

# Providing Products and Services That Contribute to Safe and Comfortable Living

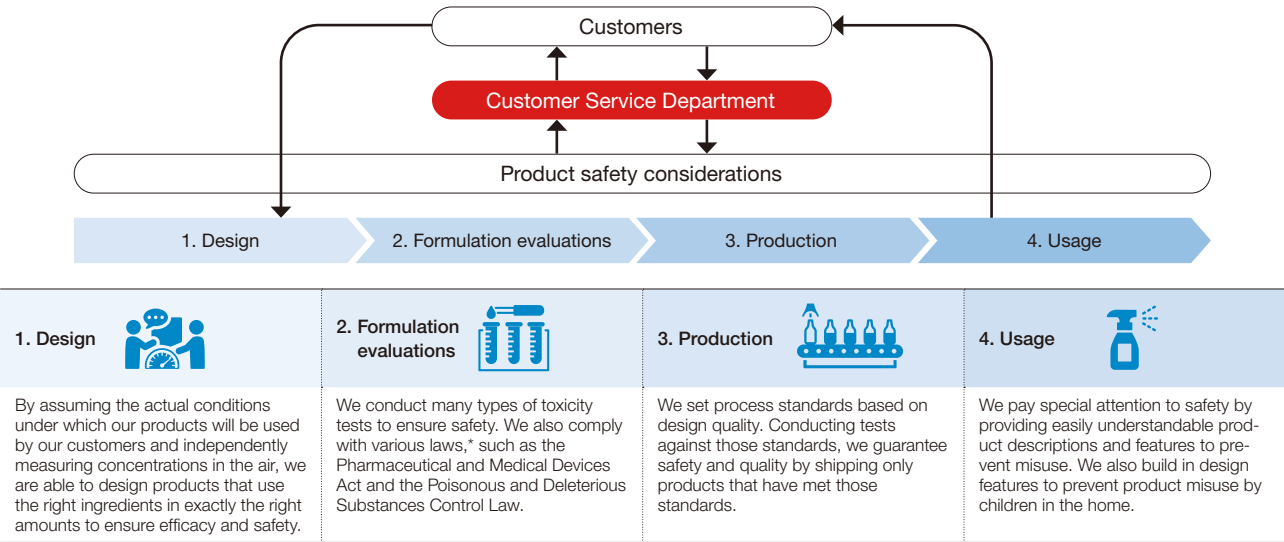
For Earth Corporation, our most important responsibility to society is to continue providing high-quality, safe and reliable products and services from the customer’s perspective. We recognize that the steady fulfillment of this social responsibility is a precondition for safeguarding and enhancing corporate value, and constitutes the foundation for our creation of corporate value.

Materiality (Key Issues)	Key Topics and Main Measures	Targets and KPIs	FY2024 Results
Providing products and services that contribute to safe and comfortable living	● Reduce the number of major quality incidents that negatively impact customer satisfaction and trust to zero by raising the periodic quality inspection implementation rate both at own plants and at contractors’ factories	<b>Periodic quality inspection implementation rate:</b> Maintain at 100% (2023, 2026, and 2030)	100%
	● Ensure compliance with relevant laws and reduce the incidence of major violations to zero by enhancing the implementation rate for the annual education and training plan	<b>Education and training implementation rate:</b> Maintain at 100% (2023, 2026, and 2030)	100%

## Basic Approach and Promotion Framework

In line with its Corporate Philosophy, Earth Corporation strives to provide customers with safe, reliable products and services at every stage of the value chain, including product development, materials procurement, production, logistics, and sales. Besides naturally maintaining compliance with all legal

requirements, we create new value by providing safe and secure products and services from the customer’s perspective. Based on our unique Quality Management System approach, we gather information on quality from each country and region as we work to enhance the quality of our products.



\* Pharmaceutical and Medical Devices Act (formerly the Pharmaceutical Affairs Act), Poisonous and Deleterious Substances Control Act, Chemical Substances Control Law, Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act), High Pressure Gas Safety Act, etc.

## Quality Assurance and Enhancements

Raw materials are evaluated based on appropriate testing items and methods. Products are also subjected to testing in accordance with legally required test items and product functions. A variety of inspection and analysis equipment is used in the testing process. We are, however, aiming to automate the processing work, which involves the simultaneous handling of large quantities of test samples with organic solvents and reagents, with the aim of improving the reliability of the tests and work efficiency as well as ensuring the safety of testing personnel. As one example, we are in direct communication with external equipment manufacturers for samples to measure the content of active ingredients in our ONPO bath salts. We also design, manufacture, and

operate proprietary automated processing equipment in line with our testing needs, thereby helping to reduce the amount of organic solvents used during testing and the waste generated. As far as plant hygiene management is concerned, we implement insect and rodent control measures utilizing Group company Earth Environmental Service Co., Ltd’s know-how. In addition to the wearing of net hats and the use of adhesive sheets, use is made of visual inspections, camera inspection systems, metal detectors and other means to check for foreign objects on production lines. We are also redoubling our efforts to improve quality by having plants and quality assurance departments work together through, for example, quality control (QC) study sessions and quality audit report meetings.

- 📶 Providing Products and Services that Contribute to Safe and Comfortable Living

📶 Initiatives adopted from the customer’s perspective (in Japanese)
- [https://corp.earth.jp/jp/sustainability/society/service\\_provision/index.html](https://corp.earth.jp/jp/sustainability/society/service_provision/index.html)

[https://corp.earth.jp/jp/sustainability/society/service\\_provision/customer/index.html](https://corp.earth.jp/jp/sustainability/society/service_provision/customer/index.html)

## Adhering Strictly to the Customer’s Perspective Utilizing Customer Feedback

The Customer Service Department serves as a point of contact to build relationships with end-user customers. The approximately 90,000 inquiries handled each year provide important pointers for development and improvement, and we are promoting the use of text mining systems so that the relevant departments can investigate and utilize them. We may also publish information in in-house newsletters and on the intranet, and at meetings such as the Customer Insights Discussion Meeting\* the Customer Service Department may directly approach the relevant departments to propose and implement improvement ideas. The customer insight that the Customer Service Department sends out leads to employees becoming more aware of “the customer’s perspective” from a variety of standpoints, thereby making significant contributions toward “creating a market with customers.”

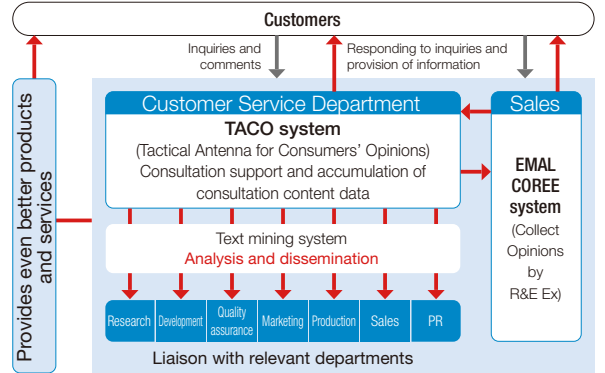
\* This is a meeting attended by senior managers, the holding of which is recommended by the Association of Consumer Affairs Professionals.

### Platforms to Leverage Customer Insights

Earth Corporation has developed its own unique response system, the TACO System,\* to promptly and courteously respond to

consultations and ideas offered from customers. This database accumulates data on consultation details collected from customers and retailers by the COREE System, through which Customer Service Department employees and EMAL\* register information. On the basis of this registered and aggregated data, we disseminate information to the relevant departments, thereby assisting in providing better products and services from the customer’s perspective.

\* Please refer to the Glossary on P. 68



## Providing Safety and Security to Our Customers

### Developing insecticide-free products that help contribute to a safe and secure society

Launched in August 2021, Earth Lice Removing Lotion is the first new lice control product approved in Japan in 40 years. In Okinawa, head lice have been a serious problem, with many children suffering for a long time. Most head lice are resistant to insecticides (chemicals are ineffective against them) and cannot be eradicated with conventional lice shampoos, so customers and doctors had been calling for a product that is effective even against resistant head lice.

Insecticide-free lice control products have been developed and used in the United States and Europe to combat head lice that are resistant to pyrethroid insecticides. Focusing on the active ingredient dimethicone, we developed Earth Lice Removing Lotion, which combines excellent extermination effects with safety and ease of use without stickiness. We will continue to develop products that are safe, secure, and of benefit to society.



## Resolving Social Issues and Collaborating with Local Communities to Contribute to Safe and Comfortable Lifestyles

### Promotion of insect-borne infection control

The number of people affected by severe fever with thrombocytopenia syndrome (SFTS), an infectious disease which is spread by ticks, is on the rise throughout Japan, and there is growing concern about infectious diseases transmitted by mosquitoes and other disease-carrying insects. Earth Corporation is actively working to utilize its knowledge, technology, and products to combat infectious diseases that can be transmitted by insects, such as malaria and dengue fever. As part of insect bite prevention awareness-raising activities, we set up “Mosquito Repellent Spots” at venues for outdoor gatherings and sporting events and make proposals for their prevention through the effective use of insect repellents. We also give lectures on various dangerous insects at science museums and other facilities, aiming to protect the health of local children and contribute to safe and secure lifestyles.

### Resolving Local Issues Through Comprehensive Alliance Agreements

We have entered into comprehensive alliance agreements with local governments to help resolve a wide range of local issues—including health and hygiene, welfare, the environment, disaster preparedness, and urban development—by providing know-how and the latest technology on, for example, insect-borne infectious disease countermeasures and oral hygiene as well as sterilization and deodorization. Currently (as of January 2025), we have signed partnership agreements with 19 local governments.

- 📶 Initiatives to provide protection from danger (in Japanese)

[https://corp.earth.jp/jp/sustainability/society/service\\_provision/protect/index.html](https://corp.earth.jp/jp/sustainability/society/service_provision/protect/index.html)

# Responding to Climate Change

Responding to climate change (in Japanese)

[https://corp.earth.jp/jp/sustainability/environment/climatechange\\_correspondence/index.html](https://corp.earth.jp/jp/sustainability/environment/climatechange_correspondence/index.html)

We are responding to the most serious environmental problems worldwide, including increases in average temperatures and the intensification of extreme weather events due to climate change. These issues could have a medium- to long-term impact on the continuation and expansion of the Company’s business as well as on its overall value chain. We recognize that addressing climate change is a management issue that will affect our corporate value over the medium to long term.

Materiality (Key Issues)	Key Topics and Main Measures	Targets and KPI	FY2024 Results
Responding to climate change	• Reduce CO <sub>2</sub> emissions	<b>Reduce CO<sub>2</sub> emissions:</b> Compared to 2020 (Scope 1, 2) <ul style="list-style-type: none"><li>• 14% reduction (2023)</li><li>• 28% reduction (2026)</li><li>• 46% reduction (2030)</li></ul>	33.9%
	• Promote a transition to renewable energy for electric power	<b>Transition to renewable energy:</b> <ul style="list-style-type: none"><li>• Renewable energy at plants (renewable energy rate: 60%) (2023)</li><li>• Renewable energy at R&amp;D Center (renewable energy rate: 90%) (2026)</li><li>• Renewable energy at offices* (renewable energy rate: 95%) (2030)</li></ul>	66.7%

\* Excluding tenant offices

## Basic Approach and Promotion Framework

As an enterprise whose Corporate Philosophy is “We act to live in harmony with the Earth,” we carry out our business activities in accordance with the global environment.

We established the CSR & Sustainability Promotion Committee

to discuss the creation of policies and strategies, and the establishment of targets and indicators for responding to climate change. The content of the Committee’s discussions and the status of its activities are reported regularly to senior management.

## Information Disclosure Based on TCFD Recommendations

Climate change represents a risk for Earth Corporation but at the same time is also an important management issue that could lead to new profit opportunities. Believing that constructively and actively addressing climate change will lead to increased corporate value over the medium to long term, we aim to work appropriately with stakeholders to benefit society as a whole. Having recognized the importance of disclosing financial information relating to climate change, we expressed our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in 2022 and are disclosing climate change-related information in line with the TCFD framework.



### Governance

The Representative Director, President & CEO reports on important climate change-related issues to the Board of Directors, which takes climate change-related issues into consideration

when reviewing and issuing instructions on the Company’s strategies, business plans, risk management policies, etc., after consultation with the Corporate Governance Committee.

### Risk Management

In formulating response methods and priorities for identified climate change-related risks and opportunities, the CSR & Sustainability Promotion Department works with the relevant departments to consider responses such as mitigation, transfer, acceptance, and control. The results of this review are then reported by the Corporate Planning Headquarters to the Representative Director, President & CEO, who then makes the final decision on necessary countermeasures at Board of Directors’ meetings.

### Indicators and Targets

To reduce greenhouse gas emissions related to climate change, we have set the following targets for CO<sub>2</sub> emissions (Scope 1 and 2) and renewable energy ratios for 2030.

#### Indicators and Targets

	Indicator	Target	Target Year	FY2024 Results
Target 1	Scope 1 and 2 emissions (from energy-related sources)	Compared with FY2020: 46% decrease	2030	33.9%
Target 2	Renewable energy ratio	95% of total electricity usage	2030	66.7%

Risks and Opportunities, Financial Impact (major factors that could have a “significant” level of impact on our business and responses)

Category	Scenario	Content	Indicator	Period of impact	Responses
Opportunity	4°C	<b>Rising temperatures</b> Increased demand for insecticides, the Company’s main business, and an expansion in market size associated with longer sales periods.	Sales increase	<div>Short term</div> <div>Medium term</div> <div>Long term</div>	<b>Insecticides &amp; Repellents</b> (Activities) <ul style="list-style-type: none"><li>• Establish an appropriate inventory management system that reduces lost sales opportunities and improves capital efficiency</li><li>• Advance development of new suppliers both domestically and internationally to ensure stable procurement of raw materials and packaging materials, establish multiple purchasing system</li></ul>
	4°C	<b>Rising temperatures</b> If an infectious disease caused by an increase in germs or bacteria becomes serious in an area where public health is not well maintained, products using our MA-T System® technology can be effective in eliminating the risk of infectious diseases.	Sales increase	<div>Short term</div> <div>Medium term</div> <div>Long term</div>	<b>MA-T System®-applicable products</b> <ul style="list-style-type: none"><li>• In Japan, promote social implementation while working to raise brand and product recognition in the sterilization market</li></ul>
Opportunity	1.5°C	<b>Consumer awareness of decarbonization</b> As our products become more widely recognized as an environmentally friendly and sustainable brand, our brand value will increase and sales will grow.	Sales increase	<div>Short term</div> <div>Medium term</div> <div>Long term</div>	<b>Through the following activities, increase of our brand value as an environmentally friendly and sustainable company</b> (Activities) <ul style="list-style-type: none"><li>• Support the circular economy</li><li>• Accelerate procurement of sustainable plant-based and other raw materials</li><li>• Transition to reusable or recyclable containers to reduce CO<sub>2</sub> emissions</li><li>• Promote initiatives designed to reduce water footprint</li></ul>
	1.5°C	<b>Consumer awareness of decarbonization</b> As our products become more widely recognized as an environmentally friendly and sustainable brand, our brand value will increase and sales will grow.	Sales increase	<div>Short term</div> <div>Medium term</div> <div>Long term</div>	<b>Plastics</b> <ul style="list-style-type: none"><li>• Reduce the amount of plastic used per product, such as containers and packaging materials</li><li>• Consider recycling plastics such as product bottles as part of supply chain initiatives</li></ul>
Risk		<b>Palm oil supply and demand balance</b> Increased cost of sales due to rising prices of palm oil-derived raw materials and supply shortages of our products due to raw material shortages.	Sales decrease Cost increase	<div>Short term</div> <div>Medium term</div> <div>Long term</div>	<ul style="list-style-type: none"><li>• To ensure stable procurement of palm oil-derived raw materials, implement planned purchases of raw materials where supply and demand are expected to be tight and advance the development of suppliers both domestically and internationally while adopting a multiple purchasing system</li><li>• Examine R&amp;D and formula changes to reduce the amount of palm oil-derived raw materials used and to find alternative raw materials that meet quality standards</li></ul>

(Our assumptions for scenario analysis) Subject of analysis: Earth Corporation, non-consolidated  
Scope of analysis: Entire supply chain, including raw material procurement  
Time periods: Short term = 1 year (same period as single-year plan); Medium term = 3 years (same period as medium-term management plan); Long term = 2030 (same period as in Japan’s medium-term NDC target)

For more details, please visit our corporate website to learn more about our scenario analysis (in Japanese).

<https://corp.earth.jp/jp/sustainability/materiality-climate-change/tcf/index.html>

## Third-Party Verification

We understand how important it is to calculate greenhouse gas (GHG) emissions across the entire supply chain for the Earth Group to work toward achieving carbon neutrality in society. We calculate GHG emissions (Scope 1, 2, and 3) for the entire Earth Group and also seek third-party verification to ensure accuracy. Going forward, we will increase our response to climate change, calculate our carbon footprint, disclose the Earth Group’s GHG emissions and take measures to reduce emissions.



## Working Toward Carbon Neutrality

In order to achieve carbon neutrality in society, the Company is working toward carbon neutrality by 2050. To that end, we are implementing various initiatives in our daily business activities that include engaging in energy-saving activities by introducing an

electricity visualization system, reducing CO<sub>2</sub> emissions throughout the supply chain, and raising the awareness of each employee to ensure further CO<sub>2</sub> emission reduction.



## Concern for Issues Affecting the Global Environment

Concern for issues affecting the global environment throughout the value chain is a challenge directly related to the sustainability of Earth Corporation. We recognize that our efforts to effectively utilize resources and reduce waste not only lower business risks at every stage—from raw material procurement to product design, production, use, and disposal—but also help enhance corporate value.

Materiality (Key Issues)	Key Topics and Main Measures	Targets and KPIs	FY2024 Results
Attention to global environmental problems	• Increase the efficiency of water usage in relation to production (from R&D to production)	<b>Increase water usage efficiency:</b> Compared to 2020 <ul style="list-style-type: none"><li>• 3% increase (2023)</li><li>• 6% increase (2026)</li><li>• 10% increase (2030)</li></ul>	0.6% increase
	• Use resources effectively, striving for a recycling oriented society	<b>Zero emission of industrial waste and other materials from plants and R&amp;D Center (final disposal rate less than 1%)</b> <ul style="list-style-type: none"><li>• Investigate and review status at waste treatment subcontractors (2023)</li><li>• Zero emissions at plants and R&amp;D Center (2026)</li><li>• Continue zero emissions at plants and R&amp;D Center (2030)</li></ul>	Final disposal rate: 1.1%
	• Stipulate Earth ECO Standards, and expand the scope of environmentally friendly products	<ul style="list-style-type: none"><li>• Establish Earth ECO Standards (2023)</li><li>• Expand the scope of products compatible with Earth ECO standards and promote information disclosure (2026 and 2030)</li></ul>	Currently taking steps to disclose information

### Basic Approach and Promotion Framework

Earth Corporation regards environmental issues as challenges that directly affect not only its business but also the sustainability of the Earth. We declare that we will contribute to people's lives by taking into account efforts to conserve the global environment across all of our business activities.

In line with Earth Corporation Basic Environmental Policy, we

are working to reduce environmental impact throughout the value chain and have established Earth ECO Standards to expand the scope of environment-friendly products. In addition, all of our domestic worksites are certified under Eco-Action 21, an environmental management system formulated by Japan's Ministry of the Environment.

### Reduction of Water Usage and Recycling

For wastewater generated at our main production bases, the Ako Plant and Sakoshi Plant, and the wastewater discharged by adjacent research facilities, we have established and are working to adhere strictly to voluntary standards that are even stricter than the those stipulated by laws and regulations. Considering the connection people have with water, Earth Corporation is a member of the Water Project launched by Japan's Ministry of the Environment, which aims to realize sustainable local communities through the utilization and conservation of favorable water environments in cooperation with various actors in industry, government, academia, and the private sector. We are also a member of CLOMA, which aims to solve the problem of plastics in the ocean.

#### Water Usage Volumes

Water Usage Volumes	Facility Name	Target Range	FY2020	FY2021	FY2022	FY2023	FY2024
Clean water	Plants, research facilities, Head Office	1,000 m³	103.4	97.5	101.6	98.0	123.2

### Targeting Waste Reduction and a Recycling-Oriented Society

#### Promoting Recycling

Historically, Earth Corporation disposed of all products with the exception of those that could be re-shipped. In order to reduce waste, however, we have adopted a method of compressing and compacting the same types of waste to facilitate collection as

valuable resources. For example, four pallets of mosquito repellent incense cans are compressed into one block and collected as valuable resources. This in turn helps reduce the volume of waste, thereby curbing CO<sub>2</sub> emissions during transportation.

- Effective use of water and reduction of its use
- Resource recycling / waste
- Sustainable product development (in Japanese)

<https://corp.earth.jp/jp/sustainability/environment/water/index.html>

<https://corp.earth.jp/jp/sustainability/environment/discard/index.html>

<https://corp.earth.jp/jp/sustainability/environment/sustainable/index.html>

#### Materials Recycling (Solid Fuel Conversion)

To date, Earth Corporation disposed of products made from plastic bottles, including the liquids contained within them. Now, however, we collect the liquid and process it as waste, while

crushing plastic bottles and caps for use as raw materials in solid fuel generation. In 2024, the equivalent of 70.19 tons of these recycled materials were utilized.

### Reduce Environmental Impact Throughout the Value Chain

#### Cross-Sectional Project Teams Research Environmentally Friendly Materials

Earth Corporation's R&D Headquarters has formed a project team to work on environmentally conscious packaging materials. This team gathers information on packaging materials, for which technology is advancing daily, and evaluates prototypes. Bringing together members of several research teams, including those involved in insecticides & repellents, bath salts, oral hygiene products, and overseas products, this team serves as a regular forum for sharing information and developing new products.

#### Environmentally Friendly Product Development

Responding to customers heightened environmental awareness in recent years, we have been developing products with the aim of reducing environmental impact from the perspective of the 3Rs (Reduce, Reuse, Recycle). From a reduction perspective, 82 items were identified, resulting in a reduction of approximately 318 tons



compared with the previous level of plastic consumption. In addition, we reduced the amount of plastic used by approximately 443 tons by increasing the number of refillable products. There are now 97 items that use recycled plastic, reducing plastic consumption by approximately 802 tons per year. Moreover, we promote the use of recycled paper (fiscal 2024 results).

#### Formulating Earth ECO Standards

With the aim of establishing measures that help to create a sustainable environment, we have formulated the Earth ECO Standards, our own unique environmental standards to promote the creation of environmentally friendly products. The Earth ECO Standards are designed to help achieve the six goals out of 17 SDGs that relate to the environment or manufacturing. Products that conform to the Earth ECO Standards bear the Act For ECO Mark, indicating that they are environmentally friendly. Products that bear this mark include large pouches of Mondahmin Mouthwash Premium Care and Mamoroom.

<https://corp.earth.jp/en/sustainability/materiality-environmental-issue/eco/index.html>

### Biodiversity Conservation

In order to realize nature positivity (nature revitalization) and promote efforts to maintain, restore, and create biodiversity, Earth Corporation has formulated a biodiversity policy under its Environmental Policy. Based on international trends toward biodiversity conservation, this policy stipulates that we will identify risks and opportunities, and dependencies and impacts related to biodiversity throughout the supply chain, while helping to avoid and mitigate biodiversity loss and restoring and regenerating biodiversity.

Guided by our Corporate Philosophy, we will work to prevent the loss of biodiversity by pursuing conservation initiatives as well as sustainable use throughout the Company and supply chain in cooperation with our stakeholders.

#### Information Disclosure Based on the TNFD Recommendations

In 2023, we expressed our support for the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum, an international organization that creates a framework for assessing and disclosing risks and opportunities in natural capital and biodiversity.

#### Actions to Conserve Biodiversity

Keeping abreast of current conditions is critical for protecting global biodiversity. Earth Corporation is committed to protecting forests (which are home to various species) and is conducting surveys for this purpose. Located along the Seto Inland Sea, the Company's Sakoshi Plant is a production base rich in nature and has many green spaces. Our survey of these green spaces confirmed the presence of many organisms and rare species. Based on these efforts, the Sakoshi Plant was registered as a Nationally Certified Sustainably Managed Natural Site in March 2024. Earth Corporation also drafted a management plan and is continuing research and conservation activities.

Once a species becomes extinct, it is gone forever. We therefore must be mindful not to further reduce their numbers or degrade their environments. With that in mind, we work to preserve endangered insect species.

Earth Corporation also helps fight against invasive species that affect human health, agriculture, forestry, and fisheries.



For more details on biodiversity conservation, please visit the Earth Corporation website (in Japanese).  
<https://corp.earth.jp/jp/sustainability/environment/biodiversity/index.html>

Sustainable Procurement


Earth Corporation feels that the very realization of its Corporate Philosophy is in and of itself an act of sustainability. As part of this belief, we feel that procurement activities would be impossible if they did not coexist with the Earth, which is why we see advancing sustainable procurement initiatives together with our business partners as essential for realizing sustainability. Along with building partnerships and maintaining ethical, fair relationships with all of our business partners, we will promote procurement that considers human rights, labor practices, and the environment in an effort to create value for Earth Corporation and to contribute to the sustainable development of society as a whole.

Materiality (Key Issues)	Key Topics and Main Measures	Targets and KPIs	FY2024 Results
Promoting sustainable procurement	● Promote procurement of environment-friendly packaging materials	<b>Forest certified paper usage rate (by weight):</b> <ul style="list-style-type: none"><li>● Usage rate: 10% or more (2023)</li><li>● Usage rate: 30% or more (2026)</li><li>● Usage rate: 70% or more (2030)</li></ul>	17.9%


Basic Approach and Promotion Framework

Together with its business partners, Earth Corporation is committed to sustainable procurement under the Earth Group Global Code of Conduct with the aim of contributing to the sustainable development of society as a whole. After establishing our Sustainable Procurement Guidelines, in 2023 we established our Supplier Code of Conduct, and have reached out to all of our business partners to inform them of the items therein, and to

request that they comply. So that they re-evaluate the status of and continually enhance their own efforts, we ask our business partners to complete a CSR self-assessment questionnaire.

 A request to suppliers (Only available in Japanese)

[https://corp.earth.jp/jp/sustainability/society/supply\\_chain/pdf/code.pdf](https://corp.earth.jp/jp/sustainability/society/supply_chain/pdf/code.pdf)

 Procurement Policies / Sustainable Procurement Guidelines (Only available in Japanese)

[https://corp.earth.jp/jp/sustainability/society/supply\\_chain/index.html](https://corp.earth.jp/jp/sustainability/society/supply_chain/index.html)

Building a Sustainable Value Chain



Balancing Solutions to Social Issues with Business Growth Through Responsible Procurement

**Kengo Yamashita**  
Senior Executive Officer, Director General of Global Supply Chain Management Headquarters and CSCO

In order to deliver products to its customers in a reliable manner, Earth Corporation seeks to achieve responsible procurement throughout every link in the supply chain. Moreover, we are committed to reducing greenhouse gas emissions with the aim of solving the problems society faces regarding the global environment and logistics. In particular, we are working with our customers in an effort to minimize the number of vehicles we use to transport and deliver our products, and to reduce waiting times for drivers.

As an example, we cooperated with logistics service providers and other manufacturers to enable a round-trip mixed freight ferry transport service between Kyushu and the Kanto region. This service, which we have successfully put into stable operation, reduces waiting times for drivers during loading and unloading through delivery schedule coordination between the participating companies. As a result of this initiative, we cut-back 31 tons (19.0%) of CO<sub>2</sub> emissions per year, reduced driver working hours by 250 hours (15.4%) per year, and trimmed 39 vehicles (28.9%) off the total number per year. These outcomes are not the ultimate goal, which is why we will continue to promote these kinds of aggressive initiatives.

Conventional supply chains serve the mission of delivering safety and reliability to customers as they seek to manage trade-offs from the perspectives of quality and safety, service, cost, and cash. Building a sustainable supply chain, however, has become an essential part of addressing recent changes in the environment, market, and labor conditions. In order to realize this kind of supply chain, we have extended ongoing dialogue beyond the related departments to include customers, thereby allowing us to advance improvement activities that exceed the boundaries between departments and companies under a clear awareness of the goals.

Moreover, in a wider meaning of the supply chain, we simultaneously focus on training human resources, creating environments that allow employees to work as they see fit, establishing emotional security, and enabling opportunities for collaboration beyond the bounds of the Company. We will not be constrained by existing conventions as we set targets and goals from a higher vantage point, and take the initiative in undertaking new challenges.

Under the objective of balancing solutions to social issues with business growth, we will continue to pursue our evolution each and every day.

Building a Sustainable Value Chain

To continually provide high-quality products and services to our customers, it is essential to work in close collaboration with the various business partners involved in the value chain. We are committed to building relationships of trust with our clients, aiming for mutual growth through sustainable initiatives.

capacity, and other chronic social issues, we have joined the common platform created by Otsuka Warehouse, a Group company, in an effort to streamline logistics. We also work to save resources and improve transportation efficiency by changing the delivery form of raw materials. In doing so, it is important to cooperate with our business partners. We make sure that they understand our approach to the environment and other aspects of sustainable procurement as we move forward.

Ensuring Stable Logistics

In response to truck driver shortages coinciding with a declining working-age population, delivery delays due to falling transport

Awareness-Raising Activities for Business Partners

As of December 2024, of the 209 business partners we approached about completing the CSR Self-assessment Questionnaire, we had received responses from 189 raw materials producers and contracted manufacturers. Based on the results and collated responses to the CSR Self-assessment Questionnaire, we share the results with business partners through individual

meetings, and strive to contribute toward the sustainable development of society as a whole. Going forward, in addition to continuing to implement this activity with respect to new business partners, with regard to indirect transactions, we will carry out raw materials procurement in accordance with the key points of our guidelines.

Collated Results of Responses to the CSR Self-Assessment Questionnaire (As of December 2024)

Item	Grading Distribution				
	A (100-80 points)	B (79-60 points)	C (59-40 points)	D (39-20 points)	E (19-0 points)
Corporate governance	58%	24%	11%	7%	0%
Human rights	52%	25%	12%	11%	0%
Labor	72%	17%	8%	3%	0%
Environment	64%	17%	11%	8%	1%
Fair corporate activities	61%	22%	12%	5%	0%
Quality and safety	78%	16%	3%	3%	0%
Information security	70%	20%	7%	3%	0%
Supply chain	45%	31%	11%	13%	0%
Regional society	58%	24%	10%	8%	1%

Human Rights Initiatives

Support for the United Nations Global Compact

Earth Corporation became a signatory to the United Nations Global Compact (UNGC) in May 2021 and was registered as a participating company. By having each company and organization demonstrate responsible and creative leadership, the UNGC serves as a global framework for acting as a good member of society and achieving sustainable growth. We will continue our efforts toward the fulfillment of this objective.



Human Rights Policy

To respect basic human rights and promote related efforts, we established the Earth Group Human Rights Policy in December 2023. Likewise, we make every effort to ensure that all executive officers and employees are aware of, and thoroughly practice, respect for human rights as an important social responsibility. To reduce human rights risks for all people involved in our business activities, including in our supply chain, we will continue to

promote efforts to respect human rights based on the United Nations Guiding Principles on Business and Human Rights. Furthermore, by acting in accordance with the Earth Group Global Code of Conduct, we will fulfill our responsibility to respect human rights by ensuring that we do not commit any human rights violations ourselves or contribute to human rights violations by our stakeholders that may arise in the course of our business activities.

In the years to come, we will strive to formulate and implement effective processes, such as human rights due diligence, to identify, assess, prevent, and mitigate any adverse human rights impacts that may arise in the course of our business activities.

# Compliance

## Basic Concept

Earth Corporation has established a cross-sectoral Compliance Committee. This committee shares information regarding issues, formulates conduct guidelines for the Group, provides information and conducts training with a focus on corporate ethics and legal compliance. As a general rule, the Company distributes Compliance Support News, a compliance-related newsletter, to all employees twice a month in an effort to enhance awareness, and it also seeks to improve the effectiveness of training by conducting compliance awareness surveys.

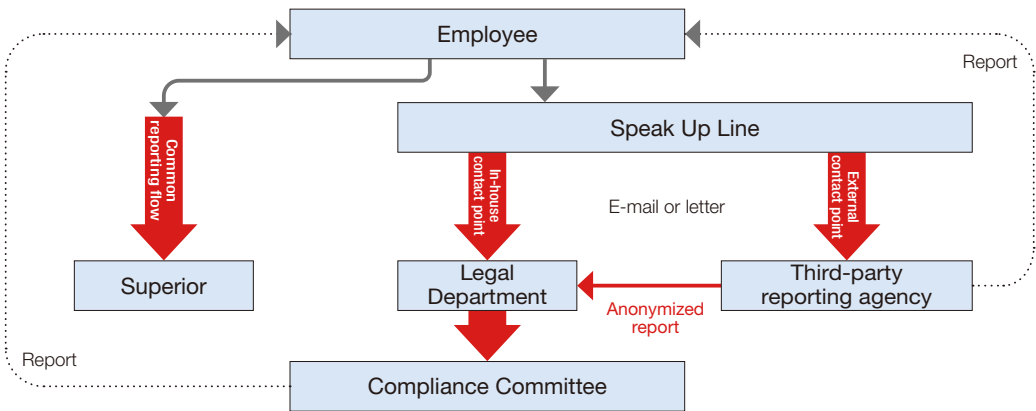
To ensure that all officers and employees (including contract, temporary, and part-time employees) maintain a strong sense of ethics and comply with laws and regulations, the Company also distributes the Earth Corporation Conduct Guidelines and Explanation of Guidelines. Moreover, to encourage employees' common-sense behavior as members of society using these documents as models, we systematically engage in instructional and awareness-raising activities through various meeting bodies and training programs.

## Internal Reporting System

To ensure that Earth Corporation earns a greater level of trust and stands as a company of true value, we recognize the importance of being open to receiving and providing solutions for issues that exist within and beyond the bounds of the Company. We therefore established the Speak Up Line as an internal reporting contact point in two locations, one internally under the jurisdiction of the Legal Department, and the other externally at a third-party organization. Speak Up Line enables inquiries about operations

and reporting on rule violations, where reporting to the external contact point can be made anonymously and is available for use by former employees up to one year after leaving the Company. Moreover, persons submitting inquiries or reports are protected to ensure that they are not subject to any disadvantageous treatment within the Company. We received five reports and consultations in fiscal 2024. There were no compliance violations.

“Speak Up Line” System



## Putting in Place an External Reporting Contact Point

To further strengthen governance functions, Earth Corporation has put in place a contact point to receive inquiries and reports from business partners regarding the Company's compliance with laws and corporate ethics (Earth Corporation Conduct Guidelines and Earth Group Global Conduct Guidelines). Contact point

operations are entrusted to IntegreX Inc., a third-party agency that has entered into an outsourcing and confidentiality agreement with Earth Corporation. Privacy is strictly protected, and individuals or business partners who have submitted reports will never be subject to disadvantageous treatment for having done so.

Reporting Contact Point Usage Record (non-consolidated)

Nature of report	FY12/2020	FY12/2021	FY12/2022	FY12/2023	FY12/2024
Number of compliance training attendees	85	125	124	145	142
Number of reports and consultations* (cases)	3	5	4	7	5
Number of compliance violations (causes leading to resignations) (cases)	0	0	0	0	0

\* Include number of cases handled by the Harassment and Human Relations Hotline

# Risk Management

## Basic Approach

In its sustainability management, Earth Corporation recognizes the various risks surrounding its business from an ESG perspective. Also recognizing the importance of risk management from

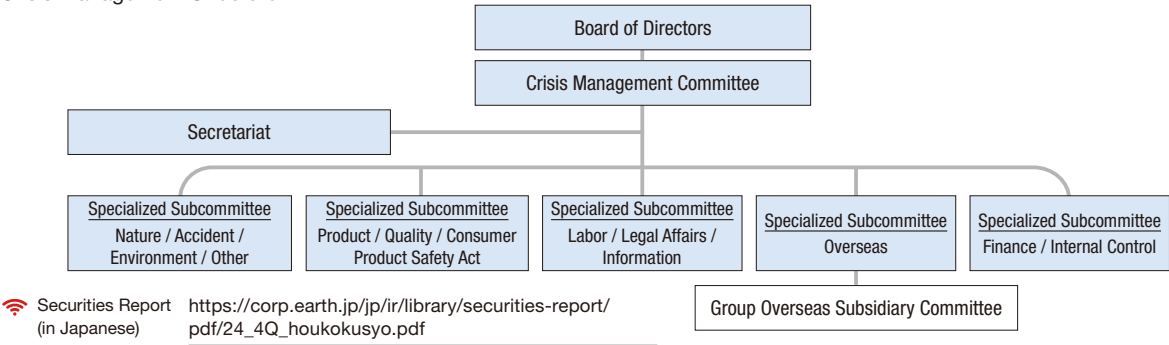
the perspectives of risk prevention, responding appropriately to crises, and creating business opportunities from risks, we work to further strengthen our management infrastructure.

## Crisis Management

The Company is advancing business continuity management (BCM) that promotes the functioning of its business continuity plan (BCP). Additionally, we have created a Crisis Management Manual and a BCP Manual to encourage the instilling of crisis awareness among our employees. For our efforts in providing support to affected areas during large-scale disasters, designating

evacuation sites, and concluding transportation capacity agreements, we obtained Resilience Certification from the National Resilience Promotion Office of the Cabinet Secretariat. Based on this certification, the Company undertakes measures in the event of disasters.

Crisis Management Structure



## Formulation of BCP and BCM

Fully aware of the possible serious damage associated with various management crises, such as risks to employee safety, the loss of society's trust, and economic losses, we organized and put in place systematic measures to prevent such management crises from occurring. In the unlikely event that a crisis materializes, we have also shared basic crisis management regulations to

serve as a code of conduct, so that the parties involved can quickly make judgments and take action to minimize damage. Having formulated the BCP, the Crisis Management Committee conducts tabletop drills to review the countermeasures. Providing our employees with regular education and training sessions, we work to instill in them what to do in the event of a crisis situation.

## Information Security Initiatives

Earth Corporation has adopted an Information Security Management System (ISMS) and strives to enhance and continuously improve information security. Such initiatives aim to protect all our information assets from accidents, disasters, cyberattacks and other unfortunate events. By eliminating risks stemming from major security incidents, we work to ensure business continuity and gain social trust. The Company also receives ongoing certification for ISO/IEC 27001 and maintains a management structure based on international standards for its information security-related operations.

Security Policy (in Japanese) <https://corp.earth.jp/jp/security/index.html>

ISMS PDCA Cycle

