

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	FY2024	Goals <sup>*8</sup>		Points	Total	Correction direction
				FY2026	FY2031			
[Society] Protection and compliance	Organization-wide safety culture	Maintain zero-work-related-accident records (death accidents, accidents accompanied by lost worktime, etc.) Evaluation of security capabilities by a third-party organization Continuous improvement of safety level	· 2 accidents resulting in work-related-accident records · safety level: Above industry average	Maintain zero-work-related-accident records (death accidents, accidents accompanied by lost worktime, etc.) Continuous improvement of safety level (evaluation 4) <sup>*12</sup>	25	65	→	
	Environmental conservation	CO <sub>2</sub> emissions reduction	53.0% reduction compared to FY2016	50% reduction compared to FY2016 (30% reduction compared to FY2016) ※ over 50% reduction compared to FY2016 <sup>*10</sup>	20		↗	
		Tree-planting activities for "Forest of Matsutaro" and evaluation of CO <sub>2</sub> absorption	Tree planting, More than 8 tons of CO <sub>2</sub> absorption per year	More than 10 tons of CO <sub>2</sub> absorption per year <sup>*11</sup>	5		→	
	Healthy Corporate governance	Establishment and operation of the Sustainability Committee	Operation mid-term plan review	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 <sup>*1</sup>	Down 25%	Down 15% compared to FY 2020	Down 30% compared to FY 2020	10	→	
		Overseas sales growth rate	Up 13%	Up 40% compared to FY 2020	Rescheduled in FY2026	15	↘	
		Index of sales volume converted to biomass degree <sup>*2</sup>	Down 31%	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 <sup>*3</sup>	Up 5.9%	Up 15% compared to FY 2020	Rescheduled in FY2026	15	↘	
		Employee Satisfaction Survey (Career Satisfaction Questionnaire)	50.3%	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 highly stressed employees (manufacturing industry average ratio)	8.5% (57%)	less than 50%	Maintain less than 50%	10	Index change <sup>*9</sup>	
		Social contribution activities <sup>*4</sup>	implementation/New activity	Continuation of cleanup activities in communities, blood donation, etc., and implementation of new contribution activities		5	→	
		Utilization rate of childcare leave	66.7%	Utilization rate of paternity leave 50% or more	Rescheduled in FY2026	10	↗	
		Number of female managers	Increase by 6 persons per 3 years	Increase by 7 persons from FY2022 to FY2026	Rescheduled in FY2026	10	→	
		Number of missions advanced	11 cases per 3 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	1 case	5 cases for 5 years	5 cases for 5 years Commercialization of one product/project <sup>*7</sup>	20	→	
	Powerful marketing and R&D	Index of sustainable products in consolidated sales <sup>*5</sup>	Up 11%	Up 30% or more compared to FY 2020 (Up 25% or more compared to FY 2020) ※	20	↗		
	Production and operations restructuring	Implementation of various measures for products, employees, equipments, etc.	Consolidation of manufacturing plants for some products	Implementation of various measures such as product integration, OEM, and introduction of IoT	15	→		
[Customer] Mutual progress	Solid financial base	Operating profit ratio	(3.6%)	3.9% or more	10% or more	10	↘	
		ROE	(1.9%)	3.6% or more	8% or more	10	↘	
	Sustainable procurement and supply	Sustainable procurement rate(in terms of monetary amount) <sup>*6</sup>	68.8%	70%	Maintain 70% or more	10	→	
		Number of supplier audits	26 cases	50 cases	Maintain 50 cases or more	10	→	
	Quality management	Reduction rate of quality related complaints	22% reduction	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 Regarding the old indicator, "Percentage of employees returning to work after medical leave related to mental health over the past three years", as we have made progress in creating an environment that allows us to respond, we have changed to a new indicator and will continue to maintain the points we have earned so far. The manufacturing industry average ratio is calculated by setting the manufacturing industry average value for the relevant year at the stress check contractor as 100.

\*10 At present, the target is the Japanese domestic group (excluding Chiba Arkon Mfg. Co., Ltd.), but expansion of the target scope and reduction rate will be reconsidered in the next medium-term plan.

\*11 From FY2024, the scope of certification has been revised to include the area operated in the previous year, so past years will be counted by adding the estimated absorption amount based on the calculation formula.

\*12 A rating of 4 is the goal for some continuous plants, while a rating of 3.8 is the goal for the majority of batch plants.

※Cells outlined in blue were added on December 23, 2021, and the target value in parentheses in the red frame is indicate the targets for Sustainability Linked Bond initiatives (SPTs: Sustainability Performance Targets at time of publication).