

R&D efforts

Basic approach

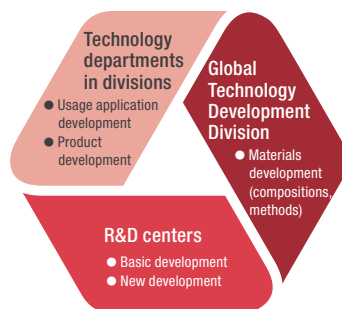
Focusing on R&D for polymer products, the INOAC Group conducts research using the two most valuable resources in the development of advanced technologies—creative engineers and cutting-edge evaluation instruments. We offer superior added value both as a leader of global technology groups and in collaborations with raw materials manufacturers and customers.

R&D centers aligned with the markets

Since we will not be able to keep up with the overwhelming speed of progress overseas in the conventional arrangement of R&D originating from Japan, we are moving and expanding our R&D centers in the US and also establishing an R&D center in China. We will be striving to accurately discern the needs in each region, design material compositions and commercialize products using locally-sourced raw materials, shift to R&D efforts that originate locally, and make ourselves more competitive internationally.

Innovation management system

We have launched a scheme to facilitate timely, efficient transitions from R&D to commercialization by clarifying the roles of technology departments throughout the company and establishing departments to centrally manage information such as market trends, customer needs, and internal ideas and technologies that could turn into new products. In our R&D efforts, we are also incorporating a scheme to establish stage gates and make decisions at the appropriate times on matters such as whether to proceed with efforts to allocate.

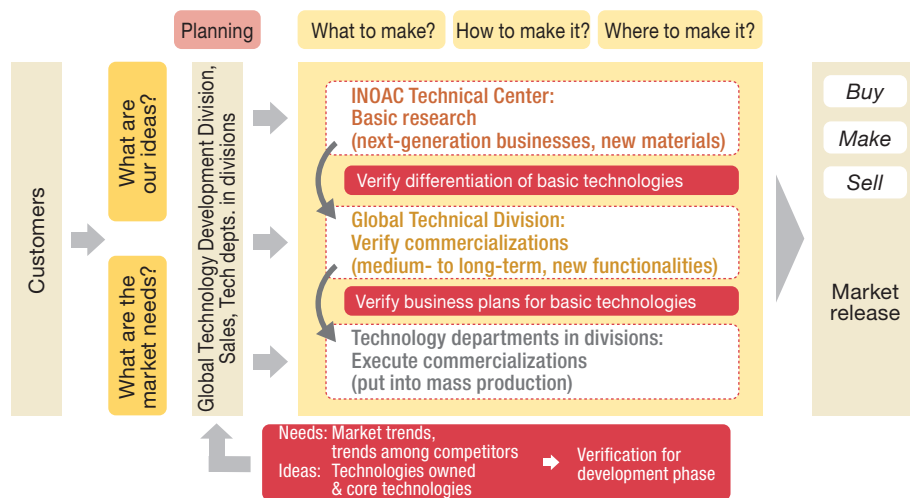


The strength as our foundation

As a general manufacturer of high performance materials—polyurethane, rubber, and plastic—we have strength in being able to leverage technologies and expertise built up over long years of R&D to handle everything from materials compositions and compounds to design and processing, all in one place.

We also have the ability to conduct many different types of product development that suit various needs by combining high performance materials with foaming and molding technology.

Flow from R&D to market release



R&D centers



Japan
INOAC Technical Center Co., Ltd. (ITC)



China
Shanghai INOAC Polymer Products Co., Ltd.



North America
INOAC USA, Inc.



Thailand
INOAC (Thailand) Co., Ltd.

Creating added value

In addition to simply dealing with our customers' needs, we also propose additional and improved functionality as we engage in dialogue to learn more about their usage purposes and applications, problems, and other details. We are dedicating efforts to developing polyurethane- and rubber-centric materials for electric vehicle batteries, a materials market that is expected to grow going forward. For these materials, we also dedicate efforts to proposing specific usage applications and added value.



INOAC Technical Center Co., Ltd.

Our technical center selects topics with a high degree of novelty that go beyond the boundaries of our existing business entities to develop original future-oriented solutions. In order to establish a personnel arrangement that can reflect market needs even more accurately, the center has recently been actively accepting personnel rotations from the Global Technology Development Division and technology departments in divisions. The center has also begun working to build an organizational structure to conduct basic research in line with customer needs.

Global Technology Development Division

This division ascertains various industry needs and conducts R&D for materials and products to address them. In addition to developing materials, the division also works to establish more in-depth manufacturing (developing production methods) as well as analytical and evaluation technologies. To acquire the intellectual property rights to the results of these development efforts, an Intellectual Property Department has been established within the division's organization. This department contributes to the creation of both tangible and intangible intellectual property. At the same time, to bolster industry-academia collaboration we are sending personnel on assignment to the New Energy and Industrial Technology Development Organization (NEDO) and working on public relations efforts to promote geothermal heat pipes, with sights set on achieving a carbon neutral society.

R&D efforts

Intellectual property strategy

As an initiative to acquire patents in product development, we have set a goal of 300 patent applications per year. In the development of our flagship products, we are also working to bolster our competitiveness by owning a concentration of multiple patents for each individual product.

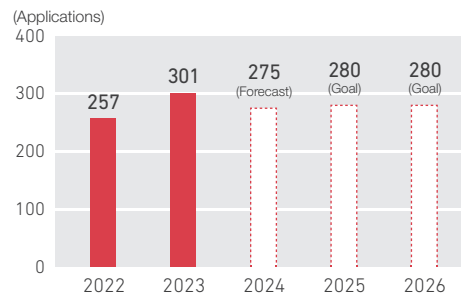
Overseas, we are expanding the presence of our R&D sections globally to address local needs that must be met quickly. We are also establishing a support organization in parallel with this expansion in order to facilitate smooth patent applications locally.

Open innovation

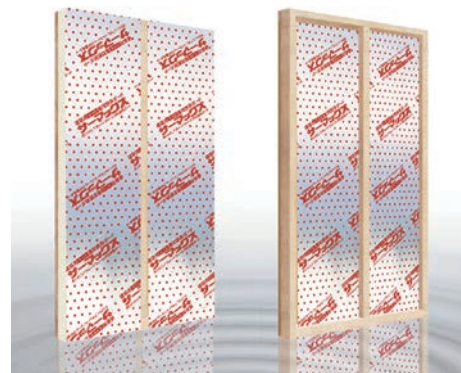
We engage in joint development with universities and other institutions, primarily in medium- to long-term basic development. Taking on new perspectives and mechanisms in more specialized fields of research enables us to bolster our development capability. To manage progress, we hold internal briefing sessions twice per year to verify the progression and direction of our research. Through participation in academic presentations, we are able to further enhance our cutting-edge technologies while at the same time sharing our research findings with society.

One example of our industry-academia collaboration is revelatory research into residential thermal insulation mechanisms. Our high performance THERMAX thermal insulator is capturing attention as a means to reduce CO₂ and combat global warming. To have this thermal insulator widely deployed in housing and factories, we are working to explore its advantages in insulation starting in the structures of buildings which we can leverage in making widespread contributions to society. We are also organizing seminars to introduce usage examples to builders and other industrial craftsmen. The seminars are mainly held in the Tohoku region.

Patent applications per year



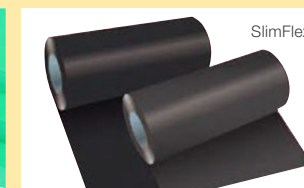
Development of THERMAX high performance thermal insulator



Examples of technological development in each business field

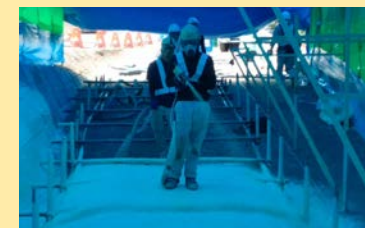
Developing biomass foam

Development of products using plant-based (biomass) resources is advancing. We have biomass-certified products among our PE-LITE AB-100F polyolefin foams made from at least 25% plant-based raw materials and SlimFlex microcell polymer sheets used for applications such as waterproof sealing material on smartphones.



On-site PU foaming light weight banking method *Foam Light W*

"Banking" refers to the use of earth and sand to build up sloped and low land to create level ground. Our PU foaming light weight banking method involves foaming our rigid polyurethane foam on-site to use instead of earth for construction. *Foam Light W* has also achieved a track record of excellent results in infrastructure repair work such as repairing cracks in roads and collapsed slopes, including work to widen mountain roads. It was also utilized in construction to repair motorways that were damaged in the Noto Peninsula Earthquake.



Quality improvement efforts

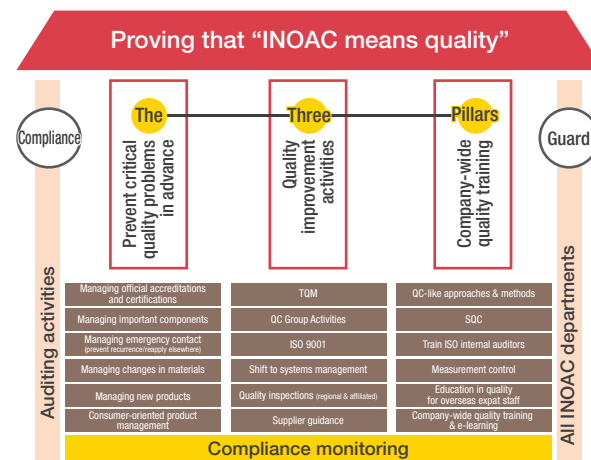
Basic approach

Based on our Quality Policy, we engage in manufacturing that prioritizes our customers and quality. We also strive toward what we call “gratifying quality creation” via thorough quality compliance and ongoing improvements. We have implemented a comprehensive management system based on ISO 9001 to guarantee the safety, reassurance, and quality of products, and to provide products and services that deliver satisfaction. Through collaborations with our customers, we are also pursuing further improvements in quality.

Basic Quality Policy

1. Manufacturing that prioritizes our customers and quality
2. Observing laws, regulations, and arrangements with customers
3. Continuously improving to meet the needs of the times

Comprehensive management system for quality assurance



We are constantly working to improve quality through global company-wide collaboration and by various standardizations and ongoing updates to frameworks implemented under regular auditing activities in order to embody the concept of “INOAC means quality.” The three pillars of these efforts are (1) Preventing critical quality problems in advance, (2) Quality improvement activities, and (3) Company-wide quality training.

1 Prevent critical quality problems in advance

Managing official accreditations and certifications

When applying for official accreditations or certifications for products, we register them with the Quality Assurance Division which is in charge of our management system for quality. We verify whether there are any discrepancies between what is written in the applications and the corresponding products, production processes, and related specifications. After registering the products, the division conducts regular audits and ensures ongoing compliance.

Managing important components

In areas such as performance and safety, lists of important components with higher social responsibility are managed in the Quality Assurance Division, and critical quality risks are prevented in advance by conducting regular audits. Improvements are also made to quality and to work operations as needed.

Quality emergency contact system

For critical quality problems, we have established a quality emergency contact system to deliver negative information to management within 24 hours of it being communicated from locations.

After information has been communicated, the Quality Assurance Division verifies the appropriateness, implementation status, and effects of the recurrence prevention measures.

We also check the operational state of the following year’s im-

portant components in the global quality audit.

We define critical quality problems as (1) issues that conflict with laws or regulations in Japan or other countries, (2) issues with safety parts, (3) issues that could lead to recalls, (4) issues that have hindered customers’ production, and (5) critical problems as determined by someone responsible for quality assurance.

Managing changes in materials

For materials changes with high risk of serious quality problems, we build frameworks in which the Technology Development Division and the persons in charge of technology and quality assurance at the departments in charge deliberate over the changes, and internal approval is given by the Quality Assurance Division. In change proposals to customers, we have established a robust management structure for eliminating risks of quality issues in advance.

Managing new products

For products created using new technologies, new materials, new processes, or for new usage applications, we strive to prevent critical quality problems in advance through audits by staff members including our president to determine whether they are ready for market launch.

Audit members

President, Technology Development Division, Quality Assurance Division, persons responsible for/in charge of technology, quality assurance, and sales at the departments in charge

Audit areas

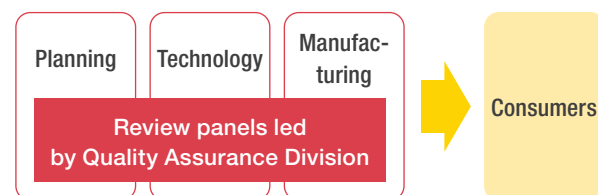
Material quality, product characteristics, product performance, structure, exterior, comparison with similar products, product safety, production safety, quality risks

Quality improvement efforts

■ Consumer-oriented management of products

For the products that the INOAC Group designs, manufactures, and provides directly to consumers, we employ a framework in which development starts after holding review panels led by the Quality Assurance Division starting from the planning stages and going through an approval process based on strict validation of risks, so that consumers can use the products safely and with confidence.

Even after that, we continue ensuring quality in coordination with the departments in charge of everything all the way through post-mass production inspections.



2 Quality improvement activities

■ Conducting TQM activities

Under the leadership of our president, all of our employees in all departments work together in all stages with the aim of providing gratifying products and services that satisfy our customers.

At full speed, we are working to improve our people, organizational, development, and manufacturing capabilities with all-inclusive participation as the foundation as we grow our personnel, create jobs, and expand frameworks in an effective, efficient manner.

■ QC group activities

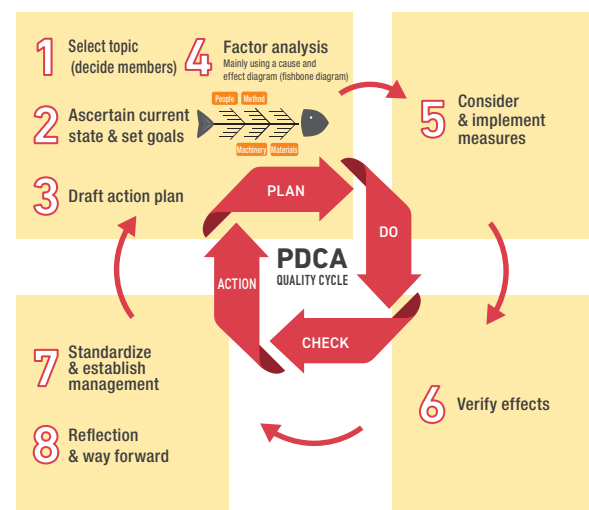
We have been carrying out QC (quality control) group activities for small groups to voluntarily gather on the topic of quality improvement since around 1965. These activities have since expanded worldwide. Starting in 1985, INOAC has held the World QC & Im-

provement Competition on a global scale in order to share quality control activities taking place throughout the group of companies.

Since 2020 we had been refraining from holding the competition's presentations in one venue due to the COVID-19 pandemic, but since 2023 we started inviting teams from overseas again. In fiscal 2024 we held another world competition with a total of 16 teams—with four teams from Japan joining 12 teams from eight other countries.

Offering simultaneous interpretation in Japanese, English, and Chinese while streaming the competition online at all locations both domestic and international, we are making this into a competition that bolsters the momentum for QC improvements among those engaged in the activities. Through this competition, we will also continue developing human resources who can contribute to our customers and to society.

Steps of QC group activities



3 Company-wide quality training

■ Human resource development initiatives

We conduct mandatory training for new employees for acquiring basic knowledge pertaining to quality which is important in the manufacturing industry. In addition, we also work toward increasing our employees' quality-related knowledge with required curriculum designated for each level on our hierarchy.

In fiscal 2023 we also began to incorporate e-learning, and we have opened our Quality Library where anyone can review the same lesson content again at any time of the day.

Beyond that, we also offer encouragement and support for taking the QC Kentei written exam as part of our push to raise levels throughout the company.

▶ Global quality audits

In order to prevent any serious quality problems in advance that could threaten the loss of social trust and credibility, we conduct global quality audits of critical quality components and processes at our production sites in Japan and abroad and of all quality management systems.

Applicable locations

Locations in Japan and in Thailand, Vietnam, Indonesia, Sri Lanka, Taiwan, North America, South Korea, and China

Audit areas

Production processes and plants including those that make products such as processed components, mattress products and our main materials which include resin, rubber, and polyurethane



Consideration for human rights

▶ Basic approach

We respect the Universal Declaration of Human Rights and internationally recognized fundamental rights of workers, and we dedicate effort to respecting human rights without being complicit in any human rights violations such as forced labor or child labor.

▶ President's statement on respecting human rights

On August 1, 2023, our president communicated our "President's Statement on Respecting Human Rights" to all employees.

"In addition to climate change, consideration toward human rights is also becoming increasingly necessary among social issues in recent years. In the INOAC Group, we will also be scrutinizing human rights-related issues and engaging with them in all aspects of our business. In line with our approach to respect for human rights outlined below, we ask that all employees embrace the spirit of being committed to respecting human rights. I will be taking the initiative myself to spearhead these efforts."

Approach to respecting human rights

We recognize that we may directly or indirectly affect human rights in the process of conducting our business. We support international norms related to human rights, such as the United Nations' International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and we hold ourselves responsible to respect the human rights of all people involved in our business activities.

We do not tolerate discrimination based on nationality, gender, age, beliefs, religion, race, ethnicity, sexual orientation, disability, whether one is married or has children, or for any other such reason, nor do we permit any form of harassment such as power harassment, sexual harassment, or peer pressure, or behavior that undermines an individual's dignity. We also prohibit forced labor and child labor, and we guarantee freedom of association. In addition, we create healthy and safe working environments for our employees.

August 1, 2023
Yasushi Nomura
President & COO
INOAC Corporation

Human resource development

▶ Basic approach

At INOAC, we advocate the philosophy that diverse human resources are the foundation for the continued existence of the company. Rather than specializing in one particular business, we are an entity that contributes to society by creating a diverse range of products and services. By respecting the individuality of each employee who constructs these products and services, and by taking quick actions and making speedy decisions, we aim to develop human resources capable of forming a vibrant global team with an abundance of individual character.

▶ Stronger framework as a human resources strategy

Launch of the Rules & Systems Improvement Committee

Together with the INOAC Labor Union, we launched the Rules & Systems Improvement Committee in April 2024.

After gaining an understanding of the background and purpose behind company rules and systems when they were initially established, the committee identifies those items that must be revised according to the changing times and works as a committee organization to improve them.

HR Portal Site opened

We opened the HR Portal Site as a communication channel between employees and the HR Department. In addition to information about hiring, training, systems, company benefits, law revisions, and other things that we wish to communicate on behalf of the company, we are also working to stimulate communication between employees and the company by posting inquiries related to particular topics.

▶ Human resource development that brings out the aspirations and motivation of each individual

Our human resources system changed three years ago with the aim of all employees achieving their own professional growth and developing their subordinates. There is something that we emphasize at INOAC in order to become an organization that instills this type of philosophy, where each employee changes their own behavior more voluntarily and autonomously and can achieve swift professional growth. That is to bring out and enhance employees' aspirations and motivation toward their work. We are designing training for everyone from general employees to executives to identify overlaps between the vision of the

personnel they hope to become and what they aim to accomplish = "aspirations" in the fields of their own roles and at INOAC, and put these into practice while increasing their capabilities. Our aim is to be an organization that raises each individual's motivation toward their work and enables them to grow autonomously.

▶ Global human resource development initiatives

Through a variety of programs, we are working to develop global human resources. Our Overseas Trainee System is a program aimed at experiencing the process of achieving results among other cultures through on-the-job training (OJT) overseas. Younger employees in many different industry types can achieve significant professional growth by training at local subsidiaries overseas, confronting the differences in values and difficulties in getting people around them involved, and overcoming challenges.

Last fiscal year, we launched new Intercultural Communication training for personnel assigned to live abroad, enabling them to feel more comfortable with working overseas by experiencing what "intercultural" really means. For employees who are scheduled for overseas assignments, we also began offering courses to learn specialized knowledge for living and working overseas (financial control, legal affairs, quality assurance, safety, etc.) and are assisting their advance preparations and smooth transitions overseas.

Comments from an employee with trainee experience

For around one year, from the end of September 2023 to mid-September the following year, I underwent training mainly in factory accounting at an automotive components plant in the state of Kentucky in the US. As a trainee, I was able to experience the differences in factory accounting between Japan and the US and the advantages and disadvantages of each, along with the work style and the way things are done there. I was able to learn firsthand what working in a global environment is all about. It feels like it was the most intense year of my life thus far. In Japan I plan to also share what I learned from my overseas experience, and I hope to become an asset to the company who can help boost Japan's global standing.

Shin Yamamoto
General Affairs & Accounting Section
INOAC SlimFlex Co., Ltd.*



At the office with local employees

* Worked for Rogers INOAC Corporation during trainee period

Diversity & Inclusion

Basic approach

The “many trees of varying character” expressed in our Corporate Philosophy are the very definition of diversity. Thus, our philosophy itself could be considered the fundamental element behind our basic policy on diversity & inclusion. We do business with respect for diversity by employing and developing people from all walks of life, which includes actively hiring female employees and global human resources.

Global business operations

We began expanding overseas in the 1930s, and we now have approximately 70 overseas production plants and business facilities in 13 countries and regions. In the process of doing so, we have constructed a robust global network by respecting the various values, practices, and national identities in the places where we do business, and by establishing trusting relationships with the people.

Project to promote employment of women

We enable female employees to demonstrate their skills and capabilities, actively seeking out roles for them and creating environments where they can contribute to the company. In our General Employer Action Plan which was formulated based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we set three goals including specific numerical values for current issues, and we are aiming to harness capabilities and develop careers in many different departments.

| | Issues | Goals |
|---|--|--|
| 1 | Ratio of females among all INOAC workers | Raise to 20% or higher |
| 2 | Ratio of female employees in sales and technical roles | Raise to 15% in sales roles and 7% in technical roles |
| 3 | Usage rate of managers' annual paid vacation | Raise to same usage rate as that of general employees, 54.8% |

Promoting work-life balance

Basic approach

We are actively working to support balance between work and family life, to have an employee-friendly workplace and promote the advancement of women.

Increasing our rate of annual paid vacation taken

Since fiscal 2021 we have been publishing our company goals and working toward achieving the Japanese government's target of at least 70% usage of annual paid vacation days.

Company goals

All employees take at least 50% of annual paid vacation days in the fiscal year they are allotted

Description of initiative

Create annual paid vacation schedules, communicate in the early part of each month about the number of days which must be taken, and post results on the company intranet

Support systems to balance work and childcare (year enacted)

- Paternity leave (before 1980)
- Flextime system (1990)¹
- Regulations regarding family care leave (1990)
- Happy Holiday Leave (1991)
- Regulations regarding childcare leave (1992)
- Regulations regarding measures for maternity health management (1998)
- System for paid half days off (2000)
- Family support holiday leave (2005)
- Sick/injured childcare leave (2005)
- Regulations regarding childcare leave amended (leave period extension) (2005)
- System of reduced work hours for childcare (2008)²
- Family care leave (2010)
- Regulations regarding telecommuting (2020)

¹ Flextime was changed from “with core time” to “no core time” on April 1, 2020

² Changed on July 1, 2022 for the duration of reduced work hours for childcare to end when the child enters junior high school (March 31 when completing grade 6 of elementary school) and to enable reduced work hours to be applied in units of calendar months

Health management

Basic approach

In the past, employees were considered to be responsible for managing their own health individually. However, the idea that the company is responsible for establishing environments where employees can be physically and mentally healthy at work has now become pervasive. Improving workplace environments and promoting health make individual employees feel more motivated for their work, which in turn makes the workplace livelier as a whole.

With all three parties—the company, employees, and health insurance society—working closely together, we aim to mitigate health risks, prevent injuries and illnesses before they occur, and balance the business of the company with the health management of its employees.

Health promotion initiatives

We are formulating annual schedules for the company as a whole which include priority action items for each month. At each business facility, we are putting in place promotion organizations, formulating Mental Health Promotion Plans, and carrying these out. Working together with the health insurance society, we are also promoting employee health based on our “Three Pillars.”

Three Pillars

Prevent illnesses before they occur

For each individual employee to be healthy and thrive for longer, it is important to regularly prevent illnesses before they occur as opposed to only getting treatment after becoming ill. We provide assistance for employees to stay healthy, including subsidies for comprehensive health checkup costs, mental health courses, stress checks, and more.

Specific health checkups

These health checkups identify individuals who require health guidance for preventing lifestyle-related diseases. For health checkup categories, we use examination categories that can accurately identify those who require specific health guidance, which includes the addition of waist measurements to observe buildup of visceral fat.

Specific health guidance

Those who have been identified in specific health checkups create action plans based on guidance received from doctors, health nurses, and registered dietitians, and make efforts to improve their lifestyle habits.

Safety and health / Disaster prevention

Principles and basic policy for safety

Principles

Prioritize safety and health as well as disaster prevention in all behavior, based on creating workplaces where employees are healthy, safe, and comfortable carrying out their work.

Basic policy

- 1 Improve workplace environments while eliminating and mitigating sources of danger
- 2 Raise the safety and disaster prevention awareness of all employees
- 3 Observe laws and regulations related to occupational safety & health

We demonstrate “prioritize safety and disaster prevention above all” through action and establish the practice to “stop it, call it in, and wait” when a risk becomes known. After performing risk assessments, we eliminate and mitigate sources of danger. We also set yearly activity plans with critically important monthly activities focused on lessons learned from past accidents. We strive to improve the safety, health, and disaster prevention management levels at all of our locations by conducting repeated inspections and educational training and improving any weaknesses we find in our safety, health, and disaster prevention assessments.

| KPIs | Applicable scope | 2022 results | 2023 results |
|---|------------------|--------------|--------------|
| Total occurrences of employee occupational accidents | Japan | 20 | 17 |
| ▶ -30% from previous year | Overseas | 21 | 23 |
| Total accident frequency rate | Japan | 1.53 | 1.27 |
| Total lost-worktime accident frequency rate | Japan | 0.46 | 0.52 |
| Severe employee occupational accidents | Japan | 0 | 0 |
| ▶ Occurrences: 0 | Overseas | 0 | 0 |
| Fires at business locations | Japan | 1 | 0 |
| ▶ Occurrences: 0 | Overseas | 0 | 0 |
| Having no more administrative classification III work environments at worksites | Japan | 12 worksites | 6 worksites |

All INOAC Safety and Health Committee meetings

As safety activities led by officers themselves and attended by all employees, we hold safety meetings to increase company-wide awareness of safety, health, and disaster prevention, build organizational culture, and prevent the recurrence of accidents.

CSR REPORT 2024

- Central Safety and Health Committee meetings: Held four times per year
- Field inspections by officers: Conducted twice per year
- Safety Practitioners Conference: Held four times per year
- Safety conferences: Held once per year
- Safety presentations by outside instructors: Held once per year
- Safety and Health Committee meetings at each location: Held monthly



Field safety inspections by officers

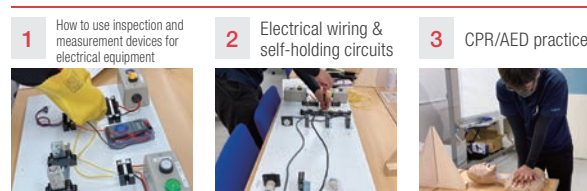
Developing safety-conscious workers with the Safety Dojo

The Safety Dojo lets employees experience potential work hazards in safe settings using 15 simulators that enable them to see, hear, and feel the hazards. The experience helps to build workplaces capable of achieving the zero-disaster standard by making employees more sensitive to potential hazards, training their ability to predict them, and building habits in safe work practices.

We introduced a virtual reality (VR) system and brought VR equipment to each location for on-site interactive safety training. To prevent occupational accidents caused by electricity, we also added training on handling low-voltage electricity and opened up participation to employees other than maintenance workers.



Safety Dojo



- Testers
- Electroscopes
- Clamp meters

Initiatives for healthier environments

Managers are improving their skills and knowledge through initiatives that enable them to lead by example.

- Establishing outdoor smoking spaces to ensure separation of smoking areas
- Taking environmental measures to reduce road surface temperature and lowering temperatures inside plants via the THERMAX ceiling cover method, thermal insulation for furnaces, and more
- Organizing learning sessions and trainings by industrial physicians and the health insurance society
- Taking measures against heatstroke and extreme heat, creating Wet Bulb Globe Temperature (WBGT) visualizations, and systematically improving workplace environments
- Improving work environments and having no more administrative classification III (noise, organic & specified chemical substances, etc.) worksites
- Measures to prevent the spread of viruses



Heat insulating pavement (reducing road surface temperature by reflecting infrared rays)



Thermal insulation for furnaces



Roof covering methods

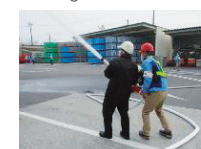
Disaster prevention activities

We take action according to our Crisis Management Regulations to minimize damage by natural and other disasters, execute accurate first responses, and ensure swift recovery.

- Large earthquakes
 - Measures to alleviate earthquake damage to buildings and facilities
 - Safety and disaster prevention equipment and stockpiles for earthquakes
 - Post-earthquake response
- Measures against fires, storms, and floods
 - Prevention of fires and explosions at production sites
 - Preparedness and systems for dealing with storm and flood damage
 - Utilizing weather information distribution systems
- Disaster prevention education
 - Utilizing the Disaster Prevention Training Center and performing disaster prevention training at worksites
- Disaster prevention agreements with local communities
 - Providing supplies such as water and mattresses when disasters occur
 - Organizing disaster prevention events and participating in disaster prevention training together with local communities



Disaster Prevention Training Center



Firefighting training

Supply chain management

From tackling global environmental problems as well as problems related to human rights and labor to carbon neutrality initiatives to combat global warming, risk management against natural disasters, and the pursuit of a sustainable society, companies are now expected to engage in very different activities than they were in the past.

In response to changes in the surrounding environment such as these, we revised our Basic Procurement Policy. Our Supplier CSR Guidelines were also approved at the Board of Directors meeting in October 2024. We are engaged in CSR throughout our entire supply chain by making all of our partners fully aware of these guidelines.

Basic Procurement Policy

- | | |
|---|--|
| 1. Engaging in fair, just, and honest procurement activities | 4. Consideration for human rights & labor |
| 2. Building partnerships based on trust with our valued suppliers | 5. Eco-friendly procurement activities |
| 3. Achieving safety & quality | 6. Compliance |
| | 7. Consideration for proper information management |
| | 8. Engaging in the optimal procurement globally |

► Strengthening partnerships with our valued suppliers

In addition to quality, price, and other aspects, it is now increasingly important in procurement activities to work together with clients on efforts such as improving labor conditions and making considerations for the environment. Through our Supplier CSR Guidelines, we will request that our partners be receptive and prepared to engage in activities that lead to mutual prosperity as partners, based on more mutual trust than ever.

► Specific efforts

We engage in various activities through the INOAC Partnership Assembly with 64 of our valued suppliers. Teaming up with our clients, we engage in initiatives such as awareness-raising activities including lecture presentations on plans to strengthen business continuity capa-

bilities and preventing lifestyle-related diseases, activities to ascertain problems at worksites and take measures against them, and activities to improve production processes. Through participation in the QC Improvement Competition to present results of improvement efforts and other such activities, we work toward mutually raising the levels of our enterprises and achieving benefits for all sides while at the same time developing human resources.

Assembly to Address Quality Problems

We engage regularly in activities to decide on the appropriate level of quality together with our clients while looking at the actual products.



Supplier Awards

We present awards for those clients who particularly contributed to us throughout the year.



► Sustainable procurement efforts

In order to offer products that are friendly to the environment and our daily lives, we have defined our INOAC Green Procurement Standards.

We engage in manufacturing with low environmental impact by regularly updating these standards and investigating chemical substances contained in our products. As part of our procurement activities geared toward carbon neutrality, we also make visits to clients and propose energy-saving measures to them. In addition, we make efforts such as conducting surveys to exclude products and other supplies involving conflict minerals or human rights abuses.

► Compliance

In basic business agreements entered into with our clients, we clearly stipulate that infringement on intellectual property rights is forbidden. We also stipulate conformance with green procurement and elimination of relationships with antisocial forces in order to comply with the relevant laws and regulations.

In order to thoroughly ensure our observance of the Subcontract Act (Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors), we create a list of clients we do business with, and we visualize the conditions of transactions with the clients to whom this act applies. In sections that handle purchasing work, we establish frameworks to ensure ongoing compliance through attendance at Subcontract Act workshops and periodical in-house training, in addition to internal audits conducted by legal affairs sections.

Visualizing transaction conditions

For new clients

When commencing business transactions, we verify whether those transactions are subject to the Subcontract Act. Before beginning the transaction, we exchange payment conditions (including offsetting conditions), basic business agreements, and notices of unit price determination with those clients. We also create lists to enable centralized management of what notifications have been exchanged with subcontracting clients.

For existing clients

Since the Subcontract Act could become applicable to transactions when terms and conditions are changed, we manage our ongoing Subcontract Act observance by regularly checking transaction conditions and updating our lists accordingly.

Initiatives in Japan and overseas

In the INOAC Group, we create opportunities for social interactions between people through social contribution activities, primarily in supporting culture and human resource development, and we help to foster the interpersonal connections formed in these activities.

Support activities for disasters

In the INOAC Group, we donate relief supplies when emergencies occur. To help people feel a little more comfortable during the time they spend in evacuation centers, we are making in-kind donations such as mattresses that our Group produces, as well as donations through public institutions and other means. We donated large numbers of mattresses and other items from the inventories of Group companies when the 2024 Noto Peninsula Earthquake occurred.



Art & culture support activities

In our efforts to support art and culture in the INOAC Corporation, we have been giving many people opportunities to enjoy music through our continuous sponsorship of the Nagoya Philharmonic Orchestra. We also organize “Afternoon Concerts” and “Young Artist Concerts” with free admission to support younger musicians at the Osaki Color Foam Shop.



Social education support activities

At locations throughout the INOAC Group, we are engaged in activities to contribute to communities in ways that closely address their issues. INOAC Sistemas Exteriores S.A. de C.V. in Mexico is donating school supplies and other items to support educational opportunities for children. In Japan, we have sponsored events such as the CBC Kodomo Ongaku Concours (Kids' Music Contest) and the Aichi Prefecture Industrial High School Robotics Competition.



| Activity category | Summary |
|-------------------------|--|
| Support for disasters | Donated polyurethane foam mattresses, polyethylene sheets with warming effects, pillows, and other items to those impacted by the Noto Peninsula Earthquake [INOAC Corporation, Higashi Nihon INOAC] |
| | Signed an agreement to provide supplies when disasters occur in the city of Ogaki in Gifu Prefecture. (Supplying polyurethane foam mattresses and other items needed for living in evacuation centers to the city of Ogaki when large-scale disasters occur or could potentially occur) [INOAC Corporation] |
| | Signed an agreement to provide supplies when disasters occur in the town of Ichikawamisato in Yamanashi Prefecture. (Supplying polyurethane foam mattresses and other items needed for living in evacuation centers to the town of Ichikawamisato when large-scale disasters occur or could potentially occur) [Higashi Nihon INOAC] |
| Community contributions | Providing mats to a local childcare support center in the city of Hanyu, Saitama Prefecture [Techno Foam Japan] |
| | Organizing a motorcycle touring event (for women) in Hakuba [Inoue Rubber] |
| | Organizing gravel path bicycling events (for beginners) in Hakuba [Inoue Rubber] |
| | Sponsoring a mogul skiing lesson event organized by Hakuba Happo-One Ski Resort [INOAC Corporation] |

| Activity category | Summary |
|---|--|
| Supporting social studies (social studies support, workplace experience) | Donating school supplies, playground equipment, and other items to help local children return to school [INOAC Sistemas Exteriores, Mexico] |
| | Providing polyurethane foam material cutoffs as materials to be used in workshops for young and old at Meguro Museum of Art (Meguro, Tokyo) and “Meguro Asobi Boukentai (Meguro Kids' Playgroup)” [INOAC Corporation] |
| | Sponsoring CBC Radio Co., Ltd. program “CBC Kodomo Ongaku Concours (Kids' Music Contest)” [INOAC Corporation] |
| | Sponsoring the Aichi Prefecture Industrial High School Robotics Competition [INOAC Corporation] |
| Supporting art & culture | Holding “INOAC Afternoon Concerts” at the Color Foam Osaki Shop every other month [INOAC Living] |
| | Sponsoring the Nagoya Philharmonic Orchestra and Tokyo Symphony Orchestra for many years [INOAC Corporation] |
| Health services, medical, health | Donated proceeds from a holiday dinner to a The Hospital for Sick Children in Toronto [INOAC Exterior Systems Canada] |
| | Supported a mobile clinic in the area of Livingston, Tennessee in the US [INOAC Exterior Systems USA] |
| Environmental conservation | Performed cleanup activities in areas surrounding Group company locations |