

Niterra Co., Ltd. Sustainability Data Book 2024

Sustainability Data Book 2024



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Sustainability Data Book 2024

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Editorial policy

The Sustainability Data Book is a summary of the Sustainability pages of our website, published in PDF format for even easier reading and searching.

Period Covered

Fiscal 2023 (April 1, 2023 to March 31, 2024)

* The report also includes information pertaining to other fiscal years.

Recording Date

As of September 30, 2024

Scope of Report

Niterra Group companies

* The report also includes a non-consolidated information of Niterra Co., Ltd.



Top Message

Our corporate philosophy, and the CSR and Sustainability Charter includes terms such as "offering new value" and "contributing" to the people over the world, expressing our desire to contribute to solving social issues through our businesses, which leads to sustainability. With this in mind, we are promoting our efforts in this field, recognizing that our mission and raison d'être is to create products and services that help solve the various social issues facing the world, such as climate change, energy problems, environmental destruction, and food issues.

Specifically, based on our commitment to contributing to solving social issues through our business, we express our support for and commitment to international norms, goals, and guidelines toward the realization of a sustainable society. We are also building a CSR and sustainability promotion system that reflects this in our CSR Basic Policy, which sets out our group's action guidelines.

In addition, in our "2030 Long-Term Management Plan NITTOKU BX," we have identified "Priority Issues (Materiality)" related to ESG (Environmental, Social, and Governance), set goals for 2030, and are working to achieve them. In particular, in response to climate change, we have introduced an internal carbon pricing system and are working to reduce CO₂ emissions across the entire group, with the aim of achieving carbon neutrality by 2050. In the business field, we will promote initiatives such as the "SUIISO no MORI" (Hydrogen Forest) Project, which aims to the early realization of a hydrogen and circular carbon based society, and the development of solutions such as Regional CCU[®] (Carbon dioxide Capture Utilization), which includes methanation.

Furthermore, we believe that the "human resources" who will carry out these initiatives are a company's greatest management resource, and we will work to maximize our human capital by improving the engagement of each employee.

Our group aims to gain the trust of stakeholders by proactively disclosing information and increasing management transparency, and to contribute to the realization of a sustainable society by creating businesses and services that balance contributing to solving social issues with economic growth, thereby improving our corporate value.

Shinichi Odo
Representative Director Chairman of the Board

Takeshi Kawai
President & Chief Operating Officer

Sustainability Management

CSR and Sustainability Charter

We contribute to develop a sustainable society, thereby improving our corporate value.

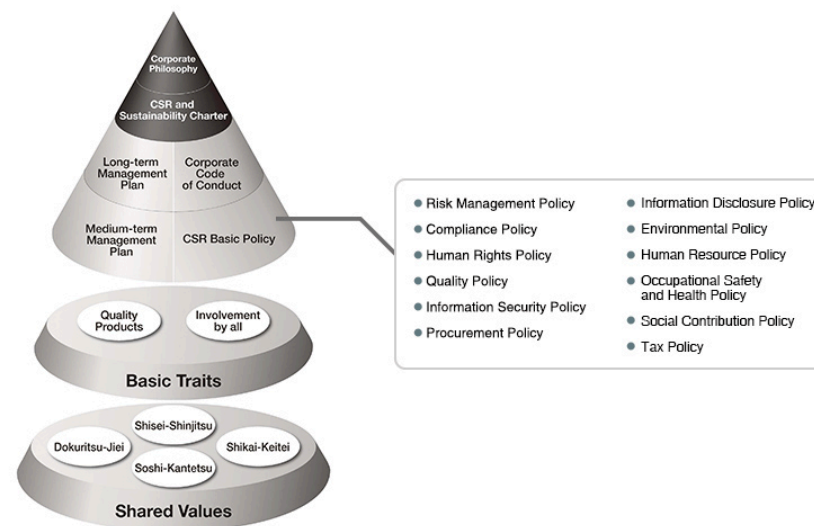
- We build relations of trust with our stakeholders while making highly transparent decisions and actions.
- We cocreate and provide new value to solving social issues.

Our corporate philosophy includes slogans like "proposing new value" and "contributing" to people around the world and shows our desire to contribute to society. This leads to sustainability, through our contributions to solving social issues through our business. Based on this belief, we believe that our mission and reason for existence is to create products and services that contribute to solving various social issues.

We established the CSR and Sustainability Charter and the CSR Basic Policies (12 policies in total) in order to present this idea in a ready-to-understand manner and for broad communication both internally and externally, and we promote CSR / Sustainability. We have also established a system to promote the realization of a sustainable society.

We have expressed our support for international norms, goals, and guidelines such as the UN Global Compact, ISO26000, SDGs, and TCFD, based on our commitment to contribute to solving social issues through our business activities.

In addition, we have identified "priority issues" related to ESG (Environment, Society, and Governance) in our long-term management plan.



Corporate Philosophy → Corporate Code of Conduct → CSR Basic Policy → Long-Term Management Plan →

The Nittoku Way →




CSR and Sustainability Promotion System

To ensure sustainable growth for our group and society, we have established the CSR and Sustainability Committee (which holds regular meetings four times a year and extraordinary meetings as needed), which is chaired by an outside director, focuses on external perspectives, identifies priority issues in each ESG field, and promotes activities to resolve these issues.

The CSR and Sustainability Committee is positioned as an advisory committee to the Board of Directors and has two functions: to report and make recommendations in response to the Board of Directors' advising, and to supervise each special committee. In reports and recommendations, external experts will be invited as guest committee members to enhance the knowledge and perspective, and discussions will be held to promote sustainability management with a long-term perspective. For each special committee, whether or not each special committee, which is positioned on the business execution side, is functioning effectively will be closely watched and supervised as needed.

Progress on "responding to climate change" and "risk management," which have been identified as priority issues, has been shared with the CSR and Sustainability Committee.

Important decisions made by special committees are reported to the board of directors through the Management Meeting which deliberates, decides, and supervises important matters in business execution.

Corporate Governance System 

Activities in FY2023

The CSR and Sustainability Committee met 10 times in FY2023, and discussed the ideal form of sustainability management, the next priority issues, the promotion system of respect for human rights, and the revision of the CSR Basic Policy.



CSR and Sustainability Committee



Lecture by a guest committee member

CSR and Sustainability Awareness-raising Activities

Awareness-raising activities for board members

We distribute SDGs badges to our executives to show our commitment towards the realization of a sustainable society, and we work to raise awareness of SDGs among our employees and the public.

In FY2023, we held a three-day Sustainability Workshop for the next generation of management, where experts provided input on global trends and discussions focused on our Priority Issues.



Workshops

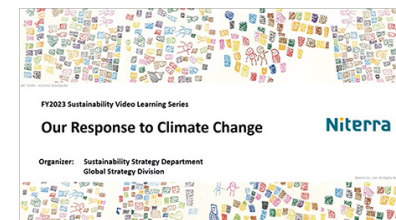
Awareness-raising activities for employees

We conduct training by job classification and video training for all employees, to ensure that each employee is aware of the connection between their work and society daily so that they are able to take actions that contribute to solving social issues through their work. We also continue to send out information through e-mail newsletters and other means.

In addition, we regularly hold Open Talks, free-participation events that provide valuable opportunities for members from across divisions to exchange views on sustainability.



CSR and Sustainability Training



"Sustainability Video Learning Series" for all employees



A Sample of E-mail Magazine (Left: Japanese version, Right: English version)



United Nations Global Compact Participation

Niterra Group participated in United Nations Global Compact in November 2016.

“United Nations global compact” is a voluntary corporate citizenship in order to address various problems such as global warming, environmental problems, gap-widening society that are progressing on a global scale. They are also initiatives that were proposed by Kofi Annan, the Secretary-General of the United Nations in 1999, and established formally by the U.N. in July 2000.

Niterra Group will uphold ten principles consisted of four issues such as “Human rights, Labour, Environment, Anti-corruption” being advocated by the U.N. global compact as good members of society, and will make every effort to promote activities in order to contribute to building a sustainable society.



The Ten Principles of the UN Global Compact

【Human Rights】

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: make sure that they are not complicit in human rights abuses.

【Labour】

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: the elimination of all forms of forced and compulsory labour.

Principle 5: the effective abolition of child labour.

Principle 6: the elimination of discrimination in respect of employment and occupation.

【Environment】

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: undertake initiatives to promote greater environmental responsibility.

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

【Anti-Corruption】

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our Commitments to SDGs

As a signatory to the United Nations Global Compact, we are committed to doing what we can to contribute towards the achievement of the SDGs (Sustainable Development Goals), the goals set by the United Nations.

*What are SDGs?

SDGs consist of the 17 goals and 169 targets that were adopted at the UN Summit in 2015 which aim to solve worldwide problems such as poverty, inequality, and climate change by 2030—pledging that “No one will be left behind.”

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD





CSR and Sustainability Progress

Nov. 1996 Adopted "Corporate Philosophy"

Feb. 1998 Adopted "Corporate Code of Conduct"

Oct. 2010 Established CSR Committee

Apr. 2011 Adopted "CSR Policy"

May. 2013 Published "CSR Procurement Guidelines"

Nov. 2016 Participated in "United Nations global compact"

Aug. 2017 Published "Integrated Report"

Jul. 2019 Published "Sustainability Data Book"

Apr. 2020 Adopted "CSR and Sustainability Charter"

Apr. 2024 Inauguration of "Human Rights Subcommittee"

Priority Issues (Materiality)

Basic Philosophy

We improve corporate value through contributions working towards the realization of a sustainable society.

To achieve this, after accurately grasping social issues, we believe it is important to define priority issues (materiality) in each area of ESG (Environmental, Social, and Governance), and set medium- to long-term goals to work towards them.

The Process of Defining Priority Issues

STEP
1

Identify issues

We identify requests (issues) from society with reference to the United Nations Global Compact, SDGs, ISO 26000, GRI standards, ESG surveys, guidelines of industry organizations, and benchmarks of other companies.

STEP
2

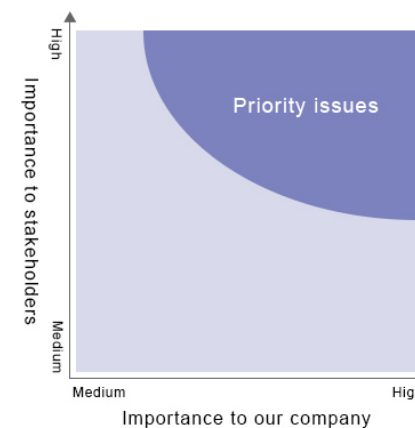
Analyze and prioritize the issues

By evaluating the importance to stakeholders based on the international guidelines and ESG research in STEP 1 and the importance to the company based on past initiatives and future management plans, we create an analysis map draft.

STEP
3

Identify priority issues

With the approvals of the CSR and Sustainability Committee which includes outside directors, priority issues are identified and reviewed annually.





Priority Issues

We have identified eight priority issues.

The CSR and Sustainability Committee receives reports from the Sustainability Division on the progress of these issues and monitors them.

In addition, taking global standards, social trends and the opinions of outside experts into consideration, the issues are reviewed annually, and any revisions are approved by the Board of Directors.

| | Item | Contribution to SDGs | Reasons for Identification as a Priority Issue | Major Initiatives | Goals and Outputs (FY2029) | Progress in FY2023 |
|-------------|---|----------------------|---|--|---|--------------------------------|
| Environment | Responding to Climate Change | | The impact of climate change, including the increased severity of natural disasters, hinders the sustainable development of society. For this reason, the world faces the common challenge of reducing CO ₂ and other greenhouse gas emissions that cause climate change, while aiming to realize a decarbonized society. The Group also recognizes that reducing CO ₂ emissions from business activities and supply chains is an important issue. | Reduction of CO ₂ emissions | CO ₂ Emissions: 30% Reduction [compared to that of 2018] | 31.7% reduction (190,945 tons) |
| | Providing Environmentally Friendly Products | | The earth's resources are limited. To preserve the earth's limited resources for future generations, we must minimize the environmental impact of the products and services used by the current generation. The Group has a bird's-eye view of the entire lifecycle, from when products and services are used to when they are disposed of. We will use that position to contribute to the sustainable development of society by providing products and services with lower environmental impact. | Dissemination and expansion of environmentally friendly products | Sales ratio of precious metal plugs: not less than 50% | 47% |
| | | | | | Sales ratio of wide range oxygen sensor: not less than 50% | 40% |

| | Item | Contribution to SDGs | Reasons for Identification as a Priority Issue | Major Initiatives | Goals and Outputs (FY2029) | Progress in FY2023 |
|---------|---|--|--|---|--|--|
| Society | Development of Technology, Products, and Businesses for Contributing to the Resolution of Social Issues | | The Group is committed to taking on the challenges of the world. We will cocreate and provide new value to help solve these challenges, so that we can contribute to realizing a better society. The world faces various challenges from climate change to food shortages. We continue to use our technology and our accumulated experience to offer new value to people around the world. | Development of fuel cells | CO ₂ dissemination of high-efficiency distributed power supplies with a view to use free hydrogen | Established a mass production system of SOFC cell stacks and delay in additional production increase |
| | | | | Development of applications for lead-free piezoelectric materials | Alternative promotion from lead piezoelectric materials | Mass production specifications were finalized for some products for the application of lead-free piezoelectric materials |
| | | | | Development of sensing IoT business | Improve business efficiency through automation, optimization, and generalization | Development of aquaculture system (water quality control system, water tank, filtration tank, etc.) for land-based shrimp farming underway |
| | Carbon Neutrality as a service | Establish and introduction of synthetic fuel (methane) production system | In the regional demonstration, a system for collection, transportation, and utilization of CO ₂ was established, and CO ₂ collection and recycling were demonstrated | | | |



| | Item | Contribution to SDGs | Reasons for Identification as a Priority Issue | Major Initiatives | Goals and Outputs (FY2029) | Progress in FY2023 |
|------------|----------------------------------|----------------------|--|--|--|---|
| Society | Global Human Resource Management | | The Group acknowledges that employees are the most important management resources. We believe that respecting the diversity and individuality of our more than 16,000 employees around the world and creating an environment in which each and every employee can play active roles will lead to the development of the Group. | Promotion of employment of women, foreign nationals, and careers | Ratio of women, foreign nationals, and career recruits in managerial positions: 25% | 24.9% (Up 5.0 points from the previous year) |
| | | | | Examination of a New Personnel System | Improved results of employee satisfaction surveys | 3.46 (Up 0.13 points from the previous year) |
| Governance | Corporate Governance | | To achieve sustained growth and improve medium- and long-term corporate value, we believe that it is important to structure the Board of Directors with a team of people from different backgrounds with a variety of expertise and experience. We also focus on enhancing the supervisory function of the Board of Directors and ensuring transparency in decision-making by improving the percentage of outside directors on the Board of Directors. | Increasing the ratio of female and foreign nationals to directors | Ratio of female directors and foreign nationals: not less than 30% | 45% (5 out of 11) |
| | | | | Increasing the ratio of external directors | Ratio of external directors: not less than 1/3 | 64% (7 out of 11) |
| | Risk Management | | In the modern era of dramatic changes in the environment surrounding business, the risks that companies face are also diversifying. Responding to risks the wrong way could put a company's survival at risk. The Group strives to carry out risk management from day to day, so that it can enhance its corporate value. | Management of serious incidents signs and prevention of their occurrence | Establishment of risk management system that contributes to management decision-making | <ul style="list-style-type: none"> ● Promoted measures for priority risks ● Update risk map and periodically review priority risks ● Selection of global priority risks and formulation of response policies |

| | Item | Contribution to SDGs | Reasons for Identification as a Priority Issue | Major Initiatives | Goals and Outputs (FY2029) | Progress in FY2023 |
|------------|----------------------|----------------------|--|---|---|---|
| Governance | Compliance | | To develop the business of our Group, we must continue to be a company that is trusted by society. With recognition that our Group is a member of society, we aim to be a company that is trusted by all our stakeholders by appropriately meeting social demand. | Survey of employees' awareness and continuous education | Implementation of compliance questionnaires and disclosure of results | <ul style="list-style-type: none"> ● Implemented of improvement measures based on compliance questionnaire results ● Expansion of compliance education |
| | Information Security | | Information technology is becoming more sophisticated every day, and we handle a variety of information assets in our business. Meanwhile, as cyberattacks and other risks increase, bolstering information security is key. The Group will also enhance information security by positioning information assets as one of its management resources. We will make effective use of them while protecting them appropriately | Maintaining and strengthening incident response organizations and building preventive systems | Establishment of information security management system | <ul style="list-style-type: none"> ● Strengthen security monitoring (Establishment of log correlation analysis platform, establishment of global 24/7/365 monitoring system) ● Promote global ISMS (create and deploy ISMS standards) ● Conduct IT security audits (at all domestic and overseas sites)) |



Eco Vision

Environmental Policy

As a globally developing core manufacturing corporation, we aim to promote environmental conservation activities linked with corporate management maintaining a good balance with corporate growth, based on the participation of all of our employees, in order to contribute to the construction of a sustainable society.

Action guidelines

- Through all of our business activities, we make particular efforts to reduce CO₂ emissions and improve energy efficiency, toward the realization of a decarbonized society, conserve water resources, manage waste, and develop, offer and expand environmentally friendly products.
- We prevent environmental pollution through the control of chemical substances that place a burden on the environment.
- We promote resource circulation by working to ensure sustainable use of resources and reduce environmental impact during and after product use.
- We recognize the benefits derived from ecosystem services and strive to conserve biodiversity.
- We strive to raise environmental awareness among our employees to ensure that they all positively participate in activities.
- We observe the laws, ordinances and agreements concerning environmental conservation.
- We aim to substantiate information disclosure to stakeholders and communication activities, and also conduct activities for coexistence with the regional community.
- In order to achieve these targets, we will continuously improve our environmental management system and strive to reduce our environmental impact.
- We keep encouraging all of our business partners, including suppliers, to understand the Policy and join our efforts to promote environmental conservation.








Eco Vision 2030

Global environmental conservation is fundamental to a sustainable society, and is a key business challenge to be addressed head-on for all stakeholders.

On the premise of aiming for carbon neutrality in 2050, we have established "Eco Vision 2030," which shows the vision (or goal) of what we want to be by 2030 and the vision of what we will pursue until 2040.


For Eco Vision 2030, the impacts that our businesses and products would have on society and our company were analyzed, and 13 issues that would have a large impact were selected. Among them, the four issues that were considered to have a greater impact - "Responding to Climate Change", "Expanding Environmentally Friendly Products", "Conserving Water Resources", and "Waste Management" - were positioned as the four important issues, and numerical goals were set for them. Through the practice of Eco Vision 2030, our group will work together to contribute to the realization of global carbon neutrality and zero emissions.





4 important issues

| Eco Vision 2030 issues | The milestone to be achieved in 2030 | Our vision for 2040 | Explanation |
|--|---|---|---|
| Responding to Climate Change   | CO ₂ emissions 30% reduction compared to fiscal 2018. | Implementing activities toward realization of a decarbonized society. ※Achieving carbon neutrality by 2050 | <ul style="list-style-type: none"> • Reducing CO₂ emissions to mitigate climate change is a key global issue. Many countries and companies around the globe are seeking to build carbon-neutral societies and are committed to reduce CO₂ emissions throughout the supply chain. • Reducing CO₂ emissions is a critical issue for our group as a manufacturing company, and it is our responsibility to accomplish the goal. • Setting forth the CO₂ emissions reduction targets by 2030 toward the goal of attaining carbon neutrality by 2050, we will first work on Scopes 1 and 2, which we can directly control. We set targets to be consistent with the objective of "holding the temperature increase to well below 2°C above pre-industrial levels" in the Paris Agreement. We will make company-wide efforts to take proactive actions looking ahead to achieving carbon neutrality by 2050. The CO₂ Management Committee led by the Executive Officer, which people involved from all businesses join, will manage the progress. Also, we will promote reduction in Scope 3, including the supply chain. |
| Expanding Environmentally Friendly Products   | Expand Nittoku Green Products | All products contribute to the improvement of the global environment and contribute to making sustainable society come true | <ul style="list-style-type: none"> • Interest in a sustainable society is growing worldwide. Our group is responsible for contributing ourselves to making sustainable society come true through our business and products. • In approaching environmental issues, it is very important to be aware of the environmental impacts of the entire product life cycle, from raw material extraction to final disposal where the products complete their missions. • In fiscal 2021, our group established a certification system for environmentally friendly products to assess the environmental impact in the supply chain, including in-house production processes. We annually announce the products that satisfy the certification standards as Nittoku Green Products. Through these activities, we accelerate the creation of products that contribute to solve the environmental issues. |
| Conserving Water Resources  | Water consumption intensity: Keep below FY2018 level | Implementing sustainable business operations in response to global water risks | <ul style="list-style-type: none"> • Our Group has manufacturing bases around the world, and the water demand has been increasing in each base. Global water demand trends are an important environmental issue that should be monitored closely. • Water resources are unevenly distributed in the world, and some of the Group's manufacturing bases may face the drought risk in the future due to ongoing climate change. Therefore, we periodically conduct water risk assessments, to determine the current status and estimate the amount of resources required. In addition, our group is committed to protecting the environment into the future by promoting the efficient use of water as it is the essential resource. |
| Waste Management   | Achieve over 95% effective utilization rate Reduce at least 1% of waste intensity compared to FY2018 Promote 3R (reduce, reuse, recycle) activities | Contribute to a global recycle-oriented society by promoting zero emission | <ul style="list-style-type: none"> • Our group uses a variety of raw materials, including ceramics and rare metals. Effective use of resources (reduce waste, reuse and recycle resources) is essential to protect the global environment. • It is important to reduce the amount of resources input by improving the manufacturing process, and to reduce the landfill of wastes by promoting recycling, for stable resource management into the future. • At all sites, we will keep promoting group-wide 3R activities for further enhancing effective use of resources and reduction of wastes. |



Other issues

| Eco Vision 2030 issues | The milestone to be achieved in 2030 | Our vision for 2040 | Explanation |
|--|--|---|---|
| <p><Enhancement of EMS> Integration with Management</p>  | <p>Address global environmental issues as a business strategy</p> <p>Executive management takes responsibility for promoting Eco Vision 2030 and achieving environmental KPIs.</p> | <p>Continued efforts to address global environmental issues as a business strategy</p> | <ul style="list-style-type: none"> Protecting the global environment is the basis for maintaining a sustainable society. Environmental issues are both management risks and business opportunities for us, and it is important to integrate environmental activities with management as a business strategy. We have established the Eco Vision 2030, which is aligned with our Long-term Management Plan, to address environmental issues as part of our business strategy. We also enhance management's engagement in EMSs by introducing incentives for executives based on achievement of CO₂ reduction targets. All executives and employees work together to promote the "Eco Vision 2030" activities. |
| <p><Enhancement of EMS> Globalization of EMS</p>  | <p>Enhance systems for overseas affiliates to share environmental information and monitor and supervise their activities.</p> | <p>The entire group is able to share environmental information, and a monitoring and supervision system has been established for all Group companies.</p> | <ul style="list-style-type: none"> Our Group has been expanding our business globally and has had more influence on society than ever. Therefore, our responsibilities as expected by society is also increasing. Stakeholders expect us to address ESG issues on a global basis. Eco Vision 2030 is an ambitious initiative that cannot be achieved without efforts of all our employees. The goals in Eco Vision 2030 are not quite easy to achieve. But we are confident of the achievement with all the efforts concentrated of each employee on our worldwide common EMS. |
| <p><Enhancement of EMS> Analysis of Climate-Related Risks and Opportunities</p>   | <p>Analyze climate change risks and opportunities and incorporate them into our business strategies.</p> | <p>Sustainable business growth by analyzing the impact of climate change on our business and incorporate them into our business strategies.</p> | <ul style="list-style-type: none"> For sustainable business expansion in a carbon-neutral society, it is essential to analyze the impact of climate change on our business, determine our responses, and incorporate them into our business strategies. We have endorsed the TCFD's recommendations, and disclose the climate-related risks and opportunities and their impacts in accordance with the framework. |
| <p><Enhancement of EMS> Through environmental compliance (Compliance with environmental laws and eradication of environmental accidents)</p>  | <p>Achieve zero violations of environmental laws and regulations and zero environmental accidents.</p> | <p>We have become a socially trusted company by continuing to achieve zero violations of environmental laws and regulations and zero environmental accidents.</p> | <ul style="list-style-type: none"> Ensuring thorough environmental compliance is a prerequisite for business continuity, it would not only prevent environmental accidents and maintain a safe and secure work environment, but also ensure the trust of stakeholders, including local residents and society. We have established internal regulations based on the Environmental Management System (ISO 14001) and are working on continuous improvement via the PDCA cycle. We carry out our business while ensuring that all employees understand and follow environmental laws and regulations. |
| <p><Enhancement of EMS> Greater Environmental Awareness</p>   | <p>All employees take environmental education programs and actively engage in environmental conservation activities.</p> | <p>All employees have a high level of environmental awareness and contribute to making sustainable society come true.</p> | <ul style="list-style-type: none"> We focus on businesses in the environment and energy fields as stated in our Long-term Management Plan. For our business success, it is essential to improve the environmental consciousness of the entire Group, and to develop specialists who deeply understand the environmental risks that our business faces, such as responses to climate change, and connect them to business opportunities. We aim to ensure all employees deeply understand the purpose and importance of the Eco Vision 2030, by providing the learning programs on Intranet. We are committed to fostering corporate culture in which each and every one of us naturally acts in an environmentally friendly manner in our daily work. |

| Eco Vision 2030 issues | The milestone to be achieved in 2030 | Our vision for 2040 | Explanation |
|--|--|---|--|
| <p>Management of Chemical Substances</p>   | <p>Appropriately manage chemical substances to reduce environmental impact.</p> | <p>Contribute to the conservation of biodiversity through the continuous management of appropriate chemical substances.</p> | <ul style="list-style-type: none"> Social concern about environmentally hazardous substances is increasing as their effects on the human body and on the environment become more obvious. While various regulations on chemical substances have been getting stricter over the world, our Group has been reducing the usage of chemical substances over time. Appropriate management of chemical substances is one of the social responsibilities of manufacturing companies that use chemical substances as raw materials, and is essential for the continuation of our business. Our Group works to thoroughly manage chemical substances in accordance with relevant laws and regulations, and to respond to customer requirements. We are committed to reducing the use and emission of environmentally hazardous substances and promoting substitute materials through R&D and process improvement in order to minimize the impacts on humans and the environment. |
| <p>Promoting Green Procurement</p>   | <p>Achieve 100% introduction of green procurement system</p> | <p>Implementing environmentally friendly procurement activity to making sustainable society come true.</p> | <ul style="list-style-type: none"> Our Group is striving to reduce the environmental impacts of our products throughout their lifecycle, and is promoting the products with lower environmental impacts. We have been promoting a green procurement system with our suppliers by distributing the Green Procurement Guidelines, that describe our approaches to reducing environmental impact including the management of chemical substances. As our supply chain over the world is assumed to be getting more diversified, cooperation with our suppliers will be even more essential, in order to reduce CO₂ emissions throughout the supply chain and meet the stricter regulations on chemical substances. We contribute to making sustainable society come true by establishing a global procurement system and further promoting a green procurement system. |
| <p>Expanding Green Logistics</p>   | <p>Reduce CO₂ emissions by promoting green logistics and optimizing logistics efficiency.</p> | <p>Our green logistics system develop globally.</p> | <ul style="list-style-type: none"> Increased CO₂ emissions through transportation process is one of our concerns related to the business expansion in the future. Reducing CO₂ emissions in logistics is an issue in reducing the environmental impact of the entire supply chain. Our group has been improving the green logistics network in Japan, but establishing global green logistics system including overseas sites would be an upcoming challenge. We aim to develop our green logistics system globally and to achieve our target of reducing CO₂ emissions in logistics by expanding our case studies (efficient transportation route construction, etc.) to overseas logistics networks. |
| <p>Enhancing Our Disclosure of Environmental Information</p>  | <p>Responding to stakeholder requests and practicing communication that leads to dialogue with stakeholders.</p> | <p>Responding to stakeholder requests and practicing communication that leads to dialogue with stakeholders.</p> | <ul style="list-style-type: none"> Now our Group gives big influences on society as our business expands. Stakeholders are showing growing interests in our Group and business. Opportunities to communicate with institutional investors are increasing. It is important for us to have stakeholders appropriately understand our business and support us for long term in the future. We will make information disclosure better both in quality and in quantity. We also enhance our transparency and accountability in response to great concerns to stakeholders, and promote communication opportunities with them. |

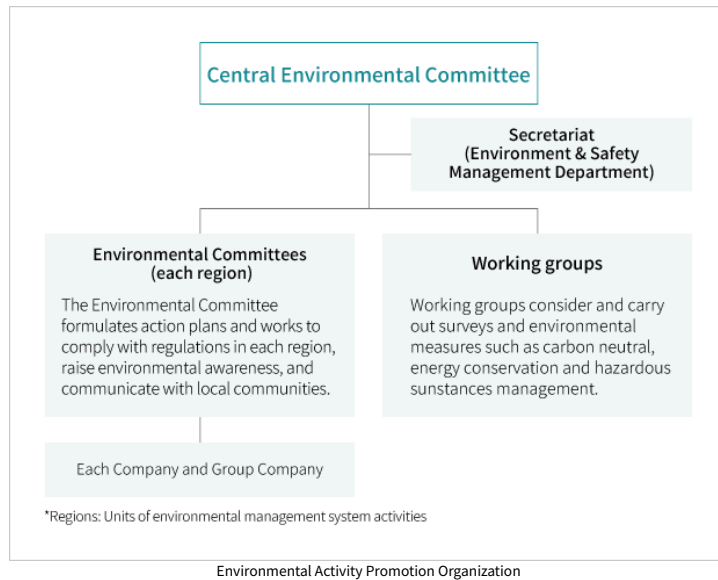


Environmental Management

Promotion System

The Group has established a Central Environmental Committee (with regular meetings twice a year and extraordinary meetings as necessary), chaired by an officer appointed by the Chief Environmental Officer (President), to ensure compliance with environmental laws and regulations and to promote environmental protection. Under the supervision of the CSR and Sustainability Committee (chaired by an external director), which is an advisory body to the Board of Directors, the Central Environmental Committee checks the progress of Eco Vision 2030 and the Group's environment-related issues in order to ensure continuous improvement.

In FY2023, the Central Environmental Committee held two meetings to report on and discuss the progress of Eco Vision 2030, non-compliance issues from internal audits, addressing soil and groundwater contamination risks, and the progress and future plans of the roadmap for addressing climate change. In order to achieve Eco Vision 2030, Each internal company is expected to manage its own targets on items relevant to business activities. Meanwhile, we take the initiatives to such activities as compliance of regulations, raising environmental awareness, and communication with local society mainly on the regional basis in accordance with action plans. In addition, various working groups are set up as the cross-functional team across the internal company to address specialized issues such as carbon neutrality, energy conservation and chemical substances.



The Establishment Status of our Environmental Management System

We received ISO 14001 multi-site certification for Niterra and 10 group companies (As of the end of FY2023) in Japan. As for other domestic and overseas Group companies, one domestic and 16 overseas Group companies (as at the end of FY2023) have obtained ISO 14001 certification through individual company certification.

The proportion of ISO 14001 certification in the Group is 96% as a percentage of employees.

ISO14001 Certified Locations

Certification covering multiple units (Scope of applicability)

| Country | Name of factories and companies | |
|------------------------------------|---------------------------------|-------------------------------|
| Japan | Niterra Co., Ltd. | Headquarters and Nagoya Plant |
| | | Komaki Plant |
| | | Satsuma Plant |
| | | Ise Plant |
| | | Inuyama Logistics Center |
| | SparkTec WKS CO., LTD. | Head Office Plant |
| | | Nagoya Plant |
| | | Satsuma Plant |
| | | Satsuma Electrode Plant |
| | | Nino Headquarters Plant |
| | | Tono Plant |
| | | Okusa Plant |
| | | NICHIBA KIKI CO., LTD. |
| NTK CERAMIC CO., LTD. | Komaki Plant | |
| | Iijima Plant | |
| | Kani Plant | |
| CERAMIC SENSOR CO., LTD. | Komaki Plant | |
| | Ise Branch room | |
| | Nakatsugawa Plant | |
| NITTOKU ALPHA SERVICE CO., LTD. | Head Office | |
| | Komaki Office | |
| NANSEI CERAMIC CO., LTD. | Komaki Plant | |
| | Ise Plant | |
| NTK CERATEC CO., LTD. | Komaki Plant | |
| MORIMURA SOFC TECHNOLOGY CO., LTD. | Komaki Plant | |
| | Takenami Plant | |
| NTK Medical CO., LTD. | | |

Certification obtained individually

| Country | Name of factories and companies | |
|--------------|---------------------------------|---------------------------------|
| Japan | NTK CERATEC CO., LTD. | Sendai Plant, Sendai West Plant |
| U.S.A. | Niterra North America, Inc. | WV Plant |
| | Wells Vehicle Electronics, L.P | |
| Mexico | Niterra Mexico, S. A. de C. V. | |
| Brazil | Niterra do Brasil Ltda | |
| France | Niterra France SAS | |
| U.K. | Niterra UK Ltd. | |
| Germany | Niterra EMEA GmbH | |
| Thailand | Siam Niterra Co., Ltd. | |
| | Niterra (Thailand) Co., Ltd. | |
| | Niterra ASIA Co., Ltd. | |
| Malaysia | Niterra Malaysia Berhad | |
| China | Niterra(Shanghai)Co., Ltd. | |
| | Niterra(Changshu)Co., Ltd. | |
| Indonesia | PT Niterra Mobility Indonesia | |
| India | Niterra India Private Limited | |
| South Africa | Niterra South Africa (Pty) Ltd. | |





Initiatives for Environmental Risk

Inherent in business activities are various risks including environmental incidents and pollution. Nitterra Group identifies these risks and endeavors to reduce and/or prevent them.

Soil and groundwater investigation and response

The Group conducts necessary surveys in accordance with the Soil Contamination Countermeasures Law. In addition, as part of its environmental management, the Group has been conducting voluntary surveys of groundwater contamination at its plant site boundaries on a regular basis since FY2022. In the event that hazardous substances exceeding the standards of the Soil Contamination Countermeasures Law are detected, we promptly report the matter to the administrative authorities and implement appropriate measures in accordance with their guidance.

Information is also disclosed on the news site of our website.

PCB Control

PCB waste stored at our Nagoya Plant and Komaki Plant were disposed of in 2018, but we conducted the survey again after receiving government information of cases of high-concentration PCB waste found in 2021. As a result, new PCB waste was discovered and disposed of last fiscal year. PCB waste is often rediscovered after a simultaneous survey, the Group will continue to conduct surveys in the future.

In FY2022, we disposed of the PCB waste stored at the Ceramic Sensor Nakatsugawa Plant of our group company.

Drills for Emergency Situations

We hold regular drills for emergency situations to prepare for unforeseen accidents, etc. Each department identifies potential environmental accidents to prevent associated adverse environmental impacts.



Training for a resin drain leak
(CERAMIC SENSOR CO., LTD.,
Nakatsugawa Plant)

Compliance with Environmental Laws and Regulations

Implementation of Environmental Measurements

To ensure compliance with environmental laws and regulations as well as agreements with local municipalities, we conduct environmental measurements based on strict voluntary standards.

Air, water, noise, and vibration measurements are conducted on a regular basis to prevent legal violations and complaints.

Handling Violations and Complaints in Fiscal 2023

In FY2023, there were no violations of laws and regulations, one accident and one complaint. We promptly took action to address the violations and complaints to prevent recurrence.

| | Company | Situation | Countermeasures |
|-----------|-----------------------|---|--|
| Complaint | NTK CERAMIC CO., LTD. | At the Iijima Plant, we received a noise complaint. | The exhaust motor bearing was defective and was replaced and repaired. In addition, a soundproofing sheet was installed to prevent the exhaust noise from diffusing. |

Environmental Education

Environmental education is conducted to deepen employees' understanding of environmental issues and raise their environmental awareness.

In addition to rank-specific education, we hold specialized education such as "Environmental management system", "Calculation methods for substances with an environmental burden", and "Environmental laws and regulations (for facilities)". From FY2022, we are in the process of switching to a video viewing format for the purpose of efficient education tailored to the needs of our participants.

In order to make Eco Vision 2030 known to employees, we have launched an Eco Vision site on the intranet, and posted the background of setting Eco Vision 2030, the results obtained by achieving the Eco Vision goals, and requests to employees. We also regularly send out activity topics to our employees.



Environmental education (SparkTec
WKS CO., LTD. Satsuma Plant)



Support for Suppliers

We offer our suppliers environmental education and support for establishing environmental management systems to acquire third-party certification.

EMS Third-Party Certification Support Conducted

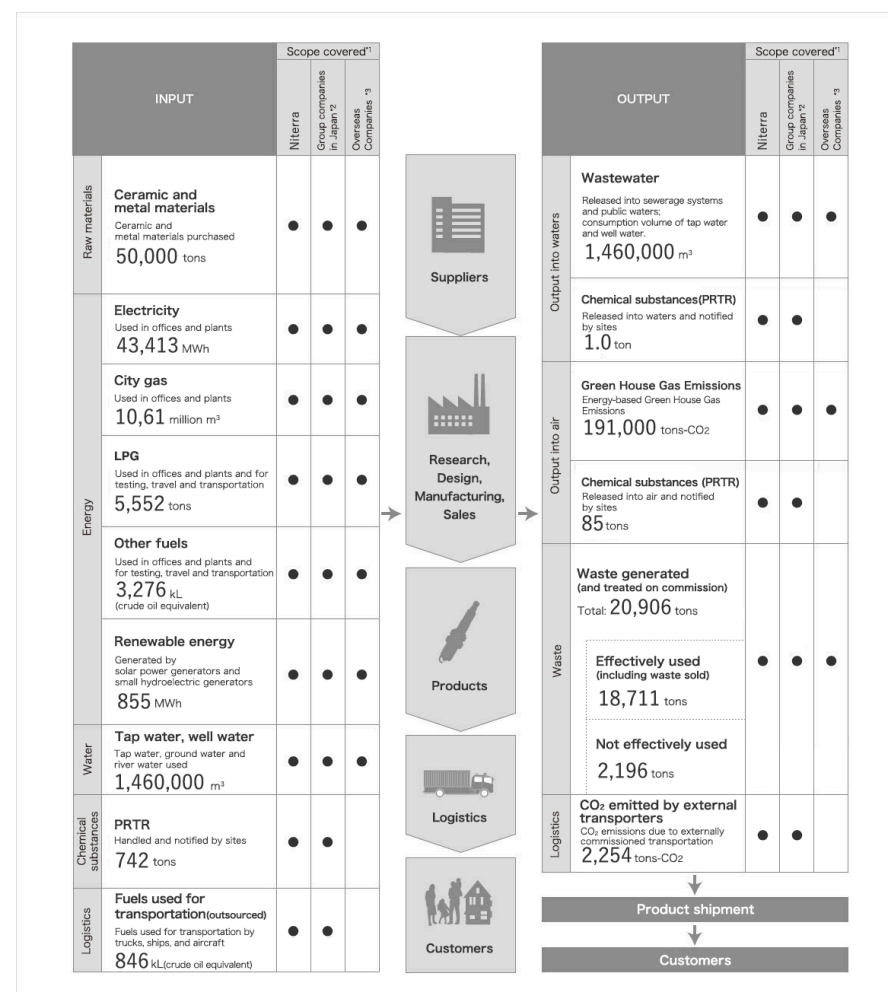
| Topic | No. of Companies Attending (total sum) |
|---------------|--|
| ISO14001 | 6 |
| Eco-Action 21 | 37 |

Environmental Burdens from Business Activities

Environmental Burdens from Business Activities

Knowing what impacts our business activities have on the environment is the first step in carrying out environmental preservation activities. We will work to reduce our environmental burden by grasping the amounts of our inputs (such as the raw materials and energy used by our Group) and the amounts of our outputs (such as the products shipped, CO₂ emissions and the wastes emitted outside the Group as the result of our business activities).

The material balance showing INPUT and OUTPUT is described below.





- *1 The covered scope of each amount reported in INPUT and OUTPUT is indicated with ●.
- *2 Group companies in Japan: (subject to multi-site certification) NITTOKU ALFA SERVICE CO., LTD., CERAMIC SENSOR CO., LTD., NTK CERAMIC CO., LTD., NANSEI CERAMIC CO., LTD., SparkTec WKS CO., LTD., NICHIIWA KIKI CO., LTD., NTK Medical CO., LTD., MORIMURA SOFC TECHNOLOGY Co., Ltd., NTK CERATEC CO., LTD. (Komaki Plant)
(subject to individual certification) NITTOKU DENSHI CO., LTD., NTK CERATEC CO., LTD. (Sendai Plant, Sendai West Plant).
- *3 Group companies overseas: (Overseas manufacturing and sales corporation) Niterra(Shanghai)Co., Ltd., Niterra(Changshu)Co., Ltd. Niterra (Thailand) Co., Ltd., Siam Niterra Co., Ltd., Niterra ASIA Co., Ltd., Niterra Malaysia Berhad, PT Niterra Mobility Indonesia, Niterra India Private Limited, Niterra North America, Inc., Wells Vehicle Electronics, L.P., Niterra do Brasil Ltda, Niterra South Africa (Pty) Ltd., CAIRE Inc. (Overseas sales corporation) TAIWAN Niterra Co., Ltd., Niterra Vietnam Co., Ltd., Niterra Philippines, Inc., Niterra Australia Pty. Ltd., NTK TECHNOLOGIES, INC., Niterra Canada Limited., Niterra Mexico, S. A. de C. V., Niterra EMEA GmbH, Niterra UK Ltd., Niterra Middle East FZE. Niterra France SAS.
- *4 Overseas sales subsidiaries only compile data on CO₂ emissions from energy sources.

We have received a third-party verification report below from the Japan Quality Assurance Organization (JQA) regarding the calculation of energy consumption and the associated greenhouse gas emissions, and the amount of water usage and emissions/waste generation(amount of effective use and amount of non-effective use), and greenhouse gas emissions from domestic inter-plant logistics (fuel consumption method) in FY2023.

Social and Environmental Information Verification Report



Response to Climate Change



Basic Philosophy

Reducing greenhouse gas emissions to mitigate climate change is an urgent, global-scale challenge, and it is also a priority issue for the Niterra Group. In particular, as a corporate group engaged in manufacturing, we believe that reducing CO₂ emissions from our business activities is a responsibility that our Group must fulfill.

On the premise of aiming to achieve carbon neutrality by 2050, we have declared in "Eco Vision 2030" a target of reducing CO₂ emissions (Scope 1 and 2) by 30% by FY2030 compared to FY2018 levels. We will also strive to reduce CO₂ emissions across the supply chain and product lifecycle, aiming to achieve the target of reducing CO₂ emissions (Scope 3) by 30% by FY2030 compared to FY2018 levels.

Toward achieving these targets, we will implement various measures under four key plans, "Plan A: Energy Conservation," "Plan B: Manufacturing and Work Style Improvement," "Plan C: Energy Creation," and "Plan D: Procurement/Certificates," thereby promoting both systematic CO₂ emissions reduction and economic growth. In the future, we will establish a carbon circulation system and promote the use of hydrogen to reduce CO₂ emissions both inside and outside the company so as to contribute to resolving climate change issues.



Our group's efforts to achieve carbon neutrality

Target for Scopes 1 and 2

| Item | Target |
|----------------|--|
| Scopes 1 and 2 | 30% reduction by FY 2030 (compared to that of FY 2018) • 10.0% reduction by FY 2024 (compared to that of FY 2018) • 7.5% reduction by FY 2023 (compared to that of FY 2018) • 5.0% reduction by FY 2022 (compared to that of FY 2018) • 2.5% reduction by FY 2021 (compared to that of FY 2018) |

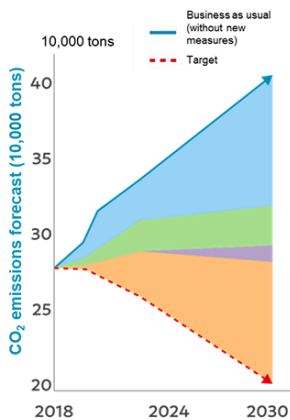
* The target has been classified by the Science Based Targets initiative (SBTi) as SBT WB2°C (well below 2°C).

* Target values for FY2025 and beyond are under consideration.

CO₂ Emission Reduction Measures up to 2030

We have created a roadmap to achieve a 30% reduction in Scope 1 and 2 CO₂ emissions by 2030. The roadmap mainly consists of four key plans -- "Plan A: Energy Conservation," "Plan B: Manufacturing and Work Style Improvement," "Plan C: Energy Creation," and "Plan D: Procurement/Certificates." We will implement various measures under these four plans to promote both systematic reduction of CO₂ emissions and economic growth.

CO₂ emissions forecast



| Plan | Examples of measures |
|--|---|
| Plan A Energy conservation | (1) Reduction of standby energy for production equipment and ancillary equipment (holidays and weekdays) (2) Installation of energy-efficient production equipment (that meets Japan's Top Runner Program requirements) and optimization of operation conditions (3) Interlocking operation of air conditioners and air supply/exhaust systems, and optimization of operation conditions (4) Renewal of production equipment and ancillary equipment (5) Reduction of heat dissipation and periodic inspections for energy loss (air leaks, etc.) (6) Effective use of heat (7) Horizontal deployment of various cases (8) Switching to LED lighting, reviewing illumination intensity, and adopting dimming systems (9) Energy conversion from gas to renewable energy (hydrogen, ammonia, etc.) |
| Plan B Manufacturing and work style improvement | Productivity improvement, yield improvement; operating rate improvement, LT reduction; consolidation and downsizing of production areas; review of operational rules; review of manufacturing conditions (profiles, etc.) |
| Plan C Energy creation | Introduction of solar power and storage batteries; introduction of SOFC and cogeneration |
| Plan D Procurement/certificates | Promoting electric power procurement (use of electric power with low emission factor); purchase of renewable electricity and environmental certificates |
| System Construction and optimal operation of infrastructure | (10) Construction of an energy platform and introduction of EMS * Coordination with production planning * Energy management, continuous improvement, and promotion of optimal control * Reduction of waste and SPAR® equipment through promotion of preventive and predictive diagnosis |

Measures under Plan A: Energy Conservation

Efforts at production sites

When introducing production equipment, we create a checklist for energy-efficient design and conduct checks using it. For existing production equipment and ancillary equipment, we are working on equipment improvement to reduce standby energy consumption during holidays and at night.

In addition, we carry out periodic inspections and maintenance to prevent air leaks and other energy loss due to aging equipment.

Efforts at offices

In addition to switching to LED lighting and turning off lights and PCs during breaks, we encourage "Cool Biz" wear in summer and "Warm Biz" in winter and appropriately control temperature, humidity, and ventilation to save energy.

Rooftop greening

Green space has been installed on the rooftop at a part of the Komaki Plant for the purpose of expanding green space and energy-saving effects.



Measures under Plan B: Manufacturing and Work Style Improvement

Efforts at production sites

We review manufacturing conditions (profiles) on an as-needed basis to avoid using excessive energy for production. The amount of CO₂ emissions of each internal business company is visualized on an internal dashboard, and daily improvement activities are being carried out at each site to ensure production is as energy efficient as possible. Our Group works as one to promote energy saving activities by sharing successful improvement cases across the Group.



Measures under Plan C: Energy creation

Efforts to introduce renewable energy

We enhance the use of renewable energy, including solar energy, hydropower, and geothermal energy.

The following are the main locations where facilities for renewable energy are currently being installed. We will continue to strategically install these facilities in the future.

| Renewable energy | Company | Site | Output(kW) |
|-------------------|-------------------------------|---------|------------|
| Solar energy | Niterra Co., Ltd. | Komaki | 802 |
| | SparkTec WKS CO., LTD. | Nino | 2,640 |
| | SparkTec WKS CO., LTD. | Satsuma | 193 |
| | NTK CERATEC CO., LTD. | Sendai | 422 |
| | Niterra(Shanghai)Co., Ltd. | - | 200 |
| | Niterra India Private Limited | - | 555 |
| | Niterra do Brasil Ltda | - | 793 |
| Geothermal energy | SparkTec WKS CO., LTD. | Okusa | - |
| Hydropower | Niterra Co., Ltd. | Komaki | - |

See for actual power generation, please refer to the Sustainability Data.

Sustainability Data (Non-Financial Information)

Fuel cell

The Komaki plant already has a compact fuel cell system with a rated power output of 20 kW and a hybrid power system using a fuel cell with a rated power output of 250 kW. We will continue to take on the challenge of reducing CO₂ emissions through the creation of clean energy by studying the possibility of installing various energy devices, such as pure hydrogen fuel cell systems and storage batteries.

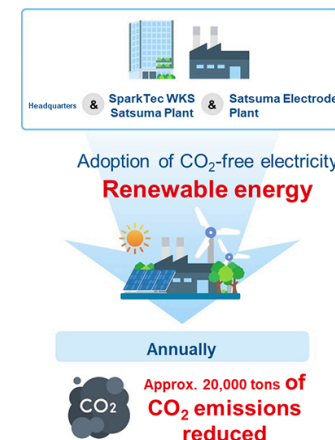


Measures under Plan D: Procurement/Certificates

Efforts to introduce CO₂-free electricity

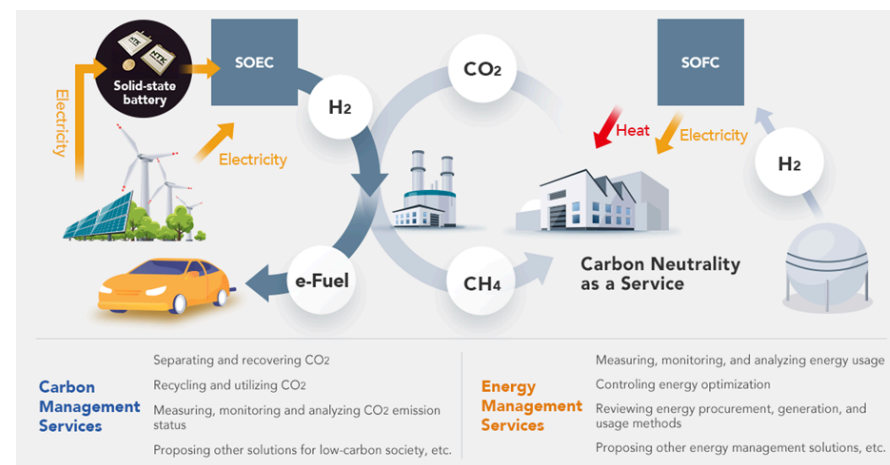
The headquarters and SparkTech WKS's Satsuma Plant and Satsuma Electrode Plant use CO₂-free electricity for 100% of their power needs. This initiative has reduced CO₂ emissions by approximately 200 tons per year at the headquarters and approximately 20,000 tons per year at the Satsuma and Satsuma Electrode Plants.

We are considering introducing CO₂-free electricity at our business sites in the Tohoku area in the future.



Initiatives aimed at realizing a carbon recycle-oriented society (Carbon Neutral as a service)

In order to contribute to the realization of a carbon-neutral society, we are developing methanation-related technologies (hydrogen production technology that applies ceramic solid electrolytes and CO₂ recovery technology that applies oxygen concentrator technology).





Adoption of performance-linked stock compensation plan

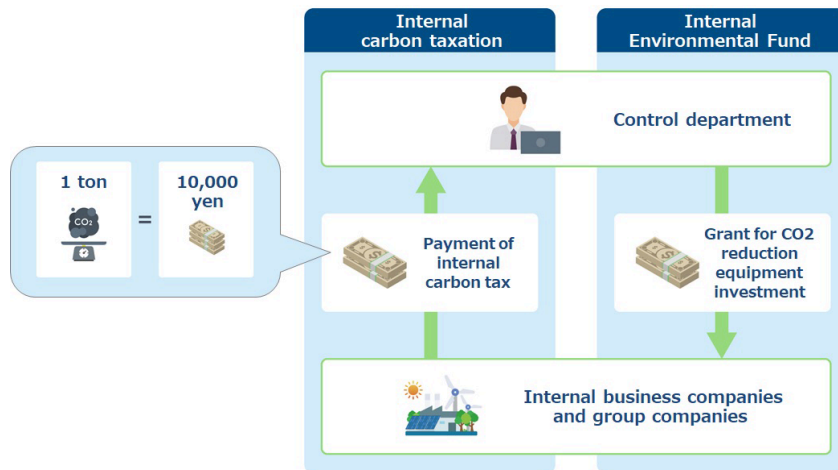
As part of efforts to further reduce CO₂ emissions, the CO₂ emission reduction rate is included as one of the performance indicators for the performance-linked stock compensation plan for directors (excluding directors who are members of the audit and supervisory committee and outside directors) and executive officers (excluding employed officers).

Efforts to raise internal awareness (internal carbon pricing, internal carbon taxation, and internal environmental fund)

To reduce emissions in Scopes 1 and 2 with the aim of achieving carbon neutrality, we take the following awareness-raising measures: internal carbon pricing, internal carbon taxation, and an internal environmental fund.

For internal carbon pricing, our group has decided to collect 10,000 yen per ton of CO₂. Internal carbon taxation is a system under which fees are collected from departments, including internal business companies and group companies, depending on the amount of their CO₂ emissions. This system is expected to further raise awareness of and accelerate CO₂ emissions reduction.

The internal environmental fund is a system to appropriate the fees collected through internal carbon taxation for capital investment as a grant to reduce CO₂ emissions. For example, in FY 2021, we provided a grant for a solar power generation unit to Niterra India Private Limited. When introducing equipment, we make a comprehensive decision at a corporate management committee after conducting an environmental assessment not only of CO₂ emissions, but also of water, energy, and other overall environmental factors.



Employee-participatory initiative for carbon neutrality

Under this initiative, our company receives from Chubu Electric Power Miraiz a supply of electricity with added environmental value, which is derived from surplus electricity* generated from solar power systems at employees' homes, and uses the supplied electricity at the Komaki Plant. In addition, employees who provide environmental value of surplus electricity will be given incentives through Chubu Electric Power Miraiz. Through this initiative, we will promote carbon neutrality together with our employees.

* Electricity from households for whom the electricity purchase period under the feed-in tariff scheme for renewable energy has ended

Efforts to achieve carbon neutrality in the supply chain

Target setting for Scope 3

| Item | Target |
|---|--|
| Scope 3: Category 1 "Purchased goods and services" Category 4 "Upstream transportation and distribution" (in part) Category 11 "Use of sold products" | 30% reduction by FY 2030 (compared to that of FY 2018) |

* The target has been classified by the Science Based Targets initiative (SBTI) as SBT WB2°C (well below 2°C).

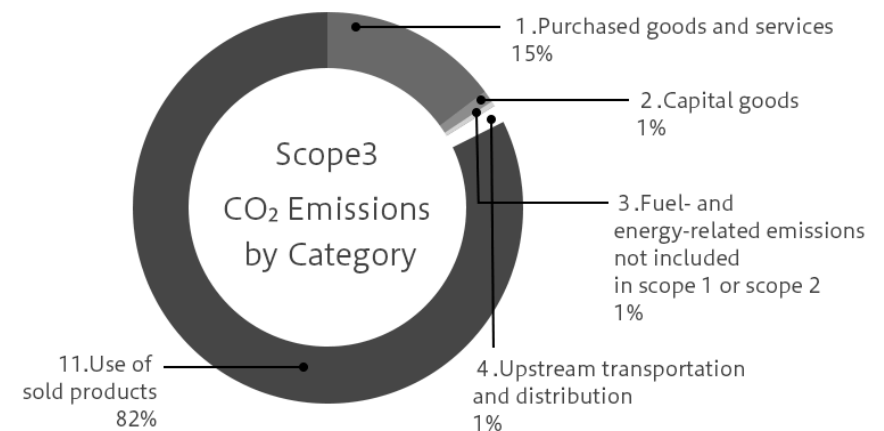
Scope 3 emissions are indirect greenhouse gas emissions excluding those in Scopes 1 and 2 (emissions from other companies associated with our business operations), divided into 15 categories.

Our emissions in Category 1 "Purchased goods and services," Category 4 "Upstream transportation and distribution," and Category 11 "Use of sold products" make up 97.6% of our total Scope 3 emissions. Therefore, we work on reducing CO₂ emissions by setting a target to be achieved by FY 2030 in terms of these three categories.

For Category 1 emissions, through the CSR and Sustainability Procurement Guidelines, we ask our business partners to set a target for reducing CO₂ emissions and work toward achieving the target. We also provide our business partners with support when needed.

For Category 4 emissions, as a specified consigner stipulated in the Act on the Rational Use of Energy, we work to reduce CO₂ emissions associated with transportation by reducing shipping distances through the restructuring/consolidation of plants and the reconsideration of waste-disposal service vendors.

For Category 11 emissions, which account for the largest portion of total Scope 3 emissions, we work on, for example, designing products to improve their energy efficiency while being used.





Initiatives for Category 1: Purchased goods and services

CSR and Sustainability Procurement Guidelines

To promote CSR and sustainability initiatives throughout our supply chain, we have issued the “CSR and Sustainability Procurement Guidelines” and distributed them to our suppliers.

These Guidelines stipulate what we expect our suppliers to comply with. They also outline our response to climate change, and in the Guidelines, we ask our suppliers to set CO₂ reduction targets and take measures to achieve them. We also ask our suppliers to disseminate these Guidelines to their suppliers and encourage their implementation.

Survey of CO₂ emissions related to products for our company

In order to understand CO₂ emissions related to our company at our suppliers, we have been conducting surveys of CO₂ emissions related to products for our company. We also provide necessary support to suppliers upon request depending on the amount of their CO₂ emissions.

Seminars for suppliers

We hold seminars for our suppliers to introduce the risks of climate change and our efforts to reduce CO₂ emissions as case studies.

Proper Procurement

Initiatives for Category 4: Upstream transportation and distribution

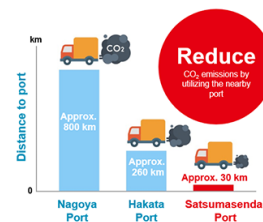
Review of logistics routes

Products manufactured at our plants are transported by land to the nearest port and shipped by sea worldwide.

Products manufactured at the Satsuma Plant were previously shipped overland to Nagoya Port and Hakata Port, but we have additionally started using Satsumasendai Port, which is located close to the Satsuma Plant. By transporting some of the products manufactured at the Satsuma Plant to the Satsumasendai Port, we aim to achieve more efficient transportation and reduce CO₂ emissions from land transport.

By reviewing logistics bases, we expect to achieve an annual CO₂ emission reduction of approximately 42 tons.

Distance from Satsuma Plant to port



Initiatives for Category 11: Use of sold products

Environmental considerations throughout the product lifecycle

Our Group also contributes to CO₂ reduction in its own products.

Among our products, we certify products with particularly high environmental performance throughout their product lifecycles as “Nittoku Green Products,” and we strive to expand our lineup of such products.

For example, a vehicle equipped with precious metal plugs and wide-range oxygen sensors certified as “Nittoku Green Products” saves 13 liters of gasoline annually per vehicle and reduces CO₂ emissions by about 30 kg per year compared to a vehicle equipped with conventional products.

Assuming that precious metal plugs are installed in 80 million vehicles per year, this would lead to a reduction of approximately 2.4 million tons of CO₂ emissions. Similarly, assuming that wide-range oxygen sensors are installed in 25 million vehicles, CO₂ emissions would be reduced by approximately 750,000 tons.

Calculation process (if drive 10,000 km per year)

| | Vehicle equipped with conventional products | Vehicle equipped with high-performance products |
|----------------------|---|---|
| Fuel economy | 15 km/L | 15.3 km/L (2% improvement) |
| Gasoline consumption | 667 L | 654 L (13 L reduction) |

Promoting disclosure of information about climate-related risks and opportunities

In July 2020, the Niterra Group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

We will examine the impact of climate change on our Group’s business, strategies, and finance within the company-wide risk management framework based on TCFD Recommendations, and these topics will be discussed at the Risk Management Committee and the CSR and Sustainability Committee attended by the entire board of directors. We will also promote voluntary and proactive disclosure of information in accordance with the recommendations.

Information Disclosure Based on TCFD Recommendations



Participation in business organizations and initiatives

To enhance our efforts to mitigate climate change, the Group supports public policies and regulations related to climate change, and participates in the following organizations and initiatives:

- Task Force on Climate-Related Financial Disclosures (TCFD)
- Science Based Targets initiative (SBTi)
- Japan Climate Initiative (JCI)
- GX League (established by the Ministry of Economy, Trade and Industry)

Initiatives



Information Disclosure Based on TCFD Recommendations

In July 2020, our group endorsed the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). Based on the TCFD recommendations, we disclose important information related to climate change as outlined below.

Governance

Our group is aware that climate change and other environmental issues are serious business issues. Therefore, the board of directors is responsible for final decision-making and supervision regarding all aspects of our climate change response.

With regard to our management policies and directions related to climate change, the CSR and Sustainability Committee* chaired by an outside director, which functions as an advisory body to the board of directors and meets at least four times a year, compiles recommendations in consideration of climate-related risks and opportunities and reports them to the board of directors. Final decisions are made by the board of directors.

The progress of our response to climate change and other priority issues is reported to the CSR and Sustainability Committee by the sustainability department, and reviewed and monitored at the Committee. Specific activities such as CO₂ reduction are monitored for progress towards the targets and issues to be addressed at the Environmental Committee, which convenes twice a year, in order to achieve continuous improvement. Furthermore, risks associated with climate change are assessed within the context of overall enterprise risk management at the Risk Management Committee, which convenes twice a year.

The CSR and Sustainability Committee has the responsibility of overseeing various specialized committees, including the Environmental Committee and the Risk Management Committee. Each specialized committee monitors whether tasks associated with its specialized field are executed effectively, and the CSR and Sustainability Committee, in turn, supervises the overall effectiveness of these specialized committees. Important information reported, discussed, and decided upon in each specialized committee, such as progress in CO₂ reduction and risk assessments, is also shared with the CSR and Sustainability Committee.

Important decisions made by specialized committees are reported to the board of directors through the Management Meeting, which is responsible for deliberating, deciding, and supervising important matters in business operations. The board of directors provides oversight in this regard. Furthermore, in order for our executives to take the lead in promoting climate change countermeasures, we have included the reduction of CO₂ emissions as one of the performance indicators in the performance-based stock compensation system for directors (excluding directors who serve on the audit committee and external directors) and executive officers (excluding executive officers on an employment contract).

* We shifted to a company with an audit and supervisory committee in June 2022, and positioned the CSR and Sustainability Committee as an advisory body to the board of directors.

Corporate Governance System → CSR and Sustainability Promotion System → Risk Management Promotion System →

Environmental Management Promotion System →

Examples of what was discussed and determined in terms of climate change

- Approval of the priority issue (materiality): “CO₂ Emissions: 30% Reduction [compared to that of 2018] (FY2030)” (CSR and Sustainability Committee in March 2020)
- Endorsement of the TCFD recommendations (Management Meeting in July 2020)
- Approval of “Eco Vision 2030” (Environmental Committee in March 2021)
- Approval of “Aiming for carbon neutrality in 2050” (CSR and Sustainability Committee in March 2021)

Strategy (Risks & Opportunities)

Analysis of climate change scenarios

We identified a wide range of climate-related risk and opportunity factors across the entire supply chain, from upstream to downstream, with reference to examples shown in the TCFD recommendations, while forecasting social and regulatory trends in the short, medium, and long term. Among the identified risk factors, we primarily considered the risks associated with the transition to a low-carbon economy under the 2°C scenario and the risks associated with climate-related physical changes that may occur in the case of the 4°C scenario due to unmet global CO₂ emissions reduction targets. We classified these risk factors according to the TCFD’s classification guidelines and assessed their business impacts. Specifically, the sustainability department conducted extensive discussions to identify risk factors and developed the assessment of business impacts. Regarding the identified opportunity factors, we classified and examined them according to the TCFD’s classification guidelines, particularly focusing on the “opportunities for business transformation through climate change mitigation and adaptation measures.”

We then discussed and considered the matter with the officer supervising the sustainability department, as well as the members of other related departments, such as the risk management department and the environment department. The compiled climate-related risks and opportunities were reported to and confirmed by the CSR and Sustainability Committee.

< Main scenarios and projections used in the study >

2°C scenario: IPCC RCP2.6, IEA ETP 2DS, etc.

4°C scenario: IPCC RCP8.5, IHS Markit Automotive "Mobility and Energy Future" service data, etc.

The three terms used below, “short term,” “medium term” and “long term,” have the following meanings:

Short term: until around 2025 in line with the target year of our medium-term management plan

Medium term: until around 2030 in line with the target year of our long-term management plan

Long term: until around 2040 in line with the vision of our long-term management plan



<Climate-related risks>

| Risk item | | Business impact (risk) | Assessment (impact) | Timing of the impact | |
|---|---|---|--|--|----------------------|
| Risks related to the transition to a lower-carbon economy | Policy and legal | Carbon tax | •If a carbon tax is introduced, taxes levied on fuel will increase procurement costs, resulting in a rise in the costs of energy and raw materials. | Large | Medium to long term |
| | | Carbon border tax | •If a carbon border tax is introduced, taxes will be levied on products to be exported, resulting in the reduction in the cost competitiveness of the products. | Large | Short to long term |
| | | Regulations on carbon emissions | •The achievement of GHG reduction targets will be required, resulting in increases in the costs of, for example, making capital investments and purchasing electricity generated from renewable energy sources. | Large | Medium to long term |
| | | Sale of gasoline-powered vehicles | •In countries that ban the sale of gasoline-powered vehicles, OEM demand will disappear, resulting in a decrease in sales. | Large | Medium to long term |
| | Technology | Proliferation of energy-saving and renewable-energy technologies | •The introduction of new energy-saving and renewable-energy technologies will increase the cost of, for example, making capital investments. | Medium to large | Short to long term |
| | | Development of new technologies | •Expenditures on the research and development of new technologies will increase. | Large | Short to long term |
| | Market | Shift in customer preferences | •After the 2030s, the number of people who choose ZEVs even as used cars will increase, resulting in a decline in demand for spark plug replacement and eventually a decrease in sales. •Products that emit less CO ₂ in their life cycle will be chosen, resulting in a decrease in the sales of conventional products. | Large | Long term |
| | Reputation | Shift in investor preferences | •Investors' opinions will turn against internal combustion engines, resulting in divestments. | Small to medium | Medium to long term |
| | | Shifts in job-seekers' preferences | •Job seekers' opinions will turn against internal combustion engines. Accordingly, job seekers will not choose us as their place to work. | Small to medium | Short to medium term |
| | Risks related to the physical impacts of climate change | Acute | Increased severity of extreme weather events | •Typhoons and other extreme weather events will cause damage to plants and other facilities, resulting in shutdown or a decrease in production. Furthermore, additional costs will be incurred to restore equipment. Non-life insurance premiums will also increase. | Small to medium |
| Chronic | | Sea level rise | •Rising sea levels will increase the risk of flooding and storm surges. Plants and transport infrastructure located in coastal areas will be damaged and supply chains will be broken, resulting in the extra costs of addressing these problems. | Small to medium | Long term |
| | | Changes in precipitation patterns and variability in weather patterns | •Plants in areas facing severe water shortage will be forced to shut or slow down operations due to limitations on water usage, resulting in the cost of shifting production to other plants, increased transportation costs and the like. | Small to medium | Long term |
| | | Rising mean temperatures | •Employees who work in extreme heat will frequently get heat stroke. To reduce their increased physical burden, the cost of dealing with extreme heat and labor costs will increase. | Small to medium | Long term |

On the other hand, we also assessed the potential risk of future climate-related disasters, such as floods, droughts, and high tides, and found that there are regions where an increase in precipitation is anticipated. However, whether this increase directly leads to a higher risk of events like floods or landslides depends on the location of each business site (including factors such as ground conditions, elevation, and proximity to rivers) and the state of flood control measures. Therefore, we will continue to conduct further investigations.

<Climate-related opportunities>

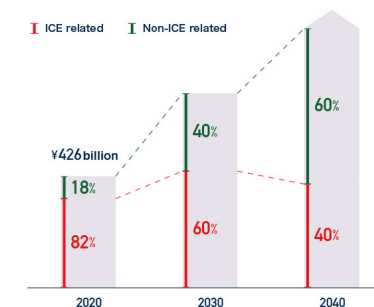
| Aspect | Major opportunity | When opportunities present themselves |
|-----------------------|--|---------------------------------------|
| Resource efficiency | •The increasing adoption of new energy-saving and renewable-energy technologies will reduce energy costs. | Medium to long term |
| Energy source | •The increased demand for hydrogen as a fuel exempt from carbon tax will provide new opportunities in the hydrogen energy market. •With the development of methanation and its relevant technologies, synthetic fuels like e-fuel will become more widely used, ensuring the continuity of our current internal combustion engine business. | Long term |
| Products and services | •To conform to fuel efficiency regulations, demand for high value-added products will increase. | Short to medium term |
| | •The hydrogen energy market is expected to grow due to mandatory reduction of GHG emissions. Increased demand for hydrogen technologies, SOFCs and SOECs will provide business opportunities. | Long term |
| | •The demand for CO ₂ recycling solutions, such as producing hydrogen using electricity (SOEC) and utilizing recovered CO ₂ as fuel, will increase. | Long term |
| | •In disaster preparedness, local consumption of locally-produced energy (distributed power generation) will receive attention, resulting in increased demand for SOFCs. | Long term |
| Markets | •The demand for ceramic-related technologies and products used in electric motors and generators will increase. | Medium to long term |
| | •The development of new climate-related technologies that meet social needs will provide business opportunities. | Medium to long term |
| Resilience | •In disaster preparedness, the continuous reinforcement of the BCM and BCP of our group, including our supply chain, will help enhance our resilience. | Short to long term |

Business risks, opportunities and responses under the climate-related scenarios

To further clarify climate-related risks and opportunities, we examined business environments and responses by business type under both 2°C and 4°C scenarios.

As a result of our examination, no existential impact from physical risks has been identified.

With regard to our business related to internal combustion engines, whose sales revenue makes up 80% of the total at present, we are facing a major change. On the other hand, geared toward the realization of a decarbonized society, hydrogen-related and other new needs and markets are expected to arise. Therefore, in the 2030 Long-Term Management Plan NITTOKU BX, we take up "Environment & Energy" as one of the business fields to focus on. Toward 2040, we will push forward with a business portfolio conversion (Revenue composition: 40% ICE related business, 60% non-ICE related business).





| Examined business | Product | Responses to future business risks and opportunities | Financial impact | Sales revenue target in our long-term management plan |
|-----------------------------|--|--|--|---|
| Automotive related business | Spark plugs, glow plugs, sensors | Under the 2°C scenario, sales of internal combustion engine parts are expected to decline in the future due to stricter regulations on vehicles with internal combustion engines. On the other hand, opportunities will arise in the electric vehicle market and other new markets. Under a 4°C scenario, further energy conservation and toxic-gas-emission control will be required in terms of internal combustion engines. Therefore, we will take measures to improve the performance of internal combustion engines. | Will affect a portion of our revenue ¹ | 450 billion yen (FY2029) |
| Fuel cell business | Fuel cells | Under either a 2°C or 4°C scenario, demand for non-fossil energy sources is expected to grow. Therefore, we will continue to enhance our measures taken in the relevant markets. Under a 2°C scenario, the proliferation of hydrogen infrastructure is expected. Therefore, the market may grow at an increasing rate. | A market worth 200 billion yen is expected, with the possibility of more than that depending on the spread of hydrogen infrastructure. | 300 billion yen (FY2029) |
| Other businesses | SPE, packages, oxygen concentrators, bearing balls, etc. | Under either a 2°C or 4°C scenario, the impact on risks and opportunities is small. | The financial impact is small. | |



- For the automotive related business, under 2°C scenario, sales are expected to decline in the future due to stricter regulations. Therefore, a business portfolio conversion is required.
- For other business types, under either a 2°C or 4°C scenario, we will conduct business flexibly and strategically while keeping a close watch on market trends. Thus, we have high resilience in terms of both medium- and long-term perspectives.

*1 Financial impact on our internal combustion engine business

Based on an analysis by IHS Markit Automotive, we anticipate a decline in vehicles equipped with internal combustion engines from the mid-2030s onwards due to greater restrictions on internal combustion engines in various countries as part of their climate change countermeasures. On the other hand, our core product within the internal combustion engine business, spark plugs, are in demand not only for new vehicles but also for replacement parts. According to our projections, we expect the sales of the product to peak after 2040 and gradually decline, considering that vehicles with internal combustion engines are likely to remain in use. Considering this situation, if we assume a 5% reduction in sales revenue for our internal combustion engine business from FY2040 onwards compared to FY2020, the annual decrease in our sales revenue would be approximately 25 billion yen and the annual decrease in operating income would be about 6 billion yen.

Sales revenue of internal combustion engine business in FY2023: 505.3 billion yen

Operating income of internal combustion engine business in FY2023: 121.2 billion yen

Assumed percentage of decrease in sales of products for internal combustion engines after FY2040: 5

Sales revenue : 505.3 billion yen x 5% = 25.3 billion yen

Operating income : 121.2 billion yen x 5% = 6.1 billion yen

Risk Management

Our group operates business globally and in various fields, which means that each business presents a range of risks and opportunities. Therefore, we assess risks and opportunities on a per-business basis and respond to each of them. With respect to climate change-related risks and opportunities, we strive to take appropriate measures while monitoring regulatory trends and evaluating their impact on our respective business operations.

The Risk Management Committee conducts risk assessment from a company-wide perspective in terms of whether or not the risk will have a great impact on our business continuity and goal achievement, by analyzing the level of impact, the probability of occurrence, and the status of countermeasures. Risks deemed to require special attention are identified as “priority risks,” and responsible departments are designated. The progress of activities to reduce these priority risks is monitored by the Risk Management Committee.

Risks related to ESG, including climate change and human rights, are also evaluated in conjunction with these efforts. Meanwhile, key opportunities are reviewed by the CSR and Sustainability Committee, and they are incorporated into our management strategy and priority issues, if necessary.

Risk Management





Metrics and Targets

In our “2030 Long-Term Management Plan NITTOKU BX,” announced in May 2020, our group has set the goal of “CO₂ Emissions: 30% Reduction [compared to FY2018] (by FY2030).”

Furthermore, to strengthen our environmental conservation efforts from a long-term perspective, we established “Eco Vision 2030” in April 2021, outlining our long-term objective of achieving carbon neutrality by 2050.

In “Eco Vision 2030,” we have identified four key priorities, namely climate change mitigation, the expansion of environmentally conscious products, conserving water resources, and waste management. The expansion of environmentally conscious products aims to provide products and services that contribute to environmental considerations, including climate change mitigation and CO₂ reduction, such as Solid Oxide Fuel Cells (SOFC) and “Carbon Neutrality as a Service.” In addition, reducing water consumption for preserving water resources, as well as reducing resource input and waste output, also contribute to reducing CO₂ emissions. Therefore, by setting these as the four key priorities and addressing them not as individual issues but as interconnected challenges, we aim to achieve more synergistic solutions.

To further drive efforts toward achieving these goals, we have introduced “CO₂ Emission Reduction Rate” as a performance indicator in the performance-based stock compensation system for directors (excluding directors who serve on the audit committee and external directors) and executive officers (excluding executive officers on an employment contract). Additionally, to promote collective CO₂ reduction initiatives across the group, we have implemented Internal Carbon Pricing (ICP).

We levy ¥10,000 per ton of CO₂ emissions from emitting departments through ICP, and the collected funds are allocated to our internal environmental fund, which supports investments and infrastructure development for decarbonization.

We will also promote reductions in Scope 3 emissions, including those in the supply chain. As for Scope 3, our initial aim is to achieve a 30% reduction (compared to FY2018) by FY2030 in Category 1 “Purchased Products/Services,” partial elements of Category 4 “Upstream Transportation/Distribution,” and Category 11 “Use of Sold Products.” We also ask our business partners (suppliers) to set CO₂ reduction targets and work towards these goals, providing support as needed.

<Targets and results of CO₂ emissions reduction>

| Item | Target | Result |
|--|---|---|
| Scopes 1 and 2 | 30% reduction by FY 2030 (Compared to that of FY 2018) | 31.7% reduction in FY 2023 (Compared to that of FY 2018) <Emissions: 190,945 tons> <Emission intensity: 0.49 tons/million yen> |
| Scope 3: Category 1 “Purchased goods and services” Category 4 “Upstream transportation and distribution” (in part) Category 11 “Use of sold products” | 30% reduction by FY 2030 (Compared to that of FY 2018) | 13.4% decrease in FY 2023 (Compared to that of FY 2018) <Emissions: 9.51 million tons> |

※ The CO₂ emissions reduction targets above were classified by the Science Based Targets (SBT) initiative as SBT WB2°C (well below 2°C) in June 2022.

Priority Issues (Materiality) → Eco Vision → Response to Climate Change →

Sustainability Data (Non-Financial Information) →

Management of Waste

Basic Philosophy

The earth’s resources are limited and must be therefore protected and used sustainably. As a manufacturing company, our Group uses a variety of raw materials, including ceramics and rare metals, and we believe it is our responsibility to actively engage in 3R (reduce, reuse and recycle) activities to protect the global environment.

In Eco Vision 2030, our Group has set out our vision for 2040 to “contribute to a global recycle-oriented society by promoting zero waste emissions” and set the targets of “achieving an over 95% effective utilization rate,” “reducing at least 1% waste intensity compared to FY2018,” and “promoting 3R activities,” as milestones to be achieved in 2030.

We will also promote sustainable and efficient use of raw materials and other resources in our supply chain.

Waste Reduction Initiatives

Trends in Volume of Waste Generated

The amount of waste generated in FY2023 was 20,906tons.

The waste intensity in FY2023 was 0.054tons/million yen for the entire Group. We achieved our target by reducing waste generation by 28.5% compared to FY2018.

We will continue to promote process improvement to reduce waste.





Going paperless

We are working to go paperless to reduce waste.

In addition, we have the cooperation of our stakeholders, not only within the company, but also with other stakeholders. As part of such efforts, we digitize contracts. We also create and distribute Integrated Reports, Sustainability Data Books, and educational booklets for employees in digital format.

We will continue our efforts to go paperless.

Effective Utilization of Waste Initiatives

Trends in Effective Utilization Rate of Waste

The effective utilization rate for the entire Group in FY2023 was 89.5%, unchanged from the previous year. We will continue to promote the effective use of waste in order to achieve our target of 95% or more by 2030.

Effective utilization of general waste and industrial waste

Our company makes effective use of waste through material recycling and thermal recycling.

Metal waste, which accounts for the highest percentage of waste, is refined and recycled as a raw material of the same quality.

Sludge, which accounts for the next highest percentage, is mainly pre-fired ceramic material. The generated sludge is reused as a ceramic raw material or a recycled fill material.

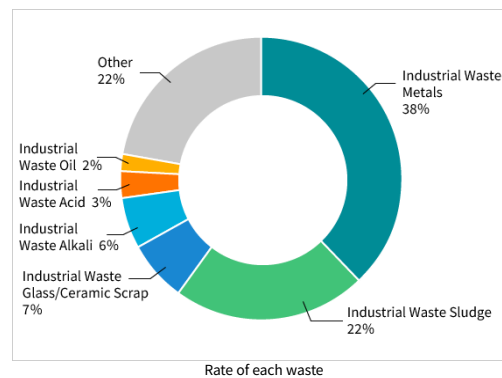
Ceramic powder and ceramic scrap after firing are also reused.

Ceramic powder with high purity is reused as a ceramic raw material, while the rest is reused as a raw material for cement. Ceramic scrap is reused as a roadbed material.

Waste solvents are distilled and reused or reused as fuel.

Plastics are crushed and reused as raw materials for plastics or converted into RPF (solid fuel).

In addition, from the perspective of CO₂ emissions, we believe that it is necessary to switch from thermal recycling to material recycling and we act accordingly.



Efforts related to the Plastic Resource Circulation Act

As part of efforts related to the Plastic Resource Circulation Act, our Group promotes reuse of packaging materials and material recycling of waste plastics.

The reuse of packaging materials is an initiative that transcends the boundaries of our Group. Packaging materials that cannot be reused within a company are provided to other companies for reuse. Companies who have received packaging materials have seen a decrease in new purchases of packaging materials.

Material recycling of waste plastics is an initiative to shift from thermal recycling to material recycling. In the manufacturing process of our Group, waste plastic containing a large amount of ceramic components is generated. We have been working to reduce the amount of waste plastic generated as much as possible, but because it is inevitable that some waste plastic is generated in the manufacturing process, we have started a new material recycling initiative.

To recycle materials, it is necessary to change the shape of the discharged material (e.g., by crushing) to suit the disposal destination, and we are working to address this issue. In addition, as part of efforts to transform waste into valuables, we compress waste styrene foam, which used to be thermally recycled, into ingots using a volume reduction machine.

Effective use of food waste

Despite our active efforts (including awareness-raising) to reduce food waste in company cafeterias, there is still food waste generated. Food waste generated from the cafeteria at the Komaki Plant is transported to a biogas power plant in Komaki City, where it is converted into biogas through methane fermentation and is effectively used as fuel for power generation.

Proper Waste Disposal

We regularly visit our waste disposers to confirm that consigned waste materials are being processed in accordance with our agreement. In FY2023, we visited 42 companies and confirmed that their waste was properly disposed of.



Conservation of Water Resources

Basic Philosophy

The water resources crisis is becoming more and more serious around the world, and there are concerns about water shortages due to depletion and pollution and their impact on biodiversity. Protecting the sustainability of water resources, which are essential for maintaining ecosystems, is one of the most important issues for our Group.

Our Group has set the vision for 2040 of "implementing sustainable business operations in response to global water-related risks" and set the target of "maintaining water consumption intensity below FY2018 level," as the milestone to be achieved in 2030.

Our Group is committed to protecting the environment far into the future by promoting the efficient use of water, a precious and limited resource.

We will also promote sustainable and efficient use of water resources in our supply chain.

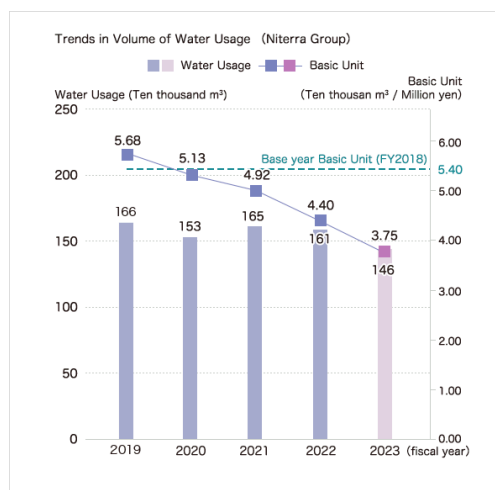
Trends in Volume of Water Usage

The volume of drinking water, well water, and river water used in FY 2021 totaled 1.46 million m³.

In Eco Vision 2030, which we began working on in FY2021, set a goal of

"maintaining water usage per unit of production at or below the FY2018 level" by 2030. The basic unit of group companies was 3.752m³/million yen, and we have achieved our target by reducing it by 30.5% compared to FY2018.

We will continue to promote the efficient use of water.



Trends in Volume of Water Usage (Niterrra Group)
(NTK CUTTING TOOLS CO., LTD, KAMIOKA CERAMIC CO., LTD., and NTK Technical Ceramics Korea Co., Ltd. are included until FY2022.)

Water Resources Conservation Initiatives

Introduction of a closed system

The Niterra Plant in India has introduced a closed system in accordance with the relevant law, and no wastewater is discharged outside the plant premises.

Plant Wastewater Recycle

The Ise Plant has a wastewater treatment facility, which recycles the wastewater discharged from the Plant for reuse.

Improvement of equipment and manufacturing conditions

Ongoing efforts are being made to save water use by improving equipment and manufacturing conditions.

Utilization of groundwater

At the Komaki Plant, groundwater is pumped up and used at the plant after iron, manganese and other elements are removed at the water treatment plant.

Groundwater is an important resource, but excessive groundwater pumping often causes land subsidence. At the Komaki Plant, we conduct groundwater management in accordance with Aichi Prefecture's environmental regulation titled "Ordinance on Preservation of the Living Environment."

Specifically, at the time of the installation of a pump facility, we set an upper limit for groundwater extraction below the regulatory limit and ensure that the amount of groundwater extraction does not exceed the set limit. Each year, we report the amount of groundwater extraction to the Owari Prefectural Office.



Environmentally-friendly Products

Environmental Friendliness in the Product Lifecycle

To ensure that “All products contribute to the improvement of the global environment and contribute to making a sustainable society come true” as part of our vision for 2040, we develop and provide products designed in consideration of environmental friendliness. With this background, we certify products demonstrating especially high environmental performance throughout their product lifecycles as “Nittoku Green Products” and strive to expand our lineup of such products.

| | Examples of Environmentally Friendly Efforts | Examples of Environmental Effects |
|------------------------------|--|---|
| Manufacture of raw materials | Reduction in the use of materials | <ul style="list-style-type: none"> ● Effective use of resources ● Reduction in CO₂ emissions at the time of manufacturing materials |
| Transport of raw materials | Modal shift | <ul style="list-style-type: none"> ● Reduction in CO₂ emissions at the time of transportation for procurement |
| Manufacture by our group | Increase in efficiency within our group | <ul style="list-style-type: none"> ● Reduction in CO₂ emissions at the time of manufacturing products / reduction in the use of resources ● Reduction in the emissions of substances with environmental impact |
| Shipment | Modal shift | <ul style="list-style-type: none"> ● Reduction in CO₂ emissions at the time of transporting products |
| Use by customers | Reduction in the use of energy at the time of processing | <ul style="list-style-type: none"> ● Reduction in CO₂ emissions at the time of processing |
| Use by endusers | Increase in product performance | <ul style="list-style-type: none"> ● Reduction in CO₂ emissions at the time of use ● Reduction in the emissions of substances with environmental impact |
| Disposal | Collection of after-use products | <ul style="list-style-type: none"> ● Reduction in the use of resources by recycling after-use products |

Product Lifecycle and Major Efforts

Efforts Made when Designing and Developing Products and Services

Creating new products and services and improving them include the processes of research, development, process design, and packaging specification design.

When following these processes, we check the entire lifecycle to see if CO₂ emissions can be reduced, if reduced use of resources or more effective use of resources is possible, and if any substance with environmental impact is contained or used. If it is deemed that there is a significant impact on the environment, we implement the necessary measures.

In addition, we confirm that our products and services comply with environmental laws and regulations and other legal requirements and there are no ethical problems.



Certification System for Environmentally Friendly Products - Nittoku Green Products

We develop and provide products designed in consideration of environmental friendliness. In that respect, all our products are environmentally friendly. Among them, products with especially highly environmental performance from the perspective of their product lifecycles has been certified as Nittoku Green Products since FY2021.

Under this certification system, the Environmentally Friendly Products Certification Committee, headed by the Chair of the Central Environmental Committee, assesses products in terms of the three environmental categories of reduced use of energy, reduced use of resources, and substances with environmental impact, and certifies the products that satisfy the certification standards as such.

We certified eight products. While leveraging this system for promoting environmental friendliness throughout product lifecycles, we would like to communicate to you the excellent environmental performance of our products.





Assessment Categories










| Categories | Assessment Points (from the Perspective of Product Lifecycles) |
|--------------------------------------|--|
| Reduced use of energy | Reduce the use of energy |
| Reduced use of resources | Reduce the weight, use recycled materials, and extend the product lifecycle |
| Substances with environmental impact | Use no substances with environmental impact, reduce the use of such substances |

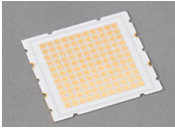











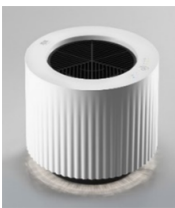




Certification Standards

Must satisfy either of the following conditions:

- > Newly developed products whose environmental performance throughout their product lifecycles is above the standards; and
- > Improved products whose increase in environmental performance throughout their product lifecycles compared to that of existing products is above the standards.

Examples of Nittoku Green Products

| Products | | Certification Reason | Relevant SDGs | Description |
|--|---|--|--|--------------|
| Spark plug using a precious metal (iridium alloy) for the center electrode |  | •Reduced use of resources |   | •For details |
| ZFAS®-U3 wide-range oxygen sensor |  | •Reduced use of energy •Reduced use of resources •Substances with environmental impact |   | •For details |
| OZAS®-S4 oxygen sensor |  | •Reduced use of energy •Reduced use of resources |   | •For details |

| Products | | Certification Reason | Relevant SDGs | Description |
|--|---|--|--|--------------|
| LED alumina high heat radiation package (thick Cu-plated specifications) |  | •Reduced use of resources |    | •For details |
| O ₂ Fresh-5G, an oxygen concentrator |  | •Reduced use of energy •Reduced use of resources |   | •For details |
| Lead-free piezoelectric ceramics |  | •Substances with environmental impact |     | •For details |
| Ozone Air Purifier "Sumikaze" |  | •Reduced use of energy •Reduced use of resources •Substances with environmental impact |  | •For details |
| Water quality management system |  | •Reduced use of resources •Substances with environmental impact |   | •For details |



One of our Group's priority issues is "providing environmentally friendly products." To tackle this issue, we have set numerical targets to be achieved by 2030 in the fields of spark plugs and automotive oxygen sensors, which represent our environmentally friendly products that can contribute to improving automobile fuel efficiency and purifying exhaust gas.

For "development of technology, products and businesses for contributing to the resolution of social issues," we have set the following targets: realizing widespread use of fuel cells in anticipation of the use of CO₂-free hydrogen; facilitating adoption of our proprietary lead-free piezoelectric ceramics to replace conventional lead-based equivalents; and increasing operating efficiency using sensing IoT technology.

Since these products are expected to contribute to solving social problems and boast high environmental performance, we have reaffirmed them as Nittoku Green Products.

Priority Issues



Management of Chemical Substances

Basic Philosophy

Chemical substances are used widely not only in the industrial field but also in various aspects of daily life because of their many excellent functions.

On the other hand, some of them are harmful to humans and the environment, and regulations regarding hazardous chemicals are becoming stricter year by year worldwide as society's concerns about hazardous chemicals grow. As a manufacturing company that uses chemical substances as raw materials, we believe that appropriate management of chemical substances is one of our social responsibilities.

Our Group has set the vision for 2040 of "contributing to the conservation of biodiversity through continuous implementation of appropriate chemical substance management" and set the target of "reducing environmental impact through appropriate chemical substance management," as the milestone to be achieved in 2030.

We will also promote appropriate management of chemical substances in our supply chain.

Chemical Substance Management System

We have a three-step management system for handling substances of environmental concern:

1. Answering requests from customers, 2. Handling within the Group, and 3. Procurement from suppliers.

Naturally we ensure compliance with laws and fulfill customer requests. More than that, we aim to reduce the use and emission of substances of environmental concern so as to minimize the impact of chemical substances on the environment and human health.

Answering Requests from Customers

With the reinforcement of regulations on chemical substances contained in products, requests from customers in the automobile, electrical and electronics industry regarding improved compliance are increasing.

We are aware of the product content of subject chemicals such as the REACH regulation in Europe, the POPs Convention, and the TSCA regulation in the United States. When there is a request from a customer, we are taking all the appropriate measures including submission of Non-Containing Declarations, submission of various data with IMDS, JAPIA sheet, chemSHERPA, etc., and handling investigations and audits regarding our management systems.

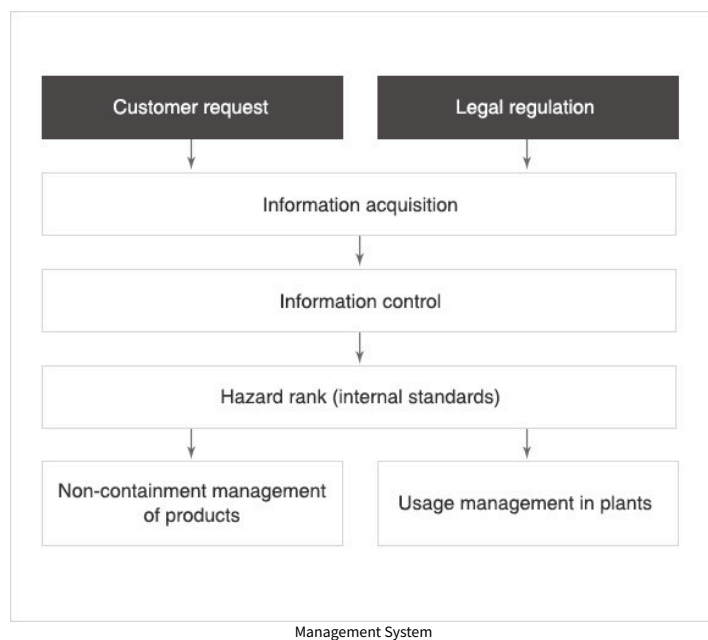


Handling within the Group

To respond appropriately to increasingly strict chemical substance regulations worldwide, we perform non-containment management for products and usage management within plants.

For hazardous chemical substances, we set hazard rankings according to toxicity and the strictness of regulations and establish handling standards for each rank.

From here on out, we will work toward substitution of hazardous chemical substances and the strengthening of management, to assure compliance with laws and with the demands of customer.



Hazard Rank

| Rank | Handling standard | Substances covered |
|-----------------------|---|--|
| Prohibited substances | Use is prohibited. | Substances prohibited from use or strongly restricted by regulations. |
| Restricted substances | Safer substitutes will be sought, while making efforts to reduce the use of current substances. | Hazard level and toxicity are equivalent to prohibited substances, but an immediate changeover is impossible due to its special characteristics. |
| Monitored substances | Supplies need to be examined to find existence / non-existence of applicable substances. | Those not prohibited or restricted but that require monitoring. |

Management of PRTR substance

Aiming at optimized management, the respective divisions have ensured to identify and totalize PRTR substances for clarifying handling volume, release volume, and transfer volume.

Going forward, we plan to systematically introduce treatment system and reduce atmospheric emissions of VOCs (volatile organic compounds), including toluene, by half by the end of FY 2030.

Procurement from Suppliers

To manage chemical substances contained in products appropriately, it is imperative that we gain the cooperation of our suppliers. For this reason, we request in our Green Procurement Guidelines that our suppliers not use hazardous chemical substances banned by Niterra. We designate suppliers that meet our system and material standards as Green Suppliers. In collaboration with our Green Suppliers, we promote appropriate management of hazardous chemical substances.

Our Eco Vision 2030 sets the goal of achieving 100% adoption of a green procurement system, and we will work to establish a green procurement system for the entire Niterra Group. We have begun preparations to expand this initiative to overseas factories.

[Green Procurement Guidelines](#)



Conservation of Biodiversity

Guidelines for Biodiversity

Recognizing the conservation of biodiversity as a critical global challenge, Niterra Group identifies it as a material environmental issue for us to address, along with global warming mitigation and resource recycling.

For this reason, in April 2013 we established the Niterra Group Biodiversity Action Guidelines, which outline our policy on biodiversity conservation.

Niterra Group Biodiversity Action Guidelines

Basic Philosophy

The Niterra Group recognizes that biodiversity is essential for a sustainable society and that the use of energy and resources and emissions of environmentally hazardous substances have an impact on biodiversity. We will work with our suppliers and external organizations to reduce environmental impact in all our business activities and promote actions to conserve biodiversity.

Major Initiatives

1. Basic stance
We comply with laws and regulations related to biodiversity.
2. Business sites
In addition to giving due consideration to the impact on the ecosystem when opening, expanding or closing a business site, we will strive to reduce energy and resource consumption, emissions of environmentally hazardous substances, and noise and vibration in all business activities.
3. Products
We will strive to develop and market products that not only contribute to reducing energy and resource use and environmentally hazardous substance emissions but also are easy to recycle at the time of disposal.
4. Procurement
We will promote green procurement that takes biodiversity into consideration and ask our suppliers for their understanding of and cooperation in the conservation of biodiversity.
5. Awareness
We will raise awareness of biodiversity among all employees and encourage them to engage in conservation activities on a voluntary and continuous basis.

Initiatives for Biodiversity

Using the Niterra Group Biodiversity Action Guidelines as a guide, while being fully aware that our activities, particularly involving the use of energy and resources, are inevitably causing impacts on biodiversity, we will continue working to reduce such impacts throughout our business operations, in cooperation with our suppliers and external organizations.

In addition, we will fully comply with all applicable laws and regulations and will not pollute rivers or destroy forests.

Introduction of a closed system

The Ise Plant has introduced a "closed system" for production wastewater in order to protect the rich nature of the surrounding area. Production wastewater is not discharged outside the plant site and is purified and reused on site.

Extermination of lanceleaf coreopsis

As one of the activities outside the business activities, together with Komaki City, Komaki City Natural Environment Watchers (citizens registered with the city through an open application), and neighboring companies, we are working on extermination of the invasive alien species lanceleaf coreopsis in Komaki City every year.



Lanceleaf coreopsis



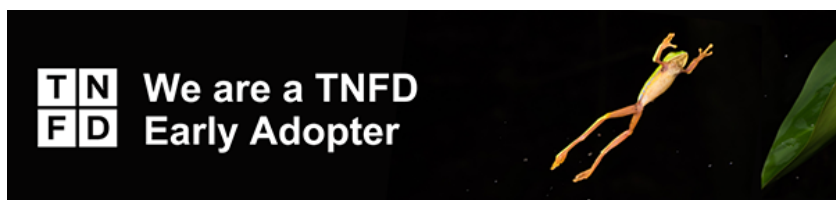
Extermination of lanceleaf coreopsis



Expansion of the disclosure of information on biodiversity-related risks and opportunities

In October 2023, we participated in the Task Force on Nature-Related Financial Disclosures (TNFD) Forum, which aims to promote activities related to biodiversity conservation. In January 2024, we also registered as Early Adopters (TNFD Early Adopters) of the disclosure recommendations published in September 2023 (TNFD Recommendations) and indicated our intention to disclose information in line with the TNFD Recommendations on natural information by FY2025.

We will examine the impact of our business activities on nature and the risks associated with the loss of nature, strive to disclose appropriate information, and work with stakeholders to promote initiatives for natural capital and biodiversity throughout the value chain.



Progress of assessment in line with the LEAP approach

We are progressing with our assessment of dependencies, impacts, risks, and opportunities on the environment and biodiversity in line with the LEAP (Locate, Evaluate, Assess, Prepare) approach as outlined in the TNFD disclosure recommendations.

Currently, during the "Locate" phase of the project, in which we are discovering points of contact with nature, we have used ENCORE to assess the potential dependencies and impacts of the Group's operations on nature. We will use these results as the basis for further analysis and evaluation.

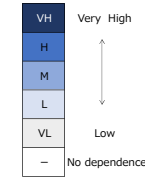


Heat Map of Dependencies and Impacts

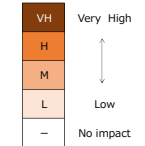
| segments | Business | Stages of the Value Chain | Dependencies on nature | | | | | | | | Impacts on nature (negative) | | | | | | | | | | | | |
|---------------------------|---|--|------------------------|-----------------|-----------------------|-------------|--------------------|---------------------|-------------------|-------------------------------------|------------------------------|---------------------|---------------------------|----------------------|-----------------------|-----------|-----------------------------|-------|-----------------------|----------------|------------------|-----------------|--------------|
| | | | Supply Services | | Coordination Services | | | | Cultural Services | Land/freshwater/ocean-use | | | Climate Change | | Resource Use/Recovery | | Pollution/pollution removal | | | | Invasive Species | | |
| | | | Water resources | Other resources | pollution removal | Water cycle | Climate regulation | Disaster mitigation | | Soil stabilization-Soil maintenance | Other Regulation | Land ecosystems use | Freshwater ecosystems use | Ocean ecosystems use | GHG Emissions | Water use | Other resource use | waste | Non-GHG air pollution | Soil pollution | | Water pollution | Disturbances |
| Automotive components | Manufacture and sale of spark plugs | Harvesting and Procurement of Raw Materials | H | - | - | H | H | - | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Manufacturing of products | M | - | M | M | VL | M | VL | - | - | M | - | - | VH | VH | - | H | H | H | H | M | - |
| | | Logistics | - | - | - | - | H | M | M | - | - | M | - | M | H | - | - | - | H | L | L | H | H |
| | | Product Use | - | - | - | - | H | M | M | - | - | M | - | - | H | - | - | - | H | L | L | H | M |
| | Manufacture and sale of oxygen | Harvesting and Procurement of Raw Materials (metals and resin) | H | - | - | H | H | - | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Harvesting and Procurement of Raw Materials (resin) | H | - | L | L | L | M | L | - | - | H | - | - | VH | H | - | H | H | H | H | - | - |
| | | Manufacturing of products | M | - | M | M | VL | M | VL | - | - | M | - | - | VH | VH | - | H | H | H | H | M | - |
| | | Logistics | - | - | - | - | H | M | M | - | - | M | - | M | H | - | - | - | H | L | L | H | H |
| Ceramics | Manufacture and sale of Industrial ceramic products (piezoelectric ceramic) | Harvesting and Procurement of Raw Materials | H | - | - | H | H | - | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Manufacturing of products | M | - | M | M | VL | M | VL | - | - | M | - | - | VH | VH | - | H | H | H | H | M | - |
| | | Logistics | - | - | - | - | H | M | M | - | - | M | - | M | H | - | - | - | H | L | L | H | H |
| | Manufacture and sale of semiconductor manufacturing equipment product | Harvesting and Procurement of Raw Materials | H | - | - | H | H | - | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Manufacturing of products | M | - | M | M | VL | M | VL | - | - | M | - | - | VH | VH | - | H | H | H | H | M | - |
| | | Logistics | - | - | - | - | H | M | M | - | - | M | - | M | H | - | - | - | H | L | L | H | H |
| | Manufacture and sale of medical-use oxygen concentrator | Harvesting and Procurement of Raw Materials (metals and resin) | H | - | L | H | H | M | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Harvesting and Procurement of Raw Materials (resin) | H | - | L | L | L | M | L | - | - | H | - | - | VH | H | - | H | H | H | H | - | - |
| Manufacturing of products | | M | - | VL | - | VL | - | - | - | - | M | - | - | VH | - | - | H | M | - | M | - | - | |
| New businesses | Manufacture and sale of bearing balls | Harvesting and Procurement of Raw Materials | H | - | - | H | H | - | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Manufacturing of products | M | - | M | M | VL | M | VL | - | - | M | - | - | VH | VH | - | H | H | H | H | M | - |
| | | Logistics | - | - | - | - | H | M | M | - | - | M | - | M | H | - | - | - | H | L | L | H | H |
| | Manufacture and sale of solid oxide fuel cell (SOFC) | Harvesting and Procurement of Raw Materials | H | - | L | H | H | M | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Manufacturing of products | M | - | - | M | - | M | VL | - | - | M | - | - | VH | VH | - | H | H | H | H | M | - |
| | Manufacture and sale of ozone generators | Logistics | - | - | - | - | H | M | M | - | - | M | - | M | H | - | - | - | H | L | L | H | H |
| | | Harvesting and Procurement of Raw Materials (metals and resin) | H | - | - | H | H | - | M | - | - | VH | H | - | VH | VH | - | H | H | H | H | H | M |
| | | Harvesting and Procurement of Raw Materials (resin) | H | - | L | L | L | M | L | - | - | H | - | - | VH | H | - | H | H | H | H | - | - |
| Manufacturing of products | M | - | M | M | VL | M | VL | - | - | M | - | - | VH | VH | - | H | H | H | H | M | - | | |
| Logistics | - | - | - | - | H | M | M | - | - | M | - | M | H | - | - | - | H | L | L | H | H | | |

explanatory note

Dependence on nature



Impact on nature



ENCORE results modified to take into account actual business



Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues

Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues

We are committed to developing technologies, products and businesses that meet the demands of society, with the aim of co-creating and providing new value to help solve social issues.

Products

Fuel Cells

Solid oxide fuel cells (SOFCs) are expected to be one of the cleanest energy sources because of their efficiency in high-power generation and effective reduction of carbon dioxide and other greenhouse gases compared to other fuel cells. Niterra is promoting the development of stacks that generate electricity from SOFCs, with the major business theme of contributing to the building of a future hydrogen society.

Solid Oxide Fuel Cells (Movie)



Compact Reversible SOC System

In recent years, as the percentage of renewable energy in society increases, further curtailment of surplus power output is expected to increase, making using surplus power a social issue.

One solution to this problem is to convert surplus electricity into hydrogen, store it, and use the stored hydrogen to generate electricity in the event of power shortages or power outages during disasters. To address this issue, we have applied our fuel cell technology to develop a "reversible SOC system" that enables hydrogen production through steam electrolysis and power generation through a fuel cell with a single cell stack.

News>Announcement of Development of a Compact Reversible SOC System Capable of Hydrogen Production and Power Generation

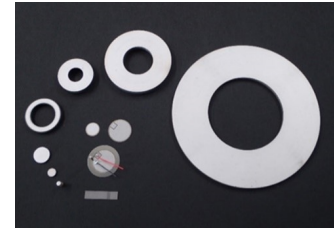


Lead-free piezoelectric materials

Piezoelectric ceramics are widely used in the devices for our daily use, but there are concerns that the presence of lead may have a negative impact on the environment and our health. We have developed lead-free piezoelectric ceramics, aiming to promote them for the replacement of current piezoelectric ceramics.

Lead-free piezoelectric materials

Lead-free piezoelectric materials (Movie)



Solutions

Sensing IoT

In the era of the Internet of Things (IoT), where various things are connected organically through the Internet, sensing technology is playing an increasingly important role.

By combining our wide range of sensing technologies with the IoT, we help improve business efficiency through automation, optimization, and generalization.

<Water quality sensing>

We are working to supply a comprehensive solution for land-based aquaculture that facilitates the management of aquacultural work by applying sensing technologies, visualizing water quality data, integrating it with camera-based biological information, and implementing big-data analysis. We are working to supply a comprehensive solution for land-based aquaculture that facilitates the management of aquacultural work by applying sensing technologies, visualizing water quality data, integrating it with camera-based biological information, and implementing big-data analysis.

Water Quality Sensing

Water quality sensing (Movie)



Initiatives aimed at realizing a carbon recycle-oriented society (Carbon Neutral as a service)

In order to contribute to the realization of a carbon-neutral society, we are developing methanation-related technologies (hydrogen production technology that applies ceramic solid electrolytes and CO₂ recovery technology that applies oxygen concentrator technology).

<Regional CCU (Carbon dioxide Capture Utilization)>

We are developing technologies that can contribute to the prevention of global warming by recovering CO₂ emitted from factories and commercial facilities and using it as a resource.

CO₂, hydrogen, methane gas, and electricity are interchanged and circulated locally by optimally managing CO₂ emissions/demand and renewable electricity production centered on CCU (Carbon Capture and Utilization).

We will connect a prosperous society aiming for virtually zero CO₂ emissions to the next generation and contribute to the realization of a carbon-neutral society that takes advantage of regional characteristics.



Regional CCU (Carbon dioxide Capture Utilization)



Corporate Venture Capital Fund

PEGASUS TECH VENTURES COMPANY VI, L.P.

The Group is advancing the creation of new businesses focusing on "Smart Health," "Decentralized Utility," and "Smart Mobility" as one of the measures to realize this vision.

In order to accelerate the creation of new businesses in these areas, the Group established a fund based in Silicon Valley, USA in 2021, based on the idea that it is necessary to collaborate with venture companies with cutting-edge technologies, business models, and ideas.

News>Notice of Establishment of Corporate Venture Capital Fund

SUISO no MORI (Hydrogen Forest)

In 2024, Niterra established a corporate venture capital (CVC) fund with Global Brain Corporation. With the fund, we will support startup industries related to hydrogen and circular carbon.



SUISO no MORI

News>Niterra Launches "SUISO no MORI" (Hydrogen Forest) Project

Industry-University Cooperation

Niterra-AIST Carbon Neutral Advanced Inorganic Materials Cooperative Research Laboratory

In 2022, we established the "Niterra-AIST Carbon Neutral Advanced Inorganic Materials Cooperative Research Laboratory" within the AIST Materials and Chemistry. In the fields of "environment and energy" and "mobility," we will promote the development of advanced materials related to carbon neutrality by combining Niterra's inorganic materials and powder metallurgy technologies with AIST's cutting-edge functional materials development technologies, catalyst development technologies, and DX materials development technologies. We will continue to develop advanced carbon neutral materials.

Niterra x Tohoku Univ. MIRAI no ME Co-creation Research Center

In 2024, Niterra and Tohoku University established the "Niterra x Tohoku Univ. MIRAI no ME Co-creation Research Center" to promote and oversee joint research aimed at the creation of innovative next-generation ceramics.

Together with the knowledge of ceramics, which is one of our strengths, we will accelerate the early proposal and social implementation of new ceramics that contribute to solving social issues.



Searching and investigating themes that solve social issues

In order to grasp the demands of society, we participate in various organizations and projects to search and investigate new themes that contribute to help solve social issues.

Hydrogen Council

The Hydrogen Council is a global CEO-level advisory body with a long-term vision for the key role of hydrogen technology in the energy transition. We are participating as a supporting member.

Hydrogen Council 

MATSURI

MATSURI is a corporate collaboration project that promotes the realization of carbon neutrality through the production of algae utilizing photosynthesis. Various companies from a wide variety of industries participate in this project. Partner companies are developing businesses in all roles from algae production to sales, including the development of equipment related to algae cultivation, the maintenance of logistics networks, and the development and sale of products, and are working together to build an algae industry.

MATSURI (Japanese Only) 

eFuel Alliance

The eFuel Alliance is an organization whose goal is to establish and disseminate e-fuel, which contributes to the prevention of global warming, and to make it accepted all over the world.

* e-fuel: Fuels produced by synthesizing carbon dioxide (CO₂) and hydrogen (H₂) are called synthetic fuels. Of these, synthetic fuels that use hydrogen derived from renewable energy sources are called "e-fuel". Since CO₂ in the atmosphere is used as raw material, burning e-fuel does not increase the amount of CO₂ in the atmosphere.

eFuel Alliance 



Respect for Human Rights

Human Rights Policy

We are working to resolve various social issues to realize sustainable societies. We recognize that as a prerequisite for this, it is important to respect human rights of people who are affected by our business activities, and that it is essential to continuously fulfill such responsibilities in truly contributing to the realization of sustainable societies. To this end, we respect human rights set out in the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and make our best efforts to protect the dignity of these people based on the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

Action Guidelines

- We comply with the laws and regulations of all countries and regions in which we conduct our business activities. If where national laws and international human rights differ, we seek ways to respect internationally recognized human rights wherever possible.
- We identify negative impacts that we could have on human rights through our business activities, and strive to prevent, mitigate, or eliminate the causes of such impacts.
- We establish a scheme for our employees and suppliers to access or report, and accept consultations and notifications concerning human rights. Upon receiving consultations or notifications, we investigate the facts, and if any problem is identified, we remedy it through appropriate response.
- We disclose efforts and progress promptly on human rights actions and keep updating ones through discussions and dialogues with various internal and external stakeholders.
- This policy applies to all Corporate Officers and employees of the Group. We provide appropriate education and trainings to ensure that all Corporate Officers and employees understand and act with this policy.
- We keep encouraging all of our business partners, including suppliers, to understand the Policy and join our efforts to respect human rights.

<Appendix>

The Policy is top-ranked guideline on human rights actions and had been confirmed by our CSR and Sustainability Committee and approved by Board of Directors' meeting. The Policy shows the Group's approach on human rights and complements our Corporate Philosophy, CSR and Sustainability Charter, and Corporate Code of Conduct.

The Policy will be periodically updated in response to changing social and business environment and human right issues, through discussions and dialogues with stakeholders. We keep adequate management system and reflect updates on relevant business policies and procedures to integrate in entire business activities.

The human rights that the Group respects in its corporate activities include the following:

[Prohibition of forced labor]

We do not tolerate forced labor and human trafficking, and we employ employees on their own volition.

[Prohibition of inhumane treatment]

We do not engage in inhumane treatment such as abuse, corporal punishment, sexual harassment, or power abuse, and we respect the human rights of our employees.

[Prohibition of child labor]

We respect rights of children and do not employ them under the minimum age for employment in the country or region. Workers under the age of 18 shall not perform work that is likely jeopardize the healthy development.



[Prohibition of discrimination]

We prohibit discrimination of any kind, irrespective of race, color, age, gender, sexual orientation, gender identity, ethnicity, nationality, disability, pregnancy, religion, union membership, protected genetic information, or marital status.

[Working conditions and equal opportunities]

We comply with the laws and regulations of each country and region, such as minimum wages, overtime wages, equal pay for equal work, working hours, etc., offer working conditions for a better life for our employees, and do not unreasonably reduce wages. We also ensure equal opportunities and equity in hiring, promotion, and compensation.

[Freedom of association and collective bargaining]

We respect freedom of association and the right to collective bargaining in accordance with the laws and regulations of each country and region.

[Responsible procurement of resources and materials]

We promote responsible procurement of resources and materials, taking into consideration human rights issues, including those relating to conflict minerals. If any use of such minerals is found, we will take appropriate measures.

[Respect for privacy]

We respect and do not infringe on the privacy of individuals.

[Comfortable workplace environment]

We comply with the laws and regulations concerning safety, hygiene and health in each country and region, strive to reduce long working hours and create a safe, healthy and comfortable workplace environment.

[Engagement with local communities]

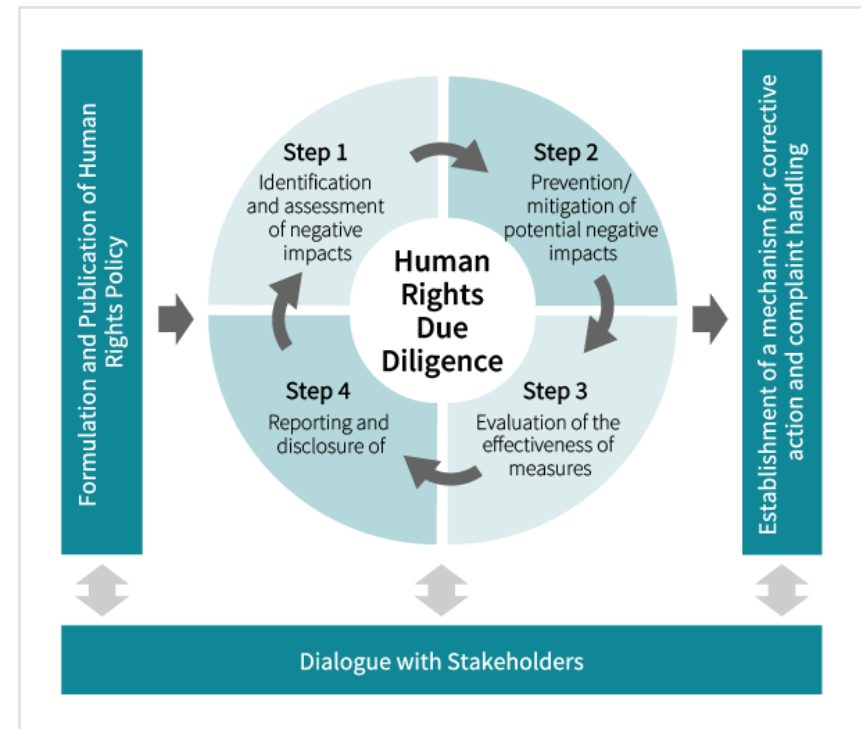
To prevent negative impacts on the safety and health of local communities, we prevent environmental destruction and contamination, and conduct our business activities in consideration of the rights of local residents.

[Respect for the rights of indigenous peoples]

In business activities in areas where indigenous peoples reside, we recognize that indigenous peoples have their own unique cultures and histories, and we respect the rights of indigenous peoples as stipulated in international agreements.

Basic Philosophy

We are aware that a wide range of people are affected by the business activities of our Group, including not only employees of our Group but also employees in the supply chain and local residents. Based on the United Nations Guiding Principles on Business and Human Rights, we are committed to respecting human rights through the establishment of a mechanism to identify, assess, prevent, mitigate, and remedy negative impacts of our business activities on human rights.



Overview of Human Rights Initiatives

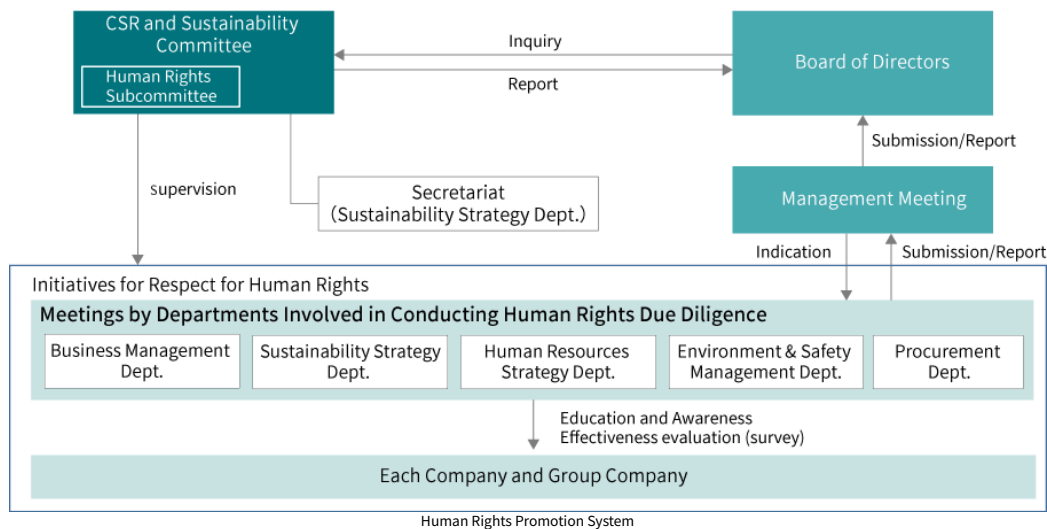


Promotion System

Since human rights issues are wide-ranging, each department is depending on the issue. The progress of work and problems are checked by each department and each relevant specialized committee.

In addition, in response to the recent global trend toward legislation on business and human rights, discussions on human rights have begun in FY2022 in the divisions involved in the implementation of human rights due diligence (Business Management Dept., Sustainability Strategy Dept., Human Resources Strategy Dept., Environment & Safety Management Dept., and Procurement Dept.) and are continuing.

All initiatives for respect for human rights are supervised by the Human Rights Subcommittee of the CSR and Sustainability Committee (chaired by an outside director), an advisory body to the Board of Directors.



CSR and Sustainability Promotion System →

Formulation and Publication of Human Rights Policy

We established the Human Rights Policy in 2020 as part of the CSR Basic Policy. Subsequently, we revised the Human Rights Policy in January 2023 in response to the increasing importance of and expectations for corporate human rights initiatives and the increasing need for companies to promote human rights not only within our Group but throughout the entire value chain.

In making revisions, the Human Rights Working Group, with the advice of external experts in the field of human rights, prepared a draft revision, taking into consideration our Group's issues, human rights risks, global standards, etc. The draft was then reviewed by the CSR and Sustainability Committee and approved by the Board of Directors.

< Process of revision of the Human Rights Policy >





Human Rights Due Diligence

We are working to identify, assess, prevent and mitigate human rights risks related to the business operations of our Group.

In identifying human rights risks, we organized the Group's major value chains and related stakeholders and extracted commonly assumed human rights risks for each value chain. We then organized the Group's human rights risks by referring to reports from international organizations, media databases, and other surveys, as well as benchmarks from other companies. We then conducted a simplified human rights impact assessment and mapped them and identified priority human rights risks.

<Identified Priority Human Rights Risks>

| Our Group | Supply Chain |
|--|--|
| <ul style="list-style-type: none"> •Inadequate occupational health and safety •Long working hours •All discrimination based on race, sex (women / men), gender, sexual orientation, gender identity, ethnicity, nationality, disability, religion, etc. •Malfunction of complaint handling mechanism | <ul style="list-style-type: none"> •Conflict minerals •Forced labor •Child labour •Health damage to local residents due to environmental pollution •Inadequate occupational health and safety •Long working hours •All discrimination based on race, sex (women / men), gender, sexual orientation, gender identity, ethnicity, nationality, disability, religion, etc. •Malfunction of complaint handling mechanism •Violation of indigenous peoples' rights |

Based on these results, we are now promoting human rights due diligence initiatives depends on risk assessments, primarily within our group and supply chain.

We also recognize that the human rights risks we have identified may change depending on social conditions, the progress of our group's business, the development of new business relations, etc.

In order to increase the effectiveness of our efforts, we will conduct periodic reviews of the risk mapping.

【Our Group】

We conduct compliance awareness surveys of employees and human rights and labor surveys of Group companies to identify human rights violations and potential human rights risks.

•Compliance awareness survey for employees

A compliance awareness survey is conducted for all Group employees in Japan to identify risks related to compliance (including harassment), the level of awareness and understanding, and the status of the organization, etc. The survey includes an open-ended section that allows respondents to anonymously write their opinions about compliance. Issues and potential human rights risks identified through the surveys are reported to heads of respective divisions to prevent them and make improvements.

•Human rights and labor survey for Group companies

We also conduct annual surveys on our group companies about human rights and labor issues to check for potential human rights risks.

【Supply Chain】

To promote CSR and sustainability efforts throughout our supply chain, we issued the CSR and Sustainability Procurement Guidelines, which have been deployed to suppliers. The guidelines include compliance matters related to human rights, including labor, safety, and health.

To monitor the status of implementation by suppliers, we conduct surveys every two years using a checklist and provide feedback on the results. For suppliers that require follow-up activities, we visit them to check the situation. We also provide support as appropriate when improvements are needed.

In FY2023, we revised the guidelines and checklist and conducted a supplier survey using the new checklist.

| | | |
|--------------|---|---|
| Our Group | Compliance Awareness Survey | <ul style="list-style-type: none"> •Conducted in Japan once every two years •In FY2022, the focus was placed on follow-up of the FY2021 survey results. •In FY2023, questions related to human rights were reinforced. •In FY2024, a follow-up to the results of the FY2023 survey is planned. |
| | Human Rights and Labor Survey | <ul style="list-style-type: none"> •Conducted every year. •In FY2022, questions related to human rights were reinforced. •In FY2024, in addition to the survey, interviews were conducted with Group companies with foreign technical interns. •In FY2024, questions related to rights of the child are planned to be reinforced. |
| Supply Chain | Survey using the CSR and Sustainable Procurement Guidelines check sheet | <ul style="list-style-type: none"> •Conducted once every two years. •In FY2022, a survey was conducted on some suppliers using a questionnaire sheet containing only questions about human rights. •In FY2023, questions related to human rights were reinforced. •In FY2024, a follow-up to the results of the FY2023 survey is planned. |

Complaint Handling Mechanism

We have contact points in place to accept opinions, questions, requests, etc. from stakeholders, including customers, suppliers, and employees.

Reports and consultation requests related to human rights from suppliers and employees are accepted by contact points for the whistle-blowing system.


For consultations and reports we receive, we investigate the facts with utmost care to ensure that the person who reports or consults is not identified or does not feel uneasy, and if any problem is identified, we deal with it promptly. In addition, we prohibit disadvantageous treatment of persons for reasons of having reported or consulted. We also confirm with the persons whether they are treated disadvantageously.

【Japan】

- Contact points for the Corporate Ethics Helpline (a whistle-blowing system) are in place internally and externally.
- External contact points offer consultation services and accept reports outside working hours and on holidays. Consultation requests are also accepted anonymously.
- The helpline is available for suppliers and our group employees.

【Outside Japan】

- Respective group companies have contact points for whistle-blowing.

Corporate Ethics Helpline 



Dialogue with Stakeholders

We hold regular labor-management meetings with the labor union, which represents employees, to discuss working hour management and work styles. In FY2023, we also held a dialogue on the theme of human rights.

For our suppliers, we receive consultations through the consultation desks, etc., and we sincerely listen to their problems and concerns and discuss with them to help them solve problems and improve the situation while deepening mutual understanding.

In addition, we hold roundtable meetings with representatives of residents living near our plants to exchange opinions on various matters, including whether there are any issues that could threaten their living environment.



Dialogue with the labor unions

Human Rights Education and Awareness Raising

Compliance Guidebook

We distribute the Compliance Guidebook to employees at our group.

The Compliance Guidebook is a booklet that compiles corporate and social rules. It is used to check correct action to be taken as a member of the Niterra Group when it is difficult to make judgments. This guidebook also stipulates compliance matters related to human rights, including respect for human rights and prohibition of various types of harassment (e.g., harassment related to pregnancy, childbirth, childcare leave and long-term care leave, bullying, and mobbing, as well as sexual harassment, including that directed against people of the same gender and in relation to sexual orientation or identity). The guidebook is also used in daily awareness-raising activities, such as read-through at the workplace.

Human Rights Training

In human rights training for all employees, employees watch a video on the necessity of respect for human rights, the Group's human rights policy, human rights due diligence and remedies, and they take a check test to confirm their level of understanding. In addition, we also hold human rights seminars for management to provide them with the opportunity to consider global trends, business and human rights, etc. We are working to raise awareness of human rights among management and employees through increased education and information provision.

We have been recently increasing opportunities to raise awareness about gender equality and LGBTQ+-related issues through our human-rights-related training and e-mail newsletters. We are also monitoring human rights problems around the world.

Showing Support to the “My Declaration of Human Rights” Project under the Auspices of the Ministry of Justice

In July 2021, we publicized “My Declaration of Human Rights” to show support for the “My Declaration of Human Rights” project promoted by the Ministry of Justice.



President Kawai holding a declaration card



“My Declaration of Human Rights”

Special website for “My Declaration of Human Rights” of the Ministry of Justice





Global Human Resource Management

Human Resource Policy

We acknowledge that our employees are our most important management resource. In light of this, we respect the diversity and individuality of our employees and strive to develop the group as a whole by ensuring that these self-leading and innovative human resources can fully demonstrate their capabilities.

Action Guidelines

- We foster aspiring human resources who can act to bring about changes and also change themselves (self-leading and innovative human resources) and establish an environment where they can perform to the best of their abilities.
- We strive to nurture a corporate culture where human resources with different qualities can fully realize their own capabilities and ensure that the right human resources are assigned to the right posts.

Basic Philosophy

In our 2030 Long-term Management Plan "NITTOKU BX," we have set "change drastically beyond the current way" as our actions toward our vision for 2040. The core message of this vision is to be a company that coexists with a diverse range of human resources with aspirations. We are not only concerned with "what ceramics can do," but also with the acquisition and development of autonomous human resources, the combination of diverse knowledge and expertise, and the enhancement of engagement with the aim of maximizing our human capital and thereby improving corporate value so that we can take on challenges beyond the realm of ceramics and beyond the world and our own imagination.

Human Resources Strategy and Global Human Resources Management

The main pillar of our long-term management plan is to transform our business portfolio. In order to realize the business portfolio transformation, we believe it is essential to practice ambidextrous management in both "current businesses" and "new businesses."

And it is human resources, the most important capital in management, that will implement and promote this ambidextrous management. We have adopted "Global Human Resource Management" as a materiality to provide opportunities and a nurturing environment where human resources can play an active role and to foster a corporate culture.

First, we have defined the image of human resources who will lead "Global Human Resource Management" as "self-disciplined creative human resources," and in order to produce them, we provide opportunities for current human resources to play an active role and a nurturing environment, and also strategically acquire human resources with expertise from outside the company.

We also focus on the development of next-generation management human resource, and provide ongoing training programs for selected personnel to acquire the attitude, thinking, and knowledge necessary for management.

We are also actively engaged in fostering a corporate culture that maximizes the abilities of the self-disciplined creative human resources we have developed and secured. We recognize and accept diverse human resources regardless of gender, age, or other attributes, and provide them with the most appropriate support and opportunities in a fair and equitable manner. We are working to improve employee engagement through the promotion of diversity equity and inclusion (DE&I).

Governance

Human capital strategies and policies of managerial importance, as well as personnel for core positions throughout the group, are formulated by the Human Resources Strategy Office under the supervision of the director in charge of the Human Resources Strategy Office, who is responsible for human resource capital management, and are discussed at the Executive Committee.

Personnel System

In April 2022, the Company revamped its personnel system. In order to accelerate the creation of self-disciplined creative human resources who can realize the themes of the Medium-term Management Plan to "Break to change" and "Change to create," we have incorporated the Group Human Resource Policy. This policy clearly defines the direction of human resource policies that the entire Group will pursue, creating a highly fair personnel system that rewards achievements and challenges regardless of age, gender, and other personal attributes. We have introduced a system in which employee compensation reflects the results produced by each in-house company, and we expect each employee to be aware of the output that contributes to our business and performance, and to work in a more efficient manner.

Self-disciplined Creative Human Resources

We define "self-disciplined creative human resource" as the image of human resources to achieve our medium-term management plan.

"Self-disciplined" means to always think of one's own objectives and act accordingly, and "creativity" means to consider and implement optimal solutions without being bound by the status quo.

We define "self-disciplined" and "creative" as human resources who demonstrate their "existence value" by continuing to embody both of these.

We define the four requirements as "clear goals," "working with intent," "mutual respect," and "fulfilling one's role."

As a specific initiative to create self-directed creative human resources, we have defined the necessary skills. We have visualized the skills possessed by current employees based on two axes: core skills based on the four requirements for self-directed creative human resources, and technical skills required in business areas focused on based on the Group's core competence, and are promoting the development of a company-wide common skill map. We have also identified the gap between the current skills and the skills we are aiming for, and are building a training program to develop each skill in order to create an environment where employees can improve their skills to fill the gap.

Adding evaluation elements

Under the new personnel system, self-discipline, creativity, achievement, and challenge have been newly added as evaluation elements common to the Group. The entire Group will work together to develop self-disciplined creative human resources who can realize the themes of the Medium-term Management Plan to "Break to change" and "Change to create."



Performance management

Individual interviews are held at the beginning of the term to set personal goals that align with the organization's goals. personal goals that align with the organization's goals.

In addition to confirming progress on a daily basis through one-on-one meetings and progress report meetings, we also review the first half of the term and discuss how to proceed in the second half on Individual interviews during the term. Finally, performance evaluations are conducted at end-of-term interviews.

Additionally, by providing feedback on performance evaluation results and advice from the superiors, we are helping to improve performance and develop future careers.

Introduction of role grading system for managers

A role grading system was introduced for managerial positions, and by setting role ranks and salaries according to the roles required, we established a system so that the actual roles played by the employees and their compensation are aligned. By abolishing the annual requirement for promotion for staff positions as well, we have been able to quickly appoint excellent human resources in both managerial and staff positions, regardless of tenure. In addition, as human resources who can make a positive impact on our business management and performance by utilizing their high level of expertise, we have established qualification for specialist positions (SP positions). The M positions, the traditional managerial positions, will focus on management, while SP positions will concentrate on demonstrating their expertise toward more efficient business operations. By further clarifying the roles of each individual, we will realize speedy innovation and the placement of the right people in the right roles to promote the achievement of organizational goals.

| | Managerial positions(M positions) | | Specialist positions(SP positions) | |
|----------------|-----------------------------------|------------|--|--|
| | Functional qualifications | Role grade | | Role grade |
| Core positions | M1 (advisor) | Rank 1 | SP positions do not have functional Qualifications | Fellows |
| | | Rank 2 | | SP1 (senior specialist position) |
| | | Rank 3 | | SP2 (lead specialist position) |
| | M2 (supervisor) | Rank4 | | SP3 (supervising specialist position) |
| | | Rank 5 | | |
| | | Rank 6 | | |
| | | Rank 7 | | |

Qualification system for core positions

Further Activities of Current Human Resources

Three Elements of the Career Design Cycle

In order to support employees' independent career development, we have a system in place for implementing the "Career Design Cycle." Specifically, in the "WILL" step, participants think about what they want to achieve and what they want to be through a system called "My Career," in which they discuss their own careers with their supervisors every year. In the "CAN" step, the skills that need to be developed are identified using a skill map, and the role expected in the "MUST" step is connected to the "WILL" and "CAN" of the individual. We implement a career design cycle that involves regular interviews and daily 1-on-1s with the workplace supervisor to ensure that the two parties are on the same page.

We have systematized educational content to support the realization of designed careers, and with regard to core skills, we provide employees with opportunities for self-improvement by making a list of recommended training programs according to the skills they wish to develop and making them available to them.

In the process of the career design cycle, we have established a career consultation service so that employees can consult with us at any time if they have any concerns about their daily work or careers. Employees who are qualified as career consultants provide one-on-one counseling and support to help the clients find answers on their own.

My Career × This fiscal year's goal × Linking human resources and growth



Internal Recruitment System

We have implemented an internal recruitment system for Group employees who have been with the company for three years or more as a means of supporting careers that respect individual "Will," fostering a culture of career autonomy, and promoting the mobility of human resources within the organization. The internal recruiting system is a personnel transfer system whereby departments seeking human resources recruit within the Group and select employees from among those who have applied.

In FY2017, our Group launched an internal job posting system, with more than 150 employees taking advantage of the system and transferring to matching departments.



Securing External Professional Human Resources (Strategic Recruitment)

In terms of recruitment, in order to respond quickly to changes in the business environment, we aggressively pursue employment of mid-career personnel who can immediately take on a job effectively, mainly in the new business and IT departments. We are also promoting the employment of foreign nationals in our effort to adapt to the rapid advancement of globalization and encourage diverse talent to play active roles. For new graduates, we have been employing foreign nationals every year, recently with a special focus on the employment of foreign nationals who have acquired not only Japanese language skills but also more specialized skills from overseas universities, in addition to those who have studied in Japan. We are also conscious of increasing the ratio of female employees and the employment rate of people with disabilities. The inclusion of mid-career employees and foreign nationals in each workplace has helped increase our diversity awareness across the company.

Award System

We have established various award systems to encourage employees to engage in various activities.

NITTOKU BX AWARD

The NITTOKU BX AWARD is an internal contest designed to recognize employees who embody the spirit of “Beyond ceramics, exceeding imagination” and exhibit the mindset of Nittoku Way. Established in FY2021, the award aims to promote understanding and dissemination of the “Nittoku Way” and the “2030 Long-Term Management Plan NITTOKU BX,” encourage “unprecedented changes,” and recognize individuals who “speak of dreams and make them come true.”

We invite submissions for activities that have achieved unprecedented changes or are currently making efforts to achieve them, as well as activities that contribute to society or the NITTOKU Group. From among the activities submitted by employees, we select excellent activities and award the President's Prize (one per year from all activities) and the Excellence Awards (top ten every six months).

Outstanding patent award system

To encourage employees' inventions related to patents, utility model rights, or design rights, we recognize employees whose inventions demonstrate creativity, possess high technical value, and are considered to make a significant contribution to our company. These employees are rewarded with cash incentives.

Initiatives to improve employee engagement

Our group recognizes that improving engagement is an important issue in order to utilize autonomous, creative human resources by respecting the diversity and individuality of our employees, and is working on improvement activities.

As part of this, we conduct employee awareness surveys to visualize organizational issues and lead to organizational improvement. We provide feedback on the results to executives, consider issues to address through dialogue, and link them to improvement activities.

As a specific example of our activities, the human resources department plays a central role in supporting improvement activities in each organization by interviewing young employees and section managers and holding workshops. We aim to promote organizational improvement by holding sharing sessions on improvement activity examples in each department and spreading good examples horizontally.

In addition, in addition to superiors sharing the significance of improving engagement and the purpose of the survey with employees in their own departments, from FY2022, we will adopt the results of the employee awareness survey as one of the indicators used to calculate executive bonuses, accelerating our efforts to improve engagement. The response rate this year was 96.3%, down 10.4% from last year. This is a 3.7 point improvement.

As a result of these activities, the overall satisfaction rating for FY2023 has improved by approximately 0.13 points compared to last year. We will continue to use the survey results to identify issues and implement measures to work together as a group on improvement activities.



Diversity, Equity & Inclusion

Promoting Diversity, Equity & Inclusion

We consider diversity, equity & inclusion (DE&I) to be one of our most important management strategies as we believe that harnessing each employee's individual qualities and helping them fully demonstrate their abilities are essential for companies to attain sound growth and ensure happiness for all employees. We strive to recognize and accept diverse human resources regardless of gender, age, disability, nationality, as well as lifestyle and personality, and to provide each with the best support and opportunities in a fair manner. We utilize new values and ideas coming from an employee-friendly workplace that accepts such people by combining different "knowledge."

Gender Equality Initiatives (Promoting Empowerment of Women)

Since 2013, as our first step toward diversity promotion, we have been putting effort in creating working environment across the company where women can truly thrive and play active roles.

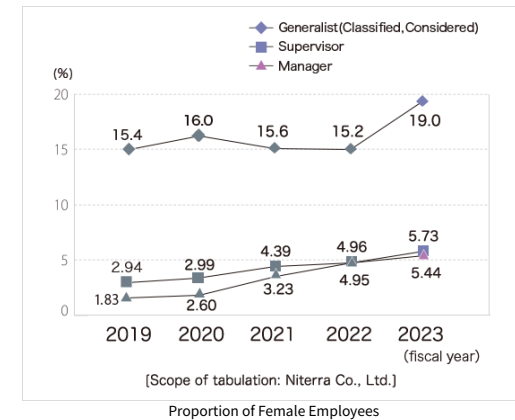
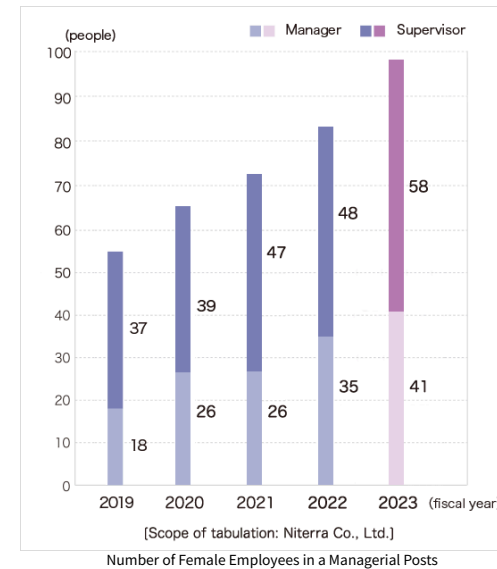
The Group aims to increase the ratio of women, foreign nationals, and career hires to 25% of management positions by 2030. In addition, we have set a new target of 10% women in management positions by 2030 as a more effective indicator for specific organizational restructuring.

Raise UP Program (Selective Female Manager Promotion Training)

This is a selective training program for female employees whose next stage of growth will be managerial positions, to acquire the knowledge, skills, and attitude required to become what they want to be. The program embraces the concept "one step forward in a resilient manner while staying true to oneself," and the first word in the name of the program represents the components that make up the concept: Resilient, Active, I (true to oneself), Smart, and Exceed (one step forward). We have appointed several executives as advisory board members for the program, providing opportunities for trainees to voluntarily seek advice and support for their efforts in the program, and acquire multiple mentors. Trainees will gain the perspective required of managers, and at the end of the training, they will give a presentation in front of the chairman, president and board member. Through the training, we help trainees get ready to become managers and to take on challenges with confidence.

Wage Differentials between Men and Women in our Group

In our Group, there is no difference in the system between men and women, and there is almost no wage difference between men and women in terms of qualifications. However, as a future issue, the ratio of management-level positions in the population is lower for women than for men, and we will make further efforts to increase the ratio of women in management positions in the future.



External commendation for the empowerment of women

- Selected to be a Nadeshiko Brand company (for FY2021)
- Signed the Women's Empowerment Principles (WEPs)
- Granted Kurumin certification (for FY2020)
- Selected to be a Nadeshiko Brand company (for FY2018)
- Certified by Aichi Prefecture as an "Aichi Josei Kagayaki Company (Company Supporting Aichi Women's Career Success)" (for FY2017)
- Included in "New Diversity Management Selection 100" by the Ministry of Economy, Trade and Industry (for FY2017)
- Granted Eruboshi two-star certification based on the Act on Women's Participation and Advancement in the Workplace (for FY2016)
- Granted the 2015 Japan Productivity Center Incentive Award Empowerment Grand Prix for Activities by Women
- Received the 2014 Excellence Award, Nagoya City Accreditation and Commendation System for Companies that Promoted Increased Roles for Women

Information Disclosure Based on Promoting Empowerment of Women

External Evaluation of Our ESG Initiatives



Providing Workplaces Where Employees Can Continue to Exert Their Abilities

The growth of employees leads to the sustainable growth of the company. Based on this recognition, we are working to provide employees with workplaces where they can choose the right career for themselves, enhance their expertise and skills, and continue to make a meaningful contribution.

As part of such efforts, we defined people aged 60 and above as the platinum generation and implemented the Platinum Project from 2018 to 2021 to develop measures that enable all employees, including reemployed retirees, to continue to play an active role in the workplace. A project team was established, comprising members selected through open recruitment, and the following measures have been launched under the Project.

Establishment of a Career Consultation Helpline

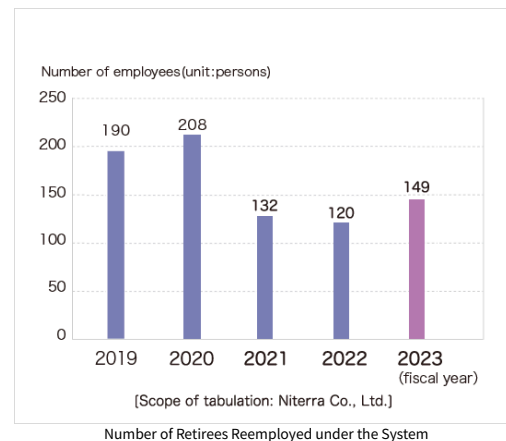
Through this contact, employees who have a national qualification for career consulting respond to calls for advice about career vision, work motivation, life events, etc. The career consultants do not provide solutions but instead help the questioners find answers for themselves.

Promoting the use of “My Career”

As a tool to help employees to look back on their past, set their future vision and commit themselves to achieving the vision, we use “My Career.” Employees annually input information about their career to date and their future aspirations into “My Career,” which their managers then refer to in interviewing them to support their career development.

Diversification of the Work Styles of the Platinum Generation

Some employees in the platinum generation are eager to work but do not have confidence in their physical stamina. In response, at some of our plants we have begun to exempt such employees from the night shift upon request, with other employees working at night instead.

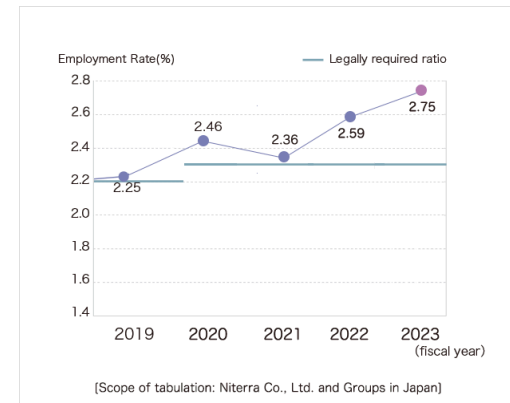


Employment of the Disabled

We established Nitto Smiles Co., Ltd. in order to promote employment of workers with disabilities and it was certified as a special subsidiary in January 2018. We aim to create a comfortable environment for workers with disabilities.

The percentage of employees with disabilities at the end of FY2023 was 2.75%, reaching the mandated employment rate of 2.3%.

We continue to create a better working environment by promoting understanding of employment of workers with disabilities within the company.



Percentage of Disabled Employees
*The numbers in the data are for the end of the fiscal year.

Putting Focus on the Employment of New Graduates with Foreign Nationality

We are promoting the employment of foreign nationals in our effort to adapt to the rapid progress of globalization and encourage diverse talent to play active roles. For new graduates, we have been employing, recently with a special focus on the employment of foreign nationals who have studied the Japanese language at overseas universities and want to work in Japan, in addition to those who have studied in Japan.

In order to help newly-hired foreign national employees smoothly adapt to life in Japan, we offer them various supports, including a help site Nittokupedia created by their senior colleagues, a work buddy program to work with Japanese peers, teaching of Japanese language and cross-cultural training. With non-Japanese new graduates and mid-career employees, including both engineers and office personnel, demonstrating their abilities at our workplaces, we can increase our diversity awareness across the company.

We are recognized as a company that has been proactively employing highly-skilled foreign professionals,* and our efforts shown above are covered in "Fifty Japanese Companies Providing Successful Careers for Highly-skilled Foreign Professionals" released by the Ministry of Economy, Trade and Industry, and in a publication issued by the Ministry of Health, Labour and Welfare to introduce a collection of successful case examples that help improve employment management to create an attractive working environment for highly-skilled foreign professionals. In addition, we have been selected for the Japanese government project "Visionary Management 2021," which selects about 100 companies from all over Japan that are working on employing highly-skilled foreign IT personnel, that is to say, a new management method of hiring excellent talent regardless of nationality.

*Highly-skilled foreign professionals: foreign human resources with advanced expertise and skills



LGBTQ Initiatives

Our human resources policy states that we respect the diversity and individuality of our employees, and we aim to create a workplace where LGBTQ+ employees can also play an active role with pride.

The department dedicated to diversity issues takes the lead in promoting various initiatives.

Awareness-raising activities and training

To ensure that our employees have the correct knowledge on LGBTQ+, we provide training and disseminate information through our in-house e-newsletter.

In FY2022, we co-sponsored Nagoya Rainbow Pride, an LGBTQ+-related event, and held an in-house training session with invited speakers. The training provided a valuable opportunity for employees to deepen their understanding of LGBTQ+ issues by listening to LGBTQ+ persons about their experiences and discussing issues with them.

<https://www.nagoyarainbowpride.com/sponsor/>



Countermeasures against harassment

Our human rights policy explicitly states that we will not discriminate on the grounds of LGBTQ+. In addition, consultations on LGBTQ+ and other sexual harassment are given by both labor and management at the consultation desks set up at each plant and via the Corporate Ethics Helpline. Prompt action is taken by the Anti-Harassment Committee.

In-house understanding of DE&I

We are making efforts to promote understanding of DE&I so that we can realize an environment in the workplace where everyone can continue to play an active role in their own way.

Diversity Forum

The Human Resources Department issues a monthly “Diversity Forum” to all employees to provide various information on DE&I and our company's activities. We strive to promote understanding of DE&I through regular dissemination of information on DE&I.

DE&I WEEK

In February 2024, we held “DE&I WEEK” as a period to think about and promote DE&I with employees. In the lecture given by an outside director, he talked about what DE&I is and the necessity of “inclusion.”

This was an opportunity for employees to think about “inclusion” as a personal matter.

MT training

The name of this training, “mimi-tako (MT),” is derived from a Japanese phrase meaning “hear enough.” To raise managers’ awareness, the MT training is held repeatedly under the themes of, for example, diversity, the Nittoku Way, and compliance to the extent that trainees feel they have heard enough.

Aiming for Workplaces with Diversity

In order to respect the diversity and individuality of our employees, we are promoting initiatives not only for systems and rules, but also for facilities and equipment.

Adoption of genderless uniforms

We use genderless uniforms with a unified design and color.

Installation of multipurpose toilets

We have installed multipurpose toilets that anyone can use at our head office, Komaki Plant, and other locations.

Installation of lactation facilities

Komaki Plant N-Forest has set up lactation rooms for employees who need to nursing or express milk.

Even at bases that do not have lactation room rooms, we have taken measures such as creating rest spaces for women.

Setting up prayer rooms

Prayer rooms have been set up at the head office and Komaki Plant N-Forest for employees who need to pray during working hours for religious reasons.



Work-Life Balance

Work Style Reform

To improve productivity and develop self-disciplined human resources, we have formulated Work Style Reform Declaration based on two pillars: promoting comfortable remote work and creating new value with tools responding to change.

Work Style Reform Declaration

We recommend "diversified work styles" for "Creating an organization comprised of passionate individuals working together" of Nittoku BX.

- Promote comfortable remote work to employees
→ Create an environment with a goal of a remote work rate of 70% or more.
- Prepare tools that respond to change and create new value
→ To that end, we will invest in digital solutions.

And we want you to find the best for yourself from the many options and become a "self-disciplined human resource who can continue to add value".

Niterra Group respects each person's values and aspirations.

In 2021, we formulated the "Work Style Reform Declaration" in order to realize our goal of reforming work styles as indicated in the 2030 Long-term Management Plan "NITTOKU BX" and have been promoting the development of an environment that allows diverse work styles. We aim to maximize productivity and employee engagement by creating self-directed human resources who can continue to add value" by finding the best for themselves from among the many options available.

We are pursuing the following two measures

(1) Promote measures to "diversify working places and working hours"

- Remote Location Work System (already introduced in 2024)
By moving away from a working style restricted by location, we will secure excellent human resources who live in remote areas and prevent them from leaving the company.
- Remote work from family residences in Japan and overseas (introduced in 2023 for overseas locations)
We will improve work-life balance by creating an environment that allows employees to choose the most appropriate work style.
- Flexible working hours for employees with shorter working hours (already introduced in 2023)
Enable employees who work shorter hours to flexibly choose their working hours and work more efficiently by harmonizing their work and private lives.

(2) Review and revision of measures

By reviewing the work style measures that have been implemented to date, we will identify issues, review them to achieve our goals, and consider further measures.

Appropriate working hours

For our company, we recognize that optimizing the total actual working hours of our employees has been a particularly important issue in recent years. However, in confronting this challenge, it is important to note that the goal should not be simply to reduce working hours.

The true aim is to help all employees grow into autonomous human resources, maintain physical and mental health, and promote work-life balance and diversity through our efforts.

The work rules include setting a regular workday, prohibiting late-night work and overtime exceeding 5 hours per day, and ensuring a 10-hour work hour interval. Each employee is continuing to take stock of his or her own work and consider what he or she should focus on, rather than what to reduce.

In addition, in FY2024, all Group employees watched an educational video on working hours and work rules and took a confirmation test to reaffirm their awareness of proper working hour management.

Labor-Management Relations

Labor-management relations should be oriented to the combined employer-employee effort to contribute to society through the provision of good products and services. At Niterra, both labor and management understand their respective responsibilities and strive to improve the work environment through mutual trust and cooperation.

Labor-management conferences are held four times a year on individual workplace and companywide bases, providing communication opportunities. These are chances to discuss various topics including the company's situation and how to improve the labor environment, and opportunities for employees to have their opinions heard. These conferences serve as opportunities to form a labor-management consensus through lively discussions on various issues, including the situation of the company and improvement of the working environment.

Niterra Group labor union

| | |
|--|---------------------------------|
| Participation rate of the Niterra WORKERS' UNION | 99.9% (As of March 31, 2024) |
|--|---------------------------------|

*Including CERAMIC SENSOR CO., LTD, SparkTech WKS CO., Ltd., NANSEI CERAMIC CO., LTD., NTK Medical CO., LTD., NTK CUTTING TOOLS CO., LTD., NTK CERATEC CO., LTD. (Komaki Plant)

Activities in FY2023

Period: October 2023 - September 2024

Central labor-management roundtable meetings held 4 times

Planned Activities for FY2024

Period: October 2024 - September 2025

Central labor-management roundtable meetings scheduled for November 2024, February, May, and August 2025



Initiatives that Consider Work-Life Balance

We are promoting initiatives improve the work-life balance of employees.

The percentage of female employees taking childcare leave now exceeds 98%, and the number of male employees who take childcare leave has increased in recent years.

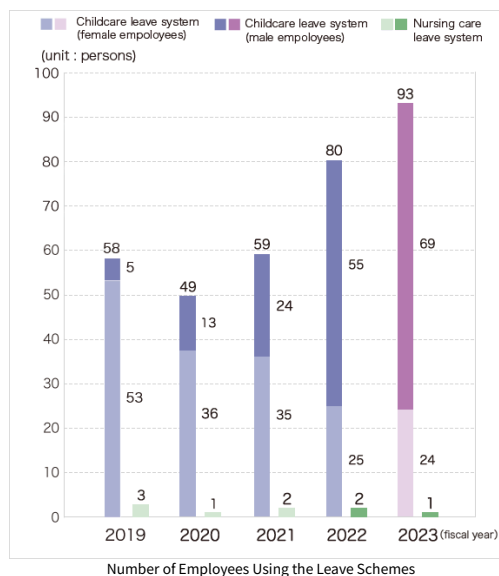
The short-time work system, which had previously been based on childcare or nursing care, was reviewed and made a system that does not require any requirements, and in October 2023, the system was revised to allow short-time workers to also work flextime, thereby expanding employees' work options.

For flextime working, we do not set core hours, and from April 2022, hourly leave can be taken, allowing employees to work in a more flexible manner.

Furthermore, in February 2022, we introduced a system to allow employees to work in remote locations with the aim of improving job satisfaction and quality of work.

Employees who need, or find it difficult, to change their place of residence due to family circumstances (nursing care, childcare, etc.) can now work at a residence far from their place of work.

In addition, we hold seminars on strategies for balancing childcare and work, a seminar for supervisors of employees returning to work or planning to return to work, and a social gathering for employees raising children, where they can exchange information on childcare.



Publication of information based on the Act on Advancement of Measures to Support Raising Next-Generation Children



Various plans and initiatives

| Plan | Overview |
|-----------------------------|--|
| Flextime working plan | Employees can decide the start and end times as long as they work the prescribed total monthly working hours. |
| Hourly leave plan | Employees can take hourly leave (paid) for any reason. This leave can be taken in the middle of work hours. |
| Second job plan | Employees can be hired by another company or work freelance in accordance with the rules while making the job at our company their main job. |
| Remote work system | Remote work at home, at satellite offices set up by the Company, or at family residences located overseas is possible. An allowance is provided based on the number of days worked remotely from home. |
| Remote location work system | Ability to work from home in remote locations as a designated place of employment. |
| No Transfer Plan | No transfers requiring relocation, only work in the area where the company is based at the time of application. |

| Plan | Overview |
|--|--|
| Reemployment plan for employees retired due to their spouse's transfer | Those retired due to their spouse's transfer can be rehired. |
| Special unpaid leave for fertility treatment | It is possible to take special leave (unpaid) for outpatient visits to undergo infertility treatment. |
| Special leave for antenatal outpatient visits | Pregnant employees can take special leave as follows: 12 to 23 weeks pregnant: one day every four weeks; 24 to 35 weeks pregnant: one day every two weeks; and 36 weeks pregnant onward: one day every week. |
| Measures to ease the burden of commuting for pregnant and nursing employees | If congestion during commuting causes physical burden, pregnant and nursing employees may arrive late and leave early in one-hour increments (up to two hours per day), upon request of the employee and on the advice of an industrial physician or other healthcare provider. |
| Measures concerning working hours for pregnant and nursing employees | If working long hours causes physical burden, pregnant and nursing employees may arrive late and leave early in one-hour increments (up to two hours per day), upon request of the employee and on the advice of an industrial physician or other healthcare provider. |
| Measures concerning breaks for pregnant and nursing employees | If working long hours causes physical burden, pregnant and nursing employees may be allowed to change their work duties and/or may be exempted from overtime, late-night work, and holiday work, upon request of the employee and on the advice of an industrial physician or other healthcare provider. |
| Paid maternity leave | Employees can take leave 17 weeks before the expected date of delivery and eight weeks from the day after delivery. Leave may be taken twice in installments over a period until the child reaches the age of one. |
| Paid parental leave at birth (Commonly known as "postpartum paternity leave") | Men, and women who meet the requirements for adoption, etc., may take up to four weeks of leave within eight weeks of the birth of a child. Leave may be taken in two installments. |
| Paid parental leave | Employees can take leave after the birth of their child until the day before the child's first birthday. |
| Extension of the paid parental leave | The childcare leave period can be extended to the end of April after the child's second birthday if the child cannot enter a day-care center, or childcare while working has become difficult due to the death/injury/illness of the spouse engaged in childcare. |
| Fee assistance for child care services | Employees may choose to receive subsidies for the use of childcare facilities, nursery schools, and babysitters through the cafeteria plan. |
| Limits on overtime during childcare and nursing care | Employees may be exempted from working overtime for childcare or nursing care reasons if they apply for such exemption, which may exceed 2 hours per day, 24 hours per month, or 150 hours per year. |
| Reduced working hours (childcare) | On the grounds of childcare, employees can reduce their working hours by two hours from the prescribed working hours from the desired date until the end of the school year during which their child is in the third grade at elementary school. It can also be used in conjunction with flexible working hours. |
| Reduced working hours (long-term care) | On the grounds of long-term care, employees can reduce their working hours by two hours from the prescribed working hours from the desired date until the end of long-term care. It can also be used in conjunction with flexible working hours. |
| Reduced working hours (other reasons) | Regardless of the reason, employees can reduce their working hours by two hours from the prescribed working hours from the desired date to a predetermined date. It can also be used in conjunction with flexible working hours. |
| Child nursing care/long-term care leave plan | Employees can take special leave (unpaid) on an hourly basis to provide child nursing care or long-term care if they are raising a child in the third grade at elementary school or younger, or have a family member (in the first or second degree) in need of long-term care. |
| Special paid leave for employees with disabilities for their outpatient visits | Employees with disabilities who have notified the company of their disability can take special leave (paid) once a month when they need leave for their outpatient visit to undergo an examination or consult a doctor. |
| Donor leave system | Donors may take up to 10 days of special leave (with pay) for hospital visits and hospitalization required for bone marrow and peripheral blood stem cell transplants. |



Various seminars

Childcare Strategy Seminar

This seminar is designed to help participants strategically consider and prepare for their careers after returning to work after childcare leave. This seminar targets a wide range of people, including our Group employees and their partners who are on childcare leave or planning to take childcare leave, as well as future child-raising generations, and workplace superiors.

Seminar for Supervisors of Returning Employees

This seminar is designed for supervisors who have subordinates on childcare leave to promote their understanding of the available work-childcare balance support programs and to help make preparations for accepting returning employees.

Child Care Employee Networking Meetings

This is an exchange meeting for the purpose of building a network where employees with children can exchange information with each other.

Human Resource Development

Creation of Self-reliant and Creative Human Resources

We introduced a Group-wide skill map for employees to check their own skills as a tool to support their personal growth. In addition to specialized training with voluntary participation from employees to improve their own skills, we also offer a variety of programs to support employee career development, including level-specific training to acquire the knowledge and skills necessary for each level and role, and training for manufacturing that focuses on quality education and other areas.

Initiatives to develop a Group-wide skill map

As a specific initiative to create self-directed creative human resources, we have developed a company-wide skill map that visualizes the skills possessed by current employees by clarifying core skills based on the elements required of self-directed creative human resources and technical skills needed in business areas in line with the core competencies of the Group. We are developing a company-wide skill map that visualizes the skills possessed by current employees. In the future, we will identify high-priority technical skills based on our business strategy, and if there is a shortage of employees possessing high-priority skills, we will develop initiatives to fill the shortage in parallel.

Developing DX human resources

We have been actively developing DX training since FY2022, both in terms of basic training for all employees and specialized training required for certain operations. Starting with digital literacy education for all employees of all group companies in Japan, in FY2023, we will develop training for no-code tool developers to promote business improvement through the use of digital technology, and have established an education system that can produce more than 100 no-code tool developers per year who can promote business improvement through digital technology. We have established a training system that can produce more than 100 no-code tool developers who can promote business improvement digitally. In the future, we will expand from business improvement to business innovation and develop educational measures with the aim of business innovation.



Implementation of OJT/ OFF-JT

We have established an OJT (On the Job Training) program to acquire necessary techniques and knowledge through actual work in the workplace, and OFF-JT (Off the Job Training) to acquire new techniques, knowledge, and skills away from the workplace. OFF-JT includes a wide range of educational programs, such as position-based training to acquire the knowledge and skills required for each level and role, and specialized training in DX, quality, environment, safety and health, manufacturing, global education, and career support.

In FY2023, a total of 42,238 employees participated in these programs.

| | Level-specific education | | Professional education | | | | | | | Other |
|-------------------|--|---|------------------------|----------------------------------|----------------------------------|----------------------|---|------------------------|---|--|
| Managers | Selective training for managerial candidates | | | | | | | | | |
| General employees | Level-specific education | Education on corporate philosophy (The Nittoku Way) | Global education | TOEIC Institutional Program Test | CSR and sustainability education | Compliance education | Environment, health, and safety education | Business law education | Intellectual property education | Quality education / TPM education / Manufacturing education |
| | Education for new employees | | | | | | | | Digital technology education / OA education | Research and development education |
| | | | | | | | | | Production technology education | Product knowledge training |
| | | | | | | | | | | Support for work-life balance, women's empowerment, and career |
| | | | | | | | | | | Correspondence education and e-learning |

■ Mandatory
 ■ As designated by the dept. / selected by employees themselves
 ■ As designated selectively by the dept.
 ■ As selected by employees themselves

Development and Management of Managerial Human Resources

At the management meeting the members discuss personnel affairs regarding core positions and work to place the right person in the right job for total optimization.

We also implement selective training measures for the next generation of management, promoting the acquisition of attitude, thinking, and knowledge. Furthermore, as part of our succession plan, we clarify successor candidates for key positions on three time axes: "Now," "1 to 3 years from now," and "5 years from now." We systematically maximize organizational performance by placing the best human resources in core positions.

Management Sparring Dojo

We launched the "Management Sparring Dojo," a management human resources development program aimed at cultivating the competencies and viewpoints required for management by talent who will become our next management team (members of the Corporate Management Committee). This program is designed to provide participants with the knowledge (including ESG, science, geopolitics, etc.) that a manager should have, as well as the attitude and thinking required of a manager.

HAGI Program

As we expanded our business globally, in 2016, we started a program to find and develop the next generation of global managerial human resources, targeting all Group companies.

This program is intended to facilitate the employment and promotion of candidates regardless of nationality and to provide them with opportunities and environments that allow them to demonstrate their abilities. It was named the "HAGI Program" after Hagi City in Yamaguchi Prefecture, where the Shoka Sonjuku school developed diverse human resources at the end of the Edo period. Chairman Shinichi Odo serves as the head of the program. Under the program, seminars have been held on a continuous basis to provide employees with opportunities to learn together with a focus on gaining a big picture view encompassing the entire company. We are thereby developing leaders with the will and sense of mission required to take the Niterra Group into the future.

Niterra Business School

Targeting human resources in Japan, we run Niterra Business School classes for employees who are almost qualified to participate in the HAGI Program. For these classes we have prepared a curriculum that helps participants develop logical thinking and acquire knowledge and skills regarding management strategies, marketing and presentations. It also includes case studies based on actual examples and is intended to help participants to develop the spirit, techniques and physical stamina required of leaders.



Development of Managers

For the development of managers, we provide them with opportunities to review their past management approaches and observe the situation of their respective workplaces in an objective manner.

Implementation of a 360-degree survey

We implemented a 360-degree survey targeting departmental managers and those in higher positions in FY2018, and we will expand the survey target to include sectional managers and those in higher positions in FY2020.

The survey analyzes the attitudes of the subjects, including their awareness and preparedness, based on the results of their responses to the survey.

The survey results reveal the gaps between what the surveyed individuals think about themselves and what others think about them. We give feedback to the respondents to help them become aware of the importance of “observing” themselves, and improve behavior.

Use of an indicator to visualize workplace engagement

Along with the “one-on-one meeting,” which we introduced on a trial basis in FY2019 to foster dialogue between managers and their subordinates for the development of workers able to work autonomously, we have also introduced a quantitative indicator as a tool to visualize workplace engagement. This engagement indicator numerically shows the level of employees’ eagerness to contribute to their organizations and jobs, and is designed for use by line managers to check the management level of their workplaces.



Occupational Health and Safety

Occupational Health and Safety Policy

With high respect to humanity, we act on occupational health and safety as the company's starting point.

Action Guidelines

- To prevent health damage, injuries at work, and illnesses of employees, we will provide healthy and safety working environment and act to improve physical and mental health.
- We will comply with laws and voluntary regulations regarding Occupational Health and Safety.
- We will continuously improve occupational health and safety management system and health and safety performance.
- We will eradicate injury at work by eliminating hazards for occupational health and safety and by reducing risks.
- We will promote ability and awareness at occupational health and safety through education and enlightenment.
- We will inform all employees about this policy and engage in health and safety activities with the participation of all employees, based on the action plan agreed with the employee representatives.

* This policy applies to all persons involved in our business activities, including employees, temporary employees, contractors, suppliers, construction workers and visitors.

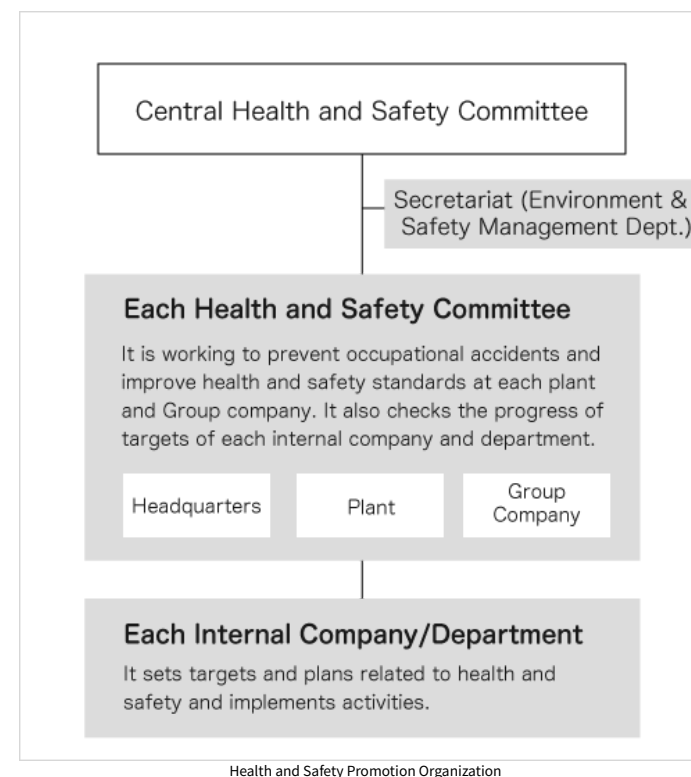
Basic Philosophy

The Niterra Group has many employees in various locations around the world. We believe that it is our responsibility to make continuous efforts to protect the physical and mental health and safety of each and every employee. We contribute to society by providing our employees with a working environment conducive to mental and physical well-being so that employees can continue to work happily and comfortably.

Promotion System

With the aim of eliminating on-the-job injuries and creating a comfortable, safe work environment, we have established and implemented domestic occupational health and safety management system OHSMS (Occupational Health and Safety Management System). The Central Health and Safety Committee, chaired by the Chief Safety and Health Officer, holds regular meetings twice a year and extraordinary meetings as needed. The Central Safety and Health Committee, under the supervision of the CSR and Sustainability Committee (chaired by an outside director), which is an advisory body to the Board of Directors, formulates Group targets and conducts management reviews by the Chief Safety and Health Manager. In addition, each internal company and department sets targets and plans and engages in health and safety activities through the Health and Safety Committee at each business site.

In FY2023, the Central Safety and Health Committee met twice to report and discuss occupational accidents, the global promotion system, progress in facility safety measures, health management activities, a review of the current fiscal year, and activities for the next fiscal year.





OHSMS (Occupational Health and Safety Management System).

In FY 2021, our company acquired ISO 45001^{*1} certification, an international standard for occupational health and safety management systems. As of the end of FY2023, 10 domestic group companies and 27 domestic group manufacturing sites have acquired ISO 45001 multi-site certification. As for overseas Group companies, individual certification is in progress, and as of the end of FY2023, there are 11 overseas Group companies that have acquired certification. The employee acquisition rate is 88.2%.

* ISO 45001 is the international standard for occupational health and safety management systems issued by the International Organization for Standardization (ISO).

ISO45001 Certified Locations

<Multi-site Certification>

| Country | Name of factories and companies | |
|-------------------|---------------------------------|--------------------------|
| Japan | Niterrra Co., Ltd. | Komaki Plant |
| | | Satsuma Plant |
| | | Ise Plant |
| | | Inuyama Logistics Center |
| | SparkTec WKS CO., LTD. | Head Office Plant |
| | | Nagoya Plant |
| | | Satsuma Plant |
| | | Satsuma Electrode Plant |
| | | Nino Plant |
| | | Tono Plant |
| | | Okusa Plant |
| | NTK CERAMIC CO., LTD. | Komaki Plant |
| | | Iijima Plant |
| | | Kani Plant |
| | CERAMIC SENSOR CO., LTD. | Komaki Plant |
| Ise Branch room | | |
| Nakatsugawa Plant | | |

<Certification Obtained Individually>

| Country | Name of factories and companies |
|--------------|----------------------------------|
| Brazil | Niterrra do Brasil Ltda |
| France | Niterrra France SAS |
| Thailand | Siam Niterra Co., Ltd. |
| | Niterrra (Thailand) Co., Ltd. |
| | Niterrra ASIA Co., Ltd. |
| Malaysia | Niterrra Malaysia Berhad |
| China | Niterrra(Shanghai)Co., Ltd. |
| | Niterrra(Changshu)Co., Ltd. |
| Indonesia | PT Niterra Mobility Indonesia |
| India | Niterrra India Private Limited |
| South Africa | Niterrra South Africa (Pty) Ltd. |

| Country | Name of factories and companies | |
|-------------------------|------------------------------------|-------------------|
| Japan | NANSEI CERAMIC CO., LTD. | Head Office Plant |
| | | Komaki Plant |
| | NTK CERATEC CO., LTD. | Head Office Plant |
| | | Sendai West Plant |
| | | Komaki Plant |
| | MORIMURA SOFC TECHNOLOGY CO., LTD. | Komaki Plant |
| | | Takenami Plant |
| NTK Medical CO., LTD. | | |
| NICHIIWA KIKI CO., LTD. | | |

ISO45001 certificate



Health and Safety Targets and Results

From FY2023, in order to achieve the vision (or ideal state) and direction of our initiatives related to “occupational health and safety” and “health,” we set common targets for the Niterra Group, as well as individual targets for each internal company and Group company, and promote the implementation of the planned activities.

Vision and Direction of “Occupational Health and Safety” and “Health” Initiatives

| Item | Vision/Direction |
|--------------------------------|--|
| Occupational Health and Safety | <ul style="list-style-type: none"> •Developing “people” who can act safely Develop people who are aware of workplace risks and rules and who can act safely on their own. •Providing safe “work” conditions Promote risk reduction and management to provide safe work conditions for workers. •Creating a safe “working environment” Improve and maintain the working environment through work environment measurements and 5S activities. |
| Health | <ul style="list-style-type: none"> •“Health” of employees and their families Ensure that employees work in a comfortable working environment, and raise health awareness of employees and their families to help them maintain and improve their physical and mental health. |



Niterra Group Health and Safety Targets

The Niterra Group health and safety objectives cover all of the Niterra Group's bases, and each activity unit will manage its progress using a health and safety target management plan, and engage in activities.

<Niterra Group Health and Safety Targets for FY2024>

| Niterra Group Targets | Indicator |
|--|--|
| Implement corrective actions or nonconformance, and maintenance/management that occurred under ISO 45001 in the last fiscal year to prevent recurrence of nonconformities. | Number of recurrences of nonconformance: 0 |
| Number of nonconformities in FY2023:3 | |

<Niterra Group Health and Safety Targets and Level of Achievement for FY2023>

| Niterra Group Targets | Indicator | Level of Achievement |
|--|--|---|
| Implement corrective actions or nonconformance, and maintenance/management that occurred under ISO 45001 in the last fiscal year to prevent recurrence of nonconformities. | Number of recurrences of nonconformance: 0 | Target achieved (no recurrence of nonconformance) |
| Number of nonconformities in FY2022:11 | | |

Health and Safety Activities

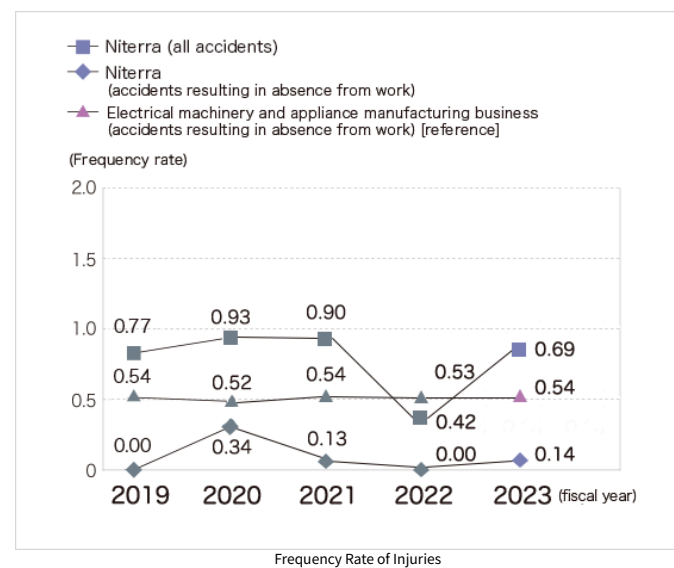
Status and Reporting Procedure of occupational Accidents

We aim to eliminate occupational accidents, and in FY2023 our group had 46 accidents (previous year: 44). The number of accidents resulted in 21 cases of lost-time incidents (20 in the previous year) and 25 cases of no lost-time incidents (24 in the previous year), none of which resulted in death.

When an occupational accident occurred, the workplace and the Environmental Safety Department investigated the facts based on reports from the workplace and took appropriate countermeasures and other measures. In addition, an "Injury Report" summarizing the details and circumstances of the accident and a "Root Cause Analysis & Countermeasure Report" describing permanent measures and other information were distributed to all Group employees to raise awareness and prevent recurrence.

Status of Niterra Co., Ltd.

In FY 2023, five occupational accidents occurred (previous fiscal year: three accidents), and the total frequency rate was 0.69 (previous fiscal year: 0.42). Disasters occurred while adjusting equipment and during non-routine work, etc.





Status of Group Companies

<Status of Group Companies in Japan>

In FY 2023, 29 occupational accidents occurred (previous fiscal year: 27 accidents). Accidents occurred during adjustment and cleaning of production facilities.

<Overseas Group Companies>

In FY 2023, 12 occupational accidents occurred (previous fiscal year: 14 accidents). The disasters occurred during adjustment and setup of production facilities, etc.

<Number of Occupational Accidents>

| | FY2022 | | FY2023 | |
|------------------------------------|---------------------|------------------------|---------------------|------------------------|
| | Lost Time Incidents | No Lost Time Incidents | Lost Time Incidents | No Lost Time Incidents |
| Niterra Co., Ltd. | 0 | 3 | 1 | 4 |
| Status of Group Companies in Japan | 12 | 15 | 12 | 17 |
| Overseas Group Companies | 8 | 6 | 8 | 4 |

<Total Frequency Rate>

| | FY2022 | FY2023 |
|------------------------------------|--------|--------|
| Niterra Co., Ltd. | 0.42 | 0.69 |
| Status of Group Companies in Japan | 1.23 | 2.83 |

* Our calculation of lost-time injuries frequency rate, total frequency rate and number of deaths were reviewed by Japan Quality Assurance Organization (JQA) and we received the following verification report.

Independent Verification Report



Risk Assessment (RA) Initiatives

Risk assessment (RA) is the core activity of our occupational health and safety management system (OHSMS).

We have reviewed health and safety potential risks resulting from workplace equipment, chemical substances, and work at every workplace including both existing and new businesses, and work at every workplace and evaluated them to take hardware/software countermeasures (residual risk management), prioritizing the most dangerous risks.

Also, the head of the workplace has conducted work observations and reviewed the results of RA.

Improvement of Working Environment

We conduct working environment measurements based on laws and regulations, targeting workplaces that handle chemical substances and workplaces subject to significant dust pollution and severe noise. Plants and workplaces that have been classified in the second or third management category are promoting improvements throughout the Niterra Group with the aim of moving to the first management category by sharing improvement measures at other workplaces.

We also take measures to prevent cases of heat stroke in the summer by measuring the humidity and temperature in hot workplaces, encouraging an adequate intake of water and salt, providing cooling gear and the like.

In our offices, we appropriately control the level of lighting, temperature and humidity to ensure that the environment is suited to the work. In winter, we install humidifiers to help prevent the spread of colds and influenza.

Health and Safety Activities

We conducted a variety of educational and training activities with the aim of building a safety culture from the view point of "people," "products" and "systems". Not only to prevent the recurrence of injuries, but to prevent them from occurring.

Stratified training

The program is implemented for new employees, third year, tenth year, managers, section managers and supervisors. The same trainings are provided throughout the Niterra Group.

Chemical Substance training

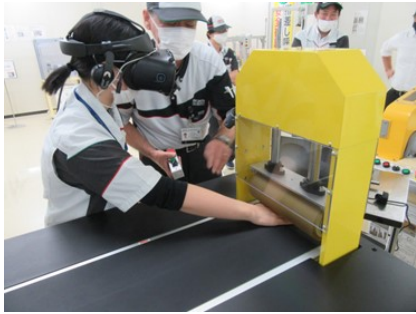
We are working to prevent industrial accidents by enhancing specialized training on chemical substances.



Training with hazard simulation machine

The use of hazard simulation machines, which are designed for simulations of accidents that may occur in a workplace, such as being pinched or entangled, allows trainees to experience the fear of having an accident, which is difficult to describe in words. Trainees can also learn how to avoid accidents.

In addition to 29 types of hazard simulation machines, two types of machines to check the wearing of protective equipment are available.



Hazard simulation training:
VR (virtual reality) + simulation machines

Health and safety, environment exhibition

With the work style reform, we held the exhibition online. Efforts and case studies related to health and safety, environment are introduced to foster employees who will act on their own.

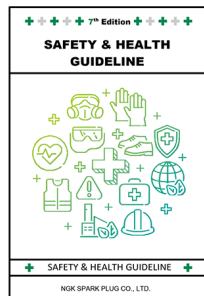
Health and Safety Guidelines

All employees are given this book, and it is read together in each workplace, leading to safe behavior for each employee.

In response to diversification, the book is translated into English and Portuguese. A web version is also available.

<Examples of Listed Contents>

- Safety Management
- Health/Hygiene Management
- Response after Occupational Injury
- Workplace Environment Management
- OHSMS
- Occupational Safety and Health Act
- Emergency Response
- Protective Equipment
- Chemical Handling Work
- Approach to Article 88 of the Industrial Safety and Health Act
- Poisonous and Deleterious Substances
- Office Injury Prevention, etc.



English version



Portuguese version

Health and safety committee activities for rule compliance

We conduct activities that comply with the rules to create safe and secure workplaces and employees. To prevent walking related injuries with a focus on "Po•Ke•Te•Na•Shi" awareness. In particular, we are promoting pointing and calling.

Managers and supervisors on the workplace also carry out workplace patrols, risk prediction and share examples of Hiyari-Hatto (near misses), acting as the leaders of workplace health and safety management.



Niterra 日本特殊陶業株式会社
"Po•Ke•Te•Na•Shi" awareness poster



Health Promotion Activities

Health and Productivity Management

Niterra regards the health of employees as one of its important managerial resources for sustainable corporate growth and is fostering the health of individual employees for "health and productivity management." In December 2017, we made a declaration on health and productivity management as the entire Niterra Group and are implementing preventive and other measures against lifestyle-related diseases, mental disorders and passive smoking to proactively support the health of employees. In addition, in order to inform as many people as possible about our health and productivity management, we publish a "Well-being Report" that summarizes our initiatives and the results of analysis of the health status of our employees.

Declaration on health and productivity management

- I. Niterra Group that we will support the health of each and every employee and promote Kenkokeiei (Health and productivity) by viewing the health of our employees as one of the most important management resources in order to realize sustainable growth.
- II. We will respect the diversity and individuality of each employee and promote the creation of a workplace in which each employee can fully demonstrate his or her abilities as well as work energetically.
- III. We will work together with the labor and health insurance unions to actively engage in health promotion activities that include employees' families from a long-term perspective.

Takeshi Kawai

President & Chief Operating Officer

Priority Measures

1) Prevention of lifestyle-related diseases

- Review of diet and exercise habits
- Follow up on those requiring special attention
- Group education and activities

2) Mental health

- Prevention through self-care
- Subordinate care enhancement
- Work environment improvement

3) Secondhand smoke prevention

- Promote quitting smoking
- Prevent secondhand smoke

*Kenkokeiei is a registered trademark of NPO Kenkokeiei.



Well-being Report



Well-being Report 2023
(Japanese only)

5.31MB

PDCA Cycle of Health Management

The health checkup rate, which is the basis of employee health management, has reached 100%, and we also focus on voluntary health checkups such as gynecological examinations and H. pylori examinations.

In addition, a cloud-based health management system has been established to enable industrial physicians and public health nurses to accurately grasp the health status of employees. This allows us to centrally manage employee health information, analyze and evaluate the results of health checkups, and provide health guidance and mental health measures tailored to each individual employ





Prevention of Lifestyle-Related Diseases

As a measure to combat lifestyle-related diseases, a priority area of our health management, we provide various guidance, programs, and campaigns to help employees maintain and improve their health.

To help employees maintain and promote their health, we task industrial physicians, medical doctors and nurses with following up with employees who have been found to have problems as a result of undergoing health checkups. Such employees are also referred to appropriate medical institutions as needed. Moreover, we provide employees with a smartphone app, which is linked with the internal health management system, and employees are using the various functions of the app to promote their health.

Collaborative Health: Specific Health Guidance

As part of the collaborative health program, our Group and NGK SPARK PLUG CO., LTD. Health Insurance Society have been providing specific health guidance to employees and those who continue to be employed since 2021. For those with a BMI of 35 or higher or those at high risk, an interview with an occupational physician is conducted in conjunction with the initial interview.

Lifestyle Disease Prevention Program "Health Up"

A program named "Health Up" has been implemented for employees with a BMI of 25 or higher. This program supports weight loss for health through monthly physical data measurements, interviews with occupational physicians, and guidance by public health nurses.

Implementation of the "Health Challenge Campaign"

Under this initiative, participants report every three months for one year on whether they have achieved their weight loss goals and exercise habits, and are awarded benefit points based on their level of achievement.

In FY2023, a total of 267 people, including those from group companies, entered the program and worked toward weight loss and exercise goals set for each BMI.

Enhancing Mental Healthcare

We are working on in-house and external Line-Care educational programs for managers and implementing to read the Self-care handbook in our workplace to make our employee prevent awareness of disease and self-management of health.

Also, we carry out stress checks to analyze the impact of work environments on employees. Based on the results, we provide them with a safe and comfortable workplace and prevent employees from suffering mental disorders due to stress.



The Self-Care Handbook

Prevention of Passive Smoking

Nitterra has banned smoking on our premises at all of our business sites in Japan since April 2023.

We also provide support, including outpatient smoking cessation services, to those who wish to quit smoking.

Prevention and control of infectious diseases and other global health issues

To protect employees from various infectious diseases, we are working on prevention and control. We stockpile facial masks, disinfectants, and other countermeasures, and have formulated infection prevention measures and guidelines for dealing with infections in the workplace to ensure that all employees are aware of them.

In addition, we are continuing to gather information on new infectious diseases (novel influenza, novel coronavirus, etc.).

Responding to Influenza

To protect employees from the seasonal influenza every year, we strive to prevent the spread of infection. Particularly regarding group infection at workplaces, which may affect our daily operations, we are ready to cooperate with the relevant divisions to implement immediate and intensive measures. During the flu season, we issue weekly reports so that all employees can share the information and take effective countermeasures. In addition, we will be administering influenza vaccinations at workplaces in FY2022 and FY2023 as part of our efforts to prevent infection and serious illness.

Response to COVID-19

Especially, in case of COVID-19, we have established temporarily work rules within the Group and are working on prevention. Recently in Japan, we have been trying to balance infection control measures with production activities, we revised the rules and ensured that all employees were fully aware of them.

In addition, in FY2021 and FY2022, we vaccinated our Group employees, their families, customers, suppliers, and local residents in their workplaces with the new corona vaccine.

We will continue to take necessary measures according to the situation.

Vaccinations for Employees on Overseas Business Trips and Postings

When employees go on overseas business trips or are posted overseas, they can receive vaccinations against infectious diseases that may be contracted in each country or region at the company's expense.



Health Management Promotion Initiatives and Awareness Activities

Healthy Menu Twice a Month

The company cafeteria holds "Healthy Day" twice a month, offering a healthy menu that takes health into consideration.

Issuance of the newsletter "KENKO- TSUSHIN"

We issue this monthly newsletter to all employees of our group companies to provide health-related information in an easy-to-understand format.

Drinking Alcohol

けんこう通信 No.10
お酒と上手につき合いましょう！

健康を維持し、病気の予防に、お酒は、HDL脂を増やしLDL脂を減らす働きがあります。適量であれば、血管を拡張し、血圧を下げる効果があります。そのほか、心臓病や糖尿病の予防効果も期待されています。お酒は、心臓病や糖尿病の予防効果も期待されています。お酒は、心臓病や糖尿病の予防効果も期待されています。

1. 飲酒の量を抑える

2. 飲酒のタイミングを工夫する

3. 飲酒の場所を工夫する

4. 飲酒のペースを工夫する

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Back Pain Prevention

けんこう通信 No.11
腰痛予防 自分できるセルフケア

腰痛は、日常生活の中で最も多く発生する疾患の一つです。腰痛は、日常生活の中で最も多く発生する疾患の一つです。腰痛は、日常生活の中で最も多く発生する疾患の一つです。

1. 姿勢の改善

2. 運動の習慣化

3. 腰痛予防のセルフケア

4. 腰痛予防のセルフケア

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100. 腰痛予防のセルフケア

Hay Fever Prevention

けんこう通信 No.12
今日からできる花粉症対策

花粉症の発症率は年々増加しています。花粉症の発症率は年々増加しています。花粉症の発症率は年々増加しています。

1. 花粉症の症状について

2. 花粉症の発症率が多い天気と時間

3. 花粉症対策のポイント

4. 花粉症対策のポイント

5. 花粉症対策のポイント

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Eyestrain

けんこう通信 No.51
眼精疲労を予防しましょう

長時間の作業による眼精疲労は、目の健康を損ないます。長時間の作業による眼精疲労は、目の健康を損ないます。長時間の作業による眼精疲労は、目の健康を損ないます。

1. 眼精疲労の症状

2. 眼精疲労の予防法

3. 眼精疲労の予防法

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Efforts by our Health Insurance Society

Working together with the company and the labor union, the health insurance society provides a wide variety of programs to support the mental and physical good health of member workers and their families.

Specifically, health management and disease prevention efforts conducted by the health insurance society include: metabolic syndrome improvement / prevention programs; subsidies for flu vaccination; and other health management promotion programs such as walking tours. As an employer, we also promote collaborative health by providing support for specific health guidance and gynecological checkups, etc.

In recognition of these efforts, our Health Insurance Society has been selected as one of the Certified Health & Productivity Management Outstanding Organizations (Small and Medium-Sized Enterprise Category) under a program jointly sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi since FY2022.

Participation in “Health & Productivity Management Alliance”

In June 2023, 200 companies and organizations working on health management practices across industries came together to launch the "Health & Productivity Management Alliance," and our company also participates in it and promotes health management by sharing issues, methods of planning, implementing, and evaluating various measures.

Health & Productivity Management Alliance (Japanese only)

Certified as a “Outstanding Health & Productivity Management Organization (White 500)”

Thanks to the evaluation with respect to our activities, we have been certified as an “Outstanding Health & Productivity Management Organization” sponsored by the Ministry of Economy, Trade and Industry, and Nippon Kenko Kaigi, for the eighth consecutive year since 2017. Of these, a total of seven times, we were recognized as one of the "White 500" top-ranking enterprises.

Outstanding Health & Productivity Management Organization is a system that recognizes large corporations, small and medium-sized companies, and other corporations that practice particularly excellent health management based on their efforts to address local health issues and the health promotion initiatives promoted by the Japan Health Council.





Support for Suppliers

We actively support the health management efforts of our suppliers and neighboring companies.

We utilize the Health Management Check Sheet created by our company to understand the health management status of our suppliers and make recommendations for future measures.

<Examples of support content>

- Exchanging opinions and providing information with the health and productivity management promotion staff of our suppliers
- Support for companies aiming to obtain certification as “Outstanding Health & Productivity Management Organization”
- Establishment of a consultation desk regarding health and productivity management



Quality

Quality Policy

We continue to cocreate value with customers and contribute to society in accordance with basic traits of "Quality Product" & "Involvement by all".

Action Guidelines

- We constantly consider what we should do to please our customers with our products and services, with a view to increasing our organizational capability.
- We are engaged in quality improvement activities across the company and encourage our employees to achieve higher goals by making the best use of their individual abilities and creativity and uniting their wisdom to address problems and challenging issues.

Promoting Total Quality Management

Our Group is working to share and practice the concepts of TQM (Total Quality Management) in order to become a group company that creates value for all stakeholders and has a system that can respond flexibly and swiftly to change.

Based on our CSR Policy, we have updated our Corporate Quality Rules and identified the following five areas as the mainstays of total quality management (TQM).

1) Quality assurance

In order to provide products and services that meet the needs of our customers and society, Our Group will establish all operations and guarantee their safety and reliability and promote development activities aimed at creating new value.

2) Daily management

Our Group will consider methods and indicators to measure the quality of all our operations and promptly investigate the causes when results that differ from normal are obtained as well as taking countermeasures to maintain and improve quality.

3) Policy management

Our Group will further improve and innovate activities to maintain and enhance quality. We will establish strategies and objectives for creating new value for customers and responding to the evolving internal and external business environment and explicitly identify issues and problems that need to be tackled as we work towards achieving our strategies and objectives.

4) Small group improvement activities

Our Group will use small group teams to solve the various issues and problems identified through daily management and policy management, thereby developing human resources.

5) Quality control education

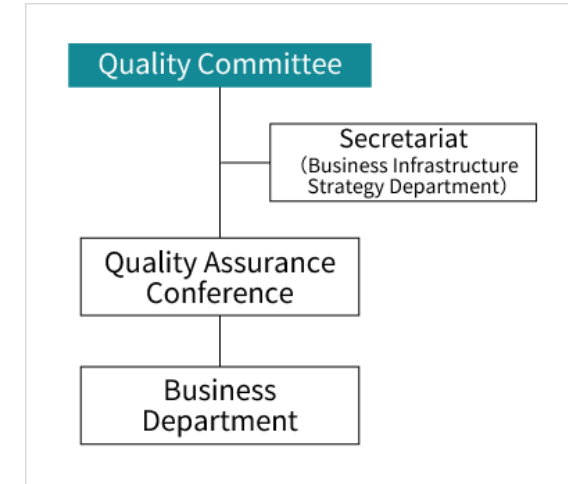
Our Group will create the understanding and awareness of the mainstays of TQM, which are the prerequisites for maintaining and enhancing quality and activating improvements and innovation and then establish and implement a grade-specific education system.

Promotion System

We have established a Quality Committee to promote quality management, chaired by the officer in charge of the Quality Management Division, who is the chief executive in charge of quality management.

The Quality Committee formulates and issues policies and guidelines to optimize our functions from a company-wide perspective.

The Quality Assurance Conference is responsible for raising the level of quality assurance by sharing, discussing the causes of quality defects and promoting countermeasures.



Promotion System



The Establishment Status of our Quality Management System

At our major bases both in Japan and overseas, we are obtaining quality management system certifications such as ISO9001, IATF16949, and ISO13485 in accordance with the business requirements of the products we manufacture.

We believe that obtaining quality management systems, which are a mechanism for ensuring quality, is important for us to continue providing products and services that meet our customers' needs.

Quality Management System Certification Sites

Domestic Automotive-related Businesses and Affiliated Companies

| Certification | Business Scope | Site | | |
|--------------------------|--|-------------------------|------------------------|--------------|
| ISO9001 | Niterra Co., Ltd. •IGNITE Compay •Sensor Beyond Compay SparkTec WKS CO., LTD. CERAMIC SENSOR CO., LTD. | Nagoya Plant | | |
| | | Komaki Plant | | |
| | | Satsuma Plant | | |
| | | Ise Plant | | |
| | | Nakatsugawa Plant | | |
| | | Tono Plant | | |
| | SparkTec WKS CO., LTD. | Okusa Plant | | |
| | | Satsuma Electrode Plant | | |
| | | IATF16949 | SparkTec WKS CO., LTD. | Nagoya Plant |
| | | | | Komaki Plant |
| Satsuma Plant | | | | |
| Nino Plant | | | | |
| Okusa Plant | | | | |
| CERAMIC SENSOR CO., LTD. | Komaki Plant | | | |
| | Nakatsugawa Plant | | | |
| | Ise Plant | | | |

Overseas Manufacturing Companies

| Certification | Business Scope | Site |
|---------------|---------------------------------|-------------------------|
| ISO9001 | Niterra ASIA Co., Ltd. | Thailand |
| IATF16949 | | |
| ISO9001 | PT Niterra Mobility Indonesia | Indonesia |
| IATF16949 | | |
| IATF16949 | Niterra(Shanghai)Co., Ltd. | Shanghai |
| IATF16949 | Niterra(Changshu)Co., Ltd. | Changshu |
| ISO9001 | WOOJIN INDUSTRY CO., LTD. | HWASEONG Plant |
| IATF16949 | | Head Office & 1st Plant |
| | | ANSAN 2nd Plant |
| | | SADONG Plant |
| ISO9001 | Niterra India Private Limited | India |
| IATF16949 | | |
| IATF16949 | Niterra South Africa (Pty) Ltd. | South Africa |
| ISO9001 | Niterra do Brasil Ltda | Brasil |
| IATF16949 | | |
| IATF16949 | Niterra North America, Inc. | USA |
| IATF16949 | Wells Vehicle Electronics L.P. | USA |
| | | Mexico |
| ISO9001 | Niterra Malaysia Berhad | Malaysia |
| IATF16949 | | |
| ISO9001 | Niterra (Thailand) Co., Ltd. | Thailand |
| IATF16949 | | |
| ISO9001 | Siam Niterra Co., Ltd. | Thailand |
| IATF16949 | | |

Domestic Non-Automotive-related Businesses and Affiliated Companies

| Certification | Business Scope | Site |
|------------------------------------|--|-----------------------|
| ISO9001 | Niterra Co., Ltd. •Niterra Ventures Compay •Business Implementation Department | Komaki Plant |
| | | NAGIWA KIKI CO., LTD. |
| | NTK CERAMIC CO., LTD. | Komaki Plant |
| | | Kani Plant |
| | | Iijima Plant |
| | NTK CERATEC CO., LTD. | Sendai West Plant |
| Komaki Plant | | |
| MORIMURA SOFC TECHNOLOGY CO., LTD. | Komaki Plant | |
| | Takenami Plant | |
| ISO9001 | NANSEI CERAMIC CO., LTD. | Komaki Plant |
| ISO13485 | | Ise Plant |
| ISO13485 | NTK Medical CO., LTD. | Komaki Plant |

Small Group Improvement Activities

As part of our small group improvement activities, we are developing QC circle activities as "NQC Activities." (N denotes an initial letter of Nittoku). NQC activities organize teams according to the problems and challenges at hand, with activities aimed at solving and achieving them. In addition to making tangible and intangible contributions to management, they also contribute to fostering employees.

The level of our activities has improved, with a gold medal at the All-Japan QC Circle Competition and the QC Circle Kaoru Ishikawa Award.

In addition, we are introducing the NQC Station, an IT tool for interactive communication, in order to strengthen NQC activities. We have systematized the proceedings of our activities and made it easy to understand the situation at hand. A portal site function has also been provided to enable circle members to obtain useful information and materials for their activities at any time.



Quality Control Education

To improve our employee's quality control and foster employees capable of creating products and services that meet the needs of our customers and society, a variety of training is conducted related to quality control based on the concept of "manufacturing is fostering people". Beginning with training for engineers to acquire practical skills in product realization concepts and procedures and quality control methods, as well as periodic training sessions, depending on the type of job and level of responsibility. Also, to improve through continuous upgrading of knowledge and practical skills required to maintain and improve quality. Aiming to improve the overall quality of the product.

We also offer our suppliers quality training and practical support for problem-solving so that they provide us with consistently high-quality parts and materials based on continuous quality improvement.

Awareness through Quality Activity Events

We hold quality activity events during Japan's Quality Month in November, and also throughout the year. Past quality exhibitions were held at our sites, but in consideration of preventative measures against COVID-19 and for convenience we have changed to holding exhibitions online.

We share our approaches to quality as well as the diverse quality-related initiatives in workplaces in order to maintain and improve quality awareness.

We also promote activities to maintain and enhance quality while engaging all employees through quality slogans and a range of other events.

Measurement Management

Appropriate measurement is an essential part of manufacturing. In order to obtain reliable measurements, it is important that employees involved in manufacturing know the correct measurement techniques and proper measurement management. Therefore, we are strengthening our quality assurance system by nurturing human resources who understand the importance of measurement management and have correct measurement techniques, managing the accuracy of measuring instruments, and improving the measurement management system to improve and stabilize accuracy.

In FY2024, Measurement & Instrument Engineering Section Corporate Quality Control Department Business Support Company, Niterra Co., Ltd. obtained calibration business registration in the length scope of the Japan Calibration Service System (JCSS), a measurement law traceability system based on the Measurement Act.

NITE(), plays as the accreditation body of JCSS and conducts accreditation process with the system conforming to ISO/IEC 17011 and relevant international criteria. JCSS, Accredited Calibration Laboratories meet the requirements laid down in the Measurement Act as well as those of ISO/IEC 17025.

We will continue to strengthen our quality assurance system by improving and stabilizing the accuracy of our measurement technology.



Monozukuri (Manufacturing) Education

To help trainees, acquire the necessary knowledge and skills at the right time, the Monozukuri Education and Training Center has a curriculum that covers the topics of safety, quality, maintenance, and improvement. We provide pre-assignment training, for new employees, that places "discipline" as the foundation of training, in order to cultivate human resources that become socially responsible, follow procedures, and place importance on quality. Safety training is conducted with zero industrial accidents in mind, with the guideline of "cultivating employees who can think and anticipate danger by honing their sensitivity before they act". We are working to improve the content of our education and training by introducing virtual reality (VR) and incorporating hands-on training to give employees more realistic experience of accidents such as falls and other accidents.

We are striving to provide valuable education while being flexible. We responded to the COVID-19 pandemic by introducing web-based lectures and other methods.



Monozukuri Education and Training



VR experience



Proper Procurement

Procurement Policy

We aim to realize globally optimal procurement based on our quality products principle. To this end, we focus on strengthening cooperation with suppliers and promoting our CSR and sustainability efforts throughout our supply chain system, while at the same time striving to carry out proper purchasing transactions when procuring materials and parts, based on the following guidelines:

Action Guidelines

- We conduct transactions at appropriate prices based on fair, transparent, open competition and rationality.
- We comply with procurement-related laws and regulations and foster responsible procurement. We select suppliers based on comprehensive assessment of product quality, technology, prices, deliveries, CSR and sustainability initiatives, and efforts to continuously make improvements.
- Aiming to procure more eco-friendly products, we strive to promote our green supplier system.
- We enhance mutual trust with our suppliers, who are good partners for us, and strive to realize mutual development.

Basic Philosophy ~Promoting Responsible Procurement~

Taking seriously the recent social and environmental issues related to our supply chain, we are promoting responsible procurement activities that not only comply with various laws and regulations, such as the Subcontracting Act, but also give due consideration to human rights and the environment. By responding to expectations from society in cooperation with our diverse suppliers across the supply chain, we contribute to the realization of a sustainable society.

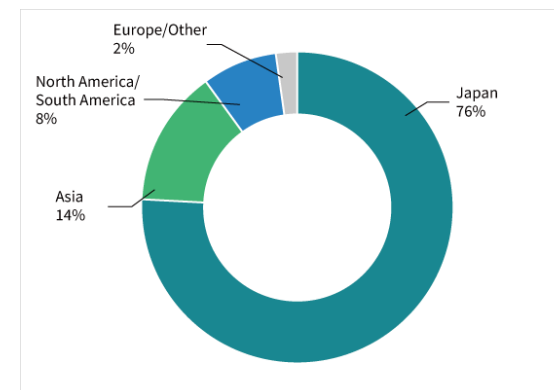
Promotion System

Our Group promotes responsible procurement that meets the expectations of society and takes human rights and the environment into consideration throughout the entire supply chain, including suppliers. Based on the procurement policy, the procurement department takes the lead in activities in cooperation with each department and each related specialized committee. Progress and issues are reported to the Management Committee as necessary.

Supply Chain Management

Our Supply Chain

We carry out procurement activities on a global scale, and while utilizing the advantages of both centralized and decentralized purchasing, we also carry out local procurement for the purpose of optimal procurement at our overseas manufacturing plants.



Procurement amount composition ratio by country/region

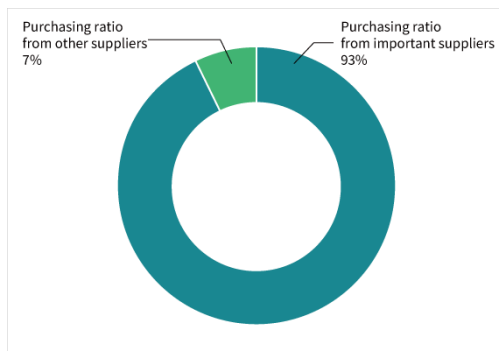


Our Supplier Management

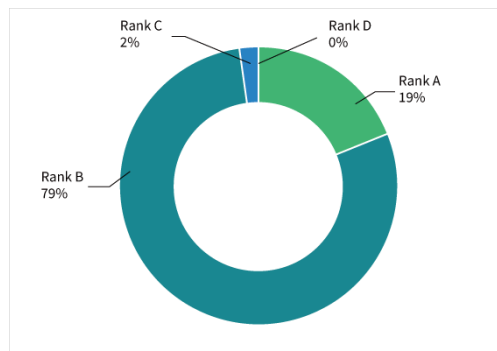
At our company, the procurement department mainly manages suppliers.

Our procurement department mainly manages suppliers. We check and investigate not only quality, technology, price, and delivery, but also sustainability, such as the environment, social, governance, and attitude toward improvement, etc. as conditions for doing business with us. In particular, we identify suppliers who deliver materials, processing and equipment related to our product manufacturing as significant suppliers and conduct annual evaluations of them based on the above-mentioned perspective of our supplier management. We rank them from A to D, and encourage continuous improvement based on this feedback.

| Rank | Rank |
|------|--|
| A | Priority will be given to obtain quotations. Become a potential technical partner for joint development, etc. |
| B | Point out weaknesses and provide guidance to encourage improvement |
| C | Request for improvement based on the Improvement Request Form. Also, instruct them to aim for a rank of B or higher. |
| D | Confirm willingness to make improvements, follow up/confirm improvements periodically |



Purchasing ratio from important suppliers



Significant suppliers ratio by level (FY2023 annual evaluation results)

Promoting CSR and sustainability procurement

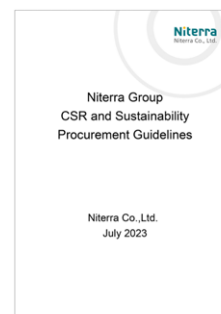
To foster CSR and sustainability measures across the supply chain, we issued our CSR and Sustainability Procurement Guidelines and have been distributing copies to suppliers.

When we revised this guidelines in FY2023, we held briefing sessions to help our suppliers better understand it, and many of them participated.

CSR and Sustainability Procurement Guidelines

The CSR and Sustainability Procurement Guidelines set the rules that our suppliers are requested to comply with concerning the environment, human rights and labor, business continuity planning (BCP), business ethics, information security, occupational health and safety, and product quality and safety. We ask our suppliers comply with these as a prerequisite for business and to put them into practice together with the Niterra Group. We also ask our suppliers to distribute copies of the Guidelines to their own suppliers.

To monitor the status of implementation by the suppliers, we conduct surveys every two years using a checklist. For the survey we conducted in FY2023, we expanded the scope to include all suppliers, and received responses from 63% (based on number of companies, equivalent to 83% of all purchases) of them. For some suppliers, we held interviews with management and provided other follow-ups, thereby asking for improvement.



English version: CSR and Sustainability Procurement Guidelines 761KB

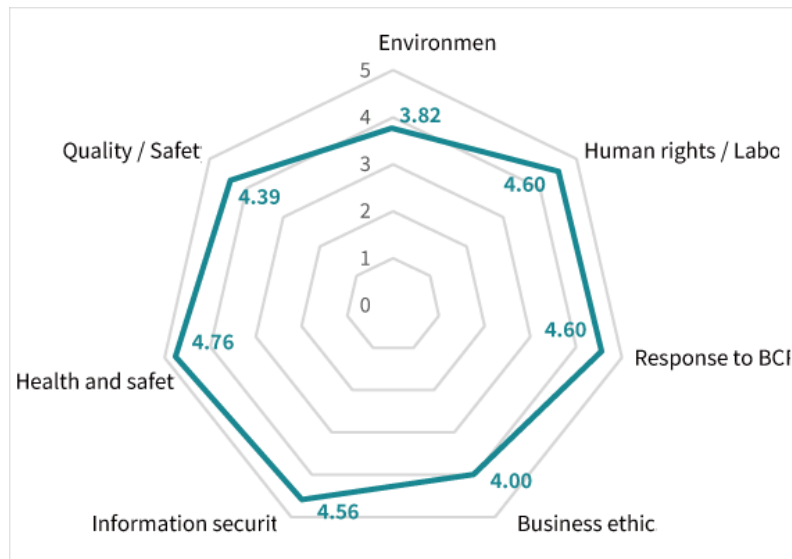
Japanese version: CSR and Sustainability Procurement Guidelines 803KB

Procurement Guidelines for Appropriate Transaction Prices

In accordance with the "Guidelines Concerning Price Negotiations for Appropriate Shifting of Labor Costs" issued by the Japan Fair Trade Commission, our Group has established procurement guidelines to ensure fair transaction prices and has made these guidelines known to all employees. By making this a shared awareness throughout the company, we will continue to maintain fair transactions.



FY2021 Survey Results by Check List



Sustainability Training for our procurement department staff

Our procurement department staff receive sustainability training for them to improve the sustainability knowledge. In FY2023, more than 100 staff received that training.

"Niterrra Group Procurement Compliance Training" for Group Employees

In order to ensure thorough compliance with procurement compliance, we are conducting Niterrra Group procurement compliance training and comprehension tests for Group employees.

Ensuring green procurement

In order to reduce our environmental impact throughout the supply chain, we issued the Green Procurement Guidelines to request that suppliers build environmental management systems and ensure the strict management of environmentally hazardous substances.

Green Procurement Guidelines

These guidelines explain the basic concepts of our green procurement based on our environmental policies. We reviewed the list of related chemical substances in July 2021 and released version 11.01 of the guidelines. We ask our suppliers to study the guidelines and cooperate with our green procurement.



Japanese version: Green Procurement Guidelines 1.51MB

Survey sheet

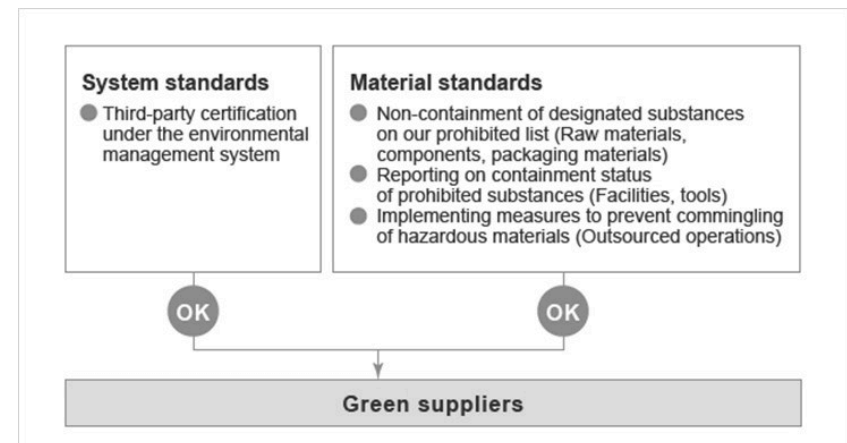
Japanese version: appendix table-1 Survey regarding the presence or absence of "substances of environmental concern" 27KB

Japanese version: appendix table-2 Non-use Declarations 29KB

Green Suppliers

We certify suppliers that meet our system and material standards prescribed in "Green Procurement Guidelines" as "green suppliers," and give priority to these in purchasing.

As of FY2022, we have certified 104 suppliers involved in facilities/jigs and tools, building/incidental facilities, and 153 suppliers involved in raw/subsidiary materials, parts, processing and outsourcing.





Measures against conflict minerals

There are concerns that some mineral resources mined in the Democratic Republic of the Congo and surrounding countries provide a source of funding to local armed forces, thereby promoting conflicts and infringements of human rights. This issue of conflict minerals is recognized as a serious social issue in relation to the procurement of resources and materials. Accordingly, we annually conduct surveys on the use of conflict minerals targeting the upstream section of our supply chain and avoid the use of any with related risks.

Measures to respect human rights

To ensure respect for human rights of all people who are related to our suppliers and their suppliers, we have specified prohibited actions regarding human rights in the CSR and Sustainability Procurement Guidelines. In addition, we periodically conduct supplier surveys to monitor their implementation status of human rights efforts and provide feedback to encourage suppliers to make improvements in areas with insufficient efforts.

Measures to tackle climate change

In order to promote carbon neutrality throughout our entire supply chain, including suppliers, we ask our suppliers for their cooperation in setting greenhouse gas reduction targets and answering surveys on CO₂ emissions related to our products.

Setting CO₂ reduction targets

The CSR and Sustainability Procurement Guidelines, which have been distributed to all our suppliers, stipulate that suppliers should set greenhouse gas emission reduction targets and promote reduction efforts. We have already set CO₂ reduction targets for about 30% of our suppliers, and we will continue to encourage suppliers who have not yet done so to do so. (As of the fiscal 2022 survey)

Survey of CO₂ emissions related to products for our company

In order to understand CO₂ emissions related to our company at our suppliers, we have been conducting surveys of CO₂ emissions related to products for our company since FY2022, and we will continue to conduct surveys in the future. In addition, we not only provide seminars and materials on CO₂ emission reduction to all suppliers but also provide support tailored to individual suppliers' levels of activities and on-site support at the request of suppliers.

Activities to Support Suppliers

By conducting activities to help suppliers enhance their business foundation and engaging in follow-up activities after our regular evaluation of them, we make joint efforts for improvement with suppliers, thereby building greater trust.

Activities to help suppliers enhance their business foundation (through classroom seminars and practical seminars held on-site)

We offer seven seminars for our suppliers, including seminars specialized in manufacturing (e.g. seminar on how to create drawings, why-why analysis seminar), and CSR & Sustainability support seminars aimed at strengthening the foundation of CSR and sustainability and increasing corporate value annually.

On-site practical courses (5S improvement activities, TPM activities) are activities which we go to the manufacturing sites of our suppliers and conduct improvement activities together.

We also provide follow-up assessments for suppliers who have completed an On-site practical courses. These activities are conducted to promote human resource development of our suppliers and to help them become more powerful companies. We are thus working in cooperation with our suppliers to ensure thorough implementation of our "Quality Product" policy and improve manufacturing capabilities throughout the supply chain.

Follow-up activities conducted after the regular evaluation of suppliers

We annually conduct evaluation on some suppliers and inform them of the results. For suppliers that require follow-up activities, we visit them to provide targeted advice and inspect their sites in order to work with them in thinking about how to rectify any weak points. We also award suppliers who have been evaluated as excellent.

Declaration of Partnership Building

In support of the Declaration of Partnership Building established by the Council on Promoting Partnership Building for Cultivating the Future*, we have released our own declaration. We are committed to promoting the coexistence and co-prosperity of the entire supply chain, building new partnerships regardless of the size of business and beyond the boundaries of business affiliations, and ensuring compliance with the "promotion standards." At the same time, we implement proper purchasing transactions in accordance with the Procurement Policy.

* The members are the Chairman of the Japan Business Federation (KEIDANREN), the Chairman of the Japan Chamber of Commerce and Industry, the President of the Japanese Trade Union Confederation (RENGO), and relevant Ministers (Cabinet Office, Ministry of Economy, Trade and Industry, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, and Ministry of Land, Infrastructure, Transport and Tourism).



Declaration of Partnership Building (Japanese only)



Helpline for Suppliers

We have opened a Helpline as the contact point for suppliers to report any violation by managers or employees of the Niterra Group. Details are provided in the pamphlet distributed to the suppliers.



Social Contribution

Social Contribution Policy

As a good corporate citizen, we aim to contribute to society through the effective use of management resources.

Action Guidelines

- We focus on the following activities:
 - Activities closely related to our business fields
 - Activities that respect the cultures of individual countries and local communities, as well as activities that contribute to society such as traffic safety education programs
 - Activities that contribute to the future of society, focusing on environmental conservation, science, and education (in particular the development of next-generation human resources), as well as cultures to be bequeathed to the next generation, etc.
- We strive to create a corporate culture that encourages executives and employees to participate together in social contribution activities as social citizens. We also respect and support their active involvement in society.

Environmental Conservation Preservation

We have established a "Social Contribution Policy" in our Basic CSR Policy, and as a good corporate citizen, we engage in a variety of activities, including contributions to environmental preservation.

We support Ghibli Park

We are an official partner of "Ghibli Park," which opened on November 1, 2022 in the Expo 2005 Aichi, Japan Commemorative Park (Moricoro Park). Expo 2005 Aichi, Japan (Moricoro Park) has created a lush green park, inheriting the philosophy of Expo 2005 Aichi, Japan, which demonstrated "love for people, animals, and the Earth" under the theme of "Nature's Wisdom". We also sympathize with the direction that Aichi Prefecture, the project entity of Ghibli Park, is aiming for, and by endorsing it as an official partner, we aim to contribute to environmental preservation, cultural and artistic promotion activities, and regional revitalization under our social contribution policy. At the same time, we hope to raise awareness of the environmental activities of the entire Minebea Group, and to provide an opportunity to think about global warming and biodiversity. Through our endorsement of Ghibli Park, we will continue to make further contributions to the creation of a sustainable society.



Niterra – Ghibli Park Official Partner

CSR and Sustainability Initiatives

The Niterra Group engages in a variety of CSR and sustainability activities at its sites around the world. For more information on CSR and sustainability activities of Niterra Group, please visit our website.

CSR and Sustainability Initiatives



We are involved in a variety of cleanup activities

Support for IoT Smart Trash Can "SmaGO"

Since July 2022, we have been supporting the operation of "SmaGO," an IoT smart trash can, in Hisaya Odori Park adjacent to our head office in order to contribute to the environment in the area surrounding our head office.

"SmaGO" is an IoT smart trash can that operates on solar power and requires no power source. When trash accumulates, it automatically compresses it to about 1/5 of its original size, reducing the number of times it needs to be collected without overflowing. In addition, since the trash accumulation status can be managed and analyzed in real time on the cloud through the communication function, efficient trash collection is possible, and it is expected to reduce collection costs and CO₂ emissions associated with collection work.

And from April 2023, we are supporting the Smart Action Project in Omotesando, Tokyo, using the 34 "SmaGO" units installed and provided on sidewalks along Omotesando, Tokyo. This project is a new challenge for a recycling-oriented society, starting with the proper disposal of garbage. By combining a sustainable garbage collection system starting in Omotesando with art by HERALBONY artists, we aim to create new value for society while enjoying art, and to realize a sustainable society and a society that recognizes diversity.



Cleanup Activities with NPO HAPPY PLANET

The NPO HAPPY PLANET and our group employees (voluntary participation) regularly conduct clean-up activities around the Hisaya-odori area where our head office is located. These activities are part of the "Health Challenge Campaign," an internal health promotion program, and employees who participate are given cafeteria points to encourage their participation.



Health Promotion Activities



Adopt-program Activities

The Adopt Program is an initiative to clean and beautify public facilities such as roads and parks with love and responsibility as if they were one's own children.

NITTOKU SMILE CO., LTD. of Nitterra Group, participates in the "Komaki Adopt-program activities" of Komaki, Aichi Prefecture, and cleans the city road running along the left bank of the Habashita River near the Komaki Plant. NITTOKU SMILE is cleaning up this city road and other areas around the Komaki Plant in order to make Komaki City a pleasant and clean place to live.

Nitterra North America, Inc. participates in the "Adopt-A-Highway" program. Nitterra North America, Inc. has become a foster parent of the main road in front of the West Virginia Plant, and is involved in cleanup and planting activities.



NITTOKU SMILE CO., LTD



West Virginia Plant, Nitterra North America, Inc.



Cleanup Activities around Each Bases

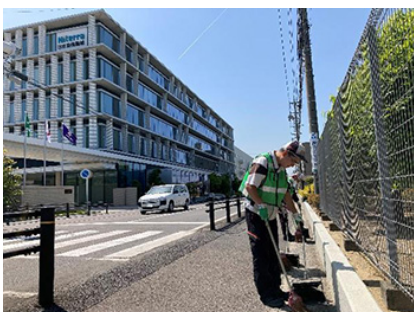
At each of our group companies, our employees conduct cleanup activities in the community and around the company.



Niterra Malaysia Berhad



NICHWA KIKI CO., LTD.



NITTOKU SMILE CO., LTD.



Niterra Co., Ltd.

Cultural Activities

We have established our "Social Contribution Policy" as part of our CSR basic policy, and as a responsible corporate citizen we are engaged in various activities such as culture and welfare promotion.

Our company is an Nagoya Citizens' Auditorium Naming Rights Partner



Our thoughts to the Niterra Hall

Niterra 日本特殊陶業市民会館

Since our foundation in 1936, our headquarters has been located in Nagoya City, and we have been engaged in various activities on the basis of our corporate code of conduct which is "As a good responsible corporate citizen, we actively participate in philanthropic activities and other social action programs." Niterra Hall is a traditional and prestigious cultural building representative of Nagoya. It is popular as a meeting point for cultural exchange. We would like to contribute to the further promotion of culture and arts, as well as regional revitalization through the Niterra Hall naming rights.



Respecting Connections with Local Communities

From 2013, we have been holding family musical events every year as our company sponsored event. We have invited a total of 3,500 people including families affected by the Great East Japan Earthquake, as well as general visitors, local elementary school children, kindergarten children, and children from welfare facilities in Aichi Prefecture.



Little Red Riding Hood
(Photographed in 2022)



The Three Little Pigs
(Photographed in 2022)



Welcome speech from our company
(Photographed in 2022)



Volunteer activity

About Naming Rights

| Previous Name | Name |
|-----------------------------|--------------|
| Nagoya Citizens' Auditorium | Niterra Hall |
| Large Hall | FOREST HALL |
| Medium Hall | VILLAGE HALL |

We renamed the Large Hall and Medium Hall of the Niterra Hall "FOREST HALL" and "VILLAGE HALL," respectively. We selected these names because our company is a member of the Morimura Group and we wanted the Niterra Hall to serve effectively as a "mori (forest)" or "mura (village)" for nurturing rich culture and arts.

 フォレストホール
FOREST HALL

 ビレッジホール
VILLAGE HALL

Regional Contribution

We conduct a wide variety of cultural and sports activities for the benefit of the local community as a good corporate citizen in accordance with the "social contribution policy" that we established as part of our CSR basic policy.

Contributing to the Vitality of Local Regions through Sponsorship of Marathon Events

As we wish to contribute to the vitality of local regions, we support regional marathon events. In particular, we have been sponsoring the "Marathon Festival Nagoya-Aichi" since 2015, and have served as a gold sponsor since 2021 with the aim of "supporting people who pursue their dreams and take on challenges."

■Sponsored Marathon Events

- Marathon Festival Nagoya-Aichi
- Komaki City Marathon



Supporting Top Athletes

Through the employment support system for athletes run by the Japan Olympic Committee (JOC), we employ active athletes as employees and support their competitive activities. We support athletes competing on the world stage by providing an environment where they can compete with peace of mind and balance their work and sports, and we are cheering them on as a group. By supporting top athletes, we will contribute to the development of sports competitions and the nurturing of the next generation of talent that will lead the way in the future.



Archery Ruka Uehara (left),
Tomoka Ohashi (right)



Support the Professional Soccer Club "FC Gifu"

Our Expectations for "FC GIFU"

Niterra has three group companies in Gifu, an important region in terms of manufacturing. Based in Gifu Prefecture, FC GIFU actively promotes socially beneficial activities under the slogan "All Gifu." We share this spirit of contribution and wants to work together to the vitality of local regions, so we decided to become a "partner" and support FC Gifu. All of our employees, including employees of group companies, are vocal supporters of FC GIFU.

FC GIFU Website 



Since becoming a partner in 2014, the "Niterra Thank you Match" has been held every year, with the whole group supporting FC Gifu to make their matches even more exciting. We also hold soccer classes for elementary school students every year taught by FC Gifu players, and through interactions with the players we helping to teach children the fun and excitement of sports.



Niterra Thank you Match
(© Kaz Photography/FC GIFU)



Soccer Classes

Contributing to the Development of Motor Sports

Our main products, NGK SPARK PLUG, are one of the important functional parts that keep the engine running. We have provided high-quality spark plugs for motor sports for many years. The "NGK SPARK PLUG Cup" (the last race in Suzuka Sunday Road Race), of which we are a proud sponsor, many ambitious riders from beginners to professionals test their skill, aiming to join the All Japan Road Race Championship - the top race in the country. This event is a gateway to success for riders aiming to be the best in the world. We also serve as the main sponsor of a racing team and as the title sponsor of the "Suzuka 2&4 Race" held at Suzuka Circuit (Mie Prefecture).



In addition to supplying high-quality spark plugs, through these sponsorships we will contribute to the spread and development of motorsports while fulfilling our responsibilities as a leading spark plug brand.

Communication to Stakeholders

Information Disclosure Policy

Aiming to become an enterprise capable of receiving great support and popularity from people around the world, we strive to conduct transparent business operations and fair information disclosure.

Action Guidelines

- We disclose any corporate information required to be disclosed by the Financial Instruments and Exchange Act and other laws and regulations, in an accurate and timely manner.
- We actively disclose our corporate information, which is not subject to laws and regulations however deemed to be important for stakeholders, through our daily actions, such as issuance of press releases and updates of our website.
- We focus on enhancing communication with our shareholders, investors, and other stakeholders to further promote mutual understanding with them.

Communication with Shareholders and Investors

We disclose information in compliance with the law and also disclose information promptly via the media and at our website.

Holding of the Annual Ordinary General Shareholders' Meeting

We hold an annual Ordinary General Shareholders' meeting in June every year.

We send out the notice of convocation for our Ordinary General Shareholders' Meeting even earlier than the legal deadline so that shareholders can give adequate consideration to the reports and resolutions. Additionally, we try to carry out earlier disclosure by releasing the information on the company website before sending out of the notice. We also translate part of the notice of convocation into English for overseas shareholders and post it on the company website in parallel with the Japanese version.

Furthermore, we are striving to create a suitable environment for the exercise of shareholders' rights, including making it possible to exercise rights from a PC or a mobile phone in addition to the exercise of rights in writing. Also, the meeting was later posted on this website for a certain period of time.



Dialogue with institutional investors and securities analysts

<Financial Results Briefing, etc.>

We hold various dialogues with internal and external institutional investors and analysts in a variety of formats. These include quarterly financial results briefings, conference calls, individual interviews, and individual teleconferences, to explain our financial and non-financial situations in detail, in order to gain an accurate understanding of our situation.

<Organization of briefings on our technologies>


We host a technology orientation for investors and analysts to gain a deeper understanding of our technologies. We also invite them to see the actual manufacturing process.

<Organization of ESG Briefing>

We hold ESG briefings for institutional investors to inform them of the Group's sustainability management, and explain the results of our ESG activities and future direction.

Dialogue with personal investor

We hold online briefings for investors, and strive to provide the information that investors are looking for in an easy-to-understand manner.

Investor Relations 

Communication with Customers

We offer information meaningful to customers at our website and through exhibitions so that they can purchase and use our products and services with peace of mind.

Sending Information on Website and SNS

“NGK SPARK PLUGS / NTK TECHNICAL CERAMICS Products” is a website that disseminates detailed information about our products including NGK spark plugs. Customers can also search for the part number that matches their vehicle and model. The website also features information on motor sports, primarily teams supported by Niterra as well as upcoming exhibitions and events.

In addition, we have set up official accounts on Facebook, Instagram, LinkedIn, and other social networking services to further inform more customers of our Group.

NGK SPARK PLUGS / NTK TECHNICAL CERAMICS Products  Venture Lab  Facebook NGK SPARK PLUGS 

Facebook Venture Lab  Instagram NGK SPARK PLUGS 

Exhibitions and Events

We make sure to have PR booths at exhibits and motor sports events.

These provide valuable opportunities that allow us to meet with customers and explain our products and technologies directly, and we also use these opportunities to identify constantly evolving needs.

Responding to Product Defects

We make it a rule that any product defect we have detected and found to possibly cause harm to customers be immediately announced to the public through our websites, newspapers, trade journals and other media as appropriate and that we simultaneously implement countermeasures against such defects to protect all users.




Communication with Suppliers

We are working to build relationships of trust with suppliers as their sound partner and achieve growth together. To this end we conduct activities across the supply chain, such as holding briefing sessions on our corporate policies.

Organization of briefings on the corporate principles

We hold a corporate policy conference with our main suppliers, offering them an opportunity to deepen their understanding of the present situation of our company and our goals. We introduce our business results, the company's policy, and the policies of each department which are based on the basic policy, procurement policy and initiatives, and request implementation to enhance quality and promote CSR and Sustainability initiatives.

Proper Procurement 

Communication with Local Communities

We respect the local culture and customs at each of our bases located across the world and work for smooth communication with local communities. We also participate in various social contribution activities to help create a comfortable society as a corporate citizen.

Social meetings on the environment

We host environmental meetings with local residents as a venue for communication. At these meetings, we explain our daily environmental activities as well as hear opinions and comments from participants on how we can further improve things.

Local cleanup activity

We regularly hold clean-up activities in the areas near the offices to preserve the local environment. We also continue to participate in beautifying activities hosted by local municipalities, etc.



Niterra Co., Ltd.




SparkTec WKS CO., LTD.



Niterra North America, Inc.



Niterra Vietnam Co., Ltd.

CSR and Sustainability Initiatives 

Communication with NPOs


We hold dialogues and joint events with NPOs to promote sustainability initiatives.



Dialog with SDGs Civil Society Network



Trash pickup event in collaboration with NPO HAPPY PLANET

CSR and Sustainability Initiatives 



Communication with Employees

In addition to providing information through various information disclosures and internal PR, we also conduct two-way communication through various surveys, such as employee awareness surveys, and dialogues with labor unions.

Employee Satisfaction Survey

Every year, we conduct an employee Satisfaction survey. The results, along with company averages for each item, are fed back to each workplace to promote understanding of issues and workplace improvements at each workplace.

Global Human Resource Management [→](#)

Dialogue with the labor union

We hold regular labor-management meetings with the labor union.



Dialogue with the labor unions

Respect for Human Rights [→](#)



Corporate Governance

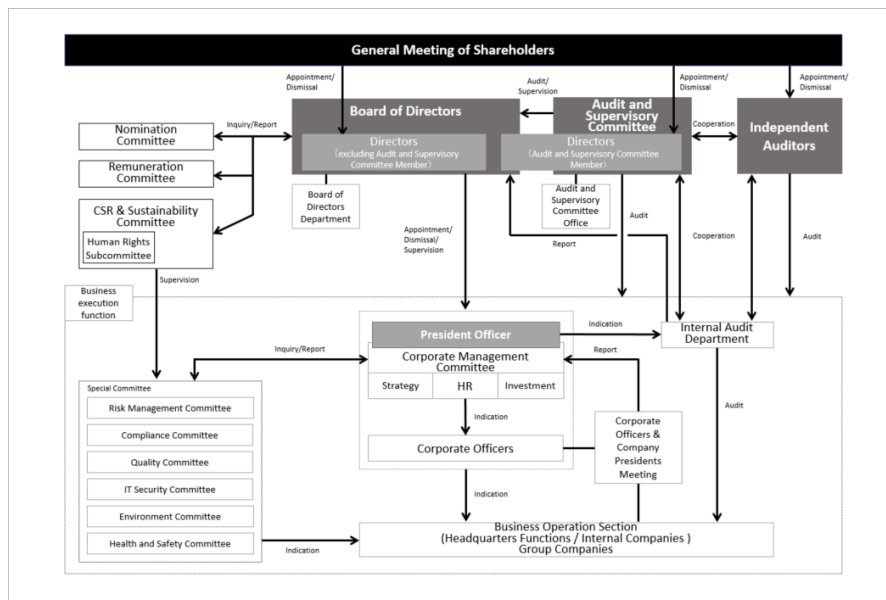
Basic Philosophy

Guided by our corporate philosophy under the slogan “With established trust and confidence inside and outside the company, we aim to contribute to the peoples of the world by creating and putting at their disposal new values for the future”, we have established, and are working to enhance, our corporate governance system to promote management aimed at increasing our corporate value over the medium to long term. Our basic view on corporate governance is to build relationships of trust with our shareholders, customers, business partners, employees, local communities, and other stakeholders through management that ensures fairness and a high degree of transparency, and to develop and operate management framework and internal control system to achieve sustainable growth through efficient and sound management.

Corporate Governance Report

Corporate Governance System

The Company has selected a company with an Audit and Supervisory Committee for the purpose of further enhancing discussions on management policies and strategies at the Board of Directors, strengthening the supervisory function, and further speeding up management decision-making and execution of business. Each organization is set up within the framework of a company with an Audit and Supervisory Committee.



Corporate Governance System

Board of Directors

The Board of Directors comprises eleven members (of which seven are outside directors), which meets regularly once every month and holds ad hoc meetings when necessary. In principle, directors are required to attend all Board of Directors meetings, and the average attendance rate in Fiscal 2023 was 97%.

The Board of Directors deliberates and makes decisions on matters specified in laws and regulations and other important management issues, receives reports from each member and supervises the status of business execution. A majority of independent outside directors are appointed in order to strengthen the supervisory functions of the Board of Directors and secure transparency of management.

<Views on Balance and Diversity of Knowledge, Experience, and Skills within and Size of the Board of Directors as a Whole>

The Company's Board of Directors believes that it is important for the Board to comprise diverse human resources with different backgrounds, including specialized knowledge and experience, in order to achieve sustainable growth and increases in corporate value over the medium to long term. The Board is made up of human resources with extensive experience, high levels of knowledge, and advanced specialization, with consideration given to gender, nationality, work experience, and age, to achieve a good balance according to the business environment at a given time.

In addition, by making up the majority of the Board of Directors with outside directors who have experience and specialized knowledge gained under environments that differ from the Company, the Board can strengthen its supervisory function and engage in deliberations from various perspectives in an effort to ensure transparency and objectivity in decision making.

Director candidates are not excluded from consideration on the basis of their race, ethnicity, nationality, country of birth, cultural background, etc.

<Skill Matrix of Directors>

Based on the above views, considering the business and management system of the Group, the Board of Directors identified the knowledge and experience which it should possess from “Basic areas from the perspective of important management decision-making and business execution supervision” and “Areas that need to be particularly promoted and supervised to realize the medium-term management plan”. According to this, Directors are assigned in well-balanced manner with consideration for diversity.



| Board of Directors | | | | | | | | | | | |
|---|---|---------------------------------------|--------------------------|------------------|---|------------------|------------------|--|--|--|--|
| Name | Shinichi Odo | Takeshi Kawai | Toru Matsui | Miwako Doi | Chiharu Takakura | Takayoshi Mimura | Hisanori Makaya | Kenji Isobe | Fumiko Nagatomi | Christina L. Ahmadjian | Uchiyama Hideyo |
| Position | Representative Director and Chairman of the Board | Representative Director and President | Representative Director | Outside Director | Outside Director | Outside Director | Outside Director | Director | Outside Director | Outside Director | Outside Director |
| | Chief Executive Officer | Chief Operating Officer | Executive Vice President | | | | | Full-time Audit and Supervisory Committee Member | Audit and Supervisory Committee Member | Audit and Supervisory Committee Member | Audit and Supervisory Committee Member |
| Gender/Nationality | Male | Male | Male | Female | Female | Male | Male | Male | Male | Female | Female/ Foreign nationality |
| Independence | | | | ● | ● | ● | ● | | ● | ● | ● |
| Years served as a Director of the Company | 17 Years | 9 Years | 6 Years | 4 Years | 3 Years (Of these, 1 year in office as an outside corporate auditor) | 1 Years | - | 4 Years (from June 2018 to June 2022 In office) | 7 Years | 2 Years (Of these, 5 years in office as an outside corporate auditor) | - |
| Management | ○ | ○ | ○ | | | | ○ | ○ | | ○ | ○ |
| Finance/Accounting | | | | | | | | ○ | | | ○ |
| Governance/Legal/Risk management | ○ | ○ | ○ | | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Global Experience | ○ | | ○ | | ○ | ○ | | | | ○ | ○ |
| Technology/R & D | | ○ | | ○ | | | | | | | |
| Sales/Marketing | ○ | | ○ | | | | ○ | | | | |
| New Business Development/M & A | ○ | ○ | ○ | ○ | | | | ○ | | | |
| Human Resource | | | | | ○ | | | ○ | | ○ | |
| IT/Digital Transformation | ○ | ○ | | ○ | | | | ○ | | | |
| SCM | | ○ | ○ | | | | | | | | |

| Board of Directors | | | | | | | | | | | |
|---|---------------|---------------|---------------|--------------|--------------|-----------------------------------|--------------|---------------|--------------|------------|----------|
| Attendance at Board of Directors Meetings in Fiscal 2023 | 13/13 | 13/13 | 13/13 | 13/13 | 13/13 | 10 ¹ / ₃ 11 | - | - | 12/13 | 12/13 | - |
| Attendance Rate at Board of Directors Meetings in Fiscal 2023 | 100% | 100% | 100% | 100% | 100% | 90% | - | - | 92% | 92% | - |
| Number of Shares Held | 37,176 shares | 19,136 shares | 12,397 shares | 3,336 shares | 1,301 shares | 1,246 shares | 1,000 shares | 16,124 shares | 3,578 shares | 345 shares | 0 shares |

*1: Basic areas from the perspective of important management decision-making and business execution supervision

*2: Areas that need to be particularly promoted and supervised to realize the medium-term management plan

*3: As he was appointed at the Ordinary General Meeting of Shareholders held on 27 June 2023, his attendance covers the 11 Board of Directors meetings held since his appointment.

*4: The skill matrix above shows the areas of expertise particularly expected for each director / audit and supervisory board member, and does not indicate all of the knowledge and experience held by each director / audit and supervisory board member.

<Board of Directors Department>

The Board of Directors Department has been established as a dedicated organisation to support the operation of the Board of Directors, with the aim of enhancing the content of deliberations at Board of Directors meetings, strengthening the supervisory function and providing better support and information to the outside directors, who constitute the majority of the Board of Directors. In addition to organising and selecting the agenda for the Board of Directors meetings, formulating the annual schedule and liaising with relevant departments, the Board of Directors Office supports the smooth operation and effectiveness of the Board of Directors meetings by holding briefing sessions for outside directors in advance of the Board of Directors meetings, providing orientation for outside directors when they assume office and operating the Board of Directors effectiveness evaluation. The Board of Directors Office is also in charge of the Nomination Committee and Remuneration Committee and supports the operation of both committees.



Audit and Supervisory Committee

The Audit and Supervisory Committee comprises four members (of which three are outside members) and as an independent body entrusted by the shareholders, audits and supervises the execution of business by the directors. Full-time Audit and Supervisory Committee members are selected from the perspective of maintaining the audit environment, gathering information from within the Company, and monitoring and verifying the establishment and operation of internal control systems on a daily basis and sharing such information with other members to ensure the effectiveness of organizational audits. The Audit and Supervisory Committee also confirms the appropriateness and suitability of the nominations and remuneration of directors (excluding directors who are Audit and Supervisory Committee members) by attending Nomination Committee and Remuneration Committee meetings and receiving explanations from the representative directors and forming opinions on these matters.

<Audit and Supervisory Committee Office>

To support the execution of duties by the Audit and Supervisory Committee, the Audit and Supervisory Committee Office has been established. These employees receive instruction from the Audit and Supervisory Committee members, liaise and coordinate internally, and gather and provide the necessary information. The Audit and Supervisory Committee Office works under the supervision and direction of the Audit and Supervisory Committee and their independence in relation to supervision and direction from directors (excluding directors who are Audit and Supervisory Committee members), corporate officers and employees is ensured. In addition, transfers, personnel evaluations, etc. require the prior consent of the Audit and Supervisory Committee.

Nomination Committee

To ensure reasonableness and transparency and conduct efficient and fulfilling discussion with regard to director nomination and determination of remuneration, a Nomination Committee was established as advisory bodies to the Board of Directors.

Based on the Board of Directors' request for opinion, the Nomination Committee deliberates on matters including proposals on the appointment of directors to be submitted to the General Meeting of Shareholders, the appointment and dismissal of executive officers, the Company's performance evaluations, and, based on such evaluations, evaluation of the management's performance, and then delivers its opinions to the Board of Directors.

In addition, directors who are Audit and Supervisory Committee members also attend a Nomination Committee as observers.

Remuneration Committee

To ensure reasonableness and transparency and conduct efficient and fulfilling discussion with regard to director nomination and determination of remuneration, a Remuneration Committee was established as advisory bodies to the Board of Directors.

Based on the Board of Directors' request for opinions, the Remuneration Committee deliberates on matters related to remuneration of directors (excluding directors who are Audit and Supervisory Committee members) and executive officers, including the appropriateness of policies, procedures, and systems, as well as the appropriateness of the proposed remuneration of each director (excluding directors who are Audit and Supervisory Committee members) and executive officer, and delivers its opinions to the Board of Directors.

In addition, directors who are Audit and Supervisory Committee members also attend a Remuneration Committee as observers.

CSR and Sustainability Committee

To ensure sustainable growth for our group and society, we have established the CSR and Sustainability Committee, chaired by an outside director, as an advisory committee to the Board of Directors, to identify priority issues in each area of ESG (Environment, Society, and Governance) area and promote actions to resolve these issues.

CSR and Sustainability Promotion System 

Members of the Committees

| Name | Directors | | | | | | | Directors who are Audit and Supervisory Committee members | | | |
|----------------------------------|--------------|---------------|-------------|------------|------------------|------------------|-----------------|---|---------------------|------------------------|---------------------|
| | Shinichi Odo | Takeshi Kawai | Toru Matsui | Miwako Doi | Chiharu Takakura | Takayoshi Mimura | Hisanori Makaya | Kenji Isobe | Fumiko Nagatomi | Christina L. Ahmadjian | Uchiyama Hideyo |
| Independence | | | | ● | ● | ● | ● | | ● | ● | ● |
| Nomination Committee | ○ | ○ | ○ | ○ | ○ | ○ | ○ | Attends the meeting | Attends the meeting | Attends the meeting | Attends the meeting |
| Remuneration committee | ○ | ○ | ○ | ○ | ○ | ○ | ○ | Attends the meeting | Attends the meeting | Attends the meeting | Attends the meeting |
| CSR and Sustainability Committee | - | - | ○ | - | ○ | - | - | - | - | - | - |

* In addition to the "0" directors, the CSR and Sustainability Committee members are senior executive officers Keiji Suzuki and Kenji Kobayashi.

Management Meeting

The Management Meeting, comprising representative directors and some executive officers, was established to make decisions on and supervise important matters relating to business execution in accordance with the basic management policies determined by the Board of Directors, to discuss and understand in advance management issues to be addressed and risks that the Group is facing, and to promptly respond to changes in the management environment. The Management Meeting addresses management strategy and other important matters relating to overall management and also focuses its deliberations on important human resource strategies and measures relating to the assignment and development of human resources as well as significant investments including capital expenditures, equity contributions, acquisitions, and capital tie-ups.



Corporate Officers and Company Presidents Meeting

The Company adopts the Corporate Officer framework, the objective of which is to expedite execution of business operations based on policies determined by the Board of Directors and clarify responsibilities for the results. The corporate officers are elected by the Board of Directors, and meet monthly at Corporate Officers and Company Presidents Meeting to report on the status of business execution for cross-divisional sharing and exchange of information.

Cooperation among Audit and Supervisory Committee, Independent Auditors and Internal Audit Departments

The Company strives to improve the effectiveness of audits by having Audit and Supervisory Committee members attend audits conducted by the independent auditor and by having the Audit and Supervisory Committee, independent auditor, and Internal Audit Department meet regularly and as necessary to exchange information on audit policies, audit plans, audit implementation status, accounting system revisions, etc. and to work in close collaboration with one another.

The Audit and Supervisory Committee and Internal Audit Department meet regularly and as necessary to provide direct reports and exchange information on audit policies, audit plans, audit implementation status, and other matters and to work in close collaboration with one another. In addition, Audit and Supervisory Committee members attend audits conducted by the Internal Audit Department when necessary, and the Internal Audit Department conducts investigations and makes reports as requested by the Audit and Supervisory Committee, improving the quality of audits by both bodies.

Evaluation of the effectiveness of the Board of Directors

The company conducts an evaluation on the effectiveness of the Board of Directors once a year. A summary of the evaluation results for the year 2023 is provided below.

<1.Method of evaluation>

The Company conducted a questionnaire survey of Directors with evaluation items on the composition and operation of the Board of Directors, review of management strategies, etc., the status of supervision of the execution of business, and other topics relating to fiscal year 2023. Based on the survey results and other data, we evaluated the effectiveness of the Board of Directors.

<2.Overview of evaluation results>

As a result, we confirmed that the Company's Board of Directors is sufficiently effective and that effective measures are implemented with respect to the following matters in particular

- The roles and functions of the Board of Directors and the management team responsible for business execution are clearly defined, and the Board of Directors composition is appropriate in terms of knowledge, capabilities, experience, and diversity of background necessary to perform its roles and functions.
- The Board of Directors recognises that addressing issues around sustainability, such as consideration of climate change and other global environmental issues and respect for human rights, is important from the perspective of increasing medium- and long-term corporate value, and confirms that management is actively working to address these issues under an appropriately established structure.
- The Board of Directors has established appropriate internal controls and risk management structure to ensure proper compliance and support risk-taking, and supervises the status of operations through the Internal Audit Department, the Sustainability Committee, and the committees that are established under the Sustainability Committee.
- To ensure that appointment and dismissal of the management team members are conducted appropriately, the Nomination Committee appropriately evaluates whether execution of duties by the management team is performed from the perspectives of sustainable growth and corporate value.
- The Board of Directors implements appropriate improvement measures regarding the key issues identified through evaluation of the effectiveness of the Board of Directors, and strives to enhance its effectiveness.

Among the issues identified in the fiscal 2023 evaluation of the effectiveness, the issue of "Improvement of information provision and explanations within the Board of Directors regarding medium- to long-term management strategies" was addressed in order to ensure sufficient information provision and deliberation time when discussing important issues affecting medium- and long-term strategies, and the Board of Directors discussed these issues multiple times from the consideration stage to the final decision-making stage. To ensure sufficient information and deliberation time when discussing important matters affecting medium- and long-term strategies, the Board of Directors discussed these issues several times, from the consideration stage to the final decision. In addition, new off-site meetings were held to discuss medium- and long-term strategies and other issues among the directors, and prior explanations were given to outside directors on important matters to be discussed at Board meetings, and progress reports on the medium-term management plan were provided on an ongoing basis. At the same time, the Board of Directors identified the need to further improve the presentation materials and content aiming to enhance the content of deliberations at Board meetings and improve operational efficiency. With regard to 'strengthening supervision of the management succession plan by the Board of Directors and the Nomination Committee', opportunities were provided for outside directors, who are members of the Nomination Committee, to observe the management human resources development programme and to confirm the status of management human resources development through their involvement in the promotion review process for executive officers. On the other hand, the need for regular opportunities to report and discuss the overall picture and progress of the Succession Plan was identified as an issue.

Based on the results of the current effectiveness evaluation, in addition to the issues mentioned above, the effectiveness assessment identified in-depth discussions on investment in human capital and human capital strategy as desirable items for further improving the effectiveness of the Board of Directors, and we will continue to work on maintaining and improving the effectiveness of the Board of Directors by addressing these issues.



Roles and Independence of Outside Directors

To enhance the supervisory function of the Board of Directors and to ensure the transparency and objectivity of decision-making through discussions from multifaceted viewpoints, outside directors make up the majority of the Board of Directors, which comprises diverse talent who have abundant experience, tremendous insight and a high degree of professionalism. We appoint all the independent outside directors as independent officers and notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of their appointment. In order to ensure that candidates have neither special relationships with the management team and major shareholders nor conflicts of interest with general shareholders, we designate those who meet all the followings as independent officers: our own criteria for the appointment of independent officers; the requirement of independent officers set by the Companies Act; and the rules and regulations stipulated by the financial instruments exchanges.

Outside directors attend the Board of Directors meetings and non-statutory advisory bodies to demonstrate their supervisory function by becoming involved in the important decision-making of the company from an independent standpoint, while providing advice from an overall perspective based on their abundant experience and insight when formulating and confirming the progress of medium- to long-term management policies at the Board of Directors meetings. Outside directors who are Audit and Supervisory Committee members serve as a supervisory and auditing function based on their independence and expert knowledge.

Succession Plan

The Board of Directors is proactively involved in the formulation and operation of succession plans aimed at identifying and developing future COOs and other business leaders. The members of the Board of Directors see to it that sufficient time and resources are committed to developing their successors in a planned manner.

Specific involvement by the Board of Directors

In addition to checking the operation of the Succession Plan through the Nomination Committee, the representative director and other outside directors are actively involved in human resources development by participating in management human resources development programmes as lecturers and observers.

Details of human capital identification and development measures

In Fiscal 2023, the Management Sparring Dojo, a management human resources development programme, was implemented for the management team, with the aim of developing the competencies and perspectives required for management by the people who will be the next management team (Management Council members).

The programme aims to provide the knowledge (including ESG, science, geopolitics, etc.) that managers need to have, as well as the attitude and thinking required of managers.

In addition, through the global next-generation management human resources development programme 'HAGI' and the selective training 'Nittoku Business School', the programme aims to.

The programme is designed to help companies acquire the knowledge (including ESG, science and geopolitics) they need to succeed in the next generation.

Training for officers

We provide the directors with sufficient assistance to fulfill their expected roles and responsibilities where applicable. For the internal directors, we encourage them to take external seminars to acquire additional knowledge to meet their obligations, while the internal directors and corporate officers are required to attend an executive training session to share the managerial issues and seek out the solution. In order for the outside directors to deepen understanding of the Group, each department explains the businesses and operations in addition to providing them with opportunities to visit major sites of the businesses. Directors who are Audit and Supervisory Committee members periodically take external sessions to gain understanding of what roles the Audit and Supervisory Committee members fulfill, the audit methods, the relevant laws and regulations, and financial accounting knowledge required for the accounting audit.

Remuneration for Director

Officer remuneration comprises fixed remuneration paid in cash, bonuses linked to the degree of achievement of the Company's performance over the course of a single year and other factors, and performance-linked, stock-based remuneration that is determined according to rank and the degree of achievement of performance targets set forth in the Medium-Term Management Plan and so on.

This structure is intended to raise awareness regarding the contribution to improving corporate performance and maximizing corporate value over the medium- to long-term and is based on a fundamental policy of officers sharing interests with shareholders through ownership of Company shares. However, remuneration for director who is an Audit and Supervisory Committee members comprise only fixed remuneration. The Remuneration Committee deliberates on the appropriateness of remuneration and reports back to the Board of Directors.

Fixed remuneration

Fixed remuneration is determined holistically according to the position and responsibilities, by taking into account peers' levels, the company performance, and the level of employee salaries, and then paid.

Policy on the payment of bonus

As for bonuses, in addition to the base amount set for each position, an amount to be decided as follows is paid to each person: decided comprehensively in consideration of the quantitative targets set for corporate performance such as consolidated revenue and consolidated operating income ratio, which reflect the results of sales activities, employee satisfaction, an indicator reflecting increased employee engagement, and based on the qualitative evaluation of the individual performance of the person. The indicator for company performance used in the calculation of the bonus amount is consolidated operating profit, which reflects the results of operating activities, with the aim of ensuring linkage with company performance and raising awareness of the need to contribute to improved performance. The amount of the bonus is calculated according to the percentage change in consolidated operating profit for the current financial year compared to the previous financial year and a qualitative assessment of individual performance.



Performance-linked stock remuneration system

We introduced the performance-linked stock remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and corporate officers (excluding employment-type corporate officers) to further clarify the link between the compensation of directors and the value of the Company's stock, and to have them share interests with shareholders, so as to incentivize them to contribute to the improvement of the Company's medium- to long-term performance and to increasing corporate value. Under the system, the Board Incentive Plan (BIP) is adopted, where points are given to directors based on their position and the level of achievement against the targets set in the Medium-term Management Plan. Points are calculated according to the method stipulated in share granting regulations, which were determined by the Board of Directors after the deliberation of the Remuneration Committee. After the end of the period, shares of the company and money in the amount equivalent to the value of the shares are to be given or granted based on granted points.

Indicators against which the achievement of the performance targets is assessed are set based on single-year performance goals, medium-term performance goals, and non-financial measures goals. The single-year performance goals are based on consolidated revenue and consolidated operating income, which reflect the results of sales activities. The medium-term performance goals are based on the targets set in the Medium-term Management Plan, which are consolidated revenue, consolidated operating income, and ROIC, an indicator of whether we have efficiently earned profits relative to invested capital. For non-financial measures goals, sales from non-ICE business and rate of reduction of CO₂ emissions are used as indicators to reflect the results of efforts for sustainable growth and corporate value enhancement, and to facilitate the transformation of our business portfolio.

Remuneration and bonus paid to directors in fiscal 2023

| | Total remuneration (million yen) | Total remuneration by type (million yen) | | | Number of recipients (persons) |
|--|----------------------------------|--|-------|--|--------------------------------|
| | | Fixed remuneration | Bonus | Performance-linked, stock-based remuneration | |
| Directors (excluding Directors who are Audit and Supervisory Committee Members) | 473 | 296 | 131 | 44 | 8 |
| (Outside directors) | (62) | (62) | (-) | (-) | (5) |
| Directors who are Audit and Supervisory Committee Members | 93 | 93 | - | - | 4 |
| (Outside directors) | (46) | (46) | - | - | (3) |

*1 The following limits are set on the remuneration paid to directors (excluding Directors who are Audit and Supervisory Committee Members) according to the resolution made at the 122th general meeting of shareholders held on June 24, 2022.

| | |
|---|--|
| Total amount of remuneration (excluding bonus): | 60 million yen or below per month (Of which, the monthly amount for outside directors is 13 million yen or below) |
| Total amount of bonus: | 180 million yen or below per year |

Separately from the above, a performance-linked stock compensation plan was established by resolution of the 122nd Ordinary General Meeting of Shareholders held on June 24, 2022, for directors of the Company (excluding directors who are Audit and Supervisory Committee members and outside directors) and executive/corporate officers (excluding officers with employment contract), for a maximum amount of 1,000 million yen over a period of four fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2025.

*2 The following limits are set on remuneration paid to Directors who are Audit and Supervisory Committee members according to the resolution made at the 122th general meeting of shareholders held on June 24, 2022.

| | |
|---|-----------------------------------|
| Total amount of remuneration (excluding bonus): | 10 million yen or below per month |
| Total amount of bonus: | 10 million yen or below per year |

The following limits are set on remuneration paid to Audit and Supervisory Board members according to the resolution made at the 106th general meeting of shareholders held on June 29, 2006.

| | |
|---|-----------------------------------|
| Total amount of remuneration (excluding bonus): | 10 million yen or below per month |
| Total amount of bonus: | 10 million yen or below per year |

*3 "Bonus" corresponds to "performance-linked remuneration, etc.," and "performance-linked, stock-based remuneration, etc." corresponds to "performance-linked remuneration, etc." and "non-monetary remuneration, etc." The total amount of "bonuses" and "performance-linked, stock-based remuneration" shown in the table was recorded as an expense for FY2022.

*4 The above includes remuneration for one external director (excluding those who are members of the Audit Committee) who retired at the conclusion of the 123rd Annual General Meeting of Shareholders.

For details of the calculation method, please see the Annual Securities Report.

the Annual Securities Report

Stocks Held for Reasons Other than Pure Investment Purposes

Policy on the stocks held for reasons other than pure investment purposes

Niterra holds the stocks of its suppliers and others basically to maintain and enhance stable business relationships with them, when the company decides that holding the stocks will help increase its corporate value after verifying the economic rationality from medium- to long-term viewpoints. The Board of Directors annually checks whether it is rational and useful in terms of enhancing its corporate value to keep the stocks individually for each of the investee companies, in consideration of the capital cost and comparing the related risks and returns on a medium- to long-term basis. When the Board decides that the company should not continue to hold any of the stocks, the company will sell them as appropriate, in consideration of the market trend.

Criteria for the exercise of voting rights

For the exercise of voting rights for the stocks owned by our company, we will decide whether to exercise the rights for each item of the agenda, considering whether it will contribute to increasing the corporate value of the investee company and of our own company. In particular for the selection of directors, appropriation of retained earnings and other items that have a large impact on shareholder value, we will exercise the voting rights according to the criteria set for the rights.



Enhancement of Group Governance

Niterra has corporate officers who were locally recruited at its regional headquarters (RHQs) for the Americas and EMEA in order to ensure that speedy and accurate managerial decisions are made at bases closer to the markets they serve in view of the company's globally expanding business environment. We have also formed unique governance teams at the RHQs to build an optimal decentralized system on a group-wide basis and enhance corporate governance as the entire Group.

Moreover, the Global Group Governance Division is in place as an organization that audits the effectiveness of the Group's governance as an entity that is separate from its business execution. This organization formulates and implements measures to carry out audits on the management of Group companies and RHQs and on the core business operations of each department. It also formulates and implements measures to enhance internal control across the Group and thus plays an important role for the enhancement of the Group's governance.

Risk Management

Risk Management Policy

We adapt from a global viewpoint to changes in the management environment surrounding our group and to the diversification of risks and will foster risk management to reduce or avoid the loss of managerial resources, thereby improving our corporate value.

Action Guidelines

- We identify the risks that might hamper the achievement of our management targets from a global and long-term viewpoint and strive to prevent the actualization of these risks in a planned and organization-based manner.
- In the event that such a risk materializes, we strive to minimize the impact on our stakeholders, maintain their trust and prevent the recurrence of similar incidents.

Promotion System

For risk management, Our group has appointed the President as "Chief Administrator" and the Director in charge of the Business Management Dept. as "Promotion Manager". We are making efforts to improve our risk management system and its operation and create one that integrates risk management to prevent risk with crisis management, to handle serious risks when they occur.

Moreover, we have established the Risk Management Committee, which is chaired by the corporate officer appointed by the Chief Administrator (regular meetings twice a year and extraordinary meetings as necessary) as one of our special committees to promote company-wide risk management practices, under the supervision of the CSR and Sustainability Committee (chaired by an external director), which is an advisory body to the Board of Directors.

In FY2023, the Risk Management Committee held twice to report on and discuss responses to priority risks and updates to the risk map.

CSR and Sustainability Promotion System



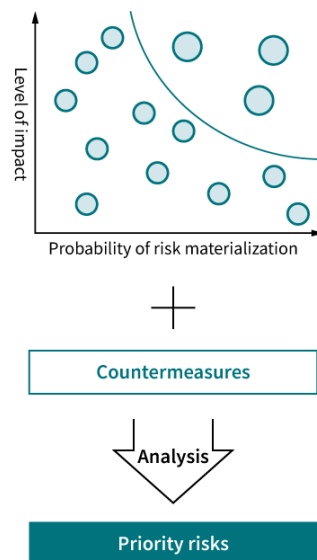
Corporate Governance System





Company-Wide Risk Management

In order to identify and limit those risks that could have serious impacts on our business continuity and on the achievement of our targets, we follow the risk management process as described below. We also evaluate the ESG-related risks including those concerning climate change and human rights.



We identify specific business and other risks for each business process and assess risks by analyzing their degree of impact and likelihood of occurrence, as well as the status of countermeasures in place, to determine whether or not they will have a significant impact on business continuity and goals throughout the company. Any risks determined to require priority action are designated as priority risks with a lead department promoting risk reduction activities, and the Risk Management Committee checks on the status of mitigation activities for these risks.

In FY2023, three priority risks were identified and efforts were made to reduce them. Priority risks are not disclosed due to corporate strategy, but among business and other risks, themes such as (8) Environment, (9) Information security and (12) Business investment are also covered under 'priority issues' and are recognized as important issues for sustainability management.

<Business risks>

- | | |
|--|--|
| 1. World affairs and exchange rate fluctuation risks | 8. Environment risks |
| 2. Business environment risks | 9. Information security risks |
| 3. Product quality risks | 10. Human resource security risks |
| 4. Technological development risks | 11. Legal, regulations, and litigation risks |
| 5. Intellectual property risks | 12. Business investment risks |
| 6. Raw material and components procurement risks | 13. Infectious disease risks |
| 7. Natural disaster risks | 14. Human rights violation risks |

For more information on each of these matters, please refer to the Annual Report via the link below.

Annual security Report

Handling Crisis

If there is an apparent risk that causes a serious impact on business continuity, a crisis response team with the president as the chief executive officer is immediately formed to handle the situation. The crisis response team will respond to emergencies by collecting and analyzing information, deciding and instructing countermeasures, and contacting and coordinating with related organizations.

Moreover, in the event of an important incident, accident, disaster, etc., we have prepared an emergency contact email system that allows the department in which the incident occurred to notify the officers, the Business Management Office, and related departments simultaneously.

Business Continuity Management (BCM)

In preparation against possible earthquakes and other large-scale disasters, we are conducting BCM activities. Specifically, we are making business continuity plans and working on disaster control and reduction in a group-wide basis to minimize damage in the event of a large-scale disaster and resume production as soon as possible if operation is suspended, thereby helping customers maintain their supply chains.

We are also implementing measures against infectious diseases. To deal with COVID-19, we expanded our work at home system and reviewed work shifts in line, thereby continuing to operate our business while preventing infection. In addition, we will revise the business continuity guidelines for infectious disease threat and establish a system to prepare for future emergencies.

Major Initiatives Related to Business Continuity Plans (BCPs)

We have made a BCP for each of our departments. Each plan defines the initial response to be made and recovery procedures to be followed in case of emergency.

<IT Departments>

To ensure our business continuity, we are continuously working to minimize the damage that might be caused to our IT systems in the event of a disaster and speed up the time required for recovery.

Specifically, we aim to minimize the damage by moving the system to a highly robust data center. Also, to shorten the recovery time, we are shifting to cloud backups so that we can recover and restart the systems by using undamaged backups, including group companies.

We are currently moving the system itself to the cloud, and will work to further strengthen business continuity.

Moreover, we are regularly providing more specific and practical education and training so that employees can make better responses in case of a disaster.

<Procurement Departments>

We are fostering BCP measures for key procurement items such as materials and parts, including purchasing from multiple suppliers. In view of the fact that we need a range of materials and parts to manufacture our products, we have built up a system to implement BCP measures across the supply chain in cooperation with suppliers.

<Buildings and Facilities Department>

We are implementing earthquake-resistant measures for our buildings and facilities in preparation for the Nankai Trough Earthquake. We have a checklist to ensure if entering the building is possible in the event of an earthquake, and we are promoting building inspection drills at each site. Once entering the building, the recovery team inspects the infrastructure, ancillary facilities, and equipment according to the procedures stipulated in the BCP and implements recovery activities according to the priorities.

<Business Departments>

In the BCP made for each department, we set a limit for the recovery time required for our major products. We also formulate action plans for the recovery teams to achieve early recovery.



<BCP Training>

We conduct BCP training every December for the purpose of resuming business as soon as possible in the event of a disaster. BCP training is designed to improve the effectiveness of BCPs by formulating recovery plans for the major businesses, organizing recovery teams and implementing recovery activities. To prepare for a situation where our internal network is unavailable, we conduct training on communicating with the emergency headquarters using IP wireless equipment and sharing information via the Internet.



Seminar and discussion meeting on disaster response

<Raising Employees' Awareness of Disaster Prevention>

In order to enhance the disaster response capabilities of our employees and foster our business continuity, we distribute to employees copies of the booklet titled "NITTOKU BOUSAI" which shows the action guidelines to be followed in the event of a disaster.



Disaster Prevention Booklet, 'NITTOKU BOUSAI'

Major Disaster Control and Disaster Reduction Activities

<Implementation of the Joint Disaster Prevention Drill>

In anticipation of a Nankai Trough Megathrust Earthquake, we are implementing the Company-wide Disaster Prevention Drill as a joint drill for domestic Group companies. The drill includes training for evacuation, confirmation of employees' safety, incipient stage firefighting, and inspection of damage caused to facilities and equipment and is designed for early recovery in the event of an emergency.



Evacuation training



Firefighting training (water discharge training)

<Measures Against Storm and Flood Damage>

Recently, climate change has been causing more extensive storm and flood damage. In response, we will work to minimize damage by making disaster-specific timelines for each of our business locations and checking local hazard maps annually, etc.

•Measures against the outflow of hazardous materials in the event of a flood

In order to prevent the outflow of chemicals and oil in the event of flooding due to heavy rain, we investigated the risk of flooding at each site of our group companies.

At sites with a risk of flooding, we take appropriate measures, such as storing hazardous substances in sealed containers, placing sandbags, and creating and operating disaster prevention procedures.



Information Security

Information Security Policy

We regard all of our own information assets as one of our management resources. Through the proper protection and effective use of our information assets, we pursue healthy maintenance and development of our business.

Action Guidelines

- We establish rules that clearly define the system and responsibilities for the protection and management of all the information assets including the information we keep for our customers, the know-how and intellectual properties owned by our group, and personal information.
- We comply with laws, ordinances, and regulations regarding information security.
- We educate all executives and employees who handle information assets about the importance of information security, and about specific items to be observed.
- We continuously update the information infrastructure for the maintenance and improvement of the confidentiality, integrity, and availability of all the information assets.
- We promote measures to prevent accidents in order to address the risks of information leakage associated with the continuous advancement and sophistication of information technology. Should an accident occur, we will strive to minimize the damage and take preventive measures against recurrence.

Basic Philosophy

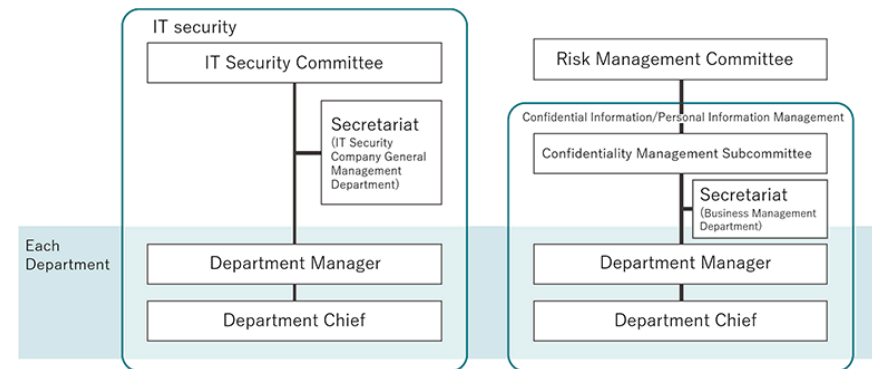
As the importance of information security grows, it is necessary for all Group members, from management to the front line, to work together to improve the effectiveness of information security management and reduce security risks regarding the Group's information assets. Especially in the digital field, cyber-attacks, such as AI-based attacks, are becoming an ever-growing threat. We have been preparing a system to quickly respond to such threats by separating digital security from information security as IT security. We will also commit work to properly protect various types of confidential and personal information, including information entrusted to us by external parties.

Promotion System

Our group has established a promotion system for each area of IT security and confidential information/personal information management, and are working together to strengthen information security under the supervision of the CSR and Sustainability Committee (chaired by an external director).

Regarding IT security, we have established an IT Security Committees (with regular meetings twice a year and extraordinary meetings as necessary), to check the status of company-wide IT security activities and promote appropriate measures. This committee consists of the corporate officer in charge of the Digital Transformation Dept. as the chairman, Head of the Integrated Management Division, Head of Headquarters, planning divisions of each company, and other major divisions as members. Two regular meetings were held in FY2023 to report and discuss incidents, activities to strengthen IT security and ISMS activities.

Regarding the management of confidential information and personal information, the Confidentiality Management Subcommittee (with regular meetings once a year and extraordinary meetings as necessary) was established under the Risk Management Committee to promote the reduction of risks related to the management of confidential information and personal information. This committee consists of the executive officer in charge of the Business Management Dept. as sub-chairman and the heads of each department as members. In FY2023, the Confidentiality Management Sub-Committee met once, reporting incidents and issuing reminders. In addition, information security activities are led by department managers and department chiefs assigned to each department in the areas of IT security and confidential information/personal information management in each division.



Information Security Promotion System

For confidentiality management, we have a working group on confidentiality management that reports to the Risk Management Committee. The working group is tasked with identifying and reducing the risks related to the management of confidential information and protection of personal information.

CSR and Sustainability Promotion System



Corporate Governance System





Information Security Management System

In order to continuously respond to information security risks that threaten companies and organizations, we have set information security as a priority issue (materiality) and are building an information security management system equivalent to ISO 27001.

In FY2023, audits on IT security and IT systems were carried out at all sites, and deficiencies were identified and rectified. We will continue to conduct these audits every year to improve the level of security.

At the request of some automobile manufacturers, we have also acquired TISAX certification, which is an audit standard for information security covering the automobile industry supply chain.

Priority Issues (Materiality) 

Responding to Information Security Incidents

We have established a Computer Security Incident Response Team (CSIRT).

When an incident occurs, the CSIRT promptly organizes and confirms the facts, determines the level of the incident, and then responds. We also accumulate and share knowledge as a measure to prevent recurrence.

In addition to responding after an incident occurs, we are also striving to defend in advance, and we are trying to improve the level and maturity.

In fiscal 2021, in response to the increase in damage caused by cyber attacks around the world, we conducted a comprehensive inspection of the servers used by our company and group companies. The servers with security concerns were extracted and countermeasures were taken.

Information Security Education and Awareness Raising

Raising employee awareness of information security is essential to prevent information security incidents, and education and awareness-raising are provided through various training and educational tools.

•Education on information security policies and rules

Education on the Information Security Management System (ISMS) and IT security-related rules is provided to employees, and their level of understanding is checked.

•Information security awareness training

Training is provided for employees, including directors, employees who continue to be employed and temporary employees of domestic Group companies, on the types of information security threats and damage, as well as countermeasures and preparedness against them.

•CSIRT communication

CSIRT publishes "CSIRT communication" every month to inform employees of the latest information on information security and to alert them.

When it becomes necessary to call attention with a high degree of urgency, we are working to prevent incidents by issuing a bulletin version that describes specific precautions.

Confidentiality Management

The working group on confidentiality management annually inspects the company-wide status of confidentiality management based on the confidentiality management rules set by the company.

Regarding the self-inspection results by each department, the secretariat of the confidentiality management subcommittee confirms its validity for the enhancement of the checking function.

The inspection includes self-inspection by each department and mutual inspection between departments. The inspection items are reviewed according to the broader progress of informatization in society for the enhancement of the checking function.

Furthermore, in addition to the rules on the in-house handling of confidential information, we have also established rules on the use of confidential information outside the company in order to prevent the leaking of such information, including rules on the use of portable computers and cloud services, and we monitor compliance with the rules.

Protection of Personal Information

As exemplified by the General Data Protection Regulation (GDPR) enforced in Europe, measures to protect personal information have been enhanced globally. In response, the Niterra Group has set a range of internal rules to appropriately protect, manage and handle the personal information of its customers and employees.

In addition, as a response to the revised Personal Information Protection Law that came into effect in April 2022, we pre-assess risks based on the type and the number of personal information and take measures to reduce the risks.

See the policy regarding the handling of personal information (Privacy Policy) below.

Privacy Policy 



Compliance

Compliance Policy

With recognition that our company is a member of society, we enhance corporate ethics and understand the spirit and meaning of laws, company regulations, international rules, and social norms in order to appropriately meet social demand and become a company trusted by the international community.

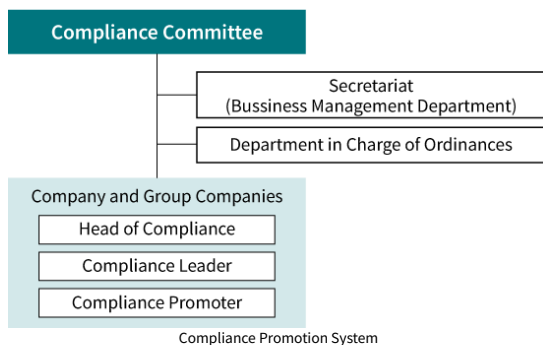
Action Guidelines

- We not only comply with laws and regulations, but also act in good faith with common sense and responsibility as a member of society.
- We comply with applicable laws and regulations regarding the prevention of corrupt practices, and not engage in any corrupt practices (bribery, conflict of interest, insider trading, anti-competitive practices, money laundering, improper relationship with politics and government, etc.), either directly or indirectly, and conduct our business activities with integrity.
- We regularly educate and raise the awareness of all our employees to impart a high level of ethics and correct knowledge, with which they can act voluntarily to prevent a violation.
- Should a violation occur, we will promptly investigate the causes and take remedial actions. We will strive to take appropriate countermeasures to prevent recurrence and fulfill our accountability.

Compliance Promotion System

In order to enhance compliance, our group established the Compliance Committee chaired by the Representative Director (Regular meetings twice a year and special meetings as required). This committee conducts activities to prevent noncompliance issues under the supervision of the CSR and Sustainability Committee, an advisory committee to the Board of Directors, chaired by an external director. It will also give instructions about the measures to be taken in the event of a noncompliance incident and monitor the implementation of the measures.

In FY2023, the Compliance Committee met twice to report and discuss responses to amendments to laws and regulations, compliance activities, improving the effectiveness of the whistle-blowing system at overseas Group companies, and compliance awareness survey results and follow-up activities.



Compliance Promotion System

Internal reporting system

We have established the Corporate Ethics Helpline as an internal reporting system available to employees and suppliers seeking consultation and making reports regarding compliance.

In addition to setting up the Compliance Committee Secretariat as an internal point of contact, we have also set up external private contractors. We are striving to improve convenience by, for example, allowing consultations and reporting outside working hours and on holidays. Anonymous consultations and reports are also accepted, and whistleblowers are thoroughly protected so that whistleblowers are not identified and are not disadvantaged as a result of reporting.

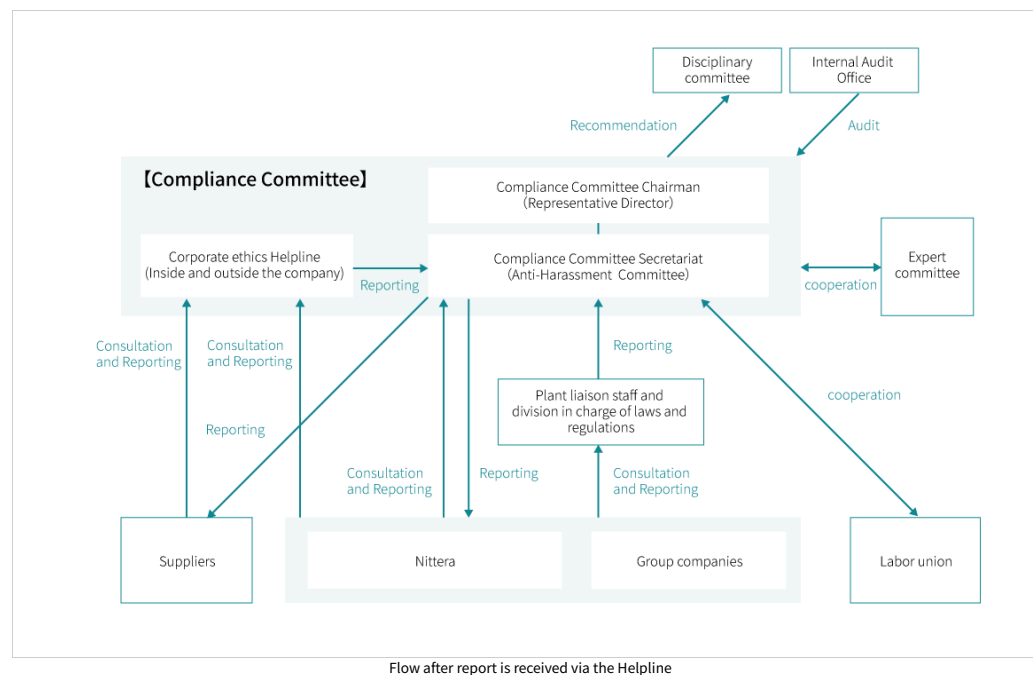
The hotline accepts consultations and reports when any violation of compliance, including harassment, or an act that may result in such violation is known. We investigate the facts of consultations and reports we receive, and if any problems are identified, we promptly deal with them.

In FY2022, there were 97 consultations and reports, including those from employees of Group companies and those related to labor affairs and internal regulations, and we promptly resolved and took corrective actions for the identified problems.

We are continuously working to make the helpline service widely known by measures such as introducing it in training, internal intranet, putting up related posters and distributing carrying cards describing the service.

Also, we have established channels for consultation and making reports at each of our overseas group companies.

With the revised Amendment of the Whistleblower Protection Act enacted in June 2022, we reviewed related regulations and re-informed employees about the corporate ethics helpline.



Flow after report is received via the Helpline



Compliance Education and Awareness Raising

To raise employees' awareness and knowledge regarding compliance, we are sharing and disseminating information to employees through compliance promoters in each department, and we are continuing to educate them by using the Compliance Guidebook, which summarizes the rules concerning companies and society, the Compliance Newsletter, which provides specific examples of compliance issues that could arise in our daily operations, and the Compliance Promotion Rules (for Managers/Mid-Level Employees), which explains expected roles and behavior, in addition to holding level-specific and theme-specific training.

Moreover, we conduct a compliance awareness survey targeting employees, in order to check employees' level of understanding about the corporate rules and systems and to examine the corporate culture and identify compliance risks. In FY2023, the survey was conducted with approximately 8,000 domestic group members. We fed back the survey results to each department and identified those departments with issues to be addressed and interviewed.

Compliance Guidebook



The Compliance Guidebook provides explanations of the laws and rules that our company and society must comply with, as well as specific prohibited items.

<Example of Publication Content>

- Respect for human rights
- Prohibition of harassment
- Compliance with Anti-Monopoly Act
- Prohibition of bribery and inappropriate entertainment
- Prohibition of bribery of foreign public officials etc. when developing overseas business
- Prohibition of insider trading
- Compliance with trade-related laws
- Protection of personal information
- Maintenance of company secrets
- Prohibition of conflicts of interest
- environment conservation
- Regulation of donations and political donation
- Exclusion of Exclusion of anti-social forces, etc.

Compliance Promotion Book for Managers / Mid-career Employee



The Compliance Promotion Book is available in two versions: Managers version and Mid-career Employee version. They serve as guidelines for managers and mid-level leaders to promote compliance in their workplaces. The book contains the necessary behavior, knowledge, and examples for each position.

<Example of Publication Content>

- Expected roles and behavior
- Compliance management
- Response before problems occur
- Response after a problem occurs, etc.


Initiatives to Prevent Corruption

We are striving to prevent corruption in line with the statement made in our Corporate Code of Conduct: "We shall promote fair, transparent, free competition and sound trade. We shall also ensure that our relationships and contacts with government agencies and political bodies are of a sound and proper nature."

We issued the Compliance Guidebook in 2012, in which we set the rules concerning the prevention of corruption, including the prohibition of involvement in political contributions or bribery, and made employees aware of these rules.

Subsequently, in 2013, we issued the Conduct Guidelines Concerning the Giving and Receiving of Gifts and Entertainment to raise employees' awareness of the issues and prevent them from becoming involved in misconduct. Further, we signed the UN Global Compact in 2016 and formulated an Anti-Corruption Policy for our employees in 2018, openly reaffirming our commitment to preventing corruption.

We are thus working to prevent corruption in line with the guidelines and others. We respond to any violations of the anti-corruption rules mainly through the Compliance Committee. Our overseas Group companies are also taking action to prevent corruption, especially to prohibit and prevent bribery of civil servants and facilitation payment, including providing employees with related education and conducting surveys on local laws. We also request that suppliers refrain from acts of bribery through our CSR Procurement Guidelines. In FY2022, there were no violations of related laws and regulations across the Group.

Participation in "United Nations Global Compact" 

Initiatives to Eliminate Anti-Social Forces

We will take a firm stance against anti-social activities and forces/organizations. We will not engage in any act that facilitates such activities, including purchasing something, providing benefits and participating in money laundering, including from suppliers associated with them.

Initiatives to Prevent Insider Trading

We have established internal regulations to prevent insider trading, which obstructs fair trading in the stock market.

Our internal regulations set standards of conduct regarding the management of our internal information and the buying and selling of stocks, etc. of our company or other companies. Compliance with these rules will prevent insider trading by our officers, employees, and ourselves.



Initiatives Concerning Competition Laws

Taking seriously our violation of the Anti-Monopoly Act of Japan, as uncovered in FY2014, we have established a system to promote compliance with competition laws and to ensure legal compliance both within and outside the country.

In Japan, we formulated the Anti-Monopoly Act Compliance Manual and distributed copies to employees while holding a range of related seminars internally for both executives and employees. Moreover, we have introduced an in-house e-mail inspection system to monitor and prevent recurring violations of the competition law.

Our overseas Group companies are required to report the activity status regarding compliance with competition laws to Niterra on a regular basis. In addition, the company's teams in charge of affairs concerning competition laws and compliance, where they audit the companies' compliance systems and implementation status and check whether local employees are sufficiently aware of the related rules. Seminars featuring guest speakers are also held.

We will continue our education and auditing activities to ensure compliance with competition laws both in Japan and abroad.

Export Control

We comply with domestic laws and regulations based on the Foreign Exchange and Foreign Trade Act in accordance with the multilateral export control regime (MECR) established for international peace and safety. In addition, we have established related internal rules and an in-house export control organization.

We also conduct awareness-raising and inspection activities targeting departments engaged in export control, thereby ensuring and enhancing our export control in compliance with the related laws and regulations. We are working to prevent the destabilization of international affairs by focusing on preventing the outflow of sensitive technology as well as cargo that can be diverted to military use.

In addition, we have established a system to understand and respond to the international situation related to export control and revision trends of related laws and regulations.

In accordance with revisions to export control-related laws and regulations that came into force in May 2022, we have reviewed related regulations and made them known to relevant departments.

Appropriate Tax Payment

Tax Policy

By understanding the spirit and purpose of taxation laws and regulations, we respond appropriately to the demands of society and aim to become a company trusted by the international community.

Action Guidelines

- We fulfill our social responsibilities by observing laws on corporate taxation and other tax laws in every country, as well as international taxation standards including the OECD Transfer Pricing Guidelines, the Action Plan on Base Erosion and Profit Shifting, and the arm's length principle of transfer pricing.
- In order to ensure compliance with taxation laws and regulations, we work toward improving our knowledge and gaining a proper understanding of taxation and adopt an attitude of sincerity toward tax authorities to enhance our reliability and transparency.
- We properly manage taxation risks by working toward appropriate declaration and payment of taxes in each country, thereby enhancing shareholder value.
- We never engage in profit shifting to tax havens and other low-tax countries or implement other measures for the purpose of tax avoidance.

Promotion System

For tax management, the finance officer is responsible for tax matters. Important matters are reported to and supervised by the Board of Directors as necessary. Tax operations are carried out in cooperation between the company's accounting department and the accounting departments of Group companies. We regularly receive reports from group companies on the status of their business operations, including tax reporting and tax payments, and reports on their financial situation, including taxation, and other matters relating to the performance of their duties. We then provide them with guidance on their operations as appropriate to the case.

Tax Compliance

In order to ensure proper tax compliance, our groups follow international tax standards and guidelines published by international organisations such as the OECD and make timely and appropriate tax declarations and payments at each operating location in accordance with the tax laws and regulations of the country or region in which the company operates.

Tax Planning

We are fully aware of the social significance of tax payment and recognise the importance of appropriate and effective tax planning for the achievement of business objectives. We are working to maximise consolidated cash flow by eliminating double taxation and making effective use of preferential taxation systems, while taking into account the intent of enacting laws, regulations and rules.



Tax Risk

We conduct a thorough review of the tax risks of our business activities well in advance. Where necessary, we request advice and guidance from tax specialists.

Relationship with Tax Authorities

Our Group deals appropriately with the tax authorities in each country in good faith and strives to build and maintain good relationships with them. In the event of differences of opinion with the authorities, they are dealt with and resolved in good faith.



Sustainability Data (Non-Financial Information)

Environmental Management ▾ Environmental Accounting ▾ Environment Data ▾

Compliance with Environmental Laws and Regulations ▾

Providing Environmentally Friendly Products ▾ Global Human Resource Management ▾

Human Resource Development ▾ Diversity ▾ Work-life Balance ▾

Safety and Health Management ▾ Product Quality ▾ Social Contribution Activities ▾

Communication with Stakeholders ▾ Corporate Governance ▾ Compliance ▾

Appropriate Tax Payment ▾ R&D ▾

Environmental Management

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------|------|---------------------|------|------|------|------|------|
| Acquisition rate of ISO14001 | % | Niterra Group | 93 | 93 | 93 | 96 | 95 |

[Calculation method] Percentage of employees working at ISO14001-certified sites

Environmental Accounting

<Economic benefits associated with environmental conservation activities>

| Area of recognized effect | | Unit | Scope of tabulation | 2022 | 2023 |
|---------------------------|--|-------------|--|-------|---------|
| Revenue | Revenue generated from the recycling of waste generated in operations or used products | million yen | Niterra Co., Ltd. and Groups in Japan (with multi-site certification) | 769.8 | 5,276.0 |
| Cost saving | Energy cost saving achieved from energy conservation efforts | million yen | | 134.2 | 175.1 |
| | Reduction of water expenses through water saving | million yen | | 3.4 | 1.9 |
| | Waste disposal cost saving achieved by resource conservation and recycling efforts | million yen | | 40.3 | 6.2 |
| Total | | | | 947.7 | 5,459.2 |

<Quantity of environmental conservation benefits>

| Effect measured in the business area | Types of effect | | Unit | Scope of tabulation | 2022 | 2023 | Difference from the previous fiscal year |
|---|---|-----------------------|------------------------|--|---------|---------|--|
| Effect measured with respect to resource input into operations | Energy consumption | Purchased electricity | GWh | Niterra Co., Ltd. and Groups in Japan (with multi-site certification) | 33,351 | 30,817 | -2,535 |
| | | Gas | million m ³ | | 1,115 | 1,054 | -61 |
| | | LPG | tons | | 5,929 | 4,927 | -1,002 |
| | Water consumption | Tap water | m ³ | | 796,098 | 694,339 | -101,759 |
| | | Well water | m ³ | | 370,205 | 349,755 | -20,450 |
| | Amount of PRTR substances treated | | tons | | 856 | 741 | -115 |
| Effect measured with respect to environmental load and waste from business activities | CO ₂ emission from energy consumption | | tons | 158,182 | 137,769 | -20,413 | |
| | Waste | Effectively used | tons | 10,851 | 9,882 | -969 | |
| | | Not effectively used | tons | 47 | 156 | 109 | |
| | Amount of PRTR substances released into air and water | | tons | 223 | 86 | -137 | |

[Calculation method] Energy consumption, CO₂ emission from energy consumption : Excluding the amount used for and CO₂ emitted from the transportation activities



Environment Data

| | | Unit | Scope of tabulation | Eco Vision Standard Value (2018) | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|---|------------------------------------|---------------------------------------|----------------------------------|--------|--------|--------|--------|--------|
| Management of Water | Total water consumption | 10,000m ³ | Niterra Group | — | 166 | 153 | 165 | 161 | 146 |
| | Basic Unit | 10,000 m ³ /Million yen | Niterra Group | 5.40 | 5.68 | 5.13 | 4.92 | 4.40 | 3.75 |
| | Total water discharge | 10,000m ³ | Niterra Group | — | 166 | 153 | 165 | 161 | 146 |
| | | | | | | | | | |
| Management of Waste | Total waste generated | tons | Niterra Group | — | 22,031 | 20,237 | 22,686 | 21,188 | 20,906 |
| | Basic Unit | Tons/Million yen | Niterra Group | 0.075 | 0.075 | 0.068 | 0.068 | 0.058 | 0.054 |
| | Effectively used | tons | Niterra Group | — | 19,212 | 18,223 | 20,712 | 19,344 | 18,711 |
| | Not effectively used | tons | Niterra Group | — | 2,662 | 2,014 | 1,974 | 1,843 | 2,196 |
| | Effective utilization rate | % | Niterra Group | — | 87.3 | 90.0 | 91.3 | 91.3 | 89.5 |
| | On-site inspection at waste disposal company facilities | cases | Niterra Co., Ltd. and Groups in Japan | — | 82 | 57 | 39 | 63 | 42 |
| | | | | | | | | | |
| Management of Chemical Substances | Amount of PRTR substances treated | tons | Niterra Co., Ltd. and Groups in Japan | — | 799.1 | 682.4 | 755.0 | 781.4 | 740.5 |
| | Amount of PRTR substances released | tons | Niterra Co., Ltd. and Groups in Japan | — | 116.1 | 125.4 | 139.1 | 151.4 | 85.6 |
| | (Toluene) | tons | Niterra Co., Ltd. and Groups in Japan | — | 105.2 | 114.5 | 129.3 | 143.7 | 83.5 |
| | (Xylene) | tons | Niterra Co., Ltd. and Groups in Japan | — | 1.6 | 1.1 | 1.0 | 1.1 | 0.4 |
| | (Other) | tons | Niterra Co., Ltd. and Groups in Japan | — | 9.4 | 9.8 | 8.8 | 6.7 | 1.8 |

| | | Unit | Scope of tabulation | Eco Vision Standard Value (2018) | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------------------|--|-----------------------------------|---------------------|----------------------------------|---------|---------|---------|---------|---------|
| Energy consumption | Total energy consumption | MWh | Niterra Group | — | 799,541 | 780,112 | 825,807 | 739,044 | 692,093 |
| | Total nonrenewable energy consumption | MWh | Niterra Group | — | 799,263 | 779,822 | 823,783 | 674,410 | 599,023 |
| | (Fuels) | MWh | Niterra Group | — | 339,823 | 326,302 | 338,530 | 275,900 | 249,415 |
| | (Electricity) | MWh | Niterra Group | — | 459,440 | 453,520 | 485,252 | 398,510 | 349,608 |
| | Total renewable energy generation | MWh | Niterra Group | — | 278 | 290 | 2,024 | 64,634 | 93,070 |
| | Purchased electricity | MWh | Niterra Group | — | 0 | 0 | 0 | 62,144 | 84,520 |
| | Generated electricity | MWh | Niterra Group | — | 278 | 290 | 2,024 | 2,490 | 8,549 |
| | | | | | | | | | |
| Greenhouse gas emissions (Scope 1,2) | Total direct GHG emissions [Scope 1] | 10,000 tons-CO ₂ | Niterra Group | 6.96 | 6.47 | 6.21 | 6.44 | 5.29 | 4.80 |
| | Total indirect GHG emissions [Scope 2] | 10,000 tons-CO ₂ | Niterra Group | 21.0 | 21.1 | 19.5 | 20.1 | 16.1 | 14.3 |
| | Scope 1+2 | 10,000 tons-CO ₂ | Niterra Group | 27.9 | 27.6 | 25.7 | 26.5 | 21.4 | 19.1 |
| | Basic Unit | tons-CO ₂ /Million yen | Niterra Group | — | 0.94 | 0.86 | 0.79 | 0.59 | 0.49 |

[Calculation method]

Scope 1 : Calculated by using the global warming potential as provided for in the Act on Promotion of Global Warming Countermeasures.

Scope 2 : Calculated by using the emission factor as provided by each electric power company in Japan, while in other countries calculated by using the emission factor of each country by the IEA.



<Greenhouse gas emissions (Scope 3)>

| | Unit | Scope of tabulation | Eco Vision Standard Value (2018) | 2019 | 2020 | 2021 | 2022 | 2023 | |
|--|-----------------------------|---------------------|----------------------------------|------|--------|--------|--------|--------|--|
| 1. Purchased goods and services | 10,000 tons-CO ₂ | Niterrra Group | 115.3 | — | 122.01 | 169.03 | 197.48 | 179.00 | |
| 2. Capital goods | | | 19.6 | — | 11.08 | 11.49 | 7.86 | 9.25 | |
| 3. Fuel- and energy-related emissions not included in scope 1 or scope 2 | | | 4.3 | — | 4.29 | 4.60 | 4.34 | 4.13 | |
| 4. Upstream transportation and distribution | | | 16.6 | — | 12.86 | 15.03 | 8.75 | 6.14 | |
| 5. Waste generated in operations | | | 0.6 | — | 0.71 | 0.77 | 0.78 | 0.91 | |
| 6. Business travel | | | 0.2 | — | 0.21 | 0.21 | 0.21 | 0.21 | |
| 7. Employee commuting | | | 2.0 | — | 2.10 | 1.47 | 1.46 | 1.45 | |
| 8. Upstream leased assets | | | — | 0 | | | | | |
| 9. Downstream transportation and distribution | | | — | — | — | — | — | — | |
| 10. Processing of sold products | | | — | — | — | — | — | — | |
| 11. Use of sold products | | | 970.32 | — | 878.07 | 939.95 | 909.10 | 749.36 | |
| 12. End-of-life treatment of sold products | | | 0.06 | — | 0.05 | 0.06 | 0.06 | 0.06 | |
| 13. Downstream leased assets | | | — | 0 | | | | | |
| 14. Franchises | | | — | 0 | | | | | |
| 15. Investments | | | — | 0 | | | | | |
| Total | | | 1,128.9 | — | 1,031 | 1,143 | 1,130 | 951 | |

[Calculation method]

- 1: Calculated by multiplying the figures shown in the material balance sheet by the relevant values retrieved from the database of emissions unit values built for the calculation of organizations' greenhouse gas emissions across their supply chains
- 2: Calculated by multiplying the cost of acquiring tangible fixed assets (shown in the financial statements) by the relevant value retrieved from the database of emissions unit values built for the calculation of organizations' greenhouse gas emissions across their supply chains
- 3: For power consumption, calculated by multiplying the amount used by the relevant value retrieved from the database of emissions unit values built for the calculation of organizations' greenhouse gas emissions across their supply chains. For gases, etc., calculated by multiplying the amount used with the relevant value retrieved from the IDEA LCA database.
- 4: Extracted from the data notified (for products) by shippers specified under the Act on Rationalizing Energy Use
- 5: Calculated by totaling CO₂ emissions from the transportation of the company's waste (extracted from the data notified (for waste) by shippers specified under the Act on Rationalizing Energy Use and CO₂ emissions from the treatment of waste (calculated by multiplying the cost of waste treatment (for fiscal years up to fiscal 2018) or the amount of waste treated (for after fiscal 2019) by the relevant value retrieved from the IDEA LCA database)
- 6: Calculated by multiplying the number of employees by the relevant value retrieved from the database of emissions unit values built for the calculation of organizations' greenhouse gas emissions across their supply chains
- 7: Calculated by multiplying the result of multiplying the number of employees by the number of their working days by the relevant value retrieved from the database of emissions unit values built for the calculation of organizations' greenhouse gas emissions across their supply chains
- 11: Calculated by multiplying the amount of CO₂ emissions per one ton of products calculated by using the Japan Auto Parts Industries Association's LCA tool by the weight of shipped products
- 12: Calculated by multiplying the weight of shipped products by the relevant value retrieved from the IDEA LCA database
- 15: Calculated by multiplying the amount of CO₂ emitted by the five companies that are ranked in the top five in terms of the monetary value of the stocks owned by Niterra by the stockholding ratio
- * "0" is indicated for non-applicable items, and "—" is indicated for difficult-to-calculate items.

<Proportion by region in FY2023>

| | | Unit | Japan | Asia | North America | South America | Europe | Africa |
|----------------|-------------|-----------------------------|-------|------|---------------|---------------|--------|--------|
| Water | Consumption | 10,000 m ³ | 109 | 23 | 2 | 11 | 1 | 0 |
| | | % | 74.7 | 15.9 | 1.3 | 7.5 | 0.4 | 0.1 |
| | Emissions | 10,000 m ³ | 109 | 23 | 2 | 11 | 1 | 0 |
| | | % | 74.7 | 15.9 | 1.3 | 7.5 | 0.4 | 0.1 |
| Waste | Emissions | t | 11012 | 2796 | 2198 | 2619 | 488 | 58 |
| | | % | 57.4 | 14.6 | 11.5 | 13.7 | 2.5 | 0.3 |
| Greenhouse gas | Emissions | 10,000 tons-CO ₂ | 15.0 | 2.4 | 0.9 | 0.7 | 0.1 | 0.1 |
| | | % | 78.7 | 12.3 | 4.6 | 3.5 | 0.4 | 0.5 |



<Waste plastic emissions from domestic group companies>

| | Unit | Scope of tabulation | 2022 | | | | |
|--------------------------|------|------------------------------------|-------|--|--|--|--|
| Waste plastic emissions | t | Niterra Co., Ltd. | 51.3 | | | | |
| | | SparkTec WKS CO., LTD. | 50.1 | | | | |
| | | NICHIWA KIKI CO., LTD. | 2.5 | | | | |
| | | KAMIOKA CERAMIC CO., LTD. | 2.1 | | | | |
| | | NTK CERAMIC CO., LTD. | 237.1 | | | | |
| | | CERAMIC SENSOR CO., LTD. | 101.5 | | | | |
| | | NITTOKU ALPHA SERVICE CO., LTD. | 0.9 | | | | |
| | | NANSEI CERAMIC CO., LTD. | 16.4 | | | | |
| | | NTK CERATEC CO., LTD. | 31.6 | | | | |
| | | MORIMURA SOFC TECHNOLOGY CO., LTD. | 1.7 | | | | |
| | | NTK CUTTING TOOLS CO., LTD. | 3.4 | | | | |
| | | NTK Medical CO., LTD. | 2.8 | | | | |
| | | CECYLLS | 6.9 | | | | |
| NITTOKU DENSHI CO., LTD. | 2.7 | | | | | | |
| NITTOKU SMILE CO., LTD. | 0.2 | | | | | | |

Compliance with Environmental Laws and Regulations

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------------|-------|---------------------------------------|--|--|------|------|------|
| Environment-related violations | cases | Niterra Group | 3 | 2 | 2 | 2 | 0 |
| Environment-related fine | yen | Niterra Group | 0 | 0 | 0 | 1 | 0 |
| Environment-related complaints | cases | Niterra Co., Ltd. and Groups in Japan | 1 *Not include overseas group companies | 2 *Not include overseas group companies | 4 | 1 | 1 |

Providing Environmentally Friendly Products

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|---------------------|------|------|------|------|------|
| Sales ratio of precious metal plugs* | % | Niterra Group | 39 | 41 | 40 | 43 | 47 |
| Sales ratio of wide range oxygen sensor* | % | Niterra Group | 34 | 37 | 37 | 39 | 40 |

* “Precious metal plug” and “wide range oxygen sensor” are types of environmentally friendly products and are selected as priority issues. We aim to increase each of the “sales ratio of precious metal plugs” and the “sales ratio of wide range oxygen sensor” to not less than 50%

Global Human Resource Management

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Number of workers * Number of employees as of March 31 | people | Niterra Group | 16,430 * Adopted IFRS for fiscal | 16,391 * Adopted IFRS for fiscal | 16,145 * Adopted IFRS for fiscal | 16,247 * Adopted IFRS for fiscal | 15,980 * Adopted IFRS for fiscal |
| | people | Niterra Co., Ltd. | 5,883 | 5,891 | 3,617 | 3,554 | 3,431 |
| Number of temporary workers * Number of employees as of March 31 | people | Niterra Co., Ltd. | 649 | 473 | 108 | 121 | 131 |
| Average age * Number of employees as of March 31 | Men | aged | 39.7 | 41.5 | 41.5 | 41.4 | 42.1 |
| | Women | aged | 37.6 | 38.7 | 39.6 | 39.5 | 40.0 |
| | Total | aged | 39.3 | 41.0 | 41.0 | 41.1 | 41.8 |
| No. of years of service * Number of employees as of March 31 | Men | aged | 17.1 | 17.8 | 16.7 | 19.8 | 17.8 |
| | Women | aged | 16.4 | 17.2 | 16.9 | 17.3 | 17.1 |
| | Total | aged | 16.9 | 17.7 | 16.7 | 19.3 | 17.7 |
| Average annual salary | yen | Niterra Co., Ltd. | 6,759,462 | 6,362,393 | 6,725,908 | 6,896,899 | 7,529,538 |
| | yen | Niterra Co., Ltd. (Regular employees excluding those on leave) | 7,228,578 | 6,781,248 | 7,402,134 | 7,631,714 | 8,313,518 |
| | yen | Niterra Co., Ltd. (Regular employees excluding limited-area employees, employees working shorter hours, and employees on leave) | 7,692,547 | 7,152,791 | 7,737,761 | 7,990,375 | 8,940,448 |



| | | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|--------|---------------------------------------|------|------|------|------|------|
| Turnover rate | Total employee turnover rate | % | Niterra Co., Ltd. | 3.12 | 3.59 | 4.71 | 6.27 | 4.26 |
| | Voluntary employee turnover rate | % | Niterra Co., Ltd. | 1.90 | 2.12 | 3.51 | 3.29 | 2.97 |
| New graduate hiring | Men | people | Niterra Co., Ltd. | 101 | 84 | 40 | 21 | 29 |
| | Women | people | Niterra Co., Ltd. | 27 | 26 | 21 | 13 | 14 |
| | Total | people | Niterra Co., Ltd. | 128 | 110 | 61 | 34 | 43 |
| | Foreign nationality | people | Niterra Co., Ltd. | 5 | 5 | 6 | 2 | 1 |
| Career hiring | Men | people | Niterra Co., Ltd. | 30 | 26 | 30 | 34 | 42 |
| | Women | people | Niterra Co., Ltd. | 8 | 9 | 3 | 6 | 11 |
| | Total | people | Niterra Co., Ltd. | 38 | 35 | 33 | 40 | 53 |
| | Foreign nationality | people | Niterra Co., Ltd. | 1 | 0 | 0 | 0 | 2 |
| | Hired as a manager | people | Niterra Co., Ltd. | 7 | 6 | 8 | 13 | 12 |
| Rate of employees with high work satisfaction | Response rate | % | Niterra Co., Ltd. and Groups in Japan | 90.9 | 88.0 | 87.6 | 92.6 | 96.3 |
| | Overall satisfaction (maximum 5 points) | points | Niterra Co., Ltd. and Groups in Japan | 3.37 | 3.34 | 3.30 | 3.33 | 3.46 |

[Calculation method] Average age/No. of years of service : Calculated based on the number of regular employees as of March 31

Average annual salary Including bonuses and extra wages

Total employee turnover rate : Calculated based on the number of employees who retired / quit the company

Voluntary employee turnover rate : Calculated based on the number of employees who quit the company for personal reasons

Human Resource Development

| | | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------------------|-------|------|---------------------------------------|--------|-------|--------|--------|--------|
| Average hours of training | hours | | Niterra Co., Ltd. and Groups in Japan | 9 | 3 | 4 | 11 | 12 |
| Average amount spent on training | yen | | Niterra Co., Ltd. and Groups in Japan | 18,321 | 8,324 | 10,809 | 14,641 | 22,378 |

[Calculation method] Calculated for the training (level-specific, global, etc.) provided by the Strategic Human Resources Department

Diversity

| | | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------------------|--------|--|-------|-------|-------|-------|-------|
| Regular employees * As of March 31 | Men | people | Niterra Co., Ltd. | 4,784 | 4,734 | 3,017 | 2,947 | 2,832 |
| | Women | people | Niterra Co., Ltd. | 1,045 | 1,057 | 600 | 607 | 599 |
| | Percentage of women | % | Niterra Co., Ltd. | 17.9 | 18.3 | 16.6 | 17.1 | 17.5 |
| Managers * As of April 1 | Men | people | Niterra Co., Ltd. | 963 | 978 | 780 | 672 | 713 |
| | Women | people | Niterra Co., Ltd. | 18 | 26 | 26 | 35 | 41 |
| | Percentage of women | % | Niterra Co., Ltd. | 1.83 | 2.60 | 3.23 | 4.95 | 5.44 |
| Ratio of women, foreign nationals and career recruits in managerial positions* | | % | Niterra Co., Ltd. | 13.6 | 14.5 | 17.0 | 20.0 | 24.9 |
| Supervisors * As of April 1 | Men | people | Niterra Co., Ltd. | 1,221 | 1,264 | 1,024 | 968 | 955 |
| | Women | people | Niterra Co., Ltd. | 37 | 39 | 47 | 48 | 58 |
| | Percentage of women | % | Niterra Co., Ltd. | 2.94 | 2.99 | 4.39 | 4.72 | 5.73 |
| Generalists(Classified, Considered) * As of April 1 | Men | people | Niterra Co., Ltd. | 3,305 | 3,202 | 1,383 | 1,209 | 1,050 |
| | Women | people | Niterra Co., Ltd. | 601 | 612 | 255 | 217 | 247 |
| | Percentage of women | % | Niterra Co., Ltd. | 15.4 | 16.0 | 15.6 | 15.2 | 19.0 |
| Percentage of disabled employees * As of March 31 | | % | Niterra Co., Ltd., SparkTec WKS CO., LTD., CERAMIC SENSOR CO., LTD., NTK CERAMIC CO., LTD. NANSEI CERAMIC CO., LTD., NTK CERATEC CO.,LTD., NITTOKU SMILE CO., LTD. | 2.25 | 2.46 | 2.36 | 2.59 | 2.75 |
| Employee age group * As of March 31 | Under 30 years old | % | Niterra Co., Ltd. | 22 | 17 | 17 | 16 | 14 |
| | 30 to 50 years old | % | Niterra Co., Ltd. | 60 | 62 | 61 | 59 | 60 |
| | 50 years and over | % | Niterra Co., Ltd. | 18 | 21 | 22 | 25 | 26 |
| Reemployed * As of March 31 | | people | Niterra Co., Ltd. | 190 | 208 | 132 | 120 | 149 |



[Calculation method]

Regular employees : Including employees temporarily transferred to Group companies

Manager, Supervisor, Generalist : Including employees temporarily transferred to Group companies

Percentage of Disabled Employees : Including employees temporarily transferred to Group companies and the special subsidiary in Japan

Reemployed : Including employees temporarily transferred to Group companies

Employee age group: Including employees temporarily transferred to Group companies

* We aim to increase the “ratio of women, foreign nationals and career recruits in managerial positions” to 25% in fiscal 2030.

<Percentage of women by level>

| | Unit | Scope of tabulation | 2023 |
|---|------|---------------------|------|
| Directors * As of April 1 | % | Niterra Co., Ltd. | 36.4 |
| Executive officers and Corporate officers * As of April 1 | % | Niterra Co., Ltd. | 3.57 |
| All Managers * As of April 1 | % | Niterra Co., Ltd. | 5.44 |
| Senior Managers * As of April 1 | % | Niterra Co., Ltd. | 3.03 |
| Supervisors * As of April 1 | % | Niterra Co., Ltd. | 5.73 |

<FY2024 Gender wage gap at domestic group companies>

| | Unit | Scope of tabulation | Gender wage gap of regular workers | Gender wage gap of non-regular workers | Gender wage gap of all workers |
|-----------------|------|--------------------------|------------------------------------|--|--------------------------------|
| Gender wage gap | % | Niterra Co., Ltd. | 67.0 | 81.9 | 68.4 |
| | | SparkTec WKS CO., LTD. | 74.6 | 103.3 | 75.8 |
| | | CERAMIC SENSOR CO., LTD. | 69.7 | — | 71.6 |
| | | NTK CERATEC CO., LTD. | 69.7 | 62.1 | 64.9 |
| | | NTK CERAMIC CO., LTD. | 55.4 | 76.8 | 47.8 |
| | | NANSEI CERAMIC CO., LTD. | 74.5 | — | 74.5 |

*1: Wages include all payments made by employers to their employees as remuneration for labor. Retirement allowance and commuting allowance are excluded.

*2: With respect to regular workers, secondees are included in the companies from which they are seconded and are paid.

*3: Non-regular workers include post-retirement rehires, part-timers, contract employees, and temporary workers, and exclude dispatched workers. workers are included, whereas dispatched workers are excluded. There is no consistency in the numbers, as companies have different employment forms and the percentages vary. For instance, the Company employs medical professionals who are included in contract workers and the pay gap is 119.2%. Except for contract workers, the gap would be 85.8%.

*4: Of the Company and its domestic consolidated companies, presented above are those that are disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace.

*5: "—" indicates that there are no female non-regular workers.



Work-life Balance

| | | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--|-----------------------|---------------------|-------|-------|-------|-------|-------|
| Maternity/ Child care | Employees who took maternity leave | people | Niterra Co., Ltd. | 47 | 47 | 30 | 23 | 26 |
| | Employees who took child care leave (Men) | people | Niterra Co., Ltd. | 5 | 13 | 24 | 55 | 69 |
| | Employees who took child care leave (Women) | people | Niterra Co., Ltd. | 53 | 36 | 35 | 25 | 24 |
| | Percentage of employees who returned to work after taking child care leave | % | Niterra Co., Ltd. | 96 | 94 | 94 | 98 | 100 |
| | Users of the short working hour system for child care | people | Niterra Co., Ltd. | 30 | 41 | 23 | 26 | 17 |
| Long-term nursing care leave | Employees who took nursing care leave | people | Niterra Co., Ltd. | 3 | 1 | 2 | 2 | 1 |
| | Users of the short working hour system for nursing care | people | Niterra Co., Ltd. | 1 | 1 | 1 | 1 | 0 |
| Users of the short working hour system for other reasons (not childcare/nursing care) | | people | Niterra Co., Ltd. | 0 | 2 | 4 | 4 | 3 |
| Working hours | Prescribed working hours | hours/year and person | Niterra Co., Ltd. | 1,899 | 1,899 | 1,899 | 1,899 | 1,899 |
| | Actual working hours | hours/year and person | Niterra Co., Ltd. | 1,982 | 1,884 | 1,955 | 1,834 | 1,848 |
| | Average overtime working hours | hours/month | Niterra Co., Ltd. | 19 | 8 | 11 | 15 | 15 |

| | | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------------------------------|--------|---|------|------|------|------|------|
| Paid holidays | Paid holidays granted to employees | day(s) | Niterra Co., Ltd. | 19.5 | — | 19.6 | 19.5 | 19.5 |
| | Paid holidays taken by employees | day(s) | Niterra Co., Ltd. | 16.7 | — | 14.0 | 15.0 | 15.0 |
| | Rate of usage | % | Niterra Co., Ltd. | 85.6 | — | 71.2 | 75.6 | 76.8 |
| Niterra Group labor union participation rate * Number of employees as of March 31 | | % | Niterra Co., Ltd., SparkTec WKS CO., LTD., NANSEI CERAMIC CO., LTD., NTK CERATEC CO., LTD. (Komaki), NTK Medical CO., LTD. NTK CUTTING TOOLS CO., LTD | 92 | 92 | 94 | 98 | 100 |

[Calculation method]

Working hours: Excluding managers, employees temporarily transferred to Group companies and those on leave

Paid holidays: Calculated for a fiscal year from October to next September (example : fiscal 2019 was started in October 2019 and ended in September 2020), excluding managers, employees temporarily transferred to Group companies and those on leave

Employees who took child care leave : Number of employees whose child care leave started in the fiscal year

Percentage of employees who returned to work after taking child care leave : Percentage of employees who returned to work among those whose child care leave period expired in the fiscal year

Users of the short working hour system for child care : Number of employees who became users of the system in the fiscal year

Employees who took nursing care leave : Number of employees whose nursing care leave started in the fiscal year

Users of the short working hour system for nursing care : Number of employees who became users of the system in the fiscal year

<Percentage of male employees taking childcare leave at Group companies in Japan>

| | | Unit | Scope of tabulation (*2) | 2022 | 2023 |
|---|--|------|--------------------------|--------|--------|
| Percentage of male employees taking childcare leave | | % | Niterra Co., Ltd. | 52 | 60 |
| | | | SparkTec WKS CO., LTD. | 34 | 45 |
| | | | CERAMIC SENSOR CO., LTD. | 65 | 50 |
| | | | NTK CERATEC CO., LTD. | 47 | 55 |
| | | | NTK CERAMIC CO., LTD. | 25 | 67 |
| | | | NANSEI CERAMIC CO., LTD. | — (*1) | — (*1) |

*1: Not listed as there is no man whose spouse gave birth.

*2: The subject companies are domestic consolidated subsidiaries with 101 or more full-time employees.the Promotion of Women's Active Engagement in Professional Life

[Calculation method]

Percentage of male employees taking childcare leave (%) = (Number of men who took childcare leave) ÷ (Number of men whose spouse gave birth) × 100



Safety and Health Management

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------|------|---------------------|------|------|------|------|------|
| Acquisition rate of ISO45001 | — | Niterra Group | — | — | 48.4 | 72.2 | 88.2 |

[Calculation method] Percentage of employees working at ISO45001-certified sites

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------------|--|------|------|------|------|------|
| Total accident frequency rate | — | Niterra Co., Ltd. (Including temporary employees) | 0.77 | 0.93 | 0.90 | 0.42 | 0.69 |
| | — | Groups Companies in Japan | — | — | — | 2.24 | 2.83 |
| Frequency rate of accidents requiring leave from work | Total | Niterra Co., Ltd. | 0.00 | 0.34 | 0.13 | 0.00 | 0.14 |
| | Employees | Niterra Co., Ltd. | 0.00 | 0.27 | 0.13 | 0.00 | 0.14 |
| | Temporary employees | Niterra Co., Ltd. | 0.00 | 1.13 | 0.00 | 0.00 | 0.00 |
| Frequency rate of occupational diseases | — | Niterra Co., Ltd. (Including temporary employees) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

[Calculation method]

Total accident frequency rate : Total number of victims per 1million working hours

Total accident frequency rate=Number of victims of all occupational accidents÷Total working hours×1million hours

Frequency rate of accidents requiring leave from work : Number of victims who took leave per 1million working hours

Frequency rate of accidents requiring leave from work=Number of victims of accidents requiring leave from work÷Total working hours×1million hours

Frequency rate of occupational diseases : Number of employees who took leave due to occupational diseases per 1million working hours

Frequency rate of occupational diseases=Number of employees who took leave due to occupational diseases*÷Total working hours×1million hours

* Occupational disease refers to heatstroke, backache, chemical poisoning, and other occupational diseases defined by the Ministry of Health, Labor and Welfare.

<Number of Occupational Accidents>

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------|--------|---------------------------|------|------|------|------|------|
| Lost Time Incidents | people | Niterra Co., Ltd. | 0 | 4 | 1 | 0 | 1 |
| | | Groups Companies in Japan | 3 | 6 | 7 | 12 | 12 |
| | | Overseas Group Companies | — | — | 24 | 8 | 8 |
| No Lost Time Incidents | people | Niterra Co., Ltd. | 10 | 7 | 6 | 3 | 4 |
| | | Groups Companies in Japan | 10 | 11 | 10 | 15 | 17 |
| | | Overseas Group Companies | — | — | 8 | 6 | 4 |

<Number of work-related fatalities>

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 | |
|----------------------|-------------|---------------------|---------------|------|------|------|------|---|
| Number of fatalities | Employees | people | Niterra Group | 0 | 0 | 0 | 0 | 0 |
| | Contractors | people | | 0 | 0 | 0 | 0 | 0 |

<Number of participants in Health and safety related education>

| | Unit | Scope of tabulation | 2022 | 2023 |
|----------------------------------|--------|---|------|------|
| Stratified training participant | people | Health and safety training for third-year employees | 295 | 140 |
| | | Health and safety training for tenth-year employees | 240 | 145 |
| | | Health and safety training for chiefs | 110 | 220 |
| | | Health and safety training for new managers | 70 | 72 |
| Specialized training participant | | Chemical education for workers | 73 | 128 |
| | | Chemical education for managers | 86 | 130 |
| Total | | | 874 | 835 |



Product Quality

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|----------|---------------------|------|------|------|------|------|
| Number of vehicles recalled | vehicles | Niterrra Group | 0 | 0 | 0 | 0 | 0 |
| Expenses incurred due to recalls issued in the corresponding fiscal year | yen | | 0 | 0 | 0 | 0 | 0 |
| Number of vehicles recalled that were Mandated | vehicles | | 0 | 0 | 0 | 0 | 0 |
| Cost of recalls as a percentage of annual revenues | % | | 0 | 0 | 0 | 0 | 0 |

Social Contribution Activities

| Type of contribution | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------|---------------------|-------|-------|-------|-------|-------|
| Cash contributions | million yen | Niterrra Group | 394.6 | 496.1 | 464.8 | 476.7 | 967.1 |
| Time: employee volunteering during paid working hours | | | 7.6 | 8.4 | 10.6 | 38.1 | 20.1 |
| In-kind giving: product or services donations, projects / partnerships or similar | | | 51.3 | 1.3 | 11.3 | 65.6 | 4.0 |
| Management overheads | | | 29.7 | 0.03 | 0.01 | 7.11 | 0.00 |

Communication with Stakeholders

| Stakeholder | Communication | Major activities | Frequency & no. of participants per year | | |
|----------------------------|---|--|--|------------------------------------|--------------------------------------|
| | | | 2021 | 2022 | 2023 |
| Shareholders and investors | We disclose information in compliance with the law and also disclose information promptly via the media and at our website. | ●Organization of the ordinary general meeting of shareholders | June | June | June |
| | | ●Dialogue with institutional investors and securities analysts | 258 times | 235 times* | 279times* |
| | | ●Financial results briefing for institutional investors and securities analysts | 2 times | 2 times | 2 times |
| | | ●Conference call for institutional investors and securities analysts | 4 times (A total of 288 people) | 4 times (A total of 310 people) | 4 times (A total of 402 people) |
| | | ●Organization of briefings on our technologies for institutional investors and securities analysts | 1 time | 2 times | 1 time |
| | | ●Organization of ESG briefings | — | 1 time | 1 time |
| | | ●Organization of online briefings on the company for personal investors | 2 times (A total of 1,720 people) | 1 times (A total of 724 people) | 2 times (A total of 2,260 people) |
| | | ●Dispatch of company information and financial information through SNS for personal investors | — | 6 time | 5 times |
| | | ●Publication of the newsletters for shareholders | 1 time | 1 time | 1 time |
| | | ●Publication of an annual integrated report | Oct. | Sep. | Sep. |
| Customers | We offer information meaningful to customers at our website and through exhibitions so that they can purchase and use our products and services with peace of mind. | ●Provision of information via the website | From time to time | | |
| | | ●Communication through sales activities | From time to time | | |
| | | ●Provision of information via the website (on products, events, etc.) | From time to time | | |
| | | ●Explanation about products and technologies at exhibitions | From time to time | | |
| | | ●Communication at venues of events, such as racing events | From time to time | | |



| Stakeholder | Communication | Major activities | Frequency & no. of participants per year | | |
|---|---|--|--|--|--|
| | | | 2021 | 2022 | 2023 |
| Suppliers | We are working to build relationships of trust with suppliers as their sound partners and achieve growth together. To this end we conduct activities across the supply chain, such as holding briefing sessions on our corporate policies. | ●Communication through daily procurement activities | From time to time | | |
| | | ●Organization of briefings on the corporate principles | June | May | May |
| | | ●Organization of seminars on practical issues | 7 seminars | 7 seminars | 11 seminars |
| Local communities | We respect the local culture and customs at each of our bases located across the world and work for smooth communication with local communities. We also participate in various social contribution activities to help create a comfortable society as a corporate citizen. | ●Communication through social meetings and events | From time to time | | |
| | | ●Participation in local events such as festivals | From time to time | | |
| | | ●Local cleanup activity | From time to time at each plant (A total of 558 people) | From time to time at each plant (A total of 459 people) | From time to time at each plant (A total of 511 people) |
| | | ●Environment-related plant tours | From time to time at each plant (A total of 324 people) | From time to time at each plant (A total of 188 people) | From time to time at each plant (A total of 589 people) |
| | | ●Environmental meetings | From time to time at each plant (A total of 7 people) | From time to time at each plant (A total of 5 people) | From time to time at each plant (A total of 20 people) |
| | | ●Communication through cultural and sport events | — | — | — |
| | | •NGK SPARK PLUG Suzuka 2&4 Race | Apr. | Apr. | Apr. |
| | | •NGK SPARK PLUG FC Gifu football class for children | Oct. | Sep. | Dec. |
| | | •Musical for families held in the NTK Hall | Dec. | Dec. | Dec. |
| | | •Marathon Festival Nagoya Aichi | Mar. | Mar. | Mar. |
| ●Provision of information via the website (environmental information, etc.) | From time to time | | | | |

| Stakeholder | Communication | Major activities | Frequency & no. of participants per year | | |
|-------------|---|---|--|----------------------------------|----------------------------------|
| | | | 2021 | 2022 | 2023 |
| Employees | To maintain safe and sound workplaces and help employees work with vigor, the management team proactively visits work sites to have dialogues with on-site employees. | ●Communication through daily operations and at workplaces | From time to time | | |
| | | ●Publication of an in-house magazine | Booklet: 2 times Website: from time to time | Website : from time to time | Website : from time to time |
| | | ●Organization of various labor-management meetings | From time to time | | |
| | | ●Utilization of the corporate ethics helpline (for employees) | 32 calls received | 97 calls received | 111 calls received |
| | | ●Organization of various training sessions | From time to time | | |
| | | ●Employee satisfaction survey | All employees, from Oct. to Nov. | All employees, from Oct. to Nov. | All employees, from Oct. to Nov. |

* Details of individual interviews with institutional investors and securities analysts in FY2022

[Each dialogue partner]

| Dialogue partner | Number of times |
|----------------------------------|-----------------|
| Securities analysts | 63 times |
| Domestic institutional investors | 129 times |
| Foreign institutional investors | 87 times |
| Total | 279 times |

[Each responder]

| Responder | Number of times |
|-------------------------|-----------------|
| President | 43 times |
| Board member | 12 times |
| Sustainability division | 1 times |
| IR division | 223 times |
| Total | 279 times |



Corporate Governance

<Board of Directors and Board of Auditors>

| | | Unit | Scope of tabulation | 2022 | 2023 | 2024 |
|-------------------------|--|--------|---------------------|------|------|------|
| Directors | Men | people | Niterra Co., Ltd. | 7 | 7 | 7 |
| | Women | people | | 4 | 4 | 4 |
| | Percentage of women | % | | 36 | 36 | 36 |
| | Outside directors (independent officers) | people | | 7 | 7 | 7 |
| | Percentage of outside directors* | % | | 64 | 64 | 64 |
| | Percentage of female and non-Japanese directors* | % | | 45 | 45 | 36 |
| | Average tenure | years | | 5.4 | 5.5 | 4.8 |
| Audit Committee members | Men | people | | 2 | 2 | 2 |
| | Women | people | | 2 | 2 | 2 |
| | Percentage of women | % | | 50 | 50 | 50 |
| | Outside directors (independent officers) | people | 3 | 3 | 3 | |
| Board of directors | Frequency | times | 12 | — | 12 | |
| | Average attendance rate | % | 99 | — | 97 | |

* We aim to increase the rate of outside directors and the percentage of female and non-Japanese directors to at least one-third and 30% of the total number of directors, respectively, by fiscal 2030.

<Remuneration and bonus paid to directors in fiscal 2023>

| | Total remuneration (million yen) | Total remuneration by type (million yen) | | | Number of recipients (persons) |
|--|-------------------------------------|---|-------|--|-----------------------------------|
| | | Fixed remuneration | Bonus | Performance-linked, stock-based remuneration | |
| Directors (excluding Directors who are Audit and Supervisory Committee Members) | 473 | 296 | 131 | 44 | 8 |
| (Outside directors) | (62) | (62) | (—) | (—) | (5) |
| Directors who are Audit and Supervisory Committee Members | 93 | 93 | — | — | 4 |
| (Outside directors) | (46) | (46) | | | -3 |

*1 The following limits are set on the remuneration paid to directors (excluding Directors who are Audit and Supervisory Committee Members) according to the resolution made at the 122th general meeting of shareholders held on June 24, 2012.

Total amount of remuneration (excluding bonus): 60 million yen or below per month
(Of which, the monthly amount for outside directors is 13 million yen or below)
Total amount of bonus: 180 million yen or below per year

According to the resolution made at the 122th general meeting of shareholders, a performance-linked stock remuneration system is to be implemented for four fiscal years from FY2020, targeting the company's directors and corporate officers, with the upper limit on the total payment amount set at 1,000 million yen.

*2 The following limits are set on remuneration paid to Directors who are Audit and Supervisory Committee members according to the resolution made at the 122th general meeting of shareholders held on June 24, 2022.

Total amount of remuneration (excluding bonus): 10 million yen or below per month
Total amount of bonus: 10 million yen or below per year

The following limits are set on remuneration paid to Audit and Supervisory Board members according to the resolution made at the 106th general meeting of shareholders held on June 29, 2006.

Total amount of remuneration (excluding bonus): 10 million yen or below per month
Total amount of bonus: 10 million yen or below per year

*3 "Bonus" corresponds to "performance-linked remuneration, etc.," and "performance-linked, stock-based remuneration, etc." corresponds to "performance-linked remuneration, etc." and "non-monetary remuneration, etc." The total amount of "bonuses" and "performance-linked, stock-based remuneration" shown in the table was recorded as an expense for FY2022.



Compliance

<In-house Reporting System>

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------|---------------------------------------|------|------|------|------|------|
| Consultation requests/ reports made internally | cases | Niterra Co., Ltd. and Groups in Japan | 80 | 63 | 32 | 97 | 111 |

[Calculation method] Number of cases of consultation requests/reports received through the Corporate Ethics Helpline

<Anti-corruption>

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------|---------------------|------|------|------|------|------|
| Violations of laws related to anti-corruption | cases | Niterra Group | 0 | 0 | 0 | 0 | 0 |

<Political Donation>

| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------------|-------|---------------------|------|------|------|------|------|
| Political organizations | cases | Niterra Co., Ltd. | 0 | 0 | 0 | 0 | 0 |
| | yen | | 0 | 0 | 0 | 0 | 0 |
| Lobbyists or lobbying organizations | cases | | 0 | 0 | 0 | 0 | 0 |
| | yen | | 0 | 0 | 0 | 0 | 0 |
| Trade associations | cases | | 0 | 0 | 0 | 0 | 0 |
| | yen | | 0 | 0 | 0 | 0 | 0 |

Appropriate Tax Payment

<FY2022 Taxes Paid per Country>

(Unit: Billions of yen)

| Country of residence, etc. | Income amount | Income (loss) before income taxes | Amount of tax due | Taxes incurred | Number of employees (people) |
|----------------------------|---------------|-----------------------------------|-------------------|----------------|------------------------------|
| Japan | 5,802 | 509 | 241 | 163 | 8,853 |
| United States | 1,587 | -1 | 25 | -39 | 2,168 |
| Germany | 1,182 | 61 | 17 | 20 | 510 |
| China | 729 | 52 | 12 | 13 | 797 |
| Other | 2,150 | 202 | 30 | 51 | 4,070 |
| Total | 11,449 | 823 | 325 | 208 | 16,399 |

※ Income Net sales (including intragroup) and non-operating income (excluding intragroup dividend income).

※ Amount of tax due: Income taxes paid for the year ended March 31, 2023

※ Taxes incurred: Income taxes recognized in the statement of income for the year ended March 31, 2023 (excluding income tax adjustments recognized in tax effect accounting)

※ Number of employees : Number of employees: as of March 31, 2023

R&D





| | Unit | Scope of tabulation | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------|-----------------|---------------------|--------|--------|--------|--------|--------|
| R&D expenses | millions of yen | Niterra Group | 28,315 | 26,115 | 23,685 | 27,887 | 27,848 |
| Ratio of R&D | % | | 6.64 | 6.11 | 4.82 | 4.96 | 4.53 |




[Calculation method] Including expenses for improving existing products and for applied research as well as the development cost recognized as the cost of an intangible asset



Initiatives

Niterra is actively participating in sustainability initiatives.

| | |
|--|--|
|  <p>WE SUPPORT UN GLOBAL COMPACT</p> | <p>The United Nations Global Compact (UNGC)</p> <p>The UN Global Compact was proposed by the UN Secretary-General Kofi Annan in 1999 to address a variety of issues such as global warming, environmental problems, and social inequality that have been ongoing on a global scale. It is an initiative formally launched at UN headquarters in July 2000 and is a voluntary corporate principle of action. We participated in the United Nations Global Compact in November 2016. We support the 10 principles of the United Nations Global Compact in the four fields of "human rights," "labor," "environment," and "anti-corruption," and promote various activities as a "good member of society."</p> <p>United Nations Global Compact Participation</p> |
|  <p>SUSTAINABLE DEVELOPMENT GOALS</p> | <p>Sustainable Development Goals (SDGs)</p> <p>The SDGs consist of 17 goals and 169 targets for achieving a sustainable society by 2030, adopted at the United Nations Summit in 2015. They aim to solve global problems and challenges such as poverty, inequality and climate change, and to "leave no one behind". As a signatory to the United Nations Global Compact, we are committed to doing what we can to contribute towards the achievement of the SDGs.</p> <p>Our Commitments to SDGs</p> |
| <p>In support of</p>  <p>WOMEN'S EMPOWERMENT PRINCIPLES Established by UN Women and the UN Global Compact Office</p> | <p>Women's Empowerment Principles (WEPs)</p> <p>WEPs are principles for businesses to work voluntarily on promoting the advancement of women. They provide a holistic framework for companies to promote gender equality and women's empowerment in the workplace, marketplace and community and drive positive outcomes for society and business. The UN Global Compact and UN Women collaborated to develop and established WEPs in 2010 through multi-stakeholder international consultations. We signed this Code of Conduct in October 2020 and expressed our strong intention to create a working and social environment in which women can exert their strengths socially.</p> |
|  <p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p> | <p>Task Force on Climate-related Financial Disclosures (TCFD)</p> <p>The TCFD is a task force established by the Financial Stability Board (FSB), an international organization of central banks and financial regulators from major countries, to provide a framework for disclosing information on climate change. In June 2017, the TCFD released a report recommending disclosure of information about risks and opportunities related to climate change. Governments, financial institutions, and companies around the world have endorsed the TCFD's recommendations. We have announced its endorsement of the recommendations of TCFD in July 2020. Based on the TCFD recommendations, we will assess and proactively disclose the financial impacts of climate-related risks and opportunities.</p> <p>Support for the TCFD Recommendations</p> |

| | |
|--|---|
|  | <p>Taskforce on Nature-related Financial Disclosures (TNFD) Forum</p> <p>The TNFD Forum is an international organization that supports discussions on the establishment of the TNFD Framework as a stakeholder providing expertise and other resources. In October 2023, we participated in the Task Force on Nature-Related Financial Disclosures (TNFD) Forum, which aims to promote activities related to biodiversity conservation. We will examine the impact of our business activities on nature and the risks associated with the loss of nature, strive to disclose appropriate information, and work with stakeholders to promote initiatives for natural capital and biodiversity throughout the value chain.</p> <p>TNFD Forum</p> |
| | <p>CDP</p> <p>CDP is an international non-governmental organization (NGO) launched in 2000 to collect, analyze, and evaluate information on the environmental activities of the world's leading companies and share these results with institutional investors. We answered questions on climate change and water security.</p> <p>CDP</p> |
|  <p>SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p> | <p>Science Based Targets initiative (SBTi)</p> <p>The SBTi is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi defines and promotes best practice in science-based target setting and independently assesses companies' targets. In June 2022, our group's greenhouse gas reduction targets were approved by SBTi as meeting the level "well-below 2°C" of the Paris Agreement.</p> |
| | <p>JAPAN CLIMATE INITIATIVE (JCI)</p> <p>The JCI is a network of various non-state actors such as companies, local governments, organizations and NGOs actively engaged in climate action. We participated in April 2021 with the aim of realizing a decarbonized society.</p> <p>JAPAN CLIMATE INITIATIVE</p> |
|  | <p>GX League</p> <p>The GX League (GX: green transformation) is a forum for cooperation between a group of companies and the government, universities, and academic institutions in order to meet greenhouse gas reduction targets and increase industrial competitiveness by using Japan's goal of carbon neutrality by 2050 as an opportunity for economic growth. We endorsed the "GX League Basic Concept" in 2022 and participated in the "GX League" in 2023.</p> <p>GX League</p> |



Eco-First Company

The Eco-First Promotion Council was established to ensure that 'Eco-First Companies' put into practice the 'Eco-First Commitment', which they individually declare to the Minister of the Environment, and to promote the further enhancement and strengthening of their advanced and unique environmental protection activities in cooperation with other companies.

In April 2024, we were certified as an 'Eco-First Company' by the Ministry of the Environment for its 'innovative, original, and/or having a spill over effect' in the environmental field. And in the same month, we joined the Eco-First Promotion Council.

We will continue to promote environmental protection activities by working with our Group on our 'Eco-First Commitment' and in cooperation with the Council.

The Eco-First Promotion Council (Japanese Only)



Eco-First Program (Japanese Only)



Eco-First Program



Our Eco-FirstCommitment (Japanese Only)



External Evaluations

Corporate evaluation of ESG investment

ESG investment refers to investment that selects investment targets not only in terms of finance but also in consideration of ESG (environment, society, governance) factors that are non-financial information. Numerous ESG investment evaluations have been conducted at home and abroad.

The Company continues to be selected as a constituent of all ESG indices adopted by the Government Pension Investment Fund (GPIF).

<Status of Inclusion in the ESG Index>



FTSE4Good

FTSE4Good Index Series

We are selected as a member company of the FTSE4Good Index Series since 2003.

FTSE4Good Index is created by FTSE Russell (UK), a leading global index provider, and organized by companies that meet global standards concerning the environment, society, and governance based.

About FTSE4Good Index



FTSE Blossom
Japan

FTSE Blossom Japan Index

We are selected as a member company of the FTSE Blossom Japan Index since 2017.

The index for Japanese equities is created by FTSE Russell (UK) and organized by companies that meet diverse standards concerning the environment, society, and governance based on ESG evaluation.

FTSE Blossom Japan Index Series



FTSE Blossom
Japan Sector
Relative Index

FTSE Blossom Japan Sector Relative Index










We are selected as a member company of the FTSE Blossom Japan Sector Relative Index since 2022.




The index for Japanese equities created by FTSE Russell (UK), is designed to measure the performance of Japanese companies that demonstrate strong ESG practices. The index is constructed so that sector weights align with the Japanese equity market.

FTSE Blossom Japan Index Series










| | |
|--|---|
|  | <p>MSCI NIHONKABU ESG SELECT LEADERS INDEX</p> <p>The index for Japanese equities is created by MSCI (U.S.A.) and composed of companies with high ESG ratings from each industry.</p> <p>MSCI NIHONKABU ESG SELECT LEADERS INDEX </p> |
|  | <p>MSCI JAPAN EMPOWERING WOMEN INDEX</p> <p>We are selected as a member company of the MSCI JAPAN EMPOWERING WOMEN INDEX. The index for Japanese equities is created by MSCI (U.S.A.) and designed by companies with excellent gender diversity in each industry.</p> <p>MSCI JAPAN EMPOWERING WOMEN INDEX </p> |
|  | <p>Morningstar Japan ex-REIT Gender Diversity Tilt Index</p> <p>We are selected as a member company of the Morningstar Japan ex-REIT Gender Diversity Tilt Index and are selected for Group 1, the top of the group.</p> <p>The index for Gender diversity in the workplace is created by Morningstar (U.S.A.) and designed by companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender.</p> <p>Morningstar Japan ex-REIT Gender Diversity Tilt Index </p> |
|  | <p>S&P/JPX Carbon Efficient Index</p> <p>We have been selected as a member company of the S&P/JPX Carbon Efficient Index since 2018. An ESG index jointly developed by S & P Dow Jones Indices and Japan Exchange Group (JPX). For the constituent stocks of Tokyo Stock Price Index (TOPIX), the inclusion ratio in the index will be determined in consideration of the disclosure status of environmental information and carbon efficiency (carbon emissions per unit of revenue).</p> <p>S&P/JPX Carbon Efficient Index </p> |
|  | <p>SOMPO Sustainability Index</p> <p>We are selected as a member company of the SOMPO Sustainability Index.</p> <p>The index for Japanese equities is created by SOMPO Asset Management Co., Ltd. and composed of companies with outstanding ESG-related initiatives. We have been adopted for the fifth consecutive year since 2020.</p> |

| | |
|---|---|
|   | <p>iSTOXX MUTB Japan Platinum Career 150 Index</p> <p>We are selected as a member company of the iSTOXX MUTB Japan Platinum Career 150 Index. This index was jointly developed by Mitsubishi UFJ Trust and Banking Corporation and Deutsche Börse-affiliated STOXX with a focus on human capital management. It comprises 150 companies that are active in building the careers of their employees from the three aspects of long term view, active learning and social contribution. We have been adopted since 2023.</p> <p>iSTOXX® MUTB Japan Platinum Career 150 Index </p> |
|---|---|

<Evaluation of Major External Surveys>

|  | <p>CDP</p> <p>CDP is an evaluation for the environmental activities of the world's leading companies and these results are disclosed to institutional investors. We have responded to climate change and water security, and in 2023, for the first time, we achieved the highest possible score, A, in climate change.</p> <table border="1" data-bbox="1429 740 2163 898"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Climate Change</td> <td>B</td> <td>B</td> <td>A</td> </tr> <tr> <td>Water Security</td> <td>B</td> <td>B</td> <td>A-</td> </tr> </tbody> </table> <p>CDP </p> | | 2021 | 2022 | 2023 | Climate Change | B | B | A | Water Security | B | B | A- |
|---|---|------|------|------|------|----------------|-----|-----|-----|----------------|---|---|----|
| | 2021 | 2022 | 2023 | | | | | | | | | | |
| Climate Change | B | B | A | | | | | | | | | | |
| Water Security | B | B | A- | | | | | | | | | | |
|  | <p>MSCI ESG Ratings</p> <p>MSCI ESG Rating is provided by MSCI (USA). It's designed to measure a company's resilience to long-term industry material ESG risks. How well ESG risk is managed compared to other companies in the same industry is evaluated on a 7-point scale (leader: AAA, AA, average: A, BBB, BB, laggard: B, CCC). We have been received an AAA rating since 2023.</p> <table border="1" data-bbox="1429 1219 2163 1326"> <thead> <tr> <th></th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>AAA</td> <td>AAA</td> <td>AAA</td> <td>AAA</td> </tr> </tbody> </table> <p>MSCI ESG Ratings </p> | | 2022 | 2023 | 2024 | AAA | AAA | AAA | AAA | | | | |
| | 2022 | 2023 | 2024 | | | | | | | | | | |
| AAA | AAA | AAA | AAA | | | | | | | | | | |





Eco Vadis Sustainability Assessment

The Eco Vadis Sustainability Assessment is provided by EcoVadis (France), an international assessment organization.

The evaluation is based on a company's policies, measures, and performance in the four areas: environment, labor and human rights, ethics, and sustainable procurement.

We awarded the "Silver Medal," which is given to the top 25% of all companies evaluated.

Since 2023, we have been received the Silver Medal, which is awarded to the top companies among all evaluated companies.

Eco Vadis
🔗
Our Score
🔗

Toyo Keizai CSR Survey

The survey has been sponsored by Toyo Keizai Inc. since 2005, and it evaluates companies from the four perspectives of "human resources utilization," "environment," "corporate governance + sociality," and "finance" related to CSR.

In 2022, it was implemented for 1,631 companies, it was implemented for 1,631 companies, and our company was ranked 133rd.

| 2022 | 2023 | 2024 |
|-------|-------|-------|
| 133rd | 140th | 121st |




NIKKEI SDGs Management Survey

The survey has been sponsored by Nikkei Inc. since 2019. It targets listed companies and leading unlisted companies nationwide, and evaluates the company's "SDGs management" on a five-star scale from the four pillars of "SDGs strategy / economic value," "social value," "environmental value," and "governance."

We have been received 4 stars for the fourth consecutive years since 2020.

| 2021 | 2022 | 2023 |
|------|------|------|
| ★★★★ | ★★★★ | ★★★★ |



NIKKEI Smart Work Management Survey

The survey has been sponsored by Nikkei Inc. since 2017. It targets listed companies and leading unlisted companies nationwide, and evaluated by adding a management base such as corporate governance to "Smart Work Management" that is defined from the three elements of "Realization of diverse and flexible working styles," "System to create new businesses," and "Ability to develop markets" for maximize the performance of the organization.

| 2021 | 2022 | 2023 |
|------|------|------|
| ★★★★ | ★★★★ | ★★★★ |

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Major Award and Certification



The following are the main awards and certification received by our Group for our CSR-related initiatives.

In Fiscal 2024

| Recipient | Award | Organizer |
|-------------------|---|-------------------------------------|
| Niterra Co., Ltd. | Received the Excellence award of "6th Platinum Career Award"  | Mitsubishi Research Institute, Inc. |
| Niterra Co., Ltd. | Certified as "Eco-First Company"  | the Ministry of the Environment |

In Fiscal 2023

| Recipient | Award | Organizer |
|-------------------|---|---|
| Niterra Co., Ltd. | Certified as KENKO Investment for Health Outstanding Organizations Recognition Program for 2024 (White500)  | the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan Health Conference) |
| Niterra Co., Ltd. | Selected as "The Sustainability Yearbook Member"  | S&P Global |

| Recipient | Award | Organizer |
|-----------------------------------|--|---------------------------|
| Niterra Co., Ltd. | Certified as "SPORTS YELL COMPANY" Bronze for 2024  | JAPAN SPORTS AGENCY |
| Niterra Co., Ltd. | Certified as a Silver Rating, of "PRIDE Index 2023"  | work with Pride |
| Niterra Co., Ltd. | Selected as "Climate Leaders Asia-Pacific 2023" | Financial Times, Statista |
| NGK SPARK PLUGS (INDIA) PVT. LTD. | Received "DivHERsity Awards 2023" | HerKey |



GRI Standards Comparison Table

GRI 2,3 200 series (Economic) 300 series (Environmental) 400 series (Social)

GRI 2,3

| Disclosures | | References |
|--|--|---|
| GRI 2: General Disclosures 2021 | | |
| 1. The organization and its reporting practices | | |
| 2-1 | Organizational details | - Company > Corporate Profile > Overview |
| 2-2 | Entities included in the organization's sustainability reporting | - Scope of reporting |
| 2-3 | Reporting period, frequency and contact point | - Scope of reporting |
| 2-4 | Restatements of information | — |
| 2-5 | External assurance | - Social and Environmental Information Verification Report 🔗 |
| 2. Activities and workers | | |
| 2-6 | Activities, value chain and other business relationships | - Company > Corporate Profile > Overview - Business - Company > Global Networks - Proper Procurement > Supply Chain Management - "Integrated Report 2024", CSR and Sustainability Procurement 🔗 |
| 2-7 | Employees | - Sustainability Data (Non-Financial Information) > Global Human Resource Management - Sustainability Data (Non-Financial Information) > Diversity |
| 2-8 | Workers who are not employees | - Sustainability Data (Non-Financial Information) > Global Human Resource Management |

| Disclosures | | References |
|--|---|---|
| 3. Governance | | |
| 2-9 | Governance structure and composition | - Corporate Governance > Corporate Governance System |
| 2-10 | Nomination and selection of the highest governance body | - Corporate Governance > Corporate Governance System |
| 2-11 | Chair of the highest governance body | - Corporate Governance > Corporate Governance System |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | - Priority Issues (Materiality) |
| 2-13 | Delegation of responsibility for managing impacts | - Sustainability Management |
| 2-14 | Role of the highest governance body in sustainability reporting | - Sustainability Management > CSR and Sustainability Promotion System |
| 2-15 | Conflicts of interest | - Corporate Governance > Roles and Independence of Outside Directors |
| 2-16 | Communication of critical concerns | - Sustainability Management > CSR and Sustainability Promotion System - Risk Management > Promotion System |
| 2-17 | Collective knowledge of the highest governance body | - Sustainability Management > CSR and Sustainability Promotion System - Corporate Governance > Training for officers |
| 2-18 | Evaluation of the performance of the highest governance body | - Corporate Governance > Evaluation of the effectiveness of the Board of Directors |
| 2-19 | Remuneration policies | - Corporate Governance > Remuneration for Director |
| 2-20 | Process to determine remuneration | - Corporate Governance > Remuneration for Director |
| 4. Strategy, policies and practices | | |
| 2-21 | Annual total compensation ratio | |
| 2-22 | Statement on sustainable development strategy | - Top Message |
| 2-23 | Policy commitments | - Respect for Human Rights |
| 2-24 | Embedding policy commitments | - Respect for Human Rights - Proper Procurement |
| 2-25 | Processes to remediate negative impacts | - Respect for Human Rights |



| Disclosures | | References |
|------------------------------------|--|---|
| 2-26 | Mechanisms for seeking advice and raising concerns | - Respect for Human Rights - Compliance |
| 2-27 | Compliance with laws and regulations | - Sustainability Data (Non-Financial Information) > Compliance - Compliance |
| 2-28 | Membership associations | - Initiatives |
| 5. Stakeholder engagement | | |
| 2-29 | Approach to stakeholder engagement | - Sustainability Data (Non-Financial Information) > Communication with Stakeholders - Communication to Stakeholders |
| 2-30 | Collective bargaining agreements | - Work-Life Balance > Labor-Management Relations - Sustainability Data (Non-Financial Information) > Work-life Balance |
| GRI 3: Material Topics 2021 | | |
| 3-1 | Process to determine material topics | - Priority Issues (Materiality) |
| 3-2 | List of material topics | - Priority Issues (Materiality) |
| 3-3 | Management of material topics | - Priority Issues (Materiality) |

200 series (Economic)

| Disclosures | | References |
|--|--|--|
| GRI 201: Economic Performance 2016 | | |
| 201-1 | Direct economic value generated and distributed | - Annual Securities Report The 124rd Fiscal Year (From April 1, 2023 to March 31, 2024) 📄 |
| 201-2 | Financial implications and other risks and opportunities due to climate change | - Priority Issues (Materiality) - Risk Management - Information Disclosure Based on TCFD Recommendations |
| 201-3 | Defined benefit plan obligations and other retirement plans | - Annual Securities Report The 124rd Fiscal Year (From April 1, 2023 to March 31, 2024) 📄 |
| 201-4 | Financial assistance received from government | — |
| GRI 202: Market Presence 2016 | | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | — |
| 202-2 | Proportion of senior management hired from the local community | — |
| GRI 203: Indirect Economic Impacts 2016 | | |
| 203-1 | Infrastructure investments and services supported | - Social Contribution |
| 203-2 | Significant indirect economic impacts | — |
| GRI 204: Procurement Practices 2016 | | |
| 204-1 | Proportion of spending on local suppliers | — |
| GRI 205: Anti-corruption 2016 | | |
| 205-1 | Operations assessed for risks related to corruption | - Compliance > Initiatives to Prevent Corruption |
| 205-2 | Communication and training about anti-corruption policies and procedures | - Compliance > Initiatives to Prevent Corruption |
| 205-3 | Confirmed incidents of corruption and actions taken | - Compliance > Initiatives to Prevent Corruption |



| Disclosures | | References |
|--|---|--|
| GRI 206: Anti-competitive Behavior 2016 | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | - Compliance > Initiatives Concerning Competition Laws |
| GRI 207: Tax 2019 | | |
| 207-1 | Approach to tax | - Appropriate Tax Payment |
| 207-2 | Tax governance, control, and risk management | — |
| 207-3 | Stakeholder engagement and management of concerns related to tax | — |
| 207-4 | Country-by-country reporting | — |

300 series (Environmental)

| Disclosures | | References |
|--|---|--|
| GRI 301: Materials 2016 | | |
| 301-1 | Materials used by weight or volume | - Environmental Burdens from Business Activities |
| 301-2 | Recycled input materials used | — |
| 301-3 | Reclaimed products and their packaging materials | — |
| GRI 302: Energy 2016 | | |
| 302-1 | Energy consumption within the organization | - Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) > Environment Data |
| 302-2 | Energy consumption outside of the organization | — |
| 302-3 | Energy intensity | — |
| 302-4 | Reduction of energy consumption | — |
| 302-5 | Reductions in energy requirements of products and services | — |
| GRI 303: Water and Effluents 2018 | | |
| 303-1 | Interactions with water as a shared resource | - Conservation of Water Resources |
| 303-2 | Management of water discharge-related impacts | - Environmental Management > Compliance with Environmental Laws and Regulations |
| 303-3 | Water withdrawal | - Conservation of Water Resources > Trends in Volume of Water Usage |
| 303-4 | Water discharge | - Environmental Burdens from Business Activities |
| 303-5 | Water consumption | - Conservation of Water Resources |
| GRI 304: Biodiversity 2016 | | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | - Conservation of Biodiversity |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | - Conservation of Biodiversity |



| Disclosures | | References |
|---|--|---|
| 304-3 | Habitats protected or restored | - Conservation of Biodiversity |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | — |
| GRI 305: Emissions 2016 | | |
| 305-1 | Direct (Scope 1) GHG emissions | - Sustainability Data (Non-Financial Information) > Environment Data |
| 305-2 | Energy indirect (Scope 2) GHG emissions | - Sustainability Data (Non-Financial Information) > Environment Data |
| 305-3 | Other indirect (Scope 3) GHG emissions | - Sustainability Data (Non-Financial Information) > Environment Data |
| 305-4 | GHG emissions intensity | - Sustainability Data (Non-Financial Information) > Environment Data |
| 305-5 | Reduction of GHG emissions | - Sustainability Data (Non-Financial Information) > Environment Data |
| 305-6 | Emissions of ozone-depleting substances (ODS) | — |
| 305-7 | Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions | - Environmental Burdens from Business Activities |
| GRI 306: Effluents and Waste 2016 | | |
| 306-1 | Water discharge by quality and destination | - Environmental Burdens from Business Activities |
| 306-2 | Waste by type and disposal method | - Environmental Burdens from Business Activities |
| 306-3 | Significant spills | - Environmental Management > Compliance with Environmental Laws and Regulations - Sustainability Data (Non-Financial Information) > Compliance with Environmental Laws and Regulations |
| 306-4 | Transport of hazardous waste | — |
| 306-5 | Water bodies affected by water discharges and/or runoff | — |
| GRI 307: Environmental Compliance 2016 | | |
| 307-1 | Non-compliance with environmental laws and regulations | - Environmental Management > Compliance with Environmental Laws and Regulations - Sustainability Data (Non-Financial Information) > Compliance with Environmental Laws and Regulations |

| Disclosures | | References |
|--|--|--|
| GRI 308: Supplier Environmental Assessment 2016 | | |
| 308-1 | New suppliers that were screened using environmental criteria | — |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | - Proper Procurement > Promoting Responsible Procurement |



400 series (Social)

| Disclosures | | References |
|---|---|---|
| GRI 401: Employment 2016 | | |
| 401-1 | New employee hires and employee turnover | - Sustainability Data (Non-Financial Information) > Global Human Resource Management |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | — |
| 401-3 | Parental leave | - Work-Life Balance > Initiatives that Consider Work-Life Balance - Sustainability Data (Non-Financial Information) > Work-life Balance |
| GRI 402: Labor/Management Relations 2016 | | |
| 402-1 | Minimum notice periods regarding operational changes | — |
| GRI 403: Occupational Health and Safety 2018 | | |
| 403-1 | Occupational health and safety management system | - Occupational Health and Safety > Promotion System |
| 403-2 | Hazard identification, risk assessment, and incident investigation | - Occupational Health and Safety > Promotion System - Health and Safety Activities > Risk Assessment (RA) Initiatives |
| 403-3 | Occupational health services | - Health Promotion Activities |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | - Occupational Health and Safety > Promotion System |
| 403-5 | Worker training on occupational health and safety | - Health and Safety Activities > Enhancement of Education, Training and Enlightenment |
| 403-6 | Promotion of worker health | - Health Promotion Activities |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | - Occupational Health and Safety > Promotion System - Health and Safety Activities > Risk Assessment (RA) Initiatives |
| 403-8 | Workers covered by an occupational health and safety management system | - Occupational Health and Safety > Promotion System |
| 403-9 | Work-related injuries | - Health and Safety Activities > Status and Reporting Procedure of occupational Accidents - Sustainability Data (Non-Financial Information) > Occupational Safety and Health |

| Disclosures | | References |
|---|--|---|
| 403-10 | Work-related ill health | - Health Promotion Activities - Sustainability Data (Non-Financial Information) > Occupational Safety and Health |
| GRI 404: Training and Education 2016 | | |
| 404-1 | Average hours of training per year per employee | - Human Resource Development - Sustainability Data (Non-Financial Information) > Human Resource Development |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | - Human Resource Development - Diversity & Inclusion > Providing Workplaces Where Employees Can Continue to Exert Their Abilities |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | — |
| GRI 405: Diversity and Equal Opportunity 2016 | | |
| 405-1 | Diversity of governance bodies and employees | - Global Human Resource Management - Sustainability Data (Non-Financial Information) > Global Human Resource Management - Sustainability Data (Non-Financial Information) > Diversity |
| 405-2 | Ratio of basic salary and remuneration of women to men | - Annual Securities Report The 124rd Fiscal Year (From April 1, 2023 to March 31, 2024) 📄 |
| GRI 406: Non-discrimination 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | — |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | - Work-Life Balance > Labor -Management Relations |
| GRI 408: Child Labor 2016 | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | - Respect for Human Rights |
| GRI 409: Forced or Compulsory Labor 2016 | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | - Respect for Human Rights |



| Disclosures | | References |
|---|--|--|
| GRI 410: Security Practices 2016 | | |
| 410-1 | Security personnel trained in human rights policies or procedures | — |
| GRI 411: Rights of Indigenous Peoples 2016 | | |
| 411-1 | Incidents of violations involving rights of indigenous peoples | — |
| GRI 412: Human Rights Assessment 2016 | | |
| 412-1 | Operations that have been subject to human rights reviews or impact assessments | - Respect for Human Rights |
| 412-2 | Employee training on human rights policies or procedures | - Respect for Human Rights |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | — |
| GRI 413: Local Communities 2016 | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | - Social Contribution - Communication to Stakeholders |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | — |
| GRI 414: Supplier Social Assessment 2016 | | |
| 414-1 | New suppliers that were screened using social criteria | - Proper Procurement |
| 414-2 | Negative social impacts in the supply chain and actions taken | - Proper Procurement |
| GRI 415: Public Policy 2016 | | |
| 415-1 | Political contributions | - Compliance > Initiatives to Prevent Corruption - Sustainability Data (Non-Financial Information) > Compliance |
| GRI 416: Customer Health and Safety 2016 | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | — |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | — |

| Disclosures | | References |
|---|--|---|
| GRI 417: Marketing and Labeling 2016 | | |
| 417-1 | Requirements for product and service information and labeling | - Environmentally-friendly Products > Environmental Friendliness in the Product Lifecycle |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | — |
| 417-3 | Incidents of non-compliance concerning marketing communications | — |
| GRI 418: Customer Privacy 2016 | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | — |
| GRI 419: Socioeconomic Compliance 2016 | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | — |



SASB Standards Comparison Table

*Information is disclosed in units different from those required by SASB.

| Topic | Accounting Metric | SASB Code | Unit of Measure | References |
|----------------------------|--|--------------|-------------------------|---|
| Energy Management | (1) Total energy consumed | TR-AP-130a.1 | MWh* | Sustainability Data (Non-Financial Information) > Environment Data Environment > Environmental Burdens from Business Activities |
| | (2) percentage grid electricity | | MWh* | |
| | (3) percentage renewable | | MWh* | |
| Waste Management | (1) Total amount of waste from manufacturing | TR-AP-150a.1 | ton | Sustainability Data (Non-Financial Information) > Environment Data Environment > Environmental Burdens from Business Activities Environment > Management of Waste |
| | (2) percentage hazardous | | | Not disclosed |
| | (3) percentage recycled | | %* | Sustainability Data (Non-Financial Information) > Environment Data |
| Product Safety | Number of recalls issued, total units recalled | TR-AP-250a.1 | Number | Sustainability Data (Non-Financial Information) > Product Quality |
| Design for Fuel Efficiency | Revenue from products designed to increase fuel efficiency and/or reduce emissions | TR-AP-410a.1 | %* | Priority Issues (Materiality) Sustainability Data (Non-Financial Information) > Providing Environmentally Friendly Products Environment > Response to Climate Change |
| Materials Sourcing | Description of the management of risks associated with the use of critical materials | TR-AP-440a.1 | Discussion and Analysis | Society > Proper Procurement > Promoting Responsible Procurement Environment > Eco Vision > Eco Vision 2030 Environment > Management of Chemical Substances > Handling within the Group |
| Materials Efficiency | Percentage of products sold that are recyclable | TR-AP-440b.1 | | Not disclosed |
| | Percentage of input materials from recycled or remanufactured content | TR-AP-440b.2 | | Not disclosed |

| Topic | Accounting Metric | SASB Code | Unit of Measure | References |
|------------------------------|---|--------------|-----------------------------|--|
| Competitive Behavior | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | TR-AP-520a.1 | | Not disclosed |
| Number of parts produced | | TR-AP-000.A | | Not disclosed |
| Weight of parts produced | | TR-AP-000.B | | Not disclosed |
| Area of manufacturing plants | | TR-AP-000.C | thousands of m ² | Annual Securities Report (The 124nd Fiscal Year) > P.45, 3. Equipment and Facilities 📄 About Us > Global Networks |



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