

K I Z U N A Index

The Five K I Z U N A	Priority issues(Materiality)	K I Z U N A Index	FY2023	Goals*8		Points	Total
				FY2026	FY2031		
[Society] Protection and compliance	Organization-wide safety culture	Maintain zero-work-related-accident records*9 (death accidents, accidents accompanied by lost worktime, etc.) Evaluation of security capabilities by a third-party organization Continuous improvement of safety level	· 1 accident resulting in work-related-accident records · safety level: Industry standard	Maintain zero-work-related-accident records (death accidents, accidents accompanied by lost worktime, etc.) Continuous improvement of safety level (evaluation 4)		25	65
	Environmental conservation	CO2 emissions reduction	50.4% reduction compared to FY2016	30% reduction compared to FY2016	50% reduction compared to FY2016	20	
		Tree-planting activities for "Forest of Matsutaro" and evaluation of CO2 absorption	Tree planting, More than 6 tons of CO2 absorption per year	More than 10 tons of CO2 absorption per year		5	
	Healthy Corporate governance	Establishment and operation of the Sustainability Committee	operation	Implementation of initiatives for sustainable management and improvement of corporate value (Achievement of KIZUNA index)		10	
		Maintain zero-fraud and zero-compliance-violation records	0 record	Maintain zero records		5	
[People] Get involved	Globalized business scheme	Index of Japanese expatriate employees*1	Down 24%	Down 15% compared to FY 2020	Down 30% compared to FY 2020	10	40
		Overseas sales growth rate	Up 29%	Up 50% compared to FY 2020	Up 85% compared to FY 2020	15	
		Index of sales volume converted to biomass degree*2	Down 22%	Up 7% compared to FY 2020	Up 15% compared to FY 2020	15	
[Oneself] Take the lead	Diversity & Inclusion Career satisfaction	Value-added labor productivity*3	Down 20.4%	Up 25% compared to FY 2020	Up 35% compared to FY 2020	15	70
		Employee Satisfaction Survey (Career Satisfaction Questionnaire)	56.2%	Employees with high motivation for more challenging work and with a sense of accomplishment : 50% or more	Employees with high motivation for more challenging work and with a sense of accomplishment: 60% or more	10	
		Percentage of employees returning to work after medical leave related to mental health over the past three years	55.6%	80% or more	100%	10	
		Social contribution activities*4	implementation/New activity	Continuation of cleanup activities in communities, blood donation, etc., and implementation of new contribution activities		5	
		Utilization rate of childcare leave	92.3%	Utilization rate of paternity leave 30% or more	Rescheduled in FY2026	10	
		Number of female managers	Increase by 5 persons per 2 years	Increase by 7 persons from FY2022 to FY2026	Rescheduled in FY2026	10	
		Number of missions advanced	8 cases per 2 years	8 or more cases for 5 years	10 or more cases for 5 years	10	
[Technology] Tradition and revolution of technology	Progress in new business domain	Number of themes advanced to "RAISE" mission	0 case	5 cases for 5 years	5 cases for 5 years Commercialization of one product/project*7	20	55
	Powerful marketing and R&D	Index of sustainable products in consolidated sales*5	Up 17%	Up 25% or more compared to FY 2020		20	
	Production and operations restructuring	Implementation of various measures for products, employees, equipments, etc.	Production optimization by utilizing new business system	Implementation of various measures such as product integration, OEM, and introduction of IoT		15	
[Customer] Mutual progress	Solid financial base	Operating profit ratio	(3.7%)	7% or more	10% or more	10	50
		ROE	(8.7%)	7% or more	8% or more	10	
	Sustainable procurement and supply	Sustainable procurement rate(in terms of monetary amount)*6	71.9%	70%	Maintain 70% or more	10	
		Number of supplier audits	22 cases	50 cases	Maintain 50 cases or more	10	
Quality management	Reduction rate of quality related complaints	0%	50% reduction compared to FY 2020	Promotion of strengthening measures to minimize incidence		10	

*1 Index calculated by setting the average number of Japanese employees per overseas affiliate in FY 2020 as 100

*2 Biomass degree multiplied by sales volume of major products in the Adhesive and Biomass business, indexed according to our standards

*3 Calculated by setting our standard value-added amount

*4 Five points will be added for each year when a new initiative is implemented.

*5 Calculated by setting the FY 2020 consolidated sales of products that we consider as contributing to sustainability as 100, with the revised scope and criteria for the sales of environmentally friendly products.

*6 Calculated based on our standards for non-rosin raw materials (petroleum-based raw materials), considering the sustainable procurement of raw materials.

*7 New businesses that are changed to "RAISE" mission during the fifth medium-term management plan and achieve 1 billion yen or more in sales, or 100 million yen or more in business profit

*8 Targets may be revised.

*9 Since the aggregation period was revised from FY2023, the number of cases that occurred in FY2022 was corrected with KIZUNA points for FY2023.

※Cells outlined in blue were added on December 23, 2021, and cells outlined in red indicate the targets for Sustainability Linked Bond initiatives (SPTs: Sustainability Performance Targets).