INOAC

INOAC CORPORATION

# CSR REPORT 2025

# INNOVATION & ACTION


Corporate philosophy

# Creating a beautiful forest, comprised of many trees of varying character.

In our efforts to enrich people's life, we at INOAC have specialized in not only a single business, but we have cultivated four business "seedlings"—polyurethane, rubber, plastics, and composite materials, creating an extensive range of products and services as an entity that contributes to society.
INOAC will continue meeting the needs of the times by cultivating many trees of varying character.

## CONTENTS



Editorial policy

◎ Reporting period
This report was prepared based on the business activities of the INOAC Group during FY 2024 (January 1-December 31, 2024)
* Also includes some information from FY 2023 and before, and from FY 2025

◎ Applicable scope
Focusing on the business activities of INOAC Corporation on a non-consolidated basis, including certain domestic and overseas companies of the INOAC Group

◎ Guidelines used as reference
GRI Standards

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## 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 innovation. 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

### 1920
- Established Inoue Rubber Co., the predecessor of Inoue Rubber Co., Ltd. ("IRC") in Atsuta ward of Nagoya, Japan (1926)
- Started exporting IRC-brand tires and tubes

### 1950
- Implemented polyurethane foam technology from Germany (1954)
- Established MTP Kasei Co., Ltd.
- Entered the bedding and childcare products businesses
- Established first overseas joint venture Associated Rubber Industries Ltd. in Sri Lanka
- Entered the automotive components business

### 1960
- Entered the piping materials business

- Entered the consumer products business

- Entered the furniture business
- Entered the distribution materials business
- Full-scale entry into the cosmetic container business
- Full-scale entry into Southeast Asia

### 1970

- Established Inoue MTP Co., Ltd. (1980)
- Debuted the Group's unified brand INOAC (1980)
- Entered the construction materials business
- Entered the office automation equipment business

- Entered the packaging materials industry
- Full-scale entry into the US

### 1980

- Changed company name to INOAC Corporation (1990)
- Entered the nursing care products businesses
- Full-scale entry into China

### 1990

- Entered the environment business
- Bolstered and expanded locations in Southeast Asia
- Established the International Polyurethane Technology Foundation

### 2000

- Held International PUForum 2015 for the 60th anniversary of the start of manufacturing polyurethane foam

- Established INOAC Ryukyu Co., Ltd. as the first subsidiary of the INOAC Group in Okinawa

### 2010

- Established Jinno R&D Center in Nagoya, Aichi Prefecture

- Expanded Nagoya Head Office and established new company building

### 2020

- Opened retail stores for bedding and more, primarily within business sites nationwide

- Organized International PU Forum 2023

- Launched production at the Tarui Factory

### 2025

## Product history

- Launched Japan's first-ever production of polyurethane foam
- Launched sales of Color Foam mattresses

- Performed on-site thermal insulation work on LPG tankers and shinkansen vehicles

- Developed cosmetic bottles using injection blow method and decorative technology

- Developed in-mold coating (double-layered) integrally molded instrument panels

- Developed the R-PUR on-site polyurethane foaming lightweight banking method for road construction sites

- Produced MAPS environmentally responsible interconnected fine cell polyolefin foam

- Produced FOLEC clean polyolefin rolled sheet foam using the supercritical foaming technique

- Produced PureCell environmentally responsible ultrafine cell foam sheet with anti-yellowing properties

- Developed ECOLOCEL plant-based polyurethane foam

- Developed flexible aerogel, a high performance thermal insulation composite

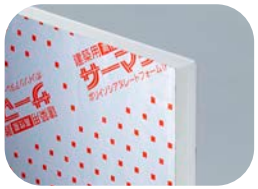
## Our products

# 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, and 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.

### Polyurethane foam

Polyurethane foam is a foamed material that is both elastic and lightweight. In addition to industrial applications such as transportation equipment and infrastructure, it also helps to make life more comfortable in bedding, insoles, and many other fields.



### THERMAX

THERMAX is a high performance flame retardant thermal insulation board for construction applications. With superior thermal insulation, flame retardancy, waterproofing, and heat shielding properties, this environmentally responsible fluorocarbon-free next-generation thermal insulator is used for housing and construction applications.

### SlimFlex

This high density high performance urethane foam has an ultrafine and uniform cell structure. Being less prone to deformation than other foam materials, it is widely used as a shielding material for electronic equipment such as smartphones with dust proof and waterproof functionalities.

### Plastic bottles

These are functional bottles made via injection blow molding using PET and PP resins. We offer own standards of bottles according to the contents with which they are filled, including cosmetic bottles and bottles for food and beverage use.

### Color Foam

Color Foam is a bedding brand of INOAC, which was Japan's first-ever producer of polyurethane foam mattresses. Everything from materials R&D to performance assessments and commercializations are handled in-house, as Color Foam has continued to help people sleep better for over 60 years.

### Seat cushion

Our compounding and molding technologies achieve seating comfort through control over flexibility, durability, air permeability, and vibration absorption. Our cushions will also contribute significantly to future motorization by being lighter in weight while increasingly eco-efficient.

### Armrests

Transport crew members can relieve stress in their arms and shoulders by placing their elbows on our armrests, offering comfort while making their work less strenuous. Some of these products contain MIXEL, which is comprised of crushed polyurethane foam material cutoffs which are then blended with adesives and molded.

### Rear spoilers

Attached to the top of a rear side of a car, this component improves driving stability and fuel efficiency by redirecting airflow while driving. They can be tailored to meet various needs such as aesthetic appeal, structural configurations, and aerodynamic performance through a diverse range of molding processes.

### Motorcycle, bicycle & wheelchair tires

Combining strong grip power with durability, our tires deliver stable road performance and satisfying ride comfort both on-road and off-road. We offer an extensive lineup of wheelchair tires, from general purpose to racing tires.

### Foam Light W

Foam Light W is a lightweight banking method using foamed polyurethane, which can also be used on sloped and low land. It can be filled into complex spaces to improve structural stability. Foam Light W was also used in restoring the Noto Satoyama Highway that was damaged in the Noto Peninsula Earthquake.

# Navigating the age of change with our unshakable foundation

## Pursuing continuous growth rooted in our mission to “Enrich people’s life with materials”

**Yasushi Nomura**
**President & COO**
INOAC Corporation

In 2025 the world once again finds itself in the midst of major changes. Geopolitical risks are increasing, economic policy is shifting, and the discussion about ESG is changing. On the surface, it could be considered an age of upheaval. However, as I always say, we need to have an unshakable foundation in order to not be overcome by superficial changes such as these.

That unshakable foundation for the INOAC Group is our advocated purpose to “Enrich people’s life with materials.” As long as we have this foundation, we will always be able to see our path forward regardless of the changes that surround us. That is because we are a necessary presence in people’s lives even when lifestyles change, since they will always want their lives to be enriched.

We have been contributing to people’s lives through materials for roughly a century since our founding. And now, we find ourselves at the halfway point of our long-term business plan for 2030 as we stand at a critical juncture where we will lay the foundation for the next hundred years.

## Progress on “INOAC2030” and future developments

In implementing the “INOAC2030” long-term business plan, we have produced some key achievements. The biggest change was overhauling our internal organizations. We defined our four business segments, positioning automotive and industrial materials as core businesses and home products and construction materials as strategic businesses. This framework has already begun functioning smoothly, which has enabled us to deploy strategies according to the nature of each respective business.

We have also made efforts toward creating good workplace atmospheres internally. Under the mantra of “Brightly, Joyfully and Cheerfully,” we are establishing various spaces for communication. One particular example is Chat INOAC-Style, a measure that we launched in 2024 to energize communication. For this measure, senior management have been travelling out to our business locations to engage in numerous discussions with employees of all ages and in various types of roles. We are listening to firsthand opinions at our worksites, and using those to energize the company as a whole.

On the other hand, some issues also became clear. The biggest issue was an “ad hoc” way of thinking. Being in the manufacturing industry, we need the mindset of always grasping the true nature of things. That starts with getting back to the basics of “know the market, know your competition, know yourself.” For example, in sales activities, you might insufficiently comprehend market needs, disregard trends among competitors, and overstate your own company’s strengths. Making judgments in such an ad hoc manner leaves no path to continuous growth. We must seek out the true nature of things and make decisions based on a quality control-like approach or thought process.

## Pursuing the true nature of manufacturing: *buy, make and sell*

Being in the manufacturing business, the true nature of the INOAC Group lies in balancing the three elements of *buy, make* and *sell*. There was a time in the past when if you made it, it would sell. However, we currently find ourselves in a much harsher environment of spiking raw material costs and declining sales prices. In order to overcome this situation, it is imperative for us to get stronger at the “make” part in particular.

Our version of “make” has three meanings. The first is to *create*—in other words, the R&D capabilities to manufacture things that are new or meet market needs. The second is to *devise*—meaning the production engineering capabilities of what to produce, where, and in what way. And third is to *produce*—the manufacturing capabilities to actually fabricate product.

By strengthening these three aspects of our “make” function in a balanced manner, we will break away from the old business model of simply buying low-cost materials and selling at higher prices and pursue true added value creation. Added value means changing forms. Raw materials change form through the application of our technologies and expertise, turning into the products that make our customers happy. This is the mission of manufacturing and the source of our competitive strength.

## “Comfort” as a keyword for our business

To turn “Enrich people’s life with materials” into a reality, we operate with “comfort” as a keyword. So then, what exactly is comfort? For us, it means quieting sound, reducing vibration, shielding heat, maintaining correct posture, aesthetically pleasing appearance, and more than anything, providing safe and reassuring environments.

For example, one of our main products is Color Foam Facet which features hexagonal slits that make it easier to roll over in bed, resulting in comfortable sleeping positions. Our sound absorption materials and seat cushions for automotive use help to make the cabins of cars more comfortable. We are also working to develop products that help to create new forms of comfort concurrently with the popularization of electric vehicles, such as thermal insulator for batteries and intercell cushions.

The important thing is that definitions of comfort vary by culture and region. For example, the firmness that customers in Vietnam desire in mattresses differs significantly from what Japanese people consider comfortable for sleep. Based on the *Genchi Genbutsu* go-and-see-for-yourself approach, we will accurately grasp the needs of each respective market and use our proprietary formulation technology to offer them the optimal products.

We will consolidate our technology systems to build a systematic brand strategy focused on comfort-related elements such as sound, vibration, heat, posture, aesthetic appeal, safety and reassurance, and decarbonization. Doing so, I believe that we will be able to communicate our value to clients in a way that is even easier to understand.

## Initiatives to strengthen our power of person

Person (human resource) is what keeps business running. Based on our policy of “Communication starts with asking and listening,” we are working to improve our hiring and training of personnel and our organizational capabilities.

Development of talent who can succeed in international environments is a pressing issue for a company like ours that operates globally. In our Trainee System, we send young employees on assignments to global locations to facilitate their growth as global personnel through actual local work experience. Among the success stories from this system, we have cases of employees who experienced the program as trainees, then boosted their skills even further upon returning and are now producing success in subsequent overseas assignments. On the other hand, there have also been failure cases in which the employees ended up leaving the company after trainee assignments due to insufficient follow up. I am therefore keenly aware of the importance of offering career planning and ongoing support.

In Japan, we organize a three-day training retreat called the One-Team Leadership Camp for corporate management executives. This is more than just training. It offers a space for deep mutual understanding where participants openly share everything about themselves, from their back stories to their values. The true value of this training camp comes after it ends. The participants autonomously organize mutual study workshops with each other, creating interpersonal interaction that transcends the boundaries of business divisions. Strengthening our cross-organizational connections in that manner helps to foster more unity in our organization overall.

We are also pushing forward with revisions to our basic research and professional training. As we revise our training systems which had previously tended to rely on on-the-job training, we are establishing clear level-specific training and assisting employees in career planning on an individual basis.

## Sustainability initiatives

I believe that the true nature of sustainability and of human rights, diversity, and inclusion is compassion. Have compassion for the environment, for your coworkers, and for the community. Having that compassion in your spirit is precisely how true sustainability can be achieved.

In terms of the environment, we have established the Sustainability Promotion Department under my direct supervision, and added “Environment” to our corporate management policies from FY2026. Each section in the company is working cooperatively with others toward our ambitious goal of halving our FY 2013 $CO_2$ emissions by 2030. Specialized subcommittees such as the Energy Section Committee and Raw Materials Section Committee have been established within the Carbon Neutrality (CN) Committee, and they are implementing specific reduction measures.

What is important is to pursue genuine results and achievements as opposed to formal initiatives. This is not simply about accumulating small results such as turning off the fluorescent lights. The aim is to sustainably generate value through our business activities in their entirety. We are creating sustainability through business, such as creating and growing decarbonization-related business, implementing environmental technologies, and conducting recycling-related business.

Another important issue is consideration for human rights and the environment in our supply chain. Relationships based on trust with our clients are essential for being able to procure stably and inexpensively worldwide. We are promoting responsible procurement throughout our entire supply chain by distributing our

Supplier CSR Guidelines and conducting sustainability surveys.

## Perspective on our 100th anniversary

As we now approach our 100th anniversary, we find ourselves at a pivotal point in time to lay the foundation for the next hundred years. With two-thirds of our sales currently coming from overseas, global expansion is not simply an option for us. It is a necessity.

The most important approach to have in expanding overseas is to respect the local culture rather than imposing Japanese values onto them. Local personnel must be the ones who play the main role in driving business expansion. Our role as stationed expats from Japan is to thoroughly support them. We will think together with our local overseas colleagues about how to utilize our materials technologies to enrich the lives of residents there, based on an understanding of the characteristics of each country and region.

Even within Southeast Asia, Thailand, Indonesia, Vietnam, Malaysia, the Philippines, and other countries each have different economic climates and cultural backgrounds. We will manufacture products with locally-procured raw materials according to the needs in that specific location, and bring them to the people there—based on a "produce locally to consume locally" mentality. By establishing this model, we will create sustainable global business in the truest sense.

## Continuously accomplishing our mission to "Enrich people's life with materials"

These times of turbulent change are particularly when we need to get back to our roots. The spirit of "Enrich people's life with materials" is our unshakable foundation. Based on this foundation, we will always pursue the true nature of things and practice compassion in our business.

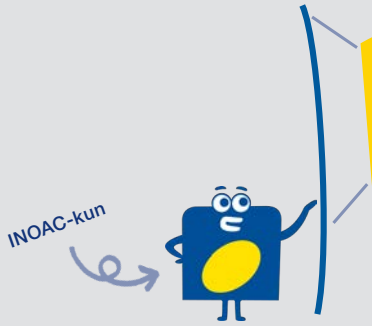
In manufacturing, we will maintain our balance of "buy, make and sell" while strengthening three facets of our "make." We will enrich people's lives by creating value based on "comfort" as a keyword. As we train our personnel to be successful globally, we will confront challenges as a solidly unified organization. And, we will do business with consideration for the environment and human rights to achieve a sustainable society.

All of these comprise our mission as we approach the milestone of our 100th anniversary, and they are also our responsibilities as we embark on the next hundred years. Together with our stakeholders, the INOAC Group will continue accomplishing our mission to "Enrich people's life with materials."

Our quest has only just begun. We will advance without fearing change, without losing sight of the true nature of things, and with compassion. We sincerely appreciate your continued support and cooperation.

**Yasushi Nomura**

| | |
|---|---|
| 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 Department, 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) |




The enrich people's life with materials tour
with INOAC-kun

# SlimFlex Edition

**INOAC makes products using polyurethane foam, rubber, plastics, and composite materials to make life more comfortable in a wide range of settings! Here we will venture out to the SlimFlex plant of one of the companies in the INOAC Group, INOAC SlimFlex Co., Ltd. Just how are materials for life comfort made, and how are they brought to us? Let's take a closer look at one of these materials!**

Introducing INOAC-kun

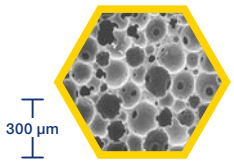
I'm INOAC's original character INOAC-kun, the polyurethane fairy!
I change into various forms and products to be helpful as a familiar, friendly presence in your life!

?!

## What kind of material is SlimFlex?

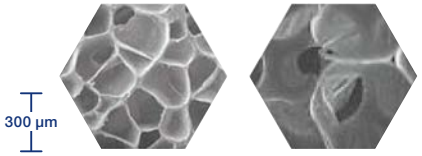
Microcell polymer sheet SlimFlex is highly dense and extremely fine. It is a high-performance urethane foam with a uniform cell structure.
It is used in a wide variety of settings thanks to having superior shock absorption, sealability, dimensional stability, and processability among other properties, without being thick.

**Extremely fine foam compared to other materials**




SlimFlex

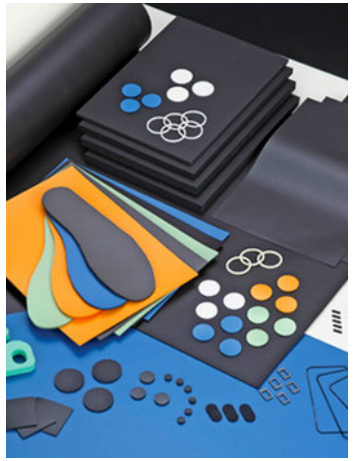
**Compared to SlimFlex, other materials foam in a non-uniform manner**




CR sponge PE foam

## What SlimFlex excels at

Don't you feel tired after a long walk? Since insoles made with SlimFlex are shock absorbent, they reduce some of that physical strain. They are also deformation-resistant, meaning that they last a long time!



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# Feature Story 1 | The enrich people's life with materials tour

with INOAC-kun

Start

## 1 Materials development

We start by asking customers for their requirements and creating prototype products of materials that meet those requirements. We combine various raw materials that utilize our expertise from previous development to design what the customer needs—pretty cool, isn't it?

Prototype development

## 2 Manufacturing

Once the prototype is complete, mass production can finally begin. In addition to maintaining quality, various preparations must also be made to keep the workers safe.

The quality of all the products gets checked every single time. Quality is broken down into various criteria that are checked. Thanks for your hard work!

From left, checking quality within the manufacturing process, a furnace insulated with THERMAX thermal insulator, and a quality experiment being conducted

?!

## Sustainability at INOAC

### Balancing environmental responsibility with performance

Some grades contain plant-based raw materials! In addition to being environmentally responsible, they are also used to improve functionalities such as heat resistance and sealability.

INOAC chooses non-edible plant-based raw materials! This consideration aims to avoid making food shortages worse.

### Carbon neutrality initiatives

We're working on a variety of initiatives to cut greenhouse gas emissions. Solar panels have been installed on the roofs above car parking spaces at our plants!

# Feature Story 1 | The enrich people's life with materials tour
with INOAC-kun

## 3 Logistics

Whether transporting to INOAC Group companies for processing or directly delivering to customers, it is important to transport them according to carefully-made plans. We also keep the warehouses tidy!

At a logistics warehouse inside a plant

## 4 Sales

INOAC SlimFlex Co., Ltd. is the producer, while INOAC Corporation handles the sales. They divide up the responsibilities, and each focuses on their respective tasks.

SlimFlex

INOAC

## 5 Usage

SlimFlex is present in the smartphones and home appliances that you use each day! Just think of it as being part of your life, and that would make me happy.

SlimFlex is used in wide-ranging fields, from sporting goods to precision devices such as home appliances or notebook PCs. It's there behind the scenes, helping to keep products from breaking when they get wet or dropped.

## GOAL

What will we work on next?

### Operating globally as a unified Team INOAC

SlimFlex's superior performance is no longer a secret. Its usage applications are expanding both domestically and abroad as inquiries keep flooding in.
With new overseas plants also in the works, all of our employees everywhere, young and old, are working together as a unified corporate group to stably supply the same level of quality worldwide.

### ?! Improving loading methods during transport

Load-to-truck ratios were low, and efficiency was an issue. After reconsidering loading methods based on the properties of the products, conducting verifications internally, and securing customers' agreements, we successfully improved load efficiency!

**Issue** Since loading was only one row high, load-to-truck ratio was low at only 50%, making transport inefficient

**Counter-measure** Switched to loading two rows high after conducting in-house verification and receiving agreement from customers, resulting in higher loading efficiency

### ?! User-first mentality

Advocating our "user-first mentality" quality policy, all of our employees employ a thorough market-in approach! We are also dedicated to having internal systems to quickly be able to meet customers' needs, as we offer a physical mini-sample catalog and prototype fabrication service.


Left: Akira Fujiyoshi Management Subsection Chief Planning Section INOAC SlimFlex Co., Ltd.
Right: Jun Nozaki President INOAC SlimFlex Co., Ltd.

# Feature Story 2 | Current state of the Hakuba Project

After roughly three years of activity, the Hakuba Office and Showroom which we opened in December 2022 is now preparing to open a new location in the spring of 2028. With the staff of the Hakuba Office playing a central role, a new branding project for relationship building with the community and establishing the brand has been launched in collaboration with the Real Estate Management Department and the Brand Communication Section of the Public Relations Department.

Special sponsor (Inoue Rubber Co., Ltd.) of the **2024 iRC Tire Hakuba Gravel Meeting cycling** sports event

## Building the future together with Hakuba

The new location project aims to go beyond just being a business location for a single company. Its participants are repeatedly discussing what type of support INOAC is uniquely able to provide for the local issues Hakuba is facing, and what exactly they want to establish or achieve in Hakuba. As they keep their ears attuned to Hakuba's hopes and expectations for INOAC, they are working to build a location that delivers solutions for issues in the community while simultaneously developing our business.


**Employees who had been involved in our CSR for around 9 months and are in their second year with the company visited Hakuba and**

**listened to what local residents had to say.**

Job creation is an important issue for Hakuba. Declining capacity utilization during the summer/fall "green season" will be the focus in the tourism industry in which roughly 70% of Hakuba residents work. To address this, they are developing summertime activities to replace winter sports during that time of the year. Insufficient employment is seen as a lost opportunity for Hakuba and its residents.

Hakuba's natural environment and abundant scenery are precisely the future its residents hope to protect. To maintain the village's identity, transformation must also sometimes be embraced. While enjoying the benefits of tourism, we will also pass down the natural environment and agriculture underlying Hakuba's breathtaking landscape.

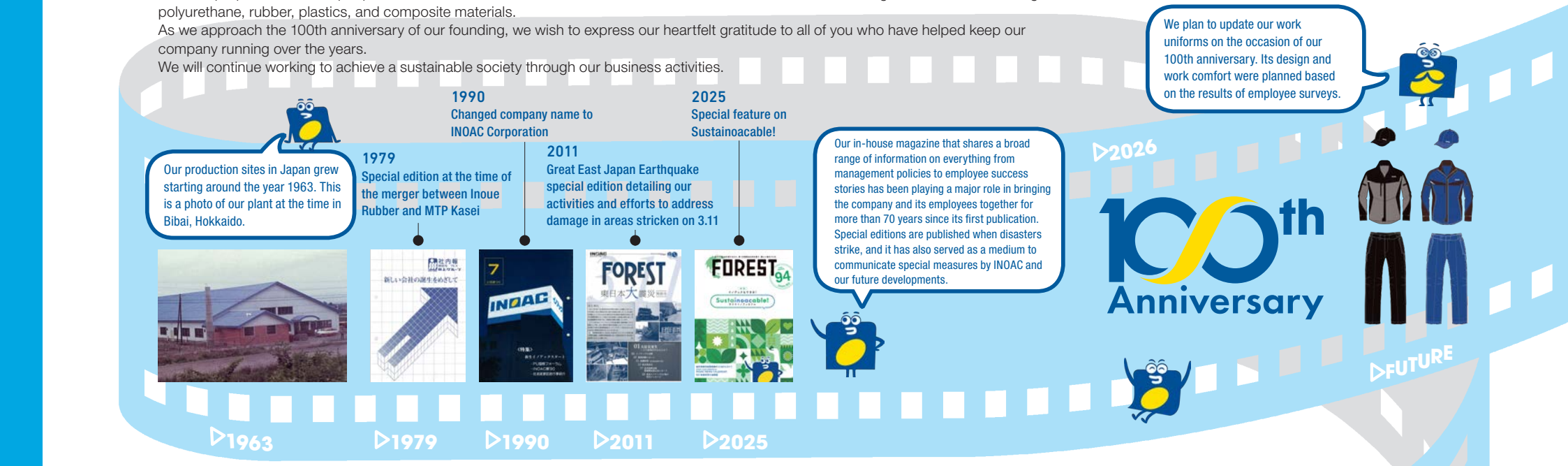
"What I sensed was the determination for humans and nature to coexist."

Other initiatives in Hakuba are described here.
**https://inoac-hakuba.com/**

# Feature Story 3 | Approaching our 100th anniversary

## The INOAC Group will mark the 100th anniversary of its founding in 2026.

With the purpose to “Enrich people’s life with materials” as our cornerstone, we have established an extensive range of businesses utilizing polyurethane, rubber, plastics, and composite materials.
As we approach the 100th anniversary of our founding, we wish to express our heartfelt gratitude to all of you who have helped keep our company running over the years.
We will continue working to achieve a sustainable society through our business activities.




# Feature Story 3 | Approaching our 100th anniversary

## Reflecting on 100 years of INOAC

Soichi Inoue, Chairman

The history of **INOAC** begins with its founding as Inoue Rubber Co. in Atsuta ward of **Nagoya, Japan in 1926**. Having been surrounded by the smell of rubber from a very young age, I experienced firsthand the growth of our business along with the industrialization of the area, from a business that started with producing bicycle tires to one that makes industrial-use rubber products.

Japan faced severe hardships after World War II. On the other hand, the sentiment toward postwar recovery was also strong. While there was a time when people had nothing, I feel like we really went all out in a fever pitch effort determined to rebuild the company, bring stability to working people's lives, and contribute to Japan's recovery.

**In 1954** we launched the first ever production of polyurethane foam in Japan through a technology partnership with Bayer from **Germany**. We had been importing rubber products from Germany since before the war. Partly through those connections, we were introduced to polyurethane foam and immediately traveled to Germany. They were also a losing country in the war, and we did have some feelings of affinity from that. However, there were so many surprises when we actually went there, I remember it being a tremendously stimulating experience. We went to the central laboratories of Bayer which had escaped damage from the war, we saw that despite being a defeated nation, they had a very free-spirited culture with many future-minded researchers hard at work. I was impressed at how each individual went about their duties with a management mentality and a strong sense of purpose based on autonomy, which made me think, "I want our company to be like this." In our interactions with the US military in Japan after the war, seeing their freedom and the way they established libraries in each city made me feel the importance of being international.

The technology partnership with Bayer
Far right: Soichi Inoue
Third from right: The late Aiichi Inoue

Then **in the 1960s**, our business expanded when we also began developing and producing materials for automotive seat cushions, ceiling materials and other interior parts, and exterior components such as bumpers made from polyurethane raw materials based on petrochemistry developed in **the US**. Further expansion followed in the 1970s when we began developing microcellular polyurethane. Meanwhile, we established a joint venture in Sri Lanka in 1959, and also worked on expanding into Southeast Asia starting in the 1970s.

In my 30s and 40s I was constantly jetting around the world and was rarely in Japan. There is no doubt in my mind that the key to success is to actually go to the worksites and build trust with the people there. This mentality is something important that I also want to pass down to future generations at INOAC.

In our **overseas expansion**, we have focused on management that esteems the country or region and its people, and values the ambitions of local employees rather than overtly pushing the Japan angle. The fact that we do not fly the Japanese national flag at our overseas plants speaks to that perspective. The same approach applies to our business in Japan. The INOAC Group now **operates in locations throughout Japan**. In this case as well, we make a point of visiting the business sites, establishing bonds, and holding their respective ideologies in high regard. That is what "**valuing our people**" is truly all about. Authoritarianism tends to grow within an organization when a company gets larger, which could stunt growth. To prevent that at INOAC, we have had **rules that make no reference to job titles** such as president or manager. However, I also feel we need to be more conscious of the true intention of those rules—to respect each individual's ideas and behavior—without formalizing them.

Soichi Inoue in the present day

In 1990, we changed our company name to INOAC Corporation. This name combines our fundamental approaches of "innovation" and "action," but in my mind, the "IN" at the beginning also means "**international**." I am confident that over the next 100 years, we will continue to build a large "**beautiful forest**" by valuing our people, embracing a go-for-it spirit without fear of failure and the approach of innovation plus action, and becoming even more international.

Thank you all very much for your support over the years. Please keep looking forward to great things from INOAC.

# Environment | Environmental management

## Basic approach

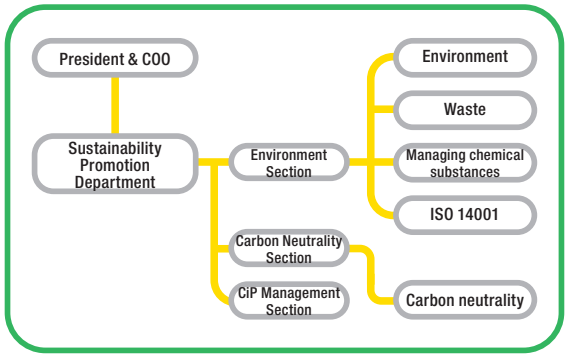
Advocating our eight basic policies (diagram at right), the INOAC Group will be actively engaged in various environmental efforts based on our environmental vision, “Respect the natural environment of our irreplaceable earth and contribute to realizing a prosperous society that is comfortable to live in through technology harmonized with our environment and environmentally responsible business activities.”

## Environmental Preservation Promotion System

In March 2025, we established our Sustainability Promotion Department to engage in environmental activities in a more organized fashion. Under the direct control of the president, this office handles various environmental conservation activities.

Within this office are the Environment Section, Carbon Neutrality Section, and CiP Management Section, under which the activities of various committees until now are linked (chart below). INOAC is now better organized to be able to tackle environmental challenges faster and in a more company-wide manner.

### Organizational chart




**Environmental vision**

The INOAC Group respects the natural environment of our irreplaceable earth and contributes to realizing a prosperous, comfortable society through technology harmonized with our environment and environmentally responsible business activities.

**Environmental policy**

1. We observe environmental laws and regulations, thoroughly ensure compliance, and engage in business activities that society can trust.
2. We work to reduce $CO_2$ emissions such as by saving energy, to help achieve a carbon neutral society and prevent global warming.
3. We actively engage in resource conservation, waste reduction, and recycling activities, and reduce our emissions of air pollutants to contribute to a circular society.
4. We properly manage chemicals that could impact the environment and seek to preserve our environment by reducing risk.
5. We actively develop environmentally responsible products and services, contributing to the conservation of nature throughout the entire life cycle.
6. We work to reduce our water usage through initiatives such as circular water usage to use water resources sustainably.
7. We engage in environmental management, educate employees about the environment, implement environmental audits, and continue to improve.
8. We contribute to establishing a sustainable society through efforts in local environmental preservation as good corporate citizens.

## Missions of each section and committee

### Sustainability Promotion Department

- Recommend Head Office environmental targets
- Implement environmental activities aligned with targets
- Give management reports on environmental activities

### Environment Section

- Environmental compliance monitoring
- Implement ISO 14001-related activities
- Implement environmental, waste, and chemical substance management activities

### Carbon Neutrality Section

- Facilitate activities to reduce Scope 1, 2 & 3 (Categories 1/4) emissions

### CiP Management Section

- Handle customers’ environmental surveys

### Committee on Environment

- Implements measures involving the environment such as ISO and EMS* based on environment-related laws and regulations

### Waste Reduction Committee

- Manages various types of waste arising from our business activities.

### Chemical Substances Management Committee

- Manages chemical substances based on international regulatory trends.

### ISO 14001 Committee

- Facilitate environmental activities throughout the company

### Carbon Neutrality (CN) Committee

- Implements measures to reduce business-related $CO_2$ emissions and pursue carbon neutrality.

< Energy Section Committee >

- Implements measures to reduce energy usage at production sites in Japan and other countries with the aim of reducing Scope 1 + 2 emissions.

< Raw Materials Section Committee >

- Makes efforts to reduce $CO_2$ emissions primarily in raw materials with the aim of reducing Scope 3 (Category 1) emissions.

< Logistics Section Committee >

- Implements CO2 reduction measures related to shipping and logistics for which we are the cargo owner.

< Departmental Section Committee >

- Implements comprehensive measures to reduce the carbon footprint of our main products and components

* EMS: Short for Environmental Management System

## Goals & results of activities

| Initiative | | Targets in FY 2024 | Achieved in FY 2024 | Targets in FY 2025 | Targets in FY 2030 |
|---|---|---|---|---|---|
| Reducing energy consumption (in plants) | $CO_2$ emissions (tons) | 68,631 | **76,182** | 70,010 | 45,887 |
| Reducing waste (in plants) | Amount treated (tons) | 9,500 | **9,885** | 9,027 | 8,400 |
| Reducing emissions of VOC substances | Amount emitted (kg) / monetary sum of production (million yen) | 1.81 or less | **1.93** | 1.55 or less | 1.32 or less |
| Reducing amounts of PRTR substances emitted & transferred | Amount emitted + amount transferred (kg) / monetary sum of production (million yen) | 2.09 or less | **2.26** | 2.19 or less | Not specified |
| Reducing water intake | Water intake (thousand $m^3$) | 2,236 | **2,155** | 2,112 | 2,153 |
| Managing chemical substances | Green procurement rules revisions | Continue addressing new regulations | **Revised May 14, 2024** | Continue addressing new regulations | Continue addressing new regulations |
| Preventing environmental incidents | Major accidents, legal violations, complaints (total) | 0 | **0** | 0 | 0 |

## Observing environmental laws and regulations

The INOAC Group strives to thoroughly observe environmental laws and regulations. In FY 2024 we had zero law violations at locations in Japan and other countries. We will continue striving to preemptively prevent the occurrence of environment-related major incidents and legal violations.

To thoroughly ensure compliance with environmental laws, in Japan, the person in charge of environmental efforts at each location participates in Committee on Environment meetings four times per year to touch base about revisions to environmental laws and report on self-directed inspections at each location. We also strive to ensure that violations do not occur, as the Environment Section regularly conducts legal compliance inspections at locations in Japan based on ISO 14001 within our Environmental Management System.

## Implementing environmental audits

### Internal environmental audits

We implement internal environmental audits to check the operational state of our environmental management system. The audit team consists of two to three employees who have completed the internal auditor training prescribed by the company. They check if the environmental management system is being properly operated, maintained, and improved. We create implementation guidance and revise checklists to emphasize efforts toward goal achievement and legal compliance, among other efforts to audit at a higher level.

### External environmental examinations

The Japan Quality Assurance Organization (JQA), an external certification body, conducts examinations to check if our environmental management system is functioning properly in accordance with ISO 14001:2015. In September 2024 we underwent a renewal audit and our renewal was registered without anything being pointed out.

Also, as overall findings, some issues were raised in terms of environmental aspects, compliance obligations and evaluations, and processes such as internal audits. We are working to improve on what was pointed out in those findings.

## Education & training

### CN-related training sessions

As an awareness-raising activity, the CN Committee's administrative office conducted training for newly hired employees in 2024. Webinars were taught by in-house instructors three times and by an outside instructor once, with roughly 160 attendees in total. The Energy Section Committee and Logistics Section Committee also collaboratively organized the CN Exhibition. Clients were also invited, and the exhibition had approximately 250 attendees.

### Training for emergencies

We identify risks of accidents and emergencies according to the characteristics of each business facility, and periodically conduct training to prevent and stop the spread of environmental pollution resulting from earthquakes, fires and leakage of oils and raw materials.

For the Yana Plant (in Aichi) we hold disaster prevention training (evacuation & extinguishing fires) every March and November. Meanwhile, in manufacturing sections we conduct raw material spill/runoff prevention training at a different location each year. We also prepare for emergencies in other facilities by conducting regular training for emergencies and urgent circumstances.

# Environment | Climate change initiatives

## Addressing climate change (Scope 1 + 2)

In addition to being a social issue, addressing climate change requires aggressive efforts in the course of doing business. For our management to reduce Scope 1 + 2 emissions in particular, we set the goal of a 50% reduction in 2030 (overall volume in Japan) compared to 2013, and the CN Committee is leading our efforts toward this goal. Specifically, we are assigning $CO_2$ reduction targets for each department and plant, visualizing the items to be reduced, reduction effects, and amounts of related investments, and managing the progress.

Our primary measures to reduce $CO_2$ emissions involve thoroughly reducing energy usage. We are implementing effective measures to advance all types of energy-saving activities such as developing production engineering processes. This includes listing up the measures being carried out at production sites as “energy-saving standards” and staying informed on the progress at each site.

We have defined eight categories, including for thermal insulation measures and for replacing air conditioning, heating, and lighting facilities respectively, and are creating, revising, and updating lists of specific measures.

Since it is also not realistic to completely eliminate the use of energy in production, we are working on changing our energy sources and implementing renewable energies. Through all of these measures combined, we aim to achieve our 2030 goal with certainty.

Overseas, there are some disparities on a per-activity level, so we started by setting a goal of a 3% year-on-year decrease. We are requesting that energy saving activities are organized and reduction activities implemented, and we are actively sharing information about activities taking place in Japan.

### Scope 1

$CO_2$ emissions from consumption of fuels such as heavy oil and natural gas at our manufacturing locations corresponds to Scope 1.

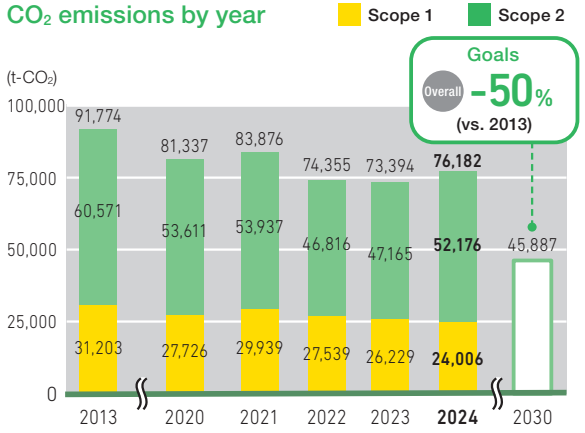
We are finding ways to reduce our emissions through means such as improving efficiency in manufacturing processes via fuel conversion and systematic equipment updates.

In FY 2024, we reduced fuel consumption by transitioning to heat pumps for some of our LPG boilers, reduced wasteful fuel consumption through extensive thermal insulation on steam piping, and reduced our Scope 1 $CO_2$ emissions.

### Scope 2

This corresponds to $CO_2$ emissions attributable to purchased electric power. We are dedicatedly engaging in energy-saving activities and improving energy efficiency in manufacturing processes among other efforts to reduce energy usage at all locations. Additionally, we are cutting our emissions through efforts such as internal usage of solar power generation and implementing renewable energies. In FY 2024, solar power generation for in-house consumption went into full-scale operation at two of our locations, which contributed to lower Scope 2 $CO_2$ emissions.

### $CO_2$ emissions by year




**Example 1** **Switching from LPG boilers to heat pumps**
Anjo Plant

We switched to use of heat pumps instead of steam from LPG boilers as the heat source in raw material thermal chambers.

Carrier Japan
**CAONS 140J**

$CO_2$ reduction: **18** tons/year

**Example 2** **Implementing solar power generation for in-house consumption**
I-Sheet Industries

We installed solar panels on the roofs of buildings.

Generation capacity: **230** kw

Annual energy production: **210,000** kWh

$CO_2$ reduction: **96** tons/year

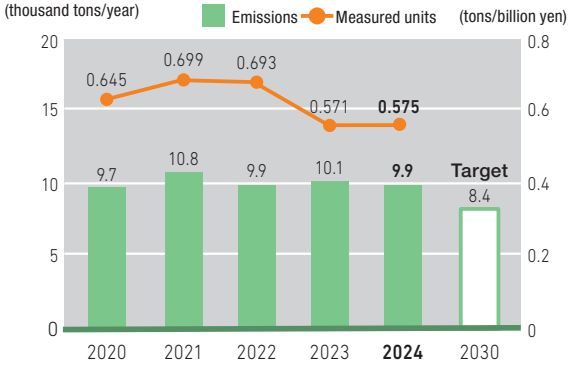
# Environment | Contributing to a circular economy

## Basic approach

The INOAC Group uses raw materials derived from petroleum which is a finite resource in addition to various chemical substances. For that reason, we work toward reducing waste emitted from our production activities as much as possible and manage proper treatment of these materials and substances according to laws and regulations.

We are also expanding our existing 3R's (reduce, reuse, recycle) activities as we work to create an advanced recycling-oriented (circular economy) society.

### Volume of waste (excluding resalable), measured units of sales




## Future challenges and actions

The INOAC Group will continue its quest for the effective usage of resources.

Specifically, we will aim to reduce emissions (waste) in our production processes through 3R's activities while also reducing amounts disposed through simple incineration and as landfill.

Additionally, we will develop technologies for chemical recycling, material recycling, and energy recovery from waste as we continue finding ways to use the earth's resources effectively.

To build circular economies we will work to improve our structural design and production processes, which includes selecting renewable materials and making products that are easy to recycle.

## Using biomass-based raw materials

In terms of resource usage, we are also utilizing biomass-based raw materials to cut down on our usage of raw materials from fossil resources.

## Initiatives to reduce waste generated

The INOAC Group (domestically) did not achieve its goal for total volume of waste discharged in FY 2024, but this volume did decrease slightly year on year. This was attributable to our ongoing activities to reduce defects and improve yield and to recycle rubber and resin materials and convert them into resalable waste.

Increases in launches of new mass-produced products and prototypes and test runs involved in equipment updates were the main causes for falling short of the goal.

## Recycling-oriented initiatives

At INOAC, we are developing technologies for chemical recycling of polyurethane foam, which is one of our major materials, and for material recycling including for rubber.

In addition, we are working cooperatively with venous industry—recycling and industrial waste treatment businesses—to build systems for recovering used products.

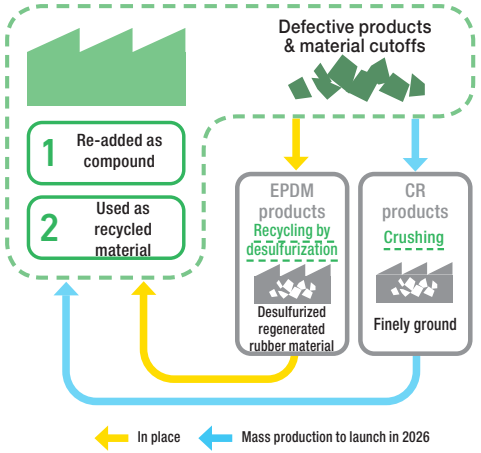
### Example 1 Polyurethane foam using biomass-based raw materials

ECOLOCEL is a polyurethane foam made from at least 50% plant-based raw materials. Raising the level of biomass content destabilized the foaming properties and caused imbalances among other properties, but improving the composition and optimizing the production conditions yielded a high biomass content ratio of 50%. INOAC also chooses non-edible plant-based raw materials out of consideration for effects on food shortages.

ECOLOCEL

### Example 2 Material recycling of rubber

After crushing and reprocessing material cutoffs left over from our production processes, we reuse them as recycled materials.



# Environment | Managing chemical and other substances appropriately

## Managing chemical substances

The INOAC Group uses various chemical substances in the secondary materials that go into the raw materials of products and our production processes.

Chemical substances pollute soil, waterways, and the atmosphere due to leakage, vaporization, or other emissions from products that contain them or in production processes, which could negatively impact the earth's environment.

Regulations on chemical substances are being strengthened every year, primarily in western countries. We are improving our frameworks including for selecting and managing chemical substances that we use (Green Procurement Standards) and bolstering efforts to properly manage chemical substances through employee training, as we remain committed to making products that are safe and reliable.

### Descriptions of initiatives

**1. Managing harmful chemical substances**

- Compliance with laws & regulations such as RoHS Directive*1 and REACH regulation*2
- Compile SDSs (safety datasheets), conduct risk assessments, wear proper protective equipment, improve work environments
- Switch to replacement substances, consider reducing usage volume

**2. Managing chemical substance content of products**

- Manage chemical substance content of products in Green Procurement Standards
- Ascertain and manage the usage status of chemical substances throughout our supply chain
- Properly disclose chemical substance content of products

**3. Managing emissions of chemical substances**

- Ascertain PRTR/VOC emissions at each location & implement reduction measures
- Inspect & manage wastewater at each location
- Observe laws & regulations such as water pollution and air pollution prevention laws
- R&D & improvements to minimize environmental impacts

**4. Chemical substances management framework**

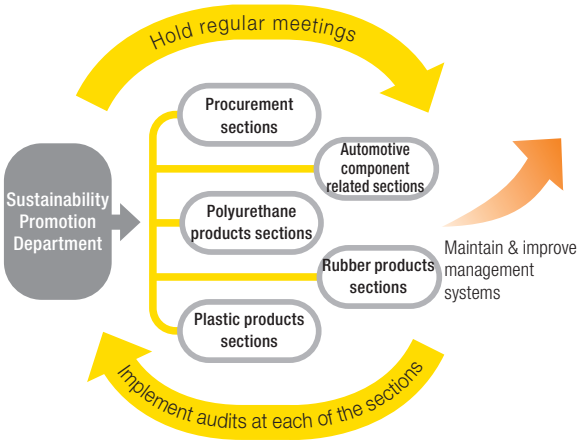
- Select managers of chemical substances
- Conduct employee training for chemical substances-related knowledge & proper handling methods
- Have those responsible for managing chemical substances in each section share information at Chemical Substance Committee meetings (3 times/year)

*1 Restriction on the use of certain hazardous substances in electrical and electronic equipment in Europe
*2 Regulation in Europe for registering chemical substances and controlling hazardous substances

## Communication about chemical substance management

With the Environment Section playing a central role, the sections responsible for managing chemical substances in every business division gather for internal chemical substances coordination meetings held once every three months. Activities in the meetings include revising the Green Procurement Standards, reviewing the management structure and operational rules, and sharing opinions on the latest trends in chemical substance regulations such as the REACH regulation and RoHS Directive. We also regularly audit the management structure in each business division as we strive to maintain and improve these organizational structures.

### Structure of chemical substances coordination meetings




## Establishing and enforcing controlled substances

In order to accurately communicate information about chemical substances to customers, the INOAC Group controls chemical substances according to laws and regulations in each country, including Europe's ELV Directive*3, RoHS Directive, and REACH regulation, laws and regulations in Japan, GADSL*4, and IEC 62474*5, and based on customers' requirements.

In tangible terms, we thoroughly establish roles and management operations within each section to provide safe, reliable products.

*3 Regulation for end-of-life vehicles in Europe (European Union member countries)
*4 List of internationally controlled substances in the automotive industry
*5 List of internationally controlled substances in the electrical and electronics industry

## Managing chemical substances in our supply chain

In our supply chain, we manage the chemical substances that go into our products in the INOAC Group.

We manage the chemical substances that go into our products in product design, materials procurement, and production processes according to our Green Procurement Standards, in order to deliver products that meet the standards of laws, regulations, and our clients.

| Step | Chemical substances management procedure |
|---|---|
| Establish chemical substance regulations | Establish and update our Green Procurement Standards based on laws, regulations, and customer requirements |
| Check information on chemical substances when selecting materials | Verify information with clients about prohibited and managed chemical substances listed in Green Procurement Standards for raw materials & resources to be procured |
| Check at the time of purchasing raw materials & resources | Obtain information on chemical substances for Green Procurement Standards via certificates of non-inclusion, IMDS, chemSHERPA, etc. |
| Manage chemical substances within manufacturing processes | Manage chemical substances transfers and pollution within manufacturing processes (managing pollution from phthalate compounds, etc.)<br>Conduct training for operators on handling of chemical substances<br>Store chemical substances, choose the person responsible for them, display & manage SDSs at worksites, conduct chemical substance-related risk assessments |
| Manage chemical substances information for our products | Manage chemical substances information for each product in databases |
| Provide chemical substances information for products delivered to customers | Provide chemical substances information (IMDS, chemSHERPA, etc.) to customers for products that we manufacture<br>Report chemical substance usage volumes (PRTR, VOC, etc.) to government agencies & industry groups |

# Environment | Managing chemical and other substances appropriately

## Managing chemical substances in purchased goods

We verify the chemical substances and content amounts specified by laws, regulations, and other standards to ascertain information about chemical substance content in raw materials, and we purchase raw materials from clients after presenting them with our Green Procurement Standards which list the chemical substances and other inputs we should strive to reduce.

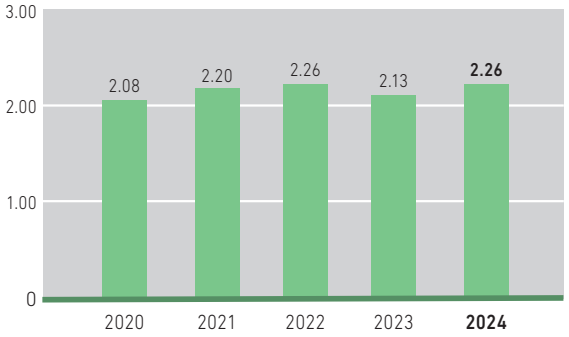
We are also consistently monitoring the latest regulatory developments, based on which we revise these standards once each year.

## Managing PRTR-regulated substances

We use PRTR substances that are included in raw materials for polyurethane foam, such as m-tolylene diisocyanate, as well as xylene and toluene which coatings contain. To reduce the amounts of these chemical substances that we handle, release, and transfer, we made progress in reducing dichloromethane which is used as a foaming agent in some cases, and also in both improving and taking measures against defects in its coating process. Although our total overall emissions and amount transferred of PRTR substances in FY 2024 decreased 13% vs. FY 2023, they increased by 6% in measured units.

### PRTR (amount emitted & amount transferred)

(kg / monetary sum of production (million yen))




## Initiatives to reduce air pollutants

For air pollution, we observe environment-related laws and regulations including for NOx, SOx, and PM (particulate matter) while also engaging in initiatives to reduce our environmental impact.

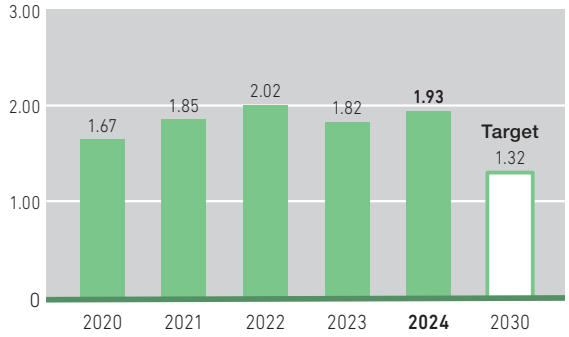
VOCs (volatile organic compounds) emitted into the air also react with ultra violet rays in sunlight, generating photochemical oxidants and airborne particulate matter.

Among the raw materials that we use, VOCs contained in materials such as coatings for automotive components and adhesives are released into the air through the action of drying.

We strive to mitigate our VOC usage through means such as developing fabrication methods and processes geared toward coating efficiency and popularizing dichloromethane-free polyurethane foam technologies as we work to reduce our airborne emissions.

### VOC emissions

(kg / monetary sum of production (million yen))




### Example 1 Reducing dichloromethane

We are working to completely eliminate dichloromethane which we use in specific polyurethane foaming processes, with some of our plants having already completed comprehensive conversions to foaming methods using $CO_2$. Polyurethane foam manufactured through carbon foaming has lower environmental impact than conventional foaming agents and is capable of curtailing greenhouse gas emissions. Since CO2 can be obtained at low prices, it also offers advantages in terms of costs.


### Example 2 Properly controlling ozone-depleting substances

To protect the ozone layer and stop global warming, we are curbing our airborne release of fluorocarbons and switching to natural refrigerants. We are controlling operations through regular inspections based on laws controlling the emissions of fluorocarbons, and are recovering waste appropriately. Going forward, we will continue updating our equipment in a structured manner as we work to properly control fluorocarbons.

# Environment | Addressing water-related risks

## Approach to addressing water-related risks

The INOAC Group consumes large volumes of water, including not only water used when manufacturing products (cooling manufacturing equipment, cooling rubber and resin molded products, etc.) but also for the water that our employees drink. We consider water to be a crucial resource. For that reason, we are working to reduce our water usage through improvements to production processes and recycling efforts. Since FY 2023, we have also been using the Aqueduct water risk assessment tool to conduct assessments of each manufacturing site and evaluate the main impacts.

## Understanding and mitigating water risks

We are making dedicated efforts to comprehend our water risks through the use of Aqueduct to assess water risks at manufacturing sites in Japan and other countries, and by conducting interviews at each site.

The results of our investigations in FY 2024 showed that none of our locations have major water risks requiring urgent response.

We will bolster our efforts to address various water-related risks, including the depletion of aquatic resources and worsening water quality, floods, and enhanced regulations.

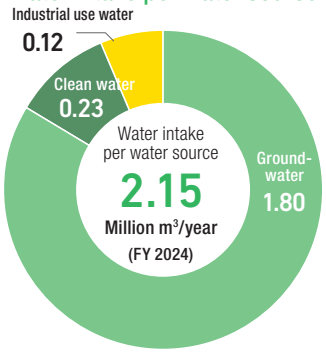
1. At domestic group companies, we are working on improvements by setting targets for water usage and intake reductions to facilitate sustainable usage of water resources that addresses water supply risks.
2. We are working on managing wastewater by monitoring the quality of wastewater from wastewater treatment plants in order to address regulatory risks from water-related laws, regulations, and other ordinances, and to make our wastewater cleaner.
3. To address water submersion risks posed by torrential rains and floods, we are also working on improvements at each individual plant from a BCP perspective.

## Initiatives to reduce water consumption

Water is most often chosen as the means to cool equipment and machinery such as materials kneaders and extruders that heat up during usage for processing. Since water flow is used without limitation during such cooling, tools such as G-HEXs* and cooling towers can be used to cool and recycle water that has absorbed heat. We are working on improvements that produce significant water savings using such tools.

* G-HEX: Resin heat exchangers sold by our group company INOAC Housing & Construction Materials Co., Ltd. which can recover and recycle wastewater heat at plants (heat, heated water, and cold water arising from production processes at plants). The recovered cooling and heating can also be recycled as heat sources for air conditioners and other equipment and machinery. Implementing water recycling systems leads to reductions in water usage.

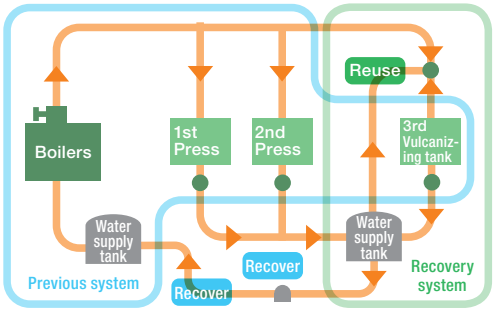
### Water intake per water source



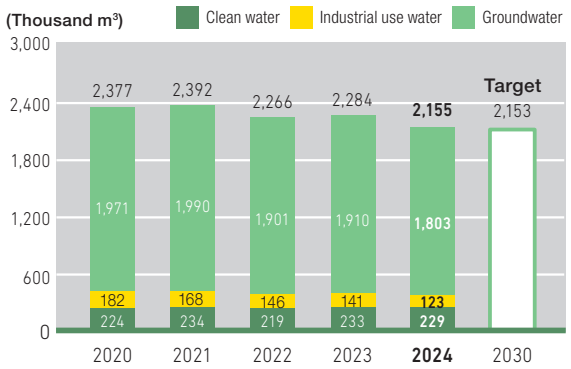

**Example 1 Steam circulation system implementation**

Seino Plant Tarui Factory

We installed systems in the drain discharges of boilers that recover and reuse hot water and efficiently utilize both water and energy.




### Water intake by year




## Future challenges and actions

Some risks from problems associated with water risks differ by region, such as water shortages caused by growing populations and increasing risk of water damage due to global warming. Since we have locations throughout the world, these are important issues for us.

We will share information about matters such as saving water and preventing leakage in production processes with our overseas locations, while also proactively working to understand risks and create action plans for reductions.

## Biodiversity action

Conserving ecosystems that maintain biodiversity is critical not only for the sustainability of society but also for the continued development of the INOAC Group's business.

In addition to compliance with various laws and regulations, we also consider it necessary to understand impacts on the surroundings caused by extraction of raw materials and business operations at manufacturing sites, and to implement all-encompassing measures to address them.

# 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 through collaborations with raw materials manufacturers and customers.

## R&D centers that cater to 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 moved and expanded our R&D centers in the US and also established a new 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.

### R&D centers

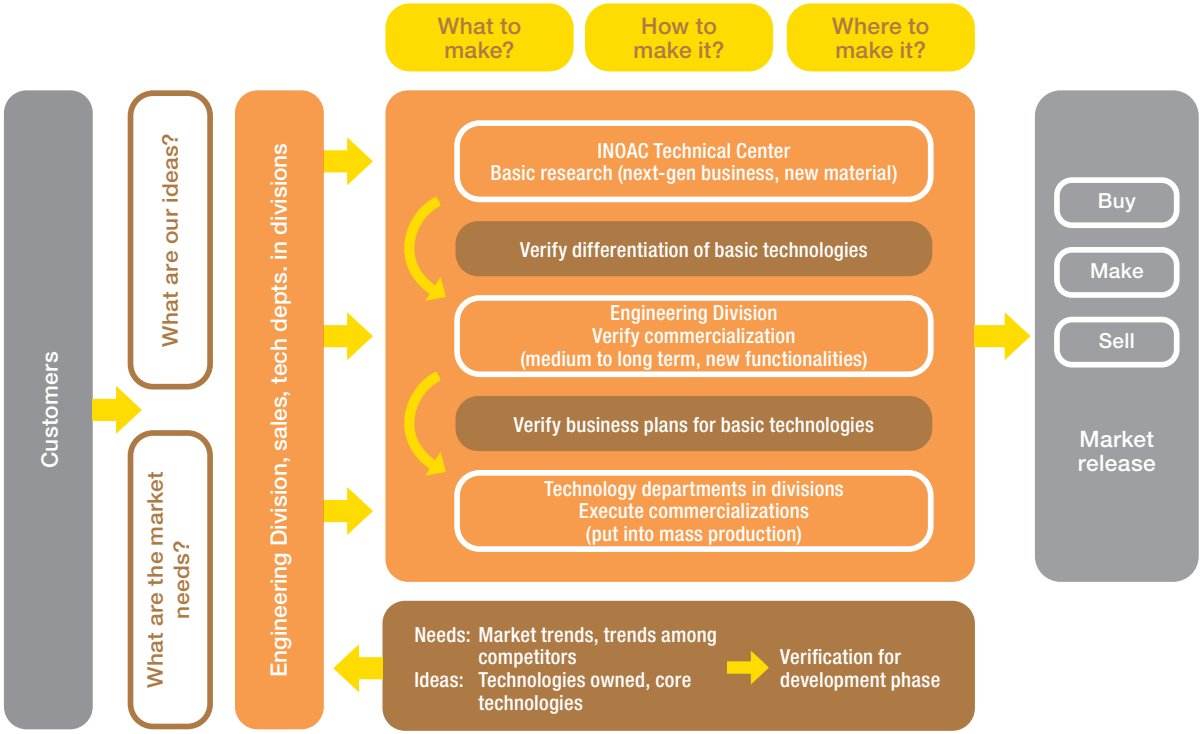
**Japan** | INOAC Technical Center Co., Ltd.

**China** | SHANGHAI INOAC POLYMER PRODUCTS CO.,LTD.

**North America** | INOAC USA,INC.

**Thailand** | INOAC (THAILAND) CO.,LTD.

## Flow from R&D to market release




### 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 Engineering Division and technology departments in divisions and is working to build an organizational structure to conduct basic research in line with customer needs.

### Engineering Division

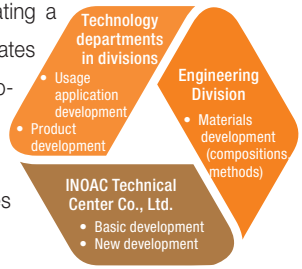
This division ascertains various industry needs and conducts R&D for materials and products to address them. In addition to developing materials, the division also works to establish more in-depth manufacturing (developing production methods) as well as analytical and evaluation technologies. To acquire 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. It also serves as a contact point for open innovation activities including industry-academia collaborations and business partnerships with materials manufacturers.

# Social | Improving value

## R&D efforts

### 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 and what resources 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.

### Creating added value

In addition to simply addressing our customers' needs, we also propose additional and improved functionalities 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.

### Intellectual property strategy

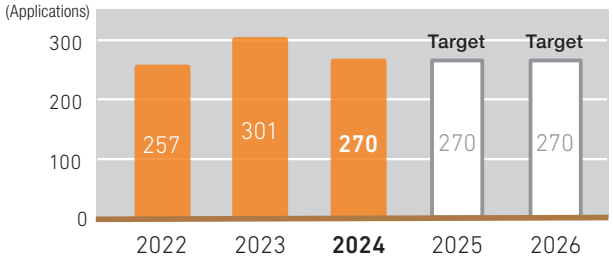
As an initiative to acquire patents in product development, we have set a goal of 270 patent applications per year. In the development of our flagship products, we are also working to bolster our competitiveness by owning a consolidation of multiple patents for each individual product.

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 local patent applications for developed technologies, while also working together with local patent offices and training local staff on intellectual property in line with the legal landscapes in their respective countries.

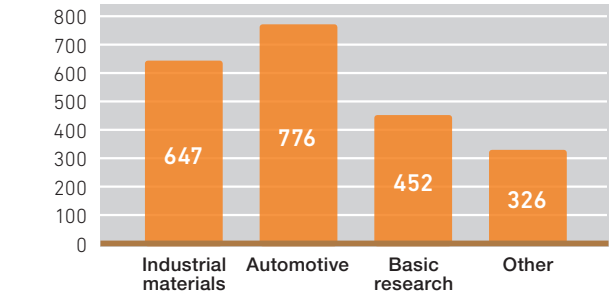
### Open innovation

Climate-related issues and other changes in our social environment have been accelerating in recent years. Accordingly, our customers' needs have progressively become more sophisticated, complex, and diverse. It is becoming increasingly difficult for INOAC to resolve those issues and meet those customer expectations on its own. Due to these circumstances, we are actively embracing the use of open innovation as a method to swiftly address market changes and boost our competitive strength.

#### Patent applications per year




#### Patent applications per category (2004-2023)




**Example 1 Generating innovation**

We are accelerating our R&D of new technologies and products while also upgrading and differentiating our products by incorporating the cutting-edge expertise and technologies possessed by universities and other research institutions.

**Example 2 Human resource development**

Our engineers level up their skills by learning specialized knowledge and research findings from universities and other institutions, and through familiarization with the latest technologies, theories, and trends. We channel this into a more advanced form of human resource development that bolsters creativity and expands horizons.

# Social | Improving value

## R&D efforts

### Industry-academia collaboration initiatives

We are engaged in industry-academia collaboration across a wide variety of fields, from environmentally responsible technology to unraveling mechanisms for functional expression, analysis and evaluation technology, and more.

**Number of topics currently in progress**
**(as of June 2025)**

Joint research
**14**

Academic guidance
**8**

To manage progress on topics, we hold internal briefing sessions twice per year to verify the progression and direction of our research.

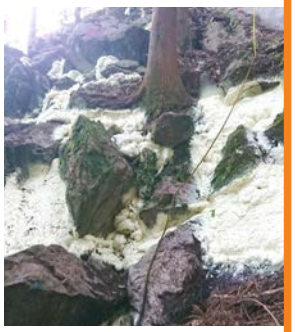
### Examples of technological development in each business field

One of our Group companies INOAC Housing & Construction Materials Co., Ltd. is bolstering new R&D efforts through active involvement in joint research with universities.

#### Example 1 Initiative with Gifu University

We are conducting research on fabrication processes for rockfall prevention using polyurethane foam.
Through these efforts, we developed a fabrication process for rockfall prevention by filling lightweight on-site foaming polyurethane with superior durability into the crevices surrounding unstable rock masses. This technology was able to solve a problem in existing rockfall prevention fabrication processes. Filling it into crevices between groups of boulders that cause rockfalls binds multiple rocks together and secures them to the mountainside, making it possible to maintain the functionality and quality of the fabrication process even if earthquake vibrations or storm winds cause ground erosion. On-site foaming polyurethane is also used as gap filling and polyurethane banking, and we aim to utilize it in contributing to forest conservation business and disaster prevention.


Before application


After application

#### Example 2 Initiative with the University of Miyazaki

We are evaluating and verifying the applicability of the on-site polyurethane foaming lightweight banking method owned by INOAC Housing & Construction Materials Co., Ltd. as a banking material in the approach part of bridge abutment backfill and also its advantages compared to other materials. When a large earthquake occurs, the bridge abutment and approach part of the backfill can become horizontally misaligned, preventing emergency vehicles (ambulances, fire trucks) from passing through. The evaluation of how banking materials perform during earthquakes is therefore a crucial issue. To address this, we collaborated with the University of Miyazaki and had them conduct and evaluate analyses to verify correlation between FEM analysis (theoretical values) and shaking table experiments (actual values). As a result, we were able to prove the applicability of the on-site polyurethane foaming lightweight banking method, along with its conformity with the new standards of the latest Specifications for Highway Bridges (2017) and its comparative specifications with other materials.


Conducting a shaking table experiment

# 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” through extensive quality compliance and ongoing improvements. By operating an ISO 9001-based comprehensive management system, we are ensuring the quality of our safe, reassuring products while progressively improving customer satisfaction levels, including for our services.

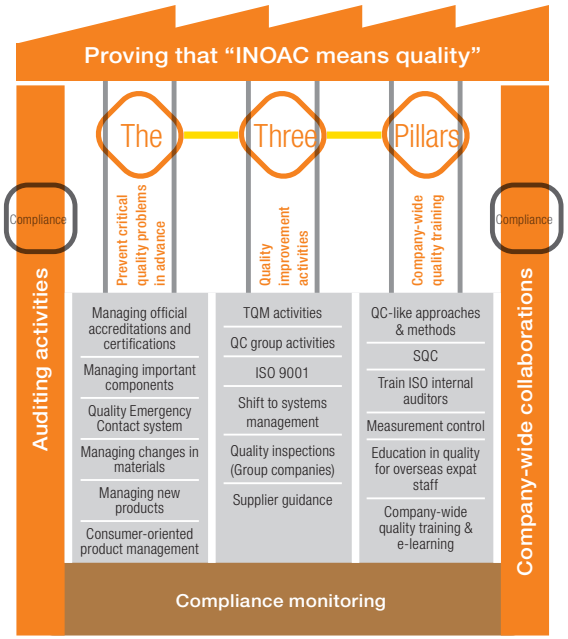
**Basic Quality Policy**

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 working on global company-wide collaborations and 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. We are also constantly working to improve quality through various standardizations and ongoing updates to frameworks.

### Comprehensive management system for quality assurance




## 1 Prevent critical quality problems in advance

### Managing official accreditations and certifications

When applying to obtain official accreditations or certifications for our developed 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. Critical quality risks are prevented in advance by conducting regular audits of these important components, which also review rules and frameworks leading to work improvements.

### Quality Emergency Contact system

For critical quality issues, the Quality Assurance Division has established the Quality Emergency Contact System to ensure that negative information is sent from the locations, and the appropriateness, implementation status, and effects of recurrence prevention measures are verified. This system has defined the principles for crisis management so that corporate management and business operations are performed appropriately by managing and processing information properly.

We also check the operational state of the following year’s important 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 potentially lead to recalls, (4) issues that hinder 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 are building frameworks in which the Engineering 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 verifying compliance with environmental laws and regulations and customer requirements by eliminating risks of quality issues in advance and managing chemical substances.

### 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, structural safety, quality risks |

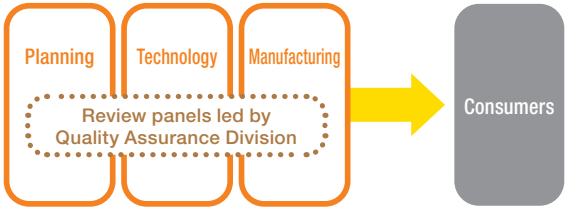
# Social | Improving value

## 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.




## ❷ 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.

With all-inclusive participation as the foundation, we are moving at full speed to bolster our people and organizations and to improve our development and manufacturing capabilities. Doing so, we are developing human resources, improving operations, and strengthening our frameworks in an effective and efficient manner.

Going forward, we will continue to emphasize a customer-first mentality while creating value that earns society's trust and seeking sustainable growth at the same time.

### Conducting QC group activities

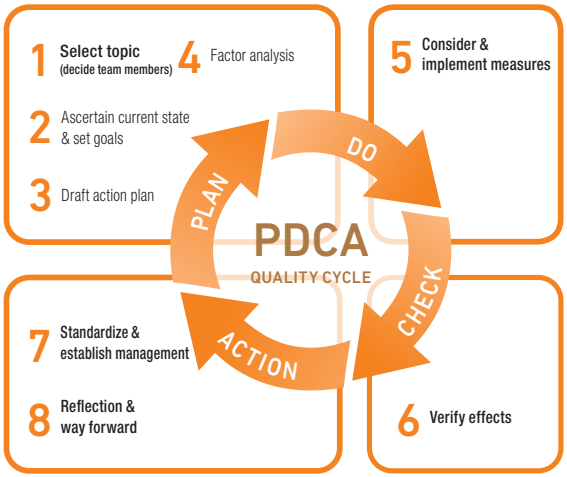
We began our QC Group Activities focused on production sections around the year 1965, which we have since expanded throughout the company with the objective of people development to think and act autonomously.

These were expanded worldwide in 1985 when INOAC began organizing the World QC & Improvement Competition on a global scale, gathering representative teams from locations around the world to share achievements from the activities throughout Group as a whole.

Starting 2020 we had been forced to refrain from holding the competition due to the COVID-19 pandemic, but in 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. Simultaneous interpretation was provided in Japanese, English, and Chinese and video of the competition was streamed to all of our locations in Japan and across the globe, boosting motivation toward QC and improvement for employees engaged in these activities.

Through these activities, we will continue developing human resources who can boost customer satisfaction and contribute to society.

#### Steps of QC group activities




## ❸ Company-wide quality training

### Human resource development initiatives

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

In FY 2023, we also began to incorporate e-learning. We opened our internal 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 in Japan for taking the QC Kentei written exam as part of our push for acquisition of practical knowledge and problem-solving skills pertaining to quality control.

## 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 |

# Social | People development for greater value creation

## 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.

### 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, and we hold ourselves responsible to respect the human rights of all people involved in our business activities.

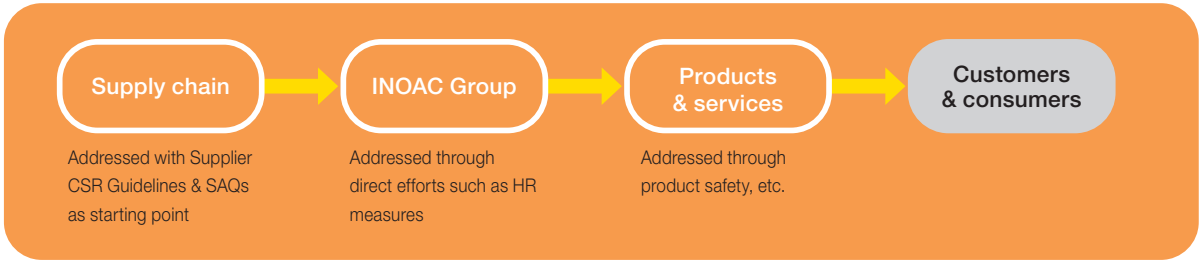
We do not tolerate discrimination based on nationality, gender, age, beliefs, religion, race, ethnicity, sexual orientation, disability, whether one is married or has children, or for any other such reason, nor do we permit any form of harassment such as power harassment, sexual harassment, peer pressure, 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

### Consideration for human rights

Human rights are an issue that encompasses our entire value chain. We address this as part of our HR strategy for INOAC Group employees, while learning about the state of human rights in our supply chain through efforts such as self-assessment questionnaires (SAQs) based on our Supplier CSR Guidelines. Respect for human rights in our value chain through exhaustive product safety and quality control is also an important consideration for INOAC.

**Value chain chart & overview of human rights-related measures**




### Human rights due diligence

We conduct human rights due diligence (hereinafter "HRDD") in a phased manner, to investigate and prevent negative impacts on human rights in our business activities.
For employees in the Human Resources Division we held a kick-off meeting on September 12, 2025. At this meeting, we created opportunities to acquire basic knowledge about human rights in business and about the HRDD process in order to facilitate understanding of the mentality companies are expected to have toward respecting human rights in implementing HRDD.

We also held a workshop on September 30 this same year to clarify the anticipated human rights risks involved in our daily business operations. As part of the workshop, the participants engaged in discussions with each other about frameworks and policies for avoiding, mitigating, and rectifying these risks.

Going forward, we will expand the applicable scope, investigate and assess the risks, and engage in efforts to prevent and rectify them to avoid committing or being complicit in human rights violations in our own business activities and in our supply chain.

At the HRDD kickoff meeting

# Social | People development for greater value creation

## Human resources strategy

### Basic approach

The situation surrounding human capital has changed greatly in recent years. The INOAC Group aims to boost its human capital as a global business enterprise. In doing so, it is important to thoroughly understand the challenges and always find ways to improve.

In terms of diversity, it is now important to compose teams based not only on gender, ethnicity, and nationality, but also factors such as age, culture, and community in order to swiftly address social trends. It is also necessary to foster a corporate culture of continuously taking on new challenges without fearing failure, and of workplace environments that feel free and uninhibited.

We must also remember to focus on designing the appropriate systems with consideration for mental health, to enable every individual to achieve well being. Based on our awareness of these issues, we consider our human resources strategy in the INOAC Group to be comprehensively linked with our business strategy. We must maximize our human capital as the foundation for everything we do, from strategic planning to achieving goals.

We have established workplace environments, hiring and training, and engagement as the three areas of our human resources strategy. Based on these, we are implementing separate measures according to their consistency with our strategy. Key points have been defined in each area as goals to achieve by 2030, and we are implementing measures accordingly.

Based on an awareness of the importance of its positioning as a long-term strategy, we are working on improvement measures related to human capital on a continuous basis.

### 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

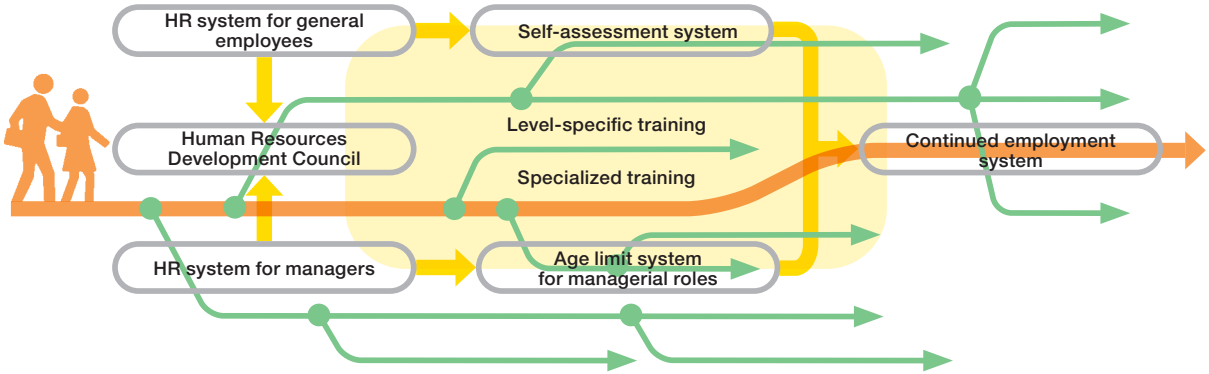
We opened the HR Portal Site as a communication channel between employees and the HR Department. In addition to information about hiring, training, systems, company benefits, law revisions, and other things that we wish to communicate on behalf of the company, we are also working to stimulate communication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

**Schematic diagram of human resources strategy**


**INOAC2030**

1. Embrace diverse work styles and create a work environment that motivates diverse people
2. Recruit, train, and optimally utilize global employees
3. Implement measures utilizing information from both human interaction and IT analysis

**Correlation of human resources-related systems**



# Social | People development for greater value creation

## 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 contribute to society by creating a diverse range of products and services. By respecting the individuality of each employee, 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.

Our training programs are organized into a system designed with programs for each specific level and divided into common company-wide components and section- or specialization-based components. Some of the individual programs are mandatory, some are open for anyone, and some are for those selected. They have been compiled from the overall perspective of achieving our human resources strategy.

### Global human resources development system

To facilitate global human resources development for the Group in a centralized manner, we are building a system centered around our Global Human Resources Development Division at Head Office, with locations responsible for human resources development in North America, China, and Southeast Asia.

Based on the circumstances in each country and region, we aim to coordinate and implement individual programs at each development center, with our common Group approach as the foundation.

### Education and training policy to achieve our human resources strategy

The cultural spirit of pride in craftsmanship known as “monozukuri” is the foundation of the manufacturing industry in Japan. It is important for all of our employees to thoroughly acquire that fundamental essence. We have established programs that emphasize acquisition of monozukuri fundamentals, including improvements to production processes.

We are also bolstering our people development program for INOAC employees, which includes compliance, health considerations including mental health, and preventing harassment, as we also work to develop and establish the corporate culture and spirit to achieve our human resources strategy.

#### ● Education and training systems

We are establishing the necessary training programs and designing a level-specific education system to enable each individual employee to take the next step up in their career path with certainty, based on their respective positions and roles.

#### Corporate management executives

This is a training program which takes the perspective of supporting the management of the INOAC Group. The content involves management, strategic planning and organization building for sections and departments, based on our company-wide Corporate Management Policies.

#### Executive candidates & managers

This level includes department and section managers. It consists of programs that aim to sharpen trainees’ individual skills and strengthen their management skills.

#### Leaders & general employees

At this level, trainees undergo programs to learn basic knowledge to be acquired leading up to becoming a manager, along with the knowledge and skills expected of employees in the INOAC Group.

### Level-specific education and training systems

○ : The corresponding education/training program is offered

**Company-wide training system**

| | Recognition of role | As a manufacturing industry professional | | | As an INOAC employee | | | |
|---|---|---|---|---|---|---|---|---|
| | | Monozukuri fundamentals | Foreman training | Quality control | Compliance | Health | Harassment | Information management |
| Corporate management executives | ○ | ○ | | | ○ | ○ | ○ | ○ |
| Executive candidates & managers | ○ | ○ | ○ | | ○ | ○ | ○ | ○ |
| Leaders & general employees | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

**Section-based & professional training**

| | Quality & ISO | Technical knowledge | IP management | IT skills |
|---|---|---|---|---|
| Corporate management executives | | | | ○ |
| Executive candidates & managers | ○ | ○ | ○ | ○ |
| Leaders & general employees | ○ | ○ | ○ | ○ |

# Social | People development for greater value creation

## Human resource development

### Monozukuri as the essence of INOAC

Monozukuri is the very foundation of INOAC. Amid various R&D advancements and the passing of the baton to a new generation at manufacturing sites, strengthening our foundation in monozukuri is also a key medium- to long-term issue for INOAC.

We are revising and further augmenting our manufacturing-related training by incorporating comprehensive training that combines training within industry (TWI) with on-the-job training (OJT).

We are also boosting employees' motivation by working to give tangible form to their achievements through our Improvement Level Certifications linked to the Monozukuri-Dojo program.

### QC Kentei efforts

At INOAC, we encourage employees to take the QC Kentei written exam. The knowledge tested by the QC Kentei is useful for improving problem-solving skills at worksites and making quality control tasks more efficient. It promises to improve quality throughout the overall worksite by raising awareness for quality control, which in turn strengthens our practice of monozukuri as a manufacturer.

We are encouraging not only employees involved in manufacturing but also those with all other job types to take the QC Kentei.

### New SB* Training

This is a new business-themed training program for staff members selected from each different section in the upward progression from managerial levels to corporate management executive roles.

In this program, trainees learn a series of processes to create roadmaps as specific business plans through issue analysis, market analysis, competitor analysis, and other analytical steps. The objective is to acquire the perspective of a corporate management executive in doing so.

It simultaneously functions as a forum for realistic business planning that transcends training, as some of the new business plans conceived during the training actually turn into new businesses.

At New SB training

* New SB is an abbreviation for "new spring board."

### Unity Training Camp

This training camp is for corporate management executives to build relationships by talking to each other about various matters such as differences between their values and mentalities, what they've done at INOAC, what they have held dear, what they want to attempt, including their own personal paths.

Executives responsible for corporate management reflected with each other on the meaning and value of working at INOAC by transcending the silos of their sections and departments to share the essence of their jobs and their values. They thoroughly debate each individual topic to depict what INOAC should be in the future, what they want it to be, and their own future visions.

At Unity Training Camp

#### Comments from a participant

Being able to have long conversations and get to know each other made the three days of this training camp extremely meaningful. We participants were able to learn about ourselves more deeply and also share our values with each other through the process of reflecting on our paths in life and unraveling then solidifying our own experiences. I feel like I want to think cooperatively among the five of us about various things and make INOAC even better.

**Taira Torii**
**Executive Officer,**
**General Manager**
**Urethane Material Department**
**Material Business Division**
* Section/department names shown are those at the time of the training

# Social | People development for greater value creation

## Workplace environments

### Basic approach

In order to successfully create fair and employee-friendly workplace environments, we must establish workplace environments with diversity and consideration for healthy lifestyles that balance work with personal life.

### Diversity and inclusion

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.

### 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.

| | Issue | Goal |
|---|---|---|
| 1 | Ratio of females among all employees | 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% |

### Global business operations

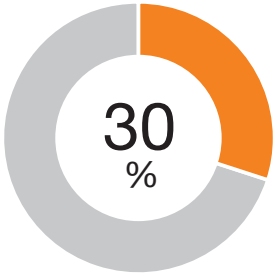
We began expanding overseas in the 1930s, and we now have approximately 70 overseas production plants and business facilities in 13 countries and regions. In the process of doing so, we have constructed a robust global network by respecting the various values, practices, and national identities in the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

Example 1

**Initiative at the Kira Plant**

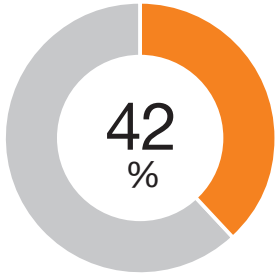
The Kira Plant is a plant that handles production of automotive components. This plant has a relatively high ratio of female employees at its manufacturing site, and efforts to establish an employee-friendly workplace for a diverse workforce including females, older employees, and those with disabilities have begun there. The manufacturing site and Human Resources Department are teaming up to offer opportunities for dialogues in order to directly reflect opinions from those who work there.
Recognizing it as an important topic to improve our system for taking into consideration the life stages of our female employees, those in charge at worksites are brainstorming with the Human Resources Department to consider various ideas and measures tailored to their workplaces. Through such efforts, we aim to promote worksite diversity by creating workplace environments and systems that enable diverse personnel to harness their capabilities over the long haul, leading to improved overall productivity at the plants and higher motivation levels among employees.

**Kira Production Section: Ratio of younger women**



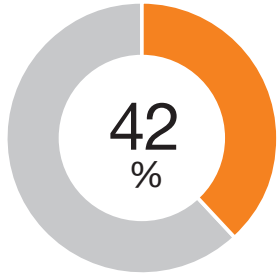

Age range of women: 18-22

**Ratio of female employees working on production lines**




Nearly half of employees on production lines are female

**Ratio of females in leader roles**




Nearly half of employees in leader roles managing worksites are female

* Numerical figures are data as of 2023.

# Social | People development for greater value creation

## Workplace environments

### Promoting work-life balance

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

### Support systems to balance work and childcare

Each individual employee has the inherent right to live a fulfilling life.

Since the balance of work and personal life varies according to one's stage in life, as a company we consider it necessary to establish systems that offer support according to these stages. In addition to complying with the laws and regulations in each country, we are striving to build systems that reflect our INOAC Group approach.

#### ● 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

### 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

### Child care leave system and follow up after returning to work

We have systems in place to support employees at balancing parenting with work when they themselves or their family members are pregnant or give birth.

Based on our regulations regarding childcare leave, childcare leave can be taken until the child reaches the age of two.

Internally, we distribute our Parenting Support Handbook which details our systems relevant to childcare in addition to the available benefits, allowances, and other pertinent information to provide support along the path from childcare to resuming work.

We are also making efforts to encourage male employees to take childcare leave and putting up posters to spread awareness of the system.

After resuming work, we support flexible work styles through our reduced work hours system which can be used until the child graduates from elementary school.

### Health management

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 assess who requires 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 as requiring health guidance create action plans based on guidance received from doctors, health nurses, and registered dietitians, and make efforts to improve their lifestyle habits. |

# Social | People development for greater value creation

## Safety and health / Disaster prevention

### Basic approach

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. As we find ways to eliminate or reduce causes of hazards through risk assessments, 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.

### Occupational safety & health management

To thoroughly instill occupational safety and health, and to create workplace environments where employees are safe and secure, it is important to practice management that applies effective PDCA cycles.

**Basic system structure:**

- System structure
- Conduct level-specific training, education & drills
- Manage employee health & stress

**Management via PDCA:**

- Conduct risk assessments
- Formulate policies & plans
- Regularly patrol (including top management)
- Evaluate & audit efforts

Throughout the year, we also organize awareness-raising events such as Safety Week and Disaster Prevention Week, while our Company Awards system recognizes the most outstanding efforts each year.

In the Company Awards for FY 2024, a Group company in China received the highest award of excellence in the Safety Award category.

The evaluation was conducted based on six criteria including zero accidents, activity proposals, and addressing natural disasters.

## 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.

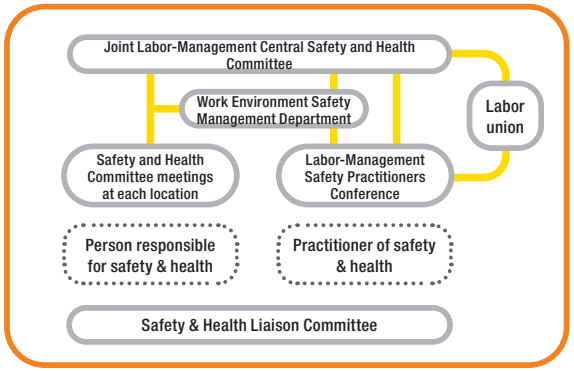
**Basic policy**

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

### Management structure

For thorough occupational safety and health, and for disaster prevention, it is important to engage in activities at each specific site and also implement company-wide initiatives.

#### Organizational chart




**Joint Labor-Management Central Safety and Health Committee:**
Committee consisting of representatives of management and labor at Group companies. Decides overall policies, etc.

**Safety and Health Committees:** Function on a per-location basis

**Joint Labor-Management Safety Practitioners Conference:**
Organized by labor-management practitioners

**Safety & Health Liaison Committee:**
Information sharing by the persons responsible at each company

### Holding committee meetings, etc.

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

- Joint Labor-Management Central Safety and Health Committee meetings: 4 times/year
- Field inspections by officers: 2 times/year
- Labor-Management Safety Practitioners Conference: 4 times/year
- Safety conferences: 1 time/year
- Safety presentations by outside instructors: 1 time/year
- Safety and Health Committee meetings at each location: Monthly

### Goals, action plans & results

In FY 2024, we engaged in efforts defining the following three items as key topics.

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

| KPIs | Applicable scope | 2023 results | 2024 results |
|---|---|---|---|
| Total occurrences of employee occupational accidents<br>► -30% from previous year | Japan | 17 | 25 |
| | Overseas | 23 | 19 |
| Total accident frequency rate | Japan | 1.27 | 1.84 |
| Total lost-worktime accident frequency rate | Japan | 0.52 | 0.66 |
| Severe employee occupational accidents<br>► Occurrences: 0 | Japan | 0 | 0 |
| | Overseas | 0 | 1 |
| Fires at business locations<br>► Occurrences: 0 | Japan | 0 | 1 |
| | Overseas | 0 | 0 |
| Work environments at worksites<br>No more administrative classification III | Japan | 6 worksites | 5 worksites |

# Social | People development for greater value creation

## Safety and health / Disaster prevention

### ● Education and training—Safer People development at Safety Dojo

The Safety Dojo lets employees experience potential work hazards in safe settings using 23 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


Interactive safety training through the VR system

### Main events in interactive training at Safety Dojo

| Interactive training event | | | |
|---|---|---|---|
| 1 | Sandwiching by hand cart/dolly | 13 | Trapping by residual pressure |
| 2 | Cutting by vertical machine | 14 | Crushing by a crushing machine |
| 3 | Slipping & falling on walkways | 15 | Lifting heavy objects |
| 4 | Tripping on stairs | 16 | Fire extinguisher |
| 5 | Suspending in safety harness | 17 | Fire alarm |
| 6 | Heavy objects falling (safety shoes) | 18 | Igniting solvent with static electricity |
| 7 | Getting caught in a press | 19 | Explosions from static electricity |
| 8 | Getting caught in a winding roll | 20 | Electrocution, overcurrent & tracking |
| 9 | Entangling in V-belt | 21 | Static electricity meters |
| 10 | Entangling in sheet roll | 22 | Earth leakage circuit breakers |
| 11 | Getting caught in chains | 23 | Locked out of safety doors |
| 12 | Protective gloves for cutting | | |

### Interactive safety training scenarios through the VR system

**Accident moving forklift forward** (load collapse)

**Accident reversing in forklift** (pedestrians getting hit)

**Getting sandwiched by a press machine**

**Getting caught in a roller**

| Interactive safety training events | |
|---|---|
| Accident moving forklift forward (load collapse) | Cutter accident |
| Accident reversing in forklift (pedestrians getting hit) | Powder dust explosion |
| Explosion from solution catching fire | Falling down stairs |
| Getting sandwiched by a press machine | Electric shock from power panel |
| Getting caught in a roller | Residual pressure discharge accident during pipe joint maintenance |
| Initial fire extinguishing evacuation | Sheet winding accident<br>Removing debris from rolling machines |

## Initiatives for healthier environments

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

**Main efforts**

- 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, etc.
- 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

## 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.

**Main efforts**

**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**
- Disaster & explosion prevention 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


Earthquake simulation


Disaster prevention equipment


Nighttime evacuation route (green arrow on floor)


AED training

# Social | Supply chain management

## Basic approach

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.

Specific details about our handling of managed substances and conflict minerals are stipulated in our Green Procurement Standards, and we work to thoroughly comply with laws and other regulations.

In doing business, we thoroughly ensure the compliance of the INOAC Group with relevant laws and regulations such as the Subcontract Act*. With new clients, we exchange basic service agreements after they have verified our conditions for doing business, and we present them our Supplier CSR Guidelines and receive their approval.

For some clients, we ask them to complete SAQs in advance based on our guidelines and we seek continuous business growth together with them.

* This description is based on information that was current as of September 2025. From January 1, 2026 onward, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act) will be revised and enacted as the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises (Act on the Promotion of Subcontracting SMEs).

## Basic Procurement Policy

Along with adapting to the changing social environment and addressing customers' needs, the INOAC Group contributes toward achieving a sustainable society based on the company policies and approaches of our fundamental principles, action guidelines, observance of laws and regulations, and respect for human rights.

To that end, we engage in procurement activities according to the following basic policy.

### 1 Engaging in fair, just, and honest procurement activities

Offer business opportunities to clients in Japan and other countries fairly and justly, regardless of their nationalities, company size, and whether we have previously done business with them.

### 2 Building partnerships based on trust with our valued suppliers

We build strong partnerships with the intention of doing business together over the long term by maintaining and improving each other's technological capabilities and quality, and promoting communication that leads to mutual prosperity.

### 3 Achieving safety & quality

When selecting our suppliers, we comprehensively consider their corporate social responsibility efforts based on the economic rationality of factors such as quality, price, lead time, and technology, in order to satisfy the needs of consumers and customers and bring them safe, high quality products.

### 4 Consideration for human rights & labor*1

We engage in responsible resource and raw material procurement with consideration for human rights and labor in order to avoid using resources and materials such as conflict minerals*2 that could be socially problematic in terms of human rights and labor environments.

### 5 Environmentally responsible procurement activities

While aiming to achieve carbon neutrality and a decarbonized society as measures against global warming, we engage in procurement activities geared toward creating a society that successfully recycles and reduces use of resources, preventing air, water, and soil pollution, reducing impact on aquatic environments, managing chemical substances, and preserving diverse ecosystems.

### 6 Compliance

We observe social norms and relevant laws, along with the spirit underlying them, in accordance with compliance-related regulations in the INOAC Group. We engage in sensible activities that earn trust around the world.

### 7 Consideration for proper information management

We maintain the confidentiality of clients' confidential and personal information obtained through procurement activities.

### 8 Engaging in the optimal procurement globally

We procure globally aiming for the optimal quality and prices to accommodate our global production.

*1 At INOAC Corporation, we support international norms related to human rights, such as the United Nations' International Bill of Human Rights and 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.
*2 For conflict minerals surveys, INOAC Corporation supports the Japan Electronics and Information Technology Industries Association (JEITA) Responsible Minerals Trade Working Group, the Japan Auto Parts Industries Association (JAPIA), and the Japan Automobile Manufacturers Association, Inc. (JAMA), and conducts surveys according to their standards.

## Supplier CSR Guidelines

The purpose of these guidelines is for the INOAC Group and its suppliers to reflect on their business activities from a CSR perspective and proceed with clear-cut efforts aimed at further improvements. The guidelines consist of common criteria for the Group and its suppliers, specifically broken down into 28 criteria in seven fields where efforts are expected.

1. Safety and Quality
2. Human Rights and Labor
3. Environment
4. Compliance
5. Information Disclosure and Protection
6. Formulating Business Continuity Plans (BCP)
7. Communicating with Communities

# Social | Supply chain management

## Major risks and opportunities

In addition to quality and price, 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.

Based on our Supplier CSR Guidelines, we evaluate major risks and opportunities in our supply chain. We believe it is more important than ever for us to be a partner for activities that lead to mutual prosperity based on mutual trust.

For our clients' risk concerns identified through SAQs, we visit them and engage in dialogue to find ways to make improvements.

### Main risks and opportunities

| | |
|---|---|
| Main risks | • Expansion of requirements, including for compliance pertaining to global CSR in procurement<br>• Heightened social demands regarding climate change action, human rights, and product safety<br>• Heightened geopolitical risk in supply chain |
| Main opportunities | • Stable supply by building strong partnerships<br>• Cost competitiveness, quality & technological competitiveness |

## Primary flow of procurement

For our main procurement targets such as raw materials, we look at what our customers demand and review it within the INOAC Group, then select suppliers for the items we want to order after conducting the verifications of the required raw materials and the production processes.

When entering into basic agreements and placing orders, we share the Supplier CSR Guidelines with them, and request that they complete and submit SAQs. We strengthen our supply chain through regular requests and submissions of SAQs at the time of extension.

### Procurement flow


## INOAC Partnership Assembly

The INOAC Partnership Assembly brings together a few dozen of our client companies for ongoing interactions seeking mutual improvement at the corporate level and beneficial coexistence.

Teaming up with our clients, we work on improvement measures for a wide range of issues. Efforts include organizing lecture presentations on topics such as plans to strengthen business continuity capabilities and prevention of lifestyle-related diseases, activities to ascertain problems at worksites and take measures against them, and activities to improve production processes. We also actively organize social interactions for our personnel, including participation in the QC Invitational Tournament to present results of improvement efforts and assemblies to address individual quality-related concerns.

In FY 2024, we promoted improvements among our clients and created stronger relationships between younger employees by holding the Improvement Seminar in which young staff played a central role.

At the Improvement Seminar

## Supplier Awards

To boost sustainable procurement activities, we give awards to clients who contributed throughout the year. In addition to basic details such as lead time and quality, these awards also evaluate status in working with our Supplier CSR Guidelines and Green Procurement Standards. Evaluations are comprehensive, also including related chemical substances and conflict minerals, investigations into human rights violations, and visits made to propose energy-saving measures.

In addition to the Quality Awards, in FY 2024 we had two clients participate in an internal exhibition as part of efforts such as saving energy and reducing $CO_2$ emissions, working in unison with us on the related activities.

At the Supplier Quality Awards and an example of a panel at the internal exhibition

# Social | Communication with society

## 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 by these activities.

### Number of activities by location

| | | |
|---|---|---|
| Japan | INOAC Corporation | 61 |
| | Group companies | 77 |
| Overseas | Group companies | 26 |
| Total | | 164 |

### Number of activities by category

| Number of activities by category | Total | Japan | Overseas |
|---|---|---|---|
| Supporting social studies (workplace experience) | 36 | 26 | 10 |
| Community contributions | 40 | 34 | 6 |
| Health services, medical, health | 14 | 10 | 4 |
| Supporting art & culture | 7 | 7 | 0 |
| Environmental conservation | 19 | 15 | 4 |
| Support for disasters | 26 | 25 | 1 |
| Other | 21 | 20 | 1 |

### Main efforts

| Activity category | Summary |
|---|---|
| Supporting social studies (workplace experience) | Planning family participation events, organizing painting contests for children [Kenjou Industrial Co., Ltd.] |
| | Organizing thermal insulation renovation workshops for neighboring schools [Hakuba Office, INOAC Corporation] |
| | Organized hands-on polyurethane foam classes [BASF INOAC Polyurethanes Ltd.] |
| | Accepting interns and workplace experience visitors at Group companies |
| Community contributions | Sponsoring events such as festivals in the communities of Group companies |
| | Sponsoring the World Character Summit held in Hanyu, Saitama Prefecture [Techno Foam Japan Co., Ltd.] |
| | Providing cushion materials to public service facilities [Saitama Plant, Techno Foam Japan Co., Ltd.] |
| | Providing seat cushions for bleacher seats at the Isawa Onsen Fireworks Festival (Yamanashi Prefecture) [Higashi Nihon INOAC Co., Ltd.] |
| Health services, medical, health | Providing bedsore prevention devices to healthcare facilities [Hakuba Office, INOAC Corporation] |
| | Donating desktop calendars for use by the visually impaired [INOAC Automotive (Thailand) Co., Ltd.] |
| Supporting art & culture | Holding “Young Artist Concerts” [INOAC Corporation] |
| | Supporting the Tokyo Symphony Orchestra [INOAC Corporation] |
| | Supporting the Nagoya Philharmonic Orchestra [INOAC Corporation] |
| Support for disasters | Group companies donating money to the areas impacted by the Noto Peninsula Earthquake |
| | Group companies donating mattresses and other items to the areas impacted by the Noto Peninsula Earthquake |
| | Donating mattresses to boarding schools damaged by fires [PT. INOAC Polytechno Indonesia] |
| Other | Gold Partner of Nagoya Grampus [INOAC Corporation] |
| | Official partner of LeRIRO Fukuoka [Kyushu INOAC Co., Ltd.] |
| | Providing the company’s bedding products to Ventforet Yamanashi Sports Club [Higashi Nihon INOAC Co., Ltd.] |
| | Providing the company’s bedding products to the Hiroshima Dragonflies basketball club [Nishi Nihon INOAC Co., Ltd.] |

### Example 1 Organizing the Nagoya Grampus “INOAC of the World, INOAC of the Future” Day

We sponsor Nagoya Grampus, a soccer club in Japan’s J1 League, among our efforts to support community interaction through sports.


### Example 2 Holding “Young Artist Concerts”

To support art and culture, we continue to sponsor the Nagoya Philharmonic Orchestra and Tokyo Symphony Orchestra. Additionally, we organize “Young Artist Concerts” with free admission, as a means to support young musicians.

# Governance | Corporate governance

## Basic approach

We consider the improvement of corporate governance to be a key business issue for ensuring that we have the appropriate business execution structure, and for raising our performance, value, and social credibility.

## Corporate governance structure

We have an executive officer system in place, in which our executive officers implement key business execution under the supervision and monitoring of our Board of Directors and Board of Auditors.

### Board of Directors

Currently comprised of eight directors, the Board of Directors determines and manages the implementation of the basic points of business execution for our corporate management, based on our articles of incorporation, the rules of our Board of Directors, and other relevant rules and regulations.

In principle, the Board of Directors meets monthly to facilitate swift decision-making and facilitate intimate and lively discussions between directors. We also have a system which avoids making biased decisions by having multiple representative directors and clarifying each director's area of responsibility.

### Board of Auditors

We have a Board of Auditors composed of three company auditors including two external auditors. The company auditors attend important meetings such as board meetings and audit the execution of duties by the directors by inquiring about the status of their business operations.

### Executive officers

Our executive officers make business operations efficient by leading organizations that oversee important functions and executing business operations based on Board of Director decisions on fundamental matters and the discretion allocated by relevant regulations. Opportunities are also provided for executive officers to regularly provide business reports on their areas of responsibility to the directors overseeing them. This is designed to make our auditing system function timely and appropriately.

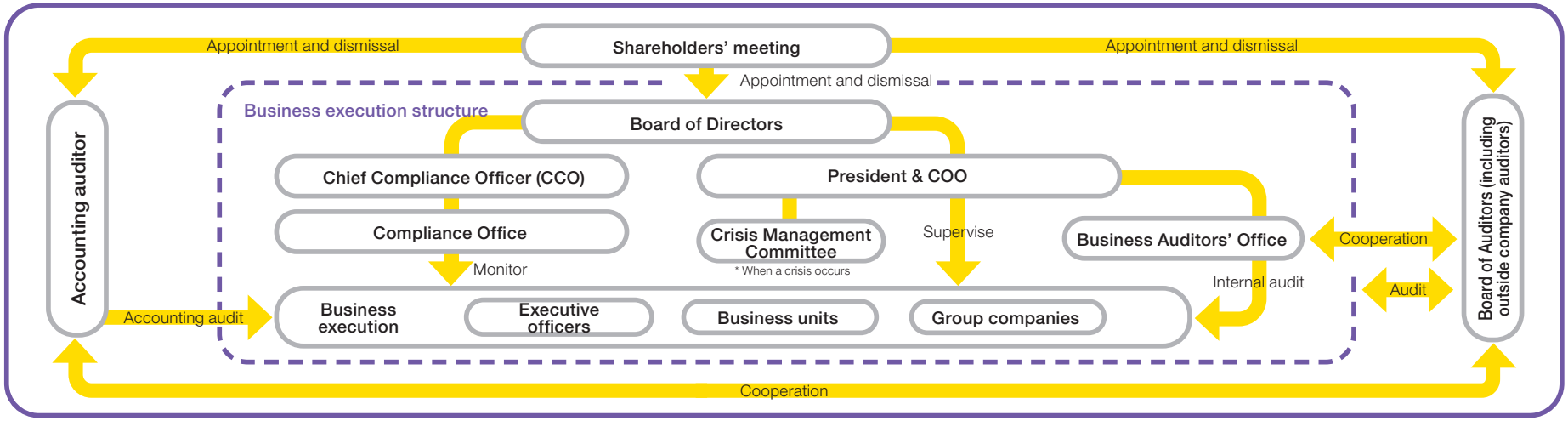
## Internal control system

We are implementing various measures to ensure that we comply with applicable laws as well as the company's articles of incorporation in our business execution.

Based on a business division system, our businesses are arranged to facilitate flexible operations according to the characteristics of each business. At the same time, to exercise consistent control over the Group with our Head Office sections playing a central role, we also stipulate core organizational rules and regulations on delegation of authority while clarifying each organization and its allocated duties and authority, based on which we build our operational structures. Opportunities for decision-making and reporting at each level are also provided in order to ensure the business execution and reporting in each department and ensure that top management is making decisions, inspecting, and communicating with each department.

For Group companies we have established our Governance Rules for Associated Companies. We also clarify rules for business operations and conduct both operational and accounting audits as needed.

**Corporate governance structure (organizational structure)**



## Basic approach

In order for INOAC to satisfy its corporate social responsibilities and expectations from customers, it is not enough to simply observe the applicable laws. Employees must also recognize their social responsibilities as part of the corporation. We strive to implement thorough compliance that goes beyond simply defining a company policy and observing the applicable laws by also holding each individual employee to high ethical standards in their actions.

## Implementation system

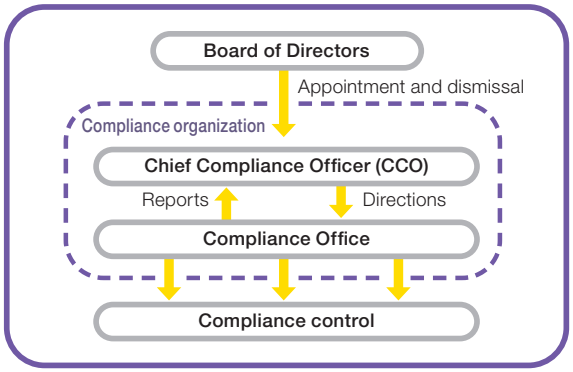
With authority independent of our directors and executive officers, our Chief Compliance Officer (CCO) runs the Compliance Office, taking measures and actions for compliance-related matters. Working together with the Compliance Office, with the CCO playing a leading role, we conduct compliance activities while finding ways to strengthen our overall global coordination.

If any compliance violations arise, the CCO directs the Compliance Office as the person in charge of the response. The CCO establishes a task force at Head Office to address the violation in a centralized manner according to the level of impact.

We continuously improve the program that determines our compliance organization through revisions made regularly by the CCO. The Compliance Office also hosts a Global Compliance Evaluation Conference once per year.

Through periodical risk assessments by the Compliance Office, the CCO identifies areas where particular efforts are warranted, and nominates compliance officers to manage each area according to the basic compliance policy. These compliance officers work together with the Compliance Office and hold breakout sessions on a quarterly basis. In addition to compliance-related matters, various challenges and risks that could arise in each area are discussed in breakout sessions to facilitate sound corporate management and thorough risk management for the organization as a whole. As a policy for addressing important matters each area, we formulated our Compliance Policy which we are now rolling out worldwide. We are implementing consistent governance internationally in addition to domestically by making observance of this policy mandatory for all INOAC Group companies.

### Organizational chart




## Compliance training

We believe that systematic and continuous compliance training is necessary for all members of our organizations to understand what to observe, what to avoid, and incorporate that understanding into their actual work.

As an initiative of the *Mamoru project*, we are organizing training points aligned with each key area, and dividing them into those which all officers and employees should undergo, those to undergo at career stages, and those to undergo by job type. Based on this, we are conducting mandatory companywide training and regular training at major intervals in employees' careers (compliance training in training for new employees, employees hired mid-career, overseas assignment candidates, those handling core functions, etc.). In addition, we conduct separate compliance trainings according to the characteristics of each region and department.

In mandatory companywide training, training on the action guidelines comes first. Corrupt practices and relations with antisocial forces are examples of behavior patterns to be eliminated through this training. We also offer and implement training frameworks for other important laws, regulations, and high-risk areas.

* "Mamoru" is a Japanese word that means "to protect" or (in the context of laws) "to comply with."

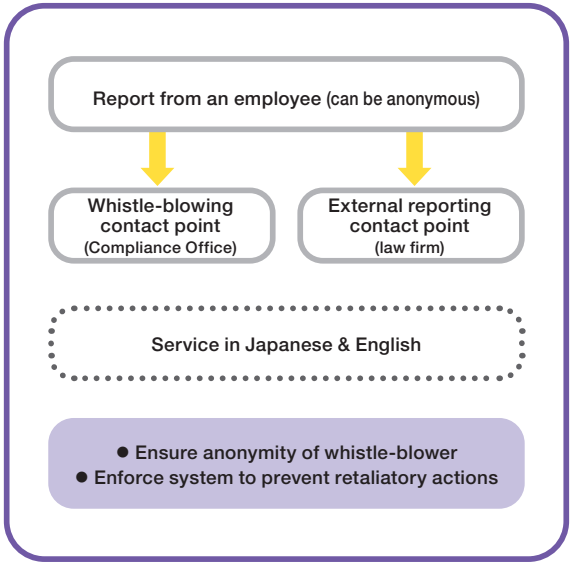
## Whistle-blowing system

We have established a whistle-blowing system to enable everyone who works for or with the INOAC Group to consult or report matters involving compliance violations that have or might have occurred.

Our whistle-blowing system connects both internally (to the Compliance Office) and externally (to a law firm). The system offers service in English in addition to Japanese.

Based on the relevant regulations, we enforce a system that ensures confidentiality of the whistle-blower's identity and prevents the occurrence of retaliatory actions targeting those who report through the system.

### Whistle-blowing system overview




## Implementing the Mamoru project

In order to operate soundly as a corporation and thoroughly ensure compliance, we believe that we must create an open corporate culture in which all members of our Group feel free to speak up. For that reason, we are creating a more familiar and positive impression by engaging in efforts with *Mamoru* as the keyword, intentionally expressed in roman letters even in Japanese, as opposed to "compliance" and "integrity" which are expressed in katakana characters. We are rolling out *Mamoru* globally as-is in a unified manner while defining the following three phrases as its underlying spirit.

(1) Comply with the Rules
(2) Safeguard Your Colleagues
(3) Protect Yourself

*Mamoru*, meaning to "protect," encourages individual employees to not only use the aforementioned whistle-blowing system, but also to consult with the Compliance Office or those around them whenever feeling even somewhat suspicious of something in their work, thus also *protecting* themselves and their colleagues. As part of this project, we are fine-tuning and regularly revising our compliance training as outlined below in order to more specifically communicate to all employees and those identified according to their job details about what should be "protected" as stipulated for *Mamoru*.

The word *Mamoru* is a message being communicated directly from top management to INOAC locations throughout the world along with our compliance policy and the contact points, and is published on the intranet within the INOAC Group to always be accessible to all officers and employees.

We are building a foundation that can bolster the value of our company in an even more transparent manner by opening up the lines of communication between members of the INOAC Group.

### Continuous awareness-raising activities

With *Mamoru* as the keyword, we continuously have our compliance officers directly communicate to all employees about what should be "protected" in the areas each officer is responsible for.

In our regularly published in-house magazine, we currently have a regular section called *Mamoru* in which a different officer shares information each time. This section has been published on an ongoing basis since 2024, including appearances by the CCO and officers from human resources, quality, procurement, and more.

まもる
mamoru

# Governance | Information security

## Basic approach

Based on our awareness that the information assets that we handle are key business resources and assets, we offer products and services that are steady and stable. To also ensure the confidentiality, integrity, and availability of our information assets, we identify information security risks on an ongoing and organizational basis, and take the appropriate measures to manage them. Furthermore, as we operate business throughout the world, we are formulating a comprehensive information security policy that takes the legal and cultural environments of each country and region into consideration.

## Implementation system

Our Information Security Committee was established in September 2022. The aim of our activities is to implement these globally throughout our organizations as we also work to reduce occurrences of cyber incidents and put response measures in place.

## Roles

**Chief Information Security Officer (CISO):**
Has decision-making authority and full responsibility for information security measures.

**Director of the Information Security Committee's administrative office:**
Responsible for the operation of the Information Security Committee.

**Information Security Committee's administrative office:**
Reviews and implements information security measures.

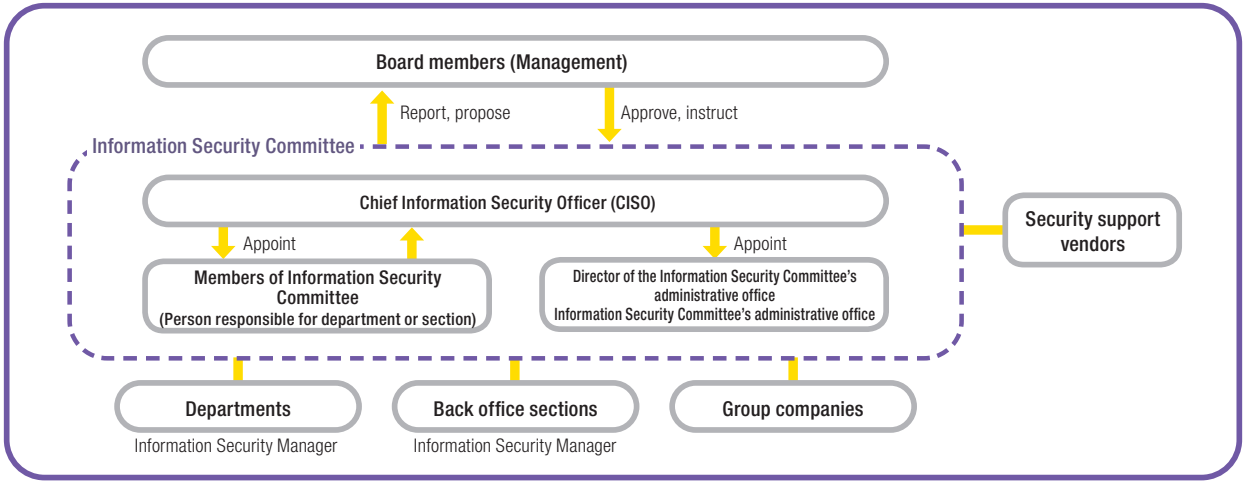
**Members of Information Security Committee:**
Responsible for implementation of information security measures in each section.

**Information Security Manager:**
Implements information security measures in each section.

## Activities

- Conduct in-house training for preventing security incidents at least 2 times/year & new employee training
- Create internal regulations & guidelines
- Establish the flow of reviews when implementing systems
- Establish & implement management rules according to the confidentiality of information
- Create and conduct training on flows for incident handling to enable swift responses when security incidents occur
- Create business continuity plans for when security incidents occur
- Implement security incident defense measures using log correlation analysis & vulnerability assessment tools
- Create a communication network for emergencies
- Comprehend the status of information security implementation in the supply chain
- Facilitate activities to bolster information security at overseas group companies

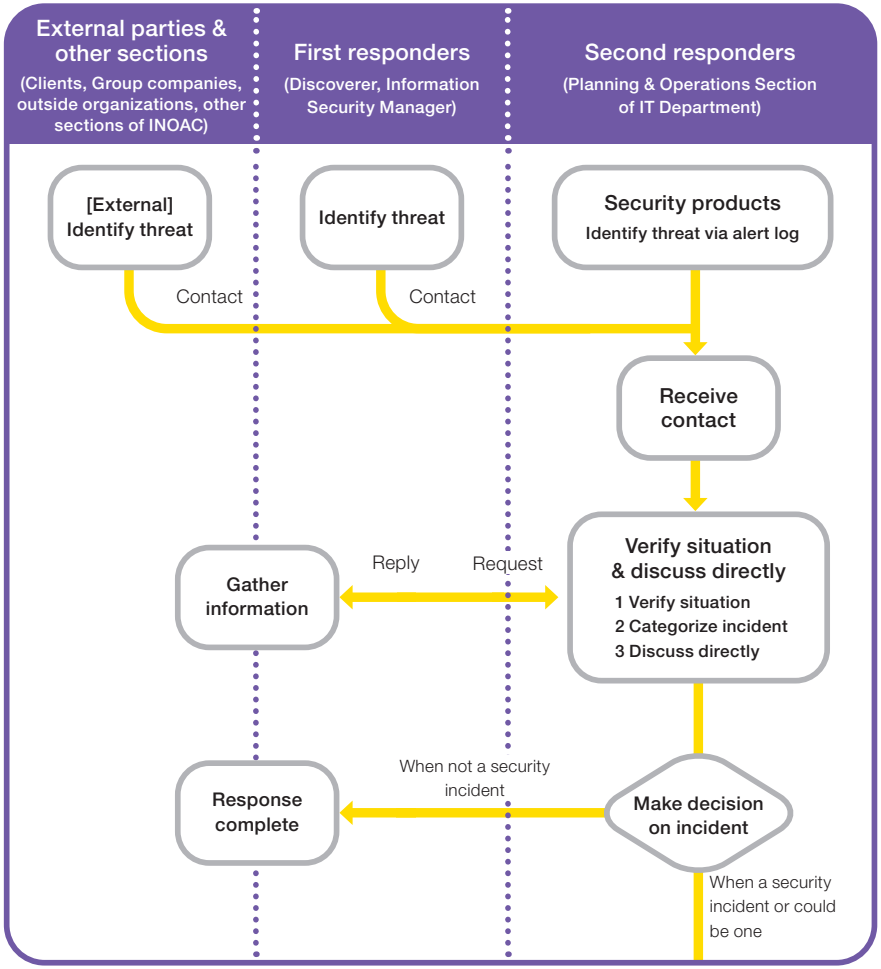
### Organizational chart (in normal circumstances)



## Handling incidents

We have defined Accident Level 3 as “severe incidents that impact clients and other external stakeholders,” and we handle them according to our information security management structure for emergencies, as stipulated by our Information Security Committee.

### Flow of incident handling (excerpt)




## Goals & results of activities

| Goals | 2024 results |
|---|---|
| Achieve 100% of Level 1 & Level 2 items in Cybersecurity Guidelines V2.2 by March 2026 | Achieved 97% of Level 1 & Level 2 |
| Understand the state of measures to strengthen information security by suppliers who handle important information, and facilitate such measures | Conducted surveys on the state of measures to address information security at particularly important suppliers |
| Conduct training for all employees including manufacturing site personnel | Conducted information management training for all employees |
| Implement cloud services evaluation standards | Evaluated major cloud services related to our business activities |

## Protecting personal information

We consider protecting the personal information that we acquire and manage through our business activities to be an issue of the utmost importance. We fulfill our responsibility as a trusted company by valuing the privacy of our customers and employees and thoroughly ensuring secure and appropriate management of their information.

For the handling of personal information, we adhere to the following principles in line with our Personal Information Protection Regulations.

### Principles on handling personal information

| | |
|---|---|
| Adhere to laws, regulations & rules | For more details, please see “Protection of Personal Information” on our website. (https://www.inoac.co.jp/en/privacypolicy/) |
| Clarify purpose of use | |
| Manage and protect properly | |
| Restrict provision to third parties | |
| Train employees & raise awareness | Conducted information management training for all employees |

# Data & statistics | ESG statistics

## Environment

Domestic business locations & facilities (17) and domestic Group companies

| | | 2020 | 2021 | 2022 | 2023 | 2024 | Targets in FY2024 | Targets in FY2025 | Targets for FY2030 |
|---|---|---|---|---|---|---|---|---|---|
| Ratio of facilities that have obtained ISO 14001* (%) | | — | — | — | — | **80** | **—** | — | — |
| Energy consumption | | | | | | | | | |
| | Power purchased (x 1,000 kWh) | 120,162 | 124,521 | 116,324 | 117,133 | **112,834** | 109,531 | 103,692 | 73,233 |
| | Heavy oil (kL) | 2,891 | 2,997 | 2,792 | 2,049 | **1,799** | 1,916 | 1,653 | 1,219 |
| | Natural gas (x 1,000 $m^3N$) | 800 | 945 | 845 | 890 | **892** | 832 | 820 | 529 |
| | Petroleum, etc. (x 1,000 kg) | 6,036 | 6,570 | 6,030 | 6,230 | **5,714** | 5,826 | 5,251 | 3,706 |
| | Total renewable energy consumption (x 1,000 kWh) | — | — | — | — | **293** | — | 7,908 | Under review |
| $CO_2$ emissions (tons of $CO_2$) | | | | | | | | | |
| | Scope 1 + 2 | 81,337 | 83,876 | 74,355 | 73,394 | **76,182** | 68,631 | 70,010 | 45,887 |
| | Scope 1 | 27,726 | 29,939 | 27,539 | 26,229 | **24,006** | 24,527 | 22,061 | 15,602 |
| | Scope 2 | 53,611 | 53,937 | 46,816 | 47,165 | **52,176** | 44,104 | 47,949 | 30,285 |
| Contaminants discharged | | | | | | | | | |
| | VOCs (volatile organic compounds) (kg / monetary sum of production (million yen)) | 1.67 | 1.85 | 2.02 | 1.82 | **1.93** | 1.81 or less | 1.55 or less | 1.32 or less |
| Total water consumption (x 1,000 $m^3$) | | — | — | — | — | **477** | — | — | — |
| Water intake (x 1,000 $m^3$) | | 2,377 | 2,392 | 2,266 | 2,284 | **2,155** | 2,236 | 2,112 | 2,153 |
| | Clean water | 224 | 234 | 219 | 233 | **229** | — | — | — |
| | Industrial use water | 182 | 168 | 146 | 141 | **123** | — | — | — |
| | Groundwater | 1,971 | 1,990 | 1,901 | 1,910 | **1,803** | — | — | — |
| Total volume of water recycling & reuse (x 1,000 $m^3$) | | — | — | — | — | **6,320** | — | — | — |
| Waste | | | | | | | | | |
| | Hazardous waste (industrial waste) generated (tons) | 9,671 | 10,814 | 9,894 | 10,055 | **9,885** | 9,500 | 9,027 | 8,400 |
| PRTR (amount emitted & amount transferred) (kg / monetary sum of production (million yen)) | | 2.08 | 2.20 | 2.26 | 2.13 | **2.26** | 2.09 or less | 2.19 or less | — |
| Environmental laws & regulations | | | | | | | | | |
| | Violations of laws or regulations | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 |

* 50 total locations that have a production function & administrative sections with at least 50 employees (Tokyo, Nagoya & Osaka)

# Data & statistics | ESG statistics

## Social

Domestic business locations & facilities (17)

| | | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| **Employee-related data** | | | | | | |
| Employees | | 1,903 | 1,889 | 1,884 | 1,812 | **1,895** |
| | Male | 1,642 | 1,611 | 1,590 | 1,534 | **1,580** |
| | Female | 261 | 278 | 294 | 278 | **315** |
| | Foreign nationality | — | — | — | 13 | **15** |
| New graduate recruits | | 52 | 46 | 52 | 47 | **59** |
| | Male | 31 | 31 | 36 | 31 | **44** |
| | Female | 21 | 15 | 16 | 15 | **15** |
| | Foreign nationality | 0 | 0 | 0 | 1 | **1** |
| Average age (years) | | 41.6 | 41.6 | 41.6 | 42.0 | **41.1** |
| | Male | 42.3 | 42.3 | 42.3 | 42.5 | **41.8** |
| | Female | 37.8 | 37.7 | 37.9 | 39.0 | **37.6** |
| Departed employees | | 114 | 113 | 153 | 119 | **127** |
| Turnover rate (%) | | 6.0 | 6.0 | 8.1 | 6.6 | **6.7** |
| | Number of whom departed voluntarily | — | — | — | 52 | **67** |
| Hours actually worked (x 1,000 hours) counting employees only | | 3,760 | 3,699 | 3,645 | 3,699 | **3,750** |
| Difference in pay between males & females (%) | | — | — | 79.8 | 79.4 | **78.2** |
| | Full-time employees | — | — | 80.7 | 79.6 | **78.9** |
| | Non-regular employees | — | — | 81.5 | 85.4 | **75.7** |

| | 2020 | 2021 | 2022 | 2023 | 2024 | Targets in FY2024 |
|---|---|---|---|---|---|---|
| **Human resource development** | | | | | | |
| Total training hours | 18,608 | 26,023 | 25,018 | 24,502 | **35,287** | 22,182 |
| Trainees | 1,442 | 1,971 | 1,390 | 1,116 | **1,647** | 1,116 |
| Average training hours per year | 12.9 | 13.2 | 18.1 | 22.0 | **21.0** | 20.0 |
| Ratio of employees who have undergone skills-related training (%) | — | — | — | — | **19.1** | — |
| Ratio of employees who have undergone regular evaluations related to performance & career development | — | — | 81.6 | 84.2 | **85.9** | — |

# Data & statistics | ESG statistics

## Social

### Workplace environments

| | | 2020 | 2021 | 2022 | 2023 | 2024 | Targets in FY2024 |
|---|---|---|---|---|---|---|---|
| Diversity and inclusion | Ratio of female employees (%) | 14 | 15 | 16 | 15 | **17** | — |
| | Male managers | 273 | 289 | 286 | 285 | **280** | — |
| | Female managers | 9 | 13 | 13 | 13 | **12** | — |
| | Ratio of female managers (%) | 3.2 | 4.3 | 4.3 | 4.4 | **4.1** | — |
| | Employees with disabilities | 28 | 28 | 30 | 41 | **49** | — |
| | Ratio of persons with disabilities employed (%) | 2.33 | 2.30 | 2.42 | 2.35 | **2.63** | — |
| Promoting work-life balance | Individuals who took childcare leave [*1] | 11 | 9 | 5 | 17 | **28** | — |
| | Male | 1 | 4 | 0 | 11 | **21** | — |
| | Female | 10 | 5 | 5 | 6 | **7** | — |
| | Ratio of leave taken to care for children, including childcare leave (%) | — | — | 89.6 | 75.8 | **90.9** | — |
| | Ratio of paid vacation taken (%) | 52.9 | 64.2 | 70.6 | 68.4 | **68.0** | 50.0 or more |
| | Average monthly hours of overtime work per person[*1] (hours[*2]) | 19.5 | 19.7 | 18.6 | 17.5 | **16.8** | — |
| Membership status of labor union | Ratio of employees who are officially elected as employee representatives or to whom labor agreements are applicable (%) | — | — | — | — | **78.3** | — |
| | Members of labor union, including members of quasi union | 1,491 | 1,481 | 1,486 | 1,460 | **1,484** | — |

### Occupational safety & health

| | 2020 | 2021 | 2022 | 2023 | 2024 | Targets in FY2024 | Targets in FY2025 | Targets for FY2030 |
|---|---|---|---|---|---|---|---|---|
| Ratio of business locations that conducted employee safety & health risk assessments (%) | — | — | — | — | **—** | — | 100 | 100 |
| Total occurrences of employee occupational accidents (Japan) | 25 | 22 | 20 | 17 | **25** | 12 | 12 | 6 |
| Total occurrences of employee occupational accidents (Overseas) | 13 | 16 | 21 | 23 | **19** | 12 | 12 | 6 |
| Number of lost workdays due to on-the-job injuries or fatalities | — | — | — | 146 | **226** | — | 110 | 55 |
| Incident rate of occupational accidents (Japan) | 2.15 | 1.68 | 1.53 | 1.27 | **1.84** | 0.92 | 0.92 | 0.46 |
| Lost-worktime accident frequency rate[*3] (Japan) | 0.44 | 0.76 | 0.46 | 0.52 | **0.66** | 0.31 | 0.31 | 0.15 |
| Severe employee occupational accidents (Japan) | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 |
| Severe employee occupational accidents (Overseas) | 0 | 0 | 0 | 0 | **1** | 0 | 0 | 0 |
| Fires at business locations (Japan) | 0 | 0 | 1 | 0 | **1** | 0 | 0 | 0 |
| Fires at business locations (Overseas) | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 |
| Workplace environments spotlighted (eliminating all administrative classification III work environments) | 2 | 6 | 12 | 6 | **5** | 0 | 0 | 0 |
| Near-miss & hazard prediction cases submitted[*4] | 0.17 | 0.26 | 0.40 | 0.62 | **1.09** | 0.70 | 1 or more | 1 or more |
| Health checkup screening rate (%) | 100 | 100 | 100 | 99.4 | **99.9** | 100 | 100 | — |
| Stress check screening rate (%) | 93.9 | 94.6 | 97.0 | 96.2 | **96.9** | 98.0 | — | — |

*1 April 1, 2024 through March 31, 2025 *2 Overtime pay + work on days off + legally mandated days off worked Excluding months with 0 workdays Applies to general employees; for employees receiving sales or technical allowances, numbers indicate actual overtime hours works *3 Number of lost worktime occupational accidents ÷ hours actually worked x 1,000,000 *4 Submissions per month, per person

# Data & statistics | ESG statistics

## Social

| | 2020 | 2021 | 2022 | 2023 | 2024 | Targets in FY2024 |
|---|---|---|---|---|---|---|
| **Contributing to society** | | | | | | |
| Social contributions* | 6 | 6 | 14 | 32 | **164** | 32 |
| **Supply chain management** | | | | | | |
| Ratio of applicable suppliers who are signatories to sustainable materials procurement standards or supplier codes of conduct (%) | — | — | — | — | **90** | — |
| Ratio of procurement department employees who have undergone sustainable materials procurement training out of all procurement employees in the Group (%) | — | — | — | — | **88** | — |

* Numerical values of FY2020-2023 results and FY2024 targets are for INOAC Corporation on a non-consolidated basis and include donations. Numbers for 2024 include Group companies in Japan and overseas

## Governance

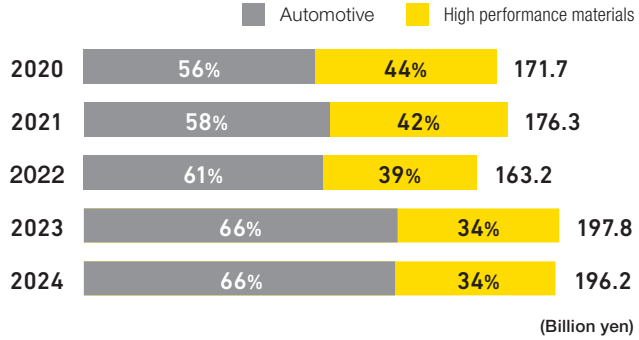
| | 2020 | 2021 | 2022 | 2023 | 2024 | Targets in FY2024 | Targets in FY2025 | Targets for FY2030 |
|---|---|---|---|---|---|---|---|---|
| **Board of Directors** | | | | | | | | |
| Members of Board of Directors | 9 | 8 | 8 | 8 | **8** | — | — | — |
| **Compliance** | | | | | | | | |
| Compliance training participants | 271 | 361 | 650 | 271 | **1,412** | 900 | 6,000*1 | 6,000*1 |
| **Information security** | | | | | | | | |
| Information security training participants*2 | 57 | 1,034 | 53 | 1,100 | **2,217** | 1,087*3 | 2,500 | 3,300 |
| Severe incidents*2 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 |
| **Patents** | | | | | | | | |
| Domestic patent applications per year*2 | 162 | 236 | 257 | 301 | **270** | 275 | 270 | 270 |
| Domestic patents*2 | 1,033 | 1,047 | 1,052 | 1,159 | **1,306** | 1,260 | 1,380 | 2,100 |

*1 All employees of Group companies in Japan & overseas
*2 INOAC Corporation & Group companies in Japan
*3 Indicates actual participants as of October 15, 2024, not a target for 2024

# Data & Statistics | Company outline

| | |
|---|---|
| Company name | INOAC Corporation |
| Capital | 720 million yen |
| Representatives | Soichi Inoue, Chairman　Yasushi Nomura, President & COO |
| Head Office | 2-13-4 Meieki Minami, Nakamura-ku, Nagoya, Aichi 450-0003 |
| Head Office (Tokyo) | 4F Osaki West-city Bldg., 2-9-3 Osaki, Shinagawa-ku, Tokyo 141-0032 |
| Established | 1954 |
| Employees | 1,885 (as of April 1, 2025) |
| Sales | 196.2 billion yen (as of December 2024) |

Ratio of domestic sales comprised by each business




**Major Group companies in Japan**

33

**R&D centers**

in 4 countries

Japan, USA, China, Thailand

**Major Group companies overseas**

68

| | |
|---|---|
| China | 17 companies |
| Asia | 32 companies |
| North America | 19 companies |