

# For a Sustainable Future

Sustainability Report 2025

OAT Agrio Co., Ltd.

## Meeting the challenges of Japanese and global agriculture

### Bringing innovation to agriculture to address the challenges faced by the Japanese and global agricultural industries

With the global population projected to approach 10 billion in 2050, the Food and Agriculture Organization of the United Nations (FAO) estimates that saving humanity from starvation and malnutrition without leaving anyone behind will require the world to increase food production volumes by an additional 70%. The environment facing agricultural industries today, however, is severe, and cultivation conditions continue to deteriorate due to abnormal weather, including depletion of essential water resources; pest-related crop damage; and replanting problems. Moreover, greenhouse gas (GHG) emissions from the agricultural and forestry industries account for 23% of total emissions (average for 2007–2016). The more products that these industries produce, the more GHG they emit. Consequently, these industries are experiencing intensified water shortages.

In Japan, many farms are small-scale and family-run businesses. In addition to the poor working environment, incomes are low. As a result, younger generations are reluctant to engage in agriculture, leading to shortages in manpower and succession. In other words, the industry faces a downward spiral that fails to realize “profitable agriculture.” This is the greatest challenge that Japan’s agricultural sector is facing now.

We therefore intend to solve that by bringing innovations to agriculture through maximum utilization of “food production technologies (agritechnology) consisting of crop protection (chemicals for plants) against pests, fertilizers and drip irrigation (nutrients for plants), and biostimulants (increasing plants’

immunity to diseases), all of which are supported by cutting-edge Artificial Intelligence (AI) technologies.”

### Progress on the New Medium-Term Business Plan (2024–2026)

As part of the New Medium-Term Business Plan (2024–2026), which kicked off in 2024, we plan to focus investments totaling roughly 8 billion yen over this three-year period on research and development (R&D) with the goal of driving innovation for sustainable agriculture. In 2024, our net sales reached approximately 29.7 billion yen with operating profit of 3.1 billion yen. We also invested roughly 2.7 billion yen in R&D. Our four areas of focus are “Green PPPs,” “biostimulants,” “smart agriculture,” and “global synergies.”

Our “Green PPPs” refer to those products derived from natural and food additives that are registered as pesticides, or to Japanese Agricultural Standards (JAS)–compliant organic pesticides, which function as plant protection materials not restricted by the number of times they can be used on crops. In short, they are safe, reliable, and eco-friendly products. The aim of the Strategy for Sustainable Food Systems MIDORI, formulated by Japan’s Ministry of Agriculture, Forestry and Fisheries in 2021, is to reduce agrochemical use (on a risk-equivalent basis) and chemical fertilizer use by 50% and 30%, respectively, for environmental conservation. Our “Green PPPs” align with this Strategy and even comply with the stringent agrochemical regulations in Europe and the United States. OAT Agrio intends to increase sales of Green PPPs to 20% of overall sales by exploring microorganisms useful for food production.

Meanwhile, we define *biostimulants* as substances and technologies that enhance the natural immunity inherent in plants and promote resistance to cold, heat, diseases, and pests, as well as foster potential crop growth. Therefore, we believe that biostimulants will help ensure stable crop yields, even when we experience more severe heat and cold than now due to climate change.

We are also advancing smart agriculture to save labor and improve efficiency. This initiative will lead to the “profitable agriculture” that Japan has long sought. Specifically, we are developing an automated growth diagnosis and support system using sensing technologies for protection against pests in greenhouse

strawberry cultivation. In this case, AI collects information and sends messages regarding the growth status to producers daily, allowing them to control their equipment in accordance with the messages and realize a more conducive growing environment. We further attempt to develop AI systems that also enable the equipment to automatically create an optimal growing environment.

Although the external environment is rapidly changing and unclear, we will invest 10% of net sales in R&D during the three-year period of the New Medium-Term Business Plan and even beyond to provide the world with the valued products and technologies that society needs.

### Looking at the global markets

Used in 96 countries around the world, our products sold outside Japan account for more than 70% of total sales. We intend to further expand and deploy a broader product lineup to countries and regions with severe natural environments.

Outside Japan, introducing products to the market is not sufficient to ensure sales. Employees in charge of overseas sales engage in down-to-earth activities by visiting fields deep in the mountains of such countries and regions, with the support of our local partners. On these field visits, we encourage local farmers to use our products and to feel their effects. On occasion, employees in charge of R&D accompany our sales personnel to observe first-hand how the products that they have developed are used on farms. In this way, we promote the development of future products. Aside from the strong technical capabilities, we put the greatest emphasis on offering local farmers products that can solve their real problems. We aim to ensure that international sales consistently account for more than 70% of total sales by steadily pioneering markets with the help of various partners.

### Tackling important themes of Corporate Social Responsibility (CSR)

As the chair of the Sustainability Committee, I manage the targets and progress for important themes of CSR and report these to the Board of Directors. As reducing GHG emissions is an important theme of CSR, we are taking various measures including the introduction of renewable energy at the Naruto Factory. Moreover, using the Group’s products will help reduce the use of chemical fertilizers and enable the effective use of water resources, which will ultimately make significant contributions to conserving the natural environment.

Regarding workplace safety, we experienced a fire at the Naruto Factory in October 2024—something that should never have happened. We feel great sorrow at the thought of having lost a valuable colleague. We are investigating the causes of the fire and are determined to eliminate the related causes in the future while working in unity with the employees toward the factory’s restart.

### Creating a corporate culture where all employees have dreams to pursue

R&D positions at OAT Agrio account for nearly 20% of total positions. These employees strive to realize their dreams of conceiving nonexistent technologies, but we intend to create a corporate culture where employees in other divisions also have dreams to pursue. However, it could be difficult for one individual alone to realize those dreams. We therefore intend to create a culture where all of us have an interest in and thoughts on our relationships with those around us based on how our respective work will serve the field of agriculture in the future. To do so, we conduct inter-departmental training encouraging communication beyond the boundaries between positions and generations. Since becoming president, I have visited many of our business offices and facilities and exchanged opinions with employees. I hope to create a mechanism in the future by which top management are better able to capture diverse opinions from them. I will therefore advance management in a way that ensures the Group companies respect each other’s opinions.

Meanwhile, although some of our employees interact daily with crops as the origin of our business, others have few such opportunities. Therefore, all the OAT Agrio executives now grow tomatoes, eggplants, cucumbers, and other vegetables using our gardening set so that they can deepen their understanding of crops through interaction with our products. In addition, the AgriTechno Research Center grows rice and makes flower beds in buckets together with children from neighboring kindergartens and elementary schools. Along with this aspect of food education, I hope that this effort helps children develop an interest in agriculture and encourages them to choose farming as an occupation. I also wish to convey more broadly the “joy of cultivating, the emotion of watching, and the contentment of eating” crops as part of the OAT Agrio corporate culture.



President, CEO  
**Hisashi Oka**

The Group contributes to people around the world with its agritechnology and sincerity.

Under the philosophy that “We contribute to people around the world with our agritechnology and sincerity,” the Group develops and systematizes comprehensive technologies that help increase crops through the development, manufacturing, and marketing of agrochemicals, fertilizers, and proprietary cultivation systems. By continuously developing “new

food production technologies” based on our accumulated technologies and know-how, we aim to solve food issues and support an ever-increasing global population, as well as to obtain high trust and evaluation from stakeholders and society overall, thereby maximizing our corporate value as our basic management policy.



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Important CSR Themes

By proposing and promoting the OAT Agrio Group’s technologies and products to our clients, we will contribute to human- and eco-friendly sustainable agriculture while improving our corporate value. We will also actively incorporate environmental (E), social (S), and governance (G) perspectives into our management. We believe that the corporate activities of the Group will help build a sustainable future together with society, reflecting the Sustainable Development Goals (SDGs).

ESG	Important Themes	Initiatives for 2024	2024 Results	2025 Targets
Environment	Reducing and recycling waste	Naruto Factory: Waste down 3% per ton of production compared with 2023	Commenced review of a new in-house system Waste up 32% per ton of production compared with 2023	Completed review of a new in-house system Waste down 3% per ton of production compared with 2023
	Use of renewable energy and reduction of GHG emissions	Detailed investigation of costs for introducing renewable energy/Setting and implementing GHG reduction targets	Energy consumption rose in reaction to six months of partial suspension of operations at the Naruto Factory in 2023: Electricity: Up approximately 22% YoY Steam: Up approximately 27% YoY	Electricity: Down 10% YoY Steam: Down 15% YoY
	Management of emissions and water discharge	Continuous strengthening of managing rinse water quality and phosphorous emissions in addition to consideration of managing nitrogen emissions at the Naruto Factory	Commenced review of a new in-house system	Completed review of a new in-house system with preparations for its introduction
Society	Working environment	Implementation of regular training on health and safety/Achievement of accident-free status for 366 days/Year-round prevention of accidents and its continuation in the next year	Implementation of monthly training on health and safety (e.g., by the Safety and Health Committee)/Achievement of accident-free status for 281 days/Accident of a fire at the Naruto Factory on October 7	Implementation of monthly training on health and safety (e.g., by the Safety and Health Committee)/Continuous implementation of training, drills, and safety measures necessary to prevent accidents
	Quality of products	Safety management of products/Preparation and provision of Safety Data Sheets (SDSs) for each product based on the laws and regulations for appropriately controlling chemical substances/Maintaining ISO 9001 status	Reviews, revisions, and provisions of SDSs for each product in line with new regulations on chemical substances based on the revision and enforcement of Japan's Industrial Safety and Health Act on April 1, 2024 Maintaining ISO 9001 status	Planning of reviews, revisions, and provisions of SDSs for each product alongside the scheduled 2025 revisions of the JIS standards (JIS Z 7252/7253) based on the UN Globally Harmonized System of Classification and Labelling of Chemicals (GHS) documents/Maintaining ISO 9001 status
	Personnel	Consideration given to measures aimed at promoting female participation and career advancement in the workplace/Support for life planning among senior employees/Creation of a comfortable working environment (childcare and family care issues)/Promotion of health management	Promotion of female participation and career advancement: Appointing one female executive officer and encouraging promotion to operation improvement leaders/Implementation of seminars on "how to work and live" to support life planning for senior employees/Creation of a comfortable working environment/Increase in the childcare leave rate by male employees from 33% to 50%/Promotion of health management: Appointing a manager to each department and making a health management promotion plan, awaiting certification as an excellent corporation for health management	Creation of a comfortable working environment for all/Establishment of in-house systems keeping up with the times/Consideration given to measures aimed at promoting female participation and career advancement in the workplace/Continued promotion of health management
	Human resource development	Continuation of management training and evaluator training/Reskilling training (e.g., digital transformation (DX))/Continuation of various other trainings/Continuation of in-house testing of the Test of English for International Communication (TOEIC)	Management training/Online reskilling and DX training/Campaign for raising employees' awareness of improving business operations/Conducted various training sessions seven times/Held TOEIC testing three times	Consideration given to measures aimed at the early career development of young workers/Continuation of improvements in Group-wide business efficiency and DX application/various trainings
	Supply chain management	Continuous investigation of diversifying sources of procurement/Investigation of joint shipping for products/Preparation for the responsible procurement of raw materials	Realizing diversification of major sources of procurement for certain materials/Strengthening the Business Continuity Plan (BCP) by having manufacturing subcontractors both in eastern and western Japan/Continuation of discussions on issues related to joint shipping	Utilization of the global network to further diversify sources of procurement/Continuation of efforts to review and strengthen the BCP/Establishment of an environment for joint shipping
Governance	Corporate Governance	Continuation of sustainability management Tightening of governance and internal controls/Maintaining transparency in management through disclosure/Aiming for a higher CDP score	Sustainability Report 2024 (published in March 2024)/Continuation of activities by the Sustainability Committee Continuation of CDP Survey Responses (scores released in February 2025)	Continuation of sustainability management/Tightening of governance and internal controls/Maintaining transparency in management through disclosure/Aiming for a higher CDP score
	Risk Management	Establishment of a Group-wide risk management system/Analyses of the effectiveness of introducing AI/Promotion of further DX as led by the business improvement project team	Decision made to introduce AI systems/Rollout of a business improvement campaign on a Group-wide basis and formulation of a DX implementation plan	Establishment of a Group-wide risk management system/Making a concrete road map for introducing AI and its execution/Rollout of a Group-wide business improvement campaign based on the DX implementation plan
	Compliance	Adherence to compliance/Elimination of harassment/Continuation of compliance training	Adherence to compliance/Implementation of enlightening activities (regular inspections, meetings)/Elimination of harassment and continuation of activities aimed at achieving zero occurrences/Continuation of compliance training once every six months	Adherence to compliance/Elimination of harassment (do not engage in, allow for, or become subject to harassment)/Ongoing implementation of compliance training

# The New Medium-Term Business Plan

## Progress on the New Medium-Term Business Plan

The Group formulated its New Medium-Term Business Plan “Make investments for further growth” (2024–2026) in February 2024. Similarly, our vision for 2030 is to become a company that delivers the joy of cultivating, the emotion of watching, and the contentment of eating by developing sustainable agriculture that is human- and eco-friendly and increasing food production as our management philosophy. To achieve this vision, we plan to focus investments totaling approximately 8 billion yen over this three-year period in R&D. In 2024, we invested approximately 2.7 billion yen. In addition to new Green PPPs and biostimulants, we are focused on R&D into probioponics (hydroponic cultivation for which organic fertilizer is used) that aims to realize a circular society and on efforts to visualize and sophisticate cultivation using the sensing technology from our Agrio Ichigo Master, a comprehensive cultivation solutions service. This section introduces a few of the outcomes that we have achieved to date.

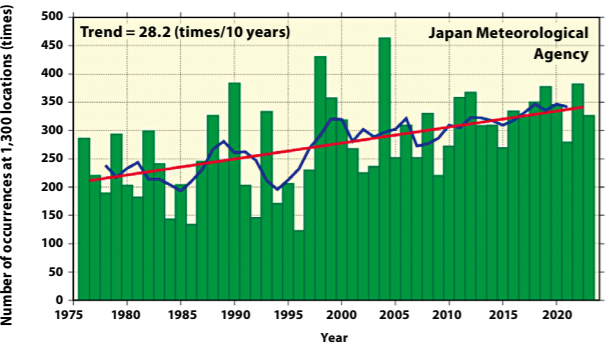


Improvements to probioponics technology have enabled the successful cultivation of melons that are often difficult to grow

### Effects of our new product preventing tomato bacterial wilt disease

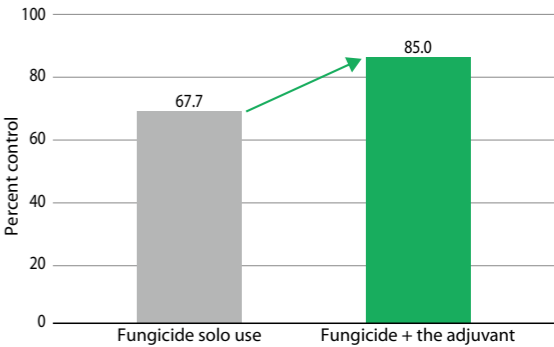


### Number of times per year that precipitation exceeds 50 mm per hour



Approximately 330 times per year on average from 2014 to 2023  
Increase of approximately 1.5 times compared with 1976 to 1985  
Source: Japan Meteorological Agency website

### Effects of adding the rain-resistant adjuvant



### Biostimulants

Plants absorb CO<sub>2</sub> through stomata in their leaves, which drives photosynthetic reactions that allow the plants to produce their own sugars and starches as nutrients. The biostimulant POTATOL that we began selling in 2021 uses a plant-derived active ingredient to control the degree to which these stomata open and encourages photosynthesis, thereby potentially contributing to increased yields for potatoes and sweet potatoes. The results of tests conducted over two years at a public institution in Hokkaido showed increasing yields. This has led to including POTATOL in Hokkaido’s guidelines for cultivation. We will use this opportunity to accelerate the spread and sale of the product in Hokkaido.



## Summary of Fiscal 2024

Based on our Long-Term Vision to 2030, we plan to sequentially introduce many more products to the market.  
By focusing investments into R&D targeting innovation, we will center our efforts on developing products that incorporate

new technologies and trends and contribute to solutions for problems throughout the world. We will create new businesses that will help realize a sustainable society and concentrate our energies on producing profitable agriculture.

## Business Indicators

	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Plan	FY2026 Plan
Net sales (Billions of yen)	26.96	28.99	29.77	30.20	31.70
Operating profit (Billions of yen)	3.35	3.77	3.11	3.40	3.80
Ordinary profit (Billions of yen)	3.39	3.80	3.24	3.30	3.65
Profit attributable to owners of parent (Billions of yen)	2.26	2.49	2.08	2.15	2.41
Operating profit margin	12.4%	13.0%	10.5%	11.3%	12.0%
Consolidated ROE	23.4%	20.0%	13.9%	13.6%	13.8%
R&D expenditures (Billions of yen)	1.96	2.04	2.73	2.65	3.35
Ratio of R&D expenditures to net sales	7.3%	7.0%	9.2%	8.8%	10.6%

## Environment

### Initiatives for Calculating and Reducing GHG Emissions

#### (1) Background

The Group has been promoting sustainability management since its founding and utilizing renewable energy while reducing and recycling waste. The Group has also been calculating GHG emissions since fiscal 2020 and will continue to calculate, verify, and reduce emissions to achieve carbon neutrality by 2050. Collaborative efforts to collect data and calculate emissions among the Group companies also serve to increase employees' awareness of sustainability management. Moreover, we will continue communicating to our stakeholders how our agritechology will contribute to solving environmental problems as part of the SDGs.

#### (2) Method of calculation

Since fiscal 2020, the Group has been calculating emissions in Scope 1 and 2 at our major business offices and facilities and OAT Agrio has done Scope 3 calculations. Consequently, we have identified three key categories: "Purchased Goods and Services" in Category 1, "Upstream Transportation and Distribution" in Category 4, and "Waste Generated in Operations" in Category 5.

Since fiscal 2021, all the major business offices and facilities have also done Scope 3 calculations. For Category 1, we calculate emissions from purchased goods and services by multiplying respective emission factors at the domestic and international standards by activity data on substances, their weights, and monetary value based on the purchasing information. For Category 4, we calculate emissions based on the weight of purchased and shipped products, and on the transportation methods and distances (including estimates from scenarios). For Category 5, emissions are calculated using the total amounts of waste for each substance. For other categories, we calculate emissions using quantity and monetary data as much as possible, but for companies and categories with low emissions, we estimate emissions using values of net sales and number of employees.

#### (3) Analyses of results and measures taken

In fiscal 2024, Scope 1 and 2 emissions rose 10.8% compared with fiscal 2023. This increase was primarily due to greater use of steam, coinciding with the restart of plant operations at the Naruto Factory, and of electricity and fuel at R&D facilities, particularly air conditioning at greenhouses and environmental experiment chambers. Expecting further energy use due to the expansion of business and R&D activities as well as climate change, we will continue to thoroughly conserve energy, develop the environment, and shift from conventional to renewable energy.

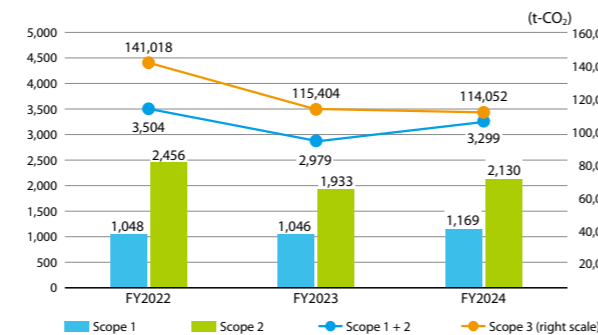
Meanwhile, Scope 3 emissions declined 1.2% compared with fiscal 2023. Because Category 1 accounts for approximately 80% of all Scope 3 emissions, we will collaborate on reducing emissions from that category with our suppliers for better calculation and emission reduction.

#### Scope 1, 2, and 3 emissions (t-CO<sub>2</sub>)

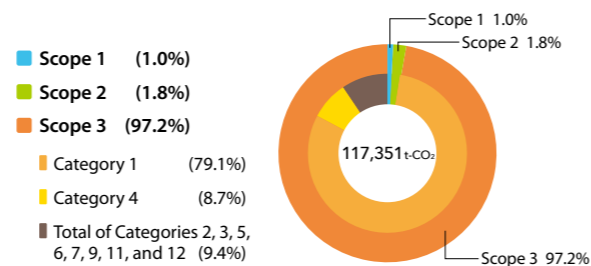
	FY2022	FY2023	FY2024	Composition ratio
Scope 1	1,048	1,046	1,169	1.0%
Scope 2	2,456	1,933	2,130	1.8%
Scope 1 + 2	3,504	2,979	3,299	2.8%
Scope 3	141,018	115,404	114,052	97.2%
Category 1	116,008	95,135	92,857	79.1%
Category 4	12,219	9,335	10,156	8.7%
Total of Categories 2, 3, 5, 6, 7, 9, 11, and 12	12,791	10,934	11,039	9.4%
Scope 1 + 2 + 3	144,522	118,383	117,351	100.0%

Notes:

- Scope 1 and 2 figures in fiscal 2023 have been revised in response to feedback from a third-party verification.
- Regarding the Chrysal Group, the shipping and transportation by the Group itself in Category 4 has been excluded from calculation due to the complexity of distribution channels. Plans are in place to refine this process in the future.



#### FY2024 ratio of Scope 1, 2, and 3 emissions



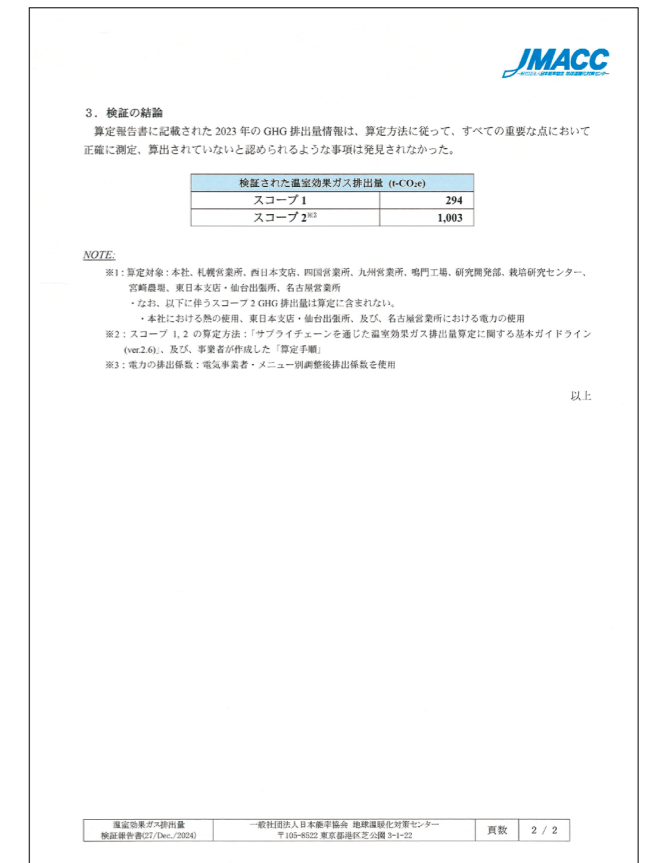
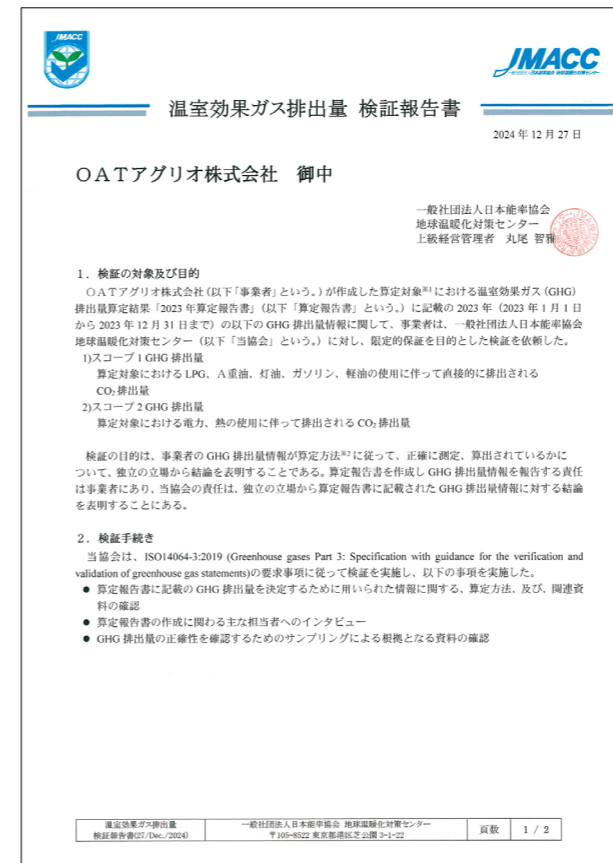
Notes:

- Of the 15 categories in Scope 3, Categories 8, 10, 13, 14, and 15 are not subject to calculation.
- Figures in parentheses are percentages based on the total of Scope 1–3, 117,351 t-CO<sub>2</sub>.

### Third-Party Verification of GHG Emissions

With the aim of obtaining limited assurance, we requested that the Japan Management Association GHG Certification Center verify OAT Agrio's Scope 1 and 2 calculations for GHG emissions in 2023. The Center informed us that there were no

issues for concern detected in our results. We will continue our efforts to collect and analyze data in a highly reliable way and refine our work.



### Our CDP Evaluation

The CDP is a global nonprofit organization that surveys companies, organizations, cities, and others regarding their environmental impact, including climate change, and evaluates and scores their responses for disclosure to investors around the world. After first responding to the CDP's "Climate Change" questionnaire in 2022, the Group also began responding to the "Water Security" questionnaire in 2023. Later, in 2024, the CDP integrated its questionnaires on Climate Change, Water Security, and Forests into one.

Although we continue to complete the Climate Change and Water Security portions, we have refrained from responding to the Forests portion as we believe that it has little relevance to the Group. In 2024, the Group's score was "C" for both Climate Change and Water Security. The Group will continue to promote sustainability activities, including the reduction of GHG emissions, using the CDP evaluation and score as a benchmark while striving to expand its information disclosure.



Working Together with Partners to Reach Our Ambitions: A Truly Sustainable Business and Industry



**Remko Muntinga**  
CEO, Chrysal International BV

At Chrysal, we firmly believe that sustainability isn't just a choice; it's the cornerstone of our strategy. For us, sustainability means balancing the needs for the present with the needs for the future on environmental, social, and economic development. Our sustainability journey is not merely a checkbox exercise—it's a reflection of our core values: putting our customers first, fostering curiosity and innovation, embracing diversity and integrity, and executing every task with unwavering passion. Today, these values drive our sustainability initiatives, shaping our actions and guiding our decisions.



**Nora Meijerink**  
Sustainability & People Director

In 2009, we started our Chrysal Cares program. Since then, the world has changed and so has our approach and program. Now, we have put sustainability first and at the center of our business strategy. The foundation of our company is built around sustainability and our people around the globe. Together with all of our partners, we are working towards a sustainable flower industry, where we can enjoy the beauty of flowers without harm to the environment or people.

Our 4 ways towards a zero impact flower industry

1 Fighting climate change

1. Fighting climate change

Climate neutral by 2030, striving for a positive impact afterwards

We aim to be climate neutral by 2030, and that is why we started to fully analyze our carbon footprint in 2019. We do this for all our products and operations globally through the Life Cycle Assessment (LCA). It is important for us to know our impact on the environment as it gives direction for future product development and provides us with insights on ways we can help our customers with their sustainability goals.

Sea Freight & Long Storage Services

We make it possible for our customers to transport flowers by sea or store flowers for a longer period of time. Flowers are delicate, and it has taken us years to develop a product that enables them to stay fresh for weeks. Transporting flowers by sea results in a huge CO<sub>2</sub> saving compared to air freight, so this is an innovation that helps to improve the sustainability of the industry.

2. Contributing to a sustainable economy

50% circular by 2030, 100% in 2040

2 Contributing to a sustainable economy

We have been working on more sustainable packaging for many years, and this has led to the development of our compostable sachet, with last year marking the start of moving all branded sachets to recyclable packaging. This is in line with our target of "all of our products having recyclable, reusable, or compostable packaging by 2025" and is therefore a great milestone in our sustainable packaging journey. We are now also only purchasing FSC paper for our paper sachets and transferring the boxes to FSC cartons as well.

3 Caring for people

3. Caring for people

Enhancing lives and work experience

At Chrysal, we care about people. We create a caring workplace for our employees by considering their health and safety a high priority and our responsibility. We also focus on improving equality and diversity. One of the most valued aspects of working at Chrysal is the international and diverse workforce we have globally. This brings lots of different cultures and perspectives together. We support local communities by contributing to their health and education and by supporting local development.

Within our company, we encourage healthy eating and exercise for our employees. We have a Green Team in place, a group of enthusiastic ambassadors who are helping to increase awareness on sustainability themes, working on initiatives and improvements, and trying to get everyone on board to do the same.

4. Striving for a positive environmental impact

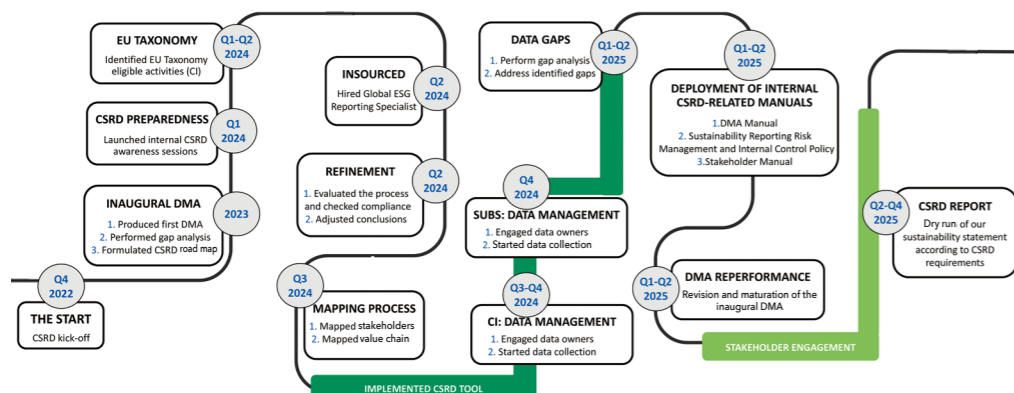
Positively contributing to the environment we depend upon

4 Striving for a positive environmental impact

Our goal is twofold: to promote the long-term value of the flower industry, which depends on thriving ecosystems and to take responsibility for our environmental impact, ensuring the sustainable use of resources. Through collaboration with our customers, we strive to minimize environmental harm and safeguard the water and the land we all rely upon. Last year, we introduced a range of biostimulant products and the results have been good. With this, we have entered a promising new direction for the future.

The road map

Chrysal's CSRD Journey



In 2024 we worked on three road-map projects for packaging, ingredients, and CO<sub>2</sub>. These projects are meant to give us a detailed plan for all of these themes and are helping us in realizing our goals, by clearly defining all steps and actions that we need to take to get there, through cross-functional project teams.

Corporate Sustainability Reporting Directive (CSRD): We began our CSRD journey at the end of 2022 and have since taken numerous steps to ensure compliance with the regulation.

Society

Establishing an Organization and Environment for Diverse Human Resources to Exert Themselves

Fostering a caring and dynamic organization through more active communication

Since our founding in 2010, OAT Agrio has been working on providing employee training, improving the working environment, increasing employee benefits, and enhancing health management, while at the same time contributing to the development of local communities. With the well-being of our employees, we are committed to creating a comfortable and rewarding working environment.

To achieve sustainable corporate growth, it is vital that we develop a working environment through which employees are eager to take on new challenges and have a creative mindset that can create new value through their curiosity and drive.

In 2024, two of our 14 Board members (including executive officers) were women. Although women currently account for 12.8% of managers at the Company, we aim to lift that figure to 20% and are working to raise awareness of the importance of women in management positions. Efforts include appointing female employees to lead business improvement campaigns. With the goal of ensuring smooth operations in the workplace, we will continue to promote female employees with leadership and communication skills to management positions.

In a bid to accelerate the development of food production technologies (agritechnology), we put out an open call for volunteers within the Group who were eager to master our cultivation technologies. Employees selected for the program were assigned to the R&D Division, with many entering positions that were completely different from those they had worked in before. By building on the diverse experiences of employees with different backgrounds and fostering open communication, not only through e-mail and web conferencing but also through direct contact, we are working to create a flexible, caring, and dynamic organization as well as fostering the growth of individual employees.

Improving business efficiency and introducing DX technologies

In 2023, we launched a project to improve business efficiency in some business areas and in 2024 initiated a campaign to improve that project on a Group-wide basis. As part of this effort, we selected leaders in each division and formulated specific improvement strategies to eliminate waste aimed at reviewing operations and reducing workloads. We believe that it is vital to make use of AI and DX technologies to ensure the continued effectiveness of these measures. There is also an urgent need to develop a workforce capable of not only improving business efficiency but also designing business reforms using these technologies. In 2025, we will work to shift our

improvement policy into the implementation phase to further enhance efficiency.

Creating a workplace where employees can play an active role in line with their life stage

OAT Agrio is promoting the creation of a comfortable working environment where employees can balance work with their lives. To balance their work with child and nursing care, for example, we are focused on how we can provide support in line with the lifestyles of individual employees through the flexible use of the remote work and staggered commuting systems already in place.

We are also actively working to increase the rate at which male employees take childcare leave, and the rate jumped sharply from 33% in 2023 to 50% in 2024. We believe that our efforts in this respect are tied to those aimed at promoting female participation and career advancement in the workplace and make a significant contribution to society.

To achieve sustainable growth, we believe that it is important to foster individuals who can think independently about the development of their careers. We provide younger employees with career development training depending on their level and offer opportunities for them to learn how to gather information related to social situations and the economy. For our senior workers, we assist with life planning. Amid changes in the social and business environments brought on by a declining birth rate and an aging society, increased financial burdens and the narrowing of the working population are serious. Within this environment, the Group companies need a comprehensive human resources strategy, and with the goal of encouraging a change of mentality in attitudes toward work, particularly among middle-aged and senior employees, we advocate building a life plan as early as possible. In line with this belief, we held a seminar on "how to work and live" targeting specifically those age 45 and older. The seminar focused on encouraging participants to take stock of their careers and plan for how they will work in the future, learn about social security and its basics, and consider how to continue working while keeping the future in mind. While this seminar was our first attempt, we aim to continue efforts in this regard.

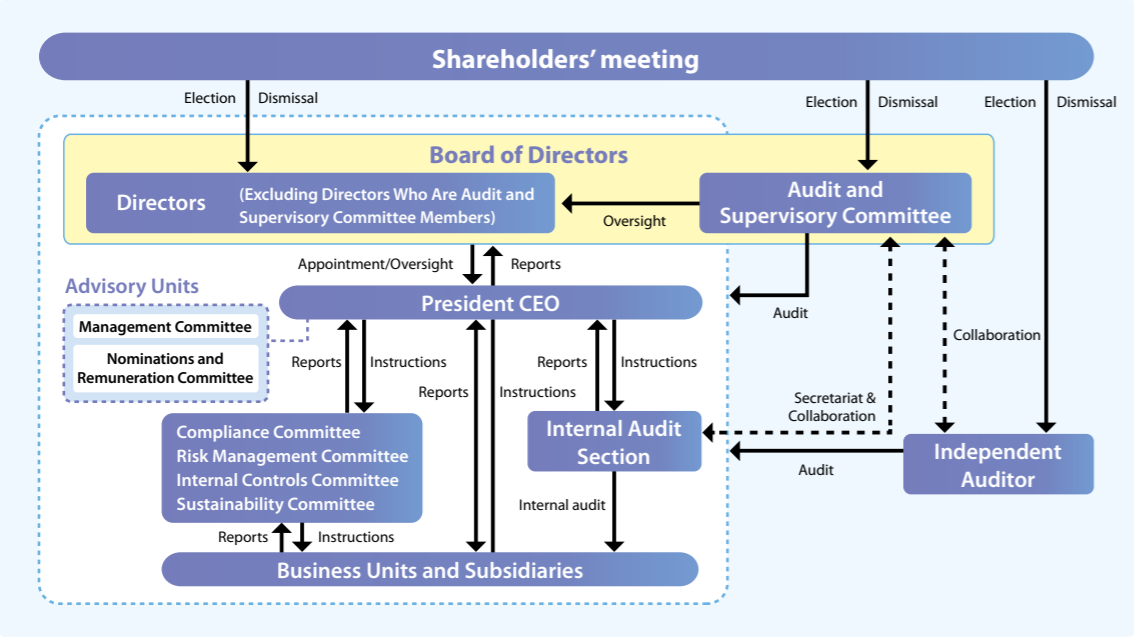
Our goal is to build a flexible and dynamic organization through the creation of a working environment in which employees can play an active role according to their life stage and employees from many different generations combine their strengths and continue to grow. We believe that through these efforts, members of our diverse workforce will exert themselves so that we can create a brighter future for all.

Corporate Governance

Corporate Governance Structure

Guided by our management philosophy of contributing to people around the world with our agritechnology and sincerity, the Group aspires to an approach of contributing to human- and eco-friendly sustainable agriculture and engages in business activities with the mission of enhancing corporate value while advancing society. The Sustainability Committee, chaired by the president, is responsible for promoting sustainability management across the Group with the aim of enhancing sustainable corporate value and developing a sustainable society through corporate activities. Under the direction of the president, this committee deliberates on basic management policies regarding sustainability, including the issue of climate

change, and planning regarding business activity policies and strategies. It also discusses the results of these deliberations with the Board of Directors. In addition, the Risk Management Committee deliberates on matters involving the issue of climate change that could have a material impact on the business continuity, financial standing, management performance, and cash flows of affiliated companies, and reports on the results of these deliberations to the Board of Directors in conjunction with Group-wide risk. Matters resolved by the Board of Directors are then deployed and promoted Group-wide in cooperation with each business unit under the leadership of the Sustainability Committee.



Risk Management

The Sustainability Committee identifies the risks that the Group currently faces, as well as potential future risks, and takes systematic and appropriate preventive measures. The Committee similarly analyzes, evaluates, and recognizes matters relating to climate change that hold the potential to materially impact the business continuity, financial standing, management performance, and cash flows of affiliated companies. In addition, the Committee broadly classifies risks into short-, medium-, and long-term categories from a standpoint specific to sustainability, and analyzes, evaluates, and recognizes each from both qualitative and quantitative perspectives.

Concrete Process



Message from an Outside Director

Backing up “management contributing to human- and eco-friendly sustainable agriculture” from a compliance perspective

Outside Director  
(Audit and Supervisory Committee Member)

Motonori Araki

Roles that I play as an outside director

Since my appointment to the position of outside director in March 2022, I have offered opinions and advice as an international lawyer, taking a focused perspective to help adhere to compliance amid the Group’s endeavors to grow globally.

Compliance has been increasingly rising in importance for companies in recent times. *Compliance* is defined as the “observance of laws and regulations.” Here, however, laws and regulations are the minimum set of rules that a company must follow in society, in the sense that there are legal sanctions if they are violated. A company that complies with laws and regulations but engages in misconduct could still be condemned by society, and thus ensuring “compliance” in this sense alone is insufficient.

Through its corporate activities, the Group aims to enhance sustainable corporate value and contribute to a sustainable society. Its corporate activities are based on trust relationships with various stakeholders, including shareholders, consumers, employees, business partners, and the public. To make corporate activities sustainable, it is indispensable that we meet their expectations and maintain trust relationships. Therefore, I believe that “compliance” with what is expected of the Group requires meeting stakeholder expectations and maintaining trust relationships beyond mere observance of laws and regulations.

The sustainability of the Group’s corporate activities itself is a major prerequisite for “contributing to human- and eco-friendly sustainable agriculture.” Furthermore, compliance pertaining to the development of the Group’s global business is an essential foundation for it.

For more than 30 years, I have handled numerous legal issues for domestic and international clients, including cross-border mergers and acquisitions, product supply agreements, and licensing agreements for patent know-how. Before becoming an outside director, I served as outside counsel on several issues for the Company. Having participated in Group management, I have gained new expertise in the fields of food and agriculture, and together with my experience and professional knowledge, I will play the roles expected of me to ensure the high level and wide range of “compliance” required of the Group.

The current conditions and issues from a compliance perspective

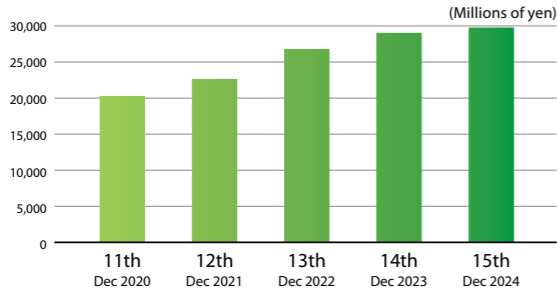
Unlike my service as outside counsel in supporting the contract process—from drafting to signing various contracts—my current position as outside director brings me into contact with detailed in-house information with respect to daily corporate activities as well as business management following the conclusion of mergers and acquisitions or after the drafting to signing of contracts. As such, I investigate and raise issues from a compliance perspective. As far as domestic corporate activities are concerned, I believe that the Group has secured a comparatively high degree of compliance as a listed company in Japan.

From a different perspective, however, the Group has many affiliated companies based overseas. Some overseas Group companies with advanced development technology and product quality that have become affiliates through corporate acquisition were originally managed by individual owners. Such companies often do not have a high level of compliance, and after having been acquired, it might take considerable effort to bring their level of compliance up to the standards of Japanese listed companies, from the perspective of ensuring compliance in global business development.

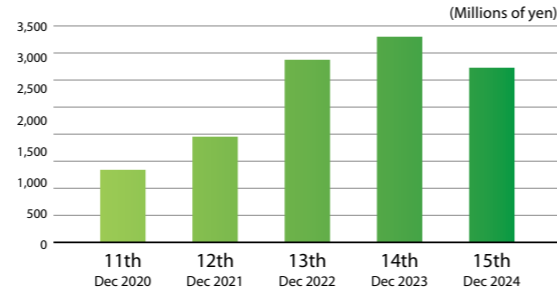
As far as the Group is concerned, employees that have been sent from Japan play an important role in raising the level of compliance of such subsidiaries. However, given that more than 60% of the Group’s employees are foreign nationals, it is better to ensure that local foreign employees also play a part in this role, rather than relying solely on just a small number of Japanese employees. Therefore, I believe that it is important to actively share a high level of compliance with foreign employees and gain their understanding and cooperation. That will be ever-more essential as we expand our business globally. Moreover, I am convinced that if these efforts enable foreign employees to develop a greater sense of ownership as employees of the Group, we will witness a positive impact on ensuring diversity in human resources that can solve the Group’s global issues, which are the medium- to long-term issues of the Group.

Performance Highlights

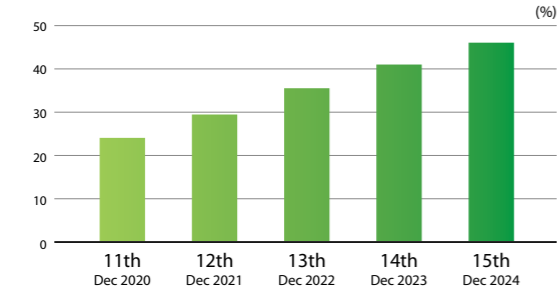
Net Sales



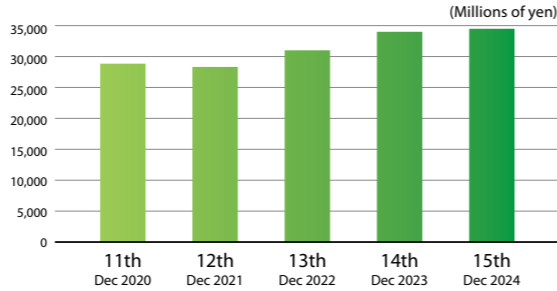
Ordinary Profit



Shareholders' Equity Ratio



Total Assets

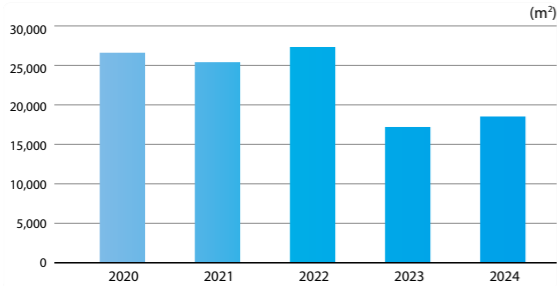


<Formula> Shareholders' equity ratio = Equity capital / Total assets × 100; Equity capital = Net assets - Subscription rights - Share options - Noncontrolling interests

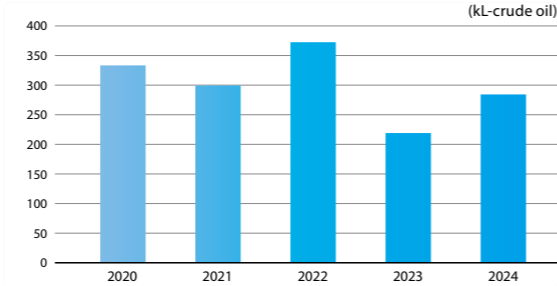
Note: OAT Agrio has applied the Accounting Standard for Revenue Recognition effective from the fiscal year ended December 31, 2022. Data for the fiscal year ended December 31, 2021, are presented after retrospectively applying the said Standard.

Environmental Conservation Reports (Naruto Factory)

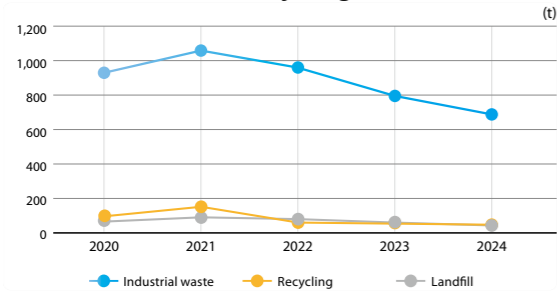
Water Consumption



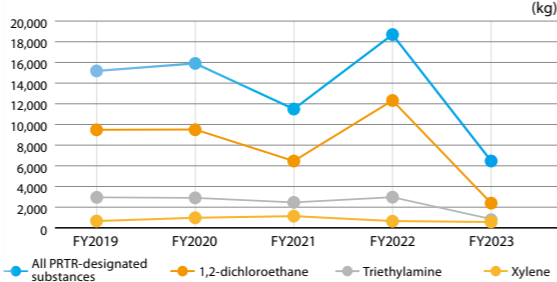
Steam Energy Consumption



Industrial Waste, Recycling, and Landfill



Transfer and Release of Class I Pollutant Release and Transfer Register (PRTR) System-designated Chemical Substances



Sustainability at Group Companies

Asahi Chemical Manufacturing's service for supplying recycling-type liquid fertilizer containers

Asahi Chemical Manufacturing Co., Ltd., headquartered in Ikaruga, Nara, is a major affiliated company of the OAT Agrio Group that engages in the manufacture and sale of a biostimulant (product name ATONIK) and an array of fertilizer types. It has been working since 2017 on a liquid fertilizer supply business using plastic 1,000-L containers for large-scale agricultural producers. Packages of conventional liquid fertilizer product are mainly designed for use on an area of 2,000 to 3,000 square meters. This gave rise to issues of a labor-intensive and time-consuming process for large-scale producers and the large volume of empty containers that became waste after use. As a solution, the idea arose to offer a supply service for

recycled liquid fertilizer containers that would repeatedly use these large containers. Making containers with a larger capacity enables them to reduce the workload of the producers that use fertilizer, and making containers returnable succeeds in significantly reducing the amount of waste generated after use. In addition, by establishing contract manufacturing plants and warehouses near consumption areas, we contribute to the reduction of CO<sub>2</sub> emissions associated with transportation. With the cooperation of many delivery service providers, the company is expanding its business throughout Japan, and the containers have already become a mainstay product with much demand from customers. We believe that this service contributes to all the OAT Agrio Group's SDG targets, namely conserving the environment, eradicating hunger, and improving resource efficiency.



Editorial Policy

The OAT Agrio Group has been publishing the Sustainability Report since 2022, describing its environmental (E), social (S), and governance (G) initiatives aimed at the establishment of a sustainable society, as well as its management plans and other information. We hope that this report will help communication with stakeholders throughout our supply chain, be used by society, and enhance the understanding of our company and Group companies. We will continue to improve the report incorporating your feedback.

Reported period

January to December 2024

Reported Organization

The Group (our company and its affiliated companies) consists of OAT Agrio Co., Ltd., 26 consolidated subsidiaries (including Asahi Chemical Manufacturing Co., Ltd.; Runhe (Zhoushan) Plant Science Co., Ltd.; OAT&IIL India Laboratories Private Limited; Asahi Chemical Europe s. r. o.; PT. Oat Mitoku Agrio; Lida Plant Research, S.L.; Inplanta Innovations Inc.; and Blue Wave Holding B.V.), one unconsolidated company, and two associated companies.

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<https://www.oat-agrio.co.jp/en/top-page-english/>