



**NIFCO Report
2024**

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Editorial Policy

The purpose of this report is to disclose the Nifco Group's environmental, social, and financial policies and initiatives to all stakeholders. We will make this report our annual "Nifco Report," and we aim to enhance information disclosure. Please also refer to our official website (<https://www.nifco.com/en/>) for the latest ESG information and more detailed shareholder and investor information.

Reference Guidelines

- International Integrated Reporting Framework (IFRS Foundation)
- Value Creation Guidance (Ministry of Economy, Trade and Industry)
- GRI Standard (Global Reporting Initiative)

Applicable Period

April 1, 2023 – March 31, 2024 (Past initiatives and recent information are included where necessary.)

Applicable Scope

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

Date of Issue

Issued: November 2025

Disclaimer

While every effort has been made to ensure the accuracy and timeliness of the information contained in this report, we do not guarantee its completeness, accuracy, or the date of the most recent update. We accept no responsibility for any trouble, loss, or damage arising from changes to the content, inaccuracies, or delays in updating the information provided. This report may also contain forward-looking statements. These statements are based on currently available information and reasonable assumptions; however, they involve risks and uncertainties. Actual results may differ significantly due to changes in economic conditions or business environments. We make no guarantee that the forward-looking statements will prove to be accurate or that actual outcomes will align with the projections stated herein.

This report is intended solely to provide stakeholders with information about our current status and future outlook. It is not intended as a solicitation to buy or sell our stock.

Nifco Philosophy Framework

Updating Our Philosophy

Our Mission, Vision, Values, and Action Guidelines were established through our corporate branding activities in 2018.

Subsequently, the Nifco Group Purpose was established in September 2021 in response to the social demand for “clarification of company’s existence and business development.”

And now, we have come to update our corporate philosophy in order to enter the growth stage in creating new businesses and developing existing businesses, we believe that it’s important to recall the “Nifco Spirit”, which has been the most important thing since our founding, which is to continue to take on challenges without fear of failure, and to instill our unique corporate culture more than ever.

Therefore, we have redefined the Nifco Group's corporate philosophy into words that are easier to understand and convey, while valuing the founder's philosophy in March 2024.

Our Philosophy Framework



Purpose

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

Mission

Generate excitement as a creative company

Values

**Overcoming Challenges
Continuous Breakthroughs
Open Communication
Innovative Collaboration**

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.

CEO: Nifco's Sustainability Management

Based on our long-term vision
“Nifco makes Ideas a Reality,” we are strengthening our organization and reviewing our corporate philosophy framework, aiming to be a company that can contribute to the survival of society.

Masaharu Shibao
Representative Director, President & CEO



Interview date: August 2024

Seeing social issues as opportunities, including major changes in the automobile industry

Since assuming the position of CEO in 2023, I have taken a longer-term perspective and have begun undertaking various initiatives with ESG in mind to consider how Nifco can continue to grow sustainably over the next several decades and beyond. The impetus behind this has been a major transformation of the automotive industry. Our main products are automotive parts, so in the past, our business was able to run by formulating and implementing management plans in line with finished vehicle manufacturers' production plans. Lately, however, the situation has changed. Yet, this change also represents a great opportunity. As a company, it is our job to view the various social issues that are currently occurring and that may arise in the future, including the major transformation of the automotive industry, as opportunities, and to contribute to society by creating new businesses, for example.

This is why our long-term vision and our social mission is “Nifco makes Ideas a Reality.” When we think of ideas, we tend to think of ideas for products (things), and for many years our company has been turning a wide variety of ideas into products and supplying them to the world. However, “ideas” here means creating business concepts related to “experiences” or “services” that can solve social issues, and developing businesses that contribute to society while growing our company.

Creating a strong organization by establishing three tiers based on age demographics



To realize this long-term vision, everyone, from management to employees, must have a sense of ownership and pass the baton to the next and future generations. Nifco is a company that operates globally across six regions, including not only Japan but also North America, Europe, Southeast Asia, China, and Korea, so it is essential that we share the same vision across all regions.

One of the initiatives we have launched to achieve this is to create a strong organization by setting up three tiers based on age

demographics. The first tier consists of top management from each region, the second tier comprises business site managers, and the third tier is made up of mid-career employees around the age of 40. Each tier will have roughly 20 people, with participants rotated as necessary, and meetings of each tier will be held about twice a year. In a sense, the role of the first tier is to talk about dreams, discuss the vision for what the company should be in the future, and set guidelines for achieving that. The second tier is a group whose mission is to achieve the commitments made in the Mid-Term Management Plan (FY2024 - FY2026), and they discuss issues and measures to achieve the goals. The third tier discusses what kind of company we want to be when they imagine a future in which they will be the main players, that is, as top managers or executives.

We believe that if these meetings allow each level to share information and understand who is strong in what in which region, and who they should approach to make business go more smoothly, the organization will be strengthened. In addition, meetings for the third tier, the youngest people in the three tiers, are generally held in English. The hope is that by making it in English, participants will be able to access business and human resources information that is not available in Japanese-speaking environment. I believe that the most important thing in a company is people. Unearthing the talent that lies dormant not only in Japan but elsewhere in the world is a prerequisite for growth.

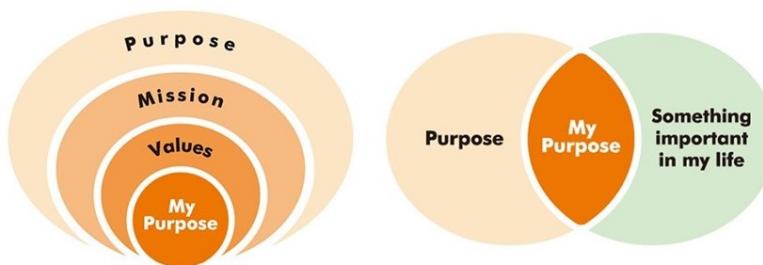
Reviewing the corporate philosophy system and increasing employee engagement



company.

Increasing employee engagement is essential to building a strong organization. To achieve this, we undertook a review of our corporate philosophy system. The key point is that it starts from each employee's individual "My Purpose," as shown in the diagram below. Everyone has their own values and outlook on life that they hold dear in life, such as "this is what I was born to do" or "this is how I want to contribute to society." Where those things overlap with the company's "Purpose" is "My Purpose." In other words, it all starts with how each of us can utilize our own values within the company. I hope that this will encourage everyone to take the initiative in thinking about how they can contribute to the

Nifco Group Corporate Philosophy



I also feel very strongly about the importance of disseminating information, and place an emphasis on communicating both internally and externally. In order to ensure that employees have a deep understanding of things within the company, whether it's the Mid-Term Management Plan or My Purpose, I find that it's better for me to visit them in person, whether in Japan or overseas, and explain it. As we meet face-to-face many times, our discussions gradually become more in-depth and we gain insights for steering the business forward.

At the same time, communicating Nifco's initiatives to the outside world will help enhance corporate value. We will also focus on promoting new products and brand building for Nifco. Because Nifco is a B2B company, it is not well known outside the automotive industry. Through brand building, however, we

hope to increase awareness of our name and have many talented people become aware that a company called Nifco exists. I am convinced that recruiting human resources will also lead to the creation of new businesses, which I will talk about next.

Three strategic points in the Mid-Term Management Plan



expected to place an emphasis on ESG.

Our Mid-Term Management Plan for the next three years (FY2024-FY2026) has been formulated based on three strategic concepts. The first is growth investment. Although there were some losses due to the transfer of subsidiaries that had issues, we were able to largely achieve Mid-Term Management Plan targets for FY2021 to FY2023 (ended March 2024). However, we were unable to make growth investments despite having ample funds. During the next Mid-Term Management Plan period, we plan to allocate tens of billions of yen to new businesses, and will not insist on self-reliance but will instead invest in startup companies and engage in M&A in order to launch new businesses. The businesses are

The second strategic concept is “glocal management.” Up until now, our company has operated a business model of developing products in Japan and selling them worldwide, but achieving sustained growth will require more than that. We are considering delegating a certain amount of authority to the head of each region so that they can respond quickly to projects that are suited to local characteristics and needs. We also aim to create locally-led businesses, that is, launch new businesses within the automotive industry. Our two main pillars of growth will be the new businesses mentioned in the above growth investment section (the first strategic concept), and business creation through glocal management.

The third is improving employee engagement, as I mentioned earlier. One of the means for improving this is establishing My Purpose, as mentioned above. I experienced this myself at a purpose training session we recently held for executive officers. Trainees had to actually think about the connection between their own My Purpose and the company's purpose, and find a path for applying their own values and outlook on life within the company. We will also further promote diversity to revitalize our organization and secure the next generation of talent.

In addition, we will further advance our efforts to achieve carbon neutrality and protect the environment. Our main products are plastic parts used in automobiles. While using plastic would seem to go against the intent of our environmental measures, using plastic actually reduces the weight of the finished vehicle and improves fuel efficiency, which in turn has the overall effect of reducing CO2 emissions. Though this example represents an indirect contribution to environmental protection, we will continue to seek out further ways to make environmental protection a part of our business operations. In addition, while electricity consumption is essential for manufacturing, we will work to reduce CO2 emissions and costs through means such as installing solar panels.

Message to Stakeholders

Nifco strives to solve social issues through its business and aspires to be a company that can contribute to the survival of society. Naturally, for this to happen, Nifco itself must be a company that can survive into the future. So how will the company survive? This is something I hope you will keep an eye on and look forward to.

CFO/CSO: Financial Strategies to Support ESG Management

Our Mid-Term Management Plan spells out a two-pronged management approach of investing profits gained through business activities into growth while also returning them to stakeholders. At the same time, we will pursue sustainable management in an effort to enhance our corporate value.



Interview date: August 2024

Toshiki Yauchi
Director, Senior Executive Managing Officer,
CFO, CSO, and Head of Management Control

Q1: Would you care to reflect on FY2023, the last fiscal year of the previous Mid-Term Management Plan?

In recent years, even as management figures such as net sales and operating profit have improved, this has not unfortunately been reflected in earnings per share (EPS). One factor behind this was the unstable earnings of two consolidated subsidiaries. So, I think the decision to transfer those subsidiaries (Nifco Germany GmbH and its subsidiary, Nifco KTW America Cooperation) was a momentous decision. The transfer had a major impact not only financially but also strategically. These subsidiaries became part of Nifco as business units in 2013-2014 with the aim of expanding our customer portfolio in line with the management strategy of our founder (Toshiaki Ogasawara), which aimed at global growth. Although initially profitable and growing, their factory production lines were hit hard by the recent COVID-19 pandemic, resulting in the companies being in the red for several years. After a series of heated internal debates and tough negotiations with customers on the best approach to righting the businesses, we reached an agreement to transfer the businesses. This was thanks in part to various encounters and connections and some fortunate timing. Though this is not exactly the result we were hoping for, growth in the global market is our company policy, so we will continue to take on new challenges in the future.

I deeply regret the inconvenience to stakeholders caused by the extraordinary losses incurred due to the aforementioned deal. Particularly unfortunate from my point of view is the fact that ROE (return on equity) dropped significantly from the double digits to the single digits (7.8%) although there were unavoidable circumstances. As you know, ROE is an indicator of how efficiently a company earns profits, and we place great importance on this indicator. We have maintained a double-digit figure for many years, so this drop to the single-digit level was a great shock to us. Now that we have let go of these unstable subsidiaries, however, we expect the effects of our structural improvements, which so far have been limited to operating profit, will now extend to net profit. Further, I expect this improved structure will smoothly lead to higher EPS. We think this will bring a sense of security to market participants. As for the decreased ROE, we hope to not just bring it back to double digits, but to soon approach record high levels.

Q2: Can you outline the essence and mission of the new Mid-Term Management Plan that started in FY2024 for us?



FY2024 is the first fiscal year of the current Mid-Term Management Plan (MMP), which covers a three-year period ending at the end of FY2026. As for our overall goals for this period, the net sales of the aforementioned transferred subsidiaries were 35 billion yen per year, so we aim to achieve record-high net sales in FY2026 after making up for the decline in sales over the three-year period. In terms of profitability, we have positioned this period as a time to establish a structure that will enable us to consistently achieve operating profit ratio of at least 13%. This is a rather challenging goal, as not many automotive suppliers achieve operating profit ratio this high. That said, we aim to achieve this goal every year,

and we are off to a good start, having achieved an operating profit ratio of 13.8% in Q1 FY2024 (April to June). Of course, we expect a great deal of uncertainty in the form of future automobile production volume, the Chinese economy, exchange rate trends, and other factors. So, we cannot afford to be complacent in Q2 and beyond.

As to the second part of your question, the big mission of the new MMP is investment in growth. Our current business model, the manufacture and sale of plastic fasteners for the automotive industry, is solid, profitable, and performing steadily. This strength, which was built up by our predecessors, is likely to continue. In order to further enhance our corporate value, however, we need growth above and beyond our normal organic growth. We are building up the funds needed to achieve this from our annual profits. Investing in a completely different field entails a high risk, so we are in the process of exploring a wide range of growth investments, including materials and services within the mobility-related field. This may seem contradictory, given what I have just said, but we may also be able to leverage Nifco's unique technology in markets other than mobility.

However, we will not be directing all of our profits to growth investments. As in the past, we will also direct them to Nifco stakeholders in the form of dividends and other returns to investors. We will continue to pursue a two-pronged approach to management of enhancing corporate value by directing profits to both growth investments and stakeholder returns.

Q3: Tell us about your roles and aspirations as CFO, CSO, and Head of Management Control in relation to the MMP.

Though I have different functions and roles as CFO, CSO, and Head of Management Control, I try to see the whole picture without being overly conscious of the distinction between the roles. This is because being well-rounded and having the balance are essential in management. The MMP I talked about earlier is important, but equally important is having a long-term perspective extending past that three-year period and working to achieve results that exceed stakeholders' expectations, thereby enhancing corporate value. Our goal is to provide overall social value by meeting expectations on both the financial and ESG fronts.

Q4: What are your thoughts about the relationship between ESG management, finance, and growth and investment strategies?

In management, finance and ESG cannot be discussed separately. They are one and the same. As a company, the most important thing is to increase sales, earn profits, and achieve financial targets. At the same time, if a company does not make its social value and presence known through ESG activities, it will not gain the sympathy of stakeholders. Similarly, employees will have a hard time taking pride in the



company, making it hard to recruit people.

We are in the business of making sales proposals primarily to automobile manufacturers, but the ultimate consumers of our clients' products are becoming increasingly environmentally-minded. In terms of the "S" (social) in ESG, we have raised wages in line with the performance of our employees even during Japan's so-called "lost three decades" of deflation. We have also returned shares to our employees in line with our business performance through our employee stock ownership program. I believe this has made employees more aware of our business performance, causing them to share the same perspective as our shareholders. We will continue to return profits to our employees, through which we hope to create a virtuous cycle in which both our employees and the company grows.

On the environmental front, I would like to mention that we use plastics derived from natural resources. Though materials are often seen as an environmental issue in and of themselves, we will continue to invest in technologies and other means to not waste any of the high-performance engineering plastics we purchase, and instead turn them into products. Meanwhile, the automotive industry as a whole is investing in the R&D of bioplastics, biodegradable plastics, and other materials derived from non-fossil resources. These efforts have in turn led to ESG investments.

Q5: What sort of value are you looking to provide to stakeholders in the future? What will be your approach to providing this value?

We will utilize our strong current business model to steadily generate cash and return it to our shareholders and other stakeholders. At the same time, we will pursue sustainable management by allocating a portion of profits to new growth investments and continuing to do so. By continuing these efforts, we aim to enhance our corporate value.

We look to provide three main types of shareholder returns: dividends, share buybacks, and enhancement of corporate value. Our policy is to stably and steadily increase dividends. To assure fairness to all investors, we do not currently offer any special shareholder benefits.

We hope that our stakeholders can empathize with Nifco's existence and social value. A company is a living thing. We have good times and bad. In either case, we will strive to carefully communicate with and provide information to our stakeholders to keep them informed of our situation, as well as the measures we are taking to improve it.

Nifco as of Now

Nifco develops and manufactures rustproof, lightweight, and easy-to-handle products, including lightweight, easy-to-install and easy-to-remove industrial plastic fasteners, interior and exterior products for automobiles, and buckles used in fashion and sports. Our customers needs span the globe, and we are working with our Group companies to build a system that can respond on a global scale to create further growth in the global market. Our goal is to continue to create comfortable lifestyles and a sustainable society by fastening small insights with technology generated by confronting the challenges of our customers and society.

Business Segment

Synthetic Resin Molding Products Business

Net Sales
334.7 billion yen



Fasteners Dampers Buckles

Used for

- Automobiles • Motorcycles • Housing equipment
- Home appliances and OA • Fashion • Sports

Bedding and Furniture Business

Net Sales
36.9 billion yen



Simmons Co., Ltd. (Group Company)

Areas of Operation

Europe

Number of companies: 7
Net sales: 47.6 billion yen
Sales composition ratio: 12.8 %



Number of companies: 33
Net sales: 129.1 billion yen
Sales composition: 34.7 %

Japan

Number of companies: 6
Net sales: 104.8 billion yen
Sales composition: 28.2 %



North America

Number of companies: 5
Sales: 90.1 billion yen
Sales composition ratio: 24.2 %

Number of employees: **10,226**

Number of consolidated subsidiaries: **51** companies
*based on the FY2023 Annual Securities Report

Customers' needs can be anywhere in the world.

Nifco entered the global market in 1983. Nifco's global development started in Taiwan and expanded into North America, Europe, and Asia.

Nifco will collaborate with group companies worldwide to further expand into the global market and implement a system to consistently deliver optimal solutions to our customers.



Business Overview

Overview of Operating Results During the Period

During the fiscal year under review (hereinafter “the period”), the Japanese economy experienced production cuts in the automobile industry and weak exports of goods in the manufacturing sector due to the suspension of shipments by some automobile manufacturers and other factors. On the other hand, in the non-manufacturing sector, business confidence improved significantly due to factors such as a recovery in inbound demand, increased margins from price pass-through, and progress in digitalization. Looking overseas, in the Chinese economy, although business conditions made a rapid recovery going into 2023 on the lifting of the zero-COVID-19 policy, they have slowed since spring because of factors such as the end of stay-at-home demand, a slowdown in exports of IT-related products, and a stagnant real estate market. The European economy also experienced a slowdown due to global sluggishness in demand for goods, as well as pent-up demand and inbound demand running their course post-COVID-19 pandemic in the service sector. In the U.S. economy, the manufacturing sector continued to increase production of automobiles and high-tech-related goods in industrial production, while a trend of production decline continued in other manufacturing sectors. Meanwhile, in the non-manufacturing sector, business conditions improved in areas such as agriculture, forestry, and fisheries, accommodation and food services, and health care, boosting the economy overall. As a result, the global economy was generally on a recovery trend despite some regional weaknesses. However, the outlook remains uncertain due to factors such as the stagnant real estate market within the Chinese economy, continuing situation of tensions in the Middle East, and anticipated changes in the international political balance as a result of elections in various countries around the world.

With regard to automobile manufacturers, which are the main customers of Nifco Inc. (the “Company”) and its consolidated subsidiaries (collectively, the “Group”), in the Japanese market, both production volume and sales volume increased year on year for the period, despite the impact from factors such as suspended shipments by some automobile manufacturers. In overseas markets as well, due to the easing of semiconductor supply constraints, etc., both production and sales volumes in China, Europe, the U.S., and other markets increased year on year.

As a result, the Group’s consolidated earnings were as follows. Net sales for the period amounted to 371,639 million yen, up 15.5% year on year. In terms of profits, operating profit increased 27.5% year on year to 43,925 million yen, due to controlling increases in fixed costs such as depreciation and personnel expenses, despite the soaring prices of raw materials and electricity. Ordinary profit increased 31.1% year on year to 49,665 million yen due to foreign exchange gains resulting from the depreciating yen. Profit attributable to owners of parent decreased 13.8% year on year to 18,252 million yen, mainly due to the posting of 18,765 million yen in extraordinary losses, including a allowance for losses on business transfer related to the transfer of the German business and an impairment loss.

Recognition, analysis and discussion of operating results by segment are as follows.
Net sales in each segment are to external customers.

Industrial plastic parts & components

For the domestic automobile industry

For automotive production in Japan, sales exceeded the initial plan and the previous year's results from the first to the third quarter due to increased production in response to the elimination of the shortage of semiconductors. However, the fourth quarter sales did not exceed the plan due to a series of production cuts in connection with the certification test irregularities by a number of automobile

manufacturers since December 2023 and the Noto Peninsula Earthquake. However, the full-year sales total exceeded the plan due to factors such as contributions from mold sales associated with the launch of new vehicles, compensation for electric power charges, compensation for production cutbacks, and price revision negotiations.

For the overseas automobile industry

Overseas, both net sales and profits exceeded the plan and increased year on year thanks to support from generally strong automobile demand. In particular, business for Korean OEMs remained strong due to factors such as increased production by customers, and both net sales and profits substantially exceeded the plan and increased year on year, especially in Korea, North America, and Europe. For Japanese OEMs, net sales and profits increased overall supported by strong sales by customers in the U.S., where sales and profits increased, and also firm performance mainly in India and Indonesia. However, in China, Japanese OEMs struggled due to sluggish sales, resulting in an overall decrease in net sales and profit. Furthermore, in Europe, the German OEM business faced a difficult time in terms of profits. In particular, the U.S. subsidiary that conducts business for German customers suffered losses due to operational problems. In the current fiscal year, we aim to further boost profitability by improving our business portfolio through the sale of the German OEM business to purge loss-making businesses, while strengthening capital investment in the strong Korean OEM business and the Japanese OEM business in North America and India.

For other industries

In the housing and living sector, the number of new housing starts was sluggish due to soaring construction costs and real estate prices, leading to a decline in production related to household equipment, where the Group has major customers, and this resulted in performance falling short of the initial plan. In the sports and outdoor sector, sites in China delivered higher profits due to aggressive sales activities to brands made in China, but performance fell short of the initial plan due to continued significant production cutbacks at major customers in Europe and the U.S. caused by a drop in consumption due to global inflation.

As a result of the above, net sales in the industrial plastic parts & components business increased 15.9% from the previous fiscal year to 334,729 million yen. Segment profit increased 25.8% year on year to 42,840 million yen.

Bedding & furniture

In the bedding & furniture business, both net sales and profits increased due to steady sales to retailers and exports, as well as strong demand from hotels, partly reflecting inbound demand recovery, although the market in Japan was affected by factors such as soaring raw material prices and cost increases due to the yen's depreciation. Meanwhile, demand overseas from hotels increased at all sites, as it did in Japan, and wholesale and retail sales grew steadily, especially in China, resulting in higher net sales and profits.

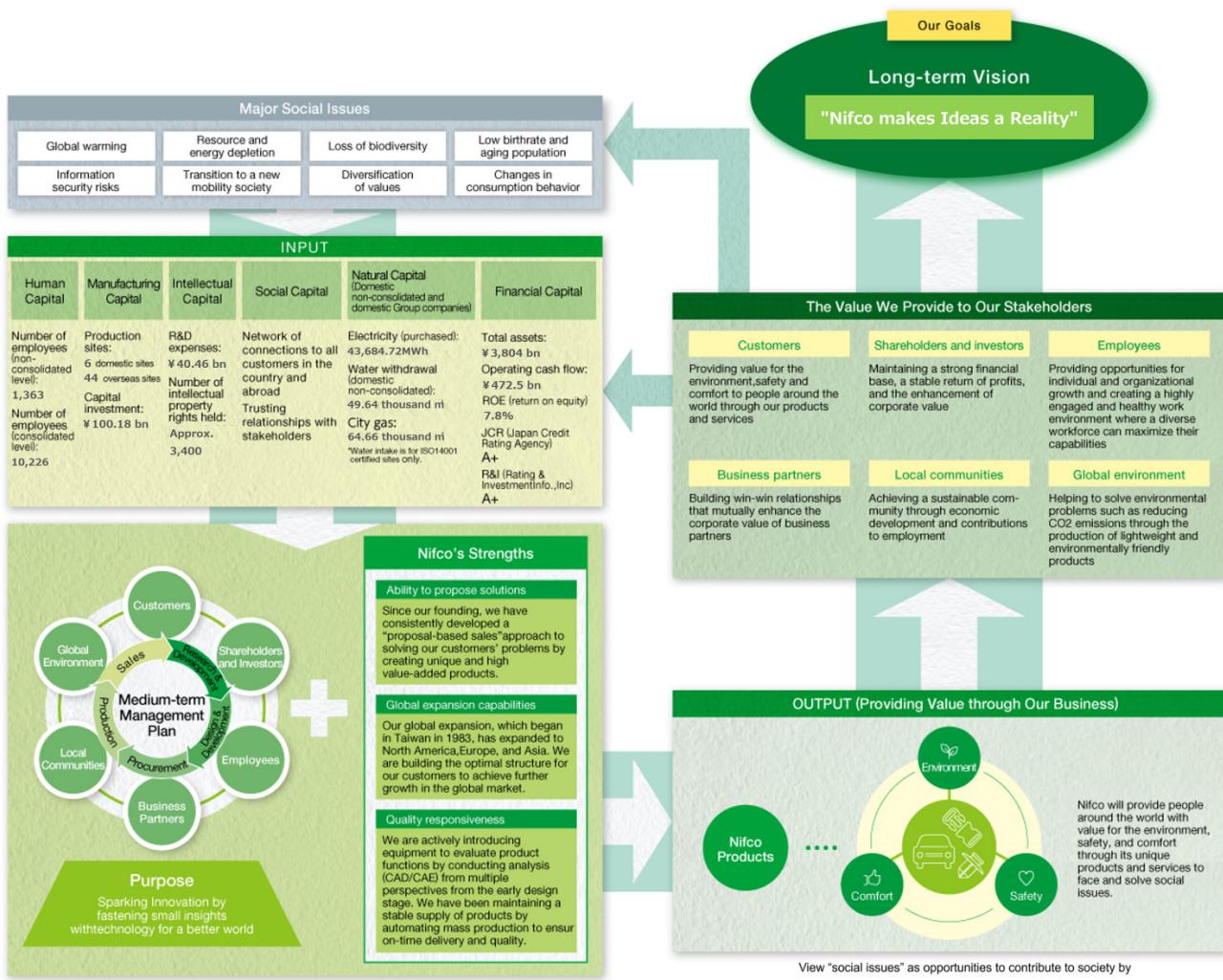
As a result, net sales in the bedding & furniture business increased 11.7% year on year to 36,910 million yen. Segment profit increased 11.2% year on year to 6,544 million yen.

Section 3: Enhancing Nifco's Corporate Value

ESG Management

With the purpose of “Sparking Innovation by fastening small insights with technology for a better world,” the Nifco Group creates unique and high value-added products. It also creates new value for the world on the strengths of its ability to propose solutions, global expansion capabilities, and quality responsiveness.

We will realize our Long-term Vision of “Nifco makes Ideas a Reality” by creating value for stakeholders through our business and by turning the cycle of anticipating and responding to environmental and social changes, mitigating and solving social issues, and strengthening capital. Furthermore, our goal is to contribute to society through new business creation and existing business evolving, viewing social challenges as opportunities. Through this approach, we will achieve both sustainable growth and the creation of social value.



Materiality

Review of ESG Issues

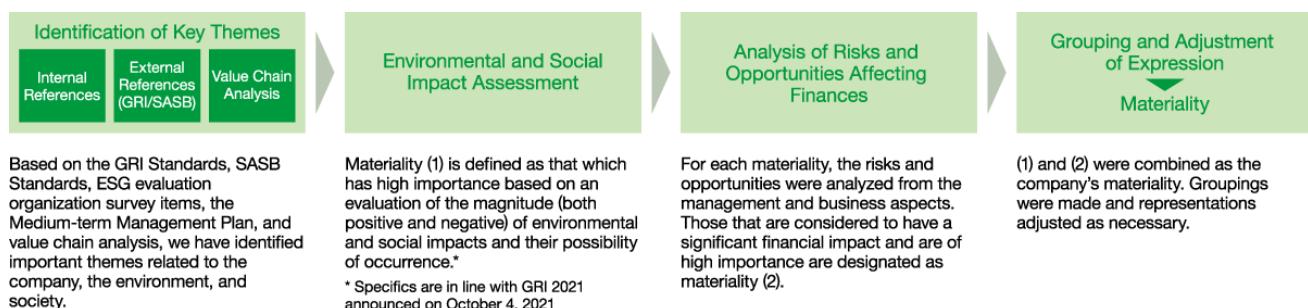
Nifco first identified ESG issues in 2020 to strengthen the foundation of its ESG management, and it has now conducted its third review and identified these issues as materiality. The revision was made in order to implement our Medium-term Management Plan, to realize our Long-term Vision and the purpose that lies ahead, and to respond flexibly and appropriately to drastically changing social conditions.

— Review process

First, we conducted a value chain analysis to understand and reorganize the impacts Nifco's business has on society and the environment. Based on the results of this analysis, we identified key themes, assessed environmental and social impacts, and analyzed risks and opportunities that affect the company's finances.

Materiality Identification Process

We reviewed ESG issues and identified materialities through the following process:

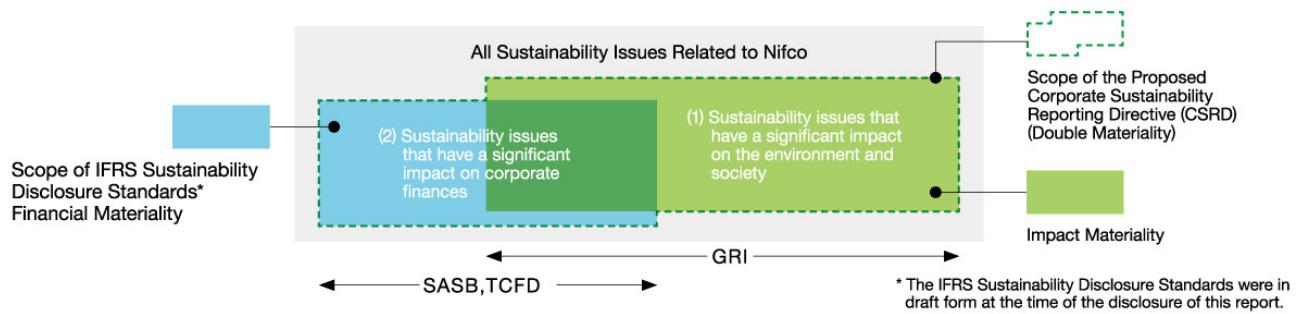


Materiality Regarding Sustainability

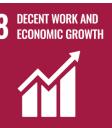
The Nifco Group has decided to refer to the double materiality approach in identifying materialities in its response to the Corporate Sustainability Reporting Directive (CSRD) published by the European Commission (EC) because in addition to having business in Europe, it responds to changes in society and manages its business in a way that is more responsive to its stakeholders.

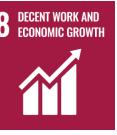
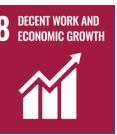
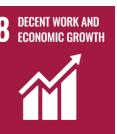
Double Materiality

Double materiality is a way of identifying "sustainability issues with significant environmental and social impacts," as required by the Global Reporting Initiative (GRI), and "sustainability issues with significant financial impacts," as required by International Financial Reporting Standards (IFRS), as materialities.



Materiality and Contribution to SDGs

	Materiality	Issues	Medium- to long-term goals	Related SDGs
G (Governance)	Strengthening sustainability management	Strengthening governance	Manage with awareness of the corporate governance code	
		Compliance	Ensuring compliance	 
	Ensuring information security	Ensuring information security	Maintenance and improvement of information security measures	—
E (Environment)	Responding to climate change	Reduction of CO2 emissions in the entire business	<ul style="list-style-type: none"> 1. CO2 emissions reduction Process targets: <ul style="list-style-type: none"> a. Energy conservation promotion b. Introduction of renewable energy 	 
		Research and development, manufacturing, and the sale of products that contribute to the reduction of CO2 emissions	Product development to improve environmental performance	  

	Materiality	Issues	Medium- to long-term goals	Related SDGs
	Zero waste (circular economy) initiatives	Zero waste (circular economy) initiatives	Waste reduction	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION ∞
	Improving worker safety and job satisfaction	Improvement of human resource system, employment conditions, etc.	Workstyle reform	 3 GOOD HEALTH AND WELL-BEING  8 DECENT WORK AND ECONOMIC GROWTH
		Promotion of occupational health and safety	Promotion of occupational health and safety	 3 GOOD HEALTH AND WELL-BEING  8 DECENT WORK AND ECONOMIC GROWTH
	Promotion of human resource development	Promotion of human resource development	Promotion of human resource development	 4 QUALITY EDUCATION  8 DECENT WORK AND ECONOMIC GROWTH
S (Society)		Improve understanding of human rights and prevent violations	Human rights-oriented management	 3 GOOD HEALTH AND WELL-BEING  10 REDUCED INEQUALITIES
	Prevention of human rights violations and promotion of equal opportunities	Ensuring diversity and promoting equal opportunities	Respect for diversity 1. Promotion of women's activities 2. Promotion of global human resources 3. Promotion of the activities of people with disabilities 4. Understanding and responding to LGBTQ+ people 5. Promotion of mid-career employment	 5 GENDER EQUALITY   10 REDUCED INEQUALITIES  16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Ensuring product safety and quality	Ensuring product safety and quality	Ensuring product safety and quality	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION ∞

Mid-Term Management Plan

Mid-Term Management Plan (FY2024 - FY2026) : Nifco Glocal Strategy

Under our long-term vision of "Nifco makes Ideas a Reality", we aim to create a comfortable life and a sustainable society through realizing an idea that derives by facing customers' issues as well as social issues.

We challenge to realize our long-term vision with our slogan of "Co-Creation" and through our further growth investments to strengthen existing business and create new business. Under our slogan of "Co-Creation", we will strengthen product development that pursues sensibility and universal value (Safety, Environmental, Comfort), solution selling through close customer contact, and penetration of "Nifco" brand inside and outside the company.

View "social issues" as opportunities to contribute to society by

Creating new business and Evolving existing business

Nifco makes "Ideas" a "Reality"

<Social Issues>



“価値共創”
Co-Creation

Quantitative targets for this term's Mid-Term Management Plan

The targets for FY2026 are as follows.

(Billion JPY)	FY2023		FY2024		FY2026	
	Actual	Plan	Target	Vs. FY2023		
Net Sales	371.6	340.0	375.0	+1%		
OP	43.9	45.0	50.0	+13%		
OPM	11.8%	13.2%	Over 13%	+1.2%pts		
Net Income	18.2	26.1	32.8	1.8 times		
ROE	7.8%	10.5%	12%	+4.2%pt		
ROIC	17%	17%	Over 17%	±0%pts		
Operating Cashflow (Three year combined total)	116.3	127.1	132.0	+13.5%		
Foreign Exchange	\$1=JPY140.7 €1=JPY152.1	\$1=JPY143 €1=JPY155		\$1=JPY143 €1=JPY155		



Priority Measures of Mid-Term Management Plan

Growth through existing business	•Further strengthen existing business model •Acquire business from superior Chinese OEMs •Actively invest resources in the Indian market •Strengthen Bed business in Asian market
Exploring and building new businesses	•Utilize M&A and alliances instead of sticking to our own knowledge and asset •Create new non-automotive business
Promote HR development	•Create and execute succession plan •Establish and execute evaluation and compensation system •Reflection of employee engagement and steady results
Strengthen corporate governance system to continuously improve corporate value	•Strengthen the Board of Directors function •Strengthen various committee functions •Strengthen ESG management

Section 3: Enhancing Nifco's Corporate Value

Key Financial Data

	FY2023
Net sales (millions of yen)	371,639
Net sales (millions of yen)	334,729
	36,910
Operating profit (millions of yen)	43,925
Operating profit ratio (millions of yen)	11.80%
Net income (millions of yen)	19,286
Profit attributable to owners of parent (millions of yen)	18,252
Recurring profit (millions of yen)	49,665
Net income per share (yen)	183.26
Dividend per share (yen)	64
Total assets (millions of yen)	380,405
Ordinary income / Total assets	13.40%
ROE (return on equity)	7.80%
ROIC (return on invested capital)	17%
Cash flows from operating activities (millions of yen)	47,257
Cash flows from investing activities (millions of yen)	8,135
Cash flows from financing activities (millions of yen)	26,024
Cash and cash equivalents at end of year (millions of yen)	142,024
Free cash flow (millions of yen)	39,122
Total shareholder yield	211.50%
Dividend payout ratio	34.90%
R&D expenses (millions of yen)	4,046

役員紹介

取締役

2024年06月20日現在



柴尾 雅春

(Masaharu Shibao)

代表取締役社長 兼CEO（最高経営責任者）



矢内 俊樹

(Toshiki Yauchi)

取締役専務執行役員 CFO 兼 CSO



野々垣 好子

(Yoshiko Nonogaki)

社外取締役



安部 真行

(Masayuki Abe)

社外取締役



米谷 佳夫

(Yoshio Kometani)

社外取締役



本多 純二

(Junji Honda)

取締役（監査等委員）



松本 光博

(Mitsuhiko Matsumoto)

社外取締役（監査等委員）



林 いづみ

(Izumi Hayashi)

社外取締役（監査等委員）

取締役スキルマトリックス

氏名	経験・専門性					
	経営戦略	財務・資本政策	海外事業	法務、リスクマネジメント	IT・DX	ESG、サステナビリティ
柴尾 雅春	○		○			○
矢内 俊樹	○	○		○		○
野々垣 好子	○		○			○
安部 真行					○	○
米谷 佳夫	○		○		○	○
本多 純二		○				
松本 光博		○				
林 いづみ				○	○	

執行役員

2024年06月20日現在

小泉 昌史

常務執行役員
ライフソリューションズカンパニー カンパニープレジデント

村田 奎彦

執行役員
ESG 推進室長

佐野 久実

執行役員
管理本部長

坂田 一臣

執行役員
生産技術本部長

福尾 道宏

執行役員
開発本部長 兼 CTO（最高技術責任者）

長岡 昌哉

常務執行役員
経営統括本部長

金 京俊

執行役員
中国5拠点統括 兼 東莞利富高塑料製品有限公司 総経理 & CEO

Michael Rodenberg

執行役員
北米統括、ニフコアメリカ
CEO、ニフコセントラルメキシコ
CEO

廣瀬 明彦

執行役員
品質保証本部長 兼 CQO（最高品質責任者）

一丸 貴秀

執行役員
プラットフォーム事業部長

崔 炫惇

執行役員
ニフココリアグループ統括
兼 ニフココリア社長 & CEO

Joan Oliveras

執行役員
欧州統括

横田 賢

執行役員
製造本部長 兼 CPO（最高製造責任者）

杉山 保

執行役員
営業本部長

Nifco's Corporate Governance

Fundamental policy of corporate governance

We want to be a valuable presence for all stakeholders, including shareholders and investors, business partners, employees, local communities, and everyone who uses our products.

To achieve this goal, we believe that corporate governance must be implemented as a corporation not only by ensuring strict compliance with laws and regulations, but also by implementing appropriate risk management measures so as to act flexibly and sufficiently according to the ever-changing socio-economic environment. Thoroughly disseminating and putting into practice this policy is exactly what we believe corporate governance is all about.

Based on this fundamental policy mentioned above, we endeavor to implement corporate governance to the fullest extent as a priority issue and to promote reinforcement of Group management.

Nifco's Corporate Governance

(1) Brief explanation of the organizations within the company

With approval obtained at the general meeting of shareholders on June 24, 2021, Nifco has transitioned from a company with a board of auditors to a company with an audit and supervisory committee.

As of June 22, 2023, there are nine directors (including five outside directors). Three of these directors (including two outside directors) are also members of the audit and supervisory committee.

Five of the nine directors on the board of directors are from outside the organization so that they can bring new perspectives and opinions differing from those within the company which can then be reflected and used in management.

In addition, our company has an executive officer system for the purpose of ensuring a clear awareness and effectiveness of the management decision-making and supervisory functions as well as the business execution function.

Furthermore, to ensure that business operations are conducted appropriately, we have established various committees under the board of directors, including the risk management committee, the compliance committee, and the information security committee.

These committees are responsible for verifying whether the execution of business by the executive officers is being carried out appropriately and for ensuring efficient business execution.

We have also established the Nomination, Compensation and Governance Committee and the Sustainability Committee as advisory committees to the Board of Directors, each of which provides advice and proposal to the Board of Directors.

We will explain the function of the board of directors, the audit and supervisory committee, and outside auditor as follows.

1) Board of Directors

In addition to the matters stipulated by law to be resolved by the Board of Directors, in view of the importance and nature, etc. of the business strategy and business plan formulation, the Company conducts deliberations and resolutions by the Board of Directors on matter recognized as being appropriate to be resolved by the Board of Directors.

Moreover, the management Executives of the Company are delegated to make decisions on the execution of individual

operations, based on the direction of the business strategy and business plan formation, etc. resolved by the Board of Directors.

In pursuit of speedy management, management assigns Executive Officers who are dedicated to the execution of individual operations, where the authority for the execution of operations is transferred from Directors, in order to promote acceleration of the decision-making.

2) Audit and Supervisory Committee

The audit and supervisory committee is responsible for auditing and supervising the execution of duties by the directors on the board of directors and other committees in accordance with the audit and supervisory committee's standards.

Unlike conventional auditors, directors who are also members of the audit and supervisory committee have voting rights on the board of directors.

By giving a director in charge of auditing greater authority than a conventional auditor, we will enhance the auditing and supervisory functions of the company and further strengthen corporate governance.

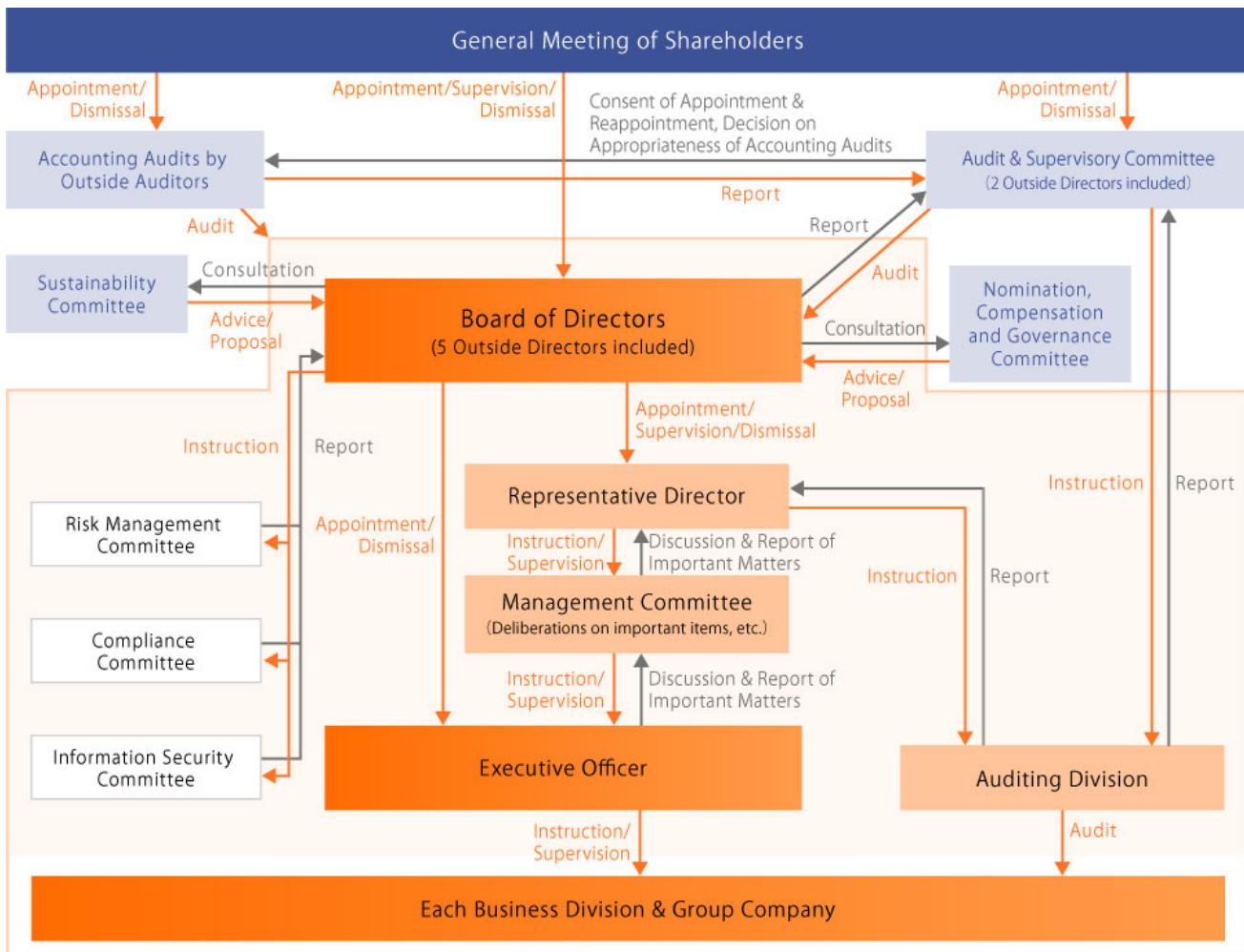
The Audit & Supervisory Committee is cooperating with the accounting auditor and the internal audit department by explaining the audit plans and exchanging questions and answers at the committee meetings.

3) Outside Auditor

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

To increase the independence, objectivity, and transparency of the procedures for determining compensation, the nomination, compensation, and governance committee, run by the chairman and the majority of committee members acting as independent outside directors, was established as an advisory body to the board of directors.

(2) Corporate Governance Framework



(3) Basics of the internal control systems

We have passed resolutions on the following items to ensure that the execution of duties by directors is in compliance with laws, regulations and, the articles of incorporation and to ensure other systems are in place to assure the appropriateness of business operations.

These revisions were made to accommodate the transition to being a company with an audit and supervisory committee and resolved at the board of directors meeting held on June 24, 2021.

1. System to ensure that the execution of duties by directors and employees complies with laws, regulations, and the articles of incorporation.
2. System for the storage and management of information related to the execution of duties by directors
3. Regulations and other systems for managing the risk of loss
4. System to ensure the efficient execution of duties by directors
5. System to ensure appropriate operations within the Nifco Group
6. System concerning directors and employees who are to assist the audit and supervisory committee in its duties, matters concerning the independence of these employees from the directors, and matters concerning the execution of instructions concerning such employees
7. Systems for employees and directors, excluding those who are on the audit and supervisory committee, to report to the aforementioned committee

8. System to ensure that audits by the audit and supervisory committee are conducted effectively

In the event that anti-social forces approach, such forces will be blocked and eliminated under the supervision of the compliance committee without responding to unreasonable demands, etc. We have also concluded a memorandum of understanding with our business partners involving the strict adherence to exclude antisocial forces from any business relationship.

(4) Reason for choosing the current system of corporate governance

At the board of directors meeting held on June 24, 2021, the company resolved to amend the articles of incorporation regarding the transition to a company with an audit and supervisory committee, and the company officially transitioned on the same date from a company with a board of auditors to a company with an audit and supervisory committee.

This is to enhance the auditing and supervisory function of the board of directors and further enhance corporate governance by making members of the audit and supervisory committee, who are responsible for auditing the execution of duties by directors, members of the board of directors and granting them voting rights on the board of directors.

At Nifco, the majority of directors are outside directors. In this case, a company with an audit and supervisory committee will be able to delegate decision making on important business matters from the board of directors to executive directors (those directors who are not members of the audit and supervisory committee). This will enable expeditious decision making led by executive directors.

By transitioning to a company with an audit and supervisory committee, Nifco will further strengthen its management base and aim to become a company that continues to grow in a stable manner.

Dialogue: Nifco's Response to Climate Change

Date of the discussion: July 2024



Masaharu Shibao (on the right)
President and CEO,
Nifco Inc.

Kohei Yatsubayashi (on the left)
President and Director,
S-Pool Blue Dot Green, Inc.

Profile:

After graduating from university, Kohei Yatsubayashi joined the Ministry of the Environment in 2006, where he was involved in the design of carbon offsetting systems. He then moved to the Shimokawa Town Office in Hokkaido, and after setting up a general incorporated association, he became the President and Director of Blue Dot Green Inc. (name changed to S-Pool Blue Dot Green, Inc. in 2022) in 2020. There he provided consulting services related to environmental management, including CDP responses and GHG emissions calculations.

**Taking a bird's-eye view of sustainability,
we will consider what kind of value Nifco can create.**

Nifco has pledged to achieve carbon neutrality by 2050 and is promoting various initiatives that include reducing its environmental impact. How can such sustainability activities and information disclosure be linked to the enhancement of corporate value? We invited Mr. Yatsubayashi from S-pool Blue Dot Green, who spoke with Mr. Shibao, our President and CEO.

Launching a new service with a cross-border study program



Shibao: Nifco has a cross-border study program that allows employees to visit other companies and study things that they cannot find at Nifco in order to cultivate the "ability to create change." Nifco's connection with S-Pool Blue Dot Green began when one of our employees was accepted in 2021 as a recipient of that study program.

Yatsubayashi: Yes, that's right. This was the first time for us to host someone from an outside company in this way.

Shibao: That employee's goal was to become involved in new business planning, and did not seem to have limited himself to focusing only on the environmental field.

Yatsubayashi: It was a happy coincidence in that sense, I think. But from there, the project was set in motion and we were able to launch our new business.

Shibao: Could you please talk about the kind of business you're engaged in?

Yatsubayashi: Sure, it's an LCA (Life Cycle Assessment) support service. This is a quantitative assessment of environmental impacts such as CO2 emissions over the entire life cycle of a product. Despite the fact that the automotive industry has a large role to play in reducing environmental impact, it had not yet been able to determine the CO2 emissions of each its products. So we have created a tool to calculate emissions using Nifco as a model. Since our main business is to support the disclosure of information related to sustainability, including TNFD, this was truly a service without precedent.

Shibao: I understand that you also collaborated with Nifco's manufacturing division and ESG Promotion Office, and visited the factory to conduct a survey.

Yatsubayashi: Yes. I was not able to go, but the members who visited to conduct the survey seemed to find it a very refreshing experience. They said they were surprised to see that Nifco had established a solid system not only for the manufacturing process but also for recycling/reuse of plastics.



Shibao: What is obvious to Nifco employees who see it up close and personal may not be obvious to an outsider. Such feedback is also valuable to Nifco. Although this LCA evaluation method has not yet been fully implemented, the awareness of environmental issues that our employee has learned from S-Pool Blue Dot Green is sure to spread throughout the company in the years to come.

View sustainability through the lens of strategies informed by competitive advantages

Yatsubayashi: Many pieces of legislation on sustainability-related information disclosure have been introduced in recent years, especially in Europe. Could this have an impact on Nifco's business as well?

Shibao: Certainly, standards are becoming stricter every year. However, frankly speaking, there are political factors involved, and looking at the movements of European automobile manufacturers, it seems that they are not all responding to the same standards. I believe that information disclosure, as well as sustainability initiatives themselves, should be thoroughly addressed, while at the same time always considering how to link sustainability to economic value and other benefits. Activities that do not lead to an increase in corporate value over the medium to long term will not last.

Yatsubayashi: I think you're right. Recently in Japan, the attitude toward sustainability has been changing, as evidenced by the government's announcement of more than 150 trillion yen in public and private investments to promote GX (Green Transformation). I believe that it's essential to consider how sustainability can be linked to a company's competitive advantage.



Shibao: I think it's necessary to have a strategy that is not just about the top, but also about the bottom line, while keeping an eye on social trends. This may be slightly off topic, but a good example is using fewer plastic bags at supermarkets. Not everybody was on board with the idea at first, but it's now a universal practice. This is probably because many people are realizing the benefits. The same is true for companies. If they feel that their efforts will lead to an increase in value, they will naturally expand their efforts.

Yatsubayashi: In the case of Japanese companies, it seems that many of them started their initiatives with the attitude of "we have to do it because other companies in our industry are doing it." Recently, this attitude has been changing, and an increasing number of companies are beginning to think about how their products and services can help solve social issues, and are quantifying these issues while proactively disseminating information about them.

Shibao: Up to now, I think our efforts have been more of a "pull" to match the trends originating in Europe. I think we need to think more proactively and change our mindset to one of strategically "pushing".

Yatsubayashi: I think you're right. Until recently, there has been a tendency in Japan to view sustainability as a series of separate issues to be addressed, such as climate change and biodiversity. Instead, I think we should take a more holistic view of sustainability, think about how our company can be involved in the process, quantify it, and communicate it to society.

Growing interest in sustainability is an opportunity

Shibao: I believe that the growing interest in sustainability, including climate change, is not a risk for Nifco, but rather an opportunity. This is because Nifco does not have any special technology or facilities that give it a great advantage, and its greatest asset is its "people." Unique technologies and facilities cannot cope with sudden changes, but "people" are always flexible. I believe that even in the face of risk, we can always turn in a positive direction. In fact, looking back on Nifco's history, we have always overcome crises with the wisdom and ideas of our employees, which has led to new growth.

Yatsubayashi: Because your employees are equipped with the ability to learn and respond. Changing subjects, Nifco's main products are plastic parts for automobiles. Plastics are attracting a lot of attention in terms of environmental issues, but do you think that their potential will continue to expand depending on the wisdom of people?

Shibao: That is my opinion. Plastic has only been in existence for about 200 years and has only been in practical use for about 100 years. It is a much younger material than iron. Compared to iron, plastic is lightweight, rust-free, and has many other outstanding features. That is why it plays such an active role in society and in our daily lives. Plastic still has many possibilities. For example, it is much easier to process than iron, and therefore less energy is used in the manufacturing process. However, it is also true that there are major challenges, such as the waste problem it poses. I believe that this is something that we as a company need to work on.



Yatsubayashi: Recently, the Ministry of Economy, Trade and Industry (METI) launched measures to promote the use of recycled plastics in order to realize a circular economy. I believe that this trend will continue to intensify in the future, and if we can establish a system to continue using plastics in a cyclical manner, I believe that these materials can coexist with society. The environment surrounding plastics will continue to change in the future, but I think it's good to have Japan offering its unique perspective and disseminating information, and I feel that such an attitude will never have a negative impact on Japanese companies.

Nifco's Climate Change Goals

Shibao: Nifco has pledged to achieve carbon neutrality by 2050 to ensure that its business functions properly to meet the challenge of climate change.

Yatsubayashi: Looking at the disclosed reports, Scope 1 and 2 CO₂ emissions decreased 4.20% in 2021 and 6.50% in 2022 compared to the previous year, so it seems that your efforts are going well.

Shibao: Certainly, the latest figures suggest we are making steady progress, and I feel that an awareness of environmental issues is taking root within the company.

Yatsubayashi: However, since these reduction rates tend to shrink as the years go by, one could say the real work begins now.



Shibao: I completely agree. In the case of Nifco, Scope 1 emissions are not applicable to our manufacturing process, so we are implementing thorough energy-saving activities. We are also planning to reduce Scope 2 emissions by using solar power generation and other means.

But the difficult part is Scope 3 emissions. Nifco relies on partner companies outside the group for about 50% of its manufacturing processes. It is not easy to manage emissions throughout such a broad supply chain. I think this is an issue not only for Nifco, but for the entire automotive industry.

Yatsubayashi: Indeed, I feel that Scope 3 emissions are a common issue in Japan's manufacturing industry. When I visited a manufacturer the other day, I learned that the company has many overseas suppliers and has created a multi-lingual educational video to first spread awareness. I think we need to think about a long-term roadmap and sit down and work on it.

Turning sustainability into opportunity



Shibao: Earlier, you mentioned that it is good to have a unique perspective and to disseminate information, but there is one thing I have been thinking about. The plastic products we make emit CO2 during the manufacturing process, but on the other hand, they can help reduce CO2 emissions if they are installed in automobiles. By using lightweight and highly processable plastics, we can reduce weight and improve aerodynamic performance, leading to improved fuel efficiency for automobiles, which in turn reduces CO2 emissions. In this way, if we can better quantify the impact over the entire life cycle, I believe we can create new benefits.

Yatsubayashi: That's a quantitative way of looking at the so-called reduction contribution. I think it's actually quite difficult to quantify this for Scope 3 emissions, but it's very important to express our own strengths in our own way. The LCA tool jointly developed by our company and Nifco, which was mentioned at the beginning of this conversation, may be the starting point of such a project.

Shibao: Regarding the supply chain, we are already working on some initiatives in logistics and other areas. We have begun to devise ways to improve the packaging methods for products supplied to automobile manufacturers to supply more products in a single transport and to reduce the use of plastic and other packaging materials.

Yatsubayashi: So this is an initiative that also involves automakers downstream in the supply chain.

Work throughout the supply chain while refining your own strengths

Shibao: What kind of attitude do you think is important for Japanese companies to have if they want to make their presence felt in the current trend toward sustainability?



Yatsubayashi: I think we should identify our strengths, quantify them, and proactively disseminate information about them without being too distracted by global trends. Of course, this will require us to make a solid effort to reduce CO2 emissions and address other environmental issues. Talking with you today has made me feel that Nifco has many powerful assets needed to accomplish this.

Shibao: Thank you very much. What I felt today is that there is much more to sustainability than just what one company can do.

There needs to be a coordinated effort throughout the supply chain.

For example, I mentioned earlier the environmental value of products, but at present, the automotive industry has not yet established a system to evaluate such value. Technical value and cost value are rigorously evaluated by the design department and purchasing department, respectively. If environmental value can be evaluated in the same way, I think a big change will take place.

Yatsubayashi: Engagement in the supply chain tends to be thought of as a flow from downstream to upstream, but it can also happen in the opposite direction, such as a proposal from Nifco to an automobile manufacturer. This ability to make proposals is one of Nifco's strengths, and I have high hopes for it. In order to evaluate the environmental value of products, we need to have a system for quantifying that value and incorporating it into prices. There are many things that need to be addressed, but this is a major theme that relates not only to the plastic products handled by Nifco, but also to manufacturing as a whole. I think it is important for everyone in society to think about this issue, not just companies.



Shibao: Efforts must be made not only at Nifco, but also throughout the industry and society at large. In sustainability, it seems that "everyone" is a crucial keyword.

Global Warming Initiatives

Basic Approach

Our approach is to provide society with environmentally friendly products through activities and innovations aimed at reducing CO2 emissions. Through these efforts, we contribute to a sustainable society and our growth.

Our objectives

- Rationalization of energy use (reduction of loss and waste)
- Promotion of the use of renewable energy
- Development of new products and production technologies that are friendly to the global environment

Our CO2 emissions

From the perspective of global environmental conservation, Nifco and its domestic Group companies monitor and disclose the amount of CO2 emissions (Scope 1 and Scope 2) from their business activities.

■ Nifco non-consolidated and domestic Group companies CO2 emissions (FY2023)

Unit: tons

19,873.48

Scope 1

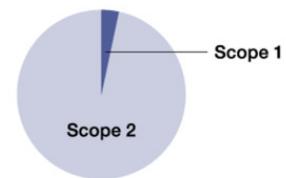
666.39

Greenhouse gas emissions directly emitted by the company itself

Scope 2

19,207.09

Indirect greenhouse gas emissions



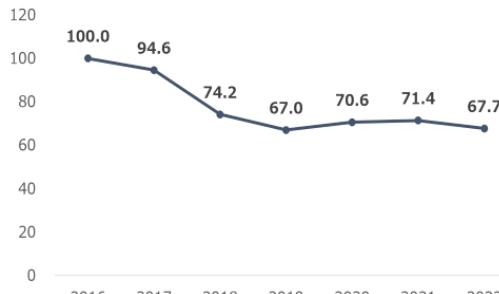
Rationalization of energy use (loss and waste reduction)

Nifco was evaluated as an excellent energy-saving business (Class S) for the ninth consecutive year in the "Business Classification Evaluation System" in the periodic report (submitted in FY2023) of FY2022 results based on the "Law Concerning the Rational Use of Energy". We will continue our efforts to improve the efficiency of total energy use and reduce energy consumption.

■ Act on Rationalizing Energy Use: energy consumption unit

Target: 1% reduction (YoY)

■ Changes in energy consumption unit (Nifco non-consolidated)



*Using an indicator with fiscal 2016 as the base year.

Promotion of the use of renewable energy

Installation of solar power generators

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

Amount of renewable energy generated (FY 2023)

628.55 MWh

Amount of power generated at each location (in order of largest to smallest)

Nifco Kumamoto 408.90MWh

Nifco Kitakanto 89.08MWh

Sagamihara Plant 71.51MWh

Nagoya Plant 49.50MWh

NTEC 9.56MWh

Offsetting with FIT non-fossil certificates

We procured FIT Non-Fossil Certificates for Scope 2, which certify the environmental value of non-fossil power sources, such as renewable energy. This procurement allows us to offset the CO2 emissions of the electricity we use. In FY2023, we effectively reduced CO2 emissions by 402 tons* out of 19,873.48 tons of CO2 emissions.

* The latest correction rate as of July 2024

Developing new products with consideration for the global environment

Environmental risks, including climate change, are also opportunities for Clean Tech businesses. Nifco is working to reduce CO2 emissions and solve environmental problems such as air pollution by providing lightweight, high-performance plastic products. We believe that ensuring these efforts to reduce CO2 emissions and prevent air pollution is one step toward our sustainable growth. By continuing to provide cleantech opportunities aimed at responding to environmental changes and improving environmental sustainability, we aim to ensure a sustainable environment for future generations.

Opportunities in Clean Tech	Contribution to the Environment	Product Name	Function Overview
[Fuel Economy] Involvement in development or distributing advanced materials	Replacing metal parts with high-performance resins reduces both weight and safety, contributing to improved fuel efficiency and reduced CO2 emissions.	 Energy absorber	<ul style="list-style-type: none"> Impact-absorbing parts that reduce damage to vehicles and passengers and enhance safety in the event of a vehicle collision. This product uses advanced materials made from engineering plastics with high toughness.
[Fuel Economy] Improved fuel economy by reducing vehicle weight	Lighter vehicle body contributes to improved fuel economy and reduced CO2 emissions	 ABS actuator bracket	The metal bracket of the ABS actuator has been converted to resin for the first time in Japan, resulting in a weight reduction of approximately 60% while maintaining heat resistance and vibration durability.
[Fuel Economy] Improved fuel economy due to improved driving performance of the vehicle body	Improved vehicle running performance (reduced aerodynamic drag) contributes to improved fuel economy and reduced CO2 emissions	 Front spat	Aerodynamic drag is reduced by channeling wind from the front of the vehicle under the vehicle floor and toward the tires.
		 Ducted Air	<ul style="list-style-type: none"> Aerodynamic drag on the bumper is reduced by allowing wind from the front of the vehicle to enter the bumper. Improved aerodynamic performance by preventing vortex flow in the wheel arches by discharging intake air through the wheel arches.

Opportunities in Clean Tech	Contribution to the Environment	Product Name	Function Overview
<p>[Alternative Fuels] Involvement in developing or distributing fuel cells/hydrogen systems</p>	<p>Contributing to the prevention of air pollution and reduction of CO₂ emissions as a component (powertrain) of FCVs capable of long-distance zero-emission driving</p>	 <p>FCV* parts * FCV (Fuel Cell Vehicle) is a vehicle that runs on electricity produced by a fuel cell installed in the vehicle and powered by a motor.</p>	<p>This component is used in the path of hydrogen, air, water discharged after power generation, and cooling water to cool the FC stack. In addition, a Nifco filter is used in the gas path to keep foreign matter out of the FC stack.</p>
<p>[Applications] Involvement in developing or distributing LED</p>	<ul style="list-style-type: none"> Contributes to the reduction of carbon dioxide emissions: 50% or more reduction in electricity consumption compared to light bulbs No toxic substances: No environmental impact because inert gases are not used as in light bulbs 	 <p>Dynamic Lighting Illumination</p>	<p>LED illumination inside the vehicle with the ability to visually present information on various situations to passengers</p>
<p>[Reuse and recycling] Initiatives for apparel products using sustainable materials</p>	<p>Use of recycled materials made from textiles collected and discarded at sewing factories limits reliance on virgin materials and reduces CO₂ emissions</p>	 <p>Cord Lock/Cord Hook</p>	<p>Functional parts for apparel wear made from recycled materials</p>

Opportunities in Clean Tech	Contribution to the Environment	Product Name	Function Overview
[Others] Efficient environmental management	Efficient environmental management is possible by utilizing the data measured under the environment where the sensor is installed.	 Multi sensor (three-company cooperative project) Cooperative project of Nifco, NTT East, and Marubeni Information Systems	Self-powered sensor eliminates the need for power supply from an outlet or batteries. Functions: Temperature, humidity, illuminance, acceleration (3 axes), contact detection*, NFC (Near Field Communication) * Contact detection = function to detect the proximity of a magnet (used in door open/close detection)

Direction of new product development

Nifco will continue to concentrate its development resources in the fields of the “environment, safety and comfort,” which are constant market trends.

By introducing products of universal value to various markets, Nifco will strive to build a business with stable and continuous growth, and it will continue to provide environmentally friendly products to realize our Purpose, “Sparking Innovation by fastening small insights with technology for a better world.”

Climate Scenario Analysis

As per the disclosure request in the Prime market, Nifco is studying and responding to the clarification of governance related to climate change, the analysis of risks and opportunities, and the development of risk management and other measures.

Governance

The Board of Directors deliberates and sets sustainability policies, strategies, plans, and measures, including those for addressing climate change, as well as targets and indicators, and it shares the progress and results to determine and promote improvements and new initiatives.

In addition, the Sustainability Committee has been established as an advisory body to the Board of Directors. The Committee advises and makes recommendations to the Board of Directors on matters related to sustainability.

Sustainability-related proposals approved by the Board of Directors are communicated directly or through the Management Committee to each of our business units and Group companies and are reflected in their respective management plans and business operations. Depending on the content of such proposals, we also request cooperation from our business partners.

Strategy

We have conducted an analytical assessment of the business risks and opportunities arising from climate change against projecting changes in the environment from 2021 to 2040 using a scenario analysis approach based on internationally recommended guidelines. Based on those results, we then developed policies to address each risk and opportunity.

Scenario Analysis Overview

Scope of coverage	Group consolidated companies (excluding the bedding and furniture business)
Time line	2021~2040
Scenario development	<ol style="list-style-type: none">1. The scenario in which the increase in global average temperature is kept within 1.5°C of pre-industrial levels (the 1.5°C scenario) Reference information<ul style="list-style-type: none">• IEA^{*1} WEO2021 NZE and SDS scenarios• IPCC^{*2} Sixth Assessment Report, Working Group I Report SSP1-1.9, 2.6• Other2. The scenario in which the average global temperature rises by about 4°C above pre-industrial levels (the 4°C scenario) Reference information<ul style="list-style-type: none">• IEA WEO2021 STEPS scenario

- From IPCC Sixth Assessment Report, Working Group I Report SSP2-4.5, SSP3-7.9, SSP5-8.5
- PLAT S8 Climate RCP8.5
- Other

※1 IEA

The International Energy Agency was established in November 1974 after the first oil crisis. It operates within the framework of the Organization for Economic Cooperation and Development (OECD) for the purpose of achieving energy security centered on oil. Currently, it is working on climate change analysis, energy efficiency and conservation policies, and clean energy promotion policies with the aim of achieving a sustainable energy supply.

※2 IPCC

The Intergovernmental Panel on Climate Change is an intergovernmental organization that was established by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) in August 1988 to provide a scientific basis for governments' climate change policies. It publishes reports summarizing the latest scientific findings on climate change.

Assumed Changes in the Business Environment Related to Climate Change

[1] Assumed Changes in the Business Environment in the 1.5°C Scenario (Mitigation Against Climate Change)

The 1.5°C scenario assumes that the average temperature in the environment may rise about 1°C above the current level by around 2040, that typhoons and cyclones may intensify, and that flooding may become twice as frequent. It is assumed that government investment will increase in response to the intensifying wind and flood damage and companies will be forced to meet more stringent standards for reducing CO2 emissions.

There is a possibility that the use of internal combustion engines may decline and there is a shift to electric vehicles, as well as the entry of new companies into the automotive industry, as the global response to climate change progresses.

In that case, customers are likely to place fewer orders for products for internal combustion engines that use fossil resources and more orders for parts required for vehicles that use electricity as well as for products designed and manufactured on the premise of reducing environmental impacts.

In addition, there is a possibility that the growing environmental awareness of automobile end-users may lead to a shift from car ownership to car sharing, which will contribute to lower global automobile production. There is a possibility that in procurement and manufacturing, the introduction of a carbon tax may increase the procurement price of raw materials, and manufacturers may increasingly switch to raw materials such as recycled plastic and biomass plastic in response to customer demand. The possibility of damage to supply chains and manufacturing facilities due to severe wind and flood damage may increase, resulting in irregular responses and shutdowns.

[2] Changes in the Business Environment Expected under the 4°C Scenario (Adaptation to Climate Change)

The 4°C scenario assumes that around 2040 average temperatures may rise about 2°C above the current level, typhoons and cyclones may intensify, and floods may occur about four times more frequently. It is believed there is a possibility that government measures may be strengthened in response to increasingly severe wind and flood damage and that the number of people suffering from heat stroke may double due to rising temperatures, in addition to increasing numbers of mosquito-borne and other infectious diseases.

There is a possibility that fossil prices and energy rates will rise and that the frequency of damage to supply chains and manufacturing facilities due to severe wind and flood damage may increase, resulting in irregular responses and shutdowns.

Key Risks and Opportunities Related to Climate Change Response

We have identified business risks and opportunities that may arise from changes in the environment under the 1.5°C and 4°C scenarios and examined their estimated degree of financial impact. As a result, the following table shows the estimated risks and opportunities that may have significant impacts on our operations.

The scenario analysis shows that while our business will be partially affected by social and market changes related to climate change, there will also be significant business opportunities, such as the expanding market for renewable energy-related products. We assess that for sustainability and the development of our business, we need to take prompt actions while keeping an eye on the future business environment. As shown in the table below, there are various possible impacts, but we will take appropriate measures to maximize our corporate value.

The terms “short term,” “medium term,” and “long term” are defined as the last one to three years for the short term, four to 10 years for the medium term, and 11 to approximately 20 years for the long term. In addition, risk classifications are made in accordance with internationally recommended guidelines.

Risks with significant financial impacts		Timing of emergency	Main policies
Market risks	There is a possibility that as electric vehicles become more widespread, functional parts that are unique to gasoline-powered vehicles, such as parts for conventional engines and oil supply ports, may gradually decrease.	Medium to long term	<ul style="list-style-type: none">Appropriately allocate resources in response to market contractionsPlanning and development of products compatible with electrification technologiesCreate new businessesPromote product strategies that focus on electrification among universal elements, such as the environment, safety, and comfort
	There is a possibility that as more and more companies from other industries enter the automotive industry, mega-suppliers that used to supply other industries may become new competitors.	Medium to long term	<ul style="list-style-type: none">Possess and utilize proprietary technologies to enhance competitivenessComplement our strengths through alliances with other companies, CVC, M&A, etc. as needed.Create new businesses

Risks with significant financial impacts	Timing of emergency	Main policies	
		<p>There is a possibility that sales may decrease and procurement costs increase due to the inability to respond to customer requests to use recycled raw materials (e.g., biomass plastics) in a timely and appropriate manner.</p>	<ul style="list-style-type: none"> Promote product strategies focusing on universal elements, such as the environment, safety, and comfort, and improve the competitiveness of existing product lines
Market risks / Technology risks		<p>There is a possibility that Nifco's business with existing and emerging car makers decreases due to the emergence of alternative products with lower CO2 emissions.</p>	<ul style="list-style-type: none"> Research and develop new materials Promote the use of non-fossil resource materials, recycled plastic materials, and materials using natural resources Improve our immediate response to customer requests, paying attention to changes in materials, manufacturing methods, and laws and regulations Develop product shapes and production methods that meet the specifications of products using recycled materials and biomass plastics
Acute risks			
Acute risks	<p>There is a possibility that the likelihood of supply chain disruptions due to severe weather events, such as storms, snow, and freezing temperatures, has increased. This could increase the cost of purchases of expensive materials and transportation to avoid supply risks to customers caused by shortages of materials.</p>	<p>Short to long term</p>	<ul style="list-style-type: none"> Secure multiple procurement channels and equivalent products Procure raw materials considering climate forecasts

Opportunities with significant financial impacts	Timing of emergency	Main policies
Markets / Products / Services <p>There is a possibility that CO2 emission reductions may lead to a rapid expansion of lighter vehicles, non-ICE vehicles, and opportunities for renewable energy use, which could increase demand for specific functional components, such as motors, batteries (including all-solid-state batteries), and braking systems.</p>	Short to long term	<ul style="list-style-type: none"> ● Early understanding of customer needs ● Accumulation of information and experience in materials, manufacturing methods, regulations, etc. to respond immediately to customer needs ● Rapid development of functional parts and resources as necessary to take the initiative ● Promotion of a product strategy focused on universal elements, such as the environment, safety, and comfort

Resilience to Mitigation and Adaptation to Climate Change

The analysis of our operations against the two scenarios, a 1.5°C scenario with mitigated climate change and a 4°C scenario with more intense climate change, identified relatively high-impact issues in markets, technology, and acute risks.

However, we believe that we can avoid both market and technological risks if we keep abreast of future market changes and make prompt decisions, as well as avoid acute risks if we take proactive measures. Therefore, we believe that we have a certain degree of resilience to climate change.

Reduction of CO2 Emissions through Business Activities

1. Reduction of CO2 Emissions from the Company

We will undertake the following three initiatives:

- To reduce energy consumption by identifying and eliminating energy losses and waste throughout our operations.
- To consider gradually switching from fossil-based electricity to electricity from renewable energy sources at both our domestic and overseas sites.
- Nagoya Plant, Sagamihara Plant, NTEC*, Nifco Kumamoto, and Nifco Kitakanto have already installed solar power generation systems to generate their own renewable energy in-house and use that power.

*Nifco Technology Development Centre

2. CO2 Emissions Reduction in the Supply Chain

We are currently considering how to reduce CO2 emissions by our suppliers.

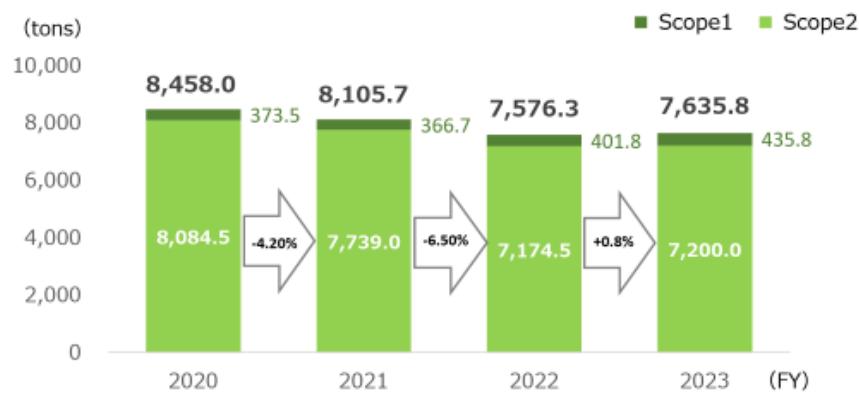
Risk management

General sustainability matters, including those related to climate change, are directed and reported through the Board of Directors to the Risk Management Committee, which is responsible for managing the Group's risk of losses. The Risk Management Committee considers and manages the implementation of proactive preventive measures in response to the risks indicated and reported to it. Depending on the risk, the Board of Directors may issue instructions directly or through the Management Committee to the relevant executive officers.

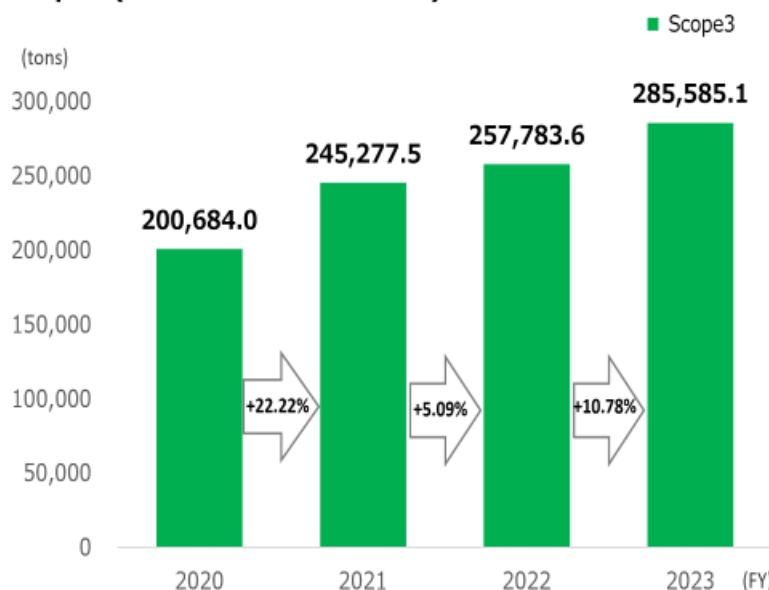
Indicators and targets

In order to ensure that all of our business activities function properly to preserve the global environment, we have declared to realize "Carbon Neutrality by 2050". In addition, recent domestic stand-alone CO₂ emissions under the latest GHG protocols are as follows.

■ Scope 1 and Scope 2 (Nifco Non-Consolidated)



■ Scope3 (Nifco non-consolidated)



Environmental Management

Environmental Policy

Nifco's vision for the future is a prosperous and sustainable society, and manufacturing environmentally friendly products is a strong driving force to achieve this.

Nifco Group Environmental Policy Basic Policy

Nifco* recognizes that environmental conservation is one of the most important issues for realizing a sustainable society and is committed to biodiversity and global environmental conservation throughout its value chain, including business activities and products.

* Nifco: All companies belonging to the Nifco Group Action Guidelines

Code of Conduct

- We will share this environmental policy with all employees in order to implement and maintain it. We will also present this policy to our suppliers and ask for their cooperation in protecting the environment.
- We will comply with environmental laws, ordinances, agreements, etc.
- We will establish and implement environmental targets to the extent technically and economically feasible, review them periodically, and strive to continuously improve our environmental management system and prevent environmental pollution.
- We will promote energy conservation and resource recycling and strive to prevent global warming and realize a recycling-oriented society.
- We will strive to reduce all waste generated in our business activities.
- We will thoroughly manage chemical substances contained in products.
- We will promote the development of clean and comfortable products that are environmentally friendly and strive to reduce environmental impact.
- We will promote environmental awareness among all employees and strive to participate in and support environmental conservation activities.
- We will disclose information on our environmental preservation activities as appropriate and communicate with society.

Environmental Management System

We have established an Environmental Management System (EMS) based on the international standard ISO 14001. Since obtaining ISO 14001 certification in March 2001, we have been developing systems, establishing mechanisms, and promoting environmental activities as an EMS linked to our business activities.

In particular, we plan, implement, evaluate, and improve activities on a PDCA cycle on a division-by division basis, with a focus on contributing to society through our products and reducing the environmental impact of our business activities.

The effectiveness of the EMS is confirmed through periodic internal audits and management reviews, and improvements are made to address issues in order to raise the level of our efforts.

System for promoting EMS

Environmental activities managers have been appointed at all sites to which the EMS is applied and are working on a management program that takes into account the characteristics of their operations. In addition, reviews are conducted by management as a summary of annual activities to evaluate conformity, appropriateness, and effectiveness.

73.3% of our Group companies have obtained the ISO 14001 certificates, including three companies (nine sites) in Japan and 19 companies overseas.

Compliance with environmental laws and regulations

We regularly check the status of compliance with applicable environmental laws and regulations at each domestic business site, and there were no violations of environmental laws and regulations in FY2023.

Toward the development of expert personnel

We conduct training for EMS practitioners to enhance the expertise of employees who promote environmental activities. The program is designed to be useful in practice, with participants learning how to integrate operations and EMS and implement PDCA and related regulations, etc. In FY2023, 94 employees participated in the program.

In terms of internal auditors, we have focused on improving the skills of existing auditors, but in light of the need to develop new human resources, we plan to conduct training for new internal auditors and certify them as internal auditors in FY2024.

Supply chain collaborations

Nifco promotes environmental initiatives together with its suppliers, who are important business partners. We have long agreed on environmental preservation standards and have asked each of our suppliers to comply with them.

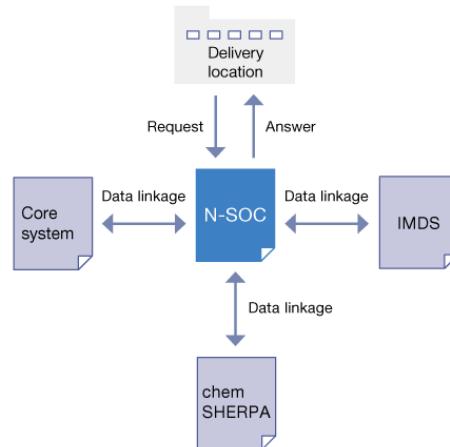
In FY2023, as in the previous year, we audited 10 suppliers on site, mainly from the perspective of compliance with environmental laws and regulations, and 79 suppliers were asked to conduct voluntary audits.

In addition, we have issued a "Sustainability Procurement Policy" and "Sustainability Procurement Guidelines" for all primary suppliers in Japan, and more than 90% of our suppliers have agreed to them. Through our "Sustainability Procurement Policy", we aim to achieve sustainable growth, fulfill its social responsibility, and contribute to building a better society.

Introducing IT tools for substances of concern (SOC) management

We have been actively using IT tools for SOC management since 2004, which is ahead of other companies in the industry. And in 2018, we revamped them as "N-SOC" and introduced them to all of our sites in Japan. In 2018, we renewed them as "N-SOC" and introduced them to all domestic bases. 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 promptly to environment-related regulations, which have recently been tightened, especially in Europe. The "N-SOC Overseas Project" was kicked off in January 2024, with plans to introduce the N-SOC system to five sites in the China region (DNC, NHB, NTJ, SHN, and NJS) by the end of 2024.

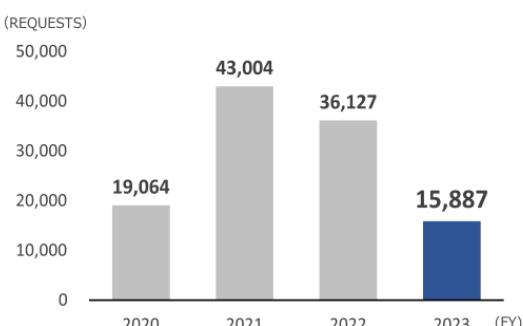
■ Concept Chart of N-SOC System



Results of SOC-related surveys in FY2023

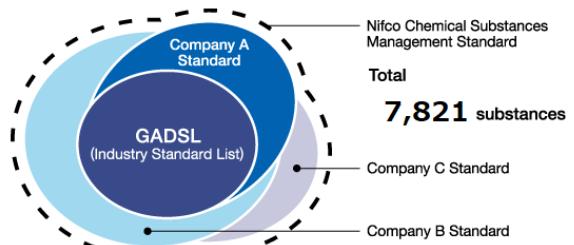
In FY2023, the number of survey requests from suppliers remained at 15,887 product numbers, 43.9% of the previous year's total, due in part to minor revisions to major SOC-related regulations such as REACH. Of these, the largest number of requests was for surveys related to supplier guidelines, totaling 7,057 items.

■ No. of SOC investigation requests (Nifco non-consolidated)



Publication of NCSL: Nifco Chemical Substances List Rev 7.0

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.



Contributing to a Recycling-Oriented Society

Waste Initiatives

In order to contribute to a circular society, we believe it is important to do the following: 1) reduce waste generation, 2) establish recycling methods for resources, and 3) dispose of waste appropriately. By working on these, we aim to reduce resource consumption and contribute to the realization of a society with a reduced burden on the environment.

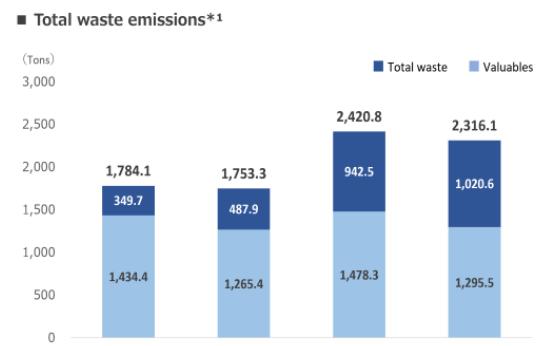
Our objectives

We will implement the 3Rs (Reduce, Reuse, Recycle) to reduce waste and contribute to the realization of a circular society, where resources are used effectively and repeatedly.

We will tackle the problem of marine plastic litter from the perspective of the 3Rs through beach cleanup activities and other activities that we can do in our own neighborhoods. We will also work to reduce waste generated through our business activities in order to realize a circular society.

Resource conservation and effective use of waste

We believe that we can work more effectively to reduce our environmental impact by considering resource conservation and promoting it as an improvement activity that is basically linked to our business activities. For example, at the manufacturing stage, we are working to reduce solidified plastic waste generated during purging and at the development and design stages, which are upstream of these activities. We also have a business plan to develop environmentally friendly products and make proposals to customers. In order to promote the reduction of environmental impacts not only within our own company but throughout our supply chain, we also request cooperation from our suppliers and strive to reduce waste emissions and promote recycling by checking the status of their initiatives and providing them with support.



Scope: Nifco non-consolidated and domestic group companies (ISO 14001 certified sites)

*1 Total waste emissions = Total waste + Valuables

In addition, we have joined the "Circular Partners," a partnership between industry, government, and academia on the circular economy, which is led by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, and endorsed SusPla (Sustainable Plastics Initiative), a voluntary organization that aims to expand the market for recycled plastics. We will further strengthen our involvement in the rulemaking side to realize the use of recycled materials and the circular economy. For the automotive industry, we are strengthening our relationship with the Auto Parts Industries Association to promote the circular economy in the industry.

Resource conservation initiatives

We have started checking the disposal of waste plastics at each site.

- We conducted internal audits and pointed out areas for improvement.
- We have started considering developing products using recycled materials (material recycling).

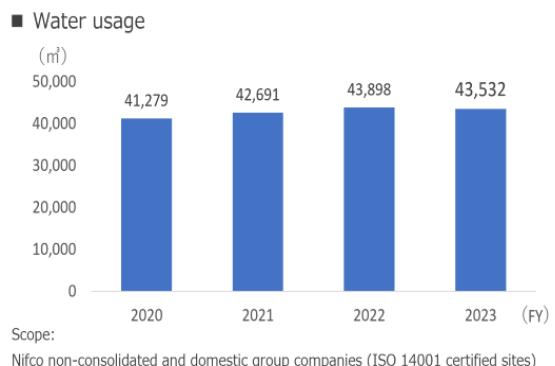
Water Resource Initiatives

Effective Use of Water Resources and Prevention of Pollution

We monitor the amount of water used in our business activities and work to conserve water and prevent wastewater pollution.

Cooling water is mainly used in air conditioners, molding machines, and some thermostatic chambers.

We strive to reduce the amount of water used by improving the efficiency of production processes and using rainwater while complying with effluent standards to ensure that public water bodies are not adversely affected.



Collecting and using rainwater

Nifco Head Office and Nifco Technology Development Centre (NTEC)

After primary storage of rainwater in an underground cistern, it is filtered and disinfected before being used as toilet flushing water. Since rainwater can fulfill this role well, this initiative has reduced consumption of the water supply, leading to water savings of about 20%.



Rainwater filtration system at NTEC

Section 4: Sustainability Initiatives - Environment

Environmental Data

Period: April 1, 2023 - March 31, 2024

Scope of data collection: Nifco non-consolidated and domestic Group companies

		FY2020	FY2021	FY2022	FY2023
Energy consumption	Electricity (MWh)	41,562.3	43,471.6	41,609.9	43,684.7
	Fuel (Kl)	149.3	139.8	162.5	175.6
	Town gas (1000 m³)	65.9	68.7	62.0	64.7
CO2 emissions (t-CO2)	SCOPE 1	637.1	627.1	669.2	666.4
	SCOPE 2	18,332.3	19,160.8	18,030.4	19,207.1
Renewable energy generated (MWh)		631.9	612.6	612.9	628.6
Water usage^{*1} (m³)		41,279.0	42,691.0	43,898.0	49,898.2
Total waste emissions ^{*2} (tons)	Total waste materials	1,434.4	1,265.4	1,478.3	1,295.5
	Valuables	349.7	487.9	942.5	1,020.6

*1,*2 ISO14001 certified sites only

Dialogue: Nifco's concept of human capital

Date of the discussion: July 2023



Masaharu Shibao (on the left)

President and CEO

Kumi Sano (on the right)

Executive Officer,

General Manager, Administration Division,

In charge of Human Resources, General Affairs, and Legal Affairs

We aim to maximize corporate value by creating an environment in which a diverse range of human resources can maximize their abilities.

Nifco's Long-term Vision is to become "a seamlessly growing global company with unique positioning and strong presence." In this interview, we asked them about their views on human capital and the human resource strategies necessary to grow as a truly global company.

Q.What is your human resources strategy for achieving sustainable growth?

Shibao:

Increasing the engagement and motivation of each employee will lead to the growth of the company. When I started working, people used to ask "Can you work 24 hours a day?" So the way we worked and thought was different from today. However, the importance of people to the growth of a company did not change, and it is the same now. Employees are not a cost; they are capital. We will focus on maximizing added value by investing in human resources and working to sustain business growth and improve productivity by developing and enhancing employees' skills.

Sano:

For many years, I have been involved in business-related work and overseas marketing for a

manufacturer of electrical products and electronic components. By a fortunate chance, I joined Nifco two years ago to oversee human resources, general affairs, and legal affairs. As you mentioned, when considering investments in human capital, I think it is important to clarify how it can be connected to the company's performance and sustainable growth.

Shibao:

Since the way of proceeding differs from company to company, we must come up with measures that are not in textbooks. How can we successfully solve this equation and communicate it to our employees? I would like to think about that as well. Our Mid-term Management Plan calls for focused investment of management resources to create new businesses and products and strengthen existing businesses. How we develop human resources is also important for our growth as a global company.



Sano:

Our human resources strategy in the Mid-term Management Plan is based on three pillars: human resources development, diversity, and engagement, and we will implement measures in each of these areas. We believe that our human resources strategy is to raise the potential of our diverse human resources to the highest level possible, and by creating a workplace with high engagement, we can maximize the abilities of each employee and link them to productivity and output. The same applies to our overseas offices.

Shibao:

Nifco has 42 locations around the world, and each country and culture has its own way of thinking about careers, so I feel that a different approach is necessary for each location. While a job-based personnel system is the norm in other countries, it will not work if we adopt the Western style in Japan, so we are currently working on establishing a job-based personnel system that follows the Nifco style by integrating the good points of the job-based system.

Q. You mentioned the word “diversity.” We would like to ask you a little more about that.

Shibao:

The automotive industry, which is now the mainstay of our business, has entered a period of such uncertainty that it has been called “a once-in-a-century period of great change.” Under these circumstances, I feel that ideas cannot keep up with the changes in the times if we only use what we have cultivated up to now. It is necessary to create an environment in which human resources with diverse perspectives can play an active role, and I believe that this is where the next growth strategy will emerge.

Sano:

As the president has mentioned in the Mid-term Management Plan, it is necessary to promote the development of new businesses not only in the automotive domain but also in the other domains. To do so, it is necessary to think with a new perspective that is not an extension of the past. We are preparing development opportunities to gain such perspectives.

Shibao:

We need diverse perspectives in order to take the next step. If people and companies are satisfied with the current situation, they will not be able to recognize change, and growth will come to a standstill.

Q.What specific diversity goals and indicators do you have in mind?

Sano:

I have been involved in diversity for many years. Diversity is not only the promotion of women's activities. We pay close attention to three indicators of diversity in our company: mid-career, foreign nationals, and female employees. Of these, mid-career employees comprise more than 30% of our workforce and over 30% are in managerial positions. In addition, the percentage of employees who are foreign nationals exceeds 4% and more than 4% are in managerial positions. These figures are comparable to the average for Japanese companies. On the other hand, the percentage of women in managerial positions is 6.3%. Considering that female employees comprise 15% of the entire company, there is still room for improvement. We are working toward our goal of raising the rate to 10% by the end of FY2027.



Shibao:

Disclosing differences in wages between men and women has been mandatory since this fiscal year, and while there is no difference in treatment between men and women within each grade, there is a large overall difference between men and women. This is due to the current low percentage of women in management positions.

Sano:

As you mentioned, the ratio of women varies by grade, so looking at regular employees as a whole, the wages of women are less than 70% of that for men. We believe that this gap will narrow as the number of female managers increases. However, this does not mean that we should attract and train only female employees or promote only female employees earlier in order to achieve a certain benchmark, but we are seeking sustainable measures, such as promoting training from an early stage in consultation with the top management of each business unit.

Shibao:

The rate of men taking childcare leave has also increased.

Sano:

Yes, the rate of male employees taking childcare leave has improved dramatically to over 40%. Looking at the details of leave taken, I see that it is taken in units of several weeks, and I feel that it has really taken root. In the future, we would like to make it possible for all employees who wish to take childcare leave to do so. We are also promoting the activities of people with disabilities, and LGBTQ+ policies are also in progress. In April of this year, we revised our employment regulations to apply the same system to both same-sex and opposite-sex partners and treat them as spouses regardless of their marital status if they meet certain conditions.

Q.What kind of human resources do you need to grow as a global company?

Shibao:

The keywords “challenge,” “change,” “future,” “collaboration,” and “conquer” are listed as requirements for globally active human resources, and the driving force behind these keywords is passion. This is common to all human resources, not just global human resources. It is important to cultivate this kind of mindset in addition to language, knowledge, and skills.

Sano:

What is required of global human resources does not seem to have changed significantly from 20 or 30 years ago. When I was posted overseas in my previous job, we had daily discussions to achieve our goals based on understanding and respecting each other's values, history, and culture. The idea of diversity required in such a situation was and still is the same, and I think it is also very important to have on-site experience. We have an overseas trainee system under which we dispatch Japanese employees to our overseas offices.

Shibao:

Some people from overseas branches come to Japan through that trainee system. We believe that this system encourages interaction among employees and groups and leads to growth.

Sano:

The duration of the program is one year, but we have received many requests from those training overseas to extend the program. Those who are sent as trainees, even for one or two years, have grown a lot.

Shibao:

Having experienced working overseas through the trainee program, many of them want to be posted overseas.

Sano:

Looking back on my experiences, the time I grew the most was when I was assigned overseas. I feel that I have grown tremendously by working in different cultures, so I would like everyone to experience various things and grow, and I believe that this will lead to the growth of the company as a whole.



Q.What is the system of human resource development and training? Also, is there any way for those working in Japan to experience a different corporate culture?

Sano:

As for our human resource development and training system, we have a variety of programs in four categories: company-wide, level-based, self-development, and selective training, and we implement these programs while listening to the opinions of our employees. I feel that it is very important for employees to select programs based on their own career paths. As a program that allows employees to learn new and different perspectives, we also have a study program at other companies that allows employees to work at a company of their choice.

Shibao:

I joined Nifco as a new graduate and have been with the company all my life, but those who know other companies can look at the company objectively. In a sense, the domestic and overseas offices within the Group have the same culture, so I think the study program at other companies is very good in terms of gaining new perspectives.

Sano:

Recently, more and more companies are introducing outside study programs.

Shibao:

The opportunity to learn about the different cultures of other companies is important. Although limited to designers, we also have a program where employees are transferred to various automakers as guest engineers. It is a good experience to learn about customers and the industry and to see the strengths and weaknesses of our company. Some of our guest engineers have told us that they have a new appreciation for Nifco's free corporate culture and its advantages.

Q.In implementing your various policies and programs, is there anything you do to increase employee engagement?

Sano:

Every two years since 2020, we have been conducting a survey (the Employee Engagement Survey) of employees at all of our global locations. The second survey was conducted in the fall of 2022. We analyze the survey results, summarize each organization's strengths, weaknesses, and future measures, and we follow up with the relevant personnel. Although the survey is conducted by Human Resources, the results are fed back to each base and business unit, and the head of each division formulate action plans and make improvements. For example, based on the results of the first survey, we began holding town hall meetings for the president to provide opportunities for employees to communicate with management. The president travels to locations throughout Japan to brief local employees on the company's performance and the Mid-term Management Plan and answer questions they may have.

**Shibao:**

It is a very meaningful experience each time, with employees offering a variety of opinions and suggestions. It reminds me of the time when I was a sales manager who used to go around to each base to talk with staff. At that time, the drinking party was the place to exchange opinions, but this has become a new place for communication.

Sano:

When we held a town hall meeting at Nagoya Plant, we received a request from an employee to install a vending machine so that he could purchase snacks and drinks after hours in the company cafeteria, and the president and plant manager decided to install the machine on the spot. I heard that vending machine has a very high usage rate.

Shibao:

Improving the working environment is important, and we have the conditions to do it flexibly. Human capital will continue to be discussed at the board meetings as an important management issue. On the other hand, in order to be effective, it is also important to make sure that employees in the general manager class are well aware of the company's policy. I believe that there will be a variety of opinions in the course of day-to-day efforts, and it would be better to have a forum for discussions.

Sano:

You are right. HR systems and policies will not work unless they are created together with the head of each division and employees in the general manager class. Human resources take the lead, but we are working together with the heads of the frontline organizations so that they can work with the same perspective.

Q.Nifco also has a telework system. How do you really feel about it?

Sano:

We are reforming our work styles to create a workplace environment in which a diverse range of employees can work with vigor and enthusiasm. Reducing the prescribed working hours, introducing flextime and teleworking, and increasing the degree of freedom in the way employees work will lead to higher engagement. However, since we are a manufacturing company, there are locations and operations where teleworking is difficult, and we are always thinking about how to create an environment that enhances engagement.

Shibao:

Nowadays, people can work anywhere as long as they have a computer and internet access. I also telework two days a week. When I first started teleworking, I was skeptical about whether I could really do my job remotely. I do the work I can do alone at home, and on the days I come to work, I concentrate on meetings and discussions.

Sano:

How do you spend the time you have gained from increasing productivity?



Shibao:

When I have time, I read. Books are not only a fountain of knowledge, they also allow me to touch the landscapes and subtleties of life depicted in print and expand my imagination. It never fades away. If I am interested in something I read in a book or newspaper or hear about from others, I do further research and sometimes even go to the site. Most recently, I visited Amakusa City in Kumamoto Prefecture, the setting of Shusaku Endo's book Silence. The book was recommended by one of the external directors of the company.

I tell new hires to just read books and travel and then learn English.

Sano:

You mentioned that at this year's induction ceremony. Anyway, it shows an amazing energy to go on a trip based on a book you read!

Shibao:

There is an abundance of information on the internet, including social networking sites. It is necessary to make correct judgments without being misled by such information, but that is not easy. I believe that what I see and feel is the truth, and by having various experiences and building up knowledge about the truth within myself, I can develop an eye for discerning the truth from information. I was deeply moved by the words of Mother Teresa that I saw in a newspaper the other day, and I wrote them down in my journal.

“Your thoughts become your words; your words become your deeds; your deeds become your habits; your habits become your character; your character becomes your destiny.”

These words are truly thought provoking.

I would like to follow the life of Mother Teresa in India and post these words to share them with you all someday.

Q.Finally, do you have a message for your employees, investors, and other stakeholders?

Sano:

In the future, people will be required to think independently about their own careers and grow by their own efforts. I intend to prepare a system and structure to support this as a company. I want each and every employee to have an ideal and to move forward with a goal. On top of that, we are trying to create a workplace where a diverse range of people can make the most of their talents. I believe that there are still areas where we are lacking, so I would like to encourage all employees to express their opinions without hesitation, and I look forward to working together to create the ideal workplace.

Shibao:

For our investors, we will continue to invest in human capital to achieve sustainable growth. As a result, we will create new businesses and products to increase our global competitiveness and generate profits, and we will consider how we can provide feedback to society. On the other hand, I hope that each and every one of our employees understands the meaning of the company's investment in human resources and will actively take on new challenges.

Respect for Human Rights/Respecting Diversity

Respect for Human Rights

Nifco's basic stance is that, regardless of whether we are operating in 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. In 2021, we revised the Nifco Group Human Rights Policy for voluntary action toward the creation of a sustainable society.

Nifco Group Human Rights Policy

— 1 Basic Concept

Nifco* will contribute to the realization of a sustainable society. As part of these efforts, Nifco places importance on attaining a society in which human rights are respected and, to this end, has established the Nifco Group Human Rights Policy. Nifco will actively support and respect the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and promote initiatives pertaining to human rights.

In addition, we will ensure we are in compliance with laws and regulations applicable in the countries and regions where we conduct our business activities. In cases where conflicts arise between the laws and regulations of each country or region and international norms, we will pursue a path that maximizes respect for internationally recognized human rights.

Nifco prohibits discrimination on the basis of nationality, race, age, gender, sexual orientation or gender identity, disability, ethnicity, religion, ideology, creed, or any other grounds, prohibits harassment, and prohibits human rights violations. We do not tolerate slavery, forced or compulsory labor, including any form of human trafficking, or child labor. We will eliminate discrimination in employment and occupation, and respect freedom of association and the right to collective bargaining.

* Nifco: All companies across Nifco Group

— 2 Scope of Application

Nifco will apply this policy throughout all of its business locations and require that all employees both understand and comply with this policy. Nifco will also encourage all of its business partners to support the Policy, and together with them, will promote activities to fulfill its responsibilities relating to human rights.

— 3 Corrections and Remedies

In cases where it becomes clear that Nifco's business activities have caused a negative impact on human rights, Nifco will strive to correct and remedy the situation through dialogue and appropriate procedures in accordance with international standards. Nifco will also establish an internal hotline for reporting concerns about its business activities and continue with its development of a system for responding to such reports.

— 4 Education and Guidance for Employees

Nifco will provide appropriate education and training to employees to ensure that this policy is understood and effectively implemented in order to prevent or reduce human rights risks

throughout our business activities.

Implementation of human rights education

In FY2023, Nifco conducted its first e-learning training on “Business and Human Rights” for all employees. The purpose of this training is to raise awareness of human rights and reduce human rights risks throughout Nifco by learning basic concepts of human rights and systems and measures to reduce risks. Nifco plans to continue to provide human rights training in the future.

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.” In addition, we are striving to understand the actual situation through surveys and other means.

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. Personnel in charge of the consultation system have undergone harassment prevention training. 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.

Implementation of harassment prevention education

In FY2023, we continued to conduct harassment prevention training by outside instructors for management-level employees and e-learning for other employees. Through specific cases and countermeasures, the training raised employees' awareness of the problem of harassment and their efforts to prevent it. We will continue to conduct training sessions to raise awareness among all employees.

Respecting Diversity

The utilization of diverse human resources is an important management strategy that further enhances Nifco's global competitiveness. Nifco is committed to generating by individuals with different attributes and values that lead to innovation and the development of new products and technologies, which are among Nifco's strengths, will create significant added value. In addition, we also require all employees to take diversity and inclusion e-learning course to foster a psychologically safe work environment.

Promoting the professional advancement of women

As for the promotion of female employees, the ratio of female managers^{*1} on a non-consolidated basis in Japan was 6.0% (22.0% at Nifco Global) as of April 1, 2024, and we are continuing company-wide activities with the goal of achieving a 10% ratio of female managers by the end of FY2030.

In addition, as of June 30, 2024, two female independent outside directors have been appointed to the board, and we are strengthening measures to further increase the diversity of our organization.

— Number and percentage of female directors, managers, and employees

	Number of people	Percentage
Female directors	2	22.2%
Female managers	15	6.0%
Female employees	220	16.2%

(As of March 31, 2024 Nifco non-consolidated)

*1Percentage of managers in the new personnel system introduced in April 2024 (excluding associate managers who are ready to be promoted to management positions).

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. As of April 1, 2024, there were 56 non-Japanese employees, and 4.4% (11) of all management positions^{*1} are held by non-Japanese employees.

Additionally, we actively hire talented local staff overseas and focus on helping them acquire skills and technologies, as well as develop as human assets. As of June 30, 2024, four non-Japanese employees were appointed as executive officers.

— Number and percentage of non-Japanese directors, managers, and employees

	Number of people	Percentage
Non-Japanese directors	0	0.0%
Non-Japanese managers	11	4.4%
Non-Japanese employees	56	4.1%

(As of April 1, 2024, Nifco non-consolidated)

*¹Percentage of managers in the new personnel system introduced in April 2024 (excluding associate managers who are ready to be promoted to management positions).

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 11 new people. In FY2021, we began hiring workers in farm-based employment program, engaging in the cultivation and processing of herbs, potherb mustard, and other vegetables in an indoor farm.

— Employment status in FY2023

Statutory number of employees with disabilities	Calculated based on the employment rate of employees with disabilities	Employment rate
35	502	2.47%

(As of March 31, 2024, Nifco non-consolidated)

— Employment status over the past three years

	FY2021	FY2022	FY2023
Number of new hires	7	3	1
Category	Mid-career	Mid-career	Mid-career
Employment status	Contract employees/Support staff	Contract employees/Support staff	Support staff

	FY2021	FY2022	FY2023
Type	Intellectual/Physical/ Mental/Other disabilities	Intellectual/Mental/Ot her disabilities	Intellectual disabilities
Employment rate	2.40%	2.68%	2.47%

(As of March 31, 2024, Nifco non-consolidated)

Respect and inclusion of LGBTQ+ people

We are promoting internal measures to create a comfortable and psychologically safe work environment for LGBTQ+ employees and other sexual minorities.

In FY2022, we conducted in-house LGBTQ+ training by outside instructors for managers and LGBTQ+ e-learning for all employees to instill an understanding of LGBTQ+ issues. In this context, we invited ALLYs to join as “people who are close to and supportive of LGBTQ+ persons.” and have been striving to foster a workplace environment where people can work with peace of mind, recognizing that there are supporters for LGBTQ+ people. In addition, from FY2023, we revised our internal regulations to include same-sex partners and de facto partners in the definition of "spouse." We will continue to support diverse lifestyles of our employees so that they can work and live with peace of mind.

Ensuring a Safe and Fulfilling Workplace Environment

Basic Approach

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.

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.

Introduction of Job-Based Personnel System

In April 2024, Nifco introduced the Nifco-style Job-Based Personnel System, aiming to be a company that continues to challenge and win, based on the two pillars of "maintaining and strengthening existing businesses" and "expanding new businesses," even in a period of great change in the automobile industry and an uncertain environment in all aspects. The introduction of this system has realized diverse expertise and career autonomy for employees, clarified the expected roles for each grade and position, and established a role-based system. In addition, we aim to realize an attractive system that attracts excellent human resources from both inside and outside the company through competitive compensation levels and performance-based compensation. We will continue to promote human capital management and enhance employee engagement by synchronizing our human resource strategy with our management strategy.

Compliance

In 2006, we established the Compliance Regulations to ensure that the business activities of our group comply with relevant laws, articles of incorporation, internal regulations, and other rules required by society in general. In addition, the Compliance Manual, which is organized by theme, is reviewed in accordance with revisions of laws and regulations and changes in legal interpretations and social common sense, and employee trainings on ethical standards are provided to raise employee awareness. In fiscal 2023, two training sessions were held with a focus on compliance.

Health and safety at work

Nifco has established Occupational Health and Safety Policy and 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.

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

Number of workplace accidents

In the event of a workplace accident, responding immediately is the first priority. Steps are then immediately taken to prevent reoccurrences.

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 other business sites.

— Occurrence of workplace accidents

	FY2021	FY2022	FY2023
Those resulting in closure (no.)	1	0	0
Those not resulting in closure (no.)	8	6	4

(As of March 31, 2024, Nifco non-consolidated)

Mental health

Once a year, employees undergo a stress check to ascertain their mental health status, and their departments are informed of the results of the check. 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.

	FY2021	FY2022	FY2023
Number of employees on leave	8	6	8

(As of March 31, 2024, Nifco non-consolidated)

* Includes persons on mental health and other medical leaves of absence

Creating a rewarding work environment

Aiming to create a rewarding work environment that leads to corporate growth and increased employee motivation, we are promoting reforms in the way we work and implementing a variety of measures.

Reduction of working hours

From FY2022, we have reduced the prescribed working hours from 8 to 7.75 hours and expanded the flextime system, which had been introduced in some areas, to all workplaces not directly involved in manufacturing.

With regard to overtime hours, we continue to set a goal of limiting overtime hours to 30 hours or less per month, and the entire company is working continuously to achieve this goal.

Introduction of a telework system

We introduced a telework system throughout the company to meet the latest working style trends. Those who wish to do so may telework for a set number of days after consulting with their supervisors. Currently, nearly half of the back-office departments are implementing this system. Telework is capped at 3 days per week, and a telework allowance of 200 yen per day is provided to subsidize utilities and other expenses when telework is conducted.

Promoting the use of paid leave

In FY2021, we reviewed our leave system to improve employees' work-life balance by expanding the scope of use of the accumulated paid leave system and refreshment leave.

The paid leave utilization rate was 76.3% against a target of at least 80%. However, 100% was achieved for the 5-day per-year requirement that went into effect in April 2019.

— Acquisition of Annual Paid Leave

	FY2021	FY2022	FY2023
Target percentage for taking paid leave	80% or more	80% or more	80% or more
Actual percentage	77.3%	80.1%	76.03%

(As of March 31, 2024, Nifco non-consolidated)

(The decrease in the take-up rate is due to the expansion of the scope of use of the accumulated paid system.)

* 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 (Subject: regular employees, contract employees, and part-time employees)

Conducting an employee engagement survey

We launched the Employee Engagement Survey in 2020 because we believe that improving employee engagement leads to higher employee job satisfaction, company productivity, business performance, etc.

Following the results of the first survey conducted in 2020, improvements in each global organization have been implemented over the past two years. For the second survey conducted in 2022, we were able to obtain responses from 78% of employees by allowing them to access it via their smartphones and expanding participation to include employees in the manufacturing sector. It contained sixty questions in 12 categories, including innovation, operational efficiency, and communication and collaboration. The overall positive response rate was 75%. Compared to the previous survey, scores improved in all categories, with an overall improvement of 4%. A third survey will be conducted in FY2024. We will continue to take measures globally to improve the regional characteristics of our business.

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 up to the end of the third grade of elementary school, promotion of support employees to full-time employees, reemployment after retirement, various types of social insurance, defined-benefit pension, defined contribution pension plan, employee savings program, employee shareholding association, housing loan system, retirement pension, membership-based benefit services, and scholarship repayment support system.

Human Asset Development

Training System

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.

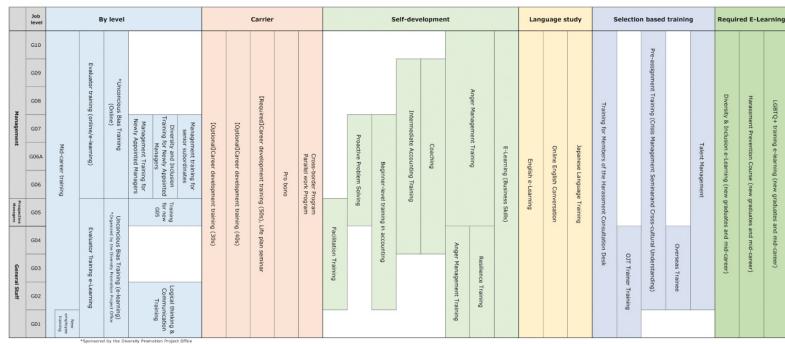
Various training programs based on the circumstances of each employee

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 FY2022, 2,936 employees participated in training programs hosted by the Training Center. In addition, we have established a system that facilitates self-development through a qualification acquisition incentive program and a subsidy program for external e-learning course fees.

Self-assessment system

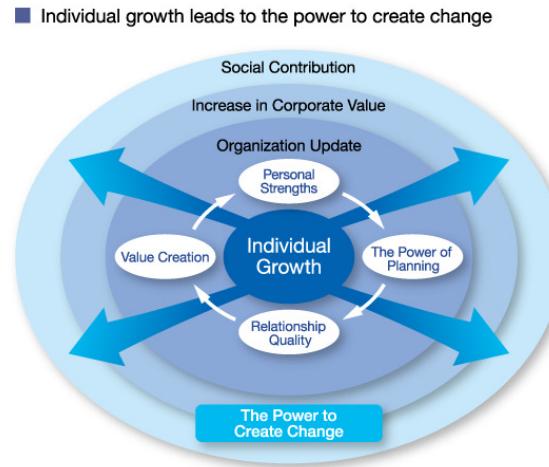
This is a system where employees submit requests to the company through their supervisors regarding requests or feedback on their job and the workplace, their occupational aptitude, their own career plan, and so forth. The system has been implemented yearly as a means of collecting information to ensure 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 FY2023



Developing value-creating people who can respond to change

In creative human resource development, flexibility is required to respond to the changing times. We are committed to encouraging autonomy and self-direction by ensuring that each and every employee has a sense of ownership and a future oriented way of thinking. By learning new things, we are able to change and grow, and through individual growth we are able to repeatedly update our organization, which in turn improves our corporate value. We train our employees to look for problems on their own and to be able to work on their own initiative.



Individual growth propagates the organization, and by involving others, it spreads to increase corporate value and contributes to society.

Purpose-facilitated activities (making purpose a personal issue)

As part of a project to enhance employees' planning skills, this activity promotes self-understanding and develops a sense of fulfillment and value creation. Each employee considers and verbalizes his or her own purpose (purpose of existence) and connects it to the company's purpose of "Sparking innovation by fastening small insights with technology for a better world" in order to find job satisfaction and what he or she would like to be. In FY2022, the event was held in the spring at Nagoya Plant, and it was attended by about 70 employees from various professions. The event has become an opportunity to deepen horizontal and vertical ties that transcend departmental boundaries. In the future, we intend to hold another event at Head Office to expand our connections.



Cross-border program to enhance "My Strengths"

Over the past five years, 38 people from various departments have experienced the cross-border experience. In order to gain the various insights that give rise to the "power to create change," observation, insight, and communication skills are required. By crossing borders, coming into contact with the thoughts and values of various people, questioning the norm, thinking and acting on one's own initiative, and continually producing results, participants become aware of their strengths, and they can then hone their abilities to co-create businesses with people from other industries in the future.



Finding the "Seeds" of Society through the Business Concept Program

We utilize a one-year new business development project research program (Graduate School of Project Design) to develop human resources capable of envisioning, planning, and executing future concepts. While learning about business ideas, marketing, finance, etc. with colleagues from a variety of companies, students put together a business concept plan and give shape to their "ideal image" by themselves. We aim to develop human resources capable of creating as a business and formulating and realizing business concepts.



Cross-border human resources who challenge the future to co-create value

An interview with President Shibao was featured in the June 2024 issue of the monthly magazine "Jigyou Kousou (Business Concepts)" featuring Kanagawa Prefecture. In the article, President discusses his thoughts on the development of "cross-border human resources," who hold the key to new business development and innovation, and how the overlap of individual and company paths is the starting point for everything.



Developing “planning skills” in the unpredictable age of VUCA

Nowadays, it is important to be able to discover issues on your own and to have good communication skills. We focus on the quality of relationships to promote the development of small insights to find potential needs and the ability to plan based on future ideas developed with fellow participants. We also learn from each other about the power of ideas, leadership, coaching, career design, and more. The Planning Skills Program is a program for people who want to think about and create the future of the company together, and it has created a chain of connections among members.



Special marketing class by Nifco employees (Kanagawa University)

A special class on marketing was offered to 150 first to third year students of the Faculty of Business Administration. This is the fourth year that a special marketing class has been offered to 150 first- to third-year students of the Faculty of Economics. The lecture is based on the theme "Why are you working on new business?" and touches on the environment in which the company is operating and the activities being conducted within the company based on his own experience. In this age of VUCA, where it is difficult to promote new businesses within companies and the hurdles to commercialization are high, we communicate our spirit of challenge, unique ideas, and our involvement in the soil and culture that enables us to promote them. By learning about the actual activities of companies, we also contribute to students' interest in the real world and their own ideas.



Value creation training for new employees

As part of the creative development of human resources, this program aims to help participants acquire the ability to work on their own through their own desire to grow. The 11 days of training enable participants to acquire the thinking ability and skills of value creation through imagination, leadership, team building, and communication skills. Participants develop their confidence by creating proposals and hand-drawn idea drawings, learning to express their ideas in a communicative manner, and presenting their ideas as a team in a proposal creation process with the help and advice of senior employees.



The quality of relationships of the in-house social networking community strengthens the organization

We are working to improve engagement by enhancing cross-departmental connections and dialogue online, promoting learning and tolerance from the insights of other employees, and actively communicating with them to share ideas and thoughts. The program is also used as a “community space” inside and outside the company, with 600 participants, or 45% of employees, working with their peers to strengthen the organization by building on the quality of relationships to achieve common goals.



Quality

Quality Policy

Quality Policy

Nifco* will continue to provide customers with the best products and services and strive to obtain continuous customer satisfaction through the supply chain of Nifco Group companies and subcontractors and through the operation of a robust quality management system.

* Nifco: All companies belonging to the Nifco Group

Quality Management System

Nifco has established and is operating and managing a quality management system, (hereinafter referred to as "QMS"), based on the IATF 16949 international quality standard for the automotive industry, ISO 9001 international quality standard, and customer-specific requirements.

In Japan, since obtaining IATF 16949 certification in November 2018, we have been promoting the development of systems, the establishment of mechanisms, and continuous improvement activities as a QMS. Nineteen of our overseas sites have obtained IATF 16949 certification.

Integrated production and stable supply of products

Nifco meets customer expectations with a consistent quality assurance system as a pillar of its operations, from product planning and development to after-sales service.

In addition to the production system at our own factories, we also collaborate with our subcontractors to ensure stable quality and supply.



Certified locations (as of August 1, 2024)

		IATF 16949	ISO 9001
Japan	Sagamihara	○	○
	Nagoya	○	○
	Yamagata	-	○
	Kumamoto	-	○
	Kitakanto	-	○
North America	NAM OH	○	○
	NAM KY	○	○
	NAM TN	○	○
	NAM CUU	○	○
	NCM	○	○
Europe	NUK	○	○
	NPL	○	○

		IATF 16949	ISO 9001
China	DNC	○	○
	SHN	○	○
	NTJ	○	○
	NHB	○	○
	NJS	○	○
	NHK	-	-
	NTA	-	○
	TDC	-	○
ASEAN	NTC	○	○
	NMM	○	○
	UNC	○	○
	NIN	○	○
	NID	○	○
Korea Gr	NKO	○	○
	BNC	○	○
	NVI	-	○
	NKU	○	○
	NSI	○	○
	NYC	○	○
	NKP	○	○

Co-creating new value from the field (G-NNP Activities)

Nifco has been implementing the G-NNP initiative (Global New Nifco Production) since 2015 to promote quality improvement at the workplace.

In order to raise awareness of our goal of improvement among all Nifco Group employees, we conduct activities and promote active participation in these activities at all sites, including those overseas.

Once a year, improvement activities conducted by each of the six regions are presented at a competition. The sites with the best activities advance to the world competition, where the most outstanding site is crowned the champion..

The presented examples of improvements from these competitions are also posted on the company's portal site to further promote the spirit of improvement throughout the entire organization.



G-NNP Convention <Presentations>



G-NNP Convention <Poster Exhibition>

Establishment of a quality-related education system

In order to raise the quality awareness of all employees, Nifco regularly conducts internal quality-related education seminars such as quality education for new employees, quality compliance education, and internal auditor education. Among these, quality compliance education is provided to all employees in all related departments to prevent recurrence of serious incidents. This initiative seeks to fulfill our social responsibilities and elevate our corporate standards.

Social Contribution

Social Contribution Activities

Nifco is committed to social contribution activities for a better and sustainable society. Along with our business activities, we focus on activities related to our sustainability priority areas. By supporting employees' voluntary social contribution activities and creating opportunities for them, we also promote their personal growth. Through these efforts, Nifco aims to contribute to the sustainable growth of society and the company.

Main Results for FY2023

Number of Social Contribution Programs: 20 or more (based on ESG Annual Survey reporting)

Diverse initiatives to fulfill corporate social responsibility

Nifco places great importance on strong ties with the local community, and carries out a variety of social contribution activities throughout the year. Below are some of the major activities we have implemented this year 2023.

Company Name/Location	Social Contribution Activities
NIFCO, Inc. JAPAN	<p>Development of various social contribution activities at our nationwide locations</p> <p>One of the initiatives common to all of our bases is the collection and recycling of Ecocaps and paper roll cores. These activities contribute to environmental protection and effective use of resources. In the Head Office area, blood donation activities and collection and donation of used stamps and bell marks are conducted. The Sagamihara and Nagoya plants conduct local cleanup activities to maintain and improve the local environment. The Nagoya plant supports the development of young people by accepting interns. We also make a wide range of social contributions through donations to several organizations.</p> 

Company Name/Location	Social Contribution Activities
	<p>Participation in QuestCup2024</p> <p>For the first time, Nifco participated in QuestCup2024, Japan's largest festival of inquiry-based learning. This initiative is positioned as part of Nifco's sustainability activities, as well as to raise the social awareness of the B2B parts manufacturer. The students actively interacted with each other at the competition. Nifco will continue to be actively involved in developing the human resources of the future to help realise a sustainable society.</p>
	<p>Promotion of blood donation activities</p> <p>In cooperation with the Indonesian Red Cross Society and KIIC (Karawang International Industrial Park), we conducted blood donation campaigns in February, June, and September. Many employees participated, helping to enhance the local blood bank.</p>
PT NIFCO INDONESIA INDONESIA	<p>End of fasting event and support for orphanage</p> <p>Children from an orphanage in the Karawang area were invited to an event to mark the end of the fast. The event was organized in collaboration with KIIC's Human Resources and General Affairs Forum, which provided food and donation activities.</p>
	<p>Support for Local Communities</p> <p>In conjunction with the Islamic festivities, we delivered the gift to the village of Sirnabaya. We also participated in Eid al-Adha (sacrificial festival) activities in the village to strengthen ties with the community.</p> <p>Promotion of Industry-Academia Collaboration</p> <p>We are committed to working with local educational institutions. We served as a special lecturer at Karawang First Vocational High School, where we gave a lecture on "Preparing for the Vocational World". Through these activities, we contribute to supporting the career development of the younger generation.</p>
NIFCO INDIA PVT LTD INDIA	<p>Donation of medical equipment</p> <p>We donated a wide variety of medical equipment and related accessories to a nearby general hospital. This initiative is designed to help improve the region's medical emergency response capabilities and medical facilities.</p>  

Company Name/Location	Social Contribution Activities
	
	<p>Enhancement of educational support</p> <p>As part of our educational support, we have established a scholarship program for students in financial need. We also work with local schools to develop school lunch support programs aimed at improving children's health and motivation to learn.</p>
NIFCO (THAILAND) Co.,Ltd. THAILAND	<p>Marine Ecosystem Conservation Activities</p> <p>In environmental protection activities, we collaborated with a local marine research institute to protect and release endangered sea turtles. Many employees and their families participated in this initiative, deepening their understanding of the importance of marine ecosystem conservation.</p>
	<p>Contribution to Animal Welfare</p> <p>The company also focuses on animal welfare, making donations to a foundation that supports animals with disabilities. We contribute to improving the quality of life of animals that need special care.</p>
	<p>Support for improvement of the local healthcare environment</p> <p>To improve the local medical environment, we donated paint for road signs and fences to a local hospital. This has improved the safety and aesthetics of the area around the hospital, contributing to a more comfortable medical environment.</p>

Company Name/Location	Social Contribution Activities
UNION-NIFCO Co.,Ltd. THAILAND	<p>Marine Life Conservation Activities</p> <p>At Tawang Long Beach, in cooperation with the Nature Conservation Club, employees participated in the release of coastal aquatic organisms into the sea. Through this activity, we raised employees' awareness of environmental protection and deepened ties with local environmental groups.</p> <p>Support for improvement of the local healthcare environment</p> <p>We donated medical equipment to the Bansamak County Health Promotion Hospital. We provided everything from basic diagnostic equipment such as blood pressure monitors and oximeters to specialized treatment equipment, contributing to the improvement of the quality of local medical care.</p>
NIFCO TAIWAN CORPORATION TAIWAN	<p>Participation in beach cleanup activities</p> <p>Now in its fifth year, the beach cleanup activity attracted 178 participants. As a result of enthusiastic cleanup activities, 259 kg of trash was collected. Through this ongoing effort, we are contributing to the protection of the marine environment.</p> 
	<p>Charitable activities in line with SDG Goal 8</p> <p>In response to SDG Goal 8, which states "both job satisfaction and economic growth," we sell charity lunches and cakes on an irregular basis. The proceeds from these sales are used for activities to promote economic growth and employment.</p> <p>Donation of used PCs to local institutions</p> <p>Instead of discarding aging PCs, we donate them to local institutions. This initiative contributes to the effective use of resources and the elimination of information gaps.</p> <p>Participation in Earth Hour Campaign</p> <p>We participate in "Earth Hour," an international campaign calling for the prevention of global warming. Through these activities, we strive to raise awareness of environmental issues and promote energy conservation.</p>

Company Name/Location	Social Contribution Activities
TIFCO (Dongguan) Co., Ltd. CHINA	<p>Participation in tree planting activities</p> <p>The Chinese government sponsored a tree-planting activity on March 12, and about 200 people from government agencies, schools, and companies participated. 6 employees from TDC participated in the event, planting 3 trees.</p>  
	<p>Participation in cleanup activities</p> <p>TDC Inc. held a company trip in July, and as part of the trip, environmental protection activities were conducted. This initiative involved picking up trash at the trip destination, with a total of about 80 TDC employees and their families participating.</p>  

Company Name/Location	Social Contribution Activities
NUK UNITED KINGDOM	<p>Fundraising for a support facility for severely ill children</p> <p>Zoe's Place, a facility for severely ill children and end-of-life care, has been selected as the charity to support in 2024. The facility provides palliative and respite care for severely ill and terminally ill children ages 0-5. Prior to this selection, NUK held an in-house charity event in December 2023. A raffle, quiz competition, and Christmas jumper day were held, raising 1,266 pounds (approx. 230,000 yen).</p> 

Section 4: Sustainability Initiatives - Society

Social Data

As of March 31, 2024

Number of Nifco Group Employees

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Nifco Group employees Nifco non-consolidated	1,244 (409)	1,290 (494)	1,355 (503)	1,388 (468)	1,375 (411)	1,361 (383)	1,363 (354)
Overseas operations and Group companies	10,343	10,514	10,131	9,357	8,818	8,808	8,863
Total	11,587 (3,459)	11,804 (3,699)	11,486 (3,449)	10,745 (3,359)	10,193 (3,004)	10,169 (3,100)	10,226 (3,259)

* 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 14 employees on secondment to affiliated companies.

Non-consolidated data in Japan is as follows.

Employees

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	Overall	1,244 (409)	1,290 (494)	1,355 (503)	1,388 (468)	1,375 (411)	1,361 (388)	1,363 (354)
	Female	190	192	208	209	222	225	207
	Male	1,054	1,098	1,147	1,179	1,153	1,136	1,156
Average age	Overall	40.7	39.6	40	40.2	41.1	41.8	42.3
Average years of service (years)	Overall	13	14.2	14.7	15	15.7	16.3	16.6

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Employee classification	Regular employees	1,170	1,207	1,264	1,292	1,266	1,246	1,241
	Non-regular employees	30	36	42	43	93	101	121
	Loaned employees	44	47	49	53	16	14	1
	Temporary employees	409	494	503	468	411	383	354
	Percentage of non-regular employees	2.4%	2.7%	3.0%	3.0%	6.7%	7.4%	8.9%

* 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 14 employees on secondment to affiliated companies.

Employment and Job turnover

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
New graduate recruitment	Overall	56	52	50	29	37	11	15
	Female	10	11	9	2	9	0	6
	Male	46	41	41	27	28	11	9
Mid-career recruitment	Overall	83	71	59	13	10	41	41
	Female	4	11	12	2	3	6	9
	Male	79	60	47	11	7	35	32
	Percentage of mid-career hires	59.7%	57.7%	54.1%	31.0%	21.3%	78.8%	62.1%
Number of employees leaving	Overall	30	41	43	29	69	62	57
	Employee job turnover rate	2.3%	3.0%	3.0%	2.0%	4.8%	4.5%	4.2%

* Turnover rate is the ratio of employees who left the company during the FY compared to the average number of employees during the FY.

Manager Promotion Status

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
All managers (section chief and higher)	Overall	410	415	426	429	415	415	388
	Female	20	22	22	21	22	26	25
	Male	390	393	404	408	393	389	363
	of which, non-Japanese employees	4	4	6	10	10	15	12
Manager or higher	Overall	256	256	267	262	263	257	251
	Female	6	6	7	9	10	11	14
	Male	250	250	260	253	253	246	237
	of which, non-Japanese employees	2	2	2	5	7	10	7
General manager or higher	Overall	91	101	100	96	88	80	79
	Female	0	0	0	1	0	0	0
	Male	91	101	100	95	88	80	78
	of which, non-Japanese employees	0	0	0	0	0	1	1
Percentage of female managers	Section chief or higher	4.9%	5.3%	5.2%	4.9%	5.3%	6.3%	6.4%
	Manager or higher	2.3%	2.3%	2.6%	3.4%	3.8%	4.3%	5.6%
	General manager or higher	0%	0%	0%	1%	0%	0%	0%

Rate of Non-Japanese Employees

	Number of Employees	Ratio
Non-Japanese directors	1	11.1%
Non-Japanese managers	12	3.1%
Non-Japanese employee	56	4.2%

Board of Directors

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Directors	Overall	6	7	6	7	9	9	9
	Female	0	0	1	1	1	1	2
	Male	6	7	5	6	8	8	7
	of which, non-Japanese employees	0	0	0	1	1	1	1
	of which, external directors	2	2	2	3	5	5	5
Executive officers	Overall	15	14	12	13	15	16	16

* Changed to a company with an audit committee system in fiscal 2021.

Wage differences between male and female workers

	Difference
All workers	59.0%
of which, regular workers	70.5%
of which, part-timers and fixed-term workers	49.7%

* The gender wage gap for workers was calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015). (Standards of the Ministry of Health, Labour and Welfare)

There is a disparity in wage per employee due to factors such as a difference in the ratio of male to female managers, but there are no gender differences in the personnel system, compensation system, evaluation system, human resource development, etc.

Total Annual Actual Working Hours Per Employee

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Regular, general employees (hours)	2,118.30	2,124.50	2,133.60	2,119.20	2,134.50	1,994.9	1960.9

Percentage of Employees Covered by Collective Bargaining Agreements

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
71.1%	70.9%	71.3%	71.6%	75.8%	75.6%	79.5%

Employment of Employees with Disabilities

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	38	39	38	38.5	36	37	35
Employment rate	2.38%	2.31%	2.20%	2.20%	2.40%	2.68%	2.47%

* Part-time workers are counted as 0.5 employees.

Health-related Indicators

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Stress check inspection rate	88.00%	89.00%	83.00%	86.00%	85.10%	84.0%	89.9%

Employees Taking Childcare Leave / Caregiver Leave

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees taking maternity leave		8	7	6	8	7	6	20
Number of employees taking childcare leave	Overall	9	9	11	14	11	24	38
	of which, male	1	2	1	6	4	18	18
	Rate of male employees taking childcare leave	4.00%	10.00%	5.90%	14.60%	9.70%	43.90%	47.40%
Number of employees working shorter hours due to pregnancy and childcare		14	7	14	20	16	22	16
Number of employees taking caregiver leave		0	0	0	0	0	0	0
Number of employees working shorter hours due to caregiving		0	0	0	0	0	0	0

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

Employees Returning to Work after Childcare / Caregiver Leave

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees who returned to work after taking childcare leave	Overall	9	9	11	13	11	24	38
	of which, male	1	2	1	5	4	18	18
	Return to work rate	100%	100%	100%	92.90%	100%	100%	100%
	Fixation rate	100%	100%	100%	100%	100%	100%	100%
Number of employees who returned to work after taking caregiver leave	Overall	0	0	0	0	0	0	0
	Return to work rate	0%	0%	0%	0%	0%	0%	0%

Corporate Profile

Company name	Nifco Inc.
President & CEO	Masaharu Shibao
Chairman	Toshiyuki Yamamoto
Establishment	February 13, 1967
Head Office	5-3 Hikarinooka, Yokosuka-shi, Kanagawa Prefecture, 239-8560 Japan
Capital	¥7,290 million
Listed exchanges	Tokyo Stock Exchange Prime Section (Code:7988)
Net Sales	Net Sales (from April 1,2023 to March 31, 2024) ¥371billion (consolidated basis)
Employees	Employees (as of March 31, 2024) 10,226 (consolidated basis)
Major Products	Industrial plastic parts and components
Major Global Subsidiaries	<p>51 consolidated subsidiaries (5 in Japan and 46 overseas)</p> <ul style="list-style-type: none"> ● Nifco America Corporation 【U. S. A.】 ● Nifco Korea USA Inc. 【U.S.A.】 ● Nifco Central Mexico, S.de R.L.de C.V. 【Mexico】 ● Nifco U.K. Ltd. 【U.K.】 ● Nifco Poland Sp.z o.o 【Poland】 ● Nifco Korea Poland Sp. z o.o 【Poland】 ● Nifco Europe GmbH 【Germany】 ● Nifco Korea Inc. 【Korea】 ● Nifco Taiwan Corporation 【Taiwan】 ● Shanghai Nifco Plastic Manufacturer Co., Ltd. 【China】 ● Dongguan Nifco Co., Ltd. 【China】 ● Tifco (Dongguan) Co., Ltd. 【China】 ● Beijing Nifco Co., Ltd. 【China】 ● Nifco (Tianjin) Co., Ltd. 【China】 ● Nifco Yancheng Co.,Ltd. 【China】 ● Nifco (Jiangsu) Co.,Ltd. 【China】 ● Nifco (Hubei) Co.,Ltd 【China】 ● Nifco (HK) Ltd. 【Hong Kong, China】 ● Nifco(Thailand) Co.,Ltd. 【Thailand】 ● Union Nifco Co.,Ltd. 【Thailand】

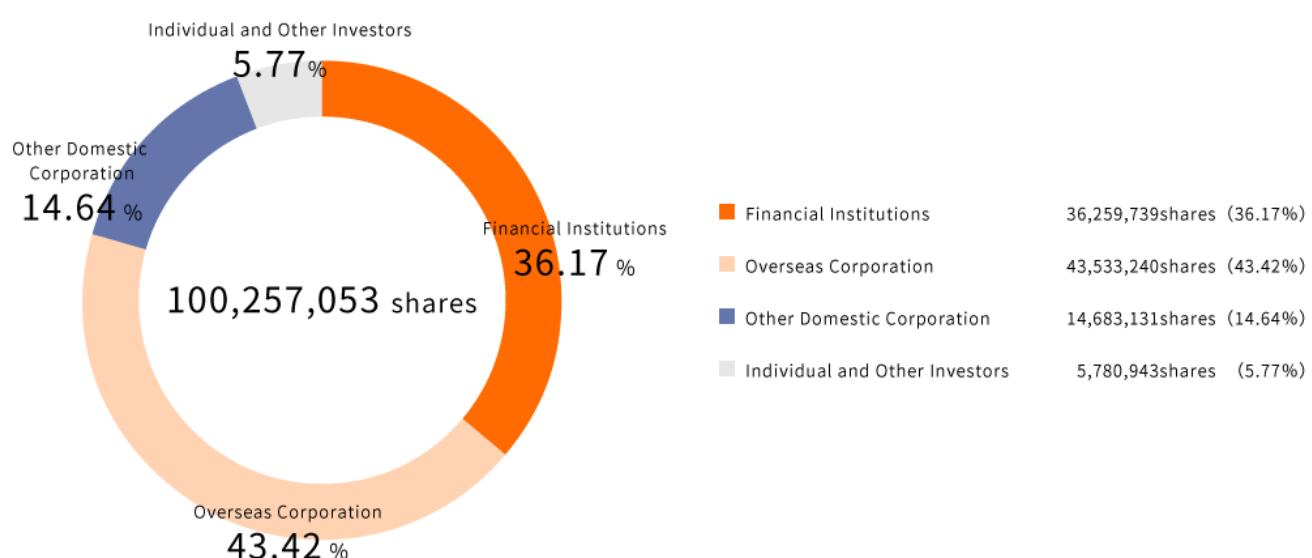
	<ul style="list-style-type: none"> ● Nifco Manufacturing (Malaysia) Sdn. Bhd. 【Malaysia】 ● Nifco Vietnam Ltd. 【Vietnam】 ● Nifco India Private Ltd. 【India】 ● Nifco South India Manufacturing Private Ltd. 【India】 ● PT. Nifco Indonesia 【Indonesia】
Major Domestic Subsidiaries	<ul style="list-style-type: none"> ● Nifco Yamagata Inc. ● Nifco Kumamoto Inc. ● Nifco Kitakanto Inc. ● Simmons Co.,Ltd. 
Certifications	ISO9001 IATF16949 ISO14001

Stock Information

Stock Status (as of March 31, 2024)

Total number of shares authorized	233,000,000 shares
Total number of shares issued	100,257,053 shares
Total number of shareholders	4,261

Distribution of Shareholders (in number of stocks)



Major Shareholders

Names of shareholders	Number of Shares Held	Ratio of shares owned to the total number of shares issued (%)
THE MASTER TRUST BANK OF JAPAN ,LTD.(TRUST ACCOUNT)	17,881,700	17.83%
OGASAWARA TOSHIAKI MEMORIAL FOUNDATION	10,343,665	10.31%
CUSTODY BANK OF JAPAN, LTD.(TRUST ACCOUNT)	7,140,400	7.12%

Names of shareholders	Number of Shares Held	Ratio of shares owned to the total number of shares issued (%)
GOLDMAN,SACHS & CO.REG	6,093,278	6.07%
NIPPON LIFE INSURANCE COMPANY	2,915,390	2.90%
SSBTC CLIENT OMNIBUS ACCOUNT	2,795,837	2.78%
THE DAI-ICHI LIFE INSURANCE COMPANY, LIMITED	2,065,400	2.06%
TAIYO FUND, L.P.	1,837,300	1.83%
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	1,685,800	1.68%
GOVERNMENT OF NORWAY	1,660,699	1.65%

The company holds 603,468 shares of treasury stock. In addition to this, 377,810 shares of the company's stock is held in the stock grant trust account for the executive compensation Board Incentive Plan (BIP) trust, and 49,739 shares of the company's stock is held in the stock grant trust account for the Employee Stock Ownership Plan (ESOP) trust.

External assessments on ESG

MSCI ESG RATINGS*1

We continued to receive the highest rating of "AAA" in the MSCI ESG RATINGS, a global ESG assessment index, in the assessment released at the end of April 2024.



MSCI Japan ESG Select Leaders Index*1

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Selected as a constituent of the MSCI Japan ESG Select Leaders Index, a stock price index for ESG investment developed by MSCI, Inc. of the United States.

MSCI Japan Empowering Women Index (WIN)*1

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

The company was selected as a constituent of the MSCI Japan Empowering Women Index (WIN), which is composed of companies that excel in gender diversity.

*1 Nifco's inclusion in the MSCI indexes and use of the MSCI logos, trademarks, service marks and index names do not indicate sponsorship, advertising or promotion of Nifco by MSCI or its affiliates. Index names and logos are trademarks or service marks of MSCI or its affiliates.

Morningstar Japan ex-REIT Gender Diversity Tilt Index

MORNINGSTAR Gen Di J
Japan ex-REIT Gender Diversity Tilt Index

We have been selected as a constituent stock of the Morningstar Japan ex-REIT Gender Diversity Tilt Index established by Morningstar.

S&P/JPX Carbon Efficient Index



We have been selected as a constituent stock of the S&P/JPX Carbon Efficient Index established by S&P Dow Jones Indices.

CDP

CDP is an international non-profit based organization in London. It rates the environmental performance of companies and cities on an eight-point scale (A, A-, B, B-, C, C-, D, D-).



CDP Climate Change

In fiscal 2023, we were evaluated as C score, which indicates awareness-level engagement.

CDP Water Security

In fiscal 2023, we were evaluated as C- score, which indicates awareness-level engagement.



For inquiries regarding this report

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