Niterra

Niterra Co., Ltd. Sustainability Data Book 2025

Sustainability Data Book 2025

CONTENTS

Sustainability Data Book 2025

Contents／Editorial policy

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 2024 (April 1, 2024 to March 31, 2025)
* The report also includes information pertaining to other fiscal years.

Recording Date

As of October 30, 2025

Scope of Report

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

Top Message

Our group's "Niterra Way" includes the 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.

As we begin the second half of our "Long-Term Management Plan 2030," we have reaffirmed our vision for 2040: "We will be a company that brightens the Earth by solving social issues through our unique, Tokushu, technologies and ideas." As a global company, we will address global social issues, including environmental problems, and aim for the sustainable development of society. Furthermore, we have organized our Key Management Priorities into three areas: "solving social issues," "human capital," and "management foundation." Based on the fundamental concept of strengthening our management foundation while investing in human capital to achieve the resolution of social issues, we will disseminate these basic ideas throughout the company, focusing on the specific important initiatives we have been pursuing, and work together as a group to address social issues.

Our group aims to gain the trust of stakeholders by proactively disclosing information and increasing management transparency regarding these various initiatives, 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, the Corporate Code of Conduct 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. The CSR Basic Policies have been approved by the Board of Directors and take precedence in all processes in all businesses of the Niterra Group, including research and development, design, production, procurement of materials, logistics, selection of business partners, and joint ventures and acquisitions. 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.
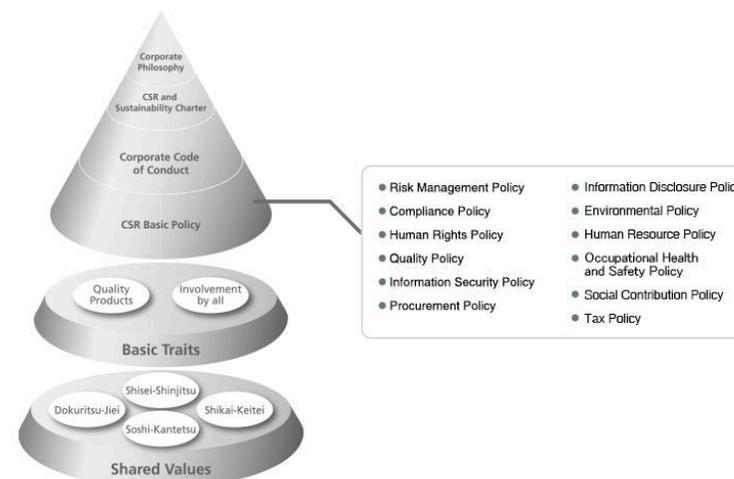
Corporate Philosophy →   Corporate Code of Conduct →   CSR Basic Policy   Long-Term Management Plan →

The Niterra Way →

2

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 Key Management Priorities for three fields of "solving social issues" "human capital," and "management foundation."

The CSR and Sustainability Committee responds to inquiries from the Board of Directors by 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.

Furthermore, for significant ESG themes, subcommittees are established under the CSR and Sustainability Committee for close monitoring. Currently, the Human Rights Subcommittee has been launched to supervise the effectiveness of human rights due diligence.

Each special committee monitors whether their respective specialized operations are functioning effectively.

Progress on "responding to climate change" and "risk management," which are major initiatives of Key Management Priorities, 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 →   Key Management Priorities →

Activities in FY2024

The CSR and Sustainability Committee met 10 times in FY2024, discussing the ideal state of sustainability management, the next Key Management Priorities to be prioritized, and revisions to the CSR Basic Policy. In addition, the Human Rights Subcommittee, established within the Committee, held two meetings to discuss its activities and report on the results of human rights due diligence. An expert lecture with external experts is held annually, and lively exchanges of opinions during the Q&A session.

CSR and Sustainability Committee

FY2024 CSR and Sustainability Committee Activity

Date	Main topics
1st April 2024	・Next Key Management Priorities workshop for next-generation management ・CSR・Sustainability Committee structure and schedule for FY2024
2nd April 2024	・Contents of the report to the Board of Directors (FY2023 activity report, next Key Management Priorities review paper) ・FY2023 monitoring results by the expert committee ・Progress of Key Management Priorities for FY2023
extraordinary meeting May 2024	・Candidate items for next Key Management Priorities (with external directors as guest members)
3rd May 2024	・Next Key Management Priorities (based on the results of the extraordinary meeting)
1st Human Rights Subcommittee (held within the 3rd CSR・Sustainability Committee)	・Activity details and schedule for FY2024
4th June 2024	・Regarding next Key Management Priorities, vision, specific measures, and KPIs
5th July 2024	・Adjustment between next Key Management Priorities and next mid-term management plan
6th September 2024	・Sustainability management in the next mid-term management plan ・Structure of this committee in anticipation of the Holding System ・Issues from ESG evaluation and future initiatives
7th November 2024	・Monitoring results of the expert committee for the first half of FY2024 ・Structure and role of this committee for the next fiscal year ・Revision of the Human Rights Policy (Code of Conduct, Appendix)
8th February 2025	・Annual revision of the CSR Basic Policy ・Structure and role of this committee for the next fiscal year ・Disclosure plan for next Key Management Priorities
Expert Lecture February 2025	Title: Considering Sustainability and Corporate Strategy at a Turning Point in the Times Lecturer: Mr. Kazuo Tase
9th March 2025	・Review of the expert lecture ・Activity details for the next fiscal year and beyond
2nd Human Rights Subcommittee (held within the 9th CSR・Sustainability Committee)	・Results of human rights due diligence for FY2024

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.
Furthermore, we share the latest information and expert knowledge on sustainability, such as by publishing archives of expert lectures held as part of the activities of the CSR and Sustainability Committee.

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 hold two types of Open Talk events, which are free-participation events, one for the entire group companies and one for each department. For the entire group companies are a place where members gather across company and department boundaries to exchange opinions on sustainability, and for each department is a place to deepen understanding and discuss sustainability topics that are more closely related to their own work.

CSR・sustainability training for new employees
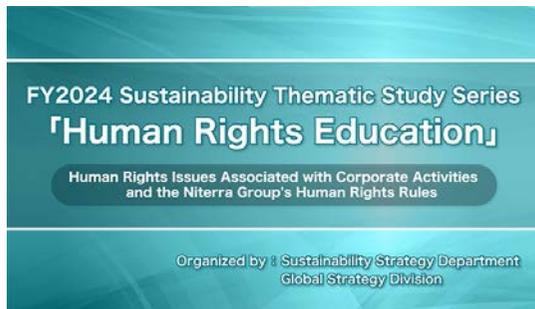
"Sustainability Thematic Learning Series" for all employees

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."

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"

Key Management Priorities

Basic Philosophy

As articulated in the Niterra Way (CSR and Sustainability Charter), we improve corporate value through contributions working towards the realization of a sustainable society.

To achieve this, we consider solving social issues to be our most important management issue, and with our unique aspirations, we will promote the realization of our vision: "Brightens the Earth through our technologies and ideas."

In addition, we will promote both the creation of human resources for "brightens the Earth" so that "diverse and proactive individuals embody the Niterra Way," and the creation of our foundation to "establish new global management foundation to drive transformation."

Specifically, we will contribute to solving social issues through the combination of diverse technologies and provide renewable and recyclable solutions. Furthermore, regarding human capital investment to support these efforts, we will strive to expand mechanisms that enable diverse personnel to thrive and work vibrantly, cultivate individuals who act proactively amidst change and pioneer the future, and develop professionals who can leverage their expertise to create new value for increasingly sophisticated challenges. Additionally, as part of establishing the management foundation that underpins these initiatives, we will build an organizational platform that supports swift decision-making and enables strategic risk control.

We believe it is crucial to set and pursue more concrete initiatives and targets from a medium- to long-term perspective in each of the fields of "solving social issues," "human capital," and "management foundation" to achieve these objectives.

The Process of Key Management Priorities

STEP 1 — Recognition of External

Identification of social requirements (issues) by referencing external requirements such as the UN Global Compact, SDGs, GRI Standards, ESG surveys, industry guidelines, ISSB, ESRS (CSRD), and other companies' benchmarks.

STEP 2 — Long List Creation, Filtering and Scenario Planning

Among the various external requests, we positioned CSRD topics as advanced and created a long list of about 100 items, focusing on them. We narrowed down the items to those that are highly relevant to the present and future of our group's business, and created a hypothetical scenario for each of them.

STEP 3 — Double Materiality Assessment and Identification of Key Management Priorities

Scored and mapped each item's potential social impact on society and financial impact on our Group based on the developed scenarios through intensive discussions by the Global Strategy Division and key business unit executives. Furthermore, based on the risks and opportunities identified in STEP 1, the company will consider them, and after discussion at the CSR and Sustainability Committee and approval by the Board of Directors, will establish "Key Management Priorities" to be addressed. The eight "Key Management Priorities" identified in the ""2030 Long-Term Management Plan NITTOKU BX"" were reclassified into three newly established "Key Management Priorities."

Key Management Priorities
- Solving Social Issues
- Human Capital
- Management Foundation
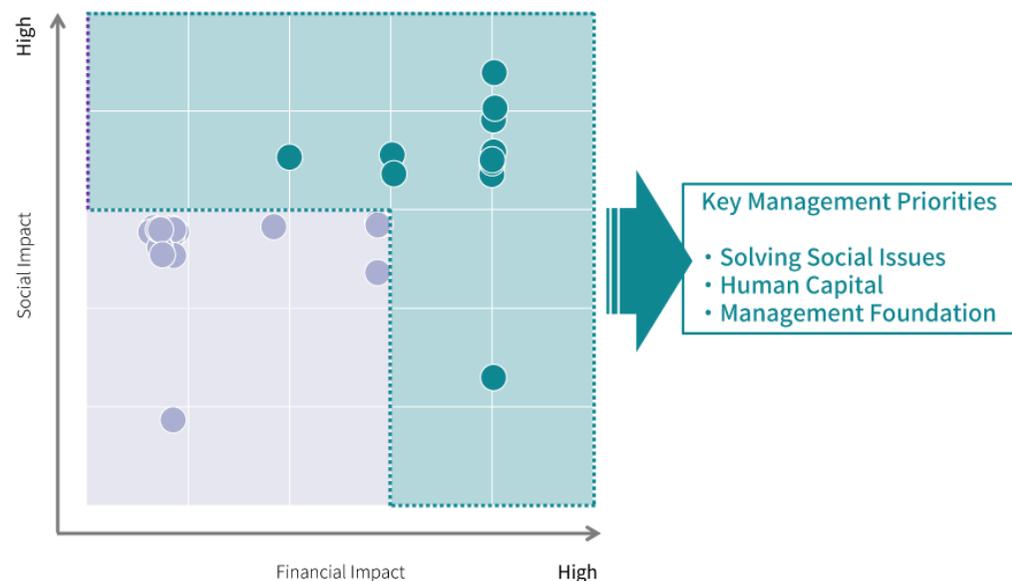
Key Management Priorities

We have identified three Key Management Priorities: "solving social issues," "human capital," and "management foundation," and are promoting various initiatives.
The CSR and Sustainability Committee monitors progress of these themes in response to requests from the Board of Directors.
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.

Key Management Priorities		Major Initiatives		Goals and Outputs(FY2029)	Progress in FY2024
Solving Social Issues	Brightens the Earth through our technologies and ideas ・Contribute to solving social issues by integrating diverse technologies. ・Provide regenerative and circular solutions	Responding to Climate Change	Reduction of CO_2 emissions	CO_2 Emissions [compared to that of 2018] FY2030：30% Reduction FY2035：71.4% Reduction FY2050：carbon neutrality (Net zero)	29.7% reduction (196K tons) *Before third-party verification
		Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	Dissemination and expansion of environmentally friendly automobile-related products	Sales ratio of precious metal plugs: not less than 50%	46%
				Sales ratio of wide range oxygen sensor: not less than 50%	41%
			Development of fuel cells	CO_2 dissemination of high-efficiency distributed power supplies with a view to use free hydrogen	・Expand sales for new applications ・Development of high-efficiency monogeneration systems for home use
			Development of applications for lead-free piezoelectric materials	Alternative promotion from lead piezoelectric materials	Achieve FY2024 target for number of alternatives
			Development of sensing IoT business	Improve business efficiency through automation, optimization, and generalization	Market delivery of aquaculture systems for land-based shrimp farming underway begins.
			Carbon Neutrality as a service	Establish and introduction of synthetic fuel (methane) production system	・Completed installation of methane production test equipment ・Conducting a demonstration test of a regional CCU

Key Management Priorities		Major Initiatives		Goals and Outputs(FY2029)	Progress in FY2024
Human Capital	Diverse and proactive individuals embody the Niterra Way ・At Niterra, the personal growth of each individual is the driving force that fosters their contribution to the sustainable development of the Niterra Group.	Global Human Resource Management	Promotion of employment of women, foreign nationals, and careers	Ratio of women, foreign nationals, and career recruits in managerial positions: 25%	26.9% (as of March 2025)
			Examination of a New Personnel System	Improved results of employee satisfaction surveys	Employee satisfaction：3.48 （Fiscal year before last 3.33, Last fiscal year 3.46）
Management Foundation	Establish new global management foundation to drive transformation ・Transform into a more resilient corporate structure, adapting to changes in the external environment. ・Facilitate swift decision-making and strategic risk management	Corporate Governance	Increasing the ratio of female and foreign nationals to directors	Ratio of female directors and foreign nationals: not less than 30%	36% (4 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	Management of serious incidents signs and prevention of their occurrence	Establishment of risk management system that contributes to management decision-making	・Monitoring of priority risk countermeasures and promotion of risk reduction activities ・Identify risk factors with the aim of incorporating strategic risks from a management perspective into integrated risk management
		Compliance	Survey of employees' awareness and continuous education	Implementation of compliance questionnaires and disclosure of results	・Continued implementation of improvement measures for low-scoring departments ・Implementing training by job classification
		Information Security	Maintaining and strengthening incident response organizations and building preventive systems	Establishment of information security management system	・Continuous enhancement of global security system ・Cyber BCP establishment ・Conduct IT security audits at all domestic and overseas sites

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 CO_2 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 CO_2 emissions (Scope 1 and 2) by 30% by FY2030 compared to FY2018 levels. We will also strive to reduce CO_2 emissions across the supply chain and product lifecycle, aiming to achieve the target of reducing CO_2 emissions (Scope 3) by 30% by FY2030 compared to FY2018 levels. We also set a target at the end of FY2024 to reduce CO_2 emissions (Scope 1 and 2) by 71.4% by FY2035 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 CO_2 emissions reduction and economic growth.

In the future, we will establish a "carbon cycle" system, and in conjunction with this, we will work to utilize hydrogen. Through these efforts, we will promote the beneficial use of CO_2 both inside and outside the group and contribute to resolving climate change issues while aiming for a net-zero CO_2 emissions within the group.

Our group's efforts to achieve carbon neutrality (Net zero)

Target for Scopes 1 and 2

Item	Target
Scopes 1 and 2	71.4% reduction by FY 2035 (compared to that of FY 2018)[1] 30% reduction by FY 2030 (compared to that of FY 2018)[2] • 29.4% reduction by FY 2029 (compared to that of FY 2018) • 28.2% reduction by FY 2028 (compared to that of FY 2018) • 27.0% reduction by FY 2027 (compared to that of FY 2018) • 25.7% reduction by FY 2026 (compared to that of FY 2018) • 24.5% reduction by FY 2025 (compared to that of FY 2018)

[1] Targets have been set to meet the requirements of the SBTi 1.5℃ target (at least a 4.2% reduction in CO_2 emissions each year).
[2] The target has been classified by the Science Based Targets initiative (SBTi) as SBT WB2℃ (well below 2℃).

CO_2 Emission Reduction Measures up to 2030

We have created a roadmap to achieve a 30% reduction in Scope 1 and 2 CO_2 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 CO_2 emissions and economic growth.
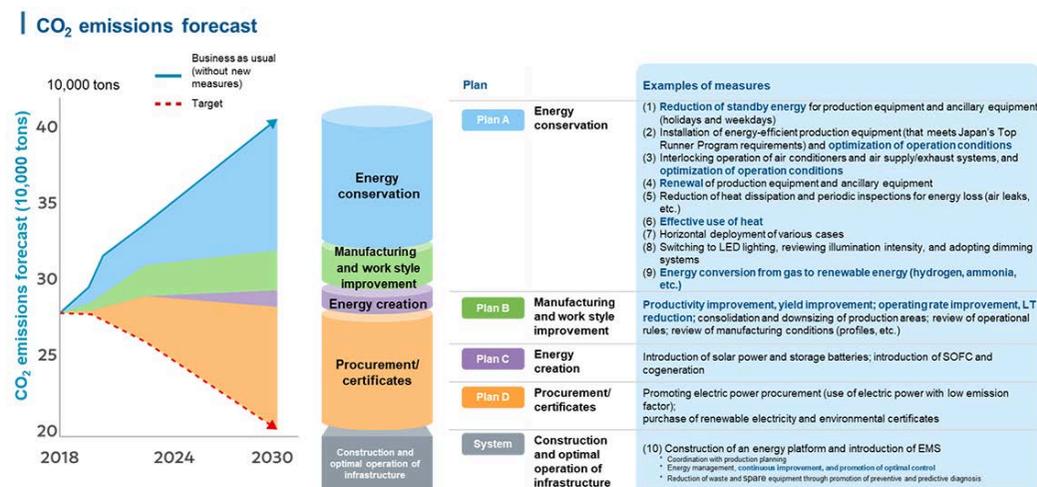
Measures under Plan A: Energy Conservation

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 CO_2 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	Country	Name of factories and companies		Nominal generating capacity(kw)
Solar energy	Japan	Niterra Co., Ltd.	Komaki Plant	882
			Ise Plant	2640
		SparkTec WKS CO., LTD.	Nino Plant	193
			Satsuma Plant	1092
		CERAMIC SENSOR CO., LTD.	Nakatsugawa Plant	1216
		NTK CERATEC CO., LTD.	Head Office Plant	422
	China	Niterra(Shanghai)Co., Ltd.		400
		Niterra(Changshu)Co., Ltd.		978
	Thailand	Siam Niterra Co., Ltd.		389
		Niterra (Thailand) Co., Ltd.		1679
		Niterra ASIA Co., Ltd.		3637
	India	Niterra India Private Limited		574
	Australia	Niterra Australia Pty. Ltd.		175
	Brasil	Niterra do Brasil Ltda		3413
Geothermal energy	Japan	SparkTec WKS CO., LTD.	Okusa Plant	—
Hydropower		Niterra Co., Ltd.	Komaki Plant	—

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 CO_2 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 Spark Tech WKS's Satsuma Plant and Satsuma Electrode Plant use CO_2-free electricity for 100% of their power needs. The Komaki Plant and NTK CERATEC partially use CO_2-free electricity.
We also plan to systematically implement CO_2-free electricity while curbing power consumption, mainly through energy-saving activities.

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 CO_2 recovery technology that applies oxygen concentrator technology).
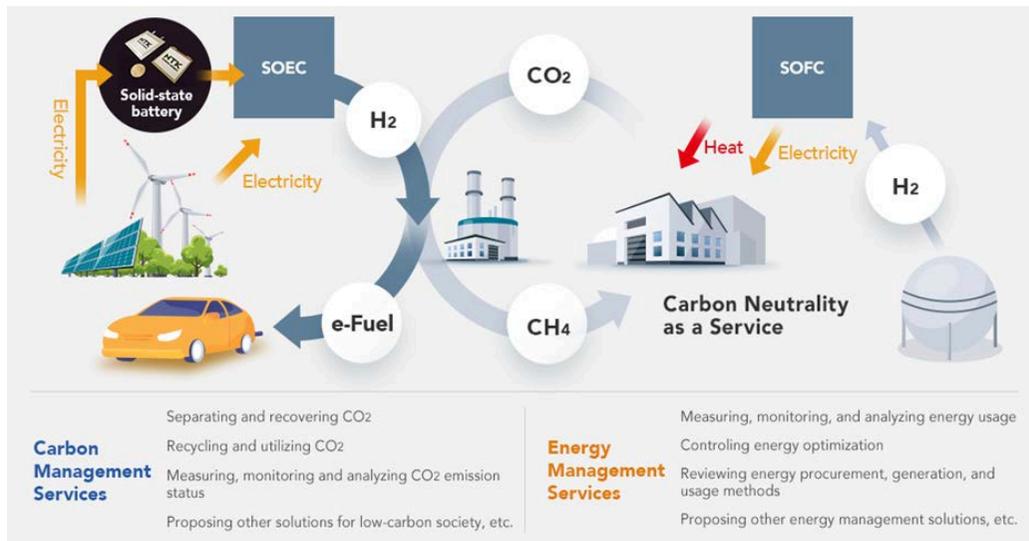
Regional CCU (Carbon dioxide Capture Utilization)

The Link Between Non-Financial Indicators (Employee Engagement) in Our Performance-Linked Stock Compensation System and Climate Change Initiatives

We have 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 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 this remuneration system, "employee engagement" is established as a non-financial indicator, alongside mid-term performance indicators and shareholder value indicators. Employee engagement is a key indicator of the vitality and the willingness of our employees to contribute, who are the source of our Group's sustainable growth. Our Group places particular emphasis on each employee's "yarigai" (a sense of purpose and fulfillment).
This "sense of purpose and fulfillment" is also significantly nurtured by the tangible feeling that we are helping to solve social issues through our business operations. For example, climate change initiatives, such as reducing CO_2 emissions, are a major factor in enabling employees to take pride in the company's activities and feel this "sense of purpose." Furthermore, this "sense of purpose" is also enhanced through initiatives like human resource development and the creation of a supportive work environment. For this reason, actively advancing these initiatives constitutes an important evaluation metric for the management team.
Thus, we have a system where various non-financial initiatives, including our response to climate change, lead to enhanced employee engagement, which is ultimately reflected in the performance-linked stock remuneration.

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 CO_2. 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 CO_2 emissions. This system is expected to further raise awareness of and accelerate CO_2 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 CO_2 emissions. For example, in FY 2023, we provided a grant for a solar power generation unit to the Ise Plant and the Nakatsugawa Plant of CERAMIC SENSOR. When introducing equipment, we make a comprehensive decision at a corporate management committee after conducting an environmental assessment not only of CO_2 emissions, but also of water, energy, and other overall environmental factors.
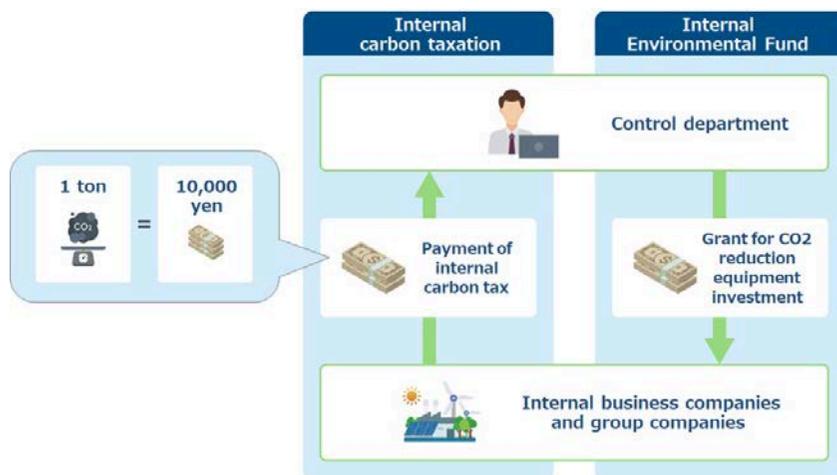
Employee-participatory initiative for carbon neutrality

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

Exploring a Solar Power PPA Service

As part of our energy creation initiatives and in addition to our existing efforts, we will begin exploring a PPA scheme designed for businesses that our employees, business partners, and product users (factories and stores) can join. This initiative aims to reduce CO_2 emissions not only within our group but also across the wider community. As the service provider, our company will install solar power generation systems at local factories and stores, supplying the generated electricity directly to their users. Any surplus electricity generated by these solar power systems will be utilized by our company. In the future, we plan to effectively utilize this generated electricity for hydrogen production and its subsequent use, thereby contributing to the realization of a carbon-recycling society.

Through this comprehensive initiative, we are committed to promoting community-wide carbon neutrality.

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 CO_2 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 CO_2 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 CO_2 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.

Sustainability Data (Non-Financial Information) ➔

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 CO_2 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 CO_2 emissions related to products for our company

In order to understand CO_2 emissions related to our company at our suppliers, we have been conducting surveys of CO_2 emissions related to products for our company. We also provide necessary support to suppliers upon request depending on the amount of their CO_2 emissions.

Seminars for suppliers

We hold seminars for our suppliers to introduce the risks of climate change and our efforts to reduce CO_2 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 CO_2 emissions from land transport.
By reviewing logistics bases, we expect to achieve an annual CO_2 emission reduction of approximately 42 tons.

Distance from Satsuma Plant to port
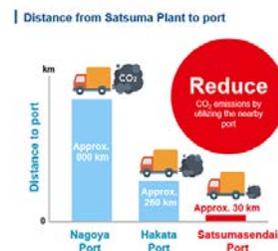
Initiatives for Category 11: Use of sold products

Environmental considerations throughout the product lifecycle

Our Group also contributes to CO_2 reduction in its own products.
Among our products, we certify products with particularly high environmental performance throughout their product lifecycles as "Niterra 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 "Niterra Green Products" saves 13 liters of gasoline annually per vehicle and reduces CO_2 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 CO_2 emissions. Similarly, assuming that wide-range oxygen sensors are installed in 25 million vehicles, CO_2 emissions would be reduced by approximately 750,000 tons.

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

Environmentally-friendly Products ➔

Promoting disclosure of information about climate-related risks and opportunities

In July 2020, Our 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 ➔

Collaboration with Local Communities

Our Group aims to realize a carbon-neutral future together with local communities, and is actively promoting the reduction of CO_2 emissions and the introduction of renewable energy at each of its business locations.

In February 2025, NTK Ceramics signed a partnership agreement with Iijima Town in Kamiina-gun, Nagano Prefecture, where its production facilities are located, to promote carbon neutrality. Iijima Town issued its "Iijima Town Carbon Neutrality Declaration" in October 2022, aiming for virtually zero carbon dioxide (CO_2) emissions by 2050. NTK Ceramics will contribute to advancing initiatives in the industrial sector to achieve carbon neutrality.

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)
・GX League (established by the Ministry of Economy, Trade and Industry)
・Japan Auto Parts Industries Association (Carbon Neutrality Subcommittee)

Initiatives →

Environmentally-friendly Products

Environmental Friendliness in the Product Lifecycle

In Eco Vision 2030, 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 "Niterra 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	● Effective use of resources ● Reduction in CO_2 emissions at the time of manufacturing materials
Transport of raw materials	Modal shift	● Reduction in CO_2 emissions at the time of transportation for procurement
Manufacture by our group	Increase in efficiency within our group	● Reduction in CO_2 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	● Reduction in CO_2 emissions at the time of transporting products
Use by customers	Reduction in the use of energy at the time of processing	● Reduction in CO_2 emissions at the time of processing
Use by endusers	Increase in product performance	● Reduction in CO_2 emissions at the time of use ● Reduction in the emissions of substances with environmental impact
Disposal	Collection of after-use products	● 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 CO_2 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.

Research ➤ Product Development ➤ Process Design ➤ Packaging Specifications

Certification System for Environmentally Friendly Products - Niterra 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 Niterra 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.

Products that satisfy the certification standards

Niterra Green Products

Environmentally friendly 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 Niterra 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
OZAS®-S5, S6 Oxygen Sensor for Motorcycle		・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
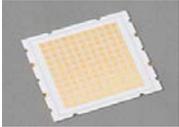
One of our Group's Key Management Priorities is "providing environmentally friendly products." To tackle this issue, we have set numerical targets to be achieved by 2030 in the fields of precious metal plugs and automotive wide range oxygen sensors, which represent our environmentally friendly products 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 CO_2-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 Niterra Green Products.

Key Management Priorities →

Technologies, Products, and Businesses for Social Issues

Technologies, Products, and Businesses for Social Issues

We aim to co-create and provide new value that contributes to solving social issues. By understanding society's needs, our group contributes to a sustainable society through our technologies, products, and businesses.

Products

Fuel Cells

View Our Business 🔗

Solid Oxide Fuel Cells（Movie） 🔗

Reversible SOC System

View Our Business 🔗

Lead-Free Piezoelectric Ceramics

View Our Business 🔗

Lead-Free Piezoelectric Ceramics（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>

View Our Business 🔗

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 CO_2 recovery technology that applies oxygen concentrator technology).

<Regional CCU™ (Carbon dioxide Capture Utilization)>

View Our Business 🔗

16

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 ↗

Industry-University Cooperation

Niterra-AIST Carbon Neutral Advanced Inorganic Materials Cooperative Research Laboratory

2In 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

2In 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 (CO_2) and hydrogen (H_2) are called synthetic fuels. Of these, synthetic fuels that use hydrogen derived from renewable energy sources are called "e-fuel". Since CO_2 in the atmosphere is used as raw material, burning e-fuel does not increase the amount of CO_2 in the atmosphere.

eFuel Alliance ↗

Japan Hydrogen Association (JH2A)

The Japan Hydrogen Association (JH2A) is an organization that aims for the early realization of a hydrogen society by overseeing the entire supply chain and collaborating across industries. We contribute to the widespread adoption of hydrogen energy in Japan through the promotion of social implementation projects and policy proposals.

Japan Hydrogen Association ↗

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 contribute to the development and revitalization of local communities in each country and region
・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.
・Activities that support people in need
●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.

Basic Philosophy

Under the corporate philosophy slogan of "We deepen mutual trust, propose new values looking to the future, and contribute to people worldwide," our group is committed to solving social issues through business activities and social contribution activities. Our social contribution activities include initiatives in areas deeply related to our business, as well as activities aimed at regional development, environmental preservation, nurturing the next generation, and supporting those in need. This is based on the idea that a company thrives on the sound development of society, and it is our group's will to engage in social contribution activities as a "good corporate citizen." We believe that building a symbiotic relationship with society through these activities will lay the foundation for our group to achieve sustainable growth together with society from a long-term perspective.

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 →

Activities Closely Related to Our Business Fields

Our Group has established a "Social Contribution Policy" in its Basic CSR Policy and, as a good corporate citizen, is engaged in activities closely related to our business fields.

Nurturing the Next Generation through Support of Motorsports

The Niterra Group has supported motorsports for many years. We are also contributing to the development of future motorsport talent through our title sponsorship of the NGK Spark Plug Cup, a stepping stone for young riders, and through our support of the racing team and the Suzuka 2&4 Race.

NGK SPARK PLUG Cup

Product training at the technical school

Since its founding, the Niterra Group has been manufacturing and developing automotive parts. Utilizing that knowledge, some of its bases provide product education at local technical schools for students studying automotive-related technology, with the aim of developing their skills.

Activities That Contribute to the Development and Revitalization of Local Communities

We have established our "Social Contribution Policy" as part of our CSR basic policy, and as a responsible corporate citizen, we engage in activities that lead to the development and revitalization of regional communities.

Naming Rights Partner for Nagoya Citizens' Auditorium

Niterra HALL

Since July 2012, we have had naming rights to the Nagoya Citizens' Auditorium in Nagoya City, where our headquarters is located, and have named it "Niterra HALL". 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.

Sponsorship of the 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

Marathon Festival Nagoya-Aichi

Raising Awareness for Traffic Safety

Our Group employees conduct activities to coincide with the school hours of elementary and junior high schools in the vicinity of our company, guiding traffic at intersections and promoting greetings at the school gates.

During Activity

Cooperation with Regional Events

We participate in or sponsor sporting events, festivals, and other events held in each community where our group is based. We hope to use these events as an opportunity to interact with regional people and to help preserve and pass on these traditions.

Sponsorship of Sporting Event

19

Activities That Contribute to the Future of Society

Our group has established a "Social Contribution Policy" in our Basic CSR Policy, and as a good corporate citizen, we engage in a variety of activities that contribute to the future of society.

Official partner of 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.

Niterra － Ghibli Park Official Partner

Tree planting in Takayama City, Gifu Prefecture

The Niterra Group has been conducting tree-planting since 2022. Our group employees have participated in this activity to deepen understanding that forests not only absorb carbon dioxide and reduce global warming, but also play an important role in preserving biodiversity by providing a home for a wide variety of living creatures.

Tree Planting (in 2022)

Tree Planting (in 2024)

* For details, please see our owned media "MIRAI no ME"

Extermination of the invasive alien species

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.
Additionally, starting in fiscal year 2024, we participated in the removal of lanceleaf coreopsis around the Kuguri district in Kani City at the Nittoku Spark Tech WKS Nino Plant. We plan to continue these efforts going forward.

Lanceleaf coreopsis

Extermination of lanceleaf coreopsis
（SparkTec WKS CO., LTD.）

Diverse cleanup activities

City cleanup activities

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. We are also supporting a smart action project in Omotesando, Tokyo, using the IoT smart trash can "SmaGO."

Cleanup activity

"SmaGO" in Omotesando

* For details, please see our owned media "MIRAI no ME"

Cleanup Activities around Each Bases

Our group company Nittoku Smile cleans and plants trees on the city road that runs along the left bank of the Habashita River in Komaki City, Aichi Prefecture, Nittoku Alpha Service does around Komakiyama in Komaki City, Aichi Prefecture, and Niterra North America does on the main road in front of the West Virginia Plant as part of the Adopt Program, an initiative in which people clean and beautify public facilities such as roads and parks with love and responsibility, as if they were their own children.

In addition, employees at each of our Group's bases participate in cleanup activities in the local communities and around the company.

NITTOKU SMILE CO., LTD

West Virginia Plant,
Niterra North America, Inc.

Beach cleanup activities

The NPO HAPPY PLANET, local communities, and our group companies jointly conduct beach cleanups twice a year.

Beach Cleanup in Spring, 2024

Beach Cleanup in Fall, 2024

Hosting a Family Musical to Nurture Children's Hearts

Since 2013, we have been hosting a family musical every year at NAGOYA CITIZENS' AUDITORIUM (Niterra HALL), for which we have served as naming rights partner, inviting members of child welfare facilities and local residents. By providing children with an opportunity to experience art, we aim to foster rich sensibility and creativity, as well as support the growth of children who will lead the future.

"Peter Pan"(Photographed in 2022)

Welcome speech from our company
(Photographed in 2022)

Volunteer activity (Photographed in 2022)

* For details, please see our owned media "MIRAI no ME"

Supporting Career Education for the Next Generation

In Japan, we provide hands-on hazard experience training for high school students, accept company visits of junior and senior high school students, and foster creativity and interest in science for elementary school students through theater staff experiences and science crafts.

Overseas, we support technical seminars and miniature car contests for university students, support human resource development in the automotive industry by providing scholarships, and hold lectures on life plan design and job hunting.

Hazard Experience Training

Theater Staff Experience

Supporting International Students

In order to develop human resources who will play a key role in international exchange and friendship, our charitable trust, the Niterra scholarship fund for overseas students, provides scholarships to international students from all over the world. It was established in 2007 as the "NGK Spark Plug Asian Student Scholarship Fund," and in 2016, the 80th anniversary of its founding, it was renamed to its current name, which covers students from all over the world. In fiscal 2024, scholarships will be awarded to nine international students attending universities and graduate schools in Aichi Prefecture.

At the Niterra Overseas Student Scholarship
Award Ceremony

Activities That Support People in Need

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 activities for people who need support.

Participation in TABLE FOR TWO

Since 2011, our company has participated in the TABLE FOR TWO (TFT) program, an initiative that allows employees to easily contribute. When employees choose a healthy TFT-designated menu item at the company cafeteria, 20 yen, equivalent to one school meal for children in developing countries, is donated. We have continuously participated since 2011, and as of April 2021, we have donated 10,817,360 yen, providing 540,868 meals.

Menu for TFT

TABLE FOR TWO 🔗

Support for Wajima-nuri

The Noto Peninsula Earthquake, which occurred on January 1, 2024, caused significant damage to Wajima-nuri, a traditional craft. As a manufacturing company, we are supporting the recovery of Wajima-nuri. We are conducting a crowdfunding campaign where future products created by Wajima-nuri artisans will be offered as thank-you gifts to contributors.

Wajima-nirui craft

Support for Welfare Facilities and Children's Homes

Some of our group's locations continuously support welfare facilities and children's homes in the communities where they operate. Specifically, we donate a wide range of items, including school supplies, backpacks, other daily necessities, and seasonal gifts like Christmas presents, all with the wish for the healthy growth of the children.

Christmas Presents for Children

Human Resource Management

Human Resources Policy

We recognize employees as our most important management resource. By respecting the diversity and individuality of our employees, we aim to develop self-leading and innovative persons and contribute to the growth of our group.

Action Guidelines

Our human resources function will:
・Foster the development and progress of employees who are driven to improve their own value and contribute value to society, while building a relationship where employees and the company can continue to grow together.
・Create an environment where diverse talents can combine their individual strengths and maximize their potential.

Overall Strategy

In our Medium-Term Management Plan for FY2025 and beyond, the Group places the core concept of human capital management as: "At Niterra, the personal growth of each individual is the driving force that fosters their contribution to the sustainable development of the Niterra Group." To achieve this, we will globally promote the following "Niterra Talent Management" initiatives. First, to support the optimization of our business portfolio, we will globally focus on building a talent portfolio that ensures we have the right people in the right roles at the right time. Through talent reviews held at our global headquarters and in each region, we will deepen discussions on this talent portfolio. We will then translate these insights into concrete measures for recruitment, development, and appointments, thereby strengthening our diverse talent pool to adapt to the changing business environment.
Simultaneously, we will clarify internal job roles and present clear career paths. This will enable us to achieve: appointments that respect individual aspirations, the provision of fair opportunities, and equitable job assignments.
Through these efforts, we will support the self-directed career development of every employee. By fostering talent who possess strong determination and initiative, we will build a relationship of mutual and continuous growth for both our employees and the company.

Niterra's Approach to Human Capital Management

The "Optimization of our Business Portfolio" and the "Strengthening of our Management Foundation," as set forth in our Medium-Term Management Plan 2030, are key strategic pillars that support the sustainable growth of our Group.
To ensure the successful execution of these strategies, the growth of our people and organization is indispensable.
Therefore, for 2025 and beyond, which marks the second half of our long-term management plan, we have established a key priority: "Diverse and proactive individuals embody the Niterra Way." At the core of achieving this priority is our globally promoted "Niterra Talent Management."
We will strongly support the growth of every employee and clarify their roles and responsibilities, while also expanding opportunities for them to proactively take on challenges they aspire to. Furthermore, we will ensure their performance and contributions are duly recognized and rewarded. In addition, to support the realization of our Medium-Term Management Plan 2030, we are currently reviewing our talent development programs to foster talent who embody the "Niterra Way."
Through these HR development initiatives and the promotion of the Niterra Way, we will create an environment where every employee can embody the Niterra Way through daily behaviors such as "Act with purpose, initiative, and determination," "Aspire to be a professional and commit to personal growth" and "Collaborate with diverse talent." Through these initiatives, we aim to achieve our management strategy and simultaneously realize the aspiration embedded in our English company name, "Niterra": to become a company that "brightens the Earth."

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 Department under the supervision of the director in charge of the Well-Being Strategy Group, who is responsible for human resource capital management, and are discussed at the Executive Committee.

Four Key Elements of Human Resource Management

Niterra Group recognizes that our its employees are the most important management resource and promotes management focused on human capital by supporting the autonomous growth of our employees, we will build a relationship of continuous mutual growth for both our employees and the company, aiming for a state where every individual maximizes their full potential. From FY2025 onwards, we will drive our human resource management strategy based on the following four key elements.

The first is "Aspiration." Aspiration is the source of power that drives each individual to act autonomously, encouraging employees to create their own future through work by maintaining a strong sense of purpose. Moving forward, we will provide broader and fairer opportunities for each individual to hold and achieve their aspirations.
The second is "Professionalism." We expect employees to embrace the mentality of professionalism by understanding what is necessary for their desired challenges and enhancing their own value. Furthermore, through revisions to our personnel system, we will introduce a healthy level of rigor to ensure that employees receive fair evaluations as professionals.
The third is "Diversity." To ensure that the Company continues to deliver value even amidst rapid changes in the external environment, we believe it is crucial for a diverse range of human resources from various backgrounds to unite and multiply the strength of the team. Going forward, we will foster a corporate culture that enables a broader range of diverse talent to flourish, encompassing differences not only in gender and nationality but also in lifestyles, personality, and values.
The fourth is "Incentives." By providing incentives based on role and performance and offering fair opportunities, we will create a healthy competitive environment that encourages ambitious growth among individuals. This approach will ultimately attract and retain outstanding talent both internally and externally, contributing to sustainable growth and development.

Niterra Talent Management

From FY2025 onwards, we will drive Niterra Talent Management with the core principle of human capital management being: "At Niterra, the personal growth of each individual is the driving force that fosters their contribution to the sustainable development of the Niterra Group."
To achieve this, we will support the autonomous career development of each employee by clarifying in-house jobs and outlining clear career paths. Specifically, we will implement "Global Grading" to measure core positions across the Group using a common standard, and "Global Job Posting" which publicly discloses internal positions based on the grading, enabling employees to apply for internal transfers by raising their hand.

Global Grading

As of the end of March 2025, our Group has 62 overseas locations, with overseas sales accounting for over 80% of total sales, and personnel at overseas subsidiaries making up over 40% of the Group's total employees. In this internal environment, we are introducing Global Grading as a part of our human capital management initiatives. By setting a common grading for core positions in both domestic and overseas Group companies, we aim to clarify the value of each job and further strengthen the optimal placement of personnel across the entire Group. Specifically, we will identify core positions and their corresponding key talent across our group companies in Japan and overseas. By enhancing strategic development planning and appointments and ensuring effective succession planning, we will contribute to the sustainable enhancement of our corporate value.

Global Job Posting

To encourage our employees to develop their career autonomously, we will introduce the global job posting system during the period of the Medium-Term Management Plan 2030. This system will disclose the job descriptions for core positions, both domestic and overseas, internally, allowing employees to express their aspiration to be transferred. After a selection process, the official appointees will be decided.
Although we have previously implemented an internal job posting system, its company-wide adoption faced challenges, as the disclosure and utilization of open positions were often limited to specific departments. During the period of the Medium-Term Management Plan 2030, we will include overseas positions into the posting system, which allow our employees to map out career paths that include overseas experience. In addition, we will expand the disclosure of domestic positions and increase the number of attractive internal job openings, as we strive to attract and retain top talent.

Instilling the Niterra Way

In 2017, our Group has reorganized and formulated the fundamental philosophy that has been valued since the establishment of the Morimura-gumi, the foundation of the Morimura Group, as the "Niterra Way" (formerly the "Nittoku Way"). Approximately ten years after its formulation, we recognize the challenge that its alignment by domestic and overseas employees is still halfway complete.
As we actively pursue business diversification and global expansion, our organization is becoming increasingly diverse. We believe it is crucial for the "Niterra Way" to serve as the unifying foundation that connects this talent.
Therefore, it is essential that this philosophy is deeply instilled and actively embodied by every employee.

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

WILL
■My Career

MUST
■Goal Setting Sheet

CAN
■Skill map
■Human Resources and Growth

Hiring Diverse Talent

To adapt swiftly to changes in the business environment and transform our talent portfolio, we are actively promoting mid-career hiring (including for managerial roles), focusing primarily on Corporate divisions, new business divisions, and IT departments.
We are proactively hiring foreign national employees to foster the active participation of a diverse talent pool in response to accelerating globalization. We continuously recruit foreign nationals for new graduate positions, and in recent years, we have focused on hiring individuals with specialized expertise from overseas universities, in addition to international students at universities in Japan.
Furthermore, we are dedicated to increase the hiring ratio of women employees and individuals with disabilities. Diverse talent, including experienced professionals and foreign national employees, thrive in workplaces across the company, advancing our company-wide commitment to Diversity, Equity & Inclusion (DE&I).

Performance Management and Role-Based Grading System

Our company utilizes a fair and equitable personnel system that rewards achievements and challenges, of factors such as age or gender.
We have introduced a compensation structure that reflects the performance of an employee's respective division.
This system encourages each employee to focus on delivering outcomes that contribute to our business and performance, thereby driving greater operational efficiency.

Performance Management

At the beginning of each term, individual goals aligned with organizational objectives are set through initial interviews. Daily progress is tracked through one-on-one meetings and progress reports. Medium-Term interviews are then held to review performance in the first half of the term and discuss the approach for the second half. Finally, a formal performance evaluation is conducted during the end-of-term interview. By providing feedback on evaluation results and advice from managers, we support continuous performance improvement and future career development.

Role-Based Grading System for Core Positions

For core (managerial) positions, we employ a role-based grading system. By setting role ranks and compensation based on the required responsibilities, we ensure a transparent structure where compensation aligns directly with the actual role performed.
Furthermore, we have abolished seniority requirements for promotion, not only for managerial roles but also for general staff positions. This promotes the early advancement of high-performing individuals, regardless of tenure.
Core positions are designated as either Managerial (M) positions or Specialized Professional (SP) positions.

・M positions are responsible for organizational development, performance improvement, and vitalization through team leadership and high-level decision-making.
・SP positions are roles that leverage deep expertise to make a significant impact on business operations and performance.

This structure allows M positions to focus on management and SP positions to concentrate on applying their expertise, leading to more efficient business operations. By clarifying individual roles, we accelerate innovation, ensure "the right person in the right role," and facilitate the achievement of our organizational goals.

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.

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			
		Rank 3			SP1 (senior specialist position)
		Rank4			
	M2 (supervisor)	Rank 5			SP2 (lead specialist position)
		Rank 6			
		Rank 7			SP3 (supervising specialist position)

Current Grading System for Core Positions

Initiatives to Enhance Employee Engagement

The Niterra Group recognizes that respecting the diverse individuality of each person and enhancing their motivation and capabilities is essential for the sustainable growth of our people and organization. Based on this belief, we have positioned the enhancement of employee engagement as a critical management issue and are promoting it throughout the company. Through the engagement survey conducted every year, we visualize "the state of our people and organization" quantitatively and qualitatively, clarify current issues, and consider and implement concrete measures to realize a better state. In this process, the HR division takes a central role in aligning understanding across the company through discussions with executives and sessions to share initiatives with general managers and managers. At the same time, each workplace takes the lead in holding workshops where all members take ownership and consider initiatives to create a better workplace. As a result of these activities, engagement has steadily improved, rising from 3.30 at the end of FY2022 to 3.48 at the end of FY2025. We will continue to work as a united Group to enhance employee engagement toward the growth of our people and organization.

In the new Medium-Term Management Plan starting in FY2025, the employee engagement score will be designated as a KGI (Key Goal Indicator) for our talent strategy. Until now, we have measured overall satisfaction based on hygiene factors, such as ease of working, and motivation factors, such as "job satisfaction." However, a key challenge has been that scores for "job satisfaction" items remain low compared to the improvement in overall satisfaction resulting from enhancements to the working environment, such as health and productivity management. Therefore, moving forward, we will promote optimal talent management ("right person in the right place") and focus on items related to "job satisfaction" (e.g., sense of fulfillment in work, sense of fit, and loyalty to the company). We aim to raise this score from a company-wide average of 3.37 at the end of FY2025 to 3.56 or higher by the end of FY2030. We will achieve these goals by implementing various measures under Niterra Talent Management.

Furthermore, while the engagement survey results have been used as one of the indicators for calculating executive bonuses since FY2022, "employee engagement" will also be introduced as an indicator for performance-linked stock compensation for executives starting in FY2025. By doing so, we will clearly position the enhancement of engagement as a key management indicator and accelerate our human capital management toward the sustainable growth of the entire Group.

Corporate Governance →

Received the Excellence Award of "6th Platinum Career Award"

We were honored to receive the excellence award of "6th Platinum Career Award" (hosted by Mitsubishi Research Institute, Inc.), which recognizes initiatives to support employees' autonomous careers.
The "Platinum Career" is a career vision characterized by three elements: long-term perspective (career development that continues regardless of age), autonomous learning (career development in which employees actively learn and gain experience on their own), and solving social issues (career development with an awareness of the need to solve social issues through business). The "Platinum Career Award" is designed to promote this philosophy in society by recognizing companies that support the development of platinum careers for their employees.
We received the Excellence Award out of a total of 116 companies that applied for the award, in recognition of its "high attendance rate (99%) for DX literacy training," "visualization of employee skills and provision of learning opportunities for missing skills," and "fostering awareness and information disclosure of career autonomy

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."

Developing Diverse Leaders (Empowering Women)

The Niterra Group aims to be an organization where leaders with diverse backgrounds can thrive to realize our vision. We're especially focused on empowering women and have set targets to achieve a ratio of 30% for women and foreign nationals on the Board of Directors and 25% for women, foreign nationals, and experienced hires in managerial positions by FY2030. We've already met both of these goals. In addition to these achievements, we've set a new target to increase the ratio of women in managerial positions to 10% by FY2030, and we are committed to achieving this target.

To promote an increase in the percentage of women in managerial positions, we've been running the selective development program for women managerial candidates, the "Raise UP Program," since 2019. This program provides a venue for participants to acquire the necessary knowledge, skills, and mindset for management, with support from executives and supervisors. So far, 28 women have gone on to succeed in managerial roles after participating. Thanks to the effectiveness of this training, the percentage of women managers is increasing yearly, and a culture that nurtures diverse leaders is steadily taking root.

The Niterra Group will continue to promote the development of diverse leaders, centering on the empowerment of women. We will prioritize deep-level diversity, including the diversity of experience and thought, and continuously work to develop an organization where diverse human resources can thrive and the leaders who drive it.

Raise UP Program (Selective Women Manager Promotion Training)

This is a selective training program for women whose next stage of growth is a managerial position, where participants explore their own vision of leadership, based on the concept of R.A.I.S.E. UP; Resilient, Active, I (true to oneself), Smart, and Exceed (one step forward) UP.

In addition to workshops during the program, participants gain the perspective required of managers through interviews with executives and supervisors designated as advisory board members. Through this training, we support participants to mentally prepare for a managerial role and feel confident in taking on this challenge.

Gender Pay Gap at Our Group

At our Group, there are no differences in our corporate systems based on gender, and when viewed by job grade, there is virtually no pay gap between men and women.

However, a remaining challenge is that the proportion of women in managerial positions is lower compared to that of men. Therefore, we are committed to advancing further initiatives to increase the percentage of women in management going forward.

Number of Female Employees in a Managerial Posts

Proportion of Female Employees
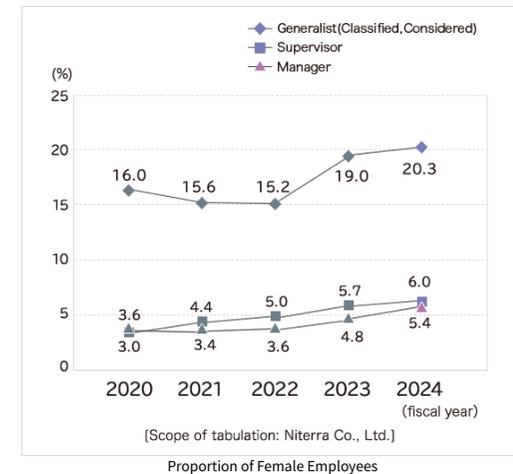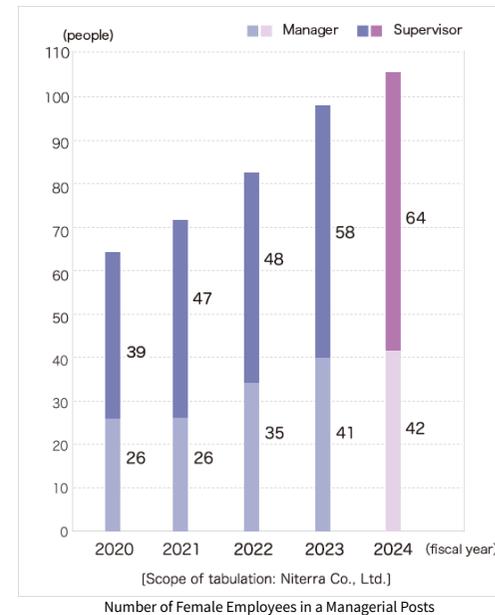
External Commendation for the Empowerment of Women

・Selected to be a "Nadeshiko Brand" company (for FY2024)
・Certified as "Nagoya City Childcare Support Company" and received the Grand Prize (for FY2024)
・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)

Information Disclosure Based on Promoting Empowerment of Women

External Evaluation of Our ESG Initiatives

Providing Workplaces Where Diverse Talent Can Thrive

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.

Specifically, we are building a multifaceted support system to provide diverse career options and further promote the success of all employees. We have established a Career Consultation Helpline with dedicated consultants to help employees navigate their careers with clarity and confidence. Furthermore, we support employee growth by implementing specific career measures tailored to various life stages.

Promoting the Use of "My Career" System

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.

Promoting the Active Engagement of Senior Employees

Effective April 2025, we have revised our continuous employment system to further enhance career opportunities for employees after the mandatory retirement age.

This initiative reflects our commitment to fostering an environment where diverse talent can continue to thrive, regardless of age or tenure.

Under the new system, we have established a job grading framework that covers a wide range of roles, allowing senior employees to perform the equivalent duties to what they did before retirement and leverage the skills and knowledge they have cultivated. This enables diverse working styles tailored to both the company's expectations and the individual's wishes. Furthermore, we have realized a fair compensation system based on roles and performance, creating a mechanism that is satisfactory to employees.

We will empower our senior employees to continue thriving by cultivating an environment that boosts individual morale and ensures they remain highly motivated.

Number of employees(unit:persons)

Year	Number
2020	208
2021	132
2022	120
2023	149
2024	138

[Scope of tabulation: Niterra Co., Ltd.]

Number of Retirees Reemployed under the System
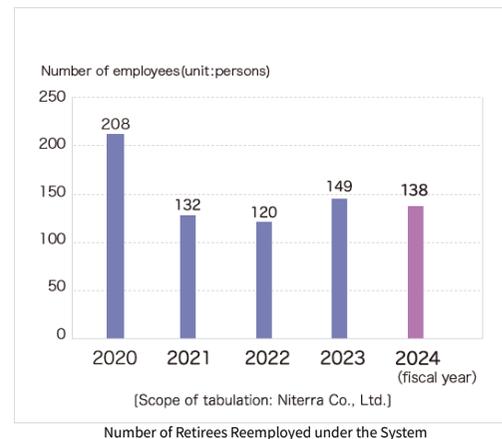
Employment of the Disabled

We established Nittoku Smile 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.

Employment Rate(%) — Legally required ratio

Fiscal year	Rate
2020	2.46
2021	2.36
2022	2.59
2023	2.75
2024	2.71

[Scope of tabulation: Niterra Co., Ltd. and Groups in Japan]
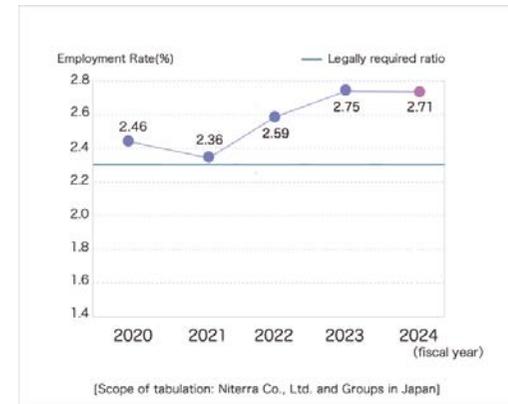
Percentage of Disabled Employees
*The numbers in the data are for the end of the fiscal year.

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

29

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.
In 2024, our company was awarded the "Gold" rating —the index's highest honor— for the first time in the "PRIDE Index 2024," which evaluates workplace initiatives for LGBTQ+ and other sexual minorities.

Awareness-raising Initiatives 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.

Expanding Benefit Eligibility for Same-Sex Partnerships

As part of our commitment to respecting the diversity and individuality of our employees, we have revised our internal regulations.
This revision allows employees in a declared same-sex partnership—who may not be able to legally marry based on their registered gender—to utilize our company's welfare and benefit programs on the same basis as employees in heterosexual marriages.

Promoting the In-house Understanding of DE&I

Our company is focusing on promoting a deeper understanding of DE&I (Diversity, Equity & Inclusion) to realize a corporate culture where diverse talent can be active and thrive in the workplace.

DE&I WEEK

In February 2025, we held "DE&I WEEK," a period for employees to collectively engage with and advance our Diversity, Equity, and Inclusion (DE&I) initiatives.
Under the theme "Inclusive Niterra," we conducted various events with the goal of encouraging employees to take personal ownership of DE&I and translate this awareness into their own actions.
During the week, we hosted a lecture by an external speaker who emphasized that the active participation and success of every employee is indispensable to the organization. Furthermore, messages from our President and executives were shared, reinforcing our strong, company-wide commitment to advancing DE&I.

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.

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.

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 toiles

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 ,and in 2024 for domestic 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.
Effective June 2025, we have implemented a new rule to curb long working hours. This rule generally prohibits overtime beyond a set threshold and is designed to further reduce health risks.

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	100% (As of March 31, 2025)

*Including CERAMIC SENSOR CO., LTD, SparkTech WKS CO., Ltd., NTK Medical CO., LTD., NTK CERATEC CO., LTD., Niterra AQUA, Inc.

Activities in FY2024

Period: from October 2024 to September 2025
Central labor-management roundtable meetings held 4 times

Planned Activities for FY2025

Period: from October 2025 toSeptember 2026
Central labor-management roundtable meetings scheduled for November 2025, February, May, and August 2026

Cultivating a Diverse and Inclusive Environment

As part of our commitment to creating an inclusive workplace, we support employees in balancing their professional and family lives. We have placed special emphasis on encouraging more male employees to take parental leave. Our active measures include forums for sharing experiences, seminars on work-life strategy, and networking events for parents. Thanks to these efforts, 90.6% of our male employees took paternity or family-care leave in FY2024, a rate that has improved year after year.

Number of Employees Using the Leave Schemes
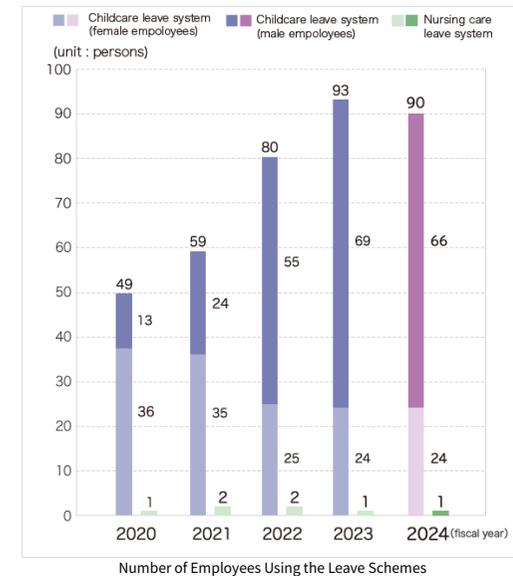
Publication of information based on the Act on Advancement of Measures to Support Raising Next-Generation Children

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.

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 Japan and 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.
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.

Plan	Overview
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)	For childcare purpose, employees are eligible to reduce their daily working hours by two hours. This option is available from the desired date until the end of the school year in which their child completes the sixth grade. This reduced-hours arrangement can also be combined with flextime.
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.
Family Care Leave	Employees are eligible to take special (unpaid) leave in one-hour increments when nursing or care is required for a family member. This applies to employees who meet either of the following conditions: ・They are raising a child who has not yet completed the sixth grade of elementary school. ・They have an eligible family member (within the second degree of kinship) who requires 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.

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

Development of Self-reliant and Creative Talents

Human resources are positioned as a critical factor that determines the future of our business activities and are recognized as our most important management resource. Therefore, we are continually and systematically developing human resources who embody the ideal image of a "self-disciplined creative human resource" to achieve our Long-term Management Plan.

Development of Skill Map

As part of our initiative to cultivate autonomous and creative talent, we are developing a skill map to visualize employee competencies. This map is based on clearly defined core skills (derived from the qualities required for such talent) and the technical skills essential to our Group's business areas. Through this activity, we support our employees' self-directed learning and promote individual growth. Furthermore, we aim for organizational growth by strategically placing the right talent to drive our business forward.

DX Education Initiatives

To promote business efficiency through digital adoption, our DX education focuses on skills training for key digital tools (no-code platforms, BI tools, and data warehouses). We have established in-house training programs capable of training over 100 employees annually. We are seeing a growing number of practical applications for these tools, which is beginning to enhance our operational efficiency. Moving forward, we plan to expand our training curriculum, including the exploration of new tools.

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 FY2024, participation in these programs totaled 53,892.
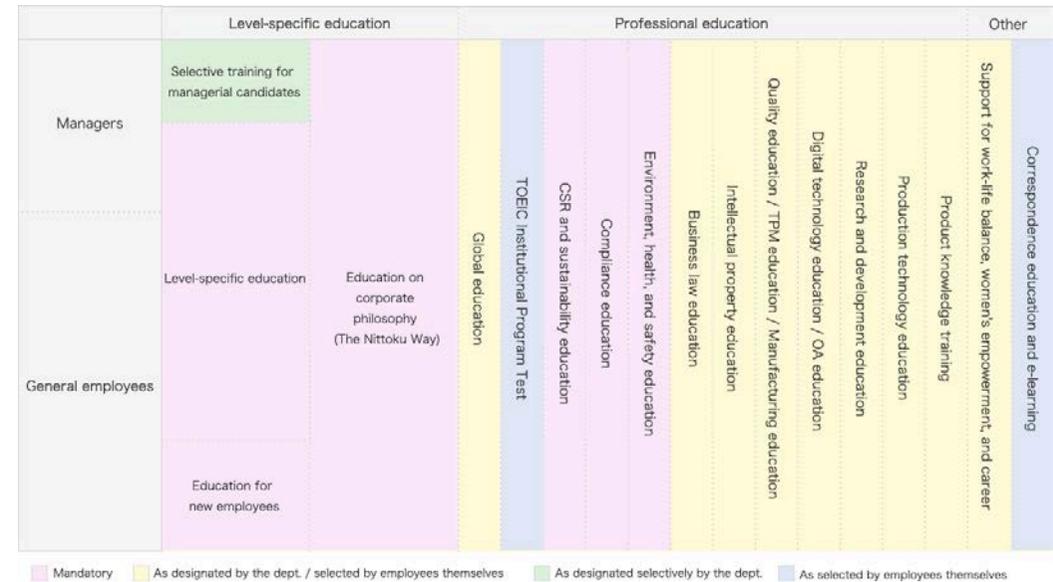
Development and Management of Managerial Human Resources

To cultivate future management talent, our Group runs key leadership development programs, including the global "HAGI" program and the domestic "Niterra Business School." Graduates from these programs now hold core positions within the Group. We also foster local leadership in each region through specialized selective programs. Furthermore, strategic appointments to core Group positions are discussed monthly in Management Meetings. This approach revitalizes our organization, accelerating sustainable growth and enhancing corporate value globally.

Global Next-generation Leadership Program (HAGI Program)

To foster next-generation leadership our Group launched "HAGI" a global next-generation leadership program, in 2016.
In this program, candidate leadership are selected from GM-class employees both in Japan and overseas. They are encouraged to explore their own principles as a business leader through the program.
"HAGI" is named after Hagi, the birthplace of the Shoka Sonjuku academy during the late Edo era, and our Chairman, Mr. Odo, serves as the school principal. We continuously hold this program as a forum for mutual learning that strengthens a company-wide perspective to foster talents with aspiration and a sense of mission to lead the future Niterra Group.

Niterra Business School

As a pathway to the "HAGI" program, we offer the "Niterra Business School" for selected domestic talent.
In this program, participants acquire business skills, such as management strategy and critical thinking through case studies. However, the program aims to develop well-rounded leaders, focusing not just on technical skills (Gi). Through self-exploration—such as helping participants articulate their core values ("Jiku" or personal principles)—we cultivate their mindset (Shin) and a sound character (Tai). Our goal is to foster talent who embody the holistic balance of "Shin-Gi-Tai" (Mind, Skill, and Character).

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.
Through the survey, we provide opportunities for "self-reflection" (understanding how one's actions are perceived by others) and "behavioral change " (changing one's behavior based on their behavioral strengths and weaknesses). Furthermore, to ensure the survey leads to individual growth, rather than simply assessing the status quo, we provide comprehensive follow-up support. This includes helping employees interpret their results, facilitating dialogue with their supervisors, and offering training to drive behavioral change.

Engagement Surveys

We conduct an engagement survey every year to enhance the motivation and capabilities of each employee. The results allow our managers, who are responsible for workplace management, to grasp the state of their teams and the organization both quantitatively and qualitatively, enabling them to design and implement initiatives to foster a better environment.
To empower managers to take ownership of this initiative, we provide support through workshops where they analyze the survey results with their team members and develop concrete action plans, and offer management training that helps them tap into the aspirations of their team members and foster their growth through new challenges.

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 ensure access to safe water and sanitation facilities, and promote good hygiene practices.
・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.

*This policy has been approved by the Board of Directors of Niterra Co., Ltd.

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.

35

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 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. Important decisions made by the committee are reported to the Board of Directors through the Management Meeting.

In FY2024, the Central Safety and Health Committee met twice to report and discuss occupational injuries, the global promotion system, health management activities, and improvement of working environment.

Health and Safety Promotion Organization

Corporate Governance
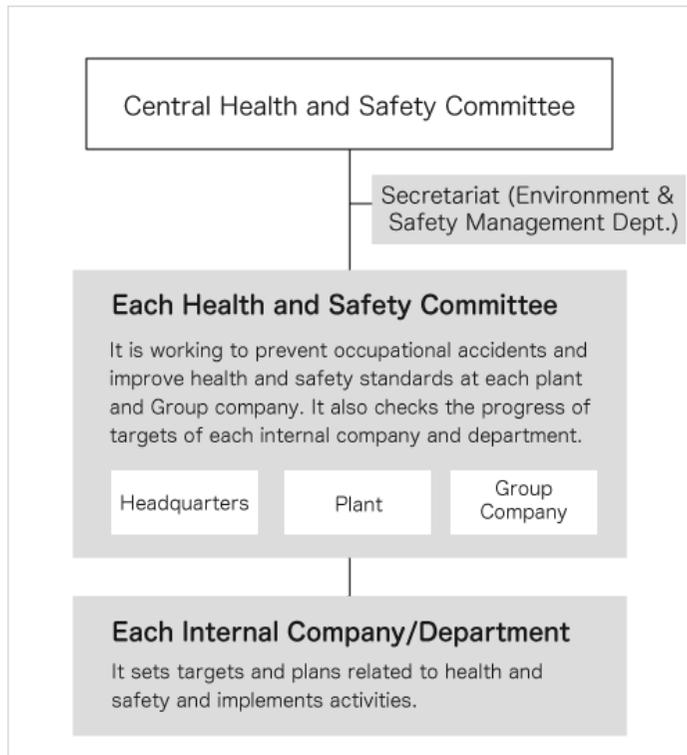
OHSMS (Occupational Health and Safety Management System)

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 FY2024, 7 domestic group companies and 24 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 FY2024, there are 12 overseas Group companies that have acquired certification. The employee acquisition rate is 96.8%.

* 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	Niterra 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

Country	Name of factories and companies	
Japan	CERAMIC SENSOR CO., LTD.	Komaki Plant
		Ise Branch room
		Nakatsugawa Plant
	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

<Certification Obtained Individually>

Country	Name of factories and companies
Brazil	Niterra do Brasil Ltda
France	Niterra France SAS
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.
America	Niterra North America, Inc. WEST VIRGINIA FACTORY

ISO45001 certificate 📄

Health and Safety Targets and Results

In order to achieve the ideal state of health and safety and the future we are aiming for, each group company and division sets its own goals and works to achieve them.

Vision and Direction of Occupational Safety Initiatives

Vision	・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" 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.
Direction	・Zero work-related injuries and illnesses! And Continuation!

Niterra Group Health and Safety Targets

In FY2024, we set the Niterra Group health and safety goal of zero recurrence of nonconformities that occurred during ISO 45001 audits, and we achieved this goal. We will continue our efforts to prevent recurrence of nonconformities, but instead of setting Group targets, we will manage and promote them by incorporating them into the PDCA cycle, centering on internal audits.
In the future, we will further strengthen the management system for non-routine work and high-risk operations as part of our prevention activities, and promote initiatives with the specific goal of achieving zero lost time injuries in FY2030, aiming to realize our ideal of zero occupational injuries and illnesses.

<Niterra Group Health and Safety Target for FY2030>

Target
Zero lost time injuries

<Niterra Group Health and Safety Targets and Level of Achievement for FY2024>

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 nonconformities in FY2023:3	Number of recurrences of nonconformance: 0	Target achieved (no recurrence of nonconformance)

Reporting Procedures and Occurrence of Occupational Injuries

<Response to Occupational Injuries>

When an industrial injury occurs, based on reports from the workplace, the facts are investigated by the workplace and the Environment and Safety Department, and appropriate countermeasures, etc. are taken.
In addition, an "Injury Report" summarizing the details and circumstances of the injurie and a "Root Cause Analysis & Countermeasure Report" describing permanent measures and other information are distributed to all Group employees to raise awareness and prevent recurrence.

<Occurrence of Occupational Injuries in Niterra Group>

In FY2024, our group had 60 injuries. The number of injuries resulted in 24 cases of lost-time injuries and 36 cases of no lost-time injuries, none of which resulted in death.
For companies where serious accidents occurred, efforts in workplace safety activities were strengthened to prevent recurrence, including "an annual comprehensive inspection targeting all facilities" and "sharing sessions of safety initiatives among organizations." Across the entire Group, we are working to prevent similar accidents by implementing measures such as "on-site verification based on the 3 Gen principle (Gemba, Genbutsu, Genjitsu - actual place, actual thing, actual situation)," "investigation and countermeasures for similar equipment and tasks," and "review of systems."
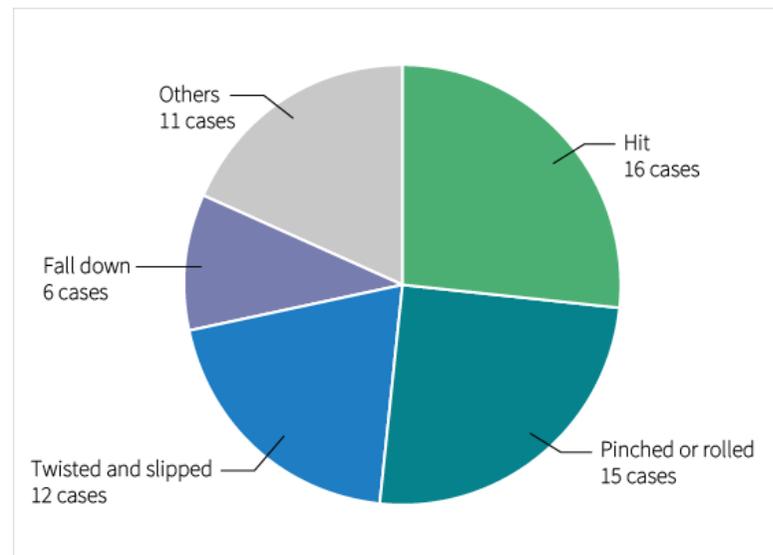
Breakdown of the types of disasters that occurred in the Niterra Group in FY2024

Status of Niterra Co., Ltd.

In FY 2024, there were 7 occupational injuries (previous fiscal year: 5 injuries), and the overall frequency rate was 1.04 (previous fiscal year: 0.69). These injuries occurred during equipment adjustment and non-routine operations.

Frequency Rate of Injuries

Status of Group Companies
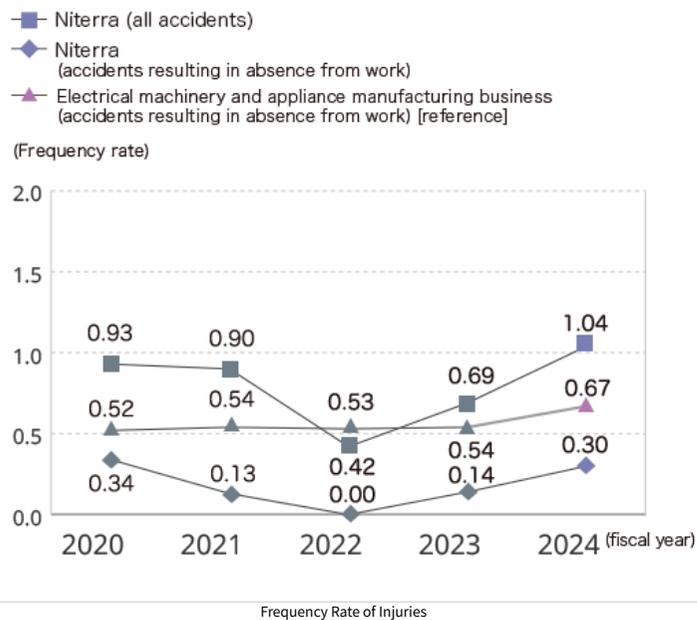
＜Status of Group Companies in Japan＞

In FY 2024, 30 occupational injuries occurred. Injuries occurred in the adjustment of production equipment and falls during work and transportation.

＜Overseas Group Companies＞

In FY 2024, 23 occupational injuries occurred. The disasters occurred during adjustment and setup of production facilities, etc.

＜Number of Occupational Injuries＞

	FY2023		FY2024	
	Lost Time Injuries	No Lost Time Injuries	Lost Time Injuries	No Lost Time Injuries
Niterra Co., Ltd.	1	4	2	5
Status of Group Companies in Japan	12	17	8	22
Overseas Group Companies	8	4	14	9

＜Total Frequency Rate＞

	FY2023	FY2024
Niterra Co., Ltd.	0.69	1.04
Status of Group Companies in Japan	2.83	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 injuries by enhancing specialized training on chemical substances.

Training with hazard simulation machine

The use of hazard simulation machines, which are designed for simulations of injuries that may occur in a workplace, such as being pinched or entangled, allows trainees to experience the fear of having an injurie, which is difficult to describe in words. Trainees can also learn how to avoid injuries.
In addition to direct and indirect work hazard simulators, there is a protective equipment fitting check machine.
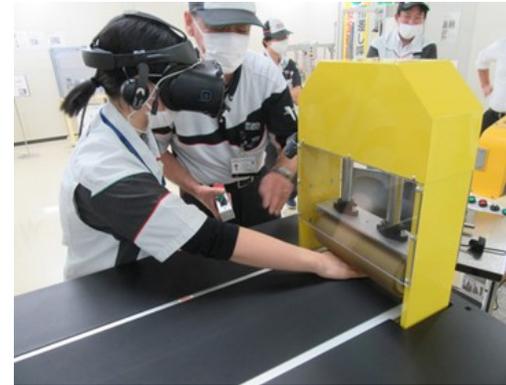
Hazard simulation training：
VR (virtual reality) + simulation machines

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 and Comprehension Test

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. A web version is also available.

Along with the distribution of the "Health and Safety Guidelines," a comprehension test is administered to ensure a deeper understanding and retention of safety and health knowledge.

<Examples of Listed Contents>
・Safety Management
・Health/Hygiene Management
・Health and Productivity 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

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.

" 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 declares 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.

41

Well-being Report

Well-being Report 2025 (Japanese only)	📄 9.07MB
Well-being Report 2024 (Japanese only)	📄 5.00MB
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 six 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 FY2024, a total of 990 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

Niterra 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 as part of our efforts to prevent infection and serious illness.

Response to COVID-19

Especially, in case of COVID-19, we have established temporally 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.

43

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, every year since 2017. Of these, a total of four 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.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門
ホワイト500

Outstanding Health & Productivity Management Organization (Japanese Only)

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

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.
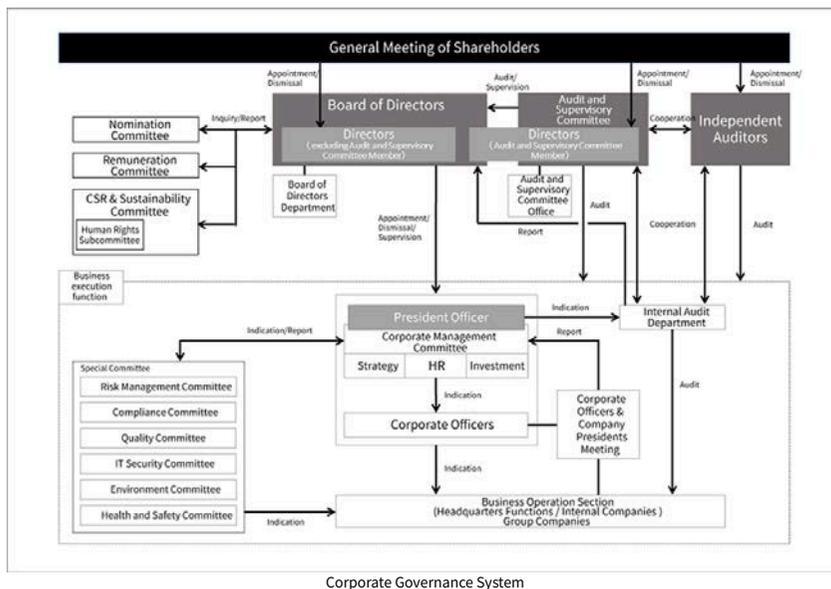
Corporate Governance System

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 2024 was 100%.
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 agained 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 approach, the knowledge and experience that the Board of Directors should possess is determined based on the Group's business activities and management structure by selecting directors from the fields of "corporate management," "finance / accounting," "governance / legal / risk management," "human capital," "global business," "technology / R&D," and "business development / M&A," and by appointing directors in a well-balanced manner while also taking diversity into consideration.

Board of Directors											
Name	Shinichi Odo	Takeshi Kawai	Keiji Suzuki	Miwako Doi	Chiharu Takakura	Takayoshi Mimura	Hisanori Makaya	Kenji Isobe	Fumiko Nagatomi	Christina L. Ahmadjian	Hideyo Uchiyama
Position	Representative Director and Chairman of the Board	Representative Director and President / Chief Operating Officer	Director / Executive Officer	Outside Director	Outside Director	Outside Director	Outside Director	Director / Full-time Audit and Supervisory Committee Member	Outside Director / Audit and Supervisory Committee Member	Outside Director / Audit and Supervisory Committee Member	Outside Director / Audit and Supervisory Committee Member
Gender/Nationality	Male	Male	Male	Female	Female	Male	Male	Male	Female	Female/ Foreign nationality	Male
Independence				●	●	●	●		●	●	●

Board of Directors

Years served as a Director of the Company	18 Years	10 Years	-	5 Years	4 Years (Of these, 1 year in office as an outside corporate auditor)	2 Years	1 Years	5 Years (from June 2018 to June 2022 In office, and to present position from June 2024)	8 Years (Of these, 5 years in office as an outside corporate auditor)	3 Years	1 Years
Corporate management	○	○	○			○	○				○
Finance/Accounting								○			○
Governance/Legal/Risk management								○	○	○	○
Human capital					○			○			
Global business	○				○	○	○			○	
Technology/R&D		○	○	○							
Business development/M&A	○	○	○	○		○	○				
Attendance at Board of Directors Meetings in Fiscal 2024	12/12	12/12	-	12/12	12/12	12/12	10/10*	10/10*	12/12	12/12	10/10*
Attendance Rate at Board of Directors Meetings in Fiscal 2024	100%	100%	-	100%	100%	100%	100%	100%	100%	100%	100%
Number of Shares Held	37,944 shares	19,650 shares	2,576 shares	4,106 shares	1,558 shares	1,503 shares	1,019 shares	21,924 shares	3,836 shares	475 shares	38 shares

*：As he was appointed at the Ordinary General Meeting of Shareholders held on 25 June 2024, his attendance covers the 10 Board of Directors meetings held since his appointment.

＜Reason for Selection of Skills＞

Skill	Reason for selection
Corporate management	As the automobile industry enters a period of great change, the Group is aiming for an optimal business portfolio structure. As such, corporate management skills are required in order for the Board of Directors to oversee strong decision-making by management and decide on management policies that balance enhancing corporate value with solving social issues from a medium- and long-term perspective.
Finance/Accounting	As we promote medium- and long-term profit growth and strengthened shareholder returns, finance and accounting skills are required in order for the Board of Directors to oversee the sound implementation of the financial reporting system and the formulation and implementation of financial strategies for realizing growth investments that are balanced with financial soundness and investments that will strengthen the management infrastructure.
Governance/Legal/Risk management	As we aim to further enhance governance, skills in the areas of governance, legal, and risk management are required in order for the Board of Directors to oversee the establishment and implementation of governance and risk management systems that promote compliance and adequately respond to risks that hinder business operations.
Human capital	As we aim to develop human resources that embody the "Niterra Way," human capital skills are required in order for the Board of Directors to oversee the formulation and implementation of human resources strategies focused on promoting human capital investment efforts, including development of human resources, optimization of personnel placement, and organizational and system reforms.
Global business	As we expand our businesses in the global market and utilize global production and sales systems to enter new business areas, global business skills are required in order for the Board of Directors to oversee businesses from a multifaceted perspective with an understanding of strategies and risks in the global market.
Technology/R&D	As we aim to expand businesses centered on ceramics technology and acquire new core competencies, technological development and R&D are important business activities. As such, technology and R&D skills are required in order for the Board of Directors to oversee the identification of technology and R&D focus areas and the allocation of management resources to achieve them.
Business development/M&A	As we aim for growth and new business creation through business development utilizing our core competencies and the achievement of synergy with other companies through M&A, etc., business development and M&A skills are required in order for the Board of Directors to oversee the appropriate allocation of management resources, business continuity decisions, and M&A aligned with the medium- and long-term strategies.

＜Board of Directors Department＞

The Board of Directors Department has been established as a dedicated organization 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 organizing 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 rationality and transparency in the nomination of directors and corporate officers, the company has established the Nomination Committee as an advisory body to the Board of Directors. The Nomination Committee is composed of directors selected by the Board of Directors (excluding directors who are Audit and Supervisory Committee members), with the majority of its members being independent outside 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 the rationality and transparency of the determination of compensation for directors and corporate officers, the company has established the Remuneration Committee as an advisory body to the Board of Directors. The Remuneration Committee is composed of directors selected by the Board of Directors (excluding directors who are Audit and Supervisory Committee members), with the majority of its members being independent outside 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, identified three areas - "solving social issues," "human capital," and "management foundation" - as Key Management Priorities and are promoting our activities accordingly.

CSR and Sustainability Promotion System →

Members of the Committees

Name	Directors							Directors who are Audit and Supervisory Committee members			
	Shinichi Odo	Takeshi Kawai	Keiji Suzuki	Miwako Doi	Chiharu Takakura	Takayoshi Mimura	Hisanori Makaya	Kenji Isobe	Fumiko Nagatomi	Christina L. Ahmadjian	Hideyo Uchiyama
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 "○" directors, the CSR and Sustainability Committee members are Executive Vice President Toru Matsui, Executive Officer Kenji Kobayashi, and Corporate Officer Hiromi Kitagawa.

Management Meeting

The Management Meeting, comprising representative directors and some corporate 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 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 2024 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 2024. Based on the survey results and other data, we evaluated the effectiveness of the Board of Directors. The distribution of the questionnaires and the collection and compilation of responses are outsourced to an external organization.

＜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 to be performed by the Board of Directors have been clearly defined, and the composition of the Board of Directors members ensures the necessary knowledge, ability, experience and diversity to fulfil those roles and functions.
• The Board of Directors confirms that the management team has appropriately established a compliance system, including an internal reporting system for employees, including those of Group companies, to report issues related to corporate ethics, and oversees the operation of such a system through the activities of the Internal Audit Department, the Sustainability Committee, and its subordinate Compliance Committee.
• The roles and functions to be played by the Remuneration Committee with regard to the remuneration of the President, management and directors have been clarified, and the Board of Directors has confirmed that the Remuneration Committee is fulfilling its roles and functions. In addition, the Board recognizes that the design of the management compensation scheme is consistent with the Company's management strategy and business strategy, and that it strikes a good balance between short-term goals, long-term goals and non-financial indicator targets.
• The Board of Directors confirms that the management is promoting management that takes into consideration capital costs and share price, and that appropriate disclosure is being made regarding the status of these efforts.
• 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 raised in the effectiveness evaluation for fiscal 2023, regarding "Enhancing the content of discussions at the Board of Directors and streamlining operations by improving explanatory materials and content," improved the format of materials provided and the reporting method, and in order to ensure sufficient information provision and deliberation time, continued to use off-site meetings in addition to the Board of Directors meetings to discuss important matters multiple times, as in the previous fiscal year.
Regarding "Establishing opportunities to regularly report and discuss the overall picture and progress of the succession plan," in addition to the involvement of outside directors who are members of the Nomination Committee in the management human resources development program, in order to improve the objectivity and transparency of the president's succession plan, the Nomination Committee continuously reports on the formulation and operation status, and the advice of outside directors is reflected in measures as appropriate. In addition, regarding "Implementing deeper discussions on human capital investment and human resource strategy," in conjunction with the consideration of the new medium-term management plan, have taken up human capital investment and human resource strategy as a key issue and have continuously discussed it at the Board of Directors meetings and off-site meetings.
In this evaluation, desirable items for further enhancing the effectiveness of the Board of Directors were raised, including the need to improve the efficiency of meetings to further promote discussion, given that the deliberation time at Board of Directors meetings has increased. Additionally, strengthening monitoring by the Board of Directors in order to respond to changes in the business environment and implementing deeper discussions on business strategies were also raised as issues. Going forward, the Company will continue to maintain and enhance 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 program as lecturers and observers.

Details of human capital identification and development measures

In Fiscal 2023, the Management Sparring Dojo, a management human resources development program, 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 program 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 program 'HAGI' and the selective training 'Nittoku Business School', the program aims to.
The program 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, by a coefficient corresponding to the degree of target achievement of single-year consolidated performance indicators, which reflect the results of sales activities, and the degree of target achievement of non-financial indicators, which reflect the results of efforts towards sustainable growth and improving corporate value.
The base amount for each position, each indicator and its target value used to evaluate the degree of target achievement, etc., are determined by the Board of Directors at the time of formulating the medium-term management plan, respecting the recommendations of the Remuneration Committee, so as to be consistent with the plan, and are reviewed as appropriate in response to changes in the environment.

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.

The degree of achievement of performance targets is evaluated based on mid-term performance indicators, shareholder value indicators and non-financial indicators. Mid-term performance indicators are the consolidated revenue and profit attributable to owners of the parent company, which are set as targets in the mid-term management plan. Shareholder value indicators are the relative TSR, calculated based on the comparison of the Company's TSR (total shareholder return) during the mid-term management plan period with the TSR of peer group companies during the same period, in order to strengthen awareness of the need to improve shareholder value. Non-financial indicators are employee engagement, which is used to evaluate the results of human capital management efforts aimed at the sustainable growth of the Group.

Each indicator used to evaluate the degree of achievement of performance targets is determined by the Board of Directors, respecting the recommendations of the Remuneration Committee, so as to be consistent with the mid-term management plan, and is resolved as the content of performance-linked stock compensation, etc. at the General Meeting of Shareholders.

Remuneration and bonus paid to directors in fiscal 2024

	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)	494	296	151	46	8
(Outside directors)	(62)	(62)	(-)	(-)	(5)
Directors who are Audit and Supervisory Committee Members	87	87	-	-	6
(Outside directors)	(46)	(46)			(4)

*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."

*4 The total amounts of "bonuses" and "performance-linked, stock-based remuneration" are the amounts recorded as expenses during the current fiscal year. Note that there is a difference (20 million yen) between the total amount of bonuses disclosed in the business report for fiscal year 2023 and the actual amount of bonuses paid in June 2024 to directors who were in office in fiscal year 2023, but this is not included in the table above.

*5 The above includes compensation for one outside director (excluding directors who are Audit and Supervisory Committee members) who retired at the conclusion of the 124th Ordinary General Meeting of Shareholders and two directors who are Audit and Supervisory Committee members (one of whom is an outside director).

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

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 Group Internal Audit Headquarters 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 Officer 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 President(regular meetings twice a year and extraordinary meetings as necessary) as one of our special committees to promote company-wide risk management practices. Important decisions made by the committee are reported to the Board of Directors through the Management Meeting.
In FY2024, the Risk Management Committee held twice to report on and discuss strategic risk management, responses to priority risks and updates to the risk map.

CSR and Sustainability Promotion System →   Corporate Governance System →

Integrated 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.

Risk recognition

Identify risks
List the related risks for each operational process.

Risk analysis

Analyze the impact of risks, probability of their materialization and how measures are taken against them
Make analysis based on the evaluation results provided by the Business Management Dept. and other departments in charge of the risks.

Risk evaluation

Evaluate and prioritize the risks based on the analysis results
Based on the risk analysis results, select the candidates for priority risks.

Selection of priority risks

Select particularly significant risks (priority risks) and departments in charge of the risks
The Risk Management Committee selects the priority risks and the departments in charge of the risks.

Planning, implementing and monitoring of measures

Plan, implement and monitor priority risk reduction activities
The departments in charge of the risks plan and conduct risk reduction activities and the Business Management Dept. monitors the activities.

Review

Evaluate the risk reduction activities to give instructions for improvement as needed
The results of the risk reduction activities are reported to the Risk Management Committee, which evaluates the level of achievement and gives instructions for improvement as needed.

Level of impact / Probability of risk materialization

Countermeasures → Analysis → Priority risks

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 FY2024, three priority risks were identified each for Japan and globally and efforts were made to reduce them. Furthermore, with the aim of incorporating strategic risks into integrated risk management from a management perspective, we defined strategic risks as "risks that hinder the achievement of the goals of the medium-term management plan" and identified risk elements. Among business risks, themes such as (8) Environment, (9) Information security and (12) Business investment are also covered under "key management priorities" and are recognized as important issues for sustainability management.

<Business risks>

1. World affairs and exchange rate fluctuation risks
2. Business environment risks
3. Product quality risks
4. Technological development risks
5. Intellectual property risks
6. Raw material and components procurement risks
7. Natural disaster risks
8. Environment risks
9. Information security risks
10. Human resource securement risks
11. Compliance risks
12. Business investment risks
13. Infectious disease 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 Securities 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.

<Production Support Engineering Department>
We are implementing earthquake-resistant measures for our buildings and ancillary 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 and ancillary facilities 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 internal portal.

Reporting training

<Raising Employees' Awareness of Disaster Prevention>
In order to enhance the disaster response capabilities of our employees and foster our business continuity, we have established a "Disaster Prevention Awareness Month" and are educating them on guidelines for action in the event of a disaster, even during normal times.

Special website for Disaster Prevention Awareness Month (image)

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.

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. 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. Important decisions made by the committee are reported to the Board of Directors through the Management Meeting.

In FY2024, the Compliance Committee met twice to report on and discuss issues such as responses to amendments to laws and regulations, compliance activities, improving the effectiveness of the whistle-blowing system at overseas Group companies, and the results of a compliance awareness survey targeting business partners and improvement activities based on the results.

Compliance Promotion System

Internal reporting system

We have established the Corporate Ethics Helpline as an internal reporting system through which employees and business partners can make inquiries and reports regarding compliance-related matters. We are continually raising awareness of the system through introducing it in training, distributing the internal intranet, putting up related posters and distributing carrying cards.

We have set up an internal point of contact at the Compliance Committee Secretariat and an external contact point (available in Japanese and English) at a private specialist company to increase convenience, allowing people to consult and report even outside of working hours or on holidays. Anonymous consultations and reports are also possible, and we thoroughly protect whistleblowers so that they are not identified or subject to any disadvantage. The hotline accepts consultations and reports on all compliance violations, including harassment, or acts that may be considered compliance violations. The facts of the reports received are investigated, and if a problem is confirmed, it is dealt with promptly.

In addition to these efforts, we have worked to increase awareness of the internal reporting system and its effectiveness through measures such as publicizing the system through our monthly compliance newsletter and setting up a consultation desk for women. As a result, the number of consultations and reports is on the rise.

In FY2024, we received 107 consultations and reports, including those from group companies. These included issues related to harassment, labor, and company rules, and we promptly resolved or corrected any cases where problems were confirmed.

Also, we have established channels for consultation and making reports at each of our overseas group companies. In order to further increase the effectiveness of this system, we are continuing to work to improve awareness and understanding among employees.

Flow after report is received via the Helpline

Compliance Education and Awareness Raising

To raise officers' and 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.

In addition, in FY2024, we conducted a compliance awareness survey of our business partners to see if there were any inappropriate actions by our Group that took advantage of our position as a purchaser. The survey was conducted by the Compliance Committee Secretariat and targeted at approximately 700 domestic business partners with whom we do business on a daily basis, and the survey results were reported to the Compliance Committee while ensuring the anonymity of the business partners. In addition, the procurement department is taking the lead in carrying out improvement activities for issues identified by the Compliance Committee through the investigation.

Compliance Guidebook

The Compliance Guidebook provides explanations of the laws and rules that must be observed within our group and society, 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.
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.
We respond to any violations of the anti-corruption rules mainly through the Compliance Committee.
In FY2024, 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 response to recent revisions to export control-related laws, we are reviewing related regulations and informing relevant departments in an effort to continually improve our export control system.

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 consistently require 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.
[Respect for the rights of Indigenous Peoples and local communities]
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. We also respect the rights of local communities, including Indigenous Peoples, to land, forests, and water, and we will not engage in environmental pollution, development that leads to environmental destruction, forced evictions, or illegal land grabs.
[Respect for Human Rights in Security Operations]
We comply with the laws and regulations of each country and region in security operations. We also support international guidelines, such as the Voluntary Principles on Security and Human Rights.

57

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.
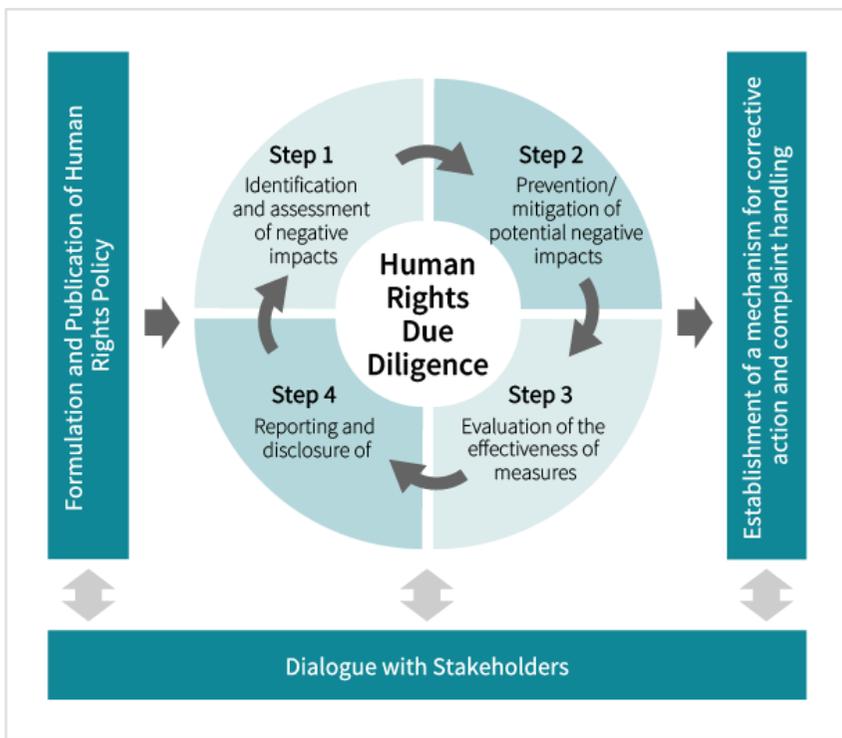
Overview of Human Rights Initiatives

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 been ongoing since fiscal 2022, led by the divisions involved in the implementation of human rights due diligence (Business Management Dept., SCM Strategy Dept., Safety & Health Dept., Human Resources Strategy Dept., and Sustainability Strategy Dept.).
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.
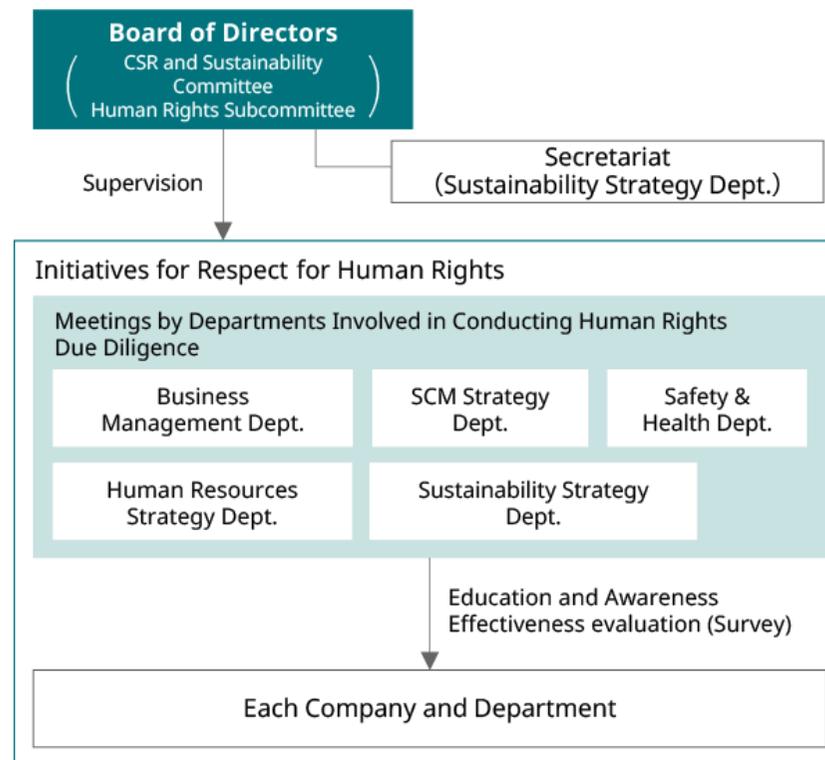
Human Rights Promotion System

CSR and Sustainability Promotion System →

Formulation and Publication of Human Rights Policy

Since establishing our Human Rights Policy in 2020 as part of our CSR Basic Policy, we have reviewed its content annually and as needed.
In January 2023, recognizing the growing importance of corporate initiatives to respect human rights and the need for such efforts not only within our Group but throughout the entire value chain, we fully revised the Human Rights Policy to align with international norms and other standards. At the same time, we specified examples of human rights to be respected in an Appendix to the policy. The revision was made based on advice from external human rights experts and after extensive discussions among departments involved in implementing human rights due diligence. The revised policy was then reviewed by the CSR and Sustainability Committee and approved by the Board of Directors. Furthermore, in December 2024, we revised the Appendix to the Human Rights Policy to include items concerning "the rights of Indigenous peoples and local communities" and "respect for human rights in security operations."

＜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 human rights impact assessment and mapping, and identified priority human rights risks.

＜Human Rights Risk Map＞

Impact on Human Rights: Assessed based on severity (scale, scope, and irremediable character) and likelihood.
Connection to Our Group: Assessed based on the nature of our involvement (cause, contribute to, or directly linked to) and the entity involved.

＜Identified Priority Human Rights Risks＞

Our Group	Supply Chain
・Inadequate occupational health and safety ・Health damage to local residents and obstruction of access to water due to environmental pollution ・Long working hours ・Discrimination ・Dysfunctional grievance mechanism ・Use of private or public security services	・Conflict minerals ・Inadequate occupational health and safety ・Health damage to local residents and obstruction of access to water due to environmental pollution ・Forced labor ・Child labor ・Long working hours ・Discrimination ・Dysfunctional grievance mechanism ・Violation of Indigenous peoples' rights

Based on these results, we are currently advancing our initiatives to respect human rights, focusing on our Group and supply chain where we can exert direct influence, and prioritizing the human rights risks identified as key areas.

We also recognize that the identified human rights risks can change due to shifts in social conditions, the progress of our Group's business, and the development of new business partners. Therefore, to enhance the effectiveness of our initiatives, the departments involved in implementing human rights due diligence take the lead in periodically reviewing the risk map.

We periodically monitor the status of respect for human rights within our Group and supply chain by conducting surveys.

【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.

Our Group	Compliance Awareness Survey	・Conducted in Japan once every two years ・In FY2023, questions related to human rights were reinforced. ・In FY2024, the focus is placed on follow-up to the results of the FY2023 survey results.
	Human Rights and Labor Survey	・Conducted every year. ・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. 　We conducted investigations in 34 group companies. After detailed reviews of 13 group companies where potential concerns were identified, we confirmed that there were no significant human rights risks.
Supply Chain	Survey using the CSR and Sustainable Procurement Guidelines check sheet	・Conducted once every two years. ・In FY2023, questions related to human rights were reinforced. ・In FY2024, the focus is placed on follow-up to the results of the FY2023 survey results.

For any issues or potential human rights risks identified through these surveys, we implement corrective measures as necessary and work to prevent their occurrence.
For instance, in fiscal year 2024, we discovered that a Group company in Thailand was conducting pre-employment pregnancy and infectious disease tests, citing workplace safety considerations. As this could potentially lead to discrimination, we abolished these tests in accordance with international standards. We also confirmed that no other Group companies were conducting similar tests.
Risks related to human rights cannot be completely eliminated and will continue to exist, even with systems such as human rights due diligence in place. This is because such risks often stem from the limitations of these systems, unforeseen events, and the complexity of the issues themselves; furthermore, human rights standards vary by country, region, and era. To mitigate these risks, we are committed to continuous improvement, dialogue with stakeholders, transparent disclosure, and educational and awareness-raising activities aimed at embedding respect for human rights into our corporate culture.

Key Initiatives in FY2024

Human Rights Issue	Initiative	Specific Action
Conflict Minerals	Commitment to Responsible Minerals Sourcing	We established the "Niterra Group Responsible Mineral Procurement Guideline."
Forced Labor	Abolition of Pay Reduction as a Disciplinary Measure	We abolished pay reduction as a disciplinary action, in accordance with international standards. We plan to extend this policy to our Group companies.
Discrimination	Support for Same-sex Partnerships	Employees in registered same-sex partnerships are now eligible for welfare and benefits programs on the same basis as employees in heterosexual marriages. We will extend this policy to Group companies where it is not yet implemented.

Grievance Mechanism (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 FY2024, 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 are increasing educational and information opportunities to raise awareness among management and employees. For our management team, we addressed topics such as global trends in human rights and business and human rights in expert lectures on sustainability management.

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 ↗

61

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.

Basic Philosophy

Our Group practices the following five activities, 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.

1) Quality Management System

In order to stably and efficiently achieve the creation of customer value through products and services and their supporting operations, Our Group will promote the continuous improvement of product and service quality by clarifying the necessary business functions and processes, and systematically organizing the organizations responsible for those operations and their related organizations.

2) 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.

3) 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.

4) 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.

5) Quality Management Education and Training

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 governance, chaired by the officer in charge of the Business Infrastructure Strategy Department, who is the chief executive of quality governance.
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

Niterra Co., Ltd. and Group Companies in Japan

Certification	Business Scope	Site
ISO9001	Niterra Co., Ltd. ・Niterra Ventures Company ・Business Implementation Department ・Automotive-Related Organization	Headquarters Office
		Komaki Plant
	SparkTec WKS CO., LTD.	Komaki Plant
		Okusa Plant
		Satsuma Plant
		Satsuma Electrode Plant
		Tono Plant
	CERAMIC SENSOR CO., LTD.	Komaki Plant
		Nakatsugawa Plant
		Ise Plant
	NTK CERAMIC CO., LTD.	Komaki Plant
		Kani Plant
		Iijima Plant
	NTK CERATEC CO., LTD.	Sendai　West Plant
		Komaki Plant

Certification	Business Scope	Site
ISO9001	MORIMURA SOFC TECHNOLOGY CO., LTD.	Komaki Plant
		Takenami Plant
	Niterra Materials Co., Ltd.	Headquarters 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
	Niterra Materials Co., Ltd.	Headquarters Plant
		Oita Plant
JIS Q 9100	Niterra Materials Co., Ltd.	Headquarters Plant

Overseas Manufacturing & Sales Organization

Certification	Business Scope	Country
ISO9001	Niterra do Brasil Ltda	Brazil
	Niterra Malaysia Berhad	Malaysia
	Niterra (Thailand) Co., Ltd.	Thailand
	Siam Niterra Co., Ltd.	Thailand
	Niterra ASIA Co., Ltd.	Thailand
	PT Niterra Mobility Indonesia	Indonesia
	Niterra India Private Limited	India
IATF16949	Niterra do Brasil Ltda	Brasil
	Niterra North America, Inc.	USA
	Wells Vehicle Electronics L.P.	USA
	Niterra Malaysia Berhad	Malaysia
	Niterra (Thailand) Co., Ltd.	Thailand
	Siam Niterra Co., Ltd.	Thailand
	Niterra ASIA Co., Ltd.	Thailand
	PT Niterra Mobility Indonesia	Indonesia
	Niterra(Shanghai)Co., Ltd.	China
	Niterra(Changshu)Co., Ltd.	China
	Niterra India Private Limited	India
	Niterra South Africa (Pty) Ltd.	South Africa
ISO13485	CAIRE Inc.	USA

Quality Management Education and Training

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.

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 Operation Division, 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(National Institute of Technology and Evaluation), 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.

ilac-MRA IAJapan **JCSS**
Accredited Calibration **JCSS 0373**

当社 計測技術課は国際MRA対応JCSS認定事業者です
JCSS 0373は当社 計測技術課の認定番号です

Accreditation Information 🗎

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 is working together to strengthen information security.

Regarding IT security, we have established the IT Security Committee (with regular meetings twice a year and extraordinary meetings as necessary) chaired by a corporate officer in charge of the Digital Transformation Dept. to monitor the status of IT security activities across the company and promote appropriate measures. Important decisions made by the committee are reported to the Board of Directors through the Management Meeting. In FY2024, the IT Security Committee met twice to report on and discuss incidents, activities to strengthen IT security and ISMS activities. In addition, a global conference was held to work on maintaining and strengthening the security system throughout the Group.

Regarding the management of confidential information and personal information, we have established the Confidentiality Management Subcommittee (with regular meetings once a year and extraordinary meetings as necessary) under the Risk Management Committee. This subcommittee, with a corporate officer in charge of the Business Management Dept. as sub-chairman, promotes the reduction of risks related to the management of confidential information and personal information. In FY2024, the Confidentiality Management Subcommittee met once to report incidents and raise awareness of the risk of technical information leaks through people.

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
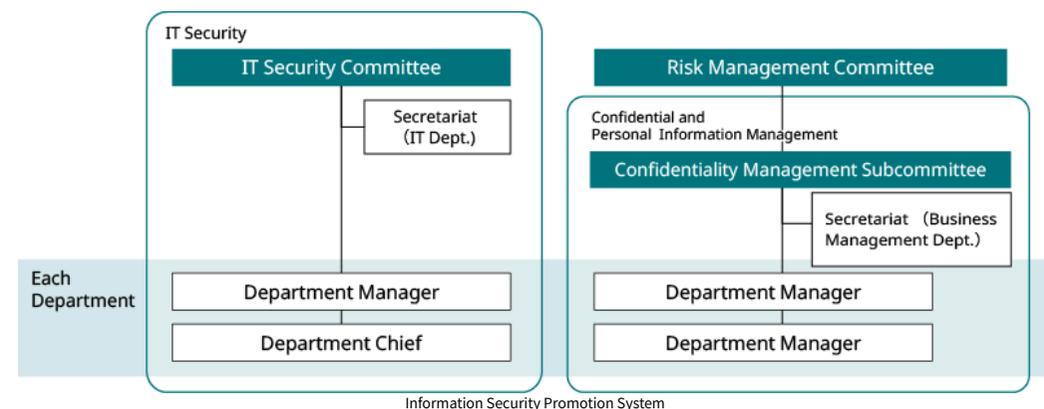
CSR and Sustainability Promotion System → Corporate Governance System →

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 recent years, the digital transformation of business operations has progressed, and the number of risk areas that require attention is expanding, such as the use of generative AI. Therefore, we are making continuous improvements by evaluating these new risks in the information security management system, and we conduct annual audits of IT security and IT systems at all bases and promptly correct any identified deficiencies.

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.

Key Management Priorities →

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 are also accumulating and sharing knowledge as a measure to prevent recurrence.

In addition to responding after an incident occurs, we also focus on proactive defense, striving to improve our security level and maturity from both pre- and post-incident perspectives.

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

・Information security awareness training
Training is provided for employees every year, including directors, employees who continue to be employed and temporary employees of our company and domestic group companies, on the types of information security threats and damage, as well as countermeasures and preparedness against them. In FY2024, we provided that education four times.

・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. In FY2024, we revised the rules to review how confidential information is handled according to its level, and promoted thorough information management through education and awareness-raising activities for employees.

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 protection of personal information continues to be strengthened around the world, as seen in the General Data Protection Regulation (GDPR) in Europe and the Act on the Protection of Personal Information in Japan, each company in the Group has established its own regulations to thoroughly protect, manage, and handle the personal information of customers, employees, and others.

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

Privacy Policy Handling of Personal Information　→

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.
・To reduce the burden on the global environment, we strive to procure sustainable materials, including recycled materials.
・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.
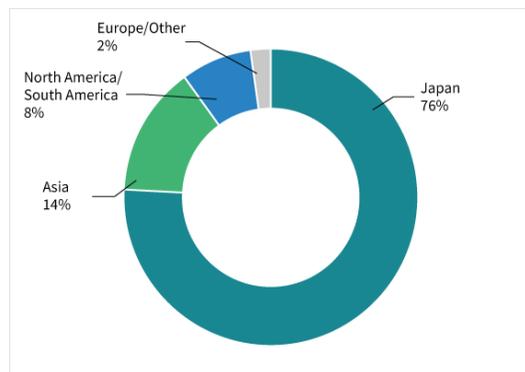
Procurement amount composition ratio by country/region

Our Supplier Management

We check and investigate not only quality, price, delivery, and sustainability, but also the attitude toward improvement, among other factors, 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	Response Policy
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
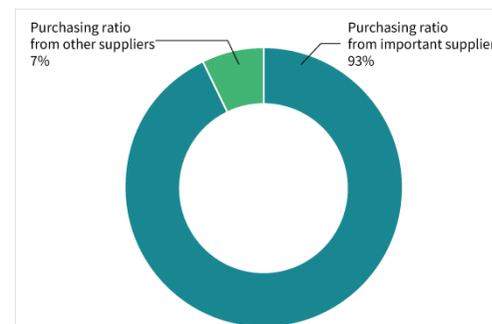
Purchasing ratio from important suppliers
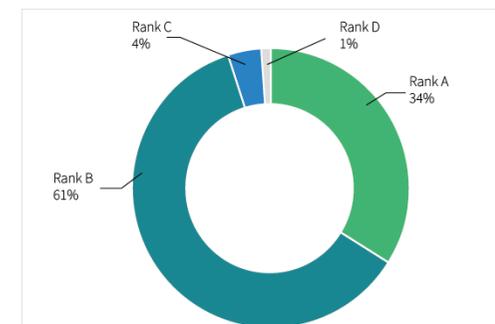
Significant suppliers ratio by level (FY2024 annual evaluation results)

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.

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 guideline in 2023, 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 our suppliers, we conduct surveys every two years using a checklist. For the survey conducted in FY2023, we targeted approximately 700 suppliers with whom we have regular business transactions, and received responses from 63% of them (based on the number of companies, which corresponds to 83% of our total purchase value). We score the results, and for suppliers identified with high risks or concerns, we conduct follow-ups, including interviews with management, and request improvements on identified issues.
Additionally, as an appendix to this guideline, we have also established the "Green Procurement Guidance" aimed at reducing environmental impact throughout the supply chain. We ask our suppliers to cooperate with our Group's green procurement initiatives.
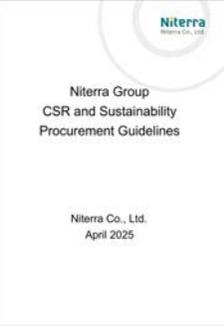
CSR and Sustainability Procurement Guidelines	📄 343KB
Attachment: Green Procurement Guidance	📄 415KB
Niterra Group Prohibited/Restricted Substance List	📄 756KB
CSR and Sustainability Procurement Guidelines (Japanese version)	📄 765KB
Attachment: Green Procurement Guidance (Japanese version)	📄 990KB
Niterra Group Prohibited/Restricted Substance List (Japanese version)	📄 765KB

FY2023 Survey Results by Check List

FY2023 Survey Results on Our Suppliers' CSR and Sustainability Initiatives (Average Scores)

In-house CSR and sustainability procurement training

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.

"Niterra Group Procurement Compliance Training" for Group Employees

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

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.

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.
For this reason, in February 2025 we established the Niterra Group Responsible Mineral Procurement Guideline, which outline our policy for responsible mineral sourcing.

Niterra Group Responsible Mineral Procurement Guideline

Basic Philosophy

The Niterra Group promotes responsible minerals sourcing that considers human rights, environmental impacts, and other relevant factors as part of its CSR and sustainability procurement efforts.

To avoid involvement in Annex II risks [1] >in the Democratic Republic of Congo (DRC) and its neighboring countries [2] and other conflict-affected and high-risk areas (CAHRAs) [3], we do not use conflict minerals in our products. If the use of conflict minerals is identified, we will take steps to eliminate their use. However, minerals that are legally sourced and traded from the DRC and its neighboring countries or CAHRAs may be used.

Major Initiatives

1. We will establish a management system in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
2. We will conduct upstream supply chain investigations on the use of conflict minerals using internationally recognized tools such as the Conflict Minerals Reporting Template (CMRT) and the Expanded Minerals Reporting Template (EMRT). In addition, we will require our suppliers to procure from smelters/refineries that are compliant with the Responsible Minerals Assurance Process (RMAP).

[1] "Annex II Risks" refer to the risks, etc., listed in Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which may be associated with conflict or human rights abuses.

[2] "The Democratic Republic of the Congo (DRC) and its neighboring countries" refers to the region covered by the U.S. Dodd-Frank Act, which includes the Democratic Republic of the Congo, South Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, Republic of the Congo, and Central African Republic.

[3] "Conflict-Affected and High-Risk Areas (CAHRAs)" refer to the countries and regions that are listed by the EU pursuant to the EU Conflict Minerals Regulation.

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 CO_2 emissions related to our products.

Setting CO_2 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 CO_2 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 CO_2 emissions related to products for our company

In order to understand CO_2 emissions related to our company at our suppliers, we have been conducting surveys of CO_2 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 CO_2 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 course. 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.

Communication with 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.

Information dissemination on website and SNS

We operate websites such as the "NGK SPARK PLUGS / NTK TECHNICAL CERAMICS Products Site," which provides information on our products, including NGK spark plugs, and "Venture Lab," which provides information on Niterra Ventures, our new business creation division. We have also opened official accounts on various social media platforms such as Facebook, Instagram, and LinkedIn to disseminate information and help more customers learn about our group.

NGK SPARK PLUGS / NTK TECHNICAL CERAMICS Products ⧉   Venture Lab ⧉   Niterra Group Official Instagram ⧉

NGK SPARK PLUGS Instagram ⧉   NGK SPARK PLUGS Facebook ⧉   Venture Lab Facebook ⧉

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.

NTK CERAMIC CO., LTD.

Niterra North America

Niterra Vietnam Co., Ltd.

Niterra Malaysia Berhad

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 →

72

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.

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 ⊙→

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 any tax avoidance schemes, such as profit shifting to tax havens or low-tax jurisdictions, or using entities lacking economic substance like paper companies.

*This policy has been approved by the Board of Directors of Niterra Co., Ltd.

Promotion System

Tax policies are approved by the Board of Directors, and the Financial Officer is responsible for tax execution. 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.

Environment

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 CO_2 emissions and improve energy efficiency, including the utilization of renewable energy, toward the realization of a decarbonized society, conserve water resources, manage waste, and develop, offer and expand environmentally friendly products.
・We prevent soil, air, and water 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 set environmental objectives and continuously improve our environmental management system 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.

*This policy has been approved by the Board of Directors of Niterra Co., Ltd.

Eco Vision

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	CO₂ emissions 30% reduction compared to fiscal 2018.	Implementing activities toward realization of a decarbonized society. ※Achieving carbon neutrality by 2050	・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.

Eco Vision 2030 issues	The milestone to be achieved in 2030	Our vision for 2040	Explanation
Expanding Environmentally Friendly Products	Expand Niterra Green Products	All products contribute to the improvement of the global environment and contribute to making sustainable society come true	・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 Niterra 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	・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	Contribute to a global recycle-oriented society by promoting zero emission	・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.
	Reduce at least 1% of waste intensity compared to FY2018		
	Promote 3R (reduce, reuse, recycle) activities		

Other issues

Eco Vision 2030 issues	The milestone to be achieved in 2030	Our vision for 2040	Explanation
<Enhancement of EMS> Integration with Management	Address global environmental issues as a business strategy	Continued efforts to address global environmental issues as a business strategy	・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.
	Executive management takes responsibility for promoting Eco Vision 2030 and achieving environmental KPIs.		
<Enhancement of EMS> Globalization of EMS	Enhance systems for overseas affiliates to share environmental information and monitor and supervise their activities.	The entire group is able to share environmental information, and a monitoring and supervision system has been established for all Group companies.	・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.
<Enhancement of EMS>Analysis of Climate-Related Risks and Opportunities	Analyze climate change risks and opportunities and incorporate them into our business strategies.	Sustainable business growth by analyzing the impact of climate change on our business and incorporate them into our business strategies.	・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.
<Enhancement of EMS> Through environmental compliance (Compliance with environmental laws and eradication of environmental accidents)	Achieve zero violations of environmental laws and regulations and zero environmental accidents.	We have become a socially trusted company by continuing to achieve zero violations of environmental laws and regulations and zero environmental accidents.	・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.

Eco Vision 2030 issues	The milestone to be achieved in 2030	Our vision for 2040	Explanation
<Enhancement of EMS> Greater Environmental Awareness	All employees take environmental education programs and actively engage in environmental conservation activities.	All employees have a high level of environmental awareness and contribute to making sustainable society come true.	・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.
Management of Chemical Substances	Appropriately manage chemical substances to reduce environmental impact.	Contribute to the conservation of biodiversity through the continuous management of appropriate chemical substances.	・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.
Promoting Green Procurement	Achieve 100% introduction of green procurement system	Implementing environmentally friendly procurement activity to making sustainable society come true.	・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 Guidance, an appendix to the CSR and Sustainability 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.

76

Eco Vision 2030 issues	The milestone to be achieved in 2030	Our vision for 2040	Explanation
Expanding Green Logistics	Reduce CO_2 emissions by promoting green logistics and optimizing logistics efficiency.	Our green logistics system develop globally.	·Increased CO_2 emissions through transportation process is one of our concerns related to the business expansion in the future. Reducing CO_2 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 CO_2 emissions in logistics by expanding our case studies (efficient transportation route construction, etc.) to overseas logistics networks.
Enhancing Our Disclosure of Environmental Information	Responding to stakeholder requests and practicing communication that leads to dialogue with stakeholders.	Responding to stakeholder requests and practicing communication that leads to dialogue with stakeholders.	·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. The Central Environmental Committee checks the progress of Eco Vision 2030 and the Group's environment-related issues in order to ensure continuous improvement. Important decisions made by the committee are reported to the Board of Directors through the Management Meeting.

In FY2024, the Central Environmental Committee held two meetings to report on and discuss the progress of Eco Vision 2030, internal audit results, information on environmental accidents, 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.
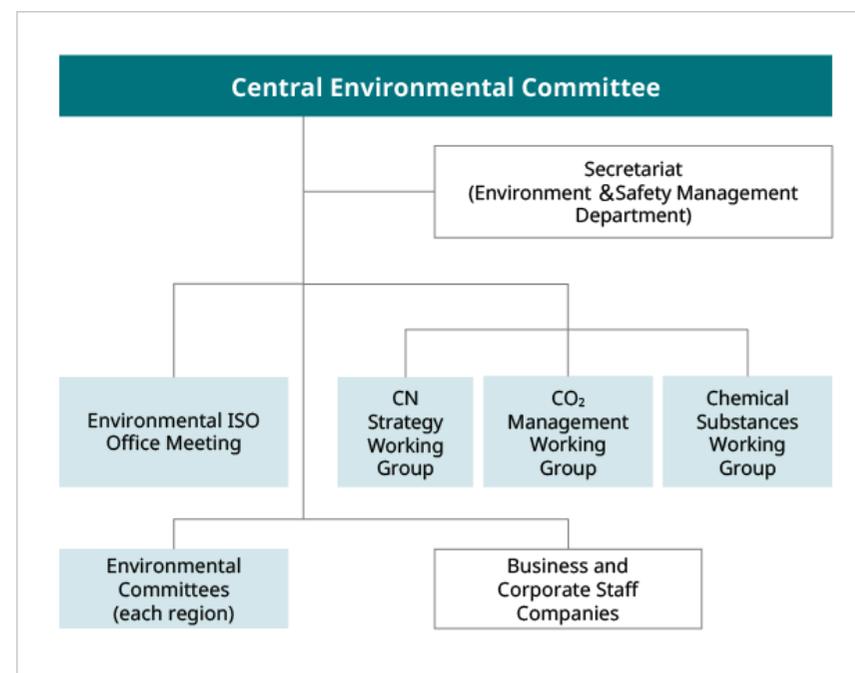
Environmental Activity Promotion Organization

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 FY2024) in Japan. As for other domestic and overseas Group companies, one domestic and 16 overseas Group companies (as at the end of FY2024) have obtained ISO 14001 certification through individual company certification.
The proportion of ISO 14001 certification in the Group is 92% 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.	Headquarter
		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
	NICHIWA KIKI CO., LTD.	
	NTK CERAMIC CO., LTD.	Komaki Plant
		Iijima Plant
		Kani Plant

Country	Name of factories and companies	
Japan	CERAMIC SENSOR CO., LTD.	Komaki Plant
		Ise Branch room
		Nakatsugawa Plant
	NITTOKU ALPHA SERVICE CO., LTD.	Head Office
		Komaki Office
	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.	

Sustainability Data (Non-Financial Information) → ISO14001 certificate

78

Initiatives for Environmental Risk

Inherent in business activities are various risks including environmental incidents and pollution. Niterra 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 in fiscal year 2022.
In the same fiscal year, we disposed of the PCB waste stored at the Ceramic Sensor Nakatsugawa Plant of our group company.
PCB waste is often rediscovered after a simultaneous survey, the Group will continue to conduct surveys in the future.

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 emergency evacuation
(Satsuma Plant, SparkTec WKS CO., LTD.)

Compliance with Environmental Laws and Regulations

Implementation of Environmental Measurements

To ensure strict compliance with environmental laws and regulations as well as agreements with local municipalities, we've established rigorous voluntary standards. We also regularly monitor air and water quality, noise, and vibrations. If we find any deviations, we promptly take action to prevent legal violations and complaints and protect the surrounding environment.

Handling Violations and Complaints in Fiscal 2024

In FY2024, there were one violations of laws and regulations, no accident and one complaint. We promptly took action to address the violations and complaints to prevent recurrence.

	Company	Situation	Countermeasures
Violations	Niterra (Thailand) Co., Ltd.	Water exceeding certain discharge standards was discharged.	Water generated from non-routine operations will be treated to meet effluent standards before being discharged off-site.
Complaint	CERAMIC SENSOR CO., LTD.	At the Komaki Plant, we received a noise complaint.	The exhaust fan bearings were defective, so we replaced them. To prevent this from happening again, we'll periodically replace the bearings.

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, specific examples of initiatives, and the monthly and annual environmental performance (CO_2 emissions, waste emissions, water consumption and water discharge) of each site and company. We also regularly share activity topics with our employees through the Eco Vision site and email newsletters.

Environmental education
(Komaki Plant, Niterra Co., Ltd)

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, CO_2 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.
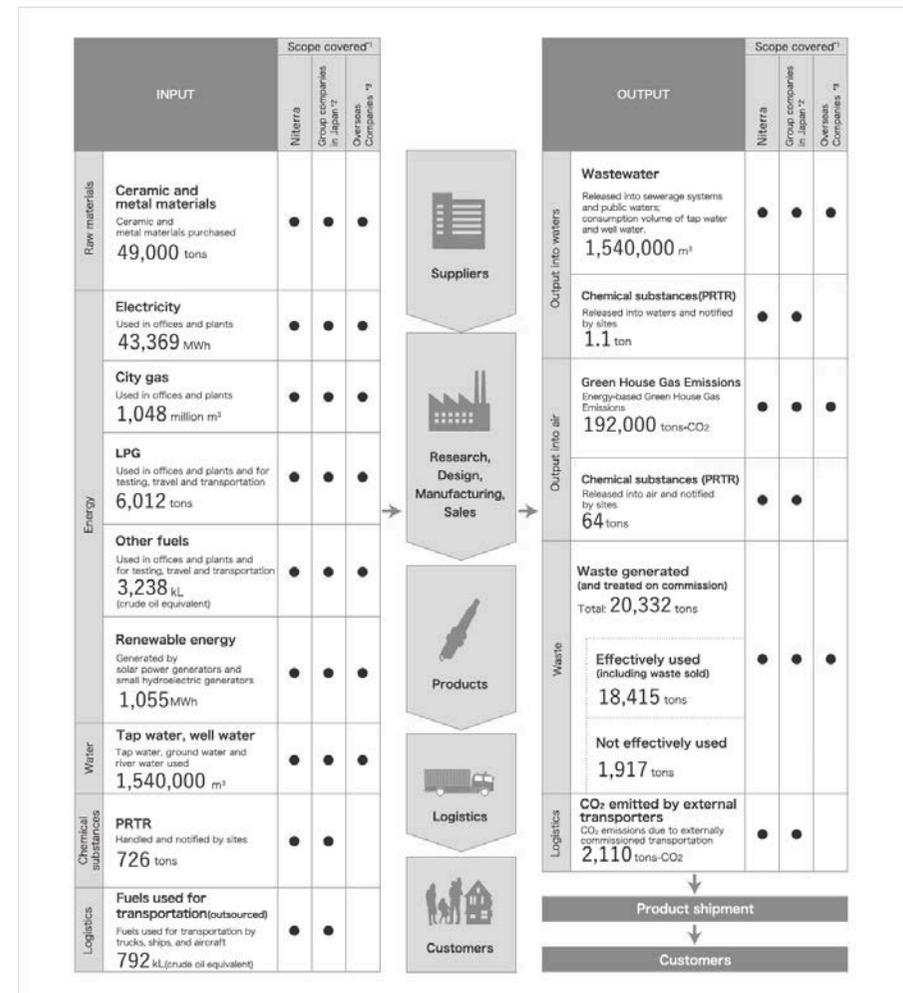
*1 The covered scope of each amount reported in INPUT and OUTPUT is indicated with ●.
*2 Group companies in Japan: CERAMIC SENSOR CO., LTD., SparkTec WKS CO., LTD., NTK CERAMIC CO., LTD., NTK CERATEC CO., LTD., NITTOKU ALPHA SERVICE CO., LTD., MORIMURA SOFC TECHNOLOGY Co., Ltd., CECYLLS Co., Ltd. And NTK Medical CO., LTD.
*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[*4]) TAIWAN Niterra Co., Ltd., Niterra Vietnam Co., Ltd., Niterra Philippines, Inc., Niterra Australia Pty. Ltd., Niterra Mexico, S. A. de C. V., Niterra EMEA GmbH, Niterra UK Ltd., Niterra France SAS.
*4 Overseas sales subsidiaries only compile data on CO_2 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 FY2024.

Social and Environmental Information Verification Report 📄

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 risks" and set the target of "water consumption intensity: Keep 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 Water Consumption Intensity

Eco Vision 2030, which we began working on in FY2021, sets a goal of maintaining water consumption intensity at or below FY2018 levels by 2030. Our water consumption intensity for FY2024 was 3.905m^3/million yen, and we have achieved our target by reducing it by 27.7% compared to FY2018.
We will continue to promote the efficient use of water.

* In our company, water consumption refers to the total amount of water taken from water sources (municipal water, groundwater, and river water) during our business activities.

Trends in Water Consumption Intensity (Niterra Group)
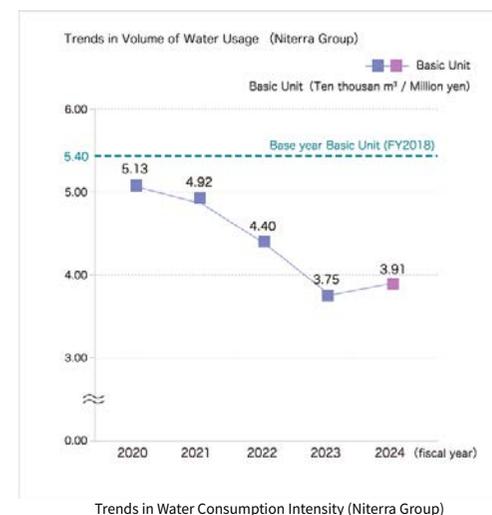
Water Resources Conservation Initiatives

Introduction of a closed system

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

Plant Wastewater Recycle

The Ise Plant has a drainage treatment facility, which recycles the wastewater discharged from the Plant for reuse. There is no drainage of factory wastewater outside the factory premises.

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.

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 Waste Intensity

In Eco Vision 2030, we set a target of "reducing at least 1% waste intensity compared to FY2018" as our target for 2030. The waste intensity in FY2024 was 0.051 tons/million yen for the entire Group, resulting in a 31.6% reduction compared to FY 2018. We will continue to promote process improvement to reduce waste.

Trends in Waste Intensity (Niterra Group)
(NTK CUTTING TOOLS CO., LTD, KAMIOKA CERAMIC CO., LTD., and NTK Technical Ceramics Korea Co., Ltd. are included until FY2022, and NITTOKU DENSHI CO., LTD. is included until FY 2023.)
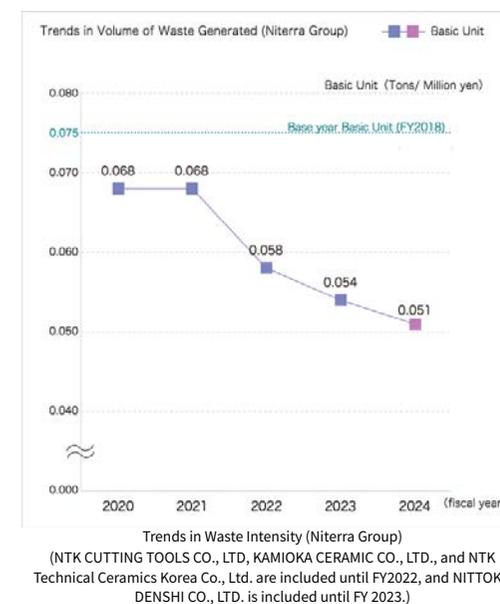
Going paperless

We are working to go company-wide paperless to reduce waste. Internally, we are promoting the digitization of documents across both direct and indirect departments, including the transition to electronic training materials for employees. Furthermore, with the cooperation of our stakeholders, we digitize contracts and create and distribute integrated reports, CSR/sustainability procurement guidelines, and other materials in digital formats. We will continue our efforts to go paperless.

Effective Utilization of Waste Initiatives

Trends in Effective Utilization Rate of Waste

In our Eco-Vision 2030, our group has set a target of achieving an "effective utilization rate of 95% or higher" by 2030. The effective utilization rate for the entire Group in FY2024 was 90.6%, unchanged from the previous year. We will continue to work on the effective utilization of waste in order to achieve our 2030 target.

Promotion of Material Recycling

Our group promotes material recycling to effectively utilize limited resources. Additionally, from the perspective of reducing CO2 emissions, we are advancing the material recycling of waste that was previously subjected to thermal recycling.

Major waste recycling methods

Type of waste	Recycling Methods
Metal waste	Refined and recycled as a raw material of the same quality.
Sludge, which is mainly pre-fired ceramic material.)	Reused as a ceramic raw material or a recycled fill material.
Ceramic powder and ceramic scrap after firing	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 Oil	Distilled and reused as fuel.
Plastics	Crushed and reused as raw materials for plastics or converted into RPF (solid fuel).

Rate of each waste
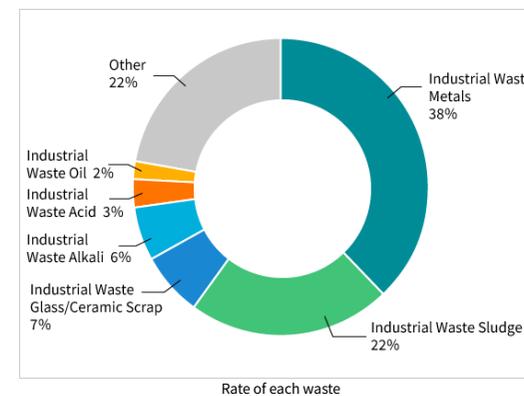
Efforts related to the Plastic Resource Circulation Act

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.

The material recycling of waste plastics is an initiative to switch from thermal recycling to material recycling. In our Group's manufacturing processes, a large amount of waste plastic containing ceramic components is generated. Due to the nature of the manufacturing process, some waste plastic is inevitably generated. We have been working to reduce the amount of waste plastic generated as much as possible through process improvements. Since 2021, we have been fully promoting material recycling initiatives, and by 2024, all ceramic scraps generated during the manufacturing of ceramic sheets could be material recycled.
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.

We will continue to promote the recycling of plastic resources in the future.

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 FY2024, we visited 32 companies and confirmed that their waste was properly disposed of.

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. Responding to customer requests, 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.

Responding to Customer Requests

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 Chemical Substances Control Law (CSCL) in Japan, the REACH regulation in Europe, the POPs Convention, and the Toxic Substances Control Act (TSCA) 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 customers.

Management System

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.

Initiatives to Reduce VOC Emissions into the Atmosphere

We have established and are promoting a voluntary reduction plan for the emission of volatile organic compounds (VOCs), which are a cause of air pollution. We are systematically introducing exhaust gas treatment equipment to sites with high VOC emissions within our group. By the end of fiscal year 2030, we aim to halve atmospheric emissions of VOCs, including toluene (compared to FY 2021).

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 that our suppliers not use hazardous chemical substances banned by Niterra in our Green Procurement Appendix (which is an appendix to the CSR and Sustainability Procurement Guidelines) and our List of Prohibited 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.

CSR and Sustainability 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.

Closed land-based aquaculture systems

The closed land-based aquaculture system provided by our group company Niterra AQUA prevents the depletion of aquatic resources while minimizing environmental impact through precise control of aquaculture water quality.
Compared to traditional marine aquaculture, this system reduces water pollution. Furthermore, utilizing idle land such as former factory sites or large parking lots can curb new land development. By harnessing unused heat sources like waste heat from nearby factories or power plants, hot springs, or geothermal energy for water temperature control, it contributes to society's overall energy efficiency.

Water Quality Sensing → Niterra AQUA (Japanese only) ↗

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.

Planting primarily native species

In the area surrounding the "SUISO no MORI hub" established in a corner of the Komaki Plant, we have planted tree species primarily native to the region, such as Japanese white oak, Japanese holly, and Japanese spindle tree, creating an environment harmonized with the local natural surroundings.
Additionally, at the Satsuma Plant, after tree management operations on the premises, we select and plant species such as plum trees that were traditionally planted in the area.

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.
Additionally, starting in fiscal year 2024, we participated in the removal of lanceleaf coreopsis around the Kuguri district in Kani City at the Nittoku Spark Tech WKS Nino Plant. We plan to continue these efforts going forward.

Lanceleaf coreopsis

Extermination of lanceleaf coreopsis
（SparkTec WKS CO., LTD.）

Promoting the assessment of biodiversity-related risks and opportunities and related initiatives

Our Group recognizes that biodiversity and natural capital form the foundation of our business activities and has strived to conserve the environment through our environmental policies and biodiversity conservation initiatives.
In recent years, the global environment has been changing at an unprecedented scale and speed, including climate change and biodiversity loss, significantly impacting all economic activities. In light of this situation, our Group will also more thoroughly organize nature-related risks and opportunities from the present into the future and take appropriate measures.
We will examine the impacts our Group's business activities have on nature and the risks arising from natural loss. Working in collaboration with stakeholders, we will implement initiatives across the entire value chain to address natural capital and biodiversity.

Information Disclosure

To further advance our biodiversity conservation efforts, we joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum in October 2023.
In January 2024, we declared our intention to disclose information aligned with the TNFD Recommendations published in September 2023 by fiscal year 2025 and completed our registration as a TNFD Early Adopter. Through this, we will advance transparent disclosure of information regarding nature-related risks and opportunities, fulfilling our accountability to all stakeholders.

Information Disclosure Based on the TNFD Recommendations ⊙→

Advancing Our Initiatives

Our Group is conducting detailed assessments of our business's dependence on natural capital, the impacts we exert, the resulting risks, and the opportunities arising from them, referencing the evaluation methods recommended in the TNFD recommendations. Through this assessment, we will identify the natural-related risks and opportunities that are particularly material to our Group. For identified material risks, we will set specific targets and continuously advance initiatives while monitoring progress.
Furthermore, we will periodically review these risks and opportunities to ensure responsiveness to changes in the global environment and business conditions.

Biodiversity Education and Awareness Raising

To enhance employee awareness of the relationship between our Group's business activities and biodiversity, we conducted video training for employees of our company and domestic Group companies in fiscal 2023. Employees watched videos covering the importance of biodiversity, global trends, understanding dependencies and impacts within our Group's value chain, and our Group's stance on the matter. Understanding was confirmed through a check test. This video is also available for viewing anytime on the intranet.

Participation in business organizations and initiatives

To enhance our efforts to mitigate climate change, the Group participates in the following:
・Japan Business Initiative for Biodiversity (JBIB)

87

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 major initiatives on Key Management Priorities, including our response to climate change, is reported to the CSR and Sustainability Committee by the sustainability department, and reviewed and monitored at the Committee. Specific activities such as CO_2 emission 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.

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 for these matters.

* 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): "CO_2 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)
・Approval of "CO_2 Emissions: 71.4% Reduction [compared to that of 2018] (FY2035)" (Environmental Committee in March 2025)

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 CO_2 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 corporate officer in charge of 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, S&P Global "Mobility and Energy Future" service data, etc.
Please note that the "assessment (impact)," and the "timing of the impact" as used herein are as follows:

Assessment (impact)
Small: Impact of several hundred million yen
Medium: Impact of around 5 billion yen
Large: Impact greater than or equal to 10 billion yen

Timing of the impact
Short term: until around 2027
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 vison 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

Risk item			Business impact (risk)	Assessment (impact)	Timing of the impact
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	Short to long term
	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	Timing of the impact
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
	・The demand for ceramic-related technologies and products used in electric motors and generators will increase.	Medium to long term
Markets	・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

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℃ 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℃ 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℃ or 4℃ 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℃ 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℃ or 4℃ scenario, the impact on risks and opportunities is small.	The financial impact is small.	

・For the automotive related business, under 2℃ 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℃ or 4℃ 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.

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℃ and 4℃ 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 are pushing forward with a business portfolio conversion (Revenue composition: 40% ICE related business, 60% non-ICE related business).

I ICE related   I Non-ICE related

¥426 billion
18% 40% 60%
82% 60% 40%
2020 2030 2040

*1 Financial impact on our internal combustion engine business
Based on an analysis by S&P Global, 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 FY2024, the annual decrease in our sales revenue would be approximately 27 billion yen and the annual decrease in operating income would be about 7 billion yen.

Sales revenue of internal combustion engine business in FY2024: 538.9 billion yen
Operating income of internal combustion engine business in FY2024: 140.9 billion yen
Assumed percentage of decrease in sales of products for internal combustion engines after FY2040: 5%
Sales revenue：538.9 billion yen x 5% = 26.9 billion yen
Operating income：140.9 billion yen x 5% = 7 billion yen

Long-term Management Plan →

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 Key Management Priorities, 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 "CO_2 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 addition, as a milestone toward our 2050 goal, we have established a new target of "CO_2 Emissions: 71.4% Reduction [compared to FY2018] (by FY2035)."

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 CO_2 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 CO_2 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 promote collective CO_2 reduction initiatives across the group, we have implemented Internal Carbon Pricing (ICP). We levy ¥10,000 per ton of CO_2 emissions from emitting departments, and the collected funds are allocated to our internal environmental fund to support investments and infrastructure development for decarbonization.

Regarding Scope 1 and 2, our reductions have surpassed their planned targets. This was achieved because our CO_2 reduction measures, such as energy-saving activities, progressed as planned, and we also accelerated the adoption of solar power generation and CO_2-free electricity ahead of schedule.

At the same time, we are also promoting reductions in Scope 3 emissions, including our supply chain. For Scope 3, since Category 1 ("Purchased goods and services"), Category 4 ("Upstream transportation and distribution"), and Category 11 ("Use of sold products") collectively account for 97.6% of our total Scope 3 emissions, we have set a target to reduce these three categories by 30% by FY2030 (compared to FY2018). To achieve this, we are focusing on activities across the entire supply chain. These include requesting our business partners (suppliers) to set and work toward their own reduction targets while providing support through carbon neutral seminars and hands-on assistance (for Category 1); changing product delivery routes and transportation methods (for Category 4); and continuously developing environmentally friendly products (for Category 11).

\<Targets and results of CO_2 emissions reduction\>

Item	Target	Result
Scopes 1 and 2	30% reduction by FY 2030 71.4% reduction by FY 2035 (Compared to that of FY 2018)	31.7% reduction in FY 2024 (Compared to that of FY 2018) \<Emissions: 191K tons\> \<Emission intensity: 0.48 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 2024 (Compared to that of FY 2018) \<Emissions: 9.78 million tons\>

*   Our FY2030 CO_2 emissions reduction targets were classified by the Science Based Targets (SBT) initiative as SBT WB2°C (well below 2°C) in June 2022.

Key Management Priorities →   Eco Vision →   Response to Climate Change →

Sustainability Data (Non-Financial Information) →

Information Disclosure Based on TNFD Recommendations

Our Group joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum in October 2023. Furthermore, in January 2024, we announced our intention to disclose information in line with the TNFD recommendations (published in September 2023) by FY2025 and registered with the TNFD as an Early Adopter. We will examine the impact of our business activities on nature and the risks associated with the loss of nature, and disclose this information based on the TNFD recommendations.

Governance

Our group recognizes that all of its business activities depend on and impact the environment and the biodiversity that forms its foundation. We promote environmental activities based on our group's Environmental Policy and Guidelines for Biodiversity. The Group has established the Central Environmental Committee, which is chaired by an officer appointed by the Chief Environmental Officer (the President) and holds regular meetings twice a year, as well as extraordinary meetings as needed. Under the supervision of the CSR and Sustainability Committee (chaired by an outside director), which is an advisory body to the Board of Directors, the Central Environmental Committee confirms the progress of Eco Vision 2030 and the Group's environment-related issues, and strives for continuous improvement. Important decisions made by the Central Environmental Committee are reported to the Board of Directors through the Management Meeting, which deliberates, decides, and supervises important matters in business operations, and the Board of Directors provides oversight.

We also recognize that our business activities and biodiversity conservation efforts are directly linked to the human rights of local communities and indigenous peoples. The Human Rights Subcommittee of the CSR and Sustainability Committee (chaired by an outside director), an advisory body to the Board of Directors, oversees our human rights initiatives. The promotion of specific initiatives is confirmed by relevant departments and specialized committees according to the issue. Furthermore, we hold regular meetings centered on departments involved in implementing human rights due diligence to ensure continuous discussion.

CSR and Sustainability Promotion System　→　Environmental Management　→　Respect for Human Rights　→

Strategy

Currently, the world is experiencing biodiversity loss at an unprecedented rate, creating a wide range of social issues through the degradation of ecosystem services. Our group has identified the resolution of these and other social issues as one of Key Management Priorities. In our long-term environmental vision, "Eco Vision 2030," we have analyzed the impact of our business and products on society and on our company, and have identified and are addressing 13 high-impact issues.

To further evolve our initiatives, we are assessing our business activities' dependencies and impacts on nature and identifying key nature-related risks and opportunities, using the LEAP approach* recommended in the TNFD Recommendations as a reference. For the identified risks and opportunities, we will consider necessary additional measures and target setting while ensuring alignment with Eco Vision 2030.

* LEAP Approach: The TNFD Recommendations endorse the use of the LEAP (Locate, Evaluate, Assess, Prepare) approach. This is a systematic process for organizations to identify their dependencies and impacts on nature and to assess their nature-related risks and opportunities. The process involves: Locating the interface with nature, Evaluating dependencies and impacts, Assessing risks and opportunities, and Preparing to respond and report.

Scoping

We conducted an initial assessment of nature-related issues for the following business segments and sites. This disclosure is based on the assessment results as of March 31, 2025.

＜Target Businesses＞
・Automotive Components Business: Spark plugs, glow plugs, oxygen sensors
・Ceramics Business: Piezoelectric ceramics, bearing balls, industrial ceramic products, semiconductor manufacturing equipment components, semiconductor packages, medical oxygen concentrators
・New Business: Doctor Link, Solid Oxide Fuel Cells (SOFCs), Air Purification & Sterilizing Deodorizer

＜Target Locations＞
・Direct Operations: All Niterra Group production and logistics sites (46 sites)
・Upstream: Major raw materials were assessed at the sector level to which they belong.

Identification of Business Dependencies and Impacts on Nature

Focusing on the main products in the assessed segments, we created a heat map using the ENCORE tool to show the relationship between our business activities and natural capital/ecosystem services. This heat map, based on data and scientific knowledge, visualizes the natural capital and ecosystem services our Group's main business sectors depend on, as well as the level of their impacts. We use it to objectively understand general sector-level relationships and potential risk and opportunity trends. The heat map allows us to objectively identify areas where our business activities are presumed to have particularly high dependencies or impacts—that is, areas where nature-related risks are more likely to materialize or where new opportunities may be latent.

The results reconfirmed the possibility that our Group's production activities in almost all business segments impact nature through GHG emissions and water use. We recognized our upstream value chain's dependence on "provisioning services" like water resources and "regulating services" such as the water cycle and climate regulation. We also identified upstream impacts from land use, GHG emissions, and water use, and a downstream dependence on "regulating services" for climate regulation. Leveraging these objective insights from the heat map, we will proceed to verify the actual conditions on the ground.

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	Cultural Services	Land ecosystems use	Freshwater ecosystems use	Osean ecosystems use	GHG Emissions	Water use	Other resource use	waste	Non-GHG air pollution	Soil pollution	Water pollution	Disturbances	Introduction of invasive species
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	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
		Product Use	-	-	-	-	H	M	M	-	-	M	-	-	H	-	-	-	VH	L	L	H	M
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	H	-
		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	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	-	-
		Logistics	-	-	-	-	H	M	M	-	-	M	-	M	H	-	-	-	H	L	L	H	H
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	-	-	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	-
		Logistics	-	-	-	-	H	M	M	-	-	M	-	M	H	-	-	-	H	L	L	H	H
	Manufacture and sale of ozone generators	Harvesting and Procurement of Raw Materials (metals and	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
- VH Very High
- H
- M
- L
- VL Low
- — No dependence

Impact on nature
- VH Very High
- H
- M
- L Low
- — No impact
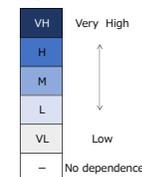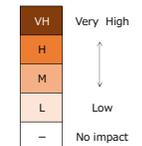
ENCORE results modified to take into account actual business

Understanding the Interface with Nature at Production Sites

The TNFD recommendations indicate the following four criteria for identifying locations that require special attention when assessing nature-related risks and opportunities:

・Importance for biodiversity: Areas that are particularly rich in biodiversity or are habitats for rare species
・Ecosystem integrity: Areas where ecosystems are healthy and their functions are fully maintained
・Importance for ecosystem service provision: Areas crucial for supplying essential ecosystem services to human society (e.g., water supply, soil formation, climate regulation)
・Physical water risk: Areas with high physical risks such as water scarcity or floods

Based on these criteria, we analyzed the environment of each production site using various public databases. The number of sites identified as priority locations and their countries are as follows:

Table: Identification of Priority Locations

TNFD Criteria	Items	Databases/Tools	Number of Locations	Countries
Importance for biodiversity	KBAs, WADPAs, STAR metric	IBAT	3	Japan, Brazil
Ecosystem integrity	Biodiversity Intactness Index (BII), Tree cover loss	TCL Newbold et al. (2016)	8	Japan, Malaysia, USA, Brazil
Importance for ecosystem service provision	Proximity to areas where Indigenous Peoples and Local Communities assert rights	WRI Aqueduct	1	Mexico
Physical water risk	Water stress, water pollution, flood risk	WWF Water Risk Filter, Flood Risk Finder	15	Japan, China, Thailand, Indonesia, Malaysia, India, USA, Brazil, South Africa, Mexico

This analysis is based on objective data obtained from various tools and does not directly reflect the specific production processes, environmental initiatives, or individual environmental performance at each site. We recognize this as a crucial initial step to broadly understand the regions where our Group's business operations may have potential nature-related risks or opportunities. Based on these results, we will proceed with a more detailed evaluation of local information at each production site (e.g., specific environmental management status, production activities, and relationships with local communities).

Overview of Nature-Related Risks and Opportunities

Based on the results of the initial assessment of dependencies and impacts, we have identified potential risks and opportunities related to natural capital at this time. Moving forward, we will refine this content by advancing our assessment to reflect the actual conditions of our Group's business activities. Furthermore, we plan to assess nature-related dependencies, impacts, risks, and opportunities across the entire value chain, including an upstream dependency and impact analysis, and to identify and evaluate the materiality of nature-related risks and opportunities based on multiple qualitative scenarios (worldviews).

Table: Foreseeable Nature-Related Risks

Category		Related Dependencies and Impacts on Nature	Assumed Risk	Impact*	Likelihood / Urgency*
Physical Risks	Acute	【Dependency】Climate regulation, disaster mitigation, soil stability	・Damage to production sites from wind, flood, or landslides due to a decline in nature's disaster mitigation and soil stability functions caused by surrounding development.	Large	Medium
			・Damage to suppliers/supply chain from wind, flood, or landslides, and difficulties in procuring raw materials due to a decline in nature's disaster mitigation and soil stability functions caused by surrounding development.	Small	Medium
	Chronic	【Dependency】Climate regulation, disaster mitigation, soil stability	・Damage to production sites from wind, flood, or landslides due to a decline in nature's disaster mitigation and soil stability functions caused by the degradation of surrounding nature.	Large	Medium
			・Damage to suppliers/supply chain from wind, flood, or landslides, and difficulties in procuring raw materials due to a decline in nature's disaster mitigation and soil stability functions caused by the degradation of surrounding nature.	Small	Medium
		【Dependency】Water resource supply	・Decrease in water resource volume due to a decline in nature's water retention and recharge capacity. ・Deterioration of water quality due to a decline in water purification capacity.	Small	High
		【Dependency】Water resource supply 【Impact】Resource use/recovery	・Degradation of water resources and instability of water supply due to excessive water withdrawal and water pollution (including excessive withdrawal and pollution by others upstream).	Medium*	High
Transition Risks	Policy	【Impact】Use of terrestrial ecosystems, use of water resources, air/water/soil pollution, waste (at mineral production sites)	・Supply shortages and price hikes of raw materials due to the introduction of regulations on extraction and mining (including land conversion) for nature conservation. ・Decrease in mineral supply and increase in mineral prices due to rising production costs from strengthened regulations on environmental management during mining.	Large	Medium
		【Dependency】Water resource supply 【Impact】Resource use/recovery	・Strengthening of regulations and ordinances regarding the withdrawal of water resources such as surface/groundwater. ・Increase in water procurement costs due to water intake restrictions.	Medium	High

Category		Related Dependencies and Impacts on Nature	Assumed Risk	Impact*	Likelihood / Urgency*
Transition Risks	Policy	【Impact】Pollution/decontamination	・Strengthening of regulations and ordinances regarding wastewater discharge. ・Increase in introduction and operational costs of closed systems to comply with wastewater restrictions.	Large	High
			・Need to comply with strengthened regulations and ordinances regarding emissions, wastewater, and waste plastics (e.g., emission control, mandatory reporting).	Medium	High
		【Impact】Resource use/recovery	・Need to comply with regulations and ordinances such as restrictions on virgin material use and mandatory use of recycled materials (including mineral resources). ・Difficulties in procuring raw materials and price hikes due to regulations.	Medium	Medium
			・Strengthening of reporting and information disclosure regulations, such as for raw material traceability.	Small	Low
		【Impact】Waste emissions	・Strengthening of regulations and laws, such as mandatory use of recycled plastics for housings of products like oxygen concentrators.	Small	Medium
			・Strengthening of regulations and laws, such as mandatory use of recycled plastics for housings of products like air purifiers.	Small	Medium
	Policy and Market	【Impact】GHG emissions, non-GHG air pollution	・Decrease in demand for spark plugs and sensors due to a decline in demand for gasoline and diesel vehicles.	Large	Medium
	Market	【Impact】General	・Decrease in customer preference for products that have a negative impact on nature and ecosystems.	Large	Medium
		【Impact】Resource use, waste (lifecycle)	・Decrease in demand for products with high lifecycle waste volume or low resource use efficiency, such as those that cannot be recycled.	Small	Low
	Technology	【Impact】Climate change, resource use/recovery, pollution/decontamination	・Introduction of equipment to enhance water and energy efficiency.	Medium	Low
	Reputation	【Impact】Resource use/recovery, pollution/decontamination	・Criticism and litigation regarding large-scale water consumption, water pollution, soil contamination, and disturbances (light pollution, noise) in operations (especially water resource use at production sites where water supply is scarce in the basin).	Large	High
		【Impact】Use of terrestrial ecosystems, use of water resources, air/water/soil pollution, waste (at mineral production sites)	・Criticism for procuring minerals from mines with significant negative impacts on nature and ecosystem services, or for procuring mineral types generally considered to have large negative impacts.	Medium	Medium
		【Impact】Use of terrestrial ecosystems, use of marine ecosystems	・Criticism for participating in or investing in renewable energy power plant development projects that negatively impact landscapes, surrounding wildlife, and residents.	Medium	Loe

Category		Related Dependencies and Impacts on Nature	Assumed Risk	Impact*	Likelihood / Urgency*
Transition Risks	Reputation	【Impact】Pollution/decontamination	・Unintentional release of pollutants due to accidents during research and development. ・Risk of chemical spills due to wind and flood damage (flooding).	Medium	Medium
	Reputation and Liability	【Impact】Resource use/recovery, pollution/decontamination	・Fines and liability for damages due to excessive resource use or pollution during operations.	Large	Low

* Impact levels are as follows. Evaluated based on the highest impact in business continuity, trust/brand, and economics.

	Impact on Business Continuity	Impact on Trust and Brand	Financial impact
Critical	Business continuity is difficult.	Permanent loss of trust and brand value (prolonged critical coverage, withdrawal of investment by numerous investors, loss of customers and business partners).	Significantly impact sales revenue
Large	Requires fundamental review of facilities and products to maintain business continuity.	Significant loss of trust and brand value (temporary critical media coverage, withdrawal of investment by some investors, loss of some customers and business partners).	Have a major impact on sales
Medium	Requires modification and review of facilities and products to maintain business continuity.	Loss of trust and brand value (critical media coverage in some outlets, decline in investor evaluation, expressions of dissatisfaction from many stakeholders)	Have a moderate impact on sales
Small	Requires operational adjustments, supplier reviews, and minor modifications to sustain business operations.	Minor impact on trust and brand (expression of dissatisfaction by some stakeholders)	Have a minor impact on sales

* Likelihood/Urgency levels are as follows. Evaluated based on the higher impact factor between the likelihood of occurrence and the timing of occurrence.

High	・Occurs at least once a year ・Expected to materialize by around 2025 (or has already materialized) / Recognized as an urgent issue
Midium	・Occurs once every few years ・Concerns about materialization by around 2030 are present or increasing / Signs are visible / Requires close monitoring
Low	・Rarely occurs ・Current concerns about materialization are low

Table: Foreseeable Nature-Related Opportunities

Category		Related Dependencies and Impacts on Nature	Assumed Opportunity
Business Opportunities	Products and Services	【Impact】GHG emissions, resource use/recovery	・Operating costs will be reduced by implementing water- and energy-efficient operations and equipment. ・Moving towards more efficient operations that require fewer natural resources and energy.
		【Dependency】Water resource supply 【Impact】Water use	・Operating costs will be reduced by implementing water- and energy-efficient operations and equipment. ・Moving towards more efficient operations that require fewer natural resources and energy.
		【Dependency】Water resource supply 【Impact】Waste emissions, non-GHG air pollution	・By using recycled and certified materials, we manufacture and sell products that use fewer resources and have a lower environmental impact.
		【Impact】Non-GHG emissions	・Demand for oxygen sensors, temperature sensors, and NOx sensors, which contribute to cleaner air pollutants, will increase.
		【Impact】Waste emissions, resource use/recovery	・The production and sale of products that require less frequent replacement (i.e., longer lifespans) reduces waste, reduces resource use, and increases customer preference.
		【Impact】GHG emissions, non-GHG emissions	・Demand for plugs and oxygen sensors that improve fuel efficiency and reduce GHG emissions will increase.
		【Impact】General	・Increasing customer preference for products that have a lower environmental impact/positive impact on ecosystems (e.g., the use of lead-free materials in piezoelectric ceramics).
		【Impact】Resource use/recovery	・Customers will increasingly prefer products that contribute to reducing resource use (such as bearing balls that require less lubrication).
		【Impact】General	・Demand for products that contribute to improving semiconductor productivity will increase (due to reducing the negative impact on nature over their life cycle).
		【Impact】Resource use/recovery, GHG emissions	・Demand for solid oxide fuel cells (SOFCs), which significantly reduce resource use and GHG emissions during power generation, will increase, contributing to the promotion of a decarbonized society. ・"Regional CCUs" will promote carbon neutrality throughout the local community, reducing the use of fossil resources through the utilization of CO_2. ・The use of highly energy-efficient desiccant air conditioning will expand.
		【Impact】Resource use/recovery, pollution/decontamination	・Efficient aquaculture using water quality sensing technology reduces the burden on nature (optimizing feeding and reducing marine and freshwater pollution caused by feed and waste).
	Market/Financial Incentives	【Impact】General	・Increased customer preference and increased funding for products that have a lower environmental footprint/positive impact on ecosystems.
		【Dependency】Water resource supply 【Impact】Waste emissions	・Increased funding through efforts to reduce nature-related risks, such as recycling and the use of certified materials.
	Reputation	【Impact】General	・Improve your company's reputation through efforts to reduce negative impacts and increase positive impacts through your business.

Category		Related Dependencies and Impacts on Nature	Assumed Opportunity
Sustainability Opportunities	Sustainable use of natural resources	【Impact】Resource use/recovery, pollution/decontamination	・By reusing the housing of oxygen concentrators, the use of virgin materials such as resins and plastics can be reduced.
		【Impact】Resource use/recovery	・Convert raw materials to sustainable natural resources, such as recycling water resources and using renewable mineral resources.
	Ecosystem protection, restoration, and regeneration	【Impact】GHG emissions, non-GHG air pollution, soil pollution, water pollution	・Contribute to reducing pollution by providing products that reduce GHG and pollutant emissions.

Risk Management

As our group operates globally across many fields, we recognize that each business faces various risks and opportunities. Therefore, we identify and respond to risks and opportunities on a business-by-business basis. For risks and opportunities related to the environment, including biodiversity conservation, we will monitor regulatory trends and other factors to assess their impact on each business and take appropriate action.

The Risk Management Committee analyzes and assesses risks from a company-wide perspective, considering their potential impact on business continuity and goal achievement, their likelihood of occurrence, and the status of countermeasures. Risks identified as requiring priority attention are designated as "priority risks," with a responsible department assigned, and the Risk Management Committee monitors the progress of mitigation activities. We also assess risks related to ESG, including environmental and human rights issues, and will expand our consideration to include biodiversity-related risks going forward. Meanwhile, material opportunities are reviewed by the CSR and Sustainability Committee and, where necessary, reflected in our management strategies and Key Management Priorities.

Risk Management →

Metrics and Targets

In "Eco Vision 2030," our group has set quantitative targets for climate change response, water resource conservation, and waste management, and is actively pursuing these initiatives. We recognize that our business activities impact biodiversity through the use of energy and resources and the emission of environmentally hazardous substances. Therefore, we believe that working towards the achievement of these Eco Vision targets also contributes to the conservation of biodiversity. Going forward, we will review the direction of our targets from a new perspective based on the LEAP approach and formulate corresponding measures.

Eco Vision →   Sustainability Data (Non-Financial Information) →

Sustainability Data (Non-Financial Information)

Environmental Management ⌄   Environmental Accounting ⌄   Environment Data ⌄

Compliance with Environmental Laws and Regulations ⌄

Providing Environmentally Friendly Products ⌄   Human Resource Management ⌄

Human Resource Development ⌄   Diversity ⌄   Work-life Balance ⌄

Occupational Health and Safety ⌄   Product Quality ⌄   Social Contribution Activities ⌄

Communication with Stakeholders ⌄   Corporate Governance ⌄   Compliance ⌄

Appropriate Tax Payment ⌄   R&D ⌄

Environmental Management

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
Acquisition rate of ISO14001	%	Niterra Group	93	93	96	95	92

[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	2023	2024
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)	5,276.0	3,559.1
Cost saving	Energy cost saving achieved from energy conservation efforts	million yen		175.1	177.3
	Reduction of water expenses through water saving	million yen		1.9	5.6
	Waste disposal cost saving achieved by resource conservation and recycling efforts	million yen		6.2	1.4
Total				5,459.2	3743.3

＜Quantity of environmental conservation benefits＞

Effect measured in the business area	Types of effect		Unit	Scope of tabulation	2023	2024	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)	30,817	30,998	181
		Gas	million ㎥		1,054	1,038	-16
		LPG	tons		4,927	5,365	438
	Water consumption	Tap water	㎥		694,339	718,033	23,694
		Well water	㎥		349,755	394,028	44,273
	Amount of PRTR substances treated		tons		741	781	41
Effect measured with respect to environmental load and waste from business activities	CO$_2$ emission from energy consumption		tons		137,769	139,825	2,056
	Waste	Effectively used	tons		9,882	9,118	-764
		Not effectively used	tons		156	140	-16
	Amount of PRTR substances released into air and water		tons		86	65	-21

[Calculation method] Energy consumption. CO$_2$ emission from energy consumption : Excluding the amount used for and CO$_2$ emitted from the transportation activities

97

Environment Data

		Unit	Scope of tabulation	Eco Vision Standard Value (2018)	2020	2021	2022	2023	2024
Management of Water	Total water consumption	10,000㎥	Niterra Group	—	153	165	161	146	154
	Basic Unit	10,000 ㎥/Million yen	Niterra Group	5.40	5.13	4.92	4.40	3.75	3.91
	Total water discharge	10,000㎥	Niterra Group	—	153	165	161	146	154
Management of Waste	Total waste generated	tons	Niterra Group	—	20,237	22,686	21,188	20,742	20,332
	Basic Unit	Tons/Million yen	Niterra Group	0.075	0.068	0.068	0.058	0.053	0.051
	Effectively used	tons	Niterra Group	—	18,223	20,712	19,344	18,711	18,415
	Not effectively used	tons	Niterra Group	—	2,014	1,974	1,843	2,196	1,917
	Effective utilization rate	%	Niterra Group	—	90.0	91.3	91.3	89.5	90.6
	On-site inspection at waste disposal company facilities	cases	Niterra Co., Ltd. and Groups in Japan	—	57	39	63	42	32
Management of Chemical Substances	Amount of PRTR substances treated	tons	Niterra Co., Ltd. and Groups in Japan	—	682.4	755.0	781.4	740.5	724.8
	Amount of PRTR substances released	tons	Niterra Co., Ltd. and Groups in Japan	—	125.4	139.1	151.4	85.6	65.0
	(Toluene)	tons	Niterra Co., Ltd. and Groups in Japan	—	114.5	129.3	143.7	83.5	63.7
	(Xylene)	tons	Niterra Co., Ltd. and Groups in Japan	—	1.1	1.0	1.1	0.4	0.0
	(Other)	tons	Niterra Co., Ltd. and Groups in Japan	—	9.8	8.8	6.7	1.8	1.3

		Unit	Scope of tabulation	Eco Vision Standard Value (2018)	2020	2021	2022	2023	2024
Energy consumption	Total energy consumption	MWh	Niterra Group	—	780,112	825,807	739,044	694,026	700,031
	Total nonrenewable energy consumption	MWh	Niterra Group	—	779,822	823,783	674,410	600,956	570,759
	(Fuels)	MWh	Niterra Group	—	326,302	338,530	275,900	251,348	255,796
	(Electricity)	MWh	Niterra Group	—	453,520	485,252	398,510	349,608	314,962
	Total renewable energy generation	MWh	Niterra Group	—	290	2,024	64,634	93,070	129,273
	Purchased electricity	MWh	Niterra Group	—	0	0	62,144	84,520	118,726
	Generated electricity	MWh	Niterra Group	—	290	2,024	2,490	8,549	10,547
Greenhouse gas emissions (Scope 1,2)	Total direct GHG emissions [Scope 1]	10,000 tons-CO_2	Niterra Group	6.96	6.21	6.44	5.29	4.80	4.58
	Total indirect GHG emissions [Scope 2]	10,000 tons-CO_2	Niterra Group	21.0	19.5	20.1	16.1	14.3	14.5
	Scope 1+2	10,000 tons-CO_2	Niterra Group	27.9	25.7	26.5	21.4	19.1	19.1
	Reduction rate compared to FY2018*	%	Niterra Group	—	-11.1	-8.2	-26.0	-31.5	-31.7
	Basic Unit	tons-CO_2/Million yen	Niterra Group	—	0.86	0.79	0.59	0.49	0.48

[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.

*In calculating the emission reduction ratio, the baseline emissions are reviewed annually to reflect changes in the number of group companies.

＜Greenhouse gas emissions (Scope 3)＞

	Unit	Scope of tabulation	Eco Vision Standard Value (2018)	2020	2021	2022	2023	2024
1．Purchased goods and services	10,000 tons-CO$_2$	Niterra Group	115.3	122.01	169.03	197.48	179.00	208.04
2. Capital goods			19.6	11.08	11.49	7.86	9.25	13.60
3. Fuel- and energy-related emissions not included in scope 1 or scope 2			4.3	4.29	4.60	4.34	4.13	4.15
4. Upstream transportation and distribution			16.6	12.86	15.03	8.75	6.14	6.32
5. Waste generated in operations			0.6	0.71	0.77	0.78	0.91	0.29
6. Business travel			0.2	0.21	0.21	0.21	0.21	0.20
7. Employee commuting			2.0	2.10	1.47	1.46	1.45	1.41
8. Upstream leased assets			—	Not Applicable				
9. Downstream transportation and distribution			—	(Included in Category 4)				
10. Processing of sold products			—	Not Applicable				
11. Use of sold products			970.32	878.07	939.95	909.10	749.36	743.50
12. End-of-life treatment of sold products			0.06	0.05	0.06	0.06	0.06	0.06
13. Downstream leased assets			—	Not Applicable				
14. Franchises			—	Not Applicable				
15. Investments			—	Not Applicable				
Total			1,128.9	1,031	1,143	1,130	951	978

[Calculation method]

1 : Calculated by multiplying the amount of goods purchased 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 and intangible assets (shown in the financial statements) 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.

3：For power consumption, calculated by multiplying the amount used 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. For gases, etc., calculated by multiplying the amount used with the relevant value retrieved from the IDEA LCA database.

4：For domestic transportation, calculated by multiplying the volume of procurement and outbound transportation 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. For overseas transportation, calculated by multiplying the amount of transportation for procurement and shipment by the relevant values in the "IDEA LCA Database".

5 : Calculated by multiplying the amount of waste emissions 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 or the "IDEA LCA Database".

6 : Calculated by multiplying the number of employees at each corporation 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.

7 : Calculated by multiplying the estimated fuel consumption calculated from the number of employees and commuting expenses for gasoline by the emissions intensity of the Law Concerning the Promotion of the Measures to Cope with Global Warming, and for others 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.

11: Calculated by multiplying energy consumption per unit time of sold products by shipment quantity and service life. For plugs, the LCA tool of the Japan Auto Parts Industries Association (JAPIA) was used; for sensors, the gasoline CO_2 emission factor of the Law Concerning the Promotion of the Measures to Cope with Global Warming; and for other products, the electricity CO_2 emission factor of the IEA.

12：Calculated by multiplying the estimated weight of products shipped 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.

＜Proportion by region in FY2024＞

		Unit	Japan	Asia	North America	South America	Europe	Africa
Water	Consumption	10,000 ㎥	116	25	1	12	1	0
		%	75.2	16.0	0.8	7.5	0.3	0.1
	Emissions	10,000 ㎥	116	25	1	12	1	0
		%	75.2	16.0	0.8	7.5	0.3	0.1
Waste	Emissions	t	11,897	3,242	2,182	2,511	450	49
		%	58.5	15.9	10.7	12.4	2.2	0.2
Greenhouse gas	Emissions	10,000 tons-CO$_2$	15.0	2.5	0.9	0.6	0.1	0.1
		%	78.6	13.0	4.7	2.9	0.4	0.4

＜Waste plastic emissions from domestic group companies＞

	Unit	Scope of tabulation	2022	2023	2024
Waste plastic emissions	t	Niterra Co., Ltd.	51.3	40.3	33.2
		SparkTec WKS CO., LTD.	50.1	47.7	52.8
		NICHIWA KIKI CO., LTD.	2.5	1.8	2.2
		NTK CERAMIC CO., LTD.	237.1	110.1	27.8
		CERAMIC SENSOR CO., LTD.	101.5	101.5	63.6
		NITTOKU ALPHA SERVICE CO., LTD.	0.9	0.4	0.8
		NANSEI CERAMIC CO., LTD.	16.4	18.5	16.9
		NTK CERATEC CO., LTD.	31.6	186.9	30.2
		MORIMURA SOFC TECHNOLOGY CO., LTD.	1.7	1.2	1.8
		NTK Medical CO., LTD.	2.8	1.8	3
		CECYLLS	6.9	0.4	1
		NITTOKU SMILE CO., LTD.	0.2	0.2	0.2

Compliance with Environmental Laws and Regulations

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
Environment-related violations	cases	Niterra Group	2	2	2	0	1
Environment-related fine	yen	Niterra Group	0	0	1	0	0
Environment-related complaints	cases	Niterra Co., Ltd. and Groups in Japan	2 *Not include overseas group companies	4	1	1	1

Providing Environmentally Friendly Products

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
Sales ratio of precious metal plugs*	%	Niterra Group	41	40	43	47	46
Sales ratio of wide range oxygen sensor*	%	Niterra Group	37	37	39	40	41

* "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%.

Human Resource Management

		Unit	Scope of tabulation	2020	2021	2022	2023	2024
Number of employees * as of March 31		people	Niterra Group * Adopted IFRS for fiscal	16,391	16,145	16,247	15,980	15,644
		people	Niterra Co., Ltd.	5,891	3,617	3,554	3,431	3,295
Number of temporary employees * as of March 31		people	Niterra Co., Ltd.	473	108	121	131	91
Average age * as of March 31	Men	years	Niterra Co., Ltd.	41.5	41.5	41.4	42.1	42.7
	Women	years	Niterra Co., Ltd.	38.7	39.6	39.5	40.0	40.7
	Total	years	Niterra Co., Ltd.	41.0	41.0	41.1	41.8	42.3
Average length of service	Men	years	Niterra Co., Ltd.	17.8	16.7	19.8	17.8	18.0
	Women	years	Niterra Co., Ltd.	17.2	16.9	17.3	17.1	17.0
	Total	years	Niterra Co., Ltd.	17.7	16.7	19.3	17.7	17.8
Average annual salary		yen	Niterra Co., Ltd.	6,362,393	6,725,908	6,896,899	7,529,538	8,296,527
		yen	Niterra Co., Ltd. (Regular employees excluding those on leave)	6,781,248	7,402,134	7,631,714	8,313,518	9,121,251
		yen	Niterra Co., Ltd. (Regular employees excluding limited-area employees, employees working shorter hours, and employees on leave)	7,152,791	7,737,761	7,990,375	8,940,448	9,874,069
Employee who left the company	Men	people	Niterra Co., Ltd.	114 (Including 9 transferees)	140 (Including 45 transferees)	194 (Including 97 transferees)	206 (Including 87 transferees)	194 (Including 116 transferees)
	Women	people	Niterra Co., Ltd.	32 (Including 2 transferees)	37 (Including 3 transferees)	26 (Including 13 transferees)	30 (Including 3 transferees)	15 (Including 4 transferees)
	Total	people	Niterra Co., Ltd.	146 (Including 11 transferees)	177 (Including 48 transferees)	220 (Including 110 transferees)	235 (Including 90 transferees)	209 (Including 120 transferees)
Turnover rate	Total employee turnover rate	%	Niterra Co., Ltd.	3.59	4.71	6.27	4.26	5.40
	Voluntary employee turnover rate	%	Niterra Co., Ltd.	2.12	3.51	3.29	2.97	2.49

		Unit	Scope of tabulation	2020	2021	2022	2023	2024
New graduate hiring	Men	people	Niterra Co., Ltd.	84	40	21	29	27
	Women	people	Niterra Co., Ltd.	26	21	13	14	28
	Total	people	Niterra Co., Ltd.	110	61	34	43	55
	Foreign nationality	people	Niterra Co., Ltd.	5	6	2	1	1
Career hiring	Men	people	Niterra Co., Ltd.	26	30	34	42	34
	Women	people	Niterra Co., Ltd.	9	3	6	11	8
	Total	people	Niterra Co., Ltd.	35	33	40	53	42
	Foreign nationality	people	Niterra Co., Ltd.	0	0	0	2	2
	Hired as a manager	people	Niterra Co., Ltd.	6	8	13	12	11
Employee engagement	Response rate	%	Niterra Co., Ltd. and Groups in Japan	88.0	87.6	92.6	96.3	96.2
	Overall satisfaction (maximum 5 points)	points	Niterra Co., Ltd. and Groups in Japan	3.34	3.30	3.33	3.46	3.48

[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	2020	2021	2022	2023	2024
Average hours of training	hours	Niterra Co., Ltd. and Groups in Japan	3	4	11	12	13
Average amount spent on training	yen	Niterra Co., Ltd. and Groups in Japan	8,324	10,809	14,641	22,378	23,018

[Calculation method] Calculated for the training (level-specific, global, etc.) provided by the Strategic Human Resources Department

Diversity

		Unit	Scope of tabulation	2020	2021	2022	2023	2024
Regular employees * As of March 31	Men	people	Niterra Co., Ltd.	4,734	3,017	2,947	2,832	2,684
	Women	people	Niterra Co., Ltd.	1,057	600	607	599	611
	Percentage of women	%	Niterra Co., Ltd.	18.3	16.6	17.1	17.5	18.5
Managers (Core Positions) *As of April 1	Men	people	Niterra Co., Ltd.	978	780	672	713	716
	Women	people	Niterra Co., Ltd.	26	26	35	41	42
	Percentage of women	%	Niterra Co., Ltd.	3.6	3.4	3.6	4.8	5.4 [*1]
Ratio of women, foreign nationals and career recruits in managerial positions [*2] *As of April 1		%	Niterra Co., Ltd.	14.5	17.0	19.9	24.9	26.4 [*3]
Supervisors * As of April 1	Men	people	Niterra Co., Ltd.	1,264	1,024	968	955	1,008
	Women	people	Niterra Co., Ltd.	39	47	48	58	64
	Percentage of women	%	Niterra Co., Ltd.	2.99	4.39	4.96	5.73	5.97
Generalists (Classified, Considered) * As of April 1	Men	people	Niterra Co., Ltd.	3,202	1,383	1,209	1,050	998
	Women	people	Niterra Co., Ltd.	612	255	217	247	254
	Percentage of women	%	Niterra Co., Ltd.	16.0	15.6	15.2	19.0	20.3
Percentage of disabled employees		%	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.	2.46	2.36	2.59	2.75	2.71
Employee age group * As of March 31	Under 30 years old	%	Niterra Co., Ltd.	17	17	16	14	12
	30 to 50 years old	%	Niterra Co., Ltd.	62	61	59	60	60
	50 years and over	%	Niterra Co., Ltd.	21	22	25	26	28
Reemployed * As of March 31		people	Niterra Co., Ltd.	208	132	120	149	138

101

[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

*1   The ratio of women, excluding managerial-level professional positions, is 5.61% (as of the end of March 2025).

*2   We aim to increase the "ratio of women, foreign nationals and career recruits in managerial positions" to 25% in fiscal 2030.

*3   Within the domestic group, "ratio of women, foreign nationals and career recruits in managerial positions" is 26.9% (as of the end of March 2025, excluding managerial-level professionals).

* About role grading system for managers (core positions)：https://www.sustainability.nitterragroup.com/en/themes/176/

＜Percentage of women by level＞

	Unit	Scope of tabulation	2022	2023	2024
Directors * As of April 1	%	Niterra Co., Ltd.	36	36.4	36.4
Excutive officers and Corporate officers * As of April 1	%	Niterra Co., Ltd.	0	3.57	3.84
All Managers * As of April 1st of the following year until FY2023, and as of March 31st from FY2024	%	Niterra Co., Ltd.	4.95	5.44	5.66
Senior Managers * As of April 1st of the following year until FY2023, and as of March 31st from FY2024	%	Niterra Co., Ltd.	3.26	3.03	2.45
Supervisors * As of April 1st of the following year until FY2023, and as of March 31st from FY2024	%	Niterra Co., Ltd.	4.96	5.73	5.84

＜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.	66.1	85.2	67.3
		SparkTec WKS CO., LTD.	74	97.8	75.2
		CERAMIC SENSOR CO., LTD.	71.6	78.3	73.0
		NTK CERATEC CO., LTD.	70.6	66.1	66.5
		NTK CERAMIC CO., LTD.	58.7	72.1	52.0
		NANSEI CERAMIC CO., LTD.	70.5	80.5	70.9

*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.

*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	2020	2021	2022	2023	2024
Maternity/ Child care	Employees who took maternity leave	people	Niterra Co., Ltd.	47	30	23	26	25
	Employees who took child care leave (Men)	people	Niterra Co., Ltd.	13	24	55	69	66
	Employees who took child care leave (Women)	people	Niterra Co., Ltd.	36	35	25	24	24
	Percentage of employees who returned to work after taking child care leave	%	Niterra Co., Ltd.	94	94	98	100	100
	Users of the short working hour system for child care	people	Niterra Co., Ltd.	41	23	26	17	21
Long-term nursing care leave	Employees who took nursing care leave	people	Niterra Co., Ltd.	1	2	2	1	1
	Users of the short working hour system for nursing care	people	Niterra Co., Ltd.	1	1	1	0	1
Users of the short working hour system for other reasons (not childcare/nursing care)		people	Niterra Co., Ltd.	2	4	4	3	4
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.	1,884	1,955	1,834	1,848	1,830
	Average overtime working hours	hours/month	Niterra Co., Ltd.	8	11	15	15	15
Paid holidays	Paid holidays granted to employees	day(s)	Niterra Co., Ltd.	19.6	19.5	19.5	—	19.5
	Paid holidays taken by employees	day(s)	Niterra Co., Ltd.	14.0	15.0	15.0	—	16.0
	Rate of usage	%	Niterra Co., Ltd.	71.2	75.6	76.8	—	82.5
NGK SPARK PLUG Group labor union participation rate * 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	94	98	100	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	2024
Percentage of male employees taking childcare leave	%	Niterra Co., Ltd.	52	60	78
		SparkTec WKS CO., LTD.	34	45	55
		CERAMIC SENSOR CO., LTD.	65	50	75
		NTK CERATEC CO., LTD.	47	55	63
		NTK CERAMIC CO., LTD.	25	67	100
		NANSEI CERAMIC CO., LTD.	— (*1)	— (*1)	50

*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

Occupational Health and Safety

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
Acquisition rate of ISO45001	%	Niterra Group	—	48.4	72.2	88.2	96.8

[Calculation method] Percentage of employees working at ISO45001-certified sites

		Unit	Scope of tabulation	2020	2021	2022	2023	2024
Total accident frequency rate		—	Niterra Co., Ltd. (Including temporary employees)	0.93	0.90	0.42	0.69	1.04
		—	Group companies in Japan	—	—	2.24	2.83	2.83
Frequency rate of accidents requiring leave from work	Total	—	Niterra Co., Ltd.	0.34	0.13	0.00	0.14	0.30
	Employees	—	Niterra Co., Ltd.	0.27	0.13	0.00	0.14	0.30
	Temporary employees	—	Niterra Co., Ltd.	1.13	0.00	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	0.14

[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	2020	2021	2022	2023	2024
Lost Time Incidents	cases	Niterra Co., Ltd.	4	1	0	1	2
		Groups Companies in Japan	6	7	12	12	8
		Overseas Group Companies	—	24	8	8	14
No Lost Time Incidents	cases	Niterra Co., Ltd.	7	6	3	4	5
		Groups Companies in Japan	11	10	15	17	22
		Overseas Group Companies	—	8	6	4	9

＜Number of work-related fatalities＞

		Unit	Scope of tabulation	2020	2021	2022	2023	2024
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	2024
Stratified training participant	Health and safety training for third-year employees	people	Niterra Co., Ltd. and Group companies in Japan	295	140	121
	Health and safety training for tenth-year employees			240	145	161
	Health and safety training for chiefs			110	220	184
	Health and safety training for new managers			70	72	71
Specialized training participant	Chemical education for workers			73	128	94
	Chemical education for managers			86	130	129
Total				874	835	760

Product Quality

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
Number of vehicles recalled	vehicles	Niterra 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	2020	2021	2022	2023	2024
Cash contributions	million yen	Niterra Group	496.1	464.8	476.7	967.1	846.3
Time: employee volunteering during paid working hours			8.4	10.6	38.1	20.1	8.7
In-kind giving: product or services donations, projects / partnerships or similar			1.3	11.3	65.6	4.0	16.6
Management overheads			0.03	0.01	7.11	0.00	0.00
Total			505.8	486.7	587.6	991.2	871.6

Communication with Stakeholders

Stakeholder	Communication	Major activities	Frequency & no. of articipants per year		
			2022	2023	2024
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	235 times*	279times*	281times*
		●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 310 people)	4 times (A total of 402 people)	4 times (A total of 394 people)
		●Organization of ESG briefings	1 time	1time	0time
		●Organization of online briefings on the company for personal investors	1 times (A total of 724 people)	2 times (A total of 2,260 people)	1 times (A total of 315 people)
		●Publication of the newsletters for shareholders	1 time	1 time	1 time
		●Publication of an annual integrated report	Sep.	Sep.	Sep.
		●Provision of information via the website	From time to time		
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.	●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		
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	May	May	May
		●Organization of seminars on practical issues	7 seminars	11 seminars	13 seminars

Stakeholder	Communication	Major activities	Frequency & no. of articipants per year		
			2022	2023	2024
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 459 people)	From time to time at each plant (A total of 511 people)	From time to time at each plant (A total of 408 people)
		●Environment-related plant tours	From time to time at each plant (A total of 188 people)	From time to time at each plant (A total of 589 people)	From time to time at each plant (A total of 685 people)
		●Environmental meetings	From time to time at each plant (A total of 5 people)	From time to time at each plant (A total of 20 people)	From time to time at each plant (A total of 6 people)
		●Communication through cultural and sport events	—	—	—
		・2020 NGK SPARK PLUG Suzuka 2&4 Race	Apr.	Mar.	Mar.
		・NGK SPARK PLUG FC Gifu football class for children	Sep.	Dec.	Jan.
		・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		
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	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)	97 calls received	111 calls received	107 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 FY2024

【Each dialogue partner】

Dialogue partner	Number of times
Securities analysts	52 times
Domestic institutional investors	118 times
Foreign institutional investors	111 times
Total	281 times

【Each responder】

Responder	Number of times
President	22 times
Board member	15 times
Sustainability division	1 times
IR division	243 times
Total	281 times

Corporate Governance

＜Board of Directors and Board of Auditors＞

		Unit	Scope of tabulation	2021	2022	2023	2024	2025
Directors	Men	people	Niterra Co., Ltd.	10	7	7	7	7
	Women	people		1	4	4	4	4
	Percentage of women	%		9	36	36	36	36
	Outside directors (independent officers)	people		4	7	7	7	7
	Percentage of outside directors*	%		36	64	64	64	64
	Percentage of female and non-Japanese directors*	%		18	45	45	36	36
	Average tenure	years		5.8	5.4	5.5	4.8	5.2
Audit Committee members *	Men	people		—	2	2	2	2
	Women	people		—	2	2	2	2
	Percentage of women	%		—	50	50	50	50
	Outside directors (independent officers)	people		—	3	3	3	3
Board of directors	Frequency	times		12	12	13	12	—
	Average attendance rate	%		100	99	97	100	—

＊ 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.

＊ We transitioned into a Company with Audit and Supervisory Committee in fiscal year 2022.

<Remuneration and bonus paid to directors in fiscal 2024>

	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)	494	296	151	46	8
(Outside directors)	(62)	(62)	(-)	(-)	(5)
Directors who are Audit and Supervisory Committee Members	87	87	-	-	6
(Outside directors)	(46)	(46)			(4)

*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."

*4 The total amounts of "bonuses" and "performance-linked, stock-based remuneration" are the amounts recorded as expenses during the current fiscal year. Note that there is a difference (20 million yen) between the total amount of bonuses disclosed in the business report for fiscal year 2023 and the actual amount of bonuses paid in June 2024 to directors who were in office in fiscal year 2023, but this is not included in the table above.

*5 The above includes compensation for one outside director (excluding directors who are Audit and Supervisory Committee members) who retired at the conclusion of the 124th Ordinary General Meeting of Shareholders and two directors who are Audit and Supervisory Committee members (one of whom is an outside director).

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

Annual Securities Report 🔗

Compliance

<In-house Reporting System>

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
Consultation requests/ reports made internally	cases	Niterra Co., Ltd. and Groups in Japan	63	32	97	111	107

[Calculation method] Number of cases of consultation requests/reports received through the Corporate Ethics Helpline

<Anti-corruption>

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
Violations of laws related to anti-corruption	cases	Niterra Group	0	0	0	0	0

<Political Donation>

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
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

＜FY2023　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	6,010	714	222	239	8,191
United States	1,788	10	23	25	2,197
Germany	1,292	121	13	28	616
China	822	61	16	16	763
Other	2,600	248	42	59	4,144
Total	12,512	1,155	316	368	15,911

※　Revenue: Sales (including intra-group revenue), non-operating revenue (excluding intra-group dividends).
※　Tax paid: Amount of corporate tax, etc. paid for the fiscal year ending March 2024.
※　Tax incurred: Amount of corporate tax, etc. recorded on the income statement for the fiscal year ending March 2024 (excluding corporate tax, etc. adjustments recorded under tax-effect accounting).
※　Number of employees: Number as of the end of March 2024.

R&D

	Unit	Scope of tabulation	2020	2021	2022	2023	2024
R&D expenses	millions of yen	Niterra Group	26,115	23,685	27,887	27,848	28,144
Ratio of R&D	%		6.11	4.82	4.96	4.53	4.31

[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.

WE SUPPORT UN GLOBAL COMPACT	**The United Nations Global Compact (UNGC)** 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." United Nations Global Compact Participation →
SUSTAINABLE DEVELOPMENT GOALS	**Sustainable Development Goals (SDGs)** 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. Our Commitments to SDGs →
In support of **WOMEN'S EMPOWERMENT PRINCIPLES** Established by UN Women and the UN Global Compact Office	**Women's Empowerment Principles (WEPs)** 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.
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	**Task Force on Climate-related Financial Disclosures (TCFD)** 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. Support for the TCFD Recommendations →

Taskforce on Nature-related Financial Disclosures (TNFD) Forum

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.

TNFD Forum

CDP

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.

CDP

Science Based Targets initiative (SBTi)

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.

GX League

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.

GX League

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 Evaluation of Our ESG Initiatives

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 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 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

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 ⧉

MSCI NIHONKABU ESG SELECT LEADERS INDEX

The index for Japanese equities is created by MSCI (U.S.A.) and composed of companies with high ESG ratings from each industry.

MSCI NIHONKABU ESG SELECT LEADERS INDEX ⧉

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI JAPAN EMPOWERING WOMEN INDEX

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.

MSCI JAPAN EMPOWERING WOMEN INDEX ⧉

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index

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.
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.

Morningstar Japan ex-REIT Gender Diversity Tilt Index ⧉

S&P/JPX Carbon Efficient Index

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).

S&P/JPX Carbon Efficient Index ⧉

SOMPO Sustainability Index

We are selected as a member company of the SOMPO Sustainability Index.
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 since 2020.

iSTOXX MUTB Japan Platinum Career 150 Index

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.

iSTOXX® MUTB Japan Platinum Career 150 Index 🔗

＜Evaluation of Major External Surveys＞

CDP

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.

	2022	2023	2024
Climate Change	B	A	A-
Water Security	B	A-	A-

CDP 🔗

CDP Supplier Engagement Rating

CDP evaluates companies' efforts to address climate change issues throughout their entire supply chains.
We have received an A- rating since 2022, and in 2024 we were selected for the first time as a "Supplier Engagement Leader," the highest rating.

2022	2023	2024
A-	A-	A

MSCI ESG Ratings

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.

2023	2024	2025
AAA	AAA	AAA

MSCI ESG Ratings 🔗

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 🔗

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 fifth consecutive years since 2020.

2022	2023	2024
★★★★	★★★★	★★★★

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 2025, it was implemented for 1,715 companies and our company was ranked 108th.

2023	2024	2025
140th	121st	108th

*FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Niterra Co., Ltd. has been independently assessed, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices and are used by a wide used variety of market participants to create and assess responsible investment funds and other products.

*THE USE BY Niterra Co., Ltd. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Niterra Co., Ltd. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

*Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Niterra Co., Ltd. to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Niterra Co., Ltd. ranks within the top group of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt IndexSM ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Niterra Co., Ltd. solely for informational purposes. Niterra Co., Ltd. use of the Logo should not be construed as an endorsement by Morningstar of Niterra Co., Ltd. or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Niterra Co., Ltd. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

Major Award and Certification

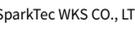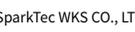The following are the main awards and certification received by our Group for our CSR-related initiatives.

In Fiscal 2025

Recipient	Award	Organizer
Niterra Co., Ltd.	Selected as "Climate Leaders Asia-Pacific 2025"	Financial Times、Statista

In Fiscal 2024

Recipient	Award	Organizer
Niterra Co., Ltd.	Selected as one of the Nadeshiko Brands	the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange
Niterra Co., Ltd.	Certified as 2025 Outstanding Organizations of KENKO Investment for Health (White500)	the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi
SparkTec WKS CO., LTD.	Certified as 2025 Outstanding Organizations of KENKO Investment for Health Program (Large Enterprise Category) SparkTec WKS CO., LTD.	the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi
NITTOKU ALPHA SERVICE CO., LTD.	Certified as 2025 Outstanding Organizations of KENKO Investment for Health Program (Small and Medium-Sized Enterprise Category) NITTOKU ALPHA SERVICE CO., LTD.	the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi

Recipient	Award	Organizer
Niterra Co., Ltd.	Selected as "The Sustainability Yearbook Member".	S&P Global
Niterra Co., Ltd.	Certified as "SPORTS YELL COMPANY" Bronze for 2025	JAPAN SPORTS AGENCY
SparkTec WKS CO., LTD.	Certified as "SPORTS YELL COMPANY" for 2025 SparkTec WKS CO., LTD.	JAPAN SPORTS AGENCY
Niterra Co., Ltd.	Certified as "Nagoya City Childcare Support Company" and received the Grand Prize	Nagoya City
SparkTec WKS CO., LTD.	Certified as "Kagoshima "how to work, reform" promotion enterprise SparkTec WKS CO., LTD.	Kagoshima Prefecture
SparkTec WKS CO., LTD.	Certified as "Gifu Prefecture Work-Life Balance Promotion Excellent Company" for 2024 SparkTec WKS CO., LTD.	Gifu Prefecture

Recipient	Award	Organizer
Niterra Co., Ltd.	Certified as the highest ranking "Best Workplace" of "D&I AWARD 2024"	JobRainbow, Inc.
Niterra Co., Ltd.	Certified as a Gold Rating, of "PRIDE Index 2024"	work with Pride
Niterra Co., Ltd.	Received the Excellence award of "6th Platinum Career Award"	Mitsubishi Research Institute, Inc.
Niterra Co., Ltd.	Selected as "Climate Leaders Asia-Pacific 2024"	Financial Times、Statista
Niterra Co., Ltd.	Certified as "Eco-First Company"	the Ministry of the Environment

GRI Standards Comparison Table

GRI 2,3   GRI 101: Biodiversity   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	- 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	- Independent Verification Report 🗎
2.Activities and workers		
2-6	Activities, value chain and other business relationships	- Overview - Business - Global Networks - Proper Procurement > Supply Chain Management
2-7	Employees	- Sustainability Data (Non-Financial Information) > Human Resource Management - Sustainability Data (Non-Financial Information) > Diversity
2-8	Workers who are not employees	- Sustainability Data (Non-Financial Information) > 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	- Key Management Priorities
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

Disclosures	References
4. Strategy, policies and practices	
2-21 Annual total compensation ratio	
2-22 Statement on sustainable development strategy	- Sustainability > 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
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 with 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	- Key Management Priorities
3-2 List of material topics	- Key Management Priorities
3-3 Management of material topics	- Key Management Priorities

GRI 101: Biodiversity

Disclosures	References
GRI 101: Biodiversity 2024	
101-1 Policies to halt and reverse biodiversity loss	—
101-2 Management of biodiversity impacts	—
101-3 Access and benefit-sharing	—
101-4 Identification of biodiversity impacts	- Information Disclosure Based on TNFD Recommendations
101-5 Locations with biodiversity impacts	- Information Disclosure Based on TNFD Recommendations
101-6 Direct drivers of biodiversity loss	—
101-7 Changes to the state of biodiversity	—
101-8 Ecosystem services	—

200 series (Economic)

Disclosures		References
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	- Annual Securities Report The 125rd Fiscal Year (From April 1, 2024 to March 31, 2025) 📄
201-2	Financial implications and other risks and opportunities due to climate change	- Key Management Priorities - Risk Management - Information Disclosure Based on TCFD Recommendations
201-3	Defined benefit plan obligations and other retirement plans	- Annual Securities Report The 125rd Fiscal Year (From April 1, 2024 to March 31, 2025) 📄
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	- Management of Waste - Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
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	- Environmentally-friendly Products
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	- Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
303-4 Water discharge	- Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
303-5 Water consumption	- Conservation of Water Resources

Disclosures	References
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	- Information Disclosure Based on TNFD Recommendations
304-2 Significant impacts of activities, products, and services on biodiversity	- Information Disclosure Based on TNFD Recommendations
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

	Disclosures	References
GRI 306：Waste 2020		
306-1	Waste generation and significant waste-related impacts	- Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
306-2	Management of significant waste-related impacts	- Management of Waste - Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
306-3	Waste generated	- Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
306-4	Waste diverted from disposal	- Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
306-5	Waste directed to disposal	- Environmental Burdens from Business Activities - Sustainability Data (Non-Financial Information) >Environment Data
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
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 > Basic Philosophy

400 series (Social)

Disclosures		References
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	- Sustainability Data (Non-Financial Information) >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 >Cultivating a Diverse and Inclusive Environment - 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 > OHSMS (Occupational Health and Safety Management System)
403-2	Hazard identification, risk assessment, and incident investigation	- Health and Safety Activities > Reporting Procedures and Occurrence of Occupational Injuries - 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 > Health and Safety Activities
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	- Occupational Health and Safety > Reporting Procedures and Occurrence of Occupational Injuries - Sustainability Data (Non-Financial Information) >Occupational Health and Safety

Disclosures		References
403-10	Work-related ill health	- Health Promotion Activities - Sustainability Data (Non-Financial Information) >Occupational Health and Safety
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 Diverse Talent Can Thrive
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	- Diversity, Equity & Inclusion - Sustainability Data (Non-Financial Information) >Human Resource Management - Sustainability Data (Non-Financial Information) >Diversity
405-2	Ratio of basic salary and remuneration of women to men	- Sustainability Data (Non-Financial Information) >Diversity
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 - 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 - Environmental Burdens from Business Activities - 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	%*	- Key Management Priorities - Sustainability Data (Non-Financial Information) > Providing Environmentally Friendly Products - Response to Climate Change > Initiatives for Category 11: Use of sold products
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TR-AP-440a.1	Discussion and Analysis	- Proper Procurement > Promoting Responsible Procurement - Eco Vision > Eco Vision 2030 - 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 125nd Fiscal Year) > P.43, 3. Equipment and Facilities - About Us > Global Networks

Niterra

Niterra Co., Ltd.