

## Identified Sensitive Locations (Detailed Process)

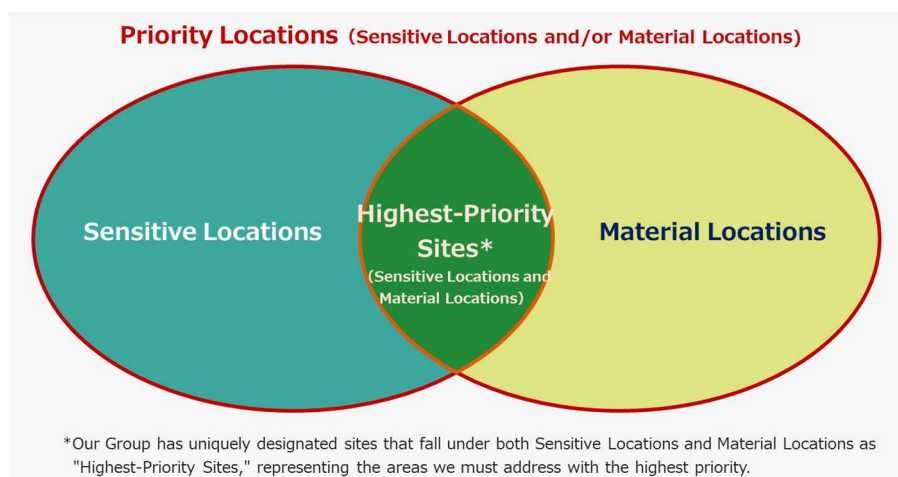
### 1. Concept of Priority Locations and Definition of Terms

Our Group defines terms for nature-related assessment targets based on the evaluation process recommended by the TNFD as follows:

- Sensitive Location: Locations where assets or activities are situated within the organization's direct operations (and, to the extent possible, upstream and downstream value chains) and have points of contact with nature in regions considered ecologically vulnerable (sensitive).
- Material Location: Locations identified by the organization where nature-related dependencies, impacts, risks, and opportunities are material. (e.g., sites with high production volumes, or model sites with representative manufacturing processes where LEAP assessment results can be scaled and deployed horizontally to other sites).
- Priority Location: A collective term for all regions that fall under either "Sensitive Locations," "Material Locations," or both.

Our Group screened candidates (31 sites in total) that fall under these "Priority Locations." Furthermore, to quickly transition to detailed assessment (Evaluate phase), which is the next step of the LEAP approach, we defined the overlapping areas of the requirements for Sensitive Locations and Material Locations as "Highest-Priority Sites," representing the areas that Our Group must address with the highest priority.

\*Sites falling under both Sensitive Locations and Material Locations are uniquely designated as "Highest-Priority Sites," which Our Group must address with the highest priority.



Definitions of Priority Locations and Highest-Priority Sites

## 2. Assessment Methodology and Target (Spatial Analysis via GIS)

In this assessment, we mapped the location information (latitude and longitude) of Our Group's 31 production sites (15 sites in Japan\* and 16 sites overseas) onto a Geographic Information System (GIS). We set a buffer area within a radius of 0.5 km (500 m) from the center of each site as the target assessment scope. By overlaying this with mesh data from various international nature and biodiversity databases, we objectively calculated the risk scores for each criterion on a 5-point scale (where higher numbers indicate higher risk).

\*For Nitterra Materials, which newly joined the group in June 2025, we will proceed with assessments sequentially.

## 3. Evaluation Metrics and Data Sources Based on the Four Perspectives Indicated by TNFD

To objectively and scientifically identify Sensitive Locations, we selected evaluation metrics and data sources along the four perspectives indicated by the TNFD recommendations, and established the following evaluation criteria:

| Four Perspectives          | Indicator                                                   | Indicator Meaning and Assessment Criteria                                                                                                                                                                                                | External Database Used                         |
|----------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Importance of Biodiversity | (1) Overlap with Protected Areas (WDPA)                     | Assesses the overlap with and proximity to legally protected areas, sites designated under international treaties (Ramsar, World Heritage), OECMs, etc. Rated on a scale of 1–5 based on importance and proximity distance.              | IBAT (Integrated Biodiversity Assessment Tool) |
|                            | (2) Overlap with Key Biodiversity Areas (KBA)               |                                                                                                                                                                                                                                          |                                                |
|                            | Distribution of Threatened and Endemic Species (STAR Index) | Calculates the habitat proportion of threatened and endemic species based on the IUCN Red List. Quantifies the potential of local threat-abatement activities to contribute to reducing global extinction risk, rated on a scale of 1–5. | IBAT                                           |
| Ecosystem Integrity        | BII Biodiversity Intactness Index                           | Calculates the habitat proportion of threatened and endemic species based on the IUCN Red List. Quantifies the potential of local threat-abatement activities to contribute to reducing global extinction risk, rated on a scale of 1–5. | Newbold et al. (2016)                          |
|                            | Tree Cover Loss (TCL) over the Past 20 Years                | Calculates the percentage of tree cover loss area around the site over the past 20 years. A higher value (indicating a greater trend of ecosystem degradation) is treated as higher risk, rated on a scale of 1–5.                       | Global Forest Watch                            |
| Importance of              | Proximity to                                                | Assesses the overlap with and proximity to lands                                                                                                                                                                                         | LandMark                                       |

|                             |                                                           |                                                                                                                                                                                                                                                                    |                           |
|-----------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Ecosystem Service Provision | Areas Claimed by Indigenous Peoples and Local Communities | collectively owned or used by Indigenous peoples and local communities. Proximity within a 0.5 km (500 m) radius is designated as the highest risk (score of 5), rated on a scale of 1–5.                                                                          |                           |
| Physical Water Risk         | Baseline Water Stress                                     | Calculates the ratio of total water withdrawal to the water supply (available volume) in the basin. Quantifies the tightness of supply and demand, with 40% or higher designated as "High (4)" and 80% or higher as "Extremely High (5)," rated on a scale of 1–5. | WRI Aqueduct              |
|                             | Surface Water Quality Index                               | Assesses the adverse impacts of basin water quality on freshwater organisms and humans (based on BOD, electrical conductivity, nitrogen levels, etc.). Rated on a scale of 1–5 based on the degree of pollution.                                                   | WRF (WWF)                 |
|                             | Flood Risk                                                | Calculates the estimated inundation depth (m) under climate change with a 100-year return period. Rated on a scale of 1–5 based on the flood hazard level, ranging from less than 0.5 m to 2 m or more.                                                            | Flood Risk Finder (MS&AD) |

#### 4. Identified "Sensitive Locations"

|                                           |                                             |                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Four Perspectives                         | Number of Sites with a Score of 4 or Higher | Analysis and Assessment Findings from a Nature Perspective (Trends and Insights)                                                                                                                                                                                                                                                                                   |
| Importance of Biodiversity                | 1 site                                      | While no sites are located within legally strict restricted areas, the site in Brazil was identified as high risk with a score of 4 in the STAR index, which reflects the distribution of threatened species.                                                                                                                                                      |
| Ecosystem Integrity                       | 8 sites                                     | These included "sites located in close proximity to pristine natural environments where environmental preservation is required" and "sites located in areas where tree cover loss has progressed over the past 20 years, raising concerns about natural degradation."                                                                                              |
| Importance of Ecosystem Service Provision | 1 site                                      | It was revealed that one site in Mexico is located in close proximity to land where a government-authorized local community claims rights.                                                                                                                                                                                                                         |
| Physical Water Risk                       | 15 sites                                    | It was found that sites in Asia (particularly Thailand, India, and China), Latin America, and South Africa are exposed to extremely high-water stress (supply-demand tightness) and water pollution risks. Furthermore, the analysis suggested potential high flood risks (with an estimated inundation depth of 1 m or more) at sites in Japan and North America. |

\*Since a single site may fall under multiple different risk indicators with a "Score of 4 or higher" simultaneously, the simple sum of the number of sites per indicator does not match the total number of unique sensitive sites.

## 5. Results of Identifying "Highest-Priority Sites" by Overlaying Business Materiality

We overlaid the following requirements for Material Locations onto the sites evaluated as "Sensitive (Score 4 or higher)" in the quantitative nature-related risk scores: - Business Continuity and Production Materiality: Whether the site is a "primary manufacturing site" globally, such as for spark plugs. - Environmental Burden in Processes (mainly water consumption): Whether the site operates processes that consume large amounts of water resources, such as the "plating process" in product manufacturing.

As a result, we identified the following six sites as "Highest-Priority Sites" that Our Group must address with the highest priority:

Table: Identified Highest-Priority Sites and Reasons

| Site                                                                              | Country   | Reason for Identification                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Satsuma Plant, SparkTec WKS CO., LTD.                                             | Japan     | A core flagship site for spark plug production within Our Group (high business materiality). It is located in a nature-rich area with high ecosystem integrity (BII score of 4). It also faces high flood risk, with an estimated local inundation depth of 1.47 m.                                                          |
| Nitterra do Brasil Ltda.                                                          | Brazil    | The main spark plugs production base in the South American region (high business materiality). Both its STAR index (species extinction risk score of 4) and ecosystem integrity (BII score of 4) are high. It also faces an overlapping severe physical risk of water pollution (score of 5) in the basin.                   |
| Siam Nitterra Co., Ltd.<br>Nitterra Thailand Co., Ltd.<br>Nitterra Asia Co., Ltd. | Thailand  | A group of sites with business characteristics that consume large volumes of water resources in their product manufacturing processes, such as plating (high business materiality). On the other hand, the area where they are located faces extremely tight water supply and demand in the basin (water stress score of 5). |
| PT Nitterra Indonesia                                                             | Indonesia | Possesses a plating process, resulting in high dependence and impact on water resources (high business materiality). The area where it is located faces tight water supply and demand in the basin (water stress score of 4).                                                                                                |

### ※Individual Approaches to Sensitive Sites Other Than Highest-Priority Sites

Although some sites were excluded from the six "Highest-Priority Sites" based on this evaluation, sites that received high scores in specific nature metrics (e.g., Nitterra North America Reynosa Plant due to its proximity to local communities, and Nitterra India or Nitterra South Africa due to extremely high-water stress and water quality scores) are not excluded from our enterprise risk management. We will proceed with understanding their situations, clarifying issues, and taking

appropriate actions individually from the perspectives of human rights and environmental compliance.