

# Corporate Governance

In harmony with our corporate philosophy, which is “We will contribute to the safety, security, and prosperity of society by leveraging our unique scientific creativity to protect and foster life and nature,” Kumiai is endeavoring to develop and provide products that meet the needs of our customers and gain the trust. In addition to establishing a system that will allow us to swiftly adapt to changes in the management environment, we place priority on improving the management administration system in order to comply with laws, regulations, and ethics from the perspective of our shareholders, and to improve management transparency. Regarding our relationships with stakeholders, part of our management visions is to “Maintain good relationships with all stakeholders through transparent corporate activities,” and in our Code of Conduct, we define the actions that employees should take and matters that must be complied with in “Honesty and pride as Kumiai employees,” “Total win with customers and business partners,” and “Open communication with shareholders.” We are working to establish a corporate culture with respect for the position of stakeholders.

## Basic Policy on Corporate Governance

- Chapter 1 General Rules
- Chapter 2 Relationship with Shareholders
- Chapter 3 Collaboration with Stakeholders
- Chapter 4 Information Disclosure
- Chapter 5 Corporate Governance
- Chapter 6 Establishment, Revision, and Abolishment

## Corporate Governance framework

Kumiai has adopted an Audit & Supervisory Board as the corporate governance framework. We have established a “Board of Directors,” “Management Meetings,” and “Executive Meetings,” and employ a corporate governance framework based on their respective decisions and discussions. We established the roles of the Board of Directors, focusing on decision-making related to management policies, and supervision of business execution in order to clarify the different responsibilities of management functions and business execution, and to enhance business execution functions and speed up the decision-making process. Kumiai is working to strengthen the auditing function of business execution by having a full-time Audit & Supervisory Board Member (Independent outside corporate auditor) attend other important internal meetings in addition

to the Board of Directors, the Management Meetings, and Executive Meetings. The Board of Directors, Management Meetings, and Executive Meetings operate within the scope of their respective criteria based on internal regulations for making decisions, and we have determined that the system is functioning properly as a management check function including the execution of business based on made decisions.

### Board of Directors

The Board of Directors is chaired by the President and Representative Director, and is comprised of nine Directors (including three Outside Directors), and meetings are generally held once a month where management policies and important management mater are determined, and business execution is supervised. At Board of Directors, four Audit & Supervisory Board Members are also present in order to strengthen management check functions, and they express their opinions as needed. We also have appointed a Nomination and Remuneration Committee under the Board of Directors for strengthening the independence, objectivity, and accountability of Board of Director functions in regards to nomination and remuneration of directors.

### Management Meetings

Management Meetings are chaired by the President and Representative Director and are attended by six full-time Directors and three Managing Executive Officers. These are held as needed for discussing important management strategies and business operations. A full-time Audit & Supervisory Board Member also attends these meetings.

### Executive Meetings

Executive Meetings are chaired by the President and Representative Director and are attended by six full-time Directors and ten Executive Officers. These are principally held twice a month for making decisions related to business operations. A full-time Audit & Supervisory Board Member also attends these meetings.

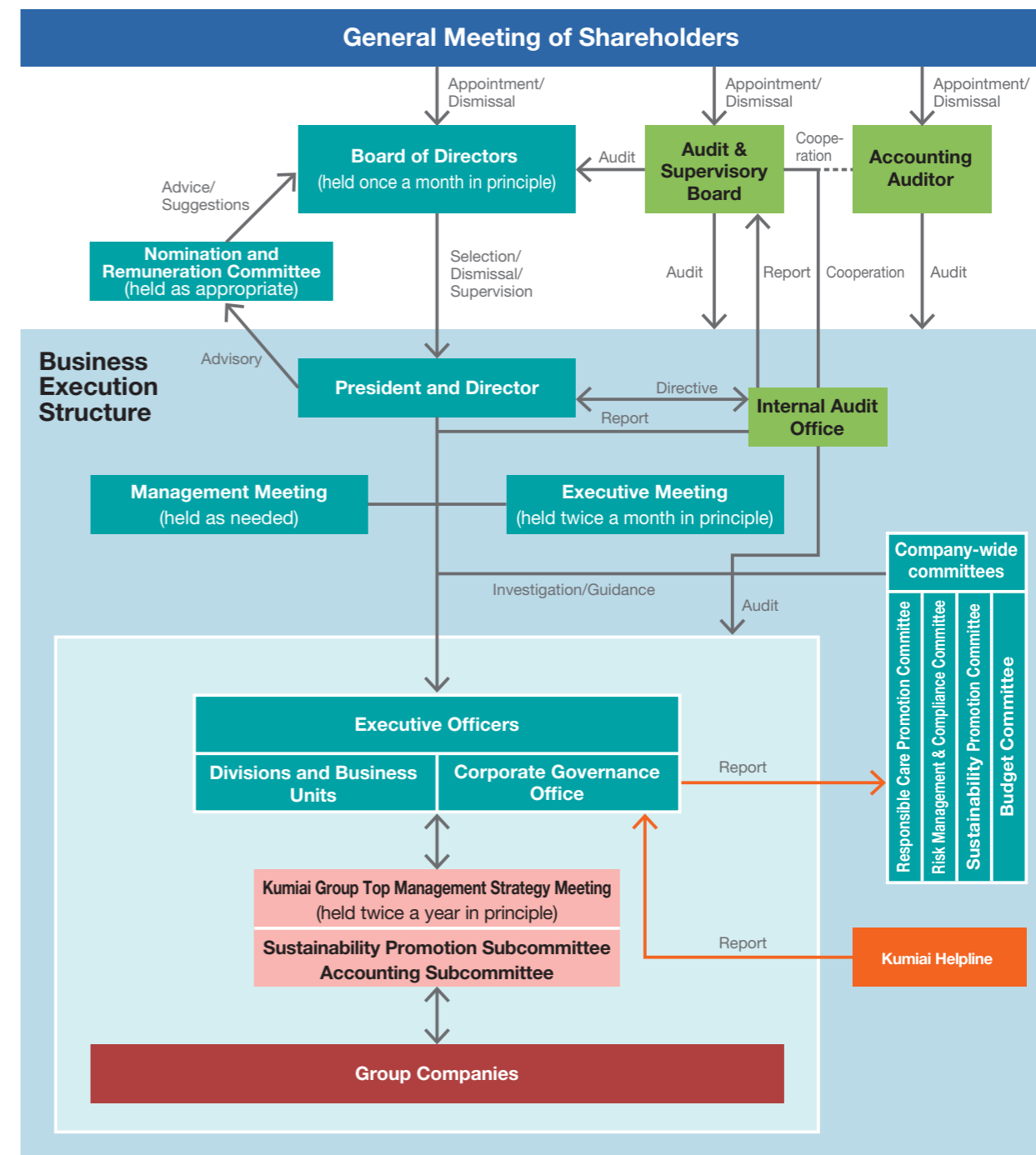
### Audit & Supervisory Board

The Audit & Supervisory Board is chaired by a full-time Audit & Supervisory Board Member and is comprised of four Audit & Supervisory Board Members. They perform audits on the fulfillment of duties by Directors from an independent perspective based on audit policies and the audit plan established by the Audit & Supervisory Board.

Meetings are also held for the “Budget Committee,”

“Sustainability Promotion Committee,” “Risk Management & Compliance Committee,” and “Responsible Care Promotion Committee,” which are responsible for corporate governance, at least once a year and as needed in addition to the “Kumiai Group Top Management Strategy Meeting,” which is held twice

a year. A full-time Audit & Supervisory Board Member attends all of these meetings. The Internal Audit Office carries out internal audits on the status of compliance with laws and regulations, and optimization of business activities, etc., from an independent perspective, and gives specific advice for improving business operations.



## Executives (as of January 27, 2023)



**Representative Director, President**  
**TAKAGI Makoto**  
 April 1981 Joined the Company  
 January 2005 General Manager of Overseas Department  
 January 2012 Corporate Officer, General Manager of Overseas Department  
 January 2013 Representative Director, President of NIHON PRINTING INDUSTRY CO., LTD.  
 January 2016 Managing Director of the Company  
 May 2017 Managing Director, Head of Corporate Planning & Coordination Division  
 January 2019 Senior Managing Director, Head of Corporate Planning & Coordination Division  
 January 2021 Director, Senior Managing Executive Officer, Head of Corporate Planning & Coordination Division  
 November 2021 Representative Director, President (Current)



**Representative Director, Senior Managing Executive Officer**  
**UCHIDOI Toshiharu**  
 April 1987 Joined National Federation of Agricultural Cooperative Associations ("ZEN-NOH")  
 March 2014 General Manager of Osaka Business Station, Fertilizers and Agrochemicals Division of ZEN-NOH  
 August 2015 General Manager of General Administration Section, Fertilizers and Agrochemicals Division of ZEN-NOH  
 April 2018 Vice President of General Planning Division of ZEN-NOH  
 April 2019 President of Legal and Risk Management Division of ZEN-NOH  
 January 2021 Representative Director, Senior Managing Executive Officer, Head of Overseas Sales Division of the Company (Current)



**Outside Director**  
**NISHIO Tadahisa**  
 April 1973 Joined Suzuyo & Co., Ltd. ("Suzuyo")  
 November 2004 Executive Officer, General Manager of Container Terminal Department of Suzuyo  
 April 2005 Executive Officer, General Manager of Shipping & Bonded Warehouse Operations Department of Suzuyo  
 June 2006 Executive Officer, General Manager of Port Business Division of Suzuyo  
 November 2007 Managing Director, General Manager of Port Business Division of Suzuyo  
 November 2011 Senior Managing Director, General Manager of Port Business Division of Suzuyo  
 January 2015 Director of Ihara Chemical Industry Co., Ltd.  
 September 2015 Senior Managing Director of Suzuyo  
 November 2016 Representative Executive Vice President of Suzuyo (Current)  
 May 2017 Director of the Company (Current)



**Outside Director**  
**IKEDA Kanji**  
 April 2004 Professor, Faculty of Social Sciences and Graduate School of Public Policy, Hosei University (Current)  
 January 2016 Director of the Company (Current)



**Director, Senior Managing Executive Officer**  
**YOSHIMURA Takumi**  
 April 1981 Joined K-I CHEMICAL RESEARCH INSTITUTE CO., LTD.  
 July 2008 Director of K-I CHEMICAL RESEARCH INSTITUTE CO., LTD.  
 January 2013 General Manager of Corporate Planning & Coordination Department of the Company  
 January 2016 Corporate Officer, General Manager of Corporate Planning & Coordination Department  
 January 2017 Executive Officer, General Manager of Corporate Planning & Coordination Department  
 May 2017 Executive Officer, Deputy Head of Research & Development Division  
 February 2020 Executive Officer, General Manager of General & Personal Affairs Department of Corporate Planning & Coordination Division  
 January 2021 Managing Executive Officer, Deputy Head of Corporate Planning & Coordination Division  
 November 2021 Managing Executive Officer, Head of Corporate Planning & Coordination Division  
 January 2023 Director, Senior Managing Executive Officer (Current)



**Director, Managing Executive Officer**  
**OKAWA Tetsuo**  
 April 1982 Joined the Company  
 June 2008 General Manager of Formulation Technology Institute  
 December 2012 General Manager of Production & Purchasing Department  
 January 2016 Corporate Officer, General Manager of Production & Purchasing Department  
 June 2016 Corporate Officer, General Manager of Research & Development Department  
 January 2017 Executive Officer, General Manager of Research & Development Department  
 May 2017 Executive Officer, Deputy Head of Research & Development Division  
 January 2018 Director, Head of Research & Development Division  
 January 2019 Managing Director, Head of Research & Development Division  
 January 2021 Director, Managing Executive Officer, Head of Research & Development Division (Current)



**Outside Director**  
**YAMANASHI Chisato**  
 April 2006 Joined Tokyo Style Co. Ltd. (currently TSI HOLDINGS CO., LTD.)  
 October 2008 Joined CRAYON Inc.  
 October 2017 Joined Sumitomo Realty & Development Co., Ltd.  
 October 2020 Director, Shizuoka Shell sekiyu hanbai k.k (Current)  
 January 2023 Director of the Company (Current)



**Full-time Outside Audit & Supervisory Board Member**  
**TANEDA Kohei**  
 April 1983 Joined The Norinchukin Bank ("Norinchukin")  
 June 2009 General Manager of Agriculture, Forestry and Fisheries Finance Division of Norinchukin  
 July 2009 General Manager of Agriculture, Forestry, Fishery & Ecology Business Division of Norinchukin  
 July 2010 General Manager of Agriculture, Forestry, Fishery & Ecology Business Planning Division of Norinchukin  
 July 2011 General Manager, Head of Credit & Alternative Portfolio Planning Division of Norinchukin  
 June 2013 Managing Director Member of The Board of Norinchukin  
 June 2015 President of Norinchukin Facilities Co., Ltd  
 January 2020 Full-time Audit & Supervisory Board Member of the Company (Current)



**Outside Audit & Supervisory Board Member**  
**YAMADA Masakazu**  
 April 1990 Joined National Federation of Agricultural Cooperative Associations ("ZEN-NOH")  
 April 2018 General Manager of Agrochemicals Section, Fertilizers and Agrochemicals Division of ZEN-NOH  
 April 2019 Vice President of Crop Production Division of ZEN-NOH  
 April 2022 President of Agribusiness General Planning Division of ZEN-NOH (Current)  
 January 2023 Audit & Supervisory Board Member of the Company (Current)



**Director, Managing Executive Officer**  
**IKAWA Teruhiko**  
 April 1984 Joined Ihara Chemical Industry Co., Ltd. ("Ihara")  
 January 2007 General Manager, Procurement Department of Production Division of Ihara  
 January 2010 General Manager, Procurement Department of Procurement Division of Ihara  
 January 2011 Director, General Manager of Procurement Department of Production & Procurement Division of Ihara  
 January 2012 Director, Head of Production & Procurement Division of Ihara  
 June 2012 Director, General Manager of Procurement Department of Ihara  
 July 2013 Director, Head of SCM Business Division of Ihara  
 January 2016 Executive Officer, Head of SCM Business Division of Ihara  
 May 2017 Director, General Manager of Chemical Sales Department of Chemical & Specialty Products Sales Division of the Company  
 January 2019 Director, Deputy Head of Production & Procurement Division  
 January 2021 Director, Managing Executive Officer, Head of Production & Procurement Division (Current)



**Director, Managing Executive Officer**  
**YOKOYAMA Masaru**  
 April 1989 Joined the Company  
 August 2007 Managing Director of K-I CHEMICAL EUROPE SA/NV  
 January 2013 General Manager of Overseas Department  
 April 2013 General Manager of Overseas Marketing Department  
 February 2020 Executive Officer, General Manager of Corporate Planning & Coordination Department of Corporate Planning & Coordination Division  
 November 2021 Managing Executive Officer, Deputy Head of Corporate Planning & Coordination Division  
 January 2023 Director, Managing Executive Officer, Head of Corporate Planning & Coordination Division (Current)



**Outside Audit & Supervisory Board Member**  
**SUKEGAWA Ryuji**  
 April 1978 Joined National Mutual Insurance Federation of Agricultural Cooperatives ("ZENKYOREN")  
 April 2005 President of System Development Division, National Headquarters of ZENKYOREN  
 April 2006 President of IT Planning Division, National Headquarters of ZENKYOREN  
 August 2008 President of Corporate Planning Division, National Headquarters of ZENKYOREN  
 April 2010 President of Public Relations Division, National Headquarters of ZENKYOREN  
 August 2010 Representative Director, Senior Executive Vice President of Chuo Computer Systems Co., Ltd.  
 June 2013 Representative Director, President of Chuo Computer Systems Co., Ltd.  
 July 2015 Executive Vice President of ZENKYOREN  
 July 2016 Senior Executive Vice President of ZENKYOREN  
 June 2017 President of The Kyoei Fire and Marine Insurance Company, Limited ("Kyoeikasai")  
 January 2021 Audit & Supervisory Board Member of the Company (Current)  
 June 2021 Executive Advisor of Kyoeikasai (Current)



**Outside Audit & Supervisory Board Member**  
**SHIRATORI Miwako**  
 April 2005 Joined FUYOU AUDIT CORPORATION  
 August 2010 President of Miwako CPA Firm  
 April 2014 Representative Partner of Shizuoka Mirai Tax Corporation (Current)  
 May 2017 Audit & Supervisory Board Member of the Company (Current)

### Executive Officer

**Managing Executive Officer**  
**URUSHIBATA Ikumi**

**Executive Officer**  
**INOUE Jun**

**Executive Officer**  
**KONAGAI Kiyoshi**

**Managing Executive Officer**  
**IWATA Kouichi**

**Executive Officer**  
**IKEUCHI Toshihiro**

**Executive Officer**  
**KAWASHIMA Takahiro**

**Managing Executive Officer**  
**NIIGAWA Kazuya**

**Executive Officer**  
**NAKANO Yuki**

**Executive Officer**  
**KATAGIRI Sadamitsu**

**Executive Officer**  
**YANO Hiroyuki**



## Evaluating the Effectiveness of the Board of Directors

Kumiai analyzes and evaluates the effectiveness of the Board of Directors once a year in order to improve its functions.

In the fiscal year ended October 2022, we conducted a survey for all Directors and Audit & Supervisory Board Members, which was overseen by an outside consultant. Results were then discussed at the Board of Directors, and then the effectiveness of the Board of Directors was analyzed and evaluated. We confirmed that the Board of Directors is operating properly and is effective. At the same time, certain items came to light related to the Board of Directors operations that require improvement, and we will continue with initiatives to improve these.

### ■ Evaluation Process

Evaluations are conducted using a survey that combines a 5-point evaluation with descriptive answers that target all Directors and Audit & Supervisory Board Members. The Board of Directors met on December 14, 2022 to review the results of the survey and to discuss issues and response measures.

### ■ Survey Items

The survey contained a total of 26 questions sorted into five main categories.

1. Composition and operation of directors
2. Management strategies and business strategies
3. Corporate ethics and risk management
4. Performance monitoring, and management evaluation and remunerations
5. Dialog with shareholders

### ■ Evaluation

According to the results of the effectiveness evaluation for FY2022, it was confirmed that the Board of Directors is effective as a whole. Regarding the composition of the Directors, diversity such as appointing female Directors and internationality were pointed out as issues. It was also confirmed that the environment for discussions at Board of Directors was improved, resulting in more detailed reports being made, and it especially became easier to share inhouse information with Outside Directors. We will improve the effectiveness of the Board of Directors through honest exchange of opinions in order to have meaning discussions.

## Remunerations for Directors

The remuneration system is designed to function as an incentive for Directors to continuously improve Kumiai's corporate value. It is the basic policy of Kumiai to set an appropriate level based on the responsibilities of each job when determining remunerations for individual Directors. Remunerations for Directors include monetary reward and non-monetary reward (transfer restricted stock remuneration). Transfer restricted stock remuneration is given to Directors who are not Outside Directors.

Monetary reward for Directors is determined based on a comprehensive consideration of each Director's position, responsibilities, contribution to management, and consolidated performance.

Transfer restricted stock remuneration for Directors (excluding Outside Directors) is set to a certain percentage of monetary reward. The amount for transfer restricted stock remuneration is within the range for transfer restricted stock remuneration that has been approved at the General Meeting of Shareholders.

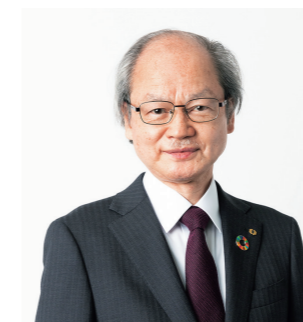
The remuneration amount for Directors and the ratio of monetary reward to transfer restricted stock remuneration are determined after a comprehensive consideration of items such as the economic environment, market environment, and business performance within the framework of the approval given in advance at the General Meeting of Shareholders. It is determined by the Representative Director selected by the Board of Directors after deliberation and reporting by the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors and is comprised mostly of Outside Directors.

## Message from Outside Directors



Outside Director  
NISHIO Tadahisa

Kumiai's strength lies in our R&D capabilities, which has allowed us to acquire registration for six novel active ingredients over the past ten years. We have a strong global product called AXEEV®, which is an herbicide for cropland that generates more than 50 billion yen in sales by itself. However, we are always looking for our next big product. Of course, the Management are endeavoring expand research areas and business areas. In order to improve R&D capabilities, a new Chemical Research Institute is scheduled to start full-scale operation from the fall of 2023, in which we have invested 7 billion yen. As a manufacturer of fine chemicals, we are making serious efforts toward sustainability management including reducing the load on the environment. As an Outside Director, I am always aware of my role, which is to view things from an objective perspective and then share my opinion in order to inspire management.



Outside Director  
IKEDA Kanji

FY2022 was the third year of the COVID-19 pandemic and saw the invasion of Ukraine by Russian accompanied by sharp fluctuations in currencies, which had a significant impact on the global economy. However, despite these, we were able to develop solid business in domestic and overseas market, and achieved performance beyond our expectations. This was the result of overall corporate efforts. Still, we are not satisfied, and are aiming to create greater long-term corporate value. We have made a major change in our management policy under the new slogan of "Practicing Sustainability Management," where we have identified materialities such as contribution to global food security and response to climate change, and have boldly begun to take on the challenge of achieving these under the new system. This makes me excited to see the results from FY2023 and beyond.



Outside Director  
YAMANASHI Chisato

The consolidated financial results for FY2022 show record-high profits in spite of soaring raw material costs. This achievement is due to our unified development of R&D, production, and sale in the agricultural chemical business and fine chemicals business inside and outside Japan centering on our AXEEV® product. In November of 2021, we established our "Basic Policy on Sustainability" to promote sustainability management. There are many challenges to be addressed, including mitigation of climate change and environmental impact (Greenhouse gas emissions: 30% reduction from FY 2019 levels by FY 2030), increasing the percentage of females at the positions of Section Manager or higher and the percentage of male employees taking childcare leave.

As the first female Outside Director of the Company, it is my desire to participate in sustainability management and help further improve the Company's corporate value by maintaining new awareness and creativity.