

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.

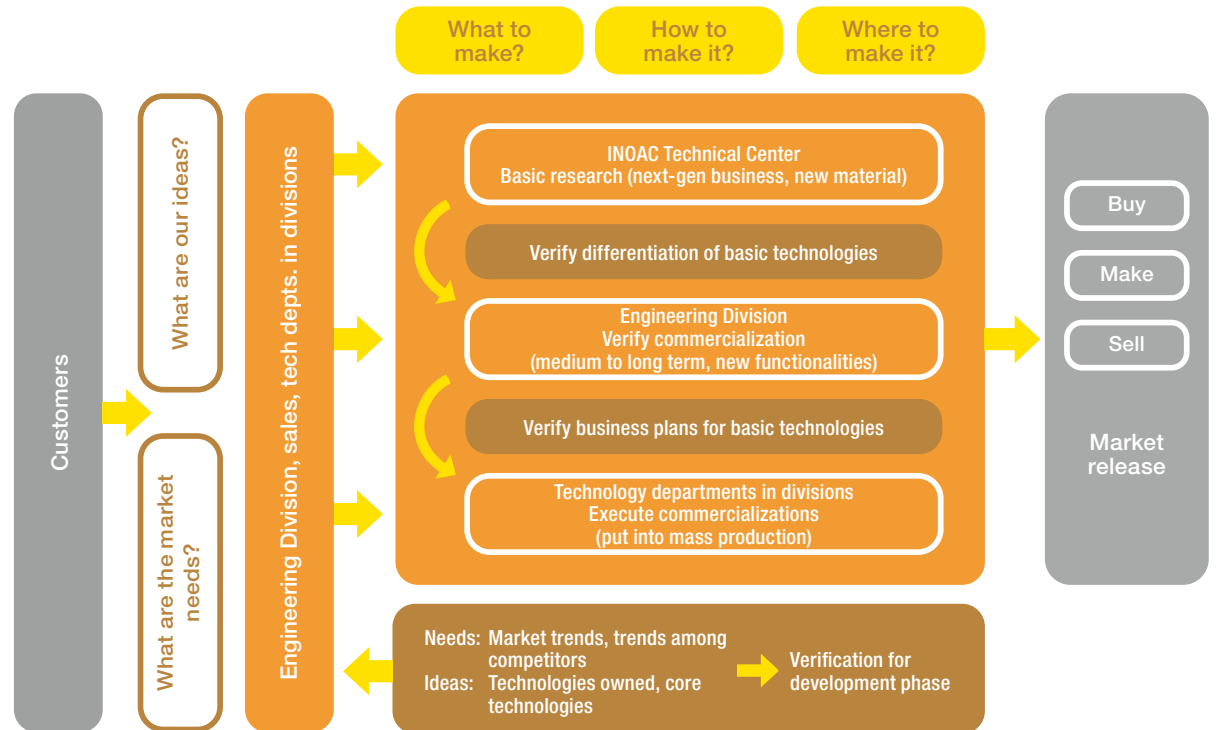


North America | INOAC USA, INC.



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

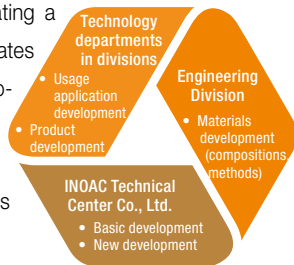
efforts, an Intellectual Property Department has been established within the division's organization. This department contributes to the creation of both tangible and intangible intellectual property. It also serves as a contact point for open innovation activities including industry-academia collaborations 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.

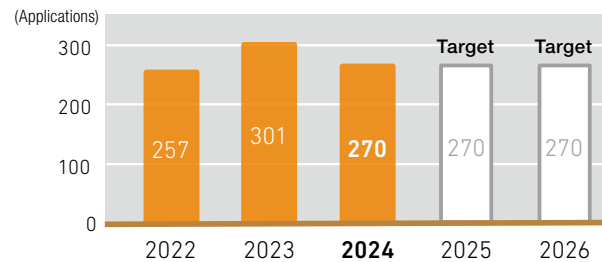
Overseas, we are expanding the presence of our R&D sections globally to address local needs that must be met quickly. We are also establishing a support organization in parallel with this expansion in order to facilitate smooth local patent applications for developed technologies, while also working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

with local patent offices and training local staff on intellectual property in line with the legal landscapes in their respective countries.

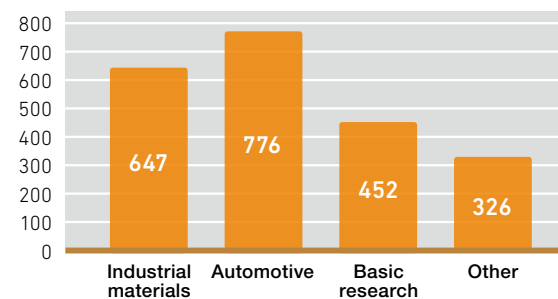
Open innovation

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.

● 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)



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.



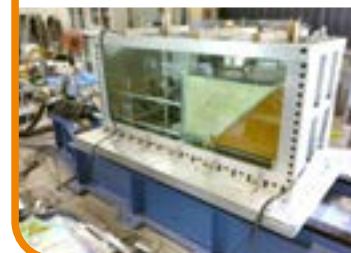
Before application



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

Social | Improving value

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.

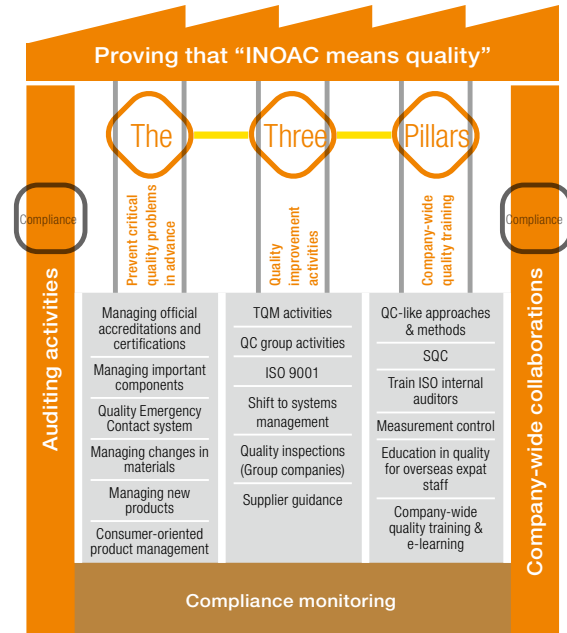
Basic Quality Policy

- 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

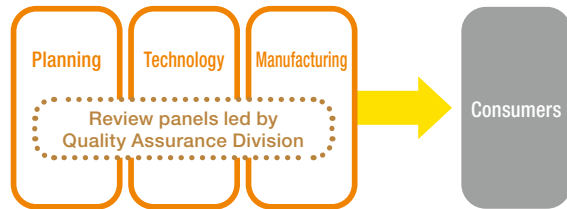
Material quality, product characteristics, product performance, structure, exterior, comparison with similar products, product safety, structural safety, quality risks

Quality improvement efforts

■ Consumer-oriented management of products

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

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



2 Quality improvement activities

■ Conducting TQM activities

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

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

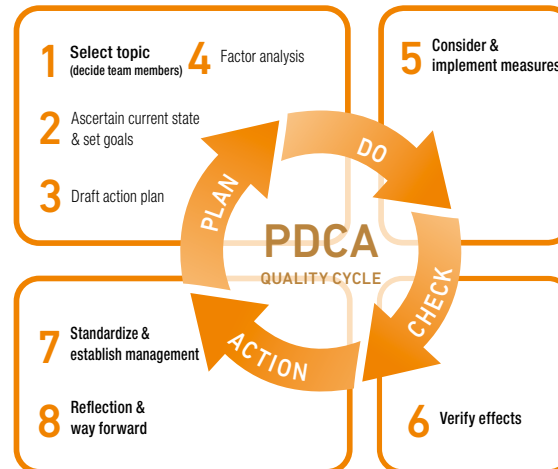
We began our QC Group Activities focused on production sections around the year 1965, which we have since expanded throughout the company with the objective of people development to think and act autonomously.

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



3 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

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.

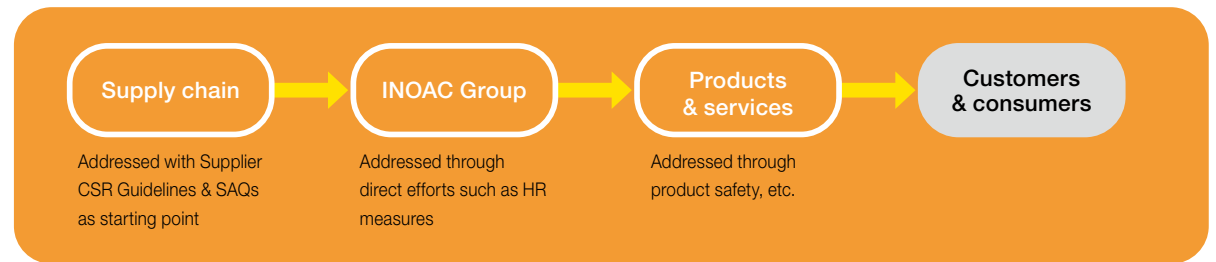
We do not tolerate discrimination based on nationality, gender, age, beliefs, religion, race, ethnicity, sexual orientation, disability, whether one is married or has children, or for any other such reason, nor do we permit any form of harassment such as power harassment, sexual harassment, peer pressure,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

tigate 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

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

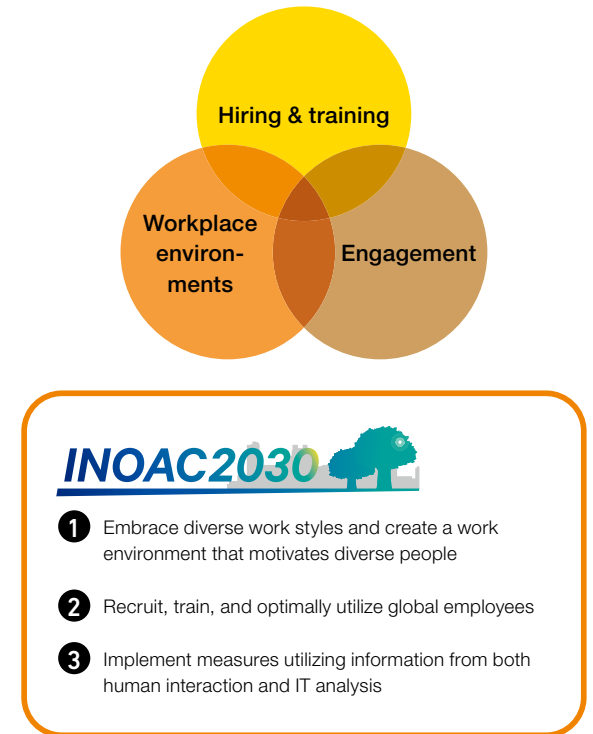
Together with the INOAC Labor Union, we launched the Rules & Systems Improvement Committee in April 2024.

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.

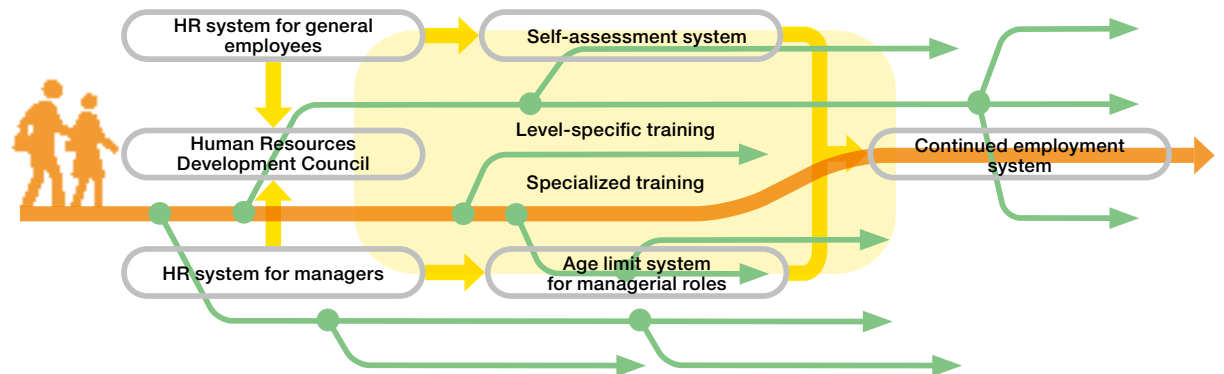
- HR Portal Site opened

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



Correlation of human resources-related systems



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	○	○	○	○

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

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

	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%

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.

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.

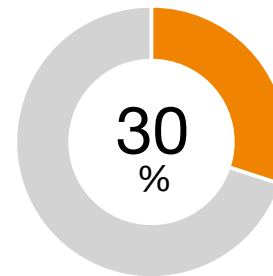
Example 1

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

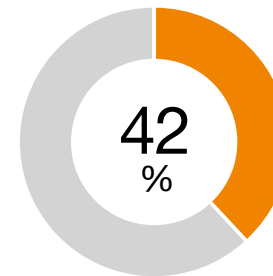
to improve our system for taking into consideration the life stages of our female employees, those in charge at worksites are brainstorming with the Human Resources Department to consider various ideas and measures tailored to their workplaces. Through such efforts, we aim to promote worksite diversity 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



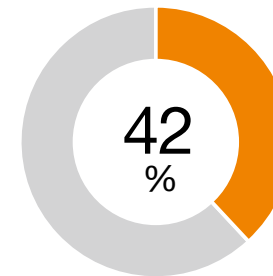
Age range of women: 18-22

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.

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.

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.

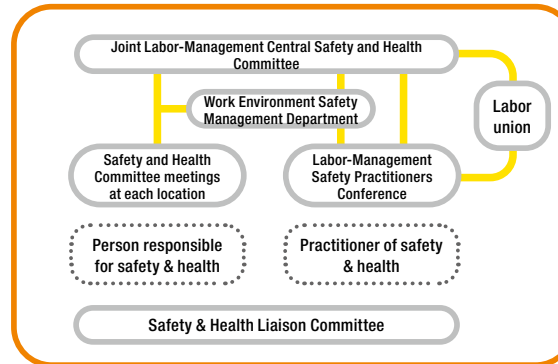
Basic policy

- 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 ▶ -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 ▶ Occurrences: 0	Japan	0	0
	Overseas	0	1
Fires at business locations ▶ Occurrences: 0	Japan	0	1
	Overseas	0	0
Work environments at worksites No more administrative classification III	Japan	6 worksites	5 worksites

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 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

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.

<p>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.</p>	<p>4 Consideration for human rights & labor¹ 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 minerals² that could be socially problematic in terms of human rights and labor environments.</p>	<p>chemical substances, and preserving diverse ecosystems.</p>
<p>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.</p>	<p>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</p>	<p>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.</p>
<p>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</p>		<p>7 Consideration for proper information management We maintain the confidentiality of clients' confidential and personal information obtained through procurement activities.</p>
		<p>8 Engaging in the optimal procurement globally We procure globally aiming for the optimal quality and prices to accommodate our global production.</p>

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.

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

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	<ul style="list-style-type: none"> • Expansion of requirements, including for compliance pertaining to global CSR in procurement • Heightened social demands regarding climate change action, human rights, and product safety • Heightened geopolitical risk in supply chain
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Main opportunities	<ul style="list-style-type: none"> • Stable supply by building strong partnerships • Cost competitiveness, quality & technological competitiveness
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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 CO₂ 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

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.]
Community contributions	Accepting interns and workplace experience visitors at Group companies
	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.]
Health services, medical, health	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.]
	Providing bedside prevention devices to healthcare facilities [Hakuba Office, INOAC Corporation]
Supporting art & culture	Donating desktop calendars for use by the visually impaired [INOAC Automotive (Thailand) Co., Ltd.]
	Holding "Young Artist Concerts" [INOAC Corporation]
	Supporting the Tokyo Symphony Orchestra [INOAC Corporation]
Support for disasters	Supporting the Nagoya Philharmonic Orchestra [INOAC Corporation]
	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
Other	Donating mattresses to boarding schools damaged by fires [PT. INOAC Polytechno Indonesia]
	Gold Partner of Nagoya Grampus [INOAC Corporation]
	Official partner of LeRIRO Fukuoka [Kyushu INOAC Co., Ltd.]
Other	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.

