

# NICHINO SUSTAINABILITY REPORT 2024



Responsible Care®  
OUR COMMITMENT TO SUSTAINABILITY

# Philosophy Structure of NICHINO Group

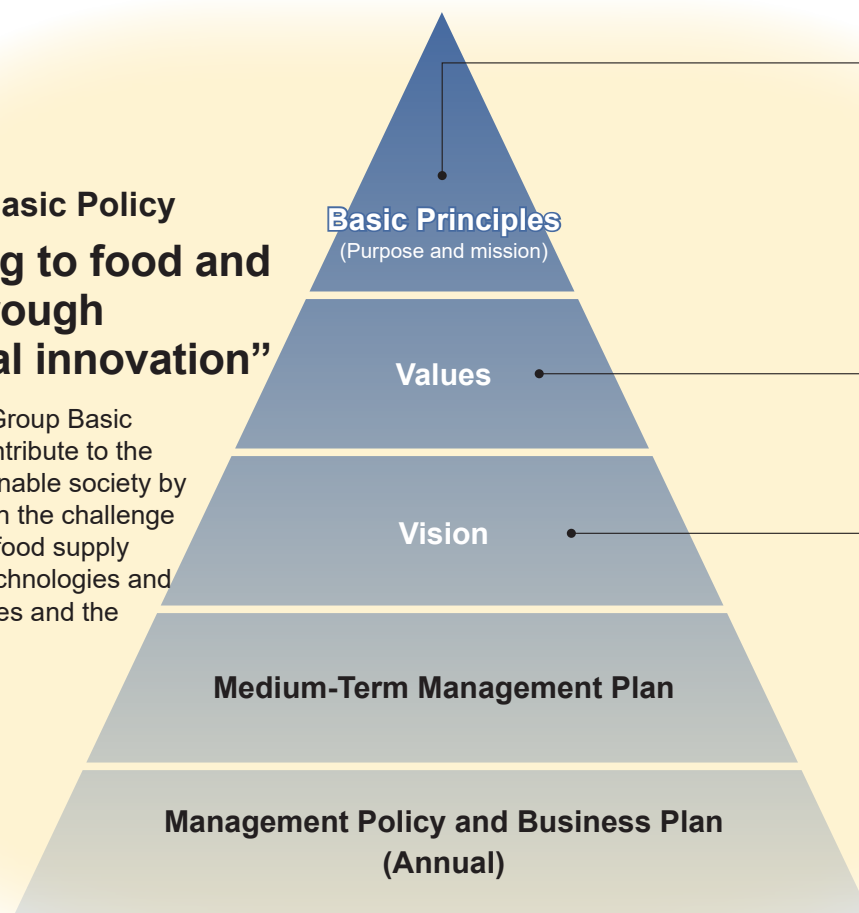
NICHINO Group's philosophy structure consists of the "Basic Principles," which express the Group's raison d'être and mission; the "Values" that the Group cherishes in order to embody the "Basic Principles"; the "Vision," which expresses the Group's ideal business model for the future; as well as the "Medium-Term Management Plan" and "Management Policy and Business Plan (Annual)" to realize said "Vision." The Group has positioned the "Sustainability Basic Policy" as the backbone that supports everything from the Basic Principles to the Management Policy and Business Plan (shown in diagram below). Our Group will steadily promote its medium-term management plan as well as the management policy and business plan based on this philosophy structure to contribute to the realization of a sustainable society.



## Sustainability Basic Policy

### "Contributing to food and lifestyles through technological innovation"

Based on NICHINO Group Basic Principles, we will contribute to the realization of a sustainable society by continuously taking on the challenge of ensuring a steady food supply through innovative technologies and protecting rich lifestyles and the environment.



## NICHINO Group Action Charter

- ① We improve quality of life for all by providing safe and effective products and services that satisfy 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, with consideration for the global environment.
- ④ We actively communicate and contribute to our communities as good corporate citizens.
- 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 respect the human rights and diverse values of all people and contribute to the realization of a society free of discrimination and prejudice.
- ⑧ We ensure a safe and comfortable work environment for our employees, always respecting individuality and the diversity in people and cultures.
- ⑨ We entirely exclude involvement with antisocial forces and organizations and resolutely refuse unreasonable requests.
- ⑩ 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.
- ⑪ We promote the sound and sustainable growth of the business for social contribution.

For detailed sustainability information, please refer to the sustainability section of our website, and for main ESG data, please refer to the “Sustainability Data Book” on our website.

**Online Sustainability section of our website**  
<https://www.nichino.co.jp/en/csr/index.html>



**PDF Sustainability Data Book**  
<https://www.nichino.co.jp/contents/000025606.pdf>



## Basic Principles

- We contribute to the realization of a sustainable society by ensuring a safe and steady food supply and protecting quality of life.
- We respond to the needs of society by taking on the challenge of creating new values.
- We respond to the expectations of all stakeholders through fair and vigorous corporate activities.

## Values

NICHINO Group’s most important value is to “provide customer satisfaction and contribute to society” by leveraging its unique strengths. These strengths are our “unique technology,” our orientation toward “globalization & localization,” and our “entrepreneurship.” Moreover, we believe that the source of this value lies in our human resources, and we have shared our ideal image for human resources as “Nichino Human Capital Value.” We are implementing measures to develop human resources and foster a good corporate culture.

### Customer Satisfaction and Social Contributions



## Vision

**“Global Innovator for Crop & Life”**

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### Editorial Policy

This Sustainability Report summarizes NICHINO 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 NICHINO Group covers Nihon Nohyaku Co., Ltd. and nine consolidated Group companies.

**Data Aggregation Period** Unless otherwise noted, the 2023 fiscal year (the 125th fiscal year, April 2023 to March 2024, 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 2024.

**Issue** | October 2024 (Next: Planned for October 2025)

\* 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



### Promoting sustainability management


NICHINO Group was established in 1928 as the first agrochemical manufacturer in Japan. Since then, the Group has developed over time with a business model of research and development, manufacturing, sales, and promotion of agrochemicals to protect crops from pest infestations and weeds. Japan's domestic economic environment and demographics have undergone major changes, such as a period of high economic growth after the war and the three lost decades following the collapse of the bubble economy. In this environment, Nihon Nohyaku has contributed to the steady supply of food not only in Japan but also around the world by ensuring crop yields and improving crop quality.

The “unique technology” that we have cultivated as an R&D-driven company and the “entrepreneurship” that has led to a variety of innovations are strengths that Nihon Nohyaku has possessed since its founding. Over the past 20 years, Nihon Nohyaku has also strengthened its global expansion based on the unique policy of “globalization & localization,” and has sought to promote local development through initiatives that are rooted in various regions. By developing business in this way with a focus on our strengths, we have established a unique position for ourselves in the agrochemical industry.

For NICHINO Group to continue its business activities going forward, it will need to leverage these distinctive strengths while responding appropriately to the demands of the new era. This is because the social conditions surrounding us are changing rapidly and in complex ways.

Just looking back over the past few years, the world has changed dramatically. It has been one year since COVID-19—which broke out at the end of 2019—subsided and was reclassified as a Category V Infectious Disease. Although daily life in Japan is gradually returning to normal, our lifestyles, workstyles, and business environments have changed significantly in comparison to pre-COVID-19 times. Geopolitical risks are also increasing, with the prolonged





# **We contribute to the realization of a sustainable society by ensuring a safe and steady food supply and protecting quality of life.**

**Hiroyuki Iwata**

President and Representative Director

Russian invasion of Ukraine and the worsening situation in the Middle East. Accordingly, future forecasts remain unclear.

In addition, given the nature of our business, we cannot overlook global climate change issues, such as the El Niño phenomenon. Unprecedented weather events, including droughts and heavy rains, are having various effects on agricultural production.

In corporate management, there is now a demand for proactive initiatives and information disclosure regarding non-financial value, including ESG management and human capital management. There is also a strong demand for companies to transform themselves into entities that can compete responsibly in the government-led global market. Contributing to the realization of a sustainable society has become a natural responsibility for companies.

In light of these changes, I strongly believe that we need to work even harder to resolve diverse and global social issues. To that end, we will promote sustainability management that further develops CSR management, which is based on both economic value and social value.

As a first step towards doing this, we decided to review NICHINO Group's raison d'être and revise parts of our Basic Principles and Action Charter. Three Basic Principles are: "We contribute to the realization of a sustainable society by ensuring a safe and steady food supply and protecting quality of life," "We respond to the needs of society by taking on the challenge of creating new value," and "We respond to the expectations of all stakeholders through fair and vigorous corporate activities." While still respecting our past principles, this update reflects our determination to achieve sustainable growth for NICHINO Group while also striving for long-term environmental, social, and economic sustainability. We also revised part of our Action Charter in line with this update, and we will ensure that it is shared with all Group companies.

## Commitment of Top Management

### Continuing initiatives for the Seven Priority Issues

To concretely implement sustainability management, we selected Seven Priority Issues (materiality) based on their importance to NICHINO Group's business, and worked to address them. Progress for FY2023 was as follows.

#### **E: Raising the level of environmental management (environmental conservation)**

In addition to reducing daily energy consumption, we began solar power generation at the Nichino Service Fukushima Plant. We are working to improve the modal shift rate, such as by responding to the 2024 logistics problem that deals with concerns over a decline in truck transport capacity. We are also switching to formulations that have a lower environmental impact, including by reducing the use of organic solvents.

Moreover, we responded to the CDP (Carbon Disclosure Project)'s assessment for the first time and received a "B" rating in the area of climate change. We will continue to strive for further improvements.

#### **S: Expansion of human rights management (DE&I, human capital development)**

We formulated a new Human Rights Policy by expanding on our previous Basic Human Rights Policy. We also conducted a procurement survey for our first-tier suppliers using the United Nations Global Compact assessment tool. Although no major issues have been identified at this time, we will continue to provide feedback based on survey results and make improvements while promoting human rights due diligence.

In addition, we are implementing global personnel exchanges as part of our efforts to promote the active participation of diverse human resources. As of the end of March 2024, the ratio of female managers had increased to 10.3%.

#### **S: Enhancing the safety culture (occupational safety & health, product safety)**

We believe that safety is of utmost importance in the Group's business activities. During this fiscal year, Nichino India began operating a dedicated facility for the production of benzpyrimoxan technical product. We will continue to strengthen our governance functions with the aim of achieving zero accidents across the entire Group globally.

#### **S: Development of technologies and products that meet the needs of society (pursuing customer satisfaction)**

We plan to increase our ratio of eco-harmonized products that have a lower environmental impact. By setting our own strict internal standards, we will pursue higher performance and safety, thereby accelerating global registrations. As part of this, we have begun domestic sales of Cross Value, a biostimulant.

In response to smart agriculture, we are obtaining additional registrations for existing products so that they can be sprayed by drones. We are also working to expand our smartphone app, "LeiMe AI Disease, Pest & Weed Analysis," overseas. Going forward, we will aim to develop promising compounds, including pharmaceuticals and animal health products. We will also target license-in and sales of new biopesticides and crop aid products.

#### **S: Community involvement (dialogue with stakeholders)**

As part of our brand strategy, we consolidated the Group's logo and expanded it globally. The Research Center is participating in Osaka Prefecture's Adopt-a-Forest Program and working on reforestation activities. In addition, we have been included as a constituent in the FTSE Blossom Japan Sector Relative Index, which reflects the performance of Japanese companies with excellent ESG (Environmental, Social and Governance) practices. Going forward, we will work to raise awareness regarding the necessity and safety of agrochemicals.

#### **G: Strengthening corporate and organizational governance (corporate governance)**

We revised the general control checklist and expanded the scope of our overseas Group companies. We will continuously strive to expand global RC activities, strengthen and expand internal audits, and work to establish sustainability management within the Group.



## ESG-wide: Expansion of compliance and risk management (BCP)

In order to strengthen compliance with the Foreign Exchange and Foreign Trade Act regarding the import and export of agrochemicals, we established and began operating a Trade Control Committee. In addition, we collected information on regulatory trends in various countries, including on organofluorine compounds. We also selected SDG items to which NICHINO Group's business contributes. We will continue to organize BCP issues, such as responses to large-scale disasters.

## Aiming for the ideal business model

The medium-term management plan "Ensuring Growing Global 2 (EGG2)," which we worked on for the three years up to FY2023, was affected by factors such as the spread of COVID-19. However, under the three basic policies of "improvement of profitability," "technological innovation and establishment of next-generation businesses," and "sustainable growth in corporate value," we successfully achieved our targets of net sales of 100.0 billion yen and an operating profit margin of 7%.

Our new medium-term management plan, "Growing Global for Sustainability (GGS)," has begun in FY2024. We have positioned these next three years as a time to further develop our sustainability management, which aims for sustainable growth over the medium- to long-term. GGS has six basic policies. "Expansion of business and earnings," "creation of new earnings sources," and "strengthening the financial base" aim to improve economic value, while "raising the level of environmental management," "promotion of human rights management," and "strengthening corporate and organizational governance" aim to improve social value.

As part of these efforts, we will deepen our business strategy by developing eco-harmonized products and expanding our business portfolio beyond agrochemicals. In doing so, we aim to reduce greenhouse gas (GHG) emissions to achieve carbon neutrality, as well as raise the level of environmental management. We will also accelerate the promotion of human capital management to maximize the potential of human resources, who are the source of NICHINO Group's strength.

Our vision for the future is to realize a vision "Global Innovator for Crop & Life." Specifically, we aim to be a unique company with a business scale of 300.0 billion yen or more, which would place us within the top 10 in the global agrochemical market. We also aim to achieve carbon neutrality in the global life sciences market and be a company that continuously creates eco-harmonized products, services, and technologies. Through all this, we strive to make significant contributions to the realization of a sustainable society.

As milestones for this, we aim to create financial value by 2030 with a business scale of over 150.0 billion yen, an operating profit margin of 10% or more, and an ROE of 10% or more. We also set targets for creating non-financial value, such as environmental conservation and human capital development.

Since its founding, Nihon Nohyaku has contributed to stable food production by providing agrochemical products to eliminate pest infestations and weeds. These business activities themselves are directly linked to the sustainability of society and stand as our *raison d'être*, a fact we are proud of. As long as our business continues, this will remain unchanged. We will provide advanced technologies that meet social needs in a wide range of fields, including agrochemicals, pharmaceuticals, and animal health products. In addition, we will strive to ensure a steady food supply, take on challenges to protect rich lifestyles and the environment, and contribute to the realization of a sustainable society.

# The Business and Vision of NICHINO Group

## About the NICHINO Group

Nihon Nohyaku was established 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.

### Mainstay products

**Domestic agrochemical sales**



**Overseas agrochemical sales**



**Other chemical products excluding agrochemicals**



### Vision

**“Global Innovator for Crop & Life”**

- Contributing to the achievement of carbon neutrality.
- Realizing the continuous creation of eco-harmonized products, services, and technologies.
- Significantly contributing to the realization of a sustainable society.



## Global Expansion of Nihon Nohyaku

### Status by business division

Domestic agrochemical sales

**21.8%**

Net sales: 22.4 billion yen

Others

**1.7%**

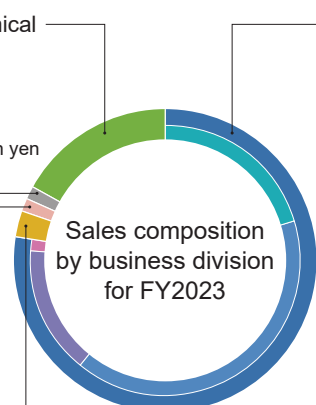
Greening and gardening construction, real estate leasing, agrochemical residue analysis, etc.

Net sales: 1.7 billion yen

Other agrochemicals

**1.8%**

Net sales: 1.8 billion yen



Overseas agrochemical sales

**71.1%**

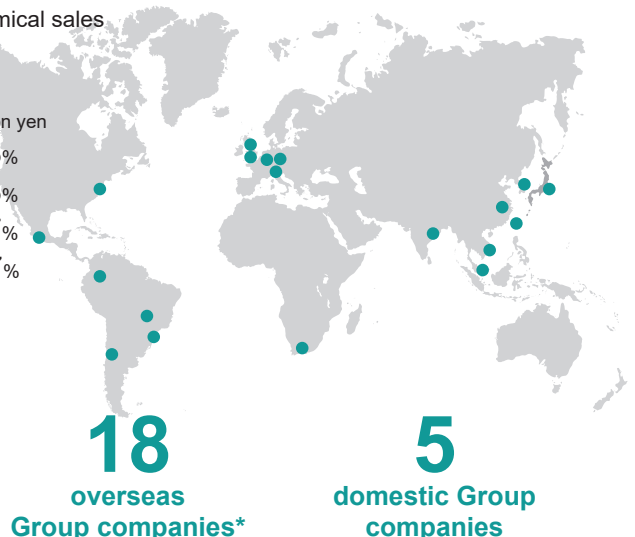
Net sales: 73.2 billion yen

Asia 26.3%  
 Americas 52.3%  
 Europe 19.7%  
 Other regions 1.7%

Other chemical products excluding agrochemicals

**3.6%**

Net sales: 3.7 billion yen



\* Total of subsidiaries and affiliated companies



# Financial/Non-financial Highlights

## Summary of Performance Results from FY2019 to FY2023 (Consolidated)

Main financial data	Mar. 2020*1	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
<b>Net sales</b> (billion yen)	35.6	71.5	80.1	102.0	<b>103.0</b>
<b>Operating profit</b> (billion yen)	4.0	6.9	5.7	8.7	<b>7.4</b>
<b>Ordinary profit</b> (billion yen)	4.0	5.7	5.6	7.7	<b>5.9</b>
<b>Profit attributable to owners of parent</b> (billion yen)	1.4	4.3	4.4	4.4	<b>4.7</b>
<b>ROE (%)</b>	2.6	7.4	7.0	6.6	<b>6.4</b>
<b>Net assets</b> (billion yen)	58.3	62.0	66.9	73.1	<b>80.3</b>
<b>Total assets</b> (billion yen)	102.2	107.9	118.2	136.6	<b>157.9</b>
<b>Equity ratio (%)</b>	55.2	56.4	55.5	51.9	<b>49.4</b>
<b>Earnings per share</b> (yen)	18.75	55.23	56.08	57.23	<b>60.89</b>
<b>Net assets per share</b> (yen)	716.47	774.76	836.39	904.26	<b>994.96</b>

Non-financial data	Mar. 2020*1	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
<b>Number of employees*2</b>					
— <b>Nihon Nohyaku Co., Ltd.</b> (persons)	381	379	382	375	<b>370</b>
— <b>Group consolidated</b> (persons)	1,451	1,484	1,536	1,567	<b>1,570</b>
<b>Rate of female employees*2</b> (Nihon Nohyaku Co., Ltd.) (%)	21.3	23.1	24.6	23.5	<b>24.9</b>
<b>Rate of female managers*3</b> (Nihon Nohyaku Co., Ltd.) (%)	7.4	8.8	8.3	8.4	<b>10.3</b>
<b>Paid leave days used*2</b> (Nihon Nohyaku Co., Ltd.) (days)	5.9	12.1	11.4	13.8	<b>13.8</b>
<b>Rate of male employees taking paternity leave*5</b> (Nihon Nohyaku Co., Ltd.) (%)	100	100	50	50*4	<b>90*4</b>
— <b>Number of male employees eligible for paternity leave</b> (persons)	7	9	10	10	<b>10</b>
— <b>Number of male employees taking paternity leave</b> (persons)	7	9	5	5	<b>9</b>
<b>Number of patent applications filed</b> <b>(Nihon Nohyaku Co., Ltd.)</b> (number)	20	55	124	77	<b>103</b>
— <b>Patent applications filed in Japan</b> (number)	10	11	29	14	<b>2</b>
— <b>Patent applications filed outside Japan</b> (number)*6	10	44	95	63	<b>101</b>
<b>R&amp;D expenses</b> (Group consolidated) (million yen)	2,144	4,461	4,681	5,211	<b>5,448</b>
<b>Charitable donations</b> (Nihon Nohyaku Co., Ltd.) (thousand yen)	700	9,510	10,900	9,950	<b>11,400</b>

\*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 seconded employees.

\*4 Applies to all employees, including contract employees.

\*5 Applies to all employees, including contract employees. Female employee maternity leave usage rate was 100%.

\*6 Number of PCT international applications filed (by transfer country basis) + Paris route or number of standard applications filed.

# History of Value Creation in NICHINO Group

Nihon Nohyaku was established in 1928 as the first crop protection products manufacturer in Japan through a merger of the Agricultural Chemical Department of Asahi Denka Kogyo KK. (now ADEKA CORPORATION) and Fujii Seiyaku Co., Ltd. We have contributed to society by creating high value-added products through technological innovation in the fields of crop protection products, animal health products, pharmaceuticals, and other chemicals. In doing so, we have ensured a safe and steady food supply and protected quality of life.

To realize our future vision of becoming a “Global Innovator for Crop & Life,” we will promote sustainability management and continuously strive to improve long-term corporate value.

## Early days

## Development after founding

### Crop protection products helped overcome postwar food shortages

The history of pest control in Japan, which can be verified through written documents, dates back to the beginning of the Edo era when whale oil was poured into rice field to control plant hoppers. Later, during the Meiji and Taisho eras, crop protection products derived from natural products such as pyrethrum, nicotine sulfate, copper, and lime sulfur mixtures were put into practical use. It was against this backdrop that Nihon Nohyaku was founded, taking advantage of the opportunity to commercialize lead arsenate, and crop protection products that was created as a by-product of copper refining at the Ashio Copper Mine in the early 1920s. After the war, Japan found itself facing serious food shortages due to an agricultural labor shortage, a decrease in cultivated land area, and bad weather. Crop protection products played an important role as a technology capable of overcoming such food crises.

## Growth period

## Growing into research and development-oriented company

### The spread of agrochemicals and growing concerns regarding their safety

Eventually, a turning point came for crop protection products. Due to growing awareness of environmental pollution issues, toxicity, residual properties, and usage of crop protection products began to be examined worldwide. In response to these global trends, Nihon Nohyaku adopted the belief that the development of safe and unique crop protection products is necessary for sustainable growth. One of the results of this was Nihon Nohyaku's first in-house developed product, “FUJI-ONE,” which was launched in 1975. FUJI-ONE was developed as an agent to control rice blast, one of the most serious diseases in rice cultivation. Due to its high pest control effectiveness, safety, and product performance, it came into widespread use and became a major product that contributed greatly to agricultural production in Japan.

## Site development

- 1928** Founded
- 1930** Kawachi Disease and Insect Research Farm opened in Osaka
- 1934** Tsukuda Plant (now Osaka Office) completed  
Kyushu Business Office (now Fukuoka Branch) opened
- 1956** Chemical Research Laboratory completed
- 1959** Company Headquarters move to Tokyo
- 1969** Agricultural Chemicals (Malaysia) Sdn. Bhd. established in Malaysia



Kawachi Disease and Insect Research Farm opened in Osaka



Company Headquarters moved to Tokyo

- 1974** Nichino Ryokka Co., Ltd. established
- 1989** Japan House Tech Co., Ltd. (now Nichino Service Co., Ltd.) established
- 1990** Nihon Ecotech Co., Ltd. established
- 1992** London Office opened
- 1995** Research Center completed  
New York Office opened
- 1996** Taiwan Nihon Nohyaku Co., Ltd. established in Taiwan



Research Center (Kawachinagano-city, Osaka)

## Products and services

- 1948** First crop protection products registration: lead arsenate



Lead arsenate

- 1975** FUJI-ONE (isoprothiolane) fungicide launched
- 1984** APPLAUD (buprofezin) insecticide launched



FUJI-ONE (isoprothiolane)

- 1985** MONCUT (flutolanil) fungicide launched  
Malotilate formulation (pharmaceutical) launched
- 1991** DANITRON (fenpyroximate) acaricide launched

- 1994** Lanoconazole formulation (pharmaceutical) launched

- 1999** ECOPART (pyraflufen-ethyl) and THUNDERBOLT (pyraflufen-ethyl mixture) herbicides launched



APPLAUD (buprofezin)

## Sales trends

(billion yen)

Net sales exceed 10 billion yen

\*Consolidated net sales since 1992

## Expansion period

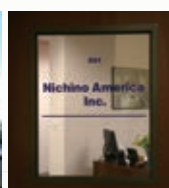
Actively expanding overseas sites and strengthening cooperation

## The role of Nihon Nohyaku in the global market

The world's population is currently 8 billion. It is expected to grow by 21% to 9.7 billion by 2050, and to 10.2 billion by 2100. To supply food to this growing population, it is essential to secure arable land and water resources, increase yields through improved varieties, and improve productivity by controlling pest infestations in agricultural crops. In this regard, Nihon Nohyaku has a major role to play. The Group has been proactively establishing overseas business sites, and its overseas sales ratio currently exceeds 50%. In addition, we are working to expand business by organically linking the research, manufacturing, and sales systems for in-house developed products with our overseas sites.



Nichino America, Inc. (Delaware, USA)



Nichino India Pvt. Ltd. (Hyderabad, India)



**1997** Nichino America, Inc. established in the USA

**2005** Shanghai Office opened

**2007** Nichino Europe Co., Ltd. established in the UK

**2011** Nichino Shanghai Co., Ltd. established

**2013** Company Headquarters move from Nihonbashi to Kyobashi in Tokyo

**2014** Arysta Life Science AgriMart Co., Ltd. (now AgriMart Corporation) became our wholly owned subsidiary  
Invested in Sipcam Agro S.A. in Brazil (name changed to Sipcam Nichino Brasil S.A.)  
Nichino do Brasil Agroquímicos Ltda. established

**2015** Hyderabad Chemical Ltd. (now Nichino India Pvt. Ltd.) became our consolidated subsidiary

**2016** Sipcam Nichino Brasil S.A. became our consolidated subsidiary

**2017** Nichino Vietnam Co., Ltd. established in Vietnam

**2018** Acquired shares of Adnicol S.A.S. in Colombia (name changed to Nihon Nohyaku Andica S.A.S.)  
Capital and business alliance agreement with ADEKA Corporation

**2020** Nichino México S. de R.L. de C.V. established as a subsidiary of Nichino America, Inc.

**2022** Nichino Korea Co., Ltd. established in South Korea

**2023** Interagro (UK) Ltd. became a wholly owned subsidiary of Nichino Europe Co., Ltd.  
Nichino Chile Sociedades por Acciones established in Chile



Headquarters (Kyobashi, Tokyo)



Net sales exceed 50 billion yen

**2002** A portion of Tomono Agric's business acquired Mitsubishi Chemical Corp.'s plant protection business acquired  
Inherited HACHI-HACHI (tolfenpyrad) insecticide and PYRANICA (tebufenpyrad) acaricide  
Inherited Z BORDEAUX (basic copper sulfate) fungicide  
Inherited indanofan herbicide

**2003** V-GET (tiadinil) fungicide launched

**2005** Luliconazole formulation (pharmaceutical) launched

**2007** PHOENIX (flubendiamide) insecticide and pyriprole formulation (animal health product) launched

**2010** AXEL (metaflumizone) and COLT (pyrifluquinazon) insecticides launched



PHOENIX (flubendiamide)

**2015** DANIKONG (pyflumide) and DOUBLE FACIES (pyflumide, fenpyroximate) acaricides launched

**2016** NEXUS (temiticide) launched

**2018** PARADE (pyraziflumid) fungicide launched

**2020** Diagnose Your Crops with AI! app released

**2021** ORCHESTRA (benzpyrimoxan) insecticide launched



ORCHESTRA (benzpyrimoxan)

Change of fiscal year end (half-year settlement)



Diagnose Your Crops with AI!

(billion yen)

150

140

130

120

110

100

90

80

70

60

50

40

30

20

10

1990

2000

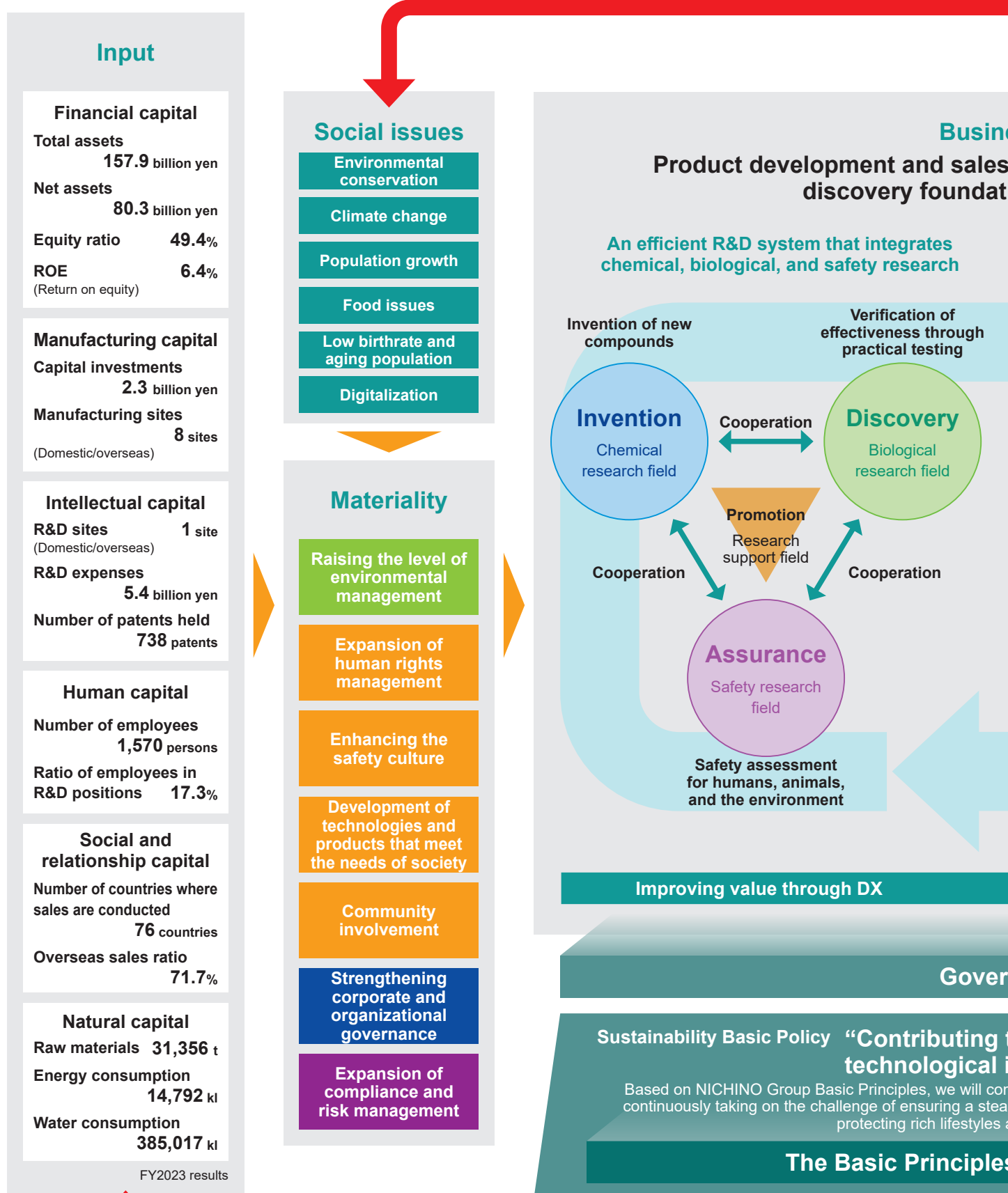
2010

2020

2023

2030

# Value Creation Process



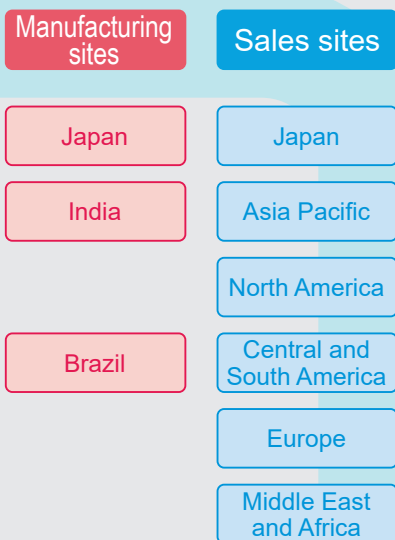


**Contributing to the resolution of social issues**

**Business Model**

Capabilities based on a strong drug production and Group network

Strengthening in-house product development and sales capabilities by establishing sites in major food producing areas



**Finance**

**Contribution to food and lifestyles through innovation**

Contribute to the realization of a sustainable society by ensuring a steady food supply through innovative technologies and contributing to the environment.

**Business of NICHINO Group**

**Output**

Food

Smart agriculture  
(AI image diagnosis)

Biopesticides  
Crop aid products

Agrochemicals  
Animal health products (livestock)

Pharmaceuticals  
Animal health products (pets)

Sanitary pest diagnostic services  
(AI image diagnosis)

Fragrances and cosmetics

Lifestyles

**Vision**

Global Innovator for Crop & Life

2030

**Outcome**

**Economic value**

<Operating profit margin>  
10% or more

<Business scale>  
Over 150.0 billion yen

<ROE>  
10% or more

**Social value**

GHG emissions  
-23% compared to 2020

Expansion of eco-harmonized products, services and technologies

Utilization of global human capital

**Increased capital**

## Medium-Term Management Plan

The Group analyzes changes in internal and external environments related to business promotion and sets basic policies and targets in the medium-term management plans formulated every three years. Based on our Basic Principles, we will steadily implement the measures in our medium-term management plan to realize our vision of becoming a “Global Innovator for Crop & Life.”

### Review of the Previous Medium-Term Management Plan (FY2021 to FY2023)

In the previous medium-term management plan “Ensuring Growing Global 2 (EGG2),” we set three basic policies: improvement of profitability, technological innovation and establishment of next-generation businesses, and sustainable growth in corporate value. We set targets of 6.4 billion yen or more in operating profit and 89.0 billion yen or more in net sales. As a result of our efforts, we achieved the following results.

	Planned values	Results	Difference
Net sales	89 billion yen	103 billion yen	+14 billion yen
Operating profit	6.4 billion yen	7.4 billion yen	+1.0 billion yen
Operating profit margin	7% or more	7%	—

### ● Issues Identified in the Previous Medium-Term Management Plan

We mainly view the following three points as issues.

1

Impact of increased inventory on cash flow

2

Delays in cost reduction measures in response to rising costs

3

Profitability of operations in India and Brazil

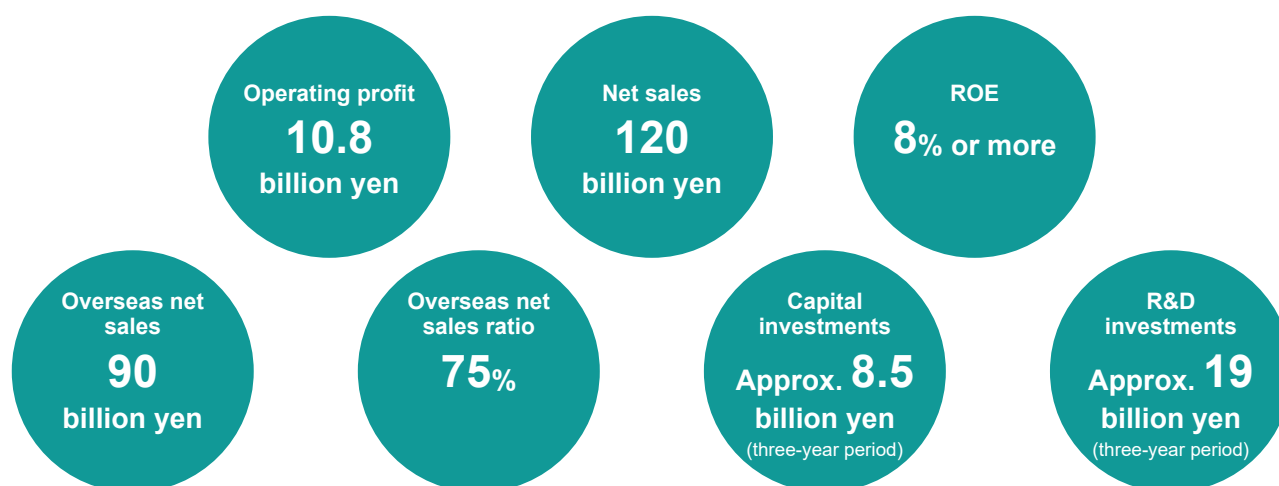
## Awareness of the External Environment

Looking at the environment surrounding our agrochemical business, which is the core business of the NICHINO Group, the global agrochemical market is expanding due to growing demand for food as well as growing societal demand for a steady supply. This rise in demand is being driven by factors such as global population growth and economic development in emerging countries. On the other hand, the increasing difficulty in discovery of new compounds and stricter requirements for agrochemical registration are driving up the costs of developing new products and lengthening the time required for development. Moreover, the business environment surrounding the Group is becoming increasingly harsh, with rising electricity prices due to Russia's invasion of Ukraine, rising raw material and contract manufacturing costs due to a shortage of mineral resources, and the impact of climate change on agricultural crops.

## New Medium-Term Management Plan

In our new medium-term management plan, “Growing Global for Sustainability (GGS),” which began in FY2024, we have set the promotion of sustainability management as a growth strategy. We will promote our business activities with the goal of achieving sustainability both for society as a whole and for the Group.

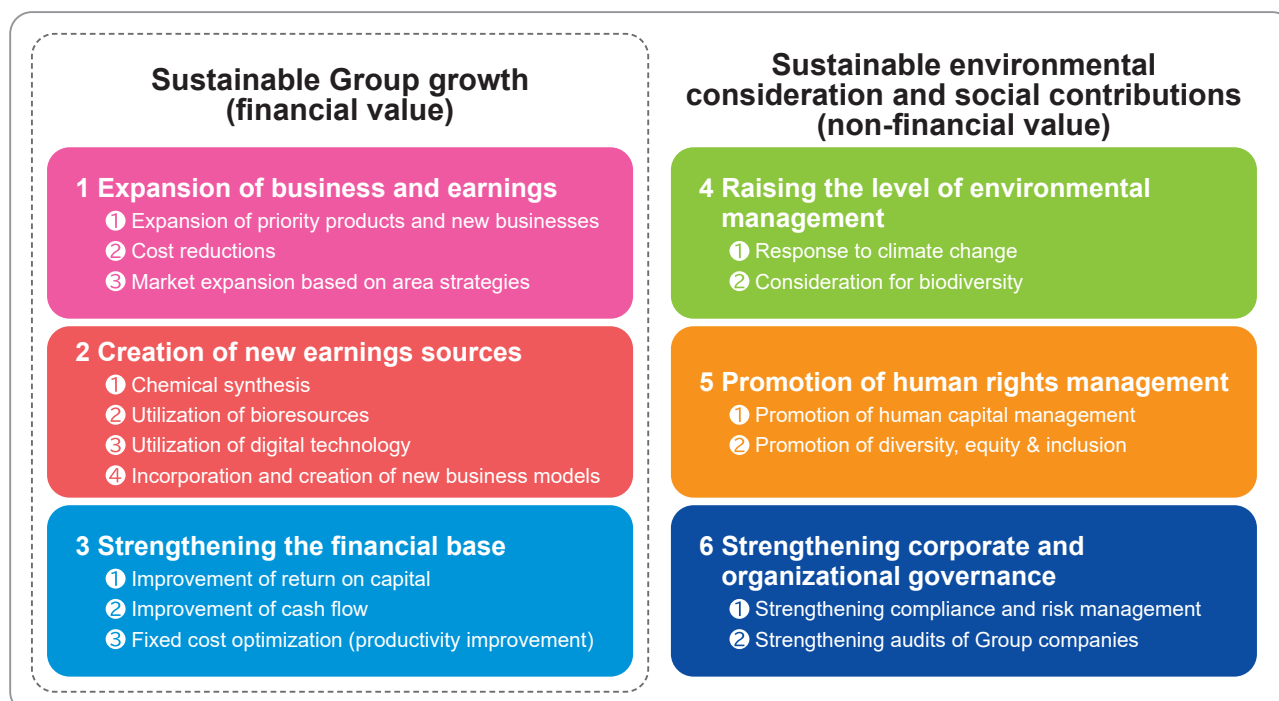
**Numerical Targets** Plan for FY2026 (final year)



### Priority Measures

In the new medium-term management plan, we will work on sustainable growth for the Group as well as major measures related to sustainable environmental consideration and contributions to society. The basic policies are to improve economic value through “expansion of business and earnings,” “creation of new earnings sources,” and “strengthening the financial base” and to improve non-financial value through “raising the level of environmental management,” “promotion of human rights management,” and “strengthening corporate and organizational governance.” Through the promotion of these priority measures, we will strive to strengthen sustainability management.

## Strengthening Sustainability Management



## Medium-Term Management Plan



### Improving Value Through DX

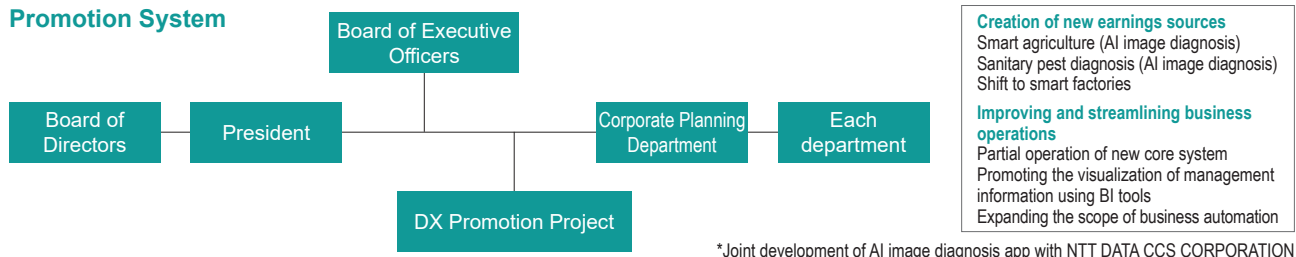
In Nihon Nohyaku's business model, the promotion of DX is a fundamental measure for increasing value. In the new medium-term management plan, to strengthen sustainability management, we will use digital technology to create new earnings sources, which is one of our basic policies, and work to improve and streamline business operations.

#### DX Strategy in the New Medium-Term Management Plan

Basic policy	Basic strategy	Initiatives and indicators
Creation of new earnings sources	Smart agriculture (AI image diagnosis)	Ability to grasp the occurrence of pest infestations and weeds around the world (expand crops, countries with availability, and number of users)
	Sanitary pest diagnosis (AI image diagnosis)	Contribute to the improvement of hygiene management levels in the food and beverage industry (expand to large restaurants and food factories)
	Shift to smart factories	Realization of a reduced workload, a revitalized workforce through the digitization of forms and records, and visualization of production plans and required quantity calculations
Improving and streamlining business operations	Partial operation of new core system	Reconstruction of a new core system to support DX
	Promoting the visualization of management information using BI tools	Development of information provision infrastructure to realize data-driven management
	Expanding the scope of business automation	Utilization of RPA to improve work efficiency, introduce in-house chatbots, and develop a drug discovery system

To develop and secure the human resources required for the promotion of DX, we will strive to support employees in the Systems Department in obtaining qualifications such as the Information Technology Engineer Examination. We will develop core in-house human resources through on-the-job and off-the-job training, and secure work-ready human resources through mid-career recruitment from outside the company.

#### Promotion System



#### Creating an Environment for the Promotion of DX

To effectively promote DX, we are promoting the creation of an environment that includes teleworking systems, smart offices (open plan offices, etc.), and home office/flexible office systems. Moreover, by adopting a zero-trust approach, we aim to achieve diverse workstyles and ensure security.

## Capital Allocation in the New Medium-Term Management Plan

In the new medium-term management plan, we expect to invest 19 billion yen in research and development and 8.5 billion yen in capital investments over a three-year period. We will strive to expand our business and improve corporate value. We will also actively return profits to shareholders, aiming to raise the dividend payout ratio to 40% over the medium- to long-term. Progressive dividends will be the basis during the period of the new medium-term management plan. Dividend amounts will be decided after comprehensive consideration of the need for investment funds to increase corporate value and financial soundness.

#### Capital Allocation for Three Years (FY2024 to FY2026)

Cash in	Cash out		
Operating cash flow 3-year cumulative total: 41 billion yen	R&D investments: 19 billion yen	FY2024: 5.8 billion yen FY2025: 6.5 billion yen FY2026: 6.8 billion yen	
	Capital investments: 8.5 billion yen	Research equipment investments: 1.0 billion yen Production renewal investments: 1.3 billion yen Active investments in production: 3.6 billion yen DX investments: 1.8 billion yen Others: 0.8 billion yen	
External procurement 1.0 billion yen	Investment and loan limit*: 1.0 billion yen	Main targets: most likely India and Brazil	
	Shareholder returns: 5.0 billion yen	Dividend policy (progressive dividends as a basis, aiming for a dividend payout ratio of 40% over the medium- to long-term)	
	Internal reserves: 8.5 billion yen	Minimum required capital (net assets that can achieve both financial soundness and improved ROE)	

\*Excluding M&As



# Financial Strategy

Nihon Nohyaku aims to realize an optimal capital structure and increase corporate value by strengthening the financial base and expanding business through strategic investments.

Shiro Takahashi

Division Manager, Corporate Planning Division, Division Manager, Administration Division



## Basic Policy

1

In the medium-term management plan (Growing Global for Sustainability) that started in April 2024, NICHINO Group set a basic policy of promoting business expansion through sustainability management. In strengthening the financial base, we will take cost of capital into consideration then focus on three priorities: “improvement of return on capital,” “improvement of cash flow,” and “fixed cost optimization (productivity improvement).” We will also make strategic investments to expand our business.

## Improvement of Cash Flow

2

Changes in the overall business environment include the impact of the COVID-19 pandemic, as well as issues with procuring and transporting raw materials due to Russia’s invasion of Ukraine and the escalating situation in the Middle East. These changes are affecting the Group’s inventory. In order to ensure a steady food supply, it is Nihon Nohyaku’s important responsibility to reliably deliver products to producers. However, since excess inventory worsens cash flow, we will ensure profits and optimize inventory through strengthened supply chain management, thereby achieving a 9.0 billion yen improvement in free cash flow over three years.

## Capital Cost Management

3

As of the medium-term management plan beginning this fiscal year, we will work to improve profitability with an awareness of the cost of capital. For reducing the cost of capital over the medium- to long-term, we will secure funds by using optimal procurement methods that take the cost of capital into consideration. In addition, we will work to expand profits by reviewing our product portfolio, implementing appropriate personnel management, and making investment feasibility studies more precise and rigorous. We aim to achieve an ROE of 8% or more in the final year of the medium-term management plan. By 2030, we aim to achieve an ROE of 10% or more.

## Strategic Investments

4

Nihon Nohyaku’s strengths lie in its research and development and its sales capabilities rooted in local communities. In particular, in the area of research and development, we have established an efficient R&D system that integrates chemical, biological, and safety research. To leverage these strengths to achieve further innovation, we will invest 19.0 billion yen in research and development over the three-year period of the medium-term management plan. We will also make investments to promote DX and sustainability management.

## Shareholders Returns

5

Going forward, we will promote business expansion through investments while also ensuring stable returns to shareholders. In the medium-term management plan, we aim for a dividend payout ratio of 40% based on a progressive dividend system.

# Aiming to Be a Global Innovator Through Research and Development

Nihon Nohyaku is an R&D-driven agrochemical manufacturer that contributes to the development of agriculture around the world.

Research Division Manager, Nishimatsu, will explain Nihon Nohyaku's research and development.

## Accelerating Research and Development with Nihon Nohyaku's Unique Strengths

For creating new agrochemicals, it is important to coordinate with three functions: "chemistry (organic synthesis, process chemistry, formulation research)," "biology (biological evaluation, mode of action research)," and "safety (mammalian toxicity, environmental safety research)." We have integrated these three fields into the "Research Center" in Kawachinagano-city, Osaka. We also jointly established the "Manufacturing Technology Research Center" to create a trinity system. In addition, we have brought together intellectual property-related departments and research planning/research administration departments to create a so-called "four-in-one" system.

We have also built a network with overseas Group companies that manage research and development globally, establishing a foundation for ourselves as a Global Innovator.

Recently, we registered and launched a new rice plant hopper control agent, benzpyrimoxan (trade name: ORCHESTRA), almost simultaneously in Japan and India. This has given momentum to the development of products that meet the needs of rice cultivation sites in the monsoon

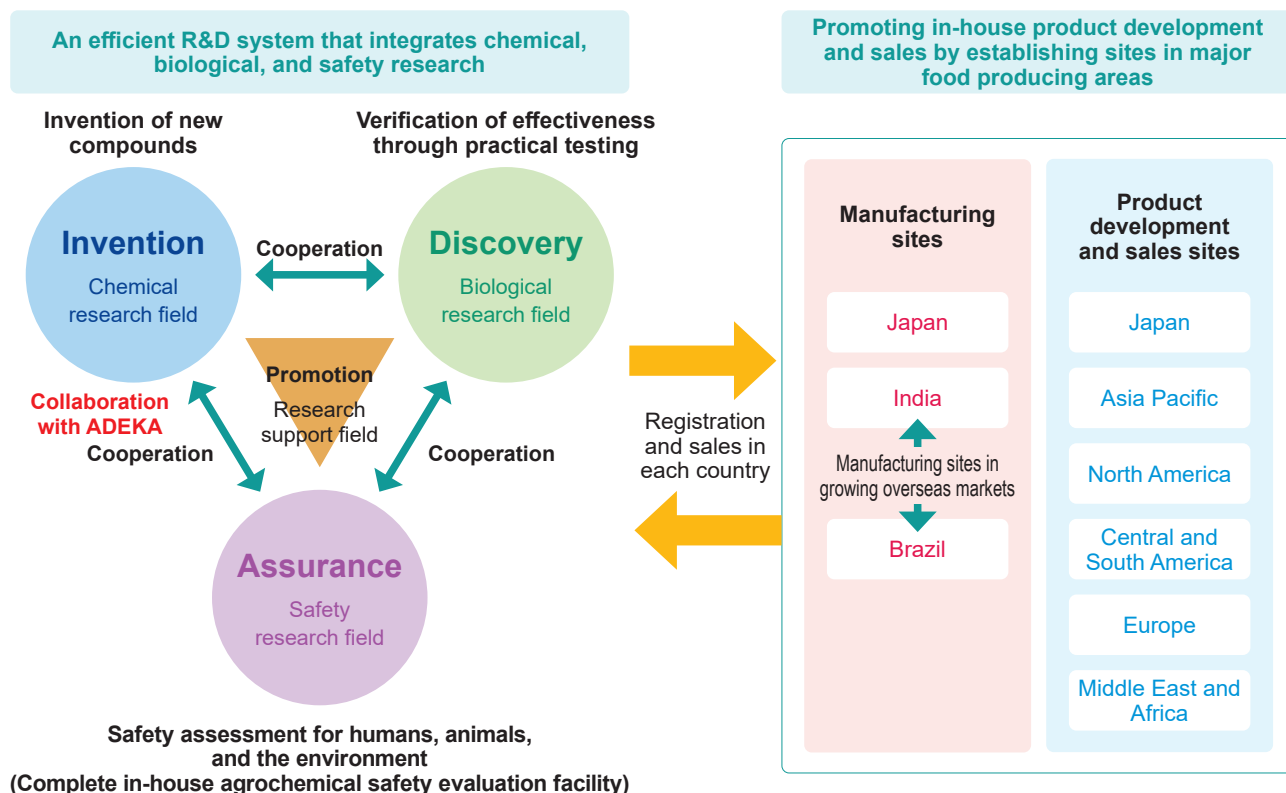
regions of Asia. In addition, we are testing a new broad-spectrum insecticide (development code: NNI-2101, ISO name: cybenzoxasulfonyl) in new agrochemical practical tests conducted by the Japan Plant Protection Association. We are accumulating the effective test results necessary for agrochemical registration application.

## Responding Flexibly to Changes in the Market Environment

We believe that our biggest challenge is responding to changes in the market environment both domestically and internationally.

For example, in response to the global trend toward reducing the use of agrochemicals, we are actively promoting the introduction and development of non-chemical biopesticides and biostimulants (BS), i.e. crop aid products other than agrochemicals. We have begun sales of an anti-frost agent (trade name: FROST BUSTER) as a crop aid product, which utilizes the supercooling effect of ingredients derived from coffee grounds. We have also begun sales of a microbial inoculant (trade name: CROSS

**Product development and sales capabilities based on an integrated drug discovery foundation and global network**



## Tetsuyoshi Nishimatsu

Division Manager,  
Research Division



VALUE), which has the primary function of alleviating environmental stress as a biostimulant.

We are also focusing on research into animal health products and pharmaceuticals using the agrochemical discovery technology cultivated by Nihon Nohyaku thus far. We have begun joint research with ADEKA to discover new animal health products. Synergy effects have begun to appear, for instance the publication of a patent jointly filed by the two companies.

## As a Driver for Further Growth

The four key themes for the Research & Development Division in the new medium-term management plan are:

① Creation of new products, ② Market development for existing active ingredients developed in-house, ③ Sales expansion and development of eco-harmonized products, and ④ Strengthening of research activities to create new business fields. I will introduce them in order.

### ① Creation of New Products

Our most important mission in the agrochemical field is to “create one new product every three years.” Therefore, leveraging the strengths of the aforementioned “four-in-one” system, we have set the pillars of our strategy as “strengthening open innovation,” “building a data-driven drug discovery system,” and “promoting simultaneous global development and registration.”

#### ● Strengthening open innovation

Nihon Nohyaku’s core competency is its research and development capabilities in the field of agrochemicals. As drug discovery becomes increasingly difficult, there is no doubt that open innovation that makes use of external resources as well as in-house resources will become essential. We plan to accelerate the introduction of diverse compound sources with the aim of exploring new compound skeletal formulas, as well as introduce cutting-edge technologies such as omics research and computational science. We also plan to further promote collaborative research with other companies and public institutions.

#### ● Building a data-driven drug discovery system

We are working to create a database of various research information and using computational science to discover new agrochemicals. We are also making steady progress in improving operational efficiency through operational reform activities. We will make maximum use of the IT literacy we have developed through our company-wide DX Promotion Project to improve the efficiency of research activities and promote open innovation. Meanwhile, with the broad participation of Group companies, we have also begun operating a system for globally managing and visualizing the progress of tasks related to chemistry, biology, and safety in the development of new products.

### ● Promoting simultaneous global development and registration

In recent development research, we strengthened collaboration with related departments and overseas Group companies from an early stage in the search for new compounds. We firmly believe that these experiences and achievements will be a major driving force for efficient research and development in the future. Going forward, we plan to create an organizational structure that will allow us to carry out research and development on a more global scale. We will also develop and expand our research and development sites.

### ② Development of Markets for Existing Active Ingredients Developed In-house

We believe that there is significant room for further market development for our active ingredients in terms of target regions, crops, pests, and weeds. We will continue to conduct research that accurately captures market needs. Moreover, we will put greater efforts than ever before into the discovery and use of new physiological functions, which is something we believe to be a highlight in our Research & Development Division’s long history of achievements.

### ③ Sales Expansion and Development of Eco-harmonized Products

The safety of agrochemical products is guaranteed through strict management under registration systems in each country and region. In response to the worldwide trend towards stricter registration requirements, Nihon Nohyaku has announced a policy of working harder than ever before to develop and sell environmentally friendly products. By setting our own cutoff criteria from the early stages of agrochemical research, we work on the discovery research with a strong focus on reducing environmental impact.

### ④ Strengthening of Research Activities to Create New Business Fields

Recently, there has been a trend in Europe, the United States, and Japan to reduce the use of agrochemicals in food and agricultural policies. In response to this, we plan to strengthen the development of products in the biostimulant field and develop them into a pillar of the crop aid products field in the future. Through open innovation, we will also strengthen research in peripheral business fields such as pharmaceuticals and animal health products. Similarly, in the new business field of semi-fermentation technology development, we will accelerate concrete product development and commercialization.

By undertaking these diverse measures, the research and development related departments hope to contribute to the achievement of our corporate vision of becoming a “Global Innovator for Crop & Life.”

# Approach to Sustainability in NICHINO Group

In the new medium-term management plan, Growing Global for Sustainability (GGS), we have positioned the promotion of sustainability management, which goes one step further than our previous CSR management, as a growth strategy. Six basic policies have been set in GGS, and we aim to realize a sustainable society through the coordinated promotion of these policies.



## Sustainability Basic Policy

In line with the shift from CSR management (demonstrating corporate social responsibility) to sustainability management (pursuit of sustainability for society as a whole) in our medium-term management plan GGS, we have revised our previous CSR Basic Policy into the Sustainability Basic Policy (March 2024). This policy clearly declares our commitment to sustainability management with a greater awareness than ever before on the sustainability of society.

### Sustainability Basic Policy

**“Contributing to food and lifestyles through technological innovation”**  
Based on NICHINO Group Basic Principles, we will contribute to the realization of a sustainable society by continuously taking on the challenge of ensuring a steady food supply through innovative technologies and protecting rich lifestyles and the environment.

## Sustainability Promotion System and Functions

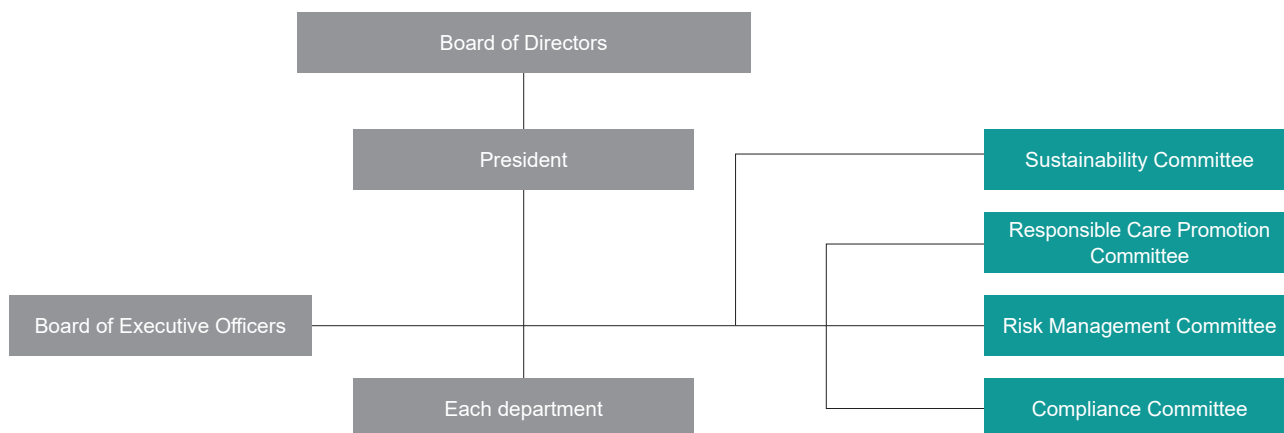
In line with the transition to sustainability management, we have reviewed the structure of the CSR Committee and CSR Working Group (CSR-WG), changed parts of our systems, and distributed functions, based on consideration of past CSR activity results and issues (March 2024: Figure below).

The functions of the CSR Committee, which previously oversaw CSR-related activities and approved policies and plans for important matters, have been integrated into the Board of Executive Officers. This will promote efficient deliberation and decision-making, as well as more synchronized initiatives based on the relationship of business plans and policies with sustainability. In addition, the CSR Working Group, which played a core role in planning, implementation, and managing schedules for CSR activities, has been renamed the Sustainability Committee. This committee will take over the support functions of the three previous committees (Compliance, Risk Management, and RC Promotion) and will work with the subcommittees and working groups established under it to promote more effective activities than ever before. In addition, the CSR Promotion Department, which functioned as the administrative office of the CSR-WG, has been reorganized as the Sustainability Promotion Department of the Corporate Planning Division. The Corporate Planning Division will work to visualize the overall picture of promotional activities from a company-wide and group-wide perspective, while working to carry out flexible and efficient activities.



Through the reorganization of these systems and functions, we will be able to further promote efforts to increase both financial and non-financial value (sustainability management) from the perspective of business execution responsibility.

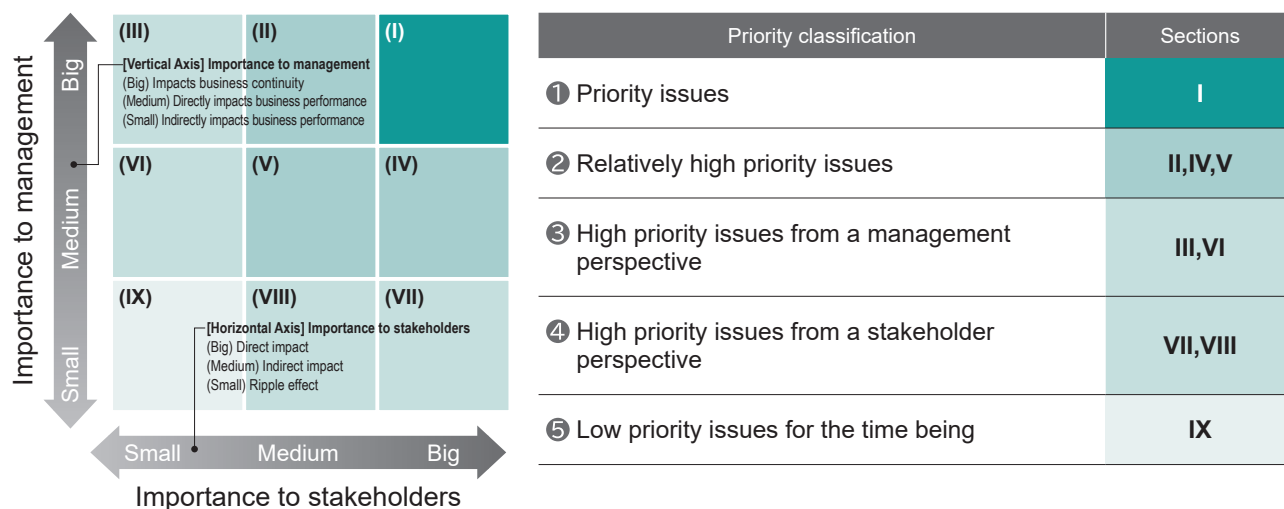
#### Sustainability Promotion System (as of June 19, 2024)



### Selection of the Seven Priority Issues (Materiality)

In the previous medium-term management plan EGG2, we selected “Seven Priority Issues (materiality)” as priority areas and issues for CSR management (May 2021). These issues represent fundamental and major issues in the development of the Group’s business activities under the medium-term management plan GGS. We will continue to address them as material issues.

The overview of the materiality selection process is as follows (see figure and table below).



We first comprehensively identified CSR-related subjects and issues and then created a comparison table based on the seven core subjects of the ISO 26000, global CSR guidelines (Step 1). Next, we grouped like items and analyzed their level of priority based on their importance to corporate management and stakeholders (Step 2). We then selected “Seven Priority Issues” as material issues that reflect the results of this analysis as well as the actual level of achievement of group CSR activities. Then, after discussions by the CSR-WG and CSR Committee at the time and advice from the Board of Directors, we finalized the Seven Priority Issues (materiality). In addition, we established the “Ideal business model for 2030” and the “key tasks and KGI/KPI for the medium-term management plan” at the same time (Step 3).

For the GGS, medium-term management plan, the specific measures and results of each of the head office business departments and domestic and overseas group companies in relation to the Seven Priority Issues were examined. Then, the “Ideal business model for 2030” was reviewed and new KGI/KPI for the GGS period were formulated.

## Approach to Sustainability in NICHINO Group

### Responsible Care Activities

#### ● Responsible Care Promotion System

Regarding Responsible Care (RC) activities, the Responsible Care Promotion Committee coordinates overall activities of the Group, while its subcommittees promote activities in their respective fields. The three subcommittees are: the Safety and Health Supervisors Subcommittee, the Environment Management Subcommittee, and the Safety Promotion Subcommittee. Moreover, we established the Sustainability Committee in April 2024 to work on sustainability management initiatives, and transferred the functions of the previous CSR Committee to the Board of Executive Officers. The Responsible Care Promotion Committee is working with these new promotion systems to undertake various RC-related activities.

#### Responsible Care Promotion System



#### ● Certified Management System

The companies and offices listed in the table on the right have received ISO management system certifications, and the Group works with these companies and offices to carry out Responsible Care activities.

#### List of management system certifications

International standards	Company name (applicable office)
ISO 9001 (Quality Management System)	● Nichino Service Co., Ltd.
ISO 14001 (Environment Management System)	● Nichino India Pvt. Ltd.
ISO 45001 (Occupational Safety & Health Management System)	● Sipcam Nichino Brasil S.A.
ISO 17025 (General requirements for the competence of testing and calibration laboratories)	● Nihon Ecotech Co., Ltd. (Osaka and Fukushima Analytical Technology Centers)

### SDGs Map

The agrochemical business at the core of the Group is a business that has focused on “solving problems through technological innovation” with consideration for both “overcoming poverty and hunger” and “realizing environmental conservation,” which come from the fundamental philosophy of the SDGs. Therefore, we surveyed initiatives being conducted by our business departments and domestic and overseas Group companies and rendered this information visually in the form of SDGs map.\*



\* We have mapped the 13 SDGs that are central to our business activities from four perspectives related to the environment (E), society (S), and governance (G).

## Targets and Level of Achievement of Seven Sustainability Priority Issues (FY2023)

	Priority issues	Medium-term management plan targets (FY2026)	Previous medium-term management plan targets and level of achievement (FY2023)
E Environment	<b>Raising the level of environmental management</b> Environmental Conservation	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction (Scope 1+2): 14.4% lower than FY2020 globally</li> <li>Energy conservation: Reduce efficiency of energy consumption by 1% compared to previous year (overseas)</li> <li>Begin consideration of Scope 3 reduction measures</li> <li>Consider the introduction of renewable energy certificates and carbon pricing</li> <li>Implement water and waste unit management and set KPIs</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction (Scope 1+2): 7.2% lower than FY2020 globally → <b>FY2023 results: 15.9% lower than FY2020 globally</b></li> <li>Energy conservation: Reduce efficiency of energy consumption an average of 1% over five years → <b>Average over the past 5 years: Nichino: -1.7% / Nichino Service: -3.4%</b></li> </ul> <p><b>[Other results]</b></p> <ul style="list-style-type: none"> <li><b>Operation of solar power generation (Nichino Service Fukushima Plant)</b></li> <li><b>Received a “B” rating by the CDP in the climate change category (FY2023)</b></li> </ul>
	<b>Expansion of human rights management</b> Diversity, equity & inclusion: DE&I, human capital development	<ul style="list-style-type: none"> <li>Zero cases of significant human rights violations in the supply chain, etc.</li> <li>Percentage of female employees: 26% (24.1% as of March 2024); Rate of female managers: 13%</li> <li>Achieve the legally mandated percentage of employees with disabilities</li> <li>Obtain Kurumin, Eruboshi, and Health &amp; Productivity Management Outstanding Organization White 500</li> </ul>	<ul style="list-style-type: none"> <li>Rate of female managers: 13% → 10.3% (March 2024)</li> <li>Achieve the legally mandated percentage of employees with disabilities (2.3% in FY2023) → <b>Percentage of employees with disabilities: 1.48% (FY2023)</b></li> </ul> <p><b>[Other results]</b></p> <ul style="list-style-type: none"> <li><b>Announcement of “NICHINO Group Health Management Declaration” (March 2024)</b></li> </ul>
S Social	<b>Enhancing the safety culture</b> Occupational safety & health, product safety	<ul style="list-style-type: none"> <li>Achieve zero accidents globally</li> <li>Enhance the risk assessment system</li> <li>Zero product recalls</li> </ul>	<ul style="list-style-type: none"> <li>Aim for zero (0) occupational/commuting accidents → <b>Japan: 2 accidents with workdays lost / 2 accidents without workdays lost, 2 commuting accidents (FY2023)</b> <b>Overseas*: 1 accident with workdays lost / 1 accident without workdays lost, 2 commuting accidents (FY2023)</b></li> <li>Zero product recalls → <b>FY2023: Zero product recalls</b></li> </ul>
	<b>Development of technologies and products that meet the needs of society</b> Pursue customer satisfaction	<ul style="list-style-type: none"> <li>Introduce, launch and globally expand biopesticides and crop aid products (BS, etc.)</li> <li>Select new pharmaceutical and animal health product candidates (one of each)</li> <li>Smart agriculture: Collaborate with other companies' sensing technologies/core technologies</li> <li>Expand new business fields</li> </ul>	<ul style="list-style-type: none"> <li>Commercialize non-chemically synthesized crop science products → <b>Commercialized Frost Buster. Many other products are currently being evaluated</b></li> <li>Develop and launch biopesticides and BS → <b>Biopesticides: development under consideration; BS: Cross Value launched</b></li> <li>Enhance smart agriculture development (AI diagnosis app: LeiMe) → <b>Expanded application to 20 crops, and deployed overseas and in the field of sanitary pests</b></li> </ul>
	<b>Community involvement</b> Dialogue with stakeholders	<ul style="list-style-type: none"> <li>Publish an integrated report (target for 2025)</li> <li>Optimize information disclosure by continuing to comply with the GRI</li> <li>Consider strengthening the IR system</li> <li>Enhance and expand dialogue with stakeholders</li> <li>Participate in local contributions, environmental conservation, and coexistence projects</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen and promote branding strategies → <b>Consolidated the Group logo</b></li> <li>Search for ways to revitalize local communities through business activities → <b>Participated in an open company event hosted by Kawachinagano-city and began Adopt-a-Forest activities</b></li> </ul> <p><b>[Other results]</b></p> <ul style="list-style-type: none"> <li><b>Included in FTSE index</b></li> </ul>
G Governance	<b>Strengthening corporate and organizational governance</b> Corporate governance	<ul style="list-style-type: none"> <li>Implement global RC audits</li> <li>Enhance information security</li> <li>Reconstruct the quality assurance system</li> </ul>	<ul style="list-style-type: none"> <li>Implement internal audits → <b>Implemented jointly with the Audit and Supervisory Committee audit, expanded scope of overseas Group</b></li> <li>Implement external evaluations of the effectiveness of the Board of Directors → <b>Improved the effectiveness of the Board of Directors through external evaluation</b></li> </ul>
General: ESG-wide	<b>Expansion of compliance and risk management</b> BCP	<ul style="list-style-type: none"> <li>Overall verification and appropriate reflection of effectiveness</li> <li>Organize BCP issues and begin consideration of policy formulation and specific implementation</li> <li>ESG framework analysis and planned responses</li> </ul>	<ul style="list-style-type: none"> <li>Establish a global internal reporting system → <b>Strengthened the internal reporting system and expanded its application to Group companies</b></li> <li>Respond to the strengthening of regulations on agrochemical registration systems in various countries → <b>Continued to collect information and quickly identified candidate products for development in each country</b></li> </ul>

Green underline: Level of achievement

\*Manufacturing site results.

## Participation in Initiatives

### United Nations Global Compact (UNGC)

The United Nations Global Compact (UNGC) is a voluntary initiative, where private companies and organizations affiliated with the United Nations act as good members of society and achieve sustainable growth by demonstrating responsible and creative leadership.

NICHINO Group has signed the UNGC, thereby declaring to stakeholders and the international community its corporate stance of contributing to society through appropriate business activities.



### Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) are the common goals of the international community set forth in “the 2030 Agenda for Sustainable Development,” which was unanimously adopted by member states at the United Nations summit in September 2015. The aim is to create a sustainable and better world by 2030. Consisting of 17 goals and 169 targets, the Agenda pledges to realize a global society that will “leave no one behind (LNOB).”



### Responsible Care

In the chemical industry, each company handling chemical substances secures “the environment, safety and health.” Each company publishes the results of its activities regarding all its processes, ranging from R&D through manufacturing, logistics, use, final consumption, and recycling, to the disposal of the chemical products, while maintaining a dialogue and communication with society. These activities are called “Responsible Care (RC) activities.”

In September 1999, we joined the Japan Responsible Care Council and began full-scale implementation of RC activities. Since 2012, we have been a member of the Japan Chemical Industry Association’s Responsible Care Committee, which was reorganized from the Japan Responsible Care Council. Currently, we have registered four domestic Group companies as RC activities-related companies, and our activities are still ongoing.



## External Evaluation

### DBJ Certification Programs

The DBJ certification programs use an original screening system developed by the Development Bank of Japan (DBJ) to evaluate companies’ non-financial information and select outstanding companies to provide loans. There are three types of ratings: “Environmental Ratings” to evaluate environmental management and sustainability management, “BCM Ratings” to evaluate disaster prevention and business continuity efforts, and “Health Management Ratings” to evaluate employee wellness and health management. We have obtained certification for the “Environmental Ratings” and “Health Management Ratings” programs in 2024 and 2023, respectively.



In January 2023, Nihon Nohyaku received a Development Bank of Japan loan based on the DBJ Employees’ Health Management Rated Loan Program, and has been rated as “a company with outstanding activities on employee health management.”



In September 2024, 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 activities.”

### Selected as a Constituent of the “FTSE Blossom Japan Sector Relative Index”

The FTSE Blossom Japan Sector Relative Index, constructed by FTSE Russell, is an index that reflects the performance of Japanese companies that have relatively excellent responses to environmental, social, and governance (ESG) issues in each sector. This index has been adopted as an ESG index by the Government Pension Investment Fund (GPIF) and is one of the leading indices for ESG investment.



FTSE Blossom  
Japan Sector  
Relative Index

### Nichino Service Receives “Platinum” Rating in EcoVadis Sustainability Assessment

Nichino Service, a Group company of Nihon Nohyaku, received the highest “Platinum Medal” in a survey conducted by EcoVadis (head office: France), a global sustainability assessment organization. To date, over 95,000 companies in 160 countries around the world have been assessed on the basis of “environment,” “labor and human rights,” “ethics,” and “sustainable procurement of materials.” The “Platinum Medal” is awarded to companies that rank in the top 1% of all assessed companies.





# Raising the Level of Environmental Management

## Response to Climate Change



### Response to Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Climate change is expected to have various effects on the global environment, including agricultural crop production and natural ecosystems. Accordingly, the effective promotion of countermeasures has become a common issue across the globe. NICHINO Group is centered on the agrochemical business, which contributes to stable crop production globally. For the Group, analyzing and predicting the direct, indirect and derivative ongoing effects of climate change is important from the perspective of business strategy. The Group has announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations (February 2022). We are responding to the TCFD recommendations, such as by conducting climate change scenario analyses.

### Governance and Risk Management

In order to expand sustainability management within the Group, the Board of Executive Officers, which is chaired by the President and Representative Director, deliberates and decides on priority issues in business activities. These issues include sustainability, compliance, risk management, promotion of responsible care, various activities related to J-SOX, and climate change. Decisions made are reported to the Board of Directors.

The Risk Management Committee identifies risks on the business and implements measures to reduce said risks. By promoting measures that address risks posed by climate change, we are striving to fulfill the social responsibilities of Nihon Nohyaku and NICHINO Group.

### Strategy

The global population is expected to continue growing in the future. However, there is a limit to how much farmland can be expanded, and there are concerns that the expansion of farmland could result in deforestation. In addition, there is a possibility that the amount of farmland will decrease due to a rise in abnormal weather conditions caused by climate change. Therefore, to meet expanding demand for food caused by population growth, it is essential to improve the efficiency and stability of agricultural production using agricultural materials such as agrochemicals. The Group is conducting scenario analyses of climate change-related risks and opportunities that could affect the realization of our "Ideal business model for 2030," with reference to the below 2°C scenario and the 4°C scenario. The main risks and opportunities are as follows.

● **Risks** ● **Opportunities** Degree of impact: Extremely large: More than 5 billion yen, Large: 500 million to 5 billion yen, Medium: 50-500 million yen, Small: Less than 50 million yen (The impact level is judged based on net sales)

Classification	Risks/Opportunities	Degree of impact (2030)	Reference scenario	Measures to reduce risks and make use of opportunities
Transition	● Introduction of carbon pricing	Medium	Below 2°C scenario (IEA's Sustainable Development Scenario)	We will work to reduce GHG emissions with a focus on renewable energy and biofuels.
	● Surging raw material prices	Large	Beyond 2°C scenario (IEA's Stated Policies Scenario)	We will strengthen collaborations with partners throughout the supply chain through measures such as reducing risk by diversifying raw material sources and updating production facilities so that they consume less energy.
	● Increasing energy costs	Medium		
	● Reduced demand for carbon-intensive products ● Increasing demand for carbon-free products	Medium	–	We will consider streamlining the manufacturing process and developing and introducing innovative manufacturing technologies. We will expand our product lineup to include biopesticides and other products that are expected to have low carbon emissions during the manufacturing process.
	● Improved reputation among customers due to cutting-edge initiatives	Medium	–	We will accelerate initiatives for technological innovation based on accurate future predictions and a medium- to long-term R&D perspective, while considering the direct relationship of climate change with agriculture and business characteristics.
	● Improved ESG evaluations from investors	Medium	–	We will proactively share information regarding initiatives for priority sustainability issues, including measures to reduce GHG emissions.
Physical	● Decreasing demand due to declining farmland area	Large	Below 2°C scenario (IPCC SSP1) 4°C scenario (IPCC SSP3)	We are expanding into the field of crop aid products in addition to agrochemicals, and promoting smart agriculture using IT technology. In doing so, we aim to contribute to farmland conservation and improved agricultural productivity from the perspective of comprehensive crop protection.
	● Increasing demand due to increased agricultural production	Extremely large		
	● Increasing demand due to increased pest infestations, etc.	Medium	4°C scenario (IPCC SSP3)	We are pushing forward with the establishment of data-driven marketing strategies grounded in agricultural production sites. We will strive to provide products and services that meet the needs of producers by quickly and accurately detecting changes in the occurrence and damage caused by pest infestations and weeds, as well as the resulting changes in on-site needs.

\*For details on risks and opportunities related to our response to climate change, please visit our website ([https://www.nichino.co.jp/en/csr/csr\\_climate.html](https://www.nichino.co.jp/en/csr/csr_climate.html)).

## Raising the Level of Environmental Management

### Indicators and Targets (Initiatives to Reduce GHG Emissions)

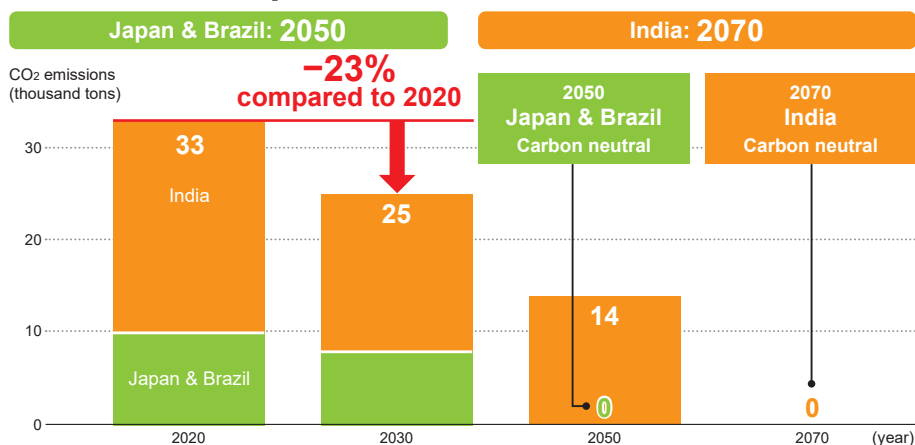
As part of our efforts to create a low-carbon society, NICHINO Group is aiming to reduce its CO<sub>2</sub> emissions compared to the previous year. Furthermore, we aim to achieve a 23% reduction (Scope 1\*2+2\*3) for the entire Group\*1 from 2020 levels in 2030, and achieve carbon neutrality in Japan and Brazil in 2050. (In India, our target is 2070 due to the national policies). We aim to gradually become carbon neutral while keeping an eye on trends in energy policies in each country.

\*1 Nihon Nohyaku and other Group companies that have manufacturing sites. We have manufacturing sites in Japan, India, and Brazil.

\*2 Direct emissions of GHG by the reporting company.

\*3 Indirect emissions from the use of electricity, heat, or steam supplied by others.

### NICHINO Group\* aims to be carbon neutral



\* Nihon Nohyaku and other Group companies that have manufacturing sites.



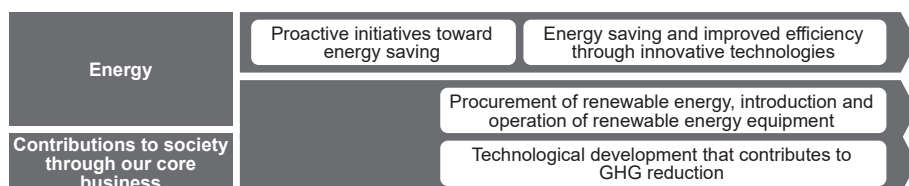
CO<sub>2</sub> Emissions Reduction Policy

**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 keeping an eye on changes in energy policies in each country.



### Initiatives to Save Energy

Nihon Nohyaku and Nichino Service are specified business operators defined in the Energy Conservation Act (Act on Rationalizing Energy Use and Shifting to Non-fossil Energy). Our goal is to reduce energy consumption unit from the previous year and the past five-year average of that by 1% or more. Other domestic Group companies have also set goals that match their business conditions and are working on energy conservation measures such as switching to LED lighting and eco-driving. Overseas Group companies are working to determine the actual state of their energy usage while promoting energy conservation efforts. Going forward, the entire Group will work together as one to further promote energy conservation.

#### TOPICS 1 GHG Reduction Initiatives

CO<sub>2</sub> accounts for almost all of the Group's GHG emissions. We are considering and implementing specific measures both domestically and internationally to achieve carbon neutrality in 2050 and 2070. Regarding our domestic CO<sub>2</sub> emissions, the Group has always disclosed Scope 1 and Scope 2 emissions. From FY2020, we also started disclosing our global CO<sub>2</sub> emissions, including those in India and Brazil, where we have manufacturing sites. Furthermore, we have calculated Scope 3\* emissions in accordance with the GHG Protocol (international standard for calculating and reporting GHG emissions) from FY2021 for Nihon Nohyaku and domestic manufacturing sites, and from FY2022 for overseas manufacturing sites.

\* Other indirect emissions besides Scope 1 and Scope 2, emissions from the corporate value chain.

Nichino Service has installed solar panels at the Saga Plant and is contributing to the reduction of CO<sub>2</sub> emissions by selling the electricity generated. In FY2023, Nichino Service also installed solar panels at the Fukushima Plant and switched some of the electricity used at the plant to solar power generation, thereby contributing to the reduction of CO<sub>2</sub> emissions.

Solar panels (Nichino Service Fukushima Plant)



## Environmental Conservation

### Consideration for Biodiversity

Agrochemicals are required to be effective against pests and weeds, and to be safe for users and consumers of agricultural products. They are also required to be considerate of the natural environment around the farmland. The Group complies with the laws and regulations of each country and works to develop agrochemicals that are closely aligned with the perspectives of “the environment, safety and health,” by utilizing the latest scientific knowledge. Nichino Ryokka utilizes its products and weed management technology to participate in the “Satochi-Satoyama (Socio-ecological Production Landscape) Revitalization Project by Industry, Academia, and Government” in Nasukarasuyama City, Tochigi Prefecture. The company also contributes to biodiversity by conserving the landscape. Nihon Nohyaku participates in CropLife JAPAN (formerly known as Japan Crop Protection Association)’s “Bee Friendship Plan.” It grows plants preferred by pollinating insects such as bees on part of the company premises to provide a proper habitat for pollinating insects. Group companies and offices will continue to consider and promote initiatives that contribute to biodiversity.



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



Sunflowers grown as part of the Bee Friendship Plan (Naganuma Nursery)

### Water Conservation

The Group works to reduce water usage through efforts in improving production efficiency, saving water, and recycling. We also thoroughly treat wastewater and manage water quality, complying with legal wastewater standards and standards set by local ordinances in the areas where our plants and research facilities are located. In Japan, we have set voluntary control values for wastewater that are stricter than the legal standards, and we manage the wastewater to ensure that it does not exceed the standard values.



### Initiatives to Reduce Waste

The Group actively works on the 3Rs (reduce, reuse, and recycle), and Nichino Service promotes the goal of zero emissions\*. For some products, we offer multiple specifications tailored to each customer's needs. By allowing each customer to purchase an optimal amount based on their needs, we work to reduce waste agrochemicals and the amount of packaging used. AgriMart is working to reduce the amount of plastic used. In FY2023, the company changed the specifications of some of its products from 500 g to 1 kg to reflect actual usage. Furthermore, we focus on reducing waste through green purchasing (purchasing products and materials from manufacturers that strive to reduce their environmental impact, including waste reduction), and we have joined the Green Purchasing Network. In FY2023, we achieved a green purchasing rate of 99.9% for the entire domestic Group, thereby achieving our goal (over 95%). The entire Group will continue to work together as one to advance waste reduction efforts.

\* The final landfill amount of waste shall be less than 1% of generated volume.

New packaging  
1 kg bottle



Old packaging  
500 g bottle



Product with changed specifications  
(AgriMart)

## Raising the Level of Environmental Management

### Initiatives for Raw Materials

Some of our products use packaging made with plant-based biomass ink and rice bran-derived rice ink. In general, the raw materials for ink are mainly derived from petroleum. Therefore, by replacing petroleum-based ink with biomass ink and rice ink, we can reduce the amount of petroleum resources used. In addition, the Group has formulated “NICHINO Group Basic Procurement Policy” and “NICHINO Group Green Procurement Standards,” and we take the environment into consideration when we conduct material procurement.



Examples of products using biomass ink and rice ink

### Response to Environmental Problems

The Group share problems that occur at Group companies within the Group as they arise. We then use these cases as lessons to roll out preventive measures and improvement initiatives to other offices within the Group, while also providing environmental education.

### Initiatives for Environmental Assessment

The Group works on environmental assessment through Responsible Care activities and ISO 14001 (Environment Management System). We thoroughly comply with environmental laws, ordinances, and local agreements, etc. We promote business activities while taking into account our effect on the surrounding areas, considering factors such as the generation of noise, odor, or vibration.

#### TOPICS 2 Promoting Environmental Conservation Initiatives at Work and at Home

To ensure that employees are fully aware of environmental laws and regulations and to promote environmental conservation initiatives at work and at home, the Environment Safety & Quality Assurance Department issues the “Environment Safety News” newsletter three times a year to share information with all employees. The newsletter features information related to environmental safety.

#### TOPICS 3 Global Warming Countermeasures

In conjunction with “Environment Day” on June 5, we hold activities to raise employee awareness of environmental conservation. We promote these activities so that each employee will have an opportunity to think about global warming countermeasures through familiar actions and measures that they can take at home.

#### TOPICS 4 Plastic Reduction

We conduct awareness-raising activities through Environment Safety News and other means, concerning actions that individuals can take to reduce their plastic usage. Moreover, as part of our initiatives for the workplace, we work on green purchasing, which promotes the purchase of items that have a lower environmental impact, such as recycled plastic products.



# Expansion of Human Rights Management

## Human Rights Initiatives

### Basic Approach

NICHINO Group positions respect for human rights as one of the most important management issues for the sustainable promotion of business. We respect the internationally recognized human rights of all people and conduct business activities in accordance with the United Nations' "Guiding Principles on Business and Human Rights" and "Ten Principles of the Global Compact." We will fulfill our responsibility to respect the human rights of all stakeholders involved in the Group's business activities.

### Human Rights Management Promotion System

Within the Group, the President and Representative Director is responsible for overseeing human rights management, and the Division Manager of the Administration Division is responsible for implementing and promoting it. In addition, we have established a Human Rights Subcommittee as an advisory body to the Sustainability Committee (Chairperson: General Manager of the Human Resources Department).

### Human Rights Policy

In FY2023, the Group expanded upon its existing Basic Human Rights Policy by formulating the "NICHINO Group Human Rights Policy," which complies with the United Nations' "Guiding Principles on Business and Human Rights." The policy was approved by the Board of Directors of Nihon Nohyaku Co., Ltd. on April 23, 2024, after consultations with external experts and the Nihon Nohyaku Labor Union.

### Human Rights Due Diligence

The Group is promoting human rights due diligence as follows.

Initiative items	Main Initiatives (Nihon Nohyaku Co., Ltd.)
<b>Identifying human rights violation risks</b>	According to guidelines from government publication related to business and human rights, we identify human rights violation risks through internal documents related to risk management activities and workplace discussions amongst all employees.
<b>Implementation of education and training</b>	We conduct awareness-raising activities regarding human rights management for all officers and employees. We conduct human rights management training, recommend participation in external seminars, conduct compliance training (twice a year), and distribute a compliance e-mail newsletter (once a month).
<b>Development of internal environment and systems</b>	We create a work environment that is free from long working hours and harassment, which are factors that pose the risk of human rights violation. We operate our personnel system fairly.
<b>Ensuring human rights throughout the supply chain</b>	We comprehensively promote human rights initiatives throughout the supply chain from the perspective of sustainable procurement.

### Relief Mechanisms

Nihon Nohyaku, its domestic Group companies, and its major overseas Group companies have established the whistleblowing system for all officers and employees. Going forward, we will work to establish a relief desk that will be available to all stakeholders both inside and outside the company, including customers.

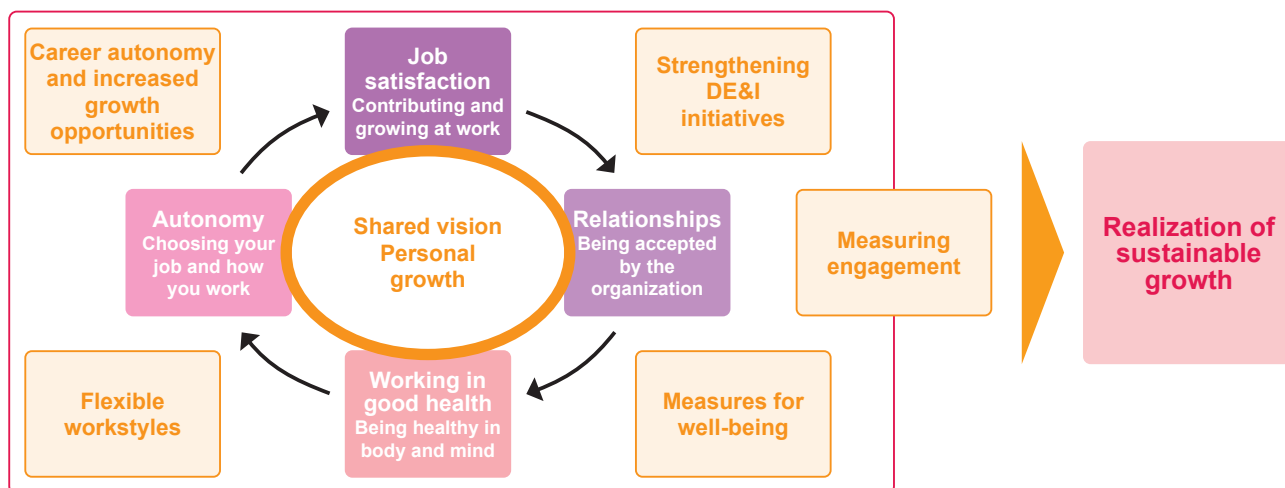


## Expansion of Human Rights Management

### Human Resources Management

#### Basic Approach

NICHINO Group considers human resources to be its most important management capital and positions them as “human assets.” To achieve sustainable growth, we will set indicators for well-being, diversity, equity & inclusion, development and training, human resource utilization, and improvement of the working environment as part of our human capital management.



#### Personnel System

The kind of human resources we are looking for are those who can contribute to improving the Group’s business value over the medium- to long-term. We have formulated the “Nichino HC (Human Capital) Values” to represent the type of human resources we are looking for and the knowledge they should possess. We are also reforming our personnel system to enable our human resources to play even more active roles. We will continue to operate the system fairly so that all employees can continue to work with smiles and enthusiasm.

##### 1. Wage system

Nihon Nohyaku has abolished seniority-based systems and lifestyle-related allowances and has instead adopted a wage system that provides a high base salary as compensation for labor.

##### 2. Personnel evaluation system

In our personnel evaluation system, we have set “medium- to long-term challenge themes” to foster a spirit of challenge in all employees. This system makes it easier for employees to take on advanced tasks that go beyond their regular duties. We also have a value evaluation system in place to evaluate the embodiment of desired human resources.

#### Education and Training

We provide individualized training according to each employee’s level. We also provide support for employees’ self-development through initiatives such as correspondence courses.

**Training time per person**  
(Only full-time employees in FY2023) **9.2 hours**

#### Development of Global Human Resources

We are currently formulating a succession plan for core positions within Nihon Nohyaku and its Group companies. To develop global human resources, we second young employees to overseas Group companies, dispatch researchers to overseas research institutes, and dispatch employees from overseas Group companies to Nihon Nohyaku.

## Diversity, Equity & Inclusion (DE&I)

### Basic Approach

Nihon Nohyaku ensures that employees with diverse values (nationality, age, gender, sexual orientation, gender identity, workstyle, etc.) can each demonstrate their capabilities at their full potential. To do this, we implement diversity training and workplace discussions which aim to promote understanding and dissemination of the importance of ensuring diversity, and the anticipated effects of doing so. We will continue to carry out initiatives such as providing training courses for women to further promote their active participation in the workplace, promoting the hiring of foreign nationals, creating a barrier-free environment to eliminate restrictions for persons with disabilities, and taking measures to ensure employment until the age of 70.

#### KPIs and Results (Nihon Nohyaku Co., Ltd.)

Items	Numerical targets	Level of achievement
<b>Promoting Female Participation in the Workplace</b>	<ul style="list-style-type: none"> <li>Rate of female managers: 13% (March 2027)</li> <li>Rate of women among new hires: 50%</li> </ul>	<ul style="list-style-type: none"> <li>10.3% (March 2024)</li> <li>30% (April 2021 - March 2024)</li> <li>Rate of women in section chief-equivalent positions that are candidates for managerial positions: 27.1% (March 2024)</li> </ul>
<b>Employment of Persons with Disabilities</b>	<ul style="list-style-type: none"> <li>Achieve the legally mandated percentage of employees with disabilities (2.7%) (FY2026)</li> </ul>	<ul style="list-style-type: none"> <li>1.48% (FY2023)</li> <li>Number of employees with disabilities: 7 (March 2024)</li> </ul>
<b>Appointment of Non-Japanese Colleagues</b>	<ul style="list-style-type: none"> <li>Rate of non-Japanese employees among full-time employees: 2% (March 2031)</li> </ul>	<ul style="list-style-type: none"> <li>1.3% (March 2024)</li> <li>Number of non-Japanese employees: 5 (March 2024)</li> <li>We hired one non-Japanese employee in FY2023</li> </ul>
<b>Mid-career Recruitment</b>	<ul style="list-style-type: none"> <li>Maintain a 1/3 ratio of mid-career recruits</li> </ul>	<ul style="list-style-type: none"> <li>34.1% (March 2024)</li> </ul>
<b>Senior Employees</b>	—	<ul style="list-style-type: none"> <li>Senior employees: 55 (March 2024)</li> </ul>

## Initiatives Toward Health Management

### Basic Approach

The Group\* believes that the physical and mental health of employees enhances personal happiness, which in turn contributes to improved company performance and sustainable growth in corporate value. We are promoting health management through the establishment of a company-wide promotion system to maintain and promote employee health and improve the work environment. In March 2024, we announced “NICHINO Group Health Management Declaration.”

\*: Applies to Nihon Nohyaku Co., Ltd. and domestic Group companies

#### NICHINO Group Health Management Declaration



NICHINO Group declares its intention to create a work environment where employees can work with enthusiasm, and to improve the job satisfaction and happiness of all employees by supporting their physical and mental health.

**Hiroyuki Iwata**

President and Representative Director,  
Nihon Nohyaku Co., Ltd.

### Health Management Promotion System

The President and Representative Director has been appointed as the “Health Management Supervisor” and the Division Manager of the Administration Division as the “Health Management Promotion Manager.” We promote health management in cooperation with health insurance associations, safety and health committees, and labor unions, primarily through the Human Resources Department, health management managers, public health nurses, and occupational physicians.

### Main Initiatives

Nihon Nohyaku is working with its domestic Group companies to implement the health management measures described on the next page. In addition, domestic Group companies have begun efforts to obtain certifications from prefectures and government offices.

## Expansion of Human Rights Management

### Main Initiatives (Nihon Nohyaku Co., Ltd.)

<b>① Maintenance and Promotion of Health</b> <ul style="list-style-type: none"> <li>Implementation of regular medical examinations</li> <li>Implementation of training, etc. to improve health literacy</li> <li>Prevention of lifestyle-related diseases through cooperation with health insurance associations</li> </ul>	<b>② Mental Health Care</b> <ul style="list-style-type: none"> <li>Stress checks</li> <li>Mental health-related training</li> <li>Setting up a hotline for mental and physical health (external consultation desk)</li> </ul>	<b>③ Creation of a Comfortable Work Environment</b> <ul style="list-style-type: none"> <li>Measures to prevent passive smoking, outpatient support for smoking cessation</li> <li>Optimization of working hours</li> <li>Encouraging more active communication between employees</li> </ul>
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## Creating a Comfortable Work Environment

### Basic Approach

The working environment has changed greatly due to the diversification of work values, an increase in dual-income households, and labor shortages caused by the declining birthrate and aging population. Against such a backdrop, we implement initiatives to improve employee motivation and to realize diverse workstyles.

### Work-Life Balance

To realize work-life balance, we have introduced and are appropriately operating the following systems.

#### Major Nihon Nohyaku programs related to comfortable work environments

Field	Internal programs
Work systems	Normal work system, Time attendance system, Flex-time work system, Discretionary work system, Deemed outside work-site system
Holidays	Saturdays, Sundays, national holidays, winter holidays (December 29 to January 3), labor day holiday (May 1), Foundation Anniversary Day (November 17)
Realizing diverse workstyles	Annual paid leave, Congratulatory or condolence leave, Posting leave, Maternity leave, Summer vacation (5 days), Refresh vacations, Half-day paid leave, Childcare leave system, Childcare time (duty exemption), Shorter working hours system for expectant and nursing mothers (duty exemption), Child nursing care leave (paid), Leave for childcare (paid), Family care leave system, Family care leave (paid), Shorter working hours system for childcare, family care, injury and sickness treatment, Working from home system, Area full-time employee system (only when appointed as full-time employee)
Maintaining and promoting the health of employees	Medical examinations for all employees (full physical examinations for employees over age 40), Long-term sick leave, Stress check surveys, Telephone health consultations
Other benefits	Property accumulation savings, Housing loans, Defined contribution pension plan, Employee stock ownership plan, Leased company housing system

### Promoting the Use of Childcare Leave by Men

In order to create an environment where men can take childcare leave without qualms, we have set up a consultation desk and distribute childcare support pamphlets. Furthermore, we encourage male employees to proactively take childcare leave by explaining the childcare leave system individually to eligible male employees.

**Rate of childcare leave taken by male employees**  
(FY2023)

**90%**

(9 out of 10 eligible employees took leave)

### Promoting the Use of Paid Leave

Our labor-management target is for employees to take an average of 14 or more days of paid leave. In addition to the two planned paid leave days per year set out in the labor-management agreement, we encourage employees to take long vacations by promoting the middle day between consecutive holidays as a day to take paid leave.

**FY2023 results**

**Average paid leave days taken per year by all employees**

**13.8 days**

### Labor Relations

We consider labor unions to be one of our important stakeholders, and we have built good labor relations with a foundation of mutual understanding and trust.

**Number of meetings of the labor-management council held: 14 (including one meeting with top management)**  
**Policy explanation meeting by division: Policy briefing and exchange of opinions with each business department**  
**Number of labor-management study sessions held: 15**

# Enhancing the Safety Culture

## Quality Assurance

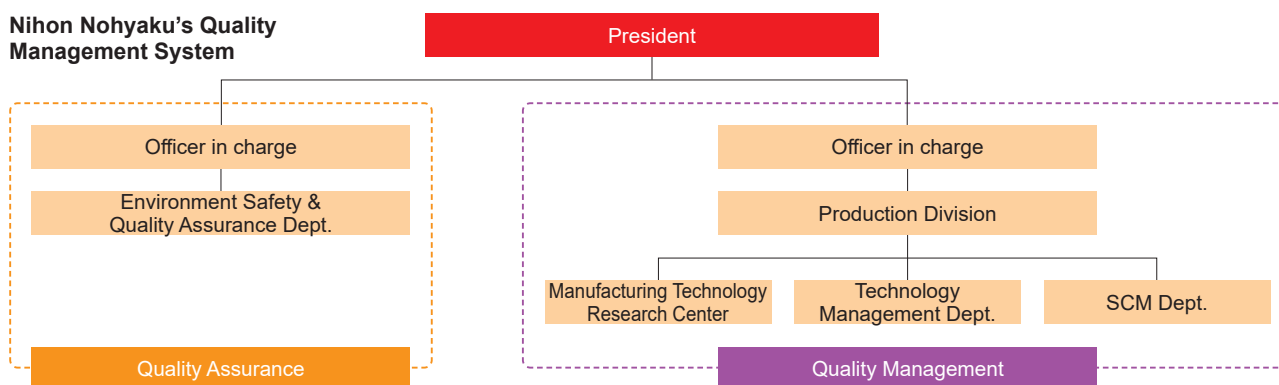
### Providing High Quality Products

We work to ensure product quality and safety in every stage of the value chain, from R&D through manufacturing, sales, logistics, use, and final consumption to disposal and recycling, based on our basic policy for Responsible Care. To fortify supervision and control functions, we have consolidated the quality assurance function into the Environment Safety & Quality Assurance Department. Product quality is handled by two departments, the Environment Safety & Quality Assurance Department, which handles quality assurance, and the Production Division, which handles quality control. We carefully deliberate with Nichino Service, the Group's manufacturing company, to manage quality with a focus on their maintenance and improvement. In our production process for active ingredients\*<sup>1</sup>, we practice quality management that applies GMP management methods (production management and quality management standards for pharmaceuticals).

The Environment Safety & Quality Assurance Department conducts audits on contract manufacturers outside the Group from an independent standpoint. We conduct risk management for product liability (PL\*<sup>2</sup>) to prevent issues. In addition, we visualize the status of responses to complaints received in relation to our products with an internal database to promote rapid and accurate response.

\*1 Active ingredients of agrochemicals \*2 Product Liability

#### Nihon Nohyaku's Quality Management System



### Appropriate Management of Chemical Substances

The Group creates Safety Data Sheets (SDSs) for agrochemicals, products excluding agrochemicals, and samples for testing and research purposes to ensure the safe handling of chemical substances and prevent injuries and accidents. We also display information about agrochemical products on the corporate website ([https://www.nichino.co.jp/en/products/page\\_10150.html](https://www.nichino.co.jp/en/products/page_10150.html)). In FY2023, we focused on revising the SDSs of each item to comply with the revised Industrial Safety and Health Act that went into effect on April 1, 2024. We also appointed chemical substance managers and protective equipment managers at business offices where chemical substances are handled in accordance with the revised Industrial Safety and Health Act, and took the necessary measures. We have built an SDS library on the company intranet to enable the Group's plants and offices to view SDSs when needed — including SDSs of raw materials and products.

### Promoting Product Stewardship through the Product Life Cycle

The Group focuses on safety management throughout the product life cycle, from research to manufacturing, use, and disposal, and provides appropriate information. Particularly during the research and development stage, we conduct voluntary audits based on our own internal regulations, and continuously engage in initiatives to ensure product safety, also known as "Product Stewardship." In addition, we have set up a phone number and a contact form on our website, as points of contact for inquiries and consultation regarding our various products and agrochemicals in general.

Nihon Nohyaku Co., Ltd.	Agrochemical products in Japan (Customer service center)	+81-570-09-1177
	Pharmaceuticals and animal health products (Pharmaceuticals Dept.)	+81-50-3490-3514
Nichino Ryokka Co., Ltd.	Agrochemical products and greening materials in Japan	+81-3-3808-2281
AgriMart Corporation	Termite solutions and environment-related materials	+81-3-5159-1711

We provide the Japan Poison Information Center with SDSs of our products to assist in inquiries from medical institutions, in the unlikely event of a poisoning accident related to our products.

## Enhancing the Safety Culture

## Supply Chain Management

### NICHINO Group Basic Procurement Policy

Based on our Sustainability Basic Policy, we established “NICHINO Group Basic Procurement Policy” in November 2021.

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 Appropriate 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 Coexistence with society

### Activities Toward Sustainable Procurement

#### ● Procurement Questionnaire Survey

In FY2023, we provided information about our Basic Procurement Policy. We also used Global Compact Network Japan's CSR procurement self-assessment tool (SAQ) to conduct a questionnaire survey for business partners in Japan to confirm the status of their initiatives. The questionnaire survey was distributed to 142 companies, and responses were received from 129 companies (91%). We will continue to work with business partners to implement sustainable procurement activities based on NICHINO Group's Basic Procurement Policy.

#### ● Green Procurement

We have established “NICHINO Group Green Procurement Standards” to commit ourselves to environmentally friendly procurement. The green procurement rate in FY2023 was 99.3%. We will continue to improve our green procurement rate.

## Logistics Safety

### Promotion of 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). We have submitted our Declaration of Voluntary Action. Our modal shift rate\* in FY2023 was 20.0% (target: 20.0%, results in FY2022: 19.1%). 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

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

### Global Zero Accidents

As part of the Responsible Care activities, Group companies in Japan work toward the goal of achieving zero occupational/commuting accidents and serious equipment-related accidents through the Occupational Safety & Health and Process Safety & Disaster Prevention Code. Regular safety and health committee meetings are held at all sites, regardless of whether they are offices, laboratories, or other facilities. Furthermore, all commercial vehicles are equipped with dashboard cameras, and ratings of driving by insurance companies are used to raise awareness about safe driving. Group companies that have manufacturing sites outside Japan work toward achieving zero accidents through efforts such as using ISO45001 (Occupational Safety & Health Management System). We plan to continue expanding Responsible Care activities outside Japan so that the entire Group can work together to carry out occupational safety & health and process safety & disaster prevention initiatives through Responsible Care activities.



## Global Occupational Safety Audit System

The Environment Safety & Quality Assurance Department conducted (twice in total) on-site and written audits of overall Responsible Care activities, including occupational safety and health, at all plants and offices of Group companies in Japan to enhance monitoring and check-and-balance functions. Audits consist of confirming whether there have been accidents at worksites and providing instruction on improving the safety of offices' activities. Globally, in FY2023, we conducted on-site inspections of our manufacturing sites, Nichino India (India) and Sipcam Nichino Brasil (Brazil), to confirm and provide guidance on their safety management systems. Going forward, we plan to develop a global audit system based on Responsible Care and ISO methods and to audit offices in the Group outside Japan.

## Avoiding Accidents in the Research Stage

To implement a high level of safety management for research activities at NICHINO Group's research sites, we continuously encourage employees to acquire national qualifications, such as hazardous materials handler qualifications, to increase the number of qualified personnel. We also conduct safety activities with an emphasis on avoiding accidents through Kiken Yochi (risk prediction) activities, risk assessment, safety education, and safety patrols led by sites' safety and health committees. In the unlikely event of an accident, various drills are conducted to minimize damage. In FY2023, the in-house fire fighting team won the indoor fire hydrant category at the Firefighting Technique Training Session in Kawachinagano-city, Osaka. We carry out safety activities from a wide range of approaches, such as conducting risk assessments based on actual accidents that occurred at other offices and conducting multifaceted safety research from the early stages of research.



Firefighting Technique Training Session Winner's Cup and Certificate (Research Center)

## Eliminating Serious Accidents at Production Sites

All of our production sites have acquired ISO45001 and promote safety activities and equipment maintenance using an Occupational Safety & Health Management System. Nichino Service carries out risk assessment on a 5-stage scale, and with a company policy of eliminating level 3 or higher risks, it works to reduce risks by reviewing work procedures and improving equipment based on the results of assessment. We have also started deliberations on developing an intelligent and automated smart factory that considers not only production efficiency but also safety. We strive to prevent and eliminate accidents at our overseas production sites. Going forward, we plan to carry out initiatives to improve our management level through regular inspections and audits.



Firefighting training (Nichino Service Fukushima Plant)



Evacuation training (Nichino Service Kashima Plant)



Leakage response training (Nichino Service Saga Plant)

# Development of Technologies and Products that Meet the Needs of Society

## Product Development

### Global R&D

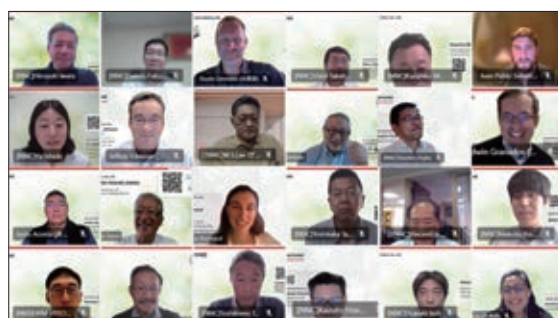
A major mission of the Group is to create new agrochemicals that meet the needs of the times to ensure a safe, secure and steady food supply and improve the environment and quality of life for all. As an R&D-driven company, Nihon Nohyaku has built strategies based on accurate analysis of the business environment and market changes. We work on discovery of new agrochemicals as well as expansion of the fields of application of existing products from a global perspective. We continuously challenge ourselves to create technologies that contribute to global food production by enhancing the functions of the Research Center, which carries out cutting-edge research, and the Manufacturing Technology Research Center, which is responsible for technological development in the manufacturing stage. We also challenge ourselves by strengthening the development system that responds to global market needs with domestic and overseas Group companies. We also promote licensing activities effectively by using intellectual property such as patents and improve our product portfolio to expand our business.



Research Center

### Creation of New Agrochemicals

The creation of new active ingredients for agrochemicals takes more than 10 years as well as significant investment, 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. We have contributed to ensuring a safe and steady food supply by launching, to date, flubendiamide, an insecticide for Lepidoptera, pyraziflumid, a broad-spectrum fungicide, and pyraflufen-ethyl, a PPO inhibitor herbicide/desiccant. We are accelerating exploratory research by expanding our efforts in the recent AI drug discovery technologies in the synthesis field, omics research in the safety and biological fields, and initiatives in the computational science field.



Global Meeting I



flubendiamide



pyraziflumid



pyraflufen-ethyl



benzpyrimoxan

### Developing Eco-harmonized Products

Agrochemicals are required to be effective against pests and weeds, to be safe for users and consumers, and to be considerate of the natural environment. By having the chemistry, biology, safety, and research support departments collaborate from an early phase of the research stage, the Group has developed agrochemical products that have a low environmental impact, such as “reduced impact on environmental organisms” and “reductions in dosage and residual amounts.” NICHINO Group aims to develop agrochemicals that are closely aligned with the perspectives of “the environment, safety and health,” by using the latest scientific knowledge, not only in response to related laws and regulations in each country, but also from the perspective of promoting SDGs and sustainability management. Most recently, we launched Benzpyrimoxan (ORCHESTRA®), which inhibits ecdysis of nymphs of plant hoppers and leaf hoppers, in Japan and India. It is characterized by the fact 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. We will also build new facilities to manufacture active ingredients in India, our largest market, and promote local manufacturing in consuming countries to reduce CO<sub>2</sub> emissions during transportation.

In addition to chemically synthesized agrochemicals, we will also expand our business to include biopesticides and crop aid products (biostimulants, etc.).

## Ingenuity During Manufacturing

In the production of chemically synthesized agrochemicals, chemical reactions are often carried out under heat and sometimes pressure. We select manufacturing methods that are efficient, use little energy, and avoid the risk of accidents such as explosions. We also contribute to the realization of a sustainable society in less obvious ways when processing active ingredients into final products. We do this by using production methods with low CO<sub>2</sub> emissions and establishing formulations that do not use secondary materials that may have adverse effects on the environment.

## Ethical Considerations concerning Testing on Animals

The 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 and reduce animal testing through technological development and research initiatives using cultured cells and computer modelling.

## Examples of Crop Aid Products

“FROST BUSTER,” a product of the Group, was developed based on a new proposal to effectively utilize “coffee grounds,” a byproduct of canned coffee manufacturing, and prevent frost damage on crops by promoting supercooling\*. This is a product that contributes to the realization of a sustainable, recycling-oriented society.

“CROSS VALUE” is a wettable powder containing two types of *Bacillus* bacteria that we introduced from Chr. Hansen, a long-established Danish company that handles various microbial materials. The bacteria grow around the roots of crops, supporting phosphate absorption, and forms a biofilm that assists water absorption and reduces environmental stress. This is a crop aid product that can be expected to maintain the health of crop roots and stabilize yields and quality.



Global Meeting II

\* When frost or ice is formed, extremely small ice seeds (ice nuclei) are first formed, and these gradually become larger lumps (formation and growth of ice crystals). The promotion of supercooling prevents the formation of ice crystals from these ice nuclei, by preventing water from freezing even at temperatures below its freezing point.

## Initiatives Toward Advanced Technologies

### Contribution 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.” As of June 2024, 25 crops can be diagnosed and it is currently being expanded to overseas countries, mainly in Asia. We will continue to work on expanding crops that can be diagnosed, enhancing functions such as multilingual support, and strengthening overseas development. In addition, our Group company, AgriMart Corporation, has started a sanitary pest management support service, “LeiMe AI Pest Identification and Counting System.”

### Expansion to Pharmaceuticals and Animal Health Products






In our pharmaceuticals and animal health products business, we have applied the technologies from our core business of agrochemicals to the expansion and development of topical antifungal agents (medicine for athlete’s foot) and flea and tick control agents for animals. Our inventions, Ianoconazole and luliconazole, are highly effective against trichophyton, the fungus that causes athlete’s foot. Currently both compounds are used to treat athlete’s foot. We also aim to create new animal health products through joint research with ADEKA.



# Community Involvement

## Dialogue with Stakeholders

### Engagement with Stakeholders

	Purpose/Theme	Main Initiatives	Related Information
 <b>Customers</b>	<ul style="list-style-type: none"> <li>Development of technologies and products that meet the needs of society</li> <li>Education and awareness-raising on the correct use of agrochemicals and improving the understanding of consumers regarding agrochemical use</li> </ul>	<ul style="list-style-type: none"> <li>Creation of new agrochemicals, Pharmaceuticals, and Animal health products</li> <li>Creation of Eco-harmonized products</li> <li>Contribution to smart agriculture</li> <li>Establishment of customer consultation service</li> <li>Disclosure of business information through website</li> </ul>	<ul style="list-style-type: none"> <li>Development of Technologies and Products that Meet the Needs of Society (p.35)</li> <li>Community Involvement (p.37)</li> </ul>
 <b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Appropriate and timely disclosure</li> <li>Constructive dialogue</li> <li>Feedback to the management</li> </ul>	<ul style="list-style-type: none"> <li>Holding of Earnings Conference (twice a year) and the General Meeting of Shareholders (once a year)</li> <li>IR meetings with institutional investors and analysts</li> <li>Tours of the Research Center and other IR events</li> </ul>	<ul style="list-style-type: none"> <li>Community Involvement (p.37)</li> <li>IR webpages on Nihon Nohyaku's website</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Human capital development and skill development</li> <li>Development of comfortable work environment</li> </ul>	<ul style="list-style-type: none"> <li>Discussions between labor and management</li> <li>Development of internal reporting system</li> <li>Activities toward zero accidents</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of Human Rights Management (p.28)</li> <li>Expansion of Compliance and Risk Management (p.43)</li> <li>Enhancing the Safety Culture (p.32)</li> </ul>
 <b>Business Partners</b>	<ul style="list-style-type: none"> <li>Fair and equitable business relations</li> <li>Sustainability promotion on the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Conducting procurement questionnaire surveys</li> <li>Promotion of White Logistics</li> <li>Green procurement</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of Human Rights Management (p.28)</li> <li>Enhancing the Safety Culture (p.32)</li> </ul>
 <b>Local Communities and Society</b>	<ul style="list-style-type: none"> <li>Contribution to the sustainable development of international society</li> <li>Environmental conservation</li> <li>Support for regional revitalization</li> </ul>	<ul style="list-style-type: none"> <li>Creation of new agrochemicals, Pharmaceuticals, and Animal health products</li> <li>Creation of Eco-harmonized products</li> <li>Activities to reduce GHG emissions</li> <li>Response to TCFD Recommendations</li> <li>Training and tours at business sites</li> <li>Nichino Scholarship Fund</li> <li>Donations for humanitarian aid</li> </ul>	<ul style="list-style-type: none"> <li>Development of Technologies and Products that Meet the Needs of Society (p.35)</li> <li>Raising the Level of Environmental Management (p.24)</li> <li>Expansion of Compliance and Risk Management (p.43)</li> <li>Community Involvement (p.37)</li> </ul>

### Communication with our Shareholders and Investors

To build a foundation for constructive dialogue with stakeholders, Nihon Nohyaku has established a disclosure policy. We strive to appropriately disclose corporate information, including non-financial information, ensure the transparency of corporate management, and hold Earnings Conference as well as individual IR meetings.

Earnings Conference are available on demand on our website.

### Strengthening Communication with our Customers

#### ● Association Memberships

Through various associations, NICHINO Group contributes to education and awareness-raising about the correct use of agrochemicals for growers and correct understanding for consumers.

#### Industry Associations

- CropLife JAPAN
- Japan Chemical Industry Association
- Japan Plant Protection Association
- Japan Association for Advancement of Phyto-Regulators
- Green and Safety Promoters Association
- Japan Agricultural Aviation 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 the inquiry form on our website. It is also important for us to hear general questions and inquiries from consumers regarding agrochemicals. We provide relevant information to improve understanding of our agrochemicals.

#### ● Disclosure of Business Information Through Our Website

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



Our website  
<https://www.nichino.co.jp/en/index.html>



## Results of the NICHINO Group's Social Contribution Activities in FY2023

We are engaged in a variety of social contribution activities both in Japan and overseas.  
Below are some examples of our activities.

Country/Region	Site	Activity Details
Japan	Nihon Nohyaku	Acceptance of study visits from non-profit organization for the purpose of career education
		Donation to the areas affected by the Noto Peninsula Earthquake
		Dispatch of lecturers to educational institutions
		Donation of scholarships to agricultural colleges and study sessions on agrochemicals
		Participation in the open company event "Work Waku-Waku Kawachinagano"
		Participation in cleaning activities held by local irrigation associations
		Participation in Osaka Prefecture's Adopt Forest System
		Acceptance of work experience programs from nearby middle schools
		Acceptance of business site tours
		Distribution of CSR Reports to business partners
		Sponsorship of community activities (neighborhood festivals and events)
		Cooperation in blood donation
		Cooperation with Red Feather Community Chest
	Nichino Ryokka	Participation in the "Satochi-Satoyama (Socioecological Production Landscape) Revitalization Project by Industry, Academia, and Government" in Nasukarasuyama City, Tochigi Prefecture
		Implementation of "Machikado Clean Day," a cleanup activity around the head office
	Nichino Service	Participation in Morioka City citizen's event for the restoration of the Sannomaru of Morioka Castle ruins
		Cooperation in blood donations
		Acceptance of internships and supporting second careers for those planning to retire from the Self-Defense Forces
		Cleaning up roads around business sites
	Nihon Ecotech AgriMart	Acceptance of tours of business sites (agrochemical manufacturing plants)
		Cooperation and sponsorship with community activities (e.g., industrial parks, local festivals, etc.)
U.S.A.	Nichino America	Acceptance of business site tours
Europe	Nichino Europe	Countermeasures against ant damage on Hachijo Island and other remote islands
		Donation to food banks and volunteer works at events
Brazil	Nichino do Brasil	Donation to nursing homes
		Donation to local publishing companies engaged in environmental conservation activities
India	Nichino India	Donations and contributions to brain tumor support groups
		Sponsorship of A.B.E.L.H.A. (activities for sustainable coexistence with pollinating insects)
Colombia	Nihon Nohyaku Andica	Sponsorship of agrochemical container recycling activities
		Installation of water supply plants with Reverse Osmosis in rural villages for daily use
		Package collection of post-consumers of products

## Countermeasures Against Invasive Ant Damage in Hachijo Island

AgriMart Corporation worked with Hachijo Town, Tokyo Metropolitan University, and the Forestry and Forest Products Research Institute to take measures against White-footed ants (*Technomyrmex brunneus*) in Hachijo Town. White-footed ants are an invasive species of ant that are infesting Hachijo Island, invading houses, building nests, and causing harm to people's daily lives.

Hachijo Island is rich in nature, and measures that have minimal impact on the environment are required. AgriMart and Nihon Nohyaku's Formulation Research Group therefore jointly developed a base material that is highly biodegradable and whose decomposition products have a small environmental impact. A formulation made by mixing this base material with Nihon Nohyaku's active ingredients showed high effectiveness in field tests conducted locally. Accordingly, the formulation has been adopted on Hachijo Island, where it is distributed and used by residents.

Under the law, these invasive ants are not subject to treatment with agrochemicals or pharmaceuticals, therefore local governments are facing difficulties in dealing with them. There is high demand for this formulation, which uses a highly biodegradable base material, and we expect that it will also be used by other local governments.



## Nichino Europe's Social Contribution Activities

On March 3, 2024, employees from Nichino Europe Co., Ltd. (NEU) participated in the 13th Cambridge Half Marathon to raise support for brain tumor patients in the UK. They also made donations to related charities. Moreover, NEU participates in a variety of social contribution activities to realize a sustainable society, such as donating to local publishing companies that engage in environmental conservation activities.



# Strengthening Corporate and Organizational Governance

## Corporate Governance

### Governance Highlights (as of June 19, 2024)

#### ● Number of Directors



Internal Directors



Outside Directors

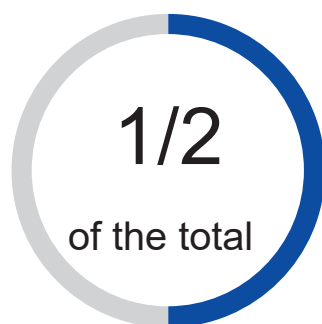
Independent Outside Directors: 6 Internal Directors: 6



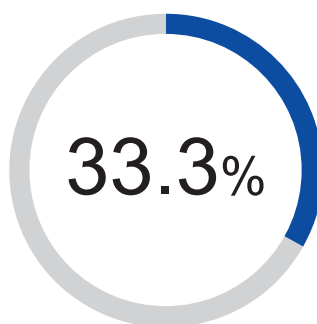
Directors serving as the Audit and Supervisory Committee Members



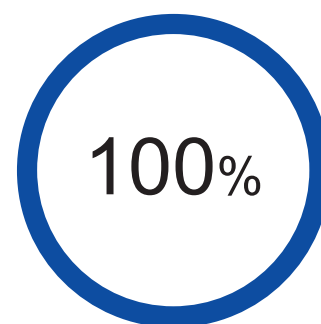
#### ● Percentage of Independent Outside Directors



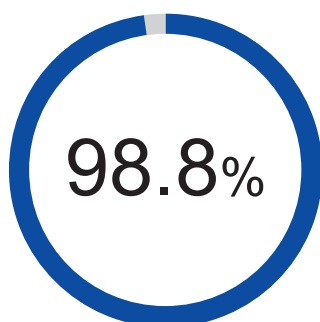
#### ● Percentage of female Directors



#### ● Average attendance rate of Directors (excluding Directors who are Audit and Supervisory Committee members) at Board of Directors meetings in FY2023



#### ● Average attendance rate of Directors who are Audit and Supervisory Committee members at Board of Directors meetings in FY2023



#### ● Governance Committee

Comprised of 6 Outside Directors, 3 Internal Directors



Chairperson (Outside Director)



## Approach to Corporate Governance

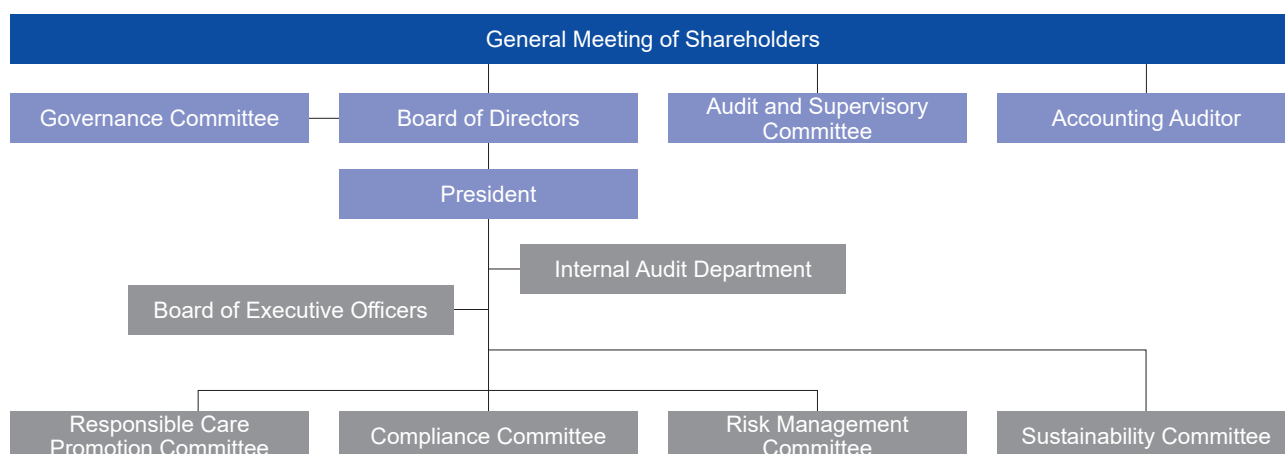
Through efforts to realize the NICHINO Group's Basic Principles, Action Charter and Vision, we aim to be a corporate group that is trusted by various stakeholders such as shareholders, customers, employees, business partners and local communities. We will build an effective corporate governance structure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

## Corporate Governance Structure and Initiatives

Nihon Nohyaku has adopted the form of a company with an Audit and Supervisory Committee. The purpose is to strengthen the supervisory function of the Board of Directors and enhance corporate governance 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.

In addition, the Governance Committee (members: 9 as of June 19, 2024), where a majority of members are independent officers, has been established as an advisory body to the Board of Directors. The Governance Committee further enhances corporate governance by deliberating and reporting—upon a consultation request from the Board—on the appropriateness of the process for appointing/dismissing candidates for Director of Nihon Nohyaku, their qualifications and reasons for appointment, evaluations of the effectiveness of the entire Board of Directors, and the officer remuneration system.

**Corporate Governance Diagram** (as of June 19, 2024)



**Corporate Governance Structure and Initiatives** (as of June 19, 2024)

• Number of Board of Directors Members	
Independent Outside Directors	6 (4 of whom are women)
Internal Directors	6
Directors (excluding Directors who are Audit and Supervisory Committee members)	8 (2 of whom are women)
Directors who are Audit and Supervisory Committee members	4 (2 of whom are women)
• Percentage of Independent Outside Directors	1/2 of the total (50.0%)
• Female Directors (percentage)	4 (33.3%)
• Average attendance rate of Directors (excluding Directors who are Audit and Supervisory Committee members) at Board of Directors meetings in FY2023	100.0%
• Average attendance rate of Directors who are Audit and Supervisory Committee members at Board of Directors meetings in FY2023	98.8%
• Average time required for Board of Directors meetings in FY2023	95 minutes
• Governance Committee	Chairperson (Outside Director)
Outside Directors	6 (4 of whom are women)
Internal Directors	3

## Strengthening Corporate and Organizational Governance

**Skills Matrix of Directors** (as of June 19, 2024)

Name	Positions	Independence	Expertise and experience						
		(Outside Director only)	Corporate management	Industry knowledge	Overseas business	Research & development	Sustainability	Finance & accounting	Governance & risk management
Yosuke Tomoi	Chairman and Director		●	●	●		●		●
Hiroyuki Iwata	President and Representative Director		●	●	●		●		●
Koji Shishido	Vice President and Representative Director		●	●	●	●	●		
Akio Kohri	Director		●		●		●		●
Haruhiko Tomiyasu	Director		●					●	●
Masuyo Ohtani	Director (Outside Director)	●						●	●
Noboru Matsumoto	Director (Outside Director)	●	●		●				●
Shiyo Yamana	Director (Outside Director)	●	●		●		●	●	●
Hideo Yamamoto	Director, Full-time Audit and Supervisory Committee Member			●			●	●	●
Iwao Toigawa	Director (Outside Director), Audit and Supervisory Committee Member	●							●
Chizuko Nakata	Director (Outside Director), Audit and Supervisory Committee Member	●						●	●
Yoshiko Oshima	Director (Outside Director), Audit and Supervisory Committee Member	●						●	●

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

The Board of Directors conducts a questionnaire survey for Directors every year concerning the effectiveness of the entire Board of Directors. The Governance Committee is consulted regarding the results of analysis and evaluation of the effectiveness of the Board of Directors based on the results of this questionnaire survey. Efforts are made to continuously improve issues identified based on the content of the reports.

### Initiatives to Strengthen Auditing

The Audit and Supervisory Committee is responsible for conducting audits to monitor the legal compliance and appropriateness of business execution by Nihon Nohyaku and its Group companies. Internal audits based on an internal audit plan proposed by the Internal Control & Audit Department are coordinated with accounting audits by auditing firms. Information is exchanged and meetings are held in a timely and appropriate manner so that the respective audits function efficiently and effectively. In recent years, audits by the Audit and Supervisory Committee and internal audits have been performed using a general check sheet to increase audit efficiency and reduce the burden on the departments being audited.

### Policies on Determining Directors' Remuneration

The policies on determining the contents of 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 the long-term R&D-based business characteristics 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.

### Policies and Procedures for Appointing Director Candidates

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 Directors who are Audit and Supervisory Committee members are 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 are 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 in order to enhance the checking function of the governance structure in two ways. One, by checking the legality and validity of the execution of business by NICHINO Group, and two, by the right to state opinions regarding the appointment of Directors who are not Audit and Supervisory Committee members.

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



### Message from our independent officer

## The Importance of Risk Management and Non-Financial Information

### Masuyo Ohtani

Outside Director  
(Governance Committee Member)

NICHINO Group's vision is to be a "Global Innovator for Crop & Life," and its mission is to ensure a safe and steady food supply and protect the lifestyles of people around the world. The Group's goal is to contribute to the realization of a sustainable society through the creation of new value. In the new medium-term management plan, "Growing Global for Sustainability (GGS)," which began this fiscal year, Nihon Nohyaku has set the promotion of sustainability management as a growth strategy. The goal is to achieve sustainability both for the Group and for society as a whole.

As abnormal weather continues to occur globally, it is becoming increasingly difficult to secure a steady supply of food. There are also many conflicts occurring around the world, and the ability to protect our daily lives is no longer something to be taken for granted. Under these circumstances, the Group's consolidated sales for FY2023 exceeded 103.0 billion yen, demonstrating steady growth.

In order to further enhance corporate value and achieve growth for the entire Group, it is essential that we improve governance at overseas Group companies. While monitoring the growth of overseas Group companies, we must consider what risks there are moving forward and what measures need to be taken to reduce said risks, even if only slightly. There are many challenges that overseas Group companies face on a daily basis, and the management of those risks is becoming increasingly important for Nihon Nohyaku. Although we all share the same goals, we must also respond to the diversity of employees at overseas Group companies, who have different values and ways of thinking. While taking diversity into consideration, a key challenge going forward will be identifying and minimizing risks in advance and working toward common goals in pursuit of further growth.

As a certified public accountant, I have experience with the business reports, financial statements, governance, and internal controls of not only general companies, but a variety of corporations. In recent years, I have also served as an administrative committee member, and I have paid particular attention to looking at things in a fair and impartial manner. In this context, I believe that non-financial information that cannot be represented in numbers is also important.

Last year, during my first year as an Outside Director, I had the opportunity to visit major plants and research facilities in Japan and speak with employees working on-site. Everyone spoke passionately about the research they were pursuing and the production technologies they were developing. Although it can sometimes be difficult as an Outside Director, I think it is important to visit the sites, listen to the voices of people there, and verify the on-site situation.

I intend to continue fulfilling my role as an Outside Director by paying close attention to ensuring the fairness of business activities for the proactive and positive employees of our Group companies. I will also fulfill my role by paying attention to whether or not the decision-making process is being carried out appropriately, and by providing advice from various angles and with a sense of urgency on how to achieve growth amid increasingly complex risks. I will also keep the opinions of all stakeholders in mind while fulfilling my role.

# Expansion of Compliance and Risk Management

## Compliance

### Approach to and Promotion System for Compliance

To NICHINO Group, compliance 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 the Compliance Committee as a concrete promotion system for realizing this philosophy.

The Compliance Committee consists of full-time Directors or Executive Officers who supervise each department, and the administrative office is operated by the General Affairs & Legal Department. Furthermore, 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 ensure compliance.

### Compliance Initiatives

Nihon Nohyaku fulfills its corporate social responsibility by ensuring that the business activities of all officers and employees comply with laws and regulations, as well as internal rules and norms, and by preventing corporate scandals. To achieve the above, we hold regular Compliance Committee meetings twice a year to summarize compliance activities and decide on policies for the next half of the year. Based on these decisions, we hold workplace meetings (twice a year) and a group council with domestic and overseas Group companies (once a year). At the workplace meetings held twice a year, we aim to improve compliance awareness through the sharing of compliance-related incidents and training materials that reflect the latest circumstances.

To ensure prompt and appropriate response to compliance violations, in addition to an organization-based reporting system, we have also established an “internal reporting system” in compliance with the Whistleblower Protection Act and related laws and regulations. This system allows all officers and employees to report directly to officers in charge of compliance and to external law firms.

### Initiatives Toward Anti-Corruption

One of the Basic Principles of the Group states that “we respond to the expectations of all stakeholders through fair and vigorous business activities.” We actively fulfill our corporate social responsibility through sound business activities in compliance with relevant domestic and international laws and regulations. In addition, we request that all officers and employees of the Group 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.”

In FY2023, there were no bribery-related violations or cases involving sanctions.

### Prevention of Anti-Competitive Behavior

The Anti-Monopoly Act is an act that aims to promote the development of the market economy through free and fair competition. Nihon Nohyaku is deeply aware of the importance of this act and strives to thoroughly comply with it. Our main activities include the establishment of and compliance with company regulations, management and supervision of compliance with the Anti-Monopoly Act, management and supervision of compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, implementation of compliance training (held twice a year for all employees), and regular distribution of a compliance e-mail newsletter to raise awareness among all officers and employees.

### Financial and Tax Compliance

The Group complies with the tax-related laws and regulations of the countries and regions in which it conducts business activities, and collects the information necessary to do so. The Group also carries out appropriate accounting procedures and pays necessary taxes.

### Global Expansion and Management

To ensure compliance at overseas Group companies, Nihon Nohyaku has established the Group Compliance Council to conduct lively discussions and share useful advice among Group companies. Through these activities, besides ensuring compliance with local laws and regulations, we also provide support that enables overseas Group companies to fully respond to local social issues based on corporate ethics.



Such support 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 confirming with Group companies to ensure that inappropriate gifts, etc. have not been given to public officials or other private companies), and considering appropriate measures that go beyond laws and regulations.

## Risk Management

### Approach to and Promotion System for Risk Management

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Recognizing that risk management is an important part of management, the Group takes appropriate measures to prevent potential risks in our business activities and focuses on preventing losses caused by the materialization of risks, as far as possible.

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

### Risk Management Initiatives

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In principle, the Risk Management Committee holds a regular committee meeting in March every year to summarize the activities of the year and decide on policies for the next fiscal year. Based on these decisions, we hold workplace meetings (twice a year) and a group council with domestic and overseas Group companies (once a year). At the first workplace meeting in FY2023, we worked to enhance employees’ understanding of management risks and company-wide risks, and to improve risk management awareness. At the second meeting, we conducted training on human rights violation risks and held discussions aimed at updating information on possible risks faced by each workplace. This led to the identification of new risks, including fraud risks.

### Information Security

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In conducting its business activities, the Group strives to properly manage the personal information of stakeholders (customers, business partners, shareholders, officers and employees, etc.) as well as confidential information related to sales and research and development. We have taken every precaution in our management system, but in the unlikely event that this information leaks outside the company, it could lead to a loss of social credibility for the Group, which could have an adverse effect on our business performance and financial position. To prevent such an incident from occurring, the Group has established an information sharing system for information security, as well as internal regulations related to information management.

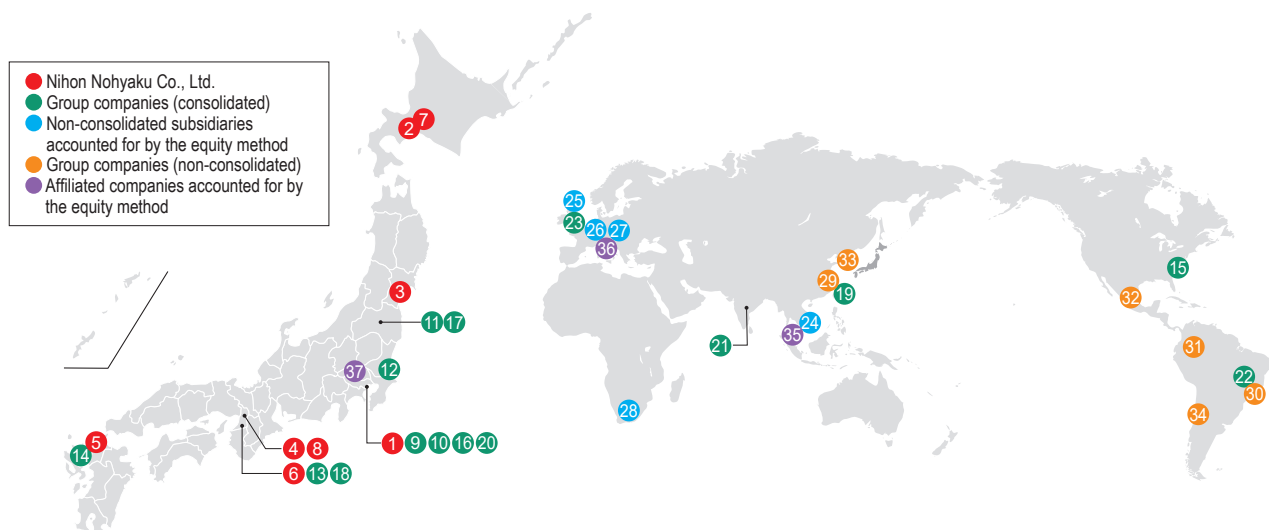
By implementing the PDCA cycle and regularly reviewing and sharing information, we strive to strengthen our management system on a daily basis so as to keep up with the latest trends.

### Enhancing BCP (in Japan: an earthquake directly hitting Tokyo, natural disasters, pandemics, etc.)

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We have established NICHINO Group Emergency Response Regulations and a system to establish a controlled organization to respond quickly and accurately in the event of an emergency such as a disaster or pandemic, or when such an event is predicted. In addition, we have established guidelines for large-scale disaster countermeasures at each of our major bases. We have also 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. These guidelines and plans are reviewed as necessary.

In FY2023, we conducted firefighting training at our head office and also provided video training on how to respond in the event of an earthquake directly hitting Tokyo. With the start of an open plan office at the head office, the method of managing emergency disaster prevention supplies has been changed from each person’s individual emergency bag to the disaster prevention supplies management recommended by the government. This has enabled efficient management and operation. The Emergency Response Committee, which was put in place as a measure to prevent the spread of COVID-19, has been disbanded. This is because COVID-19 was downgraded from a “Category II equivalent” infectious disease to a “Category V” infectious disease, which is the same category as seasonal influenza. Although we began to lift restrictions on coming into the office as of May 2023, from the perspective of the impact on work, work-life balance, workstyle reform, and improving productivity, we continue to use both systems of working at the office and working from home. At the head office, we aim to have 60% of employees work in the office, and depending on the business characteristics of each department, we will effectively utilize open plan offices and the work-from-home system.



**Nihon Nohyaku Co., Ltd.**

as of June 19, 2024

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)	1,570 (as of March 31, 2024)
Main business	Manufacture, import, export, and sale of a variety of products including Agrochemicals, Pharmaceuticals, Animal health products, Wood preservatives, and Agricultural materials

Head Office and Branches	① Head Office, Tokyo Branch (Chuo-ku, Tokyo)
	② Sapporo Branch (Sapporo-shi, Hokkaido)
	③ Sendai Branch (Sendai-shi, Miyagi)
	④ Osaka Branch (Osaka-shi, Osaka)
	⑤ Fukuoka Branch (Fukuoka-shi, Fukuoka)
	⑧ Osaka Office (Osaka-shi, Osaka)
Research Facilities	⑥ Research Center (Kawachinagano-shi, Osaka)
Research Farms	⑦ Naganuma Nursery (Yubari-gun, Hokkaido)
Manufacturing Plant (outsource)	⑩ Nichino Service Co., Ltd.
	⑪ Fukushima Plant / ⑫ Kashima Plant / ⑭ Saga Plant

**Consolidated Group Companies**

⑨ Nichino Ryokka Co., Ltd.	Sales of chemical products for golf courses, home, gardening, greening purpose, as well as turf and related materials, garden's design and construction and landscaping	Chuo-ku, Tokyo
⑩ Nichino Service Co., Ltd. (Head Office)	Manufacturing, storage, transport and sales of agrochemicals, contracted manufacturing, cultivation and management of fields and real estate management	Chuo-ku, Tokyo
⑪ Fukushima Plant		Nihonmatsu-shi, Fukushima
⑫ Kashima Plant		Kamisui-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 U.S.A.	Wilmington, U.S.A.
⑯ Nihon Ecotech Co., Ltd.	Agrochemical residue analysis and chemical substance safety testing	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, promotion, development, and registration in Taiwan	Taipei, Taiwan
⑳ AgriMart Corporation	Sales of termite control materials and epidemic prevention insecticides	Chuo-ku, Tokyo
㉑ Nichino India Pvt. Ltd.	Agrochemical manufacturing, sales, import and export, promotion, and development in India	Hyderabad, India
㉒ Sipcam Nichino Brasil S.A.	Agrochemical manufacturing and sales in Brazil	Uberaba, Brazil
㉓ Nichino Europe Co., Ltd.	Agrochemical sales, promotion, development, and registration in Europe	Cambridge, UK

**Non-consolidated Subsidiaries Accounted for by the Equity Method**

㉔ Nichino Vietnam Co., Ltd.	Agrochemical sales, promotion, and development in Vietnam	Ho Chi Minh, Vietnam
㉕ Interagro (UK) Ltd.	Sales and development of adjuvants and biostimulants in the UK and Europe	Cambridge, UK
㉖ Interagro Netherlands BV		Utrecht, Netherlands
㉗ IA Agriculture Hungary Kft		Budapest, Hungary
㉘ Nichino South Africa (Pty) Ltd		Johannesburg, South Africa

**Non-consolidated Group Companies**

㉙ Nichino Shanghai Co., Ltd.	Agrochemical promotion in China	Shanghai, China
㉚ Nichino do Brasil Agroquímicos Ltda.	Agrochemical development and registration in Brazil	Sao Paulo, Brazil
㉛ Nihon Nohyaku Andica S.A.S.	Agrochemical sales, import and export, promotion, and development in the Andes and Central America	Bogota, Colombia
㉜ Nichino México S. de R.L. de C.V.	Agrochemical sales, promotion, development, and registration in Mexico	Mexico City, Mexico
㉝ Nichino Korea Co., Ltd.	Agrochemical sales, promotion, development, and registration in South Korea	Seoul, South Korea
㉞ Nichino Chile SpA	Agrochemical sales, promotion, development, and registration in Chile	Santiago, Chile

**Affiliated Companies Accounted for by the Equity Method**

㉟ Agricultural Chemicals (Malaysia) Sdn. Bhd.	Agrochemical manufacturing and sales in Malaysia	Penang, Malaysia
㊱ Sipcam Europe S.p.A.	Agrochemical manufacturing and sales in Europe	Milan, Italy
㊲ Tama Kagaku Kogyo Co., Ltd.	Contract manufacturing of active ingredients and raw materials for agrochemicals, pharmaceuticals and functional materials	Yashio-shi, Saitama

## Stock Information

Stock Information (as of March 31, 2024)

Total number of shares authorized to be issued	199,529,000 shares
Total number of shares outstanding	81,967,082 shares
Number of shareholders	12,147 persons
Stock Exchange listing	Tokyo Stock Exchange Prime Market
Auditing firm	Kyowa Audit Corporation

### Major Shareholders

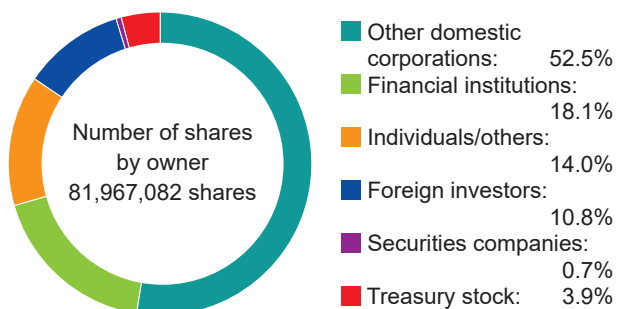
Company name	Number of shares held (Thousand shares)	Shareholding ratio (%)
ADEKA Corporation	40,173	51.00
The Master Trust Bank of Japan, Ltd. (Trust account)	5,382	6.83
MSIP CLIENT SECURITIES	3,802	4.83
Custody Bank of Japan, Ltd. (Trust account)	3,189	4.05
Mizuho Bank, Ltd.	1,997	2.54
The Norinchukin Bank	1,401	1.78
Asahi Mutual Life Insurance Company	853	1.08
Resona Bank, Limited.	719	0.91
DFA INTL SMALL CAP VALUE PORTFOLIO	504	0.64
Chiyoko Makiishi	467	0.59

(Notes)

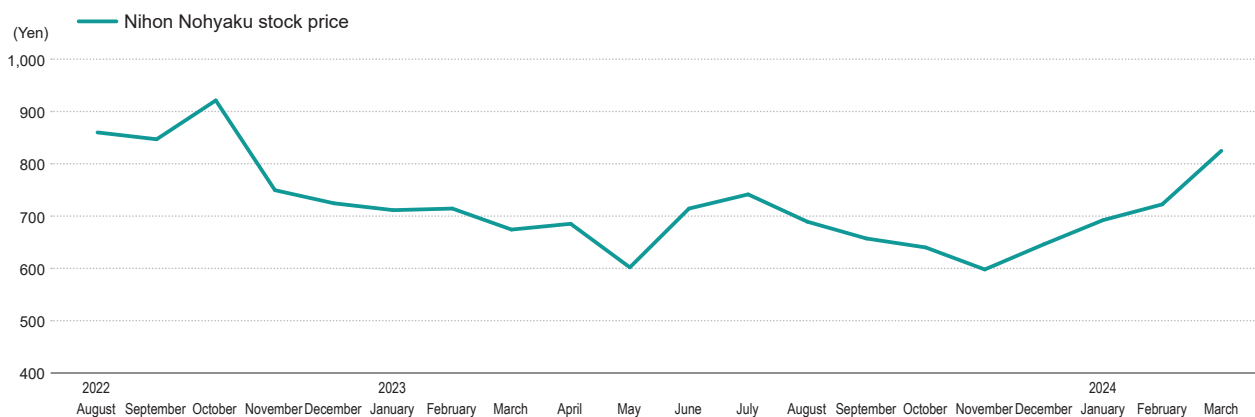
Although the Company holds 3,194 thousand shares of treasury shares, it is excluded from the above list of major shareholders.

The shareholding ratio is calculated after excluding treasury shares.

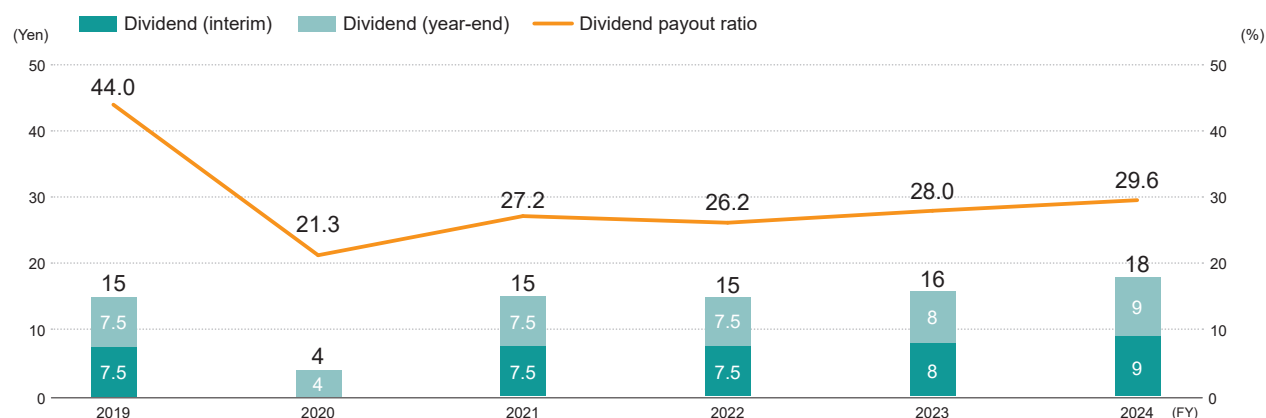
### Stock Distribution Status



### Stock Price Trends



### Dividend and Dividend Payout Ratio Trends



## Third-Party Opinion

Compared to last year's CSR Report, the "Sustainability Report 2024" (hereinafter "the Report") takes business impact into greater consideration and is more comprehensive in terms of content.

### ● Points that can be commended

One aspect of the Report that can be commended is the new medium-term management plan (p.14, 19-20) that takes sustainability policies into consideration and clearly outlines the direction of sustainability as a business strategy. Many companies have yet to fully integrate their sustainability strategies with their business strategies. The fact that Nihon Nohyaku has integrated theirs with a unified direction is commendable in terms of both practice and disclosure.

Although it has been titled a Sustainability Report, I commend the Report for its disclosure that takes into consideration financial and social trends, including references to financial impact and cost of capital. In this sense, it is similar to an Integrated Report. Sustainability promotion activities have become more sophisticated throughout Japan. We have shifted from a phase of simply reporting on activities to a phase of disclosing the results of activities as a result of value creation. In order to gain recognition from stakeholders, I would like to see Nihon Nohyaku develop its business with a greater awareness of value creation.

### ● Points to be improved upon

I felt there was little information on "improving corporate value," which is required of companies listed on the Prime Market. Although the Report does make some references to corporate value, there is little explanation of intangible assets (capital) in promoting sustainability. Moreover, some of the content was difficult to understand. For instance, it was difficult to understand how sustainability promotion activities are contributing to the sustainability of the company and society. Creating added value is what business is all about, therefore I think more proactive disclosure is necessary.

There is also little information on concrete impact in the "Value Creation Process" (p.11-12). I was unable to see any future potential, competitive advantage, or uniqueness in the process of going from input, through materiality and business model, to output. If a company is creating added value through its business model, I believe that outputs and outcomes should be presented to stakeholders in quantitative terms.

Going forward, companies listed on the Prime Market will face increasingly strict disclosure regulations. Investors will also be demanding higher levels of disclosure. As a leader in the industry, I look forward to seeing Nihon Nohyaku's further disclosure and responses regarding sustainability.



### Mitsunobu Ando

Representative Director,  
Association for Sustainability  
Communication. Visiting  
Researcher, Hosei University. He  
specializes in sustainability  
management and sustainability  
information disclosure. He  
provides sustainability  
management support mainly for  
listed companies. He is the author  
of "Future Business Illustrated SX  
& SDGs," "Emergent Responsible  
Management," and many others.

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## In Response to the Third-Party Opinion

We would like to express our sincere gratitude to Mr. Ando for his evaluation and opinion on this report.

As a "Global Innovator for Crop & Life," NICHINO Group strives every day to contribute to the realization of a sustainable society by continuously taking on the challenge of ensuring a steady food supply through innovative technologies and protecting rich lifestyles and the environment.

In compiling this Sustainability Report, we focused on concretely indicating the direction of sustainability management set out in our medium-term management plan, "Growing Global for Sustainability." We also focused on the progress of the seven priority sustainability issues.

We will further enhance our disclosure content, focusing on the points indicated by Mr. Ando, and continuously strive to improve our corporate value so that all stakeholders will understand and empathize with us.

Hosoda Kazuto, General Manager, Sustainability Promotion Department, Nihon Nohyaku Co., Ltd.

## Third-Party Assurance

NICHINO Group's greenhouse gas (GHG) emissions data (Scope 1 and 2) for FY2023 (April 2023 to end of March 2024) has undergone third-party verification in accordance with the international standard ISO 14064-3:2019. The Group has obtained an assurance statement from the verification organization, LRQA Limited.



### LRQA Independent Assurance Statement

Relating to NICHINO NOHYAKU CO., LTD.'s Greenhouse Gas Emissions Data for the fiscal year 2023

This Assurance Statement has been prepared for NICHINO NOHYAKU CO., LTD. in accordance with our contract.

#### Terms of Engagement

LRQA was commissioned by NICHINO NOHYAKU CO., LTD. ("the Company") to provide independent assurance on its greenhouse gas (GHG) emissions data ("the report") for the fiscal year 2023<sup>1</sup>; that is, from 1 April 2023 to 31 March 2024, against the assurance criteria below to a limited level of assurance at the materiality of the professional judgement of the verifier and using ISO 14064 - Part 3:2019.

Our assurance engagement covered operations and activities of the Company and its consolidated subsidiaries in Japan, India and Brazil, and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected datasets;
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:

#### Environmental<sup>2</sup>

- Scope 1 GHG emissions (tonnes CO<sub>2</sub>e)<sup>3,4</sup>
- Scope 2 GHG emissions [Market-based] (tonnes CO<sub>2</sub>e)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

#### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable data

The opinion expressed is formed on the basis of a limited level of assurance<sup>5</sup> and at the materiality of the professional judgement of the verifier.

<sup>1</sup> The data collection period of Brazil is the calendar year 2023 (from 1 January to 31 December 2023).

<sup>2</sup> GHG quantification is subject to inherent uncertainty.

<sup>3</sup> Scope 1 GHG emissions cover energy-oriented CO<sub>2</sub> emissions and leakage of CFCs.

<sup>4</sup> Leakage of CFCs is only covered in Japan.

<sup>5</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



#### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical data and records for the fiscal year 2023; and
- Visiting Fukushima Plant of Nichino Service Co., Ltd., Research Center and HQ of the Company to confirm the data collection processes, record management practices, and to physically check emission sources.

#### Observations

The Company should further demonstrate the accuracy and reliability of its future reports. In particular, it is recommended to establish mechanisms to ensure that the aggregation rules are thoroughly enforced, including the clarification of calculation rules at overseas site.

#### LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment - Requirements for bodies providing audit and certification of management systems - Part 1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

The verification is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 27 September 2024

Kazuyori Yukinaka  
LRQA Lead Verifier  
On behalf of LRQA Limited  
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN  
LRQA reference: YKA00001285

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# NIHON NOHYAKU CO., LTD.

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Phone +81-570-09-1177

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



We practice Green Purchasing.



In September 2024, 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 activities."