



# CSR Report **2022**

Corporate Social Responsibility Report 2022

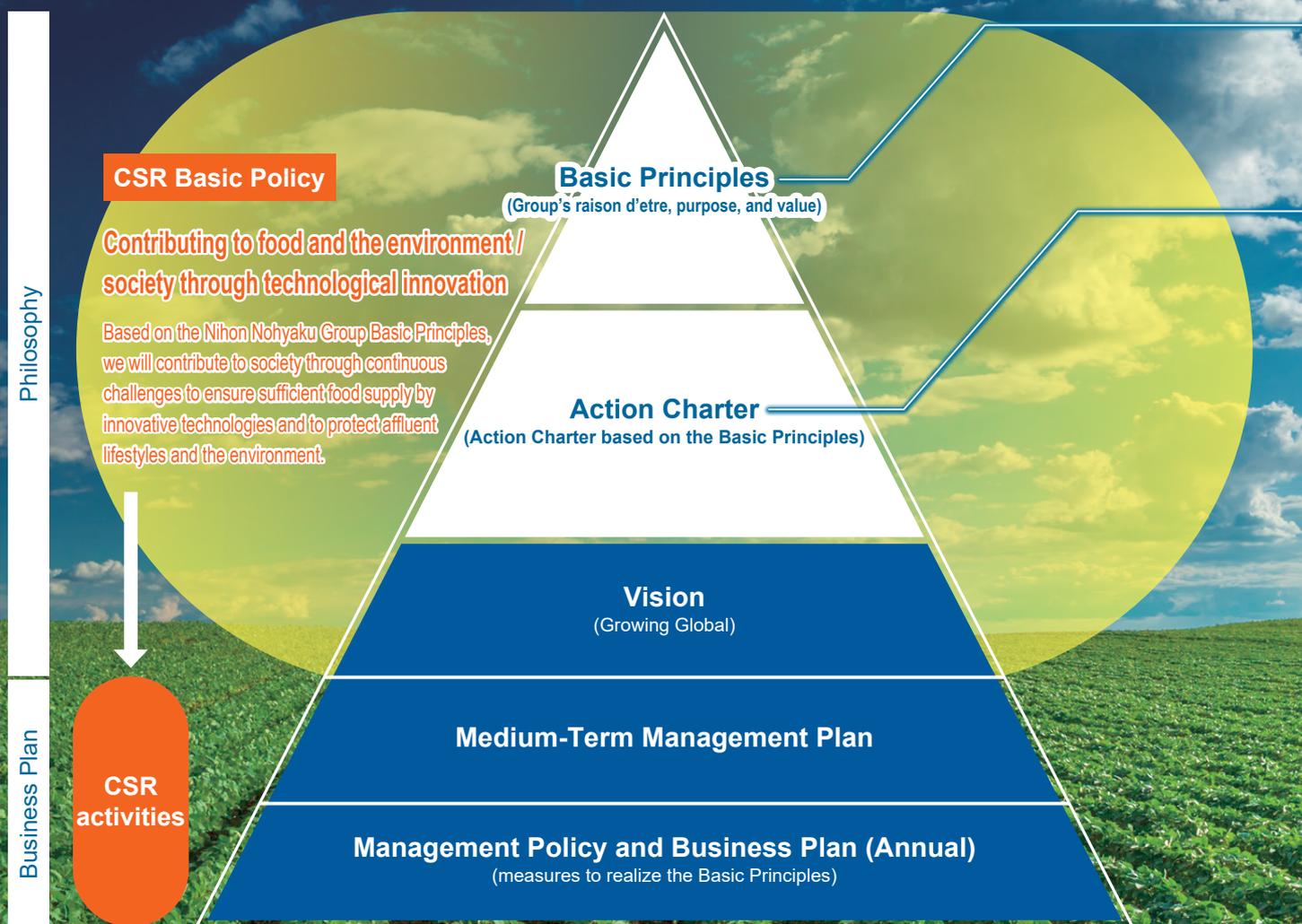
 **NIHON NOHYAKU CO., LTD.**

# » About Nihon Nohyaku

## Philosophy Structure of the Nihon Nohyaku Group

### Creating New Agrochemicals and Crop Aid Products to Improve the Quality of Life for All

#### Philosophy Structure



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The Nihon Nohyaku Group has established the “CSR Basic Policy” and organized and restructured the philosophy structure by positioning it as the background (backbone) of the existing Basic Principles, Action Charter, and Group Vision. In March 2022, the Group applied for and was approved to sign the United Nations Global Compact, as it is in line with the philosophy and corporate stance that the Nihon Nohyaku Group has upheld since its founding, as a fundamental way to promote our growth strategy for becoming a global company.

#### About CSR (Corporate Social Responsibility)

CSR is the general term for activities focused on achieving sustainable development for the company and society based on the philosophy that the responsibility of a corporation is not simply to adhere to the law and pursue profits for the company, but also to fulfill responsibilities to society based on an ethical code. Based on the Basic Principles, the Nihon Nohyaku Group is pushing forward the establishment of a CSR promotion system.

### • The Basic Principles of the Nihon Nohyaku Group

- We contribute to society by ensuring a safe and steady food supply and improving the quality of life for all.
- We fulfill market needs by creating superior values with innovative technologies.
- We commit to be a trustworthy company for all stakeholders through our fair and vigorous business activities.

### • The Nihon Nohyaku Group Action Charter

1. We improve the quality of life for all by providing safe and effective products and services that satisfy our customers.
2. We conduct fair and transparent business operations, respecting social ethics and complying with related laws, regulations and the spirit thereof.
3. We contribute to the realization of a sustainable society, considering the global environment.
4. We actively communicate and contribute to our communities as a good corporate citizen.
5. We properly manage corporate information and disclose it in a timely and appropriate manner.
6. We recognize the importance of personal data, intellectual property and other information, and safeguard it under proper protection and management.
7. We ensure a safe and comfortable work environment for our employees, always respecting human rights and the diversity in people and cultures.
8. We entirely exclude involvement with antisocial forces and organizations, and resolutely refuse unreasonable requests.
9. We contribute to the development of each country and region in line with globalization, adhering to international rules as well as local laws, culture and customs.
10. We promote the sound and sustainable growth of Nichino Group for social contribution.

### United Nations Global Compact

As the world’s largest CSR initiative, it is a guideline for corporate activities based on ten principles in the four areas of human rights, labor, environment, and anti-corruption. Global Compact Network Japan is developing promotional activities, including subcommittee activities and international exchanges, across Japan.



## 29 Company Overview and List of The Nihon Nohyaku Group Companies

## 30 Third-Party Opinion and Third-Party Verification

For main ESG data, please refer to the “CSR Report 2022 Data Sheet” on our website.



### Editorial Policy

This CSR Report summarizes The Nihon Nohyaku Group activities using the following as references: Environmental Reporting Guidelines (2018) by the GRI Standards and the Japanese Ministry of the Environment, Environmental Accounting Guidelines (2003) by the Japan Chemical Industry Association (JCIA), and JIS Z 26000: 2012 Guidance on Social Responsibility by the Japanese Standards Association, etc.

Scope of Applicability | Unless otherwise noted, performance data is from Nihon Nohyaku Co., Ltd. and Nichino Service Co., Ltd. Unless otherwise noted, the scope of applicability of the Nihon Nohyaku Group covers Nihon Nohyaku Co., Ltd. and nine consolidated Group companies.

Data Aggregation Period | Unless otherwise noted, the 2021 fiscal year (the 123rd fiscal year, April 2021 to March 2022, denoted in this text simply as “fiscal year”). Capital, numbers of employees, net sales, etc., displayed in this text are as of end of March 2022.

Issue | September 2022 (Next: Planned for September 2023)

\* Pursuant to the Partial Amendment to the Articles of Incorporation approved at the 120th Ordinary General Meeting of Shareholders held on December 20, 2019, Nihon Nohyaku has changed its fiscal year end from September 30 to March 31, effective from the 121st fiscal year.

## Commitment of Top Management

We contribute to realize a sustainable society as an R&D based agrochemical manufacturer

Nihon Nohyaku has supported the evolution of agriculture for over 90 years. Today, our businesses have expanded around the globe, including chemicals and pharmaceuticals. The demands placed on us change with each new era, but our commitment remains the same: to ensure a safe and steady food supply and improve the quality of life for all.

We will continuously contribute to society, taking pride in our mission as an agrochemical manufacturer.

**Hiroyuki Iwata** President and Representative Director



### Connecting to the future always minding our mission as a company

My name is Hiroyuki Iwata, and I have recently assumed the position of President and Representative Director. I am humbled to receive this appointment and take charge of management. I will do my best to maximize our corporate value.

Nihon Nohyaku was founded in 1928 as Japan's first agrochemical manufacturer. For over 90 years since then, we have contributed to the pest infestations and weed control with a sense of responsibility and pride related to the stable production of food that is essential for people to live.

Today, we continue to promote agrochemicals and raise awareness of their safe and appropriate use. We are working on R&D with the aim of creating at least one agrochemical every three years with excellent performance, effectiveness, cost, and safety in all over the world. Moreover, in recent years, we have quickly responded to the needs of the times, such as with initiatives toward "smart agriculture" that make use of cutting-edge technologies, and we globally expand our business in order to contribute to the development of agriculture not only in Japan, but around the world.

Myself have been involved in domestic sales for a long time, and as a sales representative, I have directly

listened to the opinions of various growers across the country. Later, in 2016, I was put in charge of overseas sales when Nihon Nohyaku was accelerating its global expansion. I have personally experienced the process of expanding the scope of the Nihon Nohyaku Group's activities from Japan to the rest of the world.

However, upon reviewing the current situation surrounding agriculture, we can see that there are many issues to be solved. Domestically, food security has become a major issue. Japan's food self-sufficiency rate on a calorie basis is only 38%, and it is important to raise this rate.

Globally, the impact of climate change on agriculture is becoming increasingly serious. As various risks increase, such as the progression of desertification, a lack of water resources, changes in suitable cultivation areas, an increase in pest infestations and weeds, and frequent occurrences of extreme weather, there are concerns about decreases in farmland area and crop yield. On the other hand, the world's population continues to grow and is estimated to reach 9.7 billion by 2050, raising concerns about serious food shortages.

As it becomes essential to increase food production through improved agricultural productivity, agrochemicals

are playing an increasingly important role as an effective means of controlling pest infestations and weeds.

Our primary mission is to ensure a safe and steady food supply and improve the quality of life for all. Our stance of contributing to society through our business by solving various issues in agriculture has remained

unchanged since our founding, and is currently integrated in the form of the “Basic Principles of the Nihon Nohyaku Group.” Our Group will continue to tackle technological innovation and contribute to the creation of a better future by providing safe and eco-harmonized agrochemicals.

## Rebuilding our philosophy and organizational structure with CSR as the foundation of management

As the movement to solve social issues globally accelerates, including environmental and human rights issues, the Nihon Nohyaku Group is also working to strengthen CSR management in order to steadily contribute to society through our business.

We have formulated a CSR Basic Policy of “Contributing to Food, Environment and Society through Technological Innovation” and positioned it as the background (backbone) of our previous Basic Principles, Action Charter, and Group Vision. Furthermore, based on this CSR Basic Policy, we have established a Basic Human Rights Policy and a Basic Procurement Policy, for developing our business activities as a global common guideline.

In terms of organizational structure, in 2020, we newly established the CSR Committee, a decision-making body on the same level as the Management Committee. We also established the CSR Working Group and Human Rights and Labor Practices Subcommittee as the actual working units. In August 2021, CSR Promotion Department was established as an organization in charge of CSR activities. The word CSR covers a wide range of content, and CSR Promotion Department collaborates with each department to control company-wide CSR activities, supporting on-site implementation, and shares the results both inside and outside the company.

## Ensuring Growing Global 2

**Group KPI**  
**Operating profit**    **Net sales**  
**¥6.4 Bil**    **¥89.0 Bil**  
**Dividend payout ratio**  
**30% or above**

Execute further growth strategy

**Target sales**  
**¥100.0 Bil**

### Reinforcement of business infrastructure

- Improve profitability
- Technological innovation and establishment of next-generation businesses
- Sustainable growth in corporate value

Global expansion up until now

## Quantitative progress management for seven priority issues

In the new medium-term management plan “Ensuring Growing Global 2 (EGG2)”, which started in April 2021, we aim to strengthen CSR management by setting “sustainable growth in corporate value” as one of its pillars. To that end, we have formulated seven CSR

priority issues that address ESG. We are working backwards from our vision for 2030 and setting quantitative targets and specific action plans, which will lead to steady implementation.

The progress made in the past year is as follows.

## Progress of Seven CSR Priority Issues in FY2021

### E Environment

#### ① Raising the level of environmental management

The Nihon Nohyaku Group has established a greenhouse gas (GHG) reduction policy and announced that it will aim to be carbon neutral by 2050\*. \* Nihon Nohyaku and affiliated companies in Japan and overseas that have manufacturing sites. If India is included, we aim to be carbon neutral by 2070.

### S Society

#### ② Expansion of human rights management

Nihon Nohyaku signed the United Nations Global Compact in March 2022. With regard to the promotion of female participation in the workplace, we have set specific numerical targets for the percentage of women in the final interview for new graduate recruitment and the percentage of women in management positions, and we are working to achieve them.

#### ③ Enhancing the safety culture

We are continuing our initiatives that aim for zero accidents. In addition, based on the Nihon Nohyaku Group Basic Human Rights Policy and Basic Procurement Policy formulated in 2021, we conducted a CSR procurement questionnaire survey targeting our business partners.

#### ④ Development of technologies and products that meet needs of society

While promoting the development of Eco-harmonized products, we are also promoting business development for new Crop Aid Products. In 2021, we began full-scale sales of "Frost Buster," a new agricultural material that uses natural extract derived from coffee grounds to reduce the risk of frost damage on crops. We also promoted collaboration with various agricultural platforms such as by enhancing AI image diagnosis technologies.

#### ⑤ Community involvement

In line with GRI Standards\*, we have expanded our website and worked to ensure appropriate disclosure of information. Going forward, we will further deepen dialogue with stakeholders by contributing to local communities through our business activities.

\* International standards for disclosure of information on sustainability

### G Governance

#### ⑥ Strengthening corporate and organizational governance

Aiming for more transparent corporate management, we have enhanced internal audits, including those at overseas Group companies. We also worked to improve the effectiveness of the Board of Directors through the revitalization of the Governance Committee and the introduction of external evaluations.

### For all ESG

#### ⑦ Expansion of compliance and risk management

We expanded compliance activities to domestic and overseas Group companies. In February 2022, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD). We have identified major risks and opportunities regarding the impact of climate change on our business and announced each countermeasure. In light of the increase in natural disasters, we have started verifying the BCP (Business Continuity Plan).

## Our business activities themselves correspond to the practice of CSR

As an R&D based agrochemical manufacturer, the Nihon Nohyaku Group has always taken on the issues of the times and contributed to the stable production of food. We are proud to say that our business itself corresponds to the practice CSR and SDGs. With that determination, we have adopted a new corporate statement, "Global Innovator for Crop & Life," since last year. We aim to be a company that can widely contribute to the life science field, including pharmaceuticals and animal health products, with agrochemical business as our core business.

As business expands globally, the social issues confronted us have become increasingly complex and intricate. However, we own advanced knowledge and technical capabilities that we have cultivated since our founding. We believe that if we bring together the strengths of each and every employee, we will get closer to realizing a sustainable society.

As the person who has taken over management during this difficult time, I promise that the entire company will move forward together as a team. We would appreciate it if all of our stakeholders would watch over us as we take on this challenge.

# At a glance

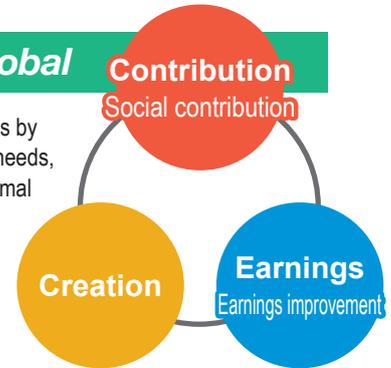
## About the Nihon Nohyaku Group

Nihon Nohyaku was founded in 1928 as the first Japanese agrochemical manufacturer. Since our founding, Nihon Nohyaku has been working on technological innovation in its core business involving research and development, and promotion of agrochemicals, with the mission of ensuring a safe and steady food supply and improving the quality of life for all. As a global innovator for crop & life, we will continue to take on the challenge of creating new value by providing advanced technologies and contribute to a sustainable society through our business activities.

### The Nihon Nohyaku Group Vision

#### Nichino Group - Growing Global

- Supporting agricultural production and healthy lifestyles by providing advanced technologies that meet customer needs, such as new agrochemicals, pharmaceuticals, and animal health products
- Contributing to a sustainable society by expanding products and services that contribute to the SDGs (Eco-harmonized products and labor-saving technologies)



### Corporate Statement

“Global Innovator for Crop & Life”



## Global Expansion of Nihon Nohyaku



\* Total of subsidiaries and affiliated companies



### Nihon Nohyaku Co., Ltd.

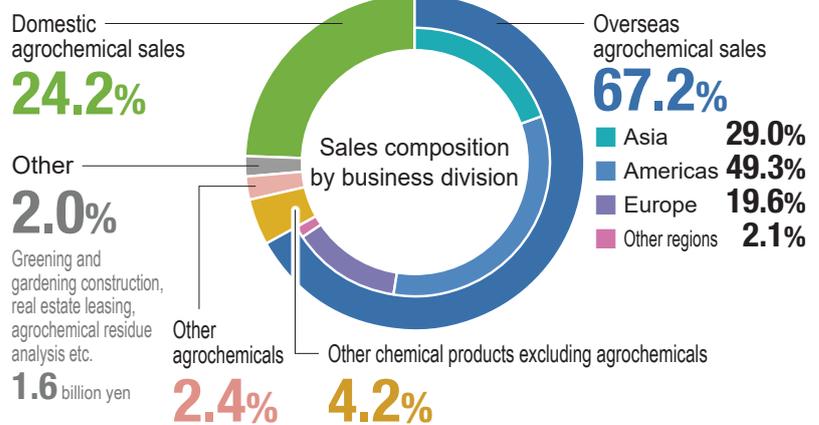
|                                    |  |
|------------------------------------|--|
| Head Office address                | 19-8 Kyobashi 1-Chome, Chuo-ku, Tokyo 104-8386   |
| Founded                            | November 17, 1928  |
| Capital                            | 14,939 million yen   |
| Number of employees (consolidated) | 1,536  |
| Main business                      | Manufacture, import, export, and sale of a variety of products including agrochemicals, pharmaceuticals, animal health products, industrial chemicals, wood preservatives, and agricultural material |

# Financial/Non-financial Highlights

## Summary of Performance Results for FY2021 (Consolidated)

|   |                          |
|---|--------------------------|
| Sales                                   | <b>81.9</b> billion yen  |
| Operating profit                        | <b>6.6</b> billion yen   |
| Ordinary profit                         | <b>5.7</b> billion yen   |
| Profit attributable to owners of parent | <b>4.5</b> billion yen   |
| ROE                                     | <b>7.1</b> %             |
| Liabilities                             | <b>51.2</b> billion yen  |
| Net assets                              | <b>66.9</b> billion yen  |
| Total assets                            | <b>118.2</b> billion yen |
| Equity ratio                            | <b>55.5</b> %            |

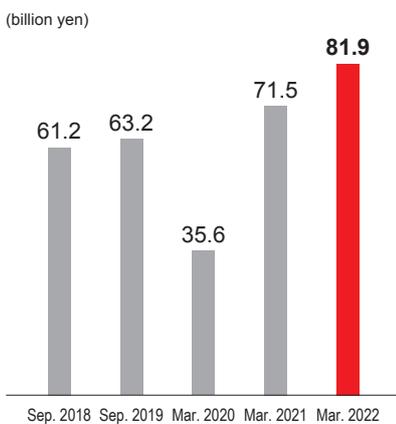
## Status by business division



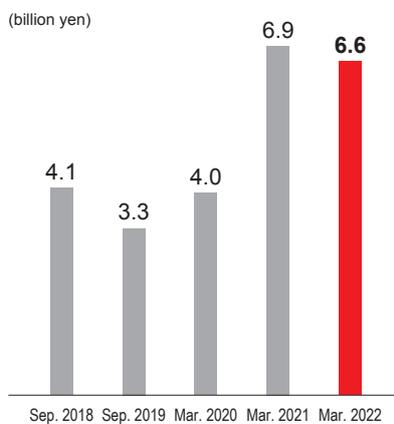
## Mainstay products



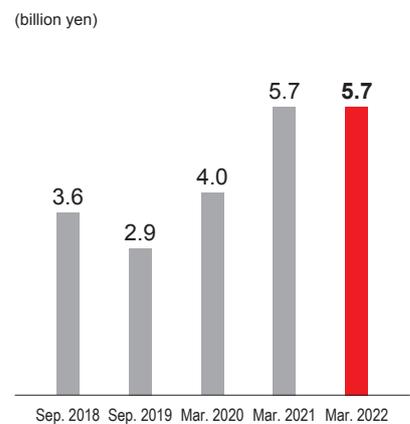
## Sales



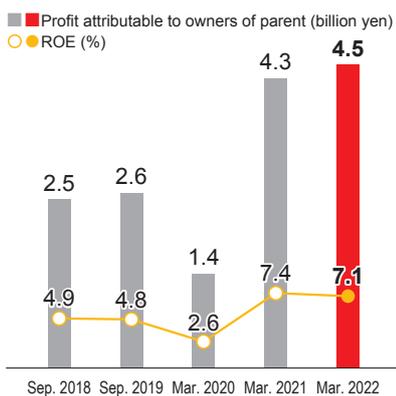
## Operating profit



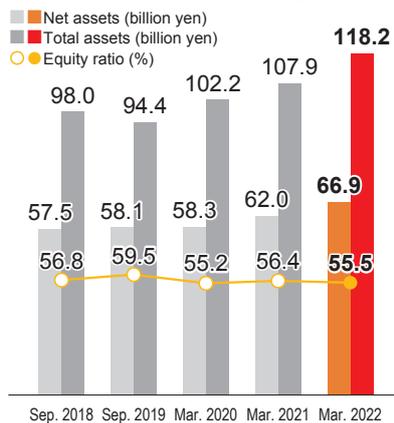
## Ordinary profit



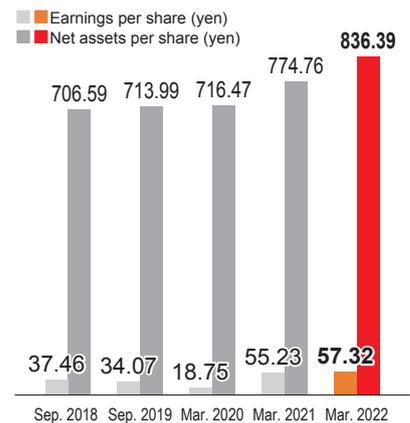
## Profit attributable to owners of parent/ROE



## Net assets/Total assets/Equity ratio



## Earnings per share/Net assets per share

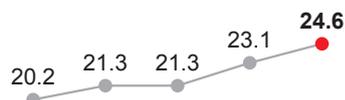


## Non-financial Information\*1

### Rate of female employees

(Nihon Nohyaku Co., Ltd.)

(%)



Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

### Rate of female managers

(Nihon Nohyaku Co., Ltd.)

(%)

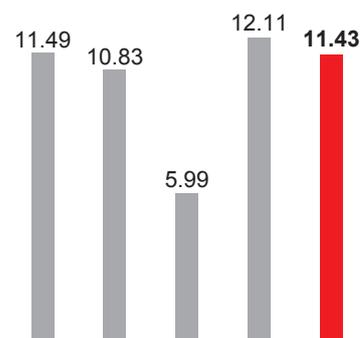


Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

### Paid leave days used\*2

(Nihon Nohyaku Co., Ltd.)

(days)

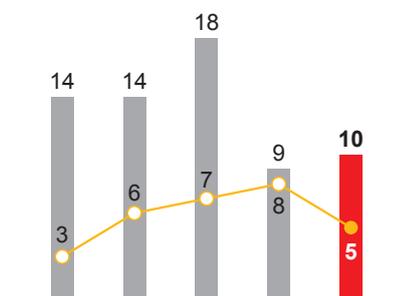


Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

### Number of male employees taking paternity leave\*3

(Nihon Nohyaku Co., Ltd.)

■ Number of male employees eligible for paternity leave (persons)  
● Number of male employees taking paternity leave (persons)



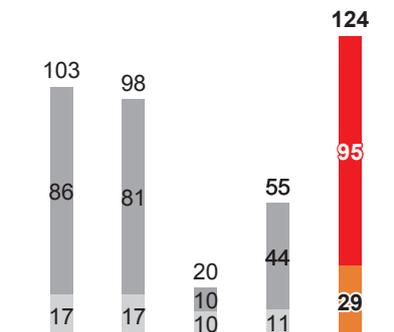
Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

Female employee maternity leave usage rate was 100%

### Number of patent applications filed

(Nihon Nohyaku Co., Ltd.)

■ Patent applications filed in Japan (number)  
■ Patent applications filed overseas (number)\*\*

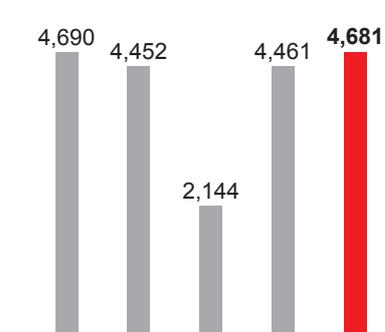


Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

### R&D expenses

(Group consolidated)

(million yen)

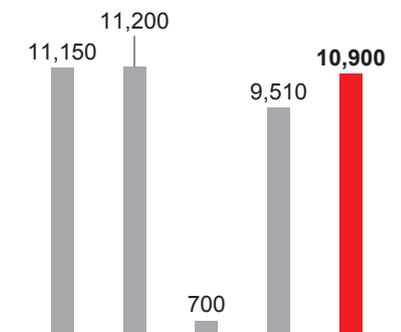


Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

### Charitable donations

(Nihon Nohyaku Co., Ltd.)

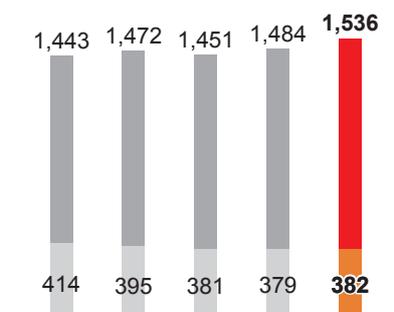
(thousand yen)



Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

### Number of employees

■ Nihon Nohyaku Co., Ltd. (persons)  
■ The Nihon Nohyaku Group (consolidated) (persons)



Sep. 2018 Sep. 2019 Mar. 2020 Mar. 2021 Mar. 2022

\*1 For FY2019, represents the period from October 1, 2019 to March 31, 2020 due to the change of fiscal year end.

\*2 Applies to regular full-time and temporary full-time employees, and does not include contract employees.

\*3 Includes persons employed at that time who have since retired. Applies to regular full-time and temporary full-time employees, and does not include contract employees.

\*4 Number of PCT international applications filed (by transfer country basis) + Paris route or number of standard applications filed

## Initiatives toward new agrochemical development

# Promoting research with the trinity of chemistry, biology and safety

Nihon Nohyaku contributes to the global development of agriculture as an R&D driven agrochemical manufacturer. Suwa from the Marketing Department will explain the development and production of the new insecticide for rice paddies “Orchestra SC (suspension concentrate).”

**Akiyuki Suwa**

Product Manager  
(insecticide),  
Marketing Group,  
Marketing Department,  
Market Development Division



## “Orchestra,” effective even against plant hoppers that show resistance to existing insecticides, that harmonizes with the environment

Plant hoppers that suck nutrients from rice plants pose a threat to rice-cultivating countries in Asia, including Japan. In worst-case scenarios, they can reduce rice yield to the point of bringing about famine.

“Orchestra SC” (hereinafter “Orchestra”) was launched in Japan in May 2021, and its active ingredient is a new chemical compound Benzpyrimoxan (abbreviated as BPX) originally invented by Nihon Nohyaku. BPX inhibits ecdysis of nymphs of plant hoppers and leaf hoppers and suppresses their population density. It is also highly effective against populations that show resistance to conventional pesticides. It is important to note that it has less adverse effect on humans, animals, and aquatic organisms. Moreover, it has a low impact on many natural enemies and beneficial insects, as well as a low risk of phytotoxicity to crops. From its character to preserve natural enemies and comprehensively control plant hoppers, we named this product “Orchestra,” with the image of each element harmonizing together to create beautiful music.

Generally, if one repeatedly use the same type of pesticides (a group of chemical compounds with the same mode of action) against pests, resistance problem will occur that

weakens the efficacy of the pesticide. Around 2005, when research on “Orchestra” started, brown plant hoppers began to show resistance to conventional insecticides, and major damage was reported in paddy rice cultivation areas in Japan and other Asian countries. Under these circumstances, we discovered that a by-product of herbicide candidates was somewhat effective against plant hoppers, and starting from that compound, we continued synthetic development and finally selected BPX. Subsequent research confirmed that BPX has a novel mode of action different from existing insecticides, and that it shows excellent control of plant hoppers, resistant to conventional products, at actual paddy rice field.

From the outset, we planned to market this product in Asia, and we proceeded development mainly targeting in India, which has large rice paddy cultivation areas and has been constantly affected by plant hoppers. In Japan, as a result of utilizing priority review system (a system that prioritizes review over other products in development) newly introduced in December 2018, we acquired registration in September 2020, and launched in May of the following year. We have also developed mixed formulations with fungicides or other insecticides, and plan to launch products that meet needs of growers. In India, Nichino India Pvt. Ltd., a Group company, acquired agrochemical registration (active ingredient) in 2021, and began full-scale sales of “Orchestra” from the rainy season crop in 2022. Mixed formulations with other insecticides are also under development in India, and Nihon Nohyaku and Nichino India conduct joint marketing to promote the widespread use of “Orchestra” by Indian farmers suffering from damage caused by plant hoppers (peak target of 2 million hectares).



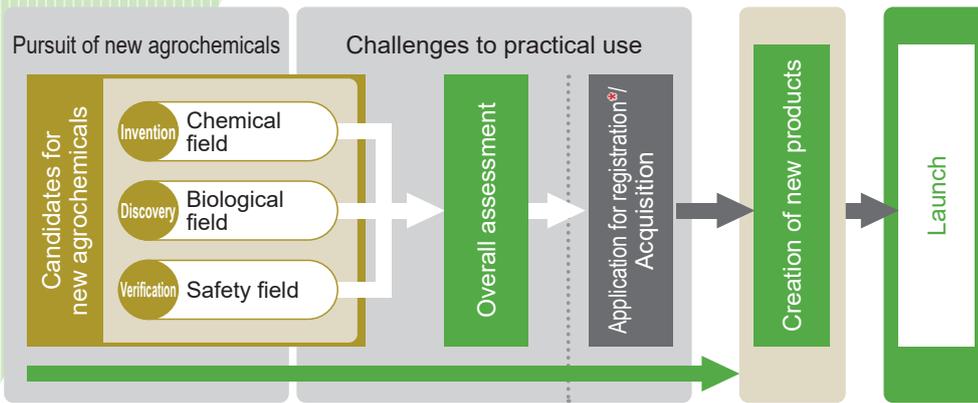
Untreated brown plant hopper nymph

Brown plant hopper nymph after BPX treatment. Ecdysis is inhibited and damage to rice paddies is stopped

## Received approval with exceptional speed due to tenacious negotiations by all departments

The priority review system introduced in Japan in December 2018 functions as follows: efforts are made to prioritize registration over review of other agrochemicals, subject to (1) requests for early registration from the field, (2) new mode of action, and (3) safer profile than existing products. Nihon Nohyaku determined that “Orchestra” was a product that aligns with the purpose of this priority review system, and began negotiations with the Authorities.

● Nihon Nohyaku's agrochemical creation process



\* Application for registration According to the provisions of the Agricultural Chemicals Regulation Act, test results such as control efficacy, safety, toxicity and persistency of agrochemicals must be submitted to the Ministry of Agriculture, Forestry and Fisheries, and approved (registered). Unless registered, agrochemicals cannot be manufactured, sold or used.



For the negotiations, we considered the product having a novel mode of action and being effective against pests resistant to existing pesticides as the most important characteristics, and the relevant departments worked together to thoroughly collect detailed research data. Ultimately, a researcher from the Research Division carefully explained the mode of action of BPX to the authorities representative, and in April 2019, it became the first agrochemical subject to review under this system. In this way, we got registration in one year and seven months after application in February 2019, much less than usual two and a half to three years.

This was a result of the enthusiasm and conviction of the Development Department, the Regulatory Affairs Department, and the Research Division, as well as the efforts of all those involved.



Launch celebration in India

### Promotion of all-around screening and the trinity of chemistry, biology and safety

At Nihon Nohyaku, researchers in the fields of chemistry, biology, and safety work together to efficiently promote to “pursuit of new agrochemicals” and to “tackle practical use” with the aim to continuously create at least one new agrochemical every three years. Synthesized compounds at the Research Center are evaluated for all fields, as insecticide, fungicide, herbicide and so on. This is a method called “all-around screening,” which is one of Nihon Nohyaku’s strengths, and it can lead to new development, not overlooking unintended effects. In fact, research on “Orchestra” was triggered by synthesis research aimed at herbicides.

At early stages of synthesis research and biological research, development of flexible chemical structures by chemists and careful observation of biologists were major driving forces for this research. Following these results, we verify safety field. In some cases, unpredictable toxicity may appear and research often returns to square one at this stage. However, in the case of “Orchestra,” we built a system for early safety evaluation and were able to quickly select chemical compounds with less safety concerns.

Research followed on making the active ingredient into a practical formulation that is easy to use in the field (formulation research), and industrialization research (process chemistry research) to synthesize and provide chemical compounds at a price that can be practically used. In this way, the comprehensive strengths of each research field were brought together to finally complete “Orchestra.”

In addition, we planned simultaneous development in India (Nichino India) and Japan (Nihon Nohyaku) for our first trial. Producing the active ingredient BPX in India, the largest market for planthopper control agents, is an initiative that not only reduces the environmental impact of product transportation, but also contributes to economic development in India. We set up a policy to manufacture BPX in India, and while we faced many difficulties, including registration of agrochemical manufacturing in India, export to Japan, and establishment of feasibility both in Japan and India, we solved these issues by working with local researchers and developers in India.

The development and manufacturing of “Orchestra” has become an important project that plays a core role in the development of overseas manufacturing and sales sites based on our corporate vision of “Growing Global” and the expansion of market development functions, including the strengthening of global marketing strategies.

As stated in our Basic Principles, we contribute to society by ensuring a safe and steady food supply and improving the quality of life for all. We shall continue to create products like “Orchestra” in order to solve problems with difficult-to-control pests that threaten the stable supply of agricultural products, taking the environment into account.

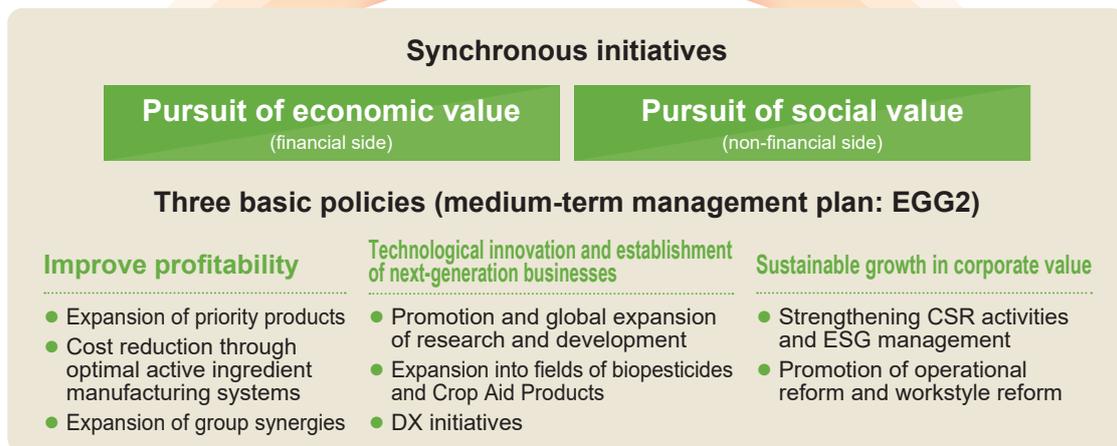
# » CSR of Nihon Nohyaku

## The Nihon Nohyaku Group's Approach to CSR .....

One of the core management policies of the medium-term management plan “Ensuring Growing Global 2 (EGG2)” is “sustainable growth in corporate value,” and the Nihon Nohyaku Group has expressed to strengthen CSR and ESG management through CSR activities.

### Contributing to a sustainable society by supporting agricultural production and healthy lifestyles

#### Expansion of CSR Management



#### CSR Basic Policy

In 2020, the Nihon Nohyaku Group established a CSR Basic Policy to reconstruct its philosophy structure. Accordingly, we have constructed the foundation of our CSR activities as a Group, and in November 2021, we newly established the “Nihon Nohyaku Group Basic Procurement Policy”. In addition, we have shared our CSR promotion policy with four domestic Group companies and nine overseas Group companies so far, and have established a system for full-scale deployment of “the Nihon Nohyaku Group CSR activities.”

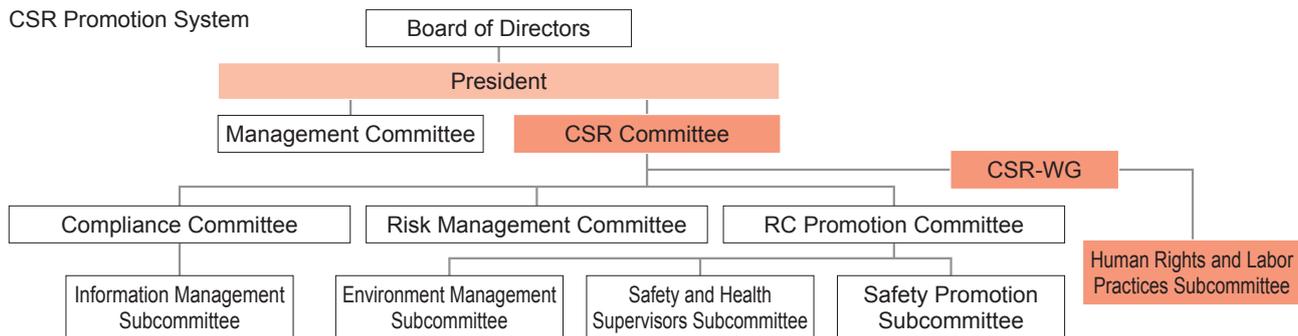
#### CSR Basic Policy

“Contributing to Food, Environment and Society through Technological Innovation”  
Based on the Nihon Nohyaku Group Basic Principles, we will contribute to society through continuous challenges to ensure sufficient food supply by innovative technologies and to protect affluent lifestyles and the environment.

#### CSR Promotion System

In order to enhance our CSR activities, we established the CSR Committee with functions on the same level as the Management Committee as a body to supervise the three Committees of Compliance, Risk Management, and RC Promotion, as well as internal control evaluations related to financial reporting conducted by the Internal Control & Audit Department. The CSR Committee also deliberates on and approves priority issues in our business activities. Moreover, as a task force, the CSR Working Group (CSR-WG) and its Human Rights and Labor Practices Subcommittee hold regular meetings to raise awareness about effective activities and ways to solve issues related to CSR. In August 2021, we newly established the CSR Promotion Department as an independent organization in charge of the CSR activities of the entire Group. In addition to strengthening the functions of the CSR Committee and the CSR-WG administrative office, we are proceeding with the development of systems and functions aimed at promoting effective CSR management.

We have shared our CSR policies and the significance of engaging in CSR activities among whole Group companies. We aim to co-develop CSR management from a global perspective, while taking into account of the CSR measures and its actual status at each site.



• Responsible Care Activities

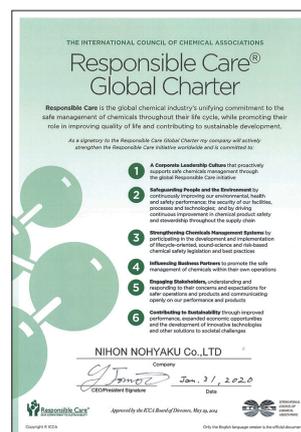
Responsible Care (RC) promoted by the global chemical industry plays an important role as one of the main pillars of the Nihon Nohyaku Group’s CSR activities. In addition to complying with laws and regulations, we promote voluntary initiatives that go beyond the law and strive to improve various activities.

**What is Responsible Care (RC)?**

RC encompasses voluntary activities wherein each company handling chemical substances secures “the environment, safety and health” and publishes the results of its activities, maintaining a dialogue and communication with society regarding all its processes, ranging from R&D through manufacturing, sales, logistics, use, and final consumption, to the disposal and recycling of the chemical substances. We have six RC codes, i.e. “Environmental Preservation”, “Occupational Safety and Health”, “Process Safety & Disaster Prevention”, “Logistics Safety”, “Product Stewardship (Chemical Materials and Product Safety)” and “Communication with Society”, and we work to improve our activities through the continued implementation of the PDCA (Plan→Do→Check→Act) cycle.

This initiative has been integrally promoted by global chemical industries to safely manage chemicals over their life cycles through its activities, so that products can contribute to improving the quality of life and sustainable development.

Responsible Care Global Charter



• Responsible Care Promotion System

Under our CSR promotion structure governed by the CSR Committee, the RC Promotion Committee is responsible for the RC activities of the entire domestic Nichino Group. Three Subcommittees (Environment Management Subcommittee, Safety and Health Supervisors Committee, Safety Promotion Subcommittee) are in charge of their respective fields.

• Certified Management System

The Nihon Nohyaku Group has acquired the following certifications for the management system and continuously improved its operations.

List of management system certifications

| International Standards   | Company name (applicable office)  |
|---|---|
| ISO9001 (Quality Management System)<br>ISO14001 (Environment Management System)               | <ul style="list-style-type: none"> <li>• Nichino Service Co., Ltd.</li> <li>• Nichino India Pvt. Ltd.</li> <li>• Sipcarn Nichino Brasil S.A.</li> </ul> |
| ISO45001<br>(Occupational Safety & Health Management System)                                  | <ul style="list-style-type: none"> <li>• Nichino Service Co., Ltd.</li> <li>• Nichino India Pvt. Ltd.</li> <li>• Sipcarn Nichino Brasil S.A.</li> </ul> |
| ISO17025<br>(General requirements for the competence of testing and calibration laboratories) | <ul style="list-style-type: none"> <li>• Nihon Ecotech Co., Ltd. (Osaka and Fukushima Analytical Technology Center)</li> </ul>                          |

## Initiatives toward SDGs

The SDGs adopted as the “2030 Agenda” and the “SDG Compass” formulated for companies at the United Nations Summit (September 2015) present global targets and corresponding guidelines for the sustainability of mankind. In short, one could say that they are initiatives to simultaneously solve environmental issues and poverty with innovative technologies. The Nihon Nohyaku Group has always tackled technological innovation that responds to various social requirements in our agrochemical business, which has been our core business. We have contributed to the eradication of hunger and the realization of a prosperous life for all through stable production of agricultural products, considering sustainable environmental conservation. In this way, the Nihon Nohyaku Group's business activities are linked to the achievement of SDGs.

For further understanding of SDGs within the Nihon Nohyaku Group, CSR Promotion Department established SDGs Working Team (SDGs-WT) to distribute educational content and support awareness-raising activities in each Group company. Moreover, we widely disseminate information to stakeholders about our active participation in SDGs and their significance through radio commercials\*, etc.

\* Nippon Broadcasting System, Inc.'s SDGs campaign

## Organization of CSR Priority Issues

In order to effectively promote CSR activities aligning with the Nihon Nohyaku Group's business, we have organized an overall image of priority issues from a global perspective based on the actual situation.

**Step 1** Centered on CSR-WG members from the General Affairs & Public Relations Group and related departments, which oversees CSR-related measures, a wide range of projects and implemented measures related to each ESG area, especially issues requiring urgent response, have been identified.

A total of 74 projects and issues were identified, and we organized them into 45 themes based on their relationship with the 37 issues of the 7 core subjects established in ISO26000, the global guideline for CSR management, and created a comparison table for each core subject. After that, we analyzed the level of priority by mapping based on impact and importance from the perspective of management and stakeholders (figure and table below). The results of this analysis led to the establishment of the Human Rights and Labor Practices Subcommittee (see p.17), which plays a role in establishing the system for promoting CSR.

**Step 2**

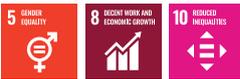
| Priority classification                               | Sections  |
|---|-----------|
| ① Priority issues                                     | I         |
| ② Relatively high priority issues                     | II, IV, V |
| ③ High priority issues from a management perspective  | III, VI   |
| ④ High priority issues from a stakeholder perspective | VII, VIII |
| ⑤ Low priority issues for the time being              | IX        |

**Step 3** In selecting the Nihon Nohyaku Group's seven priority issues, we identified common ESG issues and rearranged some themes based on the relationship with the core subjects of ISO26000, while considering the Group's business situation and future expansion of global management (see p.14). Through these efforts, we aim to effectively promote CSR in line with the business situation.

## Seven CSR Priority Issues

The organized seven CSR priority issues clearly show their relationship with ESG and SDGs, and we work on business activities with a strong mind of contributing to sustainable development.

### Seven Priority Issues and Major Initiatives

| Priority area       | Priority issue  | Major initiatives   | Relationship with SDGs  |
|---------------------|---|---|---|
| E<br>Environment    | Raising the level of environmental management (Environmental preservation, RC activities)             | <ul style="list-style-type: none"> <li>Establishing global environmental management</li> <li>Initiatives to reduce GHG emissions and save energy</li> <li>Consideration for biodiversity</li> <li>Group expansion of environmental preservation activities</li> </ul>   |    |
|                     | Expansion of human rights management (Diversity & inclusion (D&I), and human resource development)    | <ul style="list-style-type: none"> <li>Advance human rights management by establishing the Human Rights and Labor Practices Subcommittee</li> <li>Global expansion of human resources training</li> <li>Promote female participation in the workplace</li> <li>Appointment of non-Japanese people</li> <li>Work-life balance</li> </ul>   |    |
| S<br>Society        | Enhancing the safety culture (Occupational safety & health, product safety)                           | <ul style="list-style-type: none"> <li>Initiatives toward zero accidents</li> <li>Eliminate serious accidents at production sites</li> <li>Promote Product Stewardship through the product life cycle</li> <li>Establishment of Group Basic Procurement Policy</li> <li>Promote white logistics, provide high quality products</li> </ul> |  |
|                     | Development of technologies and products that meet needs of society (Pursue to satisfy our customers) | <ul style="list-style-type: none"> <li>Create new agrochemicals, pharmaceuticals, and animal health products</li> <li>Ethical considerations concerning testing on animals</li> <li>Create Eco-harmonized products</li> <li>Contribute to smart agriculture</li> </ul>  |  |
|                     | Community Involvement (Dialogue with stakeholders)  | <ul style="list-style-type: none"> <li>Communicate with our shareholders and investors</li> <li>Communication with our customers</li> <li>Support regional revitalization</li> <li>Appropriate support activities in the event of disaster</li> </ul>   |  |
|                     | Strengthening corporate and organizational governance (Corporate governance, CSR management)          | <ul style="list-style-type: none"> <li>Strengthen the corporate governance structure</li> <li>Effective Board of Directors</li> <li>Enhance and strengthen internal control systems</li> </ul>  |  |
| General for all ESG | Expansion of compliance and risk management (Sustainability management: BCP)                          | <ul style="list-style-type: none"> <li>Initiatives toward anti-corruption</li> <li>Global expansion and management</li> <li>Enhance BCP</li> <li>Respond to TCFD Recommendations</li> </ul>   |  |

# » Raising the Level of Environmental Management

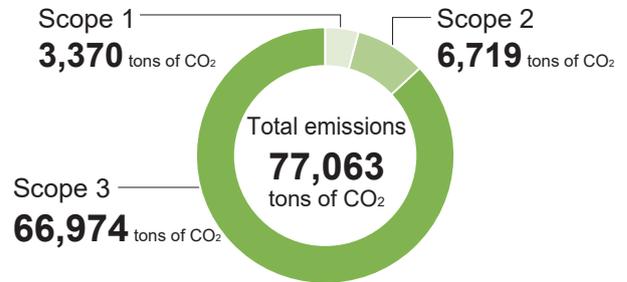
## Response to Climate Change

### Establishing Global Environmental Management

GHG emissions reduction targets of the Nihon Nohyaku Group are in line with each target country by country, and we have set new global targets for Scope 1\*<sup>1</sup> and Scope 2\*<sup>2</sup> in 2022. Scope 3\*<sup>3</sup> has been calculated for Japan, and the global situation will be confirmed going forward.

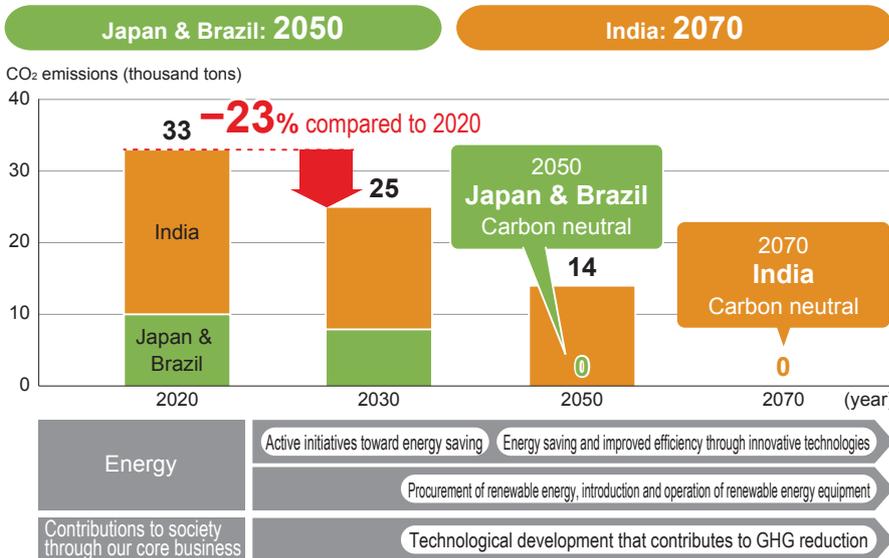
- \*<sup>1</sup> Direct emissions of GHG by the reporting company (fuel combustion, industrial processes).
- \*<sup>2</sup> Indirect emissions from the use of electricity, heat, or steam supplied by others.
- \*<sup>3</sup> Other indirect emissions besides Scope 2 (Emissions by others related to the company's activities). Calculated in accordance with the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain" formulated by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (METI).

Domestic supply chain emissions  
(total amount of Nihon Nohyaku Co., Ltd. + Nichino Service Co., Ltd.)



### The Nihon Nohyaku Group\* aims to be carbon neutral

\* Nihon Nohyaku and subsidiary companies that have manufacturing sites



**CO<sub>2</sub> Emissions Reduction Policy**

Reduction of GHG emissions associated with business activities

2030 target (Scope 1+2)

**23% reduction**  
(compared to FY2020)

We aim to gradually become carbon neutral while watching changes in energy policies in each country.

### Initiatives to Reduce GHG Emissions

CO<sub>2</sub> accounts for almost all of the Nihon Nohyaku Group's GHG emissions. CO<sub>2</sub> emissions in FY2021 increased by 11.6% compared to the previous year mainly due to an increase in production amount (see the data sheet for details on CO<sub>2</sub> emissions, etc.)

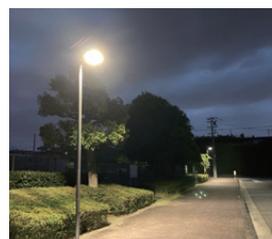
### Domestic CO<sub>2</sub> emissions (Scope 1+2)



### Initiatives to Save Energy

In our Group, Nihon Nohyaku and Nichino Service are specified business operators defined in the Energy Conservation Act\*, and they promote energy conservation with the goal of lowering our energy intensity. Other Group companies in Japan also strive to save energy according to their business forms, and going forward, we will update the situation overseas and promote further energy saving (see the data sheet for details such as energy intensity, etc.)

\* Abbreviation for the "Act on the Rational Use, etc. of Energy"



Switch to LED



Introduction of energy-saving cooling equipment (Research Center)

## Environmental Preservation

### Consideration for Biodiversity

The Nihon Nohyaku Group responds to laws and regulations in each country, and works to develop Eco-harmonized products aligned with the perspectives of the environment, safety and health utilizing the latest scientific knowledge (see p.23). As a new initiative, Nichino Ryokka participates in the “Satochi-Satoyama (Socio-ecological Production Landscape) Revitalization Project by Industry, Academia, and Government” in Nasukarasuyama City, Tochigi Prefecture, which is one of the government-approved regional revitalization projects. This project aims to realize sustainable natural areas by realizing efficient weed management using Nichino Ryokka’s PGR, flurprimidol granule, and cultivating nectar plants in abandoned farmlands.



The “Satochi-Satoyama Revitalization Project by Industry, Academia, and Government”

### Initiatives to Reduce Waste

All plants separate waste and work to reduce final landfill by practicing the 3R (reduce, reuse and recycle of waste) system. In FY2021, Nichino Service Fukushima and Saga Plants achieved zero emissions\*. Moreover, domestic Group companies continued to implement green purchasing initiatives by selecting office supplies designed to reduce environmental impact, and in FY2021, a green purchasing rate of 99.9% was recorded, achieving our target (95% or higher).

\* The final landfill amount of waste shall be 1% or less of the volume.

### Promoting Environmental Preservation Initiatives at Work and at Home

Group company offices in Japan are declare their initiatives for Fun to Share, supported by the Ministry of the Environment. In addition, the Environment Safety Department issues “Environment Safety News” to share information with all employees. The newsletter features recent information related to environmental safety. Through these activities, we work to ensure that employees are fully aware of environmental laws and regulations and promote environmental preservation initiatives at work and at home.

- Global Warming Countermeasures

A quiz was implemented in June 2022 to share information on the “Zero Carbon Action 30” promoted by the Japanese government. There was a large number of participants, and it was an opportunity for each individual to think about global warming countermeasures that they can implement at home through their own actions.

- Plastic Reduction

As the “Act on Promotion of Resource Circulation for Plastics” was implemented in FY2022, we conduct awareness-raising activities through Environment Safety News, etc. concerning actions that individuals can do to reduce plastic.

### Group Expansion of Environmental Preservation Activities

As part of RC activities, domestic Group companies use the PDCA cycle to formulate plans, monitor activity status, and implement improvement measures for environmental preservation initiatives such as promoting energy conservation, reducing GHG emissions, and implementing the 3Rs. Our manufacturing sites in the world have acquired the ISO14001 certification. We strive for environmental preservation initiatives by operating an Environment Management System, and we promote global environmental preservation activities. Nichino India Pvt. Ltd. (India) works on activities to set up water supply points in order to conserve water resources, and in FY2021, they installed water supply points at 14 locations in India.



Water supply points

# » Expansion of Human Rights Management (Human Rights, Creation of a Comfortable Work Environment)

## Initiatives for Human Rights

Advancing Human Rights Management by Establishing the Human Rights and Labor Practices Subcommittee

The Nihon Nohyaku Group has positioned respect for human rights as one of the most important management issues for business continuity, and we work on it together as a Group. In accordance with international norms such as the Universal Declaration of Human Rights and the United Nations' "Guiding Principles on Business and Human Rights," we have established the Nihon Nohyaku Group Basic Human Rights Policy to respect the human rights and diverse values of all stakeholders involved. In addition, we set "expansion of human rights management" as a CSR priority issue, and, as a system for promoting this, we have established the Human Rights and Labor Practices Subcommittee as an advisory body to the CSR Working Group, and work on various human rights-related issues within our Group.

### The Nihon Nohyaku Group Basic Human Rights Policy

The Nihon Nohyaku Group respects the human rights and diverse values of our all stakeholders, including our customers, and aims to achieve a society free of discrimination and prejudice.

## Human Rights Due Diligence

With the aim of promoting human rights management in our business activities, the Nihon Nohyaku Group will build a human rights due diligence system that complies with the United Nations' "Guiding Principles on Business and Human Rights." Specifically, we will identify human rights risks in the value chain and work to prevent, mitigate, and correct human rights violations. If a negative impact on human rights resulting from the business activities of the Nihon Nohyaku Group is identified, we will hold discussions with relevant stakeholders and take appropriate corrective measures.

## Human Resources Management

### Approach to Human Resources Management

Based on the belief that employees are the most important management resource for the company, Nihon Nohyaku positions human resources as "human assets" and promotes the development of an environment in which all employees are motivated to contribute and are able to demonstrate their full abilities. Moreover, as a part of improving the work environment, we promote personnel system reforms based on the concept of shifting from "emphasizing the accumulation of past experience" to "emphasizing current execution capabilities + expectations for future participation." The working environment has changed a lot due to diversification of work values, increase in dual-income households, and labor shortages caused by the declining birthrate and aging population. Against such backdrop, we will continuously to improve employee motivation and realize diverse work styles.

### Approach to Recruiting and Training of Human Resources

We are promoting diversity based on the recognition that the active participation of human resources with varied experiences, skills, and attributes and the existence of diverse perspectives and values can be a strength in ensuring the sustainable growth of a company. In order to expand our business globally and strengthen our competitiveness as an R&D based company, we continue to recruit, train and promote to managerial positions a diverse range of human resources, including women, foreigners and mid-career recruits. We are endeavoring to improve the work environment and reform corporate culture so that every employee can play an active role in all areas of recruitment, employment and promotion by making the most of their individuality and realize a work style that aligns with their values, regardless of nationality, age, gender, race, religion, sexual orientation and/or disability.

### Global Expansion of Human Resources Training

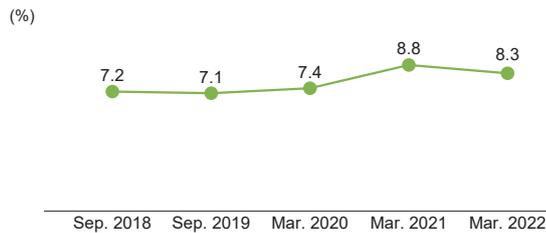
In promoting the Nichino Group-Growing Global as the Group Vision, we conduct selective training programs for Group employees in order to systematically nurture executive candidates and next-generation leaders who will play a core role in future management. We also promote the dispatch of researchers to overseas research institutes and the secondment of employees to overseas Group companies to develop global human resources. In the future, we plan personnel exchanges among overseas Group companies and the implementation of OJT at Nihon Nohyaku.

## Diversity & Inclusion

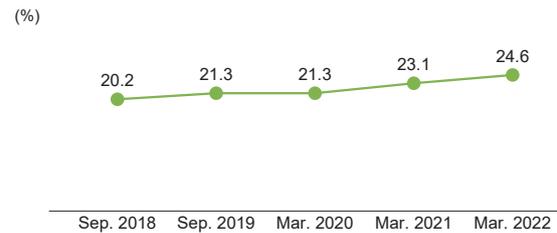
### Promoting Female Participation in the Workplace

Nihon Nohyaku has formulated an action plan for promoting female participation in the workplace and actively realize it. In addition to developing and raising mind of female employees as managers, the percentage of female managers increased from 2.0% in April 2011 to 8.3% in March 2022 as a result of changing mind of male managers toward the promotion of female participation in the workplace. In June 2020, we appointed our first female Executive Officer through an internal promotion. We will set and achieve appropriate KPIs, such as the percentage of female managers and the percentage of women among new employees.

Rate of female managers (Nihon Nohyaku Co., Ltd.)



Rate of female employees (Nihon Nohyaku Co., Ltd.)



### Appointment of non-Japanese colleagues

In 2011 and 2021, we appointed non-Japanese Presidents from overseas Group companies as Executive Officers of Nihon Nohyaku. We will continue to support the growth of overseas subsidiaries and develop human resources with the qualifications of Executive Officers. We will also proceed the appointment to managerial positions and active recruitment of foreign colleagues for encouraging internal promotion to officers.

## Comfortable Work Environment

### Work-life Balance

- Realization of Diverse Workstyles

Amid the diversification of work values, Nihon Nohyaku has introduced various systems to realize diverse workstyles so that employees can make the most of their unique abilities and sensibilities. Going forward, we will shorten the core time of the flex-time work system, shorten working hours, and further expand the working from home system.

- Encouraging the Use of Paid Leave

We aim to have our employees use an average of ten days or more of paid leave. As an initiative to encourage employees to take paid leave, we have established planned leave twice a year based on a labor-management agreement. Moreover, we promote employees to use the days in between holidays broken up by one or two workdays as days for paid leave, and/or to take paid leave in conjunction with summer and winter holidays.

- Maintaining and Promoting the Health of Employees

At Nihon Nohyaku and domestic Group companies, we conduct medical examinations for all employees, as well as consultations with industrial physicians according to employees' health conditions. Stress checks are held for all employees who request it in Japan, and based on analyses of the results, we reach out to employees in high-stress workplaces. We also use external contractors to establish the Nichino Group Consultation Desk, where employees and their families can consult on all types of health issues, including mental health.

### Labor Relations

Nihon Nohyaku and the Nihon Nohyaku Labor Union have concluded a labor agreement, and discussions are held on equal footing at the labor-management council. We consider labor unions to be one of our important stakeholders, and we have built good labor relations based on mutual understanding and trust, with a shared understanding of "improving the company and improving the lives of employees." Moreover, recreational activities jointly organized by labor and management are held at each office in order to deepen communication among employees and to promote the equal relationships. (Labor-management council: 14 times a year (including one roundtable discussion with top management); policy explanation meetings for each division: once a year; labor-management study sessions: five times a year)

# » Enhancing the Safety Culture

## Occupational Safety & Health, Process Safety & Disaster Prevention .....

### Occupational Safety & Health Audit System

Once a year, Nihon Nohyaku audits overall RC activities, including occupational safety & health, at all domestic Group offices. Each office promotes initiatives aimed at zero accidents, and in the event of an accident, we investigate the cause and formulate measures to prevent recurrence. We verify these initiatives through audits, and will consider building a global audit system that uses RC and ISO methods.

### Initiatives toward Zero Accidents

Domestic Group companies implement various initiatives to achieve zero accidents, sharing information among offices, and horizontally deploying countermeasures. Regular safety and health committee meetings are held at all sites, regardless of whether they are offices or laboratories etc., to prevent accidents through the sharing of danger information, such as reports about “near misses\*1” and “anticipatory near misses\*2”. All commercial vehicles are equipped with dashboard cameras, and ratings of driving by insurance companies are utilized to raise awareness about safe driving.

\*1 A frightening experience where someone almost got injured. \*2 Anticipating a frightening event before it happens.

### Avoiding Accidents in the Research Stage

To implement a high level of safety management for research activities at the Research Center, we continuously encourage employees to acquire national qualifications, such as dangerous object handler qualifications, and increase the number of qualified personnel. In addition, we work on safety activities with an emphasis on ensuring the safety of employees and avoiding accidents through Kiken Yochi (risk prediction) activities, risk assessment, safety education, and safety patrols centered on sites' safety and health committees.



### Eliminating Serious Accidents at Production Sites

Nichino Service has acquired ISO45001 and promotes safety activities and equipment maintenance using an Occupational Safety & Health Management System. Risk assessment is carried out on a 5-stage scale and as a company policy to eliminate level 3 or higher, we work to reduce risks by reviewing work procedures and improving equipment based on the results of assessment. For each type of training, the conditions are changed every time to ensure the high effectiveness of the training. In FY2021, Nichino Service Saga Plant received an award from the Japan Association for Safety of Hazardous Materials in recognition of its safety activities for many years, such as appropriate management of chemical substances.



## Product Stewardship (Chemical Materials & Product Safety) .....

### Appropriate Management of Chemical Substances

The Nihon Nohyaku Group has provided Safety Data Sheets (SDS) for each item, both inside and outside Nihon Nohyaku, to ensure the safe handling of chemical substances, samples for testing and research purposes and other chemical products, followed by preventing injuries and accidents. At present, it is necessary to comply with GHS in laws and regulations related to chemical substances from a global perspective, and we comply with the regulations of each country. We proceeded with preparations for the operation of an automated SDS preparing system to refine and streamline the operations, and it started in Japan in FY2021. Moreover, we continue elimination of poly (oxyethylene) nonylphenyl ether (NPE) from our products, since it's categorized as an endocrine disrupting substance that degrades into the environment.

### Promoting Product Stewardship through the Product Life Cycle

In addition to complying with laws and regulations, the Nihon Nohyaku Group strives to manage safety throughout the product life cycle, ranging from R&D through manufacturing, use and disposal, and provides appropriate information. We provide the Japan Poison Information Center with SDSs in the case responding to inquiries from medical institutions in the unlikely event of a poisoning accident related to our products.

## Supply Chain Management

### The Nihon Nohyaku Group Basic Procurement Policy

Based on our CSR Basic Policy, we newly established “the Nihon Nohyaku Group Basic Procurement Policy” in November 2021 as a basic policy for CSR procurement.

Cooperation with business partners is essential to fulfill social responsibilities throughout the supply chain. We aim to realize a sustainable society by building good relationships with our business partners, asking them to agree with our Basic Procurement Policy, and putting it into practice together.

- ① Consideration for human rights, working environment, peace and fairness
- ② Compliance with laws and social norms
- ③ Fair transactions and equal opportunities
- ④ Selection of business partners
- ⑤ Promotion of mutual development (partnerships)
- ⑥ Ensuring appropriate information management and intellectual property rights
- ⑦ Ensuring quality and safety
- ⑧ Consideration for the environment
- ⑨ Social contribution

### Initiatives toward Sustainable Procurement

- CSR-related Procurement Questionnaire Survey

In February 2022, we conducted a CSR procurement questionnaire survey for Nihon Nohyaku’s business partners in Japan, also providing information on our Basic Procurement Policy. As of the end of March 2022, approximately 70% of our business partners have responded. We will continue to work with our business partners on sustainable procurement activities based on our Basic Procurement Policy.

- Green Procurement

We have established the “Nichino Group Green Procurement Standards” and work on eco-harmonized procurement. The green procurement rate in FY2021 was 98.9% with an improvement from the previous year. We will continue to improve our green procurement rate.

## Logistics Safety

### Promoting White Logistics

Nihon Nohyaku has endorsed the White Logistics Movement, an initiative put forward by Japan’s Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Ministry of Economy, Trade and Industry (METI) and Ministry of Agriculture, Forestry and Fisheries (MAFF), and submitted our Declaration of Voluntary Action.

Our modal shift rate\* in 2021 was 9.0% (results in 2020: 8.9%, target: 10.0%). We will continue to work on logistics safety, including the reduction of environmental impact.

\* Modal shift rate (ratio of railway freight and marine transport) = (railway freight and marine transport amount) / (total transport amount) x 100

## Quality Management

### Providing High Quality Products

We work to ensure product quality and safety in every stage of the value chain, from R&D to production, sales, logistics, use and final consumption as well as disposal and recycling.

Our Production Division and Nichino Service work together in conducting detailed evaluations of product quality, while striving to maintain and improve product quality. In addition, we adapt the management methods of GMP (production management and quality control standards for pharmaceuticals) for quality enhancement in our production of active ingredient.

We conduct risk management for product liability (PL) to prevent issues. We use the internal visualization of response status for complaints received in relation to our products to promote rapid and accurate response.

# Development of Technologies and Products that Meet Needs of Society

## Product Development

### Global R&D

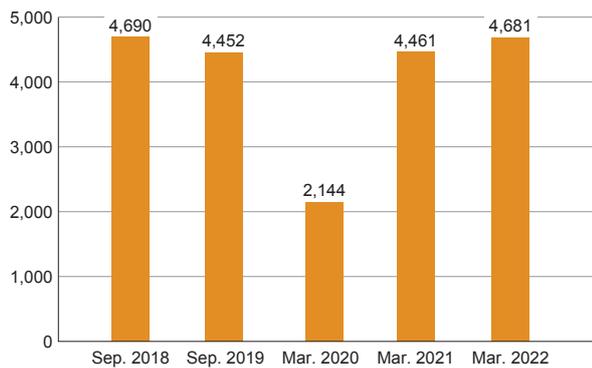
As an R&D driven company, Nihon Nohyaku builds strategies based on accurate analysis of the business environment and market changes and works on early development of new agrochemicals as well as maintenance and/or expansion of existing products from a global perspective. We have continuously tackled to create world-class technologies by enhancing the functions of Research Center and Manufacturing Technology Research Center, which carry out cutting-edge research, and by strengthening the development system to respond to global market needs. We also promote licensing activities effectively, using intellectual property such as patents, and improve our product portfolio to expand our business.



Research Center

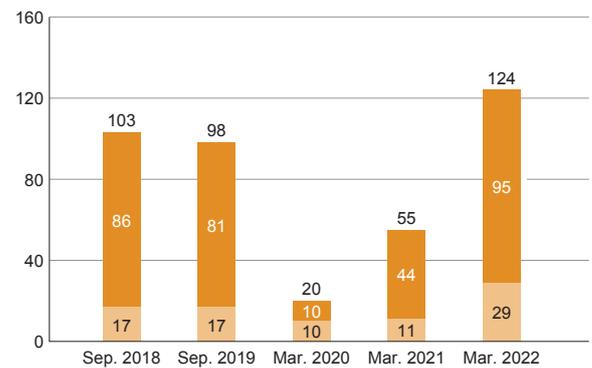
### R&D expenses (Group consolidated)

(million yen)



### Number of patent applications filed (Nihon Nohyaku Co., Ltd.)

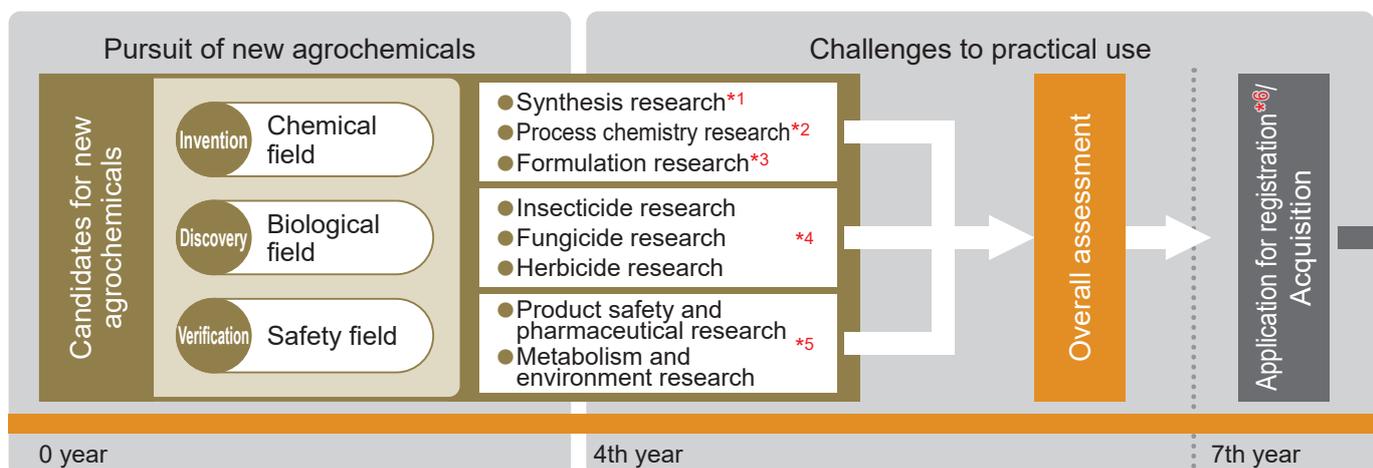
(Number) ■ Patent applications filed in Japan ■ Patent applications filed out of Japan\*



\* Number of PCT international applications filed (by transfer country) + Paris route or Number of standard applications filed

### Nihon Nohyaku's Agrochemical Creation Process

The creation of new agrochemicals takes more than ten years, requiring many processes from research and development to launch as new products. Under such circumstances, we have continuously developed one new molecule every three years.



### Creation of New Agrochemicals

Creation of new active ingredient for agrochemicals takes more than ten years as well as significant investment, requiring many processes from research and development to launch as new products. Under such circumstances, we have constantly developed new agrochemicals. We have contributed to ensuring a safe and stable food supply by launching, to date, flubendiamide, an insecticide for Lepidoptera, pyraziflumid, a broad-spectrum fungicide, and pyraflufen-ethyl, a PPO inhibitor herbicide.



NBA Members Visit



Flubendiamide WG



Pyraziflumid SC



Pyraflufen-ethyl EC

### Ethical Considerations Concerning Testing on Animals

The Nihon Nohyaku Group has established internal regulations concerning testing on animals in accordance with the “Act on Welfare and Management of Animals” and related guidelines. We also promote animal welfare through technological development and research initiatives utilizing cultured cells and computer modelling.

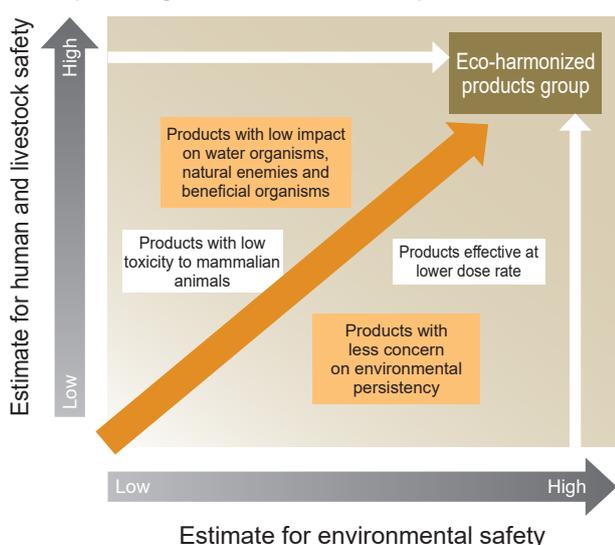


## Creating Eco-harmonized Products

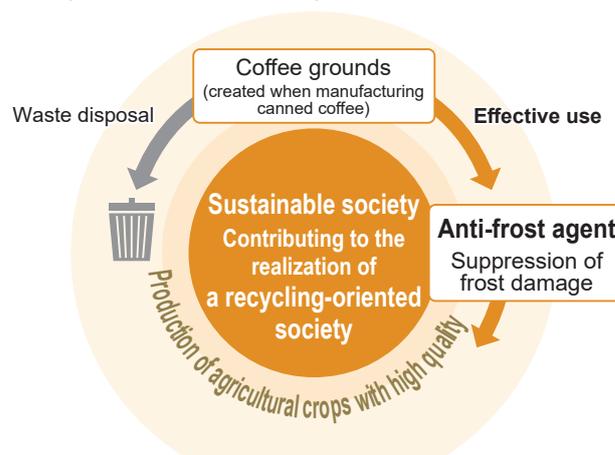
As agrochemicals are put into natural ecosystems like cultivated land, their relationship with the environment is a top priority for R&D and commercialization. Over the past few decades, we have contributed to the world's food production by developing eco-harmonized agrochemical products that reduce impact on environmental organisms and/or amount of residue.

In the registration requirements for agrochemicals, there is an increasing demand for test results on environmental fate such as ecological effects on non-target organisms and persistency, and this trend could continue in the future. In addition to such stricter registration requirements, we aiming to develop “Eco-harmonized products” that are less adverse to the environment from the perspective of promoting SDGs, CSR activities, and ESG management.

Conceptual diagram of Eco-harmonized products



Examples of Eco-harmonized products



“Frost Buster” is a new anti-frost material jointly implemented by Asahi Quality & Innovations, Ltd. and KUREI Co., Ltd., a venture company from Kansai University.

## Initiatives toward Advanced Technologies

### Contributing to Smart Agriculture

We have accelerated our efforts for “smart agriculture” to solve agriculture related issues, making use of cutting-edge technologies. As part of our activities, we worked with several agrochemical manufacturers to promote “LeiMe AI Disease, Pest & Weed Analysis” and released it in April 2020 as an application on smartphone. As of the end of June 2022, 12 crops can be diagnosed and we plan to expand it in the future. We will continue to work on expanding crops that can be diagnosed, enhancing functions, such as making it multilingual, and strengthening overseas development. AgriMart Corporation also started a sanitary pest management support service, “LeiMe AI Pest Identification and Counting System,” in April this year.



LeiMe image diagnosis

### Expansion to Pharmaceuticals and Animal Health Products

In Nihon Nohyaku's pharmaceutical and animal health products business, we have applied the technologies from our core business of agrochemical to the development of topical antifungal agents (medicine for athlete's foot) and flea and tick control agents for animals. Our invention “Ianoconazole” and “luliconazole,” are highly effective against trichophyton, the fungus that causes athlete's foot.

# Community Involvement

## Dialogue with Stakeholders

### Communication with our Shareholders and Investors

In order to build a foundation for constructive dialogue with stakeholders, Nihon Nohyaku has established a disclosure policy. We accordingly, strive to appropriately disclose corporate information, including non-financial information, ensure the transparency of corporate management and holds financial results briefings as well as individual IR meetings.

Video recordings of financial results briefings are available on demand on our website.

### Strengthening Communication with our Customers

#### ● Association Memberships

Through various associations, we will contribute to society by educating and raising awareness about the correct use of agrochemicals and improving consumers' correct understanding how to use agrochemicals.

#### Industry

#### Associations

- Japan Crop Protection Association
- Japan Chemical Industry Association
- Japan Association for Advancement of Phyto-Regulators
- Green and Safety Promoters Association

#### ● Customer Consultation Service

We have established consultation desks based on product fields. Regarding domestic agrochemical products, we welcome inquiries from customers via telephone or inquiry form on our website. It is also important for us to hear general questions and inquiries from consumers regarding agrochemicals. By providing relevant information, we hope to improve understanding of our agrochemicals.

#### ● Disclosure of Business Information

For deeper understanding of our business activities by our stakeholders, we work to provide timely and appropriate information disclosure and to enhance the content of the information. We also provide a service called "LeiMe's Agrochemicals Chat Room," where a cartoon character called LeiMe provides easy to understand explanations of matters such as product information and the safety of agrochemicals on our website.



Our website (top page)  
<https://www.nichino.co.jp/en/index.html>

## Supporting Regional Revitalization

### Office Training and Tours

Many festivals and meetings held by neighborhood communities in the locations of our offices were suspended in FY2021 in order to prevent the spread of COVID-19. We participate in meetings held by regional councils, etc. on line.

In FY2021, we implemented sufficient measures to prevent infection and received 60 people from seven groups for an office tour at Naganuma Nursery.



Tour at the Naganuma Nursery

### Nichino Scholarship Fund

In FY2008, we started the Nichino Scholarship Fund, commemorating the 80th anniversary of our foundation. This year marks the 15th year of the fund. We have provided scholarship funds to students from 9 agricultural colleges in Japan to support agricultural careers of more than 250 students in total. We were unable to hold agrochemical workshops for scholarship students in 2021 due to COVID-19, but we distributed related documents to students to deepen their understanding of agrochemicals. We hope this system will aid in the development of successors to the future of Japanese agriculture.

### Support Activities for Ukraine

In March 2022, the Nihon Nohyaku Group made an donation through UNICEF with the aim of offering humanitarian aid to Ukraine and Ukrainian refugees.

# Strengthening Corporate and Organizational Governance

## Corporate Governance

### Approach to Corporate Governance

Through efforts to realize the Nihon Nohyaku Group's Basic Principles, Action Charter and Group Vision, we aim to be a corporate group that is trusted by various stakeholders like shareholders, customers, employees, business partners and local communities. We will build an effective corporate governance structure to achieve sustainable growth and improve medium to long term corporate value.

### Corporate Governance Structure and Initiatives

By appointing Audit and Supervisory Committee members, who are responsible for auditing the execution of duties by Directors, as members of the Board of Directors, Nihon Nohyaku has adopted the form of a company with an Audit and Supervisory Committee to strengthen the supervisory function of the Board of Directors and enhance corporate governance.

In addition, we have established the Governance Committee (members: 7 as of March 31, 2022), where a majority of members are independent officers, as an advisory body to the Board of Directors. The Governance Committee further enhances corporate governance by deliberating and reporting on the appropriateness of the process for appointing/dismissing candidates for Director of Nihon Nohyaku, their qualifications and reasons for appointment upon a consultation request from the Board.

#### Board of Directors (FY2021)

- Directors (Excluding Directors Serving as Audit and Supervisory Committee Members) : **10**
- Directors Serving as Audit and Supervisory Committee Members : **5**
- Independent Outside Directors (percentage) : **5 (33.3%)**
- Female Directors (percentage) : **2 (13.3%)**
- Average attendance rate at Board of Directors meetings : **99.6%**
- Average time required for Board of Directors meetings : **90 minutes**

### Analysis and Evaluation of the Effectiveness of the Board of Directors

Nihon Nohyaku's Board of Directors conducts a questionnaire survey for Directors every year concerning the effectiveness of the entire Board of Directors. Based on the results of this questionnaire survey, the Governance Committee is consulted regarding the results of analysis and evaluation of the effectiveness of the Board of Directors. According to the contents of the reports received, efforts are made to continuously improve identified issues.

### Policies on Determining Officers' Remuneration

The policies for determining remuneration etc., for individual Directors are determined by the Board of Directors after it receives opinions from the Governance Committee, which is a voluntary advisory body of the Board of Directors, on officers' remuneration. The ratio of type of remuneration for Executive Directors shall be determined in consideration of factors including long-term R&D based business characteristic of Nihon Nohyaku, the Director's position, duties, standards at other companies and social trends. The ratio between basic remuneration, bonuses and performance-linked stock-based remuneration during the period to which a medium-term management plan applies will be about 8:1:1.

### Corporate Governance Diagram



## Policies and Procedures for Appointing Candidates for Officers

Nihon Nohyaku considers the diversity of Board of Directors members, and selects candidates for Director (excluding Audit and Supervisory Committee members) from those who possess high ethical standards as well as personality, insight, ability and extensive experience. In addition, candidates for Director serving as Audit and Supervisory Committee members shall be selected from a broad pool of candidates in accordance with eligibility requirements established by Nihon Nohyaku, with the approval of the Audit and Supervisory Committee. Candidates for Independent Outside Director shall be selected from a broad pool of candidates in accordance with eligibility requirements (including fulfilling Nihon Nohyaku's independence standards) established by Nihon Nohyaku.

## Enhancing and Strengthening Internal Control Systems

At Nihon Nohyaku, the Audit and Supervisory Committee exercises management evaluation authority based on two ways; one by checking the legality and validity of the execution of business by Nihon Nohyaku and Group companies and the other by right to state opinions regarding the appointment of Directors who are not Audit and Supervisory Committee members, so that checking function of the governance structure would be enhanced.

Internal Control & Audit Department conducts internal audits based on the internal audit plan set forth each fiscal year to promote the improvement of operations. They exchange information and hold meetings in a timely and appropriate manner so that each audit, including accounting audits by auditing firms, would function efficiently and effectively.

### Message from our outside officers

Nihon Nohyaku is an R&D based agrochemical manufacturer with the longest history in Japan and we have continuously taken on tackles to ensure stable food supply through technological innovations and to protect affluent lifestyles and the environment.

Based on my experience in managing a business company in the USA, I have strengths in the fields of corporate management, overseas business, and finance and accounting. At the meetings of Board of Directors, I have actively spoken up about important proposals related to item acquisition and new investment projects in addition to maintaining the business base and operating overseas subsidiaries.

Nihon Nohyaku is listed on the Tokyo Stock Exchange Prime Market, at the same time, it is a subsidiary of ADEKA Corporation, which owns 51%. Based on this, I would like to express my thoughts on three points regarding Nihon Nohyaku's governance.

The first point is about the composition of the Board of Directors. The Board of Directors has active discussions and functions well and it will be necessary to increase the percentage of women (currently 2 out of 15) and to include Board of Directors members from overseas. The time may come when discussions in English become the norm at Board of Directors meetings.

The second point is about the response to internationalization. Our overseas sales ratio exceeds 60% and is increasing year by year. Risk management at overseas Group companies is becoming increasingly important. There is also the possibility that Directors whose native language is not Japanese will appear. We already have two non-Japanese Executive Officers and the opinions of overseas Group employees are directly reflected in the management of the Nihon Nohyaku Group. Their opinions will likely become even more prominent in the future when non-Japanese Directors are appointed.

The last point is about research and development. Nihon Nohyaku's foundation is R&D capabilities, and our future growth depends on how many new agrochemicals we can launch market worldwide. In addition to in-house developed products, opportunities to introduce chemical compounds discovered by other companies will likely increase, and projects led by overseas subsidiaries will also increase. While such proactive initiatives are required, risk management is also important. In addition to the ability to create new agrochemicals, it is necessary to balance the comprehensive strengths of the entire Group, such as contracts and introduction evaluations.

There are many things that listed companies must undertake, including CSR and SDGs initiatives. Currently, the Nihon Nohyaku Group has a good governance structure in place. But, it is fragile. Along with risk management for the entire Group, we must also respect the diversity of our employees. Even as the business environment is expected to change more and more, I will fulfill my responsibilities as an Outside Director from a broad perspective so that the Nihon Nohyaku Group may achieve its global growth strategy while maintaining its base in Japan.



**Kazuyoshi Tachibana**  
Outside Director

# » Expansion of Compliance and Risk Management

## Compliance

### Approach to and Promotion System for Compliance

Compliance at Nihon Nohyaku includes not only complying with laws and regulations, internal regulations and contracts, but also prohibiting unethical behavior that is not socially acceptable under high ethical standards. We have established Compliance Committee as a concrete promotion system for realizing this philosophy. The Compliance Committee consists of Executive Officers or full-time Directors from each department, and the administrative office is operated by General Affairs & Legal Department. In addition, we have appointed Compliance Promotion Supervisors and Compliance Promotion Managers in each department and office. Compliance Promotion Supervisors formulate policies and provide guidance to ensure thorough compliance in their departments and Compliance Promotion Managers provide practical support to further promote and comply with compliance.

### Compliance Initiatives

Nihon Nohyaku fulfills its corporate social responsibility by ensuring that the business activities of all employees comply with laws and regulations, as well as internal rules and norms, and by preventing corporate scandals. We have established the Group Compliance Council to ensure thorough compliance within our Group. To respond quickly and appropriately to compliance violations, we have established an internal reporting system that allows all employees to report directly to officers in charge of compliance and external law firms, in addition to an organization-based reporting system.

### Initiatives toward Anti-Corruption

One of the Basic Principles of the Nihon Nohyaku Group states that “we commit to being a trustworthy company for all stakeholders through our fair and vigorous business activities,” and we actively fulfill our corporate social responsibility through sound business activities in compliance with relevant domestic and international laws and regulations. As part of the Basic Anti-Bribery Policy, we request all employees of Nihon Nohyaku and Group companies to comply with the “Prohibition on Bribery,” “Understanding and Compliance with the Bribery Laws and Regulations and Policy for Prevention of Bribery,” “Appropriate Approval Procedures and Ex-post Facto Confirmation Procedures,” “Building of Sound Business Relationship,” “Regular Risk Assessment, Review and Improvement,” “Thorough Records Management” and “Prompt Report.”

### Global Expansion and Management

Nihon Nohyaku conducts lively discussions through the Group Compliance Council and provides useful advice so that overseas Group companies may fully respond to local social issues based on compliance with local laws and regulations and corporate ethics. This includes verifying whether overseas Group companies and their suppliers/contractors are having a negative impact on the local environment and society (for example: monitoring and guidance to ensure that our products are not used in inappropriate ways by customers, and confirmation with Group companies to ensure that inappropriate gifts etc. are not given between private companies other than public officials), and considering appropriate measures that go beyond laws and regulations.

## Risk Management

### Approach to and Promotion System for Risk Management

Recognizing that risk management is an important part of management, we take appropriate measures to prevent potential risks in our business activities and strive to prevent losses caused by materialization of risks as much as possible, and in doing so, we aim to achieve the Nihon Nohyaku Group's management plan.

Nihon Nohyaku has established a basic policy and management system for risk management for the entire Group in the “Risk Management Regulations,” and has established the Risk Management Committee, composed of full-time Directors and Executive Officers who supervise each department, to identify risks, prevent risks from materializing, and take measures to minimize the impact of risks that have materialized.

## Risk Management Initiatives

We hold a regular committee meeting in March every year to summarize the activities of the year and determine policies for the next year, and based on this, we hold workplace meetings (twice a year) and a group council within Group companies (once a year).

At the first workplace meeting in FY2021, we disseminated information on management risks and company-wide risks to improve the risk management awareness of each employee. The second meeting was held for updating the risk list of each workplace. As a result of discussions at each workplace, we identified new risks unique to the COVID-19 pandemic, such as the risk of long working hours due to an increase in online meetings with overseas partners, the risk of loss of procurement and sales opportunities due to soaring costs of goods and logistics, and the risk of information leaks due to frequent use of digital technology.

We plan to work on risk management activities that comply with management systems represented by ISO31000.

## Enhancing BCP (in Japan: an earthquake directly hitting Tokyo, natural disasters, infectious diseases)

We have established the Nichino Group Emergency Response Regulations and organized a controlled organization in the event of an emergency such as a disaster or infectious disease or when such an event is predicted, and have a system in place to respond quickly and accurately to such an emergency.

In addition, we have established guidelines for large-scale disaster countermeasures at each of our major bases, and we have prepared action standards and a business continuity plan (BCP) in the event of large-scale disasters such as an earthquake directly hitting Tokyo or natural disasters, and review them as necessary. As a measure to prevent the spread of COVID-19, we have established an Emergency Response Committee that issues appropriate notifications to Nihon Nohyaku and Group companies to prevent wide spread of infection based on government requests. As specific preventive measures against the spread of infection, we have set a target of within 30% of employees coming into the office by making the most of the working from home system, thoroughly implemented infection prevention measures during domestic business trips, and refrained from overseas business trips in principle.

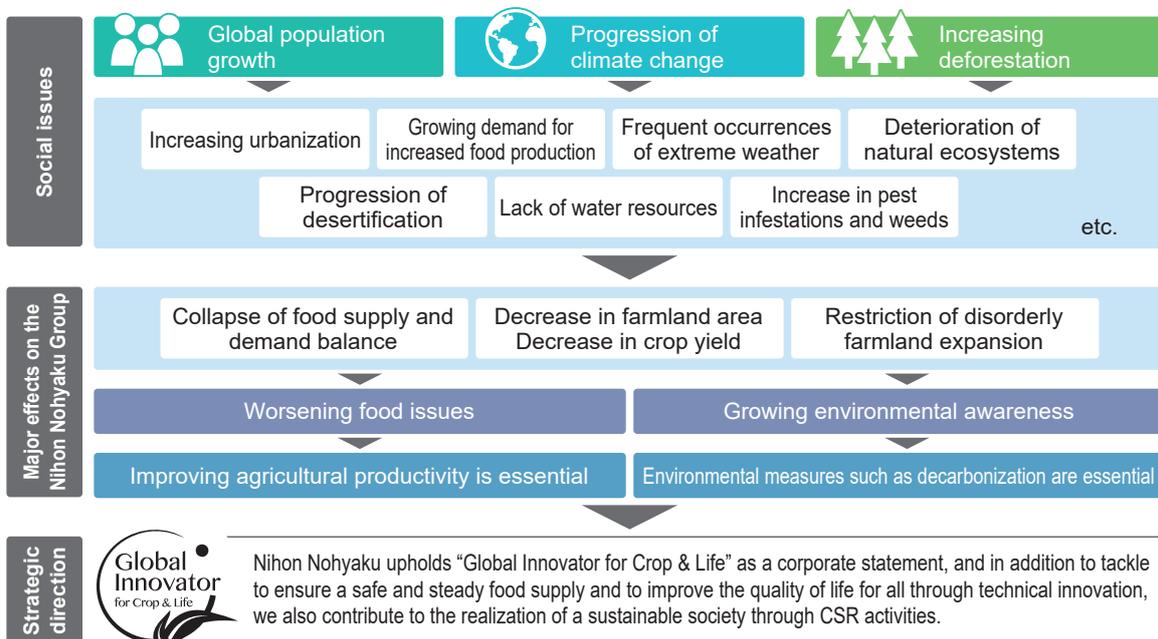
## Response to TCFD\*1 Recommendations

Climate change is supposed to have various effects on the global environment, including agricultural crop production and natural ecosystems, so the effective promotion of countermeasures is a global task. For the Nihon Nohyaku Group, whose core business is a global agrochemical for stable crop production, analyzing and predicting the direct, indirect or derivative and ongoing impacts of climate change is an important aspect of business strategy.

The Nihon Nohyaku Group announced its support for the TCFD Recommendations (February 2022), and we are proactively disclosed information\*2 regarding our long-term awareness and strategic response centered on the analysis of minimizing management risks and maximizing business opportunities.



\*1 Task Force on Climate-related Financial Disclosures \*2 Please see our website ([https://www.nichino.co.jp/en/csr/csr\\_climate.html](https://www.nichino.co.jp/en/csr/csr_climate.html)) for details on our response to climate change.



# Company Overview and List of The Nihon Nohyaku Group Companies



## Nihon Nohyaku Co., Ltd.

as of March 31, 2022

|                                    |   |
|------------------------------------|---|
| Head Office address                | 19-8 Kyobashi 1-Chome, Chuo-ku, Tokyo 104-8386  |
| Founded                            | November 17, 1928   |
| Capital                            | 14,939 million yen  |
| Number of employees (consolidated) | 1,536   |
| Main business                      | Manufacture, import, export, and sale of a variety of products including agrochemicals, pharmaceuticals, animal health products, industrial chemicals, wood preservatives, and agricultural materials |

|                                  |  |
|----------------------------------|--|
| Head office and branches         | <ul style="list-style-type: none"> <li>① Head office, Tokyo Branch (Chuo-ku, Tokyo)</li> <li>② Sapporo Branch (Sapporo-shi, Hokkaido)</li> <li>③ Sendai Branch (Sendai-shi, Miyagi)</li> <li>④ West Japan Branch<br/>Tokai-Hokuriku Sales Office (Osaka-shi, Osaka)<br/>Osaka Sales Office (Osaka-shi, Osaka)</li> <li>⑤ West Japan Branch<br/>Fukuoka Sales Office (Fukuoka-shi, Fukuoka)</li> <li>⑧ Osaka Office (Osaka-shi, Osaka)</li> </ul> |
| Research Facilities              | <ul style="list-style-type: none"> <li>⑥ Research Center (Kawachinagano-shi, Osaka)</li> <li>⑦ Naganuma Nursery (Yubari-gun, Hokkaido)</li> </ul>  |
| Manufacturing plant (contracted) | <ul style="list-style-type: none"> <li>⑩ Nichino Service Co., Ltd.</li> <li>(⑪ Fukushima Plant / ⑫ Kashima Plant / ⑬ Saga Plant)</li> </ul>  |

## Consolidated Group Companies

|  |   |                           |
|--|---|---------------------------|
| ⑨ Nichino Ryokka Co., Ltd.               | Sales of chemicals/pesticides for golf courses, home & garden, and greenification, sales of turf and turf-related materials, planning and construction of gardens and amenity areas | Chuo-ku, Tokyo            |
| ⑩ Nichino Service Co., Ltd.              | Manufacturing and sales of agrochemicals, contracted manufacturing, storage and transport of agrochemicals, cultivation and management of fields and real estate management         | Chuo-ku, Tokyo            |
| ⑪ Fukushima Plant                        |   | Nihonmatsu-shi, Fukushima |
| ⑫ Kashima Plant                          |   | Kamisuru-shi, Ibaraki     |
| ⑬ Kawachinagano Center                   |   | Kawachinagano-shi, Osaka  |
| ⑭ Saga Plant                             | Miyaki-gun, Saga  |                           |
| ⑮ Nichino America, Inc.                  | Agrochemical sales, promotion, development, and registration in the USA   | U.S.A. / Wilmington       |
| ⑯ Nihon Ecotech Co., Ltd.                | Agrochemical residue analysis, chemical substance safety testing, and related activities  | Chuo-ku, Tokyo            |
| ⑰ Fukushima Analytical Technology Center |   | Nihonmatsu-shi, Fukushima |
| ⑱ Osaka Analytical Technology Center     | Kawachinagano-shi, Osaka  |                           |
| ⑲ Taiwan Nihon Nohyaku Co., Ltd.         | Agrochemical sales and promotion in Taiwan  | Taiwan / Taipei           |
| ⑳ AgriMart Corporation                   | Sales of termite control agents/devices and pest control agents/devices   | Chuo-ku, Tokyo            |
| ㉑ Nichino India Pvt. Ltd.                | Agrochemical sales, manufacturing, development, promotion, import and export in India   | India / Hyderabad         |
| ㉒ Sipcam Nichino Brasil S.A.             | Agrochemical sales and manufacturing in Brazil  | Brazil / Uberaba          |
| ㉓ Nichino Europe Co., Ltd.               | Agrochemical sales, promotion, development, and registration in Europe  | UK / Cambridge            |

## Non-consolidated Subsidiary Accounted for by the Equity Method

|                             |  |                       |
|-----------------------------|--|-----------------------|
| ㉔ Nichino Vietnam Co., Ltd. | Agrochemical sales, development, promotion, import and export in Vietnam | Vietnam / Ho Chi Minh |
|-----------------------------|--|-----------------------|

## Non-consolidated Companies

|  |  |                      |
|--|--|----------------------|
| ㉕ Nichino Shanghai Co., Ltd.           | Agrochemical sales and promotion in China  | China / Shanghai     |
| ㉖ Nichino do Brasil Agroquímicos Ltda. | Agrochemical development and registration in Brazil  | Brazil / Sao Paulo   |
| ㉗ Nihon Nohyaku Andica S.A.S.          | Agrochemical sales, development, promotion, import and export in the Andes and Central America | Colombia / Bogota    |
| ㉘ Nichino México S. de R.L. de C.V.    | Agrochemical sales, promotion, development, and registration in Mexico                         | Mexico / Mexico City |
| ㉙ Nichino Korea Co., Ltd.              | Agrochemical sales, promotion, development, and registration in South Korea                    | South Korea / Seoul  |

## Affiliated Companies Accounted for by the Equity Method

|   |  |                     |
|---|--|---------------------|
| ㉚ Agricultural Chemicals (Malaysia) Sdn. Bhd. | Agrochemical sales and manufacturing in Malaysia   | Malaysia / Penang   |
| ㉛ Sipcam Europe S.p.A.                        | Agrochemical sales and manufacturing in Europe   | Italy / Milan       |
| ㉜ Tama Kagaku Kogyo Co., Ltd.                 | Contract manufacturing of technicals and raw materials for agrochemicals, pharmaceuticals and functional materials, etc. | Yashio-shi, Saitama |

## Third-Party Opinion

It can be said that the Nihon Nohyaku Group's CSR and sustainability initiatives have entered the stage of identifying priority issues (materiality) and making strategic progress, mainly based on Responsible Care activities. Going forward, I hope to see the promotion of more company-wide initiatives that will lead to further improvement in corporate value.

### ○Points that can be highly commended

One point that can be commended is the implementation of comprehensive initiatives and disclosure. Strengthening the CSR promotion organization is extremely important, and I can commend the fact that it is making steady progress. I look forward to seeing the continued enhancement of the functions of the promotion organization in line with changes in society. In addition, Nihon Nohyaku states that their "business activities themselves correspond to the practice of CSR," and I highly commend them for seeking responses to SDGs through business activities focused on the opportunity side of sustainability.

The originality of the commitment of top management is also commendable. The message includes references to the president's career and personal anecdotes, making it easier for third parties to understand who the top person is and help them understand the company. While there are many top messages with content that anyone can say, I look forward to seeing the messages that express "uniqueness" also in the future.

### ○Points to be improved upon going forward

One area that could be improved upon is the amount of information.

Although the outline of the Nihon Nohyaku as a company can be understood with the current amount of information, there was not enough information to gain deeper understanding and empathy. Just a large amount is not always necessary, but comprehensive information disclosure on sustainability is essential for readers to better understand Nihon Nohyaku. In particular, I am concerned about the small amount of information on S (society), which has many priority issues. Disclosure on human resources and human capital is becoming globally mandatory, and enhancement of further information dissemination, including data sheets, will become necessary going forward. In addition, the medium-term management plan from FY2021 discusses "Sustainable growth in corporate value," but I was unable to read the details in this report. It is difficult to understand the consistency between the medium-term management plan, i.e. the management strategy and the sustainability strategy, and it is also difficult to fully understand the uniqueness of the Nihon Nohyaku Group and its initiatives. If it is not included in the report, readers could understand better if measures such as directing them to the website are taken. In the future, it would be advisable to disclose the "value creation process," which describes how the management strategy and sustainability strategy are integrated into concrete measures centered on improving corporate value.

As one of Japan's leading agrochemical manufacturers, I strongly hope that Nihon Nohyaku will disclose information that focuses more on corporate value going forward.



### Mitsunobu Ando

Representative Director, Association for Sustainability Communication. He specializes in sustainability management and ESG information disclosure. With the mission of "updating sustainability in Japan," he provides sustainability management support mainly for listed companies. He is the author of "Future Business Illustrated SX & SDGs" (MdN), "Emergent Responsible Management" (Nikkei Publishing) and many others.

## In Response to the Third-Party Opinion

We would like to express our sincere gratitude to Mr. Ando for his evaluation and opinion. Nihon Nohyaku has eventually established a CSR promotion system, and we are repeating trial and error. When creating this CSR report, we changed the structure of the report, which had been close to an RC report, to focus more on CSR priority issues. We will continue to improve our disclosure of information, focusing on the points indicated by Mr. Ando, and increase transparency to all stakeholders without compromising the Nihon Nohyaku Group's "uniqueness."

Hideo Yamamoto, Director, Managing Executive Officer, Nihon Nohyaku Co., Ltd.

## Third-Party Verification

The CSR Report 2021 issued last year was verified by Japan Chemical Industry Association (JCIA) in accordance with the mid-term target of the Nichino Group Responsible Care program (FY2020 to FY2024) (August 2021). The verification included confirmation of the reasonableness of the methods of calculation and aggregation of the performance indicators (numerical values) listed in this report as well as the accuracy of reported information other than the numerical values in the report.

# NIHON NOHYAKU CO., LTD.

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Chuo-ku, Tokyo 104-8386, JAPAN

**Phone** +81-3-6361-1400

**Website** <https://www.nichino.co.jp/en/index.html>



We practice Green Purchasing.



Nihon Nohyaku received a Development Bank of Japan loan based on the DBJ Environmentally Rated Loan Program, and has been rated as "a company with advanced environmental initiatives".

