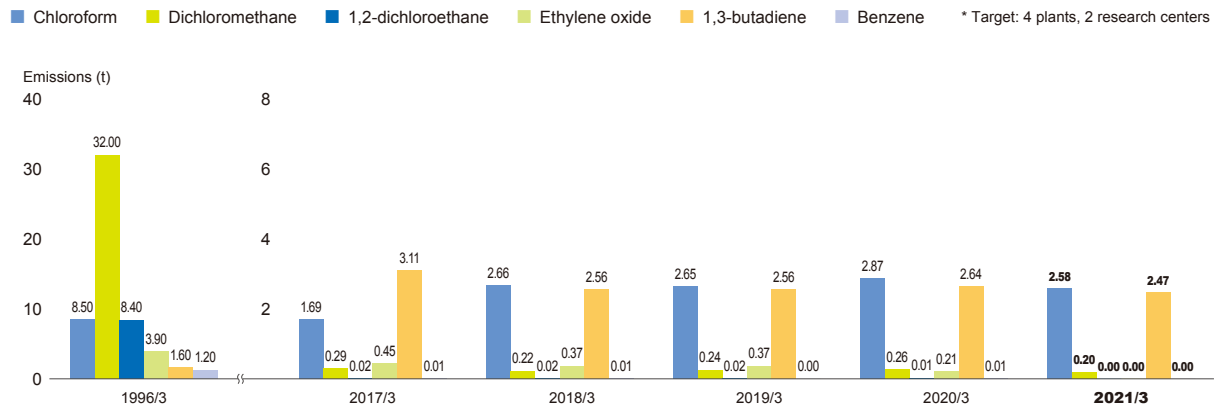
Note: Base year of the amount of waste removed from plants: 1996/3
Base year of the amount of final disposal at landfill: 1997/3
The amount of waste removed from plants does not include the waste sludge of the activated sludge process at Takaoka Plant (which is treated with microbial autolysis at an external facility).

Emissions of Class 1 chemical substances specified by the PRTR system

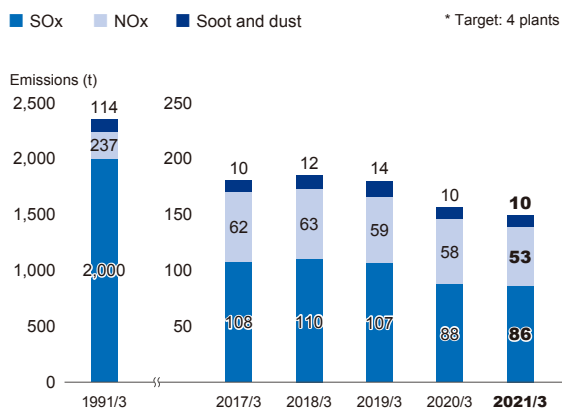


ESG Data

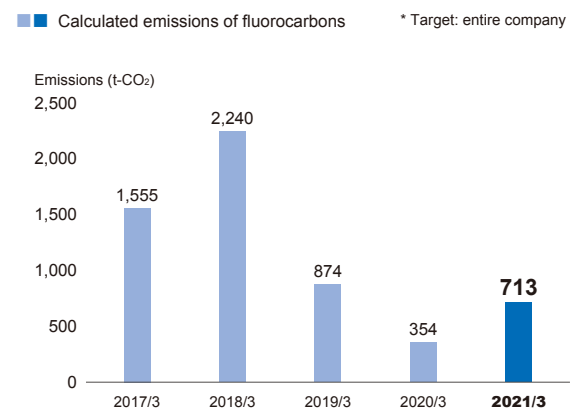
Atmospheric emissions of main voluntarily controlled chemical substances (aimed at reducing emissions of VOCs)



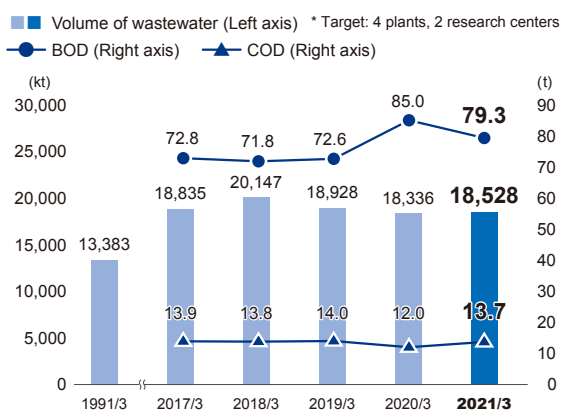
Amount of emissions of substances subject to the Air Pollution Control Act



Calculated emissions of fluorocarbons



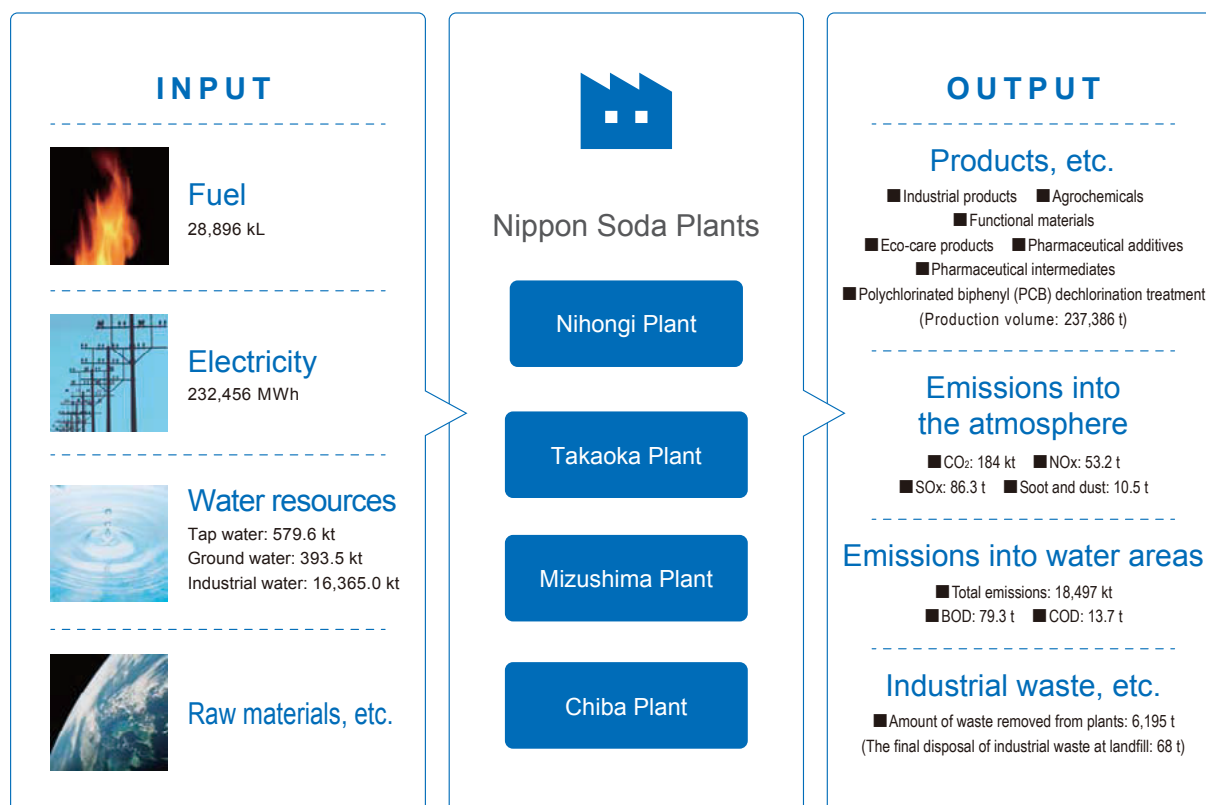
Total volume of wastewater and of BOD and COD



ESG Data

Major Environmental Impact Data

The environment impacts of Nippon Soda's four major plants in Japan in FY 2021 are shown in the figure below:



Deviations from environmental laws and regulations

(Nippon Soda)

July 27, 2020, Takaoka Plant, wastewater in excess of agreed values:

In the course of construction work for the purpose of environmental countermeasures, some wastewater from plant excavations entered the plant's drainage system and was expelled into rivers. It was confirmed that suspended solids (SS) in this wastewater were in excess of values established together with Takaoka City, and the wastewater route was immediately redirected into a spare tank for emergency use. Following the incident, the cause was investigated, countermeasures and preventative measures against recurrence were taken, and the system was restored.

(Group companies)

November 5, 2020, Nisso Fine Co., Ltd., Koriyama Plant, wastewater in excess of standard values:

In the course of an on-site wastewater inspection by Koriyama City, a biochemical oxygen demand (BOD) in excess of the standard value and coliform group bacteria were discovered. Emergency measures were taken immediately following a prompt warning from Koriyama City. Following the incident, the cause was investigated, countermeasures and preventative measures against recurrence were taken, and the system was restored.

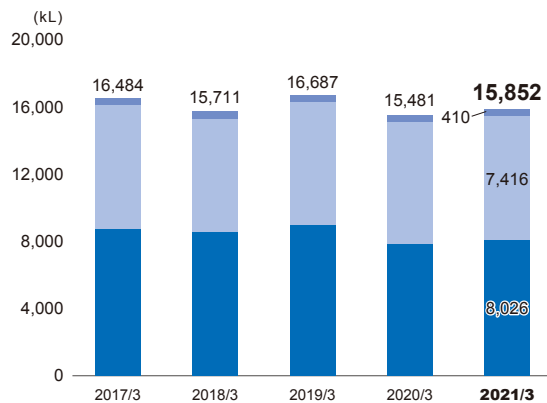
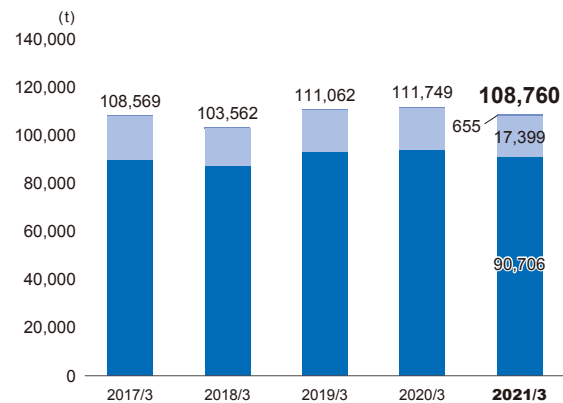
ESG Data

Environmental Data of Group Companies

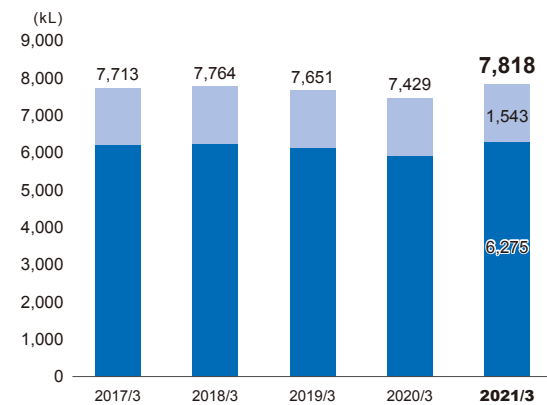
Manufacturing Group Companies

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

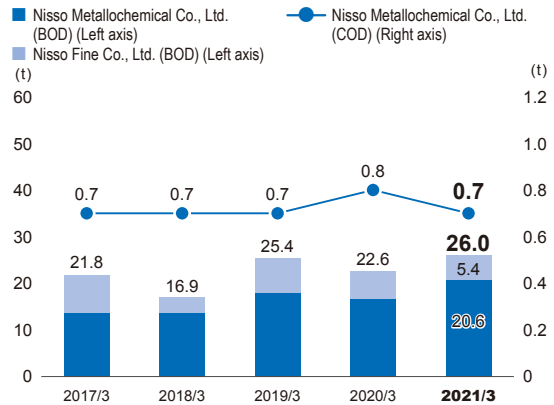
Energy consumption (in crude oil equivalent)


Amount of carbon dioxide (CO₂) emissions


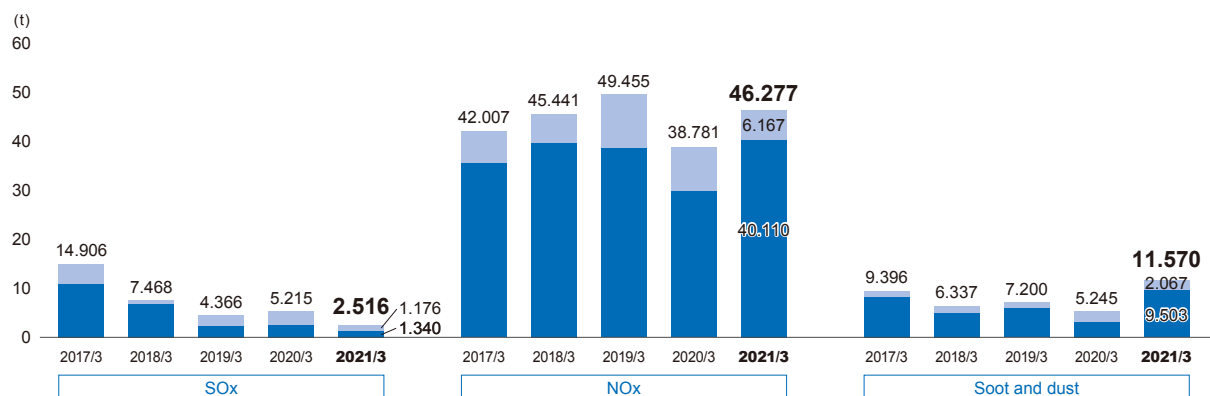
Total volume of wastewater



BOD and COD of wastewater

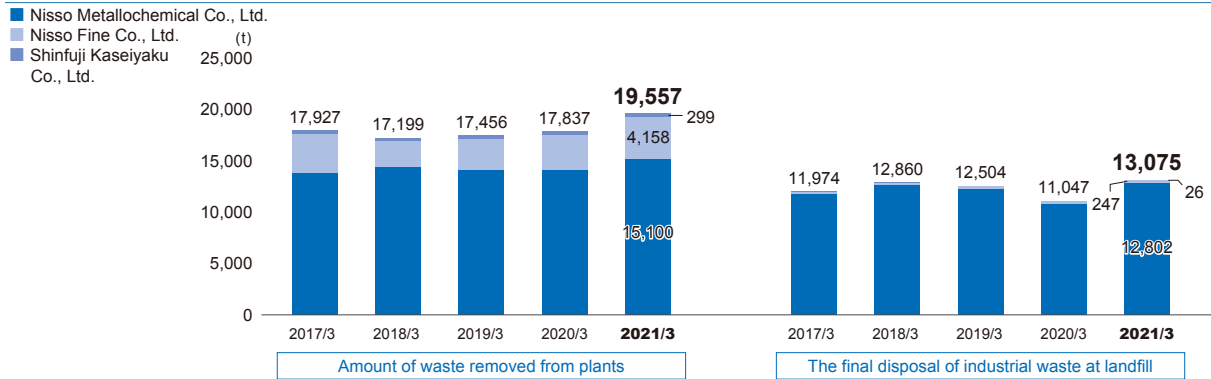


Amount of emissions of substances subject to the Air Pollution Control Act

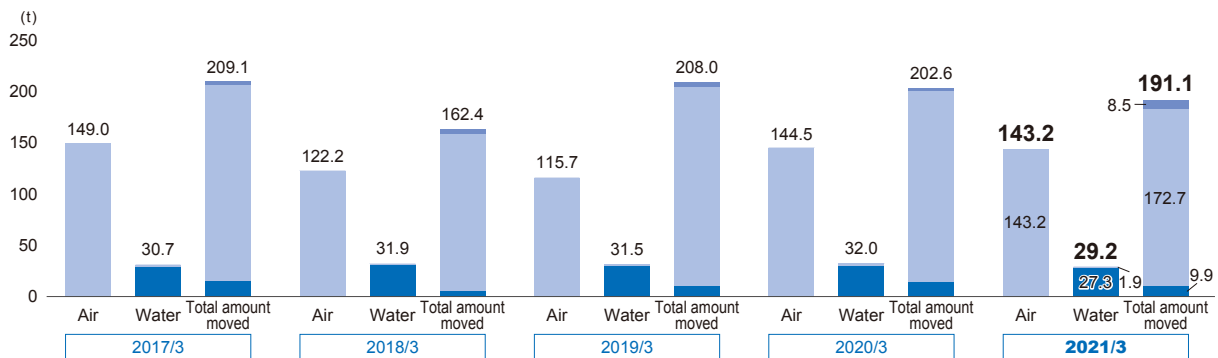


ESG Data

Amount of industrial waste emissions



Emissions of substances specified by the PRTR system

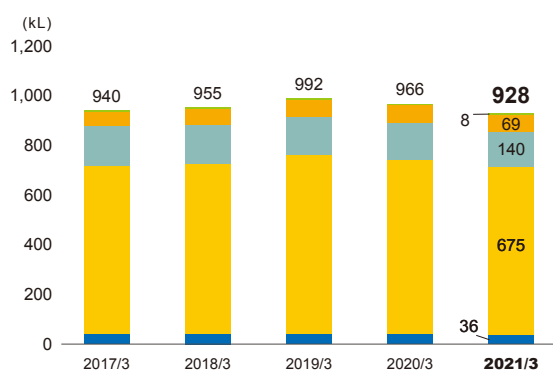


Overseas Manufacturing Group Companies

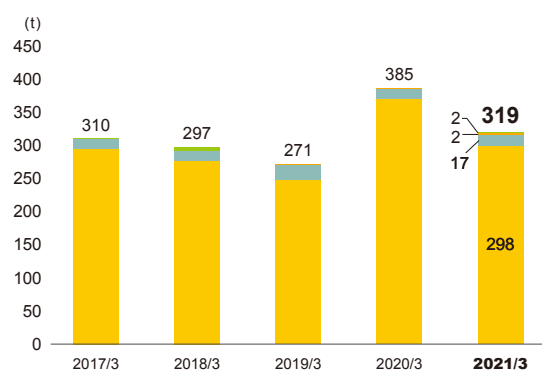
		2016	2017	2018	2019	2020
ALKALINE SAS (MSSA)	Energy consumption: MWh	271,004	289,841	299,119	285,083	273,505
	Total volume of wastewater: m ³	235,791	230,615	239,734	222,539	213,712
		2017/3	2018/3	2019/3	2020/3	2021/3
Nisso Namhae Agro Co., Ltd.	Energy consumption (in crude oil equivalent): kL	2,040.68	1,761.83	1,646.67	1,957.98	2,052.58
	Carbon dioxide (CO ₂) emissions: kt	4.07	3.48	3.25	3.89	4.06
	Total volume of wastewater: kt	98.48	90.78	77.30	78.20	72.79

Non-manufacturing Group Companies

Energy consumption (in crude oil equivalent)



Amount of industrial waste emissions

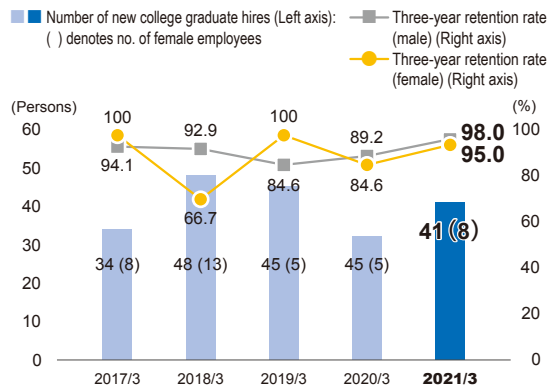


Note: The amount of waste generated at Nisso Shoji Co., Ltd. is not included.

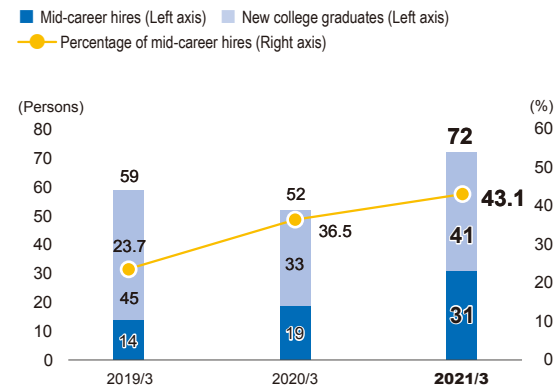
ESG Data

Social Data of Nippon Soda

Number of hired persons (by gender) and retention rate



Percentage of mid-career hires among hired regular employees

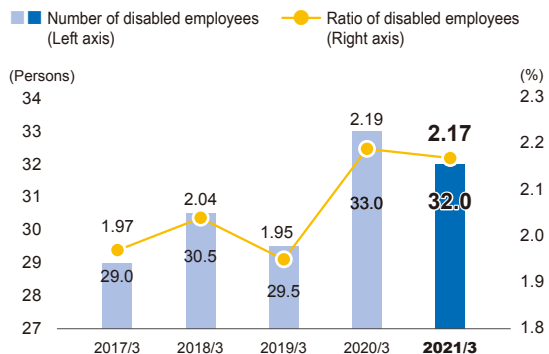


Employment conditions (regular employees/non-regular employees)

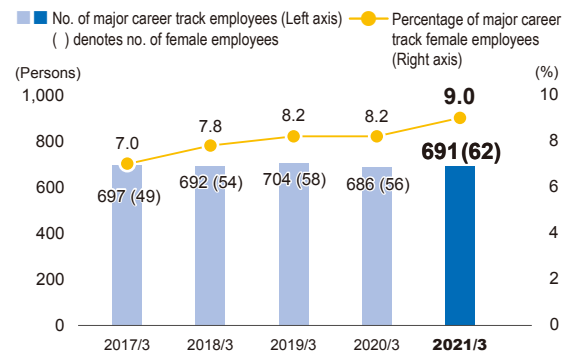
Regular employees		Non-regular employees				Total
		Contract employees	Temporary employees	Subtotal		
(Persons)	(%)	(Persons)	(Persons)	(Persons)	(%)	(Persons)
1,277	87.1	119	70	189	12.9	1,466

* As of March 31, 2021; Nippon Soda (non-consolidated)

Number of disabled persons employed and ratio of disabled employees

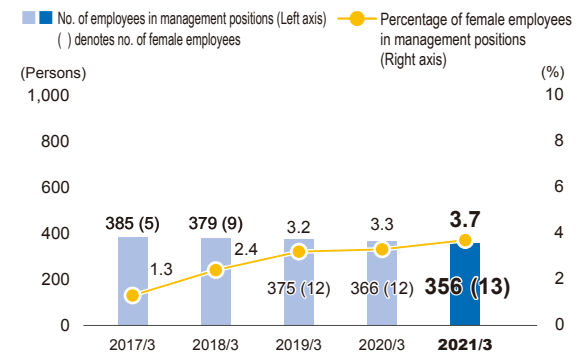


Number and percentage of major career track female employees



* As of March 31 each year; Nippon Soda (non-consolidated)

Number and percentage of female employees in management positions



Number of employees who take childcare and family care leave

	Employees taking childcare leave		Employees taking family care leave	
	Men	Women	Men	Women
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
2021/3	8	6	1	0

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

	Employees taking maternity and childcare leave		Rate of employees returning to work (%)		Retention rate (%)	
	Men	Women	Men	Women	Men	Women
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
2021/3	8 (1,220)	6 (176)	100	100	75	100

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

Total annual working time 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
1,823.6	79.0	4.5	14.6	1.9	1,777.8

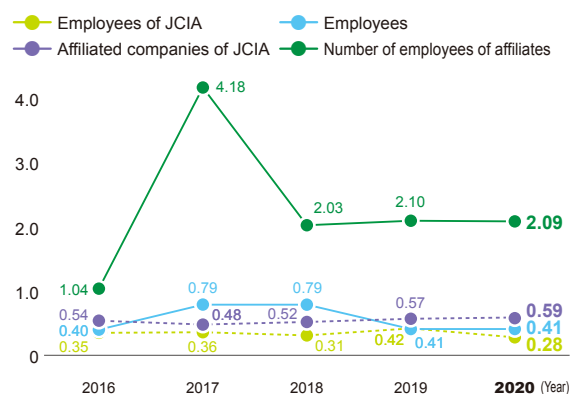
* The data above were collected in FY 2021 (April 2020-March 2021)

Number of labor union members

	Number of labor union members (Persons)	Average age (Years)	Average length of service (Years)	Percentage of members (%)
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
2021/3	940	39.1	16.7	67.4

ESG Data

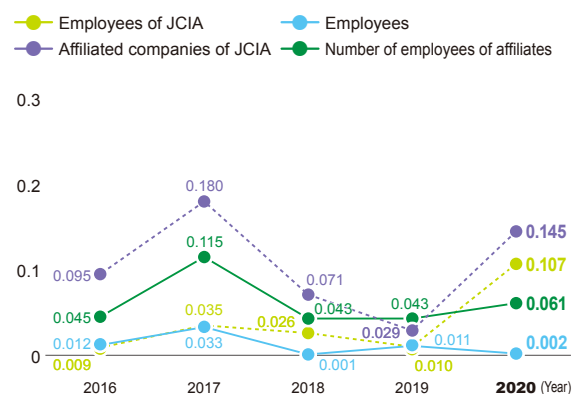
Occupational accident frequency rates



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.

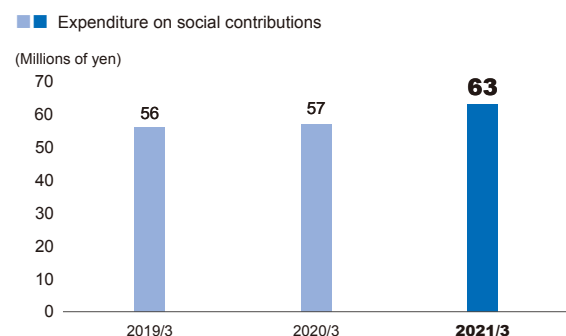
Number of occupational accidents within the above period that led to an employee's death (number of deceased): 0 (0)
Number of occupational accidents at affiliated companies within the above period that led to an employee's death (number of deceased): 0 (0)

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.

Expenditure on social contributions (donations)



Note 1: Includes fundraising activities for the National Land Afforestation Promotion Organization, which began at the same time as the creation of the NISSO Group Forest, established to celebrate the company's 100th anniversary.
Note 2: Values under one million yen have been rounded off.

Ratio of Nippon Soda Group manufacturing facilities with ISO certification*

	ISO 14001	OHSAS 18001/ISO 45001	ISO 9001
Nippon Soda (non-consolidated)	100%	100%	100%
Nippon Soda Group (consolidated)	80%	26.7%	93.3%

* As of March 31, 2021. Percentage of Nippon Soda and Nippon Soda Group (Nippon Soda and its consolidated subsidiaries) whose manufacturing facilities have acquired ISO certification.

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

320 (As of the end of March 2021)

Affiliated companies

225 employees (As of the end of March 2021)

ISO 14001: Certified in March 2000

ISO 9001: Certified in August 1995

ISO 45001: Transitioned in September 2020

(Certified in April 2009 with OHSAS 18001)


Teruo Tachibana, Executive Officer, Nihongi Plant Manager

The Nihongi Plant is located at the foot of the nature-rich Mt. Myoko—one of the 100 Famous Japanese Mountains—and began operations in February 1920 as the very origins of the Nippon Soda Group, celebrating its 100th anniversary on February 1, 2020. 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 August 2020, on the Nippon Soda website we announced our intention to implement fundamental structural reforms in our caustic potash and related businesses. In light of this announcement, our plant policy for 2021 is “Evolution.” To set out on a new path for the next 100 years, we will evolve our business structure from one centered on predominantly inorganic industrial chemicals to one driven by new products with high added value.

Environmental data for FY 2021

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2020. “+” 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	
7,371 (+287)	10.0 (+2.7)	—	69 (-1)	22.2 (+1.1)	1.4 (+0.2)	9.8 (+0.7)	1.5 (-17.7)

FY 2021 amount of PRTR system substance emissions

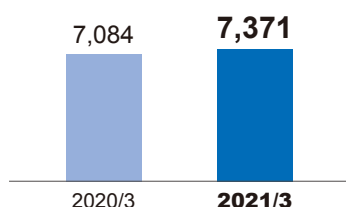
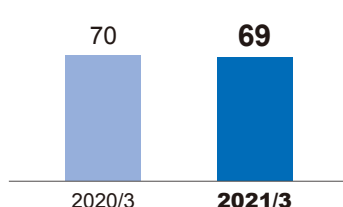
Note: The figures in parentheses represent the difference from results in FY 2020. “+” denotes an increase, while “-” denotes a decrease.

Substance	Emission amount		Transported amount
	Air	Water	
Toluene	22.98 (-6.19)	0.00 (0.00)	0.00 (0.00)
Fluorine	0.00 (0.00)	0.00 (0.00)	1.50 (-1.92)
Chloroform	2.37 (0.22)	0.00 (0.00)	0.00 (0.00)

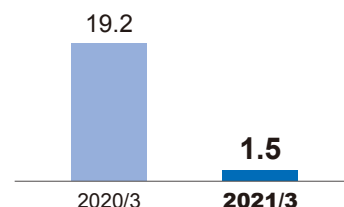
PRTR substances: 15 substances Total emission amount: 26.89 t Total amount transported: 1.50 t

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

356 (As of the end of March 2021)

Affiliated companies

151 employees (As of the end of March 2021)

ISO 14001: Certified in November 2000

ISO 9001: Certified in June 1995

ISO 45001: Transitioned in November 2020

(Certified in November 2005 with OHSAS 18001)



Kazunori Akatsuka, 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 2021

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2020. "+" 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	
9,034 (-155)	69.3 (-8.4)	—	92 (-13)	25.9 (-6.1)	84.9 (-2.1)	0.7 (-0.3)	56.4 (-28.2)

FY 2021 amount of PRTR system substance emissions

Note: The figures in parentheses represent the difference from results in FY 2020. "+" denotes an increase, while "-" denotes a decrease.

Substance	Emission amount		Transported amount
	Air	Water	
Toluene	0.44 (+0.04)	0.00 (0.00)	94.81 (+64.14)
Chlorobenzene	6.85 (-3.55)	0.92 (-0.45)	134.63 (-102.87)
Chloroform	0.07 (-0.08)	0.00 (-0.01)	32.44 (-35.78)

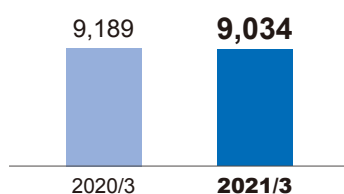
PRTR substances: 19 substances

Total emission amount: 9.52 t

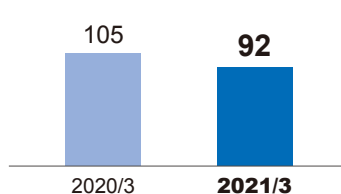
Total amount transported: 285.79 t

Emissions into water areas

Volume of wastewater (kt)

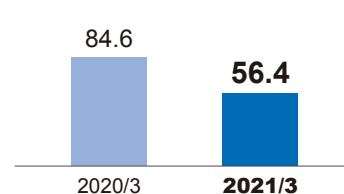


Emissions into the atmosphere

CO₂ (kt)

Final disposal of industrial waste at landfill

(t)



CSR Activities at Plants

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

55 (As of the end of March 2021)

Affiliated companies

24 employees (As of the end of March 2021)

ISO 14001: Certified in October 2001

ISO 9001: Certified in January 1999

ISO 45001: Transitioned in January 2021

(Certified in January 2009 with OHSAS 18001)



Hiroshi Sumiya, 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 2021

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2020. "+" 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	
532 (+14)	—	2.4 (+0.1)	11 (+1)	5.1 (+0.1)	0.0 (0.0)	0.0 (0.0)	8.1 (+0.5)

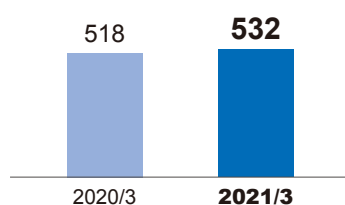
FY 2021 amount of PRTR system substance emissions

Note: The figures in parentheses represent the difference from results in FY 2020. "+" denotes an increase, while "-" denotes a decrease.

Substance	Emission amount		Transported amount
	Air	Water	
Inorganic cyanides	0.20 (+0.02)	0.004 (0.00)	0.01 (0.00)
Acetonitrile	0.00 (0.00)	0.00 (0.00)	0.33 (+0.24)
Xylene	0.00 (0.00)	0.00 (0.00)	0.03 (+0.02)
PRTR substances: 4 substances Total emission amount: 0.24 t Total amount transported: 0.37 t			

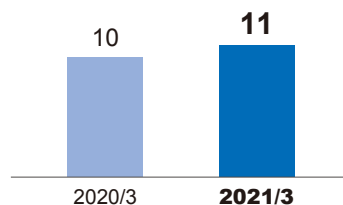
Emissions into water areas

Volume of wastewater (kt)



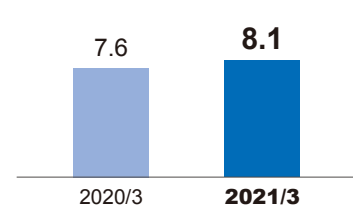
Emissions into the atmosphere

CO₂ (kt)



Final disposal of industrial waste at landfill

(t)



CSR Activities at Plants

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

142 (As of the end of March 2021)

Affiliated companies

72 employees (As of the end of March 2021)

ISO 14001: Certified in July 2000

ISO 9001: Certified in August 1997

ISO 45001: Transitioned in February 2021

(Certified in February 2008 with OHSAS 18001)



Yasuyuki Miyazawa, Executive Officer, 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 as a raw material in acrylic paints 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 2021

Unit: t/year (volume of wastewater: kt/year, CO₂: kt/year) Note: The figures in parentheses represent the difference from results in FY 2020. "+" 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	
1,560 (+15)	—	11.3 (+1.6)	13 (-1)	—	—	—	3.6 (+1.0)

FY 2021 amount of PRTR system substance emissions

Note: The figures in parentheses represent the difference from results in FY 2020.

Substance	Emission amount		Transported amount
	Air	Water	
Toluene	5.72 (-0.04)	0.00 (0.00)	0.15 (0.00)
n-hexane	2.96 (0.00)	0.00 (0.00)	0.00 (0.00)
1,3-butadiene	2.47 (-0.17)	0.00 (0.00)	0.00 (0.00)

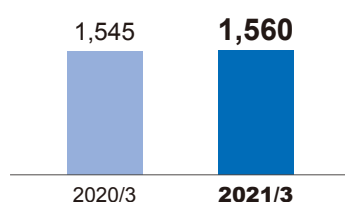
PRTR substances: 11 substances

Total emission amount: 11.24 t

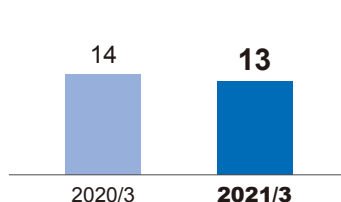
Total amount transported: 20.15 t

Emissions into water areas

Volume of wastewater (kt)

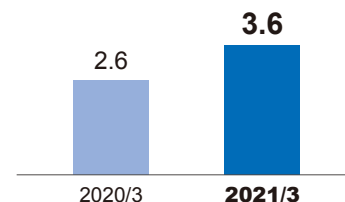


Emissions into the atmosphere

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 Integrated Report 2021 and ESG Data Book 2021



Nippon Soda Group Integrated Report 2021 and ESG Data Book 2021 Third Party Verification Report

To Eiji Aga

Representative Director and President
Nippon Soda Co., Ltd.

October 12, 2021

■ Objectives of Verification

This verification is performed by the Responsible Care Verification Center—who are experts in the chemical industry—for the purpose of expressing its opinions with respect to the following matters reported in the Nippon Soda Group Integrated Report 2021 and ESG Data Book 2021 (the "Reports"), 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 Reports

■ 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 Reports, and by receiving presentations and explanations of materials. In 2020, the Nippon Soda Group formulated its roadmap from these managers.
- Verification at the Nihongi Plant was carried out via an online conference between the Head Office and the Nihongi 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 Reports were assessed. The assessment was performed by interviewing managers responsible for operations, and those who were responsible for the preparation of the Reports, 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
 - We confirmed that the Head Office and the Nihongi Plant applied rational methods to accurately calculate and aggregate performance values. Moving forward, we look forward to the Nippon Soda Group continuing efforts to accurately apply the relevant calculation methods and formulas, and making every effort to ensure the methods remain transparent.
- 2) Accuracy of reported information other than numerical values
 - We confirmed that the Information described in the Reports 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 these Reports, however, these points have been rectified, and there are no significant matters that should be revised.
- 3) Responsible Care (RC) activities and ESG (CSR) activities
 - In 2020, the Nippon Soda Group formulated its roadmap and long-term vision—Brilliance through Chemistry 2030. We commend its efforts to reinforce initiatives in existing fields and new growth areas, as well as its sincere approach to ESG management, and we look forward to the results.
 - Regarding its CSR activities, the Group has established KPIs for CSR Activities to Improve Corporate Value based on responsible care, and Social Activities for the benefit of its stakeholders. We applaud the fact that the Group has set clear targets and is engaged in activities to achieve them. We look forward to further enhancement of these CSR activities and the positive effects this will bring.
 - In its efforts to prevent human error, the Group has set the 5Ss and the 4 safety cycles (1. *kiken-yochi* [danger prediction] before starting operation; 2. pointing and vocalizing during operation; 3. mutually directing attention during operation; and 4. identifying *hiyari-hatto* [near miss] accidents after operation) as the basis of its safety activities. This is an outstanding initiative, and we look forward to steady implementation of these activities leading to the prevention and reduction of human error.
 - As part of its CSR Action Plan, the Nihongi Plant is implementing a range of CSR Activities to Protect Corporate Value, including RC activities. Through further emphasis on these activities, we look forward to the positive effects this will bring. We also confirmed that the Nihongi Plant conducts thorough risk assessment on the 770 substances it handles when changing its facilities or operational methods.
- 4) Characteristics of the Reports
 - Incorporating both medium- and long-term perspectives, the Integrated Report provides a comprehensive explanation of the Nippon Soda Group's history of value creation, while the ESG Data Book offers a comprehensive overview of the Group's ESG Activities (RC and ESG (CSR) activities), with the reported information categorized appropriately for clarification. In addition to being reader-friendly, the Reports show the Group's commitment and initiatives aimed at management transparency.

Satoshi Ozaki

OZAKI Satoshi
Chief Director, Responsible Care Verification Center
Japan Chemical Industry Association

Third-Party Evaluations: CSR Verification

Sompo Risk Management Inc. Opinion on Disaster Prevention Assessment Survey

Although in FY 2021 we had planned disaster prevention capability diagnoses by Sompo Risk Management Inc., at our Nihongi Plant, Takaoka Plant, Chiba Plant, Odawara Research Center, Chiba Research Center (currently part of the Odawara Research Center), and two Group company plants, the diagnoses were cancelled to prevent the spread of the COVID-19 pandemic.



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 Inc. Opinion on the Occupational Health and Safety Survey

Although in FY 2021 we had planned an occupational accident prevention survey by Sompo Risk Management Inc., the survey was cancelled to prevent the spread of the COVID-19 pandemic.



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 significant 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.

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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 or Integrated Report (IR) publication page / corresponding items
102-1	Name of the organization	Company Information (IR p.66)
102-2	Activities, brands, products, and services	The Nippon Soda Group's Businesses (IR p.22-23)
102-3	Location of headquarters	Company Information (IR p.66)
102-4	Location of operations	Overview of the Nippon Soda Group (p.4) Company Information (IR p.66) Company Information/Global Network Web
102-5	Ownership and legal form	Company Information (IR p.66)
102-6	Markets served	Stakeholders (p.3) History of Value Creation (IR p.4-5) The Nippon Soda Group's Businesses (IR p.22-28)
102-7	Scale of the organization	Overview of the Nippon Soda Group (p.4) The Nippon Soda Group's Businesses (IR p.22-23) 10-year Financial and Non-financial Highlights (IR p.54-55) Company Information (IR p.66)
102-8	Information on employees and other workers	Social Data of Nippon Soda (p.79) Company Information (IR p.66)
102-9	Supply chain	Together with Our Business Partners (Fair Operating Practices) (p.53-54)
102-10	Significant changes to the organization and its supply chain	—
102-11	Precautionary principle or approach	Value Creation of the Nippon Soda Group (p.5) Compliance (p.69-70) Risk Management (p.71-72) Achieving a Low Carbon Society (IR p.14-15) Message from the President (IR p.16-21) Our Approach to Sustainability-focused Management (IR p.30) Environmental Protection (IR p.36-37) Process Safety and Disaster Prevention (IR p.38) Corporate Governance (IR p.43-47)
102-12	External initiatives	Together with Our Local Communities (Community Involvement and Social Dialogue) (p.61)
102-13	Membership of associations	Together with Our Local Communities (Community Involvement and Social Dialogue) (p.61)
102-14	Statement from senior decision-maker	To Our Stakeholders (IR p.2-3) Message from the President (IR p.16-21) Our Approach to Sustainability-focused Management (IR p.30)
102-15	Key impact, risks, and opportunities	Value Creation of the Nippon Soda Group (p.5-8) Medium-Term CSR Activity Targets (FY 2021–2023) (p.14) Value Creation Model (IR p.6-7) Message from the President (IR p.16-21) Our Approach to Sustainability-focused Management (IR p.30) Business and Other Risks (IR p.50)
102-16	Values, principles, standards, and norms of behavior	CSR Activities (p.9) Health Management Promotion Declaration (p.37) The Nippon Soda Group Code of Conduct (p.69) Source of Value Creation—DNA of Nippon Soda (IR p.8-9)
102-17	Mechanisms for advice and concerns about ethics	Human Rights Initiatives at Our Workplaces (p.50) Compliance (p.69-70)
102-18	Governance structure	CSR Promotion System (p.10) Corporate Governance System (p.63)
102-19	Delegating authority	CSR Promotion System (p.10) Corporate Governance System (p.63)
102-20	Executive-level responsibility for economic, environmental, and social topics	CSR Promotion System (p.10) Corporate Governance System (p.63) Our Approach to Sustainability-focused Management (IR p.30)
102-21	Consulting stakeholders on economic, environmental, and social topics	CSR Promotion System (p.10) Corporate Governance System (p.63)
102-22	Composition of the highest governance body and its committees	Corporate Governance (p.62-66) Directors and Executive Officers (IR p.52-53)
102-23	Chair of the highest governance body	Corporate Governance System (p.63)
102-24	Nominating and selecting the highest governance body	Corporate Governance (p.63-66)
102-25	Conflicts of interest	Compliance (p.69-70) Risk Management (p.71-72) Corporate Governance Report (Japanese only)
102-26	Role of highest governance body in setting purpose, values, and strategy	Materiality Identification Process (p.5) CSR Promotion System (p.10)
102-27	Collective knowledge of highest governance body	CSR Promotion System (p.10)
102-28	Evaluating the highest governance body's performance	Corporate Governance (p.63-66)
102-29	Identifying and managing economic, environmental, and social impact	Value Creation of the Nippon Soda Group (p.5) CSR Promotion System (p.10)
102-30	Effectiveness of risk management processes	CSR Promotion System (p.10) Corporate Governance System (p.63-64) Risk Management (p.71-73)
102-31	Review of economic, environmental, and social topics	CSR Promotion System (p.10) Corporate Governance System (p.63-64)
102-32	Highest governance body's role in sustainability reporting	CSR Promotion System (p.10) Corporate Governance System (p.63-64)
102-33	Communicating critical concerns	CSR Promotion System (p.10) Corporate Governance System (p.63) Compliance (p.69) Risk Management (p.71-72)
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	Executive Remuneration (p.67-68)

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102-36	Process for determining remuneration	Executive Remuneration (p.67-68)
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	Executive Remuneration (p.67-68)
102-39	Percentage increase in annual total compensation ratio	—
102-40	List of stakeholder groups	Stakeholders (p.3)
102-41	Collective bargaining agreements	Together with Our Employees (Human Rights and Labor Practices) (p.52)
102-42	Identifying and selecting stakeholders	Stakeholders (p.3) CSR Activities (p.9)
102-43	Approach to stakeholder engagement	Third-Party Verification (p.1) Together with Our Local Communities (Community Involvement and Social Dialogue) (p.57-61)
102-44	Key topics and concerns raised	—
102-45	Entities included in the consolidated financial statements	Scope of the Report (p.1) Company Information (IR p.66)
102-46	Defining report content and topic boundaries	Scope of the Report (p.1) Editorial Policy (IR p.1) Company Information (IR p.66)
102-47	List of material topics	Value Creation of the Nippon Soda Group (p.5-8) Our Approach to Sustainability-focused Management (IR p.31)
102-48	Restatements of information	N/P
102-49	Changes in reporting	—
102-50	Reporting period	Scope of the Report (p.1)
102-51	Date of most recent report	—
102-52	Reporting cycle	—
102-53	Contact point for questions regarding the report	Web
102-54	Claims of reporting in accordance with the GRI Standards	—
102-55	GRI content index	Guidelines (p.89-92)
102-56	External assurance	Third-Party Verification (p.1) Third-Party Evaluations: ESG Verification (p.86)
MATERIAL TOPICS		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Value Creation of the Nippon Soda Group (p.5-8) Value Creation Model (IR p.6-7) Materialities at the Nippon Soda Group (IR p.12-13) Materiality (IR p.31)
103-2	The management approach and its components	Value Creation of the Nippon Soda Group (p.5-8) CSR Management (p.9-15)
103-3	Evaluation of the management approach	CSR Management (p.9-15)
ECONOMIC		
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	Direct economic value generated and distributed	The Nippon Soda Group's Businesses (IR p.22-23) 10-year Financial and Non-financial Highlights (IR p.54-55)
201-2	Financial implications and other risks and opportunities due to climate change	—
201-3	Defined benefit plan obligations and other retirement plans	Retirement Benefits (Annual Securities Report p.79-80) (Japanese only)
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	Contribution to local employment (p.57)
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	—
205-2	Communication and training about anti-corruption policies and procedures	—
205-3	Confirmed incidents of corruption and actions taken	—
ANTI-COMPETITIVE BEHAVIOR		
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	—
TAX		
GRI 207: TAX 2019		
207-1	Approach to tax	—
207-2	Tax governance, management, and risk management	—
207-3	Engagement with stakeholders with regard to tax-related matters and addressing concerns	—
207-4	Reporting by country	—
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	ESG Data (p.74-81)
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	ESG Data (p.74-81)
302-4	Reduction of energy consumption	Evaluation Results for FY 2021 and CSR Activity Policies for FY 2022 (p.15) Environmental Protection (p.25-28) ESG Data (p.74-81)

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302-5	Reductions in energy requirements of products and services	Evaluation Results for FY 2021 and CSR Activity Policies for FY 2022 (p.15) Environmental Protection (p.25-28) ESG Data/Energy consumption and energy consumption rate related to transport (p.74)
WATER		
GRI 303: WATER and WASTEWATER 2018		
303-1	Reciprocal action with water as a shared resource	Atmosphere and Water Quality Conservation (p.27-28) ESG Data (p.74-81)
303-2	Management of impact related to drainage	Atmosphere and Water Quality Conservation (p.27-28) ESG Data (p.74-81)
303-3	Water intake	—
303-4	Discharged water	—
303-5	Water consumption	—
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	—
304-2	Significant impact of activities, products, and services on biodiversity	Chemicals and Product Safety (p.42-44) Agro Products (IR p.26-27)
304-3	Habitats protected or restored	Environmental Protection (p.27-28) Chemicals and Product Safety (p.42-44)
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	Environmental Protection (p.25) ESG Data (p.74-78)
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Protection (p.25) ESG Data (p.74, 76)
305-3	Other indirect (Scope 3) GHG emissions	Environmental Protection (p.25)
305-4	GHG emissions intensity	—
305-5	Reduction of GHG emissions	Evaluation Results for FY 2021 and CSR Activity Policies for FY 2022 (p.15) ESG Data (p.74)
305-6	Emissions of ozone-depleting substances (ODS)	ESG Data (p.75)
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG Data (p.75)
WASTE		
GRI 306: WASTE 2020		
306-1	Significant impact of waste generation and waste-related matters	Environmental Protection (p.26)
306-2	Management of significant impact of waste-related matters	Environmental Protection (p.26)
306-3	Generated waste	Environmental Protection (p.26) ESG Data (p.74, 76, 78)
306-4	Waste that was not disposed of	—
306-5	Waste that was disposed of	—
ENVIRONMENTAL COMPLIANCE		
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
307-1	Non-compliance with environmental laws and regulations	Compliance (p.70), ESG Data (p.76)
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	Together with Our Employees (Human Rights and Labor Practices) (p.48-50)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
401-3	Parental leave	Together with Our Employees (Human Rights and Labor Practices) (p.51)
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	CSR Promotion System (p.10) Occupational Safety and Health (p.35-36)
403-2	Hazard identification, risk assessment, and incident investigation	CSR Promotion System (p.10-12) Process Safety and Disaster Prevention/BCP (p.29-34) Occupational Safety and Health (p.35-39)
403-3	Occupational health services	CSR Promotion System (p.10-12) Process Safety and Disaster Prevention/BCP (p.29-34) Occupational Safety and Health (p.35-39)
403-4	Worker participation, consultation, and communication on occupational health and safety	CSR Promotion System (p.10-12) Process Safety and Disaster Prevention/BCP (p.29-34) Occupational Safety and Health (p.35-39)
403-5	Worker training on occupational health and safety	CSR Management System (p.11) Initiatives for the Next Generation (p.23-24) Process Safety and Disaster Prevention/BCP (p.29-34) Occupational Safety and Health (p.35-39)
403-6	Promotion of improved worker health	Occupational Safety and Health (p.35-39)
403-7	Prevention and mitigation of business relationships having a direct influence on occupational health and safety	Logistics Safety and Quality Assurance (p.40) Chemicals and Product Safety (p.42-43) Together with Our Business Partners (Fair Operating Practices) (p.54)
403-8	Workers to whom the occupational health and safety management system applies	CSR Promotion System (p.10-12) Process Safety and Disaster Prevention/BCP (p.29-34) Occupational Safety and Health (p.35-39)

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403-9	Work-related injuries	Occupational Safety and Health (p.35-39) Together with Our Employees (Human Rights and Labor Practices) (p.51)
403-10	Work-related illness or poor health	Occupational Safety and Health (p.35-39)
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	Initiatives for the Next Generation (p.23-24) CSR Activities to Protect Corporate Value (p.29-43) Together with Our Employees (Human Rights and Labor Practices) (p.51) Compliance (p.69-70)
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	Together with Our Employees (Human Rights and Labor Practices) (p.48-52) Corporate Governance Highlights (p.62) ESG Data (p.79-80) Value Creation Model (IR p.7)
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	—
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	Together with Our Employees (Human Rights and Labor Practices) (p.50)
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	Together with Our Local Communities (Community Involvement and Social Dialogue) (p.57-61)
413-2	Operations with significant actual and potential negative impact on local communities	—
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	Compliance (p.70)
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	—
416-2	Incidents of non-compliance concerning the health and safety impact of products and services	Evaluation Results for FY 2021 and CSR Activity Policies for FY 2022 (p.15) Compliance (p.70)
MARKETING AND LABELING		
GRI 417: MARKETING AND LABELING 2016		
417-1	Requirements for product and service information and labeling	Chemicals and Product Safety (p.42-43)
417-2	Incidents of non-compliance concerning product and service information and labeling	Evaluation Results for FY 2021 and CSR Activity Policies for FY 2022 (p.15)
417-3	Incidents of non-compliance concerning marketing communications	Evaluation Results for FY 2021 and CSR Activity Policies for FY 2022 (p.15)
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	N/P

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Comparative Table with ISO 26000

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