



Our Global Sustainability in Action

### Message from the CEO



# Katsunori Kawabata President & Representative Director

A century of tackling social challenges as a team: working together to take steps toward the next generation

## "Responding to change" is key

Since taking on the role of company president, I have always stressed the importance of "responding to change." This is something that I believe applies to all companies. In today's world especially, adaptation is no longer optional... it is essential. We may not know immediately whether our response will succeed or fail, but we must first take action based on well-formed hypotheses with a reasonable chance of success. The biggest issue lies in choosing to do nothing due to being paralyzed by the fear of failure or uncertainty over outcomes. While I believe it is truly important to pause and think critically, the rapid pace of change in today's world makes that increasingly difficult.

Guided by our commitment to responding to change, we successfully increased revenue and profit in the 2024 fiscal year, and made steady progress in the overseas market, which is the central focus of our mid-term business plan. We continue to monitor global developments closely, evaluating the potential impact of tariffs, exchange rates, and other external factors on our business performance. Often, these factors end up causing trade-offs of both favorable and unfavorable circumstances. There is no such thing as a utopian company that is perfect in every aspect; therefore, if the overall outcome is even slightly positive, we consider that a meaningful achievement.

# Corporate activities are sustainability activities

Guided by the sustainability policy we introduced in 2021, we are moving forward with initiatives across the three key pillars of environment (E), society (S), and governance (G) to help realize a sustainable society.

On the environmental front, we have committed to reducing our (Scope 1 and 2) CO2 emissions by 46% by 2030, compared to 2020 levels. We are also preparing to set targets for Scope 3 emissions, which encompass indirect emissions across the supply chain. While this target is ambitious, it represents a valuable opportunity to strengthen our existing efforts. We also aim to work together with other companies facing similar sustainability challenges to achieve their targets. In terms of society, we are actively contributing to the prevention of insect-borne infectious diseases.

### Katsunori Kawabata

President & Representative Director

With the globalization of logistics and the movement of people, combined with the expanding habitats of insects due to global warming, the risk of diseases such as malaria and dengue fever has greatly increased. Our technologies and products are being deployed as effective countermeasures against these arowing threats.

CSV management means balancing economic and social value.



Addressing social issues through our business has been an integral part of our operations since our founding. In that sense, our corporate activities are, by their very nature, sustainability activities.

#### Providing insect care tailored to local needs

From the perspective of biodiversity, we promote the concept of "insect care" rather than simply "insect extermination." We are working to grow the market for insect repellent products that are both environmentally friendly and non-injurious to humans, such as "Hadamamo," which shares the same weak acidity as human skin, and "Cockroach Repellent Total Guard," which utilizes natural peppermint oil.

However, regulations governing active ingredients differ significantly across countries, meaning there is no universal solution. For example, even within Southeast Asia, what is effective in Thailand may not be suitable for Vietnam. Product development must take into account each country's legal framework (including safety standards), housing conditions, and cultural context. For this reason, we actively encourage our product managers to visit each local market directly. While market research conducted by our marketing department is a valuable resource, it is essential to validate these insights through firsthand observation and engagement.

# Pursuing health management for further growth

If we were to rank our stakeholders by priority, our employees would unquestionably come first. We consider employee health management to be a core management issue and, in 2019, we formalized this commitment through the launch of the "Earth Health Declaration." This year, we were honored to be selected for the first time for the KENKO Investment for Health, and we have been certified as an Outstanding Organization of KENKO Investment for Health ("White 500") for five consecutive years. However, the important thing is not to be selected every year, but to delve deeper into the spirit of the initiative and strengthen our efforts. That said, it is certainly gratifying when our efforts are acknowledged through such recognition.

2025 marks the 100th anniversary of the company's founding. We would like to take this opportunity to extend our heartfelt appreciation not only to our employees, but to all of our stakeholders. We remain committed to achieving sustainable growth and further enhancing our corporate value together.

# **Kentaro Sato**Managing Executive Officer

Expand the range of infectious disease prevention products



The Global Management Headquarters of Earth Corporation has entered overseas markets based on the ASEAN and Chinese markets. We are expanding the range of fields we operate in, particularly in Thailand, Vietnam, and China. As of 2025, we export products to approximately 40 countries worldwide. Through meticulous sales and marketing strategies, we uncover needs based on the different lifestyles and preferences of each country, and develop and sell products that are optimal for each local area. As a total infectious disease care company, we are mainly expanding our range of infectious disease prevention products.

The difficulty is that the damage caused by dengue fever varies greatly from country to country and region to region. For example, North America was a region that had not previously been affected by dengue fever. However, the introduction of exotic species has led to the spread of previously unrecognized infectious diseases. Although the number of people infected differs from country to country, when an emerging infectious disease has attracted attention in a region where it has not been previously recognized, we would like to establish a system that can contribute to the people of that region by deploying our products at an early stage. We are working in parallel behind the scenes to develop drugs and formulations that comply with the regulations of each country to obtain registration. We believe it is important to always be prepared so that we can have our products ready before something happens, rather than reacting afterwards.

# Expand the field of prevention

We haven't gotten as far as prevention against unknown infections, but by doing the best we can now, rather than reacting to new infections as they emerge, we believe that we have the potential to be more effective against new infections. We will continue to pursue the best course by utilizing all the research and pharmaceutical knowledge we have accumulated to date.

# Community-based business model

We have established an increase in sales of daily necessities such as pest control products and perfuming agents that support comfortable living. We listen carefully to feedback regarding product specifications, such as scent preferences and ease of use, and we use this information to improve the products. We believe that this attitude will be conveyed to customers, who will consequently opt for our products. As comfort for users depends on the values and sensibilities specific to each country, we directly interview employees and retailers in the region to ensure that the product fits their sensibilities and reflects their opinions. However, of course, there is no point in focusing on comfort if the efficacy is compromised. The fact that our products are both effective and comfortable, and yet potent has led to increasing consumer support in the market.



# **Kentaro Sato**Managing Executive Officer

# Make something available that was not on the market before

As a manufacturer, we must have a sense of mission to build a market. If we place a product that didn't previously exist in the market and make it available, the market size will grow.

That's what manufacturers need to do. Otherwise, consumer behavior will proceed in the absence of products that customers really want. We believe that consumption will increase as customers are able to utilize the products for more functional purposes. Another thing we consider important is the packaging, including the brand name, color, and design. That's because customers make instant decisions about what to buy. It would be nice if we could explain the merits of our products to each and every customer face-to-face in the store, but that is not possible. We believe that an important role of packaging is to instantly communicate the quality of the product on our behalf.

### Strengths and challenges

In terms of the global strengths of Earth Corporation, the first is its ability to offer a wide assortment of products. The second is that we are able to make precise suggestions about the functional use of each product and why the product is needed. On the other hand, we are facing challenges as we still do not have products that address infectious diseases and pest control, so we must move quickly in preparing these. In addition, we need to consolidate our organizational structure to accelerate the spread of products in order to establish sales channels.

At the Global Management Headquarters, we have two guiding principles for our actions: thinking and acting independently, and involving and collaborating with others. Working with a diverse range of people overseas requires a high level of adaptability, as nothing in any job can be achieved by just one person.

# We also want to spread our thoughts and values

From the desire for people to use a product to protect themselves, we have also developed products that work well without the use of chemicals. This is possible thanks to the high level of technology and knowledge accumulated by our predecessors, including Japan's research laboratories. These values and ideas will not be received by people overseas unless we convey them. Earth Corporation is well known in Japan, but not yet overseas.



However, our technologically advanced pest repellent products have been trusted and accepted as being effective without the use of chemicals. We will continue to produce products that exceed customer expectations, while building trust in the markets of each country, and increasing the presence of Earth Corporation and its brands.

# Contribute to society through business

Earth Corporation's pest control products contribute to protecting the lives of people living in various countries around the world by reducing the number of deaths caused by insect-borne infectious diseases.

For example, tens of thousands of people in Thailand have been infected with dengue fever, with hundreds of people dying. We are working with the Department of Disease Control of the Thai Ministry of Public Health to prevent the spread of dengue fever. Specifically, to coincide with World Dengue Day in mid-June each year, we set up booths at seven locations across Thailand, where we distribute mosquito coils and lotion-type insect repellent free of charge. On that occasion, we also conduct awareness-raising activities on preventing dengue fever infection. We convey preventive measures such as avoiding outdoor areas where water can accumulate and wearing long sleeves and long trousers when going outside.







As part of our collaborative activities with the Red Cross, our employees volunteer to donate blood at Red Cross blood donation centers, and we also set up dengue fever infection prevention booths where we distribute mosquito coils and insect repellent lotion.

Approximately 1,000 to 1,200 samples are prepared and distributed each day. Most people respond favorably and say they would like to try the products.

In Malaysia, various awareness-raising activities regarding dengue fever have been being conducted in collaboration with the Jabatan Kesihatan Negeri Sarawak (JKNS) of each state under the leadership of the Ministry of Health (MOH). The aim of future activities is to encourage each and every citizen to change their behavior in order to prevent the spread of dengue fever and prevent deaths.

The Company agrees with this aim and contributes to efforts to protect the health of Malaysians by introducing our products and conducting free sampling activities through the participation of our employees in awareness-raising events, and by spreading awareness of protection against dengue fever.





Vietnam is also a hot country, so the situation is generally similar. The dangers of dengue fever are widely known, but it is likely that awareness of avoiding mosquitoes that carry the disease is still low compared to other countries. In Vietnam, pest control products that are effective against a variety of insects are generally well received, and the market is experiencing steady growth every year.

We will continue to convey through our awareness-raising and educational activities that "pest control" can lead to protecting one's own life.

# Research and Product Development

Earth (Thailand) Co., Ltd. has its own research and development department and pest breeding room. The pests that inhabit Thailand are not only different species from those found in Japan, but also have different levels of resistance to pesticides. So the pest control products that are sold in Japan may not be effective. Not only the contents of pesticides and repellents but also the required specifications differ from country to country.

That's why we provide pest control products with formulations that are tailored to be effective for the pests that inhabit Thailand, helping people who are troubled by them. Not only mosquitoes, but termites also cause damage to furniture and homes, causing trouble for many people. The high market share of aerosols for termites also differs from Japan. Competing manufacturers produce similar products, but Earth Thailand's products are characterized by their long-lasting effectivity.

In addition, awareness of oral hygiene is very high in Thailand, and the market for mouthwash is large. The sales volume for "Mondahmin" is second only to Japan. Mondahmin, for example, has been developed in a localized manner by making it available in flavors preferred by the Thai public. While our competitors offer strong flavors, we choose to offer smooth, natural flavors as well.

National character and values differ from country to country, and people's preferences vary even within the same country, but one notable feature is a strong aversion to chemicals. Providing natural products that people can use with peace of mind will contribute to infectious disease prevention, particularly in the ASEAN region. We have the know-how to produce natural products that do not use chemicals but are also highly effective in repelling pests, so we are using this technology and knowledge to increase our product lineup, and sales are going well.

#### Environment

Every month, the plant totals the amount of water, electricity, and gas used, checks it against the production figures and monitors it for any abnormalities, how it compares to last year, etc. We are also working on energy conservation activities such as adjusting the temperature of air conditioning depending on the time of day so as to reduce electricity usage. One simple thing we take for granted is that we turn off the lights frequently.

We are also working to systematically control shipments so that one truck can visit multiple clients. Consolidating production sites into one location and improving efficiency inevitably reduces various environmental impacts. For example, reduction of the carbon footprint in logistics, component losses, and



the amount of waste liquid can be achieved by decreasing the number of cleaning opportunities during manufacturing.

Recently, an increasing number of retailers have been refusing to sell products that are not environmentally friendly. For this reason, we are going to clearly communicate that our products are designed in such a way that they do not place a burden on the environment during manufacturing. As awareness of sustainability continues to grow, we are now setting up a team to search for new components, anticipating demand from retailers for more environmentally friendly products.

#### Various social contribution activities

In Thailand, we are conducting unique CSR activities that demonstrate a positive commitment to society. For example, we provide assistance for flood and disaster relief, and promote education and sports.



In Malaysia, we are also helping to improve the sanitation environment by providing our products free of charge to areas affected by flooding and installing them in patient wards at national hospitals. We have also started visiting kindergartens and elementary schools to raise awareness about insect repellent, and we are currently receiving positive feedback from many people and numerous inquiries.



In Vietnam, we visit hospitals, nursing homes, and daycare centers to distribute pest control products free of charge. In addition, before the employees return to their hometown for holiday, the plant organizes events in the industrial estate at which companies set up booths and sell their products at lower prices than usual so that the employees can buy the products as souvenir.





Furthermore, the company gives a free assortment of its products to outstanding employees and employees who have family members who require care.

The soccer team Kawasaki Frontale has a branch in Vietnam and holds soccer classes for children. Every year, we distribute our alcohol-based disinfectant to visitors at the event.

# Supply Chain Management

The mid-term management plan also includes the development of a supply chain that is linked to the medium- to long-term plans of each area as a key policy. In conjunction with product development plans, we will establish procurement and production systems and build a logistics network to ensure smooth supply. We also maintain fair, impartial, and ethical relationships with all our business partners, and



purchase products with due consideration for human rights, safety and health, and the environment. We make sure that we visit our suppliers on the ground to check the working conditions and also that they are not using child labor.



## Product safety, security, and reliability

We place great importance on traceability to ensure the safety and reliability of our products. We always mark each product with a lot number and record it so that we can track which raw materials are bought in from which suppliers, and when they were used. With regard to product quality, we have established a mechanized system to check all products for correct filling quantity, missing components, etc.

Thus, we are committed to constant quality improvement. In addition, thorough barcode inspections are carried out to ensure that different varieties do not get mixed in, and a system is being put in place to detect if different varieties do somehow get mixed in.

#### Governance

A "Speak Up Line" has been set up at two internal whistleblowing contact points, one inside the company and one outside, where business-related queries and possible rule violations can be reported to the Complaints Committee. We will protect anyone who makes an inquiry or report from receiving any adverse treatment within the company. To further strengthen our governance function, we have set up



a contact point where business partners can make inquiries and reports regarding our compliance with laws, regulations, and corporate ethics (Earth Corporation Code of Conduct, Global Code of Conduct). In addition, to prevent fraud in the supply chain, we ensure that suppliers sign a written pledge before we begin to do business with them.

# To deliver the necessary products to those who need them

In order to quickly deliver the necessary products to those who need them, we are engaged in constructive dialogue with national regulatory authorities in parallel with research and development. By carefully sharing safety and efficacy data and ensuring that administrative guidelines and societal demands are met, we are contributing to making the approval process more efficient.



Overseas, we jointly examine local laws and regulations and public health issues, while introducing the manufacturing and quality control experience we have developed over more than 100 years in Japan. In some cases, approval is granted in a shorter period than usual as a result of recognition of the product's reliability based on scientific evidence.

Through these collaborations, we will help resolve public hygiene, environmental, and health issues faced by consumers in each country and region, and achieve our mission as a "Total Care Company for Infectious Diseases."

# **Editorial Policy**

This PDF reports on the sustainability efforts of Earth Chemical Global Headquarters to let you know about each activity.

Earth Chemical is working on sustainability issues in collaboration with stakeholders under its management philosophy of "being close to life and living, and realizing coexistence with the Earth."

# Target period

The report covers the period from January 2024 to December 2024, but we try to provide as much up-to-date information as possible about activities, including those in fiscal 2025.

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