

NIFCO
Sustainability Report
2020

Contents

Corporate Philosophy/Nifco Group's Charter for Corporate Behavior ...	2
Nifco's Strength	3
Corporate Governance	5
Top Message	7
Sustainability Management System	9
Environmental Management	11
Achieving a Carbon-Free Society	13
Achieving a Recycling-Based Society	17
Achieving a Society in Harmony with Nature	19
Environment-Related Data	21
Human Rights and Labor Practices	23
Community Participation and Development	27
Social Data	28
Company Profile	29

■ Editorial Policy

Nifco has identified materiality items, organized them from an ESG perspective, and made the information available on the Web.

In editing the document, we have striven to exhaustively cover information that should be disclosed to all of the stakeholders who have an interest in the businesses of the Nifco Group.

■ Applicable Scope

This report deals primarily with Nifco's domestic synthetic resin molded products business and also reports on the CSR activities of subsidiaries, including those based overseas.

■ Applicable Period

FY2019 (April 2019 to March 2020)

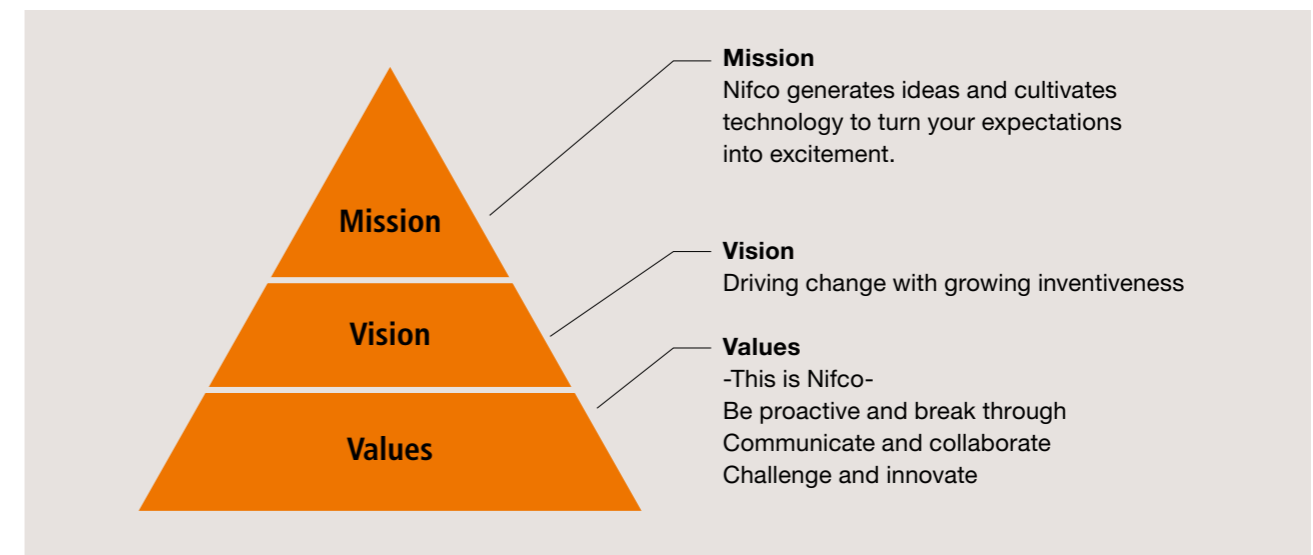
■ For Inquiries regarding the Sustainability Report

Nifco Inc. Administration, Office for ESG
Mita Bellju Building 20F, 5-36-7 Shiba, Minato-ku, Tokyo, 108-8522 Japan
E-mail: esg@jp.nifco.com

Corporate Philosophy

Nifco has established the following corporate philosophy for the purpose of sustainable growth and evolution.

This philosophy is based on the convictions that have sustained Nifco, convictions which we must pass down. It also represents the resolve necessary for Nifco to go forward into the future. Our corporate philosophy incorporates both of these motivations.



Nifco Group's Charter for Corporate Behavior

A company should be useful for society while being an economic entity that pursues profits through fair competition. Against this backdrop, companies that belong to Nifco Group, regardless of whether they are in or outside Japan, shall respect human rights and observe relevant laws and regulations, international rules and their spirit as well as act voluntarily and with good social sense towards the creation of a sustainable society, in accordance with the following 10 principles:

1. To develop and provide socially useful products and services in due consideration of safety and the protection of personal and customer information, and win the satisfaction and trust of consumers and customers.
2. To engage in fair, transparent and free competition and carry out proper transactions. To also maintain sound and normal political and administrative relations.
3. To communicate widely with society, not just shareholders, and proactively and fairly disclose corporate information.
4. To respect the diversity, personality and individuality of employees and realize comfort and abundance by ensuring a safe environment in which it is easy to work.
5. To recognize that efforts for environmental issues are a challenge common to human beings and an essential requirement of the existence and activities of a company, and act voluntarily and proactively for environmental issues.
6. To proactively make social contributions as a "good corporate citizen."
7. To firmly confront antisocial forces and organizations that threaten the order and safety of civil society.
8. In international business activities, to conduct management that respects local cultures and customs and contributes to their development, not to mention the need to comply with international rules and local laws.
9. The top management shall recognize that the realization of the spirit of this charter is his or her role, and drive home this charter inside the company and make it known to all group companies and business partners after setting an example for him or herself. Also, the top management shall always grasp opinions inside and outside the company, establish an effective in house system and strive to drive home corporate ethics.
10. In the event that a situation that goes against this charter occurs, the top management shall make clear its stance to work on the resolution of the situation for himself or herself both inside and outside the company, and strive to investigate causes of the problem and prevent recurrence of a similar situation. Also, the top management shall quickly and accurately disclose information to society and show accountability, and severely deal with those who are responsible, including themselves, after clarifying authorities and responsibilities.

Nifco's History

Nifco was founded in 1967 in order to manufacture and sell plastic fasteners for industrial purposes.

The current name NIFCO is the acronym of the original company name, "Nippon Industrial Fastener Corporation."

Plastic fasteners are for connecting, building, and tying. Nifco delivered light, non-rusting, easy-to-handle products to Japanese industries.

Our plastic fasteners contributed greatly towards power saving and cost saving in manufacturing processes, and they started to be deployed in automobiles as the automotive industry grew. Today, Nifco has the largest market share in the Japanese automotive industry.

Nifco's success extended beyond plastic fasteners. Nifco was the first in the world to develop a mini-damper, going on to release one product after another to demonstrate our unique ideas, such as the push latch that spreads the concept of "push-open" all over the world, parts for fuel tanks to comply with environmental regulations, and engine transmission products that call for highly advanced design capabilities.

In recent years, Nifco has also focused on developing products related to electric vehicles (EV) and advanced driver-assistance systems (ADAS). The innovations developed by Nifco engineers worldwide have been transformed into new technologies that have been integrated into our automobiles and every aspect of our lives.

Nifco's Creativity

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 vibration 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 value together to create further value.

This is what Nifco has always done, offering its

original products to provide solutions for customers' requirements and issues.

Currently we hold over 3,500 intellectual property rights, and every car produced in Japan contains more than 700 Nifco products.

Nifco strives to exceed customer expectations, and this is the driving force behind our creativity.



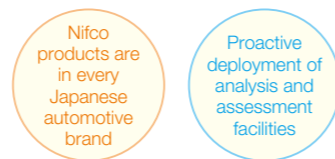
Nifco's Quality

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

This reliable quality opened the door to the international market. Nifco's products extend beyond the automotive industry and have also earned high marks

in the household equipment, consumer electronics, office equipment, fashion, and sports industries.

We endeavor to expand our activities into new business areas.



Nifco's Global Presence

Nifco entered the global market in 1983 and now caters to the needs of customers around the world. Nifco's global development started in Taiwan and expanded into North America, Europe, and Asia.

In addition to developing countries, Nifco has been reinforcing branches in European areas in recent years to expand its market share. Nifco will collaborate with group companies worldwide to further

expand into the global market, and implement a system to consistently deliver the most optimal solutions to our customers.



Nifco's Future

Nifco's history as a creative company all started with a little plastic fastener. While preserving the spirit of our forbearers, we have taken a step forward to the next new stage.

As part of these efforts, we have reorganized our technical branches that were previously spread throughout Japan and consolidated them into two (east and west) to facilitate even more sophisticated technical development. Serving as the east branch is the Nifco Technology Development Centre (NTEC). NTEC was completed in 2013 to be the technological core of the company. Then in 2019 construction was completed on a technology development building inside the Nagoya Plant, which serves as the west branch. At these two development sites we are engaged in initiatives to create an optimized environment for people and facilities to work in harmony, implement new technologies, and explore unknown territories.

The year 2018 marked the 50th anniversary since the establishment of our company. On this occasion, we formulated a new corporate philosophy, new corporate logo, and slogan.

Our corporate philosophy is a reflection of our hopes, convictions, and new resolutions for the future to be carried forward over the next 50 years. The logo is the visual cornerstone of Nifco's identity. The slogan is Nifco's promise to our stakeholders. In line with these, we will collectively undertake efforts to change our way of thinking in order to drive sustainable growth and advancement.

Corporate Slogan

WOWING THE WORLD

Inclusion in ESG Investment Index

Nifco is ranked by Morgan Stanley Capital International (MSCI) among stocks in its MSCI Japan ESG Leaders Index. This index is widely used by investors around the world who focus on ESG investments as benchmarks for asset management. As ESG investment has become more prominent, Nifco is glad to be able to take on these new challenges. In fact, our goal is to become a company that both embraces them as part of our global ESG efforts and contributes to the sustainability of the larger society.

**2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

Nifco strives to always be of service to every stakeholder, including our shareholders, investors, customers, affiliate companies, employees, and local communities. To achieve this, we regard thorough compliance as a priority management issue and work to strengthen Group management.



Nifco's Vision

In fiscal 2019, we marked our 53rd anniversary. We recognize that to achieve sustainable growth and evolution under our new corporate philosophy, human assets will serve as the core, linking the future with the convictions that have sustained Nifco and that should be passed down. We think it is important to realize and experience how these human assets serve as factors in Nifco's growth. In a global situation that is rapidly changing every day, we pose the question of how to substantiate our value as a company and strive to be a creative company that gives people excitement and surprise through our origins in "fastening."

Appropriately Implementing the Corporate Governance Code

As of July 9, 2019, Nifco has fully implemented each of the principles laid out in the Corporate Governance Code. The Corporate Governance Code is available at the following location on our website.

URL <https://www.nifco.com/en/csr/governance.html>

Corporate Governance Structure

Brief Explanation of the Organizations within the Company

In addition to auditors within the company, we also have the following corporate organizations: general shareholders' meeting, board of directors, board of auditors, and accounting auditor. There are seven directors (including three external directors) and four auditors (including two external auditors) in our company as of June 18, 2020.

Furthermore, to put the system to ensure proper company operation into practice, we have various committees established under the board of directors, including the Risk Management Committee, Compliance Committee, and Information Security Committee. In addition, our company has an executive officer system for the purpose of ensuring quick and smooth execution of business, and our internal directors concurrently serve as executive officers. The board of directors therefore has the function to supervise the work execution of the executive officers, as well as a supervisory function over the work execution of the directors who also serve as representative director or executive officer.

1 Board of directors

The board of directors holds a regular meeting once a month, in principle, and other meetings from time to time as necessary to make corporate decisions and draw up strategies for business management of subsidiaries. The board of directors endeavors in this way to enhance the business performance and drive the growth of the entire Group as well as reinforce corporate governance.

Meanwhile, those matters not taken up by the board of directors which are of comparatively high importance are deliberated over and reported at Management Committee meetings, which are generally held monthly.

2 Board of auditors

The board of auditors is responsible for establishing and conducting an audit policy and an audit program based on the

auditors' standards. In addition, the board of auditors reviews the focus items of the audit every year in accordance with changes in the environment for business management.

3 Accounting auditor

Our company is subject in a fair and legal manner to accounting audits conducted by KPMG AZSA LLC, which acts as the accounting auditor of our company under the audit contract.

Establishing and Reinforcing Internal Control System (Compliance/Risk management)

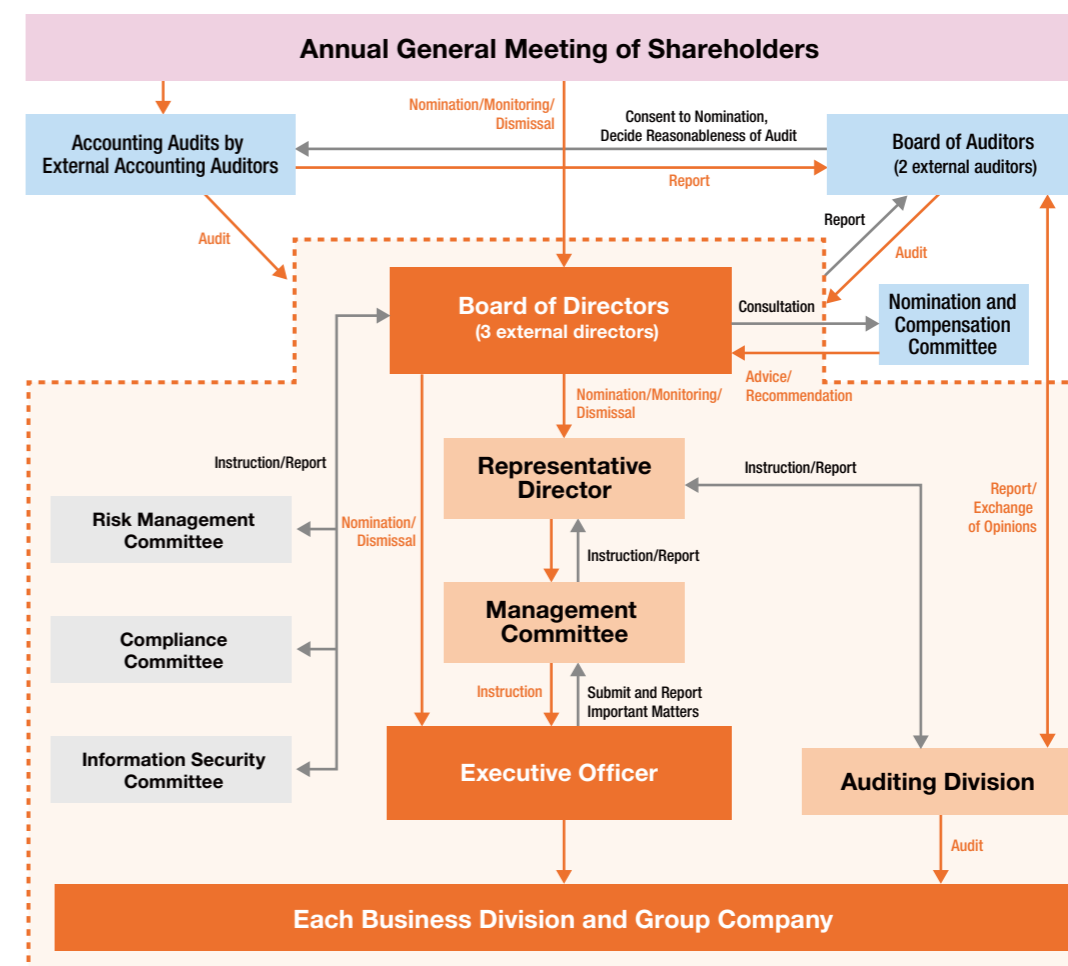
We have established the system to ensure proper operation in the company based on which we are building a system that enables us to ensure the fulfillment of duties of the directors in compliance with laws, regulations, and the by-laws of the company and a system to ensure proper and adequate operation of other works in the company. More specifically, we have an internal system whereby the directors and the employees should fulfill their duties according to high ethical standards, which is prompted by the Compliance Committee under the Nifco Group's Charter for Corporate Behavior.

Management of risk of loss in the Group is led by the Risk Management Committee, in which major risks are identified and analyzed and then preventive measures against them are reviewed and implemented. Regulations and systems with regard to information security are reviewed and established under the leadership of the Information Security Committee.

As part of internal control, we have also established a whistle-blowing system with the aim of early detection of any corporate misconduct or other issues, based on internal reporting regulations.

The Nomination and Compensation Committee was established on December 10, 2018 as an advisory body to the board of directors. The committee ensures the objectivity and transparency of the decision-making process regarding the nomination of directors and the compensation of the management team.

Corporate Governance Structure



Amid Times of Dramatic Change, Nifco is Expanding Its Activities into ESG Management with the Aim of Being a “Creative Company That Turns Your Expectations into Excitement.”

Toshiyuki Yamamoto

President & CEO



Since it was founded in 1967, Nifco has continued to develop as a solution-oriented company that solves the various problems faced by customers. Through product development including fasteners having the characteristics of light, non-rusting, precision-suitable plastic products, from the time of Japan’s high economic growth period Nifco has contributed to reduced weight and cost savings in automobiles and consumer electronics, along with assembly line labor saving and efficiency improvements. We have also expanded our fields of operation to office automation, household equipment, fashion, sports, and other areas. Today we embrace the mission to be “a creative company that turns your expectations into excitement with generated ideas and cultivated technology” as we strive to sustainably grow and evolve in tandem with society.

As a company that continues to move ahead in step with society, we have declared ESG (environmental, social, and governance) management as one of the basic strategies in the “Nifco Innovation Plan 2020,” our medium- to long-term management plan.

As part of this approach, we have recognized a changing awareness regarding the environment and focused on product development from the perspectives of energy conservation and protecting

the environment. In the automotive sector, we have contributed to the reduced weight and improved fuel efficiency of vehicles by switching from metal to resin based products for our flagship industrial fasteners, interior parts, and exterior components, as well as by reducing the number of components used. Moreover, in addition to offering fuel system components such as filters that comply with stringent environmental regulations, in recent years we have also worked on the development of products for electric vehicles.

As well as developing these environmentally friendly products, we make active efforts to reduce energy consumption and waste materials in manufacturing and to streamline transportation and distribution. We have also come together as a company to drive activities with a strong awareness of the need to reduce CO₂ emissions.

In pursuing these environmental activities, we have been influenced by the stances taken by our customers, the companies at the forefront of environmental efforts. For instance, a certain sporting goods manufacturer imposed a rule that all plastic components must use recycled materials. While responding to the strict demands of customers, at the same time we incorporate innovation into our business and work together with business partners and suppliers

to implement sustainability-oriented practices at every stage from raw material procurement to distribution.

We place an emphasis on communication to promote understanding of ESG management. To date, Nifco has created extra added value based on marketing insight by valuing the identities of individuals. In ensuring these unique Nifco strengths are passed down, we have established a framework for communication ensuring that the Group employees of various nationalities working at our 54 sites* in Japan and overseas can more freely engage in lively discussion. This is linked with “focusing on growth markets and growth regions to cultivate markets that leverage Nifco’s strengths,” as declared in our medium- to long-term management plan.



In each of the regions in which Nifco operates, we promote social contribution and communication initiatives through our unique skills in manufacturing. As measures to prevent the spread of COVID-19 infections, we have utilized our plastic molding technologies to create face shields that have been provided to local governments and hospitals in Japan and overseas free of charge.

The diversification of human assets is key to promoting a global growth strategy. With more than 80% of our group employees comprising foreign nationalities, it is important to recognize the different ways of thinking in Japan and overseas, and even among our overseas sites, to understand the differences between North America, Europe, and Asia. Moving forward, we will also promote increased diversity in top management. We have already appointed executive officers of Chinese and Spanish nationalities, and in FY2020 appointed an American external director.

We will also work to establish a management base in line with company growth from the perspective of ESG management by adopting non-financial indicators in the evaluation of company officers (long-term incentives).

Our current medium- to long-term management plan will end in FY2020. In the new plan, we will embrace a unique and bold approach that plays to the distinct qualities of Nifco, including setting our sights on completely eliminating waste plastics as a manufacturer that handles a large volume of plastics. Amid times of dramatic change, Nifco is expanding activities in the area of ESG management with the aim of being a “creative company that turns your expectations into excitement.”

* As of end of March 2020: The Nifco Group comprises Nifco and 53 consolidated subsidiaries.

Nifco Innovation Plan 2020

1. Driving further growth of our existing technologies and fostering innovation with new technologies to enhance new product development
2. Focusing on growth markets and growth regions to cultivate markets that leverage Nifco’s strengths
3. Investing in management resources focused on achieving an effective return on invested capital with an emphasis on ESG (environmental, social and governance)
4. Establishing a management base in line with company growth

In the Nifco Innovation Plan 2020, Nifco Group is pursuing a number of initiatives with the stated goal of “investing management resources focused on achieving an effective return on invested capital with an emphasis on ESG.” In the new medium- to long-term management plan to be announced in FY2021, we will continue to reinforce our ESG management foundations to achieve sustainable development, and strive for even greater growth. Nifco Group recognizes the social responsibility a company must fulfill and the expectations it faces from all stakeholders. Towards achieving the SDGs, we will seek more in-depth dialogue with stakeholders and contribute solutions to the issues facing society.



Priority ESG Issues to be Tackled

E: Environmental Issues

- Initiatives to address climate change
- Improving the environmental performance of products
- Initiatives aimed at resource efficiency
- Helping to conserve ecosystems
- Water management



S: Social Issues

- Respecting and considering human rights
- Respecting diversity
- Human asset development
- Developing a safe and healthy workplace



G: Governance Issues

- Corporate governance
- Risk management
- Strengthening compliance



Source: United Nations Development Programme

Nifco's Key ESG Issues

	Materiality	The aspect of enhancing corporate value				Sustainability topics		
		Profit growth	Cost reductions	Brand enhancement	Organizational strengthening			
E (Environment)	Combating climate change and air pollution			●	●	Reducing CO ₂ emissions		
	Energy management = promoting energy conservation		●	●		Reducing electric power usage		
	The management of industrial waste		●	●		Reducing the production valuables in waste		
	Managing harmful substances (Reduction of chemical emissions)		●	●		Reducing the release of chemical substances		
	Green purchasing			●		Green purchasing		
	Reducing water usage and managing wastewater		●	●		Improving the efficiency of water usage		
	Improving the environmental performance of products	●	●	●		Reducing resource usage		
	Helping to conserve ecosystems			●		Promoting coexistence with local regions		
	Environmental management system		●	●		Obtained ISO 14001 certification		
	Development and provisions of products that adapt to or ease climate change	●		●		Fuel efficient design		
S (Social)	Complying with trade-related laws and regulations			●	●	Complying with trade-related laws and regulations (dealing with investigations for FTA certificates of origin)		
	Supply chain management	●	●	●	●	Supply chain management (Quality/Purchasing)		
	Respecting human rights		●		●	●	Prohibiting discrimination and harassment Consultation and aid services Guaranteeing the right to organize and the right to collective bargaining	
		Respecting diversity/Implementing diversity and inclusion					●	Employment of female employees Employment of persons with disabilities Employment of employees with foreign nationalities Employment of overseas trainees LGBT-related Initiatives: Formulation of basic policy and initiatives for inclusion in the PRIDE INDEX Maternity leave, childcare leave, family care leave Employment of non-permanent workers Employment of willing employees up to 65 years of age
				●		●	●	Personnel affairs and welfare Welfare
			●		●	●	Health and safety of employees Stepping up efforts to ensure shorter working hours and encourage the taking of paid leave (flextime system, system allowing paid leave to be taken in half-daily or hourly increments, telework system) Developing a safe workplace environment (Occupational health and safety initiatives: holding safety and health committee meetings, initiatives to address mental health)	
			●		●	●	Human asset development System to incentivize the acquisition of qualifications and skill examinations Training to cultivate creative human assets	
			●	●	●		Quality and safety of products Ensuring the quality and safety of products	
			●		●		Communication with customers Complaint and consultation services	
					●	●	Addressing the environment and culture with the community Local cleanup activities	
			●	●	Developing industry with the community Joint industry-academia activities with universities			
			●	●	Regional activities with the community Regional promotion activities (through event sponsorship)			
G (Governance)	Corporate governance			●	●	Corporate governance Internal control IR activities Sustainability management (management and internal establishment basic policies on the promotion of CSR and the SDGs)		
				●	●	Risk management Business continuity plan (BCP) management Promoting stronger management of confidential information (dealing with personal information protection laws in each country, preventing the leaking of confidential information, addressing cyber security)		
				●	●	Compliance Thoroughly ensuring compliance and observing ethical norms		

Nifco has established the following environmental policies as its fundamental philosophy of an environmental management system (EMS). In its group-wide efforts to realize these policies, Nifco's goal is to improve the productivity of its efforts.



Nifco's Environmental Policies

● Business Principles

Nifco Group aims to become an excellent global company achieving the realization of a richer society by taking care of the global environment and providing customers with products full of creative and delightful functions.

● Fundamental Environmental Policy

We realize that the conservation of the global environment is one of the most important common issues that all human beings face, 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 impacts of our business on the environment in relation to the manufacture and sales of resin molded products, electronic parts, packaging materials, and other products, as well as our business activities in connection with them.

● Code of Conduct

1. We comply with all laws, regulations, and rules in relation to the environment, and strive for environmental conservation.
2. We set our objectives and goals of environmental management, fulfill them, and review those objectives and goals periodically in order to continuously improve our systems and prevent pollution.
3. We make efforts to reduce the amount of plastic material waste generated from resin molding processes and other waste in general.
4. We endeavor to save resources and energy.
5. We give the environment and resource conservation significant consideration when we develop and provide our products.
6. We take measures to raise awareness among all our employees about the conservation of the environment, and take part in social activities as a member of the local community.
7. We realize this environmental policy and make it thoroughly known to all our employees so that we can fully implement and maintain the policy. We will disclose the policy in response to requests from outside parties.

Nifco has established an environmental management system (EMS) based on the ISO 14001* international standard.

* ISO 14001 is the international standard for an environmental management system (EMS) set forth by the International Organization for Standardization (ISO). The standard provides an organizational framework for protecting the environment and responding to changing environmental conditions while striking a balance with socioeconomic needs.

ISO 14001

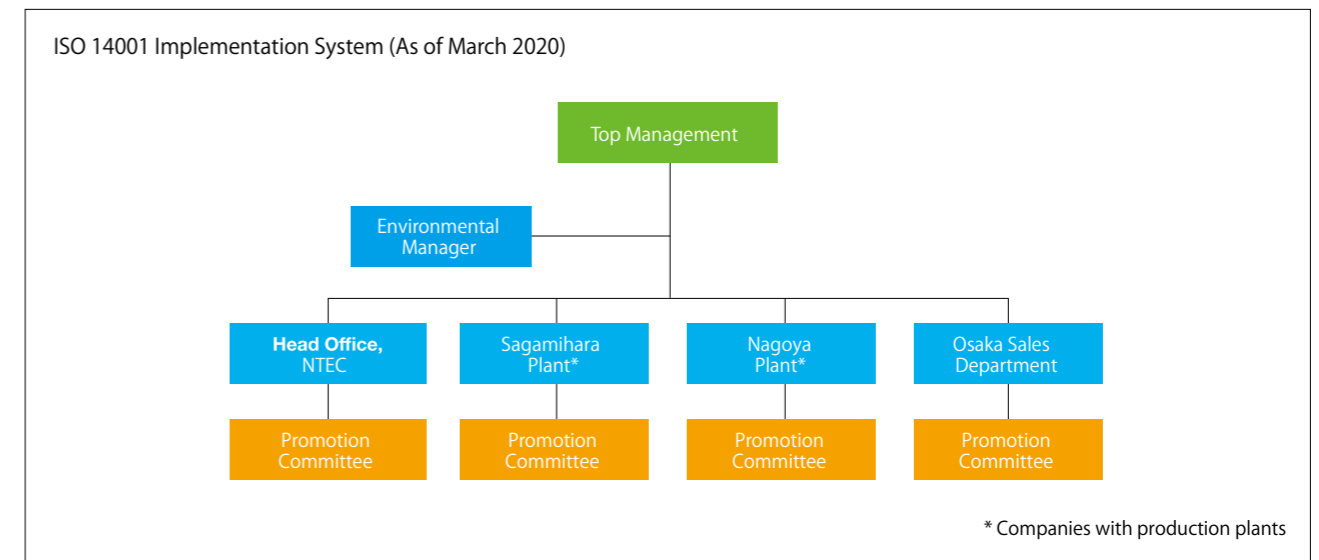
After being certified in March 2001 in ISO 14001, we have made continual improvements using the ISO 14001 standard for an environmental management system and have strived as a result for environmental conservation. At present, to achieve a balance between environmental conservation and our corporate activities, we work to reduce the burden placed on the environment and make continual improvements to our business processes in accordance with the requirements of ISO 14001, specifically using the PDCA (Plan, Do, Check, Action) cycle as the basis of our efforts.

Frameworks to Promote Our Environmental Policies

We have selected Environmental Management Officers for all business offices subject to the application of our environmental management system (EMS). We ascertain the implementation status of our systems at each site monthly, and constantly monitor our overall efforts. We also conduct an internal audit and commission an outside audit once a year to identify issues with the EMS. At the end of each fiscal year, the appropriateness, validity, and effectiveness of the EMS are verified through a review conducted by management.

Additionally, at five of our sites, namely our Head Office, the Nifco Technology Development Centre (NTEC), Sagamihara Plant, Nagoya Plant, and Osaka Sales Department, we have introduced the 2015 version of the ISO 14001 standard for an environmental management system. Five domestic operations, two domestic affiliated companies, and 19 overseas subsidiaries, accounting for 55% of all affiliated companies, have obtained ISO 14001 certification. (As of March 2020)

► P.22 Environment-Related Data: Status of ISO 14001 Certification



Social issues of a global scale such as the environment and ecosystems are on the rise. As a foothold towards solutions to these issues, in 2015 the United Nations General Assembly selected and reached consensus on the SDGs and the Paris Agreement. Nifco implements initiatives that help achieve the goals laid out in the SDGs.



Basic Stance on Carbon-Free Society Initiatives

As a company, Nifco assumes a social role and responsibility to fully confront issues related to climate change and pursue concrete initiatives. To that end, we make continual efforts to reduce the CO₂ emissions generated by our business activities and pursue activities aimed at minimizing CO₂ emissions. We also believe that providing society with environmentally conscious products through energy management, business development, and innovation represents a contribution to a sustainable society for Nifco as a company, and is also a growth strategy.

Nifco's Aims towards Achieving a Carbon-Free Society

- 1 Developing environmentally conscious products
- 2 Promoting energy conservation
- 3 Promoting energy creation
- 4 Promoting resource conservation
- 5 Disclosing company information on climate change and seeking outside opinions



Contributions to the SDGs through Activities

We contribute to the four SDG goals on the right through our business strategy.



Developing Environmentally Conscious Products

We believe that ensuring the transition to a low-carbon society is a step that will lead to the sustainable growth of Nifco on the way to achieving a carbon-free society. We aim to leave a sustainable environment for future generations by adapting to environmental changes and continuing to provide products giving consideration to the global environment.

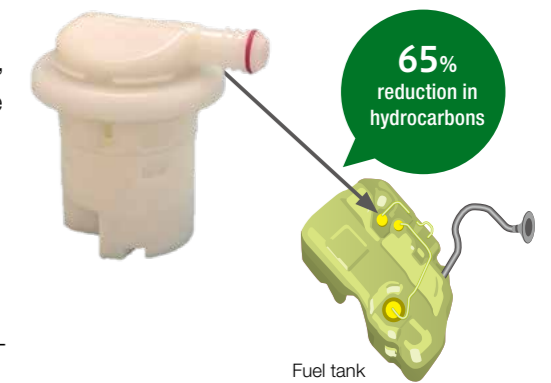
CASE 1 Combo Valves for Fuel Tanks

Nifco has developed and mass produced combo valves for fuel tanks that pass China's strict vehicle emissions standards, namely the Stage 6 Limits and Measurement Methods for Emissions from Light-Duty Vehicles (China Stage 6 Standards), commonly known as "China 6."

The product integrates multiple functions, specifically, a full tank sensor function that triggers an auto-stop

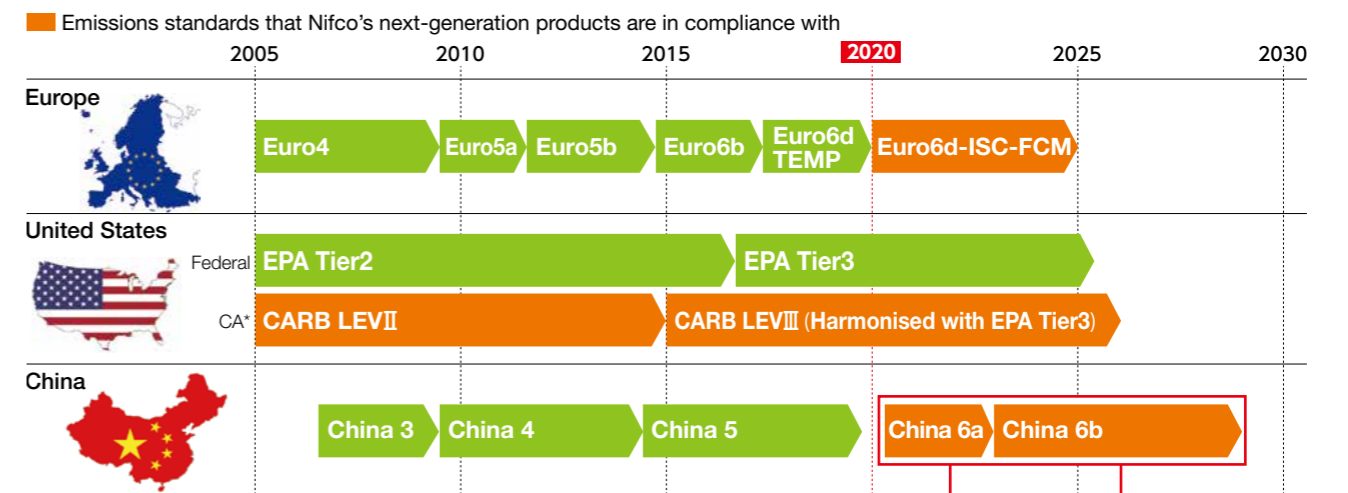
of the fuel feed gun during refueling, a function that prevents the dispersal of hydrocarbons (HC) into the atmosphere during refueling, and a function that prevents the leaking of gasoline when the vehicle is operating and in the event of an overturn.

By integrating three valves into one, the number of components mounted to the fuel tank is reduced, and hydrocarbons released from the tank have been reduced by 65% compared with the old regulations. Moving forward we will continue to prevent the release of hydrocarbons and pursue the further development of environmentally conscious products.



Chronology of Worldwide Exhaust Gas and Fuel Efficiency Regulations

In the interests of preventing air pollution and conserving energy, around the world regulations on CO₂ emissions, vehicle exhaust gases, and fuel efficiency have gradually become stricter. Particularly in China, where air pollution has become a serious problem, major cities such as Guangzhou and Shenzhen have begun to impose the strict China 6b vehicle emission standards four years ahead of the nationally mandated timing. Nifco cooperates with automotive manufacturers to develop products that comply with the regulations in each country.



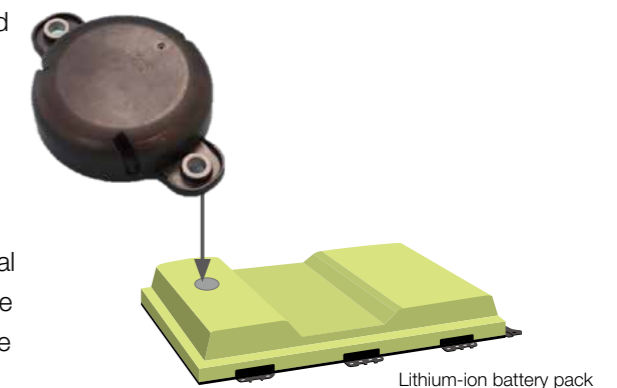
* Regulations are particularly strict in the state of California (CA), even by U.S. standards.
 * The information in this timeline is accurate as of March 2020. The laws and regulations of each country may change in the future.

Standards have been imposed in major cities since July 1, 2019.

The China 6 emissions standards that began operating in July 2020 impose stricter requirements than the previous China 5 standards and require a 50% improvement in emissions values for nitrogen oxides (NOx). The Chinese government has established two stages for the China 6 standards, "China 6a" and "China 6b." Automotive manufacturers have been granted a grace period to comply with the new standards.

CASE 2 Battery Pressure Release Valves


A wide range of Nifco products are being equipped in plug-in hybrid electric vehicles (PHEV) and electric vehicles (EV) as development moves forward ahead of the transition to a low-carbon society. A feature of PHEVs and EVs is that since they operate using electricity to drive a motor, compared with gasoline-powered vehicles that generate force using gasoline as the fuel, they produce less CO₂ and other exhaust gases, which contribute to air pollution and global warming. Nifco has developed and mass produced battery pressure release valves installed in the lithium-ion battery packs fitted in these EVs, contributing to improved vehicle safety.



Lithium-ion battery pack

Promoting Energy Conservation

Nifco's efforts to reduce energy usage include the installation of energy saving equipment when upgrading lighting fixtures. By switching to energy efficient LED lighting at our plants and other sites, adjusting lighting to appropriate levels, and reducing electricity usage, we are making efforts to prevent global warming by reducing CO₂ emissions.

Sagamihara Plant Electricity Usage (Annual) 130,610kW → 52,371kW A reduction of 78,239kW	A reduction of about 60%	
Nagoya Plant (East Plant, 2F) Electricity Usage (Annual) 45,246kW → 20,109kW A reduction of 25,137kW	A reduction of about 56%	
Nagoya Plant (West Plant 2F) Electricity Usage (Annual) 25,666kW → 12,583kW A reduction of 13,083kW	A reduction of about 51%	

Upgrading of plant building lighting equipment

Promoting Energy Creation

Nifco promotes the introduction of energy creating equipment including solar power generators and is making efforts to further the adoption of energy creation that involves renewable natural energies.

CASE 1 Nagoya Plant

We are building the new engineering wing and renovating the factory wing at our Nagoya Plant, and on the roof of the technology development building we have installed solar panels. The electricity that we can generate from these panels is expected to be about 40,000 kWh/year.



CASE 2 Nifco Kitakanto Inc.

Solar panels were installed on the roof of the Nifco Kitakanto building that was completed in December 2019. The electricity that we can generate from these panels is expected to be about 70,000 kWh/year.



Promoting Resource Conservation

We conduct activities to reduce the usage of gasoline, a fossil fuel, as part of resource conservation efforts.

As NTEC came under ISO 14001 certification, gasoline usage for FY2019 increased 22.8 kl compared with the previous year. Moving forward we will continue to strengthen initiatives and work to reduce gasoline usage.

Change in Gasoline Use

(kl)	NTEC	Head office	Sagamihara	Nagoya	Osaka	Total
2014	—	7.7	26.6	41.5	—	75.8
2015	—	29	9	46.8	—	84.8
2016	—	27	7	48.7	—	82.7
2017	—	36	3.6	43.5	—	83.1
2018	—	30	4	42	3.5	79.5
2019	14	39	4.6	40.6	4.1	102.3

CASE 1 Replacement of Head Office Company Vehicles

Head office company vehicles were switched from light motor vehicles to fuel efficient ordinary motor vehicles compliant with the latest regulatory standards. A vehicle was also switched to an electric vehicle (EV) which does not consume fossil fuels.

CASE 2 Reducing the Number of Visits to the Sagamihara Plant

Previously, personnel working at the head office would always visit the Sagamihara Plant during prototype production, but attendance from the head office is no longer necessary after we established a system to discuss detailed prototype production information between departments in advance. Through this change, we will aim to reduce gasoline usage and lower CO₂ emissions.

Disclosure and Outside Evaluation of Nifco Information regarding Climate Change

Nifco aims to be a company that is recognized by society and achieves sustained growth. To that end, Nifco discloses detailed information on the impact its activities have on climate change and the initiatives it is pursuing to an outside assessment organization for the purpose of evaluation.

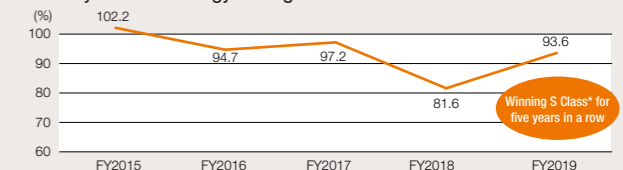
Japan Business Operator Classification Evaluation System (SABC Evaluation System)

As an entity that is required to submit reports in accordance with the Energy Conservation Law, Nifco prepares "Energy Conservation Law Periodical Reports" and submits them to the Minister of Economy, Trade and Industry. While Nifco's CO₂ emissions have trended upwards due to factors such as production increases, as a result of reviewing energy usage efficiency and pursuing improvements to primary units of energy consumption, a 1% decrease by primary units was achieved compared with the previous year. As a result, for FY2019 Nifco was ranked as an S class business for excellence in energy saving, achieving the highest ranking for the fifth consecutive year.

CO₂ Emissions

(t)	Head office	Sagamihara	Nagoya	Osaka	Total
2015	923	2,418	3,680	—	7,021
2016	1,350	2,009	3,322	—	6,681
2017	1,470	1,838	3,365	—	6,673
2018	1,501	2,138	3,371	24	7,034
2019	2,670	2,115	4,000	26	8,811

Primary Units for Energy Savings



* For five years in a row since FY2015 Nifco has been ranked as an S Class business for excellence in energy saving in the "Business Operator Classification Evaluation System" that is part of the energy-saving policy framework of the Ministry of Economy, Trade and Industry's Agency for Natural Resources and Energy.

Toyo Keizai Japan CSR Ranking

The Toyo Keizai Japan CSR Ranking is Japan's foremost comprehensive CSR research initiative operated by TOYO KEIZAI INC., a Japanese publisher focused on politics, economics, and business. In the 13th Toyo Keizai Japan CSR Ranking, Nifco was awarded the second-highest AA rating and achieved a score of 81.3 out of a maximum 100 in the area of environmental assessment, which comprises 28 items in total.

Japan and Overseas CDP Scores

In the CDP* climate change program conducted to assess activities on climate change information disclosure conducted in 2019, 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.

* The Carbon Disclosure Project (CDP) is an international NGO tackling environmental issues such as climate change and also operates a disclosure system for environmental information collected from companies and municipalities. In 2019, more than 8,400 companies accounting for more than 50% of worldwide market capitalization disclosed environmental data through CDP.

Nifco seeks to create a society that, in addition to using limited resources with high levels of efficiency, reproduces resources in a sustainable manner to create a chain of recycling.



Basic Stance on Recycling-Based Society Initiatives

Nifco regards resource recycling as an important issue and strives to utilize resources effectively. We promote Reduce, Reuse and Recycle in our business activities, make efforts to conserve resources, and seek to create a resource recycling-based society.

Nifco's Aims towards Achieving a Recycling-Based Society

- 1 Utilizing resources effectively
- 2 Initiatives to conserve marine environments
- 3 Initiatives on waste materials
- 4 Initiatives on water supply



Contributions to the SDGs through Activities

We contribute to the four SDG goals on the right through our business strategy.

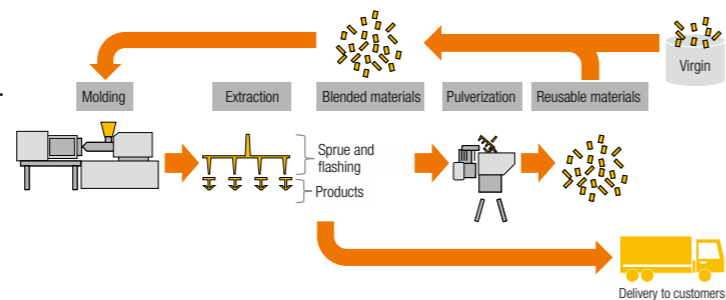


Utilizing Resources Effectively

Nifco recognizes that the consumption of raw materials is tantamount to using resources. We aim to recycle and conserve resources by utilizing them efficiently at our production plants.

CASE Developing Molding Processes That Generate No Waste Materials

The conventional plastic molding process left sprue and flashing (pieces that were unnecessary for the product generated during the plastic molding process) that were thrown away as waste. As a result of improvement activities, we now pulverize the sprue and flashing left over after molding on the spot and convert the waste into reusable materials. We blend them with unmixed plastics (virgin materials) and reuse them*.



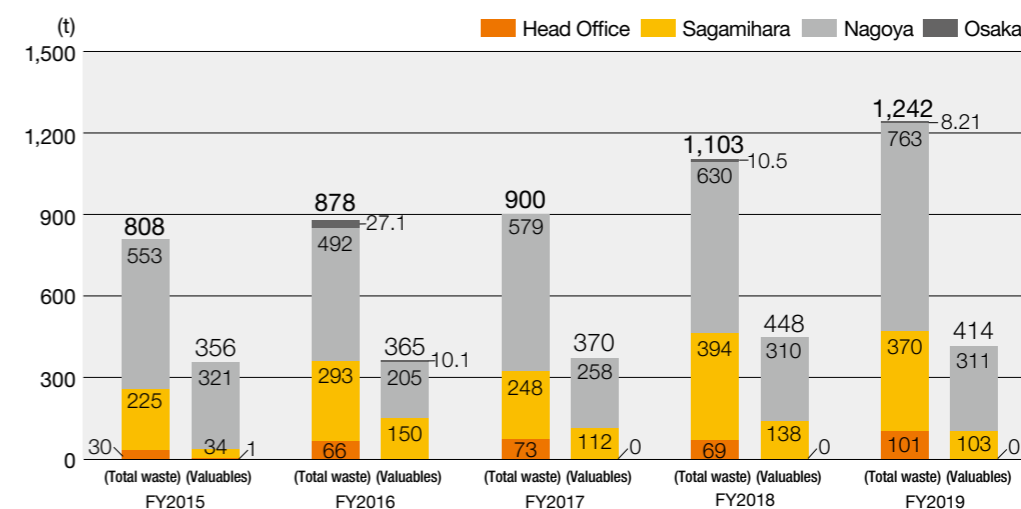
* Implemented only in cases where clients are satisfied with product characteristics and requirements.

Initiatives on Waste Materials

In addition to complying with environmental laws, regulations, and other requirements, Nifco promotes recycling that treats waste materials not as mere trash, but as the resources necessary to create a recycling-oriented society. In FY2019, changes were made to the items produced at the Sagamihara and Nagoya plants, and the range of waste materials subject to monitoring was increased. As a result, monitored waste emissions as a part of total waste emissions* increased by 105 tons compared with the previous year. Going forward, we will continue with efforts to reduce the waste materials generated at our plants by promoting the recovery of a higher percentage of valuable materials from waste, and by reducing final disposal volume to zero.

* Total waste emissions = Total waste materials + Valuables

Monitoring of Total Industrial Waste Emissions (In Japan: Operations with ISO 14001 Certification)

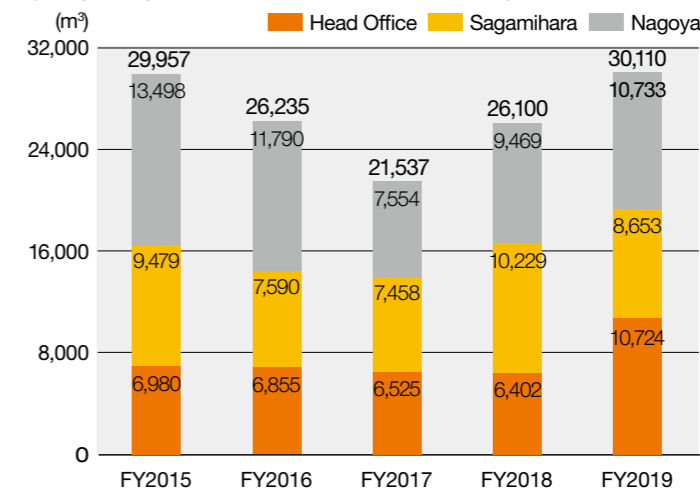


Initiatives on Water Supply

Nifco works to ascertain water usage and water-related issues at its production sites and pursues ways to manage water usage and ensure effective utilization.

Due to extension and improvement work at the Sagamihara and Nagoya plants, total water usage increased 15% year on year in FY2019. As a measure to improve upon these results, since 2015 we have been using rainwater for toilet flush water, which accounts for about 20% of yearly water use. Through this initiative, we are able to contribute little by little to the conservation of water resources such as underground and river water.

Monitoring of Water Supply Use (In Japan: Operations with ISO 14001 Certification)



Nifco is pursuing initiatives to create a society that strives to achieve harmony with nature and values the environment. Together with our suppliers, we have implemented activities that will pass on a sustainable future to the next generation.



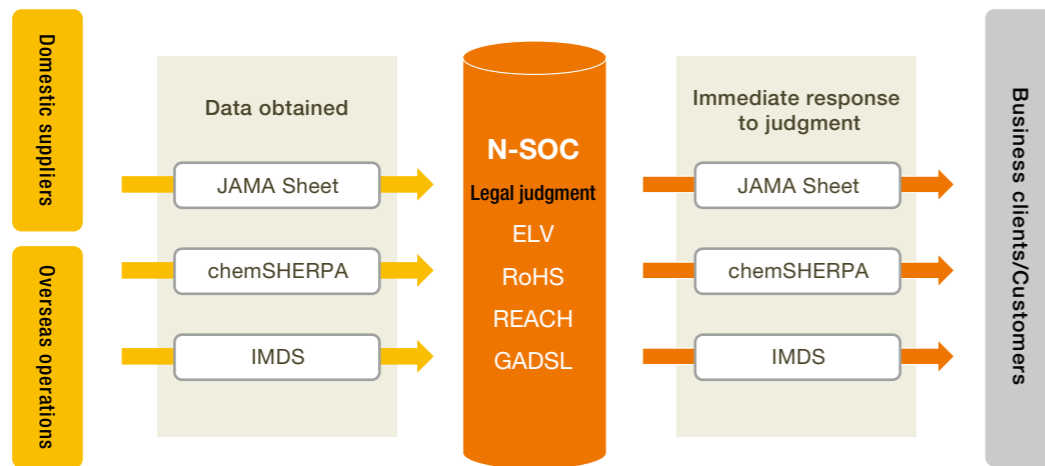
Coastal Cleanup

Implementing IT Systems for the Management of Substances of Concern (SOC)

In 2004, Nifco became one of the first companies in the industry to actively implement IT systems for the management of SOC. In 2018 this system was reintroduced as “N-SOC*1,” and we began rolling it out at our domestic operations. In the future, we also plan to implement it at our overseas sites.

N-SOC is directly compatible with the systems of industry standard forms such as IMDS*2, JAMA Sheet*3, and chemSHERPA*4, and with it, in addition to domestic suppliers, as a matter of course, it is possible to quickly link up daily data with overseas suppliers. This system allows us to promptly verify compliance with chemical substance-related regulations in Europe such as ELV, RoHS and REACH, Japan’s Chemical Substances Control Law and the Global Automotive Declarable Substance List (GADSL) used by the automotive industry, as well as also allowing us to ensure direct compliance with the regulations of individual countries with respect to the globalization of our products.

*1 N-SOC (Nifco Substance of Concern system): Nifco’s system for managing environmentally hazardous substances
 *2 IMDS (International Material Data System): A web-based chemical substance reporting system for the automotive industry. The system is used by almost all OEMs and suppliers in the global automotive industry.
 *3 JAMA Sheet: An Excel-based chemical substance reporting system created by the Japan Automobile Manufacturers Association (JAMA) and Japan Auto Parts Industries Association (JAPIA). The system is only used in Japan. From autumn 2020, JAMA will withdraw from the system, and the system will be renamed as the JAPIA Sheet.
 *4 chemSHERPA: A chemical substance reporting system based on dedicated files that can be used across all industries, led and created by the Ministry of Economy, Trade and Industry. The system is only used in Japan.



Initiatives Aimed at Suppliers

Environmental Survey

Nifco conducts environmental monitoring of our suppliers as a part of environmental conservation activities. In FY2019, we had 73 companies perform voluntary monitoring. We then visited 16 companies who were given a score of 80 points or under, and advised improvements and made requests in accordance with various environmental laws and regulations.

Briefing Sessions

Nifco held a forum for about 73 of its suppliers. It was held over two sessions for the purpose of improving understanding of the outline of key customers’ Green Purchasing Guidelines and Nifco’s Environmental Conservation Standards, as well as to encourage compliance with laws and regulations regarding the processing of industrial waste.

NIFCO × Marine Waste Event

Nifco has been currently operating under the “Change & New Challenge” theme to achieve sustainable growth over the next 50 years. We have pursued initiatives that contribute to the sustainable development of society and the planet through corporate activities, and in FY2019 we conducted activities related to “Preserving the Bounty of the Sea,” one of the Sustainable Development Goals (SDGs), both in Japan and overseas.

In Japan

Seminars and Workshops

The Japan Environmental Action Network, which tackles the issue of marine plastic waste, spoke at a seminar on the current status of marine waste, which requires urgent action as an international social issue. In team-based workshops, we gained a keen awareness of the abundance of plastic products in our daily lives, and each team presented ideas on alternative measures to reduce plastic waste. Those who took part exhibited a high degree of interest, and it was an opportunity to learn a lot as a company that manufactures industrial plastic parts and components.



Team-based workshop

Coastal Cleanup

Nifco took part in cleanup activities at Kugenuma Beach in Kanagawa Prefecture. As a result of meticulously sorting and weighing the collective waste in detail, cigarette butts and filters topped the list at 499 pieces, while plastic fragments were the third most common item.

The Japan Environmental Action Network compiled the results of investigations into marine waste as information on the status of Japan’s coastlines, and its findings were officially included in the annual ICC* report.

* ICC (International Coastal Cleanup): A U.S.-based environmental NGO engaged in worldwide marine environmental protection activities promoting ocean conservancy. The group investigates waste collected at the same time and in the same method from bodies of water including seas, rivers, and lakes in 100 countries around the world and pursues a number of marine conservation initiatives based on the results.



Overseas

A total of 50 employees from Nifco Taiwan Corporation took part in a beach cleanup event as part of World Oceans Day*, comprising part of a 200-strong group that collected 2.5 tons of waste.

* World Oceans Day: An international day proposed at the Earth Summit – United Nations Conference on the Environment and Development held in Rio de Janeiro, Brazil in 1992 that was later established by the United Nations in 2009



Products Sold to Regular Consumers

Nifco conducts web-based sales of SPLC shoe-lace kits that allow users to put on and take off shoes quickly. In FY2019, part of the proceeds from SPLC sales were donated to the Japan Environmental Action Network. The donations are used to fund activities such as collecting and disseminating information about marine waste, performing investigations, research, PR and awareness-raising activities, running cleanup events, supporting regions severely affected by disasters, and submitting policy recommendations.

URL <https://www.splc.jp/html/page3.html> (Japanese only)



SPLC shoelaces

Environmental Accounting

In accordance with the Environmental Accounting Guidelines 2005 put out by the Ministry of the Environment, we have calculated our expenses associated with environmental conservation activities and have created environmental accounting records for FY2019.

We have classified the environmental conservation costs of the activities implemented at the four business sites subject to reporting (Head office, NTEC, Sagamihara, Nagoya), and reported the results and a breakdown of usage in FY2019 as shown in the following table.

Environmental Conservation Costs [yen]						Breakdown of use of expenses for FY2019	
Category	FY2015	FY2016	FY2017	FY2018	FY2019		
Environmental conservation costs (Within business area)	Pollution prevention costs*1	36,077,730	39,129,688	23,317,750	14,363,460	17,081,920	Compressor maintenance (assembly division Increase)/Sagamihara Cooling tower maintenance/Head Office Tree-trimming and felling expenses/Nagoya
	Global environment conservation costs*2	30,534,451	115,561,460	17,199,991	14,878,065	30,737,742	Electric chiller air conditioning unit installation/Nagoya Assembly division clean room LED light replacements/Sagamihara
	Resource recycling costs*3	13,003,734	19,976,148	27,705,191	47,708,134	50,734,182	Waste plastic recycle costs/company-wide
	Subtotal	79,615,915	174,667,296	68,222,932	76,949,659	98,553,844	—
Upstream/downstream costs*4	0	0	0	255,550	308,000	Transition from cardboard boxes to buckets (man hours)/Nagoya	
Management activities costs*5	16,514,851	9,523,088	1,232,856	45,927,750	9,252,747	EMS installation and operating expenses (man hours)/company-wide improvements to recycle centers	
Research and development costs*6	0	0	0	6,219,220	5,875,000	R&D personnel costs (man hours)/company-wide	
Social activism costs*7	548,000	0	556,475	625,350	363,430	—	
Total	96,678,766	184,190,384	70,012,263	129,977,529	114,353,021	—	

*1 Expenses to prevent air pollution, water pollution, and public nuisances in the form of noise and vibration pollution, etc.

*2 Expenses for global environmental conservation, i.e. those related to global warming, energy saving, resource conservation, research into substances of concern, etc.

*3 Expenses for the processing, disposal, and recycling of waste, and other recycling-related expenses

*4 Expenses for products, use of services, disposal, and materials recycling.

*5 Expenses for management activities such as the operation of environmental management systems, employee education, equipment management, and others

*6 Expenses for the research and development of products that contribute to environmental conservation

*7 Expenses related to volunteer activities to beautify and/or clean up the areas around offices, and to contribute to local communities

Main Environmental Laws and Regulations That Apply

- Act on Rationalizing Energy Use (Energy Saving Act)
- Fire Services Act
- Waste Management and Public Cleansing Act (Waste Disposal Law)
- Industrial Safety and Health Law
- Air Pollution Control Law
- Soil Pollution Countermeasures Law
- Noise Control Law and Vibration Control Law
- Act on Special Measures concerning Promotion of Proper Disposal of Polychlorinated Biphenyl Waste (PCB Law) and Plant Location Law
- Poisonous and Deleterious Substance Control Act
- Act Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides and Particulate Matter from Automobiles in Specified Areas (Automobile NOx & PM Law)
- Chlorofluorocarbons Emissions Law

Status of ISO 14001 Certification

*As of the end of March 2020

Name	Location	Date certified
Domestic Operations (5)		
Head Office	Yokosuka City	February 2016
Sagamihara Plant	Sagamihara City	March 2002
Nagoya Plant	Toyota City	March 2001
Osaka Sales Department	Suita City	March 2019
Nifco Technology Development Centre (NTEC)	Yokosuka City	February 2020
Domestic Affiliated Companies (2)		
Nifco Yamagata Inc.	Yamagata City	March 2010
Nifco Kumamoto Inc.	Kikuchi City	December 2010
Overseas Subsidiaries (19)		
Nifco Taiwan Corporation	Taiwan	February 2004
Nifco Korea Inc.	Korea	January 2003
Nifco America Corporation	U.S.	July 2002
Nifco Poland Sp. z o.o.	Poland	April 2010
Union Nifco Co., Ltd.	Thailand	June 2003
Nifco U.K. Ltd.	UK	February 2010
Nifco Manufacturing (Malaysia) Sdn. Bhd.	Malaysia	July 2006
Nifco Products Espana, S.L.U.	Spain	July 2006
Shanghai Nifco Plastic Manufacturer Co., Ltd.	China	December 2004
Dongguan Nifco Co., Ltd.	China	March 2004
Nifco (Thailand) Co., Ltd.	Thailand	June 2006
Tifco (Dongguan) Co., Ltd.	China	March 2004
Beijing Nifco Co., Ltd.	China	May 2016
Nifco KTS GmbH	Germany	April 2015*
Nifco KTW GmbH	Germany	December 2011*
Nifco India Private Ltd.	India	March 2014
Nifco South India Manufacturing Private Ltd.	India	July 2014
PT. Nifco Indonesia	Indonesia	December 2014
Nifco (Jiangsu) Co.,Ltd.	China	September 2014

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

Nifco respects the diversity of its employees and creates a comfortable and enriching atmosphere by ensuring a safe and pleasant workplace environment. We implement a wide range of initiatives to achieve this.



Basic Stance on Respecting Human Rights

Nifco’s basic stance is that, regardless of whether we are operating within or outside Japan, we must respect human rights, adhere to relevant laws and regulations, comply strictly with the letter and spirit of international rules, and act in accordance with common-sense societal norms. Furthermore, in order to take action towards the creation of a sustainable society, in 2007 we created the “**Nifco Group’s Charter for Corporate Behavior.**” The following sections in the Charter for Corporate Behavior set out matters concerning respect for diversity, personality and individuality of employees.

Principle 4 of the Nifco Group’s Charter for Corporate Behavior
To respect the diversity, personality and individuality of employees and realize comfort and abundance by ensuring a safe environment in which it is easy to work.

Having celebrated its 50th anniversary in 2017 and having begun a new journey towards the next 50 years, in 2018 Nifco established a new corporate philosophy to achieve sustainable growth and evolution. **The values in the new corporate philosophy** are made up of ideas based on **respect for the diversity, personality and individuality** of employees.

▶P.2 Corporate Philosophy/Nifco Group’s Charter for Corporate Behavior: Corporate Philosophy

Preventing Human Rights Infringements and Other Compliance Violations

1 Protection from Harassment

All employees shall be respected as individuals and must work in a job environment that is conducive to mutual trust, better work efficiency, and management with streamlined services. To this end, along with measures to prevent or eliminate harassment in the workplace or appropriate measures taken to deal with a problem resulting in harassment, the necessary steps are specified in our “Anti-Harassment Regulations.”

2 Whistleblower Hotline

In keeping with our compliance regulations, Nifco has established a whistleblower hotline, which serves as a consultation and reporting system for identifying internal compliance issues in advance, enhancing the flexibility of its self-cleansing function, controlling reputation risk and ensuring the company’s social credibility. This system applies to all employees of Nifco Group. The Compliance Committee, which convenes three times a year, in principle, considers reports of violations and corrective action and develops appropriate countermeasures.

3 Conducting Internal Training

When joining the company, both new employees and mid-career hires are required to undergo compliance training. Additionally, a compliance manual has been compiled based on the Compliance Regulations with the aim of raising employee awareness of compliance matters. The manual can be checked by employees at any time on the internal notice board.

Respecting Diversity

In order for the company to increase its competitiveness in the global market, it is necessary to bolster employees and the organization as a whole, and it is important for our management strategy to utilize diverse human assets. We promote diversity by making use of the differences in individual attributes, values, etc., to further extend the potential of new ideas, which comprise one of our strengths, and to produce added value via innovation and the development of new products and technologies.

1 Promoting the Professional Advancement of Women

As for Nifco’s efforts to promote women in the workplace, in order to reach the goal 8% of women in management positions by 2020, a target which is based on the April 2016 The Act on Promotion of Women’s Participation and Advancement in the Workplace we continue to conduct intensive training, transfers, and other measures. In 2019, an independent female external director was appointed, and we will continue to implement measures to further enhance the

diversity of the organization.

Numbers and Ratios of Female Employees, Managers, and Professionals (as of the end of March 2020)

	No. of people	Ratio (%)
Women employees	208	15.4
Women in management/specialist position	22	5.0

2 Promoting the Professional Advancement of Global Human Assets

As part of our efforts at promoting diversity, we encourage the professional development of non-Japanese employees. In our employment process, we actively look not only for people who have studied in Japan, but for graduates of overseas universities as well. We have established consultation lines for non-Japanese employees and have implemented workshops to help people 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.

Affiliations of Non-Japanese Employees in Nifco (as of the end of March 2020)

	No. of people	Ratio (%)
Overseas employees	68	5.0

3 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 three new people.

Employment Status in FY2019 (as of the end of March 2020)

Statutory number employees with disabilities	Calculated number based on the employment rate of persons with disabilities	Employment rate
38	38	2.2%

Employment Status Over the Past 3 Years

Fiscal Year	Number of new hires	Category	Employment Status	Type	Affiliation	Employment rate
FY2017	1	New special needs students	Support staff	Intellectual disabilities	Sagamihara plant	2.25
FY2018	1	New special needs students	Support staff	Intellectual disabilities	Sagamihara plant	2.31
FY2019	1	New high school graduates	Regular employees	Physical disabilities	NTEC	2.20

4 Respecting LGBT Employees

To respect all employees including LGBT employees and other that constitute sexual minorities, Nifco has adopted the PRIDE INDEX* of activities that serve as guidelines for developing a comfortable workplace environment for all. We are proceeding with internal measures with the aim of attaining a silver rank in the index by FY2021.

* The PRIDE INDEX is an index established in 2016 by a private organization to support the promotion and establishment of diversity management for sexual minorities at Japanese companies.

Ensuring a Safe and Fulfilling Workplace Environment

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 safe workplace environments.

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

2 Number of Incidents of Workplace Accidents

In the event of a workplace accident, immediate response shall be the first priority. Steps shall then be immediately taken to prevent recurrence. Information gathered from any accidents shall be shared with other business sites, and based on information, voluntary inspections will be carried out to make sure that similar risks and hazards do not exist at the other business sites.

Occurrence of Workplace Accidents in Japan

	Those resulting in closure (no.)	Those not resulting in closure (no.)	Workplace accident frequency rate
FY2019	0	11	—

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 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 in Japan

	FY2017	FY2018	FY2019
Number of employees on leave	13	22	22

4 Paid Leave Taken

In FY2019, the percentage of paid leave taken rose 3.2% over the previous year, but was still 76.8% of days available, falling short of our 80% target. 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 in Japan

	Target percentage for taking paid leave	Actual percentage
FY2019	more than 80%	76.8%

* 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)

Various Systems and Welfare Benefits

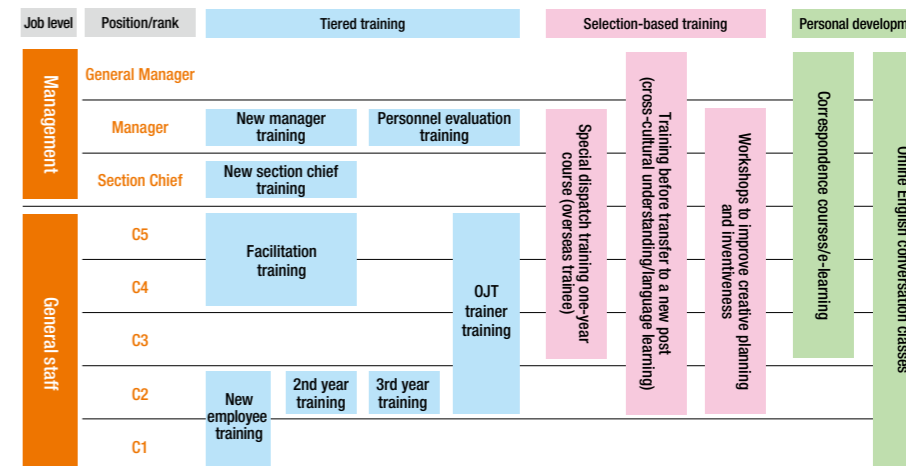
Nifco wants all employees to excel and implements various systems with this in mind. In addition to pre- and post-childbirth, childcare leave, nursing leave, and family care leave, other systems and schemes include a shortened working hour system and shifted starting or finishing times for employees with children aged between three and elementary school age, various social insurance schemes, a defined contribution pension plan, an employee savings scheme, employee shareholding association, housing loan system, qualification attainment incentive scheme, flextime system, paid leave system allowing half-daily and hourly increments of leave, telework system allowing telework up to one day a week (with the limit removed depending on circumstances), accumulated annual paid leave system, Premium Friday system (campaign to encourage consumption by having employees end work early on the last Friday of every few months), refreshment leave (leave that can be taken separately from paid leave to help employees reset both mentally and physically), retirement pension, membership-based welfare services, and a scholarship repayment support scheme.

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.

1 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.



2 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, 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 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. In 2019, 1,166 employees responded under the system, with 86% indicating they felt fulfilled in their job and 87% responding that they felt motivated.

3 Developing Creative Engineers

To foster the development of creative engineers with rich planning abilities and inventiveness, Nifco offers a range of opportunities for new learning including workshops, joint training between industry and academia in conjunction with universities, lectures from outside instructors, and study through placement at other companies.

As well as striving to be a creative company that gives people excitement and surprise, Nifco works hard to be a good corporate citizen. As such, we conduct CSR activities in areas where we do business that are intended to make local communities and all other stakeholders prosper along with us.

CASE 1 Employees of Nifco Products Espana, S.L.U. Helping to Produce Face Shields

In Spain, which faced a shortage of personal protective equipment due to the spread of COVID-19, employees of Nifco Products Espana, S.L.U. prototyped and molded face shield frames using plastic sleeves. Giving support to the employees' voluntary initiative, the company provided the tools, assembly space, and materials. The face shields were provided free of charge to local hospitals and greatly appreciated.



CASE 2 Local Cleanup Activities

Sagamihara Plant

On December 2019, we held a local cleanup session together with six companies in the neighborhood of the Sagamihara Plant around the plant area. With 139 in attendance, many people took part in a repeat of last year's event, turning the initiative into a regular event.



Nagoya Plant and Sales Department

On October 2019, we held cleanup activities around the Nagoya Plant and Sales Department. A total of 72 members from various departments and divisions, including the divisional general managers of the sales department and the plant general managers, cut the grass, collected trash, picked up leaves, cleaned gutters, etc., in the neighboring parks, roads, and pedestrian pathways.



CASE 3 Trial Work Program

The Nagoya Plant accepted two students from the nearby Misato Junior High School in June 2019 and one student from Masutomi Junior High School in September for the trial work program. For three days, the students worked on assembly processes, specifically assembling small plastic components. The trial work program gave the students the opportunity to learn about the enjoyment and importance of working at the company.



Students experiencing the assembly of small plastic components by following an assembly process

With the aim of fulfilling its social responsibilities as a company, Nifco monitors the actual state of its business activities and publishes social data to be utilized in future initiatives.

Number of Employees (Consolidated)

Fiscal Year	FY2016	FY2017	FY2018	FY2019
Number of employees (Total)	11,205	11,587	11,804	11,486
Japan	1,134	1,244	1,290	1,355
Overseas	10,071	10,343	10,514	10,131

Social Data for Nifco in Japan

Employee Data / Usage of Various Systems

Fiscal Year	FY2016	FY2017	FY2018	FY2019
Number of employees (Total)	1,134	1,244	1,290	1,355
Female	181	190	192	208
Male	953	1,054	1,098	1,147
Non-Japanese employees	58	65	67	68
Non-regular employees	361	409	494	513
Percentage of employees with disabilities (%)	2.09	2.38	2.31	2.20
Average age (years)	39.8	40.7	39.6	40.0
Average years of continuous service (years)	14.4	13	14.2	14.7
Average monthly overtime hours per employee (hours)	26.0	26.1	27.2	24.5
Number of employees working shortened working hours due to pregnancy or childcare	11	14	7	14
Number of employees taking pre- and post-childbirth leave	9	8	7	6
Number of employees taking childcare leave	9	9	9	10
Percentage of male employees taking childcare leave (%)	0.0	4.0	10.0	10.0
Percentage of employees returning to work after childcare leave (%)	77.8	100	100	100
Number of employees taking family care leave	0	0	0	0
Paid leave usage rate (%)	74.1	70.1	73.8	76.8

Officer and Director Data

Fiscal Year	FY2016	FY2017	FY2018	FY2019
Number of directors	6	6	7	6
External directors	2	2	2	2
Female directors	0	0	0	1
Foreign directors	0	0	0	0
Number of executive officers	14	15	14	12

* Not including auditors

Employment Data

Year joined	FY2016	FY2017	FY2018	FY2019
Number of new hires	37	56	52	50
Female	8	10	11	9
Male	29	46	41	41
Number of mid-career employees	65	78	71	59
Female	4	9	11	12
Male	61	69	60	47
Employee turnover rate (%)	12.7	17.0	4.0	3.6

Manager Promotion Status

Fiscal Year	FY2016	FY2017	FY2018	FY2019
Number of managers (employees ranked section chief and higher) (total)	335	428	449	435
Female	20	21	23	22
Male	315	397	416	403
Non-Japanese employees	0	10	10	10
General manager or higher (total)	93	99	102	100
Female	0	0	0	0
Male	93	99	102	100
Non-Japanese employees	0	0	0	0

Health-related Indicators

Fiscal Year	FY2016	FY2017	FY2018	FY2019
Percentage of employees undergoing stress checks (%)	87.0	88.0	89.0	83.0

* Figures are as of March for each fiscal year.

Company Overview

*As of the end of March 2020

Company Name	Nifco Inc.
President & CEO	Toshiyuki Yamamoto
Establishment	February 13, 1967
Paid-in Capital	¥7,290 million
Stock Listings	1st Board of Tokyo Stock Exchange (Securities Code: 7988)
Net Sales	¥288.0 billion (consolidated) / ¥88.4 billion (non-consolidated) (As of the fiscal year 2019)
Number of Employees	11,486 (consolidated) / 1,355 (non-consolidated) (As of the fiscal year 2019)
Scope of Business	Manufacture and sales of synthetic resin products and molds (Industrial fasteners, precision plastic molds, etc.)

Business Network

*As of the end of March 2020

Domestic Operations (14):	Domestic Affiliates (5):	Overseas Major Subsidiaries (28):
Head Office (Yokosuka)	Nifco Yamagata Inc.	U.S. (3)
Tokyo Headquarters	Nifco Kumamoto Inc.	Mexico (1)
Nifco Technology	Simmons Co., Ltd.	UK (1)
Development Centre (NTEC)	Nifco Trading Ltd.	Germany (1)
Nagoya Plant	Nifco Kitakanto Inc.	Poland (2)
Sagamihara Plant		Spain (1)
Utsunomiya Sales Department		Korea (1)
Hamamatsu Sales Department		China (9)
Osaka Sales Department		Hong Kong (1)
Hiroshima Sales Department		Taiwan (1)
Ota Sales Department		Vietnam (1)
Saitama Sales Department		Thailand (2)
Suzuka Sales Department		Malaysia (1)
Kyushu Office		Indonesia (1)
Kumamoto Office		India (2)

Nifco Inc. 5-3 Hikarinooka, Yokosuka-shi, Kanagawa Prefecture, 239-8560 Japan
Telephone: +81-46-839-0225 (Switchboard)
<https://www.nifco.com/en/>
