



# **NIFCO Report 2025**

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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, 2024 – March 31, 2025 (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: December 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

**Sparkling 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 Updated:  
September 2025

\* This article is based on the CEO's message issued in FY2024 and has been updated to reflect the content as of August 2025

### 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 what and how Nifco can continue to grow sustainably over the next several decades and beyond. As a company, we will view the various social issues that may arise as opportunities, including the major transformation of the automotive industry, and to contribute to society by creating new operations and businesses, for example.

This is why our long-term vision set forth as 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 also been turning a wide variety of ideas into products and supplying them to the world. “Ideas” here means materializing business concepts related to “experiences” or “services” into concrete forms with the aim of solving social issues. Through these efforts, we will develop 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 toward 2035 and beyond. 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 for this purpose is creating a strong organization by setting up three-tiered lines based on age demographics. The first line consists of top management from each region, the second line comprises business site managers, and the third line is made up of mid-career employees around the age of 40. Each line will have roughly 20 people, with participants rotated as necessary, and meetings of each line will be held about twice a year. The first line is tasked

with envisioning the future. It discusses what the company should aspire to become and formulates guiding principles to achieve that vision. In FY2025, three meetings have already been held in Japan, Europe, and China. Discussions on the Long-Term Management Plan looking ahead to 2035, ten years from now, have progressed, and the direction is largely taking shape. The second line focuses on achieving the commitments outlined in the Mid-Term Management Plan for FY2024 to FY2026, addressing the challenges and measures needed to meet these objectives. In FY2025, two meetings were held, divided between Europe/America and Asia due to differing regional characteristics. The third line imagines their future roles as the next generation of leaders—that is, as top management and executives—and discusses what kind of company they aspire to build. In FY2025, three meetings were held globally, in Nagoya, Indonesia, and Thailand.

We believe that if these meetings allow each tier 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 line, 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 are not available in a Japanese-speaking environment. I believe that people are, after all, the most important thing in a company. Unearthing 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



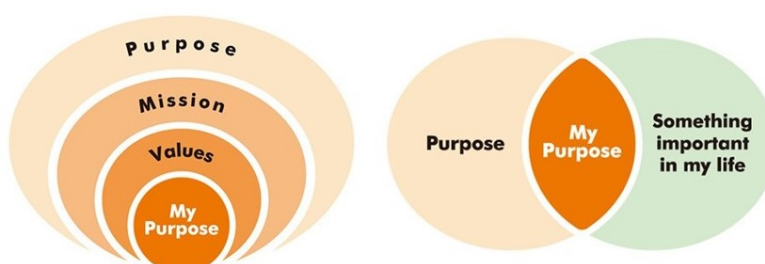
Increasing employee engagement is essential to building a strong organization. To achieve this, we undertook a review of our corporate philosophy system. The key point is that it starts from each employee's individual “My Purpose,” as shown in the diagram below.

Everyone has their own values and outlook on life, such as “this is what I was born to do” or “this is how I want to contribute to society.” Where those values 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 each and every employee to take the initiative in thinking about how they can contribute to the company.

### Nifco Group Corporate Philosophy





I also feel very strongly about the importance of disseminating information. Therefore, I place emphasis on communicating both internally and externally. To have employees possess 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 hints 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 co-creating values with external partners, while putting effort into brand building (branding) for Nifco. Because Nifco is a B2B company, its general recognition outside the automotive industry is not very high. This is why we hope to have more people to know about Nifco and its appeal through branding activities. As part of this, we entered into an official sponsorship agreement in FY2025 with the six Pacific League professional baseball teams, promoting the Nifco brand to a wide audience through stadiums and media. Through sports sponsorships like this, we are working to establish the brand image of “Nifco = a company that supports challenge and growth.”

We believe that raising recognition in this way will also lead to new encounters with outstanding talent. By making more people aware that “there is a company called Nifco,” it will become easier to attract talent who resonate with our values, and I am confident that this will greatly contribute to the creation of new businesses that I will be explaining next.

## Three strategic points in the Mid-Term Management Plan

Our Mid-Term Management Plan for the next three years (FY2024-FY2026) has been formulated based on three strategic concepts.

### 1. Growth investment



(Nifco Korea USA Inc. new plant)

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, what we were unable to achieve despite having ample funds was to make growth investments. However, in FY2024 which marked the start of the new Mid-Term Management Plan, we invested 19 billion yen in a new plant in Mexico for the North American and Korean OEM markets. For FY2025, we will continue to make growth investments of a similar scale, and without insisting on self-reliance, we will solidly launch new businesses through investments in start-ups and M&A activities.

### 2. 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 are also aiming toward creating locally-led businesses, that is, launch new businesses within the automotive industry. In FY2024, we expanded Chinese capital businesses with high future potential and consolidated plants in Southeast Asia, where growth had shown signs of slowing. We will position the new businesses mentioned in the first growth

investment and the creation of businesses through global management as the two main pillars, making them the driving force of our growth.



(Nifco Jiangsu Co., Ltd. plant)

### 3. Improving employee engagement

One of the means for improving employee engagement is establishing My Purpose, as mentioned above. I experienced this myself at a My Purpose formulation workshop 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 firmly secure the next generation of talent. In particular, among our overseas bases, Thailand has been actively creating an office environment that enhances employee engagement and holding a variety of events. Also drawing on these kinds of initiatives, we will work to improve employee engagement across the entire global organization.



(All employees of Union Nifco Co., Ltd.)

In addition, we will further advance our efforts toward achieving carbon neutrality and activities for environmental protection. Our main products are plastic parts used in automobiles. While they would seem to go against the intent of our environmental measures because they are resin products, these actually reduce the weight of the finished vehicle and improve fuel efficiency, which in turn have the overall effect of reducing CO2 emissions. Though this example represents an indirect contribution, we will continue to seek out further ways to make environmental protection integrated with our business. 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. Nifco will continue to maintain and push forward sustainable growth.

## **General Manager of Finance & Accounting Department: Financial Strategies to Support ESG Management**

**While communicating with management, I aim to establish optimal targets for various financial indicators and contribute to supporting Nifco's sustainability management. I would also like to commit myself to investor relations activities and increase Nifco fans.**



Hiroshi Hamada  
General Manager of Finance & Accounting  
Department, Management Control Headquarters

Interview date: August 28, 2025

### **Q1: Please tell us about your current job as the General Manager of Finance & Accounting Department.**

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The Finance & Accounting Department is part of the Corporate Management Headquarters, and its primary role is to oversee financial indicators pertaining to financial settlements and management, and to report these figures to CEO Shibao and management. Our main role as accounting is to prepare monthly, quarterly, and annual financial statements and to disclose them promptly and accurately to internal management and external investors. Financial statements reflect the true state of a company's activities, so they are uniquely interesting and have depth. The main duties in finance include managing the numerical values of various KPIs (key performance indicators), which are management indicators such as ROE (return on equity), and raising funds.

The other area is IR (Investor Relations), which has become my main focus since this year. The role of IR is to communicate with investors, but while carrying on former CFO Yauchi's belief that "the most important thing is to correctly convey the company's value," we are also exploring ways to bring out Nifco's unique approaches while maintaining close communication with CEO Shibao.

A representative indicator of a company's value is its stock price. If Nifco's stock price is lower than we expected, we will endeavor to raise this by communicating the company's value and appeal to investors, and conversely, if the stock price is higher than we expected, we will endeavor to keep it at an appropriate level. An excessively high stock price can also indicate that market expectations have become too elevated, so if our performance fails to meet those expectations, the company's credibility will decline together with stock prices. Credibility takes time to recover, and as an IR representative, I am committed to correctly communicating the value of our company.

## Q2: Please share your reflections on the company's performance for FY2024.

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FY2024 was a very strong year in terms of performance. The operating profit margin remained high at 13.9%, and ROE, which had fallen to single digits at 7.8% in FY2023 due to extraordinary losses from the sale of the German business, improved significantly to 17.3%. One of the major reasons for the strong performance is we now have almost no loss-making locations. Nifco operates globally, and each of its locations generated profit in FY2024. The recovery in North America, which had been struggling for some time, was particularly significant.

FY2024 was also a year in which we focused on shareholder returns. Our basic policy until FY2023 was to maintain a dividend payout ratio of approximately 30%, but for FY2024, we aimed for a total shareholder return ratio (an indicator showing how much of profit is returned to shareholders), which combines dividends with share repurchases, of 45% or higher, and ultimately achieved 52%. Our conducting of the largest share repurchase in our history to quickly restore ROE to double digits contributed to increasing the return ratio. We will continue to actively return profits to shareholders.

## Q3: Please tell us about the business outlook for FY2025 and the key financial indicators you are focusing on.

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As part of Nifco's culture, one of the financial indicators that we place great importance on is the operating profit margin. While we naturally place importance on sales as the source of profit, what we are particularly focused on is the operating profit margin. As I mentioned earlier, our operating profit margin was 13.9% in FY2024, and we expect it to rise by 0.3 points to 14.2% in FY2025. Since its founding, Nifco has made creativity its corporate motto, and has strived to provide products and services with unique added value that no other company can offer. The higher the added value, the higher the price of the product or service can be set, which increases profits and improves the operating profit margin. The growth in operating profit margin can be seen as a result of our creativity. That is why we place importance on operating profit margins.

Furthermore, we are also paying close attention to ROE and ROIC (Return on Invested Capital). We forecast ROE of 12.0% and ROIC of 18.0%. These figures are expected to fall below the FY2024 results, due to the Trump tariffs. Nifco's sales can be roughly calculated as "the number of automobiles produced × the value of Nifco products installed per vehicle." When preparing the budget for FY2025, the tariff rate on automobiles had not yet been determined, so we had to take into account the impact and prepare the budget under the assumption that the number of automobiles produced would be on a slight downward trend compared to FY2024.

In terms of financial indicators, we are also currently searching for an appropriate value for the equity ratio (the ratio of equity to a company's total assets). The current equity ratio is 77%. Since the proportion of shareholders' equity such as capital from stock issuance and accumulated profits is high, and the proportion of debt such as loans and corporate bonds is low, we can assess that our figures are financially sound. However, from the perspective of whether the company's funds are being used efficiently, there are various opinions on this, such as whether it is too high, too low, or just right. We would like to determine the appropriate value for Nifco.



## Q4: Please highlight the key financial strategic points in Nifco's Mid-Term Management Plan for FY2025 through FY2027.

First, for the key numerical targets for FY2027 (see chart), we are looking at an operating profit margin of 14% or higher, ROE of 12-14%, and ROIC of 18-20%. Sales are expected to reach 369 billion yen, representing a 6% growth from FY2025. For Nifco, by increasing the installed value of its products, it can expect to grow by around 3% per year even if the number of automobiles produced does not increase. This translates to a growth rate of +3% from FY2025 to FY2026 and +3% from FY2026 to FY2027, for a total growth rate of 6%, but this is still a conservative calculation. When explaining Nifco's business outlook for FY2025 in Q3, we mentioned that we had made a lower estimate taking into account the impact of the Trump tariffs. The Mid-Term Management Plan for FY2025 to FY2027 was created based on the FY2025 performance forecast, so the sales growth rate was set conservatively.

### ■ Numerical targets in the Mid-Term Management Plan

	FY2024 results	2025 forecast	FY2027	
			Target	Vs. FY2025
Net sales	353 billion yen	348 billion yen	369 billion yen	+6.0%
Operating profit	49.2 billion yen	49.5 billion yen	53.4 billion yen	+8.0%
Operating profit margin	13.9%	14.2%	14% or higher	-
Net income	44.7 billion yen	30.6 billion yen	35 billion yen	+14.4%
ROE	17.3%	12.0%	12.0-14.0%	-
ROIC	18.8%	18.0%	18.0-20.0%	-
Exchange rate assumptions	1 dollar = 151.7 yen	1 dollar = 145 yen	1 dollar = 145 yen	

However, with the Trump tariffs now set at 15%, sales growth could potentially exceed 6%. Additionally, Nifco also plans to continue investing in growth over the next three years. This is also likely to be a factor in further increasing the growth rate.

Regarding investments in existing businesses, we have plans to construct an R&D Center (R&D facility) in China and invest in software and hardware, including digital transformation in Japan. We plan to respond quickly to Chinese-owned automakers through our R&D Center in China. The products that Nifco manufactures are not subject to the number restrictions of four per car, as are tires. Depending on our creativity and ideas, we can increase both the number and value of components installed, which means there is still ample room for growth even within the existing automotive sector. While we are not yet at the phase where we can announce our new business, we are making steady progress. We also have plans to utilize Nifco's channels, which include all Japanese automobile manufacturers, to market mobility products through partnerships and M&A with other companies.

Regarding shareholder returns, we aim for a total return ratio of 45% or more from FY2025 onwards, and will strive to continue stable dividends and agile share buybacks. For dividends, we aim to meet investor expectations by increasing dividends every year. Regarding share buybacks, we will proactively implement them so that we can purchase them efficiently when stock prices are low. Buying when the stock is cheap also sends a message to the market that "Nifco is not satisfied with this stock price." We will also be fully committed to IR activities for individual investors. By communicating Nifco's appealing features, we will increase the number of Nifco fans.

## Q5: As General Manager of Finance & Accounting Department, what would you like to do next to achieve sustainability management?

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Together with the growth investments in its Mid-Term Management Plan, one of Nifco's major challenges is how to spend its money. The cash balance is expected to reach 120 billion yen by the end of FY2027, three years from now. The key challenge is to invest this effectively to drive further growth and profitability.

To support this, we would like to set target values for various financial indicators. Financial statements are numbers that show the results, so basing management solely on them is like driving while looking at the rearview mirror. I believe that my role as General Manager of Finance & Accounting Department is to incorporate a financial perspective into this and use it to lead to positive management. Specifically, I intend to work with management to determine what percentage levels of key indicators such as operating profit margin, ROE, and equity ratio would represent the optimal targets for Nifco. We believe that setting appropriate targets for each key financial indicator and working to achieve them will lead to growth and sustainable management for Nifco. We would like to support the achievement of a virtuous cycle in which the money earned is used efficiently to generate further profits, or cash, from a financial perspective. Through my work in finance and accounting, I hope to convey Nifco's appealing features and increase Nifco fans.



## Message from Outside Directors

### Sustainability Management contributes to Long-term Corporate Value Creation

Nifco positions sustainability as a key pillar of its management strategy in order to achieve sustainable growth and enhance corporate value over the medium to long term. The purpose of this message is to convey, from a management perspective, the significance and objectives of these efforts to our external stakeholders, including investors and business partners.

From the independent standpoint of an outside director, we will present our approach to viewing governance and sustainability as an integrated whole, thereby clarifying the direction of the sustainable management that our company aims to achieve.

#### Yoshiko Nonogaki



**External director**

##### [Background, Positions and Responsibilities at Nifco]

April 1980: Joined Sony Corporation (now Sony Group Corporation)  
September 1992: President and Representative Director, Sony Poland  
April 2009: Senior GM, Planning & Marketing Division, Business & Professional Business Group, Sony Corporation  
April 2013: Director of Global Diversity, Personnel HQ, Sony Corporation  
June 2015: External director, Jolly-Pasta Co., Ltd.  
June 2019: External director, Nifco Inc. (Current)  
June 2020: External director, GS Yuasa Corporation (Current)  
June 2021: External director, Sato Corporation (Current)

##### [Significant Concurrent Positions]

External director, GS Yuasa Corporation  
External director, Sato Corporation

Nifco has long been engaged with sustainability issues. Bearing this in mind, Sustainability Committee, has undergone a structural revision starting from fiscal year 2025. Previously the committee was serving as an advisory body to the Board of Directors, but will now submit matters to the Board after thorough discussions within the Executive Management team at the company. This change clarifies a more practical and effective framework for promoting sustainability. The selection of materialities has also been actively discussed, and we believe that steady progress is being made in setting KPIs.

In terms of the environment, they are not only reducing CO<sub>2</sub> emissions and saving electricity in the production process, but are also taking advanced measures such as introducing solar power generation and achieving one of the largest self-consignment systems in western Japan. Although Nifco's CDP rating currently stands at a "C" level, their initiatives are progressing in alignment with their business characteristics and response policies. While responding to Scope 3 is a highly difficult challenge from technical and structural standpoints, I understand that they are also proceeding with their response carefully and in a phased approach.

In recent years, Nifco has been actively committed to human capital management. Under their long-term vision of being a company that "shapes ideas into reality," they are working to secure talent suited to a business portfolio aimed at solving social issues. To help individuals fully realize their

potential, they are advancing the implementation of Nifco's unique job-based system. By creating opportunities for dialogue—including direct communication from top management—and establishing mechanisms that visualize and provide feedback on individual productivity as contributions to the organization, they are steadily cultivating an environment that enhances employee engagement.

To ensure these initiatives take firm root, the Nomination, Compensation, and Governance Committee has been trying to incorporate the perspective of human capital into qualitative evaluations of executives. The Board intends to adequately monitor the progress of ESG initiatives, aiming to realize both corporate value improvement and the company's contribution to a sustainable society.

## Yoshio Kometani



**Yoshio Kometani**

### **[Background, Positions and Responsibilities at Nifco]**

April 1985: Joined Mitsui & Co., Ltd.

April 2015: Deputy Chief Operating Officer, Asia Pacific Business Unit, Mitsui & Co., Ltd.

June 2019: Representative Director and Executive Managing Officer, Mitsui & Co., Ltd.

April 2020: Representative Director and Senior Executive Managing Officer, CDIO, Mitsui & Co., Ltd.

April 2023: Director, Mitsui & Co., Ltd.

June 2023: Senior Advisor, Mitsui & Co., Ltd. (Current)

June 2024: External director, Nifco (Current)

September 2024: External director, Sensyn Robotics, Inc. (Current)

### **[Significant Concurrent Position]**

External director, Sensyn Robotics, Inc.

Since FY2024, I have been serving as an external director and participating in the Nomination, Compensation, and Governance Committee. Sustainability management is one of Nifco's key agenda items, and they are actively engaging in discussions with the aim of enhancing their corporate value.

Nifco serves as a key player in the supply chain of Japan's core automobile industry and also owns the luxury bedding brand Simmons Co., Ltd. As a result, there is a strong awareness of sustainability management especially among management, and is also being gradually instilled to employees. It can be said that the necessary measures and internal systems, including the identification of materiality, are generally well established.

In terms of environmental initiatives, Nifco's efforts to reduce CO<sub>2</sub> emissions are already progressing beyond industry standards. Furthermore, one of their materiality themes is "promoting efforts toward zero waste (circular economy)," under which they are working to reduce waste and convert it into valuable resources through enhanced waste segregation. However, there are many challenges that the industry as a whole must address, such as establishing certification necessary for utilizing recycled materials, and I feel that Nifco's social responsibility in this area will continue to grow in the future.

Nifco is a company driven by design-thinking that "shapes ideas into reality," and their strength lies in their ability to respond precisely and swiftly to diverse customer needs and social issues through product development. Beyond the automotive sector, they are also pursuing interesting field-driven initiatives such as developing solutions for schools that utilize battery-free devices.

In addition, under Nifco's "Glocal Management" approach, they are beginning to yield results from the delegation of authority to overseas bases and the active appointment of international talent, improving management efficiency and accelerating decision-making, and are seeing an expansion of opportunities for diverse talent to thrive. On the other hand, the ratio of female managers in Japan remains low, and continued efforts in this area are necessary.

Going forward, the Board of Directors will continue to leverage Nifco's unique strengths and characteristics to contribute significantly to the realization of a sustainable society as a leading company in its industry, and will provide appropriate oversight and solid support to management.



## Dialogue: Next-generation Growth Strategies Focused on Solving Social Issues

Date of the discussion: February 26, 2025



(Right) Masaharu Shibao, President and CEO  
(Left) Takaaki Nakamura, General Manager, Life Solutions Company Connected Business Unit

### Establishing the next growth engine by working on new businesses in both the automotive and non-automotive fields

Nifco is exploring new business ventures to further grow in the future. One is in the automotive and the other in the non-automotive field, but here we discuss the non-automotive field, a new arena for us. We will interview President Shibao and General Manager Nakamura about their approach to and issues surrounding new business ventures, using the example of “battery-less devices” that are serving to address environmental problems and future population decline.

### Uncertainty clouds the future of the automobile industry, and overreliance on a specific business field poses risks for the future

**Shibao:** When I returned from my assignment in Spain in 2006, Nakamura was already a new employee in the R&D Division.

**Nakamura:** That's right. At that time, Shibao was the head of the R&D Division and my direct superior.



When I was looking for a job at Nifco, their motto was “In search of idea people.” I had a hunch that this was the company for me, so I joined the company with great enthusiasm and would always write in my internal self-reports, “I want to start a new business! I want to start a new business!” (laughs)

**Shibao:** Right now, about 90% of Nifco's sales come from our automotive parts business, and this figure has been stable. However, numerous uncertainties cloud the future of the automotive industry, and the company's business structure that is heavily dependent on the automobile parts sector could pose

a risk factor going forward. To hedge against these risks, Nifco is focusing on developing new businesses, including in non-automotive fields. As I also participate actively in launching new businesses in both the automotive and non-automotive fields, I aim to successfully develop these businesses to achieve sustainable growth for Nifco. As part of this, Nakamura is in charge of launching new businesses in non-automotive fields.

**Nakamura:** That's right. The non-automotive Life Solutions Company that I work for is made up of two core business units (Housing & Lifestyle Business Unit and Fitting Gear Business Unit) and two business exploration units (Connected Business Unit and Wellness Business Unit). The Connected Business Unit is a department that connects companies and builds a “co-creation system” that facilitates utilizing one another's resources, while also discovering new businesses that use IoT and conducting operations aimed at commercializing products and services. Its collaborative circle has expanded to approximately 20 companies, including Nippon Telegraph and Telephone East Corporation (NTT East) and Marubeni Information Systems Co., Ltd.

## An encounter with Germany's EnOcean sparks inspiration

--Please tell us about the new business you are in charge of.

**Nakamura:** We are currently working on a business that involves “battery-less devices.” These devices can be used as a variety of sensors, and because they have a power generation unit built into them, they can operate without batteries and do not require wiring. There are three main methods for powering them: electromagnetic induction, photovoltaic conversion, and generation from temperature differences. They are environmentally friendly and their installation is simple as they do not require wiring materials. This not only reduces manpower but also the resources (people, transportation of goods, etc.) required for installation. This technology is already commonplace in Europe and is used in light switches and other devices. EnOcean, a German spin-off from Siemens, holds strong patents that are unrivaled in the industry. While we were searching for what to do as a new business, we came across EnOcean in 2019 and thought it might have potential.



**Shibao:** It was very astute of you to pick up on battery-less devices. Most people wouldn't even pause on seeing or hearing about them. But you did pause, so good on you.

**Nakamura:** We thought battery-less wafers would complement Nifco's other business. While EnOcean is good at making power generation units and sensor boards inside devices, it has no expertise in making plastic parts. So, we thought, wouldn't it be amazing if Nifco, which does have that expertise, came along and used its own parts to market a battery-less device? EnOcean and Nifco saw eye to eye on the idea, and we embarked on the project together. Nifco has since built up a strong collaborative relationship with the company, and our business has been fully underway since 2022.

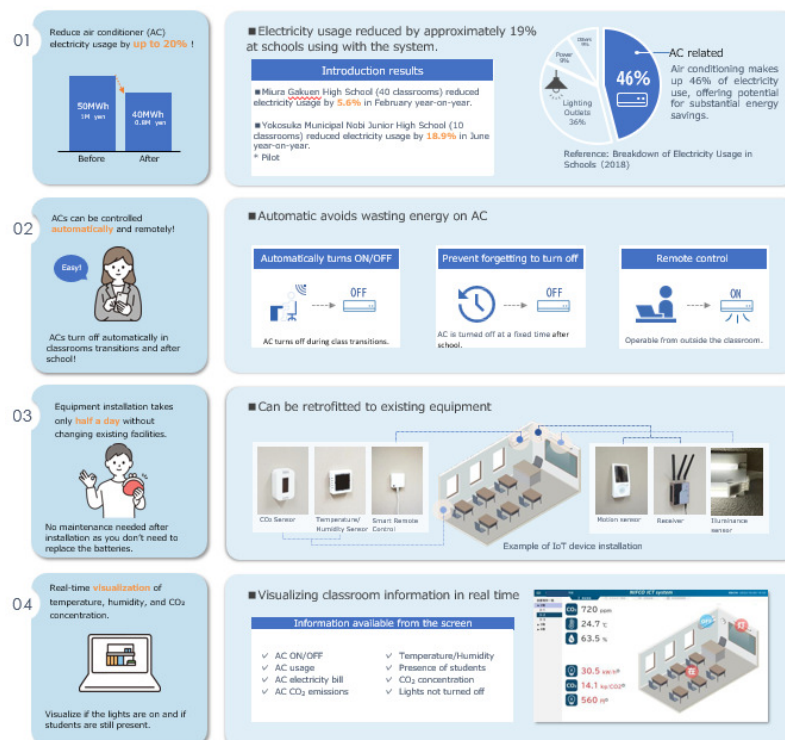


Battery-less device developed by Nifco

## Focus on the education sector, where digital transformation has lagged

--What specific initiatives are you taking?

**Nakamura:** We have begun rolling out a Nifco original solution for schools called “PLUSchool®,” which utilizes battery-less devices to solve various problems in schools (See figure below). Installing battery-less devices such as CO2 sensors, temperature and humidity sensors, motion sensors, and light sensors in classrooms, allows for optimizing the classroom environment so that students can concentrate on their lessons. Also, without leaving the teachers' lounge, teachers can remotely check whether students have stayed behind or forgotten to turn off the lights. This is a service that improves the educational environment while significantly reducing the operational burden on teachers. Automatic control of air conditioning can also reduce electricity usage and CO2 emissions.



PLUSchool® solves various problems at school

--Could you talk about why you decided to install battery-less devices at schools?

**Nakamura:** While conducting proofs of concept to identify new business ventures and exploring potential target customers, Nifco found that the education sector was lagging behind the corporate sector in adopting digital transformation (DX). We also realized that the education sector had many issues, both potential and apparent, and that there were almost no competitors due to high barriers to entry. We feel that these business conditions would be highly compatible with Nifco's specialty, our "customer-intimacy business style."

--How many schools are now using your services?

**Nakamura:** Miura Gakuen High School (Yokosuka, Kanagawa Prefecture) and Nifco jointly conducted a proof of concept in 2022, and the school later officially requested that we continue the service. Shudo Senior High School (Hiroshima city, Hiroshima Prefecture) has begun using our service as well. We have also received numerous inquiries and started proofs of concept at high schools in Tokyo. Customers gave us encouraging feedback from a school where the system has been introduced. Thanks to visualization of CO2 concentrations in classrooms, they have been able to notice when to ventilate, leading to sufficient ventilation which is effective in preventing infectious diseases such as influenza.

## A service that addresses "labor shortages," a major societal issue

**Shibao:** As an executive, I'm very concerned about the progress that's been made. How long do you think it will take to reach a profit that is satisfactory from a managerial standpoint?

**Nakamura:** If we divide the period from launching the business to when it starts to make real profits into three stages, I believe we have now passed the second stage and are entering the third and final stage. Businesses generally start to grow quickly at this stage, so we are working hard to achieve profitability as soon as possible. We've gotten supportive feedback from within the company about these battery-less devices, for example, "This seems like an area where Nifco can play an active role" and "This looks like a business where we can make good use of the strengths Nifco has cultivated over the years." We are also planning to soon introduce these devices for a heatstroke prevention tool in public junior high schools in the city of Yokosuka.

**Shibao:** "PLUSchool®" is one of our battery-less device services. However, as Nakamura explained earlier, it can greatly reduce the operational burden on teachers, meaning that this service actually tackles a major societal issue: the labor shortage caused by Japan's declining population. I believe that is the fundamental reason why the service has gained support within the company. Therefore, while I generally support the battery-less device business, I am looking forward to making even greater strides in the third stage, and hope to see you broaden your horizons in this business area to see if there are other areas in which the service can be developed.



**Nakamura:** If we can achieve success with our service for schools and build up a track record, I believe we can find success in a variety of other industries.

**Shibao:** The battery-less device business is one solution to the societal issue of labor shortages. But it is just one possible solution. I would like to see you expand our lineup of other solutions to meet labor shortage-induced demands and needs among a variety of customers, and to build new businesses that



will become profit generators alongside automotive parts.

**Nakamura:** It's true that there are limited use cases for battery-less devices; it would be difficult to find a use case for them in automobiles, for example. The company's automotive division had inquired for the possibility several times, but the specifications never meet their needs.

**Shibao:** I think you should leave the business that you're about to roll out regarding battery-less devices to your subordinates and start working on developing more solutions to address the social issue of labor shortages. That being said, I get your desire to personally actualize a concept you've hit upon.



**Nakamura:** Although it won't happen overnight, I'm working on training personnel in order to entrust the new businesses to them. Right now, my subordinates are working hard on steps to prevent heatstroke at the public junior high school in Yokosuka that I mentioned earlier. However, advancing a new business in a non-automotive field requires a comprehensive skill set that includes handling sales and design, understanding manufacturing, and building networks with other companies. Without them, you won't even get off the starting line, so it takes time.

**Shibao:** The most important thing is passion for pursuing new business. Even if you're trying to sell the same thing, passion is an essential element to succeed. One who is passionate will study sales, design, and manufacturing, and will make an effort to build networks with other companies.

**Nakamura:** Everyone in our department is passionate about new business ventures. In my opinion, they need to become accustomed to responsibility for understanding what they want to work on, turning it into a product or service, and making a profit. We are currently working to make an environment where each person is in charge of a specific task in order to become accustomed to taking on responsibility, starting from small levels. If this works well and extends to younger generations, I expect the pool of talent for engaging in new business to become significantly deeper in five to ten years' time.

## Providing products and services that meet the latent needs of the world

--Are you working on anything outside of battery-less devices?

**Nakamura:** Thanks to PLUSchool®, teachers have become interested in Nifco, a manufacturing company. They have asked us if there is anything Nifco can do as inquiry-based learning that is part of the high school curriculum. I think we will provide students with an educational program that involves manufacturing. Last year, we ran a program at a high school where students proposed businesses to Nifco, and we had them watch a video we made explaining what kind of company Nifco is. Afterwards, some said that they wanted to join the company. This shows that raising awareness about Nifco by cooperating with inquiry-based education at high schools could lead to securing future talent.



**Shibao:** As Nifco is a B2B company, it's not yet well known among the general public. These activities also have the benefit of helping with recruitment branding.

**Nakamura:** We are also looking overseas for potential new business ventures. One example here is the

Housing & Lifestyle Business Unit within Life Solutions Company. It handles parts for housing facilities, and while the number of housing starts in Japan had been 850,000 a year until two or three years ago, due to population decline and other factors, this is expected to fall to around 600,000 by 2030, resulting in a smaller market. Meanwhile, in India, 7 million houses are still being built each year. As the population there grows, the number of housing starts is expected to continue to increase. For this attractive market in India, we hope to sell battery-less devices along with the home appliance parts that we mass-produce.

**Shibao:** What's important in this case is not to simply bring in the products and services we already have, but to explore what is truly needed in the Indian market. The reason Nifco has seen such growth is because it created a new automobile part called the plastic fastener. It had advantages compared to using conventional metal screws, nails, bolts, and nuts, including reducing labor hours in automobile production, making car bodies lighter, and not rusting. Although some things can only be achieved with metal parts, However, as motorization progresses, plastic fasteners could address a latent need in the automotive industry. Going forward, Nakamura, I hope to see you approach new business ventures with a broad perspective and with a view to providing solutions to societal issues.

**Nakamura:** Yes, understanding what the needs of the world will be in the future is critical to creating the foundation for a new business.

## Developing new business as a means to realize sustainable growth and increase corporate value

**Shibao:** New business development is inherently challenging, and a crucial part of it is the process of looking at the many ideas presented and identifying those that can truly create value. In this context, concentrating investments in areas where we can leverage our strengths will increase our chances of success. Another important thing is to set a deadline. Once a new business is launched, it needs to meet the conditions for continuing: entering into a growth stage within about five years, making a solid profit, and having a clear vision for the future. Moreover, in the interest of optimally allocating management resources, one must regularly review the business portfolio to maximize investment efficiency.

**Nakamura:** If you think about it that way, battery-less devices are now entering a growth stage. Our goal for the third and final stage is to steadily increase sales and profits.

**Shibao:** Nifco has been a very successful company. There has been a formula for this success, and I don't see that formula failing us in the next 20 years or so. Business performance is also good. However, sustainably increasing corporate value is going to require further growth strategies. In order to demonstrate our future growth potential to the market, we must continue to try new things. That's where new businesses come in. We want to create the next growth engine through new business ventures. In our Mid-Term Management Plan (FY2024 - FY2026), we have established a budget of several tens of billions of yen to invest in new businesses, including M&A. My mission is to put this to good use. I want our employees to build a new business that can become the kind of growth engine that we'll really want to invest in. Nakamura, your unit is one of the teams tackling this difficult challenge. Though I know I've made a number of requests of you, I have high expectations.

**Nakamura:** I spoke earlier about human resource development, but I also think that we need to create a sales system for boosting sales. We will do our best to meet your expectations.

## Roundtable Discussion between the “President” and “Employees Involved in Technology”

Date of the discussion: September 2, 2025



(From left in the photo) Ishikawa, Shibao, Muranaka, Inaba

Masaharu Shibao, Representative Director, President & CEO

x

Makoto Muranaka, Senior Expert, Element R&D Section, Fundamental Technology Department, R&D;  
Joined Nifco in 2010

Aiko Inaba, Expert, Intellectual Property Section, R&D; Joined Nifco in 2004

Yasunari Ishikawa, Expert, ADAS Product R&D Unit Section (1), R&D; Joined Nifco in 2012

### How can Nifco “shape ideas into reality” to deliver values unique to Nifco to the society?

Under its long-term vision to become “a company that shapes ideas into reality,” Nifco strives to develop products that help solve social issues while also aiming for sustainable corporate growth. The source of this is its creative technologies and the engineers that develop them. What kind of mindset do Nifco's engineers have as they try to work to “shape ideas into reality”? Three members from Element Development, Intellectual Property, and Product Design sections gathered and discussed this question with President Shibao.

**When I was in college, I happened to have the opportunity to come into contact with Nifco's resin products, fell in love with their uniqueness and decided to join the company.**

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— To start, please tell us about your careers at Nifco.

**Inaba** When I joined the company, I was first assigned to the Advanced Development Division. There, I gained experience for several years, mainly working on the advanced development of dampers and other products. I was then transferred to the development division for mass-production dampers, and then to the Product Design Division where I was in charge of automotive parts. In 2019, my 16th year at the company, I was transferred to my current position in the Intellectual Property Section, where I am involved in patent applications for developed products.



**Muranaka** I joined Nifco mid-career, but like Ms. Inaba, I was initially involved in the Advanced Development Division and the development of mass-production dampers. After that, I returned to the Advanced Development Division, and in 2021, my 11th year at Nifco, I was transferred to my current position in the Fundamental Technology Department, where I work on element development such as functional materials. So in my case, my career has been almost entirely focused in the development divisions.



**Ishikawa** In contrast to Mr. Muranaka, I have been dedicated to product design for my entire career. One somewhat unique experience I had was spending about a year at Nifco Poland Sp. z o.o. as an overseas trainee in my 11th year with the company. Currently, as the design group leader for ADAS (Advanced Driver Assistance Systems) related products, I am involved in operations such as supporting development group members and customer relations.

By the way, what was the reason behind your transfer from product design to the Intellectual Property Section, Ms. Inaba?

**Inaba** I requested the transfer myself. When I was a product design engineer, I sometimes worked with the Intellectual Property Section on patent applications and other matters, but it felt like the collaboration wasn't going that well. So I thought it might be good to make use of my own experience to build a new kind of relationship. I also wanted to change perspectives as an engineer.

My question for you, Mr. Muranaka, is that you joined the company mid-career, but what was it that attracted you to Nifco?

**Muranaka** During my student years, I was engaged in research in chemistry and remained at university through the doctoral program. When I started considering employment, I felt that joining a unique company like Nifco, would offer me many more opportunities to make an impact and lead my life to be more enjoyable than working for a chemical manufacturer. How about you, Ms. Inaba



**Inaba** It was so long ago that my memory is a bit fuzzy (laughs). It all started when a senior from my university lab happened to be working at Nifco. That said, my major was mechanical engineering, so it may have been rather uncommon at the time.



**Ishikawa** I also majored in mechanical engineering, but yes, we rarely deal with resins in the lab. In my case, I happened to come across some of Nifco's resin products and was really taken with their uniqueness. When I looked into the company further, I found that it was financially solid and came across as a somewhat under-the-radar top-tier company.

## **I myself joined Nifco as an engineer. Looking back, I feel that I have had a happy career.**

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— **Mr. Shibao, you also started your career as an engineer, didn't you?**



**Shibao** Yes. For the first 15 years after joining the company, I was involved in product design for automobile manufacturers. At the time, the roles of each division weren't as clearly defined as they are now, so there were a lot of down-to-earth work, but it was fun. However, after being involved in product design for so long, I began to feel the desire to take on new challenges and seek change. That was when I was assigned to Spain, and from there I became involved in management. After that, I returned to Japan for a short period, and then went to the U.S., where I became President of Nifco America. During that time back in

Japan, I actually worked with Ms. Inaba.

**Inaba** Yes, Mr. Shibao was the General Manager of the Technology Development Division at the time. He was always positive and an encouraging boss who motivated the engineers. By the way, Mr. Shibao, what made you decide to join Nifco?

**Shibao** Hmm, the reason I joined Nifco? (laughs) I also studied precision mechanics at university, so resins weren't in my field at all. But by chance, a university recruiter introduced me to Nifco, and when I got to touch Nifco's flexible and elastic resin products, I fell in love with them, just like Mr. Ishikawa did. Many of my university classmates went on to work for big-name companies in the metals or machinery industries. But if I may say so myself, I feel that I am having the happiest career of them all.

## **Many of the engineers at Nifco have strong convictions. You can feel their passion for “creating excellent products.”**

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— **If you had to name a one-of-a-kind strength that makes you think, “This is Nifco!”, what would it be?**

**Inaba** I would say Nifco's technological capability. But ultimately, I believe Nifco's strength lies in the “people” who support that. Many of the engineers at Nifco have strong convictions. You can really feel their passion to “definitely create excellent products,” and not “we're fine as long we can make something.”

**Muranaka** Because engineers here have a lot of discretion, I get the impression that Nifco has many unique engineers who are extremely particular about their areas of expertise. There are many engineers in the company who excel in their specialized fields, such as “when it comes to dampers, it's XX” or “for concept drawings, it's YY.” Of course, all of this is based on the fundamental premise of staying close with our customers.



**Inaba** Even when we are having meetings about patent applications, everyone talks passionately



about technology. They bring incredible energy, even on areas that aren't directly related to patents (laughs).

**Ishikawa** This commitment also shows in Nifco's ability to make proposals and solve problems for customers. Rather than simply making what is requested, we strive to make something even better and add new added value. Therefore, even when responding to the same request, the product designed may differ depending on the engineer.

**Shibao** And that is both Nifco's strength and its weakness (laughs).

**Ishikawa** I feel the same way about that (laughs).

## — Why would that be a weakness?



**Shibao** Everyone here is creative, but at the same time, they dislike being a “copycat.” Because of that, in a way, it can be difficult to establish standard technologies. Even when outstanding technologies are developed, there are often times not enough engineers to carry them forward, allowing other companies to catch up.

**Inaba** Yes, there is a strong desire here to create something that is one of a kind.

**Shibao** But as I said, that is also Nifco's strength. We often receive feedback that comments, “This is the kind of proposal we have been waiting for,” and there are many die-hard Nifco fans among our customers who look forward to that.

**Inaba** In terms of weakness, another one that can be mentioned is that we are not so good at information sharing...

**Muranaka** It does tend to become what you might call a “one-person shop.” If we could work together and turn it into something more like a “Nifco shopping street,” I think we can demonstrate our strengths more effectively.

**Ishikawa** What about efficiency? It's true that operational efficiency is important, but if we focus too much on it, we end up taking safe approaches and less often take on new challenges. I've recently moved into more of a managerial role, so I often struggle with finding the right balance.

**Shibao** Being creative and willing to take on challenges is like part of Nifco's corporate culture. As long as those are moving in a positive direction, I think it's fine to prioritize challenge over efficiency. It may not be the most textbook advice coming from a business leader, however (laughs).

**Ishikawa** I was expecting you to say something like, “Both efficiency and taking on challenges are important.”

## Maximizing the properties of resin to materialize unique functions. That is where Nifco's creativity comes to life.

### — When you hear the phrase “Nifco-like,” what kind of product comes to mind?

**Ishikawa** If I had to pick one, it would be the resin products for automobiles that incorporate proprietary NV (Noise & Vibration) reduction technology. I think issues such as NV, aerodynamics, and even the environment are universal themes for automobiles. And Nifco takes on the challenge of

resolving these issues, without incurring costs, by leveraging creative technology and the properties of resin. These products are truly Nifco-like. I look forward to seeing similar products emerge in other fields, and at the same time, they inspire me to also push myself harder.

**Inaba** The aerodynamics that Mr. Ishikawa mentioned is also a technology that affects the environmental performance of automobiles, and Nifco has obtained many unique patents in this field. I feel that the challenge going forward will be how to utilize these to differentiate Nifco from other companies.



**Muranaka** Whether it's NV or aerodynamics, visualizing needs and performance is important for designing cutting-edge products. It's about uncovering the mechanisms. That's where we, as engineers in elemental development, play a key role. We want to continue improving our environment so that we can quickly take on product development challenges in response to societal demands.

— **Is there any particular product that has caught your attention, Mr. Shibao?**

**Shibao** I can't think of any specific products, but I would say those that have universal value for users. And also, products that embody stylish functional beauty. Beautiful products have excellent functionality as well.

This goes back quite a while, but there was a time when mechatronic technology was gaining attention, and Nifco also promoted products that combined resin mechanism technology with electrical components. However, the products were unpopular with customers. They said, "What kind of proposal is this? We don't expect products from Nifco with such easy solutions." That experience reminded me of our customers' expectations and of Nifco's unique strength. It's true that using electrical technology makes it easy to create mechanism-based products. But Nifco's creativity lies in maximizing the resin's properties to pursue unique functions. And if we can achieve that without using electrical technology, it also contributes to improving the environmental performance of automobiles.

**It would be exciting if today's discussion serves as a catalyst for bringing a new wave within Nifco.**

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— **Since this is a great opportunity, is there any topic you would like to discuss with everyone?**

**Muranaka** Then let me suggest one. I think it would be interesting to create a framework where different divisions, like intellectual property, design, and elemental development, as represented by the members here today, can collaborate more closely and take on new challenges together. What do you think?

**Inaba** That is a very appealing idea. In terms of intellectual property, we do interact relatively often with design, but collaboration with divisions like elemental development or materials and procurement is limited at this point. If we could build a framework that allows multiple divisions to communicate and share information directly around intellectual property, I believe we could pursue a much more effective intellectual property strategy.

**Ishikawa** If we could have open discussions where people share thoughts like "from an intellectual property perspective..." together with members from design and elemental development, it would surely foster a new kind of creativity.

**Shibao** As the three of you are saying now, it would be interesting to create a place where engineers can discuss ideas more casually across divisional boundaries. If that could serve as a starting point for broader collaboration, it might even give rise to a new corporate culture for Nifco. I hope today's discussion triggers that in motion.

# No matter how much the times change, I want Nifco to remain a company that continues to deliver universal value to society.

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— Is there anything you would like to ask Mr. Shibao?



**Ishikawa** Yes. As a business leader, what kind of mindset do you think Nifco's engineers should embrace?

**Shibao** This is something I say whenever I get the chance, but I want them to never to lose sight of the perspectives of our customers and of society. While it is important to delve deeply into technology, I want everyone to always keep in mind that there are customers beyond that. Otherwise, no matter how great a technology you develop, it will end up as mere self-satisfaction. Conversely, I believe that the joy of working as an

engineer at Nifco is being able to be close to our customers.

**Muranaka** I also have a question: What moment gave you the greatest sense of motivation in your "life at Nifco," Mr. Shibao?

**Shibao** Hmm, that is a tough question. First, I would say there are three key moments as an engineer. The first is when you finally complete a design drawing after much struggling. The second is when the prototype is finished and that drawing takes shape as a "thing." And the third is when that product eventually goes into mass production, and you get to see it piled up at the customer's factory.

From a management perspective, I feel the most excitement when facing adversity together with my team members. When I was assigned to a group company in Spain, the situation there was extremely difficult. But together with employees, I worked desperately to turn things around. When I left that company to return to Japan, I thought to myself that I would probably never have an experience that would leave me burnt out this much again. But then, when I later went to the U.S., I faced a similar situation. So I have had two such happy experiences at Nifco (laughs).

— Lastly, Mr. Shibao, could you share a message for all Nifco employees?

**Shibao** This is something I have been saying often lately, but a company cannot function by the power of one person alone. Only when everyone's strengths come together can we achieve sustainable growth, and each individual employee can grow. So I would like everyone to not only focus on their own work, but also to view from a higher perspective and look around you. If you do that, I believe the kind of collaboration among engineers we talked about earlier will naturally emerge. I hope you will take that extra step forward while enjoying your work to the fullest.

And finally, to touch on the business side, I have always emphasized these three keywords: "environment," "safety," and "comfort." These words may change as society changes, but I believe Nifco should remain a company that continues to deliver universal value to society and people's lives, no matter the era.

## Section 3: Enhancing Nifco's Corporate Value

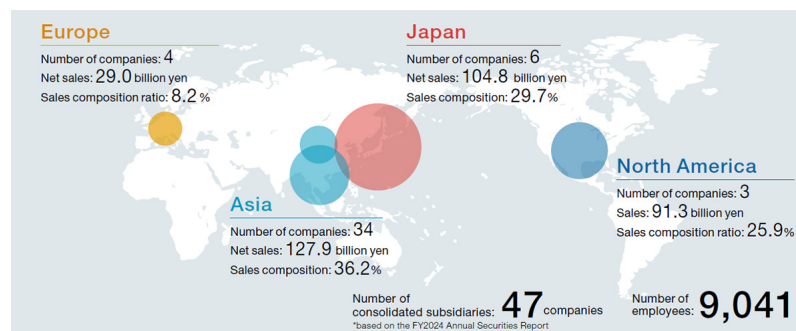
# Nifco as of Now

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



## Areas of Operation



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.

Net Sales



**353.0** billion yen

Operating profit



**49.2** billion yen

Operating profit margin



**13.9** %

Net income



**45.8** billion yen

ROE



**17.3** %

ROIC



**18.8** %

Free cash flow



**30.3** billion yen

Total shareholder yield



**201.0** %

Dividend payout ratio



**16.2** %

R&D expenses



**4.4** billion yen

CO<sub>2</sub> emissions



**18,429.8** tons

\*Domestic non-consolidated and domestic Group companies

Actual reduction of CO<sub>2</sub> emissions through procurement of FIT non-fossil certificates



**1,221** tons

\*Domestic non-consolidated

Renewable energy generation



**751** MWh

Total amount of waste generated



**964** tons

Independent external directors



**60** % or more

\*Five external directors out of 8 directors (including 2 female director)

Creating a rewarding work environment



**84** %

\*2024 Employer Engagement Survey Results (survey conducted every two years)



## Business Overview

### Overview of Operating Results During the Period

During the fiscal year under review (hereinafter “the period”), the Japanese economy continued its moderate recovery, backed by solid corporate performance and improvements in real house income toward overcoming deflation. In the manufacturing sector, although the economy experienced a downturn following the suspension of production and shipment by some automobile manufacturers due to the certification test irregularities, it has been steadily recovering as those constraints have been gradually lifted. Looking overseas, in the Chinese economy, the government has implemented economic stimulus measures in response to the economic slowdown, but their effects have not been fully realized. Moreover, the economic impact of the ongoing conflict with the U.S. remains a significant concern. Going forward, it is important to pay attention to the impact of the policies to be outlined at the National People’s Congress on the Chinese economy. In the European economy, the Eurozone and the UK have experienced a moderate recovery, with increasing personal consumption following the easing of inflationary pressure. Along with this, business conditions in the service sector have also recovered, thereby driving the economy. On the other hand, in the manufacturing sector, the European manufacturing industry has been in a prolonged stall, worsened by rising resource prices and the economic slowdown in China, a major export destination, deepening the slump in German manufacturing production. The U.S. economy remained solid, supported by strong domestic demand, against a backdrop of growth in consumer spending driven by favorable employment and income conditions, as well as increased investment in manufacturing industries of high-tech products, including AI. However, in the manufacturing sector of the automobile and other industries, stagnation has persisted due to factors such as high interest rates. In this way, the global economy has been recovering recently, thanks to improvement in consumer spending driven by the easing of inflationary pressures and progress in digitalization, leading to strong performance in the service sector worldwide. Meanwhile, the manufacturing sector has become polarized, with struggling advanced economies experiencing production cuts and growing emerging economies continuing to expand production. In addition, the outlook remains uncertain, as concerns have emerged about the global impact of the new U.S. administration’s policies in the future.

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, production volume decreased year on year, while sales volume increased in the fiscal year under review. In overseas markets, both production volume and sales volume slightly increased year on year in China and India, while in Europe, sales volume increased but production volume decreased. In the U.S. and other global markets, both production and sales volume decreased.

As a result, the Group’s consolidated earnings were as follows. Net sales for the period amounted to 353,038 million yen, down 5.0% year on year. In terms of profits, operating profit increased 12.0% year on year to 49,200 million yen, due to the transfer of the businesses of Nifco Germany GmbH and Nifco KTW America Corporation, which experienced increasing hardship in the German OEM business, as well as improvement in variable costs including raw material costs and initiatives to reduce controllable expenses. Ordinary profit increased 5.0% year on year to 52,147 million yen. In addition, 955 million yen was recorded as extraordinary losses, mainly due to the recording of settlement payment related to the lawsuit, but 3,133 million yen was recorded as extraordinary income, mainly due to gain on sale of investment securities associated with the sale of cross-shareholdings. As a result, profit attributable to owners of parent increased 145.3% year on year to 44,767 million yen.

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

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## For the domestic automobile industry

For automotive production in Japan, the Company's sales declined, affected by a series of production cuts due in part to newly discovered certification test irregularities by some automobile manufacturers and a shift to a quality-oriented production system as a countermeasure, along with supply chain disruptions caused by natural disasters and accidents. 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, and price pass-through on material and labor cost increases.

## For the overseas automobile industry

Overseas, business for Korean OEMs remained strong due to factors such as increased production by customers, and both net sales and profits exceeded the plan and increased year on year in North America. 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 year on year, while securing net sales and profit exceeded the plan through the execution of optimization. Furthermore, in Europe, the sale of the German OEM business was completed and the loss-making businesses were purged. As a result, net sales declined while profit increased overall. We aim to further boost profitability by improving our business portfolio through the strengthening of 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, despite continued decline in the number of new housing starts in Japan, net sales increased year on year due to new orders for housing equipment components. In the sports and outdoor sector, net sales and profit substantially exceeded the plan and increased year on year, due to aggressive sales activities to foreign brands made in Europe, the U.S., China, and other countries.

As a result of the above, net sales in the industrial plastic parts & components business decreased 5.6% from the previous fiscal year to 315,942 million yen. Segment profit increased 14.4% year on year to 49,016 million yen.

## Bedding & furniture

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In the bedding & furniture business, despite rising cost for raw materials, etc. resulting from yen depreciation and an increase in sales promotion expenses in conjunction with the sales of commemorative products marking the 60th anniversary, both net sales and profits increased due to a steady growth in sales to retailers and hotels in Japan. On the other hand, overseas, despite growth in sales to the retail and hotel sectors in Hong Kong and Taiwan, wholesale and retail sales dropped, affected by a slowdown in the economy stemming from real estate recession in China, as well as the limited effectiveness of the consumption stimulation measures introduced by the central government in August 2024. Along with this, effects of launching costs for the establishment of a factory in Thailand in January 2024 also led to a decline in sales and profit.

As a result, net sales in the bedding & furniture business increased 0.5% year on year to 37,096 million yen. Segment profit decreased 8.8% year on year to 5,967 million yen.

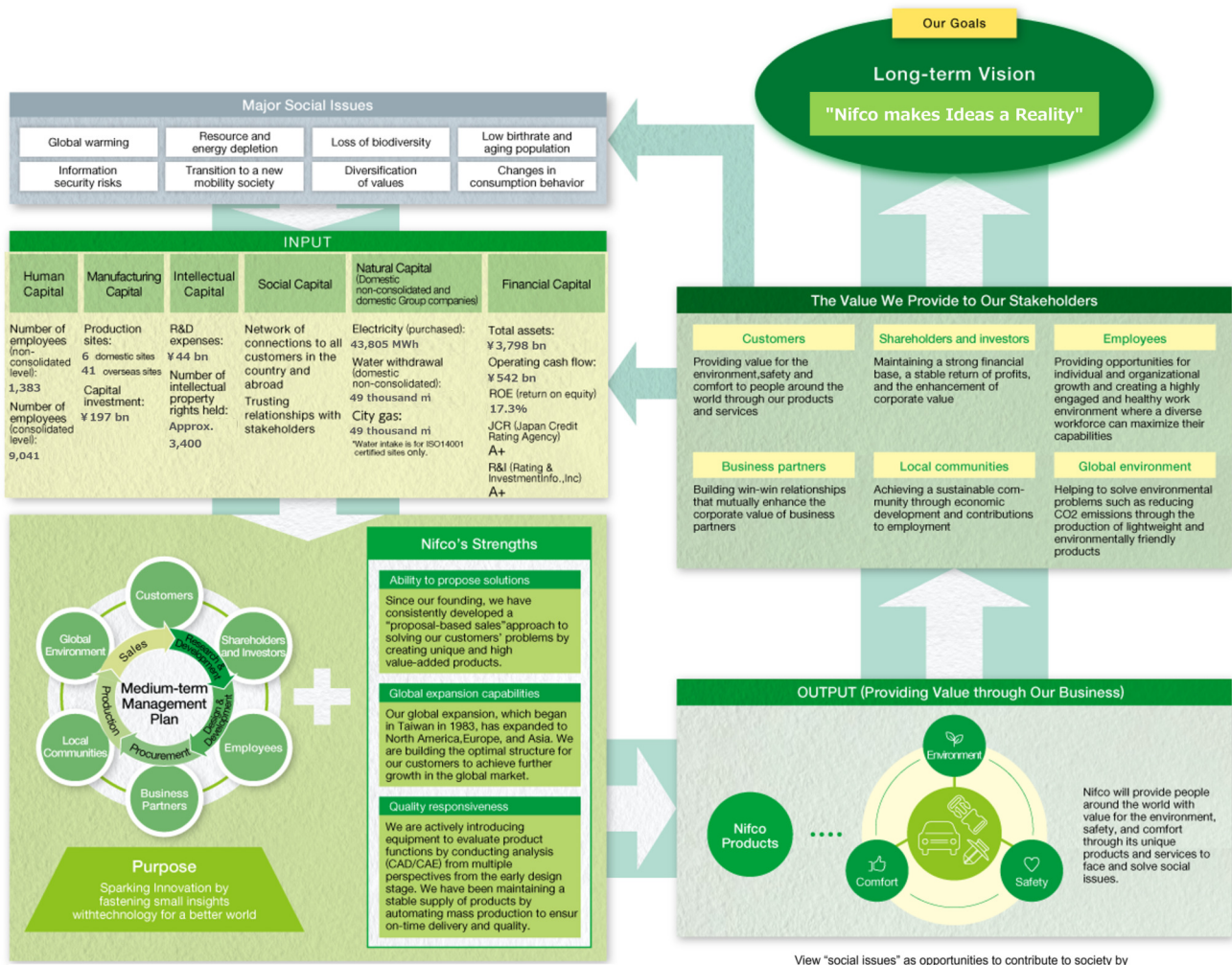
# ESG Management

## Value Creation Process

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.

(FY2024 Actual Figures)



# Materiality

## Review of ESG Issues

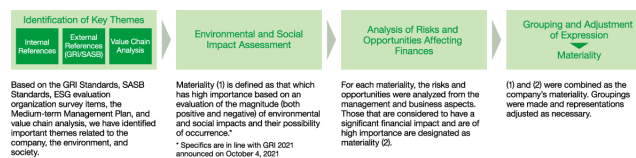
Nifco first identified ESG issues in 2020 to strengthen the foundation of its ESG management, and it has now conducted its third review and identified these issues as materiality. The revision was made in order to implement our Medium-term Management Plan, to realize our Long-term Vision and the purpose 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:

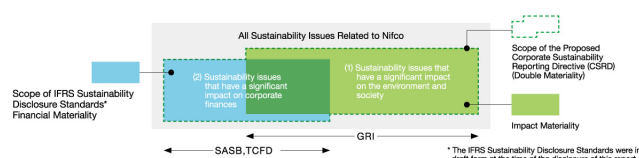


## Materiality Regarding Sustainability












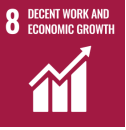

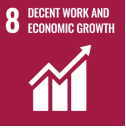
The Nifco Group has decided to refer to the double materiality approach in identifying materialities in its response to the Corporate Sustainability Reporting Directive (CSRD) published by the European Commission (EC) because in addition to having business in Europe, it responds to changes in society 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
<b>G</b> (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	—
<b>E</b> (Environment)	Responding to climate change	Reduction of CO2 emissions in the entire business	1. CO2 emissions reduction Process targets: 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	  
	Zero waste (circular economy) initiatives	Zero waste (circular economy) initiatives	Waste reduction	
<b>S</b> (Society)	Improving worker safety and job satisfaction	Improvement of human resource system, employment conditions, etc.	Workstyle reform	 
		Promotion of occupational health and safety	Promotion of occupational health and safety	 



	Materiality	Issues	Medium- to long-term goals	Related SDGs
<b>S</b> (Society)	Promotion of human resource development	Promotion of human resource development	Promotion of human resource development	 
	Prevention of human rights violations and promotion of equal opportunities	Improve understanding of human rights and prevent violations	Human rights-oriented management	  
		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	   
	Ensuring product safety and quality	Ensuring product safety and quality	Ensuring product safety and quality	

## Mid-Term Management Plan

### Mid-Term Management Plan (FY2025 - FY2027) : Nifco Global 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 FY2027 are as follows.

(Billion JPY)	FY2024		FY2025		FY2027	
	Actual	Plan			Target	Vs. FY2025 (Plan)
Net Sales	353.0	348.0			369.0	+6%
OP	49.2	49.5			53.4	+8%
OPM	13.9%	14.2%			More than 14%	-
Net Income	44.7	30.6			35.0	+14.4%
ROE	17.3%	12%			12%~14%	-
ROIC	18.8%	18.0%			18%~20%	-
Foreign Exchange	\$1=JPY151.7	\$1=JPY145			\$1=JPY145	

## Priority Measures of Mid-Term Management Plan



## Key Financial Data

		FY2024
Net sales (millions of yen)		353,038
Net sales (millions of yen)	Industrial plastic parts & Components	315,942
	Bedding & Furniture	37,096
Operating profit (millions of yen)		49,200
Operating profit ratio (millions of yen)		13.9%
Net income (millions of yen)		45,808
Profit attributable to owners of parent (millions of yen)		44,767
Recurring profit (millions of yen)		52,147
Net income per share (yen)		461.95
Dividend per share (yen)		75
Total assets (millions of yen)		379,816
Ordinary income / Total assets		13.7%
ROE (return on equity)		17.3%
ROIC (return on invested capital)		18.8%
Cash flows from operating activities (millions of yen)		54,217
Cash flows from investing activities (millions of yen)		(23,891)
Cash flows from financing activities (millions of yen)		(35,154)
Cash and cash equivalents at end of year (millions of yen)		141,097
Free cash flow (millions of yen)		30,326
Total shareholder yield		201.0%
Dividend payout ratio		16.2%
R&D expenses (millions of yen)		4,415

## List of Directors & Executive officers

### Directors

as of July 24, 2025



**Masaharu Shibao**

Representative Director,  
President & CEO



**Michihiro Fukuo**

Director, Head of R&D & CTO,  
Head of Manufacturing & CPO



**Yoshiko Nonogaki**

Director (External)



**Yoshio Kometani**

Director (External)



**Satoshi Yamahata**

Director (External)



**Toshiki Yauchi**

Director, Audit & Supervisory  
Committee Member





## Mitsuhiro Matsumoto

Director (External), Audit & Supervisory Committee Member



## Izumi Hayashi

Director (External), Audit & Supervisory Committee Member

## Skills Matrix of directors

Name	Experience and expertise						
	Managem ent strategy	Technolog y and developm ent	Financial and capital policy	Global business	Legal affairs, risk managem ent	IT DX	Sustainab ility
Masaharu Shibao	○	○		○			○
Michihiro Fukuo		○					
Yoshiko Nonogaki	○			○			○
Yoshio Kometani	○			○		○	○
Satoshi Yamahata	○		○		○		○
Toshiki Yauchi	○		○		○		○
Mitsuhiro Matsumoto			○				
Izumi Hayashi					○	○	

# Executive Officers

as of July 01, 2025

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## Masashi Koizumi

Executive Officer, Life Solutions Company, Company President

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## Masaya Nagaoka

Executive Officer, Head of Group Strategy Office

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## Norihiko Murata

Executive Officer, Head of ESG Promotion Office

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## Jin Jing-Jun

Executive Officer, China Plant Control Officer, President and CEO Dongguan Nifco Co, Ltd.

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## Joan Oliveras

Executive Officer, Head of Management Control, CFO & CSO, Europe Business Control Officer (act.)

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## Kumi Sano

Executive Officer, Head of Administration

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## Michael Rodenberg

Executive Officer, North America Business Control Officer, CEO Nifco America Corp., Nifco Central Mexico

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## Ken Yokota

Executive Officer, ASEAN Business Control Officer, Co-CEO Nifco Thailand

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## Kazuomi Sakata

Executive Officer, Head of Production Engineering

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## Akihiko Hirose

Executive Officer, Head of Quality Assurance & CQO

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## Tamotsu Sugiyama

Executive Officer, Head of Sales

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## Takahide Ichimaru

Executive Officer, Head of Platform Business

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## Han Sagong

Executive Officer, Nifco Korea Group Control Officer, President & CEO Nifco Korea Inc.

## Nifco's Corporate Governance

### Fundamental policy of corporate governance

Our company has continued to grow based on the Nifco Spirit, which has been cultivated since its founding in 1967 and has a "challenge spirit" and "creativity" at its core. Based on this history, and with the determination to move forward to a further stage of growth, we have once again established our company's Purpose/Mission/Values as follows.

Starting from the "My Purpose" that each employee has, by fulfilling our Mission through our company's Values and realizing our company's Purpose, we will grow sustainably while maintaining the uniqueness of Nifco and we aim to become a company that continues to be trusted by all stakeholders, including employees, customers, shareholders, investors, users, partner companies, and local communities.

■ **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

We consider it necessary to respond to the drastically changing social and economic environment flexibly and appropriately by strictly enforcing compliance and implementing appropriate risk management. At the same time, we believe it important to thoroughly disseminate and practice such principles.

Based on the above philosophy, we endeavor to fully implement corporate governance as a priority issue, and to promote reinforcement of Group management.

### Nifco's Corporate Governance

#### (1) Brief explanation of the organizations within the company

Our Company is an Audit and Supervisory Committee Company.

There are eight directors (five of whom are external directors), three of whom are audit and supervisory committee members (two of whom are external directors).

Five of the eight 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.

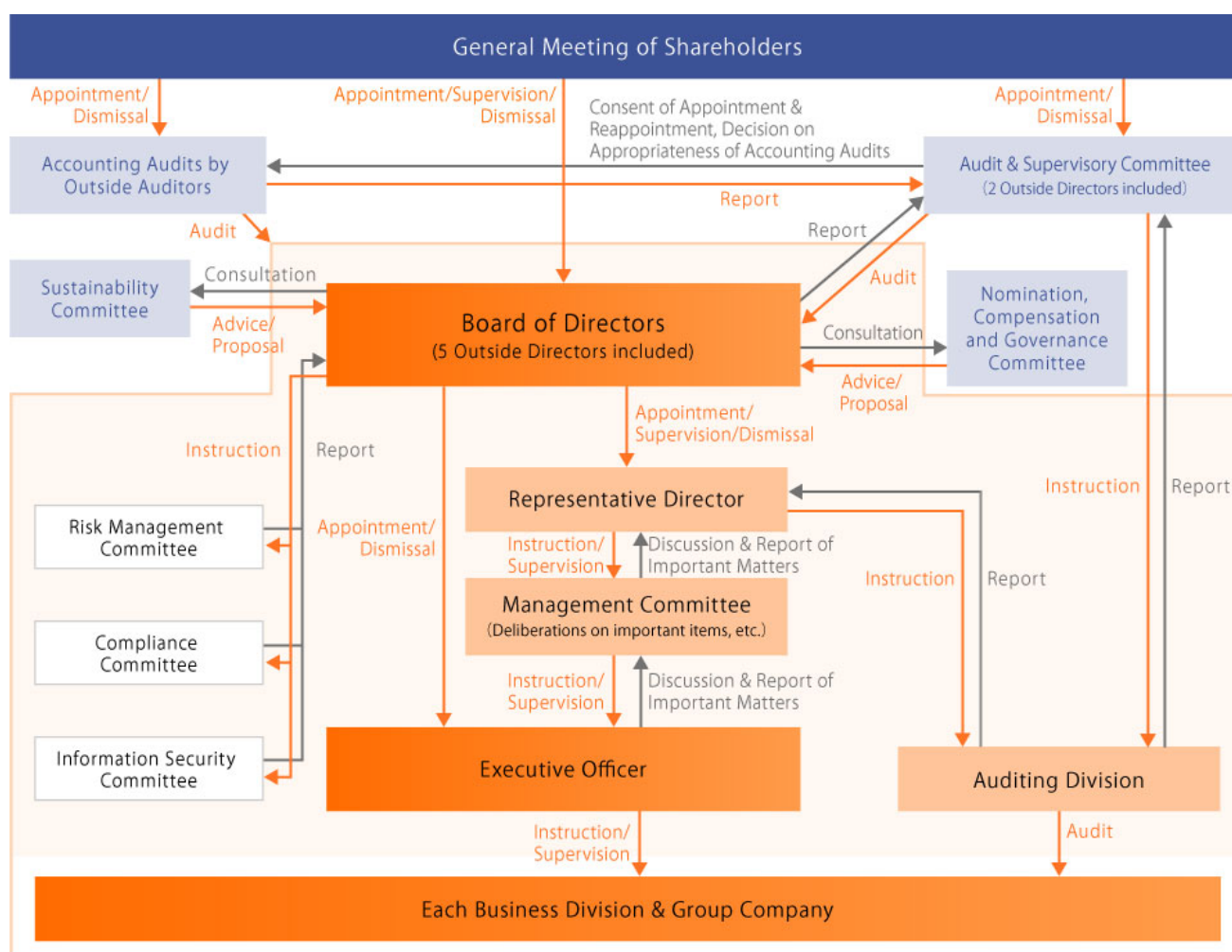
The Audit & Supervisory Committee is cooperating with the accounting auditor and the internal audit department by explaining the audit plans and exchanging questions and answers at the committee meetings.

## **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**

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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. Nifco will continue to strengthen its management base and aim to become a company that continues to grow in a stable manner.

## Global Warming Initiatives

### Basic Approach

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At Nifco, we believe that contributing to a sustainable society through initiatives aimed at reducing CO<sub>2</sub> emissions from our business activities, as well as through innovation, is both our growth strategy and our commitment to sustainability. By delivering environmentally friendly products to society, we aim to play an active role in addressing environmental challenges and driving sustainable growth.

### Our objectives

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Under the “Carbon Neutral Declaration 2050,” Nifco has set an overall target for reducing CO<sub>2</sub> emissions. For Scope 1 and Scope 2 emissions across Nifco and its domestic group companies, we aim to achieve a 33% reduction in CO<sub>2</sub> emissions by 2030 compared to 2020 levels, and to realize carbon neutrality by 2050.

To achieve this goal, we are promoting the following initiatives.

- Optimization of Energy Use  
We are thoroughly reducing waste and inefficiencies in our production processes to achieve greater energy efficiency.
- Promotion of Renewable Energy Utilization  
We are working to expand the use of renewable energy, such as through the installation of solar power generation systems.
- Development of Environmentally Friendly Products and Production Technologies  
We are focusing on the development of technologies and products that reduce environmental impact throughout their entire life cycle.

Through these efforts, we are committed to achieving carbon neutrality by 2050.

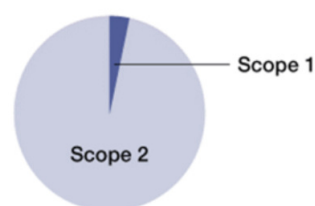
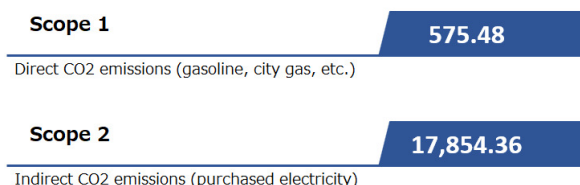
# CO2 Emissions Calculation Status (FY2024)

## — Direct Emissions (Scope 1 and Scope 2)

Nifco and its domestic group companies calculate and disclose their own greenhouse gas emissions generated from business activities.

■ **Scope:**  
Nifco non-consolidated and Domestic Group Companies  
Unit: Ton

**Scope 1 + 2 = 18,429.84**



## — Supply Chain Emissions (Scope 3)

Regarding emissions in the supply chain (Scope 3), calculations and disclosures are currently limited to domestic business entities.

■ **Scope:**  
Nifco non-consolidated  
Unit: Ton



## Optimization of Energy Use (Reduction of Losses and Waste)

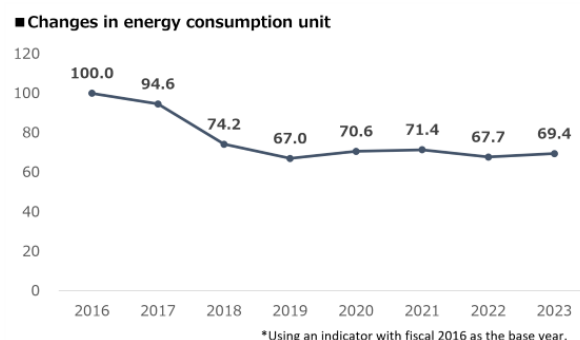
In our annual report for fiscal year 2023 submitted in fiscal year 2024 under the Energy Conservation Act, we received an “A Class” rating under the Business Classification Evaluation System.

We have been working toward the target set by the Energy Conservation Act, which aims for an annual reduction of at least 1% in energy consumption compared to the previous year. However, we were unable to achieve this target during the reporting period.

We remain committed to continuous improvement and will continue our efforts to enhance energy efficiency.

■ Act on Rationalizing Energy Use: energy consumption unit

Target: **1** % reduction (YoY)



# Promotion of Renewable Energy Utilization

## Introduction of Solar Power Generation Systems

Nifco is actively promoting the installation of solar power generation systems to support the creation and use of renewable energy.

At our Nagoya Plant, we plan to begin operations of both an on-site Power Purchase Agreement (PPA) and off-site self-consignment schemes starting in fiscal year 2025. Through these initiatives, we aim to gradually increase the share of renewable energy used at the plant and position it as a model factory for the early achievement of carbon neutrality.

Specific targets and additional indicators regarding renewable energy utilization will be incorporated into our next Medium-Term Management Plan, which is scheduled for formulation in fiscal year 2027.

Amount of renewable energy generated (FY 2024)	Amount of power generated at each location (in order of largest to smallest)
750.99 MWh	Nifco Kumamoto: 402.9 MWh
	Nifco YRP Laboratory Buildings: 160.98 MWh
	Sagamihara Plant: 69.93 MWh
	Nifco Kitakanto: 60.28 MWh
	Nagoya Plant: 47.74 MWh
	NTEC: 9.16 MWh

## Offsetting Through FIT Non-Fossil Certificates






We have procured FIT Non-Fossil Certificates to offset Scope 2 CO<sub>2</sub> emissions. These certificates represent the environmental value of non-fossil energy sources, such as renewable energy, and enable us to offset CO<sub>2</sub> emissions associated with our electricity consumption.

In fiscal year 2024, we effectively reduced 1,221 tons of CO<sub>2</sub> emissions out of a total of 18,429.84 tons through the use of these certificates.




\* This calculation is based on the figures published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan as of March 18, 2025 (Reiwa 7). The calculation covers certificates for the Nagoya Plant, using the emission factor of Chubu Electric Power Co., Inc. (0.000421 t-CO<sub>2</sub>/kWh).

## 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 CO<sub>2</sub> emissions and solve environmental problems such as air pollution by providing lightweight, high-performance plastic products. We believe that ensuring these efforts to reduce CO<sub>2</sub> 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
<b>【Fuel Economy】</b> 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"> <li>Impact-absorbing parts that reduce damage to vehicles and passengers and enhance safety in the event of a vehicle collision.</li> <li>This product uses advanced materials made from engineering plastics with high toughness.</li> </ul>
<b>【Fuel Economy】</b> 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.
<b>【Fuel Economy】</b> 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"> <li>Aerodynamic drag on the bumper is reduced by allowing wind from the front of the vehicle to enter the bumper.</li> <li>Improved aerodynamic performance by preventing vortex flow in the wheel arches by discharging intake air through the wheel arches.</li> </ul>
<b>【Alternative Fuels】</b> Involvement in developing or distributing fuel cells/ hydrogen systems	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	 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.	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.



Opportunities in Clean Tech	Contribution to the Environment	Product Name	Function Overview
<b>[Applications]</b> Involvement in developing or distributing LED	<ul style="list-style-type: none"> <li>• Contributes to the reduction of carbon dioxide emissions: 50% or more reduction in electricity consumption compared to light bulbs</li> <li>• No toxic substances: No environmental impact because inert gases are not used as in light bulbs</li> </ul>	 Dynamic Lighting Illumination	LED illumination inside the vehicle with the ability to visually present information on various situations to passengers
<b>[Reuse and recycling]</b> Initiatives for apparel products using sustainable materials	Use of recycled materials made from textiles collected and discarded at sewing factories limits reliance on virgin materials and reduces CO2 emissions	 Cord Lock/Cord Hook	Functional parts for apparel wear made from recycled materials
<b>[Others]</b> 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	<p>Self-powered sensor eliminates the need for power supply from an outlet or batteries.</p> <p>Functions: Temperature, humidity, illuminance, acceleration (3 axes), contact detection*, NFC (Near Field Communication)</p> <p>* Contact detection = function to detect the proximity of a magnet (used in door open/close detection)</p>

## 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

The Group sets out “Responding to climate change” as one of its materiality issues and, as its secondary issues, “Reduction of CO2 emissions in the entire business” and “Research and development, manufacturing, and the sale of products that contribute to reduction of CO2 emissions.” Accordingly, we have conducted a scenario analysis based on internationally recommended guidance. As a result, we recognize the importance of promoting initiatives to realize carbon neutrality as the Group’s medium to long-term strategy to risks and opportunities related to climate change, and have declared “Carbon Neutrality by 2050,” which represents our aim to realize carbon neutrality in 2050, with CO2 emissions of Scope 1 (emissions directly emitted by the Company itself) and Scope 2 (indirect emissions from energy sources such as electricity, heat, and steam purchased and used by the Company) as an indicator.

## Governance on climate change

With regards to governance on climate change, the ESG Promotion Office, serving as the secretariat, coordinates with organizations in charge to conduct scenario analysis, identify risks and opportunities, and discuss initiatives to realize carbon neutrality.

With the ESG Promotion Office serving as the secretariat and in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures, the Environmental Promotion Committee, as an organization to ensure compliance with laws and regulations, meets once every six months to manage progress according to the plan.

In fiscal 2024, the ESG Promotion Office reported to the Board of Directors on those environment-related activities, including CO2 reduction.

Starting from fiscal 2025, the Sustainability Committee discusses risks and opportunities related to climate change, manage initiatives, and make proposals based on the results to the Management Committee. Proposals related to climate change discussed by the Management Committee are reflected in the management plans of the Company’s business departments and Group companies through the Sustainability Committee.

## Strategy for achieving carbon neutrality

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.

As a result, we recognize promoting initiatives to realize carbon neutrality as a key issue, as the Group’s medium to long-term strategy to risks related to climate change, and have declared “Carbon Neutrality by 2050,” which represents our aim to realize carbon neutrality in 2050, with Scope 1 and Scope 2 CO2 emissions as an indicator.

An overview of scenario analysis is provided below.

# Scenario Analysis Overview

<b>Scope of coverage</b>	Group consolidated companies (excluding the bedding and furniture business)
<b>Time line</b>	2021~2040
<b>Scenario development</b>	<ol style="list-style-type: none"> <li>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"> <li>● IEA<sup>*1</sup> WEO2021 NZE and SDS scenarios</li> <li>● IPCC<sup>*2</sup> Sixth Assessment Report, Working Group I Report SSP1-1.9, 2.6</li> <li>● Other</li> </ul> </li> <li>2. 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"> <li>● IEA WEO2021 STEPS scenario</li> <li>● From IPCC Sixth Assessment Report, Working Group I Report SSP2-4.5, SSP3-7.9, SSP5-8.5</li> <li>● PLAT S8 Climate RCP8.5</li> <li>● Other</li> </ul> </li> </ol> <p>※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.</p> <p>※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.</p>

## 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.

Based on the scenario analysis as above, estimated market risks, market/technology risks and acute risks as well as market/product/service opportunities that may have impacts on the Group's operations were identified. As a strategy to realize carbon neutrality, initiatives corresponding to those risks and opportunities are implemented in a variety of ways in the ordinary course of business by respective organizations that are in charge of responses. Of those, information on important ones are provided in "(iv) Initiatives, indicators and targets for risks and opportunities" below.

## **Managing risks and opportunities related to climate change**

ESG Promotion Office collaborated with organizations in charge, serving as the secretariat, to identify business risks and opportunities that may arise from changes in the environment under the 1.5°C and 4°C scenarios and examine their estimated degree of financial impact. As a result, estimated market risks, market/technology risks and acute risks that may have impacts on the Group's operations were identified. Meanwhile, under the direction of the Risk Management Committee, which is responsible for managing the Group's risk of losses, other organizations also perform scoring of the frequency of climate change-related risks' occurring and the amount of their impacts, as well as analysis and review on the formulation of countermeasures.

The Risk Management Committee comprehensively evaluates and manages risks related to climate change that are reported by the organizations in charge. At the same time, opportunities for climate change are also identified through scenario analysis, with the ESG Promotion Office collaborating with the organizations in charge, serving as the secretariat, to identify opportunities for markets, products and services, and the organizations in charge of responses taking action.

Starting from fiscal 2025, the Sustainability Committee identifies sustainability opportunities, manages initiatives, and makes proposals based on the results to the Management Committee. Sustainability opportunities discussed by the Management Committee are reflected in the management plans of the Company's business departments and Group companies through the Sustainability Committee.

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"> <li>● Appropriately allocate resources in response to market contractions</li> <li>● Planning and development of products compatible with electrification technologies</li> <li>● Create new businesses</li> <li>● Promote product strategies that focus on electrification among universal elements, such as the environment, safety, and comfort</li> </ul>
	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"> <li>● Possess and utilize proprietary technologies to enhance competitiveness</li> <li>● Complement our strengths through alliances with other companies, CVC, M&amp;A, etc. as needed.</li> <li>● Create new businesses</li> <li>● Promote product strategies focusing on universal elements, such as the environment, safety, and comfort, and improve the competitiveness of existing product lines</li> </ul>
	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.	Short to long term	<ul style="list-style-type: none"> <li>● Research and develop new materials</li> <li>● Promote the use of non-fossil resource materials, recycled plastic materials, and materials using natural resources</li> <li>● Improve our immediate response to customer requests, paying attention to changes in materials, manufacturing methods, and laws and regulations</li> <li>● Develop product shapes and production methods that meet the specifications of products using recycled materials and biomass plastics</li> </ul>
Market risks / Technology risks	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.	Short to long term	<ul style="list-style-type: none"> <li>● Improve our immediate response to customer requests, paying attention to changes in materials, construction methods, and laws and regulations</li> </ul>



Risks with significant financial impacts		Timing of emergency	Main policies
			<ul style="list-style-type: none"> <li>● Create new businesses</li> <li>● Create proactive proposals based on analyses of environmental changes</li> <li>● Promote product strategies focusing on universal elements, such as the environment, safety, and comfort, and improve the competitiveness of existing product lines</li> </ul>
<b>Acute risks</b>	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.	<b>Short to long term</b>	<ul style="list-style-type: none"> <li>● Secure multiple procurement channels and equivalent products</li> <li>● Procure raw materials considering climate forecasts</li> </ul>

Opportunities with significant financial impacts		Timing of emergency	Main policies
<b>Markets / Products / Services</b>	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.	<b>Short to long term</b>	<ul style="list-style-type: none"> <li>● Early understanding of customer needs</li> <li>● Accumulation of information and experience in materials, manufacturing methods, regulations, etc. to respond immediately to customer needs</li> <li>● Rapid development of functional parts and resources as necessary to take the initiative</li> <li>● Promotion of a product strategy focused on universal elements, such as the environment, safety, and comfort</li> </ul>

## 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.

## Initiatives, indicators and targets for risks and opportunities for climate change

### **[1] Important initiatives, indicators and targets for risks and opportunities related to climate change**

For 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, we have narrowed down and reviewed risk items for climate change that have a large degree of impact from both financial and non-financial aspects.

For market risks, over the medium to long-term, 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, and 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.

In terms of market risks / technology risks, there is a possibility that the Group's business with existing and emerging automakers decreases due to the emergence of alternative products with lower CO2 emissions.

As for acute risks, 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. On the other hand, as opportunities in markets / products / services, we consider 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. Major initiatives for those risks and opportunities are implemented in a variety of ways in the ordinary course of business by respective organizations that are in charge of responses. Products developed that were announced in 2024 include biodegradable plastic brush clips that emit less CO2 during production process than brush clips made from other materials, and after use they are decomposed into water and carbon dioxide, returning to nature.

All indicators for those transition and physical risks, as well as opportunities associated with climate change, have been set internally and are being implemented. Given their importance to our business strategies, they are currently kept undisclosed. In the future, we will carefully consider the possibility of disclosing such information.

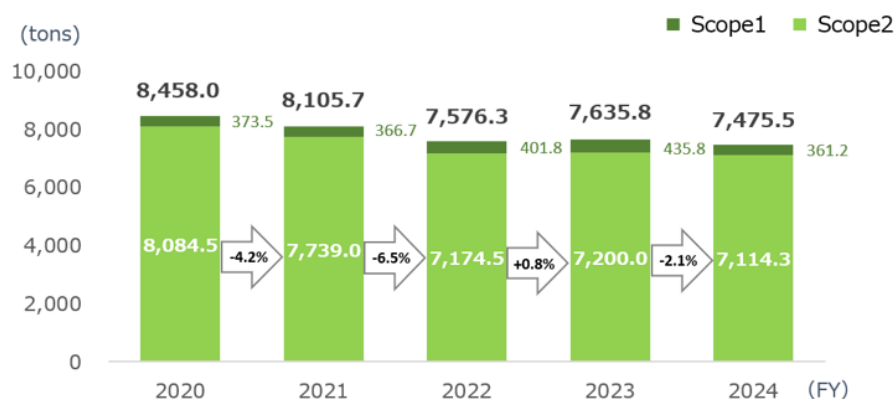
Other important initiatives in fiscal 2024 include the promotion of the use of non-fossil resource materials, recycled plastic materials, and materials using natural resources (biomass) to address the market risk that a failure to respond in a timely and appropriate manner to market regulations and customer demands for the use of recycled raw materials could result in a decrease in sales and an increase in procurement costs, and the development of product shapes and manufacturing methods that meet the specifications of products using recycled materials (including biomass plastics). Those important initiatives are also linked to materiality of "Zero waste (circular economy)." In fiscal 2024, under the name of "XtoCar Project," we launched an initiative that is a collaboration between manufacturing and other industries (the artery industry) and industries (the vein industry) that recycle and properly dispose of waste to establish a new recycling system to recycle waste plastic from non-automobiles into automotive parts. We aim to mass-produce products for automobiles that use recycled materials in the future. For fiscal 2025, we use the type of waste plastic that can be applied to automobiles as an indicator, targeting to select at least one type of waste plastic through research and analysis.

## [2] Indicator and targets for realizing “Carbon Neutrality by 2050”

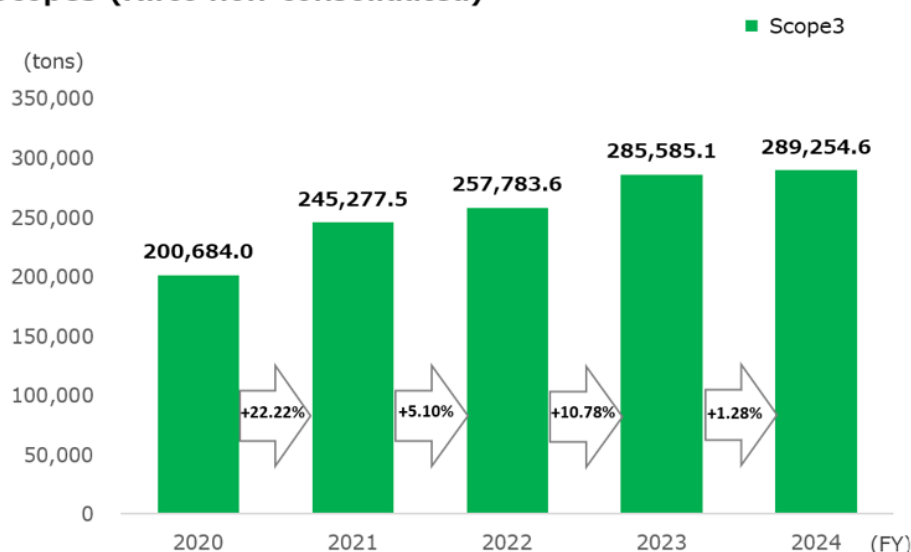
The Company has declared “Carbon Neutrality by 2050” as its medium to long-term strategy to combat climate change. As general guidelines for reducing CO<sub>2</sub> emissions, we are working to achieve a 33% reduction from the 2020 level for the Company and the Group companies in Japan by 2030 and realize carbon neutrality by 2050 for Scope 1 and Scope 2. It is planned to start on-site PPA and off-site self-transportation in fiscal 2025 at the Nagoya Plant, with the aim of increasing the ratio of renewable energy year by year and making it a model plant for achieving carbon neutrality at an earlier date. In addition, it is planned to reflect subordinate indicators and targets in the next mediumterm management plan for fiscal 2027.

The latest CO<sub>2</sub> emissions for the Company and the Group companies in Japan which have been aggregated are as follows. CO<sub>2</sub> emissions have been aggregated using the GHG protocol which has become a global standard method of calculation. Although we continued to promote energy conservation activities, Scope 1 and Scope 2 increased slightly as a result that an increase in energy consumption associated with an increase in production volume exceeded a reduction due to energy conservation, etc., in fiscal 2023. That said, as mentioned above, we aim to implement measures to increase the ratio of renewable energy as much as possible, starting with the Nagoya Plant. In addition, Scope 3 that is calculated based on the amount of orders, increased due to fluctuations in exchange rates and soaring materials and transportation costs.

### ■ Scope 1、Scope 2 (Nifco non-consolidated)



### ■ Scope3 (Nifco non-consolidated)



We currently disclose CO<sub>2</sub> emissions for the Company and the Group companies in Japan only for Scope 1 and Scope 2.

The understanding and disclosure of this information lead to the formulation of action guidelines to maintain competitive advantages by identifying areas and processes that have a significant impact on the Company and within the Group companies in Japan and taking measures in advance to address rising business costs due to tighter regulations on CO<sub>2</sub> emissions and the introduction of a carbon tax,

as well as rising expectations from customers and business partners for decarbonization, and by concretely identifying the need for the introduction of renewable energy, efficient capital investment, and the development of new technologies. It will strengthen the foundation for sustainable growth and, even within a limited scope of Japan, proactive data disclosure will serve as a means of gaining the trust of

customers and investors who place importance on consideration to the environment and help to expand business opportunities. We believe it will therefore contribute to the future expansion of the Company on a consolidated basis.

At present, data from overseas sites are collected using Excel spreadsheets. We have not yet gone as far as official disclosure from the viewpoint of data accuracy; however, we plan to disclose this as reference values for Scope 1 and Scope 2, starting from fiscal 2025. In the future, we will consider introducing a system with a view to improving data accuracy on a global basis and establishing a management system that can withstand third-party assurance.

In addition, with regard to the calculation of Scope 3 (greenhouse gas emissions in the entire supply chain), it is difficult at present to capture and calculate emissions in a uniform manner due to differences in data retention and management methods across the entire supply chain. For this reason, we disclose CO<sub>2</sub> emissions only for Nifco non-consolidated. In the future, we will strengthen coordination with important affiliated companies and consider the phased preparation and disclosure of Scope 3 data.

While risks and opportunities related to climate change have differing degrees of potential impact, the Company will continue to appropriately implement initiatives through measures for the governance and management of these risks and opportunities in order to maximize corporate value.

## 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

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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.

80% of our Group companies have obtained the ISO 14001 certificates, including four companies (nine sites) in Japan and 20 companies overseas.

### Compliance with environmental laws and regulations

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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 FY2024.

### Toward the development of expert personnel

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To enhance the expertise of employees who lead environmental initiatives, we conduct EMS (Environmental Management System) practitioner training. This program is designed to be directly applicable to daily operations, covering topics such as integrating EMS into business activities, effectively implementing the PDCA cycle, and understanding related regulations. In FY2024, a total of 32 employees completed this training.

Regarding internal auditors, we have traditionally focused on improving the skills of existing auditors. However, recognizing the need to cultivate new talent, we launched a new training program in FY2024 to develop 20 new internal auditors, who have since been certified.

### Supply chain collaborations

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Nifco promotes environmental initiatives in collaboration with its suppliers, who are key business partners. We have long established environmental conservation standards and request all suppliers to comply with them. In fiscal year 2024, following on from the previous year, we conducted on-site audits at nine suppliers, focusing mainly on compliance with environmental laws and regulations. In addition, 59

suppliers carried out self-audits. After each audit, we worked together with suppliers to share identified issues and improvement measures, striving for further enhancements.

Furthermore, we issued the Sustainability Procurement Policy and Sustainability Procurement Guidelines to all Tier 1 suppliers, gaining agreement from over 90% of them.

# Launch of “N-SOC,” Our Database System for Managing Substances of Concern (SOC), at 13 Major Overseas Sites

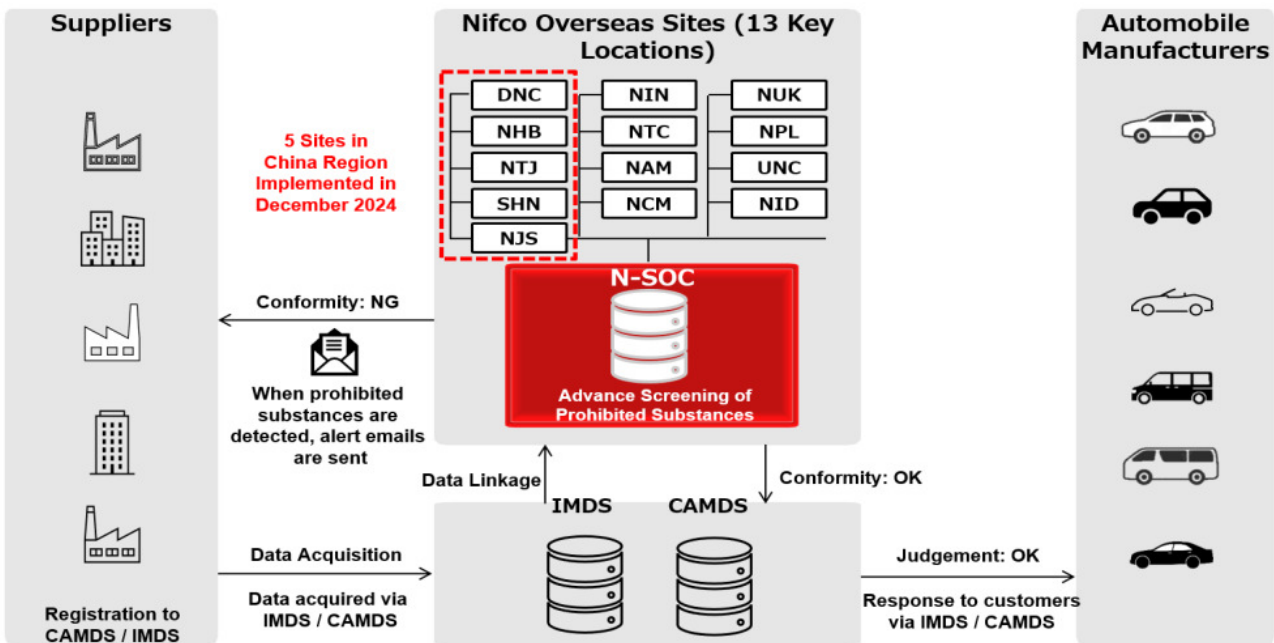
Since 2004, Nifco has been a pioneer in the industry by introducing a database system for managing Substances of Concern (SOC). In 2018, we revamped the system and launched it as “N-SOC”, completing its implementation at all domestic sites.

At our overseas sites, we launched the “N-SOC Global Project” in January 2024 to expand the system to 13 major overseas locations. Among these, implementation at five sites in the China region was completed in December 2024, and we plan to complete implementation at all remaining sites by FY2026.

The key feature of N-SOC lies in its ability to automatically verify regulatory compliance based on relevant laws and customer-specific requirements by linking with the component data of our products registered in both IMDS (International Material Data System)\* and CAMDS (China Automotive Material Data System)\*\*. This enables us to further strengthen our global regulatory compliance capabilities and quality assurance systems.

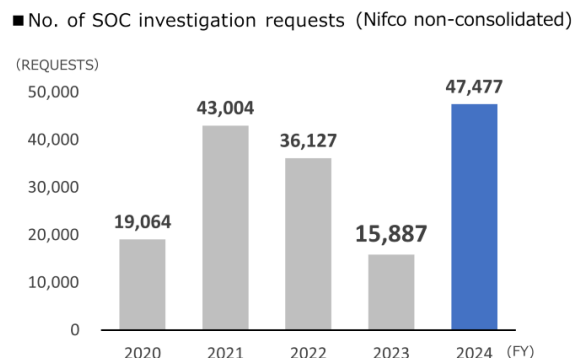
\*IMDS: International Material Data System, a global database used in the automotive industry to manage and share information on chemical substances contained in parts and materials.

\*\*CAMDS: China Automotive Material Data System, a database used exclusively within the Chinese automotive industry.



## FY2024 Performance of SOC-Related Surveys

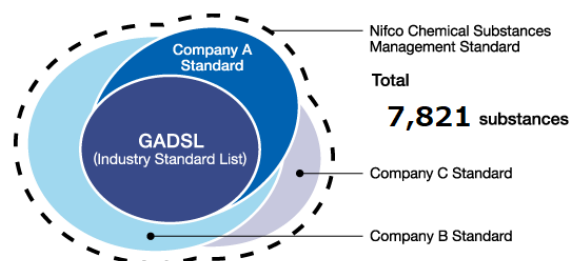
In FY2024, the number of inquiries and survey requests from customers significantly increased following the regulatory decision to apply the Chemical Substances Control Law (CSCL) to MCCP (Medium-Chain Chlorinated Paraffins). As a result, we received a record-high 47,477 survey requests—approximately three times the number of items from the previous year. For all of these items, we conducted prompt and accurate investigations using our N-SOC system, and we have confirmed that there were no violations of applicable regulations.



## Issuance of NCSL: Nifco Chemical Substances List Rev.8.0

In addition to chemical substances that are regulated under environmental laws and subject to mandatory notification or reporting, we also manage substances that are specified by customer-specific requirements, including those independently prohibited or required for reporting by our customers.

Each year, we compile all such substances into the NCSL: Nifco Chemical Substances List, which is distributed to all suppliers. Through this standard, we require suppliers to ensure non-use of prohibited substances and to disclose the presence of other reportable substances.



## Contributing to a Recycling-Oriented Society

### Waste Initiatives

Nifco recognizes that the effective utilization of limited resources and the minimization of waste generation are essential for the realization of a sustainable society.

### Our objectives

Nifco regards the realization of an environmentally conscious and sustainable society as a core part of its corporate mission. As a means to achieve this, we have identified “promoting resource circulation through zero waste initiatives” as one of our key material issues.

#### — Environmental Contribution and Corporate Responsibility

- Active utilization of recycled materials
- Suppression of waste generation
- Promotion of recycling

#### — Challenge Toward “Zero Waste” and Risk Management

- Strengthening resilience against fluctuations in raw material prices
- Measures to mitigate rising waste disposal costs
- Flexible response to tightening regulations

### Nifco’s Initiatives for Realizing a Circular Economy

Nifco places a strong focus on the effective use of resources and the reuse of waste, aiming to realize a circular economy through a multi-layered approach. This spans all stages—from manufacturing, development, and design to the entire supply chain—and extends to collaboration with external partners.

### Initiatives at the Manufacturing, Development, and Design Stages

#### — Minimization of Waste in the Manufacturing Stage

- Reduction of purge waste:

We are working to reduce waste materials generated during the cleaning process of molding machines.

- Reduction of sprue waste:

We strive to minimize excess materials produced during the molding process and reduce plastic waste.

#### — Environmental Considerations in the Development and Design Stages

- Promotion of environmentally conscious product design:

We implement designs that focus on reducing environmental impact throughout the product life cycle.

- Proposals to customers:

We actively make proposals for the introduction of environmentally friendly products to support sustainable product development.

## Enhancing Resource Circulation Across the Entire Supply Chain

Nifco promotes the enhancement of resource circulation not only within the company but also throughout the entire supply chain. In collaboration with our business partners, we are engaged in the following initiatives:

- Suppression of waste emissions
- Promotion of resource recovery
- Promotion of recycling

## Rule-Making and Industry Contributions Through External Collaboration

Nifco actively participates in industry rule-making and takes a leading role in driving the transition to a circular economy across the entire industry.

- Participation in public-private-academic partnerships (including the Ministry of the Environment and the Ministry of Economy, Trade and Industry)
- Collaboration with the Japan Auto Parts Industries Association (JAPIA)
- Sustainable Plastics Initiative endorsement

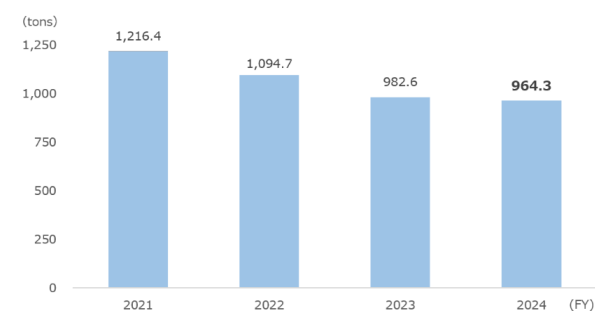
## Practicing Resource Conservation and Resource Recovery in the Manufacturing Process

Specific Initiatives for Resource Conservation and Waste Reuse

At Nifco, we are promoting the following initiatives to conserve resources and promote the reuse of waste:

- Reducing waste through process improvements
- Strengthening waste separation and converting waste into valuable resources
- Addressing certification challenges for the use of recycled materials

■ Changes in plastic waste volume



Scope: Nifco non-consolidated and domestic group companies

Starting in FY2024, as waste data accuracy improves, we will expand the scope of total emissions disclosure beyond ISO 14001-certified sites to include both Nifco non-consolidated sites and domestic group companies. Furthermore, among waste streams, we will designate discarded plastics as a key indicator and work toward their reduction.

## Building an Innovative Recycling Model Through Industrial Collaboration

In FY2024, Nifco was selected for the "XtoCar Project," a publicly funded initiative by the Japan Foundation for Advanced Auto Recycling (J-FAR). This project aims to create new value through:

- Collaboration between upstream industries (manufacturing) and downstream industries (recycling)
- Development of an innovative recycling model that transforms waste plastics from non-automotive sources into automotive parts

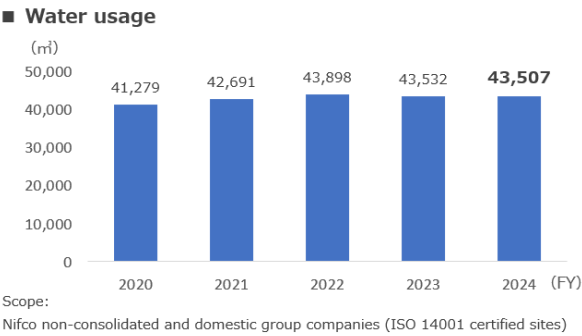
As part of this project, Nifco is currently conducting research and analysis with the goal of identifying at least one type of recycled plastic material suitable for automotive applications by FY2025.

# Water Resource Initiatives

## Effective Use of Water Resources and Prevention of Pollution

We monitor the amount of water used in our business activities and are committed to water conservation and the prevention of water pollution.

Cooling water is primarily used in air conditioning systems, molding machines, and some thermostatic chambers. We strive to reduce water usage by improving production efficiency and utilizing rainwater. In addition, we strictly comply with wastewater standards to ensure that there is no negative impact on public water bodies.



## Utilization of Rainwater Harvesting Systems

### Nifco Head Office

Rainwater is first stored in an underground storage tank, then filtered and disinfected before being used as flushing water for toilets. Since rainwater sufficiently serves this purpose, this initiative helps reduce the consumption of tap water, resulting in a 31.6% reduction in water usage.



Nifco Head Office Rainwater Filtration System



## Section 4: Sustainability Initiatives - Environment

# Environmental Data

Period: April 1, 2024 - March 31, 2025

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

		FY2021	FY2022	FY2023	FY2024
Energy consumption	Electricity (MWh)	43,471.6	41,609.9	43,684.7	43,805.1
	Fuel (Kl)	139.8	162.5	175.6	160.6
	Town gas (1000 m3)	68.7	62.0	64.7	49.5
CO2 emissions (t-CO2)	SCOPE 1	627.1	669.2	666.4	575.5
	SCOPE 2	19,160.8	18,030.4	19,207.1	17,854.4
Renewable energy generated (MWh)		612.6	612.9	628.6	751
Water usage <sup>*1</sup> (m3)		42,691.0	43,898.0	49,898.2	43,507
Plastic waste (t)		1216.4	1094.7	982.6	964.3

<sup>\*1</sup> ISO14001 certified sites only

## Respect for Human Rights

### 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.

## Initiatives to reduce human rights violation risks

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To further advance our human rights initiatives and eliminate human rights violation risks within our company, in FY2024 we (Nifco non-consolidated) implemented mandatory human rights training and a questionnaire survey for all employees, including non-regular employees across all domestic companies. This allowed us to visualize existing human rights risks within the company. Moving forward, we will formulate and implement measures to reduce these visualized risks. We will also expand similar activities globally to realize workplaces where all employees can thrive.

## Harassment prevention

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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

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In accordance with the regulations on harassment prevention, we have established consultation system at each workplace to address incidents of harassment. Each workplace has designated a responsible party and consultation system staff who have undergone training.

In addition to publicly disclosing the consultation response process within the company, we have established policies to protect the privacy of those involved and to ensure that no adverse treatment will be imposed on individuals for reporting harassment or cooperating in the verification of facts. This harassment consultation system is utilized in parallel with the internal reporting system described below.

## Implementation of harassment prevention education

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In FY2024, we (Nifco non-consolidated) continued to provide harassment prevention training led by external instructors for certain managerial positions, while implementing e-learning for new hires and mid-career hires (excluding non-regular employees). Both programs were mandatory for all participants. Through specific case studies and countermeasures, we reinforced awareness of harassment issues and the importance of prevention. We will continue to conduct these trainings to enhance awareness among all employees.

## Human Resource Strategy

### Initiatives related to human capital

#### Strategy related to human capital

We consider human capital an important management resource to realize the Nifco Group's Purpose and Mid-Term Management Plan and, based on our long-term vision of the Company's (Nifco's) Mid-Term Management Plan "NIFCO GLOBAL STRATEGY," we set the creation of human resources who "make Ideas a Reality" as the goal of the human resource strategy of the Company and its group companies. It is necessary to "create a workplace with high engagement in which a diverse range of human resources can maximize their abilities" in order to create human resources who "make Ideas a Reality." Therefore, with three important pillars of "human resources development," "diversity," and "employee engagement" based on the foundations of the organization and human resources in which the Group's philosophy is instilled, we implement action plans in each of these areas.

The foundation of our human resources is built on our philosophy, which encompasses Purpose, Mission, and Values. The starting point of the Company's philosophy framework is "My Purpose" held by each employee individually, that is, the overlap between his or her own values and view of life and Nifco's Purpose (purpose of existence). Believing that establishing this helps employees to be conscious of the connection between individual employees and the company (Purpose-facilitated activities), independently identify a career that makes the most of their own view of life and values, and learn and grow proactively and independently while increasing engagement, we have been holding workshops for employees to develop My Purpose throughout the company since FY2024.

#### Our Philosophy Framework



"Human resource development" is one of the most important issues (materiality) underpinning the Group's (Nifco group's) sustainable growth, and we regard it as the source of our competitiveness. The Group clearly sets out the requirements and action guidelines for human resources able to excel at a global level as the grade definition and action guidelines for each grade, together with the keywords "challenge," "innovation," "communication," and "collaboration," in accordance with the Company's Values. To develop such human resources, we have established and operate an employee training system that is organized into four categories: by level, self-development, selection-based training, and company-wide. Also, in order to encourage employees to proactively develop their own careers, 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.

In addition to in-house training, we also offer opportunities for cross-border experience, such as the Overseas Trainee Program, Cross-border Program and Parallel Work Program. Moreover, in developing the next-generation management officers, we select and train candidates in light of consistency with succession plans for General Manager-level managers formulated on a periodic basis.

We believe that, in order to further enhance Nifco's global competitiveness, it is one of the important management strategies to realize creative collaboration by fastening small insights generated by individuals with different attributes and values through the assignment of diverse human resources in the right positions, with innovation and the development of new products and technologies, which are Nifco's strengths. Accordingly, we are committed to securing and promoting diversity of human resources. Specifically, we conduct various training programs with the aim to "create a comfortable and psychologically safe work environment," have a dedicated unit for the promotion of diversity to plan and implement various measures to create a comfortable workplace environment for employees of all attributes, and assign human resources with diverse experience and skills to the right positions in each organization through internal transfers through self-assessment and internal recruitment. At the same time, we conduct company-wide human rights training based on the Nifco Group Charter of Corporate Behavior and the Nifco Group Human Rights Policy to reduce human rights risks that hinder the activities of diverse human resources.

We consider "employee engagement" an important factor in increasing the retention rate of human resources and maximizing productivity and added value. First, with the aforementioned Purpose-facilitated activities, we strengthen the connection between individual employees and the Company, and in order to create a work environment in which each employee can work energetically, we review our personnel system and working styles as needed. We introduced the "Nifco-style Job-Based Personnel System" to review grade, evaluation and compensation systems with the aim to strengthen market competitiveness in FY2024. In addition, with regard to working styles, we are promoting the creation of workplaces that can contribute to the sustainable development of our business while maintaining high levels of engagement by expanding working style options and enhancing our leave system, such as the expansion of flextime and leave systems that enable you to be released from time management and offer a larger degree of freedom as well as the introduction of a telework system that allows you to choose where to work.

In addition, the effectiveness of those various measures to improve employee engagement is checked periodically in the Global Employee Engagement Survey conducted every other year.

## **Purpose-driven activities (making purpose personal)**

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We began with initiatives designed to promote self-awareness and help individuals cultivate a sense of fulfillment and value creation. Each employee is encouraged to reflect on and articulate their personal purpose—their reason for being—and to align it with the company's purpose: "Sparkling Innovation by fastening small insights with technology for a better world."

Through this introspective process, employees discover deeper meaning in their work and envision the kind of person they aspire to become. The initiative has also strengthened relationships across the organization, fostering meaningful connections both horizontally across departments and vertically between levels.

In FY2025, we have entered a phase of full-scale company-wide implementation, with the initiative now expanding to all 1,500 employees. Centered around dialogue, this effort aims to realize an "autonomous organization"—one in which each employee acts in accordance with their own values. In doing so, we are broadening the circle of connection and co-creation across the company.

Ultimately, these cross-border experiences provide a foundation for cross-industry collaboration and self-directed growth, while accelerating the emergence of future-ready leaders.



Purpose workshop in Yokosuka area



Purpose workshop at the Sagami-hara Plant

## Selection and training of in-house facilitators

To foster a corporate culture in which every employee takes ownership of shaping the future, we will launch a comprehensive in-house facilitator development program starting in 2025.

As part of this initiative, thirty selected participants are currently undergoing training to acquire essential facilitation skills and team-building techniques. Upon completion, they will lead hands-on workshops for all 1,500 employees, guiding them in defining their personal purpose and promoting dialogue and self-awareness across the organization.

This program acts as a catalyst for cultivating a culture of collaboration and innovation. By triggering a chain reaction of self-directed learning and behavioral transformation, it reinforces our commitment to building an organization driven by shared purpose and continuous growth.



Selected facilitators from the eastern region



Selected facilitators from the western region



## Promotion of Diversity

### Respecting Diversity

#### Initiatives aimed at ensuring diversity of personnel

As a secondary issue of materiality, in order to secure human resources with diverse attributes and values and to create a comfortable working environment for employees of all attributes, the Company has a dedicated unit for the promotion of diversity to plan and implement various diversity promotion plans and implements various measures every year, in addition to conducting a variety of diversity and inclusion training programs, with the aim to “create a comfortable and psychologically safe work environment.” In fiscal 2024, in addition to Unconscious Bias Training held for all managers, we invited external experts to hold “Balancing Work and Nursing Care Seminar.” Assigning diverse human resources to the right positions and promoting opportunities for them to play an active role leads to the creation of new ideas and creative collaboration by human resources with diverse perspectives and experience.

As indicators for the diversity of the Company’s personnel, we monitor the ratios of female, non-Japanese, and mid-career employees. Figures as of the end of March 2025 are as follows.

Status of diversity As of 3/31/2025		Nifco non-consolidated		Global/th>	
		Number of persons/th>	Percentage	Number of persons	Percentage
Female	Director	—	—	2	25.0%
	Managers	14	5.8%	233	21.8%
	Full-time employees	222	16.4%	3,809	41.8%
Non-Japanese	Director	—	—	0	0.0%
	Managers	11	4.6%	—	—
	Full-time employees	56	4.1%	—	—
Mid-career hire	Directors (inside)	—	—	0	0.0%
	Managers	77	32.0%	—	—
	Full-time employees	519	38.3%	—	—

In light of the situation shown in the above table, we recognize that securing and promoting diversity in the Company is the most important point for the sustainable growth of the Company, and have set three indicators that the Company should monitor on an ongoing basis: “Percentage of female workers in managerial positions,” “Percentage of male workers taking childcare leave,” and “Wage differences between male and female workers.” Fiscal 2024 results, future targets, and future initiatives for those indicators are shown in the table below.

Indicators for diversity Nifco non-consolidated	FY2024 results	Initiatives and targets
Percentage of female workers in managerial positions	5.8% (14 persons) ※Including those in professional positions	We identify high-potential human resources in each organization, and formulate and follow up on development plans on a periodic basis. Further, in fiscal 2024, we conducted “Unconscious Bias Training” for managers to raise their awareness. We will continue these initiatives, aiming to achieve 10% in fiscal 2030.
Percentage of male workers taking childcare leave	54.8%	We held a roundtable discussion among employees who had taken childcare leave and managers in fiscal 2023, and will continue to improve the working environment at the workplace with the goal of achieving 90% in fiscal 2030.
Wage differences between male and female workers	58.5%	There is no difference due to gender in the compensation table by grade. We will continue to focus on activities that would reduce differences, such as improving the ratio of female managers and reducing overtime across the company.

# 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 7 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. In addition, starting in FY2024, we will open an office that will be engaged in tasks such as picking green coffee beans and roasting.

## — Employment status in FY2024

Statutory number of employees with disabilities	Breakdown of disability categories
34	17 physical disabilities, 10 mental disabilities, 7 intellectual disabilities

## — Employment status over the past three years

	FY2022	FY2023	FY2024
Number of new hires	3	1	3
Employment rate	2.68%	2.47%	2.51%

(As of March 31, 2025, Nifco non-consolidated)

# Creating a comfortable work environment for LGBTQ+ employees

We are implementing internal initiatives to build a workplace where employees who identify as LGBTQ+ and other sexual minorities feel comfortable and psychologically safe.

Since FY2022, we (Nifco non-consolidated) have implemented mandatory LGBTQ+ training for managers led by external instructors, as well as mandatory e-learning training on LGBTQ+ issues for all employees to enhance understanding of LGBTQ+ issues. As part of these efforts, we have recruited “ALLIES”—individuals who are close to and supportive of LGBTQ+ persons. Additionally, starting in FY2023, we have revised our internal regulations to include same-sex partners and de facto partners under the definition of “spouse.” We will continue to support our employees' diverse lifestyles and provide a secure working environment.

## Human Asset Development

### Initiatives for human resource development

Based on the recognition that a top priority issue is to get a diverse range of human resources to maximize their abilities and to “create human resources who “make Ideas a Reality,” in order to develop global human resources who meet the requirements and action guidelines, which are clearly set out with the keywords “challenge,” “innovation,” “communication,” and “collaboration,” we (Nifco non-consolidated) establishes an employee training system chart at the beginning of each fiscal year that is organized into four categories: by level, self-development, selection-based training, and company-wide, and conducts and operates each training in accordance with the training system chart throughout the year. Based on the idea that working experience overseas or outside the company will broaden the scope of and raise perspectives, we also offer opportunities for cross-border experience, such as the Overseas Trainee Program, Cross-border Program and Parallel Work Program. Under the Overseas Trainee Program, we send and receive trainees from Japan to overseas and from overseas to Japan every year. In addition, for the development of the next-generation management officers, we make use of external resources to train members at the levels of General Manager and Manager as well as prospective managers who are selected based on succession plans for managers, with the aim of broadening the scope of and raising their perspectives. As one of the indicators for human resource development, the company manages the amount of investment in human resource development. In addition, similar human resource development programs are formulated and operated at respective subsidiaries and sites according to their individual needs, and the status of those programs is shared at the Global HR Conference and other forums.

### Training System

To encourage employees to take initiative in their career development, we (Nifco non-consolidated) have established a system that makes it easy for them to engage in self-improvement, including a qualification acquisition incentive program and a subsidy program for external e-learning courses. In addition to internal training, we offer opportunities for cross-border experiences such as overseas trainee programs, internships at other companies, and dual-career programs. Furthermore, in terms of cultivating the next generation of leaders, we select candidates in alignment with the management succession plan regularly established for department heads and managers, and advance their development.

#### — Training system chart for FY2024

Job level	By level	Career	Self-development	Language study	Selection-based training	Required e-Learning
G10						
G09						
G08						
G07						
G06						
G05						
G04						
G03						
G02						
G01						
Management	Unconscious Bias Training Managerial training for senior executives Management Training for New Managers (D&I) Management Training for New Managers (Provisional Training) Training for new G05 Logical thinking & Communication Training	Frequent Career design training (90%), Life plan seminar (Optional) Career design training (40%) Cross-border Program, Parallel work Program Pro bono	Beginner-level training in accounting Intermediate Accounting Training Coaching Advanced Management Training Feedback Training Advanced Management Training	Japanese Language Training Online English Conversation English e-Learning e-Learning (Business Skills)	Training for Members of the Management Consultation Desk (held every other year) Pre-assignment Training (Cross Management Seminar and Cross-cultural Understanding) Overseas Trainee OJT Trainer Training	LGBTIQ training e-Learning (new graduates and mid-career) Harassment Prevention Course (new graduates and mid-career) Diversity & Inclusion e-Learning (new graduates and mid-career) Global Management Development Training

## Self-assessment system

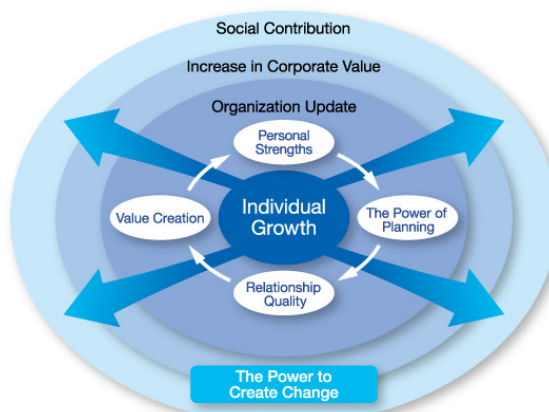
This is a system where employees submit requests to the company (Nifco non-consolidated) through their supervisors regarding requests or feedback on their job and the workplace, their occupational aptitude, their own career plan, and so forth. The system has been implemented yearly as a means of collecting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

## Creating people who challenge the future with the power to bring about change

In developing individuals who embrace future challenges, flexibility in adapting to changing times is essential. We have consistently advanced initiatives that encourage autonomy and self-motivation by fostering a sense of ownership and future-oriented thinking among all employees. When individuals take ownership of their work and maintain an open mindset toward learning, they drive their own transformation. This "individual growth" becomes the engine of the organization's continuous renewal.

In FY2025, company-wide initiatives focused on individuals—such as articulating personal goals—will be introduced. Support for personal development tailored to each employee's ideal self will become more widespread. As a result, more employees will embrace change positively and take on new challenges, steadily embedding a corporate culture that encourages facing the future with confidence. Employees' creative self-motivation to identify issues independently and act at their own discretion is now beginning to strengthen the company's overall competitiveness.

■ Individual growth leads to the power to create change



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

## Cross-border program to enhance “My Strengths”

To cultivate the next generation of talent capable of shaping the future, we actively leverage six cross-border development programs, each tailored to varying levels of challenge and implemented in collaboration with external organizations.

Over the past six years, 63 employees from a wide range of departments and job roles have participated in these programs. By immersing themselves in the workplaces of startups and industries outside their own, participants sharpen their capacity to drive change in unfamiliar environments.

These programs place a strong emphasis on developing “insightful abilities”—including keen observation, analytical thinking, and effective communication. Through experiences that challenge conventional norms, expose participants to diverse values, and demand independent thinking and proactive execution,

individuals are empowered to recognize and refine their unique strengths.

Ultimately, these cross-border experiences provide a foundation for cross-industry collaboration and self-directed growth, while accelerating the emergence of future-ready leaders.



Colleagues from various departments who participated in the cross-border program



President Shibao in discussion with members of the cross-border study program

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

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We have introduced a one-year new business development research program—the Graduate Program at the Graduate School of Project Design—with the goal of cultivating talent capable of envisioning, planning, and executing future-oriented concepts.

Over the past three years, eight participants have completed this program, collaborating with peers from diverse industries to gain practical insights in areas such as ideation, marketing, and finance. Throughout the process, they have refined and shaped their own “ideal visions” into concrete, actionable business concepts.

Beginning in 2024, we also launched a two-year Master’s Program at the same graduate school to offer a more advanced level of study. Currently, four employees are enrolled and are deepening their expertise through interdisciplinary learning.

This initiative is designed to foster the ability to transform ideas into socially relevant business implementations, thereby nurturing the next generation of value-creating leaders.



Lecturers for New Business Development Project Research



First-year master's program midterm presentation



## Taking on the challenge of creating shared value with cross-border human resources who take on the future

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The June 2024 issue of the monthly magazine *Business Strategy* (Kanagawa Prefecture Special Edition) features an interview with President Shibao. In the article, he emphasizes that in order to open new markets by turning ideas into reality, it is essential to cultivate “cross-border talent”—individuals who hold the key to driving transformation.

President Shibao also shares his belief that true innovation begins at the intersection where personal purpose aligns with the company’s mission. This alignment, he states, is the starting point for all meaningful progress.

By FY2025, the development of cross-border talent has steadily taken root as part of the company’s organizational culture. Employees with cross-border experience are becoming catalysts within the organization—sparking inspiration, encouraging others to take on challenges, and creating a ripple effect of growth. As a result, a vibrant network of individuals with a cross-border mindset is beginning to emerge and expand throughout the company.



With editors at the entrance of the Tokyo branch office



Interview with President Shibao

## Developing “planning skills” in the unpredictable VUCA era

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In the coming era, what will be required is the ability to independently identify issues, collaborate with others, and transform ideas into actionable plans. To cultivate this capability, we are placing a strong focus on developing planning skills—rooted in the ability to recognize latent needs through keen observation and to envision future possibilities.

A key element of this approach is the “quality of relationships” built through collaborative learning with peers. By integrating perspectives such as creativity, leadership, coaching, and career design, we aim to deepen learning in a multifaceted and holistic way.

This initiative takes the form of monthly workshops conducted throughout the year. Over the past five years, 53 participants have taken part in the program, and the circle continues to grow. Participants who share the vision of “thinking about and creating the future of our company together” are inspiring one another—fostering a powerful chain of connection, learning, and collective growth across the organization.



Participants in the 2025 Planning Workshop



Experience coaching techniques

## “Value Creation” Training for New Employees

As part of our commitment to developing people within our creative company, we offer value creation training for new employees, designed to foster self-motivation driven by their personal desire for growth.

Launched in 2021, this initiative has welcomed a total of 65 participants over the past five years. The approximately 10-day intensive program focuses on cultivating value creation thinking and skills rooted in creativity, along with leadership, team building, and communication competencies. Through regular presentation opportunities, participants strengthen their ability to convey ideas effectively and develop the perseverance required to see tasks through to completion.

In 2025, the program introduced a new emphasis on helping participants deepen their understanding of their own values—beginning with what they genuinely enjoy—and connecting these insights to the process of creating value for society. This personalized approach is designed to make the learning experience more engaging and meaningful for each individual, supporting long-term growth and fulfillment.



New employees for FY 2025, after the final announcement



Attempting a presentation at the final presentation

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

We are working to strengthen employee engagement by enhancing cross-departmental connections and improving online communication skills, while promoting a culture of shared learning and mutual respect. By encouraging employees to exchange insights and actively share their awareness and ideas, we are fostering a more open and collaborative environment.

This initiative, launched in 2020, has since evolved into a company-wide program, now reaching all 1,500 employees. Serving as a “co-creation space” that connects both internal and external stakeholders, the initiative enables individuals to form meaningful relationships based on shared interests and personal values. These connections are deepening the quality of relationships across the organization, as employees collaborate toward shared goals.

This emerging culture of dialogue is not only enhancing engagement—it is also reinforcing the autonomy and creativity of our workforce. As a result, it is laying the foundation for a stronger, more resilient organization built on trust, collaboration, and shared purpose.



Various Teams in Our Internal Social Networking Community (Part 1)



## Winner of the HR SDGs Award 2025 Grand Prize

Nifco Inc. was honored with the Grand Prize at the “HR’s SDGs Award 2025,” an initiative held at Tokyo Big Sight that recognizes efforts accelerating the sustainable growth of both organizations and individuals.

This award-winning initiative began with cross-border experiences at the individual level and was later expanded and systematized company-wide through close collaboration between the HR and General Affairs departments. It was highly praised for creating a “space where employees can speak openly,” a cultural shift that sparked widespread behavioral change and contributed to the sustainable development of both individuals and the organization.

Looking ahead, we aim to evolve these cross-border experiences from individual growth support into drivers of organizational innovation and problem-solving. Our vision is to embed a cross-border culture not only throughout the company but also across society—contributing to the realization of an environment where everyone can transform in their own way and thrive together.



Grand Prize Award Ceremony



Development Division Reaches Final Pitch Stage

## Enhancing Employee Engagement

### Initiatives aimed at improving employee engagement

We consider employee engagement an important factor in increasing the retention rate of human resources and maximizing the Company's productivity and added value. The Group has been conducting the Global Employee Engagement Survey every other year since 2020. Each organization formulates, implements, and manages measures to improve employee engagement based on the quantitative and objective assessment of its own strengths and weaknesses.

Indicators for employee engagement	“Sustainable engagement”* score (percentage of positive responses)		
	FY2022 result	FY2024 result	Initiatives and targets
Nifco non-consolidated	65%	68%	Each organization formulates and implements measures aimed at improving engagement. We will continue to work toward the target of 70% for fiscal 2026.
Global	81%	84%	Each subsidiary in and outside Japan formulates and implements measures aimed at improving engagement. We will continue to work toward the target of 86% for fiscal 2026.

### Introduction of the “Nifco-style Job-Based Personnel System”

With the aim of creating a workplace in which a diverse range of human resources can maximize their abilities, Nifco reviews its personnel system and working styles as needed. We introduced the “Nifco-style Job-Based Personnel System” (for the Company) in fiscal 2024, thereby clarifying the role of each managerial position and revising the system so as to promote a person who is able to fulfill the role appropriately, regardless of age or experience, and treat according to the role. At the same time, we reviewed the compensation system and levels to strengthen market competitiveness, control the

outflow of talented personnel, and promote hiring from the outside. Also globally, Nifco periodically revises compensation in each country and region to maintain sufficient market competitiveness.

## Initiatives aimed at reducing total working hours

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With regard to working styles, we continue to engage in efforts aimed at reducing total working hours, and promote the expansion of working style options and enhancement of our leave system globally, such as the introduction of a flextime system that enables you to be released from time management and offers a larger degree of freedom and the introduction of a telework system that allows you to choose where to work to employees except for line workers, in order to promote the creation of workplaces that can contribute to the sustainable development of our business while maintaining high levels of engagement. Respective subsidiaries and sites have also been working to improve the internal environment according to their respective needs, and information is shared for mutual understanding at the Global HR Committee and other forums.

Indicators for improving the internal environment	FY2024 results
Initiatives aimed at reducing total working hours	Annual prescribed working hours: 1,898.75 hours (target: 1,900 hours or less) Overtime: 24.78 hours/month on average (target: 30 hours or less, excluding support employees)

\*There is no globally common indicator set because no effective indicators have been identified.

## Introduction of a telework system

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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

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We have been promoting flexible working arrangements to improve the work-life balance of our employees, including reviewing the scope of the accumulated paid leave system and the refresh leave system. We are currently working to promote the utilization of these systems and improve their operation.

The paid leave utilization rate was 75%, compared to the target of 80% or higher. The requirement to take five days of paid leave per year, which came into effect in April 2019, has been achieved 100%.

## — Paid leave utilization rate (target: 80% or higher)

	FY2022	FY2023	FY2024
Actual percentage	80.1%	76.0%	75.0%

(As of March 31, 2025, Nifco non-consolidated)

\*Definition of taking paid leave:

Number of days of paid leave taken for the relevant scal year ÷ Number of days of paid leave granted for the relevant year

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

## Various systems and welfare benefits

At Nifco(non-consolidated), we are committed to creating a supportive and inclusive work environment where every employee can thrive. To promote the well-being and success of all employees, including non-regular staff, we offer a comprehensive range of programs and benefits.

We provide maternity leave (from eight weeks before the expected delivery date until eight weeks after delivery), childcare leave (available until the child reaches two years of age), nursing care leave (up to five days per year per child until the child completes the third grade of elementary school), and caregiving leave (up to one year per individual requiring care).

To support work-life balance, we also offer a reduced working hours system, which will be expanded in FY2025 to include employees with children from the end of third grade through the end of sixth grade of elementary school. In addition, employees with children up to the sixth grade may utilize a flexible start and end time system to better accommodate their family needs.

Beyond leave and flexibility programs, we provide a wide range of benefits and opportunities, including regular employee conversion, post-retirement re-employment, various insurance and social insurance plans, defined benefit and defined contribution pension plans, savings accumulation programs, an employee stock ownership plan, membership-based welfare services, and scholarship repayment support.

Through these systems, Nifco strives to foster a workplace where employees feel secure, supported, and empowered to achieve their full potential.



## 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.

There have been no labor disputes such as strikes in FY2024. We (Nifco non-consolidated) are also working to eliminate intentional or discriminatory dismissal practices and to protect the social welfare of our employees, including the protection of personal data and privacy.

### Introduction of Job-Based Personnel System

In April 2024, Nifco (non-consolidated) 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 order to ensure that the business activities of our group comply with relevant laws and regulations, our articles of incorporation, internal rules and regulations, and other rules generally required by society, we established compliance regulations in 2006. In addition, we review our compliance manual, which is organized by theme, in line with revisions to laws and regulations, changes in legal interpretations, and changes in social norms, and we conduct training to raise employee awareness. We have revised our manuals and, starting in fiscal year 2023, are implementing mandatory compliance training for all employees, including non-regular employees.

## Establishment of an internal reporting system

We have established an internal reporting system to prevent and quickly detect incidents caused by legal violations or misconduct, and to improve the flexibility of our self-cleaning process. In September 2024, we further expanded the existing system to include a reporting window for business partners, enabling all employees (regardless of employment status) in Japan and overseas, as well as external stakeholders such as business partners, to submit reports.

## 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

At the safety and health committee meetings held at least once a month at the designated site, we strive to ensure a safe workplace environment by communicating the results of discussions on the following items to employees.

- 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

	FY2022	FY2023	FY2024
Those resulting in closure (no.)	0	0	0
Those not resulting in closure (no.)	6	4	2

(As of March 31, 2025, Nifco non-consolidated)

## Mental health

Once a year, we conduct stress checks for all employees, including non-regular staff, to assess their mental health status and provide feedback on the analysis results to their respective departments. Additionally, in anticipation of employees experiencing difficulties, we have established support systems including the appointment of industrial physicians specializing in psychiatry, interviews once a month, the establishment of an outside counseling service, and support for employees who are on leave.

	FY2022	FY2023	FY2024
<b>Number of employees on leave</b>	6	8	8

(As of March 31, 2025, Nifco non-consolidated)

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

# Quality

## Quality Policy

### Quality Policy

Nifco\* provides the best products and services to its customers by maintaining and operating Nifco technical standards and quality management systems.

\* 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 June 5, 2025)

		IATF16949	ISO9001
Japan	Head Office	○	○
	NTEC	○	○
	Nagoya Plant	○	○
	Sagamihara Plant	○	○
	Utsunomiya Sales Office	○	○
	Ota Sales Office	○	○
	Asaka Sales Office	-	○
	Hamamatsu Sales Office	-	○
	Osaka Sales Office	-	○
	Hiroshima Sales Office	-	○
	Nifco Yamagata Inc.	-	○
	Nifco Kumamoto Inc.	-	○
	Nifco Kitakanto Inc.	-	○
North America	Nifco America Corp.	○	○
	Nifco Central Mexico S.de R.L.de C.V.	○	-
Europe	Nifco U.K. Ltd.	○	-
	Nifco Poland Sp. z o. o.	○	-
China	Dongguan Nifco Co., Ltd.	○	○
	Shanghai Nifco Plastic Manufacturer Co., Ltd.	-	-
	Nifco (Tianjin) Co., Ltd.	○	-
	Nifco (Hubei) Co.,Ltd.	○	-
	Nifco (Jiangsu) Co.,Ltd.	○	○
	Nifco (HK) Ltd.	-	-
	Nifco Taiwan Corp.	-	○

		IATF16949	ISO9001
	Tifco (Dongguan) Co., Ltd.	-	○
ASEAN	Nifco (Thailand) Co., Ltd.	○	○
	Nifco Manufacturing (Malaysia) Sdn. Bhd.	○	○
	Union Nifco Co., Ltd.	○	○
	Nifco India Private Ltd.	○	-
	PT. Nifco Indonesia	○	-
Korea Gr	Nifco Korea Inc.	○	○
	Beijing Nifco Co., Ltd.	○	-
	Nifco Vietnam Ltd.	-	○
	Nifco Korea USA Inc.	○	-
	Nifco South India Manufacturing Private Ltd.	○	-
	Nifco Yancheng Co., Ltd.	○	-
	Nifco Korea Poland Sp. z o. o.	○	-



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

Nifco has been implementing the G-NNP (Global New Nifco Production) initiative 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>

Note: Since the FY2024 G-NNP convention is being hosted online, the images provided are from past editions.

## 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 aimed at creating a better, more sustainable society. In addition to our business activities, we focus on initiatives related to our sustainability priority areas. We support our employees' voluntary social contribution activities and create opportunities for them to participate, thereby promoting their personal growth. Through these efforts, Nifco aims to contribute to the sustainable growth of both society and the company.

### Main Results for FY2024





Number of Social Contribution Programs: 25 or more (based on ESG Annual Survey reporting)




### Diverse initiatives to fulfill corporate social responsibility



Nifco places great importance on strong ties with local communities and engages in various social contribution activities throughout the year. The following are the main activities carried out in 2024.

Company Name / Location	Social Contribution Activities
NIFCO, Inc. Japan	<p><b>Development of diverse social contribution activities at locations nationwide</b></p> <p>Development of diverse social contribution activities at locations nationwide At our company, we are engaged in eco-friendly initiatives across all locations, including the collection and recycling of eco caps and paper cores, contributing to environmental protection and the efficient use of resources. At our headquarters, we conduct blood donation activities, while our Sagami-hara and Nagoya locations participate in community cleanup activities to help beautify the local environment. At the Nagoya facility, we also support the development of young people by hosting internships. Additionally, we participate in the “Nichiban Core ECO Project,” which involves the collection and reuse of adhesive tape cores. The proceeds and donations generated from this initiative are utilized for biodiversity conservation activities such as tree planting and mangrove preservation. Furthermore, we promote a wide range of social contributions through donations to multiple organizations.</p> <div>   </div>

Company Name / Location	Social Contribution Activities
PT NIFCO INDONESIA Indonesia	<b>Promotion of blood donation activities</b>  In collaboration with the Indonesian Red Cross and KII (Karawang International Industrial Estate), we conducted blood donation campaigns in January, April, and October. Many employees participated, contributing to the enhancement of the regional blood bank.
	<b>Fasting Break Event and Orphanage Support</b>  We invited children from an orphanage in the Karawan region to attend an event celebrating the end of fasting. This event was planned in collaboration with KIIC's Human Resources and General Affairs Forum, and included the provision of meals and donation activities.
	<b>Support for local communities</b>  In conjunction with Islamic celebrations, we delivered gifts to the village of Silnaba. We also participated in Eid al-Adha (Feast of Sacrifice) activities held in the village, deepening our ties with the local community.
NIFCO TAIWAN CORPORATION Taiwan	<b>Support for children in Kenya: Shoe donation campaign in collaboration with Step30</b>  Following on from 2023, Nifco once again partnered with the non-profit organization Step30 in 2024 to carry out a shoe donation campaign to support children in Kenya. This time, the initiative was organized as an in-house participatory event, inviting employees and their families to donate shoes. A total of 182 participants contributed, resulting in the donation of 252 pairs of shoes. Beyond simply providing materials, the event also served as an opportunity for employees to deepen their understanding of the background and significance of the support efforts through a presentation by Step30 on the living conditions of children in Kenya. <div data-bbox="633 1366 874 1485" data-label="Image"> </div>
NIFCO KOREA POLAND SP. Z O. O. Poland	<b>Cooperation with local communities and support for the next generation</b>  Nifco collaborates annually with the city of Żory, Poland, to support the city's largest events, the “Żory Youth Spring (open-air concert)” and the “Żory Street Run (citizen marathon).” Employees and their families actively participate in these events, strengthening ties with the local community. Additionally, in 2024, we supported the student team from Żory that won the “Destination Imagination World Championship” as the main sponsor. Supporting the creativity and challenges of the younger generation, who will shape the future, is one of our important social responsibilities. <div data-bbox="633 1953 874 2152" data-label="Image"> </div>

Company Name / Location	Social Contribution Activities
<b>TIFCO (Dongguan) Co., Ltd.</b> <b>China</b>	<p><b>Participation in tree planting activities</b></p> <p>March 12 is China's Tree Planting Day.</p> <p>On March 12, the Chinese government hosted a tree planting event, which was attended by approximately 200 people from government agencies, schools, and companies. Ten TDC employees participated and planted three trees</p> 
	<p><b>International exchange with universities</b></p> <p>On March 13, 2024, UNC welcomed professors and students from Rajamangala Institute of Technology Thanyaburi in Thailand for a company visit.</p> 
<b>UNION-NIFCO Co.,Ltd.</b> <b>Thailand</b>	<p><b>Family Day 2024</b></p> <p>On April 12, 2024, we held “Family Day 2024,” inviting employees' families to the workplace. Children enjoyed snacks, participated in games, received scholarships, and had a wonderful day at work.</p> 
	<p><b>Donation to special needs schools</b></p> <p>On November 2, 2024, UNC and its employees donated essential items and provided lunch to children at Chatchuangxia Panyanuk School.</p> 

Company Name / Location	Social Contribution Activities
<b>NIFCO (THAILAND) Co.,Ltd.</b> Thailand	<p><b>Enhancement of educational support</b></p> <p>As part of our educational support, we have established a scholarship program for students facing financial difficulties. In addition, we are collaborating with local schools to implement a school lunch program aimed at improving children's health and motivation to learn.</p> 
	<p><b>Contributing to animal welfare</b></p> <p>We are also committed to animal welfare and donate to foundations that support animals with disabilities. We contribute to improving the quality of life for animals that require special care.</p> 
<b>NIFCO MANUFACTURING (MALAYSIA) SDN. BHD.</b> Malaysia	<p><b>Community-based, sustainable initiatives</b></p> <p>Nifco promotes social contribution activities that emphasize collaboration with local communities in order to fulfill its responsibilities as a corporate citizen. In 2024, we deepened our ties with local communities through the following initiatives, with the active participation of our employees and their families.</p> <p><b>JUALAN RAHMAH (Low-Price Sale)</b> Contributing to community life by providing daily necessities at affordable prices. Employee volunteers also participated in the operation.</p> <p><b>BAKUL RAHMAH (Food Basket Support)</b> With the cooperation of employees and their families, we delivered support baskets filled with food and daily necessities to families in need.</p> <p><b>JOM MAKAN DURIAN (Community Exchange Event)</b> An event was held where local residents and employees gathered around durians to interact with each other. An in-house recreational activity was also held to promote friendship.</p> <p>These activities embody our CSR stance toward the realization of a sustainable society, and we will continue to engage in them on an ongoing basis.</p> 

Company Name / Location	Social Contribution Activities
SIMMONS Hong Kong	<p><b>Reducing waste and contributing to society through donations of hotel supplies</b></p> <p>Our company arranged for the donation and delivery of mattresses provided by the Peninsula Hotel with the aim of reducing waste and supporting the local community. By reusing mattresses that were scheduled for disposal, we were able to achieve both effective use of resources and social support. Employees also actively participated in this initiative by providing logistics support and coordination, thereby fulfilling our corporate environmental and social responsibilities.</p> 
	<p><b>International support through donations to the WorldWide Foundation</b></p> <p>We also support global issues through donations to the WorldWide Foundation. By supporting activities in a wide range of fields, including education, healthcare, and environmental protection, we fulfill our corporate social responsibility from a global perspective.</p> 



## Section 4: Sustainability Initiatives - Society

# Social Data

As of March 31, 2025

### Number of Nifco Group Employees

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Number of Nifco Group employees Nifco non-consolidated</b>	1,244 (409)	1,290 (494)	1,355 (503)	1,388 (468)	1,375 (411)	1,361 (383)	1,363 (354)	<b>1,383 (347)</b>
<b>Overseas operations and Group companies</b>	10,343	10,514	10,131	9,357	8,818	8,808	8,863	<b>7,658</b>
<b>Total</b>	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)	<b>9,041 (3,165)</b>

\* Employees are regular employees (excluding employees seconded from our group to outside the group, including employees seconded from outside the group to our group, and including regular part-time employees) and temporary employees (including part-time employees, temporary employees from staffing agencies, and casual workers, excluding regular part-time employees) are indicated in parentheses as the average number of employees during the year. In addition to the above, there are 15 employees seconded to affiliated companies.

Non-consolidated data in Japan is as follows.

### Employees

		2017	2018	2019	2020	2021	2022	2023	2024
<b>Number of employees</b>	<b>Total</b>	1,244 (409)	1,290 (494)	1,355 (503)	1,388 (468)	1,375 (411)	1,361 (388)	1,363 (354)	<b>1,383 (347)</b>
	<b>Female</b>	190	192	208	209	222	225	207	<b>247</b>
	<b>Male</b>	1,054	1,098	1,147	1,179	1,153	1,136	1,156	<b>1,136</b>
<b>Average age</b>	<b>Total</b>	40.7	39.6	40	40.2	41.1	41.8	42.3	<b>41.7</b>
<b>Average years of service (years)</b>	<b>Total</b>	13	14.2	14.7	15	15.7	16.3	16.6	<b>16.7</b>

		2017	2018	2019	2020	2021	2022	2023	2024
Employee classification	Regular employees	1,170	1,207	1,264	1,292	1,266	1,246	1,241	1,268
	Non-regular employees	30	36	42	43	93	101	121	113
	Loaned employees	44	47	49	53	16	14	1	2
	Temporary employees	409	494	503	468	411	383	354	347
	Percentage of non-regular employees	2.4%	2.7%	3.0%	3.0%	6.7%	7.4%	8.9%	8.2%

\* Employees are regular employees (excluding employees seconded from the Company to outside companies, including employees seconded from outside companies to the Company, and including regular part-time employees), and the number of temporary employees (including part-time employees, temporary employees from staffing agencies, and casual workers, excluding regular part-time employees) is indicated in parentheses as the average number of employees during the year. In addition to the above, there are 15 employees seconded to affiliated companies.

## Employment and Job turnover

		2017	2018	2019	2020	2021	2022	2023	2024
New graduate recruitment	Total	56	52	50	29	37	11	15	11
	Female	10	11	9	2	9	0	6	0
	Male	46	41	41	27	28	11	9	11
Mid-career recruitment	Total	83	71	59	13	10	41	41	74
	Female	4	11	12	2	3	6	9	15
	Male	79	60	47	11	7	35	32	59
	Percentage of mid-career hires	59.7%	57.7%	54.1%	31.0%	21.3%	78.8%	62.1%	87.1%
Number of employees leaving	Total	30	41	43	29	69	62	57	51
	Employee job turnover rate	2.3%	3.0%	3.0%	2.0%	4.8%	4.5%	4.2%	4.8%

\* The turnover rate is the ratio of the number of employees who left the company during the fiscal year to the average number of employees during the fiscal year.

## Manager Promotion Status

		2017	2018	2019	2020	2021	2022	2023	2024
All managers (section chief and higher)	Total	410	415	426	429	415	415	388	381
	Female	20	22	22	21	22	26	25	28
	Male	390	393	404	408	393	389	363	252
	of which, non-Japanese employees	4	4	6	10	10	15	12	18
Manager or higher	Total	256	256	267	262	263	257	251	241
	Female	6	6	7	9	10	11	14	14
	Male	250	250	260	253	253	246	237	227
	of which, non-Japanese employees	2	2	2	5	7	10	7	11
部長以上	Total	91	101	100	96	88	80	79	59
	Female	0	0	0	1	0	0	0	0
	Male	91	101	100	95	88	80	78	59
	of which, non-Japanese employees	0	0	0	0	0	1	1	1
Percentage of female managers	Section chief or higher	4.9%	5.3%	5.2%	4.9%	5.3%	6.3%	6.4%	7.3%
	Manager or higher	2.3%	2.3%	2.6%	3.4%	3.8%	4.3%	5.6%	5.8%
	General manager or higher	0%	0%	0%	1%	0%	0%	0%	0%

## Rate of Non-Japanese Employees

	Number of Employees	Ratio
Non-Japanese directors	0	0.0%
Non-Japanese managers	11	4.6%
Non-Japanese employee	56	4.1%

## Board of Directors

		2017	2018	2019	2020	2021	2022	2023	2024
Directors	Total	6	7	6	7	9	9	9	8
	Female	0	0	1	1	1	1	2	2
	Male	6	7	5	6	8	8	7	6
	of which, non-Japanese employees	0	0	0	1	1	1	1	0
	of which, external directors	2	2	2	3	5	5	5	5
Executive officers	Total	15	14	12	13	15	16	16	14

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

## Wage differences between male and female workers

	Difference
All workers	58.5%
Regular employee	61.4%
Part-time and temporary workers	53.3%

\* (Note)

1. The percentage of female employees in management positions (%) is 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). However, the definition of management positions includes professional positions at the management level according to our company's standards. Additionally, due to the introduction of a new personnel system in April 2024, the figures have been revised to exclude the quasi-management layer whose preparation for promotion to management positions has been completed.

2. The percentage of male workers taking childcare leave is calculated in accordance with the provisions of the “Law on the Welfare of Workers Who Take Childcare Leave, Caregiving Leave, or Other Leave for Childcare or Family Caregiving” (Law No. 76 of 1991), based on the ratio of workers taking childcare leave, caregiving leave, or other leave for childcare or family caregiving as specified in Article 71-6, Item 1 of the “Implementing Regulations of the Law on the Welfare of Workers Who Take Childcare Leave, Caregiving Leave, or Other Leave for Childcare or Family Caregiving” (Labor Ministry Ordinance No. 25 of 1991).

3. The gender pay gap among employees is calculated in accordance with the provisions of the “Act on the Promotion of Women's Active Participation in Occupational Life” (Act No. 64 of 2015). (MHLW Standards) Due to differences in the ratio of managerial positions, there is a gender pay gap per employee; however, there is no gender-based disparity in treatment under the system (personnel system, compensation, evaluation, and talent development).

4. The criteria for annual income disparities are based on MHLW standards, and support staff on indefinite full-time contracts are included in regular employment.

## Total Annual Actual Working Hours Per Employee

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Regular, general employees (hours)</b>	2,118.30	2,124.50	2,133.60	2,119.20	2,134.50	1,994.9	1960.9	<b>1898.8</b>

## Percentage of Employees Covered by Collective Bargaining Agreements

2017	2018	2019	2020	2021	2022	2023	2024
71.1%	70.9%	71.3%	71.6%	75.8%	75.6%	79.5%	<b>85.1%</b>

\* Note regarding fiscal 2024: The number of eligible employees will increase due to personnel system revisions in April 2024.

## Employment of Employees with Disabilities

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Number of employees</b>	38	39	38	38.5	36	37	35	<b>37</b>
<b>Employment rate</b>	2.38%	2.31%	2.20%	2.20%	2.40%	2.68%	2.47%	<b>2.51%</b>

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

## Health-related Indicators

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Stress check inspection rate</b>	88.00%	89.00%	83.00%	86.00%	85.10%	84.0%	89.9%	<b>89.0%</b>

## Employees Taking Childcare Leave / Caregiver Leave

		2017	2018	2019	2020	202	2022	2023	2024
Number of employees taking maternity leave		8	7	6	8	7	6	20	28
Number of employees taking childcare leave	Total	9	9	11	14	11	24	38	32
	of which, male	1	2	1	6	4	18	18	23
	Rate of male employees taking childcare leave	4.0%	10.0%	5.9%	14.6%	9.7%	43.9%	47.40%	54.8%
Number of employees working shorter hours due to pregnancy and childcare		14	7	14	20	16	22	16	16
Number of employees taking caregiver leave		0	0	0	0	0	0	0	1
Number of employees working shorter hours due to caregiving		0	0	0	0	0	0	0	0

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

## Employees Returning to Work after Childcare / Caregiver Leave

		2017	2018	2019	2020	2021	2022	2023	2024
Number of employees who returned to work after taking childcare leave	Total	9	9	11	13	11	24	38	28
	of which, male	1	2	1	5	4	18	18	23
	Return to work rate	100%	100%	100%	92.90%	100%	100%	100%	100%
	Fixation rate	100%	100%	100%	100%	100%	100%	100%	100%
Number of employees who returned to work after taking caregiver leave	Total	0	0	0	0	0	0	0	0
	Return to work rate	0%	0%	0%	0%	0%	0%	0%	0%



## Section 5: Corporate Information

# Corporate Profile

<b>Company name</b>	Nifco Inc.
<b>President &amp; CEO</b>	Masaharu Shibao
<b>Establishment</b>	February 13, 1967
<b>Head Office</b>	5-3 Hikarinooka, Yokosuka-shi, Kanagawa Prefecture, 239-8560 Japan
<b>Capital</b>	¥7,290 million
<b>Listed exchanges</b>	Tokyo Stock Exchange Prime Section (Code:7988)
<b>Net Sales</b>	Net Sales (from April 1, 2024 to March 31, 2025) ¥353 billion (consolidated basis)
<b>Employees</b>	Employees (as of March 31, 2025) 9,041 (consolidated basis)
<b>Major Products</b>	Industrial plastic parts and components
<b>Major Global Subsidiaries</b>	<ul style="list-style-type: none"> <li>● Nifco America Corporation 【U. S. A.】</li> <li>● Nifco Korea USA Inc. 【U.S.A.】</li> <li>● Nifco Central Mexico, S.de R.L.de C.V. 【Mexico】</li> <li>● Nifco U.K. Ltd. 【U.K.】</li> <li>● Nifco Poland Sp.z o.o 【Poland】</li> <li>● Nifco Korea Poland Sp. z o.o 【Poland】</li> <li>● Nifco Europe GmbH 【Germany】</li> <li>● Nifco Korea Inc. 【Korea】</li> <li>● Nifco Taiwan Corporation 【Taiwan】</li> <li>● Shanghai Nifco Plastic Manufacturer Co., Ltd. 【China】</li> <li>● Dongguan Nifco Co., Ltd. 【China】</li> <li>● Tifco (Dongguan) Co., Ltd. 【China】</li> <li>● Beijing Nifco Co., Ltd. 【China】</li> <li>● Nifco (Tianjin) Co., Ltd. 【China】</li> <li>● Nifco Yancheng Co.,Ltd. 【China】</li> <li>● Nifco (Jiangsu) Co.,Ltd. 【China】</li> <li>● Nifco (Hubei) Co.,Ltd 【China】</li> <li>● Nifco (HK) Ltd. 【Hong Kong, China】</li> <li>● Nifco(Thailand) Co.,Ltd. 【Thailand】</li> <li>● Union Nifco Co.,Ltd. 【Thailand】</li> <li>● Nifco Manufacturing (Malaysia) Sdn. Bhd. 【Malaysia】</li> <li>● Nifco Vietnam Ltd. 【Vietnam】</li> <li>● Nifco India Private Ltd. 【India】</li> </ul>

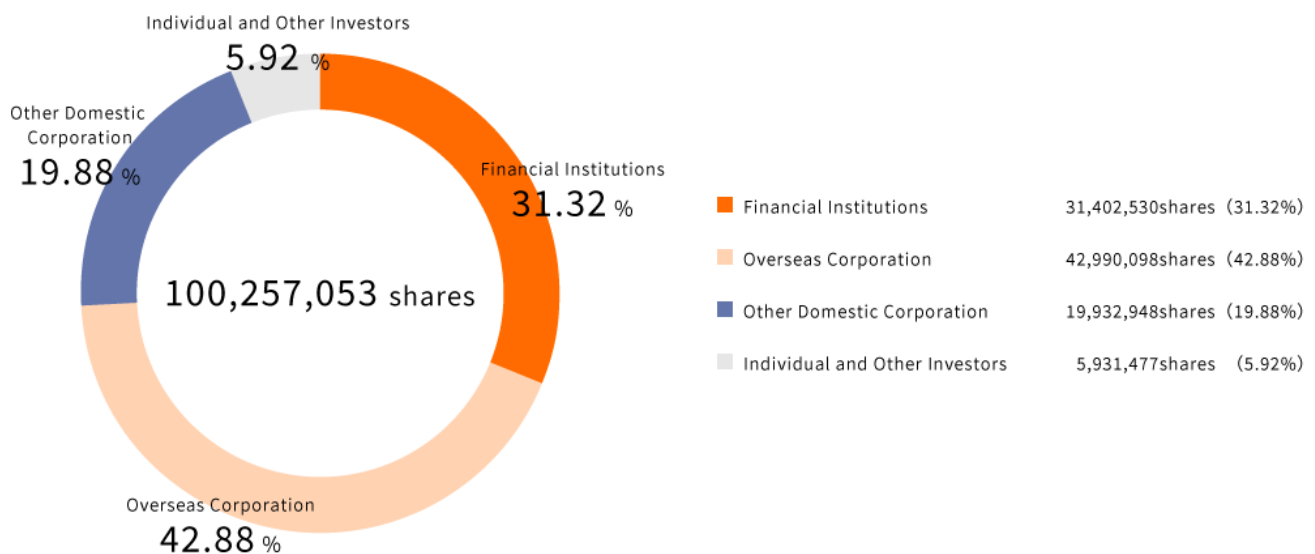
	<ul style="list-style-type: none"> <li>● Nifco South India Manufacturing Private Ltd. 【India】</li> <li>● PT. Nifco Indonesia 【Indonesia】</li> </ul>
<b>Major Domestic Subsidiaries</b>	<ul style="list-style-type: none"> <li>● Nifco Yamagata Inc.</li> <li>● Nifco Kumamoto Inc.</li> <li>● Nifco Kitakanto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

## Stock Information

### Stock Status (as of March 31, 2025)

Total number of shares authorized	233,000,000 shares
Total number of shares issued	100,257,053 shares
Total number of shareholders	4,134

### 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)	16,472,200 shares	16.42%
OGASAWARA TOSHIKI MEMORIAL FOUNDATION	10,343,665 shares	10.31%
CUSTODY BANK OF JAPAN, LTD.(TRUST ACCOUNT)	8,291,100 shares	8.26%

Names of shareholders	Number of Shares Held	Ratio of shares owned to the total number of shares issued (%)
GOLDMAN, SACHS & CO.REG	5,981,103 shares	5.96%
NIPPON LIFE INSURANCE COMPANY	2,915,390 shares	2.90%
THE DAI-ICHI LIFE INSURANCE COMPANY, LIMITED	2,065,400 shares	2.06%
GOVERNMENT OF NORWAY	1,920,279 shares	1.91%
CUSTODY BANK OF JAPAN, LTD.(TRUST ACCOUNT 4)	1,788,100 shares	1.78%
THE BANK OF NEW YORK MELLON 140042	1,713,196 shares	1.70%
JP MORGAN CHASE BANK 385632	1,421,362 shares	1.41%

The company holds 4,704,718 shares of treasury stock. In addition to this, 304,393 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

### 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

2024 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

2024 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

As of December 2024  
**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

As of September 2024

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 2024, we were evaluated as C score, which indicates awareness-level engagement.

### CDP Water Security

In fiscal 2024, we were evaluated as C score, which indicates awareness-level engagement.

## Quality awards

As of September 2024

	Company name (titles omitted)	Award name
Domestic	Toyota Motor Corporation	Certificate of Appreciation SSA Promotion Award
	Isuzu Motors Limited	Quality Achievement Award
	TOTO LTD.	Excellent Award, Quality Processed Product Category
	TOYOTA BOSHOKU CORPORATION	Superior Quality Award



	Company name (titles omitted)	Award name
Domestic	Toyota Motor East Japan, Inc.	Quality Control Award
	Aichi Machine Industry Co., Ltd.	Superior Quality Award
	Nissan Motor Co., Ltd.	Certificate of Appreciation for Excellent Quality
Overseas	GAC Toyota Motor Co., Ltd. (GTMC)	Quality Cooperation Award 2022
	PT. Toyota Motor Manufacturing Indonesia	Certificate of Appreciation
	Toyoda Gosei South India PRIVATE LIMITED	Certificate of Appreciation
	Toyota Daihatsu Engineering & Manufacturing Co.,Ltd.	Certificate of Completion
	Toyota Kirloskar Motor PVT. LTD.	Certificates for meeting the Quality and Delivery targets
	PT. ASTRA HONDA MOTOR (HONDA 2W)	Certificate of Quality Excellent
	Maruti Suzuki	IMPROVEMENT IN QUALITY PERFORMANCE * in the year 2022-23
	Mitsubishi Motors (Thailand) Co., Ltd.	Outstanding Service Parts Supply Award
	PT. ASTRA DAIHATSU MOTOR	Certification of Appreciation for supplier best effort delivery
	PT. ASTRA HONDA MOTOR	Certification of Appreciation for achievement to become Platinum Supplier
	Mitsubishi Motors(Thailand)Co., Ltd.	Quality 2023
	Hyundai Mobis	2023 Grand Prize Partner of the Year
	General Motors Korea	Supplier Quality Excellence Award 2023
	TOYOTA GOSEI SOUTH INDIA PVT	Certification of Achievement DELIVERY PERFORMANCE
	Changan Mazda	Certificate of Appreciation for Outstanding Quality



For inquiries regarding this report

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Nifco Inc. ESG Promotion Office  
Mita Bellju Building 20F, 5-36-7 Shiba, Minato-ku, Tokyo, 108-8522 Japan  
E-mail: [esg@jp.nifco.com](mailto:esg@jp.nifco.com)