

## Corporate Governance

It is our aim to use creative science to contribute to a safe, secure, and prosperous society in harmony with our overriding theme of "Protecting and fostering life and nature." Based on this corporate philosophy, Kumiai is endeavoring to develop and provide products that meet the needs of its customers and earn their trust.

In addition to establishing a system that will allow us to swiftly adapt to changes in the management environment, Kumiai Group places 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, as stated in the management vision, we "always strive for harmony with all stakeholders through transparent corporate activities." In the Kumiai Chemical Code of Conduct, we define the actions that each of us 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 imbued with respect for the interests of stakeholders.

## System to Ensure the Appropriateness of Business Operations and the Status of Operation of Such System

Based on the corporate philosophy and the Kumiai Chemical Group Basic Policy on Sustainability, we are committed to practicing sustainability management. In order to achieve this, we recognize the importance of establishing a system that can promptly respond to changes in the business environment, and at the same time, we endeavor to design and enhance the management control system of the corporate group consisting of Kumiai and its subsidiaries in order to ensure compliance with laws, regulations, and ethics and further increase management transparency.

For an overview of the status of the design and operation of the internal control system, please refer to pages 1 to 5 of the "75th Annual General Meeting of Shareholders: Other Matters Provided Electronically." (<https://ir.kumiai-chem.co.jp/ja/stock/meeting.html>) (in Japanese)

## 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 Audit & Supervisory Board Member) attend the Board of Directors, the Management Meetings, Executive Meetings, and other important internal 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 the decisions made.

## Board of Directors

The Board of Directors is chaired by the Representative Director, President, and is comprised of nine Directors (including three Outside Directors), and meetings are generally held once a month where important management matters are determined, and business execution is supervised. Outside Audit & Supervisory Board Members also attend Board of Directors meetings from the viewpoint of strengthening management check functions, and they express their opinions as needed.

The Nomination and Remuneration Committee is placed under the Board of Directors to strengthen the independence, objectivity, and accountability of Board of Directors functions in regard to nomination and remuneration of Directors.

## Management Meetings

Management Meetings are chaired by the Representative Director, President, and are attended by full-time Directors and 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

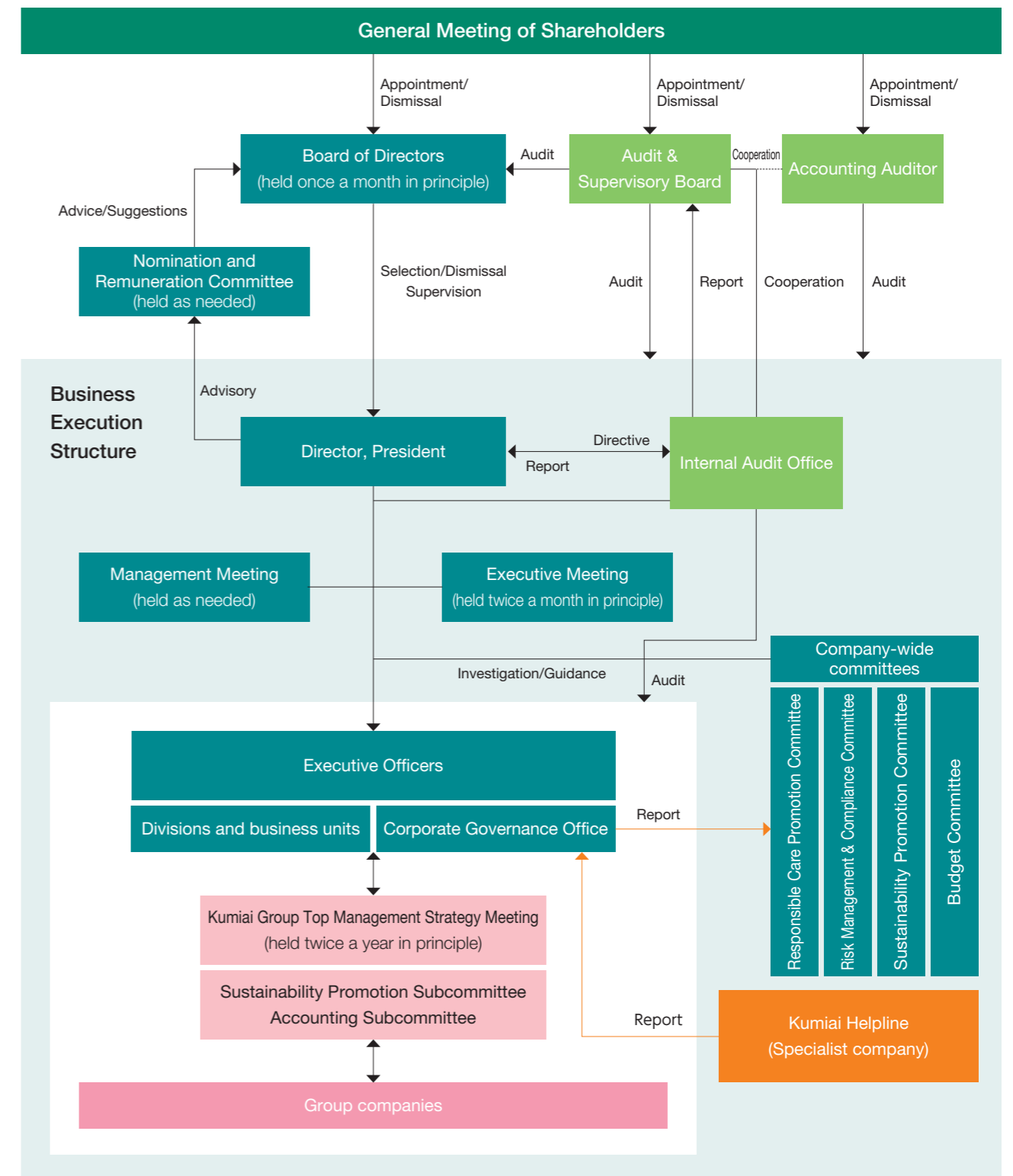
Executive Meetings are chaired by the Representative Director, President, and are attended by full-time Directors and Executive Officers. In principle, these are held twice a month for making decisions related to business operations. A full-time Audit & Supervisory Board Member also attends these meetings and the Corporate Advisor of Kumiai, President of RIKENGREEN CO., LTD., President of K-I CHEMICAL INDUSTRY CO., LTD., and President of K-I CHEMICAL U.S.A. INC. attend these meetings as observers.

## 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 (all of whom are Outside 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.

In addition, we have established the Budget Committee, Sustainability Promotion Committee, Risk Management & Compliance Committee, and Responsible Care Promotion Committee, which are responsible for corporate governance. All these committees are chaired by the Representative Director, President, and are comprised of full-time Directors, a full-time Audit & Supervisory Board Member, Executive Officers, and department

heads, and their meetings are held at least once a year and additionally as needed. Also, the Kumiai Group Top Management Strategy Meeting, which is comprised of Kumiai's full-time Directors, a full-time Audit & Supervisory Board Member, and heads of divisions as well as Group companies' presidents and directors responsible for administration, is held twice a year.



## Executives (as of January 26, 2024)

### Directors



#### 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)



#### 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)



#### 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)

### Directors



#### 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  
November 2014 Senior Managing Director 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  
January 2016 Director of the Company (Current)  
April 2023 Professor Emeritus of Hosei University (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.  
January 2023 Director of the Company (Current)  
March 2023 Managing Director, Shizuoka Shell sekiyu hanbai k.k. (Current)

### Audit & Supervisory Board Members



#### 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)  
June 2022 Auditor of Katakura & Co-op Agri Corporation (Current)  
January 2023 Audit & Supervisory Board Member of the Company (Current)  
June 2023 Auditor of ZM Crop Protection Corporation (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  
June 2016 Senior Executive Vice President of ZENKYOREN  
June 2017 President of The Kyoel Fire and Marine Insurance Company, Limited ("Kyoekasai")  
January 2021 Audit & Supervisory Board Member of the Company (Current)  
June 2021 Executive Advisor of Kyoekasai (Current)



#### Outside Audit & Supervisory Board Member SHIRATORI Miwako

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

### Executive Officers

Managing Executive Officer URUSHIBATA Ikumi	Managing Executive Officer IWATA Kouichi	Managing Executive Officer NIIGAWA Kazuya	Managing Executive Officer KATAGIRI Sadamitsu	Executive Officer INOUE Jun
Executive Officer IKEUCHI Toshihiro	Executive Officer NAKANO Yuki	Executive Officer YANO Hiroyuki	Executive Officer KONAGAI Kiyoshi	Executive Officer KAWASHIMA Takahiro

## 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 2023, we contracted an outside consultancy to conduct a survey for all Directors and Audit & Supervisory Board Members. Results were 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 5, 2023 to review the results of the survey and to discuss issues and response measures.

### Survey Items

The survey contained a total of 29 questions sorted into the following 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, and ⑤ Dialog with shareholders.

### Evaluation

According to the results of the effectiveness evaluation for FY2023, it was confirmed that the Board of Directors is effective as a whole. In particular, deliberations at the Board of Directors were highly evaluated, and several opinions were confirmed that evaluated the current status of other matters as well. Matters pointed out as issues included clarification of specific targets for capital costs, training of female executives, the corporate culture reform involving younger employees and mid-career hires, and embracing of diverse opinions. We will strive to further improve the effectiveness of the Board of Directors by linking the results of the evaluation to in-depth discussions at Board of Directors meetings.

## Remuneration 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 remuneration for individual Directors. Remuneration 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 72nd Annual 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, President, 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.

The Nomination and Remuneration Committee met twice during FY2023. Specific matters discussed included the content of proposals for the revision of Directors' remuneration to be submitted to the Board of Directors, using the business results of the previous fiscal year as the main indicator, and the content of proposals to be submitted to the Board of Directors based on information regarding the careers and qualifications of the Director candidates.

## Skills Matrix: Skills, Roles, Expertise and Experience Expected by the Board of Directors

Expected items : ●

		Corporate management	ESG / Sustainability	Legal affairs / Compliance / Risk management	Financial strategy / Capital strategy	Global experience	R&D / Technologies
Directors	TAKAGI Makoto	●	●	●	●		
	UCHIDOI Toshiharu			●		●	●
	YOSHIMURA Takumi		●	●			●
	OKAWA Tetsuo	●	●				●
	IKAWA Teruhiko		●			●	●
	YOKOYAMA Masaru		●		●	●	
	NISHIO Tadahisa	●			●	●	
	IKEDA Kanji		●	●		●	
Audit & Supervisory Board Members	YAMANASHI Chisato	●	●	●			
	TANEDA Kohei	●		●	●		
	YAMADA Masakazu		●		●		●
	SUKEGAWA Ryuji	●		●	●		
	SHIRATORI Miwako		●	●	●		

## Message from Outside Directors



As an Outside Director, I emphasize transparency and sustainability and strive to provide constructive recommendations to management. Kumiai is characterized by its technological capabilities and market insight, and in particular, the field crop herbicide AXEEV®, a world-class product, remains our mainstay product.

Considering the global demographic and food situations, AXEEV® can continue to drive Kumiai's growth through countermeasures for generic products and the pricing strategy. However, from a long-term perspective, while this is a great strength, it can also be a weakness. Based on this shared recognition, Kumiai invested approximately 10 billion yen to strengthen R&D capabilities and established a new Chemical Research Institute, which began operation in October 2023. We have also formulated a new human capital strategy to secure and strengthen the training of excellent researchers. Regarding the growth strategy, the prerequisite is to achieve significant growth as an agrochemical manufacturer. I would also like Kumiai Group to address a wide range of peripheral business fields and grow as a group engaged in comprehensive agricultural business.

Outside Director **NISHIO Tadahisa**

As a person with expertise concerning agricultural, food, and environmental issues in Japan and around the world, I engage in my duties with the intention of contributing to Kumiai's governance from a broad perspective. In particular, I have closely monitored the progress of sustainability management, which has been promoted since the previous Medium-Term Business Plan, and gave a lecture at Kumiai on how sustainability management requires individual employees to change their behavior. I have always believed that Kumiai's greatest strength lies in its R&D capabilities. Therefore, I visit the new Chemical Research Institute and other labs to interact with researchers. I recognize that the biggest challenge we face is to make breakthroughs beyond the success of AXEEV®. Going forward, I would like to objectively evaluate whether the social and physical environment at R&D sites is conducive to making the most of human capital and fostering serendipity, and offer advice so as to contribute to the further development of Kumiai.

Outside Director **IKEDA Kanji**



In the consolidated financial results for FY2023, Kumiai recorded its highest net sales ever. While promoting development of new promising products through "creative science," which is our strength, we are always seeking new business development and are growing continuously through M&A and business matching to expand new sales channels.

At the Board of Directors, where opinions are exchanged freely and vigorously in the course of promoting new business strategies, I offer opinions on Kumiai's potential from a neutral standpoint.

I expect Kumiai's concept of viewing human resources as assets, as embodied in the slogan "Dreams and Triangle for Happiness" and highlighted by the launch of the new Chemical Research Institute ShIP, will lead to the fostering of even more capable "human assets" in an environment equipped with cutting-edge research facilities.

In promoting sustainability management, I will offer opinions from various perspectives so that Kumiai can progress along a path that naturally leads to greater representation of women in management.

Outside Director **YAMANASHI Chisato**

## Compliance

### Basic Policy on Compliance

We established the Kumiai Chemical Group Basic Policy on Compliance based on the Kumiai Chemical Group Basic Policy on Sustainability. To ensure that every officer and employee acts in accordance with our corporate philosophy and Code of Conduct, we have established the Kumiai Chemical Ethical Standards, a set of guidelines for correct behavior, which are also included in the booklet and inculcated in Kumiai Group.

### Basic Policy on Compliance

Based on diligent compliance education activities, it is our aim to emphasize and raise compliance awareness and foster a corporate culture where officers and employees act in harmony with the corporate philosophy and Code of Conduct.

### Three Fundamentals of Compliance

- Active communication in the workplace**  
Being able to ask for help or advice without hesitation when you need it, sharing something you noticed with your supervisor or a senior worker, and speaking up whenever you feel that something is wrong in the workplace.
- Considering your behavior from the perspective of the public as if it were broadcast on the news**  
Stop and think calmly to maintain a public perspective (common sense).
- Constant awareness that you are wearing a uniform bearing the Company's name**  
Since the Company name appears on the back of the uniform, it is easy to forget, but others can always see it.  
Also, the uniform does not come off after the end of work.

Based on these Three Fundamentals of Compliance, we will engage not only in defensive compliance, but proactive compliance as we endeavor to earn the trust of society and improve corporate value continuously.

### Monitoring and Control with Compliance and Internal Control

Company risk management functions can be explained in terms of three lines of defense, which are (1) business divisions, (2) management divisions, and (3) internal audit division. Kumiai Group performs mutual monitoring and control within business divisions and within departments on compliance and internal control.

Our routine monitoring includes (1) daily monitoring by supervisors, (2) cross-monitoring among colleagues in the workplace, and (3) sharing individual awareness with superiors and seniors. This three-way monitoring is important for detecting and preventing misconduct and mistakes by individuals. Follow-up and correction measures are handled within the reporting line in the workplace or by using the internal reporting system. Daily monitoring is done at each workplace, and this is the first line of defense against misconduct and mistakes. We have also added monitoring that is handled by management divisions and internal audits to increase the effectiveness of internal control.

There could be cases where a certain custom in a company is actually a law violation without it being recognized as misconduct. Therefore, it is essential for individuals to speak up when they feel something is wrong. We review procedures for this and update manuals as necessary to improve the effectiveness of internal control.



### System

Kumiai has the Risk Management & Compliance Committee, which is chaired by the Representative Director, President, and comprises full-time Directors and Executive Officers and department heads. The committee meets once a year and additionally whenever necessary to deliberate on and approve the implementation plan of the compliance program formulated by each department. The situation of implementation and the results are reported at the committee. Furthermore, the overview of internal reporting, results of a compliance awareness survey, and compliance promotion activities are reported, and corrective measures are discussed.

### Internal Reporting System

Kumiai has established an internal consultation desk. Moreover, Kumiai Group has established the Kumiai Chemical Group external consultation desk (compliance and harassment) whose operation is contracted to a specialist company. The external consultation desk also serves as the contact point for internal whistleblowing\* under the Whistleblower Protection Act, and appropriately responds to cases of whistleblowing. Having established the internal regulations governing use of the internal reporting system, a system is in place to ensure protection of whistleblowers.

The Corporate Governance Office serves as the contact point for the internal reporting system and Audit & Supervisory Board Members receive information provided through the internal reporting system.

The number of reports to the internal reporting system during FY2023 was 13 for Kumiai Group (6 for Kumiai), and there was no case of whistleblowing.

To promote the use of the internal reporting system and raise awareness of its proper use, we have posted FAQ on how to use the external consultation desk, prepared and displayed posters, and include the contact information of the external consultation desk in the monthly compliance newsletter.

\*Whistleblowing: Reporting actions regarding violation of certain laws and regulations

### Compliance Awareness Survey

Kumiai Group conducts a periodic compliance awareness survey covering all employees. The FY2023 survey confirmed that the overall level of employee awareness remains very high. On the other hand, generational differences in awareness regarding harassment and lack of communication in the workplace were identified as issues.

### Compliance Education

We produced a booklet, "Introduction to CSR for Business persons," and distributed it to all officers and employees of Kumiai Group. Illustrated with cartoons, this booklet is designed to encourage the use of other booklets published so far (booklets on compliance, risk management, and sustainability), so as to raise the level of awareness throughout the Group and enhance corporate value.

We conducted e-learning training for all officers and employees in August 2023 (participation rate: 93%). The content was related to harassment-related communication, which was considered an issue based on the results of the compliance awareness survey.

Kumiai also conducted a face-to-face harassment seminar for officers and employees at Head Office and Tokyo Branch in October 2023 (participation rate: 92%). The content of the seminar was geared toward each level of employees, taking into consideration the cases of Kumiai Group's internal reporting and the results of the compliance awareness survey. Questionnaire surveys were conducted before and after the seminar to enhance effectiveness and identify issues. We will continue to implement similar initiatives throughout the Group in the future.

### Distribution of a Compliance Newsletter

As part of our compliance promotion activities, we distribute the Kumiai Chemical Group Compliance Newsletter and Newsletter Plus to all officers and employees of Kumiai Group each month. Moreover, we distribute the Newsletter Plus extra edition from time to time. In FY2023, we provided an overview of the results of the compliance awareness survey and explained possible disciplinary actions in the event that the Kumiai Chemical Ethical Standards were not adhered to.

Furthermore, we distribute a monthly Kumiai Chemical Compliance E-mail Magazine to managerial personnel at Kumiai. Cases of fraud, noncompliance, and harassment that have attracted public attention are explained that are useful for compliance promotion activities in the workplace.



Booklets published so far (booklets on compliance, risk management, and sustainability)

### Data on Compliance

	Unit	FY2020	FY2021	FY2022	FY2023
Number of reports and consultations made to the internal reporting system (Helpline)	Cases	10 (7)	11 (2)	13 (5)	13 (6)
Fines and settlement costs related to bribery	Millions of yen	0	0	0	0
Fines and settlement costs related to anti-competitive practices	Millions of yen	0	0	0	0

Note: Kumiai Group (KUMIAI CHEMICAL INDUSTRY)

## Human Rights

### Respect for Human Rights

Considering that respecting human rights is the foundation of sustainability management, Kumiai Group has endorsed and respects the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO) and has established the Kumiai Chemical Group Basic Policy on Human Rights. Moreover, we conduct human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and collaborate with all officers and employees of Kumiai Group and other stakeholders to promote respect for human rights.

Kumiai Group's Code of Conduct and Basic Policy on Human Rights state that Kumiai Group prohibits discrimination based on gender, age, nationality, race, ethnicity, religion, creed, culture, customs, lifestyle, values, educational background, social status, disability, or sexual orientation/gender identity in its business activities, and respects basic human rights.

### Specific Initiatives concerning Respect for Human Rights: Indicators and Targets

Based on the Kumiai Chemical Group Basic Policy on Human Rights, Kumiai Group has established the Guidelines for Human Rights Due Diligence (human rights DD) to address human rights issues.

In 2023, based on the guidelines, from a wide range of human rights issues (risks) we identified those that could have a negative impact on Kumiai Group's business activities. We mapped the identified human rights issues (risks) onto the supply chain comprising Kumiai Group, suppliers, and other related parties to specifically identify how negative impacts may occur, and evaluated which of the three types of negative impacts may occur. Whereas downstream in the supply chain, risks that general agricultural chemical products may contribute to negative impacts were assumed, upstream in the supply chain, risks that Kumiai Group may contribute to negative impacts and risks that Kumiai Group's business, products, and services may be related to negative impacts were assumed. Consequently, recognizing that human rights DD initiatives upstream in the supply chain should be prioritized, we conducted a survey of our major suppliers. (The survey included not only human rights issues, but also employment, the environment, bribery, consumer interests, and disclosure.) As a result of the survey, no human rights risks that could have negative impacts on the supply chain were identified. We will continue to conduct human rights DD in consideration of the best implementation method and scope of coverage.

Kumiai Group conducts a periodic compliance awareness survey covering all employees. In addition to checking the level of understanding of human rights issues, we identify the actual status of harassment, such as abuse of authority and

sexual harassment, and the issues faced by each department or office, and promote awareness-raising activities. Moreover, the Kumiai Chemical Group external consultation desk has been established as an internal reporting system for early detection and early resolution of issues.

### Participation in the United Nations Global Compact

In order to further enhance sustainability management, Kumiai has signed the United Nations Global Compact (UNGC) and registered as a participant as of September 18, 2023. The UNGC is a voluntary initiative in which companies and organizations participate in the creation of a global framework to achieve sustainable growth by acting as good corporate citizens, exercising responsible and creative leadership. Kumiai supports and practices the UNGC's Ten Principles, in the four areas of human rights, labor, environment, and anti-corruption, to realize a sustainable society as a global company.

### Ten Principles of the United Nations Global Compact in Four Areas

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labor;
	Principle 5	the effective abolition of child labor; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally-friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

**WE SUPPORT**



## Initiatives for Responsible Care

Our Responsible Care activities are to protect the safety, health, and the environment of related people inside and outside Kumiai throughout all processes including research and development, production, sales, and use by customers through to disposal.

Kumiai is implementing Responsible Care activities as part of sustainability management. In order to improve our activities, we are reviewing existing business systems and promoting new initiatives through working groups and cross-functional collaboration.

Furthermore, Kumiai Group has established the Basic Policy on Responsible Care, and management is exercising leadership in promoting Responsible Care activities. We also share information with our seven Group companies that are engaged in the chemical business, to ensure safety, health, and protect the environment, and to make continuous improvements.



## System for Promoting Responsible Care

The Responsible Care Promotion Committee, which is chaired by the Representative Director, President, includes full-time Directors and Executive Officers and department heads, and is operated by the Responsible Care Promotion Section as the secretariat. We are focusing on the following efforts to continuously improve our Responsible Care activities.

- 1 Creating goals and plans for Responsible Care activities
- 2 Progress management for Responsible Care action plans
- 3 Matters related to the Responsible Care Management System
- 4 Responsible Care internal audit reports and management reviews  
(Group companies that share information: RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, KUMIKA LOGISTICS, and NEP (seven companies))

## Specific Initiatives concerning Responsible Care, Indicators, and Targets

### Response to New Chemical Substance Regulations

In order to prevent occupational accidents caused by chemical substances, laws and regulations related to industrial health and safety were significantly revised in 2023 and 2024. Briefings were held at Kumiai's factories, research institutes, and Group companies to explain the changes in laws and regulations and the requirements to be complied with, and to provide employees with opportunities to deepen their understanding of the content of the revised laws and regulations. In addition, to promote protective countermeasures for percutaneous exposure to chemical substances, we joined the activities of the Chemical Protective Glove Research Group.

### Safety Data Sheets (SDSs) on All Products Made Available

To ensure that our customers can use our products safely, we prepare SDSs for all our products and publish them on our website. New restrictions on chemical substance due to revisions of laws and regulations are expected to increase SDS-related operations. Therefore, we reviewed our SDS operations system and streamlined the entire process to create an environment that enables us to respond to changes in laws and regulations.

### Responsible Care Internal Audit

Regarding industrial health and safety and the environment, the focus tends to be on factories and research institutes. However, in order to renew the recognition that Responsible Care activities are a company-wide initiative, we selected administrative departments at Head Office as the subjects of audit in FY2023, Kumiai's first Responsible Care internal audit. In the audit, activities concerning management systems were mainly reviewed. As a result, administrative departments gained a shared understanding. In the future, we will further expand the number of offices covered and the audit items.

## Risk Management

We established the Kumiai Chemical Group Basic Policy on Risk Management based on the Kumiai Chemical Group Basic Policy on Sustainability. Kumiai Group believes that risk management is the key to internal control. In order to gain the trust of stakeholders, achieve continuous growth, and fulfill our social responsibility as a company, we recognize the importance of proper risk management, including proper management to prevent risks and prompt reporting and information sharing. We endeavor to foster a risk culture through continuous engagement in risk management.

### System

As well as promoting cultivation and penetration of a risk culture, Kumiai has established Management Risk Control Rules and Risk Management Rules and the Risk Management & Compliance Committee (comprising full-time Directors and Executive Officers and department heads) chaired by the Representative Director, President. The committee meets once a year and additionally whenever necessary and an appropriate management system for negative risks, including risk prevention measures and emergency situations, and positive risks based on opportunities is in place. In addition, the Risk Management & Compliance Committee clarifies negative and positive risks for risk management. To support appropriate risk-taking by management, the committee conducts periodic review of business risks and other risks and consolidates and shares risk information. With regard to operational risk and supply chain risk, we have established the Basic Policy on CSR procurement and accompanying CSR Procurement Guidelines. We are implementing measures based on this policy and guidelines and review the related risks annually.

Moreover, we have established an internal control system

that includes all Group companies. Furthermore, the internal audit division conducts audits of overall operations of Group companies, reviews and provides advice, and as part of the operational audit, monitors whether the internal control system is properly designed and effectively operated.

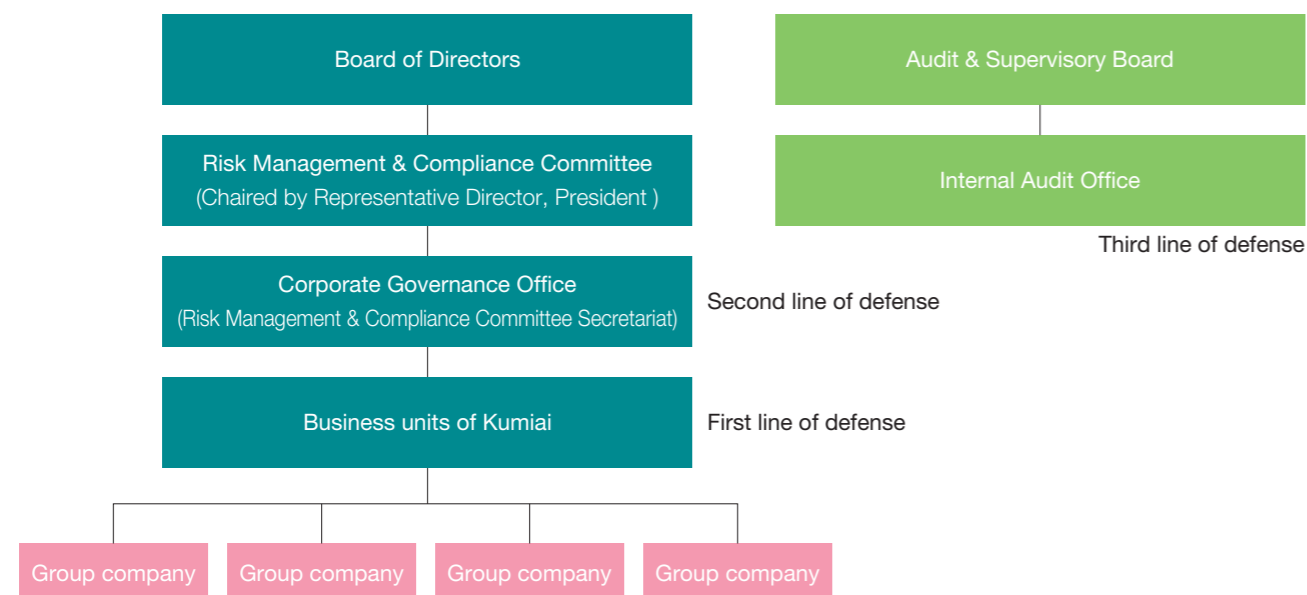
### Information Security Risks and Countermeasures

In the course of its business activities, Kumiai Group strives to appropriately manage all personal information of customers, business partners, shareholders, officers and employees and confidential information related to research and development, production, etc. Moreover, considering information related to business activities to be an asset, we are continuously building and strengthening our information security system. However, in the event of an information security incident due to a cyberattack or other unforeseen circumstances beyond our expectations, or an information system shutdown or temporary disruption due to an earthquake or other natural disaster, Kumiai Group's operating results and financial position may be affected by a loss of public trust in the Group, the filing of lawsuits, social sanctions, etc.

With the enactment and revision of personal information and data protection laws and tightening of application of such laws in various countries, any violation of laws in business operations may result in a loss of public trust, the inability to conduct business, or the imposition of large fines.

In response to such risks, Kumiai Group is promoting information security education to raise the awareness of each employee regarding information security and is strengthening the system to enable prompt responses in the event of various information security incidents.

### Kumiai Chemical Group's Risk Management System



### Major Risks and Countermeasures by Kumiai Group

Major risks		Overview of risk	Overview of countermeasure	
1	Agricultural Chemicals and Agriculture-Related Business	Japan	Decrease in net sales in Japan due to various external environmental factors (weather, competitive products, laws and regulations)	Collecting information about changes of external environment and timely response to tightening laws and regulations
		Outside Japan	Decrease in net sales due to changes in the agricultural chemical market (weather, grain prices, crop acreage, resistance development, competitive products, generic products, laws and regulations)	Early identification of changes in the market environment through cooperation with sales partners in each country and overseas subsidiaries and implementation of measures to maintain sales
2	Fine Chemicals Business		Decrease in net sales due to a drop in demand for end products and decreased sales volume due to specification changes	Working with sales partners to respond quickly to changing needs and stable procurement through procurement from multiple sources
3	Developing new products		It takes much time to develop agricultural chemicals, so loss of sales opportunities resulting from revisions to laws and regulations in each country and changes in the market environment, impact development success	Quickly and accurately grasping regulatory trends and market trends in each country, including revisions to laws, and responding to them
4	Exchange rate fluctuation		Decrease in net sales and increase in procurement cost due to sudden exchange rate fluctuations	Creating a management plan that incorporates unification of currencies in sales and procurement, forward exchange contracts and impact of exchange rate fluctuations
5	Changes of laws and regulations		Increase in costs for responding to changes in laws and tightening of regulations in each country related to the handling of chemical substances	Collecting information on revisions of environment-related laws and regulations and responding to revisions, and making investments to prevent environmental accidents
6	Product quality		Problems with product quality due to unexpected quality issues, defects, incidents	Proper quality management based on ISO
7	Production and procurement of raw materials		Insufficient supply of raw materials, delays and suspension of manufacturing, and an increase in procurements costs due to trouble or incidents in procurement of raw materials, production facilities, laws and regulations in particular countries where operations are located, geopolitical risks, etc.	Ensuring inventory by ordering raw materials early, arranging substitutes, diversification of supply sources for important raw materials, and maintaining production functions through systematic renewal of facilities
8	Securing and training of human resources		Impact on operating results and financial position of inability to secure and train human resources as expected	Clarification of requirements for human capital, systematic and efficient acquisition of human capital, and enhancement of work-life balance
9	Impaired asset accounting application		Worsening financial situation due to impairment loss as the value of group business assets declines	Accurate understanding of the operating conditions of each Group company, and sharing of the progress of important projects and issues
10	Intellectual property		Decrease in net sales or leakage of technology and know-how due to infringement of Kumiai's intellectual property rights Compensation for infringement of intellectual property rights of other companies Impact on sales and profit due to launch of generic products	Establishing a patent network for substances, manufacturing methods, intermediates, intended use, formulations, and usage methods Monitoring patent applications by other companies and the application examination status Response to infringement of intellectual property rights, including legal action
11	Information security		System outages due to cyberattacks or other unintentional incidents, leakage of confidential information	Reinforcing information security education and developing a response system in the event of occurrence of an incident
12	Human rights		Decline in public trust or suspension of transactions in the event of a human rights issue occurring in Kumiai Group's supply chain	Conducting a survey of major suppliers based on the guidelines
13	Climate change		Increase in costs for responding to stricter greenhouse gas (GHG) emission regulations, and decrease in agricultural land area and crop yields due to climate change	Identifying and responding to trends in laws and regulations in each country, making capital investment to reduce GHG emissions, developing products and technologies, and promoting information disclosure via TCFD and other frameworks
14	Natural disasters and infection disease		Suspension of operations at business sites and disruptions to supply chains due to sudden large-scale natural disasters and pandemics caused by novel infection diseases	Regular drills, BCP updates, and implementation of preventive measures for facilities at each office