

# Sustainability Medium-term Plan 2026

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# Overview of the Sustainability Medium-term Plan 2026

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**1. Sustainability at the Inabata Group**

June 2022  
release

**2. Materiality: Descriptions and Relevant Business Segments**

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**3. Materiality: Risks, Opportunities, and Main Initiatives**

NEW

**4. Materiality: Long-term Vision, Strategy, KPIs, and Targets**

# 1. Sustainability at the Inabata Group

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The Inabata Group has continued to manage its business with a respect for people based on trust, in keeping with its Mission, “People come first, based on the spirit of ‘love (*ai*)’ and ‘respect (*kei*),’ and together we strive towards contributing to the development of society.” We believe that this commitment to valuing people and society can contribute to the realization of a sustainable society, which is the goal of the international community today.

Over the past several years, we have seen a clear acceleration in social trends demanding sustainable corporate management. We acknowledge this as evidence that there are greater expectations on corporations and the business sector to address a mountain of social issues that need to be resolved, such as environmental conservation, respect for human rights, attention to the employee working environment, and fair transactions.

These social issues represent a major risk to corporate activities in the future. However, we also believe that, by taking proactive and appropriate action, we will find major opportunities for sustainable growth at our Group. That is why we address sustainability as an important management issue.

Over the more than 130 years since our founding, we as a trading company have fulfilled the role of resolving our customers’ ever-changing challenges from their perspectives and connecting the value chain in better ways, while responding promptly to the social changes of the time and contributing to the needs of customers and society. As we live in an age where prospects are uncertain and the future is difficult to forecast, we believe this approach of ours will enable us to play an even more important role through the provision of value that takes account of risks and opportunities.

To make ourselves necessary to society as a trading company in a timeless manner, we strive to enhance corporate value over the long term and realize a sustainable society through the whole range of our business activities.

## 2. Materiality: Descriptions and Relevant Business Segments

The Inabata Group’s materiality consists of **three material issues associated with creating sustainable value that the Group aims to realize through the provision of products and solutions**, and **three material issues associated with strengthening the foundation for business continuity that constitutes the basis of corporate activities**.

### Creating Sustainable Value

Materiality	Key points
<p><b>Contributing to a decarbonized and circular society, sustainable use of natural capital</b></p>	<p>We will focus on environment-related businesses, such as environmental load-reducing products, in areas including renewable energy, alternative fuels, recycling, and electric vehicles to build a decarbonized and circular society. We will also promote the sustainable use of natural capital in our businesses related to building materials and food. We will take steps based on our environmental management system to reduce GHG emissions, reduce waste and increase the reuse of resources, prevent pollution, and conserve water resources and biodiversity to conserve the environment.</p>
<p><b>Contributing to safety, security, and well-being</b></p>	<p>We will provide solutions that contribute to safety, security, and well-being through our mobility, food, and life science businesses. Chemicals are fundamental to a wide range of industries. We will maintain a high awareness of the responsibility associated with chemical substance management, product safety, and quality.</p>
<p><b>Providing value through resilience in procurement and supply functions</b></p>	<p>Providing flexible and optimal dealings is an important function of Inabata Group as a trading company. In an uncertain, unpredictable society, the functions of the Inabata Group provide even greater value as a solution provider for changing customer and social needs. We will deliver value through resilience in procurement and supply functions by strengthening our supply chain management. To achieve this, we will use our global network and leverage our multifaceted functions as a trading company, such as product development, partnerships, and logistics expertise.</p>

## 2. Materiality: Descriptions and Relevant Business Segments

The Inabata Group’s materiality consists of **three material issues associated with creating sustainable value that the Group aims to realize through the provision of products and solutions**, and **three material issues associated with strengthening the foundation for business continuity that constitutes the basis of corporate activities**.

### Strengthening the Foundation for Business Continuity

Materiality	Key points
<p><b>Respecting human rights in the spirit of love (<i>ai</i>) and respect (<i>kei</i>) and growing together with local communities</b></p>	<p>We respect the human rights of stakeholders associated with Inabata Group activities based on our core value of respecting people with the spirit of love (<i>ai</i>) and respect (<i>kei</i>). We will share value with the people and to develop and grow with the local communities where we do business around the world.</p>
<p><b>Fostering and strengthening the human capital driving the value creation</b></p>	<p>People driving the creation of new value are the Group’s greatest asset. People trusted by our clients to become their best partners by demonstrating high ethics, passion, and providing solutions from a global perspective are the source of sustainable value creation. The resourcefulness of our employees is what enables us to continuously produce value. We believe that an organizational culture that recognizes diversity and values free and open discussions and teamwork will have high employee satisfaction and will support ongoing sustainable growth for both employees and the Company. We will continue to promote new workstyles, diversity &amp; inclusion, employee engagement, human resource education and skill development, and occupational safety and health.</p>
<p><b>Enhancing governance and risk management</b></p>	<p>We maintain a strong corporate governance system as a fundamental element of our continuous efforts to enhance corporate value. The system ensures management transparency and fairness provides a foundation for swift and decisive decision-making. We are also strengthening group governance in Japan and overseas and are fortifying our risk management, which encompasses compliance, corruption prevention, business continuity management, and information security.</p>

## 2. Materiality: Descriptions and Relevant Business Segments

The materiality of creating sustainable value identifies the areas where our business is focused. The table below outlines how the focus areas are linked with the business segments.

Creating Sustainable Value		Information & Electronics	Chemicals	Life Industry	Plastics
Contributing to a decarbonized and circular society	Renewable energy	★	★		
	Alternative fuels	★			
	Recycling	★	★		★
	Electric vehicles	★	★		★
Sustainable use of natural capital	Building materials		★		
	Food			★	
Contributing to safety, security, and well-being	Mobility	★	★		★
	Food			★	★
	Life Science			★	

### 3. Materiality: Risks, Opportunities, and Main Initiatives

**Creating Sustainable Value**

**Contributing to a decarbonized and circular society;  
sustainable use of natural capital**

Risks and Opportunities	Main Initiatives	Response	
		Risk	Opportunities
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>» Rising costs associated with stricter policies, laws, and regulations for climate change</li> <li>» Lower earnings associated with stricter policies, laws, and regulations and lower consumer demand for petroleum-based plastics</li> <li>» Lower earnings associated with changes in production areas, yield, quality, etc. of agricultural and marine products due to climate change</li> <li>» Reputational decline and exclusion from supply chains due to inadequate disclosure of climate change impacts and natural capital use</li> <li>» Damage to Company bases and supply chain disruptions due to intensifying extreme weather events</li> <li>» Reputational decline due to greenwashing</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>» Growing demand for renewable energy and batteries</li> <li>» Growing demand for products adapted to changing corporate and consumer behavior associated with global warming</li> <li>» Growing demand for biomass, recycled, and biodegradable plastics and the like</li> <li>» Growing demand for sustainable agricultural and marine products</li> <li>» Higher corporate evaluation owing to the consistent promotion of environmental activities and appropriate information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>■ Promote activities to reduce GHG emissions toward carbon neutrality</li> </ul>	◎	◎
	<ul style="list-style-type: none"> <li>■ Introduce renewable energy</li> </ul>	◎	◎
	<ul style="list-style-type: none"> <li>■ Disclose information appropriately in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and other rules</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Expand sales from the environment-related business (e.g., clean technology)</li> </ul>		◎
	<ul style="list-style-type: none"> <li>■ Acquire sustainability certifications</li> </ul>		○
	<ul style="list-style-type: none"> <li>■ Formulate, revise, and operate business continuity plans (BCPs)</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Diversify suppliers and outsourcing partners, and decentralize inventories</li> </ul>	◎	◎

Note: The symbols in the Response column indicate the importance of the initiatives (◎ > ○).

### 3. Materiality: Risks, Opportunities, and Main Initiatives

#### Creating Sustainable Value

#### Contributing to safety, security, and well-being

Risks and Opportunities	Main Initiatives	Response	
		Risk	Opportunities
<b>Risks</b> <ul style="list-style-type: none"> <li>› Rising costs and exclusion from supply chains associated with stricter policies, laws, and regulations for chemical substances</li> <li>› Rising costs at manufacturing bases associated with stricter regulations concerning product safety and quality</li> <li>› Exclusion from supply chains as a result of inadequate measures or information management concerning product safety and quality in the trading company business</li> <li>› Reputational decline and higher litigation risk as a result of inappropriate responses to local communities and residents concerning environmental and other aspects at manufacturing bases</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthen management of compliance with chemical substances regulations</li> </ul>	◎	◎
	<ul style="list-style-type: none"> <li>■ Strengthen product safety, quality control, and the pertinent measures required of a trading company</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Strengthen supply chain and value chain management</li> </ul>	◎	◎
<b>Opportunities</b> <ul style="list-style-type: none"> <li>› Growing demand for businesses related to safe and reliable foods as a result of changing consumer needs</li> <li>› Growing demand for the life science business as a result of the spread of infectious diseases and their prevention</li> <li>› Growing demand for environmentally and socially conscious components, etc. in the mobility-related business</li> <li>› Higher reputation and credibility as a result of appropriate disclosure and sharing of information about safety and security in the value chain based on recognition that products are ultimately provided to consumers</li> </ul>	<ul style="list-style-type: none"> <li>■ Expand the food-related business</li> </ul>		◎
	<ul style="list-style-type: none"> <li>■ Expand the life science-related business</li> </ul>		◎
	<ul style="list-style-type: none"> <li>■ Expand the mobility-related business</li> </ul>		◎

Note: The symbols in the Response column indicate the importance of the initiatives (◎ > ○).



# 3. Materiality: Risks, Opportunities, and Main Initiatives

## Creating Sustainable Value

## Providing value through resilience in procurement and supply functions

Risks and Opportunities	Main Initiatives	Response	
		Risk	Opportunities
<b>Risks</b> <ul style="list-style-type: none"> <li>› Supply chain disruptions due to natural disasters, infectious diseases, and other emergencies</li> <li>› Supply chain disruptions due to geopolitical risk</li> <li>› Supply chain disruptions as a result of inadequate measures to manage inventories, transport, and outsourcing partners</li> <li>› Reputational decline and exclusion from supply chains as a result of inadequate efforts to source minerals responsibly</li> <li>› Reputational decline and exclusion from supply chains as a result of inadequate measures to address human rights risk in the supply chain</li> <li>› Reputational decline and exclusion from supply chains as a result of inadequate measures to quantify and reduce GHG emissions (Scopes 1, 2, and 3)</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthen supply chain management that takes account of geopolitical, environmental, social, and other global risks</li> </ul>	◎	◎
	<ul style="list-style-type: none"> <li>■ Formulate, revise, and operate BCPs</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Diversify suppliers and outsourcing partners, and decentralize inventories</li> </ul>	◎	◎
	<ul style="list-style-type: none"> <li>■ Appropriately respond to requests from business partners, including information disclosure and questionnaires</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Implement human rights due diligence (DD) in the supply chain</li> </ul>	◎	◎
<b>Opportunities</b> <ul style="list-style-type: none"> <li>› Increases in sales opportunities as a result of appropriately addressing geopolitical, environmental, social, and other global risks and providing optimal solutions for client supply chains</li> <li>› Greater value provision as a result of building robust supply chains that properly manage inventories, transport, and outsourcing partners</li> <li>› Greater resilience in business activities owing to the appropriate formulation and operation of BCPs</li> <li>› Higher credibility from business partners through appropriate disclosure of GHG emissions and other information</li> </ul>	<ul style="list-style-type: none"> <li>■ Ensure responsible minerals sourcing</li> </ul>	◎	◎

Note: The symbols in the Response column indicate the importance of the initiatives (◎ > ○).

### 3. Materiality: Risks, Opportunities, and Main Initiatives

#### Strengthening the foundation for business continuity

#### Respecting human rights in the spirit of love (*ai*) and respect (*kei*) and growing together with local communities

Risks and Opportunities	Main Initiatives	Response	
		Risk	Opportunities
<b>Risks</b> <ul style="list-style-type: none"> <li>› Litigation risk, reputational decline, and lower productivity due to human rights violations in the Company or Group companies</li> <li>› Litigation risk and reputational decline due to human rights violations at bases, etc. in the local community</li> <li>› Operational stoppages, reputational decline, and worker shortages caused by backlash from the local community</li> <li>› Operational stagnation or stoppages due mainly to shrinking economy, worker shortages, and deteriorating security as a result of community erosion</li> </ul>	<ul style="list-style-type: none"> <li>■ Implement human rights DD (human rights DD digital survey) in the Company and the Group</li> </ul>	◎	◎
	<ul style="list-style-type: none"> <li>■ Instill the corporate philosophy, and implement human rights education, in the Company and the Group</li> </ul>	◎	◎
	<ul style="list-style-type: none"> <li>■ Strengthen compliance and anti-corruption efforts</li> </ul>	◎	○
<b>Opportunities</b> <ul style="list-style-type: none"> <li>› Higher reputation resulting from corporate attitudes and actions that respect human rights</li> <li>› More vibrant workplaces and higher productivity through respect for human rights at the Company and Group companies</li> <li>› Smoother business operations as a result of building relationships of trust and growing together with the local community</li> </ul>	<ul style="list-style-type: none"> <li>■ Raise awareness of the internal whistleblowing system</li> </ul>	◎	○
	<ul style="list-style-type: none"> <li>■ Create opportunities to engage with external stakeholders</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Promote social contribution activities</li> </ul>	○	○

Note: The symbols in the Response column indicate the importance of the initiatives (◎ > ○).

# 3. Materiality: Risks, Opportunities, and Main Initiatives

**Strengthening the foundation for business continuity**

**Fostering and strengthening the human capital driving the value creation**

Risks and Opportunities	Main Initiatives	Response	
		Risk	Opportunities
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>» Lower productivity and competitiveness due to a decline in employee well-being (state of being physically, mentally, and socially satisfied)</li> <li>» Lower productivity and competitiveness due to a decline in employee skills and abilities</li> <li>» Incorrect assumptions, judgment errors, and lower competitiveness due to a lack of diversity</li> <li>» Lower productivity, reputational decline, and higher staff turnover due to a toxic work environment that is detrimental to psychological safety</li> <li>» Loss of opportunities to hire outstanding talent due to inadequate diversity and inclusion initiatives such as system designs, information transmission, and the social evaluation of companies</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>» Higher productivity and competitiveness due to an increase in employee well-being</li> <li>» Higher productivity and competitiveness due to an increase in employee skills and abilities</li> <li>» Proper judgment and higher competitiveness owing to organizational diversity</li> <li>» Higher productivity, staff retention rates, and reputation owing to a positive work environment that is conducive to psychological safety</li> <li>» Hiring of outstanding talent thanks to strong diversity and inclusion initiatives such as system designs, information transmission, and the social evaluation of companies</li> </ul>	<ul style="list-style-type: none"> <li>■ Conduct organizational monitoring (e.g., employee engagement surveys) on an ongoing basis</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Instill the corporate philosophy that is based on the spirit of love (ai) and respect (kei)</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Encourage diverse work styles</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Hire people who have integrity and are in line with our human capital strategy</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Promote talent management and human resources development</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Foster diversity and inclusion</li> </ul>	○	○
	<ul style="list-style-type: none"> <li>■ Advance health and productivity management</li> </ul>	○	○

Note: The symbols in the Response column indicate the importance of the initiatives (◎ > ○).

### 3. Materiality: Risks, Opportunities, and Main Initiatives

#### Strengthening the foundation for business continuity

#### Enhancing governance and risk management

Risks and Opportunities	Main Initiatives	Response	
		Risk	Opportunities
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>» Occurrences of scandals, as well as lower competitiveness and management quality, due to lack of corporate governance</li> <li>» Increases in lawsuits and fines, along with reputational decline, due to compliance violations</li> <li>» Increases in lawsuits and fines, along with reputational decline, due to inadequate information security measures</li> <li>» Occurrences of scandals, poorer financial performance, and reputational decline due to insufficient risk management</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>» Better management and higher competitiveness due to stronger corporate governance</li> <li>» Higher credibility and reputation due to robust compliance</li> <li>» Smoother business management, as well as higher credibility and reputation, due to adequate information security measures</li> <li>» Higher management quality, competitiveness, and reputation due to stronger risk management</li> </ul>	<ul style="list-style-type: none"> <li>■ Enhance corporate governance</li> </ul>	◎	○
	<ul style="list-style-type: none"> <li>■ Strengthen compliance and anti-corruption efforts</li> </ul>	◎	○
	<ul style="list-style-type: none"> <li>■ Raise awareness of the internal whistleblowing system</li> </ul>	◎	○
	<ul style="list-style-type: none"> <li>■ Take thorough measures to ensure information security, including cybersecurity</li> </ul>	◎	○
	<ul style="list-style-type: none"> <li>■ Tighten risk management</li> </ul>	◎	○

Note: The symbols in the Response column indicate the importance of the initiatives (◎ > ○).

## 4. Materiality: Long-term Vision, Strategy, KPIs, and Targets

### Long-term Vision

#### Long-term Targets

GHG emissions (Scopes 1 and 2): Reduce emissions by 42% by FY2030, compared to FY2022 levels; and achieve carbon neutrality by FY2050.

#### Long-term Aims

- » A decarbonized and circular society, and rich natural capital for society and the planet
- » A society in which human rights are respected, people feel safe and secure, and their well-being is maintained
- » A state of sustainable growth where the value provided by the Company, co-created with its business partners, is seen as indispensable to society
- » A situation where all employees in Japan and overseas, who are critical for sustainable growth, are physically and mentally healthy, work with enthusiasm in a style that fits the individual and in appropriate roles, and enjoy a high level of well-being

#### Relevant United Nations Sustainable Development Goals



# 4. Materiality: Long-term Vision, Strategy, KPIs, and Targets

## Creating sustainable value

Contributing to a decarbonized and circular society; sustainable use of natural capital  
 Contributing to safety, security, and well-being  
 Providing value through resilience in procurement and supply functions

Strategy	KPIs and Targets (April 2024 to March 2027)	Boundary
– Achieve carbon neutrality in business activities	» Reduce GHG emission (Scopes 1 and 2) by 25% compared to FY2022 levels	Consolidated
– Contribute to the global environment through the business	» Achieve net sales of 100 billion yen*1 for environment-related business	Consolidated
– Ensure safe and secure quality through stronger management of compliance with chemical substances regulations	» Understand and share trends in chemical substances regulations in Japan and overseas in a timely manner, and strengthen the compliance management framework	Consolidated
– Enhance resilience in procurement and supply functions by strengthening supply chain management	» Clarify the Company’s position on responsible procurement, and communicate it internally and externally	Non Consolidated
– Establish supply chains that respect human rights	» Establish the human rights DD cycle*2 for selected operations as a model case	Non Consolidated

\*1. The expected ratio of environment-related business by field in the final fiscal year of the Sustainability Medium-term Plan 2026 is outlined below.

■ Energy & power (renewable energy, batteries, etc.) : Approx. 70%   ■ Resources & environment (sustainable materials, recycling, water, etc.) : Approx. 20%  
 ■ Materials & chemicals, agriculture & food, transportation & logistics, and environmental certification : Approx. 10%

\*2. The human rights DD cycle refers to the following due diligence processes and supporting measures set out in OECD Due Diligence Guidance for Responsible Business Conduct:

1. Embed responsible business conduct into policies and management systems
2. Identify and assess actual and potential adverse impacts associated with the enterprise’s operations, products or services
3. Cease, prevent and mitigate adverse impacts
4. Track implementation and results
5. Communicate how impacts are addressed
6. Provide for or cooperate in remediation when appropriate

# 4. Materiality: Long-term Vision, Strategy, KPIs, and Targets

**Strengthening the foundation for business continuity**

**Respecting human rights in the spirit of love (*ai*) and respect (*kei*) and growing together with local communities**

**Fostering and strengthening the human capital driving the value creation**

**Enhancing governance and risk management**

Strategy	KPIs and Targets (April 2024 to March 2027)	Boundary
<ul style="list-style-type: none"> <li>– <b>Improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth</b></li> </ul>	<ol style="list-style-type: none"> <li>1. In employee engagement surveys, achieve an overall response rate of at least 90%, a positive response rate of at least 80% to the statements “I am satisfied to work at the Company” and “I can identify with the Company’s mission, vision, and managerial policy, and I want to work to achieve them,” and a positive response rate of at least 70% across all items<sup>3</sup></li> <li>2. Expand the implementation boundary for the human rights DD digital survey to the Group</li> </ol>	<p>Consolidated</p>
<ul style="list-style-type: none"> <li>– <b>Foster diversity and inclusion that makes the most of diverse individuals</b></li> </ul>	<ol style="list-style-type: none"> <li>1. Increase the ratio of women in managerial positions to at least 8% by March 2028, and to 10% by 2030</li> <li>2. Maintain the ratio of mid-career hires at around 50%</li> <li>3. Increase the ratio of male employees taking paternity leave to 100%</li> <li>4. Continue to exceed the legal rate of employment for persons with disabilities</li> <li>5. Encourage managerial appointments for local employees at overseas subsidiaries</li> </ol>	<p>1-4 Non Consolidated 5 Consolidated</p>
<ul style="list-style-type: none"> <li>– <b>Further advance health and productivity management</b></li> </ul>	<ol style="list-style-type: none"> <li>1. Achieve a 100% rate of complete checkup</li> <li>2. Maintain comprehensive health risk found by stress checks at current levels<sup>4</sup></li> </ol>	<p>Non Consolidated</p>
<ul style="list-style-type: none"> <li>– <b>Focus on investment in human capital</b></li> </ul>	<ol style="list-style-type: none"> <li>1. Every year, spend more on education and training costs<sup>5</sup> per employee than in the previous year</li> <li>2. Maintain the ratio of employees with overseas posting experience at around 40%</li> </ol>	<p>Non Consolidated</p>

<sup>3</sup>The positive response rate in employee engagement surveys refers to—of employee responses on the five-point scale (5. Fully agree; 4. Agree; 3. Neither agree nor disagree; 2. Disagree; 1. Fully disagree)—the proportion of responses 4 and 5, which are the positive responses.

**Note: We have corrected an error in the original English translation.(June 5,2024)**

<sup>4</sup>The rate of complete checkup refers to the proportion of employees who were advised to undergo a complete checkup after the initial health check and actually followed the advice. Comprehensive health risk is an indicator for stress evaluation provided by the Ministry of Health, Labour and Welfare to comprehensively assess to what degree the workplace environment impacts on employee health. The risk is calculated by using four criteria obtained from stress checks: psychological burden of work (volume), degree of discretion at work, degree of support from managers, and degree of support from colleagues. The national average is calculated as 100: workplace health risk is high if the value exceeds 100, and low if the value falls below 100. The value at the Company is currently below 100.

<sup>5</sup>Education and training costs refer to the expenses spent on group training, external training, video learning, and so on at Inabata on a nonconsolidated basis. For FY2022, the costs were 50,776 yen per person. (FY2023 results will be disclosed in the summer of 2024.)