

Press Release

Notice Regarding Identification of Materiality Issues and Establishment of Non-Financial KPIs

May 31, 2022

Listed exchanges : Prime Market
Listed company name : Earth Corporation
Code : 4985
URL : <https://corp.earth.jp/en/index.html>
Representative Director : Katsunori Kawabata, President & Representative Director
Contact : Tsuyoshi Mitsuzuka ,
Senior Executive Officer
Director General
Group Management Headquarters
Tel : +81-3-5207-7458

Earth Corporation Group (the “Company”) has identified materiality and established non-financial KPIs in accordance with the Basic Sustainability Policy for the sustainable enhancement of corporate value and the realization of a sustainable society.

Going forward, the Company will continue to monitor our non-financial KPIs and further disclose information to further promote our efforts to realize a sustainable business.

1. Sustainability Basic Policy

Based on the management philosophy that Earth Corporation will ‘Act to live in harmony with the Earth,’ we will collaborate with stakeholders to take on issues related to sustainability, and contribute to continuously increasing corporate value in building a sustainable society.

2. Materiality identified and non-financial KPIs set

The Company have established five materialities and non-financial KPIs for each materiality as key sustainability issues that have a significant impact on our business and stakeholders.

Details are shown on the next page.

Materiality	Explanation	2030 Target	KPI	SDGs
Responding to Climate Change	Mitigation of and adaptation to climate change, the most serious environmental problem worldwide, may affect our business expansion in the medium to long term. In addition, the increase in average temperatures due to climate change and the intensification of extreme weather events, including changes in precipitation patterns, may affect the overall value chain of our business. We recognize that responding to such climate change is a management issue related to medium- and long-term corporate value.	<ul style="list-style-type: none"> ●Reduces CO₂ emissions. ●Promote the use of renewable energy sources for electricity. 	<ul style="list-style-type: none"> ●CO₂ emissions reduction : Compared to 2020 (Scope 1, 2) · 14% reduction (2023) · 28% reduction (2026) · 46% reduction (2030) ●Turning to renewable energy : · Re-energizing the plant[Re-energization rate60%] (2023) · Re-energizing the Institute [Re-energization rate90%] (2026) · Re-energizing the Office* [Re-energization rate95%] (2030) *Excluding tenant offices 	
Consideration for Global Environmental Issues	Environmental pollution and resource scarcity have become issues on a global scale from the perspective of creating a sustainable, recycling-oriented society. For us, consideration of environmental issues throughout the value chain is an issue directly related to the sustainability of our business. We recognize that our efforts to make effective use of resources and reduce waste will not only reduce our business risk by reducing environmental impact at every stage of our operations, from raw material procurement to product design and manufacturing, use, and disposal, but will also contribute to the preservation and enhancement of our brand and corporate value.	<ul style="list-style-type: none"> ●Improve the efficiency of water use in manufacturing, from R&D to production. ●Aiming for a recycling-oriented society, we make effective use of resources. ●Establishing Earth Corporation's ECO standards and promoting the expansion of environmentally friendly products. 	<ul style="list-style-type: none"> ●Improving water use efficiency : Compared to 2020 · 3% improvement (2023) · 6% improvement (2026) · 10% improvement (2030) ●Zero emissions of industrial and other waste from factories and laboratories : · Investigation and review of the status of outsourced processing (2023) · Zero emissions in factories and laboratories (2026) · Maintain zero emissions in factories and laboratories (2030) ●Earth Corporation's Eco Standards Overview : ⇒ See Appendix 	
Promoting Sustainable Procurement	We promote sustainable procurement based on our management philosophy "We act to live in harmony with the Earth. We recognize that building partnerships with all suppliers and promoting procurement that takes human rights, health and safety, and the environment into consideration while maintaining fair, equitable, and ethical relationships will lead to the creation of our corporate value and contribute to the sustainable development of society as a whole.	<ul style="list-style-type: none"> ●Promoting procurement of environmentally friendly packaging materials. 	<ul style="list-style-type: none"> ●Percentage of forest certified paper used : · Use ratio of 10% or more (2023) · Use ratio of 30% or more (2026) · Use ratio of 70% or more (2030) 	
Providing products and services that contribute to safe and comfortable living	For Earth Corporation's manufacturing, the most important social responsibility is to continue to provide high-quality, safe and reliable products and services from the customer's perspective. We recognize that reliably fulfilling this social responsibility is an absolute prerequisite for preserving and enhancing our corporate value and is the cornerstone of our corporate value.	<ul style="list-style-type: none"> ●Improving the implementation rate of periodic quality audits at our own factories and those of our contractors in order to eliminate serious quality-related accidents that could undermine customer satisfaction and trust. ●Improving the implementation rate of the annual education and training plan to ensure compliance with relevant laws and regulations and to reduce the number of serious accidents leading to violations to zero. 	<ul style="list-style-type: none"> ●Periodic quality audit implementation rate : Maintain 100% (2023, 2026, 2030) ●Education and training implementation rate : Maintain 100% (2023, 2026, 2030) 	
Realization of a workplace that supports the success of diverse human resources	Based on the Earth Value "Diversity", we aim to realize a workplace that supports the success of diverse human resources. We recognize that creating a rewarding workplace where each and every employee can grow and develop through fair and appropriate treatment that respects human rights and ensures diversity, while maintaining a workplace environment that takes into consideration the health and safety of employees, will lead to the creation of long-term value for the Company	<ul style="list-style-type: none"> ●Encouraging employees to take annual paid leave. ●Promoting women's activities, we will increase the percentage of women in equivalent managerial positions. 	<ul style="list-style-type: none"> ●Percentage of employees taking paid leave : Maintain at least 70% (2023, 2026, 2030) ●Ratio of female managers : · 10% or more (2023) · 18% or more (2026) · 30% or more (2030) 	

Materiality of Earth Corporation

Earth Corporation has established five materialities for 2021 as key sustainability issues that will have a significant impact on Earth Corporation's business and its stakeholders.

Materiality Identification Process



Earth Corporation's ECO Standards

Targets	Category	Outline of standards
CO2 emissions reduction	Raw materials	Increase product concentration to reduce CO2 emission from packaging and transportation
	Containers & Packaging	Development of refill/replacement containers and multiple-pack products
		Use of materials derived from plant-derived and non-fossil raw materials
		Reduction of resin usage by simplified packaging
Resources conservation	Raw materials	Use of sustainable (recyclable) raw materials
	Containers & Packaging	Use of recycled materials
		Use of Forest Stewardship Council certified paper
Action for waste management and water quality	Use	Longer life of products and equipment
	Disposal	Improving drainage water management and quality
		Improve product component and design to reduce the effort of waste-sorting

Material Issues in Sustainability at Earth Corporation

Materiality	Explanation	2030 Target	KPI	SDGs
Responding to Climate Change	Climate change, the most serious environmental problem worldwide, may affect our business expansion in the medium to long term. For instance, the increase in average temperatures due to climate change and the intensification of extreme weather events, including changes in precipitation patterns, may affect the overall value chain of our business. We recognize that responding to such mitigation of and adaptation to climate change is a management issue related to medium- and long-term corporate value.	●Reduces CO ₂ emissions.	●CO ₂ emissions reduction : Compared to 2020 (Scope 1, 2) · 14% reduction (2023) · 28% reduction (2026) · 46% reduction (2030)	
		●Promote the use of renewable energy sources for electricity.	●Turning to renewable energy : · Energy transition at the plant [Renewable energy utilization rate 60%] (2023) · Energy transition at the Institute [Renewable energy utilization rate 90%] (2026) · Energy transition at the Office* [Renewable energy utilization rate 95%] (2030) <small>*Excluding tenant offices</small>	
Consideration for Global Environmental Issues	Environmental pollution and resource scarcity have become issues on a global scale from the perspective of creating a sustainable, recycling-oriented society. For us, consideration of environmental issues throughout the value chain is an issue directly related to the sustainability of our business. We recognize that our efforts to make effective use of resources and reduce waste will not only reduce our business risk by reducing environmental impact at every stage of our operations, from raw material procurement to product design and manufacturing, use, and disposal, but will also contribute to the preservation and enhancement of our brand and corporate value.	●Improve the efficiency of water use in manufacturing, from R&D to production.	●Improving water use efficiency : Compared to 2020 · 3% improvement (2023) · 6% improvement (2026) · 10% improvement (2030)	
		●Aiming for a recycling-oriented society, we make effective use of resources.	●Zero emissions of industrial and other waste from factories and laboratories : · Investigation and review of the status of outsourced processing (2023) · Zero emissions in factories and laboratories (2026) · Maintain zero emissions in factories and laboratories (2030)	
Promoting Sustainable Procurement	We promote sustainable procurement based on our management philosophy "We act to live in harmony with the Earth. We recognize that building partnerships with all suppliers and promoting procurements that take human rights, health and safety, and the environment into consideration while maintaining fair, equitable, and ethical relationships will lead to the creation of our corporate value and contribute to the sustainable development of society as a whole.	●Establishing Earth Corporation's ECO standards and promoting the expansion	●Earth Corporation's Eco Standards Overview : => See Appendix	
		●Promoting procurement of environmentally friendly packaging materials.	●Percentage of forest certified paper used : · Use ratio of 10% or more (2023) · Use ratio of 30% or more (2026) · Use ratio of 70% or more (2030)	
Providing products and services that contribute to safe and comfortable living	For Earth Corporation's manufacturing, the most important social responsibility is to continue to provide high-quality, safe and reliable products or services from the customer's perspective. We recognize that reliably fulfilling that is an absolute prerequisite for preserving and enhancing our corporate value and is the cornerstone of our corporate value.	●Improving the implementation rate of periodic quality audits at our own factories and those of our contractors in order to eliminate serious quality-related accidents that could undermine customer satisfaction and trust.	●Periodic quality audit implementation rate : Maintain 100% (2023, 2026, 2030)	
		●Improving the implementation rate of the annual education and training plan to ensure compliance with relevant laws and regulations and to reduce the number of serious accidents leading to violations to zero.	●Education and training implementation rate : Maintain 100% (2023, 2026, 2030)	
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