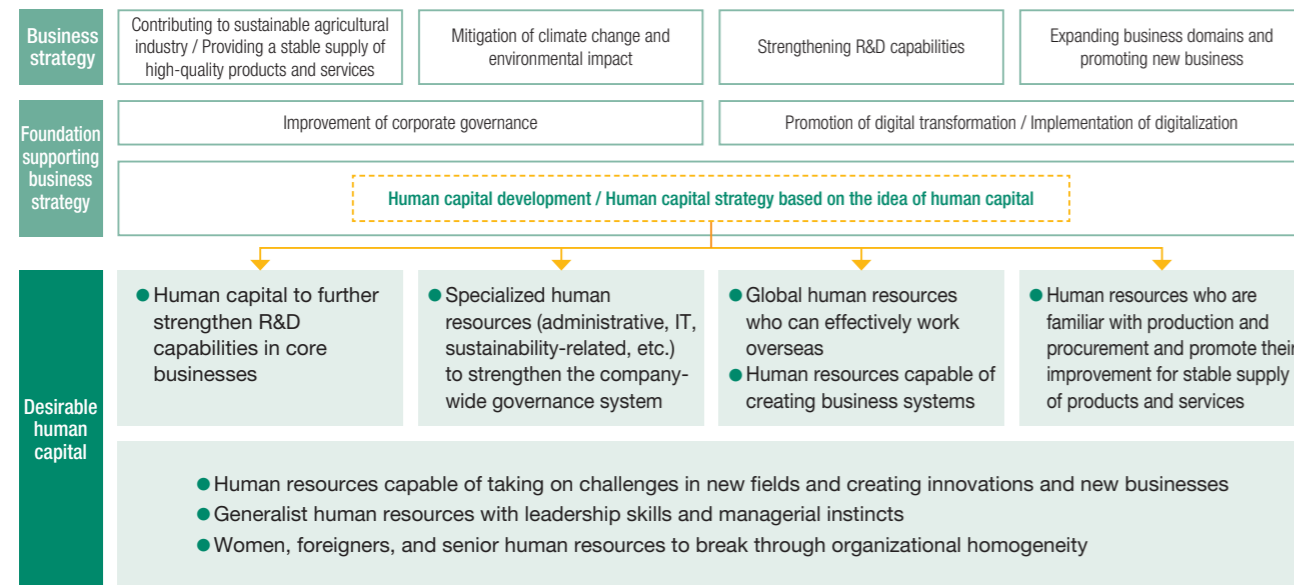


In order to achieve the targets set forth in the new Medium-Term Business Plan (FY2024–2026) and realize sustainable growth, it is essential to foster an organizational climate in which diverse and motivated human resources gather, develop, demonstrate their abilities, and work in a stress-free environment. Kumiai Group has identified the human capital essential for the implementation of the Medium-Term Business Plan, and has clarified its human capital strategy based on the desirable human capital.

## Desirable Human Capital

One of the pillars of the new Medium-Term Business Plan is “human capital development / human capital strategy based on the idea of human capital,” which is the foundation of our business strategy.

Specifically, we have identified human resources with the skills and mindset shown below as priority human capital to be emphasized in order to promote our future business strategy.



## Vision for the Human Capital Strategy

Kumiai Group’s slogan is “Dreams and Triangle for Happiness.” We aspire to create a stream in which each individual has dreams and then works to achieve them, and where satisfaction can be experienced through accomplishment, resulting in happiness.



To create a system such that the human resources listed above gather at Kumiai Group, achieve growth through their work, and work sustainably with a sense of accomplishment and job satisfaction, we have formulated a vision for the human capital strategy whose essence is expressed by the slogan “Dreams and Triangle for Happiness.”

The first step is to **develop an environment that supports every effort**. In other words, we will create mechanisms for recruiting and training human resources who have dreams and strive to achieve them.

We will also vigorously promote diversity to cultivate an environment in which diverse human resources can strive to make the most of their strengths.

The next step is to **create mechanisms that provide a sense of accomplishment in accordance with achievement**. We will enhance the linkage between contributions and rewards so that employees can feel a sense of accomplishment and establish a personnel system that evaluates efforts to tackle challenges. We will also visualize career paths and support individuals’ continuous efforts and their achievements.

Through these efforts, we will strive to **realize happiness for everyone**, thus deepening engagement.



## Action Plan for Realizing the Vision for Human Capital Strategy

In order to realize the vision embodied in our human capital strategy, we have formulated a specific action plan corresponding to eight categories: Recruitment, training, diversity, work-life balance, personnel system, evaluations, remuneration, and deployment and career development (see table below).

Firstly, to develop an environment that supports every effort, we will clarify the requirements for priority human capital in connection with the new Medium-Term Business Plan, and promote recruitment in line with them. We will also improve the company-wide education and training system, enhance training for managers, and develop and implement tools for systematic on-the-job training (OJT). Furthermore, we will clarify our vision of diversity and inclusion, establish a working group (WG) to identify issues and promote measures, and strengthen the promotion of women’s active participation in the workplace. At the same time, we will promote measures to improve work-life balance (WLB) according to

the circumstances of each department/division, such as by encouraging employees to take leave.

As an action plan to create mechanisms that provide a sense of accomplishment in accordance with achievement, we will review our personnel treatment system, including the expansion of the specialist system and the realization of diverse work styles. We will also review the evaluation system to further improve fairness and acceptability. Furthermore, we will revise the remuneration system to emphasize job responsibilities and contributions, and review various benefits to improve job satisfaction. At the same time, through the expansion of career development support measures, we will create an environment where diverse human resources can work in a sustainable manner.

By promoting the action plan in a comprehensive manner, we will improve happiness and engagement of all employees, including priority human capital.

Vision for the human capital strategy		Category	Action plan
Realize happiness for everyone	● Improve engagement and realize happiness for everyone	—	● Implement the action plan to improve employee engagement
	Develop an environment that supports every effort	Recruitment	● Specify requirements for priority human capital and develop recruitment and staffing plans for each department/division ● Upgrade recruitment activities for systematic and efficient selection of core human capital from both new graduates and experienced professionals
		Training	● Improve the company-wide education and training system, and enhance development programs for each position (managers, manager candidates, etc.) ● Modify OJT planning formats to help advance the OJT system
		D&I	● Prepare diversity and inclusion (D&I) implementation plans by clarifying the policy and vision, and put them into practice ● Set up a diversity promotion working group, create a vision, and promote women’s active participation
Create mechanisms that provide a sense of accomplishment in accordance with achievement	● Promote diversity to enable diverse human resources to strive to make the most of their strengths	WLB	● Identify issues around work-life balance (WLB), formulate measures to resolve essential issues and implement them ● Develop a health and productivity management promotion system and obtain accreditation under the Certified Health & Productivity Management Outstanding Organizations recognition program
			Personnel system
	● Enhance the linkage between contributions and rewards so that employees can feel a sense of accomplishment	Evaluation	● Introduce systems encouraging proactive challenges and developing the professional ability to fulfill the necessary responsibilities ● Review the evaluation system to improve fairness and persuasiveness, and implement feedback interviews with every employee
			Remuneration
● Support career development and facilitate continuous efforts and achievements	Deployment and career development	● Visualize career paths and clarify career vision through development of career maps ● Enhance career development support, including introduction of career training and an internal recruitment system	

## Promotion of Work-Life Balance

Kumiai has positioned promotion of work-life balance (WLB) as materiality, and is promoting initiatives to create a comfortable working environment and achieve health and productivity management.

In order to create a comfortable working environment, we have introduced a staggered working hour system and a teleworking system to facilitate employees' WLB. We are developing an environment in which diverse human resources can fully demonstrate their abilities with peace of mind.

As a result of these initiatives, the average monthly hours of overtime work were 13.6 hours (FY2023), and the average rate of employees taking annual paid leave was 60.4% (FY2023).

Going forward, we will not only work to reduce the average

monthly hours of overtime work and increase the average rate of employees taking annual paid leave but also aim to increase the rate of male employees who take childcare leave and obtain "Kurumin" certification. We will continue our efforts to further improve WLB by engaging in detailed improvement activities not only company-wide but also at the departmental level.

With regard to the achievement of health and productivity management, we are promoting initiatives based on our belief that employees' healthy lives are the foundation of sound corporate growth. We aim to be recognized as a Certified Health & Productivity Management Outstanding Organization by promoting various improvements.

Category	KPIs	FY2022 results	FY2023 results	FY2026 targets
Work-life balance	Average monthly hours of overtime work	13.8 hours	13.6 hours	Less than 10 hours
	Average rate of employees taking annual paid leave	60.6%	60.4%	70.0%
	Rate of male employees who take childcare leave	24.1%	62.5%	100.0%
	Gain Kurumin certification	—	—	Certified
	Be recognized as a Certified Health & Productivity Management Outstanding Organization	—	—	Certified
	Job turnover	2.9%	2.9%	—

Note: KUMIAI CHEMICAL INDUSTRY

## Promoting Diversity and Inclusion

Kumiai has positioned promotion of diversity and inclusion (D&I) as materiality and is pursuing initiatives to create a working environment where everyone can work comfortably and play an active role and promote active participation of women.

With regard to creation of a working environment where everyone can work comfortably and play an active role, we are formulating a D&I promotion plan incorporating D&I training, D&I surveys, and establishment of a working group (WG) and deliberation by the WG, in order to reflect the real voices of employees. WG members will be recruited from across the Company to encourage the

participation of diverse employees who are motivated to promote D&I.

With regard to promotion of active participation of women, we will formulate a plan for recruitment, promotion, and training to achieve a female manager ratio of 8.2% in FY2030. Specifically, while maintaining the ratio of female hires to new graduate hires (31.3% in FY2022), we will formulate development plans for managerial candidates in line with their individual abilities and motivation, and encourage their development with a view to promotion to managerial positions.

Category	KPIs	FY2022 results	FY2023 results	FY2026 targets
Diversity and inclusion	Ratio of female hires to new graduate hires	31.3%	25.0%	30.0%
	Percentage of female managers (Section Manager or higher)	1.6%	2.3%	4.9%
	Percentage of female employees (based on the securities report)	16.8%	17.3%	19.0%
	Wage differential between men and women*	All workers 72.5%	72.9%	—
		of which regular employees 80.5%	80.1%	—
		of which non-regular employees 62.5%	82.9%	—

Note: KUMIAI CHEMICAL INDUSTRY

\*Reason for the wage differential between men and women: There are no gender differences in the personnel treatment system. The high percentage of male employees in the higher ranks, including managers, and the difference in working hours (men work more overtime hours, while women have a higher utilization rate of shorter working hours) are factors contributing to the wage gap between men and women.

## Human Capital Development

In the human capital strategy, Kumiai has identified human resources with the skills and mindset required to promote our future business strategies as priority human capital and is fostering them.

At the same time, we are providing training for all departments according to the year when an employee joins Kumiai, including training for new employees, training for mid-career employees, and life plan seminars in addition to training for each position such as assessment training and personnel evaluator training. Each department also provides practical training related to work, including language training and sales training. For example, in research and development departments, efforts are also made to foster researchers through joint research that involves their dispatch

to other research institutes (such as the National Institute of Advanced Industrial Science and Technology). As a result of these efforts, employee training expenses totaled 42 million yen in FY2023 and the number of hours of training received per employee totaled 24.6 hours in FY2023.

We will continue initiatives to further strengthen human capital development. For example, we intend to establish a company-wide education and training system by adding OJT and self-development perspectives to the various training programs we currently offer. We will also step up investment in various aspects of human capital. This will include strengthening training for managers, who are the core of organizational management; enhancing training for

manager candidates; providing thorough training for personnel evaluators to realize fair evaluation; introducing career training to cultivate an approach to work attuned to the 100-year life era;

implementing company-wide training to promote D&I; introducing e-learning for the prevention of harassment; and upgrading operation of OJT.

Category	KPIs	FY2022 results	FY2023 results	FY2026 targets
Training	Number of hours of training received (overall)	12.8 hours	24.6 hours	25.0 hours
	Employee training expenses	27 million yen	42 million yen	50 million yen
	Percentage of employees receiving training (basic human rights training/employee coverage)	—	99.6%	100%

Note: KUMIAI CHEMICAL INDUSTRY

## Promotion of Industrial Health and Safety

The conception of health and safety as something that does not contribute to profit but is viewed as a cost has become obsolete. Today, health and safety is generally viewed as an investment that leads to enhancement of corporate value and long-term profitability. Kumiai also considers promotion of health and safety to be an important priority in corporate management and has identified it as materiality. We conduct health and safety activities in two main ways, one led by sites and the other by Head Office. At each office, the Health & Safety Committee takes the lead to implement various measures. The Head Office is involved in activities to raise

awareness of health and safety at Kumiai through connections with external organizations and experts, such as participation in the Occupational Safety and Health Subcommittee of the Japan Chemical Industry Association and the Chemical Protective Glove Research Group, contracts with industrial health and safety consultants, and joint research on psychological safety with a university professor. In this way, we are promoting company-wide health and safety activities through collaboration inside and outside Kumiai.

### Health and Safety Management System

At Kumiai, a General Health and Safety Manager is appointed and a Health & Safety Committee (Health & Safety Meeting for branches with 50 or fewer employees) is established at each office for increasing employee awareness of health and safety, reflecting feedback from employees, and promoting activities to improve occupational accident prevention measures and promote health. The Responsible Care Promotion Section of the Head Office will initiate the following to support the activities of each office.

- Change and unify the format of the annual health and safety plan table to facilitate visualization of the progress and achievements and review of health and safety activities.
- Utilize in-house groupware to share information on Health & Safety Committee reports at each office.

### Initiatives for Preventing Occupational Accidents

Reports on the status of accidents and measures for preventing recurrence are created and managed.

### Number of Occupational Accidents (New)

FY	Commuting accident	Work accident	Total	Accidents requiring time off from work
2020	4	8	12	1
2021	5	5	10	0
2022	4	15	19	1
2023	1	6	7	1
Total	14	34	48	3

Note: Direct employees of KUMIAI CHEMICAL INDUSTRY

### Examples of New Health and Safety Initiatives

As part of the factories' health and safety initiatives, a joint research project with Masayoshi Shigemori<sup>\*1</sup>, a professor of psychology, was launched at the Shizuoka Factory in 2019. Since 2022, training on the theme of psychological safety<sup>\*2</sup> has been conducted.

- Implement psychological safety improvement programs for team leaders (Section Managers, foremen) to enhance psychological safety of teams
- Share the goal: Consider the "mission" (the purpose of the Shizuoka Factory), "vision" (the ideal Shizuoka Factory), and "values" (the values of the Shizuoka Factory and the attributes it requires to realize the vision) as the factory philosophy corresponding to Kumiai's corporate philosophy and have the same orientation
- Identify differences in how team leaders and team members experience psychological safety
- Establish survey items for group-specific psychological safety and measure psychological safety by means of a questionnaire survey incorporating those items

To ensure safe and efficient factory production, both technical and non-technical operations must be promoted simultaneously.

Psychological safety is an attribute of a team that a leader must foster in order to create an environment where everyone in the team feels it is safe to speak up without interpersonal risk on non-technical aspects.

\*1 Professor at Department of Contemporary Communication, Shizuoka Eiwa Gakuin University Junior College; author of *Psychology of Human Error Prevention* (JUSE Press, Ltd.)

\*2 Reference: Edmondson, A.C., *The Fearless Organization*