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## Editorial Policy

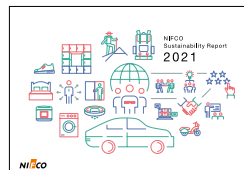
The purpose of this report is to disclose the Group's approach to sustainability and its main initiatives for all stakeholders. Through this annual Sustainability Report, we aim to enhance the disclosure of our sustainability-related information.

## Applicable Period

This report covers the results for FY2020 (April 1, 2020 to March 31, 2021), and also includes some initiatives for FY2021.

## Applicable Scope

The scope of this report is based on Nifco's domestic sites, and also includes the sustainability activities of some Nifco Group companies, including those overseas.



### About the Cover

The cover graphic introduces examples of Nifco's products. It expresses Nifco's commitment to contributing to the realization of a sustainable society by solving customers' problems with our technologies and ideas.

### How to Use this Report



● For Inquiries Regarding the Sustainability Report

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# About Nifco

## Purpose

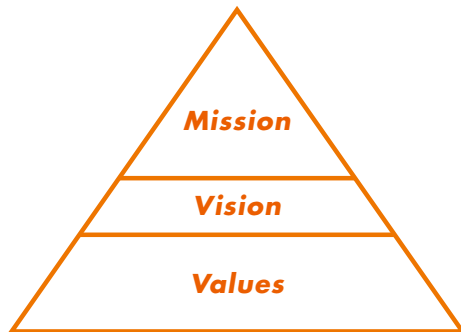
Sparking Innovation by fastening small insights with technology for a better world

## Corporate Philosophy

In order to achieve sustainable growth, Nifco has established the Corporate Philosophy as follows.

- **The beliefs that have supported Nifco up to now and should be passed on.**
- **The determination for the future that Nifco needs.**

The Corporate Philosophy incorporates both of these elements, and the slogan expresses Nifco's promise to our stakeholders.



Corporate Slogan

**WOWING THE WORLD**

### Mission

Nifco generates ideas and cultivates technology to turn your expectations into excitement.

### Vision

Driving change with growing inventiveness

### Values

- This is Nifco -

#### **Be proactive and break through**

[Take a forward-looking attitude in acting: disrupt common sense to realize new paradigms]

#### **Communicate and collaborate**

[Exchange ideas with others freely and frankly: work together as one team]

#### **Challenge and innovate**

[Take on new challenges adventurously: explore and implement new ideas]

## Nifco Group Charter of Corporate Behavior

Based on the following ten principles, Nifco will act with high ethical standards while complying with relevant laws, regulations, international rules, and the spirit of such laws and regulations in order to create a sustainable society.

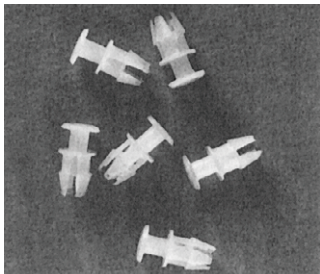
\* Nifco: All companies across Nifco Group

1. As a creative company, Nifco will develop and provide safe, comfortable, and environmentally friendly products and services through innovation, contributing to sustainable economic growth and solutions to social issues.
2. Nifco will engage in fair and free competition, appropriate transactions, and responsible procurement. Nifco will also maintain sound political and governmental relationships.
3. Nifco will disclose corporate information as appropriate and engage in constructive interaction with a wide range of stakeholders, both internal and external, in order to continue to enhance our corporate value.
4. Nifco will conduct management that respects the human rights of all people. Nifco prohibits discrimination and infringement of human rights on any grounds, including nationality, race, age, gender, sexual orientation, gender identity, and disability. Nifco does not recognize slave labor, forced labor, or child labor.
5. Nifco will provide customers and consumers with appropriate information about its products and services, and will communicate with them in good faith to gain their satisfaction and trust.
6. Nifco will actively promote diversity and inclusion by realizing a working style that respects diversity, personality and individuality, believing that making the most of differences in personal attributes and values will lead to new ideas, innovation and creativity, which is also our company's philosophy. Nifco will also aim for a comfortable working environment that takes health and safety into consideration.
7. Nifco is aware that addressing environmental issues is a common challenge for all humankind and an essential requirement for both a company's activities and existence. We will contribute to the protection of the global environment through all of our corporate activities.
8. Nifco, as a good corporate citizen, will both actively participate in, and contribute to society's development in all the countries where it operates.
9. Nifco will strive to implement organizational crisis management to readily respond to the actions of antisocial forces, terrorism, cyber attacks and natural disasters that threaten the lives of citizens and corporate activities. In addition, we will give all due consideration to the protection and safeguard of personal information and customer information.
10. Nifco's top management will embody the spirit of this Charter when managing the company, and will establish effective governance to ensure that all employees are aware of it, and will encourage all employees to act in accordance with the spirit of this Charter. In addition, in the event of a situation that violates the spirit of this Charter resulting in a loss of trust from society, top management will work to resolve the problem, investigate the cause, and prevent a recurrence.

# About Nifco

## Nifco's History

Nifco was founded in 1967 for the purpose of manufacturing and selling plastic fasteners for industrial usage. The current name NIFCO is the acronym of the original company name, "Nippon Industrial Fastener Corporation."



Plasti rivet, our first product



Nifco has the largest share of the fastener market in Japan

Plastic fasteners play the role of connecting, bundling, and tying. Nifco has introduced to Japanese industry products that make the most of the rustproof, lightweight, and easy-to-handle characteristics of plastic.

Our plastic fasteners greatly contributed to labor saving and cost reduction in the production process and were eventually installed in many automobiles as the automobile industry developed. Today, Nifco has the largest market share in the Japanese automotive sector.

Nifco's representative products include not only plastic fasteners, but also the world's first compact damper, the

floating latch that introduced the push-open concept to the world, products for fuel tanks that meet environmental regulations, and engine and transmission related products that require more advanced design capabilities. We have been creating products that embody ideas and technology.

The innovations created by Nifco's engineers from around the world have become new technologies and have been integrated into every aspect of our living spaces, including automobiles.

## Nifco's Strengths

### Ability to Propose Solutions to Meet Different Needs

Nifco's strongest point is its creativity in satisfying the needs of customers, regardless of their industry. Since its foundation, Nifco has always endeavored to offer solutions for customers' issues.

For example, mini-dampers that control the movement of the final products and give a luxurious feel were initially developed for consumer electronics. Nifco introduced these parts in cup holders in vehicles to achieve a more comfortable feel. Nifco creates products with high added value, and then connects the value to create further value. This is what Nifco has always done, offering its original products to provide solutions for customers' requirements and issues.

As of the end of March 2021, more than 700 Nifco

products are used in every automobile produced in Japan, and we hold approximately 3,400 intellectual property rights. We also launch about 4,000 new molds per year. Nifco strives to exceed customer expectations, and this is the driving force behind our creativity.



### Quality Responsiveness

In order to meet the ever-increasing demand for higher quality, Nifco begins its product analysis from multiple aspects in the early design phase. Nifco also proactively establishes facilities for assessing the functions of its products. Automating mass production has enabled Nifco to continuously supply high-quality products.

The trust we have built up through this quality response capability has made it possible to do business with customers around the world, earning us a high reputation not only in the automotive industry but also in the housing, home appliance, office equipment, and sports industries.

We endeavor to expand our activities into new business areas.

## About Nifco

### Global Expansion Capabilities

Our customers' needs span the globe. Nifco began its overseas expansion in 1983. Our global expansion, which began in Taiwan, has since expanded to North America, Europe, and Asia. In order to achieve further growth in the global market, we will build a system that enables us to always respond optimally to our customers while collaborating with Group companies on a global scale.



### The Future of Nifco

Nifco's history as a creative company began with a small plastic fastener. With the spirit that has been passed down to us since our founding, we have formulated our Purpose and Long-Term Vision.

### Purpose

**Sparking Innovation by fastening small insights with technology for a better world**

Nifco's unique industrial plastic fasteners took the industry, which was previously dominated by metal products, by surprise with their ability to connect, bundle, and tie together, making the most of the rustproof, lightweight, and easy-to-handle characteristics of plastic.

Our leading-edge innovations have changed the automobile manufacturing process, leading to cars with greater safety, less weight, more comfort, and reduced environmental impact.

We are expanding the use of this technology to spark innovations in home life and appliances as well as sports and outdoor equipment. Nifco will continue to lead the way for a comfortable life and a sustainable society.

### Long-Term Vision

In order to realize our Purpose, we are committed to the following:

- Create solutions that contribute to solving social issues and provide unique products and services.
- As ESG management, pursue a business model that can contribute to society, always be aware of our

corporate responsibility as a member of society, and contribute to the development of society.

Nifco aims to meet the expectations of all stakeholders, achieve sustainable growth, and maximize our corporate value through its Purpose and Long-Term Vision. Nifco will continue to generate ideas and cultivate technology to meet the expectations of society.

### External Evaluation

#### Inclusion in ESG Investment Index

Nifco is ranked by Morgan Stanley Capital International (MSCI) among the stocks in its MSCI Japan ESG Leaders Index. The index is widely used as a benchmark for asset management by investors around the world who focus on ESG initiatives. We will continue to contribute to sustainability in society by expanding our ESG activities globally.

**2021** CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

## Top Message

**We aim to realize our Purpose of “Sparking Innovation by fastening small insights with technology for a better world.”**

### Nifco Aims to Continue to Grow As a Global Company with a Unique Presence

Under the new management structure, we have announced the Purpose: “Sparking Innovation by fastening small insights with technology for a better world.” These “small insights” refer to the insights that come from working closely with customers and sincerely addressing their problems. By connecting these insights with Nifco’s technologies, we have been able to solve

problems and develop a variety of products.

This Purpose is also related to the principle of our Long-Term Vision for 2030: “A company that continues to grow as a global company with a unique presence.” Nifco’s uniqueness includes its outstanding product capabilities, efficient production system, global expansion, and high value-added management. Nifco is particularly unique in its commitment to solving customers’ problems. By valuing this attitude, Nifco has been able to win the trust of its customers and achieve continuous growth.

### Solving Society’s Problems

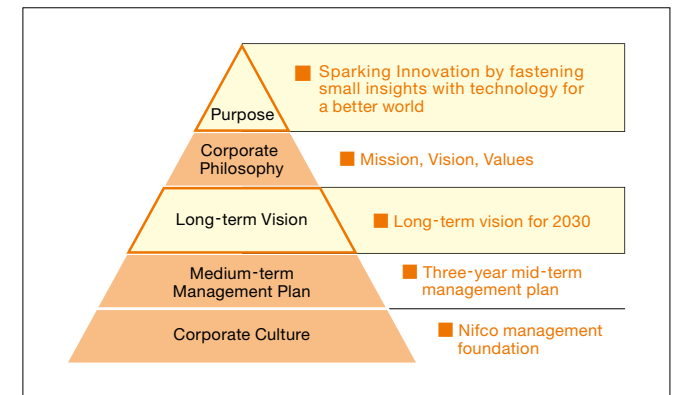
“A better world” described in our Purpose means helping to create a better world by providing opportunities for reducing physical and mental burden for people as well as environment friendly solutions.

I believe that in order to become a company that is valuable to society, we need to strengthen our problem-solving approach, which is part of Nifco’s DNA.

It is important to take a positive attitude, not only with regard to customers, but also to identify social problems and propose solutions. In order to contribute to solving social issues through our business, it is also important to expand the scope of our business.

In the future, we will focus on creating new businesses, such as providing services in addition to our products. In order to continue to retain our strong presence, we will

### Nifco Philosophy Framework



also continue to enhance our corporate value. We will continue to focus on profitability and management efficiency and maintain a “muscular management” structure that can flexibly respond to unexpected risks.

### Promoting ESG Management Integration with Business

It goes without saying that the promotion of ESG management is indispensable for Nifco to achieve its vision. I believe that the true value of ESG and SDGs can be demonstrated only when they are integrated with management.

Nifco will continue to promote awareness of ESG management within the company and clearly communicate its stance and initiatives to society. Nifco will continue to aim for sustainable growth and the maximization of corporate value by staying close to society and solving social problems through its business.



**Toshiyuki Yamamoto**  
Chairman & CEO

## Top Message

**To realize Nifco's unique ESG management, we will promote initiatives that are integrated with our business model.**

### Realization of Nifco's New Transformation

My name is Masaharu Shibao, and I have just assumed the position of President & COO. I joined Nifco in 1985 and spent the first 15 years designing products. For the next 15 years, I was involved in overseas operations, mostly in Europe and the United States.

FY2021 is the first year of the new Medium-Term Management Plan, "Nifco Global Growth Strategy," which is the first step toward achieving the Long-Term Vision. The goal of this Medium-Term Management Plan is to "Realize transformation for the next stage of growth while leveraging Nifco's strengths."

I believe that it is very important for people and companies to keep changing. It is important to keep changing from yesterday to today and from today to tomorrow. In order to realize a new transformation of Nifco and achieve further growth, I would like to apply my experience to Nifco's management.

### Nifco's Unique Approach to ESG Management

In the new Medium-Term Management Plan, we will promote "ambidextrous management" in response to changes in the business environment in order to maximize our corporate value. We will further strengthen the solid foundation of our existing businesses. We will use the capital gained from these efforts to invest in growth businesses. We will build businesses that will become the

next pillars of growth by utilizing a variety of methods, including product development in new fields and M&As.

In order to enhance our corporate value, it is extremely important to promote ESG management. Nifco is promoting a variety of initiatives, but in order for these initiatives to take root as a living form, we need to digest and incorporate the ESG and SDGs in our own way and foster a common awareness throughout the company. During the three years of the Medium-Term Management Plan, I would like to create a new corporate culture.

We believe that ESG management is meaningful only when it is consistent with the business model itself. The products provided by Nifco contribute to society by improving the fuel efficiency and recyclability of automobiles. In our manufacturing plants, we strive to save energy, use renewable energy, and reduce and recycle waste. Furthermore, we are currently in the process of discussing the establishment of KPIs in order to closely link these efforts with our business activities.

### Aiming To Be a Company that Employees' Families Can Be Proud Of

I believe that achieving Nifco's Long-Term Vision for 2030, "A company that continues to grow as a global company with a unique presence," means meeting the expectations of all Nifco's stakeholders, including shareholders. The same applies to our employees. My













**Masaharu Shibao**  
President & COO

goal is to turn Nifco into a company that not only its employees but also their families can be proud of.

One of the goals that I consider important is to strengthen the promotion of diversity. I also have considerable experience overseas, and I feel that the current situation where three-quarters of our sales come from overseas, and in particular where non-Japanese are in charge of more than 60% of our overseas offices, shows that diversity is progressing. I hope that such measures will serve as motivation for the people working in each region. On the other hand, there are many things that need to be improved, such as the diversity of senior management including the executive officers in Japan. We will continue to work toward solving these issues.

We will unite the efforts of all employees to achieve our new Medium-Term Management Plan and Long-Term Vision.

# Nifco's Sustainability

	ESG Issues	Initiatives	SDGs-Related Targets	Related Pages
E (Environment)	Environmental Management System	Acquisition of ISO 14001 Certification		P.14
	Initiatives to prevent global warming	Measurement of CO <sub>2</sub> emissions	 	P.16
	Rationalization of energy use	Reduction of unit energy consumption		P.17
	Development and provision of products for the prevention of global warming	Development of lightweight products for fuel efficiency improvement	 	P.17
	Development and provision of products for the prevention of air pollution	Development of environmentally friendly products		P.18
	Hazardous substance management (chemical substance management)	Reduction of chemical substance discharge	 	P.20
	Waste management	Waste reduction		P.20
	Water resources management	Improvement of water use efficiency		P.21
	Contribution to ecosystem conservation	Promotion of coexistence with local communities		P.31
S (Society)	Respect for human rights	Prohibition of discrimination and harassment		P.24
		Establishment of support and relief desk		P.24
		Guarantee of the right to organize and bargain collectively		P.32
	Respecting diversity / Implementing diversity inclusion	Employment of female employees		P.25
		Employment of people with disabilities		P.25
		Employment of foreign employees		P.25
		Proper understanding and inclusion of LGBT people		P.25
		Employment until age 65 for applicants		P.27
		Maternity leave, childcare leave, nursing care leave		P.27
		Employment of non-regular workers		P.32
	Human resources and benefits	Responding to the revision of the work style reform system		P.27
		Welfare programme		P.27
	Health and safety of employees	Maintaining a safe work environment		P.26
		Efforts to shorten working hours and promote the use of paid vacations		P.27

## Nifco ESG Issues

Nifco Group believes that the true value of ESG and SDG initiatives can only be realized when they are integrated with management. ESG management is essential to achieving our Long-Term Vision for 2030. We will further deepen our dialogue with stakeholders to achieve sustainable growth and maximize our corporate value.






### Review of ESG Issues for 2023

Nifco Group has set the goal of “developing a foundation for ESG management” in its Medium-Term Management Plan, the Nifco Global Growth Strategy, which started in FY2021. Based on our understanding of the social situation and the opinions and expectations of our stakeholders, we plan to disclose information on our efforts to prevent global warming with reference to the international sustainability information disclosure standards in FY2021, and review all ESG issues in the following year.

The review will be conducted in six major steps as described on P.8. We plan to start by understanding how our company impacts society and the environment, and then, through stakeholder analysis and impact analysis, identify the most important issues as candidates for material issues, and set medium- and long-term goals.



# Nifco's Sustainability

	ESG Issues	Initiatives	SDGs-Related Targets	Related Pages
S (Society)	Product quality and safety	Ensuring product quality and safety		P.03
	Human resource development	Incentive system for acquiring qualifications and skills tests	 	P.28
		Training by job level, creative human resource development training		P.28
	Community and industry development	Industry-academia collaboration	 	P.28
	Community and local activity sites	Regional development activities		P.30
	Community, environment and culture	Cleanup activities in the surrounding area		P.31
G (Governance)	Corporate governance	Corporate governance		P.10
		Internal control		P.12
	Compliance	Thorough compliance and adherence to ethical standards		P.12
	Risk management	BCP (Business Continuity Plan) management		P.13
		Strengthening and promotion of confidential information management		P.13

We will promote initiatives for ESG issues by implementing the PDCA cycle for medium- and long-term goals and contribute to solving social issues, while aiming for sustainable growth and maximizing our corporate value.

## Example of Steps for Reviewing ESG Issues

### 1 Value Chain Analysis

After identifying the company's impact on society and the environment, and the potential impact in the future, we will identify the social and environmental issues that need to be addressed.

### 2 Stakeholder Analysis

By analyzing the needs, interests, and expectations of key stakeholders for the company, we will identify issues that need to be addressed to improve the mutual benefits.

### 3 Impact Analysis

For the social and environmental issues identified in the value chain analysis and stakeholder analysis, we will evaluate the magnitude of the impact based on the severity of the issue and the likelihood of its occurrence. Also, by analyzing the risks and opportunities, the importance of the issue to the company will be clarified.

### 4 Identification of Candidate Key Issues

Based on the results of the impact analysis, the most important items will be selected to determine the candidate key issues.

### 5 Validity Evaluation

We will verify the validity of candidate key issues from global and local perspectives, referring to the knowledge of experts and others.

### 6 Establishment of Medium- and Long-Term Goals, KPIs, and Target Values

We will determine the Medium- and Long-Term Goals, KPIs, target values, and policies for initiatives to clarify the company's future actions and progress on key issues.

# Nifco's Sustainability

## Medium-Term Management Plan (FY2021–FY2023)

### Mid-Term Management Plan "Nifco Global Growth Strategy"

2021–2023 are the first three years for achieving our Long-Term Vision for 2030: "A seamlessly growing global company with unique positioning and strong presence." Nifco has positioned this as a three-year period to implement the next phase of its growth transformation, while building on its strengths.

From the very beginning, Nifco has been developing light and strong plastic fasteners that not only improve

the work efficiency and reduce the burden on people, but also contribute to reducing the environmental impact of vehicles by making them lighter, and therefore more fuel efficient, and more recyclable. An important part of Nifco's sustainability is to contribute to solving social issues through unique manufacturing, while taking into account our impact on the environment and society. We will make the most of our strengths to enhance our corporate value and achieve sustainable growth by combining the introduction of products of universal value with our commitment to a sustainable society.

**Long-Term Vision**

A seamlessly growing global company with **unique positioning and strong presence**

**GOAL of Mid-Term Management Plan**

Unique Tier 1.5 supplier

"Universal and indispensable"

"Anticipate customer wishes and act" "Reliable when customers are in trouble"

"Production / Sales / Human Resources Utilization"

**Even Further Growth**

- Further strengthen the solid business base of existing businesses ← Changes in the automobile industry
- Anticipate customer needs, find and propose issues by ourself (Issue-creating proposal sales) ← Changes in society
- ← Changes in business form

### Quantitative Targets (Billion JPY)

	FY2019 Actual	FY2020 Actual
Sales	288	256
Operating income	29.7	27.6
Operating profit margin	10.3%	10.8%
Net income	18.3	18.4
ROE	11.3%	10.7%
ROIC	8.4%	10%
Operating cash flow (3-year combined total)	101.2	113
Exchange	\$1 = ¥109 €1 = ¥122	\$1 = ¥106 €1 = ¥122



FY2023	
Target	VS. FY2020
<b>310</b>	<b>+ 21%</b>
<b>38</b>	<b>+ 37%</b>
<b>12.3%</b>	<b>+ 1.5% pts</b>
<b>26.5</b>	<b>+ 44%</b>
<b>13%</b>	<b>+ 2.3% pts</b>
<b>15%</b>	<b>+ 5% pts</b>
<b>120</b>	<b>+ 6%</b>
\$1 = ¥106 €1 = ¥122	

### Build a Governance System that Contributes to Maximizing Corporate Value

**Strengthen the Function of the Board of Directors**

- Transition to a company with an Audit and Supervisory Committee
- Increase the number of external directors to a majority
- Promotion of diversity

Improve the effectiveness of the Board of Directors  
Speed up management by transferring authority

**Reform the Executive Compensation System**

- Single-year evaluation items
  - Sales
  - Operating income
- Medium-term evaluation items
  - Operation cash flow
  - ROIC
  - Total shareholders return (TSR)

Enhance corporate value from the perspective of shareholders

**Strengthen Regional Management**

- Strengthen hybrid management where local and headquarters management work together
- Gradually introduce regional management functions

Optimize and speed up management in each region




## Corporate Governance

In order to continue to be beneficial to all stakeholders, Nifco has positioned thorough compliance as a management priority and is working to strengthen the Group management.

## Enhancement of Corporate Governance

### Appropriate Implementation of the Corporate Governance Code

The Corporate Governance Report, which reflects the decisions made at the Annual General Meeting of Shareholders held on June 24, 2021, was submitted on July 13, 2021.

 [Click here for details.](https://www.nifco.com/en/csr/governance/)  
<https://www.nifco.com/en/csr/governance/>

### Corporate Governance Structure

#### Outline of the Company's Organization

As a result of a resolution to amend the Articles of Incorporation at the Ordinary General Meeting of Shareholders held on June 24, 2021, Nifco shifted from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee.

The Audit and Supervisory Committee members, who are responsible for auditing, the execution of duties by the directors, were made members of the Board of Directors. By granting them voting rights at meetings of the Board of Directors, we aim to enhance the auditing and supervisory functions of the Board of Directors and further strengthen the corporate governance. In addition, the Company has established the General Meeting of Shareholders, the Board of Directors, the Audit and Supervisory Committee, and External Auditors as its corporate bodies.

As of June 24, 2021, the Company has nine directors (five of whom are external directors) and three Audit and Supervisory Committee members (two of whom are external directors).

Nominations of directors are made based on the advice and

recommendations of the Nomination, Compensation and Governance Committee. In addition, the Risk Management Committee, the Compliance Committee, and the Information Security Committee have been established under the Board of Directors to ensure the appropriateness of business operations.

Nifco has adopted an executive officer system to ensure the prompt and smooth execution of operations, and internal directors concurrently serve as executive officers. Therefore, the Board of Directors is not only responsible for supervising the execution of business by representative directors and directors who also serve as executive officers, but also has a supervisory function over the execution of business by the executive officers.

#### 1. Board of Directors

In principle, the Board of Directors meets regularly once a month, and also holds extraordinary meetings when necessary. The Board of Directors makes decisions for Nifco and formulates management strategies for Nifco Group companies, thereby improving the performance and growth of the entire Group and strengthening the corporate governance.

On the other hand, matters that are not agenda items for the Board of Directors, but which are of relatively high importance, are deliberated and reported at the Management Committee meeting, which is held every month in principle.

#### 2. Audit and Supervisory Committee

The Audit and Supervisory Committee formulates and implements audit policies and plans in accordance with the Audit and Supervisory Committee Auditing Standards. The Audit Committee also monitors whether the internal control system is properly established and operated, and issues specific instructions to the Internal Audit Department to conduct audits as necessary.

# Governance

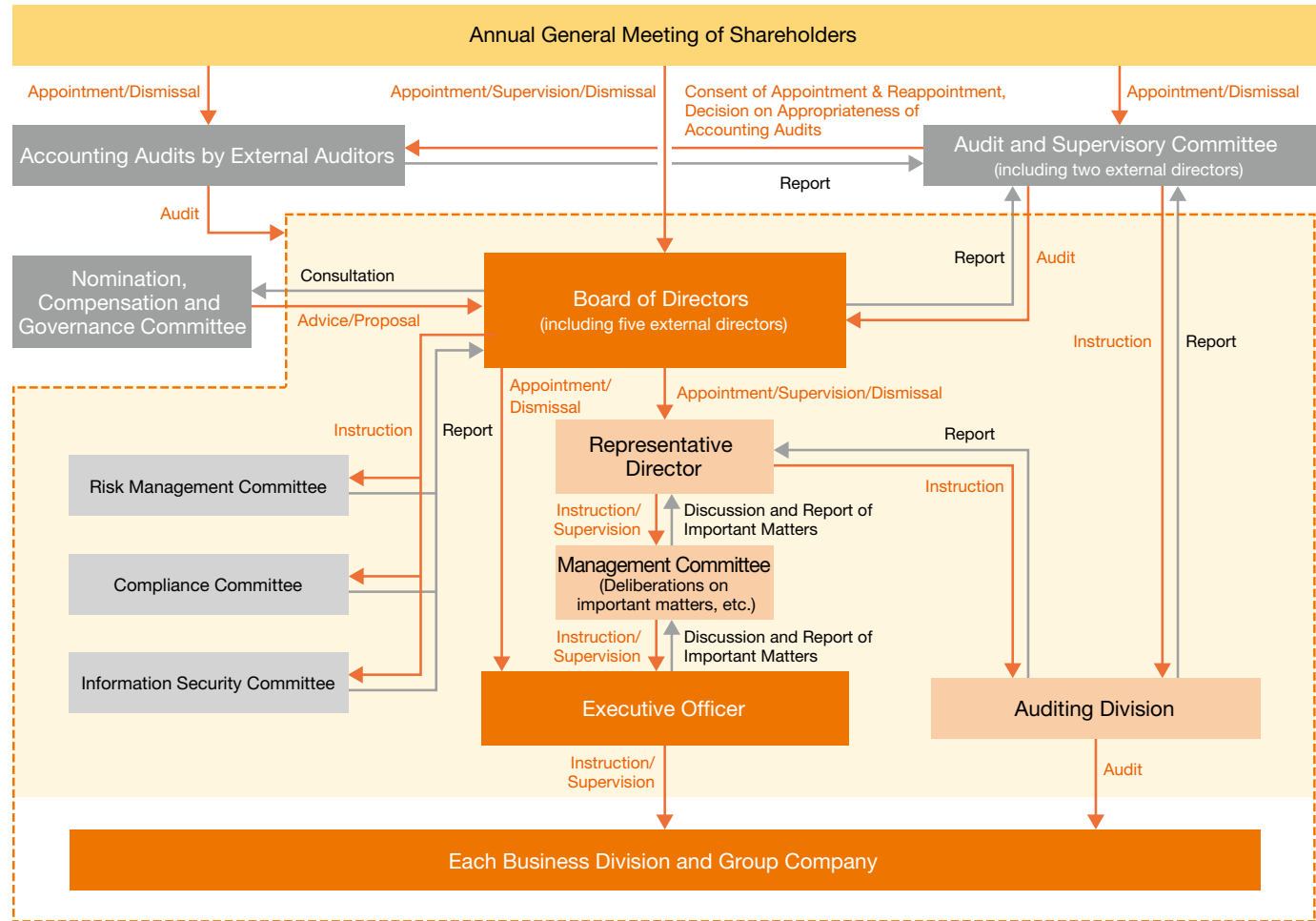
## 3. Nomination, Compensation and Governance Committee

The Nomination, Compensation and Governance Committee consists of the Chairperson and a majority of the Committee members who are independent external directors. The Committee provides advice and recommendations to the Board of Directors regarding the selection and dismissal criteria for directors, CEO succession plans, and other matters as requested by the Board of Directors.

## 4. External Auditors

Nifco has concluded an audit contract with KPMG AZSA LLC and is receiving accounting audits from a fair standpoint.

## Corporate Governance Framework



# Governance

## Compliance

### Development and Strengthening of Internal Control System

Nifco has formulated a “System for Ensuring the Appropriateness of Business Operations” and is developing a system to ensure that the execution of duties by the directors complies with laws and regulations and the Articles of Incorporation, and to ensure the appropriateness of other business operations of the corporate Group.

Specifically, under the Nifco Group Charter of Corporate Behavior, we have established an internal system in which directors and employees execute their duties with high ethical standards, led by the Compliance Committee.

With regard to the management of risk of loss in the Group, the Risk Management Committee plays a central role in identifying and analyzing major risks, and examining and implementing preventive measures in advance. With regard to the information security system, the Information Security Committee plays a central role in the development of rules and systems.

In addition, as part of our internal control system, we have established an “Internal and External Reporting Desk” in accordance with the Nifco Group’s Internal Reporting Regulations to obtain information from both inside and outside the company to check for cases of compliance violations.

### Ensuring Compliance

#### Conducting Internal Education

Compliance training is mandatory for all new employees as well as mid-career hires upon joining the company. In addition, in order to raise employee awareness of compliance, we have compiled a compliance manual in accordance with the compliance regulations, which employees can check on the internal bulletin board at any time.

#### Preventing Corruption and Establishing Internal and External Reporting Channels

We have established a system for fostering employee awareness of compliance through the compliance manual and for reporting any incidents through internal and external reporting contact points in accordance with the Nifco Group Internal Reporting Regulations. In this way, we aim to prevent scandals caused by unethical behavior or violations of laws and regulations, detect them at an early stage, improve the mobility of the corporate self-purification process, control reputational risks, and secure public trust. We are working to control reputational risks and secure public trust.

This system is applied to all employees of Nifco Group companies involved in our business. Violation cases and remedial actions are reported to the Compliance Committee, which meets three times a year in principle.

### Respecting Property Rights

Compensation to employees for inventions is stipulated in the Intellectual Property Management Regulations. In addition to compensation at the time of invention and registration, we have a system in which compensation is paid for a certain period of time after registration based on the sales profit of the product to which the invention contributed. This contributes to increasing the incentive for invention.

With regard to fair trade, we have established the Guidelines for Fair Trade in Procurement, which lists transactional activities and payment methods that are considered violations. We also conduct e-learning for employees on the Subcontract Act to ensure fair trade.

# Governance

## Risk Management

### BCP (Business Continuity Plan) Management

Nifco is working on BCP measures to deal with various emergencies such as earthquakes, floods, and other large-scale natural disasters, and infectious diseases such as the new coronavirus. In order to ensure the safety of our employees and their families, as well as to fulfill our responsibility to ensure the uninterrupted supply of products to our customers, we are formulating and reviewing BCPs at each of our business bases under the Basic Business Continuity Plan. In particular, from the perspective of our responsibility to supply our customers, we are broadening the scope of risks assumed as emergencies from the conventional large-scale earthquakes to include not only natural disasters but also human-induced failures and other risks.

### Safety Information System

Nifco has introduced a safety information system as part of its management of cooperating manufacturers. The system has a proven track record in confirming safety during earthquakes, typhoons, and other disasters, and enables us to quickly grasp the information of our partner manufacturers by sending out information all at once.

### Supply Chain Risk Management System

Nifco is in the process of introducing a supply chain risk management system. This will make it easier to understand the supply chain for each product, and in the event of an emergency, the system will be used to quickly assess the situation and shorten the lead time for restoring production and procuring alternative products.

### Promotion of Strengthening Confidentiality Management

Every year, Nifco conducts e-learning on information security for all employees, and there is a system in place to repeatedly teach employees how to handle confidential information and deal with cybersecurity. In principle, employees are prohibited from connecting USBs and other devices to their computers; approval from a superior is required for connection. In addition, as a countermeasure against information leaks, management software has been installed on employee cell phones. In the event that the phone is lost, the data can be deleted.

In preparation for cyberterrorism, we have taken out cyber insurance to deal with any eventuality. In terms of personal information management, we have concluded an agreement within Nifco Group to comply with the EU General Data Protection Regulation (GDPR).



# Environment

## Approach to the Environment

Nifco has established a “Basic Environmental Policy” formed on the basic principle of fulfilling our corporate social responsibilities with regard to environmental conservation.

## Environmental Policy

We believe the future that Nifco should aim for is a “prosperous and sustainable society.” We also believe that creating products that take the global environment into consideration will lead to a powerful driving force for sustainability.

### Basic Environmental Policy

We realize that the conservation of the global environment is one of the most important issues faced by all human beings, and we devote ourselves to the conservation of the environment in all aspects of our business activities. Nifco endeavors to establish and maintain systems to reduce the environmental impact of our business activities related to the design, development, manufacture, and sales of resin molded products, electronic parts, packaging materials, and other products.

### Code of Conduct

1. We comply with all laws, regulations, and rules in relation to the environment, and we strive for environmental conservation.
2. We set and fulfill our environmental management goals and review them periodically in order to continuously improve our systems and prevent pollution.
3. We make efforts to reduce the amount of plastic and general waste generated in all our activities from design to sales.
4. We endeavor to save resources and energy.
5. We carefully consider the environment and resource conservation when developing and providing our products.

6. We take measures to raise awareness among all employees regarding environmental conservation, and we take part in social activities as a member of the local community.
7. In order to implement and maintain this basic environmental policy, we will document it and make it known to all employees.

## Environmental Management System (EMS)

We have established an Environmental Management System (EMS) based on the international standard ISO14001.

Since obtaining ISO14001 certification in March 2001, we have been using the EMS and implementing the PDCA cycle of planning, implementation, inspection and review in order to integrate it with our corporate activities. We are committed to reducing our environmental impact and contributing to environmental conservation through our products.

To enhance the effectiveness of our EMS, we conduct internal audits every year. In FY2020, 53 issues were identified in the internal environmental audit. We are making improvements to address each of the issues that came to light and are working to raise the level of our initiatives.

# Environment

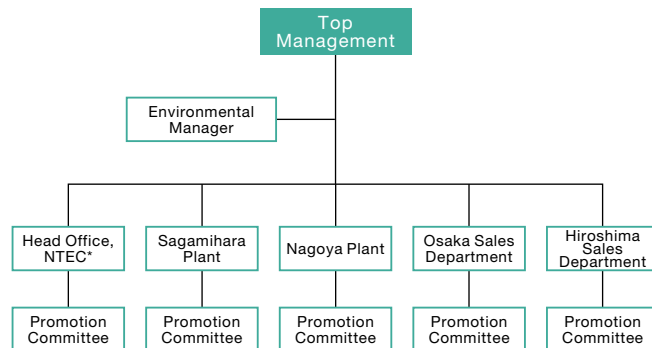
## Implementation System for Promoting Environmental Activities

Environmental managers have been appointed at all sites to which the EMS is applied, and we are working on a management program that takes into account the characteristics of the business. In addition, management reviews are conducted by senior management to summarize the annual activities and evaluate the conformance, appropriateness, and effectiveness.

ISO14001 certification has been acquired by 56% of all Group companies. The total number of sites that have acquired certification in Japan and overseas is 8 and 21, respectively. (As of the end of March 2021)

☰ P.23 Environmental Data: ISO14001 certification status

### ■ ISO14001 Implementation System (As of the end of March 2021)



\* Nifco Technology Development Centre

## Compliance with Environmental Laws and Regulations

Environmental laws and regulations applicable to each business site are clarified, and the status of compliance is periodically checked by the department in charge and internal audits.

## Efforts to Raise the Environmental Awareness of Employees

Environmental activities are supported by each employee's awareness and attitude toward the environment.

Every year, we provide basic education to newly assigned employees to make them aware of the environmental impact of their work and what they need to pay attention to. In addition, we regularly conduct specialized training for the promotion staff and internal auditors to improve their competence in performing their respective roles.

## Supply Chain Cooperation

Our basic stance is to promote environmental initiatives not only at Nifco but also at our business partners. We have set environmental protection standards and developed initiatives with our suppliers. In FY2020, due to the effects of the coronavirus pandemic, some of our regular cooperating factory meetings had to be cancelled, but during the year we carried out on-site audits at 13 suppliers, and 58 companies carried out voluntary audits.

With an emphasis on compliance with laws and regulations, we are working to ensure that our business partners share their issues and measures with us for further improvement.

### External Evaluation

#### ISO14001 Periodic Audit (Conducted in February 2021)

In 2020, the Hiroshima Sales Department was newly added to the scope of application, and five sites in Japan underwent periodic audits to maintain certification. This time, in consideration of the situation during the coronavirus pandemic, some audits were conducted online. As in the previous year, there were no nonconformities; however, we received a great deal of advice from the auditors and we were able to identify issues regarding the operation of our management system. We will continue to improve the system in the future.

#### Toyo Keizai CSR Ranking

In Toyo Keizai Inc.'s 17th CSR Company Ranking, we received an AA rating, the second-highest rating, in the environmental field, with a score of 80.8 out of 100.



# Environment

## Initiatives to Prevent Global Warming

We aim to promote manufacturing that helps reduce the impact of climate change from a long-term perspective, looking ahead to 2050.

## Prevention of Global Warming

### Basic Approach

As a company, we need to confront issues related to climate change and embody our efforts to fulfill our social responsibilities. At the core of our efforts is the minimization of CO<sub>2</sub> emissions generated by our business activities. In addition, we believe that providing society with environmentally friendly products through innovation is another way to contribute to the realization of a sustainable society, and is also a part of our growth strategy.

### Our Objectives

- Rationalization of energy use (reduction of loss and waste)
- Promotion of the use of renewable energy
- Development of environmentally friendly products

### Contributing to the SDGs Through Our Activities



### Our CO<sub>2</sub> Emissions

From the perspective of global environmental conservation, Nifco and its domestic Group companies monitor and disclose the amount of CO<sub>2</sub> emissions (Scope 1 and Scope 2) from their business activities.

## Nifco Nonconsolidated and Domestic Group Companies CO<sub>2</sub> Emissions (FY2020) (tons)

# 18,208

### Scope 1

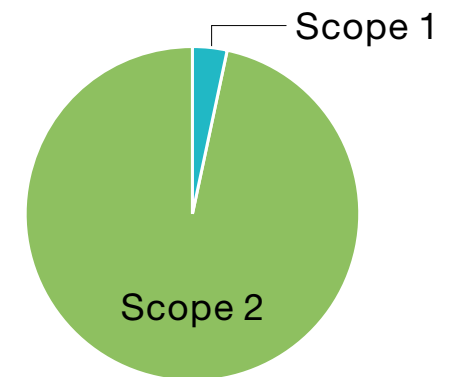
## 617

Greenhouse gas emissions directly emitted by the company itself (e.g., oil, city gas)

### Scope 2

## 17,591

Indirect greenhouse gas emissions (e.g., purchased electricity)



# Environment

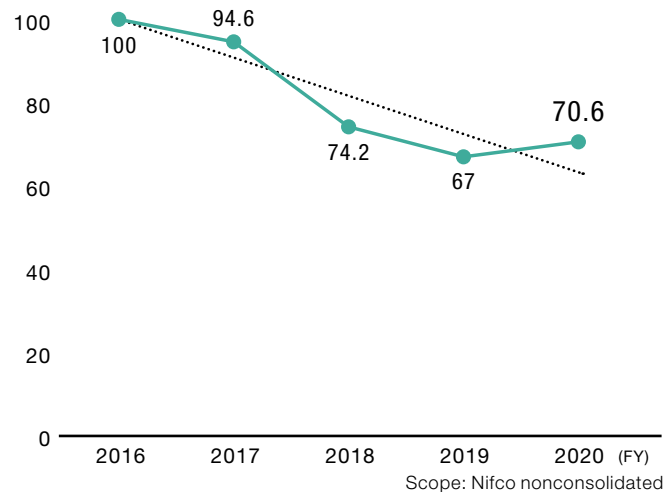
## Rationalization of Energy Use (Reduction of Loss and Waste)

### Energy Conservation Law: Unit Energy Consumption

**Target: 1% reduction**  
(compared to the previous year)

\* Energy Conservation Law (Formal name: Act on the Rational Use of Energy)

#### Changes in Unit Energy Consumption



\* Due to an expression error used in the Nifco Sustainability Report 2020, the expression has been changed to an indicator that uses FY2016 as the base year.

For the fifth consecutive year, Nifco was evaluated as an excellent energy-saving business (S class) in the "Business Classification Evaluation System" based on periodic

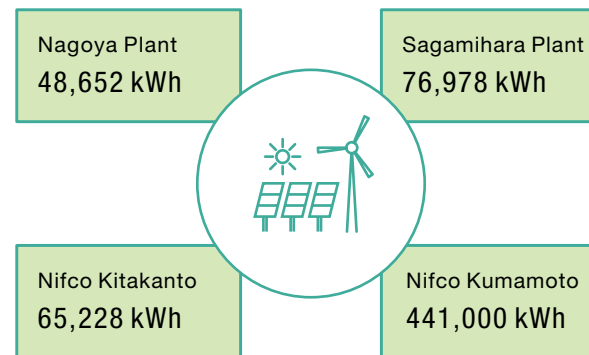
reports under the "Act on the Rational Use of Energy," which was established by the Ministry of Economy, Trade and Industry in 2016. The reason for this rating is that we met the evaluation standard of "a reduction of 1% or more in the five-year average unit change in the basic unit for energy use (unit energy consumption)."

We will continue to improve the efficiency of our energy use and work to reduce the amount of energy used.

### Promotion of the Use of Renewable Energy

We are promoting the installation of solar power generators to create renewable energy.

#### Amount of renewable energy created (FY2020)



\* The renewable energy generated is used by all of Nifco and its domestic Group companies.

## Development of Environmentally Friendly Products

In order to reduce CO<sub>2</sub> emissions, we are developing products with EV batteries and ADAS-related products that are safe and lightweight.

We have also developed products that prevent the release of air pollutants, such as combo valves for automobile fuel tanks. We have integrated three different purpose valves into one valve as a way to meet China's "Country 6" emission regulations. The combo valve integrates a "full tank detection" function that activates auto-stop when refueling with the refueling nozzle, a "fuel leak prevention" function when the vehicle is running and when it rolls over, and a "hydrocarbon (HC) release prevention" function during refueling. In addition, by selecting the materials used in the product, the combo valve helps prevent the release of HC into the atmosphere while the vehicle is stopped and running. As a result, hydrocarbons can be reduced by 65%.

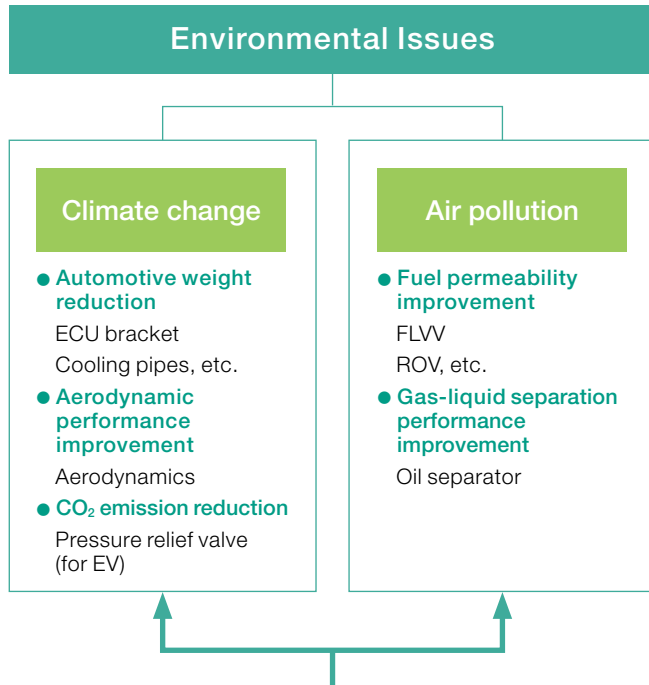
We believe that ensuring our efforts to reduce CO<sub>2</sub> emissions and prevent air pollution is a step toward sustainable growth for our company. By responding to changes in the environment and continuing to provide environmentally friendly products, we aim to create a sustainable environment for future generations.



Combo Valve

# Environment

## Contributing to the Environment



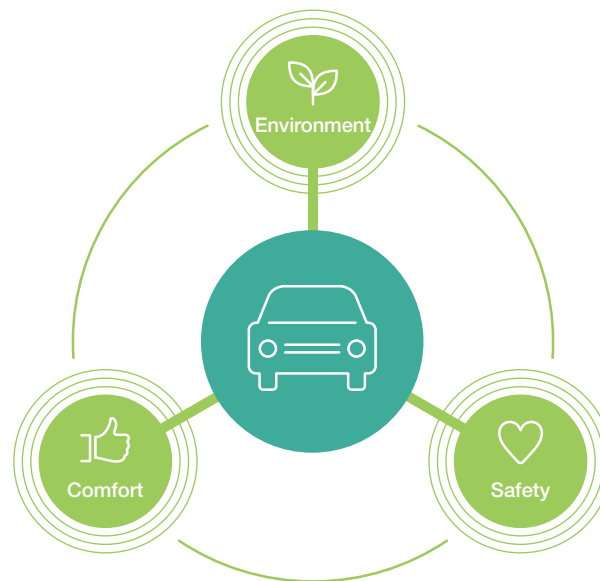
Nifco is contributing to the reduction of CO<sub>2</sub> emissions and solving environmental problems of air pollution by providing lightweight materials and high-performance resin products that contribute to improving the fuel efficiency of automobiles.

For more information on environmentally friendly products, including the above, please click here. <https://nifcoexhibition.com/en/>

## Direction of New Product Development

Nifco will continue to concentrate its development resources in the field of "environment, safety and comfort," which is an unchanging market trend.

One of Nifco's strengths is that it has customers all over the world. We believe that demand in the "environment, safety and comfort" field will continue to grow in all regions. We aim to build a business domain with stable and continuous growth by introducing products with universal value to a variety of markets.



## External Evaluation

In the CDP\* climate change program conducted to assess activities on climate change information disclosure conducted in 2020, Nifco achieved a C score. This assessment indicates a tiered evaluation of environmental issues and risks associated with Nifco's business activities, and the impact they have. Moving forward, Nifco is committed to attaining a higher score by formulating and implementing more concrete activities, policies, and strategies to address environmental issues.

\* CDP is an international nonprofit organization established in the UK in 2000. In the "CDP Climate Change 2020 Report," CDP surveyed more than 9,600 companies around the world and rated their performance on an eight-point scale (A, A-, B, B-, C, C-, D, D-) in terms of climate change response and strategy.

# Environment

## Realization of a Circular Society

By efficiently using and reusing resources, we will continue our efforts to reduce resource consumption and contribute to the realization of a circular society.

## For the Realization of a Circular Society

### Basic Approach

In order to make effective use of resources and reduce the environmental impact, we promote “reduce, reuse and recycle” in our business activities, and continuously strive to reduce the risk of environmental pollution through appropriate management of chemical substances and waste.

### Our Objectives

- **Thorough Management of Substances of Concern (SOC) through the Use of IT Tools**  
Utilizing IT tools, we are able to quickly determine compliance with the rapidly changing European RoHS, REACH, and other related regulations. This prevents the influx of banned substances into the manufacturing process at an early stage.
- **Resource Conservation and Effective Use of Waste**  
Reduction of emissions and promotion of recycling
- **Effective Use of Water Resources and Prevention of Pollution**  
Measurement of water consumption  
Planning and promotion of countermeasures

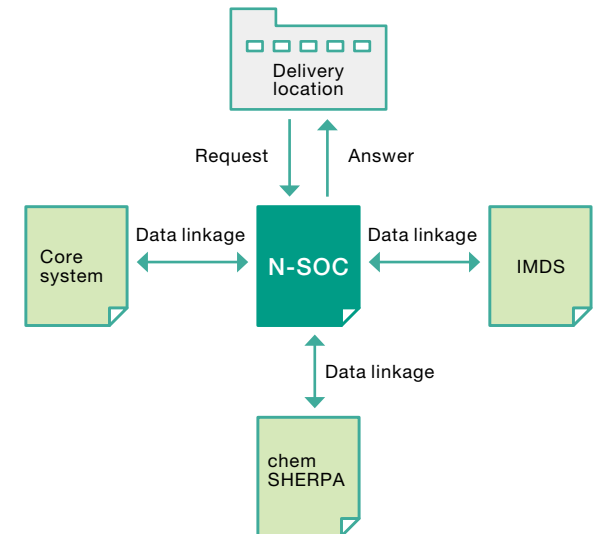
### Contributing to the SDGs through Our Activities



### Proactive Introduction of IT Tools for the Management of Substances of Concern (SOC)

We have been proactively using IT tools for SOC management since 2004, ahead of the industry. In 2018, we renewed the system as “N-SOC” and introduced it at all of our domestic sites. By linking the system with our core system, IMDS, a reporting tool for the automotive industry, and chemSHERPA, a reporting tool for all industries, we are now able to respond quickly to environmental regulations, which have recently been strengthened mainly in Europe. In the future, we plan to introduce these systems at our overseas sites as well.

#### ■ Concept Chart of N-SOC System

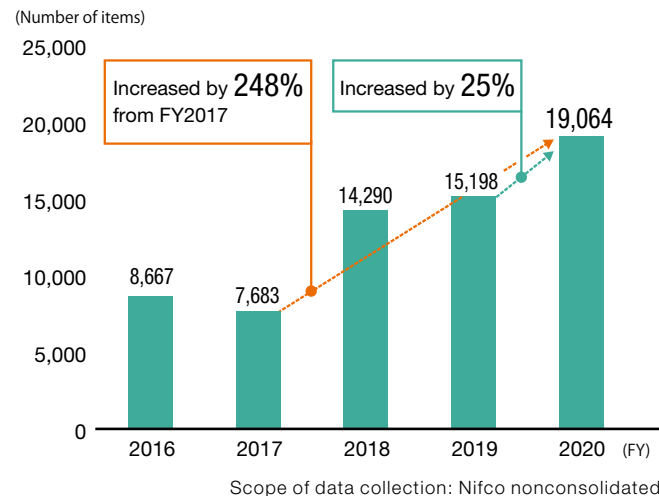


# Environment

## IT Tool Utilization Results for FY2020

In July 2020, the REACH regulation banned phthalate esters and PFOA, and in January 2021, the Waste Framework Directive (WFD) was issued, requiring registration in the SCIP database. We received many inquiries and investigation requests from our customers regarding compliance with these regulations. As a result, we investigated a total of 19,064 items, a 25% increase over the previous year (248% increase over FY2017), and there were zero legal violations for all of these items.

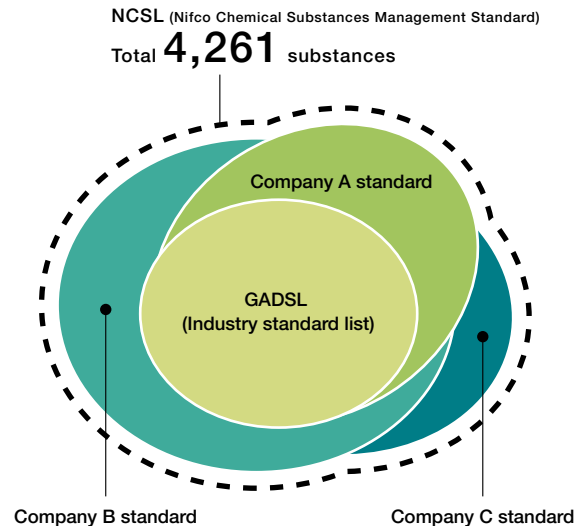
### Number of SOC Investigation Requests



### CASE

## Publication of NCSL: Nifco Chemical Substances List Rev4

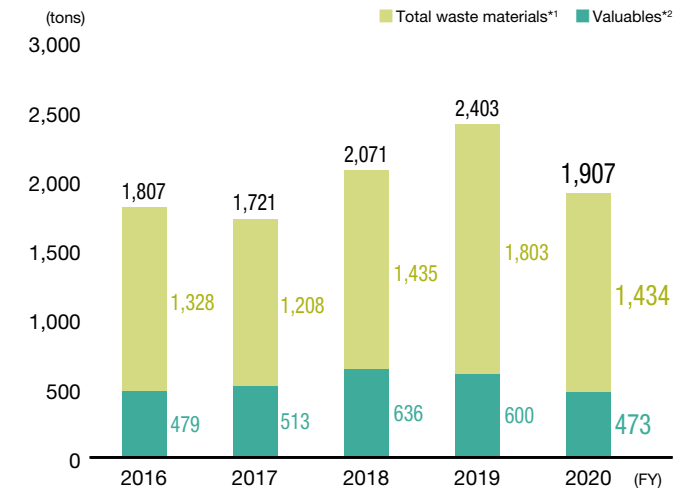
In addition to the chemical substances that are required to be banned or reported by environmental regulations, Nifco also deals with chemical substances that suppliers are required to ban or report on their own as customer-specific requirements. Every year, we prepare the Nifco Chemical Substances List (NCSL) and distribute it to all suppliers, requesting that they prohibit and report these substances.



## Resource Conservation and Efficient Use of Waste

We are working to reduce the environmental impact of our products throughout their life cycles. Our activities for this purpose are basically linked to our business activities in consideration of sustainability. In addition to the production and usage processes of our products, we also request the cooperation of our business partners in order to further reduce the environmental impact. We are striving to reduce waste emissions and promote recycling by checking the status of our efforts and providing support to our business partners.

### Total Waste Emissions



\*1 Total waste emissions = Total waste materials + Valuables  
\*2 Valuables are items of value that can be purchased by others.

# Environment

Waste was significantly reduced compared to the previous year due to the promotion of digitalization and the introduction of remote work to prevent the spread of the coronavirus. At the production plants, we planned activity themes that took into account the characteristics of each department as part of the ISO14001 management program, and we promoted waste reduction initiatives, which also contributed to the success of the program.

In addition to reducing emissions, we are also considering ways to effectively use resources by referring to the concept of a circular economy.

## CASE

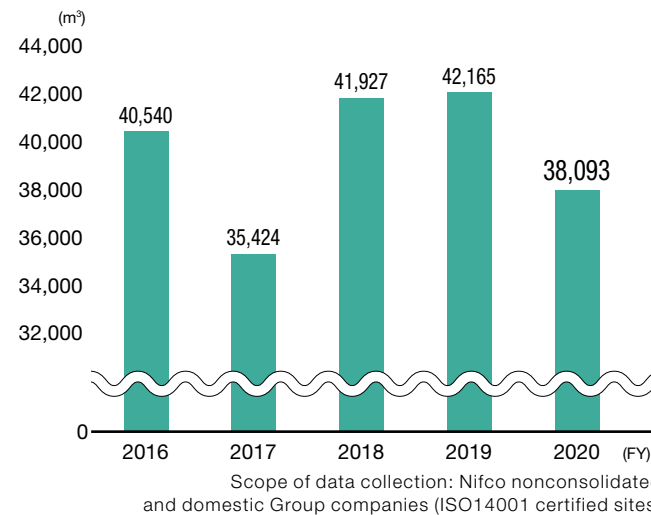
### Examples of Resource Conservation Initiatives

- Development and proposal of environmentally friendly products
- Reduction of lumps of plastic left in the molding machine generated in the production process
- Reduction of waste plastic in the preparation stage of mass production
- Education and briefings on compliance with laws and regulations such as the Waste Management and Public Cleansing Law

## Effective Use of Water Resources and Prevention of Pollution

We monitor the amount of water used in our business activities and take measures to reduce it. We will continue to promote initiatives for effective use and strive to prevent pollution.

### Water Usage



We use cooling water mainly in air conditioners, molding machines, and some thermostatic baths. In Japan, water consumption was reduced compared to the previous year by improving the process efficiency, using rainwater (Nifco Head Office and NTEC), and promoting remote work. We are also working to ensure that wastewater

discharged into public waters does not adversely affect biological ecosystems or the water quality environment.

## CASE

### Collecting and Using Rainwater

At the Nifco Head Office and NTEC, rainwater is stored in an underground reservoir for primary use, then filtered and disinfected for use as toilet flushing water. Since rainwater is fully available for this purpose, we are striving to reduce the consumption of the water supply through this initiative and contribute to the conservation of water resources.



Filtration system (Nifco Head Office)

# Environment

## CASE

### Simmons' Commitment to the Environment

#### ● Collection and Recycling of Waste Mattresses

Under the Waste Management and Public Cleansing Law, spring mattresses are designated as difficult to dispose of. The collection and disposal of spring mattresses has been a challenge for many years.

Simmons has teamed up with ECONECOL Inc., a company with unique expertise in waste management and recycling, to collect waste spring mattresses and recycle 100% of them.



RPF (solid fuel) from Econecol recycling process

#### ● Use of Thinned Wood

In the SHIMANTO HINOKI KOH series of beds, the headboard and the bottom of the frame are made of thinned Shimanto Hinoki wood from the Shimanto River basin in Kochi Prefecture.



Bed frame (SHIMANTO HINOKI KOH Series)

#### ● Reduce Waste by Using Scrap Materials

Scraps from the sewing process are turned into chips and used as cushioning material and corner pads for packaging and transport.

#### ● Plastic Biodegradability Accelerator "d2w" Used in Plastic Bags for Catalogues

Plastic bags for catalogues contain a plastic biodegradation accelerator that, when added to plastic, eventually breaks down into water and carbon dioxide through the action of micro-organisms and enzymes.

### About Simmons Corporation

Simmons, a luxury bed manufacturer, is a Nifco Group company. Founded in the United States in 1870, the company has a history of over 150 years. In 1925, Simmons launched the world's first commercialized pocketed coil mattress, the "Beauty Rest," which has become synonymous with Simmons. Each individual coil conforms to the unevenness of the human body and responds to any movement during sleep to provide firm support. This is the result of a long history of mattress manufacturing know-how, combined with the latest technology, sleep science, and sensory engineering.

🌐 <http://www.simmons.co.jp/> (Japanese only)

# Environment

## Status of ISO14001 Certification

Eight domestic operations, and 21 subsidiaries overseas, accounting for 56% of all affiliated companies, have obtained ISO14001 certification. (As of March 2021)

Date certified	Name (Location)
Domestic Operations (6)	
March 2001	Nagoya Plant (Toyota City)
March 2002	Sagamihara Plant (Sagamihara City)
February 2016	Head Office (Yokosuka City)
March 2019	Osaka Sales Department (Suita City)
February 2020	Nifco Technology Development Centre (NTEC) (Yokosuka City)
February 2020	Hiroshima Sales Department (Hiroshima City)
Domestic Group Companies (2)	
March 2010	Nifco Yamagata Inc. (Yamagata City)
December 2010	Nifco Kumamoto Inc. (Kikuchi City)

Date certified	Name (Location)
Overseas Operations (21)	
July 2002	Nifco America Corporation (U.S.)
January 2003	Nifco Korea Inc. (Korea)
June 2003	Union Nifco Co., Ltd. (Thailand)
February 2004	Nifco Taiwan Corporation (Taiwan)
March 2004	Dongguan Nifco Co., Ltd. (China)
March 2004	Tifco (Dongguan) Co., Ltd. (China)
December 2004	Shanghai Nifco Plastic Manufacturer Co., Ltd. (China)
June 2006	Nifco (Thailand) Co., Ltd. (Thailand)
July 2006	Nifco Manufacturing (Malaysia) Sdn. Bhd. (Malaysia)
July 2006	Nifco Products Espana, S.L.U. (Spain)
February 2010	Nifco U.K. Ltd. (UK)
April 2010	Nifco Poland Sp. z o.o. (Poland)
December 2011	Nifco KTW GmbH (Germany)*
March 2014	Nifco India Private Ltd. (India)
July 2014	Nifco South India Manufacturing Private Ltd. (India)
September 2014	Nifco (Jiangsu) Co., Ltd. (China)
December 2014	PT. Nifco Indonesia (Indonesia)
April 2015	Nifco KTS GmbH (Germany)*
February 2016	Nifco (Tianjin) Co., Ltd. (China)
May 2016	Beijing Nifco Co., Ltd. (China)
May 2020	Nifco Central Mexico S.de R.L.de C.V. (Mexico)

\* On July 31, 2019, Nifco KTW GmbH and Nifco KTS GmbH became Nifco Germany GmbH as the result of a merger.

## Environmental Data

### Nifco Nonconsolidated and Domestic Group Companies Electricity consumption (MWh)

	FY2019	FY2020
Electricity consumption	38,206	38,476

\* We began measuring the performance of Nifco nonconsolidated and domestic Group companies in 2019.

### Nifco Nonconsolidated and Domestic Group Companies CO<sub>2</sub> emissions (tons)

	FY2019	FY2020
CO <sub>2</sub> emissions	18,961	18,208

\* We began measuring the performance of Nifco nonconsolidated and domestic Group companies in 2019.

### Environmental Data Scope of Data Collection

Environmental Data	Scope of Collection
Number of SOC survey requests	Nifco nonconsolidated
Total waste/valuable resources	Nifco nonconsolidated and domestic Group companies (ISO14001 certified sites)
Water supply usage	Nifco nonconsolidated and domestic Group companies (ISO14001 certified sites)
Electricity consumption	Nifco nonconsolidated and domestic Group companies
CO <sub>2</sub> emissions	Nifco nonconsolidated and domestic Group companies



# Society

## Respect for Human Rights and Diversity

Nifco respects the diversity of its employees and ensures a safe and pleasant work environment, thereby realizing a comfortable and enriching atmosphere. We promote a wide range of initiatives to achieve this.

## Respect for Human Rights

### Basic Approach

Nifco's basic stance is that, regardless of whether we are operating within or outside Japan, we must respect human rights, adhere to the relevant laws and regulations, comply strictly with the letter and spirit of international rules, and act in accordance with common-sense societal norms. In 2021, we revised **the Nifco Group Charter of Corporate Behavior** for voluntary action toward the creation of a sustainable society. In this revision, Section 4 stipulates respect for human rights and prohibition of discrimination, and Section 6 provides for the promotion of diversity and inclusion.

#### Nifco Group Charter of Corporate Behavior

##### Section 4.

Nifco will conduct management that respects the human rights of all people. Nifco prohibits discrimination and infringement of human rights on any grounds, including nationality, race, age, gender, sexual orientation, gender identity, and disability. Nifco does not recognize slave labor, forced labor, or child labor.

##### Section 6.

Nifco will actively promote diversity and inclusion by realizing a working style that respects diversity, personality and individuality, believing that making the most of differences in personal attributes and values will lead to new ideas, innovation and creativity, which is also our company's philosophy. Nifco will also aim for a comfortable working environment that takes health and safety into consideration.

## Prevention of Harassment Leading to Human Rights Violations

### 1. Harassment Prevention

Nifco does not tolerate any form of harassment in the workplace. It is essential that all employees be respected as individuals and work in an environment conducive to mutual trust, improved work efficiency, and smooth business operations. In addition to measures to prevent and eliminate harassment in the workplace and appropriate responses and solutions to problems arising from harassment, Nifco stipulates necessary matters in the "Anti-Harassment Regulations."

### 2. Establishment of a Harassment Consultation System

In accordance with the regulations regarding the prevention of harassment, we have established a harassment consultation system and assigned a person in charge at each office. In addition to the internal disclosure of the consultation response flow, we also protect the privacy of those involved and stipulate that no one will receive disadvantageous treatment due to initiating a consultation or cooperating with the confirmation of facts.

### 3. Implementation of Internal Training

In FY2020, the management and the person in charge of the harassment consultation system attended a harassment prevention training course taught by an outside instructor. Specific cases and countermeasures were used to raise awareness of harassment issues and efforts to prevent harassment. We plan to hold similar training sessions for a wider range of employees in FY2021.

## Society

### Respecting Diversity

#### Basic Approach

In order to become more competitive in the global market, we believe that strengthening our employees and the organization as a whole and utilizing a diverse range of human resources is an important management strategy. We believe that making the most of the differences in individual attributes and values will create added value in innovation and the development of new products and technologies.

#### Promoting the Professional Advancement of Women

As for Nifco's efforts to promote women in the workplace, we have not yet achieved the target of 8% of women in management positions by 2020, a target which is based on the Act on Promotion of Women's Participation and Advancement in the Workplace enacted in April 2016. In FY2019, we appointed an independent external female director and we are strengthening measures to further increase the diversity of our organization.

#### Number and Ratios of Female Directors, Managers, and Employees

	No. of people	Ratio (%)
Female directors	1	14.3%
Females in management	21	4.9%
Female employees	209	15.1%

As of March 31, 2021 Nifco nonconsolidated

#### Promoting the Professional Advancement of Global Human Assets

We encourage the professional development of non-Japanese employees. We actively look not only for people who have studied in Japan, but for graduates of overseas universities as well. We have implemented workshops to help employees understand different cultures. In addition to these steps, we are taking measures so that non-Japanese employees can exercise their abilities to contribute to the global business, thereby fortifying the power of the organization through diversity. Additionally, we actively hire talented local staff overseas and focus on helping them acquire skills and technologies, as well as develop as human assets. In FY2020, two local staff members were appointed as executive officers, and seven new foreign employees were hired.

#### Affiliations of Non-Japanese Employees in Nifco

	No. of people	Ratio (%)
Non-Japanese employees	69	5.0%

As of March 31, 2021 Nifco nonconsolidated

#### Promoting the Professional Advancement of Persons with Disabilities

We make use of initiatives in our employment and labor management with the aim of creating a workplace where persons with disabilities can work without excess worry. In the past three years we have hired two new people.

#### Employment Status in FY2020

Statutory number of employees with disabilities	Calculated number based on the employment rate of persons with disabilities	Employment rate
32	475	2.20%

As of March 31, 2021 Nifco nonconsolidated

#### Employment Status Over the Past 3 Years

Fiscal year	FY2018	FY2019	FY2020
Number of new hires	1	1	0
Category	New special needs students	New high school graduates	—
Employment status	Support staff	Regular employees	—
Type	Intellectual disabilities	Physical disabilities	—
Employment rate	2.31%	2.20%	—

As of March 31, 2021 Nifco nonconsolidated

#### Respect and Inclusion of LGBT People

We are promoting internal measures to create a comfortable work environment for LGBT and other sexual minority employees.

In FY2021, we stipulated the prohibition of discrimination in the Charter of Corporate Behavior and the Human Rights Policy, and we plan to conduct internal training for all levels of employees to ensure correct understanding.

## Society

### Ensuring a Safe and Fulfilling Workplace Environment

Nifco places the highest priority on the safety and health of its employees, and is working to strengthen occupational safety and health and create a rewarding work environment so that each employee can fully demonstrate their abilities.

### Employment, Working Conditions and Social Protection

Aiming to be a company where all employees can work according to their motivation and ability, we have established internal rules and manuals, including compliance with Japanese laws and regulations related to employment and labor. Regarding major changes in our business, we hold dialogues with employees through employee representatives and employee briefings. We are also committed to the social protection of our employees, including the elimination of intentional or discriminatory dismissal practices and the protection of personal data and privacy.

### Health and Safety at Work

Nifco has established a set of safety and health management rules. To ensure the safety and health of employees, these rules seek to eliminate unsafe elements in work environments and involve implementing comprehensive, planned measures for preventing workplace accidents. They also aim to actively maintain and improve the health of employees.

#### 1. Establishment of a Safety and Health Management Committee

The Safety and Health Management Committee, which meets at least once a month at each site, discusses the matters shown on the right, and works towards creating safe workplace environments.

- Fundamental measures to prevent danger and health hazards to employees
- Creation of plans for implementing safety and health education
- Regular medical check-ups and measures to take based on the results of those check-ups
- Preventing danger and health hazards associated with newly adopted equipment, facilities, and raw materials

#### 2. Number of Workplace Accidents

In the event of a workplace accident, immediate response is the first priority. Steps are then immediately taken to

prevent recurrence. Information gathered from any accidents is shared with other business sites, and based on the information, voluntary inspections are carried out to make sure that similar risks and hazards do not exist at the other business sites.

#### ■ Occurrence of Workplace Accidents

	FY2018	FY2019	FY2020
Those resulting in closure (no.)	0	0	1
Those not resulting in closure (no.)	11	11	2

As of March 31, 2021 Nifco nonconsolidated

#### 3. Mental Health

Nifco implements a stress check system in which the mental health of employees is checked once a year and analysis feedback is provided to the employees' assigned departments. Additionally, in anticipation of employees experiencing difficulties, we have established support systems including the appointment of industrial physicians specializing in psychiatry, interviews once a month, the establishment of an outside counseling service, and support for employees who are on leave.

#### ■ Number of Employees on Leave

	FY2018	FY2019	FY2020
Number of employees on leave	22	22	10

As of March 31, 2021 Nifco nonconsolidated

# Society

## Creating a Rewarding Work Environment

Aiming to create a rewarding work environment that leads to corporate growth and increased employee motivation, we have been promoting work style reforms since FY2017 and implementing various measures to reduce the working hours and improve productivity.

### 1. Reduction of Working Hours

We have set a goal of limiting overtime to 30 hours or less per month, and have implemented measures such as “concentration time,” in which we avoid unnecessary calls and conversations to make efficient use of one hour in the morning. The entire company continues to adhere to the target of 30 hours or less of overtime work.

### 2. Introduction of a Telework System

In February 2020, we introduced a telework system throughout the company to meet the latest working style trends. Within about a year, 2.5% of the entire company and 45% of some indirect departments had implemented the telework system.

### 3. Promoting the Use of Paid Leave

The percentage of paid leave taken in FY2020 was 67.1%, falling short of our 80% target. Employees can also take paid leave in hourly increments. The requirement that employees take at least five days of leave per year that took effect from April 2019 has been complied with fully. Going forward, we will reinforce efforts aimed at getting employees to take their available paid leave in a manner that reflects future revisions to laws and regulations.

#### ■ Paid Leave Taken

	FY2018	FY2019	FY2020
Target percentage for taking paid leave	More than 80%	More than 80%	More than 80%
Actual percentage	73.8%	76.8%	67.1%

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\* Definition of taking paid leave: Number of days of paid leave taken for the relevant fiscal year/Number of days of paid leave granted for the relevant year (applicable: regular employees, contract employees, and part-time employees)

### 4. Conducting an Employee Engagement Survey

In FY2019, we conducted an Employee Engagement Survey to evaluate various initiatives with a view to improving the ESG and employee engagement. In the survey, 71% of employees responded that Nifco was a great place to work in FY2019. We plan to conduct this survey every three years.

We are implementing an enhancement plan to further

improve sustainable engagement in the next survey, scheduled for FY2022.

### 5. Various Systems and Welfare Benefits

Nifco has created a variety of systems to encourage all employees to play an active role in the company. These include maternity leave, childcare leave, nursing care leave, family care leave, a shortened working hour system, and shifted starting or finishing times for employees with children aged between three and elementary school age, promotion of support employees to full-time employees, reemployment after retirement, various types of social insurance, defined contribution pension plan, employee savings program, employee shareholding association, housing loan system, flextime system, accumulated annual paid leave system, refreshment leave, retirement pension, membership-based benefit services, and scholarship repayment support system.

# Society

## Human Asset Development

Nifco has clearly set out the requirements and guidelines for the action of human assets able to excel at a global level based on the keywords “challenge,” “transformation,” “future,” “cooperation,” and “overcoming.” Our employee training and development systems have been established with the aim of cultivating these kinds of human assets, and we make revisions and improvements to the system as necessary while listening to employee feedback and taking the changing times into consideration.

### Various Training Programs Based on the Circumstances of Each Employee

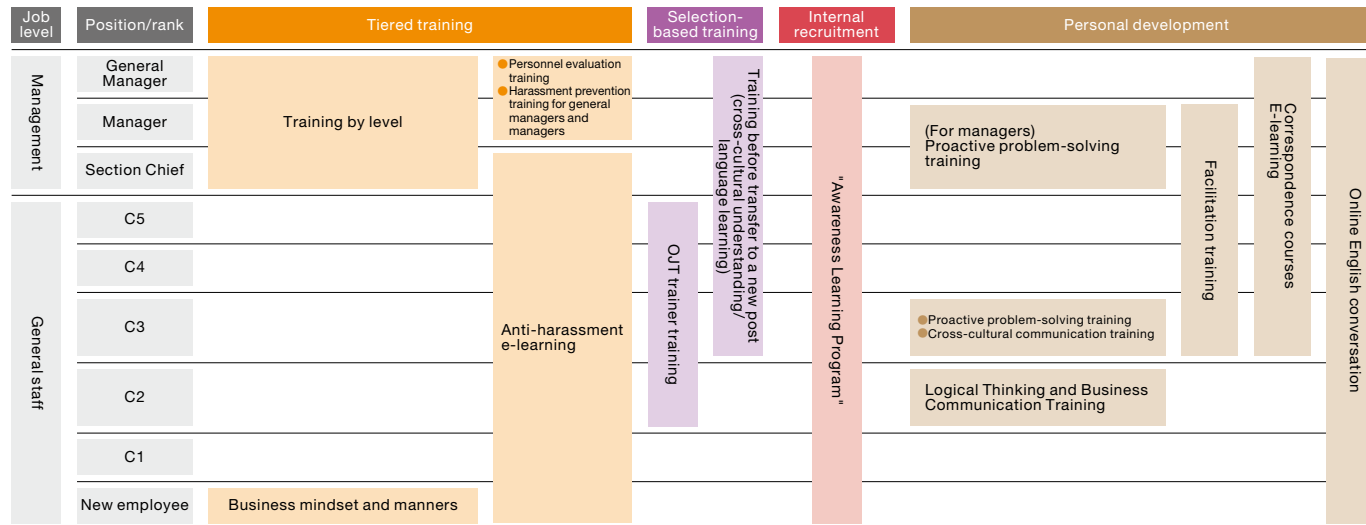
Our training system ranges from new employee training held with everyone proceeding at the same pace to long-term development designed to cultivate global human assets. In FY2020, the average training time for participants at the Training Center was 3.2 hours. In addition, we have a system that encourages employees to acquire qualifications and subsidizes the cost of external correspondence courses, making it easy for them to pursue self-development.

### Self-Assessment System

This is a system where employees submit requests to the

company through their supervisors regarding requests or feedback on their job and the workplace, their occupational aptitude, their own career plan, and so forth. The system has been implemented yearly as a means of collecting information to ensure that employees can lead a more fulfilling work life. As well as helping encourage communication with supervisors, the details of the input are fed back to management and are utilized to make improvements to the workplace environment and implement job rotations from the perspective of human asset development. There are also mechanisms for the personnel section to respond directly to individual employees as needed.

■ Training System Chart for FY2021



### Developing Creative Engineers

With the aim of fostering creative engineers with strong planning abilities and creativity, we have established a range of new learning opportunities, including workshops, industry-university cooperative research, and study abroad programs at venture companies.

### Increase in Community Engagement

We are increasing the “connection” and “dialogue” among employees across departments through the internal SNS community, promoting learning and tolerance from the “awareness” of other employees, and improving engagement through active awareness, thinking, and communication. This is also used as a “community place” within and outside the company.

# Society

## Organizational Development through Learning from External Internships

We have an external internship system to challenge ourselves while gaining new experiences, learning opportunities, and personal connections. Gaining a variety of insights will lead to personal growth. In addition, when we encounter events that change our sense of values, we share them with our team via our internal SNS to promote empathy and behavioral change throughout the organization.



Internship programs at other companies  
Change in thinking and self-propulsion

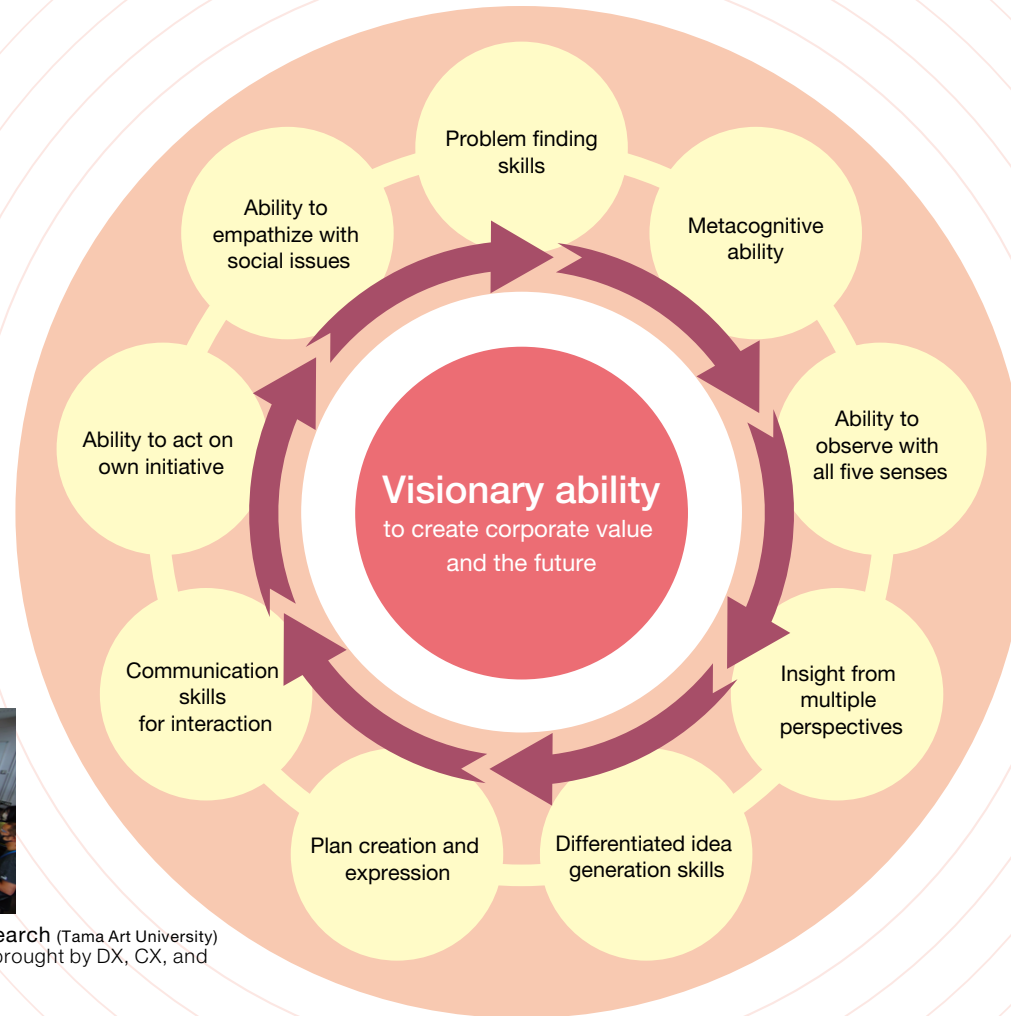


Internal SNS Community Teamlancer  
Promotion of communication skills among employees



Industry-Academia Joint Research (Tama Art University)  
New values and expressiveness brought by DX, CX, and UX in vehicle interior spaces

## Developing Creative Engineers



Professional Conference  
Value creation activities for professionals



Observational Skills Workshop  
Design literacy to develop an observant eye and see the details



Insight Workshop  
Value creation as seen through character planning

# Society

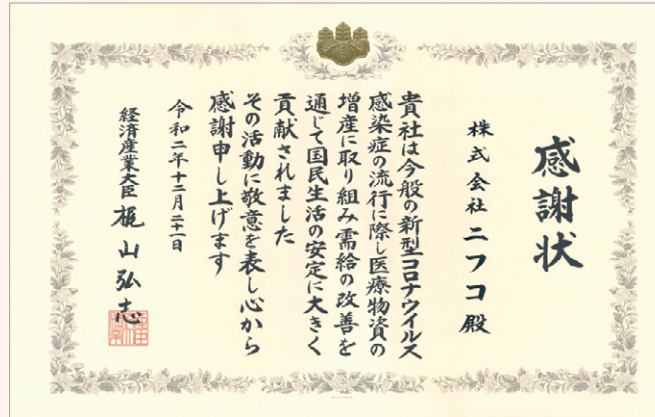
## Community Involvement and Development

We aim to be a company that continues to grow not only as a global enterprise with a unique presence, but also as a good corporate citizen. We are promoting social contribution activities in each region, which we hope leads to the development of all stakeholders.

### CASE 1

## Face Shield Donation

We designed and manufactured face shields as an initiative to prevent the spread of the new coronavirus infection. A total of 100,000 units were donated from May to the end of June 2020 to local governments where Nifco Group has its offices and plants. The face shields donated this time were designed based on Nifco's know-how cultivated through the development of fasteners. For this activity, Nifco received letters of appreciation from the Minister of Economy, Trade and Industry as well as from the local governments. We hope that the coronavirus infection will be brought under control as soon as possible, and we will continue to make efforts to contribute to society.



Certificate of Appreciation presented by the Minister of Economy, Trade and Industry



## Presentation ceremony (excerpts)



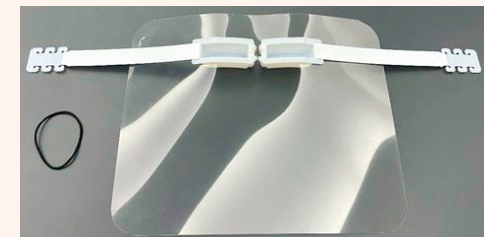
Yamagata City, Yamagata Prefecture



Kikuchi City, Kumamoto Prefecture



Gotemba City, Shizuoka Prefecture



# Society

## CASE 2 Local Cleanup Activities

### Sagamihara Plant

On November 2020, Nifco and neighboring companies of the Sagamihara Plant jointly held a community cleanup session around the plant. As in the previous year, 38 employees from Nifco and about 120 people from neighboring companies participated in this activity, which has become an annual event.



### Nagoya Plant

On November 2020, the Nagoya Plant conducted cleanup activities in the neighborhood. Thirteen employees, including the environmental manager and other members from various departments, cleaned up nearby parks, roads, and greenways.



### Other Social Contribution Activities

- **Donation of PET bottle caps (all domestic bases)**

We donated about 3,000 PET bottle caps to the NPO "Tomo ni Ayumu." The PET bottle caps will be used as raw materials for recycled plastic, and a portion of the money will be donated to the Japan Committee for Vaccines for the World's Children (JCV), a certified NPO, to help purchase vaccines. In the past, Nifco has donated a total of 33,000 PET bottle caps, enough to vaccinate 39 people.

- **Donation of tape rolls (Head Office, Nagoya Plant)**

We donated tape rolls and participated in activities to recycle them into recycled paper.

- **Blood donation activities (Head Office and Sagamihara Plant)**

A blood donation drive was held at the base.

- **Cooperation in specifying car models (Nagoya Plant)**

We cooperated with the Aichi Prefectural Police in identifying the vehicle model during their investigation of an accident.

- **Cleanup activities (Nifco Yamagata)**

Cleanup activities were held twice a year in the surrounding area.

- **Donation (Nifco Kumamoto)**

A portion of the company's sales and donations from employees were donated to the areas affected by the torrential rains that hit Japan in July 2021.

- **High School Vocational Seminar (Simmons)**

At the request of Shizuoka Prefectural Susono High School, we participated in a vocational seminar for 1st and 2nd year students.



Respect for Human Rights and Diversity

Ensuring a Safe and Fulfilling Workplace Environment

Community Involvement and Development

Social Data

## Society

### Social Data

Period: April 1, 2020 - March 31, 2021

#### Number of Nifco Group Employees

	FY2016	FY2017	FY2018	FY2019	FY2020
Nifco nonconsolidated	1,134	1,244	1,290	1,355	<b>1,388</b>
Overseas operations and Group companies	10,071	10,343	10,514	10,131	<b>9,357</b>
Total	11,205	11,587	11,804	11,486	<b>10,745(3,359)</b>

\* The number of employees excludes employees seconded from Nifco Group to outside the Group and includes employees seconded from outside the Group to Nifco Group and permanent part-timers.

The number of temporary employees includes part-timers and temporary employees, and excludes permanent part-timers. The average number of temporary employees for the year is shown in parentheses. In addition, there are 11 employees on secondment to affiliated companies.

### All data below is for Nifco nonconsolidated

#### Employees

	FY2016	FY2017	FY2018	FY2019	FY2020	
Number of employees	Total	1,134	1,244	1,290	1,355	<b>1,388(468)</b>
	Female	181	190	192	208	<b>209</b>
	Male	953	1,054	1,098	1,147	<b>1,179</b>
Average age	Overall	39.8	40.7	39.6	40.0	<b>40.2</b>
Average years of service (years)	Overall	14.4	13	14.2	14.7	<b>15</b>
Employee classification	Regular employees	1,070	1,170	1,207	1,264	<b>1,292</b>
	Non-regular employees	45	30	36	42	<b>43</b>
	Loaned employees	19	44	47	49	<b>53</b>
	Temporary employees	374	409	494	503	<b>468</b>
	Percentage of non-regular employees	4.0%	2.0%	3.0%	3.0%	<b>3.0%</b>

\* The number of employees excludes employees seconded from Nifco to outside the company and includes employees seconded from outside the company to Nifco and permanent part-timers.

The number of temporary employees includes part-timers and temporary employees, and excludes permanent part-timers. The average number of temporary employees for the year is shown in parentheses. In addition, there are 11 employees on secondment to affiliated companies.

#### Employment and Turnover

	FY2016	FY2017	FY2018	FY2019	FY2020	
New graduate recruitment	Total	37	56	52	50	<b>29</b>
	Female	8	10	11	9	<b>2</b>
	Male	29	46	41	41	<b>27</b>
Mid-career recruitment	Total	67	83	71	59	<b>13</b>
	Female	4	4	11	12	<b>2</b>
	Male	63	79	60	47	<b>11</b>
Number of employees leaving	Overall	26	32	15	6	<b>1</b>
	Employee turnover rate	12.7%	17.0%	4.0%	3.6%	<b>2.0%</b>

\* The turnover rate is the percentage of employees who left the company at the end of the fiscal year compared to the number of employees hired in the same year.

#### Manager Promotion Status

	FY2016	FY2017	FY2018	FY2019	FY2020	
All managers (employees ranked section chief and higher)	Total	400	410	415	426	<b>428</b>
	Female	18	20	22	22	<b>21</b>
	Male	382	390	393	404	<b>407</b>
	of which, non-Japanese employees	4	10	10	10	<b>10</b>
Manager and higher	Total	246	256	256	267	<b>261</b>
	Female	5	6	6	7	<b>9</b>
	Male	241	250	250	260	<b>252</b>
	of which, non-Japanese employees	4	5	10	10	<b>10</b>
General manager or higher	Total	84	91	101	100	<b>95</b>
	Female	0	0	0	0	<b>1</b>
	Male	84	91	101	100	<b>94</b>
	of which, non-Japanese employees	0	0	0	0	<b>0</b>
Percentage of female managers	Section chief or higher	4.5%	4.9%	5.3%	5.2%	<b>4.9%</b>
	Manager or higher	2.0%	2.3%	2.3%	2.6%	<b>3.4%</b>
	General manager or higher	0.0%	0.0%	0.0%	0.0%	<b>1.1%</b>

\* The figures in the previous report were incorrect and have been corrected in this report.

#### Board of Directors

	FY2016	FY2017	FY2018	FY2019	FY2020	
Directors	Total	6	6	7	6	<b>7</b>
	Female	0	0	0	1	<b>1</b>
	Male	6	6	7	5	<b>6</b>
	of which, non-Japanese employees	0	0	0	0	<b>1</b>
	of which, External directors	2	2	2	2	<b>3</b>
Executive officers	Total	14	15	14	12	<b>13</b>

\* Corporate auditors are not included.

#### Ratio of Base Salary and Total Compensation Per Employee by Gender

	Male : Female
Base salary (management and general employees)	100:95
Total compensation (management and general employees)	100:95

#### Total Annual Actual Working Hours Per Employee

	FY2016	FY2017	FY2018	FY2019	FY2020
Regular and general employees	—	2,118.3	2,124.5	2,133.6	<b>2,119.2</b>

\* No data for FY2016 due to system switch.

#### Percentage of Employees Covered by Collective Bargaining Agreements

FY2016	FY2017	FY2018	FY2019	FY2020
73.4%	71.1%	70.9%	71.3%	<b>71.6%</b>

#### Employment of Employees with Disabilities

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees with disabilities	31	38	39	38	<b>38.5</b>
Employment rate	2.09%	2.38%	2.31%	2.20%	<b>2.20%</b>

\* Part-time workers are counted as 0.5 employees.

#### Health-related Indicators

	FY2016	FY2017	FY2018	FY2019	FY2020
Stress check inspection rate	87.0%	88.0%	89.0%	83.0%	<b>86.0%</b>

#### Employees Taking Childcare Leave / Caregiver Leave

	FY2016	FY2017	FY2018	FY2019	FY2020	
Number of employees taking maternity leave	9	8	7	6	<b>8</b>	
Number of employees taking childcare leave	Total	9	9	9	11	<b>14</b>
	of which, male	0	1	2	1	<b>6</b>
	Rate of male employees taking childcare leave	0%	4.0%	10.0%	5.9%	<b>14.6%</b>
Number of employees working shorter hours due to pregnancy and childcare	11	14	7	14	<b>20</b>	
Number of employees taking caregiver leave	0	0	0	0	<b>0</b>	
Number of employees working shorter hours due to caregiving	0	0	0	0	<b>0</b>	

\* Number of employees to whom the system was newly applied in the relevant fiscal year

#### Employees Returning to Work after Childcare / Caregiver Leave

	FY2016	FY2017	FY2018	FY2019	FY2020	
Number of employees who returned to work after taking childcare leave	Total	7	9	9	11	<b>13</b>
	of which, male	0	1	2	1	<b>5</b>
	Return to work rate	77.8%	100%	100%	100%	<b>92.9%</b>
	Fixation rate	100%	100%	100%	100%	<b>100%</b>
Number of employees who returned to work after taking caregiver leave	Total	0	0	0	0	<b>0</b>
	Return to work rate	0%	0%	0%	0%	<b>0%</b>

## Company Profile

(As of March 31, 2021)

Company Name	Nifco Inc.
Representative Director, Chairman & CEO	Toshiyuki Yamamoto
Representative Director, President & COO	Masaharu Shibao
Establishment	February 13, 1967
Paid-in Capital	7.29 billion yen
Stock Listings	1st Board of Tokyo Stock Exchange (Securities Code: 7988)
Net Sales	256.0 billion yen (consolidated) 79.5 billion yen (non-consolidated) (As of the fiscal year ended March 31, 2021)
Number of Employees	10,745 (consolidated) 1,388 (non-consolidated) (As of the fiscal year ended March 31, 2021)
Scope of Business	Manufacture and sales of synthetic resin products and molds (Industrial fasteners, precision plastic molds, etc.)
Headquarters	5-3 Hikarinooka, Yokosuka-shi, Kanagawa, 239-8560 Japan TEL: +81-46-839-0225 (Representative phone number)
Website	<a href="https://www.nifco.com/en/">https://www.nifco.com/en/</a>

## Business Network

(As of March 31, 2021)

### Domestic Operations (15 bases)

Head Office (Yokosuka City)  
Tokyo Headquarters  
Nifco Technology Development  
Centre (NTEC)  
Nagoya Plant  
Sagamihara Plant  
Utsunomiya Sales Department  
Hamamatsu Sales Department  
Osaka Sales Department  
Hiroshima Sales Department  
Ota Sales Department  
Saitama Sales Department  
Suzuka Sales Department  
Asaka Sales Department  
Kyushu Office  
Kumamoto Office

### Domestic Group Companies (5)

Nifco Yamagata Inc.  
Nifco Kumamoto Inc.  
Simmons Co., Ltd.  
Nifco Trading Ltd.  
Nifco Kitakanto Inc.

### Overseas Operations

United States (3)  
Mexico (1)  
United Kingdom (1)  
Germany (1)  
Poland (2)  
Spain (1)  
Korea (1)  
China (9)  
Hong Kong (1)  
Taiwan (1)  
Vietnam (1)  
Thailand (2)  
Malaysia (1)  
Indonesia (1)  
India (2)