Materiality

Kumiai Group has set "Company group that is able to adapt flexibly to support affluent lifestyles through unique technologies and that contributes toward the sustainable development of a society in harmony with nature" and "Advanced chemical manufacturer that contributes to agriculture, which supports stable food supply, and develops innovative technologies and unique business domains" as our Ultimate Goals in the next 20 to 30 years later, and have specified materialities (important issues) as initiatives that need to be taken to achieve these.

Process for Identifying Materiality

Understanding social issues and changes in society	Based on Kumiai Group business strategy and the business environment including long-term social issues and changes in society around us, we have identified over 300 keywords related to social issues and social changes by referencing sustainability guidelines such as SDGs, ISO26000, and FTSE, as well as evaluation items from ESG-related evaluation organizations.			
Organizing and summarizing issues	Keywords related to social issues and social changes were sorted into "Resolving social issues through core business," "Environmental," "Social," or "Governance," and 27 proposed materialities were extracted.			
Importance Evaluation to Kumiai Group	The proposed materialities that were selected were then evaluated based on "Importance to Kumiai Group" and "Importance to Stakeholders."			
Holding of materiality workshops	<text></text>			
Materiality Matrix Formulation	Discussions on their validity were held at Management Meetings, Sustainability Promotion Committee meetings, and at Executive Meetings. We also exchanged opinions among outside director who have knowledge in the field of sustainability. We revised and added proposed materialities and formulated a materiality matrix based on the opinions of management, outside experts, and younger and mid-career employees.			
Identifying Materiality (Determined by the Board of Directors)	Management again held discussions based on the materiality matrix to identify materialities, and decisions were made at the Board of Directors meetings.			

Materiality Matrix

We evaluated "Importance to Kumiai Group" and "Importance to stakeholders" on a three-point scale, and formulated a matrix for each proposed materiality.

	Promoting Proper Information Management	Expanding business domain and promoting new business
Response to Natural Disasters	 Strategic use of intellectual property and intangible assets Providing accurate information on agriculture and crop protection Human resource development Promotion of work-life balance Promotion of diversity and inclusion 	 Strengthening R&D capabilities Ensuring better quality and product safety Ensuring customer satisfaction Expanding overseas business
Contribution to the local community	 Contribution toward a Recycling- Based Society Strengthening of chemical substance management Promotion of industrial health and safety Respect for human rights Improvement of supply chain management 	 Contribution to global food security Contribution to a sustainable agricultural industry Contribution to better quality of life Mitigation of climate change and environmental impact Conservation of biodiversity

Initiatives and KPIs for Materiality

	Materiality	Initiatives	FY2022 results	FY2026 targets	FY2030 targets	Relationship with SDG
less	Contribution to a sustainable agricultural industry	 Contribution to smart agriculture through products 	 Products that contribute toward smart agriculture: Expansion of MAMETSUBU 	 Products that contribute toward smart agriculture: Expansion of MAMETSUBU 	 Products that contribute toward smart agriculture: Expansion of MAMETSUBU 	
a s		that help reduce energy and labor	 Number of new launched products: 1 MAMETSUBU product Agricultural land area where MAMETSUBU was used: 119,000 ha, 7.7% of rice paddy land in Japan 	 Number of new launched products: 5 MAMETSUBU products (Total from FY2022) 	 Number of new launched products: 2 MAMETSUBU products (Total from FY2027) 	2 ²¹⁶⁰ 9 Mirostat, Moralita Madara 9 Mirostat, Moralita
jh our co				 Agricultural land area where MAMETSUBU is used: 1% increase in paddy rice cultivation land in Japan (Compared to FY2022) 	 Agricultural land area where MAMETSUBU is used: 2% increase in paddy rice cultivation land in Japan (Compared to FY2022) 	٠
	Strengthening R&D capabilities	Strengthening R&D capabilities	Number of patent applications: 80	Number of patent applications: 100	Number of patent applications: 120	
c ir	Mitigation of climate change and environmental impact	 Reducing greenhouse gas emissions for the whole Kumiai Group 	 Greenhouse gas emissions from seven group companies (Scope 1 and 2): 66,124 t-CO₂ 	 Greenhouse gas emissions from seven group companies (Scope 1 and 2): 30% reduction by FY2030 compared to FY2019 	 Greenhouse gas emissions from seven group companies (Scope 1 and 2): 30% reduction by FY2030 compared to FY2019 	6 cliss with model and consumery 7 with section and cliss with section and cliss wit
	Conservation of Biodiversity	 Contributing to biodiversity through forest conservation 	Forest preservation in Fukushima, Hokkaido	 Support for forest tree-planting activities in Fukushima, Hokkaido: Once a year 	Forest infrastructure development in Fukushima, Hokkaido	
E		Contribution to biodiversity		Creation and maintenance of biotope	Creation and maintenance of biotope	
c	Contribution toward a Recycling-Based Society	Reducing industrial waste	 Total amount of generated industrial waste: 2,097 t Amount of landfill waste: 45 t (Landfill rate: 2.2%) Amount of waste recycled: 803 t (Recycling rate: 94.7%) 	 Waste reduction Promoting zero waste emissions: Landfill disposal rate of 1% or less 	 Waste reduction Promoting zero waste emissions: Landfill disposal rate of 1% or less 	14 UK SUN BURN 15 UK SUN BURN 15 UK SUN BURN 15 UK SUN BURN 15 UK SUN BURN 16 UK SUN BURN 16 UK SUN BURN 17 UK SUN BURN 18 UK SUN BURN 18 UK SUN BURN 19 UK SUN BURN 10 UK SUN BU
	Promotion of Industrial Health and Safety	 Preventing occupational accidents 	 Number of accidents with lost time: 1 (Among occupational accidents, number of cases with at least one work day lost by a Kumiai employee) 	Number of accidents with lost time: 0	Number of accidents with lost time: 0	
F	Respect for Human Rights	Greater awareness of human rights	Human rights education and harassment training: For all managers: Once	 Implementation status of human rights education and training Employee coverage rate: 100% At least once a year for each employee 	 Implementation status of human rights education and training Employee coverage rate: 100% At least once a year for each employee 	A 19437*
2		Eliminating all forms of harassment		 Implementation status of harassment training Employee coverage rate: 100% At least once a year for each employee 	 Implementation status of harassment training Employee coverage rate: 100% At least once a year for each employee 	5 (KANE) 5 (KANE) 5 (KANE)
	Promoting Diversity and Inclusion	 Promoting active participation of female 	Percentage of female managers: 1.6% (2 out of 122)	Percentage of female managers: 4.9% (6 out of 122)	Percentage of female managers: 8.2% (10 out of 122)	8 BEEDRT WORK AND ECONOMIC SROWTH
		 Promoting support for next- generation development 	 Percentage of male employees who take childcare leave: 24.1% (Employees who took childcare leave: 7 / Eligible employees: 29) 	Rate of male employees who take childcare leave: 100%	Rate of male employees who take childcare leave: 100%	10 REDUCED
F	Promotion of Work-Life Balance	 Create a comfortable working environment 	Average rate of employees taking annual paid leave: 60.6%	Rate of employees taking annual paid leave: 70%	Rate of employees taking annual paid leave: 80%	
		Health Focused Management	 Certified Health & Productivity Management Outstanding Organization: Not yet certified 	Health Management (White 500) certification	Continuous certification of Health Management (White 500)	
	Human Resource Development	 Implementing education for the continuous growth of all employees 	Training time per employee: 12.8 hours	Training time per employee: 18 hours	Training time per employee: 20 hours	