


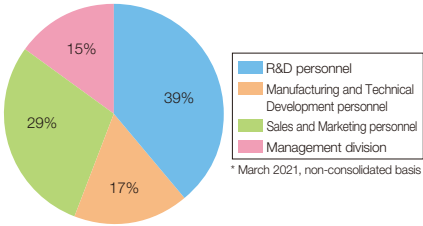
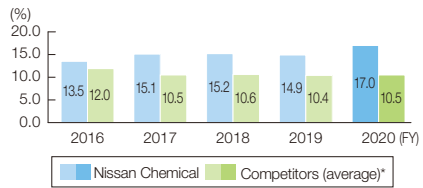
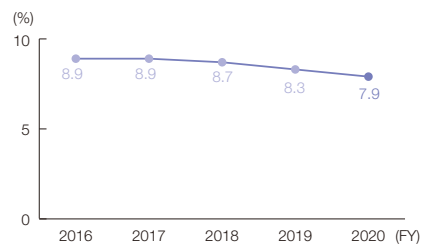
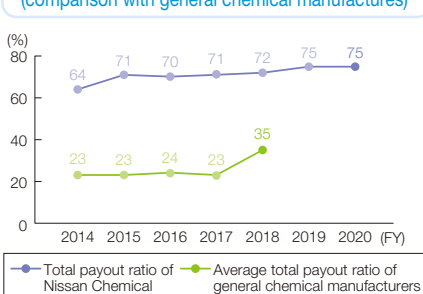


Management Resources

Management Resources	 Human Capital	 Intellectual Capital	 Financial Capital
Relationship to Value Creation	<ul style="list-style-type: none"> The company's growth as a "Future-Creating Enterprise" and its contribution to society is based on the fact that a wide range of human resources challenge for the goal while aiming for their own growth. Therefore, we are working to develop an organizational culture where a wide range of human resources can enjoy challenges in an innovative manner in cooperation while promoting various initiatives such as enhancement of educational systems and active participation of women. 	<ul style="list-style-type: none"> Research and development is the driving force behind the creation of new technologies and products. We will continue to take on the challenge of creating completely new technologies and products based on our five core technologies: Fine Organic Synthesis, Functional Polymer Design, Ultrafine Particle Control, Biological Evaluation, and Optical Control. 	<ul style="list-style-type: none"> Financial capital is essential for conducting business activities. Equity ratio is over 70% and financial stability is well secured. We are in a very favorable state in terms of cash flow and can continue to utilize this cash for investment and shareholder returns as needed.
Characteristics	<ul style="list-style-type: none"> We have a personnel structure that focuses on R&D, with approximately 40% of all regular position employees being R&D personnel (non-consolidated basis). We conduct surveys on employee engagement (enthusiasm and attitude toward work) using employee questionnaires prepared by an external specialist company. A deviation value of 60 or higher is considered to be a highly engagement level employee, and the results are higher than the average for companies surveyed by an external specialist company. <div data-bbox="199 943 624 1211"> <p>Personnel Allocation (Regular Position)</p>  </div> <div data-bbox="199 1227 624 1458"> <p>Ratio of High Engagement Level Employee</p>  </div>	<ul style="list-style-type: none"> Our sales-to-R&D expenses ratio has always been one of the highest among all chemical manufacturers. The results of our R&D activities are reflected in our operating margin. By focusing on high value-added businesses, we have maintained an operating margin of 10% or higher for 18 consecutive years. This high profit margin has led to the next phase of R&D. <div data-bbox="646 943 1070 1234"> <p>Sales-to-R&D expenses ratio</p>  </div> <p>We consider R&D is the source of growth, and have intensively invested our management resources in R&D.</p>	<ul style="list-style-type: none"> In regard to capital efficiency, ROE is given importance and has continued to rise since being recorded at 9.5% in FY2011. The total shareholder payout ratio has been at a high level, hovering around 70% since FY2015. Our proactive approach to returning profits to shareholders, which combines dividends and share repurchase, has attracted long-term capital investment and contributed to the enhancement of shareholders' equity. <div data-bbox="1093 943 1517 1279"> <p>Total payout ratio (comparison with general chemical manufactures)</p>  </div>
Related Information	<p>Strengthening of Nissan Group's Business Base (P53-P54) Personnel Retention and Trainings https://www.nissanchem.co.jp/eng/csr_info/communication/employee/system.html</p> <p>Promotion of Diversity https://www.nissanchem.co.jp/eng/csr_info/communication/employee/respect.html</p> <p>Maintenance and Improvement of Employees' Health https://www.nissanchem.co.jp/eng/csr_info/communication/employee/workplace.html</p> <p>Creation of a Comfortable Workplace https://www.nissanchem.co.jp/eng/csr_info/communication/employee/dialogue.html</p>	<p>Research and Development (P49-P52)</p>	<p>Message from the CFO (P11-P14) Financial Review (P75-P86)</p>

 Manufacturing Capital	 Social Capital	 Natural Capital												
<ul style="list-style-type: none"> Our plants are located in five prefectures in Japan, and while the stone-built facilities, which have been designated as a chemical heritage, still remain, state-of-the-art equipment and facilities are being steadily introduced. With a history of over 130 years, we are still moving forward focused on the stable manufacture of products. 	<ul style="list-style-type: none"> The relationships of trust that we have cultivated over a long period of time with a variety of stakeholders, including local communities and NPO/NGOs, form the basis for supporting our business activities. 	<ul style="list-style-type: none"> In manufacturing products, it is difficult to avoid placing burdens on the environment, such as the use of energy, water and raw materials as well as the emission of greenhouse gases (GHG). Based on the Responsible Care Mid-Term Plan which extends to FY2021 and the long-term target of reducing GHG emissions by 30% from the FY2018 level by FY2030, we are striving to reduce our environmental impact through responsible care activities that consider the environment, health, and safety. 												
<ul style="list-style-type: none"> The Sodegaura Plant (Chiba Prefecture) is a "development-oriented plant" that works closely with research laboratories. It is the core plant of our Specialty Chemicals business, which engages in technology development and production of inorganic materials and display materials used in a wide range of fields, including the information and electronics industries. The Saitama Plant (Saitama Prefecture), located in the rich natural environment of northwestern Saitama Prefecture, produces herbicides for paddy rice, insecticides and fungicides, and contributes to agriculture in Japan and around the world. The Toyama Plant (Toyama Prefecture) has developed into one of Japan's leading integrated ammonia chemical plants, backed by abundant water and electricity, and is still manufacturing many derivatives. In recent years, the plant has also made inroads into the field of electronic materials, contributing greatly to the advancement of the global semiconductor industry and IT technology. The plant has a research function, which enables us to respond quickly to next-generation needs. Facing the Port of Nagoya, the Nagoya Plant (Aichi Prefecture) has developed mainly through the production of sulfuric acid, and has developed products ranging from industrial use to high-grade products for semiconductor cleaning in response to the needs of the times. Currently, the plant also produces sodium bisulfite, AdBlue®, and other products. The Onoda Plant (Yamaguchi Prefecture) has a history of more than 130 years, having produced Japan's first agrochemicals in 1910. It currently produces agrochemicals such as insecticides, acaricides, and herbicides, as well as pharmaceuticals such as hyperlipidemia treatments, veterinary drugs, and organic fine chemical products. 	<ul style="list-style-type: none"> With our Group's sites as foundation to social contribution, as a corporate citizen, we are engaged in a variety of social contribution activities, focusing on the following four areas: promotion of education, science, and culture; contributions to local communities; conservation of the global environment; and promotion of health and welfare and promotion of sports. <div style="display: flex; justify-content: space-around;"> <div data-bbox="512 943 724 1077">  <p>Summer Riko-Challe (Science and Technology Challenge)</p> </div> <div data-bbox="738 943 951 1077">  <p>Onoda Plant Cherry Blossom Festival</p> </div> </div> <div style="display: flex; justify-content: space-around;"> <div data-bbox="512 1144 724 1279">  <p>Nissan Bio-Park Nishi-hongo Tour</p> </div> <div data-bbox="738 1144 951 1279">  <p>Fujimae-Higata Clean-up Activities</p> </div> </div> <p>* Due to the spread of COVID-19 infections, Summer Riko-Challe, Cherry Blossom Festival, and Nissan Bio-Park Nishi-hongo Tour were not held in FY2020.</p>	<ul style="list-style-type: none"> The Company's carbon efficiency (GHG emission rate) is relatively high in the chemical industry due to the low-carbon investments it has made to date and the characteristics of its products, including the conversion of fuel from heavy oil to natural gas at the Toyama Plant and the use of hydroelectric power generation by Toyama Kyodo Jikahatsuden Co., Ltd. established through investment by companies in the prefecture including us. We recognize that the growing demand from investors and other parties for initiatives to address climate change will become a tailwind. <div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px; margin: 10px 0;"> <p style="text-align: center; color: #0070C0;">Carbon Efficiency (GHG emission rate)</p> <p style="text-align: center; font-size: small;">(ton/million yen)</p>  <table border="1" style="width: 100%; border-collapse: collapse; font-size: x-small;"> <thead> <tr> <th>Year</th> <th>Nissan Chemical</th> <th>General Chemical Manufacturers (average)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>2.58</td> <td>6.46</td> </tr> <tr> <td>2018</td> <td>2.33</td> <td>6.18</td> </tr> <tr> <td>2019</td> <td>2.04</td> <td>7.06</td> </tr> </tbody> </table> </div> <div style="text-align: center; margin-top: 10px;">  <p>Miza Power Station</p> </div>	Year	Nissan Chemical	General Chemical Manufacturers (average)	2017	2.58	6.46	2018	2.33	6.18	2019	2.04	7.06
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<p>Corporate Information (P87-P90)</p>	<p>Contribution to Communities and Society https://www.nissanchem.co.jp/eng/csr_info/communication/community.html</p> <p>Biodiversity Conservation https://www.nissanchem.co.jp/eng/csr_info/responsible_care/conservation.html</p>	<p>Continuous Improvement of Responsible Care Activities (P55-P56) Responsible Care Management https://www.nissanchem.co.jp/eng/csr_info/responsible_care/management.html</p> <p>Mitigation of Climate Change https://www.nissanchem.co.jp/eng/csr_info/responsible_care/environment/reduction.html</p> <p>Reduction of Industrial Waste and Pollutant Emissions https://www.nissanchem.co.jp/eng/csr_info/responsible_care/environment/management.html</p> <p>Management of Chemical Substances https://www.nissanchem.co.jp/eng/csr_info/responsible_care/chemical.html</p> <p>Water Resources Conservation https://www.nissanchem.co.jp/eng/csr_info/responsible_care/environment/effective.html</p> <p>Biodiversity Conservation https://www.nissanchem.co.jp/eng/csr_info/responsible_care/conservation.html</p>												