
ROUNDUP Business Briefing Q&A Session Summary

Date: Wednesday, January 22, 2020: 2:00 p.m. to 3:00 p.m.

Presenter: Junichi Miyazaki, Director, Senior Executive Vice President & CFO,
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Presentation materials: https://www.nissanchem.co.jp/eng/news_release/release/en2020_01_24.pdf

Q1: In December 2018, the Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF) drastically relaxed the pesticide residue limits, including glyphosate*. The media reported that more than one chemical company had lobbied the MAFF. Was Nissan Chemical one of them?

*** Glyphosate: An active ingredient of ROUNDUP**

A1: We did not participate in any lobbying activities. While the relaxation of the pesticide residue limits has been highlighted in the media coverage, there are 33 items whose residue limits have been lowered, 35 items whose residue limits have been raised, and 102 items whose residue limits remained the same. In short, the pesticide residue limits were lowered for some and raised for some others.

When obtaining pesticide registration, the acceptable daily intake (ADI) is set for each chemical compound. When the pesticide residue limits by crop were reviewed, the ADI was not changed. The change of pesticide residue limits involved only the food products on the list of ADI. These products were changed because of a change in eating habits among Japanese people.

Q2: While regulatory authorities in Europe, such as the European Food Safety Authority (EFSA) and the European Chemicals Agency (ECHA), have not determined that glyphosate is a carcinogen, why are France, Germany, and Austria trying to prohibit its use? Moreover, while the Food Safety Commission of Japan denies the carcinogenic property of glyphosate, is there any risks that it will be prohibited in Japan in the future?

A2: European regulatory authorities all deny that glyphosate is a carcinogen. We think that there could be some political background for the movements in France, Germany, and Austria. However, we do not know the details.

Currently in Japan, there is no movement to prohibit the use of glyphosate. You can view

the test data of glyphosate on the official website of the Food Safety Commission. We do not think that the Food Safety Commission will change its view in spite of recent media coverage.

Q3: I heard that several nations in the Middle East, such as Saudi Arabia, are trying to lift the ban on glyphosate. I would like to know the background to this.

A3: We know nothing about the situation in the Middle East.

Q4: I would like to know about the response of Nissan Chemical to this issue, specifically related to ROUNDUP ML for farmers and ROUNDUP AL for general households.

A4: Whether it is ROUNDUP ML or AL, we explain the safety of ROUNDUP to people involved in the distribution of ROUNDUP. For 80 retail companies related to AL in particular, we hold individual briefings like this one, and we request the presence of all people involved, including management members.

Q5: Is it OK to think that unfounded rumors will have a greater impact on ROUNDUP AL than on ROUNDUP ML?

A5: While we think that reputational damage will have a greater impact, if any, on ROUNDUP AL for general households, we think that the impact will be very limited at present, as we have already shown on pages 15 to 18 of the presentation material.

Q6: It seems that most of actions of Nissan Chemical (page 28 of the presentation material) are passive. Are you considering addressing the issue more actively, such as by running newspaper ads?

A6: For now, we have no such plans. Our action is to provide a detailed explanation of the safety of glyphosate at every relevant site.

Q7: Is it likely that ROUNDUP ML or AL of Nissan Chemical can obtain market share from non-registered glyphosate products?

A7: Currently, we do not know for sure if our products will gain any market share from them. There are also registered generic products in the price range between non-registered products and our ROUNDUP products. If non-registered products should disappear from store shelves because of stricter sales rules for them, we think that ROUNDUP could fill the space that becomes available, increasing in our company's sales.

Q8: How are generic products doing? As a general rule, inexpensive generic products obtain market share from existing products. However, is it likely that the high efficacy of ROUNDUP of Nissan Chemical would conversely work to reduce the share of generic products?

A8: In recent years, generic products are neither reducing nor increasing their market share. Basically, consumers are divided into two groups: One group purchases inexpensive products and the other group purchases ROUNDUP. In the agricultural market, while sales of ROUNDUP ML have been growing as shown on pages 16 to 17 of the presentation material, those of generic products have not. On the other hand, in the general household market, while the sales of ROUNDUP AL have been growing significantly, the sales of generic products have also been increasing slightly because of the expansion of the market itself.

Q9: Have penalties and rules been already established for the notification given on page 22 of the presentation material? Could you explain the notification in more detail?

A9: Yes, penalties and rules have already been established. While basically, it is permitted for retailers to sell non-registered products pursuant to the law, the use of non-registered products on cultivated land or cultivation by farmers constitutes a violation of the Agricultural Chemicals Regulation Act, and is subject to penalties.

Q10: For various actions, such as social media monitoring, how much additional cost, such as personnel costs and other expenses, has been required related to this issue?

A10: There is no additional cost since we have always conducted monitoring.