



Corporate Philosophy

Creating a beautiful forest,
 comprised of many trees of varying character,
 rather than merely growing a single tall tree.

In our efforts to enrich people's lives,
 we at INOAC have specialized in not only a single business,
 but we have cultivated four business "seedlings"
 - polyurethane, rubber, plastics, and composite materials.
 Today we have developed into a conglomerate,
 supplying diverse products and services,
 thereby contributing to society.

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Applicability of report

Reporting period	This report was prepared based on the business activities of INOAC Corporation during FY 2021 (January 1 - December 31, 2021). * Also includes some information from FY 2020 and before, and from FY 2022.
Applicable scope	The business activities of INOAC Corporation on a non-consolidated basis, including certain domestic and overseas companies of the INOAC Group.
Year & month issued	November 2022
Guidelines for reference	<input type="checkbox"/> Environmental Reporting Guidelines FY 2018 Edition <input type="checkbox"/> ISO 26000 <input type="checkbox"/> GRI Standards for sustainability reporting 2016/2018/2019/2020

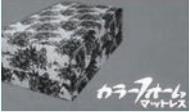
INOAC Group History

Expanded as a leading company in foaming technologies for comfortable life and a sustainable society

Since our founding in 1926, we established ourselves as Japan's first-ever producer of polyurethane foam and have gone on to create an extensive range of products and services that make people's lives better and more comfortable. The growth of INOAC is also a history of development. For the sake of people and the planet, we continue challenging ourselves to generate an abundance of new usage applications, while focusing particularly in recent years on consistently conducting environmentally-conscious development.

Business history

 <ul style="list-style-type: none"> Established Inoue Rubber Co., the predecessor of INOUE RUBBER CO., LTD. in Atsuta Ward of Nagoya, Japan (1926) 	<ul style="list-style-type: none"> Implemented polyurethane foam technology from Germany (1954) Established MTP Kasei Co., Ltd. 	<ul style="list-style-type: none"> Entered the piping materials business  <ul style="list-style-type: none"> Entered the consumer products business 	<ul style="list-style-type: none"> Established Inoue MTP Co., Ltd. (1980) Entered the construction materials business Entered the office automation business 	 <ul style="list-style-type: none"> Changed company name to INOAC Corporation (1990) 	 <ul style="list-style-type: none"> Entered the environment business Bolstered and expanded locations in Southeast Asia 	 <ul style="list-style-type: none"> Held International PU Forum 2015 for the 60th anniversary of the start of manufacturing polyurethane foam 	 <ul style="list-style-type: none"> Established Jinno R&D Center in Nagoya, Aichi Prefecture 	 <ul style="list-style-type: none"> Opened retail stores for bedding and more, primarily within business sites nationwide
<ul style="list-style-type: none"> Started exporting IRC (Inoue Rubber Co., Ltd.) brand tires and tubes 	<ul style="list-style-type: none"> Entered the automotive components business Entered the bedding and childcare products businesses Established first overseas joint venture Associated Rubber Industries Ltd. in Sri Lanka 	 <ul style="list-style-type: none"> Entered the furniture business Entered the distribution materials business Full-scale entry into the cosmetic container business 	 <ul style="list-style-type: none"> Entered the packaging materials industry Full-scale entry into the US 	<ul style="list-style-type: none"> Entered the nursing care products businesses Full-scale entry into China 	<ul style="list-style-type: none"> Established the International Polyurethane Technology Foundation 	 <ul style="list-style-type: none"> Established INOAC Ryukyu Co., Ltd. as the first subsidiary of the INOAC Group in Okinawa 	 <ul style="list-style-type: none"> Expanded Nagoya Head Office and established new company building 	

1920	1950	1960	1970	1980	1990	2000	2010	2020	2023
<ul style="list-style-type: none"> Launched Japan's first-ever production of polyurethane foam Launched sales of <i>Colorfoam</i> mattresses 	<ul style="list-style-type: none"> Performed on-site thermal insulation work on tankers and Shinkansen vehicles 	<ul style="list-style-type: none"> Developed cosmetic bottles using injection blow method and decorative technology 	<ul style="list-style-type: none"> Developed in-mold coating (double-layered) integrally molded instrument panels 	<ul style="list-style-type: none"> Developed foaming polyurethane R-PUR method for road construction sites 	<ul style="list-style-type: none"> Produced MAPS® eco-friendly interconnected fine cell polyolefin foam 	<ul style="list-style-type: none"> Produced FOLEC® clean polyolefin rolled sheet foam using the supercritical foaming technique 	<ul style="list-style-type: none"> Produced <i>PureCell</i>® eco-friendly, ultrafine cell foam sheet with anti-yellowing properties 	<ul style="list-style-type: none"> Developed <i>Ecolocel</i>® plant-based polyurethane foam 	

Product history

Our products

Right there beside you, making your everyday life better. Now and into the future.

In everything from household consumer products, nursing care products, and everyday IT devices, to industrial machinery used in production plants.

Also in housing and construction materials, an at civil engineering worksites. Even in cars and other means of transport, and in infrastructure facilities.

INOAC materials come in many different forms. They can be found in every aspect of the neighborhoods that surround us, adding comfort to our everyday lives in various fields.



Message from the president

My aim is to grow many trees
of varying character
—the attractive products that
benefit people in their pursuits—
to craft a beautiful forest bursting
with diversity.



President & COO
INOAC Corporation

野村 泰

PROFILE

- Mar 1985 Joined Inoue MTP Co., Ltd.
(now INOAC Corporation)
- Feb 1991 Assigned to North America
- Feb 2004 General Manager of the Technology Department,
Automotive-related Products Division
- Oct 2007 General Manager of Quality Assurance Division,
Automotive-related Products Division
- Oct 2008 President, Tohoku INOAC Co., Ltd.
- May 2011 Automotive-related Products Division Supervisor
(stationed in Thailand)
- Feb 2015 Managing Director & General Manager of
Automotive-related Products Division
- Apr 2018 Director
- Apr 2019 Managing Director
- Apr 2022 President & COO (Current)

Message from the president

Assuming the role of president

My name is Yasushi Nomura. In April of this year, our previous president & COO Toyohiko Okina passed the baton and I assumed the role of president & COO of INOAC Corporation. I joined our predecessor Inoue MTP in 1985, and since then I worked mainly in the automotive-related products business. Going forward, we will be working as a team throughout the company, including to develop new products and technologies with superior environmental performance.

Getting back to the true nature of manufacturing—*producing*

Put simply, the business cycle in manufacturing consists of procuring materials (buying), adding value to them (producing), and marketing them to customers (selling). The business environment surrounding such operations is becoming increasingly harsh. We are currently struggling with stable procurement and spikes in costs due to factors including abnormal weather, international conflict, COVID-19, and the semiconductor shortage. If we were to pass on all of these costs increases in the form of higher prices, we would have a hard time staying competitive or gaining market acceptance. There is importance to both the *buying and selling* functions in which we must negotiate with another party. However, since I have spent my career in positions close to our manufacturing sites, my inclination is to focus attention and effort on the *producing* elements. I also think this is the quickest path to our survival.

There are two approaches to *producing*. One is to further

raise the level of our *on-site capabilities* to produce good products at an even lower price. Another is to strengthen our *technology development capabilities* to evolve what we produce according to what our customers and society need. My approach is to elevate our *producing* synergistically through two-pronged efforts both in *on-site capabilities and technology development capabilities*.

Fields to focus our efforts

We have three major strengths. First is our compounding technology. We are a materials manufacturer dealing in rubber, resin, polyurethane, and composites. For polyurethane in particular, our current chairman is the pioneer who was the first to introduce production of polyurethane from Germany to Japan in 1954. The compounding technology developed from that is our greatest strength. Second is our manufacturing technologies that use these materials to give added value. Third is the global network we have developed through the ongoing cycle of buying, producing, and selling.

Our corporate philosophy is to grow “many trees of varying character” to craft a “beautiful forest” bursting with diversity.

The tall tree among these is the automotive field. We have been able to grow by having a presence in the automotive industry where we have been able to leverage the three strengths mentioned above. This industry has been undergoing a period of upheaval said to occur only once every century characterized by keywords such as CASE and MaaS over the past few years, but it will continue to be our

core business. However, we cannot expect any growth in vehicle numbers in the automotive industry going forward, particularly in markets such as the Japanese market. With that in mind, we will leverage technologies developed in the automotive industry as we focus particularly on steadily developing attractive products that also benefit people in the field of industrial materials, including consumer products, bedding, and construction materials. I believe these will be the “many trees of varying character” which will grow into a “beautiful forest” bursting with diversity.

Need for *horizontal connections* between our vertical organizations in different industries

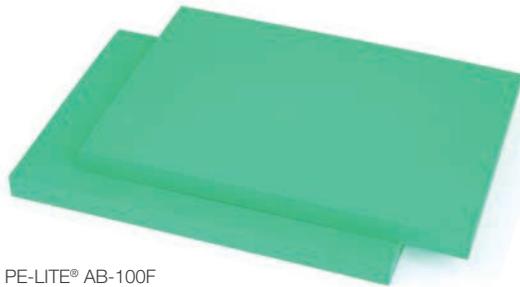
We do business with customers in a variety of industries. Of course, every industry requires a different approach, but there are particularly large differences between the automotive and consumer products industries in terms of how to approach



Message from the president



Repeco®



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them from the point of receiving the orders through mass production.

In automotive, there is advance development, and design, prototype production, and evaluation are performed—all according to a set schedule. We also work in parallel with this to set up mass production through production preparations and verification events.

On the other hand, for consumer products people often tell us they “want something right away,” or they “want something that feels good or soft to the touch.” Quality and price are important, that goes without saying, but in these cases we need sensitivity and quick action.

It is important to accommodate the business practices of each of these industries. However, even if the industries are different, we could still miss out on unseen opportunities if we operate our organizations in a way that does not share or try

to share information (such as assessments, purchasing methods, manufacturing info, etc.) between departments.

One example would be interior space in cars and living space in housing. Both of these involve comfort-related needs and functionality needs. For cars, there are needs for electrification. In housing there are needs for energy savings via thermal insulation. They also have their own respective needs in terms of sound (soundproofing, acoustical insulation). When taking measures against sound in cars, the frequencies that must be addressed in electric vehicles are different from those in cars with internal combustion engines. We have been able to visualize these through analysis and propose the most effective measures to take. I believe that we can take this expertise we have accumulated and utilize it in other industries such as housing. Conversely, could we also take the thermal insulator compositions and methods we developed for housing and apply them for thermal insulation in cars? I think possibilities such as these exist.

For materials in particular, materials development is also one of our strengths to which we have been dedicating efforts for some time. As for the technology organization to handle these matters, we are handling the head office function to ensure that we do not miss out on opportunities in various industries, without leaning too heavily toward any one particular industry.

Taking on environmental issues and carbon neutrality

We are actively pushing forward with efforts such as product development using biomaterials and recycled materials. In the

past, we used to think of *normal technology and product development* as separate from *eco-friendly development*. However, now eco-friendly product development through methods that contribute to carbon neutrality is a value that our customers and society desire, and it has become a main pillar of our development efforts. We are confident that this awareness and attitude are being instilled in each and every one of our employees.

Here I will share an example of one such effort involving polyurethane, one of INOAC’s important materials. For a long time, we have been recycling materials using slab material cutoffs foamed within our production plants. These are being utilized in a large number of commercial applications, from car seats to living room products and more. Most recently, we have developed slabs with 50% bio content and released them as kitchen sponges and in clothing applications. Going forward, we aim to apply this technology and have it released to the market by working to get it included in manufacturers’ designs for products such as bedding, cosmetics, and automotive. Over the long-term, we would like to move forward with efforts such as chemical recycling (returning products to their original substances). Chemical recycling has produced results at the laboratory level, but there are still many issues such as profitability verification and establishing partnerships that must be resolved to build a mass production system. I would like to list up each of these medium- to long-term topics, verify them, and resolve them.

How I aim to make our organizations

Once appointed as president, I thought a lot about what form

Message from the president

of governance (corporate governance and organizational management) to implement going forward. As a result, I reached two simple conclusions.

First was that “the true nature of governance is honesty and humility.” Do not misrepresent or hide the facts to make yourself or your own company look good. This applies both when dealing with the outside world, and with colleagues in the company. I also think this is connected to transparency in management.

The other concept I arrived at was that “working people should be able to do their jobs cheerfully and joyfully.” Trumpeting our contributions to society because we are in the “age of CSR” and waving our flag around will not amount to much if our employees feel no fulfillment in their daily work. We first need to create workplaces where individuals and the people they work with can enjoy their jobs.

Communication skills are key

Good communication is absolutely essential to making that happen. Many people see communication as mutually expressing opinions, or “reciprocity.” That is not wrong, but I think communication all starts with “listening.”

I was blessed with opportunities to work in many different countries and regions, including in North America and Southeast Asia. These international experiences taught me the importance of communication. If I say things like, “I came from Japan (where Head Office is), so you must do as I say,” things will not proceed the way I expect since the people there feel like they’re being talked down to. Respect each person as an individual and show that respect with your

words and your smile while communicating the requirements. I think that once the other person feels you are giving them that level of consideration, they will then accept you as a colleague and cooperate with you in the true sense of the word.

That is also the same at our facilities in Japan. I try to visit the worksites as much as possible. When doing so, I make it a point to talk to the employees there and say, “Good morning! How have you been lately?” At first they might be caught off guard, but if I persist, they will greet me back and sometimes share their opinions about problems at the worksites. They might even tell me, “Actually, the worksite would be better if we changed this.” I gave this advice on the spot to someone who came up and talked to me. He put it into practice, and his efforts ended up receiving an award as a QC activity. I still remember how inspired I felt when he happily reported to me over the phone, “I did it. I won an award!” I have had many experiences such as this at our worksites.

If we advocate *human resources development* in a condescending, top-down manner, we tend to ignore the ideas and feelings of the people we intend to develop. However, I think our employees each have their own ambition and desire for professional growth in their work. They want to be able to deliver even more value. As an organization, I think we need to avoid obstructing that motivation. Instead, we must guide it in the right direction and give it recognition. Within an organization, the requirements of the company will not necessarily align with the desires of its individuals. That is particularly why communication is so important. AI and DX will be deployed in more places going forward, so I think the

communication between people will be increasingly important in jobs that technology cannot replace (can only be performed by humans).

INOAC’s constant theme: Innovation & Action

The name of our company is comprised of “Constant innovation = INO” and “Constantly turning that into action = AC.” The *communication capabilities* that I mentioned are key to putting that into practice. We must also strive toward transparency in management with honesty and humility while creating workplaces where all of our employees can engage cheerfully in their work with a sense of purpose. I would like to pursue this, while keeping things simple. If we do, I am confident that our three major strengths will successfully lead to attractive products in different industries, and that we will grow from “many trees of varying character” into a “beautiful forest.”



On-site training in North America